

# Financial Statements and Independent Auditor's Report

“INCORE” Closed Joint Stock Company

31 December 2025

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# Independent Auditor's Report

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To the shareholders of “INCORE” Closed Joint Stock Company

## Opinion

We have audited the financial statements of “INCORE” Closed Joint Stock Company (the “Company”), which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025 and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the “IASB”).

## 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 financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the “IESBA Code”), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the financial statements of public interest entities in the Republic of Armenia. We have also fulfilled our other ethical responsibilities in accordance with these ethical requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Matter

The financial statements of the Company as of and for the year ended 31 December 2024 were audited by other auditors, whose report dated 30 April 2025 expressed an unmodified opinion on those statements.

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

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

In preparing the financial statements, management is responsible for assessing the Company’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 Company or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

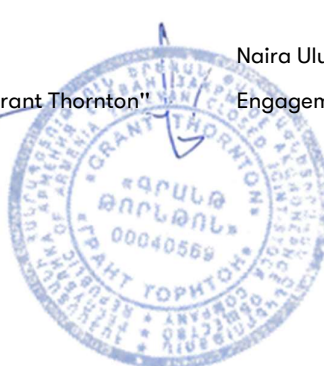
Armen Hovhannisyan

Chief Executive Officer of "Grant Thornton"  
CJSC

Naira Ulunts

Engagement Manager

22 April 2026

A handwritten signature in blue ink, appearing to be "Naira Ulunts", written over a horizontal line.

# Statement of profit or loss and other comprehensive income

In thousand AMD

	Notes	2025	2024
Interest income calculated using effective interest rate	5	1,482,971	1,300,737
Interest expense	5	(742,277)	(859,936)
<b>Net interest income</b>		<b>740,694</b>	<b>440,801</b>
Fee and commission income	6	3,782,363	343,497
Fee and commission expense	6	(1,702,833)	(140,328)
Net trading income (expense)	7	179,663	(207,130)
Gain on derecognition of financial assets measured at fair value through other comprehensive income		118,692	41,421
Net gains (losses) from foreign currency translation		(103,139)	83,868
Reversal of credit loss expense (credit loss expense)	8	(17,731)	5,026
Other income		2,607	6,000
Personnel expenses	9	(1,256,157)	(264,544)
Other expenses	10	(428,860)	(218,990)
<b>Profit before income tax</b>		<b>1,315,299</b>	<b>89,621</b>
Income tax expense	11	(257,392)	(18,768)
<b>Profit for the year</b>		<b>1,057,907</b>	<b>70,853</b>
<b>Other comprehensive income:</b>			
<b>Items that are or may be reclassified subsequently to profit or loss</b>			
Net change in fair value of investment securities measured at FVOCI		354,617	410,775
Net gain reclassified to profit or loss on sale of investment securities measured at FVOCI		(112,281)	(31,646)
Changes in allowance for expected credit losses		1,829	(7,838)
Income tax relating to items that will be reclassified		(44,306)	(66,846)
<b>Other comprehensive income for the year, net of tax</b>		<b>199,859</b>	<b>304,445</b>
<b>Total comprehensive income for the year</b>		<b>1,257,766</b>	<b>375,298</b>

The statement of profit or loss and other comprehensive is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 10 to 51.

# Statement of financial position

In thousand AMD	Notes	31 December 2025	31 December 2024
<b>Assets</b>			
Cash and cash equivalents	12	1,649,034	305,136
Derivative financial assets	13	2,087	2,094
Borrowings provided	14	5,878,256	2,861,492
Financial assets measured at FVTPL	15	99,151	72,016
Financial assets measured at FVOCI			
- held by the Company	16	784,921	147,919
- pledged under repurchase agreements	16	7,984,059	9,365,984
Property, equipment and intangible assets	17	286,828	196,495
Other assets	18	34,776	15,307
<b>Total assets</b>		<b>16,719,112</b>	<b>12,966,443</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Amounts payable under repurchase agreements	19	9,034,133	8,835,377
Derivative financial liabilities	13	4,967	35,832
Amounts due to customers	20	1,666,066	1,388,843
Borrowings received	21	1,193,834	447,472
Current income tax liabilities		259,759	11,962
Deferred income tax liabilities	11	46,109	13,681
Lease liabilities	22	224,058	130,882
Other liabilities	23	1,079,665	149,639
<b>Total liabilities</b>		<b>13,508,591</b>	<b>11,013,688</b>
<b>Equity</b>			
Share capital	24	1,000,000	1,000,000
Statutory general reserve		150,530	150,530
Other reserves		366,620	166,761
Retained earnings		1,693,371	635,464
<b>Total equity</b>		<b>3,210,521</b>	<b>1,952,755</b>
<b>Total liabilities and equity</b>		<b>16,719,112</b>	<b>12,966,443</b>

The financial statements were approved on 22 April 2026 by:

Narek Teryan  
Chief Executive Officer

Siranush Khlgatyan  
Representative of Accurate Finances LLC / Chief  
Accountant



The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 10 to 51.

# Statement of changes in equity

In thousand AMD

	Share capital	Statutory general reserve	Reserve for financial assets at FVOCI	Retained earnings	Total
<b>Balance at 1 January 2025</b>	<b>1,000,000</b>	<b>150,530</b>	<b>166,761</b>	<b>635,464</b>	<b>1,952,755</b>
Profit for the year	-	-	-	1,057,907	1,057,907
<b>Other comprehensive income:</b>					
Net change in fair value of financial assets measured at FVOCI	-	-	354,617	-	354,617
Net amount reclassified to profit or loss on sale of financial assets measured at FVOCI	-	-	(112,281)	-	(112,281)
Net changes in allowance for expected credit losses of financial assets measured at FVOCI	-	-	1,829	-	1,829
Income tax relating to components of other comprehensive income	-	-	(44,306)	-	(44,306)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>199,859</b>	<b>1,057,907</b>	<b>1,257,766</b>
<b>Balance at 31 December 2025</b>	<b>1,000,000</b>	<b>150,530</b>	<b>366,620</b>	<b>1,693,371</b>	<b>3,210,521</b>
<b>Balance at 1 January 2024</b>	<b>1,000,000</b>	<b>150,530</b>	<b>(137,684)</b>	<b>564,611</b>	<b>1,577,457</b>
Profit for the year	-	-	-	70,853	70,853
<b>Other comprehensive income:</b>					
Net change in fair value of instrument securities measured at FVOCI -	-	-	410,775	-	410,775
Net amount reclassified to profit or loss on sale of instrument securities measured at FVOCI	-	-	(31,646)	-	(31,646)
Net changes in allowance for expected credit losses of instrument securities measured at FVOCI	-	-	(7,838)	-	(7,838)
Income tax relating to components of other comprehensive income	-	-	(66,846)	-	(66,846)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>304,445</b>	<b>70,853</b>	<b>375,298</b>
<b>Balance at 31 December 2024</b>	<b>1,000,000</b>	<b>150,530</b>	<b>166,761</b>	<b>635,464</b>	<b>1,952,755</b>

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 10 to 51.

# Statement of cash flows

In thousand AMD

	2025	2024
<b>Cash flows from operating activities</b>		
Interest received	1,482,971	1,241,986
Interest paid	(698,323)	(855,234)
Fee and commissions received	3,782,363	343,497
Fee and commissions received	(1,310,106)	(140,328)
Net trading gain (loss)	148,805	(177,047)
Net gain (loss) from investment securities	118,692	41,421
Other income	2,607	6,000
Other expense	(1,093,908)	(393,939)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>2,433,101</b>	<b>66,356</b>
<b>(Increase) decrease in operating assets</b>		
Financial assets measured at FVTPL	(27,135)	72,016
Financial assets measured at FVOCI	1,000,427	2,439,494
Other assets	(21,972)	10,595
<b>Increase (decrease) in operating liabilities</b>		
Amounts payable under repurchase agreements	200,790	(1,192,501)
Amounts due to customers	103,965	471,572
Other liabilities	15,837	(19,733)
<b>Net cash flow from operating activities before income tax</b>	<b>3,705,013</b>	<b>1,847,799</b>
Income tax paid	(21,473)	(3,835)
<b>Net cash from operating activities</b>	<b>3,683,540</b>	<b>1,843,964</b>

# Statement of cash flows (continued)

In thousand AMD

	2025	2024
<b>Cash flows from investing activities</b>		
Borrowings provided	(3,600,000)	(3,050,000)
Repayment of borrowings provided	565,836	1,050,000
Purchase of property, equipment and intangible assets	(30,411)	(6,623)
<b>Net cash used in investing activities</b>	<b>(3,064,575)</b>	<b>(2,006,623)</b>
<b>Cash flows from financing activities</b>		
Payment of lease liabilities	(62,351)	(44,785)
Net proceeds from borrowings received	724,626	39,318
<b>Net cash from (used in) financing activities</b>	<b>662,275</b>	<b>(5,467)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,281,240</b>	<b>(168,126)</b>
Cash and cash equivalents at the beginning of the year	305,136	489,323
Exchange differences on cash and cash equivalents	62,658	(16,061)
<b>Cash and cash equivalents at the end of the year (Note 12)</b>	<b>1,649,034</b>	<b>305,136</b>

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 10 to 51.

# Notes to the financial statements

“INCORE” Closed Joint Stock Company

For the year ended 31 December 2025 (expressed in thousands of Armenian drams (AMD))

## 1 Nature of operations

The principal activity of "INCORE" CJSC is the acceptance and transfer of orders from customers regarding operations with securities; execution of operations with securities on behalf of itself or the customer and on the account of the customer.

## 2 General information, statement of compliance with IFRS and going concern assumption

"INCORE" Closed Joint Stock Company (the "Company") is the renamed "RENESA" CJSC, which was incorporated in the Republic of Armenia in 2001 and is regulated by the legislation of RA. The Company was registered on 11.04.2001 by the State Registry of Legal entities (registration number 286.120.04191, Certificate 02A050348). On 15.06.2001 the Company was granted a Brokerage Activity Licence by the Securities Commission of RA.

According to the RA Law "On market of securities" the Company was reregistered and was relicensed under license number 5 of the CBA on 27.06.2008 as an investing company.

The Company's main office is located in Yerevan. The registered office of the Company is located at: Armenia, 0002, Yerevan, Pavstos Buzandi St., 91 Building.

As of 31 December 2025 the number of the Company's employees was 26 (2024: 18).

### Statement of compliance and Going concern

The financial statements of the Company have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB").

The financial statements are prepared on a going concern basis, as management is satisfied that the Company has adequate resources to continue as a going concern for the foreseeable future. In making this assessment, management has considered a wide range of information including projection of profitability, regulatory capital requirements and funding needs. The assessment also includes consideration of reasonably possible downside economic scenarios and their potential impacts on the profitability, capital and liquidity of the Company.

### Business environment

The business environment in Armenia continues to face a number of internal and external challenges driven by geopolitical tensions, regional security issues, and evolving risks in the global economy. Nevertheless, Armenian businesses are gradually adapting to the new conditions by diversifying supply chains, expanding export markets, and adopting more flexible operating models. State reforms aimed at improving the investment environment, strengthening institutional capacities, and developing the private sector are creating the foundations for long-term economic stability.

The sectoral profile of Armenia's economy in 2025 is contrasting: on the one hand, steady growth continues in trade, services, and construction, while on the other hand a noticeable decline is observed in industry. The growing sectors benefit significantly from the expansion of imports, consumer activity, as well as the recovery of tourism, which increases demand for services. Growth in construction is driven by both private investment and persistently high demand for housing, making it one of the most active sectors of the economy. Overall, consumption-driven sectors continue to remain the main drivers of economic activity.

In 2025, Armenia's financial sector generally remains stable, supported by adequate capitalization of the banking system, appropriate levels of liquidity, and ongoing supervision by the Central Bank of Armenia. Despite increasing external risks and global financial uncertainties, financial institutions continue to play a key role in supporting economic activity by effectively performing lending, payment and settlement services, and risk management functions.

According to the 2025 State Budget, Armenia's economic growth is projected at 5.1%, and at 5.4% in 2026.

These financial statements reflect management's assessment of the impact of the Armenian business environment on the operations of the Company. The Company's management constantly analyzes the

economic situation in the current environment. The future economic and political situation and its impact on the Company's operations may differ from the management's current expectations.

## **2.1 Presentation of financial statements**

The Company presents its statement of financial position in order of liquidity based on the Company's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 29.

## **3 New or revised standards or interpretations**

### **3.1 New standards adopted as at 1 January 2025**

In the current year the Company has adopted all the new and revised standards and interpretations issued by the International Accounting Standards Board (the "IASB") and IFRS Interpretations Committee of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2025.

- The amendment to IAS 21 *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability* was applied for the first time in 2025, which introduced requirements to assess when a currency is exchangeable into another currency and when it is not. The adoption of this amendment did not have an impact on the financial statements of the Company.

### **3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company**

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning on or after the effective date of the pronouncement.

- IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. Although IFRS 18 includes many of the requirements of IAS 1, it introduces new requirements to better structure financial statements and to provide more detailed and useful information to investors, including:

- two new subtotals defined in the statement of profit or loss and other comprehensive income: operating profit and profit or loss before financing and income taxes
- the classification of all income and expenses within the statement of profit or loss and other comprehensive income in one of five categories: operating, investing, financing, income taxes and discontinued operations
- a new requirement to disclose performance measures defined by management, and
- an improvement in the principles related to the aggregation and disaggregation of information in the financial statements and accompanying notes.

Some of the disclosure requirements previously contained in IAS 1 have been transferred to IAS 8 without any material changes. This applies in particular to disclosures on accounting policies and sources of estimation uncertainty. As a result of these changes, IAS 8 will be renamed to Basis of Preparation of Financial Statements.

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 operating activities 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 IFRS Accounting Standards.

IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. IFRS 18 will be applied retrospectively with specific transitional provisions.

The Company is currently working to identify all the impacts that IFRS 18 will have on the financial statements and notes to the financial statements.

Other new standards, amendments and interpretations not adopted in the current year are not expected to have a material impact on the Company's financial statements.

- *Amendments to Classification and Measurement of Financial Instruments* (Amendments to IFRS 9 and IFRS 7) (effective for annual reporting periods beginning on or after 1 January 2026)
- *Contracts Referencing Nature-dependent Electricity* (Amendments to IFRS 9 and IFRS 7) (effective for annual reporting periods beginning on or after 1 January 2026)
- Annual Improvements to IFRS Accounting Standards - Volume 11 (effective for annual reporting periods beginning on or after 1 January 2026)
- IFRS 19 *Subsidiaries without Public Accountability: Disclosures* (effective for annual reporting periods beginning on or after 1 January 2027)

## 4 Material accounting policies

The following material accounting policies have been applied in the preparation of the financial statements. The accounting policies have been consistently applied.

### 4.1 Basis of preparation

The financial statements have been prepared on an accruals basis and under the historical cost convention • The financial instruments are stated at present discounted value of future cash flows as well as at fair value.

### 4.2 Climate-related matters

The Company and its customers may face significant climate-related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts that encompass the political, economic and environmental responses to climate change. The key sources of climate risks have been identified as physical and transition risks.

Physical risks arise as the result of acute weather events such as floods, droughts and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves and droughts.

Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand.

These risks are receiving increasing regulatory, political and societal scrutiny, both within the country and internationally. While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains.

### 4.3 Foreign currency

#### Functional and presentation currency

The national currency of Armenia is the Armenian dram ("AMD"), which is the Company's functional currency, since this currency best reflects the economic substance of the underlying events and transactions of the Company.

These financial statements are presented in AMD (unless otherwise stated), since management believes that this currency is more useful for the users of these financial statements. All financial information presented in AMD has been rounded to the nearest thousand.

## Foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transactions. Gains and losses resulting from the translation of trading assets are recognised in the statement of profit or loss and other comprehensive income in net trading income, while gains less losses resulting from translation of non-trading assets are recognized either directly in the statement of profit or loss or under other income or other expenses in the statement of profit or loss. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date.

Changes in the fair value of monetary securities denominated in foreign currency classified as investment securities at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in the own equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as equity investment in respect of which an election has been made to present subsequent changes in fair value in OCI are included in the fair value reserve in equity.

Differences between the contractual exchange rate of a certain transaction and the prevailing average exchange rate on the date of the transaction are included in gains less losses from trading in foreign currencies in net trading income in the line "Net income from trading in foreign currency."

The exchange rates at year-end used by the Company in the preparation of the financial statements are as follows:

	31 December 2025	31 December 2024
AMD/1 USD Dollar	381.36	396.56
AMD/1 EUR	449.01	413.89
AMD/1 RUB	4.87	3.71

## 4.4 Recognition of income and expenses

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Expense is recognized to the extent that it is probable that the economic benefits will flow from the Company and the expense can be reliably measured. The following specific criteria must also be met before revenue is recognized:

### *The effective interest rate method*

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 Company estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses (ECL). For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

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" is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

### Calculation of interest income and expense

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.

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 net 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 financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

For information on when financial assets are credit-impaired, see Note 4.6 (vi).

### Fee and commission income and expense

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.

Other fee and commission income – including account servicing fees, investment management fees, sales commission, – is recognised as the related services are performed.

A contract with a customer that results in a recognised financial instrument in the Company's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Company 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.

### Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realized and unrealized fair value changes, interest and foreign exchange differences related to trading assets and liabilities. Net trading income also includes gains less losses from trading in foreign exchange translation is recognized in profit or loss when the corresponding service is provided, as well as net gain or loss from derivative instruments.

## 4.5 Income tax

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognized in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

### Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. In the case when financial statements are authorized for issue before appropriate tax returns are submitted, taxable profits or losses are based on estimates. Tax authorities might have more stringent position in interpreting tax legislation and in reviewing tax calculations. As a result, tax authorities might claim additional taxes for those transactions, for which they did not claim previously. As a result, significant

additional taxes, fines and penalties could arise. Tax review can include 3 calendar years immediately preceding the year of a review. In certain circumstances tax review can include even more periods.

### Deferred tax

Deferred tax assets and liabilities are calculated in respect of temporary differences using the liability method. Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

The Republic of Armenia also has various operating taxes, which are assessed on the Company's activities. These taxes are included as a component of other expenses in the statement of profit or loss and other comprehensive income.

## 4.6 Financial instruments

### i) Recognition and initial measurement

The Company initially recognises borrowings provided and attracted on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which The Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

### ii) 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.

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.

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

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company 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 Company 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 Company's 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 Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

### **Assessment whether contractual cash flows are solely payments of principal and interest (The SPPI test)**

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 Company 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 Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company'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.

### **Reclassifications**

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets. Financial liabilities are never reclassified.

### **Financial liabilities**

The Company classifies its financial liabilities as measured at amortised cost or FVTPL.

### iii) Derecognition

#### *Financial assets*

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire (see Note 4.6 (iv)), 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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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 OCI is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

The Company enters into transactions whereby it transfers assets recognised on its 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.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and repurchase transactions, because the Company retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Company 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 Company 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.

In certain transactions, the Company retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

#### *Financial liabilities*

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

### iv) Modifications of financial assets and financial liabilities

#### *Financial assets*

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, 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 (see Note 4.6 (iii)) and a new financial asset is recognised at fair value plus any eligible transaction costs.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, The Company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower (see Note 4.6 (v)), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

### **Financial liabilities**

The Company 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.

#### **v) Offsetting**

Financial assets and liabilities, and income and expenses, are offset and the net amount reported in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Company's trading activity.

#### **vi) Impairment**

The Company assesses on a forward-looking basis the expected credit losses ('ECL') on the following financial instruments that are not measured at FVTPL:

- financial assets measured at amortised cost
- financial assets measured at fair value through other comprehensive income

No impairment loss is recognised on equity investments.

The Company 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.

12-month ECL (12mECLs) 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.

Lifetime expected credit losses (LTECLs) are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

### **Measurement of ECL**

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Note 30.1.2.

Based on the above process, The Company groups its financial instruments into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1: When loans are first recognised, The Company recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, The Company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit-impaired. The Company records an allowance for the LTECLs.
- POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is

subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

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

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

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

The PD, the EAD and the LGD are further explained in Note 30.1.2.

### *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 4.6 (iii)) 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.
- 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 Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. 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 Company on terms that The Company 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 making an assessment of whether an investment in sovereign debt is credit-impaired, The Company 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.

#### **Presentation of allowances for ECL in the statement of financial position**

Allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

#### **Write-offs**

Borrowings and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company 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. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

#### **4.6.1 Cash and cash equivalents**

Cash and cash equivalents comprise balances on correspondent accounts with the RA commercial banks and balances in clearing systems.

Cash and cash equivalents are carried at amortised cost.

#### **4.6.2 Derivative instruments**

In the normal course of business, the Company enters into various derivative financial instruments including futures, forwards, swaps and options in the foreign exchange and capital markets. All the derivative instruments are held for trading and are initially recognized in accordance with the policy for initial recognition of financial instruments and are subsequently measured at fair value. The fair values are estimated based on quoted market prices or pricing models that take into account the current market and contractual prices of the underlying instruments and other factors. Derivatives are carried as assets when their fair value is positive and as liabilities when it is negative.

#### **4.6.3 Borrowings provided**

Borrowings are financial assets with fixed or determinable payments, which arise when the Company provides money directly to a debtor with no intention of trading the receivable.

Borrowings granted with fixed maturities are initially recognized at fair value plus related transaction costs. Where the fair value of consideration given does not equal the fair value of the loan, for example where the loan is issued at lower than market rates, the difference between the fair value of consideration given and the fair value of the loan is recognized as a loss on initial recognition of the loan and included in the statement of profit or loss and other comprehensive income as losses on origination of assets. Subsequently, the borrowings are measured at amortised cost using the effective interest method. Borrowings that do not have fixed maturities are accounted for under the effective interest method based on expected maturity. Borrowings provided are carried net of any allowance for impairment losses.

#### **4.6.4 Investment securities**

The "investment securities" caption in the statement of financial position includes:

- debt securities mandatorily measured at FVTPL or designated as at FVTPL; these are at fair value with changes recognised immediately in profit or loss;
- debt securities measured at FVOCI; and

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

- interest revenue using the effective interest method;
- ECL and reversals; and
- foreign exchange gains and losses.

When debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

The Company elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

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 OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

#### **4.6.5 Repurchase and reverse repurchase agreements**

Sale and repurchase agreements (“repos”) are treated as secured financing transactions. Securities sold under sale and repurchase agreements are retained in the statement of financial position and, in case the transferee has the right by contract or custom to sell or repledge them, reclassified as securities pledged under sale and repurchase agreements and faced as the separate balance sheet item. The corresponding liability is presented within amounts due to financial institutions or customers.

Securities purchased under agreements to resell (“reverse repo”) are recorded as amounts due from financial institutions or loans and advances to customers as appropriate and are not recognized in the statement of financial position. The difference between sale and repurchase price is treated as interest and accrued over the life of repo agreements using the effective yield method.

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

#### **4.7 Leases**

For any new contracts the Company considers whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’. To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company,
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defies scope of the contract,
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

#### **Measurement and recognition of leases**

##### **Company as a lessee**

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company

also assesses the right-of-use asset for impairment when such indicators exist. Leasehold improvements are capitalized and depreciated over the shorter of the lease term and their useful lives on a straight-line basis

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

On the statement of financial position, right-of-use assets have been included in property, equipment and intangible assets.

#### **4.8 Property and equipment**

Property and equipment are recorded at historical cost less accumulated depreciation. If the recoverable value of property and equipment is lower than its carrying amount, due to circumstances not considered to be temporary, the respective asset is written down to its recoverable value.

Depreciation is calculated using the straight-line method based on the estimated useful life of the asset. The following depreciation rates have been applied:

	<b>Useful life (years)</b>	<b>Rate (%)</b>
Computers and communication	3	33
Vehicles	8	12.5
Property and office equipment	5	20
Other fixed assets	8	12.5

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

Repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is incurred and when it satisfies the criteria for asset recognition. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

#### **4.9 Intangible assets**

Intangible assets include computer software and other intangible assets.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the useful economic lives of 1 to 10 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation periods and methods for intangible assets with finite useful lives are reviewed at least at each financial year-end.

Costs associated with maintaining computer software programmes are recorded as an expense as incurred.

#### **4.10 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.

#### **4.11 Attracted resources**

Attracted resources, which include amounts received from banks and other financial institutions, individuals, and customers' brokerage accounts, are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the amortisation process.

#### **4.12 Equity**

##### **Share capital**

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital.

##### **General reserve**

The general reserve is established in accordance with the requirements of the RA legislation in order to cover general credit risks, including possible losses and other unforeseen risks and expenses. The reserve was created in accordance with the Company's statute, which provides for the creation of a reserve for these purposes in the amount of not less than 15% of the share capital reflected in the accounting accounts.

##### **Retained earnings**

Retained earnings include accumulated earnings of current periods.

##### **Dividends**

Dividends are recognised as a liability and deducted from equity at the balance sheet date only if they are declared before or on the balance sheet date. Dividends are disclosed when they are proposed before the balance sheet date or proposed or declared after the balance sheet date but before the financial statements are authorised for issue.

##### **Fair value reserve for investments securities at FVOCI**

This reserve records fair value changes in investment securities at fair value through other comprehensive income.

#### **4.13 Significant management judgement in applying accounting policies and estimation uncertainty**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates.

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.

##### **4.13.1 Significant judgements in applying accounting policies**

The following are the judgements made by management in applying the accounting policies that have the most significant effect on the financial statements.

###### **Classification of financial assets:**

The Company assesses the business model within which the assets are held and also assesses whether the contractual terms of the financial asset are solely payments of principal and interest on the outstanding principal amount (see Note 4.6.(ii)).

###### **Establish criteria for calculating ECL**

The Company establishes the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determines methodology for incorporating forward- looking information into measurement of ECL and selects and approves of models used to measure ECL.

##### **4.13.2 Assumptions and estimations uncertainty**

###### **Measurement of fair values**

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see Note 27).

###### **Useful Life of property and equipment**

Useful life evaluation of property and equipment is the result of judgement, based on the experience with similar assets. Future economic benefits are embodied in assets and mainly consumed along with usage. Management evaluates the remaining useful life according to the asset's current technical condition and estimated period, during which the Company expects to receive benefits. For the evaluation of remaining useful life are considered the following main factors: expectable usage of assets, depending on the operational factors and maintenance program, that is depreciation arising from the changes in the market conditions.

###### **Extension options for leases**

When the Company has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

### Related party transactions

In the normal course of business, the Company enters into transactions with its related parties. These transactions are priced predominantly at market rates. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analysis (see Note 26).

### Impairment of financial instruments

The Company assesses whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL, as well as the key assumptions used in estimating recoverable cash flows (see Note 30.1.2).

### Tax legislation

Armenian tax legislation is subject to varying interpretations. see Note 25.

## 5 Net interest income and expense

	2025	2024
<b>Interest income calculated using effective interest rate</b>		
Financial assets measured at FVOCI	886,454	1,061,423
Borrowings provided	564,900	205,010
Cash and cash equivalents	31,617	34,304
<b>Total interest income</b>	<b>1,482,971</b>	<b>1,300,737</b>
<b>Interest expense</b>		
Repurchase agreements	684,843	831,701
Borrowings received	41,231	17,710
Lease liabilities	16,203	10,525
<b>Total interest expense</b>	<b>742,277</b>	<b>859,936</b>
<b>Total net interest income</b>	<b>740,694</b>	<b>440,801</b>

## 6 Fee and commission income and expense

	2025	2024
Brokerage services	3,761,466	261,577
Custodian services	20,897	81,920
<b>Total fee and commission income</b>	<b>3,782,363</b>	<b>343,497</b>
<b>Fee and commission expense</b>		
Agent fees	1,598,229	104,446
Banking fees	66,686	14,398
Other commissions	37,918	21,484
<b>Total fee and commission expense</b>	<b>1,702,833</b>	<b>140,328</b>

## 7 Net trading income (expense)

	2025	2024
Net expense from derivative instruments	(35,193)	(206,943)
Net income (expense) from trading in foreign currency	18,958	(187)
Net income from trading and revaluation of securities	195,898	-
<b>Total net trading income (expense)</b>	<b>179,663</b>	<b>(207,130)</b>

## 8 Credit loss expense (reversal of credit loss expense)

	Note	2025		2024	
		Stage 1	Total	Stage 1	Total
Borrowings provided	14	15,902	15,902	2,812	2,812
Financial assets measured at FVOCI	16	1,829	1,829	(7,838)	(7,838)
<b>Total credit loss expense (reversal of credit loss expense)</b>		<b>17,731</b>	<b>17,731</b>	<b>(5,026)</b>	<b>(5,026)</b>

## 9 Personnel expenses

	2025	2024
Compensations of employees, related taxes included	1,256,157	264,544

Employee benefits include bonuses in the amount of AMD 892,846 thousand (2024: AMD 79,968 thousand) paid to employees for market expansion activities and the development of new business segments.

## 10 Other expenses

	2025	2024
Amortization and depreciation	69,926	61,430
Subscription fees	48,149	46,332
Repair and maintenance of intangible assets	24,502	25,014
Consulting and other services	79,027	42,400
Charity	20,000	10,000
Communications	3,320	3,363
Business trip expenses	9,754	2,051
Membership fees	2,978	3,071
Security	63,000	-
Taxes, other than income tax, duties	5,377	2,482
Representative expenses	50,182	4,242
Advertising costs	26,161	3,428
Insurance	3,127	2,867
Other expenses	23,357	12,310
<b>Total other expenses</b>	<b>428,860</b>	<b>218,990</b>

## 11 Income tax expense

	2025	2024
Current tax expense	265,278	15,797
Adjustments of current income tax of prior years	3,992	-
Deferred tax	(11,878)	2,971
<b>Total income tax expense</b>	<b>257,392</b>	<b>18,768</b>

The corporate income tax within the Republic of Armenia is levied at the rate of 18% (2024: 18%). Differences between IFRS and RA statutory tax regulations give rise to certain temporary differences between the carrying value of certain assets and liabilities for financial reporting purposes and for profit tax purposes. Deferred income tax is calculated using the principal tax rate of 18%.

Numerical reconciliation between the tax expenses and accounting profit is provided below:

	2025	Effective tax rate (%)	2024	Effective tax rate (%)
Profit before taxation	1,315,299		89,621	
Income tax	236,754	18	16,132	18
Non-deductible expenses	15,259	1	17,732	20
Foreign exchange (gains) losses	1,387	-	(15,096)	(17)
Adjustments for prior years	3,992	-	-	-
<b>Income tax expense</b>	<b>257,392</b>	<b>19</b>	<b>18,768</b>	<b>21</b>

Deferred tax calculation in respect of temporary differences:

	2024	Recognized in profit or loss	Recognized in other comprehensive income	2025		
				Net	Deferred tax asset	Deferred tax liability
Financial assets measured at FVOCI	(30,868)	(2,150)	(44,306)	(77,324)	-	(77,324)
Property, equipment and intangible assets	(2,378)	(18,652)	-	(21,030)	-	(21,030)
Borrowings provided	506	2,863	-	3,369	3,369	-
Lease liabilities	1,450	20,057	-	21,507	21,507	-
Other liabilities	17,609	9,760	-	27,369	27,369	-
<b>Deferred tax asset (liability)</b>	<b>(13,681)</b>	<b>11,878</b>	<b>(44,306)</b>	<b>(46,109)</b>	<b>52,245</b>	<b>(98,354)</b>

	2023	Recognized in profit or loss	Recognized in other comprehensive income	2024		
				Net	Deferred tax asset	Deferred tax liability
Financial assets measured at FVOCI	34,910	1,068	(66,846)	(30,868)	-	(30,868)
Property, equipment and intangible assets	(10,151)	7,773	-	(2,378)	-	(2,378)
Borrowings provided	-	506	-	506	506	-
Lease liabilities	4,122	(2,672)	-	1,450	1,450	-
Other liabilities	15,471	2,138	-	17,609	17,609	-
Tax losses carried forward	11,784	(11,784)	-	-	-	-
<b>Deferred tax asset (liability)</b>	<b>56,136</b>	<b>(2,971)</b>	<b>(66,846)</b>	<b>(13,681)</b>	<b>19,565</b>	<b>(33,246)</b>

## 12 Cash and cash equivalents

	31 December 2025	31 December 2024
Current accounts with banks	1,208,140	248,569
Current accounts with clearing systems	440,894	56,567
<b>Total cash and cash equivalents</b>	<b>1,649,034</b>	<b>305,136</b>

As at 31 December 2025 the accounts in amounts of AMD 732,882 thousand (60.66%) (2024: AMD 183,100 thousand (73.66%)) were due from two commercial banks, which represent significant concentration.

The ECLs relating to Cash and cash equivalents here rounds to zero and therefore, have not been disclosed here.

## 13 Derivative financial instruments

Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies. The Company's credit risk represents the potential cost to replace the swap contracts if counterparties fail to fulfil their obligation.

The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time.

The fair values of derivative instruments held are set out below:

	31 December 2025		
	Notional amount	Fair value of assets	Fair value of liabilities
<b>Foreign exchange contracts</b>			
Foreign exchange swap contracts	2,962,765	2,087	(4,967)
<b>Total derivative financial instruments</b>	<b>2,962,765</b>	<b>2,087</b>	<b>(4,967)</b>

	31 December 2024		
	Notional amount	Fair value of assets	Fair value of liabilities
<b>Foreign exchange contracts</b>			
Foreign exchange swap contracts	2,503,652	2,094	(35,832)
<b>Total derivative financial instruments</b>	<b>2,503,652</b>	<b>2,094</b>	<b>(35,832)</b>

## 14 Borrowings provided

	31 December 2025	31 December 2024
Borrowings provided to a related party financial institution	5,896,970	2,864,304
ECL allowance	(18,714)	(2,812)
<b>Total amounts due from financial institutions</b>	<b>5,878,256</b>	<b>2,861,492</b>

An analysis of changes in the ECLs on borrowings provided as follows:

	2025		2024	
	Stage 1	Total	Stage 1	Total
ECL allowance at 1 January	2,812	2,812	-	-
Net remeasurement of loss allowance	15,902	15,902	2,812	2,812
<b>Balance at 31 December</b>	<b>18,714</b>	<b>18,714</b>	<b>2,812</b>	<b>2,812</b>

## 15 Financial assets measured at FVTPL

	31 December 2025	31 December 2024
RA corporate bonds	99,151	72,016
<b>Total financial assets measured at FVTPL</b>	<b>99,151</b>	<b>72,016</b>

Debt securities measured at FVTPL upon profitability and maturity terms:

	31 December 2025		31 December 2024	
	%	Maturity	%	Maturity
RA corporate bonds	7.89-13.44	2028	8.05-8.16	2028

## 16 Financial assets measured at FVOCI

	31 December 2025	31 December 2024
<b><i>Held by the Company</i></b>		
RA state bonds	784,921	147,919
<b>Total held by the Company</b>	<b>784,921</b>	<b>147,919</b>
<b><i>Pledged under repurchase agreements</i></b>		
RA state bonds	7,984,059	9,365,984
<b>Total pledged under repurchase agreements</b>	<b>7,984,059</b>	<b>9,365,984</b>
<b>Total financial assets measured at FVOCI</b>	<b>8,768,980</b>	<b>9,513,903</b>

An analysis of changes in the ECLs on financial assets measured at FVOCI, including pledged under repurchase agreements as follow:

	2025	2024
	Stage 1	Stage 1
ECL allowance at 1 January	18,199	26,037
Net remeasurement of loss allowance	1,829	(7,838)
<b>Balance at 31 December</b>	<b>20,028</b>	<b>18,199</b>

The above loss allowance is not recognised in the statement of financial position because the carrying amount of debt investment securities at FVOCI is their fair value.

All debt securities have fixed coupons.

Financial assets measured at FVOCI by effective interest rates and maturity date comprise:

	31 December 2025		31 December 2024	
	%	Maturity	%	Maturity
RA state bonds	4.34-11.93	2026-2037	4.56-13.64	2025-2047

## 17 Property, equipment and intangible assets

	Computers and communi- cation	Vehicles	Other	Intangible assets	Right-of- use assets Office space	Total
<b>Cost</b>						
As at 1 January 2024	15,697	246,556	43,683	37,076	132,646	475,658
Additions	2,174	40,709	378	-	-	43,261
Disposals	(4,394)	-	(106)	-	-	(4,500)
<b>As at 31 December 2024</b>	<b>13,477</b>	<b>287,265</b>	<b>43,955</b>	<b>37,076</b>	<b>132,646</b>	<b>514,419</b>
Additions	10,525	-	1,561	18,325	-	30,411
Remeasurement	-	-	-	-	129,848	129,848
<b>As at 31 December 2025</b>	<b>24,002</b>	<b>287,265</b>	<b>45,516</b>	<b>55,401</b>	<b>262,494</b>	<b>674,678</b>
<b>Accumulated depreciation</b>						
As at 1 January 2024	12,761	113,999	24,889	16,630	92,715	260,994
Expenses for the year	1,561	20,808	8,459	3,882	26,720	61,430
Disposals	(4,394)	-	(106)	-	-	(4,500)
<b>As at 31 December 2024</b>	<b>9,928</b>	<b>134,807</b>	<b>33,242</b>	<b>20,512</b>	<b>119,435</b>	<b>317,924</b>
Expenses for the year	4,212	26,338	8,082	5,070	26,224	69,926
<b>As at 31 December 2025</b>	<b>14,140</b>	<b>161,145</b>	<b>41,324</b>	<b>25,582</b>	<b>145,659</b>	<b>387,850</b>
<b>Carrying amount</b>						
<b>As at 31 December 2024</b>	<b>3,549</b>	<b>152,458</b>	<b>10,713</b>	<b>16,564</b>	<b>13,211</b>	<b>196,495</b>
<b>As at 31 December 2025</b>	<b>9,862</b>	<b>126,120</b>	<b>4,192</b>	<b>29,819</b>	<b>116,835</b>	<b>286,828</b>

### Right-of-use assets

As at 31 December 2025, the Company entered into finance lease for the acquisition of vehicles with a carrying amount of AMD 121,040 thousand and office space in the form of right of use with a carrying amount of AMD 116,835 thousand, for which liabilities amount to AMD 224,058 thousand (31 December 2024: vehicles acquired under finance lease with a carrying amount of AMD 141,122 thousand and office space in the form of right of use with a carrying amount of AMD 13,211 thousand, for which liabilities amount to AMD 130,882 thousand) (Note 22).

### Fully depreciated items

As at 31 December 2025 property, equipment and intangible assets included fully depreciated assets in amount of AMD 129,484 thousand (2024: AMD 47,558 thousand).

### Restrictions on title of fixed assets

As at 31 December 2025, the Company does not possess any fixed assets pledged as security for liabilities or whose title is otherwise restricted (31 December 2024: neither).

### Contractual commitments

As at 31 December 2025 the Company does not possess contractual commitments to invest in property, equipment and intangible assets (31 December 2024: neither).

## 18 Other assets

	31 December 2025	31 December 2024
Debtors and other receivables	20,049	4,752
<b>Total financial assets</b>	<b>20,049</b>	<b>4,752</b>
Materials and inventories	693	707
Prepaid taxes, other than income tax	3,801	1,078
Prepayments to suppliers	10,233	8,770
<b>Total non-financial assets</b>	<b>14,727</b>	<b>10,555</b>
<b>Total other assets</b>	<b>34,776</b>	<b>15,307</b>

Expected credit losses for other financial assets are close to zero and therefore, are not disclosed.

## 19 Amounts payable under repurchase agreements

	31 December 2025	31 December 2024
Repurchase agreements with RA commercial banks	9,034,133	8,835,377
<b>Total amounts payable under repurchase agreements</b>	<b>9,034,133</b>	<b>8,835,377</b>

Loans attracted under repurchase agreements are secured by the Company's own securities measured at fair value through other comprehensive income amounting to AMD 7,984,059 thousand (2024: AMD 9,365,984 thousand), as well as securities owned by customers with a value of AMD 1,554,612 thousand (2024: nil). Under the terms of the agreements, the Company has the right, in the absence of default, to pledge securities entrusted by customers for custody, safekeeping, or management purposes, with limited or conditional rights of use, under short-term repurchase agreements. However, the counterparty is obliged to return the securities at the end of the contract term.

The Company has not had any defaults of principal, interest or other breaches with respect to its liabilities during the period (2024: neither).

## 20 Amounts due to customers

Customer brokerage accounts represent amounts that the Company has used for its own purposes in accordance with agreements concluded between the Company and its customers, until transactions are executed based on customer instructions. These liabilities are short-term (see Note 29).

## 21 Borrowings received

	31 December 2025	31 December 2024
Borrowings from brokerage customers	1,145,823	397,547
Borrowings from other parties	48,011	49,925
<b>Total borrowings received</b>	<b>1,193,834</b>	<b>447,472</b>

The Company has not had any defaults of principal, interest or other breaches with respect to its liabilities during the period (2024: neither).

## 22 Lease liabilities

The Company has leases for the head office. The lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Right-of-use assets are presented in the statement of financial position in the line of property and equipment (see Note 17):

During prior periods, the Company acquired vehicles under finance leases, which are presented within property, plant and equipment (see Note 17), while the corresponding obligation is presented as lease liabilities.

Set out below are presented the movements of lease liabilities during the period.

	2025	2024
As at 1 January	130,882	135,710
Additions	-	36,638
Accretion of interest	16,284	10,525
Payments	(62,351)	(44,785)
Remeasurement	129,848	-
Revaluation of foreign currency	9,395	(7,206)
<b>Total lease liabilities at 31 December</b>	<b>224,058</b>	<b>130,882</b>

In 2025 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 is 10% (2024: 10%).

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities as at 31 December 2025 (see Note 30.3).

## 23 Other liabilities

	31 December 2025	31 December 2024
Accounts payable on commissions	432,623	39,896
Due to personnel	493,041	88,407
Other	19,752	14,617
<b>Total other financial liabilities</b>	<b>945,416</b>	<b>142,920</b>
Tax payable, other than income tax	121,827	5,278
Prepayments received	12,422	1,441
<b>Total other non-financial liabilities</b>	<b>134,249</b>	<b>6,719</b>
<b>Total other liabilities</b>	<b>1,079,665</b>	<b>149,639</b>

## 24 Equity

As at 31 December 2025 the Company's registered and paid-in share capital was AMD 1,000,000 thousand. In accordance with the Company's statutes, the share capital consists of 20,000 ordinary shares, all of which have a par value of AMD 50,000 each.

As at 31 December 2025 and 31 December 2024 the respective shareholdings may be specified as follows:

	Paid-in share capital	% of total paid-in capital
Eduard Marutyan	500,000	50
Arayik Karapetyan	500,000	50
	<b>1,000,000</b>	<b>100</b>

As at 31 December 2025, the Company did not possess any of its own shares.

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

Distributable among shareholders reserves equal the amount of retained earnings, determined according to the RA legislation. Non-distributable reserves are represented by a reserve fund, which is created as required by the statutory regulations, in respect of general banking risks, including future losses and other unforeseen risks or contingencies.

## 25 Contingencies

### Tax and legal matters

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. Management believes that the Company has complied with all regulations and has completely settled all its tax liabilities.

As at 31 December 2025 there were no legal actions and complaints taken against the Company. Therefore, the Company has not made any respective provision related to such tax and legal matters.

### Insurance

The insurance industry in 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 Company has insurance of moveable property. Until the Company obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Company's operations and financial position.

## 26 Transactions with related parties

In accordance with IAS 24 "Related Party Disclosures", parties are considered to be related if one party has ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. For the purpose of the present financial statements, related parties include shareholders, members of Company's Management as well as other persons and enterprises related with and controlled by them respectively.

The Company does not have ultimate controlling party.

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits and other transactions. These transactions were carried out on commercial terms and at market rates.

The volumes of related party transactions, outstanding balances at the year end, and related expense and income for the year are as follows:

	2025		2024	
	Shareholders and parties related with them	Key management personnel and parties related with them	Shareholders and parties related with them	Key management personnel and parties related with them
<b>Statement of financial position</b>				
<b>Borrowings provided</b>				
As at 1 January	2,864,304	-	805,553	-
Increase during the year	4,164,747	-	3,255,010	-
Decrease during the year	(1,132,081)	-	(1,196,259)	-
<b>Balance at 31 December, gross</b>	<b>5,896,970</b>	<b>-</b>	<b>2,864,304</b>	<b>-</b>
Credit loss allowance	(18,714)	-	(2,812)	-
<b>Balance at 31 December</b>	<b>5,878,256</b>	<b>-</b>	<b>2,861,492</b>	<b>-</b>
<b>Lease liabilities</b>				
As at 1 January	8,055	-	22,901	-
Remeasurement during the year	129,848	-	-	-
Paid during the year	(24,575)	-	(16,380)	-
Other	6,154	-	1,534	-
<b>Balance at 31 December</b>	<b>119,482</b>	<b>-</b>	<b>8,055</b>	<b>-</b>
<b>Statement of profit or loss and other comprehensive income</b>				
Interest income on borrowings provided	564,689	-	205,010	-
Impairment loss	(15,902)	-	(2,812)	-
Interest expense on lease	(6,154)	-	(1,534)	-

Compensation of key management personnel was comprised of the following:

	31 December 2025	31 December 2024
Salaries and bonuses	385,476	117,332
<b>Total key management compensation</b>	<b>385,476</b>	<b>117,332</b>

## 27 Fair value measurement

Financial and non-financial assets and liabilities measured at fair value are presented below in accordance with the fair value hierarchy. This hierarchy groups financial and non-financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## 27.1 Financial instruments that are not measured at fair value

The table below presents the fair value of financial assets and liabilities not measured at their fair value in the statement of financial position and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

	31 December 2025		
	Level 1	Total fair values	Total carrying amount
<b>Financial assets</b>			
Cash and cash equivalents	1,649,034	1,649,034	1,649,034
Borrowings provided	5,878,256	5,878,256	5,878,256
Other assets	20,049	20,049	20,049
<b>Financial liabilities</b>			
Amounts payable on repurchase agreements	9,034,133	9,034,133	9,034,133
Amounts due to customers	1,666,066	1,666,066	1,666,066
Borrowings received	1,193,834	1,193,834	1,193,834
Lease liabilities	224,058	224,058	224,058
Other liabilities	945,416	945,416	945,416

	31 December 2024		
	Level 1	Total fair values	Total carrying amount
<b>Financial assets</b>			
Cash and cash equivalents	305,136	305,136	305,136
Borrowings provided	2,861,492	2,861,492	2,861,492
Other assets	4,752	4,752	4,752
<b>Financial liabilities</b>			
Amounts payable on repurchase agreements	8,835,377	8,835,377	8,835,377
Amounts due to customers	1,388,843	1,388,843	1,388,843
Borrowings received	447,472	447,472	447,472
Lease liabilities	130,882	130,882	130,882
Other liabilities	142,920	142,920	142,920

### Amounts due from and to financial institutions

For assets and liabilities maturing within one month, the carrying amount approximates fair value due to the relatively short-term maturity of these financial instruments. For the assets and liabilities maturing in over one month, the fair value was estimated as the present value of estimated future cash flows discounted at the appropriate year-end market rates, which are mainly the same as current interest rates.

## 27.2 Financial instruments that are measured at fair value

	31 December 2025	
	Level 2	Total
<b>Financial assets</b>		
Derivative financial assets	2,087	2,087
Financial assets measured at FVTPL	99,151	99,151
Financial assets measured at FVOCI	784,921	784,921
Financial assets measured at FVOCI pledged under repurchase agreements	7,984,059	7,984,059
<b>Total</b>	<b>8,870,218</b>	<b>8,870,218</b>
<b>Financial liabilities</b>		
Derivative financial liabilities	4,967	4,967
<b>Total</b>	<b>4,967</b>	<b>4,967</b>
<b>Net fair value</b>	<b>8,865,251</b>	<b>8,865,251</b>

	31 December 2024	
	Level 2	Total
<b>Financial assets</b>		
Derivative financial assets	2,094	2,094
Financial assets measured at FVTPL	72,016	72,016
Financial assets measured at FVOCI	147,919	147,919
Financial assets measured at FVOCI pledged under repurchase agreements	9,365,984	9,365,984
<b>Total</b>	<b>9,588,013</b>	<b>9,588,013</b>
<b>Financial liabilities</b>		
Derivative financial liabilities	35,832	35,832
<b>Total</b>	<b>35,832</b>	<b>35,832</b>
<b>Net fair value</b>	<b>9,552,181</b>	<b>9,552,181</b>

There have been no transfers between levels 1 and 2 in the reporting period.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

### Unquoted debt securities

The fair value of unquoted debt securities measured at fair value through other comprehensive income, as well as those measured at fair value through profit or loss, is determined using valuation techniques, which uses current market rates to discount future cash flows of the financial instruments.

### Derivatives

Where derivatives are traded either on exchanges or liquid over-the-counter market the Company uses the closing price at the reporting date.

**Notes to the Financial Statements**

For the year ended 31 December 2025 (expressed in thousands of Armenian drams (AMD))

Normally, the derivatives entered into by the Company are not traded in active markets. The fair values of these contracts are estimated using valuation techniques that maximises the use of observable market inputs, eg. market exchange rates (Level 2). Most derivatives entered into by the Company are included in Level 2 and consist of foreign currency swap contracts.

## 28 Offsetting of financial assets and financial liabilities

In the ordinary course of business, the Company performs different operations with financial instruments which may be presented in net amounts when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

The table below presents financial assets and financial liabilities that are offset in the 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.

	Gross amount of recognised financial assets	Gross amount of recognised financial assets/liabilities in the statement of financial position	Gross amount of recognised financial liabilities	31 December 2025		
				Related amounts that are not offset in the statement of financial position		
				Financial instruments	Cash collateral received	Net
<b>Financial assets</b>						
Repurchase agreements with banks (Notes 16, 19)	7,575,170	-	7,575,170	(7,984,059)	-	(408,889)
<b>Total</b>	<b>7,575,170</b>	<b>-</b>	<b>7,575,170</b>	<b>(7,984,059)</b>	<b>-</b>	<b>(408,889)</b>

	Gross amount of recognised financial assets	Gross amount of recognised financial assets/liabilities in the statement of financial position	Gross amount of recognised financial liabilities	31 December 2024		
				Related amounts that are not offset in the statement of financial position		
				Financial instruments	Cash collateral received	Net
<b>Financial assets</b>						
Repurchase agreements with banks (Notes 16, 19)	8,835,377	-	8,835,377	(9,365,984)	-	(530,607)
<b>Total</b>	<b>8,835,377</b>	<b>-</b>	<b>8,835,377</b>	<b>(9,365,984)</b>	<b>-</b>	<b>(530,607)</b>

The Company enters into agreements with customers for the provision of brokerage services, maintenance of brokerage accounts, custody of securities, and portfolio management of securities, under which, in accordance with the contractual terms it has a limited right to use clients' funds for its own purposes. The corresponding asset and the related liability for these funds have not been recognized in the Company's statement of financial position, as the Company does not bear the significant risks and rewards of ownership over these funds.

## 29 Maturity analysis of assets and liabilities

The table below shows an analysis of financial assets and liabilities analyzed according to when they are expected to be recovered or settled. See Note 30.3 for the Company's contractual undiscounted repayment obligations.

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31 December 2025

	Demand and less than 1 month	From 1 to 12 months	Subtotal less than 12 months	From 1 to 5 years	More than 5 years	Subtotal over 12 months	Total
<b>Assets</b>							
Cash and cash equivalents	1,649,034	-	1,649,034	-	-	-	1,649,034
Derivative financial assets	2,087	-	2,087	-	-	-	2,087
Borrowings provided	221,396	5,656,860	5,878,256	-	-	-	5,878,256
Financial assets measured at FVTPL	99,151	-	99,151	-	-	-	99,151
Financial assets measured at FVOCI	-	244,195	244,195	51,673	489,053	540,726	784,921
Financial assets measured at FVOCI pledged under repurchase agreements	7,984,059	-	7,984,059	-	-	-	7,984,059
Other assets	20,049	-	20,049	-	-	-	20,049
	<b>9,975,776</b>	<b>5,901,055</b>	<b>15,876,831</b>	<b>51,673</b>	<b>489,053</b>	<b>540,726</b>	<b>16,417,557</b>
<b>Liabilities</b>							
Amounts payable under repurchase agreements	9,034,133	-	9,034,133	-	-	-	9,034,133
Derivative financial liabilities	4,967	-	4,967	-	-	-	4,967
Amounts due to customers	1,666,066	-	1,666,066	-	-	-	1,666,066
Borrowings received	1,145,823	341	1,146,164	47,670	-	47,670	1,193,834
Lease liabilities	761	55,936	56,697	154,102	13,259	167,361	224,058
Other liabilities	793,368	152,048	945,416	-	-	-	945,416
	<b>12,645,118</b>	<b>208,325</b>	<b>12,853,443</b>	<b>201,772</b>	<b>13,259</b>	<b>215,031</b>	<b>13,068,474</b>
<b>Net position</b>	<b>(2,669,342)</b>	<b>5,692,730</b>	<b>3,023,388</b>	<b>(150,099)</b>	<b>475,794</b>	<b>325,695</b>	<b>3,349,083</b>
<b>Accumulated gap</b>	<b>(2,669,342)</b>	<b>3,023,388</b>		<b>2,873,289</b>	<b>3,349,083</b>		

31 December 2024

	Demand and less than 1 month	From 1 to 12 months	Subtotal less than 12 months	From 1 to 5 years	More than 5 years	Subtotal over 12 months	Total
<b>Assets</b>							
Cash and cash equivalents	305,136	-	305,136	-	-	-	305,136
Derivative financial assets	2,094	-	2,094	-	-	-	2,094
Borrowings provided	1,743,412	1,118,080	2,861,492	-	-	-	2,861,492
Financial assets measured at FVTPL	72,016	-	72,016	-	-	-	72,016
Financial assets measured at FVOCI	-	81,155	81,155	-	66,764	66,764	147,919
Financial assets measured at FVOCI pledged under repurchase agreements	9,365,984	-	9,365,984	-	-	-	9,365,984
Other assets	4,752	-	4,752	-	-	-	4,752
	<b>11,493,394</b>	<b>1,199,235</b>	<b>12,692,629</b>	<b>-</b>	<b>66,764</b>	<b>66,764</b>	<b>12,759,393</b>

31 December 2024

	Demand and less than 1 month	From 1 to 12 months	Subtotal less than 12 months	From 1 to 5 years	More than 5 years	Subtotal over 12 months	Total
<b>Liabilities</b>							
Amounts payable under repurchase agreements	8,835,377	-	8,835,377	-	-	-	8,835,377
Derivative financial liabilities	35,832	-	35,832	-	-	-	35,832
Amounts due to customers	1,388,843	-	1,388,843	-	-	-	1,388,843
Borrowings received	397,548	354	397,902	49,570	-	49,570	447,472
Lease liabilities	3,571	31,360	34,931	95,951	-	95,951	130,882
Other liabilities	95,100	47,820	142,920	-	-	-	142,920
	<b>10,756,271</b>	<b>79,534</b>	<b>10,835,805</b>	<b>145,521</b>	<b>-</b>	<b>145,521</b>	<b>10,981,326</b>
<b>Net position</b>	<b>737,123</b>	<b>1,119,701</b>	<b>1,856,824</b>	<b>(145,521)</b>	<b>66,764</b>	<b>(78,757)</b>	<b>1,778,067</b>
<b>Accumulated gap</b>	<b>737,123</b>	<b>1,856,824</b>		<b>1,711,303</b>	<b>1,778,067</b>		

## 30 Risk management

The Company's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks.

Risk is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk, liquidity risk and market risk.

### Risk management structure

The risk management procedure is carried out within separate independent bodies.

### Board of the Company

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

### Management

The Management has the responsibility to monitor the overall risk process within the Company. The Management is also responsible for the management of Company's assets and liabilities, as well as liquidity risk and financing risk management.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risks.

### 30.1 Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Company by failing to discharge an obligation.

**Notes to the Financial Statements**

For the year ended 31 December 2025 (expressed in thousands of Armenian drams (AMD))

Credit exposures arise principally in provision of borrowings, and investment activities that bring debt securities and other bills into the Company's asset portfolio.

In 2025 and 2024 there are not impaired assets in the Company.

The carrying amounts of the Company's financial assets best represent the maximum exposure to credit risk related to them, without taking account of any collateral held or other credit enhancements.

With the purpose of mitigating its credit risk the Company may set maximum limits with institutions it collaborates with for the allocation of resources. Separate limit may be set for each institution.

**30.1.1 Credit quality analysis**

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Company's maximum exposure to credit risk on these assets, without taking account of any collateral held or other credit enhancements.

Explanation of internal rating grades is included in Note 30.1.2.

Internal rating grade	31 December 2025	
	Stage 1	Total
<b>Cash and cash equivalents</b>		
Standard	1,649,034	1,649,034
<b>Gross carrying amount</b>	<b>1,649,034</b>	<b>1,649,034</b>
Credit loss allowance	-	-
<b>Net carrying amount</b>	<b>1,649,034</b>	<b>1,649,034</b>
<b>Borrowings provided</b>		
Standard	5,896,970	5,896,970
<b>Gross carrying amount</b>	<b>5,896,970</b>	<b>5,896,970</b>
Credit loss allowance	(18,714)	(18,714)
<b>Net carrying amount</b>	<b>5,878,256</b>	<b>5,878,256</b>
<b>Debt instruments measured at FVOCI, including the pledged ones</b>		
Standard grade	8,768,980	8,768,980
<b>Gross carrying amount – fair value</b>	<b>8,768,980</b>	<b>8,768,980</b>
Credit loss allowance	(20,028)	(20,028)
<b>Other financial assets</b>		
Standard grade	20,049	20,049
<b>Gross carrying amount</b>	<b>20,049</b>	<b>20,049</b>
Credit loss allowance	-	-
<b>Net carrying amount</b>	<b>20,049</b>	<b>20,049</b>

Internal rating grade	31 December 2024	
	Stage 1	Total
<b>Cash and cash equivalents</b>		
Standard	305,136	305,136
<b>Gross carrying amount</b>	<b>305,136</b>	<b>305,136</b>
Credit loss allowance	-	-
<b>Net carrying amount</b>	<b>305,136</b>	<b>305,136</b>
<b>Borrowings provided</b>		
Standard	2,864,304	2,864,304
<b>Gross carrying amount</b>	<b>2,864,304</b>	<b>2,864,304</b>
Credit loss allowance	(2,812)	(2,812)
<b>Net carrying amount</b>	<b>2,861,492</b>	<b>2,861,492</b>
<b>Debt instruments measured at FVOCI, including the pledged ones</b>		
Standard grade	9,513,903	9,513,903
<b>Gross carrying amount – fair value</b>	<b>9,513,903</b>	<b>9,513,903</b>
Credit loss allowance	(18,199)	(18,199)
<b>Other financial assets</b>		
Standard grade	4,752	4,752
<b>Gross carrying amount</b>	<b>4,752</b>	<b>4,752</b>
Credit loss allowance	-	-
<b>Net carrying amount</b>	<b>4,752</b>	<b>4,752</b>

### 30.1.2 Impairment assessment

The references below show where the Company's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies (see Note 4.6.(vi)).

#### Significant increase in credit risk

At each reporting date, The Company assess whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, The Company use the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses.

The Company considers both quantitative and forward-looking qualitative criteria in order to assess whether a significant increase in credit risk has occurred.

However, when information that is more forward-looking than past due status (either on an individual or a collective basis) is not available without undue cost or effort, The Company use past due information to determine whether there have been significant increases in credit risk since initial recognition.

#### Criteria for borrowings provided

The criteria for determining a significant increase in credit risk for borrowings provided are presented in the following paragraphs. All presented criteria have the same weight in determining a significant increase in credit risk.

- 30 days past due. More than 30 days past due is an indicator of a significant increase in credit risk.

- For correspondent and current accounts 7 days' pas due. More than 7 days past due is an indicator of a significant increase in credit risk.
- Past due - other than 30 days. Significant increase in credit risk is considered when although at the reporting date, days past due are less than 30, during the last 6 months there was at least one case of more than 60 days past due.
- Change notches external credit score/ rate. For this criterion, the corporate rating will be taken into account. A significant change notches in the credit score assigned by the Big Three credit rating agencies (Standard & Poor's, Moody's, and Fitch) is indicative of a significant increase in credit risk. A significant increase in credit risk is taken into account when the S & P rating goes down each time by one level, started from B2 (S&P) (or the equivalent of Moody's and Fitch). In cases where a financial institutions don't have a corporate rating in a rating agency and The Company does not have an equivalent internal rating system, the corporate default rate corresponding to sovereign rating of the country is taken into consideration.
- Relative change in 12-month PD. A significant change in 12-month PD is considered as factor of changes in lifetime PD. This is indicative of a significant increase in credit risk. This criterion is used when The Company has an internal credit rating system.
- Relative change in lifetime PD. A significant change in lifetime PD is indicative of a significant increase in credit risk. This criterion is used when The Company has an internal credit rating system
- Default ('stage 3') during the last 12 months. Significant increase in credit risk is considered when although at the reporting date the outstanding amount of the facility is not classified in default, during the last 12 months it was at least once in stage 3.

### Criteria for Investment securities

The criteria for securities are presented in the following paragraphs. All presented criteria have the same weight in determining a significant increase in credit risk.

- Relative change in 12-month PD. A significant change in 12-month PD is considered as factor of changes in lifetime PD. This is indicative of a significant increase in credit risk. This criterion is used when the Entity has an internal credit rating system.
- Relative change in lifetime PD. A significant change in lifetime PD is indicative of a significant increase in credit risk. This criterion is used when the Entity has an internal credit rating system
- Change notches external credit score/ rate. For this criterion, the country's rating will be taken into account government securities or corporate rating will be taken into account for corporate securities. A significant change notches in the credit score assigned by the Big Three credit rating agencies (Standard & Poor's, Moody's, and Fitch) is indicative of a significant increase in credit risk. A significant increase in credit risk is taken into account when the S & P rating goes down one level each time, beginning with B2 (S&P) (or the equivalent of Moody's and Fitch). In cases where an issuers of securities don't have a corporate rating in a rating agency and The Company does not have an equivalent internal rating system, the corporate default rate corresponding to sovereign rating of the country is taken into consideration.

### Exit criteria from significant deterioration stage

If none of the indicators that are used by The Company to assess whether significant increase in credit risk has occurred, is present, transfer from stage 2 to stage 1 is performed, with the exception of forborne loans for which a probation period is used.

### Credit risk grades

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative (primarily driven by days past due: Not overdue financial assets are defined high grade, overdue less than 30 days – standard grade, overdue more than 30 days and less than 90 days – substandard or low grade and overdue more than 90 days – non-performing grade) factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

### Collective or individual assessment

The Company calculates ECLs either on a collective or an individual basis • Asset classes where the Company calculates ECL on an individual basis include:

- Individually significant loans of Stage 3, regardless of the class of financial assets
- The treasury, trading and interbank relationships such as Due from banks, Securities pledged under repurchase agreements and debt instruments at amortised cost/FVOCI
- Exposures that have been classified as POCI when the original loan was derecognised and a new loan was recognised as a result of a credit driven debt restructuring.

Those assets for which ECL does not calculated individually the Company groups into segment on the basis of shared credit risk characteristics.

### Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

The Company considers interbank balances defaulted and takes immediate action when the required intraday payments are not settled by the close of business as outlined in the individual agreements.

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

- lawsuit, execution or enforced execution in order to collect debt,
- license of the borrower is withdrawn,
- multiple restructurings on one exposure,
- there are justified concerns about a borrower's future ability to generate stable and sufficient cash flows,
- debt service coverage ratio indicates that debt is not sustainable
- loss of major customer or tenant,
- connected customer has filed for bankruptcy,
- restructuring with a material part which is forgiven (net present value (NPV) loss),
- Company starts bankruptcy proceedings

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least three consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition. The Company's criterion for 'cure' for ECL purposes is less stringent than the 12 months' requirement for forbore non-performing exposures.

### Forborne and modified loan

The Company sometimes makes concessions or modifications to the original terms of borrowings as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Company considers a loan forbore when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Company would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Company's policy to monitor forbore loans to help ensure that future payments continue to be likely to occur.

Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis.

The Company defines the "cure" period as a 12-month period after forbearance, which is applied for forbore non-performing exposures. Given the fact that it is impossible to determine financial difficulties immediately after forbearance, it is necessary to use the "cure" period to determine whether the loan was effectively cured. All forbore non-performing loans must remain at stage 3 after the forbearance date, despite the behavior of the loan (no overdue days, etc.).

The Company defines the probation period as 24-month period after "cure" period, which is applied for forbore performing exposures (excluding any grace period). Once an asset has been classified as forbore performing exposures, it will remain forbore for a minimum 24-month probation period.

In order for the loan to be reclassified out of the forbore category, the customer has to meet all of the following criteria:

- All of its facilities has to be considered performing;
- The probation period of two years has passed from the date the forbore contract was considered performing;
- Regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period;
- The customer does not have any contract that is more than 30 days past due.

### Probability of Default (PD)

The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12mECL), or over the remaining lifetime (LTECLs) of the obligation.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

### Loss given default (LGD)

LGD is determined based on the factors which impact the recoveries made post default. These vary by product type.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGD's are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies, including contracted debt sales and price.

### Exposure at default (EAD)

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For products with contractual terms, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilization band, based on analysis of the Company's recent default data.

### Forward looking information

The Company did not include any forward looking information for financial assets. Management estimates that the impact of forward looking information is not significant.

### 30.1.3 Risk concentrations

#### Geographical sectors

Credit risk assets are located in the RA.

### 30.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and foreign exchange rates. The Company manages market risk by setting open position limits on financial instruments that are regularly reviewed and approved by the CEO.

#### 30.2.1 Market risk – Non-trading

##### 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. As at 31 December 2025 the Company did not possess financial assets or liabilities with variable interest rate.

Capital sensitivity is calculated by revaluing debt financial assets measured at fair value through other comprehensive income as at 31 December 2025 and 31 December 2024, based on assumed changes in the yield curve.

Currency	2025	
	Change in basis points	Profit or loss
AMD	1	(193,193)
AMD	(1)	201,528

Currency	2024	
	Change in basis points	Profit or loss
AMD	1	(190,931)
AMD	(1)	201,454

#### Average effective interest rates

The table below displays average interest rates for interest earning assets and interest-bearing liabilities as at 31 December 2025 and 31 December 2024. These interest rates are an approximation of the yields to maturity of these assets and liabilities.

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	2025			2024		
	Average effective interest rate, %			Average effective interest rate, %		
	AMD	USD	EURO	AMD	USD	EURO
<b>Interest earning assets</b>						
Borrowings provided	11.68	-	-	11.40	-	-
Financial assets measured at FVOCI	10.52	4.6	-	-	5.32	-
Financial assets measured at FVOCI pledged under repurchase agreements	10.27	-	-	10.33	-	-
<b>Interest bearing liabilities</b>						
Amounts payable under repurchase agreements	7.49	-	-	8.00	-	-
Borrowings received	-	3.89	3	-	3.89	-
Lease liabilities	10	-	8.9	10	-	8.9

**Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Positions are monitored on a daily basis.

The tables below indicate the currencies to which the Company had significant exposure as at 31 December 2025 on its non-trading monetary assets and liabilities and its forecast cash flows. The analysis calculated the effect of a reasonably possible movement of the currency rate against the Armenian dram, with all other variables held constant on the income statement (due to the fair value of currency sensitive non-trading monetary assets and liabilities) and equity (due to the change in fair value of currency swaps and forward foreign exchange contracts used as cash flow hedges, and equity instruments). A negative amount in the table reflects a potential net reduction in income statement or equity, while a positive amount reflects a net potential increase.

Currency	31 December 2025		31 December 2024	
	Change in currency rate in %	Effect on profit before tax	Change in currency rate in %	Effect on profit before tax
USD	10	6,233	10	(89,184)
EUR	(10)	(6,233)	(10)	89,184

The Company's exposure to foreign currency exchange risk is as follow:

	Armenian Dram	Freely convertible currencies	Non-freely convertible currencies	Total
<b>Assets</b>				
Cash and cash equivalents	157,466	1,309,090	182,478	1,649,034
Borrowings provided	5,878,256	-	-	5,878,256
Financial assets measured at FVTPL	47,209	51,942	-	99,151
Financial assets measured at FVOCI	714,223	70,698	-	784,921
Financial assets measured at FVOCI pledged under repurchase agreements	7,984,059	-	-	7,984,059
Other assets	13,570	6,479	-	20,049
<b>Total</b>	<b>14,794,783</b>	<b>1,438,209</b>	<b>182,478</b>	<b>16,415,470</b>

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For the year ended 31 December 2025 (expressed in thousands of Armenian drams (AMD))

	Armenian Dram	Freely convertible currencies	Non-freely convertible currencies	Total
<b>Liabilities</b>				
Amounts payable under repurchase agreements	9,034,133	-	-	9,034,133
Amounts due to customers	27,600	1,638,466	-	1,666,066
Borrowings received	-	1,193,834	-	1,193,834
Lease liabilities	119,482	104,576	-	224,058
Other liabilities	935,714	9,702	-	945,416
<b>Total</b>	<b>10,116,929</b>	<b>2,946,578</b>	<b>-</b>	<b>13,063,507</b>
<b>Total effect of derivative financial instruments</b>	<b>(2,962,765)</b>	<b>2,959,885</b>	<b>-</b>	<b>(2,880)</b>
<b>Net position as at 31 December 2025</b>	<b>1,715,089</b>	<b>1,451,516</b>	<b>182,478</b>	<b>3,349,083</b>
<b>Total financial assets</b>	<b>12,347,568</b>	<b>344,970</b>	<b>64,761</b>	<b>12,757,299</b>
<b>Total financial liabilities</b>	<b>8,985,361</b>	<b>1,310,883</b>	<b>649,250</b>	<b>10,945,494</b>
<b>Total effect of derivative financial instruments</b>	<b>(2,537,808)</b>	<b>1,854,402</b>	<b>649,668</b>	<b>(33,738)</b>
<b>Net position as at 31 December 2024</b>	<b>824,399</b>	<b>888,489</b>	<b>65,179</b>	<b>1,778,067</b>

Freely convertible currencies represent mainly US dollar amounts, but also include currencies from other OECD countries. Non-freely convertible amounts relate to currencies of CIS countries, excluding Republic of Armenia.

**30.3 Liquidity risk**

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stress circumstances.

The liquidity management of the Company requires considering the level of liquid assets necessary to settle obligations as they fall due; maintaining access to a range of funding sources. The Company maintains a portfolio of highly marketable assets that can be easily liquidated in the event of an unforeseen interruption of cash flow.

The table below summarises the maturity profile of the Company's financial liabilities as at 31 December 2025 based on contractual undiscounted repayment obligations. See Note 29 for the expected maturities of these liabilities. Repayments which are subject to notice are treated as if notice were to be given immediately.

	31 December 2025					
	Demand and less than 1 month	From 1 to 12 months	From 1 to 5 years	More than 5 years	Total gross amount outflow	Carrying amount
<b>Non-derivative financial liabilities</b>						
Amounts payable under repurchase agreements	9,053,008	-	-	-	9,053,008	9,034,133
Amounts due to customers	1,666,066	-	-	-	1,666,066	1,666,066
Borrowings received	1,145,823	477	48,623	-	1,194,923	1,193,834
Lease liabilities	5,976	65,742	194,286	-	266,004	224,058
Other liabilities	793,368	152,048	-	-	945,416	945,416
<b>Total undiscounted non-derivative financial liabilities</b>	<b>12,664,241</b>	<b>218,267</b>	<b>242,909</b>	<b>-</b>	<b>13,125,417</b>	<b>13,063,507</b>
<b>Derivative financial liabilities</b>						
Foreign exchange swap contracts						
Inflow	2,205,995	-	-	-	2,205,995	-
Outflow	(2,210,962)	-	-	-	(2,210,962)	4,967

	31 December 2024					
	Demand and less than 1 month	From 1 to 12 months	From 1 to 5 years	More than 5 years	Total gross amount outflow	Carrying amount
<b>Non-derivative financial liabilities</b>						
Amounts payable under repurchase agreements	8,854,577	-	-	-	8,854,577	8,835,377
Amounts due to customers	1,388,843	-	-	-	1,388,843	1,388,843
Borrowings received	397,547	496	51,057	-	449,100	447,472
Lease liabilities	4,370	39,875	109,956	-	154,201	130,882
Other liabilities	95,100	47,820	-	-	142,920	142,920
<b>Total undiscounted non-derivative financial liabilities</b>	<b>10,740,437</b>	<b>88,191</b>	<b>161,013</b>	<b>-</b>	<b>10,989,641</b>	<b>10,945,494</b>
<b>Derivative financial liabilities</b>						
Foreign exchange swap contracts						
Inflow	649,363	-	-	-	649,363	-
Outflow	(685,195)	-	-	-	(685,195)	35,832

The Company has a negative cumulative liquidity gap within the up to one-month time band (see Note 29). This is due to the fact that, as at 31 December 2025, the Company's main source of funding consists of repurchase agreements with maturities of up to one month. Management believes that this circumstance is driven by a temporary mismatch in the maturities of assets and liabilities and does not reflect a significant deterioration in the Company's actual liquidity position. Management indicates that the Company has sufficient access to funding sources and instruments to meet its short-term obligations on time. The resulting negative liquidity gap is temporary in nature and does not give rise to uncertainty regarding the Company's ability to continue as a going concern.

### 30.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Board of Directors and Executive Management. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements, including the minimal requirements of the Central Bank of Armenia on internal control system;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation.

## 31 Reconciliation of liabilities arising from financing activities

The changes in the Company's liabilities arising from financing activities can be classified as follows:

	Borrowings received	Lease liabilities	Total liabilities from financing activities
Carrying amount at 1 January 2024	404,790	135,710	540,500
Proceeds	681,670	-	681,670
Redemption	(642,352)	(44,785)	(687,137)
Foreign currency translation	(13,593)	(7,206)	(20,799)
Other	16,957	47,163	64,120
<b>Carrying amount at 31 December 2024</b>	<b>447,472</b>	<b>130,882</b>	<b>578,354</b>
Proceeds	795,629	-	795,629
Redemption	(71,003)	(62,351)	(133,354)
Foreignn currency translation	(5,934)	9,395	3,461
Other	27,670	146,132	173,802
<b>Carrying amount at 31 December 2025</b>	<b>1,193,834</b>	<b>224,058</b>	<b>1,417,892</b>

The "Other" line includes origination of new lease liabilities and lease modifications being non-movements. This also includes the effect of accrued but not yet paid interest on borrowings received and lease liabilities. The Company classifies interest paid as cash flows from operating activities.

## 32 Capital adequacy

The primary objectives of the Company's capital management are to ensure that the Company complies with externally imposed capital requirements and that the Company maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders' value.

Regulatory capital consists of Tier 1 capital, which comprises share capital, retained earnings including current year profit, and general reserve. The other component of regulatory capital is Tier 2 capital, which includes revaluation reserve.

The Central Bank of Armenia decided to determine the minimum size of total capital 300,000 thousand Armenian drams for the investment companies.

The minimum ratio between total capital and risk weighted assets required by the Central Bank of Armenia is 12%.

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of and reflecting an estimate of credit, market and operating risks.

As at 31 December 2025 and 2024 the amount of total capital, risk waited assets and capital adequacy ratio calculated in accordance with the requirements of Central Bank of Armenia are provided below.

	Unaudited	
	31 December 2025	31 December 2024
Tier 1 capital	2,848,328	1,813,010
Tier 2 capital	396,734	151,382
<b>Total regulatory capital</b>	<b>3,245,062</b>	<b>1,964,392</b>
<b>Risk-weighted assets</b>	<b>19,488,066</b>	<b>13,374,161</b>
<b>Capital adequacy ratio</b>	<b>16.65%</b>	<b>14.69%</b>

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

## 33 Events after reporting date

By the resolution of the General Meeting of the Company's Shareholders held on 30 January 2026, AMD 576,947 thousand from the Company's retained earnings was allocated for the payment of dividends.