

# **ID GROUP CJSC**

## **Consolidated Financial Statements**

*Year ended 31 December 2024  
together with independent auditor's report*

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## Independent auditor's report

To the Shareholders of ID Group Closed Joint-Stock Company

### **Opinion**

We have audited the consolidated financial statements of ID Group Closed Joint-Stock Company and its subsidiaries (hereinafter, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Armenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of management for the consolidated financial statements**

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

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

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

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

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

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

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

General Director



Eric Hayrapetyan

Partner (Assurance)

Dmytro Iurgelevych

Ernst & Young CJSC  
Yerevan, Armenia

30 June, 2025

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 31 December 2024**

	Notes	2024 AMD'000	2023 AMD'000
Interest income calculated using the effective interest method	5	31,670,531	25,946,435
Other interest income	5	7,115	-
Interest expense	5	(8,854,572)	(6,969,833)
<b>Net interest income</b>		<b>22,823,074</b>	<b>18,976,602</b>
Fee and commission income	6	20,935,457	11,911,699
Fee and commission expense	6	(7,897,369)	(6,481,087)
<b>Net fee and commission income</b>		<b>13,038,088</b>	<b>5,430,612</b>
Net foreign exchange gain	7	9,780,784	7,566,820
Net gain on financial instruments at fair value through profit or loss	8	528,261	1,069,273
Net realised loss on investment securities		34,021	(93,720)
Bargain purchase gain	33	-	716,912
Gain from disposal of subsidiary	34	819,514	-
Other operating income	9	734,445	115,967
Other operating expense	9	(939,270)	-
<b>Operating income</b>		<b>46,818,917</b>	<b>33,782,466</b>
Net impairment losses on financial instruments	10	(1,705,530)	(403,525)
Other impairment losses	17	(197,557)	-
Personnel expenses		(11,470,770)	(7,910,682)
Other general administrative expenses	11	(9,894,086)	(5,535,323)
<b>Profit before income tax</b>		<b>23,550,974</b>	<b>19,932,936</b>
Income tax expense	12	(4,344,302)	(3,544,720)
<b>Profit for the year</b>		<b>19,206,672</b>	<b>16,388,216</b>
<b>Profit for the year attributable to:</b>			
Non-controlling interest		101,858	17,774
Owners of the parent		19,104,814	16,370,442
<b>Other comprehensive income, net of income tax</b>			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Movement in fair value reserve for investment securities:			
Net change in fair value	12	147,797	302,230
Net amount reclassified to profit or loss	12	(837)	87,786
Exchange differences on translating foreign operations		1,376	27,012
Net amount reclassified to profit or loss		(21,110)	-
<b>Total items that are or may be reclassified subsequently to profit or loss</b>		<b>127,226</b>	<b>417,028</b>
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Net change in fair value reserve for investment securities	12	130,775	-
<b>Total items that will not be reclassified subsequently to profit or loss</b>		<b>130,775</b>	<b>-</b>
<b>Other comprehensive income for the year, net of income tax</b>		<b>258,001</b>	<b>417,028</b>
<b>Total comprehensive income for the year</b>		<b>19,464,673</b>	<b>16,805,244</b>
<b>Total comprehensive income for the year attributable to:</b>			
Non-controlling interest		102,203	24,707
Owners of the parent		19,362,470	16,780,537

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

Lala Bakhshetsyan

Director

30 June, 2025



Lusine Martirosyan

Chief Accountant

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

**Consolidated Statement of Financial Position****As at 31 December 2024**

	<b>Notes</b>	<b>2024 AMD'000</b>	<b>2023 AMD'000</b>
<b>Assets</b>			
Cash and cash equivalents	13	42,670,845	38,603,388
Amounts receivable under reverse repurchase agreements	16	14,606,422	8,606,787
Loans and advances to banks and other financial institutions	15	59,784,702	61,611,180
Financial instrument measured at fair value through profit or loss		870,332	449,838
Investment securities measured at fair value through other comprehensive income	14		
Held by Group		15,339,459	10,812,707
Pledged under sale and repurchase agreements		385,583	-
Investment securities measured at amortised cost	14		
Held by Group		46,323,507	54,361,958
Pledged under sale and repurchase agreements		14,692,076	6,646,146
Loans and advances to customers	17	202,616,791	159,823,823
Repossessed assets	17	2,020,530	2,709,765
Property, equipment and intangible assets	18	24,174,117	23,293,669
Right-of-use assets	19	4,124,208	3,328,797
Goodwill	35	508,513	-
Deferred tax assets	12	124,688	78,077
Other assets	20	6,849,446	7,632,695
<b>Total assets</b>		<b>435,091,219</b>	<b>377,958,830</b>
<b>Liabilities</b>			
Amounts payable under repurchase agreements	22	17,095,588	8,010,540
Deposits and balances from banks and other financial institutions	21	55,884,948	43,647,598
Financial instrument measured at fair value through profit or loss		-	11,255
Current accounts and deposits from customers	24	222,312,138	207,603,065
Current tax liabilities		3,007,384	2,842,667
Debt securities issued	23	17,120,222	15,506,851
Lease liability	19	4,490,458	3,558,483
Deferred tax liability	12	2,490,019	2,675,111
Other liabilities	25	16,440,695	13,997,903
<b>Total liabilities</b>		<b>338,841,452</b>	<b>297,853,473</b>
<b>Equity</b>			
Share capital	26	1,000	1,000
Fair value reserve for investment securities		397,227	119,492
Retained earnings		95,499,376	79,814,562
Foreign currency translation reserve		-	20,079
<b>Equity attributable to owners of the parent</b>		<b>95,897,603</b>	<b>79,955,133</b>
Non-controlling interest		352,164	150,224
<b>Total equity</b>		<b>96,249,767</b>	<b>80,105,357</b>
<b>Total liabilities and equity</b>		<b>435,091,219</b>	<b>377,958,830</b>

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

**Consolidated Statement of Cash Flows****For the year ended 31 December 2024**

	<b>Notes</b>	<b>2024 AMD'000</b>	<b>2023 AMD'000</b>
<b>Cash flows from operating activities</b>			
Interest receipts		31,171,671	26,291,084
Interest payments		(9,170,463)	(6,617,524)
Fee and commission receipts		20,951,566	11,911,699
Fee and commission payments		(7,879,636)	(6,481,087)
Net payments from financial instruments at fair value through profit or loss		90,012	272,222
Net receipts from foreign exchange		10,319,970	8,401,018
Other income receipts		255,376	170,674
Personnel and other general administrative expenses payments		(15,740,601)	(9,408,436)
<b>(Increase)/decrease in operating assets</b>			
Financial instrument measured at fair value through profit or loss		6,468	678,417
Amounts receivable under reverse repurchase agreements		(6,011,065)	7,293,125
Loans and advances to banks and other financial institutions		(45,873)	(19,709,667)
Loans and advances to customers		(45,583,651)	(39,011,484)
Repossessed assets		481,624	572,884
Other assets		(531,573)	(4,277,242)
<b>Increase/(decrease) in operating liabilities</b>			
Deposits and balances from banks and other financial institutions		15,271,068	(4,286,578)
Amounts payable under repurchase agreements		9,098,517	8,007,628
Current accounts and deposits from customers		20,135,404	16,022,396
Other liabilities		(478,234)	7,168,051
<b>Net cash (used in) from operating activities before income tax paid</b>		<b>22,340,580</b>	<b>(3,002,820)</b>
Income tax paid		(4,632,183)	(1,516,217)
<b>Cash flows (used in) from operating activities</b>		<b>17,708,397</b>	<b>(4,519,037)</b>
<b>Cash flows from investing activities</b>			
Acquisition of investment securities measured at FVOCI		(26,735,877)	(11,910,651)
Acquisition of investment securities measured at amortised cost		(89,084,470)	(56,426,143)
Proceeds from sale and repayment of investment securities measured at FVOCI		22,049,808	9,463,826
Proceeds from repayment of investment securities measured at amortised cost		87,991,203	65,443,788
Purchases of property, equipment and intangible assets		(3,761,290)	(3,609,186)
Sale of property, equipment and intangible assets		51,834	33,860
Acquisition of subsidiaries, net of cash acquired	33	(965,941)	-
Proceeds from disposal of subsidiary, net of cash disposed off	34	1,037,156	-
<b>Cash flows from (used in) investing activities</b>		<b>(9,417,577)</b>	<b>2,995,494</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of debt securities	23(a)	8,499,839	6,208,154
Repayment of debt securities issued	23(a)	(6,673,525)	(3,982,629)
Proceeds from borrowed funds	21(a)	3,678,363	11,517,476
Repayment of borrowed funds	21(a)	(3,706,737)	(3,290,975)
Dividends paid	26	(3,420,000)	(7,837,500)
Repayment of lease liability	19(d)	(667,299)	(283,185)
<b>Cash flows from financing activities</b>		<b>(2,289,359)</b>	<b>2,331,341</b>
<b>Net increase in cash and cash equivalents</b>			
Effect of changes in exchange rates on cash and cash equivalents		6,001,461	807,797
Effect of changes in ECL on cash and cash equivalents	10	(1,933,126)	1,525,184
Effect of changes in ECL on cash and cash equivalents	10	(878)	(3,023)
Cash and cash equivalents as at the beginning of the year	13	38,603,388	36,273,430
<b>Cash and cash equivalents as at the end of the year</b>	13	<b>42,670,845</b>	<b>38,603,388</b>

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

**Consolidated Statement of Changes in Equity****For the year ended 31 December 2024**

<b>AMD'000</b>	<b>Share capital</b>	<b>Fair value reserve for investment securities</b>	<b>Retained earnings</b>	<b>Foreign currency translation reserve</b>	<b>Equity attributable to owners of the parent</b>	<b>Non-controlling interest</b>	<b>Total equity</b>
Balance as at 1 January 2024	1,000	119,492	79,814,562	20,079	79,955,133	150,224	80,105,357
Profit for the year	-	-	19,104,814	-	19,104,814	101,858	19,206,672
<i>Items that are or may be reclassified subsequently to profit or loss:</i>							
Net change in fair value of investment securities, net of deferred tax	-	147,797	-	-	147,797	-	147,797
Net change in fair value of investment securities transferred to profit or loss, net of deferred tax	-	(837)	-	-	(837)	-	(837)
Net exchange differences on translating foreign operations, transferred to profit or loss	-	-	-	(20,079)	(20,079)	345	(19,734)
<i>Total items that are or may be reclassified subsequently to profit or loss</i>	-	146,960	-	(20,079)	126,881	345	127,226
<i>Items that will not be reclassified subsequently to profit or loss:</i>							
Net change in fair value reserve for investment securities	-	130,775	-	-	130,775	-	130,775
<b>Total items that will not be reclassified subsequently to profit or loss</b>	-	130,775	-	-	130,775	-	130,775
<b>Total other comprehensive income</b>	-	277,735	-	(20,079)	257,656	345	258,001
<b>Total comprehensive income for the year</b>	-	277,735	19,104,814	(20,079)	19,362,470	102,203	19,464,673
Dividends declared and paid (Note 26)	-	-	(3,420,000)	-	(3,420,000)	-	(3,420,000)
Effect of business combination (Note 33)	-	-	-	-	-	180,270	180,270
Disposal of subsidiary (Note 34)	-	-	-	-	-	(80,533)	(80,533)
Balance as at 31 December 2024	1,000	397,227	95,499,376	-	95,897,603	352,164	96,249,767

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

**Consolidated Statement of Changes in Equity (continued)**

<b>AMD'000</b>	<i>Share capital</i>	<i>Share premium</i>	<i>Revaluation surplus for buildings</i>	<i>Fair value reserve for investment securities</i>	<i>Retained earnings</i>	<i>Foreign currency translation reserve</i>	<i>Equity attributable to owners of the parent</i>	<i>Non-controlling interest</i>	<i>Total equity</i>
Balance as at 1 January 2023	33,971,850	5,014,099	96,917	(270,524)	19,859,721	–	<b>58,672,063</b>	–	<b>58,672,063</b>
Effect of business combination (Note 33)	11,380,570	1,055,380	–	–	–	–	<b>12,435,950</b>	<b>125,517</b>	<b>12,561,467</b>
Group reorganisation	(45,351,420)	(6,069,479)	–	–	51,421,899	–	<b>1,000</b>	–	<b>1,000</b>
<b>Total comprehensive income</b>									
Profit for the year	–	–	–	–	16,370,442	–	<b>16,370,442</b>	17,774	<b>16,388,216</b>
<b>Other comprehensive income</b>									
<i>Items that are or may be reclassified subsequently to profit or loss:</i>									
Net change in fair value of investment securities, net of deferred tax	–	–	–	302,230	–	–	<b>302,230</b>	–	<b>302,230</b>
Net change in fair value of investment securities transferred to profit or loss, net of deferred tax	–	–	–	87,786	–	–	<b>87,786</b>	–	<b>87,786</b>
Net exchange differences on translating foreign operations	–	–	–	–	–	20,079	<b>20,079</b>	6,933	<b>27,012</b>
<i>Total items that are or may be reclassified subsequently to profit or loss</i>	–	–	–	390,016	–	20,079	<b>410,095</b>	6,933	<b>417,028</b>
<b>Total other comprehensive income</b>	–	–	–	<b>390,016</b>	–	<b>20,079</b>	<b>410,095</b>	<b>6,933</b>	<b>417,028</b>
<b>Total comprehensive income for the year</b>	–	–	–	<b>390,016</b>	<b>16,370,442</b>	<b>20,079</b>	<b>16,780,537</b>	<b>24,707</b>	<b>16,805,244</b>
Dividends declared and paid (Note 26)	–	–	–	–	(7,837,500)	–	<b>(7,837,500)</b>	–	<b>(7,837,500)</b>
Reversal of revaluation surplus	–	–	(96,917)	–	–	–	<b>(96,917)</b>	–	<b>(96,917)</b>
Balance as at 31 December 2023	<b>1,000</b>	–	–	<b>119,492</b>	<b>79,814,562</b>	<b>20,079</b>	<b>79,955,133</b>	<b>150,224</b>	<b>80,105,357</b>

The accompanying notes 1 to 35 form an integral part of these consolidated financial statements.

(thousands of Armenian Drams)

## 1. Background

### (a) Organisation and operations

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

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

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

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

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

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

On 20 March 2024 the Group acquired 76% of Armenian ticket purchasing platform Tomsarkgh LLC. The Management expects that the involvement of the Group in Tomsarkgh LLC will provide additional resources for more intensive technological development of the ticketing platform in Armenia, as well as future expansion to foreign markets (Note 33).

As at 31 December 2024 the consolidated financial statements include the following significant subsidiaries:

<i>Subsidiary</i>	<i>Ownership %</i>	<i>Country of incorporation</i>	<i>Industry</i>
ID Bank CJSC	100%	Republic of Armenia	Banking services
Digital Holdings Ltd	100%	Republic of Armenia	Holding of investments
Idram LLC	100%	Republic of Armenia	Payments processing and settlement services
ID Leasing UCO LLC	100%	Republic of Armenia	Universal Credit Organization
ID Processing LLC	100%	Republic of Armenia	Financial/Payment System
Tomsarkgh LLC	76%	Republic of Armenia	Ticket purchasing platform

As at 31 December 2023, the Group was owned by Drivelio Holdings Ltd (72%) and Fistoco Ltd (28%). As at 31 December 2024, the ownership structure was Drivelio Holdings Ltd (72%), Fistoco Ltd (21%), and MRV (7%). The ultimate controlling party of the Group is Lala Bakhshetsyan.

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

### (b) Armenian business environment

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

(thousands of Armenian Drams)

## 1. Background (continued)

### (b) Armenian business environment (continued)

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

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

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

## 2. Basis of preparation

### (a) Statement of compliance

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

### (b) Basis of measurement

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

### (c) Functional and presentation currency

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

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

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

### (d) Use of estimates and judgments

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

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

### Judgements

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

- ▶ Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL – Note 27;

(thousands of Armenian Drams)

## 2. Basis of preparation (continued)

### Assumptions and estimations uncertainty

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

- ▶ Impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information – Note 27;
- ▶ Estimates of fair values of financial assets and liabilities – Note 32;

## 3. Changes in accounting policies and presentation

### (a) New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's financial statements.

#### Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- ▶ What is meant by a right to defer settlement;
- ▶ That a right to defer must exist at the end of the reporting period;
- ▶ That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- ▶ That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments have not had an impact on the classification of the Group's liabilities.

#### Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments have not had an impact on the Group's financial statements

### (b) Standards issued but not yet effective

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

#### Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

(thousands of Armenian Drams)

### 3. Changes in accounting policies and presentation (continued)

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

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

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

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

On 30 May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

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

The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for classification of financial assets and related disclosures only. The Group is currently not intending to early adopt the Amendments.

With respect to the amendments on the derecognition of financial liabilities that are settled through an electronic payment system, the Group is currently performing an assessment of all material electronic payment systems utilised in the various jurisdictions it operates, in order to assess whether the amendments will result in a material change with respect to current practices and whether it meets the conditions to apply the accounting policy option to derecognise such financial liabilities before the settlement date. Moreover, the Group is reviewing all its other payment systems (such as cheques, credit cards, debit cards) to ensure that the corresponding financial assets are derecognised when the right to cash flows are extinguished and that the corresponding financial liabilities are derecognised on settlement date.

In addition, the Group is assessing the impact of the Amendments on its financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features, as well as on non-recourse financing and contractually linked instruments. Based on the initial assessment performed, the amendments in these areas are not expected to have a material impact on the financial statements, however, the assessment is yet to be concluded.

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

#### **IFRS 18 Presentation and Disclosure in Financial Statements**

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

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

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

(thousands of Armenian Drams)

### 3. Changes in accounting policies and presentation (continued)

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

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

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

#### **IFRS 19 Subsidiaries without Public Accountability: Disclosures**

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards. IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

The Group is evaluating its eligibility and the appropriate timing for the application of IFRS 19.

### 4. Significant accounting policies

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

#### (a) Basis of consolidation

The Group's consolidated financial statements consolidate those of the parent company and all of its subsidiaries at 31 December 2024. All subsidiaries have a reporting date of 31 December.

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

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

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

#### (b) Business combinations

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

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

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

#### (c) Foreign currency transactions

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

Exchange rates as of 31 December were as follows:

	<u>2024</u>	<u>2023</u>
Dram/1 US dollar	396.56	404.79
Dram/1 EURO	413,9	447.9
Dram/1 RUB	3.7	4.5

(thousands of Armenian Drams)

#### 4. Significant accounting policies (continued)

##### (c) Foreign currency transactions (continued)

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

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

##### (d) Cash and cash equivalents

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

##### (e) Interest

###### **Effective interest rate**

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

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

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

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

###### **Amortised cost and gross carrying amount**

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

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

###### **Calculation of interest income and expense**

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

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

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

(thousands of Armenian Drams)

#### 4. Significant accounting policies (continued)

##### (e) Interest (continued)

###### **Presentation**

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

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

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

##### (f) Fees and commission

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

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

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

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

##### (g) Financial assets and financial liabilities

###### **i. Classification**

###### **Financial assets**

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

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

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

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

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

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

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

(thousands of Armenian Drams)

#### 4. Significant accounting policies (continued)

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

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

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

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

All other financial assets are classified as measured at FVTPL.

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

##### Business model assessment

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

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

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

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

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

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

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

(thousands of Armenian Drams)

#### 4. Significant accounting policies (continued)

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

###### Reclassification

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

###### Financial liabilities

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

###### Reclassification

Financial liabilities are not reclassified subsequent to their initial recognition.

##### ii. Derecognition

###### Financial assets

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

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

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

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

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

###### Financial liabilities

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

##### iii. Repurchase and reverse repurchase agreements

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

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

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

(thousands of Armenian Drams)

#### 4. Significant accounting policies (continued)

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

###### iv. Offsetting

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

###### v. Modification of financial assets and financial liabilities

###### Financial assets

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

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

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

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

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

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

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

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

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

(thousands of Armenian Drams)

#### 4. Significant accounting policies (continued)

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

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

##### Financial liabilities

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

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

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

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

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

##### vi. Impairment

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

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

No impairment loss is recognised on equity investments.

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

- ▶ Debt investment securities that are determined to have low credit risk at the reporting date; and
- ▶ Other financial instruments on which credit risk has not increased significantly since their initial recognition (see Note 27).

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

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

(thousands of Armenian Drams)

#### 4. Significant accounting policies (continued)

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

###### Measurement of ECL

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

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

See also Note 27.

###### Restructured financial assets

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

- ▶ If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset (see Note 27);
- ▶ If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

###### Credit-impaired financial assets

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

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

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

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

(thousands of Armenian Drams)

#### 4. Significant accounting policies (continued)

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

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

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

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

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

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

##### Write-offs

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

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

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

##### (h) Loans and advances to customers

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

##### (i) Investment securities

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

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

(thousands of Armenian Drams)

#### 4. Significant accounting policies (continued)

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

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

##### (k) Financial guarantees and loan commitments

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

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

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

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

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

##### (l) Property and equipment

###### (i) Owned assets

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

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

###### (ii) Depreciation

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

buildings	50 years
computers and communication equipment*	1-10 years
motor vehicles	8 years
fixtures and fittings*	1-10 years

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

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

##### (m) Intangible assets

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

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

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

(thousands of Armenian Drams)

#### 4. Significant accounting policies (continued)

##### (n) Repossessed assets

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

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

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

##### (o) Impairment of non-financial assets

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

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

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

##### (p) Provisions

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

##### (q) Share capital

###### (i) Ordinary shares

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

###### (ii) Share premium

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

###### (iii) Dividends

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

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

(thousands of Armenian Drams)

#### 4. Significant accounting policies (continued)

##### (r) Taxation

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

##### (i) Current tax

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

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

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

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

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

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

##### (s) Leases

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

##### As a lessee

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

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

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

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

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

(thousands of Armenian Drams)

**4. Significant accounting policies (continued)****(t) Financial leases receivable**

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

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

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

**5. Net interest income**

	<b>2024</b>	<b>2023</b>
<b>Interest income calculated using the effective interest method</b>		
Loans and advances to customers	22,691,493	17,271,156
Investment securities measured at amortised cost	5,230,795	4,759,755
Loans and advances to banks and other financial institutions	1,684,963	1,458,703
Investment securities measured at fair value through other comprehensive income	856,335	663,785
Amounts receivable under reverse repurchase agreements	847,749	1,531,740
Cash and cash equivalents	344,317	248,618
Financial instrument measured at fair value through profit or loss	14,879	12,677
	<b>31,670,531</b>	<b>25,946,435</b>
<b>Other interest income</b>		
Interest income on net investment in finance lease	7,115	-
	<b>7,115</b>	<b>-</b>
<b>Total interest income</b>	<b>31,677,646</b>	<b>25,946,435</b>
<b>Interest expense</b>		
Current accounts and deposits from customers	4,191,813	3,640,972
Deposits and balances from banks and other financial institutions	2,531,703	2,358,754
Amounts payable under repurchase agreements	849,257	39,520
Debt securities issued	759,633	672,885
Lease liabilities	461,090	257,638
Other	61,076	64
<b>Total interest expense</b>	<b>8,854,572</b>	<b>6,969,833</b>
<b>Net interest income</b>	<b>22,823,074</b>	<b>18,976,602</b>

(thousands of Armenian Drams)

**6. Net fee and commission income**

	<b>2024</b>	<b>2023*</b>
<b>Fee and commission income</b>		
Commission fee for payment settlement services	9,299,688	2,123,206
Plastic card servicing	7,184,967	7,688,762
Commissions from payment systems	1,198,733	190,507
Remittances	974,191	647,820
Cash withdrawal from accounts and accounts service	670,238	616,630
QR payments	599,421	110,535
Currency transportation	400,368	139,171
Ticketing commission income	289,278	-
Other	318,573	395,068
	<b>20,935,457</b>	<b>11,911,699</b>
<b>Fee and commission expense</b>		
Card transactions	6,443,882	4,651,830
Payment systems services	507,985	1,438,681
Currency transportation	800,770	220,901
Other	144,732	169,675
	<b>7,897,369</b>	<b>6,481,087</b>
<b>Net fee and commission income</b>	<b>13,038,088</b>	<b>5,430,612</b>

\* Certain reclassifications have been made to prior year financial statements to conform to the current year presentation. These reclassifications had no impact on net profit or equity as previously reported. Specifically, the service fee charged for cash withdrawals from plastic cards amounting to AMD 1,456,095 in 2023 has been reclassified from "Cash withdrawal and account services" to "Plastic card servicing."

**(a) Performance obligations and revenue recognition policies**

Fee and commission income from the contracts with customers is measured based on the consideration specified in the contract with the customer. The Group recognises revenue when it transfers control over a service to a customer. Due to nature of the services provided there are no significant contract assets and liabilities as at 31 December 2024 and 31 December 2023.

(thousands of Armenian Drams)

**6. Net fee and commission expense (continued)****(a) Performance obligations and revenue recognition policies (continued)**

<i>Type of product/service</i>	<i>Nature and timing of satisfaction of performance obligations, including significant payment terms</i>	<i>Revenue recognition under IFRS 15</i>
<b>Retail and corporate banking service</b>	<p>The Bank provides banking services to retail and corporate customers, including account management, credit card and servicing fees, fees from transfers.</p> <p>Fees for ongoing account management are charged to the customer's account on monthly basis. The Bank sets the rates separately for retail and corporate banking customers on a regular basis.</p> <p>Servicing fees are charged on a monthly basis and are based on fixed rates reviewed on a regular basis.</p> <p>Transaction-based fees for money transfers are charged to the customer's account when the transaction takes place.</p>	<p>Revenue from account service and servicing fees is recognised over time as the service are provided.</p> <p>Revenue related to transactions is recognised at the point in time when the transaction takes place.</p>
<b>Payment settlement services (Idram LLC)</b>	<p>Commission fees for payments settlement services are received by the Group's subsidiary Idram LLC from the wire transfer services both from individuals and from legal entity counterparties depending on transaction's nature and agreements with counterparties. It is recognized for settlement of payments and transfers both executed via terminals and online platform.</p> <p>For both terminals and online transactions (payments, transfers to cards, etc), revenue from transactions with customers who are individuals is recognized at the time of the payment or transfer transaction initiated by the individuals is settled by the Group. Consideration is measured in accordance with the pre-determined tariffs (which normally represent fixed amounts per transaction or a fixed rate, applied to the transaction amount). Consideration due from individuals is normally settled to cash immediately or within 1-3 business days.</p> <p>In transactions with legal entities (terminal or online wire transfer payments, QR payments), considerations due from legal entities is calculated by applying contractually pre-determined tariff rates to monthly turnovers of the transfers by individuals towards respective legal entities both via terminals and online platform. Revenue from legal entities is normally settled to cash when monthly invoices are issued and paid within approximately 10 days after issuing invoices based on agreements with counterparty legal entities.</p>	<p>Revenue from transactions with legal entities is recognized upon execution of settlement on their behalf.</p> <p>Revenue from individuals is recognised at the point in time when the transaction is executed.</p>

(thousands of Armenian Drams)

**7. Net foreign exchange gain**

	<b>2024</b>	<b>2023</b>
Realised gain from forex transactions	10,345,041	8,401,019
Loss from revaluation of financial assets and liabilities	(564,257)	(834,199)
	<b>9,780,784</b>	<b>7,566,820</b>

**8. Net gain on financial instruments at fair value through profit or loss**

	<b>2024</b>	<b>2023</b>
Net gain from revaluation of financial instruments at fair value through profit or loss	438,249	797,051
Net gains/(losses) from sale of financial instruments at fair value through profit or loss	90,012	272,222
	<b>528,261</b>	<b>1,069,273</b>

**9. Net other operating income**

<b>Other operating income</b>	<b>2024 AMD'000</b>	<b>2023 AMD'000</b>
Fines and penalties received	367,329	204,470
Net gain from sale of repossessed assets	37,376	20,591
Deposit Guarantee Fund expenses	-	(241,776)
Maintenance cost of terminals	-	(110,483)
Other	329,740	243,165
	<b>734,445</b>	<b>115,967</b>
<b>Other operating expense</b>	<b>2024 AMD'000</b>	<b>2023 AMD'000</b>
Maintenance cost of terminals	468,644	-
Deposit Guarantee Fund expenses	268,359	-
Other	202,267	-
	<b>939,270</b>	<b>-</b>
<b>Net other operating (expense)/income</b>	<b>(204,825)</b>	<b>115,967</b>

**10. Net impairment losses on financial instruments**

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

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

(thousands of Armenian Drams)

**10. Net impairment losses on financial instruments (continued)**

The table below shows the impairment losses on financial instruments recorded in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023:

	<b>2023</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Cash and cash equivalents	(3,023)	-	-	(3,023)
Debt investment securities at FVOCI	(34,823)	-	-	(34,823)
Debt investment securities at amortised cost	(25,257)	-	-	(25,257)
Loans and advances to banks and other financial institutions at amortised cost	(52,433)	-	-	(52,433)
Amounts receivable under reverse repurchase agreements at amortised cost	7,268	-	-	7,268
Loans and advances to customers at amortised cost – corporate customers	(266,298)	62,297	231,359	27,358
Loans and advances to customers at amortised cost – retail customers	(85,641)	(100,001)	(15,609)	(201,251)
Other financial assets at amortised cost	(26,273)	-	(94,238)	(120,511)
Financial guarantee contracts	(853)	-	-	(853)
<b>Total</b>	<b>(487,333)</b>	<b>(37,704)</b>	<b>121,512</b>	<b>(403,525)</b>

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

<b>AMD'000</b>	<b>2024*</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Loans and advances to customers at amortised cost – corporate customers</b>				
Balance at 1 January	(769,831)	(28,958)	(1,854,436)	(2,653,225)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	65	(65)	-	-
Transfer to Stage 3	55	117	(172)	-
Net remeasurement of loss allowance including assets repaid	338,069	42,420	(26,706)	353,783
New financial assets originated or purchased	(625,050)	-	-	(625,050)
Foreign exchange and other movements	(63,256)	(13,874)	(56,523)	(133,653)
Write-offs/recoveries	-	-	1,484,412	1,484,412
<b>Balance at 31 December</b>	<b>(1,144,373)</b>	<b>(360)</b>	<b>(453,425)</b>	<b>(1,573,733)</b>

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

<b>AMD'000</b>	<b>2024*</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Loans and advances to customers at amortised cost – retail customers</b>				
Balance at 1 January	(845,542)	(233,184)	(893,343)	(1,972,069)
Transfer to Stage 1	(73,366)	48,136	25,230	-
Transfer to Stage 2	68,806	(89,547)	20,741	-
Transfer to Stage 3	204,723	801,859	(1,006,582)	-
Net remeasurement of loss allowance including assets repaid	1,448,257	(452,720)	(936,995)	58,542
New financial assets originated or purchased	(1,744,906)	-	-	(1,744,906)
Foreign exchange and other movements	(28,381)	(164,434)	(124,919)	(317,734)
Write-offs/recoveries	-	-	1,293,179	1,293,179
<b>Balance at 31 December</b>	<b>(970,409)</b>	<b>(89,890)</b>	<b>(1,622,689)</b>	<b>(2,682,988)</b>

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

(thousands of Armenian Drams)

**10. Net impairment losses on financial instruments (continued)**

The following tables show reconciliations from the opening to the closing balances of the loss allowance for 2023.

	2023*			Total
	Stage 1	Stage 2	Stage 3	
<b>Loans and advances to customers at amortised cost – corporate customers</b>				
Balance at 1 January	(517,706)	(89,167)	(1,887,703)	<b>(2,494,576)</b>
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	5	(5)	-	-
Transfer to Stage 3	11,360	26	(11,386)	-
Net remeasurement of loss allowance including assets repaid	227,056	62,297	231,359	<b>520,712</b>
New financial assets originated or purchased	(493,354)	-	-	<b>(493,354)</b>
Foreign exchange and other movements	(11,265)	(2,109)	(151,493)	<b>(164,867)</b>
Recovery of previously written-off loans	-	-	(48,105)	<b>(48,105)</b>
Write-offs	-	-	12,892	<b>12,892</b>
<b>Balance at 31 December</b>	<b>(783,904)</b>	<b>(28,958)</b>	<b>(1,854,436)</b>	<b>(2,667,298)</b>

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

	2023*			Total
	Stage 1	Stage 2	Stage 3	
<b>Loans and advances to customers at amortised cost – retail customers</b>				
Balance at 1 January	(761,243)	(167,970)	(998,311)	<b>(1,927,524)</b>
Transfer to Stage 1	(11,223)	8,118	3,105	-
Transfer to Stage 2	148,828	(153,691)	4,863	-
Transfer to Stage 3	99,365	180,468	(279,833)	-
Net remeasurement of loss allowance including assets repaid	1,004,878	(100,001)	(15,609)	<b>889,268</b>
New financial assets originated or purchased	(1,090,519)	-	-	<b>(1,090,519)</b>
Foreign exchange and other movements	(235,628)	(108)	(81,468)	<b>(317,204)</b>
Recovery of previously written-off loans	-	-	(681,189)	<b>(681,189)</b>
Write-offs	-	-	1,155,099	<b>1,155,099</b>
<b>Balance at 31 December</b>	<b>(845,542)</b>	<b>(233,184)</b>	<b>(893,343)</b>	<b>(1,972,069)</b>

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

Significant changes in the gross carrying amount of retail and corporate portfolios during the year ended 31 December 2023 that contributed to changes in loss allowance are presented in Note 17(a).

(thousands of Armenian Drams)

**11. Other general administrative expenses**

	<b>2024</b>	<b>2023</b>
Depreciation and amortization*	3,930,149	1,892,919
Advertising and marketing	1,353,833	739,747
Non-refundable taxes and duties	834,395	511,608
Repairs and maintenance of equipment and systems	665,526	421,004
Professional services	659,084	361,127
Communications and information services	493,047	495,669
Office and utility expenses	435,353	276,767
Representation and organizational expenses	340,206	185,687
Insurance	245,066	197,606
Security	176,393	111,742
Rent expenses	119,657	60,405
Customer identification costs	83,406	24,639
Other	557,971	256,403
	<b>9,894,086</b>	<b>5,535,323</b>

\* Included in depreciation and amortization for the year ended 31 December 2024 is AMD 690,601 thousand (2023: AMD 360,356 thousand) related to amortisation of right-of-use asset under IFRS 16 Leases requirements, see Note 19.

**12. Income tax expense**

	<b>2024</b>	<b>2023</b>
Current tax expense	4,796,900	3,580,695
Movement in deferred tax assets and liabilities due to origination and reversal of temporary differences	(452,598)	(35,975)
<b>Total income tax expense</b>	<b>4,344,302</b>	<b>3,544,720</b>

In 2024 the applicable tax rate for current tax is 18 % (2023: 18%).

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

	<b>2024</b>	<b>%</b>	<b>2023</b>	<b>%</b>
Profit before income tax	23,550,974		19,932,936	
Income tax at the applicable tax rate	(4,239,175)	(18)	(3,587,928)	(18)
Non-taxable income/(non-deductible expenses)	(67,359)	(0)	43,208	(0)
Unrecognized deferred tax asset	(13,277)	(0)	-	-
Foreign exchange differences	(24,491)	(0)	-	-
	<b>(4,344,302)</b>	<b>(18)</b>	<b>(3,544,720)</b>	<b>(18)</b>

(thousands of Armenian Drams)

**12. Income tax expense (continued)****(a) Deferred tax assets and liabilities**

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to net deferred tax liabilities as at 31 December 2024 and 2023. Movements in temporary differences during the years ended 31 December 2024 and 2023 are presented as follows:

	<b>Balance 1 January 2024</b>	<b>Effect of business combination (Note 33)</b>	<b>Recognised in profit or loss</b>	<b>Recognised in other comprehensive income</b>	<b>Balance 31 December 2024</b>
Cash and cash equivalents	(44,924)	–	2,839	–	(42,085)
Investment securities	8,408	–	13,964	(60,966)	(38,594)
Loans and advances to banks and other financial institutions	74,277	–	(101,586)	–	(27,309)
Loans and advances to customers	(795,278)	–	58,806	–	(736,472)
Property, equipment and intangible assets	(2,231,259)	(159,929)	242,896	–	(2,148,292)
Repossessed assets	–	–	35,560	–	35,560
Right-of-use asset	(576,010)	–	(142,514)	–	(718,524)
Other assets	(139,555)	–	47,467	–	(92,088)
Lease liability	617,247	–	165,874	–	783,121
Tax loss carried forward	–	–	19,033	–	19,033
Other liabilities	490,060	–	110,259	–	600,319
	<b>(2,597,034)</b>	<b>(159,929)</b>	<b>452,598</b>	<b>(60,966)</b>	<b>(2,365,331)</b>

  

	<b>Balance 1 January 2023</b>	<b>Effect of business combination (Note 33)</b>	<b>Recognised in profit or loss</b>	<b>Recognised in other comprehensive income</b>	<b>Balance 31 December 2023</b>
Cash and cash equivalents	(255)	499	(45,168)	–	(44,924)
Investment securities	72,967	–	21,056	(85,615)	8,408
Loans and advances to banks and other financial institutions	27,519	–	46,758	–	74,277
Loans and advances to customers	(736,104)	–	(59,174)	–	(795,278)
Property, equipment and intangible assets	(30,691)	(2,288,458)	76,242	11,648	(2,231,259)
Right-of-use asset	(372,783)	(2,604)	(200,623)	–	(576,010)
Other assets	(54,337)	3,243	(88,461)	–	(139,555)
Lease liability	406,622	3,017	207,608	–	617,247
Other liabilities	344,853	67,470	77,737	–	490,060
	<b>(342,209)</b>	<b>(2,216,833)</b>	<b>35,975</b>	<b>(73,967)</b>	<b>(2,597,034)</b>

**(b) Income tax recognised in other comprehensive income**

The tax effects related to components of other comprehensive income for the years ended 31 December 2024 and 2023 comprise the following:

	<b>2024</b>			<b>2023</b>		
	<b>Amount before tax</b>	<b>Tax expense</b>	<b>Amount net-of-tax</b>	<b>Amount before tax</b>	<b>Tax expense</b>	<b>Amount net-of-tax</b>
Net change in fair value of investment securities at FVOCI	339,722	(61,150)	278,572	368,573	(66,343)	302,230
Net change in fair value of investment securities at FVOCI transferred to profit or loss	(1,021)	184	(837)	107,058	(19,272)	87,786
<b>Other comprehensive income/ loss)</b>	<b>338,701</b>	<b>(60,966)</b>	<b>277,735</b>	<b>475,631</b>	<b>(85,615)</b>	<b>390,016</b>

(thousands of Armenian Drams)

**13. Cash and cash equivalents**

	<b>2024</b>	<b>2023</b>
<b>Cash on hand</b>	10,048,709	12,393,397
<b>Nostro accounts with the CBA</b>	17,382,478	11,314,810
<b>Cash in terminals</b>	1,505,169	985,467
<b>Cash in commercial banks</b>		
Rated from AA- to AA+	169,976	–
Rated from A- to A+	3,177,068	4,266,361
Rated from BBB- to BBB+	528,419	2,286,965
Rated from BB- to BB+	3,535,892	1,816,135
Rated from B- to B+	1,370,914	440,644
Not rated	4,956,393	5,104,410
<b>Total cash in commercial banks</b>	<b>13,738,662</b>	<b>13,914,515</b>
<b>Total gross cash and cash equivalents</b>	<b>42,675,019</b>	<b>38,608,189</b>
Credit loss allowance	(4,173)	(4,801)
<b>Total net cash and cash equivalents</b>	<b>42,670,845</b>	<b>38,603,388</b>

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

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

As at 31 December 2024 the Group has no bank except for CBA (2023: no bank except for the CBA) whose balances exceeded 10% of the equity.

Cash and cash equivalents are fully in Stage 1 and measured at amortised cost as at 31 December 2024 and 31 December 2023.

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

	<b>2024</b> <b>AMD'000</b>	<b>2023</b> <b>AMD'000</b>
<b>Held by the Group</b>		
<b>Debt and other fixed-income instruments</b>		
Government securities of the Republic of Armenia	2,431,684	2,787,581
Eurobonds of the Republic of Armenia	1,618,333	1,672,182
<b>Total government bonds</b>	<b>4,050,017</b>	<b>4,459,763</b>
<b>Corporate bonds</b>		
Rated from BB- to BB+	4,868,218	3,224,119
Rated from B- to B+	1,397,732	970,345
Not rated	4,281,398	1,790,735
<b>Total corporate bonds</b>	<b>10,547,348</b>	<b>5,985,199</b>
<b>Equity instruments</b>		
Corporate shares	742,094	367,745
<b>Total equity instruments</b>	<b>742,094</b>	<b>367,745</b>
<b>Total securities held by the Group</b>	<b>15,339,459</b>	<b>10,812,707</b>
<b>Pledged under sale and repurchase agreements</b>		
<b>Debt and other fixed-income instruments</b>		
Government securities of the Republic of Armenia	385,583	–
<b>Total government bonds</b>	<b>385,583</b>	<b>–</b>
<b>Total securities pledged under sale and repurchase agreements</b>	<b>385,583</b>	<b>–</b>
<b>Total investment securities measured at FVOCI</b>	<b>15,725,042</b>	<b>10,812,707</b>

(thousands of Armenian Drams)

**14. Investment securities (continued)****(b) Investment securities measured at amortised cost**

	<b>2024</b>	<b>2023</b>
	<b>AMD'000</b>	<b>AMD'000</b>
<b>Held by the Group</b>		
<b>Debt and other fixed-income instruments</b>		
Government securities of the Republic of Armenia	20,434,604	18,597,200
Eurobonds of the Republic of Armenia	19,332,706	18,124,385
Government securities of other countries	–	11,657,843
<b>Total government bonds</b>	<b>39,767,310</b>	<b>48,379,428</b>
<b>Corporate bonds</b>		
Rated BB- to BB+	5,643,417	5,115,065
Not rated	1,098,255	1,030,260
<b>Total corporate bonds</b>	<b>6,741,672</b>	<b>6,145,325</b>
<b>Total securities held by the Group</b>	<b>46,508,982</b>	<b>54,524,753</b>
<b>Pledged under sale and repurchase agreements</b>		
<b>Debt and other fixed-income instruments</b>		
Government securities of the Republic of Armenia	14,732,571	6,663,688
<b>Total government bonds</b>	<b>14,732,571</b>	<b>6,663,688</b>
<b>Total securities pledged under sale and repurchase agreements</b>	<b>14,732,571</b>	<b>6,663,688</b>
<b>Total gross investment securities measured at amortised cost</b>	<b>61,241,553</b>	<b>61,188,441</b>
Credit loss allowance	(225,970)	(180,337)
<b>Total net investment securities measured at amortised cost</b>	<b>61,015,583</b>	<b>61,008,104</b>

**(c) Credit quality of investment securities**

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

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

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

The securities sold under agreements to repurchase are transferred to a third party and the Group receives cash in exchange. These financial assets may be repledged or resold by counterparties in the absence of default by the Group, but the counterparty has an obligation to return the securities at the maturity of the contract. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. The cash received is recognised as a financial asset and a financial liability is recognised for the obligation to repay the purchase price for this collateral and is included in amounts payable under repurchase agreements (*Note 24*). These transactions are conducted under terms that are usual and customary to standard lending, and securities borrowing and lending activities.

(thousands of Armenian Drams)

**15. Loans and advances to banks and other financial institutions**

	<b>2024</b>	<b>2023</b>
<b>Due from the CBA</b>		
Credit card settlement deposit with the CBA	6,140,000	7,137,500
Deposit with the Central Bank of Armenia, obligatory reserves	18,029,700	17,026,587
<b>Total due from the CBA</b>	<b>24,169,700</b>	<b>24,164,087</b>
<b>Loans</b>		
Non-resident banks and other financial institutions		
Rated from BB- to BB+	2,028,731	-
Not rated	4,280,073	6,169,192
Armenian banks		
Not rated	1,081	-
<b>Total loans</b>	<b>6,309,885</b>	<b>6,169,192</b>
<b>Deposits</b>		
Non-resident banks		
Rated A- to A+	5,236,402	3,456,275
Rated BBB- to BBB+	11,297,568	8,144,421
Rated BB- to BB+	5,208,584	3,584,316
<b>Total deposits</b>	<b>21,742,554</b>	<b>15,185,012</b>
<b>Other advances</b>		
Armenian banks		
Rated from BB- to BB+	76	104,809
Rated from B- to B+	-	1,860
Not rated	100,610	82,831
Non-resident banks		
Rated AA- to AA+	1,296,845	1,347,463
Rated A- to A+	73,965	3,102,566
Rated from BB- to BB+	62,083	-
Payment systems		
Not rated	3,763,681	3,188,335
Other financial institutions – funds in stock exchanges		
Not rated	2,413,520	8,973,232
<b>Total gross loans and advances to banks and other financial institutions</b>	<b>59,932,919</b>	<b>62,319,387</b>
Credit loss allowance	(148,217)	(708,207)
<b>Total net loans and advances to banks and other financial institutions</b>	<b>59,784,702</b>	<b>61,611,180</b>

**(a) Balances with the CBA**

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

Banks are required to maintain cash deposit (obligatory reserve) with the Central Bank of Armenia for attracted funds. For funds attracted in AMD the obligatory reserve is 4% (2023: 4%) and is maintained fully in AMD. For funds attracted in foreign currencies, the reserve is 18% of the attracted funds, of which 6% is maintained in AMD and 12% in the respective currency of funds attracted (2023: 6% maintained in AMD and 12% in the respective currency of attracted funds). The Bank's ability to withdraw deposit maintained in AMD is not restricted by the statutory legislation; however, if the Bank fails to comply with minimum average monthly amount of reserve sanctions may be applied. Obligatory reserves maintained in AMD are classified as cash and cash equivalents (see *Note 13*) as these funds are readily available for withdrawal.

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

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

As at 31 December 2024 the Bank has one counterparty except for CBA (2023: two counterparties except for CBA), whose balance exceeded 10% of equity. The gross value of the balance as at 31 December 2024 is AMD 11,359,651 thousand (31 December 2023 is AMD 15,995,182 thousand).

(thousands of Armenian Drams)

**15. Loans and advances to banks and other financial institutions (continued)****(c) Credit quality of loans and advances to banks and financial institutions**

AMD'000	31 December 2024			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
<b>Loans and advances to banks and other financial institutions</b>				
- rated from AA- to AA+	1,296,845	-	-	1,296,845
- rated from A- to A+	5,310,367	-	-	5,310,367
- rated from BBB- to BBB+	11,297,568	-	-	11,297,568
- rated from BB- to BB+	7,299,474	-	-	7,299,474
- rated from B- to B+	-	-	-	-
- not rated*	34,728,665	-	-	34,728,665
<b>Loss allowance</b>	<b>(148,217)</b>	-	-	<b>(148,217)</b>
<b>Carrying amount</b>	<b>59,784,702</b>	-	-	<b>59,784,702</b>

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

AMD'000	31 December 2023			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
<b>Loans and advances to banks and other financial institutions</b>				
-rated from AA- to AA+	1,347,463	-	-	1,347,463
-rated from A- to A+	6,558,841	-	-	6,558,841
-rated from BBB- to BBB+	8,144,421	-	-	8,144,421
-rated from BB- to BB+	3,689,125	-	-	3,689,125
-rated from B- to B+	1,860	-	-	1,860
-not rated*	42,577,677	-	-	42,577,677
<b>Loss allowance</b>	<b>(708,207)</b>	-	-	<b>(708,207)</b>
<b>Carrying amount</b>	<b>61,611,180</b>	-	-	<b>61,611,180</b>

\* From unrated instruments AMD 24,164,087 thousand represents balances with CBA.

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

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

**16. Amounts receivable under reverse repurchase agreements**

	2024	2023
<b>Amounts receivable under reverse repurchase agreements not rated</b>	14,620,460	8,615,278
<b>Total gross amounts receivable under reverse repurchase agreements</b>	<b>14,620,460</b>	<b>8,615,278</b>
Credit loss allowance	(14,038)	(8,491)
<b>Total net amounts receivable under reverse repurchase agreements</b>	<b>14,606,422</b>	<b>8,606,787</b>

As at 31 December 2024 the Group has no counterparty (2023: no counterparty), whose balances exceed 10% of equity.

Amounts receivable under reverse repurchase agreements are from nonrated reputable local financial institutions. All of them are categorized under Stage 1 and are measured at amortised cost as at 31 December 2024 and 2023. No amounts receivable under reverse repurchase agreements are credit impaired or past due.

(thousands of Armenian Drams)

**16. Amounts receivable under reverse repurchase agreements (continued)****(a) Collateral accepted as security for assets**

As at 31 December 2024 the fair value of financial assets (Government securities of the Republic of Armenia) collateralizing reverse repurchase agreements is AMD 15,582,102 thousand (2023: AMD 9,100,187 thousand).

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

**17. Loans and advances to customers**

	<u>2024</u>	<u>2023</u>
<b>Loans and advances to customers at amortised cost</b>		
Loans to large corporates	59,391,078	46,757,618
Loans to trading companies	5,482,982	5,085,211
Loans to manufacturing companies	2,371,827	3,071,223
Cash covered loans	1,991,108	2,217,984
Other corporate loans	10,660,118	8,671,976
<b>Total loans and advances to corporate customers</b>	<b>79,897,113</b>	<b>65,804,012</b>
<b>Loans and advances to retail customers</b>		
Mortgage loans	49,035,876	42,163,245
Express loans	34,399,291	20,665,520
Consumer loans secured with real estate	21,072,027	20,275,538
Gold secured loans	8,608,471	7,089,734
Salary project loans	7,138,083	3,307,863
Credit lines	2,898,359	2,196,471
Cash covered loans	959,133	1,047,736
Other retail loans	2,915,192	1,913,070
<b>Total loans and advances to retail customers</b>	<b>127,026,432</b>	<b>98,659,177</b>
<b>Gross loans and advances to customers at amortised cost</b>	<b>206,923,545</b>	<b>164,463,189</b>
Credit loss allowance	(4,306,754)	(4,639,366)
<b>Net loans and advances to customers at amortised cost</b>	<b>202,616,791</b>	<b>159,823,823</b>

(thousands of Armenian Drams)

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

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

	<b>31 December 2024*</b>			
	<b>Stage 1 AMD'000</b>	<b>Stage 2 AMD'000</b>	<b>Stage 3 AMD'000</b>	<b>Total AMD'000</b>
<b>Loans and advances to corporate customers</b>				
<b>Loans to large corporate customers</b>				
- not overdue	58,876,394	-	514,684	59,391,078
<b>Total gross loans to large corporate customers</b>	<b>58,876,394</b>	<b>-</b>	<b>514,684</b>	<b>59,391,078</b>
<b>Credit loss allowance</b>	<b>(959,312)</b>	<b>-</b>	<b>(405,103)</b>	<b>(1,364,415)</b>
<b>Total net loans to large corporate customers</b>	<b>57,917,082</b>	<b>-</b>	<b>109,581</b>	<b>58,026,663</b>
<b>Cash covered loans</b>				
- not overdue	1,991,108	-	-	1,991,108
<b>Total gross cash covered loans</b>	<b>1,991,108</b>	<b>-</b>	<b>-</b>	<b>1,991,108</b>
<b>Credit loss allowance</b>	<b>(13,803)</b>	<b>-</b>	<b>-</b>	<b>(13,803)</b>
<b>Total net cash covered loans</b>	<b>1,977,305</b>	<b>-</b>	<b>-</b>	<b>1,977,305</b>
<b>Loans to trading companies</b>				
- not overdue	5,399,478	-	-	5,399,478
- overdue of less than 30 days	17,783	-	-	17,783
- overdue of 31-90 days	-	-	65,721	65,721
<b>Total gross loans to trading companies</b>	<b>5,417,261</b>	<b>-</b>	<b>65,721</b>	<b>5,482,982</b>
<b>Credit loss allowance</b>	<b>(43,075)</b>	<b>-</b>	<b>(27,505)</b>	<b>(70,580)</b>
<b>Total net loans to trading companies</b>	<b>5,374,186</b>	<b>-</b>	<b>38,216</b>	<b>5,412,402</b>
<b>Loans to manufacturing companies</b>				
- not overdue	2,371,827	-	-	2,371,827
<b>Total gross loans to manufacturing companies</b>	<b>2,371,827</b>	<b>-</b>	<b>-</b>	<b>2,371,827</b>
<b>Credit loss allowance</b>	<b>(21,422)</b>	<b>-</b>	<b>-</b>	<b>(21,422)</b>
<b>Total net loans to manufacturing companies</b>	<b>2,350,405</b>	<b>-</b>	<b>-</b>	<b>2,350,405</b>
<b>Other corporate loans</b>				
- not overdue	10,606,040	14,169	-	10,620,209
- overdue of less than 30 days	-	564	7,262	7,826
- overdue of 31-90 days	-	-	2,534	2,534
- overdue of 91-180 days	-	-	29,290	29,290
- overdue more than 1 year	-	-	259	259
<b>Total gross other corporate loans</b>	<b>10,606,040</b>	<b>14,733</b>	<b>39,345</b>	<b>10,660,118</b>
<b>Credit loss allowance</b>	<b>(132,369)</b>	<b>(361)</b>	<b>(20,816)</b>	<b>(153,546)</b>
<b>Total net other corporate loans</b>	<b>10,473,671</b>	<b>14,372</b>	<b>18,529</b>	<b>10,506,572</b>
<b>Gross loans and advances to corporate customers</b>	<b>79,262,630</b>	<b>14,733</b>	<b>619,750</b>	<b>79,897,113</b>
<b>Total expected credit loss on corporate customers</b>	<b>(1,169,981)</b>	<b>(361)</b>	<b>(453,424)</b>	<b>(1,623,766)</b>
<b>Total net loans and advances to corporate customers</b>	<b>78,092,649</b>	<b>14,372</b>	<b>166,326</b>	<b>78,273,347</b>

(thousands of Armenian Drams)

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

	<b>31 December 2024*</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>AMD'000</b>	<b>AMD'000</b>	<b>AMD'000</b>	<b>AMD'000</b>
<b>Loans and advances to retail customers</b>				
<b>Mortgage loans</b>				
- not overdue	48,499,263	194,963	218,506	48,912,732
- overdue of less than 30 days	14,332	10,611	8,726	33,669
- overdue of 31-90 days	-	-	89,475	89,475
<b>Total gross mortgage loans</b>	<b>48,513,595</b>	<b>205,574</b>	<b>316,707</b>	<b>49,035,876</b>
<b>Credit loss allowance</b>	<b>(23,046)</b>	<b>(639)</b>	<b>(112,843)</b>	<b>(136,528)</b>
<b>Total net mortgage loans</b>	<b>48,490,549</b>	<b>204,935</b>	<b>203,864</b>	<b>48,899,348</b>
<b>Consumer loans secured with real estate</b>				
- not overdue	19,973,853	223,757	267,547	20,465,157
- overdue of less than 30 days	16,989	158,841	72,411	248,241
- overdue of 31-90 days	-	4,460	179,911	184,371
- overdue of 91-180 days	-	-	88,219	88,219
- overdue of 181-360 days	-	-	6,361	6,361
- overdue more than 1 year	-	-	79,678	79,678
<b>Total gross consumer loans secured with real estate</b>	<b>19,990,842</b>	<b>387,058</b>	<b>694,127</b>	<b>21,072,027</b>
<b>Credit loss allowance</b>	<b>(94,403)</b>	<b>(10,812)</b>	<b>(209,574)</b>	<b>(314,789)</b>
<b>Total net consumer loans secured with real estate</b>	<b>19,896,439</b>	<b>376,246</b>	<b>484,553</b>	<b>20,757,238</b>
<b>Express loans</b>				
- not overdue	32,201,225	269,041	160,422	32,630,688
- overdue of less than 30 days	90,126	293,713	72,650	456,489
- overdue of 31-90 days	118	32,953	344,582	377,653
- overdue of 91-180 days	-	-	544,780	544,780
- overdue of 181-360 days	-	-	375,160	375,160
- overdue more than 1 year	-	-	14,521	14,521
<b>Total gross express loans</b>	<b>32,291,469</b>	<b>595,707</b>	<b>1,512,115</b>	<b>34,399,291</b>
<b>Credit loss allowance</b>	<b>(705,543)</b>	<b>(60,083)</b>	<b>(1,009,448)</b>	<b>(1,775,074)</b>
<b>Total net express loans</b>	<b>31,585,926</b>	<b>535,624</b>	<b>502,667</b>	<b>32,624,217</b>

(thousands of Armenian Drams)

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

	<b>31 December 2024*</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>AMD'000</b>	<b>AMD'000</b>	<b>AMD'000</b>	<b>AMD'000</b>
<b>Gold secured loans</b>				
- not overdue	8,329,538	65,108	20,618	8,415,264
- overdue of less than 30 days	31,582	121,926	4,726	158,234
- overdue of 31-90 days	-	3,219	26,344	29,563
- overdue of 91-180 days	-	-	2,501	2,501
- overdue of 181-360 days	-	-	893	893
- overdue more than 1 year	-	-	2,016	2,016
<b>Total gross gold secured loans</b>	<b>8,361,120</b>	<b>190,253</b>	<b>57,098</b>	<b>8,608,471</b>
<b>Credit loss allowance</b>	<b>(16,928)</b>	<b>(6,645)</b>	<b>(37,669)</b>	<b>(61,242)</b>
<b>Total net gold secured loans</b>	<b>8,344,192</b>	<b>183,608</b>	<b>19,429</b>	<b>8,547,229</b>
<b>Salary project loans</b>				
not overdue	7,039,216	8,075	3,896	7,051,187
overdue of less than 30 days	7,313	19,434	6,064	32,811
overdue of 31-90 days	-	2,679	17,075	19,754
overdue of 91-180 days	-	-	14,259	14,259
overdue of 181-360 days	-	-	19,764	19,764
overdue more than 1 year	-	-	308	308
<b>Total gross salary project loans</b>	<b>7,046,529</b>	<b>30,188</b>	<b>61,366</b>	<b>7,138,083</b>
<b>Credit loss allowance</b>	<b>(65,214)</b>	<b>(3,838)</b>	<b>(44,853)</b>	<b>(113,905)</b>
<b>Total net salary project loans</b>	<b>6,981,315</b>	<b>26,350</b>	<b>16,513</b>	<b>7,024,178</b>
<b>Cash covered loans</b>				
not overdue	958,516	-	-	958,516
overdue of less than 30 days	617	-	-	617
<b>Total gross cash covered loans</b>	<b>959,133</b>	<b>-</b>	<b>-</b>	<b>959,133</b>
<b>Credit loss allowance</b>	<b>(682)</b>	<b>-</b>	<b>-</b>	<b>(682)</b>
<b>Total net cash covered loans</b>	<b>958,451</b>	<b>-</b>	<b>-</b>	<b>958,451</b>
<b>Credit lines</b>				
- not overdue	2,774,815	14,818	7,007	2,796,640
- overdue of less than 30 days	541	12,270	3,433	16,244
- overdue of 31-90 days	-	504	31,156	31,660
- overdue of 91-180 days	-	-	28,003	28,003
- overdue of 181-360 days	-	-	16,620	16,620
- overdue more than 1 year	-	-	9,192	9,192
<b>Total gross credit lines</b>	<b>2,775,356</b>	<b>27,592</b>	<b>95,411</b>	<b>2,898,359</b>
<b>Credit loss allowance</b>	<b>(24,558)</b>	<b>(3,669)</b>	<b>(69,718)</b>	<b>(97,945)</b>
<b>Total net credit lines</b>	<b>2,750,798</b>	<b>23,923</b>	<b>25,693</b>	<b>2,800,414</b>
<b>Other retail loans</b>				
- not overdue	2,665,219	19,003	61,272	2,745,494
- overdue of less than 30 days	8,432	22,171	17,171	47,774
- overdue of 31-90 days	-	3,021	56,910	59,931
- overdue of 91-180 days	-	-	49,884	49,884
- overdue of 181-360 days	-	-	5,178	5,178
- overdue more than 1 year	-	-	6,931	6,931
<b>Total gross other retail loans</b>	<b>2,673,651</b>	<b>44,195</b>	<b>197,346</b>	<b>2,915,192</b>
<b>Credit loss allowance</b>	<b>(40,035)</b>	<b>(4,204)</b>	<b>(138,584)</b>	<b>(182,823)</b>
<b>Total net other retail loans</b>	<b>2,633,616</b>	<b>39,991</b>	<b>58,762</b>	<b>2,732,369</b>
<b>Total gross loans and advances to retail customers</b>	<b>122,611,695</b>	<b>1,480,567</b>	<b>2,934,170</b>	<b>127,026,432</b>
<b>Total expected credit loss on retail customers</b>	<b>(970,409)</b>	<b>(89,890)</b>	<b>(1,622,689)</b>	<b>(2,682,988)</b>
<b>Total net loans and advances to retail customers</b>	<b>121,641,286</b>	<b>1,390,677</b>	<b>1,311,481</b>	<b>124,343,444</b>

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

(thousands of Armenian Drams)

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

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

	<b>2024*</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Loans and advances to customers at amortised cost – corporate customers</b>				
Balance at 1 January	62,464,336	278,167	3,061,509	65,804,012
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(15,054)	15,054	-	-
Transfer to Stage 3	(13,805)	(818)	14,623	-
New financial assets originated or purchased	38,704,600	-	-	38,704,600
Financial assets that have been fully or partially repaid	(21,158,581)	(274,411)	(1,000,796)	(22,433,788)
Net change in asset from interest and foreign exchange revaluation	(718,865)	(3,259)	(419,811)	(1,141,935)
Write-offs/Recoveries	-	-	(1,035,776)	(1,035,776)
<b>Balance at 31 December</b>	<b>79,262,631</b>	<b>14,733</b>	<b>619,749</b>	<b>79,897,113</b>

	<b>2024*</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Loans and advances to customers at amortised cost – retail customers</b>				
Balance at 1 January	94,861,741	1,983,173	1,814,263	98,659,177
Transfer to Stage 1	577,456	(520,305)	(57,151)	-
Transfer to Stage 2	(1,407,560)	1,453,451	(45,891)	-
Transfer to Stage 3	(2,637,212)	(518,125)	3,155,337	-
New financial assets originated or purchased	66,931,326	-	-	66,931,326
Financial assets that have been fully or partially repaid	(36,323,175)	(722,976)	(686,743)	(37,732,894)
Net change in asset from interest and foreign exchange revaluation	609,119	-194,651	32,729	447,197
Write-offs/Recoveries	-	-	(1,278,374)	(1,278,374)
<b>Balance at 31 December</b>	<b>122,611,695</b>	<b>1,480,567</b>	<b>2,934,170</b>	<b>127,026,432</b>

The following table provides information on the credit quality of loans and advances to customers as at 31 December 2023:

	<b>31 December 2023*</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Loans and advances to corporate customers</b>				
<b>Loans to large corporate customers**</b>				
- not overdue	43,953,549	-	538,641	44,492,190
- overdue more than 1 year	-	-	2,265,428	2,265,428
<b>Total gross loans to large corporate customers</b>	<b>43,953,549</b>	<b>-</b>	<b>2,804,069</b>	<b>46,757,618</b>
<b>Credit loss allowance</b>	<b>(658,281)</b>	<b>-</b>	<b>(1,725,361)</b>	<b>(2,383,642)</b>
<b>Total net loans to large corporate customers</b>	<b>43,295,268</b>	<b>-</b>	<b>1,078,708</b>	<b>44,373,976</b>

(thousands of Armenian Drams)

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

	<b>31 December 2023*</b>			
	<b>Stage 1</b>	<b>Stage 1</b>	<b>Stage 1</b>	<b>Stage 1</b>
<b>Cash covered loans</b>				
- not overdue	2,217,984	-	-	2,217,984
<b>Total gross cash covered loans</b>	<b>2,217,984</b>	<b>-</b>	<b>-</b>	<b>2,217,984</b>
<b>Credit loss allowance</b>	<b>(6,461)</b>	<b>-</b>	<b>-</b>	<b>(6,461)</b>
<b>Total net cash covered loans</b>	<b>2,211,523</b>	<b>-</b>	<b>-</b>	<b>2,211,523</b>
<b>Loans to trading companies</b>				
- not overdue	4,902,110	-	17,039	4,919,149
- overdue of 181-360 days	-	-	27,251	27,251
- overdue more than 1 year	-	-	138,811	138,811
<b>Total gross loans to trading companies</b>	<b>4,902,110</b>	<b>-</b>	<b>183,101</b>	<b>5,085,211</b>
<b>Credit loss allowance</b>	<b>(34,037)</b>	<b>-</b>	<b>(106,571)</b>	<b>(140,608)</b>
<b>Total net loans to trading companies</b>	<b>4,868,073</b>	<b>-</b>	<b>76,530</b>	<b>4,944,603</b>
<b>Loans to manufacturing companies</b>				
- not overdue	3,038,648	-	-	3,038,648
- overdue more than 1 year	-	-	32,575	32,575
<b>Total gross loans to manufacturing companies</b>	<b>3,038,648</b>	<b>-</b>	<b>32,575</b>	<b>3,071,223</b>
<b>Credit loss allowance</b>	<b>(22,113)</b>	<b>-</b>	<b>-</b>	<b>(22,113)</b>
<b>Total net loans to manufacturing companies</b>	<b>3,016,535</b>	<b>-</b>	<b>32,575</b>	<b>3,049,110</b>
<b>Other corporate loans</b>				
- not overdue	8,352,045	275,361	13,294	8,640,700
- overdue of less than 30 days	-	2,485	-	2,485
- overdue of 31-90 days	-	321	2,802	3,123
- overdue of 181-360 days	-	-	258	258
- overdue more than 1 year	-	-	25,410	25,410
<b>Total gross other corporate loans</b>	<b>8,352,045</b>	<b>278,167</b>	<b>41,764</b>	<b>8,671,976</b>
<b>Credit loss allowance</b>	<b>(63,012)</b>	<b>(28,958)</b>	<b>(22,504)</b>	<b>(114,474)</b>
<b>Total net other corporate loans</b>	<b>8,289,033</b>	<b>249,209</b>	<b>19,260</b>	<b>8,557,502</b>
<b>Gross loans and advances to corporate customers</b>	<b>62,464,336</b>	<b>278,167</b>	<b>3,061,509</b>	<b>65,804,012</b>
<b>Total expected credit loss on corporate customers</b>	<b>(783,904)</b>	<b>(28,958)</b>	<b>(1,854,436)</b>	<b>(2,667,298)</b>
<b>Total net loans and advances to corporate customers</b>	<b>61,680,432</b>	<b>249,209</b>	<b>1,207,073</b>	<b>63,136,714</b>

(thousands of Armenian Drams)

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

	<b>31 December 2023*</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Loans and advances to retail customers</b>				
<b>Mortgage loans</b>				
- not overdue	41,771,897	156,789	71,835	42,000,521
- overdue of less than 30 days	-	47,506	16,074	63,580
- overdue of 31-90 days	-	1,760	6,755	8,515
- overdue of 91-180 days	-	-	48,830	48,830
- overdue of 181-360 days	-	-	19,148	19,148
- overdue more than 1 year	-	-	22,651	22,651
<b>Total gross mortgage loans</b>	<b>41,771,897</b>	<b>206,055</b>	<b>185,293</b>	<b>42,163,245</b>
<b>Credit loss allowance</b>	<b>(48,577)</b>	<b>(3,625)</b>	<b>(50,748)</b>	<b>(102,950)</b>
<b>Total net mortgage loans</b>	<b>41,723,320</b>	<b>202,430</b>	<b>134,545</b>	<b>42,060,295</b>
<b>Consumer loans secured with real estate</b>				
- not overdue	18,877,584	253,318	321,314	19,452,216
- overdue of less than 30 days	15,300	263,194	53,612	332,106
- overdue of 31-90 days	-	74,820	132,734	207,554
- overdue of 91-180 days	-	-	126,805	126,805
- overdue of 181-360 days	-	-	55,262	55,262
- overdue more than 1 year	-	-	101,595	101,595
<b>Total gross consumer loans secured with real estate</b>	<b>18,892,884</b>	<b>591,332</b>	<b>791,322</b>	<b>20,275,538</b>
<b>Credit loss allowance</b>	<b>(169,160)</b>	<b>(39,106)</b>	<b>(255,612)</b>	<b>(463,878)</b>
<b>Total net consumer loans secured with real estate</b>	<b>18,723,724</b>	<b>552,226</b>	<b>535,710</b>	<b>19,811,660</b>
<b>Express loans</b>				
- not overdue	19,374,517	273,743	67,697	19,715,957
- overdue of less than 30 days	5,666	217,197	19,158	242,021
- overdue of 31-90 days	-	200,526	102,707	303,233
- overdue of 91-180 days	-	-	231,596	231,596
- overdue of 181-365 days	-	-	172,713	172,713
<b>Total gross express loans</b>	<b>19,380,183</b>	<b>691,466</b>	<b>593,871</b>	<b>20,665,520</b>
<b>Credit loss allowance</b>	<b>(526,796)</b>	<b>(124,696)</b>	<b>(420,163)</b>	<b>(1,071,655)</b>
<b>Total net express loans</b>	<b>18,853,387</b>	<b>566,770</b>	<b>173,708</b>	<b>19,593,865</b>
<b>Gold secured loans</b>				
- not overdue	6,784,759	69,198	22,318	6,876,275
- overdue of less than 30 days	4,736	123,951	3,062	131,749
- overdue of 31-90 days	-	43,219	17,773	60,992
- overdue of 91-180 days	-	-	15,535	15,535
- overdue of 181-360 days	-	-	1,980	1,980
- overdue more than 1 year	-	-	3,203	3,203
<b>Total gross gold secured loans</b>	<b>6,789,495</b>	<b>236,368</b>	<b>63,871</b>	<b>7,089,734</b>
<b>Credit loss allowance</b>	<b>(21,756)</b>	<b>(15,267)</b>	<b>(43,246)</b>	<b>(80,269)</b>
<b>Total net gold secured loans</b>	<b>6,767,739</b>	<b>221,101</b>	<b>20,625</b>	<b>7,009,465</b>

(thousands of Armenian Drams)

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

	<b>31 December 2023</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Salary project loans</b>				
- not overdue	3,218,963	11,139	2,106	3,232,208
- overdue of less than 30 days	-	17,360	1,890	19,250
- overdue of 31-90 days	-	11,243	2,981	14,224
- overdue of 91-180 days	-	-	15,534	15,534
- overdue of 181-360 days	-	-	25,588	25,588
- overdue more than 1 year	-	-	1,059	1,059
<b>Total gross salary project loans</b>	<b>3,218,963</b>	<b>39,742</b>	<b>49,158</b>	<b>3,307,863</b>
<b>Credit loss allowance</b>	<b>(32,420)</b>	<b>(8,669)</b>	<b>(36,067)</b>	<b>(77,156)</b>
<b>Total net salary project loans</b>	<b>3,186,543</b>	<b>31,073</b>	<b>13,091</b>	<b>3,230,707</b>
<b>Cash covered loans</b>				
- not overdue	1,047,736	-	-	1,047,736
<b>Total gross cash covered loans</b>	<b>1,047,736</b>	<b>-</b>	<b>-</b>	<b>1,047,736</b>
<b>Credit loss allowance</b>	<b>(100)</b>	<b>-</b>	<b>-</b>	<b>(100)</b>
<b>Total net cash covered loans</b>	<b>1,047,636</b>	<b>-</b>	<b>-</b>	<b>1,047,636</b>
<b>Credit lines</b>				
- not overdue	2,112,987	13,613	697	2,127,297
- overdue of less than 30 days	-	9,077	770	9,847
- overdue of 31-90 days	-	11,498	4,019	15,517
- overdue of 91-180 days	-	-	22,594	22,594
- overdue of 181-360 days	-	-	14,261	14,261
- overdue more than 1 year	-	-	6,955	6,955
<b>Total gross credit lines</b>	<b>2,112,987</b>	<b>34,188</b>	<b>49,296</b>	<b>2,196,471</b>
<b>Credit loss allowance</b>	<b>(25,047)</b>	<b>(8,421)</b>	<b>(38,414)</b>	<b>(71,882)</b>
<b>Total net credit lines</b>	<b>2,087,940</b>	<b>25,767</b>	<b>10,882</b>	<b>2,124,589</b>
<b>Other retail loans</b>				
- not overdue	1,647,330	10,570	46,691	1,704,591
- overdue of less than 30 days	266	171,073	3,827	175,166
- overdue of 31-90 days	-	2,379	4,636	7,015
- overdue of 91-180 days	-	-	14,275	14,275
- overdue of 181-360 days	-	-	9,488	9,488
- overdue more than 1 year	-	-	2,535	2,535
<b>Total gross other retail loans</b>	<b>1,647,596</b>	<b>184,022</b>	<b>81,452</b>	<b>1,913,070</b>
<b>Credit loss allowance</b>	<b>(21,686)</b>	<b>(33,400)</b>	<b>(49,093)</b>	<b>(104,179)</b>
<b>Total net other retail loans</b>	<b>1,625,910</b>	<b>150,622</b>	<b>32,359</b>	<b>1,808,891</b>
<b>Total gross loans and advances to retail customers</b>	<b>94,861,741</b>	<b>1,983,173</b>	<b>1,814,263</b>	<b>98,659,177</b>
<b>Total expected credit loss on retail customers</b>	<b>(845,542)</b>	<b>(233,184)</b>	<b>(893,343)</b>	<b>(1,972,069)</b>
<b>Total net loans and advances to retail customers</b>	<b>94,016,199</b>	<b>1,749,989</b>	<b>920,920</b>	<b>96,687,108</b>

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

(thousands of Armenian Drams)

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

Significant changes in the gross carrying amount of retail and corporate portfolios during the year ended 31 December 2023 that contributed to changes in loss allowance were as follows:

	<b>2023*</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Loans and advances to customers at amortised cost – corporate customers</b>				
Balance at 1 January	40,913,012	584,223	3,270,370	44,767,605
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(301)	301	-	-
Transfer to Stage 3	(11,360)	(4,336)	15,696	-
New financial assets originated or purchased	39,396,118	-	-	39,396,118
Financial assets that have been fully or partially repaid	(18,560,378)	(236,857)	(388,296)	(19,185,531)
Net change in asset from interest and foreign exchange revaluation	727,245	(65,164)	176,631	838,712
Write-offs	-	-	(12,892)	(12,892)
<b>Balance at 31 December</b>	<b>62,464,336</b>	<b>278,167</b>	<b>3,061,509</b>	<b>65,804,012</b>
<b>Loans and advances to customers at amortised cost – retail customers</b>				
Balance at 1 January	77,908,270	1,218,668	1,855,352	80,982,290
Transfer to Stage 1	129,514	(123,031)	(6,483)	-
Transfer to Stage 2	(1,869,449)	1,883,956	(14,507)	-
Transfer to Stage 3	(1,380,040)	(397,707)	1,777,747	-
New financial assets originated or purchased	48,533,294	-	-	48,533,294
Financial assets that have been fully or partially repaid	(28,830,943)	(581,335)	(753,868)	(30,166,146)
Net change in asset from interest and foreign exchange revaluation	371,095	(17,378)	111,121	464,838
Write-offs	-	-	(1,155,099)	(1,155,099)
<b>Balance at 31 December</b>	<b>94,861,741</b>	<b>1,983,173</b>	<b>1,814,263</b>	<b>98,659,177</b>

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

Key assumptions and judgements for estimating credit loss allowance are presented in Note 27(b).

**(c) Analysis of collateral and other credit enhancements****(i) Loans to corporate customers**

Loans to corporate customers are subject to individual credit appraisal and impairment testing. The general creditworthiness of a corporate customer tends to be the most relevant indicator of credit quality of the loan extended to it. However, collateral provides additional security and the Group generally requests corporate borrowers to provide it.

**(ii) Loans to retail customers**

Mortgage loans are secured by the underlying housing real estate. The Group's policy is to issue mortgage loans with a loan-to-value ratio at the date of loan issuance of a maximum of 90%.

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

Express loans are mainly unsecured.

(thousands of Armenian Drams)

**17. Loans to customers (continued)****(c) Analysis of collateral and other credit enhancements (continued)**

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

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

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

**(iii) Repossessed collateral**

As at 31 December 2024 and 31 December 2023, the repossessed collateral comprises mainly real estate.

	<b>2024</b> <b>Carrying amount</b> <b>AMD'000</b>	<b>2023</b> <b>Carrying amount</b> <b>AMD'000</b>
Balance at 1 January	2,709,765	3,098,462
Additions	30,173	210,620
Sales	(521,851)	(599,317)
Impairment	(197,557)	-
<b>Balance at 31 December</b>	<b>2,020,530</b>	<b>2,709,765</b>

As at 31 December 2024 the outstanding balance of repossessed assets includes assets sold with settlement of receivables in instalments amounted AMD 780,711 thousand (31 December 2023: AMD 985,233 thousand).

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

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

The following tables provide information on the collateral pledged for the loans and advances to customers classified at Stage 3 as at 31 December 2024 and 31 December 2023.

	<b>Maximum exposure to credit risk</b>	<b>Property</b>	<b>Other</b>	<b>Surplus collateral</b>	<b>Total collateral</b>	<b>Net exposure</b>	<b>Associated ECL</b>
<b>31 December 2024</b>							
Loans to legal entities	619,749	294,639	294,840	(152,389)	437,090	182,659	453,425
Consumer loans	2,617,458	2,686,551	115,494	(2,021,358)	780,687	1,836,771	1,509,846
Mortgage loans	316,707	638,959	178,456	(500,708)	316,707	-	112,843
	<b>3,553,914</b>	<b>3,620,149</b>	<b>588,790</b>	<b>(2,674,455)</b>	<b>1,534,484</b>	<b>2,019,430</b>	<b>2,076,113</b>
	<b>Maximum exposure to credit risk</b>	<b>Property</b>	<b>Other</b>	<b>Surplus collateral</b>	<b>Total collateral</b>	<b>Net exposure</b>	<b>Associated ECL</b>
<b>31 December 2023</b>							
Loans to legal entities	3,061,509	690,662	1,573,583	(701,542)	1,562,703	1,498,806	1,854,436
Consumer loans	1,628,969	2,813,850	65,801	(2,046,922)	832,729	796,240	842,595
Mortgage loans	185,294	524,395	94,125	(433,226)	185,293	-	50,748
	<b>4,875,772</b>	<b>4,028,907</b>	<b>1,733,509</b>	<b>(3,181,690)</b>	<b>2,580,726</b>	<b>2295048</b>	<b>2,747,779</b>

(thousands of Armenian Drams)

**17. Loans and advances to customers (continued)****(d) Industry and geographical analysis of the loan portfolio**

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

	<b>2024</b>	<b>2023</b>
Trade and finance	18,883,518	14,507,622
Hospitality	12,010,536	12,053,910
Service	11,719,193	11,154,050
Manufacturing	7,220,295	8,506,577
Real estate	13,599,032	10,740,889
Energy	4,154,319	4,782,196
Construction	1,593,649	1,660,967
Transportation and communication	2,878,114	812,050
Agriculture, forestry and timber	100,893	174,476
Mining	5,868,740	-
Other	1,883,540	1,411,275
Loans to retail customers	127,011,716	98,659,177
	<b>206,923,545</b>	<b>164,463,189</b>
Credit loss allowance	(4,306,754)	(4,639,366)
	<b>202,616,791</b>	<b>159,823,823</b>

Prior year amounts of certain line items of economic sectors have been changed due to reclassifications made to conform to classifications used in the current year.

As at 31 December 2024, loans and advances to customers with a gross value of AMD 206,701,976 thousand (2023: AMD 162,681,708 thousand) are issued to customers located within the Republic of Armenia.

**(e) Assets under lien**

As at 31 December 2024, loans and advances to customers with a gross value of AMD 23,805,339 thousand (2023: AMD 23,754,959 thousand) serve as collateral for loans from credit organisations and borrowings from the Central Bank of Armenia (Note 21).

**(f) Significant credit exposures**

As at 31 December 2024, the Group has no borrowers or groups of connected borrowers (2023: no), whose loan balances exceed 10% of equity.

**(g) Loan maturities**

The maturity of the loan portfolio is presented in Note 27(c), which shows the remaining period from the reporting date to the contractual maturity of the loans.

(thousands of Armenian Drams)

**18. Property, equipment and intangible assets****(a) Property and equipment**

	<b>Buildings</b>	<b>Leasehold improvements</b>	<b>Computers and communication equipment</b>	<b>Fixtures and fittings</b>	<b>Motor vehicles</b>	<b>Total</b>
<b>Cost</b>						
Balance as at 1 January 2024	3,857,852	1,357,438	5,010,526	2,301,904	151,424	<b>12,679,144</b>
Effect of business combination	-	-	888	-	-	<b>888</b>
Additions	7,972	443,709	988,426	639,666	51,692	<b>2,131,465</b>
Disposals/write-offs	-	(20,077)	(72,761)	(120,235)	(27,146)	<b>(240,219)</b>
Reclassification	-	(2,750)	2,971	(221)	-	<b>-</b>
<b>Balance at 31 December 2024</b>	<b>3,865,824</b>	<b>1,778,320</b>	<b>5,930,050</b>	<b>2,821,114</b>	<b>175,970</b>	<b>14,571,278</b>
<b>Depreciation and amortisation</b>						
Balance as at 1 January 2024	1,096,200	263,724	2,408,700	1,263,142	87,269	<b>5,119,035</b>
Depreciation and amortisation for the year	75,259	115,674	617,125	289,540	17,930	<b>1,115,528</b>
Disposals/write-offs	-	(15,954)	(51,989)	(94,852)	(15,990)	<b>(178,785)</b>
Reclassification	-	(25)	230	(205)	-	<b>-</b>
<b>Balance at 31 December 2024</b>	<b>1,171,459</b>	<b>363,419</b>	<b>2,974,066</b>	<b>1,457,625</b>	<b>89,209</b>	<b>6,055,778</b>
<b>Carrying amount</b>						
<b>At 31 December 2024</b>	<b>2,694,365</b>	<b>1,414,901</b>	<b>2,955,984</b>	<b>1,363,489</b>	<b>86,761</b>	<b>8,515,500</b>
<b>Cost</b>						
Balance as at 1 January 2023	3,965,886	998,143	2,985,417	1,634,582	124,788	<b>9,708,816</b>
Effect of business combination	-	75,472	510,775	61,072	5,740	<b>653,059</b>
Additions	15,860	225,120	1,510,861	673,927	20,896	<b>2,446,664</b>
Disposals/write-offs	-	-	(4,777)	(8,974)	-	<b>(13,751)</b>
Transfer from revaluation as a result of policy change	(123,894)	-	-	-	-	<b>(123,894)</b>
Reclassification	-	58,703	8,250	(58,703)	-	<b>8,250</b>
<b>Balance at 31 December 2023</b>	<b>3,857,852</b>	<b>1,357,438</b>	<b>5,010,526</b>	<b>2,301,904</b>	<b>151,424</b>	<b>12,679,144</b>
<b>Depreciation and amortisation</b>						
Balance as at 1 January 2023	1,034,773	169,417	1,871,713	1,032,485	69,219	<b>4,177,607</b>
Effect of business combination	-	36,970	208,604	34,103	1,867	<b>281,544</b>
Depreciation and amortisation for the year	76,756	57,337	332,490	201,710	16,183	<b>684,476</b>
Disposals/write-offs	-	-	(4,530)	(5,156)	-	<b>(9,686)</b>
Transfer from revaluation as a result of policy change	(15,329)	-	-	-	-	<b>(15,329)</b>
Reclassification	-	-	423	-	-	<b>423</b>
<b>Balance at 31 December 2023</b>	<b>1,096,200</b>	<b>263,724</b>	<b>2,408,700</b>	<b>1,263,142</b>	<b>87,269</b>	<b>5,119,035</b>
<b>Carrying amount</b>						
<b>At 31 December 2023</b>	<b>2,761,652</b>	<b>1,093,714</b>	<b>2,601,826</b>	<b>1,038,762</b>	<b>64,155</b>	<b>7,560,109</b>

(thousands of Armenian Drams)

**18. Property, equipment and intangible assets (continued)****(b) Intangible assets**

	<i>Customer base</i>	<i>Software</i>	<i>Trademark</i>	<i>Licenses and other</i>	<i>Total</i>
<b>Cost</b>					
Balance as at 1 January 2024	11,008,436	4,436,107	1,156,309	1,478,620	<b>18,079,472</b>
Effect of business combination	709,572	96,341	82,591	90	<b>888,594</b>
Additions	-	918,802	-	538,372	<b>1,457,174</b>
Disposals/write-offs	-	(403,455)	-	(334,418)	<b>(737,873)</b>
<b>Balance at 31 December 2024</b>	<b>11,718,008</b>	<b>5,047,795</b>	<b>1,238,900</b>	<b>1,682,664</b>	<b>19,687,367</b>
<b>Depreciation and amortisation</b>					
Depreciation and amortisation for the year	268,498	1,187,760	29,682	859,972	<b>2,345,912</b>
Disposals/write-offs	1,124,909	444,475	124,950	452,114	<b>2,146,448</b>
Disposals/write-offs	-	(132,259)	-	(331,351)	<b>(463,610)</b>
<b>Balance at 31 December 2024</b>	<b>1,393,407</b>	<b>1,499,976</b>	<b>154,632</b>	<b>980,735</b>	<b>4,028,750</b>
<b>Carrying amount</b>					
<b>At 31 December 2024</b>	<b>10,324,601</b>	<b>3,547,819</b>	<b>1,084,268</b>	<b>701,929</b>	<b>15,658,617</b>
<b>Cost</b>					
Balance as at 1 January 2023	-	2,326,663	-	859,541	<b>3,186,204</b>
Effect of business combination	11,008,436	1,041,248	1,157,587	552,201	<b>13,759,472</b>
Additions	-	512,547	-	649,975	<b>1,162,522</b>
Disposals/write-offs	-	(4,056)	-	(50,001)	<b>(54,057)</b>
Reclassification	-	-	-	(8,250)	<b>(8,250)</b>
Net translation differences	-	-	-	33,581	<b>33,581</b>
<b>Balance at 31 December 2023</b>	<b>11,008,436</b>	<b>3,876,402</b>	<b>1,157,587</b>	<b>2,037,047</b>	<b>18,079,472</b>
<b>Depreciation and amortisation</b>					
Balance as at 1 January 2023	-	635,555	-	601,220	<b>1,236,775</b>
Effect of business combination	-	102,283	-	202,104	<b>304,387</b>
Depreciation and amortisation for the year	268,498	265,883	29,682	287,593	<b>851,656</b>
Disposals/write-offs	-	-	-	(54,230)	<b>(54,230)</b>
Reclassification	-	-	-	(423)	<b>(423)</b>
Net translation differences	-	-	-	7,747	<b>7,747</b>
<b>Balance at 31 December 2023</b>	<b>268,498</b>	<b>1,003,721</b>	<b>29,682</b>	<b>1,044,011</b>	<b>2,345,912</b>
<b>Carrying amount</b>					
<b>At 31 December 2023</b>	<b>10,739,938</b>	<b>2,872,681</b>	<b>1,127,905</b>	<b>993,036</b>	<b>15,733,560</b>

(thousands of Armenian Drams)

## 19. Leases – Group as a lessee

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

### (a) Right-of-use asset

	<b>2024</b>	<b>2023</b>
Balance at 1 January	3,328,797	2,071,018
Additions/modifications to right of use assets	1,486,012	1,618,135
Depreciation charge for the period	(690,601)	(360,356)
<b>Balance at 31 December</b>	<b>4,124,208</b>	<b>3,328,797</b>

### (b) Lease liability

	<b>2024</b>	<b>2023</b>
Less than one year	1,024,623	797,070
One to two years	1,085,362	777,942
Two to five years	2,772,795	2,137,043
More than five years	1,395,792	1,389,337
<b>Total undiscounted lease payable</b>	<b>6,278,572</b>	<b>5,101,392</b>
Unearned finance cost	(1,788,114)	(1,542,909)
<b>Lease liability</b>	<b>4,490,458</b>	<b>3,558,483</b>

### (c) Amounts recognised in profit and loss

	<b>2024</b>	<b>2023</b>
Depreciation of right of use asset	690,601	360,356
Interest on lease liabilities	461,090	257,638
Expenses relating to short-term leases	85,872	60,405

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

	<b>2024</b>	<b>2023</b>
<b>Balance at 1 January</b>	<b>3,558,483</b>	<b>2,194,220</b>
<b>Changes from financing cash flows</b>		
Repayments	(667,299)	(283,185)
<b>Total changes from financing cash flows</b>	<b>(667,299)</b>	<b>(283,185)</b>
<b>Other changes</b>		
Additions to lease liability	1,599,272	1,649,209
Interest paid	(464,190)	(257,638)
Interest expense	461,090	257,638
The effect of change in foreign exchange rates	3,102	(1,761)
<b>Balance at 31 December</b>	<b>4,490,458</b>	<b>3,558,483</b>

(thousands of Armenian Drams)

**20. Other assets**

	<b>2024</b>	<b>2023</b>
Other receivables*	3,451,938	2,177,192
Trade receivables **	1,066,487	1,138,115
Transactions in process	538,958	2,661,611
Advances to suppliers under finance leases	294,592	-
Funds deposited for future settlement	182,152	-
Credit loss allowance***	(30,336)	(59,281)
<b>Total net other financial assets</b>	<b>5,503,791</b>	<b>5,917,637</b>
Prepayments	1,120,925	1,446,464
Materials and supplies	134,071	118,585
Other	90,658	150,008
<b>Total other non-financial assets</b>	<b>1,345,655</b>	<b>1,715,058</b>
<b>Total other assets</b>	<b>6,849,446</b>	<b>7,632,695</b>

\* AMD 1,957,092 thousand of Other receivables represents amounts placed in VISA system to finance Bank's customers transactions and should be received back from those who make transactions (31 December 2023: AMD 1,249,370 thousand).

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

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

**21. Deposits and balances from banks and other financial institutions**

	<b>2024</b>	<b>2023</b>
Term deposits from banks and other financial institutions	19,751,854	5,975,748
Secured loans with the CBA	13,458,324	13,770,199
Secured loans from other financial institutions	10,785,717	10,514,220
Current accounts with financial institutions	8,239,622	10,873,525
Loans from banks	3,207,551	2,253,569
Vostro accounts	166,269	86,371
Other liability	275,611	173,966
	<b>55,884,948</b>	<b>43,647,598</b>

As at 31 December 2024, loans and advances to customers with a gross value of AMD 23,805,339 thousand (2023: AMD 23,754,959 thousand) serve as collateral for secured loans from credit organisations and borrowings from the Central Bank of Armenia (Note 17).

As at 31 December 2024 included in loans from banks and other financial institutions are loans of AMD 24,244,041 thousand (31 December 2023: AMD 24,284,419 thousand) with arrangements to sub-lend these funds to borrowers for qualifying loans. There is no actual market for this type of financing, provided by local and international non-government organisations to support small and medium-size businesses in specific sectors of economy and develop the mortgage market. These loans represent a separate market segment.

As at 31 December 2024 the Group has loans from four banks and other financial institution except CBA (2023: three banks and other financial institution except CBA), whose balances exceed 10% of equity. The gross value of these loans as at 31 December 2024 is AMD 50,670,438 thousand (2023: AMD 33,217,083 thousand).

(thousands of Armenian Drams)

**21. Deposits and balances from banks and other financial institutions (continued)****(a) Reconciliation of movements of liabilities to cash flows arising from financing activities**

'000 AMD	<b>2024</b> <b>AMD'000</b>	<b>2023</b> <b>AMD'000</b>
<b>Balance at 1 January</b>	<b>24,284,419</b>	<b>15,911,004</b>
<b>Changes from financing cash flows</b>		
Proceeds from borrowed funds	3,678,363	11,517,476
Repayment borrowed funds	(3,706,737)	(3,290,975)
<b>Total changes from financial cash flows</b>	<b>(28,374)</b>	<b>8,226,501</b>
<b>Other changes</b>		
Interest expense	1,818,185	1,479,180
Interest paid (operating cash flows)	(1,830,189)	(1,332,266)
<b>Balance at 31 December</b>	<b>24,244,041</b>	<b>24,284,419</b>

**22. Amounts payable under repurchase agreements**

	<b>2024</b> <b>AMD'000</b>	<b>2023</b> <b>AMD'000</b>
Amounts payable under repurchase agreements with CBA	12,016,880	8,010,540
Amounts payable under repurchase agreements with banks	5,078,708	-
	<b>17,095,588</b>	<b>8,010,540</b>

The securities pledged under repurchase agreements with the CBA and banks include financial assets measured both at amortised cost and at fair value through OCI. As at 31 December 2024, the total carrying amount of pledged securities was AMD 14,732,571 thousand (31 December 2023: 6,663,688 thousand) for assets measured at amortised cost and AMD 385,583 thousand (31 December 2023: nil) for assets measured at FVOCI. The fair value of amortised cost securities was AMD 18,225,253 thousand. Please see *Note 14*.

**23. Debt securities issued**

	<b>2024</b> <b>AMD'000</b>	<b>2023</b> <b>AMD'000</b>
Debt securities issued in USD	14,051,288	13,483,659
Debt securities issued in AMD	3,068,934	2,023,192
	<b>17,120,222</b>	<b>15,506,851</b>

During 2024 the Group's subsidiary ID Bank issued bonds with nominal amount of USD 12,254 thousand and AMD 2,549,750 thousand (2023: USD 13,000 thousand). As at 31 December 2024 the balance of debt securities issued is attributable to tranches issued from 2022 to 2024 (31 December 2023: from 2021 to 2023).

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

As at 31 December 2024, the maturity dates of outstanding debt securities range from January 2025 to August 2027 for USD-denominated bonds, and from January 2025 to September 2026 for AMD-denominated bonds. All bonds have maturity periods of 2 to 3 years from their issue dates and bear interest payable on a quarterly basis.

(thousands of Armenian Drams)

**23. Debt securities issued (continued)****(a) Reconciliation of movements of liabilities to cash flows arising from financing activities**

'000 AMD	<b>2024</b> <b>AMD'000</b>	<b>2023</b> <b>AMD'000</b>
<b>Balance at 1 January</b>	15,506,851	12,895,735
<b>Changes from financing cash flows</b>		
Proceeds from debt securities issued	8,499,839	6,208,154
Repayment of debt securities issued	(6,673,525)	(3,982,629)
<b>Total changes from financing cash flows</b>	<b>1,826,314</b>	<b>2,225,525</b>
<b>The effect of changes in foreign exchange rates</b>	<b>(235,412)</b>	<b>392,467</b>
<b>Other changes</b>		
Interest expense	759,633	672,885
Interest paid (operating cash flows)	(737,164)	(679,761)
<b>Balance at 31 December</b>	<b>17,120,222</b>	<b>15,506,851</b>

**24. Current accounts and deposits from customers**

	<b>2024</b>	<b>2023</b>
Current accounts and demand deposits		
- Retail	79,740,032	74,648,137
- Corporate	62,355,944	83,475,720
Term deposits		
- Retail	47,045,823	41,138,971
- Corporate	33,170,339	8,340,237
	<b>222,312,138</b>	<b>207,603,065</b>

As at 31 December 2024, the Group maintained customer deposit balances of AMD 10,661,571 thousand (2023: AMD 7,710,328 thousand) that serve as collateral for loans and advances to customers and guarantees issued by the Group.

As of 31 December 2024, the Group has one customers whose balances exceed 10% of equity (2023: one customer) with a gross value of AMD 22,949,077 thousand (2023: 26,716,497 thousand).

**25. Other liabilities**

	<b>2024</b>	<b>2023</b>
Payables to employees	4,163,481	3,015,851
Payables to customers on e-money	2,454,093	2,067,195
Received prepayments for rendering wire transfer transactions	1,750,714	1,551,254
Payables from wire transfer transactions	1,711,513	3,370,417
Payables to payment systems	1,299,145	437,760
Other non-cleared transactions	1,151,324	985,565
Dividend payable	-	37,938
Advances from customers under finance lease arrangements	132,683	-
Other financial liabilities	2,420,973	1,315,780
<b>Total other financial liabilities</b>	<b>15,083,926</b>	<b>12,781,760</b>
Other non-financial liabilities	1,115,790	949,611
Taxes payable other than on income	240,979	266,532
<b>Total other non-financial liabilities</b>	<b>1,356,769</b>	<b>1,216,143</b>
<b>Total other liabilities</b>	<b>16,440,695</b>	<b>13,997,903</b>

(thousands of Armenian Drams)

## 25. Other liabilities (continued)

### **Payables to customers on e-money**

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

## 26. Share capital and reserves

### **(a) Issued capital and share premium**

As at 31 December 2024, the authorised, issued, and outstanding share capital of the Group comprises 10,000 ordinary shares (2023: 10,000), each with a nominal value of AMD 100 (2023: AMD 100). The total share capital as at 31 December 2024 and 2023 amounts to AMD 1,000 thousand.

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

### **(b) Nature and purpose of reserves**

#### **Fair value reserve for investment securities**

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

### **(c) Dividends**

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

During 2024 the Group declared and paid dividends of AMD 3,420,000 thousand to its shareholders.

Before the formation of the Group, in 2023 the general meeting of the shareholders of the Bank decided to pay dividends amounted AMD 7,837,500 thousand to the shareholders of the Bank from the undistributed profits of previous years with dividend per share amount of AMD 11.5 thousand.

## 27. Risk management

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

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

### **(a) Risk management policies and procedures**

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

(thousands of Armenian Drams)

## 27. Risk management (continued)

### (a) Risk management policies and procedures (continued)

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

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

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

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

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

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

### (b) Financial risk review

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

#### Credit risk

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

The credit policy of ID Bank establishes:

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

(thousands of Armenian Drams)

## 27. Risk management (continued)

### (b) Financial risk review (continued)

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

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

#### Credit risk - Amounts arising from ECL

##### Inputs, assumptions and techniques used for estimating impairment

See accounting policy in Note 4(g).

##### Significant increase in credit risk

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

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

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

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

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

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

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

(thousands of Armenian Drams)

## 27. Risk management (continued)

### (b) Financial risk review (continued)

#### **Generating the term structure of PD**

##### *Market benchmark approach*

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

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

##### *Collectively assessed*

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

##### *Individually assessed - Loss given default*

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

- ▶ Haircut of 20%-40% is applied on immovable collateral;
- ▶ The period of collateral realization is estimated to be 12-36 months, depending on collateral type, geographical region, etc.

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

##### *Incorporation of forward-looking information*

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

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

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

##### *Determining whether credit risk has increased significantly*

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

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

(thousands of Armenian Drams)

## 27. Risk management (continued)

### (b) Financial risk review (continued)

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

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

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

#### *Definition of default*

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

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

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

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

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

#### *Modified financial assets*

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

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

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

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

(thousands of Armenian Drams)

## 27. Risk management (continued)

### (b) Financial risk review (continued)

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

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

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

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

#### *Measurement of ECL*

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

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

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

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

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

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

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

- ▶ Instrument type;
- ▶ Collateral type.

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

For portfolios in respect of which the Group has limited historical data, external benchmark information is used to supplement the internally available data. The portfolios for which external benchmark information represents a significant input into measurement of ECL are as follows:

(thousands of Armenian Drams)

## 27. Risk management (continued)

### (b) Financial risk review (continued)

#### Offsetting financial assets and financial liabilities

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

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

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

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

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

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

The table below shows financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar arrangements as at 31 December 2024:

#### AMD'000

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

(thousands of Armenian Drams)

## 27. Risk management (continued)

### (b) Financial risk review (continued)

The table below shows financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar arrangements as at 31 December 2023:

Types of financial assets/liabilities	Gross amounts of recognised financial asset/liability	Gross amount of recognised financial liability/asset offset in the consolidated statement of financial position	Net amount of financial assets/liabilities presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Collateral received	
Amounts receivable under reverse repurchase agreements	8,615,278	-	8,615,278	-	(8,615,278)	-
<b>Total financial assets</b>	<b>8,615,278</b>	<b>-</b>	<b>8,615,278</b>	<b>-</b>	<b>(8,615,278)</b>	<b>-</b>
Amounts payable under repurchase agreements	(8,010,540)	-	(8,010,540)	6,663,688	-	(1,346,852)
<b>Total financial liabilities</b>	<b>(8,010,540)</b>	<b>-</b>	<b>(8,010,540)</b>	<b>6,663,688</b>	<b>-</b>	<b>(1,346,852)</b>

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the consolidated statement of financial position that are disclosed in the above tables are measured in the consolidated statement of financial position on the amortised cost basis.

### (c) Market risk

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

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

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

#### (ii) Currency risk

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

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

(thousands of Armenian Drams)

## 27. Risk management (continued)

### (c) Market risk (continued)

A weakening of the AMD, as indicated below, against the following currencies at 31 December 2024 and 2023, would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is before taxes and is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	<u>2024</u>	<u>2023</u>
10% appreciation of USD against AMD	297,706	329,507
10% appreciation of EUR against AMD	12,184	11,887

A strengthening of the AMD against the above currencies at 31 December 2024 and 2023 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

### (ii) Liquidity risk

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

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

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

The liquidity management policy requires:

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

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

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

(thousands of Armenian Drams)

**27. Risk management (continued)****(c) Market risk (continued)**

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

	<i>Demand and less than 1 month</i>	<i>From 1 to 12 months</i>	<i>More than 1 year</i>	<i>Total gross amount outflow</i>	<i>Carrying amount</i>
<b>Non-derivative liabilities</b>					
Deposits and balances from banks and other financial institutions	12,715,581	10,695,496	45,841,840	69,252,917	55,884,948
Amounts payable under repurchase agreements	17,102,448	–	–	17,102,448	17,095,588
Debt securities issued	2,534,331	5,835,031	9,875,860	18,245,222	17,120,222
Current accounts and deposits from customers	147,653,291	66,180,369	11,889,359	225,723,019	222,312,138
Lease liability	31,585	993,038	5,253,950	6,278,573	4,490,458
Other financial liabilities	11,224,285	2,504,804	1,663,562	15,392,651	15,083,926
<b>Total financial liabilities</b>	<b>191,261,521</b>	<b>86,208,738</b>	<b>74,524,571</b>	<b>351,994,830</b>	<b>331,987,280</b>
<b>Credit related commitments</b>	<b>24,079,360</b>	<b>–</b>	<b>–</b>	<b>24,079,360</b>	<b>–</b>

The maturity analysis for financial liabilities as at 31 December 2023 is as follows:

	<i>Demand and less than 1 month</i>	<i>From 1 to 12 months</i>	<i>More than 1 year</i>	<i>Total gross amount outflow</i>	<i>Carrying amount</i>
<b>Non-derivative liabilities</b>					
Deposits and balances from banks and other financial institutions	13,501,011	22,911,626	19,623,961	56,036,598	43,647,598
Amounts payable under repurchase agreements	8,015,413	–	–	8,015,413	8,010,540
Debt securities issued	54,218	6,103,790	10,105,145	16,263,153	15,506,851
Current accounts and deposits from customers	161,899,958	46,429,558	1,609,991	209,939,507	207,603,065
Lease liability	66,422	730,648	4,304,322	5,101,392	3,558,483
Other financial liabilities	10,195,674	1,310,361	1,257,529	12,763,564	12,781,760
<b>Total financial liabilities</b>	<b>193,732,696</b>	<b>77,485,983</b>	<b>36,900,948</b>	<b>308,119,627</b>	<b>291,108,297</b>
<b>Credit related commitments</b>	<b>8,221,736</b>	<b>–</b>	<b>–</b>	<b>8,221,736</b>	<b>–</b>

(thousands of Armenian Drams)

## 27. Risk management (continued)

### (c) Market risk (continued)

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

	<i>Demand and less than 1 year</i>	<i>More than 1 year</i>	<i>No maturity</i>	<i>Overdue*</i>	<i>Total</i>
<b>Assets</b>					
Cash and cash equivalents	42,670,845	–	–	–	42,670,845
Financial instrument measured at fair value through profit or loss	870,332	–	–	–	870,332
Investment securities measured at fair value through other comprehensive income					
Held by Group	6,902,328	8,437,131	–	–	15,339,459
Pledged under sale and repurchase agreements	–	385,583	–	–	385,583
Investment securities measured at amortised cost					
Held by Group	45,077,876	1,245,631	–	–	46,323,507
Pledged under sale and repurchase agreements	1,865,241	12,826,835	–	–	14,692,076
Loans and advances to banks and other financial institutions	57,030,176	2,747,250	–	7,276	59,784,702
Amounts receivable under reverse repurchase agreements	14,606,422	–	–	–	14,606,422
Loans and advances to customers	49,521,931	152,641,547	–	453,313	202,616,791
Property, equipment and intangible assets	–	–	24,174,117	–	24,174,117
Right-of-use asset	–	–	4,124,208	–	4,124,208
Repossessed assets	–	–	2,020,530	–	2,020,530
Deferred tax assets	–	–	124,688	–	124,688
Goodwill	–	–	508,513	–	508,513
Other assets	6,326,136	489,918	3,534	29,858	6,849,446
<b>Total assets</b>	<b>224,871,287</b>	<b>178,773,895</b>	<b>30,955,590</b>	<b>490,447</b>	<b>435,091,219</b>

*(thousands of Armenian Drams)***27. Risk management (continued)****(c) Market risk (continued)**

	<i>Demand and less than 1 year</i>	<i>More than 1 year</i>	<i>No maturity</i>	<i>Overdue*</i>	<i>Total</i>
<b>Liabilities</b>					
Deposits and balances from banks and other financial institutions	23,255,351	32,629,597	–	–	55,884,948
Amounts payable under repurchase agreements	17,095,588	–	–	–	17,095,588
Debt securities issued	7,727,852	9,392,370	–	–	17,120,222
Current accounts and deposits from customers	212,170,481	10,141,657	–	–	222,312,138
Deferred tax liability	–	–	2,490,019	–	2,490,019
Lease liability	653,171	3,837,287	–	–	4,490,458
Current tax liabilities	3,007,384	–	–	–	3,007,384
Other liabilities	14,960,004	1,480,691	–	–	16,440,695
<b>Total liabilities</b>	<b>278,869,831</b>	<b>57,481,602</b>	<b>2,490,019</b>	<b>–</b>	<b>338,841,452</b>
<b>Net position</b>	<b>(53,998,544)</b>	<b>121,292,293</b>	<b>28,465,571</b>	<b>490,447</b>	<b>96,249,767</b>

\* *Overdue portion of outstanding overdue loans*

(thousands of Armenian Drams)

## 27. Risk management (continued)

### (c) Market risk (continued)

The table below shows an analysis, by contractual maturities, of amounts recognised in the consolidated statement of financial position as at 31 December 2023:

	<i>Demand and less than 1 year</i>	<i>More than 1 year</i>	<i>No maturity</i>	<i>Overdue*</i>	<i>Total</i>
<b>Assets</b>					
Cash and cash equivalents	38,603,388	–	–	–	38,603,388
Financial instrument measured at fair value through profit or loss	449,838	–	–	–	449,838
Investment securities measured at fair value through other comprehensive income					
Held by Group	2,702,664	7,742,298	367,745	–	10,812,707
Investment securities measured at amortised cost					
Held by Group	23,997,692	30,364,266	–	–	54,361,958
Pledged under sale and repurchase agreements	6,646,146	–	–	–	6,646,146
Loans and advances to banks and other financial institutions	57,766,164	3,845,016	–	–	61,611,180
Amounts receivable under reverse repurchase agreements	8,606,787	–	–	–	8,606,787
Loans and advances to customers	40,691,662	118,007,634	–	1,124,527	159,823,823
Property, equipment and intangible assets	–	–	23,293,669	–	23,293,669
Right of use asset	–	–	3,328,797	–	3,328,797
Repossessed assets	–	–	2,709,765	–	2,709,765
Deferred tax assets	–	–	78,077	–	78,077
Other assets	7,288,100	336,652	2,590	5,353	7,632,695
<b>Total assets</b>	<b>186,752,441</b>	<b>160,295,866</b>	<b>29,780,643</b>	<b>1,129,880</b>	<b>377,958,830</b>

\* Overdue portion of outstanding overdue loans

*(thousands of Armenian Drams)***27. Risk management (continued)****(c) Market risk (continued)**

	<i>Demand and less than 1 year</i>	<i>More than 1 year</i>	<i>No maturity</i>	<i>Overdue*</i>	<i>Total</i>
<b>Liabilities</b>					
Derivative financial liabilities	11,255	-	-	-	11,255
Deposits and balances from banks and other financial institutions	19,577,522	24,070,076	-	-	43,647,598
Amounts payable under repurchase agreements	8,010,540	-	-	-	8,010,540
Debt securities issued	5,696,089	9,810,762	-	-	15,506,851
Current accounts and deposits from customers	201,962,842	5,640,223	-	-	207,603,065
Deferred tax liability	-	-	2,675,111	-	2,675,111
Lease liability	379,951	3,178,532	-	-	3,558,483
Current tax liabilities	2,842,667	-	-	-	2,842,667
Other liabilities	12,740,374	1,257,529	-	-	13,997,903
<b>Total liabilities</b>	<b>251,221,240</b>	<b>43,957,122</b>	<b>2,675,111</b>	<b>-</b>	<b>297,853,473</b>
<b>Net position</b>	<b>(64,468,799)</b>	<b>116,338,744</b>	<b>27,105,532</b>	<b>1,129,880</b>	<b>80,105,357</b>

\* *Overdue portion of outstanding overdue loans*

(thousands of Armenian Drams)

## 27. Risk management (continued)

### (c) Market risk (continued)

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

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

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

The reported ratios of highly liquid assets to demand liabilities were 68.9% as at 31 December 2024 and 77.0% as at 31 December 2023. The minimum required ratio under the CBA normative is 60%. The Group was fully compliant with this requirement as of 31 December 2024 and 31 December 2023.

### (d) Interest rate risk

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

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

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

<b>Currency</b>	<b>Increase in basis points 2024</b>	<b>Sensitivity of net interest income 2024</b>	<b>Sensitivity of equity 2024</b>
AMD	1%	2,656,055	(184,452)
USD	1%	485,070	(74,904)
EUR	1%	52,070	(10,329)
RUR	1%	93	-
<b>Currency</b>	<b>Increase in basis points 2023</b>	<b>Sensitivity of net interest income 2023</b>	<b>Sensitivity of equity 2023</b>
AMD	1%	2,116,593	(143,161)
USD	1%	550,366	(69,278)
EUR	1%	23,337	(9,432)
RUR	1%	871	-

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

## 28. Capital management

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

ID Bank defines as capital those items defined by statutory regulation as capital for commercial banks. As at 31 December 2024 the minimum level of ratio of capital to risk weighted assets (statutory capital ratio) was 11% (2023: 11%). The Bank is in compliance with the statutory capital ratio as at 31 December 2024 and 2023.

(thousands of Armenian Drams)

## 28. Capital management (continued)

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

	<b>2024</b>	<b>2023</b>
	<b>Unaudited</b>	<b>Unaudited</b>
<b>Tier 1 capital</b>		
Tier 1 core capital	73,973,030	62,774,602
Deductions and adjustments	(18,328,744)	(18,152,397)
<b>Tier 1 capital only</b>	<b>55,644,286</b>	<b>44,622,205</b>
<b>Tier 2 capital</b>		
Tier 2 core capital	4,786,120	4,457,146
Reductions	(1,546,548)	(1,613,374)
<b>Tier 2 capital only</b>	<b>3,239,572</b>	<b>2,843,772</b>
<b>Total capital</b>	<b>58,883,858</b>	<b>47,465,977</b>
<b>Total risk weighted assets, combining credit, market and operational risks</b>	<b>305,073,943</b>	<b>262,646,571</b>
<b>Total capital expressed as a percentage of risk-weighted assets (total capital ratio)</b>	<b>19.30%</b>	<b>18.07%</b>

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

Idram LLC also has requirement for the minimum size of total capital, which is defined by the Central bank of Armenia to be AMD 100,000 thousand for payment settlement companies. Regulatory capital consists of Tier 1 capital, which comprises charter capital (charter capital contributions in form of intangible assets participate in the calculation of the regulatory capital in the amount of no more than 25% of the minimum amount of AMD 100,000 thousand), retained earnings including current year profit. Idram LLC has complied with all externally imposed capital requirements through 2024 and 2023.

As of 31 December 2024 and 2023 the amounts of regulatory capital of Idram LLC calculated in accordance with the requirements of the Central Bank of Armenia are provided below:

	<b>2024</b>	<b>2023*</b>
Tier 1 capital	12,543,915	12,259,881
<b>Total regulatory capital</b>	<b>12,543,915</b>	<b>12,259,881</b>

\*The 2023 figures have been represented to include additional paid-id capital in regulatory capital, following the clarification of a regulation, ensuring alignment with the current period's interpretation.

## 29. Credit related commitments

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

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

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

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

(thousands of Armenian Drams)

## 29. Credit related commitments (continued)

	<u>2024</u>	<u>2023</u>
<b>Contracted amount</b>		
Credit card commitments	3,758,670	3,437,322
Loan and credit line commitments	12,472,144	4,182,189
Guarantees and letters of credit	7,499,622	602,225
Lease commitments	348,924	–
	<u><b>24,079,360</b></u>	<u><b>8,221,736</b></u>

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

Credit card commitments, loan and credit line commitments are mainly in Stage 1 as at 31 December 2024 and 2023. Credit card commitments, loans and credit line commitments are not credit impaired or past due.

## 30. Contingencies

### (a) Insurance

The insurance industry in the Republic of Armenia is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group has property insurance and Banker's Blanket Bond (BBB) insurance with up to USD 3,000 thousand coverage.

### (b) Litigation

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

### (c) Taxation contingencies

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

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

## 31. Related party transactions

### (a) Transactions with key management

Total remuneration included in personnel expenses for the years ended 31 December 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Key management	2,297,101	1,798,690

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

(thousands of Armenian Drams)

### 31. Related party transactions (continued)

#### (a) Transactions with key management (continued)

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

The outstanding balances and average effective interest rates as at 31 December 2024 and 2023 for transactions with members of the Council and the Management Board are as follows:

	<b>2024</b>	<b>Average effective interest rate, %</b>	<b>2023</b>	<b>Average effective interest rate, %</b>
<b>Consolidated statement of financial position</b>				
<b>Assets</b>				
Loans issued (gross)	520,923	10.45%	479,817	10.0%
Loan impairment allowance	(772)	-	(892)	-
Other assets	13,575	-	3,062	-
<b>Liabilities</b>				
Deposits received	288,807	5.88%	5,332,712	5.1%
Current accounts	183,700	-	1,138,277	-
Debt securities issued	73,298	4.43%	275,769	4.1%
Lending commitments	57,326	-	287,438	-

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

	<b>2024</b>	<b>2023</b>
Profit or loss		
Interest income	51,158	117,286
Interest expense	(58,396)	(173,420)
Impairment loss, net	120	1,648
Fee and commission income	7,718	35,427
Fee and commission expense	(29,269)	(1,287)

(thousands of Armenian Drams)

### 31. Related party transactions (continued)

#### (b) Transactions with other related parties

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

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

(thousands of Armenian Drams)

### 31. Related party transactions (continued)

#### (c) Transactions with other related parties (continued)

The outstanding balances and the related average effective interest rates as at 31 December 2023 and related profit or loss amounts of transactions for the year ended 31 December 2023 with other related parties are as follows:

	<i>Parent</i>		<i>Shareholders with significant influence</i>		<i>Other</i>		<i>Total</i>
	<i>Amount</i>	<i>Average effective interest rate, %</i>	<i>Amount</i>	<i>Average effective interest rate, %</i>	<i>Amount</i>	<i>Average effective interest rate, %</i>	
<b>Consolidated statement of financial position</b>							
<b>Assets</b>							
Loans to customers	-	-	-	-	1,075,160	9.75%	<b>1,075,160</b>
Loan impairment allowance	-	-	-	-	(14,120)	-	<b>(14,120)</b>
<b>Liabilities</b>							
Current accounts and deposits from customers							
- Current accounts	595,271	-	224,404	-	27,300,226	-	<b>28,119,901</b>
- Term deposits	5,350	4.3%	-	-	243,451	6.2%	<b>248,801</b>
Debt securities issued	-	-	-	-	143,438	3.8%	<b>143,438</b>
<b>Profit (loss)</b>							
Interest income	-	-	-	-	70,046	-	<b>70,046</b>
Interest expense	(104)	-	-	-	(13,323)	-	<b>(13,427)</b>
Fee, commission and other income	20,812	-	43,890	-	88,077	-	<b>152,779</b>
Fee, commission and other expense	(8)	-	-	-	(41,932)	-	<b>(41,940)</b>

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

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

(thousands of Armenian Drams)

## 32. Fair values of financial instruments

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

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

As at 31 December 2024 and 31 December 2023 the estimated fair values of all financial instruments except for investment securities measured at amortised cost and loans and advances to customers approximate their carrying amounts.

The table below analyses financial instruments measured at fair value and at amortised cost at 31 December 2024, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position

### At 31 December 2024

AMD'000	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
<b>Assets and liabilities measured at fair value</b>					
Financial instruments at fair value through profit or loss					
- Derivative assets	-	870,332	-	<b>870,332</b>	<b>870,332</b>
Investment securities at FVOCI					
- Debt and other fixed income instruments	-	14,982,948	-	<b>14,982,948</b>	<b>14,982,948</b>
- Equity instruments	397,543	-	344,551	<b>742,094</b>	<b>742,094</b>
<b>Disclosed fair value of assets and liabilities measured at amortised cost</b>					
Loans and advances to banks and other financial institutions	-	-	60,055,009	<b>60,055,009</b>	<b>59,784,702</b>
Investment securities at amortised cost	58,025,711	6,612,819	-	<b>64,638,530</b>	<b>61,015,583</b>
Loans and advances to customers	-	-	199,680,780	<b>199,680,780</b>	<b>202,616,791</b>
Deposits and balances from banks and other financial institutions	-	-	41,383,366	<b>41,383,366</b>	<b>55,884,948</b>
Current accounts and deposits from customers	-	142,095,976	80,832,074	<b>222,928,050</b>	<b>222,312,138</b>
Debt securities issued	-	17,052,440	-	<b>17,052,440</b>	<b>17,120,222</b>

(thousands of Armenian Drams)

**32. Fair values of financial instruments (continued)**

At 31 December 2023

AMD'000	Level 1	Level 2	Level 3	Total fair value	Total carrying amount
<b>Assets measured at fair value</b>					
Financial instruments at fair value through profit or loss					
- Derivative assets	-	449,838	-	449,838	449,838
Investment securities at FVOCI					
- Debt and other fixed income instruments	-	10,444,962	-	10,444,962	10,444,962
- Equity instruments	330,050	-	37,695	367,745	367,745
<b>Assets for which fair values are disclosed</b>					
Loans and advances to banks and other financial institutions	-	-	60,915,193	60,915,193	61,611,180
Investment securities at amortised cost	11,657,609	52,364,023	-	64,021,632	61,008,104
Loans and advances to customers	-	-	155,829,182	155,829,182	159,823,823
<b>Liabilities measured at fair value</b>					
Financial instruments at fair value through profit or loss					
- Derivative liabilities	-	11,255	-	11,255	11,255
<b>Liabilities for which fair values are disclosed</b>					
Deposits and balances from banks and other financial institutions	-	43,547,013	-	43,547,013	43,647,598
Current accounts and deposits from customers	-	158,123,857	50,009,802	208,133,659	207,603,065
Debt securities issued	-	15,430,193	-	15,430,193	15,506,851

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

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

**33. Business combinations****Acquisition of Tomsarkgh LLC**

On 20 March 2024, the Group acquired a 76% equity interest in Tomsarkgh LLC, a leading ticket purchasing platform in Armenia. The acquisition is expected to support the Group's strategic objective of enhancing its technological capabilities and facilitating expansion into international markets.

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

In thousand drams

31 March 2024

<b>Assets</b>	
Cash and cash equivalents	179,076
Property, equipment and intangible assets	888,847
Prepayments	178,740
Other assets	194,836
<b>Total assets</b>	<b>1,441,499</b>

*(thousands of Armenian Drams)***33. Business combinations (continued)**

<i>In thousand drams</i>	<b>31 March 2024</b>
<b>Liabilities</b>	
Trade and other payables	392,525
Deferred tax liability	159,931
Current tax liabilities	69,668
Other liabilities	2,601
<b>Total liabilities</b>	<b>624,725</b>
<b>Identifiable net assets</b>	<b>816,774</b>

**Goodwill**

The goodwill arising from the acquisition of Tomsarkgh LLC was determined as follows:

<i>In thousand drams</i>	<b>31 March 2024</b>
Cash consideration	1,145,017
Carrying value of non-controlling interest at acquisition (measured pro rata to share in net assets)	180,270
Fair value of identifiable net assets of the company as at the date of acquisition	816,774
<b>Goodwill</b>	<b>508,513</b>

**34. Disposal of subsidiary**

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

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

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

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

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

*(thousands of Armenian Drams)*

### **35. Events after reporting date**

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

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