

Central Bank
of Armenia

Annual Report
2025



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of Armenia

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2025 IN SUMMARY

PRICE STABILITY

12-Month Inflation Rate

▲ **3%** Three-Year Target

3.3% over three-year period

Policy Rate

▼ **6.5%** 2025

7.0% 2024

Core Inflation Rate

▲ **4.3%** 2025

0.9% 2024

FINANCIAL STABILITY

Total Adequacy Ratio of Banking System

▲ **20.7%** 2025

20.2% 2024

Additional Capital

174 BIL. ֏

Loan-to-Value (LTV) Ratio

for AMD

▶ **90.0%** 2025

90.0% 2024

for foreign currency

▶ **70.0%** 2025

70.0% 2024

Countercyclical Capital Buffer

set rate ▲ **1.75%** 2025

set rate **1.50%** 2024

Liquidity Coverage Ratio

December average in all currencies

▲ **231.6%** 2025

230.6% 2024

Financial System Assets/GDP

▲ **137.1%** 2025

130,9% 2024

PUBLIC RELATIONS

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

calls

▲ 13470 (2025) 12024 (2024)



Inquiries
▲ 8037 7117
Requests
▲ 3952 3505
Complaints
▲ 1476 1317
Suggestions
▼ 3 33
Notifications
▼ 2 52

written inquiries

▲ 1514 (2025) 1204 (2024)



Complaints
▲ 1023 652
Requests
▲ 313 312
Inquiries
▼ 143 198
Notifications
▼ 28 33
Suggestions
▼ 7 9

Number of Followers on Facebook Page
▲ 19041 (2025) 17067 (2024)

Number of Followers on YouTube Page
▲ 1237 (2025) 970 (2024)

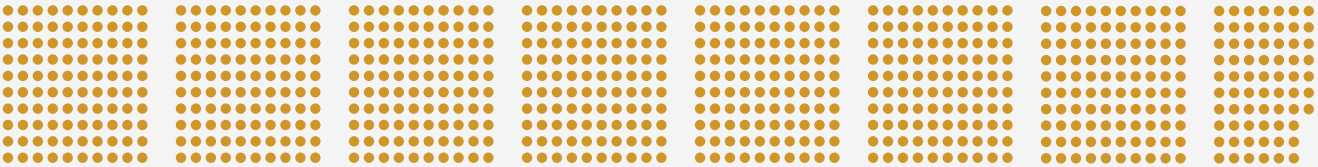
Number of Followers on LinkedIn Page
▲ 19506 (2025) 14987 (2024)

2025 IN SUMMARY

STAFF

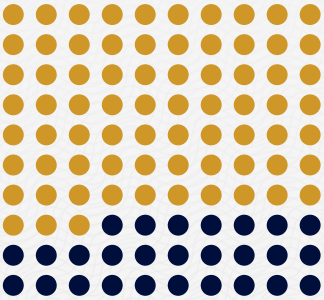
Average Number of Staff Members

767 2025
779 2024



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

122 2025
132 2024



Number of Dilijan TRC Employees from Dilijan and Surrounding Areas

49 2025
55 2024



Students from Foreign Universities Completing Internships at Dilijan TRC

24 2025
11 2024



CIRCULATION

Cash in Circulation

▲ **1,152,022,629.02 THSD ֏**
2025

986,374,018.64 THSD ֏
2024

consisting of

thousand drams in coins
▲ **37,431,553.83**
2025

thousand drams in coins
34,810,579.26
2024

thousand drams in banknotes
▲ **1,114,591,075.19**
2025

thousand drams in banknotes
951,563,439.38
2024

Cash in Circulation Outside the Central Bank as a Share of GDP

▲ **10.18%**
2025

9.68%
2024

INTERNATIONAL RESERVES

Import Coverage of Reserves

▲ **3.8 MONTHS**
2025

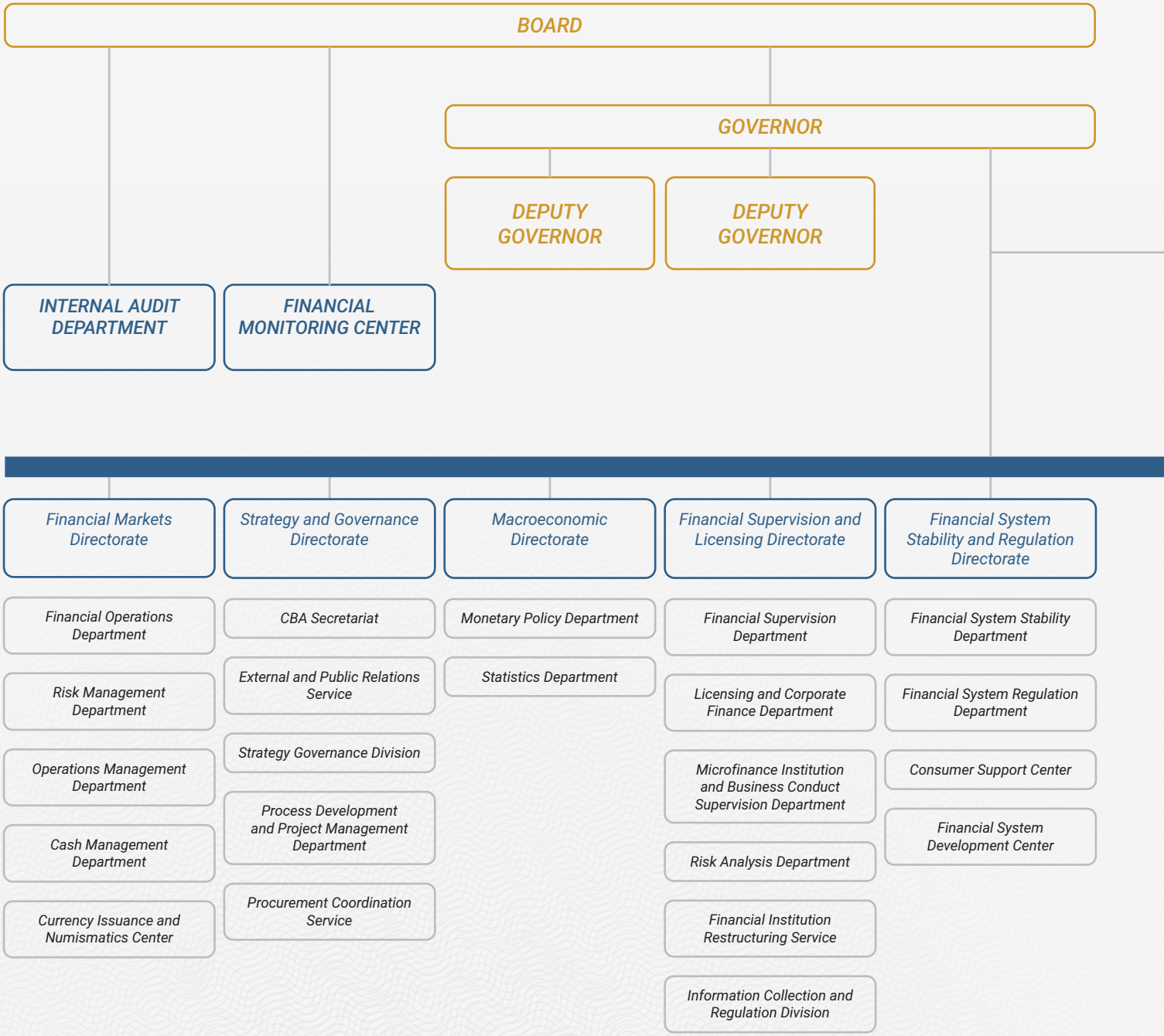
2.2 MONTHS
2024

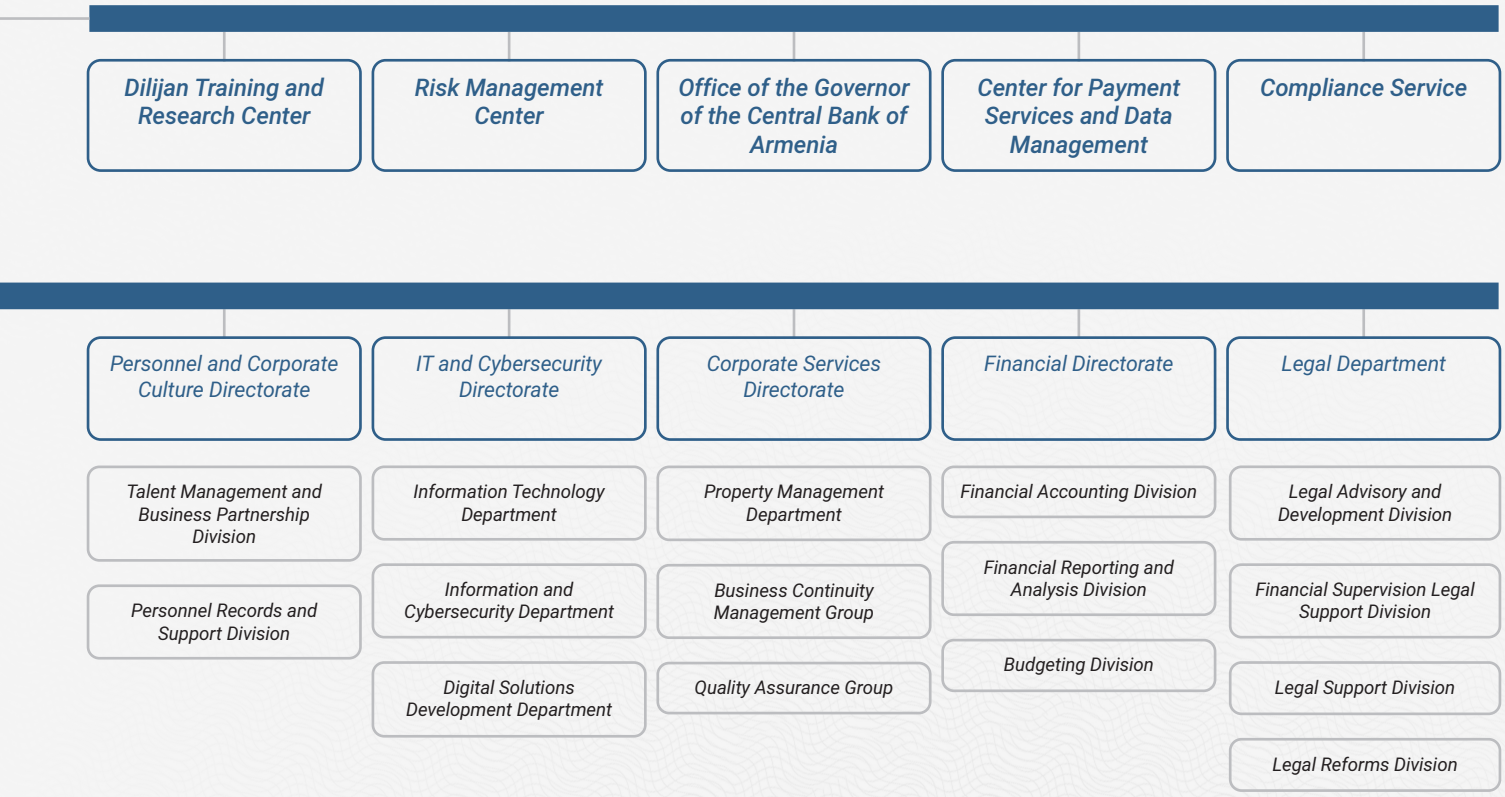
International Reserves

▲ **5,088 MIL $**
2025

3,685 MIL $
2024

STRUCTURE OF THE CENTRAL BANK OF ARMENIA




Dilijan Training and Research Center
Risk Management Center
Office of the Governor of the Central Bank of Armenia
Center for Payment Services and Data Management
Compliance Service
Personnel and Corporate Culture Directorate
IT and Cybersecurity Directorate
Corporate Services Directorate
Financial Directorate
Legal Department
Talent Management and Business Partnership Division
Personnel Records and Support Division
Information Technology Department
Information and Cybersecurity Department
Digital Solutions Development Department
Property Management Department
Business Continuity Management Group
Quality Assurance Group
Financial Accounting Division
Financial Reporting and Analysis Division
Budgeting Division
Legal Advisory and Development Division
Financial Supervision Legal Support Division
Legal Support Division
Legal Reforms Division

Dear Reader,



We are pleased to present a report of the activities of the Central Bank in 2025. The report summarizes the Central Bank's progress within the framework of implementing the 2025-2027 strategy, touches upon other areas of the Central Bank's activities, and includes the financial results of our work in 2025. The report covers only initiatives that were completed in 2025. We are working on many other initiatives that will come to fruition in the future, and I hope we will have the opportunity to report on the successes of those initiatives at a later time.

During 2025, the Central Bank confidently fulfilled the responsibilities assigned to it by the Constitution of the Republic of Armenia.

2025 was the first year in which the inflation target was set at 3 percent. During this period, inflation remained stable and low, reaching 3.3 percent at year-end. At the same time, economic growth accelerated during the year, reaching 7.2%. In this context, the Central Bank continued to reduce the policy rate and pursued a consistent monetary policy aimed at ensuring price stability.

Our financial system has continued to develop at a rapid pace, while maintaining all the necessary conditions for stability and prudent risk management. The banking system has been characterized by high levels of capital and liquidity, as well as a significant ability to withstand risks, positively contributing to the overall macroeconomic environment. In 2025, we continued the process of building up countercyclical capital buffers for banks, increasing the rate by 0.25 percentage points and setting it at 1.75%, which will result in the accumulation of approximately 174 billion drams of additional capital.

The Central Bank continued to be guided by international best regulatory standards and risk-based supervisory approaches. Moreover, when developing our risk regulation initiatives,

the Central Bank places particular emphasis on ensuring that adopted solutions do not restrict innovation or the natural development of the financial system. In supervising financial institutions, we have continued to develop risk-based supervisory processes, publishing for the first time supervisory priorities for commercial banks.

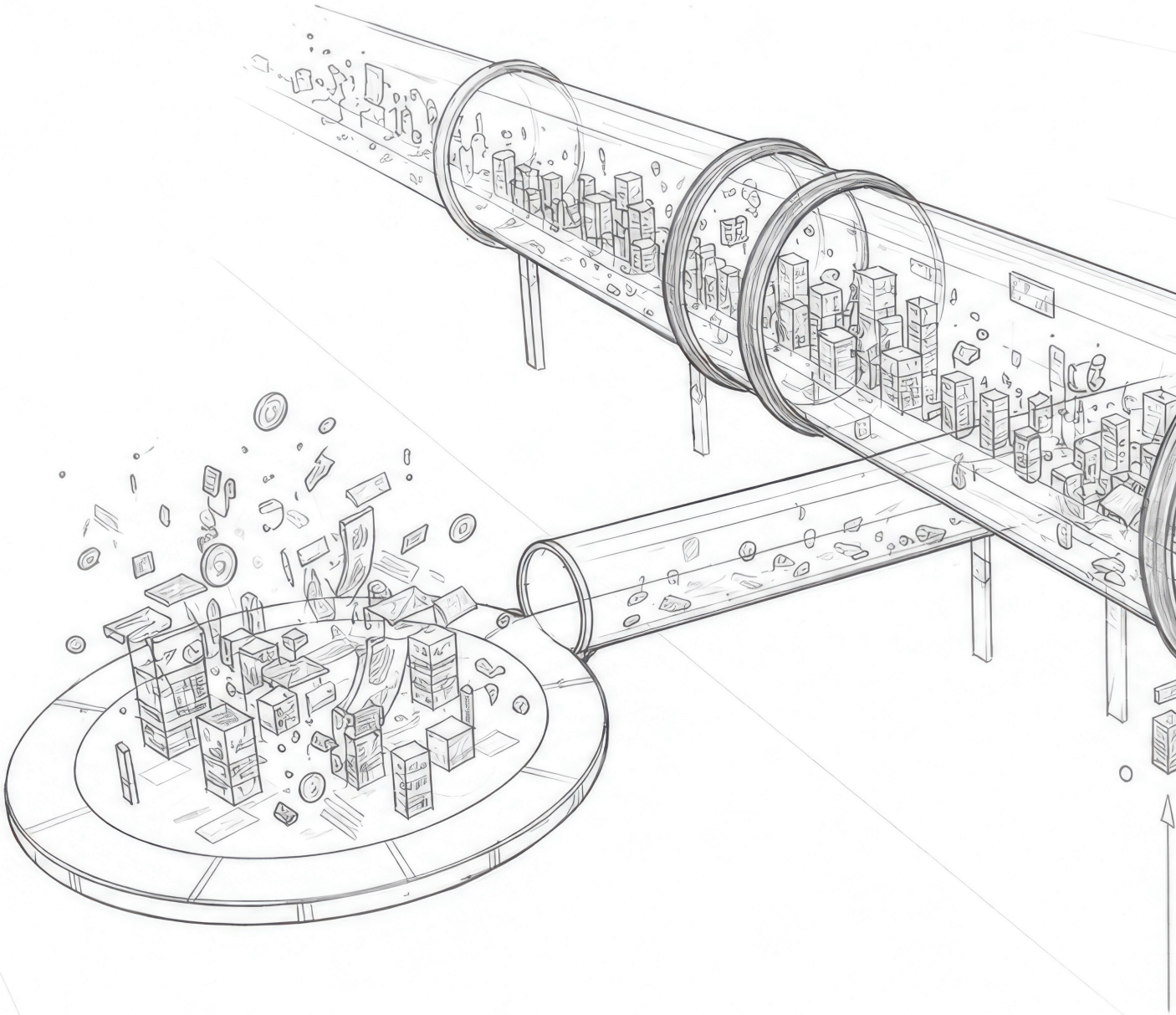
2025 was also marked by the expansion of the scope of the Central Bank's responsibilities by the National Assembly, with the addition of regulation of the crypto-asset market to the Bank's responsibilities. This includes the protection of investor interests in this field, as well as ensuring the conditions necessary for the normal functioning and stable development of the market. Under the adopted legislative package, the Central Bank has already begun the process of developing and implementing comprehensive regulations aimed at achieving these objectives.

Over the past year, we also concluded our three-year internal transformation program, as a result of which we can state that significant progress has been achieved across all dimensions of the Central Bank's organizational culture. According to labor market surveys, the Central Bank is one of the most desirable employers in Armenia, and hundreds of students from leading universities around the world seek to complete their academic internships at the Central Bank of Armenia. This being said, we do not intend to limit ourselves to what has already been achieved and will continue to improve the Bank's operations in order to best serve our society.

I would also like to note that the investments made in our research activities in recent years have already begun to yield visible and significant results. Central Bank research is now being published in leading international economic journals, and cooperation with advanced academic institutions has expanded significantly. Within this cooperation framework, a memorandum of understanding was signed with the J-PAL research center at the Massachusetts Institute of Technology, as a result of which the Central Bank, as part of its social responsibility, organized one of the best policy analysis courses for specialists from Armenian state institutions.

I would like to assure you that the Central Bank, remaining faithful to its mission and vision, will continue to be a forward-looking institution and ensure the achievement of all its objectives for the benefit of the well-being of the citizens of the Republic of Armenia.

Martin Galstyan
Governor of the Central Bank of Armenia



CHAPTER 1

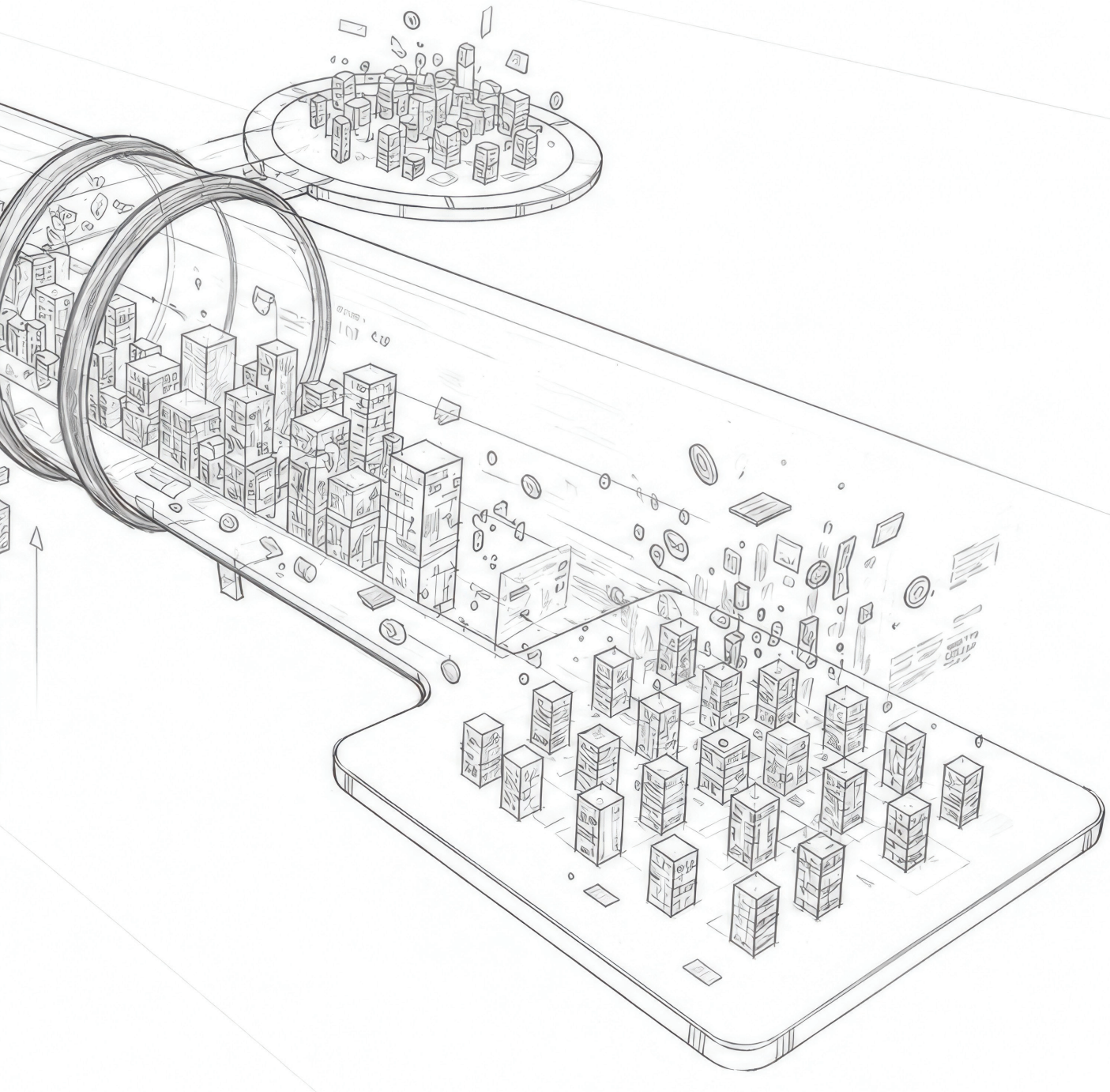
CENTRAL BANK OF THE REPUBLIC OF ARMENIA

— ABOUT US

— CBA GOVERNANCE AND ACCOUNTABILITY

  — CBA GOVERNANCE

  — CBA ACCOUNTABILY



ABOUT US

We are the Central Bank of the Republic of Armenia and are responsible for price and financial stability in the country. The financial system is regulated and supervised in accordance with the standards we set. We protect consumers of financial services and are responsible for Armenia's payment and settlement system, financial and external sector statistics, and currency issuance. The fulfillment of our core objectives is aimed at improving the well-being of our citizens.

We will carry out our mission in a rapidly changing world full of challenges and uncertainties. The core basis of our daily activities is ensuring the well-being of our citizens. We strive to yield public good through the consistent implementation of our outlined actions, research excellence, and innovative solutions, and to increase accountability and trust levels in our partnerships through dialogue.

We can achieve our vision and carry out our mission only through the preservation and application of our cornerstone values.

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

Strategy

The new 2025-2027 strategy sets new development priorities aimed at continuously improving the financial system, macroeconomic policy, internal capacity development, and effective communication. At the same time, we have consciously limited ourselves to 3-5 priorities under each strategic direction, focusing efforts on the most impactful initiatives and ensuring targeted and efficient allocation of resources.

The implementation of the current strategy is based on a three-year planning approach and the establishment of clear metrics, which envisions the phased execution of objectives, a systematic sequence of actions, and periodic evaluation of results.

The Central Bank has been following environmental, social, and governance standards in accordance with its role as an institution taking part in global development. Through this strategy, we have emphasized the integration of sustainability standards both as a regulatory framework and as a structural one. Within internal capacities, we have identified Data as a new direction of development, as we believe that data is the fundamental long-term guarantee for both public policy decision-making and improving the effectiveness of organizational functions. We also place particular importance on effective communication, which consolidates all directions of the strategy and plays a key role in ensuring the correct understanding of the strategy by stakeholders, gathering feedback, and shaping a public strategic mindset.

MISSION, VISION, VALUES



OUR MISSION

To be a reliable partner in a rapidly changing world and contribute to national prosperity by ensuring price and financial stability. On the journey of fulfilling our mission, we have a clear idea of Armenia's challenges. Our perception of well-being includes stable economic growth, sustainable development, financial security, and improvement of the standards of living by promoting the competitiveness of an individual who can achieve the goals of multifaceted development and the creation of greater good.



OUR VISION

To be a leading central bank based on cutting-edge research and innovative solutions. On the journey of realizing our vision, we are driven by the desire to be an all-encompassing, respectable partner, an attractive institution for talents. To achieve this, we ensure the transparency and accountability of our activities, versatile cooperation within the country and with partners abroad, and create opportunities for full-fledged professional growth and realization of the potential of free-thinking, motivated, and close-knit people.

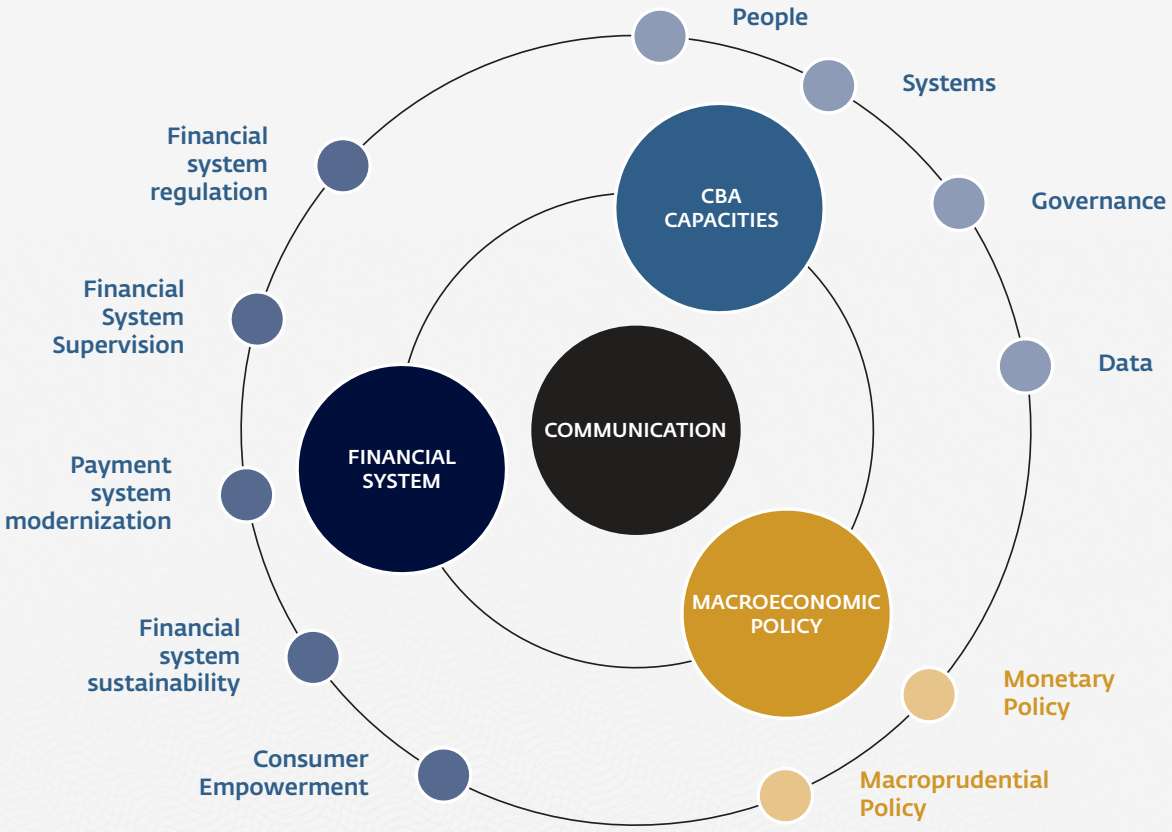


OUR VALUES

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

Integrity: We present our goals in an open, effective way, 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 GOVERNANCE AND ACCOUNTABILITY

CBA GOVERNANCE

Pursuant to Article 201 of the RA Constitution, the main governing bodies of the Central Bank of Armenia are the CBA Governor and the CBA Board.

CBA BOARD. In accordance with the RA Law on the Central Bank of the Republic of Armenia, 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.

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. 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.

The Central Bank Board makes decisions in the following areas:

- Policies pursued by the Central Bank (monetary, macroprudential);
- Decisons aimed at regulating the financial system (setting mandatory reserve requirements and regulatory norms, issuing banking and other licenses, applying regulatory legal acts, and, where necessary, sanctions);
- Decisions aimed at oversight (risk management, approval of budgets and financial statements, internal audit, internal control);
- Other decisions within the scope of its competencies.

CBA GOVERNOR. In accordance with the RA Law on the Central Bank of the Republic of Armenia, the Governor of the Central Bank is the highest official of the Central Bank. The Governor of the Central Bank of Armenia and his two deputies perform executive functions and coordinate the normal work of the bank. The Governor may not serve for more than two terms.

The CBA Governor is responsible for the fulfillment of the Central Bank's objectives. The CBA Governor:

- Coordinates and ensures the normal functioning of the Central Bank, its Board, and the members of the Board;
- Chairs the sessions of the Central Bank Board, signs the acts of the Central Bank Board and the minutes of Board sessions;
- Organizes the implementation of regulatory acts of the Central Bank Board;
- Represents the Central Bank in the Republic of Armenia, in other states, and in international organizations;
- Issues powers of attorney;
- Approves the structure of the Central Bank and the staff roster;
- Appoints and dismisses Central Bank department heads and other employees;
- Adopts individual and internal decisions and orders, including decisions on appointing inspections of supervised entities;
- Exercises other powers not reserved by law to the Central Bank Board.

Martin Galstyan
Governor of the Central Bank of Armenia





Hovhannes Khachatryan
Deputy Governor

Armen Nurbekyan
Deputy Governor





Armen Ktoyan
Board Member

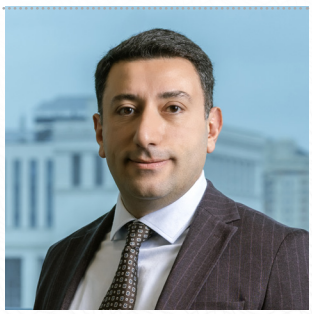
Davit Nahapetyan
Board Member





Artak Manukyan
Board Member

Levon Sahakyan
Board Member





Narek Ghazaryan
Board Member

BOARD MEETINGS HELD

53

pertaining to oversight

4

DECISIONS ADOPTED

Regulatory Decisions

51

Individual Decisions

203

Local Decisions

18

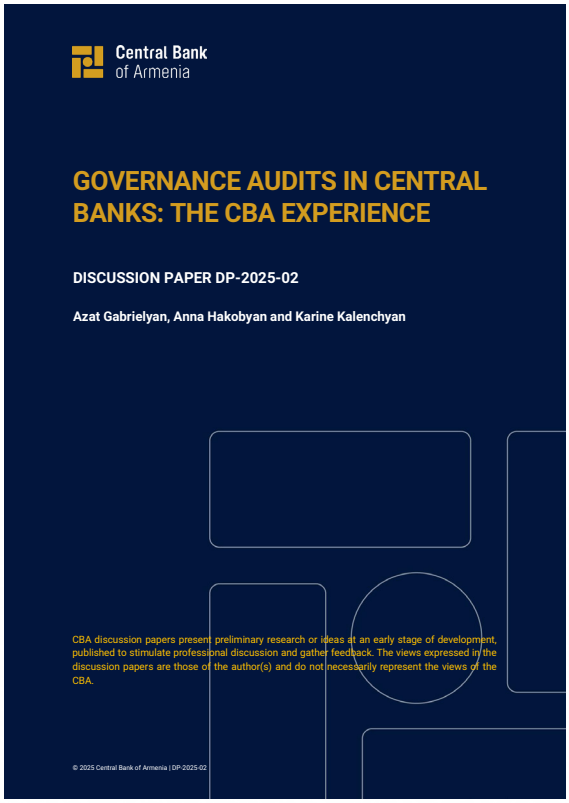
INTERNAL AUDIT

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 engagement and other 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 the function with international standards. Each year, the internal audit function of the Central Bank develops and submits an annual risk-based audit program to the Board for approval. Taking into account the annual risk assessment, as well as the fulfillment of the Central Bank's strategic objectives, in 2025, the following areas of the Bank's activities were audited: financial system supervision, IT planning and management, virtualization, compliance, financial system regulation, and others.

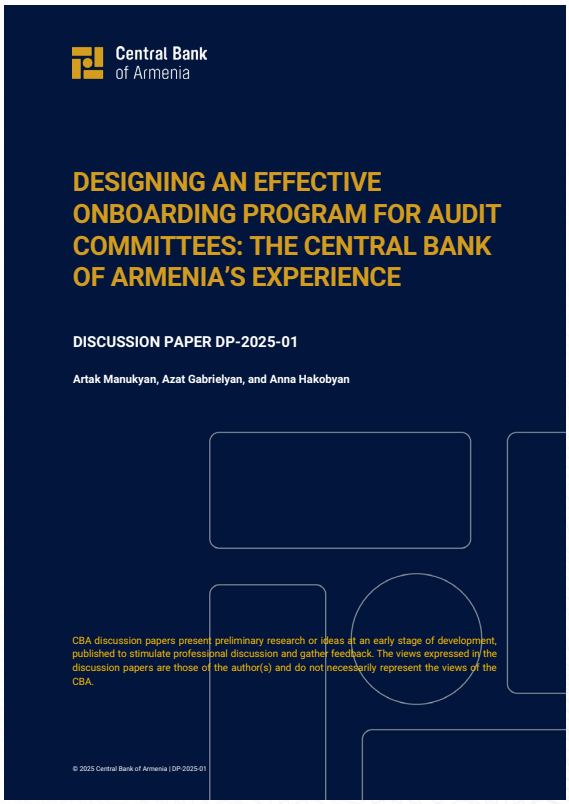
Within the framework of transforming the internal audit function, as a strategic partner of the Central Bank, we have paid special attention to strengthening strategic planning and positioning of the function in line with the new international internal audit standards (Global Internal Audit Standards.) The transformation aims to ensure full compliance of the function with international best practices and to increase its impact on the quality of governance.

The Internal Audit strategy for 2025–2027 has been approved by the Board, ensuring its alignment with the Central Bank's overall strategy and stakeholder expectations. This has deepened the integration of Internal Audit activities into the Central Bank's 2025–2027 strategy, ensuring that audit planning and execution are aligned with the Bank's strategic objectives, thereby contributing to the achievement of those objectives by consistently assessing and improving the effectiveness of internal control, risk management, and corporate governance processes.

Two thematic articles and expert materials were published in 2025:



The discussion paper titled "Governance Audits in Central Banks: the CBA Experience"[1] received professional opinions from the chief auditors of central and national banks in 16 countries, including the International Monetary Fund, the Federal Reserve Bank of New York, the Deutsche Bundesbank, Central and National banks of Italy, Montenegro, the Netherlands, Ecuador, Macedonia, Sri Lanka, and others. The article was also submitted for review to the Institute of Internal Auditors (IIA Global). Representatives of partner institutions highly commended the experience and approaches presented in the article. The article generated professional interest among representatives of central banks and international organizations from various countries, with numerous positive comments.



Representatives of the International Monetary Fund provided comments on the discussion paper titled "Designing an Effective Onboarding Program for Audit Committees: The Central Bank of Armenia's Experience,"[2] which was co-authored by CBA Board member Artak Manukyan. The article was also submitted for review by the Institute of Internal Auditors (IIA Global).

1 https://www.cba.am/en/Publication/9251/
2 https://www.cba.am/en/analytical-materials/9081/

The Central Bank presented its experience in developing an Internal Audit strategy at the annual conference of internal auditors of central banks. Partner institutions have assessed the Central Bank's experience in this area as advanced, which has contributed to raising the visibility and reputation of the function.

At the same time, we have continued developing the Internal Audit function, aiming to strengthen the Central Bank's capacity to create, protect, and preserve value by providing independent, risk-based, and objective assurance, advice, insight, and foresight.

The Quality Assurance and Improvement Program (QAIP) assesses the Internal Audit function's compliance with the Global Internal Audit Standards, identifying opportunities for improvement. As part of the Quality Assurance and Improvement Program, the Central Bank's internal audit function 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 conducted an internal quality assessment in accordance with the new international standards of the Institute of Internal Auditors, resulting in an assessment that the internal audit function of the CBA is in "General Conformance" with the Global Internal Audit Standards.

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

Certified Internal Auditor

CISA

Information Security Management System ISO 27001 Certified

ACCA

PMI

CISM

CRMA

COBIT

AI QUALITY ASSESSOR

PUBLIC SECTOR INTERNAL AUDIT

STATISTICS ON MEETINGS AND IDENTIFIED ISSUES



Number of Audit Committee Meetings Held

26



Issues Identified in Audit Reports

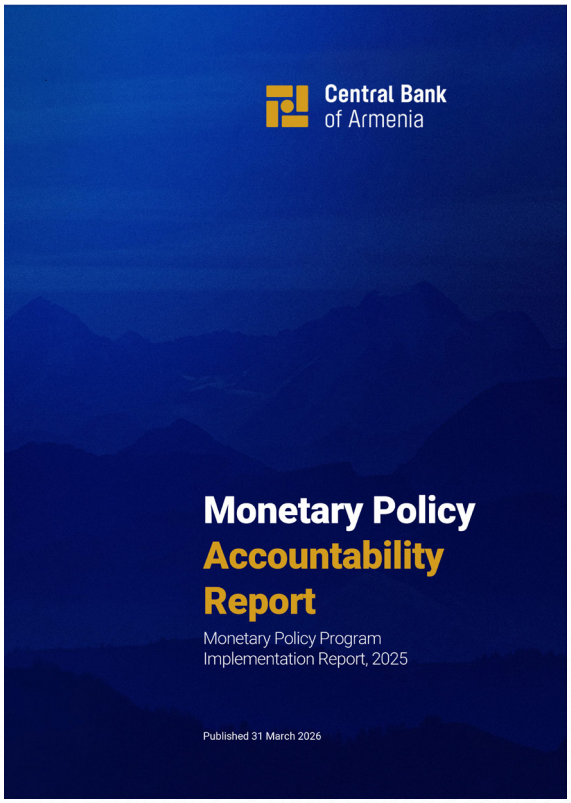
53



Suggestions for Improvement

51

CBA ACCOUNTABILITY



Monetary Policy Report (Monetary Policy Program)

Quarterly – March 18, June 17, September 16, December 16

The Monetary Policy Report begins with the executive summary (Executive Monetary Policy Statement). It includes the Board's press release on the Monetary Policy Decision, as well as a summary of current and underlying economic conditions.

Chapter 2 presents the Statement of Long-Run Monetary Policy Objectives by the Board of the Central Bank of Armenia, as well as a brief description of the prudent risk management monetary policy framework.

Chapter 3 includes an analysis of the current and underlying economic environment, as well as practical applications of the prudent risk management framework. The latter consists of the Taxonomy of Scenarios, presenting a concise overview of the main scenarios deliberated by the Board in the current policymaking cycle. In this context, this section also presents two (or more) illustrative scenarios with corresponding forecasts for the endogenous policy rate, inflation, and a number of other variables.

Financial Stability Report

Yearly – May 5

Presents an overall assessment of potential risks to the stability of the financial system, as well as the ability to withstand these risks.



Collector Coins of the Republic of Armenia annual journal

Yearly – June

Presents information on RA commemorative coins, the results of competitions held featuring RA commemorative coins issued in the given year, and other materials related to RA commemorative coins.





CBA Bulletin

15th day of the second month following the reporting period

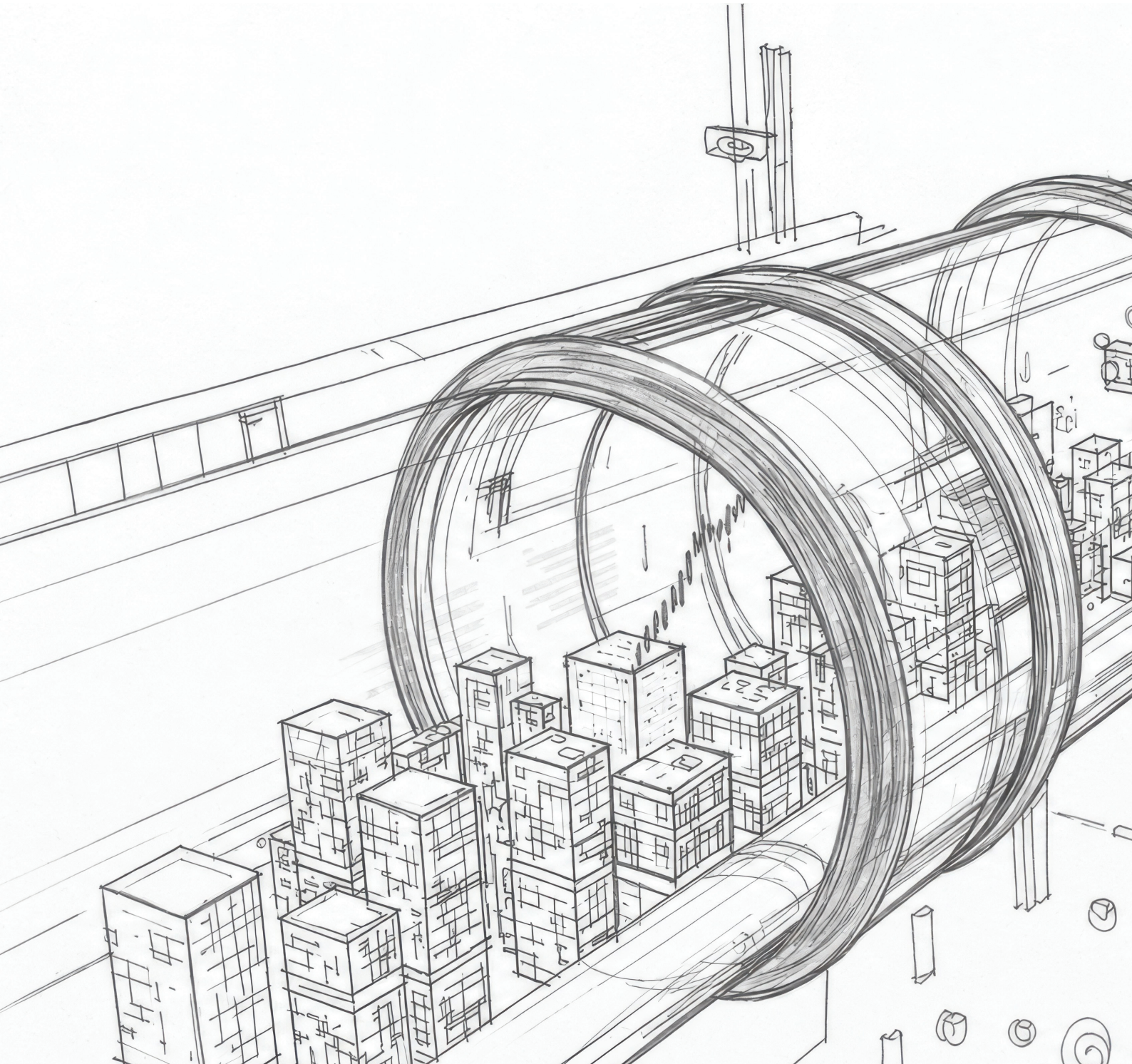
Presents the regulatory and individual decisions of the Central Bank Board, the decisions of the Governor of the Central Bank, other legal acts, as well as a statistical summary.



Financial Monitoring Center Annual Report

Yearly – after April 15

Presents a general overview of the work carried out by the FMC in the area of AML/CFT/WMD during the reporting year.

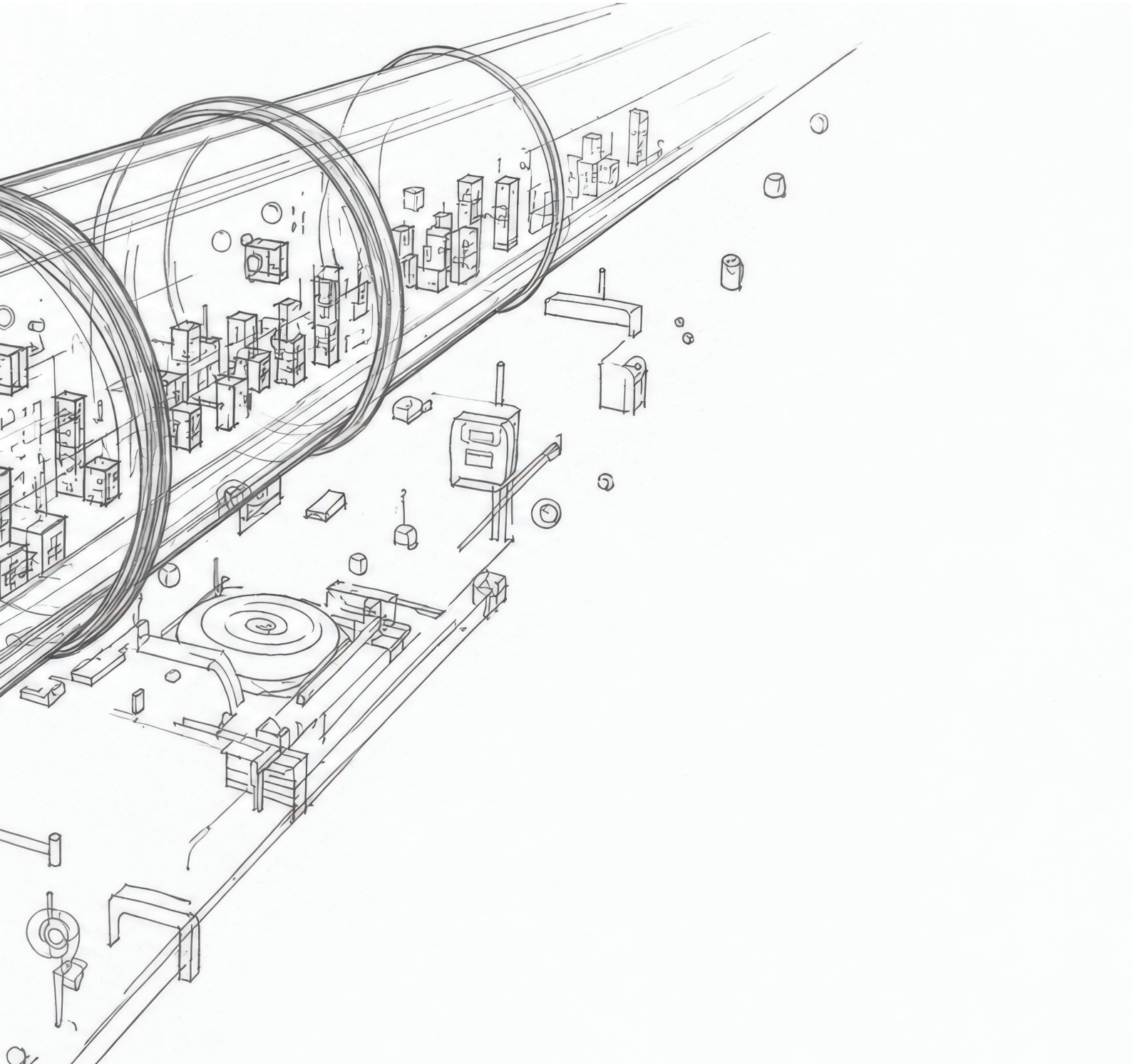


CHAPTER 2

CBA STRATEGY: MACROECONOMIC POLICY

— ENSURING PRICE STABILITY/MONETARY POLICY

— ENSURING FINANCIAL STABILITY/MACROPRUDENTIAL POLICY



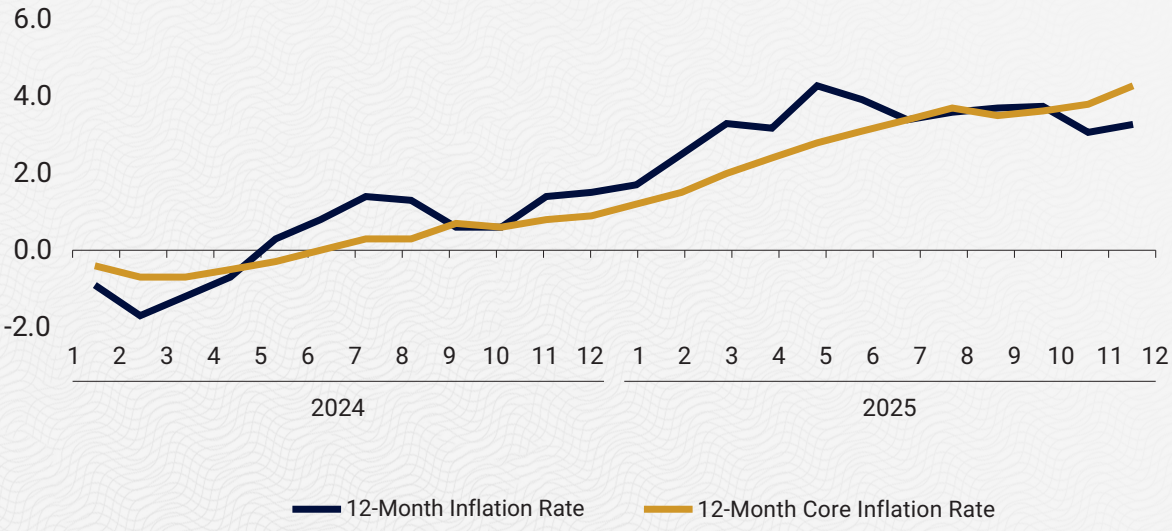
ENSURING PRICE STABILITY/MONETARY POLICY

Throughout 2025, the Central Bank of Armenia's monetary policy decisions were guided by the objective of maintaining price stability in the medium term, defined as a numerical target of 3% year-over-year inflation over a three-year horizon.

In the context of the overall macroeconomic environment and guided by its commitment to achieving the price stability objective and the need to prudently manage possible risks stemming from key uncertainties, the Central Bank of Armenia continued to gradually reduce the policy rate in 2025, by a total of 0.5 percentage points. Annual CPI increased by 1.8 percentage points during the year, reaching 3.3% by year-end, while annual core inflation increased by 3.4 percentage points, closing the year at 4.3%.

Figure 1

In 2025, the 12-month inflation rate gradually increased, settling around the target level by year-end



Strengthening monetary policy formulation and external communications

Amid the broader context of the objectives set out in the CBA strategy, and in light of discussions held with a number of internal and external stakeholders, as well as various experts and economists, the Central Bank revised its inflation target beginning in 2025. The reduction of the inflation target from 4% to 3% was enshrined in the RA Law on the State Budget of the Republic of Armenia for 2025, according to which, during 2025, the Central Bank was to make decisions on monetary policy guided by a 12-month inflation target of 3% within a variation band of ±1.0 percentage point. The reduction of the inflation target to 3% is an important precondition for supporting the long-term sustainable development of the Armenian economy and improving societal welfare through ensuring price stability in the economy. It should be noted that surveys conducted by the Central Bank among the public and financial market participants during 2025, as well as the significant decline in the long-term portion of the yield curve, suggest a gradual and commensurate decrease in inflation expectations in line with the new target.

In the new strategy, we have established that we must be among the countries with the best monetary policy frameworks. In this direction, we plan to have:

- ***A high-quality and dynamically evolving Forecasting and Policy Analysis System (FPAS);***
- ***Innovative approaches with respect to the monetary policy framework or its individual elements;***
- ***The formation of a clear and supportive public understanding of the fundamental elements and principles of the monetary policy strategy, including on the part of financial market participants;***
- ***Transparent and accessible approaches to liquidity management of the CB's toolkit and monetary policy operations that are understandable to financial market participants.***

Within the framework of the new Forecasting and Policy Analysis System (FPAS) Mark II introduced since 2024 and the external monetary policy communication strategy, work was carried out in 2025 on the development and introduction of a new format for monetary policy accountability. The purpose of the accountability framework is to provide a systematic and comprehensive reflection on the outcomes of the monetary policy implemented by the Central Bank in service of its price stability objective. This is a critical step toward making monetary policy more understandable, as well as strengthening open and transparent dialogue with key stakeholders across society. In 2025, the comprehensive framework for monetary policy accountability, including a handbook outlining its preparation and a sample report, were prepared and approved by the Board.

In order to ensure new Board members' timely and effective integration into the monetary policy decision-making cycles, work was carried out during 2025 to prepare an onboarding package covering developments in monetary policy and monetary economics, as well as the approaches and features of the new policy framework. This package includes both individual, concise thematic materials on the aforementioned areas in the format of notes and video recordings, as

well as question-and-answer sections related to specific topics, particularly for gaining a deeper understanding of the features and nuances of the new framework. The onboarding package is currently in the process of being finalized and uploaded to the Central Bank's internal system.

Recognizing the need for a systematic, comprehensive, and accessible presentation of the logic and principles of the prudent risk management framework, work related to the book describing the new MP framework ("Prudent Risk Management Approach to Monetary Policy: Theory and Practice at the Central Bank of Armenia") was continued and completed in 2025.

During 2025, the presentation of the strategy for ensuring price stability under the prudent risk management approach was actively continued across various international and domestic platforms. In particular, in June, within the framework of a high-level conference organized by the Bank of England, the new MP framework was presented to chief economists and decision-makers of a number of leading central banks, with representatives of the Bank of England showing particular interest. The approaches and philosophy of the framework also attracted the interest of the Central Bank of Uzbekistan, at whose invitation a presentation of the new MP framework was organized for representatives of the Central Bank of Uzbekistan in October 2025.

In 2025, seminars and workshops were held for representatives of regional central banks and local financial market participants on the topics of applying the prudent risk management approach in monetary policy formulation, communications, and scenario analysis. In particular, seminars and workshops on monetary policy communication and scenario analysis under the new monetary policy framework were organized for regional central bank representatives, addressing the theoretical foundations of the new framework, while also reinforcing the knowledge gained through workshops and case studies. The main emphasis of the workshops organized for local financial market participants was on communicating the features of the new monetary policy framework and the importance of correctly assessing and eliciting the expectations of financial market participants within that framework, as well as expanding the capacity to conduct scenario thinking and analysis. Participant satisfaction with the outcomes of the seminars and workshops was quite high.

In 2025, guided by the vision of building a competitive monetary policy team at the international level, policy analysis at the Central Bank continued to advance on the principles of setting new standards and achieving research excellence. Within this framework, the continuous expansion and improvement of human capital, knowledge, and research-analytical tools through the application of innovative approaches was emphasized. Under the objective of human capital development and dissemination of the new strategy, the Central Bank regularly organized discussions in 2025 on policy-relevant issues, with the participation of staff and senior members of the CBA and other countries' central banks, as well as leading experts and economists from around the world. In January 2025, a symposium entitled "Monetary Policy Based on the Prudent Risk Management Approach" was organized at the Central Bank, where issues related to the challenges of the new monetary policy framework were discussed and possible ways of its gradual improvement and development of individual elements were identified.

In the Spotlight

Within the framework of the external monetary policy communication strategy, active work was carried out in 2025 to improve policy transparency and accountability. In its statement on the long-term objectives of monetary policy, the Central Bank of Armenia reaffirmed the importance of clear and effective communication, transparency, and accountability of its policy as an independent institution operating in the public sector. One of the key components of this commitment of the Central Bank is the monetary policy accountability framework, which is aimed at presenting policy decisions to the general public in a more understandable and transparent manner.

The monetary policy accountability report[3] presents the results of the monetary policy implemented by the Central Bank, the process of decision-making and communication by the CBA Board regarding policy rate decisions, and the evolution of individual opinions and concerns of Board members regarding key risks and uncertainties throughout the year. It also presents an analysis of financial market responses to policy interest rate decisions and communications. The report addresses the most frequently asked questions regarding the formulation and implementation of monetary policy during the reporting period, drawing on questions and/or comments raised by the media, academic circles, financial market participants, and the general public.

3 https://www.cba.am/file_manager/Monetary%20policy%20en/Reports/Accountability_Report_Eng.pdf

ENSURING FINANCIAL STABILITY/ MACROPRUDENTIAL POLICY

In 2025, the RA financial system grew at a steady pace, ensuring the uninterrupted performance of the financial intermediation function in the RA economy. Financial system stability was also maintained throughout the year, which had a positive impact on macroeconomic developments.

Figure 2

Shares of Financial System Assets by Financial Institution



Banks
79.1%
Pension Funds
8.9%
Credit Institutions
5.4%
Non-Public Investment Funds
3.4%
Investment Companies
1.7%
Other Financial Institutions
0,8%
Insurance Companies
0.7%

During 2025, banks continued to remain highly capitalized and liquid, maintaining resilience against possible shocks. Adequate profitability was also recorded in the banking system, which contributed to the normal capital accumulation process, playing an important role in terms of expanding the system's loss absorption capacity.

In 2025, the banking system continued to grow at a steady pace, both in terms of deposits and the loan portfolio. Household and business loans made comparable contributions to the structure of this growth. Steady deposit growth was also recorded throughout the year, a significant portion of which was driven by funds attracted from residents.

Some slowdown in mortgage loan growth in 2025 was attributable on one hand to the discontinuation of the income tax refund program and the gradual saturation of real estate demand, and on the other hand to the base effect associated with the large-scale growth of the mortgage portfolio in previous years (particularly in the fourth quarter of 2024). Nevertheless, in terms of flows, mortgage lending in 2025 fell only slightly short of 2024 lending volumes.

Significant growth was also recorded in the capital market over the course of the year, particularly in the volumes of circulating corporate securities. Securities issued by the financial system continued to dominate the structure of this growth.

From May 1, 2025, the tightened countercyclical capital buffer rate came into effect at 1.75% of risk-weighted assets. The latter is aimed at improving the resilience of the banking system against possible shocks, as well as ensuring the continuity of lending to the economy.

In the new strategy, we have established that we must have one of the best systems for assessing and rapidly responding to systemic risks forming and accumulating in the financial system, including:

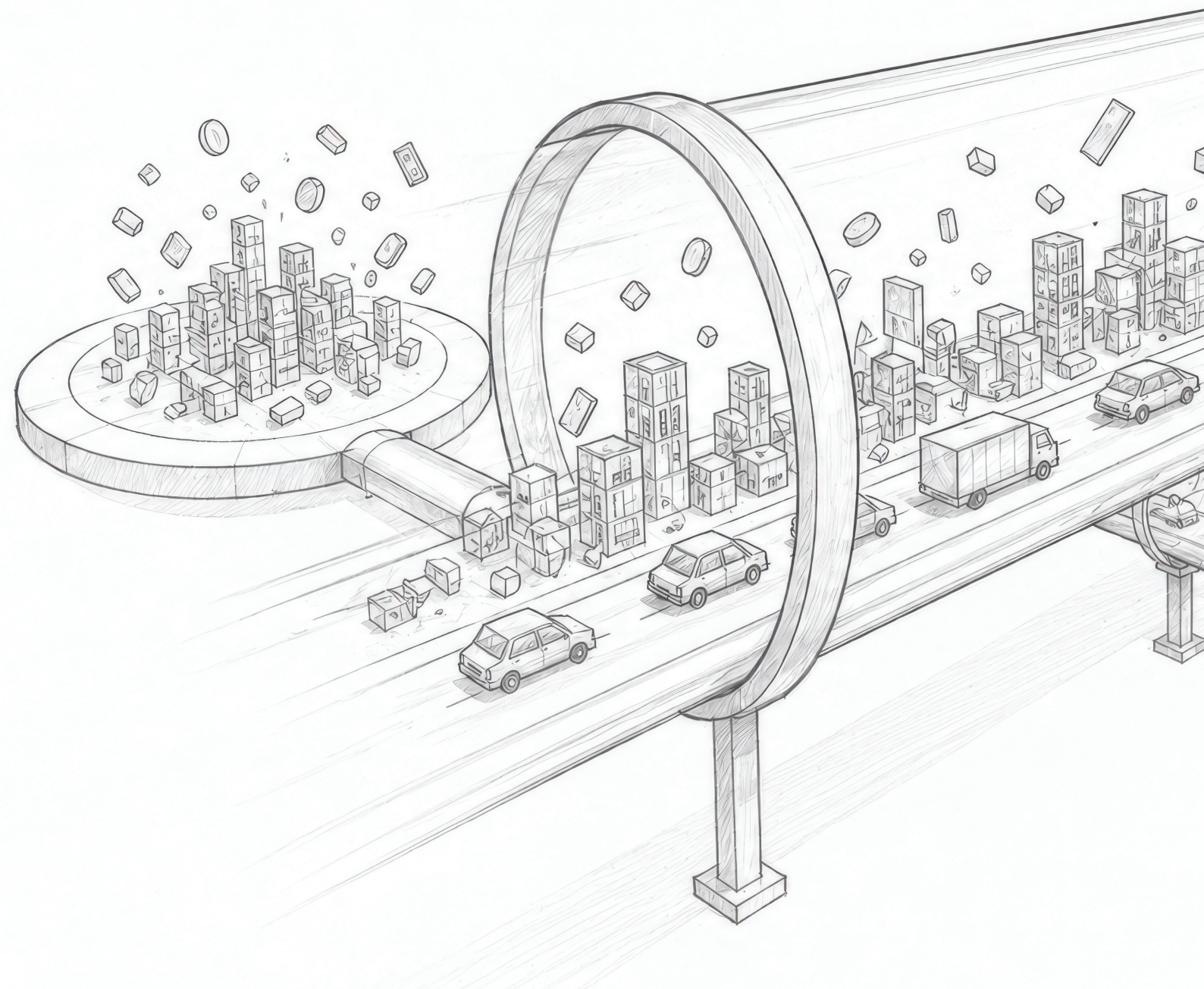
- ***An analytical framework for the application of macroprudential tools;***
- ***A mechanism for the implementation of macroprudential policy;***
- ***A modern toolkit for systemic risk assessment, including the development and introduction of new tools.***

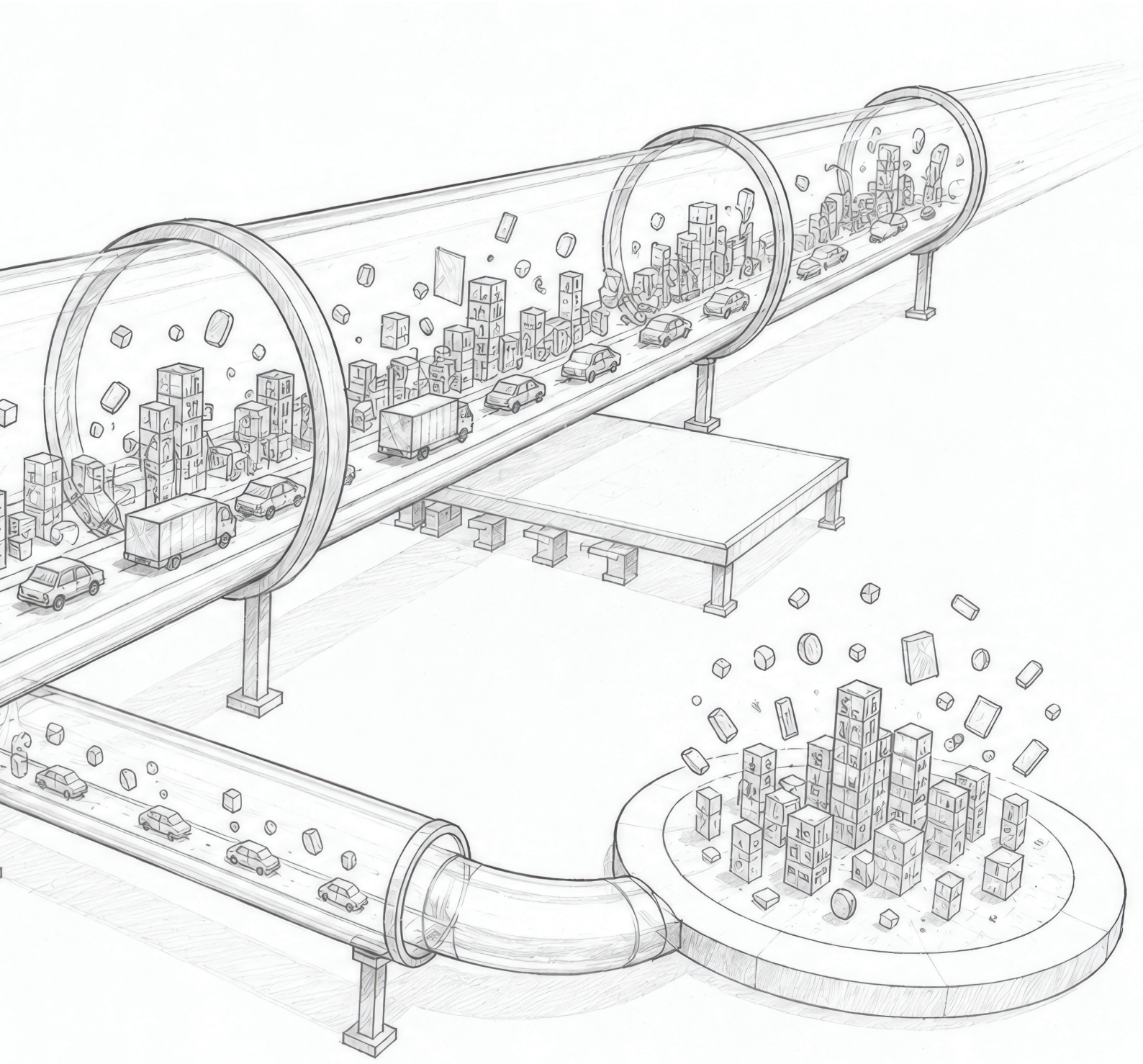
During 2025, work was carried out at the Central Bank to improve the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) standards, namely in the direction of revising outflow weights for foreign currency. The amendment to liquidity regulations, which comes into effect on May 1, 2026, is aimed at addressing the concentration of foreign currency deposits, as well as the risks of potential instability of large deposits from non-residents.

CHAPTER 3

CBA STRATEGY: FINANCIAL SYSTEM

- FINANCIAL SYSTEM REGULATION
- PAYMENT SYSTEM MODERNIZATION
- FINANCIAL SYSTEM SUPERVISION
- FINANCIAL SYSTEM SUSTAINABILITY
- CONSUMER EMPOWERMENT





FINANCIAL SYSTEM REGULATION

With the new strategy, our goal is to develop and introduce competitive, balanced, and stress-resilient regulatory frameworks that are in line with emerging markets, business models, and technologies, including:

- ***A forward-looking regulatory framework aligned with the recommendations of international standard-setting bodies (FSB, BIS, IOSCO, IOPS, IAIS, etc.) and international best practices, based on the principle of "same activity, same risk, same regulation";***
- ***A predictable regulatory and supervisory framework for crypto-asset service providers that is consistent with international standards;***
- ***Effective regulatory frameworks for managing bank failures with the aim of ensuring financial stability;***
- ***Transitioning of information submitted to the CBA to a granular data-based approach.***

In 2025, the Central Bank made amendments to a number of normative legal acts with the aim of aligning the requirements for managers and significant participants of all financial institutions with the standards of the Financial Action Task Force (FATF). As a result of the amendments, it was clarified that persons included in lists related to terrorism or the proliferation of weapons of mass destruction published by or pursuant to United Nations Security Council resolutions, as well as persons with an outstanding, unexpunged, or unremoved conviction for an intentional crime, may not serve as managers or significant participants of financial institutions.

Banking System. In order to expand banks' capacity to absorb possible losses and to align the components included in total capital with Basel standards, the possibility has been provided to also include funds raised through perpetual instruments meeting regulatory requirements in the calculation of Additional Tier 1 capital.

At the same time, with the aim of creating the necessary foreign currency buffers for the banking system at the Central Bank and improving the effectiveness of liquidity management, since 2019 the Central Bank has been implementing a policy of gradually introducing full foreign currency reserve requirements against funds attracted in foreign currency. In 2025, this process was completed, and from October 15, 2025, the mandatory reserve requirement ratio against funds attracted in foreign currency was set at 15%, which must be fully maintained in euros for funds attracted in euros and in US dollars for funds attracted in other foreign currencies. At the same time, the calculation procedure for the Liquidity Coverage Ratio and the Net Stable Funding Ratio was revised.[4]

4 See "Financial System Stability/Macroprudential Policy" section.

Insurance System. With the strategic objective of aligning the procedure for the formation of technical reserves by insurance companies with the recommendations of international insurance supervisory standard-setting bodies (EIOPA, IAIS, etc.) and international best practices, draft regulations in accordance with Solvency II standards have been developed, aimed at improving the accuracy of technical reserves formed by insurance companies. The drafts are currently in the testing phase with the companies.

During 2025, within the framework of reforming the agricultural risk insurance system, the Central Bank cooperated with the World Bank in the direction of analyzing the problems of the existing system and introducing a new, viable system. Due to the need for fundamental reforms of the existing system, a phased option for introducing a new model was developed. As a result, as a first step, from 2026 insurance companies will conclude agricultural risk insurance contracts through co-insurance.

Securities Market. In 2025, the Central Bank, with the technical support of the European Bank for Reconstruction and Development (EBRD) and the financial support of the Government of Japan, introduced the Armenian Standard Derivatives Agreement (ASDA) — a contract governed by Armenian law and aligned with international standards, which can be used for repo, derivative, and securities lending transactions.

The document was developed on the basis of the 2002 ISDA (International Swaps and Derivatives Association) Master Agreement, as well as the ISDA Securities Financing Transactions annex introduced in 2022.

The standard contract being introduced may offer financial market participants a number of advantages, including the ability to choose the applicable legislation, help effectively mitigate financial risks, reduce lengthy and complex transaction negotiation processes, lower additional legal costs associated with negotiating the terms of individual contracts, and facilitate the execution of reliable and large-scale transactions with international partners.

Exchange-traded repo transactions conducted under this agreement may serve as a basis for the formation of a reliable benchmark interest rate for the money market, which is an important precondition for deepening other segments of the financial market.

On February 27, 2025, Law LA-23-N “On Amendments to the Law on Investment Funds” entered into force, providing comprehensive regulations for non-public funds and the persons managing them. In connection with this legislative amendment, the CBA Board, by Decision No. 127-N of July 29, 2025, approved Regulation 10/41 “On the Procedure for Granting a Permit for the Management of a Non-Public Investment Fund,” which establishes entry requirements for persons managing non-public funds.

On July 4, 2025, the Law on Crypto-Assets and a number of related draft laws entered into force, providing for comprehensive regulation of crypto-asset offerings and services, laying the necessary foundations for the stable and predictable development of the sector. The legislative package established general rules for the public offering, purchase and sale, provision of services, and market supervision of crypto-assets. This regulation, maintaining a balance between promoting innovation and effectively managing risks, introduces legal certainty, creating the possibility for businesses to operate in a more predictable and secure environment. The law also provides for regulatory mechanisms that allow only reliable and transparent companies

to enter the market, which is a necessary precondition for protecting the rights of crypto-asset purchasers and increasing public trust in this market.

The principle of "same activity, same risk, same regulation" was adopted as the basis for regulation, according to which the conduct of crypto-asset activities that is similar in nature to any traditional financial activity and gives rise to similar risks must be regulated in a similar manner.

In 2025, the Central Bank Board also adopted the first package of regulations governing the activities of crypto-asset service providers. Within the framework of the package, regulations were approved relating to the licensing (authorization) of crypto-asset service providers, minimum total capital thresholds, registration of managers, as well as the form and content of the public offering document for crypto-assets.

From the moment the Law on Crypto-Assets entered into force (July 4, 2025), persons wishing to provide crypto-asset services are required to mandatorily register with and be licensed by the Central Bank, and a public offering of crypto-assets may only be carried out upon publication of an offering document meeting the requirements of the relevant regulation adopted by the Central Bank.

At the same time, the Law on Crypto-Assets established a transitional period for legal entities or individual entrepreneurs that had already been providing crypto-asset services or conducting public offerings of crypto-assets prior to the law's entry into force.

PAYMENT AND SETTLEMENT SYSTEM

Number of POS Terminals in Armenia

98,200

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

	VOLUME, mln. drams	QUANTITY
	6,477,204	**542,822,726**
arca	**854,744**	**68,176,973**
VISA	**4,019,814**	**346,963,780**
	1,456,773	**121,223,052**
Other	**145,872**	**6,458,921**

In the Spotlight

The Central Bank is currently working on detailed rules for the 10 crypto-asset services provided under the Law on Crypto-Assets.

Within the scope of this work, rules are being developed for executing crypto-asset transactions on the best terms, the process for assessing the suitability of the client and the crypto-asset, the minimum terms of contracts concluded with clients, the procedure for recording orders and transactions, rules governing information provided to clients, and other requirements relating to client conduct. At the same time, ancillary regulations specific to each service are being developed, including rules for the protection of crypto-assets of clients using crypto-asset custody services, minimum terms for the issuance and redemption of asset-referenced tokens, and other provisions.

The adoption of the draft is expected to create guarantees for the protection of the legitimate interests and rights of clients of crypto-asset service providers, as well as minimum rules for mitigating risks inherent in the activities of crypto-asset service providers.

In 2025, the Central Bank developed and circulated a draft "Law on Bank Resolution," the adoption of which will introduce effective crisis management mechanisms and tools in line with international standards to ensure financial system stability. In particular, the draft provides for the introduction of effective crisis management mechanisms to ensure the continuity of critical banking functions and financial system stability in the event of bank failures. The draft establishes the fundamental objectives for the achievement of which the Central Bank, as the resolution authority, may make a decision to resolve a bank, and the principles that must guide the conduct of bank resolution. A resolution toolkit is also being introduced, comprising the sale of business tool, the bridge bank tool, the asset separation tool, the bail-in tool, and the mechanisms for their application.

In 2025, the Central Bank introduced amendments to the reports submitted by banks to the Central Bank regarding money transfers. As a result, more comprehensive and detailed information was obtained on both cross-border and domestic money transfers carried out by banks. The amendments enabled the Central Bank to improve external sector statistics by aligning them with international principles and standards, as well as to enhance the effectiveness of supervision and relevant sectoral analyses conducted by the Central Bank.

Based on the strategic objective of transforming the information submitted to the Central Bank, a concept for a data-driven model for collecting data from financial institutions was developed. Under this concept, new data collection mechanisms will be gradually introduced, which will contribute to data-driven decision-making.

PAYMENT SYSTEM MODERNIZATION

With the new strategy, our goal is to have a continuously and actively evolving, smooth, secure, and inclusive digital payment system.

Through the implementation of this initiative, we expect to have:

- *Forward-looking payment infrastructures operating in line with international standards;*
- *A comprehensive payment system policy, including with regard to digital currency and tokenization.*

PROJECT: EPS (Electronic Payment System) Modernization Project

***Objective:** The project aims to modernize and reform the Central Bank's EPS system, strengthening its security, efficiency, and scalability.*

***DoD:** Ensuring the connection of each existing EPS participant to the new system and the execution of at least one transaction within the new system's environment.*

***Project timeline:** 2024 Q2 – 2027 Q2*

***Work completed in 2025:** In 2025, the focus of the EPS modernization effort was on establishing a solid architectural foundation. The core system architecture was fully completed, ensuring compliance with future scalability, interoperability, and ISO 20022 standards. The year was also marked by the launch of procurement activities through the conduct of tenders for the messaging service and RTGS platform.*

FINANCIAL SYSTEM SUPERVISION

With the new strategy, our goal is to ensure that material risks in the financial system, infrastructures, and organizations are properly managed, and that in the event of problems or crises, their consequences are minimized.

Through the implementation of this objective, we expect to have:

- ***A risk-based, forward-looking, modern, and exemplary supervisory system;***
- ***A higher level of supervisory transparency and accountability;***
- ***A more competitive and inclusive financial system that will ensure accessible, high-quality, secure, and innovative services for consumers and investors.***

Throughout the year, the Central Bank continued to carry out its functions normally in the areas of licensing of financial institutions, registration of managers, prudential supervision, consumer protection, supervision of market abuse in the financial market, competition analyses and enforcement, and the organization of exit from the financial system. At the same time, initiatives enshrined in the CBA strategy aimed at building a forward-looking, modern, and exemplary supervisory system continued, in the areas of expanding supervisory capacity, improving supervisory methodologies, digitizing supervisory processes, raising the level of supervisory transparency, and enhancing international cooperation.

Licensing and Registration. In order to optimize licensing processes, during 2025 the ongoing fit and proper [ԱՂ12.1]assessment process for managers and significant participants (including beneficial owners) was improved through the automation of a portion of the inquiries made within the framework of the process.

The upward trend in the number and volume of bond issuances continued, including by real sector companies. During the year, the number of issuances by the real sector amounted to 17, compared to 4 in 2024. This is also attributable to the subsidy and tax incentive policies implemented by the RA Government.

SUPERVISION AND LICENSING

The following entities were licensed in 2025:

1 Investment Company

2 Credit Institutions

1 Pawnshop

25 Currency Exchange Offices

The following entities were registered in 2025:

18 Bank Branches

10 Credit Institution Branches

2 Money Transfer Company Branches

14 Investment Funds

152 Heads of Financial Institutions

which comprises 14% of registered heads of financial institutions

14%

Fraud Cases

1690

55 Fraud Cases Reported to Law Enforcement Agencies

55

Prudential Supervision. The work carried out in the area of prudential supervision during 2025 was aimed at improving the quality of corporate governance, the risk management process, and the effectiveness of internal control systems in the financial system, accompanied by improvements to supervisory processes (new analytical tools, assessment systems, models), transparency, and the application of consistent supervisory interventions. With the aim of ensuring the aforementioned areas and achieving the Central Bank's strategic priorities, the following measures were implemented during the reporting period.

Pilot assessment work continued using the newly designed supervisory review and evaluation system for banks. Within this framework, assessments were carried out of the strategy and business model, corporate and risk management systems, and the level of capital-threatening risks, including operational resilience and liquidity risk, of all banks. The purpose of the newly designed

system is to identify risks threatening banks at an early stage and to take the necessary supervisory measures.

During 2025, an assessment was carried out of the residual ML/TF risks of all bank and non-bank financial institutions, as well as the implementation status of recommendations made to institutions based on the results of the previous year's assessment. The assessment results, identified issues, and recommendations aimed at improving the ML/TF risk management process were communicated to all institutions. Inspections were organized and stricter supervisory measures were applied at financial institutions with a high risk level. At the same time, the effectiveness of the systems and processes for monitoring targeted financial sanctions lists was examined at all banks and insurance companies, identified issues were communicated to the institutions, and a significant portion of them were resolved.

The effectiveness of the process for providing advance payments for health damages suffered by victims of accidents in the CMVLI (Compulsory Motor Vehicle Liability Insurance) sector was assessed, and the identified issues and proposals for their resolution were communicated to the Armenian Motor Insurers' Bureau (the Bureau). It is expected that the work initiated by the Bureau as a result of this communication will ensure the speed and transparency of processes, contributing to strengthening the stability of the CMVLI system, raising the level of protection of beneficiaries' rights, and improving the quality of services provided to them. The tariff models developed by insurance companies and approved by the Bureau were analyzed to assess their compliance with legislative requirements, and the extent to which they are based on individual risks of policyholders and the possibility of applying discriminatory approaches to policyholders with the same risk profile were examined.

With the aim of ensuring the reliability of the RA banking system and maintaining continuity in public trust in the system and the protection of depositors' interests, the Central Bank continued to closely monitor the activities of the Deposit Guarantee Fund (hereinafter the Fund). During 2025, work was carried out to improve the effectiveness of guaranteed deposit reimbursement processes; in particular, as a result of Central Bank supervisory communications, work was carried out at the Fund to review and improve existing procedures, with a view to enhancing the Fund's operational readiness and related capacities in the event of a guaranteed deposit reimbursement case arising. International best practices in this area were taken into account for the purpose of improving processes. Inspections were carried out at a number of commercial banks to ascertain readiness for the guaranteed deposit reimbursement process. As a result of the inspections, supervisory interventions, and communications, the operational processes of commercial banks were improved.

Supervision Over the Protection of Consumer Rights and Interests. In 2025, the Central Bank consistently continued its supervisory work aimed at ensuring the protection of consumer rights and interests in the financial system.

The measures implemented covered a number of important areas, the most notable results of which are as follows:

- A study was conducted of financial institutions and the services they provide, as well as a review of the proper provision (disclosure) of information to consumers during the term of the contract, with

the measures taken resulting in the ensured complete and clear disclosure of information.

- Through a study of the process of providing consumer credit reports by the credit bureau and communication with the credit bureau, the Bureau ensured the implementation of the consumer's right to prohibit the provision of their credit report.
- Relevant work and communications were carried out with banks with the aim of creating public convenience in connection with the income declaration process, as a result of which banks ensured the provision of the statements/certificates necessary for declaration also in electronic form.
- Based on signals received, banks initiated measures aimed at the proper servicing of consumers holding state social package accounts, thanks to which proper implementation was ensured of the relevant RA Government decision on the opening and maintenance of state social package accounts, including not making the opening of accounts conditional on other services, and the transfer of accounts from banks not servicing them to other banks.

In addition, the following measures were implemented in 2025 with the aim of preventing fraud in the financial system and protecting consumer rights and interests:

- The Central Bank reviewed more than 320 fraud reports received during the year, and inspections were carried out at financial institutions regarding the issues raised, as a result of which relevant communications were made for the purpose of risk reduction.

As a result:

- Security systems were tightened at banks, and new solutions were applied in combating fraud; in particular, security mechanisms for access to banks' mobile banking systems were launched, thanks to which a number of fraud schemes ceased to operate at those banks.
- Financial institutions announced the suspension of interest accrual and the deferral of credit obligations on loans (loan freezing), as a result of which interest accrual on fraudulently issued loans of more than 800 citizens was suspended and loan agreements were put on hold until the conclusion of the criminal case.
- The personal funds of around 120 citizens were returned pursuant to loan agreements, pending the conclusion of the criminal case.
- Beginning in July 2026, a self-restriction tool for applications or certain products or account withdrawals will enter into force, thanks to which consumers will be able to independently block an application or restrict fund withdrawals.
- The Central Bank has begun publishing information regarding incidents of unlicensed institutions identified by the Bank on its official website.
- 55 cases of unlicensed operations were reported to law enforcement authorities.

Throughout the year, the Central Bank continued its active cooperation with the Office of the Financial System Mediator for consumer protection purposes, both in terms of exchanging signals related to complaints submitted to the Office and regarding possible solutions aimed at resolving and preventing existing problems.

Improving Supervisory Transparency and Accountability Within the framework of improving supervisory transparency and accountability:

- In 2025, the prudential supervision priorities of the Central Bank of Armenia for 2025–2027 with respect to RA banks were published for the first time. The purpose was to communicate to banking system participants about existing or emerging risks against which the Central Bank and banks must develop adequate capacities. In compiling the supervisory priorities, analyses of the current socio-economic situation, possible future challenges, and signals received from the Central Bank's governing bodies, the financial system, as well as various internal and external sources were taken into account.
- From July 1, 2025, the Central Bank improved its policy on the publication of enforcement measures. The new policy is more comprehensive, covers all enforcement measures applied, and is published in a format more accessible to the public.

FINANCIAL SYSTEM SUSTAINABILITY

With the new strategy, our goal is to raise the level of awareness and transparency among financial market participants regarding the management and mitigation of environmental, social, and governance (ESG) risks, promoting the formation of a sustainable financial system and the effective management of ESG risks.

In implementing this area, it is evident that we must have:

- ***A high level of awareness of ESG and climate risks among financial market participants;***
- ***A defined range of sustainable financial instruments in the financial system, including green loans, bonds, and other products;***
- ***Reduction of financial risks arising from physical and transition risks through the introduction of principles of effective management and mitigation of ESG and climate risks;***
- ***A sustainable financial system and more stable economic development.***

As a participant in global development, we have also integrated ESG standards into our work. In this regard, financial system sustainability has also found its place among the Central Bank's 2025–2027 strategic priorities, and the work carried out on the strategic outcomes defined within this framework is presented below.

One of the 2025 initiatives was the development of a sustainability reporting format in cooperation with the European Bank for Reconstruction and Development, which banks completed for their 2024 sustainability activities. The launch of the initial phase of reporting signaled the beginning of data collection on transitional and physical climate risks in the banking system, emphasizing the need for mechanisms and policy approaches for managing and mitigating such risks in banks.[5]

The Central Bank published its first sustainability report, summarizing its activities for the years 2023–2025.[6] The report summarizes current sectoral developments in the financial system and at the Central Bank. It presents the work carried out by the Central Bank in this area and its cooperation with international partners, a description of summary indicators of sustainable products available in the private sector, and data on the sustainability progress of the banking system.

In 2025, within the framework of a seminar held at the Dilijan Training and Research Center with Bundesbank partners, issues related to reporting and possible approaches were discussed.

5 The aforementioned reporting format is a preliminary version that has not yet been approved by the CBA Board. Discussions on the introduction of a mandatory reporting format are ongoing within the Central Bank, as well as jointly with the Ministry of Finance. The latter is carrying out work toward the introduction of a mandatory reporting system at the economy-wide level.:

6 https://www.cba.am/en/reports/9635

CONSUMER EMPOWERMENT

The formation and development of the consumer empowerment ecosystem continue to remain at the center of the Central Bank's attention. The Central Bank's strategic objective is to create an environment and tools through which consumers in the financial system are empowered to use financial services safely, consciously, and in accordance with their needs, contributing to the improvement of their financial well-being.

The strategy sets out the following outcomes to advance consumer empowerment:

- ***An effective consumer empowerment framework;***
- ***Financial inclusion of individuals, ensuring that individuals and particularly vulnerable groups in society have access to basic financial products and services suited to their needs and use them responsibly and safely. Basic services include bank accounts, payments, savings, credit, and insurance. In the initial period, we will prioritize the use of bank accounts among basic financial services, as this is a precondition for accessing other financial services and is the most important tool for individuals to effectively plan and manage their day-to-day finances;***
- ***Individuals capable of using financial services in an informed manner, and the maintenance and, where necessary, development of the key pillars of the consumer empowerment ecosystem (financial education, consumer protection regulation and supervision, and a consumer dispute resolution system in the financial system);***
- ***Behavioral research tools and capacities for impactful policies, regulations, and interventions aimed at consumer empowerment;***
- ***Mechanisms for voicing consumer opinions and needs and for evaluating financial services.***

In 2025, the Central Bank continued to develop the consumer empowerment ecosystem and effective mechanisms, while simultaneously strengthening consumer rights protection, promoting financial inclusion and financial education, and developing behaviorally informed policies and tools. The work carried out during the reporting year was aimed at protecting consumers' personal data, ensuring the safe and effective use of financial services, promoting the inclusion of vulnerable groups, improving financial capabilities, enhancing financial dispute resolution systems, as well as developing data-driven and research-based policy formulation capacities.

During the reporting year, the implementation of the 2021–2025 action plan of the Financial Education Program approved by the RA Government was concluded. The purpose

of this program is to raise public awareness and knowledge with regard to the safe and effective use of financial services. The "Financial Capability Barometer – 2025" national survey was conducted with the aim of evaluating the program, with results showing that the financial capability index stood at 56.5% in 2025, exceeding both the 50% national target set for 2025 and the long-term target of 55% set for 2031. Overall, the financial capability index has grown by 9.7 percentage points over the past five years. Alongside this positive dynamic, a number of challenges remain. In particular, according to the survey data, 55.5% of respondents had debt, and 19.1% of citizens with loans had overdue obligations. At the same time, there is consumer overconfidence in relation to fraud risks and a need to deepen financial knowledge.

Financial Inclusion. In 2025, targeted initiatives were implemented in the area of financial inclusion, aimed at ensuring the accessibility and affordability of financial services for vulnerable groups, as well as promoting the safe, reliable and effective use of digital financial services. In particular:

- Within the framework of promoting financial inclusion, the "Guideline on Communication with and Service Provision to Persons with Disabilities" was developed and approved by the CBA Board, establishing the framework of expected conduct for the provision of services by financial institutions. As a result, it is expected that uniform standards and rules of conduct for accessible and inclusive service for persons with disabilities will be formed within the scope of services provided by financial institutions, the level of accessibility of financial services and the participation of persons with disabilities in the system will increase, and a clear and predictable service model will be established.
- Building on the successful "Dram 30-30: Towards Financial Well-Being" behavioral experiment, the Central Bank has decided to scale up the "handholding" model tested during the project in cooperation with commercial banks, targeting the expansion of digital financial inclusion. In this context, two key behaviorally-informed policy initiatives are being piloted, aimed at the high-quality and safe use of mobile banking applications. Based on the research findings, the "Digital Guide" project will pilot an individualized handholding methodology, which has already recorded significant growth in customer activity and knowledge during the initial/pilot phase. In parallel, the initiative plans to introduce behavioral nudges in mobile banking applications that will help users make more informed financial decisions and enhance their financial well-being. These programs will serve as a foundation for strengthening trust in digital services and improving financial behavior both in borderline communities and across the entire territory of Armenia.

Ecosystem Development. In 2025, a number of measures were implemented in the areas of regulatory development and institutional cooperation with the aim of strengthening consumer data protection and reducing fraud risks, aimed at ensuring a secure and well-controlled financial environment. In particular:

- With the aim of raising the level of protection of consumers' personal data, work was carried out to improve regulations, within the framework of which Regulation 8/08 on "Minimum Requirements for the Processing of

Customer Personal Data by Financial Institutions" was developed, establishing clear rules and safeguards for data processing procedures in accordance with international standards and best practices. At the same time, amendments were made to existing regulations, ensuring the proportionality of personal data processing and limiting the volume of data in statements submitted to embassies.

- With the aim of strengthening institutional cooperation in the area of consumer data protection, a memorandum of cooperation was signed with the Personal Data Protection Agency on March 21, 2025. Within the framework of this memorandum, among other areas of cooperation, the Agency is expected to transfer to the Central Bank of applications and complaints it receives against financial organizations. This cooperation contributes to the comprehensiveness and improved effectiveness of the consumer protection framework.

Financial Education. In 2025, the Central Bank of Armenia also implemented initiatives aimed at financial education, expanding target groups and applying innovative public awareness tools. Specifically:

- Financial Education in Schools: The process of integrating financial education into grades 2 through 11 of general education schools continued. Financial education is incorporated into four subjects: "Me and the World Around Me," Mathematics, Algebra, and Social Studies. Thanks to the introduction of new standards and textbooks, students studied topics such as personal budget planning, effective savings management, safe use of financial services, protection of financial rights, and other personal finance management topics, applying practical and situational approaches.
- Introduction of Financial Education in Youth Centers: A training program for staff of regional youth centers was implemented jointly with the RA Ministry of Education, Science, Culture and Sport and the United Nations Children's Fund (UNICEF). Representatives from 14 centers gained skills in financial well-being, investment, and risk management, receiving the necessary educational materials and games to be used in their daily work with young people in the regions.
- Global Money Week and Public Awareness: Armenia continued its active role as a co-chair of the OECD Global Money Week initiative. In 2025, the campaign took new forms through educational panels installed at 10 Yerevan Metro stations, through which passengers were informed about the rules for protecting themselves from financial fraud. In addition, educational videos created jointly with leading influencers ensured broad public reach and the promotion of financial literacy on digital platforms.
- Expansion of Volunteer Network: The involvement of volunteers remains a cornerstone in the implementation of financial education programs. In 2025, 40 volunteers were engaged in the programs, contributing with their professional knowledge to the effectiveness of work carried out with various social groups.

Research. In 2025, a number of studies were conducted aimed at an in-depth examination of consumer behavior and financial decision-making.

- A large-scale study on over-indebtedness was carried out in collaboration with reputed academicsfrom abroad. This made it possible to identify various groups experiencing over-indebtedness in Armenia and to assess their behavioral factors such as internal locus of control and peer effect. The study was conducted through a nationwide survey covering 385 regular borrowers and 1,540 [ՈՒ15.1] individuals facing over-indebtedness. The results of the study will be summarized in 2026 and will inform future policiy development.
- In 2025, two sequential exploratory studies were conducted to assess the impact of the amendments made regarding the obligation to inform customers about their credit score and credit history. The results of the studies showed that customers who had used credit in the past six months and recalled receiving the relevant notification have a higher level of awareness and knowledge than those who did not recall such notification. At the same time, it was found that credit history is more broadly understood and discussed by consumers than credit score. The results also indicate that oral communication is more memorable, while compliance with all regulatory requirements remains partial.

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.

abcfinance.am
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Page Reach
832,300
followers

Page Views
7 MIL.
views

fininfo

Page Reach
650,000
followers

Page Views
5,5 MIL.
views

FINANCIAL EDUCATION PROVIDED YEARLY

IN PERSON

to
6500
children and adults

to
425,000
children in schools

As part of these efforts:

- More than 2,127 consumers participated in Personal Finance Management seminars.
- Around 2,652 consumers were financially educated during seminars held jointly with the
- Visitor Center at the CBA Visitor Center, as well as in the cities of Meghri and Stepanavan.
- 55 students and 22 teachers from all regions of the Republic of Armenia and Yerevan played the Financial Brain Ring game.
- 16 youth workers from 14 youth centers located in eight regions participated in the Personal Finance Management training.
- 1,000 children aged 11-13 participated in the Financial System Mediator's financial awareness camp program.
- 150 students received training as part of a joint project with Zartnir NGO.
- 500 consumers received personal finance management knowledge within the framework of the FinnoWay forum.

VIA PUBLIC CAMPAIGNS

500,000
consumers

- Around 500,000 consumers were informed about the rules for combating financial fraud at all stations of Yerevan's Karen Demirchyan Metro system.

ONLINE FINANCIAL EDUCATION

900,000 +
consumers

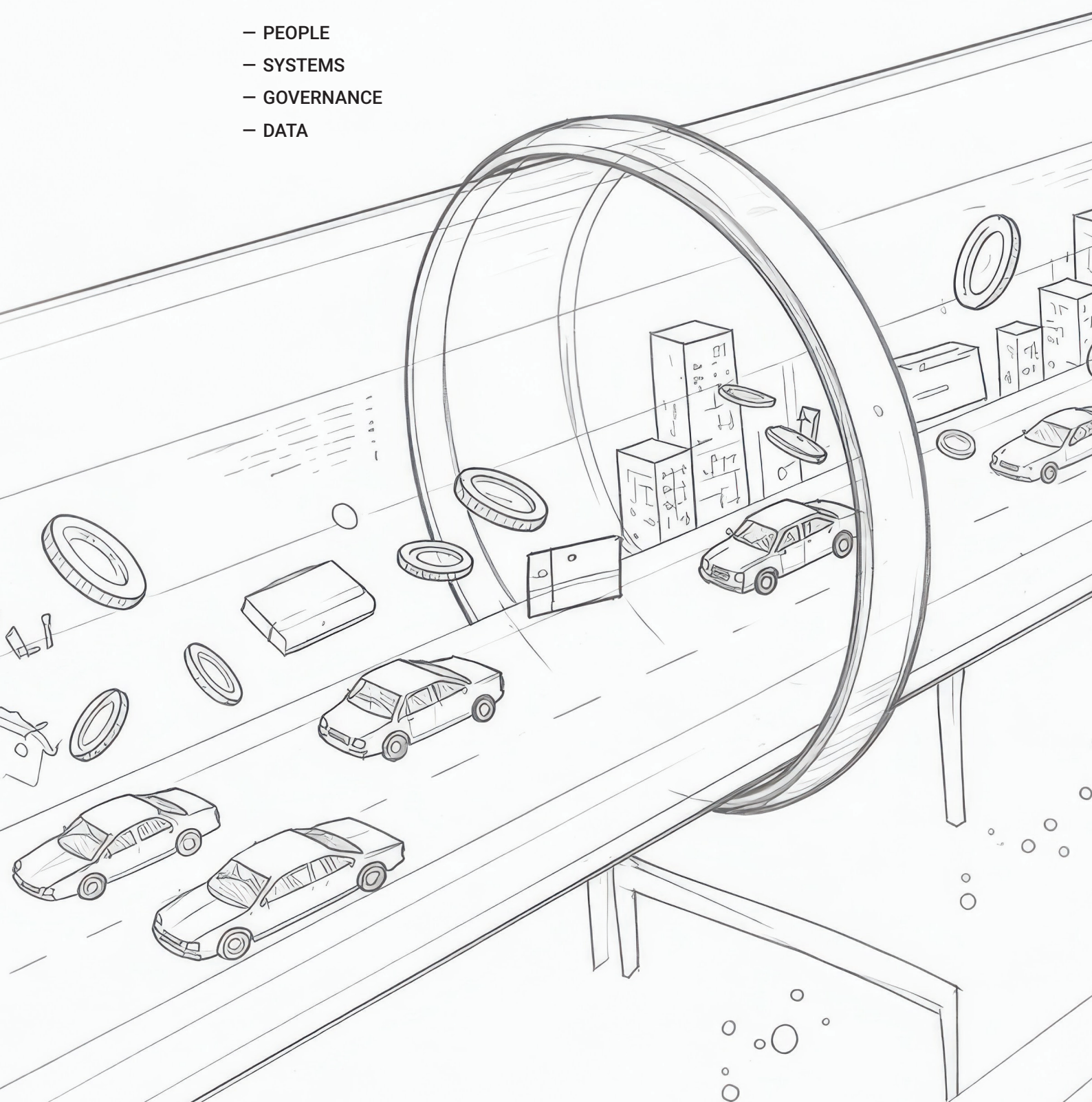
12,5 MIL.
views

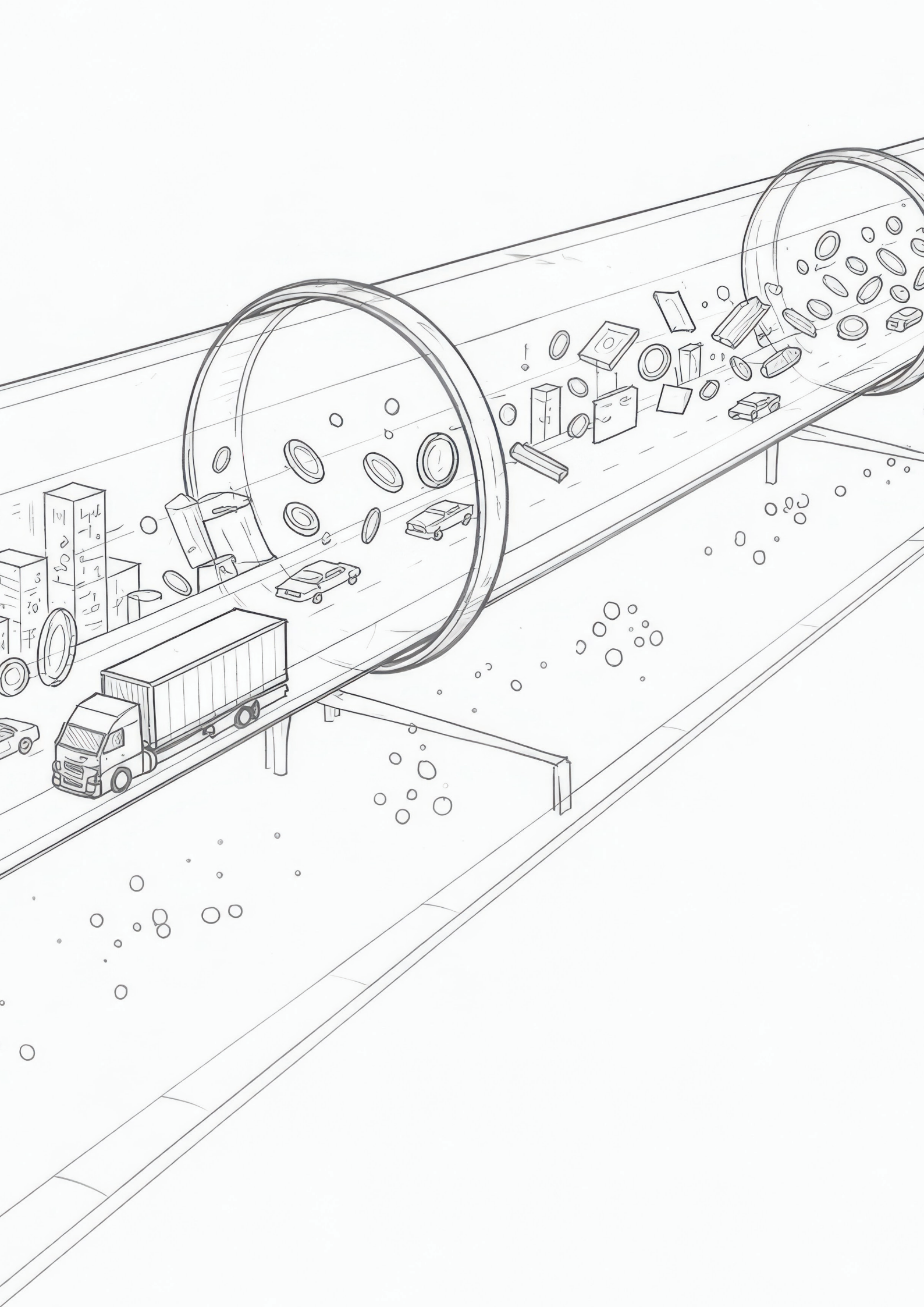
- Around 70,000 people annually make informed decisions by comparing terms for financial services on fininfo.am.
- Campaigns conducted on social media platforms to raise awareness about the utility of the Fininfo.am tool reached approximately 650,000 users and generated around 5.5 million views.
- Educational campaigns focused on effective personal finance management, conducted via the Abcfinance.am social media account, reached approximately 832,300 consumers and generated 7 million views.
- Around 85,435 consumers gain knowledge about financial management through the "Dramapanak" ("Wallet") platform, operated in partnership with the newsarmenia.am website
- Educational videos produced in collaboration with three influencers part of the "International Money Week" program have yielded about 528,000 views.

CHAPTER 4

CBA STRATEGY: CENTRAL BANK CAPACITIES

— PEOPLE
— SYSTEMS
— GOVERNANCE
— DATA





Only through the best implementation of our Central Bank capacity development strategy will we be able to realize our commitments in the area of impact.

TRANSFORMATION PROGRAM

Objective: *To introduce a continuous transformation and improvement agenda at the Central Bank.*

DoD: *The project is expected to deliver:*

- *A culture directed at the transformation of behavior and mindset;*
- *Performance management encompassing goal-setting;*
- *Governance reform covering decision-making mechanisms, delegation of authority, and the review and transformation of accountability;*
- *Work processes that are to be clarified, optimized, and continuously improved;*
- *Project management designed to build capacities for the implementation of complex and long-term projects.*

Project Timeline: *2023 – 2026*

Work completed in 2025: *2025 was the final phase of the program, during which the majority of the outcomes envisaged in the project plan were completed, and an internal culture reassessment was carried out with the aim of summarizing the program's results. The results are presented in the figure below, according to which positive progress was recorded across all areas. Taking the above into account, as well as the fact that further reforms will henceforth be implemented primarily through improvements to the systems already introduced, the program was deemed successfully completed by decision of the Project Committee. Only one program component — process optimization and improvement — was formulated as a separate project for implementation in 2026–2028.*


Direction
47
+13
Accountability
49
+8
Coordination and Control
36
+6
External Interactions
67
+7
Leadership
69
+9
Innovation and Learning
45
+13
Capabilities
71
+17
Motivation
27
+8
Work Environment
62
+8
High
Above Average
Below Average
Low

PEOPLE

Our employees perceive working at the Central Bank as a calling that allows them to contribute to the promotion of public well-being.

We create an environment and conditions in which our employees:

- ***Have a clear sense of ownership and responsibility for their work, are guided by a shared team spirit, and are ready to collaborate;***
- ***Work toward delivering results while maintaining mutual respect and trust;***
- ***Value knowledge, are always ready to share it and to learn, and strive for self-improvement;***
- ***Are confident in the assurance of the principles of diversity, equity, and inclusion, excluding any manifestation of discrimination.***

In 2025, the process of improving the performance management system continued at the Central Bank. The reforms implemented during the year were aimed at increasing individual accountability, ensuring results-orientation, and developing a collaborative culture at the Central Bank. The steps taken in this direction were designed to create a more transparent system and to clarify the link between each employee's work and the Central Bank's strategic objectives.

The development of a feedback culture contributed to improving the effectiveness of the system, within the framework of which the 360° assessment methodology was also applied. This made it possible to comprehensively evaluate not only the results achieved, but also the behavioral characteristics demonstrated in the course of achieving them.

During the year, targeted improvements were implemented aimed at resolving identified issues, reducing gaps, and improving the overall effectiveness of the system. In this context, project implementation approaches were introduced and refined, decision-making and performance evaluation processes in committees were clarified, appropriate target cascading mechanisms were applied, and a clearer link was established between performance and compensation. A task completion indicator was established with the aim of raising the level of process accountability. Our corporate values — excellence, integrity, and respect — were integrated into the evaluation system, establishing a clear interconnection between values, behavior, and measurable results.

In parallel, the principles of diversity, equity, and inclusion were consistently incorporated into all human resources management processes — recruitment, employee onboarding and integration, as well as training and development.

The development of the talent management system was carried out following a logic of continuous development. Drawing on international best practices and the examples of

other central banks, work was carried out on a phased basis aimed at identifying and classifying critical positions, as well as preparing substitutes and successors. These initiatives are directed at enhancing the Central Bank's institutional resilience in a competitive environment.

The Central Bank has also improved its learning institution culture, viewing knowledge as a strategic asset. Knowledge-sharing events contributed to the dissemination of professional expertise both on internal and external platforms, raising the Central Bank's reputation and facilitating the adoption of international best practices.

During the year, the second Young Professionals Engagement Program was launched. Around 700 students expressed interest in the opportunity to work at the Central Bank, of whom 40, having successfully passed all stages of the selection process, joined the program.

The approaches introduced contributed to ensuring impartiality and creating equal opportunities, establishing an environment in which diversity is regarded as a strategic advantage, and equality and mutual respect as the foundation of the Central Bank's sustainable development.

"What I enjoyed most was the opportunity to gain knowledge from an expert professional who, in this short period of time, managed to explain the general functions of the Central Bank of Armenia, and in particular the areas of financial risk modeling and stress testing. I now have a solid grasp of the key knowledge related to this department."

LIANA BAGHDISHYAN
American University of Armenia

"The Central Bank has a thoroughly professional yet at the same time relaxed and non-pressuring environment, which I found quite pleasant, as I prefer to work in exactly such conditions. All the staff members I interacted with during the internship were very respectful, knowledgeable, cheerful, and good-humored, which made me feel more at ease while at the same time instilling a strong sense of responsibility."

ARAKSI MISKARYAN
Ijevan Branch of Yerevan State University (CBA employee since 2025)

"I enjoyed everything at the Central Bank, but most of all the environment. People were always ready to help, and that created a sense of team unity. In addition, it was very inspiring to see how each employee constantly strives to develop their knowledge and learn new things. In such an environment, you naturally want to grow and become better yourself."

HOVIK APINYAN
University of Washington

"After a wonderful two-month internship at the Central Bank this summer, I am now pursuing a Master's degree in Economics at the London School of Economics and Political Science (LSE). I completed my undergraduate studies at the University of Manchester, graduating with distinction and receiving academic achievement awards. The internship gave me the opportunity to get to know the Central Bank's operations and work culture better, and as a result I intend to return after graduating."

DAVIT SHAHBAZYAN
University of Manchester

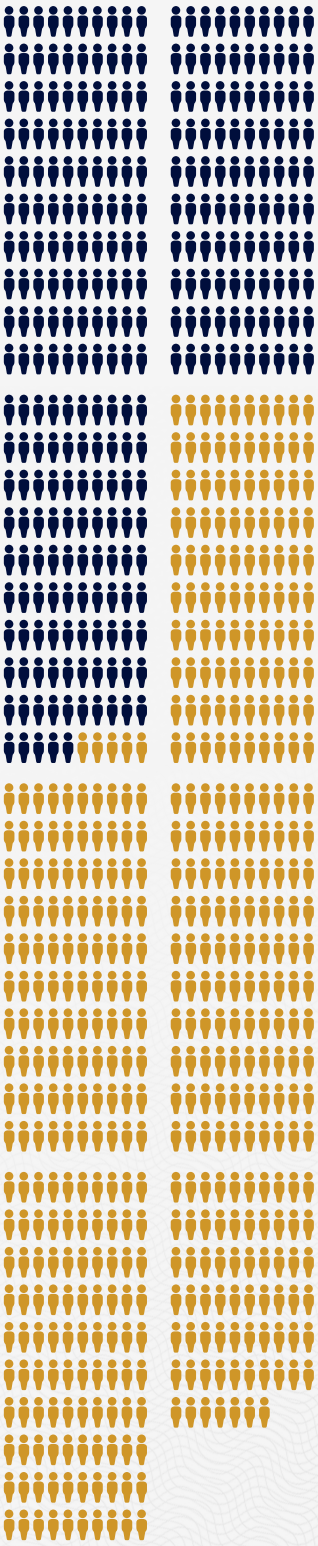
PEOPLE

Average Number of Employees

767

295
male

472
female



Number of Employees at Dilijan TRC

122

49
from Dilijan and surrounding areas



Number of New Employees

86

Turnover Percentage

13%

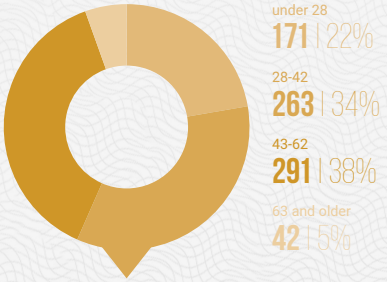
Employees' Average Years of Work Experience

11
years

Number of Student-Employees at CBA

23

Distribution of CBA Employees by Age



PEOPLE

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

Number of Internal Trainings

85

Number of Participants in Internal Trainings

238

Number of External Trainings

153

Number of Participants in External Trainings

226

Qualifications Obtained by Employees

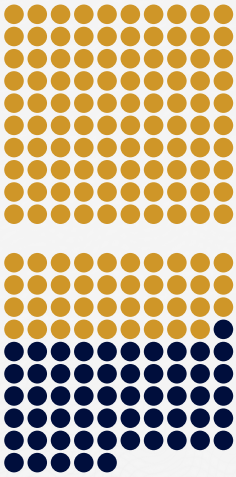
CORPORATE SOCIAL RESPONSIBILITY

Social Responsibility Events

5

Students at Dilijan Central School

195



Students Who Are Children of Central Bank Employees

56

Students at Dilijan Central Kindergarten

59



Students Who Are Children of Central Bank Employees

24

Development of Research Capacities

During the reporting year, the Central Bank implemented a number of measures aimed at the institutional development of the research environment at the Bank. In particular:

- A new organizational structure and performance management system based on updated research standards was introduced for the Center.
- A procedure was approved for research activities at the Central Bank, establishing the main objectives, standards, and procedures for conducting research, quality control, and publication.
- An external scientific advisory board was established at the Central Bank, with the involvement of leading representatives of internationally renowned universities — Christopher Palmer (MIT), Ruben Enikolopov (Universitat Pompeu Fabra), Mattias Polborn (Vanderbilt University), Vladimir Asriyan (Center for International Economics, Barcelona School of Economics), and Vardges Levonyan (University of Zurich) — with the aim of ensuring that research work is aligned with the best practices of the leading international scientific community.

Seven working papers were published by the Central Bank in 2025, covering current issues in financial stability, monetary policy, behavioral economics, and the banking system. In addition, a scientific article co-authored by Center staff, "Unveiling Price Adjustment Dynamics: Insights from Armenia," was published in the *International Advances in Economic Research* journal.[7]

Working Papers	
1	**Measuring systemic risk and macroprudential policy impact in Armenian financial system: a Growth-at-Risk approach**
2	**The Role of Information in Shaping Inflation Expectations and Perceptions: A Survey Experiment**
3	**Can Financial Behaviour Predict Driving Risk? Evidence from Armenia's Auto Insurance Market**
4	**When Risk Shifts, not Shrinks: Bank Portfolio Responses to FX Macroprudential Regulation**
5	**Exchange Rate Pass-Through To Inflation In Armenia: A Disaggregated And Shock-Based Analysis**
6	**Silent Runs in a Dollarized Banking System: Depositor-level Evidence from Financial and Geopolitical Shocks**
7	**Elasticities at the crossroads: Measuring Competition in Armenia's Banking Sector**

The findings of the aforementioned research were presented at prestigious local and international conferences, contributing to the expansion of international partnerships and the recognition of the Central Bank.

7 Unveiling Price Adjustment Dynamics: Insights from Armenia

Findings Presented	
1	51st EBES Conference – Rome
2	EcoMod Conference (International Conference on Economic Modeling)
3	5th Workshop on Financial Econometrics and Empirical Modeling of Financial Markets: New Challenges for Monetary Policy and Financial Markets
4	BEE 2025 Workshop
5	Transforming Economy - Yerevan State University
6	Annual Meetings 2025 – Armenian Economic Association

At the same time, six research summaries were published, aimed at publicly presenting current economic and financial issues and stimulating professional discussions.

Research Summaries	
1	Central Banks in the Face of Global Warming
2	The "Value" of Life in Numbers: Why Measurement Matters
3	The Impact of Distance from Total Capital Requirements on the Risk-Taking Behavior of Armenian Banks
4	Who Drives Better: Factors Affecting Car Accidents in Armenia
5	The 2025 Nobel Prize: How Knowledge and Creative Destruction Together Ensure Sustainable Growth
6	What Does Credit History Tell Us About Car Accident Risks?

During the reporting year, international-level training courses and knowledge-sharing events were also organized, including:

- An economics hackathon on fiscal and monetary policy issues, with the participation of 40 students from 6 RA universities;
- A summer school on "Socioeconomic Opportunity and Inequality," organized jointly with the Yerevan Economic School and the University of Chicago, with the participation of 24 representatives from 16 foreign and Armenian universities;
- A workshop on "Leading Armenia's Digitalization Process," organized jointly with the Information Systems Agency of Armenia, within the framework of which the challenges of implementing the digitalization strategy, international best practices (including the Estonian model), as well as data governance and inter-agency cooperation issues were discussed.

At the same time, the Central Bank of Armenia and the J-PAL research center at the Massachusetts Institute of Technology (MIT) jointly organized a workshop on "Policy Design and Evaluation," with the aim of developing the capacities of Central Bank and government agency staff in the area of economic policy design and evaluation, drawing on international best practices.

A "Research Methods" course was organized for staff of the central banks of Eurasian Economic Union member states, the purpose of which was to develop participants' capacities for conducting applied research and to strengthen their skills in the use of modern experimental tools.

In 2025, a joint workshop of the Central Bank and the American University of Armenia was held at the Center, during which ongoing research projects on the RA economy and opportunities for further cooperation were discussed.

Memoranda of understanding were signed with leading international universities, including the Massachusetts Institute of Technology (MIT), Columbia University, and Colgate University, the purpose of which is not only to institutionalize cooperation and expand research ties, but also to create a platform for engaging students from these institutions in the Center's summer internship programs.

SYSTEMS

Through our systems, we ensure individuals have everything they need to realize their potential and create new public value.

Our systems:

- ***Provide employees with a comfortable physical infrastructure that also promotes collaboration and concern for the environment;***
- ***Enable work to be carried out in the most advanced equipment and IT environment, combining functionality and human-centricity;***
- ***Are designed and implemented on the principle of "value for money";***
- ***Maintain the highest standards of physical and information security without restricting people's activities.***

In 2025, with the aim of environmental protection and maintaining a comfortable physical infrastructure, solar photovoltaic stations were installed at the buildings of the Tsaghkadzor Training Center and the Van Guesthouse. The electricity generated by these stations in 2025 accounted for 63% and 81% of total consumption respectively, which, in monetary terms, resulted in savings of 6.7 million and 1.5 million AMD respectively.

From an environmental protection perspective, the electricity generated is comparable to the planting of more than 2,000 and 500 trees respectively.

In terms of applying the "value for money" principle, significant reforms were implemented in procurement planning and initiation procedures[8], as a result of which the Procurement Plan was made substantially more comprehensive and the procurement initiation process was clarified by regulating financial risk management and introducing an additional legislative compliance assurance mechanism. The procurement planning reform will make it possible to further improve the analytical and reporting components and ensure the consistent advancement of the "value for money" principle.

For security purposes, a new centralized video surveillance system was installed, specifically 252 new cameras in Dilijan, 41 in Sisian, and 60 in Tsaghkadzor, through which video surveillance is conducted in a centralized manner from the head office, thereby improving the effectiveness of security organization and monitoring.

8 https://www.cba.am/en/board-documents/8937

GOVERNANCE

In governance, we must be guided by our values and unite around our priorities.

The purpose of governance is to:

- ***Ensure clarity of objectives and processes;***
- ***Align employee accountability with the necessary and sufficient competencies;***
- ***Facilitate effective, well-founded decision-making based on data and research;***
- ***Encourage creativity and innovation while helping employees manage risks.***

2025 was the first year of implementation of the Performance Management System, which was intended to provide employees with clarity on their objectives and their connection to the Central Bank's goals. Based on the year's results, the targets of the Central Bank's independent structural units and employees were clarified, including the setting of strategic and project targets, as well as task completion. A number of processes—such as external and internal document circulation and task management—were reviewed and improved from the perspective of ensuring process clarity, and process regulation approaches were refined. As a result, the roles and responsibilities of process participants were clarified. At year-end, the Central Bank also acquired a Business Process Management software system, which will allow for the simplification, interconnection, and automation of Central Bank processes.

With regard to the encouragement of creativity and innovation, it is necessary to reflect on the progress and results of project management. The following projects were completed in 2025:

a. System for receiving internal legal acts sent to the Central Bank;

b. Improvement of the CBA website;

c. System for the automatic cross-referencing of data in the licensing and registration system against international sanctions lists.

Number of CBA Projects

2025	in 2024
45	55

Completed Projects

2025	in 2024
3	1

RISK MANAGEMENT

Prioritizing the improvement of the effectiveness of non-financial risk management, in 2025 a change was made to the Bank's organizational structure, establishing the Risk Management Center as a centralized body for non-financial risk management.

Through this approach, our aim has been to foster a positive risk management culture and to have a unified risk management policy, to support risk owners in the risk management process, and to ensure non-financial risk management through risk monitoring and reporting.

STATISTICS ON RISK MANAGEMENT COMMITTEE MEETINGS AND ISSUES RAISED



sessions held
8

topics discussed
10

agreed-upon actions
30

COMMITTEES/COMMISSIONS

Data Management Committee
3 meetings, 10 matters



Budget Committee
24 meetings, 47 matters



Artistic Committee
10 meetings, 10 matters



Inventory Committee
5 meetings, 7 matters



Personnel Committee
1 meeting, 1 matter



Financial Stability Committee
6 meetings, 6 matters



Financial Regulation Committee
20 meetings, 65 matters



Project Management Committee
29 meetings, 109 matters



CBA Licensing and Supervision Committee
58 meetings, 578 matters



CBA Investment Commission
6 records, 7 decisions



IT and IS Committee
3 meetings, 7 matters



Executive Committee
40 meetings, 96 matters



Risk Management Committee
8 meetings, 15 matters



Ethics Committee
5 meetings, 19 matters



Audit Committee
26 meetings, 58 matters



DATA

Data is a strategic asset for us and the cornerstone of all our decisions.

We must have:

- ***Timely, complete, reliable, and accessible data that will enable the preparation and making of data-driven decisions;***
- ***Data governance approaches designed to meet not only current but also future needs;***
- ***The ability to perceive data as a public good and to implement corresponding policy;***
- ***A community that applies data governance principles ("single source of truth," "access on a need-to-know basis," etc.) in day-to-day work.***

During 2025, work was carried out in the area of employee training with the aim of building a data-driven community and culture, with two main directions identified: the continuous training of data stewards and the training of Central Bank employees. Data stewards are those employees of CBA units who have the best knowledge of the data available in their respective units. Three courses were organized for more than 15 Central Bank stewards, dedicated to the topics of "Data Ownership," "Data Modeling," and "Data Quality Assurance." At the same time, monthly meetings were organized with data stewards with the aim of making more effective use of the course knowledge.

A seminar dedicated to the topic of "Metadata" was held for Central Bank employees with the aim of more effective data governance, and seminars were also organized for various departments. At the same time, an interactive "Knowledge Café" event dedicated to data governance was held.

As a result of the work carried out, high attendance at courses and events was recorded, with a 90% satisfaction rate reported.

During the reporting year, general data governance principles were developed and approved, establishing approaches to data collection, processing, storage, and use.

Together, these principles form a comprehensive data governance framework that:

- Ensures data is collected only for clearly defined purposes;
- Clarifies the roles of data ownership and responsibility;
- Guarantees data quality by ensuring its accuracy, completeness, and applicability;
- Facilitates the flow of data between systems and units;
- Defines the data lifecycle from creation to archiving.

In 2025, the Central Bank of Armenia worked toward expanding the scope of published statistical data, the comprehensive automation of the processing and compilation of collected data, improving the quality of statistical data, refining the methodology of produced statistics, and aligning it with international standards.

The Central Bank continuously expands the sources and volume of collected data as well as develops and disseminates new statistical indicators. During the year, a number of new indicators were published, providing the public with more comprehensive information on Armenia's economy.

For the first time, the Residential Property Price Index (RPPI) of Armenia was published, based on the RA Cadastre Committee's database of actual purchase and sale transactions of residential properties. The RPPI was developed with the support of experts from the International Monetary Fund (IMF). The calculation was based on the provisions of methodological manuals developed by internationally recognized organizations in the field of official statistics methodology (Eurostat, IMF, United Nations Economic Commission for Europe, International Labour Organization, Organisation for Economic Co-operation and Development).

For the first time, the summary results of the quarterly surveys conducted by the Central Bank of Armenia were published, which reflect the financial market participants' expectations regarding the macroeconomic situation and are used in the process of formulating and implementing monetary and financial stability policies.

Work continues to be carried out toward improving the timeliness of the calculation and publication of statistical indicators, within the framework of which research work on the calculation of a real-time consumer price index using non-traditional statistical sources has been expanded and refined. A real-time monthly inflation indicator is calculated and presented to various CBA bodies and units engaged in policy formulation as the most likely short-term forecast of current inflation. The results of this work have been presented at international conferences and research workshops. Within the scope of this work, a regional workshop titled "Using Non-Traditional Data Sources for Nowcasting CPI at the Central Bank of Armenia" was also organized for specialists from the central banks of Eurasian Economic Union countries and Iran, during which specialists from the Statistics Department presented Armenia's experience, results, and challenges related to the research on calculating real-time inflation based on online information.

Acknowledging the macroeconomic significance of price-setting behavior among firms, the Division initiated a survey series covering real sector firms. These surveys were designed to elicit firms' inflation expectations, examine prevailing price-setting mechanisms, and shed light on how expectation formation may influence inflationary dynamics.
The resulting data are integrated into the monetary policy analytical framework. Within the framework of the strategic objective of perceiving statistical data as a public good, the Central Bank continues to conduct user satisfaction surveys[9] and is consistent in rapidly and effectively responding to the needs of data users in terms of calculating and publishing new indicators.

9 The surveys are conducted in two directions: external — among financial institutions, specialized universities, analytical centers, and partnering government bodies outside the CBA , and internal — among internal users of the CBA.

PROJECT: Information Exchange Between the State Revenue Committee (SRC) and Financial Institutions

Objective: *The purpose of the project is to provide the SRC and financial institutions with a seamlessly functioning software infrastructure for the secure exchange of data, to ensure the integrity of transmitted data, to facilitate the declaration submission process for individuals, and to ensure CBA oversight of the process.*

DoD: *The implementation of the project is expected to deliver:*

- *A regulation and technical description approved by the CBA Governor "On the Exchange of Summary Information on Taxpayers' Individual Bank Accounts," which will describe the exchange of information between the parties;*
- *A process description, technical description, and power of attorney template "On the Exchange of Declarants' Confidential Bank Information," which will describe the exchange of information between the parties;*
- *Software environments for information exchange.*

Project Timeline: *2024 – 2025*

Work Completed in 2025: *The "Procedure for the Exchange of Summary Information on Taxpayers' Individual Bank Accounts" was approved, on the basis of which a test environment for the data transfer program was introduced. At year-end, within the framework of the same project, the data transfer system was also launched in the production environment. During the first phase, around 7 million messages were transferred to the live environment.*

PROJECT: Project for the Near-Real-Time Reporting of Information on Foreign Currency Purchase and Sale Transactions by Financial Institutions

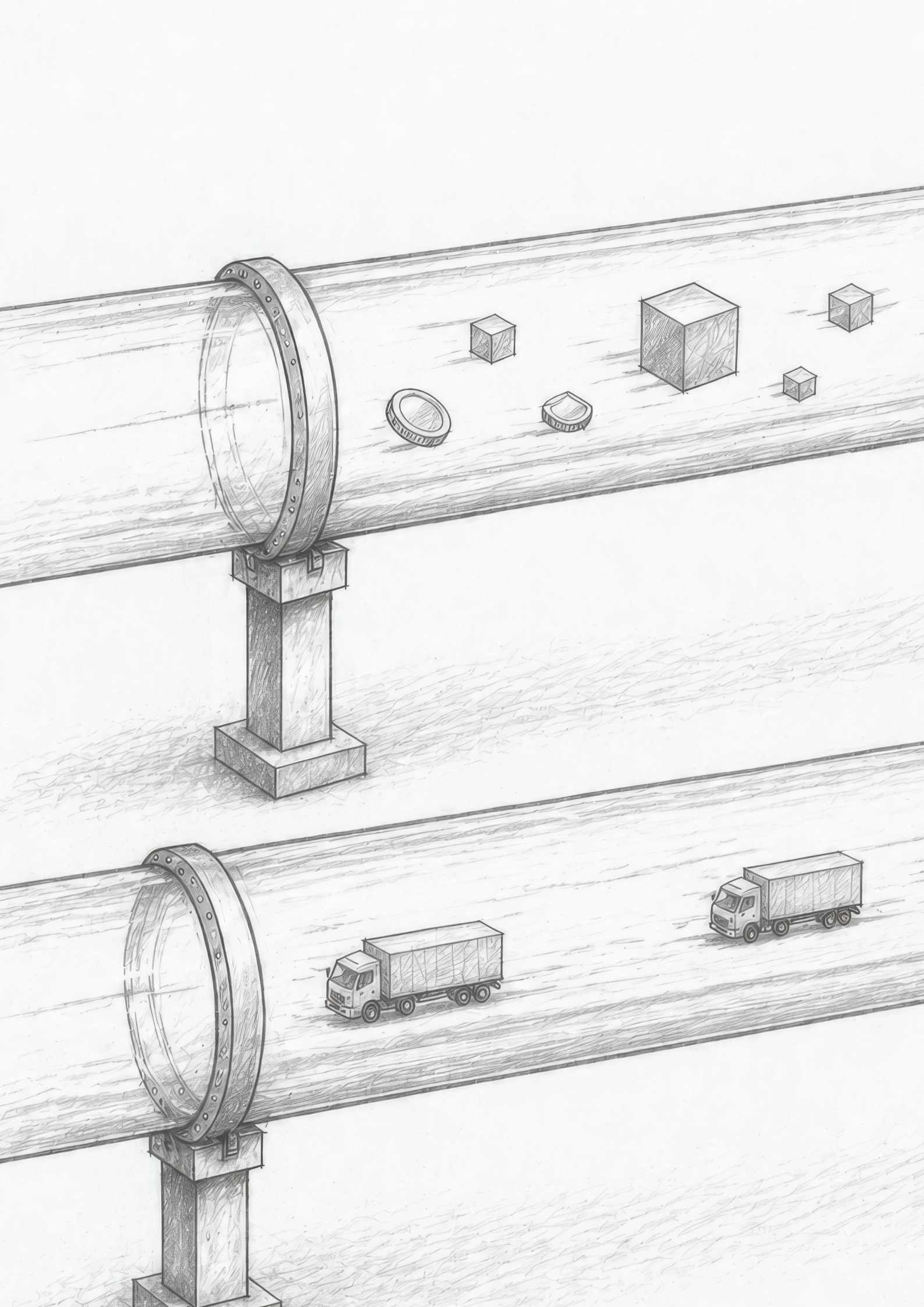
Objective: *The purpose of the project is to transition from aggregated reporting on foreign currency purchase and sale transaction data to a new reporting format of granular data collected in near-real-time. The project will give the Central Bank the flexibility to make decisions based on its own needs and will create an infrastructure for receiving high-frequency transaction data that can be used by any interested CBA unit.*

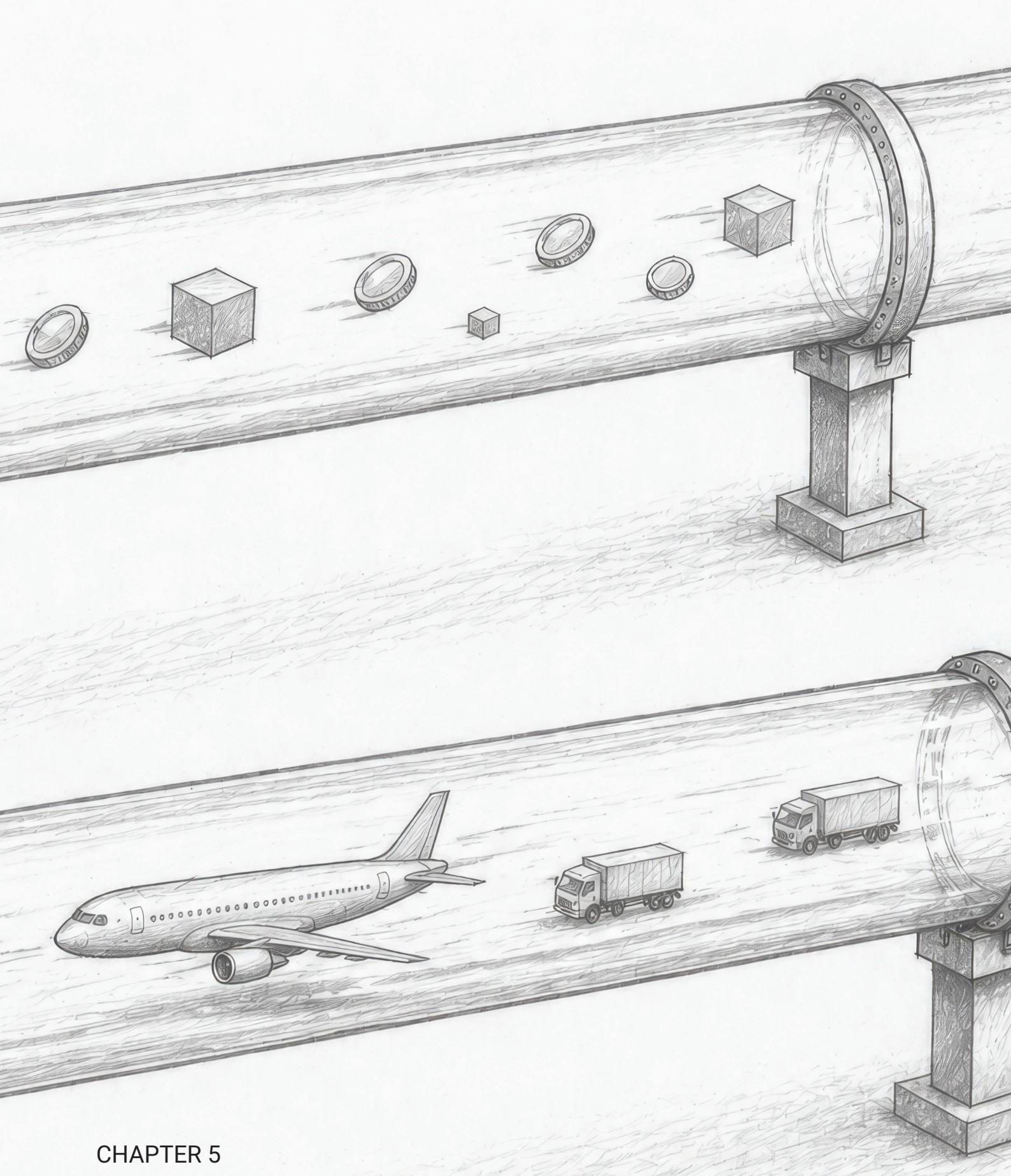
DoD: *The project is expected to deliver:*

- *An approved regulation describing foreign currency purchase and sale transaction data, their collection, and exchange with the Central Bank;*
- *An automated near-real-time data collection system;*
- *A dashboard built on the basis of the received data and displayed across various sections of the Central Bank.*

Project Timeline: 2024 – 2026

Work Completed in 2025: *The project for the near-real-time reporting of information on foreign currency purchase and sale transactions by financial institutions was approved, and an external team was engaged within the framework of the project. The team carried out the development of the system's functional requirements and the work of forming the architecture and technical environments.*





CHAPTER 5

COMMUNICATIONS

We must achieve a high reputation through accountability for the achievement of our objectives and transparency of our actions.

Communication will be carried out by:

- *Incorporating the principles of transparency and accountability into all decisions of public importance;*
- *Providing feedback and data systems for public policy;*
- *Including the necessary educational component and viewing it as a public good and social responsibility;*
- *Communicating not only facts, but also objectives and intentions.*

In 2025, the Central Bank's communication policy continued to be shaped in line with strategic priorities, ensuring the consistent development of transparency, accountability, public engagement, and the educational component.

During the reporting year, the Central Bank continued to raise the level of transparency of its activities, ensuring the open and accessible presentation of decisions of public significance.

In particular, active and systematic communication with the public and media was ensured with the aim of timely dissemination of information and strengthening accountability.

During the year, collaboration with two internationally reputable publications — Forbes Magazine, published in Germany, Austria, and Switzerland, and the UAE's Khaleej Times weekly — also contributed to the broader presentation of Central Bank policies and positions.

At the same time, the Central Bank's new website, launched on May 22, 2025, with its modernized design and multilingual and mobile solutions, significantly improved the accessibility of information, ensuring more comprehensive and targeted communication with the public.

MANDATE

What are the tasks of the Central Bank of Armenia?

Supervise the activities of banks	157	14.81%
Ensure financial stability	146	13.78%
Maintain a stable exchange rate	143	13.49%
Ensure price stability	102	9.62%
Encourage economic growth and employment	96	9.06%
Provide loans to citizens	89	8.40%
Set the refinancing rate	88	8.30%
Issue banknotes	88	8.30%
Provide loans to banks	74	6.98%
Provide loans to the government	65	6.13%
Difficult to answer	12	1.13%
Total	**2406**	**100%**

Only 9.6% correctly stated that the Central Bank is responsible for price stability. 13.8% correctly stated that the Central Bank is responsible for financial stability.

For comparison, in 2024, 20.2% of survey participants stated that the Central Bank is responsible for price stability in the Republic of Armenia.

There is a somewhat positive correlation between respondents' education levels and correct response rates.

Respondents' Education Level	Secondary	Higher
Ensure financial stability	11.8%	15%
Ensure price stability	7.2%	10.9%
Supervise the activities of banks	16.5%	14.1%
Maintain a stable exchange rate	13.6%	13.2%
Set the refinancing rate	8.7%	8.2%
Encourage economic growth and employment	9%	9.1%
Issue banknotes	5.8%	9.9%
Provide loans to citizens	14.5%	5.7%
Provide loans to banks	7.5%	7%
Provide loans to the government	5.5%	6.7%

INDEPENDENCE

To what extent is the Central Bank independent of political influence?

Partially independent	130	38.24%
Not at all independent	87	25.59%
Completely independent	79	23.24%
Difficult to answer	44	12.94%
Total	**340**	**100%**

TRUST AND TRANSPARENCY

How much do you trust the Central Bank?

Completely trust	**169**	49.42%
Partially trust	**140**	40.94%
Not at all trust	**22**	6.43%
Difficult to answer	**11**	3.22%
Total	**342**	**100%**

How transparent is the Central Bank in presenting its policy decisions?

Partially transparent	**143**	42.18%
Completely transparent	**76**	22.42%
Difficult to answer	**69**	20.35%
Not transparent at all	**51**	15.04%
Total	**339**	**100%**

OVERALL PERCEPTION

What is your opinion of the Central Bank?

Positive	194	57.06%
Neutral	129	37.94%
Negative	11	3.24%
Difficult to answer	6	1.76%
Total	**340**	**100%**

Does the Central Bank act in the interest of citizens?

Partially yes	340	44.51%
Yes	150	38.28%
No	129	12.46%
Difficult to answer	42	4.75%
Total	**340**	**100%**

Over the past five years, your opinion about the Central Bank has...

Remained the same	138	40.95%
Changed for the better	127	37.69%
Difficult to answer	41	12.17%
Changed for the worse	31	9.20%
Total	**337**	**100%**

POLICY EFFECTIVENESS

How effective is the policy pursued by the Central Bank in ensuring price stability in the Republic of Armenia?

Partially effective	142	41.16%
Effective	103	29.86%
Not at all effective	61	17.68%
Difficult to answer	39	11.30%
Total	**345**	**100%**

To what extent is the Central Bank able to keep the financial system free from crises?

Partially able	202	58.72%
Completely able	81	23.55%
Difficult to answer	31	9.01%
Not at all able	30	8.72%
Total	**344**	**100%**

MAIN CHALLENGE

What is the main challenge of the Central Bank?

Financial system stability	140	40.94%
Ensuring price stability	99	28.95%
Strengthening public confidence	95	27.78%
Reducing unemployment and economic growth	69	20.18%
Political challenges	32	9.36%
Difficult to answer	16	4.68%
Total	**451**	**100%**

AWARENESS AND INTEREST

How informed are you about the activities of the Central Bank of Armenia?

Not informed at all	900	75.19%	
Partly informed	232	19.38%	
Informed	65	5.43%	
Difficult to answer	0	0.00%	
Total	**1197**	**100%**	

How interested are you in information about the Central Bank and its policies?

Not at all interested	860	71.49%	
Partly interested	175	14.55%	
Interested	166	13.80%	
Difficult to answer	2	0.17%	
Total	**1203**	**100%**	

SOURCES OF INFORMATION ABOUT THE CENTRAL BANK

Do you follow information about the Central Bank?

Sometimes	136	40.84%
Rarely	102	30.63%
Never	70	21.02%
Always	25	7.51%
Total	**322**	**100%**

Which official Central Bank information source do you use?

None	157	47.87%
Facebook page	104	31.71%
Official website	65	19.82%
YouTube channel	28	8.54%
LinkedIn page	10	3.05%
Total	**364**	**100%**

Do you follow press conferences and interviews of Central Bank officials?

No, but I have seen news coverage	145	43.67%
Never	97	29.22%
Sometimes	71	21.39%
Always	19	5.72%
Total	**332**	**100%**

ACCESSIBILITY AND FORMAT OF CENTRAL BANK CONTENT

To what extent are Central Bank communications (press conferences, interviews) understandable?

Completely understandable	125	40.98%
Partially understandable	124	40.66%
Difficult to answer	51	16.72%
Not understandable at all	5	1.64%
Total	**305**	**100%**

What type of information would you like to receive more of from the Central Bank?

Short educational videos	145	34.12%
Statistical data	107	25.18%
Justifications for decisions	80	18.82%
Analytical materials	75	17.65%
Difficult to answer	18	4.23%
Total	**425**	**100%**

GENERAL INFORMATION SOURCES

Which sources do you mainly use to obtain information?

Facebook	554	27.02%
Television	453	22.10%
YouTube	278	13.56%
News websites	254	12.39%
Other	187	9.12%
Friends and family	154	7.51%
Radio	71	3.46%
LinkedIn	58	2.83%
Daily newspaper, weekly newspaper, monthly	41	2.00%
Total	**2050**	**100%**

If social media, please specify which social media.

Facebook	56	48.28%
Instagram	29	25.00%
Telegram	13	11.21%
TikTok	9	7.76%
various websites	3	2.59%
news.am	2	1.72%
Total	**116**	**100%**

Which sources do you mainly use to obtain information?

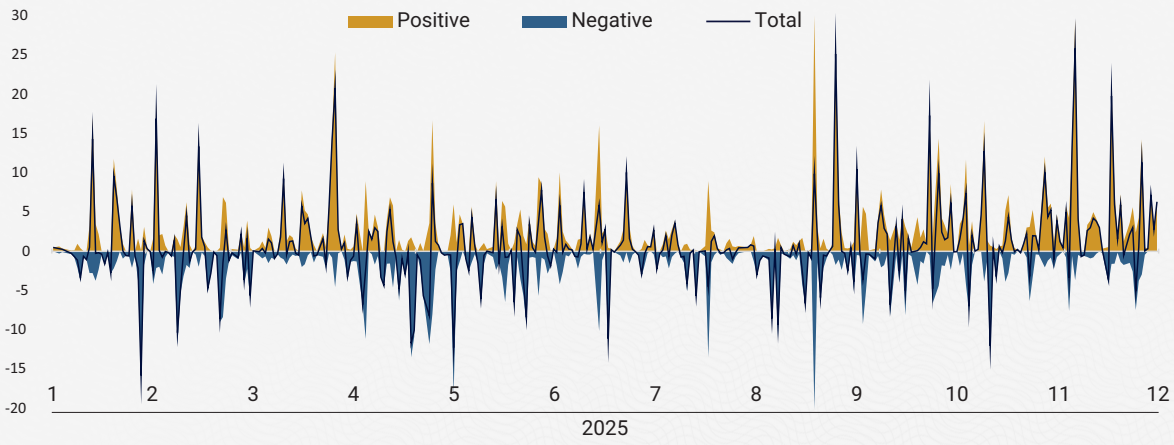
Armenia TV	75	30.99%
First Public Television Company	65	26.86%
Shant TV	49	20.25%
Various channels	13	5.37%
ATV	7	2.89%
Armenian channels	6	2.48%
Kentron	5	2.07%
5 TV Channel	3	1.24%
Total	**233**	**100%**

The Central Bank continued to develop mechanisms for interaction with citizens, ensuring two-way communication and promoting active public engagement. In parallel, the audience of digital platforms expanded, reflecting the continuous development of communication and the growth of the target audience.

At the same time, in addition to the analysis of quantitative feedback data, the Central Bank piloted qualitative sentiment analysis tools regarding attitudes toward the Central Bank, planning for their final introduction and the institutionalization of communication policy development on their basis in the coming years.

Figure 3

News and articles about the CBA, CBA Board, and CBA public activity groups



The Central Bank's communication strategy in 2025 was aimed not only at conveying facts, but also at presenting the objectives and rationale underlying the Bank's policies.

In this regard, it is important to highlight the Central Bank's communications with sector representatives during the introduction of the regulatory framework for crypto-assets. In particular, both before and after the adoption of the Law on Crypto-Assets — at each stage of the clarification of the Central Bank's relevant regulatory documents — meetings were organized with both professional associations representing the sector and individual representatives, in order to discuss the issues raised by them, address existing problems, and clarify the expected regulatory approaches.

Public Relations: 2025 Data

FACEBOOK

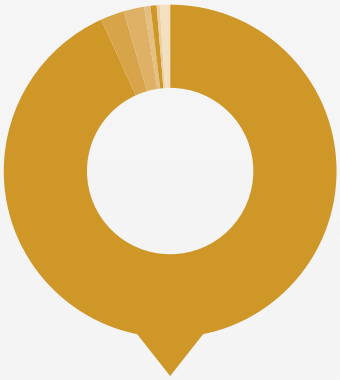
Number of Followers

2025	2024
▲ 19041	17067

Number of Posts

2025	2024
▲ 196	194

By Country



Armenia	93.2%
USA	2.3%
Russia	2.0%
France	0.6%
Germany	0.6%
Georgia	0.3%
Other	1.0%

By Age

25-34	40.9%
35-44	31.0%
45-54	12.2%
18-24	10.7%
55-64	3.2%
65+	2.0%

Facebook follower demographic data is unavailable in numbers.

CBA Official Website

YOUTUBE

Number of Followers

▲ **1237** 2025 **970** 2024

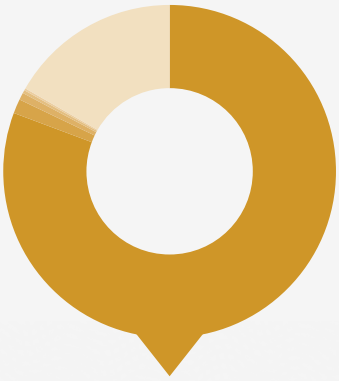
Number of Posts

▲ **55** 2025 **45** 2024

Total Views

▼ **33701** 2025 **77565** 2024

By Country



Armenia	80.7%
Russia	1.4%
USA	0.7%
Georgia	0.3%
Germany	0.2%
Other	16.7%

By Age

35-44	27.9%
25-34	18.9%
65+	18.8%
55-64	16.2%
45-54	14.3%
18-24	3.9%
13-17	0%

By Gender

Men	60.8%
Women	39.3%

LINKEDIN

Number of Followers

▲ **19506** 2025 **14987** 2024

Press

Press Conferences and Events

▲ 10 (2025) 9 (2024)

Interviews

▼ 2 (2025) 10 (2024)

Reportages

▼ 22 (2025) 23 (2024)

Written Media Inquiries

▼ 59 (2025) 77 (2024)

Materials/Inquiries from Reputable International Periodicals

▶ 2 (2025)

Response Rate, in days

▲ 7.6 (2025) 7.2 (2024)

Inquiries Received via Website

▼ 318 (2025) 454 (2024)

Inquiries Received via Social Media

▲ 211 (2025) 209 (2024)

Press Releases

▲ 39 (2025) 35 (2024)

Calls and Inquiries Received by the Central Bank

Total Number of Calls

▲ 13470 (2025) 12024 (2024)

	Inquiries	Requests	Complaints	Notifications	Suggestions
	▲ 8037 (2025) 7117 (2024)	▲ 3952 (2025) 3505 (2024)	▲ 1476 (2025) 1317 (2024)	▼ 2 (2025) 52 (2024)	▼ 3 (2025) 33 (2024)

Number of Written Submissions

▲ 1514 (2025) 1204 (2024)

	Inquiries	Requests	Complaints	Notifications	Suggestions
	▼ 143 (2025) 198 (2024)	▲ 313 (2025) 312 (2024)	▲ 1023 (2025) 652 (2024)	▼ 28 (2025) 33 (2024)	▼ 7 (2025) 9 (2024)

VISITOR CENTER

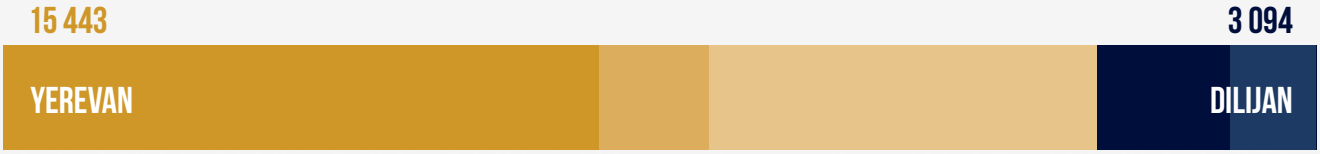
Visitors

in 2025

18 537

compared to 2024

15 682 | +18%



students **8 415**

teachers/ parents **1 546**

other individuals **5 482**

visitors from educational institutions **1 885**

guests **1 209**

"DAY AT THE CENTRAL BANK" PROGRAM

YEREVAN VC

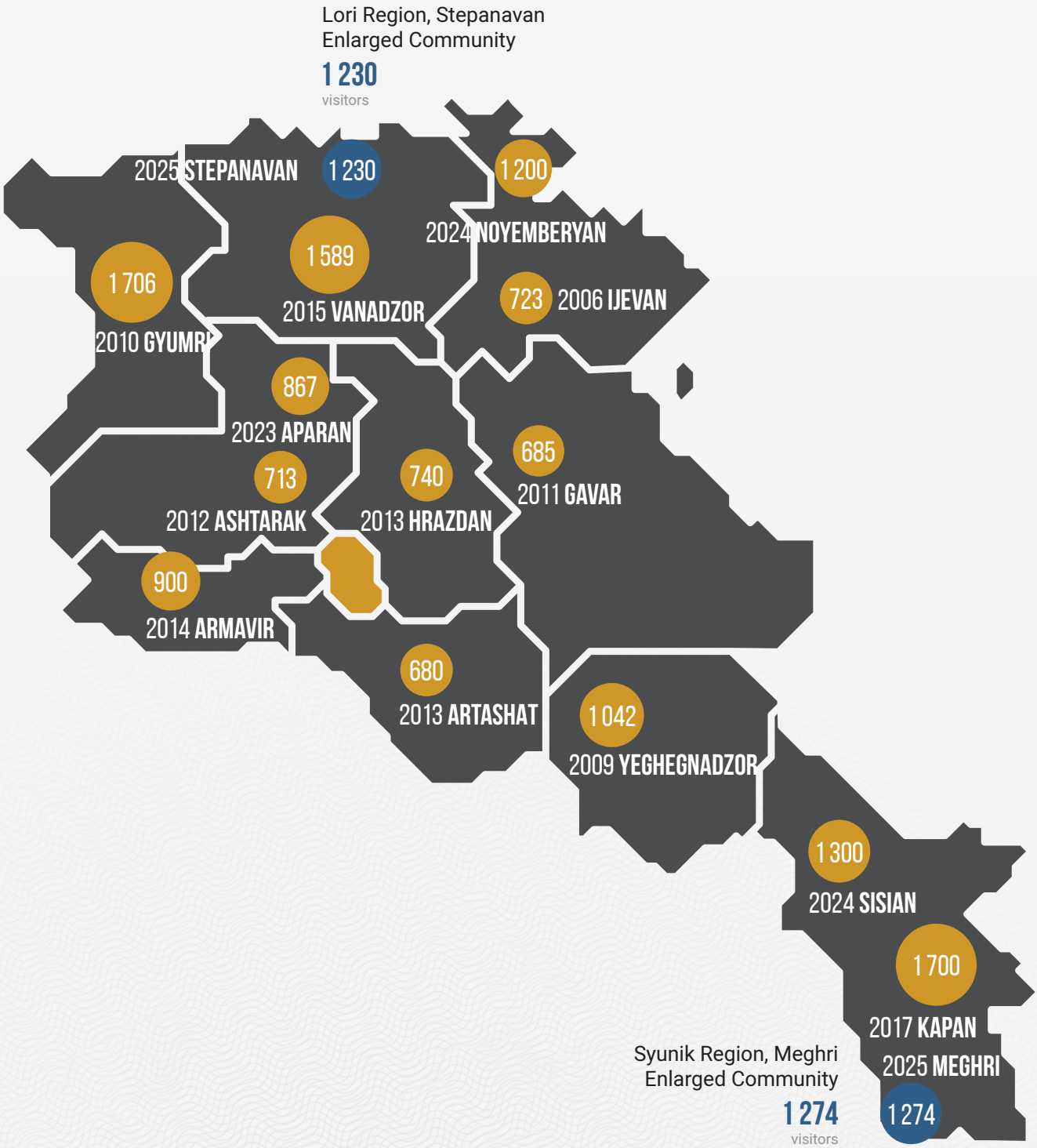
179

148 servicemembers/ students/ lecturers

31 teachers



TIMELINE AND GEOGRAPHY OF TRAVELING EXHIBITIONS



CBA VISITOR CENTER

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

2 175
visitors

VISITS TO FACEBOOK PAGE

YEREVAN VISITOR CENTER

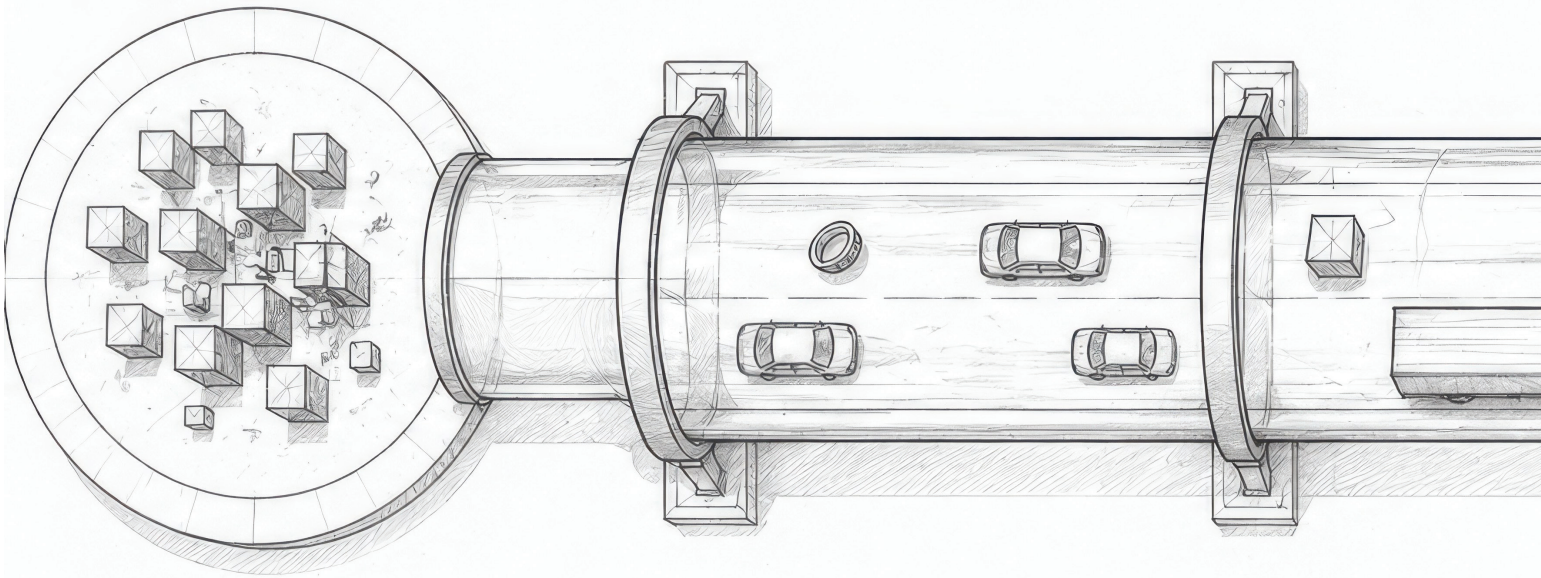
number of visits	reach	views
8 336	**28 810**	**87 140**

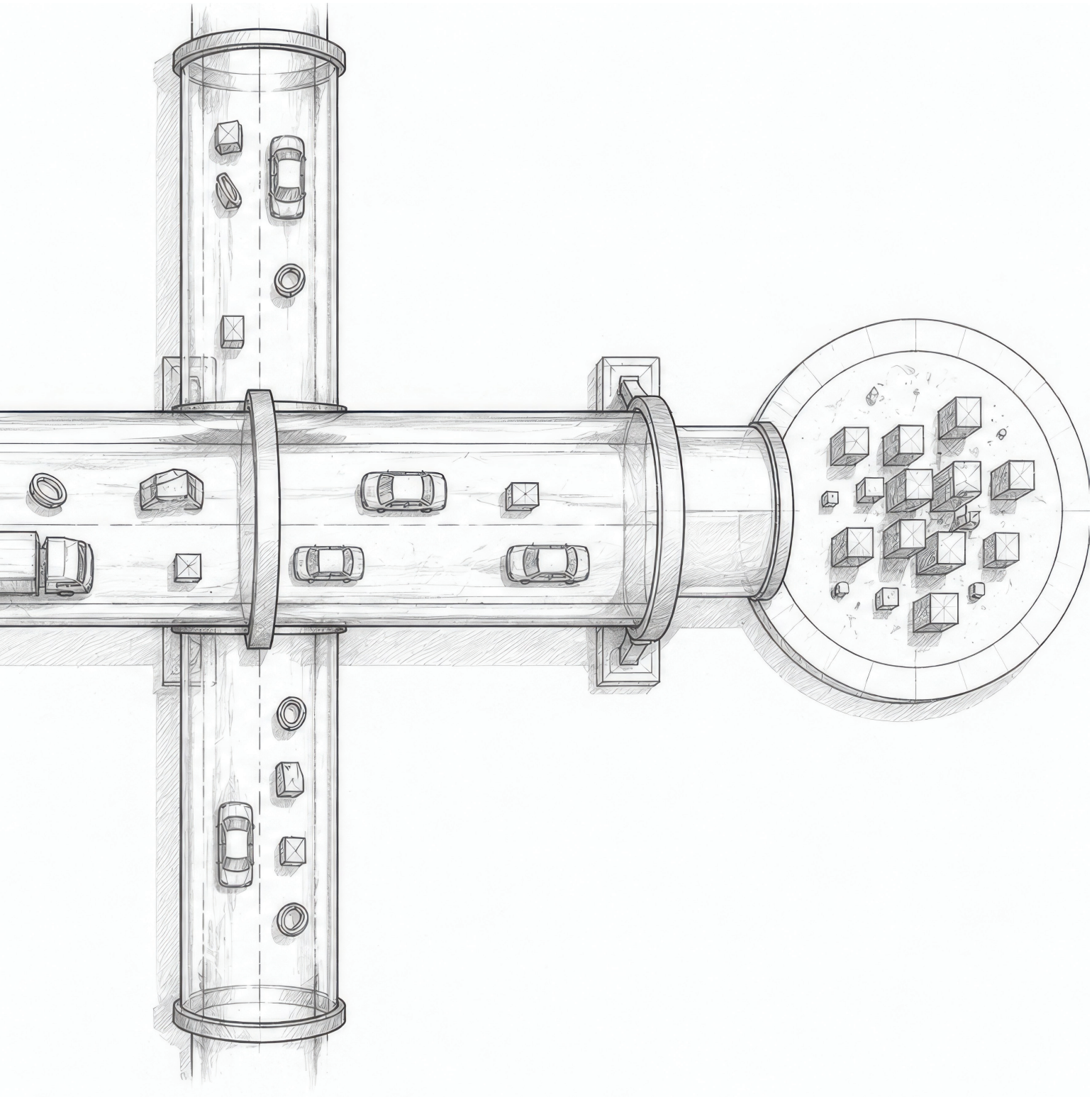
DILIJAN VISITOR CENTER

number of visits	reach	views
7 751	**24 312**	**75 669**

CHAPTER 6

CBA OPERATIONS: CURRENCY ISSUANCE AND CASH CIRCULATION MANAGEMENT



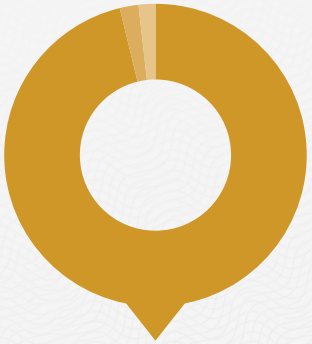


As in previous years, the organization and regulation of cash circulation during the reporting year were carried out in line with the principles of reliability, convenience, efficiency, and continuity. The Central Bank ensured uninterrupted fulfillment of the economy's demand for cash, via commercial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

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 4

Central Bank Cash Turnover in 2025



Yerevan Cash Center
96.2%
Sisian RCC
2.0%
Dilijan RCC
1.8%

The Central Bank continued its partnerships with law enforcement agencies in the fight against money counterfeiting. The Central Bank carried out work on the detection and examination of counterfeit banknotes, as a result of which law enforcement agencies were provided with relevant information on the methods and forms of counterfeiting.

In its efforts to combat money laundering, the Central Bank, together with the Union of Banks of Armenia, conducted training for cashiers. Cashiers working at cash centers of commercial banks were the primary target of the training.

CASH CIRCULATION

Cash Supply
▲ 16.8%

Total CBA Cash Turnover
▼ 20.8%

Total CBA Cash Turnover
▼ 2,754.0 BIL. ֏
2025

3,476.4 BIL. ֏
2024

decrease
722.4 BIL. ֏

consisting of
in Yerevan
▼ 2,650.0 BIL. ֏
2025

3,373.0 BIL. ֏
2024

decrease
723.0 BIL. ֏

in the RCCs
▲ 104.0 BIL. ֏
2025

103,4 BIL. ֏
2024

increase
0.6 BIL. ֏

CBA Cash Circulation
3,8%

Withdrawals accounted for
59.1%
of total RCC turnover

Changes in the Type Structure of Cash Outside the Central Bank Compared to 2024

1,000 ֏	2,000 ֏	5,000 ֏	10,000 ֏	20,000 ֏	50,000 ֏	100,000 ֏
▲ +2.0%	▼ -7.4%	▲ +2.6%	▲ +10.8%	▲ +22.0%	▲ +2.2%	▲ +1.3%
				weight in overall volume of banknotes 73.9%		

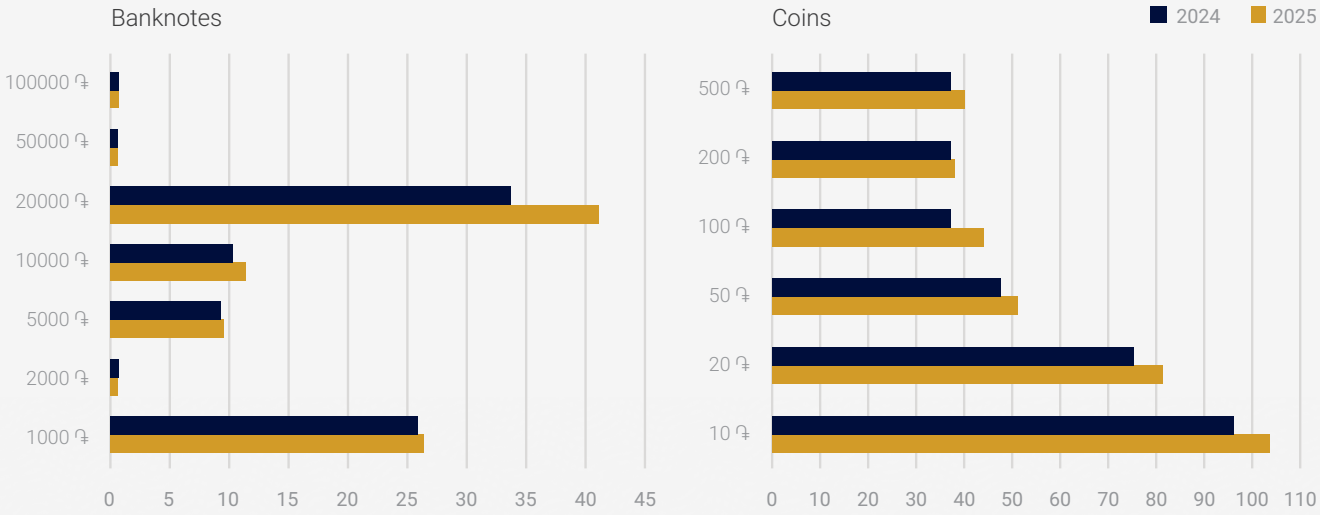
Mass of Coins in Circulation

37.4 BIL. ֏
compared to 2024
+3.2%

100 ֏	200 ֏	500 ֏
▲ +18.2%	▲ +2.0%	▲ +7.8%
weight in overall volume of coins 11.6%	weight in overall volume of coins 20.1%	weight in overall volume of coins 53.0%

Figure 5

Type Structure of Banknotes and Coins Outside of CBA as of the End of 2024-2025 (In Millions)



Number of Collector Coins in Circulation

▼ 900 (2025) 3900 (2024)

Gold Collector Coins

▼ 600 (2025) 1100 (2024)

Silver Collector Coins

▼ 300 (2025) 2800 (2024)

Number of Collector Coins and Investment Coins Sold in the Foreign Market

▲ 1.243.772 (2025) 710.739 (2024)

Gold Collector Coins

▼ 299 (2025) 2044 (2024)

Silver Collector Coins

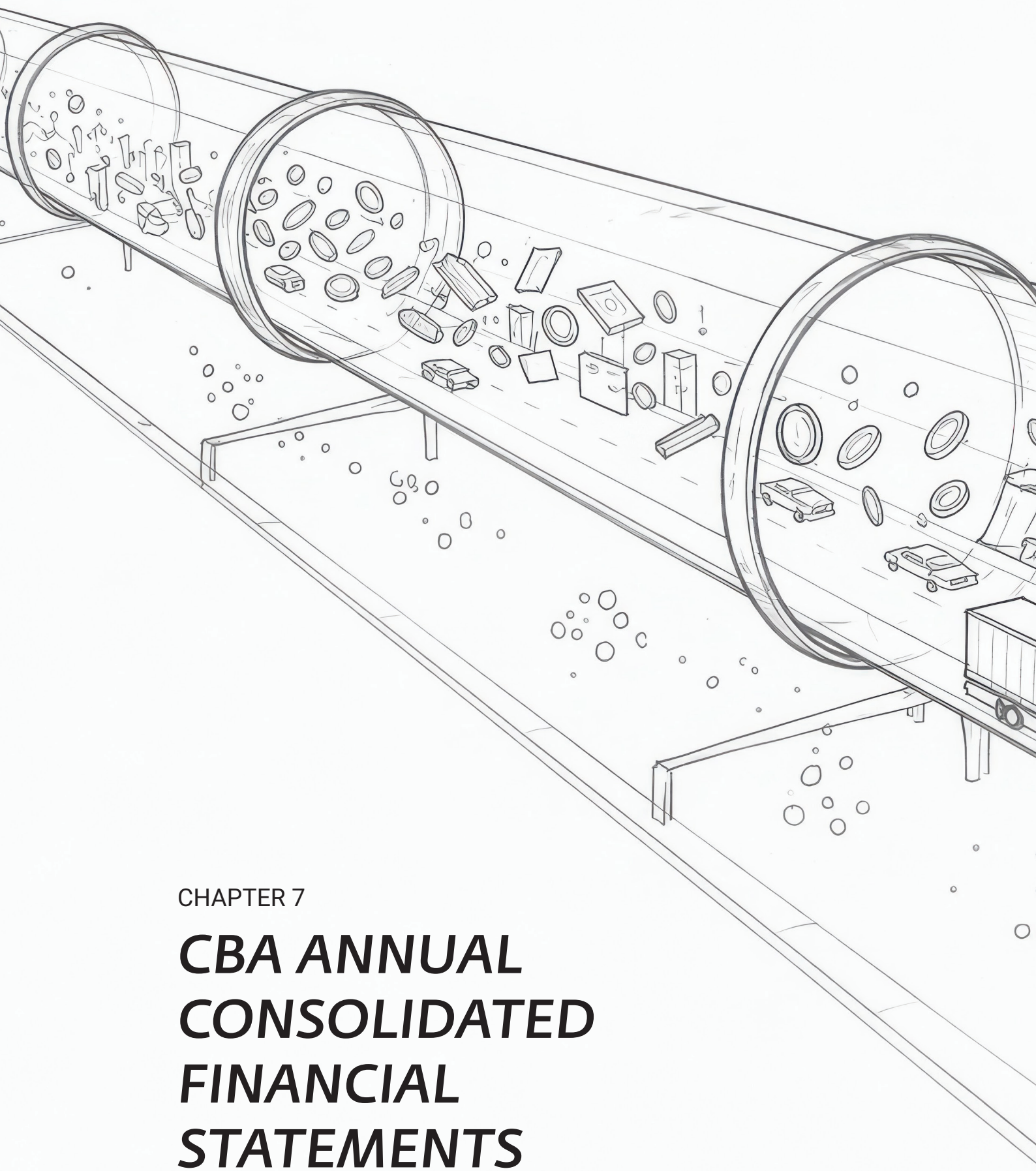
▼ 160 (2025) 1300 (2024)

Gold Investment Coins

▲ 19.450 (2025) 14.806 (2024)

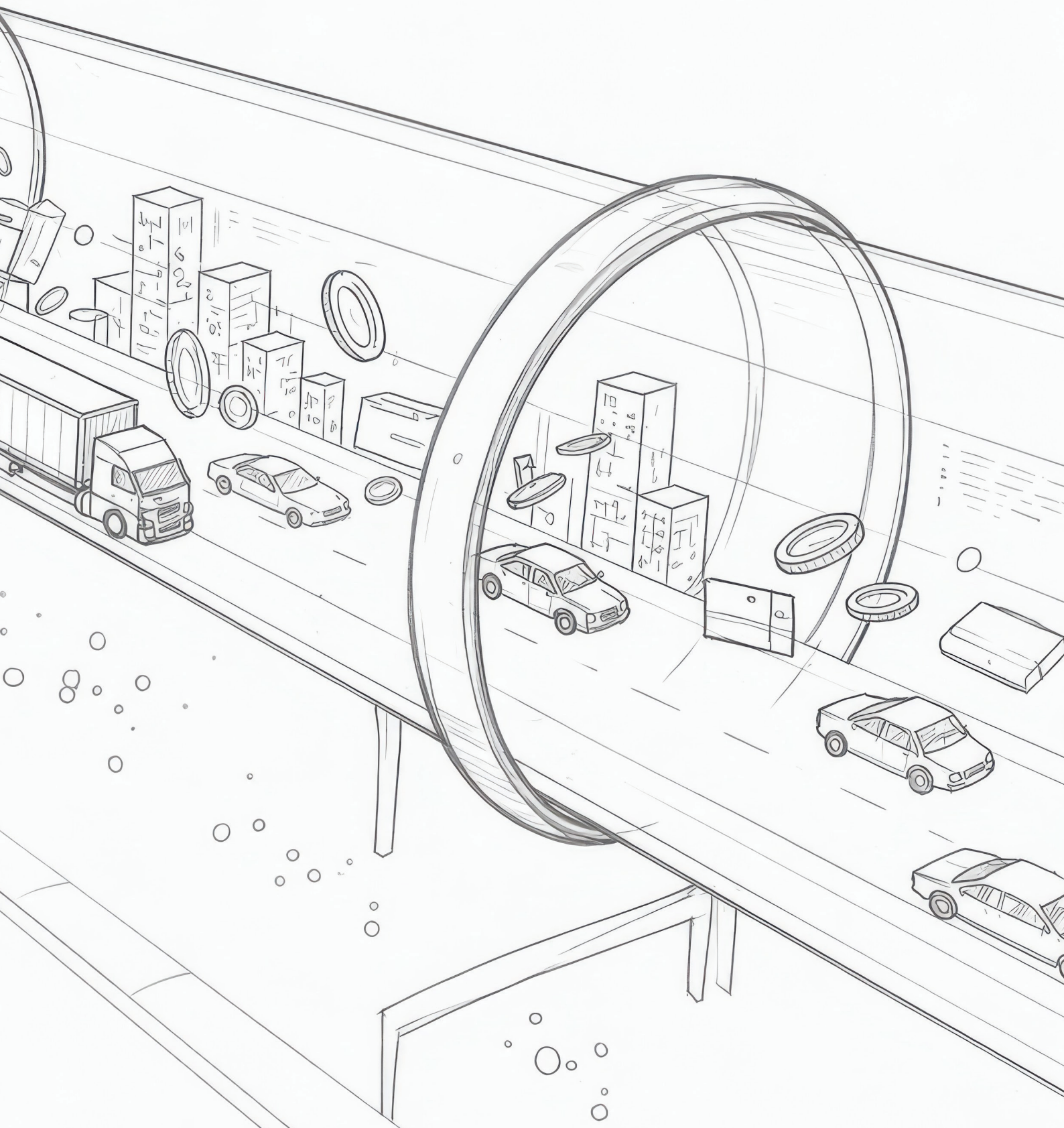
Silver Investment Coins

▲ 1.223.863 (2025) 692.589 (2024)



CHAPTER 7

CBA ANNUAL CONSOLIDATED FINANCIAL STATEMENTS



Central Bank of the Republic of Armenia

Consolidated Financial Statements

For the year ended 31 December 2025
together with independent auditor's report

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Վստահորեն
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Independent auditor's 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 (hereinafter, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy 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 2025 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the 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. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those statements on 28 March 2025.

Վստահորեն
կերտելով ապագան

Responsibilities of management and the Audit committee of the Central Bank of the Republic of Armenia 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.

The Audit committee of the Central Bank of the Republic of Armenia is responsible for overseeing the Group's financial reporting process.

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

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

- Identify and assess the risks of material misstatement of the 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- 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 auditor's 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 auditor's 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 consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit committee of the Central Bank of the Republic of Armenia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young CJSC
Yerevan, Armenia

General Director
Partner (Assurance)

Eric Hayrapetyan

30 March 2026

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

In thousands of Armenian Drams	Note	31 December 2025	31 December 2024
Interest income	4	**107,092,618**	97,880,728
Interest expense	5	**(56,483,285)**	(53,702,628)
Net interest income		**50,609,333**	44,178,100
Credit loss expense	12, 15	**(3,630,497)**	(18,904,810)
Net interest income after credit loss allowance		**46,978,836**	25,273,290
Fee and commission income from banking operations		**63,478**	60,325
Fee and commission expense		**(764,805)**	(1,011,746)
Net foreign exchange loss	6	**(7,133,989)**	(7,768,851)
Net (loss)/gain on derivatives	7	**(558,329)**	349,450
Net gain on financial assets at fair value through profit or loss	8	**30,645,859**	32,708,232
Other income	9	**10,032,839**	9,516,567
Impairment loss of investments in associates	15.3	**–**	(13,959,047)
Cost of production of banknotes, coins and numismatics	10	**(1,396,288)**	(5,519,044)
Other expenses	11	**(27,586,362)**	(23,091,082)
Profit before tax		**50,281,239**	16,558,094
Income tax expense		**(2,622,482)**	(119,970)
Profit for the year		**47,658,757**	16,438,124
Profit is attributable to:			
Owners of the Bank		**47,421,513**	16,146,230
Non-controlling interest		**237,244**	291,894
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 at fair value through other comprehensive income		**793,535**	43,756
Share of other comprehensive (loss)/income of associates		**(65,632)**	52,251
Changes in allowance for expected credit losses of debt financial assets at fair value through other comprehensive income	15	**935**	(39,774)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**728,838**	56,233
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		**271,280**	(33,133)
Total other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods		**271,280**	(33,133)
Other comprehensive income for the year		**1,000,118**	23,100
Total comprehensive income for the year		**48,658,875**	16,461,224
Total comprehensive income for the year is attributable to:			
Owners of the Bank		**48,416,580**	16,146,575
Non-controlling interest		**242,295**	314,649

These consolidated financial statements were approved by the Board of the Central Bank of the Republic of Armenia on 30 March 2026 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 2025

In thousands of Armenian Drams	Note	31 December 2025	31 December 2024
Assets			
Foreign currency assets			
Cash		**13,653,100**	14,247,091
Placements with banks and other financial institutions	12.1	**1,130,684,171**	708,954,455
Financial assets at fair value through profit or loss	13	**800,509,074**	749,528,974
Derivative financial assets	14	**109,149**	158,575
Financial assets measured at fair value through other comprehensive income	15.1	**12,010,268**	11,933,770
Placements with the IMF	16	**67,839,348**	67,395,555
Other assets		**70,814**	128,732
Total foreign currency assets		**2,024,875,924**	1,552,347,152
Domestic currency assets			
Placements with banks, other financial institutions and other financial assets	12.2	**1,064,549,317**	1,156,222,367
Financial assets measured at fair value through other comprehensive income	15.2	**119,400,145**	159,104,142
Investments in associates	15.3	**26,930,576**	21,468,457
Financial assets at amortized cost	15.4	**24,492,212**	20,684,983
Property and equipment	17	**60,087,509**	61,489,492
Intangible assets	18	**2,998,565**	3,711,591
Other assets	19	**10,765,731**	10,992,486
Total domestic currency assets		**1,309,224,055**	1,433,673,518
Total assets		**3,334,099,979**	2,986,020,670
Liabilities			
Foreign currency liabilities			
Deposits and accounts of financial and other institutions	20	**703,316,671**	528,591,755
Due to the Government of the Republic of Armenia	23	**1,121,909**	1,394,968
Derivative financial liabilities	14	**361,548**	–
Due to the IMF	16	**192,583,977**	199,084,273
Other borrowed funds	21	**181,817,469**	188,180,354
Debt securities issued	24	**9,903,707**	10,291,731
Other liabilities		**397,151**	299,528
Total foreign currency liabilities		**1,089,502,432**	927,842,609
Domestic currency liabilities			
Notes and coins in circulation		**1,152,022,629**	986,167,919
Deposits and accounts of financial and other institutions	20	**532,814,899**	594,842,767
Due to the Government of the Republic of Armenia	23	**496,225,179**	427,589,657
Debt securities issued	24	**30,073,132**	27,032,225
Other liabilities	22	**4,701,691**	4,507,141
Total domestic currency liabilities		**2,215,837,530**	2,040,139,709
Total liabilities		**3,305,339,962**	2,967,982,318
Equity			
Issued capital	25	**100,000**	100,000
General reserve	25	**63,111,064**	53,626,761
Promissory note issued by the Government of the Republic of Armenia	25	**111,583,062**	149,520,272
Other reserves	25	**3,571,324**	2,576,257
Accumulated deficit		**(152,881,993)**	(190,819,203)
Net assets attributable to owners of the Bank		**25,483,457**	15,004,087
Non-controlling interest		**3,276,560**	3,034,265
Total equity		**28,760,017**	18,038,352
Total liabilities and equity		**3,334,099,979**	2,986,020,670

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 2025

	Attributable to owners of the Bank							
In thousands of Armenian Drams	Issued capital	General reserve	Promissory note issued by the Government of the RA	Other reserves	Accumulated deficit	Total	Non-controlling interest	Total equity
Balance at 1 January 2024	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 of 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**
Total comprehensive income								
Profit for the year	**–**	**–**	**–**	**–**	**47,421,513**	**47,421,513**	**237,244**	**47,658,757**
Other comprehensive income	**–**	**–**	**–**	**995,067**	**–**	**995,067**	**5,051**	**1,000,118**
Total comprehensive income for the year	**–**	**–**	**–**	**995,067**	**47,421,513**	**48,416,580**	**242,295**	**48,658,875**
Proportion of 2025 profit subject to distribution in the form of set-off with the promissory note by the Government of the RA *(Notes 15.2, 25)*	**–**	**–**	**(37,937,210)**	**–**	**–**	**(37,937,210)**	**–**	**(37,937,210)**
Portion of 2025 profits allocated to general reserve	**–**	**9,484,303**	**–**	**–**	**(9,484,303)**	**–**	**–**	**–**
Total transactions with the Founder of the Bank	**–**	**9,484,303**	**(37,937,210)**	**–**	**(9,484,303)**	**(37,937,210)**	**–**	**(37,937,210)**
Balance at 31 December 2025	**100,000**	**63,111,064**	**111,583,062**	**3,571,324**	**(152,881,993)**	**25,483,457**	**3,276,560**	**28,760,017**

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 2025

In thousands of Armenian Drams	Note	31 December 2025	31 December 2024
Operating activities			
Profit before tax		**50,281,239**	16,558,094
Adjustments to reconcile profit for the year to net cash flows			
Depreciation and amortisation	11, 17, 18	**3,803,279**	3,601,783
Impairment of intangible assets	18	**697,889**	35,000
Loss from disposals		**82,303**	5,134
Interest income	4	**(107,092,618)**	(97,880,728)
Interest expense	5	**56,483,285**	53,702,628
Net loss from foreign exchange translation	6	**13,097,808**	13,458,226
Net gain on financial assets at fair value through profit or loss	8	**(30,645,859)**	(32,708,232)
Credit loss expense	12, 15	**3,630,497**	18,904,810
Impairment loss of investments in associates	15.3	**–**	13,959,047
Income from investments in associates	15.3	**(541,474)**	(830,194)
Interest received		**102,296,910**	92,267,660
Interest paid		**(56,332,817)**	(54,561,084)
Income tax paid		**(2,009,616)**	(2,164,263)
Cash flows from operating activities before changes in operating assets and liabilities		**33,750,826**	24,347,882
Net (increase)/decrease in operating assets			
Placements with banks and other financial institutions in foreign currency		**(47,542)**	(781,270)
Financial assets at fair value through profit or loss and derivative financial instruments		**(23,356,343)**	15,115,388
Placements with banks, other financial institutions and other financial assets in domestic currency		**92,158,451**	(317,174,993)
Other assets		**241,987**	(108,616)
Net increase/(decrease) in operating liabilities			
Notes and coins in circulation		**165,854,710**	74,713,107
Deposits and accounts of financial and other institutions		**118,030,072**	208,162,041
Due to the Government of the Republic of Armenia		**69,148,938**	37,624,087
Other liabilities		**829,991**	34,613
Net cash flows from operating activities		**456,611,090**	41,932,238
Investing activities			
Purchase of property, equipment and intangible assets		**(3,430,205)**	(3,324,181)
Proceeds from sale of property and equipment		**15,600**	21,800
Acquisition of financial assets at FVOCI and amortised cost		**(12,223,100)**	(8,821,191)
Redemption of financial assets at FVOCI and amortised cost		**11,247,757**	388,475
Investments in associates	15.3	**(5,000,684)**	–
Dividend from investments in associates		**25,155**	–
Net cash flows used in investing activities		**(9,365,477)**	(11,735,097)
Financing activities			
Borrowed funds received	33	**10,198,763**	13,432,118
Borrowed funds redeemed	33	**(30,868,198)**	(25,461,857)
Proceeds from issuance of debt securities	33	**12,310,754**	17,455,110
Repayment of debt securities issued	33	**(9,388,510)**	(3,000,000)
Increase of share capital of subsidiary (non-controlling interest)		**–**	617,652
Lease payments	33	**(166,503)**	(115,683)
Net cash flows (used in)/from financing activities		**(17,913,694)**	2,927,340
Effect of exchange rate changes on cash and cash equivalents		**(8,380,712)**	(14,165,777)
Net increase in cash and cash equivalents		**420,951,207**	18,958,704
Cash and cash equivalents at the beginning of the year	29	**719,257,870**	700,299,166
Cash and cash equivalents at the end of the year	29	**1,140,209,077**	719,257,870

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

The Central Bank of the Republic of Armenia (the "Bank" or the "Central 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 2025 was 767 (2024: 779).

The Bank does not aim to earn profit. 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 addition to its prime objective, other objectives include:

- Ensure the stability, liquidity, solvency and other necessary conditions for the sound operation of the financial system in the Republic of Armenia;
- Create and develop 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 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 etc.

In accordance with the Constitution of the Republic of Armenia and the Law, the highest governing body of the Bank is the Board. The Board consists of eight members, including the Governor, two Deputy Governors and five other members.

The Governor, Deputy Governors and other members of the Board are elected by the National Assembly of the Republic of Armenia, upon the recommendation of the competent standing committee of the National Assembly, for a term of six years.

(a) Armenian economic environment

During 2025, 12-month inflation in Armenia gradually accelerated. This was mainly driven by inflationary pressures transmitted from the global economy, which was somewhat mitigated by year end. Meanwhile, disinflationary pressures from imported non-food goods gradually dissipated over the year, entering the low inflationary range since May.

In 2025, economic activity in Armenia increased moderately, mainly supported by strong growth in the construction and services sectors. As a result, annual economic growth amounted to 7.2 percent, partly reflecting the recovery of certain temporary, non-structural factors.

At the same time, imbalances in the labor market continued to gradually ease, as reflected in the stabilization of wage growth and the inflation of services characterized by price rigidity remaining slightly below the target level. Under these conditions, inflation expectations continued to decline steadily, approaching the target level.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. GENERAL INFORMATION (continued)

(a) Armenian economic environment (continued)

In 2025, given the prevailing macroeconomic conditions and guided by its commitment to ensuring price stability in the medium term, as well as the need to prudently manage risks arising from existing uncertainties, the Central Bank of Armenia continued to gradually adjust monetary conditions, reducing the policy rate by a cumulative 0.5 percentage points. As a result, 12-month inflation increased from 1.5 percent at the beginning of 2025 to 3.3 percent in December.*

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

*The information was sourced from Status Report on Implementation of the Monetary Policy Program (Quarter 1, 2025 – Quarter 4, 2025) as approved under the decision No. 32 of the Board of the Central Bank of Armenia dated 24.02.2026.

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) for the Bank and its subsidiaries (together referred to as the "Group").

(b) Basis of preparation

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 assets 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.

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 to the extent that such information is not material to users' understanding of the Group's financial statements.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at 31 December 2025. 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 negative balance.

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(c) Basis of consolidation (continued)

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.

Associates

The Group holds interests in associates, the largest of which is "AMIO BANK" CJSC.

The financial statements of the associates are prepared for the same reporting period as those of the Group. The accounting policies applied by the associates are generally consistent with those of the Group. When practicable, adjustments are made to align the accounting policies and to recognise the Group's share of the profit or loss of the investees.

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 investments in associates in the consolidated 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.

The Bank's subsidiaries as of 31 December 2025 and 31 December 2024 are listed below:

Name	Country of incorporation	Principal activity	Controlled, %		Date of establishment
			2025	2024	
"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 2025 and 31 December 2024 the subsidiary was still under liquidation process.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(d) 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 *(Note 30).*

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 are 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

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.*

(e) 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. The standards and amendments, which are effective for annual periods beginning on or after 1 January 2025, did not have material impact on the Group's consolidated financial statements.

(f) 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.

(g) 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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(g) Foreign currency translation and presentation of foreign currency items (continued)

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 2025 and 31 December 2024, the exchange rates used for translating foreign currency balances were as follows:

	31 December 2025	31 December 2024
AMD / 1 US dollar	**381.36**	396.56
AMD / 1 Euro	**449.01**	413.89
AMD / 1 GBP	**515.60**	499.27
AMD / 1 SDR (Special Drawing Rights)	**522.73**	517.17
AMD / 1 JPY	**2.447**	2.514
AMD / 1 RUB	**4.87**	3.71

(h) 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, deposits with less than three months maturity and SDR holdings in the IMF to be cash and cash equivalents. Cash and cash equivalents are carried at amortised cost.

(i) Financial instruments – key measurement terms

The Group measures financial instruments, such as, financial assets 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 assets 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 assets, 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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

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

Initial measurement (continued)

The Group classifies and measures its derivative and trading portfolio at FVPL. The Group may designate financial assets 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 assets classified as held for trading are included in the category "Financial assets 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 assets 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 assets 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, financial assets at amortised cost

The Group only measures placements with banks, financial institutions, other financial assets 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.

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.

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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

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

Placements with banks and other financial institutions, financial assets at amortised cost (continued)

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 FVPL:

- 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

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

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.

(j) 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.

(k) 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.

(l) Numismatic coins

Numismatic coins are measured at the lower of cost and net realisable value. The cost of numismatic coins is based on the first-in first-out principle, and includes expenses incurred in acquiring the numismatic coins and bringing them to their existing location. Net realisable value is the estimated selling price less the estimated costs necessary to make the sale. During the sale the inflow amount is recognised as income in the consolidated statement of comprehensive income for the current year, and the amount of carrying value is recognised as expense in the consolidated statement of comprehensive income for the current year.

(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 2025 and 31 December 2024:

	31 December 2025	31 December 2024
Buildings, including technical systems	**3-80 years**	3-80 years
Networks, computer and other PPE	**2-20 years**	2-15 years
Vehicles	**8 years**	5 years
Right-of-use assets	**1-5 years**	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 on a straight-line basis 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 investments in associates and other non-financial assets at each reporting date. If there are indications that the carrying amount of the investments and other non-financial assets may not be recoverable, an impairment test is performed.

The impairment test is conducted by comparing the carrying amount of the asset 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 investments in associates and other non-financial assets and discounting them to their present value using an appropriate discount rate.

If the carrying amount of the asset exceeds its recoverable amount, the asset 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 investments in associates and other non-financial assets 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 asset 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% (2024: 18%).

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(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 non-interest bearing demand government ordinary promissory notes as a contribution to the Central Bank capital in an amount of exceeding sum.

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 distributed shall not include the positive difference, adjusted to the amount of the sums intended for covering the negative results of previous periods, between the incomes and the expenses generated from revaluation of gold, special drawing rights, foreign currencies and valuables denominated in them *(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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(t) Interest income and expense (continued)

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 FVPL 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.

(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 on or after 1 January 2026 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 Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

The following new and amended standards are issued but not yet effective.

- IFRS 18 *Presentation and Disclosure in Financial Statements* (effective for reporting periods beginning on or after 1 January 2027, earlier application is permitted);
- *Classification and measurement of Financial Instruments* (Amendments to IFRS 9 and IFRS 7) (effective for reporting periods beginning on or after 1 January 2026, earlier application is permitted for classification of financial assets and related disclosures only);
- *Annual Improvements to IFRS Accounting Standards* - Volume 11 (effective for reporting periods beginning on or after 1 January 2026).

The Group is still assessing all impacts the amendments will have on the primary consolidated financial statements and notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. INTEREST INCOME

In thousands of Armenian Drams	**2025**	2024
Interest income from foreign currency assets		
Nostro accounts	**25,783,645**	24,513,961
Term deposits	**914,750**	1,084,349
Financial assets measured at fair value through other comprehensive income	**617,993**	375,647
Placements with the IMF	**196,461**	201,230
Other	**13,404**	46,696
Total interest income from foreign currency assets	**27,526,253**	26,221,883
Interest income from domestic currency assets		
Placements with banks, other financial institutions and other financial assets	**76,286,774**	68,778,012
Financial assets at amortized cost	**2,222,109**	1,794,531
Financial assets measured at fair value through other comprehensive income	**1,024,690**	1,056,608
Other	**32,792**	29,694
Total interest income from domestic currency assets	**79,566,365**	71,658,845
Total interest income calculated using effective interest rate	**107,092,618**	97,880,728

5. INTEREST EXPENSE

In thousands of Armenian Drams	**2025**	2024
Interest expense on foreign currency liabilities		
Other borrowed funds	**5,939,294**	6,908,851
Due to the IMF	**3,998,574**	5,601,297
Debt securities issued	**473,995**	46,774
Total interest expense on foreign currency liabilities	**10,411,863**	12,556,922
Interest expense on domestic currency liabilities		
Due to the Government *(Note 28)*	**42,121,528**	37,826,614
Debt securities issued	**3,198,798**	2,783,276
Deposits and accounts of financial and other institutions	**729,101**	468,144
Other	**21,995**	67,672
Total interest expense on domestic currency liabilities	**46,071,422**	41,145,706
Total interest expense	**56,483,285**	53,702,628

6. NET FOREIGN EXCHANGE LOSS

In thousands of Armenian Drams	**2025**	2024
Net loss from foreign exchange translation	**(13,097,808)**	(13,458,226)
Net gain on spot transactions	**5,963,819**	5,689,375
Total net foreign exchange loss	**(7,133,989)**	(7,768,851)

Included in net loss from foreign exchange translation is a foreign exchange translation loss of AMD 3,595,242 thousand on financial assets at fair value through profit or loss and loss of AMD 1,594,818 thousand on balances with the IMF respectively (2024: loss in the amount of AMD 29,265,846 thousand and gain of AMD 6,918,997 thousand respectively).

7. NET (LOSS)/GAIN ON DERIVATIVES

In thousands of Armenian Drams	**2025**	2024
Net loss on swaps in local market	**(503,624)**	–
Net (loss)/gain on swaps in foreign market	**(54,705)**	349,450
Total net (loss)/gain on derivatives	**(558,329)**	349,450

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. NET GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

In thousands of Armenian Drams	**2025**	2024
Net gain on foreign securities under own management	**26,054,148**	28,266,610
Net gain on assets under trust management *(Note 13)*	**4,672,552**	4,569,648
Net gain on money market instruments under own management	**56,648**	–
Trust management fee	**(137,489)**	(128,026)
Total net gain on financial assets at fair value through profit or loss	**30,645,859**	32,708,232

9. OTHER INCOME

In thousands of Armenian Drams	**2025**	2024
Payment and settlement services of subsidiaries	**7,433,786**	6,681,629
Numismatic coins	**1,307,117**	1,509,307
Financial agency fee	**3,653**	6,877
Other	**1,288,283**	1,318,754
Total other income	**10,032,839**	9,516,567

Payment and settlement services of subsidiaries represents the respective income of "Armenian Card" CJSC.

During the year ended 31 December 2025, the amount of AMD 541,474 thousand included in "Other" line represents post-acquisition profit from investments in associates (2024: AMD 830,194 thousand) *(Note 15.3)*.

10. COST OF PRODUCTION OF BANKNOTES, COINS AND NUMISMATICS

In thousands of Armenian Drams	**2025**	2024
Production of numismatic coins sold during the year	**830,243**	1,083,450
Production of banknotes and coins	**566,045**	4,435,594
Total cost of production of banknotes, coins and numismatics	**1,396,288**	5,519,044

11. OTHER EXPENSES

In thousands of Armenian Drams	**2025**	2024
Staff costs and related payments	**12,326,544**	11,045,230
Depreciation and amortization	**3,803,279**	3,601,783
Repairs and maintenance	**1,360,264**	1,517,152
Expenses on improvement and maintenance of payment system	**1,151,198**	560,657
Professional services	**356,882**	95,493
Security, transportation and insurance expenses	**256,517**	260,183
Audit fees	**122,310**	109,194
Other	**8,209,368**	5,901,390
Total other expenses	**27,586,362**	23,091,082

During the years ended 31 December 2025 and 31 December 2024, "Staff costs and related payments" line represents costs related to training, business trip and other payments.

During the years ended 31 December 2025 and 31 December 2024, 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 and related payments, audit fees, depreciation and amortisation, repairs and maintenance expenses, expenses on development and maintenance of payment system and other expenses for the years ended 31 December 2025 and 31 December 2024 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 2025**	31 December 2024
Placements with banks and other financial institutions in foreign currency		
Nostro accounts	**1,089,843,777**	704,245,241
Term deposits	**40,726,962**	4,651,501
Margin requirements of derivatives	**126,277**	127,547
Cash included in assets under trust management	**48,800**	43,606
Allowance for ECL	**(61,645)**	(113,440)
Total placements with banks and other financial institutions in foreign currency	**1,130,684,171**	708,954,455

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

As at 31 December 2025 the Group had placements in one bank with individual balance exceeding 10% of total placements. The gross value of these placements as of 31 December 2025 amounted to AMD 829,076,136 thousand (31 December 2024: placements with two banks amounting to AMD 541,415,363 thousand).

As at 31 December 2025 AMD 48,800 thousand balance of cash included in assets under trust management (31 December 2024: AMD 43,606 thousand) 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 2025 and 31 December 2024 is as follows:

	2025		2024	
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	**709,067,895**	**709,067,895**	692,837,632	692,837,632
New assets originated or purchased	**1,126,315,681**	**1,126,315,681**	704,416,393	704,416,393
Assets repaid	**(704,637,760)**	**(704,637,760)**	(688,186,130)	(688,186,130)
At 31 December	**1,130,745,816**	**1,130,745,816**	709,067,895	709,067,895

	2025		2024	
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	**113,440**	**113,440**	2,818,946	2,818,946
New assets originated or purchased	**20,256**	**20,256**	64,349	64,349
Assets repaid	**(64,349)**	**(64,349)**	(6,640)	(6,640)
Changes to models and inputs used for ECL calculations	**(7,702)**	**(7,702)**	(2,763,215)	(2,763,215)
At 31 December	**61,645**	**61,645**	113,440	113,440

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

In thousands of Armenian Drams	**31 December 2025**	31 December 2024
Placements with banks, other financial institutions and other financial assets in domestic currency		
Repurchase agreements	**536,693,238**	651,281,900
Mortgage refinancing	**239,176,973**	227,201,011
Loans to resident financial institutions under arrangement with the KfW, the World Bank, Asian Development Bank and European Investment Bank	**230,649,677**	230,171,104
Deposits placed in commercial banks	**29,813,647**	19,794,540
Loans to resident financial institutions financed by own funds	**29,379,636**	51,209,483
Other loans	**2,226,962**	2,175,719
Allowance for ECL	**(3,390,816)**	(25,611,390)
Total placements with banks, other financial institutions and other financial assets in domestic currency	**1,064,549,317**	1,156,222,367

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

As at 31 December 2025 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 2024: three banks). The total balance of the concentration amounts to AMD 597,612,328 thousand (31 December 2024: AMD 600,620,355 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 2025 amounts receivable under reverse repurchase agreements are with 7 resident banks (31 December 2024: 10 resident banks) and are collateralised by the following securities:

In thousands of Armenian Drams	**Fair value as at 31 December 2025**	Fair value as at 31 December 2024
Treasury bonds of the Government of the RA	**575,216,749**	696,737,999
Total	**575,216,749**	696,737,999

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;

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)

Loans to resident banks and financial institutions (continued)

- 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;
- *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 phases from third to sixth 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 investments. Within the framework of the seventh phase launched in 2025, it is planned that the program funds, in addition to financing solar photovoltaic power plants, will also be directed toward financing energy-efficiency investments of SMEs;
- *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 2025 and 31 December 2024 for each program.

In thousands of Armenian Drams	**31 December 2025**	31 December 2024
KfW arrangements		
Support to Small and Medium Enterprises (MSME)	**70,553,220**	72,887,252
Promotion of Renewable Energies (RE)	**53,048,885**	41,639,826
Support for the Financing of the Energy Efficiency in MSME sector (EE)	**15,517,839**	19,052,034
Agricultural Sector Support (AF)	**14,364,739**	12,547,376
WB arrangements		
Access to Finance for Small and Medium Enterprises (AFSME)	**3,606,238**	4,994,930
ADB arrangements		
Women's Entrepreneurship Support Sector Development	**6,367,063**	5,035,302
EIB arrangements		
Private Sector Facility	**67,191,693**	74,014,384
Total loans to resident financial institutions under arrangement with the KfW, the World Bank, Asian Development Bank and European Investment Bank	**230,649,677**	230,171,104

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)

Loans to resident banks and financial institutions (continued)

As at 31 December 2025 loans to resident banks under the agreements with the KfW, the World Bank, ADB and EIB are provided to 15 domestic banks (31 December 2024: 15 domestic banks) and 11 credit organizations (31 December 2024: 11 credit organizations) at interest rates from 5.5% to 8.5% (31 December 2024: from 5.5% to 8.5), weighted average interest rate is 6.9% (31 December 2024: 6.8%). 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 12 years (2024: 12 years). As at 31 December 2025 mortgage refinancing loans were collateralised with claims under loan agreements with the banks' and other financial institutions' customers with the outstanding amount of AMD 243,335,899 thousand (31 December 2024: AMD 229,725,850 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 1,296,998 thousand (31 December 2024: AMD 1,450,157 thousand) are secured by real estate, in the amount of AMD 51,464 thousand (31 December 2024: AMD 76,612 thousand) are secured by movable property and other assets.

Loans to resident financial institutions financed by own funds represent loans to associates net of loss on initial recognition and impairment loss that are collateralised by assets of the associates.

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 2025 and 31 December 2024 is as follows:

	2025			
In thousands of Armenian Drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Placements with banks, other financial institutions and other financial assets in domestic currency				
Gross carrying value as at 1 January	**1,159,536,075**	**22,297,682**	**–**	**1,181,833,757**
New assets originated or purchased	**667,179,087**	**–**	**–**	**667,179,087**
Assets repaid	**(755,166,138)**	**–**	**–**	**(755,166,138)**
Transfer to Stage 3	**(3,608,891)**	**(22,297,682)**	**25,906,573**	**–**
Write-off	**–**	**–**	**(25,906,573)**	**(25,906,573)**
At 31 December	**1,067,940,133**	**–**	**–**	**1,067,940,133**

	2024		
In thousands of Armenian Drams	**Stage 1**	**Stage 2**	**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
New assets originated or purchased	787,775,782	–	787,775,782
Assets repaid	(465,580,511)	–	(465,580,511)
Transfer to Stage 2	(22,297,682)	22,297,682	–
At 31 December	**1,159,536,075**	**22,297,682**	**1,181,833,757**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 (continued)

	2025			
In thousands of Armenian Drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Placements with banks, other financial institutions and other financial assets in domestic currency				
ECL as at 1 January	**3,313,708**	**22,297,682**	**–**	**25,611,390**
New assets originated or purchased	**881,932**	**–**	**–**	**881,932**
Assets repaid	**(156,113)**	**–**	**–**	**(156,113)**
Transfer to Stage 3	**(3,608,891)**	**(22,297,682)**	**25,906,573**	**–**
Changes to models and inputs used for ECL calculations	**2,960,180**	**–**	**–**	**2,960,180**
Write-off	**–**	**–**	**(25,906,573)**	**(25,906,573)**
At 31 December	**3,390,816**	**–**	**–**	**3,390,816**

	2024		
In thousands of Armenian Drams	**Stage 1**	**Stage 2**	**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
New assets originated or purchased	904,384	–	904,384
Assets repaid	(245,844)	–	(245,844)
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
At 31 December	**3,313,708**	**22,297,682**	**25,611,390**

During the reporting period, loan issued to an associate, previously classified as Stage 2 under the expected credit loss model was transferred to Stage 3 due to the identification of objective evidence of impairment. Subsequently, the Group determined that there was no reasonable expectation of recovering the outstanding contractual cash flows. Accordingly, the loan was written off against the related loss allowance in accordance with the Group's accounting policies and the requirements of IFRS 9.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

In thousands of Armenian Drams	**31 December 2025**	31 December 2024
Debt and other fixed-income instruments in foreign currency		
Foreign bonds under own management	**678,285,193**	645,739,482
Foreign bonds under trust management	**104,474,939**	103,789,492
Foreign money market instruments	**17,748,942**	–
Total financial assets at fair value through profit or loss in foreign currency	**800,509,074**	749,528,974

Debt securities at fair value through profit or loss mostly are quoted US treasury bills and securities issued by governments, government authorities, state-owned financial institutions of European and other developed countries.

Securities under trust management represent financial assets 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 2025**	31 December 2024
Derivative financial assets		
Foreign currency swap contracts in foreign market	**109,149**	158,575
Total derivative financial assets	**109,149**	158,575

In thousands of Armenian Drams	**31 December 2025**	31 December 2024
Derivative financial liabilities		
Foreign currency swap contracts in local market	**361,548**	–
Total derivative financial liabilities	**361,548**	–

As at 31 December 2025 foreign currency swap contracts in local market and classified as derivative financial liabilities represent currency swap contracts of one subsidiary of the Group.

15. INVESTMENTS

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

In thousands of Armenian Drams	**31 December 2025**	31 December 2024
Equity investments		
Foreign securities	**2,826,529**	2,552,857
SWIFT	**3,223**	3,223
Total equity investments	**2,829,752**	2,556,080
Debt instruments		
Corporate bonds in foreign currency	**624,235**	842,971
Eurobonds of the Government of the Republic of Armenia	**8,556,281**	8,534,719
Total debt investments	**9,180,516**	9,377,690
Total financial assets measured at fair value through other comprehensive income in foreign currency	**12,010,268**	11,933,770

As at 31 December 2025 and 31 December 2024 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 2025 and 31 December 2024 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 fair values and associated ECLs in relation to debt securities at FVOCI in foreign currency during the years ended 31 December 2025 and 31 December 2024 is as follows:

	2025		2024	
In thousands of Armenian Drams	**Stage 1**	**Total**	Stage 1	Total
Debt securities at FVOCI in foreign currency – Eurobonds of the Government of the Republic of Armenia				
Fair value as at 1 January	**8,534,719**	**8,534,719**	1,798,687	1,798,687
New assets originated or purchased	**1,210,042**	**1,210,042**	3,637,486	3,637,486
Reclassification	**–**	**–**	3,113,312	3,113,312
Assets repaid	**(1,188,480)**	**(1,188,480)**	(14,766)	(14,766)
At 31 December	**8,556,281**	**8,556,281**	8,534,719	8,534,719

15. INVESTMENTS (continued)

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

	2025		2024	
In thousands of Armenian Drams	**Stage 1**	**Total**	Stage 1	Total
Debt securities at FVOCI in foreign currency – Eurobonds of the Government of the Republic of Armenia				
ECL as at 1 January	**58,228**	**58,228**	21,543	21,543
New assets originated or purchased	**9,791**	**9,791**	11,284	11,284
Reclassification	**–**	**–**	37,639	37,639
Assets repaid	**(4,995)**	**(4,995)**	–	–
Changes to models and inputs used for ECL calculations	**2,745**	**2,745**	(12,238)	(12,238)
At 31 December	**65,769**	**65,769**	58,228	58,228

	2025		2024	
In thousands of Armenian Drams	**Stage 1**	**Total**	Stage 1	Total
Debt securities at FVOCI in foreign currency – corporate bonds in foreign currency				
Fair value as at 1 January	**842,971**	**842,971**	454,011	454,011
Reclassification	**–**	**–**	407,188	407,188
Assets repaid	**(218,736)**	**(218,736)**	(18,228)	(18,228)
At 31 December	**624,235**	**624,235**	842,971	842,971

	2025		2024	
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	**7,617**	**7,617**	5,133	5,133
Reclassification	**–**	**–**	4,726	4,726
Assets repaid	**(1,673)**	**(1,673)**	–	–
Changes to models and inputs used for ECL calculations	**(1,570)**	**(1,570)**	(2,242)	(2,242)
At 31 December	**4,374**	**4,374**	7,617	7,617

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

In thousands of Armenian Drams	**31 December 2025**	31 December 2024
Debt instruments		
Securities of the Government of the RA	**7,817,083**	9,583,870
Promissory note of the Government *(Note 25)*	**149,520,272**	162,437,256
Proportion of profit subject to distribution in the form of set-off with the promissory note by the Government of the RA *(Note 25)*	**(37,937,210)**	(12,916,984)
Total debt instruments	**119,400,145**	159,104,142

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

15. INVESTMENTS (continued)

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

An analysis of changes in the fair values and associated ECLs in relation to debt securities at FVOCI in domestic currency during the years ended 31 December 2025 and 31 December 2024 is as follows:

	2025		2024	
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				
Fair value as at 1 January	**9,583,870**	**9,583,870**	9,291,332	9,291,332
New assets originated or purchased	**306,972**	**306,972**	581,158	581,158
Assets repaid	**(2,073,759)**	**(2,073,759)**	(288,620)	(288,620)
At 31 December	**7,817,083**	**7,817,083**	9,583,870	9,583,870

	2025		2024	
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	**34,563**	**34,563**	33,958	33,958
Assets repaid	**(6,428)**	**(6,428)**	–	–
Changes to models and inputs used for ECL calculations	**1,195**	**1,195**	605	605
At 31 December	**29,330**	**29,330**	34,563	34,563

15.3 Investments in associates

In January 2022, one of the Group's subsidiaries invested in the share capital of "AMIO BANK" CJSC, a commercial bank operating in the Republic of Armenia, by acquiring 25.001959% of its shares. Later in 2022, the subsidiary acquired 38,805 additional ordinary shares in the associate each with a nominal value of AMD 824,651, as a result of which its ownership interest decreased to 25.000485%. At that moment the total carrying amount of the investment amounted to AMD 32,000,583 thousand.

Given impairment indicators existing as at 31 December 2024 Group performed impairment test of its largest investment in associate.

To determine whether the carrying amount of the investment was recoverable, the Group applied a valuation using market multiples to estimate the fair value of the investment in associate. The key multiple used was the 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.

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 the related deferred tax asset of AMD 2,512,628 thousand was recognised as tax income in the statement of comprehensive income for the year ended 31 December 2024.

In February 2025, the subsidiary invested additional AMD 5,000,684 thousand to acquire 6,064 ordinary shares of the associate, each with a par value of AMD 824,651, increasing its ownership interest to 25.000651%.

For the year ended 31 December 2025, the Group adjusted the financial results received from the associate to align them with the Group's accounting policies most notably, by applying additional expected credit loss provisions to under-provisioned loans. Following these adjustments, the associate's reported profit was largely eliminated, resulting in no material equity accounted income or loss to be recognized for the year.

15. INVESTMENTS (continued)

15.3 Investments in associates (continued)

As at 31 December 2025 the total carrying amount of the investment amounted to AMD 24,635,673 thousand (31 December 2024: AMD 19,715,030 thousand).

Based on management's assessment no new impairment indicators have been identified in respect of the remaining carrying amount of the investment as of 31 December 2025.

The table below analyses in aggregate, the carrying amount and share of profit and OCI of these investments in associates.

In thousands of Armenian Drams	**2025**	2024
Carrying amount as at 1 January	**21,468,457**	34,533,590
Investments in associates	**5,000,684**	–
Share of:		
– Profit	**541,474**	830,194
– OCI	**(80,039)**	63,720
– Impairment	**–**	(13,959,047)
Carrying amount as at 31 December	**26,930,576**	21,468,457

15.4 Financial assets at amortized cost in domestic currency

In thousands of Armenian Drams	**31 December 2025**	31 December 2024
Debt instruments		
Securities of the Government of the Republic of Armenia	**24,566,652**	20,761,962
Allowance for ECL	**(74,440)**	(76,979)
Total debt instruments	**24,492,212**	20,684,983

As at 31 December 2025 and 31 December 2024 debt securities denominated in domestic currency and classified as financial assets 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 financial assets at amortized cost in domestic currency during the year ended 31 December 2025 and 31 December 2024 is as follows:

	2025		2024	
In thousands of Armenian Drams	**Stage 1**	**Total**	Stage 1	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	**20,761,962**	**20,761,962**	16,391,747	16,391,747
New assets originated or purchased	**8,079,126**	**8,079,126**	4,370,215	4,370,215
Assets repaid	**(4,274,436)**	**(4,274,436)**	–	–
At 31 December	**24,566,652**	**24,566,652**	20,761,962	20,761,962

	2025		2024	
In thousands of Armenian Drams	**Stage 1**	**Total**	Stage 1	Total
Debt securities at amortized cost in domestic currency - securities of the Government of the Republic of Armenia				
ECL as at 1 January	**76,979**	**76,979**	63,571	63,571
New assets originated or purchased	**9,166**	**9,166**	9,231	9,231
Assets repaid	**(9,231)**	**(9,231)**	–	–
Changes to models and inputs used for ECL calculations	**(2,474)**	**(2,474)**	4,177	4,177
At 31 December	**74,440**	**74,440**	76,979	76,979

16. OPERATIONS WITH THE INTERNATIONAL MONETARY FUND

Placements with the IMF

In thousands of Armenian Drams	**31 December 2025**	31 December 2024
Placements with the IMF		
Membership quota in the IMF (subscription)	**67,327,624**	66,611,496
SDR holdings in the IMF	**483,045**	765,538
Accrued interest	**28,679**	18,521
Total placements with the IMF	**67,839,348**	67,395,555

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 2025 the quota of the Republic of Armenia in the IMF amounted to SDR 128,800 thousand, or AMD 67,327,624 thousand at the year-end official exchange rate of Armenian Dram to SDR (2024: SDR 128,800 thousand or AMD 66,611,496 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 2025**	31 December 2024
Securities account	**65,000,000**	65,000,000
Adjustment account for AMD liabilities to the IMF	**(1,045,639)**	1,027,450
Account 1	**17,451,460**	22,879,965
Account 2	**61,622**	59,589
SDR allocation	**110,524,811**	109,349,218
Interest accrued	**591,723**	768,051
Total liabilities due to the IMF	**192,583,977**	199,084,273

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 2025 included in these accounts are EFF loans of AMD 4,084,067 thousand (31 December 2024: AMD 9,097,230 thousand) and Stand-by loans of AMD 10,073,215 thousand (31 December 2024: AMD 13,275,556 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 2025 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 2024: AMD 65,000,000 thousand).

Except for membership quota and liability in respect of SDR allocation, the Bank's liability to the IMF as at 31 December 2025 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 2025 mature February 2026 – May 2027 (31 December 2024: August 2025 – May 2027).

16. OPERATIONS WITH THE INTERNATIONAL MONETARY FUND (continued)

Due to the IMF (continued)

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 2025 mature in June 2026 – June 2027 (31 December 2024: May 2025 – 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, buildings, including technical systems**	**Networks, computer and other PPE**	**Vehicles**	**Cons-truction in progress**	**Right-of-use assets**	**Total**
Cost						
Balance as at 1 January 2024	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
Additions	**51,847**	**962,605**	**24,851**	**616,239**	**358,084**	**2,013,626**
Disposals	**(9,027)**	**(572,554)**	**(256,437)**	**–**	**(489,422)**	**(1,327,440)**
Transfer	**423,454**	**368,925**	**–**	**(792,379)**	**–**	**–**
Balance as at 31 December 2025	**73,046,118**	**32,299,581**	**328,703**	**195,190**	**465,601**	**106,335,193**
Depreciation						
Balance as at 1 January 2024	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
Charge for the period	**1,178,298**	**1,503,111**	**15,841**	**–**	**139,333**	**2,836,583**
Disposals	**(8,937)**	**(465,689)**	**(154,730)**	**–**	**(119,058)**	**(748,414)**
Balance as at 31 December 2025	**26,679,407**	**19,147,874**	**228,276**	**–**	**192,127**	**46,247,684**
Carrying amount						
At 31 December 2025	**46,366,711**	**13,151,707**	**100,427**	**195,190**	**273,474**	**60,087,509**
At 31 December 2024	47,069,798	13,430,153	193,124	371,330	425,087	61,489,492

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. INTANGIBLE ASSETS

In thousands of Armenian Drams	Computer software and licenses	Contracts in progress	Total
Cost			
Balance as at 1 January 2024	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
Additions	**656,254**	**198,983**	**855,237**
Disposals	**(215,018)**	**–**	**(215,018)**
Impairment	**–**	**(697,889)**	**(697,889)**
Transfer	**166,665**	**(166,665)**	**–**
Balance as at 31 December 2025	**8,446,524**	**67,983**	**8,514,507**
Amortisation			
Balance as at 1 January 2024	4,197,505	–	4,197,505
Charge for the period	663,081	–	663,081
Balance as at 31 December 2024	4,860,586	–	4,860,586
Charge for the period	966,696	–	966,696
Disposals	(311,340)	–	(311,340)
Balance as at 31 December 2025	**5,515,942**	**–**	**5,515,942**
Carrying amount			
At 31 December 2025	**2,930,582**	**67,983**	**2,998,565**
At 31 December 2024	2,978,037	733,554	3,711,591

19. OTHER ASSETS IN DOMESTIC CURRENCY

In thousands of Armenian Drams	31 December 2025	31 December 2024
Numismatic coins	**4,164,202**	4,433,878
Deferred tax asset	**2,146,961**	2,207,728
Prepayments and receivables	**2,062,878**	2,463,775
Other	**2,391,782**	1,887,430
Allowance for ECL	**(92)**	(325)
Total other assets in domestic currency	**10,765,731**	10,992,486

20. DEPOSITS AND ACCOUNTS OF FINANCIAL AND OTHER INSTITUTIONS

In thousands of Armenian Drams	31 December 2025	31 December 2024
Foreign currency liabilities		
Vostro accounts and deposits of domestic banks	**668,878,621**	504,531,838
Vostro accounts of associates *(Note 28)*	**30,321,391**	21,097,179
Current accounts of other related parties *(Note 28)*	**8,126**	3,112
Current accounts of other legal entities	**4,108,533**	2,959,626
Total foreign currency liabilities	**703,316,671**	528,591,755
Domestic currency liabilities		
Vostro accounts and deposits of domestic banks	**505,785,052**	542,492,248
Vostro and other accounts of associates *(Note 28)*	**15,057,040**	31,826,171
Current accounts of other related parties *(Note 28)*	**3,598**	8,414
Current accounts and term deposits of other legal entities	**11,969,209**	20,515,934
Total domestic currency liabilities	**532,814,899**	594,842,767
Total deposits and accounts of financial and other institutions	**1,236,131,570**	1,123,434,522

20. DEPOSITS AND ACCOUNTS OF FINANCIAL AND OTHER INSTITUTIONS (continued)

Concentration of deposits and accounts of financial and other institutions

As at 31 December 2025 two counterparty banks had balances, individually exceeding 10% of the total amount of deposits and accounts of financial and other institutions, amounting to AMD 370,831,547 thousand (31 December 2024: two banks with total balance of AMD 496,873,544 thousand).

21. OTHER BORROWED FUNDS

In thousands of Armenian Drams	**31 December 2025**	31 December 2024
Due to the KfW	**102,781,315**	104,052,352
Due to the EIB	**55,810,724**	57,383,964
Due to the World Bank	**11,637,118**	13,057,808
Due to the ADB	**3,741,396**	3,962,829
Due to the FAD	**7,846,916**	9,723,401
Total other borrowed funds	**181,817,469**	188,180,354

The table below shows carrying values of loans due to the KfW by programs as at 31 December 2025 and 31 December 2024.

In thousands of Armenian Drams	**31 December 2025**	31 December 2024
Support to Small and Medium Enterprises (MSME)	**40,448,250**	41,697,077
Promotion of Renewable Energies (RE)	**32,920,300**	30,438,449
Agricultural Sector Support (AF)	**6,414,658**	7,440,335
Support for the Financing of the Energy Efficiency in MSME Sector (EE)	**6,286,871**	7,322,401
Development of Sustainable Housing Market (HF)	**16,711,236**	17,154,090
Total due to the KfW	**102,781,315**	104,052,352

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 credit organizations *(Note 12).* The loans are denominated in EUR, mature from 2026 to 2048 (31 December 2024: from 2025 to 2048) and bear interest of 0.75% − 3.83% (31 December 2024: 0.75% - 3.8425%). The weighted average interest rate is 2.77% (31 December 2024: 3.05%).

The loan due to the World Bank is provided by the World Bank for financing small and medium enterprises through domestic commercial banks and credit organizations *(Note 12).* The loan is denominated in USD, matures during the period from 2026 to 2035 (31 December 2024: from 2025 to 2035) and bears floating interest of 5.07% (31 December 2024: 5.38%).

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 credit organizations. The loan is denominated in SDR, matures during the period from 2026 to 2044 (31 December 2024: from 2025 to 2044) and bears interest rate of 2.36% (31 December 2024: 2.36%).

The loans due to the EIB are provided by the European Investment Bank for financing agriculture, tourism and production sectors through domestic commercial banks and credit organizations *(Note 12).* The loans are denominated in USD, mature during the period from 2026 to 2035 (31 December 2024: from 2025 to 2034) and bear interest of 1.453% - 5.17% (31 December 2024: 1.453% - 5.17%). The weighted average interest rate is 3.67% (31 December 2024: 3.27%).

The loan obtained by one of the Group's subsidiaries from French Agency for Development ("FAD") is denominated in USD, matures during the period from 2026 to 2034 (31 December 2024: from 2025 to 2034) and bears interest rate of 1.94% - 4.3% (31 December 2024: 1.77% - 4.3%). As at 31 December 2025 the balance outstanding under this loan facility is AMD 7,846,916 thousand (31 December 2024: AMD 9,723,401 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 2025**	31 December 2024
Other liabilities in domestic currency		
Payables	**4,077,766**	3,823,752
Other liabilities	**623,925**	683,389
Total other liabilities in domestic currency	**4,701,691**	4,507,141

23. DUE TO THE GOVERNMENT OF THE REPUBLIC OF ARMENIA

In thousands of Armenian Drams	**31 December 2025**	31 December 2024
Foreign currency liabilities		
Current accounts of the Government	**1,121,909**	1,394,968
Total foreign currency liabilities	**1,121,909**	1,394,968
Domestic currency liabilities		
Term deposits	**462,513,008**	378,399,033
Current accounts of the Government	**33,712,171**	49,190,624
Total domestic currency liabilities	**496,225,179**	427,589,657
Total due to the Government of the Republic of Armenia	**497,347,088**	428,984,625

Term deposits of the Government have maturity of less than 4 months and interest rate is ranging from 6.55 to 6.8% (31 December 2024: from 7.7% to 7.8%).

24. DEBT SECURITIES ISSUED

As at 31 December 2025 the subsidiary company of the Group had in issue coupon bonds with AMD 29,536,720 thousand total par value, 3 and 5 years maturity and Green bonds with USD 26,000,000 total par value and 7 years maturity (31 December 2024: coupon bonds with AMD 26,627,230 thousand total par value, 3 years maturity and Green bonds with USD 26,000,000 total par value, 7 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 2025 the average annual yield on AMD bonds is from 9% to 12% and for USD bonds is 4.5% (31 December 2024 AMD bonds: from 9.5% to 12% and USD bonds: 4.5%).

The carrying value of the issued AMD bonds as at 31 December 2025 is AMD 30,073,132 thousand (31 December 2024: AMD 27,032,225 thousand), and USD bonds as at 31 December 2025 is AMD 9,903,707 thousand (31 December 2024: 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.

25. MANAGEMENT OF CAPITAL (continued)

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 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 3,229,246 thousand to the general reserve. The remaining amount of AMD 12,916,984 thousand from 2024 profits was subject to distribution in the form of set-off with the promissory note issued by the Government of the RA. During 2025 the Government has issued new non-interest bearing promissory note at the amount of AMD 149,520,272 thousand replacing the previous note of AMD 162,437,256 thousand with the same terms (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 is 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 2025 profits comprising AMD 9,484,303 thousand to the general reserve. The remaining amount of AMD 37,937,210 thousand from 2025 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 2,314,611 thousand (positive effect) as at 31 December 2025 (31 December 2024: AMD 1,253,912 thousand (positive effect)) and net AMD 1,256,713 thousand (positive effect) share of other comprehensive income of associates as at 31 December 2025 (31 December 2024: AMD 1,322,345 thousand (positive effect)).

26. COMMITMENTS

Capital commitments

The capital commitments outstanding at 31 December 2025 related to the Group's non-current assets amount to AMD 508,251 thousand (31 December 2024: AMD 16,138 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 2025 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	**3,198,558,769**	**333,989,539**	**19,574,691**	**3,552,122,999**	**(218,023,020)**	**3,334,099,979**
Liabilities	**3,258,202,281**	**81,356,425**	**953,669**	**3,340,512,375**	**(35,172,413)**	**3,305,339,962**

The carrying amount of the investment in the largest associate is presented within the "Refinancing activities of subsidiaries" segment.

27. SEGMENT INFORMATION (continued)

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**

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	**2025**	2024
Investments in share capital of legal entities	**5,500,000**	754,908
Buildings, structures and related capital repair	**39,319**	120,389
Vehicles	**24,850**	35,260
Other PPE and intangibles	**724,111**	1,239,842
Total capital investments	**6,288,280**	2,150,399

A reconciliation of profit and loss as per the reportable segments with the Group's profit and loss for the year ended 31 December 2025 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	**88,286,799**	**20,620,006**	**229,261**	**109,136,066**	**(2,043,448)**	**107,092,618**
Interest expense	**(52,483,276)**	**(6,036,580)**	**(7,094)**	**(58,526,950)**	**2,043,665**	**(56,483,285)**
Credit loss expense	**(3,621,410)**	**(9,305)**	**(2,194)**	**(3,632,909)**	**2,412**	**(3,630,497)**
Fee and commission income from banking operations	**65,418**	**–**	**–**	**65,418**	**(1,940)**	**63,478**
Fee and commission expense	**(534,940)**	**(39,834)**	**(191,971)**	**(766,745)**	**1,940**	**(764,805)**
Net foreign exchange (loss)/gain	**(7,263,173)**	**155,072**	**(25,888)**	**(7,133,989)**	**–**	**(7,133,989)**
Net loss on derivatives	**(54,705)**	**(503,624)**	**–**	**(558,329)**	**–**	**(558,329)**
Net gain on financial assets at fair value through profit or loss	**30,645,859**	**–**	**–**	**30,645,859**	**–**	**30,645,859**
Other income	**1,654,089**	**–**	**7,841,727**	**9,495,816**	**537,023**	**10,032,839**
Cost of production of banknotes, coins and numismatics	**(1,396,288)**	**–**	**–**	**(1,396,288)**	**–**	**(1,396,288)**
Depreciation and amortization	**(2,071,298)**	**(66,380)**	**(1,675,894)**	**(3,813,572)**	**10,293**	**(3,803,279)**
Other expenses (except depreciation and amortization)	**(17,510,509)**	**(644,524)**	**(5,631,613)**	**(23,786,646)**	**3,563**	**(23,783,083)**
Profit before tax	**35,716,566**	**13,474,831**	**536,334**	**49,727,731**	**553,508**	**50,281,239**
Income tax expense	**–**	**(2,449,377)**	**(173,105)**	**(2,622,482)**	**–**	**(2,622,482)**
Profit for the year	**35,716,566**	**11,025,454**	**363,229**	**47,105,249**	**553,508**	**47,658,757**

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**	**Consoli-dation 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 from banking operations	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 assets 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 loss of investments in associates	–	(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)
Depreciation and amortization	(2,212,160)	(65,198)	(1,334,719)	(3,612,077)	10,294	(3,601,783)
Other expenses (except depreciation and amortization)	(14,503,080)	(554,728)	(4,435,055)	(19,492,863)	3,564	(19,489,299)
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**

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	**2025**	2024
Staff salaries	**8,405,151**	7,654,028
Staff social security	**426,025**	368,279
Business trips, education and training	**476,397**	425,135
Representation expenses	**30,094**	30,173
Office vehicles operation	**15,375**	29,635
Acquisition media and professional literature	**24,579**	25,079
Write-offs of materials	**48,406**	59,236
Telephone services	**16,127**	17,728
Total administrative expenses	**9,442,154**	8,609,293

28. RELATED PARTY TRANSACTIONS

Transactions with members of the key management

Key management consists of Board members of the CBA. Amount of the key management short-term remuneration included into "Staff costs and related payments" line *(refer to Note 11)* is as follows:

In thousands of Armenian Drams	**2025**	2024
Key management	**422,076**	396,353
Total	**422,076**	396,353

Total amount of loans issued to the members of the key management outstanding as at 31 December 2025 is AMD 167,538 thousand (31 December 2024: AMD 190,630 thousand). During the year ended 31 December 2025 the Group recognized interest income in amount of AMD 5,846 thousand from the transactions with the key management (31 December 2024: AMD 6,720 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 2025		31 December 2024	
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, 15.4)*	**32,383,735**	**10%**	30,345,832	10.15%
Eurobonds of the Government of the Republic of Armenia in foreign currency *(Note 15.1)*	**8,556,281**	**3.61%**	8,534,719	4.25%
	40,940,016		38,880,551	
Promissory note issued by the Government of the Republic of Armenia *(Note 15.2)*				
Balance at 1 January	**149,520,272**		162,437,256	
Proportion of profit subject to distribution and transfer to the Government of the Republic of Armenia *(Notes 15.2, 25)*	**(37,937,210)**		(12,916,984)	
Balance at 31 December	**111,583,062**		149,520,272	
Assets at 31 December	**152,523,078**		188,400,823	
Liabilities				
Due to the Government of the Republic of Armenia *(domestic currency, Note 23)*	**496,225,179**	**7.48%**	427,589,657	8.05%
Due to the Government of the Republic of Armenia *(foreign currency, Note 23)*	**1,121,909**		1,394,968	
Liabilities at 31 December	**497,347,088**		428,984,625	

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

In thousands of Armenian Drams	**2025**	2024
Balance at 1 January	**378,399,033**	367,026,690
Additions	**4,113,000,000**	2,804,000,000
Interest charge	**41,783,469**	37,103,274
Redemption (including interest payment)	**(4,070,669,494)**	(2,829,730,931)
Balance at 31 December	**462,513,008**	378,399,033

28. RELATED PARTY TRANSACTIONS (continued)

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

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

In thousands of Armenian Drams	**2025**	2024
Consolidated statement of comprehensive income		
Interest income from Government securities	**3,814,947**	3,183,684
Interest expense *(Note 5)*	**(42,121,528)**	(37,826,614)

Transactions with associates

The information in the tables below relates to the balances and results of transactions with associates.

In thousands of Armenian Drams	**31 December 2025 Balance outstanding**	31 December 2024 Balance outstanding
Consolidated statement of financial position		
Assets		
Repurchase agreements	**104,130,141**	112,135,852
Loans to resident financial institutions financed by own funds	**29,379,636**	51,209,483
Mortgage refinancing	**26,736,588**	24,390,664
Loans to resident financial institutions under arrangement with the KfW, the World Bank, Asian Development Bank and European Investment Bank	**2,617,104**	3,741,768
Total assets	**162,863,469**	191,477,767
Liabilities		
Vostro and other accounts (foreign currency) *(Note 20)*	**30,321,391**	21,097,179
Vostro and other accounts (domestic currency) *(Note 20)*	**15,057,040**	31,826,171
Total liabilities	**45,378,431**	52,923,350

In thousands of Armenian Drams	**2025**	2024
Consolidated statement of comprehensive income		
Interest income	**13,601,200**	15,565,120
Interest expense	**(12,315)**	(15,864)

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.

In thousands of Armenian Drams	**31 December 2025 Balance outstanding**	31 December 2024 Balance outstanding
Consolidated statement of financial position		
Liabilities		
Current accounts (domestic currency) *(Note 20)*	**3,598**	8,414
Current accounts (foreign currency) *(Note 20)*	**8,126**	3,112
Total	**11,724**	11,526

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 2025**	31 December 2024
Nostro accounts *(Note 12)*	**1,089,843,777**	704,245,241
Term deposits	**36,229,155**	–
Cash	**13,653,100**	14,247,091
SDR holdings in the IMF *(Note 16)*	**483,045**	765,538
Total cash and cash equivalents	**1,140,209,077**	719,257,870

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.

(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 2025**				31 December 2024			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Assets carried at fair value								
Financial assets								
Financial assets at fair value through profit or loss								
Foreign bonds under own management *(Note 13)*	**678,285,193**	**–**	**–**	**678,285,193**	645,739,482	–	–	645,739,482
Foreign bonds under trust management *(Note 13)*	**104,474,939**	**–**	**–**	**104,474,939**	103,789,492	–	–	103,789,492
Foreign money market instruments *(Note 13)*	**–**	**17,748,942**	**–**	**17,748,942**	–	–	–	–
Financial assets measured at fair value through other comprehensive income								
Foreign securities *(Note 15.1)*	**333,751**	**2,492,778**	**–**	**2,826,529**	320,116	2,232,741	–	2,552,857
Securities of the Government of the Republic of Armenia *(Note 15.2)*	**–**	**7,817,083**	**–**	**7,817,083**	–	9,583,870	–	9,583,870
Promissory note issued by the Government of the Republic of Armenia *(Note 15.2)*	**–**	**111,583,062**	**–**	**111,583,062**	–	149,520,272	–	149,520,272
Corporate bonds in foreign currency *(Note 15.2)*	**–**	**624,235**	**–**	**624,235**	–	842,971	–	842,971
Eurobonds of the Government of the Republic of Armenia *(Note 15.1)*	**–**	**8,556,281**	**–**	**8,556,281**	–	8,534,719	–	8,534,719
Derivative financial assets								
Foreign currency swap contracts in foreign market *(Note 14)*	**–**	**109,149**	**–**	**109,149**	–	158,575	–	158,575
Total assets with recurring fair value measurements	**783,093,883**	**148,931,530**	**–**	**932,025,413**	749,849,090	170,873,148	–	920,722,238

30. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(a) Recurring fair value measurements (continued)

	31 December 2025				31 December 2024			
In thousands of Armenian Drams	**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 local market *(Note 14)*	**–**	**361,548**	**–**	**361,548**	–	–	–	–
Total liabilities with recurring fair value measurements	**–**	**361,548**	**–**	**361,548**	–	–	–	–

The description of valuation technique and description of inputs used in the fair value measurement for Level 2 measurements at 31 December 2025:

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)*	**2,492,778**	DCF	EUR risk-free rate
Corporate bonds in foreign currency *(Note 15.1)*	**624,235**		Quoted prices
Eurobonds of the Government of the Republic of Armenia *(Note 15.1)*	**8,556,281**		Quoted prices
Securities of the Government of the Republic of Armenia *(Note 15.2)*	**7,817,083**	DCF	Government bonds yield curve
Promissory note issued by the Government *(Note 15.2)*	**111,583,062**	DCF	AMD risk-free rate
Financial assets at fair value through profit or loss			
Foreign money market instruments *(Note 13)*	**17,748,942**	DCF	BIS interest rate
Derivative financial assets			
Foreign currency swap contracts in foreign market *(Note 14)*	**109,149**	DCF	USD OIS curve, FX spot rates, FX forward points
Derivative financial liabilities			
Foreign currency swap contracts in local market *(Note 14)*	**(361,548)**	DCF	AMD risk-free rate
Total recurring fair value measurements at Level 2	**148,569,982**		

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)*	2,232,741	DCF	EUR risk-free rate
Corporate bonds in foreign currency *(Note 15.1)*	842,971		Quoted prices
Eurobonds 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	**170,873,148**		

30. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(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 based on the investment policy statement and risk management 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 the investment horizon, whereas the Investment Committee of the Bank was given executive power on implementation and monitoring of the international reserve management process. Portfolio managers, in turn, make decisions on portfolio management within the boundaries of tactical deviations from the benchmarks in line with the active risk tolerance levels set by the Board.

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, compliance monitoring, performance evaluation and reporting on the international reserves, as well as providing support for development of strategic asset allocation and benchmarking.

Issues related to reserves management are discussed on at least quarterly basis by the Investment Committee of the Bank, which is composed of professionals involved in the IR management. The Risk Management Department reports on the performance and risk profile 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. RISK MANAGEMENT (continued)

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 investment benchmarks subject to approval by the Board. The investment benchmarks comply to 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.

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 eligible issuers, instruments and counterparties. 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 2025		31 December 2024	
In thousands of Armenian Drams	**Credit rating**	**Amount**	**% in financial assets**	Amount	% in financial assets
Financial assets					
Placements with banks and other financial institutions in foreign currency (Stage 1)					
Nostro accounts	P-1	**1,084,348,853**	**95.9**	693,316,878	97.8
	P-2	**1,788,082**	**0.2**	460,734	0.1
	P-3	**–**	**–**	897,595	0.1
	NP	**69,950**	**0.0**	240,158	0.0
	Unrated	**3,636,892**	**0.3**	9,329,876	1.4
Term deposits	P-1	**36,296,828**	**3.2**	–	–
	Unrated	**2,303,622**	**0.2**	2,395,412	0.3
	NP	**2,126,512**	**0.2**	2,256,089	0.3
Cash included in assets under trust management and margin requirement of derivatives	P-1	**170,601**	**0.0**	171,153	0.0
	NP	**4,476**	**0.0**	–	–
Allowance for ECL		**(61,645)**	**–**	(113,440)	–
Total placements with banks, other financial institutions in foreign currency		**1,130,684,171**	**100.0**	708,954,455	100.0
Financial assets at fair value through profit and loss					
Foreign bonds under own management	Aaa	**183,143,477**	**22.9**	507,214,023	67.7
	Aa1-Aa3	**440,393,268**	**55.0**	123,037,545	16.4
	A1	**54,748,448**	**6.8**	15,487,914	2.1
Foreign bonds under trust management	Aaa	**95,076,060**	**11.9**	80,077,637	10.7
	Aa1-Aa3	**9,398,879**	**1.2**	23,711,855	3.1
Foreign money market instruments	Unrated	**17,748,942**	**2.2**	–	–
Total financial assets at fair value through profit and loss		**800,509,074**	**100.0**	749,528,974	100.0
Financial assets measured at fair value through other comprehensive income, excluding equity investments (Stage 1)					
Securities of the Government of the Republic of Armenia	Ba3	**7,817,083**	**6.0**	9,583,870	5.7
Promissory note issued by the Government	Ba3	**111,583,062**	**86.8**	149,520,272	88.7
Corporate bonds in foreign currency	Unrated	**624,235**	**0.5**	842,971	0.5
Eurobonds of the Government of the Republic of Armenia	Ba3	**8,556,281**	**6.7**	8,534,719	5.1
Total financial assets measured at fair value through other comprehensive income, excluding equity investments		**128,580,661**	**100.0**	168,481,832	100.0
Financial assets measured at amortised cost (Stage 1)					
Securities of the Government of the Republic of Armenia	Ba3	**24,566,652**	**100.0**	20,761,962	100.0
Allowance for ECL		**(74,440)**	**–**	(76,979)	–
Total financial assets measured at amortised cost		**24,492,212**	**100.0**	20,684,983	100.0

31. RISK MANAGEMENT (continued)

Credit quality per class of financial assets (continued)

As at 31 December 2025 current accounts and term deposits included in the unrated credit rating category amounting to AMD 483,840 thousand and AMD 2,303,622 thousand respectively (31 December 2024: AMD 7,419,337 thousand and AMD 2,395,412 thousand) represent current accounts and placements of the Group's subsidiaries with local commercial banks.

		31 December 2025		31 December 2024		
In thousands of Armenian Drams	**Credit rating**	**Stage 1**	**% in financial assets**	Stage 1	Stage 2	% in financial assets
Placements with banks and other financial institutions and other financial assets in domestic currency						
	Ba3	**268,352,298**	**50.0**	302,366,458	–	46.4
	B1-B2	**91,115,097**	**17.0**	115,839,205	–	17.8
Repurchase agreements	Unrated	**177,225,843**	**33.0**	233,076,237	–	35.8
Total		**536,693,238**	**100.0**	651,281,900	–	100.0
Loans to resident financial institutions under arrangement with the KfW, the World Bank, Asian Development Bank and European Investment Bank	Ba3	**104,471,593**	**45.3**	99,901,314	–	43.4
	B1-B2	**40,746,432**	**17.7**	49,574,568	–	21.5
	Unrated	**85,431,652**	**37.0**	80,695,222	–	35.1
Total		**230,649,677**	**100.0**	230,171,104	–	100.0
	Ba3	**104,435,327**	**43.7**	73,041,027	–	32.1
	B1-B2	**61,458,380**	**25.7**	86,372,524	–	38.0
Mortgage refinancing	Unrated	**73,283,266**	**30.6**	67,787,460	–	29.9
Total		**239,176,973**	**100.0**	227,201,011	–	100.0
Loans to resident financial institutions financed by own funds	Unrated	**29,379,636**	**100.0**	28,911,801	22,297,682	100.0
Total		**29,379,636**	**100.0**	28,911,801	22,297,682	100.0
	Ba3	**12,654,111**	**42.4**	7,901,269	–	39.9
Deposits and current accounts in commercial banks	B1-B2	**6,816,806**	**22.9**	7,804,114	–	39.4
	Unrated	**10,342,730**	**34.7**	4,089,157	–	20.7
Total		**29,813,647**	**100.0**	19,794,540	–	100.0
Other loans	Unrated	**2,226,962**	**100.0**	2,175,719	–	100.0
Total		**2,226,962**	**100.0**	2,175,719	–	100.0
Allowance for ECL		**(3,390,816)**	**–**	(3,313,708)	(22,297,682)	–
Total placements with banks, other financial institutions and other financial assets in domestic currency		**1,064,549,317**	**–**	1,156,222,367	–	–

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.

31. RISK MANAGEMENT (continued)

Impairment assessment (continued)

Definition of default and cure (continued)

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.

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.

31. RISK MANAGEMENT (continued)

Impairment assessment (continued)

Write-offs

Financial assets are written off either in their entirety or partially when the Group has no reasonable expectation of recovering the asset in its entirety, or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference will be an additional impairment loss, which is presented as an addition to the allowance applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

The following events represent examples of circumstances which could lead to a full or partial write-off:

- The borrower is declared bankrupt or insolvent, especially in the case of unsecured exposures where the liquidator or administrator has indicated that there aren't sufficient resources available to satisfy the unsecured creditors;
- There is external evidence available that there has been an irreversible decline in expected cash flows and, accordingly, the Group has no reasonable expectation of recovery.

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 2025 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 2025:

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)*	**536,693,238**	**–**	**536,693,238**	**536,693,238**	**–**	**–**
Total financial assets	**536,693,238**	**–**	**536,693,238**	**536,693,238**	**–**	**–**

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

	31 December 2025				31 December 2024			
In thousands of Armenian Drams	Armenia	OECD	CIS and other countries	Total	Armenia	OECD	CIS and other countries	Total
Assets								
Cash	**13,653,100**	**–**	**–**	**13,653,100**	14,247,091	–	–	14,247,091
Placements with banks and other financial institutions in foreign currency	**4,922,779**	**1,120,517,457**	**5,243,935**	**1,130,684,171**	12,234,947	694,281,202	2,438,306	708,954,455
Placements with banks, other financial institutions and other financial assets in domestic currency	**1,064,549,317**	**–**	**–**	**1,064,549,317**	1,156,222,367	–	–	1,156,222,367
Financial assets at fair value through profit or loss	**–**	**788,038,660**	**12,470,414**	**800,509,074**	–	749,528,974	–	749,528,974
Derivative financial assets	**–**	**109,149**	**–**	**109,149**	–	158,575	–	158,575
Financial assets measured at fair value through other comprehensive income	**128,580,661**	**2,829,752**	**–**	**131,410,413**	168,481,832	2,556,080	–	171,037,912
Financial assets at amortized cost	**24,492,212**	**–**	**–**	**24,492,212**	20,684,983	–	–	20,684,983
Investments in associates	**26,930,576**	**–**	**–**	**26,930,576**	21,468,457	–	–	21,468,457
Placements with the IMF	**–**	**67,839,348**	**–**	**67,839,348**	–	67,395,555	–	67,395,555
Property and equipment and intangible assets	**63,086,074**	**–**	**–**	**63,086,074**	65,201,083	–	–	65,201,083
Other assets	**10,765,731**	**70,814**	**–**	**10,836,545**	10,992,486	7,936	120,796	11,121,218
Total assets	**1,336,980,450**	**1,979,405,180**	**17,714,349**	**3,334,099,979**	1,469,533,246	1,513,928,322	2,559,102	2,986,020,670
Liabilities								
Notes and coins in circulation	**1,152,022,629**	**–**	**–**	**1,152,022,629**	986,167,919	–	–	986,167,919
Deposits and accounts of financial and other institutions	**1,229,813,712**	**5,650,249**	**667,609**	**1,236,131,570**	1,119,344,084	2,623,016	1,467,422	1,123,434,522
Derivative financial liabilities	**361,548**	**–**	**–**	**361,548**	–	–	–	–
Due to the Government	**497,347,088**	**–**	**–**	**497,347,088**	428,984,625	–	–	428,984,625
Due to the IMF	**–**	**192,583,977**	**–**	**192,583,977**	–	199,084,273	–	199,084,273
Other borrowed funds	**–**	**178,076,073**	**3,741,396**	**181,817,469**	–	184,217,525	3,962,829	188,180,354
Debt securities issued	**39,976,839**	**–**	**–**	**39,976,839**	37,323,956	–	–	37,323,956
Other liabilities	**4,753,426**	**269,546**	**75,870**	**5,098,842**	4,716,702	5,000	84,967	4,806,669
Total liabilities	**2,924,275,242**	**376,579,845**	**4,484,875**	**3,305,339,962**	2,576,537,286	385,929,814	5,515,218	2,967,982,318
Net assets	**(1,587,294,792)**	**1,602,825,335**	**13,229,474**	**28,760,017**	(1,107,004,040)	1,127,998,508	(2,956,116)	18,038,352

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.

Armenia's international reserves are divided into portfolios based on the international reserve management objectives. The portfolios are constructed and managed in compliance with the primary management criteria of safety and liquidity to insure meeting the portfolio objectives in the investment horizon.

Analysis of financial liabilities by remaining contractual maturities

The tables below show liabilities at 31 December 2025 and 31 December 2024 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 2025						
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	**1,152,022,629**	**–**	**–**	**–**	**–**	**–**	**1,152,022,629**
Deposits and accounts of financial and other institutions	**1,236,302,841**	**–**	**–**	**–**	**–**	**–**	**1,236,302,841**
Due to the Government	**115,853,396**	**104,489,897**	**284,046,798**	**–**	**–**	**–**	**504,390,091**
Due to the IMF	**–**	**2,530,458**	**10,879,465**	**15,823,470**	**46,880,874**	**177,834,972**	**253,949,239**
Other borrowed funds	**2,122,379**	**451,678**	**23,874,733**	**99,510,290**	**84,066,150**	**–**	**210,025,230**
Debt securities issued	**–**	**5,550,000**	**7,618,190**	**24,715,193**	**10,361,551**	**–**	**48,244,934**
Gross settled derivatives not held for trading							
Contractual amounts (receivable)	**–**	**(3,973,771)**	**–**	**(2,185,499)**	**–**	**–**	**(6,159,270)**
Contractual amounts payable	**–**	**4,317,064**	**–**	**2,548,374**	**–**	**–**	**6,865,438**
Total net non-discounted financial liabilities	**2,506,301,245**	**113,365,326**	**326,419,186**	**140,411,828**	**141,308,575**	**177,834,972**	**3,405,641,132**

	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. RISK MANAGEMENT (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of financial assets 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.

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 investment horizon. The Board is also responsible for outlining the principles of strategic asset allocation and benchmarking and approving the annual results of Strategic Asset Allocation for the international reserves.

Optimal portfolios are constructed based on scenario analysis using VAR- 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, Conditional Value at Risk, Key Rate Duration, Information Ratio, Spread Duration, PCA Duration, Tracking Error, etc.

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 2025 and 31 December 2024 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.

	2025		2024	
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**	**(380,719)**	+150	(430,083)
AMD	**-150**	**382,214**	-150	473,376
USD	**+125**	**1,251,491**	+125	2,027,406
USD	**-25**	**586,117**	-25	1,306,329

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 2025 and 31 December 2024, based on the assumption of changing interest rates. Amounts included in the table below are disclosed in the presentation currency.

	2025		2024	
	Change in basis points	**Increase/(decrease) of net result on financial assets at FVPL and equity**	Change in basis points	Increase/(decrease) of net result on financial assets at FVPL and equity
Currency				
USD	**+125/-50**	**(6,633,365)/2,653,346**	+125/-50	(6,378,860)/ 2,551,544
EUR	**+50/-50**	**(1,119,013)/1,119,013**	+50/-50	(991,719)/ 991,719
GBP	**+125/-125**	**(8,060)/ 8,060**	+125/-125	(32,340)/ 32,340
CNY	**+150/-150**	**(21,565)/ 21,565**	+150/-150	(87,172)/87,172

The Group also has liabilities with floating interest rates outstanding as at 31 December 2025 and 31 December 2024.

31. RISK MANAGEMENT (continued)

Interest rate risk (continued)

The following table demonstrates the sensitivity of the Group's profit or loss and equity as at 31 December 2025 and 31 December 2024 based on the assumption of changing interest rates on borrowings obtained by the Group:

	2025		2024	
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	**+/-31**	**38,554/(38,554)**	+/-71	96,378/(96,378)
SDR	**+/-58**	**116,051/(116,051)**	+/-138	367,841/(367,841)
EUR	**+/-20**	**35,833/(35,833)**	+/-20	145,244/(145,244)

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 is responsible for approving the currency composition of international reserves at least on annually.

The tables below demonstrate foreign currency assets and liabilities at their carrying amounts and classified by currency as at 31 December 2025 and 31 December 2024.

	31 December 2025				
In thousands of Armenian Drams	**USD**	**EUR**	**SDR**	**Other**	**Total**
Assets in foreign currency					
Cash	**13,591,480**	**54,113**	**–**	**7,507**	**13,653,100**
Placements with banks and other financial institutions in foreign currency	**871,723,391**	**238,458,121**	**–**	**20,502,659**	**1,130,684,171**
Financial assets at fair value through profit or loss	**570,345,775**	**213,203,755**	**–**	**16,959,544**	**800,509,074**
Derivative financial assets	**109,149**	**–**	**–**	**–**	**109,149**
Financial assets measured at fair value through other comprehensive income	**9,514,267**	**2,496,001**	**–**	**–**	**12,010,268**
Placements with the IMF	**–**	**–**	**67,839,348**	**–**	**67,839,348**
Other assets	**58,163**	**12,089**	**–**	**562**	**70,814**
Total assets in foreign currency	**1,465,342,225**	**454,224,079**	**67,839,348**	**37,470,272**	**2,024,875,924**
Liabilities in foreign currency					
Deposits and accounts of financial and other institutions	**550,624,138**	**152,677,411**	**–**	**15,122**	**703,316,671**
Derivative financial liabilities	**361,548**	**–**	**–**	**–**	**361,548**
Due to the Government	**541,299**	**3,783**	**–**	**576,827**	**1,121,909**
Due to the IMF	**–**	**–**	**192,583,977**	**–**	**192,583,977**
Other borrowed funds	**75,294,758**	**102,781,315**	**3,741,396**	**–**	**181,817,469**
Debt securities issued	**9,903,707**	**–**	**–**	**–**	**9,903,707**
Other liabilities	**314,679**	**11,941**	**–**	**70,531**	**397,151**
Total liabilities in foreign currency	**637,040,129**	**255,474,450**	**196,325,373**	**662,480**	**1,089,502,432**
Net currency position	**828,302,096**	**198,749,629**	**(128,486,025)**	**36,807,792**	**935,373,492**

31. RISK MANAGEMENT (continued)

Currency risk (continued)

	31 December 2024				
In thousands of Armenian Drams	**USD**	**EUR**	**SDR**	**Other**	**Total**
Assets in foreign currency					
Cash	14,191,490	49,880	–	5,721	14,247,091
Placements with banks and other financial institutions in foreign currency	468,845,937	214,794,408	–	25,314,110	708,954,455
Financial assets at fair value through profit or loss	524,124,357	191,057,871	–	34,346,746	749,528,974
Derivative financial assets	158,575	–	–	–	158,575
Financial assets measured at fair value through other comprehensive income	9,697,806	2,235,964	–	–	11,933,770
Placements with the IMF	–	–	67,395,555	–	67,395,555
Other assets	122,661	6,071	–	–	128,732
Total assets in foreign currency	**1,017,140,826**	**408,144,194**	**67,395,555**	**59,666,577**	**1,552,347,152**
Liabilities in foreign currency					
Deposits and accounts of financial and other institutions	409,755,402	118,822,219	–	14,134	528,591,755
Due to the Government	571,303	16,610	–	807,055	1,394,968
Due to the IMF	–	–	199,084,273	–	199,084,273
Other borrowed funds	80,165,173	104,052,352	3,962,829	–	188,180,354
Debt securities issued	10,291,731	–	–	–	10,291,731
Other liabilities	219,891	220	–	79,417	299,528
Total liabilities in foreign currency	**501,003,500**	**222,891,401**	**203,047,102**	**900,606**	**927,842,609**
Net currency position	**516,137,326**	**185,252,793**	**(135,651,547)**	**58,765,971**	**624,504,543**

Other currencies mainly comprise of JPY and CNY balances.

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:

	2025		2024	
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	**2.00%**	**16,566,042**	10.00%	51,629,821
EUR	**3.00%**	**5,962,481**	13.50%	24,987,715
GBP	**3.00%**	**218,963**	16.00%	3,062,805
JPY	**6.00%**	**896,220**	13.50%	2,460,961
RUB	**8.00%**	**326,672**	20.00%	323,432
SDR	**2.00%**	**(2,569,720)**	12.00%	(16,278,186)

	2025		2024	
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	**(2.00)%**	**(16,566,042)**	(10.00)%	(51,629,821)
EUR	**(3.00)%**	**(5,962,481)**	(13.50)%	(24,987,715)
GBP	**(3.00)%**	**(218,963)**	(16.00)%	(3,062,805)
JPY	**(6.00)%**	**(896,220)**	(13.50)%	(2,460,961)
RUB	**(8.00)%**	**(326,672)**	(20.00)%	(323,432)
SDR	**(2.00)%**	**2,569,720**	(12.00)%	16,278,186

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 reflects the currency composition implied by the portfolio objectives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. RISK MANAGEMENT (continued)

Operating risk

Management of non-financial risks, including operational risks

In the Central Bank of Armenia the Risk Management activities are coordinated by the Risk Management Center.

The mission of the Risk Management Center is to promote a positive risk management culture within the Bank and ensure effective management of non-financial risks through development of unified policies, procedures and methodologies, support for risk owners throughout the risk management process, ongoing risk monitoring and reporting.

Oversight of the Bank's arrangements for risk management is undertaken by the Risk Management Committee (hereinafter RMC). The RMC is chaired by the Governor of the Central Bank of Armenia. The purpose of the RMC is to support the Governor in effectively managing the Bank's financial, non-financial, and strategic risks. The scope of the RMC's authority does not include public policy risks, as well as financial risks related to International reserve management.

When assessing the non-financial risks, the likelihood of a risk occurring and the impact on the Bank are considered.

For the assessment of non-financial risks the Bank uses a risk assessment matrix, which provides consistent criteria for materiality assessment of these risks.

The risk assessment process involves the assessment of the Inherent Risk, the effectiveness of the overall control environment applicable to those risks and the Residual Risk, taking into account the assessed control effectiveness.

Control over subsidiaries

As disclosed in *Note 2*, 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 expected to be recovered or settled before and after twelve months after the reporting period.

	31 December 2025		
In thousands of Armenian Drams	**Current**	**Non-current**	**Total**
Assets			
Cash	**13,653,100**	**–**	**13,653,100**
Placements with banks and other financial institutions in foreign currency	**1,128,186,391**	**2,497,780**	**1,130,684,171**
Financial assets at fair value through profit or loss	**800,509,074**	**–**	**800,509,074**
Derivative financial assets	**109,149**	**–**	**109,149**
Placements with banks, other financial institutions and other financial assets in domestic currency	**658,841,417**	**405,707,900**	**1,064,549,317**
Financial assets measured at fair value through other comprehensive income	**112,222,460**	**19,187,953**	**131,410,413**
Financial assets at amortized cost	**7,901,983**	**16,590,229**	**24,492,212**
Investments in associates	**–**	**26,930,576**	**26,930,576**
Placements with the IMF	**511,724**	**67,327,624**	**67,839,348**
Property and equipment	**–**	**60,087,509**	**60,087,509**
Intangible assets	**–**	**2,998,565**	**2,998,565**
Other assets	**6,937,198**	**3,899,347**	**10,836,545**
Total assets	**2,728,872,496**	**605,227,483**	**3,334,099,979**
Liabilities			
Notes and coins in circulation	**1,152,022,629**	**–**	**1,152,022,629**
Deposits and accounts of other financial institutions	**1,236,131,570**	**–**	**1,236,131,570**
Derivative financial liabilities	**361,548**	**–**	**361,548**
Due to the Government	**497,347,088**	**–**	**497,347,088**
Due to the IMF	**10,668,169**	**181,915,808**	**192,583,977**
Other borrowed funds	**21,825,036**	**159,992,433**	**181,817,469**
Debt securities issued	**10,524,759**	**29,452,080**	**39,976,839**
Other liabilities	**4,900,533**	**198,309**	**5,098,842**
Total liabilities	**2,933,781,332**	**371,558,630**	**3,305,339,962**
Net position as at 31 December 2025	**(204,908,836)**	**233,668,853**	**28,760,017**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. MATURITY ANALYSIS (continued)

In thousands of Armenian Drams	31 December 2024		
	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 assets 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
Financial assets at amortized cost	4,195,758	16,489,225	20,684,983
Investments in associates	–	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	434,690	4,806,669
Total liabilities	**2,584,789,624**	**383,192,694**	**2,967,982,318**
Net position as at 31 December 2024	**(201,357,838)**	**219,396,190**	**18,038,352**

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 non-interest 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 2024	216,245,204	204,803,977	22,639,296	90,294	443,778,771
Borrowed funds received	–	13,432,118	–	–	13,432,118
Borrowed funds 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	425,053,567
Carrying amount at 1 January 2025	**199,084,273**	**188,180,354**	**37,323,956**	**464,984**	**425,053,567**
Borrowed funds received	**–**	**10,198,763**	**–**	**–**	**10,198,763**
Borrowed funds redeemed	**(8,469,631)**	**(22,398,567)**	**–**	**–**	**(30,868,198)**
Proceeds from issuance of debt securities	**–**	**–**	**12,310,754**	**–**	**12,310,754**
Repayment of debt securities issued	**–**	**–**	**(9,388,510)**	**–**	**(9,388,510)**
Lease payments	**–**	**–**	**–**	**(166,503)**	**(166,503)**
Foreign currency translation	**2,136,294**	**5,840,354**	**–**	**–**	**7,976,648**
Other	**(166,959)**	**(3,435)**	**(269,361)**	**(3,199)**	**(442,954)**
Carrying amount at 31 December 2025	**192,583,977**	**181,817,469**	**39,976,839**	**295,282**	**414,673,567**

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



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