

Fast Bank CJSC

Financial statements

For the period ended 31 December 2025

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Independent auditor's report

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Statement of financial position**For the period ended 31 December 2025***(thousands of Armenian Drams)*

	<i>Notes</i>	<i>31/12/2025</i>	<i>31/12/2024</i>
Assets			
Cash and cash equivalents	5	25,070,201	17,055,836
Amounts due from banks	6	10,543,640	2,692,448
Amounts receivable under reverse repurchase agreements	7	5,915,403	6,361,803
Investment securities	8	28,187,502	13,150,593
Investment securities pledged under repurchase agreements	8	0	8,671,386
Loans to customers	9	327,306,768	211,265,597
Finance lease receivables	10	10,182,108	7,236,002
Property, equipment and right-of-use assets	11	7,336,506	5,676,256
Intangible assets	12	2,665,865	2,062,421
Other Assets	15	5,681,554	3,178,072
Total assets		422,889,547	277,350,414
Liabilities			
Derivative financial liabilities	7	—	—
Amounts due to customers	16	247,968,726	147,776,359
Amounts due to banks	17	20,315,548	17,160,007
Debt securities issued	18	28,518,084	13,652,511
Other borrowed funds	19	19,558,648	14,162,383
Subordinated loans	19	12,144,529	7,953,206
Lease liability	20	3,414,670	2,625,463
Current income tax liabilities		0	735,693
Deferred tax liabilities	13	3,335,874	1,804,725
Other liabilities	21	3,895,361	2,134,796
Total liabilities		339,151,440	208,005,143
Equity			
Share capital	22	46,100,221	40,100,200
Retained earnings		37,370,739	29,368,402
Revaluation reserve for investment securities	22	267,147	(123,333)
Total equity		83,738,107	69,345,270
Total equity and liabilities		422,889,547	277,350,413

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

Executive Director

Garegin Darbinyan

Chief Accountant

Tatul Tamrazyan

15 January, 2026



Statement of profit or loss and other comprehensive income
For the period ended 31 December 2025
(thousands of Armenian Drams)

	01/10/2025- 31/12/2025	01/01/2025- 31/12/2025	01/01/2024- 31/12/2024	01/01/2024- 31/12/2024
Interest revenue calculated using effective interest rate	12,967,765	43,342,674	7,709,059	23,909,932
Other interest revenue	361,108	1,343,700	260,461	738,257
Interest expense	(6,556,274)	(21,476,658)	(3,486,501)	(9,193,071)
Net interest income	6,772,599	23,209,716	4,483,019	15,455,118
Reversal of credit loss expense/ (Credit loss expense)	715,438	(1,831,058)	(286,577)	(433,433)
Net interest income after credit loss expense	7,488,037	21,378,658	4,196,442	15,021,685
Fee and commission income	455,242	1,273,319	164,260	539,631
Fee and commission expense	(196,161)	(594,084)	(101,935)	(314,738)
Net gain/(loss) from financial instruments at fair value through profit or loss	0	0	8,5200	16,050
<i>Net gain/(loss) from foreign currencies</i>	410,568	1,331,771	336,077	889,198
- dealing	391,945	1,228,631	440,138	1,179,273
- translation difference	18,623	103,140	(104,061)	(290,075)
Other income	102,400	351,907	115,595	173,409
Non-interest income	772,049	2,362,913	522,517	1,271,450
Personnel expenses	(3,074,307)	(8,739,916)	(1,827,046)	(5,945,751)
Depreciation and amortisation	(434,239)	(1,583,771)	(374,114)	(1,163,200)
Other operating expenses	(1,388,589)	(3,662,380)	(1,098,933)	(2,848,083)
Non-interest expense	(4,897,135)	(13,986,067)	(3,300,093)	(9,957,034)
Profit before income tax expense	3,362,951	9,755,504	1,418,866	6,336,101
Income tax expense	(585,460)	(1,753,167)	(409,099)	(1,284,175)
Profit for the period	2,777,492	8,002,337	1,009,767	5,051,925
Other comprehensive income				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
Net change in fair value of debt instruments at fair value through other comprehensive income	314,588	462,028	(18,906)	427,662
Net change in fair value of corporate shares				26,420
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income	30,829	29,448	(20,478)	(77,762)
Income tax relating to components of other comprehensive income	(62,175)	(88,466)	7,089	(62,982)
Net other comprehensive income/ (loss) to be reclassified to profit or loss in subsequent periods	283,242	403,011	(32,295)	308,582
Other comprehensive income/ (loss) for the period, net of tax	283,242	403,011	(32,295)	308,582
Total comprehensive income for the period	3,060,733	8,405,348	977,473	5,360,507

Statement of changes in equity**For the period ended 31 December 2025***(thousands of Armenian Drams)*

	<i>Share capital</i>	<i>Revaluation reserve for investment securities</i>	<i>Retained earnings</i>	<i>Total equity</i>
Balance as at 1 January 2024	30,100,000	(431,915)	24,316,477	53,984,562
Total comprehensive income				
Profit for the period	0	0	5,051,925	5,051,925
Other comprehensive (loss)/gain for the period	0	308,583	0	308,583
Total comprehensive income for the period	0	308,583	5,051,925	5,360,508
Addition in statutory capital	10,000,200			10,000,200
Dividends paid to shareholders of the Bank				
Balance as at 30 September 2024	40,100,200	(123,332)	29,368,402	69,345,270
Balance as at 1 January 2025	40,100,200	(123,332)	29,368,402	69,345,270
Profit for the period	0	0	8,002,337	8,002,337
Other comprehensive income/(expense) for the period		390,479	-	390,479
Total comprehensive income for the period	-	390,479	8,002,337	8,392,817
Addition in statutory capital				
Dividends paid to shareholders of the Bank				
Balance as at 30 September 2025	46,100,221	267,147	37,370,739	83,738,107

The accompanying notes from 1 to 33 are an integral part of these financial statements.

Statement of cash flows**For the period ended 31 December 2025***(thousands of Armenian Drams)*

	<i>01/01/2025- 31/12/2025</i>	<i>01/01/2024- 31/12/2024</i>
Cash flows from operating activities		
Interest received	41,969,565	23,628,896
Interest paid	(13,662,361)	(6,225,542)
Fees and commissions received	1,250,327	534,059
Fees and commissions paid	(571,760)	(290,381)
Net receipts from foreign exchange	1,228,631	1,179,273
Salary and other equivalent payments	0	5,963
Other operating expenses paid	(8,069,187)	(5,673,243)
Other operating income received	(4,792,681)	(2,313,228)
Cash flows from changes in operating assets and liabilities	17,352,536	11,014,828
<i>Increase/decrease in operating assets</i>		
Amounts received under reverse repurchase agreements	480,370	(6,463,696)
Loans to customers	(118,294,372)	(122,541,844)
Finance lease to customers	(2,638,386)	(7,074,581)
Amounts due from banks	(7,851,192)	(1,748,761)
Other assets	(8,885,454)	(1,397,097)
<i>Increase/(decrease) in operating liabilities</i>	(8,350,210)	5,396,961
Amounts payable under repurchase agreements	98,156,628	110,411,684
Amounts due to customers	0	(22,013)
Other liabilities	13,318,151	(12,528)
Net cash flows from operating activities before income tax	(16,711,931)	(12,437,047)
Income tax paid	(1,976,148)	(2,068,159)
Net cash from operating activities	(18,688,079)	(14,505,206)
Cash flows from investing activities		
Purchases of investment securities	(20,755,669)	(18,745,272)
Sale and repayment of investment securities	14,175,769	6,307,000
Purchase of property and equipment	(1,156,584)	(847,794)
Proceeds from sale of property and equipment	24,155	4,377
Purchase of intangible assets	(298,911)	(1,066,555)
Net cash from investing activities	(8,011,240)	(14,348,244)
Cash flows from financing activities		
Shareholders' contributions to the authorized capital	0	10,000,200
Proceeds from banks	92,281,572	26,301,320
Repayment of loans from banks	(80,288,382)	(22,498,848)
Proceeds from bonds issued	15,971,593	8,701,212
Redemption of bonds issued	(1,703,140)	(1,083,344)
Proceeds from other borrowed funds	7,617,381	7,549,195
Repayment of other borrowed funds	(2,350,692)	(1,378,358)
Proceeds from subordinated loans	10,500,000	7,892,600
Lease payments	(7,027,678)	0
Net cash from financing activities	(238,139)	(265,118)
Effect of exchange rates changes on cash and cash equivalents	(28,104)	(292,540)
Effect of expected credit losses on cash and cash equivalents	(20,727)	(1,145)
Net increase/(decrease) in cash and cash equivalents	8,014,365	6,071,724
Cash and cash equivalents, beginning	17,055,836	10,984,112
Cash and cash equivalents, ending	25,070,201	17,055,836

1. Principal activities

a) Organisation and operations

Fast Bank CJSC (the “Bank”) former Fast Credit UCO CJSC, was established in the Republic of Armenia as a closed joint stock company in October 2011. The organization received a credit organization license in 14 October 2011. Having more than 30 years of experience in the financial sector, with the goal of becoming a bank, the organization has actively implemented large-scale transformational measures in recent years in the direction of financial, human resource integration, as well as risk management. According to the decision of the Central Bank of RA on 9 November 2022, Fast Credit Capital UCO CJSC received a banking activity license and henceforth is known as Fast Bank CJSC. The activity of the Bank is regulated by the Central Bank of Armenia (the CBA). The Bank is a member of the state deposit insurance system in the Republic of Armenia.

As of 31 December 2025, the Bank has around 1,361 employees (31 December 2024: 1,096 employees).

The Bank accepts deposits from the public and extends credit, transfers payments in Armenia and abroad, exchanges currencies and provides other banking services to its commercial and retail customers. Its main office is in Yerevan and the Bank’s registered legal address is 32/6 G. Hovsepyan Street, Nork-Marash, Yerevan 0047, Republic of Armenia.

As of 31 December, the shareholders of the Bank are:

Shareholder	2025 %	2024 %
Vahe Badalyan	50%	50%
Vigen Badalyan	50%	50%
Total	100%	100%

b) Armenian business environment

The Bank’s operations are primarily located in Armenia. Consequently, the Bank is exposed to the economic and financial markets of Armenia which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Armenia. Additionally, the breakout of armed conflict in Nagorno-Karabakh in September 2020 followed by cease-fire arrangement over disputed Nagorno-Karabakh territories has led to a social unrest in Armenia. In spite of the existence of the cease fire arrangement, the military forces of Armenia and Azerbaijan have been engaged in border conflict, which has also increased the level of uncertainty in the business environment.

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

The financial statements reflect management’s assessment of the impact of the Armenian business environment on the operations and the financial position of the Bank. The future business environment may differ from management’s assessment.

2. Basis of preparation

(a) Statement of compliance

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as developed and published by the International Accounting Standards Board (“IASB”), and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

(b) Basis of measurement

The financial statements are prepared on the historical cost basis except that investment securities at fair value through other comprehensive income (FVOCI) and derivative financial instruments are stated at fair value.

(c) Functional and presentation currency

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

The Armenian dram is also the presentation currency of these financial statements. As at 31 December 2025 and 31 December 2024, the official exchange rates of the Central Bank of the Republic of Armenia were AMD 381.36 and AMD 396.56 per US dollar, AMD 449.01 and AMD 413.89 per euro, and AMD 4.87 and AMD 3.71 per Russian ruble, respectively.

Financial information presented in AMD is rounded to the nearest thousand.

2. Basis of preparation (continued)**(d) Voluntary change in accounting policies**

The Bank changed its accounting policy to present its statement of cash flows. Starting from the annual period ended 31 December 2023, the Bank presents cash flows from operating activities using direct method, as opposed to indirect method applied in prior periods. Under direct method, the Bank discloses major classes of gross cash receipts and gross cash payments arising from operating activities. The Bank considers direct method of presentation of cash flows from operating activities to provide more relevant and reliable information to the users of financial statements, as it may be more useful in estimating future cash flows of the Bank. Comparative statement of cash flows for the year ended 31 December 2022 was represented to comply with the new presentation.

3. Summary of accounting policies**a) Changes in accounting policies****New and amended standards and interpretations**

The Bank applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated). The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. With exception of amendments to IAS 1 and IFRS Practice Statement 2 as disclosed in this Note, no other standard or amendment affected the Bank's financial statements:

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Bank's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Bank's financial statements.

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts (IFRS 17) is effective for reporting periods beginning on or after 1 January 2023. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. Limited scope exceptions apply.

Other than the exceptions outlined below, the Bank has not identified contracts that result in the transfer of significant insurance risk, and therefore it has concluded that IFRS 17 does not have a material impact on the financial statements for the year ended 31 December 2023.

As part of this determination, the Bank assessed credit cards and similar products that include insurance coverage. IFRS 17 excludes from its scope credit card contracts (and other similar contracts that provide credit or payment arrangements) that meet the definition of an insurance contract if, and only if, the entity does not reflect an assessment of the insurance risk associated with an individual customer in setting the price of the contract with that customer. The Bank has determined that insurance risk associated with an individual customer has not been assessed in setting the price of the contracts as these products are offered at the same price to all applicants, and therefore they are exempt from IFRS 17.

For loan contracts that meet the definition of an insurance contract but limit the compensation for insured events to the amount otherwise required to settle the policyholder's obligation created by the contract, e.g., a loan with waiver on death, there is a choice to apply either IFRS 9 or IFRS 17 to such contracts. This choice is made at a portfolio level and is irrevocable. The Bank has made an irrevocable choice to apply IFRS 9 to each portfolio of these products.

Other amendments and interpretations apply for the first time in 2023, but do not have an impact on the Bank's financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Bank's financial statements.

3. Summary of accounting policies (continued)

a) Changes in accounting policies (continued)

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- ▶ A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- ▶ Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

In periods in which Pillar Two legislation is (substantively) enacted but not yet effective, the amendment requires disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes including both qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. For example:

- a) Qualitative information such as how an entity is affected by Pillar Two legislation and the main jurisdictions in which exposures to Pillar Two income taxes might exist, and
- b) Quantitative information such as:
 - ▶ An indication of the proportion of an entity's profits that might be subject to Pillar Two income taxes and the average effective tax rate applicable to those profits; or
 - ▶ An indication of how the entity's overall effective tax rate would have changed if Pillar Two legislation had been effective.

Once the legislation is effective, additional disclosures are required for the current tax expense related to Pillar Two income taxes. The requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The Bank has reviewed its corporate structure in light of the introduction of Pillar Two Model Rules in the various jurisdictions in which it operates. The Bank has determined that it will not be subject to Pillar Two taxes once the legislation becomes effective since its effective tax rate is above 15% in all the jurisdictions in which it operates. Therefore, as the related Pillar Two disclosures are not required, the amendments will have no impact on the Bank's financial statements at 31 December 2023.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

b) Significant accounting policies

In accordance with the amendments to IFRSs Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 that became effective on 1 January 2023, the Bank revised its disclosure of accounting policies. The revised material accounting policy information focuses on how the Bank has applied the requirements of the IFRSs to its own circumstances and includes largely items where the Bank chose an accounting policy from one or more options permitted by IFRSs, items subject to significant judgments or estimates, and excludes information that only duplicates or summarizes the requirements of IFRSs, as well as accounting policies about immaterial matters.

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

Foreign currency transactions

Transactions in foreign currencies are translated to AMD at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to AMD at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Gains and losses resulting from the translation of foreign currency transactions are recognized in the statement of profit or loss as gains less losses from foreign currencies – translation differences.

3. Summary of accounting policies (continued)

(b) Significant accounting policies (continued)

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.

Interest

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- ▶ The gross carrying amount of the financial asset; or
- ▶ The amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount

The ‘amortised cost’ of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The ‘gross carrying amount of a financial asset’ measured at amortised cost is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date amortisation of the hedge adjustment begins.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

For information on when financial assets are credit-impaired, see Note 3(b)(ii).

Presentation

Interest income calculated using the effective interest method presented in the statement of profit or loss and other comprehensive income includes:

- ▶ Interest on financial assets measured at amortised cost;
- ▶ Interest on debt instruments measured at FVOCI.

Interest expense presented in the statement of profit or loss and other comprehensive income includes financial liabilities measured at amortised cost.

3. Summary of accounting policies (continued)

(b) Significant accounting policies (continued)

Fees and commission

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

A contract with a customer that results in a recognised financial instrument in the Bank's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Bank first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

Financial assets and financial liabilities

Financial assets

i. Classification

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- ▶ The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- ▶ 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;
- ▶ The details of these conditions are outlined below.

The Bank's financial assets at amortised cost include cash and cash equivalents, loans to customers and amounts due from banks.

Business model assessment

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

The information considered includes:

- ▶ The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- ▶ How the performance of the portfolio is evaluated and reported to the Bank's management;
- ▶ The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- ▶ How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- ▶ The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

3. Summary of accounting policies (continued)

(b) Significant accounting policies (continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- ▶ Contingent events that would change the amount and timing of cash flows;
- ▶ Leverage features;
- ▶ Prepayment and extension terms;
- ▶ Terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- ▶ Features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

The Bank measures debt instruments at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- ▶ The instrument is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- ▶ 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.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest revenue and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the asset.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in other comprehensive income. Cumulative gains and losses recognised in other comprehensive income are transferred to retained earnings on disposal of an investment.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

Financial liabilities

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

Reclassification

Financial liabilities are not reclassified subsequent to their initial recognition.

3. Summary of accounting policies (continued)

(b) Significant accounting policies (continued)

ii. Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- ▶ The rights to receive cash flows from the asset have expired;
- ▶ The Bank has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; and
- ▶ The Bank either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Bank has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Bank’s continuing involvement is the amount of the transferred asset that the Bank may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Bank’s continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

iii. Repurchase and reverse repurchase agreements

Repurchase agreements (“repo”) are treated as secured financing transactions. Securities sold under sale and repurchase agreements are retained in the statement of financial position and, in case the transferee has the right by contract or custom to sell or repledge them, reclassified as securities pledged under sale and repurchase agreements. 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 credit institutions or loans and advances 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.

If assets purchased under an argument to resell are sold to third parties, the obligation to return them is recorded at fair value as a trading liability and measured at fair value.

iv. Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The right of set-off must not be contingent on a future event and must be legally enforceable in all of the following circumstances:

- ▶ The normal course of business;
- ▶ The event of default; and
- ▶ The event of insolvency or bankruptcy of the entity and all of the counterparties.

These conditions are not generally met in master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

3. Summary of accounting policies (continued)

(b) Significant accounting policies (continued)

v. Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different (referred to as 'substantial modification'), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- ▶ Fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- ▶ Other fees are included in profit or loss as part of the gain or loss on derecognition.

Changes in cash flows on existing financial assets or financial liabilities are not considered as modification, if they result from existing contractual terms, e.g. changes in interest rates initiated by the Bank due to changes in the CBA key rate, if the loan agreement entitles the Bank to do so.

The Bank performs a quantitative and qualitative evaluation of whether the modification is substantial, i.e. whether the cash flows of the original financial asset and the modified or replaced financial asset are substantially different. The Bank assesses whether the modification is substantial based on quantitative and qualitative factors in the following order: qualitative factors, quantitative factors, combined effect of qualitative and quantitative factors. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset deemed to have expired. In making this evaluation the Bank analogizes to the guidance on the derecognition of financial liabilities.

The Bank concludes that the modification is substantial as a result of the following qualitative factors:

- ▶ Change the currency of the financial asset;
- ▶ Change in collateral or other credit enhancement;
- ▶ Change of terms of financial asset that lead to non-compliance with the SPPI criterion.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases. The Bank further performs qualitative evaluation of whether the modification is substantial.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest method.

For fixed-rate loans, where the borrower has an option to prepay the loan at par without significant penalty, the Bank treats the modification of an interest rate to a current market rate using the guidance on floating-rate financial instruments. This means that the effective interest rate is adjusted prospectively.

Financial liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

Bank performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors.

3. Summary of accounting policies (continued)

(b) Significant accounting policies (continued)

The Bank concludes that the modification is substantial as a result of the following qualitative factors:

- ▶ Change the currency of the financial liability;
- ▶ Change in collateral or other credit enhancement;
- ▶ Inclusion of conversion option;
- ▶ Change in the subordination of the financial liability.

For the quantitative assessment the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'Credit loss expense' in the statement of profit or loss and other comprehensive income.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

Loans to customers

'Loans to customers' caption in the statement of financial position include loans to customers measured at amortised cost they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

Finance lease receivables and finance lease income recognition

The inception of the lease is the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease. As of this date:

- ▶ A lease is classified as a finance lease; and
- ▶ The amounts to be recognised at the commencement of the lease term are determined.

The commencement of the lease is the date from which the lessee is entitled to exercise its right to use the leased asset. It is the date of initial recognition of the lease (i.e. the recognition of the assets, liabilities, income or expenses resulting from the lease, as appropriate).

Upon commencement of a finance lease, the Bank recognises the net investment in the leases, which is the minimum lease payments receivable discounted at the interest rate implicit in the lease. The difference between the gross investment and its present value is recorded as unearned finance lease income.

Finance lease income is recognised based on a pattern reflecting a constant periodic rate of return on the net investment in respect of the finance lease. Initial direct costs are included in the initial measurement of the lease receivables.

Investment securities

The 'investment securities' caption in the statement of financial position includes government bonds of Republic of Armenia measured at FVOCI and local companies' equity shares measured at FVOCI.

3. Summary of accounting policies (continued)

(b) Significant accounting policies (continued)

Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost comprises purchase price including import duties, non-refundable taxes and other directly attributable costs, as well as all the expenses incurred for bringing the assets to the working state and location needed for their purposeful use. Exploitation and preproduction expenses are not included in the cost of property and equipment.

Where an item of property and equipment comprises, major components having different useful lives, they are accounted for as separate items of property and equipment.

Subsequent expenditure on the property and equipment is capitalized when it is probable that future economic benefits associated with the item will flow to the entity at more amount than anticipated. Repairs and maintenance is recognized in the statement of profit or loss during the period in which they are incurred. The depreciable amount of an asset shall be allocated on a systematic basis over its useful life.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. Land is not depreciated. The estimated useful lives are as follows:

– Buildings	20 years
– computers and communication equipment	1-8 years
– motor vehicles	8 years
– fixtures, fittings and other	8 years

Repossessed assets

The Bank recognizes repossessed assets in the statement of financial position when it has the full and final settlement rights to the collateral.

Repossessed assets are measured at the lower of the carrying amount and the fair value less costs to sell. At initial recognition repossessed assets are measured based on the carrying value of the defaulted loan, including expenditure

incurred in the process of collateral foreclosure. Fair value less costs to sell is the estimated selling price of the collateral in the ordinary course of business, less the related selling costs. Subsequent to initial recognition, repossessed assets are reviewed for held for sale classification criteria and are reclassified accordingly when the criteria are met.

Gains and losses on disposal of repossessed assets are recognized net in “other operating income” in profit or loss.

Precious metals

London Bullion Market rates are used for estimation of fair values for gold collaterals.

Provisions

A provision is recognized in the statement of financial position when the Bank has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Derivative financial instruments

In the normal course of business, the Bank enters into various derivative financial instruments in the foreign exchange and capital markets. Such financial instruments are held for trading and are recorded at fair value. The fair values are estimated based on quoted market prices or pricing models that take into account the current market and contractual prices of the underlying instruments and other factors. Derivatives are carried as assets when their fair value is positive and as liabilities when it is negative. Gains and losses resulting from these instruments are included in the statement of profit or loss as net gains/(losses) from financial instruments at fair value through profit or loss or net gains/(losses) from foreign currencies, depending on the nature of the instrument.

3. Summary of accounting policies (continued)

(b) Significant accounting policies (continued)

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative cause some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract. A derivative that is attached to a financial instrument, but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument.

Derivatives embedded in liabilities and non-financial host contracts, are treated as separate derivatives and recorded at fair value if they met the definition of a derivative (as defined above), their economic characteristics and risks were not closely related to those of the host contract, and the host contract was not itself held for trading or designated at FVPL. The embedded derivatives separated from the host were carried at fair value in the trading portfolio with changes in fair value recognised in the statement of profit or loss.

Financial assets are classified based on the business model and SPPI assessments.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Dividends

The ability of the Bank to declare and pay dividends is subject to the rules and regulations of Armenian legislation.

Dividends are recognised as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the financial statements are authorised for issue.

Taxation

Income tax comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items of other comprehensive income or transactions with shareholders recognised directly in equity, in which case it is recognised within other comprehensive income or directly within equity.

Current tax

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Bank. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is 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.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. Summary of accounting policies (continued)

(b) Significant accounting policies (continued)

Segment reporting

An operating segment is a component of the Bank that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Chief operating decision maker evaluates the Bank as a single operating segment, based on its reported IFRS results. Majority of the Bank's income and assets are located in Armenia. There was no single external counterparty whose revenue amounted to more than 10% of Bank's revenue for 2024.

(c) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The amendments are not expected to have a material effect on the Bank's financial statements:

- *Amendments to IFRS 16: Lease Liability in a Sale and Leaseback;*
- *Amendments to IAS 1: Classification of Liabilities as Current or Non-current;*
- *Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7.*

4. Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates.

The most significant areas of judgements and estimates with regards to these financial statements are presented below:

Measurement of fair values

Where the fair values of financial assets and financial liabilities recorded in the 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 28.

Impairment losses on loans to customers

The measurement of impairment losses on loans to customers under IFRS 9 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 Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies (see Note 27). Elements of the ECL models that are considered accounting judgements and estimates include:

- ▶ Statistical models to estimate PDs, EADs and LGDs on a collective basis;
- ▶ The segmentation of financial assets when their ECL is assessed on a collective basis;
- ▶ Development of ECL models, including the various formulae and the choice of inputs;
- ▶ Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels, and 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 loans to customers impairment recognized in statement of financial position at 31 December 2025 was AMD 3,819,071 thousand (2024 AMD 2,107,171 thousand). More details are provided in Note 9.

4. Significant accounting judgments and estimates (continued)

Climate-related matters

The Bank considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Bank due to both physical and transition risks. The Bank believes its business model and products will still be viable after the transition to a low-carbon economy, and as such concluded that climate-related matters do not result in material uncertainty in estimates and assumptions underpinning any of the items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Bank is closely monitoring relevant changes and developments, such as new climate-related legislation.

5. Cash and cash equivalents

Cash and cash equivalents comprise:

	31/12/2025	31/12/2024
Current accounts with the Central Bank, including obligatory reserves (not restricted part, see Note 6)	15,979,470	10,069,137
Cash on hand	8,647,750	6,074,607
Current accounts with other banks	471,244	919,628
Term deposits in the Central Bank of Armenia	0	–
Impairment	(28,263)	(7,536)
Cash and cash equivalents	25,070,201	17,055,836

Mandatory reserves in Central Bank of Armenia include rete As of 31 December 2025, current accounts with Central Bank of Armenia include obligatory reserves in the amount of AMD 15,979,470 thousand (2024: 1,645,356 thousand AMD).

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

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

Moreover, the banks' ability to withdraw reserved amounts in foreign currency is restricted, so the Bank classifies obligatory reserves deposited in foreign currency as amounts due from banks (Note 6).

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

	31/12/2025	31/12/2024
ECL allowance as at 1 January	7,536	6,391
Changes in ECL	20,727	1,145
At 31 December	28,263	7,536

Information about credit quality of cash and cash equivalents is presented in Note 27 "Risk management".

6. Amounts due from banks

Amounts due from banks comprise:

Amounts due from banks

	31/12/25	31/12/24
Mandatory reserves in CBA (in foreign currencies) (Note 5)	7,973,849	2,458,944
Amounts frozen at Cetral Bank of Armenia	2,575,000	235,000
Other requirements for banks	–	–
Impairment	(5,209)	(1,496)
10,543,640	10,543,640	2,692,448

As of 31 December 2025, mandatory reserves in Central Bank of Armenia include reserves in foreign currencies in the amount of AMD 7,973,849 thousand (2024: AMD 2,458,944 thousand) (See Note 5).

6. Amounts due from banks (continued)

Balance of amounts due from banks is allocated to Stage 1. An analysis of changes in the ECL allowances during the period is as follows:

	31/12/2025	31/12/2024
ECL allowance as of 1 January	507	507
Changes in ECL	4,702	989
On 31 December	5,209	1,496

Information about credit quality of amounts due from banks is presented in Note 27 "Risk management".

7. Derivative financial instruments

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

	31/12/2025		31/12/2024	
	<i>Notional amount</i>	<i>Fair value</i>	<i>Notional amount</i>	<i>Fair value</i>
Assets				
<i>Derivative financial instruments</i>				
Forwards and swaps domestic	—	—	—	—
	—	—	—	—
Liabilities				
<i>Derivative financial instruments</i>				
Forwards and swaps domestic	—	—	—	—
	—	—	—	—

8. Investment securities

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

	31/12/2025	31/12/2024
Debt securities at FVOCI		
Government bonds of the Republic of Armenia	26,840,031	11,868,905
Corporate bonds	1,087,395	1,021,611
Debt securities at FVOCI pledged under repurchase agreements		
Government bonds of the Republic of Armenia	0	8,671,386
Debt securities at FVOCI		
Unquoted equity shares – local companies	260,077	260,077
Equity securities at FVOCI	260,077	260,077
Investment securities at FVOCI	28,187,502	21,821,979

Information about credit quality of debt instruments is presented in Note 27 "Risk management".

8. Investment securities (continued)

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

<i>Debt securities at FVOCI</i>	<i>31/12/2025</i>	<i>31/12/2024</i>
Fair value as of 1 January	21,588,323	8,368,773
New assets originated or purchased	23,034,258	20,200,378
Assets repaid	(17,115,740)	(7,315,832)
Net change in fair value	462,028	308,583
At the end of the period	27,968,869	21,561,902
 <i>Debt securities at FVOCI</i>	 <i>31/12/2025</i>	 <i>31/12/2024</i>
ECLs as of 1 January	24,630	102,392
Changes in ECL	29,448	(77,762)
At the end of the period	54,078	24,630

9. Loans to customers

	<i>31/12/25</i>	<i>31/12/2024</i>
Gold-secured loans	118,854,886	75,648,641
Mortgage and other loans secured by real estate	100,972,495	65,430,666
Corporate loans	83,947,598	61,571,880
Other retail loans	27,350,807	10,811,608
Gross loans to customers	331,125,786	213,462,795
Impairment allowance	(3,819,017)	(2,097,280)
Net loans to customers at amortized cost	327,306,768	211,365,514

9. Loans to customers (continued)

Allowance for impairment of loans to customers at amortized cost

An analysis of changes in the gross carrying value and corresponding ECL in relation to loans to customers during the year ended 31 December 2025 and 31 December 2024 is as follows:

<i>Loans to customers customers</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Gross carrying value as at 1 January 2025	185,857,013	23,824,628	3,781,154	213,462,795
New assets originated or purchased	192,911,630	—	—	192,911,630
Assets repaid	(92,919,707)	(18,678,380)	(2,142,013)	(113,740,099)
Transfers to Stage 1	231,442	(231,442)	0	—
Transfers to Stage 2	(31,909,262)	32,042,428	(133,166)	—
Transfers to Stage 3	(3,150,075)	(311,799)	3,461,875	—
Recoveries	—	—	1,292,566	1,292,566
Amounts written off	—	—	(2,655,471)	(2,655,471)
Foreign exchange adjustments	(1,587,370)	(59,130)	(8,933)	(1,655,434)
At 30 September 2025	249,433,671	36,586,304	3,596,012	289,615,987

<i>Loans to customers customers</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
ECL as at 1 January 2025	627,945	978,680	590,573	2,197,198
New assets originated or purchased	2,020,542	–	–	2,020,542
Assets repaid	(501,607)	(872,845)	2,594,087	1,219,635
Transfers to Stage 1	1,162	(1,162)	0	–
Transfers to Stage 2	(1,420,793)	1,424,971	(4,179)	–
Transfers to Stage 3	(304,217)	(62,396)	366,614	–
Changes to models and inputs and other movements	424,407	217,925	(1,979,255)	(1,336,923)
Unwinding of discount	–	–	176,550	176,550
Recoveries	–	–	1,292,566	1,292,566
Amounts written off	–	–	(2,655,471)	(2,655,471)
Foreign exchange adjustments	2,903	4,532	2,602	10,036
At 31 December 2025	850,341	1,689,706	384,087	2,924,134
<i>Loans to customers customers</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Gross carrying value as at 1 January 2024	71,107,658	14,439,360	5,457,164	91,004,183
New assets originated or purchased	201,639,755	–	–	201,639,755
Assets repaid	(62,206,035)	(12,058,861)	(4,287,122)	(78,552,018)
Transfers to Stage 1	173,203	(173,203)	–	–
Transfers to Stage 2	(22,289,847)	22,379,574	(89,727)	–
Transfers to Stage 3	(2,552,178)	(229,037)	2,781,215	–
Recoveries	–	–	176,281	176,281
Amounts written off	–	–	(687,582)	(687,582)
Foreign exchange adjustments	(15,544)	(54,874)	(47,406)	(117,824)
At 31 December 2024	185,857,013	24,302,960	3,302,822	213,462,795
<i>Loans to customers</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
ECL as at 1 January 2024	341,438	521,831	1,368,823	2,232,091
New assets originated or purchased	1,718,167	–	–	1,718,167
Assets repaid	(408,147)	(486,509)	(759,752)	(1,654,409)
Transfers to Stage 1	465	(465)	–	–
Transfers to Stage 2	(952,698)	954,059	(1,361)	–
Transfers to Stage 3	(298,151)	(34,388)	332,538	–
Changes to models and inputs and other movements	226,756	73,846	(17,166)	283,436
Unwinding of discount	–	–	18,272	18,272
Recoveries	–	–	176,281	176,281
Amounts written off	–	–	(687,582)	(687,582)
Foreign exchange adjustments	114	1,016	9,894	11,023
At 31 December 2024	627,945	1,029,390	439,946	2,097,280

9. Loans to customers (continued)
Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- ▶ Gold;
- ▶ Real estate

Management monitors the market value of collateral and requests additional collateral in accordance with the underlying agreement during its review of the adequacy of the allowance for loan impairment.

The below tables provide an analysis of the current fair values of collateral held and credit enhancements for credit-impaired (Stage 3) assets.

<i>Fair value of collateral held under the base scenario</i>									
	<i>Maximum exposure to credit risk</i>	<i>Cash equivalent</i>	<i>Property</i>	<i>Gold</i>	<i>Other</i>	<i>Surplus</i>	<i>Total collateral</i>	<i>Net Exposure</i>	<i>Associated ECL</i>
31-December-25									
Gold-secured loans	4,208,404	—	—	6,989,521	—	(2,784,752)	4,204,769	3,635	248,477
Mortgage loans	332,221	—	558,227	—	—	(281,941)	303,586	28,635	90,981
Other corporate loans	2,595,681	—	3,455,992	—	—	(863,906)	2,592,086	3,595	497,490
Other retail loans	103,973	2,746	64,120	—	—	(11,227)	55,639	48,334	59,531
	7,240,279	2,746	4,105,693	6,989,521	—	(3,941,826)	7,156,080	84,199	896,479

<i>Fair value of collateral held under the base scenario</i>									
	<i>Maximum exposure to credit risk</i>	<i>Cash equivalent</i>	<i>Property</i>	<i>Gold</i>	<i>Other</i>	<i>Surplus</i>	<i>Total collateral</i>	<i>Net Exposure</i>	<i>Associated ECL</i>
31-Dec-24									
Gold-secured loans	2,927,032	—	—	3,323,924	—	(454,432)	2,869,492	57,540	331,401
Mortgage loans	354,290	—	532,400	—	—	(181,208)	351,192	3,098	97,189
Other corporate loans	—	—	—	—	—	—	—	—	—
Other retail loans	21,500	1,046	24,400	—	—	(17,097)	8,349	13,151	11,355
	3,302,822	1,046	556,800	3,323,924	—	(652,737)	3,229,033	73,789	439,946

Assets under lien

As at 31 December 2025, loans to customers with a gross value of AMD 16,658,802 thousand (2024: AMD 14,462,485 thousand) serve as collateral for other borrowed funds (see Note 19).

Concentration of loans to customers

As at 31 December 2025, the Bank had a concentration of loans represented by AMD 17,052,316 thousand due from the ten largest third-party borrowers (2024: AMD 47,810,320 thousand).

An allowance of AMD 652,856 thousand (2024: AMD 117,346 thousand) was recognised against these loans.

Loans have been extended to the following types of customers:

	<i>31/12/2025</i>	<i>31/12/2024</i>
Individuals	230,151,739	148,026,462
Private companies	93,719,442	64,705,829
Financial institutions	7,254,605	730,504
Gross loans to customers	331,125,789	213,462,795
Less: allowance for impairment	(3,819,017)	(2,097,280)
Loans to customers	327,306,768	211,365,514

9. Loans to customers (continued)

Concentration of loans to customers

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

	<i>31/12/2025</i>	<i>31/12/2024</i>
Individuals	230,151,739	148,026,462
Construction	34,676,433	22,898,409
Agriculture and food processing	16,099,333	17,556,730
Trading enterprises	19,452,818	13,837,718
Manufacturing	19,664,582	6,259,391
Services	3,630,353	4,046,330
Financial sector	7,254,605	730,505
Other	195,924	107,249
Gross loans to customers	331,125,786	213,462,794
Less: allowance for impairment	(3,819,017)	(2,097,280)
Loans to customers	327,306,768	211,365,514

10. Finance lease receivables

Finance leases have been extended to the following types of customers:

	<i>31/12/2025</i>	<i>31/12/2024</i>
Private companies	10,274,242	7,258,632
Gross finance leases	10,274,242	7,258,632
Less: allowance for impairment	(92,134)	(22,631)
Net finance leases to customers	10,182,108	7,236,002

An analysis of changes in the gross carrying value and corresponding ECG in relation to loans to customers during the period ended 31 December 2024 and 31 December:

	<i>31/12/2025</i>	<i>31/12/2024</i>
Gross carrying value as at 1 January	7,258,632	255,096
New assets originated or purchased	4,432,868	8,107,536
Assets repaid	(2,656,392)	(1,033,330)
Foreign exchange adjustments	69,655	(70,670)
At the end of the period	9,104,763	7,258,632

	<i>31/12/2025</i>	<i>31/12/2024</i>
ECL as at 1 January	22,631	468
New assets originated or purchased	11,503	23,011
Assets repaid	(7,167)	(5,016)
Changes to models and inputs and other movements	13,123	4,636
Foreign exchange adjustments	3,326	(468)
At the end of the period	43,417	22,631

Finance leases were issued primarily to customers located within the Republic of Armenia who operate in the following economic sectors:

	<i>31/12/2025</i>	<i>31/12/2024</i>
Services	2,415,485	3,120,883
Manufacturing	5,272,680	2,560,391
Agriculture and food processing	1,552,867	1,183,482
Construction	497,480	217,470
Trading	535,729	176,407
Gross loans to customers	10,274,242	7,258,632
Less: allowance for impairment	(92,134)	(22,631)
Loans to customers	10,182,108	7,236,002

Finance lease receivables (continued)

The analysis of finance lease receivables at 31 December is as follows:

Gross investment in finance leases:

	<i>31/12/2025</i>	<i>31/12/2024</i>
Not later than 1 year	3,014,818	1,582,649
Between 1 and 2 years	3,314,614	1,953,054
Between 2 and 3 years	2,978,463	1,936,597
Between 3 and 4 years	2,347,955	1,566,964
Between 4 and 5 years	2,126,236	1,680,720
Later than 5 years	439,943	1,985,582
	14,222,028	10,705,565
Unearned future finance income on finance leases	(3,947,786)	(3,446,933)
Net investment in finance leases before impairment allowance	10,274,242	7,258,632
Impairment allowance	(92,134)	(22,631)
Net in investment in finance leases	10,182,108	7,236,002

11. Property, equipment and right-of-use assets

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

	Buildings	Leasehold improvements	Computers and communication equipment	Motor vehicles	Fixtures and fittings and other	Total Property, equipment	Right of use assets	Grand Total
Cost								
31-Dec-24	136,054	1,565,059	1,036,692	58,603	1,681,299	4,477,708	3,650,764	8,128,471
Modification	0	0	0	0	0	0	0	0
Additions	0	411,477	537,272	9,500	172,896	1,131,144	1,103,087	2,234,231
Disposals and write-offs	0	(1,980)	0	0	(5,320)	(7,300)	407,919	400,619
Movement	0	0	0	0	0	0	0	0
31-Dec-25	136,054	1,974,556	1,573,963	68,103	1,848,875	5,601,552	5,161,770	10,763,322
Accumulated depreciation								
31-Dec-24	59,498	87,529	674,715	22,747	489,896	1,334,384	1,117,831	2,452,215
Depreciation charge	7,033	97,619	160,849	7,204	249,761	522,466	452,135	974,601
Disposals and write-offs	0	0	0	0	0	0	0	0
Movement	0	0	0	0	0	0	0	0
31-Dec-25	66,530	185,148	835,564	29,952	739,656	1,856,850	1,569,966	3,426,816
Net book value								
31-Dec-24	76,556	1,477,530	361,977	35,856	1,191,404	3,143,323	2,532,933	5,676,256
31-Dec-25	69,524	1,789,408	738,400	38,152	1,109,219	3,744,702	3,591,804	7,336,506
	Buildings	Leasehold improvements	Computers and communication equipment	Motor vehicles	Fixtures and fittings and other	Total Property, equipment	Right of use assets	Grand Total
Cost								
31-Dec-23	136,054	581,800	985,576	58,407	1,469,057	3,230,894	2,462,874	5,693,768
	0	0	0	0	0	0	617,349	617,349
Additions	0	993,639	147,418	10,577	322,297	1,473,931	570,541	2,044,472
Disposals and write-offs	0	(10,379)	(77,844)	(10,381)	(128,514)	(227,117)	0	(227,117)
	0	0	(18,459)	0	18,459	0	0	0
31-Dec-24	136,054	1,565,059	1,036,692	58,603	1,681,299	4,477,708	3,650,764	8,128,471
Accumulated depreciation								
31-Dec-23	52,465	52,546	494,541	26,305	369,958	995,815	868,498	1,864,313
Depreciation charge	7,033	37,254	261,883	6,567	194,821	507,558	249,333	756,890
Disposals and write-offs	0	(2,271)	(77,010)	(10,125)	(79,583)	(168,988)	0	(168,988)
Movement	0	0	(4,699)	0	4,699	0	0	0
31-Dec-24	59,497	87,529	674,715	22,748	489,896	1,334,384	1,117,831	2,452,215
Net book value								
31-Dec-23	83,589	529,254	491,035	32,102	1,099,098	2,235,079	1,594,376	3,829,455
31-Dec-24	76,557	1,477,530	361,977	35,856	1,191,403	3,143,323	2,532,933	5,676,256

Right-of-use assets include only buildings.

As of 31 December 2025, property and equipment included fully depreciated assets in amount of AMD 896,984 thousand (2024: AMD 790,757 thousand).

As of 31 December 2025, property and equipment included assets in the phase of installation in amount of AMD 516,578 thousand (2024: AMD 710,920 thousand).

12. Intangible assets

The movements in other intangible assets were as follows:

	<i>Licenses</i>	<i>Computer software</i>	<i>Development cost</i>	<i>Total</i>
Cost				
31 December 2024	599,840	2,033,515	0	2,633,356
Additions	490,056	722,234	0	1,212,290
Disposals and write-offs	(7,328)		0	(7,328)
Transfers			0	0
31-Dec-25	1,082,568	2,755,750	0	3,838,317
Accumulated amortization and impairment				
31 December 2024	330,158	240,777	0	570,934
Amortisation charge	335,317	273,529	0	608,846
Disposals and write-offs	(7,328)		0	(7,328)
31-Dec-25	658,147	514,305	0	1,172,452
Net book value				
31 December 2024	269,683	1,792,738	0	2,062,421
31-Dec-25	424,421	2,241,444	0	2,665,865

	<i>Licenses</i>	<i>Computer software</i>	<i>Development cost</i>	<i>Total</i>
Cost				
31 December 2023	355,926	1,029,711	189,534	1,575,171
Additions	260,915	777,582	28,058	1,066,554
Disposals and write-offs	(8,369)	0		(8,369)
Transfers	(8,631)	226,223	(217,592)	0
31 December 2024	599,840	2,033,515	0	2,633,356
Accumulated amortization and impairment				
31 December 2023	88,091	84,577	0	172,668
Amortisation charge	250,110	156,200		406,310
Disposals and write-offs	(8,043)			(8,043)
31 December 2024	330,158	240,777	0	570,934
Net book value				
31 December 2023	267,835	945,134	189,534	1,402,503
31 December 2024	269,683	1,792,738	0	2,062,421

13. Taxation

The corporate income tax expense comprises:

	31/12/2025	31/12/2024
Current tax charge	291,186	1,183,304
Under provided in prior period	—	—
Deferred tax credit – origination and reversal of temporary differences	1,461,981	92,537
Income tax expense	1,753,167	1,275,841

In reporting period, the applicable tax rate for current and deferred tax is 18% (2024: 18%).

The effective income tax rate differs from the statutory income tax rates. A reconciliation of the income tax expense based on statutory rates with actual is as follows:

	31/12/2025	31/12/2024
Profit before income tax	9,755,504	6,336,101
Statutory tax rate	18%	18%
Theoretical income tax expense at the statutory rate	1,755,991	1,140,498
Non-deductible expenses	(2,823)	143,677
Tax exempt income	—	—
Under provided in prior period	—	—
Utilized tax losses carried forward, not recognized previously	—	—
Income tax expense	1,753,167	1,284,175

Deferred tax assets and liabilities as at December 31, 2025 and 31 December, 2024 and their movements for the respective years comprise:

Deferred tax assets and liabilities

Origination and reversal of temporary differences

	Balance 1 January	In the statement of profit or	In other compre- hensive	Balance 31 December	In the statement of profit or	In other compre- hensive	Balance 30 September
Deferred tax assets/ (liabilities)							
Investment securities	113,536	(12,151)	(67,822)	33,563	0	(69,168)	(35,605)
Cash and cash equivalents	901	384	0	1,285	4,399	0	5,684
Loans to customers	(1,828,716)	(96,712)	0	(1,925,428)	(1,446,157)	0	(3,371,585)

Amounts receivable under reverse repurchase agreements	0	5,997	0	5,997	(5,123)	0	874
Finance lease receivables	84	(14,383)	0	(14,299)	(5,957)	0	(20,253)
Property, equipment and right of use asset	(319,350)	(71,813)	0	(391,163)	5,783	0	(385,380)
Other assets	(17,677)	1,715	0	(15,962)	(4,730)	0	(20,692)
Other borrowed funds	6,737	(169)	0	6,568	0	0	6,568
Financial liabilities measured at FVTPL	203	0	0	203	0	0	203
Amounts due to customers	(3,013)	(15,556)	0	(18,569)	0	0	(18,569)
Lease liability	316,540	73,401	0	389,941	0	0	389,941
Other liabilities	94,723	28,416	0	123,139	(10,195)	0	124,634
Tax loss carry forwards	0	0	0	0	0	0	0
Deferred tax liabilities, net	(1,636,032)	(100,871)	(67,822)	(1,804,725)	(1,461,981)	(69,168)	(3,335,874)

14. Credit loss expense

The table below shows the ECL charges on financial instruments recorded in the statement of profit or loss for the period ended 31 December 2025:

	<i>Note</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Cash and cash equivalents	5	(20,727)	0	0	(20,727)
Amounts due from banks	6	(3,713)	0	0	(3,713)
Loans to customers at amortized cost	9	(219,493)	(706,494)	(311,937)	(1,237,924)
Finance lease receivables	10	(13,803)	(3,657)	0	(17,460)
Debt securities measured at FVOCI	8	(29,448)	0	0	(29,448)
Accounts receivable under repurchase agreements	7	28,463	0	0	28,463
Other financial assets	15	3,398	0	(557,028)	(553,630)
Financial guarantees	23	3,382	0		3,382
Total credit loss expense		(251,942)	(710,151)	(868,965)	(1,831,058)

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

	<i>Note</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Cash and cash equivalents	5	(1,145)	—	—	(1,145)
Amounts due from banks	6	(989)	—	—	(989)
Loans to customers at amortized cost	9	(286,393)	(506,544)	445,742	(347,195)
Finance lease receivables	10	(22,631)	—	—	(22,631)
Debt securities measured at FVOCI	8	77,762	—	—	77,762
Accounts receivable under repurchase agreements	14	(33,314)	—	—	(33,314)
Other financial assets	14	(4,081)	—	—	(4,081)
Financial guarantees	23	(1,922)	—	—	(1,922)
Total credit loss expense		(272,713)	(506,544)	445,742	(333,515)

15. Other assets

Other assets comprise:

	<i>31/12/2025</i>	<i>31/12/2024</i>
Other receivables	1,560,269	888,517
Less: allowance for impairment of other financial assets	(1,410)	(4,808)
Total other financial assets	1,558,859	883,709
Advances paid to leased property suppliers	860,186	831,326
Prepayments	860,460	257,630
Repossessed assets	8,584	36,606
Prepaid taxes other than income tax	1,364,007	899,952
Consumable goods	180,157	112,955
Other non-financial assets	849,301	155,894
Total other non-financial assets	4,122,695	2,294,363
Total other assets	5,681,554	3,178,072

An analysis of changes in the ECLs for other financial assets for the period ended 31 December 2024 and 31 December 2025:

	<i>31/12/2025</i>	<i>31/12/2024</i>
ECL at 1 January	4,808	4,808
Changes in ECL	(3,398)	(3,398)
At the end of the period	1,410	1,410

16. Amounts due to customers

Current accounts and deposits from customers include the following:

	<i>31/12/2025</i>	<i>31/12/2024</i>
Current accounts and demand deposits		
Retail	10,600,441	4,730,943
Corporate	58,905,189	35,965,139
Term deposits		
Retail	141,834,848	84,758,412
Corporate	36,628,248	22,321,865
Total	247,968,726	147,776,359

Amounts due to customers include accounts with the following types of customers:

	<i>31/12/2025</i>	<i>31/12/2024</i>
Individuals	149,750,141	82,483,957
Private companies	20,522,546	6,718,219
Employees	2,621,451	7,005,398
Financial institutions	20,522,546	51,568,785
Amounts due to customers	247,968,726	147,776,359

At 31 December 2025, current accounts and deposits from customers of AMD 59,103,122 thousand (23.92%) were due to the ten largest customers (2024: AMD 54,148,123 thousand, 36.72%).

As of 31 December 2025, the Bank has 3 customers, whose balance was 31,328,992 thousand (2024: 7,016,596) exceed 10% of equity.

In accordance with the Armenian legislation, Bank 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.

17. Amounts due to banks

Amounts due to banks include the following:

	<i>31/12/2025</i>	<i>31/12/2024</i>
Loans from banks	20,315,548	8,776,660
Amounts payable under repurchase agreements	0	8,383,347
Other liabilities to banks	0	—
Total	20,315,548	17,160,007

As of 31 December 2025, the Bank had loans from 4 Armenian commercial banks (2024: 6 banks).

As of December 31, 2025, liabilities to banks include loans expressed in US dollars amounting to 12,243,113 thousand AMD (6-9%), and loans in Armenian Drams amounting to 7,010,310 thousand AMD (0-7.1%) in total value.

The contractual maturity of AMD and USD denominated loans ranges from 2026-2028.

The Bank has entered into a repurchase agreement with 3 banks as of 31 December 2025 (31 December 2024: repurchase agreements with 3 banks).

As of December 31, 2025, the amounts payable under repurchase agreements concluded with banks were secured by government bonds of the Republic of Armenia in the amount of AMD 7,104,255 thousand (31 December 2024: 8,671,386 thousand). See notes 8, 29 and 30:

18. Debt securities issued

Debt securities issued consisted of the following:

	<i>31/12/2025</i>	<i>31/12/2024</i>
Domestic bonds in AMD	20,358,419	8,276,346
Domestic bonds in USD	7,501,233	5,089,205
Domestic bonds in EUR	658,432	286,960
Total	28,518,084	13,652,511

During 2025, the Bank registered Prospectus in Central Bank of Armenia for issuing AMD, USD and EUR bonds with nominal amount of AMD 25,000,000,000, USD 15,000,000 and EUR 3,000,000 accordingly, which have not been fully placed at the reporting date. As at 31 December 2025 the carrying value of the newly placed AMD, USD and EUR denominated bonds is correspondingly AMD 12,614,200 thousand, USD 8,672 thousand and EUR 759 thousand.

Bonds denominated in AMD bear annual interest rates of 10.25% and 11.5%, while USD-denominated bonds carry interest rates of 6.0% and 6.25%. EUR-denominated bonds bear a fixed annual interest rate of 5.25%. The contractual maturity of AMD, USD and EUR bonds ranges from 2026-2028.

19. Other borrowed funds

Other borrowed funds consisted of the following:

	31/12/2025	31/12/2024
Loans from refinancing credit organizations	13,437,241	10,012,263
Loans from shareholders and other related parties	12,144,508	7,953,206
Loans from CBA	5,910,354	4,067,482
Borrowings from commercial organizations	205,734	75,964
Borrowings from government non-profit organizations	5,340	6,674
Total	31,703,177	22,115,589

As at 31 December 2025 the Bank has other borrowed funds from 1 lender whose balance exceeds 10% of equity, with amount of AMD 8,737,483 thousand (2024: 7,449,515).

There are no covenants within the scope of other borrowed funds that the Bank is obliged to abide.

As of 31 December 2025, loans to customers with a gross value of AMD 17,052,316 thousand (2024: AMD 13,537,292 thousand) serve as collateral for secured borrowings from refinancing financial organizations with December 31, 2025, carrying value of AMD 18,854,624 thousand (2024: AMD 14,462,485 thousand) (see Note 9).

20. Lease liability

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	31/12/25	31/12/24
As at 1 January	2,625,463	1,754,993
Changes	0	544,254
Additions	1,103,087	570,541
Accretion of interest	416,721	211,330
Payments	(654,860)	(455,655)
Non-cash transactions	(75,741)	0
At the end of the period	3,414,670	2,625,463

The Bank had total cash outflows during nine months 2025 for leases of AMD 1,071,581 (2024: AMD 665,117 thousand).

During the nine months of 2025 the Bank also had non-cash additions to right-of-use assets and lease liabilities in the amount of AMD 2,100,648 thousand (2024: AMD 765,803 thousand).

21. Other liabilities

	31/12/2025	31/12/2024
Payables to employees	1,566,766	916,426
Accounts payable	1,371,180	799,910
Provision for guarantees	89,694	93,075
Non-cleared transactions	—	—
Total other financial liabilities	3,027,640	1,809,411
Non-income tax payable	680,034	250,813
Payables to Deposit Guarantee Fund	117,501	60,682
Prepayments from lessees	70,187	13,890
Total other non-financial liabilities	867,721	325,385
Total other liabilities	3,895,361	2,134,796

22. Equity

Issued capital

As of 31 December 2025, the Bank's share capital was AMD 46,100,221 thousand (2024: 40,100,200 thousand). The authorized, issued, and outstanding share capital comprises 1,609,476 ordinary shares (2024: 1,400,000 ordinary shares) with a par value of AMD 28,643 (2024: AMD 28,643) 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 and general meetings of the Bank.

Nature and purpose of reserves

Revaluation reserve for investment securities

The revaluation reserve for investment securities comprises the cumulative net change in the fair value, until the assets are derecognized or impaired.

Dividends

The amount of dividends paid is limited to the maximum amount of the Bank's undistributed profit, defined by the legislation of the Republic of Armenia.

No dividends were declared or paid during the nine months of 2025 for the year ended December 31, 2024 and during 2023 for the year ended December 31, 2023.

23. Commitments and contingencies

Operating environment

Armenia continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. 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.

Legal

In the ordinary course of business, the Bank 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 Bank.

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 often 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 severe 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 substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Armenian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on the financial position, if the authorities were successful in enforcing their interpretations, could be significant.

Commitments and contingencies

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

	<i>31/12/2025</i>	<i>31/12/2024</i>
Credit related commitments		
Financial guarantees	4,985,848	2,990,092
Commitments and contingencies	4,985,848	2,990,092

An analysis of changes in the ECLs during the period ended 31 December 2024 and 31 December 2025:

	<i>31/12/2025</i>	<i>31/12/2024</i>
ECLs as at 1 January	93,075	91,153
New exposures	91,114	69,845
Amounts paid	(95,308)	(70,440)

Impact on period end ECL of exposures transferred between stages during the period	812	2,518
At the end of the period	89,694	93,075

24. Net interest income

	01/10/2025- 31/12/2025	01/01/2025- 31/12/2025	01/10/2024- 31/12/2024	01/10/2024- 31/12/2024
Financial assets measured at amortized cost				
Loans to customers	12,273,781	40,768,529	6,941,632	21,826,141
Amounts receivable under reverse repurchase agreements	80,488	280,045	295,215	394,267
Cash and cash equivalents	6,957	15,511	8,988	17,263
	12,361,226	41,064,085	7,245,835	22,237,671
Financial assets measured at fair value through other comprehensive income				
Investment securities	606,539	2,278,589	463,224	1,672,261
Interest revenue calculated using effective rate	12,967,765	43,342,674	7,709,059	23,909,932
Other interest revenue				
Finance lease to customers	361,108	1,343,700	259,916	725,286
Derivative instruments	0	0	545	12,971
	361,108	1,343,700	260,461	738,257
Interest expense				
Amounts due to customers	4,724,218	15,117,576	2,567,378	6,288,379
Debt securities issued	578,558	1,669,217	251,021	902,548
Other borrowed funds	345,536	1,221,730	274,520	821,722
Amounts due to banks	391,745	1,518,016	216,871	563,559
Amounts payable under repurchase agreements	3,425	87,494	105,291	408,135
Lease liabilities	121,491	398,781	71,420	186,798
Subordinated debt from shareholders	391,301	1,463,844	0	21,930
Derivative financial instruments	0	0	0	0
Interest expense	6,556,274	21,476,658	3,486,501	9,193,071
Net interest income	6,772,599	23,209,716	4,483,019	15,455,118

25. Net fee and commission income

	01/10/2025- 31/12/2025	01/01/2025- 31/12/2025	01/10/2024- 31/12/2024	01/01/2024- 31/12/2024
Cash operations	203,650	574,246	93,080	377,862
Guarantees	18,290	94,085	18,075	72,767
Plastic card maintenance services	214,803	511,277	34,799	37,938
Insurances	7,103	19,944	2,299	13,155
Service fee for account maintenance	2,105	9,306	1,989	12,077
Money transfers	16,052	39,243	5,187	6,942
Other	(6,761)	25,218	8,832	18,891
Fee and commission income	455,242	1,273,319	164,260	539,632
Settlements operations	121,414	386,403	74,102	196,871
Securities operations	2,291	25,946	13,581	64,762
Cash operations	29,088	74,631	8,263	45,774
Money transfers	232	1,333	506	506

Service fee for account maintenance	0	0	170	923
Foreign exchange deals	0	0	0	0
Plastic card maintenance services	42,115	100,798	5,051	5,641
Other	1,021	4,974	260	260
Fee and commission expense	196,161	594,084	101,934	314,738
Net fee and commission income	259,081	679,235	62,326	224,893

26. Personnel and Other operating expenses

	01/10/2025- 31/12/2025	01/01/2025- 31/12/2025	01/01/2024- 31/12/2024	01/01/2024- 31/12/2024
Salaries and bonuses	2,874,239	8,151,204	1,734,890	5,550,071
Mandatory pension contributions	170,097	428,802	80,302	305,360
Personnel insurances	29,971	159,910	11,854	90,320
Other operating expenses	3,074,307	8,739,916	1,827,046	5,945,751

Other operating expenses

	01/10/2025- 30/09/2025	01/01/2025- 31/12/2025	01/10/2024- 31/12/2024	01/01/2024- 31/12/2024
Marketing and advertising	360,691	903,975	263,404	746,964
Intangible assets maintenance	0	0	0	0
Professional services	295,611	489,545	185,031	289,552
Cards embossing and delivery expenses	0	0	0	0
Repairs and maintenance	62,989	212,917	70,132	274,964
Office supplies	63,320	215,038	66,194	231,555
Security	42,934	135,007	36,989	159,756
Charity	51,088	185,791	47,414	145,491
Deposit insurance expenses	117,539	363,522	61,683	142,947
Non-refundable taxes and duties other than on income	24,091	80,208	17,113	90,881
Entertainment	12,486	83,957	82,210	72,298
Communications	15,884	51,613	11,735	44,912
Business travel and related expenses	12,253	42,961	8,958	43,497
Membership fees	8,501	41,555	7,156	34,859
Representation expenses	8,857	19,891	52,362	23,803
Personnel training	7,776	50,818	3,000	15,618
Operating lease expenses	3,207	15,278	3,675	15,371
Financial system mediator expenses	6,679	26,717	2,683	10,733
Penalties incurred	0	1,628	313	4,366
Other	294,683	741,958	178,881	500,516
Other operating expenses	1,388,589	3,662,380	1,098,933	2,848,083

27. Risk management

Introduction

The Bank's activities are characterized by certain risks, for managing of which the Bank develops and implements risk management mechanisms and an internal control system. The main risks inherent in the bank's activities are credit, liquidity and market risks. The market risk in its turn includes foreign currency, interest rate and price risks. Operational risk is also a characteristic of the bank's activity. Risk management involves a continuous process of identifying, measuring and monitoring risks within the framework of risk limits and internal control system. The process of risk management is of decisive importance in maintaining a constant level of profitability of the Bank, and every employee of the Bank is responsible for the risks arising within the scope of his duties.

The risk management function also covers business risks such as changes in the environment, technology and economic sectors through the involvement of various departments related to them.

Risk management system

The ultimate responsibility for risk identification and control rests with the Bank's Board, but there are separate bodies responsible for the risk management and monitoring.

The Bank's Board

The Bank's board is responsible for approving the overall risk management approach, risk management strategy and principles.

The Bank Management/Chief Executive Officer

The Bank Management/Chief Executive Officer is responsible for monitoring the risk management process in the Bank.

Risk management department

The risk management department is responsible for the development and implementation of risk management procedures under the strategy and risk management policy approved by the Board, for the identification, assessment and continuous monitoring of risks according to these procedures, including the control of compliance with the established risk limits, as well as the risk assessment of new processes and products.

The following department also ensures the submission of risk reports to the competent management bodies, the Bank's Board and the management.

Asset and Liability Management Committee

The Assets and Liabilities Management Committee is responsible for the management of the Bank's assets and for managing liabilities and overall financial structure. It is also responsible for funding and liquidity risks.

Internal audit

The risk management process carried out by the Bank is audited by the Internal Audit Department, which verifies both the completeness of the procedures and the compliance of the Bank's activities with the procedures. The Internal Audit department discusses the results of the conducted inspections with the management and presents its conclusions and proposals to the Internal Audit Commission attached to the Board.

Risk assessment and reporting systems

During the analysis and assessment of various risks, the Bank applies statistical models, sensitivity analyses, analyzes the dynamics of various risk indicators and, if necessary, takes appropriate measures. The models are further tested for validity purposes. The Bank also applies worst-case scenarios that will occur when extreme events, which are unlikely to occur, do actually occur.

Risk monitoring and control is mainly carried out based on the limits approved by the Bank. These limits reflect the Bank's strategy and market environment, as well as the level of the risk the Bank is willing to accept, with additional emphasis on selected sectors of the economy. In addition, the Bank observes and evaluates the risk absorption capacity and the overall risk exposure level for all types of risks and activity directions.

Credit risk information related to all the business directions is analyzed and processed to analyze, monitor and detect the risks early. This information is submitted to the Bank's Management. The report presented includes analysis of exposure to total credit risk, results of monitoring credit concentration limits, gap (GAP) analysis, VaR assessment, liquidity ratios, stress test analysis, control of overall risk appetite and changes in risk profile. On a quarterly basis, a detailed report on the risks of customers, economy and business directions is submitted to the Risk Management and Compliance Committee attached to the Board.

Risk mitigation

As part of the overall risk management process, the Bank uses derivative and other instruments to manage the risk arising from changes in foreign exchange rates.

The Bank makes extensive use of collateral to reduce credit risk.

Overconcentration of risks

Risk concentration appears in cases when a number of partners carry out similar activities, or when they conduct their activities in one geographical region, or when they are under the influence of similar economic factors, as a result of which the fulfillment of their obligations manifests itself in the case of changes in economic, political and other conditions. Risk concentrations reflect the relative sensitivity of the Bank's performance to conditions affecting a particular industry or geographic region.

In order to avoid over-concentration of risk, the Bank's policies and procedures include principles and limits aimed at maximum diversification of the portfolio. These benchmarks are subject to continuous monitoring and internal accountability.

27. Risk management (continued)**Credit risk**

Credit risk is the risk due to which the Bank may suffer losses in case of non-fulfillment of obligations by customers or partners. The Bank monitors and manages credit risk by setting the risk limit it is willing to accept for individual counterparties and geographic and economic concentrations, as well as considering sensitivity to such limits.

The Bank has established a credit quality screening process to ensure early detection of potential changes in counterparty creditworthiness, including regular review of collateral.

For financial instruments carried at fair value, the carrying amount reflects the current credit risk, but not the maximum amount of risk that could arise in the future from a change in value.

Impairment assessment

The Bank calculates ECL under a number of probability-weighted scenarios to estimate expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive considering the possible credit risk. The mechanics of the ECL calculations are outlined below and the key elements are as follows:

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

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

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Bank groups its loans into Stages as described below:

Stage 1:	When loans are first recognised, the Bank recognises an allowance based on 12mECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
Stage 2:	When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECL. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
Stage 3:	Loans considered credit-impaired.
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.

27. Risk management (continued)

Credit risk (continued)

Definition of Default

The Bank considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 91 days past due on its contractual payments.

A financial instrument is also considered credit-impaired based on other defined quantitative and qualitative factors, such as the state of being rescheduled, as well as the outcome of financial monitoring.

As a part of a qualitative assessment of whether a customer is in default, the Bank also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Bank 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 Bank'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. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

PD estimation process

Loans to customers

Grouping

For loans granted to customers belonging to Stage 1 and Stage 2, as well as individually insignificant loans belonging to Stage 3, the Bank calculates at the ECL portfolio level. The bank distinguishes the following portfolio types:

- ▶ Gold-secured loans
- ▶ Mortgage and other loans secured by real estate,
- ▶ Corporate loans,
- ▶ Other retail loans.

The probability of default on loans to customers is based on information from past periods and is calculated using probability change matrices based on available information on the maturity of loan portfolios. Probabilities are calculated as the share of loans moving between the default categories during a 12-month period in relation to the total loans at the beginning of the period. When calculating the default probability, the Bank considers forecasted macroeconomic indicators that have a significant impact on the probability of default, calculated according to time series regression analysis.

Exposure at default

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

Loss given default

To calculate the amount of loss at default, the Bank uses historical data on recoveries after the date of default for all the defaulted loans. The initial grouping used to estimate the PD PIT is further sub-grouped by collateral type to calculate the amount of loss at default. All cash flow information is collected after the default date by LGD groups.

Any changes to the collection policy are taken into account within this framework.

All the cash flow information after the default date is collected and discounted to the default date using the average effective interest rate method for each LGD group. Information on cash flows includes all types of cash inflows for overdue loans (funds received from loan repayment, funds received from the guarantor, funds received from the collateral sale, etc.).

27. Risk management (continued)

Credit risk (continued)

Significant increase in credit risk

The Bank has established a policy to assess indicators of a significant increase in the credit risk of a financial instrument at each reporting date since initial recognition. The Bank has established a policy to assess indicators of a significant increase in the credit risk of a financial instrument at each reporting date since initial recognition. The Bank uses information on the number of days of overdue loans as the main indicator. If the contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since the initial recognition by the Bank.

When assessing the increase in credit risk, the Bank's management is also guided by the following factors:

- The number of overdue days of the given borrower in other RA financial institutions;
- Significant difficulties in the borrower's financial conditions;
- Revision of the loan conditions as a result of the deterioration of the borrower's financial conditions;
- The results of the financial monitoring of the borrower's activity.

Forward-looking information and multiple economic scenarios

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

- Inflation, %
- Monthly economic activity, %
- Average salary, AMD
- Remittances, mln USD
- Real estate, AMD

The Bank obtains the forward-looking information from third party sources (Economic Intelligence Unit and World Bank Database, as well as Government of the RA Forecasts). The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations.

Key drivers	ECL scenario	Assigned probabilities, %	2025
Inflation, %	Base case	100%	3.1%
Monthly economic activity, %	Base case	100%	10.0%
Average salary, AMD	Base case	100%	285,810
Remittances, mln USD	Base case	100%	723
Real estate, AMD	Base case	100%	323,096

27. Risk management (continued)

Credit risk (continued)

Credit quality per class of financial assets

The Bank does not have internal credit grading system to evaluate credit quality of loans to customers and manages credit risk based on information about overdue days.

The following table provides information on the credit quality of gross loans to legal entities and individuals as at 31 December 2025 and 31 December 2024:

	31- December -25			
	Stage 1 AMD'000	Stage 2 AMD'000	Stage 3 AMD'000	Total loans AMD'000
Gold-secured loans				
not overdue	77,220,714	27,112,649	574,763	104,908,127
overdue of less than 30 days	2,285,211	3,449,109	232,196	5,966,516
overdue of 30-89 days	0	4,578,799	3,021,232	7,600,031
overdue of 90-179 days	0	0	329,732	329,732
overdue of 180-270 days	0	0	26,576	26,576
overdue more than 270 days	0	0	23,905	23,905
Total gross gold- secured loans	79,505,926	35,140,558	4,208,403	118,854,886
Credit loss allowance	(212,972)	(818,854)	(248,477)	(1,280,303)
Total net gold- secured loans	79,292,954	34,321,704	3,959,926	117,574,583
Mortgage and other loans secured by real estate				
not overdue	79,519,441	3,878,695	246,276	83,644,412
overdue of less than 30 days	57,551	73,915	0	131,467
overdue of 30-89 days	0	85,775	0	85,775
overdue of 90-179 days	0	0	6,698	6,698

overdue of 180-270 days	0	0	0	0
Total gross mortgage and other loans secured by real estate	79,576,992	4,038,385	332,221	83,947,598
Credit loss allowance	(131,351)	(484,692)	(90,981)	(707,024)
Total net mortgage and other loans secured by real estate	79,445,641	3,553,693	241,240	83,240,574
 Corporate loans				
not overdue	97,867,914	292,503	299,723	98,460,139
overdue of less than 30 days	24,043	2,532	0	26,574
overdue of 30-89 days	0	189,823	1,069,900	1,259,722
overdue of 90-179 days	0	0	52,187	52,187
overdue of 180-270 days	0	0	669,633	669,633
Total gross corporate loans	97,891,957	484,857	2,595,681	100,972,495
Credit loss allowance	(432,318)	(120,633)	(497,490)	(1,050,441)
Total net corporate loans	97,459,639	364,224	2,098,191	99,922,054
 Other retail loans				
not overdue	25,568,785	1,458,703	9,484	27,036,971
overdue of less than 30 days	104,763	26,210	5,053	136,026
overdue of 30-89 days	0	88,372	14,636	103,008
overdue of 90-179 days	0	0	136	136
overdue of 180-270 days	0	0	5,968	5,968
Total gross other retail loans to customers	25,673,548	1,573,285	103,973	27,350,807
Credit loss allowance	(244,799)	(476,919)	(59,531)	(781,249)
Total net other retail loans to customers	25,428,749	1,096,366	44,442	26,569,557
Total gross loans to customers	282,648,422	41,237,085	7,240,278	331,125,786
Credit loss allowance	(1,021,439)	(1,901,098)	(896,480)	(3,819,017)
Total net loans to customers	281,626,983	39,335,987	6,343,798	327,306,768
 Total gross loans to customers (without gold secured loans)	203,142,497	6,096,527	3,031,875	212,270,899
Credit loss allowance	(808,467)	(1,082,244)	(648,003)	(2,538,714)
Total net loans to customers	202,334,029	5,014,283	2,383,873	209,732,185

27. Risk management (continued)

Credit risk (continued)

	31 December 2024			
	Stage 1 AMD'000	Stage 2 AMD'000	Stage 3 AMD'000	Total loans AMD'000
Gold-secured loans				
– not overdue	50,486,583	15,019,980	355,715	65,862,278
– overdue of less than 30 days	1,468,603	2,965,065	316,765	4,750,432
– overdue of 30-89 days	–	2,781,379	1,601,902	4,383,282
– overdue of 90-179 days	–	–	477,812	477,812
– overdue of 180-270 days	–	–	54,801	54,801
– overdue more than 270 days	–	–	120,037	120,037
Total gross gold-secured loans	51,955,186	20,766,423	2,927,032	75,648,641
Credit loss allowance	(359,231)	(696,404)	(331,401)	(1,387,037)
Total net gold-secured loans	51,595,954	20,070,019	2,595,631	74,261,604
Mortgage and other loans secured by real estate				
– not overdue	58,917,728	2,294,934	26,690	61,239,352
– overdue of less than 30 days	–	–	–	–
– overdue of 30-89 days	–	4,928	327,600	332,528
– overdue of 90-179 days	–	–	–	–

	31 December 2024			
	Stage 1 AMD'000	Stage 2 AMD'000	Stage 3 AMD'000	Total loans AMD'000
– overdue of 180-270 days	–	–	–	–
– overdue more than 270 days	–	–	–	–
Total gross mortgage and other loans secured by real estate	58,917,728	2,299,862	354,290	61,571,880
Credit loss allowance	(91,456)	(201,377)	(97,189)	(390,022)
Total net mortgage and other loans secured by real estate	58,826,271	2,098,485	257,101	61,181,858
Corporate loans				
– not overdue	64,856,877	27,179	–	64,884,055
– overdue of less than 30 days	12,677	482,837	–	495,514
– overdue of 30-89 days	–	51,097	–	51,097
– overdue of 90-179 days	–	–	–	–
– overdue of 180-270 days	–	–	–	–
– overdue more than 270 days	–	–	–	–
Total gross corporate loans	64,869,553	561,113	–	65,430,666
Credit loss allowance	(145,671)	(60,079)	–	(205,749)
Total net corporate loans	64,723,883	501,034	–	65,224,917
Other retail loans				
– not overdue	10,066,515	617,517	10,167	10,694,199
– overdue of less than 30 days	48,030	20,258	4,136	72,423
– overdue of 30-89 days	–	37,788	5,904	43,691
– overdue of 90-179 days	–	–	1,295	1,295
– overdue of 180-270 days	–	–	–	–
– overdue more than 270 days	–	–	–	–
Total gross other retail loans to customers	10,114,546	675,562	21,500	10,811,608
Credit loss allowance	(31,586)	(71,530)	(11,355)	(114,472)
Total net other retail loans to customers	10,082,959	604,032	10,145	10,697,136
Total gross loans to customers	185,857,013	24,302,960	3,302,822	213,462,795
Credit loss allowance	(627,945)	(1,029,390)	(439,946)	(2,097,280)
Total net loans to customers	185,229,068	23,273,570	2,862,877	211,365,514
Total gross loans to customers (without gold secured loans)	133,901,827	3,536,536	375,790	137,814,154
Credit loss allowance	(268,713)	(332,986)	(108,544)	(710,243)
Total net loans to customers	133,633,113	3,203,551	267,246	137,103,910

27. Risk management (continued)

Credit risk (continued)

Credit quality per class of financial assets

As at 31 December 2025:

	Note	High grade	Standard grade	Total
Cash and cash equivalents, except for cash on hand	5	Stage 1	–	16,450,714
Amounts due from banks	6	Stage 1	–	10,548,849
Investment securities	8	Stage 1	–	28,187,502
Investment securities pledged under repurchase agreements	8	Stage 1	–	–
Total		43,499	55,187,065	55,187,065

As at 31 December 2024:

	<i>Note</i>		<i>High grade</i>	<i>Standard grade</i>	<i>Total</i>
Cash and cash equivalents, except for cash on hand	5	Stage1	518,921	10,234,844	10,753,765
Amounts due from banks	6	Stage1	—	2,693,944	2,693,944
Investment securities	8	Stage1	—	13,150,593	13,150,593
Investment securities pledged under repurchase agreements	8	Stage 1	—	8,671,386	8,671,386
Total			518,921	34,750,767	35,269,688

The table below shows the mapping of the Bank's grading system and external ratings of the counterparties under cash and cash equivalents, amounts due from banks, investment securities, and investment securities pledged under repurchase agreements as at 31 December 2025 and 31 December 2024.

31 December 2025:

<i>International external rating agency (Moody's) rating</i>	<i>Internal rating description</i>	<i>PD</i>
Aaa to A3	High grade	0-0.06%
Baa1 to B3	Standard	0.09-4.23%
Caal to Ca	Sub-standard grade	3.78-29.67%
C	Impaired	100%

31 December 2024:

<i>International external rating agency (Moody's) rating</i>	<i>Internal rating description</i>	<i>PD</i>
Aaa to A3	High grade	0-0.09%
Baa1 to B3	Standard	0.1-4.3%
Caal to Ca	Sub-standard grade	16.3%
C	Impaired	100%

Liquidity risk and funding management

Liquidity risk is the risk that the Bank will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. 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.

27. Risk management (continued)

Liquidity risk and funding management (continued)

The liquidity position is assessed and managed by the Bank, based on certain liquidity ratios established by the CBA. As at 31 December 2025 and 31 December 2024, these ratios were as follows:

	<i>Threshold</i>	<i>31 Dec 2025</i>	<i>31 Dec 2024</i>
		<i>%</i>	<i>%</i>
N2.1 "General Liquidity Ratio" (highly liquid assets / total assets)	min 15%	16.7 %	18.7%
N2.2 "Current Liquidity Ratio" (highly liquid assets / liabilities payable on demand)	min 60%	96.4%	140.5%

Analysis of financial liabilities by remaining contractual maturities

The tables below summarize the maturity profile of the Bank's financial liabilities on 31 December on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Bank expects that many customers will not request repayment on the earliest date the Bank could be required to pay, and the table does not reflect the expected cash flows indicated by the Bank's deposit retention history.

<i>As at 31 December 2025</i>	<i>Less than 3 months</i>	<i>3 to 12 months</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Financial liabilities					
Amounts due to banks	10,186,102	4,674,434	7,006,430	0	21,866,966
Amounts due to customers	124,086,869	113,125,072	19,555,470	0	256,767,410
Debt securities issued	2,468,780	8,773,389	21,063,552	0	32,305,721
Other borrowed funds	523,859	3,597,906	14,262,507	6,641,124	25,025,395
Subordinated loans	0	931,304	3,721,823	13,100,051	17,753,178
Lease liability	0	0	0	0	0
Other financial liabilities	2,947,574	40,375	60,339	0	3,048,288
Total undiscounted financial liabilities	140,213,185	131,142,479	65,670,120	19,741,175	356,766,958
 <i>As at 31 December 2024</i>					
	<i>Less than 3 months</i>	<i>3 to 12 months</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Financial liabilities					
Amounts due to banks	8,863,956	3,249,167	7,905,488	—	20,018,611
Amounts due to customers	61,333,573	75,063,000	17,726,719	—	154,123,292
Debt securities issued	309,829	2,639,970	12,770,003	—	15,719,801
Other borrowed funds	362,512	2,343,155	10,189,386	5,458,838	18,353,891
Subordinated loans	—	481,593	1,899,587	8,880,344	11,261,524
Lease liability	63,274	501,997	2,141,763	1,915,166	4,622,200
Other financial liabilities	1,724,444	36,142	48,825	—	1,809,411
Total undiscounted financial liabilities	72,657,588	84,315,024	52,681,771	16,254,348	225,908,731

Included in due to customers in the table above are time deposits of individuals. In accordance with Armenia's legislation, the Bank is obliged to repay time deposits of individuals upon demand of a depositor. These deposits are classified in the table above in accordance with their stated maturity dates.

27. Risk management (continued)

Maturity analysis of assets and liabilities

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

	31-December-2025			31-Dec-2024		
	Within one year	More than one year	Total	Within one year	More than one year	Total
Cash and cash equivalents	25,070,201	0	25,070,201	17,055,836	0	17,055,836
Amounts due from banks	10,543,640	0	10,543,640	2,692,448	0	2,692,448
Derivative financial actives	0	0	0	0	0	0
Amounts receivable under reverse repurchase	5,915,403	0	5,915,403	6,361,803	0	6,361,803
Investment securities	21,457,425	6,730,077	28,187,502	6,991,516	6,159,077	13,150,593
Investment securities pledged under repurchase	0	0	0	8,671,386	0	8,671,386
Loans to customers	49,859,466	277,447,303	327,306,768	27,732,382	183,533,214	211,265,597
Finance lease receivables	2,330,263	7,851,845	10,182,108	1,035,780	6,200,222	7,236,002
Property, equipment and right-of-use assets	0	7,336,506	7,336,506	0	5,676,256	5,676,256
Intangible assets	0	2,665,865	2,665,865	0	2,062,421	2,062,421
Other assets	1,558,859	4,122,695	5,681,554	883,709	2,294,363	3,178,072
Total	116,735,257	306,154,290	422,889,547	71,424,860	205,925,552	277,350,412
Derivative financial liabilities	0	0	0	0	0	0
Amounts due to customers	229,840,603	18,128,123	247,968,726	131,986,564	15,789,795	147,776,359
Amounts due to banks	13,775,787	6,539,761	20,315,548	10,418,487	6,741,520	17,160,007
Debt securities issued	9,157,090	19,360,994	28,518,084	1,914,897	11,737,614	13,652,511
Other borrowed funds	2,769,967	16,788,681	19,558,648	1,825,006	12,337,377	14,162,383
Subordinated loans	2,869	12,141,660	12,144,529	22,006	7,931,200	7,953,206
Lease liability	416,211	2,998,459	3,414,670	321,080	2,304,383	2,625,463
Current income tax liabilities	0	0	0	735,693	0	735,693
Deferred tax liabilities	0	3,335,874	3,335,874	0	1,804,725	1,804,725
Other liabilities	3,895,361	0	3,895,361	2,134,796	0	2,134,796
Total	259,857,888	79,293,552	339,151,440	149,358,529	58,646,614	208,005,143
Net	(143,122,631)	226,860,738	83,738,107	(77,933,668)	147,278,938	69,345,270

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchanges, and equity prices.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Bank's statement of profit or loss.

The sensitivity of the statement of profit or loss is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate non-trading financial assets and financial liabilities held at 31 December 2025 and 31 December 2024. The sensitivity of equity is calculated by revaluing fixed rate debt financial assets measured at FVOCI at 31 December 2024 for the effects of the assumed changes in interest rates based on the assumption that there are parallel shifts in the yield curve.

27. Risk management (continued)

Market risk (continued)

Currency	<i>Increase in basis points</i> 31/12/2025	<i>Sensitivity of net interest income</i> 31/12/2025	<i>Sensitivity of equity</i> 31/12/2025
	<i>Decrease in basis points</i> 30/09/2025	<i>Sensitivity of net interest income</i> 30/09/2025	<i>Sensitivity of equity</i> 30/09/2025
Currency	<i>Increase in basis points</i> 2024	<i>Sensitivity of net interest income</i> 2024	<i>Sensitivity of equity</i> 2024
	<i>Decrease in basis points</i> 2024	<i>Sensitivity of net interest income</i> 2024	<i>Sensitivity of equity</i> 2024
AMD	1.00%	–	(497,515)
AMD	1.00%	–	654,604
AMD	1.00%	–	(1,601,344)
AMD	1.00%	–	2,321,289

Currency risk

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

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

	USD AMD'000	EUR AMD'000	Other currencies AMD'000	Total AMD'000
Assets				
Cash and cash equivalents	4,205,649	2,102,321	692,507	7,000,477
Amounts due from banks	6,919,832	1,048,808	0	7,968,640
Amounts received under reverse repo agreements	1,907,009	0	0	1,907,009
Loans to customers	53,662,622	788912	0	54,451,534
Finance lease receivables	1,481,970	1,713,605	0	3,195,575
Other financial assets	120,146	33726	4,324	158,196
Total assets	65,013,218	5,687,373	696,831	73,208,297
Liabilities				
Amounts due to banks	12,233,517	0	0	12,233,517
Amounts due to customers	39,453,201	5,314,144	1,064,084	45,831,429
Debt securities issued	7,501,233	658432	0	8,159,665
Other borrowed funds	0	0	0	0
Other financial liabilities	116,780	36152	411	153,343
Total liabilities	66,946,984	6,008,728	1,064,495	74,020,207
Net position	1,350,244	(321,355)	(367,664)	661,224

27. Risk management (continued)

Market risk (continued)

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

	USD AMD'000	EUR AMD'000	Other currencies AMD'000	Total AMD'000
Assets				
Cash and cash equivalents	3,752,509	1,670,429	1,141,388	6,564,326
Amounts due from banks	2,310,444	147,004	—	2,457,448
Loans to customers	41,490,151	376,055	—	41,866,206
Finance lease receivables	1,298,628	1,419,530	—	2,718,158
Other financial assets	32,221	16,02	405	49,328
Total assets	48,883,954	3,629,719	1,141,793	53,655,466
Liabilities				
Amounts due to banks	15,915,893	1,241,942	—	17,157,835
Amounts due to customers	19,863,797	1,928,317	54,057	21,846,171
Debt securities issued	5,089,402	286,962	—	5,376,364
Other borrowed funds	7,953,204	—	—	7,953,204
Other financial liabilities	39,934	51,117	21,132	112,183
Total liabilities	48,862,230	3,508,338	75,189	52,445,757
Net position	21,723	121,381	1,066,604	1,209,709

The tables below indicate the currencies to which the Bank had significant exposure at 31 December 2025 and 31 December 2024 on its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the currency rate against AMD, with all other variables held constant on the statement of profit or loss (due to the fair value of currency sensitive non-trading monetary assets and liabilities). The effect on equity does not differ from the effect on the statement of profit or loss. A negative amount in the table reflects a potential net reduction in statement of profit or loss or equity, while a positive amount reflects a net potential increase. The Management Board has set risk appetite limits on the currency and interest rate risk.

Currency	Change in currency rate in %	Effect on profit before tax	Change in currency rate in %	Effect on profit before tax
	30-September- 2025	30-September- 2025	31-Dec-2024	31-Dec-2024
USD	3.40%	(20,008)	3.40%	(3,106)
USD	(3.84%)	22,598	(3.84%)	3,505
EUR	6.60%	(41,120)	6.60%	14,398
EUR	(3.17%)	19,750	(3.17%)	(6,924)

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 to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Bank cannot expect to eliminate all operational risks, but a control framework and monitoring and responding to potential risks could be effective tools to manage the risks.

The Bank has adopted the three lines of defense in the scope of the operational risk management; the first line of defense provided by the front line staff and operational management, the second line of defense provided by the risk management and compliance functions and the third line of defense 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.

28. Fair value measurements

Fair value measurement

The estimates of fair value are intended to approximate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However, given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realizable in an immediate sale of the assets or transfer of liabilities.

The Bank's management determines the policies and procedures for fair value measurement for Bank's assets including derivatives. The estimated fair values of all financial assets and liabilities are calculated using discounted cash flow techniques based on estimated future cash flows and discount rates for similar instruments at the reporting date.

As at 31 December 2025 and 31 December 2024, the Bank has financial instruments, such as loans to customers, amounts due from banks, finance lease receivables, other financial assets, amounts due to customers, amounts due to banks, other borrowed funds, lease liability and other financial liabilities for which fair value is based on valuation techniques involving the use of significant non-market observable inputs.

Fair value hierarchy

The Bank 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 Bank'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.

	<i>Fair value measurement using</i>			
	<i>Quoted prices in active markets</i>	<i>Significant observable inputs</i>	<i>Significant unobservable inputs</i>	<i>Total</i>
<i>At 31 December 2025</i>	<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	
Financial instruments at fair value through profit or loss				
- Derivative financial liabilities	—	—	—	—
Financial assets at fair value through other comprehensive income				
- Investment securities	—	21,975,943	—	21,975,943
- Investment securities pledged under repurchase agreements	—	7,104,255	—	7,104,255
Assets for which fair values are disclosed				
- Cash and cash equivalents	43,499	31,483,520	—	31,527,018
- Amounts due from banks	—	—	5,666,555	5,666,555
- Other financial assets	—	—	2,299,185	2,299,185
- Loans to customers	—	—	287,309,518	287,309,518
- Finance lease receivables	—	—	9,435,171	9,435,171
- Amounts receivable under reverse repurchase agreements	—	—	1,902,692	1,902,692
Liabilities for which fair values are disclosed				
- Amounts due to customers	—	218,523,865	—	218,523,865
- Debt securities issued	—	21,769,465	—	21,769,465
- Amounts due to banks	—	—	19,478,406	19,478,406
- Other borrowed funds	—	—	17,348,206	17,348,206
- Subordinated loans	—	—	19,237,979	19,237,979
- Lease liability	—	—	3,451,634	3,451,634
- Other financial liabilities	—	—	2,207,091	2,207,091

28. Fair value measurements (continued)

Fair value hierarchy (continued)

<i>At 31 December 2024</i>	<i>Quoted prices in active markets</i>	<i>Significant observable inputs</i>	<i>Fair value measurement using Significant unobservable inputs</i>	<i>Total</i>
	<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	
Financial instruments at fair value through profit or loss				
- Derivative financial liabilities	—	—	—	—
Financial assets at fair value through other comprehensive income				
- Investment securities	—	13,150,593	—	13,150,593
- Investment securities pledged under repurchase agreements	—	8,671,386	—	8,671,386
Assets for which fair values are disclosed				
- Cash and cash equivalents	17,055,836	—	—	17,055,836
- Amounts due from banks	—	—	2,692,448	2,692,448
- Other financial assets	—	—	883,709	883,709
- Loans to customers	—	—	208,077,064	208,077,064
- Finance lease receivables	—	—	7,236,002	7,236,002
- Amounts receivable under reverse repurchase agreements	—	—	6,361,803	6,361,803
Liabilities for which fair values are disclosed				
- Amounts due to customers	—	147,861,565	—	147,861,565
- Debt securities issued	—	13,707,814	—	13,707,814
- Amounts due to banks	—	—	17,144,438	17,144,438
- Other borrowed funds	—	—	13,927,770	13,927,770
- Subordinated loans	—	—	7,953,206	7,953,206
- Lease liability	—	—	2,625,463	2,625,463
- Other financial liabilities	—	—	1,809,411	1,809,411

Fair value of financial assets and liabilities not carried at fair value

Set out below is a comparison by class of the carrying amounts and fair values of the Bank's financial instruments that are not carried at fair value in the statement of financial position. The table does not include the fair values of non-financial assets and non-financial liabilities.

	<i>Carrying value</i>	<i>Fair value</i>	<i>Unrecognised gain/(loss)</i>	<i>Carrying value</i>	<i>Fair value</i>	<i>Unrecognised gain/(loss)</i>
	<i>31/12/25</i>	<i>31/12/25</i>	<i>31/12/25</i>	<i>31/12/24</i>	<i>31/12/24</i>	<i>31/12/24</i>
Financial assets						
Cash and cash equivalents	31,527,018	31,527,018	—	17,055,836	17,055,836	—
Amounts due from banks	5,666,555	5,666,555	—	2,692,448	2,692,448	—
Loans to customers	286,691,854	287,309,518	617,664	211,265,597	208,077,064	(3,188,533)
Finance lease receivables	9,061,346	9,435,171	373,825	7,236,002	7,236,002	—
Amounts receivable under reverse repurchase agreements	1,902,692	1,902,692	—	6,361,803	6,361,803	—
Other financial assets	2,299,185	2,299,185	—	883,709	883,709	—
Financial liabilities						
Derivative financial liabilities	—	—	—	—	—	—
Amounts due to customers	217,808,865	218,951,145	(1,142,280)	147,776,359	147,861,565	(85,206)
Amounts due to banks	19,397,827	19,397,827	—	17,160,007	17,144,438	15,569
Debt securities issued	21,769,465	21,769,465	—	13,652,511	13,707,814	(55,303)
Other borrowed funds	17,414,811	17,414,811	—	14,162,383	13,927,770	234,613
Subordinated loans	19,237,979	19,237,979	—	7,953,206	7,953,206	—
Lease liability	3,451,634	3,451,634	—	2,625,463	2,625,463	—
Other financial liabilities	2,207,091	2,207,091	—	1,809,411	1,809,411	—
Total unrecognised change in fair value	638,436,321	640,570,090	(150,791)	450,634,734	447,336,528	(3,078,859)

Valuation techniques and assumptions

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

28. Fair value measurements (continued)**Valuation techniques and assumptions (continued)***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.

Financial assets and financial liabilities carried at amortized cost

The fair value of loans to customers, other borrowed funds, amounts due to banks, amounts due to customers and lease liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

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.

29. Transferred financial assets and assets held or pledged as collateral**Transferred financial assets that are not derecognised in their entirety****Repurchase agreements**

The securities sold under agreements to repurchase are transferred to a third party and the Bank receives cash in exchange, or other financial assets. If the securities increase or decrease in value, the Bank may, in certain circumstances, require, or be required, to pay additional cash collateral. The Bank has determined that it retains substantially all the risks and rewards of these securities, which includes credit risk, market risk, country risk and operational risk, and therefore has not derecognized them. In addition, it recognized a financial liability for cash received.

Similarly, the Bank may sell or re-pledge securities borrowed or purchased under agreements to resell, but has an obligation to return the securities and the counterparty retains substantially all the risks and rewards of ownership. Consequently, the securities are not recognised by the Bank, which instead records a separate asset for any cash given.

As at December 31 2025 the Bank has securities sold under repurchase agreements amounted to AMD 0 thousand which were classified as measured at FVOCI (2024: 8,671,386).

The associated liabilities, which are recorded against the cash received for such transactions, are presented in the statement of financial position as at 31 December 2025 as amounts payable under repurchase agreements with carrying amount of AMD 0 thousand (2024: 8,383,347) presented within amounts due to banks.

30. Offsetting of financial instruments

The table below shows financial assets offset against financial liabilities in the statement of financial position, as well as the effect of enforceable master netting agreements and similar arrangements that do not result in an offset in the statement of financial position:

	<i>Gross amount of recognised financial liabilities</i>	<i>Gross amount of recognised financial liabilities set off in the statement of financial position</i>	<i>Net amount of financial liabilities presented in the statement of financial position</i>	<i>Related amounts not set off in the statement of financial position</i>		
				<i>Financial instruments</i>	<i>Cash collateral received</i>	<i>Net amount</i>
<i>31 December 2025</i>						
Financial assets						
Amounts receivable from Banks	5,920,255	—	5,920,255	4,330,000	—	1,590,255
Amounts receivable from financial institutions	—	—	—	—	—	—
Total	5,920,255	—	5,920,255	4,330,000	—	1,590,255
Financial liabilities						
Amounts due to banks – repo	—	—	—	—	—	—
Total	—	—	—	—	—	—
	<i>Gross amount of recognised financial liabilities</i>	<i>Gross amount of recognised financial liabilities set off in the statement of financial position</i>	<i>Net amount of financial liabilities presented in the statement of financial position</i>	<i>Related amounts not set off in the statement of financial position</i>		
				<i>Financial instruments</i>	<i>Cash collateral received</i>	<i>Net amount</i>
<i>31 December 2024</i>						
Financial liabilities						
Amounts due to banks – repo	(8,383,347)	—	(8,383,347)	8,671,386	—	288,039
Total	(8,383,347)	—	(8,383,347)	8,671,386	—	288,039

31. 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:

	01/01/2025-31/12/2025			01/01/2024-31/12/2024		
	Shareholders and their close family members	Key management personnel and their close family members	Other related parties	Shareholders and their close family members	Key management personnel and their close family members	Other related parties
Loans and advances to customers						
At 1 January	0	11,004	0	—	13,876	—
Loans issued during the year	1,023,135	135,977	2,002,272	—	—	—
Loan repayments during the year	(520,697)	(112,36)	(8,267)	—	(2,821)	—
Other movements	0	0	(2,182)	—	—	—
Loans outstanding at 31 December, gross	502,438	34,622	1,991,823	—	11,055	—
Less: allowance for impairment at	(10,049)	(481)	(39,836)	—	(51)	—
Loans outstanding at 31 December, net	492,389	34,141	1,951,986	—	11,004	—
Credit lines to customers						
Credit lines outstanding at beginning of the financial period, gross	0	0	0	0	0	0
Net flow during the period	0	89	2,810	0	0	0
Credit lines outstanding at 31 December gross	0	89	2,810	0	0	0
Less: allowance for impairment at	0	(2)	(56)	0	0	0
Credit lines outstanding at 31 December, net	0	88	2,754	0	0	0
Undrawn portion of the credit facility	20,050	16,111	2,190	0	0	0
Finance lease receivables						
At 1 January	0	0	1,208,793	—	—	148,896
Leases issued during the year	0	0	648,085	—	—	1,348,642
Lease repayments during the year	0	0	(576,877)	—	—	(221,341)
Other movements	0	0	104,276	—	—	(44,240)
Finance lease receivables outstanding at 31 December, gross	0	0	1,384,277	—	—	1,231,956
Less: allowance for impairment	0	0	(3,364)	—	—	(23,163)
Finance lease receivables outstanding at 31 December, net	0	0	1,380,913	—	—	1,208,793
Current accounts						
At 1 January	561,136	25,534	1,281,317	57,763	21,760	671,891
Net flow during the period	(50,175)	6,764	(570,025)	503,373	3,774	609,426
At 31 December	510,961	32,298	711,292	561,136	25,534	1,281,317
Term Deposits						
At 1 January	10,762,711	120,476	4,073,699	—	59,978	3,173,121
Deposits received	3,087,684	700,618	921,911	19,922,165	275,448	3,341,153
Deposits repaid	13,857,651	457,997	4,193,327	(8,455,405)	(218,015)	(3,170,701)
Other	(7,256)	2,376	73,784	38,567	31	(63,280)
Deposit balances at 31 December	0	360,721	728,500	10,762,711	120,445	4,073,698
Other borrowed funds						
At 1 January	0	—	—	—	—	—
Loans issued during the year	0	—	—	—	—	—
Loan repayments during the year	0	—	—	—	—	—
Debt to equity swap (Note 21)	0	—	—	—	—	—
Other movements	0	—	—	—	—	—
At 31 December	0	—	—	—	—	—
Subordinated loan						
At 1 January	7,953,827	—	—	—	—	—
Subordinated loan received	11,959,132	—	—	10,500,000	—	—
Subordinated loan repaid	7,458,753	—	—	—	—	—

Other	313,723	—	—	60,606	—	—
Subordinated loan at 31 December 2024	12,140,483	—	—	10,560,606	—	—
Lease Liabilities						
At 1 January	395,934	0	1,196,990	395,934	0	1,280,628
Additions during the period	836,443	0	748,667	0	0	4,376
Accretion of interest	161,418	0	185,471	0	0	68,537
Payments during the period	(224,464)	0	(345,676)	0	0	(156,551)
Other	0	0	0	0	0	0
Lease liabilities at 31 December 2024	1,169,332	0	1,785,452	395,934	0	1,196,990
Other assets	0	402	1,059,459	0	234	634,639
Financial guarantees	0	0	294,404	0	0	550,800
Statement of profit or loss						
Interest revenue calculated using effective rate	23,135	3,148	17,027	0	272	0
Other interest income	0	0	111,370	0	0	75,267
Credit loss expense charge for loans	(10,049)	(481)	(43,200)	0	51	(23,163)
Interest expense on deposits and current accounts	(87,684)	(22,747)	(167,616)	(277,622)	(8,178)	(194,649)
Interest expense on other borrowed funds	(161,418)	0	(185,471)	(291,339)	0	0
Interest expense on lease liabilities	(1,459,132)	0	0	(118,044)	0	(68,537)

31. Related party disclosures (continued)

Other related parties include entities in which controlling stakes are held by the shareholders of the Bank and their family members.

Compensation of key management personnel was comprised of the following:

	31/12/2025	31/12/2024
Salaries and other short-term benefits	482,741	336,756

32. Changes in liabilities arising from financing activities

	Note	Loans from banks	Debt securities issued	Other borrowed funds	Lease liabilities	Subordinated loans	Total liabilities from financing activities
Carrying amount at 31 December 2023	17,18,19,20	5,059,016	5,964,869	7,934,059	1,754,993	—	20,712,937
Proceeds from issue		26,301,320	8,701,212	7,549,195	570,541	7,892,600	51,014,868
(22,498,81)		(1,083,34)		(1,376,657)	(455,655)	—	(25,424,941)
Redemption		—	—	—	—	38,675	(161,232)
Foreign currency translation		(130,714)	(69,81)	(6)	—	—	—
Non-cash transactions		—	—	—	544,254	—	544,254
Other		(13,072)	138,955	55,798	211,330	21,931	414,941
Carrying amount at 31 December 2024	17,18,19,20	8,717,662	13,652,511	14,162,383	2,625,463	7,953,206	47,111,225
Proceeds from issue		92,281,572	15,971,593	7,617,381	1,103,087	10,500,000	127,473,633
(80,288,38)		(1,703,14)	(2,350,692)	(654,860)	(654,860)	(7,027,678)	(92,024,752)
Redemption		—	—	—	—	(308,677)	(1,086,136)
Foreign currency translation		(589,508)	(187,950)	(6)	(6)	—	—
Non-cash transactions		—	—	—	(75,741)	0	(75,741)
Other		99	785,069	129,578	416,721	1,027,678	2,359,956
Carrying amount at	17,18,19,20						

31 December 2025	<u>20,122,254</u>	<u>28,518,084</u>	<u>19,558,648</u>	<u>3,414,670</u>	<u>12,144,529</u>	<u>83,758,185</u>
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The “Other” line includes the net effect of paid and accrued interest on debt securities issued, other borrowed funds, loans from banks and lease liabilities during the year. The Bank classifies interest paid as cash flows from operating activities.

Non-cash transactions comprise of additions of lease liabilities and include conversion of borrowed funds into Bank's share capital (see Notes 19, 20 and 22).

33. Capital adequacy

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

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. Corresponding changes were made in the objectives, policies and processes from the previous years to comply with requirements set by the Central Bank of Armenia.

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