Fast Bank CJSC

Financial statements
For the period ended 30 June 2025

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For the period ended 30 June 2025

(thousands of Armenian Drams)

	Notes	*30/06/2025*	*31/12/2024*
Assets			
Cash and cash equivalents	5	23,070,502	17,055,836
Amounts due from banks	6	3,819,528	2,692,448
Amounts receivable under reverse repurchase agreements	7	382,376	6,361,803
Investment securities	8	26,415,048	13,150,593
Investment securities pledged under repurchase agreements	8	1,003	8,671,386
Loans to customers	10	261,795,663	211,265,597
Finance lease receivables	11	8,451,886	7,236,002
Property, equipment and right-of-use assets	12	5,880,994	5,676,256
Intangible assets	13	2,649,738	2,062,421
Other Assets	15	6,844,598	3,178,072
Total assets		**339,311,338**	**277,350,414**
Liabilities			
Derivative financial liabilities	7	–	–
Amounts due to customers	16	184,054,444	147,776,359
Amounts due to banks	17	21,855,395	17,160,007
Debt securities issued	18	17,919,693	13,652,511
Other borrowed funds	19	15,945,596	14,162,383
Subordinated loans	19	18,882,445	7,953,206
Lease liability	20	2,822,148	2,625,463
Current income tax liabilities		0	735,693
Deferred tax liabilities	13	2,184,580	1,804,725
Other liabilities	21	2,876,873	2,134,796
Total liabilities		**266,541,173**	**208,005,143**
Equity			
Share capital	22	40,100,200	40,100,200
Retained earnings		32,763,413	29,368,402
Revaluation reserve for investment securities	22	(93,448)	(123,333)
Total equity		**72,770,164**	**69,345,270**
Total equity and liabilities		**339,311,338**	**277,350,413**

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

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

Executive Director Garegin Darbinyan

Chief Accountant Tatul Tamrazyan

15 July, 2025

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

Statement of profit or loss and other comprehensive income

For the period ended 30 June 2025

(thousands of Armenian Drams)

	01/04/2025-30/06/2025	*01/01/2025-30/06/2025*	*01/04/2024-30/06/2024*	*01/01/2024-30/06/2024*
Interest revenue calculated using effective interest rate	**10,230,823**	**19,281,767**	**5,390,198**	**9,831,544**
Other interest revenue	328,778	643,914	163,940	231,946
Interest expense	(5,009,904)	(9,282,601)	(1,917,542)	(3,221,120)
Net interest income	**5,549,697**	**10,643,080**	**3,636,596**	**6,842,370**
Reversal of credit loss expense/ (Credit loss expense)	(1,226,627)	(1,966,877)	459,046	(102,873)
Net interest income after credit loss expense	**4,323,070**	**8,676,203**	**4,095,642**	**6,739,496**
Fee and commission income	306,268	481,741	96,650	236,636
Fee and commission expense	(87,170)	(161,267)	(85,983)	(132,256)
Net gain/(loss) from financial instruments at fair value through profit or loss	0	0	0	0
Net gain/(loss) from foreign currencies	343,323	707,939	179,651	219,968
- dealing	323,123	559,646	200,906	351,247
- translation difference	20,200	148,293	(21,255)	(131,279)
Other income	55,344	107,759	26,475	91,394
Non-interest income	**617,765**	**1,136,172**	**216,793**	**415,742**
Personnel expenses	(1,878,379)	(3,488,512)	(1,443,139)	(2,675,427)
Depreciation and amortisation	(356,993)	(717,664)	(271,639)	(522,970)
Other operating expenses	(808,651)	(1,448,618)	(586,874)	(1,072,655)
Non-interest expense	**(3,044,022)**	**(5,654,794)**	**(2,301,652)**	**(4,271,052)**
Profit before income tax expense	**1,896,813**	**4,157,581**	**2,010,784**	**2,884,186**
Income tax expense	(344,693)	(762,571)	(387,432)	(551,139)
Profit for the period	**1,552,119**	**3,395,010**	**1,623,352**	**2,333,048**
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Net change in fair value of debt instruments at fair value through other comprehensive income	(51,774)	38,457	6,267	427,201
Net change in fair value of corporate shares		0		0
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income	(803)	(2,013)	32,499	145,723
Income tax relating to components of other comprehensive income	9,464	(6,560)	(6,978)	(103,126)
Net other comprehensive income/ (loss) to be reclassified to profit or loss in subsequent periods	**(43,113)**	**29,884**	**31,788**	**469,797**
Other comprehensive income/ (loss) for the period, net of tax	**(43,113)**	**29,884**	**31,788**	**469,797**
Total comprehensive income for the period	**1,509,007**	**3,424,895**	**1,655,140**	**2,802,844**

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

Statement of changes in equity

For the period ended 30 June 2025

(thousands of Armenian Drams)

	Share capital	*Revaluation reserve for investment securities*	*Retained earnings*	*Total equity*
Balance as at 1 January 2024	**30,100,000**	**(431,915)**	**24,316,477**	**53,984,562**
Total comprehensive income				
Profit for the period			2,333,048	**2,333,048**
Other comprehensive (loss)/gain for the period		469,797	-	**469,797**
Total comprehensive income for the period	**-**	**469,797**	**2,333,048**	**2,802,844**
Addition in statutory capital	10,000,200			**10,000,200**
Dividends paid to shareholders of the Bank				
Balance as at 30 June 2024	**40,100,200**	**37,882**	**26,649,524**	**66,787,606**
Balance as at 1 January 2025	**40,100,200**	**(123,332)**	**29,368,402**	**69,345,270**
Profit for the period			3,395,010	**3,395,010**
Other comprehensive income/(expense) for the period		29,884	-	**29,884**
Total comprehensive income for the period	**-**	**29,884**	**3,395,010**	**3,424,895**
Addition in statutory capital				
Dividends paid to shareholders of the Bank				
Balance as at 30 June 2025	**40,100,200**	**(93,448)**	**32,763,412**	**72,770,164**

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

Statement of cash flows

For the period ended 30 June 2025

(thousands of Armenian Drams)

	01/01/2025-30/06/2025	*01/01/2024-30/06/2024*
Cash flows from operating activities		
Interest received	18,102,827	9,764,600
Interest paid	(5,709,864)	(2,225,505)
Fees and commissions received	484,522	237,496
Fees and commissions paid	(165,181)	(107,899)
Net receipts from foreign exchange	559,646	351,247
Salary and other equivalent payments	(3,772,414)	(2,951,868)
Other operating expenses paid	(1,913,867)	(1,174,662)
Other operating income received	12	0
Cash flows from changes in operating assets and liabilities	**7,585,682**	**3,893,410**
Increase/decrease in operating assets		
Amounts received under reverse repurchase agreements	6,002,700	(0)
Loans to customers	(52,612,268)	(37,549,300)
Finance lease to customers	(1,043,566)	(4,392,125)
Amounts due from banks	(1,127,080)	(1,068,152)
Other assets	(4,790,363)	(587,207)
Increase/(decrease) in operating liabilities		
Amounts payable under repurchase agreements	(8,349,307)	7,592,669
Amounts due to customers	35,727,363	35,894,007
Other liabilities	608,107	(36,986)
Net cash flows from operating activities before income tax	**(17,998,733)**	**3,746,315**
Income tax paid	(1,529,454)	(1,822,319)
Net cash from operating activities	**(19,528,187)**	**1,923,995**
Cash flows from investing activities		
Purchases of investment securities	(9,758,794)	(13,870,498)
Sale and repayment of investment securities	5,720,159	2,582,000
Purchase of property and equipment	(269,285)	(436,324)
Proceeds from sale of property and equipment	1,173	0
Purchase of intagible assets	(269,218)	(153,470)
Net cash from investing activities	**(4,575,964)**	**(11,878,292)**
Cash flows from financing activities		
Shareholders' contributions to the authorized capital	0	10,000,200
Proceeds from banks	78,934,405	19,496,020
Repayment of loans from banks	(65,495,435)	(19,695,390)
Proceeds from bonds issued	4,280,168	5,889,314
Redemption of bonds issued	(9,900)	0
Proceeds from other borrowed funds	2,839,458	4,133,563
Repayment of other borrowed funds	(1,065,843)	(590,197)
Proceeds from subordinated loans	10,500,000	0
Lease payments	63,047	(120,700)
Net cash from financing activities	**30,045,900**	**19,112,811**
Effect of exchange rates changes on cash and cash equivalents	131,281	(264,185)
Effect of expected credit losses on cash and cash equivalents	(58,364)	(40,822)
Net increase/(decrease) in cash and cash equivalents	**6,014,666**	**8,853,508**
Cash and cash equivalents, beginning	17,055,836	10,984,112
Cash and cash equivalents, ending	**23,070,502**	**19,837,619**

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

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 вycs 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 30 June 2025, the Bank has around 1,251 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 30 June, 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 AMD is also the presentation currency for the purposes of these financial statements. The official CBA exchange rates as at 30 June 2025 and 31 December 2024, were AMD 396.56 and AMD 384.47 to 1 USD and AMD 413.89 and AMD 450.83 to EUR 1, 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 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 contacts, 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 30 June 2025 was AMD 3,108,856 thousand (2024 AMD 2,1074,171 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:

	3/06/2025	*31/12/2024*
Current accounts with the Central Bank, including obligatory reserves (not restricted part, see Note 6)	15,182,141	10,069,137
Cash on hand	7,310,354	6,074,607
Current accounts with other banks	643,907	919,628
Term deposits in the Central Bank of Armenia	–	–
Impairment	(65,900)	(7,536)
Cash and cash equivalents	**23,070,502**	**17,055,836**

Mandatory reserves in Central Bank of Armenia include rete As of 30 June 2025, current accounts with Central Bank of Armenia include obligatory reserves in the amount of AMD 7,114,240 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:

	30/06/2025	*31/12/2024*
ECL allowance as at 1 January	**7,536**	**6,391**
Changes in ECL	58,364	1,145
At 31 December	**65,900**	**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

	30/06/25	*31/12/24*
Mandatory reserves in CBA (in foreign currencies) (Note 5)	3,622,431	2,458,944
Amounts frozen at Cetral Bank of Armenia	195,000	235,000
Other requirements for banks	3,982	–
Impairment	(1,885)	(1,496)
	3,819,528	**2,692,448**

As of 30 June 2025, mandatory reserves in Central Bank of Armenia include reserves in foreign currencies in the amount of AMD 3,622,431 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:

	30/06/2025	*31/12/2024*
ECL allowance as of 1 January	**1,496**	**507**
Changes in ECL	389	989
On 31 December	**1,885**	**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.

	30/06/2025		*31/12/2024*	
	Notional amount	***Fair value***	***Notional amount***	***Fair value***
Assets				
Derivative financial instruments				
Forwards and swaps domestic	–	–	–	–
	–	**–**	**–**	**–**
Liabilities				
Derivative financial instruments				
Forwards and swaps domestic	–	–	–	–
	–	**–**	**–**	**–**

8. Investment securities

Investment securities as at 30 June 2025 and 31 December 2024 comprise:

	30/06/2025	*31/12/2024*
Debt securities at FVOCI		
Government bonds of the Republic of Armenia	25,140,012	11,868,905
Corporate bonds	1,081,079	1,021,611
Debt securities at FVOCI pledged under repurchase agreements		
Government bonds of the Republic of Armenia	1,003	
Debt securities at FVOCI	**26,222,094**	**21,561,902**
Equity securities at FVOCI		
Unquoted equity shares – local companies	260,077	260,077
Equity securities at FVOCI	**260,077**	**260,077**
Investment securities at FVOCI	**26,482,171**	**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:

Debt securities at FVOCI	*30/06/2025*	*31/12/2024*
Fair value as of 1 January	**21,588,323**	**8,368,773**
New assets originated or purchased	10,826,344	20,200,378
Assets repaid	(6,270,730)	(7,434,910)
Net change in fair value	38,457	454,082
At the end of the period	**22,898,401**	**21,588,323**

Debt securities at FVOCI	*30/06/2025*	*31/12/2024*
ECLs as of 1 January	**24,630**	**102,392**
Changes in ECL	(2,013)	(77,762)
At the end of the period	**22,617**	**24,630**

9. Loans to customers

	30/06/25	*31/12/2024*
Gold-secured loans	*93,221,777*	75,648,641
Mortgage and other loans secured by real estate	*80,948,004*	65,430,666
Corporate loans	*71,249,574*	61,571,880
Other retail loans	*19,485,164*	10,811,608
Gross loans to customers	***264,904,519***	**213,462,795**
Impairment allowance	*(3,108,856)*	(2,097,280)
Net loans to customers at amortized cost	**261,795,663**	**211,365,514**

The Bank's operations are primarily focused on providing loans to individuals secured by gold.

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 30 June 2025 and 31 December 2024 is as follows:

Loans to customers customers	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
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	142,475,162	–	–	**142,475,162**
Assets repaid	(70,076,505)	(16,584,386)	(2,666,461)	**(89,327,352)**
Transfers to Stage 1	2,898,525	(2,895,000)	(3,525)	–
Transfers to Stage 2	(12,973,547)	13,134,321	(160,774)	–
Transfers to Stage 3	(3,941,182)	(589,879)	4,531,060	–
Recoveries	–	–	23,467	**23,467**
Amounts written off	–	–	(340,412)	**(340,412)**
Foreign exchange adjustments	(1,337,628)	(47,649)	(7,626)	**(1,392,903)**
At 30 June 2025	**242,901,838**	**16,842,036**	**5,156,883**	**264,900,757**

Loans to customers customers	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
ECL as at 1 January 2025	**627,945**	**978,680**	**590,573**	**2,197,198**
New assets originated or purchased	1,321,772	–	–	**1,321,772**
Assets repaid	(365,355)	(1,049,530)	(589,388)	**(2,004,273)**
Transfers to Stage 1	15,015	(14,999)	(17)	–
Transfers to Stage 2	(979,013)	984,182	(5,169)	–
Transfers to Stage 3	(710,685)	(103,102)	813,786	–
Changes to models and inputs and other movements	970,926	457,394	511,410	**1,939,731**
Unwinding of discount	–	–	(37,469)	**(37,469)**
Recoveries	–	–	23,467	**23,467**
Amounts written off	–	–	(340,412)	**(340,412)**
Foreign exchange adjustments	2,367	4,067	2,408	**8,842**
At 30 June 2025	**882,973**	**1,256,693**	**969,190**	**3,108,856**

Loans to customers customers	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
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**

Loans to customers	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
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.

	Maximum exposure to credit risk	Fair value of collateral held under the base scenario						Net Exposure	Associated ECL
		Cash equivalent	*Property*	*Gold*	*Other*	*Surplus*	*Total collateral*		
30-June-25									
Gold-secured loans	3,945,081	–	–	4,544,870	–	(618,118)	4,544,870	18,329	389,865
Mortgage loans	437,989	–	615,840	–	–	(205,527)	615,840	27,676	154,223
Other corporate loans	484,164	–	610,880	–	–	(131,493)	610,880	4,777	155,504
Other retail loans	31,806	2,522	24,400	–	–	(18,564)	26,922	23,448	19,514
	3,372,543	**2,522**	**1,251,120**	**3,419,961**	**–**	**(1,361,886)**	**4,673,604**	**60,825**	**516,965**

	Maximum exposure to credit risk	Cash equivalent	Property	Fair value of collateral held under the base scenario				Net Exposure	Associated ECL
				Gold	*Other*	*Surplus*	*Total collateral*		
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 30 June 2025, loans to customers with a gross value of AMD 15,781,034 thousand (2024: AMD 14,462,485 thousand) serve as collateral for other borrowed funds (see Note 19).

Concentration of loans to customers

As at 30 June 2025, the Bank had a concentration of loans represented by AMD 55,291,939 thousand due from the ten largest third-party borrowers (2024: AMD 47,810,320 thousand).

An allowance of AMD 148,069 thousand (2024: AMD 117,346 thousand) was recognised against these loans.

Loans have been extended to the following types of customers:

	30/06/2025	*31/12/2024*
Individuals	*183,953,189*	148,026,462
Private companies	*75,724,938*	64,705,829
Financial institutions	*5,226,392*	730,504
Gross loans to customers	***264,904,519***	**213,462,795**
Less: allowance for impairment	*(3,108,856)*	(2,097,280)
Loans to customers	***261,795,663***	**211,365,514**

9. Loans to customers (continued)

Concentration of loans to customers

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

	30/06/2025	*31/12/2024*
Individuals	183,953,189	148,026,462
Construction	25,914,558	22,898,409
Agriculture and food processing	12,378,934	17,556,730
Trading enterprises	14,735,082	13,837,718
Manufacturing	18,958,704	6,259,391
Services	3,637,320	4,046,330
Financial sector	5,226,392	730,504
Other	100,340	107,249
Gross loans to customers	**264,904,519**	**213,462,795**
Less: allowance for impairment	(3,108,856)	(2,097,280)
Loans to customers	**261,795,663**	**211,365,514**

10. Finance lease receivables

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

	30/06/2025	*31/12/2024*
Private companies	8,489,144	7,258,632
Gross finance leases	**8,489,144**	**7,258,632**
Less: allowance for impairment	(37,258)	(22,631)
Net finance leases to customers	**8,451,886**	**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 30 June:

Finance lease receivables	*30/06/2025*	*31/12/2024*
Gross carrying value as at 1 January	**7,258,632**	**255,097**
New assets originated or purchased	3,080,737	8,107,536
Assets repaid	(1,925,239)	(1,033,331)
Foreign exchange adjustments	75,013	(70,670)
At the end of the period	**8,489,144**	**7,258,632**

Finance lease receivables	*30/06/2025*	*31/12/2024*
ECL as at 1 January	**22,631**	**468**
New assets originated or purchased	7,643	23,011
Assets repaid	(6,792)	(5,016)
Changes to models and inputs and other movements	36,407	4,636
Foreign exchange adjustments	(22,631)	(468)
At the end of the period	**37,258**	**22,631**

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

	30/06/2025	*31/12/2024*
Services	2,426,594	3,120,883
Manufacturing	4,201,338	2,560,391
Agriculture and food processing	1,201,041	1,183,482
Construction	413,093	217,470
Trading	247,077	176,407
Gross loans to customers	**8,489,144**	**7,258,632**
Less: allowance for impairment	(37,258)	(22,631)
Loans to customers	**8,451,886**	**7,236,002**

Finance lease receivables (continued)

The analysis of finance lease receivables at 30 June is as follows:
Gross investment in finance leases:

	30/06/2025	*31/12/2024*
Not later than 1 year	2,540,736	1,582,649
Between 1 and 2 years	2,499,132	1,953,054
Between 2 and 3 years	2,310,787	1,936,597
Between 3 and 4 years	1,863,473	1,566,964
Between 4 and 5 years	1,884,471	1,680,720
Later than 5 years	1,141,477	1,985,582
	12,240,077	**10,705,565**
Unearned future finance income on finance leases	**(3,750,933)**	**(3,446,933)**
Net investment in finance leases before impairment allowance	**8,489,144**	**7,258,632**
Impairment allowance	(37,258)	(22,631)
Net in investment in finance leases	**8,451,886**	**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**	(1,868)	**(1,868)**
Additions	0	153,552	283,088	9,500	60,103	**506,244**	133,639	**639,883**
Disposals and write-offs	0	(1,980)	0	0	(5,280)	**(7,260)**	0	**(7,260)**
Movement	0	0	0	0	0	**0**	0	**0**
30-Jun-25	**136,054**	**1,716,632**	**1,319,780**	**68,103**	**1,736,123**	**4,976,691**	**3,782,535**	**8,759,226**
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	3,516	44,685	57,099	3,327	122,414	**231,042**	194,975	**426,017**
Disposals and write-offs	0	0	0	0	0	**0**	0	**0**
Movement	0	0	0	0	0	**0**	0	**0**
30-Jun-25	**63,014**	**132,214**	**731,814**	**26,074**	**612,310**	**1,565,426**	**1,312,805**	**2,878,232**
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**
30-Jun-25	73,040	1,584,417	587,965	42,029	1,123,813	3,411,265	2,469,730	**5,880,994**

	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**
Additions	–	993,639	147,418	10,577	322,297	1,473,931	87,726	1,561,657
Disposals and write-offs	--	(10,379)	(77,844)	(10,381)	(128,514)	**(227,117)**	(115,886)	(343,003)
31-Dec-24	**136,054**	**1,565,059**	**1,036,692**	**58,603**	**1,681,299**	**4,477,708**	**2,434,714**	**6,912,422**
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**	301,911	809,469
Disposals and write-offs	--	(2,271)	(77,010)	(10,125)	(79,583)	**(168,988)**	(532,457)	(701,445)
Movement	–	–	(4,699)	–	4,699	–	–	–
31-Dec-24	**59,497**	**87,529**	**674,715**	**22,748**	**489,896**	**1,334,384**	**637,952**	**1,972,337**
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**	**1,796,762**	**4,940,085**

Right-of-use assets include only buildings.

As of 30 June 2025, property and equipment included fully depreciated assets in amount of AMD 1,195,290 thousand (2024: AMD 790,757 thousand).

As of 30 June 2025, property and equipment included assets in the phase of installation in amount of AMD 548,938 thousand (2024: AMD 710,920 thousand).

12. Intangible assets

The movements in other intangible assets were as follows:

	Licenses	*Computer software*	*Development cost*	*Total*
Cost				
31 December 2024	**599,840**	**2,033,515**	**0**	**2,633,356**
Additions	319,495	559,469	0	**878,964**
Disposals and write-offs	(4,158)	0	0	**(4,158)**
Transfers	0	0	0	**0**
30-Jun-25	**915,177**	**2,592,984**	**0**	**3,508,162**
Accumulated amortization and impairment				
31 December 2024	**330,158**	**240,777**	**0**	**570,934**
Amortisation charge	162,402	129,246	0	**291,648**
Disposals and write-offs	(4,158)	0	0	**(4,158)**
30-Jun-25	**488,401**	**370,022**	**0**	**858,424**
Net book value				
31 December 2024	269,683	1,792,738	0	**2,062,421**
30-Jun-25	426,776	2,222,962	0	**2,649,738**

	Licenses	*Computer software*	*Development cost*	*Total*
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:

	30/06/2025	*31/12/2024*
Current tax charge	375,642	1,183,304
Under provided in prior period	–	–
Deferred tax credit − origination and reversal of temporary differences	386,929	92,537
Income tax expense	**762,571**	**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:

	30/06/2025	*31/12/2024*
Profit before income tax	**2,158,497**	**6,336,101**
Statutory tax rate	18%	18%
Theoretical income tax expense at the statutory rate	**388,529**	**1,140,498**
Non-deductible expenses	159,744	159,744
Tax exempt income	(148,805)	–
Under provided in prior period	–	–
	–	
Utilized tax losses carried forward, not recognized previously		–
Income tax expense	**399,469**	**1,300,242**

Deferred tax assets and liabilities as at June 30, 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 2024	***In the statement of profit or loss***	***In other compre-hensive income***	***Balance 31 December 2024***	***In the statement of profit or loss***	***In other compre-hensive income***	***Balance 30 June 2025***
Deferred tax assets/ (liabilities)							
Investment securities	**113,536**	(12,151)	(67,822)	**33,563**	0	7,075	**40,638**
Cash and cash equivalents	**901**	384	0	**1,285**	10,575	0	**11,860**
Loans to customers	**(1,828,716)**	(96,712)	0	**(1,925,428)**	(431,374)	0	**(2,356,802)**
Amounts receivable under reverse repurchase agreements	**0**	5,997	0	**5,997**	(5,582)	0	**415**

Finance lease receivables	**84**	(14,383)	0	**(14,299)**	4,019	0	**(10,280)**
Property, equipment and right of use asset	**(319,350)**	(71,813)	0	**(391,163)**	0	0	**(391,163)**
Other assets	**(17,677)**	1,715	0	**(15,962)**	33,189	0	**17,227**
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**	2,243	0	**125,382**
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)**	**(386,929)**	**7,075**	**(2,184,580)**

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 30 June 2025:

	Note	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
Cash and cash equivalents	5	(58,364)	–	–	**(58,364)**
Amounts due from banks	6	(389)	–	–	**(389)**
Loans to customers at amortized cost	9	(252,660)	(273,946)	(730,623)	**(1,257,229)**
Finance lease receivables	10	(37,258)	–	–	**(37,258)**
Debt securities measured at FVOCI	8	2,013	–	–	2,013
Accounts receivable under repurchase agreements	7	31,010		–	
Other financial assets	15	(580,361)	–	–	**(580,361)**
Financial guarantees	23	(66,298)	–	–	**(66,298)**
Total credit loss expense		**(962,308)**	**(273,946)**	**(730,623)**	**(1,966,877)**

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:

	Note	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
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:

	30/06/2025	*31/12/2024*
Other receivables	4,913,903	888,517
Less: allowance for impairment of other financial assets	(585,169)	(4,808)
Total other financial assets	**4,328,734**	**883,709**
	1,074,540	831,326
Prepaid taxes other than income tax	396,879	257,630
Advances paid to leased property suppliers	29,778	36,606
Prepayments	818,994	899,952
Repossessed assets	112,011	112,955
Other non-financial assets	83,662	155,894
Total other non-financial assets	**2,515,864**	**2,294,363**
Total other assets	**6,844,598**	**3,178,072**

An analysis of changes in the ECLs for other financial assets for the period ended 31 December 2024 and 30 June 2025:

	30/06/2025	*31/12/2024*
ECL at 1 January	4,808	727
Changes in ECL	580,361	4,081
At the end of the period	**585,169**	**4,808**

16. Amounts due to customers

Current accounts and deposits from customers include the following:

	30/06/2025	*31/12/2024*
Current accounts and demand deposits		
Retail	7,846,006	4,730,943
Corporate	43,767,504	35,965,139
Term deposits		
Retail	101,732,872	84,758,412
Corporate	30,708,062	22,321,865
Total	**184,054,444**	**147,776,359**

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

	30/06/2025	*31/12/2024*
Individuals	107,330,069	82,483,957
Private companies	14,944,305	6,718,219
Employees	–	7,005,398
Financial institutions	2,248,808	51,568,785
Amounts due to customers	59,531,261	**147,776,359**

At 30 June 2025, current accounts and deposits from customers of AMD 49,420,404 thousand (26.96%) were due to the ten largest customers (2024: AMD 54,148,123 thousand, 36.72%).

As of 30 June 2025, the Bank has one customer, whose balance was 19,785,473 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:

	30/06/2025	*31/12/2024*
Loans from banks	21,854,491	8,776,660
Amounts payable under repurchase agreements	904	8,383,347
Other liabilities to banks	–	–
Total	**21,855,395**	**17,160,007**

As of 30 June 2025, the Bank had loans from 6 Armenian commercial banks (2024: 6 banks).

As of June 30, 2025, liabilities to banks include loans expressed in US dollars amounting to 19,852,025 thousand AMD (6.25-9%), and loans in Armenian Drams amounting to 2,003,370 thousand AMD (7.14-7.5%) in total value.

The contractual maturity of AMD and USD denominated loans ranges from 2025-2027.

The Bank has entered into a repurchase agreement with 0 bank as of 30 June 2025 (31 December 2024: repurchase agreements with 3 bank).

As of June 30, 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 1,003 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:

	30/06/2025	*31/12/2024*
Domestic bonds in AMD	11,280,031	8,276,346
Domestic bonds in USD	5,978,690	5,089,205
Domestic bonds in EUR	660,972	286,960
Total	**17,919,693**	**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 3,000,000,000, USD 9,000,000 and EUR 3,000,000 accordingly, which have not been fully placed at the reporting date. As at 30 June 2025 the carrying value of the newly placed AMD, USD and EUR denominated bonds is correspondingly AMD 2,913,300 thousand, USD 2,658 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 2025-2028.

19. Other borrowed funds

Other borrowed funds consisted of the following:

	30/06/2025	*31/12/2024*
Loans from refinancing credit organizations	11,512,716	10,012,263
Loans from shareholders and other related parties	18,882,445	7,953,206
Loans from CBA	4,338,708	4,067,482
Borrowings from commercial organizations	88,166	75,964
Borrowings from government non-profit organizations	6,006	6,674
Total	**34,828,041**	**22,115,589**

As at 30 June 2025 the Bank has other borrowed funds from 1 lender whose balance exceeds 10% of equity, with amount of AMD 9,441,222 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 30 June 2025, loans to customers with a gross value of AMD 15,781,034 thousand (2024: AMD 13,537,292 thousand) serve as collateral for secured borrowings from refinancing financial organizations with June 30, 2025, carrying value of AMD 15,307,712 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:

	30/06/25	*31/12/2024*
As at 1 January	**2,625,463**	**1,754,993**
Changes	-	544,254
Additions	133,639	570,541
Accretion of interest	191,877	211,330
Payments	(128,830)	(455,655)
At the end of the period	**2,822,149**	**2,625,463**

The Bank had total cash outflows during nine months 2025 for leases of AMD 320,707 (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 133,639 thousand (2024: AMD 765,803 thousand).

21. Other liabilities

	30/06/2025	*31/12/2024*
Payables to employees	1,183,521	916,426
Accounts payable	959,788	799,910
Provision for guarantees	159,374	93,075
Non-cleared transactions	–	–
Total other financial liabilities	**2,302,683**	**1,809,411**
Non-income tax payable	296,637	250,813
Payables to Deposit Guarantee Fund	80,155	60,682
Prepayments from lessees	197,398	13,890
Total other non-financial liabilities	**574,190**	**325,385**
Total other liabilities	**2,876,873**	**2,134,796**

22. Equity

Issued capital

As of 30 June 2025, the Bank's share capital was AMD 40,100,200 thousand (2024: 40,100,200 thousand). The authorized, issued, and outstanding share capital comprises 1,400,000 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 six 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 March 2025 and 31 December 2024 the Bank's commitments and contingencies comprised the following:

	30/06/2025	*31/12/2024*
Credit related commitments		
Financial guarantees	5,754,428	2,990,092
Commitments and contingencies	**5,754,428**	**2,990,092**

An analysis of changes in the ECLs during the period ended 31 December 2024 and 30 June 2025:

Financial guarantees	*30/06/2025*	*31/12/2024*
ECLs as at 1 January	**93,075**	**91,153**
New exposures	103,721	69,845
Amounts paid	(30,526)	(70,440)
Impact on period end ECL of exposures transferred between stages during the period	(6,896)	2,518
At the end of the period	**159,374**	**93,075**

24. Net interest income

	01/04/2025-30/06/2025	*01/01/2025-30/06/2025*	*01/04/2024-30/06/2024*	*01/01/2024-30/06/2024*
Financial assets measured at amortized cost				
Loans to customers	9,619,215	18,046,084	4,911,435	9,067,100
Amounts receivable under reverse repurchase agreements	49,590	161,916	(3,590)	35,633
Cash and cash equivalents	2,202	6,216	260	297
	9,671,007	**18,214,216**	**4,908,105**	**9,103,030**
Financial assets measured at fair value through other comprehensive income				
Investment securities	559,816	1,067,551	482,093	728,514
Interest revenue calculated using effective rate	**10,230,823**	**19,281,767**	**5,390,198**	**9,831,544**
Other interest revenue				
Finance lease to customers	328,778	643,914	163,740	231,746
Derivative instruments	0	0	200	200
	328,778	**643,914**	**163,940**	**231,946**
Interest expense				
Amounts due to customers	3,408,962	6,274,061	1,180,051	1,965,674
Debt securities issued	239,903	486,202	242,603	398,976
Other borrowed funds	300,020	573,020	187,471	337,349
Amounts due to banks	560,433	1,008,137	112,367	218,714
Amounts payable under repurchase agreements	14,918	73,468	153,735	217,413
Lease liabilities	101,171	191,877	41,315	82,994
Subordinated debt from shareholders	384,496	675,835	0	0
Derivative financial instruments	0	0	0	0
Interest expense	**5,009,903**	**9,282,600**	**1,917,542**	**3,221,120**
Net interest income	**5,549,698**	**10,643,081**	**3,636,596**	**6,842,370**

25. Net fee and commission income

	01/04/2025-30/06/2025	01/01/2025-30/06/2025	01/04/2024-30/06/2024	01/01/2024-30/06/2024
Cash operations	136,306	227,424	93,871	197,162
Guarantees	44,980	59,762	0	29,599
Plastic card maintenance services	94,446	147,038	0	0
Insurances	5,398	9,459	1,508	6,772
Service fee for account maintenance	2,237	5,001	0	850
Money transfers	6,100	10,297	156	221
Other	16,801	22,759	1,115	2,033
Fee and commission income	**306,268**	**481,741**	**96,650**	**236,636**
Settlements operations	51,822	101,970	28,271	55,053
Securities operations	1,014	2,928	44,181	51,181
Cash operations	14,353	20,923	12,486	24,243
Money transfers	339	793	637	989
Service fee for account maintenance	0	170	398	772
Foreign exchange deals	0	0	0	0
Plastic card maintenance services	18,608	32,300	0	0
Other	1,035	2,183	10	17
Fee and commission expense	**87,170**	**161,267**	**85,983**	**132,256**
Net fee and commission income	**219,098**	**320,474**	**10,667**	**104,380**

26. Personnel and Other operating expenses

	01/04/2025-30/06/2025	01/01/2025-30/06/2025	01/04/2024-30/06/2024	01/01/2024-30/06/2024
Salaries and bonuses	1,741,761	3,270,823	1,338,266	2,484,984
Mandatory pension contributions	99,593	146,802	81,725	145,086
Personnel insurances	37,025	70,887	23,148	45,357
Other operating expenses	**1,878,379**	**3,488,512**	**1,443,139**	**2,675,427**

Other operating expenses

	01/04/2025-30/06/2025	01/01/2025-30/06/2025	01/04/2024-30/06/2024	01/01/2024-30/06/2024
Marketing and advertising	173,326	344,861	97,810	174,507
Intangible assets maintenance			0	0
Professional services	138,634	169,358	30,348	50,158
Cards embossing and delivery expenses			0	0
Repairs and maintenance	43,840	86,691	72,096	126,857
Office supplies	59,843	107,842	59,293	112,901
Security	22,127	50,876	33,142	72,400
Charity	29,991	39,236	50,835	70,306
Deposit insurance expenses	80,155	149,138	28,210	45,733
Non-refundable taxes and duties other than on income	15,626	36,952	25,528	47,517
Entertainment	13,013	39,639	21,562	38,714
Communications	12,308	22,923	11,829	19,364
Business travel and related expenses	13,852	20,631	25,495	29,665
Membership fees	13,816	23,623	7,093	18,890
Representation expenses	2,248	9,894	10,525	15,802
Personnel training	22,872	29,464	4,854	10,046
Operating lease expenses	2,695	6,598	4,821	8,407
Financial system mediator expenses	6,679	13,358	2,683	5,366
Penalties incurred	1	1,628	49	49
Other	157,625	295,906	100,701	225,973
Other operating expenses	**808,651**	**1,448,618**	**586,874**	**1,072,655**

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 unlikeliness 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 30 June 2025 and 31 December 2024:

	30- June -25			
	Stage 1 AMD'000	***Stage 2 AMD'000***	***Stage 3 AMD'000***	***Total loans AMD'000***
Gold-secured loans				
not overdue	73,931,800	4,211,294	361,017	78,504,111
overdue of less than 30 days	3,768,072	2,908,474	299,322	6,975,868
overdue of 30-89 days	0	4,457,055	2,465,325	6,922,380
overdue of 90-179 days	0	0	707,348	707,348
overdue of 180-270 days	0	0	57,141	57,141
overdue more than 270 days	0	0	54,929	54,929
Total gross gold- secured loans	**77,699,872**	**11,576,824**	**3,945,081**	**93,221,777**
Credit loss allowance	(463,784)	(394,885)	(389,865)	(1,248,534)
Total net gold- secured loans	**77,236,089**	**11,181,938**	**3,555,216**	**91,973,243**
Mortgage and other loans secured by real estate				
not overdue	67,812,260	2,769,349	30,594	70,612,203
overdue of less than 30 days	132,841	50,551	4,040	187,432
overdue of 30-89 days	0	41,483	0	41,483
overdue of 90-179 days	0	0	60,775	60,775
overdue of 180-270 days	0	0	347,681	347,681
overdue more than 270 days	0	0	0	0
Total gross mortgage and other loans secured by real estate	**67,945,101**	**2,861,384**	**443,089**	**71,249,574**
Credit loss allowance	(111,819)	(254,359)	(174,787)	(540,965)
Total net mortgage and other loans secured by real estate	**67,833,282**	**2,607,024**	**268,302**	**70,708,609**
Corporate loans				
not overdue	79,054,158	1,047,128	0	80,101,287
overdue of less than 30 days	27,971	8,521	0	36,492
overdue of 30-89 days	0	154,505	655,721	810,226
overdue of 90-179 days	0	0	0	0
overdue of 180-270 days	0	0	0	0
overdue more than 270 days	0	0	0	0
Total gross corporate loans	**79,082,129**	**1,210,154**	**655,721**	**80,948,004**
Credit loss allowance	(217,544)	(434,175)	(330,100)	(981,818)
Total net corporate loans	**78,864,586**	**775,979**	**325,621**	**79,966,186**
Other retail loans				
not overdue	18,102,984	1,094,112	15,673	19,212,769
overdue of less than 30 days	75,514	27,770	4,373	107,656
overdue of 30-89 days	0	71,793	21,762	93,554
overdue of 90-179 days	0	0	69,726	69,726
overdue of 180-270 days	0	0	1,459	1,459
overdue more than 270 days	0	0	0	0
Total gross other retail loans to customers	**18,178,498**	**1,193,674**	**112,992**	**19,485,164**
Credit loss allowance	(89,826)	(173,274)	(74,438)	(337,539)
Total net other retail loans to customers	**18,088,671**	**1,020,400**	**38,554**	**19,147,626**
Total gross loans to customers	**242,905,601**	**16,842,036**	**5,156,883**	**264,904,519**
Credit loss allowance	(882,973)	(1,256,693)	(969,190)	(3,108,856)
Total net loans to customers	**242,022,628**	**15,585,342**	**4,187,693**	**261,795,663**

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	–	–	–	–
− 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**

27. Risk management (continued)

Credit risk (continued)

Credit quality per class of financial assets

As at 30 June 2025:

	Note		*High grade*	*Standard grade*	*Total*
Cash and cash equivalents, except for cash on hand	5	Stage1	93,046	15,733,001	**15,826,048**
Amounts due from banks	6	Stage1	–	3,817,431	**3,461,849**
Investment securities	8	Stage1	–	26,415,048	**23,132,434**
Investment securities pledged under repurchase agreements	8	Stage 1	–	1,003	**1,003**
Total			**93,046**	**39,288,389**	**39,288,389**

As at 31 December 2024:

	Note		*High grade*	*Standard grade*	*Total*
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 30 June 2025 and 31 December 2024.

30 June 2025:

International external rating agency (Moody's) rating	*Internal rating description*	*PD*
Aaa to A3	High grade	0-0.06%
Baa1 to B3	Standard	0.09-4.23%
Caa1 to Ca	Sub-standard grade	3.78-29.67%
C	Impaired	100%

31 December 2024:

International external rating agency (Moody's) rating	*Internal rating description*	*PD*
Aaa to A3	High grade	0-0.09%
Baa1 to B3	Standard	0.1-4.3%
Caa1 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 30 June 2025 and 31 December 2024, these ratios were as follows:

	Threshold	*30 June 2025 %*	*31 Dec 2024 %*
N2.1 “General Liquidity Ratio” (highly liquid assets / total assets)	min 15%	16.3%	18.7%
N2.2 “Current Liquidity Ratio” (highly liquid assets / liabilities payable on demand)	min 60%	104.7%	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.

As at 30 June 2025	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*Over 5 years*	*Total*
Financial liabilities					
Amounts due to banks	10,569,509	2,860,251	10,605,542	–	**24,035,302**
Amounts due to customers	83,654,462	91,658,901	15,879,260	–	**191,192,624**
Debt securities issued	513,808	6,521,041	13,401,131	–	**20,435,979**
Other borrowed funds	439,492	2,764,592	11,567,683	5,666,305	**20,510,843**
Subordinated loans	0	1,472,753	6,251,674	21,573,278	**29,138,712**
Lease liability	53,381	500,397	2,081,515	1,870,252	**4,505,545**
Other financial liabilities	2,159,048	67,392	100,602	–	**2,327,042**
Total undiscounted financial liabilities	**97,389,700**	**105,845,326.99**	**59,887,407**	**29,023,613**	**292,146,048**

As at 31 December 2024	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*Over 5 years*	*Total*
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.

	30-June-2025			*31-Dec-2024*		
	Within one year	*More than one year*	*Total*	*Within one year*	*More than one year*	*Total*
Cash and cash equivalents	23,070,502	0	**23,070,502**	17,055,836	0	**17,055,836**
Amounts due from banks	3,819,528	0	**3,819,528**	2,692,448	0	**2,692,448**
Derivative financial actives	0	0	**0**	0	0	**0**
Amounts receivable under reverse repurchase	382,376	0	**382,376**	6,361,803	0	**6,361,803**
Investment securities	18,785,978	7,629,070	**26,415,048**	6,991,516	6,159,077	**13,150,593**
Investment securities pledged under repurchase	1,003	0	**1,003**	8,671,386	0	**8,671,386**
Loans to customers	37,830,486	223,965,178	**261,795,663**	27,732,382	183,533,214	**211,265,597**
Finance lease receivables	5,855,108	2,596,778	**8,451,886**	1,035,780	6,200,222	**7,236,002**
Property, equipment and right-of-use assets	0	5,880,994	**5,880,994**	0	5,676,256	**5,676,256**
Intangible assets	0	2,649,738	**2,649,738**	0	2,062,421	**2,062,421**
Other assets	4,328,734	2,515,864	**6,844,598**	883,709	2,294,363	**3,178,072**
Total	**94,073,715**	**245,237,622**	**339,311,338**	**71,424,860**	**205,925,552**	**277,350,412**
Derivative financial liabilities	0	0	**0**	0	0	**0**
Amounts due to customers	169,107,059	14,947,385	**184,054,444**	131,986,564	15,789,795	**147,776,359**
Amounts due to banks	12,243,645	9,611,750	**21,855,395**	10,418,487	6,741,520	**17,160,007**
Debt securities issued	5,831,760	12,087,933	**17,919,693**	1,914,897	11,737,614	**13,652,511**
Other borrowed funds	2,202,870	13,742,726	**15,945,596**	1,825,006	12,337,377	**14,162,383**
Subordinated loans	693,045	18,189,400	**18,882,445**	22,006	7,931,200	**7,953,206**
Lease liability	346,871	2,475,277	**2,822,148**	321,080	2,304,383	**2,625,463**
Current income tax liabilities	0	0	**0**	735,693	0	**735,693**
Deferred tax liabilities	0	2,184,580	**2,184,580**	0	1,804,725	**1,804,725**
Other liabilities	2,876,873	0	**2,876,873**	2,134,796	0	**2,134,796**
Total	**193,302,123**	**73,239,050**	**266,541,173**	**149,358,529**	**58,646,614**	**208,005,143**
Net	**(99,228,407)**	**171,998,572**	**72,770,164**	**(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 30 June 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	*Increase in basis points 30/06/2025*	*Sensitivity of net interest income 30/06/2025*	*Sensitivity of equity 30/06/2025*
AMD	1.00%	–	(470,611)

Currency	*Decrease in basis points 30/06/2025*	*Sensitivity of net interest income 30/06/2025*	*Sensitivity of equity 30/06/2025*
AMD	1.00%	–	432,931

Currency	*Increase in basis points 2024*	*Sensitivity of net interest income 2024*	*Sensitivity of equity 2024*
AMD	1.00%	–	(1,601,344)

Currency	*Decrease in basis points 2024*	*Sensitivity of net interest income 2024*	*Sensitivity of equity 2024*
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 30 June 2025:

	USD AMD'000	**EUR AMD'000**	**Other currencies AMD'000**	**Total AMD'000**
Assets				
Cash and cash equivalents	7,341,097	3,448,115	1,575,518	12,364,730
Amounts due from banks	3,245,521	375,025	0	3,620,546
Amounts received under reverse repo agreements	384,681	0	0	384,681
Loans to customers	47,268,075	100,194	0	47,368,269
Finance lease receivables	1,562,658	1,363,357	0	2,926,015
Other financial assets	7,341,097	3,448,115	1,575,518	12,364,730
Total assets	**59,835,624**	**5,343,410**	**1,580,494**	**66,759,528**
Liabilities				
Amounts due to banks	19,852,025	0	0	19,852,025
Amounts due to customers	26,886,351	4,489,847	56,724	31,432,922
Debt securities issued	5,978,690	660,972	0	6,639,662
Other borrowed funds	7,936,161	0	0	7,936,161
Other financial liabilities	82,179	149,789	539	232,507
Total liabilities	**60,735,406**	**5,300,608**	**57,263**	**66,093,277**
Net position	**(899,782)**	**42,801**	**1,523,231**	**666,250**

27. Risk management (continued)

Market risk (continued)

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 30 June 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	16,702	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 30 June 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 % 30-June-2025**	**Effect on profit before tax 30-June-2025**	**Change in currency rate in % 31-Dec-2024**	**Effect on profit before tax 31-Dec-2024**
USD	3.40%	(30,593)	3.40%	(3,106)
USD	(3.84%)	34,552	(3.84%)	3,505
EUR	6.60%	2,825	6.60%	14,398
EUR	(3.17%)	(1,357)	(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 30 June 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.

	Fair value measurement using			
At 30 June 2025	***Quoted prices in active markets (Level 1)***	***Significant observable inputs (Level 2)***	***Significant unobservable inputs (Level 3)***	***Total***
Financial instruments at fair value through profit or loss				
- Derivative financial liabilities	–	–	–	**–**
Financial assets at fair value through other comprehensive income				
- Investment securities	–	23,132,434	–	**23,132,434**
- Investment securities pledged under repurchase agreements	–	–	–	–
Assets for which fair values are disclosed				
- Cash and cash equivalents	–	17,590,083	–	**17,590,083**
- Amounts due from banks	–	–	5,302,524	**5,302,524**
- Other financial assets	–	–	2,296,387	**2,296,387**
- Loans to customers	–	–	236,912,790	**236,912,790**
- Finance lease receivables	–	–	8,404,945	**8,404,945**
- Amounts receivable under reverse repurchase agreements	–	–	1,990,676	**1,990,676**
Liabilities for which fair values are disclosed				
- Amounts due to customers	–	153,163,140	–	**153,163,140**
- Debt securities issued	–	14,836,172	–	**14,836,172**
- Amounts due to banks	–	–	25,249,194	**25,249,194**
- Other borrowed funds	–	–	15,204,341	**15,204,341**
- Subordinated loans			18,643,335	**18,643,335**
- Lease liability	–	–	2,040,452	**2,040,452**
- Other financial liabilities	–	–	1,773,269	**1,773,269**

28. Fair value measurements (continued)

Fair value hierarchy (continued)

At 31 December 2024	*Quoted pricesin active markets (Level 1)*	*Significant observableinputs (Level 2)*	*Significant unobservable inputs (Level 3)*	*Total*
	Fair value measurement using			
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.

	Carrying value 30/06/25	*Fair value 30/06/25*	*Unrecognised gain/(loss) 30/06/25*	*Carrying value 31/12/24*	*Fair value 31/12/24*	*Unrecognised gain/(loss) 31/12/24*
Financial assets						
Cash and cash equivalents	17,590,083	17,590,083	–	17,055,836	17,055,836	–
Amounts due from banks	5,302,524	5,302,524	–	2,692,448	2,692,448	–
Loans to customers	236,295,125	236,912,790	617,664	211,265,597	208,077,064	(3,188,533)
Finance lease receivables	8,031,121	8,404,945	373,825	7,236,002	7,236,002	–
Amounts receivable under reverse repurchase agreements	1,990,676	1,990,676	–	6,361,803	6,361,803	–
Other financial assets	2,296,387	2,296,387	–	883,709	883,709	–
Financial liabilities						–
Derivative financial liabilities	–	–	–	–	–	–
Amounts due to customers	152,447,988	153,163,140	(715,152)	147,776,359	147,861,565	(85,206)
Amounts due to banks	25,168,615	25,249,194	(80,579)	17,160,007	17,144,438	15,569
Debt securities issued	14,836,172	14,836,172	–	13,652,511	13,707,814	(55,303)
Other borrowed funds	15,270,946	15,204,341	66,605	14,162,383	13,927,770	234,613
Subordinated loans	18,643,335	18,643,335	–	7,953,206	7,953,206	–
Lease liability	2,040,452	2,040,452	–	2,625,463	2,625,463	–
Other financial liabilities	1,773,269	1,773,269	–	1,809,411	1,809,411	–
Total unrecognised change in fair value	**501,686,694**	**503,407,309**	**262,363**	**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 June 30 2025 the Bank has securities sold under repurchase agreements amounted to AMD 1,003 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 30 June 2025 as amounts payable under repurchase agreements with carrying amount of AMD 904 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:

30 June 2025	*Gross amount of recognised financial liabilities*	*Gross amount of recognised financial liabilities set off in the statement of financial position*	*Net amount of financial liabilities presented in the statement of financial position*	*Related amounts not set off in the statement of financial position*		*Net amount*
				Financial instruments	*Cash collateral received*	
Financial assets						
Amounts receivable from Banks	384,681	–	384,681	430,000	–	(45,319)
Amounts receivable from financial institutions	–	–	–	–	–	–
Total	**384,681**	–	**384,681**	**430,000**	–	**(45,319)**
Financial liabilities						
Amounts due to banks – repo	(904)	–	(904)	1,003	–	99
Total	**(904)**	**–**	**(904)**	**1,003**	**–**	**99**

31 December 2024	*Gross amount of recognised financial liabilities*	*Gross amount of recognised financial liabilities set off in the statement of financial position*	*Net amount of financial liabilities presented in the statement of financial position*	*Related amounts not set off in the statement of financial position*		*Net amount*
				Financial instruments	*Cash collateral received*	
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:

	01/01/2025-30/06/2025			*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	**–**	**11,004**	**–**	**–**	**13,876**	**–**
Loans issued during the year	–	48,000	–	–	–	–
Loan repayments during the year	–	(25,258)	–	–	(2,821)	–
Other movements	–	0	–	–	–	–
Loans outstanding at 31 December, gross	**–**	**33,746**	**–**	**–**	**11,055**	**–**
Less: allowance for impairment at	–	(676)	–	–	(51)	–
Loans outstanding at 31 December, net	**–**	**33,071**	**–**	**–**	**11,004**	**–**
Finance lease receivables						
At 1 January	**–**	**–**	**1,208,793**	**–**	**–**	**148,896**
Leases issued during the year	–	–	48,600	–	–	1,348,642
Lease repayments during the year	–	–	(246,194)	–	–	(221,341)
Other movements	–	–	108,684	–	–	(44,240)
Finance lease receivables outstanding at 31 December, gross	**–**	**–**	**1,119,883**	**–**	**–**	**1,231,956**
Less: allowance for impairment	–	–	(53,227)	–	–	(23,163)
Finance lease receivables outstanding at 31 December, net	**–**	**–**	**1,066,656**	**–**	**–**	**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	(105,075)	(23,083)	3,998,587	503,373	3,774	609,426
At 31 December	**456,061**	**2,451**	**5,279,904**	**561,136**	**25,534**	**1,281,317**
Term Deposits						
At 1 January	**10,762,711**	**120,476**	**4,073,698**	**–**	**59,978**	**3,173,121**
Deposits received	82,299	393,062	703,848	19,922,165	275,448	3,341,153
Deposits repaid	(10,845,010)	(260,645)	(1,942,063)	(8,455,405)	(218,015)	(3,170,701)
Other	0	(1,759)	(66,736)	38,567	31	(63,280)
Deposit balances at 31 December	**0**	**251,134**	**2,768,748**	**10,762,711**	**120,445**	**4,073,698**
Other borrowed funds						
At 1 January	**–**	**–**	**–**	**–**	**–**	**–**
Loans issued during the year	–	–	–	–	–	–
Loan repayments during the year	–	–	–	–	–	–
Debt to equity swap (Note 21)	–	–	–	–	–	–
Other movements	–	–	–	–	–	–
At 31 December	**–**	**–**	**–**	**–**	**–**	**–**
Subordinated loan						
At 1 January	**7,953,206**	**–**	**–**	**–**	**–**	**–**
Subordinated loan received	10,500,000	–	–	10,500,000	–	–
Subordinated loan repaid	–	–	–	–	–	–
Other	241,698	–	–	60,606	–	–
Subordinated loan at 31 December 2024	**18,694,904**	**–**	**–**	**10,560,606**	**–**	**–**
Lease Liabilities						

At 1 January	**395,934**	**0**	**1,196,990**	**395,934**	–	**1,280,628**
Additions during the period	0	0	75,113	457,180	–	4,376
Accretion of interest	85,431	0	87,281	118,044	–	68,537
Payments during the period	(291)	0	(80,389)	(244,941)	–	(156,551)
Other	0	0	0	(5,832)	–	–
Lease liabilities at 31 December 2024	**481,074**	**0**	**1,278,995**	**720,385**	–	**1,196,990**
Other assets	0	0	3,693,408	–	234	634,639
Financial guarantees	0	0	294,404	–	–	550,800
Statement of profit or loss						
Interest revenue calculated using effective rate				–	272	–
Other interest income	0	0	0	–	–	75,267
Credit loss expense charge for loans	0	0	53,227	–	51	(23,163)
Interest expense on deposits and current accounts	0	(675)	(1,679)	(277,622)	(8,178)	(194,649)
Interest expense on other borrowed funds	(83,790)	(9,788)	(182,601)	(291,339)	–	–
Interest expense on lease liabilities	(85,431)	0	(87,281)	(118,044)	–	(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:

	30/06/2025	*31/03/2024*
Salaries and other short-term benefits	**229,855**	**247,391**

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**
Redemption		*(22,498,888)*	*(1,083,344)*	*(1,376,657)*	*(455,655)*	–	**(25,424,941)**
Foreign currency translation		*(130,714)*	*(69,181)*	*(13)*	–	*38,675*	**(161,232)**
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**	**1,943,739**	**7,953,206**	**47,111,225**
Proceeds from issue		*78,934,405*	*4,280,168*	*2,839,458*	*133,639*	*10,500,000*	**96,687,671**
Redemption		*(65,495,435)*	*(9,900)*	*(1,065,843)*	*(128,830)*	*0*	**(66,700,008)**
Foreign currency translation		*(480,303)*	*(132,360)*	*8*	*0*	*(246,487)*	**(859,143)**
Non-cash transactions		*0*	*0*	*0*	*0*	*0*	**0**
Other		*64,294*	*129,274*	*9,590*	*191,877*	*675,727*	**492,596**
Carrying amount at 30 June 2025	**17,18,19,20**	**21,740,622**	**17,919,693**	**15,945,596**	**2,822,149**	**18,882,446**	**77,310,506**

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.