

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

31 December 2024

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Independent auditor's report

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Independent Auditors' Report

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

Opinion

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

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

Basis for Opinion

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

Other Information

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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



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

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

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


Irina Gevorgyan
Managing Partner, Director of KPMG Armenia LLC

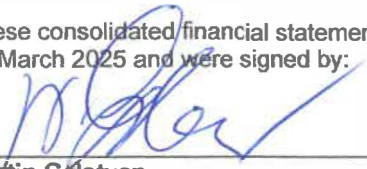
KPMG Armenia LLC
28 March 2025

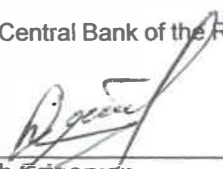


Consolidated statement of comprehensive income**For the year ended 31 December 2024**

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

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


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


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

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

Consolidated statement of financial position**As at 31 December 2024**

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

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

Consolidated statement of changes in equity**For the year ended 31 December 2024**

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

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

Consolidated statement of cash flows**For the year ended 31 December 2024**

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

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

1. General information

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

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

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

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

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

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

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

To accomplish its objectives the Central Bank:

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

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

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

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

1. General information (continued)

(a) Armenian economic environment

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

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

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

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

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

2. Summary of material accounting policies

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Form of presentation of the financial statements

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

(d) Functional and presentation currency

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

(e) Use of estimates and judgments

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

Fair value

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

2. Summary of material accounting policies (continued)

(e) Use of estimates and judgments (continued)

Assessment of impairment

Financial Assets

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

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

Associates/Equity-accounted investees

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

(f) Application of new standards

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

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

(g) Basis of consolidation

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

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

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

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

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

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

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

2. Summary of material accounting policies (continued)

(g) Basis of consolidation (continued)

Associates

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

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

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

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

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

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

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

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

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

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

(i) Cash and cash equivalents

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

2. Summary of material accounting policies (continued)

(j) Financial instruments – key measurement terms

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

Initial measurement

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

- ▶ Amortised cost;
- ▶ FVOCI;
- ▶ FVPL.

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

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

Date of recognition

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

Financial assets at fair value through profit or loss

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

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

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

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

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

- ▶ The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- ▶ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

The details of these conditions are outlined below.

2. Summary of material accounting policies (continued)

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

Business model assessment

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

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

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

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

The SPPI test

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

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

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

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

Debt instruments at FVOCI

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- ▶ the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- ▶ the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Equity instruments at FVOCI

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

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

2. Summary of material accounting policies (continued)

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

Reclassification of financial assets

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

Borrowings

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

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

(k) Repurchase and reverse repurchase agreements

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

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

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

(l) Notes and coins in circulation

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

(m) Property and equipment

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

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

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

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

2. Summary of material accounting policies (continued)

(m) Property and equipment (continued)

Depreciation

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

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

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

(n) Intangible assets

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

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

(o) Impairment of non-financial assets

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

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

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

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

(p) Taxation

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

(q) Issued capital

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

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

2. Summary of material accounting policies (continued)

(q) Issued capital (continued)

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

(r) Profit allocation

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

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

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

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

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

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

(s) Segment information

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

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

(t) Interest income and expense

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

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

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

2. Summary of material accounting policies (continued)

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

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

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

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

3. New accounting pronouncements

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

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

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

4. Interest income

In thousands of Armenian Drams

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

5. Interest expense*In thousands of Armenian Drams*

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

6. Net foreign exchange (loss)/gain*In thousands of Armenian Drams*

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

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

7. Net gain on derivatives*In thousands of Armenian Drams*

	2024	2023
Net gain on swaps	349,450	988,296
Total net gain on derivatives	349,450	988,296

8. Net gain on financial instruments at fair value through profit or loss*In thousands of Armenian Drams*

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

9. Other income

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

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

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

10. Cost of production of banknotes, coins and numismatics

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

11. Other expenses

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

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

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

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

12.1 Placements with banks and other financial institutions in foreign currency

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Collateral received under reverse repurchase agreements

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

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

Loans to resident banks and financial institutions

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

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

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

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

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

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

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

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

- *Development of the Renewable Energies.* The overall objective of the Program financed by KfW is to contribute to the utilization of renewable energy by making loans available for private entities and enterprises. The resources of the first two phases were allocated to financing of Small Hydro Power Plants ("SHPP") construction and capacity increase, whereas the last four phases were aimed at financing of physical and legal entities constructing for own consumption small (up to 500 kw), as well as large-scale (up to 5MW) (licensed) solar photovoltaic stations and other types (biomass, wind) of renewable energy sources.
- *Development of sustainable housing market.* Starting from 2006 the purpose of the Program financed by KfW has been the expansion of sustainable lending to private households by commercial banks and credit organisations to either purchase or modernize housing as well as to promote rural and energy efficient housing loans. Within this program the Bank granted loans to its subsidiary which are eliminated as intragroup transaction.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13. Financial instruments at fair value through profit or loss

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

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

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

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

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

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

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

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

14. Derivative financial instruments

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

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

15. Investments

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

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

15. Investments (continued)

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

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

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

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

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

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

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

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

15. Investments (continued)

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

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

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

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

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

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

15.3 Equity-accounted investees

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

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

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

15. Investments (continued)

15.3 Equity-accounted investees (continued)

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

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

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

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

15.4 Investments at amortized cost in foreign currency

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

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

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

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

<i>In thousands of Armenian Drams</i>	2024		2023	
	Stage 1	Total	Stage 1	Total
Debt securities at amortized cost in foreign currency – EU bonds of the Government of the Republic of Armenia				
Gross carrying value as at 1 January	3,113,313	3,113,313	1,053,407	1,053,407
New assets originated or purchased	–	–	2,059,906	2,059,906
Reclassification	(3,113,313)	(3,113,313)	–	–
At 31 December	–	–	3,113,313	3,113,313
<i>In thousands of Armenian Drams</i>	2024		2023	
	Stage 1	Total	Stage 1	Total
Debt securities at amortized cost in foreign currency – EU bonds of the Government of the Republic of Armenia				
ECL as at 1 January	37,639	37,639	12,545	12,545
New assets originated or purchased	–	–	24,598	24,598
Changes to models and inputs used for ECL calculations	–	–	495	495
Reclassification	(37,639)	(37,639)	–	–
At 31 December	–	–	37,638	37,638

15. Investments (continued)

15.4 Investments at amortized cost in foreign currency (continued)

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

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

15.5 Investments at amortized cost in domestic currency

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

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

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

<i>In thousands of Armenian Drams</i>	2024		2023	
	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	16,391,747	16,391,747	–	–
New assets originated or purchased	4,370,215	4,370,215	16,391,747	16,391,747
At 31 December	20,761,962	20,761,962	16,391,747	16,391,747

<i>In thousands of Armenian Drams</i>	2024		2023	
	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	63,571	63,571	–	–
New assets originated or purchased	9,231	9,231	63,571	63,571
Changes to models and inputs used for ECL calculations	4,177	4,177	–	–
At 31 December	76,979	76,979	63,571	63,571

16. Operations with the International Monetary Fund

Placements with the IMF

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

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

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

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

Due to the IMF

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

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

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

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

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

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

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

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

17. Property and equipment

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

18. Intangible assets

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

19. Other assets in domestic currency

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

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

	2024		2023	
	Stage 1	Total	Stage 1	Total
<i>In thousands of Armenian Drams</i>				
Receivables in domestic currency				
Gross carrying value as at 1 January	276,178	276,178	–	–
New assets originated or purchased	29,694	29,694	276,178	276,178
At 31 December	305,872	305,872	276,178	276,178
	2024		2023	
	Stage 1	Total	Stage 1	Total
<i>In thousands of Armenian Drams</i>				
Receivables in domestic currency				
ECL as at 1 January	290	290	–	–
New assets originated or purchased	–	–	290	290
Changes to models and inputs used for ECL calculations	35	35	–	–
At 31 December	325	325	290	290

20. Deposits and accounts of financial and other institutions

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

Concentration of deposits and accounts of financial and other institutions

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

21. Other borrowed funds

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

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

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

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

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

21. Other borrowed funds (continued)

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

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

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

There is no actual market for this type of financing, provided by international organisations to support small and medium-size businesses in specific sectors of economy and develop the mortgage market. These loans represent a separate market segment and accordingly, at the initial recognition the Group does not discount them.

22. Other liabilities in domestic currency

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

23. Due to the Government of the Republic of Armenia

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

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

24. Debt securities issued

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

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

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

25. Management of capital

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

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

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

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

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

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

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

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

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

26. Commitments

Capital commitments

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

Litigation

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

27. Segment information

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

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

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

In thousands of Armenian Drams

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

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

In thousands of Armenian Drams

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

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

In thousands of Armenian Drams

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

27. Segment information (continued)

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

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

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

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

27. Segment information (continued)

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

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

28. Related party transactions

Transactions with members of the key management

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

<i>In thousands of Armenian Drams</i>	2024	2023
Key management including the Board members	396,353	395,477
Total	396,353	395,477

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

Transactions with the Government of the Republic of Armenia

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

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

28. Related party transactions (continued)

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

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

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

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

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

Transactions with other related parties

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

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

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

29. Cash and cash equivalents

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

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

30. Fair value of financial instruments

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

30. Fair value of financial instruments (continued)

(a) Recurring fair value measurements

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

<i>In thousands of Armenian Drams</i>	31 December 2024				31 December 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets carried at fair value								
Financial assets								
Financial instruments at fair value through profit or loss								
Government bonds (Note 13)	597,246,948	-	-	597,246,948	638,513,719	-	-	638,513,719
Other securities (Note13)	152,282,027	-	-	152,282,027	121,365,444	-	-	121,365,444
Investment securities measured at fair value through other comprehensive income								
Foreign securities (Note15.1)	320,116	2,232,741	-	2,552,857	264,668	2,316,446	-	2,581,114
Securities of the Government of the Republic of Armenia (Note15.2)	-	9,583,870	-	9,583,870	-	9,291,332	-	9,291,332
Promissory note issued by the Government of the Republic of Armenia (Note15.2)	-	149,520,272	-	149,520,272	-	162,437,256	-	162,437,256
Corporate bonds in foreign currency (Note15.2)	-	842,971	-	842,971	-	454,011	-	454,011
EU bonds of the Government of the Republic of Armenia (Note 15.1)	-	8,534,719	-	8,534,719	-	1,798,687	-	1,798,687
Derivative financial assets								
Foreign currency swap contracts in foreign market (Note14)	-	158,575	-	158,575	-	-	-	-
Total assets with recurring fair value measurements	749,849,091	170,873,148	-	920,722,239	760,143,831	176,297,732	-	936,441,563
Liabilities carried at fair value								
Derivative financial liabilities								
Foreign currency swap contracts in foreign market (Note14)	-	-	-	-	-	190,283	-	190,283
Total liabilities with recurring fair value measurements	-	-	-	-	-	190,283	-	190,283

30. Fair value of financial instruments (continued)

(a) Recurring fair value measurements (continued)

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

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

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

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

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

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

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

31. Risk management

Introduction

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

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

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

The Board

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

Institutional framework

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

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

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

Administration and control

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

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

Asset allocation and risk management

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

31. Risk management (continued)

Credit risk

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

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

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

Derivative financial instruments

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

Maximum credit risk without collateral or other credit enhancement

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

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

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

31. Risk management (continued)

Credit quality per class of financial assets

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

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

31. Risk management (continued)

Credit quality per class of financial assets (continued)

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

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

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

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

31. Risk management (continued)

Impairment assessment

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

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

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

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

Stage 1:	When assets are first recognized, the Group recognizes an allowance based on 12mECL. Stage 1 assets also include facilities where the credit risk has improved and the asset has been reclassified from Stage 2.
Stage 2:	When an asset has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECL. Stage 2 assets also include facilities, where the credit risk has improved and the asset has been reclassified from Stage 3.
Stage 3:	Assets considered credit-impaired. The Group records an allowance for the LTECL.
POCI:	Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest revenue is subsequently recognized based on a credit-adjusted EIR. ECL are only recognized or released to the extent that there is a subsequent change in the lifetime expected credit losses.

Definition of default and cure

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

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

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

31. Risk management (continued)

Impairment assessment (continued)

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

PD estimation process

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

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

Exposure at default

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

Loss given default

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

Significant increase in credit risk

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

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

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

Forward-looking information and multiple economic scenarios

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

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

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

Offsetting financial assets and financial liabilities

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

31. Risk management (continued)

Offsetting financial assets and financial liabilities (continued)

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

In thousands of Armenian Drams

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

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

In thousands of Armenian Drams

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

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

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

31. Risk management (continued)

Liquidity risk and funding management

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

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

Analysis of financial liabilities by remaining contractual maturities

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

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

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

Market risk

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

31. Risk management (continued)

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

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

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

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

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

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

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

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

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

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

31. Risk management (continued)

Currency risk

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

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

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

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

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

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

Operating risk – control over subsidiaries

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

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

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

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

32. Maturity analysis

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

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

32. Maturity analysis (continued)

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

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

33. Changes in liabilities arising from financing activities

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

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