

Byblos Bank Armenia CJSC
Interim Financial Statements
for the period ended
30 June 2026

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**Interim Statement of Profit or Loss and Other Comprehensive Income
for the six-month period ended 30 June 2026**

		1 April 2026	1 January 2026	1 April 2025	1 January 2025
		30 June 2026	30 June 2026	30 June 2025	30 June 2025
	Notes	AMD'000	AMD'000	AMD'000	AMD'000
Interest income calculated using the effective interest method	5	2,775,173	5,584,755	2,655,579	5,249,258
Interest expense	5	(1,604,568)	(3,196,241)	(1,409,487)	(2,811,934)
Net interest income	5	1,170,605	2,388,514	1,246,092	2,437,324
Fee and commission income	6	131,692	240,846	113,551	207,686
Fee and commission expense	6	(99,789)	(194,404)	(97,652)	(186,618)
Net fee and commission income	6	31,903	46,442	15,899	21,068
Net foreign exchange gain		(5,968)	17,528	45,407	91,554
Net realised gain on investment securities		51,346	51,346	3,937	84,021
Net gain on financial instruments at fair value through profit or loss		77,951	119,704	2,471	5,162
Net other operating expenses		(64,921)	(128,809)	(55,019)	(88,299)
Operating income		1,260,916	2,494,725	1,258,787	2,550,830
Reversal of credit loss expense/(Credit loss expense)	7	160,467	111,408	(31,577)	(51,371)
Personnel expenses		(475,344)	(956,944)	(465,153)	(942,672)
Other general administrative expenses	8	(453,902)	(820,030)	(350,703)	(676,603)
Profit before income tax		492,137	829,159	411,354	880,184
Income tax expense	9	(109,860)	(156,763)	(62,633)	(142,238)
Profit for the period		382,277	672,396	348,721	737,946
Other comprehensive income for the period, net of income tax					
<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		206,438	201,619	(92,958)	(27,094)
- net amount reclassified to profit or loss		(43,674)	(43,674)	(4,829)	(73,274)
Total Items that will be reclassified subsequently to profit or loss		162,764	157,945	(97,787)	(100,368)
Other comprehensive (loss) / income for the period, net of income tax		162,764	157,945	(97,787)	(100,368)
Total comprehensive income for the period		545,041	830,341	250,934	637,578

The financial statements were approved by management on 15 July 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

Interim Statement of Financial Position as at 30 June 2026

	Notes	30 June 2026 AMD'000	31 December 2025 AMD'000
ASSETS			
Cash and cash equivalents	10	4,454,178	4,325,090
Amounts receivable under reverse repurchase agreements	11	9,906,570	5,208,131
Financial instruments at fair value through profit or loss		237,090	117,386
Loans and deposits to banks and other placements	12	14,012,811	21,259,729
Loans to customers	13	67,531,891	72,778,951
Investment securities	14	38,304,610	27,829,425
Right-of-use assets	15	245,630	279,371
Property, equipment and intangible assets	16	2,939,197	3,002,278
Reposessed assets	13	90,393	90,393
Other assets	17	328,904	362,067
Total assets		138,051,274	135,252,821
LIABILITIES			
Loans, deposits and other balances from banks	18	4,734,603	4,563,823
Current accounts and deposits from customers	19	88,816,351	86,162,941
Current tax liabilities		98,210	163,995
Lease liability	21	234,132	261,858
Other liabilities	20	1,030,634	1,463,312
Other borrowed funds	21	165,358	180,396
Deferred tax liabilities	9	286,279	248,322
Subordinated loans from parent	22	5,942,925	6,295,733
Total liabilities		101,308,492	99,340,380
EQUITY			
Share capital	23	26,249,100	26,249,100
Share premium		257,149	257,149
Fair value reserve for investment securities		1,001,460	843,515
Retained earnings		9,235,073	8,562,677
Total equity		36,742,782	35,912,441
Total liabilities and equity		138,051,274	135,252,821

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

Interim Statement of Cash Flows**for the six-month period ended 30 June 2026**

		1 January 2026	1 January 2025
		30 June 2026	30 June 2025
		AMD'000	AMD'000
CASH FLOWS USED IN OPERATING ACTIVITIES	Notes		
Interest receipts		5,367,056	5,295,234
Interest payments		(2,782,526)	(2,818,054)
Fee and commission receipts		240,571	207,382
Fee and commission payments		(194,508)	(186,710)
Net receipts from operations with investment securities		51,346	83,449
Net receipts from foreign exchange		96,091	103,942
Tax payments (other than income tax)		(20,196)	(15,679)
Salaries and other payments to employees		(1,002,650)	(849,786)
Other general administrative expenses payments		(578,790)	(494,690)
Other payments		(133,327)	(107,545)
(Increase)/decrease in operating assets			
Investment securities		(10,495,015)	4,327,161
Amounts receivable under reverse repurchase agreements		(4,772,805)	1,844,958
Loans to banks and other placements		7,133,830	4,189,566
Loans to customers		4,366,025	(7,700,794)
Other assets		7,404	30,889
Increase/(decrease) in operating liabilities			
Loans, deposits and other balances from banks		245,559	(1,402,632)
Current accounts and deposits from customers		3,636,988	(3,496,905)
Other liabilities		(367,277)	231,008
Net cash flows from operations before income tax		797,775	(759,206)
Income tax		(219,261)	(234,982)
Net cash flows from operations		578,514	(994,188)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchases of property, equipment and intangible assets		(92,774)	(161,501)
Net cash flows used in investing activities		(92,774)	(161,501)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from other borrowed funds	21	17,500	-
Repayment of other borrowed funds	21	(32,357)	(23,935)
Lease payments	21	(27,727)	(23,895)
Net cash flows used in financing activities		(42,584)	(47,830)
Net (decrease) / increase in cash and cash equivalents		443,156	(1,203,519)
Effect of changes in exchange rates on cash and cash equivalents		(314,387)	(124,955)
Effect of changes in credit loss allowance on cash and cash equivalents		319	3
Cash and cash equivalents at the beginning of the year		4,325,090	7,954,292
Cash and cash equivalents at the end of the period	10	4,454,178	6,625,821

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

**Interim Statement of Changes in Equity
for the six-month period ended 30 June 2026**

	Share capital	Share premium	Fair value reserve for investment securities	Retained earnings	Total
AMD'000					
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	-	-	-	737,946	737,946
Other comprehensive income					
- Revaluation of corporate shares			-		-
Fair value reserve for investment securities:					
- net change in fair value, net of deferred tax	-	-	(27,094)	-	(27,094)
- net amount reclassified to profit or loss, net of deferred tax	-	-	(73,274)	-	(73,274)
Total other comprehensive income	-	-	(100,368)	-	(100,368)
Total comprehensive income for the period	-	-	(100,368)	737,946	637,578
Balance as at 30 June 2025	26,249,100	257,149	215,437	7,896,551	34,618,237
Balance as at 1 January 2026	26,249,100	257,149	843,515	8,562,677	35,912,441
Total comprehensive income					
Profit for the period	-	-	-	672,396	672,396
Other comprehensive income					
- Revaluation of corporate shares			-		-
Fair value reserve for investment securities:					
- net change in fair value, net of deferred tax	-	-	201,619	-	201,619
- net amount reclassified to profit or loss, net of deferred tax	-	-	(43,674)	-	(43,674)
Total other comprehensive income	-	-	157,945	-	157,945
Total comprehensive income for the period	-	-	157,945	672,396	830,341
Balance 30 June 2026	26,249,100	257,149	1,001,460	9,235,073	36,742,782

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 King Pap 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 30 June 2026 and 31 December 2025 were AMD 367.89 and AMD 381.36 to 1 USD and AMD 419.47 and AMD 449.01 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 2026 (unless otherwise stated). The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(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 April 2026 30 June 2026 AMD'000	1 January 2026 30 June 2026 AMD'000	1 April 2025 30 June 2025 AMD'000	1 January 2025 30 June 2025 AMD'000
Interest income calculated using the effective interest method				
Loans to customers	1,855,445	3,742,209	1,816,875	3,502,186
Investment securities	671,074	1,293,441	627,432	1,298,009
Loans and deposits to banks	126,180	279,656	165,095	349,011
Amounts receivable under reverse repurchase agreements	122,474	269,449	46,177	98,825
Other	-	-	-	1,227
	2,775,173	5,584,755	2,655,579	5,249,258
Interest expense				
Current accounts and deposits from customers	1,445,413	2,870,438	1,238,562	2,460,617
Subordinated loans from Parent	94,195	195,379	99,017	195,499
Loans and deposits from banks	56,363	111,482	61,230	134,003
Lease	6,274	12,836	7,631	15,486
Other borrowed funds	2,138	4,534	3,047	6,329
Amounts payable under repurchase agreements	185	1,572	-	-
	1,604,568	3,196,241	1,409,487	2,811,934
	1,170,605	2,388,514	1,246,092	2,437,324

6 Net fee and commission income

	1 April 2026 30 June 2026 AMD'000	1 January 2026 30 June 2026 AMD'000	1 April 2025 30 June 2025 AMD'000	1 January 2025 30 June 2025 AMD'000
Credit card maintenance	92,513	164,567	80,139	140,118
Account servicing	18,511	35,228	10,441	20,949
Remittances	14,713	28,326	11,605	23,459
Cash entry and withdrawal	2,093	4,542	4,181	8,443
Custodial services	1,348	2,535	1,286	2,558
Issuance of Letter of Credits and Guarantees	425	532	3,592	7,479
Other	2,089	5,116	2,307	4,680
Fee and commission income	131,692	240,846	113,551	207,686
Plastic card services	86,646	170,231	87,447	165,034
Remittances	5,729	12,452	6,410	14,939
Enquiries to registers	6,281	9,508	3,218	5,584
Other	1,133	2,213	577	1,061
Fee and commission expense	99,789	194,404	97,652	186,618
	31,903	46,442	15,899	21,068

7 Reversal of credit loss expense/(Credit loss expense)

	1 April 2026 30 June 2026 AMD'000	1 January 2026 30 June 2026 AMD'000	1 April 2025 30 June 2025 AMD'000	1 January 2025 30 June 2025 AMD'000
Loans to customers and loan commitments	156,844	113,903	(38,258)	(74,249)
Loans and deposits to banks at amortised cost and other financial assets	3,623	(2,495)	6,681	22,878
	160,467	111,408	(31,577)	(51,371)

8 Other general administrative expenses

	1 April 2026 30 June 2026 AMD'000	1 January 2026 30 June 2026 AMD'000	1 April 2025 30 June 2025 AMD'000	1 January 2025 30 June 2025 AMD'000
Depreciation and amortization	106,140	211,657	90,530	181,546
Advertising and marketing	119,625	192,548	65,836	122,800
Maintenance of computer applications	71,862	136,086	57,646	115,499
Professional services	42,429	75,007	30,522	56,930
Repairs and maintenance	29,694	59,282	31,049	62,222
Insurance	18,307	36,310	19,061	37,933
Taxes other than on income	17,686	28,541	19,953	29,158
Communications and information services	8,604	16,972	7,435	14,394
Security	6,960	13,975	6,147	12,821
Trainings	5,770	9,418	4,551	8,888
Memberships	3,654	7,104	3,400	6,800
Legal services	4,032	6,112	2,400	3,360
Office supplies	2,271	3,981	2,625	5,369
Maintenance of cars	1,858	3,541	1,927	3,841
Travel expenses	1,407	1,407	-	-
Other	13,603	18,089	7,621	15,042
	453,902	820,030	350,703	676,603

9 Income taxes

	1 April 2026 30 June 2026 AMD'000	1 January 2026 30 June 2026 AMD'000	1 April 2025 30 June 2025 AMD'000	1 January 2025 30 June 2025 AMD'000
Current year tax expense	(61,223)	(153,477)	(76,085)	(172,962)
Origination and reversal of temporary differences	(48,637)	(3,286)	13,452	30,724
Total income tax expense	(109,860)	(156,763)	(62,633)	(142,238)

In 2026 the applicable tax rate for current and deferred tax is 18% (2025: 18%).

Reconciliation of effective tax rate for the six-month period ended 30 June 2026:

	1 January 2026 30 June 2026 AMD'000	%	1 January 2025 30 June 2025 AMD'000	%
Profit before income tax	829,159	100.0%	880,184	100.0%
Tax at the applicable tax rate	(149,249)	-18.0%	(158,433)	-18.0%
Tax exempt income	(7,514)	-0.9%	16,195	1.8%
	(156,763)	-18.9%	(142,238)	-16.2%

(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 30 June 2026 and 2025.

Movements in temporary differences during the six-month period ended 30 June 2026 and 2025 are presented as follows:

30 June 2026

	1 January 2026	Recognized in profit or loss	Recognized in other comprehensive income	30 June 2026
AMD'000				
Cash and cash equivalents	(2,775)	1,163	-	(1,613)
Investment securities	(173,636)	2,030	(34,671)	(206,277)
Loans and deposits to banks and other placements	(9,707)	5,236	-	(4,470)
Loans to customers	(83,078)	(17,180)	-	(100,258)
Property, equipment and intangible assets	(64,059)	6,549	-	(57,510)
Right of use assets	(32,680)	4,225	-	(28,454)
Other assets	21,979	4,867	-	26,845
Lease Liability	47,134	(4,991)	-	42,144
Other liabilities	48,500	(5,186)	-	43,314
	(248,322)	(3,286)	(34,671)	(286,279)

30 June 2025

	1 January 2025	Recognized in profit or loss	Recognized in other comprehensive income	30 June 2025
AMD'000				
Cash and cash equivalents	(1,359)	3	-	(1,356)
Investment securities	(46,240)	(3,710)	12,439	(37,511)
Amounts receivable under reverse repurchase agreements	-	(1)	-	(1)
Loans and deposits to banks and other placements	(7,169)	2,833	-	(4,336)
Loans to customers	(102,900)	3,377	-	(99,523)
Property, equipment and intangible assets	(71,668)	3,088	-	(68,580)
Right of use assets	(41,199)	4,225	-	(36,975)
Other assets	22,806	(87)	-	22,719
Lease Liability	56,008	(4,301)	-	51,707
Other liabilities	34,978	25,298	-	60,276
	(156,743)	30,724	12,439	(113,580)

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

The tax effects relating to components of other comprehensive income for the six-month period ended 30 June 2026 and 2025 comprise the following:

30 June 2026			
AMD'000	Amount before tax	Tax expense	Amount net-of-tax
Net change in fair value of investment securities at FVOCI	245,877	(44,258)	201,619
Net change in fair value of investment securities at FVOCI transferred to profit or loss	(53,261)	9,587	(43,674)
Other comprehensive income/(loss)	192,616	(34,671)	157,945
30 June 2025			
AMD'000	Amount before tax	Tax expense	Amount net-of-tax
Net change in fair value of investment securities at FVOCI	(23,449)	(3,645)	(27,094)
Net change in fair value of investment securities at FVOCI transferred to profit or loss	(89,358)	16,084	(73,274)
Other comprehensive income/(loss)	(112,807)	12,439	(100,368)

10 Cash and cash equivalents

	30 June 2026	31 December 2025
	AMD'000	AMD'000
Cash on hand	1,116,753	980,312
Nostro accounts with the CBA	2,407,265	1,737,016
Nostro accounts with other banks		
- Rated B+ to BB-	281,257	12
- Not Rated	649,249	1,608,415
Total nostro accounts with other banks	930,506	1,608,427
Total gross cash and cash equivalents	4,454,524	4,325,755
Credit loss allowance	(346)	(665)
Total net cash and cash equivalents	4,454,178	4,325,090

As at 30 June 2026 current accounts with Central Bank of Armenia include obligatory reserve with local currency in the amount of AMD 2,078,053 thousand (31 December 2025: AMD 1,737,016 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 30 June 2026 the Bank has no bank (31 December 2025: no bank) 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

	30 June 2026	31 December 2025
	AMD'000	AMD'000
- Amounts receivable rated B+ to BB-	5,076,563	2,203,649
- Amounts receivable from not rated banks	4,830,007	3,004,482
	9,906,570	5,208,131

As at 30 June 2026 the Bank has no bank (31 December 2025: 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 30 June 2026 the amounts receivable under reverse repurchase agreements were collateralized by government securitites of the Republic of Armenia with the fair values of 10,601,460 thousand AMD (31 December 2025: 5,619,711 thousand).

12 Loans and deposits to banks and other placements

	30 June 2026	31 December 2025
	AMD'000	AMD'000
Credit card settlement deposit with the CBA	275,000	875,000
Deposit and other placements in the CBA including obligatory reserve	5,892,037	5,939,113
Deposit with the CBA	-	2,600,712
Loans and deposits with other banks		
- Rated A+	117,686	121,995
- Rated B+ to BB-	3,484,545	5,532,680
- Not Rated	4,255,822	6,212,690
Total loans and deposits with other banks	7,858,053	11,867,365
Total gross loans to banks	14,025,090	21,282,190
Credit loss allowance	(12,279)	(22,461)
Total net loans to banks	14,012,811	21,259,729

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 30 June 2026 included in loans and deposits with A+ rated banks is AMD 117,686 thousand (31 December 2025: AMD 121,995 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 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 30 June 2026 mandatory reserves in Central Bank of Armenia include reserves in foreign currencies in the amount of AMD 5,892,037 thousand (as at 31 December 2025: AMD 5,939,113 thousand).

(b) Concentration of loans to banks

As at 30 June 2026 the Bank has one banks (31 December 2025: two banks), whose balances exceeded 10% of equity. The gross value of these balances as at 30 June 2026 is AMD 4,255,822 thousand (as at 31 December 2025 is AMD 8,126,089 thousand)

13 Loans to customers

	30 June 2026 AMD'000	31 December 2025 AMD'000
Loans to customers at amortised cost		
Loans to corporate customers		
Loans to large corporates	9,979,937	13,945,618
Loans to small and medium sized companies	12,288,975	14,601,312
Total loans to corporate customers	22,268,912	28,546,930
Loans to retail customers		
Mortgage loans	31,623,359	31,728,906
Small business loans	5,587,999	5,059,561
Consumer loans secured by real estate	2,089,184	1,919,887
Credit cards	2,016,781	1,816,749
Consumer loans with salary domiciliation	1,756,354	1,602,781
Auto loans	1,716,162	1,676,200
Other loans	950,593	907,911
Total loans to retail customers	45,740,432	44,711,995
Gross loans to customers at amortised cost	68,009,344	73,258,925
Credit loss allowance	(477,453)	(479,974)
Net loans to customers at amortised cost	67,531,891	72,778,951

(a) Credit quality of loans to customers

The following table provides information on the credit quality of loans to customers as at 30 June 2026:

	30 June 2026			
	Stage 1	Stage 2	Stage 3	Total loans
	AMD'000	AMD'000	AMD'000	AMD'000
Loans to corporate customers				
Loans to large corporate customers				
- not overdue	9,979,937	-	-	9,979,937
Total gross loans to large corporate customers	9,979,937	-	-	9,979,937
Credit loss allowance	(58,800)	-	-	(58,800)
Total net loans to large corporate customers	9,921,137	-	-	9,921,137
Loans to small and medium size companies				
- not overdue	12,007,148	-	-	12,007,148
- overdue 91-180 days	-	-	281,827	281,827
Total gross loans to small and medium size companies	12,007,148	-	281,827	12,288,975
Credit loss allowance	(121,234)	-	(89,072)	(210,306)
Total net loans to small and medium size companies	11,885,914	-	192,755	12,078,669
Total gross loans to corporate customers	21,987,085	-	281,827	22,268,912
Total credit loss allowance on corporate customers	(180,034)	-	(89,072)	(269,106)
Total net loans to corporate customers	21,807,051	-	192,755	21,999,806
Loans to retail customers				
Mortgage loans				
- not overdue	31,296,523	100,883	-	31,397,406
- overdue less than 30 days	4,010	11,650	-	15,660
- overdue 31-90 days	-	42,958	-	42,958
- overdue 91-180 days	-	-	101,601	101,601
- overdue 181-270 days	-	-	40,396	40,396
- overdue more than 271 days	-	-	25,338	25,338
Total gross mortgage loans	31,300,533	155,491	167,335	31,623,359
Credit loss allowance	(45,233)	(9,455)	(17,516)	(72,204)
Total net mortgage loans	31,255,300	146,036	149,819	31,551,155
Individual entrepreneur and other small businesses loans				
- not overdue	5,530,372	-	-	5,530,372
- overdue less than 30 days	55,204	-	-	55,204
- overdue 31-90 days	-	2,423	-	2,423
Total gross individual entrepreneur and other small businesses loans	5,585,576	2,423	-	5,587,999
Credit loss allowance	(84,276)	(727)	-	(85,003)
Total net individual entrepreneur and other small businesses loans	5,501,300	1,696	-	5,502,996

	30 June 2026			
	Stage 1 AMD'000	Stage 2 AMD'000	Stage 3 AMD'000	Total loans AMD'000
Consumer loans with salary domiciliation				
- not overdue	1,717,095	4,929	-	1,722,024
- overdue less than 30 days	6,986	7,767	-	14,753
- overdue 31-90 days	-	10,539	-	10,539
- overdue 181-270 days	-	-	9,038	9,038
Total gross consumer loans with salary domiciliation	1,724,081	23,235	9,038	1,756,354
Credit loss allowance	(8,161)	(4,102)	(4,313)	(16,576)
Total net consumer loans with salary domiciliation	1,715,920	19,133	4,725	1,739,778
Consumer loans secured by real estate				
- not overdue	2,066,899	-	-	2,066,899
- overdue less than 30 days	-	634	-	634
- overdue 91-180 days	-	-	5,426	5,426
- overdue 181-270 days	-	-	16,225	16,225
Total gross consumer loans secured by real estate	2,066,899	634	21,651	2,089,184
Credit loss allowance	(5,389)	(64)	(1,000)	(6,453)
Total net consumer loans secured by real estate	2,061,510	570	20,651	2,082,731
Credit cards				
- not overdue	1,990,517	-	-	1,990,517
- overdue less than 30 days	19,004	-	-	19,004
- overdue 91-180 days	-	-	4,000	4,000
- overdue 181-270 days	-	-	3,260	3,260
Total gross credit cards	2,009,521	-	7,260	2,016,781
Credit loss allowance	(21,774)	-	(2,611)	(24,385)
Total net credit cards	1,987,747	-	4,649	1,992,396
Auto loans				
- not overdue	1,712,007	-	-	1,712,007
- overdue less than 30 days	4,155	-	-	4,155
Total gross auto loans	1,716,162	-	-	1,716,162
Credit loss allowance	(3,726)	-	-	(3,726)
Total net auto loans	1,712,436	-	-	1,712,436
Other retail loans				
- not overdue	950,593	-	-	950,593
Total gross other retail loans	950,593	-	-	950,593
Credit loss allowance	-	-	-	-
Total net other retail loans	950,593	-	-	950,593
Gross retail loans	45,353,365	181,783	205,284	45,740,432
Total credit loss allowance on retail loans	(168,559)	(14,348)	(25,440)	(208,347)
Total net retail loans	45,184,806	167,435	179,844	45,532,085
Total gross loans to customers	67,340,450	181,783	487,111	68,009,344
Total credit loss allowance on loans to customers	(348,593)	(14,348)	(114,512)	(477,453)
Total net loans to customers	66,991,857	167,435	372,599	67,531,891

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	14,150,545	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			Total loans AMD'000
	Stage 1 AMD'000	Stage 2 AMD'000	Stage 3 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

(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 30 June 2026:

AMD'000							
	Maximum exposure to credit risk	Fair value of collateral held under the base scenario			Total collateral	Net exposure	Accociated ECL
		Property	Other Collateral	Surplus collateral			
Mortgage loans	167,335	421,480	-	(254,836)	166,644	691	17,516
Consumer loans secured by real estate	21,651	32,293	-	(10,642)	21,651	-	1,000
Consumer loans secured by salary domiciliation	9,038	-	-	-	-	9,038	4,313
Credit cards	7,260	-	-	-	-	7,260	2,611
Total	205,284	453,773	-	(265,478)	188,295	16,989	25,440

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:

AMD'000							
	Maximum exposure to credit risk	Fair value of collateral held under the base scenario			Total collateral	Net exposure	Accociated ECL
		Property	Other Collateral	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

Repossessed collateral

As at 30 June 2026 and 31 December 2025 the repossessed assets are comprised of real estates; AMD 90,393 thousand.

Changes in repossessed collateral are presented below:

	30 June 2026 AMD'000	31 December 2025 AMD'000
Balance as at 1 January	90,393	137,114
Sold during the period	-	(24,012)
Impairment	-	(22,709)
Balance as at the period end	90,393	90,393

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

During the six-month period ended 30 June 2026 the Bank had no disposal of repossessed assets (during the six-month period ended 30 June 2025 the Bank received net gain of AMD 18,988 thousand from disposal of repossessed assets).

(c) Asset under lien

As at 30 June 2026 loans to customers with a gross value of AMD 919,174 thousand (31 December 2025: AMD 920,952 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	30 June 2026 AMD'000	31 December 2025 AMD'000
Trade	7,436,547	5,822,603
Services	6,060,013	7,119,380
Agriculture	2,425,328	3,341,616
Manufacturing	2,192,227	3,143,267
Real estate	2,149,073	2,492,007
Construction	1,538,503	1,955,674
Energy	467,221	3,526,159
IT and communications	-	1,146,224
Loans to retail customers	45,740,432	44,711,995
	68,009,344	73,258,925
Credit loss allowance	(477,453)	(479,974)
	67,531,891	72,778,951

(e) Significant credit exposures

As at 30 June 2026 the Bank has no borrower or group of connected borrowers (as at 31 December 2025: no borrowers), whose net loan balances exceed 10% of equity.

(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

	30 June 2026 AMD'000	31 December 2025 AMD'000
Held by the Bank at FVOCI		
Debt and other fixed-income instruments		
- Government securities of the Republic of Armenia	27,628,395	24,761,842
Bonds issued by other institutions (foreign Governments, local banks)		
- Rated A+ to AA+	10,589,097	2,980,465
	38,217,492	27,742,307
Equity instruments		
- Corporate shares	87,118	87,118
	38,304,610	27,829,425
Credit loss allowance	(75,311)	(64,032)
Carrying amount – fair value	38,304,610	27,829,425

None of investment securities are past due.

As at 30 June 2026 the Bank has one bond issuer, besides Government of RA (31 December 2025: no issuer), investments in whose securities exceeded 10% of equity. As at 30 June 2026 these investments amounted to AMD 6,763,683 thousand.

Non-quoted equity investment securities designated at FVOCI

As at 30 June 2026 and 31 December 2025, 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	30 June 2026 AMD'000	31 December 2025 AMD'000
ArCa - Republic of Armenia	Payment system	1.25%	86,101	86,101
SWIFT - Belgium	Money transfer	0%	1,017	1,017
			87,118	87,118

None of these investments was disposed of during six-month period ended 30 June 2026, no dividend income recognized in six-month period ended 30 June 2026 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,

	30 June 2026 AMD'000	31 December 2025 AMD'000
Balance at 1 January	86,101	77,357
Fair value revaluation	-	8,744
Balance at the period end	86,101	86,101

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.

	30 June 2026 AMD'000	31 December 2025 AMD'000
	Land and buildings	Land and buildings
Balance at 1 January	279,371	347,873
Depreciation charge	(34,009)	(68,502)
Additions in right-of-use assets	268	-
Balance at the end of the reporting period	245,630	279,371

(b) Amounts recognized in profit and loss

	1 April 2026 30 June 2026 AMD'000	1 January 2026 30 June 2026 AMD'000	1 April 2025 30 June 2025 AMD'000	1 January 2025 30 June 2025 AMD'000
Interest on lease liabilities	6,274	12,836	7,631	15,486

(c) Amounts recognised in statement of cash flows

	1 April 2026 30 June 2026 AMD'000	1 January 2026 30 June 2026 AMD'000	1 April 2025 30 June 2025 AMD'000	1 January 2025 30 June 2025 AMD'000
Lease payments	20,281	40,563	19,691	39,381

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 2026	2,129,240	1,152,824	611,440	45,097	848,298	4,786,899
Additions	8,327	26,823	2,966	-	76,450	114,566
Disposals	-	-	-	-	-	-
Balance 30 June 2026	2,137,567	1,179,647	614,406	45,097	924,748	4,901,465
Depreciation and amortization						
Balance at 1 January 2026	(460,024)	(506,411)	(410,423)	(39,745)	(368,018)	(1,784,621)
Depreciation and amortization for the period	(21,513)	(67,179)	(21,284)	(1,124)	(66,547)	(177,647)
Disposals	-	-	-	-	-	-
Balance 30 June 2026	(481,537)	(573,590)	(431,707)	(40,869)	(434,565)	(1,962,268)
Carrying amount						
At 30 June 2026	1,656,030	606,057	182,699	4,228	490,183	2,939,197
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 at 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 year	(40,043)	(120,080)	(39,334)	(2,249)	(122,366)	(324,072)
Disposals	-	14,242	455	-	-	14,697
Balance at 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

As at 30 June 2026 property, plant and equipment and intangible assets included fully depreciated and amortized assets in amount of AMD 560,577 thousand (31 December 2025: AMD 528,233 thousand).

17 Other assets

	30 June 2026	31 December 2025
	AMD'000	AMD'000
Receivables under money transfer and clearing systems	106,129	123,296
Other receivables	29,678	36,461
Total other financial assets	135,807	159,757
Prepayments for taxes	18,926	18,826
Other prepayments	148,337	157,501
Other assets	25,834	25,983
Total other non-financial assets	193,097	202,310
Total other assets	328,904	362,067

18 Loans, deposits and other balances from banks

	30 June 2026	31 December 2025
	AMD'000	AMD'000
Term deposits from banks	4,150,602	4,229,581
Loans from banks	584,001	334,242
	4,734,603	4,563,823

As at 30 June 2026 loans to customers with a gross value of AMD 672,963 thousand (31 December 2025: AMD 665,741 thousand) serve as collateral for loans, deposits and other balances from banks.

As at 30 June 2026 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 4,150,602 thousand (as at 31 December 2025 AMD 4,229,581 thousand).

19 Current accounts and deposits from customers

	30 June 2026	31 December 2025
	AMD'000	AMD'000
Current accounts and demand deposits		
- Individuals	7,124,064	7,259,765
- Legal entities	7,725,583	10,276,352
Term deposits		
- Individuals	44,432,537	39,956,396
- Legal entities	29,534,167	28,670,428
Total current accounts and deposits from customers	88,816,351	86,162,941

As at 30 June 2026 the Bank maintained customer deposit balances of AMD 7,082,933 thousand that serve as collateral for loans and credit related commitments granted by the Bank (as at 31 December 2025: AMD 5,957,411 thousand).

As at 30 June 2026 the Bank has four customers (as at 31 December 2025: three), whose balances exceeded 10% of equity. The gross value of these balances as at 30 June 2026 is AMD 23,976,027 thousand (as at 31 December 2025: AMD 20,283,527 thousand).

20 Other liabilities

	30 June 2026	31 December 2025
	AMD'000	AMD'000
Salary and similar payables	210,110	254,976
Payables to suppliers	180,172	159,927
Other financial liabilities	517,905	920,909
Total financial liabilities	908,187	1,335,812
Other taxes payable	72,853	81,519
Other liabilities	49,594	45,981
Total other non-financial liabilities	122,447	127,500
Total other liabilities	1,030,634	1,463,312

As at 30 June 2026 other financial liabilities include AMD 414,344 thousand (31 December 2025: AMD 912,719 thousand) pending transfers on behalf of the Bank and customers.

21 Other borrowed funds

	30 June 2026	31 December 2025
	AMD'000	AMD'000
Loans from Home for Youth Company	158,168	156,204
Loans from National Mortgage Company	7,190	24,192
	165,358	180,396

As at 30 June 2026 loans to customers with a gross value of AMD 246,211 thousand (as at 31 December 2025: AMD 255,211 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 2026	180,396	261,858	6,295,733	6,737,987
Proceeds from other borrowed funds	17,500	-	-	17,500
Repayment of other borrowed funds	(32,357)	-	-	(32,357)
Lease payments	-	(27,727)	-	(27,727)
Total changes from financing cash flows	(14,857)	(27,727)	-	(42,584)
The effect of changes in foreign exchange rates	-	-	(352,486)	(352,486)
Interest expense	4,534	12,836	195,379	212,749
Interest paid	(4,715)	(12,835)	(195,701)	(213,251)
Balance at 30 June 2026	165,358	234,132	5,942,925	6,342,415
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	(23,935)	-	-	(23,935)
Lease payments	-	(23,895)	-	(23,895)
Total changes from financing cash flows	(23,935)	(23,895)	-	(47,830)
The effect of changes in foreign exchange rates	-	-	286,833	286,833
Interest expense	6,329	15,486	195,499	217,314
Interest paid	(6,561)	(15,487)	(194,076)	(216,124)
Balance at 30 June 2025	209,161	287,260	6,331,667	6,828,088

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 30 June 2026 and 31 December 2025.

23 Share capital and reserves

(a) Issued capital and share premium

As at 30 June 2026 the authorized, issued and outstanding share capital comprises 262,491 ordinary shares (31 December 2025: 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 change in the fair value, until the assets are derecognized or impaired.

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:

30 June 2026		External benchmarks used	
AMD'000	Exposure	PD	LGD
Debt investment securities at FVOCI	38,217,492	S&P default study	Moody's recovery studies
Loans to corporate customers	21,999,806	S&P default study	-
31 December 2025		External benchmarks used	
AMD'000	Exposure	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	-

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 six-month period ended 30 June 2026.

	30 June 2026			
AMD'000	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents				
Balance at 1 January	(665)	-	-	(665)
Net remeasurement of loss allowance	665	-	-	665
New financial assets originated or purchased	(346)	-	-	(346)
Balance at 30 June 2026	(346)	-	-	(346)

	30 June 2026			
AMD'000	Stage 1	Stage 2	Stage 3	Total
Loans to banks at amortized cost				
Balance at 1 January	(22,461)	-	-	(22,461)
Net remeasurement of loss allowance	10,248	-	-	10,248
New financial assets originated or purchased	(66)	-	-	(66)
Balance at 30 June 2026	(12,279)	-	-	(12,279)

	30 June 2026			
AMD'000	Stage 1	Stage 2	Stage 3	Total
Loans to customers at amortised cost – corporate customers				
Balance at 1 January	(216,111)	(52,757)	-	(268,868)
Transfer to Stage 3	-	52,757	(52,757)	-
Net remeasurement of loss allowance	64,527	-	(39,379)	25,148
New financial assets originated or purchased	(34,643)	-	-	(34,643)
Foreign exchange revaluation effect on ECL	6,193	-	3,064	9,257
Balance at 30 June 2026	(180,034)	-	(89,072)	(269,106)

	30 June 2026			
AMD'000	Stage 1	Stage 2	Stage 3	Total
Loans to customers at amortised cost – retail customers				
Balance at 1 January	(150,123)	(31,551)	(29,432)	(211,106)
Transfer to Stage 1	(375)	375	-	-
Transfer to Stage 2	168	(168)	-	-
Transfer to Stage 3	19	13,845	(13,864)	-
Net remeasurement of loss allowance	10,085	3,462	(6,329)	7,218
New financial assets originated or purchased*	(29,624)	(421)	-	(30,045)
Foreign exchange revaluation effect on ECL	1,291	110	195	1,596
Write-offs**	-	-	23,990	23,990
Balance at 30 June 2026	(168,559)	(14,348)	(25,440)	(208,347)

* Stage 2 include loans that were originated in 2026 but were subsequently transferred to Stage 2.

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

	30 June 2026			
AMD'000	Stage 1	Stage 2	Stage 3	Total
Debt investment securities at FVOCI				
Balance at 1 January	(64,032)	-	-	(64,032)
Net remeasurement of loss allowance	4,246	-	-	4,246
New financial assets originated or purchased	(15,525)	-	-	(15,525)
Balance at 30 June 2026	(75,311)	-	-	(75,311)

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 six-month period ended 30 June 2025.

30 June 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	(343)	-	-	(343)
Balance at 30 June 2025	(343)	-	-	(343)

30 June 2025				
AMD'000	Stage 1	Stage 2	Stage 3	Total
Loans and deposits to banks at amortized cost				
Balance at 1 January	(26,714)	-	-	(26,714)
Net remeasurement of loss allowance	5,890	-	-	5,890
New financial assets originated or purchased	(1,155)	-	-	(1,155)
Balance at 30 June 2025	(21,979)	-	-	(21,979)

30 June 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)
Net remeasurement of loss allowance	69,853	-	-	69,853
New financial assets originated or purchased	(100,999)	-	-	(100,999)
Foreign exchange revaluation effect on ECL	437	-	-	437
Balance at 30 June 2025	(186,401)	-	-	(186,401)

30 June 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	(4,924)	4,034	890	-
Transfer to Stage 2	134	(134)	-	-
Transfer to Stage 3	85	5,030	(5,115)	-
Net remeasurement of loss allowance	1,478	(5,606)	(10,392)	(14,520)
New financial assets originated or purchased*	(30,135)	-	-	(30,135)
Foreign exchange revaluation effect on ECL	402	52	51	505
Write-offs**	-	-	13,026	13,026
Balance at 30 June 2025	(143,977)	(18,641)	(18,110)	(180,728)

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

30 June 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	26,770	-	-	26,770
New financial assets originated or purchased	(6,161)	-	-	(6,161)
Balance at 30 June 2025	(54,336)	-	-	(54,336)

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 six-month period ended 30 June 2026:

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	665	10,248	25,148	7,218	4,246	(3,076)	44,449
New financial assets originated or purchased	(346)	(66)	(34,643)	(30,045)	(15,525)	-	(80,625)
Subtotal	319	10,182	(9,495)	(22,827)	(11,279)	(3,076)	(36,176)
Recoveries of amounts previously written off	-	-	141,705	4,520	-	1,359	147,584
Total	319	10,182	132,210	(18,307)	(11,279)	(1,717)	111,408

Reconciliation for the six-month period ended 30 June 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	5,890	69,853	(14,520)	26,770	(3,705)	84,634
New financial assets originated or purchased	(343)	(1,155)	(100,999)	(30,135)	(6,161)	-	(138,793)
Subtotal	3	4,735	(31,146)	(44,655)	20,609	(3,705)	(54,159)
Recoveries of amounts previously written off	-	-	-	1,552	-	1,236	2,788
Total	3	4,735	(31,146)	(43,103)	20,609	(2,469)	(51,371)

Significant changes in the gross carrying amount of retail and corporate portfolios during the six-month period ended 30 June 2026 that contributed to changes in loss allowance were as follows:

	30 June 2026			
AMD'000	Stage 1	Stage 2	Stage 3	Total
Loans to customers at amortised cost – corporate customers – gross carrying amount				
Balance at 1 January	28,247,977	298,953	-	28,546,930
Transfer to Stage 3	-	(298,953)	298,953	-
New financial assets originated or purchased	2,754,363	-	-	2,754,363
Financial assets that have been fully or partially repaid and other changes	(8,430,563)	-	(6,807)	(8,437,370)
Foreign exchange revaluation effect	(584,692)	-	(10,319)	(595,011)
Balance at 30 June 2026	21,987,085	-	281,827	22,268,912
Loans to customers at amortised cost - retail customers – gross carrying amount				
Balance at 1 January	44,200,735	408,590	102,670	44,711,995
Transfer to Stage 1	3,048	(3,048)	-	-
Transfer to Stage 2	(45,510)	45,510	-	-
Transfer to Stage 3	(4,390)	(142,279)	146,669	-
New financial assets originated or purchased	5,423,609	2,387	-	5,425,996
Financial assets that have been fully or partially repaid and other changes	(4,096,527)	(126,748)	(15,738)	(4,239,013)
Foreign exchange revaluation effect	(127,600)	(2,629)	(4,327)	(134,556)
Write-offs	-	-	(23,990)	(23,990)
Balance at 30 June 2026	45,353,365	181,783	205,284	45,740,432

* Stage 2 include loans that were originated in 2026 but were subsequently transferred to Stage 2.

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:

	31 December 2025			
AMD'000	Stage 1	Stage 2	Stage 3	Total
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 2025	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 2025	44,200,735	408,590	102,670	44,711,995

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 30 June 2026. 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).

30 June 2026			
AMD'000	Stage 1	Stage 2	Stage 3
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
			Total
Cash and cash equivalents			
- Rated B+ to BB-	281,257	-	-
- Not rated	3,056,514	-	-
	3,337,771	-	-
Loss allowance	(346)	-	-
Carrying amount	3,337,425	-	-
Loans to banks at amortised cost			
- Rated A+	117,686	-	-
- Rated B+ to BB-	3,484,545	-	-
- Not rated	10,422,859	-	-
	14,025,090	-	-
Loss allowance	(12,279)	-	-
Carrying amount	14,012,811	-	-
Loans to customers at amortised cost – corporate customers			
- With internal rating 1 - 5.5	21,372,333	-	-
- With internal rating 5.6 - 10	614,752	-	281,827
	21,987,085	-	281,827
Loss allowance	(180,034)	-	(89,072)
Carrying amount	21,807,051	-	192,755
Loans to customers at amortised cost – retail customers			
- Not overdue	45,264,006	105,812	-
- Overdue less than 30 days	89,359	20,051	-
- Overdue 31-90 days	-	55,920	-
- Overdue 91-180 days	-	-	111,027
- Overdue 181-270 days	-	-	68,919
- Overdue more than 271 days	-	-	25,338
	45,353,365	181,783	205,284
Loss allowance	(168,559)	(14,348)	(25,440)
Carrying amount	45,184,806	167,435	179,844

AMD'000	30 June 2026			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+	10,589,097	-	-	10,589,097
- Rated BB-	27,628,395	-	-	27,628,395
	38,217,492	-	-	38,217,492
Loss allowance	(75,311)	-	-	(75,311)
Carrying amount – fair value	38,217,492	-	-	38,217,492
Loans and credit lines commitments				
- Not overdue	11,221,882	-	-	11,221,882
Carrying amount	11,221,882	-	-	11,221,882
Credit card commitments				
- Not overdue	2,837,769	-	-	2,837,769
Carrying amount	2,837,769	-	-	2,837,769
Guarantees and letter of credit				
- Not overdue	46,007	-	-	46,007
Carrying amount	46,007	-	-	46,007

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.

AMD'000	31 December 2025			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-	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

AMD'000	31 December 2025			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				
- 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
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

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

Collateral held and other credit enhancements

At 30 June 2026 and 31 December 2025 the Bank had financial instruments for which no loss allowance is recognised because of collateral.

	Exposure as at 30 June 2026	Exposure as at 31 December 2025
	AMD'000	AMD'000
Amounts receivable under reverse repurchase agreements	9,906,570	5,208,131
Loans to corporate customers	1,250,481	837,495
Loans to retail customers	950,593	907,911

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:

	30 June 2026	31 December 2025
	AMD'000	AMD'000
Assets		
Cash and cash equivalents	3,337,425	3,344,778
Amounts receivable under reverse repurchase agreements	9,906,570	5,208,131
Financial instruments at fair value through profit or loss	237,090	117,386
Loans and deposits to banks and other placements	14,012,811	21,259,729
Loans to customers	67,531,891	72,778,951
Investment securities	38,304,610	27,829,425
Other financial assets	135,807	159,757
Total maximum exposure	133,466,204	130,698,157

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 30 June 2026 the Bank has two debtors or groups of connected debtors (as at 31 December 2025: two), credit risk exposure to whom exceeded 10% maximum credit risk exposure. The credit risk exposure for these counterparties as at 30 June 2026 is AMD 36,202,605 thousand (as at 31 December 2025: AMD 35,913,636 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 30 June 2026:

AMD'000

Types of financial assets / liabilities	Gross amounts of recognized financial assets / liabilities	Gross amount of recognized financial liability / asset offset in the statement of financial position	Net amount of financial assets / liabilities 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	9,906,570	-	9,906,570	(9,906,570)	-
Total financial assets	9,906,570	-	9,906,570	(9,906,570)	-

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 / liabilities	Gross amounts of recognized financial assets / liabilities	Gross amount of recognized financial liability / asset offset in the statement of financial position	Net amount of financial assets / liabilities 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)	-

(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 30 June 2026:

AMD'000	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years	Non-interest bearing	Carrying amount
30 June 2026							
ASSETS							
Cash and cash equivalents	-	-	-	-	-	4,454,178	4,454,178
Amounts receivable under reverse repurchase agreements	9,906,570	-	-	-	-	-	9,906,570
Financial instruments at fair value through profit or loss	-	237,090	-	-	-	-	237,090
Loans and deposits to banks and other placements	7,116,180	-	611,908	-	117,686	6,167,037	14,012,811
Loans to customers	10,194,371	12,171,014	15,719,048	27,751,689	1,695,769	-	67,531,891
Investment securities	6,622,726	2,992,032	3,277,931	16,709,282	8,615,521	87,118	38,304,610
Other financial assets	-	-	-	-	-	135,807	135,807
	33,839,847	15,400,136	19,608,887	44,460,971	10,428,976	10,844,140	134,582,957
LIABILITIES							
Loans, deposits and other balances from banks	4,150,602	73,311	65,557	445,133	-	-	4,734,603
Current accounts and deposits from customers	25,028,922	13,829,777	25,557,183	17,382,413	5,704	7,012,352	88,816,351
Lease liability	14,310	15,189	32,015	172,618	-	-	234,132
Other financial liabilities	-	-	-	-	-	908,187	908,187
Other borrowed funds	12,623	8,810	16,410	49,819	77,696	-	165,358
Subordinated loans from Parent	5,942,925	-	-	-	-	-	5,942,925
	35,149,382	13,927,087	25,671,165	18,049,983	83,400	7,920,539	100,801,556
	(1,309,535)	1,473,049	(6,062,278)	26,410,988	10,345,576	2,923,601	33,781,401

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 assets 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

Average effective interest rates

The table below displays average effective interest rates for interest bearing assets and liabilities as at 30 June 2026 and 31 December 2025. These interest rates are an approximation of the yields to maturity of these assets and liabilities.

	30 June 2026			31 December 2025		
	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	6.75%	3.00%	-	6.81%	-	-
Loans and deposits to banks and other placements	6.75%	5.84%	3.95%	6.08%	5.35%	3.94%
Loans to customers	12.54%	7.87%	6.44%	12.52%	7.79%	5.95%
Investment securities	8.87%	3.55%	2.34%	9.42%	3.74%	1.82%
Currency swap	3.00%	-	-	3.00%	-	-
Interest bearing liabilities						
Loans, deposits and other balances from banks	7.60%	4.89%	2.94%	7.70%	4.81%	2.92%
Current accounts and deposits from customers						
- Current accounts and demand deposits	3.93%	0.57%	0.01%	4.39%	0.86%	0.02%
- Term deposits	9.70%	4.80%	1.87%	9.54%	4.71%	1.90%
Other borrowed funds	4.88%	-	-	5.32%	-	-
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 30 June 2026 and 31 December 2025, as well as sensitivity of equity to changes in fair value of financial instruments at FVOCI, respectively, is as follows:

	30 June 2026		31 December 2025	
	AMD'000		AMD'000	
	Net profit or loss	Equity	Net profit or loss	Equity
100 bp parallel rise	(1,312)	(1,008,102)	30,614	(949,846)
100 bp parallel fall	1,312	1,008,102	(30,614)	949,846

(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 30 June 2026:

	AMD	USD	EUR	Other currencies	Total
	AMD'000	AMD'000	AMD'000	AMD'000	AMD'000
ASSETS					
Cash and cash equivalents	2,628,889	1,256,055	559,826	9,408	4,454,178
Amounts receivable under reverse repurchase agreements	6,778,764	3,127,806	-	-	9,906,570
Financial instruments at fair value through profit or loss	237,090	-	-	-	237,090
Loans and deposits to banks and other placements	1,977,156	11,233,049	802,606	-	14,012,811
Loans to customers	46,499,766	19,366,769	1,665,356	-	67,531,891
Investment securities	27,715,513	7,682,474	2,906,623	-	38,304,610
Other financial assets	74,344	60,625	838	-	135,807
Total assets	85,911,522	42,726,778	5,935,249	9,408	134,582,957
LIABILITIES					
Loans, deposits and other balances from banks	584,001	3,645,035	505,567	-	4,734,603
Current accounts and deposits from customers	52,707,160	34,700,597	1,406,165	2,429	88,816,351
Lease liability	234,132	-	-	-	234,132
Other financial liabilities	582,446	316,442	9,299	-	908,187
Other borrowed funds	165,358	-	-	-	165,358
Subordinated loans from Parent	-	1,944,887	3,998,038	-	5,942,925
Total liabilities	54,273,097	40,606,961	5,919,069	2,429	100,801,556
Net position	31,638,425	2,119,817	16,180	6,979	33,781,401
The impact of derivatives	2,451,090	(2,207,340)	-	-	243,750
Net position after derivatives	34,089,515	(87,523)	16,180	6,979	34,025,151

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

	AMD AMD'000	USD AMD'000	EUR AMD'000	Other currencies AMD'000	Total 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
Loans and deposits to banks and other placements	117,386	-	-	-	117,386
Financial instruments at fair value through profit or loss	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

A weakening of the AMD, as indicated below, against the following currencies at 30 June 2026 and 31 December 2025 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.

	30 June 2026 AMD'000	31 December 2025 AMD'000
10% appreciation of USD against AMD	(8,752)	(38,684)
10% appreciation of EUR against AMD	1,618	(1,454)

A strengthening of the AMD against the above currencies at 30 June 2026 and 31 December 2025 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 30 June 2026 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
30 June 2026							
Non-derivative liabilities							
Loans, deposits and other balances from banks	-	4,198,693	86,912	84,956	513,551	4,884,112	4,734,603
Current accounts and deposits from customers	21,482,849	10,959,006	14,481,436	26,916,200	19,292,921	93,132,412	88,816,351
Lease liability	6,761	13,521	20,771	41,779	193,815	276,647	234,132
Other financial liabilities	517,905	-	-	95,183	295,099	908,187	908,187
Other borrowed funds	1,973	12,326	10,546	19,434	152,010	196,289	165,358
Subordinated loans from Parent	-	6,037,971	-	-	-	6,037,971	5,942,925
Total	22,009,488	21,221,517	14,599,665	27,157,552	20,447,396	105,435,618	100,801,556
Credit related commitments	14,105,658	-	-	-	-	14,105,658	14,105,658
Gross settled derivatives							(237,090)
Outflow	-	-	2,207,340	-	-	2,207,340	
Inflow	-	-	(2,451,090)	-	-	(2,451,090)	
	-	-	(243,750)	-	-	(243,750)	
Total outflow	36,115,146	21,221,517	14,355,915	27,157,552	20,447,396	119,297,526	

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							(117,386)
Outflow	-	-	-	2,288,160	-	2,288,160	
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	

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:

	30 June 2026 AMD'000	31 December 2025 AMD'000
Less than 1 month	3,715,304	3,563,780
From 1 to 3 months	6,880,986	5,656,050
From 3 to 12 months	23,371,286	21,544,379
More than 1 year	9,700,854	8,486,858
	43,668,430	39,251,067

The table below shows an analysis, by contractual maturities, of the amounts recognized in the statement of financial position as at 30 June 2026:

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	4,454,178	-	-	-	-	-	-	4,454,178
Amounts receivable under reverse repurchase agreements	9,906,570	-	-	-	-	-	-	9,906,570
Financial instruments at fair value through profit or loss	-	-	237,090	-	-	-	-	237,090
Loans and deposits to banks and other placements	8,145,115	4,863,102	611,908	-	-	392,686	-	14,012,811
Loans to customers	1,696,260	773,133	5,516,194	30,571,044	28,933,961	-	41,299	67,531,891
Investment securities	3,129,745	3,492,981	6,269,963	16,709,282	8,615,521	87,118	-	38,304,610
Right-of-use assets	-	-	-	-	-	245,630	-	245,630
Property, equipment and intangible assets	-	-	-	-	-	2,939,197	-	2,939,197
Repossessed assets	-	-	-	-	-	90,393	-	90,393
Other assets	106,129	-	-	-	-	222,775	-	328,904
Total assets	27,437,997	9,129,216	12,635,155	47,280,326	37,549,482	3,977,799	41,299	138,051,274
LIABILITIES								
Loans, deposits and other balances from banks	-	4,150,602	138,868	445,133	-	-	-	4,734,603
Current accounts and deposits from customers	21,402,707	10,603,519	39,392,432	17,411,989	5,704	-	-	88,816,351
Current tax liabilities	-	-	98,210	-	-	-	-	98,210
Lease liability	4,707	9,603	47,204	172,618	-	-	-	234,132
Other liabilities	561,743	-	95,183	-	-	373,708	-	1,030,634
Other borrowed funds	1,638	10,985	25,220	49,819	77,696	-	-	165,358
Deferred tax liabilities	-	-	-	-	-	286,279	-	286,279
Subordinated loans from Parent	-	5,942,925	-	-	-	-	-	5,942,925
Total liabilities	21,970,795	20,717,634	39,797,117	18,079,559	83,400	659,987	-	101,308,492
Net position	5,467,202	(11,588,418)	(27,161,962)	29,200,767	37,466,082	3,317,812	41,299	36,742,782

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

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.

To effectively manage liquidity risk, the Bank applies the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR), which are calculated on weekly and monthly basis, respectively. The Liquidity Coverage Ratio (LCR) measures the Bank's ability to withstand a 30-day stress scenario by maintaining sufficient High-Quality Liquid Assets (HQLA) to meet expected net cash outflows. The Net Stable Funding Ratio (NSFR) measures whether the Bank has sufficient amount of stable funding to finance its assets and contingent liabilities over one-year time horizon.

(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 30 June 2026 and 31 December 2025.

The following table shows the composition of the capital position calculated in accordance with the requirements of the CBA, as at 30 June 2026 and 31 December 2025:

	30 June 2026 AMD'000	31 December 2025 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	8,418,802	7,701,362
Fair value reserve for investment securities	909,022	726,718
Deductions	(85,400)	(88,330)
Total tier 1 capital	36,128,210	35,225,536
Tier 2 capital		
Credit loss general reserve	738,580	807,798
Subordinated loans	337,340	966,949
Total tier 2 capital	1,075,921	1,774,746
Total capital	37,204,131	37,000,282
Total risk weighted assets	119,892,483	127,042,774
Total capital expressed as a percentage of risk-weighted assets (Total capital ratio)	31.03%	29.12%
Total tier 1 core capital expressed as a percentage of risk-weighted assets (Tier 1 core capital ratio)	30.13%	27.73%
Total tier 1 capital expressed as a percentage of risk-weighted assets (Tier 1 capital ratio)	30.13%	27.73%

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.

	30 June 2026 AMD'000	31 December 2025 AMD'000
Contracted amount		
Loan and credit line commitments	11,221,882	9,237,026
Credit card commitments	2,837,769	2,435,838
Guarantees and letters of credit	46,007	126,611
	14,105,658	11,799,475

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 30 June 2026 of these credit related commitments, AMD 10,544,170 thousand (31 December 2025: AMD 8,450,070 thousand) are to twenty four customers (31 December 2025: twenty seven 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 six-month period ended 30 June 2026 and 30 June 2025 is as follows:

	1 April 2026 30 June 2026 AMD'000	1 January 2026 30 June 2026 AMD'000	1 April 2025 30 June 2025 AMD'000	1 January 2025 30 June 2025 AMD'000
Short-term employee benefits	148,921	239,014	104,657	192,790

The outstanding balances and average effective interest rates as at 30 June 2026 and 31 December 2025 for transactions with the members of the Board of Directors and the Management Committee are as follows:

	30 June 2026	Average effective interest rate, %	31 December 2025	Average effective interest rate, %
Statement of financial position				
Loans issued (gross)	411,332	11.78%	409,328	11.63%
Expected credit loss allowance	(978)		(951)	
Deposits received	299,382	4.39%	276,463	3.10%

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 six-month period ended 30 June 2026 and 30 June 2025 are as follows:

	1 April 2026 30 June 2026 AMD'000	1 January 2026 30 June 2026 AMD'000	1 April 2025 30 June 2025 AMD'000	1 January 2025 30 June 2025 AMD'000
Profit or loss				
Interest income	12,162	24,247	9,727	19,346
Interest expense	(3,071)	(5,485)	(2,172)	(4,273)
Credit (loss)/release	41	(27)	(38)	(71)

(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 30 June 2026 and related profit or loss amounts of transactions for the six-month period ended 30 June 2026 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	371,190	6,131	-	377,321
- in EUR	268,142	152	-	268,294
- in other currencies	3,384	-	-	3,384

Deposits in banks

- in USD	-	3,734,297	5.74%	-	3,734,297
- in EUR	-	517,765	3.95%	-	517,765

Liabilities

Current accounts and deposits from customers

- in USD	-	-	-	5,818,883	5.56%	5,818,883
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Other borrowed funds

- in USD	-	-	-	-	-	-
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Subordinated loans from Parent

- in USD	1,944,887	6.52%	-	-	-	1,944,887
- in EUR	3,998,038	6.52%	-	-	-	3,998,038

Interbank Deposits

- in USD	3,645,034	4.89%	-	-	-	3,645,034
- in EUR	505,568	2.94%	-	-	-	505,568

Other liabilities

- in USD	60,686	-	-	-	-	60,686
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Profit or loss

Interest income	-	-	117,013	-	-	117,013
Interest expense	(291,469)	-	-	(156,690)	-	(448,159)
Fee and commission income	-	-	-	-	-	-
Fee and commission expense	(10,175)	-	(45)	-	-	(10,220)
Professional services	(29,097)	-	-	-	-	(29,097)

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 six-month period ended 30 June 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
Other borrowed funds	-	-	-	-	-	-	-
- in USD	-	-	-	-	-	-	-
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	-	-	160,936	-	-	-	160,936
Interest expense	(323,025)	-	-	-	(159,471)	-	(482,496)
Fee and commission income	6,182	-	-	-	-	-	6,182
Fee and commission expense	(12,744)	-	-	-	-	-	(12,744)
Professional services	(20,750)	-	-	-	-	-	(20,750)

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 30 June 2026 and 31 December 2025 approximate their carrying amounts.

	30 June 2026 AMD'000		31 December 2025 AMD'000	
	Fair value	Carrying amount	Fair value	Carrying amount
Loans to customers	65,273,903	67,531,891	69,426,732	72,778,951
Current accounts and deposits from customers	89,235,626	88,816,351	86,198,958	86,162,941

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 30 June 2026, 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		237,090		237,090
Investment securities				
- Debt instruments at FVOCI	10,589,097	27,628,395	-	38,217,492
- Corporate shares	-	-	87,118	87,118

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 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
30 June 2026					
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 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