CB RA

ANNUAL REPORT

2024



Central Bank
of Armenia

ANNUAL REPORT

2024

GOVERNOR'S FOREWORD 06

01 CENTRAL BANK OF THE REPUBLIC OF ARMENIA 08
- About Us 09
- Board 14
- Internal Audit 23

02 CBA STRATEGIC PRIORITIES: TRANSFORMATION IN THE SPHERE OF INFLUENCE 25
- Ensuring Price Stability/Monetary Policy 26
- Ensuring Financial Stability/Macroprudential Policy 32
- Financial System 34
- Financial System Supervision 40
- Consumer Empowerment 43

03 CBA STRATEGIC PRIORITIES: CENTRAL BANK CAPACITY DEVELOPMENT 47
- People 49
- Governance 55

04 CBA STRATEGIC PRIORITIES: COMMUNICATION 61

05 OTHER ISSUES 72

— Currency Issuance, Organization of Money Circulation 73

— Statistics 78

— Organizing and regulating the fight against money laundering and terrorism finance 80

06 CBA ANNUAL CONSOLIDATED FINANCIAL STATEMENTS 81

2024 IN SUMMARY

MONETARY POLICY

12-Month
Inflation Rate

1.5%

Refinancing
Rate

7%

Core
Inflation Rate

0.9%

CIRCULATION

Cash
in Circulation

986,374,018.64 THOUSAND DRAMS

consisting of

951,563,439.38
thousand drams in banknotes

34,810,579.26
thousand drams in coins

RESERVES

International
Reserves

3685 MILLION USD

+78 MILLION

FINANCIAL STABILITY

Total Adequacy Ratio
of Banking System

20,2%

Countercyclical
Capital Buffer

1.5%
current rate

Liquidity
Coverage Ratio

230.6%
December average in all currencies

Loan-to-Value (LTV)
Ratio

90%
for AMD

70%
for foreign currency

Financial System
Assets/GDP

131,8%

PUBLIC RELATIONS

Number of Calls and Written Inquiries Received During the Year, by Type



Inquiries
7117 59.2%

Requests
3505 29.2%

Complaints
1317 11.0%

Notifications
52 0.4%

Suggestions
33 0.3%



Complaints
652 54.2%

Requests
312 25.9%

Inquiries
198 16.4%

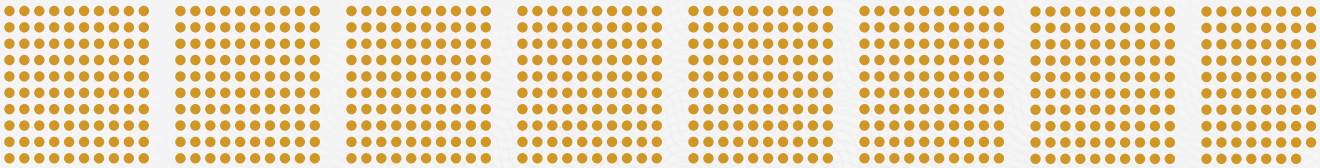
Notifications
33 2.7%

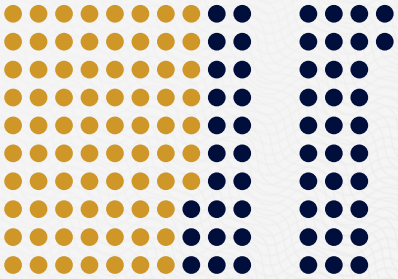
Suggestions
9 0.7%

STAFF

Average Number of Staff Members

779





End-of-Year Number of Employees at Dilijan Training and Research Center

132

Number of Dilijan TRC Employees from Dilijan and Surrounding Areas

55

Students from Foreign Universities Completing Internships at Dilijan Training and Research Center (TRC)

11



Dear Reader

This report summarizes the work of the Central Bank in 2024, reflecting both the public policy outcomes of the Central Bank and our progress as an institution. It is structured in accordance with the Strategy of the Central Bank, with individual sections summarizing the year's achievements in fulfilment of our strategic objectives. Naturally, the report does not encompass all of our activities this year, and many accomplishments related to our longer-term objectives will be summarized and publicly shared as their outcomes materialize.

This year's results attest to the Central Bank's full and effective execution of its mandated responsibilities.

In 2024, amid a low-inflation environment, the Central Bank continued its gradual reduction of the policy rate, guided by its logic of returning inflation to the target rate. Economic growth stabilized near its potential level, despite softening external demand. Toward the end of the year, inflation showed a modest recovery, moving closer to the target level.

It should also be noted that, in 2024, monetary policy was already implemented using the newly introduced FPAS Mark II system, which has involved a review of the entire process of policy development, decision-making, and communication.



Martin Galstyan

Governor of the Central Bank
of the Republic of Armenia

A notable change and important achievement was the revision of the inflation target, which is now 3 percent instead of the previous 4 percent. I am confident that this was a necessary step in terms of ensuring the future well-being of our citizens in the coming decades, increasing confidence in the Central Bank, and contributing to economic development.

Our financial system has continued to develop at a progressive pace while maintaining all the necessary conditions for stability and prudent risk management. The banking system is highly capitalized and liquid. The Central Bank has continued to raise the countercyclical capital buffer to manage potential systemic risks. In the area of regulation and supervision, the emphasis has been on improving and strengthening the quality of corporate governance of financial system institutions, including primarily the formation and development of their own risk management systems, which is one of the most important guarantees of future stability.

Among the Central Bank's internal reforms, a key milestone was the implementation of a performance management system designed to establish clear work targets and ensure fair evaluation of employee performance. Strengthening the project-oriented culture was also of great importance, as it enables collaborative efforts to be effectively directed toward addressing more complex and long-term challenges.

Last year, the Central Bank also initiated changes to its governance framework, including a revision of the internal decision-making structure, committee functions and principles, as well as the commissioning process. As a result, we anticipate more effective decision-making and accelerated processes, leading to enhanced overall productivity of the Bank.

I am confident that the Central Bank will continue to evolve, uphold its progressive character, and effectively fulfill its core objectives for the benefit of the citizens of the Republic of Armenia.

ANNUAL REPORT 2024

CENTRAL BANK OF THE REPUBLIC OF ARMENIA

- About Us
- Board
- Internal Audit



01

ABOUT US

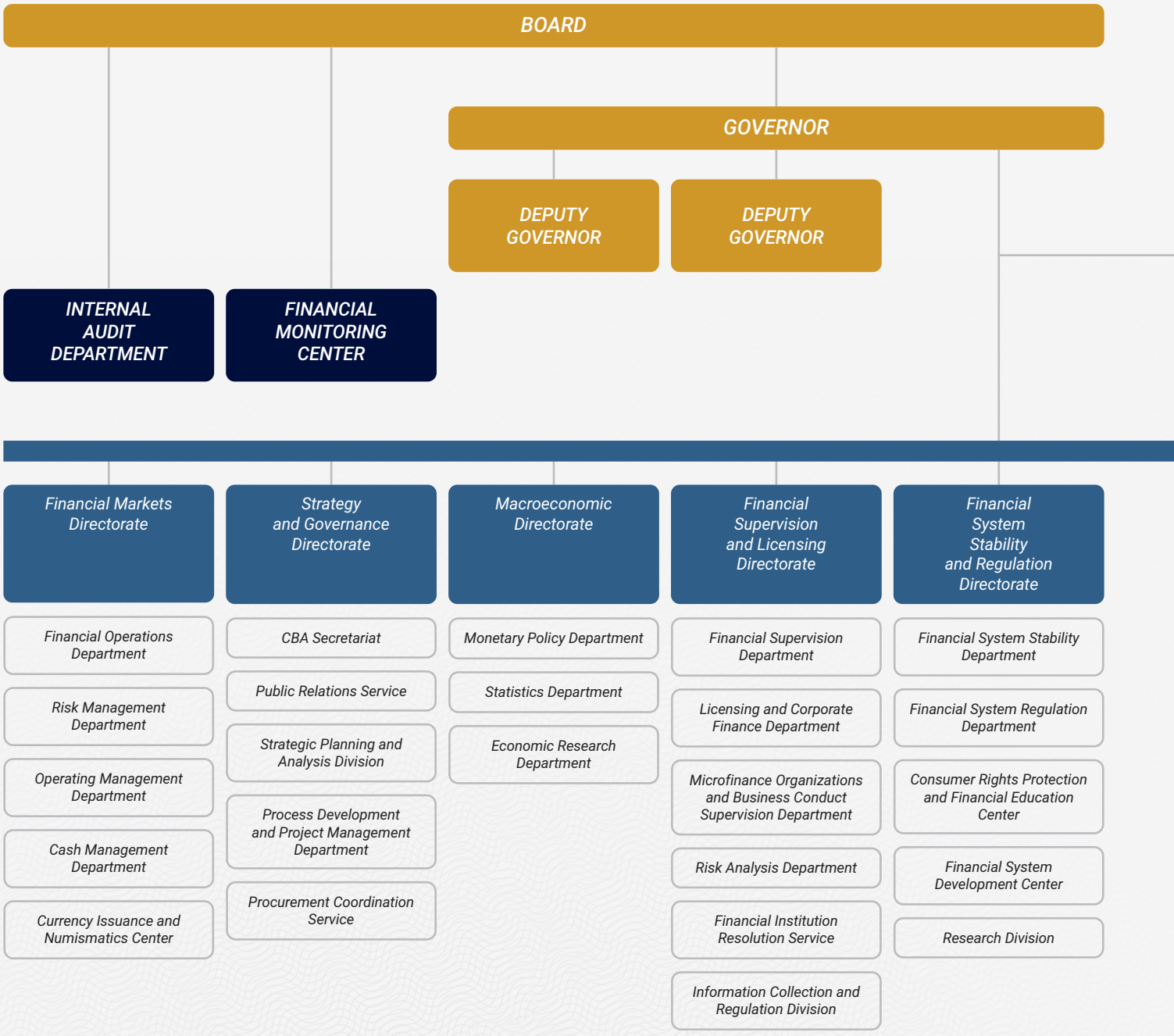
We are the Central Bank of the Republic of Armenia and are responsible for the stability of prices and the financial system in the country. The financial system is regulated and supervised according to the standards we set. We protect consumers and are responsible for Armenia's payment and settlement system, financial and external statistics, and currency issuance. The implementation of our core tasks is directed toward enhancing national well-being.

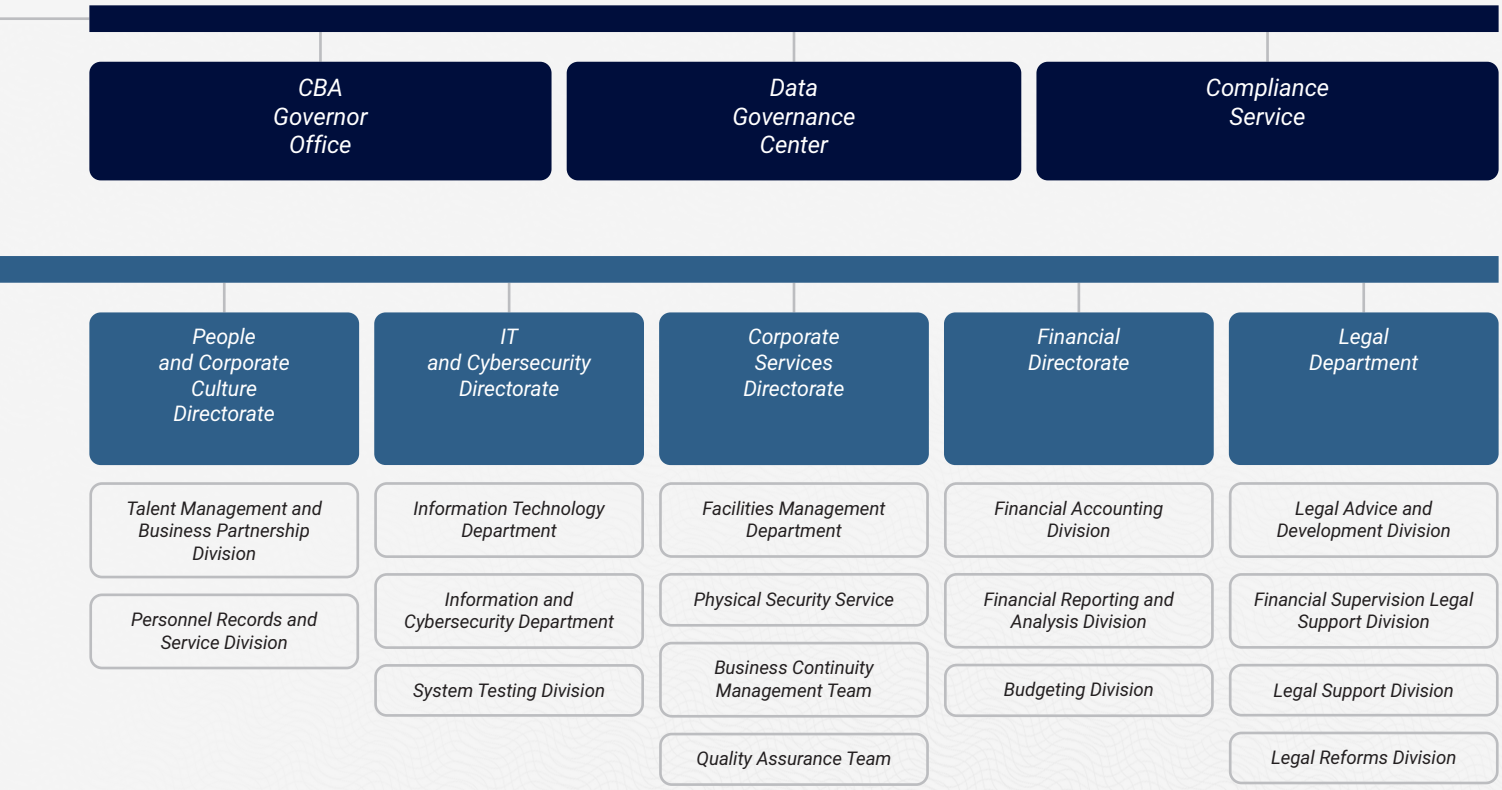
We strive to carry out our mission in a rapidly changing world filled with challenges and uncertainties. Our daily activities are firmly rooted in the pursuit of national well-being. Through the consistent implementation of our planned activities, research excellence, and innovative solutions, we strive to promote the public good and foster accountability and trust among our partners through open dialogue.

Only by preserving and applying our cornerstone values can we achieve our vision and mission.

We strive for excellence, act with kindness, and show respect.

STRUCTURE OF THE CENTRAL BANK OF ARMENIA




CBA Governor Office
Data Governance Center
Compliance Service
People and Corporate Culture Directorate
IT and Cybersecurity Directorate
Corporate Services Directorate
Financial Directorate
Legal Department
Talent Management and Business Partnership Division
Personnel Records and Service Division
Information Technology Department
Information and Cybersecurity Department
System Testing Division
Facilities Management Department
Physical Security Service
Business Continuity Management Team
Quality Assurance Team
Financial Accounting Division
Financial Reporting and Analysis Division
Budgeting Division
Legal Advice and Development Division
Financial Supervision Legal Support Division
Legal Support Division
Legal Reforms Division

MISSION

Be a reliable partner in a rapidly changing world, contribute to national prosperity by securing price and financial stability.



VISION

Be a central bank in the lead, going for research excellence and innovative solutions.



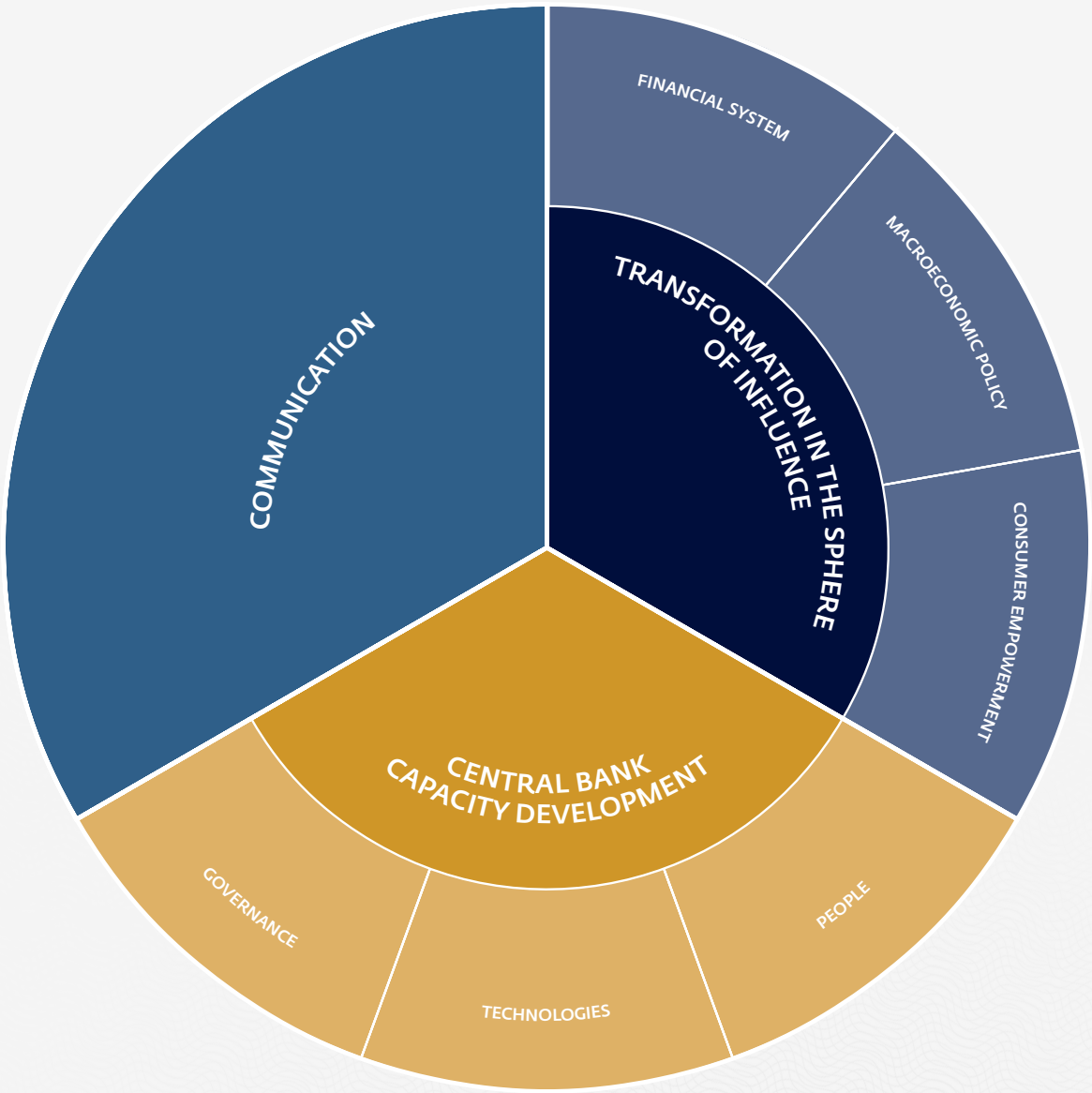
VALUES

Excellence: We strive for excellence through cutting-edge research, analysis, external and internal collaboration, and innovation in all areas of our business.

Integrity: We present our goals in an open, effective way of communicating, and we are accountable for our actions.

Respect: We respect each other and succeed by appreciating the value of diversity of people and ideas.





Strategic Priorities

CBA BOARD

In accordance with the RA Law on the Central Bank of the Republic of Armenia,1 the highest governing body of the Central Bank is the Board of the Central Bank, consisting of the Governor of the Central Bank, two deputies, and five members.

The members of the Board of the Central Bank, including the Governor and deputies, are elected by the RA National Assembly for a term of six years. CBA Board members rotate, with the completion of the term of office of each member of the Board being followed by the election of a new member, which, in turn, ensures the independence of the Central Bank of Armenia. The Governor of the Central Bank of Armenia is considered the highest official of the Central Bank and ensures the standard operation of the Central Bank and the Board. The Governor of the Central Bank of Armenia and his two deputies perform executive functions and coordinate the normal work of the bank.

In accordance with the criteria stipulated by the law, the Board of the Central Bank of Armenia is formed in such a way that the members of the Board have knowledge of banking, auditing, IT, financial reporting, and other areas, and at least half of the members of the Board have professional experience in the field of macroeconomics.

The members of the Central Bank Board represent the bank's interests and viewpoints in ministerial committees established and operated by the Government, as well as in other interdepartmental committees. Board members also serve in the management bodies of various financial institutions. They are the primary communication link with regard to Central Bank strategy, Board decisions, and policy being pursued. They also actively collaborate with government agencies, international financial institutions, and other regional entities.

1 https://www.arlis.am/DocumentView.aspx?DocID=121585

Martin Galstyan

Governor of the Central Bank of Armenia





Hovhannes Khachatryan

Deputy Governor

Armen Nurbekyan

Deputy Governor





Hasmik Ghahramanyan

Board Member

Davit Nahapetyan

Board Member





Artak Manukyan

Board Member

Narek Ghazaryan

Board Member





Levon Sahakyan

Board Member

BOARD MEETINGS HELD

53

pertaining to oversight

2

DECISIONS ADOPTED

Regulatory Decisions	Individual Decisions	Local Decisions	Governor's Decisions
31	188	15	509

CBA Board Members on Central Bank Achievements Under the Strategy:



"In my opinion, we have had quite a few achievements in 2024, but I would mention the following among the most important ones.

- *Taking into account development trends, as well as the unprecedented increase in non-cash payments recorded in 2024, among our priorities, we have given special importance to improving the system of easy payments and transfers, and, in pursuit of this, in 2024, we have established an interoperability requirement for making payments or transfers using QR codes, which will serve to improve public welfare by 2025.*
- *I attach particular importance to the Central Bank of Armenia's membership in the World Bank's Reserve Advisory & Management Partnership (RAMP) program, as reliable reserve management is of essential importance for the Central Bank. By applying international best practices in reserve management, the Central Bank ensures its mission of liquid and secure reserve management, contributing to the acquisition of up-to-date knowledge based on leading experience in this field by CBA specialists."*

Hovhannes KHACHATRYAN



"The Central Bank has had significant achievements, both in terms of price and financial stability, as well as in terms of transparency and communication. I attach great importance to reducing the inflation target from 4% to 3%, as it is a significant long-term step that contributes to the growth of society's well-being.

- *We have become one of the most transparent central banks in the world today, as our communications on monetary policy essentially outline the entirety of the rationale for the Board's decisions. At the same time, the Central Bank has significantly increased the framework of indicators published on the financial system. We believe that transparent communication is an integral part of quality policymaking.*
- *I also place importance on our efforts to consistently recruit new people to the Central Bank. We concluded the Young Professionals Program that was launched about two years ago. The results are exciting, which means that we will continue this program, taking into account the lessons learned during the first phase."*

Armen NURBEKYAN



"In the current era of changes, I highly value every step taken by the Central Bank towards regulating crypto assets. In this context, the Central Bank's development of the draft RA Law on Crypto assets is of particular importance and undoubtedly a comprehensive step. I also think it's worth noting that from a regulatory perspective, the inclusion of crypto assets is a new field for us and is fully in the focus of our attention."

Levon **SAHAKYAN**



"In terms of achieving the objectives outlined in the Strategy, I would like to highlight the introduction of a new monetary policy forecasting and analysis system (FPAS Mark II). In this context, I attach great importance to the use of risk management approaches by Board members as a key decision-making tool. This has also provided an opportunity to improve communication strategies related to monetary policy decision-making, thereby enhancing financial markets' and the broader public's understanding of our decisions."

Davit **NAHAPETYAN**



"We have made significant progress in the realm of public policy, particularly in macroprudential policy. To ensure financial stability, we have improved systemic risk assessment tools and introduced a forward-looking response framework that will make the financial system safer and more reliable for our public. At the same time, we have prioritized the advancement of financial literacy, which, over time, will reduce the fiscal burden of regulation and supervision while promoting greater financial inclusion."

Hasmik **GHAHRAMANYAN**



“One of the key achievements of 2024 was the confident step of adjusting the inflation target, made possible by the consistent and effective implementation of monetary policy in recent years, bringing us closer to countries with developed and predictable monetary policy. For me personally, this is a doubly important change, as I have been raising this issue for years, recognizing the Central Bank’s strong track record in inflation management.”

Artak **MANUKYAN**



"Among the many achievements of 2024, I would highlight the introduction of the CBA's latest employee performance management system implemented by the People and Corporate Culture Directorate. I particularly value this achievement, as the implementation of this system connects every employee of the Central Bank at an atomic level with the goals, vision, and values set forth in the Central Bank's Strategy. It clearly illustrates how each employee's daily contributions align with the broader priorities outlined in the Strategy. I am confident that this system will play a vital role in advancing our objective of positioning the Central Bank of Armenia as a leader in the region."

Narek **GHAZARYAN**

INTERNAL AUDIT

During the reporting year, the Central Bank's internal audit function continued its mission of supporting the Bank in achieving its goals. The work carried out during the year included the implementation of audit engagements and initiatives envisaged by the annual program approved by the Board, with the aim of ensuring the application of international best practices and the compliance of internal audit function with international standards.

Taking into account the annual risk assessment, as well as the Central Bank's strategic objectives, the internal audit team has reviewed areas of the Bank's activities such as the printing and circulation of coins, the provision and maintenance of IT services, budgeting process, information and cyber security, licensing and registration of financial institutions, and others.

STATISTICS ON MEETINGS AND IDENTIFIED ISSUES



Number of Audit Committee Meetings Held

17

Issues included in Audit Reports

63

Suggestions for Improvement

92

Within the framework of its Quality Assurance and Improvement Program, the internal audit function of the Central Bank undergoes an external quality assessment every five years, and an internal quality assessment every year. During the reporting year, the Central Bank's internal audit team carried out an internal quality assessment based on the international standards of the Institute of Internal Auditors, which resulted in the internal audit function at the CBA receiving an assessment of "Generally conforms" with regard to the Internal Audit Standards and Ethics Rules.

One of the important events of the year was the "Next-Gen Audit in Central Bank: 3-Line Model Dynamics" international seminar[1] organized jointly with the central bank of the Netherlands.

Internal audit and risk management leaders from central and national banks in the region, representing 19 countries, came together for a seminar to discuss current challenges and cutting-edge approaches in the sector.

Initiatives implemented during the year include:

- An update of the Audit Committee's charter to improve the efficiency of its activities and oversight mechanisms in line with the standards of the Institute of Internal Auditors.
- The introduction of an onboarding program for new members of the Audit Committee, ensuring the rapid integration and effective participation of new members, which includs training on Central Bank governance, internal control systems, and audit standards.

1 https://old.cba.am/EN/News/Pages/news_28102024.aspx

THE AUDITORS IN THE IA TEAM HOLD VARIOUS INTERNATIONAL QUALIFICATIONS, ENABLING THE IA COMMITTEE TO CARRY OUT ITS MISSION IN ACCORDANCE WITH INTERNATIONAL STANDARDS.



02

ANNUAL REPORT 2024

CBA STRATEGIC PRIORITIES: TRANSFORMATION IN THE SPHERE OF influence

- Ensuring Price Stability/Monetary Policy
- Ensuring Financial Stability/Macroprudential Policy
- Financial System
- Consumer Empowerment



ENSURING PRICE STABILITY/ MONETARY POLICY

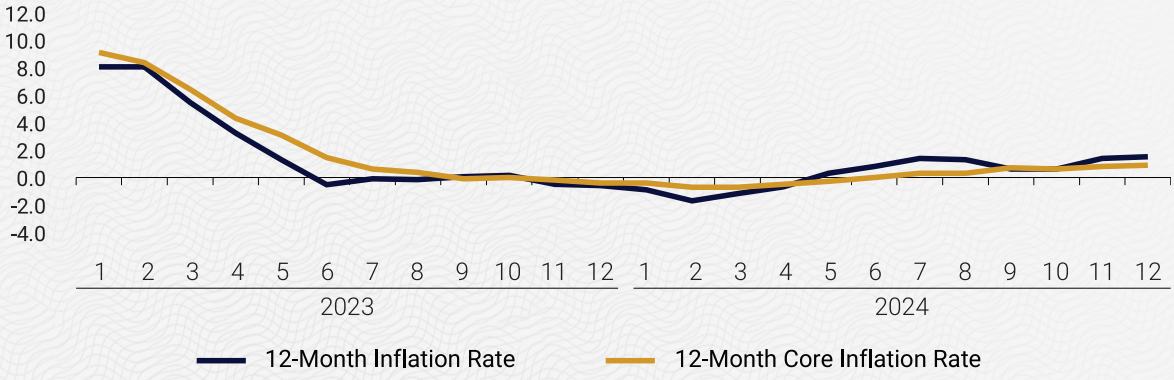
The monetary policy implemented by the Central Bank of Armenia in 2024 was aimed at ensuring a target 12-month inflation of 4% over a three-year horizon. A low inflation environment was maintained in Armenia during the year, mainly due to external deflationary effects and the monetary policy implemented by the Central Bank. The 12-month inflation continued to decline in the first quarter, and then gradually increased, entering positive territory in the second half of the year.

In 2024, high economic activity maintained in Armenia, driven by robust grown in the services, construction and trade sectors, resulting in annual economic growth of 5.9%. At the same time, gross demand remained high, mainly due to domestic demand factors, while external demand gradually weakened due to a gradual decline in tourism.

In light of these developments and guided by its commitment to achieving the goal of price stability while prudently managing possible risks associated with ongoing uncertainties, the Central Bank of Armenia continued to ease monetary conditions in 2024, gradually reducing the policy rate by a total of 2.25 percentage points over the year. As a result, the 12-month inflation increased by 2.1 percentage points during the year, reaching 1.5% by year-end, while the 12-month core inflation increased by 1.3 percentage points, ending the year at 0.9%.

Figure 1

In early 2024, amid external deflationary effects, the 12-month inflation rate continued to decline, and then gradually increased.



Within the framework of the key guidelines set out in the Central Bank's Strategy, a forward-looking, innovative, flexible and dynamically developing system for monetary policy forecasting and policy analysis (FPAS Mark II) was fully implemented and launched in 2024. The new system for developing and implementing monetary policy enables prudent management of monetary policy risks under conditions of significant uncertainty, which will allow the economy to withstand major shocksand achieve monetary policy goals with minimal public costs. A key feature of the new system is the shift from decision-making based on central forecasts to an approach based on discussing and managing various risks and scenarios, while also ensuring clearer communication with the public about the logic of the CB's decision-making.

SR: A high-quality, dynamic forecasting and policy analysis system (FPAS) aligned with leading global standards and innovative practices

Since January 2024, the Central Bank of Armenia has officially adopted the "Prudent Risk Management Approach to Monetary Policy," which focuses on identifying, assessing, addressing, and making decisions on monetary risks through the discussion of various macroeconomic scenarios, emphasizing the importance of a high level of transparency and effective communication in the decision-making process. At a conference held on January 11–12, 2024, the Central Bank of Armenia introduced and formally announced its new monetary policy system to the professional and academic community. Following the conference, the system was also presented in dedicated sessions to the media and financial market participants. In the first quarter of 2024, the new framework was officially launched and fully integrated into all stages of monetary policy formulation, decision-making, and communication.

SR: Building a clear and supportive public understanding of the fundamental elements and principles of the monetary policy strategy, including among financial market participants

As part of the new system, higher standards of transparency and accountability in monetary policy have been introduced—key prerequisites for the effective and credible implementation of monetary policy. In this context, an external communication strategy aligned with international best practices has been developed and implemented to make monetary policy more understandable and foster open and transparent dialogue with various segments of society. Under this strategy, the Monetary Policy Report has been presented in a new format since the beginning of the year. The revised report places particular emphasis on identifying, assessing, and addressing key monetary policy risks and uncertainties through the discussion of various macroeconomic scenarios.

A "Transparency Report" was also introduced during the year. This report includes the minutes of the Central Bank Board's meeting on the monetary policy rate, the individual voting results, and individual justifications of Board members for their decisions.

Recognizing the importance of strengthening cooperation and mutual trust with bank analysts and financial market participants, as well as the need to communicate the logic behind scenario development and decision-making, meetings with financial market analysts were organized throughout the year following each policy rate decision. This comprehensive approach to transparency

and communication contributes to the adoption of best practices in transparency and principles of clear and professional public communication, thereby supporting the implementation of the Central Bank's corresponding strategic priority.

SR: A competitive team developing monetary policy at the international level

In 2024, guided by the vision of building a competitive team at the international level, the Central Bank continued to develop and introduce new criteria for the implementation of policy analyses based on the principle of research excellence. Within this framework, the continuous expansion and improvement of human capital, knowledge, research and analytical tools were emphasized, based on the presentation and implementation of innovative approaches. Under the issue of human capital development, in 2024, the Central Bank of Armenia organized weekly discussions on important issues from the perspective of monetary policy. These were attended by employees and leadership members of the central banks of Armenia and other countries, as well as leading researchers and economists from around the world. In January 2024, the Central Bank organized a conference entitled "Prudent Risk Management Approach to Monetary Policy", during which the adoption of a new monetary policy framework at the Central Bank of Armenia was officially announced and issues related to monetary policy and the modern challenges of the systems were discussed. A number of world-renowned economists, including Lawrence Summers, Charles Goodhart, Athanasios Orphanides, and leading experts in the field from various central banks and international institutions participated in the workshop. Such workshops have served as an exclusive platform for the employees of the Central Bank of Armenia to present their research and analysis to a global audience of international experts, to listen to lectures and discussions by leading economists on various politics-related topics, as well as to discuss and receive observations and suggestions from world-renowned experts on the further development of the new monetary system.

In summary, the Central Bank of Armenia is the first in the world to introduce a systematic and structured approach to prudent risk management, and it has been fully developed at CBA. Since the announcement and implementation of the FPAS Mark II system, central banks in many countries, including the National Bank of Georgia, have taken steps to implement the system and/or individual elements. At the same time, a number of leading central banks, such as the Bank of England and the Bank of Canada,[1] placing importance on the need to manage risks and uncertainties in monetary policy development, have presented their visions, which largely align with the principles and elements of the FPAS Mark II system.

1 https://www.bankofcanada.ca/2023/10/staff-discussion-paper-2023-23/

Clare Lombardelli
Deputy Governor of the Bank of England

> *"We will broaden and redefine our approach to monetary policy by reducing the role of central forecasts. We will conduct more systematic analyses of potential risks and uncertainties related to economic developments, along with prudent policy responses in such scenarios. We will improve our approach by introducing a process of scenario construction and analysis. We will reduce the role of forecasts in decision-making and communication. This is one of Ben Bernanke's1 most important observations and recommendations[2]".*

Lawrence Summers
President Emeritus at Harvard University, Charles W. Eliot University Professor, former U.S. Secretary of the Treasury

> *"I am impressed by three aspects of your work…that correspond with things that I have always tried to do as a decision-maker, though I think you have brought a degree of formality to the exercise … The systematic use of multiple scenarios and the desire to formulate policies that are robust against all scenarios seems to me to be something that is very important.*
>
> *[First], the systematic use of multiple scenarios and the desire to formulate policies that are robust against all scenarios is very important…*
>
> *A second aspect of your framework that I would very much salute is the "adversarial" aspect—the attempt to probe possible errors... There are many decisions in life that are best characterized as exercises in calibration: where should we set the policy interest rate? … Attempting to pose both the considerations for more and for less, for higher and lower, and to verify that they seem to be in equipoise, as best as one can make a judgment, seems to me to be very much something that is appropriate and is a valuable contribution to the policy process.*
>
> *The third thing…is that one needs to be very careful to protect one's credibility in an uncertain world by not pretending to know more than one actually can. Of course one needs to make and refine the best judgments that one possibly can, but those judgments will be inherently flawed, and therefore, one needs to not express oneself with expressive confidence in their favor…".*

1 https://www.bankofengland.co.uk/independent-evaluation-office/forecasting-for-monetary-policy-making-and-communication-at-the-bank-of-england-a-review/forecasting-for-monetary-policy-making-and-communication-at-the-bank-of-england-a-review

2 https://www.bankofengland.co.uk/speech/2024/november/clare-lombardelli-speech-at-the-3rd-boe-watchers-conference

Charles Goodhart
Emeritus Professor, London School of Economics and Political Science

"One of the problems with the baseline or single peak forecast is it implies much more certainty about what is going to happen than anyone, including particularly forecastcasters actually believe. I have attended many forecasting processes over the last 50 or 60 years, and virtually every single forecast occasion that I've attended the forecasters have started by saying the current situation is uniquely uncertain. It is always uncertain. Maybe a little bit more or a little bit less, but it is always totally uncertain. And having a single peak modal baseline forecast gives an entirely invalid approach to that… Moreover, the having a single baseline forecast puts great emphasis on the deviations of the outcome from the forecasts rather than the analysis of how the risks have changed in order to drive the forecast out of the line.

…If you have risk scenarios in even numbers, then there is much less chance of people trying to get back to a single forecast. And if the central bank is sensible and does not give a numerical probability distribution to one risk or the other, occurring, it means that everybody, including politicians and journalists, will have to think, whereas if you actually try to give them numerical probabilities, you will get back to the single peak forecast.

…If we drive monetary policy into a risk scenario approach, that will tie the monetary policy aspect of the central banks activity much more closely in with the financial stability aspect of the central bank's for what they have to do."

In the Spotlight

Since 2006, under the inflation targeting strategy, the Central Bank of Armenia has been guided by a 4% inflation target rate with a confidence band of +/- 1.5 percentage points. The consistent structural and institutional improvements that have taken place in the Armenian economy in recent decades indicate that a lower inflation target is currently more consistent with price stability.

As a result of discussions between the Central Bank, the Government, and various international experts and economists, the National Assembly approved, by way of the Law on the State Budget of the Republic of Armenia for 2025, that in 2025, the Central Bank will make monetary policy decisions guided by a 12-month inflation target of 3% with a confidence band of ±1.0 percentage point. The reduction of the inflation target and its establishment at the 3% level is an important prerequisite for the long-term sustainable development of Armenia's economy and for improving public welfare by ensuring price stability in the economy.

According to research and assessments1, the definition of a low target rate of inflation that is more consistent with price stability will have a significant positive impact in the context of economic developments. In particular:

1. Low and stable inflation is an important prerequisite for long-term investments, growth of consumer confidence and sustainably high economic growth.
2. The presence of a low inflation target and inflation expectations is an important prerequisite for a decrease in real market interest rates through a reduction of market nominal interest rates and country risk premium, which creates a favorable basis for long-term investment growth.
3. Low and stable inflation, as well as decreasing monetary policy uncertainties, also contribute to the reduction of volatility in the currency and financial markets, as a more predictable and stable macroeconomic environment for the functioning of financial markets is provided.
4. Low and stable inflation contributes to the establishment of a more stable and predictable path in the process of setting sticky and regulated prices.
5. The goal of low inflation ensures the stability of society's real purchasing power of incomes and wages, which is an important prerequisite for poverty reduction in the long term.
6. The reduction of the inflation target essentially expresses the transformation of a consumer or borrowing society into a saving and investing society.
7. The step of lowering the inflation target will significantly contribute to enhancing Armenia's reputation in various international credit rating and, in particular, investment platforms, which will serve as an important impetus for the long-term inflow of foreign investments.

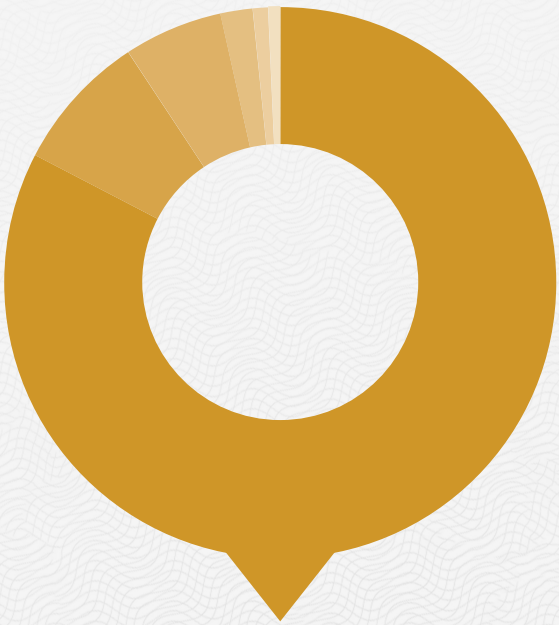
1 https://old.cba.am/EN/panalyticalmaterialsresearches/Inflation_target_in_Armenia_eng.pdf

ENSURING FINANCIAL STABILITY/ MACROPRUDENTIAL POLICY

In 2024, Armenia's financial system developed at a steady pace, meeting the demand of the population and businesses for financial services. The results of the year have strengthened the foundations of financial stability, creating conditions for ensuring a stable macrofinancial environment and economic growth.

Figure 2

Shares of financial system assets by individual financial institutions (%)



Banks
82.7%
Credit Organizations
8.1%
Insurance Companies
5.8%
Investment Companies
1.9%
Pension Funds
0.9%
Other Financial Institutions
0.7%

The banking system was characterized by sufficient capital and liquidity reserves, demonstrating a high ability to withstand shocks. As in previous years, the system has recorded sufficiently high profitability in the current year, which is an important prerequisite for the natural accumulation of capital within the system, the strengthening of financial stability, and the implementation of new development programs and investments aimed improving risk management and customer service.

During the year, the banking system's deposit and loan portfolios grew at a high rate. Moreover, the high growth of consumer and mortgage loans, in general, equally contributed to the growth of household loans. As for the growth of deposits, it should be noted that it was largely due to the growth of funds attracted from residents.

Over the year, real estate prices have continued to rise, but at a slower pace. At the same time, the growth rates of mortgage lending have been maintained at a high level; in particular, a significant increase in the volume of newly issued mortgage loans was recorded in the last quarter of the year. Such a large volume of lending was associated with behavioral manifestations caused by the termination of the income tax refund program in Yerevan, a factor that is not expected to persist going forward. At the same time, considering the rapid increase in real estate supply in recent years, the gradual phase-out of the income tax refund program, and the possible saturation of demand in the real estate market, a further slowdown in activity in the mortgage market is considered possible. During the year, the maximum loan-to-value ratio requirement, which was introduced by the Central Bank back in 2022 in order to balance risky behaviors in the real estate market, remained in place.

Taking into account the uncertainties arising from the overall macrofinancial environment, current developments in the credit cycle, as well as the banking system's assessments of the costs of raising additional capital, in October 2024 the Board of the Central Bank raised the capital countercyclical buffer rate by 0.25 percentage points, setting it at 1.75% of risk-weighted assets. The additional capital required by the countercyclical capital buffer expands the banking system's ability to absorb losses in times of stress, helping to ensure the continuity of lending to the economy.

FINANCIAL SYSTEM

SR: Regulatory standard-setting mechanisms in line with the recommendations of international standard-setting bodies (FSB, BIS, IOSCO, etc.). Representation in these bodies and active participation in the development of international standards with the aim of creating exemplary standards for digital economies.

Banking System

To implement the tasks set forth in the Strategy, in 2024, the Central Bank carried out work on introducing and modernizing international best practices and standards and developing regulations in line with the specifics of the latter.

Emphasizing the early detection of potential financial problems of banks and the quality of measures taken by banks in these situations, the regulation on recovery plans developed by banks was revised in 2024. The introduced regulations are aimed at improving the corporate governance of commercial banks and increasing the quality of recovery programs. In particular:

- The regulation stipulates that commercial banks must have internal procedures and processes related to the development, approval, testing, review, and implementation of recovery plans. Given that recovery measures should be aimed at maintaining critical operations and core business lines, minimum standards for their disclosure have also been established.
- The amendments also clarified the current requirements for recovery plans, including clarifying that in order to draw up a recovery plan, banks must conduct reverse stress tests to describe scenarios for implementing recovery measures.

Emphasizing the accessibility of financial instruments widely used in international practice for consumers, the Central Bank has initiated changes to the "Regulations for Opening and Maintaining Unallocated Metal Accounts." In particular, as a result of the changes, in addition to gold accounts, banks will be able to open and manage unallocated metal accounts in silver, platinum, and palladium, which will expand the range of alternative savings tools available to the public.

Insurance System

During 2024, the Central Bank of Armenia participated in the "Inclusive Insurance Innovation Lab" one-year program organized by the International Association of Insurance Supervisors (IAIS) and the Access to Insurance Initiative. The program included a number of remote meetings and discussions, as well as mutual visits by representatives of supervisory bodies from other countries participating in the program. The participants, studying the issues related to climate risks

and inclusiveness in the RA insurance sector, considered agricultural insurance as a sector subject to climate risks and having inclusiveness issues. Thus, as a result of the project, a prototype of an educational platform was developed to promote inclusiveness in agricultural insurance. The platform can make agricultural insurance more accessible by providing the rural community with the necessary information about agricultural risks, as well as the tools needed to mitigate and manage those risks.

In order to align the formation of technical reserves of insurance companies with the proposals of international insurance supervision standards (EIOPA, IAIS, etc.) and the best international practices, we have decided to be guided by Solvency II standards, which are aimed at increasing the level of accuracy of technical reserves formed by insurance companies.

Securities Market

In 2024, a global pension workshop was organized in partnership with the World Bank at the Dilijan Training and Research Center, aiming to promote the exchange of knowledge in three key areas: expanding pension and social security coverage, communication, and building consensus on pension reform. The workshop brought together World Bank representatives, international experts, policymakers, and government experts on pension and social security issues for the purpose of:

- becoming acquainted with the experience of countries in the Europe and Central Asia region with recent pension reforms;
- discussing approaches to expanding pension coverage;
- discussing the issues of improving public communication and capacity building with regard to pension issues.

During the workshop, representatives of the Central Bank and the Government presented to foreign partners the successful experience of the pension reforms of the Republic of Armenia, the lessons learned, and the successes recorded, and held discussions with prominent international experts in the field on possible improvements to the reforms.

With a view to introducing a unified policy for the processing and protection of personal data in the Central Bank of Armenia, a “Personal Data Protection Policy at the Central Bank of the Republic of Armenia” has been approved by decision of the Governor of the Central Bank. In addition, in order to smoothly implement the CBA’s international cooperation in the field of supervision in the securities market, the Central Bank signed the IOSCO Administrative Arrangement in 2024. The provisions of the Administrative Agreement are intended to cover the main data protection conditions set out in the EU General Data Protection Regulation (EU GDPR), which gives EU citizens greater control over their personal data and establishes new regulations for the protection and cross-border transfer of that data. The Administrative Arrangement ensures and guarantees the protection of personal data transferred by EU supervisory authorities to the supervisory authority of the Republic of Armenia, which is not a member of the EU. Under the IOSCO Memorandum of Understanding, this framework promotes international cooperation when the Central Bank of Armenia requests personal data of EU citizens from its European counterpart supervisory authorities.

Amendments and additions have been made to the decision of the Board of the Central Bank of Armenia, allowing all types of fund managers to provide account operator services related to the investment fund units they manage. As a result, investment fund managers can provide clients with complete services related to their share transactions without an intermediary, enabling the investor to be served on a one-stop shop basis when purchasing an investment fund share.

In the Spotlight

The Central Bank has developed and placed into circulation drafts of a "Law on Crypto assets" and a number of related laws, which provide for comprehensive regulation of the supply of crypto assets and the services provided with them. The regulation will provide an opportunity to adequately respond to the risks in the crypto asset sector, while simultaneously creating a clear legal framework for the development of innovations and technologies in the crypto asset sector. The regulatory model is based on the principle of "same activity, same risk, same regulation", according to which the implementation of activities with crypto assets, which are similar in nature to any traditional financial activity and pose similar risks, should be regulated in a similar manner.

In the case of a public offering of crypto assets by a crypto asset issuer to the public, the issuer is required to publish an with paper, as well as requirements for advertising.

A license issued by the Central Bank of Armenia will be required to provide services with crypto assets. Services subject to licensing include the operation of a crypto asset trading platform, custody and transfer of crypto assets, offering tokens linked to the asset, buying and selling (exchange) of crypto assets on one's own account, as well as certain other brokerage services for clients with crypto assets.

Payment and Settlement System

SR: A payment and settlement system that will provide a flexible range of services in line with international standards

In line with the goals set by the Strategy and taking into account the growth of non-cash payments, in 2024, the Central Bank Board decided to establish an interoperability requirement for making payments or transfers using QR codes. According to the new regulation, it will be possible to make payments using the applications of all financial institutions that provide QR payment capabilities through a single QR image placed by financial institutions (commercial banks and payment and settlement organizations) at points of trade and/or service provision.

PAYMENT AND SETTLEMENT SYSTEM

Number of POS Terminals in Armenia

338,467

Transactions within the Republic of Armenia with Cards Issued by Armenian Banks

	VOLUME mln. drams	QUANTITY
	6,081,313	**419,524,474**
arca	776,464	51,777,429
VISA	3,632,785	265,846,274
	1,463,698	94,691,315
Other	208,366	7,209,456

The purpose of the proposed regulation is to make the processes that ensure the execution of payments or transfers via QR code convenient and efficient for both payers and points of trade and/or service provision, as well as financial institutions. With this regulatory approach, the Central Bank aims to contribute to the formation of a more inclusive and efficient payments environment in Armenia by encouraging alternative access to non-cash financial services to a wider range of payers.

Within the framework of the payment and settlement system improvement strategy, changes have also been made to the regulation of the final settlement of government bonds carried out by the Central Bank. The changes are aimed at ensuring greater flexibility and efficiency of the final settlement process, for which purpose the software required to support the exchange auction functions has been developed and implemented. As a result of the changes made and the joint work of the Central Bank of Armenia, the Ministry of Finance of the Republic of Armenia, and the Armenia Stock Exchange, an opportunity has been created to ensure the introduction of government bond exchange auctions, which, in turn, enables the RA Government to expand the domestic public debt toolkit by improving the refinancing risk management process. In particular, it allows the RA Ministry of Finance to buy back one type of government bond from agent commercial banks and place another type of government bond in its place, without transferring funds. At the same time, the changes made expand the opportunities of market participants in terms of increasing investment efficiency and liquidity risk management.

EPS (ELECTRONIC PAYMENTS SYSTEM) **MODERNIZATION PROJECT**

OBJECTIVE: The project aims to modernize and reform the Central Bank's Electronic Payments System (EPS), strengthening its security, efficiency and scalability.

DESCRIPTION OF DESIRED OUTCOME: Each EPS participant is connected to the new system and at least one transaction is carried out in the domain of the new system.

PROJECT TIMELINE: Q2 2024 – Q4 2027

WORK COMPLETED IN 2024: Engagement of a transaction advisory and initiation of project activities. The purpose of involving the transaction advisory is to prepare reports on the gaps in the existing system and the target state, which will serve as the basis for selecting and launching the modernization scenario for the Electronic Payments System (EPS).

Sustainable Finances[1]

In its sustainable finance activities, the Central Bank is guided by the roadmap it has developed.[2] The four pillars of the roadmap, which are mobilizing financing, expanding markets, integrating sustainable finance, and building awareness and knowledge, define thirteen actions aimed at embedding sustainable finance principles within the financial system and raising awareness among system participants.

Following the adoption of the roadmap, the Central Bank undertook the implementation of the actions outlined within it. In 2024, updated versions of the risk radar and heat map tools were developed. According to the risk radar, nearly 40% of the banking system's loan portfolio is vulnerable or highly exposed to climate-related risks.

1 https://old.cba.am/en/sitepages/fsclimatechangeandfinancialrisks.aspx

2 https://old.cba.am/en/sitepages/fscbacommitment.aspx

FINANCIAL SYSTEM SUPERVISION

The Central Bank carries out risk-based supervision, which means that the depth and intensity of supervision in different sectors, operations, and organizations may vary depending on the level of risk. The principles of risk-based supervision are applied in all supervisory processes, from financial institutions' market entry to market exit, continuously ensuring a stable and reliable financial environment.

Licensing and Registration

To ensure access to the financial system, the Central Bank carries out the licensing and registration of organizations. During 2024, the Central Bank continued to carry out an evaluation of the effectiveness of internal qualification processes for the heads of financial institutions. The initial results of the assessment have been communicated to financial institutions in order to implement appropriate improvements in internal processes. In general, it should be noted that there is a trend in financial institutions to attract internationally qualified individuals to key positions. For example, during 2024, about 10% of executives had international qualifications, which is about 4% higher than the same indicator in 2023.

Taking into account the key importance of bank boards in the development of a corporate governance culture, effective, transparent and responsible practices, as well as the need to adequately respond to emerging and complex risks and uncertainties in the financial system, the Central Bank has continued in 2024 to improve the efficiency of the activities of the members of board banks, deepen capacities and transform the generation of the boards. In 2024, the Central Bank registered 17 board members, 12 of whom were professionals working in prestigious international organizations. For comparison, only 6 of the 11 board members registered in 2023 were professionals working in prestigious international organizations.

Prudential Supervision

In the context of prudential supervision of banks, a number of measures have been implemented during 2024 aimed at strengthening the stability of the banking system and reducing risks. In accordance with current prudential requirements, work continued on implementing early warning monitoring systems aimed at adequately responding to potential threats and minimizing risks. Based on the results of the above-mentioned monitoring, appropriate inspections and thematic studies have been carried out in banks with the aim of improving banks' internal risk management systems.

Within the framework of the annual risk assessment and thematic studies on money laundering, terrorism financing and the financing of the proliferation of weapons of mass destruction (hereinafter referred to as ML/TF/FPWMD) carried out during 2024, signals, suggestions, and instructions have been communicated to financial institutions through appropriate procedures on the problems and directions subject to improvement of the ML/TF/FPWMD risk management systems. Specifically,

- An annual assessment of risks and quality of governance specific to financial

institutions was carried out, the results of which (including proposals to correct the identified deficiencies) were summarized and communicated to the relevant management bodies of 69 financial institutions in supervisory letters.

- Within the framework of remote supervision, the level of compliance with the requirements of the RA Law on Combating Money Laundering and Terrorism by banks and payment and settlement organizations in the provision of services through automatic devices for the implementation of money transfers, as well as for the implementation of financial transactions, has been evaluated, and appropriate supervisory measures have been initiated.
- In the currency market, inspections and studies have been regularly carried out on the maintenance of the requirements for the breakdown of transactions and the proper study of customers.

As a result, liability measures have been applied in 22 cases for violations of the ML/TF legislative requirements.

In order to increase the efficiency of cybersecurity risk management in the financial system, thematic studies on IT and IS security in financial institutions, particularly banks and payment and settlement organizations, and assessment of existing risks continued in 2024. As a result of the assessment, targeted proposals for improving IT and IS risk management systems have been formed, as part of which appropriate communications with banks and payment and settlement organizations are planned.

Capacity Building and International Cooperation

In order to fully implement the supervisory objectives set before the Central Bank and to adequately respond to newly emerging risks, efforts and activities aimed at developing and deepening supervisory capacities and the capabilities of the financial system continued during 2024.

In view of the need to deepen the capacities of central banks and financial institutions in the field of ML/TF and the compliance of penalties, during 2024, the Central Bank conducted sectoral trainings for representatives of financial institutions, including with the involvement of international experts. At the same time, emphasizing the need for supervisors to undergo continuous education in the field of ML/TF prevention, supervisors have received international sectoral qualifications and participated in various training courses organized by international organizations.

Jointly organized by the Central Bank of Armenia and the International Monetary Fund, an international seminar on “Corporate Governance and Board Effectiveness” was organized by representatives of member states of the Caucasus, Central Asia, and Mongolia Regional Technical Assistance Center (CCAMTAC).

Competition

To improve the state of competition within the financial system, the Central Bank continued to implement preventive measures in 2024. In order to ensure the smoothest possible liberalization of MTPL (Mandatory Third-Party Liability Insurance) tariffs and reduce the risk of anti-competitive agreements or abuse of dominant market positions, ongoing monitoring was conducted on changes in MTPL insurance premium pricing models. Supervisory observations and analyses have not revealed any significant changes in the shares and concentration of market participants.

In the context of the transactions involving the acquisition of significant participation in the charter capital of Ameriabank CJSC by Bank of Georgia Group PLC and JSC Bank of Georgia, and of HSBC Bank Armenia CJSC by Ardshinkbank CJSC, comprehensive competitivemarket analyses were conducted, considering the horizontal nature of the former and the cross-border nature of the latter, along with the corresponding preventive measures arising from thoseanalyses. As a result of assessing the structured and unstructured impacts of concentrations oncompetition, as well as the potential for acquiring a dominant position due to these transactions, itwas concluded that the given transactions do not lead to a restriction of free economic competition.

Taking into account current trends in the development of the financial system and the opportunities presented by digital technologies, the Central Bank has initiated the process of updating internal legal acts related to competition analysis within the financial system.

Improving Transparency

In 2024, in order to enhance the transparency of the Central Bank's supervisory activities and improve the overall transparency of the financial system, changes in the Central Bank's approach to publishing sanctions imposed on financial institutions were approved and made public.

As a result, more accessible and user-friendly information regarding the imposed sanctions will be published.

OVERSIGHT AND LICENSING

The following entities were licensed in 2024:

2 Investment Companies

2 Credit Organizations

1 Money Transfer Company

1 Payment and Settlement, Processing, and Clearing Company

1 Pawnshop

30 Exchange Offices

The following entities were registered in 2024:

1 Representative Office of Foreign Bank

12 Bank Branches

11 Credit Organization Branches

1 Money Transfer Company Branch

25 Investment Funds

167 Heads of Financial Institutions

which comprises 18% of registered heads of financial institutions

18%

Fraud Cases

1084

Fraud Cases Reported to Law Enforcement Agencies

75

CONSUMER EMPOWERMENT

The Central Bank continues to prioritize the development and refinement of an ecosystem that supports consumers. The Bank's strategic objective is to create an environment and tools through which consumers in the financial system are empowered to safely and consciously use financial services in line with their needs, thereby contributing to the improvement of their financial well-being.

In 2024, the Central Bank continued to implement need-based measures, including enhancements to regulations protecting consumer rights and personal data, the development of effective systems for resolving financial disputes, and the execution of expanded financial education and inclusion programs.

One of the Central Bank's key areas of focus was also the implementation of the Financial Education Program approved by the Government of Armenia and its 2021–2025 Action Plan, aimed at increasing public awareness and knowledge for the safe and effective use of financial services.

To coordinate, evaluate, and set priorities for consumer protection efforts, an inclusive and effective methodology was introduced. Using this methodology, identified issues were classified by significance and impact, allowing resources to be focused according to established priorities.

Signals received from various sources served as the basis for implementing targeted and issue-focused actions aimed at supporting consumers, specifically:

- In 2024, the "Dram 30-30: Toward Financial Well-Being" project was implemented with the goal of integrating residents of border villages into the financial system. The project was carried out among 120 residents from 4 border villages. Conducted in cooperation with commercial banks, the "Dram 30-30" initiative aimed to improve the financial well-being of border village residents by creating the necessary preconditions for convenient and smoother use of financial transactions, delivering targeted financial knowledge and skills, and helping build confidence for making both current and long-term financial decisions. Throughout 2024, the Central Bank of Armenia's team supported participating rural residents in carrying out daily financial transactions in an easier and more convenient manner, guided them in making financial decisions, maintained communication, and addressed their questions and concerns.
- To improve the system for protecting consumer data in financial services, key issues related to personal data protection were studied and identified. In parallel, amendments were made to existing normative legal acts to ensure the principle of proportionality in personal data processing. As a result, specific data elements to be included in extracts provided to tax authorities were defined.
- An assessment was conducted regarding the implementation by financial institutions of the 2023 legislative amendments on credit history and credit scoring.

Financial Education & Inclusion

In 2024, our initiatives aimed at financial education continued. Specifically:

Students from grades 2 through 11 studied financial education in an integrated format using newly developed textbooks. Financial literacy content was incorporated into subjects such as “Me and the World Around Me,” Mathematics, Algebra, and Social Studies. New “Me and the World Around Me,” Mathematics, Algebra, and Social Studies textbooks for the fourth, sixth, eighth, and tenth grades include material on topics such as personal budget planning and management, effective savings management, protection of financial rights, avoidance of financial fraud, and other aspects of personal financial management.

The development of these textbooks is ongoing, with new grades being added each year.

- **Financial Education for Convicts:** The year was also marked by the launch of a new and key program, in which about 50 teachers and employees of the Center for the Implementation of Legal Education and Rehabilitation Programs SNCO received training in partnership with the Central Bank of Armenia and the RA Ministry of Justice. With their help, convicts will soon receive financial education and have broader opportunities for smooth reintegration into society.
- **Financial Education for Families of Disabled or Fallen Servicemembers and Volunteer Fighters:** Two-day educational courses were organized, giving participants the opportunity to find answers to their questions and gain practical knowledge to better manage financial resources received from the “Zinapah” Foundation.
- **Volunteers:** Since 2016, financial education initiatives have been organized and implemented in close collaboration with volunteers.

FINANCIAL EDUCATION AND INCLUSION

abcfinance.am
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47,582
followers

1,224
followers

Beneficiaries of handholding (financial education and guidance) through mobile banking “DRAM 30-30 TOWARDS FINANCIAL WELL-BEING” project

120
participants

In 2024, financial education was provided to:

8000
children and adults, in-person, through ongoing programs

425,000
students, in-person, through school programs

As part of these efforts:

- More than 2,000 consumers participated "Personal Finance Management" seminars.
- Around 2,680 consumers were financially educated during seminars held jointly with the Visitor Center at the CBA Visitor Center, as well as in the Sisian and Noyemberyan communities.
- 55 students and 22 teachers from all regions of the Republic of Armenia and Yerevan played the Financial Brain Ring game.
- 1,000 children aged 11-13 underwent a financial awareness program at "The Mediator's Camp."
- As part of the "International Money Week" program, 1,500 students from 36 schools in Yerevan and the regions participated in training courses organized at their schools as part of the visit of Central Bank employees.
- Economics Olympiad: Around 900 students participated in the Tatev Economics Olympiad, as a result of which five students participated in the international stage of the Olympiad and won one silver and three bronze medals.
- As part of the Citizen project, 130 schoolchildren from 22 schools implemented educational projects on personal finance topics, developed practical skills, and contributed to financial awareness in the community. The project is implemented in collaboration with the CIVITAS NGO.
- "Vozni" Financial Literacy Tournament - This tournament was held for the first time in 2024. 114 students from throughout Armenia participated, and 50 students advanced to the final round. Students in grades 10-12 participated in the tournament.
- 120 students from 5 villages in Lori and Armavir regions were included in financial education reading groups.
- 750 consumers received personal finance management knowledge as part of the DigiTec/DigInvest expo.

REMOTE

1,8 MILLION+
consumers

- Every year, about 85,000 people make informed decisions by comparing service prices on fininfo.am.
- More than 164,000 consumers are educated remotely annually through the Abcfinance.am website (785,000 website views).
- Campaigns on social media platforms to raise awareness about the usefulness of the Fininfo.am tool have reached around 550,000 people.
- Educational campaigns aimed at effective personal finance management on social platforms conducted via the official social media accounts of the abcfinance.am website have reached about 1 million consumers and generated 3.4 million views.
- Around 70,000 consumers are learning about financial management through the "Money Wallet" platform, run in partnership with newsarmenia.am.

Protection of Consumer Interests

In 2024, efforts to protect consumer rights continued. Special attention was given to changes in floating and fixed (adjustable) interest rates by banks and credit organizations—specifically, their compliance with existing regulations and rules of communication with consumers. The focus also included the disclosure and publication of mandatory information by financial institutions, particularly the process of obtaining consumer consent for credit bureau inquiries and ensuring that these practices complied with applicable regulations, as well as the procedures for informing consumers about the inquiries made. As a result of these efforts, proper disclosure of information was ensured for a broad group of consumers, and several issues related to the compliance of interest rate changes were addressed.

In the area of fraud detection and prevention, the Central Bank cooperated with law enforcement agencies, financial institutions, and consumers. Over the course of the year, 75 cases of fraud were reported to law enforcement bodies, and various public awareness activities were carried out.[1]

Partnerships

In 2024, within the framework of effective cooperation with the Alliance for Financial Inclusion (AFI), a meeting of the AFI's Eastern Europe & Central Asia Policy Initiative (ECAPI) group was held at the Central Bank's Dilijan Training and Research Center, during which representatives of six countries discussed and exchanged experience on consumer involvement, advocacy, and financial education in the financial sector. During the meeting, CBA staff members also presented the Armenian experience, new programs and policies. The Armenian experience in financial education was presented by the staff of the Consumer Support Center at the meeting organized by AFI and the central bank of France under the title "Financial Education from A to Z: The Case of Armenia and Other Eastern Europe and Central Asia Countries."

Employees of various departments of the Central Bank actively participated in the discussions and meetings of seven working groups formed for the regulation aimed at increasing financial inclusion. As a result, the international guidelines of the cooperating countries and various works[2] have also presented Armenia's experience on the protection of consumer interests in the financial system, financial behavioral studies, financial inclusion, digital agenda policy, and other topics.

As a result of close cooperation with the Organization for Economic Co-operation and Development (OECD), Armenia's experience has been presented and enriched during various experience exchange initiatives. It was significant that Armenia also participated in the 2023-2027 program for the development of financial education by the OECD and the Ministry of Finance of the Netherlands in 2024. Within the framework of the program, 10 countries receive support in developing financial education approaches, conducting research, and exchanging experiences.

1 https://old.cba.am/en/sitepages/warnings.aspx

2 https://www.afi-global.org/wp-content/uploads/2024/01/Impact-Assessment-of-FSP-MCS-Guideline-Note_Jan24.pdf
https://www.afi-global.org/wp-content/uploads/2024/03/Monitoring-Evaluation-of-Financial-Education-Programs-in-Schools.pdf

ANNUAL REPORT 2024

03

CBA STRATEGIC PRIORITIES: CENTRAL BANK CAPACITY DEVELOPMENT

— People

— Governance



Only through the effective implementation of the Central Bank's strategic direction for capacity development will we be able to realize the goals adopted within our sphere of impact.

TRANSFORMATION PROGRAM

OBJECTIVE: To establish a continuous transformation and improvement agenda within the Central Bank.

DESCRIPTION OF DESIRED OUTCOME: As a result of the project, the following are expected to be achieved:

- A culture aimed at transforming behavior and thinking.
- Performance management that includes goal setting.
- Governance reform that includes decision-making mechanisms, delegation of powers, and review and transformation of accountability.
- Work processes that need to be streamlined, optimized and continuously improved.
- Project management aimed at development of capacities for the implementation of complex and long-term projects.

PROJECT TIMELINE: 2023 – 2026

WORK COMPLETED IN 2024. About 80% of the planned work has been carried out within the framework of the project. We have made significant progress in the areas of performance management system development, introduction of project-oriented culture, and internal communications.

See below for more details.

PEOPLE

SR: Performance evaluation based on individual contribution and results, rather than mere activity—serving as the foundation for compensation and career advancement.

During the year, we piloted a performance management system using a technologically advanced platform. We implemented the performance management and evaluation process across the Central Bank's structural units and staff, focusing on proactive performance management based on continuous feedback and personal development.

For the first time, under this pilot system, we conducted a 360-degree feedback process throughout the entire Bank and recorded unprecedented employee engagement (91%).

SR: A system and consistent policy for the recruitment and development of educated, capable, internally motivated, creative, excellence-driven, and collaborative team members.

In 2022, after studying international experience—particularly that of the De Nederlandsche Bank —we launched the Young Professionals Program, aimed at strengthening the Central Bank's team with promising young specialists.

As a result, the program was successfully completed in 2024, with 21 young professionals joining 6 different units of the Central Bank. These individuals are aligned with the Bank's values and serve as carriers of its internal culture.

In parallel, we reviewed and relaunched the adaptation and integration process for both young and newly hired professionals, introducing mentorship, continuous support, and accountability systems.

SR: Becoming a learning organization where employees strive for continuous development, lifelong learning, and knowledge-sharing, regardless of rank, age, or previous experience—aimed at solving the Bank's strategic challenges and ensuring access to up-to-date expertise.

As part of the Central Bank's journey to becoming a learning organization, we reviewed our learning, development, and training processes this year, directly linking each employee's ongoing development to their annual work goals and commitments.

A series of successful knowledge management and transfer initiatives were carried out, engaging a large number of Central Bank employees.

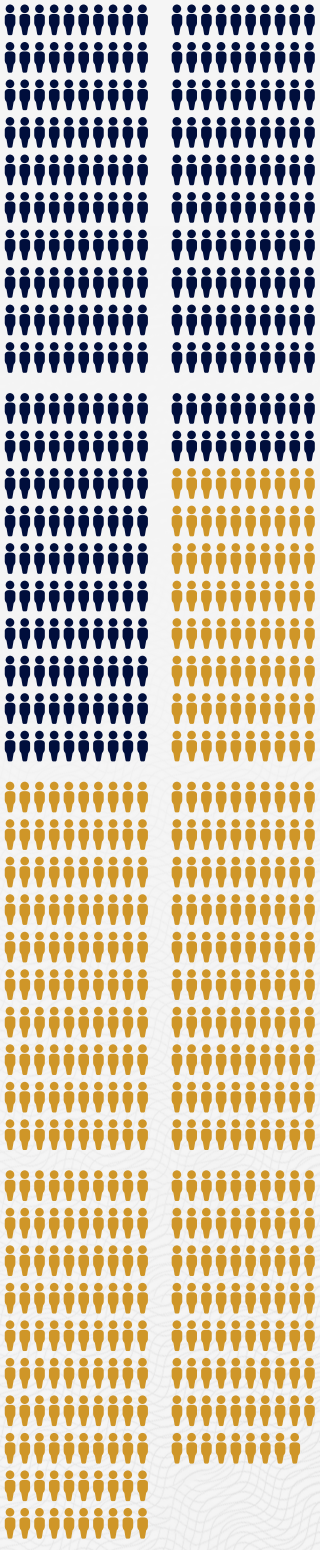
STAFF

Average Number of Employees

779

320 male

459 female



Number of Employees at Dilijan TRC

132

55 from Dilijan and surrounding areas



Number of New Employees

111

hired in 2024

Turnover Percentage

14%

Employees' Average Work Experience

11

Years

Distribution of CBA Employees by Age



28 and under
180 | 23.1%

28-42
278 | 35.7%

43-62
283 | 36.3%

63 and older
38 | 4.9%

Number of Student-Employees at CBA

27

Male-Female Leadership Ratio

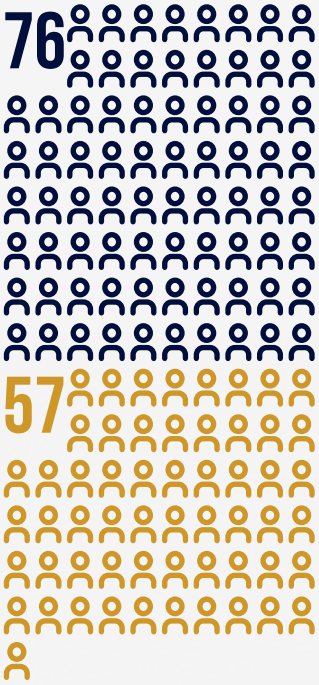
Board



Managerial Workforce

76

57



CBA Employees' Work Trips (including locations) and Participation in Seminars, Courses, and Trainings

Number of Internal Trainings

71

Number of Participants in Internal Trainings

236

Number of External Trainings

157

Number of Participants in External Trainings

204

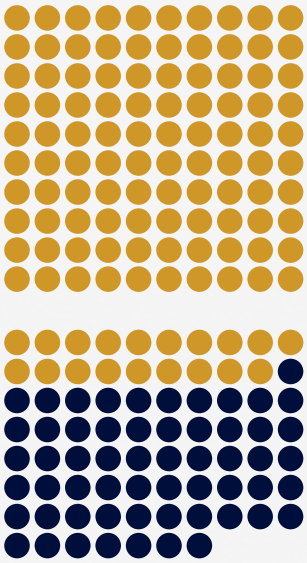
Qualifications Obtained by Employees

EMEA
CCE
FRM
CIA
PRM
CAMS
CISCO
ICA
CIPS
CFI
CISA
CIMA

CORPORATE SOCIAL RESPONSIBILITY

Students at Dilijan Central School

177

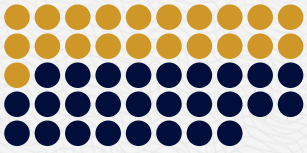


Students Who Are Children of Central Bank Employees

58

Students at Dilijan Central Kindergarten

48



Students Who Are Children of Central Bank Employees

27

SR: Developing platforms and resources to unite employees around shared interests beyond Central Bank responsibilities, including initiatives and community programs under the Central Bank's corporate social responsibility (CSR) framework.

Within the scope of corporate social responsibility, a number of initiatives were carried out. At the beginning of the year, a New Year's event was organized—driven by the initiative and active participation of Central Bank employees—for the children of heroes who lost their lives in the Artsakh war. To strengthen internal culture, enhance collaboration, and increase employee engagement, we regularly held interdepartmental gatherings, games, and events throughout the year.

The format of cooperation with universities was revised and deepened, continuing collaboration with both local and international students.

At the Central Bank's Dilijan Training and Research Center, summer schools were launched in partnership with the Yerevan Economic School (YES) and The Better Policy Project in Macroeconomics, welcoming representatives from over 10 countries. Among the lecturers were Vladimir Asriyan and Victoria Vanasco from the Center for Research in International Economics (CREI), Professor Ruben Enikolopov from Pompeu Fabra University, Professor Mattias Polborn from Vanderbilt University, and Professors Gerhard Toews and Kate Koppy from the New Economic School.

In collaboration with the public and financial sectors of Armenia, we also organized events aimed not only at sharing the Central Bank's expertise but also at promoting sports engagement. For example, in 2024, the Central Bank organized the Financial Sector Chess Championship for the third time, with participation from over 80 employees of financial sector institutions—fostering cooperation and uniting participants around the game of chess.

To position the Bank as an attractive employer and to recruit and retain top professionals, we reviewed and strengthened both internal and external communications as an employer brand. Success stories of Central Bank employees were publicly highlighted and celebrated across platforms, showcasing their career paths and accomplishments. We completely revised and transformed the Bank's recruitment process, introducing flexible tools and procedures to attract talent and top young professionals in the field. One such initiative was the "Stories of Successful Women" campaign launched on March 8 in celebration of International Women's Day.

To further engage and retain employees, we successfully continued team-building events that have become part of the Central Bank's culture—such as the "TIMMIJ" full team gatherings and "Ask the Governor" meetings.

From the perspective of internal achievements, one especially meaningful recognition in 2024 was the Central Bank ranking 5th among the most attractive employers according to a survey conducted by the HayRate initiative.

Number of Internships Completed **92**

Interns from RA Universities **74**

Interns from Foreign Universities **18**

ASUE

ASUE Gyumri

YSU

YSU Ijevan

AUA

NPUA

Russian-Armenian University

French University

European University

Shirakatsy Lyceum

State College of Humanities

Harvard University

Massachusetts Institute of Technology (MIT)

Warwick University

UWC Dilijan College

Glendale University

University of Chicago

University of New York

University of Bologna

Northeastern University

University of Norway

Shanghai University

The University of Manchester

University of Minnesota - Twin Cities

Bentley University

Research Capacity Building

The continuous development of research capabilities is one of the Central Bank's core priorities, enabling evidence-based decision-making and the effective resolution of strategic challenges.

In 2024, the SN Business & Economics journal published a study examining the impact of changes in differentiated reserve requirement ratios on inflation, the banking sector, and real macroeconomic variables in a financially dollarized economy.[1]

In October 2024, a workshop was held at the Central Bank's Dilijan Training and Research Center, co-organized by the Central Bank and the American University of Armenia. The event focused on research projects conducted by various government agencies related to the Armenian economy and explored opportunities for cooperation.
The workshop was attended by representatives of the Central Bank, the American University of Armenia, the Chief Advisor to the Prime Minister of Armenia, members of the Standing Committee on Economic Affairs of the National Assembly, and representatives from the State Revenue Committee, as well as the Ministries of Economy and Finance.

1 https://link.springer.com/article/10.1007/s43546-024-00758-8

GOVERNANCE

In order to strengthen and institutionalize the *Transformation* we began in 2023, as well as to finalize the results reinforced by the strategy, in 2024 we made a number of management changes at the Central Bank, which have brought us closer and are bringing us closer to "Better Governance."

SR: Effective decision-making formats: communication bodies that facilitate collegial decision-making by the Board, Executive Committee, committees, and teams, with the involvement of an international expert, and supervision by international observers.

We have developed a new strategy for 2024.

The objective was to develop a strategy aligned with international development trends. With the new strategy, we continued the vision of the previous one, making it more localized and context-specific. As new strategic development directions, we have targeted the sustainability of the financial system, financial system regulation, financial system supervision, and payment system modernization. Under the development of internal capabilities, we have identified *Data* as a new development direction.

As an annual plan for implementing the strategy, in 2024 we began the process of setting annual goals and cascading them. This allowed us to see the role and place of each of us in the implementation of our greater goals, ensuring the implementation of the principle of accountability and transparency in the Bank.

The main element of governance is decision-making. As such, during the year, the charters of all committees and commissions operating at the Central Bank were reviewed and approved. As a result, we have effective decision-making formats that contribute to collegial decision-making.

COMMITTEES/COMMISSIONS

Data Management Committee
3 meetings, 6 matters

Budget Committee
22 meetings, 46 matters

Artistic Committee
7 meetings, 10 decisions

Inventory Committee
5 meetings, 10 decisions

Personnel Committee
0

Financial Stability Committee
2 meetings, 2 matters

Financial Regulation Committee
10 meetings, 27 matters

Project Management Committee
27 meetings, 69 matters

CBA Licensing and Supervision Committee
54 meetings, 548 matters

CBA Investment Commission Committee
6 meetings, 7 decisions

IT and Information Technology Committee
0

Executive Committee
39 meetings, 138 decisions

SR: Transition from a traditional governance institution to the formation of a responsibility-based institution

The internal management process at the Central Bank has undergone changes. The assignment process has been revised, clarifying responsibility and the approval process. In parallel, the delegation process has also been revised, delegating decision-making on the Bank's business processes to committees and implementation to departments.

Secretaries have been appointed for the activities of the Bank's committees and are responsible for the integrity of the issues presented in the committees, ensuring the internal coordination process and the form of presentation.

SR: Project management culture

Strengthening project management culture was one of the important goals of 2024. By the end of the year, all projects of the Central Bank were brought into the overall management domain of the approved standard, with attached project managers. In addition, a separate and general accountability system has been introduced, which allows the status of projects to be tracked during implementation.

PROJECT MANAGEMENT CULTURE

Project Committee Meetings

27 | **21** in 2023

Number of CBA Projects

55 | **56** in 2023

Completed Projects

1 | **0** in 2023

JIRA System

460 active users | **0** in 2023

Confluence System

455 active users | **0** in 2023

Collected Ideas

52 | **0** in 2023

38
of which were accepted for implementation at CBA

SR: Business processes that support decision-making based on knowledge and facts, as well as data management and information.

During 2024, a number of regulatory documents were adopted for the correct and competent management of data. In particular:

- the charter of the Data governance committee was approved,
- the "Principles for Determining Data Ownership" were approved.

To ensure the engagement of our employees, we have carried out extensive communication throughout the year. Three training courses were organized for 14 data stewards, dedicated to the topics of "Data Lifecycle and Governance," "Data Quality Assurance," and "Data Ownership,"

For more efficient data governance, a data inventory of three large departments was conducted, as a result of which the sources, types, and owners of data were classified. At the end of the full inventory, we will receive a complete list of Central Bank data, which will enable the implementation of the "one data, one time" principle.

PROJECT INFORMATION EXCHANGE BETWEEN SRC AND FINANCIAL INSTITUTIONS

OBJECTIVE: The objective of the blueprint is to provide an uninterrupted software infrastructure for the secure exchange of data between the SRC and financial institutions, to ensure the integrity of the data transmitted, to facilitate the declaration process for natural persons, and to provide CBA coordination over the process.

DESCRIPTION OF DESIRED OUTCOME: The project is expected to yield:

- Regulations and technical descriptions approved by the CBA Governor on the " Exchange of Summarized Information for Each Bank Account of the Taxpayer," which will describe the exchange of information between the parties.
- A description of the process, a technical description, and a sample of the power of attorney on the " Exchange of Information Containing Bank Secrecy of the Declarant," which will describe the exchange of information between the parties.
- Software environments for exchanging information.

PROJECT TIMELINE: 2024 – 2025

WORK COMPLETED IN 2024: The "Procedure for the Exchange of Summarized Information of Each Bank Account of the Taxpayer" has been approved, on the basis of which the testing environment of the data transfer program has been introduced.

PROJECT FOR FOREIGN EXCHANGE MARKET TRANSACTIONAL DATA COLLECTION CLOSE TO REAL TIME

OBJECTIVE: The goal of the project is to transition from aggregated reporting of foreign exchange transactions to a new, granular data reporting format collected over a period of time that is close to real-time. The project will allow the Central Bank the flexibility to make informed decisions and will create an infrastructure for obtaining high-frequency transactional data that can be used by any stakeholder department of the Central Bank.

DESCRIPTION OF DESIRED OUTCOME: The project aims to have:

- A revised regulatory legal act that will define FX data transaction collection data and exchange with the Central Bank.
- Automated system for collecting data close to real-time.

PROJECT TIMELINE: 2024 – 2026

WORK COMPLETED IN 2024: The project management documents were created and approved based on which the acquisition of an external team to build the software system has begun.

SR: An effective system of process and risk management and oversight

Continuing our approach to achieving the outcomes outlined in the strategy, during the year we received consultancy/technical assistance from the IMF aimed at introducing best practices in risk management. As a result, a decision was made to establish a specialized risk management unit. This unit will coordinate the non-financial risk management process at the Central Bank by defining a unified risk management policy, shaping a risk-aware culture, supporting risk owners in the risk management process, and ensuring continuous risk monitoring and accountability.

SR: Transparent and accountable procurement function

The Central Bank's procurement function continues to strengthen its role as a supporting unit by contributing to the efficient organization of procurements, improvement of processes, refinement of technical specifications of goods/services and works, and enhancement of collaboration between internal departments.

The use of information and interest surveys has expanded, particularly in the case of complex and strategically significant procurements. Thanks to the consistent application of these preliminary market research tools, procurement planning and the formulation of requirements have become more substantiated. This approach allows for the assessment of market capabilities and available solutions, the formulation of clearer requirements, and the organization of competitive processes based on objective conditions and transparent principles.

In 2024, two members of the procurement team received the internationally recognized **CIPS** (Chartered Institute of Procurement & Supply) qualification, which enables the application of leading international practices in organizing procurements and achieving maximum value for money.

In 2024, the Central Bank successfully procured consultancy services within the framework of the Real-Time Gross Settlement (RTGS) system modernization project, which is a key prerequisite for the complete and successful implementation of the project. This initiative holds strategic importance for ensuring the continuity and efficiency of the financial system.

The procurement process was organized based on international best practices, incorporating market research, requests for interest, detailed formulation of requirements, as well as the execution of a competitive procedure.

This phased and well-planned approach contributed to a technically and financially sound decisions, ensuring the the long-term interests of the Bank.

PURCHASES

made through tender procedures

84% In 2023 **70%**

tenders

108 compared to 2022 **+0%**

average participation in tenders

2,5 participants in 2022 **3,4**

NUMBER OF TENDERS

Type	2022	2023	2024
Open Tender	16	41	11
Two-Stage Open Tender	2	1	-
Request for Quotation	27	8	42
Public Tender	19	34	53
Closed Tender	16	24	2
Totals	**80**	**108**	**108**

AVERAGE PARTICIPATION

Type	2022	2023	2024
Open Tender	2.3	3.0	2.3
Two-Stage Open Tender	4.0	6.0	-
Request for Quotation	2.0	2.0	1.9
Public Tender	4.1	4.0	3.9
Closed Tender	1.8	2.0	2.0
Totals	**2.8**	**3.4**	**2.5**

ANNUAL REPORT 2024

04

CBA STRATEGIC PRIORITIES: COMMUNICATION



Under the transformation program, in 2024 we launched a process to measure the effectiveness of our external communications through social surveys and analysis of social media data. This allows us to assess our work based on more accurate data and to plan our future initiatives in a more targeted manner.

In line with our adopted transparency policy, in 2024 we also began highlighting and making visible the Central Bank's internal reforms through videos showcasing employees' daily routines and team events, which were published on our Facebook and YouTube platforms.

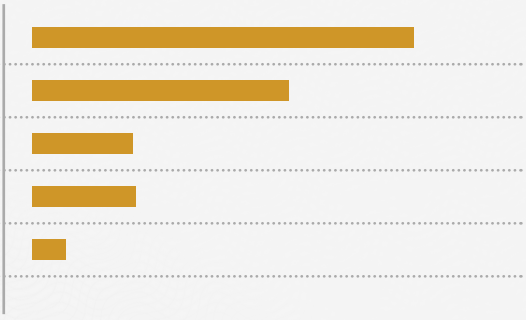
SR: Feedback mechanisms

The social surveys conducted in 2023–2024 have enabled us to identify public perceptions regarding the Central Bank's functions and to clarify our next steps to further increase public awareness.

IS THE ARMENIAN DRAM CONSIDERED A STABLE CURRENCY?

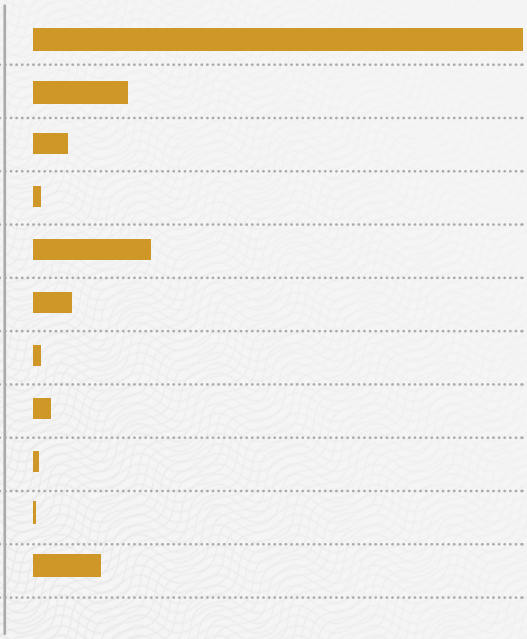
To what extent do you trust our national currency to be a stable and reliable currency?

I completely trust it.	319	43.58%
I trust it more than I distrust it.	214	29.23%
I distrust it more than I trust it.	84	11.48%
I completely distrust it.	87	11.89%
I don't know / I find the question difficult to answer.	28	3.83%
Total	**732**	**100%**



If you had savings, in what currency would you keep them?

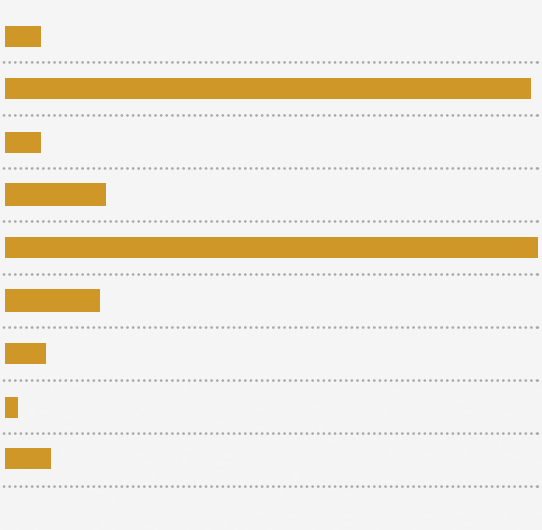
All in AMD	368	50.9%
In US Dollars	71	9.82%
In Euros	26	3.6%
In Russian Rubles	6	0.83%
Partly in AMD, partly in USD	89	12.31%
Partly in AMD, partly in Euros	29	4.01%
Partly in AMD, partly in Rubles	6	0.83%
Partly in USD, partly in Euros	14	1.94%
Partly in USD, partly in Rubles	4	0.55%
Partly in Euros, partly in Rubles	2	0.28%
I don't know / I find the question difficult to answer.	51	7.05%
Total	**666**	**100%**



PUBLIC ENGAGEMENT WITH CBA INFORMATION SOURCES

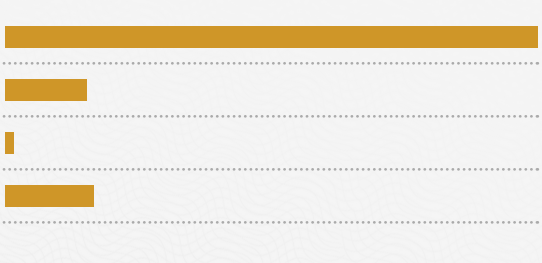
Through what sources do you primarily learn about the activities of the Central Bank of Armenia?

Newspapers and magazines	14	2.51%
Television news and programs	206	36.92%
Radio	14	2.51%
Official website of the Central Bank	39	6.99%
Social networks	209	37.46%
Official social media pages of the Central Bank	37	6.63%
Other news sites	16	2.87%
National Assembly	5	0.90%
Friends and acquaintances	18	3.23%
Total	**558**	**100%**



From which social media sites do you primarily receive information about the Central Bank's policies?

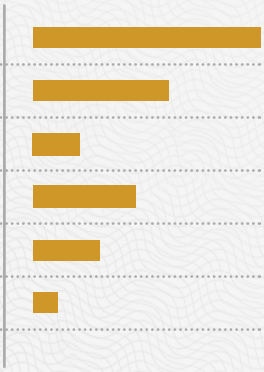
Facebook	169	74.78%
YouTube	26	11.50%
LinkedIn	3	1.33%
Telegram	28	12.39%
Total	**226**	**100%**



THE IMPACT OF INCREASED PUBLICATIONS ON PUBLIC PERCEPTION OF CBA

How will more publications about the Central Bank's activities affect your opinion of the Central Bank?

Being more informed will allow me to form a more accurate opinion.	274	37.59%
It will have some positive impact.	164	22.50%
More information will not affect my opinion; I regardless lack trust.	57	7.82%
More information will not affect my opinion; I will not be following publications about the CB.	124	17.01%
I don't know./I find it difficult to answer.	80	10.97%
Other	30	4.12%
Total	**729**	**100%**



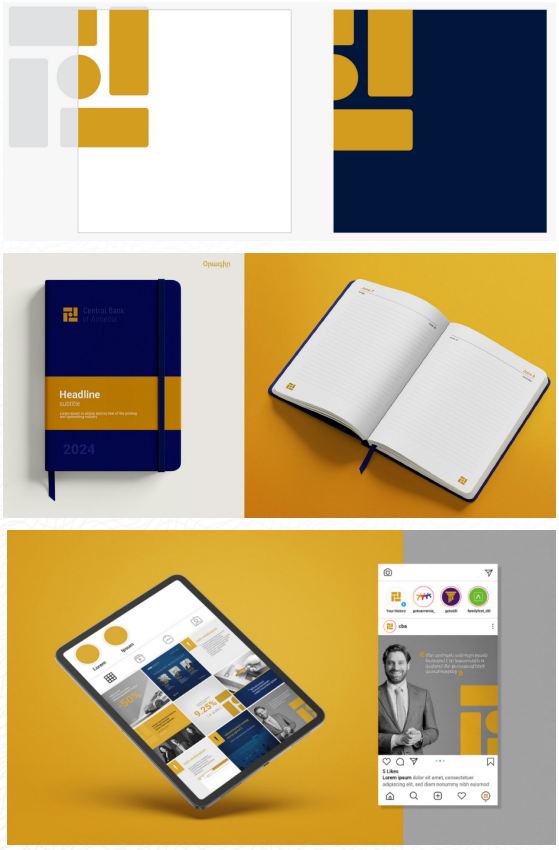
Based on the survey results, we have directed our external communication strategy towards the following goals:

- To clarify the institutional roles of the CBA for the public.
- Ensure that all content presented to the public, including reports, press releases, and social media posts, is written in plain and accessible language.
- Activate the CBA social network and form it as the primary source of information about the Central Bank.
- Increase the level of transparency in the CBA decision-making process, including the expected and actual results.
- Provide feedback structures for public opinion and incorporate public concerns into communication strategies.
- Expand financial literacy programs through digital and traditional information campaigns and partnerships with the media.

SR: CBA image development and branding

For 2024, we have created a transformed brand that will allow us to maintain a homogeneous and recognizable image in both internal and external communications.





Examples of logo design on white (light shades), primary and secondary colors, and their inverse implementation

SR: Publications about CBA achievements

In 2024, we began publishing the Central Bank of Armenia's key professional decisions to inform the public.

- The year 2024 held particular significance for the Central Bank of Armenia from the perspective of external policy. On January 12, 2024, a new analytical framework for monetary policy was launched, called the Second Generation Forecasting and Policy Analysis System — FPAS Mark II. A communications campaign was organized around this, which included meetings, public statements, press releases, and other communication tools. For example, on January 11 and 12, a macroeconomic conference was held, with experts from the United States and the United Kingdom participating. Thus, we became the first central bank in the world where monetary policy decisions are now made in a coordinated manner, based on multiple scenarios and risk management frameworks.
- We continuously monitor signals from society, and public concerns are always at the center of our attention. Therefore, addressing issues that may not be directly related to the Central Bank but are of great public concern plays an important role in shaping our public image. Following this principle, we have published materials in response to broad public interest at the time (e.g., concerns about the 100-dram coin, questions related to the Mir card, etc.).
- An informational initiative has been launched regarding the change in the inflation target.

Communication Channels

Facebook

Number of Followers

15849 → **17067**

2023 2024

comprising

9480 → **11247**

women women

6369 → **5820**

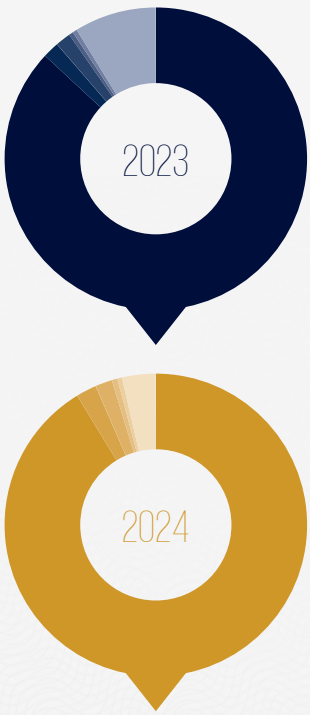
men men

Number of Publications

159 → **194**

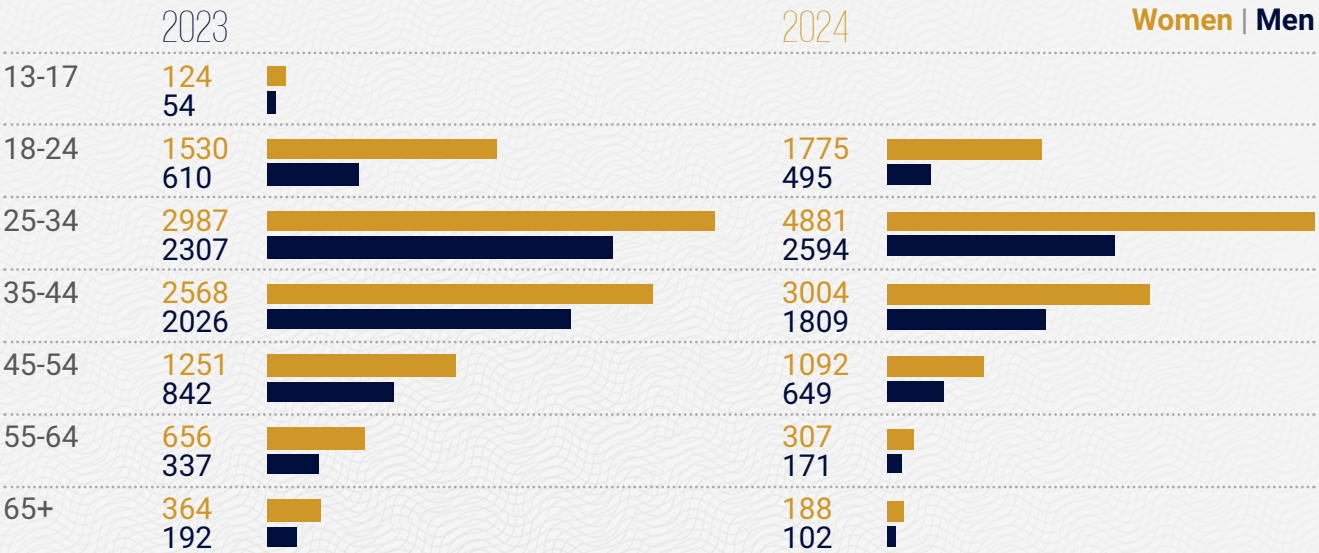
2023 2024

Demographics



	2023	2024
Armenia	86.9%	91.3%
USA	1.7%	2.2%
Russia	1.6%	1.8%
France	0.5%	0.6%
Germany	0.5%	0.5%
Other	8.8%	3.6%

By Age and Gender



LinkedIn

Number of Followers

12620 (2023) → **14987** (2024)

YouTube

Number of Followers

680 (2023) → **970** (2024)

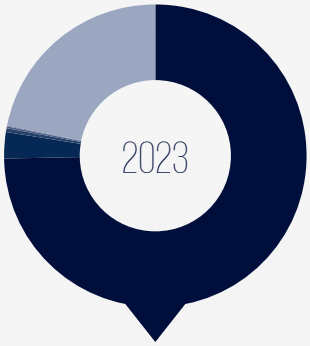
Total Views

22067 (2023) → **77565** (2024)

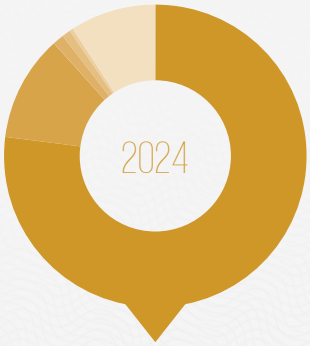
Publications

44 (2023) → **45** (2024)

Demographics



Armenia	74.7%
Russia	2.8 %
USA	0.4%
Germany	0.2%
Vietnam	0.1%
Other	21.8%



Armenia	77.0%
Russia	11.3%
USA	1.2%
Germany	0.9%
Vietnam	0.4%
Other	9.2%

By Age and Gender

	2023	2024
18-24	2.0% / 5.1%	1.9% / 4.0%
25-34	8.3% / 22.5%	4.1% / 11.5%
35-44	12.4% / 29.8%	4.3% / 15.4%
45-54	1.6% / 5.0%	4.4% / 9.5%
55-64	2.4% / 6.5%	9.2% / 12.1%
65+	2.3% / 2.1%	12.6% / 11.0%
Total	**29.1%** / **70.9%**	**36.5%** / **63.5%**

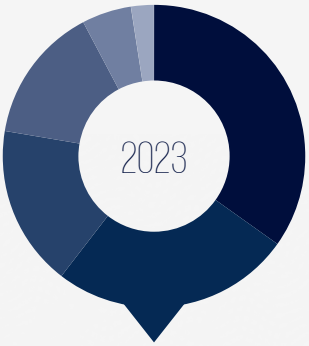
Women | **Men**

CBA Official Website

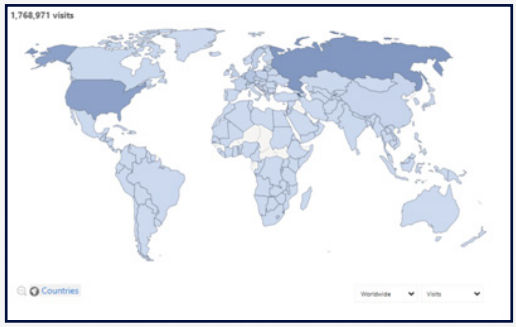
Number of Followers

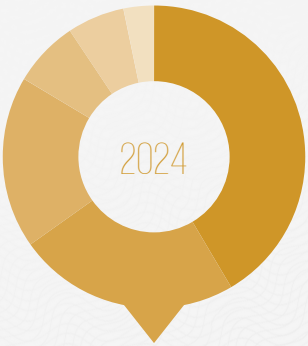
5.655.244 (2023) > **6.567.561** (2024)

Demographics | Top 5 Countries

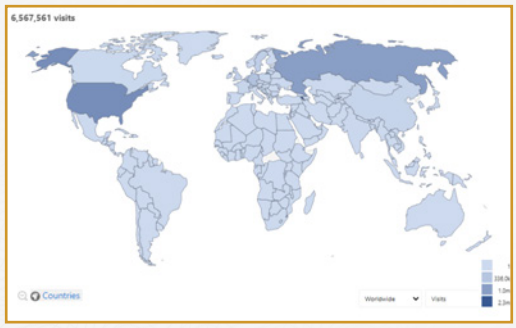


Armenia	1.299.941
Unknown	2.009.521
Russia	494.973
USA	557.805
Germany	237.897
Sweden	108.284





Armenia	2.267.312
USA	1.298.768
Russia	1.004.272
Germany	384.801
Unknown	335.994
Sweden	178.388



Press

Press Conferences and Events: **10** (2023) > **9** (2024)

Interviews: **10** (2023) > **10** (2024)

Reports: **24** (2023) > **23** (2024)

Written Media Inquiries: **82** (2023) > **77** (2024)

Response Rate (in days): **3.8** (2023) > **7.2** (2024)

Inquiries Received Through Website: **347** (2023) > **454** (2024)

Inquiries Received Via Social Media: **163** (2023) > **209** (2024)

Press Releases: **65** (2023) > **35** (2024)

Calls and Inquiries Received by the Central Bank

Total Number of Calls

5956 (2023) > **12024** (2024)

Complaints	Requests	Inquiries	Notifications	Suggestions
1235 (2023) > 1317 (2024)	4678 (2023) > 3505 (2024)	7117 (2024)	52 (2024)	33 (2024)

Number of Written Inquiries

879 (2023) > **1204** (2024)

Complaints	Requests	Inquiries	Notifications	Suggestions
515 (2023) > 652 (2024)	203 (2023) > 312 (2024)	140 (2023) > 198 (2024)	14 (2023) > 33 (2024)	7 (2023) > 9 (2024)

VISITOR CENTRE

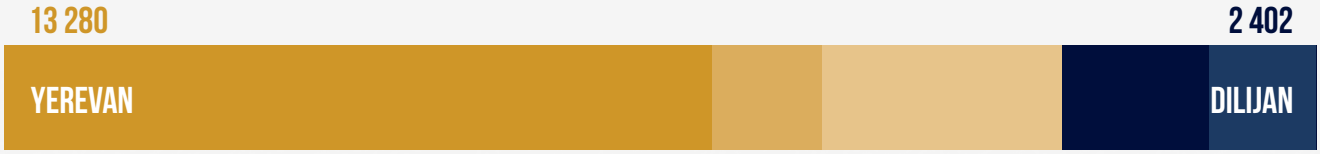
Visitors

in 2024

15 682

compared to 2023

14 159 +11%



students **9 980**

teachers/ parents **1 029**

other individuals **2 271**

visitors from educational institutions **1 396**

guests **1 006**

"DAY AT THE CENTRAL BANK" PROGRAM

YEREVAN VC

110 servicemembers/ students/ lecturers

31 servicemembers of RA Peacekeeping Brigade

40 teachers

21 police veterans

DILIJAN VC

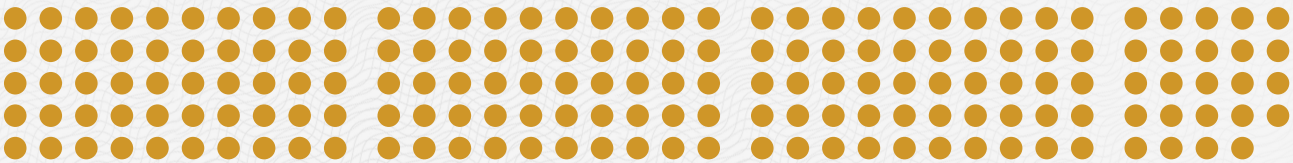
41 servicemembers/ students/ lecturers



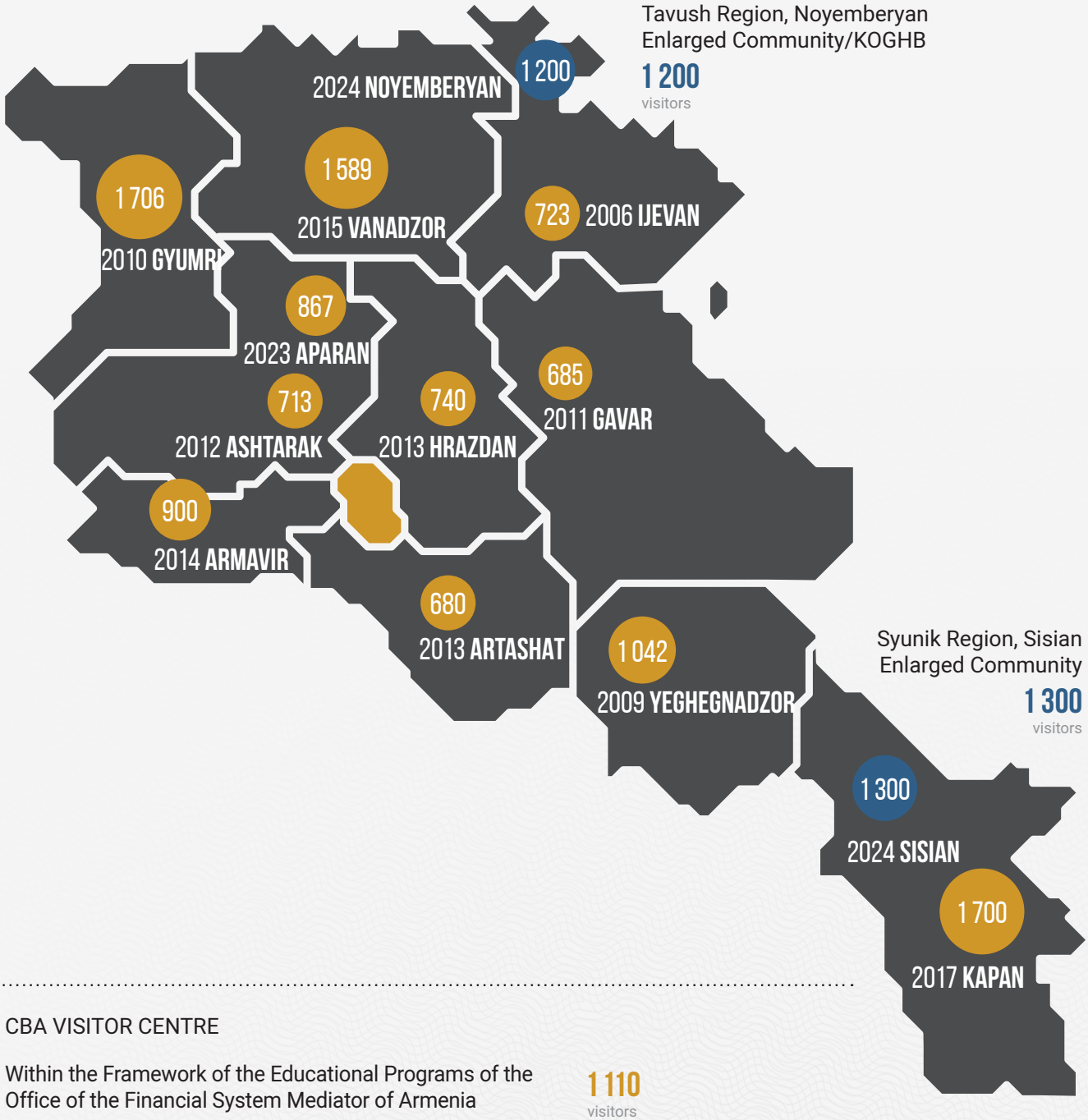
PAN-EUROPEAN NIGHT OF MUSEUMS AND INTERNATIONAL MUSEUM DAY EVENTS AT THE YEREVAN VC

1 740 visitors

● 10 visitors



TIMELINE AND GEOGRAPHY OF TRAVELING EXHIBITIONS



CBA VISITOR CENTRE

Within the Framework of the Educational Programs of the Office of the Financial System Mediator of Armenia

1 110
visitors

VISITS TO FB PAGE

YEREVAN VISITOR CENTER

number of visits
15 278

accessibility
46 328

DILIJAN VISITOR CENTER

number of visits
8 000

availability
23 234

05

OTHER ISSUES

- Currency Issuance, Organization of Money Circulation
- Statistics
- Organizing and regulating the fight against money laundering and terrorism finance



CURRENCY ISSUE AND ORGANIZATION OF MONEY CIRCULATION

Throughout the year, the organization and regulation of cash circulation were carried out in line with the principles of reliability, convenience, efficiency, and continuity. The Central Bank ensured uninterrupted fulfillment of the economy's demand for cash, via commercial banks, in the necessary volumes, structure, quality, and timing.

To ensure the continuity of cash circulation in the Republic of Armenia, banknotes of the Republic of Armenia with denominations of 5,000 and 10,000 drams, issued in 2024, have been put into circulation.

The Central Bank provided cash services to commercial banks in the Republic of Armenia through the main cash office at its headquarters in Yerevan and through the regional cash centers (RCCs) in Dilijan and Sisian.

Figure 3

Central Bank Cash Turnover in 2024



Yerevan Cash Center
97.0%
Sisian RCC
1.5%
Dilijan RCC
1.4%

In 2024, the volume of cash in circulation increased by 8.2%, while the total cash turnover of the Central Bank decreased by 1.8% compared to the previous year. This is a result of a decision made by the Central Bank in 2022, which led to the technical modernization and equipment upgrades of commercial banks' cash centers in line with international standards. As a result, commercial banks now independently carry out cash sorting and servicing.

CASH CIRCULATION

Mass of Cash
in Circulation

▲ +8.2%

CBA Total
Cash Volume

▼ -1.8%

CBA Yerevan Regional
Cash Center Turnover

▼ 10.9 BILLION ֏

compared to 2023
-0.3%

Regional Cash Centers
(RCC) Turnover

▼ 54.0 BILLION ֏

compared to 2023
-34.3%

CBA Total
Cash Turnover

3,476.3 BILLION ֏

consisting of
in Yerevan

3,372.9 BILLION ֏

in the RCCs

103.4 BILLION ֏

3.0%
of CBA Cash Circulation

Withdrawals accounted for
62.7%
of total RCC Turnover

Changes in the Type Structure of Cash Outside the Central Bank Compared to 2023

1,000 ֏	2,000 ֏	5,000 ֏	10,000 ֏	20,000 ֏	50,000 ֏	100,000 ֏
▲ +10,4%	▼ -10.9%	▲ +4.1%	▲ +6,4%	▲ +7,3%	▲ +18,4%	▲ +17,6%
				weight in overall volume of banknotes 71.0%		

Mass of Coins in Circulation

Volume
in Circulation

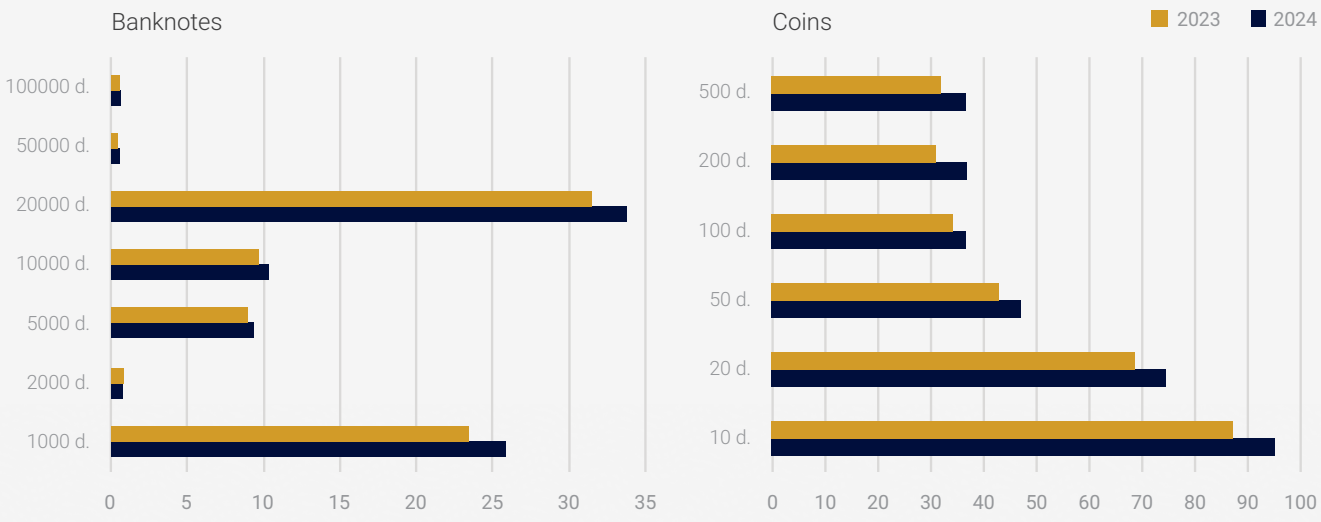
34.8 BILLION ֏

compared to 2023
+ 4.15 BILLION ֏

200 ֏	500 ֏
▲ +18.3%	▲ +14.5%
weight in overall volume of coins 21.2%	weight in overall volume of coins 52.9%

Figure 4

Type and Structure of Banknotes and Coins in Circulation as of the End of 2023-2024 (In millions)



NUMISMATIC VALUES





CHARLES AZNAVOUR 100th Birth Anniversary



SERGEY PARAJANOV
100th Birth Anniversary



PARUYR SEVAK
100th Birth Anniversary



ERVAND KOCHAR
125th Birth Anniversary



150TH ANNIVERSARY OF FOUNDATION OF GEVORKIAN THEOLOGICAL SEMINARY OF MOTHER SEE OF HOLY ETCHMIADZIN



GOHAR GASPARYAN
100th Birth Anniversary



10 YEARS OF EURASIAN ECONOMIC UNION



EDGAR CHAHINE
150th Birth Anniversary

Investment Coins[1]

In 2024 the numismatic collection of the Central Bank of Armenia was replenished with old banknotes, securities, coins and other items in a total amount of 262 pcs.

"Noah's Ark" silver coins



In 2024 was sold
692.589
pcs

In 2023 was sold
1.416.228
pcs

"Noah's Ark" gold coins



In 2024 was sold
14.806
pcs

In 2023 was sold
23.766
pcs

1 https://old.cba.am/en/sitepages/ncinvestmentcoins.aspx

STATISTICS

In 2024, the Central Bank of Armenia (CBA) ensured dissemination of timely and reliable data[1], while also working toward expanding the scope of published statical data, fully automating the processing and compiling of collected information, improving the quality of statistical data, refining the methodology of produced statistics, and aligning it with international standards. It should also be noted that new indicators were published during the year, providing the public with more comprehensive information about Armenia's economy. This includes a number of new indicators on monetary, financial sector and financial stability statistics, as well as external and real sector statistics.

The CBA continuously expands both the sources and the volume of collected data and develops and publishes new statistical indicators.[2] For example, the reporting forms on "Self-service devices and POS terminals placed into operation" and "Types of payment cards, devices servicing payment cards, and operations conducted using payment cards" were revised to enhance the payment statistics.

In 2024, for the first time, the number of resident individuals (including sole proprietors) who received loans from banks and credit organizations in Armenia was published, based on data from the CBA Credit Registry. The range of statistical indicators on the foreign exchange market has also been expanded. Currently, published data include foreign currency purchase and sale operations carried out by commercial banks, credit organizations, and exchange offices, transactions by commercial banks broken down by economic sectors, as well as foreign exchange forward transactions. New indicators have also been published regarding the external sector statistics, specifically the currency composition of transfers to individuals through commercial banks has been released.

Aiming to continuously improve the reliability and coverage of the Republic of Armenia's balance of payments, in 2024 the methodology for calculating indirectly measurable financial intermediation services was finalized.The international methodology has been localized, taking into account the structure of financial flows in our economy. Based on the developed methodology, both the export and import indicators of financial services in the balance of payments have been revised, and the amounts for services have been adjusted by excluding interest payments reflected in primary income.[3]

Within the collaboration between the Central Bank of Armenia, the IMF experts, specialists from RA Statistical Committee, and the State Cadastre Committee, and within the framework of technical assistance in 2024, as a result of the joint work of the CBA and the

1 https://old.cba.am/en/sitepages/statintroduction.aspx

2 https://old.cba.am/en/sitepages/psstatisticaldatareports.aspx

3 https://www.cba.am/stat/stat_data_arm/CIMFIS_Metodology.pdf

IMF experts, the methodology for calculating the housing price index was expanded to include individual house prices. This allows for the formation of a comprehensive index for residential real estate (including both apartments and individual houses).

Recognizing the importance of continuous feedback from statistical data users, a user satisfaction survey was conducted for the first time in spring 2024. The survey was carried out in two directions: internally—among internal users within the CBA, and externally—among financial institutions, professional universities, analytical centers, and partner government agencies outside the CBA. The purpose of the survey was to assess user satisfaction, identify challenges faced by data users, and collect suggestions for improving data. Based on the survey results, appropriate actions were developed and will be included in the annual programs of the Statistics Department. It is also worth noting that these surveys will be conducted regularly, and participants will receive feedback about the outcomes.

In 2024, the scope of surveys aimed at evaluating inflation perceptions and expectations in the economy was expanded. In addition to quarterly surveys of households, a pilot survey was conducted among organizations operating in the construction sector.

ORGANIZATION AND REGULATION OF THE FIGHT AGAINST MONEY LAUNDERING AND TERRORIST FINANCING[1]

Strategic Analyses

The following strategic analyses were carried out:

- An analysis of risks associated with real estate purchase and sale transactions.
- Analysis of cross-border financial flows and resulting ML/TF risks.
- Analysis of ML/TF risks stemming from transactions in the gaming industry.
- Analysis of ML/TF risks associated with crypto asset transactions.
- Various thematic studies related to the 2021-2023 national ML/TF risk assessment.

The results of the conducted analyses, along with the corresponding conclusions, were provided to relevant stakeholders, including supervisory and law enforcement authorities, to enable effective and proportionate actions.

Cooperation

Based on information obtained from the authorities and private sector entities involved in the fight against ML/TF, national assessment reports on ML/TF and FPWMD risks in the Republic of Armenia for 2021-2023 were compiled in 2024[2,3]. The national ML/TF and FPWMD risk assessment reports, as well as the 2025–2028 national strategy for combating ML/TF and FPWMD developed on the basis of these reports, were approved during a regular meeting of the interagency commission on combating ML/TF and FPWMD.[4]

In preparation for the 6th round evaluation of Armenia's ML/TF system by the Council of Europe's MONEYVAL committee, preparatory and organizational work was carried out with the participation of competent national authorities. According to the assessment results, the ML risk in the country was evaluated as medium, while the TF and FPWMD risks were assessed as low.

1 https://www.cba.am/am/SitePages/fmcpublicannual.aspx

2 https://old.cba.am/Storage/EN/FDK/risk_assesment/PF%20NRA%20Report_eng.pdf

3 https://old.cba.am/Storage/EN/FDK/risk_assesment/ML-TF%20NRA%20Report_eng.pdf

4 https://old.cba.am/Storage/EN/FDK/AML-CFT-PF%20National%20Strategy_eng.pdf

ANNUAL REPORT 2024

CBA ANNUAL CONSOLIDATED FINANCIAL STATEMENTS



International Financial Reporting Standards
Consolidated financial statements and
Independent auditors' report of
Central Bank of the Republic of Armenia

31 December 2024

Contents

Independent auditor's report

Consolidated financial statements

Consolidated statement of comprehensive income 87
Consolidated statement of financial position 88
Consolidated statement of changes in equity 89
Consolidated statement of cash flows 90

Notes to the consolidated financial statements Notes to the consolidated financial statements

1. General information 91
2. Summary of material accounting policies 91
3. New accounting pronouncements 100
4. Interest income 100
5. Interest expense 101
6. Net foreign exchange gain/(loss) 101
7. Net gain/(loss) on derivatives 101
8. Net gain/(loss) on financial instruments at fair value through profit or loss 101
9. Other income 102
10. Cost of production of banknotes, coins and numismatics 102
11. Other expenses 102
12. Placements with banks, other financial institutions and other financial asstes 102
13. Financial instruments at fair value through profit or loss 106
14. Derivative financial instruments 107
15. Investments 107
16. Operations with the International Monetary Fund 112
17. Property and equipment 113
18. Intangible assets 114
19. Other assets in domestic currency 114
20. Deposits and accounts of financial and other institutions 115
21. Other borrowed funds 115
22. Other liabilities in domestic currency 116
23. Due to the Government of the Republic of Armenia 116
24. Debt securities issued 116
25. Management of capital 117
26. Commitments 117
27. Segment information 118
28. Related party transactions 120
29. Cash and cash equivalents 121
30. Fair value of financial instruments 121
31. Risk management 124
32. Maturity analysis 134
33. Changes in liabilities arising from financing activities 136

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Independent Auditors' Report

To the Board of the Central Bank of the Republic of Armenia

Opinion

We have audited the consolidated financial statements of the Central Bank of the Republic of Armenia (the "Bank") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) *(IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Armenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

The engagement partner on the audit resulting in this independent auditors' report is:

Irina Gevorgyan
Managing Partner, Director of KPMG Armenia LLC

KPMG Armenia LLC

KPMG Armenia LLC
28 March 2025

Consolidated statement of comprehensive income

For the year ended 31 December 2024

In thousands of Armenian Drams	Note	*31 December 2024*	*31 December 2023*
Interest income	4	97,880,728	92,439,735
Interest expense	5	(53,702,628)	(65,970,959)
Net interest income		**44,178,100**	**26,468,776**
Credit loss expense	12, 15	(18,904,810)	(17,762,863)
Net interest income after credit loss allowance		**25,273,290**	**8,705,913**
Fee and commission income		60,325	63,588
Fee and commission expense		(1,011,746)	(843,356)
Net foreign exchange (loss)/gain	6	(7,768,851)	30,907,114
Net gain on derivatives	7	349,450	988,296
Net gain on financial instruments at fair value through profit or loss	8	32,708,232	32,034,979
Other income	9	9,516,567	7,188,375
Impairment loss of equity-accounted investees	15.3	(13,959,047)	–
Loss on initial recognition of financial instruments		–	(936,557)
Cost of production of banknotes, coins and numismatics	10	(5,519,044)	(1,011,350)
Other expenses	11	(23,091,082)	(22,102,825)
Profit before tax		**16,558,094**	**54,994,177**
Income tax expense		(119,970)	(2,385,159)
Profit for the year		**16,438,124**	**52,609,018**
Profit is attributable to:			
Owners of the Bank		16,146,230	52,043,339
Non-controlling interest		291,894	565,679
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net unrealised gain from changes in fair value of debt financial assets measured through other comprehensive income		43,756	392,704
Share of other comprehensive income of equity-accounted investees		52,251	592,893
Changes in allowance for expected credit losses of debt financial assets at fair value through other comprehensive income	15	(39,774)	(13,739)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**56,233**	**971,858**
Items that will not be reclassified to profit or loss			
Net change in fair value of equity instruments at fair value through other comprehensive income		(33,133)	310,943
Total other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods		**(33,133)**	**310,943**
Other comprehensive income for the year		**23,100**	**1,282,801**
Total comprehensive income for the year		**16,461,224**	**53,891,819**
Total comprehensive income is attributable to:			
Owners of the Bank		16,146,575	53,309,167
Non-controlling interest		314,649	582,652

These consolidated financial statements were approved by the Board of the Central Bank of the Republic of Armenia on 28 March 2025 and were signed by:

Martin Galstyan
Chairman of the Central Bank
of the Republic of Armenia

Anush Grigoryan
Chief Financial Officer of the Central Bank
of the Republic of Armenia

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

Consolidated statement of financial position

As at 31 December 2024

In thousands of Armenian Drams	*Note*	*31 December 2024*	*31 December 2023*
Assets			
Foreign currency assets			
Cash		14,247,091	14,617,804
Placements with banks and other financial institutions	12.1	708,954,455	690,018,686
Financial instruments at fair value through profit or loss	13	749,528,974	759,879,163
Derivative financial assets	14	158,575	–
Financial assets measured at fair value through other comprehensive income	15.1	11,933,770	4,837,548
Investments at amortized cost	15.4	–	3,478,137
Placements with the IMF	16	67,395,555	70,151,013
Other assets		128,732	823,578
Total foreign currency assets		**1,552,347,152**	**1,543,805,929**
Domestic currency assets			
Placements with banks, other financial institutions and other financial assets	12.2	1,156,222,367	855,626,560
Financial assets measured at fair value through other comprehensive income	15.2	159,104,142	171,728,588
Equity-accounted investees	15.3	21,468,457	34,533,590
Investments at amortized cost	15.5	20,684,983	16,328,176
Property and equipment	17	61,489,492	60,170,333
Intangible assets	18	3,711,591	2,736,615
Other assets	19	10,992,486	9,617,866
Total domestic currency assets		**1,433,673,518**	**1,150,741,728**
Total assets		**2,986,020,670**	**2,694,547,657**
Liabilities			
Foreign currency liabilities			
Deposits and accounts of financial and other institutions	20	528,591,755	497,600,553
Due to the Government of the Republic of Armenia	23	1,394,968	955,226
Derivative financial liabilities	14	–	190,283
Due to the IMF	16	199,084,273	216,245,204
Other borrowed funds	21	188,180,354	204,803,977
Debt securities issued	24	10,291,731	–
Other liabilities		299,528	162,741
Total foreign currency liabilities		**927,842,609**	**919,957,984**
Domestic currency liabilities			
Notes and coins in circulation		986,167,919	911,454,812
Deposits and accounts of financial and other institutions	20	594,842,767	431,966,944
Due to the Government of the Republic of Armenia	23	427,589,657	391,128,296
Debt securities issued	24	27,032,225	22,639,296
Other liabilities	22	4,507,141	3,523,865
Total domestic currency liabilities		**2,040,139,709**	**1,760,713,213**
Total liabilities		**2,967,982,318**	**2,680,671,197**
Equity			
Issued capital	25	100,000	100,000
General reserve		53,626,761	50,397,515
Promissory note issued by the Government	25	149,520,272	162,437,256
Other reserves	25	2,576,257	2,575,912
Accumulated deficit		(190,819,203)	(203,736,187)
Net assets attributable to owners of the Bank		**15,004,087**	**11,774,496**
Non-controlling interest		3,034,265	2,101,964
Total equity		**18,038,352**	**13,876,460**
Total liabilities and equity		**2,986,020,670**	**2,694,547,657**

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

Consolidated statement of changes in equity

For the year ended 31 December 2024

	Attributable to owners of the Bank							
In thousands of Armenian Drams	*Issued capital*	*General reserve*	*Promissory note issued by the Government*	*Other reserves*	*Accumulated deficit*	*Total*	*Non-controlling interest*	*Total equity*
Balance at 1 January 2023	**100,000**	**39,988,847**	**54,395,224**	**1,310,084**	**(245,370,858)**	**(149,576,703)**	**1,502,812**	**(148,073,891)**
Total comprehensive profit								
Profit for the year	–	–	–	–	52,043,339	52,043,339	565,679	52,609,018
Other comprehensive profit	–	–	–	1,265,828	–	1,265,828	16,973	1,282,801
Total comprehensive profit for the year	**–**	**–**	**–**	**1,265,828**	**52,043,339**	**53,309,167**	**582,652**	**53,891,819**
Extension of the promissory note by the Government of the RA (Note 25)	–	–	149,676,703	–	–	149,676,703	–	149,676,703
Proportion of 2023 profit subject to distribution in the form of set-off with the promissory note by the Government of the RA (Notes 15.2, 25)	–	–	(41,634,671)	–	–	(41,634,671)	–	(41,634,671)
Portion of 2023 profits allocated to general reserve		10,408,668	–	–	(10,408,668)	–	–	–
Total transactions with the Founder of the Bank	–	**10,408,668**	**108,042,032**	–	**(10,408,668)**	**108,042,032**	–	**108,042,032**
Decrease of share in a subsidiary	–	–	–	–	–	–	16,500	16,500
Total decrease of share in a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**16,500**	**16,500**
Balance at 31 December 2023	**100,000**	**50,397,515**	**162,437,256**	**2,575,912**	**(203,736,187)**	**11,774,496**	**2,101,964**	**13,876,460**
Total comprehensive income								
Profit for the year	–	–	–	–	16,146,230	16,146,230	291,894	16,438,124
Other comprehensive income	–	–	–	345	–	345	22,755	23,100
Total comprehensive income for the year	–	–	–	**345**	**16,146,230**	**16,146,575**	**314,649**	**16,461,224**
Proportion of 2024 profit subject to distribution in the form of set-off with the promissory note by the Government of the RA (Notes 15.2, 25)	–	–	(12,916,984)	–	–	(12,916,984)	–	(12,916,984)
Portion of 2024 profits allocated to general reserve	–	3,229,246	–	–	**(3,229,246)**	–	–	–
Total transactions with the Founder of the Bank	**–**	**3,229,246**	**(12,916,984)**	**–**	**(3,229,246)**	**(12,916,984)**	**–**	**(12,916,984)**
Increase of share capital of subsidiary	–	–	–	–	–	–	617,652	617,652
Total increase of share capital in a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**617,652**	**617,652**
Balance at 31 December 2024	**100,000**	**53,626,761**	**149,520,272**	**2,576,257**	**(190,819,203)**	**15,004,087**	**3,034,265**	**18,038,352**

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

Consolidated statement of cash flows

For the year ended 31 December 2024

In thousands of Armenian Drams	*Note*	*31 December 2024*	*31 December 2023*
Cash flows from operating activities			
Profit before tax		**16,558,094**	**54,994,177**
Adjustments to reconcile profit for the year to net cash flows			
Depreciation and amortisation	11, 17, 18	3,601,783	3,124,710
Impairment of intangible assets	11, 18	35,000	375,786
Loss from disposals		5,134	8,697
Interest income	4	(97,880,728)	(92,439,735)
Interest expense	5	53,702,628	65,970,959
Net loss/(gain) from foreign exchange translation	6	13,458,226	(28,805,603)
Net gain from re-measurement of financial instruments at fair value		(32,708,232)	(32,034,979)
Loss on initial recognition of financial instruments		–	936,557
Credit loss expense	12, 15	18,904,810	17,762,863
Impairment loss of equity-accounted investees	15.3	13,959,047	–
Income from investments in equity-accounted investees	15.3	(830,194)	(390,437)
Disposal of equity interest	9	–	(276,178)
Interest received		92,267,660	86,153,476
Interest paid		(54,561,084)	(65,343,486)
Income tax paid		(2,164,263)	(2,336,425)
Cash flows from operating activities before changes in operating assets and liabilities		**24,347,882**	**7,700,382**
Net (increase)/decrease in operating assets			
Placements with banks and other financial institutions in foreign currency		(781,270)	(526,538)
Financial instruments at fair value through profit or loss and derivative financial instruments		15,115,388	(24,036,981)
Placements with banks, other financial institutions and other financial assets in domestic currency		(317,174,993)	(157,235,718)
Other assets		(108,616)	877,130
Net increase/(decrease) in operating liabilities			
Notes and coins in circulation		74,713,107	108,361,021
Deposits and accounts of financial and other institutions		208,162,041	(219,691,007)
Due to the Government of the Republic of Armenia		37,624,087	12,525,367
Other liabilities		34,613	419,363
Net cash flows from/(used in) operating activities		**41,932,238**	**(271,606,981)**
Cash flows from investing activities			
Purchase of property, equipment and intangible assets		(3,324,181)	(3,030,874)
Proceeds from sale of property and equipment		21,800	7,285
Acquisition of financial assets at FVOCI and amortised cost		(8,821,191)	(3,549,139)
Redemption of financial assets at FVOCI and amortised cost		388,475	–
Decrease of share in subsidiary		–	16,500
Net cash flows used in investing activities		**(11,735,097)**	**(6,556,228)**
Cash flows from financing activities			
Loans received		13,432,118	20,921,532
Loans redeemed		(25,461,857)	(25,890,245)
Proceeds from issuance of debt securities		17,455,110	9,963,247
Repayment of debt securities issued		(3,000,000)	(3,000,000)
Increase of share capital of subsidiary (non-controlling interest)		617,652	–
Lease payments		(115,683)	(121,282)
Net cash flows from financing activities		**2,927,340**	**1,873,252**
Effect of exchange rate changes on cash and cash equivalents		(14,165,777)	30,570,998
Net increase/(decrease) in cash and cash equivalents		**18,958,704**	**(245,718,959)**
Cash and cash equivalents at the beginning of the year	29	700,299,166	946,018,125
Cash and cash equivalents at the end of the year	29	**719,257,870**	**700,299,166**

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

1. General information

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board ("IFRS Accounting Standards") as at 31 December 2024 and for the year then ended for the Central Bank of the Republic of Armenia (the "Bank" or the "Central Bank") and its subsidiaries (together referred to as the "Group").

The Bank is a legal entity the sole founder of which is the Republic of Armenia.

The Bank operates in accordance with the Constitution of the Republic of Armenia, Law on the Central Bank of the Republic of Armenia (the "Law") and other laws of the Republic of Armenia.

The registered address of the Bank is 6 Vazgen Sargsyan Street, Yerevan 0010, Republic of Armenia. The average number of employees of the Bank during 2024 was 779 (2023: 767).

The Bank does not aim to earn profits. The financial results of the Bank's activities, as well as the structure of its assets, liabilities and equity are defined by the functions of the Bank.

In accordance with the Law the prime objective of the Bank is ensuring price stability and financial stability in the Republic of Armenia. In order to ensure price stability the Central Bank develops, approves and implements monetary policy programs. In addition to its prime objective, other objectives include:

- Ensure the stability, liquidity, solvency and other necessary conditions for sound operation of the financial system in the Republic of Armenia;
- Create and develop of an effective payment and settlement system;
- Issue the national currency of the Republic of Armenia and regulate its circulation;
- Organise and regulate anti-money laundering and anti-terrorism financing activities;
- Secure the conditions necessary for protecting the rights and lawful interests of consumers in the financial system;
- Ensure free and fair economic competition in the financial system and etc.

To accomplish its objectives the Central Bank:

- Acts as financial agent and advisor of the Government of the Republic of Armenia (the "Government");
- Licenses commercial banks and, in cases envisaged by the legislation, other entities, supervises and regulates their activities;
- Uses and manages international reserves of the Republic of Armenia and etc.

The Bank's largest subsidiaries as of 31 December 2024 are listed below:

Name	*Country of incorporation*	*Principal activity*	*Controlled, %*		*Date of establishment*
			2024	*2023*	
"Armenian Card" CJSC	Republic of Armenia	Payment and settlement services	55	55	March 2000
"Hayincassatsia" CJSC	Republic of Armenia	Transportation/ delivery of cash	100.00	100.00	April 1998
"National Mortgage Company" RCO CJSC	Republic of Armenia	Mortgage refinancing	100.00	100.00	June 2009
"Home for Youth" RCO CJSC	Republic of Armenia	Mortgage refinancing	100.00	100.00	February 2010
"Small and Medium Business Credit Support" CJSC	Republic of Armenia	Lending support	100.00	100.00	December 2010
"Vehicle Single Window" CJSC	Republic of Armenia	Insurance infrastructure support	100.00	100.00	December 2013
"Stak Money Transfer" CJSC	Republic of Armenia	Payment and settlement services	100.00	100.00	December 2017

Following to the Group's policy disclosed in Note 31, in March 2020 the Group announced its intention to dispose its investment in the subsidiary engaged in cash delivery/transportation activities through liquidation. As of 31 December 2024 the subsidiary was still under liquidation process.

1. General information (continued)

(a) Armenian economic environment

Throughout 2024 a low inflationary environment persisted in the Republic of Armenia. The 12-month inflation continued to decline in the first quarter, it then gradually increased, floating in the positive territory since the second half of the year*. These inflationary trends were primarily driven by the influences transmitted from the external sector and monetary policy implemented by the Central Bank of Armenia.

During 2024 in Armenia the economic activity remains elevated in which circumstances the economic growth totaled 5.9%*. At the same time aggregate demand remained elevated, primarily due to domestic demand factors, while external demand gradually weakened as a result of the gradual decline in tourism flows.

Based on the prevailing economic conditions and in line with its commitment to price stability, as well as to prudently manage risks stemming from existing uncertainties, the CBA continued to ease monetary conditions in 2024, gradually reducing the policy rate by a total of 2.25 percentage points. The 12-month inflation continued to decline in the first quarter, reaching its lowest level of -1.7% in February, before gradually increasing to 1.5% by the end of the year.

The Group continues to assess the effect of changing economic conditions on its activities, financial position and financial results.

* The information was brought from Status Report on Implementation of the Monetary Policy Program (Quarter 1, 2024 – Quarter 4, 2024) as approved under the decision No. 26 of the Board of the Central Bank of Armenia dated 25.02.2025.

2. Summary of material accounting policies

(a) Statement of compliance

The accompanying consolidated financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention as modified by the initial recognition of financial instruments based on fair value, and by the revaluation of financial assets at fair value through other comprehensive income, and financial instruments categorised at fair value through profit or loss, including derivative financial instruments. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied by the Bank and its subsidiaries to all the periods presented, unless otherwise stated.

(c) Form of presentation of the financial statements

In exceptional circumstances detailed disclosure of the information about the operations which occur in the respective reporting period may lead to a loss of confidence spreading through the financial system of the Republic of Armenia as a whole. Accordingly, although the financial effects of such operations will be included into the consolidated financial statements of the Group, the Group may provide only limited disclosure in respect of such types of operations.

(d) Functional and presentation currency

The national currency of the Republic of Armenia is the Armenian Dram (“AMD”), which is the functional currency of the Bank and each of the Group’s consolidated entities and is the currency in which these consolidated financial statements are presented. All financial information presented in AMD has been rounded to the nearest thousand unless otherwise indicated.

(e) Use of estimates and judgments

In the process of applying the Group’s accounting policies, management has used its judgments and made estimates in determining the amounts recognised in the consolidated financial statements. The most significant use of judgments and estimates are as follows:

Fair value

Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

2. Summary of material accounting policies (continued)

(e) Use of estimates and judgments (continued)

Assessment of impairment

Financial Assets

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group's expected credit losses ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's internal credit grading model, which assigns PDs to the individual grades;
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL ("LTECL") basis and the qualitative assessment;
- Development of ECL models, including the various formulae and the choice of inputs.

Associates/Equity-accounted investees

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the note 15.3.

(f) Application of new standards

The Group has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective for these consolidated financial statements.

Certain amendments and interpretations apply for the first time in 2024, but do not have significant impact on the Group's consolidated financial statements and accounting policies.

(g) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at 31 December 2024. Subsidiaries are those investees that the Group controls. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power to direct relevant activities of the investees that significantly affect their returns;
- Exposure, or rights, to variable returns from its involvement with the investees; and
- The ability to use its power over the investees to affect the amount of investor's returns.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Bank and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

If the Group loses control over a subsidiary, any investment retained is recognised at fair value at the date of loss of control.

The Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis, either at the non-controlling interest's proportionate share of net assets of the acquiree or fair value.

2. Summary of material accounting policies (continued)

(g) Basis of consolidation (continued)

Associates

Associates are entities over which the Group has significant influence (directly or indirectly), but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting, and are initially recognised at cost as equity-accounted investees in the statement of financial position. The carrying amount of associates includes goodwill identified on acquisition less accumulated impairment losses, if any. Dividends received from associates reduce the carrying value of the investment in associates. Other post-acquisition changes in Group's share of net assets of an associate are recognised as follows: (i) the Group's share of profits or losses of associates is recorded in the other income/other expense caption in the consolidated profit or loss for the year, (ii) the Group's share of other comprehensive income is recognised in other comprehensive income and presented separately, (iii) all other changes in the Group's share of the carrying value of net assets of associates are recognised in profit or loss within the other income/other expense captions (Note 9).

However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

When the Group ceases to have significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. In addition, any amounts previously recognised in other comprehensive income in respect of that entity, are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are recycled to profit or loss. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss, where appropriate.

(h) Foreign currency translation and presentation of foreign currency items

Transactions in foreign currencies are initially recognised in the functional currency, converted at the exchange rate published by the Bank at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are recalculated at the exchange rate published by the Bank at the reporting date.

Gains and losses resulting from the translation of foreign currency transactions are recognised in profit or loss as net foreign exchange gain/(loss). Translation at year-end rates does not apply to non-monetary items that are measured at historical cost.

Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined.

Differences between the contractual exchange rate of a transaction in a foreign currency and the exchange rate published by the Bank at the date of the transaction are included in the consolidated statement of comprehensive income.

As at 31 December 2024 and 31 December 2023, the exchange rates used for translating foreign currency balances were as follows:

	31 December 2024	*31 December 2023*
AMD / 1 US dollar	396.56	404.79
AMD / 1 Euro	413.89	447.90
AMD / 1 GBP	499.27	515.38
AMD / 1 SDR (Special Drawing Rights)	517.17	543.09
AMD / 1 JPY	2.514	2.86
AMD / 1 RUB	3.71	4.50

(i) Cash and cash equivalents

For cash flows statement perspective cash and cash equivalents are items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Group considers cash in foreign currency, nostro accounts with banks and SDR holdings in the IMF to be cash and cash equivalents. Funds restricted for a period of more than three months on origination are excluded from cash and cash equivalents. Cash and cash equivalents are carried at amortised cost.

2. Summary of material accounting policies (continued)

(j) Financial instruments – key measurement terms

The Group measures financial instruments, such as, financial instruments at fair value through profit or loss, financial assets measured at fair value through other comprehensive income and derivatives at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 30.

Fair value is 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. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the quantity held by the Group. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price. Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available.

Initial measurement

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost;
- FVOCI;
- FVPL.

The fair value of financial assets on initial recognition, if considered different from transaction price, is measured by discounting contractual cash flow through refinancing rate or risk-free rate applicable for Republic of Armenia at the date of transaction. The difference between the fair value and nominal amount is recorded through profit or loss as loss on initial recognition of financial instruments, if the Bank is acting in its capacity of a Regulator of financial system. In cases when the Bank acts as a shareholder, the difference is recognised as additional investment in the equity of associates.

The Group classifies and measures its derivative and trading portfolio at FVPL. The Group may designate financial instruments at FVPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Date of recognition

All regular way purchases and sales of financial assets are recognised on the settlement date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial instruments classified as held for trading are included in the category "Financial instruments at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated and effective hedging instruments. Gains or losses on financial assets held for trading, including interest income on trading debt securities are recognised in profit or loss as net gain/(loss) on financial instruments at fair value through profit and loss.

In the normal course of business, the Group enters into various derivative financial instruments including futures, forwards and swaps in the foreign exchange and capital markets. Such financial instruments are held for trading and are recorded at fair value.

The fair values are estimated based on quoted market prices or pricing models that take into account the current market and contractual prices of the underlying instruments and other factors.

Placements with banks and other financial institutions, investments securities at amortised cost

The Group only measures placements with banks, financial institutions, other financial assets and financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- 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 (SPPI).

The details of these conditions are outlined below.

2. Summary of material accounting policies (continued)

(j) Financial instruments – key measurement terms (continued)

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

As a second step of its classification process the Group assesses the contractual terms of financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

Debt instruments at FVOCI

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.

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

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

Equity instruments at FVOCI

Upon initial recognition, the Group occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as other income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal of these instruments, the accumulated revaluation reserve is transferred to retained earnings.

2. Summary of material accounting policies (continued)

(j) Financial instruments – key measurement terms (continued)

Reclassification of financial assets

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group changes the business model for managing financial assets. Financial liabilities are never reclassified.

Borrowings

Issued financial instruments or their components are classified as liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity instruments. Such instruments include deposits and accounts of financial and other institutions, amounts due to the Government and the IMF, other borrowed funds and debt securities issued.

After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the borrowings are derecognised as well as through the amortisation process.

(k) Repurchase and reverse repurchase agreements

Sale and repurchase agreements (“repo”) are treated as secured financial transactions.

Securities sold under sale and repurchase agreements are retained in the consolidated statement of financial position and, in case the transferee has the right by contract or custom to sell or repledge them, reclassified as securities pledged under sale and repurchase agreements. The corresponding liability is presented within deposits and accounts of financial and other institutions. The difference between the sale and repurchase price is treated as interest expense and accrued over the life of the repo agreements.

Funds provided to purchase securities under agreements to resell (“reverse repo agreements”) are recorded as placements with banks, other financial institutions and other financial assets. The difference between the sale and repurchase price, adjusted by interest and dividend income collected by the counterparty, is treated as interest income and accrued over the life of repo agreements using the effective interest method.

(l) Notes and coins in circulation

Notes and coins in circulation issued by the Bank are presented in the consolidated statement of financial position as a liability at nominal value. Printing and production costs of notes and coins are recognised in profit or loss as incurred. Cash in vault in domestic currency is deducted from notes and coins in circulation balance.

(m) Property and equipment

Property and equipment except for land are carried at cost less accumulated depreciation and any accumulated impairment. Land is carried at cost. Such cost includes the cost of replacing part of equipment when that cost is incurred if the recognition criteria are met. Likewise, when a major repair is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied.

Where significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

All other repair and maintenance costs are recognised in profit or loss as incurred.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

2. Summary of material accounting policies (continued)

(m) Property and equipment (continued)

Depreciation

Depreciation of an asset begins when it is available for use. Depreciation is calculated on a straight-line basis over the following estimated useful lives as at 31 December 2024:

Land and buildings:	
► Buildings	30-80 years
► Building technical systems	3-20 years
Networks, computer and other PPE	2-15 years
Vehicles	5 years
Right-of-use assets	1-5 years

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

(n) Intangible assets

Intangible assets include computer software and licenses. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised over the useful economic lives up to 10 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Computer software maintenance costs are recognised in profit or loss as incurred.

(o) Impairment of non-financial assets

The Group reviews the impairment of the carrying amount of equity-accounted investees at each reporting date. If there are indications that the carrying amount of the investment may not be recoverable, an impairment test is performed.

The impairment test is conducted by comparing the carrying amount of the investment to its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The value in use is determined by estimating the future cash flows expected to be derived from the equity-accounted investee and discounting them to their present value using an appropriate discount rate.

If the carrying amount of the investment exceeds its recoverable amount, the investment is considered impaired, and the carrying amount is written down to its recoverable amount. Any impairment loss is recognized in the statement of comprehensive income.

Impairment losses on equity-accounted investees are reversed if there is a change in the estimates used to determine the recoverable amount. The reversal of impairment is recognized in the statement of comprehensive income to the extent that the carrying amount of the investment does not exceed the carrying amount that would have been determined if no impairment had been recognized previously

(p) Taxation

The Bank is not subject to any taxes except for import duties. At the same time the Bank acts as a tax agent according to the procedures envisaged by the laws of the Republic of Armenia. The Group's subsidiaries are subject to income tax and other taxes on their operations in accordance with the laws of the Republic of Armenia. The applicable tax rate for subsidiaries is 18% (2023: 18%).

(q) Issued capital

Issued capital represents the authorised capital of the Bank, which is the property of and belongs to the Republic of Armenia and may not be pledged, confiscated or otherwise alienated against the obligations of the Republic of Armenia.

The non-interest bearing promissory note extended by the Government as envisaged by the article 11.4 of the Law to cover excess of the losses of the Group over its reserves is recognised as Promissory Note issued by the Government in the Equity of the Group. According to Law on Central Bank of Republic of Armenia in the event if, by the end of the financial year, the losses resulted in the Central Bank balance sheet exceed the aggregate amount of its reserves, the Government, within 30 days upon the date of the balance sheet publication, shall, as stated by law, grant noninterest bearing demand government ordinary promissory notes as a contribution to the Central Bank capital in an amount of exceeding sum.

2. Summary of material accounting policies (continued)

(q) Issued capital (continued)

The Group considers that the Bank does not have an enforceable right at the end of the year to claim receivables from the Government formed as a result of losses in accordance with the above Law. Such receivable is recognized at the time of the respective decision by the Government to cover the excess of losses.

(r) Profit allocation

The profit of the Group determined based on its consolidated financial statements shall be allocated as follows:

a) 20% of the profit shall be addressed to replenish the general reserve until its total amounts 25% of the broad money;
b) Appropriations shall be made to cover redemption expenses of the promissory note which have been previously issued by the Government to the Bank.

The balance of the profit of the Group remaining after hereinbefore deductions shall be paid to the state budget.

The calculation of the profit of the Group to be paid to the state budget shall not include positive difference of income and expense, generated from revaluation and acquisition of gold, SDR, foreign currency and their equivalents, adjusted to the extent of provisioning to recompense adverse results of previous year (Note 25).

Group considers that the Law on the Central Bank of the Republic of Armenia gives no discretion to Bank on the distribution of the profits – the amounts are established by law, in substance, resulting in an automatic reduction in the amount of the promissory notes receivable from the Government after allocation to the general reserve.

Accordingly, the Bank recognises the liabilities to the RA Government, in the form of reduction of promissory notes issued in the period when profits are generated.

(s) Segment information

The Group has the following three reportable segments, which are managed separately based on the Group's management and internal reporting structure:

- Activities of the Central Bank;
- Refinancing activities of subsidiaries;
- Other activities of subsidiaries.

(t) Interest income and expense

The Group calculates interest revenue on debt financial assets measured at amortized cost or at FVOCI by applying the effective interest rate to the gross carrying amount of financial assets other than credit-impaired assets, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as gain/loss due to revision of cash flows presented within interest income/expense.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognised using the original effective interest rate applied to the new carrying amount.

Interest income on financial assets measured at FVTPL is considered to be incidental to the Group's trading operations and is presented together with all other changes in the fair value in the consolidated statement of comprehensive income.

2. Summary of material accounting policies (continued)

(u) Accounting for operations with the International Monetary Fund (the "IMF")

In accordance with the "Financial Organisation and Operations of the IMF" Pamphlet, each member of the IMF designates a fiscal agency (ministry of finance, central bank, or similar entity) to conduct financial transactions with the IMF and a depository (central bank or similar agency) to maintain the accounts of the IMF (the IMF No. 1 and No. 2 Accounts and the Securities Account).

In accordance with the Law of the Republic of Armenia on Membership of the Republic of Armenia in the International Monetary Fund, International Bank for Reconstruction and Development, International Finance Corporation, International Development Association, European Bank for Reconstruction and Development, Multilateral Investment Guarantee Agency and International Center for Settlement of Investment Disputes, the Bank acts as the fiscal agent of the Republic of Armenia in accordance with clause 1, article 5 of the IMF articles of agreement. The Bank also is considered to be a depository of the Republic of Armenia for operations and transactions with IMF.

In the case when central bank performs fiscal agent function, the amounts of assets and liabilities and results of transactions with the IMF are recorded in the statement of financial position and profit or loss of the central bank. When the central bank performs depositary function in operations with the IMF, all transactions are made through correspondent accounts of central bank, however balances outstanding as a result of these transactions and respective profit or loss are not reflected in the central bank's statement of financial position and profit or loss (Note 16).

3. New accounting pronouncements

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted the new or amended accounting standards in preparing these consolidated financial statements.

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- Lack of Exchangeability (Amendments to IAS 21).
- Classification and measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7).
- IFRS 18 Presentation and Disclosure in Financial Statements.

4. Interest income

In thousands of Armenian Drams	***2024***	***2023***
Interest income from foreign currency assets		
Nostro accounts	24,513,961	31,882,861
Term deposits	1,084,349	1,191,441
Financial assets measured at fair value through other comprehensive income	375,647	116,200
Placements with the IMF	201,230	279,505
Investments at amortized cost	–	212,475
Other	46,696	62,861
Total interest income from foreign currency assets	**26,221,883**	**33,745,343**
Interest income from domestic currency assets		
Placements with banks, other financial institutions and other financial assets	68,778,012	57,645,900
Investments at amortized cost	1,794,531	–
Financial assets measured at fair value through other comprehensive income	1,056,608	1,048,492
Other	29,694	–
Total interest income from domestic currency assets	**71,658,845**	**58,694,392**
Total interest income calculated using effective interest rate	**97,880,728**	**92,439,735**

5. Interest expense

In thousands of Armenian Drams	***2024***	***2023***
Interest expense on foreign currency liabilities		
Other borrowed funds	6,908,851	6,261,258
Due to the IMF	5,601,297	6,148,866
Debt securities issued	46,774	-
Other	-	267
Total interest expense on foreign currency liabilities	**12,556,922**	**12,410,391**
Interest expense on domestic currency liabilities		
Due to the Government (Note 28)	37,826,614	50,748,868
Debt securities issued	2,783,276	1,938,088
Deposits and accounts of financial and other institutions	468,144	857,554
Other	67,672	16,058
Total interest expense on domestic currency liabilities	**41,145,706**	**53,560,568**
Total interest expense	**53,702,628**	**65,970,959**

6. Net foreign exchange (loss)/gain

In thousands of Armenian Drams	***2024***	***2023***
Net (loss)/gain from foreign exchange translation	(13,458,226)	28,805,603
Net gain on spot transactions	5,689,375	2,101,511
Total net foreign exchange (loss)/gain	**(7,768,851)**	**30,907,114**

Included in net loss from foreign exchange translation is a foreign exchange translation loss of AMD 29,265,846 thousand on financial instruments at fair value through profit or loss and gain of AMD 6,918,997 thousand on balances with the IMF respectively (2023: gain in the amount of AMD 27,493,538 thousand and loss of AMD 5,140,112 thousand respectively).

7. Net gain on derivatives

In thousands of Armenian Drams	***2024***	***2023***
Net gain on swaps	349,450	988,296
Total net gain on derivatives	**349,450**	**988,296**

8. Net gain on financial instruments at fair value through profit or loss

In thousands of Armenian Drams	***2024***	***2023***
Net gain on foreign securities under own management	28,266,610	31,764,287
Net gain on assets under trust management (note 13)	4,569,648	–
Net gain on money market instruments under own management	–	270,692
Trust management fee	(128,026)	–
Total net gain on financial instruments at fair value through profit or loss	**32,708,232**	**32,034,979**

9. Other income

In thousands of Armenian Drams	*2024*	*2023*
Numismatic coins	1,509,307	713,262
Disposal of equity interest	–	276,178
Financial agency fee	6,877	13,031
Other	8,000,383	6,185,904
Total other income	**9,516,567**	**7,188,375**

During the year ended 31 December 2024, the amount of AMD 6,681,629 thousand included in "Other" line represents the revenue of one subsidiary of the Bank which renders plastic cards processing services (2023: AMD 5,281,477 thousand).

During the year ended 31 December 2024, the amount of AMD 830,194 thousand included in "Other" line represents post-acquisition profit from equity-accounted investees (2023: AMD 390,437 thousand) (Note 15.3).

10. Cost of production of banknotes, coins and numismatics

In thousands of Armenian Drams	*2024*	*2023*
Production of banknotes and coins	4,435,594	501,817
Production of numismatic coins sold during the year	1,083,450	509,533
Total cost of production of banknotes, coins and numismatics	**5,519,044**	**1,011,350**

11. Other expenses

In thousands of Armenian Drams	*2024*	*2023*
Staff costs, including training and social and related payments	11,045,230	10,494,419
Depreciation and amortization	3,601,783	3,124,710
Repairs and maintenance	1,517,152	1,638,603
Expenses on development and maintenance of payment system	560,657	489,918
Security, transportation and insurance expenses	260,183	260,051
Audit fees	109,194	103,600
Professional services	95,493	871,590
Other	5,901,390	5,119,934
Total other expenses	**23,091,082**	**22,102,825**

During the years ended 31 December 2024 and 31 December 2023, the main line items of expenses included into "Other" line represent costs related to e-society development, subscription fees, communication expenses, utilities, rent expenses, stationery of the Bank and its subsidiaries.

Amounts of employee compensation, staff training and related payments, audit fees, depreciation and amortisation and repairs and maintenance expenses for the years ended 31 December 2024 and 31 December 2023 also include respective amounts of expenses of the Group's subsidiaries.

12. Placements with banks, other financial institutions and other financial assets

12.1 Placements with banks and other financial institutions in foreign currency

In thousands of Armenian Drams	*31 December 2024*	*31 December 2023*
Placements with banks and other financial institutions in foreign currency		
Nostro accounts	704,245,241	685,528,018
Term deposits	4,651,501	6,508,469
Margin requirements of derivatives	127,547	801,145
Cash included in assets under trust management	43,606	–
Allowance for ECL	(113,440)	(2,818,946)
Total placements with banks and other financial institutions in foreign currency	**708,954,455**	**690,018,686**

12. Placements with banks, other financial institutions and other financial assets (continued)

12.1 Placements with banks and other financial institutions in foreign currency (continued)

Concentration of placements with banks and other financial institutions in foreign currency

As at 31 December 2024 the Group had placements in two banks with individual balance exceeding 10% of total placements. The gross value of these placements as of 31 December 2024 amounted to AMD 541,415,363 thousand (31 December 2023: placements with one bank amounting to AMD 514,587,544 thousand).

As at 31 December 2024 AMD 43,606 thousand balance of cash included in assets under trust management (31 December 2023: none) represent balance maintained by the Bank for settlements under operations with foreign securities within the framework of Investment Management Agreement.

Allowance for impairment of placements with banks and other financial institutions in foreign currency at amortised cost

An analysis of changes in the gross carrying value and corresponding ECL in relation to placements with banks and other financial institutions in foreign currency during the years ended 31 December 2024 and 31 December 2023 is as follows:

	2024		2023	
In thousands of Armenian Drams	***Stage 1***	***Total***	***Stage 1***	***Total***
Placements with banks and other financial institutions in foreign currency				
Gross carrying value as at 1 January	692,837,632	692,837,632	932,208,400	932,208,400
New assets originated or purchased	704,416,393	704,416,393	689,074,666	689,074,666
Assets repaid	(688,186,130)	(688,186,130)	(928,445,434)	(928,445,434)
At 31 December	**709,067,895**	**709,067,895**	**692,837,632**	**692,837,632**

	2024		2023	
In thousands of Armenian Drams	***Stage 1***	***Total***	***Stage 1***	***Total***
Placements with banks and other financial institutions in foreign currency				
ECL as at 1 January	2,818,946	2,818,946	78,597	78,597
New assets originated or purchased	64,349	64,349	46,735	46,735
Assets repaid	(6,640)	(6,640)	(33,358)	(33,358)
Changes to models and inputs used for ECL calculations	(2,763,215)	(2,763,215)	2,726,972	2,726,972
At 31 December	**113,440**	**113,440**	**2,818,946**	**2,818,946**

12.2 Placements with banks, other financial institutions and other financial assets in domestic currency

In thousands of Armenian Drams	***31 December 2024***	***31 December 2023***
Placements with banks, other financial institutions and other financial assets in domestic currency		
Repurchase agreements	651,281,900	350,370,301
Loans to resident financial institutions under arrangement with the KfW, the World Bank, Asian Development Bank and European Investment Bank	230,171,104	227,238,842
Mortgage refinancing	227,201,011	201,169,093
Loans to resident financial institutions financed by own funds	51,209,483	48,642,940
Deposits placed in commercial banks	19,794,540	29,822,501
Other loans	2,175,719	2,394,809
Allowance for ECL	(25,611,390)	(4,011,926)
Total placements with banks, other financial institutions and other financial assets in domestic currency	**1,156,222,367**	**855,626,560**

12. Placements with banks, other financial institutions and financial assets (continued)

12.2 Placements with banks, other financial institutions and financial assets in domestic currency (continued)

Concentration of placements with banks, other financial institutions and other financial assets in domestic currency

As at 31 December 2024 placements with three banks had balances individually exceeding 10% of total placements with banks, other financial institutions and other financial assets denominated in domestic currency (31 December 2023: four banks). The total balance of the concentration amounts to AMD 600,620,355 thousand (31 December 2023: AMD 553,012,748 thousand).

Collateral received under reverse repurchase agreements

The Group accepted securities on reverse repurchase agreements as collateral, which the Group is permitted to sell or repledge. As at 31 December 2024 amounts receivable under reverse repurchase agreements are with 10 resident banks (31 December 2023: 12 resident banks) and are collateralised by the following securities:

In thousands of Armenian Drams	***Fair value as at 31 December 2024***	***Fair value as at 31 December 2023***
Treasury bonds of the Government	696,737,999	358,660,589
Eurobonds issued by the Government	–	2,056,553
Total	**696,737,999**	**360,717,142**

Loans to resident banks and financial institutions

Loans to resident banks and financial institutions under the agreements with the KfW, Asian Development Bank (ADB), European Investment Bank (EIB) and the World Bank are provided by the Group to commercial banks and other financial institutions under the following programs which are financed by KfW Banking Group, EIB, ADB and International Bank for Reconstruction and Development (member of the World Bank):

- *SME Support.* The objective of the SME support Programs of KfW and the World Bank is to develop SMEs in Armenia, in particular by providing the necessary funding to the commercial banks and credit organisations in order to make lending to micro, small and medium size private enterprises efficient and profitable. Loans received from KfW during 2021 were to stimulate SME lending and to help to cope with the adverse economic effects of the COVID-19 pandemic. These Programs are implemented through introducing new loan tools (technologies) in partner banks and credit organisations and conducting trainings and development of qualified loan officers.

  "Agricultural Sector Support" loan program financed by KfW started in 2012 which had the objective to provide long-term funding and technical assistance to SMEs engaged in agriculture and private farmers.

  During 2014 a new loan was received from ADB within the framework of "Women Entrepreneurship Support Sector Development" Program. The main objective of the program is to stimulate entrepreneurship development among women by increasing the availability of domestic currency funds for women-owned SMEs through the financial system of the Republic of Armenia.

  During 2015 a new loan was received from EIB. The loan was fully used to cover the demand for lending to SMEs and middle capitalization enterprises in agriculture and tourism sectors through commercial banks and credit organisations. The next phase (in 2017) also included export support and climate change management component and required some actions from the side of sub-borrowers to mitigate the impact on the environment. In addition to previous two phases, the third phase of the program (during 2020 and 2021) included lending to production sector. During 2023 "Armenian Economic Resilience Facility" program (IV phase) has started. The aim of the program was providing financial resources to SMEs in agriculture, production and tourism sectors for green investments, enhancing women entrepreneurship, rural development, as well as financing digitalization projects.

  During 2016 a new loan was received under "Support for the financing of the Energy Efficiency in MSME sector" Program from KfW. The objective of the Program is to introduce and expand the offer of energy efficiency loans in Armenian financial institutions and to cover at the same time the demand for energy efficiency loans from micro, small and medium sized enterprises (MSME). The Program aims at contributing to the reduction of energy demand of Armenian MSMEs and the volume of CO2-emissions as well as to enhance the competitiveness of the enterprises.

12. Placements with banks, other financial institutions and other financial assets (continued)

12.2 Placements with banks, other financial institutions and other financial assets in domestic currency (continued)

- *Development of the Renewable Energies.* The overall objective of the Program financed by KfW is to contribute to the utilization of renewable energy by making loans available for private entities and enterprises. The resources of the first two phases were allocated to financing of Small Hydro Power Plants ("SHPP") construction and capacity increase, whereas the last four phases were aimed at financing of physical and legal entities constructing for own consumption small (up to 500 kw), as well as large-scale (up to 5MW) (licensed) solar photovoltaic stations and other types (biomass, wind) of renewable energy sources.

- *Development of sustainable housing market.* Starting from 2006 the purpose of the Program financed by KfW has been the expansion of sustainable lending to private households by commercial banks and credit organisations to either purchase or modernize housing as well as to promote rural and energy efficient housing loans. Within this program the Bank granted loans to its subsidiary which are eliminated as intragroup transaction.

Within the framework of the programs the Group selects eligible partner financial institutions (PFIs) using technical and financial criteria, and allocates funds to PFIs according to contracts signed with these counterparties. The PFIs define final beneficiaries and bear the risks for the disbursed loans. The loans received are presented in note 21 Other borrowed funds.

The table below shows gross carrying values of the loans as at 31 December 2024 and 31 December 2023 for each program.

In thousands of Armenian Drams	***31 December 2024***	***31 December 2023***
KFW arrangements		
Support to Small and Medium Enterprises (MSME)	72,887,252	70,797,454
Promotion of Renewable Energies (RE)	41,639,826	41,351,040
Support for the Financing of the Energy Efficiency in MSME sector (EE)	19,052,034	16,853,456
Agricultural Sector Support (AF)	12,547,376	13,829,631
WB arrangements		
Access to Finance for Small and Medium Enterprises (AFSME)	4,994,930	6,724,967
ADB arrangements		
Women's Entrepreneurship Support Sector Development	5,035,302	5,825,853
EIB arrangements		
Private Sector Facility	74,014,384	71,856,441
Total loans to resident financial institutions under arrangement with the KfW, the World Bank, Asian Development Bank and European Investment Bank	**230,171,104**	**227,238,842**

As at 31 December 2024 loans to resident banks under the agreements with the KfW, the World Bank, ADB and EIB are provided to 15 domestic banks (31 December 2023: 15 domestic banks) and 11 financial institutions (31 December 2023: 11 financial institutions) at interest rates from 5.5% to 8.5% (31 December 2023: from 5.5% to 8.75), weighted average interest rate is 6.8% (31 December 2023: 6.6%). As described in note 21, these loans represent a separate market segment and accordingly, at the initial recognition the Group does not discount them.

Mortgage refinancing has been provided to financial institutions with remaining maturity period up to 10 years (2023: 10 years). As at 31 December 2024 mortgage refinancing loans were collateralised with claims under loan agreements with the banks' and other financial institutions' customers with the outstanding amount of AMD 229,725,850 thousand (31 December 2023: AMD 202,468,449 thousand).

Deposits placed in commercial banks represent short-term placements made by the Group's subsidiaries in commercial banks.

Other loans in the amount of AMD 1,450,157 thousand (31 December 2023: AMD 1,871,774 thousand) are secured by real estate, in the amount of AMD 76,612 thousand (31 December 2023: AMD 68,040 thousand) are secured by movable property and other assets.

Loans to resident financial institutions financed by own funds represent loans to equity-accounted investees net of loss on initial recognition that are collateralised by assets of the equity-accounted investees.

12. Placements with banks, other financial institutions and other financial assets (continued)

12.2 Placements with banks, other financial institutions and other financial assets in domestic currency (continued)

Allowance for impairment of placements with banks, other financial institutions and other financial assets in domestic currency at amortised cost

An analysis of changes in the gross carrying value and corresponding ECL in relation to Placements with banks, other financial institutions and other financial assets in domestic currency during the years ended 31 December 2024 and 31 December 2023 is as follows:

	2024			2023	
In thousands of Armenian Drams	***Stage 1***	***Stage 2***	***Total***	***Stage 1***	***Total***
Placements with banks, other financial institutions and other financial assets in domestic currency					
Gross carrying value as at 1 January	859,638,486	–	859,638,486	728,731,460	728,731,460
New assets originated or purchased	787,775,782	–	787,775,782	496,935,758	496,935,758
Assets repaid	(465,580,511)	–	(465,580,511)	(350,955,813)	(350,955,813)
Transfer to Stage 2	(22,297,682)	22,297,682	–	–	–
Write-off	–	–	–	(15,072,919)	(15,072,919)
At 31 December	**1,159,536,075**	**22,297,682**	**1,181,833,757**	**859,638,486**	**859,638,486**

	2024			2023	
In thousands of Armenian Drams	***Stage 1***	***Stage 2***	***Total***	***Stage 1***	***Total***
Placements with banks, other financial institutions and other financial assets in domestic currency					
ECL as at 1 January	4,011,926	–	4,011,926	4,165,679	4,165,679
New assets originated or purchased	904,384	–	904,384	968,646	968,646
Assets repaid	(245,844)	–	(245,844)	(353,439)	(353,439)
Transfer to Stage 2	(360,751)	360,751	–	–	–
Changes to models and inputs used for ECL calculations	(996,007)	21,936,931	20,940,924	14,303,959	14,303,959
Write-off	–	–	–	(15,072,919)	(15,072,919)
At 31 December	**3,313,708**	**22,297,682**	**25,611,390**	**4,011,926**	**4,011,926**

Recognition of lifetime ECL and transferring the loan to Stage 2 is triggered by the same indicator mentioned in Note 15.3.

During 2023 placements with banks, other financial institutions and other financial assets of AMD 15,072,919 thousand were written off in accordance with Government decree N 2326.

13. Financial instruments at fair value through profit or loss

In thousands of Armenian Drams	***31 December 2024***	***31 December 2023***
Assets		
Debt and other fixed-income instruments in foreign currency		
Foreign bonds under own management	645,739,482	759,879,163
Foreign bonds under trust management	103,789,492	–
Total financial instruments at fair value through profit or loss in foreign currency	**749,528,974**	**759,879,163**

13. Financial instruments at fair value through profit or loss (continued)

As at 31 December 2024 and 31 December 2023 foreign securities at fair value include:

In thousands of Armenian Drams	*31 December 2024*	*31 December 2023*
Government bonds	519,387,164	638,513,719
Other securities	126,352,318	121,365,444
Total	**645,739,482**	**759,879,163**

Debt securities at fair value through profit or loss are quoted US treasury bills and securities issued by governments of European countries, foreign banks and other financial institutions.

As at 31 December 2024 and 31 December 2023 the foreign bonds under trust management include:

In thousands of Armenian Drams	*31 December 2024*	*31 December 2023*
Government bonds	77,859,783	–
Other securities	25,929,709	–
Total	**103,789,492**	**–**

Securities under trust management represent financial instruments under discretionary asset management by the international financial institution in accordance with Investment Management Agreement.

14. Derivative financial instruments

In thousands of Armenian Drams	*31 December 2024*	*31 December 2023*
Derivative financial assets		
Foreign currency swap contracts in foreign market	158,575	–
Total derivative financial liabilities	**158,575**	**–**

In thousands of Armenian Drams	*31 December 2024*	*31 December 2023*
Derivative financial liabilities		
Foreign currency swap contracts in foreign market	–	190,283
Total derivative financial liabilities	**–**	**190,283**

15. Investments

15.1 Financial assets measured at fair value through other comprehensive income in foreign currency

In thousands of Armenian Drams	*31 December 2024*	*31 December 2023*
Equity investments		
Foreign securities	2,552,857	2,581,114
SWIFT	3,223	3,736
Total equity investments	**2,556,080**	**2,584,850**
Debt instruments		
Corporate bonds in foreign currency	842,971	454,011
EU bonds of the Government of the Republic of Armenia	8,534,719	1,798,687
Total debt investments	**9,377,690**	**2,252,698**
Total financial assets measured at fair value through other comprehensive income in foreign currency	**11,933,770**	**4,837,548**

15. Investments (continued)

15.1 Financial assets measured at fair value through other comprehensive income in foreign currency (continued)

As at 31 December 2024 and 31 December 2023 within foreign securities there are equity securities classified as financial assets measured at fair value through other comprehensive income in foreign currency, which represent investment of one of the Group's subsidiaries into the development fund initiated and led by the KfW. The development fund was established with the aim to foster economic development and prosperity in the Southeast Europe region including the Republic of Armenia through the sustainable provision of additional development finance.

As at 31 December 2024 and 31 December 2023 corporate bonds denominated in foreign currency and classified as financial assets measured at fair value through other comprehensive income in foreign currency represent coupon securities issued by one of Armenian banks.

An analysis of changes in the gross carrying values and associated ECLs in relation to debt securities at FVOCI in foreign currency during the years ended 31 December 2024 and 31 December 2023 is as follows:

	2024		*2023*	
In thousands of Armenian Drams	***Stage 1***	***Total***	***Stage 1***	***Total***
Debt securities at FVOCI in foreign currency – EU bonds of the Government of the Republic of Armenia				
Gross carrying value as at 1 January	1,798,687	1,798,687	567,928	567,928
New assets originated or purchased	3,637,486	3,637,486	1,230,759	1,230,759
Reclassification	3,113,312	3,113,312	–	–
Assets repaid	(14,766)	(14,766)	–	–
At 31 December	**8,534,719**	**8,534,719**	**1,798,687**	**1,798,687**

	2024		*2023*	
In thousands of Armenian Drams	***Stage 1***	***Total***	***Stage 1***	***Total***
Debt securities at FVOCI in foreign currency – EU bonds of the Government of the Republic of Armenia				
ECL as at 1 January	21,543	21,543	6,613	6,613
New assets originated or purchased	11,284	11,284	14,606	14,606
Reclassification	37,639	37,639	–	–
Changes to models and inputs used for ECL calculations	(12,238)	(12,238)	324	324
At 31 December	**58,228**	**58,228**	**21,543**	**21,543**

	2024		*2023*	
In thousands of Armenian Drams	***Stage 1***	***Total***	***Stage 1***	***Total***
Debt securities at FVOCI in foreign currency – corporate bonds in foreign currency				
Gross carrying value as at 1 January	454,011	454,011	–	–
New assets originated or purchased	–	–	454,011	454,011
Reclassification	407,188	407,188	–	–
Assets repaid	(18,228)	(18,228)	–	–
At 31 December	**842,971**	**842,971**	**454,011**	**454,011**

	2024		*2023*	
In thousands of Armenian Drams	***Stage 1***	***Total***	***Stage 1***	***Total***
Debt securities at FVOCI in foreign currency – corporate bonds in foreign currency				
ECL as at 1 January	5,133	5,133	–	–
New assets originated or purchased	–	–	5,133	5,133
Reclassification	4,726	4,726	–	–
Changes to models and inputs used for ECL calculations	(2,242)	(2,242)	–	–
At 31 December	**7,617**	**7,617**	**5,133**	**5,133**

15. Investments (continued)

15.2 Financial assets measured at fair value through other comprehensive income in domestic currency

In thousands of Armenian Drams	*31 December 2024*	*31 December 2023*
Debt instruments		
Securities of the Government of the RA	9,583,870	9,291,332
Promissory note of the Government (Note 25)	162,437,256	204,071,927
Proportion of profit subject to distribution in the form of set-off with the promissory note by the Government of the RA (note 25)	(12,916,984)	(41,634,671)
Total debt instruments	**159,104,142**	**171,728,588**

The management believes that the carrying amount of the promissory note approximates its fair value (Note 25) primary due to its short maturity.

An analysis of changes in the gross carrying values and associated ECLs in relation to debt securities at FVOCI in domestic currency during the years ended 31 December 2024 and 31 December 2023 is as follows:

	2024		*2023*	
In thousands of Armenian Drams	***Stage 1***	***Total***	***Stage 1***	***Total***
Debt securities at FVOCI in domestic currency – securities of the Government of the Republic of Armenia				
Gross carrying value as at 1 January	9,291,332	9,291,332	8,875,170	8,875,170
New assets originated or purchased	581,158	581,158	705,243	705,243
Assets repaid	(288,620)	(288,620)	(289,081)	(289,081)
At 31 December	**9,583,870**	**9,583,870**	**9,291,332**	**9,291,332**

	2024		*2023*	
In thousands of Armenian Drams	***Stage 1***	***Total***	***Stage 1***	***Total***
Debt securities at FVOCI in domestic currency – securities of the Government of the Republic of Armenia				
ECL as at 1 January	33,958	33,958	40,413	40,413
Changes to models and inputs used for ECL calculations	605	605	(6,455)	(6,455)
At 31 December	**34,563**	**34,563**	**33,958**	**33,958**

15.3 Equity-accounted investees

In thousands of Armenian Drams	*31 December 2024*	*31 December 2023*
Interest in equity-accounted investees	21,468,457	34,533,590
Total investments in equity-accounted investees	**21,468,457**	**34,533,590**

The table below analyses in aggregate, the carrying amount and share of profit and OCI of these equity-accounted investees.

In thousands of Armenian Drams	*2024*	*2023*
Carrying amount as at 1 January	***34,533,590***	**33,420,114**
Investment in equity-accounted investees		–
Share of:		
– Profit	830,194	390,437
– OCI	63,720	723,039
– Impairment	(13,959,047)	–
Carrying amount as at 31 December	**21,468,457**	**34,533,590**

15. Investments (continued)

15.3 Equity-accounted investees (continued)

Given impairment indicators existing as at 31 December 2024 Group performed impairment test of one of its equity-accounted investees.

To determine whether the carrying amount of the investment was recoverable, the Company applied a valuation using market multiples to estimate the fair value of the equity-accounted investee. The key multiple used were price-to-equity ratio, based on comparable banks in the Armenian industry with an adjustment for the lack of control. The results from applying these multiples indicated a potential impairment, as the recoverable amount was below the carrying amount of the investment.

The carrying amount of the investment before impairment as of 31 December 2024 was AMD 33,674,077 thousand.

An impairment loss of AMD 13,959,047 thousand was recognized in the statement of comprehensive income for the year ended 31 December 2024 and related deferred tax asset of AMD 2,512,628 thousand is recognised as tax income in the statement of comprehensive income for the year ended 31 December 2024.

15.4 Investments at amortized cost in foreign currency

In thousands of Armenian Drams	***31 December 2024***	***31 December 2023***
EU bonds of the Government of the Republic of Armenia	–	3,113,313
Corporate bonds in foreign currency	–	407,188
Allowance for ECL	–	(42,364)
Total investments at amortized cost	**–**	**3,478,137**

As at 31 December 2023 debt securities denominated in foreign currency and classified as investments at amortized cost in foreign currency represent EU bonds issued by the Government of the Republic of Armenia.

As at 31 December 2023 corporate bonds denominated in foreign currency and classified as investments at amortized cost in foreign currency represent coupon securities issued by two of Armenian banks.

An analysis of changes in the gross carrying values and associated ECLs in relation to investments at amortized cost in foreign currency during the years ended 31 December 2024 and 31 December 2023 is as follows:

	2024		***2023***	
In thousands of Armenian Drams	***Stage 1***	***Total***	***Stage 1***	***Total***
Debt securities at amortized cost in foreign currency – EU bonds of the Government of the Republic of Armenia				
Gross carrying value as at 1 January	3,113,313	3,113,313	1,053,407	1,053,407
New assets originated or purchased	–	–	2,059,906	2,059,906
Reclassification	(3,113,313)	(3,113,313)	–	–
At 31 December	**–**	**–**	**3,113,313**	**3,113,313**

	2024		***2023***	
In thousands of Armenian Drams	***Stage 1***	***Total***	***Stage 1***	***Total***
Debt securities at amortized cost in foreign currency – EU bonds of the Government of the Republic of Armenia				
ECL as at 1 January	37,639	37,639	12,545	12,545
New assets originated or purchased	–	–	24,598	24,598
Changes to models and inputs used for ECL calculations	–	–	495	495
Reclassification	(37,639)	(37,639)	–	–
At 31 December	**–**	**–**	**37,638**	**37,638**

15. Investments (continued)

15.4 Investments at amortized cost in foreign currency (continued)

In thousands of Armenian Drams	2024 Stage 1	2024 Total	2023 Stage 1	2023 Total
Debt securities at amortized cost in foreign currency – corporate bonds in foreign currency				
Gross carrying value as at 1 January	407,188	407,188	395,939	395,939
New assets originated or purchased	–	–	11,249	11,249
Reclassification	(407,188)	(407,188)	–	–
At 31 December	**–**	**–**	**407,188**	**407,188**

In thousands of Armenian Drams	2024 Stage 1	2024 Total	2023 Stage 1	2023 Total
Debt securities at amortized cost in foreign currency – corporate bonds in foreign currency				
ECL as at 1 January	4,726	4,726	4,231	4,231
Reclassification	(4,726)	(4,726)	–	–
Changes to models and inputs used for ECL calculations	–	–	495	495
At 31 December	**–**	**–**	**4,726**	**4,726**

15.5 Investments at amortized cost in domestic currency

In thousands of Armenian Drams	31 December 2024	31 December 2023
Debt instruments		
Securities of the Government of the Republic of Armenia	20,761,962	16,391,747
Allowance for ECL	(76,979)	(63,571)
Total debt instruments	**20,684,983**	**16,328,176**

As at 31 December 2024 and 31 December 2023 debt securities denominated in domestic currency and classified as investments at amortized cost in domestic currency represent securities issued by the Government of the Republic of Armenia.

An analysis of changes in the gross carrying values and associated ECLs in relation to investments at amortized cost in domestic currency during the year ended 31 December 2024 and 31 December 2023 is as follows:

In thousands of Armenian Drams	2024 Stage 1	2024 Total	2023 Stage 1	2023 Total
Debt securities at amortized cost in domestic currency – securities of the Government of the Republic of Armenia				
Gross carrying value as at 1 January	16,391,747	16,391,747	–	–
New assets originated or purchased	4,370,215	4,370,215	16,391,747	16,391,747
At 31 December	**20,761,962**	**20,761,962**	**16,391,747**	**16,391,747**

In thousands of Armenian Drams	2024 Stage 1	2024 Total	2023 Stage 1	2023 Total
Debt securities at amortized cost in domestic currency - securities of the Government of the Republic of Armenia				
ECL as at 1 January	63,571	63,571	–	–
New assets originated or purchased	9,231	9,231	63,571	63,571
Changes to models and inputs used for ECL calculations	4,177	4,177	–	–
At 31 December	**76,979**	**76,979**	**63,571**	**63,571**

16. Operations with the International Monetary Fund

Placements with the IMF

In thousands of Armenian Drams	*31 December 2024*	*31 December 2023*
Placements with the IMF		
Membership quota in the IMF (subscription)	66,611,496	69,949,992
SDR holdings in the IMF	765,538	153,344
Accrued interest	18,521	47,677
Total placements with the IMF	**67,395,555**	**70,151,013**

The Republic of Armenia is a member of the International Monetary Fund. The Bank holds the quota for the Republic of Armenia membership in the IMF.

The quota balance is a special type asset. Quotas vary based on the economic size of each country and are determined by the Board of Governors of the IMF. The quota determines a member's voting power in the IMF, the limits of access to the financial resources of the IMF and a participant's share in the allocation of SDRs, the IMF's unit of account. As at 31 December 2024 the quota of the Republic of Armenia in the IMF amounted to SDR 128,800 thousand, or AMD 66,611,496 thousand at the year-end official exchange rate of Armenian Dram to SDR (2023: SDR 128,800 thousand or AMD 69,949,992 thousand at the year-end official exchange rate of Armenian Dram to SDR). The quota does not earn interest and is a non-current asset. The quota of the Republic of Armenia was paid in the form of non-interest-bearing promissory note issued to the IMF by the Government of the RA.

The Bank maintains an SDR-denominated current account with the IMF used for processing and settlement of transactions with the IMF. This current account earns interest based on the SDR Interest Rate which is published by the IMF on a weekly basis.

Due to the IMF

In thousands of Armenian Drams	*31 December 2024*	*31 December 2023*
Securities account	65,000,000	95,000,000
Adjustment account for AMD liabilities to the IMF	1,027,450	4,143,168
Account 1	22,879,965	1,108,207
Account 2	59,589	60,690
SDR allocation	109,349,218	114,829,682
Interest accrued	768,051	1,103,457
Total liabilities due to the IMF	**199,084,273**	**216,245,204**

The Securities account, Adjustment account and Account 1 represent the amounts of the liability of the Bank as per Extended Fund Facility (EFF), Stand-by Arrangement (SBA) and the membership quota, these accounts are held in AMD, however are dependent on the exchange rate of SDR to AMD.

As at 31 December 2024 included in these accounts are EFF loans of AMD 9,097,230 thousand (31 December 2023: AMD 16,454,291 thousand) and Stand-by loans of AMD 13,275,556 thousand (31 December 2023: AMD 13,925,926 thousand). Currently all major settlements with the IMF are made through Account 1. Account 2 is used by the IMF for administrative purposes.

As at 31 December 2024 part of the Bank's liabilities to the IMF and the membership quota are covered by the promissory note in the amount of AMD 65,000,000 thousand (31 December 2023: AMD 95,000,000 thousand).

Except for membership quota and liability in respect of SDR allocation, the Bank's liability to the IMF as at 31 December 2024 represents liabilities as per EFF and SBA.

The SBA provides short-term financial assistance to the countries facing balance of payments problems. The SBA interest rate is floating and published by the IMF on a weekly basis as adjusted rate of charge. The loans outstanding as at 31 December 2024 mature in August 2025 – May 2027 (31 December 2023: August 2025 – May 2027).

The EFF is provided to the countries to overcome medium-term payment problems. The EFF interest rate is floating and published by the IMF on a weekly basis as adjusted rate of charge. The loans outstanding as at 31 December 2024 mature in March 2025 – June 2027 (31 December 2023: March 2024 – June 2027).

The IMF for the purpose of increasing the international reserves of the member countries makes SDR allocations to the member countries. The SDR allocation interest rate is floating and published by the IMF on a weekly basis as SDR interest rate. The SDR allocation has no maturity date but can be cancelled by the IMF.

17. Property and equipment

In thousands of Armenian Drams	***Land and buildings***	***Networks, computer and other PPE***	***Vehicles***	***Construction in progress***	***Right-of-use assets***	***Total***
Cost						
Balance as at 1 January 2023	**72,359,364**	**27,828,168**	**615,017**	**756,308**	**511,474**	**102,070,331**
Additions	156,634	1,033,835	83,244	103,335	–	1,377,048
Disposals	(503,098)	(518,368)	(78,182)	–	–	(1,099,648)
Transfer	385,463	–	–	(385,463)	–	–
Balance as at 31 December 2023	**72,398,363**	**28,343,635**	**620,079**	**474,180**	**511,474**	**102,347,731**
Additions	51,145	3,695,505	46,710	100,753	492,758	4,386,871
Disposals	(73,267)	(498,535)	(106,500)	–	(407,293)	(1,085,595)
Transfer	203,603	–	–	(203,603)	–	–
Balance as at 31 December 2024	**72,579,844**	**31,540,605**	**560,289**	**371,330**	**596,939**	**105,649,007**
Depreciation						
Balance as at 1 January 2023	**22,972,836**	**16,326,755**	**457,360**	**–**	**327,858**	**40,084,809**
Charge for the period	1,332,898	1,260,061	34,140	–	106,732	2,733,831
Disposals	(60,476)	(508,300)	(72,466)	–	–	(641,242)
Balance as at 31 December 2023	**24,245,258**	**17,078,516**	**419,034**	**–**	**434,590**	**42,177,398**
Charge for the period	1,275,976	1,474,288	46,111	–	142,327	2,938,702
Disposals	(11,188)	(442,352)	(97,980)	–	(405,065)	(956,585)
Balance as at 31 December 2024	**25,510,046**	**18,110,452**	**367,165**	**–**	**171,852**	**44,159,515**
Carrying amount						
At 31 December 2024	**47,069,798**	**13,430,153**	**193,124**	**371,330**	**425,087**	**61,489,492**
At 31 December 2023	**48,153,105**	**11,265,119**	**201,045**	**474,180**	**76,884**	**60,170,333**

18. Intangible assets

In thousands of Armenian Drams	*Computer software and licenses*	*Contracts in progress*	*Total*
Cost			
Balance as at 1 January 2023	**5,682,196**	**1,128,570**	**6,810,766**
Additions	535,092	12,357	547,449
Disposals	(48,309)	–	(48,309)
Impairment	–	(375,786)	(375,786)
Balance as at 31 December 2023	**6,168,979**	**765,141**	**6,934,120**
Additions	1,679,175	27,902	1,707,077
Disposals	(34,020)	–	(34,020)
Impairment	–	(35,000)	(35,000)
Transfer	24,489	(24,489)	–
Balance as at 31 December 2024	**7,838,623**	**733,554**	**8,572,177**
Amortisation			
Balance as at 1 January 2023	**3,848,613**	**–**	**3,848,613**
Charge for the period	390,879	–	390,879
Disposals	(41,987)	–	(41,987)
Balance as at 31 December 2023	**4,197,505**	**–**	**4,197,505**
Charge for the period	663,081	–	663,081
Disposals	–	–	–
Balance as at 31 December 2024	**4,860,586**	**–**	**4,860,586**
Carrying amount			
At 31 December 2024	**2,978,037**	**733,554**	**3,711,591**
At 31 December 2023	**1,971,474**	**765,141**	**2,736,615**

19. Other assets in domestic currency

In thousands of Armenian Drams	*31 December 2024*	*31 December 2023*
Numismatic coins	4,433,878	4,688,107
Prepayments and receivables	2,463,775	3,706,616
Other	4,095,158	1,223,433
Allowance for ECL	(325)	(290)
Total other assets	**10,992,486**	**9,617,866**

An analysis of changes in the gross carrying values and associated ECLs in relation to financial receivables in domestic currency during the year ended 31 December 2024 and 31 December 2023 is as follows:

	2024		*2023*	
In thousands of Armenian Drams	*Stage 1*	*Total*	*Stage 1*	*Total*
Receivables in domestic currency				
Gross carrying value as at 1 January	276,178	276,178	–	–
New assets originated or purchased	29,694	29,694	276,178	276,178
At 31 December	**305,872**	**305,872**	**276,178**	**276,178**

	2024		*2023*	
In thousands of Armenian Drams	*Stage 1*	*Total*	*Stage 1*	*Total*
Receivables in domestic currency				
ECL as at 1 January	290	290	–	–
New assets originated or purchased	–	–	290	290
Changes to models and inputs used for ECL calculations	35	35	–	–
At 31 December	**325**	**325**	**290**	**290**

20. Deposits and accounts of financial and other institutions

In thousands of Armenian Drams	*31 December 2024*	*31 December 2023*
Foreign currency liabilities		
Vostro accounts and deposits of domestic banks	504,531,838	470,573,714
Vostro accounts of equity-accounted investees	21,097,179	25,042,410
Current accounts of other related parties (Note 28)	3,112	2,806
Current accounts of other legal entities	2,959,626	1,981,623
Total foreign currency liabilities	**528,591,755**	**497,600,553**
Domestic currency liabilities		
Vostro accounts and deposits of domestic banks	542,492,248	371,228,593
Vostro and other accounts of equity-accounted investees	31,826,171	22,432,976
Current accounts and term deposit of other related parties	8,414	706
Current accounts and term deposit of other legal entities	20,515,934	38,304,669
Total domestic currency liabilities	**594,842,767**	**431,966,944**
Total deposits and accounts of financial and other institutions	**1,123,434,522**	**929,567,497**

Concentration of deposits and accounts of financial and other institutions

As at 31 December 2024 two counterparty banks had balances, individually exceeding 10% of the total amount of deposits and accounts of financial and other institutions, amounting to AMD 496,873,544 thousand (31 December 2023: two banks with total balance of AMD 372,384,265 thousand).

21. Other borrowed funds

In thousands of Armenian Drams	*31 December 2024*	*31 December 2023*
Due to the KfW	104,052,352	116,925,013
Due to the EIB	57,383,964	58,176,976
Due to the World Bank	13,057,808	14,236,869
Due to the ADB	3,962,829	4,435,742
Other	9,723,401	11,029,377
Total other borrowed funds	**188,180,354**	**204,803,977**

The table below shows carrying values of loans due to the KfW by programs as at 31 December 2024 and 31 December 2023.

In thousands of Armenian Drams	*31 December 2024*	*31 December 2023*
Support to Small and Medium Enterprises (MSME)	41,697,077	46,628,200
Promotion of Renewable Energies (RE)	30,438,449	31,036,816
Agricultural Sector Support (AF)	7,440,335	10,122,529
Support for the Financing of the Energy Efficiency in MSME Sector (EE)	7,322,401	9,575,368
Development of Sustainable Housing Market (HF)	17,154,090	19,562,100
Total due to the KfW	**104,052,352**	**116,925,013**

The loans due to the KfW are provided under an intergovernmental agreement on financial cooperation between the Government of the Republic of Armenia and the Federal Republic of Germany to finance special loan programs allocated through domestic commercial banks and financial institutions (Note 12). The loans are denominated in EUR, mature from 2025 to 2048 (31 December 2023: from 2024 to 2048) and bear interest of 0.75% - 3.8425% (31 December 2023: 0.75% - 5.155%). The weighted average interest rate is 3.05% (31 December 2023: 3.84%).

The loan due to the World Bank is provided by the World Bank for financing small and medium enterprises through domestic commercial banks and financial institutions (Note 12). The loan is denominated in USD, matures during the period from 2025 to 2035 (31 December 2023: from 2024 to 2035) and bears floating interest of 5.38% (31 December 2023: 5.97%).

21. Other borrowed funds (continued)

The loan due to ADB is provided by the Asian Development Bank for financing women-owned small and medium enterprises (Note 12) through commercial banks and financial institutions. The loan is denominated in SDR, matures during the period from 2025 to 2044 (31 December 2023: from 2024 to 2044) and bears interest rate of 2.36% (31 December 2023: 2.36%).

The loan due to the EIB is provided by the European Investment Bank for financing agriculture, tourism and production sectors through domestic commercial banks and financial institutions (Note 12). The loans are denominated in USD, mature during the period from 2025 to 2033 (31 December 2023: from 2024 to 2033) and bear interest of 1.453% - 5.17% (31 December 2023: 1.453% - 5.17%). The weighted average interest rate is 3.27% (31 December 2023: 2.85%).

The loan obtained by one of the Group's subsidiaries from French Agency for Development included into category "Other" matures during the period from 2025 to 2034 (31 December 2023: from 2024 to 2034). As at 31 December 2024 the balance outstanding under this loan facility is AMD 9,723,401 thousand (31 December 2023: AMD 11,029,377 thousand).

There is no actual market for this type of financing, provided by international 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 and accordingly, at the initial recognition the Group does not discount them.

22. Other liabilities in domestic currency

In thousands of Armenian Drams	*31 December 2024*	*31 December 2023*
Other liabilities in domestic currency		
Payables	3,823,752	2,974,801
Other liabilities	683,389	549,064
Total other liabilities in domestic currency	**4,507,141**	**3,523,865**

23. Due to the Government of the Republic of Armenia

In thousands of Armenian Drams	*31 December 2024*	*31 December 2023*
Foreign currency liabilities		
Current accounts of the Government	1,394,968	955,226
Total foreign currency liabilities	**1,394,968**	**955,226**
Domestic currency liabilities		
Term deposits	378,399,033	367,026,690
Current accounts of the Government	49,190,624	24,101,606
Total domestic currency liabilities	**427,589,657**	**391,128,296**
Total due to the Government of the Republic of Armenia	**428,984,625**	**392,083,522**

Term deposits of the Government have maturity of less than 3 months and interest rate is ranging from 7.7% to 7.8% (31 December 2023: from 9.3% to 10%).

24. Debt securities issued

As at 31 December 2024 the subsidiary company of the Group had in issue coupon bonds with AMD 26,627,230 thousand par value and 3 years maturity and Green bonds with USD 26,000,000 USD par value and 7 years maturity (31 December 2023: coupon bonds with AMD 22,388,510 thousand par value and 3 years maturity). The issuance and placement of the green bonds were carried out under French law. The green bonds were allocated to the French Development Agency through a private placement on the French Euroclear platform.

As at 31 December 2024 the average annual yield on AMD bonds is from 9.5% to 12% and for USD bonds is 4.5% (31 December 2023 AMD bonds: from 8.5% to 12%).

The carrying value of the issued AMD bonds as at 31 December 2024 is AMD 27,032,225 thousand (31 December 2023: AMD 22,639,296 thousand), and USD bonds as at 31 December 2024 is AMD 10,291,731 thousand.

25. Management of capital

Capital of the Group comprises the residual value of the Group's assets after deduction of its liabilities. The Bank manages capital in accordance with the Law. The Bank is not subject to externally imposed capital requirements.

In accordance with this Law the amount of issued capital of the Bank is AMD 100,000 thousand. The authorised capital of the Bank is the property of and belongs to the Republic of Armenia and may not be pledged, confiscated or otherwise alienated against the obligations of the Republic of Armenia.

The Bank's objectives when managing capital are to maintain an appropriate level of capital to ensure economic independence of the Bank and ability to perform its functions. The Bank's management considers total capital under management to be equity as shown in the consolidated statement of financial position.

Objectives and policies of managing components of the Bank's capital are defined by the respective internal regulations approved by the decisions of the Board of the Central Bank of the Republic of Armenia (the "Board"). Formation of funds and reserves of the Bank for covering financial risk associated with performance of its functions is carried out in accordance with the regulations approved by the Board and the Law.

The general reserve is formed according to the Law and cannot be distributed. General reserve is formed to cover general risks (potential losses) arising as a result of banking operations. Promissory note issued by the Government represents a contribution made by the Government by the way of issuing a non-interest bearing on demand promissory note in the case when the losses in the result of the financial year in the consolidated financial statements of the Group exceed the aggregate amount of its reserves.

According to clause 11 of the Law on the Central Bank of Republic of Armenia, during 2023 the Government covered AMD 149,676,703 thousand excess of losses over the Group`s reserves as at 31 December 2022. As a result the Government has issued new non-interest bearing promissory note at the amount of AMD 204,071,927 thousand.. The issue of the new promissory note was non-cash transaction.

According to the clause 12 of the Law on the Central Bank of Republic of Armenia, the Central Bank has allocated 20% of 2023 profits comprising AMD 10,408,668 thousand to the general reserve. The remaining amount of AMD 41,634,671 thousand from 2023 profits was subject to distribution in the form of set-off with the promissory note issued by the Government of the RA. During 2024 the Government has issued new non-interest bearing promissory note at the amount of AMD 162,437,256 thousand replacing the previous note of AMD 204,071,927 thousand with the same terms. The issue of the new promissory note was non-cash transaction.

According to the clause 12 of the Law on the Central Bank of Republic of Armenia, the Central Bank has allocated 20% of 2024 profits comprising AMD 3,299,246 thousand to the general reserve. The remaining amount of AMD 12,916,984 thousand from 2024 profits is subject to distribution in the form of set-off with the promissory note issued by the Government of the RA.

Other reserves represent revaluation reserve for financial assets measured at fair value through other comprehensive income in the amount of AMD 1,253,912 thousand (positive effect) as at 31 December 2024 (31 December 2023: AMD 1,305,822 thousand (positive effect)) and net AMD 1,322,345 thousand (positive effect) share of other comprehensive income of equity-accounted investees as at 31 December 2024 (31 December 2023: AMD 1,270,090 thousand).

26. Commitments

Capital commitments

The capital commitments outstanding at 31 December 2024 related to the Group's non-current assets amount to AMD 16,138 thousand (31 December 2023: AMD 572,953 thousand).

Litigation

The Group management is unaware of any actual, pending or threatened significant claims against the Group.

27. Segment information

The Group is organized into the following three operating segments based on their functional activities:

Activities of Central Bank	This segment includes all activities of Central Bank of Armenia.
Refinancing activities of subsidiaries	This segment includes the activities of mortgage refinancing credit organisations.
Other activities of subsidiaries	This segment includes the activities of other subsidiaries, including payment and settlement services, transportation/delivery of cash, lending support, insurance infrastructure support.

A reconciliation of assets and liabilities as per the reportable segments with the Group's assets and liabilities as of 31 December 2024 is as follows:

In thousands of Armenian Drams

	Activities of Central Bank	Refinancing activities of subsidiaries	Other activities of subsidiaries	Total for reportable segments	Consolidation effect	Total
Assets	2,868,380,540	314,957,418	18,451,713	3,201,789,671	(215,769,001)	**2,986,020,670**
Liabilities	2,925,999,110	78,884,068	964,023	3,005,847,201	(37,864,883)	**2,967,982,318**

A reconciliation of assets and liabilities as per the reportable segments with the Group's assets and liabilities as of 31 December 2023 is as follows:

In thousands of Armenian Drams

	Activities of Central Bank	Refinancing activities of subsidiaries	Other activities of subsidiaries	Total for reportable segments	Consolidation effect	Total
Assets	2,597,978,815	303,417,496	16,345,228	2,917,741,539	(223,193,882)	**2,694,547,657**
Liabilities	2,659,280,765	66,639,681	635,632	2,726,556,078	(45,884,881)	**2,680,671,197**

Included in Assets of Central Bank are capital investments made during the year according to the definition of "Law on Central Bank" clause 13 as follows:

In thousands of Armenian Drams	*2024*	*2023*
Investments in share capital of legal entities	754,908	–
Buildings, structures and related capital repair	120,389	122,785
Vehicles	35,260	83,244
Other PPE and intangibles	1,239,842	825,741
Total capital investments	**2,150,399**	**1,031,770**

27. Segment information (continued)

A reconciliation of profit and loss as per the reportable segments with the Group's profit and loss for the year ended 31 December 2024 is as follows:

In thousands of Armenian Drams	Activities of Central Bank	Refinancing activities of subsidiaries	Other activities of subsidiaries	Total for reportable segments	Consolidation effect	Total
Interest income	81,291,818	18,355,470	161,591	99,808,879	(1,928,151)	97,880,728
Interest expense	(50,453,585)	(5,115,595)	(61,885)	(55,631,065)	1,928,437	(53,702,628)
Credit loss expense	18,983,552)	88,391	(8,382)	(18,903,543)	(1,267)	(18,904,810)
Fee and commission income	62,265	–	–	62,265	(1,940)	60,325
Fee and commission expense	(400,167)	(38,359)	(575,160)	(1,013,686)	1,940	(1,011,746)
Net foreign exchange loss	(7,730,393)	(30,725)	(7,733)	(7,768,851)	–	(7,768,851)
Net gain on derivatives	349,450	–	–	349,450	–	349,450
Net gain on financial instruments at fair value through profit or loss	32,708,232	–	–	32,708,232	–	32,708,232
Other income	1,762,279	679,767	6,927,605	9,369,651	146,916	9,516,567
Impairment of equity-accounted investees	–	(13,959,047)	-	(13,959,047)	–	(13,959,047)
Cost of production of banknotes, coins and numismatics	(5,519,044)	–	–	(5,519,044)	–	(5,519,044)
Other expenses	(16,715,240)	(619,926)	(5,769,774)	(23,104,940)	13,858	(23,091,082)
Profit/(loss) before tax	**16,372,063**	**(640,024)**	**666,262**	**16,398,301**	**159,793**	**16,558,094**
Income tax expense	–	107,623	(227,593)	(119,970)	–	(119,970)
Profit/(loss) for the year	**16,372,063**	**(532,401)**	**438,669**	**16,278,331**	**159,793**	**16,438,124**

A reconciliation of profit and loss as per the reportable segments with the Group's profit and loss for the year ended 31 December 2023 is as follows:

In thousands of Armenian Drams	Activities of Central Bank	Refinancing activities of subsidiaries	Other activities of subsidiaries	Total for reportable segments	Consolidation effect	Total
Interest income	76,586,217	17,563,882	203,633	94,353,732	(1,913,997)	92,439,735
Interest expense	(63,596,340)	(4,280,872)	(8,094)	(67,885,306)	1,914,347	(65,970,959)
Credit loss expense	(10,371,208)	(7,372,832)	1,430	(17,742,610)	(20,253)	(17,762,863)
Fee and commission income	67,974	–	–	67,974	(4,386)	63,588
Fee and commission expense	(397,974)	(39,488)	(410,280)	(847,742)	4,386	(843,356)
Net foreign exchange gain	30,855,593	41,262	10,259	30,907,114	–	30,907,114
Net gain on derivatives	988,296	–	–	988,296	–	988,296
Net gain on financial instruments at fair value through profit or loss	32,034,979	–	–	32,034,979		32,034,979
Other income	1,634,622	–	5,548,841	7,183,463	4,912	7,188,375
Loss on initial recognition of financial instruments	–	(936,557)	–	(936,557)	–	(936,557)
Cost of production of banknotes, coins and numismatics	(1,011,350)	–	–	(1,011,350)	–	(1,011,350)
Other expenses	(17,647,125)	(545,835)	(3,923,722)	(22,116,682)	13,857	(22,102,825
Profit before tax	**49,143,684**	**4,429,560**	**1,422,067**	**54,995,311**	**(1,134)**	**54,994,177**
Income tax expense	–	(2,042,887)	(342,272)	(2,385,159)	–	(2,385,159)
Profit for the year	**49,143,684**	**2,386,673**	**1,079,795**	**52,610,152**	**(1,134)**	**52,609,018**

27. Segment information (continued)

Included in other expenses are administrative expenses of the Bank according to the definition of the Law on Central Bank clause 13 as follows:

In thousands of Armenian Drams	***2024***	***2023***
Staff salaries	7,654,028	7,651,708
Staff social security	368,279	385,498
Business trips, education and training	425,135	376,741
Representation expenses	30,173	32,611
Office vehicles operation	29,635	32,367
Acquisition media and professional literature	25,079	32,495
Write-offs of materials	59,236	50,379
Telephone services	17,728	21,707
Total administrative expenses	**8,609,293**	**8,583,506**

28. Related party transactions

Transactions with members of the key management

Amount of the key management remuneration included into “Staff costs, including training and social and related payments” line (refer to Note 11):

In thousands of Armenian Drams	***2024***	***2023***
Key management including the Board members	396,353	395,477
Total	**396,353**	**395,477**

Total amount of loans issued to the members of the key management outstanding as at 31 December 2024 is AMD 190,630 thousand (31 December 2023: AMD 205,924 thousand). During the year ended 31 December 2024 the Group recognized interest income in amount of AMD 6,720 thousand from the transactions with the key management (31 December 2023: AMD 7,180 thousand).

Transactions with the Government of the Republic of Armenia

The outstanding balances and average contractual interest rates with the Government are as follows:

	31 December 2024		***31 December 2023***	
In thousands of Armenian Drams	***Balance outstanding***	***Average contractual interest rate***	***Balance outstanding***	***Average contractual interest rate***
Consolidated statement of financial position				
Assets				
Securities of the Republic of Armenia in domestic currency (Notes 15.2, 15.5)	30,345,832	10.15%	25,683,079	10.22%
EU bonds of the Government of the Republic of Armenia in foreign currency (Notes 15.1; 15.4)	8,534,719	4.25%	4,912,000	4.78%
	38,880,551		**30,595,079**	
Promissory note issued by the Government of the Republic of Armenia (Note 15.2)				
Balance at 1 January	162,437,256		54,395,224	
Promissory note issued by the Government of the Republic of Armenia (Notes 15.2, 25)	–		149,676,703	
Proportion of 2023 profit subject to distribution and transfer to the Government of the Republic of Armenia (Notes 15.2, 25)	(12,916,984)		(41,634,671)	
Balance at 31 December	**149,520,272**		**162,437,256**	
Assets at 31 December	**188,400,823**		**193,032,335**	
Liabilities				
Due to the Government of the Republic of Armenia (domestic currency, Note 23)	427,589,657	8.05%	391,128,296	9.76%
Due to the Government of the Republic of Armenia (foreign currency, Note 23)	1,394,968		955,226	
Liabilities at 31 December	**428,984,625**		**392,083,522**	

28. Related party transactions (continued)

Transactions with the Government of the Republic of Armenia (continued)

The movement of deposits included in liabilities due to the Government in domestic currency was as follows:

In thousands of Armenian Drams	*2024*	*2023*
Balance at 1 January	**367,026,690**	**359,295,031**
Additions	2,804,000,000	2,719,000,000
Interest charge	37,103,274	49,854,454
Redemption (including interest payment)	(2,829,730,931)	(2,761,122,795)
Balance at 31 December	**378,399,033**	**367,026,690**

Amounts included in the consolidated statement of comprehensive income in relation to transactions with the Government are as follows:

In thousands of Armenian Drams	*2024*	*2023*
Consolidated statement of comprehensive income		
Interest income from Government securities (Note 4)	3,183,684	1,350,754
Interest expense (Note 5)	(37,826,614)	(50,748,868)

Transactions with other related parties

The information in the tables below relates to the balances and results of transactions with the entities, in the governing body of which the Bank has its representatives.

	31 December 2024		*31 December 2023*	
In thousands of Armenian Drams	*Balance outstanding*	*Average contractual interest rate*	*Balance outstanding*	*Average contractual interest rate*
Consolidated statement of financial position				
Liabilities				
Current accounts and term deposits (domestic currency) (Note 20)	8,414	0.0%	706	0.0%
Current accounts (foreign currency) (Note 20)	3,112	0.0%	2,806	0.0%
Total	**11,526**		**3,512**	

Transactions with equity-accounted investees are disclosed under respective notes in these consolidated financial statements.

29. Cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the consolidated statement of cash flows are composed of the following items:

In thousands of Armenian Drams	*31 December 2024*	*31 December 2023*
Cash	14,247,091	14,617,804
Nostro accounts (Note 12)	704,245,241	685,528,018
SDR holdings in the IMF (Note 16)	765,538	153,344
Total cash and cash equivalents	**719,257,870**	**700,299,166**

30. Fair value of financial instruments

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuation techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

30. Fair value of financial instruments (continued)

(a) Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the consolidated statement of financial position at the end of each reporting period. The levels in the fair value hierarchy into which the recurring fair value measurements are categorised as follows:

In thousands of Armenian Drams	***31 December 2024***				***31 December 2023***			
	Level 1	***Level 2***	***Level 3***	***Total***	***Level 1***	***Level 2***	***Level 3***	***Total***
Assets carried at fair value								
Financial assets								
Financial instruments at fair value through profit or loss								
Government bonds (Note 13)	597,246,948	–	–	597,246,948	638,513,719	–	–	638,513,719
Other securities (Note13)	152,282,027	–	–	152,282,027	121,365,444	–	–	121,365,444
Investment securities measured at fair value through other comprehensive income								
Foreign securities (Note15.1)	320,116	2,232,741	–	2,552,857	264,668	2,316,446	–	2,581,114
Securities of the Government of the Republic of Armenia (Note15.2)	–	9,583,870	–	9,583,870	–	9,291,332	–	9,291,332
Promissory note issued by the Government of the Republic of Armenia (Note15.2)	–	149,520,272	–	149,520,272	–	162,437,256	–	162,437,256
Corporate bonds in foreign currency (Note15.2)	–	842,971	–	842,971	–	454,011	–	454,011
EU bonds of the Government of the Republic of Armenia (Note 15.1)		8,534,719		8,534,719		1,798,687		1,798,687
Derivative financial assets								
Foreign currency swap contracts in foreign market (Note14)	-	158,575	–	158,575	–	–	–	–
Total assets with recurring fair value measurements	**749,849,091**	**170,873,148**	**-**	**920,722,239**	**760,143,831**	**176,297,732**	**-**	**936,441,563**

In thousands of Armenian Drams	***31 December 2024***				***31 December 2023***			
	Level 1	***Level 2***	***Level 3***	***Total***	***Level 1***	***Level 2***	***Level 3***	***Total***
Liabilities carried at fair value								
Derivative financial liabilities								
Foreign currency swap contracts in foreign market (Note14)	–	–	–	–	–	190,283	–	**190,283**
Total liabilities with recurring fair value measurements	**–**	**–**	**–**	**–**	**–**	**190,283**	**–**	**190,283**

30. Fair value of financial instruments (continued)

(a) Recurring fair value measurements (continued)

The description of valuation technique and description of inputs used in the fair value measurement for level 2 measurements at 31 December 2024:

In thousands of Armenian Drams	***Fair value***	***Valuation technique***	***Inputs used***
Investment securities measured at fair value through other comprehensive income			
Foreign securities (Note 15.1)	2,232,742	DCF	EUR risk-free rate
Corporate bonds in foreign currency (Note 15.1)	842,971	DCF	Quoted prices
EU bonds of the Government of the Republic of Armenia (Note 15.1)	8,534,719		Quoted prices
Securities of the Government of the Republic of Armenia (Note 15.2)	9,583,870	DCF	Government bonds yield curve
Promissory note issued by the Government (Note 15.2)	149,520,272	DCF	On demand
Derivative financial assets			
Foreign currency swap contracts in foreign market (Note 14)	158,575	DCF	USD OIS curve, FX spot rates, FX forward points
Total recurring fair value measurements at Level 2	**170,873,149**		

The description of valuation technique and description of inputs used in the fair value measurement for level 2 measurements at 31 December 2023:

In thousands of Armenian Drams	***Fair value***	***Valuation technique***	***Inputs used***
Investment securities measured at fair value through other comprehensive income			
Foreign securities (Note 15.1)	2,316,446	DCF	EUR risk-free rate
Corporate bonds in foreign currency (Note 15.1)	454,011	DCF	Quoted prices
EU bonds of the Government of the Republic of Armenia (Note 15.1)	1,798,687		Quoted prices
Securities of the Government of the Republic of Armenia (Note 15.2)	9,291,332	DCF	Government bonds yield curve
Promissory note issued by the Government (Note 15.2)	162,437,256	DCF	On demand
Derivative financial liabilities			
Foreign currency swap contracts in foreign market (Note 14)	(190,283)	DCF	USD OIS curve, FX spot rates, FX forward points
Total recurring fair value measurements at Level 2	**176,107,449**		

(b) Assets and liabilities not measured at fair value but for which fair value is disclosed

The management believes that the carrying amount of financial assets and financial liabilities approximate their fair value, mainly due to their maturities and nature of instruments. The fair value hierarchy for assets and liabilities not measured at fair value is Level 2.

The fair values in level 2 of fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

31. Risk management

Introduction

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, assessment, treatment, monitoring and reporting, subject to risk limits and other controls. This process of risk management is critical to the Group to be able to perform its main functions and each individual within the Group is responsible for the risk exposures relating to his or her duties. The Group is exposed to credit risk, liquidity risk and market risk, the latter being subdivided into trading and non-trading risks. It is also subject to operating risks.

The risk management process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Group's strategic planning process.

The Board is ultimately accountable for risk management; however, there are separate independent bodies responsible for managing and monitoring risks.

The Board

The Board is accountable for the overall risk management approach and for approving the strategies and principles.

Institutional framework

International reserves of the Republic of Armenia are the Bank's claims on non-residents in freely convertible foreign currencies. The reserves are reflected in the consolidated statement of financial position of the Group. The Bank manages the reserves in accordance with the principles envisaged by the article 52 of the Law, by investing the reserves within the Investment framework set by the Board.

The reserves can be used to finance external payments/trade imbalances, and to ensure the international obligations of Armenia are duly performed. The Bank uses reserves to provide foreign exchange services to the Government and state agencies of Armenia, e.g. foreign currency conversions or external debt servicing.

The Bank has a three level decision-making system, whereby the Board sets the Strategic Asset Allocation framework for the reserves management for a long-term investment time horizon, whereas the Investment Committee of the Bank was given executive power on short-term tactical benchmarks. Portfolio managers, in turn, make decisions on portfolio management within the framework of tactical benchmarks and active risk tolerance.

Administration and control

According to the Bank's structure, the Financial Markets Directorate is responsible for Armenia's international reserves management. The Financial Operations Department is in charge of operations related to day-to-day management of reserves. The Risk Management Department is responsible for risk assessment and disclosure, providing support for development of strategic asset allocation and benchmarking, compliance monitoring, performance evaluation and reporting.

Issues related to reserves management are discussed on at least quarterly basis by the Investment Committee of the Bank, which includes the Bank's Chairman and the Deputy Chairman. The Risk Management Department reports on the performance of reserves management to the Investment Committee on a quarterly basis and to the Board on a semi-annual basis. Each quarter the Bank presents information on condition and composition of international reserves to the Government and makes that information publicly available.

Asset allocation and risk management

According to the principles set forth in article 52 of the Law, Armenia's international reserves are managed based on the principle of adequate liquidity and security of reserves. For this purpose, the Risk Management Department develops drafts of strategic asset allocation and tactical benchmarks subject to approval by the Board and the Investment Committee, respectively. The investment benchmarks include all limits and rules governing the investment process as well as the structure of assets consistent with the reserves management principles set by the Board.

31. Risk management (continued)

Credit risk

Credit risk is the risk that the Group will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations or because of credit quality deterioration. The Group manages and controls credit risk by setting limits on counterparty eligibility and on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties. For the purpose of assessment of credit quality of international reserves the Group evaluates the counterparty creditworthiness based on the credit ratings assigned by leading internationally recognised credit rating agencies.

The Group sets minimum rating requirement for securities issued by governments, government agencies, other government authorities, financial institutions and supranational organisations. These ratings cannot be lower than certain prescribed minimum level which is regularly reviewed.

Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, managed by setting limits on counterparties credibility.

Maximum credit risk without collateral or other credit enhancement

The maximum exposure to credit risk for the components of the consolidated statement of financial position, including derivatives, before the effect of mitigation through the use of master netting and collateral agreements, is best represented by their carrying amounts.

Where financial instruments are recorded at fair value, the carrying value represents the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

For more detail on the maximum exposure to credit risk for each class of financial instrument, references shall be made to the specific notes.

31. Risk management (continued)

Credit quality per class of financial assets

Financial assets of the Group, except equity investments are classified by the lowest out of the ratings assigned to the Group's counterparties by the international rating agencies Fitch IBCA, Moody's and Standard & Poor's. The ratings are listed below as per the coding of the rating agency Moody's using the rating correspondence tables. Rating AAA is the rating used for identification of highly reliable international financial institutions.

		31 December 2024		*31 December 2023*	
In thousands of Armenian Drams	***Credit rating***	***Amount***	***% in financial assets***	***Amount***	***% in financial assets***
Financial assets – neither past due nor impaired					
Placements with banks and other financial institutions in foreign currency					
Nostro accounts	P-1	693,316,878	97.8	680,600,054	98.3
	P-2	460,734	0.1	1,567,430	0.3
	P-3	897,595	0.1	96,661	0.0
	NP	240,158	0.0	256,000	0.0
	Unrated	9,329,876	1.3	3,007,873	0.4
Term deposits	Unrated	2,395,412	0.3	2,967,421	0.4
	NP	2,256,089	0.3	3,541,048	0.5
Cash included in assets under trust management and margin requirement of derivatives	P-1	171,153	0.0	801,145	0.1
Allowance for ECL		(113,440)	–	(2,818,946)	–
Total placements with banks, other financial institutions in foreign currency		**708,954,455**	**100.0**	**690,018,686**	**100.0**
Financial instruments at fair value through profit and loss					
Government bonds	Aaa	471,460,036	62.9	515,916,824	67.9
	Aa1-Aa3	110,298,997	14.7	102,055,943	13.4
	A1	15,487,914	2.1	20,540,952	2.7
Other securities	Aaa	115,831,625	15.5	97,111,383	12.8
	Aa1-Aa3	36,450,402	4.8	24,254,061	3.2
Total financial instruments at fair value through profit and loss		**749,528,974**	**100.0**	**759,879,163**	**100.0**
Financial assets measured at fair value through other comprehensive income, excluding equity investments					
Securities of the Government of the Republic of Armenia	Ba3	9,583,870	5.7	9,291,332	5.3
Promissory note issued by the Government	Ba3	149,520,272	88.7	162,437,256	93.4
Corporate bonds in foreign currency	Unrated	842,971	0.5	454,011	0.3
EU bonds of the Government of the Republic of Armenia	Ba3	8,534,719	5.1	1,798,687	1.0
Total financial assets measured at fair value through other comprehensive income, excluding equity investments		**168,481,832**	**100.0**	**173,981,286**	**100.0**
Financial assets measured at amortised cost					
Securities of the Government of the Republic of Armenia	Ba3	20,761,962	100	16,391,747	0.82
Corporate bonds in foreign currency	Unrated	–	–	407,188	0.02
EU bonds of the Government of the Republic of Armenia	Ba3	–	–	3,113,313	0.16
Allowance for ECL		(76,979)	–	(105,935)	–
Total financial assets measured at amortised cost		**20,684,983**	**100**	**19,806,313**	**100**

31. Risk management (continued)

Credit quality per class of financial assets (continued)

As at 31 December 2024 current accounts and term deposits included in the unrated credit rating category amounting to AMD 7,419,337 thousand and AMD 2,395,412 thousand respectively (31 December 2023: AMD 271,612 thousand and AMD 2,967,421 thousand) represent current accounts and placement of the Group's subsidiaries with local commercial banks.

		31 December 2024		*31 December 2023*	
In thousands of Armenian Drams	***Credit rating***	***Amount***	***% in financial assets***	***Amount***	***% in financial assets***
Placements with banks and other financial institutions and other financial assets in domestic currency					
Loans to resident financial institutions under arrangement with the KfW, the World Bank, Asian Development Bank and European Investment Bank*	Settled after the end of the reporting period	13,994,607	6.1	10,167,641	4.5
	Not due at the date of authorisation of the consolidated financial statements for issue.	216,176,497	93.9	217,071,201	95.5
Total		**230,171,104**	**100.0**	**227,238,842**	**100.0**
Mortgage refinancing*	Settled after the end of the reporting period	6,504,240	2.9	5,368,478	2.7
	Not due at the date of authorisation of the consolidated financial statements for issue	220,696,771	97.1	195,800,615	97.3
Total		**227,201,011**	**100.0**	**201,169,093**	**100.0**
Loans to resident financial institutions financed by own funds*	Settled after the end of the reporting period			249,575	0.5
	Not due at the date of authorization of the consolidated financial statements for issue	51,209,483	100	48,393,365	99.5
Total		**51,209,483**	**100**	**48,642,940**	**100**
Deposits and current accounts in commercial banks*	Settled after the end of the reporting period	5,543,446	28.0	12,590,312	42.2
	Not due at the date of authorisation of the consolidated financial statements for issue	14,251,094	72.0	17,232,189	57.8
Total		**19,794,540**	**100.0**	**29,822,501**	**100.0**
Repurchase agreements and other overnight facilities*	Settled after the end of the reporting period	651,281,900	100.0	350,370,301	100.0
Total		**651,281,900**	**100.0**	**350,370,301**	**100.0**
Other loans		2,175,719	100.0	2,394,809	100.0
Total		**2,175,719**	**100.0**	**2,394,809**	**100.0**
Allowance for ECL		**(25,611,390)**		**(4,011,926)**	
Total placements with banks, other financial institutions *and other financial assets* in domestic currency		**1,156,222,367**	**–**	**855,626,560**	**–**

* Management estimates that these instruments approximate B+ to B- rating under Standard & Poor's rating system.

The Bank makes decisions regarding its placements with local banks and financial institutions taking into account its role of the banking regulator and the lender of last resort and therefore does not allocate ratings to local banks and financial institutions. Thus, the analysis of credit quality of these assets is limited to the stage of respective transaction.

31. Risk management (continued)

Impairment assessment

The Group calculates ECL based on several probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are as follows:

PD The *Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD The *Exposure at Default* is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

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

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Group groups its assets into Stage 1, Stage 2, Stage 3 and POCI, as described below:

Stage 1: When assets are first recognized, the Group recognizes an allowance based on 12mECL. Stage 1 assets also include facilities where the credit risk has improved and the asset has been reclassified from Stage 2.

Stage 2: When an asset has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECL. Stage 2 assets also include facilities, where the credit risk has improved and the asset has been reclassified from Stage 3.

Stage 3: Assets considered credit-impaired. The Group records an allowance for the LTECL.

POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest revenue is subsequently recognized based on a credit-adjusted EIR. ECL are only recognized or released to the extent that there is a subsequent change in the lifetime expected credit losses.

Definition of default and cure

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations when the counterparty's rating downgrades lower than the rating predefined by the Group. Regardless of the change in credit grades in all cases when the borrower becomes 90 days past due on its contractual payments, financial instrument is considered as defaulted.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- Internal rating of the borrower indicating default or near-default;
- The borrower requesting emergency funding from the Group;
- A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral;
- A covenant breach not waived by the Group;
- The debtor (or any legal entity within the debtor's group) filing for bankruptcy;
- Debtor's listed debt or equity suspended at the primary exchange because of rumors or facts about financial difficulties.

31. Risk management (continued)

Impairment assessment (continued)

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

PD estimation process

For the counterparties that have ratings assigned by the international rating agencies Annual Transition Matrix of Moody's rating company is used.

For the counterparties that do not have ratings assigned by the international rating agencies the probability of default is assessed based on internal Financial Stability Index using extrapolation of rated counterparties' probability of default.

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation.

Loss given default

For each group of financial assets the recovery rates corresponding to the debt seniority status of respective financial instruments (Moody's) or recovery rates of the country of domicile (IMF) are used to calculate the LGD rate.

Significant increase in credit risk

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. The Group considers an exposure to have significantly increased in credit risk when the counterparty's credit rating has changed by one notch since initial recognition pursuant to the internal principles of risk management.

The assessment of significant increase in credit risk for exposures of local commercial banks and financial institutions, with no international credit ratings, is based on performance of individual exposure and overall financial stability index of commercial banks and financial institutions. Macro prudential analysis on systemic risk dimensions represent another tool to consider the feasibility to reclassify certain asset from Stage 1 to Stage 2.

Regardless of the change in credit grades the credit risk is deemed to have increased significantly since initial recognition if contractual payments are more than 30 days past due.

Forward-looking information and multiple economic scenarios

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

- GDP growth;
- Unemployment rates;
- CPI;
- International reserves;
- Monetary policy rate;
- Equity Index Price;
- Foreign exchange rates;
- Credit/GDP ratio;
- Other macroeconomic factors depending on the specificities of each country.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Offsetting financial assets and financial liabilities

As at 31 December 2024 the Group had reverse repurchase contracts with commercial banks which fall under master netting arrangements, which are enforceable in case of default. The Group also made margin deposits as collateral for its outstanding derivative positions.

31. Risk management (continued)

Offsetting financial assets and financial liabilities (continued)

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

In thousands of Armenian Drams

Types of financial assets	Gross amounts of recognised financial asset/liability	Gross amount of recognised financial liability/asset offset in the consolidated statement of financial position	Net amount of financial assets/liabilities presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amount
				Financial instruments (non-cash collateral)	Cash collateral received	
Amounts receivable under reverse repurchase agreements (Note 12)	651,281,900	–	651,281,900	651,281,900	–	–
Total financial assets	**651,281,900**	–	**651,281,900**	**651,281,900**	–	–

The table below shows financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar arrangements as at 31 December 2023:

In thousands of Armenian Drams

Types of financial assets	Gross amounts of recognised financial asset/liability	Gross amount of recognised financial liability/asset offset in the consolidated statement of financial position	Net amount of financial assets/liabilities presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amount
				Financial instruments (non-cash collateral)	Cash collateral received	
Amounts receivable under reverse repurchase agreements (Note 12)	350,370,301	–	350,370,301	350,370,301	–	–
Total	**350,370,301**	–	**350,370,301**	**350,370,301**	–	–

The geographical concentration of the Group's assets and liabilities is set out below:

In thousands of Armenian Drams	*31 December 2024*				*31 December 2023*			
	Armenia	*OECD*	*CIS and other countries*	*Total*	*Armenia*	*OECD*	*CIS and other countries*	*Total*
Assets								
Cash	14,247,091	–	–	14,247,091	14,617,804	–	–	14,617,804
Placements with banks and other financial institutions in foreign currency	12,234,947	694,281,202	2,438,306	708,954,455	6,908,043	682,069,676	1,040,967	690,018,686
Placements with banks, other financial institutions and other financial assets in domestic currency	1,156,222,367	–	–	1,156,222,367	855,626,560	–	–	855,626,560
Financial instruments at fair value through profit or loss	–	749,528,974	–	749,528,974	–	759,879,163	–	759,879,163
Derivative financial assets		158,575		158,575	–	–	–	–
Financial assets measured at fair value through other comprehensive income	168,481,832	2,556,080	–	171,037,912	173,981,286	2,584,850	–	176,566,136
Investments at amortized cost	20,684,983			20,684,983	19,806,313	–	–	19,806,313
Equity-accounted investees	21,468,457			21,468,457	34,533,590	–	–	34,533,590
Placements with the IMF	–	67,395,555	–	67,395,555	–	70,151,013	–	70,151,013
Property and equipment and intangible assets	65,201,083	–	–	65,201,083	62,906,948	–	–	62,906,948
Other assets	10,992,486	7,936	120,796	11,121,218	9,617,866	711,733	111,845	10,441,444
Total assets	**1,469,533,246**	**1,513,928,322**	**2,559,102**	**2,986,020,670**	**1,177,998,410**	**1,515,396,435**	**1,152,812**	**2,694,547,657**
Liabilities								
Notes and coins in circulation	986,167,919	–	–	986,167,919	911,454,812	–	–	911,454,812
Deposits and accounts of financial and other institutions	1,119,344,084	2,623,016	1,467,422	1,123,434,522	927,245,366	840,298	1,481,833	929,567,497
Derivative financial liabilities	–	–	–	–	–	190,283	–	190,283
Due to the Government	428,984,625	–	–	428,984,625	392,083,522	–	–	392,083,522
Due to the IMF	–	199,084,273	–	199,084,273	–	216,245,204	–	216,245,204
Other borrowed funds	–	184,217,525	3,962,829	188,180,354	–	200,368,235	4,435,742	204,803,977
Debt securities issued	37,323,956	–	–	37,323,956	22,639,296	–	–	22,639,296
Other liabilities	4,716,702	5,000	84,969	4,806,671	3,626,131	25,453	35,022	3,686,606
Total liabilities	**2,576,537,286**	**385,929,814**	**5,515,220**	**2,967,982,320**	**2,257,049,127**	**417,669,473**	**5,952,597**	**2,680,671,197**
Net assets	**(1,107,004,040)**	**1,127,998,508**	**(2,956,118)**	**18,038,350**	**(1,079,050,717)**	**1,097,726,962**	**(4,799,785)**	**13,876,460**

31. Risk management (continued)

Liquidity risk and funding management

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. As a fiscal agent of the Government and the monetary authority of the Republic of Armenia, the Bank is responsible for public debt service, the Government's foreign payments. From this perspective the strategic guidelines are set taking into account proper management of cash and liquidity.

Based on the international reserve management objectives Armenia's international reserves are divided into sub-portfolios to meet short-term/instant and mid-term liquidity requirements.

Analysis of financial liabilities by remaining contractual maturities

The tables below show liabilities at 31 December 2024 and 31 December 2023 by their remaining contractual maturity. The amounts of liabilities disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the consolidated statement of financial position because the amount in the consolidated statement of financial position is based on discounted cash flows. Financial derivatives are included at the contractual amounts to be paid or received. Included in due to the IMF with undefined maturity are payables with no due date but payable upon membership termination or liquidation of the IMF's SDR Department. Similarly, membership quota in the IMF does not have defined maturity and is considered a non-current asset (see Note 32).

	31 December 2024						
In thousands of Armenian Drams	***Demand and less than 1 month***	***From 1 to 3 months***	***From 3 months to 1 year***	***From 1 to 5 years***	***More than 5 years***	***Undefined maturity***	***Total***
Financial liabilities							
Notes and coins in circulation	986,167,919	–	–	–	–	–	986,167,919
Deposits and accounts of financial and other institutions	1,123,435,082	–	–	–	–	–	1,123,435,082
Due to the Government	139,297,704	293,176,892	–	–	–	–	432,474,596
Due to the IMF	–	840,626	12,037,000	26,352,162	47,371,860	175,902,411	262,504,059
Other borrowed funds	2,044,870	476,087	25,428,527	97,940,867	94,582,565	–	220,472,916
Debt securities issued	–	550,000	12,888,975	24,405,901	11,238,510	–	49,083,386
Total non-discounted financial liabilities	**2,250,945,575**	**295,043,605**	**50,354,502**	**148,698,930**	**153,192,935**	**175,902,411**	**3,074,137,958**

	31 December 2023						
In thousands of Armenian Drams	***Demand and less than 1 month***	***From 1 to 3 months***	***From 3 months to 1 year***	***From 1 to 5 years***	***More than 5 years***	***Undefined maturity***	***Total***
Financial liabilities							
Notes and coins in circulation	911,454,812	–	–	–	–	–	911,454,812
Deposits and accounts of financial and other institutions	929,569,832	–	–	–	–	–	929,569,832
Derivatives	190,283	–	–	–	–	–	190,283
Due to the Government	92,446,933	277,234,152	27,226,628	–	–	-	396,907,713
Due to the IMF	-	1,729,687	8,049,532	26,013,949	–	184,694,664	220,487,832
Other borrowed funds	2,122,569	450,005	24,844,358	108,189,760	112,925,840	–	248,532,532
Debt securities issued	-	3,427,500	1,888,851	22,207,936	–	–	27,524,287
Total non-discounted financial liabilities	**1,935,784,429**	**282,841,344**	**62,009,369**	**156,411,645**	**112,925,840**	**184,694,664**	**2,734,667,291**

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices. The Group classifies exposures to market risk into either trading or non-trading portfolios.

31. Risk management (continued)

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.

Within the three-level management structure the Board defines the overall risk tolerance, which is the acceptable level of interest rate risk in the long run. It also outlines portfolio optimisation principles. The authority to set tactical benchmarks is delegated to the Investment Committee.

Optimal portfolios are constructed based on scenario analysis using VAR-MGARCH model simulated yield curves as well as internal and market consensus expectations on interest rates and credit spreads.

For monitoring and managing risk, the Risk Management Department within the Financial Markets Directorate uses a number of widely used risk measures like Value at Risk, Key Rate Duration, Information Ratio, Spread Duration, PCA Duration, and Tracking Error.

The following table demonstrates the sensitivity of the Group's equity, which is calculated by revaluing fixed rate financial assets measured at fair value through other comprehensive income at 31 December 2024 and 31 December 2023 for the effects of the assumed changes in interest rates. The sensitivity of equity is analysed by maturity of the asset. The sensitivity of equity is based on the assumption that there are parallel shifts in the yield curve.

	2024		***2023***	
In thousands of Armenian Drams	***Change in yield curve, b.p.***	***Effect on equity***	***Change in yield curve, b.p.***	***Effect on equity***
Currency				
AMD	+150	(430,083)	+150	(482,361)
AMD	-150	473,376	-150	531,529
USD	+125	2,027,406	+125	297,499
USD	-25	1,306,329	-25	150,196

The following table demonstrates the sensitivity of profit of the Group, which is calculated by revaluing financial instruments at fair value through profit and loss as of 31 December 2024 and 31 December 2023, based on the assumption of changing interest rates. Amounts included in the table below are disclosed in the presentation currency.

	2024		***2023***	
	Change in basis points	***Increase/(decrease) of net result on financial instruments at FVTPL and equity***	***Change in basis points***	***Increase/(decrease) of net result on financial instruments at FVTPL and equity***
Currency				
USD	+125/-50	(6,378,860)/ 2,551,544	+125/-50	(6,117,442)/2,446,977
EUR	+50/-50	(991,719)/ 991,719	+50/-50	(1,010,599)/1,010,599
GBP	+125/-125	(32,340)/ 32,340	+125/-125	(60,443)/60,443
CNY	+150/-150	(87,172)/87,172	-	-

The Group, also, has liabilities with floating interest rates outstanding as at 31 December 2024 and 31 December 2023. The following table demonstrates the sensitivity of the Group's profit or loss and equity as at 31 December 2024 and 31 December 2023 based on the assumption of changing interest rates on borrowings obtained by the Group:

	2024		***2023***	
In thousands of Armenian Drams	***Change in basis points***	***Increase/(decrease) of net interest expense and decrease/(increase) of equity***	***Change in basis points***	***Increase/(decrease) of net interest expense and decrease/(increase) of equity***
Currency				
USD	+/-71	96,378/(96,378)	+/-146	226,222/(226,222)
SDR	+/-138	367,841/(367,841)	+/-128	460,579/(460,579)
EUR	+/-20	145,244/(145,244)	+/-20	182,372/(182,372)

31. Risk management (continued)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board sets the clear principles of currency allocation, whereas the Investment Committee determines and revises the actual weights of respective currencies.

The following tables present sensitivities of profit or loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the Armenian Dram with all other variables held constant:

	2024		*2023*	
In thousands of Armenian Drams	***Increase in currency rate in %***	***Increase/ (decrease) of profit and equity***	***Increase in currency rate in %***	***Increase/ (decrease) of profit and equity***
Currency				
USD	10.00%	51,629,821	10.00%	59,816,826
EUR	13.50%	24,987,715	13.50%	14,446,703
GBP	16.00%	3,062,805	16.00%	3,126,968
JPY	13.50%	2,460,961	13.50%	3,810,734
RUB	20.00%	323,432	20.00%	886,609
SDR	12.00%	(16,278,186)	12.00%	(18,063,592)

	2024		*2023*	
In thousands of Armenian Drams	***Decrease in currency rate in %***	***Increase/ (decrease) of profit and equity***	***Decrease in currency rate in %***	***Increase/ (decrease) of profit and equity***
Currency				
USD	(10.00)%	(51,629,821)	(10.00)%	(59,816,826)
EUR	(13.50)%	(24,987,715)	(13.50)%	(14,446,703)
GBP	(16.00)%	(3,062,805)	(16.00)%	(3,126,968)
JPY	(13.50)%	(2,460,961)	(13.50)%	(3,810,734)
RUB	(20.00)%	(323,432)	(20.00)%	(886,609)
SDR	(12.00)%	16,278,186	(12.00)%	18,063,592

The expected change in the exchange rates was determined by the Group by analysing annual standard deviations based on the historical market data of respective exchange rates.

The currency composition of the reserves mainly mirrors the currency composition of debt and is subject of revision at least semi-annually.

Operating risk – control over subsidiaries

As disclosed in Note 1, the Bank has equity investments in a number of subsidiaries that are engaged in financial sector development and infrastructure activities. The purpose of such investments was to support development of the Armenian financial sector to ensure stability and normal activity of the financial system of the Republic of Armenia which is one of the objectives of the Bank as prescribed by the Law.

The control over subsidiaries' activities is exercised by the Bank through the following:

- Participation in the shareholders' meetings;
- Appointment of subsidiaries' management (Boards of Directors of each of subsidiaries are appointed by the shareholders and Boards of Directors appoint Executive Directors in the each of subsidiaries);
- Regular analysis of performance of subsidiaries through review of their financial information at least on an annual basis including review of results of external audit of the financial statements of subsidiaries;
- Performing analysis of subsidiaries' further development strategy including development of the divestment strategy, where appropriate;

In 2015 the Bank has adopted a policy of activation of discussions with possible potential institutional investors regarding the disposal of its investments in the subsidiaries of the Bank.

32. Maturity analysis

The following tables provide information on contractual amounts to be recovered or settled before and after twelve months after the reporting period.

	31 December 2024		
In thousands of Armenian Drams	***Current***	***Non-current***	***Total***
Assets			
Cash	14,247,091	–	14,247,091
Placements with banks and other financial institutions in foreign currency	704,352,045	4,602,410	708,954,455
Financial instruments at fair value through profit or loss	749,528,974	–	749,528,974
Derivative financial assets	158,575	–	158,575
Placements with banks, other financial institutions and other financial assets in domestic currency	748,128,597	408,093,770	1,156,222,367
Financial assets measured at fair value through other comprehensive income	153,944,177	17,093,735	171,037,912
Investments at amortized cost	4,195,758	16,489,225	20,684,983
Equity-accounted investees	–	21,468,457	21,468,457
Placements with the IMF	784,059	66,611,496	67,395,555
Property and equipment	–	61,489,492	61,489,492
Intangible assets	–	3,711,591	3,711,591
Other assets	8,092,510	3,028,708	11,121,218
Total assets	**2,383,431,786**	**602,588,884**	**2,986,020,670**
Liabilities			
Notes and coins in circulation	986,167,919	–	986,167,919
Deposits and accounts of other financial institutions	1,123,434,522	–	1,123,434,522
Due to the Government	428,984,625	–	428,984,625
Due to the IMF	9,082,259	190,002,014	199,084,273
Other borrowed funds	22,922,091	165,258,263	188,180,354
Debt securities issued	9,826,229	27,497,727	37,323,956
Other liabilities	4,371,979	434,692	4,806,671
Total liabilities	**2,584,789,624**	**383,192,696**	**2,967,982,320**
Net position as at 31 December 2024	**(201,357,838)**	**219,396,188**	**18,038,350**

32. Maturity analysis (continued)

In thousands of Armenian Drams	*31 December 2023*		
	Current	***Non-current***	***Total***
Assets			
Cash	14,617,804	–	14,617,804
Placements with banks and other financial institutions in foreign currency	685,324,164	4,694,522	690,018,686
Financial instruments at fair value through profit or loss	759,879,163	–	759,879,163
Placements with banks, other financial institutions and other financial assets in domestic currency	448,444,682	407,181,878	855,626,560
Financial assets measured at fair value through other comprehensive income	162,759,778	13,806,358	176,566,136
Investments at amortized cost	754,013	19,052,300	19,806,313
Equity-accounted investees	–	34,533,590	34,533,590
Placements with the IMF	201,021	69,949,992	70,151,013
Property and equipment	–	60,170,333	60,170,333
Intangible assets	–	2,736,615	2,736,615
Other assets	9,539,686	901,758	10,441,444
Total assets	**2,081,520,311**	**613,027,346**	**2,694,547,657**
Liabilities			
Notes and coins in circulation	911,454,812	–	911,454,812
Deposits and accounts of other financial institutions	929,567,497	–	929,567,497
Derivative financial liabilities	190,283	–	190,283
Due to the Government	392,083,522	–	392,083,522
Due to the IMF	8,013,374	208,231,830	216,245,204
Other borrowed funds	18,582,808	186,221,169	204,803,977
Debt securities issued	3,250,786	19,388,510	22,639,296
Other liabilities	3,557,491	129,115	3,686,606
Total liabilities	**2,266,700,573**	**413,970,624**	**2,680,671,197**
Net position as at 31 December 2023	**(185,180,262)**	**199,056,722**	**13,876,460**

According to the Law on the Central Bank of Republic of Armenia in the event if, by the end of the financial year, the losses resulted in the Central Bank balance sheet exceed the aggregate amount of its reserves, the Government, within 30 days upon the date of the balance sheet publication, shall, as stated by law, grant noninterest bearing demand government ordinary promissory notes as a contribution to the Central Bank capital in an amount of exceeding sum.

33. Changes in liabilities arising from financing activities

In thousands of Armenian Drams	***Due to IMF***	***Other borrowed funds***	***Debt securities issued***	***Lease liabilities***	***Total liabilities from financing activities***
Carrying amount at 1 January 2023	**218,099,731**	**189,984,444**	**15,477,213**	**211,576**	**423,772,964**
Loans received	–	20,921,532	–	–	20,921,532
Loans redeemed	(9,789,811)	(16,100,433)	–	–	(25,890,244)
Proceeds from issuance of debt securities	–	–	9,963,247	–	9,963,247
Repayment of debt securities issued	–	–	(3,000,000)	–	(3,000,000)
Lease payments	–	–	–	(121,282)	(121,282)
Foreign currency translation	7,644,565	9,592,191	–	–	17,236,756
Other	290,719	406,243	198,836	–	895,798
Carrying amount at 31 December 2023	**216,245,204**	**204,803,977**	**22,639,296**	**90,294**	**443,778,771**
Carrying amount at 1 January 2024	**216,245,204**	**204,803,977**	**22,639,296**	**90,294**	**443,778,771**
Loans received	–	13,432,118	–	–	13,432,118
Loans redeemed	(6,579,274)	(18,882,583)	–	–	(25,461,857)
Proceeds from issuance of debt securities	–	–	17,455,110	–	17,455,110
Repayment of debt securities issued	–	–	(3,000,000)	–	(3,000,000)
Lease payments	–	–	–	(115,683)	(115,683)
Foreign currency translation	(10,246,251)	(10,899,512)	–	–	(21,145,763)
Other	(335,406)	(273,646)	229,550	490,373	110,871
Carrying amount at 31 December 2024	**199,084,273**	**188,180,354**	**37,323,956**	**464,984**	**425,053,568**

The “Other” line includes the effect of accrued but not yet paid interest. The Group classifies interest paid as cash flows from operating activities.