“KAMURJ” Universal Credit Organization
Closed Joint Stock Company

Financial Statements
and Independent Auditor’s Report
For the year ended 31 December 2025

Disclaimer

The attached report was originally prepared in Armenian and then translated into English for the convenience of readers. In the event of any differences between the English and Armenian versions, the Armenian will prevail.

Contents

INDEPENDENT AUDITOR'S REPORT

To the Shareholder and the Board of "KAMURJ" Universal Credit Organization Closed Joint Stock Company

Opinion

We have audited the financial statements of "KAMURJ" Universal Credit Organization 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 a summary of material accounting policies.

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 its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the 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 Code of Ethics for Professional Accountants (including the International Standards on Independence) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements relevant to the audit of financial statements in the Republic of Armenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the aforementioned code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the 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, 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 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 operation, 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 Responsibility 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 guaranty 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:

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 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 also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or, when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The Partner responsible for the implementation of the audit, which is the basis for the submission of this Independent Auditor's Report, is:

25 March 2026
"BDO Armenia" CJSC

Davit Yedigaryan, FCCA
Engagement Partner

Vahagn Sahakyan, FCCA
Managing Partner

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2025
(In thousand AMD)

	Note	2025	2024
Interest income calculated using effective interest rate method	5	3,075,201	2,701,694
Interest expense	5	(778,076)	(649,206)
Net interest income		**2,297,125**	**2,052,488**
Net loss from foreign currency transactions	6	(1,913)	(29,495)
Other operating income	7	52,326	38,614
Other operating expense	8	(59,949)	(57,629)
Operating income		**2,287,589**	**2,003,978**
Reversal of credit loss expense	9	227,499	208,318
Personnel expenses	10	(1,085,218)	(967,746)
Other administrative expenses	11	(425,813)	(361,258)
Profit before tax		**1,004,057**	**883,292**
Income tax expense	12	(188,656)	(167,877)
Profit for the year		**815,401**	**715,415**
Total comprehensive income for the year		**815,401**	**715,415**

Notes 1 to 29 form an integral part of these financial statements.

Statement of financial position

As of 31 December 2025
(In thousand AMD)

	Note	2025	2024
Assets			
Cash	13	277,068	40,167
Amounts due from financial institutions	14	976,881	-
Loans to customers	15	17,607,205	15,644,244
Property, plant and equipment and intangible assets	16	325,826	312,389
Deferred tax assets	12	16,722	25,691
Other assets	17	192,835	177,909
Total assets		**19,396,537**	**16,200,400**
Liabilities and equity			
Liabilities			
Loans and borrowings	18	10,552,686	7,716,993
Current income tax liability		119,954	112,588
Other liabilities	19	376,876	302,649
Total liabilities		**11,049,516**	**8,132,230**
Equity	20		
Share capital		5,000,000	5,000,000
Additional paid-in capital		193,044	193,044
General reserve		312,459	253,753
Retained earnings		2,841,518	2,621,373
Total equity		**8,347,021**	**8,068,170**
Total liabilities and equity		**19,396,537**	**16,200,400**

The financial statements were signed on 25 March 2026.

Alexander Teryan
Director

Alexander Sahakyan
Chief Accountant

Notes 1 to 29 form an integral part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2025
(In thousand AMD)

	Share capital	Additional paid-in capital	Statutory general reserve	Retained earnings	Total
Balance at 1 January 2025	**5,000,000**	**193,044**	**253,753**	**2,621,373**	**8,068,170**
Profit for the year	-	-	-	815,401	815,401
Total comprehensive income for the year	-	-	-	815,401	815,401
Allocation to reserve	-	-	58,706	(58,706)	-
Dividend distribution	-	-	-	(536,550)	(536,550)
Total transactions with owners	-	-	58,706	(595,256)	(536,550)
Balance at 31 December 2025	**5,000,000**	**193,044**	**312,459**	**2,841,518**	**8,347,021**
Balance at 1 January 2024	**5,000,000**	**193,044**	**253,753**	**1,905,958**	**7,352,755**
Profit for the year	-	-	-	715,415	715,415
Total comprehensive income for the year	-	-	-	715,415	715,415
Balance at 31 December 2024	**5,000,000**	**193,044**	**253,753**	**2,621,373**	**8,068,170**

Notes 1 to 29 form an integral part of these financial statements.

Statement of cash flows

For the year ended 31 December 2025
(In thousand AMD)

	2025	2024
Cash flows from operating activities		
Interest received	3,053,799	2,688,992
Interest paid	(673,341)	(654,332)
Net receipt from foreign currency transactions	1,314	404
Net other interest received (expenses paid)	4,769	(19,015)
Payments on other administrative and personnel expenses	(1,328,675)	(1,175,878)
(Increase) decrease in operating assets		
Amounts due from financial institutions	(1,002,597)	-
Loans to customers	(1,792,624)	(91,907)
Other assets	(12,983)	(48,843)
(Increase) decrease in operating liabilities		
Other liabilities	(37,977)	(41,784)
Net cash flows from operating activities before income tax	**(1,788,315)**	**657,637**
Income tax paid	(172,321)	(127,993)
Net cash from operating activities	**(1,960,636)**	**529,644**
Cash flows from investing activities		
Purchase of property, equipment and intangible assets	(45,715)	(78,806)
Net cash used in investing activities	**(45,715)**	**(78,806)**
Cash flows from financing activities		
Dividends paid	**(536,550)**	**-**
Loans and borrowings received	12,903,464	12,361,125
Repayment of loans and borrowings	(10,068,394)	(12,991,878)
Repayment of lease liabilities	(104,168)	(94,491)
Net cash (used in) from financing activities	**2,194,352**	**(725,244)**
Net increase (decrease) in cash	**188,001**	**(274,406)**
Cash at the beginning of the year	40,167	290,630
Effect of exchange differences on cash and cash equivalents	48,900	23,943
Cash at the end of the year (Note 13)	**277,068**	**40,167**

Notes 1 to 29 form an integral part of these financial statements.

Notes to the financial statements

1. Nature of operations

The main activity of "Kamurj" Universal Credit Organization Closed Joint Stock Company (hereinafter referred to as the Company) is the provision of micro and medium-sized loans to individuals and individual entrepreneurs for consumer and business purposes in the Republic of Armenia (RA).

2. Basis of preparation

General information, statement of compliance with IFRS Accounting Standards and going concern assumption

“KAMURJ” Universal Credit Organization (the “Company”) is a Closed Joint Stock Company, which was incorporated by the Microenterprise Development Charitable Fund’s Board of Trustees’ decision on 22 March 2010 with the legal status of a limited liability company. The Company was registered on 27 April 2010 by the Central Bank of the Republic of Armenia (the “CBA”) under registration number N 31. By the decision of the Board of Trustees of the Founder dated 30 January 2012, the Company was reorganized into a closed joint-stock company.

The Company's head office and one branch are located in Yerevan, and 16 branches are located in different regions of the Republic of Armenia. The company's legal address is: 11 Kalents St., Yerevan, Republic of Armenia.

These financial statements have been prepared in accordance with International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards), as approved by the International Accounting Standards Board (IASB), and Interpretations, as approved by the International Financial Reporting Interpretations Committee (IFRIC).

The financial statements have been prepared on a going concern basis as management believes 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 profitability forecasts and financing needs. The assessment also includes consideration of reasonably possible adverse economic scenarios and their potential effects on the Company's profitability, capital and liquidity.

Business environment

The Company’s operations are located in Armenia. Consequently, the Company is exposed to the effects of changes of economic and financial markets of Armenia.

The legal, tax, and regulatory frameworks continue to develop, although are subject to different interpretations and frequent changes, which, together with other legal and financial obstacles, creates extra difficulties for companies operating in Armenia.

In February 2022, due to the military conflict between the Russian Federation and Ukraine, a number of countries imposed sanctions against the Russian Federation. The conflict continues to affect not only the economic activity of both countries, but also the global economy. As a result of the sanctions, commodity prices have risen in many countries of the world, established links between resource supplies have been disrupted, inflation is also affecting prices, and analysts are also predicting economic consequences for global industry.

The level of business activity in the Russian Federation also has a significant impact on the economic environment of the Republic of Armenia, as there are significant flows of funds from the Russian Federation to the Republic of Armenia. Therefore, the political tension in the region, international sanctions, stock market instability, acute inflation and other risks the Russian Federation is facing may have a negative impact on the RA economy.

Armenian economy has successfully resisted existing global turbulences and managed to register impressive macroeconomic indicators both in 2025 and 2024, mainly due to tourism, reallocation of number of companies into Armenia and significant increase of remittances. All the mentioned factors have resulted in

7.2% increase in GDP during 2025. The government’s 2021-2026 economic program seeks to advance an export-oriented and investment-driven growth model through a broad-based reform effort.

Such an environment has a significant impact on the company’s operations and its financial situation. The Company undertakes the necessary activities to ensure the stability of its operations. Nevertheless, given the unpredictable nature of events, the Management does not have the ability to give a reliable assessment of the impact such circumstances will have on the company’s financial position for the coming years.

The future effects of the current economic situation and the actions to be taken by the Government are difficult to predict, and the Company's management's current expectations and estimates may differ from actual results.

Presentation of financial statements

The Company presents its statement of financial position in terms of liquidity, based on the Company's intention and expected ability to receive/settle most of the assets/liabilities of the relevant line item in the financial statements. An analysis of the receipt or settlement of assets/liabilities within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 25.

3. New or revised standards or interpretations

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

a) New standards, interpretations and amendments effective from 1 January 2025

Lack of exchangeability (Amendment to IAS 21)

On 15 August 2023, the IASB issued Lack of Exchangeability which amended IAS 21 The Effects of Changes in Foreign Exchange Rates (the Amendments).

- Lack of exchangeability (Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates).

The Amendments introduce requirements to assess when a currency is exchangeable into another currency and when it is not. The Amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency.

These amendments had no effect on the financial statements of the Company.

(b) Standards, interpretations and amendments issued but not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early.

The following amendments are effective for the annual reporting period beginning 1 January 2026:

- *Amendments to the Classification and Measurement of Financial Instruments* (Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*)

- *Contracts Referencing Nature-dependent Electricity* (Amendments to IFRS 9 and IFRS 7).

The following standards and amendments are effective for the annual reporting period beginning 1 January 2027.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements replaces IAS 1 Presentation of Financial Statements and is mandatorily effective for annual reporting periods beginning on or after 1 January 2027. IFRS 18, which was published by the IASB on 9 April 2024, sets out significant new requirements for how financial statements are presented, with particular focus on:

- The statement of profit or loss, including requirements for mandatory sub-totals to be presented. IFRS 18 introduces requirements for items of income and expense to be classified into one of five categories in the statement of profit or loss. This classification results in certain sub-totals being presented, such as the sum of all items of income and expense in the operating category comprising the new mandatory ‘operating profit or loss’ sub-total.
- Aggregation and disaggregation of information, including the introduction of overall principles for how information should be aggregated and disaggregated in financial statements.
- Disclosures related to management-defined performance measures (MPMs), which are measures of financial performance based on a total or sub-total required by IFRS Accounting Standards with adjustments made (e.g. ‘adjusted profit or loss’). Entities will be required to disclose MPMs in the financial statements with disclosures, including reconciliations of MPMs to the nearest total or sub-total calculated in accordance with IFRS Accounting Standards. The aim of the IASB in publishing IFRS 18 is to improve comparability and transparency of companies’ performance reporting. IFRS 18 has also resulted in narrow changes to the statement of cash flows.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

On 9 May 2024, the International Accounting Standards Board (IASB) issued IFRS 19 Subsidiaries without Public Accountability: Disclosures. Stakeholders have asked the IASB to permit a subsidiary reporting to a parent applying IFRS Accounting Standards in its consolidated financial statements to apply IFRS Accounting Standards with reduced disclosure requirements in its own financial statements. Considering this feedback, the IASB added a project to its research pipeline to provide reduced disclosure requirements for subsidiaries without public accountability. The project has culminated in the issuance of IFRS 19, which permits eligible subsidiaries to apply reduced disclosure requirements while applying the recognition, measurement and presentation requirements in IFRS Accounting Standards. For example, under IFRS 19, an entity that has transactions within the scope of IFRS 2 Share-based Payment would not apply the disclosure requirements in IFRS 2.44-52, which are extensive. Instead, an entity would disclose only the information contained in paragraphs 31-34 of IFRS 19, which include a description of share-based payment arrangements, the number and weighted average exercise prices of share options, how an entity measures the fair value of equity settled share-based payment transactions and other general information about transactions in the scope of IFRS 2.

As an indication of the scope of the reduction in disclosure requirements, IFRS 2 currently contains 991 words in its disclosure requirements, whereas IFRS 19 contains only 250 words relating to IFRS 2 disclosures. The eligibility criteria for an entity to apply IFRS 19 are:

- The entity is a subsidiary (as defined in Appendix A of IFRS 10 Consolidated Financial Statements);
- The entity does not have public accountability; and
- The entity has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. An entity has public accountability if:
- Its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market; or
- It holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses outsiders as one of its primary businesses.

The Company is currently assessing the impact of these new accounting standards and amendments. The Company does not expect the amendments to have a material impact on its financial statements. The Company does not expect other standards (issued by IASB but not yet effective) to have a material impact on the Company.

4. Material accounting policies

The following 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 under the accrual basis of accounting and the historical cost method. Financial instruments are presented at the 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 include political, economic and environmental responses to climate change. The main sources of climate risk have been identified as physical and transition risks.

Physical risks arise from extreme weather events, such as storms, floods and wildfires, as well as long-term changes in climate conditions, such as persistently high temperatures, heat waves and droughts.

Transition risks may arise from the transition to a net-zero emissions economy, such as changes in laws and regulations, litigation related to the failure to offset or adapt, and changes in the supply and demand for certain goods, products and services due to changes in consumer behaviour and investor demand.

These risks are receiving increasing regulatory, political and public scrutiny both domestically and internationally. While some physical risks may be predictable, there are significant uncertainties about the extent and timing of their manifestation. In terms of transition risks, uncertainty remains regarding upcoming regulatory and policy changes, consumer demand, and changes in supply chains.

4.3. Foreign currency

Functional and presentation currency

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

These financial statements are presented in Armenian drams (unless otherwise stated) because, in the opinion of management, this currency is most relevant to the users of the Company's financial statements. All financial information presented in Armenian drams has been rounded to the nearest thousand.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rate at the date of the transaction. Gains and losses arising from the translation of assets and liabilities held for trading purposes denominated in foreign currencies and gains and losses arising from the revaluation of non-trading assets and liabilities are recognized in the statement of profit or loss and other comprehensive income under the line item "Net gain (loss) on foreign currency transactions". Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the balance sheet date.

Non-monetary foreign currency items carried at historical cost are translated at the exchange rate at the date of the transaction.

The gain or loss arising from the difference between the exchange rate stipulated in the contract for each transaction and the exchange rate prevailing on the date of the transaction is recorded in the line item "Net gain (loss) from foreign currency translation" in the statement of profit or loss and other comprehensive income.

The following exchange rates have been used by the Company for the preparation of its financial statements:

	2025	**2024**
AMD/1 USD	381.36	396.56
AMD/1 EUR	449.01	413.89

4.4. Recognition of income and expenses

Income is recognized to the extent that it is probable that the economic benefits will flow to the Company and the income 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 income is recognized.

The effective interest rate method

Interest income and expense are recognized 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 amortized 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 all amounts paid or received that form an integral part of the effective interest rate. Transaction costs include those incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortized cost and gross carrying amount

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, net of principal repayments, plus or minus any accumulated amortization on the difference between the principal and the principal amount calculated using the effective interest method, and, for financial assets, adjusted for the allowance for expected credit losses. The gross carrying amount of a financial asset measured at amortized cost is the amortized cost of the financial asset before adjustment for the allowance for expected credit losses.

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 amortized 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 amortized 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 amortized 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).

Other income and expenses

Fee charged for the provision of loans (together with related expenses) is deferred, adjusting the effective interest rate of the loan. Rents, other income and expenses are generally recognized on an accrual basis as the services are provided. Fees for other management and advisory services are recognized in accordance with the contractual terms.

4.5. Income tax

Income tax for the reporting year on profit comprises current and deferred taxes. Income tax is recognized in profit or loss, except for taxes on which the results of operations are recognized in equity, in which case the taxes are also 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 taxes are calculated using the balance sheet liability method, which takes into account all timing differences that arise between the carrying amounts of assets and liabilities recognized in the financial statements and the amounts calculated for tax purposes, except for those differences that arise on initial recognition of goodwill or in the case of assets or liabilities arising from transactions that are not business combinations and that affect neither accounting nor taxable profit at the time they arise.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the assets are realized and the liabilities are settled, based on the actual rates in effect for the period or reporting period.

Companies also pay other taxes during their operations in the Republic of Armenia. These taxes are included in the "Other expenses" item of the statement of profit or loss and other comprehensive income.

4.6. Financial instruments

a) Recognition and initial measurement

Financial instruments (including regular purchases and sales of financial assets) are recognised on the transaction date, which is the date on which the Company becomes a contractual party to the instrument.

At initial recognition, an entity measures a financial asset or financial liability at its fair value, plus or minus, when it is not a financial asset or financial liability at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

b) 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 financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as of 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 of 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 (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 could change the amount and timing of cash flows,
- the 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 amortized cost.

c) Derecognition

Financial assets

The Company derecognizes 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 derecognized) 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 recognized in OCI is recognized in profit or loss.

Any cumulative gain/loss recognized in OCI in respect of equity investment securities designated as of FVOCI is not recognized 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 recognized as a separate asset or liability:

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 recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities

The Company derecognizes financial liability when its contractual obligations are discharged or cancelled or expire.

d) 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 derecognized (see Note 4.6 (iii) and a new financial asset is recognized at fair value plus any eligible transaction costs.

If the cash flows of the modified asset carried at amortized 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 recognizes 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.(vi)), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

Financial liabilities

The Company derecognizes 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 recognized at fair value. The difference between the carrying amount of financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

e) Offsetting

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

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

f) Impairment

Based on the forecasts the Company estimates expected credit losses ("ECL") on financial instruments, which are not measured at amortized cost.

No impairment is calculated for equity financial instruments.

The Company measures the loss allowance at an amount equal to the expected credit losses over the entire life of the financial instrument, except for the instruments specified below, for which the Company shall calculate the expected credit loss allowance for the financial instrument at an amount equal to the 12-month expected credit losses.

12-month ECL (12mECLs) are the portion of ECL that results 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.
Based on the above process, The Company classifies its financial instruments into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1: When loans are first recognized, The Company recognizes 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.

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 derecognized 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 realization of any collateral. It is usually expressed as a percentage of the EAD.

The probability of default, the amount of debt at the time of default, and the amount of loss in the event of default are disclosed in detail in Note 26.1.2.

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 derecognized (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 amortized 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 difficulties 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 reorganization; 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.

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 amortized cost: as a deduction from the gross carrying amount of the assets;
- debt instruments measured at FVOCI: no loss allowance is recognized 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 recognized in the fair value reserve;
- loan commitments and financial guarantee contracts, typically in the form of a provision,
    - When estimating LTECLs for undrawn loan commitments, The Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. Expected cash flow shortfalls are discounted at an estimate of the expected credit losses on the loan.
    - Where a financial instrument includes both a drawn and an undrawn component, and the Company cannot identify the ECL on the loan commitment component separately from those on the drawn component: The Company presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Write-offs

Loans 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. Both the total carrying amount of that asset and the impairment allowance (if any) are written off immediately. Derecognition represents a partial or complete derecognition. 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

Cash consists of cash on hand and bank accounts. Cash is carried at amortized cost.

4.6.2. Loans to customers

Loans to customers 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.

Loans granted by the Company 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 loans and advances are measured at amortised cost using the effective interest method. Loans that do not have fixed maturities are accounted for under the effective interest method based on expected maturity. The amounts of loans and advances to customers are reduced by the amounts of impairment provisions for them.

4.7. Lease

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 has the right to direct “how and for what purpose” the asset is used during the period of use.

Measurement and recognition of leases

Company as a lessee

At lease commencement date, the Company recognizes 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 has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

The Company determines its incremental borrowing rate by analyzing 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, plant and equipment and lease liabilities have been included in the other liabilities.

4.8. Property and equipment

Property and equipment (PPE) 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:

	Useful life (years)	**Depreciation rate (%)**
Computers and communications	1-7	100-14.3
Transportation	5	20.0
Capital investments in leased PPE	2-10	50.0-10.0
Other property, plant and equipment	5	20.0

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

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, patents, etc.

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

The Company does not have any intangible assets with indefinite useful lives.

Current maintenance costs for computer software are recognized as an expense when incurred.

4.10. Repossessed assets

The Company’s policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Company’s policy.

In certain circumstances, assets are repossessed following the foreclosure on loans that are in default. Repossessed assets are measured at the lower of cost and net realizable value.

4.11. 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 cost of use. In assessing cost of 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 recognized 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 recognized 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 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 amortization, if no impairment loss had been recognized.

4.12. Borrowings

Attracted resources, which include loans and borrowings from the RA Central Bank, RA banks and international and other financial institutions, are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the statement of profit or loss and other comprehensive income when the liabilities are derecognized as well as through the amortization process.

4.13. Credit commitments

"Credit commitments" are firm commitments to provide credit under pre-specified terms and conditions.

Credit commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of IFRS 15. Liabilities arising from credit commitments are included within provisions.

4.14. 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 recognized as additional paid-in capital.

Additional paid-in capital

Additional paid-in capital is the difference between the fair value and the nominal value at the time of initial recognition of a loan with a lower interest rate provided by the Company's shareholder.

Retained earnings

Retained earnings include accumulated earnings from the current and previous periods.

4.12 Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of financial statements in conformity with IFRS Accounting Standards require 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.

4.14.1. Significant judgments 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.

4.14.2. 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)).

Definition of 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 models used to measure ECL.

4.14.3. Assumptions and estimation uncertainty

Fair value measurement

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. The estimated fair value may differ from the actual value that could be obtained in individual transactions as of the reporting period (see Note 23).

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 and technical and commercial depreciation arising from the changes in the market conditions.

Lease extension options

When the Company has an option to extend the lease, management uses its judgment to determine whether it is reasonable to exercise that option. 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 22).

Impairment of financial instruments

The Company assess of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL (see Note 26.1.2), as well as the key assumptions used in estimating recoverable cash flows (see Note 4.6 (vi)).

Tax legislation

Armenian tax legislation is subject to varying interpretations. see Note 21.

For the year ended 31 December 2025 (in thousand AMD)

5. Net interest income and expense

	2025	2024
Interest income calculated using effective interest rate		
Loans to customers	3,064,220	2,699,885
Cash	10,981	1,809
Total interest income calculated using effective interest rate	**3,075,201**	**2,701,694**
Loans and borrowings	(764,874)	(633,788)
Lease liabilities	(13,202)	(15,418)
Total interest expense	**(778,076)**	**(649,206)**
Total net interest income	**2,297,125**	**2,052,488**

6. Net loss from foreign currency transactions

	2025	2024
Net gain from trading in foreign currencies	3,475	404
Net loss from foreign exchange translation of non-trading assets and liabilities	(5,388)	(29,899)
Total net loss from foreign currency transactions	**(1,913)**	**(29,495)**

7. Other operating income

	2025	2024
Income from compensation of legal expenses	24,997	10,410
Intermediary fees from foreign exchange transactions	20,536	24,622
Income from insurance agent services	3,276	2,453
Net income from alienation of confiscated property	1,262	-
Other income	2,255	1,129
Total other operating income	**52,326**	**38,614**

8. Other operating expenses

	2025	2024
Expenses on servicing credit operations	47,188	45,724
Payment and settlement services expenses	11,555	10,361
Other operating expenses	1,206	1,544
Total other operating expenses	**59,949**	**57,629**

For the year ended 31 December 2025 (in thousand AMD)

9. Reversal of credit loss expense

	Note	Stage 1	Stage 2	Stage 3	Total
					2025
Loans to customers	15	(2,982)	5,169	(255,033)	(252,846)
Amounts due from financial institutions	14	16,531	-	-	16,531
Other assets	17	(1,184)	-	-	(1,184)
Guarantee provided		10,000	-	-	10,000
Total credit loss expense (reversal of expense)		**22,365**	**5,169**	**(255,033)**	**(227,499)**

	Note	Stage 1	Stage 2	Stage 3	Total
					2024
Loans to customers	15	(9,124)	19,675	(216,895)	(206,344)
Other assets	17	(1,974)	-	-	(1,974)
Total credit loss expense (reversal of expense)		**(11,098)**	**19,675**	**(216,895)**	**(208,318)**

10. Personnel expenses

	2025	2024
Compensations of employees, related taxes included	1,062,603	943,633
Other personnel expenses	22,615	24,113
Total personnel expenses	**1,085,218**	**967,746**

11. Other administrative expenses

	2025	2024
Depreciation and amortization	157,774	135,697
Tangible assets repair and maintenance	60,946	49,720
Consulting and other services	41,027	18,000
Security	36,799	36,889
Utility and office supplies	29,570	30,280
Taxes (other than income tax) and duties	24,709	25,645
Litigation costs	20,917	9,228
Communications	11,281	11,728
Advertising costs	10,013	6,048
Financial mediator office expenses	8,814	9,498
Business trip expenses	7,451	9,669
Transportation expenses	2,455	4,425
Lease of low-value assets	1,886	1,333
Charity	-	3,304
Loss on disposal of property and equipment	-	2,703
Other expenses	12,171	7,091
Total other expenses	425,813	361,258

For the year ended 31 December 2025 (in thousand AMD)

12. Income tax expense

	2025	2024
Current tax expense	179,687	160,954
Adjustment of income tax for previous years	-	1,226
Deferred tax	8,969	5,697
Total income tax expense	**188,656**	**167,877**

The corporate income tax rate in the Republic of Armenia is 18% (2024: 18%). The difference between the RA tax legislation and IFRS Accounting Standards for a number of assets and liabilities gives rise to temporary differences between their carrying amounts and their tax bases for the purposes of preparing financial statements. The amount of deferred income tax is calculated using the basic rate of 18%.

The reconciliation between income tax expense and accounting profit is presented below:

	2025	Effective tax rate (%)	2024	Effective tax rate (%)
Profit before tax	1,004,057	-	883,292	-
Income tax	180,730	18	158,993	18
Non-deductible expenses	4,165	-	1,047	-
Foreign exchange losses	970	1	5,382	1
Privilege for disabled employees	(1,291)	-	(937)	-
Loan concessions	4,082	-	2,166	-
Adjustment for prior year profit tax	-	-	1,226	-
Total income tax expense	**188,656**	**19**	**167,877**	**19**

Deferred tax calculation in respect of temporary differences:

					2025
	2024	Recognized in profit or loss	Net balance	Deferred tax asset	Deferred tax liability
Amounts due from financial institutions	-	1,187	1,187	1,187	-
Loans to customers	4,589	(6,033)	(1,444)	-	(1,444)
Property and equipment and intangible assets	(22,646)	(4,852)	(27,498)	-	(27,498)
Other assets	(192)	(358)	(550)	-	(550)
Loans and borrowings	381	(2,193)	(1,812)	-	(1,812)
Other liabilities	21,742	1,217	22,959	22,959	-
Lease liabilities	21,817	2,063	23,880	23,880	-
Deferred tax asset (liability)	**25,691**	**(8,969)**	**16,722**	**48,026**	**(31,304)**

For the year ended 31 December 2025 (in thousand AMD)

	2023	Recognized in profit or loss	Net balance	Deferred tax asset	2024 Deferred tax liability
Amounts due from financial institutions	-	-	-	-	-
Loans to customers	10,795	(6,206)	4,589	4,589	-
Property and equipment and intangible assets	(23,825)	1,179	(22,646)	-	(22,646)
Other assets	(623)	431	(192)	-	(192)
Loans and borrowings	(1,117)	1,498	381	381	-
Other liabilities	21,045	697	21,742	21,742	-
Lease liabilities	25,113	(3,296)	21,817	21,817	-
Deferred tax asset (liability)	**31,388**	**(5,697)**	**25,691**	**48,529**	**(22,838)**

13. Cash

	2025	2024
Bank accounts	258,970	36,092
Cash on hand	18,098	4,075
Total cash	**277,068**	**40,167**

As at 31 December 2025, the Company did not have any bank accounts (31 December 2024: neither), the balances of which exceeded 10% of the Company's equity.

As of 31 December 2025, cash flows from bank accounts are collateral for loans received from other banks (2024: the same) (see Note 18).

Expected credit losses on cash are close to zero and are therefore not disclosed.

14. Amounts due from financial institutions

	2025	2024
Deposits in banks	993,412	-
Impairment reserves	(16,531)	-
Total amounts due from financial institutions	**976,881**	**-**

Deposits are placed in two banks. The maturity dates of short-term deposits are reviewed and extended.

The analysis of changes in expected credit losses on amounts due from financial institutions is presented below.

	2025	2024
Expected credit loss allowance as of 1 January	-	-
Net revaluation of loss allowances	16,531	-
Expected credit loss allowance as of 31 December	16,531	-

For the year ended 31 December 2025 (in thousand AMD)

15. Loans to customers

	2025			2024		
	Gross carrying amount	ECL allowance	Carrying amount	Gross carrying amount	ECL allowance	Carrying amount
Agricultural loans	5,294,808	(112,576)	5,182,232	4,432,306	(123,380)	4,308,926
Business loans	2,170,179	(60,457)	2,109,722	1,397,659	(86,569)	1,311,090
Mortgage loans	5,038,569	(29,652)	5,008,917	5,142,454	(63,265)	5,079,189
Consumer loans	3,198,658	(225,761)	2,972,897	3,071,697	(185,758)	2,885,939
Home improvement loans	2,397,858	(64,421)	2,333,437	2,117,267	(58,167)	2,059,100
Total loans to customers	**18,100,072**	**(492,867)**	**17,607,205**	**16,161,383**	**(517,139)**	**15,644,244**

As of 31 December 2025 (31 December 2024: the same), the Company had no borrowers or groups of related borrowers whose balances exceeded 10% of the Company's equity.

An analysis of changes in the gross carrying amounts of agricultural, business, mortgage, consumer and home improvement loans is presented below:

				2025
Agricultural loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	4,301,706	77,965	52,635	4,432,306
New assets originated	4,726,228	30,382	5,379	4,761,989
Assets repaid	(3,794,526)	(39,879)	(355,309)	(4,189,714)
Transfer to Stage 1	30,227	(26,335)	(3,892)	-
Transfer to Stage 2	(68,711)	81,242	(12,531)	-
Transfer to Stage 3	(39,252)	(19,761)	59,013	-
Net change in assets from interest and foreign exchange revaluation	26,814	(34,195)	(12,955)	(20,336)
Net (write-off) recovery	-	-	310,563	310,563
Balance at 31 December	**5,182,486**	**69,419**	**42,903**	**5,294,808**

				2025
Business loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	1,294,856	29,681	73,122	1,397,659
New assets originated	2,438,691	12,000	5,800	2,456,491
Assets repaid	(1,562,975)	(19,245)	(20,822)	(1,603,042)
Transfer to Stage 1	311	(311)	-	-
Transfer to Stage 2	(8,479)	10,026	(1,547)	-
Transfer to Stage 3	(8,489)	(18,570)	27,059	-
Net change in assets from interest and foreign exchange revaluation	(31,058)	5,647	1,120	(24,291)
Net (write-off) recovery	-	-	(56,638)	(56,638)

For the year ended 31 December 2025 (in thousand AMD)

				2025
Business loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 31 December	**2,122,857**	**19,228**	**28,094**	**2,170,179**

				2025
Mortgage loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	5,049,081	70,911	22,462	5,142,454
New assets originated	779,188	-	-	779,188
Assets repaid	(857,554)	(8,044)	(15,366)	(880,964)
Transfer to Stage 1	8,606	(8,606)	-	-
Transfer to Stage 2	(1,274)	1,274	-	-
Transfer to Stage 3	(1,343)	-	1,343	-
Net change in assets from interest and foreign exchange revaluation	986	887	(393)	1,480
Net (write-off) recovery	-	-	(3,589)	(3,589)
Balance at 31 December	**4,977,690**	**56,422**	**4,457**	**5,038,569**

				2025
Consumer loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	2,890,293	98,048	83,356	3,071,697
New assets originated	2,413,012	33,305	40,706	2,487,023
Assets repaid	(2,154,780)	(113,160)	(78,329)	(2,346,269)
Transfer to Stage 1	24,328	(24,328)	-	-
Transfer to Stage 2	(112,231)	135,692	(23,461)	-
Transfer to Stage 3	(104,384)	(27,178)	131,562	-
Net change in assets from interest and foreign exchange revaluation	944	7,798	5,846	14,588
Net (write-off) recovery	-	-	(28,381)	(28,381)
Balance at 31 December	**2,957,182**	**110,177**	**131,299**	**3,198,658**

				2025
Home improvement loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	2,099,367	15,155	2,745	2,117,267
New assets originated	1,071,630	10,000	-	1,081,630
Assets repaid	(784,226)	(10,588)	(10,792)	(805,606)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(14,461)	16,187	(1,726)	-
Transfer to Stage 3	-	(3,830)	3,830	-
Net change in assets from interest and foreign exchange revaluation	(2,609)	981	(424)	(2,052)
Net (write-off) recovery	-	-	6,619	6,619
Balance at 31 December	**2,369,701**	**27,905**	**252**	**2,397,858**

For the year ended 31 December 2025 (in thousand AMD)

				2024
Agricultural loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	4,635,122	73,026	93,587	4,801,735
New assets originated	3,054,250	17,240	7,920	3,079,410
Assets repaid	(3,304,841)	(62,712)	(349,206)	(3,716,759)
Transfer to Stage 1	1,931	(1,931)	-	-
Transfer to Stage 2	(49,232)	49,643	(411)	-
Transfer to Stage 3	(48,613)	(5,627)	54,240	-
Net change in assets from interest and foreign exchange revaluation	13,089	8,326	(14,047)	7,368
Net (write-off) recovery	-	-	260,552	260,552
Balance at 31 December	**4,301,706**	**77,965**	**52,635**	**4,432,306**

				2024
Business loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	1,905,711	43,017	982	1,949,710
New assets originated	677,039	400	1,970	679,409
Assets repaid	(1,193,094)	(20,061)	(23,250)	(1,236,405)
Transfer to Stage 1	1,221	(1,221)	-	-
Transfer to Stage 2	(7,135)	7,135	-	-
Transfer to Stage 3	(112,019)	(256)	112,275	-
Net change in assets from interest and foreign exchange revaluation	23,133	667	4,044	27,844
Net (write-off) recovery	-	-	(22,899)	(22,899)
Balance at 31 December	**1,294,856**	**29,681**	**73,122**	**1,397,659**

				2024
Mortgage loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	4,961,190	68,511	4,229	5,033,930
New assets originated	744,100	-	-	744,100
Assets repaid	(633,504)	(6,052)	(3,847)	(643,403)
Transfer to Stage 2	(8,433)	8,433	-	-
Transfer to Stage 3	(31,651)	-	31,651	-
Net change in assets from interest and foreign exchange revaluation	17,379	19	790	18,188
Net (write-off) recovery	-	-	(10,361)	(10,361)
Balance at 31 December	**5,049,081**	**70,911**	**22,462**	**5,142,454**

For the year ended 31 December 2025 (in thousand AMD)

				2024
Consumer loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	2,576,033	108,235	58,044	2,742,312
New assets originated	2,458,920	29,100	17,600	2,505,620
Assets repaid	(2,055,112)	(77,140)	(43,127)	(2,175,379)
Transfer to Stage 1	19,753	(19,076)	(677)	-
Transfer to Stage 2	(67,606)	69,145	(1,539)	-
Transfer to Stage 3	(69,469)	(18,461)	87,930	-
Net change in assets from interest and foreign exchange revaluation	27,774	6,245	(18,996)	15,023
Net (write-off) recovery	-	-	(15,879)	(15,879)
Balance at 31 December	**2,890,293**	**98,048**	**83,356**	**3,071,697**

				2024
Home improvement loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 1 January	1,331,254	14,413	1,364	1,347,031
New assets originated	1,200,535	4,000	3,200	1,207,735
Assets repaid	(430,500)	(10,374)	(43,042)	(483,916)
Transfer to Stage 1	2,974	(2,974)	-	-
Transfer to Stage 2	(8,281)	8,281	-	-
Transfer to Stage 3	(1,921)	-	1,921	-
Net change in assets from interest and foreign exchange revaluation	5,305	1,810	8,578	15,693
Net (write-off) recovery	-	-	30,724	30,724
Balance at 31 December	**2,099,366**	**15,156**	**2,745**	**2,117,267**

An analysis of changes in expected credit loss allowances for agricultural, business, mortgage, consumer and home improvement loans is presented below:

				2025
Agricultural loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance at 1 January	54,948	30,480	37,952	123,380
Transfer to Stage 1	12,196	(9,722)	(2,474)	-
Transfer to Stage 2	(1,130)	10,383	(9,253)	-
Transfer to Stage 3	(1,327)	(9,036)	10,363	-
Net remeasurement of loss allowance	(45,397)	(6,347)	(320,473)	(372,217)
Net remeasurement of loss allowances on new originated assets	39,869	7,721	3,260	50,850
Net (write-off) recovery	-	-	310,563	310,563
Balance at 31 December	**59,159**	**23,479**	**29,938**	**112,576**

For the year ended 31 December 2025 (in thousand AMD)

				2025
Business loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance at 1 January	25,421	10,678	50,470	86,569
Transfer to Stage 1	35	(35)	-	-
Transfer to Stage 2	(156)	1,302	(1,146)	-
Transfer to Stage 3	(1,913)	(6,901)	8,814	-
Net remeasurement of loss allowance	(15,563)	(1,765)	13,389	(3,939)
Net remeasurement of loss allowances on new originated assets	25,802	4,544	4,119	34,465
Net (write-off) recovery	-	-	(56,638)	(56,638)
Balance at 31 December	**33,626**	**7,823**	**19,008**	**60,457**

				2025
Mortgage loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance at 1 January	10,102	34,333	18,830	63,265
Transfer to Stage 1	4,165	(4,165)	-	-
Transfer to Stage 2	(3)	3	-	-
Transfer to Stage 3	(3)	-	3	-
Net remeasurement of loss allowance	(8,041)	(10,671)	(12,243)	(30,955)
Net remeasurement of loss allowances on new originated assets	788	-	143	931
Net (write-off) recovery	-	-	(3,589)	(3,589)
Balance at 31 December	**7,008**	**19,500**	**3,144**	**29,652**

				2025
Consumer loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance at 1 January	73,995	44,452	67,311	185,758
Transfer to Stage 1	10,490	(10,490)	-	-
Transfer to Stage 2	(5,114)	24,258	(19,144)	-
Transfer to Stage 3	(4,507)	(13,621)	18,128	-
Net remeasurement of loss allowance	(43,055)	(8,533)	33,647	(17,941)
Net remeasurement of loss allowances on new originated assets	39,995	14,246	32,084	86,325
Net (write-off) recovery	-	-	(28,381)	(28,381)
Balance at 31 December	**71,804**	**50,312**	**103,645**	**225,761**

For the year ended 31 December 2025 (in thousand AMD)

Home improvement loans	Stage 1	Stage 2	Stage 3	2025 Total
ECL allowance at 1 January	49,672	6,629	1,866	58,167
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(342)	1,515	(1,173)	-
Transfer to Stage 3	-	(1,802)	1,802	-
Net remeasurement of loss allowance	(14,690)	1,578	(8,959)	(22,071)
Net remeasurement of loss allowances on new originated assets	17,310	4,396	-	21,706
Net (write-off) recovery	-	-	6,619	6,619
Balance at 31 December	**51,950**	**12,316**	**155**	**64,421**

Agricultural loans	Stage 1	Stage 2	Stage 3	2024 Total
ECL allowance at 1 January	72,110	30,219	81,416	183,745
Transfer to Stage 1	779	(779)	-	-
Transfer to Stage 2	(899)	1,135	(236)	-
Transfer to Stage 3	(1,575)	(2,853)	4,428	-
Net remeasurement of loss allowance	(44,418)	(3,049)	(311,733)	(359,200)
Net remeasurement of loss allowances on new originated assets	28,951	5,807	3,525	38,283
Net (write-off) recovery	-	-	260,552	260,552
Balance at 31 December	**54,948**	**30,480**	**37,952**	**123,380**

Business loans	Stage 1	Stage 2	Stage 3	2024 Total
ECL allowance at 1 January	32,940	14,854	704	48,498
Transfer to Stage 1	429	(429)	-	-
Transfer to Stage 2	(117)	117	-	-
Transfer to Stage 3	(1,046)	(1,144)	2,190	-
Net remeasurement of loss allowance	(18,378)	(2,720)	70,008	48,910
Net remeasurement of loss allowances on new originated assets	11,169	-	891	12,060
Net (write-off) recovery	-	-	(22,899)	(22,899)
Balance at 31 December	**24,997**	**10,678**	**50,894**	**86,569**

For the year ended 31 December 2025 (in thousand AMD)

				2024
Mortgage loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance at 1 January	6,857	25,879	2,819	35,555
Transfer to Stage 2	(12)	12	-	-
Transfer to Stage 3	(26)	-	26	-
Net remeasurement of loss allowance	2,362	8,442	26,346	37,150
Net remeasurement of loss allowances on new originated assets	921	-	-	921
Net (write-off) recovery	-	-	(10,361)	(10,361)
Balance at 31 December	**10,102**	**34,333**	**18,830**	**63,265**

				2024
Consumer loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance at 1 January	73,269	51,026	46,893	171,188
Transfer to Stage 1	10,542	(9,997)	(545)	-
Transfer to Stage 2	(2,181)	3,302	(1,121)	-
Transfer to Stage 3	(4,269)	(9,607)	13,876	-
Net remeasurement of loss allowance	(45,266)	(3,076)	8,730	(39,612)
Net remeasurement of loss allowances on new originated assets	41,900	12,804	15,357	70,061
Net (write-off) recovery	-	-	(15,879)	(15,879)
Balance at 31 December	**73,995**	**44,452**	**67,311**	**185,758**

				2024
Home improvement loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance at 1 January	34,962	6,287	1,111	42,360
Transfer to Stage 1	1,339	(1,339)	-	-
Transfer to Stage 2	(214)	214	-	-
Transfer to Stage 3	(50)	-	50	-
Net remeasurement of loss allowance	(12,514)	(139)	(30,712)	(43,365)
Net remeasurement of loss allowances on new originated assets	26,149	1,606	693	28,448
Net (write-off) recovery	-	-	30,724	30,724
Balance at 31 December	**49,672**	**6,629**	**1,866**	**58,167**

The loans are fully allocated on the territory of the Republic of Armenia. The analysis of the loan portfolio by economic sectors is presented below:

For the year ended 31 December 2025 (in thousand AMD)

	2025	2024
Mortgage	5,038,569	5,142,454
Consumer	3,198,658	3,071,697
Crop farming	2,728,862	1,970,885
Livestock farming	2,509,536	2,291,950
Home improvement	2,397,858	2,117,267
Trade	381,429	297,049
Industry	249,089	808,255
Other agriculture	56,411	169,471
Other	1,539,660	292,355
	18,100,072	16,161,383
Credit loss allowance	(492,867)	(517,139)
Total loans to customers	**17,607,205**	**15,644,244**

As of 31 December 2025, the right to claim 19 loans in the amount of AMD 73,724 thousand (as of 31 December 2024: 54 loans in the total amount of AMD 106,124 thousand) is a collateral for loans received from state non-profit organizations (see Note 18).

As of 31 December 2025, the right to claim loans granted to customers in the gross amount of AMD 3,273,855 thousand (31 December 2024: AMD 3,724,856 thousand) is a collateral for loans of AMD 5,185,104 thousand (31 December 2024: AMD 4,045,590 thousand) received from refinancing credit institutions.

The estimated fair value of loans to customers as of 31 December 2025 and 31 December 2024 is disclosed in Note 23.

The maturity analysis of loans to customers is disclosed in Note 25.

The debt, exchange rate and interest rate analysis of loans to customers is disclosed in Note 26. Information on transactions with related parties is disclosed in Note 22.

16. Property, plant and equipment (PPE) and intangible assets

	Capital investments in leased PPE	Computers and communication equipment	Vehicles	Office furniture and equipment	Intangible assets	Right-of-use assets (land and buildings)	Total
Cost							
At 1 January 2024	40,691	380,837	111,260	192,491	91,792	632,561	1,449,632
Additions	-	4,266	-	250	74,290	-	78,806
Remeasurement	-	-	-	-	-	76,178	76,178
Disposals	(7,536)	-	-	-	-	-	(7,536)
At 31 December 2024	**33,155**	**385,103**	**111,260**	**192,741**	**166,082**	**708,739**	**1,597,080**
Additions	-	4,500	20,000	2,535	18,680	-	45,715
Remeasurement	-	9,284	-	(142)	(12,720)	125,496	121,918
Disposals	-	-	-	-	-	(107,014)	(107,014)

For the year ended 31 December 2025 (in thousand AMD)

	Capital investments in leased PPE	Computers and communication equipment	Vehicles	Office furniture and equipment	Intangible assets	Right-of-use assets (land and buildings)	Total
At 31 December 2025	**33,155**	**398,887**	**131,260**	**195,134**	**172,042**	**727,221**	**1,657,699**
Accumulated depreciation							
At 1 January 2024	20,183	295,543	97,390	183,491	41,253	515,967	1,153,827
Expense for the year	2,770	24,438	2,212	2,951	12,914	90,412	135,697
Disposals	(4,833)	-	-	-	-	-	(4,833)
At 31 December 2024	**18,120**	**319,981**	**99,602**	**186,442**	**54,167**	**606,379**	**1,284,691**
Expense for the year	2,911	24,093	4,912	3,024	19,591	103,243	157,774
Remeasurement	-	7,544	-	(142)	(10,980)	-	(3,578)
Disposals	-	-	-	-	-	(107,014)	(107,014)
At 31 December 2025	**21,031**	**351,618**	**104,514**	**189,324**	**62,778**	**602,608**	**1,331,873**
Carrying amount							
At 31 December 2024	**15,035**	**65,122**	**11,658**	**6,299**	**111,915**	**102,360**	**312,389**
At 31 December 2025	**12,124**	**47,269**	**26,746**	**5,810**	**109,264**	**124,613**	**325,826**

Fully depreciated assets

As of 31 December 2025, the cost of fully depreciated assets included in the list of PPE and intangible assets was AMD 521,921 thousand (as of 31 December 2024: AMD 509,388 thousand).

Right-of-use assets

The Company has entered into lease agreements for its head office and branches. Except for short-term leases and leases of underlying low-value assets, each lease is recorded in the statement of financial position as a right-of-use asset and a lease liability. The Company classifies its right-of-use assets in line with its own property, plant and equipment classification, and presents the lease liability in other liabilities (see Note 19).

Restrictions on PPE

As of 31 December 2025, the Company did not possess any PPE and intangible assets pledged against liabilities or subject to any other restrictions (as of 31 December 2024: the same).

Contractual obligations

As of 31 December 2025, the Company had no contractual obligations to acquire PPE and intangible assets (as of 31 December 2024: the same).

For the year ended 31 December 2025 (in thousand AMD)

17. Other assets

	2025	2024
Amounts receivable from payment and settlement systems	14,087	21,906
Receivables from the RA Government for subsidized loans	5,753	11,931
Receivables and other amounts receivable	130	8,275
Total other financial assets	**19,970**	**42,112**
Repossessed assets	143,425	106,219
Prepayments	13,784	15,739
Future expenses	9,212	8,640
Materials	3,960	5,098
Prepayments on taxes	2,484	101
Total non-financial assets	**172,865**	**135,797**
Total other assets	**192,835**	**177,909**

The analysis of changes in expected credit losses on other financial assets is presented below:

	2025	2024
	Stage 1	**Stage 1**
ECL allowance at 1 January	-	-
Net remeasurement of loss allowance	(1,184)	(1,974)
Net recovery	1,184	1,974
Balance at 31 December	-	-

Details of non-financial assets acquired as a result of obtaining ownership rights over collateral securing loans provided by the Company are presented below:

	2025	2024
Real estate	143,425	106,219
Total repossessed assets	143,425	106,219

At the date of foreclosure, collateral is measured at the lower of the carrying amount of the outstanding loan obligation and the net realizable value of the collateral.

The Company's policy is to pursue the sale of these assets in an appropriate and timely manner. The Company generally does not use non-cash collateral for its own operations. Assets are measured at the lower of carrying amount and fair value less costs to sell.

18. Loans and borrowings

	2025	2024
Loans from refinancing credit organizations	5,185,104	4,045,590
Loans from international financial institutions	3,139,544	423,655
Loans and overdrafts from RA banks	1,038,489	1,696,160
Borrowings from state non-commercial organizations	941,387	931,266
Loans from the CBA	248,162	620,322
Total loans and borrowings	**10,552,686**	**7,716,993**

Loans from financial institutions have fixed interest rates.

For the year ended 31 December 2025 (in thousand AMD)

As of 31 December 2025, the Company had loans and borrowings from 5 lenders, the balances of which exceeded 10% of the Company's equity (3 lenders in 2024). As of 31 December 2025, these balances amounted to AMD 8,479,301 thousand (2024: AMD 5,075,644 thousand).

As of 31 December 2025, loans from banks are secured by cash flows from bank accounts (see Note 13).

As of 31 December 2025, borrowings from state non-profit organizations are secured by a pledge of the right to demand loans in the amount of AMD 73,724 thousand (31 December 2024: AMD 106,124 thousand) (see Note 15).

As of 31 December 2025, loans received from refinancing credit organizations are secured by the right to demand loans in the gross amount of AMD 3,273,855 thousand (31 December 2024: AMD 3,724,856 thousand) (see Note 15).

During the reporting period, the Company had no cases of non-payment of principal, interest, or other violations of contractual obligations (2024: the same).

19. Other liabilities

	2025	**2024**
Lease liabilities	142,534	121,206
Liabilities to personnel	127,567	122,644
Payables	25,273	15,681
Other financial liabilities	10,000	-
Total other financial liabilities	**305,374**	**259,531**
Tax payables, other than income tax	32,522	24,503
Prepayments received	14,260	15,627
Other	24,720	2,988
Total other non-financial liabilities	**71,502**	**43,118**
Total other liabilities	**376,876**	**302,649**

19.1. Lease liabilities

The Company has entered into lease agreements for its head office and branches. Except for short-term leases and leases of low-value assets (see Note 11), each lease is recorded in the statement of financial position as a right-of-use asset and a lease liability. The Company classifies its right-of-use assets in a manner consistent with its classification of its own property, plant and equipment (see Note 16).

The movement in lease liabilities during the reporting period is set out below:

	2025	**2024**
At 1 January	121,206	139,519
Additions	-	-
Remeasurement	125,496	76,178
Interest accumulation	13,202	15,418
Payments	(117,370)	(109,909)
Total lease liabilities at 31 December	**142,534**	**121,206**

The weighted average interest rate applied to lease liabilities recognized in accordance with IFRS 16 in 2025 is 10.5-13.2% (2024: 10.5-12.9).

The lease liabilities are secured by the corresponding underlying assets. The maturity analysis of undiscounted lease liabilities as of 31 December 2025 is reflected in Note 26.3.

20. Equity

As of 31 December 2025 and 2024, the Company’s registered and fully paid-up share capital was AMD 5,000,000 thousand. According to the Company’s Charter, the share capital consists of 20,000 shares with a nominal value of AMD 250 thousand each.

As of 31 December 2025, the sole shareholder of the Company is “AGENCE FINANCE” CJSC.

As of 31 December 2025, there were no shares repurchased by the Company.

Shareholders of common stock are entitled to one vote at the Company's annual and general meetings and to receive dividends.

The Company's reserves subject to distribution are limited to accumulated profits, calculated in accordance with the legislation of the Republic of Armenia. Non-distributable funds are represented by the general reserve, which is created in accordance with the requirements of the legislation of the Republic of Armenia to cover general banking risks, including possible losses and other unforeseen risks and expenses. The reserve is created in accordance with the Company's Charter, 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 records.

21. Contingent liabilities

Legal and tax liabilities

The tax system in Armenia is relatively new and is characterized by frequent changes in legislation, official pronouncements and court decisions, which are sometimes unclear, contradictory and subject to different interpretations. Taxes are subject to inspection and review by tax authorities, which have the authority to impose penalties and fines. In case of violation of tax legislation, tax authorities cannot impose additional taxes, penalties and fines for more than 3 reporting years preceding the inspection.

These circumstances may give rise to tax risks in Armenia that are more significant than in other countries. Management believes that it has properly complied with its tax obligations based on its interpretations of applicable tax legislation in Armenia, official pronouncements and court decisions. However, the interpretations of the relevant authorities may differ and if the authorities are successful in enforcing their interpretations, the impact on these financial statements could be material.

The management is confident that the Company operates within the framework of the requirements stipulated by the legislation and has fully fulfilled its tax obligations.

With respect to the lawsuits filed against the Company, the Company's management believes that the liabilities arising from them will not have a material impact on the Company's financial position or future results of operations.

Accordingly, the Company has not established respective provisions for legal and tax liabilities.

Insurance

The insurance sector in Armenia is in a developing stage, and many insurance formats specific to other countries are generally not yet applicable. The Company has insurance for movable property. Unless the Company has provided for comprehensive insurance, there is a risk that the loss or destruction of certain assets may have a negative impact on the Company's operations and financial position.

22. 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 Management as well as other persons and enterprises related with and controlled by them respectively. The ultimate controlling party of the Company is “AGENCE FINANCE” CJSC.

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A number of banking transactions are entered into with related parties in the normal course of business. These transactions include loans, borrowings, etc.

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 related parties	**Management and related parties**	**Shareholders and related parties**	**Management and related parties**
Statement of financial position				
Loans to customers				
Balance at 1 January, gross	37,637	257,807	41,567	237,593
Loans granted during the year	992,456	-	-	40,000
Loans repaid during the year	(430,699)	(9,963)	(3,930)	(19,786)
Reclassification, termination of relation	(37,637)	(8,178)		
Balance at 31 December, gross	**561,757**	**239,666**	**37,637**	**257,807**
Credit loss allowance	(9,506)	(1,354)	(75)	(1,654)
Balance at 31 December	**552,251**	**238,312**	**37,562**	**256,153**
Right-of-use assets				
Balance at 1 January	12,890	-	20,720	-
Depreciation expense	-	-	(7,830)	-
Reclassification, termination of relation	(12,890)			
Balance at 31 December	**-**	**-**	**12,890**	**-**
Liability for guarantee provided	**10,000**	**-**	**-**	**-**
Lease liabilities				
Balance at 1 January	15,905	-	23,978	-
Increase during the year	-	-	1,590	-
Payment during the year	-	-	(9,663)	-
Reclassification, termination of relation	(15,905)			
Balance at 31 December	**-**	**-**	**15,905**	**-**
Amounts payable for low-value leases	**-**	**-**	**1,453**	**-**
Statement of profit or loss and other comprehensive income				
Interest income on loans	19,511	20,051	3,336	20,426
Reversal of expense (expense) for credit losses	(9,506)	336	(18)	(647)
Expense for credit losses on guarantees provided	(10,000)	-	-	-
Interest expense on lease liabilities	-	-	(2,151)	-
Low-value lease expense	-	-	(1,029)	-

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The compensation paid to management personnel is as follows:

	2025	2024
Salaries and bonuses	261,160	143,167
Total compensation for management personnel	**261,160**	**143,167**

Loans provided to persons related to the Company are repayable over a period of 1 to 18 years and their interest rate is 7.5 to 15% (in 2024: 7.5-14%, repayable over a period of 3 to 18 years).

23. 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).

23.1. Financial instruments 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 fair value measurement is categorized:

			2025
	Level 3	**Total fair value**	**Total carrying amount**
Financial assets			
Loans to customers	15,077,163	15,077,163	17,607,205
Financial liabilities			
Loans and borrowings	10,182,405	10,182,405	10,552,686

			2024
	Level 3	**Total fair value**	**Total carrying amount**
Financial assets			
Loans to customers	12,695,013	12,695,013	15,644,244
Financial liabilities			
Loans and borrowings	7,630,496	7,630,496	7,716,993

Amounts due to and from other 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.

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Management believes that the fair values of the Company's cash and cash equivalents, receivables from financial institutions and other financial assets and liabilities approximate their carrying amounts, primarily due to the short-term maturities of these instruments.

Loans to customers

The fair values of fixed-rate loans are estimated based on the calculation of expected future cash flows, which are discounted at current interest rates for instruments with similar credit risk and maturity. The interest rates to be applied depend on the credit risk of the borrower and range from 13.0% to 34.2% per annum (2024: 16.0% to 28.8% per annum).

The fair value of impaired loans is calculated based on the expected cash flows from the sale of the collateral. The value of the collateral is based on valuations performed by an independent, professionally qualified property appraiser.

Loans and borrowings

The fair value of loans and borrowings is estimated using the discounted cash flow method, applying rates offered for loans with similar maturities.

24. Offsetting of financial assets and financial liabilities

As of 31 December 2025 and 2024, the Company has no financial assets and financial liabilities that are presented in its statement of financial position at net value or will be offset under a master netting agreement or similar agreements.

25. Maturity analysis of assets and liabilities

The following table presents financial assets and liabilities by expected maturity dates. Information on the Company's undiscounted contractual liabilities is presented in Note 26.3.

							2025
	Up to 1 month	**From 1 to 12 months**	**Up to 12 months, sub-total**	**1 to 5 years**	**More than 5 years**	**More than 12 months, sub-total**	**Total**
Assets							
Cash	277,068	-	277,068	-	-	-	277,068
Amounts due from financial institutions	457,893	152,312	610,205	366,676	-	366,676	976,881
Loans to customers	506,458	5,381,877	5,888,335	9,041,563	2,677,307	11,718,870	17,607,205
Other assets	19,970	-	19,970	-	-	-	19,970
	1,261,389	**5,534,189**	**6,795,578**	**9,408,239**	**2,677,307**	**12,085,546**	**18,881,124**
Liabilities							
Loans and borrowings	135,091	2,007,454	2,142,545	7,301,776	1,108,365	8,410,141	10,552,686
Other liabilities (except for lease liabilities)	35,920	116,920	152,840	-	10,000	10,000	162,840
Lease liabilities	20,169	66,632	86,801	55,733	-	55,733	142,534
	191,180	**2,191,006**	**2,382,186**	**7,357,509**	**1,118,365**	**8,475,874**	**10,858,060**
Net position	**1,070,209**	**3,343,183**	**4,413,392**	**2,050,730**	**1,558,942**	**3,609,672**	**8,023,064**
Accumulated gap	**1,070,209**	**4,413,392**		**6,464,122**	**8,023,064**		

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2024

	Up to 1 month	From 1 to 12 months	Up to 12 months, sub-total	1 to 5 years	More than 5 years	More than 12 months, sub-total	Total
Assets							
Cash	40,167	-	40,167	-	-	-	40,167
Amounts due from financial institutions	-	-	-	-	-	-	-
Loans to customers	425,711	4,880,520	5,306,231	7,667,938	2,670,075	10,338,013	15,644,244
Other assets	42,112	-	42,112	-	-	-	42,112
	507,990	**4,880,520**	**5,388,510**	**7,667,938**	**2,670,075**	**10,338,013**	**15,726,523**
Liabilities							
Loans and borrowings	132,410	2,987,754	3,120,164	3,253,868	1,342,961	4,596,829	7,716,993
Other liabilities (except for lease liabilities)	15,681	122,644	138,325	-	-	-	138,325
Lease liabilities	8,584	61,289	69,873	51,333	-	51,333	121,206
	156,675	**3,171,687**	**3,328,362**	**3,305,201**	**1,342,961**	**4,648,162**	**7,976,524**
Net position	**351,315**	**1,708,833**	**2,060,148**	**4,362,737**	**1,327,114**	**5,689,851**	**7,749,999**
Accumulated gap	**351,315**	**2,060,148**		**6,422,885**	**7,749,999**		

26. Risk Management

The Company's activities are characterized by a variety of financial risks and these activities imply the analysis, assessment, acceptance and management of certain degrees and combinations of risks.

The Company manages risks through continuous processes of identification, assessment and monitoring, as well as through the establishment of risk limits and other internal control measures. The risk management process is essential in ensuring the sustainability of the Company's profitability, and each employee of the Company is responsible for the occurrence of risks associated with his/her duties. The Company's activities are exposed to credit, liquidity and market risks, which in turn are divided into market risks associated with commercial and non-commercial operations. The Company is also exposed to operational risks.

The independent risk management process does not include business risks, such as environmental changes, technology or industry changes. These are managed by the Company through its strategic planning process.

Risk management structure

The Board of Directors bears overall responsibility for identifying and controlling risks, however, there are separate independent bodies responsible for risk management and control.

Company’s Board

The Board is responsible for the overall oversight of risk management, approval of strategy and risk management principles.

Director

The Director is responsible for the implementation and control of the risk management process, asset and liability management. The Director is also responsible for the Company's liquidity risk and funding risk.

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Credit Committee

The Credit Committee bears overall responsibility for risk management in the loan granting process.

Internal Audit Department

The risk management process implemented by the Company is reviewed annually by the Company's Internal Audit Department in accordance with the audit plan approved by the Company's Board, which verifies both the completeness of the procedures and the compliance of the Company's activities with the procedures. The results of the audits are discussed with the management, after which they are presented to the Company's Board and the Shareholders.

Excessive concentration of risk

Concentrations of risk arise when a number of counterparties carry out similar activities, or the activities are carried out in the same region, or they have similar economic characteristics, and as a result of changes in economic, political or other conditions, they exhibit a similar effect on the ability of those counterparties to fulfill their contractual obligations. Concentrations of risk reflect the relative sensitivity of the Company's results of operations to changes in conditions that affect a specific industry or geographical region.
In order to avoid excessive concentrations of risk, the Company's policies and processes include specific principles aimed at maintaining a diversified portfolio. Management is carried out with defined concentrations of risk.

26.1. Credit risk

The Company's activities are exposed to credit risk related to the failure of the borrower to fulfill its obligations, which may cause losses to the Company. Credit risk is the Company's most important risk, which is why the Company monitors it with particular attention. Credit risk is mainly associated with credit operations that lead to the provision of loans. Credit risk management and control are carried out by the Company's credit risk management group and reports are regularly submitted to the Company's management.

26.1.1. Credit quality analysis

The following table presents an analysis of the exposure to credit risk of financial instruments for which an allowance for expected credit losses is recognised. The gross carrying amount of the financial assets below represents the Company's maximum exposure to credit risk on those assets, without taking into account any collateral or other enhancements.

Information on internal ratings is disclosed in Note 26.1.2.

Internal ratings				**2025**
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Cash (excluding cash on hand)				
High	258,970	-	-	258,970
Gross carrying amount	258,970	-	-	258,970
Credit loss allowance	-	-	-	-
Net carrying amount	**258,970**	**-**	**-**	**258,970**
Amounts due from financial institutions				
High	993,412	-	-	993,412
Gross carrying amount	993,412	-	-	993,412
Credit loss allowance	(16,531)	-	-	(16,531)
Net carrying amount	**976,881**	**-**	**-**	**976,881**
Agricultural loans				
High	5,176,383	-	-	5,176,383

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Internal ratings				2025
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Standard	6,103	30,619	-	36,722
Non-standard	-	38,800	-	38,800
Non-performing	-	-	42,903	42,903
Gross carrying amount	5,182,486	69,419	42,903	5,294,808
Credit loss allowance	(59,159)	(23,479)	(29,938)	(112,576)
Net carrying amount	**5,123,327**	**45,940**	**12,965**	**5,182,232**
Business loans				
High	2,121,773	-	-	2,121,773
Standard	1,084	9,903	-	10,987
Non-standard	-	9,325	-	9,325
Non-performing	-	-	28,094	28,094
Gross carrying amount	2,122,857	19,228	28,094	2,170,179
Credit loss allowance	(33,626)	(7,823)	(19,008)	(60,457)
Net carrying amount	**2,089,231**	**11,405**	**9,086**	**2,109,722**
Mortgage loans				
High	4,977,690	-	-	4,977,690
Standard	-	1,263	-	1,263
Non-standard	-	55,159	-	55,159
Non-performing	-	-	4,457	4,457
Gross carrying amount	4,977,690	56,422	4,457	5,038,569
Credit loss allowance	(7,008)	(19,500)	(3,144)	(29,652)
Net carrying amount	**4,970,682**	**36,922**	**1,313**	**5,008,917**
Consumer loans				
High	2,927,301	-	-	2,927,301
Standard	29,881	43,316	-	73,197
Non-standard	-	66,861	-	66,861
Non-performing	-	-	131,299	131,299
Gross carrying amount	2,957,182	110,177	131,299	3,198,658
Credit loss allowance	(71,804)	(50,312)	(103,645)	(225,761)
Net carrying amount	**2,885,378**	**59,865**	**27,654**	**2,972,897**
Home improvement loans				
High	2,369,701	-	-	2,369,701
Standard	-	9,957	-	9,957
Non-standard	-	17,948	-	17,948
Non-performing	-	-	252	252
Gross carrying amount	2,369,701	27,905	252	2,397,858
Credit loss allowance	(51,950)	(12,316)	(155)	(64,421)
Net carrying amount	**2,317,751**	**15,589**	**97**	**2,333,437**
Other financial assets				
Standard	19,970	-	-	19,970
Gross carrying amount	19,970	-	-	19,970
Credit loss allowance	-	-	-	-
Net carrying amount	**19,970**	**-**	**-**	**19,970**

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Internal ratings				**2024**
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Cash (excluding cash on hand)				
High	36,092	-	-	36,092
Gross carrying amount	36,092	-	-	36,092
Credit loss allowance	-	-	-	-
Net carrying amount	**36,092**	**-**	**-**	**36,092**
Agricultural loans				
High	4,293,665	-	-	4,293,665
Standard	8,041	38,526	-	46,567
Non-standard	-	39,439	-	39,439
Non-performing	-	-	52,635	52,635
Gross carrying amount	4,301,706	77,965	52,635	4,432,306
Credit loss allowance	(54,948)	(30,480)	(37,952)	(123,380)
Net carrying amount	**4,246,758**	**47,485**	**14,683**	**4,308,926**
Business loans				
High	1,286,014	-	-	1,286,014
Standard	8,842	2,717	-	11,559
Non-standard	-	26,964	-	26,964
Non-performing	-	-	73,122	73,122
Gross carrying amount	1,294,856	29,681	73,122	1,397,659
Credit loss allowance	(24,997)	(10,678)	(50,894)	(86,569)
Net carrying amount	**1,269,859**	**19,003**	**22,228**	**1,311,090**
Mortgage loans				
High	5,049,081	-	-	5,049,081
Standard	-	8,172	-	8,172
Non-standard	-	62,739	-	62,739
Non-performing	-	-	22,462	22,462
Gross carrying amount	5,049,081	70,911	22,462	5,142,454
Credit loss allowance	(10,102)	(34,333)	(18,830)	(63,265)
Net carrying amount	**5,038,979**	**36,578**	**3,632**	**5,079,189**
Consumer loans				
High	2,867,010	-	-	2,867,010
Standard	23,283	38,817	-	62,100
Non-standard	-	59,231	-	59,231
Non-performing	-	-	83,356	83,356
Gross carrying amount	2,890,293	98,048	83,356	3,071,697
Credit loss allowance	(73,995)	(44,452)	(67,311)	(185,758)
Net carrying amount	**2,816,298**	**53,596**	**16,045**	**2,885,939**
Home improvement loans				
High	2,099,366	-	-	2,099,366
Standard	-	3,277	-	3,277
Non-standard	-	11,879	-	11,879
Non-performing	-	-	2,745	2,745
Gross carrying amount	2,099,366	15,156	2,745	2,117,267
Credit loss allowance	(49,672)	(6,629)	(1,866)	(58,167)

For the year ended 31 December 2025 (in thousand AMD)

Internal ratings				2024
	Stage 1	Stage 2	Stage 3	Total
Net carrying amount	**2,049,694**	**8,527**	**879**	**2,059,100**
Other financial assets				
Standard	42,112	-	-	42,112
Gross carrying amount	42,112	-	-	42,112
Credit loss allowance	-	-	-	-
Net carrying amount	**42,112**	**-**	**-**	**42,112**

26.1.2. 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

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

When determining whether there has been a significant increase in credit risk, the Company uses a 30-day overdue limit for the loan portfolio as a criterion.

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposure for term deposits and cash accounts. For not rated companies the Company adjusts ratings by the country's rating grade where the company operates.

Overdue days are primary input into the determination of the term structure of PD for retail exposures in Markov's model of migration matrices. Migration matrices are constructed using historical data over the past 60 months.

Determining whether credit risk has increased significantly

The Company assesses whether credit risk has increased significantly since initial recognition at each reporting period. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower.

As a backstop, the Company considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due because the estimated PD increased significantly. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. When contractual terms of a loan have been modified, evidence that the criteria for recognizing lifetime ECL are no longer met includes history of up-to-date payment performance against the modified contractual terms.

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 revised loans for which a probation period is used.

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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.

The table below present average 12 month PDs per grades for loans to customers:

		2025	2024
	Grade	12 month PD range %	12 month PD range %
Agricultural loans	High	2.32-7.88	2.49-7.94
	Standard	42.82-82.02	44.31-78.71
	Non-standard	59.34-93.30	59.17-94.25
	Non-Performing	100.00	100.00
Business loans	High	3.55-6.64	3.81-4.38
	Standard	30.35-85.05	29.37-84.50
	Non-standard	69.95-92.45	75.62-90.81
	Non-Performing	100.00	100.00
Mortgage loans	High	0.23	0.27
	Standard	55.36	65.50
	Non-standard	49.91-56.10	64.71-65.83
	Non-Performing	100.00	100.00
Consumer loans and home improvement loans	High	3.81-6.64	4.17
	Standard	44.47-76.88	45.80-77.39
	Non-standard	55.70-91.15	55.36-91.65
	Non-Performing	100.00	100.00

Collective assessment

The Company calculates ECLs on a collective basis.

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

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

Definition of default

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

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held);
- the borrower is past due more than 90 days on any material credit obligation to the Company; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due

to the borrower’s inability to pay its credit obligations.

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

- qualitative,
- quantitative; and
- based on data developed internally and obtained from external sources.

When assessing the occurrence of a default on a financial instrument, the baseline data and their significance may change over time to reflect changes in circumstances.

Revised and modified loans

The Company sometimes makes concessions or changes to the original terms of a loan in response to a borrower's financial difficulties, instead of taking possession of the collateral or otherwise collecting it. The Company considers a loan to be renegotiated when it makes concessions or modifications based on the borrower’s current or future financial difficulties and would not have made them if the borrower were financially sound. Indicators of financial difficulties include financial performance failures or significant concerns raised by the credit risk department. Restructuring measures may include extending payment arrangements and agreeing new credit terms. Any impairment after a renegotiation is measured using the effective interest rate calculated prior to the change in terms. It is the Company’s policy to monitor revised loans to ensure that future payments are likely to be made.

Decisions on derecognition and the classification between Stage 2 and Stage 3 are made on a case-by-case basis.

In order for a loan not to be classified in the revised category, the customer must meet all of the following criteria:

- all of the customer’s debts must be considered performing,
- the customer should not have any contracts that are more than 30 days past due.

If the changes are significant, the loan is derecognized, as explained in Note 4.6 (iv).

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)

The Company estimates LGD based on information from prior periods on the recovery rates of claims against defaulting counterparties. The LGD is calculated based on discounted cash flows using the effective interest rate as the discount factor.

Exposure at default (EAD)

EAD is the estimated amount of the debt that would arise if the borrower defaulted. The Company calculates this amount by taking into account the current amount of the debt at default and the changes in that amount that are permitted by the contract and as a result of amortization. The amount at risk at default for a financial asset is the gross carrying amount.

Sensitivity of the ECL allowance on loans

Changes in the estimates of expected credit losses (ECL) on loans may have an impact on the allowance for credit losses on loans. For example, if the indicators below change by the percentage shown in the table, the allowance for ECL will decrease/increase.

For the year ended 31 December 2025 (in thousand AMD)

	2025		2024	
	Change in rates, %	Effect on profit before tax	Change in rates, %	Effect on profit before tax
Probability of Default (PD)	+1	(94,360)	+1	(93,377)
	-1	65,014	-1	56,048
Loss given default (LGD)	+1	(7,982)	+1	(8,036)
	-1	7,982	-1	8,036

A negative amount in the table reflects a potential net reduction in the income statement, while a positive amount reflects a net potential increase.

26.1.3. Collateral and other credit security

The amount and type of collateral required depends on the borrower's credit risk assessment. There are guidelines on the acceptability and valuation of each type of collateral.

The main types of collateral received are as follows:

- In the case of business loans: real estate and vehicles
- In the case of secured consumer loans: real estate, vehicles and jewelry
- In the case of mortgage loans: real estate.

The Company did not have any financial instruments for which a loss allowance was not recognized due to the existence of collateral.

Analysis of the gross loan portfolio by collateral is presented below:

	2025	2024
Unsecured	10,432,020	8,336,289
Real estate	7,189,583	7,587,460
Vehicles	95,580	230,889
Gold jewelry and other gold items	-	497
Other collateral	382,889	6,248
Total loans (gross)	**18,100,072**	**16,161,383**

As of 31 December 2025 and 2024, unsecured loans are primarily provided with third party guarantees.

The values presented in the table above are the net carrying amounts of the loans and do not necessarily represent the fair value of the collateral. The market value estimates of the collateral are based on the valuation of the collateral at the date of the loans. They are generally not updated until the loans are assessed as individually impaired.

26.2. 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.

Except for the concentrations within foreign currency, the Company has no significant concentration of market risk.

Average interest rates

The table below shows the average effective interest rates of interest-bearing assets and interest-bearing liabilities as of 31 December 2025 and 2024. These rates represent the approximate yield to maturity of these assets and liabilities.

For the year ended 31 December 2025 (in thousand AMD)

	2025		2024	
	Average effective interest rate, %		Average effective interest rate, %	
	AMD	USD	AMD	USD
Interest-bearing assets				
Loans to customers	20.9	15.9	18.9	13.4
Interest-bearing liabilities				
Loans and liabilities	8.5	9.0	8.4	8.2

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will directly affect the cash flows and fair value of the Company's financial instruments. As of 31 December 2025 and 31 December 2024, the Company has no floating-rate financial assets and liabilities.

Foreign exchange risk

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Board of Directors has set limits for foreign exchange positions. Positions are monitored daily and hedging strategies are used to maintain positions within the specified limits.

The following table shows the foreign currencies that could affect the Company’s non-trading monetary assets and liabilities and their forecasted cash flows as of 31 December 2025. The analysis calculates the impact of potential fluctuations in foreign currencies against the Armenian dram, with other variables held constant, on the statement of financial performance (related to changes in the fair value of non-trading monetary assets and liabilities sensitive to foreign exchange). A negative value in the table reflects a potential net decrease in the statement of financial performance, while a positive value indicates a potential net increase.

	2025		2024	
	Change in currency rate, %	Effect on profit before tax	Change in currency rate, %	Effect on profit before tax
USD	+5	(15,397)	+5	(10,238)
EUR	+5	32	+5	140

The Company’s exposure to foreign currency exchange risk is as follows:

				2025
	Armenian Dram	Freely convertible currencies	Non-convertible currencies	Total
Assets				
Cash	132,620	136,504	7,944	277,068
Amounts due from financial institutions	-	976,881	-	976,881
Loans to customers	16,364,565	1,242,640	-	17,607,205
Other assets	19,970	-	-	19,970
Total	**16,517,155**	**2,356,025**	**7,944**	**18,881,124**
Liabilities				
Loans and borrowings	6,982,794	3,569,892	-	10,552,686
Other liabilities	305,374	-	-	305,374

For the year ended 31 December 2025 (in thousand AMD)

	2025			
	Armenian Dram	**Freely convertible currencies**	**Non-convertible currencies**	**Total**
Total	**7,288,168**	**3,569,892**	**-**	**10,858,060**
Net position at 31 December 2025	**9,228,987**	**(1,213,867)**	**7,944**	**8,023,064**
Total financial assets	**14,796,576**	**928,078**	**1,869**	**15,726,523**
Total financial liabilities	**6,741,147**	**1,235,377**	**-**	**7,976,524**
Net position at 31 December 2024	**8,055,429**	**(307,299)**	**1,869**	**7,749,999**

Freely convertible currencies represent mainly US dollar, EUR amounts. Non-convertible amounts relate to currencies of CIS countries, excluding Republic of Armenia.

26.3. 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. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure additional funding if required.

The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flows.

The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Company.

Analysis of financial liabilities by remaining maturity

The following is a breakdown of the Company's undiscounted financial liabilities as of 31 December 2025, by the remaining maturity dates from the balance sheet date to the contractual maturity dates. See Note 25 for the expected maturity dates of these liabilities. Demand payments are classified on the assumption that payment will be required immediately.

However, the Company's management believes that many customers will not require immediate payment and the table does not reflect the expected cash flows as reflected in the Company's deposit holding history.

	2025					
	Demand and less than 1 month	**From 1 to 12 months**	**From 1 to 5 years**	**More than 5 years**	**Total gross outflow**	**Carrying amount**
Financial liabilities						
Loans and borrowings	135,424	2,088,389	8,839,545	1,995,699	13,059,057	10,552,686
Other liabilities	35,920	116,920	-	10,000	162,840	162,840
Lease liabilities	10,414	70,662	69,160	-	150,236	142,534
Total undiscounted non-derivative financial liabilities	**181,758**	**2,275,971**	**8,908,705**	**2,005,699**	**13,372,133**	**10,858,060**

For the year ended 31 December 2025 (in thousand AMD)

						2024
	Demand and less than 1 month	From 1 to 12 months	From 1 to 5 years	More than 5 years	Total gross outflow	Carrying amount
Financial liabilities						
Loans and borrowings	140,859	3,351,946	4,158,735	1,593,022	9,244,562	7,716,993
Other liabilities	15,681	122,644	-	-	138,325	138,325
Lease liabilities	8,584	63,737	63,967	-	136,288	121,206
Total undiscounted non-derivative financial liabilities	**165,124**	**3,538,327**	**4,222,702**	**1,593,022**	**9,519,175**	**7,976,524**

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes related to the Company's involvement in financial instruments, processes, personnel, technology and infrastructure, and from external factors, excluding credit, market and liquidity risks, such as legal and regulatory requirements and generally accepted standards of corporate conduct.

The Company's objective is to manage operational risk by balancing the avoidance of financial losses and reputational damage with the cost-effectiveness of risk management.

The Executive Body has primary responsibility for developing and implementing controls for operational risk management. This responsibility is accompanied by the development of common standards for operational risk management in the following areas:

- requirements for appropriate segregation of duties, including independent approval of transactions,
- requirements for transaction approval and monitoring,
- compliance with regulatory and other legal requirements, including the minimum requirements for the internal control system of the CBA,
- documentation of control mechanisms and procedures,
- requirements for periodic assessment of emerging operational risks, as well as compliance with risk management procedures,
- requirements for reporting operational losses and proposed mitigating actions,
- development of emergency plans,
- training and professional development,
- ethics and business standards,
- risk mitigation.

Compliance with the Company's standards is performed by periodic reviews conducted by the Company's Auditor. The results of the auditor's reviews are discussed with the relevant representative of the Company's management. Summaries of the reviews are submitted to the Board.

27. Reconciliation of cash flows from financing activities

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

For the year ended 31 December 2025 (in thousand AMD)

	Loans and borrowings	Lease liabilities	Total
.	**8,389,974**	**139,519**	**8,529,493**
Payments	(12,991,878)	(94,491)	(13,086,369)
Proceeds	12,361,125	-	12,361,125
Effect of foreign exchange	(37,102)	-	(37,102)
Accrued interest	(5,126)	-	(5,126)
Other	-	76,178	76,178
Carrying amount as of 31 December **2024**	**7,716,993**	**121,206**	**7,838,199**
Payments	(10,068,394)	(104,168)	(10,172,562)
Proceeds	12,903,464	-	12,903,464
Effect of foreign exchange	(82,733)	-	(82,733)
Accrued interest	83,356	-	83,356
Other	-	125,496	125,496
Carrying amount as of 31 December **2025**	**10,552,686**	**142,534**	**10,695,220**

* The Company classifies interest paid (excluding finance lease liabilities) as cash flows from operating activities.

28. Capital adequacy

The Company maintains an actively managed capital structure to cover the risks inherent in banking activities. The adequacy of the Company’s capital is monitored, among other measures, using the rules and regulations approved by the Basel Committee on Banking Supervision, as well as the Central Bank of Armenia.

The primary objectives of the Company’s capital management are to ensure that the Company’s capital meets the established requirements and that the Company maintains a strong credit rating and healthy capital ratios in order to strengthen its operations and maximize shareholder returns.

The Company manages its capital structure and makes appropriate adjustments in response to changes in economic conditions and the risks of its operations. To maintain or change the capital structure, the Company may change the amount of dividends paid to shareholders, return capital to shareholders, or issue shares. There have been no changes in objectives, policies, and processes compared to previous years.

The minimum ratio between total capital and risk-weighted assets is set by the Central Bank of Armenia at 10%.

Total capital consists of core capital, which includes share capital, retained earnings, including current year's profit, general reserve.

Risk-weighted assets are measured according to risk weights, classified according to the assessment of credit, market and operational risks.

As of 31 December 2025 and 2024, the amounts of total capital, risk-weighted assets and capital adequacy ratio, calculated in accordance with the requirements of the Central Bank of the Republic of Armenia, are presented below:

	Unaudited	
	2025	**2024**
Core capital	8,361,054	8,052,144
Total capital	**8,361,054**	**8,052,144**
Risk-weighted assets	17,807,224	13,172,394
Capital adequacy ratio	**47.0%**	**61.1%**

During the period, the Company has maintained all capital adequacy requirements.

The Central Bank of Armenia has set a minimum total capital requirement of AMD 1,000,000 thousand for credit organizations engaged in cash foreign exchange transactions.

29. Events after reporting date

No events have occurred after the reporting period that would require additional disclosure or adjustment to the Company's financial statements.