

“ARMECONOMBANK” OJSC 2025 1st

Quarter Interim Financial Report

**Appendix 5 Approved by Resolution
N205 of the Board of the Central Bank
of Armenia Dated on 10 July 2007**

**NOTES TO THE INTERIM REPORTS PUBLISHED IN THE 1st QUARTER OF 2025
“ARMECONOMBANK” OJSC 23/1 AMIRYAN STR., YEREVAN**

ARMECONOMBANK

Note 1. “Legal Field and Corporate Governance”

Legal Field

“ARMECONOMBANK” OJSC (hereinafter the Bank) founded in 1991, is the successor of former USSR “Zhilsotsbank” Armenian Republican Bank (1991-1993 "Armstatecombank) and was reorganized as an open joint stock company in 1995 and operated on the basis of the legislation of the Republic of Armenia (hereinafter RA). The bank was registered by the Central Bank of Armenia (hereinafter the CBA) with No1 License number.

The Head office of the Bank and 31 branches are located in Yerevan, another 22 branches in regions. The legal address of the Bank is 23/1 Amiryan Str., Yerevan.

Main Activities

As a universal financial institution, “ARMECONOMBANK” OJSC offers its customers a comprehensive package of services. The prevailing part of the Bank’s activities falls to lending. The Bank offers lending to almost all sectors of the economy conditioned with the level of the risk and the prospect of the given project. The Bank actively operates in the area of lending with international lending programs. The Bank extends commercial, consumer and mortgage loans.

Business Environment

Political and economic changes are very common in Armenia. As an emerging market, Armenia does not have a perfect business environment and corresponding sub-structures which usually exist in countries having free market economy.

Moreover, these conditions set limits to the volumes of transactions in financial markets and real values of the transactions may not comply with the performed transactions. The main obstacle of further economic development is the low level of economic and institutional development paralleled with territorial instability, centralized economic base and impact of international economic crisis.

International economic crisis led to reduction of GDP of Armenia as well as that of transfers from abroad on which Armenian economy depends much.

Corporate Governance

Bank management bodies are: Shareholders’ General Meeting as the highest body of Bank management, the Board, the Management and the CEO.

Structure and Members of the Board

Chairman of the Board

S. Sukiasyan

Members of the Board

A. Khachatryan

L. Petrosyan

H. Suvaryan

A. Melikyan

Per Fischer

Structure and Members of the Bank’s Management

CEO

A. Arakelyan

Deputy CEO

R. Badalyan

Deputy CEO

O. Chichyan

Deputy CEO

A. Manrikyan

Deputy CEO

A. Pilosyan

Chief Accountant

N. Galstyan

Head of Strategy and Methodology Department

H. Avetisyan

Head of Legal Department

V. Jhangiryan

Head of Risk Department

H. Matevosyan

The Structure of the Bank’s Property and the Number of Shareholders/Participants at the end of the Accounting Period

As of 31.03.2025 the Chartered capital amounts to AMD 31,578,015 thous. It includes 12,119,719 common shares each with AMD 2,080 and 424,600 preferred shares with AMD 15,000 nominal value per share.

Main Participants

Sukiasyan Saribek Albert	28.99%
Sukiasyan Khachatur Albert	12.45%
Sukiasyan Eduard Albert	13.01%

Remuneration Policy of the Bank’s Management

No special policy for the Bank’s management remuneration is applied at the Bank. The remuneration of top management is made based on the staff list approved by the Board.

Payments to Statutory Auditors

The Bank’s statutory auditors are presented to the General Meeting of the Bank Shareholders and elected by the latter. And the size of their remuneration is established by the Bank Board.

Note 2. “Accounting Policy”

Preparation and Submission of “ARMECONOMBANK” OJSC Financial Statements

Financial statements are formed and submitted in compliance with RA Legislation and sub- legislative acts, the principles of forming of financial statements published by the Board of Financial Accounting Standards, guidelines of applying the principles, and the legal acts approved by the Board of the Central Bank. The financial statements are formed on the basis of the bank’s accounting.

The statements are made in thousands of Armenian drams without decimal units.

The accounting year for financial statements is the period from 1 January to 31 December inclusive.

Financial statements are prepared based on the principle of fair value for financial assets and liabilities carried at fair value and adjusted by financial results, as well as for available-for-sale assets, except the ones the fair value of which can’t be decided. Financial statements for other financial as well as non-financial assets and liabilities are prepared under their historical value.

The financial statements of the Bank (except the Statement on Cash flows) are prepared on accrual basis.

Recognition of Income and Expenses

Interest incomes and expenses for all interest earning financial tools, except tools accounted for real value reappraised by profit/loss, in reports on financial results, using effective interest rate method are recognized as “interest income” and “interest expense.

Registration of interests for overdrafts, overnights, credit lines, corresponding accounts, bank accounts, demand deposits is implemented by linear way, if the bank cannot foresee future cash flows of these assets. Registration of interests of depreciated loans is not stopped. If balance sheet value of the financial asset or group of similar financial assets decreases because of losses from depreciation, the interest income continues to be recognized towards new balance sheet value.

Amounts receivable as fines and penalties are added to incomes every day. Corresponding agreements are basis for calculation of size of added amount.

Based on corresponding agreement amounts payable by the bank as fines and penalties are recognized as expenses every day.

After adjusting the effective interest rate of the given loan, fees charged for the loans provision (along with the correspondent expenses) are charged back

Other incomes and expenses especially rentals, advertisement, building maintenance, technical service liabilities, as well as costs of fuel for vehicles are reflected in the Statement on Financial Results on accrual basis taking into account the relevant contract, or payments of the previous period. The accrual of non-interest expenses up to AMD 10,000 is performed on the last working day of each month, while the accrual of non-interest expenses exceeding AMD 10,000 is made daily. The accrual of expenses on holiday payments is made daily.

Amortized deductions on fixed assets (including those received from financial leasing), capital investments for leased property and intangible assets are performed each day in amounts defined by this policy and are adjusted on the last working day of each month. Dividends are entered into the Statement on Financial Results according to accrual principle at the moment they are declared.

Foreign Exchange Operations Accounting

Transactions concluded in foreign currency are recalculated in accordance with operational currency - exchange rate of transaction date. Monetary assets and liabilities denominated in foreign currencies are revaluated at the average exchange rate set by the Central Bank of Armenia on the balance sheet date. The gains and losses from foreign currency transactions and from revaluation of monetary assets and liabilities denominated in foreign currencies are reflected in the Statement on Financial Results as income and expenses. Foreign currency non cash assets and liabilities, presented in their prime value, are translated into their AMD equivalent by the exchange rate of transaction date.

The foreign exchange sale and purchase rates are defined taking into account the rates established at inter-bank market, offer and demand volumes within the territory of the Republic of Armenia, other factors (forecasts based on market research, force-majeure circumstances, etc.). When establishing the exchange rates, the rates operative in foreign exchange International market at that moment and those reflected in other systems are also taken into account, besides the aforementioned factors.

Tax Accounting

Accounting on income tax, value added tax, property tax, land tax and obligatory social insurance payments should be carried out in compliance with RA Tax Legislation.

The income tax of the accounting period comprises current and deferred taxes.

The amount of current income tax is computed in accordance with requirements set forth in RA Legislation, the liability of income tax is accrued towards the tax profit for each day (taking into account non-deductible expenses from income in compliance with the law "On Profit tax") and on the last working day of each month it is being adjusted.

Deferred taxes, if any, occur on temporary differences between the tax base of an asset or liability or its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. Deferred income tax liabilities, if any, resulting from temporary differences are provided for in full. Deferred income tax assets are recorded to the extent that there is a reasonable expectation that these assets will be realized.

Deferred tax is recorded in the financial statement, except taxes, the transaction results of which have already been recorded in the capital, in which case the tax is also recorded in the capital. Deferred tax amounts are recorded on the last working day of each quarter.

Income tax assets and liabilities are offset when the Bank:

- Has a legally enforceable right to set off the recognized amounts of current tax assets and current tax liabilities,

- Has an intention to make the settlement on a net basis, or to realize the asset and settle the liability simultaneously,
- The deferred tax asset and deferred tax liability relate to profit taxes levied by the same taxation authority in each future period in which significant amounts of deferred tax liabilities or assets are anticipated to be settled or recovered.

Cash and Cash Equivalents

The booking of the Bank’s actual cash interflows (deposits) and/or outflows (withdrawals) is made by the nominal value of currencies, on the basis of payment documents duly prepared, stipulated by the procedure regulating teller operations, and other procedures and legal acts of the Bank.

The statement on cash flows is made by indirect method.

Cash and cash equivalents consist of cash drafts, funds kept in Central Bank of Armenia (except amounts deposited for mutual settlement through ARCA clearing system) and amounts of other banks, which may be converted into cash in short period and are not exposed to considerable risk of change of value.

Financial Instruments

IFRS 9 “Financial Instruments” entered into force on 01 January 2018 and is applicable for the accounting periods beginning after that date. The Bank has applied the new standard recognizing cumulative impact of transition on the non-distributed profit at the beginning of the accounting year and without recalculating the comparative information.

The Bank recognizes financial assets and liabilities on its balance sheet, when and only when it becomes the counterparty of that Instrument. Financial assets’ regular sales or purchases are accounted as of the date of the transaction.

According to IFRS 9, all financial debts, which do not comply solely with the principle and interest payment standards, during the initial recognition are classified as financial assets calculated at fair value through profit or loss.

For financial debts corresponding solely to the Principle and interest payment standards, the classification during the initial recognition is determined based on the business model pursuant to which these models are managed by:

- instruments held to receive contractual cash flows calculated at amortized value
- instruments available for sale and held for receiving contractual cash flows rated at fair value through other comprehensive income
- instruments held for other purposes, including commercial financial assets –calculated at fair value through profit or loss.

During the initial recognition equity financial assets shall be classified as assets calculated at real value through profit or loss, except when a decision is made, without the right of further review, to classify them into assets calculated at fair value through other comprehensive income.

All the realized and unrealized gains and losses, except dividends, from the equity instruments at fair value amounted through other comprehensive income are recognized on the other comprehensive financial results without further reclassification in the profit or loss.

The financial liabilities are classified as subsequently accounted at amortized value using effective interest rate method, except financial liabilities classified as accounted at fair value through profit or loss. The assets that were previously measured at fair value, after the adoption of the standard have continued to be accounted at fair value.

Debt securities which as of 31.12.2017 were classified as available-for-sale, by IFRS 9 will be classified as accounted at fair value through other comprehensive income, as the Bank expects not only to keep that assets to collect contractual cash flows but also to carry out relatively frequent sales with significant amounts. Upon the resolution of the Bank’s Executive Board, the Bank may classify a part of the securities portfolio as financial assets calculated at amortized value.

Since the loans have solely met the Principle and interests payment criteria, after the application of the standard they will be measured at amortized value.

Profit and loss occurred from the further measurement:

The profit or loss from the financial assets is recognized as follows:

- The profit or the loss on the financial instrument at fair value calculated through profit or loss is recognized in the profit or loss using effective interest rate method
- Profit or loss on financial assets accounted at fair value through other comprehensive income is recognized in the equity – in other comprehensive financial results, until the given asset is recognized as depreciated. The profit or loss accumulated at that moment, which was previously recognized in the equity, shall be recognized in the profit or loss. Interests on the financial assets accounted at fair value through other comprehensive income shall be recognized in the profit or loss using effective interest rate method.
- Profit or loss on financial assets and liabilities accounted at amortized value shall be recognized in the profit or loss, when the financial asset or the liability is derecognized or recognized as depreciated, as well as during the calculation of amortization.

The Bank derecognizes the financial asset in the cases, when the contractual rights over the cash flows arising from financial assets are repealed or when it transfers the asset in such a deal, according to which all the risks and benefits related to the ownership over the asset are transferred as well, or in which the Bank does not maintain control over the financial asset. The Bank derecognizes the financial liability when contractual obligations are either discharged, cancelled or expired.

Derivative financial instruments include futures, forwards, swaps and options. The initial recognition of the derivative instruments shall be made at fair value available on derivative agreements signing date.

Afterward all derivative instruments are recalculated at fair value. The derivative instruments with positive real value are accounted as assets and the ones with negative real value- liabilities. The changes in fair value of derivative instruments are recognized directly in profit or loss statement.

Financial and non-financial guarantees are provided by the Bank.

Financial guarantees are initially measured at fair value. After initial recognition, financial guarantees are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognized, less, where appropriate, the cumulative amount of revenue recognized in accordance with the principles of IFRS 15.

Non-financial guarantees (if they contain insurance risk) are accounted for as loan commitments, applying the impairment requirements of IFRS 9 Financial Instruments, because the contracts have legally fixed mechanisms through which, as a direct result of insured losses, the “Principal” is adjusted, future payments by the policyholder to the issuing Bank.

Repurchase Agreements

Repurchase agreements are used by the Bank as elements of its treasury management and trading business. These agreements are accounted for as financing transactions.

Securities sold under repurchase agreements are accounted for as securities secured by pledge, in which case the securities are reflected in the statement of financial position and the funds attracted under these agreements are included into amounts due to other banks or amounts due to customers.

Securities sold under repurchase agreements are accounted for as securities held-for trading and available-for-sale securities and funds received under these agreements are included into amounts due to other banks or amounts due to customers.

The amounts extended against securities purchased under Repurchase Agreement are accounted for as Due to other banks or Loans and Borrowings to Customers.

Any income or expense arising from purchase and sale of the underlying securities is recognized as interest income or expense, accrued during the period of Repurchase Agreements.

Leases

Under the lease agreement and against certain compensation within the agreed period the right to use the asset is assigned to the lessee. The accounting on leases is carried out in compliance with IFRS 16.

At the beginning of the lease term the Bank recognizes the right-of use asset and relevant liabilities on future lease payments in balance sheet (with the exception of short-term leases and leases of low-value assets).

The right-of –use asset is initially measured at prime cost which includes the following:

- Initial value of the lease liability
- Payments made less discounts received
- Initial direct expenditures on transaction implemented by the lessee
- Expenses related to the disinvestment, transfer, recovery of the asset

Expenses related to the improvements of the leased asset are not included in the initial value of the lease liability is initially measured at present value of the future lease payments outstanding on that date applying the average interest rate of additional borrowings attracted by the lessee.

The lease liability is equal to the present value of the total amount of the below mentioned components:

- Fixed payments within lease term
- Payments variable depending on the index and coefficient within the lease term
- Guaranteed residual value or anticipated purchase price if such an option is available and the realization thereof is almost certain.
- Penalty for preterm termination, if it has been taken into account when defining the lease term

After the initial recognition the right-of-use asset shall be measured at prime cost:

- Less accumulated depreciation, which is calculated by linear method during the lease term of
- Adjusted at the extent of differences occurred from the review of contractual obligations
- After the start of the lease, the lease liability is measured:
- Increasing balance-sheet value for the reflection of interest of the lease liability
- Decreasing balance-sheet value to reflect paid rental fees
- Reappraising balance-sheet value to reflect amendments in the agreement terms.

The adoption of the standard resulted the recognition of right-of-use assets and appropriate liabilities by the Bank for all the previous operational leases (with the exception of leases classified as low-value or with a residual lease term of less than 12 months)

The new standard has been applied by the use of the progressive approach. The Bank decided not to include initial direct expenses in the value of the right-of-use asset for the operational lease agreements that had been effective on the date of initial application of IFRS 16 (January 1, 2019). The Bank measures the right-of-use asset effective as of the aforementioned date at present value of residual lease payments using the attraction interest rate of additional borrowings available on initial application date excluding any prepaid or accrued rental fees existing on transition date.

Financial Assets’ Possible Loss Provision

The classification of the Bank’s assets and possible loss provisioning are made in conformity with the requirements of RA legislation and with the Procedure of “Classification of financial assets and composition of possible loss provisions” approved by ARMECONOMBANK OJSC Board.

As the published financial reports are drafted, further corrections of provisions in compliance with IFRS are made.

Pursuant to IFRS 9 :

The establishment of loan portfolio reserve assumes assessment of loan risk based on the behavior of time series of sub-portfolios of the loan portfolio and the macroeconomic factors affecting them. “Staging” (loan classification per overdue days) is applied for the assessment.

The size of a reserve for each sub-portfolio is determined through the following formula:

$$\text{RESERVE} = \text{BALANCE} * \text{EAD} * \text{PD} * \text{LGD}$$

Where:

BALANCE- balance amount of the given loan sub-portfolio

EAD– (exposure-at-default) ratio, through which sub-portfolio balance value is adjusted

PD – (probability of default) likelihood of default, that is which part of the sub-portfolio is inclined to default, where the default is equivalent to 90+ overdue days

LGD – (loss-given-default) loss-given value based on the effective interest rate, when the loan becomes default

EAD30 and EAD90 indicators are calculated for the loans included in Stage 1 and Stage 2 classes respectively.

For the calculation of loan reserve appraisal of the loans included in Stage 1 and Stage classes

PD12Month and PD Lifetime are applied respectively.

The creation of State bond portfolio reserve is implemented based on PD and LGD rates given to Armenia by international credit agencies (Moody's, Fitch, S&P).

Intangible Assets

Intangible assets are initially recorded at their prime cost in AMD. Intangible assets purchased in foreign currency are recorded by the average exchange rate of purchase date fixed by the CBA, and are not re-valuated in case of further changes of the exchange rate.

The prime cost of internally generated intangible assets is defined in the development period of “Intangible Assets” in compliance with IFRS 38 if it is possible to show the correspondence of the internally generated intangible asset to the requirements set by IFRS 38.

Attribution of the item of intangible asset to any category (computer software, licenses and power of attorney, copyrights, etc.) set by the “Card of Accounts of the Banks Operating within the Territory of RA” and “The Application Order of the Card of Accounts of the Banks Operating within the Territory of RA” is made based on the methodical instructions of the Chief accountant, arising from its usage specifications.

The initial cost of internally generated intangible asset comprises the expenses set by IFRS. The initial cost includes only those expenses made during the accounting quarter during which the asset has been recognized.

Subsequent expenditures made on intangible assets, which can be added to the value of an intangible asset in compliance with IFRS, are recorded as capital investments and are added to the value of the asset.

Amortization term for each item of intangible assets is defined by the Bank based on the criteria set by IFRS. Namely, to define the amortization term of internally generated computer software, the Bank takes into account

the information on the estimated useful lives of software of the same type available in the market at the moment, terms of actual useful lives of software used at the Bank before, other criteria set by the Standard.

The Bank uses the straight-line method to allocate amortization amount of intangible assets over their useful lives.

The amortization period and the amortization method of intangible assets should be set in compliance with IFRS, within the period of the agreement so signed and in case of the absence of such period, the intangible assets are not subject to amortization. Amortization method is changed by making corresponding changes in this Policy by the Bank’s Board.

In case of significant fluctuations in fair value of intangible assets, they are revalued based on the resolution of the Bank’s Board.

The disclosure of information required by IFRS on internally generated intangible assets in financial statements is performed separately.

The amortization amount of intangible assets is calculated in accordance with “Profit Tax” law.

Fixed Assets

The unit of fixed assets that complies with the recognition of the standards of the asset is measured at their initial value (prime cost) in AMD, excluding buildings which are recorded at their revaluated value. The fixed assets purchased in foreign currency are registered as of the day of the purchase at the average exchange rate set by the Central Bank of Armenia and shall not be re-valued in case of exchange rate change.

The initial value of the unit of fixed assets comprises its purchase cost, taxes, including VAT, import duties and other obligatory payments, which are not subject to be returned to the Bank by relevant authorities and any expenses related to bringing the asset to working state for its purposeful usage. Any discount or privilege provided is deducted from the purchase cost.

The measurement of value, recognition, further expenses, revaluations and withdrawals on purpose of recording of the unit of purchased fixed assets is made in the order prescribed by RA Legislation, as well as by the Bank’s internal legal acts.

Attribution of the unit of fixed assets to any category (property and stationery communication means, calculating, computer and automated equipment, vehicles, etc.) set by the Card of Accounts of the Banks Operating within the Territory of RA and The Application Order of the Card of Accounts of the Banks Operating within the Territory of RA is made based on the methodical instructions of the Chief accountant, arising from their usage specifications and purposes.

Fixed assets are recorded with the difference of initial value and accumulated depreciation taking into account the accumulated impairment losses. Depreciation is calculated using the straight-line method over the period of the asset’s useful life.

From 1 January 2018, the Bank defines the following terms of useful services:

		interest rate (%)
Building	50	2
Computers	5	20
Transportation means	8	12.5
Other fixed assets, transportation means, UPS batteries, ATMs, property, office equipment, (printers, scanners, copying devices), POS terminals, modems, Network devices	8 3 5	12.5 33.3 20
Fixed assets and intangible assets costing up to AMD 50.000	Up to the end of the given year	

The depreciation of fixed assets which were in operation until 1 January 2013, connected with review of terms of useful services is calculated as follows: the balance sheet value of fixed assets (initial value minus accumulated depreciation) is distributed by linear method of depreciation calculation in the newly defined residual term of useful service. The latter represents the time difference between the useful life cycle set from 1 January 2013 and the period from the starting date of use until 1 January 2013.

For fixed assets acquired after 01.01.2013 residual value amounts to 0.1% of their initial value, however not more than AMD 20.000, except buildings and transportation means residual value of which amounts to 1% of their initial value.

For fixed assets acquired up to 01.01.2013 the residual value amounts to 0.1% of their balance sheet value, however not more than AMD 20.000, except building and transportation means residual value of which amounts to 1% of their balance sheet value.

Depreciation is not calculated for land.

Repairs and maintenance are recognized in the statement on financial results as expenses during the period in which they are incurred.

The expenditures raising the operational efficacy of property, plant and equipment compared with the preliminary evaluated normative indicators are recognized as capital expenditures and are added to the initial value of the asset. The above mentioned expenditures are amortized using the straight-line method over the residual term of the asset's useful life if they don't exceed the residual value of property, plant and equipment as of 1 January of the year; otherwise they are amortized during the whole period of useful life.

The outcome occurred from write off or disposal of a fixed asset is determined as a difference between net credits from asset disposal and its balance sheet value and is recognized as an income or loss in the income statement.

In case of significant fluctuation of the real (market) value of the Bank's fixed assets (25% during financial year) the latter are reassessed based on the decision of the Bank's Board. The revaluation is conducted by an independent company with relevant license.

The results of revaluation are reflected in the Bank's balance sheet and Income statement in the manner prescribed by IFRS. The growth occurred in the outcome of revaluation is charged to the undistributed profit along with calculation of amortization during the use of the set by the Bank. The size of charged off amount is determined by the difference between amortization calculated on the basis of revaluated balance sheet value of

the asset and amortization calculated on the basis of Initial value of the asset. The charge of the growth occurred in the result of revaluation to undistributed profit is not reflected in the Income statement.

The capital expenses on leased fixed assets are capitalized and amortized by linear method during the residual term of the asset’s useful life. The capital expenses on leased buildings are capitalized and amortized by linear method during 20 years.

Assets recorded as capital investments in the fixed assets are not amortized.

Inventory

The Bank’s inventory includes:

- short-life items,
- goods, including goods which has passed to the Bank as a result of sequestration of pledge
- materials and supplies, which are to be used by the Bank during its performance

Short-life items are assets the useful lives of which do not exceed a year.

The inventories are measured at the lower of cost and net realizable value.

For the determination of the cost of inventory the Bank accepts and applies first in first out (FIFO) formula. According to FIFO formula the inventory units acquired first are sold, used or disposed of first, therefore the assets that remain in inventory by the end of the accounting period are the most recently purchased. The cost of the short-life items is written off at the beginning of their utilization.

Settlements between the Bank and Branches

Reciprocal accounts of the Bank’s Head Office and its branches are compared each day via report received through program. The revealed errors are corrected during that day.

While drafting the balance sheet, the settlement accounts among the Head Office and its branches are brought to zero.

The settlement accounts between the Bank’s Head Office and its branches are closed weekly.

Share Capital and Treasury Stock

Ordinary shares are included in equity (general) capital. Dividends on ordinary shares are recognized in equity capital in the period in which they are declared. Dividends for current year, which are declared after the balance sheet date, are disclosed in the subsequent events note.

Basic earnings per share should be calculated by dividing the net profit for the period attributable to the shareholders by the weighted average number of ordinary shares outstanding during the period.

Under certain circumstances and according to procedure established by the RA Legislation the Bank may repurchase its equity share capital. In this case reimbursement paid is deducted from total shareholders’ equity and is reflected as treasury stock until it is cancelled. When such shares are subset gently sold any reimbursement received is included in shareholders’ equity.

The positive difference between the price paid by investor’s for purchase of common shares and their nominal value is recognized in the equity as emissive fee on extraordinary shares.

Attracted Funds

Attracted funds comprising accounts, issued securities and subordinate borrowings of Government and the Central Bank are initially recognized at the real value of received funds, less direct costs for operations. After initial recognition, attracted funds are accounted for in amortized value using effective interest rate method.

Provisions, Contingent Assets and Liabilities

Contingent liabilities are not recognized in financial statements, but are disclosed in the accompanying notes. However, they are not disclosed if the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in financial statements, but is disclosed in the accompanying notes, when an inflow of economic benefits becomes probable.

The procedure for creating a reserve for possible losses on balance sheet and off-balance sheet accounts containing credit risk corresponds to the procedure for forming a reserve for possible losses on loans and loans provided to customers, in accordance with the procedure "Classification of financial assets and formation of reserves for possible losses" of "ARMECONOMBANK" OJSC approved by the Bank's Board.

Consolidated Financial Statements

In cases set forth by legislation the Bank prepares consolidated financial statements in accordance with IFRS and the Procedure on Compilation of Consolidated Financial Statements Presented to the Central Bank of Armenia by the Banks Acting within the Territory of Armenia" approved by the Board of the Central Bank of Armenia.

Segment Statements

The Bank uses the information of business-segments (per Individuals, organizations and rendered investment services) as a primary presentation form. Geographical segments are considered to be secondary presentation forms.

Issued Corporate Bonds

Issued corporate bonds are initially recognized at their real value, which is the real cost of reimbursement received against them, less the transaction expenses.

Corporate bonds issued afterwards are measured at their amortization value, and any difference between net reimbursement and repaid amounts, is reflected in the income and expense statement in the period of circulation of those securities, applying the effective interest method.

Comparable Information

In case of necessity comparable figures are adjusted in order to ensure the comparability with the current year.

After Balance Sheet Date Events

Respective corrections in the balance sheet, if necessary, after the date of balance sheet formed on the last working day of the fiscal year, are made in the following cases:

If the Bank reveals errors on its own,

Fundamental errors are revealed by an audit organization,

On purpose of reflection of clarifying events after the balance sheet date.

In cases if the Bank reveals errors on its own, if the amount of material error depends on the size or nature of the given transaction or size and nature of the article, and if the change of figures reflected in the balance sheet will be of a little importance, and if non- disclosure of that information will not impact decisions made on the basis of financial statements' data, no amendments will be made in the balance sheet of previous year.

If fundamental errors are discovered or arise after the publication of the Bank's annual financial statements as per the established order, then no adjustments shall be made and the representation of such information is considered to be unrealizable.

“ARMECONOMBANK” OJSC 2025 1st

Quarter Interim Financial Report



Statement of Financial Position
31 march 2025
ARMECONOMBANK OJSC 23/1 Amiryar Str., 0002 Yerevan

Thous. AMD

	Item	Note	As of the end of the current interim period (unaudited)	As of the end of the previous financial year (unaudited)
1	Assets			
1.1	Cash and cash equivalents	13	64,715,432	63,821,616
1.2	Standard bank precious metal bullions and coins		566,673	531,149
1.3	Due from banks and other financial institutions	14	4,554,519	6,800,474
1.4	Reverse repurchase agreement	14.1	14,915,942	14,217,780
1.5.1	Other financial assets rated at amortized value	18	0	9,087,066
1.6	Loans and advances provided to customers at amortized value	16	357,784,784	342,101,456
1.7	Financial assets at fair value rated through other comprehensive financial results	17	406,225	1,013,634
1.7.1	Securities pledged under repurchase agreement	17.1	75,557,785	66,906,556
1.9	Non-current assets held for sale		2,823,959	2,855,368
1.10	Fixed assets	20	15,598,812	15,823,392
1.10.1	Intangible assets	20	1,045,106	1,064,637
1.10.1	Right-of-use assets	20.1	1,928,906	2,070,902
1.12	Other assets	21	1,910,604	1,365,013
	Total assets		541,808,747	527,659,043
2	Liabilities			
2.1	Liabilities to banks and other financial institutions	22	77,405,850	74,939,160
2.2	Loans and deposits received from the international financial institutions	22.1	49,440,255	53,700,903
2.3	Loans received from the CBA and from the RA government	22.2	41,403,499	39,458,541
2.4	Repurchase agreement	22.3	71,995,627	63,046,386
2.5	Liabilities to Customers	23	190,770,313	191,353,018
2.6	Subordinate borrowing	23.1	6,170,823	6,104,831
2.7	Liabilities on current taxes		1,203,206	1,117,096
2.8	Securities issued by the Bank	24	16,719,722	14,115,869
2.9	Financial liabilities at fair value through profit or loss	25	212,248	119,575
2.10	Amounts payable	26	640,185	651,905
2.11	Deferred tax liabilities	11	1,201,889	1,093,219
2.12	Reserves	30	58,136	67,641
2.13	Lease liabilities	40	1,546,594	1,669,847
2.14	Other liabilities	27	2,686,579	2,952,329
	Total liabilities		461,454,926	450,390,320
3	Capital			
3.1	Chartered capital	28	31,578,015	31,578,015
3.2	Emission income		7,762,974	7,762,974
3.3	Reserves			
3.3.1	Main reserve		4,190,000	4,190,000
3.3.2	Revaluation reserve		(80,660)	(183,297)
3.3.3	Other reserve		6,628,278	6,681,896
3.4	Undistributed profit (loss)		30,275,214	27,239,135
	Total capital		80,353,821	77,268,723
	Total liabilities and capital		541,808,747	527,659,043

Chief Executive Officer (CEO)

A. Arakelyan

Acting Chief Accountant

N. Galstyan

Approval date: 14 January 2025

Statement of Profit or Loss
31 march 2025
ARMECONOMBANK OJSC 23/1 Amiryan Str., 0002 Yerevan

Thous. AMD

Item	Note	Accounting period (unaudited)	Previous period (unaudited)
Interest and similar income	3	12,523,561	10,942,520
Interest and similar expenses	3	(7,195,116)	(6,759,210)
Net interest and similar income		5,328,445	4,183,310
Income as commissions and other fees	4	2,216,727	1,621,141
Expenses as commissions and other fees	4	(718,780)	(550,704)
Net commission and other fees		1,497,947	1,070,437
Income from dividends		2,405	
Net commercial income	5	754,697	790,721
Other operational income	6	179,378	89,324
Operational income		7,762,872	6,133,792
Net allocations to possible asset loss provisions	7	(57,476)	(381,388)
Total administrative expenses	8	(2,802,641)	(2,515,009)
Other operational income	9	(1,215,015)	(1,040,364)
Operational profit		3,687,740	2,197,031
Profit/loss before taxation		3,687,740	2,197,031
Profit tax expenses(compensation)	11	(485,418)	(395,546)
Profit for period		3,202,322	1,801,485

Chief Executive Officer (CEO)

A. Arakelyan

Acting Chief Accountant

N. Galstyan

Approval date: 14 January 2025

Statement of other Comprehensive Income

31 march 2025

ARMECONOMBANK OJSC 23/1 Amiryan Str., 0002 Yerevan

Thous. AMD

Name	Note	Accounting period (unaudited)	Previous period (unaudited)
Other comprehensive financial results			
Revaluation of financial assets at fair value rated through other comprehensive financial results		124,957	491,633
Devaluation of financial assets at fair value rated through other comprehensive financial results after taxation		172	(60,550)
After-tax gains on non-current assets			
Profit tax on the revaluation of financial assets at fair value rated through other comprehensive financial results		(22,492)	(88,494)
Other comprehensive financial result after taxation		102,637	342,589
Comprehensive financial result		3,304,959	2,144,074

Chief Executive Officer (CEO)**A. Arakelyan****Acting Chief Accountant****N. Galstyan**

Approval date: 14 January 2025

Statement of Changes in Equity

31 march 2025

ARMECONOMBANK OJSC 23/1 Amiryar Str., 0002 Yerevan

Thous. AMD

Equity elements	Accounting period		Emission income/loss	Main reserve	Revaluations of financial assets at fair value rated through other comprehensive financial results	Profit from revaluation of non-current assets	Undistributed profit(loss)	Total	Total capital
	Chartered capital	Net amount							
Articles	1	3	4	5	7	9	10	12	14
Comparable current interim period of the previous financial year (ascending from the beginning of the year) (I table)									
<i>Balance as of the beginning of the financial year as of 01 January 2024 (audited)</i>	28,132,240	28,132,240	2,265,076	3,952,000	(379,408)	6,896,366	19,599,449	60,465,723	60,465,723
Recalculated balance	28,132,240	28,132,240	2,265,076	3,952,000	(379,408)	6,896,366	19,599,449	60,465,723	60,465,723
Transactions with shareholders (owners) regarding to shares, including:	3,445,775	3,445,775	5,497,898	-	-	-	-	8,943,673	8,943,673
Investments in chartered capital and other increase of chartered capital	3,445,775	3,445,775	5,497,898	-	-	-	-	8,943,673	8,943,673
Comprehensive income	-	-	-	-	342,589	-	1,801,485	2,144,074	2,144,074
Dividends	-	-	-	-	-	-	(222,304)	(222,304)	(222,304)
Internal movements including:	-	-	-	-	-	(53,618)	53,618	-	-
Decrease of value from the revaluation of fixed and intangible assets	-	-	-	-	-	(53,618)	53,618	-	-
<i>Balance as of the end of the interim accounting period 31.03.2024(unaudited)</i>	31,578,015	31,578,015	7,762,974	3,952,000	(36,819)	6,842,748	21,232,248	71,331,166	71,331,166

Interim period of the current year (ascending from the beginning of the year) (II table)									
<i>Balance as of the beginning of the financial year as of 01 January 2025 (unaudited)</i>	31,578,015	31,578,015	7,762,974	4,190,000	(183,297)	6,681,895	27,239,136	77,268,723	77,268,723
Recalculated balance	31,578,015	31,578,015	7,762,974	4,190,000	(183,297)	6,681,895	27,239,136	77,268,723	77,268,723
Transactions with shareholders (owners) regarding to shares, including:	-	-	-	-	-	-	-	-	-
Investments in chartered capital and other increase of chartered capital	-	-	-	-	-	-	-	-	-
Comprehensive income	-	-	-	-	102,637	-	3,202,322	3,304,959	3,304,959
Dividends	-	-	-	-	-	-	(219,861)	(219,861)	(219,861)
Internal movements including:	-	-	-	-	-	(53,618)	53,618	-	-
Deductions to main reserve	-	-	-	-	-	-	-	-	-
Decrease of value from the revaluation of fixed and intangible assets	-	-	-	-	-	(53,618)	53,618	-	-
Deductions to main reserve	-	-	-	-	-	-	-	-	-
<i>Balance as of the end of the interim accounting period 31.03.2025(unaudited)</i>	31,578,015	31,578,015	7,762,974	4,190,000	-	80,660	6,628,277	30,275,215	80,353,821

Chief Executive Officer (CEO)

A. Arakelyan

Acting Chief Accountant

N. Galstyan

Approval date: 14 January 2025

Statement of Cash Flows
31 march 2025
ARMECONOMBANK OJSC 23/1 Amiryan Str., 0002 Yerevan

Thous. AMD

Name	Note	Accounting period (unaudited)	Previous period (unaudited)
Cash flows from operations			
Profit for the year		3,202,322	1,801,485
<i>Adjustments</i>			
Expenses on profit tax		485,418	395,546
Loss from depreciation of interest-bearing assets		57,476	381,388
Depreciation and amortisation		655,366	591,782
Net income from disposal of fixed assets			
Loss from debt concession			
Net gain from foreign exchange		97,739	4,140
Net income from sale/ purchase of financial assets rated at fair value through profit or loss		79,326	13,216
Financial assets at fair value rated through other comprehensive financial results		(7,538)	(253,589)
Other income		(80,045)	
Interest income		1,404,031	(1,704,122)
Interest expenses		(1,264,902)	582,891
Cash flows from operations before changes in operational assets and liabilities		4,629,193	1,812,737
Changes in operational assets or liabilities			
Increase/ decrease in operational assets			
Due from financial institutions		2,326,321	2,175,602
Reverse repurchase agreements		(722,681)	(915,113)
Loans to customers		(16,759,901)	(12,088,949)
Other assets		(578,146)	3,799
Liabilities to financial institutions		2,644,864	(5,966,836)
Repurchase agreements		8,944,665	15,049,140
Liabilities to customers		(270,893)	(753,333)
Other liabilities		(89,832)	838,553
Cash used in operations before taxation		123,590	155,600
Paid profit tax		(303,166)	(270,190)
Net cash used in operations		(179,576)	(114,590)
Cash flows from investments			
Decrease(increase) of securities at fair value rated though profit/loss and available for sale		(101,900)	(8,127,647)
Acquisition of fixed assets		(118,933)	(510,173)
Proceeds from sale of fixed assets		5,801	
Acquisition of intangible assets		(42,634)	(64,647)
Net cash flows from investments (used)/(gained from)		(257,666)	(8,702,467)
Cash flows from financial operations			
Loans from RA CB and RA Government		2,467,833	199,425
Proceeds/repayment of loans received from international financial institutions		(3,523,336)	(5,169,373)
Subordinated loan (repayments)/proceeds		78,875	(923,007)
Increase (decrease) of securities issued by the Bank		2,734,961	2,059
The issue of securities			3,659,800
Lease liabilities		(268,300)	(262,002)
Dividends paid		(235,393)	(226,311)
Net cash from financial operations		1,254,641	(2,719,409)
Impact of foreign exchange on cash balances		68,419	(1,140,875)
Impact of expected debt losses		7,998	40,061
Net increase of cash and equivalents thereof		893,816	(12,637,280)
Cash and equivalents thereof as of the beginning of the period	13_2	63,821,616	71,569,317
Cash and equivalents thereof as of the end of the period	13_2	64,715,432	58,932,037

Chief Executive Officer (CEO)

A. Arakelyan

Acting Chief Accountant

N. Galstyan

Note 3: "Net Interest and Similar Income"

Thous. AMD

	01/01/2025- 31/03/2025	01/01/2024- 31/03/2024
Interest and similar income		
Interest income from the Bank's current accounts, deposits and loans allocated in banks and other financial institutions	110,337	164,690
Interest income from loans and advances to customers	10,434,091	9,007,833
Interest income from debt securities	1,715,808	1,459,036
Interest income from REPO agreements	249,353	292,595
Other interest income	13,972	18,366
Interest and Similar Expenses	12,523,561	10,942,520
Interest expenses from the Banks' current accounts deposits and loans allocated in banks and other financial institutions	3,097,679	2,945,133
Interest expenses on terms deposits and current accounts of customers	2,463,899	2,458,525
Interest expenses under REPO agreements	1,203,206	866,155
Interest expenses on subordinated borrowings	128,443	252,060
Interest expenses against the interest securities issued by the Bank.	258,776	196,572
Interest expenses on lease agreements	41,739	40,765
Other interest income	1,374	
Total	7,195,116	6,759,210
Net interest and similar income	5,328,445	4,183,310

Note 4: "Commission and Other Fee Income and Expenses"

	01/01/2025- 31/03/2025	01/01/2024- 31/03/2024
Commission and Other Fee Income		
Cashier's operations	66,999	78,617
Settlement services	321,784	350,274
Guarantees, warranties, letters of credit operations, trust management operations	71,432	70,314
Foreign currency and security operations	3,180	2,138
Payment card servicing	1,156,517	853,819
Other commission fees	596,815	265,979
Total	2,216,727	1,621,141
Commission and Other Fee Expenses:		
Commission fee from correspondent and other accounts	1,802	1,779
Expenses on payment card operations	555,381	405,051
Guarantees, warranties, letters of credit operations, trust management operations	12,780	8,250
Foreign currency and security operations	38,470	43,961
Other commission fees	110,347	91,663
Total	718,780	550,704
Net commission and other fees received	1,497,947	1,070,437

Note 5 : Financial assets rated at fair value through profit or loss

	01/01/2025- 31/03/2025	01/01/2024- 31/03/2024
Financial assets rated at fair value through profit or loss		
Net income from sale/ purchase of financial assets rated at fair value through profit or loss, including	(86,482)	(18,068)
Shares		
Debt Securities		
Derivatives	(86,482)	(18,068)

Net income from changes in real value of financial assets rated at fair value through profit or loss		
Total	(86,482)	(18,068)
Investments at fair value rated through other comprehensive financial assets		
Net income from sale/purchase of investments at fair value rated through other comprehensive financial results, including:	17,181	371,721
Debt securities	17,181	371,721
Derivatives		
Net income from sale/purchase of investments at fair value rated through other comprehensive financial results	(1,816)	(61,167)
Total	15,365	310,554
Foreign currency operations		
Net income from foreign currency sale/purchase	832,688	475,427
Net income from the revaluation of foreign currency	(97,736)	(4,139)
Net income from the sale/purchase of precious standardized bullions and coins	10,817	12,287
Net income from the revaluation of precious standardized bullions and coins	80,045	14,660
Total	825,814	498,235
Net income from commercial operations	754,697	790,721

Note 6 : "Other Operatioanl Income"

Other operational expenses	01/01/2025- 31/03/2025	01/01/2024- 31/03/2024
Income from penalties and fines	88,874	65,045
Net income from disposal of fixed and intangible assets	(11,885)	(4,261)
Other income *	102,389	28,540
Total	179,378	89,324

The main sources of generation of other income* are the amounts charged for provision of statement, check and deposit books, certificates and from such services for which no special income accounts are envisaged.

Note 7 : " Net Deductions to Possible Asset Losses Provision"

Cash and cash equivalents (Note 13)	01/01/2025- 31/03/2025	01/01/2024- 31/03/2024
Initial balance	8,641	30,937
Net deductions to reserve	(643)	9,125
Summary balance	7,998	40,062
"Due to Banks and other Financial institutions" (Note 14)	01/01/2025- 31/03/2025	01/01/2024- 31/03/2024
Initial balance	71,021	148,064
Net deductions to reserve	(16,227)	(14,607)
Summary balance	54,794	133,457
From loans and advances to customers (Note 16)	01/01/2025- 31/03/2025	01/01/2024- 31/03/2024
Initial balance	3,442,678	5,620,762
Net deductions to reserve *	85,665	286,134
Return of amounts previously charged to off balance item	267,997	127,525
Usage of reserve	(213,573)	(110,465)
Summary balance	3,582,767	5,923,956
Financial assets rated at fair value through other comprehensive financial assets (Note 17)	01/01/2025- 31/03/2025	01/01/2024- 31/03/2024
Initial balance	25,903	139,320
Net deductions to reserve	210	(60,550)
Summary balance	26,113	78,770
On other assets (Note 21)	01/01/2025- 31/03/2025	01/01/2024- 31/03/2024
Intitial balance	966	11,614
Net deductions to reserve	423	(1,294)
Return of amounts previously charged to off balance item	105	101
Usage of reserve	(77)	(19)
Summary balance	1,417	10,402
Other financial assets rated at amortized value	01/01/2025- 31/03/2025	01/01/2024- 31/03/2024
Initial balance	122,446	291,514
Net deductions to reserve	(2,447)	139,533
Summary balance	119,999	431,047
Post-balance sheet items containing loan exposures (note 30)	01/01/2025- 31/03/2025	01/01/2024- 31/03/2024
Initial balance	67,641	19,270
Net deductions to reserve	(9,505)	23,047
Usage of reserve		
Summary balance	58,136	42,317
Total net deductions to reserve	57,476	381,388

Note 8 : "Total administrative expenses"

"Total administrative expenses"	01/01/2025- 31/03/2025	01/01/2024- 31/03/2024
Salary and similar payments	1,910,714	1,757,344
Training and tutorship expenses	2,577	3,004
Business trip expenses	26,684	16,884
Insurance costs	56,317	48,323
Servicing and maintenance of the Bank's equipment	119,423	93,121
Maintenance and safekeeping of Bank buildings	231,089	225,964
Audit and consulting services	17,275	11,140
Communication and transmission costs	31,616	41,223
Transportation costs	57,349	49,562
Taxes (except income tax) penalties and other mandatory payments	127,611	138,087
Office and organizational expenses	151,914	86,439
Other administrative expenses	70,072	43,918
Total	2,802,641	2,515,009

The average number of the Bank employees and monthly average salary falling to a single employee

	01/01/2025- 31/03/2025	01/01/2024- 31/03/2024
Average number of Bank employees	890	894
Monthly average salary falling to a single employee (thousand AMD)	713	609

Note 9 : "Other Operational Expenses"

Other operational expenses	01/01/2025- 31/03/2025	01/01/2024- 31/03/2024
Paid fines and penalties	1,121	257
Payments made for collection	99,838	86,350
Advertising and representative expenses	65,159	75,325
Amortization costs of fixed assets and intangible assets	643,481	587,521
Allocations to the Fund of Recovery of Deposits	70,757	61,575
Other expenses	334,659	229,336
Total	1,215,015	1,040,364

Note 10 : Net gain/losses from investments in controlled units"

There is no data available for this note during the accounting and previous period.

Note 11 : "Profit tax Expenses (Reimbursement)"

Thous. AMD

Expenses on profit tax	01/01/2025-31/03/2025	01/01/2024-31/03/2024
Current tax expenses	399,237	508,201
Deferred tax expenses	86,181	(112,655)
Total	485,418	395,546

	01/01/2025-31/03/2025	Effective rate (%)	01/01/2024-31/03/2024	Effective rate (%)
Profit before taxation	3,687,740		2,197,031	
Profit tax with rate	663,793	18%	395,466	18%
Non-taxable income				
Non-taxable income from financial assets rated at fair value through other comprehensive income	(129)	(0.00)	2,379	0.00
Non-deductable expenses	(194,441)	(0.05)	(889)	(0.00)
Foreign currency negative/positive difference	17,592	0.00	745	0.00
Adjustments of calculated tax expenses of the previous year				
Other privileges	(1,397)	(0.00)	(2,155)	(0.00)
Profit tax expenses	485,418	0.13	395,546	0.18

Calculation of deferred tax on temporary differences

31/03/2025

	Balance as of the previous period	Recognized by financial results	Recognized by equity	Balance at the accounting period
Deferred tax assets, including:	532,731	19,481	(22,492)	529,720
Accrued expenses and other liabilities	318,705	13,231		331,936
Right-of-use assets	143,413	9,936		153,349
Investment securities	66,938	(440)	(22,492)	44,006
Claims to banks and other financial institutions	3,675	(3,246)		429
Deferred tax liabilities, including:	(1,625,947)	(105,662)	-	(1,731,609)
Cash and their equivalents	(1,178)	(204)		(1,382)
Fixed assets	(1,454,261)	11,770		(1,442,491)
Loans and borrowings to customers	(155,369)	(119,160)		(274,529)
Contingent liabilities	(15,139)	1,932		(13,207)
Other financial assets rated at amortized value				-
Claims to banks and other financial institutions				-
Net deferred tax asset/liability	(1,093,216)	(86,181)	(22,492)	(1,201,889)

Note 12 : "Basic profit falling to a single share"

Thous. AMD

	01/01/2025-31/03/2025	01/01/2024-31/03/2024
Basic profit falling to a single share		
Net profit of the accounting period after taxation	3,202,322	1,801,485
Dividends on preferential shares calculated for the current accounting period	219,861	222,304
Net gains(losses) of given period referring to owners of common shares	2,982,461	1,579,181
Net weighted average number of common shares in circulation during the given period	11,443,104	10,914,086
Basic profit falling to a single share	0.26	0.14

The increase in the number of shares is due to the registration of a stock split in the ratio of 1 share to 5 share.

Note 13 : Cash and cash equivalents

Thous. AMD

	31/03/2025	31/12/2024
Cash and cash equivalents		
Cash and cash equivalent payment documents	21,231,030	18,435,659
Correspondent accounts with the CBA*	41,925,065	43,875,985
Correspondent accounts with the the resident banks	164,587	204,369
Correspondent accounts with the non-resident banks	1,402,748	1,314,244
Reserves/IFRS/	(7,998)	(8,641)
Cash and balances with the CBA	64,715,432	63,821,616

* Correspondent accounts with the CBA include mandatory provisioning funds calculated against the Bank's attracted funds according to the RA Bank Legislation.

Note 14 : "Due to Banks and other Financial institutions"

Thous. AMD

	31/03/2025	31/12/2024
Current accounts		
Deposited funds with CBA	675,000	2,527,500
Reserve/IFRS/	(1,287)	(4,819)
Total	673,713	2,522,681
With RA banks		
Loans and deposits		
Other	926	308
With banks having BBB(Baa3) and higher ratings		
Other	783,140	
Loans and deposits		
With banks having ratings lower than BBB (Baa3) or no rating at all		
Loans and deposits		
Other	3,916	120
Accrued interest		
Total	787,982	428
Possible loss provision for amounts due from banks (note 7)	(2,018)	(120)
Net receivables to banks	785,964	308

	31/03/2025	31/12/2024
Loans and deposits with Financial Institutions, other receivables		
With RA Financial Institutions:		
Loans and deposits	780,195	1,007,364
Other	1,960,314	126,017
With Financial Institutions having BBB(Baa3) and higher ratings		
Other		
With Financial Institutions having a rating lower than BB(Baa3) or no rating at all		
Other	374,664	3,179,743
Accrued interest	2,666	3,285
Total	3,117,839	4,316,409
Possible loss provision for receivables due to Financial Institutions (Note 7)	(22,998)	(38,924)
Net receivables to Financial Institutions	3,094,841	4,277,485
Net receivables to banks and Financial Institutions	4,554,519	6,800,474

Note 14.1 Reverse Repurchase Agreements

	31/03/2025	31/12/2024
Reverse Repurchase Agreements		
Repurchase Agreements with Financial Institutions	14,944,434	14,244,938
Reverse Repurchase Agreements with Financial Institutions	(28,492)	(27,158)
Total	14,915,942	14,217,780

Note 15. "Financial assets recalculated at fair value through profit/loss"

	31/03/2025	31/12/2024
Other financial assets recalculated at fair value through profit/loss		
Swap		
Total	-	-

Possible loss provision for financial assets recalculated at fair rate through profit/loss (Note 7)

Note 16. "Loans and advances to customers calculated at amortized value"

Thous. AMD

Loans and advances calculated at amortized value	31/03/2025	31/12/2024
Loans, including:	340,925,156	324,741,294
Mortgage loans	52,074,104	51,396,523
Credit cards	18,324,817	18,840,402
Accrued interest on the mentioned items	2,117,578	1,962,438
Total loans	361,367,551	345,544,134
Reserve for possible loss of customer loans and advances (note 7)	(3,582,767)	(3,442,678)
Total loans and advances at amortized	357,784,784	342,101,456

Thous. AMD

Analyses of provided loans and advances per customers	31/03/2025	31/12/2024
State industries	15,989	22,283
Private industries, including:	166,285,739	158,662,395
Major enterprises	84,679,586	80,285,067
Small and medium enterprises	81,606,153	78,377,328
Including business cards	32,199	35,750
Individuals, including:	167,644,819	159,369,529
Consumer loans	92,445,767	83,672,848
Mortgage loans	52,074,104	51,396,523
Credit cards	18,288,535	18,800,235
Private entrepreneurs	25,303,426	25,527,489
Accrued interest	2,117,578	1,962,438
Total loans	361,367,551	345,544,135
Reserve for customers' loans and advances calculated at amortized value (note7)	(3,582,767)	(3,442,678)
Total loans and advances at amortized value	357,784,784	342,101,457

Thous. AMD

Analyses of loans and advances provided to the customers per the	31/03/2025	31/12/2024
State and major enterprises	84,695,575	80,307,350
SME * sector, including	89,507,529	87,354,428
Agriculture	9,031,085	9,689,997
Housekeeping	185,046,869	175,919,918
Accrued interests	2,117,578	1,962,438
Total loans and advances calculated at amortized value	361,367,551	345,544,134
Reserve for customers' loans and advances calculated at amortized value	(3,582,767)	(3,442,678)
Total loans and advances calculated at amortized value	357,784,784	342,101,456

*SME sector involves investment loans provided to small and medium enterprises, individuals, as well as loans provided to the field of agriculture

Thous. AMD

borrowers and related parties /without	31/03/2025	31/12/2024
Customers' loans and advances calculated at amortized value	99,534,667	91,812,725
Balance of off-balance sheet contingent liabilities	1,277,271	2,182,926
Total	100,811,938	93,995,651
Loan investments	361,367,551	345,544,134
Ratio in portfolio	27.54%	26.57%
Total normative capital	76,005,419	77,137,535
Percentage ratio to capital	132.64%	121.85%
Total	100,811,938	93,995,651

Thous. AMD

Loan Investments through International programs	31/03/2025	Quantity
ADB/MSME	9,997,829	298
ADB/WESSD	3,700,157	140
BS/SME3	1,208,256	36
COVID-19/2/1	1,408	1
COVID-19/2/2	2,845,687	41
DEG/SME	267,229	12
EBRD/MSME	924,060	29
EBRD/SMEC/Green	874,806	19
EBRD/WIB	194,721	26
EIB/APEX	6,227,318	147
FMO/MSME/Green	395,835	15
FMO/MSME/Retail	394,332	21
GAF/ KfW /ENERGY	5,614,675	2,425
GAF/ KfW/ AGRO	1,621,853	117
GAF/KfW/SME	21,500,483	1,852
GAF/ KfW /CONSUMERENERGY	1,064,008	1,878
GAF/KfW/SME/ENERGY	3,398,938	132
INCOFINCVBA/MSE	660,153	42
Proparco/SME/Green	9,963,945	517
PRM/SCTTF	2,460	2
Total	70,858,153	7,750

Thous. AMD

Loan Investments through International programs	31/12/2024	Quantity
ADB/MSME	7,723,298	210
ADB/WESSD	4,024,392	153
BS/SME3	1,344,117	42
COVID-19/1/3	25,086	1
COVID-19/2/1	2,253	1
COVID-19/2/2	2,870,963	45
DEG/SME	290,434	15
EBRD/MSME	745,730	33
EBRD/SMEC/Green	897,234	17
EBRD/WIB	251,633	32
EIB/APEX	6,664,461	154
FMO/MSME/Green	467,392	18
FMO/MSME/Retail	446,098	26
GAF/ KfW /SME	20,892,793	1,852
GAF/ KfW /ENERGY	3,789,035	1,396
GAF/ KfW /SME/ENERGY	3,023,100	120
GAF/ KfW/ AGRO	1,732,468	123
GAF/KfW/CONSUMER ENERGY	1,141,115	1,933
INCOFINCVBA/MSE	733,680	47
Proparco/SME/Green	10,991,596	565
PRM/SCTTF	2,818	2
Ընդամենը	68,059,696	6,785

Gaps of extended loans and advances calculated at amortized value per lending sectors (without taking into consideration the reserves for possible loan losses)	31/03/2025	Percentage	31/12/2024	Percentage
Industry	18,792,635	5.20	19,397,326	5.61
Agriculture	13,970,870	3.87	14,556,135	4.21
Construction	57,009,643	15.78	52,917,542	15.31
Transportation and communication	2,645,138	0.73	1,620,212	0.47
Commerce	50,958,963	14.10	46,835,642	13.55
Consumer	111,614,916	30.89	103,219,755	29.87
Mortgage loans	52,303,108	14.47	51,615,491	14.94
Service	19,829,248	5.49	20,443,838	5.92
Other	34,243,030	9.48	34,938,193	10.11
Total	361,367,551	100	345,544,134	100

Breakdown of loan portfolio per customer residency	31/03/2025	Percentage	31/12/2024	Percentage
RA residents	352,405,057	98.50	336,921,808	98.49
Residents of countries with Baa33 and higher ratings including	2,153,207	0.60		
USA	2,153,207			
Residents of countries with Baa33 and lower ratings or no rating at all	1,108,942	0.31	3,217,210	0.94
Russia	1,108,942		3,217,210	
Accrued interest	2,117,578	0.59	1,962,438	0.57
Total	357,784,784	100	342,101,456	100

Note 16. "Loans and borrowings to customers calculated at amortized value"

31/03/2025

The structure of customers' loans and borrowings calculated at amortized value per classification stages /IFRS 9/	Stage 1 /non-depreciated and overdue up to 30 days /		Stage 2 /31-90 days overdue/		Stage 3 /overdue more than 90 days/	
	Gross loans	Depreciation reserve	Gross loans	Depreciation reserve	Gross loans	Depreciation reserve
Corporate loans	166,798,904	866,079	293,605	74,110	110,917	94,832
Loans to individuals and private entrepreneurs	191,711,759	1,459,891	851,991	194,776	1,600,375	893,079
Total	358,510,663	2,325,970	1,145,596	268,886	1,711,292	987,911

31/12/2024

Depreciation reserve gaps of loans and advances to customers calculated at amortized value per stages of regression model	Stage 1 /non-depreciated and overdue up to 30 days /		Stage 2 /31-90 days overdue/		Stage 3 /overdue more than 90 days/	
	Gross loans	Depreciation reserve	Gross loans	Depreciation reserve	Gross loans	Depreciation reserve
Corporate loans	159,381,236	1,401,566	156,405	116,817	61,987	56,150
Loans to individuals and private entrepreneurs	183,421,175	860,358	1,226,155	464,023	1,297,176	543,764
Total	342,802,411	2,261,924	1,382,560	580,840	1,359,163	599,914

Note 16. "Loans and borrowings to customers calculated at amortized value"

31/03/2025

	Gross loans	Depreciation reserve	Net loans	Depreciation reserve on gross loans
Consumer				
Non-overdue	107,639,979	1,389,050	106,250,929	1.29%
Overdue				
1-30 days	2,631,307	89,443	2,541,864	3.40%
31- 60 days	96,671	31,281	65,390	32.36%
61- 90 days	25,853	9,113	16,740	35.25%
91-180 days	68,835	51,911	16,924	75.41%
180 and more	1,152,271	564,726	587,545	49.01%
Total	111,614,916	2,135,524	109,479,392	1.91%
Trade				
Non-overdue	50,817,236	209,768	50,607,468	0.41%
Overdue				
1-30 days	13,988	3,531	10,457	25.24%
31- 60 days	8,139	2,054	6,085	25.24%
61- 90 days	8,683	2,192	6,491	25.24%
91-180 days	104,243	89,560	14,683	85.91%
180 and more	6,674	5,273	1,401	
Total	50,958,963	312,378	50,646,585	0.61%
Production				
Non-overdue	18,756,143	72,442	18,683,701	0.39%
Overdue				
1-30 days	11,254	2,178	9,076	19.35%
31- 60 days				
61- 90 days	25,238	6,370	18,868	25.24%
91-180 days				
180 and more				
Total	18,792,635	80,990	18,711,645	0.43%
Construction				
Non-overdue	57,009,643	376,451	56,633,192	0.66%
Overdue				
1-30 days				
31- 60 days				
61- 90 days				
91-180 days				
180 and more				
Total	57,009,643	376,451	56,633,192	0.66%
Mortgage				
Non-overdue	52,243,897	101,482	52,142,415	0.19%
Overdue				
1-30 days				
31- 60 days	30,590	2,401	28,189	7.85%
61- 90 days				
91-180 days				
180 and more	28,621	9,755	18,866	34.08%
Total	52,303,108	113,638	52,189,470	0.22%
Agriculture				
Non-overdue	13,954,569	198,058	13,756,511	1.42%
Overdue				
1-30 days	2,296	0	2,296	0.01%
31- 60 days	2,187	78	2,109	3.57%
61- 90 days	500	14	486	0.00%
91-180 days	11,040	8,431	2,609	76.37%
180 and more	278	154	124	
Total	13,970,870	206,735	13,764,135	1.48%
Other fields				
Non-overdue	56,456,834	291,277	56,165,557	0.52%
Overdue				
1-30 days				
31- 60 days	258,047	65,134	192,913	25.24%
61- 90 days	2,535	640	1,895	25.25%
91-180 days				
180 and more				
Total	56,717,416	357,051	56,360,365	0.63%
TOTAL	361,367,551	3,582,767	357,784,784	0.99%

31/12/2024

	Gross loans	Depreciation reserve	Net loans	Depreciation reserve on gross loans
Consumer				
Non-overdue	101,827,082	1,007,756	100,819,326	0.99%
Overdue				
1-30 days	93,114	19,496	73,618	20.94%
31- 60 days	44,571	19,508	25,063	43.77%
61- 90 days	19,634	9,796	9,838	49.89%
91-180 days	1,192,198	402,149	790,049	33.73%
180 and more	43,156	30,030	13,126	69.58%
Total	103,219,755	1,488,735	101,731,020	1.44%
Trade				
Non-overdue	46,707,441	268,159	46,439,282	0.57%
Overdue				
1-30 days	11,756	1,268	10,488	10.79%
31- 60 days	23,394	19,696	3,698	84.19%
61- 90 days	82,576	69,406	13,170	84.05%
91-180 days				
180 and more	10,475	6,310	4,165	
Total	46,835,642	364,839	46,470,803	0.78%
Production				
Non-overdue	19,397,326	144,489	19,252,837	0.74%
Overdue				
1-30 days				
31- 60 days				
61- 90 days				
91-180 days				
180 and more				
Total	19,397,326	144,489	19,252,837	0.74%
Construction				
Non-overdue	52,917,542	618,690	52,298,852	1.17%
Overdue				
1-30 days				
31- 60 days				
61- 90 days				
91-180 days				
180 and more				
Total	52,917,542	618,690	52,298,852	1.17%
Mortgage				
Non-overdue	51,490,821	25,234	51,465,587	0.05%
Overdue				
1-30 days	62,722	278	62,444	0.44%
31- 60 days				
61- 90 days				
91-180 days	61,948	47,991	13,957	77.47%
180 and more				
Total	51,615,491	73,503	51,541,988	0.14%
Agriculture				
Non-overdue	14,540,554	152,974	14,387,580	1.05%
Overdue				
1-30 days	14,744	646	14,098	4.38%
31- 60 days	559	238	321	42.58%
61- 90 days				
91-180 days	278	134	144	48.20%
180 and more				
Total	14,556,135	153,992	14,402,143	1.06%
Other fields				
Non-overdue	56,910,363	525,855	56,384,508	0.92%
Overdue				
1-30 days	26,215	14,405	11,810	54.95%
31- 60 days				
61- 90 days	3,678	2,021	1,657	54.95%
91-180 days				
180 and more	61,987	56,149	5,838	90.58%
Total	57,002,243	598,430	56,403,813	1.05%
TOTAL	345,544,134	3,442,678	342,101,456	1.00%

Note 17. "Financial assets rated at fair value through other comprehensive financial results"

	Thous. AMD	
Government securities	31/03/2025	31/12/2024
RA Governmental T-bills		607,409
Total	0	607,409

	Thous. AMD			
RA non-state securities	31/03/2025		31/12/2024	
	listed	unlisted	listed	unlisted
Issuer having BBB+(Baa1) and lower rating, other rating or no rating at all				
Long term debt instruments				
Short term debt instruments				
Capital instruments	8,000	391,540		399,540
Total non-state securities of RA	8,000	391,540		399,540
governmental securities (reserve for Net Investments in RA non-	8,000	391,540		399,540

	Thous. AMD			
	31/03/2025		31/12/2024	
	listed	unlisted	listed	unlisted
Issuer having BBB+(Baa1) and				
Capital instruments		6,685		6,502
Total non-state securities of RA		6,685		6,502
through other comprehensive financial assets	8,000	398,225	607,409	406,042

Investments in share capital of other entities as of 31/03/2025

	Thous. AMD				
Name of entity	Main activity	Country of	Investment	Investment	Share %
S.W.I.F.T	Telecommunication	Belgium	13/09/1996	6,685	-
"Armenian Card" CJSC	Payment service	RA	22/02/2000	168,285	6.20
ACRA Credit Reporting CJSC	Information service	RA	23/06/2006	23,255	4.58
YES EM CJSC	Provision of electronic services	RA	19/03/2024	200,000	8.33
TELL CELL CJSC	Payment service	RA	10/12/2024	8,000	0.06
Total				406,225	

The balance sheet and real values of the financial assets rated at fair value through other comprehensive financial results (except investments into capital instruments) correspond to each other. The investments into capital instruments in RA are not quoted in any exchange and have a limited market. There are no definite accepted principles and methods to precisely decide the real value of those instruments, and therefore those securities are accounted in their cost price, deducted the reserve amount for depreciation

Note 17.1 : "Securities pledged under repurchase agreement"

	Thous. AMD	
	31/03/2025	31/12/2024
Assets		
Total pledged securities	75,677,784	67,011,458
including:		
Financial assets at amortized cost	13,405,250	12,573,292

Other financial assets rated at	62,272,534	54,438,166
Reserve for Financial assets at amortized value	(119,999)	(104,902)
Total	75,557,785	66,906,556

Note 18. "Other financial assets calculated at amortized value"

	31/03/2025	31/12/2024
Government securities rated at amortized value		8,952,024
Accumulated interest		152,587
Reserve of financial assets calculated at amortized value		(17,545)
Total	-	9,087,066

Note 19. "Investment in the chartered capital of the controlled entities"

There is no data available for this note during the accounting and previous period

Note 20. "Fixed assets and intangible assets"

Name of the entity	Land, buildings	Computer and communication	Vehicles	Other fixed assets	Investments in fixed assets	Right-of-use assets	Total
Balance of the fixed assets at the end of previous period 31/12/2024	12,997,717	5,424,626	1,345,617	2,635,000		6,318,546	28,721,506
Increase		27,909	48,145	42,879		113,493	232,426
Disposal			(13,985)				(13,985)
Written-off		(537,781)		(27,252)			(565,033)
Reclassification							-
Balance of fixed assets at the end of accounting period 31/03/2025	12,997,717	4,914,754	1,379,777	2,650,627	-	6,432,039	28,374,914
Balance of accumulated amortization at the end of the previous period 31/12/2024	667,781	3,591,909	581,789	1,738,089		4,247,644	10,827,212
Increase	96,724	137,163	37,413	54,632		255,491	581,423
Disposal			(10,463)				(10,463)
Reclassification							-
Depreciation		(524,047)		(26,930)			(550,977)
Written-off of amortization							-
Balance of accumulated amortization at the end of the accounting period 31/03/2025	764,505	3,205,025	608,739	1,765,791	-	4,503,135	10,847,195
Net balance sheet value							
At the end of the accounting period	12,233,212	1,709,729	771,038	884,836		1,928,904	17,527,719
At the end of the previous accounting period	12,329,936	1,832,717	763,828	896,911		2,070,902	17,894,294

The revaluation of fixed assets was carried out by an independent appraiser based on market value. Increase from the revaluation was attributed to the revaluation reserve of the equity.

Intangible Assets

Thous. AMD

Item	Software programs	License and warranties	Intellectual property rights	Other Intangible Assets	Total
Initial value					
Balance of intangible assets at the end of the previous period 31/12/2024	1,243,141	853,354	206	31,694	2,128,395
Increase	8,577	34,057			42,634
Written-off	(285)	(12,519)			(12,804)
Disposal					-
Balance of intangible assets at the end of the accounting period 31/03/2025	1,251,433	874,892	206	31,694	2,158,225
Intangible balance of accumulated amortization at the end of accounting period 31/12/2024	443,293	591,989	144	28,332	1,063,758
Increase	34,730	26,788	4	538	62,060
Disposal					-
Written-off	(285)	(12,414)			(12,699)
Reclassification					-
Balance of accumulated amortization at the end of accounting period 31/03/2025	477,738	606,363	148	28,870	1,113,119
Net balance sheet value					
At the end of the accounting period	773,695	268,529	58	2,824	1,045,106
At the end of the previous accounting period	799,848	261,365	62	3,362	1,064,637

As of 31/03/2025 the Bank had an intangible asset developed in-house, new "Business Operational Day" software: initial value AMD 750 thous., amortization AMD 750 thous., residual value AMD 0.

Note 21: "Other Assets"

Thous. AMD

	31/03/2025	31/12/2024
Amounts receivable from bank operations		
Amounts receivable from other operations	114,051	56,693
Total	114,051	56,693
Reserve for possible loss provision from bank operations (note 7)	(1,197)	(633)
Net amounts receivable from bank operations	112,854	56,060
Debtor liabilities and prepayments		
Debtor liabilities on the budget	365,854	162,464
Prepayments to employees	13	117
Prepayments to suppliers	417,919	118,373
Prepayments on the budget and mandatory social insurance payments	38,362	50,546
Other debtor liabilities and prepayments	21,992	33,183
Total	844,140	364,683
Reserve for possible loss provision on other assets (note 7)	(220)	(333)
Total	843,920	364,350
Reserve	616,604	644,618
Future period expenses	293,825	266,254
Other assets	43,401	33,731
Reserve for possible loss provision on other assets (note 7)		
Total	953,830	944,603
Total other assets	1,910,604	1,365,013

Note 22. "Liabilities to banks and other financial institutions"

Thous. AMD

	31/03/2025	31/12/2024
Current accounts		
RA Banks	15,007	15,064
Banks having BBB(Baa3) and higher rating		
Banks having rating lower than BBB(Baa3) or no rating at all	4,157	1,874
Accrued interest		
Total	19,164	16,938
Interbank loans and deposits, other		
Other		
RA banks		
Loans and deposits	13,048,017	7,965,416
Other	697	
Banks having BBB(Baa3) and higher rating		
Loans and deposits	1,930,182	1,937,296
Other		
Banks having rating lower than BBB(Baa3) or no rating at all		
Loans and deposits	1,338,747	1,323,966
Other	1,329	3,278
Accrued interest	92,872	47,337
Total	16,411,844	11,277,293
Financial Institutions		
Current accounts	6,341,800	6,356,567
Loans	28,351,940	27,427,288
Deposits	25,066,539	28,707,318
Other	1,021,649	325,242
Accrued interest	192,914	828,514
Total	60,974,842	63,644,929
Total liabilities to banks and financial institutions	77,405,850	74,939,160

Note 22.2 . Loans received from the Central Bank of the Republic of Armenia and RA Government

Program	31/03/2025		31/12/2024	
	Loan amount	Accrued interest	Loan amount	Accrued interest
"Women Entrepreneurship Support and Development" loan project	1,558,413	32,569	1,422,425	4,852
GAF/ RA SME lending project of European Investment Bank	6,434,513	217,706	7,191,471	114,496
GAF /Micro and Small Business Development Project of German-Armenian Fund	20,601,785	704,451	22,071,162	356,955
GAF "Renewable Energy Development" project	7,192,707	67,000	3,672,273	99,201
GAF "Access to finance for SMEs" project	2,785,228	81,094	2,785,226	32,167
RA "Agriculture support" project	1,684,644	43,389	1,692,649	15,664
Total	40,257,290	1,146,209	38,835,206	623,335

Note 22.3 REPO (repurchase) agreements

REPO (repurchase) agreements	31/03/2025	31/12/2024
REPO (repurchase) agreements with financial institutions	71,995,627	63,046,386
Total	71,995,627	63,046,386

Note 23: "Liabilities to Customers"

RA resident corporate entities and institutions	31/03/2025	31/12/2024
Current accounts	32,109,770	34,699,797
Term deposits	38,961,688	36,085,270
Other	2,305,495	1,630,297
Accrued interest	1,181,710	1,123,334
Total	74,558,663	73,538,698
Non-resident corporate entities, institutions	31/03/2025	31/12/2024
Current accounts	303,949	397,465
Deposits		
Other	2	2
Accrued interest		27
Total	303,951	397,494
RA resident private entrepreneurs	31/03/2025	31/12/2024
Current accounts	2,176,536	2,591,102
Term deposit	64,596	26,000
Other	23,471	23,464
Accrued interest	641	536
Total	2,265,244	2,641,102
RA resident individuals	31/03/2025	31/12/2024
Current accounts	28,453,879	33,018,850
Term deposits	77,129,341	74,142,317
Other	728,794	728,759
Accrued interest	1,978,527	1,834,968
Total	108,290,541	109,724,894
Non- resident individuals	31/03/2025	31/12/2024
Current accounts	1,152,503	1,068,168
Term deposits	4,082,921	3,892,151
Other	13,910	13,829
Accrued interest	102,580	76,682
Total	5,351,914	5,050,830
Total liabilities to customers	190,770,313	191,353,018

As of 31/03/2025, the amount necessary to secure obligations was AMD 7,285,996 thousand, the amount frozen by court order and tax authorities was AMD 34,202 thousand.

Note 23.1 : "Subordinate Borrowing"

As of 31/03/2025 the Bank attract subordiante borrowing` AMD 6.170.823 thousand.

Note 24: "Securities issued by the Bank"

	31/03/2025	31/12/2024
Interest securities issued by the Bank	16,719,722	14,115,869
Total	16,719,722	14,115,869

Note 25 : "Financial liabilities at fair value recalculated through profit/loss"

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Financial liability at fair value recalculated through profit/loss	31/03/2025	31/12/2024
Derivative instruments		
Swap		
Forward		
Other	212,248	119,575
Total	212,248	119,575

Note 26: "Amounts Payable"

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Amounts payable	31/03/2025	31/12/2024
Dividends	569,428	584,961
For insurance of deposit	70,757	66,944
Total	640,185	651,905

Note 27: " Other Liabilities"

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Other Liabilities	31/03/2025	31/12/2024
On income tax of non-resident	65,740	73,719
On VAT	8,348	6,658
On other taxes and penalties	188,247	303,709
Salary liabilities to employees	1,633,630	1,606,396
Credit debts to suppliers	237,121	180,088
Other liabilities	553,493	781,759
Balance at the end of the period	2,686,579	2,952,329

Note 28: "Chartered capital"

The Bank's registered and fully paid share capital totals AMD 31.578.015 thous., including 12.119.719 common shares with a nominal value of AMD 2,080 per share and 424,600 preference shares with a nominal value of AMD 15,000 per share. The chart below shows information on the key shareholders of the Bank as of the end of the accounting period.

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Name of the major shareholder	Participation amount	The size of participation in	Shareholders activity type (for
Sukiasyan Saribek Albert	7,307,140	28.99%	
Sukiasyan Khachatur Albert	3,138,533	12.45%	
Sukiasyan Eduard Albert	3,279,677	13.01%	

The shareholders of preference shares of the Bank are entitled to:

- a/ participate in the General Meeting of Shareholders of the Bank with the number of votes corresponding to the number and value of preference shares owned by them as prescribed by Law and the Bank's Charter.
- b/ receive quarterly payments (dividends),
- c/ receive any information concerning the Bank activities as prescribed by Law.
- d/ obtain its part of the Bank's property in case of the liquidation of the Bank

Note 29: "Other Equity Components"

There are no data available for this note in the accounting and previous periods.

Note 30: "Reserves, Contingencies, Potential Liabilities"

The Bank's legal liabilities: as of 31/03/2025 there are no such liabilities on which the bank has made provisioning. The Bank carries out activities within the framework of requirements set forth by the legislation.

The Bank's tax liabilities: as of 31/03/2025 the Bank had fully performed its tax liabilities and there is no need for additional provisioning on its tax liabilities.

The Bank's contingent liabilities on off balance sheet items containing credit risks

	Thous.AMD	
	31/03/2025	31/12/2024
Unutilized credit lines	2,588,241	2,518,236
Provided guarantees	11,374,347	13,237,505
Provided letters of credit		
Reserve on the mentioned items (note 7)	(58,136)	(67,641)

Liabilities on operational leases

Note 31 : "Transactions with Related Parties"

In the context of the present note the Bank's related parties are the Bank management, shareholders, entities related to them in the prescribed order set forth by RA law on the "Banks and Banking".

The Bank management comprises the Chairman of the Bank's Board, Deputy Chairman of the Board and the members of the Board, the Chief Executive Officer, the Deputy Chief Executive Officer, Chief Accountant, Deputy Chief Accountant, Head of Internal Audit Department, employees of Internal Audit Department, members of the Bank administration, as well as the heads of the Bank's territorial subdivisions, heads of the Bank's subdivisions, heads of the Bank's administration, departments and divisions

The transactions with the Bank related parties have been made on the basis of the current market conditions and interest rates.

Loans and advances at amortized value to the Bank related parties	31/03/2025	31/12/2024
Bank shareholder	7,266,904	7,221,063
Bank management	570,654	526,293
Financial institutions		
Total	7,837,558	7,747,356
Interest income	192,267	775,553
Facilities attracted from Bank related entities	31/03/2025	31/12/2024
Bank shareholder	4,080,909	4,348,971
Bank management	1,116,067	1,026,510
Financial institutions	332,772	471,795
Total	5,529,748	5,847,276
Interest expense	104,860	596,494
Salary or Similar Payment to the Bank Management	31/03/2025	31/12/2024
Board	218,607	490,324
Salary	157,407	454,174
Awarding	61,200	36,150
Executive body	145,710	582,569
Salary	145,710	540,569
Awarding		42,000
Internal Audit	38,108	155,686
Salary	38,108	143,836
Awarding		11,850
Total	402,425	1,228,579

The credit risk is the possible danger of delay or non-repayment of the loan, accrued interest or a part of it conditioned by the deterioration of the financial state of the borrower, pledge depreciation and other similar reasons, which can cause financial losses.

2) The methods of measurement and assessment of credit risk

A loan risk assessment and management methodology has been elaborated at the bank, which gives a possibility to assess the risks connected with the loan based on the calculation results of the relevant model. By simultaneous consideration of mathematical and economic arguments the credit risks assessment model provides a complex risk assessment approach, resulting in facilitation of grounded decision making on loan extension applying also the expert's assessments as exogenous variables. During the preliminary analysis of the borrower's creditworthiness the bank finds out the potential borrower's conformity to the general criteria set forth by its credit policy and if the outcome is positive a scrupulous analysis of factors of creditworthiness is made.

3) Description of models (if available).

In addition to the above mentioned methodology, the Bank applies the "stress test" method, that envisages calculation of the Bank's losses in case of occurrence of various considered shock scenes.

When applying "stress tests", a number of scenarios concerning the risk are being examined and in case of each scenario losses of the Bank are calculated through the relevant method. For the loan risk assessment the following shock scenarios are applied:

1. Written-off of the classified loans to the extent of X%,
2. Classification of Y% of doubtful loans to bad loans,
3. Classification of Z% of standard loans to watchlist,
4. Classification of U% foreign currency standard loans to watchlist,
5. The fact of the loan becoming bad as a result of major borrower's bankruptcy,
6. Classification of K% of total loans to bad loans,
7. Transformation of L% of post-balance sheet conditional liabilities and post-balance sheet term operations into balance sheet items,
8. The scene of simultaneous occurrence of the first (except those classified as doubtful), second, third and seventh scenes, where the parameters of X, Y, Z, U, K, L scenes are (figures from 1-100)

As a result of the application of stress tests, the impact of the mentioned shock situations on the minimum size of the Bank's general capital adequacy standard (N1) is calculated, the possibilities and sizes of breach of those standards, the size of surplus amount transferable to reserve fund are assessed.

The surplus amounts transferable to the reserve fund are calculated in case of various possible scenarios (for different values of each scenario parameter) which are used for the purpose of analysis of possible scenarios drafted on the basis of previous period data. The analysis of more possible scenarios enables to assess the riskiness of loan portfolio undertake measures for the insurance of the minimum level of risk. The analysis of the written-off scenarios of a certain percent of doubtful, standard, and general loans classified on the basis of the minimum size of the Bank's equity and adequacy standards include determination of critical points of breach of a standard which enables to assess the probability (risk) of a breach of a standard on the given date.

4) Determination of the allowable level of loan risk: quantitative analysis and assessment of risk

While generating its loan portfolio, the Bank records and tabulates statistics on centralization of certain types of loans:

- V per sectors of economy,
- V per regions
- V per a single Borrower and related Parties
- V per loan terms
- V per pledge, etc.

5) Loan risk regulation, works performed on mitigation and elimination of credit risk impact

The loan policy adopted by the Bank pursues a goal to maximize the efficiency of allocation of attracted funds as loan providing relevant liquidity and risk diversification under conditions of necessary profitability.

The Bank's loan risk management is performed via procedures regulating this process that set forth the criteria of assessment of the borrower's creditworthiness presented to the borrower, assessment of loan security level, analysis of pledge disposal, restrictions on extension of large loans, forecast of external environmental changes, credit monitoring, control, supervision, etc.

31/03/2025						Thous.AMD
Item	RA	CIS countries	OECD* countries*	Non-OECD* countries	Total	
Assets						
Cash and balances with the CBA	63,334,995	259,703	939,776	180,959	64,715,432	
Standard bank precious metal bullions and coins	566,673				566,673	
Due from banks and other financial institutions	3,370,489		1,112,675	71,355	4,554,519	
Reverse repurchase agreements	14,915,942				14,915,942	
Customers' loans and advances rated at amortized value	354,414,280	1,217,297	2,153,207		357,784,784	
Securities at fair value rated through other comprehensive financial results	399,540		6,685		406,225	
Securities pledged under repurchase agreement	75,557,785				75,557,785	
Other financial assets carried at amortized cost					-	
Other assets	113,601		450		114,051	
Total assets	512,673,306	1,477,000	4,212,792	252,314	518,615,411	

31/12/2024						Thous.AMD
Item	RA	CIS countries	OECD* countries*	Non-OECD* countries	Total	
Assets						
Cash and balances with the CBA	62,557,685	526,763	629,275	107,894	63,821,616	
Standard bank precious metal bullions and coins	531,149				531,149	
Due from banks and other financial institutions	6,270,580	120	404,708	125,066	6,800,474	
Reverse repurchase agreements	14,217,780				14,217,780	
Financial assets at fair value recalculated through profit/loss					-	
Customers' loans and advances rated at amortized value	338,835,996	3,265,460			342,101,456	
Securities at fair value rated through other comprehensive financial results	1,006,949		6,685		1,013,634	
Securities pledged under repurchase agreement	66,906,556				66,906,556	
Other financial assets carried at amortized cost	9,087,066				9,087,066	
Other assets	55,917		143		56,060	
Total assets	499,469,678	3,792,343	1,040,810	232,960	504,535,792	

Loans allocated in the territory of RA per RA regions:

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RA regions	31/12/2024	31/12/2024
Yerevan	224,135,039	215,199,733
Kotayk	36,164,300	34,875,288
Ararat	18,994,178	18,299,785
Lori	8,930,840	8,604,554
Gegharkunik	12,314,602	11,380,116
Shirak	11,555,133	10,721,936
Armavir	18,246,629	16,794,519
Syunik	9,535,907	9,050,460
Aragatsotn	10,767,187	10,125,982
Vayots Dzor	2,681,549	2,546,767
Tavush	2,587,410	2,547,093
Artsakh	1,872,010	1,955,224
Total	357,784,784	342,101,456

Credit Risk Analysis

1) To rise the efficiency of loan portfolio security, loans at the bank are provided to the extent of maximum 70-80% of assessed value of pledge and during further repayments of the loan loan/pledge ratio factor decreases. The assessment of pledged properties is made by specialized companies with a license for assessment in AMD, loans are also provided in foreign currency. Within conditions of exchange rate fluctuations and overdue loans in case of deficit of pledge value, arising from the growth of Borrower liabilities on the account of accumulated penalties the risks of the Bank are mitigated due to the fact that, according to the Loan Agreements, the Bank is entitled to satisfy its credit requirements from funds available on the Borrower's bank account and to claim sequestration of loan debt by court order afterwards.

2) It should be noted that in the loan portfolio the unsecured loans (without reserves) as of 31.03.2025 did not exceed 3.68%. The bulk of the unsecured loans consists of those provided to the customers of "ARMECONOMBANK" OJSC, which have active account movements and stable cash flows. Credit lines under credit cards also have a significant weight. These loans contain low credit risk, since the credit lines have limited sizes, while the customers have jobs and in some cases guarantees of reputable organizations are available.

3) As of 31/03/2025, loan investments without reserves amounted to AMD 361,367,551 thous. As of 31.03.2025 volume of loans in the Stage 2, Stage 3 amounted to AMD 2,856,888 thous.

4) The provisioning of loan portfolio corresponds to the requirements of IFRS9.

5) The volume of repo transactions in the I quarter of 2025 (excluding extensions) is 14,464,329 thousand AMD and 4,039,980 USD, but in the same period of the previous year was 32,364,188 thousand AMD and 8,018,900 USD. The volume of reverse repo transactions in the I quarter of 2025 is 850,632,045 thousand AMD and in the same period of the previous year was 373,465,048 AMD.

6) The lending procedure at "ARMECONOMBANK" OJSC is performed by a dedicated team of employees with excellent professional qualification and work experience. The engagement of employees is made via competitive examination held by a special competition committee. The announcements of competitions are placed in mass media and in the Bank's Website.

7) On the purpose of rising the efficiency of lending process and mitigation of risks connected with commercial loans, loan officers make careful analysis of the Borrower's performance. On the purpose of analysis the specialist of loan extension unit visit the place where the customer's business is located and not only uses the existing accounting documents, but also elaborates and uses his own versions of balance sheet, income expenses, cash flows, capital movement statements.

The balance sheet compiled by the Bank specialist reflects the situation at the time when the analysis is made liquid assets/cash in the pay desk, bank accounts, savings/ accounts receivables/receivable amounts, goods on transit, prepayments made/ ,good supplies/raw materials,half ready goods, goods, fixed assets/equipments related to customers business activity, cars, real estate and other property/.

The statement of income /expenses is compiled, taking into account the average indicators of customers disposal/average data/, value of goods and services/cost of raw materials, prime cost of goods/, surplus costs/salary,rental fee, transportation expenses, communal expenses, taxes,etc., other income expenses, repayments of extendable loan principal and interest.

During the process of analysis, the following economic ratios and indicators reflecting the financial state of the Borrower are calculated: capital adequacy ratio, liquidity ratio, circulation ratio, surplus, gross margin, net margin, limit of allowable decrease of liquidity volumes.The ratio of loan servicing is also calculated separately.

The loan amount is provided only after checking the conformity of the Borrower's financial state with the requirements of the Bank for those ratios set forth by the internal procedures regulating the lending process.

On the purpose of rising the efficiency of lending process, a regular monitoring of provided loans is performed. The monitoring is performed by the Bank's special unit, Loan Monitoring Division.The day-by-day monitoring of loans is made by loan officers in case of necessity.

Two types of monitoring are performed:

1. Monitoring via actual visits,
2. Monitoring by phone calls.

During the process of monitoring the specialists of the loan monitoring division gather information on the following issues:

1. Information on the changes in the Borrower's market position (competitors, price fluctuations, realization, etc.)
2. In case of extension of loans by installments, as well as in case of availability of operative loan, a monitoring (analysis) of previously extended loan is performed before the extension of the consecutive installment or the new loan.
3. Changes related to suppliers, consumer structure, and raw material prices.

4. Other ratio describing the financial state of the Borrower.

5. During the monitoring process, the relevant specialist discovers cases of non-purposeful usage of loan or provision of untrue information by the Borrower, the Bank may terminate further lending in case the lending is by installments, or may terminate the Loan Agreement and perform preterm repayment of principal, credit line provided for commercial purposes and accrued interest based on its rights under the Pledge Agreement.

6. The assessment of pledge is made by a specialized company with a license for assessment. The assessment of property reflects the market situations, taking into account the forecast of property prices.

7. The loan and pledge agreements signed with the customers contain a provision on mandatory security

Collection of written-off loans is made by special units of the Bank, jointly with the problematic loan division and security department.

8. Lending process at "ARMECONOMBAK" OJSC includes all relevant impetus for the detection of credit risks.

Credit risk management at the Bank is performed by the following main procedures:

1. Prudential discovery process of lending object,
2. Collection of standard portfolio of loan documentation,
3. Loan monitoring,
4. Problematic loan repayment process.

As a result of the above mentioned processes, the following data are discovered and assessed: Borrower's competency, loan purpose, Borrower's creditworthiness and loan repayment sources, risks connected with the Borrower's related parties, Borrower's loan history, experience of entrepreneurial activities, market position, conformity of the pledge object.

The business activity of the customers' finances by the Bank is in many cases interconnected, which enables the Bank to check the correctness of the information presented by the customer comparing that information with the information by another bank customer who acts as a supplier, buyer or competitor of the first.

Market Risk

1) The Bank's own definition of the market risk

Market risk is a foreign currency, interest rate and price risk which depends on the exchange rate and security price fluctuations.

2) The methods of market risk measurement and assessment

Foreign currency risk

Assessment of foreign exchange risk and position management efficiency

The calculations of VAR model of foreign currency risk assessment are made on a daily basis, taking into account previous period data of foreign currency exchange rates and foreign currency position data. As a risk exponent on separate foreign currency position, the possible maximum size of revaluation loss incurred as a result of a day's (ten days) exchange rate fluctuations is reviewed under the conditions of the given reliability level. The calculations of the model are made under 99% reliability level conditions. Under the frames of the model, the correlation matrix of foreign currency exchange rate fluctuations is calculated on the basis of which the assessment of possible maximum loss (risk of foreign currency assets and liabilities package) incurred from foreign currency positions is made.

By the results of the accounting quarter, the possible maximum average daily loss per separate foreign currency positions and foreign currency assets and liabilities portfolio under 99% reliability has formed.

Accounting period	USD	GBP	EUR	CHF	KZT	AED	RUB	GEL	XAU	Gross VAR
2024 IV Q	4,571.75	193.84	305.16	580.46	4.13	72.89	1,569.39	94.19	18.15	5,113.12
2025 IQ	4,457.85	123.73	348.39	264.96	4.78	82.56	5,867.18	191.92	28.06	7,958.26
increase/decrease	-113.90	-70.11	43.23	-315.50	0.65	9.67	4,297.79	97.73	9.92	2,845.15

The analysis of the Bank's foreign currency risk according to financial assets and liabilities:

	31/03/2025					Thous.AMD	
	AMD	USD	EUR	RUB	Other currency	Total	
Cash and their equivalents	29,256,607	29,004,717	4,070,356	2,288,122		95,630	64,715,432
Bank standardized bullions of precious metals and coins	443					566,230	566,673
Receivables to banks and other financial institutions	2,067,179	2,265,801	170,053	51,485			4,554,518
Reverse Repurchase Agreements	12,958,941	1,957,001					14,915,942
Loans and advances to customers calculated at amortized value	275,798,283	76,915,846	5,049,563	21,092			357,784,784
Financial assets at fair value rated through other comprehensive financial results	406,225						406,225
Securities pledged under repurchase agreements	75,557,785						75,557,785
Other financial assets calculated at amortized value							-
Other assets	83,199	4,965	25,345	542			114,051
Total assets	396,128,662	110,148,330	9,315,317	2,361,241	661,860		518,615,410
Liabilities							
Liabilities to the banks and other financial institutions	62,085,641	13,581,419	1,665,803	72,946	41		77,405,850
Loans and deposits from international financial institutions	9,270,982	39,811,191	358,082				49,440,255
Loans from the CBA and RA	41,403,499						41,403,499
REPO agreements	71,995,627						71,995,627
Liabilities to Customers	134,244,958	49,650,575	5,026,148	1,818,604	30,028		190,770,313
Subordinate borrowing	1,013,050	2,600,023	2,557,750				6,170,823
Liabilities on current taxes	1,203,206						1,203,206
Securities issued by the Bank	8,014,541	8,705,181					16,719,722
Financial liabilities at fair value recalculated through profit/loss	212,248						212,248
Amount payable	640,185						640,185
Deferred tax liabilities	1,201,889						1,201,889
Lease liabilities	1,546,594						1,546,594
Other liabilities	2,305,748	371,151	5,245	4,231	204		2,686,579
Total liabilities	335,138,168	114,719,540	9,613,028	1,895,781	30,273		461,396,790
Balance-sheet open position	60,990,494	(4,571,210)	(297,711)	465,460	631,587		57,218,620
Aggregately payable currency derivatives	(1,571,537)	2,284,470		(367,487)	(567,694)		(212,248)
Net position	59,418,957	(2,286,740)	(297,711)	107,973	63,893		57,006,372

	31/12/2024					Thous.AMD	
	AMD	USD	EUR	RUB	Other currency	Total	
Cash and their equivalents	26,524,319	31,488,832	3,983,696	1,741,111	83,658		63,821,616
Bank standardized bullions of precious metals and coins	443				530,706		531,149
Receivables to banks and other financial institutions	4,547,342	2,043,638	152,237	57,257			6,800,474
Reverse Repurchase Agreements	12,234,581	1,983,199					14,217,780
Loans and advances to customers calculated at amortized value	263,121,364	72,844,628	6,115,831	19,633			342,101,456
Financial assets at fair value rated through other comprehensive financial results	607,504	406,130					1,013,634
Securities pledged under repurchase agreements	65,611,999	1,294,557					66,906,556
Other financial assets calculated at amortized value	8,458,402	628,664					9,087,066
Other assets	51,112	3,187	1,468	293			56,060
Total assets	381,157,066	110,692,835	10,253,232	1,818,294	614,364		504,535,791
Liabilities							
Liabilities to the banks and other financial institutions	62,689,686	10,656,147	1,571,973	21,354			74,939,160
Loans and deposits from international financial institutions	7,952,574	45,401,651	346,678				53,700,903
Loans from the CBA and RA	39,458,541						39,458,541
REPO agreements	63,046,386						63,046,386
Liabilities to Customers	135,086,753	48,448,900	5,925,496	1,870,817	21,052		191,353,018
Subordinate borrowing	1,013,026	2,593,398	2,498,407				6,104,831
Liabilities on current taxes	1,117,096						1,117,096
Securities issued by the Bank	5,683,978	8,431,891					14,115,869
Financial liabilities at fair value recalculated through profit/loss	119,575						119,575
Amount payable	651,905						651,905
Deferred tax liabilities	1,093,219						1,093,219
Lease liabilities	1,669,847						1,669,847
Other liabilities	2,789,838	103,766	56,820	1,170	736		2,952,329
Total liabilities	322,372,424	115,635,753	10,399,374	1,893,341	21,788		460,322,680
Balance-sheet open position	58,784,642	(4,942,918)	(146,141)	(75,047)	592,576		54,213,111
Aggregately payable currency derivatives		411,564			(531,139)		(119,575)
Net position	58,784,642	(4,531,354)	(146,141)	(75,047)	61,437		54,093,537

**I group foreign currency" comprises the following currencies : USD, GBP, EUR, CHF standardized gold bullions and metal account.

***II group foreign currency" comprises: RUB, KZT, GEL, and AED

Interest Rate Risk

Assessment of interest rate change risk:

The analysis of disbalance shows that the average accumulated disbalance of the I quarter of 2025 (accumulated gap of the sensitive assets and liabilities against the interest rate) is positive forming AMD 47,662,344 thousand against AMD 31,192,352 thousand in the same period of the previous year by increasing in absolute value by AMD 16,469,992 or 52.8%, that is in average, the Bank was sensitive to assets in the I quarter of 2025. In the I quarter of 2025, the average accumulated disbalance has increased in absolute value by AMD 2,701,665 thousand or 5.4% .

The average correlation ratio of sensitive assets and liabilities to interest rate changes for the I quarter of 2025 has increased by 3.1 percentage point, forming 112.1% against 109.1% average value of the I quarter of 2024, that is in I quarter of 2025 the assets sensitive to interest rate changes have formed 112.1% of the sensitive liabilities to interest rate changes.

The duration of assets as at the end of I quarter of 2025 was 1.868 year (against the 1.866 year as of the I quarter of 2024) as it increased by 0.002 year or by 0.1% , as compared with the end of the previous quarter (1.851 year) the mentioned indicator has increased by 0.017 year or 0.9 %.

The duration of liabilities as of the end of the I quarter of 2025 was 0.914 year (against 0.904 year of the I quarter of 2024) increasing by 0.01 year or 1.1%. In correlation with the end of the previous quarter (0.939) the indicator has decreased by 0.025 year or 2.6%.

The duration gap as of the end of the I quarter of 2025 was 1.07 (against 1.076 of the I quarter of 2024) decreasing by 0.006 or 0.5 %. In correlation with the end of previous quarter (1.03) the indicator has increased by 0.04 or 3.9%.

Assets and Liabilities with changing interest rates

31/03/2025

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Item	up to 1 month		1-3 months		3-6 months		6 months to 1 year		1-5 years		more than 5 years	
	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign	AMD	Foreign	AMD	Foreign currency	AMD	Foreign
Facilities placed												
Cash and their equivalents	-	-	-			-	-	-	-	-	-	-
Total	-	-	-				-	-	-	-	-	-
Resources attracted												
Liabilities to banks and other financial institutions, including:												
Resources attracted												
Liabilities to banks and other financial institutions, including:												
- Loans				532,660	544,290		538,677	826,648	7,619,727	16,245,831		
Total			-	532,660	544,290	-	538,677	826,648	7,619,727	16,245,831		
Net position	-	-	-	(532,660)	(544,290)	-	(538,677)	(826,648)	(7,619,727)	(16,245,831)	-	-

31/12/2024

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Item	up to 1 month		1-3 months		3-6 months		6 months to 1 year		1-5 years		more than 5 years	
	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency
Facilities placed												
Loans and advances provided to customers rated at amortized value												
Total												
Resources attracted												
Liabilities to banks and other financial institutions, including:												
-Loans			544,290	395,059		534,275	544,290	837,182	6,202,278	16,439,551		
Total	-	-	544,290	395,059	-	534,275	544,290	837,182	6,202,278	16,439,551	-	-
Net position	-	-	(544,290)	(395,059)	-	(534,275)	(544,290)	(837,182)	(6,202,278)	(16,439,551)	-	-

The average interest rates applicable for interest-bearing assets and liabilities as of the end of accounting and previous periods are presented below.

Item	Interest rates of accounting period: 31/03/2025		Interest rates of accounting period: 31/12/2024	
	AMD	Foreign currency	AMD	Foreign currency
Assets				
Balance at CBA				
Receivables to banks and other financial institutions, including:	12.75	8.00	12.75	9.04
Loans and advances provided to customers rated at amortized value	18.96	11.06	17.45	10.52
Financial instruments at fair value through profit or loss	9.42	0.00	9.41	5.48
Liabilities				
Liabilities to banks and other financial institutions	7.21	6.50	7.04	6.17
Liabilities to Customers	9.54	3.75	9.04	4.00
Securities issued by the Bank	10.75	5.17	10.72	5.08

3)Description of models

Foreign Currency Risk

Foreign currency risk is the maximum loss from revaluation arising from exchange rate fluctuation, assessed per separate currencies, as well as for the whole portfolio (hereinafter, portfolio) in the Bank's foreign currency assets and liabilities.

On the purpose of measurement and assessment of foreign currency risk, the VAR (Value at Risk) method (model) accepted in the International practice is used, on the basis of which the size of the maximum possible losses (with trustiness) is calculated per separate types of foreign currency (foreign currency positions), as well as for the whole portfolio. According to the VAR model, the size of possible maximum loss is calculated on the basis of foreign currency open positions time series describing the interest rate fluctuations. On the basis of one day VARs calculated for the Banks' foreign currency assets and liabilities the values of 10 day VARs are assessed for separate foreign currencies and total portfolio.

The calculation of possible maximum loss gives the bank an opportunity to assess the efficiency of its foreign currency operations, taking into account the level of exposure to risk, manage the foreign currency positions, arising from the size of the possible maximum loss, limiting the volumes of foreign currency positions in case of necessity.

The Bank's foreign currency policy is aimed at efficient management of foreign currency positions and is paralleled with justified risk level and is calculated in accordance with foreign currency risk calculation standard methodology during the calculation of standards.

Interest Rate Risk

Interest rate risk is the possibility of negative impact of changes in the market interest rates on the Bank's net interest income or economic value of capital.

The evaluation of the interest rate risk is made via the application of the "Model of gap in assets and liabilities sensitive to interest rate changes" ("GAP model") and the "Duration model", which enable to assess the impact of interest rate changes on the Bank's net interest income and economic value of capital.

The GAP indicator (gap) is calculated as a difference between the assets and liabilities sensitive to interest rate changes. The calculations are made each month for evaluation of the impact of the interest rate changes on the net interest income during the upcoming 3 months period.

Within the frames of the present model the following suppositions are made:

1. During the period under review the structure and volumes of assets and liabilities remain unchanged. That means that the repaid assets and liabilities are again allocated and attracted but in this case by new interest rate
2. The review of interest rate is made in the middle point of each period
3. The interest rates of all assets and liabilities with different maturities change in the same extent that is movement of profitability curves of assets and liabilities occur.

The Bank's sensitivity to the interest rate changes is assessed by the "GAP correlation" indicator (GAP/ASSETS), which is calculated through the correlation of assets and liabilities accumulative gap to assets.

The dynamics and fluctuations of changing interest rates are constantly reviewed and the impact of their probable changes on the Bank's assets and liabilities at changing interest rates is assessed.

On the purpose of mitigation of interest rate risk, the accumulative gap and duration gap of assets and liabilities sensitive to interest rate changes are maintained at acceptable levels of risk. Taking into account the general tendency of interest rate changes and applying the elaborated models, measures are undertaken for insurance of efficient time and volume correlations of attractable and distributable funds.

Price Risk

Price risk is the danger for the Bank to incur financial losses due to unfavorable changes in the market prices of securities conditioned by factors related to general fluctuations of market prices of securities under the circulation in the market, as well as factors related to given security and its issuer (in the conditions of long or short position presence for the present capital instrument).

Possible minimum level of price risk is maintained through the following measures undertaken:

- V Analysis of dynamics of structure, volume and price indicators of financial market and liquidity of separate financial instruments, discovery of the existing tendencies
- V Assessment of possible losses,
- V Application of hedging instruments
- V Setting limits on financial instruments (per type of security operation, per dealer, per issuer, stop-loss),
- V Diversification of security portfolio per issuer, sectors, maturities, etc.

Liquidity Risk

1) The Bank's definition of Liquidity Risk

Liquidity is the Bank's possibility of fully and timely repayment of its obligations

The liquidity risk is the probability that the Bank will not be able to meet its debtors' requirements in time without bearing additional losses which will negatively influence the Bank's profit/capital.

2) Description of the models of assessment and assessment of liquidity risk

For the assessment of liquidity risk the stress test method is used, which envisages the discovery of probability of breaches of liquidity standards of the Bank in case of various shock scenarios considered and calculation of the size of those breaches and maturity gap method, that envisages the calculation of liquidity indicators, by which the assessment of liquidity management quality is made.

When applying the stress tests, a number of scenarios related to the given situation are taken into consideration. During each scenario the sizes of breaches of the Bank's standards are calculated via the relevant method.:

The following shock scenarios are applied for the assessment of liquidity risk:

1. Preterm withdrawal of 25% of term deposits by individuals.
2. Pre-term withdrawal of 25% of term deposits of corporate entities
3. Withdrawal of 25% of all on-demand liabilities.
4. Pre-term simultaneous withdrawal of 25% of term deposit and all on-demand liabilities by individuals.
5. Pre-term withdrawal of X% of term deposit and Y% of all on-demand liabilities by individuals and legal entities (moreover, 3 levels of scenario are observed: mild, medium, and severe which are simultaneous withdrawal situations of 10%, 15% and 20% of term deposits and all on-demand liabilities by individuals and corporate entities).

The possibility of breach in N 21 N22 liquidity standards is discovered under the mentioned conditions and the sizes of such breaches are calculated. The calculation of critical points of the breaches of the standards gives an opportunity to get accurate assessments of the Bank's liquidity risk through the analysis of the impact of call in of Individuals term deposits and on-demand liabilities before termination of the Agreement on standards and assessment of probability of their breaches.

3) Determination of the allowable level of liquidity risk - quantitative analysis and ε Liquidity Risk Assessment

Over the I quarter of 2025, instant liquidity has increased 5.9 percentage point ,but up to 90 days accumulative and general (up to one year accumulative) liquidity indicators have respectively decreased by 6.1 and 2.3 percentage point .

Accounting period

31/03/2025

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Item	Non-performing		Repayment date						Termless	Total
	Term	Overdue	On -demand	up to 3 months	3-6 months	6-12 months	1-5 years	more than 5 years		
On maturity of assets repayment										
Cash and cash equivalents	-	-	64,715,431		-	-	-	-	-	64,715,431
Standardized precious metal bullions and coins	-	-	566,673	-	-	-	-	-	-	566,673
Receivables to banks and other financial institutions	-	-	237,932	2,758,754	704,821	45,012	7,860		800,140	4,554,519
Reverse Repurchase Agreements	-	-	-	14,915,944						14,915,944
Financial assets at fair value recalculated through profit/loss	-	-								-
Other financial assets calculated at amortized value										-
Loans and advances provided to customers rated at amortized value	5,520,745	232,472		34,405,175	20,514,538	32,023,606	168,758,369	96,329,879		357,784,784
Financial assets at fair value calculated through other comprehensive financial result									406,225	406,225
Securities pledged under repurchase agreements				75,557,785						75,557,785
Other receivables	66			113,985						114,051
Total	5,520,811	232,472	65,520,036	127,751,643	21,219,359	32,068,618	168,766,229	96,329,879	1,206,365	518,615,412
including:										
On maturity of liabilities repayment										
Liabilities to banks and other financial institutions			6,581,824	19,406,308	3,516,917	9,491,859	24,991,754	13,417,188		77,405,850
Loans and deposits from international financial institutions	-	-		3,176,835	3,362,632	6,734,666	36,166,122			49,440,255
Loans from the RA Government	-	-		5,356,603	691,945	5,356,223	27,644,584	2,354,144		41,403,499
Repurchase Agreements	-	-		71,995,627						71,995,627
Liabilities to customers	-	-	62,626,975	31,056,555	19,670,111	50,037,859	26,883,616	495,197		190,770,313
Subordinate borrowings	-	-		87,469			2,540,408	3,542,945		6,170,822
Securities issued by the Bank	-	-		3,672,649	118,007	3,927,381	9,001,685	-		16,719,722
Lease liabilities				7,613	47,405	211,403	968,454	311,719		1,546,594
Financial liabilities at fair value	-	-		10,330					201,917	212,247
Liabilities on current taxes	-	-		1,203,206						1,203,206
Amounts payable	-	-	349,567	290,619						640,186
Other liabilities	-	-	2,243,397	412,180	7,500	10,918			12,585	2,686,580
Total	-	-	71,801,783	136,675,994	27,414,517	75,770,309	128,196,623	20,121,193	214,502	460,194,901
Net liquidity gap	5,520,811	232,472	(6,281,727)	(8,924,351)	(6,195,158)	(43,701,691)	40,569,606	76,208,686	991,863	58,420,511
Accumulative liquidity gap	5,520,811	5,753,283	(528,444)	(9,452,795)	(15,647,953)	(59,349,644)	(18,780,038)	57,428,648	58,420,511	

Previous accounting period

31/12/2024

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Item	Non-performing		Repayment date in					Termless	Total	
	Term	Overdue	On -demand	up to 3 months	3-6 months	6-12 months	1-5 years			more than 5 years
Cash and cash equivalents,			63,821,618							63,821,618
Standardized precious metal bullions and coins			531,149							531,149
Receivables to banks and other financial institutions			235,474	3,125,974	23,794	713,802	47,913		2,653,517	6,800,474
Reverse Repurchase Agreements				14,217,782						14,217,782
Financial assets at fair value recalculated through profit/loss										-
Other financial assets calculated at amortized value				612,333				8,474,734		9,087,067
Loans and advances provided to customers rated at amortized value	2,663,637	116,893		28,264,103	20,978,437	31,325,555	159,413,330	99,339,501		342,101,456
Financial assets at fair value calculated through other comprehensive financial result				406,130			201,279		406,225	1,013,634
Securities pledged under repurchase agreements				66,906,556						66,906,556
Other receivables				52,636	3,424					56,060
Total	2,663,637	116,893	64,588,241	113,585,514	21,005,655	32,039,357	159,662,522	107,814,235	3,059,742	504,535,796
On maturity of liabilities repayment										
Liabilities to banks and other financial institutions			6,737,272	15,699,221	4,239,248	11,336,305	23,633,397	13,293,717		74,939,160
Loans and deposits from international financial institutions				6,551,411	2,550,783	6,852,732	37,745,977			53,700,903
Loans from the RA Government and CBA				810,607	4,790,965	4,676,026	27,208,928	1,972,014		39,458,540
Repurchase Agreements				63,046,385						63,046,385
Liabilities to customers			65,212,576	24,518,057	24,905,525	36,356,695	39,840,999	519,166		191,353,018
Subordinate borrowings				29,574	19,118	-	2,572,135	3,484,003		6,104,830
Securities issued by the Bank				220,410	3,570,738	3,963,956	6,360,765			14,115,869
Lease liabilities				42,800	17,386	331,197	995,040	283,424		1,669,847
Financial liabilities at fair value rated through profit/loss				119,575						119,575
Liabilities on current taxes					1,117,096					1,117,096
Amounts payable			360,213	291,692						651,905
Other liabilities	-	-	843,790	477,727	54	11,870			1,618,888	2,952,329
Total	-	-	73,153,851	111,807,459	41,210,913	63,528,781	138,357,241	19,552,324	1,618,888	449,229,457
Net liquidity gap	2,663,637	116,893	(8,565,610)	1,778,055	(20,205,258)	(31,489,424)	21,305,281	88,261,911	1,440,854	55,306,339
Accumulative liquidity gap	2,663,637	2,780,530	(5,785,080)	(4,007,025)	(24,212,283)	(55,701,707)	(34,396,426)	53,865,485	55,306,339	

Note 33: "Capital and Capital Adequacy Ratio"

The Bank does not have defined internal requirements for the capital level. The Central Bank of RA set forth a 11% capital adequacy ratio to risk weighted for all Armenian banks. The Central bank of Armenia has also defined a minimum amount for total capital forming AMD 30,000,000 thousand. During the accounting period, the Bank has met the established standard requirements on the capital level.

We present the structure of balance sheet capital:

	31/03/2025	31/12/2024
Chartered capital	31,578,015	31,578,015
Emission income/	7,762,974	7,762,974
Reserves:	10,716,205	10,667,358
Main reserve	4,190,000	4,190,000
Revaluation reserve	6,526,205	6,477,358
Undistributed profit	29,177,377	26,622,711
Total capital	79,234,571	76,631,058

We hereby present the core and general capitals applied for calculation of the main prudential standards defined by the CBA and the capital adequacy indicators per months during the accounting period, with their comparison with the standard requirements.

Involvement in calculation standards

2025	Tier 1 core capital T	Tier 1 capital	Total capital	Credit risk	Market and operational risk	Equivalent effective %	CBA limit %
	1	2	3	4	5	6	7
January	57,735,197	64,104,197	73,410,801	399,794,368	1,654,840	17.70	11
February	58,878,544	65,247,544	74,620,287	403,290,516	1,472,090	17.91	11
March	60,294,460	66,663,460	76,005,419	407,010,828	1,520,171	18.06	11

2024	Involved in calculation standards			Credit risk	Market and operational risk	Equivalent effective %	CBA limit %
	Tier 1 core capital T	Tier 1 capital	Total capital				
	1	2	3.0				
January	42,724,524	49,093,524	61,942,162	353,644,266	3,524,509	16.06	11
February	43,995,974	50,364,974	64,448,724	353,932,134	3,441,060	16.73	11
March	48,312,117	54,681,117	66,477,238	358,796,886	3,153,980	17.16	11
April	49,120,693	55,489,693	67,133,228	363,778,808	1,322,629	17.86	11
May	51,688,224	58,057,224	67,827,077	364,438,769	1,360,186	18.00	11
June	54,129,827	60,498,827	68,965,141	374,695,038	1,607,661	17.71	11
July	54,955,191	61,324,191	69,863,129	383,185,861	1,656,131	17.54	11
August	55,673,807	62,042,807	70,611,786	388,575,090	1,603,290	17.51	11
September	56,668,372	63,037,372	72,034,366	393,357,798	1,470,726	17.71	11
October	57,509,109	63,878,109	73,298,898	399,284,344	1,388,661	17.79	11
November	59,865,552	66,234,552	75,601,944	402,263,549	1,504,009	18.18	11
December	61,291,933	67,660,933	77,137,535	413,001,842	1,574,055	18.05	11

We hereby present the weight of risks of assts and off-balance sheet contingent liabilities, incomplete term operations as of the end of current and previous accounting periods, per the classes of risk weights under Charter 2 approved by the Board of CBA.

As of 31/03/2025				
Risk weight	Assets	Off-balance sheet contingent liabilities	Incomplete term operation	
0%	131,764,782	691,087		-
10%	14,321,840			1,432,184
20%	1,192,215			238,443
30%	173,472			52,042
35%	179,806			62,932
50%	2,235,125			1,117,563
75%	93,431,905	379,107		70,358,259
100%	194,568,396	9,463,959		204,032,355
110%	314,281	20,391		368,139
150%	81,476,086	2,200,745		125,515,247
200%	709,297			1,418,594
Total	520,367,205	12,755,289	-	404,595,757

As of 31/12/2024				
Risk weight	Assets	Off-balance sheet contingent liabilities	Incomplete term operation	Total credit risk
0%	131,845,298	525,921		-
10%	15,481,117			1,548,112
20%	770,990			154,198
30%	404,230			121,269
35%	189,262			66,242
50%	1,034,440			517,220
75%	88,411,502	441,935		66,640,078
100%	188,277,207	10,940,372		199,217,579
110%	284,571	24,345		339,808
150%	79,342,018	2,605,052	6,173	122,929,865
200%	785,577			1,571,154
Total	506,826,212	14,537,625	6,173	393,105,523

Note 34. "Fair value of Financial Assets and Liabilities"

We hereby present explanations on the assessed fair value of Financial Instruments given in accordance with the requirements of IFRS 32 on "Revelation and Presentation of Financial Instruments".

The fair value of Financial Instruments is the amount by which the asset may be exchanged or the liability may be repaid by well-informed and willing parties during "extended hand distance" deal.

The fair values of RA Government T-Bills and the Central Bank of Armenia securities are determined on the basis of market quotations.

As of 31/03/2025 the following methods and assessments were used by the Bank during the evaluation of fair value of each class of financial instrument.

Cash and Balances with the CBA

The balance sheet value of these short-term instruments exactly reflects their fair value.

Loans and advances provided to customers, receivables to banks and other financial institutions.

The fair value of the loan portfolio depends on the credit and interest rate peculiarities of separate loans included in each class of loans that form the loan portfolio. The assessment of loan loss provision considers risks characteristic of classes of loans, depending on such factors, as the state of the sector of economy in which each borrower is engaged, financial state of each borrower and purchased guarantees. Therefore, the loan loss provision is the exact assessment of size that reflects the influence of the loan risk.

Resources attracted from banks and other financial institutions

The balance sheet value is close to the fair value.

Customer deposits and bank accounts

Customer deposits and bank accounts.

As of 31/03/2025 the Bank had no financial assets accounted for by the amount exceeding their fair values.

Note 35. "Hedging of Envisaged Future Transactions"

There are no data available for this note in the accounting and previous periods

Note 36. "De-recognition"

There are no data available for this note in the accounting and previous periods.

Note 37. "Pledged assets"

As of 31/03/2025 the Bank has no pledged assets.