

Byblos Bank Armenia CJSC

Financial Statements

*Year ended 31 December 2025
together with independent auditor's report*

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Independent auditor's report

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Independent auditor's report

To the Shareholder and Board of Directors of Byblos Bank Armenia Closed Joint Stock Company

Opinion

We have audited the financial statements of Byblos Bank Armenia Closed Joint Stock Company (hereinafter, "the Bank"), which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2025 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the financial statements of public interest entities in the Republic of Armenia. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and the Board of Directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young CJSC
Yerevan, Armenia

General Director
Partner (Assurance)



Eric Hayrapetyan

Responsible Auditor

Yelena Adamyan

27 February 2026

**Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2025**

		1 January 2025	1 January 2024
		31 December 2025	31 December 2024
	Notes	AMD'000	AMD'000
Interest income calculated using the effective interest method	5	10,705,084	9,837,502
Other interest income	5	15,386	-
Interest expense	5	(5,636,052)	(5,346,519)
Net interest income	5	5,084,418	4,490,983
Fee and commission income	6	440,070	418,082
Fee and commission expense	6	(397,400)	(331,794)
Net fee and commission income	6	42,670	86,288
Net foreign exchange gain		183,254	217,712
Net realised gain on investment securities		145,865	286,817
Net gain on financial instruments at fair value through profit or loss		4,006	-
Net other operating expenses		(237,373)	(206,144)
Operating income		5,222,840	4,875,656
Credit loss expense	7	(183,203)	(107,776)
Personnel expenses		(1,877,196)	(1,741,400)
Other general administrative expenses	8	(1,439,854)	(1,393,626)
Profit before income tax		1,722,587	1,632,854
Income tax expense	9	(318,515)	(319,296)
Profit for the period		1,404,072	1,313,558
Other comprehensive income for the period, net of income tax			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
- Revaluation of corporate shares		7,170	43,700
Total Items that will not be reclassified subsequently to profit or loss		7,170	43,700
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Movement in fair value reserve for investment securities (debt instruments at FVOCI)			
- net change in fair value and changes in allowance for expected credit losses		646,650	606,034
- net amount reclassified to profit or loss		(126,110)	(251,577)
Total Items that will be reclassified subsequently to profit or loss		520,540	354,457
Other comprehensive income for the period, net of income tax		527,710	398,157
Total comprehensive income for the period		1,931,782	1,711,715

The financial statements were approved by management on 27 February 2026 and were signed on its behalf by:

Hayk Stepanyan
Chief Executive Officer



Ani Sargsyan

Head of Finance and Administration

The accompanying notes from 1 to 29 form an integral part of these financial statements

Statement of Financial Position as at 31 December 2025

	Notes	31 December 2025 AMD'000	31 December 2024 AMD'000
ASSETS			
Cash and cash equivalents	10	4,325,090	7,954,292
Amounts receivable under reverse repurchase agreements	11	5,208,131	3,174,870
Financial instruments at fair value through profit or loss		117,386	-
Loans and deposits to banks and other placements	12	21,259,729	18,155,813
Loans to customers	13	72,778,951	63,145,135
Investment securities	14	27,829,425	32,501,507
Right-of-use assets	15	279,371	347,873
Property, equipment and intangible assets	16	3,002,278	2,968,887
Repossessed assets	13	90,393	137,114
Other assets	17	362,067	300,942
Total assets		135,252,821	128,686,433
LIABILITIES			
Loans, deposits and other balances from banks	18	4,563,823	5,577,125
Current accounts and deposits from customers	19	86,162,941	81,482,790
Current tax liabilities		163,995	170,724
Lease liability	21	261,858	311,156
Other liabilities	20	1,463,312	730,497
Other borrowed funds	21	180,396	233,328
Deferred tax liabilities	9	248,322	156,743
Subordinated loans from parent	22	6,295,733	6,043,411
Total liabilities		99,340,380	94,705,774
EQUITY			
Share capital	23	26,249,100	26,249,100
Share premium		257,149	257,149
Fair value reserve for investment securities		843,515	315,805
Retained earnings		8,562,677	7,158,605
Total equity		35,912,441	33,980,659
Total liabilities and equity		135,252,821	128,686,433

The accompanying notes from 1 to 29 form an integral part of these financial statements

Statement of Cash Flows
for the year ended 31 December 2025

	Notes	1 January 2025 31 December 2025 AMD'000	1 January 2024 31 December 2024 AMD'000
CASH FLOWS USED IN OPERATING ACTIVITIES			
Interest receipts		10,671,563	9,438,290
Interest payments		(5,248,458)	(4,737,706)
Fee and commission receipts		439,543	418,282
Fee and commission payments		(397,515)	(331,312)
Net receipts from operations with investment securities		145,865	286,817
Net receipts from foreign exchange		196,728	238,412
Tax payments (other than income tax)		(23,127)	(32,633)
Salaries and other payments to employees		(1,845,507)	(1,693,860)
Other general administrative expenses payments		(1,018,908)	(1,001,423)
Other payments		(231,549)	(180,601)
(Increase)/decrease in operating assets			
Investment securities		4,862,508	(473,373)
Financial instruments at fair value through profit or loss		(97,994)	-
Amounts receivable under reverse repurchase agreements		(2,057,872)	2,389,756
Loans to banks and other placements		(3,065,760)	(1,460,040)
Loans to customers		(10,135,462)	(13,282,026)
Other assets		(36,954)	22,814
Increase/(decrease) in operating liabilities			
Loans, deposits and other balances from banks		(1,211,143)	5,381,948
Current accounts and deposits from customers		5,705,772	7,843,207
Other liabilities		682,570	(50,290)
Net cash flows from operations before income tax		(2,665,700)	2,776,262
Income tax paid		(360,008)	(366,140)
Net cash flows from operations		(3,025,708)	2,410,122
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchases of property, equipment and intangible assets		(323,762)	(379,977)
Net cash flows used in investing activities		(323,762)	(379,977)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from other borrowed funds	21	-	39,800
Repayment of other borrowed funds	21	(52,584)	(84,770)
Lease payments	21	(49,298)	(42,123)
Net cash flows used in financing activities		(101,882)	(87,093)
Net (decrease) / increase in cash and cash equivalents		(3,451,352)	1,943,052
Effect of changes in exchange rates on cash and cash equivalents		(177,531)	(256,964)
Effect of changes in credit loss allowance on cash and cash equivalents		(319)	(62)
Cash and cash equivalents at the beginning of the year		7,954,292	6,268,266
Cash and cash equivalents at the end of the period	10	4,325,090	7,954,292

The accompanying notes from 1 to 29 form an integral part of these financial statements

**Statement of Changes in Equity
for the year ended 31 December 2025**

	Share capital	Share premium	Fair value reserve for investment securities	Retained earnings	Total
AMD'000					
Balance as at 1 January 2024	26,249,100	257,149	(82,352)	5,845,047	32,268,944
Total comprehensive income					
Profit for the period	-	-	-	1,313,558	1,313,558
Other comprehensive income					
- Revaluation of corporate shares	-	-	43,700	-	43,700
Fair value reserve for investment securities:					
- net change in fair value, net of deferred tax	-	-	606,034	-	606,034
- net amount reclassified to profit or loss, net of deferred tax	-	-	(251,577)	-	(251,577)
Total other comprehensive income	-	-	398,157	-	398,157
Total comprehensive income for the period	-	-	398,157	1,313,558	1,711,715
Balance as at 31 December 2024	26,249,100	257,149	315,805	7,158,605	33,980,659
Balance as at 1 January 2025	26,249,100	257,149	315,805	7,158,605	33,980,659
Total comprehensive income					
Profit for the period	-	-	-	1,404,072	1,404,072
Other comprehensive income					
- Revaluation of corporate shares	-	-	7,170	-	7,170
Fair value reserve for investment securities:					
- net change in fair value, net of deferred tax	-	-	646,650	-	646,650
- net amount reclassified to profit or loss, net of deferred tax	-	-	(126,110)	-	(126,110)
Total other comprehensive income	-	-	527,710	-	527,710
Total comprehensive income for the period	-	-	527,710	1,404,072	1,931,782
Balance 31 December 2025	26,249,100	257,149	843,515	8,562,677	35,912,441

The accompanying notes from 1 to 29 form an integral part of these financial statements

1 Background

(a) Organisation and operations

Byblos Bank Armenia CJSC (the Bank) was established in 2007 under the laws of the Republic of Armenia.

The principal activities of the Bank are deposit taking and customer account maintenance, lending, cash and settlement transactions and operations with securities and foreign exchange. The activities of the Bank are regulated by the Central Bank of Armenia (CBA). The Bank has a general banking license, and is a member of the state deposit insurance system in the Republic of Armenia.

The Bank's registered head office is 18/3 Amiryán Street, Yerevan, Republic of Armenia. The Bank has four branches.

The majority of the assets and liabilities are located in the Republic of Armenia.

The Bank is wholly-owned by Byblos Bank SAL. The ultimate controlling party is a single individual Francois Bassil.

Related party transactions are described in detail in Note 28.

(b) Armenian business environment

The Bank's operations are 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.

The financial statements reflect management's assessment of the impact of 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 IFRS Accounting Standards 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) 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.

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

The official CBA exchange rates at 31 December 2025 and 31 December 2024 were AMD 381.36 and AMD 396.56 to 1 USD and AMD 449.01 and AMD 413.89 to 1 EUR, respectively.

(d) Use of estimates and judgments

In preparing these financial statements, management has made judgement, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following note:

- establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL – Note 24(b).

Assumptions and estimations uncertainty

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment is included in the following notes:

- impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information – Note 24(b);
- estimates of fair values of financial assets and liabilities – Note 29;
- fair value of forward and option instruments of subordinated loans from Parent – Note 22.

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.

3 Changes in accounting policies and presentation

(a) 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 2025 (unless otherwise stated). The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Lack of exchangeability – Amendments to IAS 21

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments did not have a material impact on the Bank's financial statements

(b) 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.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Bank is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

This standard is not applicable to the Bank's financial statements.

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the 'settlement date' and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

The Amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only. The Bank is currently assessing the potential impact of these amendments on its financial statements.

Annual Improvements to IFRS Accounting Standards - Volume 11

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows.

The amendments will be effective for reporting periods beginning on or after 1 January 2026. Earlier application is permitted and must be disclosed.

The amendments are not expected to have a material impact on the Bank's financial statements.

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity. The amendments apply only to contracts that reference nature-dependent electricity; the amendments:

- Clarify the application of the 'own-use' requirements for in-scope contracts
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts
- Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows

The amendments will take effect for annual reporting periods starting on or after 1 January 2026. Early adoption is allowed, but it must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the IFRS 7 disclosure amendments must be implemented alongside the IFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures.

The Bank does not expect that the amendments will have a material impact on its financial statements.

4 Material accounting policies

The Bank has consistently applied the following accounting policies to all periods presented in these financial statements.

(a) Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Bank at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency 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.

Foreign currency differences arising on retranslation are recognized in profit or loss.

(b) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances (nostro accounts) held with the CBA and other banks. The minimum reserve deposit with the CBA is not considered to be a cash equivalents, due to restrictions on its withdrawability. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(c) Repurchase and reverse repurchase agreements and securities lending

Sale and 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 “Loans and deposits to banks and other placements”.

Securities purchased under agreements to resell (“reverse repo”) are recorded as amounts receivable under reverse repurchase agreements. The difference between sale and repurchase price is treated as interest revenue and accrued over the life of repo agreements using the effective interest method.

(d) 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.

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 4(f)(iv).

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:

- interest expense on financial liabilities measured at amortised cost;
- interest expense on lease liabilities.

(e) 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 (see Note 4(d)).

Other fee and commission income including account servicing fees, payment and settlement transaction fees and other service fees are recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

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.

(f) Financial assets and financial liabilities

i. Classification

Financial assets

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.

A debt instrument is measured at FVOCI only 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 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.

For debt financial assets measured at FVOCI, gains and losses are recognised in other comprehensive income, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest income using the effective interest method;
- ECL and reversals; and
- foreign exchange gains and losses.

When a debt financial asset measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

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.

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.

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.

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.

ii. Derecognition**Financial assets**

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Any cumulative gain/loss recognised in other comprehensive income in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities, as explained in Note 4(f)(i). Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

The Bank enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

In transactions in which the Bank neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities

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

iii. 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.

When assessing whether or not to derecognise a financial asset, amongst others, the Bank considers the following 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.

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.

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, the Bank updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e., the basis immediately before the change.

iv. Impairment

See also Note 24 (b).

The Bank recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

The Bank measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition (see Note 24(b)).

The Bank does not apply the low credit risk exemption to any financial instruments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1' financial instruments.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised are referred to as 'Stage 2' financial instruments. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired.

Financial instruments for which lifetime ECL are recognized and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- *financial assets that are not credit-impaired at the reporting date*: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);

- *financial assets that are credit-impaired at the reporting date*: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- *undrawn loan commitments*: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- *financial guarantee contracts*: the present value of expected payments to reimburse the holder less any amounts that the Bank expects to recover.

See also Note 24(b).

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised (see note 4(f)(ii)) and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset (see Note 24(b)).
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Bank considers the following factors:

- the market's assessment of creditworthiness as reflected in the bond yields.
- the rating agencies' assessments of creditworthiness.
- the country's ability to access the capital markets for new debt issuance.
- the probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- the international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- *financial assets measured at amortised cost*: as a deduction from the gross carrying amount of the assets;
- *loan commitments and financial guarantee contracts*: generally, as a provision;
- *where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component*: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- *debt instruments measured at FVOCI*: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-offs

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 'impairment losses on financial instruments' 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.

Non-integral financial guarantee contracts

The Bank assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. The factors that the Bank considers when making this assessment include whether:

- the guarantee is implicitly part of the contractual terms of the debt instrument;
- the guarantee is entered into at the same time as and in contemplation of the debt instrument; and
- the guarantee is given by the parent of the borrower or another company within the borrower's group.

If the Bank determines that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. The Bank considers the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.

If the Bank determines that the guarantee is not an integral element of the debt instrument, then it recognises an asset representing any prepayment of guarantee premium and a right to compensation for credit losses. A prepaid premium asset is recognised only if the guaranteed exposure neither is credit-impaired nor has undergone a significant increase in credit risk when the guarantee is acquired. These assets are recognised in 'other assets'. The Bank presents gains or losses on a compensation right in profit or loss in the line item 'impairment losses on debt financial assets'.

(g) Loans to customers

'Loans to customers' caption in the statement of financial position include loans to customers measured at amortised cost (see Note 4(e)(i)); they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

(h) Investment securities

The 'investment securities' caption in the statement of financial position includes:

- debt securities measured at FVOCI (see Note 4(f)(i)); and
- equity investment securities designated as at FVOCI (see Note 4(f)(i)).

(i) Deposits, debt securities issued and subordinated liabilities

Deposits, debt securities issued and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Bank designates liabilities at FVTPL.

(j) Financial guarantees and loan commitments

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured as follows: at the higher of the loss allowance determined in accordance with IFRS 9 (see Note 4(f)(iv)) and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

For other loan commitments the Bank recognises a loss allowance (see Note 4(f)(iv)) in accordance with IFRS 9.

Liabilities arising from financial guarantees and loan commitments are included within other liabilities.

(k) Property and equipment

(i) Owned assets

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

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.

(ii) 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. The estimated useful lives are as follows:

- Buildings	50 years
- computers and communication equipment	1-8 years
- fixtures and fittings	8 years
- motor vehicles	5 years

Leasehold improvements are depreciated over the shorter of the useful life of the asset and lease term.

(l) Intangible assets

Acquired intangible assets are stated at cost less accumulated amortization and impairment losses.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

Amortization is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives range from 1-10 years.

(m) 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.

At initial recognition repossessed assets are measured at cost including expenditure incurred in the process of collateral foreclosure. After 2 years of initial recognition repossessed assets, if not sold, are depreciated at 20% annually.

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.

(n) Impairment of non-financial assets

Other non financial assets, other than deferred taxes, are assessed at each reporting date for any indications of impairment. The recoverable amount of non financial assets is the greater of their fair value less costs to sell and value in use.

(o) Taxation

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

(i) 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.

(ii) Deferred tax

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

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences, unused tax losses and credits can be utilized.

(p) Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Generally, the Bank uses its incremental borrowing rate as the discount rate; i.e. the rate that the Bank would have to pay to borrow the funds necessary to obtain a similar asset with similar terms and similar security.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

5 Net interest income

	1 January 2025 31 December 2025	1 January 2024 31 December 2024
	AMD'000	AMD'000
Interest income calculated using the effective interest method		
Loans to customers	7,389,771	5,538,148
Investment securities	2,450,629	2,986,483
Loans and deposits to banks	688,390	1,071,316
Amounts receivable under reverse repurchase agreements	174,134	237,212
Other	2,160	4,343
	10,705,084	9,837,502
Other interest income		
Derivatives	15,386	-
Interest expense		
Current accounts and deposits from customers	4,939,427	4,668,162
Subordinated loans from Parent	396,337	394,107
Loans and deposits from banks	247,632	232,743
Lease	29,941	34,807
Other borrowed funds	11,707	16,700
Amounts payable under repurchase agreements	11,008	-
	5,636,052	5,346,519
	5,084,418	4,490,983

6 Net fee and commission income

	1 January 2025 31 December 2025	1 January 2024 31 December 2024
	AMD'000	AMD'000
Credit card maintenance	302,560	259,962
Remittances	50,447	55,602
Account servicing	43,637	35,792
Cash entry and withdrawal	17,158	32,663
Issuance of Letter of Credits and Guarantees	10,512	19,510
Custodial services	5,931	5,679
Other	9,825	8,874
Fee and commission income	440,070	418,082
Plastic card services	352,573	295,775
Remittances	29,347	22,474
Enquiries to registers	11,724	11,286
Other	3,756	2,259
Fee and commission expense	397,400	331,794
	42,670	86,288

7 Credit loss expense

	1 January 2025 31 December 2025	1 January 2024 31 December 2024
	AMD'000	AMD'000
Loans to customers and loan commitments	(195,405)	(98,091)
Loans and deposits to banks at amortised cost and other financial assets	12,202	(9,685)
	<u>(183,203)</u>	<u>(107,776)</u>

8 Other general administrative expenses

	1 January 2025 31 December 2025	1 January 2024 31 December 2024
	AMD'000	AMD'000
Depreciation and amortization	392,574	350,529
Advertising and marketing	290,993	311,185
Maintenance of computer applications	232,832	190,576
Repairs and maintenance	123,338	118,088
Professional services	101,916	138,850
Insurance	76,142	82,450
Taxes other than on income	63,109	42,826
Communications and information services	31,489	25,499
Security	26,490	25,036
Trainings	20,565	22,483
Memberships	13,600	13,550
Office supplies	10,372	9,537
Maintenance of cars	8,320	7,286
Legal services	6,040	9,600
Travel expenses	2,368	4,598
Other	39,706	41,533
	<u>1,439,854</u>	<u>1,393,626</u>

Fees for the audit of Bank's financial statements for the year ended 31 December 2025 amounted to AMD 33,000 thousand including VAT (2024: AMD 34,200 thousand including VAT). Fees for other assurance services (interim financial statement review) provided by the Bank's external auditors in 2025 amounted to AMD 15,000 thousand including VAT (2024: AMD 16,200 thousand including VAT).

9 Income tax expense

	1 January 2025 31 December 2025	1 January 2024 31 December 2024
	AMD'000	AMD'000
Current year tax expense	(352,368)	(335,000)
Origination and reversal of temporary differences	33,853	15,704
Total income tax expense	<u>(318,515)</u>	<u>(319,296)</u>

In 2025 the applicable tax rate for current and deferred tax is 18% (2024: 18%).

Reconciliation of effective tax rate for the year ended 31 December 2025:

	1 January 2025 31 December 2025	%	1 January 2024 31 December 2024	%
	AMD'000		AMD'000	
Profit before income tax	1,722,587	100.0%	1,632,854	100.0%
Tax at the applicable tax rate	(310,065)	-18.0%	(293,914)	-18.0%
Non-deductible costs	(8,450)	-0.5%	(25,382)	-1.6%
	<u>(318,515)</u>	<u>-18.5%</u>	<u>(319,296)</u>	<u>-19.6%</u>

(a) Deferred tax assets and liabilities

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to net deferred tax liabilities as at 31 December 2025 and 2024.

Movements in temporary differences during the year ended 31 December 2025 and 2024 are presented as follows:

31 December 2025

	1 January 2025	Recognized in profit or loss	Recognized in other comprehensive income	31 December 2025
AMD'000				
Cash and cash equivalents	(1,359)	(1,416)	-	(2,775)
Investment securities	(46,240)	(1,964)	(125,431)	(173,636)
Loans and deposits to banks and other placements	(7,169)	(2,538)	-	(9,707)
Loans to customers	(102,900)	19,822	-	(83,078)
Property, equipment and intangible assets	(71,668)	7,609	-	(64,059)
Right of use assets	(41,199)	8,519	-	(32,680)
Other assets	22,806	(827)	-	21,979
Lease Liability	56,008	(8,874)	-	47,134
Other liabilities	34,978	13,522	-	48,500
	(156,743)	33,853	(125,431)	(248,322)

31 December 2024

	1 January 2024	Recognized in profit or loss	Recognized in other comprehensive income	31 December 2024
AMD'000				
Cash and cash equivalents	(1,134)	(225)	-	(1,359)
Investment securities	30,818	749	(77,807)	(46,240)
Amounts receivable under reverse repurchase agreements	(38)	38	-	-
Loans and deposits to banks and other placements	(16,849)	9,680	-	(7,169)
Loans to customers	(103,665)	765	-	(102,900)
Property, equipment and intangible assets	(77,556)	5,888	-	(71,668)
Right of use assets	(49,743)	8,544	-	(41,199)
Other assets	22,503	303	-	22,806
Lease Liability	63,590	(7,582)	-	56,008
Other liabilities	37,434	(2,456)	-	34,978
	(94,640)	15,704	(77,807)	(156,743)

(b) Income tax recognized in other comprehensive income/(loss)

The tax effects relating to components of other comprehensive income for the year ended 31 December 2025 and 2024 comprise the following:

	31 December 2025		
AMD'000	Amount before tax	Tax expense	Amount net-of-tax
Net change in fair value of investment securities at FVOCI	798,191	(151,541)	646,650
Net change in fair value of investment securities at FVOCI transferred to profit or loss	(153,793)	27,683	(126,110)
Revaluation of corporate shares	8,744	(1,574)	7,170
Other comprehensive income/(loss)	653,142	(125,432)	527,710

	31 December 2024		
AMD'000	Amount before tax	Tax expense	Amount net-of-tax
Net change in fair value of investment securities at FVOCI	739,066	(133,032)	606,034
Net change in fair value of investment securities at FVOCI transferred to profit or loss	(306,801)	55,224	(251,577)
Revaluation of corporate shares	43,700	-	43,700
Other comprehensive income/(loss)	475,965	(77,808)	398,157

10 Cash and cash equivalents

	31 December 2025	31 December 2024
	AMD'000	AMD'000
Cash on hand	980,312	1,551,610
Nostro accounts with the CBA	1,737,016	5,613,375
Nostro accounts with other banks		
- Rated B to BB-	12	9
- Not Rated	1,608,415	789,644
Total nostro accounts with other banks	1,608,427	789,653
Total gross cash and cash equivalents	4,325,755	7,954,638
Credit loss allowance	(665)	(346)
Total net cash and cash equivalents	4,325,090	7,954,292

As at 31 December 2025 current accounts with Central Bank of Armenia include obligatory reserve with local currency in the amount of AMD 1,737,016 thousand (31 December 2024: AMD 4,279,143 thousand).

No cash and cash equivalents are past due.

The Bank uses credit ratings per Standard&Poor's rating agency in disclosing credit quality.

As at 31 December 2025 the Bank has no bank except for CBA (as at 31 December 2024: no bank except for the CBA) whose balances exceeded 10% of the equity.

Nostro accounts with the CBA

Nostro accounts with the CBA are related to settlement activity and are available for withdrawal at the end of the period.

11 Amounts receivable under reverse repurchase agreements

	31 December 2025	31 December 2024
	AMD'000	AMD'000
- Amounts receivable rated B+	2,203,649	-
- Amounts receivable from not rated banks	3,004,482	3,174,870
	5,208,131	3,174,870

As at 31 December 2025 the Bank has no bank (31 December 2024: no bank), whose balances exceeded 10% of equity.

The Bank uses credit ratings per Standard&Poor's rating agency in disclosing credit quality.

Amounts receivable under reverse repurchase agreements are not past due.

Collateral

As at 31 December 2025 the amounts receivable under reverse repurchase agreements were collateralized by government securities of the Republic of Armenia with the fair values of 5,619,711 thousand AMD (31 December 2024: 3,631,785 thousand).

12 Loans and deposits to banks and other placements

	31 December 2025	31 December 2024
	AMD'000	AMD'000
Credit card settlement deposit with the CBA	875,000	695,000
Deposit and other placements in the CBA including obligatory reserve	5,939,113	5,432,919
Deposit with the CBA	2,600,712	-
Loans and deposits with other banks		
- Rated A+	121,995	124,662
- Rated B+ to BB-	5,532,680	5,993,830
- Not Rated	6,212,690	5,936,116
Total loans and deposits with other banks	11,867,365	12,054,608
Total gross loans to banks	21,282,190	18,182,527
Credit loss allowance	(22,461)	(26,714)
Total net loans to banks	21,259,729	18,155,813

No loans and deposits to banks and other placements are past due or impaired and are fully in Stage 1. All the loans and deposits are measured at amortised cost.

The Bank uses credit ratings per Standard&Poor's rating agency in disclosing credit quality.

As at 31 December 2025 included in loans and deposits with A+ rated banks is AMD 121,995 thousand (31 December 2024: AMD 124,662 thousand) which represents a blocked deposit in HSBC Bank Plc for membership in Europay International.

(a) Balances with the CBA

Balances with the Central Bank of Armenia include credit card settlement deposit, that is a non-interest bearing deposit calculated in accordance with regulations issued by the CBA and whose withdrawability is restricted.

Banks are required to maintain cash deposit (obligatory reserve) with the Central Bank of Armenia for attracted funds. For funds attracted in AMD the obligatory reserve is 4% and is maintained fully in AMD and for funds attracted in foreign currencies, the reserve is 15% of the attracted funds and is maintained fully in respective currency of funds attracted (as at 31 December 2024: for funds attracted in foreign currencies, the reserve is 18%, of which 6% is maintained in AMD and 12% in the respective currency of funds attracted); for funds attracted in EUR in EUR, for funds attracted in USD and other currencies in USD. The Bank's ability to withdraw deposit maintained in AMD is not restricted by the statutory legislation; however, if the Bank fails to comply with minimum average daily amount of reserve sanctions may be applied. Obligatory reserves maintained in AMD are classified as cash and cash equivalents (see Note 10) as these funds are readily available for withdrawal.

For the obligatory reserve maintained in foreign currencies the Bank is required to maintain a minimum balance at each point of time throughout the day. These reserves are not considered cash and cash equivalents and are included in loans and advances to banks.

As at 31 December 2025 mandatory reserves in Central Bank of Armenia include reserves in foreign currencies in the amount of AMD 5,939,113 thousand (as at 31 December 2024: AMD 5,432,919 thousand).

(b) Concentration of loans to banks

As at 31 December 2025 the Bank has two banks (31 December 2024: two banks), whose balances exceeded 10% of equity. The gross value of these balances as at 31 December 2025 is AMD 8,126,089 thousand (as at 31 December 2024 is AMD 9,412,031 thousand)

13 Loans to customers

	31 December 2025	31 December 2024
	AMD'000	AMD'000
Loans to customers at amortised cost		
Loans to corporate customers		
Loans to large corporates	13,945,618	14,755,643
Loans to small and medium sized companies	14,601,312	7,962,885
Total loans to corporate customers	28,546,930	22,718,528
Loans to retail customers		
Mortgage loans	31,728,906	31,410,354
Small business loans	5,059,561	3,378,436
Consumer loans secured by real estate	1,919,887	1,425,111
Credit cards	1,816,749	1,245,880
Auto loans	1,676,200	765,757
Consumer loans with salary domiciliation	1,602,781	1,523,855
Other loans	907,911	982,510
Total loans to retail customers	44,711,995	40,731,903
Gross loans to customers at amortised cost	73,258,925	63,450,431
Credit loss allowance	(479,974)	(305,296)
Net loans to customers at amortised cost	72,778,951	63,145,135

The Bank made certain reclassifications between the medium and large categories. Comparative figures have been reclassified to conform to the presentation of the current year.

(a) Credit quality of loans to customers

The following table provides information on the credit quality of loans to customers as at 31 December 2025:

	31 December 2025			Total loans AMD'000
	Stage 1 AMD'000	Stage 2 AMD'000	Stage 3 AMD'000	
Loans to corporate customers				
Loans to large corporate customers				
- not overdue	13,945,618	-	-	13,945,618
Total gross loans to large corporate customers	13,945,618	-	-	13,945,618
Credit loss allowance	(64,296)	-	-	(64,296)
Total net loans to large corporate customers	13,881,322	-	-	13,881,322
Loans to small and medium size companies				
- not overdue	14,302,359	-	-	14,302,359
- overdue 31-90 days	-	298,953	-	298,953
Total gross loans to small and medium size companies	14,302,359	298,953	-	14,601,312
Credit loss allowance	(151,815)	(52,757)	-	(204,572)
Total net loans to small and medium size companies	14,150,544	246,196	-	14,396,740
Total gross loans to corporate customers	28,247,977	298,953	-	28,546,930
Total credit loss allowance on corporate customers	(216,111)	(52,757)	-	(268,868)
Total net loans to corporate customers	28,031,866	246,196	-	28,278,062
Loans to retail customers				
Mortgage loans				
- not overdue	31,264,726	127,442	-	31,392,168
- overdue less than 30 days	22,385	28,512	-	50,897
- overdue 31-90 days	-	206,236	-	206,236
- overdue 91-180 days	-	-	46,593	46,593
- overdue more than 271 days	-	-	33,012	33,012
Total gross mortgage loans	31,287,111	362,190	79,605	31,728,906
Credit loss allowance	(47,119)	(24,858)	(21,045)	(93,022)
Total net mortgage loans	31,239,992	337,332	58,560	31,635,884
Individual entrepreneur and other small businesses loans				
- not overdue	5,059,561	-	-	5,059,561
Total gross individual entrepreneur and other small businesses loans	5,059,561	-	-	5,059,561
Credit loss allowance	(69,361)	-	-	(69,361)
Total net individual entrepreneur and other small businesses loans	4,990,200	-	-	4,990,200

31 December 2025

	Stage 1 AMD'000	Stage 2 AMD'000	Stage 3 AMD'000	Total loans AMD'000
Consumer loans with salary domiciliation				
- not overdue	1,582,284	-	-	1,582,284
- overdue less than 30 days	4,390	2,879	-	7,269
- overdue 91-180 days	-	-	12,723	12,723
- overdue 181-270 days	-	-	505	505
Total gross consumer loans with salary domiciliation	1,586,674	2,879	13,228	1,602,781
Credit loss allowance	(6,913)	(546)	(4,827)	(12,286)
Total net consumer loans with salary domiciliation	1,579,761	2,333	8,401	1,590,495
Consumer loans secured by real estate				
- not overdue	1,889,612	2,247	-	1,891,859
- overdue 31-90 days	-	28,028	-	28,028
Total gross consumer loans secured by real estate	1,889,612	30,275	-	1,919,887
Credit loss allowance	(4,723)	(3,846)	-	(8,569)
Total net consumer loans secured by real estate	1,884,889	26,429	-	1,911,318
Credit cards				
- not overdue	1,788,586	3,409	-	1,791,995
- overdue less than 30 days	5,080	2,565	-	7,645
- overdue 31-90 days	-	7,272	-	7,272
- overdue 91-180 days	-	-	5,000	5,000
- overdue 181-270 days	-	-	4,837	4,837
Total gross credit cards	1,793,666	13,246	9,837	1,816,749
Credit loss allowance	(19,078)	(2,301)	(3,560)	(24,939)
Total net credit cards	1,774,588	10,945	6,277	1,791,810
Auto loans				
- not overdue	1,671,552	-	-	1,671,552
- overdue less than 30 days	4,648	-	-	4,648
Total gross auto loans	1,676,200	-	-	1,676,200
Credit loss allowance	(2,929)	-	-	(2,929)
Total net auto loans	1,673,271	-	-	1,673,271
Other retail loans				
- not overdue	907,911	-	-	907,911
Total gross other retail loans	907,911	-	-	907,911
Credit loss allowance	-	-	-	-
Total net other retail loans	907,911	-	-	907,911
Gross retail loans	44,200,735	408,590	102,670	44,711,995
Total credit loss allowance on retail loans	(150,123)	(31,551)	(29,432)	(211,106)
Total net retail loans	44,050,612	377,039	73,238	44,500,889
Total gross loans to customers	72,448,712	707,543	102,670	73,258,925
Total credit loss allowance on loans to customers	(366,234)	(84,308)	(29,432)	(479,974)
Total net loans to customers	72,082,478	623,235	73,238	72,778,951

The following table provides information on the credit quality of loans to customers as at 31 December 2024:

	31 December 2024			Total loans AMD'000
	Stage 1 AMD'000	Stage 2 AMD'000	Stage 3 AMD'000	
Loans to corporate customers				
Loans to large corporate customers				
- not overdue	14,755,643	-	-	14,755,643
Total gross loans to large corporate customers	14,755,643	-	-	14,755,643
Credit loss allowance	(73,245)	-	-	(73,245)
Total net loans to large corporate customers	14,682,398	-	-	14,682,398
Loans to small and medium size companies				
- not overdue	7,962,885	-	-	7,962,885
Total gross loans to small and medium size companies	7,962,885	-	-	7,962,885
Credit loss allowance	(82,447)	-	-	(82,447)
Total net loans to small and medium size companies	7,880,438	-	-	7,880,438
Total gross loans to corporate customers	22,718,528	-	-	22,718,528
Total credit loss allowance on corporate customers	(155,692)	-	-	(155,692)
Total net loans to corporate customers	22,562,836	-	-	22,562,836
Loans to retail customers				
Mortgage loans				
- not overdue	30,941,375	197,906	-	31,139,281
- overdue less than 30 days	61,250	91,164	-	152,414
- overdue 31-90 days	-	69,395	-	69,395
- overdue 181-270 days	-	-	6,406	6,406
- overdue more than 271 days	-	-	42,858	42,858
Total gross mortgage loans	31,002,625	358,465	49,264	31,410,354
Credit loss allowance	(49,591)	(17,558)	(11,829)	(78,978)
Total net mortgage loans	30,953,034	340,907	37,435	31,331,376
Individual entrepreneur and other small businesses loans				
- not overdue	3,374,082	4,354	-	3,378,436
Total gross individual entrepreneur and other small businesses loans	3,374,082	4,354	-	3,378,436
Credit loss allowance	(38,760)	(904)	-	(39,664)
Total net individual entrepreneur and other small businesses loans	3,335,322	3,450	-	3,338,772

31 December 2024

	Stage 1 AMD'000	Stage 2 AMD'000	Stage 3 AMD'000	Total loans AMD'000
Consumer loans with salary domiciliation				
- not overdue	1,508,115	1,883	-	1,509,998
- overdue 31-90 days	-	3,099	-	3,099
- overdue 91-180 days	-	-	6,758	6,758
- overdue 181-270 days	-	-	4,000	4,000
Total gross consumer loans with salary domiciliation	1,508,115	4,982	10,758	1,523,855
Credit loss allowance	(5,848)	(819)	(4,183)	(10,850)
Total net consumer loans with salary domiciliation	1,502,267	4,163	6,575	1,513,005
Consumer loans secured by real estate				
- not overdue	1,405,238	11,304	-	1,416,542
- overdue less than 30 days	-	3,959	-	3,959
- overdue 31-90 days	-	4,610	-	4,610
Total gross consumer loans secured by real estate	1,405,238	19,873	-	1,425,111
Credit loss allowance	(3,629)	(1,967)	-	(5,596)
Total net consumer loans secured by real estate	1,401,609	17,906	-	1,419,515
Credit cards				
- not overdue	1,232,688	-	-	1,232,688
- overdue less than 30 days	5,958	956	-	6,914
- overdue 31-90 days	-	4,598	-	4,598
- overdue 91-180 days	-	-	800	800
- overdue 181-270 days	-	-	880	880
Total gross credit cards	1,238,646	5,554	1,680	1,245,880
Credit loss allowance	(12,613)	(769)	(558)	(13,940)
Total net credit cards	1,226,033	4,785	1,122	1,231,940
Auto loans				
- not overdue	765,757	-	-	765,757
Total gross auto loans	765,757	-	-	765,757
Credit loss allowance	(576)	-	-	(576)
Total net auto loans	765,181	-	-	765,181
Other retail loans				
- not overdue	982,510	-	-	982,510
Total gross other retail loans	982,510	-	-	982,510
Credit loss allowance	-	-	-	-
Total net other retail loans	982,510	-	-	982,510
Gross retail loans	40,276,973	393,228	61,702	40,731,903
Total credit loss allowance on retail loans	(111,017)	(22,017)	(16,570)	(149,604)
Total net retail loans	40,165,956	371,211	45,132	40,582,299
Total gross loans to customers	62,995,501	393,228	61,702	63,450,431
Total credit loss allowance on loans to customers	(266,709)	(22,017)	(16,570)	(305,296)
Total net loans to customers	62,728,792	371,211	45,132	63,145,135

(b) Analysis of collateral

The below tables provide an analysis of the current fair values of collateral held and credit enhancements for credit impaired assets as at 31 December 2025:

	Maximum exposure to credit risk	Fair value of collateral held under the base scenario		Total collateral	Net exposure	Associated ECL
		Property	Surplus collateral			
Mortgage loans	79,605	158,078	(81,968)	76,110	3,495	21,045
Consumer loans secured by salary domiciliation	13,228	-	-	-	13,228	4,827
Credit cards	9,837	-	-	-	9,837	3,560
Total	102,670	158,078	(81,968)	76,110	26,560	29,432

The below tables provide an analysis of the current fair values of collateral held and credit enhancements for credit impaired assets as at 31 December 2024:

	Maximum exposure to credit risk	Fair value of collateral held under the base scenario		Total collateral	Net exposure	Associated ECL
		Property	Surplus collateral			
Mortgage loans	49,264	123,979	(78,713)	45,266	3,999	11,829
Consumer loans secured by salary domiciliation	10,758	-	-	-	10,758	4,183
Credit cards	1,680	-	-	-	1,680	558
Total	61,703	123,979	(78,713)	45,266	16,437	16,570

Repossessed collateral

As at 31 December 2025 and 31 December 2024 the repossessed assets are comprised of real estates; AMD 90,392 thousand and AMD 137,114 thousand respectively.

Changes in repossessed collateral are presented below:

	31 December 2025 AMD'000	31 December 2024 AMD'000
Balance as at 1 January	137,114	147,727
Repossessed collateral during the year	-	4,993
Sold during the period	(24,012)	(14,247)
Impairment	(22,709)	(1,359)
Balance as at the period end	90,393	137,114

The Bank's intention is to sell these assets as soon as it is practicable.

During the year ended 31 December 2025 the Bank received net gain of AMD 18,988 thousand from disposal of repossessed assets (During the year ended 31 December 2024 the Bank suffered net loss of 547 thousand AMD from the disposal of repossessed assets).

(c) Asset under lien

As at 31 December 2025 loans to customers with a gross value of AMD 255,211 thousand (31 December 2024: AMD 339,374 thousand) serve as collateral for deposits and balances from banks and other borrowed funds (see note 18 and 21).

(d) Industry and geographical analysis of the loan portfolio

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

Sectoral breakdown	31 December 2025	31 December 2024
	AMD'000	AMD'000
Services	7,119,380	5,102,118
Trade	5,822,603	4,170,900
Energy	3,526,159	3,772,824
Agriculture	3,341,616	1,845,020
Manufacturing	3,143,267	1,926,742
Real estate	2,492,007	3,260,681
Construction	1,955,674	2,640,243
IT and communications	1,146,224	-
Loans to retail customers	44,711,995	40,731,903
	73,258,925	63,450,431
Credit loss allowance	(479,974)	(305,296)
	72,778,951	63,145,135

(e) Significant credit exposures

As at 31 December 2025 the Bank has no borrower or group of connected borrowers (as at 31 December 2024: one), whose net loan balances exceed 10% of equity (as at 31 December 2024 AMD 3,750,485 thousand).

(f) Loan maturities

The maturity of the loan portfolio is presented in Note 24 (d), which shows the remaining period from the reporting date to the contractual maturity of the loans.

14 Investment securities

	31 December 2025	31 December 2024
	AMD'000	AMD'000
Held by the Bank at FVOCI		
Debt and other fixed-income instruments		
- Government securities of the Republic of Armenia	24,761,842	25,632,906
Bonds issued by other institutions (foreign Governments, local banks)		
- Rated A+ to AA+	2,980,465	6,275,747
- Rated B+	-	514,480
	27,742,307	32,423,133
Equity instruments		
- Corporate shares	87,118	78,374
	27,829,425	32,501,507
Credit loss allowance	(64,032)	(74,945)
Carrying amount – fair value	27,829,425	32,501,507

None of investment securities are past due.

As at 31 December 2025 the Bank has no bond issuer, besides Government of RA (31 December 2024: one bond issuer), investments in whose securities exceeded 10% of equity (31 December 2024: AMD 6,275,747 thousand).

Non-quoted equity investment securities designated at FVOCI

As at 31 December 2025 and 31 December 2024, the Bank has equity instruments as at FVOCI shown in the following table.

The FVOCI designation was made because the investments are expected to be held for the long-term.

Name and Country of incorporation	Main activity	% Controlled	31 December 2025 AMD'000	31 December 2024 AMD'000
ArCa - Republic of Armenia	Payment system	1.25%	86,101	77,357
SWIFT - Belgium	Money transfer	0%	1,017	1,017
			87,118	78,374

None of these investments was disposed of during year ended 31 December 2025, no dividend income recognized in year ended 31 December 2025 and there were no transfers of any cumulative gain or loss within equity relating to these investments.

Below are presented changes in shares in ArCa payment system held by the bank during the reporting periods,

	31 December 2025 AMD'000	31 December 2024 AMD'000
Balance at 1 January	77,357	16,500
Shares purchased	-	17,157
Fair value revaluation	8,744	43,700
Balance at 31 December	86,101	77,357

15 Lease

The Bank leases a building for 10 years without an automatic option to renew the lease after the end date. Information about leases for which the Bank is a lessee is presented below.

(a) Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented below.

	31 December 2025 AMD'000	31 December 2024 AMD'000
	Land and buildings	Land and buildings
Balance at 1 January	347,873	416,504
Depreciation charge	(68,502)	(68,631)
Balance at the end of the reporting period	279,371	347,873

(b) Amounts recognized in profit and loss

	1 January 2025 31 December 2025 AMD'000	1 January 2024 31 December 2024 AMD'000
Interest on lease liabilities	29,941	34,807

(c) Amounts recognised in statement of cash flows

	1 January 2025 31 December 2025 AMD'000	1 January 2024 31 December 2024 AMD'000
Lease payments	79,239	76,931

16 Property, equipment and intangible assets

AMD'000	Land and buildings	Computers and communication equipment	Fixtures and fittings	Motor vehicles	Intangible assets	Total
Cost						
Balance at 1 January 2025	2,124,600	988,523	577,490	45,097	708,423	4,444,133
Additions	35,781	179,706	34,405	-	139,875	389,767
Disposals	(31,141)	(15,405)	(455)	-	-	(47,001)
Balance 31 December 2025	2,129,240	1,152,824	611,440	45,097	848,298	4,786,899
Depreciation and amortization						
Balance at 1 January 2025	(419,981)	(400,573)	(371,544)	(37,496)	(245,652)	(1,475,246)
Depreciation and amortization for the period	(40,043)	(120,080)	(39,334)	(2,249)	(122,366)	(324,072)
Disposals	-	14,242	455	-	-	14,697
Balance 31 December 2025	(460,024)	(506,411)	(410,423)	(39,745)	(368,018)	(1,784,621)
Carrying amount						
At 31 December 2025	1,669,216	646,413	201,017	5,352	480,280	3,002,278
Cost						
Balance at 1 January 2024	2,064,157	957,256	556,979	45,097	570,770	4,194,259
Additions	60,443	168,902	34,315	-	137,653	401,313
Disposals	-	(137,635)	(13,804)	-	-	(151,439)
Balance at 31 December 2024	2,124,600	988,523	577,490	45,097	708,423	4,444,133
Depreciation and amortization						
Balance at 1 January 2024	(377,803)	(442,627)	(342,896)	(35,247)	(146,214)	(1,344,787)
Depreciation and amortization for the year	(42,178)	(95,581)	(42,452)	(2,249)	(99,438)	(281,898)
Disposals	-	137,635	13,804	-	-	151,439
Balance at 31 December 2024	(419,981)	(400,573)	(371,544)	(37,496)	(245,652)	(1,475,246)
Carrying amount						
At 31 December 2024	1,704,619	587,950	205,946	7,601	462,771	2,968,887

As at 31 December 2025 property, plant and equipment and intangible assets included fully depreciated and amortized assets in amount of AMD 528,233 thousand (31 December 2024: AMD 469,689 thousand).

17 Other assets

	31 December 2025	31 December 2024
	AMD'000	AMD'000
Receivables under money transfer and clearing systems	123,296	86,758
Other receivables	36,461	6,589
Total other financial assets	159,757	93,347
Prepayments for taxes	18,826	25,697
Other prepayments	157,501	160,275
Other assets	25,983	21,623
Total other non-financial assets	202,310	207,595
Total other assets	362,067	300,942

18 Loans, deposits and other balances from banks

	31 December 2025	31 December 2024
	AMD'000	AMD'000
Term deposits from banks	4,229,581	5,401,730
Loans from banks	334,242	175,395
	<u>4,563,823</u>	<u>5,577,125</u>

As at 31 December 2025 there are no loans to customers (31 December 2024: AMD 29,596 thousand) that serve as collateral for loans, deposits and other balances from banks.

As at 31 December 2025 the total amount of deposits attracted from banks included in loans and deposits from banks are from a related bank and exceed 10% of the Bank's equity and amounts to AMD 4,229,581 thousand (as at 31 December 2024 AMD 5,401,730 thousand).

19 Current accounts and deposits from customers

	31 December 2025	31 December 2024
	AMD'000	AMD'000
Current accounts and demand deposits		
- Individuals	7,259,765	7,515,752
- Legal entities	10,276,352	8,248,298
Term deposits		
- Individuals	39,956,396	37,866,820
- Legal entities	28,670,428	27,851,920
Total current accounts and deposits from customers	<u>86,162,941</u>	<u>81,482,790</u>

As at 31 December 2025 the Bank maintained customer deposit balances of AMD 5,957,411 thousand that serve as collateral for loans and credit related commitments granted by the Bank (as at 31 December 2024: AMD 5,581,041 thousand).

As at 31 December 2025 the Bank has three customers (as at 31 December 2024: two), whose balances exceeded 10% of equity. The gross value of these balances as at 31 December 2025 is AMD 20,283,527 thousand (as at 31 December 2024: AMD 13,184,554 thousand).

20 Other liabilities

	31 December 2025	31 December 2024
	AMD'000	AMD'000
Salary and similar payables	254,976	217,176
Payables to suppliers	159,927	131,279
Other financial liabilities	920,909	257,806
Total financial liabilities	<u>1,335,812</u>	<u>606,261</u>
Other taxes payable	81,519	78,777
Other liabilities	45,981	45,459
Total other non-financial liabilities	<u>127,500</u>	<u>124,236</u>
Total other liabilities	<u><u>1,463,312</u></u>	<u><u>730,497</u></u>

As at 31 December 2025 other financial liabilities include AMD 912,719 thousand (31 December 2024: AMD 257,806 thousand) pending transfers on behalf of the Bank and customers.

21 Other borrowed funds

	31 December 2025	31 December 2024
	AMD'000	AMD'000
Loans from Home for Youth Company	156,204	173,036
Loans from National Mortgage Company	24,192	60,292
	<u>180,396</u>	<u>233,328</u>

As at 31 December 2025 loans to customers with a gross value of AMD 255,211 thousand (as at 31 December 2024: AMD 309,778 thousand) serve as collateral for other borrowed funds.

Reconciliation of liabilities and cash flows from financing activities

	Other borrowed funds	Lease liability	Subordinated loans from Parent	Total
Balance at 1 January 2025	233,328	311,156	6,043,411	6,587,895
Proceeds from other borrowed funds	-	-	-	-
Repayment of other borrowed funds	(52,584)	-	-	(52,584)
Lease payments	-	(49,298)	-	(49,298)
Total changes from financing cash flows	(52,584)	(49,298)	-	(101,882)
The effect of changes in foreign exchange rates	-	-	253,088	253,088
Interest expense	11,707	29,941	396,337	437,985
Interest paid	(12,055)	(29,941)	(397,103)	(439,099)
Balance at 31 December 2025	180,396	261,858	6,295,733	6,737,987
Balance at 1 January 2024	278,949	353,279	6,411,157	7,043,385
Proceeds from other borrowed funds	39,800	-	-	39,800
Repayment of other borrowed funds	(84,770)	-	-	(84,770)
Lease payments	-	(42,123)	-	(42,123)
Total changes from financing cash flows	(44,970)	(42,123)	-	(87,093)
The effect of changes in foreign exchange rates	-	-	(364,552)	(364,552)
Interest expense	16,700	34,807	394,108	445,615
Interest paid	(17,351)	(34,807)	(397,302)	(449,460)
Balance at 31 December 2024	233,328	311,156	6,043,411	6,587,895

22 Subordinated loans from Parent

On 30 April 2015, on 30 September 2016 and on 13 December 2016 the Bank obtained subordinated loans from the Parent of USD 5,000 thousand, EUR 9,375 thousand and USD 5,200 thousand convertible into the ordinary shares of the Bank at the nominal value per share within 10 years, at the option of the holder. The loans contain mandatory, voluntary and accelerated conversion options, representing forward and option financial instruments, respectively.

Subordinated loan issued on 30 April 2015 was converted into shares applying accelerated conversion option.

Management believes that the fair value of these instruments is not material as at 31 December 2025 and 31 December 2024.

23 Share capital and reserves**(a) Issued capital and share premium**

As at 31 December 2025 the authorized, issued and outstanding share capital comprises 262,491 ordinary shares (31 December 2024: 262,491 shares). All shares have a nominal value of AMD 100,000.

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.

(b) Nature and purpose of reserves**Fair value reserve for investment securities**

Fair value reserve for investment securities comprises the cumulative net changes in the fair value and allowance for ECL of debt securities classified at FVOCI, until the assets are derecognized or reclassified.

General reserve

The general reserve is created in accordance with the Bank's Charter, in respect of general banking risks, including future losses and other unforeseen risks or contingencies. The general reserve is included in the retained earnings of the Bank.

(c) Dividends

Dividends payable are restricted to the maximum retained earnings of the Bank, which are determined according to legislation of the Republic of Armenia.

24 Risk management

(a) Risk management policies and procedures

Management of risk is fundamental to the business of banking and forms an essential element of the Bank's operations. The major (significant) risks faced by the Bank are those related to financial risk, market risk, credit risk, liquidity risk, and operational.

The Bank's risk management policies aim to identify, analyze and manage the risks faced by the Bank, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, products and services offered and emerging best practice. The Bank has developed a system of reporting on significant risks and capital.

The Board of Directors has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures as well as approving significantly large exposures. The Management Committee with the support of the Assets and Liability Committee (ALCO Committee) is responsible for monitoring and implementation of risk mitigation measures and making sure that the Bank operates within the established risk parameters.

Both external and internal risk factors are identified and managed throughout the Bank. Particular attention is given to identifying the full range of risk factors and determining the level of assurance over current risk mitigation procedures. Apart from the standard credit and market risk analysis, the Management Committee monitors financial and non-financial risks by holding regular meetings with operational units in order to obtain expert judgments in their respective areas of expertise.

In compliance with the Bank's internal documentation the Management Committee and internal audit function frequently prepare reports, which cover the Bank's significant risks management. The reports include observations as to assessment of the effectiveness of the Bank's procedures and methodologies, and recommendations for improvement.

(b) Financial risk review

This note presents information about the Bank's exposure to financial risks.

Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Bank has policies and procedures for the management of credit exposures (both for recognized financial assets and unrecognized contractual commitments).

Corporate loan credit applications are originated and analyzed by the relevant relationship managers from the Commercial Banking Department, which is responsible for the corporate loan portfolio. Analysis reports are based on a structured analysis focusing on the customer's business and financial performance. The loan credit application and the report are then independently reviewed by the Risk Management Department and a second opinion is given accompanied by verification that credit policy requirements are met. The Management Committee reviews the loan credit application on the basis of submissions by the Commercial Banking Department. Individual transactions are also reviewed by the Legal Unit, depending on the specific risks and pending final approval of the Management Committee.

The Bank continuously monitors the performance of individual credit exposures and regularly reassesses the creditworthiness of its customers. The review is based on the customer's most recent financial statements and other information submitted by the borrower, or otherwise obtained by the Bank. The current market value of collateral is regularly assessed by independent appraisal companies.

Retail loan credit applications are reviewed by the Retail Approval Unit, Retail Approval Committee and Management Committee based on the authorized limits. Apart from individual customer analysis, the whole credit portfolio is assessed by the Risk Management Department with regard to credit concentration and market risks.

Credit risk - Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment

See accounting policy in Note 4(f)(iv).

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Bank uses three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in probability of default (PD);
- qualitative indicators; and
- backstop of 30 days past due.

Credit risk grades

The Bank allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data.

Corporate exposure

- Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes
- Data from credit reference agencies, press articles, changes in external credit ratings
- Quoted bond and credit default swap (CDS) prices for the borrower where available
- Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities

All exposures (corporate and retail exposures)

- Payment record – this includes overdue status as well as a range of variables about payment ratios
- Utilisation of the granted limit
- Requests for and granting of forbearance
- Existing and forecast changes in business, financial and economic conditions

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for corporate exposures. The Bank collects performance and default information about its credit risk exposures analysed by type of product and borrower as well as by credit risk grading. For some portfolios, information purchased from external credit reference agencies is also used. The Bank sets the maximum level of PDs equal to PD of the country's rating grade where the borrower operates.

Overdue days are primary input into the determination of the term structure of PD for retail exposures in Markov's model of migration matrices. Migration matrices are constructed using historical data over the past 48 months.

Determining whether credit risk has increased significantly

The Bank assesses whether credit risk has increased significantly since initial recognition at each reporting period. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower, and the geographical region. What is considered significant will differ for different types of lending, in particular between corporate and retail.

The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Bank's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This will be the case for exposures that meet certain heightened risk criteria, such as placement on a watch list. Such qualitative factors are based on its expert judgement and relevant historical experience.

As a backstop, the Bank considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due or. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency of forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases the Bank determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes history of up-to-date payment performance against the modified contractual terms.

Definition of default

The Bank considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held);
- the borrower is past due more than 90 days on any material credit obligation to the Bank. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, the Bank considers indicators that are:

- qualitative – e.g. breaches of covenant;
- quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Bank; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of forward-looking information

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The Bank uses expert judgment in assessment of forward-looking information.

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variable and credit risk and credit losses. This key driver is GDP forecasts, changes in exchange rates and prices in real estate market.

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in Note 4(f)(iii).

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The Bank renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Bank's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy.

For financial assets modified as part of the Bank's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Bank's ability to collect interest and principal and the Bank's previous experience of similar forbearance action. As part of this process, the Bank evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired (see Note 4(f)(iv)). A customer needs to demonstrate consistently good payment behavior over a period of time before the exposure is no longer considered to be credit-impaired/ in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

The methodology of estimating PDs is discussed above under the heading "Generating the term structure of PD".

The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, LTV ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EAD is potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the guarantee exposure when the financial guarantee becomes payable.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- instrument type;
- collateral type.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

For portfolios in respect of which the Bank has limited historical data, external benchmark information is used to supplement the internally available data. The Bank's Corporate Risk Management Department operates its internal rating models. The Bank runs separate models for its key portfolios in which its customers are rated from 1 to 10 using Moody's Risk Analyst (MRA). The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilize supplemental external information that could affect the borrower's behavior. These information sources are first used to determine the stages of corporate customers. And based on staging the Bank determines its PDs which then adjusted for IFRS 9 ECL calculation. The portfolios for which external benchmark information represents a significant input into measurement of ECL are as follows:

31 December 2025 AMD'000	Exposure	External benchmarks used	
		PD	LGD
Debt investment securities at FVOCI	27,742,307	S&P default study	Moody's recovery studies
Loans to corporate customers_Natural monopoly	3,515,614	S&P default study	Moody's recovery studies
Loans to corporate customers	24,762,448	S&P default study	-

31 December 2024 AMD'000	Exposure	External benchmarks used	
		PD	LGD
Debt investment securities at FVOCI	32,423,133	S&P default study	Moody's recovery studies
Loans to corporate customers_Natural monopoly	3,750,485	S&P default study	Moody's recovery studies
Loans to corporate customers	18,812,351	S&P default study	-

Loss allowance

The below tables show reconciliations from the opening to the closing balances of the loss allowance by class of financial instruments for the year ended 31 December 2025.

	31 December 2025			
AMD'000	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents				
Balance at 1 January	(346)	-	-	(346)
Net remeasurement of loss allowance	346	-	-	346
New financial assets originated or purchased	(665)	-	-	(665)
Balance at 31 December 2025	(665)	-	-	(665)

	31 December 2025			
AMD'000	Stage 1	Stage 2	Stage 3	Total
Loans to banks at amortized cost				
Balance at 1 January	(26,714)	-	-	(26,714)
Net remeasurement of loss allowance	5,098	-	-	5,098
New financial assets originated or purchased	(845)	-	-	(845)
Balance at 31 December 2025	(22,461)	-	-	(22,461)

	31 December 2025			
AMD'000	Stage 1	Stage 2	Stage 3	Total
Loans to customers at amortised cost – corporate customers				
Balance at 1 January	(155,692)	-	-	(155,692)
Transfer to Stage 2	1,034	(1,034)	-	-
Net remeasurement of loss allowance	63,444	(52,116)	-	11,328
New financial assets originated or purchased	(126,508)	-	-	(126,508)
Foreign exchange revaluation effect on ECL	1,611	393	-	2,004
Balance at 31 December 2025	(216,111)	(52,757)	-	(268,868)

	31 December 2025			
AMD'000	Stage 1	Stage 2	Stage 3	Total
Loans to customers at amortised cost – retail customers				
Balance at 1 January	(111,017)	(22,017)	(16,570)	(149,604)
Transfer to Stage 1	(6,652)	5,762	890	-
Transfer to Stage 2	174	(4,379)	4,205	-
Transfer to Stage 3	9,846	3,080	(12,926)	-
Net remeasurement of loss allowance	14,698	(5,738)	(20,867)	(11,907)
New financial assets originated or purchased*	(57,674)	(8,364)	(2,554)	(68,592)
Foreign exchange revaluation effect on ECL	502	105	98	705
Write-offs**	-	-	18,292	18,292
Balance at 31 December 2025	(150,123)	(31,551)	(29,432)	(211,106)

* Stage 2 and Stage 3 include loans that were originated in 2025 but were subsequently transferred to Stage 2 or Stage 3.

**The previous year's write-off data does not include recoveries during the period.

	31 December 2025			
AMD'000	Stage 1	Stage 2	Stage 3	Total
Debt investment securities at FVOCI				
Balance at 1 January	(74,945)	-	-	(74,945)
Net remeasurement of loss allowance	41,310	-	-	41,310
New financial assets originated or purchased	(30,397)	-	-	(30,397)
Balance at 31 December 2025	(64,032)	-	-	(64,032)

The above loss allowance is not recognised in the statement of financial position because the carrying amount of debt investment securities at FVOCI is their fair value.

The below tables show reconciliations from the opening to the closing balances of the loss allowance by class of financial instruments for the year ended for the year ended 31 December 2024.

31 December 2024				
AMD'000	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents				
Balance at 1 January	(284)	-	-	(284)
Net remeasurement of loss allowance	284	-	-	284
New financial assets originated or purchased	(346)	-	-	(346)
Balance at 31 December 2024	(346)	-	-	(346)

31 December 2024				
AMD'000	Stage 1	Stage 2	Stage 3	Total
Loans and deposits to banks at amortized cost				
Balance at 1 January	(21,472)	-	-	(21,472)
Net remeasurement of loss allowance	1,603	-	-	1,603
New financial assets originated or purchased	(6,845)	-	-	(6,845)
Balance at 31 December 2024	(26,714)	-	-	(26,714)

31 December 2024				
AMD'000	Stage 1	Stage 2	Stage 3	Total
Loans to customers at amortised cost – corporate customers				
Balance at 1 January	(106,173)	-	(8,146)	(114,319)
Net remeasurement of loss allowance	43,367	-	2,642	46,009
New financial assets originated or purchased	(97,322)	-	-	(97,322)
Foreign exchange revaluation effect on ECL	4,436	-	-	4,436
Write-offs**	-	-	5,504	5,504
Balance at 31 December 2024	(155,692)	-	-	(155,692)

31 December 2024				
AMD'000	Stage 1	Stage 2	Stage 3	Total
Loans to customers at amortised cost – retail customers				
Balance at 1 January	(68,372)	(10,399)	(9,940)	(88,711)
Transfer to Stage 1	(4,722)	3,770	952	-
Transfer to Stage 2	459	(5,339)	4,880	-
Transfer to Stage 3	6,636	5,423	(12,059)	-
Net remeasurement of loss allowance	4,508	(15,041)	(16,055)	(26,588)
New financial assets originated or purchased*	(49,794)	(484)	(1,555)	(51,833)
Foreign exchange revaluation effect on ECL	268	53	40	361
Write-offs**	-	-	17,167	17,167
Balance at 31 December 2024	(111,017)	(22,017)	(16,570)	(149,604)

* Stage 2 and Stage 3 include loans that were originated in 2025 but were subsequently transferred to Stage 2 or Stage 3.

**The previous year's write-off data does not include recoveries during the period.

31 December 2024				
AMD'000	Stage 1	Stage 2	Stage 3	Total
Debt investment securities at FVOCI				
Balance at 1 January	(70,784)	-	-	(70,784)
Net remeasurement of loss allowance	20,420	-	-	20,420
New financial assets originated or purchased	(24,581)	-	-	(24,581)
Balance at 31 December 2024	(74,945)	-	-	(74,945)

The following table provides reconciliation between:

- amounts shown in the above tables reconciling opening and closing balances of loss allowance per class of financial instrument; and
- the ‘impairment losses on debt financial assets’ and ‘impairment losses on loan commitments and financial guarantees’ line items in the statement of profit or loss and other comprehensive income.

Reconciliation for the year ended 31 December 2025:

AMD'000	Cash and cash equivalents	Loans and deposits to banks at amortised cost	Loans to customers at amortised cost - corporate customers	Loans to customers at amortised cost - retail customers	Debt investment securities at FVOCI	Other assets	Total
Net remeasurement of loss allowance	346	5,098	11,328	(11,907)	41,310	(7,137)	39,038
New financial assets originated or purchased	(665)	(845)	(126,508)	(68,592)	(30,397)	-	(227,007)
Subtotal	(319)	4,253	(115,180)	(80,499)	10,913	(7,137)	(187,969)
Recoveries of amounts previously written off	-	-	-	274	-	4,492	4,766
Total	(319)	4,253	(115,180)	(80,225)	10,913	(2,645)	(183,203)

Reconciliation for the year ended 31 December 2024:

AMD'000	Cash and cash equivalents	Loans and deposits to banks at amortised cost	Loans to customers at amortised cost - corporate customers	Loans to customers at amortised cost - retail customers	Debt investment securities at FVOCI	Other assets	Total
Net remeasurement of loss allowance	284	1,603	46,009	(26,588)	20,420	(219)	41,509
New financial assets originated or purchased	(346)	(6,845)	(97,322)	(51,833)	(24,581)	-	(180,927)
Subtotal	(62)	(5,242)	(51,313)	(78,421)	(4,161)	-	(139,418)
Recoveries of amounts previously written off	-	-	4,182	27,460	-	-	31,642
Total	(62)	(5,242)	(47,131)	(50,960)	(4,161)	(219)	(107,776)

Significant changes in the gross carrying amount of retail and corporate portfolios during the year ended 31 December 2025 that contributed to changes in loss allowance were as follows:

AMD'000	31 December 2025			Total
	Stage 1	Stage 2	Stage 3	
Loans to customers at amortised cost – corporate customers – gross carrying amount				
Balance at 1 January	22,718,528	-	-	22,718,528
Transfer to Stage 2	(340,510)	340,510	-	-
New financial assets originated or purchased	12,296,257	-	-	12,296,257
Financial assets that have been fully or partially repaid and other changes	(6,356,159)	(29,642)	-	(6,385,801)
Foreign exchange revaluation effect	(70,139)	(11,915)	-	(82,054)
Balance at 31 December	28,247,977	298,953	-	28,546,930
Loans to customers at amortised cost - retail customers – gross carrying amount				
Balance at 1 January	40,276,973	393,228	61,702	40,731,903
Transfer to Stage 1	107,946	(105,656)	(2,290)	-
Transfer to Stage 2	(51,522)	69,034	(17,512)	-
Transfer to Stage 3	(73,463)	(12,213)	85,676	-
New financial assets originated or purchased*	9,862,550	112,594	7,000	9,982,144
Financial assets that have been fully or partially repaid and other changes	(5,844,576)	(41,425)	(12,454)	(5,898,455)
Foreign exchange revaluation effect	(77,173)	(6,972)	(1,160)	(85,305)
Write-offs	-	-	(18,292)	(18,292)
Balance at 31 December	44,200,735	408,590	102,670	44,711,995

* Stage 2 and Stage 3 include loans that were originated in 2025 but were subsequently transferred to Stage 2 or Stage 3.

Significant changes in the gross carrying amount of retail and corporate portfolios during the year ended 31 December 2024 that contributed to changes in loss allowance were as follows:

AMD'000	31 December 2024			Total
	Stage 1	Stage 2	Stage 3	
Loans to customers at amortised cost – corporate customers – gross carrying amount				
Balance at 1 January	21,052,536	-	9,806	21,062,342
New financial assets originated or purchased	9,344,881	-	-	9,344,881
Financial assets that have been fully or partially repaid and other changes	(7,452,056)	-	(4,302)	(7,456,358)
Foreign exchange revaluation effect	(226,833)	-	-	(226,833)
Write-offs	-	-	(5,504)	(5,504)
Balance at 31 December	22,718,528	-	-	22,718,528
Loans to customers at amortised cost - retail customers – gross carrying amount				
Balance at 1 January	29,347,188	250,862	115,223	29,713,273
Transfer to Stage 1	107,993	(97,274)	(10,719)	-
Transfer to Stage 2	(234,390)	292,377	(57,987)	-
Transfer to Stage 3	(34,959)	(9,997)	44,956	-
New financial assets originated or purchased*	15,045,254	6,221	4,000	15,055,475
Financial assets that have been fully or partially repaid and other changes	(3,878,640)	(44,855)	(16,270)	(3,939,765)
Foreign exchange revaluation effect	(75,473)	(4,106)	(334)	(79,913)
Write-offs	-	-	(17,167)	(17,167)
Balance at 31 December	40,276,973	393,228	61,702	40,731,903

* Stage 2 and Stage 3 include loans that were originated in 2025 but were subsequently transferred to Stage 2 or Stage 3.

Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost, FVOCI debt instruments as at 31 December 2025. Unless specially indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

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

The credit quality of corporate customers is managed by internal rating system, as described below, and based on these internal ratings the Bank classifies its corporate loans per stage 1, stage 2 and stage 3.

Internal ratings are derived from a comprehensive assessment of two core aspects:

- Financial assessment: The financial evaluation hinges on analysis of financial statements, notably the balance sheet and income statement. This assessment includes Debt Coverage, Operational Evaluation, Liquidity, and Capital Structure.
- Business assessment: Different factors such as Industry Risk, Company Standing, and other pertinent criteria are considered.

The inputs of financial assessments affect determination of internal ratings more significantly than business assessments. Internal ratings corresponding to [1-5.5] and [5.6-10] indicates good and average financial assessment respectively for corporate customers.

Explanation of the terms: Stage 1, Stage 2, Stage 3 are included in Note 4(f)(iv).

AMD'000	31 December 2025			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit-impaired	
Cash and cash equivalents				
- Rated B to BB-	12	-	-	12
- Not rated	3,345,431	-	-	3,345,431
	3,345,443	-	-	3,345,443
Loss allowance	(665)	-	-	(665)
Carrying amount	3,344,778	-	-	3,344,778
Loans to banks at amortised cost				
- Rated A+	121,995	-	-	121,995
- Rated B+ to BB-	5,532,680	-	-	5,532,680
- Not rated	15,627,515	-	-	15,627,515
	21,282,190	-	-	21,282,190
Loss allowance	(22,461)	-	-	(22,461)
Carrying amount	21,259,729	-	-	21,259,729
Loans to customers at amortised cost – corporate customers				
Loans without individual signs of impairment:				
- With internal rating 1 - 5.5	26,097,049	-	-	26,097,049
- With internal rating 5.6 - 10	2,150,928	298,953	-	2,449,881
	28,247,977	298,953	-	28,546,930
Loss allowance	(216,111)	(52,757)	-	(268,868)
Carrying amount	28,031,866	246,196	-	28,278,062
Loans to customers at amortised cost – retail customers				
- Not overdue	44,164,232	133,098	-	44,297,330
- Overdue less than 30 days	36,503	33,956	-	70,459
- Overdue 31-90 days	-	241,536	-	241,536
- Overdue 91-180 days	-	-	64,316	64,316
- Overdue 181-270 days	-	-	5,342	5,342
- Overdue more than 271 days	-	-	33,012	33,012
	44,200,735	408,590	102,670	44,711,995
Loss allowance	(150,123)	(31,551)	(29,432)	(211,106)
Carrying amount	44,050,612	377,039	73,238	44,500,889

AMD'000	31 December 2025			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
Debt investment securities at FVOCI				
- Rated A+ to AA+	2,980,465	-	-	2,980,465
- Rated BB-	24,761,842	-	-	24,761,842
	27,742,307	-	-	27,742,307
Loss allowance	(64,032)	-	-	(64,032)
Carrying amount – fair value	27,742,307	-	-	27,742,307
Loans and credit lines commitments				
- Not overdue	9,237,026	-	-	9,237,026
Carrying amount	9,237,026	-	-	9,237,026
Credit card commitments				
- Not overdue	2,435,838	-	-	2,435,838
Carrying amount	2,435,838	-	-	2,435,838
Guarantees and letter of credit				
- Not overdue	126,611	-	-	126,611
Carrying amount	126,611	-	-	126,611

The following table sets out information about the credit quality of financial assets measured at amortised cost, FVOCI debt instruments as at 31 December 2024.

AMD'000	31 December 2024			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
Cash and cash equivalents				
- Rated B to BB-	9	-	-	9
- Not rated	6,403,019	-	-	6,403,019
	6,403,028	-	-	6,403,028
Loss allowance	(346)	-	-	(346)
Carrying amount	6,402,682	-	-	6,402,682
Loans to banks at amortised cost				
- Rated A+	124,662	-	-	124,662
- Rated B+ to BB-	5,993,830	-	-	5,993,830
- Not rated	12,064,035	-	-	12,064,035
	18,182,527	-	-	18,182,527
Loss allowance	(26,714)	-	-	(26,714)
Carrying amount	18,155,813	-	-	18,155,813

AMD'000	31 December 2024			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
Loans to customers at amortised cost – corporate customers				
Loans without individual signs of impairment:				
- With internal rating 1 - 5.5	19,758,081	-	-	19,758,081
- With internal rating 5.6 - 10	2,960,447	-	-	2,960,447
	22,718,528	-	-	22,718,528
Loss allowance	(155,692)	-	-	(155,692)
Carrying amount	22,562,836	-	-	22,562,836
Loans to customers at amortised cost – retail customers				
- Not overdue	40,209,765	215,447	-	40,425,212
- Overdue less than 30 days	67,208	96,079	-	163,287
- Overdue 31-90 days	-	81,702	-	81,702
- Overdue 91-180 days	-	-	7,558	7,558
- Overdue 181-270 days	-	-	11,286	11,286
- Overdue more than 271 days	-	-	42,858	42,858
	40,276,973	393,228	61,702	40,731,903
Loss allowance	(111,017)	(22,017)	(16,570)	(149,604)
Carrying amount	40,165,956	371,211	45,132	40,582,299
Debt investment securities at FVOCI				
- Rated AA+	6,275,747	-	-	6,275,747
- Rated B+ to BB-	26,147,386	-	-	26,147,386
	32,423,133	-	-	32,423,133
Loss allowance	(74,945)	-	-	(74,945)
Carrying amount – fair value	32,423,133	-	-	32,423,133
Loans and credit lines commitments				
- Not overdue	11,817,101	-	-	11,817,101
Carrying amount	11,817,101	-	-	11,817,101
Credit card commitments				
- Not overdue	2,340,784	-	-	2,340,784
Carrying amount	2,340,784	-	-	2,340,784
Guarantees and letter of credit				
- Not overdue	1,794,067	-	-	1,794,067
Carrying amount	1,794,067	-	-	1,794,067

* Expected credit losses under IFRS 9 for loans to customers include ECL for undrawn loan commitments.

Collateral held and other credit enhancements

At 31 December 2025 and 31 December 2024 the Bank had financial instruments for which no loss allowance is recognised because of collateral.

	Exposure as at 31 December 2025	Exposure as at 31 December 2024
	AMD'000	AMD'000
Amounts receivable under reverse repurchase agreements	5,208,131	3,174,870
Loans to corporate customers	837,495	11,353,054
Loans to retail customers	907,911	982,510

During the period, there was no change in the Bank's collateral policies.

Concentrations of credit risk

The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets in the statement of financial position and unrecognized contractual commitment amounts. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

The maximum exposure to credit risk from financial assets at the reporting date is as follows:

	31 December 2025	31 December 2024
	AMD'000	AMD'000
Assets		
Cash and cash equivalents	3,344,778	6,402,682
Amounts receivable under reverse repurchase agreements	5,208,131	3,174,870
Financial instruments at fair value through profit or loss	117,386	-
Loans and deposits to banks and other placements	21,259,729	18,155,813
Loans to customers	72,778,951	63,145,135
Investment securities	27,829,425	32,501,507
Other financial assets	159,757	93,347
Total maximum exposure	<u>130,698,157</u>	<u>123,473,354</u>

Collateral generally is not held against investments in securities, and loans to banks, except when securities are held as part of reverse repurchase activities.

For the analysis of collateral held against loans to customers and concentration of credit risk in respect of loans to customers refer to Note 13.

The maximum exposure to credit risk from unrecognized contractual commitments at the reporting date is presented in Note 26.

As at 31 December 2025 the Bank has two debtors or groups of connected debtors (as at 31 December 2024: two), credit risk exposure to whom exceeded 10% maximum credit risk exposure. The credit risk exposure for these counterparties as at 31 December 2025 is AMD 35,913,636 thousand (as at 31 December 2024: AMD 37,374,156 thousand).

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Bank's statement of financial position or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position.

The similar agreements include derivative clearing agreements, global master repurchase agreements, and global master securities lending agreements. Financial instruments such as loans and deposits are not disclosed in the table below unless they are offset in the statement of financial position.

The Bank receives and accepts collateral in the form of marketable securities in respect of sale and repurchase, and reverse sale and repurchase agreements.

Such collateral is subject to the standard industry terms. This means that securities received/given as collateral can be pledged or sold during the term of the transaction but must be returned on maturity of the transaction. The terms also give each counterparty the right to terminate the related transactions upon the counterparty's failure to post collateral.

The above arrangements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognized amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Bank or the counterparties. In addition the Bank and its counterparties do not intend to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

The table below shows financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar arrangements as at 31 December 2025:

AMD'000

Types of financial assets	Gross amounts of recognized financial assets	Gross amount of recognized financial liability offset in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Related amounts subject to offsetting in case of bankruptcy	
				Financial instruments	Net amount
Amounts receivable under reverse repurchase agreements	5,208,131	-	5,208,131	(5,208,131)	-
Total financial assets	5,208,131	-	5,208,131	(5,208,131)	-

The table below shows financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar arrangements as at 31 December 2024:

AMD'000

Types of financial assets	Gross amounts of recognized financial assets	Gross amount of recognized financial liability offset in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Related amounts subject to offsetting in case of bankruptcy	
				Financial instruments	Net amount
Amounts receivable under reverse repurchase agreements	3,174,870	-	3,174,870	(3,174,870)	-
Total financial assets	3,174,870	-	3,174,870	(3,174,870)	-

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risks. Market risk arises from open positions in debt and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices and foreign currency rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimizing the return on risk.

Overall authority for market risk management is vested in the ALCO Committee. Market risk limits are approved by the ALCO Committee.

The Bank manages its market risk by setting open position limits in relation to financial instrument, interest rate maturity and currency positions and stop-loss limits. These are monitored on a regular basis and reviewed and approved by the ALCO Committee.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Bank is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may also reduce or create losses in the event that unexpected movements occur.

Interest rate gap analysis

Interest rate risk is managed principally through monitoring interest rate gaps. A summary of the interest gap position for major financial instruments is as follows as at 31 December 2025:

AMD'000	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years	Non-interest bearing	Carrying amount
31 December 2025							
ASSETS							
Cash and cash equivalents	-	-	-	-	-	4,325,090	4,325,090
Amounts receivable under reverse repurchase agreements	5,208,131	-	-	-	-	-	5,208,131
Financial instruments at fair value through profit or loss	-	-	117,386	-	-	-	117,386
Loans and deposits to banks and other placements	13,055,899	-	633,861	633,861	121,995	6,814,113	21,259,729
Loans to customers	15,498,367	10,176,251	22,799,714	19,353,892	4,950,727	-	72,778,951
Investment securities	2,980,465	3,283,354	938,010	11,748,241	8,792,237	87,118	27,829,425
Other financial assets	-	-	-	-	-	159,757	159,757
	36,742,862	13,459,605	24,488,971	31,735,994	13,864,959	11,386,078	131,678,469
LIABILITIES							
Loans, deposits and other balances from banks	4,229,581	40,755	37,281	256,206	-	-	4,563,823
Current accounts and deposits from customers	30,914,163	11,354,834	22,800,608	13,586,919	5,514	7,500,903	86,162,941
Lease liability	13,719	14,008	29,500	204,631	-	-	261,858
Other financial liabilities	-	-	-	-	-	1,335,812	1,335,812
Other borrowed funds	9,555	9,677	22,333	60,464	78,367	-	180,396
Subordinated loans from Parent	103,192	-	6,192,541	-	-	-	6,295,733
	35,270,210	11,419,274	29,082,263	14,108,220	83,881	8,836,715	98,800,563
	1,472,652	2,040,331	(4,593,292)	17,627,774	13,781,078	2,549,363	32,877,906

A summary of the interest gap position for major financial instruments is as follows as at 31 December 2024:

AMD'000	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years	Non-interest bearing	Carrying amount
31 December 2024							
ASSETS							
Cash and cash equivalents	-	-	-	-	-	7,954,292	7,954,292
Amounts receivable under reverse repurchase agreements	3,174,870	-	-	-	-	-	3,174,870
Loans and deposits to banks and other placements	4,504,109	5,420,947	-	1,978,176	124,662	6,127,919	18,155,813
Loans to customers	5,277,297	9,357,370	19,070,417	28,377,800	1,062,251	-	63,145,135
Investment securities	3,931,858	5,763,715	6,517,455	13,967,867	2,242,238	78,374	32,501,507
Other financial assets	-	-	-	-	-	93,347	93,347
	16,888,134	20,542,032	25,587,872	44,323,843	3,429,151	14,253,932	125,024,964
LIABILITIES							
Loans, deposits and other balances from banks	1,543	5,436,618	16,455	122,509	-	-	5,577,125
Current accounts and deposits from customers	22,470,941	17,292,440	19,498,923	13,657,352	5,148	8,557,986	81,482,790
Lease liability	11,836	12,060	25,402	261,858	-	-	311,156
Other financial liabilities	-	-	-	-	-	606,261	606,261
Other borrowed funds	12,875	10,139	21,318	105,924	83,072	-	233,328
Subordinated loans from Parent	101,080	-	-	5,942,331	-	-	6,043,411
	22,598,275	22,751,257	19,562,098	20,089,974	88,220	9,164,247	94,254,071
	(5,710,141)	(2,209,225)	6,025,774	24,233,869	3,340,931	5,089,685	30,770,893

Average effective interest rates

The table below displays average effective interest rates for interest bearing assets and liabilities as at 31 December 2025 and 31 December 2024. These interest rates are an approximation of the yields to maturity of these assets and liabilities.

	31 December 2025			31 December 2024		
	Average effective interest rate, %			Average effective interest rate, %		
	AMD	USD	Other currencies	AMD	USD	Other currencies
Interest bearing assets						
Amounts receivable under reverse repurchase agreements	6.81%	-	-	-	4.47%	-
Loans and deposits to banks and other placements	6.08%	5.35%	3.94%	7.25%	6.38%	5.26%
Loans to customers	12.52%	7.79%	5.95%	12.04%	7.64%	5.71%
Investment securities	9.42%	3.74%	1.82%	10.25%	4.11%	-
Currency swap	3.00%	-	-	-	-	-
Interest bearing liabilities						
Loans, deposits and other balances from banks	7.70%	4.81%	2.92%	7.99%	6.52%	4.36%
Current accounts and deposits from customers	-	-	-	-	-	-
- Current accounts and demand deposits	4.39%	0.86%	0.02%	3.47%	0.38%	0.02%
- Term deposits	9.54%	4.71%	1.90%	9.53%	4.76%	1.93%
Other borrowed funds	5.32%	-	-	5.93%	-	-
Subordinated loans from parent	-	6.52%	6.52%	-	6.52%	6.52%

Interest rate sensitivity analysis

The management of interest rate risk based on interest rate gap analysis is supplemented by monitoring the sensitivity of financial assets and liabilities. 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 fixed and floating rate non-trading financial assets held and liabilities as at the end of the reporting period. The sensitivity of equity is calculated by revaluing fixed rate debt financial assets measured at FVOCI for the effects of the assumed changes in interest rates based on the assumption that there are parallel shifts in the yield curve.

An analysis of sensitivity of net profit or loss and equity (net of taxes) to changes in interest rates (repricing risk) based on a simplified scenario of a 100 basis point (bp) symmetrical fall or rise in all yield curves and positions of interest-bearing assets and liabilities existing as at 31 December 2025 and 31 December 2024, as well as sensitivity of equity to changes in fair value of financial instruments at FVOCI, respectively, is as follows:

	31 December 2025		31 December 2024	
	AMD'000		AMD'000	
	Net profit or loss	Equity	Net profit or loss	Equity
100 bp parallel rise	30,614	(949,846)	(23,450)	(541,112)
100 bp parallel fall	(30,614)	949,846	23,450	541,112

(ii) Currency risk

The Bank has assets and liabilities denominated in several foreign currencies.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Bank does not hedge its exposure to currency risk.

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

	AMD	USD	EUR	Other currencies	Total
	AMD'000	AMD'000	AMD'000	AMD'000	AMD'000
ASSETS					
Cash and cash equivalents	1,004,754	2,556,532	754,813	8,991	4,325,090
Amounts receivable under reverse repurchase agreements	5,208,131	-	-	-	5,208,131
Financial instruments at fair value through profit or loss	117,386	-	-	-	117,386
Loans and deposits to banks and other placements	7,280,650	13,101,324	877,755	-	21,259,729
Loans to customers	44,837,414	23,121,613	4,819,924	-	72,778,951
Investment securities	24,848,960	2,667,191	313,274	-	27,829,425
Other financial assets	116,511	40,288	2,958	-	159,757
Total assets	83,413,806	41,486,948	6,768,724	8,991	131,678,469
LIABILITIES					
Loans, deposits and other balances from banks	334,241	3,695,642	533,940	-	4,563,823
Current accounts and deposits from customers	51,151,828	33,370,053	1,638,136	2,924	86,162,941
Lease liability	261,858	-	-	-	261,858
Other financial liabilities	500,422	503,828	331,562	-	1,335,812
Other borrowed funds	180,396	-	-	-	180,396
Subordinated loans from Parent	-	2,016,103	4,279,630	-	6,295,733
Total liabilities	52,428,745	39,585,626	6,783,268	2,924	98,800,563
Net position	30,985,061	1,901,322	(14,544)	6,067	32,877,906
The impact of derivatives	2,415,386	(2,288,160)	-	-	127,226
Net position after derivatives	33,400,447	(386,838)	(14,544)	6,067	33,005,132

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2024:

	AMD	USD	EUR	Other currencies	Total
	AMD'000	AMD'000	AMD'000	AMD'000	AMD'000
ASSETS					
Cash and cash equivalents	4,979,847	2,317,051	626,531	30,863	7,954,292
Amounts receivable under reverse repurchase agreements	-	3,174,870	-	-	3,174,870
Loans and deposits to banks and other placements	1,195,635	14,456,181	2,503,997	-	18,155,813
Loans to customers	44,161,868	14,900,739	4,082,528	-	63,145,135
Investment securities	26,225,760	6,275,747	-	-	32,501,507
Other financial assets	31,965	61,230	152	-	93,347
Total assets	76,595,075	41,185,818	7,213,208	30,863	125,024,964
LIABILITIES					
Loans, deposits and other balances from banks	175,395	3,654,963	1,746,767	-	5,577,125
Current accounts and deposits from customers	44,571,373	35,396,541	1,507,366	7,510	81,482,790
Lease liability	311,156	-	-	-	311,156
Other financial liabilities	433,852	124,434	47,975	-	606,261
Other borrowed funds	233,328	-	-	-	233,328
Subordinated loans from Parent	-	2,097,155	3,946,256	-	6,043,411
Total liabilities	45,725,104	41,273,093	7,248,364	7,510	94,254,071
Net position	30,869,971	(87,275)	(35,156)	23,353	30,770,893

A weakening of the AMD, as indicated below, against the following currencies at 31 December 2025 and 31 December 2024 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Bank considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	31 December 2025 AMD'000	31 December 2024 AMD'000
10% appreciation of USD against AMD	(38,684)	(8,728)
10% appreciation of EUR against AMD	(1,454)	(3,516)

A strengthening of the AMD against the above currencies at 31 December 2025 and 31 December 2024 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(d) Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to liquidity management. It is unusual for financial institutions ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The Bank maintains liquidity management with the objective of ensuring that funds will be available at all times to honor all cash flow obligations as they become due. The liquidity policy is reviewed and approved by the ALCO Committee.

The Bank seeks to actively support a diversified and stable funding base comprising long-term and short-term loans from other banks, core corporate and retail customer deposits, accompanied by diversified portfolios of highly liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The liquidity management policy requires:

- projecting cash flows by major currencies and considering the level of liquid assets necessary in relation thereto;
- maintaining a diverse range of funding sources;
- managing the concentration and profile of debts;
- maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any interruption to cash flow;
- maintaining liquidity and funding contingency plans;
- monitoring liquidity ratios against regulatory requirements.

The Treasury Unit receives information from business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. The Treasury Unit then provides for an adequate portfolio of short-term liquid assets to be maintained, largely made up of short-term liquid trading securities, loans to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Bank as a whole.

The daily liquidity position is monitored and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions is performed by the Treasury Unit. Under the normal market conditions, liquidity reports covering the liquidity position of the Bank are presented to senior management on a weekly basis. Decisions on the liquidity management are made by the ALCO Committee, based on the reports of Risk Management and Treasury Unit.

The following tables show the undiscounted cash flows on financial liabilities and credit-related commitments on the basis of their earliest possible contractual maturity. The total gross outflow disclosed in the tables is the contractual, undiscounted cash flow on the financial liability or credit related commitment. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee can be called.

The contractual maturity analysis for financial liabilities as at 31 December 2025 is as follows:

AMD'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Total gross amount outflow	Carrying amount
31 December 2025							
Non-derivative liabilities							
Loans, deposits and other balances from banks	-	4,276,683	48,359	48,597	296,053	4,669,692	4,563,823
Current accounts and deposits from customers	29,094,768	9,636,590	11,858,612	24,040,634	14,960,092	89,590,696	86,162,941
Lease liability	6,760	13,521	20,282	41,054	235,593	317,210	261,858
Other financial liabilities	920,909	-	170,528	-	244,375	1,335,812	1,335,812
Other borrowed funds	1,763	8,607	10,908	24,839	160,339	206,456	180,396
Subordinated loans from Parent	-	197,241	-	6,397,237	-	6,594,478	6,295,733
Total	30,024,200	14,132,642	12,108,689	30,552,361	15,896,452	102,714,344	98,800,563
Credit related commitments	11,799,475	-	-	-	-	11,799,475	11,799,475
Gross settled derivatives							
Outflow	-	-	-	2,288,160	-	2,288,160	(117,386)
Inflow	-	-	-	(2,415,386)	-	(2,415,386)	
	-	-	-	(127,226)	-	(127,226)	
Total outflow	41,823,675	14,132,642	12,108,689	30,425,135	15,896,452	114,386,593	

The contractual maturity analysis for financial liabilities as at 31 December 2024 is as follows:

AMD'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Total gross amount outflow	Carrying amount
31 December 2024							
Non-derivative liabilities							
Loans, deposits and other balances from banks	-	1,543	5,440,861	22,027	143,379	5,607,810	5,577,125
Current accounts and deposits from customers	25,159,800	6,149,415	17,942,470	20,500,396	14,917,026	84,669,107	81,482,790
Lease liability	6,564	13,127	19,690	39,857	317,209	396,448	311,156
Other financial liabilities	257,807	-	-	134,762	213,692	606,261	606,261
Other borrowed funds	4,541	10,882	13,300	26,992	222,058	277,773	233,328
Subordinated loans from Parent	-	191,329	-	197,487	6,328,810	6,717,626	6,043,411
Total	25,428,712	6,366,297	23,416,321	20,921,521	22,142,174	98,275,025	94,254,071
Credit related commitments	15,951,952	-	-	-	-	15,951,952	15,951,952

In accordance with Armenian legislation, individuals can withdraw their term deposits at any time, forfeiting in most of the cases the accrued interest. These deposits are classified in accordance with their contractual maturity dates.

The classification of balances of these deposits in accordance with their stated maturity dates is presented below:

	31 December 2025 AMD'000	31 December 2024 AMD'000
Less than 1 month	3,563,780	3,072,337
From 1 to 3 months	5,656,050	4,464,975
From 3 to 12 months	21,544,379	23,273,946
More than 1 year	8,486,858	6,456,830
	39,251,067	37,268,088

The table below shows an analysis, by contractual maturities, of the amounts recognized in the statement of financial position as at 31 December 2025:

AMD'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Overdue	Total
ASSETS								
Cash and cash equivalents	4,325,090	-	-	-	-	-	-	4,325,090
Amounts receivable under reverse repurchase agreements	5,208,131	-	-	-	-	-	-	5,208,131
Financial instruments at fair value through profit or loss	-	-	117,386	-	-	-	-	117,386
Loans and deposits to banks and other placements	14,056,498	4,938,514	633,861	633,861	-	996,995	-	21,259,729
Loans to customers	654,105	4,846,834	7,196,110	30,663,765	29,384,125	-	34,012	72,778,951
Investment securities	2,667,151	313,314	4,221,364	11,748,241	8,792,237	87,118	-	27,829,425
Right-of-use assets	-	-	-	-	-	279,371	-	279,371
Property, equipment and intangible assets	-	-	-	-	-	3,002,278	-	3,002,278
Repossessed assets	-	-	-	-	-	90,393	-	90,393
Other assets	123,295	-	-	-	-	238,772	-	362,067
Total assets	27,034,270	10,098,662	12,168,721	43,045,867	38,176,362	4,694,927	34,012	135,252,821
LIABILITIES								
Loans, deposits and other balances from banks	-	4,229,581	78,036	256,206	-	-	-	4,563,823
Current accounts and deposits from customers	28,991,873	9,387,718	34,161,267	13,616,569	5,514	-	-	86,162,941
Current tax liabilities	-	-	163,995	-	-	-	-	163,995
Lease liability	4,460	9,259	43,508	204,631	-	-	-	261,858
Other liabilities	961,059	-	170,528	-	-	331,725	-	1,463,312
Other borrowed funds	1,658	7,897	32,010	60,464	78,367	-	-	180,396
Deferred tax liabilities	-	-	-	-	-	248,322	-	248,322
Subordinated loans from Parent	-	103,192	6,192,541	-	-	-	-	6,295,733
Total liabilities	29,959,050	13,737,647	40,841,885	14,137,870	83,881	580,047	-	99,340,380
Net position	(2,924,780)	(3,638,985)	(28,673,164)	28,907,997	38,092,481	4,114,880	34,012	35,912,441

The table below shows an analysis, by contractual maturities, of the amounts recognized in the statement of financial position as at 31 December 2024:

AMD'000	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	No maturity	Overdue	Total
ASSETS								
Cash and cash equivalents	7,954,292	-	-	-	-	-	-	7,954,292
Amounts receivable under reverse repurchase agreements	3,174,870	-	-	-	-	-	-	3,174,870
Loans and deposits to banks and other placements	7,946,024	1,991,004	5,420,947	1,978,176	-	819,662	-	18,155,813
Loans to customers	668,879	1,692,486	9,000,512	24,457,676	27,311,035	-	14,547	63,145,135
Investment securities	-	3,931,858	12,281,170	13,967,867	2,242,238	78,374	-	32,501,507
Right-of-use assets	-	-	-	-	-	347,873	-	347,873
Property, equipment and intangible assets	-	-	-	-	-	2,968,887	-	2,968,887
Repossessed assets	-	-	-	-	-	137,114	-	137,114
Other assets	86,758	-	-	-	-	214,184	-	300,942
Total assets	19,830,823	7,615,348	26,702,629	40,403,719	29,553,273	4,566,094	14,547	128,686,433
LIABILITIES								
Loans, deposits and other balances from banks	-	1,543	5,453,073	122,509	-	-	-	5,577,125
Current accounts and deposits from customers	25,056,652	5,900,929	36,833,147	13,686,914	5,148	-	-	81,482,790
Current tax liabilities	-	-	170,724	-	-	-	-	170,724
Lease liability	3,824	8,012	37,462	261,858	-	-	-	311,156
Other liabilities	297,100	-	134,762	-	-	298,635	-	730,497
Other borrowed funds	4,164	8,711	31,457	105,924	83,072	-	-	233,328
Deferred tax liabilities	-	-	-	-	-	156,743	-	156,743
Subordinated loans from Parent	-	101,080	-	5,942,331	-	-	-	6,043,411
Total liabilities	25,361,740	6,020,275	42,660,625	20,119,536	88,220	455,378	-	94,705,774
Net position	(5,530,917)	1,595,073	(15,957,996)	20,284,183	29,465,053	4,110,716	14,547	33,980,659

Overdue column represents only past due amounts of assets per contractual terms, but not the whole carrying value of the instruments on which delinquencies occurred. For more details about performance and quality of assets please see Note 13.

The key measure used by the Bank for managing liquidity risk is the ratio of highly liquid assets to demand liabilities. For this purpose highly liquid assets include cash, nostro accounts, debt securities issued by the Government of Armenia, CBA and other debt securities for which there is an active and liquid market, which are not pledged or the use of which is not restricted in any way issued by Governments and companies with high ratings. Demand liabilities include current accounts and demand deposits of customers, as well as any other liability that is payable on demand. The reported ratio of highly liquid assets to demand liabilities at 31 December 2025 is 214.96% (31 December 2024: 238.33%).

The above ratio is also used to measure compliance with the liquidity limit established by the CBA (60% minimum).

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Bank's operations.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and innovation. In all cases, the Bank policy requires compliance with all applicable legal and regulatory requirements.

The Bank manages operational risk by establishing internal controls that management determines to be necessary in each area of its operations.

25 Capital management

The CBA sets and monitors capital requirements for the Bank.

The Bank defines as capital those items defined by statutory regulation as capital for banks. Under the current capital requirements set by the CBA, which are based on Basel Accord principles, banks have to maintain a ratio of Tier 1 core, Tier 1 and Total regulatory capital to risk weighted assets (Capital adequacy ratio) above the prescribed minimum level 6.2%, 8.3% and 11%. The Bank is in compliance with the statutory capital ratios as at 31 December 2025 and 31 December 2024.

The following table shows the composition of the capital position calculated in accordance with the requirements of the CBA, as at 31 December 2025 and 31 December 2024:

	31 December 2025	31 December 2024
	AMD'000	AMD'000
Tier 1 capital		
Share capital	26,249,100	26,249,100
Share premium	257,149	257,149
General reserve	379,537	379,537
Retained earnings	7,701,362	6,242,253
Fair value reserve for investment securities	726,718	256,665
Deductions	(88,330)	(2,105)
Total tier 1 capital	35,225,536	33,382,599
Tier 2 capital		
Credit loss general reserve	807,798	719,786
Subordinated loans	966,949	2,123,463
Total tier 2 capital	1,774,747	2,843,248
Total capital	37,000,283	36,225,847
Total risk weighted assets	127,042,774	106,727,111
Total capital expressed as a percentage of risk-weighted assets (Total capital ratio)	29.12%	33.94%
Total tier 1 core capital expressed as a percentage of risk-weighted assets (Tier 1 core capital ratio)	27.73%	31.28%
Total tier 1 capital expressed as a percentage of risk-weighted assets (Tier 1 capital ratio)	27.73%	31.28%

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

26 Credit related commitments

The Bank has outstanding credit related commitments to extend loans. These credit related commitments take the form of approved loans and credit card limits and overdraft facilities.

The Bank provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to one year.

The Bank applies the same credit risk management policies and procedures when granting credit commitments, financial guarantees and letters of credit as it does for granting loans to customers.

The contractual amounts of credit related commitments are set out in the following table by category. The amounts reflected in the table for credit related commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognized at the reporting date if counterparties failed completely to perform as contracted.

	31 December 2025	31 December 2024
	AMD'000	AMD'000
Contracted amount		
Loan and credit line commitments	9,237,026	11,817,101
Credit card commitments	2,435,838	2,340,784
Guarantees and letters of credit	126,611	1,794,067
	<u>11,799,475</u>	<u>15,951,952</u>

The total outstanding contractual credit related commitments above do not necessarily represent future cash requirements, as these commitments may expire or terminate without being funded.

As at 31 December 2025 of these credit related commitments, AMD 8,450,070 thousand (31 December 2024: AMD 11,197,344 thousand) are to twenty seven customers (31 December 2024: thirty customers). This exposure represents a significant credit risk exposure to the Bank.

27 Contingencies

(a) Insurance

The insurance industry in the Republic of Armenia is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Bank has up to AMD 500,000 thousand coverage for each type of insurance including for its premises and equipment, business interruption, third party liability in respect of property arising from accidents on the Bank's property or related to the Bank's operations. The Bank also has up to AMD 110,000 thousand insurance coverage of cash desks against physical damage and theft.

(b) Litigation

Management is unaware of any significant actual, pending or threatened claims against the Bank.

(c) Taxation contingencies

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 these financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

28 Related party transactions

(a) Control relationships

The Bank's parent Company is "Byblos Bank S.A.L", which owns 100 % of the share capital. The parent Company produces publicly available financial statements. The party with ultimate control over the Bank is Francois Bassil.

(b) Transactions with the members of the Board of Directors and the Management Committee

Total remuneration included in personnel expenses for the year ended 31 December 2025 and 31 December 2024 is as follows:

	1 January 2025 31 December 2025 AMD'000	1 January 2024 31 December 2024 AMD'000
Short-term employee benefits	429,189	396,020

The outstanding balances and average effective interest rates as at 31 December 2025 and 31 December 2024 for transactions with the members of the Board of Directors and the Management Committee are as follows:

	31 December 2025	Average effective interest rate, %	31 December 2024	Average effective interest rate, %
Statement of financial position				
Loans issued (gross)	409,328	11.63%	348,912	11.18%
Expected credit loss allowance	(951)		(734)	
Deposits received	276,463	3.10%	314,440	2.79%

Loans to related parties are in Armenian Dram and foreign currency and repayable from 1 to 20 years based on the type of the loan. Loans are secured by the appropriate type of collateral, as presented in Note 13(b).

Amounts included in profit or loss in relation to transactions with the members of the Board of Directors and the Management Committee for the year ended 31 December 2025 and 31 December 2024 are as follows:

	1 January 2025 31 December 2025 AMD'000	1 January 2024 31 December 2024 AMD'000
Profit or loss		
Interest income	40,018	36,754
Interest expense	(8,370)	(9,064)
Credit (loss)/release	(217)	(100)

(c) Transactions with other related parties

Other related parties include the Parent company and its fellow subsidiaries and non-controlling shareholders. The outstanding balances and the related average effective interest rates as at 31 December 2025 and related profit or loss amounts of transactions for the year ended 31 December 2025 with other related parties are as follows:

	Parent company		Other subsidiaries of the parent company		Other		Total
	AMD'000	Average effective interest rate, %	AMD'000	Average effective interest rate, %	AMD'000	Average effective interest rate, %	AMD'000
Statement of financial position							
Assets							
Cash and cash equivalents							
- in USD	1,219,116	-	6,356	-	-	-	1,225,472
- in EUR	375,834	-	2,714	-	-	-	378,548
- in other currencies	3,777	-	-	-	-	-	3,777
Deposits in banks							
- in USD	-	-	3,763,544	5.67%	-	-	3,763,544
- in EUR	-	-	543,490	3.94%	-	-	543,490
Liabilities							
Current accounts and deposits from customers							
- in USD	-	-	-	-	5,880,529	5.48%	5,880,529
Subordinated loans from Parent							
- in USD	2,016,102	6.52%	-	-	-	-	2,016,102
- in EUR	4,279,630	6.52%	-	-	-	-	4,279,630
Interbank Deposits							
- in USD	3,695,642	4.81%	-	-	-	-	3,695,642
- in EUR	533,940	2.92%	-	-	-	-	533,940
Other liabilities							
- in USD	45,922	-	-	-	-	-	45,922
Profit or loss							
Interest income	-	-	295,124	-	-	-	295,124
Interest expense	(630,607)	-	-	-	(319,737)	-	(950,344)
Fee and commission income	7,464	-	-	-	-	-	7,464
Fee and commission expense	(23,768)	-	-	-	-	-	(23,768)
Professional services	(45,089)	-	-	-	-	-	(45,089)

The outstanding balances and the related average effective interest rates as at 31 December 2024 and related profit or loss amounts of transactions for the year ended 31 December 2024 with other related parties are as follows:

	Parent company		Other subsidiaries of the parent company		Other		Total
	AMD'000	Average effective interest rate, %	AMD'000	Average effective interest rate, %	AMD'000	Average effective interest rate, %	AMD'000
Statement of financial position							
Assets							
Cash and cash equivalents							
- in USD	676,719	-	19,874	-	-	-	696,593
- in EUR	69,641	-	49	-	-	-	69,690
- in other currencies	22,958	-	-	-	-	-	22,958
Deposits in banks							
- in USD	-	-	3,678,293	6.33%	-	-	3,678,293
- in EUR	-	-	1,757,127	5.26%	-	-	1,757,127
Liabilities							
Current accounts and deposits from customers							
- in USD	-	-	-	-	5,819,865	5.80%	5,819,865
Subordinated loans from Parent							
- in USD	2,097,154	6.52%	-	-	-	-	2,097,154
- in EUR	3,946,256	6.52%	-	-	-	-	3,946,256
Interbank Deposits							
- in USD	3,654,963	5.52%	-	-	-	-	3,654,963
- in EUR	1,746,767	4.36%	-	-	-	-	1,746,767
Other liabilities							
- in USD	49,740	-	-	-	-	-	49,740
Profit or loss							
Interest income	-	-	307,079	-	-	-	307,079
Interest expense	(618,196)	-	-	-	(323,142)	-	(941,338)
Fee and commission income	15,329	-	-	-	-	-	15,329
Fee and commission expense	(31,401)	-	(45)	-	-	-	(31,446)
Professional services	(63,960)	-	-	-	-	-	(63,960)

Cash and cash equivalents held with related parties are not secured.

29 Fair values of financial instruments

The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: inputs other than quotes prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The estimated fair values of all financial instruments except for AMD denominated loans to customers and current accounts and term deposits from customers as at 31 December 2025 and 31 December 2024 approximate their carrying amounts.

	31 December 2025		31 December 2024	
	AMD'000		AMD'000	
	Fair value	Carrying amount	Fair value	Carrying amount
Loans to customers	69,426,732	72,778,951	60,067,070	63,145,135
Current accounts and deposits from customers	86,198,958	86,162,941	81,300,388	81,482,790

The fair value measurements of current accounts and term deposits from customers are categorized into Level 2 in the fair value hierarchy, loans to customers are categorized into Level 3.

The table below analyses financial instruments measured at fair value at 31 December 2025, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognized in the statement of financial position:

AMD'000	Level 1	Level 2	Level 3	Total
Financial instruments at fair value through profit or loss	-	117,386	-	117,386
Investment securities				
- Debt instruments at FVOCI	2,980,465	24,761,842	-	27,742,307
- Corporate shares	-	-	87,118	87,118

The table below analyses financial instruments measured at fair value at 31 December 2024 by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognized in the statement of financial position:

AMD'000	Level 1	Level 2	Level 3	Total
Investment securities				
- Debt instruments at FVOCI	6,275,747	26,147,386	-	32,423,133
- Corporate shares	-	-	78,374	78,374

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.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

Effect of changes in significant unobservable inputs on the measurement of financial instruments categorized within Level 3 of the fair value hierarchy

The following table shows the quantitative information about significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy:

	Carrying amount AMD'000	Valuation techniques	Unobservable input	Range (weighted average)	Effect of reasonably possible alternative assumptions
31 December 2025					
Investment securities measured at FVOCI					
Corporate shares	87,118	Net asset value	Net assets multiplier	From 0.9 to 1.1 (1 weighted average)	From AMD (8712) thousand to 8712 thousand
	Carrying amount AMD'000	Valuation techniques	Unobservable input	Range (weighted average)	Effect of reasonably possible alternative assumptions
31 December 2024					
Investment securities measured at FVOCI					
Corporate shares	78,374	Net asset value	Net assets multiplier	From 0.9 to 1.1 (1 weighted average)	From AMD (7,837) thousand to 7,837 thousand