

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

**NOTES TO THE INTERIM REPORTS PUBLISHED IN THE 4th QUARTER OF 2020
“ARMECONOMBANK” OJSC 23/1 AMIRYAN STR., YEREVAN**

ARMECONOMBANK

Note 1. “Legal Field and Corporate Governance”

Legal Field

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

The Head office of the Bank and 30 branches are located in Yerevan, another 22 branches in regions, and 1 in NKR. The legal address of the Bank is 23/1 Amiryan Str., Yerevan.

Main Activities

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

Business Environment

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

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

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

Corporate Governance

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

Chairman of the Board

S. Sukiasyan

Members of the Board

R. Hayrapetyan

A. Melikyan

L. Petrosyan

V. Khachatryan

H. Suvaryan

Per Fischer

Structure and Members of the Bank’s Management

CEO

A. Khachatryan

Deputy CEO

R. Badalyan

Deputy CEO

O. Chichyan

Deputy CEO

A. Arakelyan

Deputy CEO

A. Manrikyan

Deputy CEO

A. Pilosyan

Chief Accountant

M. Poghosyan

Head of Strategy and Risk Management Department

H. Avetisyan

Head of Legal Department

V. Jhangiryan

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

As of 31.12.2020, the Chartered capital amounts to AMD 25,955,663. It includes 1,883,333 common shares each with AMD 10,400 and 424,600 preferred shares with AMD 15,000 nominal value per share.

Main Participants

Sukiasyan Saribek Albert	27.86%
Sukiasyan Khachatur Albert	16.02%
Sukiasyan Eduard Albert	10.67%
Sukiasyan Robert Albert	17.09%

Remuneration Policy of the Bank’s Management

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

Payments to Statutory Auditors

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

Note 2. “Accounting Policy”

Preparation and Submission of “ARMECONOMBANK” OJSC Financial Statements

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

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

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

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

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

Recognition of Income and Expenses

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

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

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

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

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

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

Amortized deductions on fixed assets (including those received from financial leasing), capital investments for leased property and intangible assets are performed each day in amounts defined by this policy and are adjusted on the last working day of each month. Amortized deductions on fixed assets out of use are

performed each day and are adjusted on the last working day of each month in the amounts defined by the Bank's Executive Board.

Dividends are entered into the Statement on Financial Results according to accrual principle at the moment they are declared.

Foreign Exchange Operations Accounting

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

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

Tax Accounting

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

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

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

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

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

Income tax assets and liabilities are offset when the Bank:

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

Cash and Cash Equivalents

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

The statement on cash flows is made by indirect method.

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

Financial Instruments

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

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

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

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

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

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

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

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

Debt securities which as of 31.12.2017 were classified as available- for- sale, by IFRS 9 will be classified as accounted at fair value through other comprehensive income, as the Bank expects not only to keep that assets to collect contractual cash flows but also to carry out relatively frequent sales with significant amounts.

Upon the resolution of the Bank’s Executive Board, the Bank may classify a part of the securities portfolio as financial assets calculated at amortized value.

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

Profit and loss occurred from the further measurement:

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

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

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

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

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

Repurchase Agreements

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

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

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

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

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

Leases

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

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

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

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

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

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

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

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

- Less accumulated depreciation, which is calculated by linear method during the lease term of
- Adjusted at the extent of differences occurred from the review of contractual obligations
- After the start of the lease, the lease liability is measured:

- Increasing balance-sheet value for the reflection of interest of the lease liability
- Decreasing balance-sheet value to reflect paid rental fees
- Reappraising balance-sheet value to reflect amendments in the agreement terms.

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

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

Financial Assets' Possible Loss Provision

The classification of the Bank's assets and possible loss provisioning are made in conformity with the requirements of RA legislation and with the Procedure of "Classification of loans and debtor liabilities and composition of possible loss provisions" approved by ARMECONOMBANK OJSC Board.

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

Pursuant to IFRS 9 :

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

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

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

Where:

BALANCE- balance amount of the given loan sub-portfolio

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

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

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

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

For the calculation of loan reserve appraisal of the loans included in Stage 1 and Stage classes PD12Month and PDLifetime are applied respectively.

The creation of State bond portfolio reserve is implemented based on PD and LGD rates given by Moody's rating agency to Armenia.

Intangible Assets

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

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

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

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

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

Amortization term for each item of intangible assets is defined by the Bank based on the criteria set by IFRS. Namely, to define the amortization term of internally generated computer software, the Bank takes into account the information on the estimated useful lives of software of the same type available in the market at the moment, terms of actual useful lives of software used at the Bank before, other criteria set by the Standard.

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

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

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

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

The amortization amount of intangible assets is calculated in accordance with “Profit Tax” law. The annual amortization interest rate is set by the resolution of the Bank’s Board.

Fixed Assets

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

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

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

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

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

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

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

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

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

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

Depreciation of fixed assets is calculated in accordance with “Profit Tax” law. Annual interest rate of that group’s fixed assets is set by the resolution of the Bank’s Board.

Depreciation is not calculated for land.

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

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

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

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

The results of revaluation are reflected in the Bank’s balance sheet and Income statement in the manner prescribed by IFRS. The growth occurred in the outcome of revaluation is charged to the undistributed profit along with calculation of amortization during the use of the set by the Bank. The size of charged off amount is determined by the difference between amortization calculated on the basis of revaluated balance sheet value of the asset and amortization calculated on the basis of Initial value of the asset. The charge of the growth occurred in the result of revaluation to undistributed profit is not reflected in the Income statement.

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

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

Inventory

The Bank’s inventory includes:

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

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

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

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

Settlements between the Bank and Branches

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

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

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

Share Capital and Treasury Stock

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

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

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

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

Attracted Funds

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

Provisions, Contingent Assets and Liabilities

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

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

Consolidated Financial Statements

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

Segment Statements

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

Issued Corporate Bonds

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

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

Comparable Information

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

After Balance Sheet Date Events

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

If the Bank reveals errors on its own,

Fundamental errors are revealed by an audit organization,

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

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

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

Interim Report
On Financial Results
31 December 2020
ARMECONOMBANK OJSC 23/1 Amiryan Str., 0002 Yerevan

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	Item	Note	As of the end of the current interim period (unaudited)	As of the end of the previous financial year (audited)
1	Assets			
1.1	Cash and their equivalents	13	42,583,657	44,050,205
1.2	Standard bank precious metal bullions and coins		443	51,728
1.3	Due from banks and other financial institutions	14	13,861,019	14,189,783
1.4	Reverse repurchase agreement	14.1	10,175,600	6,222,111
1.5	Financial assets rated at actual value through profit or loss	15	9,402	7,522
1.5.1	Other financial assets rated at amortized value		515,568	479,397
1.6	Loans and advances provided to customers at amortized value	16	194,529,341	176,106,613
1.7	Financial assets at fair value rated through other comprehensive financial results	17	4,316,855	4,846,699
1.7.1	Securities pledged under repurchase agreement	17.1	39,384,619	20,180,825
1.9	Non-current assets held for sale		2,315,795	590,116
1.10	Fixed assets	20	10,712,169	10,902,317
1.10.1	Intangible assets	20	581,733	525,828
1.10.1	Right-of-use assets	20.1	2,092,205	1,359,929
1.12	Other assets	21	1,012,682	1,169,453
	Total assets		322,091,088	280,682,526
2	Liabilities			
2.1	Liabilities to banks and other financial institutions	22	42,994,491	45,909,492
2.2	Loans and deposits received from the international financial institutions	22.1	62,554,371	36,707,938
2.3	Loans received from the CBA and from the RA government	22.2	10,151,725	9,306,047
2.4	Repurchase agreement	22.3	38,125,044	25,623,028
2.5	Liabilities to Customers	23	112,495,412	113,366,878
2.6	Subordinate borrowing	23.1	1,311,068	719,787
2.7	Liabilities on current taxes		1,212,106	390,244
2.8	Securities issued by the Bank	24	6,185,733	4,452,356
2.9	Financial liabilities at fair value through profit or loss	25	4,267	9,313
2.10	Amounts payable	26	500,593	433,668
2.11	Deferred tax liabilities	11	680,572	922,445
2.12	Reserves	30	35,218	100,560
2.13	Lease liabilities	40	1,674,091	1,422,777
2.14	Other liabilities	27	1,851,074	1,860,284
	Total liabilities		279,775,765	241,224,817
3	Capital			
3.1	Chartered capital	28	25,955,663	25,635,343
3.2	Emission income		180,180	
3.3	Reserves			
3.3.1	Main reserve		3,275,000	3,105,000
3.3.2	Revaluation reserve		3,049,109	5,241,704
3.4	Undistributed profit(loss)		9,855,371	5,475,662
	Total capital		42,315,323	39,457,709
	Total liabilities and capital		322,091,088	280,682,526

Chairman of the Executive Board(CEO)

A. Khachatryan

Chief Accountant

M. Poghosyan

Approval date: 15 January 2021

Interim Report
On Financial Results
"31" December 2020
ARMECONOMBANK OJSC 23/1 Amiryan Str., 0002 Yerevan

As of the end of the previous financial year (unaudited)
Thous. AMD

Item	Note	Current interim period	Accounting period (unaudited)	Comparable current interim previous period	Previous period (audited)
Interest and similar income	3	6,687,060	25,856,320	6,035,111	21,254,908
Interest and similar expenses	3	(3,551,793)	(13,045,869)	(3,048,172)	(10,946,133)
Net interest and similar income		3,135,267	12,810,451	2,986,938	10,308,775
Income as commissions and other fees	4	744,114	2,571,012	697,674	2,483,631
Expenses as commissions and other fees	4	(266,571)	(831,400)	(190,682)	(627,209)
Net commission and other fees		477,543	1,739,612	506,992	1,856,422
Income from dividends		-			1,462
Net commercial income	5	1,562,689	3,849,964	592,474	2,198,181
Other operational income	6	89,495	343,884	129,644	302,155
Operational income		5,264,994	18,743,911	4,216,048	14,666,995
Net allocations to possible asset loss provisions	7	(701,014)	(648,673)	406,295	(359,636)
Total administrative expenses	8	(2,155,215)	(7,638,112)	(651,877)	(6,114,516)
Other operational income	9	(680,532)	(2,764,110)	(1,848,922)	(3,694,567)
Operational profit		1,728,233	7,693,016	2,121,545	4,498,276
Profit/loss before taxation		1,728,233	7,693,016	2,121,545	4,498,276
Profit tax expenses(compensation)	11	(343,342)	(1,969,997)	(519,669)	(1,172,233)
Profit for period		1,384,891	5,723,019	1,601,875	3,326,043

Chairman of the Executive Board(CEO)

A. Khachatryan

Chief Accountant

M. Poghosyan

Approval date: 15 January 2021

Interim Report
On Other Comprehensive Financial Results
"31" December 2020
ARMECONOMBANK OJSC 23/1 Amiryan Str., 0002 Yerevan

As of the end of the previous financial year (unaudited)

Thous. AMD

Name	Note	Current interim period	Accounting period (unaudited)	Comparable current interim previous period	Previous period (audited)
Other comprehensive financial results					
Revaluation of financial assets at fair value rated through other comprehensive financial results		(3,066,143)	(2,697,936)	746,680	533,005
Devaluation of financial assets at fair value rated through other comprehensive financial results after taxation		6,630	109,445	(218,519)	(173,887)
Profit from revaluation of non-current assets after taxation			7,725	83,724	478,115
Profit tax on the revaluation of financial assets at fair value rated through other comprehensive financial results		551,906	485,628	(70,918)	(28,183)
Other comprehensive financial result after taxation		(2,507,607)	(2,095,137)	540,967	809,050
Comprehensive financial result		(1,122,717)	3,627,882	2,142,842	4,135,093

Chairman of the Executive Board (CEO)

A. Khachatryan

Chief Accountant

M. Poghosyan

Approval date: 15 January 2021

Interim Report
On Equity Changes
31 December 2020

ARMECONOMBANK OJSC 23/1 Amiryan Str., 0002 Yerevan

Thous. AMD

Equity elements	Accounting period		Emission income/loss	Main reserve	Revaluations of financial assets at fair value rated through other comprehensive financial results	Profit from revaluation of non-current assets	Undistributed profit(loss)	Total	Total capital
	Chartered capital	Net amount							
Articles	1	3	4	5	7	9	10	12	14
Comparable current interim period of the previous financial year (ascending from the beginning of the year) (I table)									
<i>Balance as of the beginning of the financial year as of 01 January 2019 (audited)</i>	22,266,343	22,266,343	-	3,000,000	1,501,220	3,055,334	3,190,420	33,013,317	33,013,317
Reserves amount from changes in IFRS	-	-	-	-	-	-	-	-	-
Recalculated balance	22,266,343	22,266,343	-	3,000,000	1,501,220	3,055,334	3,190,420	33,013,317	33,013,317
Transactions with shareholders (owners) regarding to shares, including:	3,369,000	3,369,000	-	-	-	-	-	3,369,000	3,369,000
Investments in chartered capital and other increase of chartered capital	3,369,000	3,369,000	-	-	-	-	-	3,369,000	3,369,000
Comprehensive income	-	-	-	-	330,935	478,115	3,326,042	4,135,092	4,135,092
Dividends	-	-	-	-	-	-	(1,059,700)	(1,059,700)	(1,059,700)
Internal movements including:	-	-	-	105,000	-	(123,900)	18,900	-	-
Deductions to main reserve	-	-	-	105,000	-	-	(105,000)	-	-
Decrease of value from the revaluation of fixed and intangible assets	-	-	-	-	-	(123,900)	123,900	-	-
Balance as of the end of the interim accounting period 31.12.2020(audited)	25,635,343	25,635,343	-	3,105,000	1,832,155	3,409,549	5,475,662	39,457,709	39,457,709

Interim period of the current year (ascending from the beginning of the year) (II table)									
<i>Balance as of the beginning of the financial year as of 01 January 2020 (audited)</i>	25,635,343	25,635,343	-	3,105,000	1,832,155	3,409,549	5,475,662	39,457,709	39,457,709
Recalculated balance	25,635,343	25,635,343	-	3,105,000	1,832,155	3,409,549	5,475,662	39,457,709	39,457,709
Transactions with shareholders (owners) regarding to shares, including:	320,320	320,320	180,180	-	-	-	-	500,500	500,500
Investments in chartered capital and other increase of chartered capital	785,200	785,200	180,180	-	-	-	-	965,380	965,380
Not distributed shares	(464,880)	(464,880)	-	-	-	-	-	(464,880)	(464,880)
Comprehensive income	-	-	-	-	(2,102,861)	7,724	5,723,019	3,627,882	3,627,882
Dividends	-	-	-	-	-	-	(1,270,769)	(1,270,769)	(1,270,769)
Internal movements including:	-	-	-	170,000	-	(97,458)	(72,542)	-	-
Decrease of value from the revaluation of fixed and intangible assets	-	-	-	-	-	(97,458)	97,458	-	-
Deductions to main reserve	-	-	-	170,000	-	-	(170,000)	-	-
Balance as of the end of the interim accounting period 31.12.2020(unaudited)	25,955,663	25,955,663	180,180	3,275,000	(270,706)	3,319,815	9,855,370	42,315,322	42,315,322

Chairman of the Executive Board (CEO)

A.Khachatryan

Chief Accountant

M.Poghosyan

Approval date: 15 January 2021

Interim Report
On the Cash Flows
"31" December 2020
ARMECONOMBANK OJSC 23/1 Amiryanyan Str., 0002 Yerevan

Thous. AMD

Name	Note	Accounting period (unaudited)	Previous period (audited)
1. Cash flows from operations			
Profit for the year		5,723,019	3,326,043
<i>Adjustments</i>			
Expenses on profit tax		1,969,997	1,172,233
Loss from depreciation of interest-bearing assets		648,673	334,698
Depreciation and amortisation		1,519,519	1,426,953
Net income from disposal of fixed assets		(4,655)	(5,057)
Net gain from foreign exchange		(824,496)	(676,385)
Net income from sale/ purchase of financial assets rated at fair value through profit or loss		719,134	347,491
Financial assets at fair value rated through other comprehensive financial results		(2,220,879)	(765,247)
Other income		838,847	135,118
Cash flows from operations before changes in operational assets and liabilities		8,369,159	5,295,847
Changes in operational assets or liabilities			
Increase/ decrease in operational assets			
Due from financial institutions		(886,392)	(1,098,335)
Reverse repurchase agreements		(3,989,576)	(2,341,684)
Loans to customers		(25,279,351)	(43,469,640)
Other assets		196,131	561,445
Liabilities to financial institutions		(1,387,112)	11,778,507
Repurchase agreements		12,520,188	5,110,728
Liabilities to customers		(5,025,275)	17,538,661
Other liabilities		(243,537)	860,756
Cash used in operations before taxation		(15,725,765)	(5,763,715)
Paid profit tax		(896,630)	(1,019,147)
Net cash used in operations		(16,622,395)	(6,782,862)
Cash flows from investments			
Decrease(increase) of securities at fair value rated though profit/loss and available for sale		(18,235,029)	(4,345,833)
Decrease(increase)of other financial assets at amortized value			
Acquisition of fixed assets		(990,268)	(1,206,878)
Proceeds from sale of fixed assets		39,026	357,284
Acquisition of intangible assets		(149,960)	(92,969)
Net cash flows from investments (used)/(gained from)		(19,336,231)	(5,288,396)
Cash flows from financial operations			
Loans from RA CB and RA Government		845,678	3,250,730
Proceeds/repayment of loans received from international financial institutions		30,124,560	12,797,463
Subordinated loan (repayments)/proceeds		659,674	(2,648,117)
Increase (decrease) of securities issued by the Bank		2,037,512	2,364,251
The issue of privileged securities			3,369,000
Prepayment received for the issue of shares		261,430	500,500
Lease liabilities		(524,465)	(521,466)
Issue of shares		500,500	
Dividends paid		(1,224,400)	(909,505)
Net cash from financial operations		32,680,488	18,202,856
Impact of foreign exchange on cash balances		1,811,590	(247,769)
Impact of the anticipated debt losses			8,331
Net increase of cash and equivalents thereof		(1,466,548)	5,892,160
Cash and equivalents thereof as of the beginning of the period	13_2	44,050,205	38,158,045
Cash and equivalents thereof as of the end of the period	13_2	42,583,657	44,050,205

Chairman of the Executive Board(CEO)

A. Khachatryan

Chief Accountant

M.Poghosyan

Approval date: 15 January 2021

Note 3: "Net Interest and Similar Income"


	THOUS. AMD			
	01/10/2020- 31/12/2020	01/01/2020- 31/12/2020	01/10/2019- 31/12/2019	01/01/2019- 31/12/2019
Interest and similar income				
Interest income from the Bank's current accounts, deposits and loans allocated in banks and other financial institutions	159,396	660,609	185,397	649,259
Interest income from loans and advances to customers	5,550,272	21,807,982	5,170,892	18,012,073
Interest income from debt securities	866,689	2,928,470	561,602	2,170,925
Interest income from REPO agreements	102,297	416,610	106,585	385,058
Other interest income	8,406	42,649	10,634	37,593
Total	6,687,060	25,856,320	6,035,110	21,254,908
Interest and Similar Expenses				
Interest expenses from the Bank's current accounts deposits and loans allocated in banks and other financial institutions	1,815,552	6,484,448	1,462,774	4,936,979
Interest expenses on terms deposits and current accounts of customers	1,122,054	4,762,576	1,126,205	4,426,768
Interest expenses under REPO agreements	392,069	1,230,438	203,876	1,066,404
Interest expenses on subordinated borrowings	13,211	45,898	236	84,794
Interest expenses against the interest securities issued by the Bank	107,871	327,346	87,022	259,020
Interest expenses on lease agreements	100,963	194,995	165,624	165,624
Other interest income	73	168	2,436	6,545
Total	3,551,793	13,045,869	3,048,173	10,946,134
Net interest and similar income	3,135,267	12,810,451	2,986,938	10,308,775

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


	THOUS. AMD			
	01/10/2020- 31/12/2020	01/01/2020- 31/12/2020	01/10/2019- 31/12/2019	01/01/2019- 31/12/2019
Commission and Other Fee Income				
Cashier's operations	73,481	210,842	65,625	234,250
Settlement services	589,618	1,913,353	498,306	1,783,444
Guarantees, warranties, letters of credit operations, trust management operations	40,706	143,417	29,632	102,909
Foreign currency and security operations	3,227	6,610	688	3,166
Payment card servicing	37,599	141,999	41,156	139,772
Other commission fees	(517)	154,791	62,267	220,090
Total	744,114	2,571,012	697,674	2,483,631
Commission and Other Fee Expenses:				
Commission fee from correspondent and other accounts	3,181	10,182	1,886	6,420
Expenses on payment card operations	136,730	443,951	115,404	323,977
Guarantees, warranties, letters of credit operations, trust management operations	17,915	62,074	10,636	37,539
Foreign currency and security operations	59,868	137,030	11,123	42,278
Other commission fees	48,877	178,163	51,635	216,997
Total	266,571	831,400	190,684	627,211
Net commission and other fees received	477,543	1,739,612	506,990	1,856,420

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


	THOUS. AMD			
	01/10/2020- 31/12/2020	01/01/2020- 31/12/2020	01/10/2019- 31/12/2019	01/01/2019- 31/12/2019
Financial assets rated at fair value through profit or loss				
Net income from sale/purchase of financial assets rated at fair value through profit or loss, including	24,433	125,655	67,723	376,836
Shares	-	-	-	-
Debt Securities	-	-	-	-
Derivatives	24,433	125,655	67,723	376,836
Net income from changes in real value of financial assets rated at fair value through profit or loss	(282,077)	(844,788)	(235,537)	299,549
Total	(257,644)	(719,133)	(167,814)	676,385
Investments at fair value rated through other comprehensive financial assets				
Net income from sale/purchase of investments at fair value rated through other comprehensive financial results, including:	1,045,888	2,343,050	234,690	854,208
Debt securities	1,045,888	2,343,050	234,690	854,208
Derivatives	-	-	-	-
Net income from sale/purchase of investments at fair value rated through other comprehensive financial results	(31,666)	(122,172)	(18,696)	(88,961)
Total	1,014,222	2,220,878	215,994	765,247
Foreign currency operations				
Net income from foreign currency sale/purchase	485,797	1,513,378	318,401	1,105,502
Net income from the revaluation of foreign currency	320,306	824,500	246,165	(347,493)
Net income from the sale/purchase of precious standardized bullions and coins	6	4,398	4,004	7,812
Net income from the revaluation of precious standardized bullions and coins	-	5,941	930	15,934
Total	806,109	2,348,217	569,500	781,755
Net income from commercial operations	1,562,687	3,849,962	617,680	2,223,387

Note 6 : "Other Operatioanl Income"



THOUS. AMD

	01/10/2020-31/12/2020	01/01/2020-31/12/2020	01/10/2019-31/12/2019	01/01/2019-31/12/2019
Other operational expenses				
Income from penalties and fines	80,721	261,264	61,905	187,479
Net income from disposal of fixed and intangible assets	3,450	4,655		5,056
Other income *	5,324	77,965	42,533	84,414
Total	89,495	343,884	104,438	276,949

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

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



THOUS. AMD

	01/10/2020-31/12/2020	01/01/2020-31/12/2020	01/10/2019-31/12/2019	01/01/2019-31/12/2019
Cash and cash equivalents (Note 13)				
Initial balance	15,250	28,031	7,897	36,639
Net deductions to reserve	4,572	(8,209)	20,134	(8,608)
Return of amounts previously charged to off balance item				
Usage of reserve				
Summary balance	19,822	19,822	28,031	28,031
"Due to Banks and other Financial institutions" (Note 14)				
Initial balance	197,896	48,815	150,480	145,769
Net deductions to reserve	52,625	201,706	(101,665)	(96,954)
Return of amounts previously charged to off balance item	4,788	4,788		
Usage of reserve				
Summary balance	255,309	255,309	48,815	48,815
From loans and advances to customers (Note 16)				
Initial balance	1,814,019	2,086,927	2,244,301	1,508,428
Net deductions to reserve	623,608	286,631	(111,965)	605,706
Return of amounts previously charged to off balance item	9,068	420,064	47,103	269,309
Usage of reserve	(261,328)	(1,118,873)	(92,512)	(296,516)
Summary balance	2,185,367	2,185,367	2,086,927	2,086,927
Financial assets rated at fair value through other comprehensive financial assets (Note 17)				
Initial balance	177,675	53,599	283,276	227,486
Net deductions to reserve	(15,702)	108,374	(229,677)	(173,887)
Return of amounts previously charged to off balance item				
Usage of reserve				
Summary balance	161,973	161,973	53,599	53,599
On other assets (Note 21)				
Initial balance	11,034	12,860	16,195	9,468
Net deductions to reserve	1,817	(189)	61,891	67,269
Return of amounts previously charged to off balance item	111	971	1,531	2,958
Usage of reserve	(37)	(717)	(66,757)	(66,835)
Summary balance	12,925	12,925	12,860	12,860
Other financial assets rated at amortized value				
Initial balance	8,619	2,195	6,982	-
Net deductions to reserve	44,524	50,948	(4,787)	2,195
Return of amounts previously charged to off balance item				
Usage of reserve				
Summary balance	53,143	53,143	2,195	2,195
Post-balance sheet items containing loan exposures (note 30)				
Initial balance	45,647	25,806	66,032	61,891
Net deductions to reserve	(10,429)	9,412	(40,226)	(36,085)
Usage of reserve				
Summary balance	35,218	35,218	25,806	25,806
Total net deductions to reserve	701,015	648,673	(406,295)	359,636

Note 8 : "Total administrative expenses"


Thous. AMD

"Total administrative expenses"	01/10/2020- 31/12/2020	01/01/2020- 31/12/2020	01/10/2019- 31/12/2019	01/01/2019- 31/12/2019
Salary and similar payments	1,151,150	4,961,114	1,261,146	4,650,053
Training and tutorship expenses	348	4,626	723	1,416
Business trip expenses	2,919	17,929	4,119	59,150
Operational leases expenses	2,701	10,606	2,980	13,172
Insurance costs	38,943	143,632	33,920	137,065
Servicing and maintenance of the Bank's equipment	66,050	249,262	61,571	276,123
Maintenance and safekeeping of Bank buildings	182,889	762,484	170,565	681,966
Audit and consulting services	11,247	31,883	38,500	64,617
Communication and transmission costs	24,482	107,529	26,949	106,246
Transportation costs	38,498	129,370	42,000	150,201
Taxes (except income tax) penalties and other mandatory payments	74,745	268,679	80,938	369,615
Office and organizational expenses	38,122	140,721	33,469	127,855
Other administrative expenses	523,119	810,275	22,339	89,871
Total	2,155,213	7,638,110	1,779,219	6,727,350

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


	01/10/2020- 31/12/2020	01/01/2020- 31/12/2020	01/10/2019- 31/12/2019	01/01/2019- 31/12/2019
Average number of Bank employees	859	849	838	825
Monthly average salary falling to a single employee (thousand AMD)	561	468	550	452

Note 9 : "Other Operational Expenses"


Thous. AMD

Other operational expenses	01/10/2020- 31/12/2020	01/01/2020- 31/12/2020	01/10/2019- 31/12/2019	01/01/2019- 31/12/2019
Paid fines and penalties			-	75,574
Payments made for collection	86,250	345,000	86,250	333,884
Advertising and representative expenses	49,303	333,453	143,628	538,990
Amortization costs of fixed assets and intangible assets	383,396	1,519,519	373,004	1,431,656
Allocations to the Fund of Recovery of Deposits	54,273	216,388	47,974	207,174
Other expenses	107,304	349,746	70,724	494,455
Total	680,526	2,764,106	721,580	3,081,733

In other Expenses line of other operational expenses, mainly quarterly fees for VISA admission and costs of acquisition of payment cards are included.

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


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

Note 11 : "Profit tax Expenses (Reimbursement)"


Thous. AMD

Expenses on profit tax	01/09/2020-31/12/2020	01/01/2020-31/12/2020	01/09/2019-31/12/2019	01/01/2019-31/12/2019
Current tax expenses	246,001	1,718,494	280,308	1,007,189
Corrections of current taxes for the previous period recognized in the current period	-		21,411	128,366
Deferred tax expenses	97,341	251,503	217,950	36,678
Total	343,342	1,969,997	519,669	1,172,233

	01/09/2020-31/12/2020	Efficient rate (%)	01/01/2020-31/12/2020	Efficient rate (%)	01/09/2019-31/12/2019	Efficient rate (%)	01/01/2019-31/12/2019	Efficient rate (%)
Profit before taxation	1,728,233		7,693,016		2,121,545		4,498,276	
Profit tax with rate	311,082	18.00	1,384,743	18.00	424,309	20	899,655	20
Non-taxable income	-	-	(1,548)	(0.0002)	-	-	(292)	(0)
Non-taxable income from financial assets rated at fair value					(15,276)		(59,908)	
Non-deductible expenses	92,659	0.05	742,983	0.10	135,490	6	138,101	3.07
Foreign currency negative/positive difference	(57,655)	(0.03)	(148,409)	(0.02)	(49,233)	-2.32	69,498	1.54
Adjustments of calculated tax expenses of the previous year	-				21,411	1.01	128,366	2.85
Other privileges	(2,744)	(0.00)	(7,772)	(0.00)	2,968	0	(3,187)	(0)
Profit tax expenses	343,342	19.87	1,969,997	25.61	519,669	24.49	1,172,233	27.46

Calculation of deferred tax on temporary differences


Thous. AMD

	Balance as of the previous period	Recognized by financial results	Recognized by equity	Balance at the accounting period
Deferred tax assets, including:	182,358	23,612	92,860	298,830
Accrued expenses and other liabilities	77,324	117,587		194,911
Loans and borrowings to customers	99,971	(99,971)		-
Investment securities	-	7,684	92,860	100,544
Claims to banks and other financial institutions		3,375		3,375
Cash and their equivalents	5,063	(5,063)		-
Deferred tax liabilities, including:	(1,104,803)	(275,116)	400,517	(979,402)
Investment securities	(390,339)		390,339	-
Loans and borrowings to customers	-	(243,262)		(243,262)
Cash and their equivalents		(3,353)		(3,353)
Fixed assets	(653,914)	(73,470)	10,178	(717,206)
Contingent liabilities	(17,085)	1,504		(15,581)
Claims to banks and other financial institutions	(43,465)	43,465		-
Net deferred tax asset/liability	(922,445)	(251,504)	493,377	(680,572)

Thous. AMD

Basic profit falling to a single share	01/09/2020-31/12/2020	01/01/2020-31/12/2020	01/09/2019-31/12/2019	01/01/2019-31/12/2019
Net profit of the accounting period after taxation	1,384,891	5,723,019	297,329	1,724,168
Dividends on preferential shares calculated for the current accounting period	224,747	894,103	224,747	781,821
Net gains(losses) of given period referring to owners of common shares	1,160,144	4,828,916	72,582	1,167,094
Net weighted average number of common shares in circulation during the given period	1,883,333	1,883,333	1,852,533	1,852,533
Basic profit falling to a single share	0.62	2.56	0.04	0.63

The basic profit falling to a single share is the correlation between net gain or loss referring to common share owners of the given period and average weighted number of common shares in circulation during the given period.

Note 13 : Cash and cash equivalents



Thous. AMD

	31/12/2020	31/12/2019
Cash and cash equivalents		
Cash and cash equivalent payment documents	13,003,189	11,919,061
Correspondent accounts with the CBA	24,354,638	17,359,028
Deposit accounts with the CBA	1,400,000	9,999,999
Correspondent accounts with the the resident banks	123,656	358,021
Correspondent accounts with the the non-resident banks	3,721,710	4,439,926
Accrued interests	287	2,201
Reserves/IFRS/	(19,823)	(28,031)
Cash and balances with the CBA	42,583,657	44,050,205

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

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



Thous. AMD

	31/12/2020	31/12/2019
Current accounts		
Deposited funds with CBA	1,292,500	1,289,500
Accrued interest		
Total	1,292,500	1,289,500
With RA banks		
Loans and deposits	3,396,835	1,007,370
Other	95,474	152,380
With banks having BBB(Baa3) and higher ratings		
Other		
Loans and deposits		
With banks having ratings lower than BBB (Baa3) or no rating at all		
Loans and deposits		
Other	75,197	217,787
Accrued interest	1,524	435
Total	3,569,030	1,377,972
Possible loss provision for amounts due from banks (note 7)	(39,263)	(2,681)
Net receivables to banks	4,822,267	2,664,791

	31/12/2020	31/12/2019
Loans and deposits with Financial Institutions, other receivables		
With RA Financial Institutions:		
Loans and deposits	7,833,288	10,233,168
Other	864,038	882,716
With Financial Institutions having BBB(Baa3) and higher ratings		
Other		
With Financial Institutions having a rating lower than BB(Baa3) or no rating at all		
Other	395,788	424,138
Accrued interest	28,077	31,103
Total	9,121,191	11,571,125
Possible loss provision for receivables due to Financial Institutions	(82,439)	(46,133)
Net receivables to Financial Institutions	9,038,752	11,524,992
Net receivables to banks and Financial Institutions	13,861,019	14,189,783

** As of 31.12.2019 and 31.12.2020 the line "Other amounts due to financial institutions" includes accordingly insurance deposits in the amount of USD 115.749 (AMD 55.272 thousand on 31.12.2019 and AMD 56.533 thousand on 30.09.2020) in Visa International, USD 165.862 (AMD 79.161 thousand on 31.12.2019, AMD 86.678 thousand on 31.12.2020) in "Armenian Card" CJSC, as well as debtor liabilities against clearing systems.

Note 14.1 Reverse Repurchase Agreements



	31/12/2020	31/12/2019
Reverse Repurchase Agreements		
Repurchase Agreements with Financial Institutions	10,309,207	6,222,111
Reverse Repurchase Agreements with Financial Institutions	(133,607)	
Total	10,175,600	6,222,111

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



Thous. AMD

	31/12/2020	31/12/2019
Other financial assets recalculated at fair value through profit/loss		
Derivative Instruments		
Forward		
Swap	9,402	7,522
Total	9,402	7,522

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

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



THOUS. AMD		
Loans and advances calculated at amortized value	31/12/2020	31/12/2019
Loans, including:	170,140,385	155,486,945
Mortgage loans	19,788,032	14,458,958
Credit cards	25,598,405	21,691,581
Accrued interest on the mentioned items	975,918	1,015,014
Total loans	196,714,708	178,193,540
Reserve for possible loss of customer loans and advances (note 7)	(2,185,367)	(2,086,927)
Total loans and advances at amortized value	194,529,341	176,106,613

THOUS. AMD		
Analyses of provided loans and advances per customers	31/12/2020	31/12/2019
State industries	169,235	43,881
Private industries, including:	86,654,433	71,464,290
Major enterprises	43,713,262	36,291,354
Small and medium enterprises	42,941,171	34,967,381
Including business cards	69,204	98,616
Individuals, including:	94,873,208	91,981,577
Consumer loans	40,049,390	51,866,540
Mortgage loans	19,788,032	14,458,958
Credit cards	25,528,256	21,576,916
Private entrepreneurs	14,041,914	13,688,777
Accrued interest	975,918	1,015,014
Total loans	196,714,708	178,193,539
Reserve for customers' loans and advances calculated at amortized value (note7)	(2,185,367)	(2,086,927)
Total loans and advances at amortized value	194,529,341	176,106,612

Analyses of loans and advances provided to the customers per the groups of businesses (segments)	31/12/2020	31/12/2019
State and major enterprises	43,882,497	36,335,235
SME * sector, including	43,703,216	50,651,320
Agriculture	3,871,883	1,247,560
Housekeeping	108,153,077	90,191,970
Accrued interests	975,918	1,015,014
Total loans and advances calculated at amortized value	196,714,708	178,193,539
Reserve for customers' loans and advances calculated at amortized value (note7)	(2,185,367)	(2,086,927)
Total loans and advances calculated at amortized value	194,529,341	176,106,612

**SME sector involves investment loans provided to small and medium enterprises.

THOUS. AMD		
Loan liabilities on 20 major borrowers and related parties /without reserve/	31/12/2020	31/12/2019
Customers' loans and advances calculated at amortized value	55,210,034	42,123,407
Balance of off-balance sheet contingent liabilities	5,193,806	5,444,472
Total	60,403,840	47,567,879
Loan investments	196,714,708	178,193,539
Ratio in portfolio	30.71%	26.69%
Total normative capital	41,188,731	32,270,581
Percentage ratio to capital	146.65%	147.40%
Total	60,403,840	47,567,879

	31/12/2020	
Loan Investments through International programs	Balance thousand AMD	Quantity
ADB/TFP/IBA/Asian Development Bank	454,581	12
ADB/TFP/RCA/Asian Development Bank	13,134	1
ADB/WESSD/Asian Development Bank	2,369,782	137
BlueOrchard/MSE/	406,446	2
FMO/MSME/Green/	135,472	2
DEG/SME/	2,991,072	116
EBRD/WiB/European Bank for Reconstruction and Development RCA	2,116,146	2
EBRD/WiB/European Bank for Reconstruction and Development	3,466,356	255
FINSCA/MSE/Finethic SCA	119,556	10
GAF/ KfW /ENERGY	201,976	156
FMO/MSME/Retail/	2,767,623	59
GAF/KfW/SME	6,092,155	833
GAF/KfW/SME/ENERGY	216,993	27
INCOFINCVBA/MSE/	3,228,112	111
SICAV-SIF/ME1/Symbiotics Global Financial Inclusion Fund	375,174	96
EIB/APEX	437,396	9
SICAV-SIF/ME2/Symbiotics-Seb Microfinance Fund IV	5,569	2
Insofin CVSO CVBA-SO/MSE		
BS/SME1	5,543	
BS/SME3	1,902,323	57
EFA FIDF/SME	485,990	6
GLI/ME	30,958	2
Total	27,822,357	1,895

31/12/2019

Loan Investments through International programs	Balance thousand AMD	Quantity
ADB/TFP/IBA/Asian Development Bank	876,952	15
ADB/TFP/RCA/Asian Development Bank		
ADB/WESSD/Asian Development Bank	2,230,281	122
BlueOrchard/MSE/	4,368	1
DEG/SME/	3,373,968	127
EBRD/WfB/ European Bank for Reconstruction and Development RCA	622,874	1
EBRD/WfB/ European Bank for Reconstruction and Development	3,088,936	224
FINSCA/MSE/Finethic SCA	124,181	10
GAF/ KfW /ENERGY	145,265	142
FMO/MSME/Retail/	2,720,392	54
GAF/KfW/SME	6,135,499	814
GAF/KfW/SME/ENERGY	239,145	29
GLS AI MF/ME/GLS Alternative Investments – Mikrofinanzfonds	140,791	93
INCOFINCVBA/MSE/	3,615,674	124
MSMEBondsSA/MSME		
SICAV-SIF/ME1/Symbiotics-- Global Financial Inclusion Fund	412,906	107
EIB/APEX	354,733	6
SICAV-SIF/ME2/Symbiotics-Seb Microfinance Fund IV	6,244	2
UBF		
BS/SME1	5,510	1
BS/SME3	1,306,385	42
EFA_FIDF/SME	717,256	10
GLI/ME	30,846	2
EFA_FIDF/SME		
GLI/ME		
Total	26,152,206	1,926

Thous. AMD

Gaps of extended loans and advances calculated at amortized value per lending sectors (without taking into consideration the reserves for possible loan losses)	31/12/2020	Percentage	31/12/2019	Percentage
Industry	24,428,020	12.42	19,272,905	10.82
Agriculture	9,287,083	4.72	1,689,151	0.95
Construction	12,376,728	6.29	8,818,464	4.95
Transportation and communication	662,594	0.34	760,809	0.43
Commerce	35,216,623	17.90	35,642,628	20.00
Consumer	68,534,046	34.84	74,325,304	41.71
Mortgage loans	19,868,036	10.10	14,515,515	8.15
Service	10,783,610	5.48	11,377,898	6.39
Other	15,557,968	7.91	11,790,863	6.62
Total	196,714,708	100	178,193,539	100.00

Breakdown of loan portfolio per customer residency	31/12/2020	Percentage	31/12/2019	Percentage
RA residents	193,553,423	99.50	175,031,705	99.39
Residents of countries with Baa33 and higher ratings including		-	27,397	0.02
Italy		-	27,397	-
Residents of countries with Baa33and lower ratings or no rating at all		-	32,496	0.02
Ukraine		-	597	-
-Russia		-	31,899	-
Accrued interest	975,918	0.50	1,015,014	0.58
Total	194,529,341	100	176,106,612	100.00

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



31/12/2020

The structure of customers' loans and borrowings calculated at amortized value per classification stages /FRS 9/	Stage1 /non-depreciated and overdue up to 30 days /		Stage 2 /31-90 days overdue/		Stage 3 /overdue more than 90 days/	
	Gross loans	31 December 2020	Gross loans	Depreciation reserve	Gross loans	Depreciation reserve
Corporate loans	86,794,109	597,774	102,302	32,932	274,610	212,449
Loans to individuals and private entrepreneurs	107,456,085	651,996	1,019,397	143,123	1,068,205	547,093
Total	194,250,194	1,249,770	1,121,699	176,055	1,342,815	759,542

31/12/2019

Depreciation reserve gaps of loans and advances to customers calculated at amortized value per	Stage 1 /non-depreciated and overdue up to 30 days /		Stage 2 /31-90 days overdue/		Stage 3 /overdue more than 90 days/	
	Gross loans	Depreciation reserve	Gross loans	Depreciation reserve	Gross loans	Depreciation reserve
Corporate loans	70,475,703	825,211			1,542,259.00	175,127.00
Loans to individuals and private entrepreneurs	105,730,671.00	762,672.00	136,515.00	47,488	308,391.00	276,429.00
Total	176,206,374.00	1,587,883.00	136,515.00	47,488.00	1,850,650.00	451,556.00

	31/12/2020			
	Gross loans	Depreciation reserve	Net loans	Depreciation reserve on gross loans
Consumer				
Non-overdue	66,177,890	492,877	65,685,013	0.74%
Overdue			0	
1-30 days	508,621	6,049	502,572	1.19%
31- 60 days	508,377	68,329	440,048	13.44%
61- 90 days	384,113	68,819	315,294	17.92%
91-180 days	666,982	315,230	351,752	47.26%
180 and more	288064	160,792	127,272	55.82%
Total	68,534,047	1,112,096	67,421,951	1.62%
Trade				
Non-overdue	35,171,158	372,976	34,798,182	1.06%
Overdue			0	
1-30 days	9,450	108	9,342	1.14%
31- 60 days	14,576	5046	9,530	
61- 90 days	2,585	858	1,727	33.19%
91-180 days	15,098	11710	3,388	
180 and more	3,756	2,913	843	
Total	35,216,623	393,611	34,823,012	1.12%
Production				
Non-overdue	24,427,117	112,921	24,314,196	0.46%
Overdue				
1-30 days	899	111	788	
31- 60 days				
61- 90 days				
180 and more			0	
Total	24,428,016	113,032	24,314,984	0.46%
Construction				
Non-overdue	12,376,726	77,055	12,299,671	0.62%
Overdue				
1-30 days				
31- 60 days				
61- 90 days				
91-180 days				
180 and more				
Total	12,376,726	77,055	12,299,671	0.62%
Mortgage				
Non-overdue	19,775,925	46,263	19,729,662	0.23%
Overdue				
1-30 days	26,108	56	26,052	
31- 60 days	6,418	362	6,056	5.64%
61- 90 days	23458	1322	22,136	5.64%
91-180 days	32,710	21,990	10,720	
180 and more	3,425	2,303	1,122	
Total	19,868,044	72,296	19,795,748	0.36%
Agriculture				
Non-overdue	9,272,061	13,369	9,258,692	0.14%
Overdue				
1-30 days	8056	42	8014	0.52%
31- 60 days	2,863	126	2,737	
61- 90 days	4102	1068	3,034	
91-180 days			0	
Total	9,287,082	14,605	9,272,477	0.16%
Other fields				
Non-overdue	26,898,950	368,594	26,530,356	1.37%
Overdue				
1-30 days	2,749	1,085	1,664	39.47%
31- 60 days	97,402	32222	65,180	
61- 90 days	3,577	157	3,420	
91-180 days	75	31	44	41.33%
180 and more	1,416	584	832	41.24%
Total	27,004,169	402,673	26,601,496	1.49%
TOTAL	196,714,707	2,185,368	194,529,339	1.11%

31/12/2019

	Gross loans	Depreciation reserve	Net loans	Depreciation reserve on gross loans
Consumer				
Non-overdue	73,780,247	456,026	73,324,221	0.62%
Overdue				
1-30 days	146,478	2,534	143,944	1.73%
31- 60 days	69,150	26,009	43,141	37.61%
61- 90 days	69,335	24,961	44,374	36.00%
91-180 days	152,618	136,793	15,825	89.63%
180 and more	107476	96,332	247,284	89.63%
Total	74,325,304	742,655	73,582,649	1.00%
Trade				
Non-overdue	35,637,766	503,455	35,134,311	1.41%
Overdue			0	
1-30 days	2,945	41	2,904	1.39%
31- 60 days	1,294	485	809	
61- 90 days	623	234	389	37.56%
91-180 days				
180 and more			0	
Total	35,642,628	504,215	35,138,413	1.41%
Production				
Non-overdue	19,272,905	156,238	19,116,667	0.81%
Overdue				
1-30 days				
31- 60 days				
61- 90 days				
91-180 days				
180 and more			0	
Total	19,272,905	156,238	19,116,667	0.81%
Construction				
Non-overdue	8,818,464	72,310	8,746,154	0.82%
Overdue				
1-30 days				
31- 60 days				
61- 90 days				
91-180 days				
180 and more				
Total	8,818,464	72,310	8,746,154	0.82%
Mortgage				
Non-overdue	14,504,931	41,547	14,463,384	0.29%
Overdue				
1-30 days	6,425	17	6,408	
31- 60 days	3,882	2,925	957	75.35%
61- 90 days	277	39	238	14.08%
91-180 days				
180 and more				
Total	14,515,515	44,528	14,470,987	0.31%
Agriculture				
Non-overdue	1,689,151	4,658	1,684,493	0.28%
Overdue				
1-30 days			0	
31- 60 days				
61- 90 days				
91-180 days				
Total	1,689,151	4,658	1,684,493	0.28%
Other fields				
Non-overdue	22,392,141	391,831	22,000,310	1.75%
Overdue				
1-30 days			0	
31- 60 days				
61- 90 days			0	
91-180 days	1,536,100	169,213	1,366,887	11.02%
180 and more	1,331	1,278	53	96.02%
Total	23,929,572	562,322	23,367,250	2.35%
TOTAL	178,193,539	2,086,926	176,106,613	1.17%

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


	Thous. AMD	
	31/12/2020	31/12/2019
Government securities		
RA Governmental T-bills	3,557,090	4,156,781
Reserve for RA Governmental T-bills		
Total	3,557,090	4,156,781

	Thous. AMD			
	31/12/2020		31/12/2019	
	listed	unlisted	listed	unlisted
RA non-state securities				
Issuer having BBB+(Baa1) and lower rating, other rating or no rating at all				
Long term debt instruments	647,844		600,091	
Short term debt instruments				
Capital instruments		105,755		83,971
Total non-state securities of RA	647,844	105,755	600,091	83,971
Investments in RA non-governmental securities (reserve for possible losses)				
Net Investments in RA non-governmental securities	647,844	105,755	600,091	83,971

	Thous. AMD			
	31/12/2020		31/12/2019	
	listed	unlisted	listed	unlisted
Issuer having BBB+(Baa1) and lower rating, other rating or no rating at all				
Capital instruments		6,166		5,856
Total non-state securities of RA	-	6,166	-	5,856
Financial assets rated at fair value through other comprehensive financial assets	4,204,934	111,921	4,756,872	89,827

Investments in share capital of other entities as of 31.12.2020

	Thous. AMD				
Name of entity	Main activity	Country of registration	Investment date	Investment (thous AMD)	Share %
S.W.I.F.T	Telecommunication	Belgium	13/09/1996	6,166	-
"Armenian Card" CJSC	Payment service	RA	22/02/2000	82,500	6.20
ArCa Credit Reporting CJSC	Information service	RA	23/06/2006	23,255	4.58
Total				111,921	

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

Note 17.1 : " Securities pledged under repurchase agreement"

	Thous. AMD	
	31/12/2020	31/12/2019
Assets		
Pledged securities	39,428,538	20,180,825
Securities under REPO agreement		6,803,448
Reserve for pledged securities	(43,919)	
Total	39,384,619	20,180,825

Note18. "Other financial assets calculated at amortized value"


	Thous. AMD	
	31/12/2020	31/12/2019
Other financial assets calculated at amortized value		
Other financial assets calculated at amortized value	524,792	481,592
Reserve	(9,224)	(2,195)
Total	515,568	479,397

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


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

Note 20. "Fixed assets and intangible assets"

Name of the entity	Land, buildings	Computer and communication	Vehicles	Other fixed assets	Investments in fixed assets	Right-of-use assets	Total
Balance of the fixed assets as of the end of previous period 31/12/2019	8,061,614	3,592,885	754,974	2,108,298	11,611	2,390,659	16,920,041
Increase		241,904	214,183	190,923	343,258	1,014,676	2,004,944
Disposal			(66,096)				(66,096)
Written-off						(195,069)	(195,069)
Reclassification	337,959	600			(338,559)		-
Balance of fixed assets at the end of accounting period 31/12/2020	8,399,573	3,835,389	903,061	2,299,221	16,310	3,210,266	18,663,820
Balance of accumulated amortization at the end of the previous period 31/12/2019	208,842	2,149,756	337,256	1,264,039	-	697,902	4,657,795
Increase	227,199	328,056	89,958	177,293		602,959	1,425,465
Disposal			(41,014)				(41,014)
Written-off of amortization						(182,800)	(182,800)
Balance of accumulated amortization at the end of the accounting period 31/12/2020	436,041	2,477,812	386,200	1,441,332	-	1,118,061	5,859,446
Net balance sheet value							-
At the end of the accounting period	7,963,532	1,357,577	516,861	857,889	16,310	2,092,205	12,804,374
At the end of the previous accounting period	7,852,772	1,443,129	417,718	844,259	11,611	1,692,757	12,262,246

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

Intangible Assets

						Thous. AMD
Item	Software programs	License and warranties	Intellectual property rights	Other Intangible Assets	Capital investments in intangible assets	Total
Initial value						
Balance of intangible assets at the end of the previous period 31/12/2019	301,286	416,953	206	30,606	60,000	809,051
Increase	1,608	34,352			114,000	149,960
Reclassification	174,000				(174,000)	-
Balance of intangible assets at the end of the accounting period 31/12/2020	476,894	451,305	206	30,606	-	959,011
Intangible balance of accumulated amortization at the end of previous period 31/12/2019	79,822	185,124	69	18,208	-	283,223
Increase	35,570	55,416	15	3,053		94,054
Disposal						-
Reclassification						-
Balance of accumulated amortization at the end of accounting period 31/12/2020	115,392	240,540	84	21,261	-	377,277
Net balance sheet value						-
At the end of the accounting period	361,502	210,765	122	9,345	-	581,734
At the end of the previous accounting period	221,464	231,829	137	12,398	60,000	525,828

As of 30.09.2020, the Bank had an intangible asset developed in-house, new "Business Operational Day" software: initial value AMD 750 thous., amortization AMD 750 thous., residual value AMD 0.

Note 21: "Other Assets"



Thous. AMD

	31/12/2020	31/12/2019
Amounts receivable from bank operations		
Amounts receivable from other operations	69,582	31,912
Total	69,582	31,912
Reserve for possible loss provision from bank operations (note 7)	(1,281)	(1,425)
Net amounts receivable from bank operations	68,301	30,487
Debtor liabilities and prepayments		
Debtor liabilities on the budget	90,155	59
Debtor liabilities to suppliers		
Prepayments to employees	21	89
Prepayments to suppliers	257,923	500,678
Prepayments on the budget and mandatory social insurance payments	47,211	6,304
Other debtor liabilities and prepayments	64,187	51,235
Total	459,497	558,365
Reserve for possible loss provision on other assets (note 7)	(4,597)	(5,584)
Total	454,900	552,781
Reserve	223,332	302,344
Sequestered pledge and available-for-sale assets		
Future period expenses	202,282	226,773
Other assets	70,914	62,917
Reserve for possible loss provision on other assets (note 7)	(7,047)	(5,849)
Total	489,481	586,185
Total other assets	1,012,682	1,169,453

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



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	31/12/2020	31/12/2019
Current accounts		
RA Banks	1,887	1,735
Banks having BBB(Baa3) and higher rating		
Banks having rating lower than BBB(Baa3) or no rating at all	19,532	20,793
Accrued interest		
Total	21,419	22,528
Interbank loans and deposits, other		
Other		
RA banks		
Loans and deposits	5,226,705	11,513,391
Other	685	406
Banks having BBB(Baa3) and higher rating		
Loans and deposits		
Other		
Banks having rating lower than BBB(Baa3) or no rating at all		
Loans and deposits	2,317,959	2,132,224
Other	45,498	114,405
Accrued interest	18,250	22,427
Total	7,609,097	13,782,853
Financial Institutions		
Current accounts	1,449,617	1,224,818
Loans and deposits	32,913,566	30,175,038
Other	60,052	75,567
Accrued interest	940,740	628,688
Total	35,363,975	32,104,111
Total liabilities to banks and financial institutions	42,994,491	45,909,492

Note 22.1 Loans and advances from international financial institutions



Loans attracted from financial institutions	Project	Currency	Term	31/12/2020	Currency	Term	31/12/2019
BlueOrchard	BlueOrchard/MSME	USD	1-4 years	5,232,330			
DEC	DEC/SME	USD	1-7 years	4,819,351	USD	1-7 years	4,926,242
European Bank for Reconstruction and Development	EBRD/WIB	AMD	1-4 years	4,867,167			
European Bank for Reconstruction and Development	EBRD/WIB	AMD	1-5 years	694,210	AMD	1-5 years	5,809,609
European Bank for Reconstruction and Development	EBRD/TFP/RCA	EUR	1 less than a year	1,211,294	EUR	1 less than a year	1,266,267
EFA Financial Institution debt fund	EFA FIDE/SME	USD	1-3 years	1,306,046	USD	1-3 years	1,195,435
Global Impact Investments	GLI/ME	USD	1-4 years	1,592,434	USD	1-4 years	1,456,627
GLS ALTERNATIVE INVESTMENTS - MFF	GLS AL MFF/ME	USD			USD	1-3 years	488,332
Incofin Investment Management	INCOFIN CVBA/MSME	USD	1-4 years	1,756,361	USD	1-4 years	3,195,115
Incofin Investment Management	Incofin CVSO CVBA-SO/MSME	USD	1-4 years	1,605,694	USD	1-4 years	1,489,381
Dutch Development Bank	FMO/MSME/Green	USD	1-5 years	5,262,679		1-5 years	9,545,039
Dutch Development Bank	FMO/MSME/Green	EUR	1-5 years	3,223,136			
Dutch Development Bank	FMO/MSME/RETAIL	USD	1-5 years	10,360,594			
Symbiotics-SEB IV Microfinance Fund	SICAV-SIF/ME1	AMD	1-4 years	2,031,312	AMD	1-4 years	2,039,581
Symbiotics-Globe Financial Inclusion Fund	SICAV-SIF/ME2	AMD	1-4 years	512,221	AMD	1-4 years	509,895
Symbiotics Sicav (Lux)- Hortensia Impact Investing Fund	HIIF/MSME	AMD	1-4 years	241,996	AMD	1-4 years	239,197
Symbiotics Sicav (Lux)- Global Financial Inclusion Fund	GFIF/MSME	AMD	1-4 years	241,996	AMD	1-4 years	239,197
Symbiotics Sicav (Lux)-SEBMF Microfinance Fund VII	SEBMFVII/MSME	AMD	1-4 years	1,935,965	AMD	1-4 years	1,913,576
Black Sea Trade and Development Bank (BSTDB)	BS/SME3	USD	1-5 years	5,275,296	USD	1-5 years	2,394,445
Asian Development Bank	ADB/TFP/RCA	USD	1 less than a year	1,139,791			
Asian Development Bank	ADB/MSME	USD	1-5 years	3,942,012			
Micro, Small & Medium Enterprises Bonds S.A.	MSMEBondsSA/Social/Green	AMD	1-4 unuph	5,302,485			
Total				62,554,370			36,707,938

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



Program	31/12/2020		31/12/2019	
	Loan amount	Accrued interest	Loan amount	1212106
"Women Entrepreneurship Support and Development" loan	1,827,163	6,382	2,030,043	6,421
GAF RA SME lending project of European Investment Bank	708,532	26,864	304,970	4,004
GAF "Micro and Small Business Development Project of	5,461,548	13,343	6,059,242	16,166
GAF "Renewable Energy Development" project	1,123,120	29,515	683,215	9,498
GAF "Access to finance for SMEs" project	244,928	1,760	144,374	609
Total	9,365,291	77,864	9,221,844	36,698

Note 22.3 REPO (repurchase) agreements



REPO (repurchase) agreements	31/12/2020	31/12/2019
REPO (repurchase) agreements with financial institutions	38,125,044	25,623,028
REPO (repurchase) agreements with financial institutions		
Total	38,125,044	25,623,028

Note 23: "Liabilities to Customers"

RA resident corporate entities and institutions	31/12/2020	31/12/2019
Current accounts	21,420,211	19,477,883
Term deposits	8,129,908	8,714,057
Other	477,035	817,179
Accrued interest	349,775	308,993
Total	30,376,929	29,318,112

Non-resident corporate entities, institutions	31/12/2020	31/12/2019
Current accounts	1,890,143	325,192
Deposits		26,376
Other	2	2
Accrued interest	216	651
Total	1,890,361	352,221

RA resident private entrepreneurs	31/12/2020	31/12/2019
Current accounts	831,444	980,188
Term deposit	4,199	-
Other	13,748	11,229
Accrued interest	121	-
Total	849,512	991,417

RA resident individuals	31/12/2020	31/12/2019
Current accounts	19,641,681	19,431,671
Term deposits	53,501,881	55,895,793
Other	883,777	628,773
Accrued interest	1,125,326	1,011,140
Total	75,152,665	76,967,377

Non- resident individuals	31/12/2020	31/12/2019
Current accounts	883,602	956,715
Term deposits	2,899,316	2,997,375
Other	387,592	1,724,391
Accrued interest	55,435	59,270
Total	4,225,945	5,737,751
Total liabilities to customers	112,495,412	113,366,878

As of 31.12.2020, the amount necessary to secure obligations was AMD 5.989.640 thousand.

As of 31.12.2020, the amount frozen by court order and tax authorities was AMD 4.015.157.31 thousand.

Note 23.1 : "Subordinate Borrowing"

As of 31.12.2020, the Bank attract subordiante borrowing` AMD 1.311.068.

Note 24: "Securities issued by the Bank"

	31/12/2020	31/12/2019
Interest securities issued by the Bank	6,185,733	4,452,356
Total	6,185,733	4,452,356

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

	Thous.AMD	
Financial liability at fair value recalculated through profit/loss	31/12/2020	31/12/2019
Derivative instruments		
Swap	4,267	9,313
Forward		
Other		
Total	4,267	9,313

Note 26: "Amounts Payable"

	Thous.AMD	
Amounts payable	31/12/2020	31/12/2019
Dividends	446,320	385,694
For insurance of deposit	54,273	47,974
Total	500,593	433,668

Note 27: " Other Liabilities"

	Thous.AMD	
Other Liabilities	31/12/2020	31/12/2019
On income tax of non-resident	62,158	57,332
On VAT	2,350	5,503
On other taxes and penalties	183,335	225,596
Salary liabilities to employees	998,449	817,804
Credit debts to suppliers	84,764	115,909
Other liabilities	520,018	638,140
Balance at the end of the period	1,851,074	1,860,284

Note 28: "Chartered capital"

The Bank's registered and fully paid share capital totals AMD 25,955,663 thous., including 1,883,333 common shares with a nominal value of AMD 10,400 per share and 424,600 preference shares with a nominal value of AMD 15,000 per share. The chart below shows information on the key shareholders of the

Name of the major shareholder	Participation amount	The size of participation in	Shareholders activity type (for
Sukiasyan Saribek Albert	5,457,078	27.86%	
Sukiasyan Khachatur Albert	3,138,533	16.02%	
Sukiasyan Eduard Albert	2,089,558	10.67%	
Sukiasyan Robert Albert	3,346,710	17.09%	

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

Note 29: "Other Equity Components"

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

Note 30: "Reserves, Contingencies, Potential Liabilities"



The Bank's legal liabilities: as of 31.12.2020 there are no such liabilities on which the bank has made provisioning. The Bank carries out activities within the framework of requirements set forth by the legislation.

The Bank's tax liabilities: as of 31.12.2020 the Bank had fully performed its tax liabilities and there is no need for additional provisioning on its tax liabilities.

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

	Thous.AMD	
	31/12/2020	31/12/2019
Unutilized credit lines	4,861,322	6,092,716
Provided guarantees	7,316,766	5,979,486
Provided letters of credit		
Reserve on the mentioned items (note 7)	(35,218)	(100,560)

Liabilities on operational leases

Note 31 : "Transactions with Related Parties"



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

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

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

Loans and advances at amortized value to the Bank related parties	31/12/2020	31/12/2019
Bank shareholder	3,941,879	2,958,344
Bank management	333,870	127,519
Financial institutions	352,061	50,145
Total	4,627,810	3,136,008
Interest income	271,897	301,095

Facilities attracted from Bank related entities	31/12/2020	31/12/2019
Bank shareholder	1,128,108	662,997
Bank management	664,407	85,719
Financial institutions	186,170	190,942
Total	1,978,685	939,658
Interest expense	24,902	27,045

Salary or Similar Payment to the Bank Management	31/12/2020	31/12/2019
Board	252,771	283,966
Salary	233,671	268,066
Awarding	19,100	15,900
Executive body	409,839	375,836
Salary	378,353	346,950
Awarding	31,486	28,886
Internal Audit	101,264	95,988
Salary	93,227	88,286
Awarding	8,037	7,702
Total	763,874	755,790

The credit risk is the possible danger of delay or non-repayment of the loan, accrued interest or a part of it conditioned by the deterioration of the financial

2) The methods of measurement and assessment of credit risk

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

3) Description of models (if available),

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

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

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

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

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

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

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

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

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

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

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

31/12/2020

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Item	RA	CIS countries	OECD* countries*	Non-OECD* countries	Total
Assets					
Cash and balances with the CBA	38,897,301	643,911	2,928,232	114,213	42,583,657
Standard bank precious metal bullions and coins	443				443
Due from banks and other financial institutions	13,034,410	79,642	741,943	5,025	13,861,020
Reverse repurchase agreements	10,175,600				10,175,600
Financial assets at fair value recalculated through profit/loss		9,402			9,402
Customers' loans and advances rated at amortized value	194,529,341				194,529,341
Securities at fair value rated through other comprehensive financial results	4,310,689		6,166		4,316,855
Securities pledged under repurchase agreement	39,384,619				39,384,619
Other financial assets carried at amortized cost	515,568				515,568
Other assets	68,588		994		69,582
Total assets	300,916,559	732,955	3,677,335	119,238	305,446,087

31/12/2019

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Item	RA	CIS countries	OECD* countries*	2092205.0	Total
Assets					
Cash and balances with the CBA	39,712,575	3,303,175	928,587	105,868	44,050,205
Standard bank precious metal bullions and coins	51,728				51,728
Due from banks and other financial institutions	13,656,692	171,087	357,267	4,737	14,189,783
Reverse repurchase agreements	6,222,111				6,222,111
Financial assets at fair value recalculated through profit/loss	18	7,504			7,522
Customers' loans and advances rated at amortized value	176,073,905	5,373	27,335		176,106,613
Securities pledged under repurchase agreement	20,180,825				20,180,825
Securities at fair value rated through other comprehensive financial results	4,840,843		5,856		4,846,699
Other financial assets carried at amortized cost	479,397				479,397
Other assets	137,366		1,095		138,461
Total assets	261,355,460	3,487,139	1,320,139	110,605	266,273,344

Loans allocated in the territory of RA per RA regions:

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RA regions	31/12/2020	31/12/2019
Yerevan	133,860,429	120,477,596
Aragatsotn	3,253,920	2,109,613
Ararat	9,944,887	8,163,889
Armavir	4,833,086	5,231,239
Gegharkunik	5,969,132	5,861,768
Lori	7,937,621	7,707,320
Kotayk	16,171,193	11,816,476
Shirak	5,395,918	5,753,548
Syunik	4,117,445	4,138,718
Vayots Dzor	1,079,485	1,332,659
Tavush	1,071,041	1,193,252
Artsakh	895,184	2,320,534
Total	194,529,341	176,106,613

Credit Risk Analysis

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

2) It should be noted that in the loan portfolio the unsecured loans (without reserves) as of 31.12.2020 did not exceed 5.79%. The bulk of the unsecured loans consists of those provided to the customers of "ARMECONOMBANK" OJSC, which have active account movements and stable cash flows. Credit lines under credit cards also have a significant weight. These loans contain low credit risk, since the credit lines have limited sizes, while the customers have jobs and in some cases guarantees of reputable organizations are

3) As of 31.12.2020, loan investments without reserves amounted to AMD 196.714.708. As of 31.12.2020, the volume of loans in the Stage 2, Stage 3 amounted to AMD 2.464.514 thousand.

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

5) The volume of repo transactions (except extensions) affected in the 4 th quarter of 2020 was AMD 444.892.065 against AMD 127.253.465 of the same period of the previous year. Reverse repo transactions in the 4 th quarter of 2020, made AMD 26.211.566 against AMD 12.878.370 of the same period of the previous year.

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

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

The balance sheet compiled by the Bank specialist reflects the situation at the time when the analysis is made liquid assets/cash in the pay desk, bank accounts, savings/ accounts receivables/receivable amounts, goods on transit, prepayments made/ .good supplies/raw materials, half ready goods, goods, fixed assets/equipments related to customers business activity, cars, real estate and other property/. The statement of income /expenses is compiled, taking into account the average indicators of customers disposal/average data/, value of goods and services/cost of raw materials, prime cost of goods/, surplus costs/salary, rental fee, transportation expenses, communal expenses, taxes, etc., other income expenses, repayments of extendable loan principal and interest.

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

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

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

Two types of monitoring are performed:

1. Monitoring via actual visits,
3. In case of extension of loans by installments, as well as in case of availability of operative loan, a monitoring (analysis) of previously extended loan is performed before the extension of the consecutive installment or the new loan.
4. Changes related to suppliers, consumer structure, and raw material prices.

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

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

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

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

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

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

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

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

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

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

Market Risk

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

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

2) The methods of market risk measurement and assessment

Foreign currency risk

Assessment of foreign exchange risk and position management efficiency

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

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

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Accounting period	USD	GBP	EUR	CHF	KZT	AED	RUB	GEL	XAU	Gross VAR
2020 III Q	2,711.95	168.14	199.83	140.30	23.11	3.78	949.77	629.41	19.04	3,213.73
2020 IV Q	5,121.70	177.38	452.73	369.06	24.56	4.54	1,056.52	723.64	0.00	5,700.10
increase/decrease	2,409.74	9.24	252.91	228.77	1.45	0.76	106.75	94.23	-19.04	2,486.37

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

	31/12/2020					Thous.AMD
	AMD	USD	EUR	RUB	Other currency	Total
Cash and their equivalents	18,183,427	18,224,707	4,854,946	1,170,327	150,250	42,583,657
Bank standardized bullions of precious metals and coins	443					443
Receivables to banks and other financial institutions	2,200,930	6,548,953	5,012,538	98,578	21	13,861,019
Reverse Repurchase Agreements	9,871,539	304,061				10,175,600
Financial instruments at fair value through profit or loss	9,402					9,402
Loans and advances to customers calculated at amortized value	120,643,633	61,852,609	11,994,256	38,843		194,529,341
Financial instruments at fair value recalculated through profit/loss	3,772,219	479,736	64,900			4,316,855
Securities pledged under repurchase agreements	39,384,619					39,384,619
Other financial assets calculated at amortized value		515,568				515,568
Other assets	59,634	6,480	2,598	68	802	69,582
Total assets	194,125,846	87,932,114	21,929,238	1,307,816	151,073	305,446,086
Liabilities						
Liabilities to the banks and other financial institutions	30,058,834	7,672,647	5,235,821	27,142	48	42,994,491
Loans and deposits from international financial institutions	15,505,052	42,614,887	4,434,431			62,554,370
Loans from the CBA and RA	10,151,725					10,151,725
REPO agreements	38,125,044					38,125,044
Liabilities to Customers	67,558,952	37,887,644	4,943,500	2,037,928	67,388	112,495,412
Subordinate borrowing		1,311,068				1,311,068
Liabilities on current taxes	1,212,106					1,212,106
Securities issued by the Bank	2,389,969	3,795,764				6,185,733
Financial liabilities at fair value recalculated through profit/loss	4,267					4,267
Amount payable	500,593					500,593
Deferred tax liabilities	680,572					680,572
Other liabilities	1,603,255	195,543	24,690	27,370	216	1,851,074
Total liabilities	167,790,369	93,477,553	14,638,441	2,092,439	67,652	278,066,455
Balance-sheet open position	26,335,477	(5,545,440)	7,290,797	(784,624)	83,421	27,379,631
Aggregately payable currency derivatives		6,279,303	(7,052,210)	778,041		5,134
Net position	26,335,477	733,863	238,587	(6,582)	83,421	27,384,765
				4144572.1		

	31/12/2019					Thous.AMD
	AMD	USD	EUR	RUB	Other currency	Total
Assets						
Cash and their equivalents	26,162,041	10,367,416	5,941,477	1,493,478	85,793	44,050,205
Bank standardized bullions of precious metals and coins	443				51,285	51,728
Receivables to banks and other financial institutions	2,283,747	5,395,461	6,241,301	269,274		14,189,783
Reverse Repurchase Agreements	5,775,586	446,525				6,222,111
Loans and advances to customers calculated at amortized value	100,848,096	59,253,818	16,035,097	55,574		176,192,585
Financial instruments measured at fair value through profit or loss	4,351,769	440,819	54,111			4,846,699
Securities pledged under repurchase agreement	20,180,825					20,180,825
Other financial assets calculated at amortized value		480,260				480,260
Other assets	130,747	4,754	2,135	49	776	138,461
Other assets	159,733,254	76,389,053	28,274,120	1,818,375	137,854	266,352,657
Liabilities						
Liabilities to the banks and other financial institutions	20,645,443	10,476,588	14,732,825	53,603	1,033	45,909,492
Loans and deposits from international financial institutions	10,544,794	24,896,877	1,266,267			36,707,938
Loans from the CBA and RA	9,306,047					9,306,047
REPO agreements	25,431,006	192,022				25,623,028
Liabilities to Customers	61,821,829	44,292,833	5,663,840	1,571,026	17,350	113,366,878
Subordinated borrowing	719,787					719,787
Liabilities on current taxes	390,243					390,243
Securities issued by the Bank	1,016,771	3,435,585				4,452,356
Amount payable	433,668					433,668
Deferred tax liabilities	1,027,172					1,027,172
Other liabilities	1,760,681	57,889	6,775	810	49	1,826,204
Other liabilities	133,097,441	83,351,794	21,669,707	1,625,439	18,432	239,762,813
Balance-sheet open position	26,635,813	(6,962,741)	6,604,414	192,936	119,422	26,589,844
Financial liabilities at fair value recalculated through profit/loss						
Aggregately payable currency derivatives	62,379	6,836,724	(6,850,065)	1,377	(52,205)	(1,790)
Open position	26,698,192	(126,017)	(245,651)	194,313	67,217	26,588,054

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

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

Interest Rate Risk

Assessment of interest rate change risk:

The analysis of disbalance shows that the average accumulated disbalance of the 4 th quarter of 2020 (accumulated gap of the sensitive assets and liabilities against the interest rate) is positive forming AMD 17.049.021 thousand against AMD 27.333.478 thousand of the same period of the previous year by decreasing in absolute value by AMD 10.284.457 or 37.6%, that is in average the Bank was sensitive to assets in the 4 th quarter of 2020. In the 4 th quarter of 2020, the average accumulated disbalance has increased in absolute value by AMD 3.335.333 thousand or by 16.4% against the previous quarter.

The average correlation ratio of assets and liabilities sensitive to interest rate changes for the 4 th quarter of 2020 has decreased by 7.6 percentage point, forming 107.3% against 115.0% average value of the 4 th quarter of 2019, that is in 4 th quarter of 2020 the assets sensitive to interest rate changes have formed 107.3% of the liabilities sensitive to interest rate changes.

The duration of assets as of the end of 4 th quarter of 2020 was 1.665 year (against the 1.680 year as of the 4 th quarter of 2019) as it increased by 0.015 year or by 0.9% , as compared with the end of the previous quarter (1.730 year) the mentioned indicator has increased by -0.065 year or 3.8%.

The duration of liabilities as of the end of the 4 th quarter of 2020 was 0.990 year (against 0.979 year of the 4 th quarter of 2019) increasing by 0.010year or 1.1%. In correlation with the end of the previous quarter (0.980) the indicator has increased by 0.010 year or 1.0%.

The duration gap as of the end of the 4 th quarter of 2020 was 0.777 (against 0.784 of the 4 th quarter of 2019) increasing by 0.007 or 0.9%. In correlation with the end of previous quarter (0.863) the indicator has increased by -0.086 or 10%.

Assets and Liabilities with changing interest rates

31/12/2019

Item	up to 1 month		1-3 months		3- 6 months		6 months to 1 year		1-5 years		more than 5 years	
	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency
Facilities placed												
Cash and their equivalents	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-
Resources attracted												
Liabilities to banks and other financial institutions, including:												
- Loans			488,070	536,207	614,756	1,281,207	1,102,826	682,868	8,607,696	14,490,217	(27,726,556)	
Total	-	-	488,070	536,207	614,756	1,281,207	1,102,826	682,868	8,607,696	14,490,217	(27,726,556)	-
Net position	-	-	488,070	(536,207)	(614,756)	(1,281,207)	(1,102,826)	(682,868)	(8,607,696)	(14,490,217)	27,726,556	-

31/12/2019

Thous.AMD

Item	up to 1 month		1-3 months		3- 6 months		6 months to 1 year		1-5 years		more than 5 years	
	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency
Facilities placed												
Loans and advances provided to customers rated at amortized value												
Total												
Resources attracted												
Liabilities to banks and other financial												
-Loans	4,797,000		4,797,000			6,732,107				2,440,350		
Total	4,797,000	-	4,797,000	-	-	6,732,107	-	-	-	2,440,350	-	-
Net position	(4,797,000)	-	(4,797,000)	-	-	(6,732,107)	-	-	-	(2,440,350)	-	-

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

Item	Interest rates of accounting period: 31/12/2020		Interest rates of accounting period: 31/12/2019	
	AMD	Foreign currency	AMD	Foreign currency
Assets				
Balance at CBA			4.08	
Receivables to banks and other financial institutions, including:	6.39	1.23	6.62	1.22
- Interbank Loans		1.76		1.76
-Interbank REPO	5.97		6.17	
Loans and advances provided to customers rated at amortized value	13.89	8.42	13.06	8.46
Financial instruments at fair value through profit or loss	8.19	6.95	10.41	6.69
Liabilities				
Liabilities to banks and other financial	7.06	4.34	7.39	3.47
Liabilities to Customers	5.56	3.56	5.33	3.46

3)Description of models

Foreign Currency Risk

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

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

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

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

Interest Rate Risk

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

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

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

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

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

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

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

On the purpose of mitigation of interest rate risk, the accumulative gap and duration gap of assets and liabilities sensitive to interest rate changes are maintained at acceptable levels of risk.

Taking into account the general tendency of interest rate changes and applying the elaborated models, measures are undertaken for insurance of efficient time and volume correlations of

Price Risk

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

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

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

Liquidity Risk

1) The Bank's definition of Liquidity Risk

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

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

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

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

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

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

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

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

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



Over the 4th quarter of 2020, instant liquidity, up to 90 days accumulative and general (up to one year accumulative) liquidity indicators have decreased by 5.2, 40.5 and 35.39 percentage point respectively.

Accounting period				30/09/2020							THOS.AMD	
Item	Non-performing		Repayment date		up to 3 months	the previous financial months	6-12 months	1-5 years	more than 5 years	Termless	Total	
	Term	Overdue	On-demand									
Cash and cash equivalents	-	-	41,190,390	1,393,268	-	-	-	-	-	-	42,583,658	
Standardized precious metal bullions and coins	-	-	443	-	-	-	-	-	-	-	443	
Receivables to banks and other financial institutions	-	-	72,614	10,702,649	597,944	1,104,563	9,170	4,901	1,379,178	-	18,881,019	
Reverse Repurchase Agreements	-	-	-	10,175,600	-	-	-	-	-	-	10,175,600	
Financial assets at fair value recalculated through profit/loss	-	-	-	9,402	-	-	-	-	-	-	9,402	
Other financial assets calculated at amortized value	-	-	-	-	515,568	-	-	-	-	-	515,568	
Loans and advances provided to customers rated at amortized value	2,519,990	320,370	-	20,550,839	14,808,603	23,751,925	90,385,260	42,192,353	-	-	194,529,340	
Financial assets at fair value calculated through other comprehensive financial result	-	-	-	110,255	544,636	-	581,142	2,968,901	111,921	-	4,316,855	
Securities pledged under repurchase agreements	-	-	-	39,384,620	-	-	-	-	-	-	39,384,620	
Other receivables	1,172	-	-	88,410	-	-	-	-	-	-	89,582	
Total	2,521,162	320,370	41,263,447	82,395,043	16,456,781	24,856,488	90,975,572	45,166,155	1,491,099	-	305,446,087	
including:												
I group foreign currency	1,048,234	28,596	23,276,912	13,611,254	4,381,777	10,226,847	39,531,352	17,716,225	137,542	-	109,856,739	
II group foreign currency	-	-	1,208,602	101,675	-	6,209	26,578	-	-	-	1,346,119	
including:												
By floating interest rate	-	-	-	-	-	-	-	-	-	-	-	
By fixed interest rate	2,303,697	272,475	388,660	41,738,035	16,456,751	24,856,488	90,975,572	45,166,155	-	1,491,099	222,167,833	
Non-interest	217,465	47,895	40,874,787	40,657,008	-	-	-	-	-	-	83,286,264	
On maturity of liabilities repayment												
Liabilities to banks and other financial institutions	-	-	1,581,912	7,283,140	6,561,220	8,222,005	12,038,772	7,327,441	-	-	42,694,490	
Loans and deposits from international financial institutions	-	-	-	6,431,485	2,923,460	7,032,349	46,167,076	-	-	-	62,564,370	
Loans from the RA Government and CBA	-	-	66,951	191,497	510,825	1,343,520	7,504,698	534,234	-	-	10,161,725	
Repurchase Agreements	-	-	-	38,125,045	-	-	-	-	-	-	38,125,045	
Liabilities to customers	-	-	46,486,928	14,740,208	12,223,668	23,725,147	14,598,029	721,432	-	-	112,496,412	
Subordinate borrowings	-	-	-	4,433	-	-	1,306,635	-	-	-	1,311,068	
Securities issued by the Bank	-	-	-	101,191	-	-	6,084,542	-	-	-	6,185,733	
Liabilities on current taxes	-	-	-	1,212,106	-	-	-	-	-	-	1,212,106	
Amounts payable	-	-	221,573	279,021	-	-	-	-	-	-	500,594	
Other liabilities	-	-	1,519,516	315,289	361	15,834	74	-	-	-	1,851,074	
Off-balance sheet contingent liabilities	-	-	-	1,673,185	1,059,942	5,006,996	3,789,050	748,914	-	-	12,178,087	
Total	-	-	49,876,880	70,236,800	23,270,476	45,345,851	90,182,241	10,638,666	-	-	289,559,704	
including:												
I group foreign currency	-	-	10,658,130	15,489,873	9,097,390	18,805,130	51,802,182	1,834,287	-	-	108,185,052	
II group foreign currency	-	-	676,608	621,841	295,587	409,806	89,868	-	-	-	2,093,590	
including:												
Major Liabilities	-	-	-	38,278,187	1,067,319	2,896,273	22,428,806	1,772,119	-	-	66,443,703	
By floating interest rate	-	-	-	280,371	969,178	2,780,402	17,668,949	-	-	-	21,618,900	
By fixed interest rate	-	-	14,059,739	64,685,949	19,265,760	37,789,048	83,185,284	9,105,486	-	-	208,992,136	
Non-interest	-	-	34,817,141	5,270,280	3,024,548	4,775,601	9,428,008	1,633,190	-	-	59,846,668	
Net liquidity gap	2,521,162	320,370	(6,813,433)	12,158,443	(6,822,725)	(20,489,363)	793,331	34,627,499	1,491,099	-	15,886,383	
including:												
I group foreign currency	1,048,234	28,596	12,320,782	(1,878,719)	(4,716,813)	(6,576,283)	(12,370,610)	16,781,868	137,542	-	1,773,887	
II group foreign currency	-	-	631,994	(519,969)	(292,519)	(403,697)	(83,290)	-	-	-	(747,477)	
Floating interest rate	-	-	-	(290,371)	(986,179)	(17,668,949)	-	-	-	-	(21,618,900)	
Fixed interest rate	2,303,697	272,475	(14,671,079)	(22,847,814)	(2,808,898)	(12,593,480)	27,790,289	36,000,689	-	-	15,155,897	
Accumulative liquidity gap	2,521,162	2,841,532	(6,771,901)	6,388,542	(436,183)	(20,925,546)	(20,132,215)	14,395,284	15,886,383	-	-	

Previous accounting period				31/12/2019							THOS.AMD	
Item	Non-performing		Repayment date in		up to 3 months	3-6 months	6-12 months	1-5 years	more than 5 years	Termless	Total	
	Term	Overdue	On-demand									
Cash and cash equivalents	-	-	34,048,005	10,002,200	-	-	-	-	-	-	44,050,205	
Standardized precious metal bullions and coins	-	-	51,728	-	-	-	-	-	-	-	51,728	
Receivables to banks and other financial institutions	-	-	60,713	5,419,788	1,620,638	4,701,051	963,680	-	1,423,933	-	14,189,783	
Reverse Repurchase Agreements	-	-	-	6,222,111	-	-	-	-	-	-	6,222,111	
Financial assets at fair value recalculated through profit/loss	-	-	-	7,522	-	-	-	-	-	-	7,522	
Other financial assets calculated at amortized value	-	-	-	-	684	-	478,713	-	-	-	479,397	
Loans and advances provided to customers rated at amortized value	1,609,614	508,182	-	20,288,151	14,164,531	18,589,940	90,526,444	30,419,751	-	-	176,106,613	
Financial assets at fair value calculated through other comprehensive financial result	-	-	-	2,932	4,522	-	1,582,933	3,166,485	89,826	-	4,846,698	
Securities pledged under repurchase agreements	-	-	-	20,180,925	-	-	-	-	-	-	20,180,925	
Other receivables	15,520	-	-	120,997	1,944	-	-	-	-	-	138,461	
Total	1,625,134	508,182	34,160,446	62,244,596	15,792,319	23,290,991	93,551,770	33,586,236	1,513,759	-	266,273,343	
including:												
I group foreign currency	1,252,385	383,509	16,319,375	11,457,176	5,478,866	10,282,262	43,498,892	15,123,173	134,433	-	103,936,171	
II group foreign currency	-	-	1,579,271	191,942	6,568	49,860	-	-	-	-	1,823,871	
including:												
By floating interest rate	-	-	1,308,814	293,540	626	1,337	14,141	-	3,021	-	1,621,479	
By fixed interest rate	1,561,540	363,983	623,614	44,612	56,367,848	14,644,940	21,267,756	89,364,163	33,550,495	-	217,120,725	
Non-interest	63,994	144,199	33,367,927	5,677,674	1,147,379	2,023,235	4,188,470	35,741	1,513,759	-	48,161,978	
On maturity of liabilities repayment												
Liabilities to banks and other financial institutions	-	-	1,441,799	8,661,640	4,251,039	6,239,116	18,334,256	4,981,642	-	-	45,909,492	
Loans and deposits from international financial institutions	-	-	-	1,844,751	718,999	2,216,128	31,648,412	479,650	-	-	36,707,928	
Loans from the RA Government and CBA	-	-	47,504	55,523	273,350	1,026,265	7,581,015	322,289	-	-	9,386,046	
REPO agreement	-	-	-	25,623,028	-	-	-	-	-	-	25,623,028	
Liabilities to customers	-	-	44,366,067	15,728,395	12,502,046	24,162,338	16,041,238	566,794	-	-	113,366,878	
Subordinate borrowings	-	-	-	236	-	-	719,550	-	-	-	719,786	
Liabilities on current taxes	-	-	-	47,199	390,244	-	-	-	-	-	390,244	
Securities issued by the Bank	-	-	-	9,313	-	959,036	3,448,120	-	-	-	4,452,355	
Financial liabilities at fair value recalculated through profit/loss	-	-	-	9,313	-	-	-	-	-	-	9,313	
Amounts payable	-	-	-	-	433,668	-	-	-	-	-	433,668	
Other liabilities	-	-	1,479,212	375,750	115	5,144	63	-	-	-	1,860,284	
Off-balance sheet contingent liabilities	-	-	47,334,582	52,787,118	18,869,396	39,136,420	85,659,639	7,882,380	-	-	250,851,535	
Total	-	-	15,637,517	17,140,843	10,618,988	20,422,396	40,416,691	974,464	-	-	105,210,899	
I group foreign currency	-	-	15,637,517	17,140,843	10,618,988	20,422,396	40,416,691	974,464	-	-	105,210,899	
II group foreign currency	-	-	473,593	385,640	199,848	373,848	279,169	-	-	-	1,712,098	
Major Liabilities	-	-	-	20,608,456	1,733,450	4,787,078	12,701,567	-	-	-	39,830,551	
including:												
By floating interest rate	-	-	-	5,994,000	6,732,107	-	2,440,350	-	-	-	18,766,457	
By fixed interest rate	-	-	12,186,189	50,490,129	16,850,309	35,251,374	59,870,197	5,870,340	-	-	180,518,538	
Non-interest	-	-	35,206,183	(7,334,205)	(4,786,961)	3,885,046	23,340,092	1,212,040	-	-	51,232,195	
Net liquidity gap	1,625,134	508,182	(13,174,136)	9,457,388	(3,068,877)	(15,845,429)	7,991,131	26,503,856	1,513,759	-	15,421,808	
including:												
I group foreign currency	1,252,385	383,509	681,858	(5,683,667)	(5,140,022)	(10,140,134)	3,082,201	14,148,709	134,433	-	(1,280,728)	
II group foreign currency	-	-	1,105,678	(193,698)	(196,618)	(367,280)	(236,309)	-	-	-	111,773	
By floating interest rate	-	-	623,614	(9,549,385)	(6,732,107)	-	(2,440,350)	-	-	-	(18,099,231)	
By fixed interest rate	1,561,540	363,983	(11,186,189)	5,847,719	(2,385,309)	(13,983,618)	29,493,966	27,680,155	-	-	36,602,187	
Accumulative liquidity gap	1,625,134	2,133,316	(11,040,820)	(1,583,432)	(4,661,599)	(20,496,938)	(12,595,807)	13,908,049	15,421,808	-	-	

Note 33: "Capital and Capital Adequacy Ratio"

The Bank does not have defined internal requirements for the capital level. The Central Bank of RA set forth a 12% capital adequacy ratio to risk weighted for all Armenian banks. The Central bank of Armenia has also defined a minimum amount for total capital forming AMD 30,000,000 thousand. During the accounting period, the Bank has met the established standard requirements on the capital level.

We present the structure of balance sheet capital:

	Thous.AMD	
	31/12/2020	31/12/2019
Chartered capital	25,955,663	25,635,343
Emission income/loss	180,180	
Reserves:	6,171,784	8,176,540
Main reserve	3,275,000	3,105,000
Revaluation reserve	2,896,784	5,071,540
Undistributed profit/loss	9,197,719	5,595,244
Total capital	41,505,346	39,407,127

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

	Involved in calculation standards						
2020	Main capital	Additional capital	Total capital	Credit risk	Market and operational risk	Equivalent effective %	CBA limit %
	1	2	3 (1+2)	4	5	6	7
January	31,321,393	6,264,279	37,585,672	233,879,724	3,791,710	14.16	12
February	31,588,434	6,317,687	37,906,121	229,506,140	4,006,775	14.42	12
March	32,382,296	6,325,083	38,707,379	235,813,689	4,241,738	14.27	12
April	33,001,732	6,483,617	39,485,349	234,587,896	4,268,010	14.62	12
May	34,141,025	6,858,335	40,999,360	237,690,754	4,618,789	14.85	12
June	34,557,742	6,727,414	41,285,156	239,876,328	4,689,338	14.80	12
July	34,671,390	6,643,706	41,315,096	244,796,158	5,243,522	14.32	12
August	34,930,419	6,615,519	41,545,938	249,658,663	5,533,107	14.05	12
September	35,387,537	6,600,630	41,988,167	253,112,782	5,616,387	14.00	12
October	35,507,277	6,222,183	41,729,460	259,527,031	5,829,976	13.54	12
November	35,578,530	5,768,407	41,346,937	255,030,103	5,764,471	13.64	12
December	36,191,459	4,997,271	41,188,730	250,164,157	5,481,659	13.92	12
	Involved in calculation standards						
2019	Main capital	Additional capital	Total capital	Credit risk	Market and operational risk	Equivalent effective %	CBA limit %
	1	2	3 (1+2)	4	5	6	7
January	26,906,529	6,490,827	33,397,356	6,185,733	2,619,987	14.99	12
February	27,000,876	6,639,226	33,640,102	4,267	2,607,664	14.79	12
March	27,492,103	6,412,428	33,904,531	500,593	2,842,016	15.23	12
April	29,302,537	5,485,391	34,787,928	680,572	3,161,462	15.07	12
May	29,498,890	5,544,102	35,042,992	35,218	3,006,944	14.94	12
June	29,440,126	5,232,053	34,672,179	1,674,091	3,068,754	14.43	12
July	29,762,699	5,240,248	35,002,947	1,851,074	3,202,317	14.27	12
August	29,945,421	5,207,962	35,153,383	775,652,843	3,245,905	14.37	12
September	29,939,704	5,210,441	35,150,145	220,551,631	3,538,605	14.06	12
October	30,301,115	5,399,116	35,700,231	223,043,306	3,555,438	14.13	12
November	30,583,690	5,613,799	36,197,489	225,486,114	3,510,113	14.21	12
December	30,883,065	6,025,603	36,908,668	230,406,499	3,543,771	14.20	12

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

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As of 31/12/2020				
Risk weight	Assets	Off-balance sheet contingent liabilities	Incomplete term operation	Total credit risk
0%	94,723,420	246,076		-
10%	6,894,736			689,474
20%	734,324			146,865
30%	116,079			34,824
35%	4,804,667			1,681,633
50%	3,789,191	75,193		1,932,192
75%	30,556,668	322,856		23,159,643
100%	120,846,877	3,646,940	118,060	124,611,877
110%	288,190	40,292		361,330
150%	56,577,247	5,014,905		92,388,228
200%	2,101,085			4,202,170
Total	321,432,484	9,346,262	118,060	249,208,236

As of 31/12/2019				
Risk weight	Assets	Off-balance sheet contingent liabilities	Incomplete term operation	Total credit risk
0%	78,415,645	168,025		-
10%	6,354,723			635,472
20%	1,485,381			297,076
30%	173,384			52,015
35%	4,453,563			1,558,747
50%	1,052,767			526,384
75%	34,778,809	392,985		26,378,846
100%	91,217,941	2,656,117	120,295	93,994,353
110%	366,876	83,192		495,075
150%	66,543,588	5,937,176	19,953	108,751,076
200%	2,515,838			5,031,676
Total	287,358,515	9,237,495	140,248	237,720,719

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



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

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

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

As of 31.12.20 the following methods and assessments were used by the Bank during the evaluation of fair value of each class of financial instrument.

Cash and Balances with the CBA

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

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

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

Resources attracted from banks and other financial institutions

The balance sheet value is close to the fair value.

Customer deposits and bank accounts

Customer deposits and bank accounts.

As of 31.12.20 the Bank had no financial assets accounted for by the amount exceeding their fair values.

Note 35. "Hedging of Envisaged Future Transactions"



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

Note 36. "De-recognition"



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

Note 37. "Pledged assets"



As of 31.12.20, the Bank has no pledged assets.

Note 38. "Accepted Pledge"

As of 31.12.2020, there are no assets accepted as pledge that the Bank is entitled to sell or re-pledge, even in case the customer has not breached its obligations.

We hereby present the assets and warranties accepted as a pledge with their relevant loan investments, without taking into account the reserve amounts.

Collateral type	31/12/2020		31/12/2019	
	Loan amount	Collateral amount	Loan amount	Collateral amount
Real estate	77,029,276	307,563,238	64,325,869	255,489,504
Car	2,230,587	7,271,960	1,973,902	6,729,810
Equipment	1,964,838	10,341,180	2,610,794	14,473,114
Ready made products	8,248,250	13,929,000	3,853,768	9,832,500
Guarantee	66,354,388	334,037,344	64,398,317	282,953,283
Monetary funds	1,964,820	5,828,662	1,928,527	4,656,327
Gold items	14,974,520	18,032,966	12,532,032	15,177,389
Governmental securities	9,949	23,000		
Other securities	244,143	667,645	267,710	637,362
Other pledge	12,303,862	26,993,020	11,503,009	23,857,258
No collateral available	11,390,075		14,799,611	
Total	196,714,708	724,688,015	178,193,539	613,806,547

Note 39: "Non-performance/Breach of Liabilities"

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

Chairman of the Executive Board(CEO)

A. Khachatryan

Chief Accountant

M.Poghosyan