

NOTES TO “ARMECONOMBANK” OJSC FINANCIAL REPORTS

- “ARMECONOMBANK” OJSC is located at 23/1 Amiryan Str. And has 40 branches: 19 of which are situated in Yerevan, another 20 branches in the RA regions and 1 branch in NKR.
- The financial reports of the Bank are complied in accordance with the international standards.
- During the accounting period the average number of the employees (including contractual) of “ARMECONOMBANK” OJSC amounted to 889.
- The official website of “ARMECONOMBANK” OJSC is as follows: www.aeb.am, where the whole package of the Bank’s financial reports is stored (including attached notes), the auditory conclusion, information on the major participants in the Bank’s Chartered Capital and the Bank’s management body.
- The Chartered capital of the Bank is AMD2,333,338; which includes 933,335 common shares each with AMD2500 nominal value, 25%+1 share of which belongs to the European Bank for Reconstruction and Development.

CEO A.NALJAN
Chief Accountant D.AZATYAN

INTERIM CONSOLIDATED REPORT
on equity changes
30.06.2014
"ARMECONOMBANK" OJSC 23/1 Amiryan Str., Yerevan

Equity elements	Chartered capital			Emission income/loss	Main reserve	Exchange differences from recalculation of overseas operations	Revaluation of financial assets available for sale	Hedging of cash flows	Gains from revaluation of non-current assets	Undistributed profit/loss	Interim dividends	Total	Uncontrolled stock	Total capital	Thousand AMD
	Chartered capital	Repurchased capital	Net amount												
Articles	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
	Comparable current interim period of the previous financial year (ascending from the beginning of the year) (I table)														
<i>Balance as of the beginning of the previous financial year 01 January 2013 (checked)</i>	2,333,338	-	2,333,338	-	5,405,133	-	179,520	-	-	1,536,783	-	9,454,774	-	9,454,774	
<i>Comprehensive income</i>	-	-	-	-	-	-	146,009	-	-	308,729	-	454,738	-	454,738	
<i>Balance as of the end of the comparable interim period of the previous financial year 30.06.2013 (unchecked)</i>	2,333,338	-	2,333,338	-	5,405,133	-	325,529	-	-	1,845,512	-	9,909,512	-	9,909,512	
	Interim period of the current year ascending from the beginning of the year) (II table)														
<i>Balance as of the beginning of the financial year. 01 January 2014 (checked)</i>	2,333,338	-	2,333,338	-	5,405,133	-	1,071,594	-	-	2,253,484	-	11,063,549	-	11,063,549	
<i>Comprehensive income comparable interim accounting period 30.06.2014 (unchecked)</i>	-	-	-	-	(178,229)	-	-	93,325	-	(84,904)	-	(84,904)	-	(84,904)	<i>Balance as of the end of the</i>
	2,333,338	-	2,333,338	-	5,405,133	-	893,365	-	-	2,346,809	-	10,978,645	-	10,978,645	

CEO

A.NALJYAN

Chief Accountant

D.AZATYAN

Approval date: July 14, 2014

INTERIM CONSOLIDATED REPORT
on financial results
30.06.2014
"ARMECONOMBANK" OJSC 23/1 Amiryan Str., Yerevan

Thousand AMD

Name	Notes	Current interim period	Accounting period	Comparable current interim period of the previous fiscal year	Previous period
Interest and similar income	3	1,910,729	3,723,775	1,755,721	3,344,434
Interest and similar expenses	3	(1,010,606)	(1,975,261)	(860,857)	(1,616,413)
Net interest and similar income		900,123	1,748,514	894,864	1,728,021
Income as commissions and other fees	4	431,784	830,607	464,790	858,730
Expenses as commissions and other fees	4	(83,698)	(164,736)	(118,049)	(203,872)
Net commissions and other fees		348,086	665,871	346,741	654,858
Net commercial income	5	245,121	449,555	231,207	423,300
Other operational income	6	44,925	147,016	44,601	75,554
Operational income		1,538,255	3,010,956	1,517,413	2,881,733
Net allocations to possible asset loss provisions	7	(37,481)	(122,961)	101,634	(137,192)
Total administrative expenses	8	(1,090,428)	(2,154,373)	(926,080)	(1,836,569)
Other operational expenses	9	(299,563)	(564,103)	(243,714)	(486,521)
Operational profit		110,783	169,519	421,451	
Profit/loss from associated company	10	(9,966)	(17,677)	2,563	2,563
Profit/loss before taxation		100,817	151,842	451,816	424,014
Profit tax expenses (compensation)	11	(65,449)	(58,517)	(128,131)	(115,285)
Profit for period		35,368	93,325	323,685	308,729

CEO

A.NALJYAN

Chief Accountant

D.AZATYAN

Approval date: July 14, 2014

INTERIM CONSOLIDATED REPORT
on other comprehensive financial results
30.06.2014
"ARMECONOMBANK" OJSC 23/1 Amiryan Str., Yerevan

Thousand AMD

Name	Note	Current interim period	Accounting period	Comparable current interim period of the previous fiscal year	Previous period
Other comprehensive financial result					
Revaluations of financial assets available for sale		1,838	(222,563)	181,279	182,909
Profit tax on other comprehensive income		(367)	44,513	(318)	(318)
Revaluations of associated company's financial assets available for sale		(87)	(179)	(36,256)	(36,582)
Other comprehensive financial result after taxation		1,384	(178,229)	144,705	146,009
Comprehensive financial result		36,752	(84,904)	468,390	454,738

CEO

A.NALJYAN

Chief Accountant

D.AZATYAN

Approval date: July 14, 2014

INTERIM CONSOLIDATED REPORT

on Cash Flows

30.06.2014

"ARMECONOMBANK" OJSC 23/1 Amiryan Str., Yerevan

Thousand AMD

Name	Note	Accounting period (unchecked)	Previous period (unchecked)
1. Cash flows from operations			
<i>Net cash flows before changes in operational assets and liabilities</i>		662,876	865,680
Interest received		3,833,614	3,381,131
Interest paid Fees earned		(1,910,909)	(1,610,588)
Fees paid		830,607	858,730
Gain/loss from financial assets held for commercial purposes		(164,736)	(203,872)
Gain/loss from forex operations		27,155	9,751
Recovery of previously written-off assets		378,907	463,794
Paid salaries and similar payments		7,713	48,511
Other income received from operations and other expenses paid		(1,527,238)	(1,322,896)
<i>Cash flows from changes in operational assets and liabilities</i>			
Decrease/increase in operational assets		(5,259,890)	(1,773,608)
including claims to financial institutions		(3,771,567)	2,839,540
loans and advances to customers		(1,596,958)	(4,018,720)
Increase/decrease in securities held for commercial purposes and available for sale		(532,134)	(1,116,578)
Other operational assets		640,769	522,150
Increase/decrease of operational liabilities		6,969,513	3,475,156
liabilities to financial institutions (decrease)		1,862,915	3,505,087
liabilities to customers (decrease)		5,413,979	(43,226)
decrease of other operational liabilities		(307,381)	13,295
Net cash flows from operations before profit tax		2,372,499	2,567,228
Profit tax paid		(252,108)	(88,441)
Net cash flows from operations		2,120,391	2,478,787
2. Cash flows from investments (decrease)			
Investments in chartered capitals of other parties		50,000	
Capital investments in fixed assets and intangible assets		(154,284)	(85,762)
Acquisition of fixed assets and intangible assets		(357,899)	(198,100)
Sale of fixed assets and intangible assets		11,438	
Net cash flows from investment operations		(450,745)	(283,862)
3. Cash flows from financial operations			
Dividends paid		(950)	(5,618)
Increase/decrease of borrowings from the Central Bank of Armenia		(28,623)	275,805
Increase/decrease of borrowings from banks		162,417	1,635,612
Increase/decrease of other borrowings		(10,402)	(2,064,884)
Net cash flows from financial operations		122,442	(159,085)
Impact of exchange rate change on cash and its equivalents		(60,653)	(5,110)
Net increase/decrease of cash and its equivalents		1,792,088	2,035,840
Cash and equivalents at the beginning of the period	13 2	17,866,741	14,988,251
Cash and its equivalents at the end of the period	13 2	19,598,176	17,018,981

CEO

A.NALJYAN

Chief Accountant

D.AZATYAN

Approval date: July 14, 2014

INTERIM CONSOLIDATED REPORT
on financial position
30.06.2014
"ARMECONOMBANK" OJSC 23/1 Amiryan Str., Yerevan

Thousand AMD

	ITEM	Notes	As of the end of the current interim period (unchecked)	As of the end of the previous fiscal year (checked)
1	Assets			
1.1	Cash and balances with the CBA	13	14,446,351	14,738,840
1.2	Bank standardized bullions of precious metals and memorial coins		65,224	23,883
1.3	Claims to banks and other financial institutions	14	13,269,734	7,028,627
1.4	Financial assets held for commercial purposes	15		134
1.5	Loans and advances to customers	16	41,658,161	40,693,742
1.6	Financial assets available for sale	17	960,306	2,521,046
1.6.1	Securities pledged under repurchase agreements	17.1	6,653,763	4,624,479
1.7	Advance payment of profit tax		<u>33,742</u>	
1.8	Investment in the chartered capital of the controlled entities	19	227,336	245,192
1.9	Non-current assets held for sale	50,887	50,887	1.10
	Fixed assets	20	3,928,781	3,625,023
1.10.1	Intangible assets	20	<u>102,838</u>	<u>88,497</u>
1.12	Other assets	21	<u>411,945</u>	<u>522,990</u>
	Total assets		81,809,068	74,163,340
2	Liabilities			
2.1	Liabilities to banks and other financial institutions	22	20,398,271	17,652,332
2.2	Liabilities to customers	23	49,620,898	44,435,469
2.3	Liabilities for current taxes		<u>147,359</u>	2.5
	Liabilities held for commercial purposes	25	<u>24,726</u>	6,740
	Amounts payable	26	53,064	52,308
	Deferred tax liabilities	11	149,396	206,398
	Other liabilities	27	584,068	599,185
	Total liabilities		70,830,423	63,099,791
3	Capital			
3.1	Chartered capital	28	2,333,338	2,333,338
3.3	Reserves:			
3.3.1	Main reserve		5,405,133	5,405,133
3.3.2	Revaluation reserves		893,365	1,071,594
3.4	Undistributed profit/loss		2,346,809	2,253,484
	Total capital		10,978,645	11,063,549
	Total liabilities and capital		81,809,068	74,163,340

CEO

A.NALJYAN

Chief Accountant

D.AZATYAN

Approval date: July 14, 2014