

# ID Bank CJSC

## Financial Statements
## For the third quarter of 2026

**Financial Statements**

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# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## For the period ended 30 September 2026

| | Notes | 01/07/2026-30/09/2026 AMD'000 | 01/01/2026-30/09/2026 AMD'000 | 01/07/2025-30/09/2025 AMD'000 | 01/01/2025-30/09/2025 AMD'000 |
|---|---|---|---|---|---|
| Interest income calculated using the effective interest method | 5 | 12,635,403 | 36,017,671 | 10,456,408 | 29,267,315 |
| Interest expense | 5 | (4,816,639) | (13,666,545) | (4,024,407) | (10,449,603) |
| **Net interest income** | | **7,818,764** | **22,351,126** | **6,432,001** | **18,817,712** |
| Fee and commission income | 6 | 5,089,063 | 14,623,591 | 4,338,373 | 11,758,798 |
| Fee and commission expense | 6 | (3,504,178) | (9,570,893) | (2,737,129) | (7,801,352) |
| **Net fee and commission income** | | **1,584,885** | **5,052,698** | **1,601,244** | **3,957,446** |
| Net foreign exchange gain | 7 | 4,018,663 | 9,649,370 | 2,397,316 | 8,024,952 |
| Net (loss)/gain on financial instruments at fair value through profit or loss | 8 | (23,251) | (14,776) | (109,846) | 361,877 |
| Net realised gain/(loss) on investment securities | | 15,833 | 66,653 | 15,354 | (34,737) |
| Share of the profit of associates accounted for using the equity method | 15 | 171,235 | 775,451 | 294,313 | 994,005 |
| Other operating income | 9 | 425,377 | 1,212,298 | 239,455 | 1,156,220 |
| Other operating expense | 9 | (273,353) | (796,722) | (162,870) | (756,830) |
| **Operating income** | | **13,738,153** | **38,296,098** | **10,706,967** | **32,520,645** |
| Net impairment losses on financial instruments | 10 | (1,106,714) | (2,926,700) | (605,689) | (1,978,486) |
| Other impairment losses | 18 | (553) | (16,613) | - | - |
| Personnel expenses | | (2,969,125) | (8,613,065) | (2,604,232) | (7,653,141) |
| Other general administrative expenses | 11 | (2,842,841) | (7,631,448) | (2,375,759) | (6,128,396) |
| **Profit before income tax** | | **6,818,920** | **19,108,272** | **5,121,287** | **16,760,622** |
| Income tax expense | 12 | (1,232,908) | (3,371,130) | (884,017) | (2,950,413) |
| **Profit for the period** | | **5,586,012** | **15,737,142** | **4,237,270** | **13,810,209** |
| **Other comprehensive income, net of income tax** | | | | | |
| *Items that are or may be reclassified subsequently to profit or loss:* | | | | | |
| Movement in fair value reserve for investment securities: | | | | | |
| Net change in fair value and changes in allowance for expected credit losses | 12 | 31,584 | 117,621 | 40,399 | 33,595 |
| Net amount reclassified to profit or loss | 12 | (12,983) | (54,655) | 3,058 | 56,646 |
| **Total items that are or may be reclassified subsequently to profit or loss** | | **18,601** | **62,966** | **43,457** | **90,241** |
| **Other comprehensive income for the period, net of income tax** | | **18,601** | **62,966** | **43,457** | **90,241** |
| **Total comprehensive income for the period** | | **5,604,613** | **15,800,108** | **4,280,727** | **13,900,450** |

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

Mher Abrahamyan
Chairman of the Management Board

Anushik Khachatryan
Chief Accountant

October 13, 2026

*The accompanying notes 1 to 33 form an integral part of these financial statements.*

# STATEMENT OF FINANCIAL POSITION

## As at 30 September 2026

| | Notes | 30/09/26 AMD'000 | 31/12/25 Reclassified (Note 2e) AMD'000 |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 13 | 47,145,541 | 52,994,857 |
| Amounts receivable under reverse repurchase agreements | 17 | 33,077,966 | 13,149,503 |
| Loans and advances to banks and other financial institutions | 16 | 91,184,392 | 72,769,811 |
| Financial instrument measured at fair value through profit or loss | | 470,519 | 174,136 |
| Investment securities measured at fair value through other comprehensive income | 14 | | |
| Held by the Bank | | 19,128,338 | 15,240,979 |
| Investment securities measured at amortised cost | 14 | | |
| Held by the Bank | | 51,313,869 | 34,531,152 |
| Pledged under sale and repurchase agreements | | - | 15,382,593 |
| Loans and advances to customers | 18 | 319,116,359 | 277,238,644 |
| Repossessed assets | 18 | 922,881 | 1,129,881 |
| Investments in associates | 15 | 8,598,887 | 7,823,436 |
| Property, equipment and intangible assets | 19 | 11,248,500 | 10,725,025 |
| Right-of-use assets | 20 | 3,071,098 | 3,071,303 |
| Other assets | 21 | 6,296,285 | 8,401,846 |
| **Total assets** | | **591,574,635** | **512,633,166** |
| **Liabilities** | | | |
| Amounts payable under repurchase agreements | 23 | - | 16,388,262 |
| Deposits and balances from banks | 22 | 8,392,088 | 11,012,807 |
| Financial instrument measured at fair value through profit or loss | | 6,677 | 20,207 |
| Current accounts and deposits from customers | 25 | 421,834,358 | 337,911,995 |
| Current income tax liabilities | | 1,139,847 | 1,590,228 |
| Debt securities issued | 22 | 27,157,415 | 21,537,322 |
| Deferred tax liability | 24 | 1,208,516 | 705,397 |
| Other borrowed funds | 12 | 22,370,783 | 24,932,848 |
| Lease liability | 20 | 3,498,017 | 3,494,448 |
| Other liabilities | 26 | 9,748,145 | 9,620,971 |
| **Total liabilities** | | **495,355,846** | **427,214,485** |
| **Equity** | | | |
| Share capital | 27 | 51,025,719 | 51,025,719 |
| Share premium | | 5,014,099 | 5,014,099 |
| Fair value reserve for investment securities | | 693,143 | 630,177 |
| Retained earnings | | 39,485,828 | 28,748,686 |
| **Total equity** | | **96,218,789** | **85,418,681** |
| **Total liabilities and equity** | | **591,574,635** | **512,633,166** |

*The accompanying notes 1 to 33 form an integral part of these financial statements.*

# STATEMENT OF CASH FLOWS

**For the period ended 30 September 2026**

| | Notes | 01/01/2026−30/09/2026 AMD'000 | 01/01/2025−30/09/2025 AMD'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Interest receipts | | 35,075,733 | 28,032,420 |
| Interest payments | | (11,540,869) | (9,108,236) |
| Fee and commission receipts | | 14,623,591 | 11,758,798 |
| Fee and commission payments | | (9,570,893) | (7,801,352) |
| Net payments from financial instruments at fair value through profit or loss | | 244,839 | 648,770 |
| Net receipts from foreign exchange | | 9,649,370 | 7,769,842 |
| Other income receipts | | 369,201 | (173,510) |
| Personnel and other general administrative expenses payments | | (13,810,978) | (12,260,007) |
| **(Increase)/decrease in operating assets** | | | |
| Financial instrument measured at fair value through profit or loss | | (572,270) | (498,320) |
| Amounts receivable under reverse repurchase agreements | | (19,969,909) | (704,346) |
| Loans and advances to banks and other financial institutions | | (21,203,812) | (1,639,194) |
| Loans and advances to customers | | (50,196,503) | (44,191,068) |
| Repossessed assets | | 329,287 | 484,363 |
| Other assets | | 1,982,108 | 806,225 |
| **Increase/(decrease) in operating liabilities** | | | |
| Deposits and balances from banks and other financial institutions | | (1,772,147) | 16,109,512 |
| Amounts payable under repurchase agreements | | (16,339,804) | 17,405,212 |
| Current accounts and deposits from customers | | 92,499,400 | 29,101,527 |
| Other liabilities | | 72,711 | (2,950,827) |
| **Net cash provided from operating activities before income tax paid** | | **9,869,055** | **32,789,809** |
| Income tax paid | | (3,332,213) | (3,421,940) |
| **Cash flows from operating activities** | | **6,536,842** | **29,367,869** |
| **Cash flows from investing activities** | | | |
| (Acquisition)/sale and repayment of investment securities measured at FVOCI | | (4,237,194) | (761,660) |
| (Acquisition)/repayment of investment securities measured at amortised cost | | (1,224,469) | 2,163,312 |
| Dividends received | | - | 912,000 |
| (Purchases)/sale of property, equipment and intangible assets | 19 | (1,857,880) | 446,831 |
| **Cash flows from/(used in) investing activities** | | **(7,319,543)** | **2,760,483** |
| **Cash flows from financing activities** | | | |
| Proceeds from issuance of debt securities | 24(a) | 10,012,683 | 11,913,992 |
| Repayment of debt securities issued | 24(a) | (6,877,419) | (6,764,286) |
| Proceeds from borrowed funds | 22(c) | 13,270,857 | 1,544,713 |
| Repayment of borrowed funds | 22(c) | (12,549,109) | (3,097,689) |
| Dividends paid | 27 | (5,000,000) | (10,500,000) |
| Repayment of lease liability | 20(d) | (493,755) | (160,283) |
| **Cash flows used in financing activities** | | **(1,636,743)** | **(7,063,553)** |
| **Net (decrease) increase in cash and cash equivalents** | | **(2,419,444)** | **25,064,799** |
| Effect of changes in exchange rates on cash and cash equivalents | | (3,432,099) | 510,445 |
| Effect of changes in ECL on cash and cash equivalents | 10 | 2,227 | 306 |
| Cash and cash equivalents as at the beginning of the year | 13 | **52,994,857** | **39,267,755** |
| **Cash and cash equivalents as at the end of the period** | 13 | **47,145,541** | **64,843,305** |

*The accompanying notes 1 to 33 form an integral part of these financial statements.*

# NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS

**For the period ended 30 September 2026**

| **AMD'000** | ***Share capital*** | ***Share premium*** | ***Fair value reserve for investment securities*** | ***Retained earnings*** | ***Total equity*** |
|---|---|---|---|---|---|
| Balance as at 1 January 2025 (audited) | 33,971,850 | 5,014,099 | 397,227 | 35,078,536 | **74,461,712** |
| **Total comprehensive income** | | | | | |
| Profit for the **period** | – | – | – | 13,810,209 | **13,810,209** |
| **Other comprehensive loss** | | | | | |
| *Items that are or may be reclassified subsequently to profit or loss:* | | | | | |
| Net change in fair value and changes in allowance for expected credit losses of investment securities, net of deferred tax | – | – | 33,595 | – | **33,595** |
| Net change in fair value of investment securities transferred to profit or loss, net of deferred tax | – | – | 56,646 | – | **56,646** |
| ***Total items that are or may be reclassified subsequently to profit or loss*** | – | – | 90,241 | – | **90,241** |
| **Total other comprehensive income** | **–** | **–** | **90,241** | **–** | **90,241** |
| **Total comprehensive income for the period** | **–** | **–** | **90,241** | **13,810,209** | **13,900,450** |
| Dividends declared (*Note 27)* | **–** | – | – | (7,000,000) | **(7,000,000)** |
| Replenishment of share capital from retained earnings (Note 27) | 17,053,869 | | | (17,053,869) | – |
| **Balance as at 30 September 2025** | **51,025,719** | **5,014,099** | **487,468** | **24,834,876** | **81,362,162** |

| **AMD'000** | ***Share capital*** | ***Share premium*** | ***Fair value reserve for investment securities*** | ***Retained earnings*** | ***Total equity*** |
|---|---|---|---|---|---|
| Balance as at 1 January 2026 (audited) | 51,025,719 | 5,014,099 | 630,177 | 28,748,686 | **85,418,681** |
| **Total comprehensive income** | | | | | |
| Profit for the period | – | – | – | 15,737,142 | **15,737,142** |
| **Other comprehensive income** | | | | | |
| *Items that are or may be reclassified subsequently to profit or loss:* | | | | | |
| Net change in fair value and changes in allowance for expected credit losses of investment securities, net of deferred tax | – | – | 117,621 | – | 117,621 |
| Net change in fair value of investment securities transferred to profit or loss, net of deferred tax | – | – | (54,655) | – | (54,655) |
| ***Total items that are or may be reclassified subsequently to profit or loss*** | – | – | **62,966** | – | **62,966** |
| **Total other comprehensive income** | – | – | **62,966** | – | **62,966** |
| **Total comprehensive income for the period** | – | – | **62,966** | **15,737,142** | **15,800,108** |
| Dividends declared (*Note 27)* | – | – | – | (5,000,000) | **(5,000,000)** |
| **Balance as at 30 September 2026** | **51,025,719** | **5,014,099** | **693,143** | **39,485,828** | **96,218,789** |

*The accompanying notes 1 to 33 form an integral part of these financial statements.*

# NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS

**For the period ended 30 September 2026**

## Report on main economic normatives

**Date` 01/07/26-30/09/26** **(in thousand AMD)**

| Normatives | Actual | Permissible limit on prudential defined by CBA | Number of violations during quarter |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| The minimum amount of statutory fund of the Bank | 51,025,719 | 1,000,000 | No violation |
| Minimum amount of total (private) equity | 75,957,999 | 30,000,000 | No violation |
| $N_1^1$ The minimum ratio between Tier 1 fixed capital and risk-weighted assets | 15.92% | 6.2% | No violation |
| $N_1^2$ The minimum ratio between Tier 1 capital and risk-weighted assets | 15.92% | 8.3% | No violation |
| N1 Minimum ratio between total capital and risk-weighted assets | 17.01% | 11.0% | No violation |
| $N2^3$ Minimum ratio of the Bank's high-quality liquid assets to net cash outflows (all currencies) | 190.60% | 100.0% | No violation |
| $N2^{31}$ Minimum ratio of the Bank's high-quality liquid assets to net cash outflows (in Armenian drams) | 233.11% | 100.0% | No violation |
| $N2^{32}$ Minimum ratio of the Bank's high-quality liquid assets to net cash outflows (in significant foreign currencies of the first group) | 165.26% | 100.0% | No violation |
| $N2^{33}$ Minimum ratio of the Bank's high-quality liquid assets to net cash outflows (in significant foreign currencies of the first and second groups) | 165.26% | 100.0% | No violation |
| $N2^4$ Minimum ratio of the Bank's available stable funding to required stable funding (all currencies) | 127.63% | 100.0% | No violation |
| $N2^{41}$ Minimum ratio of the Bank's available stable funding to required stable funding (in Armenian drams) | 121.96% | 100.0% | No violation |
| $N2^{42}$ Minimum ratio of the Bank's available stable funding to required stable funding (in significant foreign currencies of the first group) | 140.05% | 100.0% | No violation |
| $N2^{43}$ Minimum ratio of the Bank's available stable funding to required stable funding (in significant foreign currencies of the first and second groups) | 140.05% | 100.0% | No violation |
| $N_3^1$ Maximum amount of risk of one borrower | 14.68% | 20.0% | No violation |
| $N_3^2$ Maximum amount of risk of major borrowers | 68.10% | 500.0% | No violation |
| $N_4^1$ The maximum amount of risk of one individual related to the Bank | 3.21% | 5.0% | No violation |
| $N_4^2$ Maximum amount of risk of all individuals related to the Bank | 8.58% | 20.0% | No violation |
| $N_5^1$ The deviation from the norm of the maximum size of the marginal ratio of the demand and collateral value | 0.00% | 10.0% | No violation |
| $N_5^2$ The deviation from the norm of the maximum size of the marginal ratio of the demand and collateral value | 0.00% | 5.0% | No violation |
| Minimum amount of statutory reserve allocated at CBA | | | |
| AMD | X | 4.0% | No violation |
| USD | X | 15.0% | No violation |
| EUR | X | 15.0% | No violation |
| The maximum amount of foreign currency position | 2.19% | 10.0% | No violation |
| Maximum amount according to separate foreign exchange position | | | |
| USD | 1.8% | 7.0% | No violation |
| EUR | 0.2% | 7.0% | No violation |
| RUB | 0.0% | 7.0% | No violation |
| Other | X | 7.0% | No violation |

# NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS

**For the period ended 30 September 2026**

## 1. BACKGROUND

### (a) Organisation and operations

ID Bank CJSC (the "Bank") was established in the Republic of Armenia as a limited liability company in 1990 and was reorganised into a closed joint stock company in 2007. Previously the Bank operated under the brand name Anelik Bank CJSC. In June 2018 the Bank was renamed to ID Bank CJSC.

The principal activities of the Bank are deposit taking, customer account maintenance, credit operations, issuing guarantees, cash and settlement operations, and securities and foreign exchange transactions. The activities of the Bank are regulated by the Central Bank of Armenia (the "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 office is 13 Vardanants Street, Yerevan 0010, Republic of Armenia. The Bank has 19 branches (2025: 19 branches). The majority of its assets and liabilities are located in the Republic of Armenia.

As at 30 September 2025 and as at 31 December 2025 the Bank's 100% shareholder was ID Group CJSC. These financial statements have not yet been approved by the shareholders on the general meeting of shareholder of the Bank. The shareholders have the power and authority to amend the financial statements after the issuance.

The average number of bank employees in the third quarter of 2026 was 1,116.

Related party transactions are described in detail in *Note 33.*

### (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.

As a result of the war in Ukraine, many leading countries and economic unions have announced severe economic sanctions on Russia and Belarus, including Russian banks, other entities and individuals. Since the start of the war, there has been a significant volatility of the Russian ruble against foreign currencies, as well as significant loss of value on the securities markets in Russia and of Russian companies listed in other markets. The situation is still unfolding, but it has already resulted in a humanitarian crisis and huge economic losses in Ukraine, Russia and the rest of the world. Ukraine and Russia are important trade partners of Armenia.

As a result of the war there was an influx of non-residents (especially from Russia) to Armenia contributing to significant increase in the volume of money inflows from Russia, Ukraine and Belarus and activation of plastic cards transactions. The Bank's management is monitoring the economic situation in the current environment. As the war is still waging, it is impossible to reliably assess the final impact this may have on the Bank's business as there is uncertainty over the magnitude of the impact on the economy in general.

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

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

The accompanying financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRSs) and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

### 2. BASIS OF PREPARATION (continued)

**(b) Basis of measurement**

The financial statements are prepared on the historical cost basis except that financial instruments at fair value through profit or loss (FVTPL) and 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.

The official CBA exchange rates at 30 September 2026 and 31 December 2025 were AMD 362.83 and AMD 381.36 to 1 USD, and AMD 412.14 and AMD 449.01 to 1 EUR, respectively.

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

**(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 notes:

- 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 29.*

***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 29;*
- Estimates of fair values of financial assets and liabilities – *Note 34.*

**(e) Reclassifications**

Certain reclassifications have been made to prior year financial statements to conform to the current year presentation. These reclassifications had no impact on net profit, equity or the statement of cash flows as previously reported.

Certain amounts included in the "Loans and advances to banks and other financial institutions" and "Deposits and balances with banks and other financial institutions" line items were reclassified in the statement of financial position for the year ended 31 December 2025.

| | As previously reported | Reclassification | As reclassified |
|---|---|---|---|
| Loans and advances to banks and other financial institutions | 86,687,688 | (13,917,877) | 72,769,811 |
| Loans and advances to customers | 269,263,771 | 7,974,873 | 277,238,644 |
| Other assets | 2,458,842 | 5,943,004 | 8,401,846 |
| Deposits and balances from banks | 89,235,049 | (78,222,242) | 11,012,807 |
| Current accounts and deposits | 259,762,570 | 78,149,425 | 337,911,995 |
| Other liabilities | 9,548,154 | 72,817 | 9,620,971 |

### 3. CHANGES IN ACCOUNTING POLICIES AND PRESENTATION

**(a) New and amended standards and interpretations**

The Bank applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated). The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**Lack of exchangeability – Amendments to IAS 21**

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

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

**(b) Standards issued but not yet effective**

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

***IFRS 18 Presentation and Disclosure in Financial Statements***

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

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

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

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

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

***IFRS 19 Subsidiaries without Public Accountability: Disclosures***

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

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

As the Bank's debt instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

### 3. CHANGES IN ACCOUNTING POLICIES AND PRESENTATION (continued)

**(b) Standards issued but not yet effective (continued)**

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

**(a) Foreign currency transactions**

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

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to AMD at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest, impairment and payments during the period, and the amortised 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 recognised in profit or loss, except for equity instruments in respect of which an election has been made to present subsequent changes in fair value in other comprehensive income. For such investments foreign currency differences arising on translation are recognised in other comprehensive income.

**(b) Cash and cash equivalents**

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

**(c) 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.

### 4. MATERIAL ACCOUNTING POLICIES (continued)

**(c) Interest (continued)**

***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 (e).*

***Presentation***

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

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

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

**(d) 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 6).*

Other fee and commission income – including account servicing fees, investment management fees, sales commission, placement fees and syndication fees – is 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.

**(e) 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.

## NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

### 4. MATERIAL ACCOUNTING POLICIES (continued)

**(e) Financial assets and financial liabilities (continued)**

***i. Classification (continued)***

*Financial assets (continued)*

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.

### 4. MATERIAL ACCOUNTING POLICIES (continued)

**(e) Financial assets and financial liabilities (continued)**

**Business model assessment (continued)**

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 *Note 4 (e)*. 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.

## NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

### 4. MATERIAL ACCOUNTING POLICIES (continued)

**(e) Financial assets and financial liabilities (continued)**

***ii. Derecognition (continued)***

*Financial assets (continued)*

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. Repurchase and reverse repurchase agreements***

Securities sold under sale and repurchase (repo) agreements are accounted for as secured financing transactions, with the securities retained in the statement of financial position and the counterparty liability included in amounts payable under repo transactions. The difference between the sale and repurchase prices represents interest expense and is recognised in profit or loss over the term of the repo agreement using the effective interest method.

Securities purchased under agreements to resell (reverse repo) are recorded as amounts receivable under reverse repo transactions. The difference between the purchase and resale prices represents interest income and is recognised in profit or loss over the term of the reverse repo agreement using the effective interest method.

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

***iv. Offsetting***

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Bank currently has a legally enforceable right to set off if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the Bank and all counterparties.

***v. Modification of financial assets and financial liabilities***

*Financial assets*

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

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

### 4. MATERIAL ACCOUNTING POLICIES (continued)

**(e) Financial assets and financial liabilities (continued)**

***Modification of financial assets and financial liabilities (continued)***

*Financial assets (continued)*

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

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

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

- Change the currency of the financial asset;
- Change 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.

**(e) Financial assets and financial liabilities (continued)**

***Modification of financial assets and financial liabilities (continued)***

*Financial liabilities (continued)*

The Bank performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors. The Bank concludes that the modification is substantial as a result of the following qualitative factors:

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

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

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

***vi. Impairment***

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 29*).

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 is recognised and that are credit-impaired are referred to as 'Stage 3' financial instruments.

**(e) Financial assets and financial liabilities (continued)**

***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 29.*

***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(e)(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 29(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 a 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 loan that is overdue for 90 days or more is considered credit-impaired.

### 4. MATERIAL ACCOUNTING POLICIES (continued)

**(e) Financial assets and financial liabilities (continued)**

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 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.

**(f) Loans and advances to customers**

'Loans and advances to customers' caption in the statement of financial position includes Loans and advances 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.

### 4. MATERIAL ACCOUNTING POLICIES (continued)

**(g) Investment securities**

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

- Debt investment securities measured amortised cost (see *Note 3(e)(i*)); these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- Debt securities measured at FVOCI, see *Note 4(e)(i));* and
- Equity investment securities designated as at FVOCI (see *Note 4(e)(*i)).

**(h) Deposits, debt securities issued and loans from banks and other financial institutions**

Deposits, debt securities issued and loans from banks and other financial institutions 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.

**(i) 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 at the higher of the loss allowance determined in accordance with IFRS 9 (see *Note 4(e)(vi*)) and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

The Bank has issued no loan commitments that are measured at FVTPL.

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

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

**(j) 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 when asset is available for use. Land is not depreciated. The estimated useful lives are as follows:

| | |
|---|---|
| Buildings | 50 years |
| Computers and communication equipment* | 4-10 years |
| Motor vehicles | 8 years |
| Fixtures and fittings* | 5 years |

* *For communication equipment, fixtures and fittings with an amount of less than AMD 50 thousand estimated useful life is 1 year.*

Leasehold improvements are capitalized and depreciated over the shorter of the lease term and their useful lives on a straight-line basis.

## NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

### 4. MATERIAL ACCOUNTING POLICIES (continued)

**(k) Intangible assets**

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

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

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives are 3 to 10 years.

**(l) Repossessed assets**

The Bank recognizes repossessed assets in the statement of financial position when the Bank obtains the legal title on the property.

Repossessed assets are measured at the lower of the carrying amount and the fair value less costs to sell. At initial recognition repossessed assets are measured based on the carrying value of the defaulted loan, including expenditure incurred in the process of collateral foreclosure. Fair value less costs to sell is the estimated selling price of the collateral in the ordinary course of business, less the related selling costs. Subsequent to initial recognition, repossessed assets are reviewed for held for sale classification criteria and are reclassified accordingly when the criteria are met.

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

**(m) 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.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

All impairment losses in respect of non-financial assets are recognised in profit or loss and reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss reversed is only reversed to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(n) Provisions**

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

**(o) Share capital**

***(i) Ordinary shares***

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

***(ii) Share premium***

Amount paid in excess of par value of shares issued is recognised as a share premium.

***(iii) Dividends***

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

Dividends in relation to ordinary shares are reflected as an appropriation of retained earnings in the period when they are declared.

### 4. MATERIAL ACCOUNTING POLICIES (continued)

#### (p) Taxation

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

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

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

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

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

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

#### (q) Segment reporting

An operating segment is a component of a Bank that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the same Bank); whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Management considers that the Bank comprises three operating segments: Retail banking, Corporate banking, Trading and Investment banking.

#### (r) 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. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease in IFRS 16.

***(iv) As a lessee***

At commencement or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

### 4. MATERIAL ACCOUNTING POLICIES (continued)

**(r) Leases (continued)**

***(iv) As a lessee (continued)***

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Bank by the end of the lease term or the cost of the right-of-use asset reflects that the Bank will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

The Bank determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The Bank presents right-of-use assets that do not meet the definition of investment property and lease liabilities as separate lines in the statement of financial position.

The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including ATMs. 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

| | 01/07/2026 - 30/09/2026 AMD'000 | 01/01/2026- 30/09/2026 AMD'000 | 01/07/2025- 30/09/2025* AMD'000 | 01/01/2025- 30/09/2025* AMD'000 |
|---|---|---|---|---|
| **Interest income calculated using the effective interest method** | | | | |
| Loans and advances to customers | 10,208,873 | 29,200,942 | 8,254,074 | 22,533,355 |
| Investment securities measured at amortised cost | 899,571 | 2,860,707 | 1,211,872 | 3,632,055 |
| Amounts receivable under reverse repurchase agreements | 728,452 | 1,636,677 | 310,845 | 773,209 |
| Loans and advances to banks and other financial institutions | 486,960 | 1,226,801 | 246,676 | 1,229,315 |
| Investment securities measured at fair value through other comprehensive income | 255,879 | 856,148 | 245,135 | 787,186 |
| Cash and cash equivalents | 9,923 | 189,514 | 187,806 | 309,880 |
| Financial instrument measured at fair value through profit or loss | 45,745 | 46,882 | - | 2,315 |
| | **12,635,403** | **36,017,671** | **10,456,408** | **29,267,315** |
| **Interest expense** | | | | |
| Current accounts and deposits from customers | 3,825,040 | 10,637,246 | 2,419,778 | 6,306,972 |
| Debt securities issued | 486,622 | 1,287,066 | 497,669 | 952,615 |
| Other borrowed funds | 362,720 | 1,108,999 | 374,622 | 1,314,543 |
| Amounts payable under repurchase agreements | 20,368 | 275,829 | 601,868 | 1,530,904 |
| Lease liabilities | 88,127 | 268,682 | 96,771 | 295,162 |
| Deposits and balances from banks | 32,821 | 82,390 | 32,310 | 13,827 |
| Other | 941 | 6,333 | 1,389 | 35,580 |
| | **4,816,639** | **13,666,545** | **4,024,407** | 10,449,603 |
| **Net interest income** | **7,818,764** | **22,351,126** | **6,432,001** | **18,817,712** |

* Certain reclassifications have been made to the comparative information presented in the financial statements for the third quarter of the prior year to conform to the current year's presentation. These reclassifications have had no impact on net profit or equity as previously reported.

In particular, certain loan balances have been reclassified from "Loans and advances to banks and other financial institutions" to "Loans and advances to customers". The related interest income has also been reclassified to conform to the current year's presentation.

In addition, certain deposits and balances have been reclassified from "Deposits and balances from banks and other financial institutions" to "Current accounts and deposits from customers", and the related interest expense has also been reclassified to conform to the current year's presentation.

## 6. NET FEE AND COMMISSION INCOME

| | 01/07/2026 - 30/09/2026 | 01/07/2026- 30/09/2026 | 01/07/2025- 30/09/2025 | 01/07/2025- 30/09/2025 |
|---|---|---|---|---|
| | AMD'000 | AMD'000 | AMD'000 | AMD'000 |
| **Fee and commission income** | | | | |
| Plastic card servicing | 3,353,912 | 9,207,758 | 2,778,742 | 4,861,145 |
| Currency transportation | 624,504 | 2,170,269 | 519,269 | 1,325,661 |
| Commissions from payment systems | 389,487 | 1,145,898 | 559,357 | 1,065,538 |
| Remittances | 256,201 | 987,887 | 392,659 | 830,040 |
| Cash withdrawal from accounts and accounts service | 417,222 | 985,421 | 50,144 | 742,610 |
| Other | 47,737 | 126,358 | 38,202 | 155,062 |
| | **5,089,063** | **14,623,591** | **4,338,373** | **11,758,798** |
| **Fee and commission expense** | | | | |
| Card transactions | 2,426,251 | 6,559,790 | 1,877,038 | 5,390,792 |
| Payment systems services | 870,584 | 2,442,809 | 743,931 | 2,058,251 |
| Currency transportation | 182,878 | 488,735 | 103,058 | 316,622 |
| Other | 24,465 | 79,559 | 13,102 | 35,687 |
| | **3,504,178** | **9,570,893** | **2,737,129** | **7,801,352** |
| **Net fee and commission income** | **1,584,885** | **5,052,698** | **1,601,244** | **3,957,446** |

### (a) Performance obligations and revenue recognition policies

Fee and commission income from the contracts with customers is measured based on the consideration specified in the contract with the customer. The Bank recognises revenue when it transfers control over a service to a customer. Due to nature of the services provided there are no significant contract assets and liabilities as at 30 September 2026 and 31 December 2025.

| Type of product/service | Nature and timing of satisfaction of performance obligations, including significant payment terms | Revenue recognition under IFRS 15 |
|---|---|---|
| **Retail and corporate banking service** | The Bank provides banking services to retail and corporate customers, including account management, credit card and servicing fees, fees from transfers. | Revenue from account service and servicing fees is recognised over time as the service are provided. |
| | Fees for ongoing account management are charged to the customer's account on monthly basis. The Bank sets the rates separately for retail and corporate banking customers on a regular basis. | Revenue related to transactions is recognised at the point in time when the transaction takes place. |
| | Servicing fees are charged on a monthly basis and are based on fixed rates reviewed on a regular basis. | |
| | Transaction-based fees for money transfers are charged to the customer's account when the transaction takes place. | |

## NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

### 7. NET FOREIGN EXCHANGE GAIN

| | 01/07/2026 - 30/09/2026 AMD'000 | 01/01/2026- 30/09/2026 AMD'000 | 01/07/2025- 30/09/2025 AMD'000 | 01/01/2025- 30/09/2025 AMD'000 |
|---|---|---|---|---|
| Gain on spot transactions | 4,056,958 | 9,421,258 | 2,246,057 | 7,779,893 |
| Gain/(loss) from revaluation of financial assets and liabilities | (38,295) | 228,112 | 151,259 | 245,059 |
| | **4,018,663** | **9,649,370** | **2,397,316** | **8,024,952** |

### 8. NET (LOSS)/GAIN ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 01/07/2026 - 30/09/2026 AMD'000 | 01/01/2026- 30/09/2026 AMD'000 | 01/07/2025- 30/09/2025 AMD'000 | 01/01/2025- 30/09/2025 AMD'000 |
|---|---|---|---|---|
| Net loss from revaluation of financial instruments at fair value through profit or loss | (25,190) | (259,615) | (112,963) | (252,549) |
| Net proceeds from sale of financial instruments at fair value through profit or loss | 1,939 | 244,839 | 3,117 | 614,426 |
| | **(23,251)** | **(14,776)** | **(109,846)** | **361,877** |

### 9. NET OTHER OPERATING INCOME

| **Other operating income** | 01/07/2026 - 30/09/2026 AMD'000 | 01/01/2026- 30/09/2026 AMD'000 | 01/07/2025- 30/09/2025 AMD'000 | 01/01/2025- 30/09/2025 AMD'000 |
|---|---|---|---|---|
| Fines and penalties received | 147,914 | 368,324 | 96,290 | 285,140 |
| Gain from sale of repossessed assets | 20,453 | 55,214 | 776 | 49,527 |
| Other | 257,010 | 788,760 | 142,389 | 821,553 |
| | **425,377** | **1,212,298** | **239,455** | **1,156,220** |

| **Other operating expense** | 01/07/2026 - 30/09/2026 AMD'000 | 01/01/2026- 30/09/2026 AMD'000 | 01/07/2025- 30/09/2025 AMD'000 | 01/01/2025- 30/09/2025 AMD'000 |
|---|---|---|---|---|
| Deposit Guarantee Fund expenses | 100,346 | 279,203 | (79,080) | (225,584) |
| Other | 173,007 | 517,519 | (83,790) | (531,246) |
| | **273,353** | **796,722** | **(162,870)** | **(756,830)** |

### 10. NET IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS

The table below shows the impairment losses on financial instruments recorded in the statement of profit or loss and other comprehensive income for the period ended 30 September 2026:

| | 2026 | | | |
|---|---|---|---|---|
| *In thousands of Armenian Drams* | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Cash and cash equivalents | 2,227 | – | – | **2,227** |
| Debt investment securities at FVOCI | (12,085) | – | – | **(12,085)** |
| Debt investment securities at amortised cost | 2,302 | – | – | **2,302** |
| Loans and advances to banks and other financial institutions at amortised cost | 8,286 | – | – | **8,286** |
| Amounts receivable under reverse repurchase agreements at amortised cost | (19,154) | – | – | **(19,154)** |
| Loans and advances to customers at amortised cost – corporate customers | (92,839) | (186,341) | (52,395) | **(331,575)** |
| Loans and advances to customers at amortised cost – retail customers | 267,158 | (1,634,169) | (1,092,854) | **(2,459,865)** |
| Other financial assets at amortised cost | (114,763) | – | – | **(114,763)** |
| Financial guarantee contracts | (2,073) | – | – | **(2,073)** |
| **Total** | **39,059** | **(1,820,510)** | **(1,145,249)** | **(2,926,700)** |

### 10. NET IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS (continued)

The table below shows the impairment losses on financial instruments recorded in the statement of profit or loss and other comprehensive income for the year ended 31 December 2025:

| | 2025 | | | |
|---|---|---|---|---|
| *In thousands of Armenian Drams* | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Cash and cash equivalents | 307 | – | – | **307** |
| Debt investment securities at FVOCI | (6,117) | – | – | **(6,117)** |
| Debt investment securities at amortised cost | 97,652 | – | – | **97,652** |
| Loans and advances to banks and other financial institutions at amortised cost | 163,757 | – | – | **163,757** |
| Amounts receivable under reverse repurchase agreements at amortised cost | (591) | – | – | **(591)** |
| Loans and advances to customers at amortised cost – corporate customers | (179,759) | (62,463) | 44,030 | **(198,192)** |
| Loans and advances to customers at amortised cost – retail customers | 107,936 | (1,151,368) | (842,353) | **(1,885,785)** |
| Other financial assets at amortised cost | (162,851) | – | – | **(162,851)** |
| Financial guarantee contracts | 13,334 | – | – | **13,334** |
| **Total** | **33,668** | **(1,213,831)** | **(798,323)** | **(1,978,486)** |

The following tables show reconciliations from the opening to the closing balances of the loss allowance for Loans and advances to customers for 2026.

| | 30/09/26 | | | |
|---|---|---|---|---|
| *In thousands of Armenian Drams* | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **Loans and advances to customers at amortised cost – corporate customers** | | | | |
| Balance at 1 January | (1,590,873) | (30,084) | (531,159) | **(2,152,116)** |
| Transfer to Stage 1 | (1,266) | 1,266 | - | **-** |
| Transfer to Stage 2 | 1,684 | (2,338) | 653 | **-** |
| Transfer to Stage 3 | - | 23,382 | (23,382) | **-** |
| Net remeasurement of loss allowance including assets repaid | 902,568 | (1,634,169) | (1,092,854) | **(1,824,455)** |
| New financial assets originated or purchased | (635,410) | - | - | **(635,410)** |
| Foreign exchange and other movements | (437,519) | 1,613,808 | 958,769 | **2,135,059** |
| Write-offs/ Recoveries | - | - | 100,465 | **100,465** |
| **Balance at 30 September** | **(1,760,815)** | **(28,135)** | **(587,507)** | **(2,376,457)** |

* *The loss allowance in these tables includes ECL on loan commitments for certain corporate products such as credit cards and overdrafts.*

### 10. NET IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS (continued)

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 are presented in *Note 19(a).*

The following tables show reconciliations from the opening to the closing balances of the loss allowance for Loans and advances to customers for 2025.

| | 31/12/25* | | | |
|---|---|---|---|---|
| *In thousands of Armenian Drams* | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **Loans and advances to customers at amortised cost – corporate customers** | | | | |
| Balance at 1 January | **(1,144,373)** | **(360)** | **(453,425)** | **(1,598,158)** |
| Transfer to Stage 1 | (236) | 236 | – | **–** |
| Transfer to Stage 2 | 623 | (623) | – | **–** |
| Transfer to Stage 3 | 477 | – | (477) | **–** |
| Net remeasurement of loss allowance including assets repaid | 672,704 | (73,347) | (4,293) | **595,064** |
| New financial assets originated or purchased | (953,965) | – | – | **(953,965)** |
| Foreign exchange and other movements | (84,040) | 44,010 | (203,709) | **(243,739)** |
| Write-offs/recoveries | – | – | 152,415 | **152,415** |
| | – | – | (21,670) | **(21,670)** |
| **Balance at 31 December** | **(1,508,810)** | **(30,084)** | **(531,159)** | **(2,070,053)** |

* *The loss allowance in these tables includes ECL on loan commitments for certain corporate products such as credit cards and overdrafts.*

| | 31/12/25* | | | |
|---|---|---|---|---|
| *In thousands of Armenian Drams* | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **Loans and advances to customers at amortised cost – retail customers** | | | | |
| Balance at 1 January | **(970,285)** | **(89,890)** | **(1,622,689)** | **(2,682,864)** |
| Transfer to Stage 1 | 41,429 | 11,666 | (53,095) | – |
| Transfer to Stage 2 | 265,449 | (237,198) | (28,251) | – |
| Transfer to Stage 3 | 1,184,054 | 36,735 | (1,220,789) | – |
| Net remeasurement of loss allowance including assets repaid | 3,063,787 | (1,565,130) | (1,328,961) | 169,696 |
| New financial assets originated or purchased | (2,578,227) | – | – | (2,578,227) |
| Foreign exchange and other movements | (1,979,550) | 1,497,507 | (172,224) | (654,267) |
| Write-offs/recoveries | – | – | 2,150,572 | 2,150,572 |
| **Balance at 31 December** | **(973,343)** | **(346,310)** | **(2,275,437)** | **(3,595,090)** |

* *The loss allowance in these tables includes ECL on loan commitments for certain retail products such as credit cards and overdrafts.*

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 are presented in *Note 19(a).*

### 11. OTHER GENERAL ADMINISTRATIVE EXPENSES

| | **01/07/2026 - 30/09/2026** | **01/01/2026- 30/09/2026** | **01/07/2025- 30/09/2025** | **01/01/2025- 30/09/2025** |
|---|---|---|---|---|
| | **AMD'000** | **AMD'000** | **AMD'000** | **AMD'000** |
| Depreciation and amortization* | 799,512 | 2,284,260 | 786,545 | 2,233,198 |
| Software and equipment maintenance expenses | 381,958 | 1,098,297 | 147,556 | 409,860 |
| Communications and information services | 472,828 | 1,031,597 | 351,583 | 478,683 |
| Advertising and marketing | 373,691 | 875,861 | 295,234 | 695,441 |
| Non-refundable taxes and duties | 354,564 | 851,977 | 256,465 | 809,687 |
| Professional services | 103,176 | 426,768 | 118,171 | 357,815 |
| Office and utility expenses | 94,010 | 280,719 | 94,020 | 281,737 |
| Representation and organizational expenses | 82,659 | 244,571 | 90,364 | 228,320 |
| Insurance | 60,161 | 178,748 | 55,670 | 169,131 |
| Security | 49,040 | 146,511 | 51,775 | 150,743 |
| Rent expenses | 24,867 | 73,951 | 25,228 | 59,373 |
| Other | 46,375 | 138,188 | 103,148 | 254,408 |
| | **2,842,841** | **7,631,448** | **2,375,759** | **6,128,396** |

* *Included in depreciation and amortization for the year ended 30 September 2026 is AMD 491,509 thousand (2025: AMD 469,431 thousand) related to amortisation of right-of-use asset under IFRS 16 Leases requirements, see Note 21.*

### 12. INCOME TAX EXPENSE

| | **01/07/2026 - 30/09/2026 AMD'000** | **01/01/2026- 30/09/2026 AMD'000** | **01/07/2025- 30/09/2025 AMD'000** | **01/01/2025- 30/09/2025 AMD'000** |
|---|---|---|---|---|
| Current tax expense | 1,014,304 | 2,881,832 | 1,016,241 | 2,533,888 |
| Movement in deferred tax assets and liabilities due to origination and reversal of temporary differences | 218,604 | 489,298 | (132,224) | 416,525 |
| **Total income tax expense** | **1,232,908** | **3,371,130** | **884,017** | **2,950,413** |

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

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

| *In thousands of Armenian Drams* | **01/01/2026 – 30/09/2026** | **%** | **01/01/2025 – 30/09/2025** | % |
|---|---|---|---|---|
| Profit before income tax | 19,108,272 | | 16,760,622 | |
| Income tax at the applicable tax rate | (3,439,489) | **(18)** | (3,016,912) | (18) |
| Non-taxable income/(non-deductible expenses) | 68,359 | **–** | 66,499 | – |
| | **(3,371,130)** | **(18)** | **(2,950,413)** | (18) |

### (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 September 2026 and 31 December 2025. Movements in temporary differences during the years ended 30 September 2026 and 31 December 2025 are presented as follows:

| *In thousands of Armenian Drams* | **Balance 1 January 2026** | **Recognised in profit or loss** | **Recognised in other comprehensive income** | **Balance 30 September 2026** |
|---|---|---|---|---|
| Cash and cash equivalents | (75,111) | 36,615 | – | (38,496) |
| Investment securities | (111,083) | 133,285 | (13,821) | 8,381 |
| Loans and advances to banks and other financial institutions | (213,082) | (71,604) | – | (284,686) |
| Loans and advances to customers | (1,050,981) | 89,468 | – | (961,513) |
| Property, equipment and intangible assets | 87,744 | 401 | – | 88,145 |
| Repossessed assets | 76,742 | (12,073) | – | 64,669 |
| Right-of-use asset | (565,685) | 12,887 | – | (552,798) |
| Other assets | (76,507) | 47,078 | – | (29,429) |
| Lease liability | 644,082 | (44,840) | – | 599,242 |
| Other liabilities | 578,484 | (680,515) | – | (102,031) |
| | **(705,397)** | **(489,298)** | **(13,821)** | **(1,208,516)** |

| *In thousands of Armenian Drams* | **Balance 1 January 2025** | **Recognised in profit or loss** | **Recognised in other comprehensive income** | **Balance 31 December 2025** |
|---|---|---|---|---|
| Cash and cash equivalents | (42,381) | (32,730) | – | **(75,111)** |
| Investment securities | (38,594) | (21,354) | (51,135) | **(111,083)** |
| Loans and advances to banks and other financial institutions | (27,309) | (185,773) | – | **(213,082)** |
| Loans and advances to customers | (736,785) | (314,196) | – | **(1,050,981)** |
| Property, equipment and intangible assets | 4,475 | 83,269 | – | **87,744** |
| Repossessed assets | 35,560 | 41,182 | – | **76,742** |
| Right of use asset | (622,197) | 56,512 | – | **(565,685)** |
| Other assets | (94,878) | 18,371 | – | **(76,507)** |
| Lease liability | 683,893 | (39,811) | – | **644,082** |
| Other liabilities | 501,146 | 77,338 | – | **578,484** |
| | **(337,070)** | **(317,192)** | **(51,135)** | **(705,397)** |

### 12. INCOME TAX EXPENSE (continued)

#### (b) Income tax recognised in other comprehensive income

The tax effects related to components of other comprehensive income for the years ended 30 September 2026 and 2025 comprise the following:

| | 30/09/26 | | | 30/09/25 | | |
|---|---|---|---|---|---|---|
| *In thousands of Armenian Drams* | **Amount before tax** | **Tax expense** | **Amount net-of-tax** | **Amount before tax** | **Tax expense** | **Amount net-of-tax** |
| Net change in fair value of investment securities at FVOCI | 143,441 | (25,819) | 117,621 | 40,970 | (7,375) | 33,595 |
| Net change in fair value of investment securities at FVOCI transferred to profit or loss | (66,653) | 11,998 | (54,655) | 69,057 | (12,411) | 56,646 |
| **Other comprehensive income** | **76,788** | **(13,821)** | **62,966** | **110,027** | **(19,786)** | **90,241** |

### 13. CASH AND CASH EQUIVALENTS

| *In thousands of Armenian Drams* | ***30/09/2026*** | ***31/12/2025*** |
|---|---|---|
| **Cash on hand** | 12,942,795 | 14,263,737 |
| **Nostro accounts with the CBA** | 23,472,188 | 17,720,489 |
| **Nostro accounts with other banks** | | |
| rated from A- to A+ | 3,350,893 | 7,567,950 |
| rated from BBB- to BBB+ | 129,429 | 1,273,049 |
| rated from BB- to BB+ | 3,722,225 | 7,543,411 |
| rated from B- to B+ | - | 784 |
| not rated | 3,528,771 | 4,628,424 |
| **Total nostro accounts with other banks** | **10,731,318** | **21,013,618** |
| **Total gross cash and cash equivalents** | **47,146,301** | **52,997,844** |
| Credit loss allowance | (760) | (2,987) |
| **Total net cash and cash equivalents** | **47,145,541** | **52,994,857** |

Ratings are based on Standard & Poor's (S&P) rating system, and if the counterparty bank does not have rating in S&P, but rather in Moody's and Fitch, those ratings are converted to S&P based on conversion tables.

For not rated instruments according to the Bank's assessment, there are no restrictions on the ability to withdraw funds from this balance.

As at 30 September 2026 the Bank has no bank except for CBA (2025: no bank except for the CBA) whose balances exceeded 10% of the equity.

Cash and cash equivalents are fully in Stage 1 and measured at amortised cost as at 30 September 2026 and 31 December 2025.

### 14. INVESTMENT SECURITIES

#### (a) Investment securities measured at fair value through other comprehensive income

| *In thousands of Armenian Drams* | ***30/09/2026*** | ***31/12/2025*** |
|---|---|---|
| **Held by the Bank** | | |
| **Debt and other fixed-income instruments** | | |
| Government securities of the Republic of Armenia | 2,028,141 | 2,466,643 |
| **Total government bonds** | **2,028,141** | **2,466,643** |
| **Corporate bonds** | | |
| rated from BB- to BB+ | 7,106,546 | 6,354,205 |
| rated from B- to B+ | 680,488 | 395,810 |
| not rated | 5,242,867 | 5,218,174 |
| **Total corporate bonds** | **13,029,901** | **11,968,189** |
| **Equity instruments** | | |
| Corporate shares | 4,070,296 | 806,147 |
| **Total equity instruments** | **4,070,296** | **806,147** |
| **Total securities held by the Bank** | **4,070,296** | **15,240,979** |
| **Pledged under sale and repurchase agreements** | | |
| **Debt and other fixed-income instruments** | | |
| Government securities of the Republic of Armenia | **-** | – |
| **Total government bonds** | **-** | – |
| **Total securities pledged under sale and repurchase agreements** | **-** | – |
| **Total investment securities measured at FVOCI** | **19,128,338** | **15,240,979** |

#### (b) Investment securities measured at amortised cost

| *In thousands of Armenian Drams* | ***30/09/2026*** | ***31/12/2025*** |
|---|---|---|
| **Held by the Bank** | | |
| **Debt and other fixed-income instruments** | | |
| Government securities of the Republic of Armenia | 29,914,436 | 17,411,024 |
| Eurobonds of the Republic of Armenia | 3,535,308 | 3,773,168 |
| Government securities of other countries | 14,449,595 | 7,607,577 |
| **Total government bonds** | **47,899,339** | **28,791,769** |
| **Corporate bonds** | | |
| rated AA- to AA+ | - | 1,919,513 |
| rated BB- to BB+ | 346,075 | 1,131,151 |
| rated from B- to B+ | 51,333 | - |
| not rated | 3,128,602 | 2,757,713 |
| **Total corporate bonds** | **3,526,010** | **5,808,377** |
| **Total securities held by the Bank** | **51,425,349** | **34,600,146** |
| **Pledged under sale and repurchase agreements** | | |
| **Debt and other fixed-income instruments** | | |
| Government securities of the Republic of Armenia | - | 15,427,381 |
| **Total government bonds** | **-** | **15,427,381** |
| **Total securities pledged under sale and repurchase agreements** | **-** | **15,427,381** |
| **Total gross investment securities measured at amortised cost** | **51,425,349** | **50,027,527** |
| Credit loss allowance | (111,480) | (113,782) |
| **Total net investment securities measured at amortised cost** | **51,313,869** | **49,913,745** |

### 14. INVESTMENT SECURITIES (continued)

**(c) Credit quality of investment securities**

The credit loss allowance includes ECL on investment securities measured at amortised cost which are fully in stage 1.

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

The Bank has transactions to sell securities under agreements to repurchase and to purchase securities under agreements to resell.

The securities sold under agreements to repurchase are transferred to a third party and the Bank receives cash in exchange. These financial assets may be repledged or resold by counterparties in the absence of default by the Bank, but the counterparty has an obligation to return the securities at the maturity of the contract. The Bank has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. The cash received is recognised as a financial asset and a financial liability is recognised for the obligation to repay the purchase price for this collateral and is included in amounts payable under repurchase agreements (*Note 24).* These transactions are conducted under terms that are usual and customary to standard lending, and securities borrowing and lending activities.

### 15. INVESTMENTS IN ASSOCIATES

Investments in associates represent 24% share in share capital of Idram LLC, which was acquired during 2023 for a consideration of AMD 7,000,000 thousand. The associate of the Bank is the operator of Idram payment system. The country of incorporation and principal place of business of Idram LLC is Armenia.

Investments in associates are accounted for under the equity method and are initially recognised at cost, including goodwill.

### 16. LOANS AND ADVANCES TO BANKS AND OTHER FINANCIAL INSTITUTIONS

| *In thousands of Armenian Drams* | ***30/09/2026*** | ***31/12/2025*** |
|---|---|---|
| **Due from the CBA** | | |
| Credit card settlement deposit with the CBA | 1,765,000 | 7,142,500 |
| Deposit with the Central Bank of Armenia, obligatory reserves | 28,956,563 | 27,786,604 |
| **Total due from the CBA** | **30,721,563** | **34,929,104** |
| **Loans** | | |
| rated from A- to A+ | 38,823,550 | – |
| rated from BB- to BB+ | 2,942,840 | – |
| rated from B- to B+ | - | 3,818,078 |
| Not rated | 650,755 | 5,216,761 |
| **Total loans** | **42,417,145** | **8,988,922** |
| **Deposits** | | |
| Non-resident banks | | |
| rated A- to A+ | – | 8,532,043 |
| rated BBB- to BBB+ | – | 8,772,985 |
| rated BB- to BB+ | 4,771,840 | – |
| **Total deposits** | **4,771,840** | **17,305,028** |
| **Other advances** | | |
| Armenian banks | | |
| not rated | 1,050 | 245,327 |
| Non-resident banks | | |
| rated A- to A+ | 184,087 | 550,914 |
| rated from BBB- to BBB+ | 2,176,980 | 2,288,160 |
| rated from BB- to BB+ | - | 4,260,420 |
| not rated | 8,681,094 | - |
| Payment systems | | |
| rated A- to A+ | 133,159 | 139,959 |
| not rated | 88,140 | 80,408 |
| Other financial institutions – funds in stock exchanges | | |

| | | |
|---|---|---|
| not rated | 2,025,512 | 4,006,033 |
| **Total gross loans and advances to banks and other financial institutions** | **91,200,570** | **72,794,275** |
| Credit loss allowance | (16,178) | (24,464) |
| **Total net loans and advances to banks and other financial institutions** | **91,184,392** | **72,769,811** |

**(a) Balances with the CBA**

The credit card settlement deposit with the CBA is a non-interest-bearing deposit calculated in accordance with regulations issued by the CBA and whose withdraw ability 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% (2025: 4%) and is maintained fully in AMD. For funds attracted in foreign currencies, the reserve is 15% of the attracted funds (2025: 15% in the respective currency of attracted funds). 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 monthly amount of reserve sanctions may be applied. Obligatory reserves maintained in AMD are classified as cash and cash equivalents (see *Note 14*) 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 the end of each day. These reserves are not considered cash and cash equivalents and are included in loans and advances to banks and financial institutions.

**(b) Concentration of loans and advances to banks and other financial institutions**

As at 30 September 2026 the Bank has three counterparties except for CBA (2025: two counterparties except for CBA), whose balance exceeded 10% of equity. The gross value of the balance as at 30 September 2026 is AMD 38,823,550 thousand (31 December 2025 is AMD 17,305,028 thousand).

No loans and advances to banks and other financial institutions are credit impaired or past due.

The Bank uses credit ratings per Standard & Poor's in disclosing credit quality, and if the counterparty bank does not have rating in S&P, but rather in Moody's and Fitch, those ratings are converted to S&P based on conversion tables.

## 17. AMOUNTS RECEIVABLE UNDER REVERSE REPURCHASE AGREEMENTS

| | *30/09/2026* **AMD'000** | *31/12/2025* **AMD'000** |
|---|---|---|
| **Amounts receivable under reverse repurchase agreements** | | |
| not rated | 33,109,757 | 13,162,140 |
| **Total gross amounts receivable under reverse repurchase agreements** | **33,109,757** | **13,162,140** |
| Credit loss allowance | (31,791) | (12,637) |
| **Total net amounts receivable under reverse repurchase agreements** | **33,077,966** | **13,149,503** |

As at 30 September 2026 the Bank has no counterparty (2025: no counterparty), whose balances exceed 10% of equity.

Amounts receivable under reverse repurchase agreements are from nonrated reputable local financial institutions. All of them are categorized under Stage 1 and are measured at amortised cost as at 30 September 2026 and 31 December 2025. No amounts receivable under reverse repurchase agreements are credit impaired or past due.

# NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

## 18. LOANS AND ADVANCES TO CUSTOMERS

| *In thousands of Armenian Drams* | **30/09/26** | **31/12/25*** |
|---|---|---|
| **Loans and advances to corporate customers** | | |
| Loans to large corporate customers | 97,015,596 | 82,523,697 |
| Loans to small and medium size companies | 43,167,858 | 34,735,461 |
| Factoring | 61,790 | 2,542,446 |
| **Total loans and advances to corporate customers** | **140,245,244** | **119,801,604** |
| | | |
| **Loans to retail customers** | | |
| Consumer loans | 107,558,831 | 96,935,032 |
| Mortgage loans | 61,065,598 | 52,998,981 |
| Gold secured loans | 16,700,331 | 13,250,232 |
| **Total loans to retail customers** | **185,324,760** | **163,184,245** |
| | | |
| **Gross loans and advances to customers at amortised cost** | **325,570,004** | **282,985,849** |
| Credit loss allowance | (6,453,645) | (5,747,205) |
| **Net loans and advances to customers at amortised cost** | **319,116,359** | **277,238,644** |

* *Certain reclassifications were made in the financial statements for the third quarter of the prior year to conform to the presentation adopted in the current year. These reclassifications had no impact on net profit or equity as previously reported. Specifically, certain loan balances were reclassified from "Loans and advances to banks and other financial institutions" to "Loans to customers.".*

### (a) Credit quality of loans and advances to customers

The following table provides information on the credit quality of Loans and advances to customers as at 30 September 2026:

| | **31 September 2026*** | | | |
|---|---|---|---|---|
| *In thousands of Armenian Drams* | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **Loans and advances to corporate customers** | | | | |
| **Loans to large corporate customers** | | | | |
| − not overdue | 97,015,596 | - | - | 97,015,596 |
| **Total gross loans to large corporate customers** | **97,015,596** | **-** | **-** | **97,015,596** |
| **Credit loss allowance** | **(1,299,369)** | **-** | **-** | **(1,299,369)** |
| **Total net loans to large corporate customers** | **95,716,227** | **-** | **-** | **95,716,227** |
| | | | | |
| **Loans to small and medium size companies** | | | | |
| −not overdue | 42,172,658 | 7,298 | 490,875 | 42,670,831 |
| −overdue of less than 30 days | 899 | 103,520 | 5,752 | 110,171 |
| −overdue of 31-90 days | - | 42,123 | 39,829 | 81,952 |
| −overdue of 91-180 days | - | - | 177,017 | 177,017 |
| −overdue of 181-360 days | - | - | 127,887 | 127,887 |
| −overdue more than 1 year | - | - | - | - |
| **Total gross loans to small and medium size companies** | **42,173,557** | **152,941** | **841,360** | **43,167,858** |
| **Credit loss allowance** | **(461,291)** | **(28,135)** | **(587,507)** | **(1,076,933)** |
| **Total net loans to small and medium size companies** | **41,712,266** | **124,806** | **253,853** | **42,090,925** |

# NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

## 18. LOANS AND ADVANCES TO CUSTOMERS (continued)

### (a) Credit quality of loans and advances to customers (continued)

| | 30 September 2026* | | | |
|---|---|---|---|---|
| *In thousands of Armenian Drams* | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **Factoring** | | | | |
| not overdue | 61,790 | - | - | **61,790** |
| **Total gross factoring** | 61,790 | - | - | **61,790** |
| **Credit loss allowance** | (155) | - | - | **(155)** |
| **Total net factoring** | 61.635 | - | - | **61.635** |
| **Gross loans and advances to corporate customers** | **139,250,943** | **152,941** | **841,360** | **140,245,244** |
| **Total expected credit loss on corporate customers** | **(1,760,815)** | **(28,135)** | **(587,507)** | **(2,376,457)** |
| **Total net loans and advances to corporate customers** | **137,490,128** | **124,806** | **253,853** | **137,868,787** |
| **Loans to retail customers** | | | | |
| **Consumer loans** | | | | |
| −not overdue | 100,485,072 | 1,372,253 | 287,383 | 102,144,708 |
| −overdue of less than 30 days | 15,566 | 1,521,058 | 229,390 | 1,766,014 |
| −overdue of 31-90 days | - | 733,849 | 555,713 | 1,289,562 |
| −overdue of 91-180 days | - | - | 1,245,978 | 1,245,978 |
| −overdue of 181-360 days | - | - | 1,007,956 | 1,007,956 |
| −overdue more than 1 year | - | - | 104,613 | 104,613 |
| **Total gross consumer loans** | **100,500,638** | **3,627,160** | **3,431,033** | **107,558,831** |
| **Credit loss allowance** | **(1,079,690)** | **(525,864)** | **(2,181,351)** | **(3,786,905)** |
| **Total net consumer loans** | **99,420,948** | **3,101,296** | **1,249,682** | **103,771,926** |
| **Mortgage loans** | | | | |
| −not overdue | 60,004,139 | 484,842 | 233,725 | 60,722,706 |
| −overdue of less than 30 days | - | 225,124 | 50,870 | 275,994 |
| −overdue of 31-90 days | - | 30,343 | 2,907 | 33,250 |
| −overdue of 91-180 days | - | - | 30,983 | 30,983 |
| −overdue of 181-360 days | - | - | 2,665 | 2,665 |
| **Total gross mortgage loans** | **60,004,139** | **740,309** | **321,150** | **61,065,598** |
| **Credit loss allowance** | **(22,659)** | **(13,443)** | **(95,716)** | **(131,818)** |
| **Total net mortgage loans** | **59,981,480** | **726,866** | **225,434** | **60,933,780** |
| **Gold secured loans** | | | | |
| −not overdue | 15,594,966 | 241,732 | 34,073 | 15,870,771 |
| −overdue of less than 30 days | 20,385 | 481,574 | 36,375 | 538,334 |
| −overdue of 31-90 days | - | 195,020 | 91,208 | 286,228 |
| −overdue of 91-180 days | - | - | 1,985 | 1,985 |
| −overdue of 181-360 days | - | - | 3,013 | 3,013 |
| −overdue more than 1 year | - | - | - | - |
| **Total gross gold secured loans** | **15,615,351** | **918,326** | **166,654** | **16,700,331** |
| **Credit loss allowance** | **(24,894)** | **(29,521)** | **(104,050)** | **(158,465)** |
| **Total net gold secured loans** | **15,590,457** | **888,805** | **62,604** | **16,541,866** |
| **Total gross loans to retail customers** | **176,120,128** | **5,285,795** | **3,918,837** | **185,324,760** |
| **Total expected credit loss on retail customers** | **(1,127,243)** | **(568,828)** | **(2,381,117)** | **(4,077,188)** |
| **Total net loans and advance to retail customers** | **174,992,885** | **4,716,967** | **1,537,720** | **181,247,572** |

* *The loss allowance in this table includes ECL on loan commitments for certain corporate products, retail products such as credit cards and overdrafts.*

### 18. LOANS AND ADVANCES TO CUSTOMERS (continued)

#### (a) Credit quality of Loans and advances to customers (continued)

Significant changes in the gross carrying amount of retail and corporate portfolios during the year ended 30 September 2026 that contributed to changes in loss allowance were as follows:

| | 2026* | | | |
|---|---|---|---|---|
| *In thousands of Armenian Drams* | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **Loans and advances to customers at amortised cost – corporate customers** | | | | |
| Balance at 1 January | **118,967,674** | **126,909** | **707,021** | **119,801,604** |
| Transfer to Stage 1 | 5,244 | (5,244) | - | **-** |
| Transfer to Stage 2 | (310,614) | 311,546 | (932) | **-** |
| Transfer to Stage 3 | - | (97,583) | 97,583 | **-** |
| New financial assets originated or purchased | 97,834,853 | - | - | **97,834,853** |
| Financial assets that have been fully or partially repaid | (25,422,720) | (40,078) | (33,599) | **(25,496,398)** |
| Net change in asset from interest and foreign exchange revaluation | (51,823,494) | (142,609) | 9,554,123 | **(42,411,979)** |
| Write-offs/ Recoveries | - | - | (9,482,836) | **(9,482,836)** |
| **Balance at 31 September** | **139,250,943** | **152,941** | **841,360** | **140,245,244** |

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

| | 31 December 2025* | | | |
|---|---|---|---|---|
| *In thousands of Armenian Drams* | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **Loans to corporate customers** | | | | |
| **Loans to large corporate customers** | | | | |
| −not overdue | 82,009,802 | – | 513,895 | **82,523,697** |
| **Total gross loans to large corporate customers** | **82,009,802** | **–** | **513,895** | **82,523,697** |
| **Credit loss allowance** | **(1,290,336)** | **–** | **(404,231)** | **(1,694,567)** |
| **Total net loans to large corporate customers** | **80,719,466** | **–** | **111,045** | **80,829,130** |
| **Loans to small and medium size companies** | | | | |
| −not overdue | 34,415,378 | 46,876 | 63,847 | 34,526,100 |
| −overdue of less than 30 days | 49 | 30,554 | – | 30,603 |
| −overdue of 31-90 days | – | 49,479 | 13,918 | 63,397 |
| −overdue of 91-180 days | – | – | 3,235 | 3,235 |
| −overdue of 181-360 days | – | – | 24,535 | 24,535 |
| −overdue more than 1 year | – | – | 87,591 | 87,591 |
| **Total gross loans small and medium size companies** | **34,415,427** | **126,909** | **193,125** | **34,735,461** |
| **Credit loss allowance** | **(294,181)** | **(30,084)** | **(126,928)** | **(451,193)** |
| **Total net loans to small and medium size companies** | **34,121,246** | **96,825** | **66,197** | **34,284,268** |
| **Factoring** | | | | |
| not overdue | 2,542,446 | – | – | **2,542,446** |
| **Total gross factoring** | **2,542,446** | **–** | **–** | **2,542,446** |
| **Credit loss allowance** | **(6,356)** | **–** | **–** | **(6,356)** |
| **Total net factoring** | **2,536,090** | **–** | **–** | **2,536,090** |
| **Gross loans to corporate customers** | **118,967,675** | **126,909** | **707,020** | **119,801,604** |
| **Total expected credit loss on corporate customers** | **(1,590,873)** | **(30,084)** | **(531,159)** | **(2,152,116)** |
| **Total net loans to corporate customers** | **117,376,802** | **96,825** | **175,861** | **117,649,488** |

| | | | | |
|---|---|---|---|---|
| **Loans to retail customers** | | | | |
| **Consumer loans** | | | | |
| −not overdue | 91,497,889 | 774,911 | 422,716 | **92,695,516** |
| −overdue of less than 30 days | 4,939 | 676,715 | 154,201 | **835,855** |
| −overdue of 31-90 days | − | 673,464 | 392,888 | **1,066,352** |
| −overdue of 91-180 days | − | − | 1,303,641 | **1,303,641** |
| −overdue of 181-360 days | − | − | 890,550 | **890,550** |
| −overdue more than 1 year | − | − | 143,118 | **143,118** |
| **Total gross consumer loans** | **91,502,828** | **2,125,090** | **3,307,114** | **96,935,032** |
| **Credit loss allowance** | **(924,924)** | **(320,438)** | **(2,155,156)** | **(3,400,518)** |
| **Total net consumer loans** | **90,577,904** | **1,804,652** | **1,151,958** | **93,534,514** |
| | | | | |
| **Mortgage loans** | | | | |
| −not overdue | 52,344,373 | 191,275 | 252,492 | **52,788,140** |
| −overdue of less than 30 days | − | 94,732 | 6,254 | **100,986** |
| −overdue of 31-90 days | − | 74,830 | 35,025 | **109,855** |
| **Total gross cash covered loans** | **52,344,373** | **360,837** | **293,771** | **52,998,981** |
| **Credit loss allowance** | **(21,493)** | **(15,976)** | **(95,064)** | **(132,533)** |
| **Total net cash covered loans** | **52,322,880** | **344,861** | **198,707** | **52,866,448** |
| | | | | |
| **Gold secured loans** | | | | |
| −not overdue | 12,866,354 | 77,987 | 20,204 | **12,964,545** |
| −overdue of less than 30 days | 7,910 | 222,763 | 12,142 | **242,815** |
| −overdue of 31-90 days | − | 35,667 | 1,062 | **36,729** |
| −overdue of 91-180 days | − | − | 3,346 | **3,346** |
| −overdue of 181-360 days | − | − | 148 | **148** |
| −overdue more than 1 year | − | − | 2,649 | **2,649** |
| **Total gross gold secured loans** | **12,874,264** | **336,417** | **39,551** | **13,250,232** |
| **Credit loss allowance** | **(26,926)** | **(9,896)** | **(25,217)** | **(62,039)** |
| **Total net gold secured loans** | **12,847,338** | **326,521** | **14,334** | **13,188,193** |
| **Total gross loans to retail customers** | **156,721,465** | **2,822,344** | **3,640,436** | **163,184,245** |
| **Total expected credit loss on retail customers** | **(973,343)** | **(346,310)** | **(2,275,437)** | **(3,595,090)** |
| **Total net loans and advance to retail customers** | **155,748,122** | **2,476,034** | **1,364,999** | **159,589,155** |

* *The loss allowance in this table includes ECL on loan commitments for certain corporate products, retail products such as credit cards and overdrafts.*

### 18. LOANS AND ADVANCES TO CUSTOMERS (continued)

### (a) Credit quality of Loans and advances to customers (continued)

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:

| | **2025*** | | | |
|---|---|---|---|---|
| *In thousands of Armenian Drams* | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **Loans and advances to customers at amortised cost – corporate customers** | | | | |
| Balance at 1 January | **77,493,827** | **14,733** | **619,749** | **78,128,309** |
| Transfer to Stage 1 | **11,361** | **(11,361)** | **−** | **−** |
| Transfer to Stage 2 | **(130,137)** | **130,137** | **−** | **−** |
| Transfer to Stage 3 | **(97,495)** | **−** | **97,495** | **−** |
| New financial assets originated or purchased | **66,362,113** | **−** | **−** | **66,362,113** |
| Financial assets that have been fully or partially repaid | **(36,237,107)** | **(5,847)** | **(16,040)** | **(36,258,994)** |

## NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

| | 2025* | | | |
|---|---|---|---|---|
| *In thousands of Armenian Drams* | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| Net change in asset from interest and foreign exchange revaluation | **3,508,177** | **(753)** | **114,746** | **3,622,170** |
| Write-offs | **–** | **–** | **(215,455)** | **(215,455)** |
| Recoveries | **–** | **–** | **106,526** | **106,526** |
| **Balance at 31 December** | **110,910,739** | **126,909** | **707,021** | **111,744,669** |

| | 2025* | | | |
|---|---|---|---|---|
| *In thousands of Armenian Drams* | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
| **Loans and advances to customers at amortised cost – retail customers** | | | | |
| Balance at 1 January | 122,596,979 | 1,480,567 | 2,934,168 | **127,011,714** |
| Transfer to Stage 1 | 327,853 | (209,027) | (118,826) | **–** |
| Transfer to Stage 2 | (2,844,393) | 2,910,030 | (65,637) | **–** |
| Transfer to Stage 3 | (2,960,337) | (131,781) | 3,092,118 | **–** |
| New financial assets originated or purchased | 92,377,812 | – | – | **92,377,812** |
| Financial assets that have been fully or partially repaid | (52,588,990) | (687,446) | (911,113) | **(54,187,549)** |
| Net change in asset from interest and foreign exchange revaluation | (187,459) | (539,999) | 860,298 | **132,840** |
| Write-offs/Recoveries | – | – | (2,150,572) | **(2,150,572)** |
| **Balance at 31 December** | **156,721,465** | **2,822,344** | **3,640,436** | **163,184,245** |

### (b) Key assumptions and judgements for estimating credit loss allowance

Key assumptions and judgements for estimating credit loss allowance are presented in *Note 28(b).*

### (c) Analysis of collateral and other credit enhancements

#### *(i) Loans to corporate customers*

Loans to corporate customers are subject to individual credit appraisal and impairment testing. The general creditworthiness of a corporate customer tends to be the most relevant indicator of credit quality of the loan extended to it. However, collateral provides additional security and the Bank generally requests corporate borrowers to provide it.

#### *(ii) Loans to retail customers*

Mortgage loans are secured by the underlying housing real estate. The Bank's policy is to issue mortgage loans with a loan-to-value ratio at the date of loan issuance of a maximum of 90%.

### 18. LOANS AND ADVANCES TO CUSTOMERS (continued)

#### (c) Analysis of collateral and other credit enhancements (continued)

***Loans to retail customers (continued)***

Consumer loans mainly include retail loans and express loans. Retail loans are mainly secured by real estate. The Bank's policy is to issue consumer loans with a loan-to-value ratio at the date of loan issuance of a maximum of 70%.

Express loans are mainly unsecured.

Gold secured loans are secured by golden jewelry. The Bank's policy is to issue gold secured loans with a loan-to-value ratio at the date of loan issuance of a maximum of 100%.

Cash covered loans and part of credit lines are secured with highly liquid assets which include deposits, purchased debt securities issued by the Bank and current accounts.

Salary project loans and part of credit lines are mainly unsecured.

***(iii) Repossessed collateral***

As at 30 September 2026 and 31 December 2025, the repossessed collateral comprises mainly real estate.

| *In thousands of Armenian Drams* | **30/09/2026 Carrying amount** | **31/12/2025 Carrying amount** |
|---|---|---|
| Balance at 1 January | 1,556,227 | 2,218,087 |
| Additions | - | 50,127 |
| Sales | (232,548) | (711,987) |
| Write-off | (41,525) | |
| Impairment | (359,273) | (426,346) |
| | **922,881** | **1,129,881** |

As at 30 September 2026 the outstanding balance of repossessed assets includes assets sold with settlement of receivables in instalments amounted AMD 580,043 thousand (31 December 2025: AMD 607,648 thousand).

On the date of foreclosure the collateral is measured at the carrying amount of the defaulted loan. Subsequent to foreclosure repossessed assets are measured at cost less impairment losses. Impairment is estimated based on the market approach.

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

#### (d) Industry and geographical analysis of the loan portfolio

Loans are issued to customers that operate in the following economic sectors:

| *In thousands of Armenian Drams* | **30/09/2026** | **31/12/2025** |
|---|---|---|
| Trade | 52,870,674 | **38,932,260** |
| Hospitality | 13,890,756 | **23,871,824** |
| Real estate | 23,839,804 | **19,051,889** |
| Construction | 13,485,312 | **6,439,497** |
| Manufacturing | 11,402,095 | **8,775,428** |
| Finance and investment | 7,770,966 | **8,537,239** |
| Service | 4,596,343 | **4,611,925** |
| Energy | 3,844,093 | **4,259,531** |
| Transportation and communication | 1,556,154 | **1,621,654** |
| Agriculture, forestry and timber | 110,879 | **80,183** |
| Other | 6,878,168 | **3,620,174** |
| Loans to retail customers | 185,324,760 | 163,184,245 |
| | **325,570,004** | **282,985,851** |
| Credit loss allowance | **(6,453,645)** | **(5,747,205)** |
| | **319,116,359** | **277,238,646** |

## NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

**(e) Assets under lien**

As at 30 September 2026, Loans and advances to customers with a gross value of AMD 18,925,181thousand (31 December 2025: AMD 21,515,243 thousand) serve as collateral for loans from credit organisations and borrowings from the Central Bank of Armenia (*Note 22*).

**(f) Significant credit exposures**

As at 30 September 2026, the Bank has no borrowers or groups of connected borrowers (2025: has no), whose loan balances exceed 10% of equity.

**(g) Loan maturities**

The maturity of the loan portfolio is presented in *Note 28(c)*, which shows the remaining period from the reporting date to the contractual maturity of the loans.

### 19. PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

| *In thousands of Armenian Drams* | Buildings | Leasehold improvements | Computers and communication equipment | Fixtures and fittings | Motor vehicles | Intangible assets | Total |
|---|---|---|---|---|---|---|---|
| ***Cost*** | | | | | | | |
| Balance as at 1 January 2026 | 3,865,824 | 3,865,824 | 5,739,957 | 2,554,965 | 156,919 | 6,200,712 | **20,321,937** |
| Additions | 12,558 | 12,558 | 234,040 | 142,202 | 25,800 | 1,890,219 | **2,321,400** |
| Disposals/write-offs | - | - | (589,709) | (6,152) | (6,900) | (224,490) | **(827,251)** |
| Reclassification | - | - | 3,096 | - | | (3,096) | - |
| **Balance at 30 September 2026** | **3,878,382** | **3,878,382** | **5,387,384** | **2,691,015** | **175,819** | **7,863,345** | **21,816,086** |
| ***Depreciation and amortisation*** | | | | | | | |
| Balance as at 1 January 2026 | 1,237,591 | 1,237,591 | 3,195,085 | 1,467,040 | 88,961 | 2,733,369 | **9,596,912** |
| Depreciation and amortisation for the year | 49,532 | 49,532 | 487,689 | 197,115 | 13,225 | 899,298 | **1,792,750** |
| Disposals/write-offs | - | - | (584,882) | (5,804) | (6,900) | (224,490) | **(822,076)** |
| Reclassification | - | - | 134 | - | | (134) | - |
| **Balance 30 September 2026** | **1,287,123** | **1,287,123** | **3,098,026** | **1,658,351** | **95,286** | **3,408,043** | **10,567,586** |
| **Carrying amount** | | | | | | | |
| **At 30 September 2026** | **2,591,259** | **2,591,259** | **2,289,358** | **1,032,664** | **80,533** | **4,455,302** | **11,248,500** |
| ***Cost*** | | | | | | | |
| Balance as at 1 January 2025 | **3,865,824** | **1,662,419** | **5,319,100** | **2,633,737** | **162,200** | **5,080,727** | **18,724,007** |
| Additions | – | **141,141** | **456,788** | **238,029** | **11,651** | **1,297,924** | **2,145,533** |
| Disposals/write-offs | – | – | **(122,506)** | **(231,126)** | **(16,932)** | **(177,039)** | **(547,603)** |
| Reclassification | – | – | **86,575** | **(85,675)** | – | **(900)** | – |
| **Balance at 31 December 2025** | **3,865,824** | **1,803,560** | **5,739,957** | **2,554,965** | **156,919** | **6,200,712** | **20,321,937** |
| ***Depreciation and amortisation*** | | | | | | | |
| Balance as at 1 January 2025 | **1,171,459** | **295,491** | **2,701,231** | **1,423,830** | **85,689** | **2,116,955** | **7,794,655** |
| Depreciation and amortisation for the year | **66,132** | **579,375** | **613,516** | **271,120** | **19,586** | **793,453** | **2,343,182** |
| Disposals/write-offs | – | – | **(121,924)** | **(225,648)** | **(16,314)** | **(177,039)** | **(540,925)** |
| Reclassification | – | – | **2,262** | **(2,262)** | – | – | – |
| **Balance at 31 December 2025** | **1,237,591** | **874,866** | **3,195,085** | **1,467,040** | **88,961** | **2,733,369** | **9,596,912** |
| **Carrying amount** | | | | | | | |
| **At 31 December 2025** | **2,628,233** | **928,694** | **2,544,872** | **1,087,925** | **67,958** | **3,467,343** | **10,725,025** |

### 20. LEASES

The Bank leases assets such as customer service centre spaces which typically run for a period of 5 to 10 years. Information about leases for which the Bank is a lessee is presented below:

#### (a) Right-of-use asset

| *In thousands of Armenian Drams* | **30/09/2026** | **31/12/2025** |
|---|---|---|
| Balance at 1 January | 3,071,303 | 3,456,651 |
| Additions/modifications to right-of-use assets | 491,305 | 245,766 |
| Depreciation charge for the period | (491,509) | (631,114) |
| | **3,071,098** | 3,071,303 |

#### (b) Lease liability

| *In thousands of Armenian Drams* | **30/09/2026** | **31/12/2025** |
|---|---|---|
| Less than one year | 923,280 | **925,600** |
| One to two years | 926,362 | **899,792** |
| Two to five years | 1,713,804 | **1,880,546** |
| More than five years | 768,280 | **957,379** |
| **Total undiscounted lease payable** | **4,331,726** | **4,663,317** |
| Unearned finance cost | (833,709) | **(1,168,869)** |
| **Lease liability** | **3,498,017** | **3,494,448** |

#### (c) Amounts recognised in profit and loss

| *In thousands of Armenian Drams* | **30/09/2026** | **31/12/2025** |
|---|---|---|
| Depreciation of right of use asset | 491,509 | 469,431 |
| Interest on lease liabilities | 268,682 | 295,162 |
| Expenses relating to short-term leases | 73,951 | 59,373 |

#### (d) Reconciliation of movements of liabilities to cash flows arising from financing activities

| *In thousands of Armenian Drams* | **30/09/2026** | **31/12/2025** |
|---|---|---|
| **Balance at 1 January** | **3,494,448** | **3,799,406** |
| **Changes from financing cash flows** | | |
| Repayments | (493,755) | (622,117) |
| **Total changes from financing cash flows** | **(493,755)** | **(622,117)** |
| **Other changes** | | |
| Additions to lease liability | 497,324 | 317,159 |
| Interest paid | (280,325) | (396,118) |
| Interest expense | 268,682 | 388,822 |
| The effect of change in foreign exchange rates | 11,643 | 7,296 |
| **Balance** | **3,498,017** | **3,494,448** |

### 21. OTHER ASSETS

| *In thousands of Armenian Drams* | **30/09/2026** | **31/12/2025** |
|---|---|---|
| Other receivables* | 1,277,447 | 1,264,287 |
| Receivables form payment systems | 3,131,533 | 5,952,754 |
| Credit loss allowance** | (7,336) | (16,414) |
| **Total net other financial assets** | **4,401,644** | **7,200,627** |
| Prepayments | 1,647,684 | 831,720 |
| Materials and supplies | 102,891 | 151,757 |
| Other | 144,066 | 217,742 |
| **Total other non-financial assets** | **1,894,641** | **1,201,219** |
| **Total other assets** | **6,296,285** | **8,401,846** |

* *AMD 352,288 thousand of Other receivables represents amounts placed in VISA system to finance Bank's customers transactions and should be received back from those who make transactions (31 December 2025: AMD 289,531thousand).*

** *The loss allowance in this table includes ECL on other receivables from individuals and legal entities which are fully in stage 1.*

### 22. DEPOSITS AND BALANCES FROM BANKS AND OTHER BORROWED FUNDS

#### (a) Deposits and balances from banks

| *In thousands of Armenian Drams* | **30/09/2026** | **31/12/2025** |
|---|---|---|
| Term deposits from banks | 560,820 | 3,266,812 |
| Vostro accounts | 7,186,016 | 6,801,095 |
| Other liability | 645,252 | 944,900 |
| **Total deposits and balances from banks** | **8,392,088** | **11,012,807** |

#### (b) Other borrowed funds

| *In thousands of Armenian Drams* | **30/09/2026** | **31/12/2025** |
|---|---|---|
| Loans with the CBA | 9,883,532 | 11,508,359 |
| Loans from other financial institutions | 9,430,467 | 10,028,963 |
| Loans from banks | 1,829,902 | - |
| Loans from international financial institutions | 1,226,882 | - |
| **Total loans** | **22,370,783** | **21,537,322** |

As at 30 September 2026 included in loans from banks and other financial institutions are loans of AMD 22,370,783 thousand (31 December 2025: AMD 21,537,322 thousand) with arrangements to sub-lend these funds to borrowers for qualifying loans. There is no other market for this type of financing, provided by local and international non-government organisations to support small and medium-size businesses in specific sectors of economy and develop the mortgage market. These loans represent a separate market segment.

#### (c) Reconciliation of movements of liabilities to cash flows arising from financing activities

| *In thousands of Armenian Drams* | **30/09/2026** | 31/12/2025 |
|---|---|---|
| **Balance at 1 January** | **21,537,322** | **24,244,041** |
| **Changes from financing cash flows** | | |
| Proceeds from borrowed funds | 13,270,857 | 2,195,611 |
| Repayment borrowed funds | (12,549,109) | (4,859,849) |
| **Total changes from financial cash flows** | **721,748** | **(2,664,238)** |
| **The effect of changes in foreign exchange rate** | (29,026) | **-** |
| **Other changes** | | |
| Interest expense | 1,108,999 | 1,675,798 |
| Interest paid (operating cash flows) | (968,260) | (1,718,279) |
| **Balance at 31 December** | **22,370,783** | **21,537,322** |

### 23. AMOUNTS PAYABLE UNDER REPURCHASE AGREEMENTS

| *In thousands of Armenian Drams* | **30/09/2026** | **31/12/2025** |
|---|---|---|
| Amounts payable under repurchase agreements with CBA | – | – |
| Amounts payable under repurchase agreements with banks | – | 16,388,262 |
| | **–** | **16,388,262** |

### 24. DEBT SECURITIES ISSUED

| *In thousands of Armenian Drams* | **30/09/2026** | **31/12/2025** |
|---|---|---|
| Debt securities issued in USD | 18,688,207 | 18,837,951 |
| Debt securities issued in AMD | 8,469,208 | 6,094,897 |
| | **27,157,415** | **24,932,848** |

#### (a) Reconciliation of movements of liabilities to cash flows arising from financing activities

| *In thousands of Armenian Drams* | **30/09/2026** | **31/12/2025** |
|---|---|---|
| **Balance at 1 January** | **24,932,848** | **17,120,222** |
| **Changes from financing cash flows** | | |

| *In thousands of Armenian Drams* | **30/09/2026** | **31/12/2025** |
|---|---|---|
| Proceeds from debt securities issued | 10,012,683 | 15,951,622 |
| Repayment of debt securities issued | (6,877,419) | (7,815,848) |
| **Total changes from financing cash flows** | **3,135,264** | **8,135,774** |
| **The effect of changes in foreign exchange rates** | **(928,610)** | **(571,887)** |
| **Other changes** | | |
| Interest expense | 1,287,066 | 1,069,405 |
| Interest paid (operating cash flows) | (1,269,153) | (820,666) |
| **Balance at 31 December** | **27,157,415** | **24,932,848** |

### 25. CURRENT ACCOUNTS AND DEPOSITS FROM CUSTOMERS

| *In thousands of Armenian Drams* | **30/09/2026** | **31/12/2025** |
|---|---|---|
| Current accounts and demand deposits | | |
| – Retail | 100,407,070 | 84,155,757 |
| – Corporate | 101,506,457 | 93,141,268 |
| Term deposits | | |
| – Retail | 113,028,557 | 59,675,345 |
| – Corporate | 106,892,274 | 100,939,625 |
| | **421,834,358** | **337,911,995** |

As at 30 September 2026, the Bank maintained customer deposit balances of AMD 18,080,392 thousand (2025: AMD 9,812,626 thousand) that serve as collateral for Loans and advances to customers and guarantees issued by the Bank.

As of 30 September 2026, the Bank has five customers whose balances exceed 10% of equity (2025: three customer) with a gross value of AMD 111,615,277 thousand (2025: AMD 42,739,174 thousand).

### 26. OTHER LIABILITIES

| *In thousands of Armenian Drams* | **30/09/2026** | **31/12/2025** |
|---|---|---|
| Payables to employees | 3,661,137 | 3,502,857 |
| Payables to payment systems | 619,112 | 864,632 |
| Non-cleared transaction | 725,631 | 745,157 |
| Other financial liabilities | 2,913,345 | 2,976,239 |
| **Total other financial liabilities** | **7,919,225** | **8,088,885** |
| Other non-financial liabilities | 1,587,986 | 1,316,171 |
| Taxes payable other than on income | 240,934 | 215,915 |
| **Total other non-financial liabilities** | **1,828,920** | **1,532,086** |
| **Total other liabilities** | **9,748,145** | **9,620,971** |

### 27. SHARE CAPITAL AND RESERVES

#### (a) Issued capital and share premium

The authorised, issued and outstanding share capital comprises 679,437 ordinary shares (2025: 679,437). In July 2025, the Bank's sole shareholder decided to increase the nominal value of the existing shares from AMD 50,000 to AMD 75,100, as a result of which AMD 17,053,869 thousand was transferred from retained earnings to share capital.

All shares have a nominal value of AMD 75,100 (2025: AMD 75,100).

During 2026 no ordinary shares were issued (2025: none). 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 derecognised or impaired.

### (c) Dividends

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

In 2026, the Bank's General Meeting of Shareholders approved dividends amounting to AMD 5,000,000 thousand for distribution to the Bank's shareholder, representing a declared dividend of AMD 7.4 thousand per share. In 2026, the Bank paid the full amount of dividends approved by the General Meeting of Shareholders, amounting to AMD 5,000,000 thousand.

In 2025, the general meeting of the shareholders of the Bank approved dividends amounting AMD 7,000,000 thousand to be distributed to the Bank's shareholder, which represents declared dividends of AMD 10.3 thousand per share. During 2025, total dividends paid to the shareholder amounted to AMD 10,500,000 thousand, of which AMD 3,500,000 thousand relates to dividends payable as at 31 December 2024, and AMD 7,000,000 thousand relates to dividends approved by the Bank's general Meeting of Shareholders in 2025.

## 28. 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, legal and reputational risks.

The risk management policies aim to identify, analyse 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 Council 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 Board is responsible for monitoring and implementing risk mitigation measures, and ensuring that the Bank operates within established risk parameters. Risk Management Director is responsible for the overall risk management and compliance functions, ensuring the implementation of common principles and methods for identifying, measuring, managing and reporting both financial and non-financial risks. He reports directly to Chairman of the Management Board and indirectly to the Council of the Bank. The Risk Management Directorate is not subordinate to, and does not report to, divisions accepting relevant risks.

Credit, market and liquidity risks, both at the portfolio and transactional levels, are managed and controlled through a system of Credit Committees and an Asset and Liability Management Committee (ALCO). In order to facilitate efficient and effective decision-making, the Bank established a hierarchy of credit committees, depending on the type and amount of the exposure.

Both external and internal risk factors are identified and managed throughout the organization. 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 Risk Management Directorate 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 Risk Management Directorate 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 in place to manage credit exposures (both for recognised financial assets and unrecognised contractual commitments), including guidelines to limit portfolio concentration and the establishment of a Credit Committee to actively monitor credit risk. The credit policy is reviewed and approved by the Management Board.

The credit policy establishes:

- Procedures for reviewing and approving loan credit applications;
- Methodology for the credit assessment of borrowers (corporate and retail);
- Methodology for the credit assessment of counterparties, issuers and insurance companies;
- Methodology for the evaluation of collateral;
- Credit documentation requirements;
- Procedures for the ongoing monitoring of loans and other credit exposures.

### 28. RISK MANAGEMENT (continued)

### (b) Financial risk review (continued)

***Credit risk (continued)***

Corporate loan credit applications are originated by the relevant client managers and are then passed on to the Loan 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 Directorate and a second opinion is given accompanied by a verification that credit policy requirements are met. The Credit Committee reviews the loan credit application on the basis of submissions by the Loan Department and the Risk Management Directorate. Individual transactions are also reviewed by the Legal, Security service, Financial management, depending on the specific risks and pending final approval of the Credit 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. Retail loan applications are reviewed either through an automated system with the use of scoring models, or through the Risk Management Directorate.

Apart from individual customer analysis, the credit portfolio is assessed by the Risk Management Directorate 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(e)(vi).*

*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.

The exposures of the Bank's borrowers are subject to ongoing monitoring, which may result in a determination about significant increase in credit risk. The monitoring typically involves use of the following data.

### 28. RISK MANAGEMENT (continued)

**(b) Financial risk review (continued)**

***Credit risk - Amounts arising from ECL (continued)***

*Significant increase in credit risk (continued)*

| Corporate exposure | All exposures (corporate and retail exposures) |
|---|---|
| – 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 | – Payment record – this includes overdue status as well as a range of variables about payment ratios |
| – Data from credit reference agencies, press articles, changes in external credit ratings | – Utilisation of the granted limit |
| – Quoted bond and credit default swap (CDS) prices for the borrower where available | – Requests for and granting of forbearance |
| – Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities | – Existing and forecast changes in business, financial and economic conditions |

*Generating the term structure of PD*

Market benchmark approach

Bank assessed individually loans of borrowers with total outstanding on-balance and off-balance exposures greater than AMD 500,000 thousand.

The Bank considers the information of international credit risk agencies for estimation of PDs of the individually assessed exposures. The Bank sets the minimum level of PDs equal to country's corporate rating grade where the borrower operates.

Collectively assessed

Overdue days are primary input into the determination of the term structure of PD for collectively assessed exposures in Markov's model of transition matrices. Transition matrices are constructed using historical data over the past 36 months.

Individually assessed - Loss given default

To estimate LGD of individually assessed secured loans the following assumptions are applied by the Bank:

- Haircut of 20%-40% is applied on immovable collateral.

The period of collateral realization is estimated to be 12-36 months, depending on collateral type, geographical region, etc.

LGD for collectively assessed unsecured loans is calculated based on vintage analysis of historical recovery rates (cash flows received after the default). The historical recovery rates are discounted from the recovery date up to the default date. The Bank uses five years historical data for LGD estimation.

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.

### 28. RISK MANAGEMENT (continued)

**(b) Financial risk review (continued)**

***Credit risk - Amounts arising from ECL (continued)***

*Generating the term structure of PD (continued)*

Incorporation of forward-looking information (continued)

The Bank has analyzed and identified key macroeconomic drivers of retail and corporate portfolio credit losses. Using analysis of historical data, the Bank has estimated relationships between macro-economic variables and default rates of retail and corporate portfolios. As a result of analysis, the Bank applies the Real GDP growth rate as a key driver for the FLI incorporation. The Bank obtains the forecasts of macroeconomic data from third party source.

The Bank applies probability weighted approach for ECL calculation by considering three scenarios of possible outcomes by using real GDP growth as key macroeconomic driver.

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 for Loans and advances to customers and 1 day for loans and advances to banks and other financial institutions and investment securities. 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.

As a general indicator, credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Bank's quantitative modelling the remaining lifetime PD increased by more than 64%.

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 of three months during which the financial asset is required to demonstrated 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 for Loans and advances to customers and 30 days for loans and advances to banks and other financial institutions and investment securities 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.

### 28. RISK MANAGEMENT (continued)

**(b) Financial risk review (continued)**

***Credit risk - Amounts arising from ECL (continued)***

*Generating the term structure of PD (continued)*

Definition of default (continued)

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.

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(e)(v).*

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 and advances 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(e)(iv*)). A customer needs to demonstrate consistently good payment behaviour 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.

### 28. RISK MANAGEMENT (continued)

**(b) Financial risk review (continued)**

***Credit risk - Amounts arising from ECL (continued)***

*Generating the term structure of PD (continued)*

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".

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, upon which credit conversion factor (CCF) is calculated based on the weighted average percentage of historically utilized balances of lines of credit in default. 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 and 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 portfolios for which external benchmark information represents a significant input into measurement of ECL are as follows:

***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.

Similar agreements include derivative clearing agreements, global master repurchase agreements, and global master securities lending agreements. Similar financial instruments include derivatives, sales and repurchase agreements, reverse sale and repurchase agreements, and securities borrowing and lending agreements.

### 28. RISK MANAGEMENT (continued)

### (b) Financial risk review (continued)

***Offsetting financial assets and financial liabilities (continued)***

The Bank receives and accepts collateral in the form of cash and 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 offsetting criteria in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Bank or the counterparties.

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

*In thousands of Armenian Drams*

| | | | | Related amounts not offset in the statement of financial position | | |
|---|---|---|---|---|---|---|
| **Types of financial assets/liabilities** | **Gross amounts of recognised financial asset/liability** | **Gross amount of recognised financial liability/asset offset in the statement of financial position** | **Net amount of financial assets/liabilities presented in the statement of financial position** | **Financial instruments** | **Collateral received** | **Net amount** |
| Amounts receivable under reverse repurchase agreements | 33,109,757 | – | 33,109,757 | – | 33,109,757 | – |
| **Total financial assets** | **33,109,757** | – | **33,109,757** | – | **33,109,757** | – |
| Amounts payable under repurchase agreements | – | – | – | – | – | – |
| **Total financial liabilities** | – | – | – | – | – | – |

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

*In thousands of Armenian Drams*

| | | | | Related amounts not offset in the statement of financial position | | |
|---|---|---|---|---|---|---|
| **Types of financial assets/liabilities** | **Gross amounts of recognised financial asset/liability** | **Gross amount of recognised financial liability/asset offset in the statement of financial position** | **Net amount of financial assets/liabilities presented in the statement of financial position** | **Financial instruments** | **Collateral received** | **Net amount** |
| Amounts receivable under reverse repurchase agreements | 13,162,140 | – | 13,162,140 | – | 13,162,140 | – |
| **Total financial assets** | **13,162,140** | – | **13,162,140** | – | **13,162,140** | – |
| Amounts payable under repurchase agreements | (16,388,262) | – | (16,388,262) | 15,427,381 | – | (960,881) |
| **Total financial liabilities** | **(16,388,262)** | – | **(16,388,262)** | **15,427,381** | – | **(960,881)** |

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the statement of financial position that are disclosed in the above tables are measured in the statement of financial position on the amortised cost basis.

### 28. RISK MANAGEMENT (continued)

### (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 interest rate 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, while optimising the return on risk.

Overall authority for market risk is vested in the ALCO. Market risk limits are approved by the ALCO, based on recommendations of the Risk Management Directorate.

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

#### *(i) Currency risk*

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

Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. Although the Bank hedges its exposure to currency risk, such activities do not qualify as hedging relationships in accordance with IFRS Accounting Standards.

The following table shows the foreign currency exposure structure of financial assets and liabilities as at 30 September 2026:

| *In thousands of Armenian Drams* | **AMD** | **USD** | **EUR** | **Other currencies*** | **Total** |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and cash equivalents | 22,231,278 | 13,778,395 | 5,570,370 | 5,565,498 | 47,145,541 |
| Investment securities measured at fair value through other comprehensive income | | | | | |
| Held by the Bank | 12,756,554 | 6,086,043 | 285,741 | - | 19,128,338 |
| Investment securities measured at amortised cost | | | | | |
| Held by the Bank | 32,594,233 | 18,719,636 | - | - | 51,313,869 |
| Pledged under sale and repurchase agreements | - | - | - | - | - |
| Loans and advances to banks and other financial institutions | 3,183,236 | 60,306,646 | 21,965,101 | 5,729,409 | 91,184,392 |
| Amounts receivable under reverse repurchase agreements | 28,310,723 | 4,767,243 | - | - | 33,077,966 |
| Loans and advances to customers | 233,480,215 | 59,119,207 | 23,065,221 | 3,451,716 | 319,116,359 |
| Other financial assets | 3,059,386 | 752,257 | 365,888 | 224,113 | 4,401,644 |
| **Total assets** | **335,615,625** | **163,529,427** | **51,252,321** | **14,970,736** | **565,368,109** |
| **Liabilities** | | | | | |
| Deposits and balances from banks | 300,498 | 4,238,007 | 3,131,452 | 722,131 | 8,392,088 |
| Other borrowed funds | 19,313,999 | - | 3,056,784 | | 22,370,783 |
| Amounts payable under repurchase agreements | - | - | - | - | - |
| Debt securities issued | 8,469,208 | 18,688,207 | - | - | 27,157,415 |
| Current accounts and deposits from customers | 209,309,532 | 136,732,094 | 42,492,599 | 33,300,133 | 421,834,358 |
| Lease liability | 3,265,126 | 232,891 | - | - | 3,498,017 |
| Other financial liabilities | 6,276,222 | 1,384,289 | 218,695 | 40,019 | 7,919,225 |
| **Total liabilities** | **246,934,585** | **161,275,488** | **48,899,530** | **34,062,283** | **491,171,886** |
| **Currency swap contracts** | (592,322) | 3,908,974 | (288,498) | (2,564,312) | 463,842 |
| **Net position** | **88,088,718** | **6,162,913** | **2,064,293** | **-21,655,859** | **74,660,065** |

* *Other currencies mainly comprise of RUB balances.*

### 28. RISK MANAGEMENT (continued)

### (c) Market risk (continued)

#### *(i) Currency risk (continued)*

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

| *In thousands of Armenian Drams* | AMD | USD | EUR | Other currencies* | Total |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and cash equivalents | 15,996,079 | 24,747,470 | 4,266,268 | 7,985,040 | **52,994,857** |
| Investment securities measured at fair value through other comprehensive income | | | | | |
| Held by the Bank | 9,976,997 | 4,505,024 | 758,958 | – | **15,240,979** |
| Investment securities measured at amortised cost | | | | | |
| Held by the Bank | 20,458,589 | 12,153,050 | – | 1,919,513 | **34,531,152** |
| Pledged under sale and repurchase agreements | 15,382,593 | – | – | – | **15,382,593** |
| Loans and advances to banks and other financial institutions | 13,062,560 | 41,866,872 | 17,620,845 | 219,534 | **72,769,811** |
| Amounts receivable under reverse repurchase agreements | 11,624,568 | 1,524,935 | – | – | **13,149,503** |
| Loans and advances to customers | 203,193,747 | 44,917,031 | 24,616,668 | 4,511,198 | **277,238,644** |
| Other financial assets | 6,042,765 | 965,162 | 113,272 | 79,428 | **7,200,627** |
| **Total assets** | **295,737,987** | **130,679,544** | **47,376,012** | **14,714,712** | **488,508,255** |
| **Liabilities** | | | | | |
| Deposits and balances from banks | 949,245 | 7,169,169 | 2,790,392 | 104,001 | **11,012,807** |
| Other borrowed funds | 21,537,322 | – | – | – | **21,537,322** |
| Amounts payable under repurchase agreements | 14,141,690 | – | 2,246,572 | – | **16,388,262** |
| Debt securities issued | 6,094,897 | 18,837,951 | – | – | **24,932,848** |
| Current accounts and deposits from customers | 181,437,249 | 107,513,216 | 37,930,230 | 11,031,300 | **337,911,995** |
| Lease liability | 3,259,928 | 234,520 | – | – | **3,494,448** |
| Other financial liabilities | 6,161,835 | 1,286,985 | 612,246 | 27,819 | **8,088,885** |
| **Total liabilities** | **233,582,166** | **135,041,841** | **43,579,440** | **11,163,120** | **423,366,567** |
| **Currency swap contracts** | 2,679,619 | 4,974,816 | (4,490,100) | (3,010,406) | **153,929** |
| **Net position** | **64,835,351** | **612,519** | **(693,528)** | **541,187** | **65,295,528** |

A weakening of the AMD, as indicated below, against the following currencies at 30 September 2026 and 31 December 2025, would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is before taxes, and 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.

| | 30/09/26 AMD'000 | 31/12/25 AMD'000 |
|---|---|---|
| 10% appreciation of USD against AMD | 616,291 | 61,252 |
| 10% appreciation of EUR against AMD | 206,429 | (69,353) |

A strengthening of the AMD against the above currencies at 30 September 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 remained constant.

**28. RISK MANAGEMENT (continued)** (e)

**(c) Market risk (continued)**

***(ii) Liquidity risk***

Liquidity risk is the risk that the Bank will encounter difficulty in 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 honour all cash flow obligations as they become due. The liquidity policy is reviewed and approved by the Management Board.

The Bank seeks to actively support a diversified and stable funding base comprising debt securities in issue, long- 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 efficiently to unforeseen liquidity requirements.

The liquidity management policy requires:

- Projecting cash flows by major currencies and taking into account the level of liquid assets necessary in relation thereto;
- Maintaining a diverse range of funding sources;
- Managing the concentration and profile of debts;
- Maintaining debt financing plans;
- 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 Department 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 Department 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 Department. Under normal market conditions, liquidity reports covering the liquidity position are presented to senior management on a weekly basis. Decisions on liquidity management are made by the ALCO and implemented by the Treasury Department.

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 inflow and outflow disclosed in the tables is the contractual, undiscounted cash flow on the financial liability or credit related commitment.

### 28. RISK MANAGEMENT (continued)

### (c) Market risk (continued)

#### *(ii) Liquidity risk (continued)*

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

| *In thousands of Armenian Drams* | **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 inflow/ (outflow)** | **Carrying amount** |
|---|---|---|---|---|---|---|---|
| **Non-derivative liabilities** | | | | | | | |
| Deposits and balances from banks and other financial institutions | 37,913,109 | 1,072,895 | 2,065,508 | 31,875,997 | 49,063,422 | 121,990,931 | 110,772,371 |
| Amounts payable under reverse repurchase agreements | 16,405,738 | – | – | – | – | 16,405,738 | 16,388,262 |
| Debt securities issued | 245,609 | 2,091,946 | 2,461,283 | 3,191,916 | 19,730,913 | 27,721,667 | 24,932,848 |
| Current accounts and deposits from customers | 155,282,790 | 10,499,087 | 18,922,128 | 58,054,996 | 22,880,278 | 265,639,279 | 259,762,570 |
| Lease liability | 73,834 | 156,341 | 234,512 | 460,913 | 3,737,717 | 4,663,317 | 3,494,448 |
| Other financial liabilities | 5,100,671 | – | 1,577,183 | 1,338,213 | – | 8,016,067 | 8,016,067 |
| Derivative liabilities | | | | | | | |
| -inflow | (4,601,464) | – | – | – | (3,052,971) | (7,654,435) | – |
| -outflow | 4,614,149 | – | – | – | 2,886,358 | 7,500,507 | – |
| **Total financial liabilities** | **215,034,436** | **13,820,269** | **25,260,614** | **94,922,035** | **95,245,717** | **444,283,070** | **423,366,566** |
| **Credit related commitments** | **23,173,924** | **–** | **–** | **–** | **–** | **23,173,924** | **–** |

### 28. RISK MANAGEMENT (continued)

### (c) Market risk (continued)

#### *(ii) Liquidity risk (continued)*

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

| *In thousands of Armenian Drams* | **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 | 47,145,541 | - | - | - | - | - | - | **47,145,541** |
| Financial instrument measured at fair value through profit or loss | - | | 470,519 | - | - | - | - | **470,519** |
| Investment securities measured at fair value through other comprehensive income | | | | | | | | |
| Held by the Bank | 108,052 | 112,977 | 3,314,415 | 10,282,480 | 1,240,118 | 4,070,296 | - | **19,128,338** |
| Investment securities measured at amortised cost | | | | | | | | |
| Held by the Bank | 9,800,374 | 10,111,974 | 12,457,413 | 2,810,820 | 16,133,288 | - | - | **51,313,869** |
| Pledged under sale and repurchase agreements | - | - | - | - | - | - | - | - |
| Investment in associates | - | - | - | - | - | 8,598,887 | - | **8,598,887** |
| Loans and advances to banks and other financial institutions | 88,248,278 | - | 1,829,345 | 1,106,769 | - | - | | **91,184,392** |
| Amounts receivable under reverse repurchase agreements | 33,077,966 | - | - | - | - | - | - | **33,077,966** |
| Loans and advances to customers | 6,217,766 | 25,549,146 | 39,443,298 | 164,898,444 | 73,768,225 | - | 9,239,480 | **319,116,359** |
| Property, equipment and intangible assets | - | - | - | - | - | 11,248,500 | - | **11,248,500** |
| Right-of-use asset | - | - | - | - | - | 3,071,098 | - | **3,071,098** |
| Repossessed assets | - | - | - | - | - | 922,881 | - | **922,881** |
| Other assets | 6,129,785 | 218 | - | 4,123 | 91,080 | 71,079 | - | **6,296,285** |
| **Total assets** | **190,727,762** | **35,774,315** | **57,514,990** | **179,102,636** | **91,232,711** | **27,982,741** | **9,239,480** | **591,574,635** |

### 29. RISK MANAGEMENT (continued)

### (c) Market risk (continued)

#### *(ii) Liquidity risk (continued)*

| *In thousands of Armenian Drams* | **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** |
|---|---|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | | | |
| Deposits and balances from banks | 7,831,267 | - | - | 560,821 | - | - | - | **8,392,088** |
| Other borrowed funds | 3,476,317 | 419,680 | 2,251,678 | 12,507,005 | 3,716,103 | | | **22,370,783** |
| Financial instrument measured at fair value through profit or loss | 6,677 | - | - | - | - | - | - | **6,677** |
| Amounts payable under repurchase agreements | - | - | - | - | - | - | - | **-** |
| Debt securities issued | 135,217 | 165,588 | 7,113,875 | 19,742,735 | - | - | - | **27,157,415** |
| Current accounts and deposits from customers | 219,301,097 | 80,143,601 | 85,702,205 | 36,687,455 | - | - | - | **421,834,358** |
| Deferred tax liability | - | - | - | - | - | 1,208,516 | - | **1,208,516** |
| Lease liability | 23,143 | 106,411 | 504,692 | 2,020,842 | 842,929 | - | - | **3,498,017** |
| Current tax liabilities | | - | 1,139,847 | - | - | - | - | **1,139,847** |
| Other liabilities | 6,869,565 | - | 1,776,147 | 1,102,433 | - | - | - | **9,748,145** |
| **Total liabilities** | **237,643,283** | **80,835,280** | **98,488,444** | **72,621,291** | **4,559,032** | **1,208,516** | **-** | **495,355,846** |
| **Net position** | **(46,915,228)** | **(45,060,965)** | **(40,973,454)** | **106,469,548** | **86,685,183** | **26,774,225** | **9,239,480** | **96,218,789** |

* *Overdue portion of outstanding overdue loans.*

### 29. RISK MANAGEMENT (continued)

### (c) Market risk (continued)

#### *(ii) Liquidity risk (continued)*

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

| *In thousands of Armenian Drams* | **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 | 52,994,857 | – | – | – | – | – | – | **52,994,857** |
| Financial instrument measured at fair value through profit or loss | 4,062 | | | 170,074 | – | – | – | **174,136** |
| Investment securities measured at fair value through other comprehensive income | | | | | | | | |
| Held by the Bank | 61,655 | 152,639 | 4,248,746 | 8,718,574 | 1,253,218 | 806,147 | – | **15,240,979** |
| Investment securities measured at amortised cost | | | | | | | | |
| Held by the Bank | 5,763,124 | 6,880,562 | 8,986,030 | 2,700,711 | 10,200,725 | – | – | **34,531,152** |
| Pledged under sale and repurchase agreements | 5,460,593 | – | 3,837,062 | – | 6,084,938 | – | – | **15,382,593** |
| Investment in associates | – | – | – | – | – | 7,823,436 | – | **7,823,436** |
| Loans and advances to banks and other financial institutions | 72,755,000 | 5,231,908 | 2,934,922 | 5,765,858 | – | – | – | **86,687,688** |
| Amounts receivable under reverse repurchase agreements | 13,149,503 | – | – | – | – | – | – | **13,149,503** |
| Loans and advances to customers | 5,873,089 | 11,662,871 | 44,711,956 | 137,203,950 | 69,083,190 | - | 728,715 | **269,263,771** |
| Property, equipment and intangible assets | – | – | – | – | – | 10,725,025 | – | **10,725,025** |
| Right of use asset | – | – | – | – | – | 3,071,303 | – | **3,071,303** |
| Repossessed assets | – | – | – | – | – | 1,129,881 | – | **1,129,881** |
| Other assets | 2,114,551 | – | 13,548 | 231,093 | 82,585 | 17,065 | – | **2,458,842** |
| **Total assets** | **158,176,434** | **23,927,980** | **64,732,264** | **154,790,260** | **86,704,656** | **23,572,857** | **728,715** | **512,633,166** |

### 28. RISK MANAGEMENT (continued)

### (c) Market risk (continued)

#### *(ii) Liquidity risk (continued)*

| *In thousands of Armenian Drams* | **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** |
|---|---|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | | | |
| Deposits and balances from banks | 7,745,994 | – | – | 3,266,813 | – | – | – | **11,012,807** |
| Other borrowed funds | 192,727 | 358,020 | 4,202,503 | 12,267,885 | 4,516,187 | | | **21,537,322** |
| Financial instrument measured at fair value through profit or loss | 16,747 | – | – | 3,460 | – | – | – | **20,207** |
| Amounts payable under repurchase agreements | 16,388,262 | – | – | – | – | – | – | **16,388,262** |
| Debt securities issued | 236,994 | 1,953,431 | 4,505,674 | 18,236,749 | – | – | – | **24,932,848** |
| Current accounts and deposits from customers | 155,152,291 | 10,112,153 | 73,661,551 | 20,250,062 | 586,513 | – | – | **259,762,570** |
| Deferred tax liability | – | – | – | – | – | 705,397 | – | **705,397** |
| Lease liability | 17,640 | 112,050 | 439,370 | 2,089,872 | 835,516 | – | – | **3,494,448** |
| Current tax liabilities | – | – | 1,590,228 | – | – | – | – | **1,590,228** |
| Other liabilities | 6,632,757 | – | 1,577,183 | 1,338,214 | – | – | – | **9,548,154** |
| **Total liabilities** | **216,522,910** | **12,891,185** | **116,702,834** | **74,453,943** | **5,938,216** | **705,397** | **–** | **427,214,485** |
| **Net position** | **(58,346,475)** | **11,036,795** | **(51,970,570)** | **80,336,317** | **80,766,439** | **22,867,460** | **728,715** | **85,418,681** |

* *Overdue portion of outstanding overdue loans.*

### 28. RISK MANAGEMENT (continued)

#### (c) Market risk (continued)

***(ii) Liquidity risk (continued)***

For management of negative short-term liquidity position the Bank relies on the financial securities, which can be sold or pledged under repo agreements and the assumption that the term deposits will be prolonged upon maturity.

The key measure used by the Bank for managing liquidity risk is the ratio of highly liquid assets to demand liabilities. For this purpose highly liquid assets include cash, nostro accounts, debt securities issued by the Government of the Republic Armenia, CBA and other corporate debt securities for which there is an active and liquid market, which are not pledged or the use of which is not restricted in any way. Demand liabilities include current accounts and demand deposits of customers, as well as any other liability that is payable on demand.

#### (d) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Council has established limits on the interest rate gaps for stipulated periods. Positions are monitored on a daily basis.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Bank's statement of profit or loss and other comprehensive income.

### 29. 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 commercial banks.

As at 30 September 2026 the minimum level of ratio of capital to risk weighted assets (statutory capital ratio) was 11% (2025: 11%). The Bank is in compliance with the statutory capital ratio as at 30 September 2026 and 31 December 2025.

The calculation of capital adequacy based on requirements set by the CBA as at 30 September 2026 and 31 December 2025 is as follows:

| *In thousands of Armenian Drams* | **30/09/26 Unaudited** | **31/12/25 Unaudited** |
|---|---|---|
| **Tier 1 capital** | 71,071,766 | 68,376,367 |
| **Tier 2 capital** | 4,886,233 | 4,122,380 |
| **Total capital** | 75,957,999 | 72,498,747 |
| **Total risk weighted assets, combining credit, market and operational risks** | **446,439,057** | **385,564,032** |
| **Total capital expressed as a percentage of risk-weighted assets (total capital ratio)** | **17.01%** | **18.80%** |

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 unrecognised contractual commitments, with some adjustments to reflect the more contingent nature of potential losses.

### 30. 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 five years.

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 and advances 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 recognised at the reporting date if the counterparties failed completely to perform as contracted.

| | 30/09/26 AMD'000 | 31/12/25 AMD'000 |
|---|---|---|
| **Contracted amount** | | |
| Credit card commitments | 4,946,527 | 4,891,780 |
| Loan and credit line commitments | 26,818,216 | 17,063,497 |
| Guarantees and letters of credit | 1,471,897 | 1,218,647 |
| | **25,119,394** | **23,173,924** |

The total outstanding contractual credit related commitments above do not necessarily represent future cash requirements, as these credit related commitments may expire or terminate without being funded. The majority of loan and credit line commitments do not represent an unconditional credit related commitment by the Bank.

Credit card commitments, loan and credit line commitments are mainly in Stage 1 as at 30 September 2026 and 31 December 2025. Credit card commitments, loans and credit line commitments are not credit impaired or past due.

### 31. 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 property insurance and Banker's Blanket Bond (BBB) insurance with up to USD 12,000 thousand coverage.

#### (b) Litigation

In the ordinary course of business, the Bank is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations.

#### (c) Taxation contingencies

The taxation system in Armenia is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes unclear, contradictory and subject to varying interpretation. Taxes are subject to review and investigation by tax authorities, which have the authority to impose fines and penalties. 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 Armenia that are 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.

### 32. RELATED PARTY TRANSACTIONS

#### (a) Control relationships

As at 30 September 2026 and 31 December 2025 the Bank's parent company is ID Group CJSC, and the ultimate beneficial owner (UBO) of the Bank is Lala Bakhshetsyan.

Transactions with members of the Council and the Management Board

Total remuneration included in personnel expenses for the years ended 30 September 2026 and 2025 is as follows:

| *In thousands of Armenian Drams* | 2026 | 2025 |
|---|---|---|
| Members of Council and Management Board of the Bank | 1,147,350 | 1,313,688 |

These amounts include benefits in respect of members of the Council and the Management Board accrued in the statement of profit or loss and other comprehensive income of respective periods.

### 32. RELATED PARTY TRANSACTIONS (continued)

#### (b) Transactions with members of the Council and the Management Board (continued)

## NOTES TO, AND FORMING PART OF, THE FINANCIAL STATEMENTS (continued)

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

| *In thousands of Armenian Drams* | **2026** | **Average effective interest rate, %** | **2025** | **Average effective interest rate, %** |
|---|---|---|---|---|
| **Statement of financial position** | | | | |
| **Assets** | | | | |
| Loans issued (gross) | 386,099 | 10.31% | 403,599 | 10.2% |
| Loan impairment allowance | (457) | - | (627) | – |
| Other assets | 4,326 | - | 2,720 | – |
| **Liabilities** | | | | |
| Deposits received | 443,496 | 6.9% | 352,610 | 6.3% |
| Current accounts | 1,118,024 | - | 121,535 | – |
| Debt securities issued | 385,072 | 5.8% | 208,933 | 6.4% |
| Lending commitments | 52,614 | - | 64,659 | – |

Amounts included in profit or loss in relation to transactions with members of the Council and the Management Board for the year ended 30 September are as follows:

| *In thousands of Armenian Drams* | **2026** | 2025 |
|---|---|---|
| **Profit or loss** | | |
| Interest income | 30,266 | 31,874 |
| Interest expense | (37,962) | (24,575) |
| Impairment loss, net | 113 | 14,896 |
| Fee and commission income | 4,741 | 4,012 |
| Fee and commission expense | (5,206) | (4,188) |

### 32. RELATED PARTY TRANSACTIONS (continued)

#### (c) Transactions with other related parties

The outstanding balances and the related average effective interest rates as at 30 September 2026 and related profit or loss amounts of transactions for the year ended 30 September 2026 with other related parties are as follows:

| | Parents | | Shareholders with significant influence | | Associate | | Other | | Total AMD'000 |
|---|---|---|---|---|---|---|---|---|---|
| | AMD'000 | Average effective interest rate, % | AMD'000 | Average effective interest rate, % | AMD'000 | Average effective interest rate, % | AMD'000 | Average effective interest rate, % | |
| **Statement of financial position** | | | | | | | | | |
| **Assets** | | | | | | | | | |
| Loans and advances to customers | – | – | – | – | - | - | 1,286,329 | 6.99% | **1,286,329** |
| Loan impairment allowance | – | – | – | – | - | - | (40,462) | - | **(40,462)** |
| Other assets | – | – | – | – | 702,172 | - | - | - | **702,172** |
| Impairment allowance | – | – | – | – | (1,161) | - | - | - | **(1,161)** |
| **Liabilities** | | | | | | | | | |
| Current accounts and deposits from customers | | | | | | | | | |
| – Current accounts | 2,894,158 | - | 622,256 | – | 10,321,685 | 3%-4.5% | 1,228,100 | - | **15,066,199** |
| – Term deposits | 7,581 | 6.03% | - | – | 1,007,685 | 8.36% | 1,804,582 | 7.76% | **2,819,848** |
| Debt securities issued | – | – | – | – | – | – | 85,957 | 8.70% | **85,957** |
| Items not recognized in the statement of financial position | | | | | | | | | |
| Lending commitments | – | – | – | – | – | – | 1,271,546 | 0.00% | **1,271,546** |
| **Profit (loss)** | | | | | | | | | |
| Interest income | - | – | - | – | - | – | 113,321 | – | **113,321** |
| Interest expense | (13,445) | – | – | – | (405,733) | – | (47,562) | – | **(623,635)** |
| Impaitment | – | – | – | – | – | – | 1,371 | – | **1,371** |
| Fee, commission and other income | 334 | – | 60 | – | 1,407,632 | – | 52,759 | – | **2,209,627** |
| Fee, commission and other expense | (351) | – | (30) | – | (1,056,499) | – | (44,883) | – | **(1,717,893)** |

### 32. RELATED PARTY TRANSACTIONS (continued)

#### (d) Transactions with other related parties (continued)

The outstanding balances and the related average effective interest rates as at 31 December 2025 and related profit or loss amounts of transactions for the year ended 31 December 2025 with other related parties are as follows:

| | Parents | | Shareholders with significant influence | | Associate | | Other | | Total AMD'000 |
|---|---|---|---|---|---|---|---|---|---|
| | AMD'000 | Average effective interest rate, % | AMD'000 | Average effective interest rate, % | AMD'000 | Average effective interest rate, % | AMD'000 | Average effective interest rate, % | |
| **Statement of financial position** | | | | | | | | | |
| **Assets** | | | | | | | | | |
| Loans and advances to customers | – | – | – | – | – | – | **53,914** | **10.70%** | **53,914** |
| Loan impairment allowance | – | – | – | – | – | – | **(91)** | – | **(91)** |
| Loans and advances to banks and other financial institutions – payment systems | – | – | – | – | **1,998,236** | – | – | – | **1,998,236** |
| Impairment allowance | – | – | – | – | **(3,360)** | – | – | – | **(3,360)** |
| **Liabilities** | | | | | | | | | |
| Deposits and balances from banks and other financial institutions | | | | | | | | | |
| - Current accounts | – | – | – | – | **18,148,616** | **3%-4.5%** | – | – | **18,148,616** |
| - Term deposits | – | – | – | – | **1,488,089** | **6.47%** | – | – | **1,488,089** |
| Current accounts and deposits from customers | | | | | | | | | |
| – Current accounts | **1,049,088** | – | **213,941** | – | – | – | **351,851** | – | **1,614,880** |
| – Term deposits | **354,912** | **8.7%** | – | – | – | – | **252,472** | **5.51%** | **607,384** |
| Debt securities issued | – | – | – | – | – | – | **96,150** | **8.69%** | **96,150** |
| Items not recognized in the statement of financial position | | | | | | | | | |
| Lending commitments | – | – | – | – | – | – | **1,227,257** | **0.00%** | **1,227,257** |
| **Profit (loss)** | | | | | | | | | |
| Interest income | – | – | – | – | – | – | **81,213** | – | **81,213** |
| Interest expense | **(75,654)** | – | – | – | **(712,805)** | – | **(48,488)** | – | **(836,947)** |
| Fee, commission and other income | **183** | – | **92** | – | **3,093,235** | – | **26,626** | – | **3,120,136** |
| Fee, commission and other expense | **(999)** | – | **(53)** | – | **(2,479,974)** | – | **(23,768)** | – | **(2,504,794)** |

## 33. 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 table below analyses financial instruments measured at fair value and at amortised cost at 30 September 2026, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position:

| *In thousands of Armenian Drams* | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| **Assets and liabilities measured at fair value** | | | | |
| Financial instruments at fair value through profit or loss | | | | |
| −Derivative assets | – | – | – | **470,519** |
| −Derivative liabilities | – | – | | **(6,677)** |
| Investment securities at FVOCI | | | | |
| −Debt and other fixed income instruments | – | – | – | **15,058,042** |
| −Equity instruments | 424,245 | 424,245 | 3,646,051 | **4,070,296** |

## 33. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

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 recognised in the statement of financial position:

| Assets and liabilities measured at fair value | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial instruments at fair value through profit or loss | | | | |
| Derivative assets | | | | |
| - Derivative liabilities | – | 174,136 | – | **174,136** |
| - Investment securities at FVOCI | – | (20,207) | – | **(20,207)** |
| Debt and other fixed income instruments | | | | |
| –Debt and other fixed-income instruments | – | 14,434,831 | – | **14,434,831** |
| - Equity instruments | 424,245 | – | 381,902 | **806,147** |
| **Disclosed fair value of assets and liabilities measured at amortised cost** | | | | |
| Investment securities at amortised cost | | | | |
| Loans and advances to customers | 7,607,364 | 47,321,365 | – | **54,928,729** |
| Current accounts and deposits from customers | – | – | 271,888,615 | **271,888,615** |
| **Assets and liabilities measured at fair value** | – | – | 259,991,953 | **259,991,953** |

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.