ACBA Bank OJSC

IFRS Consolidated Financial Statements

For the second quarter of 2026

Contents

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

In thousands of Armenian Drams	**Note**	**30 June 2025 (unaudited)**	**31 December 2025 (audited)**
ASSETS			
Cash and cash equivalents	7	87,002,358	99,170,819
Derivative financial assets	8	129,378	35,996
Loans and advances to banks	9	88,641,669	92,959,786
Investment securities	*10*		
-Held by the Bank		80,700,207	73,247,135
-Pledged under sale and repurchase agreements		-	-
Loans to customers	11	701,608,661	633,397,885
Receivables from finance leases	12	109,163,608	103,141,827
Investments in associates	35	2,086,739	2,592,986
Property, equipment and intangible assets	13	32,984,472	32,183,874
Other assets	16	34,205,990	25,789,313
TOTAL ASSETS		**1,136,523,082**	**1,062,519,621**
LIABILITIES			
Deposits and balances from banks	17	5,142,657	5,576,560
Derivative financial liabilities	8	243,750	267,508
Current accounts and deposits from customers	18	680,529,401	618,517,523
Debt securities issued	19	60,210,649	51,798,299
Other borrowed funds	20	151,468,223	153,177,807
Current income tax liabilities	14	2,277,235	4,602,577
Deferred tax liabilities	14	1,408,985	1,556,734
Other liabilities	22	19,141,807	19,309,981
Subordinated loans	21	12,408,528	13,152,984
TOTAL LIABILITIES		**932,831,234**	**867,959,973**
EQUITY			
Share capital	23	89,775,000	89,775,000
Share premium	23	3,811,978	3,811,978
Revaluation reserve for property and equipment		5,273,100	5,277,052
Revaluation reserve for investment securities		653,023	579,047
General reserve		13,466,250	13,466,250
Retained earnings		90,712,497	81,650,321
Total equity		**203,691,848**	**194,559,648**
TOTAL EQUITY AND LIABILITIES		**1,136,523,082**	**1,062,519,621**

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

In thousands of Armenian Drams	**Note**	**01/04/26-30/06/26 (unaudited)**	**01/01/26-30/06/26 (unaudited)**	**01/04/25-301/06/25 (unaudited)**	**01/01/25-30/06/25 (unaudited)**
Interest revenue calculated using effective interest rate	26	27,255,171	53,036,694	22,259,207	43,889,430
Other interest revenue	26	4,025,951	8,024,229	3,609,380	6,887,445
Interest expense	26	(12,930,750)	(24,961,728)	(9,765,880)	(19,615,777)
Net interest income		**18,350,372**	**36,099,195**	**16,102,706**	**31,161,098**
Credit loss (expense)	15	(3,640,329)	(5,934,954)	(519,347)	(1,666,079)
Net interest income after credit loss expense		**14,710,043**	**30,164,241**	**15,583,360**	**29,495,019**
Fee and commission income	27	5,471,950	10,155,735	4,217,366	8,190,754
Fee and commission expense	27	(2,770,187)	(5,045,988)	(2,208,434)	(4,121,514)
Net (loss)/gain on financial instruments at fair value through profit and loss		362,370	285,608	(119,950)	(322,448)
Net gain from foreign exchange trading activities		2,028,045	3,298,281	1,842,454	3,303,919
Net gain from foreign exchange translation		200,144	(212,801)	98,217	613,843
Share of profit of associates	35	586,163	1,120,799	409,130	799,178
Other expense/income	27	173,940	34,046	302,458	321,243
Non-interest income		**6,052,425**	**9,635,680**	**4,541,241**	**8,784,975**
Personnel expenses		(6,380,118)	(12,372,812)	(5,813,069)	(11,173,203)
Depreciation and amortization	13	(1,146,178)	(2,448,893)	(875,831)	(1,946,493)
Other operating expenses	28	(823,328)	(1,629,380)	(682,642)	(1,404,548)
Other general administrative expenses	29	(1,582,438)	(2,944,508)	(1,411,311)	(2,593,895)
Non-interest expense		**(9,932,062)**	**(19,395,593)**	**(8,782,853)**	**(17,118,139)**
Profit before income tax expense		**10,830,406**	**20,404,328**	**11,341,747**	**21,161,854**
Income tax expense	14	(1,881,831)	(3,865,721)	(1,916,892)	(3,953,438)
Profit for the year		**8,948,575**	**16,538,607**	**9,424,855**	**17,208,416**
Earnings per share					
Basic and diluted, attributable to equity holders of the parent, AMD	23	1,495.17	2,763.34	1,574.75	2,875.26

In thousands of Armenian Drams	Note	01/04/26-30/06/26 (unaudited)	01/01/26-30/06/26 (unaudited)	01/04/25-30/06/25 (unaudited)	01/01/25-30/06/25 (unaudited)
Profit for the year		**8,948,575**	**16,538,607**	**9,424,855**	**17,208,416**
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Change in fair value of investment securities at fair value through other comprehensive income		38,427	49,977	61,233	(28,612)
Changes in allowance for expected credit losses		338	380	865	5,062
Income tax relating to components of other comprehensive income	14	(6,977)	(9,064)	(11,178)	4,239
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		**31,788**	**41,293**	**50,920**	**(19,311)**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Revaluation of buildings and motor vehicles		1,058	1,058	-	-
Gain/(loss) on equity instruments at fair value through other comprehensive income		(322)	(748)	687	936
Income tax relating to components of other comprehensive income	14	(133)	(56)	(123)	(168)
Total other comprehensive income not to be reclassified to profit or loss in subsequent periods		**603**	**254**	**564**	**768**
Not to be reclassified to profit or loss in subsequent periods					
Share of the other comprehensive income of associates		35,664	33,297	27,469	37,284
Income tax relating to components of other comprehensive income	14	-	-	-	-
Total share of the other comprehensive income of associates		**35,664**	**33,297**	**27,469**	**37,284**
Other comprehensive loss for the year, net of tax		**68,055**	**74,844**	**78,953**	**18,741**
Total comprehensive income for the year		**9,016,630**	**16,613,451**	**9,503,808**	**17,227,157**

In thousands of Armenian Drams	**Share capital**	**Share premium**	**Share-based payment reserve**	**Revaluation surplus for property and equipment**	**Revaluation reserve for financial assets at fair value through other comprehensive income**	**General reserve**	**Retained earnings**	**Total equity**
Balance as at 1 January 2026 (audited)	**89,775,000**	**3,811,978**	**-**	**5,277,052**	**579,047**	**13,466,250**	**81,650,321**	**194,559,648**
Total comprehensive income								
Profit for the year	-	-	-	-	-	-	16,538,607	**16,538,607**
Other comprehensive income	-	-	-	868	73,976	-	-	**74,844**
Total comprehensive income for the year	**-**	**-**	**-**	**868**	**73,976**	**-**	**16,538,607**	**16,613,451**
Transfer of revaluation surplus to retained earnings due to disposal of fixed assets	**-**	**-**	**-**	**(4,820)**	**-**	**-**	**4,820**	**-**
Transactions with owners, recorded directly in equity								
Replenishment of reserve fund from share premium	-	-	-	-	-	-	-	**-**
Issue of share capital	-	-	-	-	-	-	-	**-**
Dividends declared	-	-	-	-	-	-	(7,481,250)	**(7,481,250)**
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**(7,481,250)**	**(7,481,250)**
Balance as at 30 June 2026 (unaudited)	**89,775,000**	**3,811,978**	**-**	**5,273,100**	**653,023**	**13,466,250**	**90,712,497**	**203,691,848**
Balance as at 1 January 2025 (audited)	**89,775,000**	**3,811,978**	**3,517,422**	**3,757,943**	**304,799**	**13,466,250**	**48,806,987**	**163,440,379**
Profit for the year	-	-	-	-	-	-	17,208,416	**17,208,416**
Other comprehensive loss	-	-	-	-	18,741	-	-	**18,741**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**18,741**	**-**	**17,208,416**	**17,227,157**
Transfer of revaluation surplus to retained earnings due to disposal of fixed assets	**-**	**-**	**-**	**(13,960)**	**-**	**-**	**13,960**	-
Transactions with owners, recorded directly in equity								
Dividends declared	-	-	-	-	-	-	(6,583,500)	(6,583,500)
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**(6,583,500)**	**(6,583,500)**
Balance as at 30 June 2025 (unaudited)	**89,775,000**	**3,811,978**	**3,517,422**	**3,743,983**	**323,540**	**13,466,250**	**59,445,863**	**174,084,036**

In thousands of Armenian Drams	Note	01/01/2026-30/06/2026 (unaudited)	01/01/2025-30/06/2025 (unaudited)
Cash flows from operating activities			
Interest received (calculated using effective interest rate)		49,815,860	41,778,240
Other interest received		8,024,229	6,887,445
Interest paid		(23,033,548)	(18,463,709)
Fees and commissions received		10,155,735	8,190,754
Fees and commissions paid		(5,045,988)	(4,121,514)
Net (payment)/receipt from derivative financial instruments at fair value through profit or loss		280,048	(358,512)
Net receipts from foreign exchange		3,298,281	3,303,919
Other operating expenses paid		(1,642,916)	(1,430,649)
Other income received		34,046	321,243
Salaries and other payments to employees		(13,574,174)	(12,378,397)
Other general administrative expenses paid		(2,944,508)	(2,593,895)
Cash flows from operating activities before changes in operating assets and liabilities		**25,367,065**	**21,134,925**
Net (increase)/decrease in operating assets			
Derivative financial assets		(88,048)	151,527
Loans and advances to banks		3,920,203	31,144,736
Loans to customers		(80,888,997)	(46,765,485)
Receivables from finance lease		(6,606,575)	(6,533,203)
Other assets		(5,301,353)	2,522,700
Net increase/(decrease) in operating liabilities			
Deposits and balances from banks		(183,232)	2,166,870
Current accounts and deposits from customers		68,758,474	(17,370,824)
Other liabilities		1,478,551	67,436
Net cash (used in)/from operating activities before income tax		**6,456,088**	**(13,481,318)**
Income tax paid		(6,347,932)	(5,197,084)
Net cash (used in)/from operating activities		**108,156**	**(18,678,402)**
Cash flows from investing activities			
Purchase of property, equipment and intangible assets		(3,248,568)	(1,170,577)
Proceeds from sale of property, equipment		13,536	26,101
Purchases of investment securities		(42,135,395)	(30,670,737)
Sale of investment securities		34,262,776	31,949,715
Dividends received	35	1,660,343	1,209,868
Net cash from/(used in) investing activities		**(9,447,308)**	**1,344,370**
Cash flows from financing activities			
Proceeds from issue of share capital		-	-
Proceeds from debt securities issued		24,096,284	3,454,706
Redemption of debt securities issued		(15,147,511)	89,011
Proceeds from other borrowed funds		16,693,226	28,062,169
Repayment of other borrowed funds		(16,991,123)	(12,874,889)
Subordinated loans received		-	-
Repayment of subordinated loans		(116,928)	61,460
Dividends paid	23	(7,481,250)	(6,583,500)
Net cash from/(used in) financing activities		**1,052,698**	**12,208,957**
Effect of exchange rates changes on cash and cash equivalents		(3,897,098)	977,201
Effect of changes in impairment allowance		15,091	15,638
Net decrease in cash and cash equivalents		**(12,168,461)**	**(4,132,236)**
Cash and cash equivalents, beginning		99,170,819	106,030,069
Cash and cash equivalents, ending	7	**87,002,358**	**101,897,833**

Introduction

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

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

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

Subsidiaries:
• **ACBA Leasing Credit Organization CJSC:** Established on March 30, 2003, as a closed joint-stock company under Armenian law, this subsidiary specializes in providing finance lease services to both corporate and individual clients. It holds a credit organization license issued by the Central Bank of Armenia and is fully owned by the Bank.
• **ACBA TECHNOLAB LLC:** 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 30 June 2026 and 31 December 2025, the Bank’s shareholder structure is as follows:

Shareholder	30/06/2026, %	31/12/2025, %
ACBA Federation CJSC	75.00	75.00
Société de Promotion et de Participation pour la Coopération Economique ("Proparco")	10.00	10.00
ROQ Capital OJSC	2.2	1.8
Other	12.8	13.2
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 74,117 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.
- **ROQ Capital OJSC** is an Armenia-based leading investment company, providing its customers with financial and investment services in the Armenian capital market.
- **Other Shareholders** comprise legal entities and individuals, including employees, who collectively hold the remaining shares.

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

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

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

1 Operating environment of 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 30 June 2026 and 31 December 2025, were 367.89 Drams and 381.36 Drams to 1 USD and 419.47 Drams and 449.01 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 30 June 2026 was AMD 17,999,159 thousand (31 December 2025: AMD 10,904,651 thousand). More details are provided in Notes 11 and 12.

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

5 Adoption of new or revised Standards and Interpretations

The following amendments became effective from 1 January 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 Cash and cash equivalents

Cash and cash equivalents comprise:

In thousands of Armenian Drams	**30/06/2026**	**31/12/2025**
Cash on hand	29,196,057	28,676,392
Current accounts with the Central Bank, including obligatory reserves (not restricted part, see Note 10)	31,508,586	23,150,508
Current accounts with other banks		
- rated BBB-(Baa3) and over	10,972,320	22,270,889
- rated lower than BBB-(Baa3) and without rating	909,952	1,089,775
Short-term deposits in other banks		
- rated BBB-(BAA3) and over	14,423,123	24,006,026
Impairment	(7,680)	(22,771)
Cash and cash equivalents	**87,002,358**	**99,170,819**

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

As of 30 June 2026, current accounts with Central Bank of Armenia include obligatory reserve in the amount of AMD 22,470,238 thousand (31 Dec 2025: AMD 18,891,173 thousand).

Banks are required to maintain cash deposit (obligatory reserve) with the CBA, equal to 4% (2025: 4%) of the amounts attracted in Armenian drams and 15% (2025: 15%) of the amounts attracted in foreign currencies.

For funds attracted in Armenian drams, banks are required to carry out reserve requirements in Armenian drams; for funds attracted in Euros, in Euros; and for funds attracted in U.S. dollars and other foreign currencies, in the respective foreign currencies.

Moreover, the banks' ability to withdraw reserved amounts in foreign currency is restricted, so the Group classifies obligatory reserves deposited in foreign currency as loans and advances to banks (Note 9).

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

In thousands of Armenian Drams	30/06/2026	31/12/2025
ECL allowance as at 1 January	**22,771**	**30,273**
Changes in ECL	(15,091)	(7,502)
As of the reporting period end	**7,680**	**22,771**

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

8 Derivative financial instruments

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

In thousands of Armenian Drams	30/06/2026		31/12/2025	
	Notional amount	**Fair value**	**Notional amount**	**Fair value**
Assets				
Derivative financial instruments				
Interest rate swap	334,445	6,043	693,382	17,090
Currency swap	7,364,315	123,335	21,047,229	18,906
	7,698,760	**129,378**	**21,740,611**	**35,996**
Liabilities				
Derivative financial instruments				
Currency swap/Liabilities	7,433,640	**243,750**	21,268,073	**267,508**

9 Loans and advances to banks

Loans and advances to banks comprise:

In thousands of Armenian Drams	30/06/2026	31/12/2025
Due from the CBA		
Credit card settlement deposit with the CBA	2,637,000	13,737,500
Mandatory reserves in CBA (in foreign currency) (Note 7)	36,471,316	37,597,853
Total	**39,108,316**	**51,335,353**
Loans and advances to other banks		
Armenian banks	-	1,934,884
-rated from Ba1 to Ba3		
Foreign banks		
-rated from AA1 to AA3	-	327,358
-rated from A1 to A3	265,666	750,848
Correspondent accounts and overnight placements of other banks	146,897	3,149
Total loans and deposits to other banks	**412,563**	**3,016,239**
Other receivables		
Unsettled transactions	1,259,266	198,568
Amounts receivable from money transfer systems	1,565,933	3,564,967
Amounts receivable from transactions with plastic cards	406,945	309,826
Amounts receivable under reverse repurchase agreements		
Amounts receivable from Armenian banks	45,950,010	34,619,241
Loans and advances to banks before impairment	**88,703,033**	**93,044,194**
Impairment	(61,363)	(84,408)
Total loans and advances to banks	**88,641,669**	**92,959,786**

As of 30 June 2026, mandatory reserves in Central Bank of Armenia include reserves in foreign currencies in the amount of AMD 36,471,316 thousand (2025: AMD 37,597,853 thousand) (See Note 7).

Unsettled transactions include amount was not settled as of 30 June 2026 in Group's CBA account. This amount was settled first working day of next month as cash to Group's current account.

An analysis of changes in ECL allowance on loans and advances to banks during the year ended 30 June 2026 is as follows:

In thousands of Armenian Drams	Stage 1	Total
ECL allowance as at 1 January 2026	**(84,408)**	**(84,408)**
New assets originated or purchased	(61,363)	**(61,363)**
Assets repaid	84,408	**84,408**
At 30 June 2026	**(61,363)**	**(61,363)**

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

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

Information about credit quality of loans and advances to banks is presented in Note 31 “Risk management”.

10 Investment securities

Investment securities as at 30 June 2026 and 31 December 2025 comprise:

Debt securities at amortised cost	**30/06/2026**	**31/12/2025**
In thousands of Armenian Drams		
Held by the Bank		
Government bonds	73,750,114	63,761,204
Bonds of Armenian companies	2,351,947	2,350,072
Less: allowance for impairment	(96,914)	(99,072)
Total securities at amortised cost held by the Bank	**76,005,147**	**66,012,204**

Debt securities at amortised cost *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying value as at 1 January 2026	**66,111,276**	**-**	**-**	**66,111,276**
New assets originated or purchased	30,724,573	-	-	**30,724,573**
Assets repaid	(26,785,747)	-	-	**(26,785,747)**
Foreign exchange adjustments	(430,951)	-	-	**(430,951)**
At 30 June 2026	**69,619,150**	**-**	**-**	**69,619,150**

Debt securities at amortised cost *In thousands of Armenian Drams*				
ECLs as at 1 January 2026	**99,072**	**-**	**-**	**99,072**
New assets originated or purchased	48,691	-	-	**48,691**
Assets repaid	(17,509)	-	-	**(17,509)**
Changes to models and inputs used for ECL calculations	(14,846)	-	-	**(14,846)**
Amounts written off	(1,086)			**(1,086)**
At 30 June 2026	**114,321**	**-**	**-**	**114,321**

Debt securities at amortised cost *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying value as at 1 January 2025	**45,608,635**	**-**	**-**	**45,608,635**
New assets originated or purchased	39,538,458	-	-	**39,538,458**
Assets repaid	(18,693,220)	-	-	**(18,693,220)**
Foreign exchange adjustments	(342,597)	-	-	**(342,597)**
At 31 December 2025	**66,111,276**	**-**	**-**	**66,111,276**

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

calculations				
Foreign exchange adjustments	(725)			**(725)**
At 31 December 2025	**99,072**	**-**	**-**	**99,072**

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

Debt securities at FVOCI *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying value as at 1 January 2026	**3,314,315**	**-**	**-**	**3,314,315**
New assets originated or purchased				
Assets repaid	(1,021,800)	-	-	**(1,021,800)**
Net change in fair value	41,337	-	-	**41,337**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	-	-	-	**-**
At 30 June 2026	**2,333,853**	**-**	**-**	**2,333,853**

Debt securities at FVOCI *In thousands of Armenian Drams*				
ECLs as at 1 January 2026	**4,548**	**-**	**-**	**4,548**
New assets originated or purchased				
Assets repaid	(616)	-	-	**(616)**
Impact on period end ECL of exposures transferred between stages during the period	-	-	-	**-**
Changes to models and inputs used for ECL calculations*	235	-	-	**235**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	-	-	-	**-**
At 30 June 2026	**4,168**	**-**	**-**	**4,168**

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

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

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

Debt and other equity instruments at FVOCI *In thousands of Armenian Drams*	**30 June 2026**	**31 Dec 2025**
Held by the Bank		
Government bonds		
Government securities of the Republic of Armenia	2,333,853	3,314,315
Corporate bonds		
Bonds of Armenian companies	-	-
Equity instruments		
Unquoted equity securities	398,048	398,796
Total debt and other equity instruments at FVOCI held by the Bank	**2,731,901**	**3,713,111**

Dept instruments held by the Bank at FVTPL *In thousands of Armenian Drams*	**30 June 2026**	**31 Dec 2025**
Quoted debt securities – shares Visa Series C	3,323,609	3,521,820
Total debt and other equity instruments at FVTPL held by the Bank	**3,323,609**	**3,521,820**

In thousands of Armenian Drams		
Pledged instruments under sale and repurchase agreements		
Government securities of the Republic of Armenia	5,139,866	-
Total pledged instruments under sale and repurchase agreements at FVOCI	**5,139,866**	**-**

As at 30 June 2026 and 31 December 2025 unquoted equity securities at FVOCI primarily include mandatory shares in exchanges and clearing houses.

In 30 June 2026, the Group received dividends of AMD 2,201 thousand (2025: AMD 1,932 thousand) from its equities which was recorded in the consolidated statement as other income.

At 30 June 2026 and 31 December 2025 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 31 “Risk management”.

11 Loans to customers

Loans to customers as of 30 June 2026 and 31 December 2025 comprise:

In thousands of Armenian Drams	**30 June 2026**	**31 Dec 2025**
Loans to corporate customers		
Loans to small and medium size companies	104,222,613	100,617,427
Loans to large corporate customers	186,667,150	166,546,538
Total loans to corporate customers	**290,889,763**	**267,163,965**
Loans to retail customers (other than agricultural and corporate loans)		
Consumer loans	190,506,374	170,834,494
Mortgage loans	102,530,586	98,473,398
Credit cards	15,551,277	16,294,651
Total loans to retail customers	**308,588,237**	**285,602,543**
Agricultural loans to retail customers	92,172,588	70,593,249
Agricultural loans to corporate customers	26,833,183	20,387,429
Total agricultural loans to customers	**119,005,771**	**90,980,678**
Gross loans to customers	**718,483,771**	**643,747,187**
Credit loss allowance	(16,875,112)	(10,349,301)
Net loans to customers at amortised cost	**701,608,661**	**633,397,885**

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 lending at the end of 30 June 2026 is as follows:

Total portfolio *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Gross carrying value as at 1 January 2026	**619,296,248**	**6,854,077**	**17,593,695**	**3,164**	**643,747,187**
New assets originated or purchased	209,496,910	-	-	-	**209,496,910**
Assets repaid	(126,855,173)	(1,289,443)	(1,679,428)	3,612	**(129,820,431)**
Transfers to Stage 1	281,494	(278,939)	(2,555)	-	**-**
Transfers to Stage 2	(5,047,668)	5,047,673	(4)	-	**-**
Transfers to Stage 3	(5,782,885)	(1,965,450)	7,748,335	-	**-**
Amounts written off	-	-	(258,892)	-	**(258,892)**
Foreign exchange adjustments	(4,465,804)	(41,752)	(173,347)	(100)	**(4,681,002)**
At 30 June 2026	**686,923,123**	**8,326,166**	**23,227,804**	**6,676**	**718,483,771**

Loans to large corporate customers *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
ECL as at 1 January 2026	**2,065,780**	**480,753**	**7,800,759**	**2,008**	**10,349,301**
Movements with impact on credit loss allowance charge for the period:					
New assets originated or purchased	2,432,784	-	-	-	**2,432,784**
Assets repaid	(317,794)	(18,471)	(407,598)	(41)	**(743,905)**
Transfers to Stage 1	19,539	(19,539)	-	-	**-**
Transfers to Stage 2	(229,906)	229,906	-	-	**-**
Transfers to Stage 3	(1,196,600)	(396,724)	1,593,324	-	**-**
Impact on period end ECL of exposures transferred between stages during the period	(11,324)	636,085	2,481,504	-	**3,106,264**
Changes to models and inputs used for ECL calculations	658,925	10,676	367,316	773	**1,037,690**
Total movements with impact on credit loss allowance charge for the period	**1,355,624**	**441,933**	**4,034,545**	**732**	**5,832,834**
Movements without impact on credit loss allowance charge for the period:					
Unwinding of discount (deducted from interest revenue)	-	-	481,634	-	**481,634**
The impact of write-off point change	-	-	552,719	-	**552,719**
Amounts written off	-	-	(258,892)	-	**(258,892)**
Foreign exchange adjustments	(8,059)	(430)	(73,995)	-	**(82,483)**
At 30 June 2026	**3,413,345**	**922,256**	**12,536,771**	**2,741**	**16,875,112**

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

In thousands of Armenian Drams	**30/06/2026**	**31/12/2025**
Individuals	400,760,825	356,195,792
Food and beverage	104,007,316	94,866,704
Trade	55,519,535	49,199,042
Construction	58,648,313	55,483,275
Manufacturing	20,943,353	17,499,474
Agriculture	42,954,656	34,201,007
Transportation	9,713,699	9,468,430
Financial sector	11,921,172	12,693,588
Energy	12,036,415	12,666,320
Other	1,978,487	1,473,554
Impairment allowance	(16,875,112)	(10,349,301)
Net loans to customers at amortised cost	**701,608,661**	**633,397,885**

12 Receivables from finance leases

In thousands of Armenian Drams	**30/06/2026**	**31/12/2025**
Finance leases to corporate customers	101,703,845	96,551,518
Finance leases to retail customers	8,583,810	7,145,659
Net investments in finance leases	**110,287,655**	**103,697,177**
Impairment allowance	(1,124,047)	(555,350)
Net investments in finance leases, less impairment allowance	**109,163,608**	**103,141,827**

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

An analysis of changes in the gross carrying value and corresponding ECL in relation to receivables from finance lease at the end of 30 June 2026 is as follows:

In thousands of Armenian Drams	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as at 1 January 2026	**101,913,174**	**778,317**	**1,005,686**	**103,697,177**
New assets originated or purchased	30,845,064	-	-	**30,845,064**
Assets repaid	(22,709,294)	(162,680)	(386,745)	**(23,258,719)**
Transfers to Stage 1	341,820	(341,820)	-	**-**
Transfers to Stage 2	(757,961)	757,961	-	**-**
Transfers to Stage 3	(633,416)	(253,742)	887,158	**-**
Foreign exchange adjustments	(939,251)	(444)	(13,906)	**(953,601)**
Write-off	-	-	(42,267)	**(42,267)**
At 30 June 2026	**108,060,136**	**777,593**	**1,449,926**	**110,287,655**

In thousands of Armenian Drams	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2026	**181,101**	**12,971**	**361,278**	**555,350**
Movements with impact on credit loss allowance charge for the period:				
New assets originated or purchased	102,642	-	-	**102,642**
Assets repaid	(6,306)	(401)	(73,358)	**(80,065)**
Transfers to Stage 1	4,045	(4,045)	-	**-**
Transfers to Stage 2	(5,889)	5,889	-	**-**
Transfers to Stage 3	(17,110)	(7,390)	24,500	**-**
Impact on period end ECL of exposures transferred between stages during the period	(2,488)	12,373	359,555	**369,440**
Changes to models and inputs used for ECL calculations	71,918	1,407	137,597	**210,921**
Total movements with impact on credit loss allowance charge for the period	**146,811**	**7,833**	**448,294**	**602,938**
Movements without impact on credit loss allowance charge for the period:				
Unwinding of discount (recognised in interest revenue)	-	-	19,066	**19,066**
Write-off	-	-	(42,267)	**(42,267)**
Foreign exchange adjustments	(2,655)	(54)	(8,332)	**(11,041)**
At 30 June 2026	**325,257**	**20,750**	**778,039**	**1,124,047**

Repossessed assets. The carrying value of the assets repossessed during the period and held as at 30 June 2026 is 122,989 AMD thousand (31 December 2025: AMD 81,753 thousand).

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

In thousands of Armenian Drams	30/06/2026	31/12/2025
Construction	20,801,237	20,602,177
Food and beverages production	14,052,458	15,838,495
Agriculture	10,102,142	9,380,527
Finance leases to retail customers	8,583,810	7,145,659
Trade	10,685,081	10,245,738
Services	18,755,092	17,626,747
Manufacturing	13,781,991	12,678,316
Transportation	6,097,637	4,126,468
Hydropower plants	5,632,516	4,614,988
Manufacture of leather goods	35,758	36,962
Other	1,759,933	1,401,100
Impairment allowance	(1,124,047)	(555,350)
Net investments in finance leases	**109,163,608**	**103,141,827**

13 Property, equipment and intangible assets

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

In thousands of Armenian Drams	Land	Buildings	Leasehold improvements	Equipment	Fixtures and fittings	Motor vehicles	Software and licenses	Right-of-use assets	Total
Cost/revalued amount									
31 December 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**
Additions	-	308,359	635,241	1,625,661	424,578	845	314,445	355,287	**3,664,418**
Disposals and write-offs	-	(1,360)	(39,058)	(80,803)	(62,697)	(15,807)	(470,693)	(585,360)	**(1,255,777)**
Effect of revaluation in profit or loss	-	-	-	-	-	-	-	-	**-**
Effect of revaluation in OCI	-	-	-	-	-	-	-	-	**-**
Modification	-	-	-	-	-	-	-	291,409	**291,409**
Impairment charge to profit or loss	-	-	-	-	-	-	-	-	**-**
30 June 2026	**1,274,570**	**11,264,607**	**2,708,383**	**16,387,456**	**4,570,326**	**529,192**	**1,274,570**	**11,264,607**	**2,708,383**
Accumulated depreciation,									
amortisation and impairment	**-**	**41,258**	**765,741**	**7,152,404**	**2,430,944**	**11,525**	**5,181,106**	**3,415,460**	**18,998,438**
31 December 2025									
Depreciation charge	-	121,231	263,345	551,189	129,349	32,677	782,424	568,678	**2,448,893**
Disposals and write-offs	-	(1,360)	(141,094)	(57,332)	(42,173)	(717)	(258,782)	(47,982)	**(549,441)**
Effect of revaluation in OCI									
Modification	-								
30 June 2026	**-**	**161,129**	**887,992**	**7,646,261**	**2,518,120**	**43,485**	**5,704,748**	**3,936,155**	**20,897,890**
Net book value									
30 June 2026	**1,274,570**	**11,103,478**	**1,820,390**	**8,741,195**	**2,052,206**	**485,707**	**4,356,704**	**3,150,219**	**32,984,472**

In thousands of Armenian Drams	Land	Buildings	Leasehold improvements	Equipment	Fixtures and fittings	Motor vehicles	Software and licenses	Right-of-use assets	Total
Cost/revalued amount									
31 December 2024	1,531,165	9,889,432	1,491,240	13,650,510	4,008,910	610,657	9,309,796	6,282,550	**46,774,260**
Additions	-	29,531	620,959	2,014,695	451,918	159,055	1,356,671	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	-	395,901	684,654	6,851,549	2,443,913	143,619	4,573,031	2,567,509	**17,660,176**
31 December 2024									
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**

14 Taxation

The corporate income tax expense comprises:

In thousands of Armenian Drams	**30/06/2026**	**30/06/2026**
Current tax charge	4,022,592	4,104,948
Deferred tax credit	(156,871)	(151,510)
Income tax expense	**3,865,721**	**3,953,438**

At 30 June 2026 the applicable tax rate for current and deferred tax is 18% (2025: 18%). The effective income tax rate differs from the statutory income tax rates. A reconciliation of the income tax expense based on statutory rates with actual is as follows:

In thousands of Armenian Drams	**30/06/2026**	**30/06/2026**
Profit before income tax	**20,404,328**	**21,161,854**
Statutory tax rate	18%	18%
Theoretical income tax expense at the statutory rate	**3,672,779**	**3,809,134**
Non-deductible expenses, net	192,942	144,304
Income tax expense	**3,865,721**	**3,953,438**

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 30 June 2026 and their movements for the respective years comprise:

		Origination and reversal of temporary differences			**Origination and reversal of temporary differences**		
In thousands of Armenian Drams	**Balance 1 January 2025**	**In the statement of profit or loss**	**In other compre-hensive income**	**Balance 31 December 2025**	**In the statement of profit or loss**	**In other compre-hensive income**	**Balance 30 June 2026**
Deferred tax assets/ (liabilities)							
Cash and cash equivalents	**5,449**	(1,350)		**4,099**	(2,329)		**1,770**
Derivative financial assets	**(13,094)**	10,210		**(2,884)**	1,883		**(1,001)**
Loans and advances to banks	**(6,235)**	(23,859)		**(30,094)**	(4,699)		**(34,793)**
Investment securities	**(652,112)**	64,541	(37,550)	**(625,121)**	(120,927)	(9,064)	**(755,112)**
Loans to customers	**(537,410)**	48,705		**(488,705)**	140,340		**(348,365)**
Finance lease receivable	**70,753**	(239,657)		**(168,904)**	(7,312)		**(176,216)**
Investments in associates	**(297,377)**	(98,801)	-	**(396,178)**	91,125	-	**(305,053)**
Property, equipment, intangible and right-of-use assets	**(580,654)**	(402,022)	(345,342)	**(1,328,018)**	68,562	(56)	**(1,259,512)**
Other assets	**20,033**	20,636		**40,669**	(17,789)		**22,880**
Other borrowed funds	**723,284**	(152,729)		**570,555**	(60,101)		**510,454**
Other liabilities	**839,548**	99,970		**939,518**	68,116		**1,007,634**
Other financial instruments at amortised cost and provisions	**(77,952)**	6,281		**(71,671)**	-	-	**(71,671)**
Deferred tax liabilities, net	**(505,767)**	(668,075)	(382,892)	**(1,556,734)**	156,870	(9,120)	**(1,408,985)**

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

In thousands of Armenian Drams	**30/06/2026**	**31/12/2025**
Deferred tax assets	-	-
Deferred tax liabilities	**(1,408,985)**	**(1,556,734)**

15 Reversal of credit loss expense

The table below shows the ECL charges on financial instruments recorded in the consolidated statement of profit or loss as at 30 June 2026:

In thousands of Armenian Drams	Note	Stage 1	Stage 2	Stage 3	POCI	Total
Cash and cash equivalents	7	15,091				**15,091**
Loans and advances to banks	9	(23,045)				**(23,045)**
Debt securities at amortised cost	10	(16,336)	-	-	-	**(16,336)**
Debt securities measured at FVOCI	10	380	-	-	-	**380**
Loans to customers at amortised cost	11	(1,355,624)	(441,933)	(4,034,545)	(732)	**(5,832,834)**
Receivables from finance leases	12	(146,811)	(7,833)	(448,294)	-	**(602,938)**
Other financial assets	16	(3,307)				**(3,307)**
Guarantees and letters of credit	25	(76)	(1)	4	-	**(73)**
Loan, credit line and credit card commitments	25	(25,186)	(1,081)	(1,654)	-	**(27,922)**
Recovery from written off loans		-	-	556,027	-	**556,027**
Total reversal of credit loss expense		**(1,554,913)**	**(450,848)**	**(3,928,462)**	**(732)**	**(5,934,954)**

The table below shows the ECL charges on financial instruments recorded in the consolidated statement of profit or loss as at 30 June 2025:

In thousands of Armenian Drams	Note	Stage 1	Stage 2	Stage 3	POCI	Total
Cash and cash equivalents	7	15,638	-	-	-	**15,638**
Loans and advances to banks	9	12,425	-	-	-	**12,425**
Debt securities at amortised cost	10	(32,494)	-	-	-	**(32,494)**
Debt securities measured at FVOCI	10	5,061	-	-	-	**5,061**
Loans to customers at amortised cost	11	(252,510)	(61,541)	(1,800,567)	-	**(2,114,618)**
Receivables from finance leases	12	70,741	(26,115)	13,608	-	**58,234**
Other financial assets	16	8,836				**8,836**
Guarantees and letters of credit	25	(37)	(0)	3	-	**(34)**
Loan, credit line and credit card commitments	25	(1,786)	790	(597)	-	**(1,593)**
Recovery from written off loans		-		382,466	-	**382,466**
Total reversal of credit loss expense		**(174,125)**	**(86,867)**	**(1,405,087)**	**-**	**(1,666,079)**

16 Other assets

Other assets comprise:

In thousands of Armenian Drams	30/06/2026	31/12/2025
Other receivables	1,651,399	2,408,427
Advances paid to leased property suppliers	22,439,644	14,082,912
Impairment allowance	(18,452)	(15,145)
Total other financial assets	**24,072,591**	**16,476,194**
Differed employee compensation - staff loans	3,160,530	3,194,197
Prepayments to suppliers	1,728,941	2,248,677
VAT recoverable	1,977,058	1,345,443
Repossessed assets	1,802,811	1,913,386
Inventories	573,372	357,006
Property to be leased	682,428	352,603
Returned lease property	122,989	81,753
Other	879,455	614,239
Total other non-financial assets	**10,927,584**	**10,107,304**
Less impairment allowance	(794,185)	(794,185)
Total other assets	**34,205,990**	**25,789,313**

An analysis of changes in the ECLs for other financial assets as at 30 June 2026 is as follows:

In thousands of Armenian Drams	Stage 1	Stage 3	Total
ECL at 1 January 2026	**15,145**	**-**	**15,145**
New assets originated or redeemed (net)	3,307	-	**3,307**
Write-off	-		
At 30 June 2026	**18,452**	**-**	**18,452**

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

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

17 Deposits and balances from banks

Deposits and balances from banks include the following:

In thousands of Armenian Drams	30/06/2026	31/12/2025
Sale and repurchase agreements with other banks	4,479,983	-
Loans from International Banks	-	4,876,206
Correspondent accounts and overnight placements of other banks	647,651	672,009
Short-term placements of banks	15,023	28,345
Total deposits and balances from banks	**5,142,657**	**5,576,560**

18 Current accounts and deposits from customers

Current accounts and deposits from customers include the following:

In thousands of Armenian Drams	30/06/2026	31/12/2025
Current accounts and demand deposits		
Retail	115,480,220	109,709,134
Corporate	145,778,084	136,306,715
Unsettled transactions	4,226,822	3,381,519
Term deposits		
Retail	293,599,407	271,377,115
Corporate	121,444,868	97,743,040
Total	**680,529,401**	**618,517,523**

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

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

19 Debt securities issued

Debt securities issued consisted of the following:

In thousands of Armenian Drams	30/06/2026	31/12/2025
Domestic bonds issued	60,210,649	51,798,299
Debt securities issued	**60,210,649**	**51,798,299**

From 15 January 2026 to 30 June 2026, the Group issued AMD denominated bonds with nominal amount of AMD 20,000,000 thousand AMD and USD 10,000,000 accordingly.
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 and USD 10,000,000 accordingly.

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

	AMD	USD	Maturity date
Bonds issued in 2023	11.5%	5.0%	2026
Bonds issued in 2024	9.5%	4.5%	2026
Bonds issued in 2024	11%	6%	2029
Bonds issued in 2024	10.5%	-	2029
Bonds issued in 2025	9.5%	-	2028
Bonds issued in 2025	10%	-	2030
Bonds issued in 2025	10.5%	5.5%	2030
Bonds issued in 2026	10.5%	5.5%	2031
Bonds issued in 2026	10.3%	-	2031

20 Other borrowed funds

Other borrowed funds consisted of the following:

In thousands of Armenian Drams	30/06/2026	31/12/2025
Borrowings from international financial institutions	99,709,184	100,428,144
Borrowings from Government of Armenia	45,768,257	46,362,273
Borrowings from local financial institutions	2,422,381	2,485,094
Lease liabilities	3,568,401	3,902,296
Other borrowed funds	**151,468,223**	**153,177,807**

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

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

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

Breach of covenants. As at 30 June 2026 the Group was in compliance with all covenants.

21 Subordinated loans

As at 30 June 2026 the Group has subordinated loans with gross amount of AMD 12,408,528 thousand (2025: AMD 13,152,984 thousand). Subordinated loans include USD and EUR denominated loans with maturity from 2027 till 2031 and with interest rate from 5.8% to 8.9%.

22 Other liabilities

In thousands of Armenian Drams	30/06/2026	31/12/2025
Accounts payable	5,936,531	5,863,738
Prepayments from lessees	6,468,332	5,287,098
Payables to employees	3,669,676	5,150,438
Deferred guarantee fees	1,765,540	1,405,956
Provision for liabilities	-	-
Liabilities for pension payables	77	-
Provisions for guarantees and letters of credit	683	610
Provisions for credit-related commitments	122,807	95,748
Total other financial liabilities	**17,963,647**	**17,803,588**
Taxes payable other than on income	667,237	925,993
Payables to Deposit Guarantee fund	230,649	196,115
Other non-financial liabilities	280,274	384,285
Total other non-financial liabilities	**1,178,160**	**1,506,393**
Total other liabilities	**19,141,807**	**19,309,981**

23 Equity

Issued capital. As of 30 June 2026 the Group's share capital was AMD 89,775,000 thousand (2025: AMD 89,775,000 thousand). The authorized, issued and outstanding share capital comprises 5,985 thousand ordinary shares (2025: 5,985 thousand ordinary shares) with a par value of AMD 15,000 (2025: 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 Nov 22, 2024, the Bank's Board approved issuance and allotment of up to 485,000 common ordinary shares. This allocation was primarily intended to facilitate Proparco's participation in the Bank's equity. On May 14, 2024, the Annual General Meeting of Shareholders approved the allocation of the additional shares through closed subscription. Existing shareholders were granted a pre-emptive right to subscribe for the newly issued shares. Proparco was offered the opportunity to subscribe for any newly issued shares not subscribed to by existing shareholders under their pre-emptive rights.

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

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

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

Nature and purpose of reserves

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

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

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

Dividends. At the Shareholders’ Meeting on 27 May 2026, the Bank declared dividends in respect of the year ended 31 December 2025, totalling AMD 7,481,250 thousand (2025: AMD 6,583,500 thousand) on ordinary shares: AMD 1,250 per share (2024: AMD 1,100 per share). The dividends were paid in June 2026.
Earnings per share (EPS). Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

In thousands of Armenian Drams	**30 June 2026**	**30 June 2025**
Profit attributable to ordinary equity holders of the parent	**16,538,607**	**17,208,416**
Weighted average number of ordinary share for basic EPS	5,985,000	5,985,000
Earnings per share, Basic and diluted, attributable to equity holders of the parent, AMD	**2,763.34**	**2,875.26**

24 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 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 30 June 2026 and 31 December 2025 the Group's commitments and contingencies comprised the following:

In thousands of Armenian Drams	***30/06/2026***	**31/12/2025**
Credit related commitments		
Loan and credit line commitments, credit card commitments	32,219,402	39,106,268
Loan commitments and financial guarantees	64,036,146	57,031,566
Commitments and contingencies	**96,255,548**	**96,137,833**

An analysis of changes in the ECLs as at 30 June 2026 is as follows:

Loans and credit lines and credit card commitments *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECLs as at 1 January 2026	**86,885**	**2,276**	**6,587**	**95,748**
New exposures	18,259	-	-	**18,259**
Expired exposures	(14,657)	(803)	(2,496)	**(17,956)**
Transfers to Stage 1	35	(35)	-	**-**
Transfers to Stage 2	(237)	237	-	**-**
Transfers to Stage 3	(374)	(714)	1,089	**-**
Impact on period end ECL of exposures transferred between stages during the period	(5)	2,078	1,225	**3,298**
Changes to models and inputs used for ECL calculations	22,165	319	1,836	**24,320**
Foreign exchange adjustments	(819)	(3)	(40)	**(862)**
At 30 June2026	**111,253**	**3,354**	**8,201**	**122,808**

An analysis of changes in the ECLs during the year ended 31 December 2025 is as follows:

Loans and credit lines and credit card commitments *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECLs as at 1 January 2025	**67,633**	**1,950**	**5,972**	**75,555**
New exposures	25,939	-	-	**25,939**
Expired exposures	(19,303)	(1,348)	(1,886)	**(22,537)**
Transfers to Stage 1	135	(135)	-	**-**
Transfers to Stage 2	(405)	405	-	**-**
Transfers to Stage 3	(1,070)	(76)	1,146	**-**
Impact on period end ECL of exposures transferred between stages during the period	(92)	1,670	2,139	**3,717**
Changes to models and inputs used for ECL calculations	13,738	(190)	(779)	**12,769**
Foreign exchange adjustments	310	-	(5)	**305**
At 31 December 2025	**86,885**	**2,276**	**6,587**	**95,748**

An analysis of changes in the gross carrying value and corresponding ECL in relation to guarantees and letters of credit as at 30 June 2026 is as follows:

Guarantees and letters of credit *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying value as at 1 January 2026	**55,732,439**	**128,060**	**1,171,067**	**57,031,566**
New assets originated or purchased	36,288,190	-	-	**36,288,190**
Assets repaid	(28,484,090)	(37,880)	(725,075)	**(29,247,044)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	(124,750)	124,750	-	**-**
Transfers to Stage 3	(48,695)	-	48,695	**-**
Foreign exchange adjustments	(36,566)	-	-	**(36,565)**
At 30 June2026	**63,326,529**	**214,930**	**494,687**	**64,036,147**

Guarantees and letters of credit *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL as at 1 January 2026	**602**	**1**	**8**	**611**
Movements with impact on credit loss allowance charge for the period:				
New assets originated or purchased	445	-	-	**445**
Assets repaid	(401)	(0)	(2)	**(404)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	(1)	1	-	**-**
Transfers to Stage 3	-	-	-	**-**
Impact on period end ECL of exposures transferred between stages during the period	-	-	-	**-**
Changes to models and inputs used for ECL calculations	34	-	(3)	**31**
Foreign exchange adjustments	-	-	-	**-**
Total movements with impact on credit loss allowance charge for the period	**678**	**2**	**4**	**683**

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

Guarantees and letters of credit *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL as at 1 January 202	**412**	**1**	**8**	**421**
Movements with impact on credit loss allowance charge for the period:				
New assets originated or purchased	531	-	-	**531**
Assets repaid	(317)	-	(3)	**(320)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	-	-	-	**-**
Transfers to Stage 3	(4)	-	4	**-**
Impact on period end ECL of exposures transferred between stages during the period	-	-	-	**-**
Changes to models and inputs used for ECL calculations	(20)	-	(1)	**(21)**
Foreign exchange adjustments	-	-	-	**-**
Total movements with impact on credit loss allowance charge for the period	**602**	**1**	**8**	**611**

25 Net interest income

Net interest income comprises:

In thousands of Armenian Drams	**01/01/26-30/06/26**	**01/01/25-30/06/25**
Financial assets measured at amortized cost		
Loans to legal entities and individuals	47,275,361	39,814,150
Amounts receivable under reverse repurchase agreements	2,318,799	1,307,068
Loans and advances to banks	494,251	505,137
Other	50	50
	50,088,461	**41,626,405**
Financial assets measured at fair value through other comprehensive income		
Debt instruments	2,948,233	2,263,025
Interest revenue calculated using effective rate	**53,036,694**	**43,889,430**
Receivables from finance leases	8,010,849	6,846,915
Other interest income	13,380	40,530
Other interest revenue	**8,024,229**	**6,887,445**
Total interest revenue	**61,060,923**	**50,776,875**
Interest expense		
Current accounts and deposits from customers	15,330,688	12,715,525
Other borrowed funds and subordinated loans except lease liabilities	6,219,791	4,667,673
Debt securities issued	2,999,489	1,882,226
Amounts payable under repurchase agreements	148,487	80,506
Other	58,163	58,341
Interest expense calculated using effective interest rate	**24,756,618**	**19,404,271**
Lease liabilities	205,110	211,506
Interest expense	**24,961,728**	**19,615,777**
Net interest income	**36,099,195**	**31,161,098**

26 Net fee and commission income

Net fee and commission income comprise:

In thousands of Armenian Drams	**01/01/26-30/06/26**	**01/01/25-30/06/25**
Plastic card maintenance	6,926,977	5,996,208
Money transfers	607,478	542,395
Cash withdrawal services	224,675	173,145
Guarantee and letter of credit issuance	812,972	501,030
Commissions from lease equipment suppliers	121,822	148,709
Banking account servicing fees	362,377	311,581
Commissions for acting as an insurance agent	296,927	243,619
Other	802,507	274,067
Fee and commission income	**10,155,735**	**8,190,754**
Plastic card maintenance	4,410,998	3,810,995
Money transfers	95,747	90,518
Other	539,243	220,001
Fee and commission expense	**5,045,988**	**4,121,514**
Net fee and commission income	**5,109,747**	**4,069,240**

27 Other income

In thousands of Armenian Drams	**01/01/26-30/06/26**	**01/01/25-30/06/25**
Fines and penalties received	581	422
Dividends	2,201	1,932
Other income/expense	31,264	318,889
Total other expense/income	**34,046**	**321,243**

28 Other operating expenses

Other operating expenses comprise:

In thousands of Armenian Drams	**01/01/26-30/06/26**	**01/01/25-30/06/25**
Guarantee fees on deposit insurance fund	476,347	446,638
Software and Service Fees	310,184	115,448
Taxes other than on income	192,721	151,038
Loss on disposal of property, plant, and equipment	64,267	151,031
Financial system mediator payments	95,415	84,898
Encashment expenses	64,288	66,246
Loan collection expenses	55,910	75,470
Securities registry maintenance fee	21,580	14,556
Fines and penalties paid	16,860	203
Other	331,808	299,020
Other operating expenses	**1,629,380**	**1,404,548**

29 Other general administrative expenses

In thousands of Armenian Drams	**01/01/26-30/06/26**	**01/01/25-30/06/25**
Repairs and maintenance	664,459	681,387
Advertising and marketing	505,903	351,801
Utilities and office supplies	294,650	193,739
Other managerial expenses	182,676	200,697
Communications	244,620	213,695
Software maintenance expense	164,341	175,268
Insurance	114,404	137,714
Security	120,958	129,394
Representative expenses	128,092	109,439
Operating lease expense	49,072	16,224
Other	475,333	384,537
Other general administrative expenses	**2,944,508**	**2,593,895**

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

In thousands of Armenian Drams	**01/01/26-30/06/26**	**01/01/25-30/06/25**
Impairment charge for repossessed assets	-	-
Charge for other impairment and provisions	**-**	**-**

31 Risk management

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

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

Risk identification: Risk identification is a continuous process within the Group and is achieved through regular assessments of risks, ongoing monitoring of portfolios, assessment of risks in new business activities and processes, assessment of risks in complex and unusual business transactions and the regular monitoring of the overall risk profile.

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

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

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

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

The Bank's Risk management structure.

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

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

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

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

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

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

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

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

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

Credit risk

Credit risk arises from the failure of one party to fulfil its financial obligations to another party. The credit risk can appear by the following forms:
- A debtor fails to pay interest or principal on a loan (bankruptcy risk or default risk)
- An obligor or counterparty is downgraded (downgrade risk), indicating an increase in risk that may lead to an immediate loss in value of a credit-linked security: and
- A counterparty to a market trade fails to perform (counterparty risk), including settlement.

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

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

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

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

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

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

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

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

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

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

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

PD	The Probability of Default (PD) represents an estimation of the likelihood of default occurring within a defined time horizon. Default may occur at any point within the assessed period if the facility remains in the portfolio and has not been derecognized previously.
EAD	The Exposure at Default (EAD) is an estimation of the exposure at a future default date, considering anticipated changes in exposure post-reporting date. This includes scheduled or unscheduled repayments of principal and interest, expected drawdowns on committed facilities, and accrued interest resulting from missed payments.
LGD	The Loss Given Default (LGD) represents an estimation of the loss arising in the event of default at a specific time. It is determined by comparing the contractual cash flows due with those expected to be received by the lender, considering any collateral realization or future expected recoveries. Typically, LGD is expressed as a percentage of the Exposure at Default (EAD).

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LT ECL). In case there has been no significant increase in credit risk since financial instrument origination the allowance is based on the 12 months' expected credit loss. The 12m ECL is the part of the LT ECL that represents the ECLs that could arise from financial instrument default events within a year of the reporting date. LT ECL and 12m ECL are computed either individually or collectively, depending on the nature of the underlying portfolio of financial instruments.

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

Stage 1:	When loans are first recognised, the Group recognises an allowance based on 12m ECL. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.
Stage 2:	When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LT ECL. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.
Stage 3:	Loans considered credit impaired.
POCI:	Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original

recognition and interest revenue is subsequently recognised based on a credit-adjusted EIR. ECL are only recognised or released to the extent that there is a subsequent change in the lifetime expected credit losses.

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

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

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

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

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

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

Loans to customers

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

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

PD estimation process

Treasury and interbank relationships. The Group's treasury and interbank relationships and counterparties comprise financial services institutions, banks, broker-dealers, exchanges and clearing-houses. For these relationships, the Group's financial risks management division analyses publicly available information such as financial information and other external data, e.g., the external ratings.

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

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

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

Loss given default. The Group uses historical information on recoveries after the default date for all defaulted loans for LGD calculation purposes. For the purposes of LGD rate calculation the initial bucketing used for PD PIT estimation is further sub-bucketed based on the type of collateral. All cash flow information is collected after the default date per LGD bucket. For recently defaulted loans the possible recoveries are evaluated based on the development factor estimated from the population of earlier defaulted loans. Any changes in the collection policy are considered in this scope. The overall recoveries are further discounted to the default point using the average effective interest rate of each LGD bucket. Cash flow information includes all kind of cash received from defaulted loans (cash received from repayment of loans, cash received from guarantor, cash received from sale of collateral, etc.).

Significant increase in credit risk. The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument’s credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The objective criterion used by the Group is the information on overdue days of the loans. The Group concludes that there is a significant increase in credit risk of the assets, when payments related to that assets of the borrower are past due for more than 30 days.

The Bank’s management also considers the following factors to determine whether there is an increase in credit risk:

- Overdue days of the borrower in other financial institutions in Armenia;
- Overdue days of the predefined affiliated parties;
- Significant difficulties in the financial conditions of the borrower;
- Renegotiation of the loan terms resulting from deterioration of the borrower’s financial position;
- The outcome of the financial monitoring of the borrower’s activity.

Forward-looking information and multiple economic scenarios

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

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.

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

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

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

To limit funding liquidity risk, management diversifies funding sources in addition to its core deposit base. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure additional funding if required.

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

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

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

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

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

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

30 June 2026	AMD	I group currency*	II group currency**	Total
Assets				
Cash and cash equivalents	44,819,324	36,318,255	5,864,779	**87,002,358**
Derivative financial assets	128,753	625	-	**129,378**
Loans and advances to banks	44,129,094	43,235,031	1,277,545	**88,641,669**
Investment securities	65,606,535	15,093,672	-	**80,700,207**
Loans to customers	561,395,268	140,084,052	129,339	**701,608,661**
Receivables from finance leases	82,938,014	26,225,593	-	**109,163,608**
Other financial assets	12,063,100	11,327,370	682,121	**24,072,591**
Total	**811,080,088**	**272,284,598**	**7,953,784**	**1,091,318,470**
Liabilities				
Deposits and balances from banks	16,023	646,651	4,479,983	**5,142,657**
Derivative financial liabilities	243,750	-	-	**243,750**
Current accounts and deposits from customers	495,237,304	181,837,141	3,454,956	**680,529,401**
Debt securities issued	46,350,716	13,859,933	-	**60,210,649**
Other borrowed funds	87,826,350	63,641,873	-	**151,468,223**
Other liabilities	16,787,120	1,167,574	8,953	**17,963,647**
Subordinated loans	-	12,408,528	-	**12,408,528**
Total	**646,461,262**	**273,561,700**	**7,943,892**	**927,966,854**
Net position	**164,618,826**	**(1,277,102)**	**9,892**	**163,351,616**

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

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

32 Fair value measurements

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

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

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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

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

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

In thousands of Armenian Drams	**Fair value measurement using**			
At 30 June 2026	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Assets and liabilities measured at fair value				
Financial instruments at fair value through profit or loss				
Derivative financial assets	-	129,378	-	**129,378**
Equity instruments	3,323,609	-	-	**3,323,609**
Financial assets at fair value through other comprehensive income				
Debt instruments	-	7,473,719	-	**7,473,719**
Equity instruments	398,048	-	-	**398,048**
Non-financial assets				
Property and equipment −land and buildings, motor vehicles	-	-	12,863,756	**12,863,756**
Assets for which fair values are disclosed				
Cash and cash equivalents	29,196,057	57,806,301	-	**87,002,358**
Loans and advances to banks	-	39,108,316	49,533,354	**88,641,670**
Debt securities at amortised cost	-	69,504,831	-	**69,504,831**
Receivables from finance leases	-	-	109,163,608	**109,163,608**
Other financial assets	-	-	24,072,591	**24,072,591**
Loans to customers	-	-	701,608,661	**701,608,661**
Liabilities for which fair values are disclosed				
Current accounts and deposits from customers	-	261,258,304	419,271,097	**680,529,401**
Debt securities issued	-	60,210,649	-	**60,210,649**
Deposits and balances from banks	-	5,127,634	15,023	**5,142,657**
Subordinated loans	-	-	12,408,528	**12,408,528**
Other borrowed funds	-	-	151,468,223	**151,468,223**
Other financial liabilities	**-**	-	17,963,647	**17,963,647**

In thousands of Armenian Drams	**Fair value measurement using**			
At 31 December 2025	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Assets and liabilities measured at fair value				
Financial instruments at fair value through profit or loss				
Derivative financial assets	-	35,996	-	**35,996**
Equity instruments	3,521,820	-	-	**3,521,820**
Financial assets at fair value through other comprehensive income				
Debt instruments	-	3,314,315	-	**3,314,315**
Equity instruments	398,796	-	-	**398,796**
Non-financial assets				
Property and equipment −land and buildings, motor vehicles	-	-	12,723,550	**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**

As at 30 June 2026 the estimated fair values of all financial instruments approximate their carrying values.

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

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Fair value measurement of non-financial assets

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

Land and Buildings

The fair values of the office Land and buildings are estimated using income and market approaches. The income approach has been applied capitalizing the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions in similar properties. When actual rent differs materially from the estimated rents, adjustments have been made to the estimated rental value. The estimated rental stream takes into account current occupancy level, the terms of in-place leases and expectations for rentals from future leases over the remaining economic life of the buildings.

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

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

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

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

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

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

33 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.

30 June 2026 *In thousands of Armenian Drams*	**Non-performing / overdue**	**time**	**demand and up to 1 month**	**from 1 to 3 months**	**from 3 to 12 months**	**from 1 to 5 years**	**more than 5 years**	**No term**	**Total**
Financial assets									
Cash and cash equivalents			87,002,358						**87,002,358**
Derivative financial assets			129,378						**129,378**
Loans and advances to banks			47,861,525	-	-	-	-	40,780,145	**88,641,669**
Investment securities			2,806,959	3,877,017	27,492,257	37,384,388	5,417,929	3,721,657	**80,700,207**
Loans to customers	1,869,955	13,755,278	17,454,120	37,237,877	164,696,647	355,370,884	111,223,898	-	**701,608,661**
Receivables from finance leases	127,424	1,186,676	5,637,216	7,028,666	28,819,836	59,694,443	6,669,347	-	**109,163,608**
Other assets	-	-	24,072,591	-	-	-	-	-	**24,072,591**
Total	1,997,379	14,941,954	184,964,147	48,143,559	221,008,740	452,449,716	123,311,174	44,501,802	**1,091,318,470**
Financial liabilities									
Deposits and balances from banks			5,142,657	-	-	-	-	-	**5,142,657**
			243,750						**243,750**
Current accounts and deposits from customers			292,778,187	53,494,644	217,235,415	114,188,931	2,832,223	-	**680,529,401**
Debt securities issued − domestic bonds issued			-	1,499,224	3,016,940	55,694,485	-	-	**60,210,649**
Other borrowed funds			5,477,011	4,403,824	18,016,863	77,169,567	46,400,958	-	**151,468,223**
Other financial liabilities			-	17,963,647	-	-	-	-	**17,963,647**
Subordinated loans			-	71,364	1,712,191	11,702,581	(1,077,608)	-	**12,408,528**
Total			303,641,606	77,432,703	239,981,409	258,755,564	48,155,572	-	**927,966,854**
Net Liquidity GAP	**1,997,379**	**14,941,954**	**(118,677,458)**	**(29,289,144)**	**(18,972,669)**	**193,694,151**	**75,155,602**	**44,501,802**	**163,351,616**
Cumulative Liquidity GAP			**(101,738,126)**	**(131,027,270)**	**(149,999,939)**	**43,694,213**	**118,849,814**	**163,351,616**	

31 December 2025 *In thousands of Armenian Drams*	**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**	

34 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:

	30/06/2026			**31/12/2025**		
In thousands of Armenian Drams	**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	**5,717,827**	**2,497,725**	**-**	**2,230,251**	**1,634,775**	**-**
Loans issued during the year	227,654	135,069	-	4,854,732	1,474,616	-
Loan repayments during the year	(454,894)	(430,460)	-	(1,367,156)	(609,425)	-
Other movements	-	(1,973)	-	-	(2,241)	-
Loans outstanding at the end of reporting period, gross	**5,490,586**	**2,200,361**	**-**	**5,717,827**	**2,497,725**	**-**
Less: allowance for impairment	(9,301)	(28,207)	-	(6,383)	(21,523)	-
Loans outstanding at the end of reporting period, net	**5,481,286**	**2,172,154**	**-**	**5,711,443**	**2,476,202**	**-**
Weighted average effective interest rate for loans	8.5%	8.4%	-	8.5%	7.9%	-
Deposits at 1 January	**-**	**2,875,023**	**3,576,292**	**700,424**	**1,447,996**	**2,676,335**
Deposits received during the year	-	995,157	1,448,625	1,970,829	5,011,948	3,266,631
Deposits repaid during the year	-	(480,693)	(3,114,868)	(2,671,253)	(3,547,469)	(2,366,881)
Other movements	-	(43,586)	(280)	-	(37,452)	207
Term deposits at the end of reporting period	**-**	**3,345,901**	**1,909,769**	**-**	**2,875,023**	**3,576,292**

35 Investments in associates

The Group has an interest in Amundi-Acba Asset management CJSC where the Group owns 49% of shares (31 December 2025: 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 30 June 2026 the carrying value of the investment comprised AMD 2,086,739 thousand (2025: AMD 2,592,986 thousand).

The summarised financial information of material associates is presented below

In thousands of Armenian Drams	**30/06/2026**	**31/12/2025**
Total assets	5,136,604	6,323,161
Total liabilities	877,952	1,031,352
Net assets	**4,258,652**	**5,291,809**
Group's share in net assets	**2,086,739**	**2,592,986**

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

In thousands of Armenian Drams	**30/06/2026**	**31/12/2025**
Profit for the year	**1,120,799**	**1,658,322**
Other comprehensive income/(loss)	33,297	102,459
Total comprehensive income for the year	**1,154,096**	**1,760,781**

The Group received dividends in amount of AMD 1,660,343 thousand for the year ended 31 December 2025 (2024: AMD 1,211,887 thousand).

36 Capital adequacy

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

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, or issue shares. No changes were made in the objectives, policies and processes from the previous year.

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

The Group defines as capital those items defined by statutory regulation as capital for credit institutions. Under the current capital requirements set by the Central Bank of Armenia, which are based on Basle Accord principles, banks have to maintain a ratio of capital to risk weighted assets (statutory capital ratio) above the prescribed minimum level. As at 30 June 2026 this minimum level was 11% (31 December 2025: 11%). The Group is in compliance with the statutory capital ratio as at 30 June 2026 and 31 December 2025.

The following table shows the composition of the capital position calculated in accordance with regulation of Central Bank of Armenia, with subsequent amendments including the amendment to incorporate market risks, as at 30 June 2026 and 31 December 2025:

In thousands of Armenian Drams	**30 June 2026(unaudited)**	**31 December 2025(unaudited)**
Tier 1 Capital	185,892,677	175,840,275
Tier 2 Capital	18,105,590	23,257,523
Total capital	**203,998,267**	**199,097,798**
Total risk weighted assets	**933,175,646**	**859,582,232**
Total capital expressed as a percentage of risk-weighted assets (total capital ratio)	**21.86%**	**23.16%**

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

37 Events after the reporting date

There are no any significant events that occurred after the reporting period or as of the report's date that should be mentioned in this document.

38 Key terms explained

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