

“ACBA BANK” OJSC

ANNUAL REPORT



2025

PART 1. STRATEGIC REPORT

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1. EXECUTIVE OVERVIEW AND KEY INDICATORS

1.1 ACBA BANK AT A GLANCE

"ACBA BANK" Open Joint-Stock Company is one of the leading financial institutions in Armenia. It operates as a universal bank rooted in cooperative values, guided by its core mission to contribute to the sustainable development of society through unique and innovative solutions.

Established in 1996 under the European Union's "TACIS" program and structured under the advisory leadership of the prestigious French "Crédit Agricole" Group, Acba commenced operations as the "Peasant Mutual Aid Bank" cooperative enterprise. Its primary goal was to revive and support the country's agricultural sector during a challenging post-independence era. Today, Acba has evolved into a premier financial institution leading the market not only in agricultural lending, but also across retail, small and medium enterprise (SME), and corporate banking segments, while maintaining the most extensive branch presence in Armenia's regional communities.

Acba operates as a comprehensive financial group. The Bank is the founder and sole owner of "ACBA Leasing" CO CJSC, the absolute leader of the leasing market in Armenia, and holds a 49% stake in "Amundi-Acba Asset Management" CJSC, a leading manager of cumulative pension funds in the country. Grounded in the core principles of mutual aid, trust, responsibility, and innovation, Acba continuously empowers individuals, businesses, and communities across Armenia, driving digital banking adoption, expanding access to affordable finance, and fostering long-term sustainable development.

Our Mission, Vision, and Values

Our Mission

To contribute to the sustainable development of society through unique and innovative solutions.

Our customers sit at the very heart of the Bank's operations. Our daily activities are aimed at serving them and enhancing the collective quality of life by driving individual financial well-being and business development. As an institution built on the philosophy of mutual aid, we constantly strive to provide financial instruments and resources that support diverse segments of society—individuals, enterprises, and communities—at every stage of their lifecycle.

The solutions we design are far more than mere profit-generating products; they are created to uncover the real and latent needs of our clients, leveraging innovative technologies, methodologies, and mindsets. Services developed through this approach become unique solutions to our customers' multi-faceted challenges, empowering them to build their ideal future and register long-term, sustainable progress.

Our Vision

Driven by our mission and acting in perfect alignment with our values, we maintain a clear perspective on our forward path—where we want to be and what we want to achieve. Our vision is anchored to market leadership:

- To be the **Bank of First Choice** by consistently offering flexible and creative solutions.
- To be the **Most Recognizable Brand** in the financial market of the Republic of Armenia.
- To be a **Market Leader in Efficiency and Profitability** indicators within the Armenian financial sector.
- To be the **Primary Catalyst** for the development of the agricultural sector.
- To be the **Employer of Choice** in the RA financial market.

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Our Values

Our corporate values have been forged through a rich institutional history and guide the behavior and actions of all our employees. We firmly believe that adhering to these values is the only path to successfully realizing the Bank's mission and vision.

- **Customer Care:** Customer care is a foundational value internalized by every employee. It manifests as a genuine human commitment to listen to our clients, effectively identify their challenges and latent needs, and deliver top-tier services that satisfy those needs. This fosters strong, long-lasting partnerships between the Bank and its clients.
- **Social Responsibility:** This represents the Bank's moral and ethical obligation to actively drive societal progress and sustainable development through its operations. Beyond profit generation, we pay specific attention to environmental stewardship to leave a positive, enduring footprint on society and the environment.
- **Loyalty:** We are loyal to our mission, our values, and our customers. We deeply value our customers' loyalty to the Bank, which we reciprocate by continuously enhancing service quality and customer satisfaction. Furthermore, we highly value our employees' loyalty to the Bank, its policies, rules, and principles. This value forms and sustains a high level of trust across our workforce.
- **Transparency:** Transparency is reflected in the provision of clear, unhidden information to all stakeholders—including customers, investors, partners, and regulators. This empowers our beneficiaries to make well-informed decisions and serves as the bedrock for open, reliable relationships.
- **Innovation:** For Acba, innovation represents a commitment to fostering creative thought, embracing market and environmental changes, and continuously seeking out novel solutions aimed at driving operational efficiency and competitive advantage in an evolving world. It has become an established working style and mindset, translating into modern, original solutions that optimize workflows and elevate user experience.

Ethical Commitment

Rooted in strict ethical benchmarks and responsible business principles, the Bank does not finance activities that cause environmental harm, the production and trade of weapons and ammunition, or the operations of casinos and lotteries. Furthermore, we deny financing to individuals or legal entities included in the Environmental, Social, and Governance (ESG) Exclusion List. We actively assess the social and environmental impacts of all funded projects, promoting alternative energy and sustainable operational practices across all business lines.

Our History and Key Milestones

The history of Acba Bank dates back to 1996, during the early years of Armenia's independence. Established with the technical support of the French Crédit Agricole Group and under the framework of the European Union's TACIS program, the Bank was designed to revitalize Armenia's critically vulnerable agricultural sector. Our initial name, the "Peasant Mutual Aid Bank" cooperative, fully encapsulated our core mission: to support rural communities, farmers, and agricultural cooperatives. Notably, Acba was the unique cooperative bank model established across the entire CIS region, becoming a pioneering blueprint for financial operations based on mutual assistance and joint development.

Building upon these robust cooperative roots, Acba has transformed into a leading universal bank in Armenia, playing a structural role in the development and modernization of the country's economy and financial system.

- **1996:** The "Peasant Mutual Aid Bank" cooperative enterprise was founded under the EU TACIS program with advisory leadership from the French "Crédit Agricole" Group, aimed at restoring

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and financing the country's agricultural sector. It stood out as the only successful cooperative banking model in the CIS.

- **2000:** The Bank co-founded the "Armenian Card" (ArCa) national payment and settlement system alongside the RA Central Bank and peer commercial banks, launching the development of card technologies in the country.
- **2001:** Launched the issuance and servicing of ArCa payment cards.
- **2002:** Attained full membership in the Visa International payment system, commencing Visa card issuance and servicing.
- **2003:** Founded "ACBA Leasing", establishing the first specialized company to deliver financial leasing services in Armenia.
- **2006:** French banking giant Crédit Agricole became a strategic shareholder. The Bank was reorganized into a Closed Joint-Stock Company and renamed "ACBA-CREDIT AGRICOLE BANK", reinforcing its strategic ties with its French partners.
- **2009:** Joined the Armenia Securities Exchange (AMX) and attained membership in the MasterCard International payment system.
- **2010:** Became the exclusive issuer and servicer of American Express cards in Armenia, and launched MasterCard product lines.
- **2011–2012:** Focused on the rapid development of payment and settlement channels, aggressively expanding the regional branch network.
- **2013:** Co-founded "Amundi-Acaba Asset Management" in partnership with the leading European asset manager, Amundi (France), to serve as a mandatory cumulative pension fund manager in Armenia.
- **2015:** Launched the ACBA MOBILE and ACBA TICKET mobile applications. Established the "Stepan Gishyan" Charitable Foundation in cooperation with the Crédit Agricole Group and the family of the Bank's late CEO, Stepan Gishyan.
- **2017:** Initiated a comprehensive digital transformation program through a strategic partnership with global technology giant SAP. Acba Bank, Acba Leasing, and Amundi-Acaba were officially recognized as a Financial Group by the Central Bank of Armenia. "ACBA Federation" became the largest shareholder of the Bank, replacing the 10 regional Peasant Mutual Aid Unions.
- **2019:** Introduced UnionPay card services in Armenia through a strategic partnership with UnionPay International.
- **2020:** Launched the next-generation *acba digital* internet banking platform; initiated a thorough restructuring to deeply integrate corporate governance and ESG standards.
- **2021:** A landmark year in the Bank's corporate history: successfully implemented an Employee Stock Ownership Plan (ESOP), reorganized into an Open Joint-Stock Company ("ACBA BANK" OJSC), and completed a highly successful Initial Public Offering (IPO). The shares were subsequently listed on the Armenia Securities Exchange (AMX) in February 2022, anchoring a multi-phase corporate governance reform.
- **2023:** Launched the *Acba Business Club*, creating an exclusive platform for entrepreneurs to expand business networks, share expertise, and forge strategic partnerships.
- **2024:** "Proparco"—the private sector financing arm of the French Development Agency (AFD) Group—became a strategic shareholder by acquiring a 10% significant stake, validating international trust in Acba and its alignment with global ESG benchmarks. Co-founded *imID*, an electronic identification service provider, in collaboration with local banks and telecom leaders.
- **2025:** Achieved new milestones in digital operating models and sustainability. The share of digital transactions reached approximately 90%, while the Bank officially joined the global PCAF coalition and was honored with the prestigious *Euromoney* award as "Armenia's Best Bank for ESG 2025".

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Our Core Competitive Advantages

- **Broad Accessibility and Full Financial Ecosystem:** Operating one of the largest branch networks in the country, equipped with advanced 24/7 self-service zones and fully integrated with the multi-functional *acba digital* platform, alongside Group subsidiaries (Acba Leasing, Amundi-Acba), offering clients a truly universal financial ecosystem.
- **Extensive Customer Base and High Loyalty:** Efficiently managing a base of over 690,000 active customers, delivering comprehensive services across all segments, and enjoying deep public trust and brand recognition nationwide.
- **Absolute Leadership in Strategic Segments:** Backed by over 20 years of unmatched expertise, Acba maintains absolute market leadership in agricultural financing and SME banking, driven by a deeply customer-centric culture and powerful digital tools.
- **Premier Corporate Governance:** Fully aligned with international best practices and the RA Corporate Governance Code, our framework ensures the active operation of specialized Board committees, rigorous risk mitigation, and exceptional disclosure transparency for investors.
- **Financial Stability and Security:** Backed by robust capital and liquidity adequacy, strict risk appetite thresholds, a highly diversified loan portfolio, and compliance with top international cybersecurity standards.

Our Shareholding Structure

The capital architecture of the Bank is characterized by institutional strength and the transparency of a public platform:

- **"ACBA Federation" CJSC (75%):** The founding and substantial participant of the Bank. It represents and unifies more than 75,000 farmers and small entrepreneurs from all marzes of Armenia, ensuring the long-term stability of the Bank's ethical business model and its unbreakable bond with the country's rural and communal priorities.
- **"Proparco" (10%):** A premier international institutional investor and member of the French Development Agency (AFD) Group. Its significant participation drives the integration of global best practices, capital diversification, and strategic alignment with global ESG goals.
- **Free Float (15%):** Owned by more than 5,000 shareholders—including individual retail investors, employees, legal entities, and investment funds, alongside nominee holders. This diversified base drives stock liquidity in the secondary market, elevates market visibility, and reinforces transparent, sustainable corporate governance. *Note: In late 2025, Sacam International (a member of the French Crédit Agricole Group) successfully liquidated its remaining 134,098 shares (2.24%) in the local market.*

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1.2 BRIEF OVERVIEW OF 2025 OPERATIONS

The year 2025 was marked by the disciplined execution of strategic targets, a substantial surge in operational efficiency, and robust financial performance. Despite an evolving macroeconomic landscape, the Bank successfully strengthened its systemic position within the Armenian banking sector while registering a qualitative leap in digitalization, robotic process automation (RPA), and ESG integration.

Acba in 2025: Key Financial and Operational Metrics

Financial & Operational Metrics	Volume / Performance (2025)	Annual Growth (YoY) / Status
Total Assets	AMD 1,063 billion (\$2,800 million)	+14%
Total Liabilities	AMD 868 billion (\$2,288 million)	+13%
Total Capital	AMD 194.6 billion (\$512.8 million)	+19%
Loan Portfolio (incl. Leasing)	AMD 736.6 billion (\$1,941 million)	+17%
Leasing Portfolio	AMD 103.1 billion (\$271.8 million)	+11%
Deposits & Issued Bonds Portfolio	AMD 670.3 billion (\$1,766 million)	+17%
Net Profit	AMD 35.9 billion (\$94.5 million)	+25%
Paid Dividends (for FY 2024 results)	Total: AMD 6,583,500,000 Per share: AMD 1,100	Total: +20% Per share: +10%
Book Value Per Share (BVPS)	AMD 32,508	+13%
Earnings Per Share (EPS)	AMD 5,991	+17%
Market Share Price (Year-end)	AMD 15,600	+11%
Return on Assets (ROA)	3.6%	Stable / Top-tier performance
Return on Equity (ROE)	20.0%	Highly profitable

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Financial & Operational Metrics	Volume / Performance (2025)	Annual Growth (YoY) / Status
Cost-to-Income Ratio (CIR)	42.0%	Optimized / Converged to peer average
Capital Adequacy Ratio (CAR)	23.2%	Solid buffer above requirements
Net Interest Margin (NIM)	7.3%	Market-leading margin strength
Net Promoter Score (NPS)	49%	Strong customer advocacy
Customer Satisfaction Index (CSI)	89%	High service quality reflection
Branch Network	66 branches	Widespread regional presence
Total Personnel	1,900+ employees	Expanding digital & advisory capacity
Active Customers	690,000+	+8%
acba digital Registered Users	661,000+	+20%
acba digital Monthly Active Users (MAU)	390,000+	+44%
Active Payment Cards	917,000+	+18%
Active POS Terminals	40,000+	Infrastructure leadership
RPA Efficiency Gains	200 man-hours saved daily	equivalent to 27 full-time hastic roles
Digital Transactions Share	~90.0%	Top-tier migration in the market
Fitch Ratings	BB-	Long-Term Issuer Default Rating, Stable Outlook
Moody's Ratings	Ba3	Long-Term Deposit Rating, Stable Outlook
Euromoney Awards	"Best ESG Bank in Armenia"	"Best Digital Bank in Armenia"

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Financial & Operational Metrics	Volume / Performance (2025)	Annual Growth (YoY) / Status
	2025"	2025"

Summary Insights on Annual Performance

The recorded metrics confirm the high resilience of the Bank's operating model and our unwavering commitment to generating long-term value for stakeholders. The key milestones of the year are concentrated across four structural pillars:

1. **Financial Resilience and Capital Allocation Efficiency:** The Bank maintained a high-quality balance sheet alongside steady volume expansion, keeping capital adequacy ratios solid and strictly adhering to risk appetite thresholds. Our disciplined capital management balanced organic growth financing with attractive shareholder returns. The distribution of AMD 1,100 per share as dividends for FY 2024 reflects our solid liquidity and structural capability to fulfill commitments to our investors.
2. **Digital Operating Model Maturity and RPA Efficiencies:** In 2025, Acba registered a qualitative leap in digital migration and process optimization. Relocating approximately 90% of total customer transactions to digital channels represents one of the highest self-service migration rates in the local banking system. Active *acba digital* users surpassed 661,000. Through Robotic Process Automation (RPA), over 50 internal processes were automated, saving 200 man-hours daily and allowing our team to focus directly on value-added advisory care. Key infrastructural milestones included the seamless transition to 24/7 round-the-clock processing and the implementation launch of the premier OpenWay (Way4) processing ecosystem. This stellar execution earned the Bank the prestigious title of **"Best Digital Bank in Armenia 2025"** by *Euromoney*.
3. **Segmented Target Growth and Portfolio Diversification:** The Bank advanced its market share across all core segments. Corporate banking registered sharp, high-quality acceleration: the corporate loan book grew by 45% to AMD 188 billion, expanding our market share by 0.6 percentage points to **8.1%**. Crucially, this growth was anchored to structural diversification, specifically targeting innovative agri-businesses, renewable energy, and production sectors, while avoiding high-risk or cyclically vulnerable subsidized niches. In the SME segment, active clients exceeded 48,000, with digital channels capturing 91% of segment operations, supported by AI scoring frameworks.
4. **Institutional Sustainability and the Global ESG Agenda:** In 2025, the Bank's ESG strategy transitioned into a phase of hard, quantifiable commitments. For the first time, our operational greenhouse gas emissions (Scope 1 and Scope 2) were fully inventoried, totaling 2,860.7 tonnes of CO2 equivalent—establishing a clear baseline for future reduction targets. Acba formally became a signatory to the global Partnership for Carbon Accounting Financials (PCAF), attained the premium **MFR Gold Level Customer Protection Certification**, and was named **"Best ESG Bank in Armenia 2025"** by *Euromoney*, reinforcing our regional leadership in sustainable finance. Furthermore, strategic partnerships were expanded with prominent IFIs, highlighted by a landmark \$40 million "Youth in Business" credit facility with the EBRD—the first of its kind in Armenia—dedicated to empowering young entrepreneurs.

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1.3 MESSAGE FROM THE CHAIRPERSON OF THE BOARD

"The results of 2025 have firmly validated the Bank's corporate maturity and established a robust launchpad for our transition into the new 2026–2028 strategic cycle."

Dear Shareholders, Investors, and Partners,

It is a distinct privilege to address you as the Chairperson of the Board of Acba Bank. The year 2025 has been a defining period for the maturation of our governance frameworks, the execution of deep internal structural reforms, and the broadening of our strategic horizons. Our core mandate has been to fortify the Bank's corporate architecture and generate sustainable, long-term value for all our shareholders and partners.

Modernization of the Corporate Governance System

In 2025, the Board focused intensely on driving operational and supervisory efficiency. We successfully transitioned from the conceptual design of new corporate rules to their practical integration into daily workflows. The key pillars of the Board's governance agenda included:

- **Fortifying the Strategic Oversight Role:** The Strategy Committee under the Board became fully operational, ensuring tight, real-time collaboration between the Board and Executive Management regarding long-term corporate development, capital structure optimization, and digitalization roadmaps.
- **Transparency and Accountability Disclosures:** The Bank achieved high compliance with the Corporate Governance Code of the Republic of Armenia. The publication of our first comprehensive Corporate Governance Report marked a significant step forward in deepening stakeholder trust.
- **Strengthening the Internal Integrity Culture:** The Board approved and implemented the *Code of Ethics*, the *Conflict of Interest Policy*, and the *Whistleblowing Policy* across the entire system of the Bank and its subsidiaries, institutionalizing a high culture of accountability, fairness, and business ethics.
- **Independent Board Evaluation:** We completed our inaugural independent external evaluation of the Board's performance. This provided clear, objective insights into our structural strengths and highlighted our priorities for future development.

Strategic Supervision and Risk Management

Amid persistent regional geopolitical and macroeconomic uncertainties, the Board prioritized strict adherence to the Bank's defined risk appetite thresholds. The Board remained vigilant in ensuring that portfolio expansion progressed through a highly diversified path, proactively preventing risk concentration in isolated industries. Maintaining robust capital and liquidity adequacy buffers remains our ultimate defense tool for ensuring safety and absolute institutional resilience.

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Disciplined Capital Allocation and Dividend Policy

In line with global financial standards, the Board is guided by the principle of efficient capital allocation. Our core task is to balance the funding of the Bank's organic growth with the delivery of predictable, attractive returns for our investors.

For FY 2025, the Bank registered a strong Return on Equity (ROE) of 20%. Backed by this robust performance, a dividend of AMD 1,100 per share was distributed for FY 2024 results, reinforcing Acba's rising investment appeal in the capital markets.

Expressions of Gratitude

On behalf of the Board, our shareholders, and myself, I would like to express our deepest gratitude to the former Chairman of the Board, Mr. Raphael Sargsyan, for his contributions and long-standing dedication to the establishment and success of Acba Bank's governance system and strategic direction. The solid foundations built during his tenure will continue to serve as the bedrock for the Bank's forward progress.

Looking Ahead: The 2026–2028 Strategic Cycle

The achievements of 2025 have laid a secure foundation for the next phase of our journey. The Board has formally approved the 2026–2028 Prospective Development Plan (The Strategy). In this upcoming cycle, our focus will center on perfecting our digital ecosystem, deepening our absolute market leadership in strategic segments, and elevating the internal operational efficiency of the Group through cutting-edge intelligent automation.

The Board will continue to act with the highest responsibility, safeguarding the interests of our investors and ensuring Acba's stable, reliable advancement.

I extend my sincere thanks to our customers and shareholders for their unwavering trust, and to the entire personnel of the Bank for their extraordinary dedication and professionalism throughout the year.

Sincerely,

Sona Ishkhanyan

Chairperson of the Board

ACBA BANK OJSC

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1.4 MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

"Our objective is to maximize operational efficiency through advanced digitalization while fiercely preserving our deeply rooted culture of customer care."

Dear Colleagues and Partners,

The year 2025 has been a stellar period for refining our strategic targets, scaling up operational efficiency, and locking in tangible, record-breaking results across all business lines.

In a volatile macroeconomic and intensely competitive environment, our team displayed high execution discipline, driving the stable and balanced development of the Bank. We not only fortified our hallowed position among the top three commercial banks in Armenia, but also built a qualitatively superior launchpad for future growth.

Segmented Growth and Portfolio Quality Diversification

Our universal banking model delivered outstanding performance in 2025, yielding key results across our primary focus areas:

- **Corporate Banking:** Registered exceptional acceleration. The corporate loan book expanded by 45% to AMD 188.0 billion, driving our market share up to **8.1%**. Crucially, this growth was achieved via a strictly diversified underwriting approach: we channeled financing into innovative agriculture, renewable energy networks, and manufacturing plants, intentionally steering clear of high-risk or temporarily subsidized real estate bubbles.
- **SME Banking:** Acba maintained its unassailable leadership. Our active SME client base expanded past 48,000, with a segment portfolio reaching AMD 96.8 billion. We successfully integrated an AI-driven credit scoring engine, which dramatically accelerated and streamlined business lending.
- **Retail Banking:** Our total active retail customer base crossed the **690,000** mark. Furthermore, the Bank was awarded the global **MFR Gold Level Customer Protection Certification**, an international testament to our transparent, ethical, and deeply protective customer service culture.

A Qualitative Leap in Digital Operations and Internal Efficiency

Technology for Acba is not merely an auxiliary tool—it is the very architecture of our business model. In 2025, we successfully achieved a complete transition to a mature *Digital Banking Operating Model*:

- Active users on *acba digital* grew by 21% year-over-year, surpassing **661,000**.
- A record-breaking **90%** of total customer transactions were processed through remote digital channels (reaching 91% within the SME segment).
- Through Robotic Process Automation (RPA), more than 50 complex internal workflows were automated, saving the Bank **200 man-hours daily**.

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- We successfully rolled out continuous **24/7 round-the-clock processing** and launched a strategic core modernization partnership based on the global OpenWay (Way4) platform. This unparalleled technological advancement led *Euromoney* to crown Acba as "**The Best Digital Bank in Armenia 2025**".

International Trust and Capital Mobilization

International Financial Institutions (IFIs) signaled their deep trust in our financial soundness by executing major funding agreements in 2025. We successfully mobilized fresh resources from Symbiotics (\$19 million) and EFSE (\$20 million).

Most notably, we signed a landmark \$40 million "Youth in Business" credit facility with the European Bank for Reconstruction and Development (EBRD)—the first program of its kind in Armenia—specifically designed to finance and empower young entrepreneurs.

Human Capital and Cybersecurity

Our technological and financial progress is powered exclusively by our people. In 2025, we welcomed 255 elite specialists into our team, primarily across IT and digital product management lines. We placed a heavy strategic emphasis on upskilling: **58% of our entire workforce** underwent advanced training in digital banking capabilities and AI tools.

To safeguard this surging digital volume, the Bank successfully re-certified its systems under the gold standard of global payment security—the **PCI DSS** certification, ensuring absolute protection for customer data and financial transactions.

Practical Execution of the ESG Agenda

The year 2025 was a turning point for our Environmental, Social, and Governance commitments, as we moved into hard, quantifiable reporting:

- We conducted our first absolute inventory of operational greenhouse gas emissions (Scope 1 and Scope 2), which totaled **2,860.7 tonnes of CO2 equivalent**—forming our strict environmental baseline.
- The Bank formally became a signatory to the global Partnership for Carbon Accounting Financials (PCAF).
- Our extensive sustainability integration was recognized on the global stage, with *Euromoney* naming Acba Bank "**The Best ESG Bank in Armenia 2025**".

Transition to the New Strategic Cycle

The triumphs of 2025 prove that Acba Bank is marching down a highly secure, profitable, and reliable developmental path. These achievements serve as the solid foundation upon which we launch our 2026–2028 Prospective Development Plan. In this new three-year cycle, our primary directives will be the further expansion of our intelligent digital ecosystem, the deepening of our absolute leadership in SME and agricultural banking, and the continuous enhancement of our operational margins.

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I extend my deepest gratitude to our customers and shareholders for their profound trust and support. My special thanks go to the entire personnel and the Board of the Bank for their brilliant collaboration, shared execution values, and the historic results recorded this year.

Inspired by you,

HAKOB ANDREASYAN

Chief Executive Officer

ACBA BANK OJSC

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2. STRATEGY AND PERFORMANCE

2.1. BUSINESS MODEL SUMMARY

Acba Bank's business model is built upon our cooperative roots and is strategically aligned with our long-term mission: **TO CONTRIBUTE TO THE SUSTAINABLE DEVELOPMENT OF SOCIETY THROUGH UNIQUE AND INNOVATIVE FINANCIAL SOLUTIONS.**

Acba is one of the leading financial institutions in Armenia, with a steadfast commitment to offering unique, innovative, and sustainable financial solutions across the entire territory of the Republic of Armenia. Our business model is centered on serving four core customer segments: retail, agricultural, SME, and corporate, operating under two primary business directorates (Retail Business, and SME and Corporate Business). The Bank serves these distinct segments through a diverse portfolio of products and services, leveraging an extensive service network and a forward-looking digital strategy.

As a universal bank, we seamlessly combine a robust regional presence, advanced digital capabilities, development-oriented financing, and deep customer relationships to deliver long-term value to our stakeholders.

In 2025, the Bank's business model re-affirmed its resilience amidst macroeconomic shifts. The deepening of technological integration and the transition to a Digital Banking Operating Model enabled high operational efficiency while fully preserving our traditional culture of customer-centricity.

Universal Financial Group

Acba Bank positions itself as a comprehensive financial ecosystem for its clients, operating as a financial group that enhances competitive advantages and revenue diversification. The primary elements of the Group include:

- **"ACBA BANK" OJSC:** The parent organization of the Group, delivering comprehensive banking services across retail, SME, corporate, and agricultural segments.
- **"ACBA Leasing" CO CJSC (100% ownership):** The absolute leader of the leasing market in Armenia, with its operations fully integrated into the Bank's branch network and infrastructure, delivering high synergistic efficiency.
- **"Amundi-Acba Asset Management" CJSC (49% ownership):** Founded jointly with the leading French global asset manager, Amundi Group. The Company successfully manages mandatory cumulative pension funds in Armenia, which recorded high real returns on an international scale in 2025.

Ethical Foundation and Responsible Banking

The unique nature and institutional stability of Acba's business model are driven by its ethical and cooperative roots. "ACBA Federation", which holds a 75% stake in the Bank's capital, unifies more than 75,000 Armenian farmers and SME representatives from all marzes of the country. This establishes a stable social foundation, ensuring that the Bank's strategic development is continuously interconnected with the country's real economy and the vital interests of local communities.

In the global financial system, this model is comparable to premium value-based institutions where profitability is not the sole objective, but is coupled with positive social and environmental impacts. This business philosophy keeps the Bank insulated from high-risk or speculative operations, forming a natural risk mitigation mechanism and elevating trust among international institutional investors.

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Our Strategic Directions

- **Digital Transformation and Digital Platform Development:** To continuously deepen digital leadership by reshaping the *acba digital* platform into a comprehensive digital ecosystem, providing clients with full self-service functionalities and next-generation digital services.
- **Enhancement of Customer Service Quality:** To elevate customer satisfaction by developing personalized services, innovative packages, and accessible service channels across all segments.
- **Sustainability and ESG:** To prioritize green financing, inclusive economic growth, and lending aligned with environmental standards, firmly embedding sustainability principles into banking policies and daily practices.
- **Enhancing Internal Process Efficiency and Cost Reduction:** To fortify operational efficiency through end-to-end process automation, stringent cost control, and targeted resource allocation.
- **Lending Process Optimization, Automation, and Profitability Expansion:** To contribute to the enhancement, acceleration, and increased profitability of credit processes through the deployment of new AI-powered scoring models and automated lending systems.

Strategic Framework and Link to the New Cycle

Acba Bank's strategic framework operates as a harmonious mechanism, where the actual achievements of 2025 have served as a transitional bridge toward the new 2026–2028 Prospective Development Plan.

The Value Creation Chain

The international and local capital mobilized by the Bank, the deployed advanced IT infrastructures (OpenWay, RPA), and the professional capacity of the team translate into convenient, efficient, and accessible services for customers. The net profit generated as a result returns to shareholders in the form of high profitability and stable dividends, and is also reinvested into the Bank's capital, ensuring financial safety and organic growth for the upcoming years.

In 2025, the Bank proved its capacity to deliver a disciplined implementation of its strategy, responding clearly to market challenges and preparing a solid platform for the full rollout of the new three-year strategic pillars.

2.2 BUSINESS SEGMENTS: OPERATIONAL RESULTS AND SCOPE OF SERVICES

The fundamental strength and stability of Acba Bank's universal banking model rest upon the targeted and balanced service of its four core customer segments:

- Retail
- SME
- Corporate
- Agricultural

For each segment, the Bank has developed specialized packages of comprehensive services and relationship management, which delivered high volume growth and effective risk mitigation in 2025. Acba Bank's business lines rely on robust operational support, an extensive nationwide branch network, and an increasing practice of leveraging data, automation, and artificial intelligence tools that drive efficiency, personalized product configuration, and risk-adjusted sustainable growth.

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1. Retail Banking: Customer-Centricity and International Certification

Retail banking focuses on meeting the financial needs of individual customers by offering comprehensive solutions. The Bank was awarded the Gold Level Customer Protection Certification (*MFR Gold Level*), which reflects its high culture of responsible service.

Core services provided:

- **Lending:** Consumer loans, mortgage loans, overdrafts, and credit lines.
- **Savings:** Current accounts, time deposits, bonds, and safe deposit boxes.
- **Investment Opportunities:** Custody and brokerage services.
- **Payment Solutions:** Visa, Mastercard, American Express, UnionPay, and ArCa cards, contactless payments, and an extensive network of self-service terminals.
- **Digital Banking:** *acba digital* internet banking system with 24/7 availability, among other remote functionalities.

In 2024, Acba's retail lending expanded significantly, driven by increased demand for consumer and mortgage loans, including state-supported housing programs in border settlements. In 2024, the number of digital banking users grew by 42%, and more than 60% of cards were ordered through digital channels.

We are a market leader in cards, pension products, and sales channels, backed by a strong regional presence, high brand recognition, and deep customer trust. Core retail credit products are integrated into *acba digital*, enabling fully digital lending journeys that enhance accessibility and significantly alleviate the transaction workload across physical branches for these loan categories.

2. Small and Medium Enterprises (SMEs): Leadership and Process Automation

Small and Medium Enterprises (SMEs) are among the primary driving forces of Armenia's economy, creating jobs, fostering innovation, and supporting community development. We highly value their growth as an integral part of the country's economic progress and are committed to providing stable and continuous support to the SME segment.

The SME segment remains one of the Bank's core strategic pillars, where the active client base reached more than 48,000, and the loan portfolio amounted to AMD 96.8 billion. Notably, 91% of SME customer transactions were executed through digital channels.

Core offerings for the SME segment include:

- **Financing Solutions:** Loans (including those within specialized state-backed frameworks), credit lines, and leasing.
- **Trade Finance:** Guarantees and factoring.
- **Payment Solutions:** Corporate cards, SoftPOS, E-Commerce, and payment transfers.
- **Digital Solutions:** *acba digital* business platform tailored for 24/7 remote operations.
- **Development Support:** Free business training courses, professional consulting, and exclusive networking events.

In 2024, Acba conducted 18 free business training courses for 353 participants and expanded its business club and ESG-themed training programs. The year 2024 was marked by significant loan growth within this segment.

We stand out in the SME banking market through several distinct advantages:

- A loyal customer base served across an extensive regional branch network, which ensures the Bank's stable market presence and nationwide accessibility.
- Directly delivered non-financial services, such as the *Acba Business Club*, specialized professional expertise, a leading position in agricultural financing, and integrated solutions offered in conjunction with *Acba Leasing*.

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- Our strategic partnerships with international financial institutions and active participation in state-led development programs substantially strengthen our reputation and impact in the SME segment.

3. Corporate Banking: Qualitative Leap and Portfolio Diversification

Over the years, a portion of our small and medium enterprise client base has successfully evolved into large corporate clients. In 2025, our active corporate customer base reached approximately 1,500 clients, recording a 3-year compound annual growth rate (CAGR) of 56%. From the perspective of corporate client acquisition, besides financial capabilities, the selection criteria include alignment with ESG principles and the absence of political affiliations, ensuring a responsible and stable partnership. Our corporate clients are served with products and services tailored precisely to their specific operational needs.

Recognizing the value of personalized and targeted relationship management with corporate clients, corporate banking has functioned as a separate business unit within the Bank since 2025. Furthermore, we are the third largest player in the corporate lending market. We possess a stable corporate customer base built on firm, long-term cooperation, a sound financial foundation, modern digital infrastructure, a strong market presence, and a recognized brand reputation, establishing solid ground for sustainable growth and the reinforcement of our corporate banking identity.

In 2025, the corporate segment served as one of the primary drivers of the Bank's loan portfolio growth. The corporate loan portfolio expanded by an impressive 45% to reach AMD 188 billion, increasing the Bank's market share in this sector by 0.6 percentage points to 8.1%. This growth was driven by the real and sustainable sectors of the economy, including renewable energy, manufacturing, and large agribusinesses.

The Bank provides the following services for corporate clients:

- **Business Financing:** Corporate loans, specialized credit lines, and leasing.
- **Corporate Savings:** Business accounts, high-yield deposits, and corporate bonds.
- **Investment Services:** Share registry maintenance, custody, brokerage services, and repo transactions.
- **Trade Finance:** Letters of credit, guarantees, collections, and factoring.
- **Business Payments:** Corporate card products, SoftPOS, E-Commerce integration, and cross-border transfers.
- **Digital Solutions:** *acba digital* business platform tailored for 24/7 corporate transactions.

4. Agricultural Banking (Agribusiness): Foundation of Stability and Expertise

Agricultural clients are individuals (individual farmers) engaged in farming and other similar activities. We are the leading lender in the agricultural sector, backed by rich experience in agricultural financing and rural community development. Historically, the Bank has provided them with personalized financial solutions, alongside advisory and educational services aimed at enhancing operational efficiency, strengthening financial literacy, and promoting sustainable development. They typically require financial assistance for crop production, animal husbandry, and the adoption of modern agricultural technologies. Agricultural clients are primarily served through specialized agricultural loans and agro-leasing products supplemented by retail products and services.

In 2025, our active agricultural customer base reached approximately 120,000 clients, recording a 3-year compound annual growth rate (CAGR) of 13%. Notably, around 96% of these clients are classified as small (micro) agricultural customers.

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Acba offers the following services to farmers:

- Agricultural loans and specialized credit lines.
- Leasing of modern agricultural machinery and tools.
- State-backed agricultural loan subsidization programs.
- Tailored payment cards for farmers, among other items.

We stand out in the agricultural lending market through the following advantages:

- An extensive customer base and high brand loyalty, especially among small (micro) agricultural clients.
- Widespread regional presence and trusted recognition across rural communities.
- Professional experience in agricultural lending and specialists endowed with deep sectoral knowledge.
- Integrated solutions, including those delivered in close cooperation with *Acba Leasing*.
- Strategic partnerships with international financial organizations aimed at supporting agribusiness.
- Active and leading participation in state-sponsored development programs.

5. Leasing Operations ("ACBA Leasing" CO CJSC)

ACBA Leasing stands out as one of the most critical competitive advantages within the universal ecosystem of the Acba financial group. As the pioneer and absolute leader of leasing services in Armenia, the company played a pivotal role in 2025 in the technical modernization of the country's real economy, particularly across the SME and agribusiness segments. The leasing model allows clients to acquire fixed assets without additional collateral requirements (since the leased asset itself serves as security), which significantly reduces the Group's credit risks and enhances transaction security.

Services delivered within the leasing framework include the financial leasing of agricultural machinery (tractors, combine harvesters), production equipment and machinery tools, specialized construction equipment, corporate vehicle fleets (auto leasing), as well as green technologies and solar power plants.

Operational Results and the Synergistic Effect

During 2025, the operations of *ACBA Leasing* became even more deeply intertwined with the parent Bank's sales and service channels. Full packages of leasing products were accessible to clients across all 66 branches of the Bank, ensuring high operational efficiency and cost optimization at the Group level.

- **Modernization of the Agri and SME Sectors:** *ACBA Leasing* served as the primary partner for the implementation of state subsidy programs. Consequently, hundreds of farm holdings and small enterprises were able to upgrade their technical base in 2025 by securing leasing financing at effectively zero or minimal interest rates. This directly contributed to the growth of labor productivity in the country.
- **Corporate Leasing Solutions:** The company developed specialized industrial and equipment leasing mechanisms for large corporate enterprises. In 2025, substantial growth was recorded, particularly in the financing of fixed assets within food processing, light industry, and transport logistics sectors.
- **Transition to "Green" Leasing:** In perfect alignment with the overarching ESG strategy of the Acba financial group, *ACBA Leasing* expanded the volume of financing directed toward energy-efficient equipment, electric vehicles, and solar photovoltaic stations in 2025. This enabled businesses not only to minimize utility expenses, but also to curtail CO₂ emissions into the environment.

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Future Strategic Target (2026–2028):

The new three-year strategic cycle outlines the full digitalization of *ACBA Leasing* services. The target is to roll out an online leasing platform, where customers can select machinery or equipment directly from the supplier's showroom and secure financing approval within minutes, leveraging the parent Bank's advanced AI scoring infrastructures.

2.3 SERVICE CHANNELS AND DIGITAL ECOSYSTEM

In 2025, Acba Bank's service channel development strategy centered on perfecting the "Phygital" (the fusion of physical and digital domains) model. The Bank achieved a qualitative leap in operational efficiency by transforming its traditional customer service infrastructure into a unified, technology-driven digital ecosystem.

1. Synergy of Physical and Digital Infrastructure

The Bank continues to maintain the most extensive physical footprint in the Armenian banking system through its network of **66 branches**, the predominant part of which operates across the regions of the country.

In 2025, the role of branches underwent a transformational shift, evolving from simple transactional hubs into high-value-added advisory platforms. This transition was made possible because the core volume of cash and standard banking operations migrated seamlessly to 24/7 self-service zones and remote digital channels.

As the exclusive partner of American Express in Armenia and a principal issuer of five international card systems (**Visa, Mastercard, American Express, UnionPay, and ArCa**), Acba holds a commanding position in the card market. The Bank continuously expands its card offerings, providing tailored solutions for each customer's distinct needs alongside access to cutting-edge payment technologies.

2. *acba digital*: Mass Migration to the Digital Domain

The Bank's proprietary digital platform, *acba digital*, recorded exponential growth in 2025, with active users crossing the **642,000** mark (+21% annual growth).

An unprecedented migration rate of **89.4%** of total customer transactions to digital channels represents a key operational metric for our investors. Within the SME segment, this digital transaction share reached **91%**. These metrics reflect the high convenience of the Bank's products and deep customer trust in our digital environment.

The *acba digital* internet banking system continuously redefines customer interaction methods, enabling:

- **Account Management:** 24/7 account opening functionality for individuals and enterprises, alongside the seamless receipt of international transfers.
- **Savings and Investments:** Remote term deposit placement, as well as the brokerage purchase and sale of bonds and Acba Bank shares.
- **Digital Lending:** Real-time online viewing of pre-approved credit limits and remote loan acquisition.
- **International Transfers:** Rapid cross-border money transfers executed via the global *Visa Direct* and *Mastercard Send* networks.
- **Additional Services:** Instant insurance policy issuance, digital tracking of cumulative pension accounts, and remote acquisition of official banking references or income statements.

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- **Modern Interface:** A highly user-friendly, optimized new design tailored for both web and mobile application platforms.

3. Robotic Process Automation (RPA) and IT Infrastructure Modernization

In parallel with the expanding volume of digital transactions, the Bank systematically upgraded its internal operational infrastructure to optimize costs and accelerate process completion speeds.

- **The Impact of RPA:** Within the scope of Robotic Process Automation (RPA) initiatives, **more than 50 complex internal procedures** were fully automated. Consequently, the Bank saves **200 man-hours** of manual labor daily, directly optimizing the Cost-to-Income (CIR) efficiency ratio.
- **24/7 Operational Day:** The 24/7 operational day model (round-the-clock processing) was successfully implemented within our core banking environment in 2025. This means customer transactions are **ሂጋሠታዊ** and accounted for in real-time, completely independent of official banking calendar hours or end-of-day non-business windows.
- **Strategic Partnership with OpenWay:** Acba launched a large-scale enterprise project to modernize its card processing system based on the *Way4* digital payment ecosystem by *OpenWay Group*, a globally recognized platform used across 100 countries. This structural shift ensures the absolute flexibility, security, and continuous deployment agility of the Bank's card and digital financial products for the decade ahead.

Link to the 2026–2028 Strategy

The technological platform and digital maturity secured in 2025 serve as the baseline cornerstone for the new three-year strategic cycle. The new strategy outlines an evolutionary transition from a standard digital bank toward an **AI-driven ecosystem**, where customer onboarding, relationship building, and real-time risk assessments will be highly personalized and intelligently automated.

Call Center and CRM Tools

Our omnichannel connection with clients is fortified through a highly responsive, modern call center, AI-powered Customer Relationship Management (CRM) tools, and fully integrated service processes that ensure a unified experience across physical and digital touchpoints.

Acba Business Club and Advisory Platforms

Acba continuously supports its business clients beyond traditional core banking services by providing dedicated B2B communication networks and strategic corporate advisory through the exclusive operations of the *Acba Business Club* and non-financial value-added services.

2.4 CORE PROJECTS AND ACTIONS IMPLEMENTED IN 2025

In 2025, Acba consistently advanced toward the realization of its strategic medium-term goals, vision, and mission. Throughout the year, the Bank continued to execute a range of programs and projects aimed at optimizing business processes, adopting cutting-edge technologies, perfecting digital platforms, and driving customer service quality and satisfaction.

Process Automation and Operational Optimization

As a result of the enterprise-wide digital transformation initiated years ago to drive internal efficiency, new SAP tools are being continuously deployed on the Bank's existing technological foundation.

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Integrating seamlessly with previously established systems, these tools have formed a unified corporate management environment and elevated the level of process automation.

The implementation of these systems has significantly enhanced business process management, operational speed, advanced analytical capabilities, and data-driven management in strict compliance with international standards.

Throughout the year, the application of robotic and automation technologies was heavily expanded. This successfully reduced resource-intensive manual operations, accelerated payments and transaction processing, minimized the probability of error risks, and ensured stable process quality across the Group. Concurrently, automation enhancements within the Call Center progressed with the introduction of new functional capabilities designed to optimize service speed and frontline response efficiency.

***acba digital* Enhancements and Digital Migration**

Within the framework of its digital development strategy, the Bank continued to modernize its *acba digital* platforms by introducing innovative product and functional solutions. Key functional updates included:

- Expanding the scope and availability of public and state payment capabilities;
- Enabling secure, remote card replacement journeys within the application;
- Integrating an advanced behavioral analytics tool for the comprehensive tracking of digital customer trends and data-driven decision-making.

As a result of these continuous platform optimizations, the number of registered users in 2025 grew by approximately **20%** compared to the previous year. Furthermore, around **90%** of all customer transactions were executed via remote digital channels. This structural milestone proves that digital banking is no longer merely an alternative channel, but has become the primary, preferred method of accessing financial services for Acba's customers.

Branch Network Transformation and Hybrid Service Model

Within our customer-centric operating framework, the Bank continued to roll out new service models aimed at optimizing customer touchpoints and driving transactional efficiency. This initiative successfully transitioned the physical branch network into a "**hybrid**" format, where traditional in-person service is harmoniously coupled with digital capabilities and self-service banking solutions.

Over the past few years, we have significantly elevated service efficiency across our network. Notably, queue waiting times were successfully reduced by approximately **20%** in 2025, ensuring a highly flexible, expedited, and personalized experience for our clients.

Strategic Partnerships and Product Line Expansion

Concurrently, continuous structural improvements were integrated across lending workflows, effectively streamlining credit processes, expanding digital lending capabilities, and introducing automated credit offerings and toolkits.

A major milestone of the year was the expansion of our cooperation with international financial institutions, highlighted by the launch of a new **USD 50 million** financing program with the Japan International Cooperation Agency (JICA). This credit facility is strategically dedicated to promoting SME business development and expanding advanced agricultural programs across the regions of Armenia.

Furthermore, the Bank actively participated in initiatives to disburse subsidized loans within new state-backed development programs, marking another phase in its continuous historical support for the agricultural sector.

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Throughout the year, the Bank also enhanced its premium product architecture by issuing next-generation card products, including the *American Express Gold Debit* and *Visa Signature Limited Edition* cards, while expanding the remote digital accessibility of card management services.

Forward Outlook and Strategic Intent

Acba Bank will continue to develop and deploy innovative technologies and advanced software solutions, ensuring premium customer service, driving operational efficiency, and continuously strengthening its market leadership position.

In the upcoming years, the Bank's activities will target the deepening of digital transformation, the scaling of digital business platforms, and the continuous refinement of customer service experience metrics. Our objective is to deliver a more profound, data-driven, and personalized interaction matrix tailored to various customer segments.

By balancing strict cost optimization with stable, organic revenue growth, the Bank will continue to elevate its operational efficiency, securing a highly competitive, flexible, and long-term development path. Rooted in these foundational approaches, Acba Bank's primary goal remains to serve as a trusted, reliable partner, supporting its customers on their path to prosperity, growth, and sustainable financial development.

2.5 CYBERSECURITY, DIGITAL PLATFORMS AND TECHNOLOGICAL DEVELOPMENT

In 2025, Acba Bank reached a defining milestone on its path of digital transformation. The Bank successfully evolved from a phase of large-scale digitalization toward a mature digital banking operating model, where digital channels are no longer merely an alternative service layer, but have become the primary environment through which customers interact with the Bank, perform transactions, and access financial services.

Continuous investments over the past several years in digital platforms, modern technology architecture, automation, data analytics, cybersecurity, and operational transformation have secured one of the highest levels of digital banking adoption within the Armenian financial sector. This has established a solid foundation for the next strategic phase of transformation: the integration of Artificial Intelligence, intelligent automation, and agentic banking.

1. Digital Maturity and Customer Engagement

During 2025, the *acba digital* system recorded exponential growth in terms of both its customer base and its level of engagement.

- **Transaction Dynamics:** In 2025, the total number of customer transactions reached 54.3 million (representing a +20% growth compared to 45.1 million in 2024). Approximately 89.4% of all banking operations were performed through digital platforms (compared to 86.2% in 2024), meaning that only 10.6% of customer operations were processed through physical branches.
- **Mobile Banking Leadership:** The *acba digital* mobile application served as the primary driver of growth, recording more than 30.7 million transactions (an annual increase of +37%). API-based transaction volumes and ecosystem integrations also demonstrated substantial expansion.
- **Branch Transformation:** Transactions executed across branches continued to steadily decline, falling from 6.8 million in 2023 to 6.2 million in 2024 (-8.7%), and further down to 5.8 million in 2025 (-7.2%). This trend has enabled the Bank to free up branch resources from low-added-value transactional operations and redirect them toward high-value advisory, investment, and personalized services.

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2. Strategic Digital Business Platforms and Payment Innovations

2.1 In-House Payment Processing Platform and Partnership with OpenWay

One of the strategic milestone projects of 2025 was the creation of the Bank's next-generation in-house payment processing platform. The Bank signed an agreement with OpenWay Group, a global industry leader, for the implementation of the Way4 digital payment ecosystem, which is utilized across more than 100 countries worldwide.

- The deployment of an in-house processing infrastructure will grant the Bank high operational flexibility, processing speed, and total control over the issuance of digital products.
- The parameter-driven architecture of the Way4 platform will significantly accelerate the launch of new products to the market (Time-to-Market) without the need for complex software redevelopment.

2.2 AI/ML-Powered SME Lending and Financial Decisioning System

In 2025, an Artificial Intelligence and Machine Learning (AI/ML) powered scoring and financial decisioning system was successfully deployed for SME lending.

- Thanks to this system integrated within the *acba digital* platform, SME clients can receive credit underwriting decisions and pre-approved financing offers within seconds without visiting a branch. This ensures a fully digital customer journey.

2.3 International Investment Services via *acba digital*

The Bank launched an international investment services platform in partnership with Interactive Brokers, a global online brokerage leader.

- Citizens and resident individual clients of the Republic of Armenia gained the ability to remotely open international securities accounts, instantly top up or withdraw funds, and trade financial instruments (stocks, bonds, ETFs) directly from the *acba digital* application across leading American, European, and Asian markets.

3. Software Development and Core Banking Modernization

3.1 Software Development Priorities

In 2025, the Bank successfully executed more than 100 business projects. Over twenty strategic initiatives were delivered within the digital ecosystem, including two major redesign projects for *acba digital*, which significantly enhanced the user interface and user experience (UI/UX). Concurrently, large-scale regulatory compliance projects were carried out in accordance with requirements from the Central Bank of Armenia, the State Revenue Committee, and FATF/FATCA frameworks.

3.2 Core Banking Architecture Transformation

The Bank continued its transition from a traditional monolithic architecture toward a decentralized, API-driven technology ecosystem.

- **Database Decentralization:** The monolithic database structure was segregated into distinct functional domains, including accounting, lending, payments, transfers, and digital channels.
- **Containerization:** An application containerization strategy was implemented utilizing Docker technology and the Kubernetes orchestration platform, which dramatically improved system availability, scalability, and release deployment cycles.
- The Bank's foundational software applications were upgraded to the latest versions of the .NET Core platform.

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4. Enterprise Applications and SAP Transformation

In 2025, the development and enhancement of SAP enterprise platforms remained central to the technology agenda.

- **SAP TRM (Treasury and Risk Management):** The treasury operations module was successfully deployed for interbank loans, deposits, and issued bonds, automating the complete lifecycle management of financial instruments.
- **SAP BPC (Business Planning and Consolidation):** For the first time in the Bank's history, capital expenditure (CapEx) and operational expenditure (OpEx) budgeting and planning cycles were fully executed within the SAP BPC environment, ensuring absolute data comparability and plan-fact analysis.
- **SAP S/4HANA ERP:** One of the Bank's largest enterprise initiatives commenced with the implementation of the next-generation intelligent SAP S/4HANA system to automate procurement, fixed assets accounting, leasing operations, and financial management workflows. The staged rollouts of the system are scheduled throughout 2026, with full commissioning expected by the end of 2026.

5. Technology Infrastructure, Operations and Cybersecurity

- **New Main Data Center:** The construction of a state-of-the-art data center continued at the Bank's planned and under-construction new headquarters, with its commissioning scheduled for 2026. It is designed to support a 1-Megawatt capacity and will be equipped with advanced liquid cooling technologies optimized for high-density GPU infrastructures and modern AI workloads.
- **Backup Data Center (Disaster Recovery):** Built entirely from scratch at a geographically separate location, the new disaster recovery environment was successfully launched, ensuring the highest level of business continuity.
- **24/7 Operational Day Model:** The 24/7 operational day model (round-the-clock processing) was successfully implemented. System end-of-day closing and next-day opening processes were fully automated to run at midnight, enabling customers to enjoy continuous real-time access to their accounts and execute transactions 7 days a week, including weekends and holidays.
- **PCI DSS Certification:** The Bank successfully completed its certification under the global Payment Card Industry Data Security Standard (PCI DSS), validating the highest level of cybersecurity and customer payment data protection.

6. Digital Workforce, Intelligent Automation and Operational Agility

Since establishing the first dedicated RPA (Robotic Process Automation) division in the Armenian banking sector in 2020, the Bank has successfully scaled a robust digital workforce. In 2025, traditional robotics were combined with AI-powered analytical tools.

- **Automation Scale:** Over 50 major processes spanning accounting, underwriting, legal, risk management, and compliance workflows were fully automated.
- **Operational Efficiency:** Software robots execute more than 1.5 million automated operations annually, saving approximately 200 man-hours of manual workflows daily, which is equivalent to the workload of 27 full-time employees (FTE). The workload processed by robots continues to grow by roughly 20% annually.
- **Integration with LLM and OCR Technologies:** The Bank transitioned toward Intelligent Automation by integrating semantic analysis, Large Language Models (LLMs), and Intelligent Document Processing (IDP) tools. These technologies are capable of analyzing unstructured data and scanned documents, directly supporting legal and credit analysis workflows.

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7. Data Analytics, BI Modernization and Data Governance

- **Regulatory Reporting Automation:** The Data Analytics division executed a major automation project for reports submitted to the Central Bank of Armenia, introducing over 100 complex calculation fields and syncing them directly with SAP TRM.
- **Migration to Centralized BI:** The Bank completed a mass migration from legacy Access-based reporting environments to a centralized Business Intelligence (BI) platform, substantially minimizing manual workloads and increasing the analytical autonomy of business divisions.
- **Acba Intelligence:** The development of the unified *Acba Intelligence* analytical platform based on SAP Fiori technology commenced, which will consolidate all corporate dashboards and reporting tools into a single ecosystem.
- **Enterprise Data Governance:** Metadata governance policies, business glossary frameworks, and data quality management principles were fully developed and documented.

8. Next Horizon: AI and Agentic Banking Transformation

Armed with high digital maturity, advanced API architecture and centralized data management systems, Acba Bank is entering the era of Artificial Intelligence and Agentic Banking. In this upcoming phase, digital platforms will evolve beyond standard transactional channels into predictive, proactive, and exceptionally personalized AI ecosystems capable of autonomously managing complex financial processes in real time.

2.6 STRATEGIC GOALS AND PRIORITIES (2026–2028)

Based on a comprehensive evaluation of the 2025 operational results and an in-depth analysis of the internal and external environments (SWOT analysis), Acba Bank has crystallized the strategic strengths that serve as the fundamental guarantee for its new development cycle. The Bank's future progress is anchored upon the following strategic advantages:

- **Market Leadership and High Financial Stability:** The Bank maintains a robust balance sheet characterized by a low dollarization rate. In 2025, **71%** of customer deposits were formed in the national currency (compared to 56% in 2022), significantly mitigating foreign exchange risks and aligning precisely with the long-term de-dollarization agenda of the Central Bank of Armenia.
- **Extensive Customer Base and Strong Brand Equity:** The deep loyalty of over 690,000 active customers and the Bank's positioning as a reliable partner with Top-of-Mind awareness across the market create a solid foundation for the seamless rollout of innovative financial products.
- **Systemic Physical Network and Advanced Digital Platform:** The complementary (**Phyigital**) model—unifying 66 branches covering the entire territory of the Republic of Armenia with the powerful *acba digital* ecosystem—ensures an uninterrupted customer acquisition and service delivery chain.
- **Diversified Shareholding Structure and Stable Governance:** The institutional alliance of "ACBA Federation" and prominent international institutional investors (Proparco) guarantees the highest quality of corporate governance, transparency, and accountability.
- **Specialized Synergy in Agribusiness and Leasing Sectors:** The combination of over two decades of unique expertise in agricultural financing and the absolute market leadership of the "ACBA Leasing" subsidiary grants the Bank a highly distinctive ecosystem advantage that remains difficult for competitors to replicate.

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Strategic Pillars (2026–2028)

Guided by its core mission and leveraging these institutional strengths, the Bank has defined **five primary pillars** for the next three-year strategic cycle:

1. TO BE THE BANK OF FIRST CHOICE

By consistently delivering flexible, personalized, and creative solutions for all client segments. Within this pillar, the Bank is pioneering new benchmarks for customer experience excellence:

- **Retail and Premium Segments:** The Bank will launch the "**Acba Select**" specialized package, designed to deliver bespoke premium-class services. To expand financing flexibility, modern **BNPL** (Buy Now Pay Later) toolkits and a dynamic, data-driven credit limit management framework will be introduced.
- **Youth Segment (Gen Z & Gen Alpha):** The Bank will systematically expand its market share among younger demographics. The share of customers under the age of 25 within the total retail base is targeted to grow from **12.5%** in 2026 to **16.1%** by 2028.

2. TO BE THE MOST RECOGNIZABLE BRAND IN ARMENIA'S FINANCIAL SECTOR

To achieve distinct differentiation in the financial market, the Bank will upgrade its *Unique Value Proposition (UVP)* model for all key stakeholders (customers, prospective talents/HR, and institutional investors), rooted in the unified **Brand Platform** established in 2025. To maximize online visibility, advanced AI-powered SEO and intelligent content search optimization tools will be deployed across the digital domain.

3. TO BE A MARKET LEADER IN EFFICIENCY AND PROFITABILITY METRICS

The Bank's core strategic target is to sustain a high and predictable Return on Equity (**ROE**) within the range of **19–21%**. In 2025, the Cost-to-Income (CIR) ratio was successfully optimized to **42%**, aligning with the top ten banks' average of 42.7%. In the upcoming cycle, the mandate is to ensure the long-term stability of this ratio and drive its continuous convergence toward global best-in-class efficiency benchmarks via advanced robotic automation and process intelligence.

4. TO BE THE PRIMARY CATALYST FOR THE AGRICULTURAL AND SME SECTORS

The Bank will accelerate the transition toward technological, intensive, and sustainable (**ESG-aligned**) financing models. In the SME segment, Acba will scale its non-financial services ecosystem (including the expansion of the *Acba Business Club*). In the agricultural sector, specialized focus will be directed toward elevating farmers' financial literacy, implementing cash flow management toolkits, and delivering startup financing for young farmers and family agribusinesses.

5. TO BE THE EMPLOYER OF FIRST CHOICE IN THE FINANCIAL MARKET

The Bank will target the recruitment and retention of top-tier IT, data, and digital engineering talents. To support this, Acba will aggressively elevate its employer branding across leading global professional platforms, such as *Glassdoor*, *GitHub*, *GitLab*, and *Stack Overflow*. Concurrently, a structured talent pipeline will be institutionalized for critical strategic roles, including corporate, premium, and investment advisory consultants.

CAPITAL STRATEGY AND FINANCIAL RESILIENCE

To sufficiently fund these ambitious strategic targets while maintaining robust capitalization, the Board and Executive Management have adopted a clear capital structure diversification plan. Although the predominant part (**90%**) of the Bank's equity is composed of high-quality Core Tier 1 instruments, the following major capital initiatives will be executed starting from 2026:

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- **Additional Tier 1 Capital (AT1):** During 2026, the Bank plans to issue approximately **USD 20 million** in Additional Tier 1 perpetual bonds. This initiative will strengthen capital adequacy ratios and establish an extra safety buffer to absorb potential losses under stress scenarios.
- **Attracting International Equity Capital (Fresh Equity):** Over the 2026–2027 horizon, the Bank is evaluating options to attract new equity capital from prominent International Financial Institutions (IFIs). This will facilitate the expansion of lending volumes across strategic priority sectors and elevate the Bank’s institutional resilience against potential macroeconomic shocks.
- **Balanced Dividend Policy:** The Bank will consistently adhere to the golden rule of capital conservation and profit distribution: **at least 20%** of annual net profit will be distributed to shareholders as dividends, while the remaining portion will be accumulated within retained earnings to secure the safety of the Bank's organic growth.

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3. OPERATING ENVIRONMENT

3.1 MACROECONOMIC CONTEXT AND REGIONAL TRENDS

Macroeconomic Environment

During 2025, the operating and macroeconomic environment of the Republic of Armenia entered a new phase of structural rebalancing and stabilization. Following the gradual normalization of the peak indicators of unprecedented capital and transfer inflows seen in previous years, the country's economy demonstrated high resilience, registering better-than-expected results and forming a predictable environment for financial mediation.

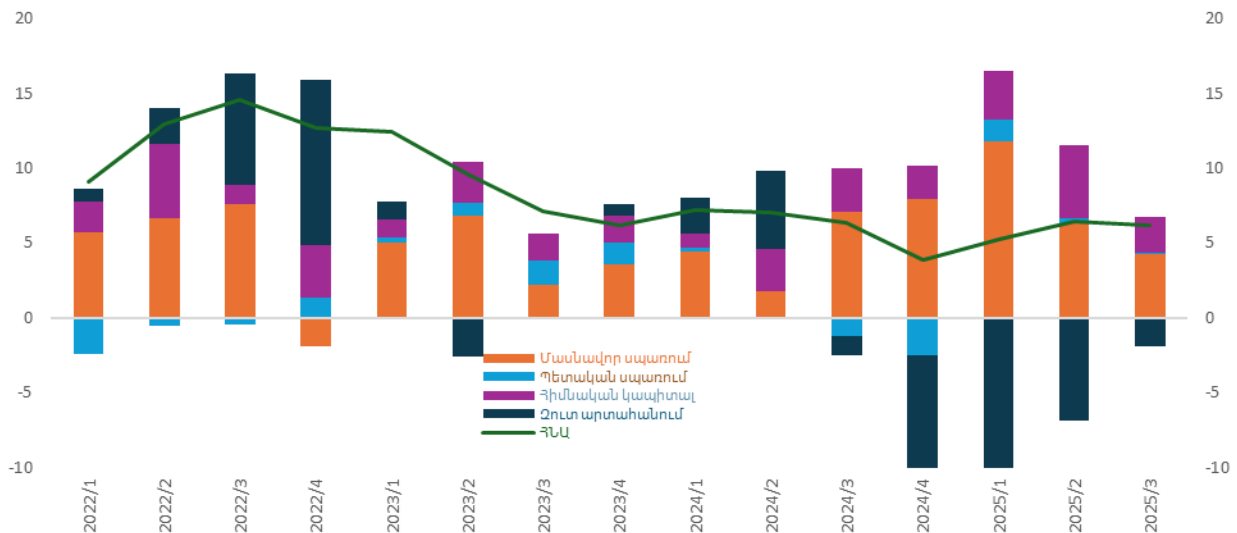
1. GDP Dynamics

Economic growth trends continued to be observed in the Republic of Armenia during 2025, and by year-end, GDP growth reached **7.2%** compared to the previous year (Statistical Committee of the RA).

- **Demand-Side Drivers:** From the perspective of domestic demand, economic growth was primarily supported by an increase in private consumption and investments.
- **External Demand Drivers:** Under the influence of external demand, economic growth was shaped by shifting expansion patterns. This manifested as a visible increase in tourist inflows to the Republic of Armenia and an increase in the average expenditure per tourist, alongside high demand for locally produced goods and services.
- **Sectoral Performance:** In 2025, the services sector grew by 9.2% overall, while the growth of trade turnover compared to the previous year reached 3%. Concurrently, the financial sector saw the ongoing appreciation of both nominal and real effective exchange rates.

GDP GROWTH: CONTRIBUTION BY MAIN EXPENDITURE COMPONENTS (PERCENTAGE POINTS)

ՀՆԱ հիմնական ծախսային բաղադրիչների նպաստումները անին տոկոսային կետ

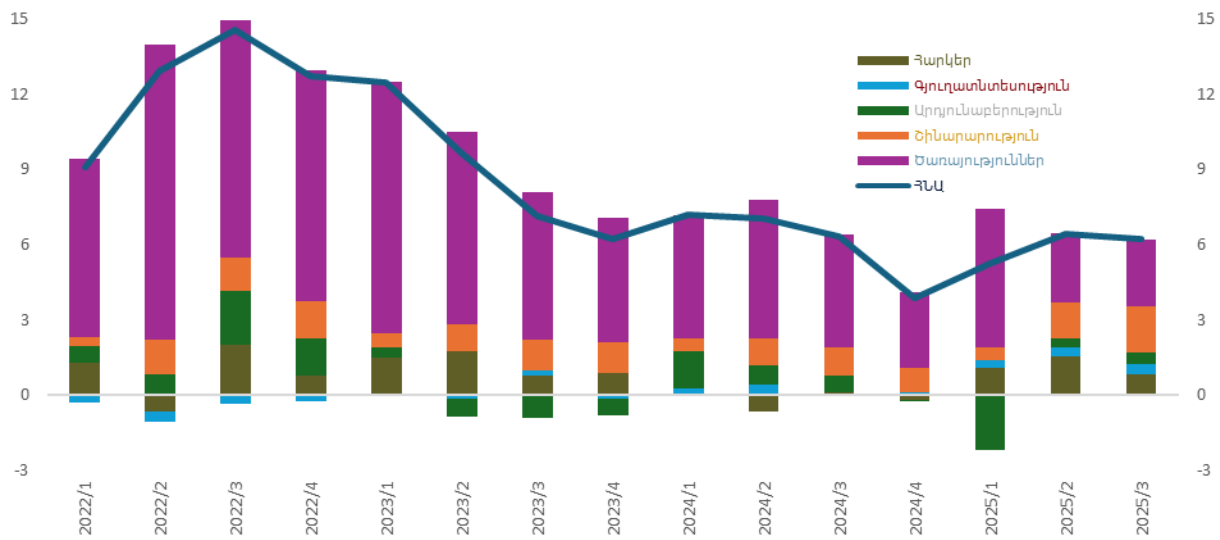


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Private consumption
 Government consumption
 Investment
 Net exports
 GDP

GDP BY MAIN PRODUCTION COMPONENTS

ՀՆԱ-ն ըստ հիմնական արտադրական բաղադրիչների



Taxes
 Agriculture
 Industry
 Construction
 Services
 GDP

2. Monetary and Fiscal Policy

In December 2025, 12-month inflation stood at **3.3%**, which did not significantly deviate from the inflation target set by the Central Bank of Armenia (3%). Driven by the easing of inflationary pressures during 2025, the Refinancing Rate set by the CBA decreased by 0.5 percentage points compared to the previous year, standing at **6.5%**.

In international markets, central banks continued to pursue stimulative monetary policies driven by shifting inflationary expectations. The refinancing rate set by the US Federal Reserve Bank decreased by 1 percentage point on an annual basis, the interest rate for attracting funds by the European Central Bank decreased by 1 percentage point, and the refinancing rate set by the Central Bank of the Russian Federation decreased by 5 percentage points.

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Consequent to these shifts, during 2025, the Bank pursued a highly diversified policy for attracting financial resources, raising financial means both from the local market and from international donor organizations.

The CBA continued its flexible two-way exchange rate policy, intervening in the market only in cases where high uncertainties and risks arose regarding the normal functioning of the foreign exchange market. Driven by the sustained high level of external demand, as well as capital inflows from international markets, the appreciation of the Armenian dram continued. As a result, the average USD/AMD exchange rate in 2025 was **AMD 387.01** per USD. As of year-end, the USD/AMD exchange rate stood at **AMD 381.36**.

The more stable level of foreign exchange rates contributed to a visible reduction in foreign exchange risk at the bank, as a result of which, even under a stress scenario, the bank did not violate its proprietary risk appetite boundaries.

In 2025, the RA State Debt/GDP ratio continued to remain stable, standing at around **50%** by the end of the year. The decline in the Debt/GDP ratio was primarily driven by strong economic growth and the appreciation of the dram. Fiscal policy was also stimulative, and as a result, the budget deficit in absolute terms grew by 11.5% compared to the previous year.

Historical Macroeconomic and Monetary Indicators (2017–2025)

Indicator	2017	2018	2019	2020	2021	2022	2023	2024	2025
Average Exchange Rate (USD/AMD)	482.72	482.99	480.45	489.01	503.77	435.67	392.48	392.73	387.01
Standard Deviation of Exchange Rate Changes	3.0	1.8	4.7	11.0	19.8	38.5	7.5	6.9	5.89
CPI (%)	1.0	2.5	1.4	1.2	7.2	8.6	2.0	0.3	3.3
Refinancing Rate (%)	6.0	6.0	5.5	5.25	7.75	10.75	9.25	6.75	6.5
10-Year Government Bond Yield (%)	11.1	9.7	9.5	8.0	9.4	11.2	11.0	9.8	8.6

High fiscal discipline was recorded in 2025. According to data from the State Revenue Committee (SRC), tax revenues and state duties amounted to **AMD 2 trillion 725.2 billion**, which exceeds the actual indicator of 2024 by **14.0%** (or by AMD 334.3 billion). This constituted **100.2%** of the target set by the

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state budget. The budget deficit/GDP ratio was maintained within stable limits. Furthermore, for 2026, the International Monetary Fund (IMF) validates the continuity of robust fiscal performance, where the government aims to reduce the budget deficit to **4.0%** (instead of the budgeted 4.5%) due to revenue overperformance.

3. Real Estate Market

In 2025, the construction sector grew by **20.2%**. Around 47.4% of the sector's expenses were realized in the real estate market; however, the total number of transactions in the real estate market decreased slightly by 1.6%. Out of the registered real estate transactions, 30.5% were carried out in the city of Yerevan.

The average market price of apartments in multi-apartment buildings in the city of Yerevan decreased by 0.36% in dram terms (as of November). In 2025, **11,070** real estate mortgage pledge transactions were executed, with 57.5% of these mortgage transactions registered in the city of Yerevan. The number of mortgage transactions registered in the republic in 2025 increased by **32.2%** compared to 2024.

In 2025, the average interest rate on mortgage loans provided in AMD to individuals by commercial banks of the RA was 13%, while in the case of mortgage loans provided in USD, it was 10%. Summarizing, we can state that during 2025, the real estate market continued to remain fairly active; nevertheless, along with the phase-out of the income tax refund law, a correction in real estate prices is anticipated in the medium term. The Bank closely takes this circumstance into account in its long-term risk management strategy.

4. Regulatory Developments

The regulatory environment in 2025 was characterized by the tightening of supervision and the intensive integration of international standards:

- **De-dollarization Strategy:** The CBA continued its consistent policy aimed at curbing foreign exchange risks in the banking system. As a result, the level of monetization of customer deposits in the system reached **71%** (compared to 56% in 2022), which significantly increases the stability of the financial system.
- **AML/CFT and Cybersecurity:** International rules on compliance and anti-money laundering have been tightened in strict accordance with FATF standards. The CBA requires commercial banks to deploy advanced technological solutions for transaction screening and monitoring. In parallel with the growth of digital transactions, the frameworks of cybersecurity and data protection (PCI DSS and Basel regulations) have been placed under particularly strict oversight.

5. Regional Developments and Global Uncertainties

External factors continue to exert a cross-cutting influence on Armenia's economic environment:

- **Middle East Conflict:** International structures (World Bank, IMF) note that the ongoing war in the Middle East remains a global risk factor for the region. It leads to logistic trade re-routing and a visible increase in freight shipping costs.
- **Trends in Partner Countries:** The expected slowdown of Russia's economic growth (up to 0.8% according to the World Bank) and tighter global financial conditions somewhat restrain the dynamics of external trade, which has led to the expansion of the RA's trade balance deficit.

6. Macroeconomic Forecasts (2026–2027)

International financial institutions and state bodies of the RA agree that following the double-digit growth rates of previous years, the Armenian economy is entering a stable, moderate maturation cycle.

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- **World Bank (World Bank Outlook, April 2026):** The World Bank upgraded its economic growth forecasts for Armenia, expecting real GDP growth of **5.3%** for 2026 and **5.1%** for 2027 (the indicators improved by 0.4 percentage points compared to the beginning of the year). In the medium term, growth will converge and stabilize around **5.0%**.
- **International Monetary Fund (IMF, June 2026):** The IMF, in summarizing the first review of the Stand-By Arrangement (SBA), states that Armenia's economic activity remains firm. The Fund forecasts net real GDP growth of around **5.25% (5¼%)** for 2026 amid a certain moderation of domestic demand and geopolitical uncertainties. Inflation, according to the IMF, will remain slightly elevated in the short term due to logistic costs, but within the forecast horizon will return to the CBA target mark of 4.0%.
- **IFC and EBRD Position:** International donors emphasize that Armenia's external and financial buffers remain sufficiently strong. The primary prerequisite for raising the long-term potential of the economy is considered to be the formation of a stable peace agenda with neighboring countries, which will sharply activate regional investments and tourism.

Strategic Conclusion for the Bank: This moderate but stable economic growth environment projected for 2026–2027 (5.0%–5.3%) fully complies with the scenarios laid down at the core of Acba Bank's new 2026–2028 strategic planning. It enables avoiding sharp balance sheet fluctuations and focusing on the enhancement of asset quality and digital efficiency.

3.2 THE BANKING SYSTEM AND KEY RESULTS OF 2025

In 2025, the banking system of Armenia continued to serve as the primary pillar of the country's financial sector and overall economy, demonstrating high resilience, solid capitalization levels, and record profitability. Against the backdrop of normalizing macroeconomic flows and the tightened monetary policy implemented by the Central Bank of Armenia (CBA), the system's 17 commercial banks transitioned to a more disciplined balance-sheet approach, placing a strategic emphasis on risk mitigation and operational efficiency.

The volumes of deposits attracted by commercial banks, both in AMD and foreign currency, continued to grow during 2025, registering a total growth of 15% compared to the previous year. Concurrently, the average interest rate on deposits did not undergo significant changes, averaging 8.03% for AMD and 2.48% for USD over the course of the year. Lending volumes also expanded by 23.03% year-over-year, while the average interest rate on loans (with a maturity of up to 1 year) did not experience material adjustments compared to the previous year, standing at 13.78% for AMD loans and 8.04% for USD loans.

Key Banking System Indicators (As of year-end 2025)

Systemic Indicator	Volume (As of December 31, 2025)	Annual Growth Rate (YoY)	% of GDP
Total Assets	AMD 12.87 trillion	+16.6%	115.3%
Loan Portfolio (Gross)	~AMD 7.70 - 7.97 trillion	+23.0%	~70.2%
Total Capital	~AMD 1.62 trillion	+22.4%	14.5%

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Systemic Indicator	Volume (As of December 31, 2025)	Annual Growth Rate (YoY)	% of GDP
Customer Deposits / Funds	~AMD 6.44 trillion	+15.4%	57.7%
System Net Profit	AMD 421.0 billion	Record Level	—

1. Structural Balance Sheet Shifts and Growth Dynamics

- **Deepening of Financial Intermediation:** The ratio of the system's total assets to GDP reached 115.3%, demonstrating the deep integration and systemic significance of the banking sector within the national economy. The asset expansion remained entirely organic and well-balanced.
- **Lending Velocity and Quality:** The loan portfolio recorded a 23.0% growth, totaling around AMD 7.7–7.97 trillion. The primary drivers of this growth were mortgage lending (stimulated by phase-by-phase modifications in the income tax refund programs) and targeted corporate sector financing. Despite high growth rates, asset quality was maintained at a strong level; the non-performing loan (NPL) ratio remained in a historically low range (below 2%) due to robust scoring systems and underwriting discipline.
- **Liabilities and De-dollarization:** Customer funds expanded by 15.4%. A milestone achievement of the year was the radical monetization of the deposit structure, with the share of national currency deposits in the system reaching 71%. This successfully minimized banks' exposure to foreign exchange fluctuations and stabilized the liquidity base.

2. Profitability, Efficiency, and Fiscal Contribution

The year 2025 served as a period for optimizing the efficiency of the banking system, which was directly reflected in its financial bottom-line results:

- **Record Profitability:** The net profit of the system reached an all-time high of AMD 421.0 billion. The core drivers of profitability were the stability of the net interest margin (NIM), the expansion of fee and commission income via digital channels, and the reduction of provisioning expenses owing to effective risk management.
- **Cost Optimization:** Due to the large-scale deployment of digitalization and robotic process automation (RPA), the average Cost-to-Income (CIR) ratio of banks optimized to 42.7%.
- **Significant Fiscal Contribution:** The banking system served as one of the primary donors to state budget revenues. Over the year, banks paid AMD 164.6 billion in taxes, which accounts for approximately 8.5% of Armenia's total tax revenues. This underscores the critical importance of the sector in financing the country's macroeconomic and social development programs.

3. Market Concentration and the Competitive Environment

The Armenian banking market continues to maintain its pronounced oligopolistic structure, where scale, capital power, and technological maturity form the primary competitive advantages.

- **Degree of Concentration:** Market concentration remains high, with the top 5 banks capturing 62.0% of total banking assets, while the top 3 banks alone control nearly 47.3% of the system. This reflects minimal volatility in competitive positioning over the year.
- **Barriers to Entry:** This structure limits the capabilities of smaller market participants and demonstrates that banks with massive scale advantages, access to low-cost funding sources, and

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highly developed digital ecosystems maintain a resilient competitive posture and are capable of locking in higher profitability levels.

4. Structural Shifts and Institutional Reorganizations

The year 2025 marked an evolutionary milestone in the corporate governance landscape of the Armenian banking sector. A distinct trend emerged in the market, where a number of leading commercial banks executed legal-organizational transformations, reorganizing from Closed Joint-Stock Companies (CJSC) into Open Joint-Stock Companies (OJSC).

- **Strategic Motives:** This structural change was driven not only by tightening regulatory requirements, but also by forward-looking corporate strategies. Transitioning to an OJSC status mandates the highest level of corporate transparency and strict compliance with disclosure and reporting disciplines.
- **Capital Market Readiness:** This transformation serves as a direct bridge for entering local and international capital markets, executing initial public offerings (IPOs), and establishing an institutional structure that is highly attractive and accessible to international financial institutional investors (IFIs).

5. Principal Trends Shaping the Banking Sector

- **Mass Digitalization and Phygital Ecosystems:** Market leadership belongs to banks that can ensure the maximum migration of transactions to digital platforms. The traditional customer service model is rapidly being displaced by the *Phygital* approach, where physical branches transition exclusively into advisory hubs while over 90% of daily transactions are handled remotely.
- **De-dollarization and AMD Balance Sheets:** Backed by stable public confidence in the national currency, 71% of customer funds within the system were formed in AMD. This materially insulated banks' net interest margins (NIM) from foreign exchange volatility.
- **Deployment of Artificial Intelligence (AI/ML) and Automation (RPA):** Banks are aggressively migrating toward automated risk management and AI scoring systems, which allow for the real-time underwriting of creditworthiness (especially within the SME and retail segments) while drastically lowering operational costs.

6. Core Sectoral Challenges

The banking sector of Armenia is transforming through regulatory reforms, digital advancements, and sustainable development initiatives. The strategy of the Central Bank of Armenia for 2025–2027 focuses on the stability and regulation of the financial system, risk-based supervision, and the modernization of the payment and settlement system.

The Information Systems Agency of Armenia (ISAA), established as a joint initiative of the RA Government and the CBA, leads the country's digital transformation, aiming to cultivate a trust-based electronic society and electronic economy. Through initiatives such as national electronic identification, ISAA fortifies cybersecurity, streamlines financial services, and promotes a cashless economy. The Agency works toward interoperability frameworks to facilitate seamless data exchange and improve digital governance. The deployment of electronic identification and cashless transactions optimizes banking operations, requiring banks to integrate highly efficient digital services.

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Local and International Trends

- **Digitalization and Hyper-automation:** Digitalization continues to reshape the banking sector, driving operational efficiency, enhancing customer experience, and enabling rapid, data-driven decision-making. Hyper-automation, driven by the integration of Artificial Intelligence (AI), Machine Learning (ML), and Robotic Process Automation (RPA) technologies, optimizes workflows, reduces costs and error probabilities, and elevates operational velocity and efficiency. These technologies transform financial services, allowing banks to better understand customer behavior and offer highly personalized services at scale.
- **Personalization and Customer-Centricity:** Digitalization and growing market competition require banks to look beyond standard services and consider alternative customer needs. Customers now expect a seamless experience and financial products precisely tailored to their requirements. Banks increasingly utilize AI and Big Data to deliver personalized recommendations and predictive financial insights. At Acba, we remain fiercely committed to a customer-centric approach, planning the deployment of various tools to continuously elevate the user experience.
- **Open Banking:** Traditional banking boundaries are dissolving as API-driven ecosystems enable seamless integration with fintech platforms and third-party services. Globally, regulatory authorities are urging banks to deploy open banking frameworks, allowing customers access to a broader spectrum of financial instruments. We are actively developing API-based solutions, a portion of which is already integrated into the *acba digital* platform (e.g., the repayment of loans held at peer banks).
- **Cybersecurity:** In parallel with expanding digitalization, cybersecurity threats and fraud risks continue to grow. AI-powered behavioral analytics and real-time fraud detection are becoming foundational security measures. Protecting customer data and financial transactions remains an absolute priority for us. Biometric identification tools, real-time fraud management systems, and advanced cybersecurity mechanisms are constantly being developed to safeguard customer trust and data security.
- **Sustainable Finance:** Just as on the global stage, sustainability has become a core pillar of banking strategy in Armenia. Furthermore, international partners increasingly favor banks that embrace sustainable finance mandates. Acba aligns its operations with these green finance initiatives, firmly convinced that the integration of ESG standards will open up new competitive horizons for commercial banks.

Strategic Context for Acba Bank

Against the backdrop of market reorganization (the OJSC transition) and these challenges, Acba Bank operates from an ideal competitive posture. Operating as an established, public open company with premier operational efficiency (with a Cost-to-Income ratio of 42.2% vs. the system average of 42.7%), the Bank directly addresses these market realities within its new 2026–2028 strategy, deploying AT1 capital instruments, RPA robotics, and reinforcing its Employer Branding within the talent acquisition market.

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3.3 ACBA BANK'S POSITIONING AND MARKET SHARES

Against the backdrop of the high concentration of the Armenian banking system (where the leading top three banks control 47.3% of the market), Acba Bank confidently maintains its position among the top three leading banks.

As one of the leading banks in the Republic of Armenia, Acba continuously maintains its pivotal role and significance in the Armenian banking market by sustaining a strong competitive posture driven by innovative approaches, a professional team, operational efficiency, and highly disciplined activities. This leading position further demonstrates the Bank's reliability, competitiveness, stability, and new horizons for progress.

In 2025, market concentration remained pronounced: the top five largest banks accounted for 62% of total banking assets, while the leading top three banks alone controlled nearly 47.3% of the system's assets, confirming limited volatility in competitive positions over the year. Accordingly, based on the results of 2025, Acba Bank ranked third in terms of total assets with an indicator of AMD 1.063 trillion, corresponding to a market share of 8.3%.

Lending remained the primary driver of growth in the banking sector. Total credit investments of the system expanded from AMD 6.3 trillion in 2024 to AMD 7.7 trillion in 2025, reflecting sustained demand from households and enterprises despite tighter financial conditions. The top three largest banks provided 50.3% of total loans, strengthening their dominant role in the credit sector. Acba Bank ranked third by the size of its loan portfolio, holding a 9.6% market share. Notably, Acba's share of loans in the market exceeded its share of assets, emphasizing its strong structural positioning as a lending-oriented institution.

In 2025, total deposits of the banking system grew to around AMD 7.3 trillion compared to AMD 6.4 trillion in the previous year (+14.1% annual growth). Deposit concentration remained high: the top three leading banks managed 49.9% of all deposits, while the top five controlled more than 64.6%. Acba ranked third in terms of deposits, corresponding to a market share of 8.3%.

The capitalization of the system remained stable and favorable for future growth. Total capital of the banking system reached AMD 2.2 trillion at the end of 2025. Acba ranked third by total capital volume with around AMD 194.9 billion (a 9.0% market share). Acba's market share in capital exceeds its share of assets, underscoring its relatively powerful capital base and reinforcing the Bank's capacity to absorb risks, sustain lending operations, and distribute dividends.

Profitability was maintained at a high level and remained structurally stable. In 2025, Armenian commercial banks generated around AMD 421.3 billion in net profit compared to AMD 361.4 billion in 2024 (a 16.6% growth). Profit concentration closely mirrored balance sheet concentration: the top three leading banks accounted for approximately 58.3% of total sector profit. In 2025, Acba secured around AMD 36 billion in net profit, ranking third in the system and providing 8.6% of total banking profits.

From the perspective of revenue structure, Acba continued to distinguish itself as one of the sector's strongest margin generators. Net Interest Margin (NIM) reached 7.3%, significantly exceeding both the top 10 banks' average (5.2%) and the top 5 banks' average (4.9%). This confirms our leading position in the profitability of core banking operations, driven by efficient pricing, high credit portfolio quality, and the disciplined management of assets and liabilities.

Cost efficiency also demonstrated a significant improvement: the cost-to-income ratio stood at 42%, which is fundamentally in line with the top 10 banks' average (42.7%) and has substantially improved compared to previous years.

Acba's profitability indicators remained among the strongest in the market: Return on Assets (ROA) stood at 3.6% and Return on Equity (ROE) reached 20.2%. This fundamentally places the Bank above average-level competitors and remains fully aligned with the metrics of market-leading banks.

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Overall, Acba Bank consistently holds the third position across all core metrics (assets, loans, deposits, capital, and profit) while outperforming competitors in net interest margin and maintaining high profitability. This combination of scale, profitability, and resilience firmly positions Acba as a leader and one of the structurally strongest institutions in the financial system of Armenia.

As one of the leading organizations of the RA financial system, Acba Bank continuously monitors international innovative trends, responds to the evolving day-to-day needs of customers, and evaluates forward-looking market developments.

Acba Bank maintains a stable position in delivering non-financial services to business clients. Specialized training courses aimed at business management efficiency, thematic events, the showcase of Armenian manufacturers' products across the Bank's branches, and alternative initiatives exert a highly positive impact on the development of the enterprise sector.

Driven by its extensive daily activities, the Bank has secured sustainable competitive advantages across multiple domains, and according to market research insights:

- **Trust and Reputation:** Acba Bank is perceived as a highly trusted and reputable financial institution.
- **Sustainability and Culture:** The Bank is valued as a highly responsible organization due to its green activities and its reputation as an employer of choice.
- **Transparency:** Acba Bank is perceived as a fair and transparent bank whose offerings are accessible and contain no hidden fees.
- **Sector Focus:** Acba Bank is perceived as an agriculturally targeted financial institution that facilitates and supports the development of farming in the Republic of Armenia.
- **Customer Experience:** Acba Bank is perceived as a deeply customer-centric bank backed by professional personnel, flexible and rapid processes devoid of long queues, and tailored, individual conditions.
- **Accessibility:** Acba Bank possesses comfortable branches, a widespread service network, and a highly demanded mobile banking application in the market

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4. RISK MANAGEMENT

5.1. RISK MANAGEMENT FRAMEWORK

The Risk Management System of ACBA BANK GROUP (which includes Acba Bank and Acba Leasing, hereinafter also referred to as the Group), in full alignment with the Group's strategy, encompasses a comprehensive framework of innovative toolkits corresponding to international best practices, regulatory documentation defining risk management principles, and structured actions aimed at maintaining and cultivating a strong risk culture across the Group. A schematic architecture of the Group's Risk Management System is presented in **Diagram 1**.

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The Group's Risk Management System defines:

- The objectives of risk management;
- The risk management governance bodies and responsible divisions;
- The inherent risks specific to the Group's operations;
- The core stages of the risk management process (as illustrated in Diagram 2);
- The fundamental principles and pillars of the risk management infrastructure.

4.2. RESPONSIBLE BODIES FOR RISK MANAGEMENT

Within the Group, the responsibility for risk identification and management extends across all corporate governance bodies, as well as structural and regional units.

All key documents constituting a critical component of the Group's Risk Management System are developed by the Risk Management Directorate and other units included in the second line of control, in close collaboration with other structural divisions. These documents are reviewed in detail by the Risk Management Committee under the Chief Executive Officer and the Risk Management Committee under the Board, and are subsequently approved by the Board of Directors.

The hierarchical structure of the bodies and/or divisions responsible for risk management within the Group is illustrated in Diagram 3:

The Group's second line of control, each within its respective scope of authority, coordinates the activities of all structural and regional units of the Group regarding risk identification and management.

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4.3. RISK TYPES

According to the Bank's Risk Management Policy, risks are considered material if they are directly linked to the Bank's operations, and ignoring or inefficiently managing them could directly or indirectly lead to the violation of the Bank's core prudential regulations, disruption of business continuity, and/or insolvency. Separate procedures are developed within the Bank for the analysis, assessment, and management of these risks. For each material risk, the Bank defines a Risk Appetite and/or Tolerance level and/or Maximum Risk Capacity, or other corresponding benchmark values and limits.

Credit, foreign exchange, interest rate, operational (as historically most closely associated with the Bank's daily operations and having a direct impact on the Capital Adequacy Ratio), and liquidity risks (as having a direct impact on the Bank's solvency) are classified as material within the Bank. To manage these risks, corresponding internal legal acts and frameworks of mitigation measures have been developed, which are periodically reviewed to ensure alignment with advanced international practices. The Group's operations entail exposure to a range of exogenous and endogenous factors, as a result of which the Group is exposed to various types of risk, the most prevalent of which are presented below.

1. Credit Risk

Credit risk is defined as the probability of financial loss arising from the failure of the counterparty to a credit transaction to meet their obligations fully and/or on time. The manifestations of credit risk are as follows:

- **a. Default Risk:** The probability of financial loss arising from a customer's failure to perform their obligations.
- **b. Downgrade Risk:** The probability of an increase in the Bank's credit risk provisioning driven by a downgrade in the counterparty's credit rating or an increase in their risk profile.
- **c. Counterparty Risk:** The probability of financial loss arising from the non-performance of an obligation by a counterparty stemming from their position in a market-linked instrument.

A comprehensive Credit Risk Management System is deployed within the Bank, which is divided into two complementary directions:

- Individual Credit Risk Management System
- Credit Portfolio Risk Management System

The Individual Credit Risk Management System incorporates scoring frameworks for customer creditworthiness assessment, corporate customer rating models, as well as alternative customer financial and economic analytical systems.

Automated decision-making scoring systems, built upon Application and Behavioral Scoring models, are implemented for the Bank's two business directorates (Retail Business Directorate, and SME and Corporate Business Directorate), as well as for the financial leases (leasings) provided by "ACBA Leasing" CO CJSC. These systems not only elevate the efficiency of the lending process by ensuring a high volume of automated application processing (for instance, the share of automated application processing in the retail sector exceeds 90%), but also provide a toolkit for systemic credit risk management. As a result, the Group gains the capacity to centrally manage credit risk arising from lending, based on strategy-driven objectives and the risk levels derived from each economic cycle.

Taking into account the financial and economic analysis results of the Group's corporate customers, the sectoral risk of the customer's field of activity, and other qualitative factors, a credit rating is calculated for the customer via the rating model, rooted in the assessment of the customer's potential credit loss.

Depending on the level of the customer's credit risk, a tiered framework of credit committees is integrated into the lending decision-making system.

Back-testing and validation frameworks are implemented within the Group for credit risk management, including creditworthiness assessment models, contributing to the dynamic evolution of these models.

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To maximize assessment accuracy, the Group utilizes advanced statistical tools, as well as Artificial Intelligence and Machine Learning tools within its credit risk management functions.

The Credit Portfolio Risk Management System incorporates models for credit portfolio segmentation, probability of default (PD) assessment for individual segments, loss given default (LGD), and exposure at default (EAD).

Grounded in the Group's strategy and derived from the Internal Capital Adequacy Assessment Process (ICAAP), a three-tiered system for the maximum allowable risk level is defined for Credit Risk: risk appetite, risk tolerance level, and maximum risk capacity. The risk appetite system is described in more detail below.

Taking into account the sectoral risk assessments of individual industries and the Group's strategy, maximum limits on portfolio concentration by individual sectors are established for credit portfolio diversification purposes.

In addition to the regulatory limits set by the regulator, the Group has established internal (stricter) limits for specific prudential metrics via its Risk Appetite Statement, providing the necessary buffer for risk mitigation and minimizing the probability of breaching the regulatory framework due to endogenous factors.

Advanced credit monitoring and non-performing loan (NPL) collection systems are implemented within the Group, aimed at minimizing the probability of credit risk and the loss given default ratio.

2. Liquidity Risk

Liquidity risk is defined as the adverse price change of assets driven by a decline in the Group's asset liquidity (Trading Liquidity Risk) or the inability of the Group to meet its obligations on time due to an insufficiency of liquid means (Funding Liquidity Risk).

A comprehensive Liquidity Risk Management System is implemented within the Group, encompassing mechanisms such as liquidity gap analysis, stress-testing, monitoring of financial covenants defined in agreements for attracting funds from financial organizations and banks, customer behavioral analysis, as well as alternative risk assessment tools. Concurrently, daily, monthly, and quarterly periodic monitoring frameworks aimed at liquidity risk management operate within the Bank.

In addition to the regulatory prudential limits established by the regulator for comprehensive liquidity risk management, stricter internal limits are defined within the Bank, which enables continuous oversight of changes occurring in the regulatory field, as well as the early identification and prevention of potential breach instances resulting from endogenous factors, supported by the monitoring and stress-testing frameworks implemented in the Bank.

Taking into account the geopolitical uncertainties arising in the region, the Bank has established a minimum threshold for its liquidity risk appetite that ensures a significant liquidity buffer to withstand adverse shocks.

During 2025, the Bank maintained a high liquidity level within the RA banking system, creating a reliable and stable environment for customers to deposit funds, which is reflected in liquidity ratios significantly higher than the thresholds set by the CBA.

To diversify funding sources, the Bank also attracts means from international financial institutions, while surplus liquidity reserves are directed toward low-risk investment operations, particularly investments in government bonds, interbank lending, reverse repo transactions, etc. High-liquidity RA government bonds constitute a large share of the Bank's investment portfolio, accounting for approximately 96.61% of the bond portfolio.

Daily monitoring of the volatility of the deposit portfolio (demand and time deposits) is executed within the Bank, the results of which demonstrate that even under uncertainties stemming from the external environment, no negative trends are observed regarding the Bank's deposit portfolio.

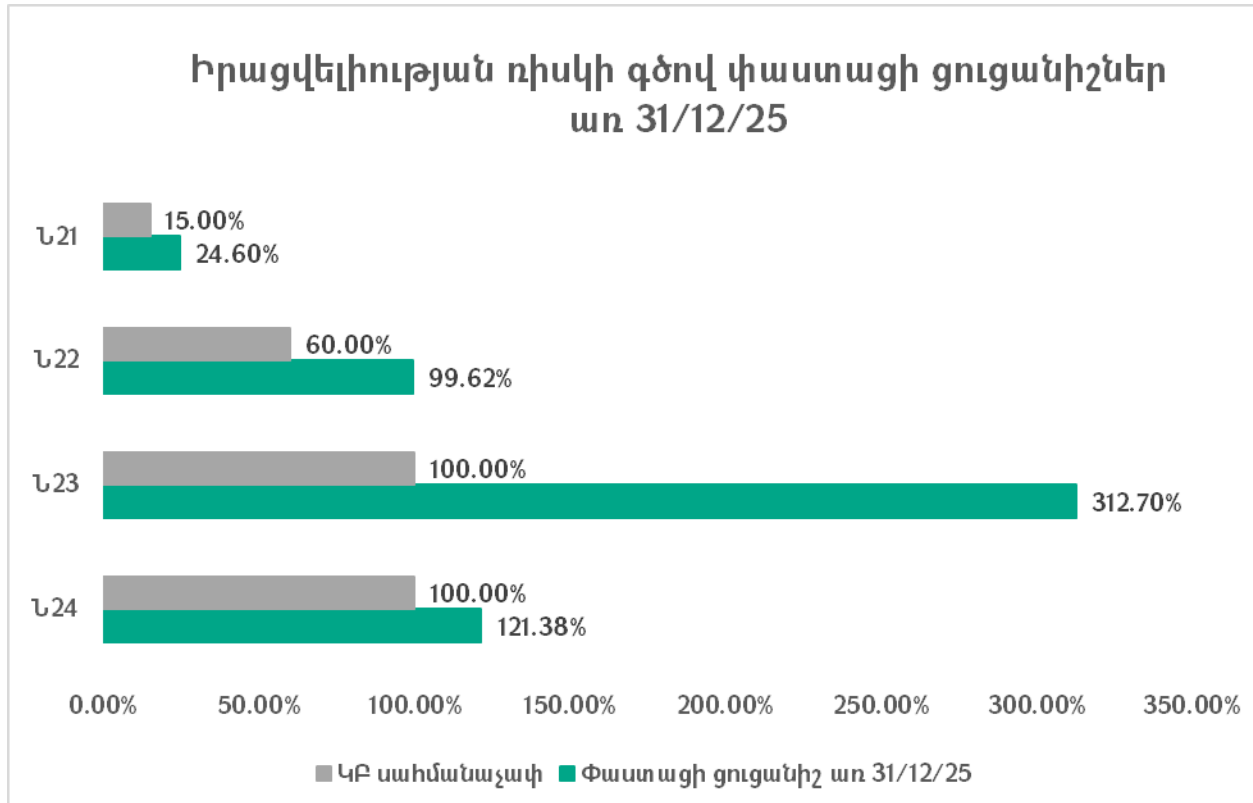
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An analysis of assets and liabilities according to their maturity is also carried out for liquidity risk, aimed at evaluating potential negative gaps and efficiently managing the risks arising therefrom.

Liquidity risk stress-testing frameworks aim to evaluate the Bank's financial capacity to withstand liquidity shocks under low-probability stress-scenario situations.

An Alerting Policy involving strictly defined timelines and actions is implemented within the Bank to respond operationally to actual or potential breaches of liquidity metrics defined by the Risk Appetite Statement.

Actual liquidity risk indicators as of 31.12.2025.



3. Market Risk

Foreign exchange risk and interest rate risk are sub-types of market risk.

- Interest Rate Risk:** This is defined as the probability of financial loss resulting from a decline in the Bank's net interest margin due to adverse shifts in market interest rates or changes in the prices of interest-rate-sensitive assets. Limits for risk appetite, risk tolerance, and maximum risk capacity have been established within the Bank for interest rate risk. To mitigate interest rate risk, the Bank attempts to maintain a balance between the volumes and maturities of assets and liabilities containing a floating interest rate component, minimizing potential losses driven by adverse fluctuations in floating interest rates. The toolkit utilized within the interest rate risk management system also includes the use of interest rate swaps, which serve as one of the primary instruments for hedging the Bank's interest rate risk. For interest rate risk management purposes, the Bank also applies the GAP methodology, based on which internal target limits for the interest rate gap have been established.

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- Foreign Exchange Risk:** This is defined as the probability of financial loss resulting from fluctuations in foreign exchange rates. A three-tiered system for the maximum allowable risk level is defined for foreign exchange risk via the Group's strategy: risk appetite, risk tolerance level, and maximum risk capacity. A broad statistical toolkit is integrated into the foreign exchange risk management system, encompassing instruments such as Value at Risk (VaR), Expected Shortfall (ES), etc. This facilitates a more comprehensive and efficient management of foreign exchange risk, ensuring precise internal limit configurations. To curb foreign exchange risk, the Group executes daily monitoring of open foreign exchange positions. Based on the Group's conservative foreign exchange risk policy, no significant open positions were held in EUR and RUB. The position denominated in USD was predominantly long, yet remained within boundaries acceptable to the Group. In addition to the above, the dynamics of currencies with the widest application in the international market are studied on a daily basis within the Group, as a result of which the Group is capable of mitigating potential losses arising from foreign exchange revaluations.

4. Operational Risk

Operational risk is defined as the probability of incurring financial losses resulting from inadequate or failing internal processes, system failures, human error (inappropriate or incorrect actions by employees), or the impact of external factors.

To establish a robust and comprehensive framework for operational risk management, the Group has deployed an Operational Risk Management System, which defines the operational risk management principles, roles, and responsibilities, as well as the sub-types of operational risk within the Group. In 2025, losses arising from the Group's operational incidents remained within acceptable risk levels. The Group has established a three-tiered system for the maximum allowable level of operational risk (risk appetite, risk tolerance level, and maximum risk capacity), based on the internal capital buffer allocated for operational risk calculated within the ICAAP process.

A range of tools and processes are applied to mitigate operational risk, enabling the definition of risk reduction measures. Specifically, the three lines of defense model is utilized within the Group, under which risk management responsibility is segregated among three lines of control:

- The Group's First Line of Control (1st Line):** Incorporates the Group's structural divisions responsible for executing internal controls and managing risks arising from their operations. They are accountable for ensuring that business processes function within established risk tolerances and control parameters. The 1st line encompasses the Group's Business Units and Control Groups.
- The Group's Second Line of Control (2nd Line):** Provides support and guidance during the execution of controls, designs risk management and compliance frameworks, and oversees their continuous maintenance. The 2nd line encompasses the following structural units of the Bank: the Risk Management Directorate, the Compliance Department, the Information Security and Cybersecurity Directorate, and the AML/CFT and Sanctions Directorate.
- The Group's Third Line of Control (3rd Line):** Delivers an independent assessment of the effectiveness of governance, risk management, compliance, and general internal control systems. The third line of control includes the Bank's Internal Audit Directorate and the supervisor of "ACBA Leasing" CO CJSC.

In addition to the three lines of defense model, the following mitigating tools are utilized within the Group: the "four-eyes" principle, the application of monetary limits in isolated processes, an operational risk incident database, the review of existing controls and definition of new controls based on incidents, the execution of stress tests, the Risk and Control Self-Assessment (RCSA) process, operational risk

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mapping, and the identification of high-rated risks alongside the development of mitigation mechanisms.

5. Reputational Risk

Reputational risk is the probability that adverse public opinion regarding the Group (whether corresponding to reality or not) will lead to a decline in the number of customers, a reduction in the volume of transactions executed with counterparties/customers, costly litigation, and a drop in profitability. During the calculation of reputational risk, additional risks arising from the Bank's membership in a financial group are also taken into account.

For reputational risk management purposes, stages of reputational risk identification, assessment, and reduction are implemented within the Group, specifically: the assessment, analysis, response, and escalation of customer dissatisfaction, suggestions, and complaints by individual divisions of the Group, alongside the development of risk reduction mechanisms.

6. Non-Compliance Risk

Non-compliance risk is understood as the risk of legal, administrative, or disciplinary sanctions, material financial losses, and threat to the good reputation of the Bank, resulting from non-adherence to legislative and regulatory requirements governing banking and financial activities, or the violation of the Bank's internal legal acts, executive management instructions, and professional and ethical rules.

7. Financial Crime Risk

Financial crime remains one of the most significant challenges faced by financial institutions globally. According to the United Nations Office on Drugs and Crime (UNODC), an estimated **2–5% of global GDP** (approximately USD 800 billion to 2 trillion annually) is laundered worldwide. In addition, the Association of Certified Fraud Examiners (ACFE) estimates that organizations lose approximately 5% of annual revenues to fraud. These figures demonstrate the scale and complexity of financial crime risks facing the global banking system.

As part of our ongoing commitment to maintaining the integrity of the banking system and adhering to regulatory requirements, Acba Bank has adopted a comprehensive and risk-based approach to managing financial crime risks—including money laundering, fraud, bribery and corruption, tax evasion, sanctions evasion, and the financing of terrorism and proliferation (AML/CFT).

The Bank maintains a zero-tolerance approach toward financial crime and continuously strengthens its control framework in line with international standards, including the recommendations of the Financial Action Task Force (FATF).

Key Drivers and Developments

The process of managing financial crime risks within the banking sector, particularly in Armenia, reflects global trends while incorporating local dynamics and regional geopolitical considerations. Financial crime risks continue to evolve due to digitalization, increased cross-border transactions, geopolitical instability, and the emergence of new financial technologies.

Failure to adequately identify and mitigate these risks may result in regulatory enforcement actions, financial losses, reputational damage, and restrictions on business activities.

The main sources of financial crime risk include:

- **Inherent Risk from Customer Products and Services:** Certain products and services inherently present higher exposure to financial crime risks. Trade finance, cross-border transfers, correspondent banking, and securities transactions may be vulnerable to misuse for money laundering or fraud. The rapid expansion of digital banking services and remote onboarding channels also increases exposure to cyber-enabled fraud and identity theft.

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- **Geopolitical Risks:** Armenia's geographic proximity to sanctioned and high-risk regions increases exposure to sanctions evasion attempts and illicit financial flows. The evolving geopolitical environment, particularly following the Russia–Ukraine conflict, has increased regulatory scrutiny and sanctions-related risks across the region. These developments require enhanced monitoring, screening, and customer due diligence (CDD) measures.
- **Inadequate Detection and Control Mechanisms:** Outdated or insufficient AML/CFT, KYC, and transaction monitoring systems may reduce the effectiveness of risk detection. Weak internal controls increase the likelihood of undetected suspicious activity and regulatory penalties. The Bank therefore continuously reviews and upgrades its systems, policies, and governance mechanisms to ensure alignment with regulatory expectations and industry best practices.

Key Trends and Developments in Financial Crime Risk Management

Increased Transaction Speed and Volume

The volume and speed of financial transactions continue to grow significantly due to digital transformation and real-time payment infrastructure. Higher transaction velocity reduces the window for manual detection and increases reliance on automated monitoring systems.

"ACBA BANK" monitors customer transactions through automated, scenario-based systems designed to identify unusual patterns and high-risk behavior in real time. Key risk indicators (KRIs) are tracked through dashboards, enabling early identification and escalation of potential issues to senior management and the Risk Management Committee.

Non-Traditional Financial Products and Money Laundering

The use of alternative financial products, including trade-based financing structures, virtual assets, and complex securities transactions has become a growing global concern. FATF reports highlight the increasing misuse of digital assets and cross-border platforms for illicit purposes.

As digital financial activity increases, the Bank applies enhanced monitoring scenarios and risk-based controls to detect unusual transaction flows and mitigate emerging risks.

Governance Framework

Financial crime risk governance at Acba Bank follows the internationally recognized Three Lines of Defense model, ensuring clear allocation of responsibilities, independence of control functions, and effective oversight.

- **First Line of Defense - Business Units:** Business units are responsible for identifying, assessing, and managing financial crime risks arising from their activities. They ensure proper customer onboarding, transaction review, and adherence to internal controls within their day-to-day operations.
- **Second Line of Defense - AML/CFT and Sanctions Directorate:** The AML/CFT and Sanctions Directorate operates independently from business units and is responsible for establishing policies, procedures, and internal guidelines aligned with FATF standards and local regulatory requirements. The Directorate conducts risk assessments, oversees transaction monitoring, reviews alerts, manages suspicious transaction reporting, and ensures sanctions compliance across the Bank.
- **Third Line of Defense - Internal Audit:** The Internal Audit function provides independent assurance to the Board and senior management that financial crime controls are designed and operating effectively. Audit reviews include testing of AML systems, sanctions screening, KYC processes, and governance arrangements.

This governance structure ensures segregation of duties, accountability, and effective oversight of financial crime risks at all levels of the organization.

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Monitoring and Reporting

Acba Bank applies a proactive and continuous monitoring framework to assess exposure to financial crime risks. Both quantitative and qualitative indicators are analyzed through structured reporting dashboards.

Key monitoring metrics include:

- Transaction monitoring alert volumes and escalation rates;
- Suspicious transaction reporting (STR) trends;
- High-risk customer reviews;
- Sanctions screening results;
- Timeliness of alert investigation and case resolution.

Regular reporting is provided to senior management, the Risk Management Committee, and the Board of Directors, ensuring transparency and timely decision-making. This structured reporting framework supports early identification of emerging risks and appropriate mitigation measures.

The Bank's primary objective is to protect customers, shareholders, and the broader financial system from the adverse impact of criminal and terrorist activities.

Anti-Money Laundering (AML)

The Bank maintains a comprehensive AML/CFT framework based on a risk-based approach to identifying and mitigating money laundering and terrorist financing risks. The framework is aligned with local regulatory requirements and international standards, including FATF recommendations.

Continuous enhancement of AML controls remains a strategic priority. The Bank invests in advanced screening and transaction monitoring technologies utilizing analytical models and automated detection scenarios. These tools support real-time identification of suspicious activities while reducing operational inefficiencies.

Customer Due Diligence (CDD) and Know Your Customer (KYC) procedures are integral components of the AML framework. These include:

- Identification and verification of customers and beneficial owners;
- Risk-based customer classification (low, medium, high risk);
- Ongoing monitoring of customer activity;
- Periodic review of high-risk relationships.

Enhanced Due Diligence (EDD) is applied to high-risk customers, including politically exposed persons (PEPs), customers with complex ownership structures, and clients linked to high-risk jurisdictions.

The Bank provides regular mandatory AML training to relevant staff to ensure awareness of regulatory developments, emerging typologies, and internal procedures. A strong compliance culture is promoted, encouraging timely reporting of suspicious activities.

The Bank cooperates with regulatory authorities, law enforcement agencies, and other financial institutions to support the collective effort to combat financial crime.

Sanctions Compliance

Acba Bank maintains a robust sanctions compliance framework, ensuring strict adherence to applicable sanctions programs administered by the United Nations (UN), Office of Foreign Assets Control (OFAC), the European Union (EU), the United Kingdom Government, as well as other relevant jurisdictions.

The evolving geopolitical landscape has significantly increased sanctions-related risks, particularly in the region. Jurisdictions subject to comprehensive sanctions are classified as high-risk and subject to enhanced due diligence and monitoring controls.

The Bank conducts real-time and post-transaction monitoring and screening using automated filtering systems to identify any potential sanction breaches. In addition to these measures, the Bank continually

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updates its sanctions compliance policies and internal procedures in response to changing geopolitical environments and the introduction of new sanctions. The implementation of advanced technologies, such as automated screening tools and real-time monitoring systems, supports these efforts, enabling the Bank to identify potential risks more efficiently and mitigate them proactively.

Staff receive periodic training to ensure awareness of sanctions obligations and escalation protocols.

Due Diligence

The Bank applies a structured and risk-based Customer Due Diligence framework to ensure a thorough understanding of each customer relationship.

- **Initial and Ongoing CDD:** Comprehensive identification and verification procedures are conducted at onboarding, including assessment of business activities, source of funds, and expected transaction behavior. Periodic reviews ensure customer profiles remain current and risk assessments remain accurate.
- **Enhanced Due Diligence (EDD) for High-Risk Clients:** High-risk customers are subject to enhanced scrutiny, including detailed verification of source of wealth and source of funds, review of complex ownership structures, and senior management approval where required.
- **Risk-Based Approach:** Customers are classified according to risk level, and monitoring intensity is calibrated accordingly. High-risk relationships are subject to more frequent review cycles and stricter monitoring scenarios.

The Bank continuously enhances its CDD and transaction monitoring processes to ensure effectiveness, regulatory compliance, and alignment with international best practices.

By integrating strong governance, advanced monitoring systems, comprehensive due diligence procedures, and continuous regulatory alignment, Acba Bank remains committed to protecting its institution, customers, and the broader financial system from financial crime risks.

8. Social and Environmental Risk

The Bank has maintained an Exclusion List since 2011, according to which sectors listed therein are not eligible for financing. The Exclusion List constitutes part of the Social and Environmental Risk Management Procedure and includes sectors with a high impact on society and the environment. In accordance with the procedure, since 2011, all loans with an amount exceeding AMD 18 million are classified into low, medium, or high categories based on the risk impacts exerted on society and the environment.

The field of activity, loan amount, maturity, and collateral type serve as the basis for classification. Depending on the risk level, reviews and monitorings of varying formats and frequencies are implemented. For instance, in case of exposure to a high risk level, a customer impact assessment is conducted in accordance with all Performance Standards 1 through 8 of the IFC Performance Standards on Environmental and Social Sustainability. In instances where monitorings reveal that the customer has experienced environmental or social issues/incidents or violations of RA environmental and social legislation, a corrective action plan (mitigating negative consequences) is drafted by the responsible specialist.

4.4. INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (ICAAP)

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The purpose of the Bank's Internal Capital Adequacy Assessment Process Policy (hereinafter referred to as ICAAP) is to ensure a sufficient level of capital to absorb potential losses from expected and unexpected risks arising during the implementation of the goals adopted by the Bank's strategy, aligning the Bank's activities with the requirements of the current regulatory framework, while simultaneously ensuring the continuity and stability of the Bank's operations over a long-term horizon.

Serving as a strategic tool for targeting and planning the capital level corresponding to the Bank's activities, the ICAAP is grounded upon the following principles:

- Alignment of ICAAP with legislative and alternative regulatory requirements;
- Reliable assessment of macroeconomic and Bank-specific inherent risks, and their integration into the Bank's strategic and operational management frameworks;
- Integration of ICAAP into Risk Management and reporting systems;
- Flexibility and continuous improvement of the ICAAP.

To adhere to the listed principles and make the ICAAP as applicable as possible, the ICAAP within the Bank relies predominantly on quantitative assessments, minimizing qualitative or expert judgments, which allows for ensuring the reliability and flexibility of the process.

To efficiently integrate the ICAAP into strategic and operational management frameworks, the process is structured to ensure a high level of accountability: the ICAAP Policy and the ICAAP document are approved by the Bank's Board of Directors, while the assumptions underlying the ICAAP and the obtained results are discussed within the Risk Management Committee under the Board and the management-level Risk Management Committee, allowing the obtained results to be embedded at the core of upcoming strategic decisions.

To ensure the continuity and reliability of the ICAAP, as well as its integration into risk management systems, the underlying assumptions, applied models, and approaches of the process are predominantly aligned with the assumptions, models, and approaches utilized in the Bank's other risk management systems. Specifically, the ICAAP is highly coherent with the processes of Strategic Planning and Targeting, Risk Appetite Development, Stress-Testing Execution, as well as Recovery Plan Development.

In addition to the regulatory capital adequacy requirements set by the Regulator, the Bank—based on the assessments of expected and unexpected losses across risks that have a direct impact on capital—also calculates internal capital, placing the latter at the core of the Bank's strategic plan and risk appetite system.

4.5. RISK APPETITE

The Risk Appetite System within the Group serves as an integral component of the overarching Risk Management System and is anchored upon the following core principles:

- Establishing the necessary capital buffers to ensure compliance with the regulatory requirements of the central bank;
- Sustaining an optimal risk-return ratio within the context of achieving the targets formalized in the Group's strategy;
- Ensuring robust risk diversification across portfolios;

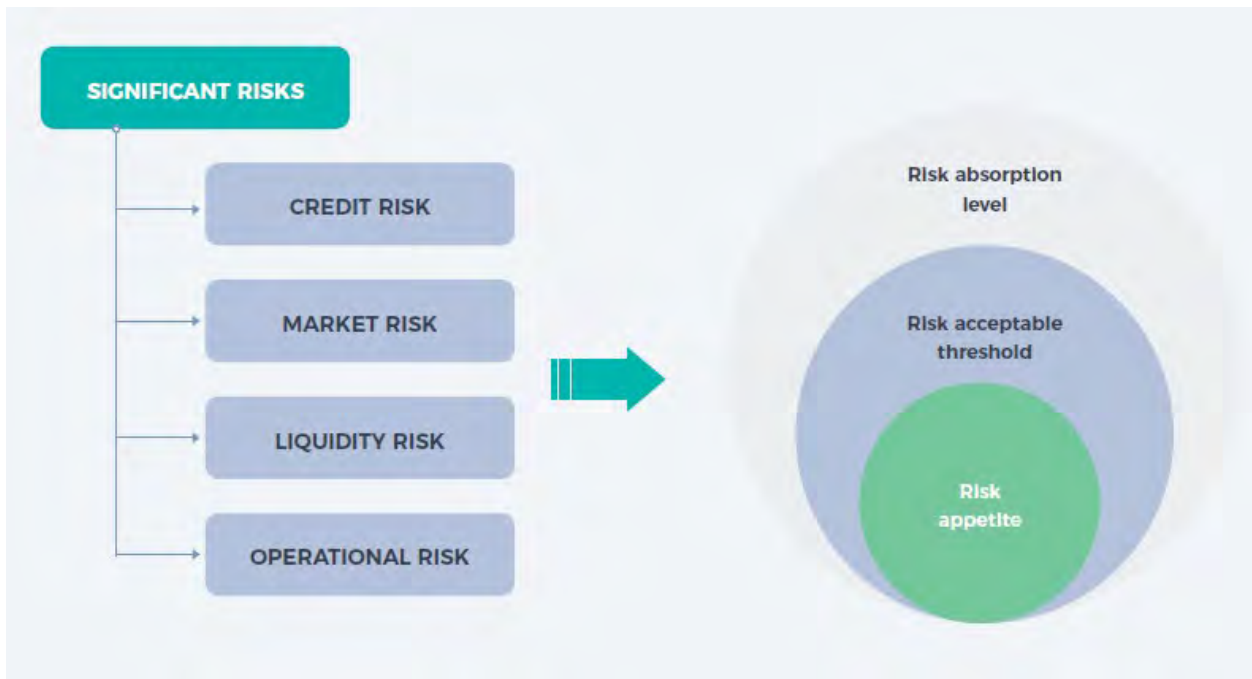
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- Enhancing the overall efficiency and responsiveness of the early alerting system.

The Group's risk appetite thresholds and alternative internal benchmark limits are defined in strict coherence with the Internal Capital Adequacy Assessment Process (ICAAP) and the medium-term corporate strategy, aiming to maximize the risk-adjusted return on capital (RORAC).

For all risks identified as material to the Group, a structured, three-tiered risk appetite framework has been institutionalized (as illustrated in Diagram 5).

Diagram 5: The Three-Tiered Risk Appetite Architecture



Tier 1: Risk Appetite

This represents the baseline risk level that the Group is capable and willing to assume in pursuit of its strategic objectives without disrupting its financial stability and normal operational activities. It is quantified through the volume of potential risk losses, concentration caps, or specific regulatory ratios. Designed to manage risks associated with daily business operations, it is directly reflected in annual budget targets and operational limits. Any deviation from these metrics is immediately escalated to the Board of Directors and the Executive Body, triggering operational decisions to deploy appropriate counter-mitigation mechanisms.

Tier 2: Risk Tolerance

This represents the maximum acceptable variance above the defined Risk Appetite. Any breach of a risk tolerance boundary is immediately reported to the Board of Directors and the Executive Body. Consequently, Executive Management must formally submit a comprehensive action plan to the Board outlining specific measures to restore risk metrics back within acceptable appetite boundaries.

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Tier 3: Risk Capacity

This represents the absolute maximum level of risk that the Group can physically sustain without violating its critical operational mandates or breaching the central bank's regulatory and prudential norms.

Implementation and Framework Controls

Grounded in the principles of this system, the Board of Directors reviews and approves the formal **Risk Appetite Statement (RAS)** on an annual basis concurrently with the strategic planning cycle, thereby establishing the boundaries for eligible business activities.



In addition to defining the risk appetite, tolerance, and capacity thresholds for material risk categories, the Risk Appetite Statement institutionalizes internal, guiding **Tier 1 and Tier 2 limits** for secondary risk factors.

To support the framework, the Group operates an automated, real-time risk factor monitoring and alerting infrastructure, which tracks all metrics established within the Risk Appetite Statement, ensuring continuous governance oversight.

4.6. STRESS-TESTING

To evaluate the potential impact of external and internal shocks on the Group's capital and liquidity positions, and to compare risk exposure metrics under various adverse scenarios against the Group's defined risk appetite, a multi-factor risk stress-testing system has been institutionalized. By embedding the results of these assessments at the core of strategic decision-making, the Group ensures its long-term financial stability and resilience.

Sectoral Stress-Testing Frameworks

- **Credit Risk Stress-Testing:** This framework incorporates external and internal macroeconomic evaluations and forecasts, alongside the dynamics of exogenous and endogenous factors that

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exert a probable impact on credit quality. By applying diverse statistical models and behavioral hypotheses, it evaluates the impact of these variables on the credit portfolios of individual business lines. The primary objective is to forecast potential breaches of credit risk appetite under low-probability, yet theoretically possible scenarios, and to integrate these findings directly into the Group's strategic choices.

- **Foreign Exchange Risk Stress-Testing:** This system is dedicated to quantifying potential financial losses arising from stress-scenario fluctuations in foreign exchange rates. Leveraging a range of advanced statistical tools—including Value at Risk (VaR) and Expected Shortfall (ES)—it estimates the maximum probable loss stemming from currency volatility within high confidence intervals.
- **Interest Rate Risk Stress-Testing:** Reflecting the dual-layered structure of the Bank's interest rate risk management framework—which separately governs the Banking Book and the Trading Book—the stress-testing system utilizes the duration method. It assesses the sensitivity of assets and liabilities held within both books against stress-scenario shifts in market interest rates.
- **Liquidity Risk Stress-Testing:** This system evaluates the Bank's financial capacity to withstand liquidity shocks under low-probability, severe hypothetical stress scenarios. The empirical outcomes of these stress models serve as the foundational baseline for establishing and adjusting the Bank's liquid asset buffers.
- **Operational Risk Stress-Testing:** This framework is designed to model the impact of extreme, yet plausible operational failure scenarios on the Bank's financial results and capital adequacy. It aims to preserve overall financial stability, expose hidden operational vulnerabilities, and support strategic risk-mitigation decisions.

Capital Adequacy Integration and Performance Metrics

The individual stress-testing results from each underlying risk category are consolidated within the **Capital Adequacy Stress-Testing Framework**. This integrated model evaluates the Bank's comprehensive capital adequacy in the event of a simultaneous manifestation of multiple stress shocks.

According to the comprehensive stress-testing exercises conducted as of **December 31, 2025**, the Group maintains robust capital adequacy and liquidity buffers well above regulatory limits and internal targets, even when subjected to severe, low-probability scenario conditions.

4.7. DEVELOPMENT OF THE RISK MANAGEMENT SYSTEM IN 2025

In 2025, the Group continued the systematic development of its Risk Management System and its further integration into the overall corporate governance framework, thereby strengthening its role in the strategic decision-making process. Particular emphasis was placed on deepening the interconnectedness between the Risk Appetite system and the Internal Capital Adequacy Assessment Process (ICAAP), alongside long-term strategic planning.

Throughout the year, policies, systems, procedures, regulations, and other documentation related to risk management were reviewed and updated to ensure full compliance with both the Regulator's

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requirements and international best practices. New policy frameworks were also developed and implemented. Specifically, the following were successfully deployed:

- The Group Risk Management System framework;
- The Operational Risk Management System;
- The Group Credit and Liquidity Risk Management policies.

The Bank ensured a more structured and data-driven approach to the processes of risk identification, measurement, monitoring, and control.

A fully automated decision-making system was implemented for **SME lending**, anchored by a customer creditworthiness assessment model utilizing machine learning (ML) algorithms.

In 2025, the Group further matured its **Risk Culture** by executing a series of internal training programs and awareness-raising initiatives designed to embed a proactive risk-aware mindset across all levels of the workforce.

During the year, the execution of the Group's **three-line-of-defense** model was enhanced; the segregation of functions, spheres of responsibility, and accountability mechanisms were clearly defined. This provided the opportunity to elevate the efficiency of internal controls and improve the transparency of risk management processes.

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PART 2. ESG AND SUSTAINABILITY REPORT

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Sustainability Report 2025

“ACBA BANK” OJSC

June 2026

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1. About the Report

Reporting Principles and Governance

(GRI 2-2, GRI 2-3, GRI 2-4, GRI 2-5)

This 2025 Sustainability Report (hereinafter the 'Report') marks the inaugural sustainability report of "ACBA BANK" Open Joint Stock Company (hereinafter "ACBA Bank" or "the Bank"). It provides a comprehensive overview of the Bank's operational practices across the three Sustainability pillars—Environmental, Social, and Governance (ESG)—through the lens of topics identified as material by the Bank's stakeholders.

The Report aims to empower stakeholders to make informed decisions regarding the Bank's ability to generate long-term, sustainable value.

The Report contains detailed information about our ESG strategy and sustainable finance initiative. "ACBA BANK" OJSC is committed to publishing annual reports to ensure consistency, transparency, and accountability, while informing stakeholders about its progress in meeting sustainability commitments.

The Report covers the activities of "ACBA BANK" OJSC, excluding those of its subsidiaries and affiliated parties, and has been prepared with reference to GRI Standards and in alignment with SASB standards classified as Commercial Banks under the Sustainable Industry Classification System (SICS).

The Bank's audited financial statements, publicly available on its official website, are prepared on a consolidated basis and include the subsidiaries "ACBA LEASING" Credit Organisation CJSC (hereinafter "Acba leasing" or "Leasing"). In contrast, this Sustainability Report focuses solely on the activities and impacts of "ACBA BANK" OJSC on a standalone basis.

"ACBA BANK" OJSC's data is reported for the period from 1 January 2025 to 31 December 2025, with the Report scheduled for publication on [publication date]. For the reporting year 2025, the Bank discloses quantitative sustainability information covering the current reporting period only. Comparative quantitative data for earlier periods are not presented, as sustainability reporting processes and indicators were formalized during the reporting year.

The Bank recognizes the importance of comparability over time and intends to establish a consistent sustainability data baseline to enable the inclusion of comparative information in future reports.

As this is the Bank's first sustainability report, no information has been restated. While no external assurance is planned for this Report, the Bank recognizes the value of independent verification and is exploring opportunities for external assurance in future sustainability reports. The Bank plans to prepare its sustainability report on an annual basis.

Sustainability professionals were engaged in drafting this Report while the Board of Directors and the Executive Committee were responsible for reviewing and approving its content to ensure the Report's integrity and credibility.

For any questions regarding sustainable development matters and this Sustainability Report, please contact:

Ohan Alvandyan

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SME and Corporate Business Directorate
ACBA Bank

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2. Statement from CEO

Dear stakeholders, partners, shareholders, and customers,

In recent years, the success of a business globally is measured not only by financial indicators but also by the impact that organizations have on people's lives, the environment, and society.

ESG (Environmental, Social, Governance) principles have now become one of the most important benchmarks for modern business development, shaping a new culture of responsible and long-term growth that directly impacts the economy, society, the social environment, and the entire country.

Since its inception, Acba Bank has paid significant attention to environmental issues, the development of the social environment, and responsible business conduct.

The Bank has made and continues to make significant investments in the renewable energy sector, in projects to increase energy efficiency, and in the "smart" and climate-resilient agriculture sectors. Extensive work has been and continues to be carried out to ensure a safe, inclusive, and developing work environment, and opportunities are created for employees for continuous training and career growth.

The Bank continuously expands access to financial services for the development of SMEs and rural communities in Armenia, and implements numerous social projects in various regions of the country for the balanced development of communities, as well as for the modernization of infrastructure.

Acba has always conducted its activities in accordance with high ethical standards, has operated transparently, and has always been accountable.

Not only have ESG principles not been foreign to Acba Bank, but they have also been a constant companion throughout our activities.

Today, ESG principles are also integrated into the bank's risk management system.

We are now pleased to present Acba bank's Sustainability Report:2025. It is not just a summary, but a reaffirmation of our determination to continue building a more sustainable, greener, and better tomorrow in Armenia.

We realize that every successful program and every sustainable project is a direct path to the economic empowerment of our country.

I extend my gratitude to our employees, all stakeholders, shareholders, partners, and customers for standing by Acba bank on this responsible journey and for shaping a better environment together.

We will continue to be guided by the same principles, ensuring sustainable development for Armenia.

Hakob Andreasyan

Chief Executive Officer

ACBA Bank OJSC

3. 2025 Sustainability Highlights

ACBA has continued to maintain leading positions in digital banking operations and in the ESG sphere, being recognized by Euromoney as the **'Best ESG Bank'** and the **'Best Digital Bank in Armenia'**

In 2025, for the implementation of Corporate Social Responsibility and corporate charitable programs, contributing to the improvement of community infrastructure in Armenia, the development of education, the preservation and promotion of culture, as well as supporting nature conservation and environmental development, the bank cooperated with more than 20 organizations, investing approximately **AMD 210 million**.

In 2025, Acba Bank conducted 10 emergency preparedness and **civil defense trainings for 19 branches involving 197 employees**.

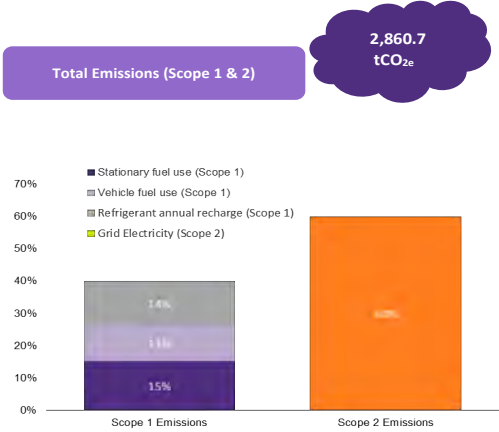
During the reporting period, a total of **20 free training sessions** were organized for SMEs.
A total of **381 individuals** participated in these sessions, including **206 women** and **175 men**, representing **251 SMEs**.

65%
Female

35%
Male

Progress in recent years

- 2011**
 - Adoption of "Procedure for Managing Social and Environmental Risks" and "Exclusion list" of activities not subject to financing
- 2015**
 - Restrictions on financing activities that cause significant environmental harm (e.g. fishery and mining) as part of credit policy.
- 2022**
 - Became a signatory of the UN Women's Empowerment Principles (WEPs)
 - Membership to Global Alliance for Banking on Values (GABV)
- 2024**
 - First Sustainability Report
 - Calculation of GHG Emissions Scope1 and 2
 - Recognized as "Armenia's Best Bank for ESG" by Euromoney
- 2025**
 - ESG Strategy
 - ESG Policy
 - ESG Roadmap
 - Recognized as "Armenia's Best Bank for ESG" by Euromoney
 - ACBA Bank joins the Partnership for Carbon Accounting Financials

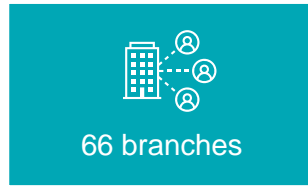


Employee distribution by gender

As part of efforts to align the customer service experience with international standards, the Bank was awarded the **Gold Level Customer Protection Certification** by the global rating agency **MFR**, confirming its compliance with international customer protection standards.

4. About ACBA Bank

I. ACBA Bank at a Glance

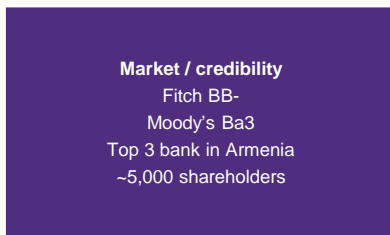
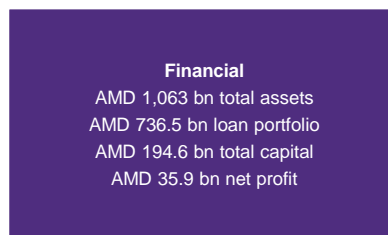


ACBA Bank has been operating in the Armenian financial market for more than 30 years, providing a wide range of banking services across the country. We serve over 690,000 customers and operate a network of 66 branches. The bank is also maintaining a strong focus on supporting the agricultural sector.

ACBA Bank employs more than 1,800+ staff members and maintains an extensive payments infrastructure, including over 41,000 POS terminals and more than 270 ATMs. The bank also services approximately 920,000 cards.

ACBA Bank is rated by international credit agencies, including Fitch Ratings (BB-) and Moody's (Ba3).

Below are some of our main indicators:



The Bank's Mission, Vision and Values

At ACBA Bank, we are dedicated to contributing to the sustainable development of society by offering unique and innovative solutions that meet the needs of our customers and stakeholders.

Our Mission Statement

With unique and innovative solutions contribute to the sustainable development of society.

Our mission comes to life through our actions. These include providing tailored financing for farmers to adopt eco-friendly practices, supporting renewable energy projects, and driving digital transformation to reduce our environmental footprint.

As a leading financial institution in Armenia, we strive to be recognized for our commitment to innovation, transparency, and sustainable practices. By empowering individuals and businesses, we remain true to our values, fostering societal progress and creating a brighter, more sustainable future for all.

The company's values include:

Social responsibility

Committed to positively impacting the community and promoting sustainability.



Loyalty

Building and maintaining trust with customers, shareholders, and employees.



Customer Care

Providing exceptional service and building long-term relationships with clients.




Transparency

Ensuring openness and clarity in all operations and communications.



Innovation

Continuously developing cutting-edge solutions to meet evolving needs.



Values

ACBA Bank is dedicated to creating meaningful change, fostering innovation, and building trust. Guided by its core values, the company empowers individuals and businesses while promoting sustainability-related and societal progress.

Our daily business operations are guided by the following principles:

- Contribute to the development of communities
- Run exceptionally transparent and customer-centric activities
- Avoid projects that pose a great risk to society and nature
- Have social component at the core of the Bank's activities

Our ownership structure is as follows:



ACBA Federation CJSC

Acba Federation" CJSC has been a significant shareholder of ACBA Bank since 2017, representing more than 75,000 Armenian farmers through its 75% shareholding. In addition to its equity participation, it serves as a catalyst for development by reinvesting value into agriculture, innovation, and the sustainable development of communities, aligning these efforts with international governance and ESG standards.

75%



Proparco Group AFD

Proparco is a subsidiary of the Agence Française de Développement (AFD) Group and serves as AFD's private-sector financing arm. It has been a shareholder of the Bank since December 2024. Proparco supports sustainable economic growth in emerging markets through long-term financing, equity investments, and technical assistance that adheres to high ESG standards.

10%



Other individuals and legal entities

The free-float portion of the Bank's shares is held by approximately 5,000 shareholders, including individual investors, employees, legal entities, investment companies, and nominee holders. This diversified shareholder base contributes to share liquidity, market visibility, and broad stakeholder engagement, while also strengthening transparency and sustainable corporate governance.

15%

II. Our Business Sectors, Products and Services

(GRI 2-1, GRI 2-6, FN-CB-410a.1)

ACBA Bank is a leading financial institution dedicated to advancing sustainable development through innovative and socially responsible banking solutions. Operating in the Republic of Armenia, the Bank is supported by approximately 5,000

shareholders and functions as an Open Joint-Stock Company. We offer a wide range of services including account management, deposits, loans, digital banking, and securities brokerage.

Our commitment to sustainability and innovation motivates us to meet the diverse needs of our customers while promoting long-term societal progress and economic growth.

We are focused on fostering sustainable growth through our activities across key sectors such as:

Retail Banking	Personal deposits, consumer loans, overdrafts, credit card services and money transfers.
SME and Corporate Banking	Provision of loans and other credit instruments to corporate and institutional clients, opening and servicing of deposits and current accounts.
Agricultural Banking	Lending to agricultural clients, opening and servicing of deposits and current accounts
Commercial and Investment Banking	Treasury and finance, investment banking services and other central operations.

Our offerings serve individuals, corporate clients, and agricultural businesses, aligning with our mission to support financial inclusion and economic development.

Our sustainability related products are the following: Renewable energy loans, Energy efficiency loans, Social mortgages, “Women in business“ loans.

Through our products, services, and responsible conduct, we contribute to a world where our customers, employees, communities, and the planet can thrive. This commitment ensures long-term financial sustainability for our customers and shareholders.

Our Business Sectors

The chart below provides a breakdown of our loans by sectors:

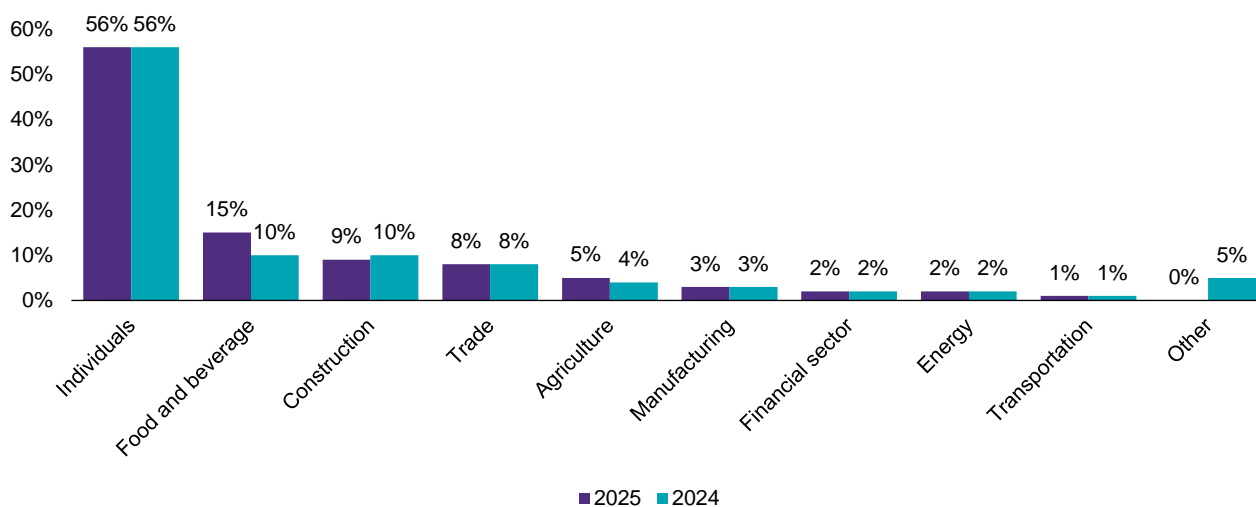
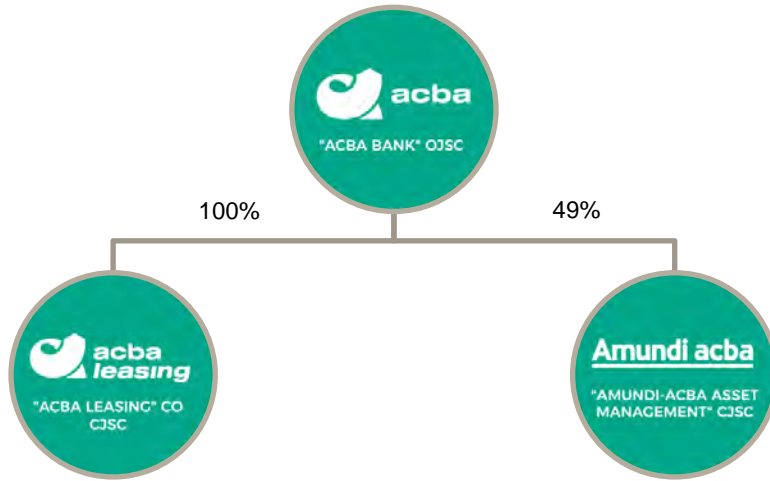


Figure 1: Proportion of loans by the Bank's business lines and by client types

Our supply chain is built on strategic partnerships with service providers, financial institutions, and technology partners to ensure operational efficiency and resilience. We recognise the importance of transparency and ethical practices throughout our value chain. Our downstream relationships include customers, borrowers, and other clients who use or benefit from our sustainable financial products and services. We also maintain strong relationships with insurance providers, payment processors, and regulatory bodies to facilitate collaborative approach that supports responsible business conduct and regulatory compliance. Through these interconnected efforts, we aim to contribute positively to the economy and uphold our sustainability commitments.

The Bank's downstream entities and their activities include ACBA Leasing Credit Organization CJSC which primarily provides financial leasing services, and AMUNDI-ACBA Asset Management CJSC, established in Armenia in 2013. The company is jointly owned by two shareholders: Amundi (51% shares), a leading European asset manager and ACBA Bank (49% shares). In addition, AMUNDI-ACBA Management oversees three mandatory pension funds.



Key Partners and Resources Engaged

Here is an overview of the key partners and resources that contribute to the success and operations of ACBA Bank. These collaborations and resources play a vital role in enhancing our services and achieving our strategic goals.



About Acba Federation

ACBA FEDERATION CJSC (hereinafter "ACBA Federation") is the majority shareholder of 'ACBA BANK' OJSC, holding 75% of the Bank's equity as of year-end 2025. ACBA Federation is committed to securing a sustainable future for Armenian communities by introducing innovative agricultural solutions and business models that promote the development of rural areas in Armenia. Its vision is to create a thriving business environment in all rural communities of Armenia, enabling villagers to envision their future.

ACBA Federation's Key Indicators:

- Employees: 7 people
- Turnover: 79,116,362 thous AMD
- Net Profit: 3,470,348 thous AMD

About Acba Leasing

ACBA Leasing Credit Organization CJSC (hereinafter "ACBA Leasing", "Leasing") was established in 2003 as a closed joint-stock company in accordance with the laws of the Republic of Armenia. ACBA Leasing operates under a credit organisation license and is regulated by the Central Bank of Armenia (hereinafter "CBA").

As of 31 December 2025, Acba Leasing's sole shareholder is ACBA Bank, which holds 100% of the company's shares. ACBA Federation is the ultimate controller of the company.

ACBA Leasing operates solely through its head office and does not have any branches.

The company aims to contribute to the development of economically productive sectors and to foster a stronger leasing culture in the economy.

ACBA Leasing's Key Indicators:

- Employees: 45 people
- Turnover: 120,081,796,000 AMD
- Net profit: 6,565,468,000 AMD
- Equity: 24,805,175,000 AMD

ACBA Bank's memberships and associations

(GRI 2-28)

We are committed to driving Sustainability in the Banking sector at both national and international levels. By actively participating in leading industry associations and advocacy organisations, we demonstrate our dedication to transparency, ethical business practices, and sustainable development. Through these engagements, we aim to deliver sustainable solutions, increase awareness, and facilitate meaningful dialogue with stakeholders on financial and ESG-related matters where necessary. A recent milestone was our becoming a PCAF Signatory, joining a global community committed to enhancing transparency and strengthening GHG accounting methodologies across the financial industry. This collaboration fosters an active, knowledge sharing network focused on driving measurable action.

 <p>GABV (Global Alliance for Banking on Values)</p> <p>A network of independent banks using finance to deliver sustainable economic, social and environmental development.</p>	 <p>Union of Banks of Armenia</p> <p>Union of banks operating in the Republic of Armenia and its goal is to present the corporate interests of its members.</p>	 <p>CCI France Armenia</p> <p>The Chamber of Commerce and Industry France Armenia works to promote the development of economic relations between France and Armenia and promote the establishment of French companies in Armenia.</p>	 <p>Founding Member of the Armenian Card Payment System</p> <p>Arca provides fast, reliable and secure transactions, offering convenient financial solutions for businesses and users, supporting Armenia's independence in cashless payments.</p>	 <p>Full Member of the Visa International Payment System</p> <p>Visa is a trusted world leader in Digital Payment technology that connects and enables individuals, businesses, and economies to thrive.</p>
 <p>Full Member of the JCB Payment System</p> <p>A global payment brand and credit card issuer headquartered in Tokyo, Japan. It is one of the leading payment systems in the Asia-Pacific region.</p>	 <p>Full Member of the Union Pay Payment System</p> <p>Offers secure, cost-effective, cross-border payment services to the world's largest cardholder base, ensuring convenient local services for UnionPay cardholders and merchants globally.</p>	 <p>PCAF Signatory</p> <p>PCAF signatories are financial institutions that commit to utilize the PCAF Standards to measure and disclose greenhouse gas (GHG) emissions associated with their financial activities.</p>	 <p>Affiliate Member of the Mastercard Europe Payment System</p> <p>Powers digital real-time payment infrastructure, bill payment, e-invoicing applications and open banking ecosystems.</p>	 <p>Exclusive Representative of the American Express Payment System</p> <p>A global payment system that offers credit cards, charge cards, and payment services. It operates worldwide in over 130 countries.</p>

III. The Bank's Achievements

(GRI 201-1)

In 2025, we delivered our strongest financial performance to date. The combined Net profit of the ACBA Bank and ACBA Leasing reached 35.9 billion AMD, marking a 24.7% increase compared to the previous year.

Loan portfolio expanded by 17.0%, reaching 736.5 billion AMD by the end of 2025, demonstrating the ACBA Bank and ACBA Leasing ability to support the country's economic activity. SME and corporate lending continued to make up the largest share of our portfolio, followed by the retail and agriculture segments.

Total consolidated assets of the Bank and ACBA Leasing grew by 14.0% to 1,063 billion AMD as of year-end 2025, representing 8.2% of the total assets of the Armenian banking system. This performance reflects our sound fundamentals, robust risk-management practices, and the confidence placed in us by both clients and partners.

As of 31 December 2025, the combined total capital amounted to 194.6 billion AMD, reflecting 19.0% growth from the beginning of the year. While the banking sector overall experienced steady capital growth, ACBA Bank double-digit increase confirms its position among Armenia's top 3 banks.

Beyond financial indicators, we continued to advance financial inclusion, particularly for vulnerable populations and underserved communities. Our extensive payment network reaches beyond major urban centers into rural and remote border settlements, promoting transparent business practices and enabling modern payment solutions for residents and tourists.

We also participated in a range of state-supported programs with environmental and social objectives. One key initiative is the State Support Programme for Housing Affordability in Border Settlements, which offers subsidized construction loans aimed at supporting development across rural regions.

By the end of 2025, our infrastructure had expanded to include more than 270 ATMs and over 41,000 POS terminals. This expansion enhances accessibility for our customers and supports our ESG commitments by reducing transportation-related GHG emissions, as customers can access financial services closer to home and minimize the need for travel.

Highlights on some key targets and progress in recent years

In line with the principles of responsible growth, the Bank has taken gradual steps in recent years to support the transition toward a low-carbon economy. These efforts reflect a growing focus on understanding climate-related risks, responding to emerging stakeholder expectations, and identifying opportunities linked to sustainable finance.

Key elements of this progress include the definition and disclosure of milestone-based targets, increased dialogue with clients to better understand their transition challenges and needs, and initial investments and initiatives related to climate-relevant solutions. In parallel, the Bank has begun developing decision-useful indicators and metrics to support internal monitoring and reporting, as well as to inform future strategic and risk-related decisions. Where relevant, the Bank also participates in industry discussions and collaborations and follows recognized guidance to enhance the quality and consistency of its sustainability-related disclosures.

Another important factor in our ESG journey is our expanding international cooperation.

Progress in recent years

2011

- Adoption of “Procedure for Managing Social and Environmental Risks” and “Exclusion list” of activities not subject to financing

2015

- Restrictions on financing activities that cause significant environmental harm (e.g. fishery and mining) as part of credit policy.

2022

- Became a signatory of the UN Women's Empowerment Principles (WEPs)
- Membership to Global Alliance for Banking on Values (GABV)

2024

- First Sustainability Report
- Calculation of GHG Emissions Scope1 and 2
- Recognized as “Armenia's Best Bank for ESG” by Euromoney

2025

- ESG Strategy
- ESG Policy
- ESG Roadmap
- Recognized as “Armenia's Best Bank for ESG” by Euromoney
- ACBA Bank joins the Partnership for Carbon Accounting Financials

- Since joining the Global Alliance for Banking on Values (GABV) in 2022, we have prioritised social and environmental impacts and aligned our operations with sustainable and ethical banking practices. We view finance as a catalyst for sustainable development and support underserved communities. Our definition of success extends beyond financial metrics to include the positive impacts we create.
- Building on this foundation, our recent membership in the Partnership for Carbon Accounting Financials (PCAF) marks an important milestone. By joining the global network of PCAF signatories, we are strengthening our approach to transparency and accountability in climate-related disclosures.

IV. ESG Strategy

Our climate related targets and goals

(GRI 2-22)

At ACBA Bank, climate-related objectives and broader sustainability goals are set out in two core strategic documents:

- **ESG Strategy (2025–2028).**
- **Roadmap (2025–2028)**

Across all time horizons, priorities are shaped by the Bank's operating environment and evolving climate-related expectations.

Short-term Actions (2025)

- Implement Green Lending framework and train employees,
- Obtain Second-party opinion(SPO) for Green Bond Framework, and implementation,
- Continue external training for SMEs within ESG framework.

The Bank has defined phased climate-related goals and targets that reflect its current level of maturity, available resources, and strategic priorities. These goals support the integration of climate considerations into business activities, risk management, and decision-making.

In the short term, the Bank is focused on establishing the foundations for integrating climate and sustainability considerations into core banking activities. A key objective for 2025 is the implementation of a Green Lending Framework, supported by employee training on green finance principles, eligibility criteria, and internal processes.

The Bank also plans to obtain a Second-Party Opinion (SPO) for its Green Bond Framework and begin implementation. This is intended to strengthen the credibility and transparency of the Bank's green financing activities and support access to sustainable capital markets.

The Bank will also continue to provide ESG-related training for SMEs to strengthen their ESG practices and awareness of climate-related risks and opportunities.

During the mid-term phase, the Bank will focus on strengthening analytical capabilities, improving data availability, and integrating climate considerations more fully into portfolio management and risk assessment. A key objective for this period is to assess and quantify the size of the green loan portfolio within the Bank's overall lending portfolio.

The Bank also plans to evaluate targets for attracting international financing for renewable energy projects and low-carbon industries, aligning its funding strategy with climate-related priorities.

Mid – term Actions (2026-2027)
<ul style="list-style-type: none"> • Calculate the size of the green loan portfolio in the overall portfolio, • Assess targets for attracting international financing to support renewable energy and low-carbon industries, • Report publicly on Scope 1 and 2 emissions, • Develop and implement a climate-related physical risk management system, • Improve internal ESG framework training materials as needed.

The mid-term phase also includes a stronger focus on transparency and disclosure. The Bank aims to publicly report on Scope 1 and Scope 2 greenhouse gas emissions, building on earlier voluntary calculations.

The Bank also intends to develop and implement a climate-related physical risk management system, initially focused on identifying and qualitatively assessing key physical risk drivers. ESG training materials will be reviewed and updated as needed.

In the long term, the Bank aims to strengthen its approach to climate risk and transition planning, including through a dedicated report on climate-related physical risks.

The Bank also intends to develop a clear, data-driven long-term vision for achieving the highest feasible level of net zero emissions by 2035, taking into account data availability, technology, regulatory requirements, and the Bank's business model.

The Bank recognizes that climate performance measurement is still constrained by data availability, data quality, and evolving methodologies. It will continue to strengthen its data capabilities and internal processes over time.

Progress may not be linear, given the complexity of the external environment. However, the phased approach provides a clear basis for further development of the Bank's climate and sustainability practices.

Long - term Actions (2028 and beyond)
<ul style="list-style-type: none"> • Provide a report on climate-related physical risks • Develop a clear data-driven vision that maps the path to achieving the highest possible net zero emissions by 2035

ESG Policy

(GRI 2-23)

In 2025, we developed and implemented our ESG Policy, which defines the Bank's approach to managing environmental, social and governance (ESG) matters affecting its business and stakeholders. The Policy aims to integrate ESG considerations across all Bank operations, reflecting the Bank's commitment to

- environmentally sustainable business practices,
- positive impacts on stakeholders, and
- maintaining high standards of corporate governance and business ethics.

The Policy applies to the Board, Executive Management, and all business and functional units. ESG considerations are embedded in the Bank's policies and procedures, and all employees are required to adhere to them in the course of their activities.

The Policy covers all Bank operations, business lines, and counterparties, including corporate governance and ethical conduct, lending decisions, procurement and supply chain management, and other internal operations and resource use.

The Policy sets out the Bank's ESG principles across environmental, social and governance dimensions. These are further detailed and operationalised through the Bank's ESG Strategy and Roadmap, which define specific actions, targets and timelines.

Environmental - The Bank is committed to climate change mitigation, reducing its operational environmental footprint, promoting responsible supply chain practices, and supporting water stewardship.

Social - The Bank promotes an inclusive and safe workplace, supports community development through responsible finance and partnerships, and seeks to ensure fair and transparent treatment of customers.

Governance - The Bank is committed to strong corporate governance in line with the Corporate Governance Code of the Republic of Armenia, as well as to ESG oversight, transparency, accountability, and ethical conduct.

ESG Dimension	Key Focus Areas	Core Commitments
Environmental	Climate change mitigation & low-carbon transition	Climate neutrality ambition, financed emissions focus (Scope 3), green loans and bonds, emissions disclosure (Scopes 1 & 2), climate physical risk management

	Operational environmental impact	Energy efficiency, sustainable buildings, resource efficiency, waste and water management, low-carbon transport
	Responsible supply chain	ESG-aligned supplier engagement and assessments
	Water stewardship	Responsible water use, climate-resilient agriculture, awareness and financing for irrigation improvements
Social	Workplace & employees	Safe and inclusive workplace, human rights compliance; diversity and inclusion, professional development, wellbeing and work-life balance
	Communities	Support for socio-economic development, partnerships with local institutions and NGOs, employee volunteering
	Customers	Fair and transparent products, responsible finance, digital inclusion, complaint handling, financial literacy, data protection
Governance	Corporate governance	Compliance with national governance codes, transparency and accountability, clear decision-making structures
	ESG oversight & disclosure	Sustainability reporting, ESG risk and performance monitoring, ESG-linked KPIs
	Ethics & conduct	Codes of conduct and ethics, integrity and accountability, mechanisms for reporting and addressing ethical concerns

The Bank has established a clear ESG governance framework with defined roles and responsibilities across the Board, executive management, committees and control functions. Overall accountability for ESG oversight rests with the Board, supported by dedicated committees and executive bodies. Day-to-day implementation is led by executive management and relevant business and functional units, with independent oversight provided through risk management and compliance functions. Detailed roles and responsibilities are outlined in the “Sustainability Governance” section of the Governance chapter.

In accordance with the ESG Policy, the Bank is required to:

- Publish annually a **Sustainability Report** and a **Corporate Governance Report**, including a **Corporate Governance Statement**, in line with the Corporate Governance Code of the Republic of Armenia and international standards.
- Provide relevant stakeholders with **Impact Monitoring Reports** and **Environmental and Social Monitoring Reports** on an annual basis.
- Disclose to relevant stakeholders any **ESG-related claims or incidents** involving the Bank.
- Submit reports to international or local financial institutions, as required, presenting ESG indicators related to **each loans and leasing transactions**.
- Provide reports, in accordance with contractual timelines, demonstrating the **compliance of the credit portfolio with ESG requirements** and/or indicating ESG-related portfolio metrics.

5. Materiality Assessment

I. Our material topics

Stakeholder Engagement and Impact Identification

(GRI 3-1, GRI 3-2, GRI 2-29)

ACBA Bank's Sustainability Report was developed through a comprehensive and inclusive process that places stakeholder engagement at the center of our sustainability governance. Consistent with leading international reporting standards, including the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), our approach is grounded in ongoing dialogue, transparency, and a deep understanding of how our operations affect and are affected by our stakeholders.

Stakeholder engagement forms the foundation of our materiality assessment. Through structured conversations, surveys, and internal evaluation processes, we seek to understand the concerns, expectations, and perspectives of those groups whose lives, work, and environments intersect with the Bank's activities. This process enables ACBA Bank to identify actual and potential impacts, strengthen the quality of strategic decision-making, and integrate sustainability considerations into long-term planning. Further details on the methodology of stakeholder engagement and materiality assessment are presented in Annex 1.

The primary objective of stakeholder engagement is to identify the groups that are currently impacted, or likely to be affected, by ACBA Bank's operations across the entire value chain. By actively listening to stakeholders and incorporating their feedback, the Bank ensures that its sustainability efforts reflect the interests and expectations of diverse groups, while strengthening relationships built on trust and transparency.

Engagement also reinforces the relevance of sustainability topics from the standpoint of each stakeholder group. Understanding their specific needs and challenges enables the Bank to address material risks and opportunities more effectively, align with global ESG expectations, and contribute to sustainable development at national and regional levels.

As a result of this process, seven stakeholder groups, both internal and external, were identified.

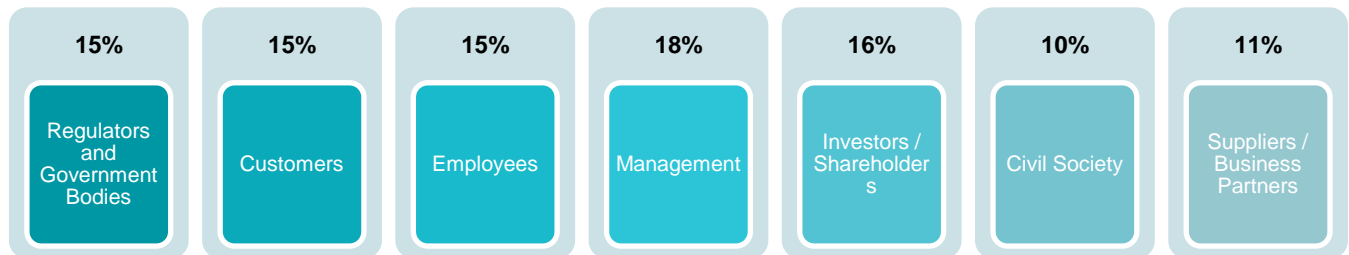


Figure 2: Stakeholder Groups Identified through the Materiality Assessment Process

II. List of Material Topics

ACBA Bank's materiality assessment was conducted as a structured, multi-stage process designed to identify the economic, environmental, and social topics that reflect the Bank's most significant impacts, while also aligning with international sustainability disclosure practices. As the second part of our overall approach—following stakeholder identification and engagement, this assessment integrates benchmarking, impact evaluation, and stakeholder prioritization into a coherent methodology consistent with GRI and SASB principles.

The objective of the materiality assessment is to ensure that ACBA Bank's reporting focuses on the issues that matter most: those that represent significant actual or potential impacts on people and the environment and those that influence the assessments and decisions of our stakeholders.

Feedback collected from stakeholders was aggregated and analysed to evaluate the relative importance and prioritization of the Bank's identified material topics. This assessment resulted in a consolidated list of nine material topics across key ESG dimensions.

To illustrate the prioritisation, a materiality matrix was developed, positioning each topic according to its perceived importance to stakeholders and its significance to the Bank's business. Topics such as Customer Privacy and Data Security, Business Ethics, and Employee Health and Well-being appear in the upper-right area of the matrix, reflecting their high importance. ESG Risk Management, Diversity, Equity and Inclusion, and Sustainable Finance also rank prominently, while themes like Climate Change, Economic Impact, and Labour Relations and Training remain material but comparatively lower on the prioritisation spectrum.

The reporting on these material topics adheres to GRI Disclosure 3-3, which requires explaining how the Bank manages each material topic and, where applicable, referencing the relevant GRI Topic Standards. These standards outline specific actions, processes, and management approaches used to address each topic in a structured and transparent manner.

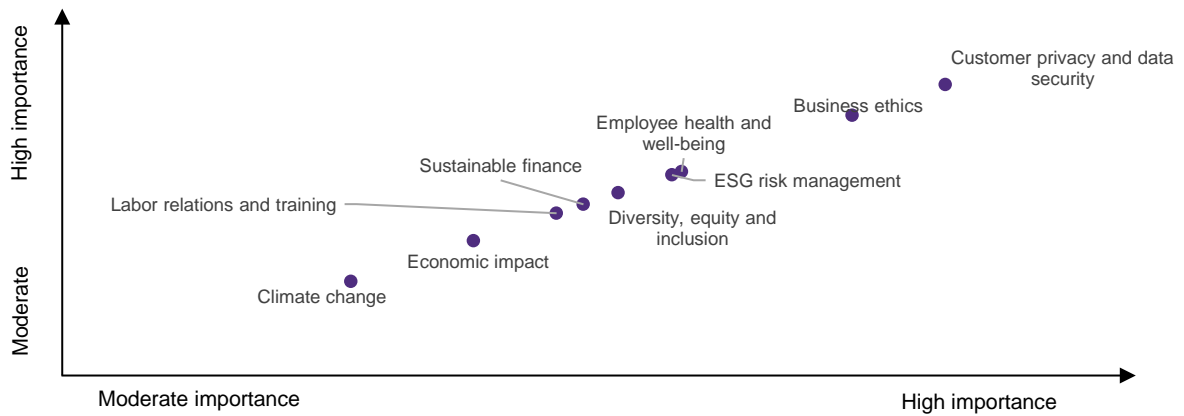


Figure 3: Materiality Matrix

Table 1: Material Topics

Material topic	Material issue	Importance
Climate change	Emissions	Moderate
	Energy	Moderate
Labor relations and training	Employment	High
	Labor/Management Relations	High
	Training and Education	Moderate
Employee health and well-being	Occupational Health and Safety	High
Diversity, equity and inclusion	Diversity and Equal Opportunity	High
Business ethics	Anti-corruption	High
	Business ethics	Moderate
ESG risk management	Incorporation of environmental, social and governance factors in credit analysis	High
Customer privacy and data security	Customer Privacy	High
	Data security	High
Economic impact	Economic Performance	Moderate
	Indirect Economic Impacts	Moderate
Sustainable finance	Financial inclusion and capacity building	Moderate
	Responsible/sustainable Investments	High
	Social financing/Affordable housing programs	High

6. Governance

I. Corporate Governance

The Bank is committed to the highest standards of corporate governance, applying the principles of the Armenian Corporate Governance Code and international best practices. Transparency, accountability, and ethical decision-making are fundamental across all governance levels. The Board oversees the implementation of ethical standards and sustainability objectives, ensuring that environmental, social, and governance (ESG) considerations are integrated into strategic priorities and operational activities. Following the entry into force of the new Corporate Governance Code of the Republic of Armenia in August 2024, the Bank transitioned to the application of the Armenian Code.

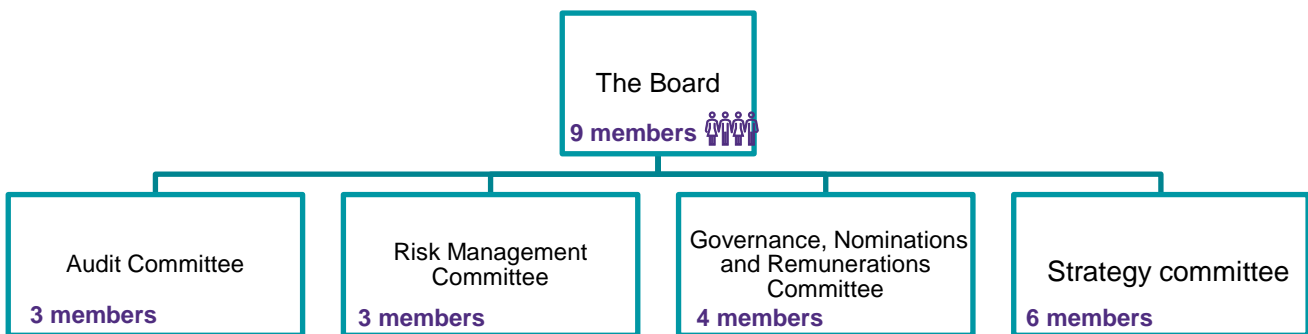
Our corporate governance is primarily aimed at safeguarding the interests of stakeholders while considering the public good, ensuring long-term sustainability. At the core of ACBA Bank's governance is building and maintaining the trust of all our stakeholders while addressing the legitimate concerns of depositors, shareholders, employees, and other relevant parties. Furthermore, we maintain a productive relationship with the supervisory authority, the CBA. In recognition of the importance of effective management and governance of ESG impacts, dedicated teams have been established to oversee these efforts.

Our Governance Structure and Composition

(GRI 2-9, GRI 2-11)

The Bank operates under a three-level governance structure consisting of the General Meeting of Shareholders, the Board, and the Executive Body.^[1] The Chief Executive Officer (CEO) is responsible for the daily management of the Bank's operations and the Board is responsible for decision-making and overseeing management. The Board is supported by four specialised committees: the Audit Committee, Strategy Committee, Risk Management Committee, Governance, Nominations and Remunerations Committee. The Board and all committees are composed solely of non-executive members. Board committee decisions are consultative.

The composition of ACBA Bank's highest governance body and its committees is detailed as follows:



The Bank's Corporate Governance Code requires the Board to include a sufficient number of independent members and to act impartially in the Bank's interest.

The Board's size is determined by the General Meeting of Shareholders. As of 2025, the Board has 9 members and a Corporate Secretary. 3 out of 9 Board members are independent as defined by the Bank's internal Corporate Governance Code.

Board members serve terms determined by the General Meeting, with a minimum term of one year. As a rule, members of the Board are appointed and/or elected for a 2–3 year term, subject to possible reappointment or re-election thereafter. The Chair of the Board does not hold any senior executive position in the Bank.

As of the end of 2025, the Board comprised members with backgrounds in banking, finance, agriculture, strategic planning, governance, audit, compliance, risk, and legal affairs. A formal skills matrix is maintained to assess current capabilities and guide future nominations. The Board also considers sectoral experience and international exposure when evaluating its collective composition.

Table 2: Professional Experience of Board Members

¹ One of six members joined the Strategy committee in December 2025

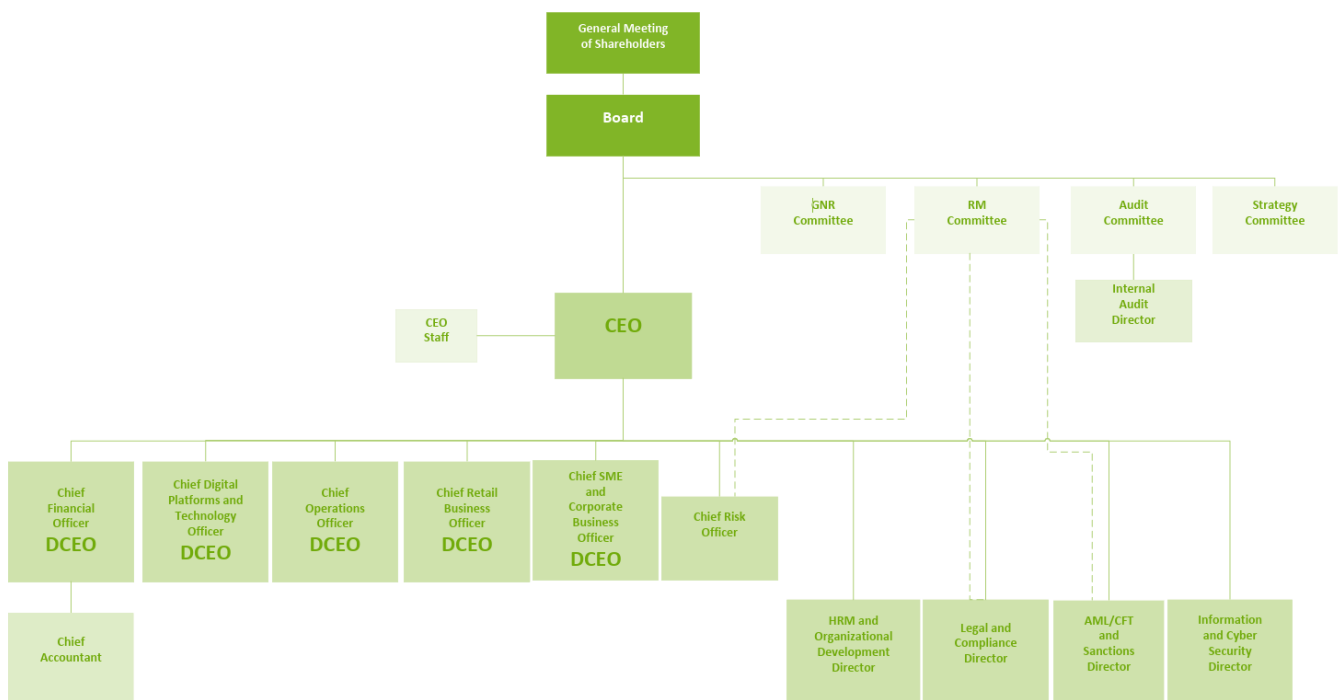
Main Current or Past Professional Experience	No. of Members of the Board
Financial services, Banking Audit	2
Public sector and education sectors	5
Law	1
Business sector	1

The Board's composition reflected both shareholder representation and independence. The Chairperson who served in 2025 was elected by the Board from among its members in accordance with the Bank's Charter. Prior to this, he had been appointed to the Board by the Bank's major shareholder, ACBA Federation. ACBA Federation also nominated four additional members, all of whom were elected by the General Meeting. In 2026 the Board elected new chairperson. The second-largest shareholder, Proparco, which holds 10% of the Bank's voting shares, has the legal right to appoint a Board member without election by the General Meeting.

Shareholders holding less than 10% of the Bank's outstanding voting shares, as of the record date for participation in the General Meeting, may form a shareholder group. If the aggregate holdings of that group reach or exceed 10% of the outstanding voting shares, the group is entitled to appoint one representative to the Board without election by the General Meeting. Such appointment is valid only if the shareholders have entered into an agreement establishing the group and have notified the General Meeting accordingly. The requirements applicable to such agreements are determined by law.

Minority shareholders holding less than 10% of the Bank's outstanding voting shares who do not form such a group may instead elect one joint representative to the Board without election by the General Meeting.

Structure as of 31 of December 2025



Our nomination procedures

(GRI 2-10, GRI 2-18, GRI 2-19)

The recruitment of new Board members is managed by the Governance, Nominations and Remunerations Committee, which is responsible for selecting and nominating candidates in accordance with our "Order for the Selection and Nomination of Board Member Candidates."

When a position becomes vacant, or when a new member needs to be added or replaced, the Board assesses the nature of the change, while the Governance, Nominations and Remunerations Committee develops the relevant job description and candidate profile. Once the role requirements are identified, the vacancy and selection process may be conducted internally or externally. Candidates may be sourced through shareholder nominations, professional networks, external advisors, or other

suitable channels. All vacancy announcements include a concise statement on equal opportunity and reflect our commitment to transparency and fairness. All candidates participate in a structured assessment aligned with fit and proper requirements and the Bank's strategic and governance needs.

Our Rules and Regulations of the Board establish key principles for the nomination and selection of Board members. Candidates must meet criteria related to merit and fitness, including relevant professional experience, integrity, strategic insight, and compliance with legislation and internal policies. The process must uphold transparency and objectivity through clear and consistently applied evaluation procedures. Board composition should also support the Bank's long-term strategic direction, risk profile, independence requirements, and diversity of perspectives.

The Committee evaluates candidates based on the Board Skills Matrix, independence considerations, and ethical standards, including their professional background, qualifications, potential conflicts of interest, and alignment with the Bank's values. After completing the evaluation, the Committee prepares a shortlist, conducts interviews, and makes a formal offer.

Once the official offer is accepted by the candidate, or a decision is made to present the candidacy under special conditions, the Committee submits the candidate to the Board through an official report. The Board selects one candidate for each vacant position and nominates the candidate for approval at the Shareholder's General Meeting. The Shareholder's General Meeting then elects or rejects the candidate in line with the procedures set out in our Order.

After registration of the new Board member with the CBA, the Corporate Secretary provides the Orientation Programme and the relevant background information. In addition, the Bank's Compliance Culture Team organises an orientation course, which may be conducted remotely, covering the Bank's history, the Armenian financial market, the Bank's key financial indicators and standards, its management team, organisational structure, business lines, internal control system, and the rules of procedure of the Board and its committees.

New Board members are informed that, after serving for five consecutive years, they will be invited to the CBA for an interview to assess their professional compliance.

In addition, annual evaluations help ensure that the necessary expertise is consistently represented within the Board. The Skills Matrix is used to assess whether the required expertise is present in the Board according to predetermined proportions, and the related knowledge and experience criteria are reflected in the individual Evaluation Questionnaire for Board members.

Table 3: Term of Office for Board Members

Year	No. of Members of the Board
Between 1 and 2 years	2
Between 4 and 5 years	6
More than 5 years	1

Our Evaluation and Remuneration procedures

(GRI 2-20, GRI 2-21)

According to our new Board Rules and Regulations, approved by the Annual General Meeting in 2025, the Board shall regularly evaluate its own performance, as well as that of its Committees, individual members, and the Chairperson, to ensure continued effectiveness, accountability, and leadership capacity. The Board shall conduct an annual assessment covering key governance areas, including strategic oversight, risk management, decision-making, composition, and the effectiveness of meetings. An external independent evaluation shall be carried out at least once every five years.

Following the adoption of our new Board Rules and Regulations, and in line with the Corporate Governance Code requirements and our commitment to best practices, the first self-evaluation of the Board took place in October 2025. To ensure the independence of the process, we requested proposals from several providers of board evaluation services and selected Better Boards Limited, a British company known internationally for its research on board effectiveness. Board members completed the research-based questionnaire developed by Better Boards through its independent platform to assess both the Board as a whole and each of its committees. Based on the results, the company provided the Bank with a summary report, and an action plan to enhance Board effectiveness is being developed under the coordination of the Chairperson.

In 2025, Acba bank maintained a structured approach to Board remuneration. Compensation was based on attendance at Board and Committee meetings, as well as on the assumption of additional responsibilities, such as chairing committees. Committee Chairs received a fixed quarter retainer to reflect their workload and leadership duties. The Chairman of the Board received a flat-rate compensation and a limited performance-based component, proportionate to the responsibilities of the role. Other preparatory or informal engagements were not separately compensated. This remuneration structure supported fairness, accountability, and governance integrity, encouraging active engagement and responsible oversight from all Board members. Under Article 21¹ of the Law on Banks and Banking of the Republic of Armenia, the authority to determine Board member remuneration is vested in the General Meeting of Shareholders, unless this authority was delegated to the Board through the Bank's Charter. At Acba bank, this delegation has been formalized in the Charter, and the Board exercised this authority. Exercising its authority in this area, the Board introduced, starting from 2025, a remuneration framework for Board

members aligned with European benchmarks, taking into account the limited availability of robust local comparators. The framework is designed to reflect international best practices and the evolving strategic needs of the Bank. Following the adoption of the Armenian Corporate Governance Code in 2024—which recommends that decisions on Board remuneration be made by the General Meeting of Shareholders—the Bank has accordingly amended its Charter. As a result, beginning from 2026 year, shareholders will directly approve the remuneration terms of Board members, enhancing transparency and strengthening shareholder engagement. The matter of Board remuneration has been included in the agenda of the 2026 Annual General Meeting of Shareholders.

Starting from 2024 and continuing during the reporting period, the Board began linking Key Performance Indicators (KPIs) to the variable remuneration of senior executives. As of the reporting period, these KPIs are primarily focused on commercial performance, financial performance, and client satisfaction. Our Human Resources Management and Organizational Development Directorate performs quarterly reviews of top management KPIs and reports to the Governance, Nominations and Remunerations Committee.

All elements of senior executives' compensation, including base salary, performance-based incentives, bonuses, and non-monetary benefits, are governed by our Remuneration Policy and Remuneration Plans.*

The Executive Management Salary Fund is structured to promote responsible and transparent remuneration practices. It is divided into a Fixed Salary Fund and a Performance-Based Bonus Fund, with variable compensation tied to the achievement of key KPIs. The variable component of annual remuneration is capped at 200% of the fixed component.

Without prejudice to the general principles of the Republic of Armenia contract and labour law, total variable remuneration may be considerably reduced in the event of subdued or negative financial performance, taking into account both current remuneration and reductions in previously earned payouts, including through malus or clawback provisions.

Remuneration packages relating to compensation or buyouts from contracts in previous employment must align with the long-term interests of the Bank, including retention, deferral, performance, and clawback arrangements.

Remuneration policies for senior executives that incorporate specific sustainability KPIs and performance related to the management of the Bank's impacts on the economy, environment, and people are planned to be defined in 2026, as set out in our ESG Policy. Work toward establishing this linkage began in 2025; however, until these links are fully defined, other performance metrics are used to determine variable remuneration components or pools. These metrics factor in adjustments for current and future risks, as well as the cost of capital and required liquidity. Up to 100% of total variable remuneration may be subject to malus or clawback arrangements, with the Bank establishing specific criteria for their application, including situations where the staff member:

- Participated in or was responsible for conduct which resulted in significant losses to the Bank
- Failed to meet appropriate standards of fitness and propriety

The implementation of our Remuneration Policy is subject to central and independent internal review at least annually to ensure compliance with policies and procedures adopted by the Board.

***New edition of remuneration policy has been approved in April 2026. The Document is published on the official website of the Bank.**

Board's engagement with our stakeholders

(GRI 2-29)

According to the Board's Rules and regulations the Board shall ensure that the Bank maintains transparent, fair, and constructive relationships with its stakeholders in line with its corporate values and long-term objectives. Stakeholder engagement shall be governed by principles of good faith, mutual respect, accountability, and transparency.

The Board shall supervise that mechanisms are in place to identify key stakeholder expectations and to respond to relevant concerns in a timely and effective manner. Stakeholder relations shall be conducted in accordance with applicable legislation, internal policies, and recognised standards of corporate governance.

Sustainability governance

(GRI 2-12, GRI 2-13, GRI 2-14, GRI 2-17)

The Board has overall responsibility for the Bank, including approving and overseeing management's implementation of the Bank's strategic objectives, governance framework, and corporate culture. The Board retains ultimate authority for approving the ESG Policy, the ESG Strategy, and related updates submitted by the Strategy Committee.

According to the approved ESG Policy, the Board holds ultimate oversight of the Bank's ESG framework, including approval of the ESG Policy and strategy, oversight of their implementation, and review of ESG performance, disclosures, and compliance with applicable ESG regulations and standards. The Board also ensures that adequate resources, structures, and competencies are in place to support effective ESG implementation.

To stay adequately informed, the Board receives updates on climate-related issues from the responsible division upon request and at least once a year. Dedicated Board sessions on climate-related matters are also held as needed, with a minimum of one session per year. Since the beginning of 2025, two such sessions have been conducted, reflecting the Bank's increasing focus on sustainability issues.

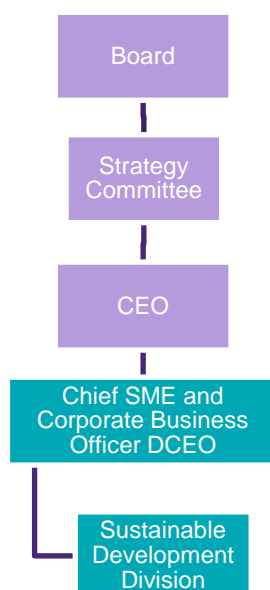
In 2025, the Strategy Committee significantly contributed to the development of the Bank's ESG Strategy, followed by the development of the ESG Policy. The ESG Policy was pre-approved by the Strategy Committee and then approved by the Board. It sets out the Bank's approach to managing ESG matters that affect the Bank and its stakeholders.

The Strategy Committee plays a central role in supporting the Board in this area. Operating under the Board's authority, it oversees sustainability-related matters and coordinates the implementation of ESG initiatives across the Bank. Its responsibilities include integrating ESG criteria into the Bank's business strategy, reviewing and recommending the Bank's ESG strategy and related initiatives for Board approval, monitoring implementation of the ESG Policy, and keeping the Board informed on ESG compliance.

The CEO is responsible for implementing the Bank's ESG Policy and ESG strategy and ensuring their effective application across the Bank. This includes allocating sufficient resources and oversight mechanisms for ESG management, approving internal ESG procedures and guidelines, and supporting the Subsidiary's General Director in establishing unified ESG practices aligned with the Bank's overall ESG strategy.

Management's responsibilities complement the Bank's governance functions. The Bank's SME and Corporate Director (CSCO/DCEO) oversees SME and corporate business operations and supervises the Sustainable Development Division, acting through the ESG Responsible Person, who is formally designated as the Head of the Sustainable Development Division. Through this structure, the CSCO/DCEO oversees the development and implementation of the Bank's ESG framework and related procedures, ESG data collection and analysis, reporting to the Strategy Committee and relevant executive bodies, and guidance to business and functional units on ESG integration.

Working at the operational level, the Sustainable Development Division is responsible for developing and implementing the Bank's sustainability action plan. This includes integrating ESG principles into the Bank's operations, products, services, and client activities; identifying sustainability-related risks and opportunities; introducing tools and systems for assessing ESG and climate risks; managing mitigation efforts; overseeing the ESG policy process; and supporting the management of green and sustainability-oriented lending products. The Division also engages with international organizations on ESG matters.



The Bank publishes the Sustainability Report and the Corporate Governance Report for each reporting year and provides stakeholders with the annual Impact Monitoring Report, the Environmental and Social Monitoring Report, and information on ESG-related claims and incidents. In addition, the Bank's ESG Responsible Person submits ESG-related reports to international or local financial institutions, when required.

Social responsibility is a core part of the Bank's identity and mission. Beyond providing financial services, we are committed to creating long-term value for society and contributing to Armenia's sustainable development through community investment, environmental protection, cultural heritage support, and alignment with the United Nations Sustainable Development Goals (SDGs).

The Bank's commitment to strong governance and responsible leadership provides the foundation for achieving our strategic objectives and ESG ambitions, including environmental responsibility.

As a financial institution, the Bank recognizes that its activities have both direct and indirect impacts on the environment, including the footprint of its own operations and the effects generated through the businesses and projects it finances. We acknowledge our responsibility to protect and preserve the environment as part of our commitment to our communities and future generations.

At the operational level, we aim to reduce our environmental footprint by minimizing waste, conserving energy, promoting recycling, and prioritizing environmentally friendly alternatives. These practices reflect our long-term commitment to resource efficiency and sustainable operations.

Environmental responsibility is also embedded in our core business activities. During credit analysis and other business decision-making processes, we carefully evaluate environmental risks associated with financed projects and clients. Bank may decline financing or require enhanced due diligence for projects with elevated environmental risk. Where appropriate, we also provide support for environmentally sustainable initiatives, such as renewable energy and other “green” projects.

Our dedication to environmental stewardship extends beyond our internal operations and lending practices. We actively engage in corporate social responsibility (CSR) initiatives—including community clean-up events, environmental campaigns, and public awareness activities that promote sustainable development. Participation in these initiatives is strongly encouraged, as they represent practical expressions of our values and our long-term commitment to responsible citizenship.

Managing Conflict of Interest

(GRI 2-15)

In 2025, the Board approved the Conflict of Interest Policy, which establishes the principles and procedures for identifying, disclosing, and managing conflicts of interest at Acba Bank.

To maintain transparency and uphold ethical standards, each Board meeting begins with an assessment of potential conflicts of interest related to the agenda items. The following structures and procedures guide how conflicts are identified, disclosed, and managed throughout the Bank.

The Board of ACBA Bank holds ultimate oversight responsibility for the identification, prevention, and mitigation of conflicts of interest. The Board approves the Conflict of Interest Policy, ensures its integration into the corporate governance framework, and oversees its implementation and effectiveness. This framework applies to Board members, senior executives, employees, and related parties.

Cross-board memberships, cross-shareholding relationships, controlling or qualifying shareholders, and related-party relationships are recognized as potential sources of conflicts of interest. They are subject to mandatory disclosure, appropriate controls, and applicable legal, regulatory, and corporate governance requirements. Where such relationships give rise to an actual, potential, or perceived conflict, the individual or party concerned is restricted from participating in the relevant discussions or decisions.

Board members and senior management are required to disclose external governance roles, affiliations, and direct or indirect qualifying holdings. Cross-shareholding relationships, including affiliations with suppliers, vendors, or other counterparties, are subject to enhanced due diligence. Transactions involving such relationships are treated as conflict-of-interest transactions and managed under arm’s-length principles, enhanced approval procedures, and Compliance oversight. Material relationships and transactions are disclosed in line with applicable laws, accounting standards, and regulatory requirements.

The existence of controlling or qualifying shareholders is disclosed in accordance with the Law on Banks and Banking and Central Bank regulations. Qualifying shareholders are subject to heightened conflict-of-interest controls, mandatory disclosure of affiliations, and restrictions on participation in conflicted decisions. Relevant ownership and control information is made available through regulatory and corporate governance disclosures.

Related parties are identified based on statutory definitions and internal criteria, including ownership, governance roles, and affiliations. Relationships with related parties, conflict-of-interest transactions, approval processes, and outstanding balances are disclosed in accordance with applicable accounting standards, regulatory requirements, and internal reporting rules. All related-party transactions are conducted on an arm’s-length basis and are subject to enhanced review, Compliance Opinions, and, where required, Board or General Meeting approval.

Information regarding transactions involving conflicts of interest, including related-party transactions, is disclosed in the Bank’s annual Corporate Governance Report in accordance with the Corporate Governance Code of the Republic of Armenia.

The Bank applies a structured escalation process to ensure that any identified conflict of interest is addressed by the appropriate decision-making body.

If a conflict of interest concerns a person directly reporting to the CEO, the Compliance Opinion must be submitted to the CEO for a final decision.

If a conflict of interest concerns a member of Senior Management, an individual reporting directly to the Board, or a person affiliated with any of them, the Compliance Opinion must be submitted to the CEO, provided the CEO is not conflicted, and to the Board for a final decision.

If a conflict of interest concerns a Board member, the matter must be resolved by the Board. The conflicted Board member is required to disclose the conflict and must not participate in discussions or voting on the matter. In such cases, the Compliance Opinion is provided to all non-conflicted Board members, and the final decision is taken exclusively by those members. If all Board members are conflicted, the issue must be escalated to the General Meeting of Shareholders.

Following escalation, one or more of the following mitigation measures may be applied, depending on the nature and severity of the conflict:

- **Exclusion and Restriction:** Withdrawal of the conflicted individual from related discussions or decisions.
- **“Chinese Walls” (Information Barriers):** Restricting access to sensitive information to prevent undue influence.
- **Reallocation of Responsibilities:** Assigning decision-making authority or process responsibilities to non-conflicted individuals.
- **Monitoring and Special Conditions:** Allowing a process to continue under enhanced oversight, with added approval layers or information barriers.
- **Prohibition:** Banning the transaction or process entirely if the conflict poses unacceptable risks.

All selected measures must be documented and communicated to relevant parties. The Compliance Division monitors adherence to requirements and ensures that all conditions and follow-up actions are executed as agreed.

In cases where conflicts were not disclosed or properly managed at the time of occurrence, the Bank applies the same standards and procedures to ensure immediate remediation and transparent resolution.

Communication of Critical Concerns

(GRI 2-16)

Critical concerns are consistently documented and reported to the Board via regulatory reports from 2nd LoC functions. Matters of utmost importance, such as significant fraud, are communicated immediately.

Below is presented the flow of the steps of communicating the critical concerns:



During the reporting period, along with other concerns, a total of 20 critical concerns were communicated to the highest governance body. These concerns were related to Transaction Processing and Execution, Business Continuity and External Fraud.

II. Business Integrity and Ethics

(GRI 3-3, GRI 2-24, SASB FN-CB-510a.1)

At ACBA Bank, business integrity and ethics are embedded in the way we conduct our activities, make decisions, and interact with stakeholders. This means acting responsibly, transparently, and in line with our values, policies, and legal obligations.

The business integrity and ethics approach is articulated through several key internal documents, each defining specific principles, obligations, and behavioral standards that guide the organization’s daily conduct:

Table 4: Business Integrity and Ethics Policies

Policy	Description
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Code of Ethics	Reflects the Bank's commitment to conducting its activities with integrity, guided by our values and principles. The Bank's behavioral standards define the framework for our conduct and set the expectations for daily work.
Code of Conduct	Designed as a practical guide to help the employees make ethical decisions and adhere to established standards in daily work. It sets clear behavioral rules and examples of expected conduct that reflect the Bank's values and legal obligations.
Compliance Policy	Defines ACBA Bank's compliance function—its mission, authority, scope of activities, responsibilities, and accountability.
Conflict of Interest Policy	Defines the principles and procedures to identify, disclose, and manage conflicts of interest at ACBA Bank.
Environmental, Social, and Governance (ESG) Policy	Defines the Bank's approach to managing Environmental, Social, and Governance (ESG) matters that impact the Bank's business and its stakeholders. The policy aims to ensure the integration of ESG considerations across all Bank operations.
Whistleblowing Policy	Defines the principles, responsibilities, and procedures for whistleblowing within the ACBA Bank regarding misconduct, violations of laws and regulations, or breaches of the Bank's internal legal acts, as well as the processes for receiving and reviewing such reports.
Anti-Money Laundering, Combating the Financing of Terrorism (AML/CFT) & International Sanctions Policy	Defines ACBA Bank's principles of ensuring of financial security, the activities on combating money laundering and terrorism financing and approaches to the meeting of the requirements of the international sanctions, responsible persons and bodies in that process and the USA "Foreign Account Tax Compliance Act" (FATCA).
Anti-Corruption Policy	Aims to create a unified system for combating corruption in the Bank, establish mechanisms for preventing corruption risks, ensure compliance with RA legislation and legal acts, and with the principles and recommendations of core regulations developed by international organizations as best practice examples in business.

Our main internal document defining ethical standards is the Code of Conduct, supported by the Code of Ethics and the Compliance Policy. While the Code of Ethics outlines the Bank's overarching ethical commitments, the Code of Conduct translates these commitments into concrete expectations for daily behavior. Together, they help ensure that our values and integrity standards are applied consistently across our operations and interactions with shareholders, customers, employees, partners, regulators, and the broader community.

The behavioral principles set out in the Code of Conduct guide employees and management in their daily activities, ensuring conduct grounded in integrity, fairness, and respect. Key principles include compliance with laws and regulations; avoidance of conflicts of interest; strict anti-corruption rules and controls on gifts and hospitality; respectful workplace conduct; responsible use and protection of Bank assets and confidential information; fairness in customer treatment; transparent engagement with regulators; consideration of environmental impacts; and mechanisms for raising ethical concerns without fear of retaliation.

ACBA Bank's corporate culture, values, beliefs, and ethical commitments are integrated into the Bank's strategy and communicated through discussion sessions, training programs, and visual displays across headquarters and branches. These means highlight not only our core values but also sectors we do not finance, reinforcing responsible decision-making. Core values are emphasized during recruitment and onboarding and are reflected in product development, strategic decision-making, and internal processes. Employee adherence to these values is periodically assessed through surveys and other monitoring mechanisms.

These values shape the Bank's culture and daily behavior, supported by behavioral and disciplinary rules that guide employees in their interactions with customers, colleagues, and management.

Strong governance underpins our ethical framework. The Board and Senior Management are responsible for fostering a culture of integrity and ensuring that ethical standards are clearly communicated, consistently applied, and embedded across business processes. While the Board holds ultimate responsibility for implementation of the Code of Ethics, day-to-day oversight is carried out by the Compliance Division and Human Resources Management Divisions. Compliance regularly reports to the CEO-level committee and the Board or its relevant committees on Code adherence and material breaches.

During 2025, intensive training was conducted for the Bank's staff on newly adopted policies, including the Conflict of Interest Policy, which was attended by 1,458 employees, as well as the Code of Ethics, Code of Conduct, and Whistleblowing Policy. Training sessions related to the latter three policies remain ongoing.

In addition, the Bank's senior management and Board members participated in a dedicated training session delivered by the International Compliance Association (ICA), covering international best practices in compliance systems, including compliance risk assessment, regulatory compliance, governance culture, ethics, conflict of interest management, whistleblowing systems,

and change management. In parallel, the Legal and Compliance Directorate presented ACBA Bank's existing framework and practices on the same topics.

Particular attention was given to the launch of the Bank's independent whistleblowing platform provided by Whispli, a leading European whistleblowing service provider. The initiative also included messages from the Bank's Chief Executive Officer, Chairman of the Board, and Whispli's co-founder and CEO, emphasizing the importance of transparency, trust, and ethical behaviour.

Our commitment to ethical conduct also extends to our relationship with customers. Business conduct is guided by a customer-centric approach, ensuring friendly, attentive, and professional service. Customer rights regarding deposit, bank account, and credit services are embedded in the Business Conduct Policy. Customers may submit complaints to the Financial System Mediator. If the customer's claim does not exceed AMD 250,000 and the transaction does not exceed AMD 500,000, the Mediator's decision is binding and cannot be appealed by the Bank. In cases involving arbitration agreements, customers receive clear written information on their rights and obligations.

Policy Commitments and Compliance with Laws, Regulations and Human Rights

(GRI 2-23, GRI 2-27, GRI 405-2)

The Bank is committed to compliance with all applicable laws and regulations. Internal legal and regulatory documents are continuously updated to reflect current legislative requirements, and management ensures that employees are informed of relevant banking legislation, internal acts, and regulatory circulars issued by the Central Bank of Armenia and other competent authorities. All policies referenced in this Report have been approved at the level of the Chairman of the Board of the Bank.

The entities governing the oversight and management of compliance responsibilities include:

- The Board of Directors and Executive Management
- Board-level Committees
- Legal and Compliance Director
- Compliance Division
- Head of Compliance

The Bank maintains a zero-tolerance approach to violations of laws, regulations, or internal rules. All employees are required to adhere to these standards, and any involvement in non-compliant behavior is strictly prohibited.

The Compliance Policy is aligned with international frameworks such as the OECD Principles, Basel Committee guidelines, GDPR, FATCA, and CRS. The Bank conducts customer due diligence (KYC), AML/CFT and sanctions screening, and third-party due diligence. Business units are responsible for identifying and escalating compliance risks under the oversight of the Compliance Function. Although the precautionary principle is not explicitly referenced, the Bank applies a proactive, risk-based approach to help prevent legal, ethical, and reputational harm.

Human Rights and Diversity

Human rights commitments are integrated into the Code of Ethics, Code of Conduct, Diversity, Equity and Inclusion (DEI) Policy, and ESG Policy. These policies cover dignity and respectful treatment, non-discrimination, gender equality, disability inclusion, safe working conditions, work-life balance, privacy and data protection, and fair treatment of customers and stakeholders. While there is no standalone Human Rights Policy, these commitments align with internationally recognized human rights standards.

The purpose of the Bank's Diversity, Equity and Inclusion (DEI) Policy is to ensure the Bank's commitment to fostering a diverse, equitable, and inclusive workplace where every individual is valued, respected, and empowered to reach their full potential.

The DEI principles represent the fundamental beliefs and values that guide the Bank's approach to implementation, serving as a foundation for decision-making and helping ensure alignment with the Bank's objectives, culture, and regulatory environment.

DEI implementation within the Bank is based on the following principles: Merit and Fairness, Accountability at all levels, Data-Driven Approach, Continuous Learning and Improvement, Cultural Sensitivity and Local Adaptation, Transparency and Communication, Partnership and Collaboration.

A major pillar of the Bank's DEI framework is its structured approach to Gender Equality and Women's Advancement across all levels of the organisation. To support this commitment, the Bank has established clear long-term goals and measurable actions.

- ensure that the representation of each gender in the Board is at least 30%, with a goal of achieving at least 25% women in each leadership level, including Top management, Directors, Head of Departments, and branch managers by 2035.
- Increase the representation of female branch managers and other leadership positions through targeted mentorship, succession planning, and professional development initiatives.
- Conduct an annual pay-equity audit to review compensation data, identify gender-based or other pay disparities, and ensure alignment with the principle of equal pay for work of equal value.

- Systematically monitor the Gender Pay Gap across all job levels and functions, implementing corrective actions such as pay adjustments, process reviews, or targeted interventions to progressively reduce and ultimately eliminate unjustified pay differences.

The Bank’s DEI objectives focus on cultivating an inclusive environment in which all employees feel a sense of belonging, can express their authentic selves, and contribute meaningfully to organisational success. The Bank aims to build a diverse workforce that reflects the communities it serves, while ensuring equitable treatment and equal opportunities across all phases of employment, from recruitment and professional development to advancement and retirement. In line with this, the Bank is committed to providing fair and equitable compensation for work of equal value and to ensuring equal access to training, career growth, and development opportunities.

Governance and Communication of Commitments

The Compliance Policy, Code of Ethics, and Code of Conduct, approved by the Board of Directors, are embedded across the organization and reinforced through mandatory training, workshops, email communications and short educational or animated explainer videos.

To ensure effective implementation, responsibilities are distributed across the organization through the three lines of control model. The Board provides strategic oversight, management is responsible for implementation, the Compliance Function monitors adherence, and business units apply the commitments in their day-to-day activities.

The commitments outlined in these documents are embedded into the Bank’s strategy, internal policies, and operational procedures, including those governing ethics, risk management, internal controls, and other key processes. They are also reflected in the Bank’s external relationships through due diligence, contractual requirements, and ongoing monitoring of third parties acting on behalf of the Bank.

As part of the second line of defense, the Compliance Function oversees adherence to legal and regulatory requirements within a broader governance structure that includes the Board of Directors, relevant Board Committees, the Legal and Compliance Director, the Compliance Division, and the Head of Compliance.

Significant instances of non-compliance are assessed using the internal compliance risk assessment framework. This evaluation considers the potential impact of non-compliance, including legal and financial consequences, operational disruptions, reputational harm, implications for health and safety, and the extent to which strategic objectives may be compromised.

During the reporting period, **no fines, penalties, or monetary sanctions** were incurred for non-compliance with laws or regulations. Significant non-compliance is assessed using the Bank’s internal compliance risk framework, which evaluates legal, financial, operational, reputational, and strategic impacts.

Table 5: Non-Compliance Instances for the Reporting Period

Indicator (based on assumptions that underpin our three-year budget exercise)	No.	Value in AMD
Instances of Non-Compliance with Laws and Regulations During the Reporting Period		
Instances for which fines were incurred	0	0
Instances for which monetary sanctions were incurred	0	0
Fines for Instances of Non-Compliance with Laws and Regulations that were Paid During the Reporting Period		
Fines for instances of non-compliance with laws and regulations that occurred in the current reporting period	0	0
Fines for instances of non-compliance with laws and regulations that occurred in previous reporting periods	0	0

Anti-Money Laundering and Counter-Terrorism Financing (AML/CFT)

The Bank maintains a robust AML/CFT framework to prevent, detect, and mitigate risks associated with Money Laundering (ML), Terrorism Financing (TF), and Weapons of Mass Destruction (WMD) proliferation financing. The Bank refuses business relationships where funds or transactions are suspected to be linked to unlawful activities and applies all legal measures required by the Armenian AML/CFT regulatory framework. The Policy incorporates global standards, including FATF recommendations and the U.S. Foreign Account Tax Compliance Act (FATCA). It is aligned with the Regulation on Minimum Requirements for Reporting Entities in Combating ML/TF issued by the Central Bank of Armenia. FATCA compliance further reinforces the Bank’s commitment to international financial integrity and transparency.

Governance and Responsibilities

Clear responsibilities for AML/CFT oversight are assigned to:

- Board of Directors
- Chief Executive Officer
- AML/CFT and Sanctions Director
- AML/CFT and Sanctions Directorate
- Financial Security Unit
- International Sanctions Management Unit

The Bank maintains strong AML/CFT controls by regularly identifying and assessing ML/TF/WMD risks, including annual reviews and evaluations of new products, channels, and technologies. It submits required information to the Central Bank of Armenia and reports suspicious activity, along with mandatory transactions (non-cash ≥ AMD 20M; cash ≥ AMD 5M). All risk assessments are documented and kept for at least five years. The Bank also ensures compliance with UN, EU, French, and U.S. sanctions. In particular, the Bank ensures the immediate freezing of funds and assets associated with individuals or entities designated under applicable sanctions lists or linked to terrorism and proliferation activities, without prior notification, in accordance with national legislation and UN Security Council resolutions. Mechanisms are in place to promptly implement instructions from the Authorized Body, prevent access to or transfer of frozen assets, and ensure that such cases are treated as suspicious and reported accordingly. These measures are supported by continuous monitoring systems and internal procedures that enable the timely identification and effective enforcement of asset-freezing requirements. Internal audits verify adherence to AML/CFT requirements, with findings reported to the Central Bank within one week of approval.

Training and Awareness: Training is provided regularly to new employees, Board members, executives, and staff involved in financial security functions. Specialized sessions are held for employees in Risk Management, Compliance, Customer Service, and Internal Audit to ensure they understand their roles in preventing financial crime.

Anti-Corruption

(GRI 3-3, GRI 205-1, GRI 205-2, GRI 205-3, FNCB510a.2)

The integrity of the banking and financial services sector depends on institutions operating with high legal, professional, and ethical standards. ACBA Bank upholds this principle through the implementation of its Anti-Corruption Policy.

The Bank's Anti-Corruption Policy establishes a unified framework for preventing corruption risks and ensuring compliance with Armenian legislation, while also aligning with the principles and recommendations of key international regulations and leading business practices. The Policy defines the responsibilities of employees and reinforces the Bank's commitment to maintaining high ethical standards, transparency, and integrity in all operations. Its core objectives include:

- preventing corruption and bribery;
- promoting ethical business conduct and protecting the Bank's reputation;
- ensuring compliance with laws and regulations;
- supporting fair competition and market integrity;
- ensuring proper and responsible use of resources.

To achieve these objectives, the Bank applies strict measures and principles throughout its activities. Employees, partners, agents, consultants, contractors, suppliers and vendors, intermediaries, service providers, and other third parties are prohibited from offering, giving, promising, requesting, or receiving bribes, whether directly or indirectly, personally or through third parties, or from accepting any unauthorized payments intended to influence or circumvent normal procedures. These principles are supported by mechanisms to mitigate corruption risks, which are regularly reviewed and updated to reflect evolving risks and the introduction of new services and products.

All Bank processes undergo anti-corruption assessment. During the reporting period no significant risks were identified.

There were 0 confirm incidents of corruption

The effective implementation of the Anti-Corruption Policy is supported by key components including identification of high-risk areas, regular staff training, awareness-raising activities, and the promotion of accountability and responsibility at all organizational levels. The Policy emphasizes continuous feedback, proactive prevention, and ongoing improvement to strengthen resilience against corruption risks.

Training plays a central role in the implementation of the Policy. The AML/TF and sanctions directorate, jointly with the Human Resources Management and Organisational Development Directorate, provides employees with compliance-related training in accordance with the "Order on Combating Money Laundering and Terrorism Financing and Maintaining International Sanctions."

In addition to mandatory training, the Compliance Division may conduct targeted discussions, meetings, and other awareness initiatives to support compliance and reinforce the Policy's provisions. All employees are required to participate in training, follow the principles outlined in the Policy, and avoid any actions that could result in violations.

All employees are subject to mandatory compliance training at least once every two years, while newly hired employees receive relevant training as part of the onboarding process.

All new 255 employees hired in 2025 received anti-corruption training (13.6% of the total workforce). In the reporting year, 181 employees, accounting for 10% of the total workforce, received Anti-Corruption training. Of these 62.9% were specialists, 1% were junior managers, and 36% were middle managers.

Table 6: Anti-Corruption Training Coverage

Category	2025 New Hires	Total Workforce (Reporting Year)
Employees trained	255	181
Share of total workforce	13.6%	10%
<i>Specialists trained</i>	–	62.9% of 181
<i>Junior managers trained</i>	–	1% of 181
<i>Middle managers trained</i>	–	36% of 181

The Bank promotes a culture of transparency, accountability, and ethical conduct across all levels of the organization and among all stakeholders, including employees, Board members, shareholders, customers, contractors, suppliers, and other business partners.

As part of its anti-corruption framework, the Group recognizes that the timely identification and reporting of bribery, corruption, conflicts of interest, unethical conduct, and other violations are essential for ensuring sustainable and responsible business operations. The Group therefore encourages employees and stakeholders to raise concerns and report suspected misconduct without fear of retaliation.

To support this commitment, the Group has implemented an independent whistleblowing system in line with the principles of the RA Corporate Governance Code and international best practices. The platform is operated by Whispli, an independent European provider, and supports secure, confidential, and anonymous reporting.

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Concerns may be reported through the following independent and confidential channels:

- ACBA BANK GROUP Whistleblowing Platform (Whispli);
- Whistleblowing Hotline: +374 33 35 35 71.

The whistleblowing mechanism may be used to report, including but not limited to:

- Corruption and bribery,
- Conflicts of interest,
- Legal or regulatory violations,
- Misuse of the Group's assets or confidential information,
- Harassment, discrimination, or inappropriate workplace conduct,
- Improper conduct toward customers or regulatory authorities,
- Violations of environmental or social responsibility standards,
- Retaliation, concealment, or failure to report apparent violations.

1. Confidentiality and data protection

All whistleblowing reports shall be treated with the highest degree of confidentiality. The identity of the reporting person and any information that could identify them shall be protected and disclosed only with the whistleblower's explicit consent or as required by applicable law. The Group ensures compliance with applicable data protection standards and principles when processing whistleblowing reports.

2. Non-retaliation and protection

The Group strictly prohibits any form of retaliation against whistleblowers who report concerns in good faith. Retaliation, including dismissal, harassment, or other adverse treatment, is itself a violation of this Policy and the Group Code of Conduct and will result in disciplinary measures.

3. Good faith and responsibility

Reports shall be made honestly and based on a reasonable belief that the information disclosed is accurate or raises a genuine concern. Whistleblowers are not required to provide evidence but are required to act responsibly and in good faith.

Knowingly submitting false or malicious allegations constitutes a breach of this Policy and may result in appropriate measures in accordance with internal procedures.

Supporting documents that underpin implementation of the Anti-Corruption Policy include:

- Code of Ethics,
- Code of Conduct,
- Conflict of Interest Policy,
- Whistleblowing Policy,
- Administrative Measures Report,
- Anti-Corruption Questionnaire,
- Declaration of Gifts and Hospitality,
- ACBA BANK GROUP Anti-money laundering and combating the financing of terrorism (AML/CFT) and international sanctions policy,
- Quarterly Compliance Report,
- Unusual Cases and Trends Report.

III. Risk Management

General Overview

(GRI 3-3)

The organization maintains a structured and forward looking approach to risk management, designed to support sound decision making and safeguard long-term stability. The Risk Management Framework forms the foundation of this approach, setting clear standards for identifying, assessing, and managing risks across all key activities. Through this framework, the organization ensures that risks are systematically understood, monitored, and addressed in a manner that promotes operational resilience and strategic clarity.

Aligned with the organization's broader objectives, the Policy emphasizes several core goals: maintaining strong and transparent control mechanisms, supporting effective capital and liquidity planning, ensuring an optimal balance between risks and returns, and reinforcing a culture of prudent and responsible risk-taking. As an integral component of strategic planning, risk management enables the organization to navigate uncertainties confidently and to operate sustainably over the long term.

The Risk Management Strategy is defined through several key internal documents, which together articulate the principles, procedures, and boundaries that guide risk-taking activities:

Policy	Description
Risk Management Framework	Establishes the organization's overarching risk management strategy. It outlines the core objectives, guiding principles, and minimum requirements that define the approach to identifying, assessing, managing, and monitoring risks across all activities. It also defines the key internal risks relevant to the organization, as well as the governance structure by clearly assigning roles, responsibilities, and accountable bodies for effective risk management.
Credit Risk management Policy	Serves as the primary document guiding the Board and Executive Management in overseeing credit-related activities. While it sets out specific criteria and standards, it also reflects the organization's underlying credit philosophy. The Policy defines the fundamental principles for asset quality and profitability, in alignment with the Risk Appetite Framework and overall strategy, and provides clear direction for the Bank's credit operations.
Alerting Policy	Based on the organization's Risk Management Framework and Risk Appetite Framework, this Policy sets the principles for identifying and escalating actual or potential breaches of risk appetite, tolerance levels, capacity, targets, and other internal limits. It outlines the roles and responsibilities of all bodies involved in the alerting process, and specifies the required frequency of monitoring and reporting.

Over the reporting period, the Risk Management Department prioritized the enhancement and alignment of these documents with evolving risk management standards and regulatory expectations. A particular focus was placed on strengthening the

system through the revision of the Credit Risk Management Policy, a process initiated in 2024. Both initiatives reached completion in 2025, resulting in an updated and fully integrated risk management framework. These enhancements reinforce the robustness and comprehensiveness of our practices, ensuring alignment with regulatory requirements and industry's best standards.

The components of our risk management framework: methodology applied, the process of risk profiling, development of strong risk culture and classification of material risks establishes a disciplined and coherent structure that supports the organization's long-term strategic ambitions and promotes a culture of informed and responsible risk-taking.

Risk Management

The Bank's risk management activities are overseen by the Chief Risk Officer, ensuring that risk practices remain consistent, transparent, and aligned with both regulatory expectations and the Bank's strategic objectives.

The Bank employs a comprehensive, multi-step risk management process designed to ensure consistent identification, evaluation, response, and monitoring of risks across all business activities. This process forms the foundation for sound governance and informed decision-making.

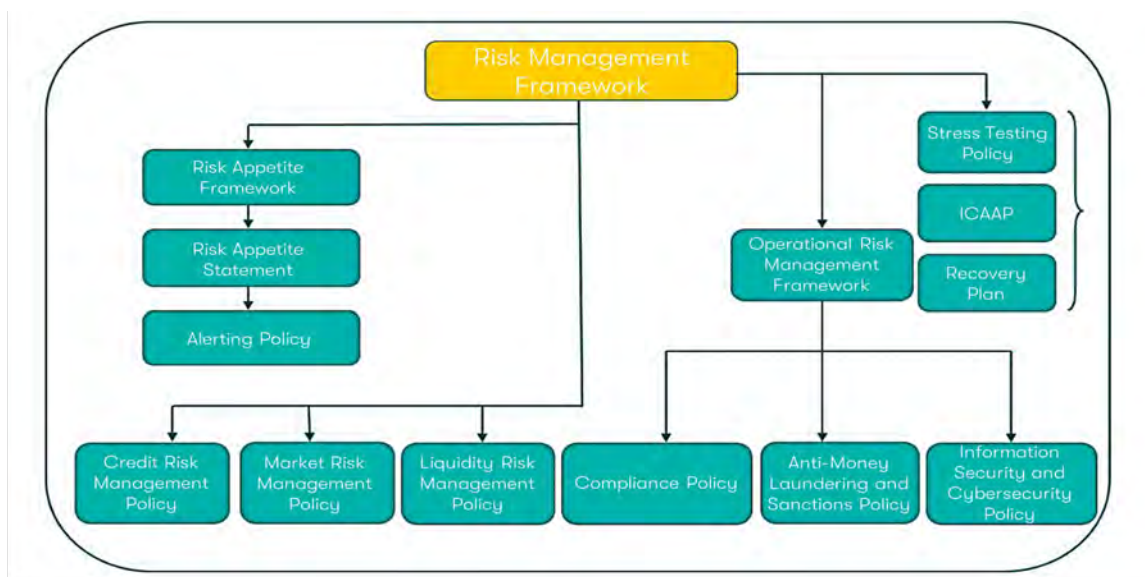
Risk Identification: The process begins with the systematic identification of risks. At this stage, potential threats are detected, documented, and classified to ensure full visibility across activities. The goal is to identify and describe any risks that may hinder the organization from achieving its short-term or long-term objectives.

Risk Assessment: Once risks have been identified, they are assessed to understand their potential impact. This involves collecting loss data, calculating required capital, conducting detailed analyses, and performing stress tests. Through this assessment, the organization gains a clearer picture of each risk's nature and the possible extent of its quantitative and qualitative effects.

Risk Response: The decision-making process regarding the use of the mechanisms below, aimed at reducing risks that threaten the Bank's operations and financial stability.

Risk Monitoring and Reporting: The final stage involves continuous observation of risk-related information and timely communication to relevant stakeholders.

The creation of a risk management system that is aligned with the defined objectives and principles, and its integration into the Bank's strategic and operational management, is carried out through the effective implementation of the pillars of the System. These pillars are outlined below, and their hierarchy is presented in the chart below.



Risk Governance

The Bank's risk governance structure is designed to ensure effective oversight, support strong decision-making, align risk management with strategic objectives and embed risk awareness throughout the organization.

At the top of the structure, the Board provides overall direction, evaluates the effectiveness of the risk management system, approves key policies, and ensures that all reporting complies with regulatory requirements. Supporting the Board, dedicated Board-level committees review the risk profile, assess capital adequacy and stress-testing results, and ensure that executive management operates within the approved risk appetite.

The Chief Executive Officer (CEO) ensures the practical implementation of the risk management framework, allocates responsibilities, and provides necessary resources. CEO maintains consistency with standards, identifies material risks, and

ensures accurate local reporting. Executive-level committees assist by monitoring alignment with the risk appetite, reviewing indicators and alerts, and ensuring strong coordination across functions.

Control functions provide independent oversight, monitoring, and reporting, contributing to a consolidated view of the Bank's risk profile and reinforcing risk culture across the organization.

Risk Culture and Three Lines of Control

A strong risk culture forms the foundation of effective risk management across the organization. It reflects the shared norms, values, and behaviors that guide employees in identifying, understanding, and managing risks as part of their daily responsibilities. The organization is committed to fostering a risk-aware environment where prudent decision-making and responsible conduct are consistently practiced at all levels.

Management plays an active role in cultivating this culture by organizing training programs, assessing the level of risk awareness, setting clear expectations, and ensuring open communication channels across functions. Equally important is the example set by senior staff, who reinforce both formal governance standards and informal behavioral expectations. Within this culture, corporate interests take precedence over individual considerations, promoting integrity and alignment with long-term objectives.

The core elements of the organization's risk culture are risk transparency, risk recognition, risk response, and risk respect.

Risk transparency reflects how openly the organization communicates risks and how clearly people understand them, ensuring issues are shared early and without hesitation. Building on that openness, risk recognition emphasizes employees' ability to identify and acknowledge risks, encouraging them to speak up and challenge assumptions rather than overlook concerns. Once risks are recognized, effective risk response becomes essential, demonstrating how quickly and diligently the organization acts to address emerging issues before they escalate. Tying all these elements together, risk respect highlights the importance of consistently prioritizing the organization's interests, cooperating across teams, and adhering to established rules, thereby reinforcing a disciplined and accountable risk culture.

In addition, the organization's Risk Typology outlines the principal categories of risks managed across operations, which are the following: Credit risk, Credit concentration risk, Intra-group transaction risk, Operational risk, Legal risk, Compliance risk.

The risk governance framework is supported by the three lines of control model, which provides a clear and structured allocation of responsibilities for risk identification, management, oversight, and assurance. This model enhances accountability and transparency, ensuring that risks are managed effectively across the entire organization.

First line of control: The first line comprises the operational and business units responsible for managing risks arising from their day-to-day activities. These units ensure that processes operate within established risk tolerances and control parameters. As the primary owners of risk, they are accountable for identifying, assessing, and managing risks in accordance with the approved Risk Appetite Framework. Their role is fundamental in embedding risk awareness directly into business operations.

Second line of control: The second line provides oversight, guidance, and control mechanisms to support effective risk management. It develops risk management and compliance frameworks, monitors their implementation, and ensures adherence to regulatory and internal requirements.

Key second line functions include risk management, compliance, information security and cybersecurity, AML/CTF, and sanctions. These units define risk appetite parameters, develop policies and procedures, and oversee the continuous operation of risk control systems to ensure consistency and regulatory compliance.

Third line of control: Third line delivers independent assurance regarding the effectiveness of governance, risk management, compliance, and internal control systems. This role is carried out by Internal Audit of the Bank.

The third line operates independently from the first and second lines, providing objective evaluations of the design and performance of the organization's control environment.

Internal Capital Adequacy

(GRI 3-3, SASB FN-CB-550a.2)

Internal Capital Adequacy Assessment

The Bank applies a structured Internal Capital Adequacy Assessment Process (ICAAP) to ensure financial stability and compliance with regulatory requirements. ICAAP is integrated into strategic and operational planning and is built on key principles: legal compliance, credible risk assessment, alignment with risk management and accountability systems, process flexibility, and continuous improvement.

The Board, Risk Management Committees, and relevant risk and finance units are responsible for capital assessment. The Bank relies mainly on quantitative methods to ensure objectivity and credibility. ICAAP is closely tied to strategic planning, risk appetite setting, and stress testing.

The ICAAP framework includes:

- Business model analysis
- Identification and assessment of significant risks

- Setting internal capital buffers
- Defining risk appetites and tolerance levels
- Stress testing and evaluating outcome impacts

The Bank does not finance activities harmful to the environment, weapons production, or gambling. Environmental and social impacts of financed projects are thoroughly assessed.

7. Sustainability at ACBA Bank

I. Environmental Responsibility

(GRI 3-3)

As part of our commitment to sustainability, we are expanding our efforts to preserve the environment. These initiatives are designed to reduce our ecological footprint and foster a culture of environmental awareness among employees and stakeholders.

A key mission for a greener future at ACBA Bank is to conserve paper and electricity, through responsible and efficient use, while also minimizing plastic consumption. Our efforts include:

- Installing waste sorting bins in the Bank's central office and branches to promote recycling.
- Transitioning from printed annual calendars to a fully digital format, significantly reducing paper consumption.
- Organising seasonal tree planting to contribute to reforestation and biodiversity conservation.
- Offering eco-friendly corporate gifts to promote sustainable choices.
- Changing the format of bank statements, reducing the printing of service-related documents, and minimising paper inserts with issued cards.
- Shredding and recycling confidential bank information to ensure secure and sustainable disposal.
- Placing reminder signs near power switches throughout the Bank, urging employees to turn off lights when not in use, and thereby, supporting energy conservation and emphasising our alignment with the UN Sustainable Development Goals (hereinafter the "SDGs").

Collectively, these actions reinforce our commitment to a sustainable future, shaping a Banking world that thrives in harmony with nature.

In the last few years, we have implemented a series of measures with the goal of guiding customers towards electronic channels, and therefore, avoiding the consumption of disposable resources. This is a trend that we expect to accelerate in the coming years.

In 2025, we continued to advance our digital banking ecosystem by expanding the availability and functionality of remote services. New integrations enabled customers to complete an even wider range of utility and public payments—such as internet provider fees, intercom services, and property tax payments—directly through the Bank's digital channels. In addition, we enhanced contactless payment capabilities by further developing NFC-based solutions, enabling seamless use of Google Pay, Apple Pay.

We also launched several innovative and environmentally-friendly banking solutions aimed at minimising customer commutes and reducing paper usage. These include:

- Remote customer registration through biometric identification;
- Remote updates of customer contact information; and
- The integration of the Maxchatbot virtual assistant to enhance and streamline customer interactions.

These initiatives demonstrate our commitment to leveraging technology for sustainable operations, enhancing customer convenience, and reducing our environmental impact. A more detailed overview of digital adoption trends, user demographics, and transactional dynamics is presented in the section "Customer Relations and Responsibility."

Our Carbon Footprint: Own Operations

(GRI 3-3, GRI 305-1, GRI 305-2, GRI 305-4, GRI 305-5)

At ACBA Bank, we developed an inventory of Scope 1 and Scope 2 Greenhouse Gas (hereinafter "GHG") emissions following the guidance provided by the GHG Protocol.

The figure below illustrates the various activities contributing to the carbon footprint of our operations, including emissions from the head office buildings and branch network. The following types of emissions are presented:

- Scope 1 (Direct Emissions)
 - Emissions from fuel use for vehicles and backup power generators or heating
 - Fugitive emissions from annual refrigerant top-ups for HVAC systems
- Scope 2 emissions (Indirect Emissions)
 - Emissions from electricity use, purchased from the national power grid

Understanding Scope 1 and Scope 2

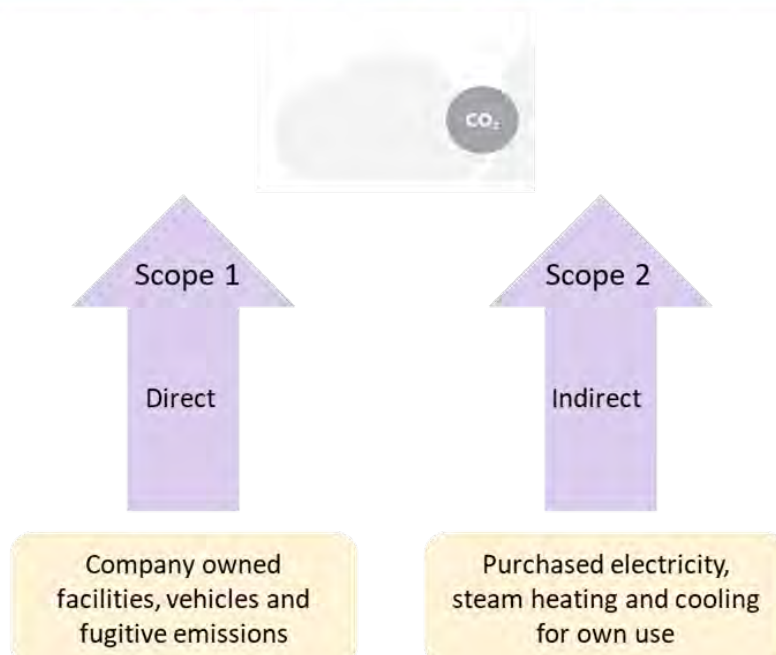


Figure 5: Sources of Scope 1 and Scope 2 Greenhouse Gas Emissions in Own Operations

We have selected 2025 as the base year for our emissions calculations, as it provides the most recent and comprehensive dataset available. Our emissions reporting follows a consolidated approach, applying a 100% control method to ACBA Bank and ACBA Leasing, which is under the Bank's full operational control.

At this stage, Scope 3 emissions have not been included in our calculations. The focus has remained on Scope 1 and Scope 2 emissions, which are reported in tonnes of carbon dioxide equivalent (tCO_{2e}).

Furthermore, we have calculated GHG intensity relative to our total income, expressed as kilograms of CO₂ equivalent per Armenian Dram of income (kgCO_{2e}/AMD). This metric helped us gauge the efficiency of our operations in terms of emissions per unit of financial output, reinforcing our commitment to transparent and responsible sustainability practices.

Boundaries Set for the Calculation of Scope 1 and Scope 2

ACBA Bank's Scope 1 and Scope 2 emissions calculation focuses on emissions from sources that are directly own and fully controlled by us. Emissions from facilities or operations managed by third parties were excluded, unless those operations are under our 100% operational control. For example, emissions from leased building occupied by other tenants are reported within Scope 1 & 2.

Our Methodology

(GRI 302 -1)

To prepare our Scope 1 and Scope 2 inventory, relevant data was collected ensuring each category within these scopes was thoroughly examined. In accordance with the GHG Protocol, activity data was collected, and corresponding emission factors were evaluated. A location-based approach was taken, reflecting the average emissions intensity of the local electricity grids for the purchased electricity utilised within the facilities. The methodology has been devised to model emissions from electricity consumption based on the average emission intensity of the power grid.

We have gathered comprehensive data for the inventory of our operational facilities and those of ACBA Leasing. To ensure accurate measurement and reporting of emissions, clear boundaries were established, encompassing the three key categories outlined below. These boundaries form the basis for calculating Scope 1 emissions, which include direct emissions from both our operational facilities and from ACBA Leasing's facilities under 100% operational control. The reported data pertains to the 2025 reporting period.

Boundaries Set for the Calculation of Scope 1



Mobile Sources, i.e., company-owned vehicles: ACBA Bank operates a fleet of vehicles for field and office operations including maintenance. As a result, emissions from these vehicles are part of the Scope 1 inventory. Diesel, Petrol, Compressed Natural Gas, Liquefied Natural Gas are the fuel sources.



Stationary Sources, i.e., company-owned generators: ACBA Bank owns / operates its own power generation (e.g., backup generators running on diesel and natural gas). Emissions from these generators are included in the Scope 1 calculation where Petrol and CNG are used



Fugitive Emissions: ACBA Bank uses refrigerants in its cooling systems for its facilities. The reported data includes top up quantity to replace the leaks in refrigerants systems for two refrigerants i.e., R-410A, R-22, R-407C and R-32.

Table 4: Scope 1 Data (Reporting Period 2025)

Particular	ACBA Bank	ACBA Leasing
Vehicle Fleet		
Diesel	29,000 L	154 L
Petrol / Gasoline	35,162 L	2,640 L
CNG	29,986 SCM (Standard Cubic Meters)	-
LPG	26,872 kg	-
Stationary Combustion		
LPG	-	1,819 kg
Natural Gas	224,700 SCM	-
Fugitive Emissions (Refrigerants Top-Up)		
R-410A	155 kg	-
R-22	40 kg	-
R-407C	15 kg	-
R-32	8 kg	-

We have collected the required data for Scope 2 emissions, covering indirect emissions from both our operational and leasing facilities. To ensure an accurate assessment, boundaries have been clearly established across the categories. Detailed information on the boundaries defined for each category is provided below. The reported data relates to the 2025 reporting period.

Boundaries Set for the Calculation of Scope 2



Grid Electricity

The company operates multiple office buildings and facilities where employees work. Emissions on the total electricity consumption purchased from the national grid and the emission factors for the local electricity grid would be calculated.

Table 5: Scope 2 Data (Reporting Period 2025)

Particular	ACBA Bank	ACBA Leasing
Electricity – Grid	4,656,760 kWh	133,600 kWh

Energy Consumption Share of ACBA Bank and ACBA Leasing Facilities -Scope 2 (Reporting Period 2025)

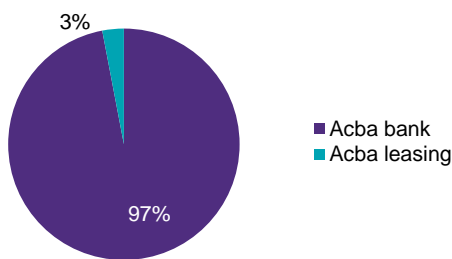


Figure 6: Energy Consumption Share of ACBA Bank and ACBA Leasing Facilities - Scope 2 (Reporting Period 2025)

The review of Scope 1 and Scope 2 emissions for our facilities reveals some key findings. Scope 1 emissions account for just 41% of the total, while Scope 2 emissions make up a much larger share, representing 59% of the total emissions. Among the various sources, the highest contributor is the grid electricity consumed across offices and facilities, which constitutes the entirety of Scope 2 emissions and makes up 60% of the total emissions. Other sources of emission from scope 1 category, such as fuel use in vehicles and generators contribute to 26% of total emissions, whereas emissions from annual refrigerant top-ups contribute to the remaining 14% of the emissions.

Table 6: Scope 1 and Scope 2 Inventory - ACBA Bank Facility (Reporting Period 2025)

Particular	Emissions (tCO _{2e})	Percentage Share
Scope 1		
Stationary Fuel Use	431.2	15%
Vehicle Fuel Use	305.4	11%
Refrigerant Annual Recharge	398.3	14%
Grid Electricity	1665.7	59%
Total	2,800.7	100.00%

Emissions - ACBA Bank Facility (Reporting Period 2025)

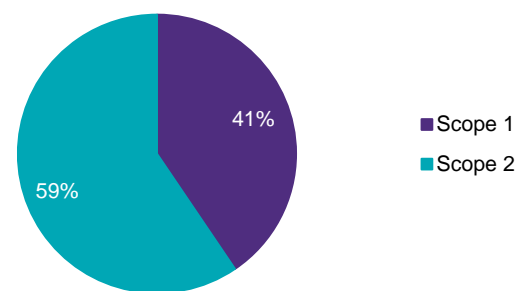


Figure 7: Emissions from ACBA Bank Facilities

The emissions from both Scope 1 and Scope 2 for Acba Leasing facilities have been calculated. . The key observations from the Scope 1 and 2 inventory are as follows:

- ✓ The total emissions from the Leasing facility are ~60.1 tCO₂e.
- ✓ Scope 1 emissions contribute only 20% of total emissions.
- ✓ Scope 2 emissions (Grid Electricity) are the dominant contributor, amounting to 47.8 tCO₂e and accounting for approximately 80% of total emissions.
- ✓ Within Scope 1, vehicle fuel use (6.7 tCO₂e) is marginally higher than stationary fuel use (5.6 tCO₂e).

Table 7: Scope 1 and Scope 2 Inventory - Acba Leasing Facility (Reporting Period 2025)

Particular	Emissions (tCO ₂ e)	Percentage Share
Scope 1		
Stationary Fuel Use	5.6	9%
Vehicle Fuel Use	6.7	11%
Refrigerant Annual Recharge	-	-
Scope 2		
Grid Electricity	47.8	80%
Total	60.1	100.00%

Emissions from Acba Leasing Facility (Reporting Period 2025)

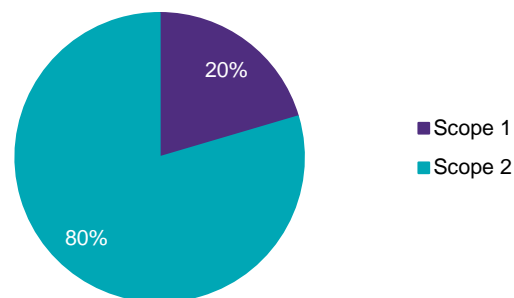


Figure 8: Emissions from ACBA Leasing Facilities

The combined total emissions for both Scope 1 and Scope 2 have been calculated, and several key observations have emerged.

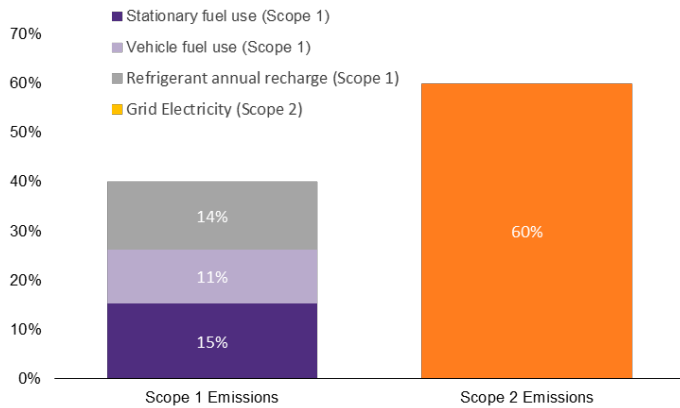
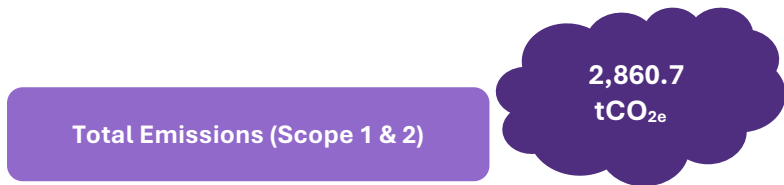
- ✓ Total Scope 1 and Scope 2 emissions of ACBA Bank and ACBA Leasing amount to 2,860.7 tCO₂e.
- ✓ Scope 1 emissions collectively account for 1,147.2 tCO₂e, or about 40% of total emissions of ACBA Bank and Acba Leasing facilities.
- ✓ Scope 2 (Grid Electricity) contributes 1,713.5 tCO₂e, which is approximately 60% of total emissions of own and leasing facility.
- ✓ Emissions are heavily dominated by Scope 2.

In terms of financial performance, the consolidated total banking income, which includes Net Interest Income of AMD 66,355,590 thous and Non-Interest Income of AMD 18,691,033 thous, amounts to AMD 85,046,623 thous. Using this figure, the GHG emission intensity for the year was calculated at 0.0336 kgCO₂e per thousand AMD of income. This is the first year of GHG accounting and establishing an emissions intensity benchmark, which will serve as a foundation for future comparisons and target-setting for emissions reductions.

As this is the initial year of GHG accounting, the calculations were limited to Scope 1 and Scope 2 emissions, with Scope 3 emissions not included. In the coming years, as our GHG accounting processes evolve, we aim to incorporate additional metrics, such as the Weighted Average Carbon Intensity (WACI), to further refine our emissions intensity calculations. “

Table 8: Total Emissions - Scope 1 and 2 (Reporting Period 2025)

Particular	Emissions (tCO ₂ e)	Percentage Share
Scope 1		
Stationary Fuel Use	436.8	15%
Vehicle Fuel Use	312.1	11%
Refrigerant Annual Recharge	398.3	14%
Scope 2		
Grid Electricity	1,713.5	60%
Total	2,860.7	100.0%



II. Climate-related risks

National Regulatory frameworks and ACBA Bank's actions

Rapidly evolving environmental regulations, the urgency of the transition to a low-carbon economy, and the integration of sustainability considerations across the economy are increasingly important for the Bank. These factors are expected to influence both the Bank's operating environment and the business behaviour and activities of its clients over time.

Climate-related risk management is an evolving area of the Bank's risk management framework. The Bank recognizes the importance of understanding how climate change may affect its risk profile and long-term sustainability. In this context, existing risk management processes serve as a starting point for identifying and monitoring potential climate-related risk drivers as they emerge.

Several national regulations and international commitments provide a framework for addressing climate-related risks across the economy, including for financial institutions and commercial banks.

The Central Bank of Armenia (CBA) adopted the National Sustainable Finance Roadmap (NSFR) in October 2023², placing strong emphasis on climate-related risks and the need for financial institutions and supervisors to strengthen their approaches to assessing and managing sustainability-related risks.

Armenia's updated Nationally Determined Contribution (NDC) for 2021–2030 sets an economy-wide target to reduce GHG emissions by 40% by 2030 compared with 1990 levels. According to CBA analysis, approximately 29% of the banking sector's loan book is allocated to climate-vulnerable sectors.

Further strengthening this framework, the Law on Climate, adopted on 20 January 2026, establishes the legal basis for emissions reduction and climate adaptation planning. In this context, NSFR supervisory guidance focuses on governance, strategy, and risk management, and envisages the development of climate stress-testing scenarios and related guidance for commercial banks.

In line with the requirements of the NSFR, in 2025 the Bank prepared and submitted sustainability reporting to the Central Bank of Armenia.

The reporting was intended to take stock of existing capabilities and ambition levels regarding climate risk assessment in financial sector decision-making. Its purpose was to document current banking practices in assessing climate-related risks and to monitor the extent to which they are aligned with CBA expectations.

² Source: National Sustainable Finance Roadmap, CB, 2023

As part of this reporting, the Bank undertook a high-level review of climate-related physical and transition risks that could potentially influence its reputation, market position, operations, regulatory exposure, and financial performance. These risks may also affect the Bank indirectly through their impact on counterparties, clients, and collateral, thereby influencing credit risk and overall portfolio quality.

The identification of potential climate-related risks in this report is based on a qualitative assessment informed by country-level climate and economic research, benchmarking against local and international financial institutions, and consideration of institution-specific characteristics and exposures. Given the early stage of climate risk integration, this assessment is intended to provide an initial overview rather than an exhaustive or quantitative evaluation of all possible climate-related impacts.

Depending on the loan type, certain exposures are secured by immovable collateral. Collateral assets located in regions that are more vulnerable to climate-related, geopolitical, or geographical hazards face a higher likelihood of physical risk events, such as extreme weather or environmental degradation. An increase in the physical risk profile of these assets may adversely affect their value and, consequently, the borrower's financial resilience. This may impair the customer's ability to meet debt obligations, potentially leading to higher default probabilities and increased credit risk for the Bank.

The gross value of underlying immovable collateral by region provides additional insight into the Bank's exposure concentration.

Gross value of underlying immovable collateral

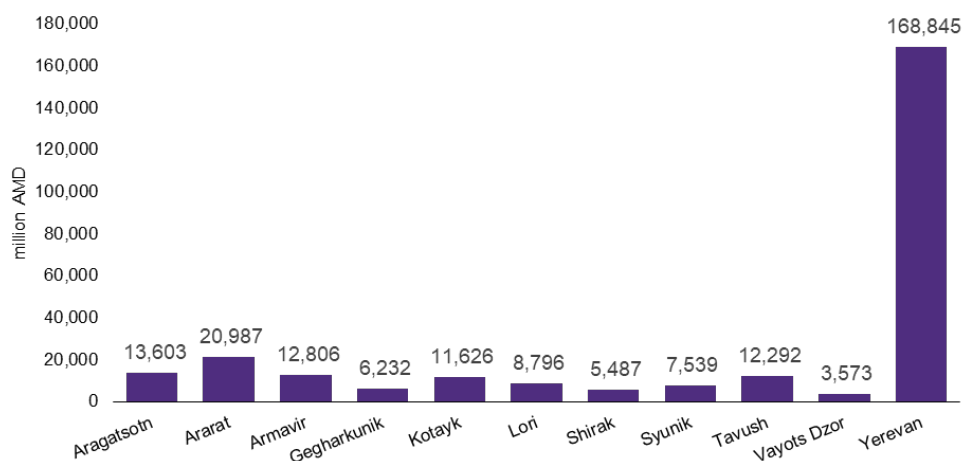


Figure 4: Gross Value of Underlying Immovable Collateral by Region

ACBA Bank's approach to climate-related risks

The identification and management of climate-related risks and opportunities are increasingly important for the Bank's long-term stability and sustainability. As a financial institution, the Bank's exposure to climate-related impacts arises primarily through its financing and investment activities, which may be affected by changes in environmental conditions, regulatory requirements, market dynamics, and client behaviour linked to climate change.

Climate-related risk refers to the risk of reputational damage, financial loss, or other harm resulting from the physical and transition risks of climate change affecting the Bank, its clients, or the communities in which it operates.

At present, the Bank's approach to climate-related risk focuses on raising awareness, building internal understanding, and gradually incorporating climate considerations into existing risk assessment and decision-making processes. Risk management supports this process by helping identify areas where climate-related factors may amplify traditional financial and non-financial risks, while also enabling the Bank to anticipate changes in the external environment linked to climate and transition dynamics. This evolving approach also supports the identification of climate-related opportunities relevant to the Bank's business model and client base.

Environmental and social (E&S) risks, including climate-related aspects, are considered within the broader context of the Bank's risk governance and lending practices, even though a dedicated climate risk framework has not yet been formally established. Climate change is understood as a cross-cutting issue that may affect the Bank directly, as well as indirectly through exposure to clients, sectors, and regions that are sensitive to environmental and climate-related risks. Developing initial insights into these exposures allows the Bank to better understand potential vulnerabilities and inform future enhancements to its risk management practices.

The Bank's ESG Strategy for 2025–2028 reflects a growing commitment to climate change mitigation. The strategy sets the ambition of moving toward climate neutrality by 2035 and contributing, within the scope of the Bank's activities, to Armenia's transition to a low-carbon economy. To support this direction, roles and responsibilities related to climate risk have been defined, the collection of climate-related data has been initiated, and groundwork for regular internal reporting has been prepared. The Bank aims to gradually develop a more structured approach to climate risk management.

Currently, ACBA Bank monitors greenhouse gas (GHG) emissions under Scope 1 and Scope 2 and will provide annual public reporting on these emissions (see the section 'Environmental Responsibility').

During the lending process, depending on the customer and loan type, the Bank considers the potential impact of climate-related risk drivers on credit risk. Previously, ACBA Bank performed yield projections for agricultural exposures that may be affected by climate change. An evaluation was conducted of how climate change might affect the quality indicators of the Bank's agricultural portfolio, based on key findings regarding expected temperature, precipitation, and humidity changes in Armenia under an unmitigated emissions scenario. The resulting qualitative analysis also informs the level of monitoring and review required in certain cases. The assessment of climate-related risk drivers in credit risk management is continuously evolving and is expected to become an increasingly important component of the Bank's risk management framework. In addition, given the growing importance of identifying physical and transition risks related to climate change, the regular conduct of climate stress tests is under consideration.

8. Sustainable Finance

Sustainable finance is an important part of ACBA Bank's long-term strategy, guiding how financial resources are directed to support environmentally responsible, socially inclusive, and economically resilient development across Armenia. It includes financial products, policies, and practices that integrate Environmental, Social, and Governance (ESG) considerations into the Bank's lending, investment, and risk-management processes.

We are in the process of formulating our Green Bond Framework and Green Lending Framework, which will further expand the Bank's capacity to finance environmentally beneficial projects and attract capital aligned with international sustainability standards. These frameworks are expected to support climate-aligned financial instruments and enhance transparency in the Bank's sustainable finance activities.

A key dimension of sustainable finance at ACBA Bank is the systematic application of environmental and social risk screening, exclusion lists, sector-specific safeguards, and due-diligence processes. This helps ensure that financed activities avoid harmful impacts and are aligned with the Bank's responsible financing approach.

Sustainable finance also includes targeted lending programs that broaden access to economic opportunities, especially for underserved groups. These programs support micro and small enterprises, agricultural producers, educational and healthcare institutions, as well as households and businesses investing in energy efficiency and renewable energy solutions. Through these activities, the Bank supports job creation, rural development, and the adoption of more climate-efficient solutions.

Capacity-building is another important component of the Bank's sustainable finance approach. Through financial literacy programs, sustainability trainings, advisory services, and SME-focused educational platforms, the Bank helps clients understand ESG risks, adopt responsible business practices, and navigate emerging sustainability-related challenges.

Through its sustainable finance activities, including the development of the Green Bond and Green Lending Frameworks, ACBA Bank aims to support Armenia's transition toward a greener, more inclusive, and climate-resilient economy.

I. ESG Risk Integration in Credit Analysis

(GRI 3-3, SASB FN-CB-410a.2)

Environmental, Social, and Governance (ESG) considerations form an important part of the Bank's overall risk landscape. The Credit Risk Management Policy adopted during the reporting year serves as the primary framework guiding the Board and Executive Management in the Bank's lending activities. It defines quantitative and qualitative standards for credit operations and reflects the Bank's commitment to responsible financing practices.

The Board and Executive Management retain ultimate responsibility for the governance of credit risk. The Policy emphasizes a strong credit culture supported by shared values, behavioral expectations, and continuous monitoring of internal developments and external market trends to support a forward-looking assessment of portfolio quality.

Through its lending activities, the Bank seeks to support customers while contributing to broader economic development. To ensure that credit decisions align with ethical, environmental, and social standards, the Bank applies ESG-related eligibility criteria. In particular, clients whose activities fall within the Bank's ESG Exclusion List are not eligible for financing. This List also includes operations prohibited under Armenian law and international agreements concerning biodiversity and cultural heritage protection, as well as commercial logging in tropical rainforests.

The management of environmental and social risks is an important part of mitigating the negative impacts of the Bank's lending operations. Environmental and social risk assessment and monitoring are conducted to identify and address these risks. The risk level of each loan is evaluated through the Social and Environmental Risk Assessment Questionnaire, which assesses key environmental and social factors associated with the loan, including water use, pesticide management, biodiversity protection, and relevant social aspects. This tool helps align lending operations with sustainability standards.

The divisions responsible for managing environmental and social risks are tasked with implementing the relevant risk management procedures. Key personnel involved in the Bank's ESG risk management include the Chief Executive Officer, Deputy Chief Executive Officers, the Head of the Risk Management and Compliance Division, the Legal and Compliance Directorate, the SME and Corporate Business Directorate, the Retail Business Directorate, the Financial Directorate, the Monitoring Division, employees of the Credit Analysis Department, Business Consultants, and Back Office employees.

The frequency of environmental and social risk monitoring is determined based on the assigned risk category: low, medium, or high. Medium- and high-risk loans undergo more frequent monitoring, including annual reviews and on-site inspections, while low-risk loans may be exempt from monitoring.

Table 7: International Regulations Informing the Exclusion List

International regulations formulating the Exclusion List
⁵ The updated EU Regulation No. 2455/92
The UN list of substances banned or severely restricted by governments
The Rotterdam Convention on harmful chemicals and pesticides in international trade
The Stockholm Convention on Persistent Organic Pollutants

WHO pesticide hazard classifications
CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora)
EU Regulation No. 1013/2006 on waste shipments
OECD Council Decision C (2001)107
The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal
The Bonn Convention on the Conservation of Migratory Species of Wild Animals
The Ramsar Convention on Wetlands of International Importance
The Bern Convention on the Conservation of European Wildlife and Natural Habitats
The World Heritage Convention
The Convention on Biological Diversity

Our monitoring questionnaires address the following environmental and social aspects:

- The implementation of environmental policies and employee training programs;
- Compliance with Labour laws, working conditions, and anti-discrimination policies;
- Pollution prevention, resource conservation, and waste management; and
- Safeguarding biodiversity and preventing harm to cultural heritage.

Our Exclusion List^[2], informed by international agreements and regulations, includes activities that are not eligible for financing, such as:

- Projects involving hazardous substances prohibited under international conventions.
- Activities that exploit wildlife or use unsustainable fishing methods.
- Operations that harm biodiversity or cultural heritage.

The Bank also applies a structured evaluation process to loan applications involving activities included in the approved activities list (Referral List). Such applications are referred to the specialist responsible for social and environmental considerations. If necessary, the specialist refers the case to the Social and Surrounding Environment (SSE) representative in the Credit Analysis Department, who then submits the application to the IFI for review, where required.

Where additional analysis is required, environmental and social factors are assessed with support from IFI specialists. If needed, qualified external experts may also be engaged to evaluate the project's environmental and social aspects. IFI environmental and social specialists review the available information, determine whether additional information is needed, and contribute to the development of mitigation measures. Where necessary, they may establish mandatory conditions for financing. If IFI involvement is not required, the assessment is carried out by the Bank's environmental and social specialists with support from the SSE responsible person or an external expert, where appropriate.

Fostering Water stewardship

Water is a vital resource for the Republic of Armenia, particularly for agriculture and rural economies. The Bank is committed to promoting responsible water use, supporting climate-resilient agricultural practices, and contributing to the sustainable management of national water resources. To advance these goals, the Bank aims to:

- **Set clear targets** for increasing the share of sustainable and responsible water-use projects within the lending portfolio.
- **Deliver awareness-raising trainings** for SMEs and agricultural clients on water-related challenges, efficient water resource management, and climate-related risks.
- **Support agricultural development** by financing initiatives under national irrigation system improvement programs and, where possible, contributing to the enhancement of these programs.

In addition, specific requirements apply when the loan amount exceeds AMD 18 million or the equivalent in foreign currency. In such cases, the loan undergoes a comprehensive evaluation based on three risk categories: low, medium, and high.

Through collaboration with the government, we support sustainable agricultural practices such as the development of drip irrigation systems. These initiatives help save significant volumes of water and enable the cultivation of orchards on degraded lands, transforming them into productive agricultural areas. We also support the construction of water reservoirs to improve irrigation and long-term sustainability.

In 2025, a total of 26 agricultural loans were disbursed, amounting to a portfolio of AMD 834,261,424. These loans supported the cultivation of 59.677 hectares, with an emphasis on sustainable practices. Of this total, 2 loans amounting to AMD 74,530,480 and covering 23.015 hectares were dedicated specifically to drip irrigation systems, a technique known for its water-saving benefits. In addition, 44.377 hectares were cultivated by farmers under the age of 35, supporting the next generation of sustainable farmers.

II. Social and Inclusive Finance

Direct economic impacts

(GRI 201-1)

In 2025, ACBA Bank continued to contribute significantly to Armenia's economic development through the value it generated and distributed across its operations. The Bank's financial performance demonstrates both strong operational activity and a continued commitment to employees, the government, shareholders, and the wider community.

During the reporting year, the Bank generated AMD 71,857,168 thousand in direct economic value. This figure reflects the net revenues earned through the Bank's core financial activities, including net interest income after credit loss expenses, net fee and commission income, and other non-operating income streams. Net interest income after credit loss remained the primary source of value generation, amounting to AMD 53,667,206 thousand. Additional value was generated through net fee and commission income (AMD 9,101,729 thousand) and other non-operating income (AMD 9,088,233 thousand).

From the value generated, ACBA Bank distributed AMD 50,356,496 thousand back into the economy through various channels that support its stakeholders and the national socioeconomic environment.

A considerable portion of this distribution was allocated to operating and administrative expenses, totaling AMD 12,121,408 thousand, which reflects the Bank's ongoing investments in service delivery, infrastructure, and operational efficiency. Employee wages and benefits constituted a significant share of distributed value, amounting to AMD 22,510,884 thousand, demonstrating the Bank's continued commitment to its workforce.

The Bank also contributed to national development through payments to the government, including income taxes totaling AMD 9,140,704 thousand for the year. Additionally, payments to providers of capital, including dividends to shareholders, reached AMD 6,583,500 thousand.

The remaining economic value, amounting to AMD 21,500,672 thousand, was retained within the Bank to support future growth, strengthen its financial position, and ensure long-term sustainability.

Table 8: Economic Impact – Value Generated and Distributed

Economic Impact: Value generated and distributed	
thous. AMD	2025
Net interest income	53,667,206
Net fee and commission income	9,101,729
Non-operating income	9,088,233
Total Economic Value Generated (EVG)	71,857,168
Total operating costs	12,121,408
Employee wages and benefits	22,510,884
Payments to providers of capital	6,583,500
Payments to government	9,140,704
Community investments	-
Economic Value Distributed (EVD)	50,356,496
Economic Value Retained	21,500,672

Indirect economic impacts

(GRI 3-3, GRI 203-1, GRI 203-2)

A core function of the Bank is to identify productive investment opportunities and allocate depositor resources to sectors where they can be used most productively. Acba Bank was actively increasing its loan portfolio over the last couple of years, with annual growth rates of 18% in 2024 and 19% in 2025.

Economy-wide effects of those loans are considerable as they flow to the most productive sectors and predominantly agriculture sector, thus influencing communities. In 2025, ACBA Bank implemented numerous Corporate Social Responsibility and corporate charitable programs, contributing to the improvement of community infrastructure in Armenia, the development of education, the preservation and promotion of culture, as well as supporting nature conservation and environmental development.

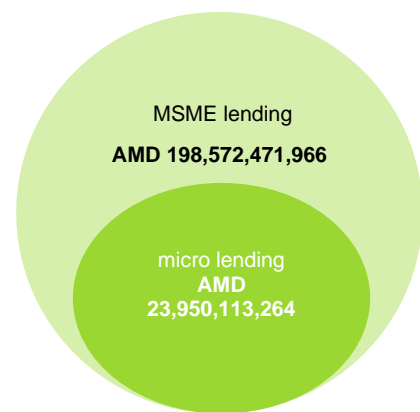
- In the field of education and technology development, the Bank supported projects for the establishment and modernization of Armath Engineering Laboratories in the communities of Haykadzor and Lernapat.
- To preserve and promote culture, the Bank supported the introduction of AR and VR technologies at the Martiros Saryan House-Museum, the recording of the “Symphonic Lullabies” project (symphonic performances of Armenian composers’ lullabies by the Armenian State Symphony Orchestra), and the production of 100 short videos on the history, culture, economic and social life of the Urartian Empire, contributing to the preservation and promotion of national heritage. In addition, with the Bank’s support, the hall of the Aram Khachaturian House-Museum was also enhanced.
- To support community infrastructure development, the Bank contributed to the reconstruction of the Spandaryan irrigation canal. The reconstruction of this canal is of vital importance for the settlements of Sarnakunk, Ishkhanasar, Tsg huk, Spandaryan, Angeghakot, and Shaki in the Syunik region. In addition, with the Bank’s support, a sports ground was constructed and fenced in the “Victory” Park of the city of Goris.
- The Bank continued its cooperation, launched in 2015, with the Nature and Biodiversity Conservation Union of Germany (NABU) to support the development of organic agriculture. Within the framework of the program, in 2025 approximately 15 producers received organic certification, expanding their export opportunities and contributing to the development of sustainable agriculture.
- In 2025, the Bank also supported organizations focused on the health of children requiring urgent medical treatment, organized and implemented tree-planting initiatives, and environmental clean-up activities aimed at removing plastic and other waste, contributing to environmental improvement and development.

For the implementation of the above-mentioned programs, in 2025 the Bank cooperated with more than 20 organizations, investing approximately AMD 210 million.

Community Engagement and Financial Inclusion (GRI 3-3, GRI 413-1, SASB FN-CB-240a.1, SASB FN-CB-240a.2, FN-CB-240a.4.)

Small and Medium Enterprises (SMEs) remain a cornerstone of Armenia's economic development, contributing significantly to national productivity and job creation. In 2024, SMEs accounted for 34.3% of the country's gross value added in GDP³, underscoring their essential role in strengthening the economy. At the same time, access to finance continues to be one of the most pressing barriers to SME growth, reinforcing the critical responsibility of financial institutions in supporting this segment.

With a deep understanding of the unique needs and constraints faced by MSMEs, Acba Bank continues to prioritize their empowerment. Through customized financial solutions, advisory services, and long-term partnerships, the Bank helps MSMEs grow sustainably and contribute to national prosperity. As of 2025, the MSMEs active customers has reached 48,421, an increase from 45,050 in 2024, indicating an expansion in coverage and a growing demand for financing MSMEs businesses.



Acba Bank maintains a large and diversified MSMEs lending portfolio, which includes Micro and Small Lending as an integral component of its overall SME financing activities. These lending activities play a critical role in promoting financial inclusion, particularly for small businesses and entrepreneurs operating in underserved and rural communities. By extending accessible financing to micro and small enterprises, the Bank supports local employment, entrepreneurship, and community level economic development.

³ https://www.armstat.am/file/article/sme_2025_en.pdf

In 2025, total MSMEs loan disbursements reached AMD 198,572,471,966 representing 42.56% of all loans disbursed during the year. This reflects continued growth compared to AMD 149,062,271,534 in 2024 (also 40.3% of total disbursements) and AMD 122,899,414,361 in 2023 (43.79% of total disbursements).

A significant share of these SME loans supported microenterprises, one of the most important engines of inclusive growth. In 2025, AMD 23,950,113,264 (12.1%) of SME loans were directed to microenterprises, compared to AMD 19,027,703,967 (12.76%) in 2024 and AMD 13,841,435,932 (11.26%) in 2023.

Agriculture remains a strategic sector for Armenia, and Acba Bank's long-standing experience in agricultural finance continues to support both agricultural institutions and smallholder farmers.

The table below presents the outstanding agricultural loan portfolio by customer segment for 2024 and 2025.

Table 9: Outstanding Agricultural Loan Portfolio by Customer Segment (thous)

Year	Retail customers (AMD)	Corporate customers (AMD)	Total agricultural loan portfolio (AMD)
2024	69,491,921	16,722,264	86,214,185
2025	70,593,249	20,387,429	90,980,678

Affordable Housing

In addition to our financial inclusion, we are also actively participating in State Support Programmes, which ensures economic inclusion of vulnerable communities. These State Support Programmes play a vital role in positively impacting communities both in terms of increasing access to finance and creation of social and economic development opportunities. One such programme is "The Border Housing Programme", in alignment with the Government of Armenia's decision (June 9, 2022, N 842-L) on state support for housing in border and specific settlements. Through this initiative, we provided Mortgage Loans to 5,576 customers for building homes in these areas. The total portfolio for this initiative amounted to AMD **20,881,155 thous**, contributing to the socio-economic development and sustainability of the communities in five regions of Armenia.

Financial Literacy

Enhancing the capacities of SMEs, including increasing their financial literacy, is a vital part of our business. We are committed to contributing to the economic empowerment of SMEs and creating more opportunities for their financial literacy, creating opportunities for their financial inclusion.

We have diverse tools and mechanisms for contributing to enhanced financial literacy and business growth of SMEs, which are in the form of both trainings, events in the framework of activities of ACBA business club as well as through online knowledge sharing platforms.

During the reporting period, a total of **27 events of financial literacy** were organized for SMEs. Out of this events 20 were free training sessions. A total of **381 individuals** participated in these sessions, including **206 women** and **175 men**, representing **251 SMEs**.

ESG and Sustainability related trainings are priority for us, we have launched a series of ESG and Sustainability trainings, starting from 2024. These sessions covered topics on general sustainability and ESG; the relationship between ESG and business; ESG risks and global challenges; sustainability reporting; and sustainable finance. There is a growing interest in these topics among SMEs, thus the training materials are continuously being developed and the actual training sessions are already in progress.

In response to the growing interest of our clients on this topic, we plan to develop a new specialized training course focused on climate risk assessment in the agricultural sector, as well as mitigation and adaptation toolkits. In parallel, new e-learning modules will be developed and published on the sme.acba.am platform to ensure broader access to practical and up-to-date knowledge. Through these initiatives, we not only respond to evolving market demand but also reaffirm our strategic commitment to ESG principles by promoting responsible, sustainable, and future-oriented business practices.

Among diverse training topics delivered during the reporting period were "Business Development in Turbulent Times" to "Strategic Marketing," as well as sector-specific sessions such as "Motivation and Retention of Guesthouse Staff" and "Caring for Guests." The remaining topics were specifically focused on enhancing the financial literacy of SMEs.

Table 10: List of Trainings in Financial Literacy

Topic	Number of Sessions	Number of Participants	Number of SMEs
Increase of working capital	2	44	44
Financial decision-making	2	49	44
Cost control	2	34	33
Business development in conditions of uncertainty	2	38	38
Cash flow management	2	39	37

Besides trainings another important aspect of our operations in terms of business promotion and knowledge sharing are the Acba Business Club events, which are provided free of charge, promoting sustainable business practices among participants. During the reporting period, thematic events were organized within the framework of Business Club operations, including 7 Business Club events. Over the course of the events the following topics were covered: account management, market expansion, winning negotiations, and personal branding. These initiatives are aimed at supporting professional development of Business Club members and the enhancement of their skills and knowledge for ensuring business growth.

We have organized an event entitled **“From Climate Challenges to New Opportunities for Agriculture,”** designed for SME representatives in the agricultural sector and organized in cooperation with EBRD was aimed to provide up-to-date knowledge and practical solutions. The following topics were covered during the event **“Climate Change in Armenia: From Risks to Opportunities”** covering impacts and adaptation approaches and **“Building a Sustainable Future for Armenia’s Agriculture”** focused on assessing climate risks, mitigation tools, and the prospects for sustainable agricultural development.

Our online platform, **Sme.acba.am** provides a comprehensive set of information, tools, and services aimed at business management and support. The platform's primary goal is to assist SME managers in acquiring new knowledge and essential management tools, while also fostering opportunities for new collaborations and partnerships. It offers educational articles, videos, templates, calculators, and online learning tools that can be valuable for both novice and experienced entrepreneurs.

The platform is also an effective tool for sharing knowledge and expertise to help the MSME sector and to help our business clients succeed by offering a comprehensive support programme comprised of educational articles and courses available on **sme.acba.am**, making everything accessible on one platform. During the reporting period, **36 articles** were published covering marketing, management, finance, investments, and other topics essential for business development.

In terms of online training courses available in **Sme.acba.am** platform it is worth mentioning the following sustainability related online training course launched during the reporting year **“Classification of Climate Risks and Their Impact on Various Branches of Agriculture”**. The training course was developed in cooperation with EBRD. The course highlights the importance of efficient use of soil, water, and energy resources, while emphasizing the priority of reducing harmful emissions.

9. Social

I. Employment and Labour Relations

Our Employees

(GRI 3-3, GRI 2-7, GRI 2-8, GRI 401-1, 402-1, GRI 405-1)

At ACBA Bank, our people are at the heart of everything we do. Our long-term success rests on the ability of our colleagues to deliver meaningful value to our customers and communities. With more than 1,800 employees serving clients across the Bank's network, we understand that our influence extends far beyond financial transactions—it is woven into the lives, aspirations, and well-being of every person who works with us.

We strive to create an environment where individuals feel connected to a shared purpose, able to develop their potential, and empowered to contribute authentically. As an institution deeply rooted in trust and service, ACBA Bank recognises that sustainable growth begins with a committed, motivated, and respected workforce. Our Board plays a key stewardship role, ensuring that our workforce policies support long-term value creation and reflect the Bank's commitment to fairness, inclusion, and ethical practice.

In this context, the Bank has established a comprehensive Staff (Personnel) Management Policy, which addresses the organization of personnel management, recruitment, remuneration, motivation, dismissal procedures, the Code of Conduct, training, professional development, and skills enhancement, as well as the roles and authorisations of the Bank's management bodies and managers in implementing the Policy.

A defining characteristic of our workforce is its diversity. Women represent **65%** of our employees, and men **35%**, illustrating both the accessibility of opportunities at the Bank and our commitment to building teams where different perspectives coexist and complement one another. This diversity echoes through our branches and offices, shaping a culture where collaboration and empathy guide everyday decision-making.

In 2025, we welcomed **255 new employees**, each bringing unique experiences and aspirations. Their arrival is more than a number—it reflects a living cycle of renewal, learning, and transformation. Meanwhile, our **6.3% turnover rate** illustrates a balanced workforce dynamic: steady enough to maintain institutional knowledge, yet flexible enough to integrate new talent and ideas.

Table 11: Employee Distribution by Gender and Employment Type (Reporting Period 2025)

Type (Headcount/FTE)	Female	Male	Total
Total Employees	1,223	653	1,876
<i>Permanent Employees</i>	1,117	639	1756
<i>Temporary Employees</i>	107	13	120
<i>Non-Guaranteed Hours Employees⁴</i>	-	-	-
<i>Full-Time Employees</i>	1,202	652	1,854
<i>Part-Time Employees</i>	21	1	22

⁴ Employee who is not guaranteed a minimum or fixed number of working hours per day, week, or month, but who may need to make themselves available for work as required. Examples: casual employees, employees with zero-hour contracts, on-call employees.

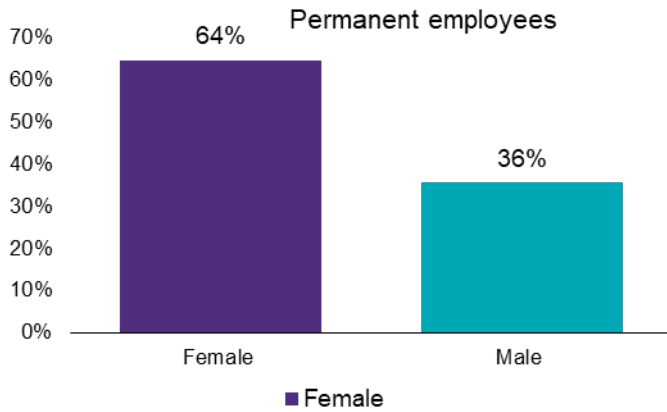


Figure 9: Breakdown of Permanent Employees by gender

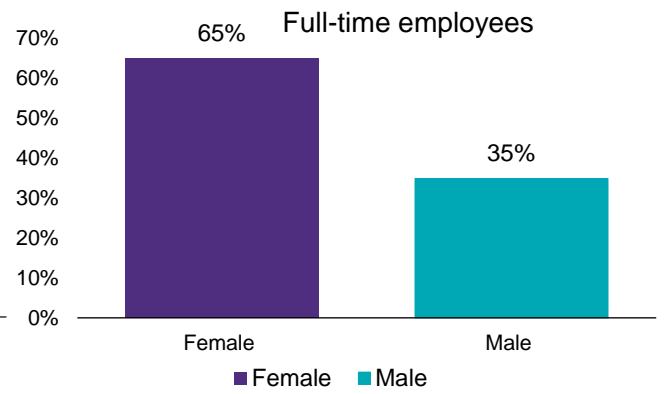


Figure 10: Breakdown of Full-Time Employees by gender

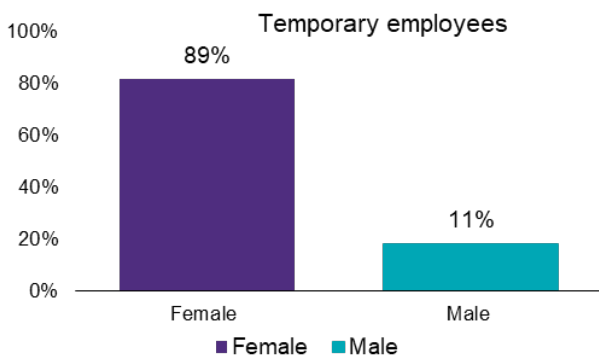


Figure 11: Breakdown of Temporary Employees by gender

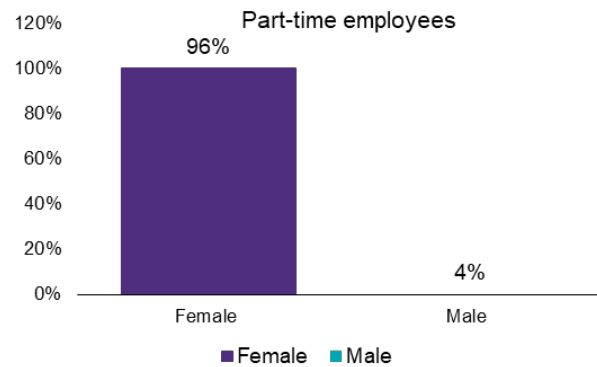


Figure 12: Breakdown of Part-Time Employees by gender

ACBA Bank’s workforce reflects not only our scale but also our deep presence across Armenia. With 67% of employees based in Yerevan and the remaining 33% distributed across all regions, the Bank maintains a strong and stable presence in both urban and rural communities. This geographic footprint ensures that customers throughout the country have access to personalized financial services delivered by professionals who understand the local context and needs.

Although the capital remains the largest employment hub, the Bank’s commitment to regional development is clearly visible. Branches in regions such as Lori, Ararat, Armavir, Syunik, Kotayk, Shirak, Tavush, Aragatsotn, Vayots Dzor, and Gegharkuniq collectively employ a diverse group of specialists who bring local insights and community connection to their work. Notably, the distribution of permanent employees mirrors the overall employment pattern, with steady long-term roles sustaining ACBA Bank’s local operations.

The Bank’s almost exclusive reliance on full-time roles across all regions underscores our preference for stable, meaningful employment relationships. Part-time work remains minimal, appearing only in Yerevan, reflecting specific operational needs rather than a broader employment trend.

This territorial distribution is more than an operational detail—it speaks to Acba Bank’s identity as a nationwide institution. By maintaining a strong workforce presence in all regions, the Bank supports local economies, expands access to financial services, and contributes to reducing regional inequalities. In this way, Banks human capital strategy aligns directly with Armenia’s broader goals of balanced, inclusive, and sustainable development.

Table 12: Employee Distribution by Employment Type and Region

(Headcount/FTE)	Lori	Aragatsotn	Vayots Dzor	Syunik	Tavush	Kotayk	Gegharkuniq	Shirak	Armavir	Ararat	Yerevan	Total
Employees	69	62	21	51	64	63	67	71	79	80	1249	1876

<i>Permanent Employees</i>	64	58	20	47	60	58	58	67	67	74	1183	1756
<i>Temporary Employees</i>	5	4	1	4	4	5	9	4	12	6	66	120

<i>Full-Time Employees</i>	69	62	21	51	64	63	67	71	79	80	1227	1854
<i>Part-Time Employees</i>	0	0	0	0	0	0	0	0	0	0	22	22

Table 13: Employee Distribution by Age Group and Gender

Age Group	Female	Male
Under 30	367	147
30 to 50	845	474
Over 50	11	32
Total	1223	653

ACBA Bank's workforce is characterized by a healthy balance of experience, emerging talent, and gender representation. Women continue to form the majority of the workforce, with 1,223 female employees compared to 653 male employees, reinforcing ACBA Bank's position as a gender-inclusive employer within the financial sector.

The Bank also benefits from a dynamic blend of generations. 19.56 % of ACBA Bank's female employees and 7.84% of male employees are under 30, reflecting the Bank's ability to attract young professionals who see ACBA Bank as a place to build their careers and contribute to meaningful work. This strong representation of youth fuels innovation, adaptability, and digital transformation—key drivers of sustainability in modern banking.

At the same time, the majority of employees fall within the 30 to 50 age group (45.04 % of women and 25.27 % of men). This segment brings stability, maturity, and deep professional experience, creating a strong backbone for customer service excellence and operational reliability. Their presence ensures continuity and strong leadership as ACBA Bank evolves.

Employees over 50 represent a smaller but highly valued part of the workforce—0.59 % of women and 1.70 % of men. This group contributes to decades of expertise, mentorship, and institutional knowledge. Their insights enrich decision-making and support the professional growth of younger colleagues.

Together, these demographics create a balanced, multi-generational workforce where fresh energy and seasoned expertise coexist. This diversity strengthens ACBA Bank's resilience, enriches collaboration, and ensures that decisions and innovations reflect a wide range of perspectives.

Additionally, we relied on a significant number of workers who were not directly employed but whose work was managed and controlled by the Bank. These included:

- **Security Guards:** 80 security guards who ensure the safety and security of our premises and operations.
- **Cleaning Services:** 100 cleaning service employees who maintain the hygiene and cleanliness of our facilities.
- **Total Number of Workers who are not employees: 180**

In accordance with the requirements of the Labor Code of the Republic of Armenia, employees are typically notified of significant operational changes related to changes in the organization of work and production no later than two months (approximately eight weeks) prior to their implementation.

The Bank does not have a collective bargaining agreement in place; therefore, notice periods and provisions for consultation or negotiation are not specified in collective agreements.

II. Employee Health and Safety

(GRI 3-3, GRI 403-1, GRI 403-2, GRI 403-4, GRI 403-5, GRI 403-6, GRI 403-8)

ACBA Bank recognizes that employee health is a fundamental prerequisite for sustainable performance. To support employee wellbeing, the Bank provides health insurance, as well as accident, critical illness, and life insurance coverage, ensuring access to essential care for employees and their families when needed. In particular, critical illness insurance provides financial protection in the event of serious health conditions, allowing employees to focus on recovery without the added burden of financial stress.

Occupational health and safety is a material topic for ACBA Bank due to the importance of maintaining a safe and secure working environment for employees, customers, and visitors across the Bank's central office, branches, and other operational

premises. The Bank manages this topic through internal policies, procedures, and preventive measures focused on physical security, fire safety, emergency preparedness, staff awareness, and regular training.

Responsibilities for health and safety are clearly defined at both central and branch levels. Designated responsible persons oversee compliance with fire protection and physical security requirements across all Bank premises. Preventive controls, regular inspections, and employee instruction are applied to reduce risks related to emergencies, unauthorized access, and other operational safety threats. The Bank places strong emphasis on prevention, preparedness, and employee awareness as key elements of its health and safety approach.

In the financial sector, front-office staff may face increased occupational health and safety risks related to aggressive behavior, attacks, or robberies. To address these risks, the Bank implements targeted safety awareness and training activities for front-office employees. Each branch employs security administrators responsible for the timely identification and prevention of security-related risks. Enhanced safety standards are applied where higher risks are identified, with particular attention given to preventing workplace violence. This preventive approach is supported through internal policies, employee training, security measures, and a culture that encourages incident reporting.

Physical safety and fire protection across all Bank premises are governed by the “ACBA BANK OJSC Physical Protection of Premises Guideline”, which defines requirements for access control, surveillance, alarm systems, fire detection and suppression systems, and uninterrupted power supply. Bank facilities are classified into security zones according to their importance and the sensitivity of information or systems stored, and appropriate safety and security measures are applied accordingly. Responsible persons are appointed for each facility to ensure compliance with fire safety and physical security requirements.

The Bank identifies and mitigates health and safety risks primarily through preventive physical security and fire safety measures, including access control systems, alarm systems, surveillance, and fire suppression equipment. Regular inspections are carried out to identify potential hazards related to physical safety and fire risks.

Employees are informed of applicable health and safety rules, emergency procedures, and expected actions in case of alarms, fire incidents, or unauthorized access to Bank premises.

Employees receive regular information and awareness materials at least once per year through the SAP SuccessFactors system, in line with the Bank’s internal regulatory acts, physical security rules, and information security awareness and training methodology.

In 2025, ACBA Bank conducted 10 emergency preparedness and civil defense training exercises for branch employees. The trainings focused on the organization of employee and visitor protection in the event of an armed attack on the Republic of Armenia.

These trainings were conducted in the regions of Aragatsotn, Kotayk, Shirak, Tavush, and Lori, and involved all personnel of the branches where the exercises took place. Representatives of the civil defense leadership structure participated using internal resources and capacities. Overall responsibility for the trainings was assigned to the Deputy CEO responsible for operational management and the respective Branch Managers.

Employee Benefits

(GRI 3-3, GRI 401-2, GRI 401-3)

At ACBA Bank, we recognize that financial well-being is an essential pillar of a fulfilling life. When employees feel secure—both in their day-to-day finances and in their long-term plans—they are better able to focus on their professional ambitions, pursue personal growth, and support their families with confidence. For us, nurturing financial well-being is not only an employment practice; it is an expression of our values and a direct contribution to social sustainability.

Our benefits are designed to provide stability, ease financial pressures, and celebrate meaningful milestones, ensuring that colleagues feel supported throughout their journey with the Bank.

Tenure-based Bonuses: Recognizing the loyalty and commitment of our long-serving employees, ACBA Bank offers progressive tenure-based bonuses that increase with years of service. These bonuses reward dedication and reinforce our belief that long-term contributions strengthen the continuity, culture, and collective memory of the Bank. They also help employees plan personal needs, seasonal expenses, and family obligations with greater security. Based on tenure we provide vacation and holiday bonuses ranging as follows:

- Up to 2 years: 30%
- 2 - 5 years: 50%
- 5 - 8 years: 70%

- 8 - 10 years: 100%
- 10 - 15 years: 110%
- Over 15 years: 120%

Life-event payments: ACBA Bank recognises that significant life events often bring both personal joy and increased financial responsibilities. To support employees during these important milestones, the Bank provides dedicated financial assistance for events such as marriage and the birth of a child. These payments reflect our commitment to fostering a supportive work environment, reinforcing the value we place on family well-being, and ensuring that employees can navigate key transitions with greater financial stability. Employees receive special bonuses, such as 350,000 AMD (including taxes) for marriage and childbirth.

In addition to state allowance, we offer financial benefits in varying amounts for childbirth, depending on the number of children: 350,000 AMD for the first and second child; 775,000 AMD for the third; 1,160,000 AMD for the fourth; and 1,520,000 AMD for the fifth. This benefit allows parents to take the necessary time off to care for their children, while also reinforcing our commitment to creating a family-friendly workplace that values both professional and personal responsibilities.

The Bank prioritises family-friendly policies, ensuring employees receive adequate support during significant life events. We also recognise the importance of work-life balance and support our employees with Parental Leave. Below is a summary of Parental Leave data for the reporting period:

Table 14: Parental Leave Metrics by Category

Category	Male	Female
Employees that were entitled to parental leave	653	1223
Employees that took parental leave	35	142
Employees that returned to work in the reporting period after parental leave ended	35	N/A
Employees that returned to work after parental leave ended that were still employed 12 months after their return to work	N/A	N/A
Return to work and retention rates of employees that took parental leave	N/A	N/A

*including those whose initial 140-day maternity leave started in the previous year

**including those whose parental leave had started in the previous years

*** Only 11% left the Bank for various reasons.

Education, leisure, and wellness: To support the holistic development of our colleagues, ACBA Bank provides a non-cash stipend that employees can invest in their well-being. Whether used for personal education, cultural activities, health and fitness, or family leisure, this benefit encourages employees to pursue enrichment beyond the workplace.

- We provide a non-cash benefit of 175,000 AMD, which can be used for education, leisure, or healthy living for employees and their family members.
- To support employees whose children are starting the first grade, we provide a one-time grant of 55,000 AMD (including taxes).
- Furthermore, we offer performance-based bonuses and paid time off, contingent upon annual performance and results.
- We also provide five paid days off: 2 days for family wellbeing, 1 day for educational purposes, 1 day for participation in ESG programs, and 1 day for birthday leave.
- We organise a variety of corporate events, including sports, team-building, educational, and recreational activities. Moreover, our employees have access to exclusive corporate offers from numerous sports clubs, shops, and educational centers.
- We offer comprehensive health insurance and special insurance coverage for accidents and critical illnesses.

To further promote the well-being of our employees and support work-life balance, the Bank applies a reduced working schedule of 37.5 hours per week, corresponding to 7.5 working hours per day instead of 8. **Preferential banking terms:** As part of the ACBA Bank community, employees receive preferential terms on various banking products and services. These benefits help colleagues achieve important dreams, from purchasing a home to pursuing education or investing in personal development, while promoting responsible financial planning.

Stock ownership program: One of ACBA Bank's most impactful financial well-being initiatives is the Stock Ownership Programme, which allows employees to become shareholders and directly benefit from the Bank's long-term success. This

programme deepens employees' sense of belonging, strengthens alignment with strategic goals, and builds a shared vision for sustainable growth. It empowers colleagues to participate in the value they help create every day—transforming them from employees into stakeholders in ACBA Bank's future.

Continuous professional development: We highly value the continuous learning and professional development of our employees. To support this, we offer full or partial reimbursement for obtaining international professional qualifications. Employees are also encouraged to participate in various educational programmes, providing them with opportunities for ongoing learning, growth, and development. Additionally, we maintain a professional library accessible to all employees. To further enhance their experience, we offer domestic and international business trips for knowledge exchange and provide opportunities for job rotations and internal transfers, promoting skill acquisition and career progression.

It should be mentioned that all benefits encompass all types of employees under all locations of operation, including both full-time and part-time employees.

These benefits are intended to enhance the overall well-being of our employees, boost their job satisfaction, and increase their productivity, demonstrating our commitment to creating a supportive and inclusive work environment.

III. Training and Development

(GRI 3-3, GRI 404-1, GRI 404-2, GRI 404-3)

At ACBA Bank, continuous learning is an important part of employee development and long-term organisational success. We provide a broad range of training opportunities designed to strengthen employees' skills, competencies, and knowledge through both offline and online formats.

We strive to attract individuals who believe in responsible finance, customer-centricity, and the transformative role of banking in society.

Once selected, newcomers follow a structured onboarding process designed to familiarise them with the Bank's policies, procedures, culture, and working environment. This helps new employees integrate effectively from the outset.

As part of our structured integration journey, every new colleague progresses through a clear four-stage onboarding process designed to ensure readiness, orientation, and early success.

The experience begins with a **preboarding stage**, where all essential tools, system accesses, and practical information are prepared in advance so that newcomers can start their first day smoothly and confidently.

This is followed by a **formal orientation**, during which employees complete required documentation, are introduced to internal policies, receive a welcome kit, and gain access to their digital onboarding plan.

The process then continues through a **30-60-90 day framework**, combining guided introductions, role-specific training, regular check-ins with managers, and learning sessions on the Bank's strategy, culture, and responsibilities.

Finally, the process concludes with an evaluation and feedback stage, which captures the employee's onboarding experience and identifies next steps for further development. Together, these stages help ensure that new employees are equipped and supported from the outset.

To support integration and early development, the Bank uses a range of tools, including mentoring, training programmes, workshops, one-to-one conversations, team-building sessions, coaching, and informational podcasts. Together, these tools are intended to support learning, communication, and employee engagement during the integration process.

Mentoring	Training programmes	Workshops	1:1 conversations	Team-building	Coaching	Podcasts
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We view learning as a lifelong partnership with our employees—one that equips them with the skills, knowledge, and confidence needed to respond to a rapidly evolving financial landscape. At ACBA Bank, continuous learning is not an isolated initiative; it is an integral part of our culture and a cornerstone of our long-term sustainability strategy.

Our training ecosystem is intentionally designed to be diverse and inclusive, offering development opportunities through a rich blend of offline workshops, digital learning environments, and self-paced programmes that employees can tailor to their individual goals. This flexible approach ensures that professional growth is accessible to all employees, regardless of role, region, or stage in their career.

In 2025, all new employees received onboarding and position-specific training, alongside other relevant learning opportunities. These training programs were conducted inclusively, ensuring equal access regardless of gender or region.

Table 15: Average hours of training by gender and position

Average hours of training that the organization's female employees have undertaken	16.58 hours
Average hours of training that the organization's male employees have undertaken	18.87 hours
Average hours of training that the organization's heads have undertaken	18.22 hours.
Average hours of training that the organization's specialists have undertaken	17.66 hours

These figures reflect the Bank's continued investment in employee learning and development.

In 2025, a total of 1,795 participations were recorded in external training programmes aimed at employee development. This figure reflects participations rather than unique participants, meaning that some employees attended more than one training. Of these participations, 56.4% were female and the remainder male.

Our investment in development is also closely aligned with the Bank's strategic needs. As the financial sector undergoes rapid transformation, ACBA Bank ensures employees remain adaptive and future ready. Through targeted development initiatives, we prepare our workforce to adopt new technologies, deliver high-quality service, support responsible banking practices, and uphold the ethical standards that define ACBA's role in society.

Ultimately, our learning programmes aim to empower people—not only to perform well in their current roles, but also to grow into new opportunities within the Bank. By strengthening competencies today, we build the foundation for tomorrow's leaders and contribute to the long-term resilience and sustainability of ACBA.

ACBA is committed to building a workforce with the capabilities required to support the Bank's long-term strategic objectives. Our approach to career development is structured, intentional, and based on providing employees with opportunities to expand their competencies, assume new responsibilities, and advance within the organization.

To enable professional growth, the Bank offers access to a comprehensive suite of development tools, including:

- **Job rotations**, which allow employees to gain exposure to different functions and broaden their operational understanding.
- **Internal mobility opportunities**, enabling qualified employees to pursue new roles that align with their evolving skills and career ambitions.
- **Domestic and international study trips**, which facilitate knowledge exchange and provide exposure to best practices in the financial sector.
- **Reimbursement for professional qualifications**, supporting employees in obtaining recognized certifications that enhance their expertise and performance.
- **Access to a professional library**, offering resources for continuous learning and research.

A central component of career development at ACBA Bank is the performance evaluation process, which supports the assessment of achievements, identification of development needs, and planning of future career progression. During the reporting period, 1,557 of 1,876 employees participated in the process, representing 83% of the workforce. This participation rate excludes employees on maternity leave, employees hired after 1 July, and IT staff, so that the process remains applicable to eligible personnel only.

83 % of the workforce participated in the Performance Evaluation process

Performance evaluation participation was distributed as follows:

Table 16: Performance Evaluation Participation Breakdown

	Share
By gender	
Female	62.3%
Male	37.7%
By employee category	
Top management	0.4%

Directorate	0.6%
Senior management	1.5%
Middle management	10.0%
Junior management	4.1%
Specialist	83.4%

The evaluation framework promotes constructive dialogue between employees and managers, aligns individual objectives with organizational priorities, and supports targeted development planning. By focusing on both performance and potential, the process reinforces a culture of accountability, continuous improvement, and merit-based advancement.

Together, these development mechanisms support employee growth, strengthen organisational capability, and contribute to the Bank's long-term sustainability.

IV. Customer Relations and Responsibility

Digital banking solutions

Acba Bank is continuously enhancing its digital capabilities to provide customers with convenient, efficient, and secure financial services across Armenia. In 2025, the Bank processed 54.2 million transactions, of which 89.4 % were conducted digitally (acba digital mobile app / web, acbaMax, API hub), demonstrating the continuing shift toward modern, low-cost service channels and reduced dependence on branch operations. Only 10.6 % of all transactions were non-digital.

Reflecting deep business integration, there are now 700,999 digital banking users, a number that exceeds the customer base due to the multi-user functionality offered to corporate accounts. Digital usage is widespread across Armenia, with the highest concentration in the Gegharkunik–Tavush–Kotayk cluster (134,639 users), followed by both Yerevan networks and major regional areas such as Ararat, Lori, Armavir, and Shirak. The Bank's digital platforms are used across all age groups, with the most active customers between 30–44 years, yet steadily increasing usage is also observed among older populations, including customers over 60.

By expanding simple and inclusive digital products, ACBA Bank enhances financial accessibility for self-employed individuals, rural communities, and customers with limited access to physical branches. The Bank's continued investment in user-friendly systems, secure payment tools, and remote service channels support higher efficiency, lower transaction costs, and reduced environmental impact - aligning directly with Acba bank's broader sustainability goals.

Beyond digital access and efficiency, ACBA Bank places strong emphasis on responsible customer relations and the quality of the overall customer experience. As part of its ongoing efforts to align customer service practices with international standards, the Bank underwent an independent assessment by the global rating agency **MFR** and, in 2025, was awarded the **Gold Level Customer Protection Certification** (Annex 4). This certification confirms ACBA Bank's compliance with internationally recognized customer protection principles, including transparency, fair treatment, responsible pricing, data protection, and effective complaint resolution mechanisms. The certification process reinforces the Bank's commitment to building long-term trust with customers and ensuring that the expansion of digital and remote services is accompanied by high standards of consumer protection and responsibility.

Responsible Marketing

We place great importance on ethical and responsible marketing practices, guided by principles of transparency, honesty, and respect for our customers. We believe that the strong reputation of our Bank and the trust of our customers are built solely on fair and honest communication.

Transparency and Honesty

Marketing materials are accurate, factual, and not misleading.

Competitive Ethics

Communications do not discredit competitors and focus on the value of our services.

Responsibility Toward Customers Information is designed to help customers make informed choices.	Respect for Individuals and Society Messages are respectful of different cultures, groups, and values.
Honest Communication We avoid exaggerated claims and communicate value responsibly.	Equal Opportunities and Inclusion Campaigns avoid discrimination and reflect inclusive communication.
Respect for the Environment We reduce paper use and promote digital channels where possible.	

In all phases of ACBA Bank's Marketing activities, we adhere to the following principles:

For ACBA Bank, building long-term and trustworthy relationships with customers is essential, achievable only through ethical and responsible Marketing practices.

Our Complaint Management System

(GRI 2-25, GRI 2-26)

For ACBA Bank, ensuring customer satisfaction isn't just a goal, it's a cornerstone of how we operate. Since 2018, the Complaint Management System (hereinafter "CMS" or the "System") has been a key part of the Bank's commitment to listening to our customers, addressing grievances with transparency, and continuously improving services.

The Bank goes beyond immediate resolution by maintaining a continuous feedback loop with stakeholders. Additionally, we maintain a unified database of complaints received through all channels, categorized by topic, source, and other relevant criteria. This database forms the foundation for conducting regular analysis and preparing comprehensive reports. This analysis provides insights into recurring issues and trends, enabling Management to issue targeted instructions for process improvements. This structured approach reflects the Bank's commitment to accountability and continuous enhancement of customer experiences.

The CMS is managed by the Customer Experience Analysis division (hereinafter the "CEA"), ensuring a structured approach to resolving complaints. Our internal stakeholders, including business lines, card operations, the Legal department, Remote Business and Back Office operations, are actively involved as well. Each stakeholder participates in the investigation process relevant to their function and is promptly informed of any processes requiring improvement.

Customers can access the System through a variety of convenient channels, such as:

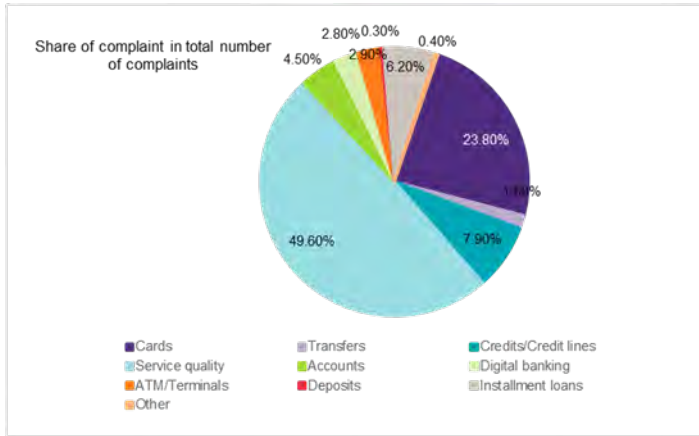
- Written/Paper applications;
- Written applications sent to the Bank's official email address;
- The "Contact Us" section on the Bank's website;
- Anonymous forms or leaflets;
- Calls to the Hotline or general Call Center;
- Messages via Digital Banking platforms; and
- Social media platforms.

All complaints received through these channels are entered into the System, where they are systematically processed according to the procedures.

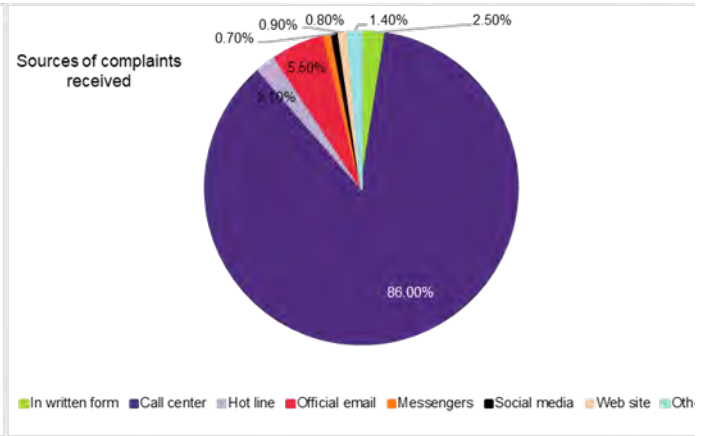
We prioritize prompt and transparent communication when addressing customer complaints. We ensure that all complaints are reviewed and responded within a maximum of 10 business days. Regardless of the decision or resolution, customers receive feedback through the same channel they used to submit their complaints, maintaining consistency and accessibility. In situations where a resolution depends on external parties or requires additional time, the Bank informs the customer within the specified timeframe. Customers are kept updated on the progress of their case, with follow-up communication provided once the final resolution is determined.

Each complaint is reviewed by the assigned department, which gathers relevant information and, where necessary, coordinates with other divisions to assess the issue comprehensively. Complaints involving property or non-property claims are supported by a legal opinion, while the CEA contributes insights and recommendations before the case is submitted to the Deputy CEO for final review and approval. Based on the outcome of this investigation, the Bank determines whether it is accountable for the issue raised and, where customer harm or inconvenience is identified as a result of the Bank's processes, omissions, or unprofessional service, takes appropriate action to resolve the matter, including compensation where applicable and corrective measures to prevent recurrence and improve related processes.

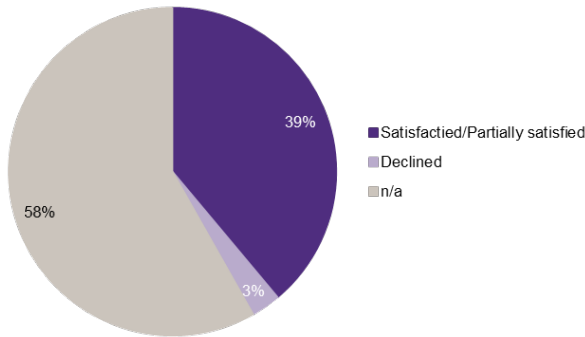
In 2025, the total number of complaints was 4,046.



Breakdown of complaints by service type received in 2025



Breakdown of sources of complaints received in 2025



Breakdown of resolution of complaints received in 2025

Figure 13: Complaint Intake and Resolution Channels

Customer Privacy and Data security (GRI 3-3, GRI 418-1, SASB FN-CB-230a.1, SASB FN-CB-230a.2)

Ensuring the privacy and security of personal financial data is a fundamental responsibility in the Banking industry. As mobile banking and cloud storage continue to evolve, data security becomes increasingly critical. The Bank recognises that Information Security is not only a regulatory requirement but also a core part of our strategy to foster trust, resilience, and long-term growth. In an era of increasing cybersecurity threats, maintaining robust security systems and continuously training our personnel is essential.

The Bank is committed to safeguarding the confidentiality, integrity, and accessibility of all sensitive information, including customer, employee and partner data, as well as banking secrets. By securing this information, we mitigate risks to the financial well-being of individuals and businesses, while enhancing our reputation and stability.

The Bank's **Information Security Management System (ISMS)** is a key component in achieving these objectives. It ensures that our operations comply with both local and international standards, such as **ISO/IEC 27001:2013** and **ISO/IEC 27701:2019**, which guide the development of our security policies and practices.

The **Information Security Policy** aligns with these global standards and serves as a fundamental component of the Bank's ISMS. It ensures the protection of personal data and fosters a secure, transparent operational framework. The Policy is regularly reviewed and updated, at least annually, to maintain its relevance and effectiveness.

Key regulatory documents supporting this Policy include:

- **CBA Board Decree N 173-N**, which defines minimum requirements for ensuring information security; and
- **Regulation 4**, which sets minimum terms for executing internal controls in banks.

We are committed to empowering individuals to control their personal data. This includes ensuring that individuals can monitor and request the deletion of their data in compliance with Armenian legislation and international standards. By prioritising data protection, we aim to protect the interests of all stakeholders, including customers, partners, shareholders, suppliers, contractors, and state entities such as the **CBA**.

To minimise vulnerabilities, the Bank conducts thorough **Information Risk Assessments**. These assessments identify and prioritise potential risks, allowing us to develop and continuously refine our **Information Risk Reduction Programme**. This programme is supported by our in-house guide, **IN 27-12**, enabling a consistent approach to mitigating threats. Recognising the rapidly evolving nature of Information Security threats, we conduct annual reassessments to adapt our strategies to emerging risks.

A key element of our strategy is educating employees about the importance of Information Security and the risks associated with unauthorised software usage. Through ongoing **training programmes**, we create a culture of awareness and accountability. Additionally, our **Internal Audit Group** regularly conducts audits to detect unauthorised use of assets and potential violations of security protocols, ensuring continuous improvement through established checkpoints.

During the reporting period, the Bank received and addressed the following:

Complaints received from outside parties and substantiated by the Bank	0
Complaints from regulatory bodies	0

There were no identified leaks, thefts, or losses of customer data during this time. This demonstrates our commitment to maintaining the highest standards of data security and privacy, ensuring that customer information remains fully protected.

The Bank's commitment to Information Security is fundamental to its long-term success. By aligning our practices with international standards, investing in continuous training, and maintaining robust risk management and compliance systems, we ensure the protection of sensitive data, the growth of our business, and the trust of all stakeholders.

Acronyms

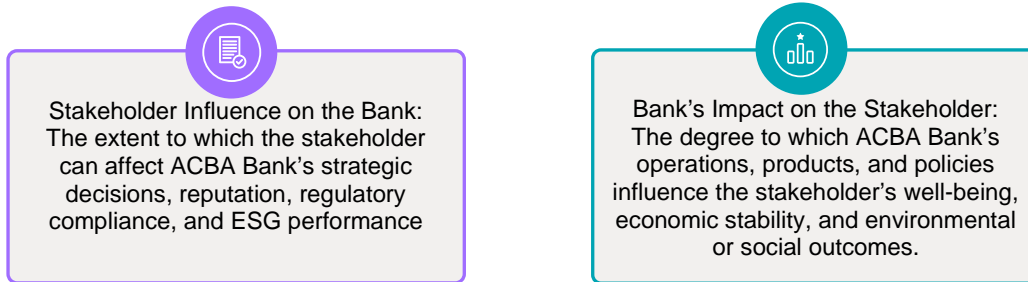
	Definition
AGM	Annual General Meeting
OJSC	Open Joint Stock Company
CJSC	Closed Joint Stock Company
RA	Republic of Armenia
ESG	Environmental, Social, and Governance
GRI	Global Reporting Initiative
SME	Small and Medium-sized Enterprises
CBA	Central Bank of Armenia
GABV	Global Alliance for Banking on Values
EIB	European Investment Bank
AMD	Armenian Dram
ATM	Automated Teller Machine
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
NAP	New activities and products
KPI	Key Performance Indicator
ROE	Return on Equity
NGO	Non-Governmental Organization
ILO	International Labour Organisation Core Conventions
DEI	Diversity, Equity, and Inclusion
GHG	Greenhouse Gas
CNG	Compressed Natural Gas
LPG	Liquefied Petroleum Gas
kg	Kilogram
L	Liter
kgCO ₂ e	kilograms of carbon dioxide equivalent
tCO ₂ e	tonnes of carbon dioxide equivalent
kWt	Kilowatt (thermal)

kWh	Kilowatt-hour
SCM	Standard cubic meter
SDGs	Sustainable Development Goals
IFI	International Financial Institution
ML	Money Laundering
FT	Financing of Terrorism
AML	Anti-Money Laundering
CFT	Combating the Financing of Terrorism
EBRD	European Bank for Reconstruction and Development
SEM	Social and Environmental Management
UN	United Nations
WHO	World Health Organization
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
EU	European Union
OECD	Organisation for Economic Co-operation and Development
LTD	Limited (company)
FTE	Full-Time Equivalent
NABU	Nature and Biodiversity Conservation Union
YSU	Yerevan State University
ICAAP	Internal Capital Adequacy Assessment Process
ERM	Enterprise Risk Management
SSE	Sustainable Stock Exchanges
NDCs	Nationally Determined Contributions
CMS	Complaint Management System
CRM	Customer Relationship Management
ISMS	Information Security Management System
FATCA	Foreign Account Tax Compliance Act
WMD	Weapons of Mass Destruction
UNO	United Nations Organisation
NFC	Near-field Communication

Appendices

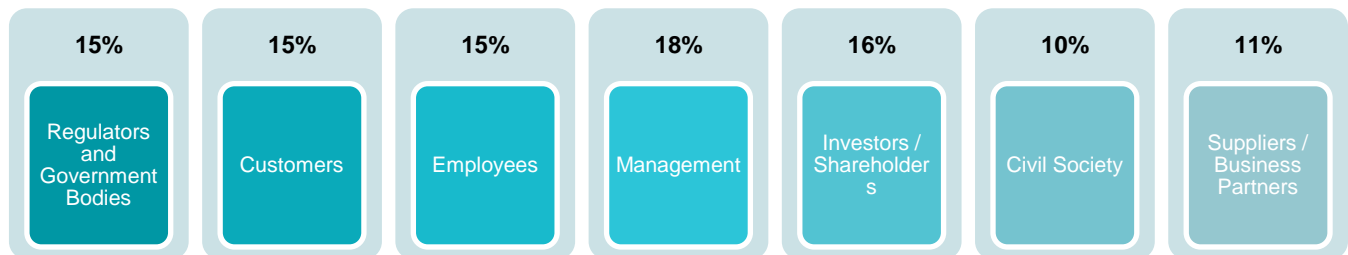
Annex 1. Methodology of stakeholder engagement and materiality assessment

Following international best practice, ACBA Bank developed a comprehensive list of stakeholders relevant to the Bank's activities. To evaluate the importance of each stakeholder group, we applied a **two-way influence model** which assesses:



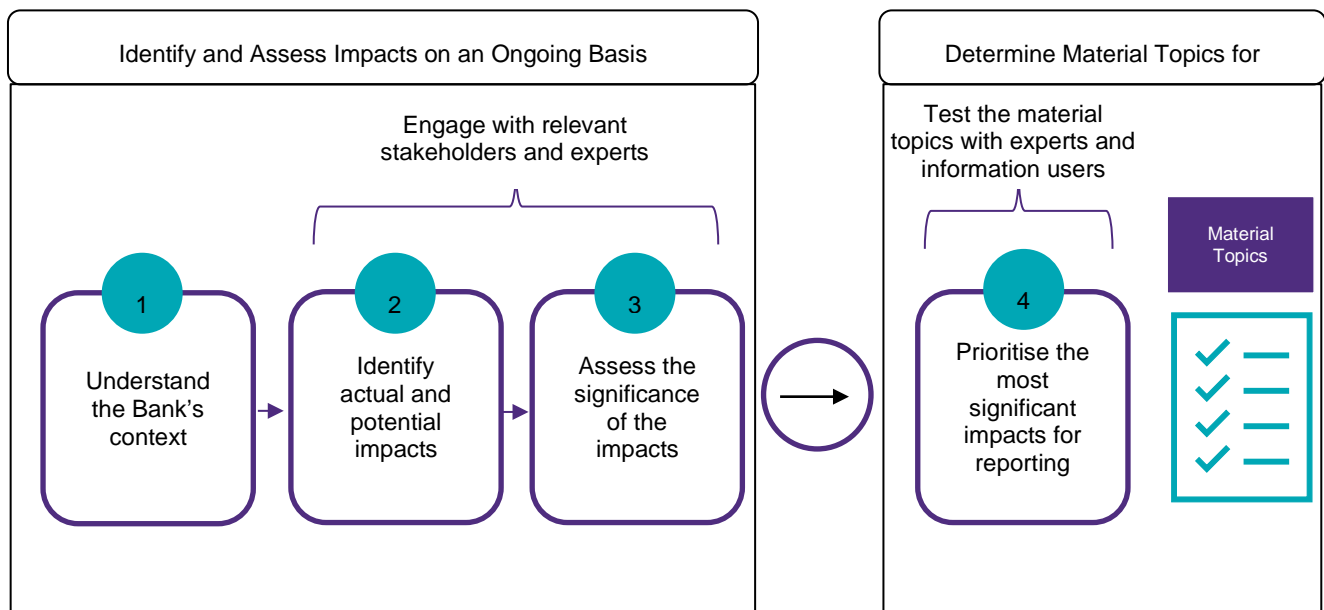
Each group was scored on a scale from 1 to 5 (Minimal, Weak, Moderate, Notable, Significant), with scores normalized into percentage weights. These weights guided the prioritization of stakeholder engagement and informed the subsequent placement of material topics in the materiality matrix.

Seven groups of stakeholders (internal and external) were identified:



The influence assessment was conducted through an internal survey completed by ACBA Bank employees, ensuring internal insight and practical knowledge informed final scoring.

As the second part of our overall approach—following stakeholder identification and engagement, materiality assessment integrates benchmarking, impact evaluation, and stakeholder prioritization into a coherent methodology consistent with GRI and SASB principles.



The objective of the materiality assessment is to ensure that ACBA Bank’s reporting focuses on the issues that matter most: those that represent significant actual or potential impacts on people and the environment and those that influence the assessments and decisions of our stakeholders.

To establish a foundation for topic identification, we conducted an extensive benchmark analysis of sustainability disclosures from 19 peer banks across international and regional markets. Reports published in 2024 were specifically selected to ensure alignment with the latest regulatory developments and emerging global trends.

The benchmarking process helped to:

- Identify thematic areas widely considered material in the banking sector.
- Understand reporting depth and methodological approaches across institutions.
- Map relevant topics against recognized ESG frameworks such as GRI, SASB, ESRS and UN Principles for Responsible Banking.

By analyzing topic coverage—including those disclosed in 50% or more of peer reports, we developed a list of likely material topics. For reports not aligned with GRI or SASB, contextual approximations were made based on the reported methodology and disclosed impacts.

After completing the benchmarking phase, we consolidated all identified topics into a structured list, which then served as the basis for stakeholder impact assessment.

Once the preliminary topics were established, we initiated an impact focused assessment to evaluate the significance of each topic from the perspective of affected stakeholders. This assessment was conducted through a dedicated survey distributed to stakeholder groups identified during the stakeholder mapping phase.

Stakeholders assessed each topic against **three dimensions of impact**:

1. **Scale of impact:** The magnitude and severity of the topic’s effect on people or the environment.
2. **Scope of impact:** The number and diversity of stakeholders or ecosystems affected.
3. **Irreversibility of consequences:** The degree to which impacts can be restored, reversed, or remediated.

Each dimension was scored using a scale from 0 to 1 and with “–” used where information was not available or insufficient. This scoring approach ensured that topics with broader, deeper, or irreversible impacts were appropriately prioritized.

A detailed description of each criterion and the scoring approach is provided in the table below

Scale of impact	
5	Absolute
4	High
3	Medium
2	Low
1	Minimal
0	None



Scope of impact	
5	Global/total
4	Widespread
3	Medium
2	Concentrated
1	Limited
0	None



Remediability of impact of impact	
5	Absolute
4	High
3	Medium
2	Low
1	Minimal
0	None



Impact materiality

SCALE

Assess the topic based on its scale. What is the scale of the impact on people and the environment related to ACBA Bank's operations?

-- The stakeholder lacks sufficient information on the topic

- 0 - None:** No harm or benefit to people or the environment.
- 1 - Minimal:** Minimal harm or benefit to people or the environment.
- 2 - Low:** Minor harm or benefit to people or the environment.
- 3 - Medium:** Moderate harm or benefit to people or the environment.
- 4 - High:** Significant harm or benefit to people or the environment.
- 5 - Absolute:** Maximum harm or benefit to people or the environment.

IRREMEDIABLE CHARACTER

Assess the topic based on the level of resources needed to respond to the negative impacts. What level of resources is needed to address/solve the problem?

- 0 - None:** Recovery of consequences is possible immediately.
- 1 - Minimal:** The initial state can be restored easily and at low cost; restoration within 0–1 year.
- 2 – Low:** The initial state can be restored with difficulty and high cost; restoration within 0–1 year.
- 3 - Medium:** The initial state can be restored but with difficulty (not only cost-related); restoration takes 1–5 years.
- 4 - High:** Returning to initial conditions is extremely difficult; earliest possible restoration is after 5 years.
- 5 - Absolute:** Irreparable damage; the initial conditions/environment could be restored only after 20 years.

SCOPE

Assess the topic based on the scope of the impact. What is the scale of the impact in terms of number of stakeholders affected?

-- The stakeholder lacks sufficient information on the topic.

- 0 – None:** Virtually no impact or extremely minimal.
- 1 - Limited:** Small-scale impact with few affected..
- 2 – Concentrated:** The impact is limited to a small area; the number affected is moderate.
- 3 - Medium:** The impact is significant but mostly local or within a defined area.
- 4 - Widespread:** The impact is spread across various regions; the number affected is large.
- 5 – Global/Total:** Global or large-scale impact; a large number of people/species are affected.

MAGNITUDE

Assess the scale of the impact of the topic based on its severity. What is the severity of the impact on people and the environment related to ACBA Bank's operations and value chains?

- Scores above 5 and below 6** indicate impacts of moderate importance (values have been rounded).
- Scores above 6.5** indicate impacts of high importance (values have been rounded).

To ensure objective prioritization, stakeholder evaluation results were combined with the stakeholder weights calculated during the influence assessment phase. This methodology ensured that the views of stakeholders with greater impact on, or exposure to, ACBA Bank were proportionally reflected.

The process involved:

- Normalizing stakeholder influence weights.
- Multiplying topic impact scores by relevant stakeholder weightings.
- Aggregating weighted scores across all stakeholders.
- Ranking topics based on their final weighted significance values.

This quantitative approach enabled us to differentiate between topics of high, moderate, and low material relevance and visualize them accordingly.

The final list of material topics reflects:

- ACBA Bank’s actual and potential impacts across the value chain;
- Sector-specific sustainability issues identified through benchmarking;
- Stakeholder expectations assessed through structured surveys;
- Regulatory and rating agency expectations relevant to the banking industry;
- The Bank’s long-term strategic sustainability priorities.

These topics form the basis of ACBA Bank’s Sustainability Report and shape the Bank’s future sustainability strategy, risk management processes, and governance oversight.

Feedback collected from stakeholders was aggregated and analysed to evaluate the relative importance and prioritisation of the Bank’s identified material topics. This assessment resulted in a consolidated list of nine material topics across key ESG dimensions, which are presented in the “List of Material Topics” section of this report.

Annex 2. GRI Index

GRI Standard	DISCLOSURE	LOCATION	NOTES
General Disclosures			
GRI 2: General Disclosures 2021	2-1 Organisational details	Chapter 4 - About ACBA Bank Section II - Our Business Sectors, Products and Services	
	2-2 Entities included in the organisation’s sustainability reporting	Chapter 1 – About the Report Reporting Principles and Governance	
	2-3 Reporting period, frequency and contact point	Chapter 1 – About the Report Reporting Principles and Governance	
	2-4 Restatements of information	Chapter 1 – About the Report Reporting Principles and Governance	
	2-5 External assurance	Chapter 1 – About the Report Reporting Principles and Governance	
	2-6 Activities, value chain and other business relationships	Chapter 4 - About ACBA Bank Section II - Our Business Sectors, Products and Services	
	2-7 Employees	Chapter 9 -Social Section I - Employment and Labour Relations Our Employees	
	2-8 Workers who are not employees	Chapter 9 -Social Section I - Employment and Labour Relations Our Employees	
	2-9 Governance structure and composition	Chapter 6 - Governance Section I –Corporate Governance	

		Our Governance Structure and Composition	
2-10 Nomination and selection of the highest governance body	Chapter 6 – Governance Section I – Corporate Governance	Our nomination procedures	
2-11 Chair of the highest governance body	Chapter 6 - Governance Section I – Corporate Governance	Our Governance Structure and Composition	
2-12 Role of the highest governance body in overseeing the management of impacts	Chapter 6 - Governance Section I – Corporate Governance	Sustainability governance	
2-13 Delegation of responsibility for managing impacts	Chapter 6 - Governance Section I – Corporate Governance	Sustainability governance	
2-14 Role of the highest governance body in sustainability reporting	Chapter 6 - Governance Section I – Corporate Governance	Sustainability governance	
2-15 Conflicts of interest	Chapter 6 - Governance Section I – Corporate Governance	Managing Conflict of Interest	
2-16 Communication of critical concerns	Chapter 6 - Governance Section I – Corporate Governance	Communication of Critical Concerns	
2-17 Collective knowledge of the highest governance body	Chapter 6 - Governance Section I – Corporate Governance	Sustainability governance	
2-18 Evaluation of the performance of the highest governance body	Chapter 6 - Governance Section I – Corporate Governance	Our nomination procedures	
2-19 Remuneration policies	Chapter 6 - Governance Section I – Corporate Governance	Our nomination procedures	
2-20 Process to determine remuneration	Chapter 6 - Governance Section I – Corporate Governance	Our Evaluation and Remuneration procedures	
2-21 Annual total compensation ratio	Chapter 6 – Governance Section I – Corporate Governance	Our Evaluation and Remuneration procedures	
2-22 Statement on sustainable development strategy	Chapter 4 - About ACBA Bank Section IV – ESG Strategy	Our climate related targets and goals	
2-23 Policy commitments	Chapter 4 - About ACBA Bank Section IV – ESG Strategy	ESG Policy	
	Chapter 6 – Governance Section II – Business Integrity and Ethics	Policy Commitments and Compliance with Laws,	

		Regulations and Human Rights	
	2-24 Embedding policy commitments	Chapter 6 – Governance Section II – Business Ethics	
	2-25 Processes to remediate negative impacts	Chapter 9 – Social Section IV – Customer Relations and Responsibility Our Complaint Management System	
	2-26 Mechanisms for seeking advice and raising concerns	Chapter 9 – Social Section IV – Customer Relations and Responsibility Our Complaint Management System	
	2-27 Compliance with laws and regulations	Chapter 6 – Governance Section II – Business Integrity and Ethics Policy Commitments and Compliance with Laws, Regulations and Human Rights	
	2-28 Membership associations	Chapter 4 - About ACBA Bank Section II - Our Business Sectors, Products and Services ACBA Bank’s memberships and associations	
	2-29 Approach to stakeholder engagement	Chapter 5 - Materiality Assessment Section I – Our material topics Stakeholder Engagement and Impact Identification Chapter 6 – Governance. Section I – Corporate Governance Board’s engagement with our stakeholders	
	2-30 Collective bargaining agreements	-	We are not part of collective bargaining agreement.

Material Topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Chapter 5 – Materiality assessment Section I - Our material topics Stakeholder Engagement and Impact Identification	
	3-2 List of material topics	Chapter 5 – Materiality assessment Section I - Our material topics Stakeholder Engagement and Impact Identification	

GRI Standards: Topic – Specific Disclosures			
Economic Performance			
GRI 3: Material Topics 2021	3-3: Management of material topics		
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	Chapter 8 – Sustainable Finance Section II - Social and Inclusive Finance Direct economic impacts	
	201-2: Financial implications and other risks and		

	opportunities due to climate change		
	201-4 Financial assistance received from government		During the reporting period, the Bank did not receive any financial assistance from government entities.
Indirect Economic Impacts			
GRI 203: Indirect economic impact	203-1 Infrastructure investments and services supported	Chapter 8 – Sustainable Finance Section II - Social and Inclusive Finance Indirect economic impacts	
	203-2 Significant indirect economic impacts	Chapter 8 – Sustainable Finance Section II - Social and Inclusive Finance Indirect economic impacts	
Anti-Corruption			
GRI 3: Material Topics 2021	3-3: Management of material topics	Chapter 6 – Governance Section II- Business Integrity and Ethics Anti-Corruption	
GRI 205: Anti-corruption	205-1 Operations assessed for risks related to corruption	Chapter 6 – Governance Section II- Business Integrity and Ethics Anti-Corruption	
	205-2 Communication and training about anti-corruption policies and procedures	Chapter 6 – Governance Section II- Business Integrity and Ethics Anti-Corruption	
	205-3 Confirmed incidents of corruption and actions taken	Chapter 6 – Governance Section II- Business Integrity and Ethics Anti-Corruption	
Energy			
GRI 3: Material Topics 2021	3-3: Management of material topics	Chapter 7 - Sustainability at ACBA Bank Section I - Environmental Responsibility	
GRI 302: Energy (2016)	Disclosure 302-1 Energy consumption within the organization	Chapter 7 - Sustainability at ACBA Bank Section I - Environmental Responsibility Our Methodology	
	Disclosure 302-3 Energy intensity	Chapter 7 - Sustainability at ACBA Bank Section I - Environmental Responsibility Our Methodology	
Emissions			
GRI 3: Material Topics 2021	3-3: Management of material topics	Chapter 7 – Sustainability at ACBA Bank Section I - Environmental Responsibility Our Carbon Footprint: Own Operations	
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	Chapter 7 – Sustainability at ACBA Bank Section I - Environmental Responsibility Our Carbon Footprint: Own Operations	
	305-2 Energy indirect (Scope 2) GHG emissions	Chapter 7 – Sustainability at ACBA Bank Section I - Environmental Responsibility Our Carbon Footprint: Own Operations	

	305-3 Other indirect (Scope 3) GHG emissions	-	Planned to be calculated in the upcoming sustainability reports
	305-4 GHG emissions intensity	Chapter 7 – Sustainability at ACBA Bank Section I - Environmental Responsibility Our Carbon Footprint: Own Operations	
	305-5 Reduction of GHG emissions	Chapter 7 – Sustainability at ACBA Bank Section I - Environmental Responsibility Our Carbon Footprint: Own Operations	
	305-6 Emissions of ozone-depleting substances (ODS)		ODS not applicable
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		Not applicable

Employment

GRI 3: Material Topics 2021	3-3: Management of material topics	Chapter 9 - Social Section I - Employment and Labour Relations Our Employees	
GRI 401: Employment	401-1 New employee hires and employee turnover	Chapter 9 - Social Section I - Employment and Labour Relations Our Employees	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Chapter 9 - Social Section II - Employee Health and Safety Employee Benefits	
	401-3 Parental leave	Chapter 9 - Social Section II - Employee Health and Safety Employee Benefits	
GRI 402: Labor/Management Relations 2016	Disclosure 402-1 Minimum notice periods regarding operational changes	Chapter 9 - Social Section I - Employment and Labour Relations Our Employees	

Occupational Health and Safety

GRI 403: Occupational Health and Safety 2018	Disclosure 403-1 Occupational health and safety management system	Chapter 9 – Social Section II – Employee Health and Safety	
	Disclosure 403-2 Hazard identification, risk assessment, and incident investigation	Chapter 9 – Social Section II – Employee Health and Safety	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Chapter 9 – Social Section II – Employee Health and Safety	
	403-5 Worker training on occupational health and safety	Chapter 9 – Social Section II – Employee Health and Safety	
	Disclosure 403-6 Promotion of worker health	Chapter 9 – Social Section II – Employee Health and Safety	
	Disclosure 403-8 Workers covered by an occupational health and safety management system	Chapter 9 – Social Section II – Employee Health and Safety	

Training and Education

GRI 404: Training and Education	404-1 Average hours of training per year per employee	Chapter 9 – Social Section III – Training and Development	
	404-2 Programmes for upgrading employee skills and transition assistance programmes	Chapter 9 – Social Section III – Training and Development;	
	404-3 Percentage of employees receiving regular performance and career development reviews	Chapter 9 – Social Section III – Training and Development;	
Diversity and Equality			
GRI 3: Material Topics 2021	3-3: Management of material topics	Chapter 6 - Governance Section II - Business Integrity and Ethics Policy Commitments and Compliance with Laws, Regulations and Human Rights	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Chapter 6 - Governance Section II - Business Integrity and Ethics Policy Commitments and Compliance with Laws, Regulations and Human Rights Chapter 9 - Social Section I - Employment and Labour Relations Our Employees	
Local Communities			
GRI 3: Material Topics 2021	3-3: Management of material topics	Chapter 8 – Sustainable Finance Section II - Social and Inclusive Finance Community Engagement and Financial Inclusion	
GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programmes	Chapter 8 – Sustainable Finance Section II - Social and Inclusive Finance Community Engagement and Financial Inclusion	
Customer Privacy			
GRI 3: Material Topics 2021	3-3: Management of material topics	Chapter 9 – Social Section IV – Customer Relations and Responsibility Customer Privacy and Data security	
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Chapter 9 – Social Section IV – Customer Relations and Responsibility Customer Privacy and Data security	

Annex 4. SASB Index

CODE	METRIC	LOCATION	NOTES
Data Security			
FN-CB-230a.1	(1) Number of data breaches, (2) percentage that are personal data breaches, (3) number of account holders affected	Chapter 9- Social Section IV - Customer Relations and Responsibility Customer Privacy and Data security	(1) 0 (2) 0% (3) 0

FN-CB-230a.2	Description of approach to identifying and addressing data security risks	Chapter 9- Social Section IV - Customer Relations and Responsibility Customer Privacy and Data security	
Financial Inclusion & Capacity Building			
FN-CB-240a.1	(1) Number and (2) amount of loans outstanding that qualify for programmes designed to promote small business and community development	Chapter 8 – Sustainable Finance Section II – Social and Inclusive Finance Community Engagement and Financial Inclusion	
FN-CB-240a.2	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Chapter 8 – Sustainable Finance Section II – Social and Inclusive Finance Community Engagement and Financial Inclusion	
FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	-	None
FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Chapter 8 – Sustainable Finance Section II – Social and Inclusive Finance Community Engagement and Financial Inclusion	
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis			
FN-CB-410a.1	Commercial and industrial credit exposure, by industry	Chapter 4 – About ACBA Bank Section II - Our Business Sectors, Products and Services	
FN-CB-410a.2	Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis	Chapter 8 – Sustainable Finance Section I - ESG Risk Integration in Credit Analysis	
Business Ethics			
FN-CB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anticompetitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	Chapter 6 – Governance Section II – Business Integrity and Ethics	
FN-CB-510a.2	Description of whistleblower policies and procedures	Chapter 6 – Governance Section II – Business Integrity and Ethics Anti-Corruption	
Systemic Risk Management			
FN-CB-550a.1	Global Systemically Important Bank (GSIB) score, by category		N/A: “ACBA BANK” OJSC is not identified as Global Systemically Important Bank (GSIB)
FN-CB-550a.2	Description of approach to integrate results of mandatory and voluntary stress tests into capital adequacy planning, long term corporate strategy, and other business activities	Chapter 6 – Governance Section III – Risk Management Internal Capital Adequacy	

Annex 3. Key indicators

Detailed inventory Calculation – ACBA Bank Facility

Scope 1

Stationary (Electricity-generation) consumption

Stationary fuel usage	Unit	Quantity (Annual)	Emissions (tCO ₂)
Coal	tonne		
HSD	Liters		
Natural Gas	SCM	224,700	431
LPG	kg		
CNG	kg		
Biomass	tonne		

Transportation Emissions

Fuel usage for transportation of material, products, waste and employees	Unit	Quantity (Annual)	Emissions (tCO ₂)
Diesel	Liters	29,000	78
Petrol	Liters	35,162	84
CNG	SCM	29,986	61
LPG	kg	26,872	82
Total		121,020	305

Fugitive Emissions

Refrigerant annual recharge	Quantity, kg	Emissions (tCO ₂)
R-410A	155	298
R-134		
R-22	40	70
R-407C	15	24
R-124		
R-32	8	5
Total	218	398

Waste treatment

Parameters	Unit	Value
Total number of employees in office premises	Person	1,876

Food Waste

Particulars	Units	Value
Annual quantity of food and garden waste composted	tonnes	

Scope 2

Electricity consumption

Electricity source	Units consumed, kWh	Emissions (tCO ₂)
GRID / Utility / Central Electricity Company	4,656,760	1,666
Renewable Energy: Rooftop Solar	-	
Renewable Energy: Other source	-	

Purchased Heat from Utility

Source*	Unit	Consumption (annual)
Heating (Utility)	SCM	-
Heating (Utility)	Gcal	-
Any Other heating billing	define	-

Detailed inventory Calculation – ACBA Leasing Facility

Scope 1

Stationary combustion

Stationary fuel usage	Unit	Quantity (Annual)	Emissions (tCO ₂)
Coal	tonne		
HSD	kL		
Natural Gas	SCM		
LPG	kg	1,819	5.58
CNG	kg		
Biomass	tonne		

Transportation Emissions

Fuel usage for transportation of material, products, waste and employees	Unit	Quantity (Annual)	Emissions (tCO ₂)
Diesel	Liters	153.60	0.41
Petrol	Liters	2,640.00	6.28
CNG	SCM		
LPG	Liters		
Total		2,793.60	6.70

Fugitive Emissions

Refrigerant annual recharge	Quantity, kg
R-410A	
R-134	
R-22	
R-407C	
R-124	
R-32	
Total	-

Waste treatment

Parameters	Unit	Value
Total number of employees in office premises	Person	

Food Waste

Particulars	Units	Value
Annual quantity of food and garden waste composted	tonnes	

Scope 2

Electricity consumption

Electricity source	Units consumed, kWh	Emissions (tCO ₂)
GRID / Utility / Central Electricity Company	133,600.0	47.8
Renewable Energy: Rooftop Solar	-	

Renewable Energy: Other source

-

Purchased Heat from Utility

Source*	Unit	Consumption (annual)
Heating (Utility)	SCM	-
Heating (Utility)	Gcal	-
Any Other heating billing	define	-

Annex 4. Client Protection Certificate



Text and Consulting



Grant Thornton

Grant Thornton Consulting CJSC
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PART 3. CORPORATE GOVERNANCE REPORT 2025

NOTE: *This version of the annual report is published temporarily, it will undergo design and style changes, and will be replaced with a version with a modified design concept once it is ready.*



**CORPORATE
GOVERNANCE**
REPORT 2025



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CHAIRPERSON'S MESSAGE TO THE 2026 ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

As we convene for the 2026 Annual General Meeting, I am honored to address you for the first time as Chairperson of the Board and to present the Board Report reflecting the progress achieved over the past year.

2025 marked a defining stage in ACBA Bank's governance journey. Building on the strong foundations established in previous years, the Bank advanced from design to implementation - further integrating governance practices across the organization and enhancing the effectiveness of Board oversight.

During the year, we achieved a high level of alignment with the Armenian Corporate Governance Code, while continuing to integrate international best practices into our governance framework. The publication of our first comprehensive Corporate Governance Report and Statement represents an important milestone in enhancing transparency, accountability, and stakeholder confidence.

A key priority for the Board in 2025 was to reinforce its strategic role. The Strategy Committee, established in late 2024, became fully operational, enabling more structured engagement with Management on long-term priorities, including capital structure, ESG integration, and digital transformation. This has contributed to a more forward-looking and disciplined approach to strategy development and oversight.

At the same time, we strengthened the Bank's governance and control environment. The adoption of key frameworks - including the Code of Ethics, Code of Conduct, Conflict of Interest Policy, and Whistleblowing Policy - has reinforced a strong

**"GOVERNANCE IN ACTION.
STRATEGY IN FOCUS".**

culture of integrity and accountability. Enhancements in risk management, compliance, and internal control systems further support the Bank's resilience in an evolving operating environment.

Another important development was the advancement of Group-wide governance. By aligning governance structures, policies, and reporting practices across the Bank and its subsidiaries, we have created a more integrated framework that supports consistent oversight and effective decision-making at the Group level.

The Board also took meaningful steps to enhance its own effectiveness. In 2025, we conducted our first independent Board evaluation, providing valuable insights into our performance and identifying clear priorities for further improvement. This process marked an important step toward strengthening accountability, Board dynamics, and the quality of decision-making.

Looking ahead, our focus in 2026 will be on deepening the effectiveness of the Board and its Committees, strengthening alignment with Management, and further embedding a culture of constructive challenge and strategic clarity. We will continue to prioritize, risk governance, and long-term value creation, while maintaining strong engagement with our stakeholders.

The Annual General Meeting remains a cornerstone of our governance framework. I encourage all shareholders to actively participate, as your engagement plays a vital role in shaping the direction and accountability of our institution.

I would like to express my sincere gratitude to our shareholders for their continued trust, to our clients for their confidence, and to our employees and executive management for their dedication and professionalism. I also extend my appreciation to my fellow Board members for their commitment and collaboration.

I would like to take this opportunity to acknowledge the significant contribution of Mr. Rafayel Sargsyan, whose tenure as Chairman contributed significantly to strengthening the Bank's governance framework and strategic direction. His efforts have laid a strong foundation upon which we will continue to build.

On behalf of the Board, I thank you for your continued confidence and support. It is your trust that enables us to lead with integrity, foresight, and purpose - and to continue building a strong, responsible, and future-ready institution.

Warm regards,
Sona Ishkhanyan
Chairperson of the Board
Acba bank OJSC

CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Shareholders,

The year 2025 was an important one for Acba Bank. In a continuously evolving and competitive environment, we remained focused on the priorities that are essential to the Bank's long-term development: sustainable growth, tangible results, sound governance and the creation of long-term value for our shareholders and stakeholders.

Building on the strong foundations established in previous years, we continued to execute our strategy while further strengthening the Bank's resilience. And in 2026, as Acba marks its 30th anniversary, we approach this important milestone with a clear understanding of the path we have traveled and a confident view of the opportunities ahead.

Acba's Position and Progress

In 2025, Acba continued to strengthen its position among Armenia's leading financial institutions. The Bank maintained its place among the country's top three banks by assets, capital, loans and deposits. This reflects both our scale and our important role in Armenia's economy.

Our universal banking model continues to perform effectively, ensuring a diversified presence across Retail, Agricultural, SME and Corporate business lines. This development has also been supported by Acba Leasing, wholly owned by Acba Bank, and by our 49% stake in Amundi-Acba Asset Management.

We have continued to maintain a strong presence in communities through our 66 branches, most of which are located in the regions. At the same time, we have continued to develop our digital and self-service channels, delivering a more accessible and convenient banking experience for our customers. In 2025, customer trust remained one of our most important strengths. By year-end, ACBA's active customer base had reached approximately 690,000. Independent research also reaffirmed the high level of customer satisfaction and trust in our services.

"2025 MARKED AN IMPORTANT YEAR OF PROGRESS FOR ACBA BANK, STRENGTHENING OUR POSITION AND REINFORCING THE FOUNDATIONS FOR THE NEXT PHASE OF GROWTH"

During the year, Acba also attained the Gold Level Client Protection Certification, one of the highest recognitions in the industry, reflecting our commitment to transparency, care and high-quality service.

These are not merely figures and external assessments. They showcase the strength of our customer franchise and the trusted relationships on which Acba's long-term vision is built.

Financial Strength and Stability

In 2025, the Bank's progress was also reflected in its financial and operating results. We entered a new strategic phase with a strong capital base, high profitability and a solid balance sheet.

The cost-to-income ratio improved to 42.2%, while return on equity reached 20.2%. These results reflect business growth, disciplined cost management and a balanced financial policy.

But these indicators are valuable not only because of their level. They also show that Acba is able to grow while preserving stability and resilience.

Entering a New Strategic Phase

The year 2025 was also important in defining the next stage of the Bank's development. During the year, we clarified the priorities that have become the foundation of our 2026–2028 strategy: profitable and sustainable growth, deeper customer engagement, continued digitalization, improved efficiency and the strengthening of our sustainability agenda. Our goal is clear: to remain one of the leaders in Armenia's financial market not only in terms of scale, but also in terms of quality, efficiency and relevance.

In this context, Acba's 30th anniversary carries particular significance. It is not only an important milestone in the Bank's history, but also a reminder that Acba's development has always been built on continuity: continuity of values, continuity of mission and continuity of responsibility toward society.

Founded with the idea of contributing to the development

of Armenia's economy, the Bank has today become one of the country's leading financial institutions, while preserving its core principles: customer centricity, transparency, innovation and social responsibility.

For us, therefore, Acba's 30th anniversary is not only a recognition of the path we have already traveled, but also an opportunity to look to the future with confidence.

Looking ahead

Looking ahead, we enter 2026 from a position of greater maturity, stronger institutional confidence and a clear agenda. Our 2026–2028 strategy calls for profitable and sustainable growth across all business lines. At the same time, we remain firmly committed to maintaining strong capital and liquidity buffers and to balancing shareholder returns with the need to support future growth.

I would like to thank our shareholders for your continued trust and support. I also extend my gratitude to our customers, our Board, our partners and all ACBA employees for their contribution to the Bank's progress. Acba's achievements have been built collectively and we remain committed to moving forward with discipline, responsibility and confidence.

We entered 2026 stronger, more mature and with a clear strategy. Our 2026–2028 plan provides for sustainable and profitable growth across all key business areas. At the same time, we will continue to maintain strong capital and liquidity levels, while balancing shareholder returns with the need to finance future growth.

I would like to thank our shareholders for your continued trust and support. I also thank our customers, the Bank's Board, our partners and all Acba employees for their contribution to the Bank's development. Acba's achievements are the result of our collective efforts, and we will continue moving forward with the same sense of responsibility, discipline and confidence.

Inspired by you,

Hakob Andreyan
Chief Executive Officer
ACBA Bank OJSC



1 OUR GOVERNANCE PHILOSOPHY

Acba bank's approach to corporate governance is rooted in a long-standing commitment to strong institutional practices and responsible leadership. Since its establishment in 1996, the Bank has continuously worked to build a governance framework that supports sustainable development, sound decision-making, and long-term value creation. Today, this commitment is reflected in our emphasis on transparency, accountability, integrity, and the trust of all our stakeholders.

We regard corporate governance as a fundamental driver of the Bank's effectiveness and resilience. It is not merely a matter of compliance, but a core element of how the Bank is directed and controlled. A well-functioning governance framework enables balanced decision-making, supports sustainable growth, and ensures that the Bank operates in the best interests of the organization and its stakeholders.

Our governance philosophy recognizes that differing perspectives and interests may arise within any organization. Effective governance provides the structures and processes needed to navigate these dynamics constructively. It promotes clarity in roles and responsibilities, strengthens oversight, encourages ethical behavior, and

ensures that decisions are made with a long-term view.

We also believe that strong governance leads to tangible benefits. It enhances credibility, improves access to capital, supports prudent risk management, and contributes to consistent and sustainable performance. In an increasingly transparent and interconnected environment, maintaining high standards of governance is essential for building confidence and sustaining long-term relationships with stakeholders.

At Acba bank, the Board plays a central role in this framework, guiding the Bank's strategic direction, overseeing management, and ensuring accountability across all levels of the organization. The Board's role extends beyond formal oversight—it is instrumental in fostering a culture of integrity, sound judgment, and long-term thinking.

In this report we outline how Acba bank applies the principles of sound corporate governance, in alignment with the Armenian Corporate Governance Code and international best practices. It also presents the Board's key activities, priorities, and responsibilities during the reporting period, along with an assessment of the Bank's compliance with the Code.

2 GOVERNANCE ENHANCEMENT JOURNEY: 2021-2025

Since 2021, Acba bank has undertaken a structured and multi-phase reform program to modernize its corporate governance framework. Driven by a commitment to align with international best practices and build institutional resilience, the Bank's governance evolution reflects consistent progress in Board structure, risk oversight, control systems, and stakeholder engagement.

2021 – Commitment to Governance Reform

- ▶ Launched Armenia's largest IPO, attracting over 5,200 investors and raising AMD 7.5 billion
- ▶ Listed on AMX
- ▶ Board committed to a multi-year governance enhancement program

2022 – Foundation Setting and Structural Reform

- ▶ Elected a new Chairperson to lead governance reforms
- ▶ Adopted a Corporate Governance Code aligned with OECD, Basel, and UK standards
- ▶ Published the Bank's first AGM brochure to enhance shareholder communication
- ▶ Revised Board composition using a Skill Matrix, expanding independent directors from 1 to 3
- ▶ Established Audit, Risk Management, and GNR Committees, each chaired by an independent member
- ▶ Approved Board member nomination, onboarding, and evaluation procedures
- ▶ Launched a structured orientation program for Board members
- ▶ Audit Committee began overseeing external audit engagement and initiated review of the Bank's Three Lines Model

2023 – Deepening Processes and Enhancing Control

- ▶ Adopted the Internal Legal Acts Management Policy
- ▶ Adopted training principles for Board members
- ▶ Reformed the Remuneration Policy and developed a KPI-based Top Management Remuneration Scheme
- ▶ Advanced modernization of Internal Audit and ICFR processes
- ▶ Enhanced cooperation with external auditors and implemented improvements recommended in prior audits.
- ▶ Approved methodologies for ICAAP and Financial Risk Appetite
- ▶ GNR Committee structured a new Succession Policy

2024 – Maturity and Expansion

- Finalized and launched Group Governance Policy across the Bank and subsidiaries
- Enhanced Board and executive remuneration frameworks
- Strengthened Top Management performance evaluation system
- Further developed the Succession Planning framework
- In 2024, the Board welcomed two newly elected members – one a female non-independent director, contributing to improved gender balance, and the other an independent director, increasing the number of independent members from three to four. Finalized the Board Self-Assessment Policy for 2025 implementation
- Strengthened oversight of ICFR, internal audit, and internal control modernization
- Formed the Strategy Committee to guide long-term planning, ESG, capital structure, technology investment, and strategic positioning across key client segments, including Retail, SME, Corporate, and Agri.

2025 - Advancing Governance Excellence: Strengthening Integration and Effectiveness

- Implemented a revised organizational structure, ensuring clear separation of business lines and reinforcing the independence of control functions
- Commenced active operation of the Strategy Committee, enhancing Board-level strategic oversight
- Published the first Corporate Governance Report and Declaration in accordance with the RA Corporate Governance Code
- Adopted a new Charter and updated Board Rules and Regulations, further clarifying roles, responsibilities, and the allocation of powers. Assigned the authority for determining Board remuneration to the General Meeting of Shareholders.

- Strengthened Board composition and diversity through the election of an independent female member, subsequently appointed as Chair of the Audit Committee
- Further advanced and embedded the Group Governance framework, aligning Board composition across Acba bank and Acba Leasing
- Enhanced Board reporting and Group-wide reporting practices, improving consistency and transparency
- Introduced ESG, diversity, and communication policies, supporting a more comprehensive governance framework
- Maintained a strong focus on succession planning and management performance overview,
- Reviewed and refined the budgeting process to support more effective planning and oversight
- Approved key governance frameworks, including the Conflict of Interest Policy, Code of Ethics, and Code of Conduct, supported by targeted staff trainings
- Established a whistleblowing system and supporting policy to reinforce transparency and ethical conduct
- Advanced risk and operational risk management through the introduction of enhanced frameworks
- Conducted the first independent Board self-assessment, strengthening effectiveness and accountability
- Marked one year of partnership with Proparco as a shareholder

GOVERNANCE FRAMEWORK AND BOARD RESPONSIBILITIES

Effective governance requires more than structure — it depends on clarity of roles, delegation, accountability, and continuous development. This section outlines the composition, structure, and responsibilities of the Board, and explains how the Bank's governance framework supports strategic oversight, ethical conduct, and long-term value creation.

3.1. GOVERNANCE STRUCTURE

Acba bank operates under a three-tier governance system consistent with Armenian and international corporate governance standards. This structure ensures a clear separation of ownership, oversight, and executive functions, reinforcing transparency, accountability, and the effective management of the Bank's operations. The reporting lines among governance bodies, key control functions, and business units are illustrated in the Organizational Structure Chart provided in Annex 1.

GOVERNING BODIES OF THE BANK

In accordance with the Republic of Armenia's Law on Banks and Banking, Law on Joint Stock Companies, and the Bank's Charter, the governance bodies of the Bank are as follows:

1. The General Meeting of Shareholders – the supreme governing body, responsible for key strategic and structural decisions, including approval of the annual financial statements, dividend policy, appointment of Board members, and amendments to the Charter.

2. The Board of the Bank – responsible for the strategic oversight and general governance of the Bank's activities, within the powers defined by law and the Charter. In certain cases, the General Meeting may delegate decision-making authority to the Board, as permitted by legislation.

3. The Chief Executive Officer (CEO) – the sole executive body of the Bank, responsible for day-to-day oper-

ations and implementation of the strategy approved by the Board. Matters not expressly assigned to the General Meeting, the Board, or Internal Audit fall under the CEO's authority. The CEO's decision-making powers may not be delegated unless temporarily replaced under proper procedures.

BOARD INDEPENDENCE AND OVERSIGHT

Acba bank maintains a strict separation between the executive and oversight functions. All members of the Board are non-executive and operate independently of the executive body. This structure ensures that the Board can provide objective oversight and strategic guidance without conflict of interest.

The Board assumes full responsibility for:

- ▶ Setting the Bank's strategic direction
- ▶ Supervising the CEO and executive management
- ▶ Overseeing financial and non-financial reporting
- ▶ Strengthening the internal control and risk management systems

GOVERNANCE STRUCTURE SUMMARY

This clear allocation of authority among shareholders, the Board, and executive management allows Acba bank to operate with transparency, efficiency, and accountability. The governance structure provides a foundation for sustainable value creation and robust risk oversight.

3.2. ROLE OF THE BOARD

The Board of Acba bank is the central governing body responsible for the overall direction, control, and oversight of the Bank's activities. Operating in accordance with Armenian law, the Bank's Charter, and recognized international and national corporate governance standards, the Board ensures that the Bank is managed in a sound, transparent, and accountable manner.

The Board is composed of non-executive members, including independent directors, and is chaired by a Chairperson elected by a majority of the Board members. Board members are appointed through a combination of shareholder representation and election processes, with specific mechanisms for major and minority shareholders to nominate or elect candidates in accordance with Armenian law.

The Board is responsible for the strategic leadership of the Bank and the supervision of its executive management. Its core responsibilities include:

- ▶ Approving the Bank's strategy, annual business plans, and budgets, and overseeing their execution to ensure long-term sustainability and performance.
- ▶ Appointing and dismissing the Chief Executive Officer and other key executives, overseeing succession planning, and monitoring executive performance and compensation.
- ▶ Reviewing and preliminarily approving financial statements, overseeing external audit arrangements, and recommending dividend distributions to the General Meeting.
- ▶ Defining the governance framework for the Bank and its subsidiaries, approving group-level policies, and ensuring appropriate oversight mechanisms are in place across the group.
- ▶ Approving the Bank's risk strategy, risk appetite framework, and major risk limits; overseeing the internal control system and control functions (including risk management, compliance, and internal audit); and evaluating the effectiveness of these systems.
- ▶ Ensuring compliance with applicable laws, regulations, and the Armenian Corporate Governance Code; promoting ethical standards and corporate values across the Bank.
- ▶ Approving major financial transactions, capital increases, issuance of securities, investments, and significant contractual engagements, particularly those involving related parties or potential conflicts of interest.
- ▶ Establishing internal audit regulations, approving annual audit plans, and appointing or terminating of internal audit members, giving consents to risk and compliance function heads' appointments.
- ▶ Defining confidential information policies, ensuring proper disclosures, and safeguarding the interests of depositors, shareholders, and other stakeholders.

In performing its duties, the Board operates independently of the executive body, exercising objective judgment and oversight. It acts collectively in the best interest of the Bank and its stakeholders, while individual members carry fiduciary responsibilities to maintain integrity, confidentiality, and professionalism.

3.3. BOARD COMPOSITION

As of the end of 2025, the Board of Acba bank is composed of nine non-executive members, which ensures a clear separation between management and oversight. All Board members act independently of the Bank's executive body, and three members are classified as independent in accordance with applicable criteria.

APPOINTMENT AND NOMINATION

In 2025 the composition of the Board reflected both shareholder representation and independence:

- ▶ The Chairperson, who served in 2025, was re-elected by the Board in 2025 from among its members, in accordance with the Bank's Charter. Prior to this, he had been appointed to the Board by the Bank's major shareholder, ACBA Federation. ACBA Federation also nominated four additional members, all of whom were re-elected by the General Meeting in 2025.
- ▶ Three Board members served as independent directors, nominated by the Board and elected by shareholders.
- ▶ The second-largest shareholder, Proparco, which holds 10% of the Bank's voting shares, has the legal right to appoint a Board member without election by the General Meeting.

All Board members were appointed or elected for fixed terms. The tenure of the members varies, with most currently serving terms ending in 2027 or 2028. In 2025, two Board members completed their terms. During the same period, the Bank welcomed its second female Board member, further enhancing gender diversity at the Board level.

The Bank applies a structured approach to the selection and nomination of Board member candidates, in line with the provisions set out in the Board Rules and Regulations and under the coordination of the Governance, Nomination and Remuneration Committee. This approach ensures a consistent and transparent process for identifying, evaluating, nominating, and onboarding Board members.

Overview of Board Composition as of December 31, 2025

Board member	Independence	Nominated by	Appointed/Elected	New Term Start	Term End	Gender
RAFAYEL SARGSYAN	no	Acba Federation	Appointed	2025	2026	Male
SONA ISHKHANYAN	yes	Board	Elected	2025	2028	Female
ASHOT KARAPETYAN	yes	Board	Elected	2025	2028	Male
HARUTYUN PAKHCHANYAN	no	Acba Federation	Elected	2025	2028	Male
ARAM BABAYAN	no	Acba Federation	Elected	2025	2028	Male
VARDAN URUTYAN	no	Acba Federation	Elected	2025	2028	Male
BRUNO CHARRIER	no	Board	Elected	2025	2027	Male
BERNARD DE WIT	yes	Board	Elected	2024	2027	Male
GAYANE HAYRAPETYAN	no	Acba Federation	Elected	2024	2027	Female

As of 31 December 2025, the Board was composed of 9 non-executive members. During the year, two transitions occurred following the Annual General Meeting in May 2025: Dr. Klaus Gressenbauer and Mr. Henrik Kochinyan concluded their terms and were succeeded by Mrs. Sona Ishkhanyan.

COLLECTIVE PROFILE AND DIVERSITY

Acba bank's Board is composed to ensure a broad and complementary mix of expertise across key areas, including banking, risk management, audit, law, compliance, and sector-specific knowledge. This diversity of professional backgrounds, combined with the presence of both shareholder-nominated and independent members, supports balanced deliberation and objective decision-making.

In 2025, the Board was further reinforced through the appointment of Ms. Sona Ishkhanyan as an independent member. With over 25 years of experience in internal audit, enterprise risk management, and financial services, she brings substantial international expertise. Ms. Ishkhanyan currently serves as Group Audit Regional Manager at ProCredit Holding and has held numerous roles as Chair and member of Audit Committees across ProCredit banks in multiple jurisdictions.

Her appointment has strengthened the Board's capabilities in audit oversight and internal controls. Following her election by the Annual General Meeting on 29 May 2025, she was subsequently appointed as Chair of the Audit Committee by decision of the Board. In April 2026 Ms. Ishkhanyan was elected as chairperson of the Board.

The Board also continued to enhance its overall composition, including further progress toward greater gender balance, reflecting an ongoing commitment to diversity and inclusion.

To ensure continued effectiveness, the composition of the Board is regularly assessed, allowing for alignment with the Bank's strategic direction and evolving governance requirements.

3.4. ASSESSMENT OF COMPLIANCE WITH INDEPENDENCE CRITERIA

The independence of Board members is a cornerstone of Acba bank's governance framework. In accordance with the Law and the Bank's Charter, a Board member may be deemed independent only if they meet a defined set of objective legal criteria.

LEGAL CRITERIA FOR INDEPENDENCE

A Board member qualifies as independent if they meet all of the following conditions:

- (a)** has not held a position with an executive body in the Bank, been employed by the Bank, or by any affiliated person of the Bank within the past three years;
- (b)** has not received any direct or indirect compensation from the Bank or its affiliated persons in the past three years, other than compensation received as a Board member;
- (c)** has not had, directly or indirectly, as a partner, significant shareholder, Board member, or executive body representative, any material business relationship with the Bank or its affiliated persons during the past three years;
- (d)** has not been a shareholder or employee of the Bank's external auditor or any affiliated person of the external auditor within the past five years;
- (e)** has not served as a Board member of the Bank for more than six years within the past ten years;
- (f)** is not a significant shareholder of the Bank;
- (g)** has not exercised direct control over the Bank as a public official during the past year;

(h) is not an immediate family member of any person falling under the conditions listed in sub-points (a) through (g) of this Article.

These criteria are assessed during the nomination process and re-evaluated annually by the Governance, Nomination and Remuneration (GNR) Committee.

As of the end of 2025, the Bank had three independent directors, all of whom were formally assessed as compliant with the legal independence criteria.

CO-NOMINATION MECHANISM FOR INDEPENDENT MEMBERS

In 2024, a Shareholders' Agreement was concluded between the Bank's two major shareholders — ACBA Federation and Proparco. Under this agreement, independent Board members must be co-nominated and agreed upon by both shareholders, regardless of voting power. This provision ensures that no independent director can be elected without mutual consent, thereby strengthening the balance and independence of the Board, and promoting trust-based oversight across shareholder lines.

3.5. BOARD CONTINUOUS PROFESSIONAL DEVELOPMENT AND CAPABILITY BUILDING

In 2025, the Bank continued to support the continuous professional development of its Board members through targeted learning initiatives aligned with key governance and regulatory priorities.

The majority of Board members participated in dedicated training on anti-money laundering and counter-terrorist financing (AML/CFT), strengthening their understanding of regulatory expectations and the Bank's internal control environment in this area.

Board members attended a session on Supervisory Review and Evaluation Process (SREP) practices, enhancing their understanding of regulatory requirements related to capital adequacy, risk management, and supervisory engagement.

Ahead of the Board self-assessment, members participated in a Board evaluation training delivered by Better Boards, which also facilitated the assessment process through its independent platform, ensuring a structured and objective approach.

Selected Board members also took part in targeted sessions on remuneration structures, contributing to the ongoing development of the Bank's remuneration practices.

Toward the end of the year, Board members participated in a compliance training jointly delivered by the Bank's Compliance function and the International Compliance Association (ICA). The training covered key aspects of ethics and organizational culture, and introduced newly adopted frameworks, including the Compliance Policy, Code of Ethics, Code of Conduct, and the whistleblowing system.

The Governance, Nomination and Remuneration Committee continues to support the Board's ongoing development, ensuring that learning initiatives remain aligned with the Bank's strategic priorities and evolving regulatory environment.

3.6. SETTING THE BANK'S PURPOSE AND STRATEGY

The Board of Acba bank is responsible for defining the Bank's purpose, setting its strategic direction, and ensuring alignment between long-term objectives, stakeholder expectations, and the evolving operating environment. Through structured engagement with Management, the Board ensures that strategy is translated into clear priorities, actionable plans, and measurable outcomes.

PURPOSE AND VALUES

The Bank's mission is to contribute to the sustainable development of society through unique and innovative solutions. This mission is embedded in the Bank's strategy and is underpinned by core corporate values: Customer Care, Social Responsibility, Loyalty, Transparency, and Innovation. These values guide the Board's oversight and are reflected across the Bank's business operations and strategic planning.

STRATEGIC OVERSIGHT AND DEVELOPMENT

In 2025, the Board approved the Bank's 2025–2027 Strategic Development Plan, setting the foundation for sustainable growth, financial resilience, and responsible innovation. In 2025–2026, the focus shifted toward further refining the strategic directions and strengthening alignment between the Board and Management.

To support this process, the Strategy Committee—established in late 2024—became fully operational and worked closely with Management throughout the year. The Committee focused on a set of key strategic priorities, including the evolution of client segment strategies (Retail, SME, Corporate, and Agro), optimization of the Bank's capital structure and shareholder base, enhancement of financial planning and resource allocation, advancement of ESG integration, and oversight of key technology and digital transformation initiatives.

This structured approach enabled the development of a more integrated and forward-looking strategic perspective. As a result of this work, an updated strategy document was presented to the Board in 2026. While acknowledging the progress achieved, the Board noted the need for continued alignment with Management, particularly in relation to key assumptions and the Bank's long-term positioning.

The Board retains overall responsibility for the strategic planning cycle, including the approval of annual budgets, business plans, capital investments, and major initiatives. Oversight is exercised both directly and through its committees, ensuring a coordinated and disciplined approach to strategy execution.

3.7. ALIGNMENT WITH STAKEHOLDER EXPECTATIONS AND LONG-TERM VALUE

The Board of Acba bank is committed to creating sustainable, long-term value by aligning its decisions with the interests of key stakeholders, including customers, shareholders, employees, regulators, clients, society and others. The Bank's governance model ensures that its strategy is forward-looking, risk-conscious, and grounded in stakeholder trust.

STAKEHOLDER-ORIENTED GOVERNANCE

The Board maintains structured and consistent engagement with all key stakeholder groups, ensuring that their perspectives are appropriately considered in the Bank's governance and decision-making processes.

➤ **SHAREHOLDERS:**

The Board ensures transparent, timely, and consistent communication with shareholders. Representatives of the ACBA Federation periodically participate in the Federation's Board meetings, supporting alignment with the Bank's controlling shareholder.

Proparco, as a significant shareholder with the right to directly appoint a Board member, is kept duly informed of the matters discussed and decisions taken by the Bank's Board.

Engagement with minority shareholders is facilitated through

- direct interaction during the Annual General Meeting,
- pre-AGM Q&A processes with responses published on the Bank's website,
- the Chairperson's availability for individual meetings, and participation in informal shareholder discussions addressing performance, outlook, and governance matters.

The Board continues to prioritize the further development of structured shareholder communication frameworks.

➤ **EMPLOYEES:**

The Board promotes direct engagement with employees, independent of executive management, through site visits, virtual meetings, and dedicated forums. In 2025, a facilitation training was organized for Board members and middle management, without the participation of executive management, aimed at strengthening open communication, enhancing mutual understanding, and supporting strategic alignment across organizational levels.

➤ **REGULATOR:**

The Board maintains an open, transparent, and constructive relationship with the Central Bank of Armenia and remains readily accessible for dialogue. Since 2025, the Board has been actively engaged in the Supervisory Review and Evaluation Process (SREP) oversight, including the systematic review and discussion of communications and assessment results received from the regulator.

➤ **CLIENTS:**

The Board exercises oversight over customer-related matters through regular reporting mechanisms. The complaints management framework has been previously reviewed at Board Audit Committee level. Going forward, customer complaints will be reported to the Board through quarterly compliance reports, ensuring continuous oversight. In addition, the Board and its Risk Management Committee maintain a strategic focus on capital adequacy and the maintenance of prudential capital buffers, in line with the Bank's risk profile and business strategy.

➤ **SOCIETY:**

ESG, mainly its Environmental and social aspects, were addressed by the Board in 2025, within the scope of the Strategy Committee. The Bank further strengthened its framework through the development of an ESG strategy and policy, alongside the adoption of a diversity policy.

In 2025, the Board also approved a Communication Policy, formalizing the Bank's approach to stakeholder engagement.

LONG-TERM VALUE CREATION

Through its strategic oversight and stakeholder-oriented approach, the Board aims to support the alignment of the Bank's activities with its long-term objectives, financial sustainability, and responsible growth.

Building on the work undertaken in 2025, the Board plans to further refine its approach to strategic discussions in 2026 through a more structured, theme-based process. This is intended to facilitate deeper analysis, ongoing alignment between the Board and Management, and the continued development of a cohesive and actionable strategy.

3.8. CONFLICT OF INTERESTS AND RELATED PARTY DISCLOSURES

Acba bank applies a robust and transparent approach to the identification, declaration, and management of conflicts of interest at the Board level, recognizing this as essential to preserving the integrity, objectivity, and independence of its governance processes.

In accordance with applicable Armenian legislation, the Bank's Charter, and internal governance frameworks, all Board members are required to disclose any actual or potential conflicts of interest in relation to matters under Board consideration. Such disclosures are:

- submitted to the Corporate Secretary;
- reviewed by the Governance, Nomination and Remuneration Committee and, where relevant, the Risk Management Committee;
- accompanied by a compliance opinion, where required;
- duly recorded and reflected in the Board minutes.

In 2025, one case involving a potential conflict of interest was declared by Board member Vardan Urutyanyan, in relation to the Bank's financing of the Agribusiness segment at the Sevan Startup Summit, where he acted as coordinator.

Given the potential conflict, the matter was submitted to the Board for approval, accompanied by a compliance opinion. Mr. Urutyanyan abstained from participating in the related discussions and did not take part in the voting.

Following the enhancement of conflict of interest management mechanisms and the introduction of a new policy in 2025, in 2026 all Board members, in line with the updated requirements, participated in the disclosure of related parties and submitted the relevant declarations.

3.9. SHARE OWNERSHIP OF BOARD MEMBERS AND EXECUTIVE BODY

In line with good governance and disclosure practices, Acba bank publishes the shareholding positions of its Board members and Executive Body as of 31 December 2025.

Bank Shares held by Board members:



Bank Shares held by Executive body:



All Board members are required to disclose any changes in their shareholding promptly. The Bank monitors these holdings to ensure compliance with legal requirements and to identify any potential conflicts of interest.

Shareholding status does not in itself compromise the objectivity of Board members. For independent members, additional checks are conducted to verify that shareholding thresholds and other independence criteria remain satisfied.

4 APPLICATION OF THE CODE'S PRINCIPLES

Acba bank is committed to high standards of corporate governance and applies a principle-based approach to ensure accountability, transparency, and responsible decision-making. The Bank's governance practices are aligned with national legal requirements and international best practices.

TRANSITION TO THE ARMENIAN CORPORATE GOVERNANCE CODE

Until August 2024, the Bank applied its internally developed Corporate Governance Code, which was based on the principles of the OECD, the Basel Committee on Banking Supervision, and the UK Corporate Governance Code. In 2025, the Bank transitioned to the Armenian Corporate Governance Code and published its first Corporate Governance Statement.

Based on the results of the compliance assessment, an action plan was developed to enhance alignment with the Code, and the Bank initiated a structured process to achieve a high level of compliance. In 2025, the implementation of this process was overseen by the Governance, Nomination and Remuneration Committee, under the coordination of the Corporate Secretariat.

KEY GOVERNANCE ENHANCEMENTS IN 2025 IN LINE WITH CORPORATE GOVERNANCE PRINCIPLES

- **PRINCIPLE I. 3.** Remuneration of the Board of the organization and executive body thereof

In line with the requirements of the RA Corporate Governance Code and leading governance practices, in 2025 the Bank amended its Charter to assign the authority for determining Board remuneration to the General Meeting of Shareholders.

A proposal on Board remuneration will be submitted for approval at the 2026 Annual General Meeting.

Enhancements were also made to executive remuneration, with sustainability targets integrated into the performance metrics 2026 underpinning variable compensation.

- **PRINCIPLE II. 2.** Composition of the Board

This principle had previously been assessed as partially compliant, reflecting female representation below 30%.

In 2025, while maintaining a strong focus on skills-based selection, a second female member, Sona Ishkhanyan, was elected to the Board and subsequently appointed Chair of the Audit Committee.

This appointment underscores the Bank's continued commitment to strengthening Board diversity.

- **PRINCIPLE II. 8.** Ethical commitment of the Board

Previously assessed as Substantially Compliant, this area saw significant progress in 2025.

Under the leadership of the Board, and supported by the executive management and a strengthened Compliance function, the Bank further enhanced its ethical governance framework.

The Board approved the Acba Bank Group Code of Ethics, Code of Conduct, and Conflict of Interest Policy, reaffirming the Group's commitment to conducting business

with the highest standards of integrity and responsibility towards all stakeholders.

The Code of Ethics sets out clear principles of ethical behaviour and reinforces the importance of “tone at the top” as a cornerstone of the Bank’s culture.

➤ **PRINCIPLE II.10.** Evaluation of the Board

In 2025, the Board conducted its first formal self-assessment.

To ensure objectivity and independence, an external advisor was engaged, and the evaluation was carried out via an independent platform.

The assessment included benchmarking against European and US peers, identifying key development areas and informing the Board’s future effectiveness agenda.

Further details on self-evaluation results are presented in Section 6 of this report.

➤ **PRINCIPLE III. 1.** Internal control

The Bank assessed this principle as substantially compliant in last year’s report.

Operating under the supervision of the Central Bank of Armenia, the Bank’s internal control framework is aligned with the requirements of Regulation 4 on minimum internal control standards.

Recognizing the dynamic risk environment, the Bank continues to enhance its control framework. Following an ICFR review conducted in 2024, an implementation roadmap was developed and remains under the oversight of the Audit Committee.

Ongoing enhancements in 2025 included strengthening risk management frameworks, advancing the compliance function, implementing whistleblowing mechanisms, enhancing budgeting processes, refining deviation escalation procedures, and clearly defining roles and responsibilities across policies.

These efforts are continuous, with the long-term objective of establishing a comprehensive internal control framework.

➤ **PRINCIPLE III.2.** Risk management of the organization

As previously disclosed, the Bank was largely compliant with risk management requirements, with further development required in non-financial risk management.

In 2025, the Bank made notable progress. With the support of the Board Risk Management Committee, the Board approved the Operational Risk Management Framework.

➤ **PRINCIPLE III. 3.** Compliance assurance of the organisation

2025 marked a transformational year for the Bank’s compliance function.

The Board approved the Compliance enhancement strategy and the 2025–2027 action plan, with full delivery of all planned 2025 initiatives.

Key milestones included the adoption of the Code of Conduct, Code of Ethics, Conflict of Interest Policy, and Whistleblowing Policy, alongside the implementation of the independent Whispli platform, ensuring secure and anonymous reporting.

The function was further strengthened through full International Compliance Association certification of staff, the establishment of a dedicated monitoring function, cultural and regulatory compliance teams, and enhanced engagement with the regulator.

A Group-wide compliance culture assessment and comprehensive training programmes were conducted. These efforts were reinforced during Compliance Week in February 2026, further embedding a strong compliance culture and “tone at the top.”

➤ **PRINCIPLE IV.1.** Information policy of the organisation

As part of its 2025 corporate governance enhancement action plan, the Bank introduced a Communication Policy aligned with this principle.

The policy clearly defines stakeholder groups, communication objectives, guiding principles, and channels, ensuring consistent and transparent engagement with both internal and external stakeholders.

➤ **PRINCIPLE IV.3.** External audit of the organization

The Bank conducts its external audit in accordance with international standards and the requirements of the Central Bank of Armenia.

The Audit Committee maintains regular engagement with external auditors, ensuring oversight of their independence and the integrity of audit processes.

In 2025, the Bank further enhanced transparency by revising its auditor selection process and introducing an open tender procedure.

➤ **PRINCIPLE V.1.** Stakeholders of the organisation in the corporate governance framework

Previously assessed as substantially compliant, the Bank continues to strengthen its stakeholder engagement practices.

The Bank has clearly defined its stakeholder scope and clarified the Board's role in shareholder engagement.

In parallel, under the leadership of the Strategy Committee, the Bank developed its ESG strategy and adopted a dedicated ESG policy.

In 2026, the Bank will publish its 2025 Sustainability Report, further enhancing transparency and stakeholder engagement.

**OTHER KEY GOVERNANCE DEVELOPMENTS:
 IMPLEMENTATION OF GROUP GOVERNANCE**

Following the introduction of Group Governance in 2024, the Bank further strengthened its framework in 2025.

The Group structure was clearly defined to include the Bank and its subsidiaries, currently comprising Acba Leasing, fully owned by the Bank.

The Group operates under a unified governance model built on the following pillars:

➤ **Identical Board and committee composition**

The Boards and Board committees of Acba Bank and Acba Leasing operate with aligned composition and schedules, ensuring transparency, efficient decision-making, and a streamlined accountability framework.

➤ **Aligned internal control responsibilities**

Group-level control functions ensure consistent application of policies and oversight practices.

➤ **Aligned regulatory framework**

Key policies are adopted at the Group level, ensuring consistency across the Bank and its subsidiaries.

This integrated approach supports policy coherence, risk alignment, and effective control across the Group.

**CORPORATE GOVERNANCE CODE COMPLIANCE
 ASSESSMENT 2025**

In accordance with the Armenian Corporate Governance Code, the Bank conducted a detailed self-assessment of its compliance across all applicable principles. The 2025 assessment was carried out using the Phase III declaration format issued by the Ministry of Economy of the Republic of Armenia, which is designed for organizations with advanced corporate governance frameworks.

This assessment, together with the explanatory narratives, is presented in the Bank's Annual Corporate Governance Statement, which is included as Annex 9 to this Report.

5 BOARD AND COMMITTEE ACTIVITIES

5.1. OVERVIEW OF BOARD AND COMMITTEE MEETINGS IN 2025

In 2025, the Board and its Committees convened a total of **51 meetings**, including 9 plenary Board meetings and 1 special session, alongside 41 Committee meetings. Meetings were held through a mix of offline, online, hybrid, and written procedures to ensure flexibility and effective decision-making.

BODY	NUMBER OF MEETINGS	METHODS OF CONVENING
BOARD	9 + 1 special session	3 offline, 4 online, 3 mixed
AUDIT COMMITTEE	9	3 offline, 6 online
GOVERNANCE, NOMINATIONS AND REMUNERATIONS COMMITTEE	10	1 offline, 9 online
RISK MANAGEMENT COMMITTEE	12	2 offline, 9 online
Strategy Committee	10	5 offline, 4 online, 1 by written procedure

5.2. FOCUS AREAS OF THE BOARD

In 2025, the Board’s agenda reflected a balanced distribution across key governance and oversight areas, with a clear emphasis on strategic planning and oversight, which accounted for the largest share of discussions. This increased focus is consistent with the Board’s shift in 2025–2026 toward refining the Bank’s strategic direction and strengthening alignment between the Board and Management.

Strategic matters were addressed both at the Board level and through the work of the Strategy Committee, which became fully operational during the year and sup-

ported a more structured and forward-looking approach to strategy development. Alongside strategy, the Board maintained strong oversight of governance, as well as risk management, compliance, and AML/CTF topics, ensuring that the Bank’s growth objectives remain aligned with its risk profile and regulatory expectations.

Operational and business-related topics—including procurements, product and service development, infrastructure, and operational efficiency—also represented a portion of the agenda, reflecting the Board’s involvement in supporting execution of strategic priorities. In parallel, the

Board continued to exercise oversight over internal audit activities, as well as remuneration and HR-related matters, including performance management and compensation frameworks.

Overall, this distribution of agenda items demonstrates a well-rounded and forward-looking governance approach, with increasing emphasis on strategic alignment, while maintaining robust oversight across risk, control, and operational domains.

FOCUS AREA	NUMBER OF MEETINGS
STRATEGIC PLANNING AND OVERSIGHT	26
RISK MANAGEMENT, COMPLIANCE AND AML/CTF	16
INTERNAL AUDIT OVERSIGHT	8
GOVERNANCE, BOARD FUNCTIONING, SHAREHOLDER AND AGM MATTERS	18
REMUNERATION AND HR-RELATED MATTERS	8
PROCUREMENTS, PRODUCT AND SERVICE DEVELOPMENT, INFRASTRUCTURE AND OPERATIONS	15

In addition to the above matters, in 2026 the Board approved 37 internal regulatory documents, the majority of which were policies. A significant portion of these documents relate to the Acba bank Group and were adopted or updated as part of the ongoing development and implementation of the Group governance framework. The framework of regulatory documents approved by

the Board in 2025 includes a number of key policies and frameworks, such as the Group Governance Policy, Reporting Policy, Recovery Plan, Risk Management Framework, Operational Risk Management Framework, Code of Ethics, Code of Conduct, Whistleblowing Policy, Budgeting Policy, Structure Policy, ESG Policy, Communication Policy, and Diversity Policy, among others.

5.3. ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The attendance of Board members at Board and Committee meetings in 2025 is presented in the chart below, reflecting a high level of engagement across the Board and its committees. During the year, there were changes in the composition of the Board and its Committees; accordingly, members' attendance is presented from the effective dates of these changes. In particular,

- **Ms. Sona Ishkhanyan** was registered as a Board member with the Central Bank of Armenia in July 2025,
- **Mr. Harutyun Pakhchanyan** transitioned from the Risk Management Committee to the GNR Committee in April 2025.
- **Klaus Gressenbauer** and **Henrik Kochinyan** ceased serving as members of the Board in May 2025.

BOARD MEMBER	BOARD	AUDIT COMMITTEE	RISK MANAGEMENT COMMITTEE	GOVERNANCE, NOMINATION AND REMUNERATION COMMITTEE	STRATEGY COMMITTEE
RAFAYEL SARGSYAN	9/9	9/9	12/12	10/10	
BRUNO CHARRIER	9/9		12/12	10/10	10/10
ASHOT KARAPETYAN	9/9		12/12		10/10
HARUTYUN PAKHCHANYAN	9/9		2/12	8/10	
ARAM BABAYAN	9/9			10/10	10/10
VARDAN URUTYAN	9/9	9/9			
BERNARD DE WIT	9/9				10/10
GAYANE AYRAPETYAN	9/9				10/10
SONA ISHKHANYAN	6/9	4/9			
KLAUS GRESSENBAUER	1/9	2/9			
HENRIK KOCHINYAN	3/9			5/10	

BOARD AND MANAGEMENT PERFORMANCE

6.1. BOARD EVALUATION

In line with the requirements of the Corporate Governance Code, and reflecting the Bank's ongoing commitment to aligning with international best practices, the Bank undertook a comprehensive self-assessment of the Board's performance.

To support this process, the Chairman of the Board, together with the Corporate Secretariat, conducted a market review to identify a suitable external partner to facilitate the evaluation. As part of this exercise, proposals were received from a number of internationally recognized advisory firms.

Following a careful review of both the technical methodologies and financial proposals submitted, the Board selected Better Boards to support and facilitate the evaluation process. The assessment was conducted based on the "Seven Hallmarks of an Effective Board" framework, utilizing Better Boards' proprietary digital evaluation platform.

The Board evaluation was carried out on 10 October 2025 and included confidential questionnaires, benchmarking analysis, and facilitated discussions among Board members.

Based on the outcome of the assessment, Better Boards prepared a comprehensive Board Evaluation Report, benchmarking ACBA Bank's Board performance against both industry standards and global governance benchmarks.

Based on the results, the Board identified a number of priority areas for further enhancement. The implementation of the corresponding Board Enhancement Action Plan will be coordinated by the Chairperson of the Board, with the support of the Corporate Secretariat. Progress against the identified actions will be periodically reviewed by the Board.

The engagement included:

- Kick-off session and training for all Board members
- A research-based evaluation questionnaire
- Comprehensive analysis, including benchmarking across all dimensions of effective board performance
- Working session with the Corporate Secretariat
- Dedicated session with the Chairman of the Board
- Facilitated session with the Board

The outcomes of the evaluation

Results Overview

CRITERIA	ACBA BANK	UNIVERSE BENCHMARK*	BETTER BOARDS
THE STRENGTHS OF THE BOARD	4.00	4.13	4.14
COMPOSITION OF THE BOARD	3.67	3.89	4.00
CLARITY OF ROLES AND RESPONSIBILITIES	4.04	4.06	4.04
VISION, GOALS AND FOCUS OF THE BOARD	3.40	4.02	3.96
ORGANISATION OF BOARD MEETINGS	3.90	4.13	4.09
RUNNING OF BOARD MEETINGS	3.97	4.00	3.99
ABILITY TO RESOLVE CONFLICTS	3.60	4.14	4.01
REFLECTION ON THE WORK OF THE BOARD	3.56	3.90	3.75

* Universe benchmark based on Financial Services sector

Note from the report provided by Better Boards

“In this report, we compare the Acba bank board with data from other Financial Services organisations and other boards. It should be noted that the Financial Services organisations in our database are from the US, Western, Eastern, and Middle Europe. The home countries of the organisations, as well as the organisations themselves, have a longer history than Acba Bank and established corporate governance standards well before Armenia. We believe this should be taken into account when examining the benchmarks and comparisons.

In our view, the Acba bank board has, from what we can see, achieved a remarkable standard of corporate governance in a short space of time, as evidenced by the results of this board effectiveness evaluation.”

6.2. BOARD REMUNERATION

In 2025, Acba bank maintained a structured approach to Board remuneration. Compensation was based on attendance at Board and Committee meetings, as well as on the assumption of additional responsibilities, such as chairing committees. Committee Chairs received a fixed quarter retainer to reflect their workload and leadership duties. The Chairman of the Board received a flat-rate compensation and a limited performance-based component, proportionate to the responsibilities of the role. Other preparatory or informal engagements were not separately compensated.

This remuneration structure supported fairness, accountability, and governance integrity, encouraging active engagement and responsible oversight from all Board members.

Under Article 21¹ of the Law on Banks and Banking of the Republic of Armenia, the authority to determine Board member remuneration is vested in the General Meeting of Shareholders, unless this authority was delegated to the Board through the Bank's Charter. At Acba bank, this delegation has been formalized in the Charter, and the Board exercised this authority.

Exercising its authority in this area, the Board introduced, starting from 2025, a remuneration framework for Board members aligned with European benchmarks, taking into account the limited availability of robust local comparators. The framework is designed to reflect international best practices and the evolving strategic needs of the Bank.

Following the adoption of the Armenian Corporate Governance Code in 2024—which recommends that decisions on Board remuneration be made by the General Meeting of Shareholders—the Bank has accordingly amended its Charter. As a result, beginning from this year, shareholders will directly approve the remuneration terms of Board members, enhancing transparency and strengthening shareholder engagement. The matter of Board remuneration has been included in the agenda of the 2026 Annual General Meeting of Shareholders.

Information on the remuneration of Board is disclosed on the Bank's official website (<https://www.acba.am/hy/about-bank/about/Shareholders>) in accordance with applicable legal requirements. The format of such disclosure reflects a commonly accepted and consistently applied practice within the Armenian banking sector. In this context, the Bank follows the prevailing industry approach.

6.3. MANAGEMENT OVERSIGHT, EVALUATION AND EXECUTIVE BODY'S REMUNERATION

In 2025, the Board continued its structured oversight of senior management performance through a KPI-based evaluation framework. Key Performance Indicators (KPIs) for the CEO and Deputy CEOs, as well as for CRO were reviewed and approved by the Board upon the recommendation of the Governance, Nominations and Remunerations (GNR) Committee and Risk Management Committee, ensuring alignment with the Bank's strategic objectives.

When setting the 2025 KPIs and linking them to variable remuneration, the Board aimed to promote balanced and responsible performance, with focus on stability, sound management practices, and sustainable growth.

Throughout the year, the Board Committees regularly monitored the performance of Top Management in order to maintain ongoing oversight of the process and to communicate any concerns, where identified.

At the end of the financial year, the GNR Committee assessed individual performance against the approved KPIs, and submitted performance evaluations to the full

Board for review. The assessment of the CRO's KPIs was reviewed and recommended by the Board Risk Management Committee.

The outcomes of this evaluation process directly informed adjustments to the variable component of top management remuneration, reinforcing the link between performance and reward.

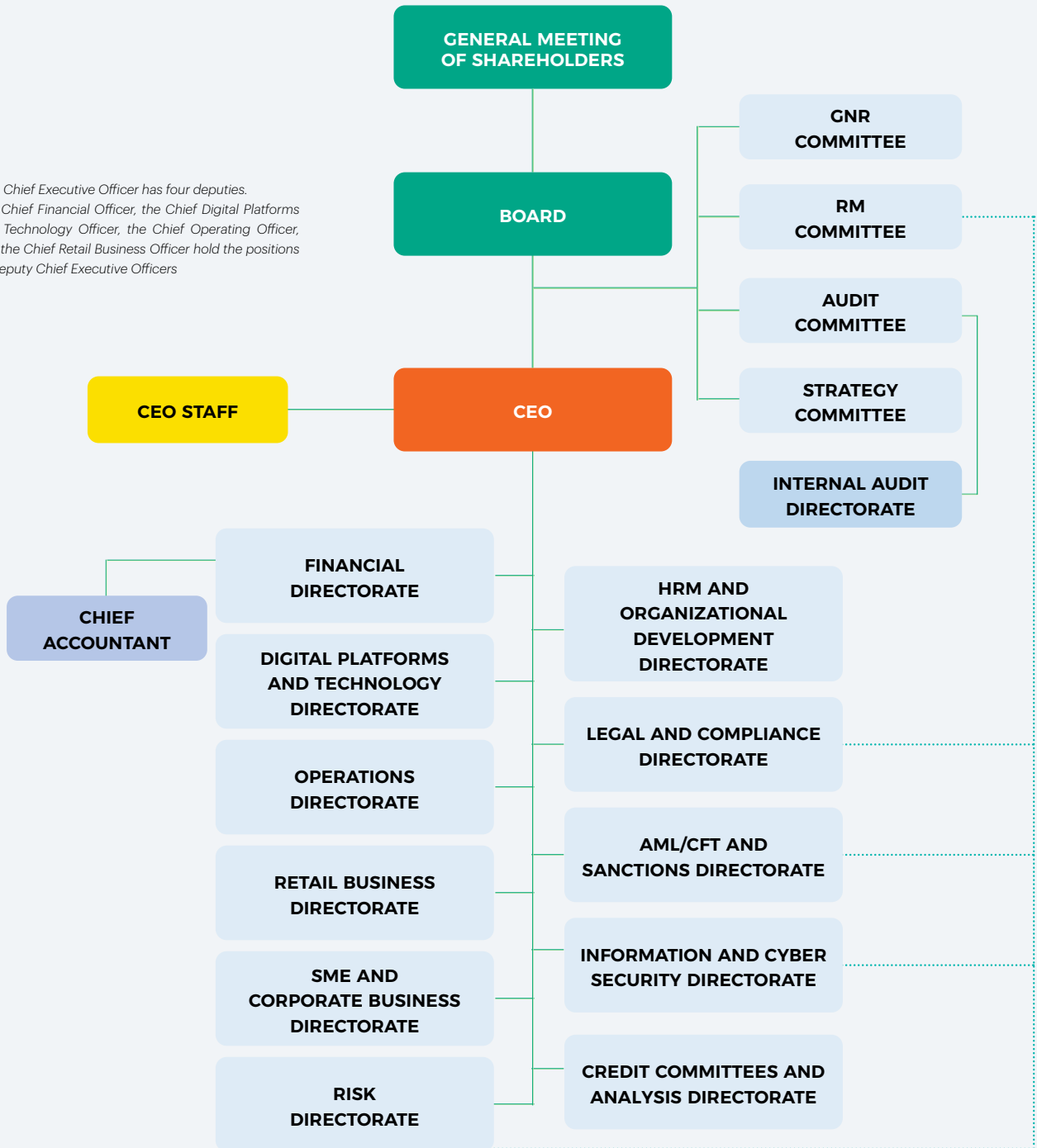
KPIs are subject to annual review to reflect evolving strategic priorities.

This structured approach has enabled the Board to maintain clear expectations, monitor execution against strategic goals, and ensure accountability within the top management team.

Information on the remuneration of the executive body is disclosed on the Bank's official website (<https://www.acba.am/hy/about-bank/about/Shareholders>) in accordance with applicable legal requirements. The format of such disclosure reflects a commonly accepted and consistently applied practice within the Armenian banking sector. In this context, the Bank follows the prevailing industry approach.

ANNEX 1 – ORGANIZATIONAL STRUCTURE CHART

**The Chief Executive Officer has four deputies. The Chief Financial Officer, the Chief Digital Platforms and Technology Officer, the Chief Operating Officer, and the Chief Retail Business Officer hold the positions of Deputy Chief Executive Officers*



ANNEX 2 – FINANCIAL RESULTS OF 2025

ACBA BANK'S FINANCIAL POSITION INDICATORS:

In During 2025, the Bank maintained a strong and stable financial position, supported by balanced growth across its core business segments.

TOTAL ASSETS

Total assets amounted to **AMD 1.06 trln representing 14% (AMD 131 bln) YOY growth**, further solidifying the bank's position among the top three in the market. This growth was mainly driven by loan expansion, while maintaining a balanced asset structure.

LOAN PORTFOLIO

The bank's loan portfolio reached **AMD 737 bln**, reflecting **17% (AMD 107 bln) YOY growth**. This performance allowed the Bank to maintain its top-three market position. Throughout the year, the Bank preserved a strong focus on AMD-denominated lending. By year-end, loans issued in AMD accounted for **78%** of the total loan portfolio, compared to 68% for the overall banking system.

DEPOSIT PORTFOLIO

Customer deposits totaled **AMD 618.5 bln** representing **6% (AMD 34 bln) YOY growth**. The Bank continued to strengthen its funding base through bond issuances. The bond portfolio increased by **AMD 12 bln YOY**, reaching **AMD 52 bln** as of December 31, 2025. The Bank continued to improve the share of AMD-denominated deposit portfolio and issued bonds throughout the year, reaching **70%** by the end of the year.

CAPITAL

The bank's total capital stood at **AMD 194.6 bln**, with a capital adequacy ratio of **23.2%**, comfortably exceeding regulatory requirements. The Bank continues to maintain a strong capital buffer to support future growth and absorb potential risks.

In 2025, the Bank distributed **AMD 6,6 bln** in dividends, representing approximately **23%** of its 2024 net income.

ACBA BANK'S FINANCIAL PERFORMANCE INDICATORS:

The bank demonstrated solid financial performance during the reporting period, driven by sustainable revenue growth and effective cost management.

NET PROFIT

Net profit for the year amounted to **AMD 35,9 bln**, representing a **25%** increase compared to the previous year.

NET INTEREST INCOME

Net interest income reached **AMD 66,4 bln**, growing by **22%**. The net interest margin stood at **7.4%**.

NON-INTEREST INCOME

Non-interest income totaled **AMD 18,7 bln**, increasing by **AMD 3,0 bln or 19%** and accounting for **22%** of total net banking income. Growth was primarily driven by net fees and commissions (**YOY+ AMD 1,4 bln or 18%**) and income from FX operations (**YOY+ AMD 1,5 bln or 30%**).

NET BANKING INCOME

As a result, Net Banking income reached **AMD 85 bln**, reflecting **21% (AMD 15 bln) YOY** increase.

COST EFFICIENCY

Non-interest expenses amounted to **AMD 35,8 bln**, resulting in a cost-to-income ratio of **42.0%**, an improvement by **4.6** percentage point compared to the previous year.

PROFITABILITY RATIOS

- **Return on Assets (ROA): 3.6%**
- **Return on Equity (ROE): 20.0%**

These indicators demonstrate the bank's ability to generate sustainable returns while maintaining a prudent risk profile.

ASSET QUALITY

Credit losses amounted to **AMD 4,3 bln** in 2025, representing **0.6%** of the loan portfolio.

ANNEX 3 – SIGNIFICANT PARTICIPANTS, BENEFICIAL OWNERS AND SHAREHOLDER RIGHTS

SIGNIFICANT PARTICIPANTS

“ACBA FEDERATION” CJSC

- ▶ Acba Federation has been a qualifying shareholder (significant participant) in Acba Bank since 2017, currently holding **75% of the Bank’s equity**.
- ▶ Acba Federation was established in 2017 by ten Agricultural Cooperative Regional Unions (ACRUs) NGOs, each of which is based in one of the regions of Armenia. The ACRUs were former direct shareholders (and founders) of the Bank, before founding ACBA Federation in 2017. The 10 ACRUs are backed by more than 75,000 members, individual farmers from all regions of Armenia.
- ▶ Acba Federation, through its participation in Acba Bank’s equity, is highly active in agriculture sector across Armenia, aiming to foster agricultural development nationwide. In this role, it contributes to rural prosperity and community growth, supports agricultural startups and community development efforts, and helps establish pilot farms that introduce advanced agricultural business management practices.

«SOCIÉTÉ DE PROMOTION ET DE PARTICIPATION POUR L'ACOOPERATION ÉCONOMIQUE» (Proparco)

- ▶ Proparco joined Acba Bank as a qualifying shareholder (significant participant) at the end of 2024, holding **10% of the Bank’s equity**.
- ▶ Proparco is a subsidiary and the private-sector financing arm of the Agence Française de Développement Group (AFD Group).
- ▶ It has been promoting sustainable economic, social and environmental development for over 45 years. Proparco provides funding and support to both businesses and financial institutions mainly in Africa, Asia, Latin America and the Middle-East. Its action focuses on the key development sectors: infrastructure, mainly for renewable energies, agribusiness, financial institutions, health and education.
- ▶ Its operations aim to strengthen the contribution of private players to the achievement of the Sustainable Development Goals (SDGs) adopted by the international community in 2015. To this end, Proparco finances companies whose activity contributes to creating jobs and decent incomes, providing essential goods and services and combating climate change. They contribute to building sustainable economic growth and reducing poverty.
- ▶ Agence Française de Développement (AFD) is an indirect significant shareholder in the Bank via Proparco. AFD is an industrial and commercial state-owned entity (EPIC) under the French Government, operating as a financially independent legal entity. As a financing institution serving the public interest, AFD holds approximately 84% of Proparco’s shares.

OTHER SHAREHOLDERS

- A combined total of **15% of the Bank's equity** is owned by other individuals and legal entities, including employees.
- Most employees became shareholders through the Employee Stock Ownership Program (ESOP) conducted in April 2021 in collaboration with ACBA FEDERATION CJSC, ACBA LEASING CO CJSC, and the Bank. Under this ESOP, 147,530 shares were allocated to more than 1,100 employees of these organizations.
- Additional employees, as well as various individuals and legal entities, acquired shares during the Bank's first IPO in September–November 2021.
- From February 1, 2022, Acba Bank's shares have been listed on the Main "A" list of the Armenia Stock Exchange, allowing market participants to buy or sell the free float portion of shares in a flexible and transparent manner.

BENEFICIAL OWNERS

According to the RA Law On Combating Money Laundering And Terrorism Financing Acba bank's **CEO, Hakob Andreasyan**, is considered to be the beneficial owner of the Bank.

According to Article 3, Clause 14 of the mentioned law -The beneficial owner is a natural person on behalf or for the benefit of whom the customer actually acts, and (or) who actually (de facto) controls the customer or the person on behalf or for the benefit of whom the transaction is made or the business relationship is established. The beneficial owner of a legal entity (except for a trust or other legal arrangement that does not have the status of a legal entity under foreign law) is considered to be a natural person who:

a) directly or indirectly owns 20 percent or more of the voting shares (stocks, units) of a given legal entity or directly or indirectly has a 20 percent or more participation in the authorized capital of a legal entity,

b) exercises real (actual) control over a given legal entity by other means,

c) is an official exercising general or current management of the activities of the legal entity in the event that there is no natural person meeting the requirements of subparagraphs "a" and "b" of this clause. Considering the fact that there is no natural person according to the subparagraphs a and b in the Bank, in our case the Chief Executive Officer (CEO) is considered as beneficial owner, in accordance with subparagraph c.

SHARES OF THE BANK

The Bank has a share equity that is equal to the amount of nominal value of all outstanding shares. The total share equity currently amounts to AMD 89,775,000,000, (eighty-nine billion seven hundred seventy-five million) divided into 5,985,000 (five million nine hundred eight-five thousand) common shares with a nominal value of AMD 15,000 (fifteen thousand) each. The Bank is authorised to issue an additional 2,500,000 (two million five hundred thousand) common shares. The Bank's shares are non-documentary and indivisible. The Bank have not issued preferred shares, if issued, the total nominal value of such shares must not exceed 25% of the Bank's total share equity.

Each ordinary share provides its holder with equal rights, including the right to:

- participate in and vote at the General Meeting on all matters within the mandate of the General Meeting, proportionate to the number of voting shares owned;
- engage in the governance of the Bank;
- receive dividends from the profit generated by the Bank's activity;
- exercise a pre-emptive right to acquire shares issued by the bank;
- access information regarding the Bank's activities, including financial statements and reports, upon written

request, free of charge, within three business days;

- initiate and external audit (if holding at least 5% of voting shares), select the auditor, and seek reimbursement of audit expenses if the audit is deemed justified by the General Meeting;
- be represented at the General meeting by authorised third party;
- submit proposals and recommendations to the General Meeting;
- vote in proportion to fully paid voting shares
- receive a due part of the property in case of Bank's liquidation;
- file a claim in court to challenge decisions of the General Meeting that contradict the applicable laws, other legal acts or the Bank's Charter;
- freely alienate or transfer their shares without the consent of other shareholders;
- unite with other shareholders to appoint a representative to the Board;
- demand that the Board convene a meeting, of holding at least 5% of voting shares;
- review the minutes of General Meetings.

* **Shareholders holding 10%** or more of the voting shares as of the date of compiling the list of shareholders entitled to participate in the General Meeting may appoint a representative to the Board without election by the General Meeting. Those holding less than 10% individually may unite, and if their total exceeds 10% of voting shares, they may also appoint a joint representative to the Board without an election, provided there is a formal shareholder agreement, and the General Meeting is informed of its existence in accordance with the law. Shareholders holding less than 10% and not united may still jointly elect a common representative to the Board without General Meeting election. Only minority shareholders, even if only one, participate in this vote. The representative is elected by a simple majority.

Shareholders bear the risk of losses related to the Bank's activity within the limits of the value of the shares they own and are not liable for the obligations of the Bank.

ANNEX 4 – COMPANIES WITH SUBSTANTIAL PARTICIPATION OF THE BANK



By the Decision of the Central Bank of Armenia, dated 28. 04.2017 "ACBA-CREDIT AGRICOLE BANK" CJSC, "ACBA LEASING" CO CJSC " and "AMUNDI-ACBA ASSET MANAGEMENT" CJSC" have been qualified (recognized) as a financial group - "ACBA-CREDIT AGRICOLE GROUP".

By the "ACBA BANK" OJSC's Board decision of 14/08/2020 the financial group has been renamed to "ACBA GROUP". "ACBA BANK" OJSC has been appointed as a responsible person of the "ACBA GROUP" financial group.



Acba Leasing is the first leasing company in Armenia and is the absolute leader of the Armenian leasing market. The company's stable leading position is conditioned by the high quality of the offered services, stable and mutually beneficial relations with the customers and suppliers, as well as by the efficiency of its activities.

SHAREHOLDERS

The 100% shareholder of Acba Leasing is "Acba bank" OJSC.

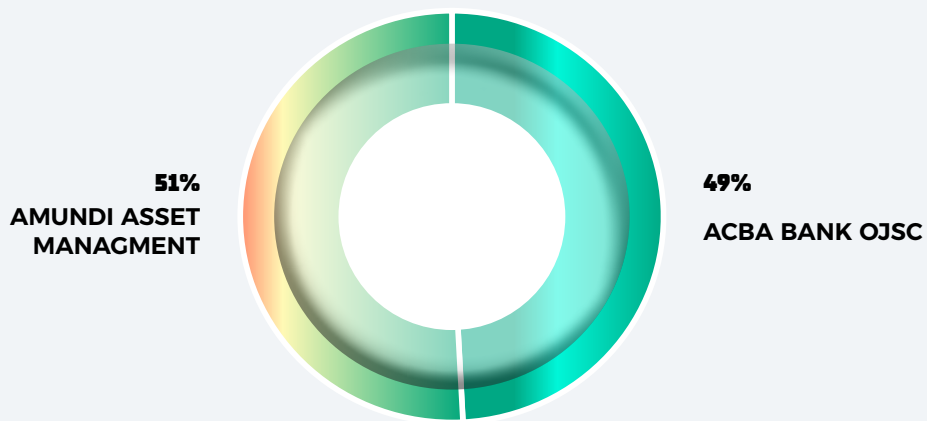
Amundi acba

ASSET MANAGEMENT

AMUNDI-ACBA is a long-term leading institutional investor in Armenia, recognized for high quality and transparency of its services and stakeholder relations, its organizational efficiency and commitments to sustainable development and social responsibility.

Amundi-Acba manages 3 funds within the mandatory pension funds system: Balanced (AMBAL), Conservative (AMCON) and Fixed income (AMFIX) funds, the main purpose of which is to ensure the maximum return on assets at an acceptable level of risk by making investments in accordance with the RA legislation

SHAREHOLDERS





ANNEX 5 – BOARD, INTERNAL AUDIT AND CORPORATE SECRETARIAT



SONA ISHKHANYAN

Board Chairperson
Independent Board Member
Appointed to the Board as of July 2025
Elected as a chairperson from April 2026

Skills and experience:

Sona Ishkhanyan has over 24 years of professional experience in Internal Audit, Enterprise Risk Management, and Financial Services. She has served as Chairperson and Member of Audit Committees for over 13 years across several ProCredit Banks in Ukraine, Georgia, Armenia, and Moldova. Her career includes 18 years of specialization in Internal Audit and Risk Management, and 4 years of consulting experience at Deloitte & Touché LLP in San Francisco, USA.

Throughout her career, Sona Ishkhanyan has gained extensive expertise in SOX compliance, internal audit methodology development, financial reporting, business process assessment, and cross-functional international management. Sona Ishkhanyan joined Acba's Board in 2025. She served as a Audit Committee chair until April 2026. In April 2026 Sona Ishkhanyan was elected as a Chairperson of the Board.

Other Positions

- ▶ Group Audit Regional Manager (Coordinator) at ProCredit Holding AG & Co. KGaA (2011–Present)
- ▶ Chairperson/Member of Audit Committees at different ProCredit Banks (Ukraine, Moldova, Armenia, Georgia, throughout different time periods, Ukraine (since 2014, ongoing)
- ▶ ProCredit Holding Group Audit representative in Audit and Risk committees of banks of responsibility

Education:

Sona Ishkhanyan holds a Master of Business Administration (MBA) degree from the University of Nebraska, USA (2004–2005), and a Bachelor's Degree in Accounting and Audit from the Yerevan State Institute of Economics, Armenia (1995–2000).

Age:
75



BRUNO CHARRIER ☉○○○

Board Member

Appointed to the Board as of June 2019, re-appointed in 2025

Skills and experience:

Bruno Charrier has extensive knowledge in financial services, technology and corporate strategy from a career spanning more than 40 years within Credit-Agricole Group. During this period Bruno held different positions of executive or Chairman in the various French and international subsidiaries of Credit Agricole Group.

Bruno earlier served as Deputy CEO of Emporiki Bank in Greece and later as the Chairman of the Executive Board of Credit Agricole Serbia and the Chairman of the Executive Board of Credit Agricole Leasing Serbia.

Education:

- National Institute of Applied Sciences in Lyon, degree in IT Engineering
- French Institute of Management (Lyon, France), Master of Business Administration (MBA) degree
- Graduated two times within internal executives training and selection paths of Credit Agricole Group

Age:
52



ASHOT KARAPETYAN ○○○☉

Independent Board Member

Appointed to the Board as of June 2022, re-appointed in 2025

Skills and experience:

Ashot Karapetyan has significant experience across the regulatory and finance sectors, and a deep understanding of capital markets, risk management, macro-economic and regulatory environment. Ashot Karapetyan has resided in Canada since 2008 and has worked for the Canada Mortgage & Housing Corporation (CMHC) as an economist, specialist and manager in Economic Analysis, Capital Markets, Risk Management and Compliance. He has most recently worked as a manager in Risk, Strategy and Policy at Canada's financial regulator, the Office of the Superintendent of Financial Institutions (OSFI).

Other positions:

- Manager, Risk Management and Compliance, Canada Mortgage and Housing Corporation (CMHC)

Education:

- Yerevan State University, degree in Economics
- Graduated from the University of Illinois at Urbana-Champaign, Master of Science (MSc) in Economics
- Chartered Financial Analyst (CFA) Charterholder CFA Institute
- Financial Risk Manager (FRM) Certification Global Association of Risk Professionals (GARP)



Age:
66

BERNARD DE WIT 
Independent Board Member
Appointed to the Board as of July 2024.

Skills and experience:

Bernard De Wit spent his entire career at major financial institutions, focusing initially on Retail and commercial banking. He then occupied several senior positions in the area of Finance and Risk Management, before becoming one of the founders of Amundi, the leading European Asset Management company. He was Deputy CEO of Amundi until 2023.

Education:

- *Master of Economic Management*
- *Master of Business Administration (Partnership University of Louvain and University of Chicago)*



Age:
47

ARAM BABAYAN 
Board Member
Appointed to the Board as of June 2022, re-appointed in 2025

Skills and experience:

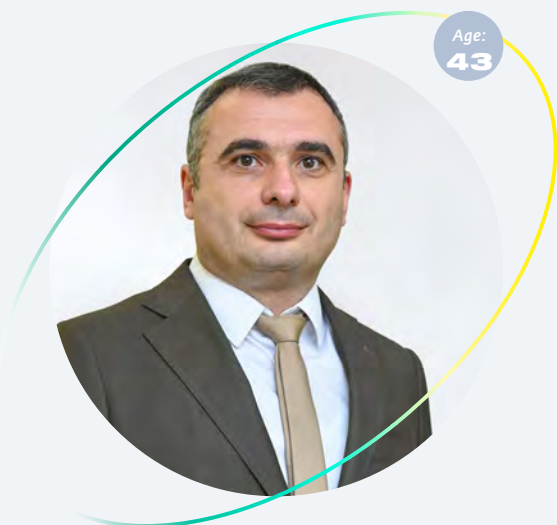
Aram Babayan has over 15 years of experience working for the Deutsche Gesellschaft für Internationale Agency (GIZ), holding the positions of expert, program coordinator, deputy manager and team leader in various programs.

Other positions:

- *Project team leader at Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)*
- *Board member of the Wines of Armenia Association and Advisory*
- *Board Member of German Business Association in Armenia*

Education:

- *Agricultural Academy of Armenia, bachelor's and master's degrees*
- *University of Triesdorf in Germany, a Master of Business Administration (MBA) in Agriculture*



HARUTYUN PAKHCHANYAN ○

Board Member

Appointed to the Board as of June 2022. , re-appointed in 2025

Skills and experience:

Harutyun Pakhchanyan is an accomplished business leader with extensive international experience in finance and strategic development. With over 15 years of cross-sector expertise gained through roles in finance, corporate governance, and agricultural entrepreneurship. Since 2015 Mr. Pakhchanyan is the Executive Director of "ARBERRY" company.

Other positions:

- *Executive Director at "ARBERRY"*
- *Cofounder and CEO at MR LAMB LLC*

Education:

- *Yerevan State Institute of Economics*
- *Cardiff University in Wales (UWIC, UK), Master of Business Administration (MBA) degree*



Age:
49

VARDAN URUTYAN ○

Board Member

Appointed to the Board as of June 2022.

Skills and experience:

Vardan Urutyan brings extensive insight into financial services, technologies and corporate strategy, through his leadership experience in various educational and research organizations. He previously served as the Director of the International Center for Agribusiness Research and Education (ICARE). Since December 2018 until December 2023 Vardan Urutyan served as the Rector of the Armenian National Agrarian University (ANAU). During 2010-2024 Vardan Urutyan served as an Adjunct Professor in the Department of Agricultural Economics of Texas A&M University, USA. He has been an expert/chief researcher/team leader in the USAID, EU, ADA, World Bank, Asian Development Bank, AUA, UN FAO, UNDP and other local and international organizations.

Other positions:

- Founder & CEO, Armenian Institute for Digital Agriculture
- Agribusiness and Digital Agriculture International Expert
- Member of the Board of Trustees: ReArmenia Foundation
- Professor and Member of the Board of Trustees: Armenian National Agrarian University
- Member of the Board of Trustees: Georgian Center for Agribusiness Development
- Member of the Board: Armenian Economic Association

Education:

- PhD in Economics, Yerevan State Institute of Economics., Armenian State University of Economics
- Post Doctoral Certificate Program in Agribusiness Finance, Risk Management and Research Methods at the Department of Agricultural Economics and Business, University of Guelph, Canada
- Completed a Professional Course in Leadership and Education Management at Texas A&M University, USA. Completed an Executive Management Program in Maastricht School of Management, The Netherlands
- Professional distance learning programs: Trade, Growth and Poverty; Trade and Gender; Standards and Agricultural Trade; Economics of Education for Policymakers. The World Bank Institute. The World Bank Group, E-Institute for Development. Certificates obtained
- Academic Training in Education Administration, The University of Hohenheim, Stuttgart, Germany and The University of Wageningen, Wageningen, The Netherlands. Certificate obtained
- Professional Training in Precision Agriculture and Digital Farming Technologies at the Weihenstephan-Triesdorf University of Applied Sciences, Germany. Certificate obtained



GAYANE HAYRAPETYAN ○

Board Member

Appointed to the Board as of August 2024.

Skills and experience:

Gayane Hayrapetyan is a respected scientist and entrepreneur with a strong background in biomedical research and regional development. She has led the International Biomedical Center for many years and is widely published in her field. Gayane is also the co-founder of ActiTour and founder of the "7 Qar" complex in Garni, showcasing her passion for tourism and culture.

Other positions:

- Director of the International Medical Biomedical Center
- Co-founder of ActiTour company
- Founder of "7 Kar" complex
- Board member at the "Kotayk ACRU" NGO

Education:

- Yerevan State University, Faculty of Radio-physics, bachelor's and master's degrees
- Post-graduate program at the UNESCO Biomedical Center

Board committee membership key

- ⊙ Chairperson of the Board
- Audit Committee
- Risk Committee
- Governance, Nomination and Remuneration Committee
- Strategy committee

Learn more about our board members at the following link ("Bank managers" section):

<https://www.acba.am/hy/about-bank/about/Bank-today>

BOARD MEMBERS APPOINTED BY BANK'S SIGNIFICANT SHAREHOLDER "ACBA FEDERATION" CJSC WITHOUT A VOTE AT THE GENERAL MEETING



RAFAYEL SARGSYAN

Rafayel Sargsyan is an experienced lawyer within the banking industry with significant leadership experience at Acba bank. Rafayel was the former Head of Acba bank's Legal Department where he was responsible for the Group legal and governance, as well as for NPL collection process.

Rafayel Sargsyan was appointed in the Board of the Bank's by significant shareholder, "ACBA FEDERATION" CJSC, directly, without a vote at the General Meeting in line with Article 21³, paragraph 2 of the RA Law "On Banks and Banking Activities" and Article 85, part 2 of the RA Law "On Joint-Stock Companies".

Rafayel also served as Chairman of the Board from January 2022 until April 2026.

By a decision dated April 7, 2026, "ACBA FEDERATION" CJSC decided to terminate the powers of Rafayel Sargsyan as a member of the Bank's Board appointed by ACBA FEDERATIO, directly, without a vote at the General Meeting. **The termination has been submitted to the Central Bank for registration.**



HARUTYUN POGHOSYAN

Harutyun Poghosyan has been serving as General Manager of ACBA Federation CJSC since 2017. He has over two decades of experience in the banking and financial sector, with a strong focus on marketing, strategy, and cooperative banking development.

He joined Acba bank in 1995 and has held a number of senior positions, including Head of Marketing and Quality, and later Head of Marketing at Acba Bank. Earlier in his career, he contributed to the establishment of Acba bank within the EU TACIS program.

By a decision of April 7, 2026, based on Article 85(2) of the RA Law on Joint-Stock Companies, Article 21³ (2) of the RA Law on Banks and Banking, as well as Article 8.3 of the Bank's Charter, "ACBA FEDERATION" CJSC dated decided to appoint Harutyun Roland Poghosyan, General Director of the Federation, as a new member of the Bank's Board without election by the General Meeting. **The appointment has been submitted to the Central Bank for registration.**

OTHER BOARD MEMBERS WHO SERVED IN 2025



KLAUS GRESSENBAUER

Klaus Gressenbauer is an experienced auditor with exceptional international experience in the Europe and US. Klaus spent 20 years at European Central Bank, where he held positions, including Director of the Planning and Supervision Directorate and Head of Internal Audit and Chairman of the Eurosystem, ESCB and SSM Audit Committee. Dr. Gressenbauer joined in Acba bank bord in 2022 and served until 2025 AGM. During his tenure he held the position of Audit committee chair.



HENRIK KOCHINYAN

Henrik Kochinyan has extensive experience in public administration from a career spanning more than 40 years, holding many key positions in the public administration system of the Republic of Armenia, including Minister of Transport and Communication of Armenia, Governor of Lori region, Head of the Department of the Tax Inspection of the State Revenue Committee. Mr. Kochinyan joined in Acba bank bord in 2010 and served until 2025 AGM.

INTERNAL AUDIT



NARINE MALAKYAN

Internal Audit Director

Narine Malakyan joined Acba bank as Head of Internal Audit in January 2024 and replaced Armen Varzhapetyan in this position.

Prior to that Narine served 12 years at the Central Bank of Armenia where she held positions of the head of Financial Audit and the head of People and Culture since 2020.

Narine have started her professional career in 2005 at Ernst & Young audit firm, where she initially held the position of an audit specialist and advanced to the role of a senior auditor.

Since 2016, Narine is a member of the Institute of Internal Auditors (IIA).

Narine has held the Association of Chartered Certified Accountants (ACCA) qualification since 2017 and obtained the Certified Internal Auditor (CIA) qualification in 2024.

CORPORATE SECRETARIAT



TATEVIK IGITYAN

Corporate Secretary

Appointment: Feb 2025

Skills and experience:

Tatevik Igityan has been with Acba bank since 2017, contributing her legal expertise within the Corporate Law Division of the Legal Department. She was promoted to Chief Specialist and Secretary of the Audit Committee in 2022 and was appointed as Head of Corporate Secretariat and Governance assistance division in March 2025. Prior to ACBA, she spent five years at Ardshinbank CJSC, where she provided legal support in both banking and corporate transactions.

Tatevik is a member of the Armenian chamber of advocates. She is a member of the Armenian Women on Boards Network of the Corporate Governance Center of Armenia. She also holds the European Board Diploma from ECODA, which she received in 2026.

ANNEX 6 – TOP MANAGEMENT



HAKOB ANDRIASYAN

Chief Executive Officer

Hakob Andriasyan has an extensive background in banking, finance, and public administration. He joined Acba bank in 1996 and became part of the team responsible for the creation and development of Acba bank. For 18 years, he served as deputy CEO - Credit Director of ACBA. Hakob was appointed Chief Executive Officer in April 2014. Since September 2015, he is a member of the Executive Committee of the Confédération internationale du crédit agricole (CICA).

Hakob is also Chairman of Acba Leasing, Amundi-Acba Asset Management, the Alliance Française d'Arménie, as well as he is a board member of a number of Armenian-French organizations. In 2025 Mr. Andriasyan was appointed as a member of the Armenian Public Council.



NIKOLAY HOVHANNISYAN

Deputy CEO- Chief Operations Officer

Nikolay Hovhannisyan has extensive experience in the banking industry and was part of ACBA's management team during its creation and formation. Nikolay joined the ACBA team in 1996 and was the manager of the "Armavir" branch. In 2022 he was appointed as Deputy CEO.

Nikolay became Chief Operating Officer in July 2015, and previously served as Deputy CEO. He is also a board member of Acba Leasing since its establishment. From Nikolay is appointed as Chief Operations Officer, DCEO starting from March 2025.



STYOPA ZAKINYAN

Deputy CEO - CFO

Styopa Zakinyan became Chief Financial Officer in 2015. Since joining Acba bank in July 2000, his roles included branch credit officer, Head of Strategic Planning and Assets and Liabilities Management Department, Head of Assets and Liabilities Management and Dealing Office, Head of Department of International Relations and Asset and Liability Management.

In 2007, he received the degree of Candidate of Economic Sciences (macroeconomics and finance/credit). In 2023, Styopa Zakinyan received an Executive Master of Business Administration (EMBA) from the London Business School.



NORIK NAZARYAN

Deputy CEO- Chief Retail Business Officer

Norik Nazaryan joined Acba bank in 1998 and was appointed deputy of CEO in 2014, in charge of various areas of the Bank's activities. Prior to that, he had significant experience in sales and branch network management. In 2018 he was appointed as the deputy CEO in charge of sales promotion and regional management.

Starting from March 2025, Norik has taken on the role of Chief SME and Corporate Business Officer. In May 2026 Norik was appointed in the position of Chief Retail Business Officer, at the same time serving as DCEO of the Bank.



TIGRAN SIMONYAN

**Deputy CEO- Chief Digital Platforms
and Technology Officer**

Tigran Simonyan joined ACBA Bank in 2009 and has since held a number of senior management positions, including Head of IT Development Department, Head of Risk Management Department, and Head of Technical Tasks Development Department. In 2020, he was appointed Deputy CEO for Platforms and Technologies Development.

In parallel with his activities at ACBA Bank, Tigran is the Chairman of the Board of "IM AYDI" CJSC.

Since March 2025, he has been appointed Deputy CEO, assuming the position of Chief Digital Platforms and Technology Officer.

In 2026, Tigran graduated from INSEAD, one of the world's leading business schools, and received an Executive Master of Business Administration degree, further deepening his international leadership vision and strategic capabilities.



HAKOB HAKOBYAN

Chief SME and Corporate Business Officer

Hakob Hakobyan joined Acba bank in 2010. He held a number of managerial positions, including Head of the SME and Corporate Products Management and Sales Division and Head of the Sales Department.

In 2025, he was appointed Head of the Corporate Business Department, in March 2026 as acting Chief SME and Corporate Business Officer, and from May 2026 as Chief SME and Corporate Business Officer

He holds a degree in Management from the Armenian State University of Economics.

In 2020, he obtained a Level 5 Certificate in Management and Leadership from the Chartered Management Institute (UK), and in 2025, he completed a program in Strategy and Innovation at Saïd Business School, University of Oxford.

Hakob has over 15 years of experience in banking, specializing in SME and corporate business, sales management, and business development.



HOVHANNES NONOYAN
Chief Risk Officer

Hovhannes Nonoyan has over 10 years of experience in risk management and banking. He joined Acba bank in 2015 and has held several positions in financial risk management, including Head of the Financial Risk Management Division.

Since March 2025, he has been serving as Head of the Risk Management Department.

He holds a Bachelor's degree in Actuarial and Financial Mathematics and a Master's degree in Risk Management from Yerevan State University, where he also lectures.

He holds international certifications in Financial Risk and Regulation (GARP, 2019) and Financial Risk Manager (FRM Part 1, GARP, 2024).

In May 2026 Hovhaness was appointed as Bank's CRO.

* Submitted to the Central Bank of RA for registration.



ZARINE AZIZYAN
Chief Legal and Compliance Officer

Zarine Azizyan joined Acba bank in 2012 as a Legal Counsel. From 2016 to 2022, she served as Head of the Business Processes Legal Service Division, and since 2022, she has been the Head of the Legal Department, overseeing all legal matters of the Bank. In parallel, she also lectures at the RA Academy of Justice.

She holds a Master's degree in International Business Law from Jean Moulin Lyon 3 University and the French University in Armenia, along with a Bachelor's degree in Law.

In 2024, she earned a Level 7 Diploma in Strategic Management and Leadership Practice from the Chartered Management Institute, UK.

In 2025, she earned an ICA certificate in Compliance from International Compliance Association, UK.

Since March 2025, Zarine Azizyan has assumed the position of Legal and Compliance Director at Acba bank.

CMI and ICA member



ARMEN MELKUMYAN
Chief AML/CFT and Sanctions Officer

Armen Melkumyan joined Acba bank in 1997. Since 2002 he was heading the IT development department of the Bank. Armen was appointed as Head of Risk Management and Compliance in April 2020.

In March 2025 Armen was appointed as AML/CFT and Sanctions Director. Armen has MBA degree from American University of Armenia.

In 2022, he earned an ICA certificate in Trade Based Money Laundering from International Compliance Association, UK.



VAGHARSHAK ISKANDARYAN
Chief Information and Cyber Security Officer

Vagharshak Iskandaryan joined Acba bank in 2011 as an Information Security Specialist.

He holds a Master's degree in Information Security from the State Engineering University of Armenia.

In 2020, he was promoted to Head of the Information Security Division, leading efforts to strengthen security protocols and information and cyber security risk management.

In 2025, Vagharshak was appointed Information and Cyber Security Director, overseeing cybersecurity strategy and protecting the organization's assets.

Throughout his career, he has remained dedicated to advancing information security and enhancing organizational resilience.



ZORAYR SARGSYAN

Chief Credit Committees and Analysis Officer

Zorayr Sargsyan began his professional journey at Acba bank in 2005 as a Credit Officer. In 2014, he was appointed Head of the Credit Analysis and Committee Approval Division, and from 2018 to 2025, he served as the Head of the Credit Analysis Department.

He holds a Master's degree in Finance and Credit from the Armenian State University of Economics and has further strengthened his leadership credentials with a Level 5 Management and Leadership certificate from the Chartered Management Institute (UK), completed in 2020.

In March 2025, Zorayr has taken on the role of Chief Risk Officer.

In May 2026 Zorayr was appointed as Credit Committees and Analysis Director.



ARSEN ABRAHAMYAN

Chief HRM and Organizational Development Officer

Arsen Abrahamyan began his career at Acba bank in 1999 as an Accountant. In 2010, he was appointed Head of the HRM Division, and since 2015, he has been leading the Bank's HR function as the Head of the Human Resource Management Department.

He holds a Bachelor's degree in Economics from the Cooperative-Economics Institute and earned a Level 7 Diploma in Strategic Management and Leadership from the Chartered Management Institute in 2020.

Since March 2025, Arsen Abrahamyan has assumed the position of Human Resources and Organizational Development Director.



ARMEN HAKOBYAN

Chief Accounting Officer

Armen Hakobyan has been with ACBA Bank since 1998, and in 2015 he was appointed as Chief Accountant. Previously, he was the Deputy Chief Accountant of the Bank, as well as the Chief Accountant of ACBA Leasing and Amundi-ACBA Asset Management companies.

He teaches at the Armenian State University of Economics, is a Doctor of Economics, and holds the academic title of Professor. He is the author of about 100 scientific publications in the field of accounting, financial management, and auditing.

Armen Hakobyan is a member of the Chamber of Auditors and Expert Accountants of the Republic of Armenia, has the qualification of an expert accountant, is a member of the same Chamber as well as the Qualification Committees of the Eurasian Group of Accountants and Auditors and the Accounting Committee of the Chamber.

He has participated in numerous international conferences and qualification improvement courses in the Republic of Armenia, Lebanon, the Czech Republic, Austria, France and the United Kingdom.

ANNEX 7 – EXTERNAL AUDITOR

The bank's external auditor for the financial year ended 31 December 2025 was PricewaterhouseCoopers Armenia LLC (PwC).

In accordance with the terms of engagement, the contractual fee for the provision of external audit services amounted to **AMD 57 240 000 (fifty-seven million two hundred forty thousand)**. This information is disclosed in the Acba bank OJSC IFRS Consolidated Financial Statements and Independent Auditor's Report as of 31 December 2025.

ASSESSMENT OF AUDITOR INDEPENDENCE

PPwC is independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code).

In alignment with the Bank's approach to maintaining auditor independence, the Audit Committee is entrusted with the following responsibilities:

- ▶ Overseeing the implementation of the policy by management regarding the engagement of the external auditor for non-audit services, ensuring compliance with applicable regulatory requirements;
- ▶ Pre-approving any non-audit services proposed to be provided by the external auditor.

As a result of implementing such a supervisory function, no instances of independence violations have been recorded.

Furthermore, PwC declares its independence during the Bank's Audit Committee meetings, which further reinforces its commitment to the relevant ethical standards and ensures the auditor's independence is maintained throughout the engagement.

ANNEX 8- BOARD COMMITTEE REPORTS

GOVERNANCE, NOMINATIONS AND REMUNERATION COMMITTEE ANNUAL REPORT 2025

In 2025, the Governance, Nominations, and Remuneration (GNR) Committee continued to strengthen the Bank's corporate governance framework, with a particular focus on advancing group governance practices, enhancing succession planning, and reinforcing performance management through the approval of key performance indicators for top management. The finalization of the Group Governance Policy and the completion of the Board and Committee self-assessment process marked important steps toward improving governance consistency, accountability, and effectiveness across the organization.

At the same time, the Committee acknowledges that further development is required to ensure a more robust and fully integrated governance framework. In this regard, the priorities for 2026 are centered on deepening compliance with the Corporate Governance Code, including the preparation and publication of the Corporate Gover-

nance Annual Statement, as well as further strengthening remuneration methodologies through the introduction of long-term incentives and risk-based approaches.

Additional focus will be placed on further strengthening governance frameworks and leadership continuity, as well as enhancing the effectiveness of internal processes and oversight mechanisms. The Committee will continue to promote transparency, accountability, and alignment with the Bank's strategic objectives, ensuring a consistent and sustainable approach to governance development.

Sincerely,
Bruno Charrier
Chair
GNR Committee

1. FOCUS AREAS FOR 2025

In 2025, the GNR Committee focused on the following key areas:

1. CORPORATE GOVERNANCE CODE COMPLIANCE

MONITORING: Recognizing the importance of compliance with Corporate Governance Code requirements, the ongoing monitoring was conducted throughout 2025 and it was ensured regular reporting on compliance status.

2. GROUP GOVERNANCE: Further strengthening of the Group Governance framework, building on its introduction in 2024, including the alignment of Board and Committee compositions, internal control responsibilities, and regulatory frameworks.

3. SUCCESSION PLANNING: Taking important steps to develop an emergency succession planning framework for top management roles, as well as initiating the first steps toward Board succession planning.

4. KPIS: Approval of key performance indicators for top management, with a focus on ensuring alignment with the Bank's strategic objectives, enhancing performance accountability, and supporting effective monitoring of results.

5. BOARD SELF-ASSESSMENT: Completion of the Board and its committees' self-assessment process, aimed at identifying strengths and areas for improvement and defining actions to enhance governance practices.

2. PRIORITIES FOR 2026

1. Compliance with the Corporate Governance Code: Oversight of actions required to support the continuous enhancement of the Bank's corporate governance framework, including the preparation and publication of the Corporate Governance Annual Statement.

2. Remuneration Framework: Review and enhancement of KPIs and underlying methodologies, including the introduction of long-term incentives (LRIs) and the integration of risk-based remuneration principles.

3. Succession Planning: Consideration of succession of board members and, if necessary, other important key leadership positions.

4. Board Members' Training: Identification of training needs and structured planning of development programs for Board members, aimed at strengthening competencies and enhancing overall governance effectiveness.

5. Board Self-Assessment: Organization and further development of the Board and its Committees' self-assessment processes, with a focus on continuous improvement of governance effectiveness.

6. Enhancement of HR Processes: Review and continuous improvement of HR processes and frameworks to support effective talent management, organizational efficiency, and alignment with the Bank's strategic objectives.

7. Enhancement of GNR Reporting to the Board: Strengthening and refinement of reporting processes to the Board, ensuring greater transparency, clarity, and alignment with governance standards.

3. MEETINGS, MEMBERSHIP, AND ATTENDANCE

3.1. NUMBER OF MEETINGS in 2025: 10 meetings



3.2. Membership & Attendance In 2025:

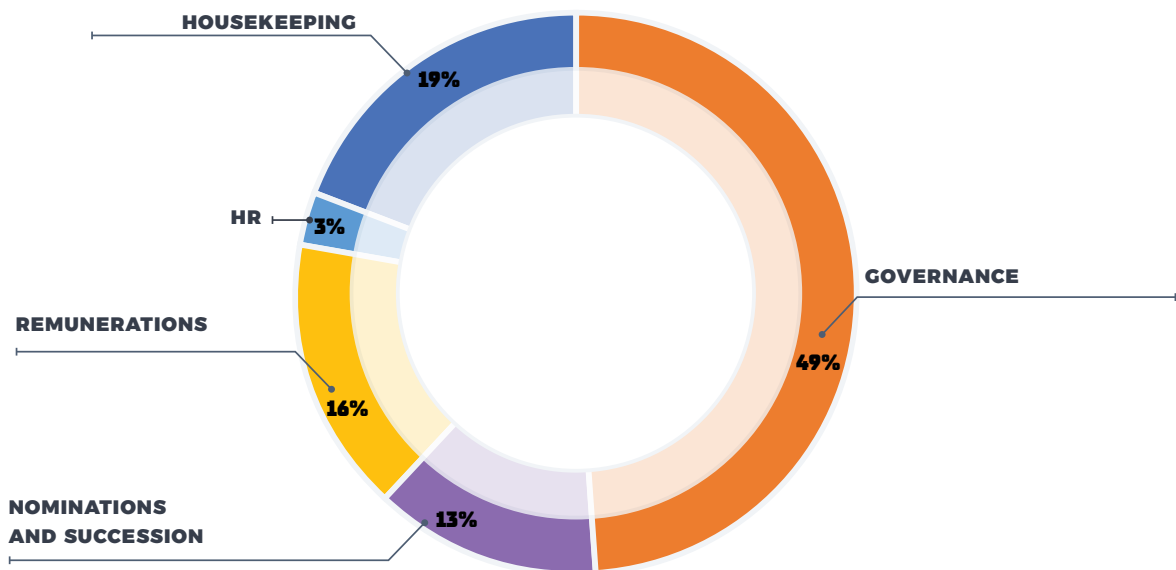
Name and position	Attendance
Bruno Charrier (Chair)	10/10
Rafayel Sargsyan (Member)	10/10
Aram Babayan (Member)	10/10
Henrik Kochinyan (Member)	5/10
Harutyun Pakhchanyan (Member)	8/10

4. GNR COMMITTEE REMIT

The Governance, Nominations and Remunerations Committee has been delegated by the Board of the Bank its functions for matters related to governance, nomination and remuneration to Committee, in particular, for:

- **I.** Overseeing and monitoring the corporate governance framework of the Bank and making recommendations to the Board to ensure that the framework is consistent with corporate governance standards and best practice.
- **II.** Assisting the Board in keeping the composition of the Board and its committees under review and to lead the process for nominations to the Board and its committees.
- **III.** Overseeing a continuous and proactive process for planning and assessment of candidates to ensure plans are in place for the orderly succession for members of the Board, Group Executive and other senior appointments within the Bank.
- **IV.** Being satisfied that good remuneration frameworks and practices are in place for the Bank's workforce.

5. THE GNR COMMITTEE TOPIC AREA COVERAGE IN 2025



6. THE FOCUS AREAS 2025 IN MORE DETAIL

6.1. GROUP GOVERNANCE

One of the primary objectives of the GNR Committee in 2025 was the finalization and implementation of the Group Governance action plan, aimed at strengthening governance across the Bank and its subsidiaries (the "Group"). This initiative focused on:

- ▶ Establishing a unified governance structure across the Group
- ▶ Clearly defining roles and ensuring consistent management across the Group
- ▶ Implementing unified control mechanisms and aligning responsible functions across the Group
- ▶ Defining clear decision-making authority at all levels
- ▶ Introducing a Group Reporting Policy, including the definition of mandatory reports, responsible parties, recipients, and reporting frequency
- ▶ Establishing Group policies to ensure the effective implementation of processes across the Group
- ▶ Strengthening Group governance through the alignment of Board composition

Throughout the year, these governance enhancements were mainly embedded within the Bank's operational and strategic framework, with further development perspectives in 2025.

6.2. SUCCESSION PLANNING

Recognizing the importance of leadership continuity, the Committee took significant steps toward developing a structured succession planning framework, with a particular focus on emergency succession arrangements. Key initiatives included:

- ▶ Development and approval of an emergency succession governance protocol to ensure business continuity in unforeseen situations
- ▶ Continuous dialogue with the CEO on his succession planning to support leadership continuity. Initiation of the first steps toward Board succession planning, with a focus on independent Board members and the Chair

The Committee aimed to ensure that the evolving succession planning framework be aligned with the Bank's long-term strategic objectives, supporting leadership stability and operational resilience.

6.3. KPIS AND REMUNERATION FRAMEWORKS

A critical component of the Committee's work in 2025 was the development and approval of key performance indicators (KPIs) for top management.

Key actions included:

- Approval of KPIs for top management, ensuring alignment of executive performance with the Bank's long-term strategic objectives
- Establishment of clear and measurable performance criteria to enhance accountability and transparency
- Alignment of KPIs with the Bank's strategic priorities and key business objectives
- Monitoring of KPI performance to ensure progress is effectively tracked and managed
- Strengthening the linkage between performance outcomes and decision-making processes

These initiatives were undertaken with the aim of enhancing leadership effectiveness, improving performance oversight, and ensuring a structured and transparent approach to performance management.

6.4. BOARD MEMBERS' SELF-ASSESSMENT

One of the key achievements of 2025 was the organization and completion of the Board members' self-assessment process. The process included:

- Conducting a comprehensive self-assessment of the Board and its Committees by all Board members
- Identifying key strengths and areas for improvement within the Board and its Committees
- Developing an action plan based on assessment results to enhance governance processes
- Supporting a structured and objective evaluation of Board effectiveness and performance

These initiatives contributed to strengthening governance effectiveness, promoting continuous improvement, and enhancing the overall performance of the Board and its Committees.

AUDIT COMMITTEE ANNUAL REPORT 2025

The Audit Committee's Annual Report for 2025 provides a comprehensive overview of its activities and key areas of focus, in line with the responsibilities assigned to the Committee.

During 2025, the Audit Committee concentrated its efforts on several key areas within its oversight scope. These included monitoring financial reporting processes and providing recommendations aimed at improving governance effectiveness, maintaining regular interaction with the external auditor to ensure an independent and high-quality audit, supporting the implementation of the internal audit improvement program, as well as thoroughly reviewing and monitoring the gap analysis of Internal Control over Financial Reporting (ICFR) and the related management action plan, both at the Bank and at ACBA Leasing CO CJSC.

Through these efforts, the Committee aimed to strengthen the internal control environment and the overall governance framework of the Bank's Group.

Sincerely,
Ashot Karapetyan
Chair
Audit Committee
Sona Ishkhanyan
Former chair of the Audit committee

1. KEY FOCUS AREAS IN 2025

FINANCIAL REPORTING

Carrying out necessary activities related to financial reporting within the Committee's mandate, including providing recommendations to management on improving financial reporting governance and monitoring the implementation of such recommendations.

EXTERNAL AUDIT

Holding regular meetings with the external auditor for planning and execution of the annual audit, as well as assessing the auditor's independence, objectivity, and overall audit quality and effectiveness.

Introduction and implementation of a new, more transparent procedure for the selection of the external auditor.

INTERNAL AUDIT

Providing continuous support to the internal audit improvement program and, where necessary, overseeing internal audit activities.

The internal audit improvement program includes enhancement of internal methodologies and processes, as well as alignment with the Global Internal Audit Standards in the future.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Review of the ICFR gap analysis conducted in the Bank and continuous monitoring of the implementation of the related management action plan.

Initiation of the development of an ICFR framework at ACBA Leasing CO CJSC and monitoring of the process.

BUDGETING POLICY

The Committee's charter was amended to explicitly assign responsibility for the Group's budgeting policy to the Audit Committee.

ANNUAL BUDGET

Approval of the Group’s annual budget was assigned to the Committee within the framework of ensuring financial reporting consistency.

BUDGET PERFORMANCE

Ongoing efforts have been undertaken and continue to improve budget performance processes.

2. PRIORITIES FOR 2026

- Oversee the implementation of the improvement program, including the Quality Assurance and Improvement Program (QAIP), as well as periodic self-assessments to ensure compliance with applicable standards and internal audit guidelines.
- Maintain strict oversight over financial reporting governance improvements to ensure the integrity and transparency of financial reporting processes.
- Continuously monitor budget performance.
- Oversee the external auditor selection process and select a new external auditor through a competitive tender process.

3. MEETINGS, MEMBERSHIP AND ATTENDANCE

3.1. Number of meetings in 2025: 9



3.2. Membership and attendance in 2025:

Name and position	Attendance
Klaus Gressenbauer (former Chairman)	2/9
Sona Ishkhanyan (new Chair)	4/9
Rafayel Sargsyan (member)	9/9
Vardan Urutyan (member)	9/9

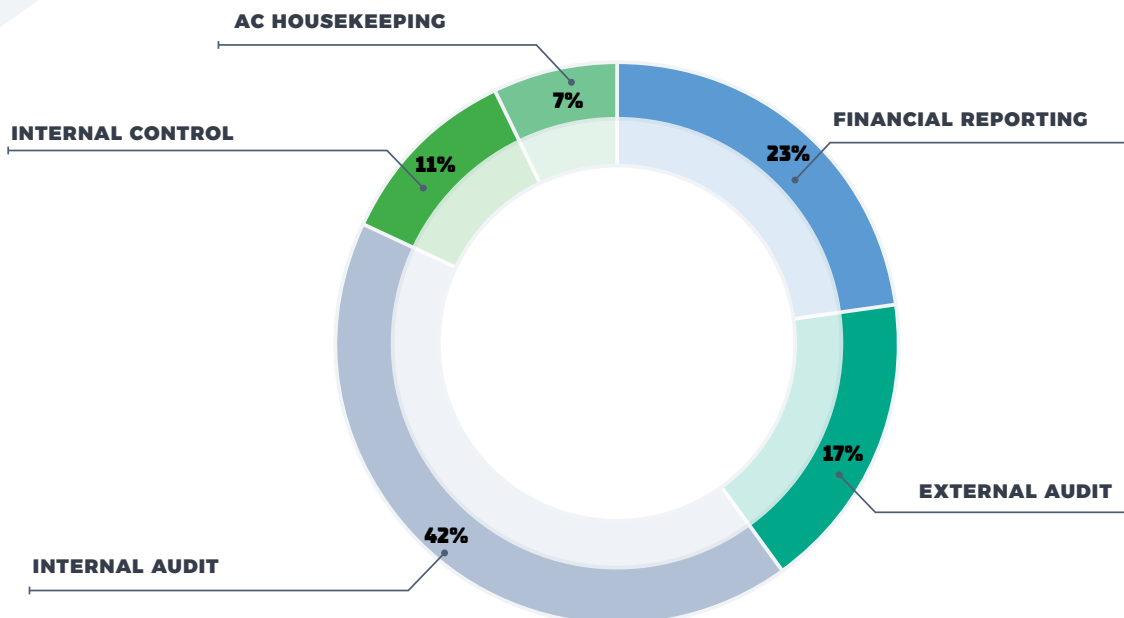
4. AUTHORITY OF THE AUDIT COMMITTEE

The Board of the Bank has delegated to the Audit Committee oversight responsibilities related to financial reporting and internal financial control, including review of:

- **1)** The integrity of financial statements, official announcements, and disclosures related to financial results;
- **2)** The effectiveness of the internal audit function and the external auditor;
- **3)** The effectiveness of internal control systems over financial reporting;
- **4)** Other matters that may be referred to the Committee by the Board.

5. DISTRIBUTION OF MATTERS COVERED IN 2025

(Distribution based on the proportion of time allocated to respective topics)



6. KEY AREAS OF FOCUS IN 2025

6.1 FINANCIAL REPORTING

In order to fulfill its responsibilities regarding the 2024 financial statements, particularly ensuring their integrity, the Committee requested and received the following information from management:

- Changes in the regulatory environment and their impact on the ACBA Group;
- Details of complaints and breaches of conduct rules related to ACBA Bank and ACBA Leasing during 2024, including changes made to the relevant processes;
- Information on suspected, alleged, or actual fraud, as well as ongoing litigation involving ACBA Bank and ACBA Leasing;
- Any changes in the application of the three lines model, its current status, and planned developments;
- Changes related to the whistleblowing system;
- Internal audit observations regarding implementation of actions arising from the external auditor's prior-year management letter;

- Any internal audit observations since 2024 related to the integrity and preparation of financial statements;
- Information on the bonus and incentive system applied in the Bank.

During the reporting period, the Audit Committee thoroughly reviewed all matters within its authority and initiated necessary steps to provide timely and well-reasoned assessments to the Board, supporting informed decision-making and strengthening the governance framework.

The Committee acknowledges that there is still potential for further improvement in financial reporting processes and continues to maintain oversight to ensure their effective development.

In 2025, the Committee held five meetings with external auditors, focusing on preparatory activities for the beginning of 2026 and aligning efforts with upcoming objectives.

6.2 EXTERNAL AUDIT

To ensure an effective financial reporting process, the Audit Committee focused on aligning the external auditor's work with the Group's reporting timeline.

Matters discussed included:

- Consolidated financial statements for 2024;
- Draft and final versions of the auditor's opinion;
- Management letter and recommendations;
- Review of interim results;

- Key issues arising during the audit that could impact audit outcomes;
- Planning of the 2025 annual audit;
- Audit approach applied by the audit firm.

Within its mandate, the Committee also reviewed the external auditor's obligations related to non-audit and additional audit services provided to the Bank and its subsidiaries. No threats to independence were identified.

6.3 INTERNAL AUDIT

The Audit Committee continued to play a key role in ensuring the independence, effectiveness, and development of the internal audit function as the Bank's third line of defense.

In 2025, the Committee:

- Worked closely with the internal audit team and actively participated in improving internal audit processes;
- Regularly reviewed and approved the internal audit annual plan and monitored its implementation;
- Ensured that the annual plan meets minimum internal audit requirements established by the Central Bank of Armenia (Regulation 4);
- Monitored the effectiveness of risk management, internal control, and governance processes, as well as

compliance of internal control systems with regulatory minimum requirements.

Following the adoption of the Group governance policy, the Committee supported the expansion of internal audit coverage to ACBA Leasing, strengthening assurance at the Group level.

Efforts were also made to enhance coordination between the second and third lines of defense by aligning risk assessment methodologies and oversight approaches.

To ensure compliance with international auditing standards, a gap analysis was conducted and an action plan was developed to address identified gaps.

Additionally, the Committee approved a performance evaluation system for the internal audit function, including both quantitative and qualitative criteria.

6.4 INTERNAL CONTROL OVER FINANCIAL REPORTING

In 2025, the results of the ICFR gap analysis initiated in 2024 and conducted by an external consultant were finalized, and the corresponding management action plan was presented.

The Committee regularly reviews the progress of this plan to ensure its proper implementation.

The analysis highlighted the development of a more structured and robust ICFR framework within the Bank.

In 2026, the Committee continues to expand its oversight to include ICFR at the Group level.

RISK MANAGEMENT COMMITTEE ANNUAL REPORT 2025

On behalf of the Board Risk Management Committee, I am pleased to present the Committee's annual report for 2025, a year that has been marked by a relative macroeconomic stability in Armenia but yet warranted sustained prudence amid evolving conditions. I would also like to express my sincere gratitude to the Bank's Executive Management, Risk Management Directorate, Legal and Compliance Directorate, Financial Directorate, AML/CFT and International Sanctions Directorate, as well as IS and CS Directorate for their professionalism, close cooperation, and unwavering commitment throughout the year.

The Bank operated in a particularly interesting macroeconomic environment throughout the year. At the beginning of 2025, economic growth showed signs of acceleration, reaching approximately 5.2% in the first quarter, despite weakening external demand. At the same time, Central Bank of Armenia monetary policy reports indicated signals of relatively subdued internal demand, reflected in the concentrated nature of economic growth, a continued decline in remittance inflows, gradual softening in labor market conditions, and a persistently low inflation environment. Economic activity was primarily supported by strong performance in the construction and services sectors. Growth in the services sector was largely driven by the financial and insurance activities. Reports published by the Ministry of Finance indicate that financial intermediation within the banking system expanded at a pace exceeding overall economic activity, suggesting strong

intermediation dynamics and sustained demand for financial services relative to the broader economy. Toward the end of the year, economic growth showed further acceleration, supported by improving external demand, while uncertainties regarding the sustainability of internal demand persisted. Overall, the year was characterized by generally positive macroeconomic trends albeit with mixed signals regarding the breadth and sustainability of underlying domestic demand.

In 2025, the Bank continued to grow its profitability and loan portfolio, while maintaining strong capitalization and liquidity positions well above regulatory minimum requirements. This performance was achieved in the context of a supportive yet mixed macroeconomic environment. Throughout the year, the Bank maintained disciplined credit underwriting and continuously monitored asset quality, ensuring that portfolio expansion remained consistent with sound risk management practices. Capital and liquidity positions continued to serve as robust safeguards against potential volatility, reflecting the Bank's commitment to maintaining resilience amid changing market conditions.

Sincerely,
Ashot Karapetyan
Chair
Risk Management Committee

1. 2026 PRIORITIES

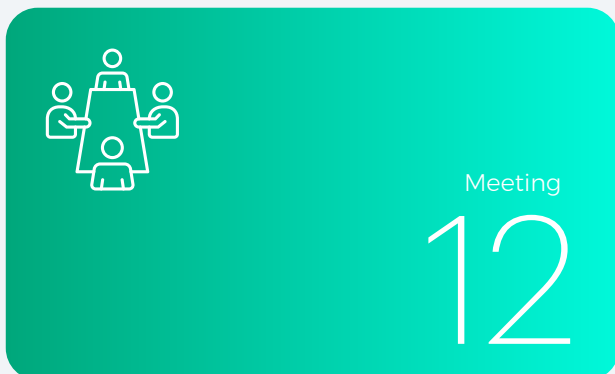
Looking ahead, the Committee will continue to oversee key enterprise risks affecting the Bank and its subsidiary. Our strategic priorities for the coming year include:

- Oversight and coordination of the SREP process
- Interest Rate Risk in the Banking Book (IRRBB) Management system
- Market Risk Management
- Fraud Risk Management

I would like to extend my sincere appreciation to my fellow Committee members for their active engagement and insights, and to the Bank’s risk, compliance, financial security, and treasury teams for their professionalism and dedication throughout the year.

2. COMMITTEE COMPOSITION, MEETINGS & ATTENDANCE

2.1. Meetings in 2025



The Committee convened 12 times in 2025. Meetings were attended by Committee members, the Chief Executive Officer, Chief Financial Officer, and key heads of risk, compliance, legal, and Asset and Liability Management functions. The Committee Chair also held ad hoc discussions outside formal meetings with key stakeholders to review critical matters.

2.2. Attendance Record

Name and position	Attendance
Ashot Karapetyan (Chair)	12/12
Bruno Charrier (Member)	12/12
Rafayel Sargsyan (Member)	12/12
Harutyun Pakhchanyan (Member)	2/12 <small>(Due to termination as an RMC member)</small>

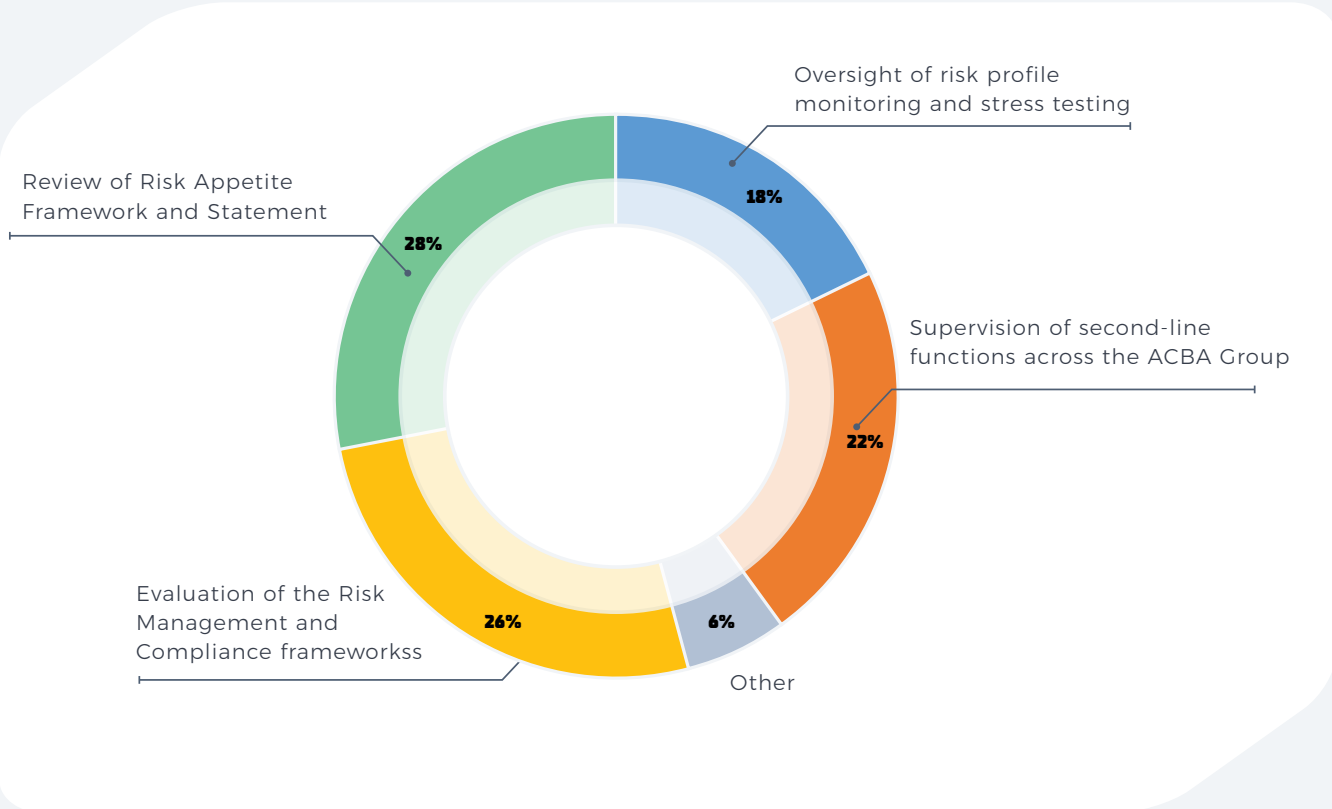
3. COMMITTEE REMIT

3.1. RESPONSIBILITIES

As defined in its charter, the Committee is responsible for oversight of enterprise-wide risk and the internal control environment, excluding internal financial controls. Key duties include:

- Review and recommendation of the Bank's Risk Appetite Statement and Framework
- Oversight of risk profile monitoring and stress testing
- Evaluation of the Risk Management and Compliance frameworks
- Supervision of second-line functions across the ACBA Group

3.2. REMIT COVERAGE



4. FOCUS AREAS DURING 2025

Topic	Conclusion / Action Taken
<p>RISK PROFILE MONITORING</p>	<p>The Committee maintained close oversight of the Bank's risk profile. At the outset of the year, it oversaw the ICAAP assessment results and conducted the annual review of the Bank's Risk Appetite Statement (RAS). Following the Bank's annual AML/CFT strategic risk assessment, new AML/CFT risk appetite indicators were incorporated into the RAS. Throughout 2025, the Committee regularly reviewed reports on ALM, financial risk management, AML/CFT and international sanctions, as well as operational risk management. Particular attention was given to information security and cybersecurity risks. In this regard, the Committee initiated the establishment of a periodic Board-level reporting framework on IS and CS risks, to be presented by the IS and CS Director in their capacity as an independent control function. The Committee reviewed and pre-approved the format of this report, and, starting from the third quarter of 2025, has been receiving these reports on a regular basis.</p>
<p>ENHANCEMENT OF COMPLIANCE FUNCTION</p>	<p>2025 was marked by significant compliance reforms. A new Compliance Program was adopted, followed by the introduction of a Compliance Policy, Compliance Strategy, and Compliance Action Plan. These initiatives placed particular emphasis on strengthening regulatory compliance, establishing a dedicated compliance monitoring function, enhancing the framework for identifying and managing conflicts of interest, as well as elevating compliance culture. The Committee also received periodic compliance reports covering material incidents of non-compliance, major legislative amendments, performance of the compliance action plan and compliance culture reviews.</p>
<p>APPROVAL OF KEY RISK MANAGEMENT FRAMEWORKS AND POLICIES</p>	<p>The Committee approved the Operational Risk Management Framework, elevating the operational risk management function to a more advanced and structured level. The framework is aligned with international best practices and covers key components such as the taxonomy of operational risk events, risk and control self-assessment (RCSA), key risk indicators (KRI), and the roles and responsibilities of governing bodies and organizational units. In addition, the Committee approved several other key risk management documents, including the Risk Management Framework, Credit Risk Management Policy, and Liquidity Risk Management Policy, all developed in line with the same standards.</p>
<p>NEW CREDIT RATING MODEL.</p>	<p>The Committee reviewed and approved a new credit rating model for corporate lending, which provides a more comprehensive framework and enhances the robustness of credit risk assessment within the corporate portfolio.</p>
<p>MODEL VALIDATION REVIEWS</p>	<p>The Committee also reviewed the validation of certain key models applied by the Bank. The validations were conducted by an independent model validator, and their results - including key findings, underlying assumptions, and any identified limitations - were presented to the Committee for its consideration.</p>



In 2025, the Committee maintained strong and effective oversight of the Bank's risk profile, supporting disciplined growth while ensuring resilience in a dynamic macroeconomic and regulatory environment. Looking ahead, the Committee remains committed to further advancing risk oversight, supporting the continuous development of risk, compliance and AML/CFT functions as well as ensuring that the Bank sustains a prudent and forward-looking approach to risk management in line with its strategic objectives

STRATEGY COMMITTEE ANNUAL REPORT 2025

In October 2024, the Board of Directors decided to set up a Strategy Committee. The objectives and the composition of this committee have been finalized at the end of 2024, but the effective work started in 2025, with a first meeting on 19th February 2025.

What is the goal of this Strategy Committee? This Committee is intended at defining, in close cooperation with the management, the overall long-term objectives of the Bank and to ensure that the implementation of these objectives is being secured, to the extent possible, by a detailed and consistent implementation plan. Strategy is about defining the overall goals – some will call these the “mission statement” of the company, but it is also about planning, about forecasting the necessary and realistic steps to achieve these goals. This is why strategy is often associated with financial planning.

At ACBA, we decided to take a pragmatic approach to address this topic. Instead of starting with the design of a possible long-term vision of what the Bank can look like – defining the expected profile of the company ten years

from now, we preferred to identify a limited number of priority topics, which will be used as “building blocks” in order to progressively build this long-term vision. It is indeed very difficult to have a precise idea of what we will be in 2035 or so: the banking environment will probably drastically change, the geopolitical and economic environment is highly volatile, many uncertainties remain.

Therefore, we started our strategic thinking from the client. ACBA implemented, early 2025, a new organization, which is fully client-segment focused. We want our strategic process to be consistent with this approach and concentrate on the understanding of the needs and expectations of our clients, the expected evolution of these expectations and the way ACBA can address and anticipate the best we can.

Sincerely,
Bernard de Wit
Chair
Strategy Committee

1. STRATEGY COMMITTEE REMIT

The Strategy Committee has been delegated by the Board of the Bank its functions for matters related to the following:

- 1) Overall Corporate Purpose of the Bank
- 2) Key Business Priorities and Goals
- 3) Financial Planning and Performance monitoring
- 4) Equity, Key partnerships and M&A
- 5) Technology and Cyber Security
- 6) ESG Principles

2. FOCUS AREAS FOR 2025

Taking the aforementioned approach into account, the Strategy Committee has defined the following list of priority topics, we have been addressing in 2025:

1. Evolution of each major client segment (Retail, SME, Corporate and Agro): starting from the understanding of the client's needs, we assess the possible ways to address them and to become/remain the preferred banking partner for each of them. This refers to the product and service offer, the client relationship organization (through branches and/or digital tools), the pricing and risk policies, our differentiation factors compared to competitors, ... This enables the management, together with the Strategy Committee, to build a "client segment business strategy". These "building blocks" will be combined, ensuring proper synergies and consistency between segments, to define the long-term business positioning of ACBA.

2. Enlargement of the equity of the Bank:

Regulators, in Armenia as all over the whole world, are more and more demanding regarding the required level of equity to develop banking activity. It is key for ACBA to enlarge its shareholders' base. Leveraging on the strength of the ACBA Federation, which represents an extremely stable and reliable controlling shareholder, the Strategy

Committee is looking into ways to broaden the equity base. Improving the Investors' relationship and the related communication will increase the attractiveness of ACBA's share. Looking for some new institutional investors, such as PROPARCO which has been a shareholder since 2024, will diversify and reinforce the quality of our equity. The Strategy Committee has been considering various options, in the course of 2025, to reach this target.

3. Financial planning and optimization of scarce resources: in a rapidly growing banking market, any bank must ensure it has sufficient liquidity to fund its lending capacity and appropriate equity capital to cover the regulatory requirements. Ensuring this overall balance between these main financial parameters is key in order to enable the Bank to run its business development. The Strategy Committee has been working the Finance team of the Bank for further enhancing the models used to forecast and monitor the evolution of the main financial ratios, for optimizing the overall profitability and risk profile of the Bank and for prioritizing the needed investment. This new tool has been used, for the first time, for building the 2026 budget.

4. ESG-profile of the Bank: at ACBA, we are convinced that Banks have a key responsibility in the way ESG-criteria are taken into account in the development of the economy. Banks have to take some leadership role in this area and pave the way for a sustainable development of the country. This is a complex and sensitive issue. The Strategy Committee has worked for selecting a limited number of concrete and measurable objectives the Bank can set to effectively implement some steps towards better sustainability. We are looking for avoiding general statements or communication-driven initiatives. We prefer to concentrate on rather simple actions with short-term concrete benefits. On such a controversial matter, the Strategy Committee cares that the Bank "effectively does what it says, and says what it does".

5. Key IT and digital investment and related risk:

the rapid evolution of the channels used for client interaction entails that the Bank heavily invests on digital tools. This is a must for the quality of the client relationship. This is a must as well for ensuring the efficiency of our operational set-up. This is why the IT-investment and the digitalization of the banking processes have become a “strategic topic”. The Strategy Committee intends at ensuring consistency between the technical choices of the Bank and the expected evolution of the client-interaction pro-

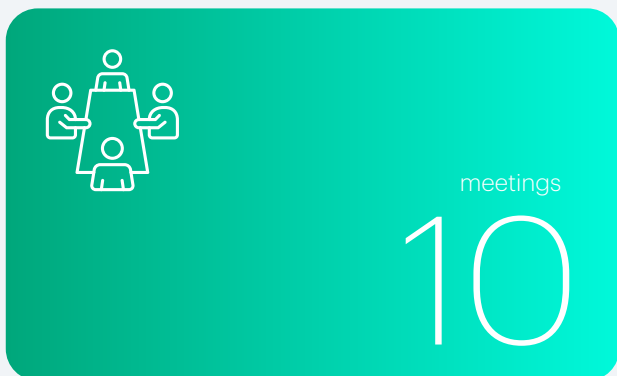
cess. In 2025, the Committee looked into several important IT-investment projects, agreed with the management on KPI’s to effectively measure the expected outcome/improvement from these projects and will be following the implementation thereof. The Strategy Committee is also focusing on the appropriateness of the Cyber-security set-up. A first review was conducted in 2025. Regular updates will take place. Progress has been made on each of these five priority topics.

3. PRIORITIES FOR 2026

Since all the Focus Area topics are complex, the Committee intends to work further in 2026, in cooperation with the Management of the Bank, to further develop our conclusions and action plans on the above-mentioned priority topics. A limited number of additional topic could be added to this list, depending on the evolution of the banking environment.

4. MEETINGS, MEMBERSHIP AND ATTENDANCE

4.1. NUMBER OF MEETINGS in 2025: 10 meetings



4.2. Membership & Attendance In 2025:

Name and position	Attendance
Bernard de Wit (Chair)	10/10
Ashot Karapetyan	10/10
Aram Babayan	10/10
Bruno Charrier	10/10
Gayane Hayrapetyan	10/10
Sona Ishkhanyan (since December 2025)	0

ANNEX 9 – Corporate Governance Annual Statement

**For The Companies At Phase Iii Of Corporate Governance Progression Matrix Annual Declaration Format*

CHAPTER I.

The basic rights of participants, equal treatment of participants and important responsibilities of participants

PRINCIPLE

I.1.

Right of participant to participate in the governance of the organization

The Organization shall be obliged to ensure equitable and fair treatment of all holders of the same type (class) of shares in order to effectively exercise their rights to participate in the organisation’s governance, vote, formulate well-reasoned positions concerning the items on the meeting agenda, and make informed decisions.

	Clause	Status of Compliance	Expalation
I.1.1.	The participant should recieve a proper notification of the date, place, format and agenda of the General Meeting at least 21 days before the date of the General Meeting, as well as should have the opportunity to review draft resolutions, documents and other necessary information that will be discussed at the general meeting.	Compliant	
I.1.2.	The venue and date (time) of convening the general meeting should not limit the participant’s participation in general meeting.	Compliant	
I.1.3.	The rules and procedures of the general meeting ensure equal treatment of owners of shares of the same type (class).	Compliant	
I.1.4.	The rules of the general Meeting ensure proper counting and accounting of votes at the general meeting, as well as timely publication of voting results.	Compliant	

	Clause	Status of Compliance	Expalation
1.1.5.	The rules and procedure of the general meeting are published on the compnay's website.	Compliant	
1.1.6.	Regardless of the voting procedure, the participants' votes are given equal importance.	Compliant	
1.1.7.	At the general meeting, the participant has the opportunity to pose questions to the members of the board and the executive body, the auditor and receive an answer.	Compliant	
1.1.8.	At the general meeting the participants shall have an opportunity to communicate during the general meeting with each other if it is necessary for making a decision on the issue put to a vote or for clarifying the nature of the issue.	Compliant	
1.1.9.	The organization balances between a joint presence and the convening of remote general meetings.	Compliant	

PRINCIPLE

1.2.

Right of the participant to nominate candidates for the members of the Board of the organisation

The corporate governance framework of the organization should promote the effective participation of the participant in the process of nominating candidates for members of the Board and the election of members of the Board.

	Clause	Status of Compliance	Expalation
1.2.1.	The Participant shall, within a reasonable period of time, receive complete and adequate information regarding the professional qualifications and experience of the candidates for membership of the Board, their positions held in the past and at present, as well as their status as a significant participant in the Organization and in persons affiliated thereto.	Compliant	

PRINCIPLE

I.3.

Remuneration policy of the Board and executive body of the organization thereof

The participant shall have an opportunity to express an opinion on the remuneration of the Board and executive body, including by voting at the general meeting.

	Clause	Status of Compliance	Expalnation
I.3.1.	The Organization shall have a remuneration policy and procedures for the Board and the Executive Body, which reflect the link between the remuneration of the Board and the Executive Body and the long-term performance of the Organization, including sustainability targets.	Partially Compliant	We substantially comply with this requirement. The Bank has established remuneration policies and procedures for the Board and the Executive Body. For the Executive Body variable remuneration is linked to performance assessment. At the same time, it should be noted that the explicit and fully institutionalized linkage between remuneration and long-term performance, is not yet fully developed. This area is recognized as an opportunity for further enhancement, with the aim of strengthening the alignment between remuneration and long-term value creation.
I.3.2.	The remuneration policy, remuneration schemes and amendments to them of the Board and the executive body shall be approved by the general meeting upon the proposal of the Board, unless such authority is reserved to the Board in respect of the executive body.	Compliant	
I.3.3.	The policies for remuneration of the Board and executive body should be disclosed on the website of the organization.	Compliant	

PRINCIPLE

I.4.

Right of the participant to receive a dividend

The organisation should to ensure equitable and fair treatment of all holders of the same type (class) of shares to participate in the distribution of profits of the organisation through the receipt of dividends.

	Clause	Status of Compliance	Expalation
I.4.1.	The Board has developed and approved a dividend distribution policy, which includes the minimum pay-out ratio of dividends.	Compliant	
I.4.2.	The policy of dividend payments should be published on the website of the organisation.	Compliant	
I.4.3.	The procedures for dividend payments ensure equitable treatment of holders of the same type (class) of shares.	Compliant	

PRINCIPLE

I.5.

Obligations of a significant participant

The organization should protect participants with small shareholding from abuses committed in the interest of, or directly by significant participants.

	Clause	Status of Compliance	Expalation
I.5.1.	The significant participant of the organization discloses his or her potential significant interest in acting directly or indirectly or on behalf of third persons in transactions concluded with the organisation or in matters directly affecting the organisation and refrain from participating in decision-making related to the given transactions or matters.	Compliant	
I.5.2.	The significant participant of the organization discloses his or her affiliation with the members of the Board and Executive Body.	Compliant	

CHAPTER II. Board

PRINCIPLE

II.1.

Key functions of the Board

The organisation should be guided by an effective and constructive board, the role of which is to contribute to the long-term success of the organisation, creation of value for participants and supporting the stakeholders of the organisation.

	Clause	Status of Compliance	Expalnation
II.1.1.	The Board performs the functions vested in it by the Code.	Compliant	In 2025, the Bank significantly advanced its corporate governance frameworks, which allowed the Board to ensure full compliance with this principle of the Code. The relevant enhancements are detailed in the 2025 Corporate Governance Report.

PRINCIPLE

II.2.

Composition of the Board

Members of the Board should have various complementary professional skills, education and experience.

The organisation should ensure diversity of the Board's composition to ensure the effectiveness of Board's activities and the objectivity and balance of decisions thereof.

	Clause	Status of Compliance	Expalnation
II.2.1.	The Board should establish a diversity policy for the organisation, which may outline other diversity criteria and targets.	Compliant	

	Clause	Status of Compliance	Explanation
II.2.2.	The members of the Board possess complementary and diverse professional skills, education and experience.	Compliant	
II.2.3.	The representation of each gender on the Board is not less than 30 percent.	Non-Compliant	<p>In 2025, the Bank appointed a new female member to the Board, increasing female representation on the Board to 22 percent. This reflects the Bank's consistent commitment to achieving greater representation over time.</p> <p>In 2026, the Bank will continue its proactive efforts to ensure gender balance within the composition of the Board, while prioritizing candidates' sector-specific experience, skills, and integrity, in line with the Bank's long-term and sustainable development objectives.</p>

PRINCIPLE

II.3.

Non-executive members of the Board

Non-executive members of the Board should challenge the executive body through their constructive conduct, guide the strategic development of the organisation, and offer consulting support to the executive body.

	Clause	Status of Compliance	Explanation
II.3.1.	Non-Executive members should form a majority on the Board	Compliant	
II.3.2.	Board Non-executive members bring new experience, in particular in understanding the Organization’s challenges, supporting its strategic development, overseeing the Executive Body and evaluating its performance, ensuring the reliability of information, the internal control system and risk management, the credibility of financial and non-financial reporting, as well as in the development of policies and systems for succession planning, evaluation and remuneration of the Board and the Executive Body.	Compliant	

PRINCIPLE

II.4.

Independent Board members

The Board should consider the issue of nominating a sufficient number of independent members of the Board, who are capable of making independent judgements.

	Clause	Status of Compliance	Explanation
II.4.1.	One third of the Company’s Board are independent.	Compliant	
II.4.2.	The Board conducts, on an annual basis, an assessment of compliance of independent members with the independence criteria.	Compliant	
II.4.3.	Restrictions aimed at ensuring the independence of a Board member shall apply throughout the entire term of office of the Board member.	Compliant	

	Clause	Status of Compliance	Expalanation
II.4.4.	The Board should establish rules of conduct for the independent member of the Board and relationships or circumstances having a potential impact on the Board member’s decisions ignoring which may cast doubt on independence of the Board member.	Compliant	

Chairperson of the Board

The Board shall be chaired by the Chairperson who shall be responsible for the effective activities of the Board. The Chairperson should possess independent and impartial judgement, promote transparency of the activities of the Board and the organisation, as well as encourage the culture of debate within the Board.

The Chairperson should contribute to formation of constructive relationships between the executive and non-executive members of the Board and ensure that non-executive members of the Board receive, in a timely manner, accurate and essential information in order to make informed decisions.

PRINCIPLE

II.5.

	Clause	Status of Compliance	Expalanation
II.5.1.	The Chairperson of the Board ensures the leadership of the Board and performs the functions vested in him or her by the Code.	Compliant	
II.5.2.	The Chairperson of the Board is a non-executive member of the Board.	Compliant	
II.5.3.	The Chairperson of the Board convenes a meeting of non-executive members of the Board at least once a year, without the participation of executive members;	Compliant	

PRINCIPLE

II.6.

Board Committees

To support its activities, the Board shall form specialized committees.

	Clause	Status of Compliance	Expalnation
II.6.1.	Committees have been established under the Board of the Organization. Irrespective of the establishment of independent committees, the Board retains full responsibility for its decisions.	Compliant	
II.6.2.	The Committees have supervisory and advisory roles.	Compliant	
II.6.3.	The Board approves and discloses the mandate, composition, scope of activities, and procedures of the committees.	Compliant	
II.6.4.	The Committees are accountable to the Board and submit reports to it in the format and frequency established by the Board.	Compliant	
II.6.5.	In order to fulfil their dutiesm the Committees are provided with the necessary resources.	Compliant	
II.6.6.	The Board forms an Audit Committee.	Compliant	
II.6.7.	The Audit Committee is composed exclusively of non-executive members of the Board.	Compliant	
II.6.8.	The majority of the members of the Audit Committee are independent members of the Board.	Compliant	
II.6.9.	The Chairperson of the Committee is Board independent member.	Compliant	
II.6.10.	The Chairperson of the Committee was elected by the Board.	Compliant	
II.6.11.	The positions of the Chairperson of the Board and the Chairperson of the Audit Committee cannot be combined.	Compliant	

	Clause	Status of Compliance	Explanation
11.6.12.	Members of the Audit Committee should have knowledge related to the field of activities of the organisation. At least one member of the Audit Committee should have relevant experience in finance, auditing or accounting.	Compliant	
11.6.13.	The Audit Committee carries out the functions stipulated by the Code.	Compliant	
11.6.14.	The Board forms nominations committee.	Compliant	
11.6.15.	The nominations committee composed solely of non-executive members of the Board.	Compliant	
11.6.16.	The Board forms remuneration committee.	Compliant	
11.6.17.	The remuneration committee composed solely of non-executive members of the Board.	Compliant	

Duties of members of the Board

Members of the Board should act in a fully informed manner, in good faith, with due diligence and reasonable care, based on the best interests of the organisation and participants and taking into account the interests of the stakeholders of the organisation.

PRINCIPLE

11.7.

	Clause	Status of Compliance	Explanation
11.7.1.	A Board member acts in compliance with the legislation and internal legal acts adopted by the organisation.	Compliant	
11.7.2.	A Board member exercises independent judgement in decision-making.	Compliant	
11.7.3.	A Board member spends enough time and effort on the proper performance of his/her duties:	Compliant	

	Clause	Status of Compliance	Expalation
II.7.4.	A Board member does not accept such benefits from third parties, which may be considered unreasonable and lead to a conflict of interests with the organisation or persons affiliated thereto.	Compliant	
II.7.5.	Where a member of the Board has a direct or indirect personal interest in the transaction concluded or arrangements reached by the organisation, he/she informs the Board about it before concluding the transaction or reaching the arrangement and not to be present at the discussion and voting on the decision to conclude the transaction.	Compliant	
II.7.6.	A Board member spends enough time and effort on the proper performance of his/her duties:	Compliant	
II.7.7.	A Board member performs his/her duties personally.	Compliant	
II.7.8.	<p>A member of the Board shall be obliged to support the success of the organisation, taking into account the following factors, among others:</p> <ul style="list-style-type: none"> ➤ the possible long-term consequences of adopted decisions; ➤ the interests of employees; ➤ the need to strengthen relations with customers, suppliers and other persons; ➤ the impact of the activities on society and environment; ➤ the need to demonstrate appropriate conduct that strengthens business reputation; ➤ the need to act fairly. 	Compliant	
II.7.9.	Regardless of whether actual damage is incurred, the organisation implements protection measures for Board members who make decisions with due diligence, procedural caution, full awareness, without conflict of interests, and who properly assess the impact thereof on the long-term success and performance of the organisation.	Compliant	
II.7.10.	The organisation insures liability risk of the Board members at its own expense.	Compliant	

PRINCIPLE

II.8.

Ethical commitment of the Board

The Board should follow high ethical standards.

	Clause	Status of Compliance	Expalation
II.8.1.	The Board have an obligation to ensure the ethical and anti-corruption compliance of the organisation through introducing the Ethics and Compliance Programme and ensuring control over its implementation.	Compliant	
II.8.2.	The board provided an assessment of the corruption risks inherent in the organization and the development of mechanisms aimed at managing them.	Compliant	
II.8.3.	The Board approved the organization’s corporate codes of conduct and corporate policies that promote the organization’s ethical and anti-corruption behavior and ensured their disclosure on the organization’s web page.	Compliant	
II.8.4.	The Board ensures that the corporate rules of conduct and policies include the principles and rules of interacting with the stakeholders of the organisation and with public in general.	Compliant	
II.8.5.	The Board ensures that the organization regularly conducts trainings on corporate codes of conduct and organizational policies for employees and, if necessary, for other stakeholders.:	Compliant	

PRINCIPLE

II.9.

Rights of members of the Board to receive information and professional consultation

In order to perform his/her duties properly, a member of the Board should have access to and ensure that he/she receives up-to-date, reliable and relevant information. If necessary, he/she should have the opportunity to seek independent external consultancy at the expense of the organisation.

	Clause	Status of Compliance	Explanation
II.9.1.	The Board members are duly notified of the convening of meetings, and receive documents and information to be discussed on the agenda of the meeting within a reasonable time.	Compliant	
II.9.2.	The Board members have access to the organization's corporate secretary, internal auditor, compliance and risk management specialists.	Compliant	
II.9.3.	At the request of a non-executive member of the board, an external consultant is engaged at the organization's expense.	Compliant	

PRINCIPLE

II.10.

Evaluation of the Board

The Board shall, on a regular basis, evaluate its performance and determine whether its members have the proper combination of experience and capacities.

	Clause	Status of Compliance	Explanation
II.10.1.	The Board ensures its self-evaluation as a whole.	Compliant	
II.10.2.	The board ensures the performance evaluation of board members, the chairman of the board, and committees individually.	Compliant	
II.10.3.	The Board's activities are evaluated by an external evaluator at least once every five years.	Compliant	

	Clause	Status of Compliance	Expalation
II.10.4.	Where the activities of the Board are evaluated by an external evaluator, the information thereon shall be disclosed in the corporate governance report of the organisation, along with the statement of the external evaluator on the existence (absence) of any relation with the organisation or members of the Board.	Compliant	
II.10.5.	By the decision of the Board, information on the evaluation of the Board, including its results, may be disclosed in the corporate governance report of the organisation.	Compliant	

PRINCIPLE

II.11.

Continuous professional development of members of the Board and orientation of new members of the Board

The Board must ensure that its knowledge and activities match the growth and complexity of the organization's structure.

	Clause	Status of Compliance	Expalation
II.11.1.	The Board ensures continuous professional development of its members.	Compliant	
II.11.2.	The Board conducts introductory courses/meetings for its new members.	Compliant	

PRINCIPLE

II.12.

Nomination of members of the Board

The process of nominating and selecting members of the Board should be transparent and regulated. Selection of members of the Board should be based on objective criteria.

	Clause	Status of Compliance	Expalnation
II.12.1.	The organization has documented procedures for nominating and electing board members and ensures their disclosure on the organization's web page.	Compliant	
II.12.2.	The composition of the Board is regularly updated to guarantee that the Board has sufficient capacities to respond to the rapidly changing business challenges.	Compliant	
II.12.3.	The Board plans its succession based on the strategy of the organisation and results of the evaluation of the Board.	Compliant	
II.12.4.	If the Board engages an external consultant, the information on the latter should be disclosed in the corporate governance report, along with the statement on the existence (absence) of any relation with the organisation or members of the Board and the executive body.	Compliant	
II.12.5.	Where the acting member of the Board is on the list of potential candidates (is re elected), the Board submits a proper justification for it.	Compliant	

CHAPTER III. Internal Control and Risk Management framework

PRINCIPLE

III.1.

Internal Control

An organisation should have effective internal control processes and procedures to ensure the integrity of the organisation’s financial, non-financial and accounting information, promote accountability and prevent fraud.

	Clause	Status of Compliance	Explanation
III.1.1.	The framework of the organization’s internal control has been defined (there are existing procedures for budgeting, financial constraints, repeated inspections, procedures for managing and tracking business processes, accountability and communication mechanisms, the terms of authority of management bodies, departments, employees perceive risks, including the right to comply with requirements, etc.).	Compliant	Operating under the supervision of the Central Bank of Armenia, the Bank’s internal control framework is aligned with the requirements of Regulation 4 on minimum internal control standards. Recognizing the dynamic risk environment, the Bank continues to enhance its control framework. Following an ICFR review conducted in 2024, an implementation roadmap was developed and remains under the oversight of the Audit Committee. Ongoing enhancements in 2025 included strengthening risk management frameworks, advancing the compliance function, implementing whistleblowing mechanisms, enhancing budgeting processes, refining deviation escalation procedures, and clearly defining roles and responsibilities across policies. These efforts are continuous, with the long-term objective of establishing a comprehensive internal control framework.
III.2.1.	The executive body of the organization ensures the formation and maintenance of an effective internal control system within the established framework:	Compliant	

PRINCIPLE

III.2.

Risk management of the organization

The organisation should have a risk management function, which effectively and completely enables to implement the risk management strategy, ensures the accountability and communication on the risks of the organisation, as well as forms reasonable expectations for the organisation to achieve its strategic goals.

	Clause	Status of Compliance	Expalation
III.2.1.	Appointment of a person responsible for implementation of the risk management function of the organisation, termination of his/her powers, approval of remuneration terms, application of incentives and disciplinary liability measures carried out by the executive body of the organisation, upon the consent of the Board.	Compliant	
III.2.2.	Risk management responsible is not involved in operational processes of the organization.	Compliant	
III.2.3.	The Organization has established written standards for the qualifications and professional compliance of the risk management officer and monitors their compliance.	Compliant	
III.2.4.	The person responsible for risk management performs his/her functions stipulated by the Code.	Compliant	

PRINCIPLE

III.3.

Compliance assurance of the organisation

The organisation should have a compliance assurance function which shall effectively and fully enable to assess compliance risks of the organisation and contribute to compliance assurance of the organisation.

	Clause	Status of Compliance	Expalanation
III.3.1.	Appointment of a person responsible for implementation of the compliance assurance function, termination of his/her powers, approval of remuneration terms, application of incentives and disciplinary liability measures shall be carried out by the executive body of the organisation, upon the consent of the Board.	Compliant	
III.3.2.	Compliance responsible is not involved in operational processes of the organization.	Compliant	
III.2.3.	The organization has established written standards for the qualifications and professional compliance of the compliance officer and monitors their compliance.	Compliant	
III.2.4.	The person responsible for compliance performs his/her functions stipulated by the Code.	Compliant	

PRINCIPLE

III.4.

Internal audit of the organization

The organisation should have an internal auditor/internal audit department that provides independent and objective assurances and advice to the organisation’s Board and executive body regarding the adequacy and effectiveness of the organisation’s internal control and risk management systems, corporate governance framework, and supports the achievement of the organisation’s goals and improvement of activities.

	Clause	Status of Compliance	Expalation
III.4.1.	The internal auditor/the employees of the internal audit department are appointed by the Board. The internal auditor/internal audit department shall be accountable to the Board and, in case an audit committee is in place - to the latter.	Compliant	
III.4.2.	The Board/ audit committee approves the annual internal audit plan.	Compliant	
III.4.3.	Planning the works of the internal auditor/ internal audit department shall be carried out based on risk assessment.	Compliant	
III.4.4.	The internal auditor/the employees of the internal audit department are neither members of the Board and executive body of the organisation, nor persons affiliated thereto.	Compliant	
III.4.5.	The organization has established written standards of qualification and professional compliance for the internal auditor/the employees of the internal audit department and monitors their compliance.	Compliant	
III.4.6.	The internal auditor/internal audit department shall be independent from the executive body.	Compliant	
III.4.7.	The internal auditor/internal audit service performs the functions stipulated by the Code.	Compliant	

CHAPTER IV. Disclosure of information and transparency

PRINCIPLE

IV.1.

Information policy of the organisation

The organisation should ensure its transparency, including the timely disclosure of updated and credible information on all material matters of its financial condition, performance, sustainability, ownership, and corporate governance.

	Clause	Status of Compliance	Explanation
IV.1.1.	The organisation should have an information policy which should at least define the objectives, principles, terms, frequency, procedure and communication channels of information disclosure by the organisation, as well as the list of information to be disclosed if it exceeds legal requirements.	Compliant	
IV.1.2.	Information dissemination methods ensure equal, timely, and cost-effective access to relevant information for participants and other stakeholders.	Compliant	
IV.1.3.	Regular disclosures of information should be accompanied by disclosure of information on significant developments of the organisation.	Compliant	
IV.1.4.	The organisation guarantees the protection of confidential, internal information and information security thereof.	Compliant	

PRINCIPLE

IV.2.

Reports of the organization

Disclosure of information on material matters by the organisation should include but not be limited to the publication of annual reports.

	Clause	Status of Compliance	Expalanation
IV.2.1.	The annual report of the organisation includes the message of the chairperson of the Board and the head of the executive body.	Compliant	
IV.2.1.	The annual report of the organisation includes the report of the executive body/.	Compliant	
IV.2.3.	The annual report of the organisation includes the financial reports of the organisation and the auditor report thereon.	Compliant	
IV.2.4.	The annual report of the organisation should include the goals of the organisation and the sustainability report.	Compliant	
IV.2.5.	The annual report of the organisation includes the information regarding related-parties/interested-party (conflict of interests) transactions.	Compliant	

Clause	Status of Compliance	Explanation
<p>The organization’s annual report includes the organization’s corporate governance report, as well as the corporate governance annual statement.</p> <p>the corporate governance report of the organization shall include the following:</p> <p>(1) <i>description of the administrative-organisational and corporate structure of the organisation;</i></p> <p>(2) <i>information on significant participants, including beneficial owners;</i></p> <p>(3) <i>brief biography of members of the Board (age, education, experience, current work place, engagement in other boards, qualifications, awards, etc.), term of office, status in the Board (chairperson, executive member, non-executive member, non-executive independent member), attendance data of the Board members at Board meetings, results of the assessment of the compliance of independent members of the Board with the independence criteria, annual report of the activities of committees of the Board, the number of meetings convened by the Board (committees) and non-executive members, methods of convening thereof and data on their initiator(s), information on continuous professional development and evaluation of members of the Board, information on the annual individual remuneration of the Board members and the link between remuneration and corporate sustainability targets, statements of the Board members on disclosing interest in transactions or arrangements of the organisation;</i></p> <p>IV.2.6. (4) <i>information on the annual remuneration of the executive body (individual or collective) and the link between remuneration and corporate sustainability targets;</i></p> <p>(5) <i>number of shares of the organisation owned by the members of the Board and executive body;</i></p> <p>(6) <i>name and remuneration of the auditing organisation, as well as the results of verifying the fact of independence thereof;</i></p> <p>(7) <i>rights attached to shares issued and distributed by the organisation, according to their type (class);</i></p> <p>(8) <i>information on persons providing consulting services to the organisation and the Board on corporate governance matters, including Board evaluations and recruitment of Board members, and remuneration thereof;</i></p> <p>(9) <i>annual corporate governance statement;</i></p> <p>(10) <i>other information at the discretion of the Board.</i></p>	<p>Partially Compliant</p>	<ul style="list-style-type: none"> ➤ Information on the remuneration of Board members and the executive body is disclosed on the Bank’s official website in accordance with applicable legal requirements. The format of such disclosure reflects a commonly and consistently applied practice within the Armenian banking sector. In this context, the Bank follows the prevailing industry approach. The same information is not repeated within the corporate governance report. ➤ The remuneration of the consultant who provided advisory services to the Bank and the Board in relation to Board evaluations is not disclosed due to confidentiality provisions contained in the relevant agreement.

PRINCIPLE

IV.3.

External audit of the organization

The organisation should be subjected to an external audit conducted by an independent, competent, and qualified auditing organisation, in accordance with internationally recognised auditing, ethical and independence standards to provide reasonable assurance to the Board and participants that the organisation’s financial statements, in all material aspects, fairly represent its financial condition and financial performance, and are prepared in compliance with applicable financial reporting standards.

	Clause	Status of Compliance	Expalanation
IV.3.1.	The organization’s financial statements are subject to external audit.	Compliant	Compliant
IV.3.1.	The organization has criteria and procedure for external auditor/audit compoany selection.	Compliant	Compliant
IV.3.3.	The organization formulates terms for the rotation of auditing organisations and responsible auditors.	Compliant	Compliant
IV.3.4.	The candidacy of the audit firm is nominated by the board and appointed (approved) by the general meeting.	Compliant	Compliant
IV.3.5.	The external auditor is accountable to the shareholders	Compliant	Compliant

	Clause	Status of Compliance	Explanation
IV.3.6.	The auditing firm examines the organization's internal control and risk management system.	Partially Compliant	As part of its audit service the External Auditor (PwC), when planning and performing the audit of the consolidated financial statements for the reporting year, evaluates the Bank's internal control system in order to determine the appropriate audit procedures to form an opinion on the financial statements. However, this evaluation does not constitute assurance on the effectiveness of the Bank's internal control.
IV.3.7.	The audit firm shall provide non-audit services not prohibited by law exclusively with the permission of the board.	Partially Compliant	The audit firm provides non-audit services not prohibited by law exclusively with the consent of the Audit Committee, which is thereafter communicated with the Board.
IV.3.8.	The organization's audit committee holds regular meetings with auditors without the participation of members of the executive body	Compliant	

CHAPTER V. Relations of the organisation with stakeholders

PRINCIPLE

V.1.

Stakeholders of the organisation in the corporate governance framework

The organisation should recognize the rights, roles and interests of its stakeholders and promote active collaboration among the organisation, participants and stakeholders aimed at creating value, including quality jobs, as well as building a viable and resilient organisation.

	Clause	Status of Compliance	Expalation
v.1.1.	The organizaton has stakeholders communication policy.	Compliant	
v.1.2.	The organization has developed and implemented a whistleblowing policy, procedures, and mechanisms.	Compliant	
v.1.3.	Stakeholders have the opportunity to express their concerns about illegal or unethical practices of the organization to the board or other competent body freely, without restrictions and without harassment or discrimination.	Compliant	
v.1.4.	The organization communicates with stakeholders through sustainability reporting.	Compliant	



ACBA BANK OJSC

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The Bank is supervised by the Central Bank of RA



PART 4. FINANCIAL STATEMENTS 2025

NOTE: *This version of the annual report is published temporarily, it will undergo design and style changes, and will be replaced with a version with a modified design concept once it is ready.*

ACBA Bank OJSC

**Consolidated Financial Statements and
Independent Auditor's Report**

31 December 2025

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Independent Auditor's Report

To Shareholders and Board of ACBA Bank OJSC

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of ACBA Bank OJSC (the "Bank") and its subsidiaries (together – the "Group") as at 31 December 2025, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2025;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the ethical requirements of Regulation 22 "Standards relevant to the person conducting the audit of financial and economic activities of financial organizations" that are relevant to audits of consolidated financial statements in Armenia and International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in

accordance with Regulation 22 “Standards relevant to the person conducting audit of financial and economic activities of financial organizations” and the IESBA Code.

Our audit approach

Overview



- Overall Group materiality: AMD 2,218,000 thousand, which represents approximately 5% of the Group’s profit before income tax (PBT) for 2025.
- We conducted full scope audit work on the only two significant components of the Group. Our audit scope addressed approximately 100% of the Group’s interest and commission income, profit before income tax and total assets.
- Audit matter which was of most significance in the audit of consolidated financial statements is: Expected Credit Loss allowance for loans to customers.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group materiality	AMD 2,218,000 thousand
How we determined it	5% of annual PBT
Rationale for the materiality benchmark applied	We chose PBT as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in the financial services sector.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<p>Expected credit loss allowance for loans to customers</p> <p>Refer to Note 3 - Material accounting policy information, Note 4 - Critical accounting estimates and judgments in applying accounting policies, and to Note 12 - Loans to customers.</p> <p>We focused on this area as the management estimates and assumptions regarding the expected credit losses ("ECL") allowance for loans to customers are complex and require a significant degree of judgment.</p> <p>In terms of IFRS 9, <i>Financial Instruments</i>, management is required to estimate an ECL allowance corresponding to the losses that are expected to occur over the next 12-months period or remaining lifetime of an asset depending on the stage allocation of the individual asset. This staging is determined by assessing whether or not there has been a significant increase in credit risk ('SICR') or default of the borrower since loan origination.</p>	<p>We assessed whether the ECL model methodologies developed by management are appropriate and compliant with IFRS 9 requirements, engaging our credit risk modelling experts. This included an evaluation of the judgmental criteria set by management for determining whether significant increase in credit risk occurred since initial recognition (applicable to corporate, SME and retail loan portfolios), and the critical judgements and assumptions applied in determination of LGDs and PDs.</p> <p>We obtained an understanding and evaluated the design and implementation of the key controls in relation to ECL allowance determination process and tested their operating effectiveness. These controls included among others:</p> <ul style="list-style-type: none"> • Controls over model performance monitoring, including periodic reviews of the policy and models, testing model estimates against actual outcomes and approval of model methodology changes; • Controls over the accuracy of key ECL parameters (such as PD, LGD) used by the calculation engine;

Key audit matter	How our audit addressed the key audit matter
<p>The management also considers the impact of different future macroeconomic scenarios in determination of ECL.</p>	<ul style="list-style-type: none"> • Controls over the automated ECL calculation by the relevant IT system and analysis of results;
<p>Management has designed and implemented a number of models in the ECL calculation process. Among others, management applies overlays to the models in situations where past experience is not considered to be reflective of future outcomes due to limited or incomplete data.</p>	<ul style="list-style-type: none"> • Review and approval of the key assumptions used for estimating LGDs and PDs; • Controls over the transfer of input data used in ECL calculations between different system.
<p>Areas of the most significance relate to the appropriateness of model methodologies applied in ECL calculation and critical judgements and assumptions applied by the management to estimate parameters used to determine the ECL, more specifically loss given default (“LGD”) and probability of default (“PD”).</p>	<p>We reperformed the calculation of ECL for selected portfolios and assessed whether the ECL calculations were consistent with the approved model methodologies. We have tested the input data used in calculation of the parameters for determining the ECL.</p>
	<p>We have also assessed adequacy of the disclosures related to expected credit losses for Loans to customers made in consolidated financial statements.</p>

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group’s activities are carried out primarily in Armenia. The Group’s main operations relate to the banking and leasing businesses. The banking activities that make up the largest component of the Group represent approximately 89% of the Group’s total assets and 74% of the Group’s profit before income tax expense. The remaining Group activities are mainly attributable to the leasing business. The Group audit team undertook the necessary audit procedures on both the banking and leasing components.

Our audit approach and team set-up were designed to reflect the structure of the Group. Based on the procedures we performed over the two significant reporting units, our audit scoping and coverage accounted for approximately all of the Group’s interest and commission income, profit before income tax and the Group’s total assets.

Other information

Management is responsible for the other information. The other information comprises Annual Report (but does not include the consolidated financial statements and our auditor’s report thereon) which is expected to be made available to us after that date.

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

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

When we read Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of

not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or

regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The Responsible Auditor on the audit resulting in this independent auditor's report is Gohar Nazaryan.



Gohar Nazaryan
Responsible Auditor



Nino Kadagishvili
Director


Yerevan, Republic of Armenia
23 April 2026

PricewaterhouseCoopers Armenia LLC

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

<i>In thousands of Armenian Drams</i>	Note	31 December 2025	31 December 2024
ASSETS			
Cash and cash equivalents	8	99,170,819	106,030,069
Derivative financial assets	9	35,996	158,180
Loans and advances to banks	10	92,959,786	81,482,428
<i>Investment securities</i>	11		
-Held by the Bank		73,247,135	62,108,609
Loans to customers	12	633,397,885	536,210,032
Receivables from finance leases	13	103,141,827	93,105,821
Investments in associates	37	2,592,986	2,044,092
Property, equipment and intangible assets	14	32,183,874	29,114,084
Other assets	17	25,789,313	21,443,834
TOTAL ASSETS		1,062,519,621	931,697,149
LIABILITIES			
Deposits and balances from banks	18	5,576,560	462,797
Derivative financial liabilities	9	267,508	-
Current accounts and deposits from customers	19	618,517,523	584,122,036
Debt securities issued	20	51,798,299	39,408,576
Other borrowed funds	21	153,177,807	110,883,860
Current income tax liabilities		4,602,577	3,313,374
Deferred tax liabilities	15	1,556,734	505,767
Other liabilities	23	19,309,981	16,927,858
Subordinated loans	22	13,152,984	12,632,502
TOTAL LIABILITIES		867,959,973	768,256,770
EQUITY			
Share capital	24	89,775,000	89,775,000
Share premium	24	3,811,978	3,811,978
Share-based payment reserve		-	3,517,422
Revaluation reserve for property and equipment		5,277,052	3,757,943
Revaluation reserve for investment securities		579,047	304,799
Statutory General reserve		13,466,250	13,466,250
Retained earnings		81,650,321	48,806,987
Total equity		194,559,648	163,440,379
TOTAL EQUITY AND LIABILITIES		1,062,519,621	931,697,149

Signed and authorized for release on behalf of the Management of the Bank on 23 April 2026.


Hakob Andreasyan
 Chief Executive Officer




Armen Hakobyan
 Chief Accountant

ACBA Bank OJSC
Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2025

<i>In thousands of Armenian Drams</i>	Note	2025	2024
Interest revenue calculated using effective interest rate	26	92,774,364	79,644,047
Other interest revenue	26	14,236,830	12,524,767
Interest expense	26	(40,655,604)	(37,604,761)
Net interest income		66,355,590	54,564,053
Credit loss expense	16	(4,290,174)	(2,350,038)
Net interest income after credit loss expense		62,065,416	52,214,015
Fee and commission income	27	18,711,467	14,706,808
Fee and commission expense	27	(9,164,996)	(6,599,484)
Net (loss)/ gain on financial instruments at fair value through profit and loss		(319,309)	581,991
Net gain from foreign exchange trading activities		6,484,444	4,995,441
Net gain from foreign exchange translation		657,401	58,725
Share of profit of associates	37	1,658,322	1,211,887
Charge for other impairment and provisions	32	(49,248)	(88,096)
Other income	28	712,952	837,153
Non-interest income		18,691,033	15,704,425
Personnel expenses	29	(23,142,847)	(21,022,475)
Depreciation and amortization	14	(3,707,086)	(3,828,836)
Other operating expenses	30	(3,148,257)	(2,562,445)
Other general administrative expenses	31	(5,761,529)	(5,360,949)
Non-interest expense		(35,759,719)	(32,774,705)
Profit before income tax expense		44,996,730	35,143,735
Income tax expense	15	(9,140,704)	(6,378,646)
Profit for the year		35,856,026	28,765,089
Earnings per share			
Basic and diluted, attributable to equity holders of the parent, AMD	24	5,990.98	5,182.44

ACBA Bank OJSC**Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2025**

<i>In thousands of Armenian Drams</i>	Note	2025	2024
Profit for the year		35,856,026	28,765,089
Other comprehensive income			
<i>To be reclassified to profit or loss in subsequent periods</i>			
Change in fair value of investment securities at fair value through other comprehensive income		208,610	95,083
Income tax relating to components of other comprehensive income	15	(37,550)	(17,115)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		171,060	77,968
<i>Not to be reclassified to profit or loss in subsequent periods</i>			
Revaluation of buildings and motor vehicles	14	1,917,677	-
Gain/(loss) on equity instruments at fair value through other comprehensive income		889	(861)
Share of the other comprehensive income of associates	37	102,459	76,011
Income tax relating to components of other comprehensive income	15	(345,342)	155
Total other comprehensive income not to be reclassified to profit or loss in subsequent periods		1,675,683	75,305
Other comprehensive income for the year, net of tax		1,846,743	153,273
Total comprehensive income for the year		37,702,769	28,918,362

ACBA Bank OJSC
Consolidated Statement of Changes in Equity for the year ended 31 December 2025

<i>In thousands of Armenian Drams</i>	Share capital	Share premium	Share-based payment reserve	Revaluation reserve for property and equipment	Revaluation reserve for investment securities	Statutory general reserve	Retained earnings	Total Equity
Balance as at 1 January 2024	55,000,000	1,750,000	3,517,422	3,909,911	151,526	8,250,000	60,531,180	133,110,039
Profit for the year	-	-	-	-	-	-	28,765,089	28,765,089
Other comprehensive income	-	-	-	-	153,273	-	-	153,273
Total comprehensive income	-	-	-	-	153,273	-	28,765,089	28,918,362
Transactions with owners, recorded directly in equity								
Transfer of revaluation surplus to retained earnings due to disposal of fixed assets	-	-	-	(151,968)	-	-	151,968	-
Replenishment of share capital from Retained earnings	29,925,000	-	-	-	-	-	(29,925,000)	-
Issue of share capital (Note 24)	4,850,000	2,061,978	-	-	-	-	-	6,911,978
Replenishment of statutory 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	-	(151,968)	-	5,216,250	(40,489,282)	1,411,978
Balance as at 31 December 2024	89,775,000	3,811,978	3,517,422	3,757,943	304,799	13,466,250	48,806,987	163,440,379
Profit for the year	-	-	-	-	-	-	35,856,026	35,856,026
Other comprehensive income	-	-	-	1,572,495	274,248	-	-	1,846,743
Total comprehensive income	-	-	-	1,572,495	274,248	-	35,856,026	37,702,769
Transactions with owners, recorded directly in equity								
Transfer of revaluation surplus to retained earnings due to disposal of fixed assets	-	-	-	(53,386)	-	-	53,386	-
Share-based payment reserve transfer to Retained earnings	-	-	(3,517,422)	-	-	-	3,517,422	-
Dividends declared	-	-	-	-	-	-	(6,583,500)	(6,583,500)
Total transactions with owners	-	-	(3,517,422)	(53,386)	-	-	(3,012,692)	(6,583,500)
Balance as at 31 December 2025	89,775,000	3,811,978	-	5,277,052	579,047	13,466,250	81,650,321	194,559,648

ACBA Bank OJSC
Consolidated Statement of Cash Flows for the year ended 31 December 2025

<i>In thousands of Armenian Drams</i>	Note	2025	2024
Cash flows from operating activities			
Interest received (calculated using effective interest rate)		89,553,530	75,767,634
Other interest received		14,236,830	12,524,767
Interest paid		(39,006,832)	(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		(3,337,819)	(4,386,019)
Other income received		592,615	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		49,651,176	35,157,509
<i>Net (increase)/decrease in operating assets</i>			
Derivative financial assets		137,281	113,203
Loans and advances to banks		(11,307,892)	17,641,851
Loans to customers		(104,708,210)	(88,310,951)
Receivables from finance lease		(9,864,235)	(9,618,295)
Other assets		(1,192,058)	(1,280,097)
<i>Net increase/(decrease) in operating liabilities</i>			
Deposits and balances from banks		5,071,767	(626,281)
Current accounts and deposits from customers		36,678,098	86,140,124
Other liabilities		2,089,715	4,502,742
Net cash (used in)/ from operating activities before income tax		(33,444,358)	43,719,805
Income tax paid		(7,183,426)	(7,121,405)
Net cash (used in)/ from operating activities		(40,627,784)	36,598,400
Cash flows from investing activities			
Purchase of property, equipment, and intangible assets		(4,738,696)	(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	37	1,211,887	1,019,336
Net cash used in investing activities		(14,857,436)	(40,886,538)
Cash flows from financing activities			
Proceeds from issue of share capital	24	-	6,911,978
Proceeds from debt securities issued	38	17,250,800	18,438,324
Redemption of debt securities issued	38	(4,380,205)	(137,535)
Proceeds from other borrowed funds	38	72,873,718	50,390,846
Repayment of other borrowed funds	38	(31,001,968)	(35,940,115)
Subordinated loans received	38	-	703,613
Repayment of subordinated loans	38	-	(3,957)
Dividends paid	24	(6,583,500)	(5,500,000)
Net cash from financing activities		48,158,845	34,863,154
Effect of exchange rates changes on cash and cash equivalents		460,052	(2,681,458)
Effect of changes in impairment allowance on cash and cash equivalent		7,073	(23,338)
Net (decrease)/ increase 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	8	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 subsidiary, ACBA Leasing Credit Organization CJSC (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:** ACBA TECHNOLAB LLC, a wholly owned subsidiary of the Bank, initiated the process of closing its operations during reporting year ended 31 December 2024. The main functions of the subsidiary was primarily focused on delivering training programs for the Group’s employees. The subsidiary was formally liquidated during reporting year ended 31 December 2025.

As of 31 December, the Bank’s shareholder structure is as follows:

Shareholder	2025, %	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	-
Other	13.2	12.76
Sacam International SAS	-	2.24
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. SACAM International sold its shares in December 2025.

- **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. Associate 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 the Group

War between Russia and Ukraine. Following February 2022, sanctions imposed on the Russian Federation and resulting geopolitical developments have affected regional economic conditions.

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.

While the unwinding of money transfer inflows from Russia has continued, Armenia's economy sustained steady growth through 2025 at 7.2% (2024: 5.9%). When broken down by production sector, economic activity will continue to be driven by growth in construction, industry and service.

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

Based on regulatory estimates, although the output gap was positive in the past two years, it has now mostly closed, and GDP has almost converged 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 3.5% in 2026 owing to interest-rate cuts and a weaker currency.

Looking ahead, while the economic outlook remains strong with projections of steady growth at 4.75% for 2026, long-term growth remains constrained by structural issues, such as Armenia's dependence on commodity exports, logistical challenges, and ongoing regional tensions. These factors will continue to pose risks, particularly in the light of evolving regional security dynamics.

Fitch Ratings has revised the Outlook on Armenia's Long-Term Foreign-Currency (LTFC) Issuer Default Rating (IDR) to Positive from Stable and affirmed the IDR at 'BB-' dated 16 January 2026.

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.

Sustainability

Environmental, Social and Governance (ESG) matters.

The Group is exposed to climate related risks arising from both physical and transition drivers. Regulatory expectations relating to the management and disclosure of ESG and climate related risks

continue to evolve. Although the regulator has not introduced climate related capital or liquidity requirements, nor mandatory climate stress testing, it has required banks to enhance ESG related disclosures, including governance, risk management practices, and exposures to environmental and social risks.

Environmental & Social (E&S) risk integration in lending

The Bank does not currently offer green mortgages, green business loans, climate linked covenants, or KPI linked pricing mechanisms. Instead, the Group applies a strong Environmental and Social (E&S) risk assessment process across its entire lending portfolio.

Each Loan that is above 18 mln AMD and longer than 36 month, is assigned an E&S Risk Level, which influences credit underwriting, monitoring, and overall risk evaluation.

Risk appetite, governance, and sustainability controls

The Group manages sustainability related risks through:

- borrower level E&S screening
- due diligence for medium and high E&S risk clients
- portfolio level monitoring of elevated risk segments
- integration of E&S considerations into credit committees and lending decisions

Forward-looking uncertainty. 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 forecasts of macroeconomic variables. 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. Notes 4 and 33 provide 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 land buildings and vehicles, 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 information 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 profit or loss and other 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.

Unsettled transactions. These transactions are derecognized on the settlement date, being the date on which funds are received by the beneficiary, rather than on the date transfer is initiated.

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 carried at initial 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.

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 financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year are explained below.

Fair value of financial assets and liabilities. 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.

Fair value 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, 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).

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 formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as real sector variables 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 10,904,651 thousand (2024: AMD 7,251,520 thousand). More details are provided in Notes 12 and 13.

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 2025:

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 application of the above amendments had no significant impact on the Group's 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 2026 or later, and which the Group has not early adopted.

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, then amended on 21 August 2025 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.

Contracts Referencing Nature-dependent Electricity Amendments to IFRS 9 and IFRS 7 (Issued on 18 December 2024 and effective from 1 January 2026). The IASB has issued amendments to help companies better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs). Current accounting requirements may not adequately capture how these contracts affect a company's performance. To allow companies to better reflect these contracts in the financial statements, the IASB has made targeted amendments to IFRS 9, *Financial Instruments*, and IFRS 7, *Financial Instruments: Disclosures*. The amendments include: (a) clarifying the application of the 'own-use' requirements; (b) relaxing certain hedge accounting requirements if these contracts are used as hedging instruments; and (c) adding new disclosure requirements to enable investors to understand the effect of these contracts on financial performance and cash flows. The Group is currently assessing the impact of the amendments on its financial statements.

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 affect significantly the Group's consolidated financial statements.

7 Segment information

For management purposes, the Group is organised into five operating segments based on products and services as follows:

Retail banking	Principally handling consumer loans and mortgages, deposits and current accounts for individual customers, credit card facilities, money transfers, foreign exchange transactions, etc. money transfers, foreign exchange transactions, etc..
Corporate banking	Principally handling commercial loans and other credit facilities, deposits and current accounts for corporate and institutional customers, money transfers, foreign exchange transactions, etc.
Agriculture	Principally handling loans and other credit facilities and deposit and current accounts for customers in agriculture industry, money transfers, foreign exchange transactions, etc.
Trading and Investment banking (IB)	Treasury and finance, investment banking and other central functions.
Finance lease	Principally providing finance lease services to corporate and individual customers.

Management monitors the operating and financial results of each segment separately to make decisions regarding resource allocation and performance assessment. The Group measures net interest income separately for each of the following segments: Retail Banking, Corporate Banking, Agriculture, and Trading & Investment Banking. During the year ended 31 December 2025, the Group revised its approach for allocating non-interest expenses and non-interest income to operating segments. Previously, such expenses and incomes were allocated based on the proportion of net interest income within each segment. Starting from 2025, non-interest expenses and non-interest incomes are allocated based on cost allocation drivers such as volume-based and quantity-based measures, which better reflect the nature and consumption of resources by each segment. For the Finance lease segment (ACBA Leasing Credit Organization CJSC), the Group uses a fully separate measurement. Income taxes are managed at the Group level and allocated to the operating segments accordingly.

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

Interest-earning assets include loans to customers, derivative financial assets, investment securities, loans and advances to other banks, and receivables from finance leases.

Interest-bearing financial liabilities include customer deposits, borrowed funds, subordinated loans, deposits and balances from banks and debt securities issued.

The following tables present profit or loss and certain asset and liability information per the Group's operating segments.

2025 <i>In thousands of Armenian Drams</i>	Retail banking	Corporate banking	Agriculture	Trading and IB	Finance Lease	Total
Interest revenue calculated using effective interest rate	35,349,713	29,192,569	19,853,505	8,378,577	-	92,774,364
Other interest revenue	-	-	-	64,661	14,172,169	14,236,830
Interest expense	(12,880,019)	(11,631,693)	(7,450,765)	(2,745,577)	(5,947,550)	(40,655,604)
Net interest income	22,469,694	17,560,876	12,402,740	5,697,661	8,224,619	66,355,590
Credit loss (expense)/reversal	(4,208,959)	(939,200)	(40,098)	724,492	173,591	(4,290,174)
Net interest income after credit loss expense	18,260,735	16,621,676	12,362,642	6,422,153	8,398,210	62,065,416
Fee and commission income	9,777,500	6,072,900	2,401,897	-	459,170	18,711,467
Fee and commission expense	(4,901,831)	(3,044,575)	(1,204,162)	-	(14,428)	(9,164,996)
Net loss on financial instruments at fair value through profit and loss	-	-	-	(319,309)	-	(319,309)
Net gain/(loss) from foreign exchange trading activities	2,575,704	3,665,777	358,548	-	(115,585)	6,484,444
Net loss/gain from foreign exchange translation	257,265	366,143	35,812	-	(1,819)	657,401
Share of profit of associates	-	-	-	1,658,322	-	1,658,322
Reversal /(Charge for) of other impairment and provisions	(23,383)	(15,159)	(10,706)	-	-	(49,248)
Other income	176,850	89,991	51,530	220,848	173,733	712,952
Non-interest income	7,862,105	7,135,077	1,632,919	1,559,861	501,071	18,691,033
Personnel expenses	(12,376,274)	(5,593,016)	(4,076,911)	(464,683)	(631,963)	(23,142,847)
Depreciation and amortization	(2,152,582)	(771,181)	(595,803)	(75,782)	(111,738)	(3,707,086)
Other operating expenses	(1,818,587)	(651,524)	(503,358)	(64,023)	(110,765)	(3,148,257)
Other general administrative expenses	(3,286,080)	(1,177,265)	(909,537)	(115,686)	(272,961)	(5,761,529)
Non-interest expense	(19,633,523)	(8,192,986)	(6,085,609)	(720,174)	(1,127,427)	(35,759,719)
Profit before income tax expense	6,489,317	15,563,767	7,909,952	7,261,840	7,771,854	44,996,730
Income tax expense	(1,095,132)	(2,626,530)	(1,334,878)	(2,501,127)	(1,583,037)	(9,140,704)
Profit for the year	5,394,185	12,937,237	6,575,074	4,760,713	6,188,817	35,856,026
Segment interest earning assets	279,154,637	263,973,020	90,270,230	76,299,370	103,141,827	812,839,084
Segment interest bearing liabilities	393,619,487	285,105,861	60,774,317	14,573,559	88,149,949	842,223,173

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2024 <i>In thousands of Armenian Drams</i>	Retail banking	Corporate banking	Agriculture	Trading and IB	Finance Lease	Total
Interest revenue calculated using effective interest rate	33,246,179	24,701,325	16,514,255	5,182,288	-	79,644,047
Other interest revenue	-	-	-	173,483	12,351,284	12,524,767
Interest expense	(12,017,065)	(11,083,114)	(7,219,544)	(1,967,903)	(5,317,135)	(37,604,761)
Net interest income	21,229,114	13,618,211	9,294,711	3,387,868	7,034,149	54,564,053
Credit loss (expense)/reversal	(1,450,436)	(1,258,582)	(837,257)	1,297,304	(101,067)	(2,350,038)
Net interest income after credit loss expense	19,778,678	12,359,629	8,457,454	4,685,172	6,933,082	52,214,015
Fee and commission income	6,470,669	4,544,490	3,477,892	-	213,757	14,706,808
Fee and commission expense	(3,168,834)	(2,032,768)	(1,387,406)	-	(10,476)	(6,599,484)
Net loss on financial instruments at fair value through profit and loss	-	-	-	581,991	-	581,991
Net gain/(loss) from foreign exchange trading activities	2,469,163	1,583,937	1,081,070	-	(138,729)	4,995,441
Net loss/gain from foreign exchange translation	8,107	5,066	3,467	1,920	40,165	58,725
Share of profit of associates	-	-	-	1,211,887	-	1,211,887
Reversal /(Charge for) of other impairment and provisions	(42,368)	(27,178)	(18,550)	-	-	(88,096)
Other income	228,738	146,733	100,147	-	361,535	837,153
Non-interest income	5,965,475	4,220,280	3,256,620	1,795,798	466,252	15,704,425
Personnel expenses	(8,712,640)	(5,611,169)	(3,964,415)	(2,193,366)	(540,885)	(21,022,475)
Depreciation and amortization	(1,569,425)	(1,010,750)	(714,118)	(395,095)	(139,448)	(3,828,836)
Other operating expenses	(1,031,636)	(664,401)	(469,414)	(259,709)	(137,285)	(2,562,445)
Other general administrative expenses	(2,184,482)	(1,406,864)	(993,980)	(549,933)	(225,690)	(5,360,949)
Non-interest expense	(13,498,183)	(8,693,184)	(6,141,927)	(3,398,103)	(1,043,308)	(32,774,705)
Profit before income tax expense	12,245,970	7,886,725	5,572,147	3,082,867	6,356,026	35,143,735
Income tax expense	(2,221,952)	(1,430,996)	(1,011,030)	(559,366)	(1,155,302)	(6,378,646)
Profit for the year	10,024,018	6,455,729	4,561,117	2,523,501	5,200,724	28,765,089
Segment interest earning assets	227,573,018	223,128,263	85,508,751	64,909,885	93,105,821	694,225,738
Segment interest bearing liabilities	318,552,790	220,441,140	38,685,201	85,847,282	83,983,358	747,509,771

The Group's operations are primarily concentrated in Armenia. The Group has no non-current assets outside Armenia other than financial instruments presented in note 10. The Group does not have customers contributing more than 10% of the total interest income of the Group.

As an active participant in the banking market, the Group has a significant concentration of credit risk with other financial institutions. In total, credit risk exposure to financial institutions is estimated to have amounted to AMD 169,689,111 thousand including AMD 98,491,887 thousand placed with the CBA (2024: AMD 168,464,386 thousand, including AMD 105,825,295 thousand placed with CBA) comprising cash and cash equivalents, loans and advances to banks and financial derivatives.

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For the purpose of segment reporting, the following intersegment eliminations and adjustments have been applied to the consolidated financial statements for the years 2025 and 2024:

<i>In thousands of Armenian Drams</i>	2025	2024
Exclusion of intra-group loans	(47,980,752)	(50,850,400)
Interest revenue calculated using effective rate	(3,202,015)	(3,520,599)
Fee and commissions income	(273,277)	(215,255)

Segment breakdown of revenue from contracts with customers in scope of IFRS 15 for the year ended 31 December 2025 and 2024 is as follows:

2025 <i>In thousands of Armenian Drams</i>	Retail banking, other than agriculture	Corporate banking	Agriculture	Finance lease	Total
Commission income					
Plastic card	7,105,067	4,413,027	1,745,400	-	13,263,494
Money transfers	635,960	395,001	156,227	-	1,187,188
Current account fees	352,824	219,143	86,672	-	658,639
Guarantee and letter of credit issuance	-	1,411,924	-	-	1,411,924
Cash withdrawal services	230,383	143,093	56,595	-	430,071
Other	696,917	432,862	171,202	459,170	1,760,151
Total revenue from contracts with customers	9,021,151	7,015,050	2,216,096	459,170	18,711,467

2024 <i>In thousands of Armenian Drams</i>	Retail banking, other than agriculture	Corporate banking	Agriculture	Finance lease	Total
Commission income					
Plastic card	5,091,935	3,576,175	2,736,842	-	11,404,952
Money transfers	473,312	332,418	254,399	-	1,060,129
Current account fees	260,778	183,150	140,165	-	584,093
Guarantee and letter of credit issuance	-	281,338	-	-	281,338
Cash withdrawal services	200,731	140,978	107,890	-	449,599
Other	318,305	223,552	171,083	213,757	926,697
Total revenue from contracts with customers	6,345,061	4,737,611	3,410,379	213,757	14,706,808

8 Cash and cash equivalents

Cash and cash equivalents comprise:

<i>In thousands of Armenian Drams</i>	2025	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
<i>Short-term deposits in Central Bank</i>		
- 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 mainly uses credit ratings per Moody's rating agency in disclosing credit quality, but ratings given by other international rating agencies may also be used. In the absence of ratings from international rating agencies, the country's rating is considered, but a rating lower than the country's rating may also be applied.

As of 31 December 2025, current accounts with Central Bank of Armenia include obligatory reserve in the amount of AMD 18,891,173 thousand (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 EUR, in EUR; and for funds attracted in USD 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 10).

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

<i>In thousands of Armenian Drams</i>	2025	2024
ECL allowance as at 1 January	30,273	6,935
Changes in ECL	(7,073)	24,214
Foreign exchange adjustments	(429)	(876)
At 31 December	22,771	30,273

Information about credit quality of cash and cash equivalents is presented in Note 33 "Risk management".

9 Derivative financial instruments

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

<i>In thousands of Armenian Drams</i>	2025		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	21,268,073	267,508	-	-

10 Loans and advances to banks

Loans and advances to banks comprise:

<i>In thousands of Armenian Drams</i>	2025	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	327,358	19,828
-rated from A1 to A3	750,848	610,545
Correspondent accounts and overnight placements of other banks	3,149	-
Total loans and deposits to other banks	3,016,239	2,643,096
Other receivables		
Unsettled transactions	198,568	3,390,351
Amounts receivable from money transfer systems	3,564,967	1,682,196
Amounts receivable from transactions with plastic cards	309,826	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	93,044,194	81,546,428
Impairment	(84,408)	(64,000)
Total loans and advances to banks	92,959,786	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 8).

As at 31 December 2025, AMD 518,037 thousand (2024: AMD 471,749 thousand) were placed as deposited amounts with two (2024: two) internationally recognized OECD banks, who are the main counterparties of the Group in performing international settlements.

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

<i>In thousands of Armenian Drams</i>	Stage 1	Total
ECL allowance as at 1 January 2025	(64,000)	(64,000)
New assets originated or purchased	(82,828)	(82,828)
Assets repaid	62,420	62,420
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:

<i>In thousands of Armenian Drams</i>	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)

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<i>In thousands of Armenian Drams</i>	2025	2024
	Stage 1	Stage 1
Due from the CBA	51,335,353	34,478,757
Expected credit loss allowance	(51,644)	(19,237)
Carrying amount	51,283,709	34,459,520
Loans and advances to other banks	3,016,239	2,643,096
Expected credit loss allowance	(31,832)	(34,091)
Carrying amount	2,984,407	2,609,005
Amounts receivable under reverse repurchase agreements	34,619,241	38,747,711
Expected credit loss allowance	-	-
Carrying amount	34,619,241	38,747,711
Other receivables	4,073,361	5,676,864
Expected credit loss allowance	(932)	(10,672)
Carrying amount	4,072,429	5,666,192
Total due from other banks (gross carrying amount)	93,044,194	81,546,428
Expected credit loss allowance	(84,408)	(64,000)
Net loans and advances to banks (carrying amount)	92,959,786	81,482,428

Information about credit quality of loans and advances to banks is presented in Note 33 “Risk management”.

11 Investment securities

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

Debt securities at amortised cost	2025	2024
<i>In thousands of Armenian Drams</i>		
Held by the Bank		
Government bonds measured at amortised cost	63,761,204	43,820,614
Corporate bonds measured at amortised cost	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 and other equity instruments at FVOCI	31 December	31 December
<i>In thousands of Armenian Drams</i>	2025	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
Debt instruments held by the Bank at FVTPL		
<i>In thousands of Armenian Drams</i>	2025	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
Total Investment securities	73,247,135	62,108,609

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

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Debt securities at amortised cost <i>In thousands of Armenian Drams</i>	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	52,336,410	-	-	52,336,410
Assets repaid	(31,489,334)	-	-	(31,489,334)
Foreign exchange adjustments	(344,435)	-	-	(344,435)
At 31 December 2025	66,111,276	-	-	66,111,276

Debt securities at amortised cost <i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
ECLs as at 1 January 2025	66,089	-	-	66,089
New assets originated or purchased	61,143	-	-	61,143
Assets repaid	(13,150)	-	-	(13,150)
Changes to models and inputs used for ECL calculations	(14,285)	-	-	(14,285)
Foreign exchange adjustments	(725)	-	-	(725)
At 31 December 2025	99,072	-	-	99,072

Debt securities at amortised cost <i>In thousands of Armenian Drams</i>	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	-	-	-	-
At 31 December 2024	45,608,635	-	-	45,608,635

Debt securities at amortised cost <i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
ECLs as at 1 January 2024	-	-	-	-
New assets originated or purchased	66,089	-	-	66,089
Assets repaid	-	-	-	-
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 <i>In thousands of Armenian Drams</i>	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	448,726	-	-	448,726
Assets repaid	(10,112,688)	-	-	(10,112,688)
Net change in fair value	208,610	-	-	208,610
Foreign exchange adjustments	(98,330)	-	-	(98,330)
At 31 December 2025	3,314,315	-	-	3,314,315

Debt securities at FVOCI <i>In thousands of Armenian Drams</i>	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 <i>In thousands of Armenian Drams</i>	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

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Debt securities at FVOCI				
<i>In thousands of Armenian Drams</i>	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

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

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

At 31 December 2025 96.61% (2024: 96.4%) of debt instruments are presented by government bonds of the Republic of Armenia.

At 31 December 2025 and 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 33 "Risk management".

12 Loans to customers

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

<i>In thousands of Armenian Drams</i>	2025	2024
Loans to corporate customers		
Loans to small and medium size companies	100,617,426	105,020,228
Loans to large corporate customers	166,546,539	120,295,344
Total loans to corporate customers	267,163,965	225,315,572
Loans to retail customers (other than agricultural and corporate loans)		
Consumer loans	170,834,494	135,842,235
Mortgage loans	98,473,398	81,154,832
Credit cards	16,294,651	14,173,742
Total loans to retail customers	285,602,543	231,170,809
Agricultural loans to retail customers	70,593,249	69,491,921
Agricultural loans to corporate customers	20,387,429	16,722,264
Total agricultural loans to customers	90,980,678	86,214,185
Gross loans to customers	643,747,186	542,700,566
Credit loss allowance	(10,349,301)	(6,490,534)
Net loans to customers at amortised cost	633,397,885	536,210,032

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.

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 corporate lending during the year ended 31 December 2025 is as follows:

Loans to large corporate customers <i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as at 1 January 2025	116,700,933	-	3,594,411	120,295,344
New assets originated or purchased	104,144,258	-	-	104,144,258
Assets repaid	(56,338,767)	-	(658,031)	(56,996,798)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	(2,577,748)	-	2,577,748	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	(770,556)	-	(125,709)	(896,265)
At 31 December 2025	161,158,120	-	5,388,419	166,546,539

Loans to large corporate customers <i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2025	179,411	-	1,446,259	1,625,670
Movements with impact on credit loss allowance charge for the period:				
New assets originated or purchased	286,212	-	-	286,212
Assets repaid	(74,165)	-	(19,904)	(94,069)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	(179,172)	-	179,172	-
Impact on period end ECL of exposures transferred between stages during the period	-	-	616,171	616,171
Changes to models and inputs used for ECL calculations	(38,003)	-	77,531	39,528
Total movements with impact on credit loss allowance charge for the period	(5,128)	-	852,970	847,842

Movements without impact on credit loss allowance charge for the period:				
Unwinding of discount (deducted from interest revenue)	-	-	139,668	139,668
Amounts written off	-	-	-	-
Foreign exchange adjustments	(865)	-	(63,278)	(64,143)
At 31 December 2025	173,418	-	2,375,619	2,549,037

Loans to small and medium-sized companies <i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as at 1 January 2025	100,439,384	3,160,932	1,419,912	105,020,228
New assets originated or purchased	52,869,428	-	-	52,869,428
Assets repaid	(54,387,119)	(1,210,426)	(1,200,889)	(56,798,434)
Transfers to Stage 1	12,285	(12,285)	-	-
Transfers to Stage 2	(1,379,868)	1,379,868	-	-
Transfers to Stage 3	(1,559,489)	(277,486)	1,836,975	-
Amounts written off	-	-	(39,551)	(39,551)
Foreign exchange adjustments	(411,301)	(13,440)	(9,504)	(434,245)
At 31 December 2025	95,583,320	3,027,163	2,006,943	100,617,426

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Loans to small and medium-sized companies

<i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2025	155,703	47,109	358,828	561,640
Movements with impact on credit loss allowance charge for the period:				
New assets originated or purchased	217,620	-	-	217,620
Assets repaid	(57,955)	(5,386)	(123,744)	(187,085)
Transfers to Stage 1	75	(75)	-	-
Transfers to Stage 2	(16,199)	16,199	-	-
Transfers to Stage 3	(147,389)	(18,112)	165,501	-
Impact on period end ECL of exposures transferred between stages during the period	(65)	11,387	251,263	262,585
Changes to models and inputs used for ECL calculations	(39,961)	(11,431)	(150,370)	(201,762)
Total movements with impact on credit loss allowance charge for the period	(43,874)	(7,418)	142,650	91,358
Movements without impact on credit loss allowance charge for the period:				
Unwinding of discount (deducted from interest revenue)	-	-	30,150	30,150
Amounts written off	-	-	(39,551)	(39,551)
Foreign exchange adjustments	(449)	(46)	(1,193)	(1,688)
At 31 December 2025	111,380	39,645	490,884	641,909

An analysis of changes in the gross carrying value and corresponding ECL in relation to agricultural loans during the year ended 31 December 2025 is as follows:

Agricultural loans to retail customers

<i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as at 1 January 2025	66,739,471	842,095	1,910,355	69,491,921
New assets originated or purchased	41,442,814	-	-	41,442,814
Assets repaid	(38,498,119)	(469,489)	(1,271,691)	(40,239,299)
Transfers to Stage 1	11,690	(11,690)	-	-
Transfers to Stage 2	(496,855)	496,855	-	-
Transfers to Stage 3	(1,220,197)	(74,332)	1,294,529	-
Amounts written off	-	-	(93,288)	(93,288)
Foreign exchange adjustments	(7,326)	(15)	(1,558)	(8,899)
At 31 December 2025	67,971,478	783,424	1,838,347	70,593,249

Agricultural loans to retail customers

<i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2025	130,533	9,730	527,162	667,425
Movements with impact on credit loss allowance charge for the period:				
New assets originated or purchased	243,672	-	-	243,672
Assets repaid	(43,905)	(1,889)	(176,747)	(222,541)
Transfers to Stage 1	385	(385)	-	-
Transfers to Stage 2	(2,794)	2,794	-	-
Transfers to Stage 3	(196,334)	(3,743)	200,077	-
Impact on period end ECL of exposures transferred between stages during the period	(242)	4,789	170,447	174,994
Changes to models and inputs used for ECL calculations	(47,032)	(2,297)	(136,106)	(185,435)
Total movements with impact on credit loss allowance charge for the period	(46,250)	(731)	57,671	10,690
Movements without impact on credit loss allowance charge for the period:				
Unwinding of discount (deducted from interest revenue)	-	-	53,763	53,763
Amounts written off	-	-	(93,288)	(93,288)
Foreign exchange adjustments	(32)	(2)	(353)	(387)
At 31 December 2025	84,251	8,997	544,955	638,203

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Agricultural loans to corporate customers <i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as at 1 January 2025	16,663,940	2,147	56,177	16,722,264
New assets originated or purchased	5,474,602	-	-	5,474,602
Assets repaid	(1,705,903)	(2,147)	(72,819)	(1,780,869)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	(251,666)	-	251,666	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	(28,167)	-	(401)	(28,568)
At 31 December 2025	20,152,806	-	234,623	20,387,429

Agricultural loans to corporate customers <i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2025	29,808	209	7,994	38,011
Movements with impact on credit loss allowance charge for the period:				
New assets originated or purchased	9,476	-	-	9,476
Assets repaid	(1,145)	(209)	-	(1,354)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	(15,481)	-	15,481	-
Impact on period end ECL of exposures transferred between stages during the period	-	-	37,190	37,190
Changes to models and inputs used for ECL calculations	(7,393)	-	(8,513)	(15,906)
Total movements with impact on credit loss allowance charge for the period	(14,543)	(209)	44,158	29,406
Movements without impact on credit loss allowance charge for the period:				
Unwinding of discount (deducted from interest revenue)	-	-	4,850	4,850
Amounts written off	-	-	-	-
Foreign exchange adjustments	(22)	-	-	(22)
At 31 December 2025	15,243	-	57,002	72,245

An analysis of changes in the gross carrying value and corresponding ECL in relation to consumer loans during the year ended 31 December 2025 is as follows:

Consumer loans <i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as at 1 January 2025	130,498,172	1,388,988	3,955,075	135,842,235
New assets originated or purchased	110,507,670	-	-	110,507,670
Assets repaid	(70,941,086)	(609,911)	(2,422,964)	(73,973,961)
Transfers to Stage 1	85,028	(85,028)	-	-
Transfers to Stage 2	(1,778,449)	1,778,449	-	-
Transfers to Stage 3	(4,954,347)	(631,644)	5,585,991	-
Amounts written off	-	-	(1,540,287)	(1,540,287)
Foreign exchange adjustments	(780)	-	(383)	(1,163)
At 31 December 2025	163,416,208	1,840,854	5,577,432	170,834,494

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Consumer loans <i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2025	878,355	193,199	1,825,435	2,896,989
Movements with impact on credit loss allowance charge for the period:				
New assets originated or purchased	2,543,386	-	-	2,543,386
Assets repaid	(271,316)	(23,687)	(347,863)	(642,866)
Transfers to Stage 1	7,589	(7,589)	-	-
Transfers to Stage 2	(288,163)	288,163	-	-
Transfers to Stage 3	(1,327,157)	(150,298)	1,477,455	-
Impact on period end ECL of exposures transferred between stages during the period	(6,282)	100,134	2,003,284	2,097,136
Changes to models and inputs used for ECL calculations	21,866	(3,343)	(138,993)	(120,470)
Total movements with impact on credit loss allowance charge for the period	679,923	203,380	2,993,883	3,877,186
Movements without impact on credit loss allowance charge for the period:				
Unwinding of discount (deducted from interest revenue)	-	-	220,363	220,363
Amounts written off	-	-	(1,540,287)	(1,540,287)
Foreign exchange adjustments	(1)	-	(152)	(153)
At 31 December 2025	1,558,277	396,579	3,499,242	5,454,098

An analysis of changes in the gross carrying value and corresponding ECL in relation to mortgage loans during the year ended 31 December 2025 is as follows:

Mortgage loans <i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying value as at 1 January 2025	79,131,126	738,568	1,266,358	18,780	81,154,832
New assets originated or purchased	27,410,995	-	-	-	27,410,995
Assets repaid	(9,708,049)	(82,940)	(219,561)	(15,491)	(10,026,041)
Transfers to Stage 1	78,859	(78,859)	-	-	-
Transfers to Stage 2	(521,464)	521,464	-	-	-
Transfers to Stage 3	(483,236)	(79,386)	562,622	-	-
Amounts written off	-	-	(6,869)	-	(6,869)
Foreign exchange adjustments	(49,771)	(2,979)	(6,643)	(126)	(59,519)
At 31 December 2025	95,858,460	1,015,868	1,595,907	3,163	98,473,398

Mortgage loans <i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	POCI	Total
ECL as at 1 January 2025	61,642	11,741	328,704	-	402,087
Movements with impact on credit loss allowance charge for the period:					
New assets originated or purchased	45,697	-	-	-	45,697
Assets repaid	(4,308)	(3,239)	(3,036)	(80)	(10,663)
Transfers to Stage 1	1,417	(1,417)	-	-	-
Transfers to Stage 2	(13,802)	13,802	-	-	-
Transfers to Stage 3	(21,951)	(1,854)	23,805	-	-
Impact on period end ECL of exposures transferred between stages during the period	(1,388)	6,522	90,750	-	95,884
Changes to models and inputs used for ECL calculations	(28,360)	(2,259)	(57,648)	2,088	(86,179)
Total movements with impact on credit loss allowance charge for the period	(22,695)	11,555	53,871	2,008	44,739
Movements without impact on credit loss allowance charge for the period:					
Unwinding of discount (deducted from interest revenue)	-	-	41,732	-	41,732
Amounts written off	-	-	(6,869)	-	(6,869)
Foreign exchange adjustments	(19)	(15)	(2,944)	-	(2,978)
At 31 December 2025	38,928	23,281	414,494	2,008	478,711

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An analysis of changes in the gross carrying value and corresponding ECL in relation to credit cards during the year ended 31 December 2025 is as follows:

Credit cards <i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as at 1 January 2025	13,447,959	146,433	579,350	14,173,742
New assets originated or purchased	5,381,936	-	-	5,381,936
Assets repaid	(2,894,267)	(22,539)	(236,024)	(3,152,830)
Transfers to Stage 1	17,097	(15,904)	(1,193)	-
Transfers to Stage 2	(129,698)	129,698	-	-
Transfers to Stage 3	(661,521)	(52,016)	713,537	-
Amounts written off	-	-	(104,157)	(104,157)
Foreign exchange adjustments	(5,648)	1,092	516	(4,040)
At 31 December 2025	15,155,858	186,764	952,029	16,294,651

Credit cards <i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2025	63,509	8,652	226,551	298,712
Movements with impact on credit loss allowance charge for the period:				
New assets originated or purchased	163,273	-	-	163,273
Assets repaid	(9,040)	(1,755)	(31,800)	(42,595)
Transfers to Stage 1	999	(999)	-	-
Transfers to Stage 2	(5,236)	5,236	-	-
Transfers to Stage 3	(143,677)	(4,590)	148,267	-
Impact on period end ECL of exposures transferred between stages during the period	(272)	6,315	153,019	159,062
Changes to models and inputs used for ECL calculations	14,654	(625)	(6,731)	7,298
Total movements with impact on credit loss allowance charge for the period	20,701	3,582	262,755	287,038
Movements without impact on credit loss allowance charge for the period:				
Unwinding of discount (deducted from interest revenue)	-	-	33,364	33,364
Amounts written off	-	-	(104,157)	(104,157)
Foreign exchange adjustments	79	12	50	141
At 31 December 2025	84,289	12,246	418,563	515,098

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

Loans to large corporate customers <i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying value as at 1 January 2024	73,043,201	188,866	3,700,603	-	76,932,670
New assets originated or purchased	70,414,282	-	-	-	70,414,282
Assets repaid	(22,966,974)	(188,866)	(2,861,323)	-	(26,017,163)
Transfers to Stage 1	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-
Transfers to Stage 3	(2,802,124)	-	2,802,124	-	-
Amounts written off	-	-	-	-	-
Foreign exchange adjustments	(987,452)	-	(46,993)	-	(1,034,445)
At 31 December 2024	116,700,933	-	3,594,411	-	120,295,344

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Loans to large corporate customers					
<i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	POCI	Total
ECL as at 1 January 2024	162,523	651	233,859	-	397,033
Movements with impact on credit loss allowance charge for the period:					
New assets originated or purchased	548,245	-	-	-	548,245
Assets repaid	(37,106)	(651)	(9,840)	-	(47,597)
Transfers to Stage 1	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-
Transfers to Stage 3	(449,623)	-	449,623	-	-
Impact on period end ECL of exposures transferred between stages during the period	-	-	846,106	-	846,106
Changes to models and inputs used for ECL calculations	(43,155)	-	(131,218)	-	(174,373)
Total movements with impact on credit loss allowance charge for the period	18,361	(651)	1,154,671	-	1,172,381
Movements without impact on credit loss allowance charge for the period:					
Unwinding of discount (deducted from interest revenue)	-	-	72,117	-	72,117
Amounts written off	-	-	-	-	-
Foreign exchange adjustments	(1,473)	-	(14,388)	-	(15,861)
At 31 December 2024	179,411	-	1,446,259	-	1,625,670
Loans to small and medium-sized companies					
<i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total	
Gross carrying value as at 1 January 2024	109,450,720	3,613,429	1,800,324	114,864,473	
New assets originated or purchased	55,773,710	-	-	55,773,710	
Assets repaid	(61,254,526)	(2,198,527)	(1,199,435)	(64,652,488)	
Transfers to Stage 1	55,014	(55,014)	-	-	
Transfers to Stage 2	(2,042,509)	2,042,509	-	-	
Transfers to Stage 3	(991,409)	(213,592)	1,205,001	-	
Amounts written off	-	-	(372,185)	(372,185)	
Foreign exchange adjustments	(551,616)	(27,873)	(13,793)	(593,282)	
At 31 December 2024	100,439,384	3,160,932	1,419,912	105,020,228	

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Loans to small and medium-sized companies				
<i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2024	240,506	51,577	528,113	820,196
Movements with impact on credit loss allowance charge for the period:				
New assets originated or purchased	207,448	-	-	207,448
Assets repaid	(107,529)	(19,314)	(189,888)	(316,731)
Transfers to Stage 1	5,799	(5,799)	-	-
Transfers to Stage 2	(20,717)	20,717	-	-
Transfers to Stage 3	(104,885)	(6,313)	111,198	-
Impact on period end ECL of exposures transferred between stages during the period	(5,733)	17,913	318,232	330,412
Changes to models and inputs used for ECL calculations	(58,364)	(11,429)	(65,137)	(134,930)
Total movements with impact on credit loss allowance charge for the period	(83,981)	(4,225)	174,405	86,199
Movements without impact on credit loss allowance charge for the period:				
Unwinding of discount (deducted from interest revenue)	-	-	33,146	33,146
Amounts written off	-	-	(372,185)	(372,185)
Foreign exchange adjustments	(822)	(243)	(4,651)	(5,716)
At 31 December 2024	155,703	47,109	358,828	561,640

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

Agricultural loans to retail customers				
<i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as at 1 January 2024	67,932,163	938,262	2,177,539	71,047,964
New assets originated or purchased	36,160,627	-	-	36,160,627
Assets repaid	(35,504,088)	(508,241)	(750,752)	(36,763,081)
Transfers to Stage 1	13,271	(13,271)	-	-
Transfers to Stage 2	(569,606)	569,606	-	-
Transfers to Stage 3	(1,278,845)	(143,530)	1,422,375	-
Amounts written off	-	-	(936,896)	(936,896)
Foreign exchange adjustments	(14,051)	(731)	(1,911)	(16,693)
At 31 December 2024	66,739,471	842,095	1,910,355	69,491,921

Agricultural loans to retail customers				
<i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2024	136,977	11,893	590,422	739,292
Movements with impact on credit loss allowance charge for the period:				
New assets originated or purchased	263,264	-	-	263,264
Assets repaid	(27,774)	(1,284)	(85,558)	(114,616)
Transfers to Stage 1	460	(460)	-	-
Transfers to Stage 2	(4,288)	4,288	-	-
Transfers to Stage 3	(200,359)	(6,133)	206,492	-
Impact on period end ECL of exposures transferred between stages during the period	(434)	3,868	655,345	658,779
Changes to models and inputs used for ECL calculations	(37,228)	(2,436)	34,587	(5,077)
Total movements with impact on credit loss allowance charge for the period	(6,359)	(2,157)	810,866	802,350
Movements without impact on credit loss allowance charge for the period:				
Unwinding of discount (deducted from interest revenue)	-	-	63,242	63,242
Amounts written off	-	-	(936,896)	(936,896)
Foreign exchange adjustments	(85)	(6)	(472)	(563)
At 31 December 2024	130,533	9,730	527,162	667,425

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Agricultural loans to corporate customers <i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as at 1 January 2024	16,463,163	25,499	50,875	16,539,537
New assets originated or purchased	1,517,500	-	-	1,517,500
Assets repaid	(1,279,112)	(4,516)	1,073	(1,282,555)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(6,663)	6,663	-	-
Transfers to Stage 3	(8,875)	(25,499)	34,374	-
Amounts written off	-	-	(29,852)	(29,852)
Foreign exchange adjustments	(22,073)	-	(293)	(22,366)
At 31 December 2024	16,663,940	2,147	56,177	16,722,264

Agricultural loans to corporate customers <i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2024	19,856	2,695	9,327	31,878
Movements with impact on credit loss allowance charge for the period:				
New assets originated or purchased	3,632	-	-	3,632
Assets repaid	(352)	-	-	(352)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(8)	8	-	-
Transfers to Stage 3	(1,807)	(2,695)	4,502	-
Impact on period end ECL of exposures transferred between stages during the period	-	201	17,544	17,745
Changes to models and inputs used for ECL calculations	8,514	-	5,368	13,882
Total movements with impact on credit loss allowance charge for the period	9,979	(2,486)	27,414	34,907

Movements without impact on credit loss allowance charge for the period:				
Unwinding of discount (deducted from interest revenue)	-	-	1,105	1,105
Amounts written off	-	-	(29,852)	(29,852)
Foreign exchange adjustments	(27)	-	-	(27)
At 31 December 2024	29,808	209	7,994	38,011

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

Consumer loans <i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as at 1 January 2024	108,896,168	1,663,003	3,744,979	114,304,150
New assets originated or purchased	85,226,245	-	-	85,226,245
Assets repaid	(58,775,825)	(749,367)	(3,242,683)	(62,767,875)
Transfers to Stage 1	41,150	(41,150)	-	-
Transfers to Stage 2	(1,203,026)	1,203,026	-	-
Transfers to Stage 3	(3,685,135)	(686,524)	4,371,659	-
Amounts written off	-	-	(918,609)	(918,609)
Foreign exchange adjustments	(1,405)	-	(271)	(1,676)
At 31 December 2024	130,498,172	1,388,988	3,955,075	135,842,235

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Consumer loans <i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2024	691,436	172,807	1,723,714	2,587,957
Movements with impact on credit loss allowance charge for the period:				
New assets originated or purchased	1,131,725	-	-	1,131,725
Assets repaid	(209,666)	(21,406)	(276,910)	(507,982)
Transfers to Stage 1	3,128	(3,128)	-	-
Transfers to Stage 2	(104,950)	104,950	-	-
Transfers to Stage 3	(553,291)	(134,300)	687,591	-
Impact on period end ECL of exposures transferred between stages during the period	(2,785)	78,711	1,364,876	1,440,802
Changes to models and inputs used for ECL calculations	(77,240)	(4,435)	(936,454)	(1,018,129)
Total movements with impact on credit loss allowance charge for the period	186,921	20,392	839,103	1,046,416
Movements without impact on credit loss allowance charge for the period:				
Unwinding of discount (deducted from interest revenue)	-	-	181,342	181,342
Amounts written off	-	-	(918,609)	(918,609)
Foreign exchange adjustments	(2)	-	(115)	(117)
At 31 December 2024	878,355	193,199	1,825,435	2,896,989

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

Mortgage loans <i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying value as at 1 January 2024	52,562,544	588,095	1,079,312	29,681	54,259,632
New assets originated or purchased	34,114,940	-	-	-	34,114,940
Assets repaid	(6,663,368)	(109,991)	(66,045)	(10,593)	(6,849,997)
Transfers to Stage 1	17,244	(17,244)	-	-	-
Transfers to Stage 2	(280,874)	280,874	-	-	-
Transfers to Stage 3	(561,432)	-	561,432	-	-
Amounts written off	-	-	(303,323)	-	(303,323)
Foreign exchange adjustments	(57,928)	(3,166)	(5,018)	(308)	(66,420)
At 31 December 2024	79,131,126	738,568	1,266,358	18,780	81,154,832

Mortgage loans <i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	POCI	Total
ECL as at 1 January 2024	121,066	10,485	310,509	-	442,060
Movements with impact on credit loss allowance charge for the period:					
New assets originated or purchased	87,730	-	-	-	87,730
Assets repaid	(7,438)	(1,196)	(23,238)	-	(31,872)
Transfers to Stage 1	279	(279)	-	-	-
Transfers to Stage 2	(1,653)	1,653	-	-	-
Transfers to Stage 3	(65,430)	-	65,430	-	-
Impact on period end ECL of exposures transferred between stages during the period	(269)	5,613	211,273	-	216,617
Changes to models and inputs used for ECL calculations	(72,600)	(4,510)	35,340	-	(41,770)
Total movements with impact on credit loss allowance charge for the period	(59,381)	1,281	288,805	-	230,705
Movements without impact on credit loss allowance charge for the period:					
Unwinding of discount (deducted from interest revenue)	-	-	34,386	-	34,386
Amounts written off	-	-	(303,323)	-	(303,323)
Foreign exchange adjustments	(43)	(25)	(1,673)	-	(1,741)
At 31 December 2024	61,642	11,741	328,704	-	402,087

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

Credit cards <i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as at 1 January 2024	11,798,257	174,145	550,505	12,522,907
New assets originated or purchased	4,593,612	-	-	4,593,612
Assets repaid	(2,525,737)	(60,447)	(129,258)	(2,715,442)
Transfers to Stage 1	17,415	(16,541)	(874)	-
Transfers to Stage 2	(109,144)	109,144	-	-
Transfers to Stage 3	(257,976)	(59,525)	317,501	-
Amounts written off	-	-	(156,048)	(156,048)
Foreign exchange adjustments	(68,468)	(343)	(2,476)	(71,287)
At 31 December 2024	13,447,959	146,433	579,350	14,173,742

Credit cards <i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2024	49,064	8,521	195,995	253,580
Movements with impact on credit loss allowance charge for the period:				
New assets originated or purchased	42,263	-	-	42,263
Assets repaid	(8,244)	(797)	(13,862)	(22,903)
Transfers to Stage 1	324	(324)	-	-
Transfers to Stage 2	(1,781)	1,781	-	-
Transfers to Stage 3	(25,548)	(6,207)	31,755	-
Impact on period end ECL of exposures transferred between stages during the period	(267)	6,165	166,156	172,054
Changes to models and inputs used for ECL calculations	8,000	(463)	(25,635)	(18,098)
Total movements with impact on credit loss allowance charge for the period	14,747	155	158,414	173,316
Movements without impact on credit loss allowance charge for the period:				
Unwinding of discount (deducted from interest revenue)	-	-	29,291	29,291
Amounts written off	-	-	(156,048)	(156,048)
Foreign exchange adjustments	(302)	(24)	(1,101)	(1,427)
At 31 December 2024	63,509	8,652	226,551	298,712

Credit quality of loans by overdue days. The following table provides information on the credit quality of loans to customer as at 31 December 2025.

<i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
Loans to small and medium size companies				
not overdue	95,184,814	2,789,440	1,020,251	98,994,505
overdue less than 30 days	398,506	23,893	66,977	489,376
overdue 30-90 days	-	213,830	28,266	242,096
overdue more than 90 days	-	-	891,449	891,449
Total gross loans to small and medium size companies	95,583,320	3,027,163	2,006,943	100,617,426
Expected credit loss allowance	(111,380)	(39,645)	(490,884)	(641,909)
Total net loans to small and medium size companies	95,471,940	2,987,518	1,516,059	99,975,517
Loans to large corporate customers				
not overdue	161,158,120	-	1,139,435	162,297,555
overdue less than 30 days	-	-	193,390	193,390
overdue 30-90 days	-	-	1,820,591	1,820,591
overdue more than 90 days	-	-	2,235,003	2,235,003
Total gross loans to large corporate customers	161,158,120	-	5,388,419	166,546,539
Expected credit loss allowance	(173,418)	-	(2,375,619)	(2,549,037)
Total net loans to large corporate customers	160,984,702	-	3,012,800	163,997,502
Total loans to corporate customers	256,456,642	2,987,518	4,528,859	263,973,019

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<i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
Consumer loans				
not overdue	162,493,870	939,912	2,097,963	165,531,745
overdue less than 30 days	922,338	208,651	244,082	1,375,071
overdue 30-90 days	-	692,291	229,849	922,140
overdue more than 90 days	-	-	3,005,538	3,005,538
Total gross consumer loans	163,416,208	1,840,854	5,577,432	170,834,494
Expected credit loss allowance	(1,558,277)	(396,579)	(3,499,242)	(5,454,098)
Total net consumer loans	161,857,931	1,444,275	2,078,190	165,380,396
Mortgage loans				
not overdue	95,788,949	666,620	1,455,369	97,910,938
overdue less than 30 days	69,511	-	84,606	154,117
overdue 30-90 days	-	349,248	-	349,248
overdue more than 90 days	-	-	59,095	59,095
Total gross mortgage loans	95,858,460	1,015,868	1,599,070	98,473,398
Expected credit loss allowance	(38,928)	(23,281)	(416,502)	(478,711)
Total net mortgage loans	95,819,532	992,587	1,182,568	97,994,687
Credit cards				
not overdue	15,083,026	146,617	740,291	15,969,934
overdue less than 30 days	72,831	2,595	28,776	104,202
overdue 30-90 days	-	37,552	38,339	75,891
overdue more than 90 days	1	-	144,623	144,624
Total gross credit cards	15,155,858	186,764	952,029	16,294,651
Expected credit loss allowance	(84,289)	(12,246)	(418,563)	(515,098)
Total net credit cards	15,071,569	174,518	533,466	15,779,553
Agricultural loans to retail customers				
not overdue	67,926,932	719,266	1,495,058	70,141,256
overdue less than 30 days	44,546	18,781	40,994	104,321
overdue 30-90 days	-	45,377	34,103	79,480
overdue more than 90 days	-	-	268,192	268,192
Total gross agricultural loans to retail customers	67,971,478	783,424	1,838,347	70,593,249
Expected credit loss allowance	(84,251)	(8,997)	(544,955)	(638,203)
Total net agricultural loans to retail customers	67,887,227	774,427	1,293,392	69,955,046
Agricultural loans to corporate customers				
not overdue	20,152,806	-	64,624	20,217,430
overdue less than 30 days	-	-	44,743	44,743
overdue 30-90 days	-	-	81,589	81,589
overdue more than 90 days	-	-	43,667	43,667
Total gross agricultural loans to corporate customers	20,152,806	-	234,623	20,387,429
Expected credit loss allowance	(15,243)	-	(57,002)	(72,245)
Total net agricultural loans to corporate customers	20,137,563	-	177,621	20,315,184
Total agricultural loans to customers	88,024,790	774,427	1,471,013	90,270,230
Gross loans to customers	619,296,250	6,854,073	17,596,863	643,747,186
Expected credit loss allowance	(2,065,786)	(480,748)	(7,802,767)	(10,349,301)
Net loans to customers at amortised cost	617,230,464	6,373,325	9,794,096	633,397,885

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The following table provides information on the credit quality of loans by overdue days to as at 31 December 2024.

<i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
Loans to small and medium size companies				
not overdue	100,113,230	2,954,552	776,680	103,844,462
overdue less than 30 days	326,154	76,095	38,794	441,043
overdue 30-90 days	-	130,285	82,064	212,349
overdue more than 90 days	-	-	522,374	522,374
Total gross loans to small and medium size companies	100,439,384	3,160,932	1,419,912	105,020,228
Expected credit loss allowance	(155,703)	(47,109)	(358,828)	(561,640)
Total net loans to small and medium size companies	100,283,681	3,113,823	1,061,084	104,458,588

<i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
Loans to large corporate customers				
not overdue	116,588,698	-	1,072,689	117,661,387
overdue less than 30 days	112,235	-	93,842	206,077
overdue 30-90 days	-	-	1,921,767	1,921,767
overdue more than 90 days	-	-	506,113	506,113
Total gross loans to large corporate customers	116,700,933	-	3,594,411	120,295,344
Expected credit loss allowance	(179,411)	-	(1,446,259)	(1,625,670)
Total net loans to large corporate customers	116,521,522	-	2,148,152	118,669,674
Total loans to corporate customers	216,805,203	3,113,823	3,209,236	223,128,262

<i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
Consumer loans				
not overdue	129,838,576	898,217	1,805,872	132,542,665
overdue less than 30 days	659,596	95,964	201,674	957,234
overdue 30-90 days	-	394,807	163,255	558,062
overdue more than 90 days	-	-	1,784,274	1,784,274
Total gross consumer loans	130,498,172	1,388,988	3,955,075	135,842,235
Expected credit loss allowance	(878,355)	(193,199)	(1,825,435)	(2,896,989)
Total net consumer loans	129,619,817	1,195,789	2,129,640	132,945,246

<i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
Mortgage loans				
not overdue	79,088,802	656,233	1,066,902	80,811,937
overdue less than 30 days	42,324	22,003	89,328	153,655
overdue 30-90 days	-	60,332	35,740	96,072
overdue more than 90 days	-	-	93,168	93,168
Total gross mortgage loans	79,131,126	738,568	1,285,138	81,154,832
Expected credit loss allowance	(61,642)	(11,741)	(328,704)	(402,087)
Total net mortgage loans	79,069,484	726,827	956,434	80,752,745

<i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
Credit cards				
not overdue	13,336,879	104,296	438,000	13,879,175
overdue less than 30 days	111,078	26,062	37,746	174,886
overdue 30-90 days	1	16,075	12,709	28,785
overdue more than 90 days	1	-	90,895	90,896
Total gross credit cards	13,447,959	146,433	579,350	14,173,742
Expected credit loss allowance	(63,509)	(8,652)	(226,551)	(298,712)
Total net credit cards	13,384,450	137,781	352,799	13,875,030

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<i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
Agricultural loans to retail customers				
not overdue	66,708,450	802,921	1,499,409	69,010,780
overdue less than 30 days	31,021	11,275	31,477	73,773
overdue 30-90 days	-	27,899	43,760	71,659
overdue more than 90 days	-	-	335,709	335,709
Total gross agricultural loans to retail customers	66,739,471	842,095	1,910,355	69,491,921
Expected credit loss allowance	(130,533)	(9,730)	(527,162)	(667,425)
Total net agricultural loans to retail customers	66,608,938	832,365	1,383,193	68,824,496
Agricultural loans to corporate customers				
not overdue	16,495,593	-	22,101	16,517,694
overdue less than 30 days	168,347	-	5,658	174,005
overdue 30-90 days	-	2,147	-	2,147
overdue more than 90 days	-	-	28,418	28,418
Total gross agricultural loans to corporate customers	16,663,940	2,147	56,177	16,722,264
Expected credit loss allowance	(29,808)	(209)	(7,994)	(38,011)
Total net agricultural loans to corporate customers	16,634,132	1,938	48,183	16,684,253
Total agricultural loans to customers	83,243,070	834,303	1,431,376	85,508,749
Gross loans to customers	523,620,985	6,279,163	12,800,418	542,700,566
Expected credit loss allowance	(1,498,961)	(270,640)	(4,720,933)	(6,490,534)
Net loans to customers at amortised cost	522,122,024	6,008,523	8,079,485	536,210,032

Collateral and other credit enhancements. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- Securities lending and reverse repurchase transactions: cash or securities.
- Commercial lending: primarily real estate properties, movable properties, production machinery, inventory, trade receivables and guarantees.
- Retail lending: primarily mortgages over residential properties, movable properties, and guarantees.
- Credit cards: primarily real estate and movable properties and guarantees.

The Group may also obtain guarantees from customer parent companies for loans provided to their subsidiaries during customer lending process.

Management monitors the market value of collateral and may request additional collateral in accordance with the underlying agreement during its review of the adequacy of the allowance for loan impairment.

The Bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Bank since the prior period.

Description of collateral held for loans to customers is as follows as at 31 December 2025 and 31 December 2024:

<i>In thousands of Armenian Drams</i>	2025	2024
Real Estate	365,089,321	305,197,620
Guarantees	51,698,266	73,907,200
Working capital/Goods (finished products, goods in circulation, livestock)	30,127,393	23,341,018
Movables	12,472,803	10,599,263
Cash	7,008,472	5,823,611
Securities	6,176,131	7,616,833
Agricultural equipment	4,849,623	400,098
Other	1,864,525	162,258
Movables (personal property, equipment)	412	1,159
Without Collateral	164,460,240	115,651,506
Total gross loan portfolio	643,747,186	542,700,566

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The extent to which collateral and other credit enhancements mitigate credit risk for financial assets carried at amortised cost that are credit impaired, is presented by disclosing collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed carrying value of the asset (“over-collateralised assets”) and (ii) those assets where collateral and other credit enhancements are less than the carrying value of the asset (“under-collateralised assets”).

The effect of collateral on credit impaired assets at 31 December 2025 and 31 December 2024 is as follows.

2025 <i>In thousands of Armenian Drams</i>	Over-collateralised assets		Under-collateralised assets	
	Carrying value of the assets	Value of collateral	Carrying value of the assets	Value of collateral
Credit impaired assets:				
Loans to corporate customers				
Loans to small and medium size companies	1,511,041	5,855,606	495,903	14,000
Loans to large corporate customers	5,303,621	9,389,428	84,797	9,500
Loans to retail customers (other than agricultural and corporate loans)				
Consumer loans	713,919	2,314,380	4,863,513	214,832
Mortgage loans	1,452,406	2,928,258	143,500	10,100
Credit cards	235,277	669,197	716,750	-
Agricultural loans to customers				
Agricultural loans retail	705,460	4,260,360	1,132,887	-
Agricultural loans corporate	232,989	461,294	1,634	-
Total	10,154,713	25,878,523	7,438,984	248,432

2024 <i>In thousands of Armenian Drams</i>	Over-collateralised assets		Under-collateralised assets	
	Carrying value of the assets	Value of collateral	Carrying value of the assets	Value of collateral
Credit impaired assets:				
Loans to corporate customers				
Loans to small and medium size companies	1,095,555	5,458,096	324,357	-
Loans to large corporate customers	3,544,704	10,028,351	49,707	11,600
Loans to retail customers (other than agricultural and corporate loans)				
Consumer loans	676,988	4,002,522	3,278,086	76,110
Mortgage loans	1,197,949	2,658,839	68,408	4,100
Credit cards	63,044	387,747	516,304	-
Agricultural loans to customers				
Agricultural loans retail	744,557	5,950,620	1,165,797	-
Agricultural loans corporate	52,759	151,687	3,418	-
Total	7,375,556	28,637,862	5,406,077	91,810

In absence of collateral or other credit enhancements, ECL for individually impairment in respect of Stage 3 loans to customers as at 31 December 2025 and 2024 would have been higher by:

<i>In thousands of Armenian Drams</i>	2025	2024
Corporate lending	2,923,856	2,029,895
Mortgage loans	1,155	18,781
Total	2,925,011	2,048,676

Assets under lien. As at 31 December 2025, loans to customers with a gross value of AMD 18,220,501 thousand (2024: AMD 22,323,285 thousand) serve as collateral for other borrowed funds (see Note 21).

Repossessed collateral. During the year, the Group took possession of collateral with an estimated value of AMD 306,290 thousand (2024: AMD 385,409 thousand), which the Group is in the process of selling. It is the Group's policy to dispose of repossessed properties in an orderly fashion. In general, the Group does not occupy repossessed properties for business use.

Concentration of loans to customers. As at 31 December 2025, the Group had a concentration of loans represented by AMD 61,161,792 thousand due from the ten largest third-party borrowers (9.5% of gross loan portfolio) (2024: AMD 59,660,205 thousand or 11.0%). An allowance of AMD 66,765 thousand (2024: AMD 87,788 thousand) was recognised against these loans.

Concentration of loans by sectors. Loans are made principally within Armenia in the following industry sectors:

<i>In thousands of Armenian Drams</i>	2025	2024
Individuals	356,195,792	300,662,733
Food and beverage	94,866,704	51,317,852
Construction	55,483,275	52,175,334
Trade	49,199,042	44,775,458
Agriculture	34,201,007	22,531,896
Manufacturing	17,499,474	17,297,308
Financial sector	12,693,588	10,201,550
Energy	12,666,320	8,789,291
Transportation	9,468,430	7,470,360
Other	1,473,554	27,478,784
Impairment allowance	(10,349,301)	(6,490,534)
Net loans to customers at amortised cost	633,397,885	536,210,032

13 Receivables from finance leases

<i>In thousands of Armenian Drams</i>	2025	2024
Finance leases to corporate customers	96,551,518	88,131,067
Finance leases to retail customers	7,145,659	5,735,740
Net investments in finance leases	103,697,177	93,866,807
Impairment allowance	(555,350)	(760,986)
Net investments in finance leases, less impairment allowance	103,141,827	93,105,821

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

In the amount of finance lease receivables as at 31 December 2025 the amount of equipment on the way, purchased in the scope of finance lease agreements is AMD 177,022 thousand, (2024: AMD 51,826 thousand).

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

<i>In thousands of Armenian Drams</i>	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	49,636,662	-	-	49,636,662
Assets repaid	(39,051,403)	(355,616)	(625,781)	(40,032,800)
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)	20,334	300,635
Write-off	-	-	(74,127)	(74,127)
At 31 December 2025	101,913,174	778,317	1,005,686	103,697,177

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<i>In thousands of Armenian Drams</i>	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	(9,308)	(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)	(80,645)	(280,832)
Total movements with impact on credit loss allowance charge for the period	(150,945)	(10,280)	(12,366)	(173,591)
Movements without impact on credit loss allowance charge for the period:				
Unwinding of discount (recognised in interest revenue)	-	-	34,887	34,887
Write-off	-	-	(74,127)	(74,127)
Foreign exchange adjustments	472	(17)	6,740	7,195
At 31 December 2025	181,100	12,970	361,280	555,350

An analysis of changes in the gross carrying value and corresponding ECL in relation to receivables from finance lease during the year ended 31 December 2024 is as follows:

<i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as at 1 January 2024	83,119,652	212,056	851,063	84,182,771
New assets originated or purchased	40,352,948	-	-	40,352,948
Assets repaid	(28,892,956)	(205,487)	(732,202)	(29,830,645)
Transfers to Stage 1	64,125	(64,125)	-	-
Transfers to Stage 2	(810,644)	810,644	-	-
Transfers to Stage 3	(661,797)	(69,791)	731,588	-
Foreign exchange adjustments	(824,082)	(5,643)	(6,840)	(836,565)
Write-off	-	-	(1,702)	(1,702)
At 31 December 2024	92,347,246	677,654	841,907	93,866,807

<i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2024	350,131	5,793	420,421	776,345
Movements with impact on credit loss allowance charge for the period:				
New assets originated or purchased	158,983	-	-	158,983
Assets repaid	(19,634)	(1,395)	(49,933)	(70,962)
Transfers to Stage 1	1,397	(1,397)	-	-
Transfers to Stage 2	(9,662)	9,662	-	-
Transfers to Stage 3	(17,438)	(2,529)	19,967	-
Impact on period end ECL of exposures transferred between stages during the period	(1,260)	14,061	177,650	190,451
Changes to models and inputs used for ECL calculations	(128,099)	(194)	(191,114)	(319,407)
Total movements with impact on credit loss allowance charge for the period	(15,713)	18,208	(43,430)	(40,935)
Movements without impact on credit loss allowance charge for the period:				
Unwinding of discount (recognised in interest revenue)	-	-	34,775	34,775
Write-off	-	-	(1,702)	(1,702)
Foreign exchange adjustments	(2,845)	(734)	(3,918)	(7,497)
At 31 December 2024	331,573	23,267	406,146	760,986

Quality of finance lease receivables. The following table provides information on the credit quality of finance lease receivables at 31 December 2025.

<i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
Finance lease to retail customers				
not overdue	6,931,415	37,108	168,308	7,136,831
overdue less than 30 days	-	-	1,908	1,908
overdue 30-90 days	-	106	18	124
overdue more than 90 days	-	-	6,796	6,796
Total gross leases to retail customers	6,931,415	37,214	177,030	7,145,659
Expected credit loss allowance	(11,994)	(404)	(60,643)	(73,041)
Total net leases to retail customers	6,919,421	36,810	116,387	7,072,618
Finance lease to corporate customers				
not overdue	94,893,182	624,427	466,911	95,984,520
overdue less than 30 days	88,577	52,766	12,778	154,121
overdue 30-90 days	-	63,910	47,312	111,222
overdue more than 90 days	-	-	301,655	301,655
Total gross leases to large corporate customers	94,981,759	741,103	828,656	96,551,518
Expected credit loss allowance	(169,106)	(12,566)	(300,637)	(482,309)
Total net leases to large corporate customers	94,812,653	728,537	528,019	96,069,209
Total lease portfolio	101,732,074	765,347	644,406	103,141,827

The following table provides information on the credit quality of finance lease receivables at 31 December 2024.

<i>In thousands of Armenian Drams</i>	Stage 1	Stage 2	Stage 3	Total
Finance lease to retail customers				
not overdue	5,478,035	28,926	213,376	5,720,337
overdue less than 30 days	5,706	175	5,863	11,744
overdue 30-90 days	-	131	2,112	2,243
overdue more than 90 days	-	-	1,416	1,416
Total gross leases to retail customers	5,483,741	29,232	222,767	5,735,740
Expected credit loss allowance	(20,035)	(587)	(102,948)	(123,570)
Total net leases to retail customers	5,463,706	28,645	119,819	5,612,170
Finance lease to corporate customers				
not overdue	86,863,505	576,117	550,871	87,990,493
overdue less than 30 days	-	6,069	5,282	11,351
overdue 30-90 days	-	66,236	18,696	84,932
overdue more than 90 days	-	-	44,291	44,291
Total gross leases to large corporate customers	86,863,505	648,422	619,140	88,131,067
Expected credit loss allowance	(311,538)	(22,680)	(303,198)	(637,416)
Total net leases to large corporate customers	86,551,967	625,742	315,942	87,493,651
Total lease portfolio	92,015,673	654,387	435,761	93,105,821

Assets under lien. As at 31 December 2025, finance lease receivables with a gross value of AMD 29,592,232 thousand (2024: AMD 24,218,400 thousand) serve as collateral for other borrowed funds (see Note 21).

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

Concentration of finance leases by sectors. Finance lease to corporate customers were issued primarily to customers located within the Republic of Armenia who operate in the following economic sectors:

<i>In thousands of Armenian Drams</i>	2025	2024
Construction	20,602,177	23,566,077
Services	17,626,747	11,879,006
Food and beverages production	15,838,495	17,763,658
Manufacturing	12,678,316	12,681,271
Trade	10,245,738	9,003,744
Agriculture	9,380,527	7,574,666
Finance leases to retail customers	7,145,659	5,735,740
Hydropower plants	4,614,988	673,754
Transportation	4,126,468	4,262,379
Other	1,401,100	654,239
Manufacture of leather goods	36,962	72,273
Impairment allowance	(555,350)	(760,986)
Net investments in finance leases	103,141,827	93,105,821

The table below provides the maturity profile of gross and net investment in leases as of 31 December 2025:

<i>In thousands of Armenian Drams</i>	Not later than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Later than 5 years	Total
Gross investment in finance leases	46,419,897	38,869,526	23,754,256	10,589,091	4,268,933	934,786	124,836,489
Unearned future finance income on finance leases	(10,528,689)	(6,145,439)	(2,930,214)	(1,099,576)	(320,573)	(114,821)	(21,139,312)
Net investment in finance leases before allowance	35,891,208	32,724,087	20,824,042	9,489,515	3,948,360	819,965	103,697,177

The table below provides the maturity profile of gross and net investment in leases as of 31 December 2024:

<i>In thousands of Armenian Drams</i>	Not later than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Later than 5 years	Total
Gross investment in finance leases	40,241,823	37,383,004	23,230,265	9,173,305	2,818,528	431,559	113,278,484
Unearned future finance income on finance leases	(9,935,171)	(5,886,243)	(2,593,967)	(792,627)	(161,793)	(41,876)	(19,411,677)
Net investment in finance leases before allowance	30,306,652	31,496,761	20,636,298	8,380,678	2,656,735	389,683	93,866,807

14 Property, equipment, and intangible assets

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

<i>In thousands of Armenian Drams</i>	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	935,153	5,567,982
Disposals and write-offs	(13,200)	(319,870)	-	(822,608)	(252,383)	(71,835)	(448,767)	(240,125)	(2,168,788)
Effect of revaluation in profit or loss	(54,379)	(234,303)	-	-	-	(3,895)	-	-	(292,577)
Effect of revaluation in OCI	(189,016)	1,592,818	-	-	-	(149,827)	-	-	1,253,975
Modification	-	-	-	-	-	-	-	47,460	47,460
31 December 2025	1,274,570	10,957,608	2,112,199	14,842,597	4,208,445	544,155	10,217,700	7,025,038	51,182,312
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	81,087	991,338	218,474	91,551	1,011,595	1,082,846	3,707,086
Disposals and write-offs	-	(101,002)	-	(690,483)	(231,443)	(43,779)	(403,520)	(234,895)	(1,705,122)
Effect of revaluation	-	(483,836)	-	-	-	(179,866)	-	-	(663,702)
31 December 2025	-	41,258	765,741	7,152,404	2,430,944	11,525	5,181,106	3,415,460	18,998,438
Net book value									
31 December 2025	1,274,570	10,916,350	1,346,458	7,690,193	1,777,501	532,630	5,036,594	3,609,578	32,183,874

The Group engaged an independent valuer to determine the fair value of its land and buildings and motor vehicles. Fair value is determined by reference to market-based evidence. The date of the revaluation was 1 October 2025. More details about the fair value of buildings are disclosed in Note 34.

Right-of-use assets. The Group leases office premises, including its head office, branch offices and other spaces. Lease terms typically range from 5 to 10 years.

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<i>In thousands of Armenian Drams</i>	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
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	-	251,885	540,802	5,864,915	2,300,030	74,428	3,761,519	2,292,758	15,086,337
31 December 2023									
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)
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

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If the land, buildings, and motor vehicles were measured using the cost model, the carrying amounts would be as follows:

<i>In thousands of Armenian Drams</i>	2025			2024		
	Land	Buildings	Motor vehicles	Land	Buildings	Motor vehicles
Cost	420,249	8,805,752	849,216	424,566	8,474,382	741,906
Accumulated depreciation and impairment	-	3,017,500	529,398	-	2,588,081	486,339
Net carrying amount	420,249	5,788,252	319,818	424,566	5,886,301	255,567

15 Taxation

The corporate income tax expense comprises:

<i>In thousands of Armenian Drams</i>	2025	2024
Current tax charge	8,472,629	6,621,988
Deferred tax charge/(credit)	668,075	(243,342)
Income tax expense	9,140,704	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:

<i>In thousands of Armenian Drams</i>	2025	2024
Profit before income tax	44,996,730	35,143,735
Statutory tax rate	18%	18%
Theoretical income tax expense at the statutory rate	8,099,412	6,325,872
Non-deductible expenses, net	1,041,292	52,774
Income tax expense	9,140,704	6,378,646
Effective tax rate	20.3%	18.2%

Non-deductible expenses, net consist of non - deductible expenses difference with the tax base in the amount of AMD 1,090,484 thousand (2024: AMD 202,768 thousand) and non-taxable income differences with the tax base in the amount of AMD 49,192 thousand (2024: AMD 149,994 thousand). 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 and their movements for the respective years comprise:

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<i>In thousands of Armenian Drams</i>	Balance 1 January 2024	Origination and reversal of temporary differences		Balance 31 December 2024	Origination and reversal of temporary differences		Balance 31 December 2025
		In the statement of profit or loss	In other compre- hensive income		In the statement of profit or loss	In other compre- hensive income	
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)	(23,859)		(30,094)
Investment securities	(508,888)	(126,109)	(17,115)	(652,112)	64,541	(37,550)	(625,121)
Loans to customers	(509,395)	(28,015)		(537,410)	48,705		(488,705)
Finance lease receivable	38,004	32,749		70,753	(239,657)		(168,904)
Investments in associates	(266,213)	(31,164)		(297,377)	(98,801)	-	(396,178)
Property, equipment, intangible and right-of-use assets	(624,065)	43,256	155	(580,654)	(402,022)	(345,342)	(1,328,018)
Other assets	(11,681)	31,714		20,033	20,636		40,669
Other borrowed funds	523,508	199,776		723,284	(152,729)		570,555
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)	(668,075)	(382,892)	(1,556,734)

16 Credit loss (expense)/reversal

The table below shows the ECL charges on financial instruments and recoveries of written off loans and receivables from finance leases recorded in the consolidated statement of profit or loss for the year ended 31 December 2025:

<i>In thousands of Armenian Drams</i>	Note	Stage 1	Stage 2	Stage 3	POCI	Total
Cash and cash equivalents	8	7,073	-	-	-	7,073
Loans and advances to banks	10	20,408	-	-	-	20,408
Debt securities at amortised cost	11	(33,708)	-	-	-	(33,708)
Debt securities measured at FVOCI	11	5,995	-	-	-	5,995
Loans to customers at amortised cost	12	(568,134)	(210,159)	(4,407,958)	(2,008)	(5,188,259)
Receivables from finance leases	13	150,945	10,280	12,366	-	173,591
Other financial assets	17	7,887	-	-	-	7,887
Guarantees and letters of credit	25	(190)	-	-	-	(190)
Loan, credit line and credit card commitments	25	(18,942)	(326)	(620)	-	(19,888)
Recovery of written off loans and receivables from finance leases		-	-	736,917	-	736,917
Total credit loss expense		(428,666)	(200,205)	(3,659,295)	(2,008)	(4,290,174)

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The table below shows the ECL charges on financial instruments and recoveries of written off loans and receivables from finance leases recorded in the consolidated statement of profit or loss for the year ended 31 December 2024:

<i>In thousands of Armenian Drams</i>	Note	Stage 1	Stage 2	Stage 3	POCI	Total
Cash and cash equivalents	8	(24,214)	-	-	-	(24,214)
Loans and advances to banks	10	7,535	-	-	-	7,535
Debt securities at amortised cost	11	(66,089)	-	-	-	(66,089)
Debt securities measured at FVOCI	11	25,308	-	-	-	25,308
Loans to customers at amortised cost	12	(80,287)	(12,309)	(3,453,678)	-	(3,546,274)
Receivables from finance leases	13	15,713	(18,208)	43,430	-	40,935
Other financial assets	17	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 of written off loans and receivables from finance leases				1,207,008	-	1,207,008
Total credit loss expense		(113,452)	(31,537)	(2,205,049)	-	(2,350,038)

17 Other assets

Other assets comprise:

<i>In thousands of Armenian Drams</i>	2025	2024
Other receivables	2,408,427	2,239,638
Advances paid to leased property suppliers*	14,082,912	12,121,443
Impairment allowance	(15,145)	(23,032)
Total other financial assets	16,476,194	14,338,049
Deferred 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	352,603	764,751
Returned lease property	81,753	23,800
Other	614,239	325,827
Total other non-financial assets	10,107,304	7,850,722
Less impairment allowance	(794,185)	(744,937)
Total other assets	25,789,313	21,443,834

*In financial statements for the year ended 31 December 2024 Advances paid to leased property suppliers were presented under other non-financial assets. To enhance presentation of the item it has been moved to other financial assets subtotal with corresponding reflection under Risk Management, Fair value measurements, Maturity analysis of assets and liabilities disclosure.

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

<i>In thousands of Armenian Drams</i>	Stage 1	Stage 3	Total
ECL at 1 January 2025	23,032	-	23,032
New assets originated or redeemed (net)	(7,887)	-	(7,887)
Transfers to Stage 3	-	-	-
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:

<i>In thousands of Armenian Drams</i>	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	-	-	-
Write-off	-	-	-

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At 31 December 2024	23,032	-	23,032
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An analysis of Impairment allowance for non-financial assets as follows:

<i>In thousands of Armenian Drams</i>	2025	2024
Balance at the beginning of the year	744,937	656,841
Net charge	49,248	88,096
Balance at the end of the year	794,185	744,937

18 Deposits and balances from banks

Deposits and balances from banks include the following:

<i>In thousands of Armenian Drams</i>	2025	2024
Loans from other Banks	4,876,206	-
Correspondent accounts and overnight placements of other banks	672,035	419,101
Short-term placements of banks	28,319	43,696
Total deposits and balances from banks	5,576,560	462,797

19 Current accounts and deposits from customers

Current accounts and deposits from customers include the following:

<i>In thousands of Armenian Drams</i>	2025	2024
Current accounts and demand deposits		
Retail	109,709,134	100,070,308
Corporate	136,306,715	139,462,540
Unsettled transactions	3,381,519	3,627,888
Term deposits		
Retail	271,377,115	258,523,637
Corporate	97,743,040	82,437,663
Total	618,517,523	584,122,036
Held as security against guarantees	4,076,053	2,937,568

At 31 December 2025, current accounts and deposits from customers of AMD 110,571,519 thousand (18%) were due to the ten largest customers (2024: AMD 111,319,038 thousand (19%)).

As at 31 December 2025, the Group has two customers (31 December 2024: two customers) whose balances exceed 10% of equity. The gross value of these balances as at 31 December 2025 is AMD 59,182,374 thousand (31 December 2024: AMD 57,839,238 thousand).

Unsettled transactions include amounts that were not settled as of 31 December 2025 in the Group's customers' accounts. These were settled on the first working days of January 2026.

In accordance with the Armenian legislation, the Group is obliged to repay deposits upon demand of individual depositors. In case a term deposit is repaid upon demand of a 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.

20 Debt securities issued

Debt securities issued consisted of the following:

<i>In thousands of Armenian Drams</i>	2025	2024
Domestic bonds issued	51,798,299	39,408,576
Debt securities issued	51,798,299	39,408,576

From 20 February 2025 to 18 December 2025, the Group issued AMD and USD denominated bonds with nominal amount of AMD 13,437,200 thousand (2024: AMD 11,398,900 thousand) and USD 10,000,000 (2024: USD 17,059,600) accordingly.

Carrying value of the domestic bonds issued consisted of:

	2025	2024
AMD denominated bonds	37,891,722	26,997,701
USD denominated bonds	13,906,577	12,410,875
Total domestic bonds issued	51,798,299	39,408,576

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

21 Other borrowed funds

Other borrowed funds consisted of the following:

<i>In thousands of Armenian Drams</i>	2025	2024
Borrowings from international financial institutions	100,428,144	60,344,636
Borrowings from CBA and Government of Armenia	46,362,273	43,842,216
Borrowings from local financial institutions	2,485,094	2,679,022
Lease liabilities	3,902,296	4,017,986
Other borrowed funds	153,177,807	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 by Central Bank of Armenia under different financing programs of IFIs, maturing from 2026 to 2033.

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

As at 31 December 2025, loans to customers and finance lease receivables with a gross value of AMD 47,812,733 thousand (2024: AMD 46,541,685 thousand) serve as collateral for secured borrowings from RA Government and Armenian financial institutions (see Notes 12 and 13).

As at 31 December 2025 the Group has other borrowed funds from three lenders (2024: two lenders), whose balances exceed 10% of equity. The gross value of these balances as at 31 December 2025 is AMD 93,006,317 thousand (2024: AMD 60,234,310 thousand).

Compliance with covenants. As at 31 December 2025 and as at 31 December 2024 the Group was in compliance with all covenants.

Lease liabilities. Set out below are the carrying amounts of lease liabilities and the movements during the period:

<i>In thousands of Armenian Drams</i>	2025	2024
As at 1 January	4,017,986	2,896,371
Additions	935,153	629,855
Modification	47,460	1,387,377
Accretion of interest	408,848	441,676
Payments	(1,269,405)	(1,259,478)
FX (loss)/gain	(22,261)	(5,974)
Termination of contract	(215,485)	(71,841)
As at 31 December	3,902,296	4,017,986

The Group had total cash outflows for leases of AMD 1,269,405 thousand in 2025 (2024: AMD 1,259,478 thousand). The Group also had non-cash additions to right-of-use assets and lease liabilities of AMD 935,153 thousand in 2025 (2024: AMD 629,855 thousand).

22 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%.

23 Other liabilities

<i>In thousands of Armenian Drams</i>	2025	2024
Accounts payable	5,863,737	5,390,713
Prepayments from lessees*	5,287,098	4,209,596
Payables to employees	5,150,438	4,887,594
Deferred guarantee fees	1,406,567	979,738
Provisions for credit-related commitments	95,748	75,555
Total other financial liabilities	17,803,588	15,543,196
Taxes payable other than on income	925,993	941,445
Payables to Deposit Guarantee fund	196,115	224,463
Other non-financial liabilities	384,285	218,754
Total other non-financial liabilities	1,506,393	1,384,662
Total other liabilities	19,309,981	16,927,858

*In financial statements for the year ended 31 December 2024 prepayments from lessees were presented under other non-financial liabilities. To enhance presentation of the item it has been moved to other financial liabilities subtotal with corresponding reflection under Risk Management, Fair value measurements, Maturity analysis of assets and liabilities disclosure.

24 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 reserve for property and equipment. The revaluation reserve for property and equipment comprises the cumulative positive revalued value of land, buildings and motor vehicles over their cost net of deferred tax.

Statutory general reserve. On October 17 2024, the Bank's Board approved increasing the statutory general reserve by AMD 5,216,250 thousand from retained earnings, amounting to AMD 13,466,250 thousand as of December 31, 2024.

The Statutory general reserve is a non-distributable reserve, which is created as required by 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 provides for the creation of a reserve for these purposes of not less than 15% of the Bank's share capital.

Share-based payment reserve transfer to Retained earnings. In 2025, following completion of the Employee Stock Ownership Program, the related share-based payment reserve amounting to AMD 3,517,422 thousand was transferred to retained earnings.

Dividends. At the Shareholders' Meeting on 29 May 2025, the Bank declared dividends in respect of the year ended 31 December 2024, totaling 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.

<i>In thousands of Armenian Drams</i>	31 December 2025	31 December 2024
Profit attributable to ordinary equity holders of the parent	35,856,026	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	5,990.98	5,182.44

25 Commitments and contingencies

General. 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

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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 the Group's commitments and contingencies comprised the following:

<i>In thousands of Armenian Drams</i>	2025	2024
Credit related commitments		
Loan and credit line commitments, credit card commitments	39,106,267	35,710,592
Letters of credit	181,187	128,016
Non financial guarantees	7,075,461	31,596,404
Financial guarantees	49,774,918	6,074,434
Commitments and contingencies	96,137,833	73,509,446

An analysis of changes in the ECLs in relation to loans, credit lines and credit card commitments during the year ended 31 December 2025 is as follows:

Loans and credit lines and credit card commitments				
<i>In thousands of Armenian Drams</i>	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	86,885	2,276	6,587	95,748

An analysis of changes in the ECLs in relation to loans, credit lines and credit card commitments during the year ended 31 December 2024 is as follows:

Loans and credit lines and credit card commitments				
<i>In thousands of Armenian Drams</i>	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 during the year ended 31 December 2025 is as follows:

Guarantees and letters of credit <i>In thousands of Armenian Drams</i>	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 guarantees and letters of credit originated or purchased	46,035,333	-	-	46,035,333
Guarantees and letters of credit matured or settled	(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 <i>In thousands of Armenian Drams</i>	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 guarantees and letters of credit originated or purchased	531	-	-	531
Guarantees and letters of credit matured or settled	(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	-	-	-	-
ECL as at 31 December 2025	602	1	8	611

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 <i>In thousands of Armenian Drams</i>	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 guarantees and letters of credit originated or purchased	29,639,881	-	-	29,639,881
Guarantees and letters of credit matured or settled	(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	(548,707)	(450,000)	998,707	-
Foreign exchange adjustments	(3,292)	-	-	(3,292)
At 31 December 2024	36,682,010	68,010	1,048,834	37,798,854

Guarantees and letters of credit <i>In thousands of Armenian Drams</i>	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 guarantees and letters of credit originated or purchased	353	-	-	353
Guarantees and letters of credit matured or settled	(8,620)	(2)	(4)	(8,626)
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	-	-	-	-
ECL as at 31 December 2024	412	1	8	421

26 Net interest income

Net interest income comprises:

<i>In thousands of Armenian Drams</i>	2025	2024
Financial assets measured at amortized cost		
Loans to legal entities and individuals	84,395,737	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
	87,823,253	75,456,875
Financial assets measured at fair value through other comprehensive income		
Debt instruments	4,951,111	4,187,172
	92,774,364	79,644,047
Interest revenue calculated using effective rate		
Receivables from finance leases	14,172,169	12,351,284
Other interest income	64,661	173,483
	14,236,830	12,524,767
Total interest revenue	107,011,194	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
	40,246,756	37,163,085
Lease liabilities	408,848	441,676
	40,655,604	37,604,761
Net interest income	66,355,590	54,564,053

27 Net fee and commission income

Net fee and commission income comprise:

<i>In thousands of Armenian Drams</i>	2025	2024
Plastic card and transactions fees	13,263,494	11,404,952
Guarantee and letter of credit issuance	1,411,924	281,338
Money transfers	1,187,188	1,060,129
Other	740,798	281,981
Current account fees	658,639	584,093
Commissions for acting as an insurance agent	560,183	430,960
Commissions from lease equipment suppliers	459,170	213,756
Cash withdrawal services	430,071	449,599
	18,711,467	14,706,808
Plastic card	8,357,058	6,057,748
Other	629,129	356,997
Money transfers	178,809	184,739
	9,164,996	6,599,484
Net fee and commission income	9,546,471	8,107,324

28 Other income

<i>In thousands of Armenian Drams</i>	2025	2024
Gain on the disposal of property, plant, and equipment	120,337	501,396
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	554,022	300,425
Total other income	712,952	837,153

29 Personnel expenses

<i>In thousands of Armenian Drams</i>	2025	2024
Salaries and wages	15,738,998	14,098,521
Bonuses and performance incentives	5,826,037	5,475,461
Other personal expenses	1,577,812	1,448,493
Total personnel expenses	23,142,847	21,022,475

30 Other operating expenses

Other operating expenses comprise:

<i>In thousands of Armenian Drams</i>	2025	2024
Guarantee fee expenses 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 from revaluation of land and buildings	292,577	-
Loss on disposal of property, plant, and equipment	-	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	3,148,257	2,562,445

31 Other general administrative expenses

<i>In thousands of Armenian Drams</i>	2025	2024
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	831,271	605,932
Other general administrative expenses	5,761,529	5,360,949

“Other” line includes audit services provided to the Group for the consolidated financial statements for the year ended 31 December 2025 in the amount of AMD 65,640 thousand (2024: AMD 57,240 thousand), non-audit assurance services in the amount of AMD 21,227 thousand (2024: AMD 38,683 thousand) and non-audit other services: nil (2024: nil). All amounts are VAT inclusive.

32 Charge for other impairment and provisions

<i>In thousands of Armenian Drams</i>	2025	2024
Impairment charge for repossessed assets	(49,248)	(88,096)
Charge for other impairment and provisions	(49,248)	(88,096)

33 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, in particular interest rate risk and foreign exchange risk), 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 Group 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 Group'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 management framework, risk appetite framework, risk appetite statement, and related risk management policies and limits.

Risk Management Committee to the Board assists the Board in overseeing the Group's risk profile and performance against the defined risk appetites. 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 of the Bank. The Chief Executive Officer of the Bank has the responsibility to ensure effective application of the Group's risk management frameworks and circulation of internal legal acts, define allocation of decision-making powers related to risk management within their authority, review risk-related internal legal acts and submits them to the Board for approval and provide sufficient human and technical resources for effective functioning of risk management functions.

Risk Management Committee (to the Executive management). The executive-level Risk Management Committee has the overall responsibility for reviewing the risk profile compliance with the Group's strategy and Risk Management Framework, reviewing risk appetite indicators, alerts, and relevant reports from responsible units as well as providing a forum for cross-functional coordination ensuring timely escalation to the Bank's CEO or Board when necessary.

Risk Management Directorate. The Risk Management Directorate is primarily responsible for the identification, measurement, monitoring, and management of the risks within their remit, followed by comprehensive reporting after each step to ensure an independent control process. Risk Management Directorate fosters a strong risk culture across all levels of the Group, ensuring awareness and accountability for risk-taking.

Assets and Liabilities Management Department. The Assets and Liabilities Management Department is responsible for managing the Group'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 Directorate. Risk management processes throughout the Group are audited annually by the internal audit function, that examines both the adequacy of the procedures and the Group's compliance with the procedures. Internal Audit Directorate discusses the results of all assessments with management and reports its findings and recommendations to the Audit Committee to the Board.

The subsidiary operates with a risk management structure aligned to its specific functions and organizational framework, like 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. In its risk appetite statement, the Group 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 within 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 than 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 Group 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 Group.
- refinanced or revised assets due to borrower's poor financial condition, for which there are more than 30 overdue days with the Group.

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 individually subject to impairment, the Group calculates ECL on portfolio level. The following portfolios are segregated by the Bank, which, to evaluate the PD PIT matrices, are further sub-bucketed into smaller target groups.

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

For Leasing the lease is considered as the main target group. Credit card exposures are included in Consumer loans group.

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, consumer 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. The same weights were applied in the reporting year ended 31 December 2024.

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 Group's Executive Body 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

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

2025

- Economic activity index, %
- 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

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

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.

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations as at 31 December 2025. Macro Variables Selected by Backward selection method, and every parameter is selected based on its statistical significance.

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The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations as at 31 December 2025. This includes all possible variables tested under each scenario, encompassing the aforementioned refined subset of variables used in the final ECL models.

Key drivers	ECL scenario	Assigned probabilities, %	2026	2027	2028
Exchange rate of AMD to USD, monthly average	Upside	15%	360.59	362.72	367.72
	Base case	70%	407.86	410	415
	Downside	15%	455.13	457.27	462.27
Volume of gross agriculture output, annual growth %	Upside	15%	7.32%	7.42%	7.42%
	Base case	70%	0.20%	0.30%	0.30%
	Downside	15%	-6.92%	-6.82%	-6.82%
State budget of RA, deficit/surplus, million AMD	Upside	15%	(428,457)	(340,157)	(283,357)
	Base case	70%	(535,400)	(447,100)	(391,300)
	Downside	15%	(642,342)	(554,042)	(498,242)
Volume of services (excluding trade), annual growth %	Upside	15%	14.80%	14.70%	14.70%
	Base case	70%	5.60%	5.50%	5.50%
	Downside	15%	-3.60%	-3.70%	-3.70%
Volume of industrial output, annual growth %	Upside	15%	7.96%	8.06%	8.06%
	Base case	70%	3.70%	3.80%	3.80%
	Downside	15%	-0.56%	-0.46%	-0.46%
Exchange rate of AMD to USD, end-year	Upside	15%	359.72	369.72	369.72
	Base case	70%	410	420	420
	Downside	15%	460.27	470.27	470.27
Economic activity index, %	Upside	15%	10.67%	10.31%	9.94%
	Base case	70%	5.71%	5.35%	4.98%
	Downside	15%	0.75%	0.39%	0.02%

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations as at 31 December 2024.

Key drivers	ECL scenario	Assigned probabilities, %	2025	2026	2027
Exchange rate of AMD to USD, monthly average	Upside	15%	349.83	382.14	372.44
	Base case	70%	377.04	437.84	456.93
	Downside	15%	404.26	463.80	487.15
Volume of gross agriculture output, annual growth %	Upside	15%	6.00%	6.60%	7.30%
	Base case	70%	0.50%	0.20%	0.30%
	Downside	15%	-5.00%	-6.20%	-6.70%
State budget of RA, deficit/surplus, million AMD	Upside	15%	(380,460)	(312,542)	(227,633)
	Base case	70%	(615,800)	(553,900)	(472,700)
	Downside	15%	(851,140)	(795,258)	(717,767)
Volume of services (excluding trade), annual growth %	Upside	15%	10.87%	11.87%	12.22%
	Base case	70%	5.30%	5.60%	5.50%
	Downside	15%	-0.27%	-0.67%	-1.22%
Volume of industrial output, annual growth %	Upside	15%	6.67%	7.03%	7.59%
	Base case	70%	4.00%	3.70%	3.80%
	Downside	15%	1.33%	0.37%	0.01%
Exchange rate of AMD to USD, end-year	Upside	15%	349.88	382.20	372.49
	Base case	70%	377.1	437.9	457
	Downside	15%	404.32	463.87	487.22
Gross Domestic Product growth, %	Upside	15%	10.43%	11.07%	11.70%
	Base case	70%	4.90%	4.60%	4.60%
	Downside	15%	-0.63%	-1.87%	-2.50%

A change in the weight assigned to base forward looking macro-economic set of assumptions by 10% towards the immediate downside level assumptions would result in an increase in ECL by AMD 51,563 thousand as at 31 December 2025 (2024: by AMD 18,238). A corresponding change towards the upside assumptions would result in a decrease in ECL by AMD 42,614 thousand as at 31 December 2025 (2024: by AMD 15,019 thousand).

A 10% increase in PD estimates would result in an increase in total expected credit loss allowances of AMD 254,653 thousand as at 31 December 2025 (2024: AMD 176,960 thousand). A 10% decrease in

PD estimates would result in a decrease in total expected credit loss allowances of AMD 254,653 thousand as at 31 December 2025 (2024: AMD 176,960 thousand). A 10% increase in LGD estimates would result in an increase in total expected credit loss allowances of AMD 775,729 thousand as at 31 December 2025 (2024: AMD 495,152 thousand). A 10% decrease in LGD estimates would result in a decrease in total expected credit loss allowances of AMD 776,766 thousand as at 31 December 2025 (2024: AMD 496,544 thousand).

Credit quality per class of financial assets. The following table provides information on the credit quality of net loans to legal entities and individuals and receivables from finance lease as at 31 December 2025 and 31 December 2024.

2025 <i>In thousands of Armenian Drams</i>	Note		High grade	Standard Grade	Sub- standard Grade	Impaired	Total
Loans to customers at amortized cost							
	12						
Corporate loans		Stage 1	378,511	256,078,131	-	-	256,456,642
		Stage 2	-	-	2,987,518	-	2,987,518
		Stage 3	-	-	-	4,528,859	4,528,859
		POCI	-	-	-	-	-
Agricultural loans		Stage 1	210,309	87,814,481	-	-	88,024,790
		Stage 2	-	-	774,427	-	774,427
		Stage 3	-	-	-	1,471,013	1,471,013
Consumer loans		Stage 1	5,175,910	156,682,021	-	-	161,857,931
		Stage 2	13,353	-	1,430,922	-	1,444,275
		Stage 3	52,608	-	-	2,025,582	2,078,190
Credit cards		Stage 1	1,158,382	13,913,187	-	-	15,071,569
		Stage 2	6,268	-	168,250	-	174,518
		Stage 3	13,132	-	-	520,334	533,466
Mortgage loans		Stage 1	-	95,819,532	-	-	95,819,532
		Stage 2	-	-	992,587	-	992,587
		Stage 3	-	-	-	1,181,413	1,181,413
		POCI	-	-	-	1,155	1,155
Receivables from finance lease	13	Stage 1	-	101,732,074	-	-	101,732,074
		Stage 2	-	-	765,347	-	765,347
		Stage 3	-	-	-	644,406	644,406
Total			7,008,473	712,039,426	7,119,051	10,372,762	736,539,712

2024 <i>In thousands of Armenian Drams</i>	Note		High grade	Standard Grade	Sub- standard Grade	Impaired	Total
Loans to customers at amortized cost							
	12						
Corporate loans		Stage 1	153,530	216,651,673	-	-	216,805,203
		Stage 2	-	-	3,113,823	-	3,113,823
		Stage 3	2,677	-	-	3,206,559	3,209,236
		POCI	-	-	-	-	-
Agricultural loans		Stage 1	366,696	82,876,374	-	-	83,243,070
		Stage 2	-	-	834,303	-	834,303
		Stage 3	-	-	-	1,431,376	1,431,376
Consumer loans		Stage 1	4,216,812	125,403,005	-	-	129,619,817
		Stage 2	5,172	-	1,190,617	-	1,195,789
		Stage 3	33,632	-	-	2,096,008	2,129,640
Credit cards		Stage 1	1,031,049	12,353,401	-	-	13,384,450
		Stage 2	4,079	-	133,702	-	137,781
		Stage 3	9,965	-	-	342,834	352,799
Mortgage loans		Stage 1	-	79,069,484	-	-	79,069,484
		Stage 2	-	-	726,827	-	726,827
		Stage 3	-	-	-	937,653	937,653
		POCI	-	-	-	18,781	18,781
Receivables from finance lease	13	Stage 1	-	92,015,673	-	-	92,015,673
		Stage 2	-	-	654,387	-	654,387
		Stage 3	-	-	-	435,761	435,761
Total			5,823,612	608,369,610	6,653,659	8,468,972	629,315,853

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The tables below present average PDs per grades for loans to customers and receivables from finance lease under baseline scenario as of 31 December 2025 and 31 December 2024:

2025	Grade	Average PD
Corporate loans	Standard	0.61%
	Sub-standard	5.96%
	Impaired	100.00%
Agricultural loans	Standard	0.51%
	Sub-standard	3.91%
	Impaired	100.00%
Consumer loans	Standard	2.03%
	Sub-standard	31.37%
	Impaired	100.00%
Credit cards	Standard	1.44%
	Sub-standard	14.75%
	Impaired	100.00%
Mortgage loans	Standard	0.19%
	Sub-standard	8.77%
	Impaired	100.00%
Receivables from finance lease	Standard	0.65%
	Sub-standard	10.95%
	Impaired	100.00%

2024	Grade	Average PD
Corporate loans	Standard	0.78%
	Sub-standard	7.27%
	Impaired	100.00%
Agricultural loans	Standard	0.78%
	Sub-standard	4.13%
	Impaired	100.00%
Consumer loans	Standard	1.59%
	Sub-standard	21.33%
	Impaired	100.00%
Credit cards	Standard	1.17%
	Sub-standard	16.69%
	Impaired	100.00%
Mortgage loans	Standard	0.35%
	Sub-standard	9.82%
	Impaired	100.00%
Receivables from finance lease	Standard	0.88%
	Sub-standard	11.72%
	Impaired	100.00%

* High-grade loans, backed by cash collateral, do not carry Probability of Default (PD) as no Expected Credit Loss (ECL) calculation is necessary for them. The exposure of high-grade loans as of 31 December 2025 was AMD 7,008,473 thousand (agreement amount: AMD 11,760,689 thousand, the cash collateral for these loans was AMD 12,865,325 thousand).

Credit quality per class of financial assets. The credit quality of financial assets below is managed by the Group based on external credit ratings. Not rated exposures are classified in Standard Grade, unless they are impaired.

As at 31 December 2025:

<i>In thousands of Armenian Drams</i>	Note		High grade	Standard grade	Sub-standard grade	Total
Cash and cash equivalents, except for cash on hand	8	Stage 1	21,765,815	48,182,487	568,896	70,517,198
Loans and advances to banks	10	Stage 1	1,078,206	91,965,988	-	93,044,194
Debt securities at amortised cost	11	Stage 1	-	66,111,276	-	66,111,276
Debt securities at FVOCI	11	Stage 1	-	3,713,111	-	3,713,111
Total			22,844,021	209,972,862	568,896	233,385,779

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As at 31 December 2024:

<i>In thousands of Armenian Drams</i>	Note		High grade	Standard grade	Sub-standard grade	Total
Cash and cash equivalents, except for cash on hand	8	Stage 1	836,549	77,442,541	927,855	79,206,945
Loans and advances to banks	10	Stage 1	630,373	80,916,055	-	81,546,428
Debt securities at amortised cost	11	Stage 1	-	45,608,635	-	45,608,635
Debt securities at FVOCI	11	Stage 1	-	13,265,904	-	13,265,904
Total			1,466,922	217,233,135	927,855	219,627,912

The table below shows the mapping of the Group's grading system and external ratings of the counterparties as at 31 December 2025 and 31 December 2024.

2025

International external rating agency (Moody's) rating	Internal rating description	PD
Aaa to A3	High grade	0-0.05%
Baa1 to B3	Standard	0.17% -3.10%
Caa1 to Ca	Sub-standard grade	8.96%
C	Impaired	100%

2024

International external rating agency (Moody's) rating	Internal rating description	PD
Aaa to A3	High grade	0-0.05%
Baa1 to B3	Standard	0.17% -3.15%
Caa1 to Ca	Sub-standard grade	8.94%
C	Impaired	100%

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 current accounts and demand deposits of customers, as well as any other liability that is payable on demand.

Based on information provided internally to key management personnel, the liquidity ratios established by the CBA were as follows: as at 31 December 2025, N2.1 “General Liquidity Ratio” (highly liquid assets / total assets) was 23.83% (2024: 25.36%). As at 31 December 2025, N2.2 “Current Liquidity Ratio” (highly liquid assets / liabilities payable on demand) was 97.55% (2024: 107.39%). The Group has complied with all externally imposed liquidity ratios throughout 2025 and 2024.

Analysis of financial liabilities by remaining contractual maturities. The tables below summarize the maturity profile of the Group’s financial liabilities at 31 December based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Group expects that many customers will not request repayment on the earliest date the Group could be required to pay, and the table does not reflect the expected cash flows indicated by the Group’s deposit retention history.

As at 31 December 2025					
<i>In thousands of Armenian Drams</i>	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial liabilities					
Deposits and balances from banks	5,576,560				5,576,560
Current accounts and deposits from customers	329,720,649	205,447,383	107,439,158	4,903,919	647,511,109
Debt securities issued	5,925,912	16,406,571	42,525,005	-	64,857,488
Subordinated loans	154,265	862,085	15,879,293	829,023	17,724,666
Other borrowed funds except lease liabilities	5,875,298	27,545,406	93,699,629	47,324,917	174,445,250
Other financial liabilities	17,803,588	-	-	-	17,803,588
Total undiscounted financial liabilities	365,056,272	250,261,445	259,543,085	53,057,859	927,918,661
Loan and credit line commitments	39,106,267	-	-	-	39,106,267
Guarantees and letters of credit	57,031,566	-	-	-	57,031,566
As at 31 December 2024					
<i>In thousands of Armenian Drams</i>	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial liabilities					
Deposits and balances from banks	466,357	-	-	-	466,357
Current accounts and deposits from customers	265,002,669	248,821,646	87,844,566	6,721,813	608,390,694
Debt securities issued	149,683	5,378,482	34,434,092	-	39,962,257
Subordinated loans	155,688	809,413	5,268,710	11,668,654	17,902,465
Other borrowed funds except lease liabilities	5,901,799	25,342,204	61,286,693	29,851,430	122,382,126
Other financial liabilities	15,543,196	-	-	-	15,543,196
Total undiscounted financial liabilities	287,219,392	280,351,745	188,834,061	48,241,897	804,647,095
Loan and credit line commitments	35,710,592	-	-	-	35,710,592
Guarantees and letters of credit	37,798,854	-	-	-	37,798,854

In accordance with Armenia’s legislation, the Bank is obliged to repay time deposits of individuals upon demand of a depositor. These deposits are classified in the table above in accordance with their stated maturity dates.

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The analysis of lease liabilities as at 31 December 2025 is as follows:

<i>In thousands of Armenian Drams</i>	Not later than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Later than 5 years	Total
Lease liabilities	1,088,948	1,163,787	1,011,146	650,408	474,794	702,641	5,091,724

The analysis of lease liabilities as at 31 December 2024 is as follows:

<i>In thousands of Armenian Drams</i>	Not later than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Later than 5 years	Total
Lease liabilities	1,006,199	776,424	693,797	569,903	282,842	688,821	4,017,986

The maturity analysis does not reflect the historical stability of current accounts. Their liquidation has historically taken place over a longer period than indicated in the tables above. These balances are included in amounts due in less than three months in the tables above.

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.

Interest rate risk. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The following table demonstrates the sensitivity of the Group's consolidated statement of profit or loss to a reasonably possible change in interest rates, with all other variables held constant. As at 31 December the Group held non-trading financial assets and liabilities for which interest rates are determined based on floating rates. The following table demonstrates the sensitivity of net interest income due to a reasonably possible change in interest rates. The sensitivity of equity is calculated by revaluing fixed rate debt financial assets measured at FVOCI at 31 December for the effects of the assumed changes in interest rates based on the assumption that there are parallel shifts in the yield curve.

Currency	2025		
	Increase/decrease in basis points	Sensitivity of net interest income	Sensitivity of equity
AMD	150	717,971	717,971
USD	125	(133,146)	(133,146)
EUR	125	(16,282)	(16,282)

Currency	2024		
	Increase/decrease in basis points	Sensitivity of net interest income	Sensitivity of equity
AMD	150	246,445	246,445
USD	125	(135,156)	(135,156)
EUR	125	(66,144)	(66,144)

The table below shows the Group's floating rate assets exposure as at 31 December 2025.

31 December 2025 <i>In thousands of Armenian Drams</i>	Non-derivative financial assets – carrying value	Non-derivative financial liabilities carrying value	Derivatives Nominal amount
EURIBOR	236,910	1,539,463	-
SOFR USD (6 months)	11,234,698	21,886,414	-
AMD T-Bill	70,699,573	22,834,864	-

The table below shows the Group's floating rate assets exposure as at 31 December 2024.

31 December 2024 <i>In thousands of Armenian Drams</i>	Non-derivative financial assets – carrying value	Non-derivative financial liabilities carrying value	Derivatives Nominal amount
EURLIBOR	738,291	6,029,849	-
SOFR USD (6 months)	6,673,108	17,485,572	-
AMD T-Bill	28,139,323	11,709,636	-

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 tables below indicate the currencies to which the Group had significant exposure at 31 December 2025. The analysis calculates the effect on the consolidated statement of profit or loss (due to the fair value of currency sensitive monetary assets and liabilities) of a reasonably possible movement of the currency rate against AMD, with all other variables held constant. The effect on equity does not differ from the effect on the consolidated statement of profit or loss. A negative amount in the table reflects a potential net reduction of profit or loss or equity, while a positive amount reflects a net potential increase of profit or equity. The Board has set risk appetite limits on the currency and interest rate risk. The Board also approved risk appetite, risk tolerance and risk capacity limits for different IRR and FX limits.

Currency	2025		2024	
	Change in currency rate in %	Effect on profit before tax	Change in currency rate in %	Effect on profit before tax
USD	20.00%	(4,419,100)	20.00%	(37,785)
USD	(20.00%)	4,419,100	(20.00%)	37,785
EUR	20.00%	3,152,854	20.00%	(86,348)
EUR	(20.00%)	(3,152,854)	(20.00%)	86,348

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. Operational risk management in the Group operates under the Three Lines of Control model as defined in Risk Management Framework and Operational Risk Management Framework of the Group. The Group's first line of control (1st LoC) is responsible for implementing internal control and managing the risks arising from their operations. They are responsible for ensuring that business processes operate within defined risk tolerances and control mechanisms. 1st LoC includes business units and control groups. The Group's second line of control (2nd LoC) provides support and guidance during control implementation, develops risk management and compliance frameworks, and monitors their ongoing maintenance. 2nd LoC includes the following structural units of the bank: Risk Management Directorate, Compliance Division, Information Security and Cybersecurity Directorate, the AML/CFT & Sanctions Directorate. The Group's third line of control (3rd LoC) provides an independent assessment of the effectiveness of the governance, risk management, compliance, and overall internal control systems. 3rd LoC is the Internal Audit Directorate of the bank.

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.

34 Fair value measurements

Fair value measurement procedures. The Group's management determines policy and procedures both for regularly measuring fair value, such as unquoted trading securities at FVPL and at FVOCI, derivatives, investment property and buildings, vehicles and for non-regular 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 the changes in the fair value of each asset and liability with each relevant external source to determine whether the change is reasonable.

Fair value hierarchy. The Group uses the following hierarchy of fair value recognition and measurement methods to determine and disclose the fair value of financial instruments:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques, where 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 that have a significant effect on the recorded fair value that are not based on observable market data.

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

<i>In thousands of Armenian Drams</i> At 31 December 2025	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
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
Unquoted equity securities – local companies	-	-	-	-
Non-financial assets				
Property and equipment –land and buildings, motor vehicles	-	-	12,723,550	12,723,550
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	41,624,433	92,959,786
Debt securities at amortised cost	-	66,012,204	-	66,012,204
Receivables from finance leases	-	-	103,141,827	103,141,827
Other financial assets	-	-	16,476,194	16,476,194
Loans to customers	-	-	633,397,885	633,397,885
Liabilities for which fair values are disclosed				
Current accounts and deposits from customers	-	246,015,849	372,501,674	618,517,523
Debt securities issued	-	51,798,299	-	51,798,299
Deposits and balances from banks	-	672,009	4,904,551	5,576,560
Subordinated loans	-	-	13,152,984	13,152,984
Other borrowed funds	-	-	153,177,807	153,177,807
Other financial liabilities	-	-	17,803,588	17,803,588

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In thousands of Armenian Drams At 31 December 2024	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
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	-	-	14,338,049	14,338,049
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	-	-	15,543,196	15,543,196

Fair value of financial assets and liabilities not carried at fair value. The following is a comparison of the carrying amounts and fair values of the Group's financial instruments by class that are not carried at fair value in the consolidated statement of financial position. The table does not include the fair values of non-financial assets and non-financial liabilities.

In thousands of Armenian Drams	2025			2024		
	Carrying Value	Fair value	Unrecognised gain/(loss)	Carrying value	Fair value	Unrecognised gain/(loss)
Financial assets						
Cash and cash equivalents	99,170,819	99,170,819	-	106,030,069	106,030,069	-
Loans and advances to banks	92,959,786	92,959,786	-	81,482,428	81,482,428	-
Investment securities – debt securities at amortised cost	66,012,204	66,814,141	(801,937)	45,542,546	45,395,619	146,927
Loans to customers	633,397,885	633,700,098	(302,213)	536,210,032	535,770,247	439,785
Receivables from finance lease	103,141,827	103,141,827	-	93,105,821	93,105,821	-
Other financial assets	16,476,194	16,476,194	-	14,338,049	14,338,049	-
Financial liabilities						
Current accounts and deposits from customers	618,517,523	618,159,189	358,334	584,122,036	584,122,036	-
Debt securities issued – Deposits and balances from banks	51,798,299	52,089,315	(291,016)	39,408,576	39,408,576	-
Subordinated loans	5,576,560	5,576,560	-	462,797	462,797	-
Other borrowed funds	13,152,984	13,559,352	(406,368)	12,632,502	12,283,346	349,156
Other financial liabilities	153,177,807	157,135,087	(3,957,280)	110,883,860	108,622,714	2,261,146
Other financial liabilities	17,803,588	17,803,588	-	15,543,196	15,543,196	-
Total unrecognised change in fair value			5,400,480	3,197,014		

As of 31 December 2025, the estimated fair values of all financial instruments, except for loans to customers, investment securities at amortised cost, other borrowed funds, and subordinated loans, deposits from customers, debt securities issued are considered to approximate their carrying values.

As of 31 December 2025 and 2024, the Group had outstanding borrowings from the Central Bank of Armenia, denominated in AMD, with nominal interest rates ranging from 4% to 8.5%. These loans are considered part of a distinct market segment, and the Group assesses that the loans were obtained at market rates.

The following assumptions are used by management to estimate the fair values of investment securities measured at amortised cost: interest rates between 6.74% and 12.89% for securities denominated in AMD, and between 5.28% and 8.67% for securities denominated in foreign currency.

The estimated fair values of loans to customers are considered to approximate their carrying amounts, with the presentation of assets at market prices that differ significantly from the market prices minimizing the discrepancy. The following assumptions are used by management to estimate the fair values of loans to customers: discount rates ranging from 12.5% to 16.6% (2024: 12.7% to 16.3%) for loans denominated in Armenian drams, and 9.2% to 10.4% (2024: 10.4% to 11.5%) for loans denominated in foreign currency, applied to discount future cash flows from loans and advances to customers.

The following assumptions are used by management to estimate the fair values of other borrowed funds and subordinated borrowings: interest rates ranging from 10.37% for funds denominated in AMD, and from 5.05% to 9.24% for funds denominated in foreign currency.

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 is close to the carrying value

For high liquid or short term (less than three months) financial assets and liabilities, 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 made by the valuer are based on market transaction prices, with significant adjustments to take into account the nature, location or condition of the specific property. The fair values of those assets are estimated based on appraisals made 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 for similar properties. When actual rent differs materially from the estimated rents, adjustments are 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, none of which are observable, are the estimated rental value, assumptions about vacancy levels and the discount rate. The estimated fair value increases if the estimated rent increases, vacancy levels decline or if the discount rate (market yields) declines. The overall valuations are sensitive to all three assumptions. Management considers that the range of reasonably possible alternative assumptions is the 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 Bank's accounting policy, properties subject to valuation are revaluated once in 3 years if there are no significant deviations in the market.

Derivatives. Derivatives that are valued using 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, measured using a valuation technique or pricing models, primarily consist of Armenian Government bonds. These securities are valued using a yield curve which incorporates market observable data and data published by the CBA.

35 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.

See Note 33 Risk management for the Group's contractual undiscounted repayment obligations.

<i>In thousands of Armenian Drams</i>	2025			2024		
	Within one year	More than one year	Total	Within one year	More than one year	Total
Cash and cash equivalents	99,170,819	-	99,170,819	106,030,069	-	106,030,069
Derivative financial assets	35,996	-	35,996	158,180	-	158,180
Loans and advances to banks	92,959,786	-	92,959,786	40,970,224	40,512,204	81,482,428
Investment securities	43,886,699	29,360,436	73,247,135	32,252,658	29,855,951	62,108,609
Loans to customers	187,972,424	445,425,461	633,397,885	173,626,601	362,583,431	536,210,032
Receivables from finance leases	41,045,305	62,096,522	103,141,827	30,520,026	62,585,795	93,105,821
Investments in associates	-	2,592,986	2,592,986	-	2,044,092	2,044,092
Property, equipment, and intangible assets	-	32,183,874	32,183,874	-	29,114,084	29,114,084
Other financial assets	16,476,194	-	16,476,194	14,338,049	-	14,338,049
Total	481,547,223	571,659,279	1,053,206,502	397,895,807	526,695,557	924,591,364

<i>In thousands of Armenian Drams</i>	2025			2024		
	Within one year	More than one year	Total	Within one year	More than one year	Total
Deposits and balances from banks	5,576,560	-	5,576,560	462,797	-	462,797
Derivative financial liabilities	267,508	-	267,508	-	-	-
Current accounts and deposits from customers	518,895,639	99,621,884	618,517,523	498,142,903	85,979,133	584,122,036
Debt securities issued	19,429,762	32,368,537	51,798,299	5,524,007	33,884,569	39,408,576
Other borrowed funds	28,060,264	125,117,543	153,177,807	27,588,736	83,295,124	110,883,860
Subordinated loans	114,532	13,038,452	13,152,984	110,838	12,521,664	12,632,502
Current income tax liabilities	4,602,577	-	4,602,577	3,313,374	-	3,313,374
Deferred tax liabilities	-	1,556,734	1,556,734	-	505,767	505,767
Other financial liabilities	17,803,588	-	17,803,588	15,543,196	-	15,543,196
Total	594,750,430	271,703,150	866,453,580	550,685,851	216,186,257	766,872,108
Net	(113,203,207)	299,956,129	186,752,922	(152,790,044)	310,509,300	157,719,256

The maturity analysis does not reflect the historical stability of current accounts and deposits from customers. Their liquidation has historically taken place over a longer period than indicated in the tables above. These balances are included in amounts within one year in the tables above.

In accordance with the Armenian legislation, Group is obliged to repay deposits upon demand of a depositor. Refer to Note 19.

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The table below shows an analysis, by maturity, of the amounts recognised in the Consolidated Statement of Financial Position as at 31 December 2025:

31 December 2025 <i>In thousands of Armenian Drams</i>	Non- performing/ overdue	Overdue	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			38,409,626	-	-	-	-	54,550,160	92,959,786
Investment securities			2,507,671	2,580,464	38,798,565	12,184,544	13,654,071	3,521,820	73,247,135
Loans to customers	859,733	11,008,027	13,249,891	34,422,129	128,432,643	291,870,933	153,554,529	-	633,397,885
Receivables from finance leases	86,196	928,308	5,101,645	6,757,275	28,171,880	55,795,076	6,301,447	-	103,141,827
Other financial assets	-	-	-	16,476,194	-	-	-	-	16,476,194
Total	945,929	11,936,335	158,475,648	60,236,062	195,403,088	359,850,553	173,510,047	58,071,980	1,018,429,642
Financial liabilities									
Deposits and balances from banks			5,576,560	-	-	-	-	-	5,576,560
Derivative financial liabilities			267,508	-	-	-	-	-	267,508
Current accounts and deposits from customers			268,679,491	56,913,202	193,302,946	96,696,879	2,925,005	-	618,517,523
Debt securities issued – domestic bonds issued			-	5,608,181	13,821,581	32,368,537	-	-	51,798,299
Other borrowed funds			2,593,309	2,517,725	22,949,229	79,982,745	45,134,799	-	153,177,807
Other financial liabilities			-	17,803,588	-	-	-	-	17,803,588
Subordinated loans			-	75,127	39,405	12,286,131	752,321	-	13,152,984
Total			277,116,868	82,917,823	230,113,161	221,334,292	48,812,125	-	860,294,269
Net liquidity gap	945,929	11,936,335	(118,641,220)	(22,681,761)	(34,710,073)	138,516,261	124,697,922	58,071,980	158,135,373
Cumulative liquidity gap			(105,758,956)	(128,440,717)	(163,150,790)	(24,634,529)	100,063,393	158,135,373	

ACBA Bank OJSC

Notes to Consolidated financial statements - 31 December 2025

The table below shows an analysis, by maturity, of the amounts recognised in the Consolidated Statement of Financial Position as at 31 December 2024:

31 December 2024 <i>In thousands of Armenian Drams</i>	Non-performing/ overdue	Overdue	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 financial assets	-	-	-	14,338,049	-	-	-	-	14,338,049
Total	1,065,081	8,928,372	167,118,390	65,632,421	155,151,543	301,681,317	153,856,230	39,999,834	893,433,188
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			-	15,543,196	-	-	-	-	15,543,196
Subordinated loans			-	76,816	34,022	1,655,560	10,866,104	-	12,632,502
Total			265,862,695	62,758,430	218,751,352	171,994,138	43,686,352	-	763,052,967
Net liquidity gap	1,065,081	8,928,372	(98,744,305)	2,873,991	(63,599,809)	129,687,179	110,169,878	39,999,834	130,380,221
Cumulative liquidity gap			(88,750,852)	(85,876,861)	(149,476,670)	(19,789,491)	90,380,387	130,380,221	

36 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:

<i>In thousands of Armenian Drams</i>	2025			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	4,854,732	1,474,616	-	436,198	1,783,779	-
Loan repayments during the year	(1,367,156)	(609,425)	-	(572,857)	(1,319,921)	-
Other movements	-	(2,241)	-	91,758	6,390	-
Loans outstanding at 31 December, gross	5,717,827	2,497,725	-	2,230,251	1,634,775	-
Less: allowance for impairment at 31 December	(6,383)	(21,523)	-	(6,621)	(24,197)	-
Loans outstanding at 31 December, net	5,711,444	2,476,202	-	2,223,630	1,610,578	-
Weighted average effective interest rate for loans	8.5%	7.9%	-	8.5%	7.2%	-
Term deposits at 1 January	700,424	1,447,996	2,676,335	562,364	1,660,409	2,152,010
Deposits received during the year	1,970,829	5,011,948	3,266,631	4,617,755	4,455,453	12,030,829
Deposits repaid during the year	(2,671,253)	(3,547,469)	(2,366,881)	(4,477,679)	(4,616,094)	(11,506,504)
Other movements	-	(37,452)	207	(2,016)	(51,772)	-
Term deposits at 31 December	-	2,875,023	3,576,292	700,424	1,447,996	2,676,335

The balances from transactions with related parties include loans with maturity from 2026 till 2039 and with interest rate from 2% to 22%, the weighted average effective rate is 8.35%.

ACBA Bank OJSC**Notes to Consolidated financial statements - 31 December 2025**

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

In thousands of Armenian Drams

	For the year ended 31 December 2025			For the year ended 31 December 2024		
	Parent company	Key management personnel and their close family members	Associates	Parent company	Key management personnel and their close family members	Associates
Interest income on loans	346,141	153,470	-	181,120	146,475	-
Interest expense on deposits	6,628	214,864	198,382	112,792	288,112	209,513

Compensation of key management personnel was comprised of the following:

In thousands of Armenian Drams

	2025	2024
Salaries	1,544,760	1,350,346
Short-term benefits	1,584,481	1,506,260
Total key management personnel compensation	3,129,241	2,856,606

37 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 2,592,986 thousand (2024: AMD 2,044,092 thousand).

The summarised financial information of material associates is presented below

<i>In thousands of Armenian Drams</i>	2025	2024
Assets		
Cash and cash equivalents	40,391	81,744
Amounts due from financial institutions	3,564,257	2,588,590
Financial assets at fair value through other comprehensive income	1,925,643	1,685,666
Property, equipment and intangible assets	110,738	140,635
Right-of-use assets	35,620	57,851
Deferred tax asset	30,482	25,033
Other assets	616,030	449,032
Total assets	6,323,161	5,028,551
Liabilities		
Lease liability	45,449	70,883
Income tax payables	665,431	500,857
Payables and accrued expenses	320,472	285,194
Total liabilities	1,031,352	856,934
Net assets	5,291,809	4,171,617
Group's share in net assets	2,592,986	2,044,092

<i>In thousands of Armenian Drams</i>	2025	2024
Income from management fees	6,133,132	4,654,586
Interest income	212,640	167,233
Income from financial advisory	10,743	9,933
Other income	5,033	2,506
Net loss from foreign currency transactions	(12,925)	(7,628)
Interest expense on lease liabilities	(7,551)	(8,922)
Staff costs	(504,549)	(410,872)
Fees and commission expenses	(824,440)	(642,765)
Administrative and other expenses	(853,091)	(714,192)
Profit before income tax	4,158,992	3,049,879
Income tax expense	(774,661)	(576,639)
Profit for the year	3,384,331	2,473,240
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Unrealised gain/(loss)s on investments measured at FVOCI	209,100	155,125
Other comprehensive income/(loss) for the year, net of tax	209,100	155,125
Profit and total comprehensive income for the year	3,593,431	2,628,365

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

<i>In thousands of Armenian Drams</i>	2025	2024
Profit for the year	1,658,322	1,211,887
Other comprehensive income/(loss)	102,459	76,011
Total comprehensive income for the year	1,760,781	1,287,898

The Group received dividends in amount of AMD 1,211,887 thousand for the year ended 31 December 2025 (2024: AMD 1,019,337 thousand).

38 Changes in liabilities arising from financing activities

<i>In thousands of Armenian Drams</i>		Debt securities issued	Other borrowed funds	Subordinated loans	Total liabilities from financing activities
	Note				
Carrying amount at 31 December 2023	20, 21,22	21,087,118	95,125,094	12,661,577	128,873,789
Proceeds from issue		18,438,324	50,390,846	703,613	69,532,783
Redemption		(137,535)	(35,940,115)	(3,957)	(36,081,607)
Interest paid		(2,307,642)	(6,879,233)	(1,831,275)	(11,018,150)
Non-cash transactions					-
Foreign currency translation		17,444	(775,278)	(728,731)	(1,486,565)
Lease liabilities (IFRS 16)		-	2,458,908		2,458,908
Interest expense		2,310,867	6,503,638	1,831,275	10,645,780
Carrying amount at 31 December 2024	20, 21,22	39,408,576	110,883,860	12,632,502	162,924,938
Proceeds from issue		17,250,800	72,873,718	-	90,124,518
Redemption		(4,380,205)	(31,001,968)	-	(35,382,173)
Interest paid		(4,064,448)	(9,999,835)	(929,610)	(14,993,893)
Non-cash transactions					-
Foreign currency translation		(488,458)	(423,537)	520,481	(391,514)
Lease liabilities (IFRS 16)		-	1,391,461		1,391,461
Interest expense		4,072,034	9,454,108	929,611	14,455,753
Carrying amount at 31 December 2025	20,21,22	51,798,299	153,177,807	13,152,984	218,129,090

The Group classifies interest paid as cash flows from operating activities.

39 Offsetting financial assets and financial liabilities

Financial instruments subject to offsetting, enforceable master netting and similar arrangements are as follows at 31 December 2025:

Types of financial assets/liabilities <i>In thousands of Armenian Drams</i>	Gross amounts before offsetting in the statement of financial position	Gross amounts set off in the statement of financial position	Net amount after offsetting in the statement of financial position	Amounts subject to master netting and similar arrangements not set off in the statement of financial position		Net amount of exposure
				<i>Financial instruments</i>	<i>Cash collateral received</i>	
ASSETS						
Derivative financial assets						
Interest rate swap	17,402	(312)	17,090	17,090	-	-
Currency swap	18,906	-	18,906	18,906	-	-
Investment securities						
Loans and advances to banks						
Reverse sale and repurchase agreements with other banks	34,619,241	-	34,619,241	34,619,241	-	-
Loans to customers						
Reverse sale and repurchase agreements	6,176,131	-	6,176,131	6,176,131	-	-
Total assets subject to offsetting, master netting and similar arrangement	40,831,680	(312)	40,831,368	40,831,368	-	-
LIABILITIES						
Deposits and balances from banks						
Total liabilities subject to offsetting, master netting and similar arrangement	-	-	-	-	-	-

ACBA Bank OJSC

Notes to Consolidated financial statements - 31 December 2025

Financial instruments subject to offsetting, enforceable master netting and similar arrangements are as follows at 31 December 2024:

Types of financial assets/liabilities <i>In thousands of Armenian Drams</i>	Gross amounts before offsetting in the statement of financial position	Gross amounts set off in the statement of financial position	Net amount after offsetting in the statement of financial position	Amounts subject to master netting and similar arrangements not set off in the statement of financial position		Net amount of exposure
				<i>Financial instruments</i>	<i>Cash collateral received</i>	
ASSETS						
Derivative financial assets						
Interest rate swap	83,236	(1,736)	81,500	81,500	-	-
Currency swap	76,880	-	76,680	76,680	-	-
Investment securities						
Loans and advances to banks						
Reverse sale and repurchase agreements with other banks	38,747,711	-	38,747,711	38,747,711	-	-
Loans to customers						
Reverse sale and repurchase agreements	7,616,833	-	7,616,833	7,616,833	-	-
Total assets subject to offsetting, master netting and similar arrangement	46,524,660	(1,736)	46,522,724	46,522,724	-	-
LIABILITIES						
Deposits and balances from banks						
Sale and repurchase agreements with other banks	-	-	-	-	-	-
Total liabilities subject to offsetting, master netting and similar arrangement	-	-	-	-	-	-

40 Management of capital

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 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. Based on information provided internally to key management personnel, the amount of capital that the Group managed was AMD 210,337,162 thousand as of 31 December 2025 (2024: AMD 177,145,472 thousand), regulatory Tier 1 capital amounts to AMD 175,840,275 thousand (2024: AMD 141,555,340 thousand), total regulatory capital amounts to AMD 199,097,798 thousand (2024: AMD 161,023,841 thousand) and the Group and the Bank have complied with all externally imposed capital requirements throughout 2025 and 2024.

41 Events after the reporting date

From 15 January 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 15 May 2026, inclusive. From 23 February 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), bearing coupon interest rate of 10.25 %. The bonds have a maturity of 60 months. The placement will continue through 23 June 2026, inclusive.

From 15 January 2026 to 22 April 2026, the Group placed AMD and USD denominated bonds with nominal amount of AMD 20,000,000,000 and USD 9,692,300 accordingly. The placement of the bonds is ongoing as at the date of this report.

There are no other significant events that occurred after the reporting period or as of the report's date that should be disclosed in this document.

42 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
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

PART 5. ADDITIONAL INFORMATION

- 1. SHAREHOLDER INFORMATION**
- 2. STOCK EXCHANGE DISCLOSURES**
- 3. 2026 INVESTOR CALENDAR**
- 4. CONTACT INFORMATION**
- 5. DISCLAIMER**
- 6. GLOSSARY OF TERMS**

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1. SHAREHOLDER INFORMATION

1.1. SHARE EQUITY STRUCTURE

As of December 31, 2025, Acba bank's authorized and fully paid-up share capital amounted to **AMD 89,775,000,000**, represented by **5,985,000 ordinary shares**, each with a **nominal value of AMD 15,000**. The Bank is authorized to issue up to **2,500,000 additional ordinary shares**. All shares are **non-documentary, indivisible** and **carry equal voting and dividend rights**. While the Bank has not **issued any preferred shares**, its Charter permits such issuance provided that the **total nominal value of preferred shares does not exceed 25%** of the Bank's total share capital.

In 2024, Acba initiated a major capital restructuring project aimed at fortifying its capital position. On November 10, 2024, within the framework of its capital strategy and to facilitate the entry of Proparco, the Bank issued an additional 485,000 ordinary shares via private placement. During the same year, the Bank allocated a portion of its retained earnings to increase authorized capital, resulting in an increase in the nominal value of shares from AMD 10,000 to AMD 15,000.

The Bank's share equity remained unchanged throughout 2025.

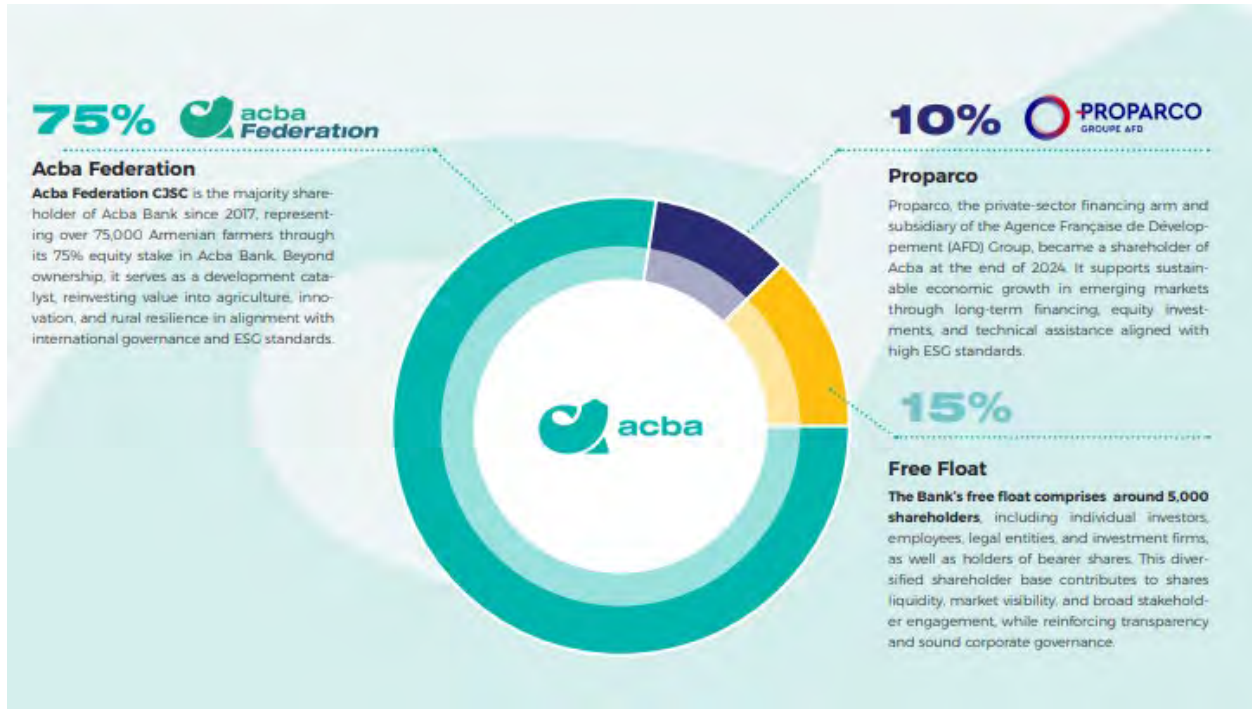


1.2. SHAREHOLDER COMPOSITION

The structure of the Bank's shareholders as of December 31, 2025, is as follows:

- **"ACBA Federation" CJSC:** 4,488,993 shares (75%).
- **"Proparco":** 598,500 shares (10%).
- **Free Float:** 897,507 shares (15%). At the end of 2025, Sacam International (a member of the French Crédit Agricole Group) liquidated its 134,098 shares (2.24%) in the local market.

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1.3. DIVIDEND POLICY

The dividend policy is defined by the Board of Directors of Acba Bank.

In 2024, the Bank revised its dividend policy, establishing that—except in cases defined by the policy—the amount of distributed dividends cannot be less than 20 percent of the Bank's net profit for the preceding financial period.

Based on the results registered by the Bank during the previous year and the principles enshrined in the dividend policy, the Bank's Board submits a recommendation to the General Meeting of Shareholders regarding dividend distribution each year, with the Meeting making the final decision on whether to pay dividends for the given year.

The Bank's dividend policy can be accessed via the following link: [Link to be inserted].

The payment of dividends by Acba Bank to its shareholders over the last 5 years is depicted below (presented according to the financial results of the indicated year)*:

The average annual compound growth rate (CAGR) of dividends paid during 2021–2024 was approximately 22%.

Indicator	2020	2021	2022	2023	2024
Total Dividends Paid (AMD)	2.5 bn	3.3 bn	4.4 bn	5.5 bn	6.6 bn
Dividend Per Share (AMD)	500	900	800	1,000	1,100
Payout Ratio (Dividends/Profit)	92%	34%	19.5%	19.4%	22.9%
Number of Shares	5,000,000	5,500,000	5,500,000	5,500,000	5,985,000

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Indicator	2020	2021	2022	2023	2024
Earnings Per Share (AMD)	545	1,801	4,104	5,182	5,991

The Bank's shares have been listed on the Armenia Securities Exchange (AMX) since January 1, 2022.

**Note: As a result of the additional share issuance implemented in 2021, the total number of the Bank's issued shares reached 5,500,000 (five million five hundred thousand) units. On November 21, 2024, the Extraordinary General Meeting of the Bank's shareholders approved a new edition of the Charter, within the scope of which significant changes were made to the capital structure. Specifically, capital was increased by a total of AMD 34,775,000,000, of which AMD 4,850,000,000 resulted from the issuance of additional shares, and AMD 29,925,000,000 resulted from an increase in the nominal value of existing shares. Under the new edition, the Bank's authorized capital amounted to AMD 89,775,000,000, and the nominal value per share was revised from AMD 10,000 to AMD 15,000. Changes to the Bank's Charter were officially registered by the Central Bank of the Republic of Armenia on December 11, 2024.*

Profit Distribution 2021–2024:



1.4. STOCK PERFORMANCE

Acba Bank shares are listed on the Armenia Securities Exchange (AMX) under the ticker symbol **ACBA**.

Since their listing in February 2022, Acba Bank has become the cornerstone of the Armenia Securities Exchange, consistently accounting for a significant portion of the total trading volume in stocks.

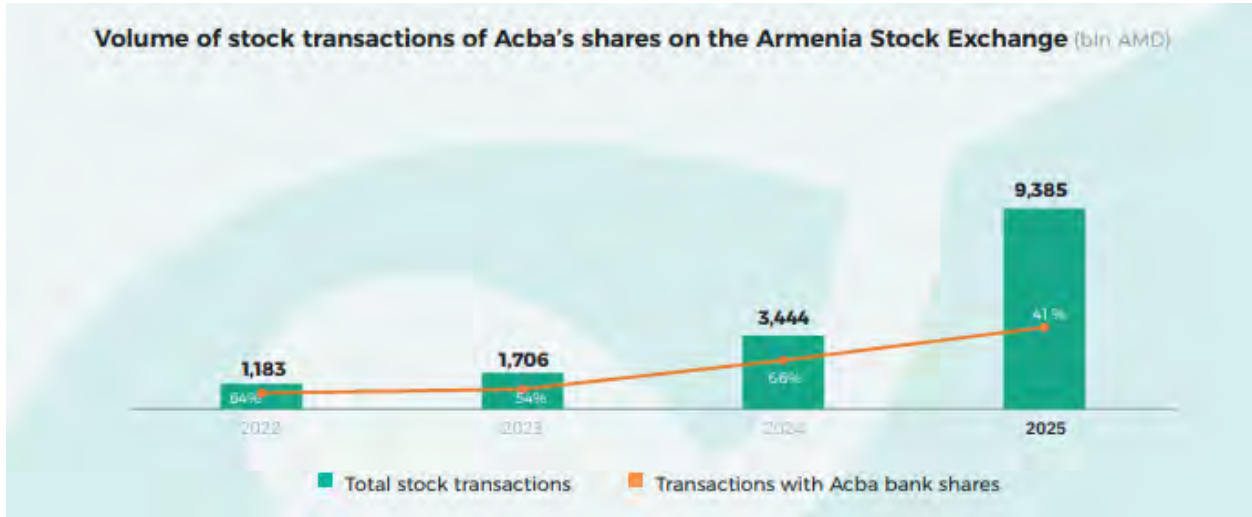
During 2025, Acba Bank shares demonstrated stable performance on the Armenia Securities Exchange. Over the last 4 years, general market activity has grown nearly 8-fold (from AMD 1.183 billion to AMD 9.385 billion in turnover), with transactions involving Acba shares accounting for approximately 41% of this total. This reflects deep investor trust and Acba Bank's structural importance in Armenia's financial ecosystem.

Systemic importance is also reflected by the fact that Acba Bank's market weight accounts for 22% of the total market capitalization of stocks. The involvement of Proparco as a strategic investor and the

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successful capital increase have positively influenced market perception. Our share price has reflected market sentiment, operational performance, and general trends in the Armenian capital market.

Trading Volumes of Acba Bank Shares on the Securities Exchange (billion AMD):



Stock Performance throughout 2025:



Closing Price (Dec 29): AMD 15,600 (+11% YoY)

Opening Price (Jan 3): AMD 14,340 (-4% YoY)

Highest Price: AMD 16,100 (+3% YoY)

Lowest Price: AMD 13,200 (+8% YoY)

Market Capitalization (Year-end): AMD 93.366 billion (+11% YoY)

Average Daily Trading Volume: 1,016 shares (+62% YoY)

Earnings Per Share (EPS) as of 31.12.2025: AMD 5,991 (+17% YoY)

Book Value Per Share as of 31.12.2025: AMD 32,508 (+13% YoY)






Earnings Yield (Year-end): 38.8% (EPS ÷ Market Value, expressed as %)

Price-to-Book Ratio (P/B): 0.48x (Market Value ÷ Book Value Per Share)

Price-to-Earnings Ratio (P/E): 2.58x (Market Value ÷ EPS)

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1.5. TRADING INFORMATION

-  **Exchange:** Armenia Securities Exchange (AMX)
-  **Listing:** Main List (A)
-  **ISIN:** AMACBAS10ER7
-  **Ticker Symbol:** ACBA
-  **Listing Date:** 01/02/2022

Acba Bank maintains a continuous commitment to driving the volume of transactions involving its shares by attracting active investors, ensuring the transparency of financial reports, and fostering targeted awareness within the capital market.

We guarantee transparency and full compliance with regulations, providing investors with access to complete information regarding shares and transaction execution.

Average Monthly Market Value of Shares Throughout the Year (AMD)



1.6. SHAREHOLDER RIGHTS AND PROTECTION

Each ordinary share entitles the shareholder to one vote at the General Meeting of Shareholders, the right to receive dividends, and the right to a portion of residual assets in the event of liquidation.

We ensure equal treatment of all shareholders and adhere strictly to RA legislation and stock exchange rules. All shareholders have full access to published information, the opportunity to participate in fair and transparent voting processes, and the ability to influence the Bank's management decisions.

Each share grants its owner identical rights. Every shareholder has the right to:

- **Participate in the General Meeting of Shareholders** with voting rights proportional to their shareholding on all matters within the meeting's competence;
- **Participate in the management** of the Bank;
- **Receive dividends** from the profit generated by the Bank's operations;
- **Exercise pre-emptive rights** to acquire shares distributed by the Bank;
- **Receive information** regarding the Bank's activities as defined by law, including access to balance sheets and reports (this information is provided to shareholders free of charge upon written request within three working days);
- **Demand an independent audit** of financial and economic activities if holding at least 5% of voting shares. In this case, the shareholders requesting the audit select the auditor, sign the contract, and pay for the services; however, they may request reimbursement from the Bank if the audit is deemed justified by the General Meeting;
- **Authorize a third party** to represent their rights at General Meetings;
- **Submit proposals** at General Meetings of Shareholders;
- **Vote** in proportion to the number of fully paid shares held;

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- **File a lawsuit** to challenge decisions adopted by the General Meeting that contradict current laws or other legal acts;
- **Receive their share of property** in the event of the Bank's liquidation;
- **Challenge General Meeting decisions** in court if they contradict laws, legal acts, or the Bank's Charter;
- **Freely sell or transfer** their shares without the consent of other shareholders;
- **Unite with other shareholders** to appoint a representative to the Bank's Board*;
- **Request the Board to convene a meeting** if holding at least 5% of voting shares;
- **Access the minutes** of General Meetings of Shareholders.

**Note: Shareholders holding 10% or more of voting shares as of the date of compiling the list of participants may appoint a representative to the Board without an election by the General Meeting. Shareholders with less than 10% may unite to exceed the 10% threshold to appoint a joint representative without an election, provided a formal agreement exists and the General Meeting is notified in accordance with the law. Shareholders with less than 10% who are not united may jointly elect a representative to the Board without a General Meeting election.*

1.7. SHAREHOLDER RELATIONS AND COMMUNICATION

The Bank maintains open and proactive communication with its shareholders, providing regular updates through the Bank's website, quarterly investor reports, and published annual reports. Shareholders are encouraged to engage with the Bank's management and participate in decision-making processes during General Meetings.

Since the beginning of 2025, Acba Bank has implemented an Investor Relations (IR) strategy aimed at increasing transparency, enhancing engagement with current and potential investors, and aligning investor communications with international best practices. This strategic initiative is designed to support the Bank's long-term capital strategy and capital market development objectives.

Following the conclusion of each reporting quarter, an Investor Report is prepared and published, in which Acba transparently presents all quarterly indicators and analysis. These reports are available on the Bank's website and are disseminated to all the Bank's clients.

Looking ahead, Acba Bank will continue to prioritize the strengthening of its IR function, the promotion of dialogue with stakeholders, and the expansion of its shareholder base through targeted outreach, improved accessibility of financial information, and updates tailored to investor needs.

Key objectives for 2026 include the launch of a dedicated Investor Relations website, the presentation of quarterly results via earnings calls, holding periodic meetings with specific investor groups, and the preparation and dissemination of more analytical materials regarding the Bank's shares.

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2. STOCK EXCHANGE DISCLOSURES

In accordance with the transparency requirements set forth by the legislation of the Republic of Armenia, the internal policies of the Armenia Securities Exchange (AMX), and the Bank's commitment to institutional-grade disclosure, this section provides comprehensive information regarding the Bank's securities, relevant events, and compliance posture.

2.1. COMPLIANCE WITH LISTING RULES

As an issuer listed on the Armenia Securities Exchange, Acba bank complies with:

- AMX Listing and Trading Rules
- Central Depository regulatory requirements
- The Corporate Governance Code of the Republic of Armenia, joined in 2025 and following years of adherence to Acba bank's own internal governance code

The Bank continues to align its disclosure practices with international best standards, aiming to ensure investor confidence and an informed market environment.

2.2. INFORMATIONS DISCLOSED IN 2025

The following table summarizes the key information disclosed by Acba Bank throughout 2025 in accordance with regulatory transparency requirements and our commitment to investor relations.

Date	Disclosure Type
15/01/2025	2024 Q4 Consolidated Interim Financial Statements
20/02/2025	Announcement on Dividend Payment
15/04/2025	2025 Q1 Consolidated Interim Financial Statements
29/04/2025	2024 Consolidated Financial Statements
07/05/2025	Notice of Annual General Meeting of Shareholders
23/05/2025	2025 Q1 Investor Report
29/05/2025	Convening of the Annual General Meeting of Shareholders
05/06/2025	Dividend Payment
15/07/2025	2025 Q2 Consolidated Interim Financial Statements
01/08/2025	2025 Q2 (H1) Investor Report
15/10/2025	2025 Q3 Consolidated Interim Financial Statements

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Date	Disclosure Type
31/10/2025	2025 Q3 Investor Report

All disclosures are archived and publicly accessible via the Bank's webpage.

Beyond mandatory disclosures, Acba bank proactively shared value-driven content for investors and the public, including quarterly investor presentations and updates on material changes.

These efforts aim to promote transparency, strengthen investor engagement and build confidence in Acba's equity story.

2.3. ENHANCEMENT OF DISCLOSURES AND REPORTING

In 2025, Acba Bank launched a series of initiatives aimed at improving disclosure practices and investor communication, with full implementation scheduled for 2026.

Key achievements include:

- **Establishment of the IR Function:** The successful formation of a dedicated Investor Relations unit, including the clear definition of its mandates, responsibilities, and operational launch.
- **Standardization of Reporting:** The standardization of the structure and format of quarterly reports to ensure greater clarity and comparability for investors and stakeholders.
- **Stakeholder Engagement:** The initiation of quarterly meetings with investors to present financial results and actively solicit feedback.
- **Visual and Analytical Enhancement:** Increased utilization of visual and analytical tools, such as performance graphs, executive summaries, and Key Performance Indicators (KPIs).
- **AI Integration:** The adoption of Artificial Intelligence (AI) to enhance analytical workflows and data processing.

These steps are integral to the Bank's long-term strategy of ensuring operational efficiency, transparency, accountability, and credible communication.

2.4. 2026 OUTLOOK

In 2026, Acba Bank aims to continue the development and strengthening of its disclosure and investor communication system, focusing on the following priorities:

- **Capacity Building:** Continuous strengthening of the Investor Relations unit, focusing on the development of staff capabilities and professional skills.
- **Refinement of Communication:** Optimization of communication channels and reporting formats to ensure more effective connectivity with existing and prospective shareholders.
- **Strategic Alignment:** Development of comprehensive Investor Relations and communication strategies designed to support the Bank's long-term capital strategy.
- **Regulatory Compliance:** Strict adherence to all legal and regulatory requirements.
- **ESG Expansion:** Expanding non-financial disclosures, with a particular focus on ESG metrics and stakeholder engagement.
- **Market Penetration and Liquidity:** Deepening cooperation with all investor segments, including brokers and equity analysts, to drive market perception, improve visibility, and stimulate the liquidity of the Bank's shares.

These strategic directions form the foundation of the Bank's long-term positioning in the capital market and its strategy for driving shareholder value.

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3. 2026 INVESTOR CALENDAR

To ensure transparency, regulatory compliance, and proper engagement with shareholders, Acba Bank has established a dedicated investor calendar. The events listed below for 2026 are subject to potential adjustments based on legislative requirements or decisions by the governing bodies.

Key Investor Dates for 2026

Event	Projected Date
2025 Q4 Consolidated Interim Financial Statements	15/01/2026
Announcement on Dividends	02/03/2026
2026 Q1 Consolidated Interim Financial Statements	15/04/2026
2025 Consolidated Annual Financial Statements	23/04/2026
Notice of Annual General Meeting of Shareholders	07/05/2026
Annual General Meeting of Shareholders	27/05/2026
Dividend Payment Deadline	20/06/2026
Publication of the 2025 Annual Report	30/06/2026
2026 Q2 Consolidated Interim Financial Statements	15/07/2026
2026 Q3 Consolidated Interim Financial Statements	15/10/2026
Publication of Investor Presentations	Quarterly

Governance and Board Activity Calendar

Event	Frequency
Regular Board Meetings	At least once every two months
Committee Meetings (Audit, Risk Management, Strategy, Governance, Nominations & Remuneration)	At least quarterly or as needed


















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In addition to statutory disclosures, Acba Bank remains committed to maintaining open channels for investor inquiries via email and telephone, as well as providing periodic updates on market developments.

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4. CONTACT INFORMATION

Acba bank is committed to open, transparent and timely communication with all stakeholders. Below are the key contact channels for inquiries related to investor relations, media requests, regulatory matters and general correspondence.

<p style="text-align: center;">Investor Relations</p> <p>For inquiries from shareholders, potential investors, analysts or financial media: Narek Antonyan, Investor Relations Officer  ir@acba.am  +374 10 318888 (8129),  +374 94 700681  Head Office: 82-84 Aram Street, Yerevan 0002, Armenia</p>	<p style="text-align: center;">General Inquiries</p> <p>For customer service and general questions about Acba Bank products and services  acba@acba.am  Call Center (24/7): +374 10 31 88 88  Head Office: 82-84 Aram Street, Yerevan 0002, Armenia  www.acba.am</p>
<p style="text-align: center;">Corporate Secretary</p> <p>For inquiries related to corporate governance, General Meeting procedures and Board matters: Tatevik Igityan, Corporate Secretary  lawyer@acba.am  +374 10 318888 (8329)  Head Office: 82-84 Aram Street, Yerevan 0002, Armenia</p>	<p style="text-align: center;">External Auditor</p> <p>PricewaterhouseCoopers Armenia LLC (PWC) Armenia, Yerevan, Vazgen Sargsyan 2, KAMAR Business Center, 8th floor  am_office.yerevan@pwc.com  +374 10 51 21 51  www.pwc.com/am</p>
<p style="text-align: center;">Media and Public Relations</p> <p>For press and media inquiries: Narek Asatryan, Head of PR division  pr@acba.am  +374 10 318888 (8111)  Head Office: 82-84 Aram Street, Yerevan 0002, Armenia</p>	<p style="text-align: center;">Our website</p> <p>All shareholders and potential shareholders can gain access to the Annual Report, presentations to investors, key financial information, regulatory news, share and dividend data, General Meetings documentation and other significant information about Acba bank at https://www.acba.am/en</p> <p style="text-align: center;">Our registered address</p> <p>ACBA BANK OJSC 82-84 Aram Street, Yerevan 0002, Armenia</p>

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5. DISCLAIMER

Report Purpose and Scope. This Annual Report has been prepared by **ACBA BANK OJSC** based on consolidated financial statements audited by an external auditor. It serves to provide shareholders, investors, regulatory authorities, and other stakeholders with a comprehensive summary of the Bank's operations, financial performance, strategy, and outlook, based on the consolidated results for the year ended December 31, 2025.

Forward-Looking Statements. This document contains forward-looking statements, including forecasts, strategic plans, estimates, expectations, and projections regarding future events and financial performance. These statements are based on current assumptions and available information as of the publication date and are subject to significant risks, uncertainties and factors largely beyond the Bank's control. Actual results may differ materially from those expressed or implied in forward-looking statements due to various factors including, but not limited to:

- Macroeconomic and political environment changes
- Monetary and regulatory policy revisions
- Banking sector competitive dynamics
- Technological disruptions and innovations
- Credit, market and liquidity risk exposures

Data Sources and Reliability. This report may include data and analysis from publicly available sources, including macroeconomic indicators and banking sector statistics current as of the publication date. While Acba relies on sources considered reliable, we do not guarantee the accuracy or completeness of such information, which may be subject to change without notice.

Performance Metrics. In addition to IFRS-compliant financial indicators, this report may include alternative performance measures designed to enhance understanding of our operational results. These metrics may not be directly comparable to similar measures used by other financial institutions.

Legal Disclaimers. This report is provided for informational purposes only and does not constitute an offer to sell or purchase any securities issued by "ACBA BANK" OJSC, nor an invitation to make such offers. It should not be used as the sole basis for investment decisions. While reasonable measures have been taken to ensure information accuracy and completeness, the Bank assumes no responsibility for errors, omissions or consequences arising from the use of this report.

Technical Notes. Certain numerical figures have been subject to rounding and adjustments. Consequently, totals in some tables may not equal the arithmetic sum of individual components.

Update Obligations. Acba assumes no obligation to update or revise forward-looking statements or other information contained herein due to new developments, future events or other circumstances, except as required by applicable law.

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6. GLOSSARY OF TERMS

Term	Definition
Active client	A customer who regularly uses the bank's products or services within a defined period, usually monthly.
AFD	<i>Agence Française de Développement</i> – A French public financial institution that finances sustainable development projects.
AGM (Annual General Meeting)	A meeting where shareholders vote on company matters, including board elections and dividend declarations.
AML/CFT	<i>Anti-Money Laundering / Combating the Financing of Terrorism</i> – Regulatory frameworks to detect and prevent financial crimes.
Armenia Securities Exchange (AMX)	The official stock exchange of Armenia where securities like shares and bonds are listed and traded.
Beneficial Owner	A natural person who ultimately owns or controls a legal entity or the person on whose behalf a transaction is conducted.
CAR	<i>Capital Adequacy Ratio</i> – A measure of a bank's capital, expressed as a percentage of its risk-weighted credit exposures.
Cash Flow Statement	A report that shows how changes in the balance sheet affect cash and cash equivalents.
CBA (Central Bank of Armenia)	The national regulatory authority responsible for monetary policy, financial system oversight and supervision of banks in Armenia.
CDD	<i>Customer Due Diligence</i> – The procedures for verifying a customer's identity and assessing the risk they may pose.
CIR	<i>Cost-to-Income Ratio</i> – A key efficiency metric that shows operating costs as a percentage of operating income.
Dividend	A portion of a company's profits distributed to shareholders.
EAD	<i>Exposure at Default</i> – The total value a bank is exposed to when a borrower defaults on a loan.
ECL	<i>Expected Credit Loss</i> – A forward-looking estimate of potential losses due to credit risk under IFRS 9.
EDD	<i>Enhanced Due Diligence</i> – Additional scrutiny applied to high-risk customers, including politically exposed persons (PEPs).
EPS	<i>Earnings Per Share</i> – The portion of a company's profit allocated to each outstanding share of common stock.
ESG	<i>Environmental, Social, and Governance</i> – A framework for evaluating the sustainability and ethical impact of a business.

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Term	Definition
ES (Expected Shortfall)	A risk measure that estimates the average loss beyond the Value at Risk threshold; also known as Conditional VaR.
Employee Stock Ownership Program (ESOP)	A program that provides a company's workforce with an ownership interest in the company.
Expected Shortfall (ES)	See above (duplicate for clarity if desired in two places).
FATF	<i>Financial Action Task Force</i> – An intergovernmental body that sets international standards for combating money laundering and terrorism financing.
GDP	<i>Gross Domestic Product</i> – The total market value of all goods and services produced within a country over a specific period.
GNR	<i>Governance, Nominations and Remuneration Committee</i> – A Board-level committee overseeing governance, board composition, and executive pay.
Green Leasing	Leasing arrangements that finance environmentally sustainable assets, such as energy-efficient equipment.
ICAAP	<i>Internal Capital Adequacy Assessment Process</i> – A bank's internal process for evaluating its capital adequacy relative to its risks.
IFRS	<i>International Financial Reporting Standards</i> – A set of accounting standards developed by the International Accounting Standards Board.
IFRS Consolidated Financial Statements	Financial statements prepared according to IFRS and presented for a group of companies.
Initial Public Offering (IPO)	The first sale of a company's stock to the public.
KYC	<i>Know Your Customer</i> – A process to verify the identity and assess the risk of customers before engaging in financial transactions.
LCR	<i>Liquidity Coverage Ratio</i> – The percentage of high-quality liquid assets held by a bank to meet short-term obligations.
LGD	<i>Loss Given Default</i> – The share of an asset that is lost when a borrower defaults.
Net Promoter Score (NPS)	A customer loyalty metric that measures the likelihood of customers to recommend a company's products or services.
NPL	<i>Non-Performing Loan</i> – A loan on which the borrower is not making interest payments or repaying any principal.
NSFR	<i>Net Stable Funding Ratio</i> – A long-term liquidity measure ensuring banks maintain a stable funding profile in relation to their assets.
PD	<i>Probability of Default</i> – The likelihood that a borrower will default on their debt obligations.
RCSA	<i>Risk and Control Self-Assessment</i> – A process through which business units assess their own risks and controls.
ROA	<i>Return on Assets</i> – An indicator of how profitable a company is

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Term	Definition
	relative to its total assets.
ROE	<i>Return on Equity</i> – A measure of financial performance calculated by dividing net income by shareholders' equity.
Risk Appetite	The amount and type of risk that an organization is willing to take in pursuit of its objectives.
Risk Appetite Statement (RAS)	A formal document defining the level and type of risk a bank is willing to accept to achieve its strategic goals.
Risk Tolerance	The maximum level of risk a bank is prepared to accept before taking corrective action.
SME	<i>Small and Medium Enterprise</i> – Businesses with a limited scale in terms of employees, revenue, or assets, playing a key role in economic development.
SoftPOS	<i>Software Point of Sale</i> – A mobile payment solution that turns a smartphone into a contactless payment terminal.
Stress Testing	The process of evaluating the financial resilience of an institution under hypothetical adverse conditions.
Subsidiary	A company that is controlled by another company, typically through majority ownership.
TACIS	<i>Technical Assistance to the Commonwealth of Independent States</i> – An EU program supporting CIS countries' transition to market economies.
Top of Mind (TOM)	A brand awareness metric indicating the first brand that comes to mind when consumers think of a product category.
Value at Risk (VaR)	A statistical technique that measures the maximum potential loss of a portfolio over a set time horizon at a given confidence level.
Voice of Customer (VoC)	A process of capturing customer expectations, preferences, and aversions to improve services and satisfaction.

"ACBA BANK" OJSC

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