ACBA Federation CJSC

IFRS Accounting Standards
Consolidated Financial Statements and Independent Auditor's Report

31 December 2024

Contents

Independent Auditor's Report

To the Shareholders and Board of ACBA Federation CJSC

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of ACBA Federation CJSC (the "Company") and its subsidiaries (together – the "Group") as at 31 December 2024, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Armenia. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Levan Kankava
Responsible Auditor

Nino Kadagishvili
Director

30 June 2025

Yerevan, Republic of Armenia

PricewaterhouseCoopers Armenia LLC

ACBA Federation CJSC
Consolidated statement of financial position as at 31 December 2024

In thousands of Armenian Drams	Note	31 December 2024	31 December 2023
ASSETS			
Cash and cash equivalents	7	106,030,069	78,159,849
Derivative financial assets	8	158,180	199,957
Loans and advances to banks	9	81,482,428	99,410,514
Investment securities	10		
-Held by the Bank		62,108,609	21,422,936
Loans to customers	11	533,983,471	452,928,089
Receivables from finance leases	12	93,105,821	83,406,426
Investments in associates	37	2,044,092	1,775,530
Property, equipment and intangible assets	13	38,433,963	31,911,659
Other assets	16	24,071,416	20,255,446
TOTAL ASSETS		**941,418,049**	**789,470,406**
LIABILITIES			
Deposits and balances from banks	17	462,797	1,152,894
Current accounts and deposits from customers	18	583,346,492	502,602,921
Debt securities issued	19	39,408,576	21,087,118
Other borrowed funds	20	110,883,860	95,125,094
Current income tax liabilities		3,315,430	3,813,513
Deferred tax liabilities	14	505,767	732,149
Other liabilities	22	16,948,996	12,899,840
Redemption liability	23	12,610,370	-
Subordinated loans	21	12,632,502	12,661,577
TOTAL LIABILITIES		**780,114,790**	**650,075,106**
EQUITY			
Share capital	24	22,312,000	22,312,000
Share-based payment reserve	25	32,738	32,738
Revaluation reserve for property and equipment		4,730,521	5,033,596
Revaluation reserve for investment securities		232,313	123,673
Retained earnings		93,135,354	87,422,914
Total equity		**120,442,926**	**114,924,921**
Non-controlling interests		40,860,333	24,470,379
Total equity		**161,303,259**	**139,395,300**
TOTAL EQUITY AND LIABILITIES		**941,418,049**	**789,470,406**

Signed and authorised for release on behalf of the Management of the Company on 30 June 2025.

Harutyun Poghosyan	Vahan Abrahamyan
General Director	Chief Accountant

In thousands of Armenian Drams	Note	2024	2023
Interest revenue calculated using effective interest rate	27	79,463,106	68,670,922
Other interest revenue	27	12,524,767	10,445,440
Interest expense	27	(37,504,529)	(31,970,639)
Net interest income		**54,483,344**	**47,145,723**
Credit loss (expense)/reversal	15	(2,350,171)	565,969
Net interest income after credit loss expense		**52,133,173**	**47,711,692**
Fee and commission income	28	14,706,808	13,190,720
Fee and commission expense	28	(6,599,484)	(5,093,310)
Net gain financial instruments at fair value through profit and loss		581,991	1,181,807
Net gain from foreign exchange trading activities		4,995,417	5,333,948
Net gain/(loss) from foreign exchange translation		106,818	(78,015)
Share of profit of associates	37	1,211,887	1,019,338
(Charge for)/reversal of other impairment and provisions	32	(88,096)	2,783,748
Other income	29	944,190	852,720
Non-interest income		**15,859,531**	**19,190,956**
Personnel expenses		(21,179,222)	(20,443,051)
Depreciation and amortization	13	(3,835,345)	(3,317,615)
Other operating expenses	30	(2,667,706)	(3,048,679)
Other general administrative expenses	31	(5,513,171)	(4,948,918)
Non-interest expense		**(33,195,444)**	**(31,758,263)**
Profit before income tax expense		**34,797,260**	**35,144,385**
Income tax expense	14	(6,380,922)	(6,373,137)
Profit for the year		**28,416,338**	**28,771,248**
Attributable to:			
- Shareholders of the parent		23,073,453	23,792,801
- Non-controlling interests		5,342,885	4,978,447
Profit for the year		**28,416,338**	**28,771,248**

In thousands of Armenian Drams	**Note**	**2024**	**2023**
Profit for the year		**28,416,338**	**28,771,248**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Change in fair value of investment securities at fair value through other comprehensive income		95,083	(1,763,749)
Included changes in allowance for expected credit losses		(25,386)	(735,920)
Income tax relating to components of other comprehensive income	14	(17,115)	176,753
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		**77,968**	**(1,586,996)**
Not to be reclassified to profit or loss in subsequent periods			
Revaluation of buildings and motor vehicles	13	2,513	-
(Loss)/gain on equity instruments at fair value through other comprehensive income		(861)	705
Income tax relating to components of other comprehensive income	14	155	(127)
Total other comprehensive income not to be reclassified to profit or loss in subsequent periods		**1,807**	**578**
Not to be reclassified to profit or loss in subsequent periods-associates			
Share of the other comprehensive income of associates		76,011	96,166
Income tax relating to components of other comprehensive income	14	-	(17,310)
Total share of the other comprehensive income of associates		**76,011**	**78,856**
Other comprehensive income/(loss) for the year, net of tax		**155,786**	**(1,507,562)**
Total comprehensive income for the year		**28,572,124**	**27,263,686**
Attributable to:			
- shareholders of the parent		23,201,065	22,424,051
- non-controlling interests		5,371,059	4,839,635
Total comprehensive income for the year		**28,572,124**	**27,263,686**

In thousands of Armenian Drams	Attributable to shareholders of the Parent							
	Share capital	**Share-based payment reserve**	**Revaluation surplus for property and equipment**	**Revaluation reserve for financial assets at FVOCI**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance as at 1 January 2023	**22,312,000**	**32,738**	**5,934,032**	**1,492,423**	**65,525,389**	**95,296,582**	**17,723,872**	**113,020,454**
Total comprehensive income								
Profit for the year	-	-	-	-	23,792,801	**23,792,801**	4,978,447	**28,771,248**
Other comprehensive loss	-	-	-	(1,368,750)	–	**(1,368,750)**	(138,812)	**(1,507,562)**
Total comprehensive income for the year	**-**	**-**	**-**	**(1,368,750)**	**23,792,801**	**22,424,051**	**4,839,635**	**27,263,686**
Transfer of revaluation surplus to retained earnings due to disposal of fixed assets	-	-	(900,436)	-	900,436	–	–	–
Transactions with owners, recorded directly in equity								
Increase/(decrease) in ownership in subsidiary	-	-	-	-	(3,165,205)	**(3,165,205)**	2,548,276	**(616,929)**
Dividends to non-controlling interests (Note 24)	-	-	-	-	-	-	(712,838)	**(712,838)**
Total transactions with owners	-	-	-	-	**(3,165,205)**	**(3,165,205)**	**1,835,438**	**(1,329,767)**
Share-based payments (Note 25)	-	-	-	-	369,493	**369,493**	71,434	**440,927**
Balance as at 31 December 2023	**22,312,000**	**32,738**	**5,033,596**	**123,673**	**87,422,914**	**114,924,921**	**24,470,379**	**139,395,300**
Total comprehensive income								
Profit for the year	-	-	-	-	23,073,453	**23,073,453**	5,342,885	**28,416,338**
Other comprehensive income	-	-	2,513	125,099	-	**127,612**	28,174	**155,786**
Total comprehensive income for the year	-	-	**2,513**	**125,099**	**23,073,453**	**23,201,065**	**5,371,059**	**28,572,124**
Transfer of revaluation surplus to retained earnings due to disposal of fixed assets	**-**	**-**	**(124,033)**	-	**124,033**	-	-	-
Transactions with owners, recorded directly in equity								
Increase/(decrease) in ownership in subsidiary	**-**	-	(181,555)	(16,459)	(4,919,910)	**(5,117,924)**	12,029,902	**6,911,978**
Redemption liability (Note 23)	**-**	-	-	-	(12,565,136)	**(12,565,136)**	-	**(12,565,136)**
Dividends to non-controlling interests (Note 24)	-	-	-	-	-	-	(1,011,007)	**(1,011,007)**
Total transactions with owners	-	-	**(181,555)**	**(16,459)**	**(17,485,046)**	**(17,683,060)**	**11,018,895**	**(6,664,165)**
Balance as at 31 December 2024	**22,312,000**	**32,738**	**4,730,521**	**232,313**	**93,135,354**	**120,442,926**	**40,860,333**	**161,303,259**

In thousands of Armenian Drams	Note	2024	2023
Cash flows from operating activities			
Interest received (calculated using effective interest rate)		75,586,693	65,495,855
Other interest received		12,524,767	10,445,440
Interest paid		(36,394,542)	(29,922,516)
Fees and commissions received		14,706,798	13,193,357
Fees and commissions paid		(6,599,540)	(5,095,946)
Net receipt/(payment) from derivative financial instruments at fair value through profit or loss		509,248	(668,734)
Net receipts from foreign exchange		4,995,402	5,333,948
Other operating expenses paid		(4,327,425)	(2,992,845)
Other income received		483,054	854,370
Salaries and other payments to employees		(20,962,864)	(18,817,890)
Other general administrative expenses paid		(5,514,626)	(4,300,883)
Cash flows from operating activities before changes in operating assets and liabilities		**35,006,965**	**33,524,156**
Net (increase)/decrease in operating assets			
Derivative financial assets		113,203	317,095
Loans and advances to banks		17,641,851	(48,347,859)
Loans to customers		(88,488,628)	(40,344,654)
Receivables from finance lease		(9,618,295)	(30,196,753)
Other assets		(2,175,514)	(1,468,217)
Net increase/(decrease) in operating liabilities			
Deposits and balances from banks		(626,281)	(8,637,177)
Current accounts and deposits from customers		85,992,622	71,350,705
Other liabilities		4,505,450	(6,669,884)
Net cash from/(used in) operating activities before income tax		**42,351,373**	**(30,472,588)**
Income tax paid		(7,122,347)	(7,383,676)
Net cash from/(used in) operating activities		**35,229,026**	**(37,856,264)**
Cash flows from investing activities			
Purchase of property, equipment and intangible assets		(5,209,113)	(3,661,014)
Proceeds from sale of property, equipment		586,500	1,217,572
Purchases of investment securities		(52,730,602)	(13,364,866)
Sale of investment securities		12,327,722	16,049,251
Dividends received	37	1,019,336	701,763
Increase in ownership in subsidiary		-	(199,602)
Net cash (used in)/from investing activities		**(44,006,157)**	**743,104**
Cash flows from financing activities			
Proceeds from issue of share capital		6,911,978	-
Proceeds from debt securities issued	38	18,438,324	18,339,013
Redemption of debt securities issued	38	(137,535)	(3,684,744)
Proceeds from other borrowed funds	38	50,390,846	34,345,599
Repayment of other borrowed funds	38	(35,940,115)	(27,032,928)
Subordinated loans received		703,613	4,479,000
Repayment of subordinated loans		(3,957)	-
Dividends paid	24	(1,011,007)	(712,838)
Net cash from financing activities		**39,352,147**	**25,733,102**
Effect of exchange rates changes on cash and cash equivalents		(2,681,458)	1,124,363
Effect of changes in impairment allowance on cash and cash equivalents		(23,338)	46,259
Net increase/(decrease) in cash and cash equivalents		**27,870,220**	**(10,209,436)**
Cash and cash equivalents, beginning		**78,159,849**	**88,369,285**
Cash and cash equivalents, ending	**7**	**106,030,069**	**78,159,849**

Introduction

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB ("IFRS Accounting Standards") for the year ended 31 December 2024 for ACBA Federation CJSC (the "Company") and its subsidiaries ((together the "Group").

ACBA Federation CJSC (the "Company") is the parent company in the Group, which is comprised of the Company and its subsidiaries ACBA Bank OJSC (the "Bank") (with ACBA Bank OJSC's subsidiaries ACBA Leasing Credit Organization CJSC and ACBA Technolab LLC), ACBA Technologies CJSC and ACBA Trade LLC (together- the "Group"). It was founded on 6 May 2017 by 10 Rural Mutual Assistance Regional Unions (RMARUs), former shareholders of ACBA Bank OJSC, which are currently shareholders of ACBA Federation CJSC. The RMARUs are non-governmental organizations (NGOs) working in the 10 regions of RA which were founded to develop agriculture in the regions. The 10 RMARUs together have 75,420 members. According to type of activities, it is a profit-oriented organization.

Principal activity. The main goal of the Company is to promote the development of agriculture in the whole territory of RA, the development of small and medium enterprises in rural regions, development of communities, enlivening and development of business environment in rural areas and communities.

The Company undertakes programs for introduction of innovative approaches in the agricultural field, finding and implementation of startup initiatives, research of advanced agricultural technologies of the world and their possible implementation in the agriculture of Armenia.

The Bank was formed in 1996 as a cooperative bank with collective ownership under the laws of the Republic of Armenia and reorganized into closed joint stock company in 2006. The Bank operates under a general banking license issued by the Central Bank of Armenia and is a member of the state deposit insurance system in the Republic of Armenia.

The Bank accepts deposits from the public and extends credit, transfers payments in Armenia and abroad, exchanges currencies and provides other banking services to its commercial and retail customers. Its main office is in Yerevan, and it has 65 branches (including Head office) in Yerevan and other regions of Armenia. The Bank's registered legal address is 82-84 Aram Street, Yerevan, 0002, Armenia.

ACBA Leasing Credit Organization, which is the subsidiary of ACBA Bank OJSC, was formed on 30 March 2003 as a closed joint-stock company under the laws of the Republic of Armenia. The company's principal activities are finance lease operations with corporate and individual customers. The company possesses a credit organization license from the Central Bank of Armenia. The company was consolidated in these financial statements. The Bank owns 100% shares of ACBA Leasing CJSC.

As at 31 December 2024 ACBA Federation CJSC owns 75% (2023: 81.61%) shares of ACBA Bank OJSC.

ACBA Technologies CJSC was founded on 7 September 2021 by ACBA Federation CJSC (51%) and Revolutionary Technologies CJSC (49%). The main types of activities of the company are software development, consulting activities in the field of computer technologies, data processing.

ACBA Trade LLC was founded on 23 May 2022 by ACBA Federation CJSC (100%). The main types of activities of the company are organization of mediated sale of goods in Armenia and also export from Armenia through online marketplace.

As at 31 December 2024 and 31 December 2023, shareholder of the Group are:

№	Name of the Shareholder	Type of organization	Paid-in share capital	% of paid-in capital
1	Armavir Agricultural Cooperative Regional Union	NGO	4,441,000	19.9
2	Ararat Agricultural Cooperative Regional Union	NGO	3,878,000	17.4
3	Aragatsotn Agricultural Cooperative Regional Union	NGO	2,319,000	10.4
4	Lori Agricultural Cooperative Regional Union	NGO	2,081,000	9.3
5	Shirak Agricultural Cooperative Regional Union	NGO	2,080,000	9.3
6	Kotayk Agricultural Cooperative Regional Union	NGO	1,759,000	7.9
7	Gegharkunik Agricultural Cooperative Regional Union	NGO	1,662,000	7.5
8	Tavush Agricultural Cooperative Regional Union	NGO	1,499,000	6.7
9	Syunik Agricultural Cooperative Regional Union	NGO	1,339,000	6.0
10	Vayots Dzor Agricultural Cooperative Regional Union	NGO	1,254,000	5.6
		Total	**22,312,000**	**100.00**

The Group has no single controlling party.

Presentation currency. These consolidated financial statements are presented in thousands of Armenian Drams ("AMD"), unless otherwise stated.

1 Operating Environment of Group

General

Environmental, Social and Governance (ESG) matters. In 2023 the Group carried out an assessment of the impact of climate change on the quality indicators of the Bank's agricultural portfolio, according to the results of which, until 2030, the quantities predicted by the official data of the climate change of the Republic of Armenia will have no significant impact on the variables characterizing the quality of agricultural loan portfolio. Since there have been no material changes in these projections, no further long-term research was deemed necessary for 2024. However, the Group may re-evaluate the analysis, if needed, in the future.

Operating environment. Armenia continues economic reforms and development of its legal, tax and regulatory frameworks. The future stability of the Armenian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

Management believes that it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

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

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

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

War between Russia and Ukraine. Following February 2022, because of the military conflict between the Russian Federation and Ukraine, a number of countries-imposed sanctions against the Russian Federation. The conflict affects not only the economic activity of two countries but the global economy as well. As a result of sanctions, commodity and food prices have risen in many countries around the world, the established links between supply of resources have been disrupted, inflation also affects the prices, and analysts also forecast economic implications for the global industry.

Since the outbreak of the Russia-Ukraine war, EU export flows have been increasingly reoriented towards other economies in Eastern Europe and Central Asia. This reorientation has boosted associated trade and transport services, cut competition for native exports to Russia, and awakened previously dormant investment in the region.

Since March 2022, EU trade sanctions have nearly halved the European Union's goods exports to Russia and Belarus.

While the likelihood of a negotiated settlement to the conflict remains low in the short term, a prolonged war and continued trade sanctions are expected. This will likely have lasting effects on global trade patterns. The shift in trade flows and the influx of economic activity in Eastern Europe and Central Asia will create lasting impacts on infrastructure development, IT, and production. Governments will need to carefully balance the economic benefits of maintaining ties with Russia while avoiding secondary sanctions.
While the unwinding of money transfer inflows from Russia has continued, Armenia’s economy sustained steady growth through 2024 at 5.9% (2023: 8.7%). When broken down by production sector, economic activity will continue to be driven by growth in construction, trade, and industry.

When preparing PD forecasts and ECL calculations the Group considered the above-mentioned observations and expectations.

Armenia has experienced a series of significant socio-political and economic shocks in recent years, including the 2020 twin challenges of the COVID-19 pandemic and the ongoing tensions with Azerbaijan. A particularly notable event occurred in 2023, when over 100,000 ethnic Armenians from Nagorno-Karabakh fled into Armenia as a result of escalating security tensions and the Azerbaijani government taking full control of Nagorno-Karabakh.

Based on regulatory estimates, although the output gap was positive in the past two years, it has now mostly closed, and GDP is expected to converge to its potential level. At the same time, the CBA's output gap estimates reflected non-inclusive growth, with lingering uncertainties about the future economic conditions. This dynamic is linked to non-structural growth, as much of the recent economic expansion may be driven by temporary or sector-specific factors rather than sustainable improvements in productivity, capacity, and long-term growth-enhancing components.

Inflation is expected to reach 2.8% in 2025 owing to interest-rate cuts and a weaker currency.

Looking ahead, while the economic outlook remains strong with projections of steady growth at 5% for 2025, long-term growth remains constrained by structural issues, such as Armenia's dependence on commodity exports, logistical challenges, and ongoing geopolitical tensions with Azerbaijan. These factors will continue to pose risks, particularly in the light of evolving regional security dynamics.

Fitch Ratings has affirmed Armenia's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'BB-' with a Stable Outlook dated 24 January 2025.
The long-term effects of the current and future economic situation are difficult to assess, and management’s current expectations and estimates could differ from the actual results.

For the purpose of measurement of expected credit losses (“ECL”) the Group uses supportable forward-looking information, including official forecasts of macroeconomic variables from reliable sources. As with any economic forecast, however, the projections and likelihoods of their occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different from those projected. Note 4 contains more information of how the Group incorporated forward-looking information in the ECL models.

2 Basis of Preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB ("IFRS Accounting Standards").

These consolidated financial statements have been prepared under the historical cost convention, as modified by the initial recognition of financial instruments at fair value, and by the revaluation of premises and equipment (land, building and vehicle), financial instruments categorised at fair value through profit or loss ("FVTPL") and at fair value through other comprehensive income ("FVOCI") and fair value of ordinary shares for employee stock ownership programme. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

These consolidated financial statements are directed to primary users, being investors who lend or provide equity capital to the reporting entity. These consolidated financial statements assume that the primary users have a reasonable knowledge of business and economic activities and review and analyse the information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena reported in these consolidated financial statements.

These consolidated financial statements aim disclosing only information that management considers is material for the primary users. Management seeks not to reduce the understandability of these consolidated financial statements by obscuring material information with immaterial information. Hence, only material accounting policy information is disclosed, where relevant, in the related disclosure notes.

3 Material accounting policy information

Investments in associates. Investments in associates are accounted for under the equity method and are initially recognised at cost, including goodwill.

The future changes in the carrying amount reflect the changes in the Group's share in the net assets of the associated organization after the consolidation. The Group's share in profit or loss of the associated organization is recognized in the consolidated statement of comprehensive income, and the changes in provisions are recognized in other comprehensive financial results.

Fair value measurement. The Group measures financial instruments carried at FVTPL and FVOCI and non-financial assets at fair value at each balance sheet date. Fair value is measured in accordance with the requirements of IFRS 13. Fair values of financial instruments measured at amortised cost are disclosed in Note 34.

Initial recognition. All regular way purchases and sales of financial assets and liabilities are recognised on the trade date i.e. the date that the Group commits to purchase the asset or liability. Regular way purchases or sales are purchases or sales of financial assets and liabilities that require delivery of assets and liabilities within the period generally established by regulation or convention in the marketplace.

Initial measurement. The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value and which is adjusted with the amount of commission fees and expenses, directly attributable to the transaction, in case of instruments, which are not revalued at fair value through profit or loss.

At the initial recognition, the best evidence of the fair value of a financial instrument is the transaction price. If the Group finds that the fair value at initial recognition differs from the transaction price, and if that fair value is based on the quoted price for a similar asset or liability in the market, or is based on the valuation technique, that uses the data of only observable markets, then at the initial recognition, the Group recognizes the difference between the fair value and the transaction price in profit or loss; in all other cases, the initial measurement of a financial instrument is adjusted so that the difference between the fair value and transaction price at initial recognition is transferred to the future periods. After initial recognition, the Group recognizes the deferred difference as a gain or loss, only when the input data become observable or if the instrument is derecognized.

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

- Amortised cost;
- FVOCI;
- FVTPL.

The Group classifies and measures its derivative and trading portfolio at FVTPL. The Group classifies Visa C shares as debt instruments measured at FVTPL. The Group may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, other than loan commitments and guarantees, are measured at amortized cost or at FVTPL when they are held for trading, are derivative instruments or the fair value designation is applied.

Loans and advances to banks, loans to customers, investment securities are measured at amortized cost.

The Group only measures loans and advances to banks, loans to customers and investment securities at amortised cost if both of the following conditions are met:

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

The details of these conditions are outlined under note 4.

Debt instruments at FVOCI. The Group measures debt instruments at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset meet the SPPI test.

Guarantees, letters of credit and loan commitments. The Group issues financial and performance guarantees, letters of credit and loan commitments.

Guarantees are initially recognised in the financial statements at fair value, being the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation and an ECL provision.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements.

Advances given for finance leases. The Group treats advances received from lessees and advances given to suppliers as monetary items and recognises financial liabilities and financial assets for them.

Reclassification of financial assets and liabilities. The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group changes the business model for managing financial assets.

Cash and cash equivalents. Cash and cash equivalents consist of cash on hand, Nostro accounts in banks and amounts due from the CBA, including obligatory reserves in AMD free from contractual encumbrances. Funds restricted for a period of more than three months on origination are excluded from cash and cash equivalents, both in the statement of financial position and for the purposes of the statement of cash flows.

Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Mandatory cash balances with the CBA. Mandatory cash balances with the CBA are carried at AC and represent non-interest-bearing mandatory reserve deposits, which are not available to finance the Group's day to day operations, and hence are not considered as part of cash and cash equivalents for the purposes of the consolidated statement of cash flows.

Repurchase and reverse repurchase agreements and securities lending. Sale and repurchase agreements ("repos") are treated as secured financing transactions. Securities sold under sale and repurchase agreements are retained in the consolidated statement of financial position and, in case the transferee has the right by contract or custom to sell or repledge them, reclassified as securities pledged under sale and repurchase agreements. The corresponding liability is presented within amounts due to banks or customers. Securities purchased under agreements to resell ("reverse repo") are recorded as amounts due from banks or loans to customers as appropriate. The difference between sale and repurchase price is treated as interest income and accrued over the life of repo agreements using the effective interest method.

Securities lent to counterparties are retained in the consolidated statement of financial position. Securities borrowed are not recorded in the consolidated statement of financial position, unless these are sold to third parties, in which case the purchase and sale are recorded within gains less losses from trading securities in the consolidated statement of profit or loss. The obligation to return them is recorded at fair value as a trading liability.

Borrowings. Borrowing include amounts due to the Central bank, amounts due to banks, amounts due to customers, debt securities issued, other borrowed funds and subordinated loans. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the borrowings are derecognised and through the amortisation process.

Subordinated loans. Subordinated debt is carried at AC.

Redemption Liability

The Group recognises a financial liability for contractual obligation to repurchase equity instruments, such as put options written on non-controlling interests, for cash or another financial asset, in accordance with IAS 32. The liability is initially measured at the present value of the redemption amount and subsequently measured at amortised cost. Changes in the carrying amount of the liability are recognised in profit or loss as interest expense.

Debt securities issued. Debt securities in issue include promissory notes, bonds issued by the Group. Debt securities are stated at AC.

Leases

Group as a lessee. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Short-term leases and leases of low-value assets. The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below AMD 2,500 thousand).

Operating − Group as a lessor. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Finance − Group as a lessor. The Group recognises lease receivables at value equal to the net investment in the lease, starting from the date of commencement of the lease term.

Recognition of financial income is based on schedule that provides a fixed periodic rate of return on the lessor's net investment under the lease. Finance income from leases is recorded within "Other interest revenue" in profit or loss. Initial direct costs are included in the initial estimate of finance lease receivables.

Credit loss allowance is recognised in accordance with the general ECL model. The ECL is determined in the same way as for loans and advances measured at AC. Interest income is recognised on gross carrying amount, except for impaired loans in stage 3, for which interest income is recognised on net carrying amount.

Restructured/Refinanced loans. Whenever possible, the Group aims to restructure loans instead of seizing collateral. This may involve extending the payment terms and negotiating new loan conditions.

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI. When assessing whether to derecognise a loan to a customer, the Group considers the following factors, amongst others:

- Change in currency of the loan.
- Change in counterparty.

If the modification is such then the instrument would no longer meet the SPPI criterion.

For modifications that do not result in derecognition, the Group also reassesses whether there has been a significant increase in credit risk or if the assets should be classified as credit-impaired. Once an asset has been classified as credit-impaired, it will remain in Stage 3. Stage 3 loans may be reclassified if the following conditions are met:

1. Loans with a Monthly Repayment Schedule – The customer fully repays the overdue amount and then makes 6 consecutive principal and interest payments according to the revised repayment schedule, with no overdue days exceeding 7 calendar days. Additionally, the loan may only be reclassified if there are no other factors requiring classification in a stricter stage at that time.
2. Loans with a Flexible Repayment Schedule – The customer fully repays the overdue amount and then makes scheduled principal and interest payments over the next 6 to 12 months, with no overdue days exceeding 7 calendar days. Additionally, the loan may only be reclassified if there are no other factors requiring classification in a stricter stage at that time.

If a loan has undergone multiple reviews of conditions, the most recent review will determine the start of the probation period. The repayment schedule must be restored, and the required payments must be made for all loans of the customer.

If a delay occurs during the probation period, the calculation of the probation period will restart from the date when repayments according to the schedule resume.

Derecognition of financial assets and liabilities

Write-off. Financial assets are written off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount.

Taxation. The current income tax expense is calculated in accordance with the regulations of the Republic of Armenia.

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

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

Property and equipment. Property and equipment are initially stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any accumulated impairment. Such cost includes the cost of replacing part of equipment when that cost is incurred if the recognition criteria are met.

Following initial recognition at cost, land, buildings and motor vehicles are carried at a revalued amount. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

The revaluation surplus included in equity in respect of an item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognized.
Depreciation is calculated on a straight-line basis over the following estimated useful lives:

	Years
Buildings	46
Equipment	7-20
Motor vehicles	8
Other	7-15

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

The asset’s residual values, useful lives and methods are reviewed, and adjusted as appropriate, at each financial year-end.

Costs related to repairs and renewals are charged when incurred and included in other operating expenses, unless they qualify for capitalization.

Intangible assets. Amortisation is calculated on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives range is from 1 to 10 years.

Repossessed assets. Repossessed assets are measured at the lower of cost and net releasable value.

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

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

Fiduciary assets. Assets held in a fiduciary capacity are not reported in the consolidated financial statements, as they are not the assets of the Group.

Interest and similar income and expense. The Group calculates interest revenue on debt financial assets measured at amortized cost or at FVOCI by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest revenue or expense.

If the credit risk on the financial asset classified in Stage 3 subsequently improves so that the asset is no longer credit-impaired and the improvement can be related objectively to an event occurring after the asset had been determined as credit-impaired (ie the asset becomes cured), the asset is reclassified from stage 3 and the interest revenue is calculated by applying the EIR to the gross carrying amount. The additional interest income, which was previously not recognised in P&L due to the asset being in stage 3 but it is now expected to be received following the asset's curing, is recognised as a reversal of impairment.

Interest revenue on advances given for finance lease and interest revenue recognised on finance lease is recognised using the contractual interest rate in "Other interest revenue" in the consolidated statement of profit or loss.

Interest revenue from penalties on loans to customers presented in "Interest revenue calculated using effective interest rate" in the consolidated statement of profit or loss.

Fee and commission income. The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period as respective performance obligations are satisfied. These fees include commission income and asset management, custody and other management and advisory fees. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the effective interest rate on the loan.

Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party − such as where the Group's performance obligation is the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses − are recognised on completion of the underlying transaction.

Customer loyalty programs

The Group offers a number of customer loyalty programs. Accounting for such programs varies depending on who is identified as the customer, and whether the Group acts as an agent or as a principal under the contract. For point-based programs, the Group generally recognized a liability for the accumulated points that are expected to be utilized by the customers, which is reversed to profit or loss as the points expire. Cashbacks on plastic card transactions reduce fee and commission income.

Dividend income
Income is recognised when the Group's right to receive the payment is established.

Foreign currency translation. The consolidated financial statements are presented in thousands Armenian Drams, which is the Bank's and its subsidiary's functional currency. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Gains and losses resulting from the translation of foreign currency transactions are recognised in the consolidated statement of profit or loss as Net gain/(loss) from foreign exchange translation differences.

Differences between the contractual exchange rate of a transaction in a foreign currency and the Central Bank exchange rate on the date of the transaction are included in Net gain/(loss) from foreign exchange trading activities. The official CBA exchange rates 31 December 2024 and 31 December 2023, were 396.56 Drams and 404.79 Drams to 1 USD and 413.89 Drams and 447.90 Drams to 1 EUR, respectively.

Share-based payments. Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions) of the Bank.

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 25.

That cost is recognised in personnel expenses together with a corresponding increase in equity over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period).

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

4 Critical accounting estimates and judgements in applying accounting policies

The Group makes estimates and assumptions that affect the amounts recognised in the consolidated financial statements, and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include revaluation of land, buildings and motor vehicles.

Fair value of the properties is determined by using market comparable method. This means that valuations performed by the valuer are based on market transaction prices, significantly adjusted for difference in the nature, location or condition of the specific property. The Group assesses market movements for significant changes each year and engages independent experts for valuation of its premises and vehicles, whenever relevant and appropriate (Note 34).

Fair value measurement. Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Additional details are provided in Note 34.

Impairment losses on financial assets. The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. In addition, large-scale business disruptions may give rise to liquidity issues for some entities and consumers. The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- Statistical models to estimate PDs, EADs and LGDs on a collective basis;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulae and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs;
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

The amount of allowance for loan and finance lease impairment recognized in consolidated statement of financial position at 31 December 2024 was AMD 7,244,899 thousand (2023: AMD 6,041,587 thousand). More details are provided in Notes 11 and 12.

Redemption liability. The recognition and measurement of redemption liabilities involve significant judgement and assumptions. This includes estimating the amount and timing of expected payments, and selecting an appropriate discount rate.
The discount rate applied in the valuation reflects the Group's cost of debt, representing management's best estimate of the time value of money and relevant risk factors. In addition, the forecasted cash flows used in estimating the redemption amount are derived from the Bank's long-term growth rate assumptions, which are aligned with its strategic business plan and considered to reflect a normalised growth rate. Details of sensitivity analysis of estimate are provided in Note 23.

Initial recognition of related party transactions. In the normal course of business, the Group enters into transactions with its related parties. IFRS 9 requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analysis. Terms and conditions of related party balances are disclosed in Note 36.

5 Adoption of New or Revised Standards and Interpretations

The following amendments became effective from 1 January 2024:

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024). The amendments relate to the sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to subsequently measure liabilities arising from the transaction and in a way that it does not recognise any gain or loss related to the right of use that it retained. This means deferral of such a gain even if the obligation is to make variable payments that do not depend on an index or a rate. Therefore, this amendment had no impact on these consolidated financial statements.

Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024). These amendments clarify when liabilities are classified as either current or non-current. As most financial institutions, the Group presents its statement of financial position ordered by liquidity rather than classifying its assets and liabilities as current or non-current. Therefore, this amendment had no impact on these consolidated financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023). In response to concerns of the users of financial statements about inadequate or misleading disclosure of financing arrangements, in May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require disclosure about entity's supplier finance arrangements (SFAs). These amendments require the disclosures of the entity's supplier finance arrangements that enable the users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The purpose of the additional disclosure requirements is to enhance the transparency of the supplier finance arrangements. The amendments do not affect recognition or measurement principles but only disclosure requirements. The amendment did not have a material impact on these consolidated financial statements.

6 New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2025 or later, and which the Group has not early adopted.

Amendments to IAS 21 Lack of Exchangeability (Issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025). In August 2023, the IASB issued amendments to IAS 21 to help entities assess exchangeability between two currencies and determine the spot exchange rate, when exchangeability is lacking. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. The amendments to IAS 21 do not provide detailed requirements on how to estimate the spot exchange rate. Instead, they set out a framework under which an entity can determine the spot exchange rate at the measurement date. When applying the new requirements, it is not permitted to restate comparative information. It is required to translate the affected amounts at estimated spot exchange rates at the date of initial application, with an adjustment to retained earnings or to the reserve for cumulative translation differences. The Group is currently assessing the impact of the amendments on its financial statements.

Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026). On 30 May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:

(a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
(b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
(c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
(d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

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

IFRS 18 Presentation and Disclosure in Financial Statements (Issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027). In April 2024, the IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information. The Group is currently assessing the impact of the amendments on its financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures (Issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027). IFRS 19 permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. The Group is not eligible to apply the reduced disclosure requirements introduced by this standard.

IFRS 14, Regulatory Deferral Accounts (issued on 30 January 2014). IFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the standard. This standard will be effective from a date that is yet to be determined by the IASB.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary. In 2015, the IASB decided to postpone the effective date of these amendments indefinitely.

Annual Improvements to IFRS Accounting Standards (Issued in July 2024 and effective from 1 January 2026). IFRS 1 was clarified that a hedge should be discontinued upon transition to IFRS Accounting Standards if it does not meet the 'qualifying criteria', rather than 'conditions' for hedge accounting, in order to resolve a potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9. IFRS 7 requires disclosures about a gain or loss on derecognition relating to financial assets in which the entity has a continuing involvement, including whether fair value measurements included 'significant unobservable inputs'. This new phrase replaced reference to 'significant inputs that were not based on observable market data'. The amendment makes the wording consistent with IFRS 13. In addition, certain IFRS 7 implementation guidance examples were clarified and text added that the examples do not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7. IFRS 16 was amended to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply IFRS 9 guidance to recognise any resulting gain or loss in profit or loss. This clarification applies to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies that amendment. In order to resolve an inconsistency between IFRS 9 and IFRS 15, trade receivables are now required to be initially recognised at 'the amount determined by applying IFRS 15' instead of at 'their transaction price (as defined in IFRS 15)'. IFRS 10 was amended to use less conclusive language when an entity is a 'de-facto agent' and to clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de-facto agent. IAS 7 was corrected to delete references to 'cost method' that was removed from IFRS Accounting Standards in May 2008 when the IASB issued amendment 'Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'.

Unless otherwise described above, the new standards and interpretations are not expected to significantly affect the Group's consolidated financial statements.

7 Cash and cash equivalents

Cash and cash equivalents comprise:

In thousands of Armenian Drams	2024	2023
Cash on hand	26,853,397	22,665,289
Current accounts with the Central Bank, including obligatory reserves (not restricted part, see Note 9)	71,346,538	38,560,913
Current accounts with other banks		
- rated BBB-(Baa3) and over	1,004,207	10,847,364
- rated lower than BBB-(Baa3) and without rating	2,288,519	1,429,994
Short-term deposits in other banks		
- rated BBB-(BAA3) and over	4,567,681	4,663,224
Impairment	(30,273)	(6,935)
Cash and cash equivalents	**106,030,069**	**78,159,849**

The Bank mainly uses credit ratings per Moody's rating agency in disclosing credit quality, but ratings given by other international rating agencies may also be used. In the absence of ratings from international rating agencies, the country's rating is considered, but a rating lower than the country's rating may also be applied.

As of 31 December 2024, current accounts with Central Bank of Armenia include obligatory reserve in the amount of AMD 28,131,042 thousand (2023: AMD 26,139,452 thousand).

Banks are required to maintain cash deposit (obligatory reserve) with the CBA, equal to 4% (2023: 4%) of the amounts attracted in Armenian drams and 18% (2023: 18%) of the amounts attracted in foreign currencies.

From the amounts attracted in foreign currency the banks are required to maintain 6% (2023: 6%) of the amounts in local currency as cash deposit with CBA, and 12% (2023: 12%) − in the foreign currency.

Moreover, the banks' ability to withdraw reserved amounts in foreign currency is restricted, so the Group classifies obligatory reserves deposited in foreign currency as loans and advances to banks (Note 9).

As of 31 December 2024, 69% of AMD 2,260,781 thousand from Current accounts with other banks are balances in correspondent accounts in three foreign banks (2023: 78% of AMD 9,530,941 thousand one foreign bank).

All balances of cash equivalents are allocated to Stage 1. An analysis of changes in the ECL allowances during the year is, as follows:

In thousands of Armenian Drams	2024	2023
ECL allowance as at 1 January	6,935	53,194
Changes in ECL	24,214	(46,192)
Foreign exchange adjustments	(876)	(67)
At 31 December	**30,273**	**6,935**

Information about credit quality of cash and cash equivalents is presented in Note 33 "Risk management".

8 Derivative financial instruments

The Group enters into derivative financial instruments for trading and hedging purposes. The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts.

In thousands of Armenian Drams	2024		2023	
	Notional amount	**Fair value**	**Notional amount**	**Fair value**
Assets				
Derivative financial instruments				
Interest rate swap	4,189,455	81,500	4,189,455	190,192
Currency swap	1,189,680	76,680	8,577,752	9,765
	5,379,135	**158,180**	**12,767,207**	**199,957**
Liabilities				
Currency swap/Liabilities	-	-	8,626,539	58,552

9 Loans and advances to banks

Loans and advances to banks comprise:

In thousands of Armenian Drams	2024	2023
Due from the CBA		
Credit card settlement deposit with the CBA	6,732,500	6,005,000
Mandatory reserves in CBA (in foreign currency) (Note 7)	27,746,257	26,827,740
Total	**34,478,757**	**32,832,740**
Loans and advances to other banks		
Armenian banks		
-rated from Ba1 to Ba3	2,012,723	-
Foreign banks		
-rated from AA1 to AA3	19,828	20,240
-rated from A1 to A3	610,545	4,167,101
Correspondent accounts and overnight placements of other banks	-	163,157
Total loans and deposits to other banks	**2,643,096**	**4,350,498**
Other receivables		
Unsettled transactions	3,390,351	208,919
Amounts receivable from money transfer systems	1,682,196	1,914,392
Amounts receivable from transactions with plastic cards	604,317	125,360
Amounts receivable under reverse repurchase agreements		
Amounts receivable from Armenian banks	38,747,711	60,035,070
Loans and advances to banks before impairment	**81,546,428**	**99,466,979**
Impairment	(64,000)	(56,465)
Total loans and advances to banks	**81,482,428**	**99,410,514**

As of 31 December 2024, mandatory reserves in Central Bank of Armenia include reserves in foreign currencies in the amount of AMD 27,746,257 thousand (2023: AMD 26,827,740 thousand) (See Note 7).

Unsettled transactions include amounts that were not settled in the Group's CBA account as of December 31. These amounts were settled on the first working day of January as cash to Group’s current account.

As at 31 December 2024, AMD 471,749 thousand (2023: AMD 4,187,341 thousand) were placed as deposited amounts with two (2023: three) internationally recognized OECD banks, who are the main counterparties of the Group in performing international settlements.

An analysis of changes in ECL allowance on loans and advances to banks during the year ended 31 December 2024 is as follows:

In thousands of Armenian Drams	Stage 1	Total
ECL allowance as at 1 January 2024	**(56,465)**	**(56,465)**
New assets originated or purchased	(64,000)	**(64,000)**
Assets repaid	56,465	**56,465**
At 31 December 2024	**(64,000)**	**(64,000)**

An analysis of changes in ECL allowance on loans and advances to banks during the year ended 31 December 2023 is as follows:

In thousands of Armenian Drams	Stage 1	Total
ECL allowance as at 1 January 2023	**(111,174)**	**(111,174)**
New assets originated or purchased	(56,465)	**(56,465)**
Assets repaid	111,174	**111,174**
At 31 December 2023	**(56,465)**	**(56,465)**

In thousands of Armenian Drams	2024	2023
	Stage 1	**Stage 1**
Due from the CBA	34,478,757	32,832,740
Expected credit loss allowance	(19,237)	(50,770)
Carrying amount	**34,459,520**	**32,781,970**
Loans and advances to other banks	2,643,096	4,350,498
Expected credit loss allowance	(34,091)	(1,155)
Carrying amount	**2,609,005**	**4,349,343**
Amounts receivable under reverse repurchase agreements	38,747,711	60,035,070
Expected credit loss allowance	-	-
Carrying amount	**38,747,711**	**60,035,070**
Other receivables	5,676,864	2,248,671
Expected credit loss allowance	(10,672)	(4,540)
Carrying amount	**5,666,192**	**2,244,131**
Total due from other banks (gross carrying amount)	**81,546,428**	**99,466,979**
Expected credit loss allowance	(64,000)	(56,465)
Net loans and advances to banks (carrying amount)	**81,482,428**	**99,410,514**

Information about credit quality of loans and advances to banks is presented in Note 33 “Risk management”.

10 Investment securities

Investment securities as at 31 December 2024 and 31 December 2023 comprise:

Debt securities at amortised cost	**2024**	**2023**
In thousands of Armenian Drams		
Held by the Bank		
Government bonds measured at amortised cost	43,820,614	-
Corporate bonds measured at amortised cost	1,788,021	-
Less: allowance for impairment	(66,089)	-
Total securities at amortised cost held by the Bank	**45,542,546**	**-**

Debt and other equity instruments at FVOCI *In thousands of Armenian Drams*	**31 December 2024**	**31 December 2023**
Held by the Bank		
Government bonds		
Government securities of the Republic of Armenia	12,571,293	18,238,634
Corporate bonds		
Bonds of Armenian companies	296,704	296,266
Equity instruments		
Unquoted equity securities	397,907	112,983
Total debt and other equity instruments at FVOCI held by the Bank	**13,265,904**	**18,647,883**

Dept instruments held by the Bank at FVTPL *In thousands of Armenian Drams*	**2024**	**2023**
Quoted debt securities – shares Visa Series C	3,300,159	2,775,053
Total debt and other equity instruments at FVTPL held by the Bank	**3,300,159**	**2,775,053**
Total Investment securities	**62,108,609**	**21,422,936**

An analysis of changes in the gross carrying values and associated ECLs in relation to debt securities at amortised cost is as follows:

Debt securities at amortised cost *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying value as at 1 January 2024	**-**	**-**	**-**	**-**
New assets originated or purchased	45,608,635	-	-	**45,608,635**
Assets repaid	-	-	-	
At 31 December 2024	**45,608,635**	**-**	**-**	**45,608,635**

Debt securities at amortised cost *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECLs as at 1 January 2024	**-**	**-**	**-**	**-**
New assets originated or purchased	66,089	-	-	**66,089**
Assets repaid	-	-	-	**-**
At 31 December 2024	**66,089**	**-**	**-**	**66,089**

Debt securities at amortised cost *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying value as at 1 January 2023	**-**	**169,536**	**-**	**169,536**
Assets repaid	-	(118,675)	-	**(118,675)**
Amounts written off	-	(50,861)	-	**(50,861)**
At 31 December 2023	**-**	**-**	**-**	**-**

Debt securities at amortised cost *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECLs as at 1 January 2023	**-**	**79,196**	**-**	**79,196**
Assets repaid	-	(55,437)	-	**(55,437)**
Changes to models and inputs used for ECL calculations	-	27,102	-	**27,102**
Amounts written off	-	(50,861)	-	**(50,861)**
At 31 December 2023	**-**	**-**	**-**	**-**

An analysis of changes in the gross carrying values and associated ECLs in relation to debt securities at FVOCI is as follows:

Debt securities at FVOCI *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying value as at 1 January 2024	**18,534,900**	**-**	**-**	**18,534,900**
New assets originated or purchased	-	-	-	**-**
Assets repaid	(5,631,635)	-	-	**(5,631,635)**
Net change in fair value	141,381	-	-	**141,381**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	(176,649)	-	-	**(176,649)**
At 31 December 2024	**12,867,997**	**-**	**-**	**12,867,997**

Debt securities at FVOCI *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECLs as at 1 January 2024	**35,929**	**-**	**-**	**35,929**
New assets originated or purchased	-	-	-	**-**
Assets repaid	(7,365)	-	-	**(7,365)**
Impact on period end ECL of exposures transferred between stages during the period	-	-	-	**-**
Changes to models and inputs used for ECL calculations*	(17,943)	-	-	**(17,943)**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	(78)	-	-	**(78)**
At 31 December 2024	**10,543**	**-**	**-**	**10,543**

Debt securities at FVOCI *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying value as at 1 January 2023	**18,403,647**	**2,882,144**	**-**	**21,285,791**
New assets originated or purchased	8,621,672	-	-	**8,621,672**
Assets repaid	(8,486,954)	(2,029,145)	-	**(10,516,099)**
Net change in fair value	(246,041)	-	-	**(246,041)**
Amounts written off	-	(852,999)	-	**(852,999)**
Foreign exchange adjustments	242,576	-	-	**242,576**
At 31 December 2023	**18,534,900**	**-**	**-**	**18,534,900**

Debt securities at FVOCI *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECLs as at 1 January 2023	**190,505**	**581,344**	**-**	**771,849**
New assets originated or purchased	13,944	-	-	**13,944**
Assets repaid	(46,385)	-	-	**(46,385)**
Impact on period end ECL of exposures transferred between stages during the period	-	-	-	**-**
Changes to models and inputs used for ECL calculations*	(122,674)	271,655	-	**148,981**
Amounts written off		(852,999)	-	**(852,999)**
Foreign exchange adjustments	539	-	-	**539**
At 31 December 2023	**35,929**	**-**	**-**	**35,929**

As at 31 December 2024 and 2023 unquoted equity securities at FVOCI primarily include mandatory shares in payment systems and clearing houses.

In 2024, the Group received dividends of AMD 2,174 thousand (2023: AMD 3,185 thousand) from its equities which was recorded in the consolidated statement as other income.

At 31 December 2024 96.4% (2023: 98.4%) of debt instruments are presented by government bonds of the Republic of Armenia.

At 31 December 2024 and 2023 no securities were past due or impaired and there were no renegotiated balances of investment securities that would otherwise be past due.

Information about credit quality of debt instruments is presented in Note 33 “Risk management”.

11 Loans to customers

Loans to customers as of 31 December 2024 and 31 December 2023 comprise:

In thousands of Armenian Drams	**2024**	**2023**
Loans to corporate customers		
Loans to small and medium size companies	105,020,228	114,864,473
Loans to large corporate customers	118,062,162	74,654,668
Total loans to corporate customers	**223,082,390**	**189,519,141**
Loans to retail customers (other than agricultural and corporate loans)		
Consumer loans	135,842,235	114,304,150
Mortgage loans	81,154,832	54,259,632
Credit cards	14,173,742	12,522,907
Total loans to retail customers	**231,170,809**	**181,086,689**
Agricultural loans to retail customers	69,491,921	71,047,964
Agricultural loans to corporate customers	16,722,264	16,539,537
Total agricultural loans to customers	**86,214,185**	**87,587,501**
Gross loans to customers	540,467,384	458,193,331
Credit loss allowance	(6,483,913)	(5,265,242)
Net loans to customers at amortised cost	**533,983,471**	**452,928,089**

Allowance for impairment of loans to customers at amortised cost. An analysis of changes in the gross carrying value and corresponding ECL in relation to corporate lending during the year ended 31 December 2024 is as follows:

Loans to large corporate customers *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Gross carrying value as at 1 January 2024	**70,765,199**	**188,866**	**3,700,603**	**-**	**74,654,668**
New assets originated or purchased	70,459,102	-	-	-	**70,459,102**
Assets repaid	(22,966,974)	(188,866)	(2,861,323)	-	**(26,017,163)**
Transfers to Stage 1	-	-	-	-	**-**
Transfers to Stage 2	-	-	-	-	**-**
Transfers to Stage 3	(2,802,124)	-	2,802,124	-	**-**
Amounts written off	-	-	-	-	**-**
Foreign exchange adjustments	(987,452)	-	(46,993)	-	**(1,034,445)**
At 31 December 2024	**114,467,751**	**-**	**3,594,411**	**-**	**118,062,162**

Loans to large corporate customers *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
ECL as at 1 January 2024	**155,769**	**651**	**233,859**	-	**390,279**
Movements with impact on credit loss allowance charge for the period:					
New assets originated or purchased	548,378	-	-	-	**548,378**
Assets repaid	(37,106)	(651)	(9,840)	-	**(47,597)**
Transfers to Stage 1	-	-	-	-	**-**
Transfers to Stage 2	-	-	-	-	**-**
Transfers to Stage 3	(449,623)	-	449,623	-	**-**
Impact on period end ECL of exposures transferred between stages during the period	-	-	846,106	-	**846,106**
Changes to models and inputs used for ECL calculations	(43,155)	-	(131,218)	-	**(174,373)**
Total movements with impact on credit loss allowance charge for the period	**18,494**	**(651)**	**1,154,671**	**-**	**1,172,514**
Movements without impact on credit loss allowance charge for the period:					
Unwinding of discount (deducted from interest revenue)	-	-	72,117	-	**72,117**
Amounts written off	-	-	-	-	**-**
Foreign exchange adjustments	(1,473)	-	(14,388)	-	**(15,861)**
At 31 December 2024	**172,790**	**-**	**1,446,259**	**-**	**1,619,049**

Loans to small and medium size companies *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying value as at 1 January 2024	**109,450,720**	**3,613,429**	**1,800,324**	**114,864,473**
New assets originated or purchased	55,773,710	-	-	**55,773,710**
Assets repaid	(61,254,526)	(2,198,527)	(1,199,435)	**(64,652,488)**
Transfers to Stage 1	55,014	(55,014)	-	**-**
Transfers to Stage 2	(2,042,509)	2,042,509	-	**-**
Transfers to Stage 3	(991,409)	(213,592)	1,205,001	**-**
Amounts written off	-	-	(372,185)	**(372,185)**
Foreign exchange adjustments	(551,616)	(27,873)	(13,793)	**(593,282)**
At 31 December 2024	**100,439,384**	**3,160,932**	1,419,912	**105,020,228**

Loans to small and medium size companies *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL as at 1 January 2024	**240,506**	**51,577**	**528,113**	**820,196**
Movements with impact on credit loss allowance charge for the period:				
New assets originated or purchased	207,448	-	-	**207,448**
Assets repaid	(107,529)	(19,314)	(189,888)	**(316,731)**
Transfers to Stage 1	5,799	(5,799)	-	**-**
Transfers to Stage 2	(20,717)	20,717	-	**-**
Transfers to Stage 3	(104,885)	(6,313)	111,198	**-**
Impact on period end ECL of exposures transferred between stages during the period	(5,733)	17,913	318,232	**330,412**
Changes to models and inputs used for ECL calculations	(58,364)	(11,429)	(65,137)	**(134,930)**
Total movements with impact on credit loss allowance charge for the period	**(83,981)**	**(4,225)**	**174,405**	**86,199**
Movements without impact on credit loss allowance charge for the period:				
Unwinding of discount (deducted from interest revenue)	-	-	33,146	**33,146**
Amounts written off	-	-	(372,185)	**(372,185)**
Foreign exchange adjustments	(822)	(243)	(4,651)	**(5,716)**
At 31 December 2024	**155,703**	**47,109**	**358,828**	**561,640**

An analysis of changes in the gross carrying value and corresponding ECL in relation to agricultural loans during the year ended 31 December 2024 is as follows:

Agricultural loans to retail customers *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying value as at 1 January 2024	**67,932,163**	**938,262**	**2,177,539**	**71,047,964**
New assets originated or purchased	36,160,627	-	-	**36,160,627**
Assets repaid	(35,504,088)	(508,241)	(750,752)	**(36,763,081)**
Transfers to Stage 1	13,271	(13,271)	-	**-**
Transfers to Stage 2	(569,606)	569,606	-	**-**
Transfers to Stage 3	(1,278,845)	(143,530)	1,422,375	**-**
Amounts written off	-	-	(936,896)	**(936,896)**
Foreign exchange adjustments	(14,051)	(731)	(1,911)	**(16,693)**
At 31 December 2024	**66,739,471**	**842,095**	**1,910,355**	**69,491,921**

Agricultural loans to retail customers *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL as at 1 January 2024	**136,977**	**11,893**	**590,422**	**739,292**
Movements with impact on credit loss allowance charge for the period:				
New assets originated or purchased	263,264	-	-	**263,264**
Assets repaid	(27,774)	(1,284)	(85,558)	**(114,616)**
Transfers to Stage 1	460	(460)	-	**-**
Transfers to Stage 2	(4,288)	4,288	-	**-**
Transfers to Stage 3	(200,359)	(6,133)	206,492	**-**
Impact on period end ECL of exposures transferred between stages during the period	(434)	3,868	655,345	**658,779**
Changes to models and inputs used for ECL calculations	(37,228)	(2,436)	34,587	**(5,077)**
Total movements with impact on credit loss allowance charge for the period	**(6,359)**	**(2,157)**	**810,866**	**802,350**
Movements without impact on credit loss allowance charge for the period:				
Unwinding of discount (deducted from interest revenue)	-	-	63,242	**63,242**
Amounts written off	-	-	(936,896)	**(936,896)**
Foreign exchange adjustments	(85)	(6)	(472)	**(563)**
At 31 December 2024	**130,533**	**9,730**	**527,162**	**667,425**

Agricultural loans to corporate customers *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying value as at 1 January 2024	**16,463,163**	**25,499**	**50,875**	**16,539,537**
New assets originated or purchased	1,517,500	-	-	**1,517,500**
Assets repaid	(1,279,112)	(4,516)	1,073	**(1,282,555)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	(6,663)	6,663	-	**-**
Transfers to Stage 3	(8,875)	(25,499)	34,374	**-**
Amounts written off	-	-	(29,852)	**(29,852)**
Foreign exchange adjustments	(22,073)	-	(293)	**(22,366)**
At 31 December 2024	**16,663,940**	**2,147**	**56,177**	**16,722,264**

Agricultural loans to corporate customers *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL as at 1 January 2024	**19,856**	**2,695**	**9,327**	**31,878**
Movements with impact on credit loss allowance charge for the period:				
New assets originated or purchased	3,632	-	-	**3,632**
Assets repaid	(352)	-	-	**(352)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	(8)	8	-	**-**
Transfers to Stage 3	(1,807)	(2,695)	4,502	**-**
Impact on period end ECL of exposures transferred between stages during the period	-	201	17,544	**17,745**
Changes to models and inputs used for ECL calculations	8,514	-	5,368	**13,882**
Total movements with impact on credit loss allowance charge for the period	**9,979**	**(2,486)**	**27,414**	**34,907**
Movements without impact on credit loss allowance charge for the period:				
Unwinding of discount (deducted from interest revenue)	-	-	1,105	**1,105**
Amounts written off	-	-	(29,852)	**(29,852)**
Foreign exchange adjustments	(27)	-	-	**(27)**
At 31 December 2024	**29,808**	**209**	**7,994**	**38,011**

An analysis of changes in the gross carrying value and corresponding ECL in relation to consumer loans during the year ended 31 December 2024 is as follows:

Consumer loans *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying value as at 1 January 2024	**108,896,168**	**1,663,003**	**3,744,979**	**114,304,150**
New assets originated or purchased	85,226,245	-	-	**85,226,245**
Assets repaid	(58,775,825)	(749,367)	(3,242,683)	**(62,767,875)**
Transfers to Stage 1	41,150	(41,150)	-	**-**
Transfers to Stage 2	(1,203,026)	1,203,026	-	**-**
Transfers to Stage 3	(3,685,135)	(686,524)	4,371,659	**-**
Amounts written off	-	-	(918,609)	**(918,609)**
Foreign exchange adjustments	(1,405)	-	(271)	**(1,676)**
At 31 December 2024	**130,498,172**	**1,388,988**	**3,955,075**	**135,842,235**

Consumer loans *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL as at 1 January 2024	**691,436**	**172,807**	**1,723,714**	**2,587,957**
Movements with impact on credit loss allowance charge for the period:				
New assets originated or purchased	1,131,725	-	-	**1,131,725**
Assets repaid	(209,666)	(21,406)	(276,910)	**(507,982)**
Transfers to Stage 1	3,128	(3,128)	-	**-**
Transfers to Stage 2	(104,950)	104,950	-	**-**
Transfers to Stage 3	(553,291)	(134,300)	687,591	**-**
Impact on period end ECL of exposures transferred between stages during the period	(2,785)	78,711	1,364,876	**1,440,802**
Changes to models and inputs used for ECL calculations	(77,240)	(4,435)	(936,454)	**(1,018,129)**
Total movements with impact on credit loss allowance charge for the period	**186,921**	**20,392**	**839,103**	**1,046,416**
Movements without impact on credit loss allowance charge for the period:				
Unwinding of discount (deducted from interest revenue)	-	-	181,342	**181,342**
Amounts written off	-	-	(918,609)	**(918,609)**
Foreign exchange adjustments	(2)	-	(115)	**(117)**
At 31 December 2024	**878,355**	**193,199**	**1,825,435**	**2,896,989**

An analysis of changes in the gross carrying value and corresponding ECL in relation to mortgage loans during the year ended 31 December 2024 is as follows:

Mortgage loans *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Gross carrying value as at 1 January 2024	**52,562,544**	**588,095**	**1,079,312**	**29,681**	**54,259,632**
New assets originated or purchased	34,114,940	-	-	-	**34,114,940**
Assets repaid	(6,663,368)	(109,991)	(66,045)	(10,593)	(6,849,997)
Transfers to Stage 1	17,244	(17,244)	-	-	**-**
Transfers to Stage 2	(280,874)	280,874	-	-	**-**
Transfers to Stage 3	(561,432)	-	561,432	-	**-**
Amounts written off	-	-	(303,323)	-	**(303,323)**
Foreign exchange adjustments	(57,928)	(3,166)	(5,018)	(308)	**(66,420)**
At 31 December 2024	**79,131,126**	**738,568**	**1,266,358**	**18,780**	**81,154,832**

Mortgage loans *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
ECL as at 1 January 2024	**121,066**	**10,485**	**310,509**	**-**	**442,060**
Movements with impact on credit loss allowance charge for the period:					
New assets originated or purchased	87,730	-	-	-	**87,730**
Assets repaid	(7,438)	(1,196)	(23,238)	-	**(31,872)**
Transfers to Stage 1	279	(279)	-	-	**-**
Transfers to Stage 2	(1,653)	1,653	-	-	**-**
Transfers to Stage 3	(65,430)	-	65,430	-	**-**
Impact on period end ECL of exposures transferred between stages during the period	(269)	5,613	211,273	-	**216,617**
Changes to models and inputs used for ECL calculations	(72,600)	(4,510)	35,340	-	**(41,770)**
Total movements with impact on credit loss allowance charge for the period	**(59,381)**	**1,281**	**288,805**	**-**	**230,705**
Movements without impact on credit loss allowance charge for the period:					
Unwinding of discount (deducted from interest revenue)	-	-	34,386	-	**34,386**
Amounts written off	-	-	(303,323)	-	**(303,323)**
Foreign exchange adjustments	(43)	(25)	(1,673)	-	**(1,741)**
At 31 December 2024	**61,642**	**11,741**	**328,704**	**-**	**402,087**

An analysis of changes in the gross carrying value and corresponding ECL in relation to credit cards during the year ended 31 December 2024 is as follows:

Credit cards	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as at 1 January 2024	**11,798,257**	**174,145**	**550,505**	**12,522,907**
New assets originated or purchased	4,593,612	-	-	**4,593,612**
Assets repaid	(2,525,737)	(60,447)	(129,258)	**(2,715,442)**
Transfers to Stage 1	17,415	(16,541)	(874)	**-**
Transfers to Stage 2	(109,144)	109,144	-	**-**
Transfers to Stage 3	(257,976)	(59,525)	317,501	**-**
Amounts written off	-	-	(156,048)	**(156,048)**
Foreign exchange adjustments	(68,468)	(343)	(2,476)	**(71,287)**
At 31 December 2024	**13,447,959**	**146,433**	**579,350**	**14,173,742**

Credit cards *In thousands of Armenian Drams*	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2024	**49,064**	**8,521**	**195,995**	**253,580**
Movements with impact on credit loss allowance charge for the period:				
New assets originated or purchased	42,263	-	-	**42,263**
Assets repaid	(8,244)	(797)	(13,862)	**(22,903)**
Transfers to Stage 1	324	(324)	-	**-**
Transfers to Stage 2	(1,781)	1,781	-	**-**
Transfers to Stage 3	(25,548)	(6,207)	31,755	**-**
Impact on period end ECL of exposures transferred between stages during the period	(267)	6,165	166,156	**172,054**
Changes to models and inputs used for ECL calculations	8,000	(463)	(25,635)	**(18,098)**
Total movements with impact on credit loss allowance charge for the period	**14,747**	**155**	**158,414**	**173,316**
Movements without impact on credit loss allowance charge for the period:				
Unwinding of discount (deducted from interest revenue)	-	-	29,291	**29,291**
Amounts written off	-	-	(156,048)	**(156,048)**
Foreign exchange adjustments	(302)	(24)	(1,101)	**(1,427)**
At 31 December 2024	**63,509**	**8,652**	**226,551**	**298,712**

An analysis of changes in the gross carrying value and corresponding ECL in relation to corporate lending during the year ended 31 December 2023 is as follows:

Loans to large corporate customers *In thousands of Armenian Drams*	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying value as at 1 January 2023	**50,803,148**	**155,344**	**2,918,912**	**29,202**	**53,906,606**
New assets originated or purchased	36,810,207	-	-	-	**36,810,207**
Assets repaid	(15,697,022)	(91,321)	(1,283,205)	(29,202)	**(17,100,750)**
Transfers to Stage 1	-	-	-	-	**-**
Transfers to Stage 2	(179,416)	179,416	-	-	**-**
Transfers to Stage 3	(1,965,943)	(54,573)	2,020,516	-	**-**
Amounts written off	-	-	-	-	**-**
Foreign exchange adjustments	994,225	-	44,380	-	**1,038,605**
At 31 December 2023	**70,765,199**	**188,866**	**3,700,603**	**-**	**74,654,668**

Loans to large corporate customers *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
ECL as at 1 January 2023	**149,821**	**673**	**644,511**	**7,891**	**802,896**
Movements with impact on credit loss allowance charge for the period:					
New assets originated or purchased	83,070	-	-	-	**83,070**
Assets repaid	(36,696)	(271)	(197,930)	(7,891)	**(242,788)**
Transfers to Stage 1	-	-	-	-	**-**
Transfers to Stage 2	(698)	698	-	-	**-**
Transfers to Stage 3	(5,624)	(402)	6,026	-	**-**
Impact on period end ECL of exposures transferred between stages during the period	-	(47)	36,924	-	**36,877**
Changes to models and inputs used for ECL calculations	(36,328)	-	(349,338)	-	**(385,666)**
Total movements with impact on credit loss allowance charge for the period	**3,724**	**(22)**	**(504,318)**	**(7,891)**	**(508,507)**
Movements without impact on credit loss allowance charge for the period:					
Unwinding of discount (deducted from interest revenue)	-	-	88,804	-	**88,804**
Amounts written off	-	-	-	-	**-**
Foreign exchange adjustments	2,224	-	4,862	-	**7,086**
At 31 December 2023	**155,769**	**651**	**233,859**	**-**	**390,279**

Loans to small and medium size companies *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying value as at 1 January 2023	**86,512,033**	**4,334,618**	**1,587,787**	**92,434,438**
New assets originated or purchased	59,949,852	-	-	**59,949,852**
Assets repaid	(36,053,058)	(1,222,082)	(1,078,436)	**(38,353,576)**
Transfers to Stage 1	350,640	(350,640)	-	**-**
Transfers to Stage 2	(901,651)	901,651	-	**-**
Transfers to Stage 3	(1,168,250)	(119,849)	1,288,099	**-**
Amounts written off	-	-	(17,873)	**(17,873)**
Foreign exchange adjustments	761,154	69,731	20,747	**851,632**
At 31 December 2023	**109,450,720**	**3,613,429**	**1,800,324**	**114,864,473**

Loans to small and medium size companies *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL as at 1 January 2023	**261,861**	**62,434**	**466,584**	**790,879**
Movements with impact on credit loss allowance charge for the period:				
New assets originated or purchased	272,068	-	-	**272,068**
Assets repaid	(75,743)	(3,719)	(78,096)	**(157,558)**
Transfers to Stage 1	4,811	(4,811)	-	**-**
Transfers to Stage 2	(9,387)	9,387	-	**-**
Transfers to Stage 3	(134,110)	(5,373)	139,483	**-**
Impact on period end ECL of exposures transferred between stages during the period	(4,000)	11,315	163,104	**170,419**
Changes to models and inputs used for ECL calculations	(76,752)	(18,520)	(196,022)	**(291,294)**
Total movements with impact on credit loss allowance charge for the period	**(23,113)**	**(11,721)**	**28,469**	**(6,365)**
Movements without impact on credit loss allowance charge for the period:				
Unwinding of discount (deducted from interest revenue)	-	-	43,577	**43,577**
Amounts written off	-	-	(17,873)	**(17,873)**
Foreign exchange adjustments	1,758	864	7,356	**9,978**
At 31 December 2023	**240,506**	**51,577**	**528,113**	**820,196**

An analysis of changes in the gross carrying value and corresponding ECL in relation to agricultural loans during the year ended 31 December 2023 is as follows:

Agricultural loans to retail customers *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying value as at 1 January 2023	**90,849,150**	**1,390,543**	**2,473,133**	**94,712,826**
New assets originated or purchased	19,894,758	-	-	**19,894,758**
Assets repaid	(41,133,575)	(692,598)	(1,696,725)	**(43,522,898)**
Transfers to Stage 1	77,985	(77,985)	-	**-**
Transfers to Stage 2	(472,761)	472,761	-	**-**
Transfers to Stage 3	(1,323,933)	(156,023)	1,479,956	**-**
Amounts written off	-	-	(83,959)	**(83,959)**
Foreign exchange adjustments	40,539	1,564	5,134	**47,237**
At 31 December 2023	**67,932,163**	**938,262**	**2,177,539**	**71,047,964**

Agricultural loans to retail customers *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL as at 1 January 2023	**294,178**	**22,374**	**641,182**	**957,734**
Movements with impact on credit loss allowance charge for the period:				
New assets originated or purchased	170,230	-	-	**170,230**
Assets repaid	(50,610)	(4,597)	(157,576)	**(212,783)**
Transfers to Stage 1	1,757	(1,757)	-	**-**
Transfers to Stage 2	(4,058)	4,058	-	**-**
Transfers to Stage 3	(133,369)	(7,619)	140,988	**-**
Impact on period end ECL of exposures transferred between stages during the period	(1,548)	4,819	203,866	**207,137**
Changes to models and inputs used for ECL calculations	(139,812)	(5,413)	(222,117)	**(367,342)**
Total movements with impact on credit loss allowance charge for the period	**(157,410)**	**(10,509)**	**(34,839)**	**(202,758)**
Movements without impact on credit loss allowance charge for the period:				
Unwinding of discount (deducted from interest revenue)	-	-	66,877	**66,877**
Amounts written off	-	-	(83,959)	**(83,959)**
Foreign exchange adjustments	209	28	1,161	**1,398**
At 31 December 2023	**136,977**	**11,893**	**590,422**	**739,292**

Agricultural loans to corporate customers *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying value as at 1 January 2023	**13,996,827**	**-**	**72,770**	**14,069,597**
New assets originated or purchased	3,514,055	-	-	**3,514,055**
Assets repaid	(1,042,224)	(4,478)	(33,722)	**(1,080,424)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	(29,270)	29,270	-	**-**
Transfers to Stage 3	(11,827)	-	11,827	**-**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	35,602	707	-	**36,309**
At 31 December 2023	**16,463,163**	**25,499**	**50,875**	**16,539,537**

Agricultural loans to corporate customers *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL as at 1 January 2023	**35,086**	**-**	**23,754**	**58,840**
Movements with impact on credit loss allowance charge for the period:				
New assets originated or purchased	4,291	-	-	**4,291**
Assets repaid	(510)	-	-	**(510)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	(76)	76	-	**-**
Transfers to Stage 3	(30)	-	30	**-**
Impact on period end ECL of exposures transferred between stages during the period	-	2,544	2,799	**5,343**
Changes to models and inputs used for ECL calculations	(18,949)	-	(18,229)	**(37,178)**
Total movements with impact on credit loss allowance charge for the period	**(15,274)**	**2,620**	**(15,400)**	**(28,054)**
Movements without impact on credit loss allowance charge for the period:				
Unwinding of discount (deducted from interest revenue)	-	-	973	**973**
Amounts written off	-	-	-	**-**
Foreign exchange adjustments	44	75	-	**119**
At 31 December 2023	**19,856**	**2,695**	**9,327**	**31,878**

An analysis of changes in the gross carrying value and corresponding ECL in relation to consumer loans during the year ended 31 December 2023 is as follows:

Consumer loans *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying value as at 1 January 2023	**96,146,392**	**2,112,350**	**3,712,887**	**101,971,629**
New assets originated or purchased	66,457,323	-	-	**66,457,323**
Assets repaid	(49,727,837)	(912,069)	(3,391,648)	**(54,031,554)**
Transfers to Stage 1	177,728	(177,728)	-	**-**
Transfers to Stage 2	(1,184,956)	1,184,956	-	**-**
Transfers to Stage 3	(2,976,199)	(544,688)	3,520,887	**-**
Amounts written off	-	-	(97,428)	**(97,428)**
Foreign exchange adjustments	3,717	182	281	**4,180**
At 31 December 2023	**108,896,168**	**1,663,003**	**3,744,979**	**114,304,150**

Consumer loans *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL as at 1 January 2023	**668,819**	**116,532**	**1,405,801**	**2,191,152**
Movements with impact on credit loss allowance charge for the period:				
New assets originated or purchased	1,069,269	-	-	**1,069,269**
Assets repaid	(189,023)	(13,910)	(278,265)	**(481,198)**
Transfers to Stage 1	7,311	(7,311)	-	**-**
Transfers to Stage 2	(108,129)	108,129	-	**-**
Transfers to Stage 3	(586,922)	(71,776)	658,698	**-**
Impact on period end ECL of exposures transferred between stages during the period	(5,479)	52,600	605,028	**652,149**
Changes to models and inputs used for ECL calculations	(164,416)	(11,458)	(752,748)	**(928,622)**
Total movements with impact on credit loss allowance charge for the period	**22,611**	**56,274**	**232,713**	**311,598**
Movements without impact on credit loss allowance charge for the period:				
Unwinding of discount (deducted from interest revenue)	-	-	182,475	**182,475**
Amounts written off	-	-	(97,428)	**(97,428)**
Foreign exchange adjustments	6	1	153	**160**
At 31 December 2023	**691,436**	**172,807**	**1,723,714**	**2,587,957**

An analysis of changes in the gross carrying value and corresponding ECL in relation to mortgage loans during the year ended 31 December 2023 is as follows:

Mortgage loans *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Gross carrying value as at 1 January 2023	**40,938,397**	**665,750**	**910,662**	**39,059**	**42,553,868**
New assets originated or purchased	16,927,531	-	-	-	**16,927,531**
Assets repaid	(4,884,864)	(82,071)	(340,706)	(9,988)	**(5,317,629)**
Transfers to Stage 1	47,970	(47,970)	-	-	**-**
Transfers to Stage 2	(77,227)	77,227	-	-	**-**
Transfers to Stage 3	(481,467)	(30,660)	512,127	-	**-**
Amounts written off	-	-	(11,089)	-	**(11,089)**
Foreign exchange adjustments	92,204	5,819	8,318	610	**106,951**
At 31 December 2023	**52,562,544**	**588,095**	**1,079,312**	**29,681**	**54,259,632**

Mortgage loans *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
ECL as at 1 January 2023	**40,524**	**11,385**	**288,395**	**6,756**	**347,060**
Movements with impact on credit loss allowance charge for the period:					
New assets originated or purchased	58,757	-	-	-	**58,757**
Assets repaid	(2,237)	(408)	(93,366)	-	**(96,011)**
Transfers to Stage 1	1,307	(1,307)	-	-	**-**
Transfers to Stage 2	(1,124)	1,124	-	-	**-**
Transfers to Stage 3	(18,883)	(1,108)	19,991	-	**-**
Impact on period end ECL of exposures transferred between stages during the period	(1,212)	26	99,665	-	**98,479**
Changes to models and inputs used for ECL calculations	43,734	665	(25,491)	(6,756)	**12,152**
Total movements with impact on credit loss allowance charge for the period	**80,342**	**(1,008)**	**799**	**(6,756)**	**73,377**
Movements without impact on credit loss allowance charge for the period:					
Unwinding of discount (deducted from interest revenue)	-	-	29,458	-	**29,458**
Amounts written off	-	-	(11,089)	-	**(11,089)**
Foreign exchange adjustments	200	108	2,946	-	**3,254**
At 31 December 2023	**121,066**	**10,485**	**310,509**	**-**	**442,060**

An analysis of changes in the gross carrying value and corresponding ECL in relation to credit cards - during the year ended 31 December 2023 is as follows:

Credit cards *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying value as at 1 January 2023	**11,233,718**	**227,146**	**641,490**	**12,102,354**
New assets originated or purchased	4,693,486	-	-	**4,693,486**
Assets repaid	(3,801,984)	(92,578)	(407,030)	**(4,301,592)**
Transfers to Stage 1	20,226	(20,226)	-	**-**
Transfers to Stage 2	(100,764)	100,764	-	**-**
Transfers to Stage 3	(299,860)	(42,138)	341,998	**-**
Amounts written off	-	-	(28,659)	**(28,659)**
Foreign exchange adjustments	53,435	1,177	2,706	**57,318**
At 31 December 2023	**11,798,257**	**174,145**	**550,505**	**12,522,907**

Credit cards *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL as at 1 January 2023	**62,781**	**8,911**	**212,268**	**283,960**
Movements with impact on credit loss allowance charge for the period:				
New assets originated or purchased	63,605	-	-	**63,605**
Assets repaid	(18,501)	(2,783)	(70,410)	**(91,694)**
Transfers to Stage 1	746	(746)	-	**-**
Transfers to Stage 2	(2,867)	2,867	-	**-**
Transfers to Stage 3	(46,659)	(3,341)	50,000	**-**
Impact on period end ECL of exposures transferred between stages during the period	(524)	4,378	56,012	**59,866**
Changes to models and inputs used for ECL calculations	(9,664)	(793)	(48,184)	**(58,641)**
Total movements with impact on credit loss allowance charge for the period	**(13,864)**	**(418)**	**(12,582)**	**(26,864)**
Movements without impact on credit loss allowance charge for the period:				
Unwinding of discount (deducted from interest revenue)	-	-	24,240	**24,240**
Amounts written off	-	-	(28,659)	**(28,659)**
Foreign exchange adjustments	147	28	728	**903**
At 31 December 2023	**49,064**	**8,521**	**195,995**	**253,580**

Credit quality of loans by overdue days. The following table provides information on the credit quality of loans to customer as at 31 December 2024.

In thousands of Armenian Drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to small and medium size companies				
not overdue	100,113,230	2,954,552	776,680	**103,844,462**
overdue less than 30 days	326,154	76,095	38,794	**441,043**
overdue 30-90 days	-	130,285	82,064	**212,349**
overdue more than 90 days	-	-	522,374	**522,374**
Total gross loans to small and medium size companies	**100,439,384**	**3,160,932**	**1,419,912**	**105,020,228**
Expected credit loss allowance	(155,703)	(47,109)	(358,828)	**(561,640)**
Total net loans to small and medium size companies	**100,283,681**	**3,113,823**	**1,061,084**	**104,458,588**

In thousands of Armenian Drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to large corporate customers				
not overdue	114,355,516	-	1,072,689	**115,428,205**
overdue less than 30 days	112,235	-	93,842	**206,077**
overdue 30-90 days	-	-	1,921,767	**1,921,767**
overdue more than 90 days	-	-	506,113	**506,113**
Total gross loans to large corporate customers	**114,467,751**	**-**	**3,594,411**	**118,062,162**
Expected credit loss allowance	(172,790)	-	(1,446,259)	**(1,619,049)**
Total net loans to large corporate customers	**114,294,961**	**-**	**2,148,152**	**116,443,113**
Total loans to corporate customers	**214,578,642**	**3,113,823**	**3,209,236**	**220,901,701**

In thousands of Armenian Drams	Stage 1	Stage 2	Stage 3	Total
Consumer loans				
not overdue	129,838,576	898,217	1,805,872	**132,542,665**
overdue less than 30 days	659,596	95,964	201,674	**957,234**
overdue 30-90 days	-	394,807	163,255	**558,062**
overdue more than 90 days	-	-	1,784,274	**1,784,274**
Total gross consumer loans	**130,498,172**	**1,388,988**	**3,955,075**	**135,842,235**
Expected credit loss allowance	(878,355)	(193,199)	(1,825,435)	**(2,896,989)**
Total net consumer loans	**129,619,817**	**1,195,789**	**2,129,640**	**132,945,246**

In thousands of Armenian Drams	Stage 1	Stage 2	Stage 3	Total
Mortgage loans				
not overdue	79,088,802	656,233	1,066,902	**80,811,937**
overdue less than 30 days	42,324	22,003	89,328	**153,655**
overdue 30-90 days	-	60,332	35,740	**96,072**
overdue more than 90 days	-	-	93,168	**93,168**
Total gross mortgage loans	**79,131,126**	**738,568**	**1,285,138**	**81,154,832**
Expected credit loss allowance	(61,642)	(11,741)	(328,704)	**(402,087)**
Total net mortgage loans	**79,069,484**	**726,827**	**956,434**	**80,752,745**

In thousands of Armenian Drams	Stage 1	Stage 2	Stage 3	Total
Credit cards				
not overdue	13,336,879	104,296	438,000	**13,879,175**
overdue less than 30 days	111,078	26,062	37,746	**174,886**
overdue 30-90 days	1	16,075	12,709	**28,785**
overdue more than 90 days	1	-	90,895	**90,896**
Total gross credit cards	**13,447,959**	**146,433**	**579,350**	**14,173,742**
Expected credit loss allowance	(63,509)	(8,652)	(226,551)	**(298,712)**
Total net credit cards	**13,384,450**	**137,781**	**352,799**	**13,875,030**

In thousands of Armenian Drams	Stage 1	Stage 2	Stage 3	Total
Agricultural loans to retail customers				
not overdue	66,708,450	802,921	1,499,409	**69,010,780**
overdue less than 30 days	31,021	11,275	31,477	**73,773**
overdue 30-90 days	-	27,899	43,760	**71,659**
overdue more than 90 days	-	-	335,709	**335,709**
Total gross agricultural loans to retail customers	**66,739,471**	**842,095**	**1,910,355**	**69,491,921**
Expected credit loss allowance	(130,533)	(9,730)	(527,162)	**(667,425)**
Total net agricultural loans to retail customers	**66,608,938**	**832,365**	**1,383,193**	**68,824,496**

In thousands of Armenian Drams	Stage 1	Stage 2	Stage 3	Total
Agricultural loans to corporate customers				
not overdue	16,495,593	-	22,101	**16,517,694**
overdue less than 30 days	168,347	-	5,658	**174,005**
overdue 30-90 days	-	2,147	-	**2,147**
overdue more than 90 days	-	-	28,418	**28,418**
Total gross agricultural loans to corporate customers	**16,663,940**	**2,147**	**56,177**	**16,722,264**
Expected credit loss allowance	(29,808)	(209)	(7,994)	**(38,011)**
Total net agricultural loans to corporate customers	16,634,132	1,938	48,183	**16,684,253**
Total agricultural loans to customers	**83,243,070**	**834,303**	**1,431,376**	**85,508,749**
Gross loans to customers	**521,387,803**	**6,279,163**	**12,800,418**	**540,467,384**
Expected credit loss allowance	(1,492,340)	(270,640)	(4,720,933)	(6,483,913)
Net loans to customers at amortised cost	**519,895,463**	**6,008,523**	**8,079,485**	**533,983,471**

The following table provides information on the credit quality of loans as at 31 December 2023.

In thousands of Armenian Drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to small and medium size companies				
not overdue	109,343,429	3,495,095	906,295	**113,744,819**
overdue less than 30 days	107,291	31,380	136,449	**275,120**
overdue 30-90 days	-	86,954	157,900	**244,854**
overdue more than 90 days	-	-	599,680	**599,680**
Total gross loans to small and medium size companies	**109,450,720**	**3,613,429**	**1,800,324**	**114,864,473**
Expected credit loss allowance	(240,506)	(51,577)	(528,113)	**(820,196)**
Total net loans to small and medium size companies	**109,210,214**	**3,561,852**	**1,272,211**	**114,044,277**

In thousands of Armenian Drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans to large corporate customers				
not overdue	70,765,199	188,866	2,965,700	**73,919,765**
overdue less than 30 days	-	-	37,180	**37,180**
overdue 30-90 days	-	-	375,896	**375,896**
overdue more than 90 days	-	-	321,827	**321,827**
Total gross loans to large corporate customers	**70,765,199**	**188,866**	**3,700,603**	**74,654,668**
Expected credit loss allowance	(155,769)	(651)	(233,859)	(390,279)
Total net loans to large corporate customers	**70,609,430**	**188,215**	**3,466,744**	**74,264,389**
Total loans to corporate customers	**179,819,644**	**3,750,067**	**4,738,955**	**188,308,666**

In thousands of Armenian Drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Consumer loans				
not overdue	108,366,139	1,156,708	1,879,019	**111,401,866**
overdue less than 30 days	530,029	116,828	176,946	**823,803**
overdue 30-90 days	-	389,467	135,392	**524,859**
overdue more than 90 days	-	-	1,553,622	**1,553,622**
Total gross consumer loans	**108,896,168**	**1,663,003**	**3,744,979**	**114,304,150**
Expected credit loss allowance	(691,436)	(172,807)	(1,723,714)	**(2,587,957)**
Total net consumer loans	**108,204,732**	**1,490,196**	**2,021,265**	**111,716,193**

In thousands of Armenian Drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Mortgage loans				
not overdue	52,483,231	588,095	877,112	**53,948,438**
overdue less than 30 days	79,313	-	105,610	**184,923**
overdue 30-90 days	-	-	-	**-**
overdue more than 90 days	-	-	126,271	**126,271**
Total gross mortgage loans	**52,562,544**	**588,095**	**1,108,993**	**54,259,632**
Expected credit loss allowance	(121,066)	(10,485)	(310,509)	**(442,060)**
Total net mortgage loans	**52,441,478**	**577,610**	**798,484**	**53,817,572**

In thousands of Armenian Drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit cards				
not overdue	11,751,898	143,169	370,445	**12,265,512**
overdue less than 30 days	46,358	1,396	27,160	**74,914**
overdue 30-90 days	-	29,580	15,817	**45,397**
overdue more than 90 days	1	-	137,083	**137,083**
Total gross credit cards	**11,798,257**	**174,145**	**550,505**	**12,522,907**
Expected credit loss allowance	(49,064)	(8,521)	(195,995)	**(253,580)**
Total net credit cards	**11,749,193**	**165,624**	**354,510**	**12,269,327**

In thousands of Armenian Drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Agricultural loans to retail customers				
not overdue	67,835,869	886,518	1,466,699	**70,189,086**
overdue less than 30 days	96,294	8,946	50,956	**156,196**
overdue 30-90 days	-	42,798	141,834	**184,632**
overdue more than 90 days	-	-	518,050	**518,050**
Total gross agricultural loans to retail customers	**67,932,163**	**938,262**	**2,177,539**	**71,047,964**
Expected credit loss allowance	(136,977)	(11,893)	(590,422)	(739,292)
Total net agricultural loans to retail customers	**67,795,186**	**926,369**	**1,587,117**	**70,308,672**

In thousands of Armenian Drams	Stage 1	Stage 2	Stage 3	Total
Agricultural loans to corporate customers				
not overdue	16,463,163	-	22,101	**16,485,264**
overdue less than 30 days	-	-	-	**-**
overdue 30-90 days	-	25,499	-	**25,499**
overdue more than 90 days	-	-	28,774	**28,774**
Total gross agricultural loans to corporate customers	**16,463,163**	**25,499**	**50,875**	**16,539,537**
Expected credit loss allowance	(19,856)	(2,695)	(9,327)	**(31,878)**
Total net agricultural loans to corporate customers	16,443,307	22,804	41,548	**16,507,659**
Total agricultural loans to customers	**84,238,493**	**949,173**	**1,628,665**	**86,816,331**
Gross loans to customers	**437,868,214**	**7,191,299**	**13,133,818**	**458,193,331**
Expected credit loss allowance	(1,414,674)	(258,629)	(3,591,939)	**(5,265,242)**
Net loans to customers at amortised cost	**436,453,540**	**6,932,670**	**9,541,879**	**452,928,089**

Collateral and other credit enhancements. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- Securities lending and reverse repurchase transactions: cash or securities.
- Commercial lending: primarily real estate properties, movable properties, production machinery, inventory, trade receivables and guarantees.
- Retail lending: primarily mortgages over residential properties, movable properties, and guarantees.
- Credit cards: primarily real estate and movable properties and guarantees.

The Group may also obtain guarantees from customer parent companies for loans provided to their subsidiaries during customer lending process.

Management monitors the market value of collateral and may request additional collateral in accordance with the underlying agreement during its review of the adequacy of the allowance for loan impairment.

The Bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Bank since the prior period.

Description of collateral held for loans to customers is as follows as at 31 December 2024 and 31 December 2023:

In thousands of Armenian Drams	2024	2023
Real Estate	302,964,438	252,193,985
Guarantees	73,907,200	90,965,548
Working capital/Goods (finished products, goods in circulation, livestock)	23,341,018	21,903,407
Movables	10,599,263	7,763,250
Securities	7,616,833	5,676,969
Cash	5,823,611	4,992,854
Agricultural equipment	400,098	421,842
Other	162,258	311
Movables (personal property, equipment)	1,159	133,413
Without Collateral	115,651,506	74,141,752
Total gross loan portfolio	**540,467,384**	**458,193,331**

The extent to which collateral and other credit enhancements mitigate credit risk for financial assets carried at amortised cost that are credit impaired, is presented by disclosing collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed carrying value of the asset (“over-collateralised assets”) and (ii) those assets where collateral and other credit enhancements are less than the carrying value of the asset (“under-collateralised assets”).

The effect of collateral on credit impaired assets at 31 December 2024 and 31 December 2023 is as follows.

2024	**Over-collateralised Assets**		**Under-collateralised Assets**	
In thousands of Armenian Drams	**Carrying value of the assets**	**Value of collateral**	**Carrying value of the assets**	**Value of collateral**
Credit impaired assets:				
Loans to corporate customers				
Loans to small and medium size companies	1,095,555	5,458,096	324,357	-
Loans to large corporate customers	3,544,704	10,028,351	49,707	11,600
Loans to retail customers (other than agricultural and corporate loans)				
Consumer loans	676,988	4,002,522	3,278,086	76,110
Mortgage loans	1,197,949	2,658,839	68,408	4,100
Credit cards	63,044	387,747	516,304	-
Agricultural loans to customers				
Agricultural loans retail	744,557	5,950,620	1,165,797	-
Agricultural loans corporate	52,759	151,687	3,418	-
Total	**7,375,556**	**28,637,862**	**5,406,077**	**91,810**

2023	**Over-collateralised Assets**		**Under-collateralised Assets**	
In thousands of Armenian Drams	**Carrying value of the assets**	**Value of collateral**	**Carrying value of the assets**	**Value of collateral**
Credit impaired assets:				
Loans to corporate customers				
Loans to small and medium size companies	1,565,682	6,372,084	234,642	-
Loans to large corporate customers	3,648,932	10,145,940	51,671	11,600
Loans to retail customers (other than agricultural and corporate loans)				
Consumer loans	653,739	4,031,713	3,091,240	94,959
Mortgage loans	1,107,463	2,486,306	1,530	-
Credit cards	66,637	341,365	483,868	-
Agricultural loans to customers				
Agricultural loans retail	890,529	7,347,419	1,287,009	-
Agricultural loans corporate	50,404	94,977	471	-
Total	**7,983,386**	**30,819,804**	**5,150,431**	**106,559**

In absence of collateral or other credit enhancements, ECL for individually impairment in respect of Stage 3 loans to customers as at 31 December 2024 and 2023 would have been higher by:

In thousands of Armenian Drams	**2024**	**2023**
Corporate lending	2,029,895	3,378,154
Mortgage loans	18,781	29,681
Total	**2,048,676**	**3,407,835**

Assets under lien. As at 31 December 2024, loans to customers with a gross value of AMD 22,323,285 thousand (2023: AMD 18,522,556 thousand) serve as collateral for other borrowed funds (see Note 20).

Repossessed collateral. During the year, the Group took possession of collateral with an estimated value of AMD 385,409 thousand (2023: AMD 228,766 thousand), which the Group is in the process of selling. It is the Group's policy to dispose of repossessed properties in an orderly fashion. In general, the Group does not occupy repossessed properties for business use.

Concentration of loans to customers. As at 31 December 2024, the Group had a concentration of loans represented by AMD 59,660,205 thousand due from the ten largest third-party borrowers (11.0% of gross loan portfolio) (2023: AMD 50,311,281 thousand or 10.9%). An allowance of AMD 87,788 thousand (2023: AMD 109,034 thousand) was recognised against these loans.

Concentration of loans by sectors. Loans are made principally within Armenia in the following industry sectors:

In thousands of Armenian Drams	**2024**	**2023**
Individuals	300,662,733	252,134,658
Food and beverage	51,317,852	52,728,234
Construction	52,175,334	40,810,661
Trade	44,775,458	40,633,968
Manufacturing	17,297,308	9,913,225
Agriculture	22,531,896	19,497,697
Transportation	7,470,360	5,281,665
Financial sector	10,201,550	8,271,891
Energy	8,789,291	8,936,603
Other	25,245,602	19,984,729
Impairment allowance	(6,483,913)	(5,265,242)
Net loans to customers at amortised cost	**533,983,471**	**452,928,089**

12 Receivables from finance leases

In thousands of Armenian Drams	**2024**	**2023**
Finance leases to corporate customers	88,131,067	78,235,588
Finance leases to retail customers	5,735,740	5,947,183
Net investments in finance leases	**93,866,807**	**84,182,771**
Impairment allowance	(760,986)	(776,345)
Net investments in finance leases, less impairment allowance	**93,105,821**	**83,406,426**

The Group provided leases to individuals, small and medium-sized enterprises operating in various sectors of the economy in acquiring equipment and production resources.

In the amount of finance lease receivables as at 31 December 2024 the amount of equipment on the way, purchased in the scope of finance lease agreements is AMD 51,826 thousand, (2023: nil).

An analysis of changes in the gross carrying value and corresponding ECL in relation to receivables from finance lease during the year ended 31 December 2024 is as follows:

In thousands of Armenian Drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying value as at 1 January 2024	**83,119,652**	**212,056**	**851,063**	**84,182,771**
New assets originated or purchased	40,352,948	-	-	**40,352,948**
Assets repaid	(28,892,956)	(205,487)	(732,202)	**(29,830,645)**
Transfers to Stage 1	64,125	(64,125)	-	**-**
Transfers to Stage 2	(810,644)	810,644	-	**-**
Transfers to Stage 3	(661,797)	(69,791)	731,588	**-**
Foreign exchange adjustments	(824,082)	(5,643)	(6,840)	**(836,565)**
Write-off	-	-	(1,702)	**(1,702)**
At 31 December 2024	**92,347,246**	**677,654**	**841,907**	**93,866,807**

In thousands of Armenian Drams	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL as at 1 January 2024	**350,131**	**5,793**	**420,421**	**776,345**
Movements with impact on credit loss allowance charge for the period:				
New assets originated or purchased	158,983	-	-	**158,983**
Assets repaid	(19,634)	(1,395)	(49,933)	**(70,962)**
Transfers to Stage 1	1,397	(1,397)	-	**-**
Transfers to Stage 2	(9,662)	9,662	-	**-**
Transfers to Stage 3	(17,438)	(2,529)	19,967	**-**
Impact on period end ECL of exposures transferred between stages during the period	(1,260)	14,061	177,650	**190,451**
Changes to models and inputs used for ECL calculations	(128,099)	(194)	(191,114)	**(319,407)**
Total movements with impact on credit loss allowance charge for the period	**(15,713)**	**18,208**	**(43,430)**	**(40,935)**
Movements without impact on credit loss allowance charge for the period:				
Unwinding of discount (recognised in interest revenue)	-	-	34,775	**34,775**
Write-off	-	-	(1,702)	**(1,702)**
Foreign exchange adjustments	(2,845)	(734)	(3,918)	**(7,497)**
At 31 December 2024	**331,573**	**23,267**	**406,146**	**760,986**

An analysis of changes in the gross carrying value and corresponding ECL in relation to receivables from finance lease during the year ended 31 December 2023 is as follows:

In thousands of Armenian Drams	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as at 1 January 2023	**52,594,052**	**790,565**	**581,929**	**53,966,546**
New assets originated or purchased	48,149,469	-	-	**48,149,469**
Assets repaid	(17,860,091)	206,038	(562,070)	**(18,216,123)**
Transfers to Stage 1	884,135	(860,958)	(23,177)	**-**
Transfers to Stage 2	(223,237)	230,976	(7,739)	**-**
Transfers to Stage 3	(702,073)	(156,894)	858,967	**-**
Foreign exchange adjustments	277,397	2,329	4,672	**284,398**
Write-off	-	-	(1,519)	**(1,519)**
At 31 December 2023	**83,119,652**	**212,056**	**851,063**	**84,182,771**

In thousands of Armenian Drams	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2023	**240,619**	**27,711**	**274,995**	**543,325**
Movements with impact on credit loss allowance charge for the period:				
New assets originated or purchased	307,095	-	-	**307,095**
Assets repaid	(20,805)	(1,609)	84,706	**62,292**
Transfers to Stage 1	25,789	(18,085)	(7,704)	**-**
Transfers to Stage 2	(2,997)	7,694	(4,697)	**-**
Transfers to Stage 3	(29,999)	(6,810)	36,809	**-**
Impact on period end ECL of exposures transferred between stages during the period	(23,584)	(2,892)	207,139	**180,663**
Changes to models and inputs used for ECL calculations	(147,115)	(255)	(93,950)	**(241,320)**
Total movements with impact on credit loss allowance charge for the period	**108,384**	**(21,957)**	**222,303**	**308,730**
Movements without impact on credit loss allowance charge for the period:				
Unwinding of discount (recognised in interest revenue)	-	-	(78,209)	**(78,209)**
Write-off	-	-	(1,519)	**(1,519)**
Foreign exchange adjustments	1,128	39	2,851	**4,018**
At 31 December 2023	**350,131**	**5,793**	**420,421**	**776,345**

Quality of finance lease receivables. The following table provides information on the credit quality of finance lease receivables at 31 December 2024.

In thousands of Armenian Drams	Stage 1	Stage 2	Stage 3	Total
Finance lease to retail customers				
not overdue	5,478,035	28,926	213,376	**5,720,337**
overdue less than 30 days	5,706	175	5,863	**11,744**
overdue 30-90 days	-	131	2,112	**2,243**
overdue more than 90 days	-	-	1,416	**1,416**
Total gross leases to retail customers	**5,483,741**	**29,232**	**222,767**	**5,735,740**
Expected credit loss allowance	(20,035)	(587)	(102,948)	**(123,570)**
Total net leases to retail customers	**5,463,706**	**28,645**	**119,819**	**5,612,170**
Finance lease to corporate customers				
not overdue	86,863,505	576,117	550,871	**87,990,493**
overdue less than 30 days	-	6,069	5,282	**11,351**
overdue 30-90 days	-	66,236	18,696	**84,932**
overdue more than 90 days	-	-	44,291	**44,291**
Total gross leases to large corporate customers	**86,863,505**	**648,422**	**619,140**	**88,131,067**
Expected credit loss allowance	(311,538)	(22,680)	(303,198)	**(637,416)**
Total net leases to large corporate customers	**86,551,967**	**625,742**	**315,942**	**87,493,651**
Total lease portfolio	**92,015,673**	**654,387**	**435,761**	**93,105,821**

The following table provides information on the credit quality of finance lease receivables at 31 December 2023.

In thousands of Armenian Drams	Stage 1	Stage 2	Stage 3	Total
Finance lease to retail customers				
not overdue	5,618,360	42,912	268,124	**5,929,396**
overdue less than 30 days	-	4,169	-	**4,169**
overdue 30-90 days	-	5,547	8,072	**13,619**
overdue more than 90 days	-	-	-	**-**
Total gross leases to retail customers	**5,618,360**	**52,628**	**276,196**	**5,947,184**
Expected credit loss allowance	(23,407)	(2,202)	(125,115)	**(150,724)**
Total net leases to retail customers	**5,594,953**	**50,426**	**151,081**	**5,796,460**
Finance lease to corporate customers				
not overdue	77,501,292	157,509	388,175	**78,046,976**
overdue less than 30 days	-	1,919	137,854	**139,773**
overdue 30-90 days	-	-	7,271	**7,271**
overdue more than 90 days	-	-	41,567	**41,567**
Total gross leases to large corporate customers	**77,501,292**	**159,428**	**574,867**	**78,235,587**
Expected credit loss allowance	(326,724)	(3,591)	(295,306)	**(625,621)**
Total net leases to large corporate customers	**77,174,568**	**155,837**	**279,561**	**77,609,966**
Total lease portfolio	**82,769,521**	**206,263**	**430,642**	**83,406,426**

Assets under lien. As at 31 December 2024, finance lease receivables with a gross value of AMD 24,218,400 thousand (2023: AMD 15,101,748 thousand) serve as collateral for other borrowed funds (see Note 20).

Repossessed assets. The carrying value of the assets repossessed during the period and held as at 31 December 2024 is AMD 23,800 thousand (2023: AMD 24,770 thousand).

Concentration of finance leases by sectors. Finance lease to corporate customers were issued primarily to customers located within the Republic of Armenia who operate in the following economic sectors:

In thousands of Armenian Drams	2024	2023
Construction	23,566,077	23,114,134
Food and beverages production	17,763,658	16,050,263
Manufacturing	12,681,271	9,416,904
Services	11,879,006	7,429,747
Trade	9,003,744	8,672,738
Agriculture	7,574,666	8,468,466
Finance leases to retail customers	5,735,740	5,879,346
Transportation	4,262,379	4,479,002
Hydropower plants	673,754	106,293
Other	654,239	461,501
Manufacture of leather goods	72,273	104,377
Impairment allowance	(760,986)	(776,345)
Net investments in finance leases	**93,105,821**	**83,406,426**

The table below provides the maturity profile of gross and net investment in leases as of 31 December 2024:

In thousands of Armenian Drams	**Not later than 1 year**	**Between 1 and 2 years**	**Between 2 and 3 years**	**Between 3 and 4 years**	**Between 4 and 5 years**	**Later than 5 years**	**Total**
Gross investment in finance leases	40,241,823	37,383,004	23,230,265	9,173,305	2,818,528	431,559	**113,278,484**
Unearned future finance income on finance leases	(9,935,171)	(5,886,243)	(2,593,967)	(792,627)	(161,793)	(41,876)	**(19,411,677)**
Net investment in finance leases before allowance	**30,306,652**	**31,496,761**	**20,636,298**	**8,380,678**	**2,656,735**	**389,683**	**93,866,807**

The table below provides the maturity profile of gross and net investment in leases as of 31 December 2023:

In thousands of Armenian Drams	**Not later than 1 year**	**Between 1 and 2 years**	**Between 2 and 3 years**	**Between 3 and 4 years**	**Between 4 and 5 years**	**Later than 5 years**	**Total**
Gross investment in finance leases	30,857,800	32,401,135	24,789,274	11,804,592	3,549,203	440,669	**103,842,673**
Unearned future finance income on finance leases	(8,697,907)	(6,341,551)	(3,235,181)	(1,130,625)	(229,132)	(25,506)	**(19,659,902)**
Net investment in finance leases before allowance	**22,159,893**	**26,059,584**	**21,554,093**	**10,673,967**	**3,320,071**	**415,163**	**84,182,771**

13 Property, equipment and intangible assets

The movements in property, equipment, right-of-use assets and intangible assets were as follows:

In thousands of Armenian Drams	**Land and buildings**	**Construc-tion in progress**	**Leasehold improve-ments**	**Equipment**	**Fixtures and fittings**	**Motor vehicles**	***Sub-total Property, equipment***	**Software and licenses**	**Right-of-use assets**	**Total**
Cost/revalued amount										
31 December 2023	**14,817,195**	**1,576,578**	**1,360,402**	**11,360,054**	**3,606,918**	**644,657**	***33,365,804***	**8,568,163**	**5,074,712**	**47,008,679**
Additions	181,950	4,513,683	159,641	2,404,895	602,858	19,615	***7,882,642***	1,252,997	629,855	**9,765,494**
Disposals and write-offs	(378,548)	-	(28,803)	(114,439)	(185,906)	(39,915)	***(747,611)***	(496,087)	(809,394)	**(2,053,092)**
Modification	-	-	-	-	-	-	***-***	-	1,387,377	**1,387,377**
Effect of revaluation in OCI*	-	-	-	-	-	1,100	***1,100***	-	-	**1,100**
31 December 2024	**14,620,597**	**6,090,261**	**1,491,240**	**13,650,510**	**4,023,870**	**625,457**	***40,501,935***	**9,325,073**	**6,282,550**	**56,109,558**
Accumulated depreciation, amortisation and impairment										
31 December 2023	**251,885**	**-**	**540,802**	**5,864,914**	**2,307,221**	**75,080**	***9,039,902***	**3,764,360**	**2,292,758**	**15,097,020**
Depreciation charge	217,501	-	146,601	1,080,527	242,889	75,330	***1,762,849***	990,048	1,082,448	**3,835,345**
Disposals and write-offs	(73,485)	-	(2,749)	(93,893)	(96,315)	(4,251)	***(270,693)***	(176,966)	(807,697)	**(1,255,356)**
Effect of revaluation in OCI	-	-	-	-	-	(1,413)	***(1,413)***	-	-	**(1,413)**
31 December 2024	**395,901**	**-**	**684,654**	**6,851,548**	**2,453,795**	**144,746**	***10,530,644***	**4,577,442**	**2,567,509**	**17,675,595**
Net book value										
31 December 2024	**14,224,696**	**6,090,261**	**806,586**	**6,798,962**	**1,570,075**	**480,711**	***29,971,291***	**4,747,631**	**3,715,041**	**38,433,963**

In thousands of Armenian Drams	**Land and buildings**	**Construc-tion in progress**	**Leasehold improve-ments**	**Equipment**	**Fixtures and fittings**	**Motor vehicles**	***Sub-total Property, equipment***	**Goodwill**	**Software and licenses**	**Right-of-use assets**	**Total**
Cost/revalued amount											
31 December 2022	**15,520,458**	**367,180**	**812,734**	**9,522,712**	**3,295,862**	**537,600**	***30,056,546***	**18,132**	**7,966,795**	**3,846,303**	**41,887,776**
Additions	448,737	1,209,398	547,668	2,177,770	509,655	134,807	***5,028,035***	-	785,185	1,340,678	**7,153,898**
Disposals and write-offs	(1,152,000)	-	-	(340,428)	(198,599)	(28,465)	***(1,719,492)***	(18,132)	(180,600)	(629,922)	**(2,548,146)**
Modification	-	-	-	-	-	-	**-**	-	-	517,653	**517,653**
Effect of revaluation in OCI*	-	-	-	-	-	715	***715***	-	-	-	**715**
Impairment charge to profit or loss	-	-	-	-	-	-	**-**	-	(3,217)	-	**(3,217)**
31 December 2023	**14,817,195**	**1,576,578**	**1,360,402**	**11,360,054**	**3,606,918**	**644,657**	***33,365,804***	**-**	**8,568,163**	**5,074,712**	**47,008,679**
Accumulated depreciation, amortisation and impairment											
31 December 2022	**20,444**	**-**	**418,759**	**5,196,117**	**2,159,878**	**6,977**	***7,802,175***	**-**	**3,020,188**	**2,116,745**	**12,939,108**
Depreciation charge	246,289	-	122,043	985,827	320,078	73,458	***1,747,695***	-	832,913	737,007	**3,317,615**
Disposals and write-offs	(14,848)	-	-	(317,030)	(172,735)	(5,355)	***(509,968)***	-	(88,741)	(560,994)	**(1,159,703)**
Effect of revaluation in OCI	-	-	-	-	-	-	-	-	-	-	-
Modification	-	-	-	-	-	-	-	-	-	-	-
31 December 2023	**251,885**	**-**	**540,802**	**5,864,914**	**2,307,221**	**75,080**	***9,039,902***	**-**	**3,764,360**	**2,292,758**	**15,097,020**
Net book value											
31 December 2023	**14,565,310**	**1,576,578**	**819,600**	**5,495,140**	**1,299,697**	**569,577**	***24,325,902***	**-**	**4,803,803**	**2,781,954**	**31,911,659**

If the land, buildings, and motor vehicles were measured using the cost model, the carrying amounts would be as follows:

In thousands of Armenian Drams	2024			2023		
	Land	**Buildings**	**Motor vehicles**	**Land**	**Buildings**	**Motor vehicles**
Cost	1,466,233	8,474,382	756,706	1,466,233	8,964,048	802,900
Accumulated depreciation and impairment	-	2,588,081	486,956	-	2,449,100	452,360
Net carrying amount	**1,466,233**	**5,886,301**	**269,750**	**1,466,233**	**6,514,948**	**350,540**

14 Taxation

The corporate income tax expense comprises:

In thousands of Armenian Drams	2024	2023
Current tax charge	6,624,264	6,498,202
Deferred tax credit	(243,342)	(125,065)
Income tax expense	**6,380,922**	**6,373,137**

In 2024 the applicable tax rate for current and deferred tax is 18% (2023: 18%). The effective income tax rate differs from the statutory income tax rates. A reconciliation of the income tax expense based on statutory rates with actual is as follows:

In thousands of Armenian Drams	2024	2023
Profit before income tax	**34,797,260**	**35,144,385**
Statutory tax rate	18%	18%
Theoretical income tax expense at the statutory rate	**6,263,507**	**6,325,989**
Non-deductible & non-taxable items, net	117,416	(26,404)
Change in unrecognized deferred tax assets	-	73,552
Income tax expense	**6,380,922**	**6,373,137**

Non-deductible expenses, net consist of non - deductible expenses difference with the tax base in the amount of AMD 267,410 thousand (2023: AMD 664,484 thousand) and non-taxable income differences with the tax base in the amount of AMD 149,994 thousand (2023: AMD 690,888 thousand). Non-deductible expenses/income mainly relate to the gains/losses from revaluation of assets and liabilities, other benefits to employees, some representation expenses, some membership fees, reserve for contingent liabilities. etc. Deferred tax assets and liabilities as at 31 December and their movements for the respective years comprise:

In thousands of Armenian Drams	Balance 1 January 2023	Origination and reversal of temporary differences: In the statement of profit or loss	Origination and reversal of temporary differences: In other compre-hensive income	Balance 31 December 2023	Origination and reversal of temporary differences: In the statement of profit or loss	Origination and reversal of temporary differences: In other compre-hensive income	Balance 31 December 2024
Deferred tax assets/ (liabilities)							
Cash and cash equivalents	9,575	(8,327)	-	1,248	4,201	-	5,449
Derivative financial assets	(52,883)	24,105	-	(28,778)	15,684	-	(13,094)
Loans and advances to banks	5,332	(32,306)	-	(26,974)	20,739	-	(6,235)
Investment securities	(444,826)	(240,815)	176,753	(508,888)	(126,109)	(17,115)	(652,112)
Loans to customers	(465,378)	(44,017)	-	(509,395)	(28,015)	-	(537,410)
Finance lease receivable	8,569	29,435	-	38,004	32,749	-	70,753
Investments in associates	(174,640)	(74,263)	(17,310)	(266,213)	(31,164)	-	(297,377)
Property, equipment, intangible and right-of-use assets	(1,298,022)	674,084	(127)	(624,065)	43,256	155	(580,654)
Other assets	83,535	(95,216)	-	(11,681)	31,714	-	20,033
Other borrowed funds	283,985	239,523	-	523,508	199,776	-	723,284
Other liabilities	1,063,977	(325,907)	-	738,070	101,478	-	839,548
Other financial instruments at amortised cost and provisions	(35,754)	(21,231)	-	(56,985)	(20,967)	-	(77,952)
Deferred tax liabilities, net	**(1,016,530)**	**125,065**	**159,316**	**(732,149)**	**243,342**	**(16,960)**	**(505,767)**

As recognized on the consolidated statement of financial position of the Group:

In thousands of Armenian Drams	**2024**	**2023**
Deferred tax assets	-	-
Deferred tax liabilities	(505,767)	(732,149)

15 Credit loss (expense)/reversal

The table below shows the ECL charges on financial instruments recorded in the consolidated statement of profit or loss for the year ended 31 December 2024:

In thousands of Armenian Drams	Note	Stage 1	Stage 2	Stage 3	POCI	Total
Cash and cash equivalents	7	(24,214)	-	-	-	**(24,214)**
Loans and advances to banks	9	7,535	-	-	-	**7,535**
Debt securities at amortised cost	10	(66,089)	-	-	-	**(66,089)**
Debt securities measured at FVOCI	10	25,308	-	-	-	**25,308**
Loans to customers at amortised cost	11	(80,420)	(12,309)	(3,453,678)	-	**(3,546,407)**
Receivables from finance leases	12	15,713	(18,208)	43,430	-	**40,935**
Other financial assets	16	7,404			-	**7,404**
Guarantees and letters of credit	26	8,338	8	(3)	-	**8,343**
Loan, credit line and credit card commitments	26	(7,160)	(1,028)	(1,806)	-	**(9,994)**
Recovery from written off loans		-	-	1,207,008	-	**1,207,008**
Total credit loss expense		**(113,585)**	**(31,537)**	**(2,205,049)**	**-**	**(2,350,171)**

The table below shows the ECL charges on financial instruments recorded in the consolidated statement of profit or loss for the year ended 31 December 2023:

In thousands of Armenian Drams	Note	Stage 1	Stage 2	Stage 3	POCI	Total
Cash and cash equivalents	7	46,192	-	-	-	**46,192**
Loans and advances to banks	9	54,709	-	-	-	**54,709**
Debt securities at amortised cost	10	-	28,335	-	-	**28,335**
Debt securities measured at FVOCI	10	155,115	(271,655)	-	-	**(116,540)**
Loans to customers at amortised cost	11	102,984	(35,216)	305,158	14,647	**387,573**
Receivables from finance leases	12	(108,384)	21,957	(222,303)	-	**(308,730)**
Other financial assets	16	(6,167)	-	-	-	**(6,167)**
Guarantees and letters of credit	26	(6,860)	-	-	-	**(6,860)**
Loan, credit line and credit card commitments	26	26,330	674	305	-	**27,309**
Recovery from written off loans		-	-	460,148	-	**460,148**
Total reversal of credit loss expense		**263,919**	**(255,905)**	**543,308**	**14,647**	**565,969**

16 Other assets

Other assets comprise:

In thousands of Armenian Drams	2024	2023
Other receivables	2,240,014	2,812,029
Impairment allowance	(23,032)	(30,436)
Total other financial assets	**2,216,982**	**2,781,593**
Advances paid to leased property suppliers	12,121,443	7,372,935
Advances paid for construction of building	1,504,659	2,915,374
Deferred employee compensation - staff loans	3,166,128	2,603,822
Repossessed assets	1,665,921	1,468,026
VAT recoverable	2,275,360	593,542
Property to be leased	764,751	1,423,473
Prepayments to suppliers	414,298	1,200,198
Inventories	334,086	339,279
Returned lease property	23,800	24,770
Other	328,925	189,275
Total other non-financial assets	**22,599,371**	**18,130,694**
Less impairment allowance	(744,937)	(656,841)
Total other assets	**24,071,416**	**20,255,446**

An analysis of changes in the ECLs for other financial assets for the year ended 31 December 2024 is as follows:

In thousands of Armenian Drams	Stage 1	Stage 3	Total
ECL at 1 January 2024	**30,436**	**-**	**30,436**
New assets originated or redeemed (net)	(7,404)	-	**(7,404)**
Transfers to Stage 3	-	-	**-**
Write-off	-	-	**-**
At 31 December 2024	**23,032**	**-**	**23,032**

An analysis of changes in the ECLs for other financial assets for the year ended 31 December 2023 is as follows:

In thousands of Armenian Drams	Stage 1	Stage 3	Total
ECL at 1 January 2023	**27,831**	**-**	**27,831**
New assets originated or redeemed (net)	6,167	-	**6,167**
Transfers to Stage 3	(3,562)	3,562	**-**
Write-off	-	(3,562)	**(3,562)**
At 31 December 2023	**30,436**	**-**	**30,436**

An analysis of Impairment allowance for non-financial assets as follows:

In thousands of Armenian Drams	2024	2023
Balance at the beginning of the year	**656,841**	**780,144**
Net charge/(release)	88,096	(123,303)
Balance at the end of the year	**744,937**	**656,841**

17 Deposits and balances from banks

Deposits and balances from banks include the following:

In thousands of Armenian Drams	2024	2023
Correspondent accounts and overnight placements of other banks	419,101	590,422
Short-term placements of banks	43,696	69,621
Loans from International banks	-	492,851
Total deposits and balances from banks	**462,797**	**1,152,894**

18 Current accounts and deposits from customers

Current accounts and deposits from customers include the following:

In thousands of Armenian Drams	2024	2023
Current accounts and demand deposits		
Retail	100,070,308	81,657,650
Corporate	139,391,143	107,126,904
Unsettled transactions	3,627,888	1,791,580
Term deposits		
Retail	258,523,637	226,657,523
Corporate	81,733,516	85,369,264
Total	**583,346,492**	**502,602,921**
Held as security against guarantees	2,937,568	2,887,611

At 31 December 2024, current accounts and deposits from customers of AMD 111,319,038 thousand (19%) were due to the ten largest customers (2023: AMD 98,508,356 thousand (20%)).

As at 31 December 2024, the Group has two customers (31 December 2023: two customers) whose balances exceed 10% of equity. The gross value of these balances as 31 December 2024 is AMD 57,839,238 thousand (31 December 2023: AMD 59,546,811 thousand).

Unsettled transactions include amounts that were not settled as of 31 December 2024 in the Group's customers' accounts. These were settled on the first working days of January 2025.

In accordance with the Armenian legislation, the Group is obliged to repay deposits upon demand of individual depositors. In case a term deposit is repaid upon demand of a depositor prior to maturity, interest on it is paid based on the interest rate for demand deposits, unless a different interest rate is specified in the agreement.

19 Debt securities issued

Debt securities issued consisted of the following:

In thousands of Armenian Drams	2024	2023
Domestic bonds issued	39,408,576	21,087,118
Debt securities issued	**39,408,576**	**21,087,118**

From 2024 May 2 to Dec 2, the Group issued AMD and USD denominated bonds with nominal amount of AMD 11,398,900 thousand (2023: AMD 12,178,400 thousand) and USD 17,059,600 (2023: USD 8,932,100) accordingly.

Carrying value of the domestic bonds issued consisted:

	2024	2023
AMD denominated bonds	26,997,701	15,399,023
USD denominated bonds	12,410,875	5,688,095
Total domestic bonds issued	**39,408,576**	**21,087,118**

Annual coupon interest rate and maturity dates for placed bonds are the following:

	AMD	USD	Maturity date
Bonds issued in 2022	11.0%	5.0%	2025
Bonds issued in 2023	11.5%	5.0%	2026
Bonds issued in 2024	9.5%	4.5%	2026
Bonds issued in 2024	11.0%	6.0%	2029
Bonds issued in 2024	10.5%	-	2029

20 Other borrowed funds

Other borrowed funds consisted of the following:

In thousands of Armenian Drams	2024	2023
Borrowings from international financial institutions	60,344,636	56,235,736
Borrowings from CBA and Government of Armenia	43,842,216	33,097,468
Borrowings from local financial institutions	2,679,022	2,895,519
Lease liabilities	4,017,986	2,896,371
Other borrowed funds	**110,883,860**	**95,125,094**

Borrowings from international financial institutions include AMD, USD and EUR denominated borrowings under several financing programs maturing from 2025 till 2041.

Borrowings from Government of Armenia mainly include AMD denominated borrowings provided by Central Bank of Armenia under different financing programs of IFIs, maturing from 2025 to 2033.

Borrowings from local financial institutions comprise of AMD borrowings under mortgage refinancing programs, maturing from 2025 to 2035.

As at 31 December 2024, loans to customers and finance lease receivables with a gross value of AMD 46,541,685 thousand (2023: AMD 33,624,305 thousand) serve as collateral for secured borrowings from RA Government and Armenian financial institutions (see Notes 11 and 12).

As at 31 December 2024 the Group has other borrowed funds from two lenders (2023: two lenders), whose balances exceed 10% of equity. The gross value of these balances as at 31 December 2024 is AMD 60,234,310 thousand (2023: AMD 53,903,170 thousand).

Breach of covenants. As at 31 December 2024 and as at 31 December 2023 the Group was in compliance with all covenants.

Lease liabilities. Set out below are the carrying amounts of lease liabilities and the movements during the period:

In thousands of Armenian Drams	2024	2023
As at 1 January	2,896,371	1,573,639
Additions	629,855	1,340,678
Modification	1,387,377	517,653
Accretion of interest	441,676	234,652
Payments	(1,259,478)	(886,401)
FX (loss)/gain	(5,974)	159,491
Termination of contract	(71,841)	(43,341)
As at 31 December	**4,017,986**	**2,896,371**

The Group had total cash outflows for leases of AMD 1,259,478 thousand in 2024 (2023: AMD 886,401 thousand). The Group also had non-cash additions to right-of-use assets and lease liabilities of AMD 629,855 thousand in 2024 (2023: AMD 1,340,678 thousand).

21 Subordinated loans

As at 31 December 2024 the Group has subordinated loans with gross amount of AMD 12,632,502 thousand (2023: AMD 12,661,577 thousand). Subordinated loans include USD and EUR denominated loans with maturity from 2027 till 2031 and with interest rate from 5.8% to 8.9%.

22 Other liabilities

In thousands of Armenian Drams	**2024**	**2023**
Accounts payable	5,393,644	3,603,247
Payables to employees	4,889,424	5,184,045
Deferred guarantee fees	979,738	8,764
Liabilities for pension payables	128	-
Provisions for credit-related commitments	75,555	65,987
Total other financial liabilities	**11,338,489**	**8,862,043**
Prepayments from lessees	4,209,596	2,876,064
Taxes payable other than on income	957,676	825,490
Payables to Deposit Guarantee fund	224,463	186,327
Other non-financial liabilities	218,772	149,916
Total other non-financial liabilities	**5,610,507**	**4,037,797**
Total other liabilities	**16,948,996**	**12,899,840**

23 Redemption liability

The Group has recognised redemption liability as at 31 December 2024 in relation to agreement signed with shareholders of the Bank, according to which the ACBA Federation granted put options exercisable during a specified exit period till 2032 and upon the occurrence of the certain predefined trigger event.

The Group has recognized a redemption liability representing its obligation to repurchase the shares from shareholders upon option exercise. Although the option has not yet been exercised, the contractual obligation to repurchase Bank's equity instruments for cash results in classification as a financial liability. As of the reporting date, the liability is measured at the present value of the expected repurchase amount and is classified as a non-current financial liability, the options have long-term horizons and are anticipated to remain inactive over the next 12 months, with exercise being unlikely during this period. Set out below are the carrying amounts of redemption liability and the movements during the period:

In thousands of Armenian Drams	**2024**
Balance as at 1 January 2024	**-**
Initial recognition	12,565,136
Accrued interest expense on Redemption liability (Note 27)	45,234
Other movement	**-**
Balance as at 31 December 2024	**12,610,370**

A 2 percentage point increase in the growth rate would result in an approximate increase of AMD 1,906,131 thousand in the carrying amount of the redemption liability. A 2 percentage point decrease in Bank's growth rate would result in approximate decrease of AMD 401,450 thousand in the carrying amount of redemption liability.

A 1.5 percentage point increase in the discount rate would result in an decrease of AMD 974,417 thousand the carrying amount of the Redemption liability. A 1.5 percentage point decrease in the discount rate would result in an increase of AMD 1,071,310 thousand.

24 Equity

Issued capital

As at 31 December 2024 and 31 December 2023 the Group's share capital was AMD 22,312,000 thousand. The authorized, issued and outstanding share capital comprises 22,312,000 ordinary shares (2023: 22,312,000 ordinary shares) with a par value of AMD 1,000 (2023: AMD 1,000) each.

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

The list of shareholders of ACBA Federation CJSC is disclosed in Note 1.

Nature and purpose of reserves

Revaluation surplus for property and equipment

The revaluation surplus for land, buildings and motor vehicles comprises the cumulative positive revalued value of land, buildings and motor vehicles over their cost net of deferred tax.

Revaluation reserve for investment securities

The revaluation reserve for investment securities comprises the cumulative net change in the fair value, ECL and net of deferred tax, until the assets are derecognized or impaired.

Share-based payments

In June 2021 the Group's employees received 147,530 ordinary shares of the Bank from ACBA Federation CJSC, each with a fair value of AMD 12,591 at grant date, with no consideration and conditions attached.

As a result of the transaction the non-controlling interest in the subsidiary increased to 7.95%, the company's share decreased to 92.05%.

In June 2023 the Group's employees received 134,430 ordinary shares of the Bank from ACBA Federation CJSC, each with a fair value of AMD 12,591 at grant date, with no consideration and conditions attached.

Non-Controlling Interest

The following table provides information about each subsidiary that has non-controlling interest that is material to the Group:

In thousands of Armenian Drams	**Place of business**	**Proportion of non-controlling interest**	**Proportion of non-controlling interest's voting rights held**	**Profit attributable to non-controlling interest**	**Accumu-lated non-controlling interest in the subsidiary**	**Dividends paid to non-controlling interest during the year**
Year ended 31 December 2024						
ACBA Bank OJSC	Republic of Armenia	25%	25%	5,342,885	40,860,333	1,011,007
Year ended 31 December 2023						
ACBA Bank OJSC	Republic of Armenia	18.39%	18.39%	4,978,447	24,470,379	712,838

The summarised financial information of this subsidiary was as follows:

In thousands of Armenian Drams	**Total Asset**	**Total Liabilities**	**Interest revenue calculated using effective interest rate**	**Profit**	**Total comprehensive income**
Year ended 31 December 2024					
ACBA Bank OJSC	931,697,149	768,256,770	79,644,047	28,765,089	28,918,362
Year ended 31 December 2023					
ACBA Bank OJSC	783,793,780	650,683,741	68,851,092	28,392,762	27,666,988

Decrease in ownership in subsidiary
During the year, the Group's share in subsidiary decreased to 75% due to transaction mentioned in note 23.

Dividends paid by subsidiary to non-controlling interests
The dividends paid to non-controlling interests by ACBA Bank OJSC in 2024 and 2023 amounted to AMD 1,011,007 thousand and AMD 712,838 thousand accordingly.

25 Share-based payments

The ACBA BANK Open Joint-Stock Company's Employee Stock Ownership Program

In 2021 ACBA Federation CJSC, ACBA Bank OJSC and ACBA Leasing CO CJSC announced the commencement of ACBA BANK Open Joint-Stock Company's Employee Stock Ownership Program (hereinafter referred to as the "Program") as an integral part of the remuneration, rewards and promotion, human resources and talent management systems of the ACBA FEDERATION Closed Joint-Stock Company's, ACBA BANK Open Joint-Stock Company's and ACBA LEASING CO Closed Joint-Stock Company's key and loyal employees.

Under the Program ACBA Federation CJSC will give up to 300,000 (three hundred thousand) ordinary shares of the shares of the Bank, each with a nominal value of AMD 10,000), to the employees of ACBA Federation CJSC, ACBA Bank OJSC and ACBA Leasing CO CJSC.

In June 2021 the Group's employees received 145,980 ordinary shares of the Bank from ACBA Federation CJSC, and in June 2023 133,380 ordinary shares with a fair value of AMD 12,591 per share at grant date, with no consideration and conditions attached.

The Bank hired independent consultants for fair value estimation of its shares. Dividend discount approach was applied for valuation of the shares which included the following steps:

- Determination of general assumptions and structure of the financial model;
- Forecast of the balance sheet of the Bank and its subsidiaries;
- Forecast of the financial result of the Bank and its subsidiaries;
- Forecast of dividends with consideration of capital adequacy and liquidity requirements;
- Determination of discount rate;
- Determination of the Bank's terminal value;
- Analysis of assets and liabilities not included in forecast of the financial results;
- Calculation of 100% of the Bank's equity.

Discount rate was determined based on a peer bank's required rate of return on equity.

26 Commitments and contingencies

Credit related commitments. As at 31 December the Group's commitments and contingencies comprised the following:

In thousands of Armenian Drams	2024	2023
Credit related commitments		
Loan and credit line commitments, credit card commitments	35,710,592	29,184,533
Letters of credit	128,016	3,786,483
Non financial guarantees	31,596,404	23,660,835
Financial guarantees	6,074,434	4,676,098
Commitments and contingencies	**73,509,446**	**61,307,949**

An analysis of changes in the ECLs in relation to loans, credit lines and credit card commitments during the year ended 31 December 2024 is as follows:

Loans and credit lines and credit card commitments *In thousands of Armenian Drams*	Stage 1	Stage 2	Stage 3	Total
ECLs as at 1 January 2024	**60,857**	**928**	**4,202**	**65,987**
New exposures	23,001	-	-	**23,001**
Expired exposures	(17,955)	(354)	(1,615)	**(19,924)**
Transfers to Stage 1	123	(123)	-	**-**
Transfers to Stage 2	(280)	280	-	**-**
Transfers to Stage 3	(903)	(51)	954	**-**
Impact on period end ECL of exposures transferred between stages during the period	(107)	1,263	1,940	**3,096**
Changes to models and inputs used for ECL calculations	3,281	13	527	**3,821**
Foreign exchange adjustments	(384)	(6)	(36)	**(426)**
At 31 December 2024	**67,633**	**1,950**	**5,972**	**75,555**

An analysis of changes in the ECLs in relation to loans, credit lines and credit card commitments during the year ended 31 December 2023 is as follows:

Loans and credit lines and credit card commitments *In thousands of Armenian Drams*	Stage 1	Stage 2	Stage 3	Total
ECLs as at 1 January 2023	**89,281**	**(905)**	**4,483**	**92,859**
New exposures	22,733	-		**22,733**
Expired exposures	(25,789)	(416)	(1,912)	**(28,117)**
Transfers to Stage 1	186	(186)	-	**-**
Transfers to Stage 2	(282)	282	-	**-**
Transfers to Stage 3	(845)	(67)	912	**-**
Impact on period end ECL of exposures transferred between stages during the period	(146)	190	1,346	**1,390**
Changes to models and inputs used for ECL calculations	(22,187)	(477)	(651)	**(23,315)**
Foreign exchange adjustments	406	6	25	**437**
At 31 December 2023	**63,357**	**(1,573)**	**4,203**	**65,987**

An analysis of changes in the gross carrying value and corresponding ECL in relation to guarantees and letters of credit during the year ended 31 December 2024 is as follows:

Guarantees and letters of credit *In thousands of Armenian Drams*	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as at 1 January 2024	**31,257,294**	**573,493**	**292,629**	**32,123,416**
New guarantees and letters of credit originated or purchased	29,639,881	-	-	**29,639,881**
Guarantees and letters of credit matured or settled	(23,595,156)	(123,493)	(242,502)	**(23,961,151)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	(68,010)	68,010	-	**-**
Transfers to Stage 3	(548,707)	(450,000)	998,707	**-**
Foreign exchange adjustments	(3,292)	-	-	**(3,292)**
At 31 December 2024	**36,682,010**	**68,010**	**1,048,834**	**37,798,854**

Guarantees and letters of credit *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL as at 1 January 2024	**8,750**	**9**	**5**	**8,764**
Movements with impact on credit loss allowance charge for the period:				
New guarantees and letters of credit originated or purchased	353	-	-	**353**
Guarantees and letters of credit matured or settled	(8,620)	(2)	(4)	**(8,626)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	(1)	1	-	**-**
Transfers to Stage 3	(5)	(7)	12	**-**
Impact on period end ECL of exposures transferred between stages during the period	-	-	(5)	**(5)**
Changes to models and inputs used for ECL calculations	(65)	-	-	**(65)**
Foreign exchange adjustments	-	-	-	**-**
ECL as at 31 December 2024	**412**	**1**	**8**	**421**

An analysis of changes in the gross carrying value and corresponding ECL in relation to guarantees and letters of credit during the year ended 31 December 2023 is as follows:

Guarantees and letters of credit *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying value as at 1 January 2023	**23,551,514**	**8,800**	**326,847**	**23,887,161**
New guarantees and letters of credit originated or purchased	27,997,976	-	-	**27,997,976**
Guarantees and letters of credit matured or settled	(19,444,488)	(8,800)	(308,433)	**(19,761,721)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	(573,493)	573,493	-	**-**
Transfers to Stage 3	(274,215)	-	274,215	**-**
Foreign exchange adjustments	-	-	-	**-**
At 31 December 2023	**31,257,294**	**573,493**	**292,629**	**32,123,416**

Guarantees and letters of credit *In thousands of Armenian Drams*	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL as at 1 January 2023	**1,896**	**-**	**8**	**1,904**
Movements with impact on credit loss allowance charge for the period:				
New guarantees and letters of credit originated or purchased	9,558	-	-	**9,558**
Guarantees and letters of credit matured or settled	(2,637)	-	(8)	**(2,645)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	(13)	13	-	**-**
Transfers to Stage 3	(5)	-	5	**-**
Impact on period end ECL of exposures transferred between stages during the period	-	(4)	-	**(4)**
Changes to models and inputs used for ECL calculations	(49)	-	-	**(49)**
Foreign exchange adjustments	-	-	-	**-**
ECL as at 31 December 2023	**8,750**	**9**	**5**	**8,764**

27 Net interest income

Net interest income comprises:

In thousands of Armenian Drams	**2024**	**2023**
Financial assets measured at amortized cost		
Loans to legal entities and individuals	70,100,603	63,207,307
Amounts receivable under reverse repurchase agreements	3,994,841	2,345,126
Loans and advances to banks	1,133,912	861,244
Other	46,578	190,862
	75,275,934	**66,604,539**
Financial assets measured at fair value through other comprehensive income		
Debt instruments	4,187,172	2,066,383
Interest revenue calculated using effective rate	**79,463,106**	**68,670,922**
Receivables from finance leases	12,351,284	10,190,524
Other interest income	173,483	254,916
Other interest revenue	**12,524,767**	**10,445,440**
Total interest revenue	**91,987,873**	**79,116,362**
Interest expense		
Current accounts and deposits from customers	26,334,605	22,474,872
Other borrowed funds and subordinated loans except lease liabilities	8,334,913	7,668,704
Debt securities issued	2,310,867	1,351,543
Amounts payable under repurchase agreements	1,979	199,908
Interest expense on Redemption liability	45,234	-
Other	35,255	40,960
Interest expense calculated using effective interest rate	**37,062,853**	**31,735,987**
Lease liabilities	441,676	234,652
Interest expense	**37,504,529**	**31,970,639**
Net interest income	**54,483,344**	**47,145,723**

28 Net fee and commission income

Net fee and commission income comprise:

In thousands of Armenian Drams	2024	2023
Plastic card maintenance and transactions fees	11,404,952	9,081,044
Money transfers	1,060,129	1,183,662
Current account fees	584,093	595,825
Cash withdrawal services	449,599	478,226
Commissions for acting as an insurance agent	430,960	368,697
Other	281,981	226,314
Guarantee and letter of credit issuance	281,338	1,004,237
Commissions from lease equipment suppliers	213,756	252,715
Fee and commission income	**14,706,808**	**13,190,720**
Plastic card maintenance	6,057,748	4,629,582
Other	356,997	316,835
Money transfers	184,739	146,893
Fee and commission expense	**6,599,484**	**5,093,310**
Net fee and commission income	**8,107,324**	**8,097,410**

29 Other income

In thousands of Armenian Drams	2024	2023
Gain from sale of land and buildings	489,167	-
Income from write-off payables	18,256	95,566
Compensation received	13,386	27,841
Net proceeds from sale of other assets	12,229	134,566
Dividends	2,174	3,185
Fines and penalties received	773	1,394
Net income from card transactions	743	117,195
Other	407,462	472,973
Total other income	**944,190**	**852,720**

30 Other operating expenses

Other operating expenses comprise:

In thousands of Armenian Drams	2024	2023
Guarantee fee expenses on deposit insurance fund	838,384	693,668
Software and Service Fees	297,735	402,060
Taxes other than on income	290,353	178,594
Loss on disposal of property, plant, and equipment	198,323	209,150
Loan collection expenses	174,648	265,840
Encashment expenses	150,917	205,715
Financial system mediator payments	145,257	112,250
Securities registry maintenance fee	19,724	19,503
Fines and penalties paid	10,560	2,317
Other	541,805	959,582
Other operating expenses	**2,667,706**	**3,048,679**

31 Other general administrative expenses

In thousands of Armenian Drams	2024	2023
Repairs and maintenance	1,448,009	1,280,072
Advertising and marketing	905,433	903,930
Communications	498,569	414,612
Other managerial expenses	495,010	280,121
Software maintenance expense	359,532	431,020
Utilities and office supplies	444,030	267,551
Security	282,344	324,206
Insurance	234,518	221,553
Representative expenses	87,231	265,251
Operating lease expense	33,944	23,446
Other	724,551	537,156
Other general administrative expenses	**5,513,171**	**4,948,918**

The Group recognised rent expense from short-term leases of AMD 26,203 thousand and leases of low-value assets of AMD 7,741 thousand for the year ended 31 December 2024 (2023 − rent expense from short-term leases of AMD 5,048 thousand and leases of low-value assets of AMD 18,398 thousand).

"Other" line includes audit services provided to the Group for the financial year ending 31 December 2024 in the amount of AMD 82,156 thousand (2023: AMD 88,518 thousand), non-audit assurance services in the amount of AMD 38,683 thousand (2023: 7,200) and non-audit other services in the amount of AMD 2,819 thousand (2023: 1,172). For some components of the Group the mentioned amounts are VAT inclusive.

32 (Charge for)/reversal of other impairment and provisions -

In thousands of Armenian Drams	**2024**	**2023**
Impairment (charge)/reversal for repossessed assets	(88,096)	123,303
Provision reversal/(charge) for liabilities	-	2,663,662
Impairment charge for intangible assets	-	(3,217)
Charge for other impairment and provisions	**(88,096)**	**2,783,748**

33 Risk management

Introduction. The Group's risk management system, in line with the Group's strategy includes a set of innovative and international risk management tools, documents defining the principles of risk management, and activities aimed at maintaining and spreading the risk culture in the Group. Risk is inherent in the Group's activities, and it is managed through an ongoing process of identification, measurement, management, monitoring and reporting systems, overseen by governance. This process is subject to defined risk limits and reinforced by permanent controls. Accountability for managing risk exposures is distributed across the Group, with each individual responsible for risks within their purview.

The major risks that the Group faces include credit risk, liquidity risk, market risk (which encompasses trading and non-trading risks), and operational risk. Additionally, the Group remains vigilant regarding emerging risks, such as cybersecurity threats, and ensures compliance with regulatory standards governing risk management practices. Quantitative assessments of these risks are regularly conducted to inform decision-making and safeguard the Group's profitability and stability.

Risk identification: Risk identification is a continuous process within the Group and is achieved through regular assessments of risks, ongoing monitoring of portfolios, assessment of risks in new business activities and processes, assessment of risks in complex and unusual business transactions and the regular monitoring of the overall risk profile.

Risk Measurement and Management Systems: The Group adopts a customized approach to analysing and assessing different types of risks by using statistical models, sensitivity analyses, and monitoring key risk indicators. When necessary, the Group takes appropriate measures to address potential risks. These models undergo regular back testing and validation to confirm their accuracy. The Group also performs stress test analyses to assess the effects of extreme, low-probability events. As part of its comprehensive risk management strategy, the Group utilizes derivatives and other financial instruments to hedge against risks associated with fluctuations in interest rates, foreign currencies, equity markets, credit exposures, and anticipated transactions. Furthermore, the Group actively uses various credit risk mitigation tools.

Monitoring and Controlling Risks: The Group primarily monitors and controls risks by adhering to established limits, which are set in alignment with the Group's business strategy, market conditions, and the risk appetite, with particular attention to specific industries to achieve optimal diversification level. Additionally, the Group continuously assesses its overall risk-bearing capacity in relation to the total risk exposure across all risk types and activities. In the event of risk limit breaches, periodical alerts are issued based on the nature and urgency of the breach. These alerts are communicated to the relevant business divisions for review and implementation of appropriate preventive and corrective actions.

Risk Management Reporting System: Risk Relevant data from all business lines are examined and processed to identify, manage, and mitigate risks and make them in line with risk appetite for each entity within the Group. The Bank has two main reporting lines: Risk Management Committee to the Executive Management and the Risk Management Committee to the Board. Reports to the Risk Management Committees include, but are not limited to, an analysis of aggregate credit exposure, detailed macroeconomic analysis, monitoring of credit concentration limits, GAP analysis, Value-at-Risk (VaR) estimates, liquidity ratios, benchmark comparisons, stress test results, and updates on risk appetite and risk profile changes of each entity within the Group.

The Risk Management Committees meet regularly to discuss critical risk issues and approve actions to mitigate and manage them. On a quarterly basis, the Board receives a comprehensive risk report, providing key insights to assess and make informed decisions regarding overall risk exposure. Tailored risk reports are meticulously prepared and distributed across all levels of the organization, ensuring that each related business division has access to relevant and up-to-date information.

The Bank's Risk management structure.

The Board holds ultimate responsibility for identifying and controlling risks within the organization. Nevertheless, distinct independent bodies are designated with the specific duties of managing and monitoring these risks***.*** The Board is responsible for the overall risk management approach and for approving the risk strategies and principles. The Board oversees risk management by approving the risk appetite framework, control framework, and related risk management policies and limits.

Risk Management Committee to the Board assists the Board in overseeing the Bank's risk profile and performance against the defined risk appetite. On a regular basis the Risk Management Committee to the Board reviews risk management report and provides concerns and suggestions regarding the overall risk profile and market situation to the Board.

Chief Executive Officer. The Chief Executive Officer has the responsibility to monitor and manage the overall risk management process by continuously assessing the organization's risk profile, overseeing Risk Management Policies and integrating risk management framework into the entity's strategy and business processes.

Risk Management Committee (to the Executive management). The Risk Management Committee has the overall responsibility for reviewing the risk profile compliance with the Bank's strategy and Risk Management Framework.

Risk Management and Compliance Department. The Risk Management and Compliance Department is primarily responsible for the identification, measurement, monitoring, and management of major risks within the organization, followed by comprehensive reporting after each step to ensure an independent control process. Risk Management and Compliance Department oversees all structural and territorial units of the Bank in the direction of risk identification and management.

Assets and Liabilities Management Division. The Assets and Liabilities Management Division is responsible for managing the Bank's assets and liabilities and the overall financial structure. It is also primarily responsible for the funding, liquidity and interest rate risks of the Bank.

Internal audit. Risk management processes throughout the Bank are audited annually by the internal audit function, that examines both the adequacy of the procedures and the Bank's compliance with the procedures. Internal Audit discusses the results of all assessments with management and reports its findings and recommendations to the Audit Committee.

The subsidiary operates with a risk management structure aligned to its specific functions and organizational framework, similar to that of the Bank. While its roles and responsibilities may vary based on its scope and activities, it generally adheres to similar principles in decision-making, risk management, and operational oversight as those of the Bank.

The Group is exposed to several risk types, the most common of which are presented below.

Credit risk

Credit risk arises from the failure of one party to fulfil its financial obligations to another party. The credit risk can appear by the following forms:
- A debtor fails to pay interest or principal on a loan (bankruptcy risk or default risk)
- An obligor or counterparty is downgraded (downgrade risk), indicating an increase in risk that may lead to an immediate loss in value of a credit-linked security: and
- A counterparty to a market trade fails to perform (counterparty risk), including settlement.

The Group manages and controls credit risk by setting risk appetite, tolerance and capacity limits for the Bank and its subsidiary. In its risk appetite statement, the organization defines the credit risk relevant limits to manage the concentration risk and achieve the credit portfolio optimal diversification level.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. The credit quality review process allows the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

The Group has implemented a comprehensive credit risk management system, which is divided into two complementary areas:
- Individual credit risk management system
- Credit portfolio risk management system

Individual credit risk management system includes scoring systems for evaluating the customer's creditworthiness, credit rating systems for corporate customers, as well as other financial and economic analytical systems automated decision-making scoring systems built on the basis of the Application and Behavioural Score models have been implemented for all three (Retail, Corporate and Agriculture) business lines of the Group.

The credit portfolio risk management system includes the estimation of both expected and unexpected loss estimations. Based on the latter the Entity calculates its' economic capital for credit risk. From IFRS 9 perspective the Entity applies credit portfolio segmentation, and develops models for assessing the PD, LGD and EAD for each segment.

Derivative financial instruments' risk. Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the consolidated statement of financial position.

Credit-related commitments' risk. The Group makes available to its customers bank guarantees and letters of credit which may require that the Group make payments on their behalf. Such payments are collected from customers based on the contractual terms. They expose the Group to similar risks to loans and these are mitigated by the same control processes and policies.

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

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

For more details on the maximum exposure to credit risk for each class of financial instrument, references are represented in the specific notes. The effects of collateral and other risk mitigation techniques are shown in Notes 11 and 12.

Impairment assessment. The Group computes Expected Credit Loss (ECL) through the evaluation of three probability-weighted scenarios to measure anticipated cash shortfalls, discounted at the Effective Interest Rate (EIR) at origination. A cash shortfall is defined as the variance between the contractual cash flows owed to an entity and the anticipated cash flows the entity expects to receive, factoring in potential credit risk. The mechanics of the ECL calculations are detailed below, with key elements including:

PD	The Probability of Default (PD) represents an estimation of the likelihood of default occurring within a defined time horizon. Default may occur at any point within the assessed period if the facility remains in the portfolio and has not been derecognized previously.
EAD	The Exposure at Default (EAD) is an estimation of the exposure at a future default date, considering anticipated changes in exposure post-reporting date. This includes scheduled or unscheduled repayments of principal and interest, expected drawdowns on committed facilities, and accrued interest resulting from missed payments.
LGD	The Loss Given Default (LGD) represents an estimation of the loss arising in the event of default at a specific time. It is determined by comparing the contractual cash flows due with those expected to be received by the lender, considering any collateral realization or future expected recoveries. Typically, LGD is expressed as a percentage of the Exposure at Default (EAD).

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LT ECL). In case there has been no significant increase in credit risk since financial instrument origination the allowance is based on the 12 months' expected credit loss. The 12m ECL is the part of the LT ECL that represents the ECLs that could arise from financial instrument default events within a year of the reporting date. LT ECL and 12m ECL are computed either individually or collectively, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to assess, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Group groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

Stage 1:	When loans are first recognised, the Group recognises an allowance based on 12m ECL. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.
Stage 2:	When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LT ECL. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.
Stage 3:	Loans considered credit impaired.
POCI:	Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest revenue is subsequently recognised based on a credit-adjusted EIR. ECL are only recognised or released to the extent that there is a subsequent change in the lifetime expected credit losses.

Definition of default and cure. The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when:

- the borrower becomes more then 90 days past due on its contractual payments.
- all liabilities of the given borrower, if at least one of them has more than 90 overdue days in the Bank and/or other financial organizations (also includes the affiliation of a natural person and an individual entrepreneur).
- all liabilities of the given borrower, if at least one of the liabilities of the affiliated persons is more than 90 days overdue in the Bank.
- refinanced or revised assets due to borrower's poor financial condition, for which there are more than 30 overdue days with the Bank.

A financial instrument is also considered as credit-impaired based on predefined other quantitative and qualitative factors, such as:

- the quality of credits due to affiliated parties.
- the state of being rescheduled.
- the outcomes of financial monitoring, which are approved by the management.

- reduction of loan security - as a result of total or partial loss of collateral by the mortgagor, physical damage or illegal sale, or decrease in the loan security ratio due to a decrease in the market value of collateral.
- concentration of loans to other persons, including concentration to family members, refusal to repay loans by the borrower and presence of more than 30 overdue days. This criterion is assigned to all loans to which the monitoring conclusion applies.
- force majeure: death of the borrower or the sole owner, disability, serious illnesses. This criterion is applied to all loans of the customer, and
- natural disasters or epidemics. This criterion is assigned to all loans to which the monitoring conclusion applies.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay, based on management's judgment. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months and the number of overdue days has not exceeded seven calendar days. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the debt service by the borrower and existence of other non-primary SICR criteria as of date of the assessment.

Loans to customers

Bucketing. For stage 1 and stage 2 loans to customers, as well as for stage 3 exposures, which are not subject for individually impairment, the Group calculates ECL on portfolio level. The following portfolios are segregated by the Bank, which, in order to evaluate the PD PIT matrices, are further sub-bucketed into smaller target groups.

- Corporate loans.
- Consumer loans.
- Agricultural loans.
- Mortgages.

PD estimation process

Treasury and interbank relationships. The Group's treasury and interbank relationships and counterparties comprise financial services institutions, banks, broker-dealers, exchanges and clearing-houses. For these relationships, the Group's financial risks management division analyses publicly available information such as financial information and other external data, e.g., the external ratings.

PDs for loans to customers are based on historic information and calculated through probability transition matrices, based on historical information on ageing of the loan portfolios. The probabilities are calculated as the proportion of loans that defaulted during the 12-month period from the total number of loans at the beginning of that period. In calculation of PDs the Group considers forward looking macroeconomic parameters that have a significant impact on the probability of default estimated through time series regression analyses. The forecasts of PDs are evaluated based on the officially available forward-looking macroeconomic parameters. Time series regression analyses are assessed by the following sectors: agriculture, business, consuming and mortgage, the outcome of which are then cascaded down to the predefined sub-buckets of loans to arrive to the PD PIT transition matrices.

Based on the estimated deviation of the historical forecasts of the selected macroeconomic parameters from the actual trends three scenarios of the forward-looking macroeconomic development are directed to the final outcome of three PD PIT transition matrices, which are weighted by 15%, 70% and 15% probabilities corresponding to the best, base and worst-case scenarios.

Exposure at default. The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too. To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months. For Stage

2, Stage 3 and POCI financial assets, the exposure at default is considered for events over the lifetime of the instruments.

Loss given default. The Group uses historical information on recoveries after the default date for all defaulted loans for LGD calculation purposes. For the purposes of LGD rate calculation the initial bucketing used for PD PIT estimation is further sub-bucketed based on the type of collateral. All cash flow information is collected after the default date per LGD bucket. For recently defaulted loans the possible recoveries are evaluated based on the development factor estimated from the population of earlier defaulted loans. Any changes in the collection policy are considered in this scope. The overall recoveries are further discounted to the default point using the average effective interest rate of each LGD bucket. Cash flow information includes all kind of cash received from defaulted loans (cash received from repayment of loans, cash received from guarantor, cash received from sale of collateral, etc.).

Significant increase in credit risk. The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The objective criterion used by the Group is the information on overdue days of the loans. The Group concludes that there is a significant increase in credit risk of the assets, when payments related to that assets of the borrower are past due for more than 30 days.

The Bank's management also considers the following factors to determine whether there is an increase in credit risk:

- Overdue days of the borrower in other financial institutions in Armenia;
- Overdue days of the predefined affiliated parties;
- Significant difficulties in the financial conditions of the borrower;
- Renegotiation of the loan terms resulting from deterioration of the borrower's financial position;
- The outcome of the financial monitoring of the borrower's activity.

Forward-looking information and multiple economic scenarios

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

2024

- Gross Domestic Product growth, %
- Exchange rate of AMD to USD, monthly average
- Exchange rate of AMD to USD, end-year
- Volume of industrial output, annual growth %
- Volume of gross agriculture output, annual growth %
- Volume of services (excluding trade), annual growth %
- State budget of RA, deficit/ surplus, million AMD

2023

- Gross Domestic Product growth, %
- Exchange rate of AMD to USD, monthly average
- Exchange rate of AMD to USD, end-year
- Export growth %, million US dollars
- Volume of industrial output, annual growth %
- Volume of gross agriculture output, annual growth %
- Volume of services (excluding trade), annual growth %
- State budget of RA, deficit/ surplus, million AMD

The Group obtains forward-looking information from third party sources (Economic Intelligence Unit, Central Bank of Armenia and Ministry of Finance of the Republic of Armenia). 15%, 70% and 15% probabilities are attributed to each of the corresponding scenarios: best case, base and the worst-case scenarios.

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations as at 31 December 2024. Macro Variables Selected by Backward selection method, and every parameter is selected based on its statistical significance.

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations as at 31 December 2024.

Key drivers	ECL scenario	Assigned probabilities, %	2025	2026	2027
Exchange rate of AMD to USD, monthly average	Upside	15%	349.83	382.14	372.44
	Base case	70%	377.04	437.84	456.93
	Downside	15%	404.26	463.80	487.15
Volume of gross agriculture output, annual growth %	Upside	15%	6.00%	6.60%	7.30%
	Base case	70%	0.50%	0.20%	0.30%
	Downside	15%	-5.00%	-6.20%	-6.70%
State budget of RA, deficit/ surplus, million AMD	Upside	15%	(380,460)	(312,542)	(227,633)
	Base case	70%	(615,800)	(553,900)	(472,700)
	Downside	15%	(851,140)	(795,258)	(717,767)
Volume of services (excluding trade), annual growth %	Upside	15%	10.87%	11.87%	12.22%
	Base case	70%	5.30%	5.60%	5.50%
	Downside	15%	-0.27%	-0.67%	-1.22%
Volume of industrial output, annual growth %	Upside	15%	6.67%	7.03%	7.59%
	Base case	70%	4.00%	3.70%	3.80%
	Downside	15%	1.33%	0.37%	0.01%
Exchange rate of AMD to USD, end-year	Upside	15%	349.88	382.20	372.49
	Base case	70%	377.1	437.9	457
	Downside	15%	404.32	463.87	487.22
Gross Domestic Product growth, %	Upside	15%	10.43%	11.07%	11.70%
	Base case	70%	4.90%	4.60%	4.60%
	Downside	15%	-0.63%	-1.87%	-2.50%

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations as at 31 December 2023.

Key drivers	ECL scenario	Assigned probabilities, %	2024	2025	2026
Exchange rate of AMD to USD, monthly average	Upside	15%	368.46	353.87	383.03
	Base case	70%	389.24	394.94	448.73
	Downside	15%	410.02	438.27	521.53
Export, %	Upside	15%	-5.76%	6.77%	8.44%
	Base case	70%	-9.50%	2.60%	4.00%
	Downside	15%	-13.24%	-1.57%	-0.44%
Volume of gross agriculture output, annual growth %	Upside	15%	6.24%	7.07%	7.34%
	Base case	70%	2.50%	2.90%	2.90%
	Downside	15%	-1.24%	-1.27%	-1.54%
State budget of RA, deficit/ surplus, million AMD	Upside	15%	(115,920)	(131,975)	(146,097)
	Base case	70%	(302,500)	(319,700)	(334,500)
	Downside	15%	(489,080)	(507,425)	(522,903)
Volume of services (excluding trade), annual growth %	Upside	15%	9.44%	9.67%	9.54%
	Base case	70%	5.70%	5.50%	5.10%
	Downside	15%	1.96%	1.33%	0.66%
Volume of industrial output, annual growth %	Upside	15%	9.72%	9.10%	8.18%
	Base case	70%	6.20%	6.10%	5.50%
	Downside	15%	2.68%	3.10%	2.82%
Exchange rate of AMD to USD, end-year	Upside	15%	368.52	353.92	383.09
	Base case	70%	389.30	395.00	448.80
	Downside	15%	410.08	438.34	521.61
Gross Domestic Product growth, %	Upside	15%	9.84%	9.87%	9.84%
	Base case	70%	6.10%	5.70%	5.40%
	Downside	15%	2.36%	1.53%	0.96%

A change in the weight assigned to base forward looking macro-economic set of assumptions by 10% towards the immediate downside level assumptions would result in an increase in ECL by AMD 18,238 thousand as at 31 December 2024 (2023: by AMD 15,471). A corresponding change towards the upside assumptions would result in a decrease in ECL by AMD 15,019 thousand as at 31 December 2024 (2023: by AMD 13,793 thousand).

A 10% increase in PD estimates would result in an increase in total expected credit loss allowances of AMD 176,960 thousand as at 31 December 2024 (2023: AMD168,005 thousand). A 10% decrease in PD estimates would result in a decrease in total expected credit loss allowances of AMD 176,960 thousand as at 31 December 2024 (2023: AMD 168,005 thousand). A 10% increase in LGD estimates would result in an increase in total expected credit loss allowances of AMD 495,152 thousand as at 31 December 2024 (2023: AMD 497,460 thousand). A 10% decrease in LGD estimates would result in a decrease in total expected credit loss allowances of AMD 496,544 thousand as at 31 December 2024 (2023: AMD 499,140 thousand).

Credit quality per class of financial assets. The following table provides information on the credit quality of net loans to legal entities and individuals and receivables from finance lease as at 31 December 2024 and 31 December 2023:

2024 *In thousands of Armenian Drams*	**Note**		**High grade**	**Standard Grade**	**Sub-standard Grade**	**Impaired**	**Total**
Loans to customers at amortized cost	**11**						
Corporate loans		Stage 1	153,530	214,425,112	-	-	**214,578,642**
		Stage 2	-	-	3,113,823	-	**3,113,823**
		Stage 3	2,677	-	-	3,206,559	**3,209,236**
		POCI	-	-	-	-	**-**
Agricultural loans		Stage 1	366,696	82,876,374	-	-	**83,243,070**
		Stage 2	-	-	834,303	-	**834,303**
		Stage 3	-	-	-	1,431,376	**1,431,376**
Consumer loans		Stage 1	4,216,812	125,403,005	-	-	**129,619,817**
		Stage 2	5,172	-	1,190,617	-	**1,195,789**
		Stage 3	33,632	-	-	2,096,008	**2,129,640**
Credit cards		Stage 1	1,031,049	12,353,401	-	-	**13,384,450**
		Stage 2	4,079	-	133,702	-	**137,781**
		Stage 3	9,965	-	-	342,834	**352,799**
Mortgage loans		Stage 1	-	79,069,484	-	-	**79,069,484**
		Stage 2	-	-	726,827	-	**726,827**
		Stage 3	-	-	-	937,653	**937,653**
		POCI	-	-	-	18,781	**18,781**
Receivables from finance lease	12	Stage 1	-	92,015,673	-	-	**92,015,673**
		Stage 2	-	-	654,387	-	**654,387**
		Stage 3	-	-	-	435,761	**435,761**
Total			**5,823,612**	**606,143,049**	**6,653,659**	**8,468,972**	**627,089,292**

2023 *In thousands of Armenian Drams*	**Note**		**High grade**	**Standard Grade**	**Sub-standard Grade**	**Impaired**	**Total**
Loans to customers at amortized cost	**11**						
Corporate lending		Stage 1	171,666	179,647,978	-	-	**179,819,644**
		Stage 2	-	-	3,750,067	-	**3,750,067**
		Stage 3	-	-	-	4,738,955	**4,738,955**
		POCI	-	-	-	-	**-**
Agricultural loans		Stage 1	701,738	83,536,755	-	-	**84,238,493**
		Stage 2	-	-	949,173	-	**949,173**
		Stage 3	-	-	-	1,628,665	**1,628,665**
Consumer loans		Stage 1	3,212,308	104,992,424	-	-	**108,204,732**
		Stage 2	16,197	-	1,473,999	-	**1,490,196**
		Stage 3	19,006	-	-	2,002,259	**2,021,265**
Credit cards		Stage 1	863,206	10,885,987	-	-	**11,749,193**
		Stage 2	2,544	-	163,080	-	**165,624**
		Stage 3	6,188	-	-	348,322	**354,510**
Mortgage loans		Stage 1	-	52,441,478	-	-	**52,441,478**
		Stage 2	-	-	577,610	-	**577,610**
		Stage 3	-	-	-	768,803	**768,803**
		POCI	-	-	-	29,681	**29,681**
Gold-secured loans		Stage 3	-	-	-	-	**-**
Receivables from finance lease	12	Stage 1	-	82,769,521	-	-	**82,769,521**
		Stage 2	-	-	206,263	-	**206,263**
		Stage 3	-	-	-	430,642	**430,642**
Total			**4,992,853**	**514,274,143**	**7,120,192**	**9,947,327**	**536,334,515**

The tables below present average PDs per grades for loans to customers and receivables from finance lease under baseline scenario as of 31 December 2024 and 31 December 2023:

2024	**Grade**	**Average PD**
Corporate loans	Standard	0.78%
	Sub−standard	7.27%
	impaired	100.00%
Agricultural loans	Standard	0.78%
	Sub−standard	4.13%
	impaired	100.00%
Consumer loans	Standard	1.59%
	Sub−standard	21.33%
	impaired	100.00%
Credit cards	Standard	1.17%
	Sub−standard	16.69%
	impaired	100.00%
Mortgage loans	Standard	0.35%
	Sub−standard	9.82%
	Impaired	100.00%
Receivables from finance lease	Standard	0.88%
	Sub−standard	11.72%
	impaired	100.00%

2023	Grade	Average PD
Corporate loans	Standard	1.0%
	Sub−standard	6.1%
	impaired	100.0%
Agricultural loans	Standard	0.8%
	Sub−standard	4.6%
	impaired	100.0%
Consumer loans	Standard	1.4%
	Sub−standard	17.7%
	impaired	100.0%
Credit cards	Standard	1.1%
	Sub−standard	15.5%
	impaired	100.0%
Mortgage loans	Standard	0.8%
	Sub−standard	9.1%
	impaired	100.0%
Receivables from finance lease	Standard	1.1%
	Sub−standard	9.1%
	impaired	100.0%

* High-grade loans, backed by cash collateral, do not carry Probability of Default (PD) as no Expected Credit Loss (ECL) calculation is necessary for them. The exposure of high-grade loans as of 31 December 2024 was AMD 5,823,612 thousand (agreement amount: AMD 10,503,012 thousand, the cash collateral for these loans was AMD 11,771,894 thousand).

Credit quality per class of financial assets. The credit quality of financial assets below is managed by the Group based on external credit ratings. Not rated exposures are classified in Standard Grade, unless they are impaired.

As at 31 December 2024:

In thousands of Armenian Drams	Note		High grade	Standard grade	Sub-standard grade	Total
Cash and cash equivalents, except for cash on hand	7	Stage 1	836,549	77,442,541	927,855	**79,206,945**
Loans and advances to banks	9	Stage 1	630,373	80,916,055	-	**81,546,428**
Debt securities at amortised cost	10	Stage 1	-	45,608,635	-	**45,608,635**
Debt securities at FVOCI	10	Stage 1	-	13,265,904	-	**13,265,904**
Total			**1,466,922**	**217,233,135**	**927,855**	**219,627,912**

As at 31 December 2023:

In thousands of Armenian Drams	Note		High grade	Standard grade	Sub-standard grade	Total
Cash and cash equivalents, except for cash on hand	7	Stage 1	9,530,941	45,280,966	689,588	**55,501,495**
Loans and advances to banks	9	Stage 1	4,187,341	95,279,638	-	**99,466,979**
Debt securities at FVOCI	10	Stage 1	-	18,534,900	-	**18,534,900**
Total			**13,718,282**	**159,095,504**	**689,588**	**173,503,374**

The table below shows the mapping of the Group's grading system and external ratings of the counterparties as at 31 December 2024 and 31 December 2023.

2024:

International external rating agency (Moody's) rating	Internal rating description	PD
Aaa to A3	High grade	0-0.05%
Baa1 to B3	Standard	0.17% -3.15%
Caa1 to Ca	Sub-standard grade	8.94%
C	Impaired	100%

2023:

International external rating agency (Moody's) rating	Internal rating description	PD
Aaa to A3	High grade	0-0.05%
Baa1 to B3	Standard	0.17% -3.22%
Caa1 to Ca	Sub-standard grade	9.09%
C	Impaired	100%

Liquidity risk and funding management.
The Group is exposed to liquidity risk by both funding liquidity risk and trading liquidity risk. Funding liquidity risk is the risk that the Group cannot access enough liquid cash and assets to meet its obligations.

Trading liquidity risk is the risk of a loss in asset value when markets temporary seize up, and this might force a Group to accept an abnormally low price or take away the Group's ability to turn an asset into cash and funding at any price.

The stress scenarios within the Group that underlies the model and is relevant for management purposes, takes into consideration of both a Group specific stress events and a broader market crisis.

To limit funding liquidity risk, management diversifies funding sources in addition to its core deposit base. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure additional funding if required.

To limit trading liquidity, risk the Group maintains a portfolio of highly marketable and diverse assets (high liquid assets) that can be easily liquidated in the event of an unforeseen interruption of cash inflow or cash outflow.

The Group also has committed lines of credit that it can be assessed to meet liquidity needs. In addition, the Group maintains a cash deposit (obligatory reserve) with the CBA, the amount of which depends on the level of attracted resources.

The liquidity position is assessed and managed by the Group, based on certain liquidity ratios established by the CBA. In addition to regulatory liquidity ratio the Group defines liquidity risk appetite, tolerance, capacity levels and other liquidity risk relevant limits in its' Risk Appetite Statement. For the maintaining the acceptable level of the liquidity the Group holds high liquid assets including cash, nostro accounts, debt securities issued by Government of Armenia and corporate debt securities for which there is an active and liquid market, which are not pledged or use of which is not restricted in any way. Liabilities payable on demand include currents accounts and demand deposits of customers, as well as any other liability that is payable on demand.

As at 31 December, these liquidity ratios were as follows:

	Threshold	2024, %	2023, %
N2.1 "General Liquidity Ratio" (highly liquid assets / total assets)	min 15%	25.36%	23.97%
N2.2 "Current Liquidity Ratio" (highly liquid assets / liabilities payable on demand)	min 60%	107.39%	102.95%

Analysis of financial liabilities by remaining contractual maturities. The tables below summarize the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Group expects that many customers will not request repayment on the earliest date the Group could be required to pay, and the table does not reflect the expected cash flows indicated by the Group's deposit retention history.

As at 31 December 2024 *In thousands of Armenian Drams*	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
Financial liabilities					
Deposits and balances from banks	466,357	-	-	-	**466,357**
Current accounts and deposits from customers	265,002,669	248,046,102	87,844,566	6,721,813	**607,615,150**
Debt securities issued	149,683	5,378,482	34,434,092	-	**39,962,257**
Subordinated loans	155,688	809,413	5,268,710	11,668,654	**17,902,465**
Other borrowed funds except lease liabilities	5,901,799	25,342,204	61,286,693	29,851,430	**122,382,126**
Other financial liabilities	11,338,488	-	-	-	**11,338,488**
Redemption liability	-	-	-	23,166,180	23,166,180
Total undiscounted financial liabilities	**283,014,684**	**279,576,201**	**188,834,061**	**71,408,077**	**822,833,023**
Loan and credit line commitments	35,710,592	-	-	-	**35,710,592**
Guarantees and letters of credit	37,798,854	-	-	-	**37,798,854**

As at 31 December 2023 *In thousands of Armenian Drams*	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
Financial liabilities					
Deposits and balances from banks	1,153,556	-	3,278	16,432	**1,173,266**
Current accounts and deposits from customers	259,169,479	173,990,944	82,311,753	14,019,859	**529,492,035**
Debt securities issued	150,974	119,102	20,817,043	-	**21,087,119**
Subordinated loans	162,275	599,589	10,212,355	5,223,430	**16,197,649**
Other borrowed funds except lease liabilities	4,609,294	20,471,538	65,204,618	16,425,210	**106,710,660**
Other financial liabilities	8,862,043	-	-	-	**8,862,043**
Total undiscounted financial liabilities	**274,107,621**	**195,181,173**	**178,549,047**	**35,684,931**	**683,522,772**
Loan and credit line commitments	29,184,533	-	-	-	**29,184,533**
Guarantees and letters of credit	32,123,416	-	-	-	**32,123,416**

The analysis of lease liabilities as at 31 December 2024 is as follows:

In thousands of Armenian Drams	**Not later than 1 year**	**Between 1 and 2 years**	**Between 2 and 3 years**	**Between 3 and 4 years**	**Between 4 and 5 years**	**Later than 5 years**	**Total**
Lease liabilities	1,006,199	776,424	693,797	569,903	282,842	688,821	**4,017,986**

The analysis of lease liabilities at 31 December 2023 is as follows:

In thousands of Armenian Drams	**Not later than 1 year**	**Between 1 and 2 years**	**Between 2 and 3 years**	**Between 3 and 4 years**	**Between 4 and 5 years**	**Later than 5 years**	**Total**
Lease liabilities	684,290	622,763	415,345	351,449	263,791	558,733	**2,896,371**

The maturity analysis does not reflect the historical stability of current accounts. Their liquidation has historically taken place over a longer period than indicated in the tables above. These balances are included in amounts due in less than three months in the tables above.

Market risk. Market risk is the risk of potential financial losses due to changes in market prices (interest rates, commodities, credit spreads, exchange rates and equity prices) or in parameters that affect prices such as volatilities and correlations.

Interest rate risk. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The following table demonstrates the sensitivity of the Group's consolidated statement of profit or loss to a reasonably possible change in interest rates, with all other variables held constant. As at 31 December the Group held non-trading financial assets and liabilities for which interest rates are determined based on floating rates. The following table demonstrates the sensitivity of net interest income due to a reasonably possible change in interest rates. The sensitivity of equity is calculated by revaluing fixed rate debt financial assets measured at FVOCI at 31 December for the effects of the assumed changes in interest rates based on the assumption that there are parallel shifts in the yield curve.

Currency	2024		
	Increase in basis points	Sensitivity of net interest income	Sensitivity of equity
AMD	150	246,445	246,445
USD	125	(135,156)	(135,156)
EUR	125	(66,144)	(66,144)

Currency	2024		
	Decrease in basis points	Sensitivity of net interest income	Sensitivity of equity
AMD	150	(246,445)	(246,445)
USD	125	135,156	135,156
EUR	125	66,144	66,144

The table below shows the Group's floating rate assets exposure as at 31 December 2024.

31 December 2024 *In thousands of Armenian Drams*	Non-derivative financial assets − carrying value	Non-derivative financial liabilities carrying value	Derivatives Nominal amount
EURIBOR	738,291	6,029,849	315,563
SOFR USD (6 months)	6,673,108	17,485,572	5,057,000
AMD T-Bill	28,139,323	11,709,636	-

Currency risk. Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Board has set stricter limits on positions by currency compared to the CBA regulations. Positions are monitored on a daily basis.

The tables below indicate the currencies to which the Group had significant exposure at 31 December 2024. The analysis calculates the effect on the consolidated statement of profit or loss (due to the fair value of currency sensitive monetary assets and liabilities) of a reasonably possible movement of the currency rate against AMD, with all other variables held constant. The effect on equity does not differ from the effect on the consolidated statement of profit or loss. A negative amount in the table reflects a potential net reduction of profit or loss or equity, while a positive amount reflects a net potential increase of profit or equity. The Board has set risk appetite limits on the currency and interest rate risk. The bank's Board also approved risk appetite, risk tolerance and risk capacity limits for different IRR and FX limits.

	2024		2023	
Currency	Change in currency rate in %	Effect on profit before tax	Change in currency rate in %	Effect on profit before tax
USD	20.00%	(37,785)	20.00%	(2,130,690)
USD	(20.00%)	37,785	(20.00%)	2,130,690
EUR	20.00%	(86,348)	20.00%	568,966
EUR	(20.00%)	86,348	(20.00%)	(568,966)

Operational risk. Operational risk is the risk of loss arising from systems failure, inadequate or failed internal processes, human error, fraud or external events. When controls fail, operational risks can cause reputational damage, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but the control framework and monitoring and respond to potential risks could be effective tools to manage the risks. Within the scope of the operational risk management, the Group has adopted the three lines of defence; the first line of defence is provided by the frontline staff and operational management, the second line of defence is provided by the risk management and compliance functions, and the third line of defence is provided by the internal audit function.

The operational risk management system includes the following key aspects: risk mapping, incident analysis and permanent controlling function. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes.

34 Fair value measurements

Fair value measurement procedures. The Group's management determines policy and procedures both for regularly measuring fair value, such as unquoted trading securities at FVPL and at FVOCI, derivatives, investment property and buildings, vehicles and for non-regular measurement, such as assets held for sale.

External valuers are involved for valuation of significant assets, such as land and buildings, vehicles. Involvement of external valuers is decided by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The management, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset and liability with each relevant external source to determine whether the change is reasonable.

Fair value hierarchy. The Group uses the following hierarchy of fair value recognition and measurement methods to determine and disclose the fair value of financial instruments:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques, where all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

For the purpose of fair value disclosure, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In thousands of Armenian Drams	**Fair value measurement using**			
At 31 December 2024	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Assets and liabilities measured at fair value				
Financial instruments at fair value through profit or loss				
Derivative financial assets	-	158,180	-	**158,180**
Equity instruments	3,300,159	-	-	**3,300,159**
Financial assets at fair value through other comprehensive income				
Debt instruments	-	12,867,997	-	**12,867,997**
Equity instruments	101,203	-	-	**101,203**
Unquoted equity securities – local companies	-	-	296,704	**296,704**
Non-financial assets				
Property and equipment −land and buildings, motor vehicles	-	-	14,705,407	**14,705,407**

In thousands of Armenian Drams	Fair value measurement using			
At 31 December 2024	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Assets for which fair values are disclosed				
Cash and cash equivalents	26,853,397	79,176,672	-	**106,030,069**
Loans and advances to banks	-	34,478,757	47,003,671	**81,482,428**
Debt securities at amortised cost	-	45,542,546	-	**45,542,546**
Receivables from finance leases	-	-	93,105,821	**93,105,821**
Other financial assets	-	-	2,216,982	**2,216,982**
Loans to customers	-	-	533,983,471	**533,983,471**
Liabilities for which fair values are disclosed				
Current accounts and deposits from customers	-	262,448,448	320,898,044	**583,346,492**
Debt securities issued	-	39,408,576	-	**39,408,576**
Deposits and balances from banks	-	418,616	44,181	**462,797**
Subordinated loans	-	-	12,632,502	**12,632,502**
Other borrowed funds	-	-	110,883,860	**110,883,860**
Redemption liability	-	-	12,610,370	**12,610,370**
Other financial liabilities	-	-	11,338,489	**11,338,489**

In thousands of Armenian Drams	Fair value measurement using			
At 31 December 2023	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Assets and liabilities measured at fair value				
Financial instruments at fair value through profit or loss				
Derivative financial assets	-	199,957	-	**199,957**
Equity instruments	2,775,053	-	-	**2,775,053**
Financial assets at fair value through other comprehensive income				
Debt instruments	-	18,534,900	-	**18,534,900**
Equity instruments	11,343	-	-	**11,343**
Unquoted equity securities – local companies	-	-	101,640	**101,640**
Non-financial assets				
Property and equipment −land and buildings, motor vehicles	-	-	15,134,887	15,134,887
Assets for which fair values are disclosed				
Cash and cash equivalents	22,665,289	55,494,560	-	**78,159,849**
Loans and advances to banks	-	32,832,740	66,577,774	**99,410,514**
Receivables from finance leases	-	-	83,406,426	**83,406,426**
Other financial assets	-	-	2,781,593	**2,781,593**
Loans to customers	-	-	452,928,089	**452,928,089**
Liabilities for which fair values are disclosed				
Current accounts and deposits from customers	-	189,413,283	313,189,638	**502,602,921**
Debt securities issued	-	21,087,118	-	**21,087,118**
Deposits and balances from banks	-	428,504	724,390	**1,152,894**
Subordinated loans	-	-	12,661,577	**12,661,577**
Other borrowed funds	-	-	95,125,094	**95,125,094**
Other financial liabilities	-	-	8,862,043	**8,862,043**

Fair value of financial assets and liabilities not carried at fair value. The following is a comparison of the carrying amounts and fair values of the Group’s financial instruments by class that are not carried at fair value in the consolidated statement of financial position. The table does not include the fair values of non-financial assets and non-financial liabilities.

In thousands of Armenian Drams	2024			2023		
	Carrying Value	**Fair value**	**Unrecog-nised gain/(loss)**	**Carrying value**	**Fair value**	**Unrecog-nised gain/(loss)**
Financial assets						
Cash and cash equivalents	106,030,069	106,030,069	-	78,159,849	78,159,849	-
Loans and advances to banks	81,482,428	81,482,428	-	99,410,514	99,410,514	-
Investment securities − debt securities at amortised cost	45,542,546	45,395,619	146,927	-	-	-
Loans to customers	533,983,471	533,543,686	439,785	452,928,089	452,422,718	505,371
Receivables from finance leases	93,105,821	93,105,821	-	83,406,426	83,406,426	-
Other financial assets	2,216,982	2,216,982	-	2,781,593	2,781,593	-
Financial liabilities						
Current accounts and deposits from customers	583,346,492	583,346,492	-	502,602,921	502,602,921	-
Debt securities issued	39,408,576	39,408,576	-	21,087,118	21,087,118	-
Deposits and balances from banks	462,797	462,797	-	1,152,894	1,152,894	-
Subordinated loans	12,632,502	12,283,346	349,156	12,661,577	12,266,934	394,643
Other borrowed funds	110,883,860	108,622,714	2,261,146	95,125,094	92,328,806	2,796,288
Redemption liability	12,610,370	12,610,370	-	-	-	-
Other financial liabilities	11,338,489	11,338,489	-	8,862,043	8,862,043	-
Total unrecognised change in fair value			**3,197,014**			**3,696,302**

As of 31 December 2024, the estimated fair values of all financial instruments, except for loans to customers, investment securities at amortised cost, other borrowed funds, and subordinated liabilities, are considered to approximate their carrying values (2023: the estimated fair values of all financial instruments approximate their carrying values).

As of 31 December 2024 and 2023, the Group had outstanding borrowings from the Central Bank of Armenia, denominated in AMD, with nominal interest rates ranging from 3% to 8.5%. These loans are considered part of a distinct market segment, and the Group assesses that the loans were obtained at market rates.

The following assumptions are used by management to estimate the fair values of investment securities measured at amortised cost: interest rates between 8.11% and 13.25% for securities denominated in AMD, and between 7.01% and 8.62% for securities denominated in foreign currency.
The estimated fair values of loans to customers are considered to approximate their carrying amounts, with the presentation of assets at market prices that differ significantly from the market prices minimizing the discrepancy (see note 19). The following assumptions are used by management to estimate the fair values of loans to customers: discount rates ranging from 12.7% to 16.3% (2023: 12.52% to 16.8%) for loans denominated in Armenian drams, and 10.4% to 11.5% (2023: 9.8% to 11.1%) for loans denominated in foreign currency, applied to discount future cash flows from loans and advances to customers.

The following assumptions are used by management to estimate the fair values of other borrowed funds and subordinated borrowings: interest rates ranging from 10.16% to 13.2% for funds denominated in AMD, and from 6.33% to 9.32% for funds denominated in foreign currency.

Valuation techniques and assumptions. The following describes the methodologies and assumptions used to determine fair values for assets and liabilities recorded at fair value in the consolidated financial statements and those items that are not measured at fair value in the consolidated statement of financial position, but whose fair value is disclosed.

Assets for which fair value is close to the carrying value

For high liquid or short term (less than three months) financial assets and liabilities, it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Fair value measurement of non-financial assets

Fair value of the properties was determined by using market comparable method. The estimated fair values of the land and buildings are categorized within Level 3 of the fair value hierarchy. This means that valuations made by the valuer are based on market transaction prices, with significant adjustments to take into account the nature, location or condition of the specific property. The fair values of those assets are estimated based on appraisals made by independent, professionally qualified property valuers who hold necessary licenses. The significant inputs and assumptions are developed in close consultation with management. Further information is set out below.

Land and Buildings

The fair values of the office land and buildings are estimated using income and market approaches. The income approach has been applied capitalizing the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions for similar properties. When actual rent differs materially from the estimated rents, adjustments are made to the estimated rental value. The estimated rental stream takes into account current occupancy level, the terms of in-place leases and expectations for rentals from future leases over the remaining economic life of the buildings.

The most significant inputs, none of which are observable, are the estimated rental value, assumptions about vacancy levels and the discount rate. The estimated fair value increases if the estimated rent increases, vacancy levels decline or if the discount rate (market yields) declines. The overall valuations are sensitive to all three assumptions. Management considers that the range of reasonably possible alternative assumptions is the greatest for rental values and vacancy levels and that there is also an interrelationship between these inputs.

The market approach reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the property, including size, location, constructional-engineering features of the building, technical (physical) condition, encumbrances, and purpose of use.

The significant unobservable input is the adjustment for factors specific to the property in question. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this input is subjective judgment, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions

The fair value of land and buildings is categorized into Level 3 of the fair value hierarchy, because of significant unobservable adjustments (coefficients) to observable inputs to the valuation technique used. According to the Group’s accounting policy, properties subject to valuation are revaluated once in 3 years if there are no significant deviations in the market. A study was conducted for 2024 and no significant deviations were recorded. According to the calculations the weighted average deviation is 9.61% in the total amount of AMD 1,532,208 thousand.

Derivatives. Derivatives valued using a valuation technique with market observable inputs are mainly interest rate swaps, currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

Financial assets at fair value through other comprehensive income. Investment securities measured at fair value through other comprehensive income are valued using a valuation technique or pricing models primarily consist of Armenian Government debt securities. These securities are valued using yield curves which incorporate data observable in the market and published by CBA.

35 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled.

See Note 33 Risk management for the Group's contractual undiscounted repayment obligations.

In thousands of Armenian Drams	2024			2023		
	Within one year	More than one year	Total	Within one year	More than one year	Total
Cash and cash equivalents	106,030,069	-	**106,030,069**	78,159,849	-	**78,159,849**
Derivative financial assets	158,180	-	**158,180**	199,957	-	**199,957**
Loans and advances to banks	40,970,224	40,512,204	**81,482,428**	62,018,357	37,392,157	**99,410,514**
Investment securities	32,252,658	29,855,951	**62,108,609**	5,860,266	15,562,670	**21,422,936**
Loans to customers	173,626,601	360,356,870	**533,983,471**	143,362,122	309,565,967	**452,928,089**
Receivables from finance leases	30,520,026	62,585,795	**93,105,821**	22,914,591	60,491,835	**83,406,426**
Investments in associates	-	2,044,092	**2,044,092**	-	1,775,530	**1,775,530**
Property, equipment and intangible assets	-	38,433,963	**38,433,963**	-	31,911,659	**31,911,659**
Other assets	20,905,288	3,166,128	**24,071,416**	14,736,249	5,519,197	**20,255,446**
Total	**404,463,046**	**536,955,003**	**941,418,049**	**327,251,391**	**462,219,015**	**789,470,406**

In thousands of Armenian Drams	2024			2023		
	Within one year	More than one year	Total	Within one year	More than one year	Total
Deposits and balances from banks	462,797	-	**462,797**	1,152,894	-	**1,152,894**
Current accounts and deposits from customers	497,367,359	85,979,133	**583,346,492**	420,263,555	82,339,366	**502,602,921**
Debt securities issued	5,524,007	33,884,569	**39,408,576**	269,143	20,817,975	**21,087,118**
Other borrowed funds	27,588,736	83,295,124	**110,883,860**	24,413,714	70,711,380	**95,125,094**
Subordinated loans	110,838	12,521,664	**12,632,502**	105,126	12,556,451	**12,661,577**
Current income tax liabilities	3,315,430	-	**3,315,430**	3,813,513	-	**3,813,513**
Deferred tax liabilities	-	505,767	**505,767**	-	732,149	**732,149**
Redemption liability	-	12,610,370	**12,610,370**	-	-	**-**
Other liabilities	16,948,996	-	**16,948,996**	12,899,840	-	**12,899,840**
Total	**551,318,163**	**228,796,627**	**780,114,790**	**462,917,785**	**187,157,321**	**650,075,106**
Net	**(146,855,117)**	**308,158,376**	**161,303,259**	**(135,666,394)**	**275,061,694**	**139,395,300**

The maturity analysis does not reflect the historical stability of current accounts and deposits from customers. Their liquidation has historically taken place over a longer period than indicated in the tables above. These balances are included in amounts within one year in the tables above.

In accordance with the Armenian legislation, Group is obliged to repay deposits upon demand of a depositor. Refer to Note 18.

31 December 2024 *In thousands of Armenian Drams*	**Non-performing/ overdue**	**Overdue**	**Demand and up to 1 month**	**From 1 to 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**More than 5 years**	**No term**	**Total**
Financial assets									
Cash and cash equivalents	-	-	106,030,069	-	-	-	-	-	**106,030,069**
Derivative financial assets	-	-	158,180	-	-	-	-	-	**158,180**
Loans and advances to banks	-	-	40,970,224	-	-	2,012,814	-	38,499,390	**81,482,428**
Investment securities	-	-	4,146,867	15,455,860	12,649,931	17,515,377	10,840,130	1,500,444	**62,108,609**
Loans to customers	1,023,795	8,557,096	11,302,579	30,064,541	122,678,590	223,029,067	137,327,803	-	**533,983,471**
Receivables from finance leases	41,286	371,276	4,510,471	5,773,971	19,823,022	56,897,498	5,688,297	-	**93,105,821**
Other assets	-	-	2,224,012			3,166,128	-	18,681,276	**24,071,416**
Total	**1,065,081**	**8,928,372**	**169,342,402**	**51,294,372**	**155,151,543**	**302,620,884**	**153,856,230**	**58,681,110**	**900,939,994**
Financial liabilities									
Deposits and balances from banks	-	-	462,797	-	-	-	-	-	**462,797**
Current accounts and deposits from customers	-	-	263,139,900	43,154,555	191,072,904	81,534,015	4,445,118	-	**583,346,492**
Debt securities issued − domestic bonds issued	-	-	-	145,525	5,378,482	33,884,569	-	-	**39,408,576**
Other borrowed funds	-	-	2,259,998	3,838,338	21,490,400	54,919,994	28,375,130	-	**110,883,860**
Other financial liabilities	-	-	6,375,339	-	4,963,150	-	-	-	**11,338,489**
Redemption liability	-	-	-	-	-	-	12,610,370	-	**12,610,370**
Subordinated loans	-	-	-	76,816	34,022	1,655,560	10,866,104	-	**12,632,502**
Total	**-**	**-**	**272,238,034**	**47,215,234**	**222,938,958**	**171,994,138**	**56,296,722**	**-**	**770,683,086**
Net liquidity gap	**1,065,081**	**8,928,372**	**(102,895,632)**	**4,079,138**	**(67,787,415)**	**130,626,746**	**97,559,508**	**58,681,110**	**130,256,908**
Cumulative liquidity gap			**(92,902,179)**	**(88,823,041)**	**(156,610,456)**	**(25,983,710)**	**71,575,798**	**130,256,908**	

31 December 2023 *In thousands of Armenian Drams*	**Non-performing/ overdue**	**Overdue**	**Demand and up to 1 month**	**From 1 to 3 months**	**From 3 to 12 months**	**From 1 to 5 years**	**More than 5 years**	**No term**	**Total**
Financial assets									
Cash and cash equivalents	-	-	78,159,849	-	-	-	-	-	**78,159,849**
Derivative financial assets	-	-	199,957	-	-	-	-	-	**199,957**
Loans and advances to banks	-	-	62,018,357	-	-	-	-	37,392,157	**99,410,514**
Investment securities	-	-	8,070	154,501	5,697,695	10,886,221	1,788,413	2,888,036	**21,422,936**
Loans to customers	644,010	8,250,895	15,114,543	21,538,345	97,814,329	188,368,353	121,197,614	-	**452,928,089**
Receivables from finance leases	18,284	903,685	3,530,502	4,218,431	14,243,689	54,803,538	5,688,297	-	**83,406,426**
Other financial assets	-	-	2,781,593	-	-	-	-	-	**2,781,593**
Total	**662,294**	**9,154,580**	**161,812,871**	**25,911,277**	**117,755,713**	**254,058,112**	**128,674,324**	**40,280,193**	**738,309,364**
Financial liabilities									
Deposits and balances from banks	-	-	851,071	-	301,823	-	-	-	**1,152,894**
Current accounts and deposits from customers	-	-	205,366,218	48,932,110	165,965,227	77,765,752	4,573,614	-	**502,602,921**
Debt securities issued – domestic bonds issued	-	-	-	150,042	119,101	20,817,975	-	-	**21,087,118**
Other borrowed funds	-	-	1,377,464	4,462,755	18,573,495	58,809,216	11,902,164	-	**95,125,094**
Other financial liabilities	-	-	3,613,435	-	5,248,608	-	-	-	**8,862,043**
Subordinated loans	-	-	-	-	105,126	1,791,600	10,764,851	-	**12,661,577**
Total	**-**	**-**	**211,208,188**	**53,544,907**	**190,313,380**	**159,184,543**	**27,240,629**	**-**	**641,491,647**
Net liquidity gap	**662,294**	**9,154,580**	**(49,395,317)**	**(27,633,630)**	**(72,557,667)**	**94,873,569**	**101,433,695**	**40,280,193**	**96,817,717**
Cumulative liquidity gap			**(39,578,443)**	**(67,212,073)**	**(139,769,740)**	**(44,896,171)**	**56,537,524**	**96,817,717**	

36 Related party disclosures

In accordance with IAS 24 Related Party Disclosures, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The outstanding balances of related party transactions are as follows:

	2024			2023		
In thousands of Armenian Drams	**Key management personnel and their close family members**	**Other RP**	**Associates**	**Key management personnel and their close family members**	**Other RP**	**Associates**
Loans outstanding at 1 January, gross	1,209,450	**-**	-	971,585	**-**	-
Loans issued during the year	1,890,464	-	-	996,425	-	-
Loan repayments during the year	(1,328,139)	-	-	(762,049)	-	-
Other movements	6,390	-	-	3,490	-	-
Loans outstanding at 31 December, gross	**1,778,166**	-	-	**1,209,450**	-	-
Less: allowance for impairment at 31 December	(6,733)	-	-	(4,580)	-	-
Loans outstanding at 31 December, net	**1,771,433**	-	**-**	**1,204,871**	-	**-**
Weighted average effective interest rate for loans	**7.2%**	-	**-**	6.6%	-	-
Current accounts and deposits at 1 January	**1,677,172**	-	2,152,010	**1,547,505**	-	1,656,557
Current accounts and deposits received during the year	4,495,254	-	12,030,829	4,466,847	-	1,484,712
Current accounts and deposits repaid during the year	(4,616,094)	-	(11,506,504)	(4,400,884)	-	(991,300)
Other movements	(51,772)	-	-	63,703	-	2,041
Current accounts and deposits at 31 December	**1,504,560**	**-**	**2,676,335**	**1,677,172**	**-**	**2,152,010**
Redemption liability at 1 January	**-**	**-**	**-**	**-**	**-**	**-**
Increase from initial recognition	-	10,054,641	-	-	-	-
Other movements	-	39,213	-	-	-	-
Redemption liability at 31 December	**-**	**10,093,854**	**-**	**-**	**-**	**-**

The balances from transactions with related parties include loans with maturity from 2025 till 2040 and with interest rate from 2% to 22%, the weighted average effective rate is 7.5%.

The income and expense arising from related party transactions are as follows:

In thousands of Armenian Drams	**For the year ended 31 December 2024**			**For the year ended 31 December 2023**		
	Key management personnel and their close family members	**Other RP**	**Associates**	**Key management personnel and their close family members**	**Other RP**	**Associates**
Interest income on loans	86,190	-	-	49,049	-	-
Interest expense on Redemption liability	-	39,213	-	-	-	-
Interest expense on deposits	186,224	-	209,513	121,975	-	153,363

Compensation of key management personnel was comprised of the following:

In thousands of Armenian Drams	**2024**	**2023**
Salaries and other short-term benefits	1,430,080	2,964,088
Share-based payments	1,506,260	275,941
Total key management personnel compensation	**2,936,340**	**3,240,029**

37 Investments in associates

The Group has an interest in Amundi-Acba Asset management CJSC where the Group owns 49% of shares (31 December 2023: 49%). The associate of the Group was incorporated in 2013 and is regulated by the legislation of the Republic of Armenia. The principal activity of the associate is the management of mandatory pension funds. The associate's activities are supervised by the Central Bank of Armenia. As at 31 December 2024 the carrying value of the investment comprised AMD 2,044,092 thousand (2023: AMD 1,775,530 thousand).

The summarised financial information of material associates is presented below

In thousands of Armenian Drams	**2024**	**2023**
Assets		
Cash and cash equivalents	81,744	94,346
Amounts due from financial institutions	2,588,590	2,052,954
Financial assets at fair value through other comprehensive income	1,685,666	1,520,541
Property, equipment and intangible assets	140,635	150,710
Right-of-use assets	57,851	63,499
Deferred tax asset	25,033	11,589
Other assets	449,032	420,289
Total assets	**5,028,551**	**4,313,928**
Liabilities		
Lease liability	70,883	78,505
Income tax payables	500,857	423,786
Payables and accrued expenses	285,194	188,104
Total liabilities	**856,934**	**690,395**
Net assets	**4,171,617**	**3,623,533**
Group's share in net assets	**2,044,092**	**1,775,530**

In thousands of Armenian Drams	**2024**	**2023**
Income from management fees	4,654,586	3,858,149
Interest income	167,233	121,328
Income from financial advisory	9,933	24,890
Other income	2,506	1,539
Net loss from foreign currency transactions	(7,628)	(2,053)
Interest expense on lease liabilities	(8,922)	(12,453)
Staff costs	(410,872)	(289,911)
Fees and commission expenses	(642,765)	(580,633)
Administrative and other expenses	(714,192)	(546,794)
Profit before income tax	**3,049,879**	**2,574,062**
Income tax expense	(576,639)	(493,781)
Profit for the year	**2,473,240**	**2,080,281**
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Unrealised gain/(loss)s on investments measured at FVOCI	155,125	188,871
Other comprehensive income/(loss) for the year, net of tax	**155,125**	**188,871**
Profit and total comprehensive income for the year	**2,628,365**	**2,269,152**

The Group's share of profit or loss and other comprehensive income of the associate is as follows:

In thousands of Armenian Drams	**2024**	**2023**
Profit for the year	**1,211,887**	**1,019,338**
Other comprehensive income/(loss)	76,011	92,546
Total comprehensive income for the year	**1,287,898**	**1,111,884**

The Group received dividends in amount of AMD 1,019,336 thousand for the year ended 31 December 2024 (2023: AMD 701,763 thousand).

38 Changes in liabilities arising from financing activities

In thousands of Armenian Drams	Note	Debt securities issued	Other borrowed funds	Subordinated loans	Total liabilities from financing activities
Carrying amount at 31 December 2022	**19, 20, 21**	**6,206,060**	**84,323,152**	**7,805,036**	**98,334,248**
Proceeds from issue		18,339,013	34,345,599	4,479,000	**57,163,612**
Redemption		(3,684,744)	(27,032,928)	-	**(30,717,672)**
Interest paid		(1,351,193)	(5,832,291)	(1,852,532)	**(9,036,016)**
Non-cash transactions					
Foreign currency translation		226,439	1,445,312	361,804	**2,033,555**
Lease liabilities (IFRS 16)		-	2,092,983	-	**2,092,983**
Interest accrued		1,351,543	5,783,267	1,868,269	**9,003,079**
Carrying amount at 31 December 2023	**19, 20, 21**	**21,087,118**	**95,125,094**	**12,661,577**	**128,873,789**
Proceeds from issue		18,438,324	50,390,846	703,613	**69,532,783**
Redemption		(137,535)	(35,940,115)	(3,957)	**(36,081,607)**
Interest paid		(2,307,642)	(6,879,233)	(1,831,275)	**(11,018,150)**
Non-cash transactions					**-**
Foreign currency translation		17,444	(775,278)	(728,731)	**(1,486,565)**
Lease liabilities (IFRS 16)		-	2,458,908	-	**2,458,908**
Interest expense		2,310,867	6,503,638	1,831,275	**10,645,780**
Carrying amount at 31 December 2024	**19, 20, 21**	**39,408,576**	**110,883,860**	**12,632,502**	**162,924,938**

The Group classifies interest paid as cash flows from operating activities.

39 Offsetting Financial Assets and Financial Liabilities

Financial instruments subject to offsetting, enforceable master netting and similar arrangements are as follows at 31 December 2024:

Types of financial assets/liabilities *In thousands of Armenian Drams*	Gross amounts before offsetting in the statement of financial position	Gross amounts set off in the statement of financial position	Net amount after offsetting in the statement of financial position	Amounts subject to master netting and similar arrangements not set off in the statement of financial position		Net amount of exposure
				Financial instruments	*Cash collateral received*	
ASSETS						
Derivative financial assets						
Interest rate swap	83,236	(1,736)	81,500	81,500	-	-
Currency swap	76,680	-	76,680	76,680	-	-
Investment securities						
Loans and advances to banks						
Reverse sale and repurchase agreements with other banks	38,747,711	-	38,747,711	38,747,711	-	-
Loans to customers						
Reverse sale and repurchase agreements	7,616,833	-	7,616,833	7,616,833	-	-
Total assets subject to offsetting, master netting and similar arrangement	**46,524,460**	**(1,736)**	**46,522,724**	**46,522,724**	**-**	**-**
LIABILITIES						
Deposits and balances from banks						
Sale and repurchase agreements with other banks	-	-	-	-	-	-
Total liabilities subject to offsetting, master netting and similar arrangement	**-**	**-**	**-**	**-**	**-**	**-**

Financial instruments subject to offsetting, enforceable master netting and similar arrangements are as follows at 31 December 2023:

Types of financial assets/liabilities *In thousands of Armenian Drams*	**Gross amounts before offsetting in the statement of financial position**	**Gross amounts set off in the statement of financial position**	**Net amount after offsetting in the statement of financial position**	**Amounts subject to master netting and similar arrangements not set off in the statement of financial position**		**Net amount of exposure**
				Financial instruments	*Cash collateral received*	
ASSETS						
Derivative financial assets						
Interest rate swap	194,548	(4,356)	190,192	190,192	-	-
Currency swap	9,765	-	9,765	9,765	-	-
Investment securities						
Pledged under sale and repurchase agreements	-	-	-	-	-	-
Loans and advances to banks						
Reverse sale and repurchase agreements with other banks	60,035,070	-	60,035,070	60,035,070	-	-
Loans to customers						
Reverse sale and repurchase agreements	5,676,969	-	5,676,969	5,676,969	-	-
Total assets subject to offsetting, master netting and similar arrangement	**65,916,352**	**(4,356)**	**65,911,996**	**65,911,996**	**-**	**-**
LIABILITIES						
Deposits and balances from banks						
Sale and repurchase agreements with other banks	-	-	-	-	-	-
Total liabilities subject to offsetting, master netting and similar arrangement	**-**	**-**	**-**	**-**	**-**	**-**

40 Management of Capital

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

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, or issue shares. No changes were made in the objectives, policies and processes from the previous year.

The Central Bank of Armenia sets and monitors capital requirements for the Bank.

The Group defines as capital those items defined by statutory regulation as capital for credit institutions. Under the current capital requirements set by the Central Bank of Armenia, which are based on Basle Accord principles, banks have to maintain a ratio of capital to risk weighted assets (statutory capital ratio) above the prescribed minimum level. As at 31 December 2024 this minimum level was 11% (31 December 2023: 11%). The Group is in compliance with the statutory capital ratio as at 31 December 204 and 31 December 2023.

The following table shows the composition of the capital position calculated in accordance with regulation of Central Bank of Armenia, with subsequent amendments including the amendment to incorporate market risks, as at 31 December:

In thousands of Armenian Drams	**2024 (unaudited)**	**2023 (unaudited)**
Tier 1 Capital	122,086,839	122,505,579
Tier 2 Capital	19,468,501	15,241,604
Total capital	**141,555,340**	**137,747,183**
Total risk weighted assets	**724,477,690**	**698,734,440**
Total capital expressed as a percentage of risk-weighted assets (total capital ratio)	**19.54%**	**19.71%**

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

41 Events after the reporting date

Between February 20, 2025, and April 10, 2025, the Bank issued AMD-denominated bonds with a nominal value of AMD 1,123,128 thousand and AMD 2,331,578 thousand, carrying coupon interest rates of 9.5% and 10.0%, respectively. The bonds have circulation periods of 36 months and 60 months, respectively.

There are no other significant events that occurred after the reporting period or as of the report's date that should be mentioned in this document.

42 Key terms explained

Abbreviation	Definition
IFRS	International Financial Reporting Standards
IASB	International Accounting Standards Board
ISAs	International Standards on Auditing
CBA	Central Bank of Armenia
IPO	Initial Public Offering
ESOP	Employee Stock Ownership Plan
ECL	Expected credit loss
PD	Probability of default
LGD	Loss given default
FVTPL	Financial instruments at fair value through profit or loss
FVOCI	Fair value through other comprehensive income
POCI	Purchased or originated credit-impaired
EAD	Exposure at default
SOFR	Secured Overnight Financing Rate
LIBOR	London Interbank Offered Rate
EURIBOR	Euro Interbank Offer Rate
SICR	Significant Increase in Credit Risk
PIT	Point in time
EIR	Effective Interest Rate
IRR	Internal Rate of Return
FX	Foreign Exchange
SPPI	Solely Payments of Principal and Interest