

ID GROUP CJSC

Consolidated Financial Statements

*Year ended 31 December 2025
together with independent auditor's report*

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Independent auditor's report

To the Shareholders of ID Group Closed Joint-Stock Company

Opinion

We have audited the consolidated financial statements of ID Group Closed Joint-Stock Company and its subsidiaries (hereinafter, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other 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' (IESBA) 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.

Responsibilities of management 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.

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 the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

General Director



Eric Hayrapetyan

Partner (Assurance)



Dmytro Iurgelevych

Ernst & Young CJSC
Yerevan, Armenia

30 June 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

<i>In thousands of Armenian drams</i>	Notes	2025	2024
Interest income calculated using the effective interest method	5	40,517,263	31,670,531
Other interest income	5	239,316	7,115
Interest expense	5	(13,951,703)	(8,854,572)
Net interest income		26,804,876	22,823,074
Fee and commission income	6	26,041,840	20,935,457
Fee and commission expense	6	(8,748,299)	(7,897,369)
Net fee and commission income		17,293,541	13,038,088
Net foreign exchange gain	7	11,306,725	9,780,784
Net gain on financial instruments at fair value through profit or loss	8	475,359	528,261
Net realised (loss)/gain on investment securities		(28,373)	34,021
Gain from disposal of subsidiary	35	-	819,514
Other operating income	9	1,329,523	734,445
Other operating expense	9	(1,950,871)	(939,270)
Operating income		55,230,780	46,818,917
Net impairment losses on financial instruments	10	(2,779,831)	(1,705,530)
Other impairment losses	17	(284,409)	(197,557)
Personnel expenses		(14,043,003)	(11,470,770)
Other general administrative expenses	11	(12,391,048)	(9,894,086)
Profit before income tax		25,732,489	23,550,974
Income tax expense	12	(4,944,884)	(4,344,302)
Profit for the year		20,787,605	19,206,672
Profit for the year attributable to:			
Non-controlling interest		(33,740)	101,858
Owners of the parent		20,821,345	19,104,814
Other comprehensive income, net of income tax			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Movement in fair value reserve for investment securities:			
Net change in fair value and changes in allowance for expected credit losses	12	159,039	147,797
Net amount reclassified to profit or loss	12	23,266	(837)
Exchange differences on translating foreign operations		2,036	1,376
Net amount reclassified to profit or loss		-	(21,110)
Total items that are or may be reclassified subsequently to profit or loss		184,341	127,226
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Net change in fair value reserve for investment securities	12	50,645	130,775
Total items that will not be reclassified subsequently to profit or loss		50,645	130,775
Other comprehensive income for the year, net of income tax		234,986	258,001
Total comprehensive income for the year		21,022,591	19,464,673
Total comprehensive income for the year attributable to:			
Non-controlling interest		(33,740)	102,203
Owners of the parent		21,056,331	19,362,470

Signed and authorized for release on behalf of the Management of the ID Group CJSC.



 _____ Lata Bakhshetsyan Director

_____ Lusine Martirosyan Chief Accountant

30 June 2026

The accompanying notes 1 to 36 form 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>	Notes	2025	2024 Reclassified (Note 2e)
Assets			
Cash and cash equivalents	13	54,971,807	42,670,845
Amounts receivable under reverse repurchase agreements	16	13,149,503	14,606,422
Loans and advances to banks and other financial institutions	15	83,312,474	59,784,702
Financial instrument measured at fair value through profit or loss		174,136	870,332
Investment securities measured at fair value through other comprehensive income	14		
Held by the Group		15,240,979	15,339,459
Pledged under sale and repurchase agreements		-	385,583
Investment securities measured at amortised cost	14		
Held by the Group		34,531,152	46,323,507
Pledged under sale and repurchase agreements		15,382,593	14,692,076
Loans and advances to customers	17	269,846,529	202,374,507
Net investments in finance leases and related VAT receivable	18	3,576,382	242,284
Repossessed assets	17	1,129,881	2,020,530
Property, equipment and intangible assets	19	28,590,219	24,174,117
Right-of-use assets	20	3,619,414	4,124,208
Goodwill	34	1,382,754	508,513
Deferred tax assets	12	230,254	124,688
Other assets	21	8,249,866	6,849,446
Total assets		533,387,943	435,091,219
Liabilities			
Amounts payable under repurchase agreements	23	16,388,262	17,095,588
Deposits and balances from banks and other financial institutions	22	70,453,898	31,600,529
Financial instrument measured at fair value through profit or loss		20,207	-
Current accounts and deposits from customers	25	258,301,918	222,312,138
Current income tax liabilities		2,740,725	3,007,384
Debt securities issued	24	25,505,589	17,120,222
Deferred tax liability	12	2,677,631	2,490,019
Other borrowed funds	22	22,513,297	24,284,419
Lease liability	20	4,092,516	4,490,458
Other liabilities	26	21,278,136	16,440,695
Total liabilities		423,972,179	338,841,452
Equity			
Share capital	27	1,000	1,000
Fair value reserve for investment securities		630,177	397,227
Retained earnings		109,320,721	95,499,376
Foreign currency translation reserve		2,036	-
Equity attributable to owners of the parent		109,953,934	95,897,603
Non-controlling interest		(538,170)	352,164
Total equity		109,415,764	96,249,767
Total liabilities and equity		533,387,943	435,091,219

The accompanying notes 1 to 36 form 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>	Notes	2025	2024
Cash flows from operating activities			
Interest receipts		40,299,436	31,171,671
Interest payments		(12,613,870)	(9,170,463)
Fee and commission receipts		25,422,567	20,951,566
Fee and commission payments		(8,710,042)	(7,879,636)
Net payments from financial instruments at fair value through profit or loss		626,379	90,012
Net receipts from foreign exchange		11,149,352	10,319,970
Net other income receipts		844	255,376
Personnel and other general administrative expenses payments		(20,552,428)	(15,740,601)
(Increase)/decrease in operating assets			
Financial instrument measured at fair value through profit or loss		565,144	6,468
Amounts receivable under reverse repurchase agreements		1,354,399	(6,011,065)
Loans and advances to banks and other financial institutions		(19,137,946)	(45,873)
Loans and advances to customers		(74,794,870)	(45,583,651)
Repossessed assets		626,627	481,624
Other assets		(819,031)	(531,573)
Increase/(decrease) in operating liabilities			
Deposits and balances from banks and other financial institutions		35,428,584	15,271,068
Amounts payable under repurchase agreements		(629,405)	9,098,517
Current accounts and deposits from customers		33,892,218	20,135,404
Other liabilities		2,111,885	(478,234)
Net cash provided from operating activities before income tax paid		14,219,843	22,340,580
Income tax paid		(5,255,901)	(4,632,183)
Cash flows provided from operating activities		8,963,942	17,708,397
Cash flows from investing activities			
Acquisition of investment securities measured at FVOCI		(37,943,451)	(26,735,877)
Acquisition of investment securities measured at amortised cost		(83,225,347)	(89,084,470)
Proceeds from sale and repayment of investment securities measured at FVOCI		38,466,559	22,049,808
Proceeds from repayment of investment securities measured at amortised cost		93,713,759	87,991,203
Purchases of property, equipment and intangible assets		(5,865,252)	(3,761,290)
Sale of property, equipment and intangible assets		7,068	51,834
Acquisition of subsidiaries, net of cash acquired	34	(477,230)	(965,941)
Proceeds from disposal of subsidiary, net of cash disposed off	35	-	1,037,156
Cash flows from/(used in) investing activities		4,676,106	(9,417,577)
Cash flows from financing activities			
Proceeds from issuance of debt securities	24(a)	16,523,827	8,499,839
Repayment of debt securities issued	24(a)	(7,815,848)	(6,673,525)
Proceeds from borrowed funds	22(a)	2,195,611	3,678,363
Repayment of borrowed funds	22(a)	(4,859,849)	(3,706,737)
Dividends paid	27	(7,061,204)	(3,420,000)
Repayment of lease liability	20(d)	(745,544)	(667,299)
Cash flows used in financing activities		(1,763,007)	(2,289,359)
Net increase in cash and cash equivalents		11,877,041	6,001,461
Effect of changes in exchange rates on cash and cash equivalents		426,981	(1,933,126)
Effect of changes in ECL on cash and cash equivalents	10	(3,060)	(878)
Cash and cash equivalents as at the beginning of the year	13	42,670,845	38,603,388
Cash and cash equivalents as at the end of the year		54,971,807	42,670,845

The accompanying notes 1 to 36 form 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>	Share capital	Fair value reserve for investment securities	Retained earnings	Foreign currency translation reserve	Equity attributable to owners of the parent	Non-controlling interest	Total equity
Balance as at 1 January 2025	1,000	397,227	95,499,376	-	95,897,603	352,164	96,249,767
Profit for the year	-	-	20,821,345	-	20,821,345	(33,740)	20,787,605
Items that are or may be reclassified subsequently to profit or loss:							
Net change in fair value and changes in allowance for expected credit losses of investment securities, net of deferred tax	-	159,039	-	-	159,039	-	159,039
Net change in fair value of investment securities transferred to profit or loss, net of deferred tax	-	23,266	-	-	23,266	-	23,266
Net exchange differences on translating foreign operations	-	-	-	2,036	2,036	-	2,036
Total items that are or may be reclassified subsequently to profit or loss	-	182,305	-	2,036	184,341	-	184,341
Items that will not be reclassified subsequently to profit or loss:							
Net change in fair value of investment securities, net of deferred tax	-	50,645	-	-	50,645	-	50,645
Total items that will not be reclassified subsequently to profit or loss	-	50,645	-	-	50,645	-	50,645
Total other comprehensive income	-	232,950	-	2,036	234,986	-	234,986
Total comprehensive income for the year	-	232,950	20,821,345	2,036	21,056,331	(33,740)	21,022,591
Dividends declared (Note 27)	-	-	(7,000,000)	-	(7,000,000)	(113,433)	(7,113,433)
Effect of business combination (Note 34)	-	-	-	-	-	(743,161)	(743,161)
Balance as at 31 December 2025	1,000	630,177	109,320,721	2,036	109,953,934	(538,170)	109,415,764

The accompanying notes 1 to 36 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

<i>In thousands of Armenian drams</i>	Share capital	Fair value reserve for investment securities	Retained earnings	Foreign currency translation reserve	Equity attributable to owners of the parent	Non-controlling interest	Total equity
Balance as at 1 January 2024	1,000	119,492	79,814,562	20,079	79,955,133	150,224	80,105,357
Profit for the year	-	-	19,104,814	-	19,104,814	101,858	19,206,672
Items that are or may be reclassified subsequently to profit or loss:							
Net change in fair value and changes in allowance for expected credit losses of investment securities, net of deferred tax	-	147,797	-	-	147,797	-	147,797
Net change in fair value of investment securities transferred to profit or loss, net of deferred tax	-	(837)	-	-	(837)	-	(837)
Net exchange differences on translating foreign operations, transferred to profit or loss	-	-	-	(20,079)	(20,079)	345	(19,734)
Total items that are or may be reclassified subsequently to profit or loss	-	146,960	-	(20,079)	126,881	345	127,226
Items that will not be reclassified subsequently to profit or loss:							
Net change in fair value of investment securities, net of deferred tax	-	130,775	-	-	130,775	-	130,775
Total items that will not be reclassified subsequently to profit or loss	-	130,775	-	-	130,775	-	130,775
Total other comprehensive income	-	277,735	-	(20,079)	257,656	345	258,001
Total comprehensive income for the year	-	277,735	19,104,814	(20,079)	19,362,470	102,203	19,464,673
Dividends declared and paid (Note 27)	-	-	(3,420,000)	-	(3,420,000)	-	(3,420,000)
Effect of business combination (Note 34)	-	-	-	-	-	180,270	180,270
Disposal of subsidiary (Note 35)	-	-	-	-	-	(80,533)	(80,533)
Balance as at 31 December 2024	1,000	397,227	95,499,376	-	95,897,603	352,164	96,249,767

The accompanying notes 1 to 36 form an integral part of these consolidated financial statements.

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

For the year ended 31 December 2025

1. BACKGROUND

(a) Organisation and operations

ID Group CJSC (the “Parent Company”) was established in the Republic of Armenia as a closed joint stock company on 24 March 2023.

The primary goals of the Parent are making investments in modern solutions to help individuals and businesses to develop and making their lives more innovative and simpler.

On 12 October 2023, the Parent acquired 100% ownership of ID Bank CJSC (“the Bank”), whose main activities are deposit taking, customer account maintenance, credit operations, issuing guarantees, cash and settlement operations, securities and foreign exchange transactions.

On 23 May 2023 the Parent also acquired 100% of Digital Holdings Ltd, which is the parent company of Idram LLC, which is a payments processing and settlement company and Idram payment system operator.

On 24 May 2024 the Parent founded ID Leasing Universal Credit Organization Limited Liability Company, holding 100% of its shares. The Company’s main business activity is providing finance leases to customers in Armenia.

On 13 May 2024 the Parent also founded ID Processing LLC, owning 100% of its shares. The Company’s main business activity is expected to be operating a payment processing for card transactions, including authorization, clearing, and settlement, ensuring efficient and secure payment processing in Armenia.

On 20 March 2024 the Group acquired 76% of Armenian ticket purchasing platform Tomsarkgh LLC. The Management expects that the involvement of the Group in Tomsarkgh LLC will provide additional resources for more intensive technological development of the ticketing platform in Armenia, as well as future expansion to foreign markets.

On 15 May 2025 the Parent founded IDSOFT HOLDING Limited, owning 100% of its shares. The principal activity of the Company is the holding and operation of a digital payment platform. The Company IDSOFT HOLDING Limited was incorporated in Cyprus.

On 25 February 2025 the Group acquired Club Sixteen R&D Limited, whose primary activity is investment operations. Club Sixteen R&D Limited holds a 60% ownership interest in Club 16 AM CJSC, a company engaged in operating a global cashback system and supporting the IDcoin system.

IDcoin is a digital loyalty unit earned through the Idram and ID Bank app by participating in campaigns, loyalty programs, or simply by being a customer.

As at 31 December 2025 the consolidated financial statements include the following significant subsidiaries:

Subsidiary	Ownership %	Country of incorporation	Industry
ID Bank CJSC	100%	Republic of Armenia	Banking services
Digital Holdings Ltd	100%	Republic of Armenia	Holding of investments
Idram LLC	100%	Republic of Armenia	Payments processing and settlement services
ID Leasing UCO LLC	100%	Republic of Armenia	Universal Credit Organization
ID Processing LLC	100%	Republic of Armenia	Financial/Payment System
Tomsarkgh LLC	76%	Republic of Armenia	Ticket purchasing platform
IDSOFT HOLDING Limited	100%	Republic of Cyprus	Digital payment platform
Club Sixteen R&D Limited	51%	Republic of Cyprus	Holding of investments

As at 31 December 2025 and 2024, the shareholders of the Parent Company were Drivelio Holdings Ltd (72%), Fistoco Ltd (21%), and MRV (7%). The ultimate controlling party of the Group is Lala Bakhshetsyan.

The Parent Company's registered address is Vardanants 13, Yerevan, Armenia and Head office address is Pushkin 25 (Soho business center), Yerevan, Armenia.

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

1. BACKGROUND (continued)**(b) Armenian business environment**

The Group's operations are located in Armenia. The Group is mainly exposed to the economic and financial markets of Armenia which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Armenia.

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

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

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

2. BASIS OF PREPARATION**(a) Statement of compliance**

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). They have been prepared under the assumption that the Group operates on a going concern basis.

(b) Basis of measurement

The Group's consolidated financial statements have been prepared on an accruals basis and under the historical cost basis, except that financial instruments at fair value through profit or loss (FVTPL) and investment securities at fair value through other comprehensive income (FVOCI) are stated at fair value.

(c) Functional and presentation currency

The functional currency of the Parent and its subsidiaries is the Armenian Dram (AMD). Being the national currency of the Republic of Armenia, it reflects the economic substance of the majority of underlying events and circumstances relevant to them.

The presentation currency for these consolidated financial statements is Armenian dram as the Management believes that this currency is most useful to users of the Group's consolidated financial statements.

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

(d) Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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

2. BASIS OF PREPARATION *(continued)*

(d) Use of estimates and judgments *(continued)*

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following note:

- Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL – *Note 28*.

Assumptions and estimations uncertainty

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment is included in the following notes:

- Impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information – *Note 28*;
- Estimates of fair values of financial assets and liabilities – *Note 33*.

(e) Reclassifications

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

Certain amounts in Borrowings and other balances from banks and other financial institutions and loans and advances to customers for the year ended 31 December 2024 and 2023 have been reclassified in the statement of financial position.

31 December 2024	As previously reported	Reclassification	As reclassified
Deposits and other balances from banks and other financial institutions	55,884,948	(24,284,419)	31,600,529
Other borrowed funds	–	24,284,419	24,284,419
Loans and advances to customers	202,616,791	(242,284)	202,374,507
Net investments in finance leases and related VAT receivable	–	242,284	242,284

1 January 2024	As previously reported	Reclassification	As reclassified
Deposits and other balances from banks and other financial institutions	43,647,598	(24,244,041)	19,403,557
Other borrowed funds	–	24,244,041	24,244,041

3. CHANGES IN ACCOUNTING POLICIES AND PRESENTATION

(a) New and amended standards and interpretations

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

Amendments to IAS 21- Lack of exchangeability

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

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

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

3. CHANGES IN ACCOUNTING POLICIES AND PRESENTATION (continued)**(b) Standards issued but not yet effective**

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

IFRS 18 Presentation and Disclosure in Financial Statements

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

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

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

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

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

IFRS 19 Subsidiaries without Public Accountability: Disclosures

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

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

The Group is currently assessing the potential impact of IFRS 19 on its consolidated financial statements.

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7.

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the *Classification and Measurement of Financial Instruments* (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the 'settlement date' and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date;
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed;
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments;
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

The Amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only.

The Group is currently assessing the potential impact of these amendments on its consolidated financial statements.

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

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

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

Annual Improvements to IFRS Accounting Standards - Volume 11.

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 7 *Financial instruments: Disclosure* and its accompanying Guidance on implementing IFRS 7, IFRS 9 *Financial Instruments*, IFRS 10 *Consolidated Financial Statements* and IAS 7 *Statements of Cash Flows*.

The amendments will be effective for reporting periods beginning on or after 1 January 2026. Earlier application is permitted and must be disclosed.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7.

In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 - *Contracts Referencing Nature-dependent Electricity*. The amendments apply only to contracts that reference nature-dependent electricity; the amendments:

- Clarify the application of the 'own-use' requirements for in-scope contracts;
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts;
- Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

The amendments will take effect for annual reporting periods starting on or after 1 January 2026. Early adoption is allowed, but it must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the IFRS 7 disclosure amendments must be implemented alongside the IFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures.

The Group does not expect that the amendments will have a material impact on its consolidated financial statements.

4. MATERIAL ACCOUNTING POLICIES

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

(a) Basis of consolidation

The Group's consolidated financial statements consolidate those of the parent company and all of its subsidiaries at 31 December 2025. All subsidiaries have a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired during the year are recognised from the effective date of acquisition.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

(b) Business combinations

The Group applies the acquisition method in accounting for business combinations.

The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

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

4. MATERIAL ACCOUNTING POLICIES *(continued)*

(c) Foreign currency transactions

Transactions in foreign currencies are translated to AMD at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to AMD at the exchange rate at that date.

Exchange rates as of 31 December were as follows:

	2025	2024
Dram/1 US dollar	381.36	396.56
Dram/1 EUR	449.01	413.89
Dram/1 RUB	4.87	3.71

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for equity instruments in respect of which an election has been made to present subsequent changes in fair value in other comprehensive income. For such investments foreign currency differences arising on translation are recognised in other comprehensive income.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in terminals, unrestricted balances (nostro accounts) held with the CBA and other banks, on-demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value. The mandatory reserve deposit with the CBA maintained in foreign currencies is not considered to be a cash equivalent, due to restrictions on its withdraw ability. Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

(e) Interest

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability..

Amortised cost and gross carrying amount

The ‘amortised cost’ of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The ‘gross carrying amount of a financial asset’ measured at amortised cost is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

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

4. MATERIAL ACCOUNTING POLICIES (continued)**(e) Interest (continued)*****Calculation of interest income and expense***

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For information on when financial assets are credit-impaired, see *Note 4*.

Presentation

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

- Interest on financial assets measured at amortised cost;
- Interest on investment securities measured at FVOCI.

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

(f) Fees and commission

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate (*see Note 5*).

Other fee and commission income – including account servicing fees, investment management fees, sales commission, placement fees and syndication fees – is recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

A contract with a customer that results in a recognised financial instrument may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

(g) Financial assets and financial liabilities***i. Classification******Financial assets***

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

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

4. MATERIAL ACCOUNTING POLICIES *(continued)*

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

i. Classification (continued)

Financial assets (continued)

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

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

For debt financial assets measured at FVOCI, gains and losses are recognised in other comprehensive income, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- Interest income using the effective interest method;
- ECL and reversals; and
- Foreign exchange gains and losses.

When a debt financial asset measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in other comprehensive income. Cumulative gains and losses recognised in other comprehensive income are transferred to retained earnings on disposal of an investment.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. Whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the stated objective for managing the financial assets is achieved and how cash flows are realised.

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

4. MATERIAL ACCOUNTING POLICIES *(continued)*

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

i. Classification (continued)

Business model assessment (continued)

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the bank’s claim to cash flows from specified assets (e.g. Non-recourse asset arrangements); and
- Features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

Payables to customers on e-money

Payables to customers on e-money represent customers’ funds in their e-wallets opened in Idram payment system. One unit in those wallets is equal to one Armenian dram. These payables arise when individuals replenish their e-wallets and are repaid when transfers or payments are incurred by the wallet holders. The payables to customers on e-money are short-term financial liabilities, as customers can remove funds from e-wallets at any time without preapproval or other limitations. Customers cannot withdraw their funds from e-wallets in cash, however it is possible to transfer these funds to other bank cards. Limit on the money that one customer can hold anytime in e-wallet is AMD 1,000 thousand.

Reclassification

Financial liabilities are not reclassified subsequent to their initial recognition.

ii. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

4. MATERIAL ACCOUNTING POLICIES (continued)**(g) Financial assets and financial liabilities (continued)****ii. Derecognition (continued)*****Financial assets (continued)***

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Any cumulative gain/loss recognised in other comprehensive income in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities, as explained *Note 4*. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its consolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

iii. Repurchase and reverse repurchase agreements

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

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

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

iv. Offsetting

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

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

4. MATERIAL ACCOUNTING POLICIES (continued)**(g) Financial assets and financial liabilities (continued)****v. Modification of financial assets and financial liabilities*****Financial assets***

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

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

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

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

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

- Change the currency of the financial asset;
- Change of terms of financial asset that lead to non-compliance with the SPPI criterion.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases. The Group further performs qualitative evaluation of whether the modification is substantial.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest method.

For fixed-rate loans, where the borrower has an option to prepay the loan at par without significant penalty, the Group treats the modification of an interest rate to a current market rate using the guidance on floating-rate financial instruments. This means that the effective interest rate is adjusted prospectively.

Financial liabilities

The Group derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

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

4. MATERIAL ACCOUNTING POLICIES *(continued)*

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

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

Financial liabilities (continued)

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

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

Change in the subordination of the financial liability.

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

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

vi. *Impairment*

The Group recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments;
- Financial guarantee contracts issued; and
- Loan commitments issued.

No impairment loss is recognised on equity investments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- Debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments on which credit risk has not increased significantly since their initial recognition *(see Note 28)*.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1' financial instruments.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised are referred to as 'Stage 2' financial instruments. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired. Financial instruments for which lifetime ECL is recognised and that are credit-impaired are referred to as 'Stage 3' financial instruments.

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

4. MATERIAL ACCOUNTING POLICIES (*continued*)

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

vi. *Impairment (continued)*

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- *Financial assets that are not credit-impaired at the reporting date:* as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive);
- *Financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows;
- *Undrawn loan commitments:* as the present value of the difference between the contractual cash flows that are due to the group if the commitment is drawn down and the cash flows that the bank expects to receive; and
- *Financial guarantee contracts:* the present value of expected payments to reimburse the holder less any amounts that the Group expects to recover.

See also *Note 28*.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised (*see Note 4(g)*) and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset (*see Note 28*);
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired (referred to as ‘Stage 3 financial assets’). A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

Significant financial difficulty of the borrower or issuer;

- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the group on terms that the group would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower’s condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered credit-impaired.

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

4. MATERIAL ACCOUNTING POLICIES *(continued)*

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

vi. Impairment *(continued)*

Credit-impaired financial assets (continued)

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields;
- The rating agencies' assessments of creditworthiness;
- The country's ability to access the capital markets for new debt issuance;
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness;
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for ECL are presented in the consolidated statement of financial position as follows:

- *Financial assets measured at amortised cost*: as a deduction from the gross carrying amount of the assets;
- *Loan commitments and financial guarantee contracts*: generally, as a provision;
- *Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component*: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- *Debt instruments measured at FVOCI*: no loss allowance is recognised in the consolidated statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is recognised in the fair value reserve.

Write-offs

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the consolidated statement of profit or loss and other comprehensive income.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(h) Loans and advances to customers

'Loans and advances to customers' caption in the consolidated statement of financial position includes loans and advances to customers measured at amortised cost (*see Note 4*), they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

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

5. MATERIAL ACCOUNTING POLICIES *(continued)*

(i) Investment securities

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

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

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

Deposits, debt securities issued and loans from banks and other financial institutions are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Group designates liabilities at FVTPL.

(k) Financial guarantees and loan commitments

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 (*see Note 4(g)*) and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

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

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

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

(l) Property and equipment

(i) Owned assets

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses.

Where an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

(ii) Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences when asset is available for use. Land is not depreciated. The estimated useful lives are as follows:

Buildings	50 years
Computers and communication equipment*	1-10 years
Motor vehicles	8 years
Fixtures and fittings*	1-10 years

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

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

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

4. MATERIAL ACCOUNTING POLICIES (continued)**(m) Intangible assets**

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

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

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives (excluding internally generated intangible assets) are 1 to 10 years. All internally generated intangible assets, except for customer base, have estimated useful life of 10 years, customer base has estimated useful life of 10.5 years.

(n) Repossessed assets

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

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

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

(o) Impairment of non-financial assets

Other non-financial assets, other than deferred taxes, are assessed at each reporting date for any indications of impairment. The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use.

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

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

(p) Provisions

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

(q) Share capital**(i) Ordinary shares**

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

(ii) Share premium

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

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

4. MATERIAL ACCOUNTING POLICIES (continued)**(q) Share capital (continued)****(iii) Dividends**

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

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

(r) Taxation

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

(i) Current tax

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

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

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

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

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

(s) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee

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

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

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

4. MATERIAL ACCOUNTING POLICIES (continued)**(s) Leases (continued)***As a lessee (continued)*

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

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

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

As a lessor – financial leases receivable

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If such a transfer does not occur, the lease is classified as an operating lease.

The commencement date of the lease is the date on which the lessee, based on the acceptance and handover protocol, obtains the right to exercise its use of the underlying asset under the lease. This is the initial recognition date of the lease. Following the commencement of a finance lease, the Group recognizes the net investment in the lease which is the minimum lease payments receivable, discounted at the implicit interest rate of the lease. The implicit interest rate of the lease is calculated taking into account costs of acquisition, transportation, customs clearances and other direct expenses of the asset. The difference between the gross investment and the present value is recorded as unearned finance lease income (nominal interest amount and leasing commission).

Interest income is recognized over the lease term in a manner that ensures a constant periodic rate on the unrecovered net investment in the lease. Initial direct costs are included in the initial recognition of the net investment in the lease.

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

5. NET INTEREST INCOME

<i>In thousands of Armenian drams</i>	2025	2024
Interest income calculated using the effective interest method		
Loans and advances to customers	30,945,068	22,691,493
Investment securities measured at amortised cost	4,807,927	5,230,795
Loans and advances to banks and other financial institutions	2,148,517	1,684,963
Amounts receivable under reverse repurchase agreements	1,085,286	847,749
Investment securities measured at fair value through other comprehensive income	1,066,474	856,335
Cash and cash equivalents	461,675	344,317
Financial instrument measured at fair value through profit or loss	2,316	14,879
	40,517,263	31,670,531
Other interest income		
Interest income on net investment in finance lease	239,316	7,115
	239,316	7,115
Total interest income	40,756,579	31,677,646
Interest expense		
Current accounts and deposits from customers	6,558,598	4,191,813
Deposits and balances from banks and other financial institutions	3,972,423	2,531,703
Amounts payable under repurchase agreements	1,853,381	849,257
Debt securities issued	1,070,106	759,633
Lease liabilities	460,445	461,090
Other	36,750	61,076
Total interest expense	13,951,703	8,854,572
Net interest income	26,804,876	22,823,074

6. NET FEE AND COMMISSION INCOME

<i>In thousands of Armenian drams</i>	2025	2024
Fee and commission income		
Plastic card servicing	10,636,992	9,299,688
Commission fee for payment settlement services	8,078,818	7,184,967
Currency transportation	1,792,470	400,368
Commissions from payment systems	1,479,728	1,198,733
Remittances	1,383,165	974,191
Cash withdrawal from accounts and accounts service	1,077,487	670,238
QR payments	816,278	599,421
Ticketing commission income	532,313	289,278
Other	244,589	318,573
	26,041,840	20,935,457
Fee and commission expense		
Card transactions	7,578,847	6,443,882
Payment systems services	647,031	507,985
Currency transportation	448,730	800,770
Other	73,691	144,732
	8,748,299	7,897,369
Net fee and commission income	17,293,541	13,038,088

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

6. NET FEE AND COMMISSION INCOME *(continued)*

(a) Performance obligations and revenue recognition policies

Fee and commission income from the contracts with customers is measured based on the consideration specified in the contract with the customer. The Group recognises revenue when it transfers control over a service to a customer. Due to nature of the services provided there are no significant contract assets and liabilities as at 31 December 2025 and 31 December 2024.

Type of product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Retail and corporate banking service	<p>The Group provides banking services to retail and corporate customers, including account management, credit card and servicing fees, fees from transfers.</p> <p>Fees for ongoing account management are charged to the customer's account on monthly basis. The Group sets the rates separately for retail and corporate banking customers on a regular basis.</p> <p>Servicing fees are charged on a monthly basis and are based on fixed rates reviewed on a regular basis.</p> <p>Transaction-based fees for money transfers are charged to the customer's account when the transaction takes place.</p>	<p>Revenue from account service and servicing fees is recognised over time as the service are provided.</p> <p>Revenue related to transactions is recognised at the point in time when the transaction takes place.</p>
Payment settlement services (Idram LLC)	<p>Commission fees for payments settlement services are received by the Group's subsidiary Idram LLC from the wire transfer services both from individuals and from legal entity counterparties depending on transaction's nature and agreements with counterparties. It is recognized for settlement of payments and transfers both executed via terminals and online platform.</p> <p>For both terminals and online transactions (payments, transfers to cards, etc), revenue from transactions with customers who are individuals is recognized at the time of the payment or transfer transaction initiated by the individuals is settled by the Group. Consideration is measured in accordance with the pre-determined tariffs (which normally represent fixed amounts per transaction or a fixed rate, applied to the transaction amount). Consideration due from individuals is normally settled to cash immediately or within 1-3 business days.</p> <p>In transactions with legal entities (terminal or online wire transfer payments, QR payments), considerations due from legal entities is calculated by applying contractually pre-determined tariff rates to monthly turnovers of the transfers by individuals towards respective legal entities both via terminals and online platform. Revenue from legal entities is normally settled to cash when monthly invoices are issued and paid within approximately 10 days after issuing invoices based on agreements with counterparty legal entities.</p>	<p>Revenue from transactions with legal entities is recognized upon execution of settlement on their behalf.</p> <p>Revenue from individuals is recognised at the point in time when the transaction is executed.</p>
Ticketing commission income (Tomsarkgh.am)	<p>The Group, through its Tomsarkgh.am online platform, facilitates the sale of event tickets between customers and event organisers. The Group does not obtain control of the tickets prior to their transfer to the customer and therefore acts as an agent in these transactions. The performance obligation is satisfied at the point in time the underlying ticket sale is completed on the platform.</p> <p>Consideration is contractually agreed as a fixed commission per ticket sold and is settled in accordance with the terms of the agreements with event organisers.</p>	<p>Revenue is recognised on a net basis, measured as the fixed commission contractually agreed per ticket sold, at the point in time the underlying ticket sale is completed on the platform.</p>

7. NET FOREIGN EXCHANGE GAIN

<i>In thousands of Armenian drams</i>	2025	2024
Realised gain from forex transactions	11,160,677	10,345,041
Gain/(loss) from revaluation of financial assets and liabilities	146,048	(564,257)
	11,306,725	9,780,784

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

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

<i>In thousands of Armenian drams</i>	2025	2024
Net (loss)/gain from revaluation of financial instruments at fair value through profit or loss	(151,020)	438,249
Net proceeds from sale of financial instruments at fair value through profit or loss	626,379	90,012
	475,359	528,261

9. NET OTHER OPERATING INCOME

<i>In thousands of Armenian drams</i>	2025	2024
Other operating income		
Fines and penalties received	406,124	367,329
Income from payment system	345,929	–
Income from referrals and other services	97,181	31,752
Income from reimbursement of legal cases	89,798	51,562
Gain from sale of repossessed assets	63,362	37,376
Guarantee and letter of credit issuance	38,558	51,692
Brokerage services	24,566	22,490
Other	264,005	172,244
	1,329,523	734,445

<i>In thousands of Armenian drams</i>	2025	2024
Other operating expense		
Maintenance cost of terminals	589,692	468,644
Business development	348,355	–
Deposit Guarantee Fund expenses	309,584	268,359
Payment system charges	144,405	–
Loan recovery charges	92,704	39,840
Transportation and communication	76,643	28,168
Encashment	57,664	36,163
Customers loyalty bonus compensation	24,619	–
Other	307,205	98,096
	1,950,871	939,270

10. NET IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS

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

<i>In thousands of Armenian drams</i>	2025			
	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	(3,060)	–	–	(3,060)
Debt investment securities at FVOCI	7,933	–	–	7,933
Debt investment securities at amortised cost	112,188	–	–	112,188
Loans and advances to banks and other financial institutions at amortised cost	112,961	–	–	112,961
Amounts receivable under reverse repurchase agreements at amortised cost	1,401	–	–	1,401
Loans and advances to customers at amortised cost – corporate customers	(329,363)	(73,347)	(4,293)	(407,003)
Loans and advances to customers at amortised cost – retail customers	483,759	(1,565,130)	(1,328,961)	(2,410,332)
Net investments in finances leases	(28,244)	–	–	(28,244)
Other financial assets at amortised cost	(178,083)	–	–	(178,083)
Financial guarantee contracts	12,408	–	–	12,408
Total	191,900	(1,638,477)	(1,333,254)	(2,779,831)

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

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

The table below shows the impairment losses on financial instruments recorded in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024:

<i>In thousands of Armenian drams</i>	2024			
	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	(878)	–	–	(878)
Debt investment securities at FVOCI	(42,056)	–	–	(42,056)
Debt investment securities at amortised cost	(45,633)	–	–	(45,633)
Loans and advances to banks and other financial institutions at amortised cost	523,938	–	–	523,938
Amounts receivable under reverse repurchase agreements at amortised cost	(5,547)	–	–	(5,547)
Loans and advances to customers at amortised cost – corporate customers	(286,981)	42,420	(26,706)	(271,267)
Loans and advances to customers at amortised cost – retail customers	(296,649)	(452,720)	(936,995)	(1,686,364)
Other financial assets at amortised cost	(163,525)	–	–	(163,525)
Financial guarantee contracts	(14,198)	–	–	(14,198)
Total	(331,529)	(410,300)	(963,701)	(1,705,530)

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

<i>In thousands of Armenian drams</i>	2025*			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost – corporate customers				
Balance at 1 January	(1,144,373)	(360)	(453,425)	(1,598,158)
Transfer to Stage 1	(236)	236	–	–
Transfer to Stage 2	623	(623)	–	–
Transfer to Stage 3	477	–	(477)	–
Net remeasurement of loss allowance including assets repaid	672,704	(73,347)	(4,293)	595,064
New financial assets originated or purchased	(1,002,067)	–	–	(1,002,067)
Foreign exchange and other movements	(84,040)	44,010	(203,709)	(243,739)
Write-offs	–	–	152,415	152,415
Recoveries	–	–	-21,670	-21,670
Balance at 31 December	(1,556,912)	(30,084)	(531,159)	(2,118,155)

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

<i>In thousands of Armenian drams</i>	2025*			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost – retail customers				
Balance at 1 January	(970,285)	(89,890)	(1,622,689)	(2,682,864)
Transfer to Stage 1	41,429	11,666	(53,095)	–
Transfer to Stage 2	265,449	(237,198)	(28,251)	–
Transfer to Stage 3	1,184,054	36,735	(1,220,789)	–
Net remeasurement of loss allowance including assets repaid	3,063,787	(1,565,130)	(1,328,961)	169,696
New financial assets originated or purchased	(2,580,028)	–	–	(2,580,028)
Foreign exchange and other movements	(1,979,550)	1,497,507	(172,224)	(654,267)
Write-offs	–	–	2,150,572	2,150,572
Balance at 31 December	(975,144)	(346,310)	(2,275,437)	(3,596,891)

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

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

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

The following tables show reconciliations from the opening to the closing balances of the loss allowance for loans and advances to customers for 2024.

<i>In thousands of Armenian drams</i>	2024*			Total
	Stage 1	Stage 2	Stage 3	
Loans and advances to customers at amortised cost – corporate customers				
Balance at 1 January	(769,831)	(28,958)	(1,854,436)	(2,653,225)
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	65	(65)	–	–
Transfer to Stage 3	55	117	(172)	–
Net remeasurement of loss allowance including assets repaid	338,069	42,420	(26,706)	353,783
New financial assets originated or purchased	(625,050)	–	–	(625,050)
Foreign exchange and other movements	(63,256)	(13,874)	(56,523)	(133,653)
Write-offs/recoveries	–	–	1,484,412	1,484,412
Balance at 31 December	(1,119,948)	(360)	(453,425)	(1,573,733)

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

<i>In thousands of Armenian drams</i>	2024*			Total
	Stage 1	Stage 2	Stage 3	
Loans and advances to customers at amortised cost – retail customers				
Balance at 1 January	(845,542)	(233,184)	(893,343)	(1,972,069)
Transfer to Stage 1	(73,366)	48,136	25,230	–
Transfer to Stage 2	68,806	(89,547)	20,741	–
Transfer to Stage 3	204,723	801,859	(1,006,582)	–
Net remeasurement of loss allowance including assets repaid	1,448,257	(452,720)	(936,995)	58,542
New financial assets originated or purchased	(1,744,906)	–	–	(1,744,906)
Foreign exchange and other movements	(28,381)	(164,434)	(124,919)	(317,734)
Write-offs/recoveries	–	–	1,293,179	1,293,179
Balance at 31 December	(970,409)	(89,890)	(1,622,689)	(2,682,988)

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

11. OTHER GENERAL ADMINISTRATIVE EXPENSES

<i>In thousands of Armenian drams</i>	2025	2024
Depreciation and amortization*	4,795,362	3,930,149
Advertising and marketing	1,941,539	1,353,833
Non-refundable taxes and duties	1,162,891	834,395
Repairs and maintenance of equipment and systems	852,683	665,526
Communications and information services	779,679	493,047
Professional services	766,779	659,084
Office and utility expenses	496,595	435,353
Representation and organizational expenses	414,321	340,206
Insurance	251,263	245,066
Security	203,760	176,393
Rent expenses	137,382	119,657
Customer identification costs	85,686	83,406
Other	503,449	557,971
	12,391,390	9,894,086

* Included in depreciation and amortization for the year ended 31 December 2025 is AMD 781,004 thousand (2024: AMD 690,601 thousand) related to amortisation of right-of-use asset under IFRS 16 Leases requirements, see Note 20.

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

12. INCOME TAX EXPENSE

<i>In thousands of Armenian drams</i>	2025	2024
Current tax expense	4,989,242	4,796,900
Movement in deferred tax assets and liabilities due to origination and reversal of temporary differences	(44,358)	(452,598)
Total income tax expense	4,944,884	4,344,302

In 2025 the applicable tax rate for current tax is 18 % (2024: 18%).

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

<i>In thousands of Armenian drams</i>	2025	%	2024	%
Profit before income tax	25,732,489		23,550,974	
Income tax at the applicable tax rate	(4,631,787)	(18)	(4,239,175)	(18)
Non-taxable income/(non-deductible expenses)	(276,227)	(1)	(67,359)	(0)
Unrecognized deferred tax asset	(22,561)	(0)	(13,277)	(0)
Foreign exchange differences	(14,309)	(0)	(24,491)	(0)
	(4,944,884)	(19)	(4,344,302)	(18)

(a) Deferred tax assets and liabilities

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to net deferred tax liabilities as at 31 December 2025 and 2024. Movements in temporary differences during the years ended 31 December 2025 and 2024 are presented as follows:

<i>In thousands of Armenian drams</i>	Balance 1 January 2025	Effect of business combination (Note 34)	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31 December 2025
Cash and cash equivalents	(42,085)	-	(32,681)	-	(74,766)
Investment securities	(38,594)	-	(21,354)	(51,135)	(111,083)
Debt securities issued	-	-	7	-	7
Loans and advances to banks and other financial institutions	(27,309)	-	(185,773)	-	(213,082)
Loans and advances to customers	(736,472)	-	(302,854)	-	(1,039,326)
Property, equipment and intangible assets	(2,148,292)	(75,269)	328,590	-	(1,894,971)
Repossessed assets	35,560	-	41,182	-	76,742
Right-of-use asset	(718,524)	-	53,386	-	(665,138)
Other assets	(92,088)	-	7,178	-	(84,910)
Lease liability	783,121	-	(32,603)	-	750,518
Tax loss carried forward	19,033	-	63,570	-	82,603
Unrecognized deferred tax assets	-	-	(40,475)	-	(40,475)
Other liabilities	600,319	-	166,185	-	766,504
	(2,365,331)	(75,269)	44,358	(51,135)	(2,447,377)

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

12. INCOME TAX EXPENSE (continued)

(a) Deferred tax assets and liabilities (continued)

<i>In thousands of Armenian drams</i>	Balance 1 January 2024	Effect of business combination (Note 34)	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31 December 2024
Cash and cash equivalents	(44,924)	-	2,839	-	(42,085)
Investment securities	8,408	-	13,964	(60,966)	(38,594)
Loans and advances to banks and other financial institutions	74,277	-	(101,586)	-	(27,309)
Loans and advances to customers	(795,278)	-	58,806	-	(736,472)
Property, equipment and intangible assets	(2,231,259)	(159,929)	242,896	-	(2,148,292)
Repossessed assets	-	-	35,560	-	35,560
Right-of-use asset	(576,010)	-	(142,514)	-	(718,524)
Other assets	(139,555)	-	47,467	-	(92,088)
Lease liability	617,247	-	165,874	-	783,121
Tax loss carried forward	-	-	19,033	-	19,033
Other liabilities	490,060	-	110,259	-	600,319
	(2,597,034)	(159,929)	452,598	(60,966)	(2,365,331)

(b) Income tax recognised in other comprehensive income

The tax effects related to components of other comprehensive income for the years ended 31 December 2025 and 2024 comprise the following:

<i>In thousands of Armenian drams</i>	2025			2024		
	Amount before tax	Tax expense	Amount net-of-tax	Amount before tax	Tax expense	Amount net-of-tax
Net change in fair value of investment securities at FVOCI	255,712	(46,028)	209,684	339,722	(61,150)	278,572
Net change in fair value of investment securities at FVOCI transferred to profit or loss	28,373	(5,107)	23,266	(1,021)	184	(837)
Other comprehensive income	284,085	(51,135)	232,950	338,701	(60,966)	277,735

13. CASH AND CASH EQUIVALENTS

<i>In thousands of Armenian drams</i>	2025	2024
Cash on hand	14,265,897	10,048,709
Nostro accounts with the CBA	17,720,489	17,382,478
Cash in terminals	1,134,290	1,505,169
Cash in commercial banks		
Rated from AA- to AA+	-	169,976
Rated from A- to A+	7,567,950	3,177,068
Rated from BBB- to BBB+	1,273,049	528,419
Rated from BB- to BB+	7,843,945	3,535,892
Rated from B- to B+	313,741	1,370,914
Not rated	4,857,506	4,956,393
Total cash in commercial banks	21,856,191	13,738,662
Total gross cash and cash equivalents	54,976,867	42,675,018
Credit loss allowance	(5,060)	(4,173)
Total net cash and cash equivalents	54,971,807	42,670,845

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

13. CASH AND CASH EQUIVALENTS *(continued)*

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

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

As at 31 December 2025 the Group has no bank except for CBA (2024: no bank except for the CBA) whose balances exceeded 10% of the equity.

Cash and cash equivalents are fully in Stage 1 and measured at amortised cost as at 31 December 2025 and 31 December 2024.

14. INVESTMENT SECURITIES

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

<i>In thousands of Armenian drams</i>	2025	2024
Held by the Group		
Debt and other fixed-income instruments		
Government securities of the Republic of Armenia	2,466,643	2,431,684
Eurobonds of the Republic of Armenia	-	1,618,333
Total government bonds	2,466,643	4,050,017
Corporate bonds		
Rated from BB- to BB+	6,354,205	4,868,218
Rated from B- to B+	395,810	1,397,732
Not rated	5,218,174	4,281,398
Total corporate bonds	11,968,189	10,547,348
Equity instruments		
Corporate shares	806,147	742,094
Total equity instruments	806,147	742,094
Total securities held by the Group	15,240,979	15,339,459
Pledged under sale and repurchase agreements		
Debt and other fixed-income instruments		
Government securities of the Republic of Armenia	-	385,583
Total government bonds	-	385,583
Total securities pledged under sale and repurchase agreements	-	385,583
Total investment securities measured at FVOCI	15,240,979	15,725,042

(b) Investment securities measured at amortised cost

<i>In thousands of Armenian drams</i>	2025	2024
Held by the Group		
Debt and other fixed-income instruments		
Government securities of the Republic of Armenia	17,411,024	20,434,604
Eurobonds of the Republic of Armenia	3,773,168	19,332,706
Government securities of other countries	7,607,577	-
Total government bonds	28,791,769	39,767,310
Corporate bonds		
Rated AA- to AA+	1,919,513	-
Rated BB- to BB+	1,131,151	5,643,417
Not rated	2,757,713	1,098,255
Total corporate bonds	5,808,377	6,741,672
Total securities held by the Group	34,600,146	46,508,982
Pledged under sale and repurchase agreements		
Debt and other fixed-income instruments		
Government securities of the Republic of Armenia	15,427,381	14,732,571
Total government bonds	15,427,381	14,732,571
Total securities pledged under sale and repurchase agreements	15,427,381	14,732,571
Total gross investment securities measured at amortised cost	50,027,527	61,241,553
Credit loss allowance	(113,782)	(225,970)
Total net investment securities measured at amortised cost	49,913,745	61,015,583

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

14. INVESTMENT SECURITIES *(continued)*

(c) Credit quality of investment securities

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

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

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

The securities sold under agreements to repurchase are transferred to a third party and the Group receives cash in exchange. These financial assets may be repledged or resold by counterparties in the absence of default by the Group, but the counterparty has an obligation to return the securities at the maturity of the contract. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. The cash received is recognised as a financial asset and a financial liability is recognised for the obligation to repay the purchase price for this collateral and is included in amounts payable under repurchase agreements (*Note 25*). These transactions are conducted under terms that are usual and customary to standard lending, and securities borrowing and lending activities.

15. LOANS AND ADVANCES TO BANKS AND OTHER FINANCIAL INSTITUTIONS

<i>In thousands of Armenian drams</i>	2025	2024
Due from the CBA		
Credit card settlement deposit with the CBA	7,142,500	6,140,000
Deposit with the Central Bank of Armenia, obligatory reserves	27,786,604	18,029,700
Total due from the CBA	34,929,104	24,169,700
Loans		
Non-resident banks and other financial institutions		
Rated from BB- to BB+	-	2,028,731
Not rated	6,627,933	4,280,073
Armenian banks		
Rated from B- to B+	3,818,078	-
Not rated	5,216,761	1,081
Total loans	15,662,772	6,309,885
Deposits		
Non-resident banks		
Rated A- to A+	8,532,043	5,236,402
Rated BBB- to BBB+	8,772,985	11,297,568
Rated BB- to BB+	-	5,208,584
Total deposits	17,305,028	21,742,554
Other advances		
Armenian banks		
Rated from BB- to BB+	-	76
Not rated	245,327	100,610
Non-resident banks		
Rated AA- to AA+	-	1,296,845
Rated A- to A+	550,914	73,965
Rated from BBB- to BBB+	2,288,160	-
Rated from BB- to BB+	4,260,420	62,083
Payment systems		
Rated A- to A+	139,959	-
Rated from BB- to BB+	45,370	-
Not rated	3,986,284	3,763,681
Other financial institutions – funds in stock exchanges		
Not rated	4,006,033	2,413,520
Total gross loans and advances to banks and other financial institutions	83,419,371	59,932,919
Credit loss allowance	(106,897)	(148,217)
Total net loans and advances to banks and other financial institutions	83,312,474	59,784,702

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

15. LOANS AND ADVANCES TO BANKS AND OTHER FINANCIAL INSTITUTIONS *(continued)*

(a) Balances with the CBA

The credit card settlement deposit with the CBA is a non-interest-bearing deposit calculated in accordance with regulations issued by the CBA and whose withdraw ability is restricted.

Banks are required to maintain cash deposit (obligatory reserve) with the Central Bank of Armenia for attracted funds. For funds attracted in AMD the obligatory reserve is 4% (2024: 4%) and is maintained fully in AMD. For funds attracted in foreign currencies, the reserve is 15% of the attracted funds (2024: 6% maintained in AMD and 12% in the respective currency of attracted funds). The Bank's ability to withdraw deposit maintained in AMD is not restricted by the statutory legislation; however, if the Bank fails to comply with minimum average monthly amount of reserve sanctions may be applied. Obligatory reserves maintained in AMD are classified as cash and cash equivalents (*see Note 14*) as these funds are readily available for withdrawal.

For the obligatory reserve maintained in foreign currencies the Bank is required to maintain a minimum balance at the end of each day. These reserves are not considered cash and cash equivalents and are included in loans and advances to banks and financial institutions.

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

As at 31 December 2025 the Group has two counterparties except for CBA (2024: One counterparties except for CBA), whose balance exceeded 10% of equity. The gross value of the balance as at 31 December 2025 is AMD 17,305,028 thousand (31 December 2024 is AMD 11,359,651 thousand).

(c) Credit quality of loans and advances to banks and financial institutions

<i>In thousands of Armenian drams</i>	31 December 2025			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	
Loans and advances to banks and other financial institutions				
- rated from A- to A+	9,222,916	-	-	9,222,916
- rated from BBB- to BBB+	11,061,145	-	-	11,061,145
- rated from BB- to BB+	4,305,790	-	-	4,305,790
- rated from B- to B+	3,818,078	-	-	3,818,078
- not rated*	55,011,442	-	-	55,011,442
Loss allowance	(106,897)	-	-	(106,897)
Carrying amount	83,312,474	-	-	83,312,474

* From unrated instruments AMD 34,929,104 thousand represents balances with CBA.

<i>In thousands of Armenian drams</i>	31 December 2024			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	
Loans and advances to banks and other financial institutions				
- rated from AA- to AA+	1,296,845	-	-	1,296,845
- rated from A- to A+	5,310,367	-	-	5,310,367
- rated from BBB- to BBB+	11,297,568	-	-	11,297,568
- rated from BB- to BB+	7,299,474	-	-	7,299,474
- not rated*	34,728,665	-	-	34,728,665
Loss allowance	(148,217)	-	-	(148,217)
Carrying amount	59,784,702	-	-	59,784,702

* From unrated instruments AMD 24,169,700 thousand represents balances with CBA.

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

15. LOANS AND ADVANCES TO BANKS AND OTHER FINANCIAL INSTITUTIONS *(continued)*

(c) Credit quality of loans and advances to banks and financial institutions *(continued)*

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

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

16. AMOUNTS RECEIVABLE UNDER REVERSE REPURCHASE AGREEMENTS

<i>In thousands of Armenian drams</i>	2025	2024
Amounts receivable under reverse repurchase agreements		
not rated	13,162,140	14,620,460
Total gross amounts receivable under reverse repurchase agreements	13,162,140	14,620,460
Credit loss allowance	(12,637)	(14,038)
Total net amounts receivable under reverse repurchase agreements	13,149,503	14,606,422

As at 31 December 2025 the Group has no counterparty (2024: no counterparty), whose balances exceed 10% of equity.

Amounts receivable under reverse repurchase agreements are from nonrated reputable local financial institutions. All of them are categorized under Stage 1 and are measured at amortised cost as at 31 December 2025 and 2024. No amounts receivable under reverse repurchase agreements are credit impaired or past due.

(a) Collateral accepted as security for assets

As at 31 December 2025 the fair value of financial assets (Government securities of the Republic of Armenia) collateralizing reverse repurchase agreements is AMD 14,308,214 thousand (2024: AMD 15,582,102 thousand).

These transactions are conducted under terms that are usual and customary to standard lending, and securities borrowing and lending activities.

17. LOANS AND ADVANCED TO CUSTOMERS

<i>In thousands of Armenian drams</i>	2025	2024* Reclassified (Note 2e)
Loans and advances to corporate customers		
Loans to large corporate customers	76,305,995	59,298,320
Loans to small and medium size companies	32,896,228	20,369,173
Factoring	2,542,446	–
Total loans and advances to corporate customers	111,744,669	79,667,493
Loans to retail customers		
Consumer loans	97,519,591	69,367,369
Mortgage loans	52,998,981	49,035,876
Gold secured loans	13,250,232	8,608,471
Total loans to retail customers	163,768,804	127,011,716
Gross loans and advances to customers at amortised cost	275,513,473	206,679,209
Credit loss allowance	(5,666,944)	(4,304,702)
Net loans and advances to customers at amortised cost	269,846,529	202,374,507

* The Group has merged certain loan types into broader categories. Comparative figures have been reclassified to conform to the presentation of the current year.

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

17. LOANS AND ADVANCES TO CUSTOMERS (continued)

(a) Credit quality of loans and advances to customers

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

<i>In thousands of Armenian drams</i>	31 December 2025*			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to corporate customers				
Loans to large corporate customers				
– not overdue	75,792,100	–	513,895	76,305,995
Total gross loans to large corporate customers	75,792,100	–	513,895	76,305,995
Credit loss allowance	(1,224,921)	–	(404,231)	(1,629,152)
Total net loans to large corporate customers	74,567,179	–	109,664	74,676,843
Loans to small and medium size companies				
– not overdue	32,576,144	46,876	63,847	32,686,867
– overdue of less than 30 days	49	30,554	–	30,603
– overdue of 31-90 days	–	49,479	13,918	63,397
– overdue of 91-180 days	–	–	3,235	3,235
– overdue of 181-360 days	–	–	24,535	24,535
– overdue more than 1 year	–	–	87,591	87,591
Total gross loans to small and medium size companies	32,576,193	126,909	193,126	32,896,228
Credit loss allowance	(277,533)	(30,084)	(126,928)	(434,545)
Total net loans to small and medium size companies	32,298,660	96,825	66,198	32,461,683
Factoring				
not overdue	2,542,446	–	–	2,542,446
Total gross factoring	2,542,446	–	–	2,542,446
Credit loss allowance	(6,356)	–	–	(6,356)
Total net factoring	2,536,090	–	–	2,536,090
Gross loans and advances to corporate customers	110,910,739	126,909	707,021	111,744,669
Total expected credit loss on corporate customers	(1,508,810)	(30,084)	(531,159)	(2,070,053)
Total net loans and advances to corporate customers	109,401,929	96,825	175,862	109,674,616
Loans to retail customers				
Consumer loans				
– not overdue	92,082,448	774,911	422,716	93,280,075
– overdue of less than 30 days	4,939	676,715	154,201	835,855
– overdue of 31-90 days	–	673,464	392,888	1,066,352
– overdue of 91-180 days	–	–	1,303,641	1,303,641
– overdue of 181-360 days	–	–	890,550	890,550
– overdue more than 1 year	–	–	143,118	143,118
Total gross consumer loans	92,087,387	2,125,090	3,307,114	97,519,591
Credit loss allowance	(926,725)	(320,438)	(2,155,156)	(3,402,319)
Total net consumer loans	91,160,662	1,804,652	1,151,958	94,117,272
Mortgage loans				
– not overdue	52,344,373	191,275	252,492	52,788,140
– overdue of less than 30 days	–	94,732	6,254	100,986
– overdue of 31-90 days	–	74,830	35,025	109,855
Total gross cash covered loans	52,344,373	360,837	293,771	52,998,981
Credit loss allowance	(21,493)	(15,976)	(95,064)	(132,533)
Total net cash covered loans	52,322,880	344,861	198,707	52,866,448
Gold secured loans				
– not overdue	12,866,354	77,987	20,204	12,964,545
– overdue of less than 30 days	7,910	222,763	12,142	242,815
– overdue of 31-90 days	–	35,667	1,062	36,729
– overdue of 91-180 days	–	–	3,346	3,346
– overdue of 181-360 days	–	–	148	148
– overdue more than 1 year	–	–	2,649	2,649
Total gross gold secured loans	12,874,264	336,417	39,551	13,250,232
Credit loss allowance	(26,926)	(9,896)	(25,217)	(62,039)
Total net gold secured loans	12,847,338	326,521	14,334	13,188,193
Total gross loans to retail customers	157,306,024	2,822,344	3,640,436	163,768,804
Total expected credit loss on retail customers	(975,144)	(346,310)	(2,275,437)	(3,596,891)
Total net loans and advance to retail customers	156,330,880	2,476,034	1,364,999	160,171,913

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

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

17. LOANS AND ADVANCES TO CUSTOMERS (continued)

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

The following table provides information on the credit quality of Loans and advances to customers as at 31 December 2024:

<i>In thousands of Armenian drams</i>	31 December 2024*			
	Stage 1	Stage 2	Stage 3	Total
Loans to corporate customers				
Loans to large corporate customers				
- not overdue	58,783,636	-	514,684	59,298,320
Total gross loans to large corporate customers	58,783,636	-	514,684	59,298,320
Credit loss allowance	(957,260)	-	(405,103)	(1,362,363)
Total net loans to large corporate customers	57,826,376	-	109,581	57,935,957
Loans to small and medium size companies				
- not overdue	20,231,592	14,169	-	20,245,761
- overdue of less than 30 days	17,783	564	7,262	25,609
- overdue of 31-90 days	-	-	68,255	68,255
- overdue of 91-180 days	-	-	29,290	29,290
- overdue of 181-360 days	-	-	258	258
Total gross loans small and medium size companies	20,249,375	14,733	105,065	20,369,173
Credit loss allowance	(210,669)	(361)	(48,321)	(259,351)
Total net loans to small and medium size companies	20,038,706	14,372	56,744	20,109,822
Gross loans to corporate customers	79,033,011	14,733	619,749	79,667,493
Total expected credit loss on corporate customers	(1,167,929)	(361)	(453,424)	(1,621,714)
Total net loans to corporate customers	77,865,082	14,372	166,325	78,045,779
Loans to retail customers				
Consumer loans				
- not overdue	65,598,128	534,694	500,144	66,632,966
- overdue of less than 30 days	124,018	506,429	171,729	802,176
- overdue of 31-90 days	118	43,617	629,634	673,369
- overdue of 91-180 days	-	-	725,145	725,145
- overdue of 181-360 days	-	-	423,083	423,083
- overdue more than 1 year	-	-	110,630	110,630
Total gross consumer loans	65,722,264	1,084,740	2,560,365	69,367,369
Credit loss allowance	(930,435)	(82,606)	(1,472,177)	(2,485,218)
Total net consumer loans	64,791,829	1,002,134	1,088,188	66,882,151
Mortgage loans				
- not overdue	48,499,263	194,963	218,506	48,912,732
- overdue of less than 30 days	14,332	10,611	8,726	33,669
- overdue of 31-90 days	-	-	89,475	89,475
Total gross cash covered loans	48,513,595	205,574	316,707	49,035,876
Credit loss allowance	(23,046)	(639)	(112,843)	(136,528)
Total net cash covered loans	48,490,549	204,935	203,864	48,899,348
Gold secured loans				
- not overdue	8,329,538	65,108	20,618	8,415,264
- overdue of less than 30 days	31,582	121,926	4,726	158,234
- overdue of 31-90 days	-	3,219	26,344	29,563
- overdue of 91-180 days	-	-	2,501	2,501
- overdue of 181-360 days	-	-	893	893
- overdue more than 1 year	-	-	2,016	2,016
Total gross gold secured loans	8,361,120	190,253	57,098	8,608,471
Credit loss allowance	(16,928)	(6,645)	(37,669)	(61,242)
Total net gold secured loans	8,344,192	183,608	19,429	8,547,229
Total gross loans to retail customers	122,596,979	1,480,567	2,934,170	127,011,716
Total expected credit loss on retail customers	(970,409)	(89,890)	(1,622,689)	(2,682,988)
Total net loans and advances to retail customers	121,626,570	1,390,677	1,311,481	124,328,728

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

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

17. LOANS AND ADVANCES TO CUSTOMERS (continued)

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

Significant changes in the gross carrying amount of retail and corporate portfolios during the year ended 31 December 2025 that contributed to changes in loss allowance were as follows:

<i>In thousands of Armenian Drams</i>	2025			Total
	Stage 1	Stage 2	Stage 3	
Loans and advances to customers at amortised cost – corporate customers				
Balance at 1 January	77,493,827	14,733	619,749	78,128,309
Transfer to Stage 1	11,361	(11,361)	–	–
Transfer to Stage 2	(130,137)	130,137	–	–
Transfer to Stage 3	(97,495)	–	97,495	–
New financial assets originated or purchased	66,362,113	–	–	66,362,113
Financial assets that have been fully or partially repaid	(36,237,107)	(5,847)	(16,040)	(36,258,994)
Net change in asset from interest and foreign exchange revaluation	3,508,177	(753)	114,746	3,622,170
Write-offs	–	–	(215,455)	(215,455)
Recoveries	–	–	106,526	106,526
Balance at 31 December	110,910,739	126,909	707,021	111,744,669

<i>In thousands of Armenian Drams</i>	2025			Total
	Stage 1	Stage 2	Stage 3	
Loans to customers at amortised cost – retail customers				
Balance at 1 January	122,596,979	1,480,567	2,934,168	127,011,714
Transfer to Stage 1	327,853	(209,027)	(118,826)	–
Transfer to Stage 2	(2,844,393)	2,910,030	(65,637)	–
Transfer to Stage 3	(2,960,337)	(131,781)	3,092,118	–
New financial assets originated or purchased	92,937,285	–	–	92,937,285
Financial assets that have been fully or partially repaid	(52,588,990)	(687,446)	(911,113)	(54,187,549)
Net change in asset from interest and foreign exchange revaluation	(162,373)	(539,999)	860,298	157,926
Write-offs	–	–	(2,150,572)	(2,150,572)
Balance at 31 December	157,306,024	2,822,344	3,640,436	163,768,804

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

17. LOANS AND ADVANCES TO CUSTOMERS *(continued)*

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

Significant changes in the gross carrying amount of retail and corporate portfolios during the year ended 31 December 2024 that contributed to changes in loss allowance were as follows:

<i>In thousands of Armenian drams</i>	2024			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost – corporate customers				
Balance at 1 January	62,464,336	278,167	3,061,509	65,804,012
Transfer to Stage 1	–	–	–	–
Transfer to Stage 2	(15,054)	15,054	–	–
Transfer to Stage 3	(13,805)	(818)	14,623	–
New financial assets originated or purchased	38,474,980	–	–	38,474,980
Financial assets that have been fully or partially repaid	(21,158,581)	(274,411)	(1,000,796)	(22,433,788)
Net change in asset from interest and foreign exchange revaluation	(718,865)	(3,259)	(419,811)	(1,141,935)
Write-offs/Recoveries	–	–	(1,035,776)	(1,035,776)
Balance at 31 December	79,033,011	14,733	619,749	79,667,493

<i>In thousands of Armenian drams</i>	2024			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost – retail customers				
Balance at 1 January	94,861,741	1,983,173	1,814,263	98,659,177
Transfer to Stage 1	577,456	(520,305)	(57,151)	–
Transfer to Stage 2	(1,407,560)	1,453,451	(45,891)	–
Transfer to Stage 3	(2,637,212)	(518,125)	3,155,337	–
New financial assets originated or purchased	66,916,196	–	–	66,916,196
Financial assets that have been fully or partially repaid	(36,322,761)	(722,976)	(686,743)	(37,732,480)
Net change in asset from interest and foreign exchange revaluation	609,119	(194,651)	32,729	447,197
Write-offs/Recoveries	–	–	(1,278,374)	(1,278,374)
Balance at 31 December	122,596,979	1,480,567	2,934,170	127,011,716

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

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

(c) Analysis of collateral and other credit enhancements

Loans to retail customers

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

Express loans are mainly unsecured.

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

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

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

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

17. LOANS AND ADVANCES TO CUSTOMERS (continued)

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

Repossessed collateral

As at 31 December 2025 and 31 December 2024, the repossessed collateral comprises mainly real estate.

<i>In thousands of Armenian drams</i>	2025 Carrying amount	2024 Carrying amount
Balance at 1 January	2,218,087	2,709,765
Additions	50,127	30,173
Sales	(711,987)	(521,851)
Impairment	(426,346)	(197,557)
Balance at 31 December	1,129,881	2,020,530

As at 31 December 2025 the outstanding balance of repossessed assets includes assets sold with settlement of receivables in instalments amounted AMD 607,648 thousand (31 December 2024: AMD 780,711 thousand).

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

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

The following tables provide information on the collateral pledged for the Loans and advances to customers classified at Stage 3 as at 31 December 2025 and 31 December 2024.

<i>In thousands of Armenian drams</i>	Maximum exposure to credit risk	Property	Other	Surplus collateral	Total collateral	Net exposure	Associated ECL
31 December 2025							
Loans to legal entities	707,022	287,603	344,840	(154,034)	478,409	228,613	531,159
Consumer loans	3,346,665	2,758,016	53,381	(1,919,681)	891,716	2,454,949	2,180,373
Mortgage loans	293,771	596,632	143,281	(448,623)	291,290	2,481	95,064
	4,347,458	3,642,251	541,502	(2,522,338)	1,661,415	2,686,043	2,806,596

<i>In thousands of Armenian drams</i>	Maximum exposure to credit risk	Property	Other	Surplus collateral	Total collateral	Net exposure	Associated ECL
31 December 2024							
Loans to legal entities	619,749	294,639	294,840	(152,389)	437,090	182,659	453,424
Consumer loans	2,617,458	2,686,551	115,494	(2,021,358)	780,687	1,836,771	1,509,846
Mortgage loans	316,707	638,959	178,456	(500,708)	316,707	-	112,843
	3,553,914	3,620,149	588,790	(2,674,455)	1,534,484	2,019,430	2,076,113

(d) Industry and geographical analysis of the loan portfolio

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

<i>In thousands of Armenian drams</i>	2025	2024
Trade and finance	39,412,567	18,883,518
Hospitality	23,871,824	12,010,536
Real estate	19,051,889	13,599,032
Manufacturing	6,879,716	7,220,295
Construction	6,439,498	1,593,649
Service	4,611,925	11,719,193
Energy	4,259,531	4,154,319
Mining	1,895,711	5,868,740
Transportation and communication	1,621,654	2,878,114
Agriculture, forestry and timber	80,183	100,893
Other	3,620,171	1,639,204
Loans to retail customers	163,768,804	127,011,716
	275,513,473	206,679,209
Credit loss allowance	(5,666,944)	(4,304,702)
	269,846,529	202,374,507

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

17. LOANS AND ADVANCES TO CUSTOMERS *(continued)*

(d) Industry and geographical analysis of the loan portfolio *(continued)*

As at 31 December 2025, Loans and advances to customers with a gross value of AMD 269,379,292 thousand (2024: AMD 204,918,456 thousand) are issued to customers located within the Republic of Armenia.

(e) Assets under lien

As at 31 December 2025, loans and advances to customers with a gross value of AMD 21,911,702 thousand (2024: AMD 23,805,339 thousand) serve as collateral for loans from credit organisations and borrowings from the Central Bank of Armenia (*Note 22*).

(f) Significant credit exposures

As at 31 December 2025, the Group has no borrowers or groups of connected borrowers (2024: no), whose loan balances exceed 10% of equity.

(g) Loan maturities

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

18. NET INVESTMENTS IN FINANCE LEASES AND RELATED VAT RECEIVABLE

Net investments in finance leases provided to customers and related VAT receivable comprise:

<i>In thousands of Armenian drams</i>	31 December 2025	31 December 2024
Corporate customers	2,912,414	180,898
Other financial institutions	33,345	48,722
Private entrepreneurs	78,833	–
Individuals	582,086	14,716
Net investments in finance leases before allowance for impairment	3,606,678	244,336
Less: allowance for impairment	(30,296)	(2,052)
Net investments in finance leases and VAT receivable:	3,576,382	242,284
- Net investments in finance leases	3,382,588	217,374
- VAT receivable	193,794	24,910

As ID Leasing UCO LLC is a newly established entity and its entire portfolio is classified within Stage 1, it does not yet possess sufficient historical data to reliably estimate the probability of default (PD) and loss given default (LGD) for its lease portfolio. Accordingly, as at 31 December 2025 and 31 December 2024, market benchmark data was applied to estimate expected credit losses (ECL). Based on recent market benchmarks for Stage 1 exposures, the ECL rate applied to gross investments in leases classified within Stage 1 amounted to 0.9% as at 31 December 2025 and 0.94% as at 31 December 2024.

Concentration of net investments in finance lease and related VAT receivable

As at 31 December 2025, the Group's gross finance lease and related VAT receivable by currency is as follows:

	AMD	USD	EUR	Total
Corporate customers	1,849,433	510,445	552,536	2,912,414
Other financial institutions	33,345	–	–	33,345
Private Entrepreneurs	78,833	–	–	78,833
Individuals	582,086	–	–	582,086
Total	2,543,697	510,445	552,536	3,606,678

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

18. NET INVESTMENTS IN FINANCE LEASES AND RELATED VAT RECEIVABLE (continued)

Concentration of net investments in finance lease and related VAT receivable (continued)

As at 31 December 2024, the Group's gross finance lease and related VAT receivable by currency is as follows:

	AMD	USD	EUR	Total
Corporate customers	84,498	27,238	69,162	180,898
Other financial institutions	48,722	-	-	48,722
Individuals	14,716	-	-	14,716
Total	147,936	27,238	69,162	244,336

Net investments in finance leases and related VAT receivable are provided within Armenia in the following industry sectors:

<i>In thousands of Armenian drams</i>	31 December 2025	31 December 2024
Transport	887,614	18,645
Manufacturing	737,577	69,162
Trading enterprises	398,814	56,581
Construction	312,444	19,548
Real estate	288,463	-
Services	134,598	-
Communication	66,161	-
Financial institutions	33,345	48,722
Agriculture	28,707	-
Individuals	582,086	14,716
Other	136,869	16,962
	3,606,678	244,336
Less: allowance for impairment	(30,296)	(2,052)
Net Investments in finance leases and VAT receivable:	3,576,382	242,284
- Net investments in finance leases	3,382,588	217,374
- VAT receivable	193,794	24,910

The maturity analysis of net investments in finance leases and related VAT receivable as at 31 December 2025 is as follows:

<i>In thousands of Armenian drams</i>	Not later than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Later than 5 years	Total
Gross investment in finance leases	1,307,418	1,308,998	1,113,605	490,387	227,734	356,234	4,804,376
Unearned future finance income on finance leases	(437,316)	(328,795)	(183,800)	(82,326)	(35,378)	(130,083)	(1,197,698)
Net investment in finance leases and VAT receivable	870,102	980,203	929,805	408,061	192,356	226,151	3,606,678
Less: allowance for impairment							(30,296)
Net investment in finance leases and VAT receivable:							3,576,382
- Net investments in finance leases							3,382,588
- VAT receivable							193,794

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

18. NET INVESTMENTS IN FINANCE LEASES AND RELATED VAT RECEIVABLE (continued)

The maturity analysis of net investments in finance leases and related VAT receivable as at 31 December 2024 is as follows:

<i>In thousands of Armenian drams</i>	Not later than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Later than 5 years	Total
Gross investment in finance leases	98,123	88,826	79,503	31,064	8,009	-	305,525
Unearned future finance income on finance leases	(26,111)	(20,876)	(10,053)	(2,969)	(1,180)	-	(61,189)
Net investment in finance leases	72,012	67,950	69,450	28,095	6,829	-	244,336
Less: allowance for impairment							(2,052)
Net investment in finance leases and VAT receivable:							242,284
- Net investments in finance leases							217,374
- VAT receivable							24,910

*NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS (continued)***19. PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS****(a) Property and equipment**

<i>In thousands of Armenian drams</i>	Buildings	Leasehold improvements	Computers and communication equipment	Fixtures and fittings	Motor vehicles	Total
Cost						
Balance as at 1 January 2025	3,865,824	1,778,320	5,930,050	2,821,114	175,970	14,571,278
Effect of business combination (Note 34)	-	-	15,781	-	-	15,781
Additions	-	208,699	597,275	289,686	13,976	1,109,636
Disposals/write-offs	-	-	(128,412)	(231,126)	(18,562)	(378,100)
Reclassification	-	-	86,575	(85,675)	-	900
Balance at 31 December 2025	3,865,824	1,987,019	6,501,269	2,793,999	171,384	15,319,495
Depreciation and amortisation						
Balance as at 1 January 2025	1,171,459	363,419	2,974,066	1,457,625	89,209	6,055,778
Effect of business combination (Note 34)	-	-	5,822	-	-	5,822
Depreciation and amortisation for the year	66,132	598,760	699,091	306,851	21,368	1,692,202
Disposals/write-offs	-	-	(124,212)	(225,647)	(17,213)	(367,072)
Reclassification	-	-	2,263	(2,263)	-	-
Balance at 31 December 2025	1,237,591	962,179	3,557,030	1,536,566	93,364	7,386,730
Carrying amount						
At 31 December 2025	2,628,233	1,024,840	2,944,239	1,257,433	78,020	7,932,765
Cost						
Balance as at 1 January 2024	3,857,852	1,357,438	5,010,526	2,301,904	151,424	12,679,144
Effect of business combination	-	-	888	-	-	888
Additions	7,972	443,709	988,426	639,666	51,692	2,131,465
Disposals/write-offs	-	(20,077)	(72,761)	(120,235)	(27,146)	(240,219)
Reclassification	-	(2,750)	2,971	(221)	-	-
Balance at 31 December 2024	3,865,824	1,778,320	5,930,050	2,821,114	175,970	14,571,278
Depreciation and amortisation						
Balance as at 1 January 2024	1,096,200	263,724	2,408,700	1,263,142	87,269	5,119,035
Depreciation and amortisation for the year	75,259	115,674	617,125	289,540	17,930	1,115,528
Disposals/write-offs	-	(15,954)	(51,989)	(94,852)	(15,990)	(178,785)
Reclassification	-	(25)	230	(205)	-	-
Balance at 31 December 2024	1,171,459	363,419	2,974,066	1,457,625	89,209	6,055,778
Carrying amount						
At 31 December 2024	2,694,365	1,414,901	2,955,984	1,363,489	86,761	8,515,500

*NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS (continued)***19. PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS (continued)****(b) Intangible assets**

<i>In thousands of Armenian drams</i>	Customer base	Software	Trademark	Licenses and other	Total
Cost					
Balance as at 1 January 2025	11,718,008	5,047,795	1,238,900	1,682,664	19,687,367
Effect of business combination (Note 34)	–	390,873	–	–	390,873
Additions	–	5,919,996	–	1,011,024	6,931,020
Disposals/write-offs	–	(177,039)	–	–	(177,039)
Reclassification	–	(900)	–	–	(900)
Balance at 31 December 2025	11,718,008	11,180,725	1,238,900	2,693,688	26,831,321
Depreciation and amortisation					
Balance as at 1 January 2025	1,393,407	1,499,976	154,632	980,735	4,028,750
Amortisation for the year	1,144,951	1,022,455	126,498	28,252	2,322,156
Disposals/write-offs	–	(177,039)	–	–	(177,039)
Balance at 31 December 2025	2,538,358	2,345,392	281,130	1,008,987	6,173,867
Carrying amount					
At 31 December 2025	9,179,650	8,835,333	957,770	1,684,701	20,657,454
<i>In thousands of Armenian drams</i>	Customer base	Software	Trademark	Licenses and other	Total
Cost					
Balance as at 1 January 2024	11,008,436	4,436,107	1,156,309	1,478,620	18,079,472
Effect of business combination (Note 34)	709,572	96,341	82,591	90	888,594
Additions	–	918,802	–	538,372	1,457,174
Disposals/write-offs	–	(403,455)	–	(334,418)	(737,873)
Balance at 31 December 2024	11,718,008	5,047,795	1,238,900	1,682,664	19,687,367
Depreciation and amortisation					
Balance as at 1 January 2024	268,498	1,187,760	29,682	859,972	2,345,912
Amortisation for the year	1,124,909	444,475	124,950	452,114	2,146,448
Disposals/write-offs	–	(132,259)	–	(331,351)	(463,610)
Balance at 31 December 2024	1,393,407	1,499,976	154,632	980,735	4,028,750
Carrying amount					
At 31 December 2024	10,324,601	3,547,819	1,084,268	701,929	15,658,617

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

20. LEASES – GROUP AS A LESSEE

The Group's subsidiary Bank leases assets such as customer service centre spaces which typically run for a period of 5 to 10 years. ID Group CJSC and its subsidiaries lease their head offices. Information about leases for which the Group is a lessee is presented below:

(a) Right-of-use asset

<i>In thousands of Armenian drams</i>	2025	2024
Balance at 1 January	4,124,208	3,328,797
Additions/modifications to right of use assets	276,210	1,486,012
Depreciation charge for the period	(781,004)	(690,601)
Balance at 31 December	3,619,414	4,124,208

(b) Lease liability

<i>In thousands of Armenian drams</i>	2025	2024
Less than one year	1,115,721	1,024,623
One to two years	1,066,313	1,085,362
Two to five years	2,203,403	2,772,795
More than five years	1,109,202	1,395,792
Total undiscounted lease payable	5,494,639	6,278,572
Unearned finance cost	(1,402,123)	(1,788,114)
Lease liability	4,092,517	4,490,458

(c) Amounts recognised in profit and loss

<i>In thousands of Armenian drams</i>	2025	2024
Depreciation of right of use asset	781,004	690,601
Interest on lease liabilities	460,444	461,090
Expenses relating to short-term leases	85,417	85,872

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

<i>In thousands of Armenian drams</i>	2025	2024
Balance at 1 January	4,490,458	3,558,483
Changes from financing cash flows		
Repayments	(745,544)	(667,299)
Total changes from financing cash flows	(745,544)	(667,299)
Other changes		
Additions to lease liability	347,602	1,599,272
Interest paid	(467,740)	(464,190)
Interest expense	460,444	461,090
The effect of change in foreign exchange rates	7,296	3,102
Balance at 31 December	4,092,516	4,490,458

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

21. OTHER ASSETS

<i>In thousands of Armenian Drams</i>	2025	2024
Trade receivables*	1,874,041	1,066,487
Transactions in process	1,557,767	538,958
Other receivables**	1,487,960	3,451,938
Funds deposited for future settlement	255,003	182,152
Credit loss allowance***	(32,185)	(30,336)
Total net other financial assets	5,142,586	5,209,199
Prepayments	1,444,572	1,120,925
Advances to suppliers under finance leases	1,217,770	294,592
Materials and supplies	185,588	134,071
Other	259,350	90,658
Total other non-financial assets	3,107,280	1,640,247
Total other assets	8,249,866	6,849,446

* Trade receivables mainly arise due to the accrued commission income for payment settlement services to be received from legal entities (Note 6).

** AMD 289,531 thousand of Other receivables represents amounts placed in VISA system to finance Bank's customers transactions and should be received back from those who make transactions (31 December 2024: AMD 1,957,092 thousand).

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

22. DEPOSITS AND BALANCES FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

(a) Deposits and balances from banks and other financial institutions

<i>In thousands of Armenian Drams</i>	2025	2024 Reclassified (Note 2e)
Term deposits from banks and other financial institutions	50,055,586	22,959,405
Current accounts with financial institutions	12,579,500	8,239,622
Vostro accounts	6,801,095	166,269
Other liability	1,017,717	235,233
Total deposits and balances from banks and other financial institutions	70,453,898	31,600,529

(b) Other borrowed funds

<i>In thousands of Armenian Drams</i>	2025	2024 Reclassified (Note 2e)
Secured loans with the CBA	11,508,359	13,458,324
Secured loans from other financial institutions	11,004,938	10,826,095
Total loans	22,513,297	24,284,419

As at 31 December 2025, loans and advances to customers with a gross value of AMD 21,911,702 thousand (2024: AMD 23,805,339 thousand) serve as collateral for secured loans from credit organisations and borrowings from the Central Bank of Armenia (Note 20).

As at 31 December 2025 included in loans from banks and other financial institutions are loans of AMD 21,537,322 thousand (31 December 2024: AMD 27,451,592 thousand) with arrangements to sub-lend these funds to borrowers for qualifying loans. There is no other market for this type of financing, provided by local and international non-government organisations to support small and medium-size businesses in specific sectors of economy and develop the mortgage market. These loans represent a separate market segment.

As at 31 December 2025 the Group has loans from four banks and other financial institution except CBA (2024: three banks and other financial institution except CBA), whose balances exceed 10% of equity. The gross value of these loans as at 31 December 2025 is AMD 56,129,376 thousand (2024: AMD 37,209,159 thousand).

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

22. DEPOSITS AND BALANCES FROM BANKS AND OTHER FINANCIAL INSTITUTIONS (continued)

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

<i>In thousands of Armenian Drams</i>	2025	2024
Balance at 1 January	24,244,041	24,284,419
Changes from financing cash flows		
Proceeds from borrowed funds	2,195,611	3,678,363
Repayment borrowed funds	(4,859,849)	(3,706,737)
Total changes from financial cash flows	(2,664,238)	(28,374)
Other changes		
Interest expense	1,675,798	1,818,185
Interest paid (operating cash flows)	(1,718,279)	(1,830,189)
Balance at 31 December	21,537,322	24,244,041

23. AMOUNTS PAYABLE UNDER REPURCHASE AGREEMENTS

<i>In thousands of Armenian Drams</i>	2025	2024
Amounts payable under repurchase agreements with banks	16,388,262	5,078,708
Amounts payable under repurchase agreements with CBA	-	12,016,880
	16,388,262	17,095,588

The securities pledged under repurchase agreements with the CBA and banks include financial assets measured both at amortised cost and at fair value through OCI. As at 31 December 2025, the total carrying amount of pledged securities was AMD 15,427,381 thousand (31 December 2024: 14,732,571 thousand) for assets measured at amortised cost, while no FVOCI securities were pledged (31 December 2024: AMD 385,583 thousand). The fair value of amortised cost securities was AMD 17,918,301 thousand (31 December 2024: AMD 18,225,253). Please see *Note 14*.

24. DEBT SECURITIES ISSUED

<i>In thousands of Armenian Drams</i>	2025	2024
Debt securities issued in AMD	18,837,951	3,068,934
Debt securities issued in USD	6,667,638	14,051,288
	25,505,589	17,120,222

During 2025 the Bank issued bonds with nominal amount of USD 31,750 thousand and AMD 3,362 thousand (2024: USD 12,254 thousand and AMD 2,550 thousand).

Bonds issued by the Bank are listed in Armenia Securities Exchange. However, bonds issued in the fourth quarter of 2025 with carrying value of USD 4,707 thousand are not listed in Armenian Securities Exchange as at 31 December 2025 (AMD 893,727 as at 31 December 2024)

As at 31 December 2025, the maturity dates of outstanding debt securities range from February 2026 to July 2028 for USD-denominated bonds, and from September 2026 to January 2029 for AMD-denominated bonds. All bonds have maturity periods of 2 to 3.5 years from their issue dates (as at 31 December 2024, the maturity dates of outstanding debt securities range from January 2025 to August 2027 for USD-denominated bonds, and from January 2025 to September 2026 for AMD-denominated bonds. All bonds have maturity periods of 2 to 3 years).

ID Leasing UCO LLC issued 1,500 bonds on 22 December 2025, each with a nominal value of USD 1,000 (total: USD 1,500,000) with a maturity term of 3 years and an annual interest rate of 7.5%. The Company conducted non-listed, closed debt securities placement.

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

24. DEBT SECURITIES ISSUED (continued)

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

<i>In thousands of Armenian Drams</i>	2025	2024
Balance at 1 January	17,120,222	15,506,851
Changes from financing cash flows		
Proceeds from debt securities issued	16,523,827	8,499,839
Repayment of debt securities issued	(7,815,848)	(6,673,525)
Total changes from financing cash flows	8,707,979	1,826,314
The effect of changes in foreign exchange rates	(572,052)	(235,412)
Other changes		
Interest expense	1,070,106	759,633
Interest paid (operating cash flows)	(820,666)	(737,164)
Balance at 31 December	25,505,589	17,120,222

25. CURRENT ACCOUNTS AND DEPOSITS FROM CUSTOMERS

<i>In thousands of Armenian Drams</i>	2025	2024
Current accounts and demand deposits		
– Retail	84,155,757	79,740,032
– Corporate	62,177,302	62,355,944
Term deposits		
– Retail	59,675,345	47,045,823
– Corporate	52,293,514	33,170,339
	258,301,918	222,312,138

As at 31 December 2025, the Bank maintained customer deposit balances of AMD 9,812,626 thousand (2024: AMD 10,661,571 thousand) that serve as collateral for Loans and advances to customers and guarantees issued by the Bank.

As of 31 December 2025, the Bank has three customers whose balances exceed 10% of equity (2024: one customer) with a gross value of AMD 42,739,174 thousand (2024: AMD 22,949,077 thousand).

26. OTHER LIABILITIES

<i>In thousands of Armenian Drams</i>	2025	2024
Payables to employees	4,468,761	4,163,481
Payables to customers on e-money	2,792,409	2,454,093
Payables from wire transfer transactions	2,729,908	1,711,513
Received prepayments for rendering wire transfer transactions	2,293,689	1,750,714
Payables to payment systems	864,632	1,299,145
Other non-cleared transactions	745,157	1,151,324
Dividend payable	52,229	–
Advances from customers under finance lease arrangements	327,930	132,683
Other financial liabilities	5,367,264	2,420,973
Total other financial liabilities	19,641,979	15,083,926
Other non-financial liabilities	1,317,484	1,115,790
Taxes payable other than on income	318,673	240,979
Total other non-financial liabilities	1,636,157	1,356,769
Total other liabilities	21,278,136	16,440,695

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

26. OTHER LIABILITIES (continued)***Payables to customers on e-money***

Payables to customers on e-money represent customers' funds in their e-wallets opened in Idram payment system. One unit in those wallets is equal to one Armenian dram. These payables arise when individuals replenish their e-wallets and are repaid when transfers or payments are incurred by the wallet holders. The payables to customers on e-money are short-term financial liabilities, as customers can remove funds from e-wallets at any time without preapproval or other limitations. Customers cannot withdraw their funds from e-wallets in cash, however it is possible to transfer these funds to other bank cards. Limit on the money that one customer can hold anytime in e-wallet is AMD 1,000 thousand.

27. SHARE CAPITAL AND RESERVES**(a) Issued capital and share premium**

As at 31 December 2025, the authorised, issued, and outstanding share capital of the Group comprises 10,000 ordinary shares (2024: 10,000), each with a nominal value of AMD 100 (2024: AMD 100). The total share capital as at 31 December 2025 and 2024 amounts to AMD 1,000 thousand.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at annual and general meetings of the Group.

(b) Nature and purpose of reserves**Fair value reserve for investment securities**

Fair value reserve for investment securities comprises the cumulative net change in the fair value, until the assets are derecognised.

(c) Dividends

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

In 2025 the Group declared dividends to the shareholders in amount of AMD 7,000,000 thousand and AMD 113,433 thousand respectively to Parent and non-controlling interest (2024: AMD 3,420,000 thousand to Parent). As of 31 December 2025 the Group had outstanding dividend liability of AMD 52,229 thousand (31 December 2024: had no outstanding dividend liability) (*Note 26*).

28. RISK MANAGEMENT

Risk management plays an essential role in the achievement of strategic and operational goals of the Group. The ultimate goal of the Group risk management is to ensure several types of significant risks are identified and mitigated in a timely manner. The Group risk management is implemented in a manner which has several levels and assumes different roles for Group components. ID Group CJSC being the holding company concentrates its risk management on ensuring that funds are properly distributed through different investments in the Group to ensure maximum outcome from them and necessary level of risk diversification. ID Group not only monitors investments in new products or other investments inside the Group but has expansion plans outside the Group through investments in fast-paced and profitable investment projects.

ID Bank, being the key component inside the Group, plays the crucial role in the Group's overall risk management procedures and policy applications.

(a) Risk management policies and procedures

Management of risk is fundamental to the businesses of financial sector and forms an essential element of the Group's key subsidiaries' operations. The major (significant) risks are those related to financial risk, market risk, credit risk, liquidity risk, and operational, legal and reputational risks.

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

28. RISK MANAGEMENT (continued)**(a) Risk management policies and procedures (continued)**

The risk management policies aim to identify, analyse and manage the risks faced by the Group, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, products and services offered and emerging best practice. The Group's subsidiaries have developed a system of reporting on significant risks and capital.

The Council of ID Bank has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures as well as approving significantly large exposures in the Bank.

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

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

Both external and internal risk factors are identified and managed throughout the organization. Particular attention is given to identifying the full range of risk factors and determining the level of assurance over current risk mitigation procedures. Apart from the standard credit and market risk analysis, the Risk Management Directorate of ID Bank monitors financial and non-financial risks by holding regular meetings with operational units in order to obtain expert judgments in their respective areas of expertise.

In compliance with the Bank's internal documentation the Risk Management Directorate and internal audit function frequently prepare reports, which cover the Bank's significant risks management. The reports include observations as to assessment of the effectiveness of the Bank's procedures and methodologies, and recommendations for improvement.

(b) Financial risk review

This note presents information about the Group's exposure to financial risks.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's subsidiaries have policies and procedures in place to manage credit exposures (both for recognised financial assets and unrecognised contractual commitments), including guidelines to limit portfolio concentration and the establishment of a Credit Committee to actively monitor credit risk. The credit policy of ID Bank is reviewed and approved by its Management Board.

The credit policy of ID Bank establishes:

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

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

28. RISK MANAGEMENT (continued)

(b) Financial risk review (continued)

Credit risk (continued)

In ID Bank corporate loan credit applications are originated by the relevant client managers and are then passed on to the Loan Department, which is responsible for the corporate loan portfolio. Analysis reports are based on a structured analysis, focusing on the customer's business and financial performance. The loan credit application and the report are then independently reviewed by the Risk Management Directorate and a second opinion is given accompanied by a verification that credit policy requirements are met. The Credit Committee reviews the loan credit application on the basis of submissions by the Loan Department and the Risk Management Directorate. Individual transactions are also reviewed by the Legal, Security service, Financial management, depending on the specific risks and pending final approval of the Credit Committee.

The Bank continuously monitors the performance of individual credit exposures and regularly reassesses the creditworthiness of its customers. The review is based on the customer's most recent financial statements and other information submitted by the borrower, or otherwise obtained. Retail loan applications are reviewed either through an automated system with the use of scoring models, or through the Risk Management Directorate. Apart from individual customer analysis, the credit portfolio is assessed by the Risk Management Directorate with regard to credit concentration and market risks.

Credit risk - Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment

See accounting policy in Note 4(g).

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- The remaining lifetime probability of default (PD) as at the reporting date; with
- The remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Group uses three criteria for determining whether there has been a significant increase in credit risk:

- Quantitative test based on movement in probability of default (PD);
- Qualitative indicators; and
- Backstop of 30 days past due.

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

Corporate exposure	All exposures (corporate and retail exposures)
<ul style="list-style-type: none"> - Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes - Data from credit reference agencies, press articles, changes in external credit ratings - Quoted bond and credit default swap (CDS) prices for the borrower where available - Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities 	<ul style="list-style-type: none"> - Payment record – this includes overdue status as well as a range of variables about payment ratios - Utilisation of the granted limit - Requests for and granting of forbearance - Existing and forecast changes in business, financial and economic conditions

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

28. RISK MANAGEMENT (continued)**(b) Financial risk review (continued)*****Credit risk - Amounts arising from ECL (continued)****Generating the term structure of PD*Market benchmark approach

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

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

Collectively assessed

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

Individually assessed - Loss given default

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

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

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

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

Incorporation of forward-looking information

The Group incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The Group uses expert judgment in assessment of forward-looking information.

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

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

Determining whether credit risk has increased significantly

The Group assesses whether credit risk has increased significantly since initial recognition at each reporting period. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower, and the geographical region. What is considered significant will differ for different types of lending, in particular between corporate and retail.

The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Group's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This will be the case for exposures that meet certain heightened risk criteria, such as placement on a watch list. Such qualitative factors are based on its expert judgement and relevant historical experience.

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

28. RISK MANAGEMENT (continued)

(b) Financial risk review (continued)

Credit risk - Amounts arising from ECL (continued)

Generating the term structure of PD (continued)

Determining whether credit risk has increased significantly (continued)

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due for Loans and advances to customers and 1 day for loans and advances to banks and other financial institutions and investment securities. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

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

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency of forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases the Group determines a probation period of three months during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes history of up-to-date payment performance against the modified contractual terms.

Definition of default

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);
- The borrower is past due more than 90 days for Loans and advances to customers and 30 days for loans and advances to banks and other financial institutions and investment securities on any material credit obligation to the Group. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or

It is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, the Group considers indicators that are:

- Qualitative – e.g. Breaches of covenant;
- Quantitative – e.g. Overdue status and non-payment on another obligation of the same issuer to the Group; and
- Based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in *Note 4(e)(v)*.

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

28. RISK MANAGEMENT (continued)

(b) Financial risk review (continued)

Credit risk - Amounts arising from ECL (continued)

Generating the term structure of PD (continued)

Modified financial assets (continued)

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- Its remaining lifetime PD at the reporting date based on the modified terms; with
- The remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The Group renegotiates Loans and advances to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy.

For financial assets modified as part of the Group's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Group's ability to collect interest and principal and the Group's previous experience of similar forbearance action. As part of this process, the Group evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired (see *Note 4(e)(iv)*). A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/ in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (PD);
- Loss given default (LGD);
- Exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

The methodology of estimating PDs is discussed above under the heading "Generating the term structure of PD".

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EAD is potential future amounts that may be drawn under the contract, which are estimated based on historical observations, upon which credit conversion factor (CCF) is calculated based on the weighted average percentage of historically utilized balances of lines of credit in default. For financial guarantees, the EAD represents the guarantee exposure when the financial guarantee becomes payable.

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

28. RISK MANAGEMENT (continued)

(b) Financial risk review (continued)

Credit risk - Amounts arising from ECL (continued)

Generating the term structure of PD (continued)

Measurement of ECL (continued)

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include instrument type and collateral type.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

For portfolios in respect of which the Group has limited historical data, external benchmark information is used, where relevant, to supplement internally available data in the measurement of ECL.

The external benchmarks used by the Group include S&P default studies for probability of default and Moody's recovery studies for loss given default. These benchmarks are applied, where relevant, to the following portfolios:

- Investment securities measured at FVOCI;
- Investment securities measured at amortised cost;
- Loans and advances to banks and other financial institutions;
- Loans to large corporate customers;
- Net investments in finance leases and related VAT receivable.

The benchmarks are adjusted, where necessary, to reflect the Group's specific credit risk characteristics and forward-looking information.

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- Are offset in the Group's statement of financial position; or
- Are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position.

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

The Group receives and accepts collateral in the form of cash and marketable securities in respect of sale and repurchase, and reverse sale and repurchase agreements.

Such collateral is subject to the standard industry terms. This means that securities received/given as collateral can be pledged or sold during the term of the transaction, but must be returned on maturity of the transaction. The terms also give each counterparty the right to terminate the related transactions upon the counterparty's failure to post collateral.

The above arrangements do not meet the offsetting criteria in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties.

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

28. RISK MANAGEMENT (continued)

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

The 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/liabilities	Gross amounts of recognised financial asset/liability	Gross amount of recognised financial liability/asset offset in the statement of financial position	Net amount of financial assets/liabilities presented in the statement of financial position	Related amounts not offset in the statement of financial position		Net amount
				Financial instruments	Collateral received	
Amounts receivable under reverse repurchase agreements	14,620,460	-	14,620,460	-	(14,620,460)	-
Total financial assets	14,620,460	-	14,620,460	-	(14,620,460)	-
Amounts payable under repurchase agreements	(17,095,588)	-	(17,095,588)	15,118,155	-	(1,977,433)
Total financial liabilities	(17,095,588)	-	(17,095,588)	15,118,155	-	(1,977,433)

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risks. Market risk arises from open positions in interest rate and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices and foreign currency rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

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

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

28. RISK MANAGEMENT (continued)

(c) Market risk (continued)

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

(i) Currency risk

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

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

A weakening of the AMD, as indicated below, against the following currencies at 31 December 2025 and 2024, would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is before taxes and is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

<i>In thousands of Armenian Drams</i>	2025	2024
10% appreciation of USD against AMD	463,720	233,739
10% appreciation of EUR against AMD	(69,313)	(5,640)
10% appreciation of RUB against AMD	67,239	–

A strengthening of the AMD against the above currencies at 31 December 2025 and 2024 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to liquidity management. It is unusual for financial institutions ever to be completely matched, since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability but can also increase the risk of losses.

The Group maintains liquidity management with the objective of ensuring that funds will be available at all times to honor all cash flow obligations as they become due. The liquidity policy is reviewed and approved by the Management Board of ID Group.

The Group seeks to actively support a diversified and stable funding base comprising debt securities in issue, long- and short-term loans from other banks, core corporate and retail customer deposits, accompanied by diversified portfolios of highly liquid assets, in order to be able to respond quickly and efficiently to unforeseen liquidity requirements.

The liquidity management policy requires:

- Projecting cash flows by major currencies and taking into account the level of liquid assets necessary in relation thereto;
- Maintaining a diverse range of funding sources;
- Managing the concentration and profile of debts;
- Maintaining debt financing plans;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any interruption to cash flow;
- Maintaining liquidity and funding contingency plans;
- Monitoring liquidity ratios against regulatory requirements.

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

28. RISK MANAGEMENT (continued)

(c) Market risk (continued)

(ii) Liquidity risk (continued)

The Treasury Department of ID Group receives information from business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. The Treasury Department then provides for an adequate portfolio of short-term liquid assets to be maintained, largely made up of short-term liquid trading securities, loans to banks and other inter-Group facilities, to ensure that sufficient liquidity is maintained. The daily liquidity position is monitored and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions, is performed by the Treasury Department. Under normal market conditions, liquidity reports covering the liquidity position are presented to senior management on a weekly basis. Decisions on liquidity management are made by the ALCO and implemented by the Treasury Department.

The following tables show the undiscounted cash flows on financial liabilities and credit-related commitments on the basis of their earliest possible contractual maturity. The total gross inflow and outflow disclosed in the tables is the contractual, undiscounted cash flow on the financial liability or credit related commitment.

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

<i>In thousands of Armenian Drams</i>	Demand and less than 1 month	From 1 to 12 months	More than 1 year	Total gross amount outflow	Carrying amount
Non-derivative liabilities					
Deposits and balances from banks and other financial institutions	20,516,535	32,091,152	21,811,987	74,419,674	70,453,898
Amounts payable under repurchase agreements	16,405,738	–	–	16,405,738	16,388,262
Debt securities issued	246,310	7,765,856	20,410,211	28,422,377	25,505,589
Current accounts and deposits from customers	154,191,400	87,083,941	22,880,278	264,155,619	258,301,918
Other borrowed funds	105,665	1,978,594	27,794,975	29,879,234	22,513,297
Lease liability	89,178	1,020,543	4,378,918	5,488,639	4,092,516
Other financial liabilities	15,282,923	4,330,191	34,840	19,647,954	19,641,979
Total financial liabilities	206,837,749	134,270,277	97,311,209	438,419,235	416,897,459
Credit related commitments	22,229,509	–	–	22,229,509	–

The maturity analysis for financial liabilities as at 31 December 2024 is as follows:

<i>In thousands of Armenian Drams</i>	Demand and less than 1 month	From 1 to 12 months	More than 1 year	Total gross amount outflow	Carrying amount
Non-derivative liabilities					
Deposits and balances from banks and other financial institutions	12,611,649	6,465,453	15,011,473	34,088,575	31,600,529
Amounts payable under repurchase agreements	17,102,448	–	–	17,102,448	17,095,588
Debt securities issued	2,534,331	5,835,031	9,875,860	18,245,222	17,120,222
Current accounts and deposits from customers	147,653,291	66,180,369	11,889,359	225,723,019	222,312,138
Other borrowed funds	103,932	4,230,043	30,830,367	35,164,342	24,284,419
Lease liability	31,585	993,038	5,253,950	6,278,573	4,490,458
Other financial liabilities	11,224,285	2,504,804	1,663,562	15,392,651	15,083,926
Total financial liabilities	191,261,521	86,208,738	74,524,571	351,994,830	331,987,280
Credit related commitments	24,079,360	–	–	24,079,360	–

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**28. RISK MANAGEMENT (continued)****(c) Market risk (continued)****(ii) Liquidity risk (continued)**

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

<i>In thousands of Armenian Drams</i>	Demand and less than 1 year	More than 1 year	No maturity	Overdue*	Total
Assets					
Cash and cash equivalents	54,971,807	–	–	–	54,971,807
Financial instrument measured at fair value through profit or loss	4,062	170,074	–	–	174,136
Investment securities measured at fair value through other comprehensive income					
Held by Group	4,463,040	9,971,792	806,147	–	15,240,979
Investment securities measured at amortised cost					
Held by Group	21,629,716	12,901,436	–	–	34,531,152
Pledged under sale and repurchase agreements	9,297,655	6,084,938	–	–	15,382,593
Loans and advances to banks and other financial institutions	78,918,703	4,393,771	–	–	83,312,474
Amounts receivable under reverse repurchase agreements	13,149,503	–	–	–	13,149,503
Loans and advances to customers	62,275,095	206,842,719	–	728,715	269,846,529
Net investments in finance leases	862,792	2,713,590	–	–	3,576,382
Property, equipment and intangible assets	–	–	28,590,219	–	28,590,219
Right-of-use asset	–	–	3,619,414	–	3,619,414
Repossessed assets	–	–	1,129,881	–	1,129,881
Deferred tax assets	–	–	230,254	–	230,254
Goodwill	–	–	1,382,754	–	1,382,754
Other assets	6,669,674	1,553,954	26,238	–	8,249,866
Total assets	252,242,047	244,632,274	35,784,907	728,715	533,387,943

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**28. RISK MANAGEMENT (continued)****(c) Market risk (continued)****(ii) Liquidity risk (continued)**

In thousands of Armenian Drams

	Demand and less than 1 year	More than 1 year	No maturity	Overdue*	Total
Liabilities					
Financial instrument measured at fair value through profit or loss	16,747	3,460	-	-	20,207
Deposits and balances from banks and other financial institutions	50,186,288	20,267,610	-	-	70,453,898
Amounts payable under repurchase agreements	16,388,262	-	-	-	16,388,262
Debt securities issued	6,696,800	18,808,789	-	-	25,505,589
Current accounts and deposits from customers	237,465,343	20,836,575	-	-	258,301,918
Deferred tax liability	-	-	2,677,631	-	2,677,631
Other borrowed funds	5,253,601	17,259,696	-	-	22,513,297
Lease liability	695,644	3,396,872	-	-	4,092,516
Current tax liabilities	2,740,725	-	-	-	2,740,725
Other liabilities	19,583,698	1,694,438	-	-	21,278,136
Total liabilities	339,027,108	82,267,440	2,677,631	-	423,972,179
Net position	(86,785,061)	162,364,834	33,107,276	728,715	109,415,764

* *Overdue portion of outstanding overdue loans.*

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**28. RISK MANAGEMENT (continued)****(c) Market risk (continued)****(ii) Liquidity risk (continued)**

The table below shows an analysis, by contractual maturities, of amounts recognised in the consolidated statement of financial position as at 31 December 2024:

<i>In thousands of Armenian Drams</i>	Demand and less than 1 year	More than 1 year	No maturity	Overdue*	Total
Assets					
Cash and cash equivalents	42,670,845	–	–	–	42,670,845
Financial instrument measured at fair value through profit or loss	870,332	–	–	–	870,332
Investment securities measured at fair value through other comprehensive income					
Held by Group	6,902,328	8,437,131	–	–	15,339,459
Pledged under sale and repurchase agreements	–	385,583	–	–	385,583
Investment securities measured at amortised cost					
Held by Group	45,077,876	1,245,631	–	–	46,323,507
Pledged under sale and repurchase agreements	1,865,241	12,826,835	–	–	14,692,076
Loans and advances to banks and other financial institutions	57,030,176	2,747,250	–	7,276	59,784,702
Amounts receivable under reverse repurchase agreements	14,606,422	–	–	–	14,606,422
Loans and advances to customers	49,453,180	152,468,014	–	453,313	202,374,507
Net investments in finance leases and VAT receivable	68,751	173,533	–	–	242,284
Property, equipment and intangible assets	–	–	24,174,117	–	24,174,117
Right-of-use asset	–	–	4,124,208	–	4,124,208
Repossessed assets	–	–	2,020,530	–	2,020,530
Deferred tax assets	–	–	124,688	–	124,688
Goodwill	–	–	508,513	–	508,513
Other assets	6,326,136	489,918	3,534	29,858	6,849,446
Total assets	224,871,287	178,773,895	30,955,590	490,447	435,091,219

* *Overdue portion of outstanding overdue loans.*

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**28. RISK MANAGEMENT (continued)****(c) Market risk (continued)****(ii) Liquidity risk (continued)**

In thousands of Armenian Drams

	Demand and less than 1 year	More than 1 year	No maturity	Overdue*	Total
Liabilities					
Deposits and balances from banks and other financial institutions	18,928,916	12,671,613	–	–	31,600,529
Amounts payable under repurchase agreements	17,095,588	–	–	–	17,095,588
Debt securities issued	7,727,852	9,392,370	–	–	17,120,222
Current accounts and deposits from customers	212,170,481	10,141,657	–	–	222,312,138
Deferred tax liability	–	–	2,490,019	–	2,490,019
Other borrowed funds	4,326,435	19,957,984	–	–	24,284,419
Lease liability	653,171	3,837,287	–	–	4,490,458
Current tax liabilities	3,007,384	–	–	–	3,007,384
Other liabilities	14,960,004	1,480,691	–	–	16,440,695
Total liabilities	278,869,831	57,481,602	2,490,019	–	338,841,452
Net position	(53,998,544)	121,292,293	28,465,571	490,447	96,249,767

* *Overdue portion of outstanding overdue loans.*

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

28. RISK MANAGEMENT (continued)

(c) Market risk (continued)

(ii) Liquidity risk (continued)

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

The key measure used by the Group for managing liquidity risk is the ratio of highly liquid assets to demand liabilities.

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

The reported ratios of highly liquid assets to demand liabilities were 77.3% as at 31 December 2025 and 76.6% as at 31 December 2024. The minimum required ratio under the CBA normative is 60%. The Group was fully compliant with this requirement as of 31 December 2025 and 31 December 2024.

(d) Interest rate risk

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

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

The sensitivity of the consolidated statement of profit or loss and other comprehensive income is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate financial assets and financial liabilities and on net trading income, based on trading instruments held at 31 December. The sensitivity of equity is calculated by revaluing debt financial assets measured at FVOCI at 31 December for the effects of the assumed changes in interest rates based on the assumption that there are parallel shifts in the yield curve.

Currency	Increase in basis points 2025	Sensitivity of net interest income 2025	Sensitivity of equity 2025
VAMD	1%	3,536,648	(305,338)
USD	1%	544,408	(113,755)
EUR	1%	101,740	(13,261)
RUR	1%	129	–

Currency	Increase in basis points 2024	Sensitivity of net interest income 2024	Sensitivity of equity 2024
AMD	1%	2,656,055	(184,452)
USD	1%	485,070	(74,904)
EUR	1%	52,070	(10,329)
RUR	1%	93	–

A 1% decrease in basis points would have had the equal but opposite effect on the amounts shown above.

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

29. CAPITAL MANAGEMENT

The Parent Company itself does not have to comply with capital requirements and the Group implements its capital management through the capital requirements of its two key subsidiaries ID Bank CJSC and Idram LLC. Those capital requirements are set and monitored by the Central Group of Armenia.

The Bank defines as capital those items defined by statutory regulation as capital for commercial banks. As at 31 December 2025 the minimum level of ratio of capital to risk weighted assets (statutory capital ratio) was 11% (2024: 11%). The Group is in compliance with the statutory capital ratio as at 31 December 2025 and 2024.

The calculation of capital adequacy of ID Bank based on requirements set by the CBA as at 31 December is as follows:

<i>In thousands of Armenian Drams</i>	2025 Unaudited	2024 Unaudited
Tier 1 capital		
Tier 1 core capital	82,203,102	73,973,030
Deductions and adjustments	(13,826,735)	(18,328,744)
Tier 1 capital only	68,376,367	55,644,286
Tier 2 capital		
Tier 2 core capital	6,179,460	4,786,120
Reductions	(2,057,080)	(1,546,548)
Tier 2 capital only	4,122,380	3,239,572
Total capital	72,498,747	58,883,858
Total risk weighted assets, combining credit, market and operational risks	385,564,032	305,073,943
Total capital expressed as a percentage of risk-weighted assets (total capital ratio)	18.80%	19.30%

Risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for unrecognised contractual commitments, with some adjustments to reflect the more contingent nature of potential losses.

Idram LLC also has requirement for the minimum size of total capital, which is defined by the Central Bank of Armenia to be AMD 100,000 thousand for payment settlement companies. Regulatory capital consists of Tier 1 capital, which comprises charter capital (charter capital contributions in form of intangible assets participate in the calculation of the regulatory capital in the amount of no more than 25% of the minimum amount of AMD 100,000 thousand), retained earnings including current year profit. Idram LLC has complied with all externally imposed capital requirements through 2025 and 2024.

As of 31 December 2025 and 2024 the amounts of regulatory capital of Idram LLC calculated in accordance with the requirements of the Central Bank of Armenia are provided below:

<i>In thousands of Armenian Drams</i>	2025	2024
Tier 1 capital	14,932,237	12,543,915
Total regulatory capital	14,932,237	12,543,915

Additionally, other subsidiaries of the Group, namely ID Leasing UCO LLC and ID Processing LLC, are subject to capital requirements imposed by the Central Bank of Armenia. These entities are in compliance with the minimum capital requirements as at 31 December 2025 and 31 December 2024.

The Group has complied with all externally imposed capital requirements through the period.

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

30. CREDIT RELATED COMMITMENTS

The Group has outstanding credit related commitments to extend loans. These credit related commitments take the form of approved loans and credit card limits and overdraft facilities.

The Group's subsidiary Bank provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to five years.

The Group's subsidiary Bank applies the same credit risk management policies and procedures when granting credit commitments, financial guarantees and letters of credit as it does for granting loans and advances to customers.

The contractual amounts of credit related commitments are set out in the following table by category. The amounts reflected in the table for credit related commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the reporting date if the counterparties failed completely to perform as contracted.

<i>In thousands of Armenian Drams</i>	2025	2024
Contracted amount		
Loan and credit line commitments	15,782,361	12,472,144
Credit card commitments	4,891,780	3,758,670
Guarantees and letters of credit	1,086,647	7,499,622
Lease commitments	468,721	348,924
	22,229,509	24,079,360

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

Credit card commitments, loan and credit line commitments are mainly in Stage 1 as at 31 December 2025 and 2024. Credit card commitments, loans and credit line commitments are not credit impaired or past due.

31. CONTINGENCIES

(a) Insurance

The insurance industry in the Republic of Armenia is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group has property insurance and Banker's Blanket Bond (BBB) insurance with up to USD 12,000 thousand coverage.

(b) Litigation

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

(c) Taxation contingencies

The taxation system in Armenia is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes unclear, contradictory and subject to varying interpretation. Taxes are subject to review and investigation by tax authorities, which have the authority to impose fines and penalties. In the event of a breach of tax legislation, no liabilities for additional taxes, fines or penalties may be imposed by tax authorities once three years have elapsed from the date of the breach.

These circumstances may create tax risks in Armenia that are more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Armenian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

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

32. RELATED PARTY TRANSACTIONS

(a) Transactions with key management

Total remuneration included in personnel expenses for the years ended 31 December 2025 and 2024 is as follows:

<i>In thousands of Armenian Drams</i>	2025	2024
Key management		
Short-term employee benefits	1,157,974	1,652,719
Long-term benefits	1,869,054	644,382
	3,027,028	2,297,101

Key management of the Group includes members of Council and Management Board.

These amounts include benefits in respect of key management accrued in the consolidated statement of profit or loss and other comprehensive income of respective periods.

The outstanding balances and average effective interest rates as at 31 December 2025 and 2024 for transactions with members of the Council and the Management Board are as follows:

<i>In thousands of Armenian Drams</i>	2025	Average effective interest rate, %	2024	Average effective interest rate, %
Consolidated statement of financial position				
Assets				
Loans issued (gross)	906,283	4.94%	520,923	10.45%
Loan impairment allowance	(627)	–	(772)	–
Other assets	2,720	–	13,575	–
Liabilities				
Deposits received	352,610	6.30%	288,807	5.88%
Current accounts	121,635	–	183,700	–
Debt securities issued	208,933	6.40%	73,298	4.43%
Lending commitments	64,659	–	57,326	–

Amounts included in profit or loss in relation to transactions with members of the key management for the year ended 31 December are as follows:

<i>In thousands of Armenian Drams</i>	2025	2024
Profit or loss		
Interest income	46,095	51,158
Interest expense	(35,511)	(58,396)
Impairment loss, net	2	120
Fee and commission income	5,709	7,718
Fee and commission expense	(6,061)	(29,269)

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**32. RELATED PARTY TRANSACTIONS (continued)****(b) Transactions with other related parties**

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

	Parent		Shareholders with significant influence		Other		Total
	Amount	Average effective interest rate, %	Amount	Average effective interest rate, %	Amount	Average effective interest rate, %	
<i>In thousands of Armenian Drams</i>							
Consolidated statement of financial position							
Assets							
Loans to customers	-	-	-	-	53,914	10,7%	53,914
Loan impairment allowance	-	-	-	-	(91)	-	(91)
Liabilities							
Current accounts and deposits from customers							
- Current accounts	552,664	-	213,941	-	102,975	-	869,580
- Term deposits	-	-	-	-	232,472	5,5%	232,472
Debt securities issued	-	-	-	-	96,150	8,7%	96,150
Lending commitments	-	-	-	-	11,120	-	11,120
Profit (loss)							
Interest income	-	-	-	-	8,822	-	8,822
Interest expense	-	-	-	-	(59,733)	-	(59,733)
Fee, commission and other income	183	-	92	-	26,626	-	26,901
Fee, commission and other expense	(999)	-	(53)	-	(23,768)	-	(24,820)

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**32. RELATED PARTY TRANSACTIONS (continued)****(b) Transactions with other related parties (continued)**

The outstanding balances and the related average effective interest rates as at 31 December 2024 and related profit or loss amounts of transactions for the year ended 31 December 2024 with other related parties are as follows:

	Parent		Shareholders with significant influence		Other		Total
	Amount	Average effective interest rate, %	Amount	Average effective interest rate, %	Amount	Average effective interest rate, %	
<i>In thousands of Armenian Drams</i>							
Consolidated statement of financial position							
Assets							
Loans to customers	-	-	-	-	1,686,058	10,03%	1,686,058
Loan impairment allowance	-	-	-	-	(24,148)	-	(24,148)
Liabilities							
Current accounts and deposits from customers							
- Current accounts	193,838	-	303,981	-	284,321	-	782,140
- Term deposits	-	-	4,886	4,49%	137,876	5,24%	142,762
Debt securities issued	-	-	-	-	32,417	4,36%	32,417
Profit (loss)							
Interest income	-	-	-	-	135,914	-	135,914
Interest expense	-	-	(229)	-	(8,849)	-	(9,078)
Fee, commission and other income	12,717	-	1,293	-	49,986	-	63,996
Fee, commission and other expense	-	-	(28)	-	(775)	-	(803)

Other related parties include transactions with companies under significant influence of the key management and their close family members.

The majority of balances resulting from transactions with related parties mature within one year, except debt securities which mature within three years and loans to customer which mature within six years.

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

33. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument;
- Level 2: inputs other than quotes prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data;
- Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

As at 31 December 2025 and 31 December 2024 the estimated fair values of all financial instruments except for investment securities measured at amortised cost, loans and advances to customers, net investments in finance leases and current accounts and deposits from customers approximate their carrying amounts.

The table below analyses financial instruments measured at fair value and at amortised cost at 31 December 2025, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position:

At 31 December 2025

<i>In thousands of Armenian Drams</i>	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Assets and liabilities measured at fair value					
Financial instruments at fair value through profit or loss					
- Derivative assets	-	174,136	-	174,136	174,136
- Derivative liabilities	-	20,207	-	20,207	20,207
Investment securities at FVOCI					
- Debt and other fixed income instruments	-	14,434,832	-	14,434,832	14,434,832
- Equity instruments	424,245	-	381,902	806,147	806,147
Disclosed fair value of assets and liabilities measured at amortised cost					
Investment securities at amortised cost	7,607,364	47,321,365	-	54,928,729	49,913,745
Loans and advances to customers	-	-	272,471,373	272,471,373	269,846,529
Net investments in finance leases and related VAT	-	-	3,757,469	3,757,469	3,576,382
Current accounts and deposits from customers	-	-	258,245,585	258,245,585	258,301,918

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

33. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

At 31 December 2024

<i>In thousands of Armenian Drams</i>	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
Assets and liabilities measured at fair value					
Financial instruments at fair value through profit or loss					
- Derivative assets	-	870,332	-	870,332	870,332
Investment securities at FVOCI					
- Debt and other fixed income instruments	-	14,982,948	-	14,982,948	14,982,948
- Equity instruments	397,543	-	344,551	742,094	742,094
Disclosed fair value of assets and liabilities measured at amortised cost					
Investment securities at amortised cost	58,025,711	6,612,819	-	64,638,530	61,015,583
Loans and advances to customers	-	-	199,438,496	199,438,496	202,374,507
Net investments in finance leases and related VAT			242,284	242,284	242,284
Current accounts and deposits from customers	-	-	222,928,050	222,928,050	222,312,138

The estimates of fair value are intended to approximate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. However, given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realizable in an immediate sale of the assets or transfer of liabilities.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond and equity prices, foreign currency exchange rates. For fair value through other comprehensive income financial instruments the entity used quoted prices for similar instruments in active or less than active markets. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

Movements in level 3 assets at fair value

The following tables show a reconciliation of the opening and closing amount of Level 3 assets and liabilities which are recorded at fair value:

<i>In thousands of Armenian Drams</i>	At 31 December 2024	Remeasurement recognised in OCI	Purchases	At 31 December 2025
Financial assets				
Investment securities – equity securities at FVOCI	344,551	37,351	-	381,902
Total level 3 financial assets	344,551	37,352	-	381,902

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

33. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Movements in level 3 assets at fair value (continued)

<i>In thousands of Armenian Drams</i>	At 31 December 2023	Remeasurement recognised in OCI	Purchases	At 31 December 2024
Financial assets				
Investment securities – equity securities at FVOCI	37,695	127,051	217,157	344,551
Total level 3 financial assets	37,695	127,051	217,157	344,551

Dividend income from Level 3 equity instruments recognised in profit or loss during the year amounted to AMD 2,535 thousand (2024: AMD 5,870 thousand).

Effect of changes in significant unobservable inputs on the measurement of financial instruments categorized within Level 3 of the fair value hierarchy

The following table shows the quantitative information about significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy:

	Carrying amount AMD'000	Valuation techniques	Unobservable input	Range (weighted average)	Effect of reasonably possible alternative assumptions (1 b.p)
31 December 2025					
Investment securities measured at FVOCI					
Equity securities	381,902	Net asset value	Net assets multiplier	From 0.9 to 1.1 (1 weighted average)	Not material
31 December 2024					
Investment securities measured at FVOCI					
Equity securities	344,551	Net asset value	Net assets multiplier	From 0.9 to 1.1 (1 weighted average)	Not material

34. BUSINESS COMBINATIONS

Acquisition of Club Sixteen R&D Limited

On 25 February 2025, the Group acquired a 51% equity interest in Club Sixteen R&D Limited, an investment company in Cyprus, whose primary activity is investment operations. Club Sixteen R&D Limited holds a 60% ownership interest in Club 16 AM CJSC, a company engaged in operating a global cashback system and supporting the IDcoin system.

The transaction was accounted for as a business combination in accordance with IFRS 3 *Business Combinations*. The Group has measured the identifiable assets acquired and liabilities assumed at their fair values at the acquisition date.

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

34. BUSINESS COMBINATIONS (continued)

In thousands of Armenian Drams

28 February 2025

Assets

Cash and cash equivalents	56,065
Loans and advances to customers	453,832
Property, equipment and intangible assets	493,427
Other assets	95,982
Total assets	1,099,306

Liabilities

Deferred tax liability	63,321
Other liabilities	99,608
Total liabilities	581,566

Identifiable net assets

517,740

Goodwill

The goodwill arising from the acquisition of Club Sixteen R&D Limited was determined as follows:

In thousands of Armenian Drams

28 February 2025

Cash consideration	533,295
Settlement of a pre-existing relationship (loan)	1,631,942
Total consideration transferred	2,165,237

Carrying value of non-controlling interest at acquisition (measured pro rata to share in net assets)	(773,256)
Less: Fair value of identifiable net assets of the company as at the date of acquisition	(517,740)
Goodwill	874,241

35. DISPOSAL OF SUBSIDIARY IN 2024

On 30 July 2024, the Group disposed its 75% ownership interest in General Payment Technologies LLC ("GPT").

The total consideration received for the 75% interest amounted to AMD 1,040,000 thousand.

Below are presented carrying amounts of disposed subsidiary's assets and liabilities at disposal date:

<i>In thousands of Armenian Drams</i>	Carrying amount at date of disposal
Cash and cash equivalents	2,844
Intangible assets	270,525
Trade and other receivables	92,394
Total assets	365,763
Other payables	43,635
Total liabilities	43,635
Non-controlling interest	80,532
Net assets value	241,596

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

35. DISPOSAL OF SUBSIDIARY IN 2024 (continued)

<i>In thousands of Armenian Drams</i>	Gain from disposal of subsidiary
Cash consideration received	1,040,000
Net assets value	(241,596)
Cumulative translation difference reclassified to profit or loss	21,110
Gain from disposal of subsidiary	819,514

36. EVENTS AFTER REPORTING DATE

Subsequent to the reporting date, management initiated the liquidation process of one of the Group's subsidiaries, Digital Holdings Ltd. As of the date of approval of these financial statements, the subsidiary is in the process of liquidation, which is expected to be completed during 2026.