

**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 2021
“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

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 31.12.2021, the Chartered capital amounts to AMD 26,107,555. It includes 1,897,938 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	27.95%
Sukiasyan Khachatur Albert	15.90%
Sukiasyan Eduard Albert	10.59%
Sukiasyan Robert Albert	17.41%

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

Financial Instruments

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

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

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

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

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

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

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

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

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

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

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

Profit and loss occurred from the further measurement:

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

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

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

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

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

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

Annual

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

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

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

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

Depreciation 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 2021
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	63,262,827	42,572,757
1.2	Standard bank precious metal bullions and coins		443	443
1.3	Due from banks and other financial institutions	14	9,511,490	13,755,753
1.4	Reverse repurchase agreement	14.1	7,826,751	10,175,600
1.5	Financial assets rated at actual value through profit or loss	15	5,053	16,538
1.5.1	Other financial assets rated at amortized value	18	801,483	515,568
1.6	Loans and advances provided to customers at amortized value	16	221,502,527	193,337,215
1.7	Financial assets at fair value rated through other comprehensive financial results	17	4,338,411	4,316,855
1.7.1	Securities pledged under repurchase agreement	17.1	37,667,527	39,384,619
1.9	Non-current assets held for sale		1,020,543	2,315,795
1.10	Fixed assets	20	10,749,930	10,712,169
1.10.1	Intangible assets	20	693,384	581,733
1.10.1	Right-of-use assets	20.1	1,968,567	2,092,205
1.12	Other assets	21	1,030,202	1,012,677
	Total assets		360,379,138	320,789,927
2	Liabilities			
2.1	Liabilities to banks and other financial institutions	22	53,677,688	42,994,491
2.2	Loans and deposits received from the international financial Institutions	22.1	55,584,125	62,554,371
2.3	Loans received from the CBA and from the RA government	22.2	21,933,323	10,151,725
2.4	Repurchase agreement	22.3	34,576,952	38,125,044
2.5	Liabilities to Customers	23	135,948,859	112,495,412
2.6	Subordinate borrowing	23.1	3,605,469	1,311,068
2.7	Liabilities on current taxes		429,349	790,950
2.8	Securities issued by the Bank	24	6,107,897	6,185,733
2.9	Financial liabilities at fair value through profit or loss	25	21,815	11,549
2.10	Amounts payable	26	532,196	500,593
2.11	Deferred tax liabilities	11	239,839	467,873
2.12	Reserves	30	99,199	54,637
2.13	Lease liabilities	40	1,572,752	1,674,091
2.14	Other liabilities	27	2,671,102	1,876,771
	Total liabilities		317,000,565	279,194,308
3	Capital			
3.1	Chartered capital	28	26,107,555	25,955,663
3.2	Emission income		289,718	180,180
3.3	Reserves			
3.3.1	Main reserve		3,481,000	3,275,000
3.3.2	Revaluation reserve		(361,149)	(63,931)
3.3.3	Other reserve		3,206,585	3,319,815
3.4	Undistributed profit(loss)		10,654,864	8,928,892
	Total capital		43,378,573	41,595,619
	Total liabilities and capital		360,379,138	320,789,927

Chairman of the Executive Board(CEO)

A. Khachatryan

Chief Accountant

M. Poghosyan

Approval date: 14 January 2022

Interim Report
On Financial Results
31 December 2021

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	7,071,328	27,099,454	6,677,413	25,846,673
Interest and similar expenses	3	(3,977,617)	(15,237,944)	(3,551,796)	(13,045,872)
Net interest and similar income		3,093,711	11,861,510	3,125,617	12,800,801
Income as commissions and other fees	4	927,249	3,279,159	738,719	2,565,617
Expenses as commissions and other fees	4	(464,619)	(1,254,288)	(266,575)	(831,404)
Net commission and other fees		462,630	2,024,871	472,144	1,734,213
Net commercial income	5	588,292	1,819,323	1,561,997	3,849,272
Other operational income	6	99,302	524,033	105,230	359,619
Operational income		4,243,935	16,229,737	5,264,988	18,743,905
Net allocations to possible asset loss provisions	7	(955,522)	(1,522,608)	(2,329,478)	(2,277,136)
Total administrative expenses	8	(2,042,810)	(7,420,780)	(2,155,215)	(7,638,112)
Other operational income	9	(804,576)	(3,207,881)	(680,532)	(2,764,105)
Operational profit		441,027	4,078,468	99,764	6,064,552
Profit/loss before taxation		441,027	4,078,468	99,764	6,064,552
Profit tax expenses(compensation)	11	(492,357)	(988,482)	358,645	(1,268,010)
Profit for period		(51,331)	3,089,986	458,409	4,796,542

Chairman of the Executive Board(CEO)

A. Khachatryan

Chief Accountant

M. Poghosyan

Approval date: 14 January 2022

Interim Report
On Other Comprehensive Financial Results
31 December 2021
ARMECONOMBANK OJSC 23/1 Amiryan Str., 0002 Yerevan

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

Thous. AMD

Name	Note	Current interim period (unaudited)	Accounting period (unaudited)	Comparable current interim previous period (audited)	Previous period (audited)
Other comprehensive financial results					
Revaluation of financial assets at fair value rated through other comprehensive financial results		(61,016)	(152,942)	(3,066,143)	(2,697,936)
Devaluation of financial assets at fair value rated through other comprehensive financial results after taxation		2,524	(171,805)	281,513	384,328
Profit from revaluation of non-current assets after taxation					7,725
Profit tax on the revaluation of financial assets at fair value rated through other comprehensive financial results		10,983	27,530	483,799	417,522
Other comprehensive financial result after taxation		(47,509)	(297,217)	(2,300,831)	(1,888,361)
Comprehensive financial result		(98,840)	2,792,769	(1,842,423)	2,908,181

Chairman of the Executive Board (CEO)

A. Khachatryan

Chief Accountant

M. Poghosyan

Approval date: 14 January 2022

Interim Report
On Equity Changes
31 December 2021

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 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	-	-	-	4,796,542	965,380	965,380
Not distributed shares	(464,880)	(464,880)	-	-	-	-	-	(464,880)	(464,880)
Comprehensive income	-	-	-	-	(1,896,086)	7,725	4,796,542	2,908,181	2,908,181
Dividends	-	-	-	-	-	-	(1,270,770)	(1,270,770)	(1,270,770)
Internal movements including:	-	-	-	170,000	-	(97,459)	(72,541)	-	-
Deductions to main reserve	-	-	-	170,000	-	-	(170,000)	-	-
Decrease of value from the revaluation of fixed and intangible assets	-	-	-	-	-	(97,459)	97,459	-	-
<i>Balance as of the end of the interim accounting period 31.12.2020(audited)</i>	25,955,663	25,955,663	180,180	3,275,000	(63,931)	3,319,815	8,928,892	41,595,619	41,595,619

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 2021 (audited)</i>	25,955,663	25,955,663	180,180	3,275,000	(63,931)	3,319,815	8,928,892	41,595,619	41,595,619
Recalculated balance	25,955,663	25,955,663	180,180	3,275,000	(63,931)	3,319,815	8,928,892	41,595,619	41,595,619
Transactions with shareholders (owners) regarding to shares, including:	151,892	151,892	109,538	-	-	-	-	261,430	261,430
Investments in chartered capital and other increase of chartered capital	151,892	151,892	109,538	-	-	-	-	261,430	261,430
Not distributed shares	-	-	-	-	-	-	-	-	-
Comprehensive income	-	-	-	-	(297,218)	-	3,089,986	2,792,768	2,792,768
Dividends	-	-	-	-	-	-	(1,271,244)	(1,271,244)	(1,271,244)
Internal movements including:	-	-	-	206,000	-	(113,230)	(92,770)	-	-
Decrease of value from the revaluation of fixed and intangible assets	-	-	-	-	-	(113,230)	113,230	-	-
Deductions to main reserve	-	-	-	206,000	-	-	(206,000)	-	-
<i>Balance as of the end of the interim accounting period 31.12.2021(unaudited)</i>	26,107,555	26,107,555	289,718	3,481,000	(361,149)	3,206,585	10,654,864	43,378,573	43,378,573

Chairman of the Executive Board (CEO)

A.Khachatryan

Chief Accountant

M.Poghosyan

Approval date: 14 January 2022

Interim Report
On the Cash Flows
31 December 2021
ARMECONOMBANK OJSC 23/1 Amiryan Str., 0002 Yerevan

Thous. AMD

Name	Note	Accounting period (unaudited)	Previous period (audited)
1. Cash flows from operations			
Profit for the year		3,089,986	4,796,542
<i>Adjustments</i>			
Expenses on profit tax		988,482	1,268,010
Loss from depreciation of interest-bearing assets		1,522,608	1,443,119
Depreciation and amortisation		1,661,159	1,519,519
Net income from disposal of fixed assets		(102,746)	(4,655)
Net pgain from foreign exchange		605,878	(824,496)
Net income from sale/ purchase of financial assets rated at fair value through profit or loss		(379,970)	719,134
Financial assets at fair value rated through other comprehensive financial results		(108,467)	(2,220,879)
Other income			838,847
Cash flows from operations before changes in operational assets and liabilities		7,276,930	7,535,141
Changes in operational assets or liabilities			
Increase/ decrease in operational assets			
Due from financial institutions		3,062,798	(886,392)
Reverse repurchase agreements		2,316,238	(3,989,576)
Loans to customers		(32,739,469)	(24,456,233)
Other assets		(25,372)	196,131
Liabilities to financial institutions		10,683,197	(1,387,112)
Repurchase agreements		(3,548,092)	12,520,188
Liabilities to customers		28,028,725	(5,025,275)
Other liabilities		(987,949)	(243,537)
Cash used in operations before taxation		14,067,005	(15,736,665)
Paid profit tax		(1,549,724)	(896,630)
Net cash used in operations		12,517,281	(16,633,295)
Cash flows from investments			
Decrease(increase) of securities at fair value rated though profit/loss and available for sale		1,630,378	(18,235,029)
Decrease(increase)of other financial assets at amortized value		(340,908)	
Acquisition of fixed assets		(998,877)	(990,268)
Proceeds from sale of fixed assets		184,655	39,026
Acquisition of intangible assets		(250,474)	(149,960)
Net cash flows from investments (used)/(gained from)		224,775	(19,336,231)
Cash flows from financial operations			
Loans from RA CB and RA Government		11,781,598	845,678
Proceeds/repayment of loans received from international financial institutions		(2,515,963)	30,124,560
Subordinated loan (repayments)/proceeds		2,381,410	659,674
Increase (decrease) of securities issued by the Bank		235,911	2,037,512
Prepayment received for the issue of shares		738,589	261,430
Lease liabilities		(756,040)	(524,465)
Issue of shares		261,430	500,500
Dividends paid		(1,261,961)	(1,224,400)
Net cash from financial operations		10,864,974	32,680,488
Impact of foreign exchange on cash balances		(2,916,959)	1,811,590
Net increase of cash and equivalents thereof		20,690,070	(1,477,448)
Cash and equivalents thereof as of the beginning of the period	13_2	42,572,757	44,050,205
Cash and equivalents thereof as of the end of the period	13_2	63,262,827	42,572,757

Chairman of the Executive Board(CEO)

A. Khachatryan

Chief Accountant

M.Poghosyan

Approval date: 14 January 2022

Note 3: "Net Interest and Similar Income"


	THOUS. AMD			
	01/10/2021- 31/12/2021	01/01/2021- 31/12/2021	01/10/2020- 31/12/2020	01/01/2020- 31/12/2020
Interest and similar income				
Interest income from the Bank's current accounts, deposits and loans allocated in banks and other financial institutions	179,627	731,108	160,246	661,459
Interest income from loans and advances to customers	5,842,494	22,335,764	5,549,424	21,807,134
Interest income from debt securities	853,158	3,351,657	862,096	2,923,877
Interest income from REPO agreements	175,110	590,228	102,297	416,610
Other interest income	20,939	90,697	3,350	37,593
Total	7,071,328	27,099,454	6,677,413	25,846,673
Interest and Similar Expenses				
Interest expenses from the Bank's current accounts deposits and loans allocated in banks and other financial in	2,031,385	7,664,164	1,815,552	6,484,448
Interest expenses on terms deposits and current accounts of customers	1,296,875	4,750,567	1,122,054	4,762,576
Interest expenses under REPO agreements	479,886	2,117,079	392,069	1,230,438
Interest expenses on subordinated borrowings	21,266	90,093	13,211	45,898
Interest expenses against the interest securities issued by the Bank.	107,824	433,600	107,871	327,346
Interest expenses on lease agreements	40,139	166,311	100,963	194,995
Other interest income	242	16,130	75	170
Total	3,977,617	15,237,944	3,551,795	13,045,871
Net interest and similar income	3,093,711	11,861,510	3,125,618	12,800,802

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


	THOUS. AMD			
	01/10/2021- 31/12/2021	01/01/2021- 31/12/2021	01/10/2020- 31/12/2020	01/01/2020- 31/12/2020
Commission and Other Fee Income				
Cashier's operations	89,169	298,274	73,481	210,842
Settlement services	712,075	2,524,909	589,618	1,913,353
Guarantees, warranties, letters of credit operations, trust management operations	38,995	132,925	40,706	143,417
Foreign currency and security operations	1,251	6,878	3,227	6,610
Payment card servicing	41,300	148,161	31,687	136,087
Other commission fees	44,459	168,010	-	155,308
Total	927,249	3,279,157	738,719	2,565,617
Commission and Other Fee Expenses:				
Commission fee from correspondent and other accounts	3,212	12,947	3,181	10,182
Expenses on payment card operations	235,554	768,545	136,730	443,951
Guarantees, warranties, letters of credit operations, trust management operations	18,477	68,291	17,917	62,076
Foreign currency and security operations	23,143	70,659	59,868	137,030
Other commission fees	184,233	333,846	48,877	178,163
Total	464,619	1,254,288	266,573	831,402
Net commission and other fees received	462,630	2,024,869	472,146	1,734,215

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


	THOUS. AMD			
	01/10/2021- 31/12/2021	01/01/2021- 31/12/2021	01/10/2020- 31/12/2020	01/01/2020- 31/12/2020
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	50,771	104,459	24,433	125,655
Shares	-	-	-	-
Debt Securities	-	-	-	-
Derivatives	50,771	104,459	24,433	125,655
Net income from changes in real value of financial assets rated at fair value through profit or loss	36,803	379,970	(282,077)	(844,788)
Total	87,574	484,429	(257,644)	(719,133)
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:	30,184	195,886	1,045,198	2,342,360
Debt securities	30,184	195,886	1,045,888	2,343,050
Derivatives	-	-	-	-
Net income from sale/purchase of investments at fair value rated through other comprehensive financial results	(1,367)	(65,991)	(31,666)	(122,172)
Total	28,817	129,895	1,013,532	2,220,188
Foreign currency operations				
Net income from foreign currency sale/purchase	568,359	1,810,885	485,797	1,513,378
Net income from the revaluation of foreign currency	(96,458)	(605,886)	320,306	824,500
Net income from the sale/purchase of precious standardized bullions and coins	-	-	6	4,398
Net income from the revaluation of precious standardized bullions and coins	-	-	-	5,941
Total	471,901	1,204,999	806,109	2,348,217
Net income from commercial operations	588,292	1,819,323	1,561,997	3,849,272

Note 6 : "Other Operatioanl Income"


THOUS. AMD

	01/10/2021- 31/12/2021	01/01/2021- 31/12/2021	01/10/2020- 31/12/2020	01/01/2020- 31/12/2020
Other operational expenses				
Income from penalties and fines	72,870	355,087	80,721	261,264
Net income from disposal of fixed and intangible assets	9,095	102,746	3,450	4,655
Other income *	17,337	66,200	21,059	93,700
Total	99,302	524,033	105,230	359,619

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

	01/10/2021- 31/12/2021	01/01/2021- 31/12/2021	01/10/2020- 31/12/2020	01/01/2020- 31/12/2020
Cash and cash equivalents (Note 13)				
Initial balance	28,203	30,723	15,250	28,031
Net deductions to reserve	4,600	2,080	15,473	2,692
Return of amounts previously charged to off balance item				
Usage of reserve				
Summary balance	32,803	32,803	30,723	30,723
"Due to Banks and other Financial institutions" (Note 14)				
Initial balance	282,804	385,370	197,896	48,815
Reserve adjustment related to model change				
Net deductions to reserve	6,865	(95,701)	177,404	326,485
Return of amounts previously charged to off balance item			10,070	10,070
Usage of reserve				
Summary balance	289,669	289,669	385,370	385,370
From loans and advances to customers (Note 16)				
Initial balance	3,120,933	3,377,493	1,814,019	2,086,927
Net deductions to reserve	934,794	1,560,415	1,846,566	1,509,589
Return of amounts previously charged to off balance item	448,589	698,421	374,480	785,476
Usage of reserve	(1,294,216)	(2,426,229)	(657,572)	(1,004,499)
Summary balance	3,210,100	3,210,100	3,377,493	3,377,493
Financial assets rated at fair value through other comprehensive financial assets (Note 17)				
Initial balance	263,598	437,927	177,675	53,599
Net deductions to reserve	(35,189)	(209,518)	260,252	384,328
Return of amounts previously charged to off balance item				
Usage of reserve				
Summary balance	228,409	228,409	437,927	437,927
On other assets (Note 21)				
Initial balance	13,699	12,927	11,034	12,860
Net deductions to reserve	(5,051)	(4,279)	(23,729)	(25,735)
Return of amounts previously charged to off balance item			25,659	26,519
Usage of reserve			(37)	(717)
Summary balance	8,648	8,648	12,927	12,927
Other financial assets rated at amortized value				
Initial balance	278,304	53,143	8,619	2,195
Net deductions to reserve	(111)	225,050	44,524	50,948
Usage of reserve				
Summary balance	278,193	278,193	53,143	53,143
Post-balance sheet items containing loan exposures (note 30)				
Initial balance	49,584	54,637	45,647	25,806
Net deductions to reserve	49,614	44,561	8,990	28,831
Usage of reserve				
Summary balance	99,198	99,198	54,637	54,637
Total net deductions to reserve	955,522	1,522,608	2,329,480	2,277,138

Note 8 : "Total administrative expenses"



Thous. AMD

"Total administrative expenses"	01/10/2021- 31/12/2021	01/01/2021- 31/12/2021	01/10/2020- 31/12/2020	01/01/2020- 31/12/2020
Salary and similar payments	1,387,319	5,067,672	1,151,150	4,961,114
Training and tutorship expenses	498	1,011	348	4,626
Business trip expenses	14,160	21,818	2,919	17,929
Operational leases expenses	1,000	7,905	2,701	10,606
Insurance costs	30,447	142,078	38,943	143,632
Servicing and maintenance of the Bank's equipment	136,430	452,543	66,050	249,262
Maintenance and safekeeping of Bank buildings	190,182	761,109	182,889	762,484
Audit and consulting services	14,119	46,560	11,247	31,883
Communication and transmission costs	26,847	111,942	24,482	107,529
Transportation costs	48,817	169,381	38,498	129,370
Taxes (except income tax) penalties and other mandatory payments	116,252	355,936	74,745	268,679
Office and organizational expenses	40,008	143,995	38,122	140,721
Other administrative expenses	36,731	138,830	523,119	810,275
Total	2,042,810	7,420,780	2,155,213	7,638,110

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



	01/10/2021- 31/12/2021	01/01/2021- 31/12/2021	01/10/2020- 31/12/2020	01/01/2020- 31/12/2020
Average number of Bank employees	829	839	859	849
Monthly average salary falling to a single employee (thousand AMD)	610	492	561	468

Note 9 : "Other Operational Expenses"



Thous. AMD

Other operational expenses	01/10/2021- 31/12/2021	01/01/2021- 31/12/2021	01/10/2020- 31/12/2020	01/01/2020- 31/12/2020
Paid fines and penalties	4,082	5,992		
Payments made for collection	86,250	345,000	86,250	345,000
Advertising and representative expenses	71,203	506,252	49,303	333,453
Amortization costs of fixed assets and intangible assets	438,940	1,661,159	383,396	1,519,519
Allocations to the Fund of Recovery of Deposits	62,070	211,428	54,273	216,388
Other expenses	142,031	478,050	107,310	349,746
Total	804,576	3,207,881	680,532	2,764,106

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	01/10/2021-31/12/2021	01/01/2021-31/12/2021	01/10/2020-31/12/2020	01/01/2020-31/12/2020
Current tax expenses	498,799	1,130,125	(175,156)	1,318,748
Corrections of current taxes for the previous period recognized in the current period	58,860	58,860	(21,412)	(21,412)
Deferred tax expenses	(65,301)	(200,503)	(162,077)	(29,326)
Total	492,358	988,482	(358,645)	1,268,010

	01/10/2021-31/12/2021	Efficient rate (%)	01/01/2021-31/12/2021	Efficient rate (%)	01/10/2020-31/12/2020	Efficient rate (%)	01/01/2020-31/12/2020	Efficient rate (%)
Profit before taxation	441,027		4,078,468.00		99,769		6,064,552	
Profit tax with rate	79,385	0.18	734,124	0.18	17,958	0.18	1,091,619	0.18
Հարկման նպատակով եկամուտների և ծախսերի ճշգրտումներ ոչ ժամանակավոր տարբերությունների գծով					150,992	1.51	150,992	0.02
Non-taxable income	- 22.00	(0.00)	(22.00)	(0.00)	(515)	(0.01)	(2,063)	(0.00)
Non-deductible expenses	339,013	0.77	94,111.00	0.02	(445,268)	(4.46)	205,056	0.03
Foreign currency negative/positive difference	17,361	0.04	109,058.00	0.03	(57,655)	(0.58)	(148,410)	(0.02)
Adjustments of calculated tax expenses of the previous year	58,860	0.133	58,860	0.01	(21,412)	(0.21)	(21,412)	(0.00)
Other privileges	(2,239)	(0.01)	(7,649.00)	(0.00)	(2,744)	(0.03)	(7,772)	(0.00)
Profit tax expenses	492,358	1.12	988,482	0.24	(358,644)	(3.59)	1,268,010	0.21

Calculation of deferred tax on temporary differences


	Balance as of the previous period	Recognized by financial results	Recognized by equity	Balance at the accounting period
Deferred tax assets, including:	262,824	182,692	27,530	473,046
Accrued expenses and other liabilities	94,518	122,823		217,341
Right-of-use assets		47,482		47,482
Investment securities	100,544	40,230	27,530	168,304
Claims to banks and other financial institutions	26,805	9,242		36,047
Cash and their equivalents		3,872		3,872
Loans and borrowings to customers	40,957	(40,957)		-
Deferred tax liabilities, including:	(730,697)	17,813	-	(712,884)
Investment securities	(1,392)	1,392		-
Loans and borrowings to customers		(11,830)		(11,830)
Fixed assets	(717,219)	22,991		(694,228)
Contingent liabilities	(12,086)	5,260		(6,826)
Net deferred tax asset/liability	(467,873)	200,506	27,530	(239,837)

Thous. AMD				
Basic profit falling to a single share	01/10/2021-31/12/2021	01/01/2021-31/12/2021	01/10/2020-31/12/2020	01/01/2020-31/12/2020
Net profit of the accounting period after taxation	(51,331)	3,089,986	458,409	4,796,542
Dividends on preferential shares calculated for the current accounting period	224,747	891,660	224,747	894,103
Net gains(losses) of given period referring to owners of common shares	(276,078)	2,198,326	233,662	3,902,439
Net weighted average number of common shares in circulation during the given period	1,897,938	1,897,938	1,883,333	1,883,333
Basic profit falling to a single share	(0.15)	1.16	0.12	2.07

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

Cash and cash equivalents	31/12/2021	31/12/2020
Cash and cash equivalent payment documents	14,481,483	13,003,189
Correspondent accounts with the CBA	47,685,081	24,354,638
Deposit accounts with the CBA		1,400,000
Correspondent accounts with the the resident banks	29,322	123,656
Correspondent accounts with the the non-resident banks	1,099,744	3,721,710
Accrued interests		287
Reserves/IFRS/	(32,803)	(30,723)
Cash and balances with the CBA	63,262,827	42,572,757

* 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

Current accounts	31/12/2021	31/12/2020
Deposited funds with CBA	1,042,500	1,292,500
Accrued interest	(11,916)	(13,959)
Total	1,030,584	1,278,541
With RA banks		
Loans and deposits		3,396,835
Other	77,662	95,474
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	135,618	75,197
Accrued interest		
Total	213,280	3,567,506
Possible loss provision for amounts due from banks (note 7)	(3,379)	(51,733)
Net receivables to banks	1,240,485	4,794,314

Loans and deposits with Financial Institutions, other receivables	31/12/2021	31/12/2020
With RA Financial Institutions:		
Loans and deposits	7,088,662	7,833,288
Other	849,558	864,038
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	471,568	420,583
Accrued interest	26,747	28,077
Total	8,436,535	9,145,986
Possible loss provision for receivables due to Financial Institutions	(165,529)	(186,071)
Net receivables to Financial Institutions	8,271,006	8,959,915
Net receivables to banks and Financial Institutions	9,511,491	13,754,229

** As of 31.12.2020 and 31.12.2021 the line "Other amounts due to financial institutions" includes accordingly insurance deposits in the amount of USD 165.862 (AMD 86.678 thousand on 31.12.2020 and AMD 79.637 thousand on 31.12.2021) in "Armenian Card" CJSC, as well as debtor liabilities against clearing systems.

Note 14.1 Reverse Repurchase Agreements



Reverse Repurchase Agreements	31/12/2021	31/12/2020
Repurchase Agreements with Financial Institutions	7,935,596	10,309,207
Reverse Repurchase Agreements with Financial Institutions	(108,845)	(133,607)
Total	7,826,751	10,175,600

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



Thous. AMD

Other financial assets recalculated at fair value through profit/loss	31/12/2021	31/12/2020
Derivative Instruments		
Forward		
Swap	5,053	16,538
Total	5,053	16,538

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	31/12/2021	31/12/2020
Loans, including:	198,942,941	170,140,385
Mortgage loans	29,154,728	19,788,032
Credit cards	24,664,422	25,598,405
Accrued interest on the mentioned items	1,105,264	975,918
Total loans	224,712,627	196,714,708
Reserve for possible loss of customer loans and advances (note 7)	(3,210,100)	(3,377,493)
Total loans and advances at amortized value	221,502,527	193,337,215

Thous. AMD		
Analyses of provided loans and advances per customers	31/12/2021	31/12/2020
State industries	13,895	169,235
Private industries, including:	106,906,820	86,854,433
Major enterprises	61,064,990	43,713,262
Small and medium enterprises	47,841,830	42,941,171
Including business cards	63,687	69,204
Individuals, including:	95,723,093	94,873,208
Consumer loans	29,761,854	40,049,390
Mortgage loans	29,154,728	19,788,032
Credit cards	24,600,709	25,528,256
Private entrepreneurs	18,983,555	14,041,814
Accrued interest	1,105,264	975,918
Total loans	224,712,627	196,714,708
Reserve for customers' loans and advances calculated at amortized value (note7)	(3,210,100)	(3,377,493)
Total loans and advances at amortized value	221,502,527	193,337,215

Thous. AMD		
Analyses of loans and advances provided to the customers per the groups of businesses (segments)	31/12/2021	31/12/2020
State and major enterprises	61,078,885	43,837,581
SME * sector, including	78,449,504	68,077,035
Agriculture	29,350,740	7,143,583
Housekeeping	84,078,974	83,824,174
Accrued interests	1,105,264	975,918
Total loans and advances calculated at amortized value	224,712,627	196,714,708
Reserve for customers' loans and advances calculated at amortized value (note7)	(3,210,100)	(3,377,493)
Total loans and advances calculated at amortized value	221,502,527	193,337,215

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

Thous. AMD		
Loan liabilities on 20 major borrowers and related parties /without reserve/	31/12/2021	31/12/2020
Customers' loans and advances calculated at amortized value	68,994,622	55,210,034
Balance of off-balance sheet contingent liabilities	8,182,114	5,193,806
Total	77,176,736	60,403,840
Loan investments	224,712,627	196,714,708
Ratio in portfolio	34.34%	30.71%
Total normative capital	45,625,212	41,188,731
Percentage ratio to capital	169.15%	146.65%
Total	77,176,736	60,403,840

Thous. AMD		
Loan Investments through International programs	31/12/2021	quantity
ADB/MSME	3,097,746	98
ADB/TFP/IBA	94,915	6
ADB/TFP/RCA	80,641	1
ADB/WESSD	2,221,767	154
FMO/MSME/Green/	1,431,254	40
DEG/SME/	1,106,755	51
EBRD/WIB/	1,788,090	158
EBRD/TFP/IBA	23,200	1
FINSCA/MSE/	38,084	3
FMO/MSME/Retail/	3,661,947	129
GAF/GOV/SME	2,318	1
GAF/KfW/SME/ENERGY	611,177	25
Incofin CVSO CVBA-SO/MSE	3,256,638	110
EIB/APEX	5,495,615	104
SICAV-SIF/ME1	6,189	5
GLI/ME	20,349	6
COVID 14	2,619	2
COVID 19/2/1	30,731	29
COVID 19/2/2	4,266,593	70
Total	46,486,031	4,630

Thous. AMD

Loan Investments through International programs	31/12/2020	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
BS/SME1	5,543	1
BS/SME3	1,902,323	57
EFA_FIDF/SME	485,990	6
GLI/ME	30,958	2
Total	27,822,357	1,896

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)	31/12/2021	Percentage	31/12/2020	Percentage
Industry	24,025,711	14.78	24,428,020	12.42
Agriculture	22,577,206	6.07	9,287,083	4.72
Construction	19,599,706	7.06	12,376,728	6.29
Transportation and communication	817,054	0.31	662,594	0.34
Commerce	39,884,282	17.05	35,216,623	17.90
Consumer	55,159,331	30.81	68,534,046	34.84
Mortgage loans	29,270,247	10.18	19,868,036	10.10
Service	11,519,968	5.35	10,783,610	5.48
Other	21,859,122	8.41	15,557,968	7.91
Total	224,712,627	100	196,714,708	100.00

Breakdown of loan portfolio per customer residency	31/12/2021	Percentage	31/12/2020	Percentage
RA residents	220,373,756	99.49	192,361,297	99.50
Residents of countries with Baa33 and higher ratings including	23,507	0.01		-
Belgium				
France	23,507			-
Residents of countries with Baa33and lower ratings or no rating at all				
Accrued interest	1,105,264	0.50	975,918	0.50
Total	221,502,527	100	193,337,215	100.00

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



31/12/2021

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	Depreciation reserve	Gross loans	Depreciation reserve	Gross loans	Depreciation reserve
Corporate loans	108,525,161	270,038	595,913	112,101	273,368	199,194
Loans to individuals and private entrepreneurs	113,844,860	2,061,041	803,166	230,242	670,159	337,483
Total	222,370,021	2,331,079	1,399,079	342,343	943,527	536,677

31/12/2020

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	86,794,109	187,190	102,302	45,827	274,610	200,660
Loans to individuals and private entrepreneurs	107,177,916	1,883,584	1,287,093	375,030	1,078,678	685,202
Total	193,972,025	2,070,774	1,389,395	420,857	1,353,288	885,862

31/12/2021				
	Gross loans	Depreciation reserve	Net loans	Depreciation reserve on gross loans
Consumer				
Non-overdue	54,433,337	1,254,023	53,179,314	2.30%
Overdue			0	
1-30 days	164,113	19,140	144,973	11.66%
31- 60 days	129,226	39,342	89,884	30.44%
61- 90 days	95,857	28,799	67,058	30.04%
91-180 days	203,885	105,787	98,098	51.89%
180 and more	132,913	84,308	48,605	63.43%
Total	55,159,331	1,531,399	53,627,932	2.78%
Trade				
Non-overdue	39,833,077	147,131	39,685,946	0.37%
Overdue			0	
1-30 days	1,468	5	1,463	0.34%
31- 60 days	909	421	488	46.31%
61- 90 days	35,331	16,335	18,996	46.23%
91-180 days	13,508	9,843	3,665	72.87%
180 and more			0	
Total	39,884,293	173,735	39,710,558	0.44%
Production				
Non-overdue	24,025,708	38,697	23,987,011	0.16%
Overdue				
1-30 days			0	
31- 60 days				
61- 90 days				
91-180 days			0	
180 and more			0	
Total	24,025,708	38,697	23,987,011	
Construction				
Non-overdue	19,599,706	135,930	19,463,776	
Overdue				
1-30 days				
31- 60 days				
61- 90 days				
91-180 days				
180 and more				
Total	19,599,706	135,930	19,463,776	0.69%
Mortgage				
Non-overdue	29,216,921	991,972	28,224,949	3.40%
Overdue				
1-30 days	39,190	14,738	24,452	37.61%
31- 60 days			0	
61- 90 days	14,131	5,314	8,817	37.61%
91-180 days			0	
180 and more			0	
Total	29,270,242	1,012,024	28,258,218	3.46%
Agriculture				
Non-overdue	22,543,627	4,459	22,539,168	0.02%
Overdue				
1-30 days	17,569	129	17,440	0.73%
31- 60 days	3,124	108	3,016	3.46%
61- 90 days	3,273	113	3,160	3.45%
91-180 days	7,938	6,658	1,280	83.88%
180 and more	1,674	1,404	270	
Total	22,577,205	12,871	22,564,334	0.06%
Other fields				
Non-overdue	34,196,142	305,444	33,890,698	0.89%
Overdue				
1-30 days			0	#DIV/0!
31- 60 days				
61- 90 days				
91-180 days				#DIV/0!
180 and more				#DIV/0!
Total	34,196,142	305,444	33,890,698	0.89%
TOTAL	224,712,627	3,210,100	221,502,527	1.43%

31/12/2020

	Gross loans	Depreciation reserve	Net loans	Depreciation reserve on gross loans
Consumer				
Non-overdue	66,177,890	1,229,294	64,948,596	1.86%
Overdue				
1-30 days	508,621	41,898	466,723	8.24%
31- 60 days	508,377	143,884	364,493	28.30%
61- 90 days	384,113	131,302	252,811	34.18%
91-180 days	666,982	383,529	283,453	57.50%
180 and more	288064	208,188	79,876	72.27%
Total	68,534,047	2,138,095	66,395,952	3.12%
Trade				
Non-overdue	35,171,158	108,891	35,062,267	0.31%
Overdue			0	
1-30 days	9,450	2,154	7,296	22.79%
31- 60 days	14,576	6872	7,704	47.15%
61- 90 days	2,585	1197	1,388	46.31%
91-180 days	15,098	11018	4,080	72.98%
180 and more	3,756	2,741	1,015	72.98%
Total	35,216,623	132,873	35,083,750	0.38%
Production				
Non-overdue	24,427,117	33,872	24,393,245	0.14%
Overdue				
1-30 days			0	
31- 60 days				
61- 90 days	899	130	769	14.46%
91-180 days				
180 and more			0	
Total	24,428,016	34,002	24,394,014	0.14%
Construction				
Non-overdue	12,376,726	22,674	12,354,052	0.18%
Overdue				
1-30 days				
31- 60 days				
61- 90 days				
91-180 days				
180 and more				
Total	12,376,726	22,674	12,354,052	0.18%
Mortgage				
Non-overdue	19,775,925	679,522	19,096,403	3.44%
Overdue			0	
1-30 days	26,108	876	25,232	
31- 60 days	6,418	5,574	844	86.85%
61- 90 days	23458	8816	14,642	37.58%
91-180 days	32,710	28,411	4,299	86.86%
180 and more	3,425	2,975	450	86.86%
Total	19,868,044	726,174	19,141,870	3.65%
Agriculture				
Non-overdue	9,272,061	4,509	9,267,552	0.05%
Overdue				
1-30 days	8056	46	8010	0.57%
31- 60 days	2863	99	2,764	3.46%
61- 90 days	4102	1040	3062	25.35%
91-180 days				
Total	9,287,082	5,694	9,281,388	0.06%
Other fields				
Non-overdue	26,898,953	270,567	26,628,386	1.01%
Overdue				
1-30 days	2,749	1,018	1,731	37.03%
31- 60 days	97,402	44917	52,485	46.12%
61- 90 days	3,577	124	3,453	3.47%
91-180 days	75	68	7	90.67%
180 and more	1,416	1,289	127	91.03%
Total	27,004,172	317,983	26,686,189	1.18%
TOTAL	196,714,710	3,377,495	193,337,215	1.72%

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



	Thous. AMD	
	31/12/2021	31/12/2020
Government securities		
RA Governmental T-bills	4,225,515	3,557,090
Total	4,225,515	3,557,090

	Thous. AMD			
RA non-state securities	31/12/2021		31/12/2020	
	listed	unlisted	listed	unlisted
Issuer having BBB+(Baa1) and lower rating, other rating or no rating at all				
Long term debt instruments			647,844	
Short term debt instruments				
Capital instruments		105,755		105,755
Total non-state securities of RA		105,755	647,844	105,755
Investments in RA non-governmental securities (reserve for possible losses)				
Net Investments in RA non-governmental securities	-	105,755	647,844	105,755

	Thous. AMD			
	31/12/2021		31/12/2020	
	listed	unlisted	listed	unlisted
Issuer having BBB+(Baa1) and lower rating, other rating or no rating at all				
Capital instruments		7,141		6,166
Total non-state securities of RA	-	7,141	-	6,166
Financial assets rated at fair value through other comprehensive financial assets	4,225,515	112,896	4,204,934	111,921

Investments in share capital of other entities as of 31.12.2021

	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	7,141	-
"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				112,896	

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	
	31/12/2021	31/12/2020
Assets		
Pledged securities	14,799,561	39,428,538
Securities under REPO agreement	23,133,346	
Reserve for pledged securities	(265,380)	(43,919)
Total	37,667,527	39,384,619

Note18. "Other financial assets calculated at amortized value"



	31/12/2021	31/12/2020
Government securities rated at amortized value	200,000	
Non-state securities rated at amortized value	600,147	522,571
Accumulated interest	14,150	2,221
Reserve of financial assets calculated at amortized value	(12,814)	(9,224)
Total	801,483	515,568

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 31/12/2020	8,399,573	3,835,389	903,061	2,299,221	16,310	3,210,266	18,663,820
Increase	23,794	200,698	283,640	227,074	263,671	625,544	1,624,421
Disposal			(178,769)	(5,886)			(184,655)
Written-off		(307)				(20,266)	(20,573)
Reclassification	233,996				(255,682)	(97,956)	(119,642)
Balance of fixed assets at the end of accounting period 31/12/2021	8,657,363	4,035,780	1,007,932	2,520,409	24,299	3,717,588	19,963,371
Balance of accumulated amortization at the end of the previous period 31/12/2020	436,041	2,477,812	386,200	1,441,332	-	1,118,061	5,859,446
Increase	235,925	346,820	112,625	185,828		641,138	1,522,336
Disposal			(126,085)	(568)			(126,653)
Written-off of amortization		(77)				(10,178)	(10,255)
Balance of accumulated amortization at the end of the accounting period 31/12/2021	671,966	2,824,555	372,740	1,626,592	-	1,749,021	7,244,874
Net balance sheet value							-
At the end of the accounting period	7,985,397	1,211,225	635,192	893,817	24,299	1,968,567	12,718,497
At the end of the previous accounting period	7,963,532	1,357,577	516,861	857,889	16,310	2,092,205	12,804,374

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

Intangible Assets

Thous. AMD

Item	Software programs	License and warranties	Intellectual property rights	Other Intangible Assets	Total
Initial value					
Balance of intangible assets at the end of the previous period 31/12/2020	476,894	451,685	206	30,550	959,335
Increase	84,584	165,890			250,474
Reclassification					-
Balance of intangible assets at the end of the accounting period 31/12/2021	561,478	617,575	206	30,550	1,209,809
Intangible balance of accumulated amortization at the end of previous period 31/12/2020	115,392	240,920	84	21,205	377,601
Increase	48,567	88,168	15	2,074	138,824
Disposal					-
Reclassification					-
Balance of accumulated amortization at the end of accounting period 31/12/2021	163,959	329,088	99	23,279	516,425
Net balance sheet value					-
At the end of the accounting period	397,519	288,487	107	7,271	693,384
At the end of the previous accounting period	361,502	210,765	122	9,345	581,734

As of 31.12.2021, 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

	31/12/2021	31/12/2020
Amounts receivable from bank operations		
Amounts receivable from other operations	81,526	69,582
Total	81,526	69,582
Reserve for possible loss provision from bank operations (note 7)	(830)	(1,281)
Net amounts receivable from bank operations	80,696	68,301
Debtor liabilities and prepayments		
Debtor liabilities on the budget	160,341	90,155
Prepayments to employees	387	21
Prepayments to suppliers	206,950	257,923
Prepayments on the budget and mandatory social insurance payments	43,915	47,211
Other debtor liabilities and prepayments	57,659	64,187
Total	469,252	459,497
Reserve for possible loss provision on other assets (note 7)	(4,689)	(4,597)
Total	464,563	454,900
Reserve	175,493	223,332
Future period expenses	249,993	202,282
Other assets	62,586	70,910
Reserve for possible loss provision on other assets (note 7)	(3,129)	(7,047)
Total	484,943	489,477
Total other assets	1,030,202	1,012,678

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



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	31/12/2021	31/12/2020
Current accounts		
RA Banks	9,814	1,887
Banks having BBB(Baa3) and higher rating		
Banks having rating lower than BBB(Baa3) or no rating at all	15,236	19,532
Accrued interest		
Total	25,050	21,419
Interbank loans and deposits, other		
Other		
RA banks		
Loans and deposits	4,801,248	5,226,705
Other	1,257	685
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	1,362,570	2,317,959
Other	54,486	45,498
Accrued interest	12,783	18,250
Total	6,232,344	7,609,097
Financial Institutions		
Current accounts	4,451,755	1,449,617
Loans and deposits	42,199,592	32,913,566
Other	85,966	60,052
Accrued interest	682,981	940,740
Total	47,420,294	35,363,975
Total liabilities to banks and financial institutions	53,677,688	42,994,491

Note 22.1 Loans and advances from international financial institutions



Loans attracted from financial institutions	Project	Currency	Term	31/12/2021	Currency	Term	31/12/2020
BlueOrchard	BlueOrchard/MSME	USD	1-4 years	4,824,801	USD	1-4 years	5,232,330
DEG	DEG/MSME	USD	1-7 years	3,422,980	USD	1-7 years	4,819,351
European Bank for Reconstruction and Development	EBRD/WIB	AMD	1-4 years	1,428,867	AMD	1-4 years	4,867,167
European Bank for Reconstruction and Development	EBRD/WIB	AMD	1-5 years	1,915,277	AMD	1-5 years	694,210
European Bank for Reconstruction and Development	EBRD/TFP/CA	EUR	1 less than a year		EUR	1 less than a year	1,211,294
EFA Financial Institution debt fund	EFA FIDF/MSME	USD	1-3 years		USD	1-3 years	1,306,046
Global Impact Investments	GLI/ME	USD	1-4 years		USD	1-4 years	1,592,434
Incofin Investment Management	INCOFIN/CVBA/MSME	USD	1-4 years		USD	1-4 years	1,756,361
Incofin Investment Management	Incofin CVSO CVBA-SO/MSME	USD	1-4 years	990,897	USD	1-4 years	1,605,694
Dutch Development Bank	FMO/MSME/Green	USD	1-5 years	4,802,096	USD	1-5 years	3,223,136
Dutch Development Bank	FMO/MSME/Green	EUR	1-5 years	2,713,422	EUR	1-5 years	5,262,679
Dutch Development Bank	FMO/MSME/RETAIL	USD	1-5 years	7,414,861	USD	1-5 years	10,360,594
Symbiotics-SEB IV Microfinance Fund	SICAV-SIF/ME1	AMD	1-4 years		AMD	1-4 years	2,031,312
Symbiotics-Globe Financial Inclusion Fund	SICAV-SIF/ME2	AMD	1-4 years		AMD	1-4 years	512,221
Symbiotics Sicav (Lux)- Hortensia Impact Investing Fund	HIF/MSME	AMD	1-4 years	160,153	AMD	1-4 years	241,996
Symbiotics Sicav (Lux)- Global Financial Inclusion Fund	GFIF/MSME	AMD	1-4 years	160,153	AMD	1-4 years	241,996
Symbiotics Sicav (Lux)-SEBMF Microfinance Fund VII	SEBMFVII/MSME	AMD	1-4 years	1,281,227	AMD	1-4 years	1,935,965
Symbiotics Sicav (Lux)-SEBMF Microfinance Fund VI	SEBMFVI/MSME	AMD	1-4 years	813,450			
Symbiotics Sicav (Lux)- Hortensia Impact Investing Fund	SEBIF/MSME	USD	1-4 years	365,040			
Symbiotics Sicav II - ABN AMRO Impact Fund	SAIIF/MSME	USD	1-4 years	486,720			
Dual Return Fund S.I.C.A.V	DRF/ME	USD	1-4 years	2,430,746			
Microfinance Enhancement Facility S.A., SICAV-SIF	MEF/MSME	USD	1-4 years	2,427,128			
Black Sea Trade and Development Bank (BSTDB)	BS/MSME3	USD	1-5 years	4,810,492	USD	1-5 years	5,275,296
Asian Development Bank	ADB/TFP/CA	USD	1 less than a year	240,606	USD	1 less than a year	1,139,791
Asian Development Bank	ADB/MSME	USD	1-5 years	7,296,747	USD	1-5 years	3,942,012
Micro, Small & Medium Enterprises Bonds S.A.	MSMEBondsSA/Social/Green	AMD	1-4 years	7,601,259	AMD	1-4 years	5,302,485
Total				55,584,124			62,554,370

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



Program	31/12/2021		31/12/2020	
	Loan amount	Accrued interest	Loan amount	Accrued interest
"Women Entrepreneurship Support and Development" loan project	2,027,057	6,549	1,827,163	6,382
GAF/ RA SME lending project of European Investment Bank	5,702,361	70,916	708,532	26,864
GAF /Micro and Small Business Development Project of German-Arm	10,403,385	53,709	5,461,548	13,343
GAF "Renewable Energy Development" project	1,918,379	47,048	1,123,120	29,515
GAF "Access to finance for SMEs" project	633,808	5,152	244,928	
RA "Agriculture support" project	689,978	4,801	-	
COR-AGRO	32,976	274	10,176	53
Cor-Cof	6,000	-	404,250	
COVID-19	119,256	-	16,625	
Total	21,667,951	188,449	9,796,342	76,157

Note 22.3 REPO (repurchase) agreements



REPO (repurchase) agreements	31/12/2021	31/12/2020
REPO (repurchase) agreements with financial institutions	34,576,952	38,125,044
Total	34,576,952	38,125,044

Note 23: "Liabilities to Customers"

RA resident corporate entities and institutions	31/12/2021	31/12/2020
Current accounts	29,949,138	21,420,211
Term deposits	13,372,968	8,129,908
Other	1,289,337	477,035
Accrued interest	314,818	349,775
Total	44,926,261	30,376,929
Non-resident corporate entities, institutions	31/12/2021	31/12/2020
Current accounts	2,747,632	1,890,143
Deposits		
Other	2	2
Accrued interest	146	216
Total	2,747,780	1,890,361
RA resident private entrepreneurs	31/12/2021	31/12/2020
Current accounts	1,430,359	831,444
Term deposit	1,100	4,199
Other	15,074	13,748
Accrued interest	40	121
Total	1,446,573	849,512
RA resident individuals	31/12/2021	31/12/2020
Current accounts	19,978,527	19,641,681
Term deposits	60,452,272	53,501,881
Other	898,085	883,777
Accrued interest	1,108,029	1,125,326
Total	82,436,913	75,152,665
Non- resident individuals	31/12/2021	31/12/2020
Current accounts	1,416,568	883,602
Term deposits	2,872,591	2,899,316
Other	60,673	387,592
Accrued interest	41,500	55,435
Total	4,391,332	4,225,945
Total liabilities to customers	135,948,859	112,495,412

As of 31.12.2021, the amount necessary to secure obligations was AMD 9.886.988 thousand.

As of 31.12.2021, the amount frozen by court order and tax authorities was AMD 2.349.906 thousand.

Note 23.1 : "Subordinate Borrowing"

As of 31.12.2021, the Bank attract subordiante borrowing` AMD 3,605,469.

Note 24: "Securities issued by the Bank"

	31/12/2021	31/12/2020
Interest securities issued by the Bank	6,107,897	6,185,733
Total	6,107,897	6,185,733

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

Thous.AMD		
Financial liability at fair value recalculated through profit/loss	31/12/2021	31/12/2020
Derivative instruments		
Swap	21,815	11,549
Forward		
Other		
Total	21,815	11,549

Note 26: "Amounts Payable"

Thous.AMD		
Amounts payable	31/12/2021	31/12/2020
Dividends	470,126	446,320
For insurance of deposit	62,070	54,273
Total	532,196	500,593

Note 27: " Other Liabilities"

Thous.AMD		
Other Liabilities	31/12/2021	31/12/2020
On income tax of non-resident	90,761	62,158
On VAT	2,810	2,350
On other taxes and penalties	189,702	183,335
Salary liabilities to employees	1,093,951	998,449
Credit debts to suppliers	113,509	84,764
Other liabilities	1,180,369	545,715
Balance at the end of the period	2,671,102	1,876,771

Note 28: "Chartered capital"

The Bank's registered and fully paid share capital totals AMD 26,107,556 thous., including 1,897,938 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

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Name of the major shareholder	Participation amount	The size of participation in	Shareholders activity type (for
Sukiasyan Saribek Albert	5,516,150	27.95%	
Sukiasyan Khachatur Albert	3,138,533	15.90%	
Sukiasyan Eduard Albert	2,090,608	10.59%	
Sukiasyan Robert Albert	3,436,326	17.41%	

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 31.12.2021 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 31.12.2021 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

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	31/12/2021	31/12/2020
Unutilized credit lines	4,969,004	4,861,322
Provided guarantees	9,700,755	7,316,766
Provided letters of credit	209,146	
Reserve on the mentioned items (note 7)	(99,199)	(54,637)

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	31/12/2021	31/12/2020
Bank shareholder	4,652,834	3,941,879
Bank management	361,393	333,870
Financial institutions	-	352,061
Total	5,014,227	4,627,810
Interest income	436,894	271,897

Facilities attracted from Bank related entities	31/12/2021	31/12/2020
Bank shareholder	2,764,778	1,128,108
Bank management	682,664	664,407
Financial institutions	201,743	186,170
Total	3,649,185	1,978,685
Interest expense	90,462	24,902

Salary or Similar Payment to the Bank Management	31/12/2021	31/12/2020
Board	273,066	283,966
Salary	251,666	233,671
Awarding	21,400	19,100
Executive body	448,524	375,836
Salary	411,038	378,353
Awarding	37,486	31,486
Internal Audit	105,516	95,988
Salary	97,411	93,227
Awarding	8,105	8,037
Total	827,106	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.

31/12/2021

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Item	RA	CIS countries	OECD* countries*	Non-OECD* countries	Total
Assets					
Cash and balances with the CBA	62,221,711	142,945	750,654	147,517	63,262,827
Standard bank precious metal bullions and coins	443				443
Due from banks and other financial institutions	9,125,264	135,618	247,594	3,013	9,511,489
Reverse repurchase agreements	7,826,751				7,826,751
Financial assets at fair value recalculated through profit/loss		5,053			5,053
Customers' loans and advances rated at amortized value	221,479,005		23,522		221,502,527
Securities at fair value rated through other comprehensive financial results	4,331,270		7,141		4,338,411
Securities pledged under repurchase agreement	37,667,527				37,667,527
Other financial assets carried at amortized cost	801,483				801,483
Other assets	80,696				80,696
Total assets	343,534,150	283,616	1,028,911	150,530	344,997,207

31/12/2020

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Item	RA	CIS countries	OECD* countries*	Non-OECD* countries	Total
Assets					
Cash and balances with the CBA	38,886,401	643,911	2,928,232	114,213	42,572,757
Standard bank precious metal bullions and coins	443				443
Due from banks and other financial institutions	12,929,143	79,642	741,943	5,025	13,755,753
Reverse repurchase agreements	10,175,600				10,175,600
Financial assets at fair value recalculated through profit/loss		16,538			16,538
Customers' loans and advances rated at amortized value	193,337,215				193,337,215
Securities pledged under repurchase agreement	39,384,619				39,384,619
Securities at fair value rated through other comprehensive financial results	4,310,689		6,166		4,316,855
Other financial assets carried at amortized cost	515,568				515,568
Other assets	68,588		994		69,582
Total assets	299,608,266	740,091	3,677,335	119,238	304,144,930

Loans allocated in the territory of RA per RA regions:

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RA regions	31/12/2021	31/12/2020
Yerevan	143,662,508	132,668,303
Aragatsotn	7,196,748	3,253,920
Ararat	12,114,357	9,944,887
Armavir	7,380,620	4,833,086
Gegharkunik	6,447,257	5,969,132
Lori	7,653,113	7,937,621
Kotayk	18,805,532	16,171,193
Shirak	5,555,027	5,395,918
Syunik	4,950,127	4,117,445
Vayots Dzor	1,509,537	1,079,485
Tavush	1,109,894	1,071,041
Artsakh	5,117,805	895,184
Total	221,502,527	193,337,215

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 31.12.2021 did not exceed 5.8%. 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 31.12.2021, loan investments without reserves amounted to AMD 224,712,627. As of 31.12.2021, the volume of loans in the Stage 2, Stage 3 amounted to AMD 2,342,606 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 2021 was AMD 323,156,099 against AMD 444,892,065 of the same period of the previous year. Reverse repo transactions in the 4 th quarter of 2021, made AMD 21,513,556 USD 1,094,517 against AMD 26,211,566 and USD 0 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	Gross VAR
2021 III Q	8,721.38	52.83	179.14	287.71	15.73	6.25	976.56	480.57	8,947.37
2021 IVQ	3,981.65	263.70	170.10	192.95	14.65	6.26	1,036.83	271.20	4,201.12
increase/decrease	-4,739.73	210.88	-9.04	-94.75	-1.08	0.01	60.27	-209.37	-4,746.25

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

63,262,827

31/12/2021

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	AMD	USD	EUR	RUB	Other currency	Total
Cash and their equivalents	33,416,457	23,814,104	5,035,413	825,273	171,580	63,262,827
Bank standardized bullions of precious metals and coins	443					443
Receivables to banks and other financial institutions	3,099,565	1,432,051	4,790,258	189,615		9,511,490
Reverse Repurchase Agreements	7,562,014	264,737				7,826,751
Loans and advances to customers calculated at amortized value	135,269,994	76,736,297	9,437,683	58,553		221,502,527
Financial assets at fair value rated through other comprehensive financial results	3,795,266	543,145				4,338,411
Securities pledged under repurchase agreements	37,667,527					37,667,527
Other financial assets calculated at amortized value	210,039	591,444				801,483
Other assets	73,144	4,992	2,402	157	1	80,696
Total assets	221,094,449	103,386,770	19,265,756	1,073,598	171,581	344,992,155
Liabilities						
Liabilities to the banks and other financial institutions	38,412,996	7,911,478	5,027,714	2,325,498	2	53,677,688
Loans and deposits from international financial institutions	13,357,388	39,513,315	2,713,422			55,584,125
Loans from the CBA and RA	21,933,323					21,933,323
REPO agreements	34,576,952					34,576,952
Liabilities to Customers	75,951,766	50,656,541	7,135,822	2,074,951	129,779	135,948,859
Subordinate borrowing		3,605,469				3,605,469
Liabilities on current taxes	429,349					429,349
Securities issued by the Bank	2,564,398	3,543,499				6,107,897
Amount payable	532,196					532,196
Deferred tax liabilities	239,839					239,839
Lease liabilities	1,572,752					1,572,752
Other liabilities	2,585,717	55,763	28,310	348	963	2,671,102
Total liabilities	192,156,676	105,286,065	14,905,268	4,400,797	130,744	316,879,551
Balance-sheet open position	28,937,773	(1,899,295)	4,360,488	(3,327,199)	40,837	28,112,604
Financial liabilities at fair value recalculated through profit/loss						-
Aggregately payable currency derivatives		1,352,286	(4,612,185)	3,243,137		(16,762)
Net position	28,937,773	(547,009)	(251,697)	(84,062)	40,837	28,095,842

31/12/2020

Thous.AMD

	AMD	USD	EUR	RUB	Other currency	Total
Assets						
Cash and their equivalents	18,124,517	18,224,707	4,864,681	1,208,602	150,250	42,572,757
Bank standardized bullions of precious metals and coins	443					443
Receivables to banks and other financial institutions	1,630,975	7,097,802	5,012,538	14,418	21	13,755,753
Reverse Repurchase Agreements	9,871,539	304,061				10,175,600
Loans and advances to customers calculated at amortized value	119,742,812	61,561,653	11,994,256	38,494		193,337,215
Securities pledged under repurchase agreement	39,384,619					39,384,619
Financial assets at fair value rated through other comprehensive financial results	3,773,447	479,736	64,900			4,318,083
Other financial assets calculated at amortized value		514,340				514,340
Other assets	62,228	55,164	2,598	68	802	120,860
Other assets	192,590,580	88,237,463	21,938,973	1,261,582	151,073	304,179,670
Liabilities						
Liabilities to the banks and other financial institutions	29,753,723	7,672,792	5,462,381	105,548	48	42,994,491
Loans and deposits from international financial institutions	15,505,052	42,614,887	4,434,432			62,554,371
Loans from the CBA and RA	10,151,725					10,151,725
REPO agreements	38,125,044					38,125,044
Liabilities to Customers	67,947,003	37,887,644	4,584,848	2,008,527	67,388	112,495,410
Subordinated borrowing		1,311,068				1,311,068
Liabilities on current taxes	790,950					790,950
Securities issued by the Bank	2,389,969	3,795,764				6,185,733
Amount payable	500,593					500,593
Deferred tax liabilities	467,873					467,873
Lease liabilities	1,674,091					1,674,091
Other liabilities	1,628,952	195,543	24,690	27,370	216	1,876,771
Other liabilities	168,934,975	93,477,698	14,506,350	2,141,444	67,652	279,128,120
Balance-sheet open position	23,655,605	(5,240,236)	7,432,623	(879,863)	83,421	25,051,550
Financial liabilities at fair value recalculated through profit/loss						
Aggregately payable currency derivatives		6,279,158	(7,052,210)	778,041		4,989
Open position	23,655,605	1,038,922	380,413	(101,821)	83,421	25,056,539

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

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

Interest Rate Risk

Assessment of interest rate change risk:

The analysis of disbalance shows that the average accumulated disbalance of the 4 th quarter of 2021 (accumulated gap of the sensitive assets and liabilities against the interest rate) is positive forming AMD 15,555,784thousand against AMD17,049,021 thousand of the same period of the previous year by decreasing in absolute value by AMD 1,493,237 or 8.8%, that is in average the Bank was sensitive to assets in the 4 th quarter of 2021. In the 4 th quarter of 2021, the average accumulated disbalance has increased in absolute value by AMD 1,741,469 thousand or by 10.1% against the previous quarter.

The average correlation ratio of assets and liabilities sensitive to interest rate changes for the4 th quarter of 2021 has decreased by 1.1 percentage point, forming 106.2% against 107.3%% average value of the 4 th quarter of 2020, that is in 4 th quarter of 2021 the assets sensitive to interest rate changes have formed 106.2% of the liabilities sensitive to interest rate changes

The duration of assets as of the end of 4thquarter of 2021 was 1.771year (against the 1.7665year as of the 4 yh quarter of 2020) as it increased by 0.106 year or by 6.4% , as compared with the end of the previous quarter (1.696year) the mentioned indicator has increased by 0.075 year or 4.4%.

The duration of liabilities as of the end of the4 th quarter of 2021 was 1.03 year (against 0.99 year of the4 th quarter of 2020) increasing by 0.041 year or 4.1%. In correlation with the end of the previous quarter (1.04) the indicator has increased by 0.01 year or 0.9%.

The duration gap as of the end of the 4 th quarter of 2021 was 0.848(against 0.777 of the 4 thquarter of 2020) increasing by 0.071or 9.1%. In correlation with the end of previous quarter (0.774) the indicator has increased by 0.074 or 9.5%.

Assets and Liabilities with changing interest rates

Assets and Liabilities with changing interest rates									31/12/2021		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												
Cash and their equivalents	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-
Resources attracted												
Liabilities to banks and other financial institutions, including:												
Resources attracted												
Liabilities to banks and other financial institutions, including:												
- Loans			1,464,210	12,987,786	9,399,774	487,368						
Total	-	-	1,464,210	12,987,786	9,399,774	487,368	-	-	-	-	-	-
Net position	-	-	(1,464,210)	(12,987,786)	(9,399,774)	(487,368)	-	-	-	-	-	-

31/12/2020											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	
Facilities placed	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency
Loans and advances provided to customers rated at amortized value												
Total												
Resources attracted												
Liabilities to banks and other financial												
-Loans			488,070	536,207	614,756	1,281,207	1,102,826	682,868	8,607,696	14,490,217		
Total	-	-	488,070	536,207	614,756	1,281,207	1,102,826	682,868	8,607,696	14,490,217	-	-
Net position	-	-	(488,070)	(536,207)	(614,756)	(1,281,207)	(1,102,826)	(682,868)	(8,607,696)	(14,490,217)	-	-

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: 31/12/2021		Interest rates of accounting period: 31/12/2020	
	AMD	Foreign currency	AMD	Foreign currency
Assets				
Balance at CBA				
Receivables to banks and other financial institutions, including:	9.35	1.23	6.39	1.23
- Interbank Loans	11.00	1.76		1.76
-Interbank REPO	9.11		5.97	
Loans and advances provided to customers rated at amortized value	13.07	8.65	13.89	8.42
Financial instruments at fair value through profit or loss	8.02	6.29	8.19	6.95
Liabilities				
Liabilities to banks and other financial	8.14	3.90	7.06	4.34
Liabilities to Customers	4.75	3.52	5.56	

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 4 th quarter of 2021, instant liquidity, up to 90 days accumulative and general (up to one year accumulative) liquidity indicators have decreased by 3.6, 3.9 and 16.2. percentage point respectively.

31/12/2021
Thron.AMD

Accounting period										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.	-	-	63,262,827	-	-	-	-	-	-	63,262,827
Standardized precious metal bullions and coins	-	-	443	-	-	-	-	-	-	443
Receivables to banks and other financial institutions	-	-	-	5,789,037	439,540	1,382,653	776,168	1,955	1,122,137	9,511,490
Reverse Repurchase Agreements	-	-	-	7,626,751	-	-	-	-	-	7,626,751
Financial assets at fair value recalculated through profit/loss	-	-	-	5,053	-	-	-	-	-	5,053
Other financial assets calculated at amortized value	-	-	-	-	23,398	-	654,699	123,386	-	801,483
Loans and advances provided to customers rated at amortized value	1,116,404	140,634	-	20,103,085	15,412,064	21,795,781	93,996,516	68,938,043	-	221,502,827
Financial assets at fair value calculated through other comprehensive financial result	-	-	-	543,145	-	-	1,778,257	1,904,113	112,896	4,338,411
Securities pledged under repurchase agreements	-	-	-	-	37,667,527	-	-	-	-	37,667,527
Other receivables	59	-	-	72,840	694	1,803	32	5,269	-	80,697
Total	1,116,463	140,634	63,263,270	34,339,911	53,643,223	23,180,237	97,205,672	70,972,786	1,235,033	344,997,209
including:										
I group foreign currency	399,813	11,451	28,804,203	10,336,597	4,194,970	8,839,240	38,422,870	32,044,274	79,637	123,193,055
II group foreign currency	5,672	-	851,949	192,125	2,024	4,048	44,454	-	-	1,100,272
including:										
By floating interest rate	-	-	-	-	-	-	-	-	-	-
By fixed interest rate	1,024,815	122,372	38,445	31,284,457	53,102,989	22,465,366	96,465,257	70,967,497	-	275,471,198
Non-interest	91,648	18,262	63,224,825	3,055,454	440,234	714,871	740,415	5,269	1,235,033	68,826,011
On maturity of liabilities repayment										
Liabilities to banks and other financial institutions	-	-	4,622,498	7,195,381	5,579,015	4,768,153	22,424,646	9,087,994	-	63,677,687
Loans and deposits from international financial institutions	-	-	-	2,746,547	3,836,101	9,142,513	39,858,963	-	-	56,584,124
Loans from the RA Government and CRA	-	-	-	543,391	583,357	2,367,896	15,795,352	2,566,395	-	21,893,323
Repurchase Agreements	-	-	-	34,576,952	-	-	-	-	-	34,576,952
Liabilities to customers	-	-	57,798,577	15,242,575	11,216,419	31,726,010	19,238,301	726,977	-	135,948,859
Subordinate borrowings	-	-	-	28,358	-	-	-	3,577,111	-	3,605,469
Securities issued by the Bank	-	-	-	1,112,638	2,439,046	-	2,566,213	-	-	6,107,897
Lease liabilities	-	-	-	86,036	-	59,356	929,964	497,395	-	1,672,781
Liabilities on current taxes	-	-	-	-	429,350	-	-	-	-	429,350
Financial liabilities at fair value rated through profit/loss	-	-	-	21,815	-	-	-	-	-	21,815
Amounts payable	-	-	245,379	286,817	-	-	-	-	-	532,196
Other liabilities	-	-	2,366,418	294,750	331	9,599	-	-	-	2,671,099
Off-balance sheet contingent liabilities	-	-	-	748,121	6,513,213	2,719,473	1,668,241	3,229,859	-	14,878,907
Total	-	-	85,109,894	99,199	30,696,832	60,792,910	102,471,680	19,685,731	-	331,540,428
including:										
I group foreign currency	-	-	16,165,525	15,881,097	12,816,373	24,658,670	46,632,863	4,185,638	-	120,321,086
II group foreign currency	-	-	2,868,247	613,849	403,040	288,168	228,509	-	-	4,401,819
including:										
Major Liabilities	-	-	-	35,020,400	292,346	2,546,156	12,042,279	6,188,841	-	56,080,022
By floating interest rate	-	-	-	1,762,450	3,367,099	4,028,911	14,966,851	-	-	24,165,311
By fixed interest rate	-	-	-	22,056,681	27,796,239	19,182,115	43,604,870	12,861,496	-	240,234,673
Non-interest	-	-	-	43,053,213	9,294,703	8,047,618	3,159,129	2,771,646	6,824,235	67,160,544
Net liquidity gap	1,116,463	140,634	(1,846,624)	(28,544,470)	22,846,391	(27,612,873)	(5,206,008)	51,267,035	1,235,033	13,465,781
including:										
I group foreign currency	399,813	11,451	12,635,678	(8,821,403)	(15,819,430)	(6,209,989)	27,858,836	79,637	-	2,811,989
II group foreign currency	5,672	-	(2,016,288)	(401,016)	(284,120)	(184,065)	-	-	-	(2,879,817)
Floating interest rate	-	-	-	(3,367,099)	(4,028,911)	(14,966,851)	-	-	-	(22,362,661)
Fixed interest rate	1,024,815	122,372	(22,016,239)	(26,511,771)	33,920,874	(21,139,504)	11,732,074	56,106,001	-	35,236,625
Accumulative liquidity gap	1,116,463	1,267,097	(698,627)	(26,132,997)	(6,186,806)	(33,799,279)	(39,085,287)	12,221,748	13,456,781	31/12/2020

Thron.AMD

Previous accounting period										Thos AMD	
Item	Non-performing		Repayment date in		up to 3 months	3 - 6	6-	1-	more than 5 years	Termless	Total
	Term	Overdue	On -demand			months	12 months	5 years			
Cash and cash equivalents	-	-	41,190,390	1,382,367	-	-	-	-	-	-	42,572,757
Standardized precious metal bullions and coins	-	-	-	443	-	-	-	-	-	-	443
Receivables to banks and other financial institutions	-	-	72,614	10,582,438	587,044	1,119,433	9,170	4,976	1,379,178	-	13,755,753
Reverse Repurchase Agreements	-	-	-	10,175,600	-	-	-	-	-	-	10,175,600
Financial assets at fair value recalculated through profit/loss	-	-	-	16,538	-	-	-	-	-	-	16,538
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	-	20,536,359	14,774,085	23,614,577	89,993,420	41,577,514	-	-	193,337,215
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	-	-	-	39,384,619	-	-	-	-	-	-	39,384,619
Other receivables	1,172	-	-	119,245	-	-	-	-	-	-	120,417
Total	2,521,162	320,370	41,263,447	82,822,989	15,907,565	24,734,010	90,583,732	44,551,391	1,491,099	-	304,195,765
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	-	109,958,739
II group foreign currency	-	-	1,208,602	101,675	3,049	6,209	26,578	-	-	-	1,346,113
including:											
By floating interest rate	-	-	-	-	-	-	-	-	-	-	-
By fixed interest rate	2,303,697	272,475	388,660	41,738,035	15,907,565	24,734,010	90,583,732	44,777,841	-	-	220,706,015
Non-interest	217,465	47,895	40,874,344	40,858,948	-	-	-	-	1,491,099	-	83,489,751
On maturity of liabilities repayment											
Liabilities to banks and other financial institutions	-	-	1,581,768	7,263,140	6,561,220	8,222,005	12,038,917	7,327,441	-	-	42,994,491
Loans and deposits from international financial institutions	-	-	-	6,431,485	2,923,460	7,032,349	46,167,077	-	-	-	62,554,371
Loans from the RA Government and CBA	-	-	65,289	193,159	510,825	1,343,520	7,504,698	534,234	-	-	10,151,725
REPO agreement	-	-	-	38,125,044	-	-	-	-	-	-	38,125,044
Liabilities to customers	-	-	46,486,928	14,740,208	12,223,668	23,725,147	14,598,029	721,432	-	-	112,495,412
Subordinate borrowings	-	-	-	4,433	-	-	-	1,306,635	-	-	1,311,068
Liabilities on current taxes	-	-	-	790,950	-	-	-	-	-	-	790,950
Securities issued by the Bank	-	-	-	101,191	-	-	6,084,542	-	-	-	6,185,733
Lease liabilities	-	-	-	110,841	-	390,363	1,034,535	138,362	-	-	1,674,091
Financial liabilities at fair value recalculated through profit/loss	-	-	-	11,549	-	-	-	-	-	-	11,549
Amounts payable	-	-	221,572	279,021	-	-	-	-	-	-	500,593
Other liabilities	-	-	785,588	1,074,914	361	15,834	74	17,049	-	-	1,876,771
Off-balance sheet contingent liabilities	-	-	-	1,639,704	3,457,940	2,568,581	3,487,713	17,049	-	-	11,170,987
Total	1,048,234	28,596	23,276,912	70,764,539	25,677,474	43,397,799	90,915,085	10,045,143	137,542	-	209,842,785
I group foreign currency	-	-	10,956,130	15,489,973	9,097,390	18,805,130	51,902,162	1,934,267	-	-	108,185,052
II group foreign currency	-	-	676,608	621,641	295,567	409,906	89,868	-	-	-	2,093,590
Major Liabilities											
including:											
By floating interest rate	-	-	-	38,278,187	1,067,319	2,896,273	22,429,805	1,772,119	-	-	66,443,703
By fixed interest rate	-	-	-	280,371	980,178	2,780,402	17,568,949	-	-	-	21,618,900
Non-interest	-	-	-	14,959,739	64,685,949	19,265,750	37,789,948	63,185,284	9,105,466	-	208,992,136
Net liquidity gap	2,521,162	320,370	35,073,414	3,802,145	3,024,548	5,165,864	10,462,543	1,671,540	-	-	59,200,056
			(8,777,698)	12,857,458	(9,769,999)	(18,563,789)	(331,853)	34,206,248	1,491,099	-	14,352,980
including:											
I group foreign currency	1,048,234	28,596	12,320,782	(1,878,719)	(4,715,613)	(8,578,283)	(12,370,810)	15,781,958	137,542	-	1,773,687
II group foreign currency	-	-	531,994	(519,966)	(292,518)	(403,697)	(63,290)	-	-	-	(747,477)
By floating interest rate	-	-	-	(280,371)	(989,178)	(2,780,402)	(17,568,949)	-	-	-	(21,618,900)
By fixed interest rate	2,303,697	272,475	(14,571,079)	(22,677,014)	(13,385,185)	(27,398,448)	35,672,375	-	-	-	11,713,879
Accumulative liquidity gap	2,521,162	2,841,532	(5,036,166)	7,621,184	(2,748,725)	(21,313,562)	(21,644,367)	12,661,783	14,352,980	-	-

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:

	31/12/2021	31.12.2020
Chartered capital	26,107,555	25,955,663
Emission income/loss	289,718	180,180
Reserves:	6,139,145	6,171,784
Main reserve	3,481,000	3,275,000
Revaluation reserve	2,658,145	2,896,784
Undistributed profit/loss	11,461,042	9,197,719
Total capital	43,997,460	41,505,346

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						
2021	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	36,109,324	4,936,045	41,045,369	246,908,521	3,682,709	14.79	12
February	36,862,957	5,186,411	42,049,368	248,218,015	3,055,501	15.36	12
March	37,144,772	5,112,177	42,256,949	250,436,469	2,874,602	15.40	12
April	37,557,475	4,797,173	42,354,648	258,860,190	3,066,859	14.89	12
May	37,753,167	4,626,423	42,379,590	256,315,833	2,782,039	15.16	12
June	37,875,979	4,576,151	42,452,130	258,397,890	2,798,182	15.07	12
July	38,005,764	4,333,289	42,339,053	256,359,226	2,819,277	15.13	12
August	38,330,652	4,104,534	42,435,186	263,415,629	2,811,731	14.79	12
September	38,587,603	3,840,838	42,428,441	271,473,243	2,859,987	14.37	12
October	38,917,483	3,908,891	42,826,374	267,966,865	2,768,737	14.71	12
November	39,166,288	4,903,026	44,069,314	277,100,612	2,684,953	14.72	12
December	39,309,165	6,316,046	45,625,211	288,146,861	2,593,328	14.73	12
		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

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

As of 31/12/2021				
Risk weight	Assets	Off-balance sheet contingent liabilities	Incomplete term operation	
0%	109,979,516			-
10%	8,255,327			825,533
20%	1,157,178			231,436
30%	93,229			27,969
35%	5,342,724			1,869,953
50%	649,908			324,954
75%	35,171,574	349,023		26,640,448
100%	113,944,111	5,164,604	117,906	119,226,621
110%	384,818	68,376		498,513
150%	83,565,779	5,846,703		134,118,723
200%	2,198,974			4,397,948
Total	360,743,138	11,428,706	117,906	288,162,098

As of 31/12/2020				
Risk weight	Assets	Off-balance sheet contingent liabilities	Incomplete term operation	Total credit risk
0%	109,979,516			-
10%	8,255,327			825,533
20%	1,157,178			231,436
30%	93,229			27,969
35%	5,342,724			1,869,953
50%	649,908			324,954
75%	35,171,574	349,023		26,640,448
100%	113,944,111	5,164,604	117,906	119,226,621
110%	384,818	68,376		498,513
150%	83,565,779	5,846,703		134,118,723
200%	2,198,974			4,397,948
Total	360,743,138	11,428,706	117,906	288,162,098

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 31.12.21 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 31.12.21 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 31.12.21, the Bank has no pledged assets.

Note 38. "Accepted Pledge"

As of 31.12.2021, 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	31/12/2021		31/12/2020	
	Loan amount	Collateral amount	Loan amount	Collateral amount
Real estate	88,771,430	365,955,585	77,029,276	307,563,238
Car	2,272,367	8,288,780	2,230,587	7,271,960
Equipment	2,038,432	12,412,588	1,964,838	10,341,180
Ready made products	7,465,058	11,598,000	8,248,250	13,929,000
Guarantee	74,832,269	393,338,707	66,354,388	334,037,344
Monetary funds	1,833,461	9,471,599	1,964,820	5,828,662
Gold items	16,825,161	19,917,771	14,974,520	18,032,966
Gavernmental securities	9,520	23,000	9,949	23,000
Other securities	10,310	38,553	244,143	667,645
Other pledge	17,590,714	32,784,598	12,303,862	26,993,020
No collateral available	13,063,905		11,390,075	
Total	224,712,627	853,829,181	196,714,708	724,688,015

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