

Central Bank of the Republic of Armenia

Consolidated Financial Statements

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

CONTENTS

Independent auditor's report

Consolidated financial statements

Consolidated statement of comprehensive income	1
Consolidated statement of financial position.....	2
Consolidated statement of changes in equity.....	3
Consolidated statement of cash flows	4

Notes to the consolidated financial statements

1. General information	5
2. Summary of material accounting policies.....	6
3. New accounting pronouncements	15
4. Interest income.....	16
5. Interest expense	16
6. Net foreign exchange loss.....	16
7. Net (loss)/gain on derivatives	16
8. Net gain on financial assets at fair value through profit or loss	17
9. Other income	17
10. Cost of production of banknotes, coins and numismatics.....	17
11. Other expenses.....	17
12. Placements with banks, other financial institutions and other financial assets.....	18
13. Financial assets at fair value through profit or loss	22
14. Derivative financial instruments	23
15. Investments.....	23
16. Operations with the International Monetary Fund	27
17. Property and equipment.....	28
18. Intangible assets.....	29
19. Other assets in domestic currency	29
20. Deposits and accounts of financial and other institutions.....	29
21. Other borrowed funds.....	30
22. Other liabilities in domestic currency.....	31
23. Due to the Government of the Republic of Armenia.....	31
24. Debt securities issued.....	31
25. Management of capital	31
26. Commitments.....	32
27. Segment information.....	32
28. Related party transactions.....	35
29. Cash and cash equivalents	37
30. Fair value of financial instruments.....	37
31. Risk management.....	39
32. Maturity analysis.....	52
33. Changes in liabilities arising from financing activities.....	54

Independent auditor's report

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

Opinion

We have audited the consolidated financial statements of the Central Bank of the Republic of Armenia (the "Bank") and its subsidiaries (hereinafter, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for opinion

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

Other matter

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

Responsibilities of management and the Audit committee of the Central Bank of the Republic of Armenia for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

Ernst & Young CJSC
Yerevan, Armenia

General Director
Partner (Assurance)



Eric Hayrapetyan

30 March 2026

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**For the year ended 31 December 2025**

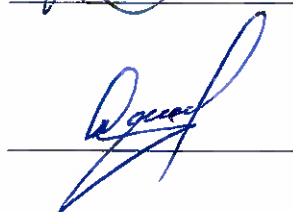
<i>In thousands of Armenian Drams</i>	Note	31 December 2025	31 December 2024
Interest income	4	107,092,618	97,880,728
Interest expense	5	(56,483,285)	(53,702,628)
Net interest income		50,609,333	44,178,100
Credit loss expense	12, 15	(3,630,497)	(18,904,810)
Net interest income after credit loss allowance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

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



Martin Galstyan

Chairman of the Central Bank of the Republic of Armenia



Anush Grigoryan

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**As at 31 December 2025**

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

<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 of the RA	Other reserves	Accumulated deficit			
Balance at 1 January 2024	100,000	50,397,515	162,437,256	2,575,912	(203,736,187)	11,774,496	2,101,964	13,876,460
Total comprehensive income								
Profit for the year	–	–	–	–	16,146,230	16,146,230	291,894	16,438,124
Other comprehensive income	–	–	–	345	–	345	22,755	23,100
Total comprehensive income for the year	–	–	–	345	16,146,230	16,146,575	314,649	16,461,224
Proportion of 2024 profit subject to distribution in the form of set-off with the promissory note by the Government of the RA (Notes 15.2, 25)	–	–	(12,916,984)	–	–	(12,916,984)	–	(12,916,984)
Portion of 2024 profits allocated to general reserve	–	3,229,246	–	–	(3,229,246)	–	–	–
Total transactions with the Founder of the Bank	–	3,229,246	(12,916,984)	–	(3,229,246)	(12,916,984)	–	(12,916,984)
Increase of share capital of subsidiary	–	–	–	–	–	–	617,652	617,652
Total increase of share capital of subsidiary	–	–	–	–	–	–	617,652	617,652
Balance at 31 December 2024	100,000	53,626,761	149,520,272	2,576,257	(190,819,203)	15,004,087	3,034,265	18,038,352
Total comprehensive income								
Profit for the year	–	–	–	–	47,421,513	47,421,513	237,244	47,658,757
Other comprehensive income	–	–	–	995,067	–	995,067	5,051	1,000,118
Total comprehensive income for the year	–	–	–	995,067	47,421,513	48,416,580	242,295	48,658,875
Proportion of 2025 profit subject to distribution in the form of set-off with the promissory note by the Government of the RA (Notes 15.2, 25)	–	–	(37,937,210)	–	–	(37,937,210)	–	(37,937,210)
Portion of 2025 profits allocated to general reserve	–	9,484,303	–	–	(9,484,303)	–	–	–
Total transactions with the Founder of the Bank	–	9,484,303	(37,937,210)	–	(9,484,303)	(37,937,210)	–	(37,937,210)
Balance at 31 December 2025	100,000	63,111,064	111,583,062	3,571,324	(152,881,993)	25,483,457	3,276,560	28,760,017

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

CONSOLIDATED STATEMENT OF CASH FLOWS**For the year ended 31 December 2025**

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**For the year ended 31 December 2025**

1. GENERAL INFORMATION

The Central Bank of the Republic of Armenia (the “Bank” or the “Central Bank”) is a legal entity the sole founder of which is the Republic of Armenia.

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

The registered address of the Bank is 6 Vazgen Sargsyan Street, Yerevan 0010, Republic of Armenia. The average number of employees of the Bank during 2025 was 767 (2024: 779).

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

In accordance with the Law the prime objective of the Bank is ensuring price stability and financial stability in the Republic of Armenia. In addition to its prime objective, other objectives include:

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

To accomplish its objectives the Central Bank:

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

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

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

(a) Armenian economic environment

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. GENERAL INFORMATION (continued)**(a) Armenian economic environment (continued)**

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

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

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES**(a) Statement of compliance**

The accompanying consolidated financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) for the Bank and its subsidiaries (together referred to as the “Group”).

(b) Basis of preparation

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

In exceptional circumstances detailed disclosure of the information about the operations which occur in the respective reporting period may lead to a loss of confidence spreading through the financial system of the Republic of Armenia as a whole. Accordingly, although the financial effects of such operations will be included into the consolidated financial statements of the Group, the Group may provide only limited disclosure in respect of such types of operations to the extent that such information is not material to users’ understanding of the Group’s financial statements.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at 31 December 2025. Subsidiaries are those investees that the Group controls. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****(c) Basis of consolidation (continued)**

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

Associates

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

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

Associates are entities over which the Group has significant influence (directly or indirectly), but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting, and are initially recognised at cost as investments in associates in the consolidated statement of financial position. The carrying amount of associates includes goodwill identified on acquisition less accumulated impairment losses, if any. Dividends received from associates reduce the carrying value of the investment in associates.

Other post-acquisition changes in Group's share of net assets of an associate are recognised as follows:

- (i) The Group's share of profits or losses of associates is recorded in the other income/other expense caption in the consolidated profit or loss for the year;
- (ii) The Group's share of other comprehensive income is recognised in other comprehensive income and presented separately;
- (iii) All other changes in the Group's share of the carrying value of net assets of associates are recognised in profit or loss within the other income/other expense captions (*Note 9*).

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

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

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

Name	Country of incorporation	Principal activity	Controlled, %		Date of establishment
			2025	2024	
"Armenian Card" CJSC	Republic of Armenia	Payment and settlement services	55	55	March 2000
"Hayincassatsia" CJSC	Republic of Armenia	Transportation/delivery of cash	100.00	100.00	April 1998
"National Mortgage Company" RCO CJSC	Republic of Armenia	Mortgage refinancing	100.00	100.00	June 2009
"Home for Youth" RCO CJSC	Republic of Armenia	Mortgage refinancing	100.00	100.00	February 2010
"Small and Medium Business Credit Support" CJSC	Republic of Armenia	Lending support	100.00	100.00	December 2010
"Vehicle Single Window" CJSC	Republic of Armenia	Insurance	100.00	100.00	December 2013
"Stak Money Transfer" CJSC	Republic of Armenia	infrastructure support	100.00	100.00	December 2017
		Payment and settlement services	100.00	100.00	December 2017

Following to the Group's policy disclosed in *Note 31*, in March 2020 the Group announced its intention to dispose its investment in the subsidiary engaged in cash delivery/transportation activities through liquidation. As of 31 December 2025 and 31 December 2024 the subsidiary was still under liquidation process.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**(d) Use of estimates and judgments**

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

Fair value

Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values (*Note 30*).

Assessment of impairment***Financial Assets***

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

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

Associates

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

(e) Application of new standards

The Group has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective for these consolidated financial statements. The standards and amendments, which are effective for annual periods beginning on or after 1 January 2025, did not have material impact on the Group's consolidated financial statements.

(f) Functional and presentation currency

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****(g) Foreign currency translation and presentation of foreign currency items (continued)**

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

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

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

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

(h) Cash and cash equivalents

For cash flows statement perspective cash and cash equivalents are items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Group considers cash in foreign currency, nostro accounts with banks, deposits with less than three months maturity and SDR holdings in the IMF to be cash and cash equivalents. Cash and cash equivalents are carried at amortised cost.

(i) Financial instruments – key measurement terms

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

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

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

Initial measurement

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

- Amortised cost;
- FVOCI;
- FVPL.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**(i) Financial instruments – key measurement terms (continued)*****Initial measurement (continued)***

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

Date of recognition

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

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category “Financial assets at fair value through profit or loss”. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated and effective hedging instruments.

Gains or losses on financial assets held for trading, including interest income on trading debt securities are recognised in profit or loss as net gain/(loss) on financial assets at fair value through profit and loss.

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

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

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

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

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

The details of these conditions are outlined below.

Business model assessment

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**(i) Financial instruments – key measurement terms (continued)*****Placements with banks and other financial institutions, financial assets at amortised cost (continued)****The SPPI test*

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

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

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

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

Debt instruments at FVOCI

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

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

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

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

Equity instruments at FVOCI

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

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

Reclassification of financial assets

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**(i) Financial instruments – key measurement terms (continued)*****Borrowings***

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

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

(j) Repurchase and reverse repurchase agreements

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

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

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

(k) Notes and coins in circulation

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

(l) Numismatic coins

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

(m) Property and equipment

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****(m) Property and equipment (continued)***Depreciation*

Depreciation of an asset begins when it is available for use. Depreciation is calculated on a straight-line basis over the following estimated useful lives as at 31 December 2025 and 31 December 2024:

	31 December 2025	31 December 2024
Buildings, including technical systems	3-80 years	3-80 years
Networks, computer and other PPE	2-20 years	2-15 years
Vehicles	8 years	5 years
Right-of-use assets	1-5 years	1-5 years

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

(n) Intangible assets

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

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

(o) Impairment of non-financial assets

The Group reviews the impairment of the carrying amount of investments in associates and other non-financial assets at each reporting date. If there are indications that the carrying amount of the investments and other non-financial assets may not be recoverable, an impairment test is performed.

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

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

Impairment losses on investments in associates and other non-financial assets are reversed if there is a change in the estimates used to determine the recoverable amount. The reversal of impairment is recognized in the statement of comprehensive income to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined if no impairment had been recognized previously.

(p) Taxation

The Bank is not subject to any taxes except for import duties. At the same time the Bank acts as a tax agent according to the procedures envisaged by the laws of the Republic of Armenia. The Group's subsidiaries are subject to income tax and other taxes on their operations in accordance with the laws of the Republic of Armenia. The applicable tax rate for subsidiaries is 18% (2024: 18%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**(q) Issued capital**

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

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

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

(r) Profit allocation

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

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

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

The calculation of the profit of the Group to be distributed shall not include the positive difference, adjusted to the amount of the sums intended for covering the negative results of previous periods, between the incomes and the expenses generated from revaluation of gold, special drawing rights, foreign currencies and valuables denominated in them (*Note 25*).

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

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

(s) Segment information

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

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

(t) Interest income and expense

The Group calculates interest revenue on debt financial assets measured at amortized cost or at FVOCI by applying the effective interest rate to the gross carrying amount of financial assets other than credit-impaired assets, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument

or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**(t) Interest income and expense (continued)**

Interest rate and the change in carrying amount is recorded as gain/loss due to revision of cash flows presented within interest income/expense.

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

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

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

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

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

In the case when central bank performs fiscal agent function, the amounts of assets and liabilities and results of transactions with the IMF are recorded in the statement of financial position and profit or loss of the central bank. When the central bank performs 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 on or after 1 January 2026 and earlier application is permitted; however, the Group has not early adopted the new or amended accounting standards in preparing these consolidated financial statements. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**4. INTEREST INCOME**

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

5. INTEREST EXPENSE

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

6. NET FOREIGN EXCHANGE LOSS

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

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

7. NET (LOSS)/GAIN ON DERIVATIVES

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**8. NET GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

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

9. OTHER INCOME

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

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

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

10. COST OF PRODUCTION OF BANKNOTES, COINS AND NUMISMATICS

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

11. OTHER EXPENSES

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

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

During the years ended 31 December 2025 and 31 December 2024, the main line items of expenses included into “Other” line represent costs related to e-society development, subscription fees, communication expenses, utilities, rent expenses, stationery of the Bank and its subsidiaries.

Amounts of employee compensation and related payments, audit fees, depreciation and amortisation, repairs and maintenance expenses, expenses on development and maintenance of payment system and other expenses for the years ended 31 December 2025 and 31 December 2024 also include respective amounts of expenses of the Group’s subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**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 2025	31 December 2024
Placements with banks and other financial institutions in foreign currency		
Nostro accounts	1,089,843,777	704,245,241
Term deposits	40,726,962	4,651,501
Margin requirements of derivatives	126,277	127,547
Cash included in assets under trust management	48,800	43,606
Allowance for ECL	(61,645)	(113,440)
Total placements with banks and other financial institutions in foreign currency	1,130,684,171	708,954,455

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

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

As at 31 December 2025 AMD 48,800 thousand balance of cash included in assets under trust management (31 December 2024: AMD 43,606 thousand) represent balance maintained by the Bank for settlements under operations with foreign securities within the framework of Investment Management Agreement.

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

An analysis of changes in the gross carrying value and corresponding ECL in relation to placements with banks and other financial institutions in foreign currency during the years ended 31 December 2025 and 31 December 2024 is as follows:

<i>In thousands of Armenian Drams</i>	2025		2024	
	Stage 1	Total	Stage 1	Total
Placements with banks and other financial institutions in foreign currency				
Gross carrying value as at 1 January	709,067,895	709,067,895	692,837,632	692,837,632
New assets originated or purchased	1,126,315,681	1,126,315,681	704,416,393	704,416,393
Assets repaid	(704,637,760)	(704,637,760)	(688,186,130)	(688,186,130)
At 31 December	1,130,745,816	1,130,745,816	709,067,895	709,067,895

<i>In thousands of Armenian Drams</i>	2025		2024	
	Stage 1	Total	Stage 1	Total
Placements with banks and other financial institutions in foreign currency				
ECL as at 1 January	113,440	113,440	2,818,946	2,818,946
New assets originated or purchased	20,256	20,256	64,349	64,349
Assets repaid	(64,349)	(64,349)	(6,640)	(6,640)
Changes to models and inputs used for ECL calculations	(7,702)	(7,702)	(2,763,215)	(2,763,215)
At 31 December	61,645	61,645	113,440	113,440

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**12. PLACEMENTS WITH BANKS, OTHER FINANCIAL INSTITUTIONS AND OTHER FINANCIAL ASSETS (continued)****12.2 Placements with banks, other financial institutions and other financial assets in domestic currency**

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

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

As at 31 December 2025 placements with three banks had balances individually exceeding 10% of total placements with banks, other financial institutions and other financial assets denominated in domestic currency (31 December 2024: three banks). The total balance of the concentration amounts to AMD 597,612,328 thousand (31 December 2024: AMD 600,620,355 thousand).

Collateral received under reverse repurchase agreements

The Group accepted securities on reverse repurchase agreements as collateral, which the Group is permitted to sell or repledge. As at 31 December 2025 amounts receivable under reverse repurchase agreements are with 7 resident banks (31 December 2024: 10 resident banks) and are collateralised by the following securities:

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

Loans to resident banks and financial institutions

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

- *SME Support.* The objective of the SME support Programs of KfW and the World Bank is to develop SMEs in Armenia, in particular by providing the necessary funding to the commercial banks and credit organisations in order to make lending to micro, small and medium size private enterprises efficient and profitable. Loans received from KfW during 2021 were to stimulate SME lending and to help to cope with the adverse economic effects of the COVID-19 pandemic. These Programs are implemented through introducing new loan tools (technologies) in partner banks and credit organisations and conducting trainings and development of qualified loan officers;
- “Agricultural Sector Support” loan program financed by KfW started in 2012 which had the objective to provide long-term funding and technical assistance to SMEs engaged in agriculture and private farmers;
- During 2014 a new loan was received from ADB within the framework of “Women Entrepreneurship Support Sector Development” Program. The main objective of the program is to stimulate entrepreneurship development among women by increasing the availability of domestic currency funds for women-owned SMEs through the financial system of the Republic of Armenia;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**12. PLACEMENTS WITH BANKS, OTHER FINANCIAL INSTITUTIONS AND OTHER FINANCIAL ASSETS (continued)****12.2 Placements with banks, other financial institutions and other financial assets in domestic currency (continued)***Loans to resident banks and financial institutions (continued)*

- During 2015 a new loan was received from EIB. The loan was fully used to cover the demand for lending to SMEs and middle capitalization enterprises in agriculture and tourism sectors through commercial banks and credit organisations. The next phase (in 2017) also included export support and climate change management component and required some actions from the side of sub-borrowers to mitigate the impact on the environment. In addition to previous two phases, the third phase of the program (during 2020 and 2021) included lending to production sector;
- During 2023 “Armenian Economic Resilience Facility” program (IV phase) has started. The aim of the program was providing financial resources to SMEs in agriculture, production and tourism sectors for green investments, enhancing women entrepreneurship, rural development, as well as financing digitalization projects;
- During 2016 a new loan was received under “Support for the financing of the Energy Efficiency in MSME sector” Program from KfW. The objective of the Program is to introduce and expand the offer of energy efficiency loans in Armenian financial institutions and to cover at the same time the demand for energy efficiency loans from micro, small and medium sized enterprises (MSME). The Program aims at contributing to the reduction of energy demand of Armenian MSMEs and the volume of CO₂-emissions as well as to enhance the competitiveness of the enterprises;
- *Development of the Renewable Energies.* The overall objective of the Program financed by KfW is to contribute to the utilization of renewable energy by making loans available for private entities and enterprises. The resources of the first two phases were allocated to financing of Small Hydro Power Plants (“SHPP”) construction and capacity increase, whereas phases from third to sixth were aimed at financing of physical and legal entities constructing for own consumption small (up to 500 kw), as well as large-scale (up to 5MW) (licensed) solar photovoltaic stations and other types (biomass, wind) of renewable energy investments. Within the framework of the seventh phase launched in 2025, it is planned that the program funds, in addition to financing solar photovoltaic power plants, will also be directed toward financing energy-efficiency investments of SMEs;
- *Development of sustainable housing market.* Starting from 2006 the purpose of the Program financed by KfW has been the expansion of sustainable lending to private households by commercial banks and credit organisations to either purchase or modernize housing as well as to promote rural and energy efficient housing loans. Within this program the Bank granted loans to its subsidiary which are eliminated as intragroup transaction.

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

The table below shows gross carrying values of the loans as at 31 December 2025 and 31 December 2024 for each program.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**12. PLACEMENTS WITH BANKS, OTHER FINANCIAL INSTITUTIONS AND OTHER FINANCIAL ASSETS (continued)****12.2 Placements with banks, other financial institutions and other financial assets in domestic currency (continued)***Loans to resident banks and financial institutions (continued)*

As at 31 December 2025 loans to resident banks under the agreements with the KfW, the World Bank, ADB and EIB are provided to 15 domestic banks (31 December 2024: 15 domestic banks) and 11 credit organizations (31 December 2024: 11 credit organizations) at interest rates from 5.5% to 8.5% (31 December 2024: from 5.5% to 8.5), weighted average interest rate is 6.9% (31 December 2024: 6.8%). As described in *Note 21*, these loans represent a separate market segment and accordingly, at the initial recognition the Group does not discount them.

Mortgage refinancing has been provided to financial institutions with remaining maturity period up to 12 years (2024: 12 years). As at 31 December 2025 mortgage refinancing loans were collateralised with claims under loan agreements with the banks' and other financial institutions' customers with the outstanding amount of AMD 243,335,899 thousand (31 December 2024: AMD 229,725,850 thousand).

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

Other loans in the amount of AMD 1,296,998 thousand (31 December 2024: AMD 1,450,157 thousand) are secured by real estate, in the amount of AMD 51,464 thousand (31 December 2024: AMD 76,612 thousand) are secured by movable property and other assets.

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

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

An analysis of changes in the gross carrying value and corresponding ECL in relation to Placements with banks, other financial institutions and other financial assets in domestic currency during the years ended 31 December 2025 and 31 December 2024 is as follows:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**12. PLACEMENTS WITH BANKS, OTHER FINANCIAL INSTITUTIONS AND OTHER FINANCIAL ASSETS (continued)****12.2 Placements with banks, other financial institutions and other financial assets in domestic currency (continued)**

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

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

<i>In thousands of Armenian Drams</i>	2024		
	Stage 1	Stage 2	Total
Placements with banks, other financial institutions and other financial assets in domestic currency			
ECL as at 1 January		4,011,926	4,011,926
New assets originated or purchased		904,384	904,384
Assets repaid		(245,844)	(245,844)
Transfer to Stage 2		(360,751)	–
Changes to models and inputs used for ECL calculations		(996,007)	20,940,924
At 31 December	3,313,708	22,297,682	25,611,390

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

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**14. DERIVATIVE FINANCIAL INSTRUMENTS**

<i>In thousands of Armenian Drams</i>	31 December 2025	31 December 2024
Derivative financial assets		
Foreign currency swap contracts in foreign market	109,149	158,575
Total derivative financial assets	109,149	158,575
<i>In thousands of Armenian Drams</i>	31 December 2025	31 December 2024
Derivative financial liabilities		
Foreign currency swap contracts in local market	361,548	–
Total derivative financial liabilities	361,548	–

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

15. INVESTMENTS**15.1 Financial assets measured at fair value through other comprehensive income in foreign currency**

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

As at 31 December 2025 and 31 December 2024 within foreign securities there are equity securities classified as financial assets measured at fair value through other comprehensive income in foreign currency, which represent investment of one of the Group's subsidiaries into the development fund initiated and led by the KfW. The development fund was established with the aim to foster economic development and prosperity in the Southeast Europe region including the Republic of Armenia through the sustainable provision of additional development finance.

As at 31 December 2025 and 31 December 2024 corporate bonds denominated in foreign currency and classified as financial assets measured at fair value through other comprehensive income in foreign currency represent coupon securities issued by one of Armenian banks.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**15. INVESTMENTS (continued)****15.1 Financial assets measured at fair value through other comprehensive income in foreign currency (continued)**

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

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

<i>In thousands of Armenian Drams</i>	2025		2024	
	Stage 1	Total	Stage 1	Total
Debt securities at FVOCI in foreign currency – corporate bonds in foreign currency				
ECL as at 1 January	7,617	7,617	5,133	5,133
Reclassification	–	–	4,726	4,726
Assets repaid	(1,673)	(1,673)	–	–
Changes to models and inputs used for ECL calculations	(1,570)	(1,570)	(2,242)	(2,242)
At 31 December	4,374	4,374	7,617	7,617

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**15. INVESTMENTS (continued)****15.2 Financial assets measured at fair value through other comprehensive income in domestic currency (continued)**

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

<i>In thousands of Armenian Drams</i>	2025		2024	
	Stage 1	Total	Stage 1	Total
Debt securities at FVOCI in domestic currency				
– securities of the Government of the Republic of Armenia				
Fair value as at 1 January	9,583,870	9,583,870	9,291,332	9,291,332
New assets originated or purchased	306,972	306,972	581,158	581,158
Assets repaid	(2,073,759)	(2,073,759)	(288,620)	(288,620)
At 31 December	7,817,083	7,817,083	9,583,870	9,583,870

<i>In thousands of Armenian Drams</i>	2025		2024	
	Stage 1	Total	Stage 1	Total
Debt securities at FVOCI in domestic currency				
– securities of the Government of the Republic of Armenia				
ECL as at 1 January	34,563	34,563	33,958	33,958
Assets repaid	(6,428)	(6,428)	–	–
Changes to models and inputs used for ECL calculations	1,195	1,195	605	605
At 31 December	29,330	29,330	34,563	34,563

15.3 Investments in associates

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**15. INVESTMENTS (continued)****15.3 Investments in associates (continued)**

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

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

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

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

15.4 Financial assets at amortized cost in domestic currency

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

As at 31 December 2025 and 31 December 2024 debt securities denominated in domestic currency and classified as financial assets at amortized cost in domestic currency represent securities issued by the Government of the Republic of Armenia.

An analysis of changes in the gross carrying values and associated ECLs in relation to financial assets at amortized cost in domestic currency during the year ended 31 December 2025 and 31 December 2024 is as follows:

<i>In thousands of Armenian Drams</i>	2025		2024	
	Stage 1	Total	Stage 1	Total
Debt securities at amortized cost in domestic currency – securities of the Government of the Republic of Armenia				
Gross carrying value as at 1 January	20,761,962	20,761,962	16,391,747	16,391,747
New assets originated or purchased	8,079,126	8,079,126	4,370,215	4,370,215
Assets repaid	(4,274,436)	(4,274,436)	–	–
At 31 December	24,566,652	24,566,652	20,761,962	20,761,962

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**16. OPERATIONS WITH THE INTERNATIONAL MONETARY FUND****Placements with the IMF**

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

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

The quota balance is a special type asset. Quotas vary based on the economic size of each country and are determined by the Board of Governors of the IMF. The quota determines a member's voting power in the IMF, the limits of access to the financial resources of the IMF and a participant's share in the allocation of SDRs, the IMF's unit of account. As at 31 December 2025 the quota of the Republic of Armenia in the IMF amounted to SDR 128,800 thousand, or AMD 67,327,624 thousand at the year-end official exchange rate of Armenian Dram to SDR (2024: SDR 128,800 thousand or AMD 66,611,496 thousand at the year-end official exchange rate of Armenian Dram to SDR). The quota does not earn interest and is a non-current asset. The quota of the Republic of Armenia was paid in the form of non-interest bearing promissory note issued to the IMF by the Government of the RA.

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

Due to the IMF

<i>In thousands of Armenian Drams</i>	31 December 2025	31 December 2024
Securities account	65,000,000	65,000,000
Adjustment account for AMD liabilities to the IMF	(1,045,639)	1,027,450
Account 1	17,451,460	22,879,965
Account 2	61,622	59,589
SDR allocation	110,524,811	109,349,218
Interest accrued	591,723	768,051
Total liabilities due to the IMF	192,583,977	199,084,273

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

As at 31 December 2025 included in these accounts are EFF loans of AMD 4,084,067 thousand (31 December 2024: AMD 9,097,230 thousand) and Stand-by loans of AMD 10,073,215 thousand (31 December 2024: AMD 13,275,556 thousand). Currently all major settlements with the IMF are made through Account 1. Account 2 is used by the IMF for administrative purposes.

As at 31 December 2025 part of the Bank's liabilities to the IMF and the membership quota are covered by the promissory note in the amount of AMD 65,000,000 thousand (31 December 2024: AMD 65,000,000 thousand).

Except for membership quota and liability in respect of SDR allocation, the Bank's liability to the IMF as at 31 December 2025 represents liabilities as per EFF and SBA.

The SBA provides short-term financial assistance to the countries facing balance of payments problems. The SBA interest rate is floating and published by the IMF on a weekly basis as adjusted rate of charge. The loans outstanding as at 31 December 2025 mature February 2026 – May 2027 (31 December 2024: August 2025 – May 2027).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**16. OPERATIONS WITH THE INTERNATIONAL MONETARY FUND (continued)****Due to the IMF (continued)**

The EFF is provided to the countries to overcome medium-term payment problems. The EFF interest rate is floating and published by the IMF on a weekly basis as adjusted rate of charge. The loans outstanding as at 31 December 2025 mature in June 2026 – June 2027 (31 December 2024: May 2025 – June 2027).

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

17. PROPERTY AND EQUIPMENT

<i>In thousands of Armenian Drams</i>	Land, buildings, including technical systems	Networks, computer and other PPE	Vehicles	Cons- truction in progress	Right-of- use assets	Total
Cost						
Balance as at 1 January 2024	72,398,363	28,343,635	620,079	474,180	511,474	102,347,731
Additions	51,145	3,695,505	46,710	100,753	492,758	4,386,871
Disposals	(73,267)	(498,535)	(106,500)	–	(407,293)	(1,085,595)
Transfer	203,603	–	–	(203,603)	–	–
Balance as at 31 December 2024	72,579,844	31,540,605	560,289	371,330	596,939	105,649,007
Additions	51,847	962,605	24,851	616,239	358,084	2,013,626
Disposals	(9,027)	(572,554)	(256,437)	–	(489,422)	(1,327,440)
Transfer	423,454	368,925	–	(792,379)	–	–
Balance as at 31 December 2025	73,046,118	32,299,581	328,703	195,190	465,601	106,335,193
Depreciation						
Balance as at 1 January 2024	24,245,258	17,078,516	419,034	–	434,590	42,177,398
Charge for the period	1,275,976	1,474,288	46,111	–	142,327	2,938,702
Disposals	(11,188)	(442,352)	(97,980)	–	(405,065)	(956,585)
Balance as at 31 December 2024	25,510,046	18,110,452	367,165	–	171,852	44,159,515
Charge for the period	1,178,298	1,503,111	15,841	–	139,333	2,836,583
Disposals	(8,937)	(465,689)	(154,730)	–	(119,058)	(748,414)
Balance as at 31 December 2025	26,679,407	19,147,874	228,276	–	192,127	46,247,684
Carrying amount						
At 31 December 2025	46,366,711	13,151,707	100,427	195,190	273,474	60,087,509
At 31 December 2024	47,069,798	13,430,153	193,124	371,330	425,087	61,489,492

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**18. INTANGIBLE ASSETS**

<i>In thousands of Armenian Drams</i>	Computer software and licenses	Contracts in progress	Total
Cost			
Balance as at 1 January 2024	6,168,979	765,141	6,934,120
Additions	1,679,175	27,902	1,707,077
Disposals	(34,020)	–	(34,020)
Impairment	–	(35,000)	(35,000)
Transfer	24,489	(24,489)	–
Balance as at 31 December 2024	7,838,623	733,554	8,572,177
Additions	656,254	198,983	855,237
Disposals	(215,018)	–	(215,018)
Impairment	–	(697,889)	(697,889)
Transfer	166,665	(166,665)	–
Balance as at 31 December 2025	8,446,524	67,983	8,514,507
Amortisation			
Balance as at 1 January 2024	4,197,505	–	4,197,505
Charge for the period	663,081	–	663,081
Balance as at 31 December 2024	4,860,586	–	4,860,586
Charge for the period	966,696	–	966,696
Disposals	(311,340)	–	(311,340)
Balance as at 31 December 2025	5,515,942	–	5,515,942
Carrying amount			
At 31 December 2025	2,930,582	67,983	2,998,565
At 31 December 2024	2,978,037	733,554	3,711,591

19. OTHER ASSETS IN DOMESTIC CURRENCY

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

20. DEPOSITS AND ACCOUNTS OF FINANCIAL AND OTHER INSTITUTIONS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**20. DEPOSITS AND ACCOUNTS OF FINANCIAL AND OTHER INSTITUTIONS (continued)****Concentration of deposits and accounts of financial and other institutions**

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

21. OTHER BORROWED FUNDS

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

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

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

The loans due to the KfW are provided under an intergovernmental agreement on financial cooperation between the Government of the Republic of Armenia and the Federal Republic of Germany to finance special loan programs allocated through domestic commercial banks and credit organizations (*Note 12*). The loans are denominated in EUR, mature from 2026 to 2048 (31 December 2024: from 2025 to 2048) and bear interest of 0.75% – 3.83% (31 December 2024: 0.75% - 3.8425%). The weighted average interest rate is 2.77% (31 December 2024: 3.05%).

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

The loan due to ADB is provided by the Asian Development Bank for financing women-owned small and medium enterprises (*Note 12*) through commercial banks and credit organizations. The loan is denominated in SDR, matures during the period from 2026 to 2044 (31 December 2024: from 2025 to 2044) and bears interest rate of 2.36% (31 December 2024: 2.36%).

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

The loan obtained by one of the Group's subsidiaries from French Agency for Development ("FAD") is denominated in USD, matures during the period from 2026 to 2034 (31 December 2024: from 2025 to 2034) and bears interest rate of 1.94% - 4.3% (31 December 2024: 1.77% - 4.3%). As at 31 December 2025 the balance outstanding under this loan facility is AMD 7,846,916 thousand (31 December 2024: AMD 9,723,401 thousand).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**22. OTHER LIABILITIES IN DOMESTIC CURRENCY**

<i>In thousands of Armenian Drams</i>	31 December 2025	31 December 2024
Other liabilities in domestic currency		
Payables	4,077,766	3,823,752
Other liabilities	623,925	683,389
Total other liabilities in domestic currency	4,701,691	4,507,141

23. DUE TO THE GOVERNMENT OF THE REPUBLIC OF ARMENIA

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

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

24. DEBT SECURITIES ISSUED

As at 31 December 2025 the subsidiary company of the Group had in issue coupon bonds with AMD 29,536,720 thousand total par value, 3 and 5 years maturity and Green bonds with USD 26,000,000 total par value and 7 years maturity (31 December 2024: coupon bonds with AMD 26,627,230 thousand total par value, 3 years maturity and Green bonds with USD 26,000,000 total par value, 7 years maturity). The issuance and placement of the Green bonds were carried out under French law. The Green bonds were allocated to the French Development Agency through a private placement on the French Euroclear platform.

As at 31 December 2025 the average annual yield on AMD bonds is from 9% to 12% and for USD bonds is 4.5% (31 December 2024 AMD bonds: from 9.5% to 12% and USD bonds: 4.5%).

The carrying value of the issued AMD bonds as at 31 December 2025 is AMD 30,073,132 thousand (31 December 2024: AMD 27,032,225 thousand), and USD bonds as at 31 December 2025 is AMD 9,903,707 thousand (31 December 2024: AMD 10,291,731 thousand).

25. MANAGEMENT OF CAPITAL

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**25. MANAGEMENT OF CAPITAL (continued)**

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

According to the clause 12 of the Law on the Central Bank of Republic of Armenia, the Central Bank has allocated 20% of 2024 profits comprising AMD 3,229,246 thousand to the general reserve. The remaining amount of AMD 12,916,984 thousand from 2024 profits was subject to distribution in the form of set-off with the promissory note issued by the Government of the RA. During 2025 the Government has issued new non-interest bearing promissory note at the amount of AMD 149,520,272 thousand replacing the previous note of AMD 162,437,256 thousand with the same terms (during 2024 the Government has issued new non-interest bearing promissory note at the amount of AMD 162,437,256 thousand replacing the previous note of AMD 204,071,927 thousand with the same terms). The issue of the new promissory note is non-cash transaction.

According to the clause 12 of the Law on the Central Bank of Republic of Armenia, the Central Bank has allocated 20% of 2025 profits comprising AMD 9,484,303 thousand to the general reserve. The remaining amount of AMD 37,937,210 thousand from 2025 profits is subject to distribution in the form of set-off with the promissory note issued by the Government of the RA.

Other reserves represent revaluation reserve for financial assets measured at fair value through other comprehensive income in the amount of AMD 2,314,611 thousand (positive effect) as at 31 December 2025 (31 December 2024: AMD 1,253,912 thousand (positive effect)) and net AMD 1,256,713 thousand (positive effect) share of other comprehensive income of associates as at 31 December 2025 (31 December 2024: AMD 1,322,345 thousand (positive effect)).

26. COMMITMENTS**Capital commitments**

The capital commitments outstanding at 31 December 2025 related to the Group's non-current assets amount to AMD 508,251 thousand (31 December 2024: AMD 16,138 thousand).

Litigation

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

27. SEGMENT INFORMATION

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

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

A reconciliation of assets and liabilities as per the reportable segments with the Group's assets and liabilities as of 31 December 2025 is as follows:

<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
Assets	3,198,558,769	333,989,539	19,574,691	3,552,122,999	(218,023,020)	3,334,099,979
Liabilities	3,258,202,281	81,356,425	953,669	3,340,512,375	(35,172,413)	3,305,339,962

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**27. SEGMENT INFORMATION (continued)**

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

<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
Assets	2,868,380,540	314,957,418	18,451,713	3,201,789,671	(215,769,001)	2,986,020,670
Liabilities	2,925,999,110	78,884,068	964,023	3,005,847,201	(37,864,883)	2,967,982,318

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

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

A reconciliation of profit and loss as per the reportable segments with the Group's profit and loss for the year ended 31 December 2025 is as follows:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**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	Consoli- dation effect	Total
Interest income	81,291,818	18,355,470	161,591	99,808,879	(1,928,151)	97,880,728
Interest expense	(50,453,585)	(5,115,595)	(61,885)	(55,631,065)	1,928,437	(53,702,628)
Credit loss expense	(18,983,552)	88,391	(8,382)	(18,903,543)	(1,267)	(18,904,810)
Fee and commission income from banking operations	62,265	–	–	62,265	(1,940)	60,325
Fee and commission expense	(400,167)	(38,359)	(575,160)	(1,013,686)	1,940	(1,011,746)
Net foreign exchange loss	(7,730,393)	(30,725)	(7,733)	(7,768,851)	–	(7,768,851)
Net gain on derivatives	349,450	–	–	349,450	–	349,450
Net gain on financial assets at fair value through profit or loss	32,708,232	–	–	32,708,232	–	32,708,232
Other income	1,762,279	679,767	6,927,605	9,369,651	146,916	9,516,567
Impairment loss of investments in associates	–	(13,959,047)	–	(13,959,047)	–	(13,959,047)
Cost of production of banknotes, coins and numismatics	(5,519,044)	–	–	(5,519,044)	–	(5,519,044)
Depreciation and amortization	(2,212,160)	(65,198)	(1,334,719)	(3,612,077)	10,294	(3,601,783)
Other expenses (except depreciation and amortization)	(14,503,080)	(554,728)	(4,435,055)	(19,492,863)	3,564	(19,489,299)
Profit/(loss) before tax	16,372,063	(640,024)	666,262	16,398,301	159,793	16,558,094
Income tax expense	–	107,623	(227,593)	(119,970)	–	(119,970)
Profit/(loss) for the year	16,372,063	(532,401)	438,669	16,278,331	159,793	16,438,124

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**28. RELATED PARTY TRANSACTIONS****Transactions with members of the key management**

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

<i>In thousands of Armenian Drams</i>	2025	2024
Key management	422,076	396,353
Total	422,076	396,353

Total amount of loans issued to the members of the key management outstanding as at 31 December 2025 is AMD 167,538 thousand (31 December 2024: AMD 190,630 thousand). During the year ended 31 December 2025 the Group recognized interest income in amount of AMD 5,846 thousand from the transactions with the key management (31 December 2024: AMD 6,720 thousand).

Transactions with the Government of the Republic of Armenia

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

<i>In thousands of Armenian Drams</i>	31 December 2025		31 December 2024	
	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 (<i>Notes 15.2, 15.4</i>)	32,383,735	10%	30,345,832	10.15%
Eurobonds of the Government of the Republic of Armenia in foreign currency (<i>Note 15.1</i>)	8,556,281	3.61%	8,534,719	4.25%
	40,940,016		38,880,551	
Promissory note issued by the Government of the Republic of Armenia (Note 15.2)				
Balance at 1 January	149,520,272		162,437,256	
Proportion of profit subject to distribution and transfer to the Government of the Republic of Armenia (<i>Notes 15.2, 25</i>)	(37,937,210)		(12,916,984)	
Balance at 31 December	111,583,062		149,520,272	
Assets at 31 December	152,523,078		188,400,823	
Liabilities				
Due to the Government of the Republic of Armenia (<i>domestic currency, Note 23</i>)	496,225,179	7.48%	427,589,657	8.05%
Due to the Government of the Republic of Armenia (<i>foreign currency, Note 23</i>)	1,121,909		1,394,968	
Liabilities at 31 December	497,347,088		428,984,625	

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**28. RELATED PARTY TRANSACTIONS (continued)****Transactions with the Government of the Republic of Armenia (continued)**

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

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

Transactions with associates

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

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

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

Transactions with other related parties

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

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

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

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurements are analysed by level in the fair value hierarchy as follows:

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

(a) Recurring fair value measurements

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**30. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)****(a) Recurring fair value measurements (continued)**

<i>In thousands of Armenian Drams</i>	31 December 2025				31 December 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Liabilities carried at fair value								
Derivative financial liabilities								
Foreign currency swap contracts in local market (Note 14)	-	361,548	-	361,548	-	-	-	-
Total liabilities with recurring fair value measurements	-	361,548	-	361,548	-	-	-	-

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

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

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

<i>In thousands of Armenian Drams</i>	Fair value	Valuation technique	Inputs used
Investment securities measured at fair value through other comprehensive income			
Foreign securities (Note 15.1)	2,232,741	DCF	EUR risk-free rate
Corporate bonds in foreign currency (Note 15.1)	842,971		Quoted prices
Eurobonds of the Government of the Republic of Armenia (Note 15.1)	8,534,719		Quoted prices
Securities of the Government of the Republic of Armenia (Note 15.2)	9,583,870	DCF	Government bonds
Promissory note issued by the Government (Note 15.2)	149,520,272	DCF	yield curve
Derivative financial assets			
Foreign currency swap contracts in foreign market (Note 14)	158,575	DCF	On demand
Total recurring fair value measurements at Level 2	170,873,148		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**(b) Assets and liabilities not measured at fair value but for which fair value is disclosed**

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

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

31. RISK MANAGEMENT**Introduction**

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

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

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

The Board

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

Institutional framework

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

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

The Bank has a three-level decision-making system, whereby the Board sets the Strategic Asset Allocation framework for the reserves management for the investment horizon, whereas the Investment Committee of the Bank was given executive power on implementation and monitoring of the international reserve management process. Portfolio managers, in turn, make decisions on portfolio management within the boundaries of tactical deviations from the benchmarks in line with the active risk tolerance levels set by the Board.

Administration and control

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

Issues related to reserves management are discussed on at least quarterly basis by the Investment Committee of the Bank, which is composed of professionals involved in the IR management. The Risk Management Department reports on the performance and risk profile of reserves management to the Investment Committee on a quarterly basis and to the Board on a semi-annual basis. Each quarter the Bank presents information on condition and composition of international reserves to the Government and makes that information publicly available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. RISK MANAGEMENT (continued)**Asset allocation and risk management**

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

Credit risk

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

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

The Group sets minimum rating requirement for eligible issuers, instruments and counterparties. These ratings cannot be lower than certain prescribed minimum level which is regularly reviewed.

Derivative financial instruments

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

Maximum credit risk without collateral or other credit enhancement

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**31. RISK MANAGEMENT (continued)****Credit quality per class of financial assets (continued)**

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. RISK MANAGEMENT (continued)**Impairment assessment (continued)***Definition of default and cure (continued)*

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. RISK MANAGEMENT (continued)**Impairment assessment (continued)***Write-offs*

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

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

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

Forward-looking information and multiple economic scenarios

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

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

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

Offsetting financial assets and financial liabilities

As at 31 December 2025 the Group had reverse repurchase contracts with commercial banks which fall under master netting arrangements, which are enforceable in case of default. The Group also made margin deposits as collateral for its outstanding derivative positions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**31. RISK MANAGEMENT (continued)****Offsetting financial assets and financial liabilities (continued)**

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

In thousands of Armenian Drams

Types of financial assets	Gross amounts of recognised financial asset/liability	Gross amount of recognised financial liability/asset offset in the consolidated statement of financial position	Net amount of financial assets/liabilities presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amount
				Financial instruments (non-cash collateral)	Cash collateral received	
Amounts receivable under reverse repurchase agreements (Note 12)	536,693,238	–	536,693,238	536,693,238	–	–
Total financial assets	536,693,238	–	536,693,238	536,693,238	–	–

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

In thousands of Armenian Drams

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**31. RISK MANAGEMENT (continued)****Liquidity risk and funding management**

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

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

Analysis of financial liabilities by remaining contractual maturities

The tables below show liabilities at 31 December 2025 and 31 December 2024 by their remaining contractual maturity. The amounts of liabilities disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the consolidated statement of financial position because the amount in the consolidated statement of financial position is based on discounted cash flows. Financial derivatives are included at the contractual amounts to be paid or received. Included in due to the IMF with undefined maturity are payables with no due date but payable upon membership termination or liquidation of the IMF's SDR Department. Similarly, membership quota in the IMF does not have defined maturity and is considered a non-current asset (*see Note 32*).

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

In thousands of Armenian Drams	31 December 2024						Total
	Demand and less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Undefined maturity	
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**31. RISK MANAGEMENT (continued)****Market risk**

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

Interest rate risk

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

Within the three-level management structure the Board defines the overall risk tolerance, which is the acceptable level of interest rate risk in the investment horizon. The Board is also responsible for outlining the principles of strategic asset allocation and benchmarking and approving the annual results of Strategic Asset Allocation for the international reserves.

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

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

The following table demonstrates the sensitivity of the Group's equity, which is calculated by revaluing fixed rate financial assets measured at fair value through other comprehensive income at 31 December 2025 and 31 December 2024 for the effects of the assumed changes in interest rates. The sensitivity of equity is analysed by maturity of the asset. The sensitivity of equity is based on the assumption that there are parallel shifts in the yield curve.

<i>In thousands of Armenian Drams</i>	2025		2024	
	Change in yield curve, b.p.	Effect on equity	Change in yield curve, b.p.	Effect on equity
Currency				
AMD	+150	(380,719)	+150	(430,083)
AMD	-150	382,214	-150	473,376
USD	+125	1,251,491	+125	2,027,406
USD	-25	586,117	-25	1,306,329

The following table demonstrates the sensitivity of profit of the Group, which is calculated by revaluing financial instruments at fair value through profit and loss as of 31 December 2025 and 31 December 2024, based on the assumption of changing interest rates. Amounts included in the table below are disclosed in the presentation currency.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**31. RISK MANAGEMENT (continued)****Interest rate risk (continued)**

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

<i>In thousands of Armenian Drams</i>	2025		2024	
	Change in basis points	Increase/(decrease) of net interest expense and decrease/(increase) of equity	Change in basis points	Increase/(decrease) of net interest expense and decrease/(increase) of equity
Currency				
USD	+/-31	38,554/(38,554)	+/-71	96,378/(96,378)
SDR	+/-58	116,051/(116,051)	+/-138	367,841/(367,841)
EUR	+/-20	35,833/(35,833)	+/-20	145,244/(145,244)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board is responsible for approving the currency composition of international reserves at least on annually.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**31. RISK MANAGEMENT (continued)****Currency risk (continued)**

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

Other currencies mainly comprise of JPY and CNY balances.

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

<i>In thousands of Armenian Drams</i>	2025		2024	
	Increase in currency rate in %	Increase/ (decrease) of profit and equity	Increase in currency rate in %	Increase/ (decrease) of profit and equity
Currency				
USD	2.00%	16,566,042	10.00%	51,629,821
EUR	3.00%	5,962,481	13.50%	24,987,715
GBP	3.00%	218,963	16.00%	3,062,805
JPY	6.00%	896,220	13.50%	2,460,961
RUB	8.00%	326,672	20.00%	323,432
SDR	2.00%	(2,569,720)	12.00%	(16,278,186)

<i>In thousands of Armenian Drams</i>	2025		2024	
	Decrease in currency rate in %	Increase/ (decrease) of profit and equity	Decrease in currency rate in %	Increase/ (decrease) of profit and equity
Currency				
USD	(2.00)%	(16,566,042)	(10.00)%	(51,629,821)
EUR	(3.00)%	(5,962,481)	(13.50)%	(24,987,715)
GBP	(3.00)%	(218,963)	(16.00)%	(3,062,805)
JPY	(6.00)%	(896,220)	(13.50)%	(2,460,961)
RUB	(8.00)%	(326,672)	(20.00)%	(323,432)
SDR	(2.00)%	2,569,720	(12.00)%	16,278,186

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

The currency composition of the reserves reflects the currency composition implied by the portfolio objectives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. RISK MANAGEMENT (continued)**Operating risk*****Management of non-financial risks, including operational risks***

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

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

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

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

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

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

Control over subsidiaries

As disclosed in *Note 2*, the Bank has equity investments in a number of subsidiaries that are engaged in financial sector development and infrastructure activities. The purpose of such investments was to support development of the Armenian financial sector to ensure stability and normal activity of the financial system of the Republic of Armenia which is one of the objectives of the Bank as prescribed by the Law.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**32. MATURITY ANALYSIS**

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**32. MATURITY ANALYSIS (continued)**

<i>In thousands of Armenian Drams</i>	31 December 2024		Total
	Current	Non-current	
Assets			
Cash	14,247,091	–	14,247,091
Placements with banks and other financial institutions in foreign currency	704,352,045	4,602,410	708,954,455
Financial assets at fair value through profit or loss	749,528,974	–	749,528,974
Derivative financial assets	158,575	–	158,575
Placements with banks, other financial institutions and other financial assets in domestic currency	748,128,597	408,093,770	1,156,222,367
Financial assets measured at fair value through other comprehensive income	153,944,177	17,093,735	171,037,912
Financial assets at amortized cost	4,195,758	16,489,225	20,684,983
Investments in associates	–	21,468,457	21,468,457
Placements with the IMF	784,059	66,611,496	67,395,555
Property and equipment	–	61,489,492	61,489,492
Intangible assets	–	3,711,591	3,711,591
Other assets	8,092,510	3,028,708	11,121,218
Total assets	2,383,431,786	602,588,884	2,986,020,670
Liabilities			
Notes and coins in circulation	986,167,919	–	986,167,919
Deposits and accounts of other financial institutions	1,123,434,522	–	1,123,434,522
Due to the Government	428,984,625	–	428,984,625
Due to the IMF	9,082,259	190,002,014	199,084,273
Other borrowed funds	22,922,091	165,258,263	188,180,354
Debt securities issued	9,826,229	27,497,727	37,323,956
Other liabilities	4,371,979	434,690	4,806,669
Total liabilities	2,584,789,624	383,192,694	2,967,982,318
Net position as at 31 December 2024	(201,357,838)	219,396,190	18,038,352

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**33. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES**

<i>In thousands of Armenian Drams</i>	Due to IMF	Other borrowed funds	Debt securities issued	Lease liabilities	Total liabilities from financing activities
Carrying amount at					
1 January 2024	216,245,204	204,803,977	22,639,296	90,294	443,778,771
Borrowed funds received	–	13,432,118	–	–	13,432,118
Borrowed funds redeemed	(6,579,274)	(18,882,583)	–	–	(25,461,857)
Proceeds from issuance of debt securities	–	–	17,455,110	–	17,455,110
Repayment of debt securities issued	–	–	(3,000,000)	–	(3,000,000)
Lease payments	–	–	–	(115,683)	(115,683)
Foreign currency translation	(10,246,251)	(10,899,512)	–	–	(21,145,763)
Other	(335,406)	(273,646)	229,550	490,373	110,871
Carrying amount at					
31 December 2024	199,084,273	188,180,354	37,323,956	464,984	425,053,567
Carrying amount at					
1 January 2025	199,084,273	188,180,354	37,323,956	464,984	425,053,567
Borrowed funds received	–	10,198,763	–	–	10,198,763
Borrowed funds redeemed	(8,469,631)	(22,398,567)	–	–	(30,868,198)
Proceeds from issuance of debt securities	–	–	12,310,754	–	12,310,754
Repayment of debt securities issued	–	–	(9,388,510)	–	(9,388,510)
Lease payments	–	–	–	(166,503)	(166,503)
Foreign currency translation	2,136,294	5,840,354	–	–	7,976,648
Other	(166,959)	(3,435)	(269,361)	(3,199)	(442,954)
Carrying amount at					
31 December 2025	192,583,977	181,817,469	39,976,839	295,282	414,673,567

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