Approved by

ARMECONOMBANK OJSC Board's Resolution

Dated "___" "_____" 2015

Minutes N

Chairman of the Board

------------------------ S. Sukiasyan

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# POLICY
# OF ACCOUNTING

**YEREVAN 2015**

| HISTORY ON DOCUMENT AMENDMENTS | | | |
|---|---|---|---|
| **N/N** | **Date of Resolution/Order** | **Number of Resolution/Order** | **Document Identifier** |
| 1 | 26.12.2013 | 41/09-26.12.2013 | R/Q/0/009/26.12.2013/1 |
| 2 | 25.05.2015 | 41/09-25.05.2015 | R/Q/0/009/25.05.2015/2 |

## 1. GENERAL PROVISIONS

1.1 The present procedure defines ARMECONOMBANK OJSC (hereinafter The Bank) assets, liabilities and capitals' accounting, as well as financial statements formation policy (hereinafter the Policy).

1.2 The present policy is elaborated in conformity with requirements of Armenian Law on Accounting, Accounting Standards, and Card of Accounts of Banks Operating within the territory of Armenia, Credit Organizations, Investment Companies and Managers of Investment Companies, Application System of Card of Accounts of Banks Operating within the territory of Armenia, Credit Organizations, Investment Funds and Mangers of Investment Funds, and other legal acts jointly adopted by the Ministry of Finance and Economy and the Central Bank of Armenia.

1.3 The present policy includes specific principles, bases, conventions, rules and practices adopted by the Bank for conduction of accounting, and for preparation and presentation of financial statements.

1.4 The policy will not be amended in future with the exception of the cases when fundamental changes shall take place in the nature of the Bank's overall activities, or in legislation regulating the accountancy or, changes in the policy of accountancy will result in provision of more fundamental information.

1.5 In the absence of a specific Accounting Standard related to any issue on accountancy and formation of financial statements in the Accounting Standards and any other legal act dovetailing the accounting process, the Bank elaborates them on its own arising from:

- 1.5.1 Requirements and instructions set by accounting standards and other legal acts regulating the accounting process.
- 1.5.2 Principles of conducting accounting and drafting financial statements set by Armenian Law on the Accountancy, requirements.
- 1.5.3 Expertise, to the extent that it is coherent with provisions set forth in sub-paragraphs 1.5.1 and 1.5.2.

1.6 The objectives of accounting are the following:

- 1.6.1 Gathering of complete and trustworthy information on economic transactions and banking product,
- 1.6.2 Check over property and its administration, usage of material, human and financial resources,
- 1.6.3 Check over the Bank's budgeted administrative expenditures.

## 2. ACCOUNTING MANAGEMENT

2.1 The accounting at the Bank is managed:

- 2.1.1 In the legal currency of the Republic of Armenia, Armenian drams.
- 2.1.2 By the method of double entry in compliance with Card of Accounts and Application System of Card of Accounts of Banks Operating within the territory of Armenia, Credit Organizations, Investment Companies, Investment Funds and Managers of Investment Companies.
- 2.1.3 On a going concern bases, from the date of the Bank's state registration to its reorganization or liquidation by the order prescribed by RA legislation.

2.2 The bank accounting is managed through computer software, the list of which is approved by the Board of Directors of the Bank.

2.3 Accounting entries are made on the basis of initial accounting documents, stating the performance of economic transactions. According to the Bank's Internal procedures the responsibility of timely and complete formation of initial accounting documents, and their submittal for reflection in the accountancy in the order and within the timeframes set, lies on the employees, who form the documents and sign them.

2.4 All accounting entries are made by at least “two persons’” principle.

## 3. PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

3.1 Financial statements are prepared in compliance with Armenian legislation and sub legislative acts that are principles for drafting and submitting of financial reports published by the Board of Accounting international standards, guides for applying the standards and legal acts adopted by the Central Bank of Armenia. The financial statements are based on the bank’s accounting entries. The statements are made in thousands of RA drams without decimal units. The accounting year for financial statements is the period from January 1 to December 31 inclusive.

3.2 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.

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

## 4. INCOME AND EXPENSE RECOGNITION

4.1 Using the efficient interest rate method interest income and loss are recognized as interest income and interest expense in reports on financial results for all types of financial instruments with exception of instruments <u>accounted by fair value and re-estimated with income/loss</u>. The interest accrual against overdrafts, overnights, credit lines, correspondent accounts, bank accounts, demand deposits is done through lineal method in case the bank is not able to predict future cash flows of assets. The accrual of interest against devaluated loans is not stopped. Should the balance sheet value of financial asset or a group of a suchlike financial assets decreases because of devaluation losses, interest income continues to be recognized using the initial efficient interest rate against the new balance sheet value.

4.2 The amounts receivable on fines and penalties are accrued to income each day. Correspondent agreements are considered a basis for calculating the accrued amount.

4.3 The amounts payable on fines and penalties are recognized as expense each day based on corresponding agreements.

4.4 Payments charged against lending (along with corresponding expenses) are delayed clarifying the efficient interest of the given loan. Other income and expenses particularly rent fees, 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 while rendering services taking into account the relevant contract, or payments of the previous period. The accrual of non-interest expenses up to AMD 10,000 per month is performed on the last working day of each month, while the accrual of non-interest expenses exceeding AMD 10,000 is made daily. Accumulation on expenses of vacation payments of the Bank’s employees are made each day.

4.5 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 out of operation fixed assets are performed in the size established by the Bank’s Executive Board on the last day of every quarter.

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

## 5. FOREIGN CURRENCY OPERATIONS

5.1 Foreign currency transactions are translated into AMD by the average market exchange rate fixed by the Central Bank of Armenia on the 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.

5.2 Foreign exchanges are established taking into account the size of exchanges rates formed in Armenian interbank market and other factors (predictions made on the analysis of the market, force major conditions, etc.)

Besides the mentioned factors, the establishment of foreign currency exchange rate is performed based on the exchange rates formed in international market and reflected in the "REUTERS DEALING" system.

## 6. TAX ACCOUNTING

6.1 Accounting on income tax, value added tax, property tax, land tax and obligatory social insurance payments should be carried out in compliance with Armenian tax legislation.

6.2 Accounting on value added tax is made in accordance to Article 27 of the Law on "Value Added Tax"; the amount of value added tax subject to netting (deduction) during the accounting period is accounted arising from the percentage ratio of turnover of taxable transactions in the overall turnover of performed transactions.

6.3 The income tax of the accounting period comprises current and deferred taxes. The amount of current income tax is computed in accordance to 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) and on the last working day of each month it is being adjusted.

6.4 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, which result 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 recognized in the Statement on Financial Results with exception of taxes, the results on which are recognized in the own capital in case of which the taxes are also recognized in the own capital. The deferred tax is recognized on the last day of every quarter.

6.5 Income tax assets and liabilities are offset when the Bank:

6.5.1 Has a legally enforceable right to set off the recognized amounts of current tax assets and current tax liabilities

6.5.2 Has an intention to make the settlement on a net basis, or to realize the asset and settle the liability simultaneously

6.5.3 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.

## 7. CASH AND CASH EQUIVALENTS

7.1 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.

7.2 The statement on cash flows is made by direct method.

7.3 Cash and cash equivalents consists of cash flows, the facilities keeping in the Central Bank of Armenia (with the exception of depo amount realizing through ArCa payment system for accounting) and of the accounts in the other banks which can turn to cash in a short time and do not submit to the considerable risk of the changing value.

7.4 Cash and cash equivalents are accounting through amortization value.

## 8. FINANCIAL INSTRUMENTS

8.1 The bank recognizes financial assets and liabilities on its balance sheet, when and only when it becomes the counterparty of that Instrument.

8.2 Financial assets and liabilities are initially recognized at cost, which is the fair value of reimbursement given or received, including or net of any transaction costs incurred, respectively. After the initial recognition all the financial liabilities with exception of financial instruments accounted by fair value and re-estimated with income/loss are accounted with amortized value using the efficient interest rate method. After the initial recognition the financial instruments accounted for by fair value and re-estimated with income/loss are accrued with fair values.

8.3 The Bank classifies its financial assets into the following categories: financial instruments accounted for by fair value and re-estimated with income/loss, available-for-sale financial assets, loans and receivables, held-to-maturity investments. Such classification of investments is made on the moment of their purchase based on the evaluations made by the Bank’s management.

8.3.1 Assets accounted for by fair value and re-estimated with income/loss are assets that were acquired or incurred principally for the purpose of generating a profit from short-term fluctuations in price or dealer’s margin. Assets should be classified as accounted for by fair value and re-estimated with income/loss if, regardless of why it was acquired, it is part of a portfolio for which there exists an evidence of actual possibility of short-term profit making. During the initial recognition securities held for trading are accounted by fair value. Afterwards they are re-accounted by fair value based on the existing market prices. All the corresponding realized and unrealized gains and losses are registered in the income statement (Item of incomes received from securities accounted for by fair value and re-estimated with income/loss).

8.3.2 <u>Available–for-sale investments</u> are those intended by the Bank to be held for an indefinite period of time, which may be sold, arising from liquidity needs or changes in interest rates, exchange rates or equity prices.

Unrealized gains and losses arising from changes in the fair value of available-for-sale securities are recognized directly in own capital till the moment the mentioned financial asset is written off or is determined as devalued. In any case the interest is accounted for by the method of efficient interest rate in the Statement on Financial Results. If exists an evidence of a real possibility to gain profit in a short time on classified available-for-sale financial assets, then the assets are reclassified into assets accounted for by real value and re-estimated with income/loss.

Dividends on available-for-sale chief instruments are entered into the statement on financial results, when the Bank becomes entitled to collect the dividends.

The fair value of financial Instruments is based on their quoted market prices. If a quoted market price is not available then the fair value of the instrument is estimated using price models and discounted cash flow techniques.

The investments in financial instruments that are not being quoted in any stock exchange and have limited market are accounted at their prime cost, less amortization reserve amount.

The investments in associated and subsidiary companies are accounted by their prime value method.

8.3.3 Loans and receivables are financial assets with fixed or determinable payments, which arise when the Bank provides money directly to a debtor, with no intention of trading the receivable.

Loans are placed on non-accrual status in compliance with the Procedure of classification of loans and debtor liabilities and composition of possible loss provisions approved by ARMECONOMBANK OJSC Board and the termination of interests are made in compliance with the Lending Procedure.

8.3.4 Held-to-maturity securities* - Securities with fixed maturities are classified as held-to-maturity, when the bank has the positive intention and ability to hold those investments to maturity. If the Bank sells any significant amount of held-to-maturity assets the whole class will be reclassified into available-for-sale. Held-to-maturity investments are carried at amortized cost, using the effective interest rate method, less any possible loan loss provisions.

8.4 The Bank recognizes and measures derivative instruments in compliance with accounting standards, and the card of accounts is performed in compliance with the instruction of “Card of Accounts of the Banks Operating within the territory of RA”.

8.5 During the accountancy of hedge, the results of the amendments of hedging instrument and fair values of corresponding hedging articles are proportionally recognized as net profit or loss in the statement of financial results.

## 9. REPURCHASE AGREEMENTS

9.1 Repurchase agreements are utilized by the Bank as an element of its treasury management and trading business. These agreements are accounted for as financing transactions.

9.2 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.

9.3 Funds granted against securities, purchased under repurchased agreements, are recorded as amounts due from other Banks or as loans and advances to customers.

9.4 Any income or expense arising from purchase and sale of the underlying securities is recognized as interest income or expense, accrued during the period that the related transactions are open.

## 10. LEASES

10.1 To insure the continuity of its performance the Bank may lease lands, buildings and areas, other property, plant and equipment and may have made capital investments in them. The accounting on leases is carried in accordance to RA legislation.

10.2 Leases of assets, under which the risk and rewards of ownership are retained with the lesser, are classified as operating leases. Rentals under operating leases are recognized as expense in the statement on financial results on a straight-line basis over the lease term and are included in operating expenses.

10.3 The spending on rented land, building,, spaces, and other fixed assets, which raise the value of rented fixed asset, are viewed as capital expenses and are recognized as asset in the in the part exceeding 10% of the asset. The given expenses are depreciated by straight line method during residual period of usable service of the corresponding asset

## 11. FINANCIAL ASSETS' POSSIBLE LOSS PROVISION

11.1 The classification of Bank assets and formation of possible loss provisions is realized according to the requirements of RA legislation and as per procedure approved by Armeconombank Board of Directors on 'Classification of Loans and Receivables and Formation of Possible Loan Loss Provisions'.

11.2 During the preparing of the publication of financial statements the specification of the provision are made as per (Standard about Financial Statement).

## 12. INTANGIBLE ASSETS

12.1 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 revaluated in case of further changes of the exchange rate.

12.2 The prime cost of internally generated intangible assets is defined in the development period of the asset in compliance with the accounting standards if it is possible to show the correspondence of the internally generated intangible asset to the requirements set by the standard. The initial value of internally generated computer software is defined by the resolution of the Bank's Executive Board.

12.3 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.

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

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

12.6 Depreciation term for each item of intangible assets is decided by the Bank based on the criteria set by the accounting standards. Namely, the depreciation term of internally generated computer software, taking 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.

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

12.8 The depreciation period and the depreciation calculating method should be established in compliance with the accounting standards within the Agreement period, and in case of the absence of the period or the impossibility of its decision 10 year period is established. Depreciation calculating method is changed by making corresponding changes in this Policy by the Bank's Board.

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

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

## 13. PROPERTY, PLANT AND EQUIPMENT

13.1 The unit of property, plant and equipment corresponding to the criteria of asset recognition is measured at its initial value, in Armenian drams. Property, plant and equipment purchased in foreign currency are recorded by the interest rate set by the Central Bank of the RA at the date of its purchase and are not revaluated in case of interest rate change.

13.2 The initial value of the unit of property, plant and equipment 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.

13.3 The measurement of value, recognition, further expenses, revaluations and withdrawals on purpose of recording of the unit of property, plant and equipment is made in the order prescribed by RA legislation, as well as by the Bank’s internal legal acts.

13.4 Attribution of the unit of property, plant and equipment to any category (property and stationery, communication means, calculating, computer and automated equipment, vehicles, etc.) by the Card of Accounts of the Banks Operating within the Territory of RA, Credit Organizations, Investment Funds and Mangers of Investment Funds is done based on the methodical instructions of the Chief accountant, arising from their usage specifications and purposes.

13.5 Property, plant and equipment 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 applying the following annual depreciation rates: beginning 1 January, 2013 the bank establishes the following terms of useful services:

| | Useful life term | (years) Annual interest rate |
|---|---|---|
| Buildings | 40 | 2.5 |
| Computers | 5 | 20 |
| Transport means | 8 | 12.5 |
| Other fixed assets - UPS, ATMs, property-office equipment, etc. | 8 | 12.5 |
| Other computer equipment - multifunctional printing devices (printer, scanner, xerox), POS ATMs, modems, network devices | 3 | 33.3 |
| Fixed assets costing up to AMD 50,000 | 1 | 100 |

Till 1 January, 2013 for the depreciation of fixed assets being in operation related to the reviewed terms of useful services are calculated in the following way: the balance value (minus accumulative depreciation from initial value) of fixed assets are distributed with the linear method of depreciation in a balance term of useful service. That presents the differentiation of useful service and operating period till 1 January, 2013.

For fixed assets being purchased after 01.01.2013 the balance value is established, which is 0.1% of their balance value, however no more than AMD 30.000, with the exception of the buildings and transport means which balance value is established with the size of 1% of their initial value.
For fixed assets being purchased till 01.01.2013 the balance value is established, which is 0.1% of their balance value, however no more than AMD 30.000, with the exception of the buildings and transport means which balance value is established with the size of 1% of their balance sheet value.

Depreciation is not calculated for land.

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

13.7 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. If the size of construction expenses performed during the year exceeds the 10% of the asset's initial value (re-estimation value if the revaluation has been made in the order set by the law) then the expenses are also recognized as capital expenditures and are added to the initial value of the asset. The abovementioned expenditures are amortized using the straight-line method over the residual term of the asset's useful life if they don't exceed the 10% of the residual value of property, plant and equipment as of January 1 of the year; otherwise they are amortized during the whole period of useful life.

13.8 Gains or losses from the withdrawal or disposal of fixed asset are considered to be the difference between net proceeds from disposal of the asset and its balance sheet value and are recognized as income or expense in the statement on financial results.

13.9 In case of significant fluctuations in the fair (market) value of the Bank's property (20%), plant and equipment they are revaluated based on the resolution of the Bank's Board. The revaluation should be made by an independent organization with a respective license. Revaluation of fixed assets is made by method of factor of restoring value. The results of revaluation are recorded in the balance sheet and the income statement in the order set by accounting standards. The surplus arising in a result of revaluation is attributed to undistributed profit during the Bank's disposal of the asset alongside with calculation of depreciation. In that case, the surplus realized is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. The transfer from revaluation surplus to retained earnings is not reflected in the income statement. Capital expenditures made for leased property; plant and equipment are capitalized and amortized on a straight-line basis over the residual useful lives of the respective asset.

13.10 The capital expenses directed on the leased fixed assets are amortized and capitalized by linen base during the term of useful servicing balance.

13.11 Assets generated on capital investments in the Bank's fixed assets, is not amortized.

## 14. INVENTORIES

14.1 Bank's inventories comprise:

- 14.1.1 Short-life items,
- 14.1.2 Goods, including property which has passed to the Bank as a result of sequestration of pledge,
- 14.1.3 Materials and supplies, which are to be used by the bank during its performance.

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

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

14.4 The cost of the inventory is determined by the formula of average weighted value. The cost of the short-life items is written off at the beginning of their utilization.

## 15. SETTLEMENTS BETWEEN THE BANK AND BRANCHES

15.1 Reciprocal accounts of the Bank's Head Office and its branches are compared each day through report received in a soft copy. The errors revealed are corrected during that day.

15.2 During drafting of the balance sheet the settlement accounts between the Bank's Head Office and its branches are zeroized.

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

## 16. SHARE CAPITAL AND TREASURY STOCK

16.1 Ordinary shares are included in equity. Dividends on ordinary shares are recognized in equity 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.

16.2 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. Where such shares are subsequently sold any reimbursement received is included in shareholders' equity.

16.3 The existing positive difference between the paid price and nominal value for purchasing common shares by the investors, in the own capital are recognized as emission income to preference share.

## 17. ATTRACTED RESOURCES

17.1 Attracted resources that involve accounts of the Government, the Central Bank of the RA other financial organizations and customers, issued securities and subordinated borrowings are initially recognized by the fair value of attracted recourses deducted direct expenses of operations. After the initial recognition the attracted resources are accounted at their amortized value using the method of efficient interest rate.

## 18. SOCIAL INSURANCE BENEFITS

18.1 The Bank does not have any pension arrangement separate from the state pension fund of RA, which requires current contributions by the employer calculated as a percentage of current gross salary payments. The expenses related to contributions to the above mentioned fund are charged to the statement on financial results in the period, which they are related to.

## 19. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

19.1 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.

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

19.3 The methodology for provisioning against possible losses arising from balance sheet and off-balance sheet commitments is consistent with that adopted for loans and advances to customers as set forth in the procedure approved by ARMECONOMBANK OJSC Board on “ Classification of Loans and Receivables and Formation of Loan Loss Provisions”.

## 20. CONSOLIDATED FINANCIAL REPORTS

20.1 In cases established by the Bank’s legislation, it prepares financial reports in accordance with Accounting Standards and the Procedure of Preparing Reports by the Banks Operating within the Territory of the Republic of Armenia to be submitted to the Central Bank of Armenia.

## 21. SEGMENT REPORTS

21.1 The Bank uses information on business-segments (per individuals, organizations and offered investment services) as a primary presentation form. Geographical segments are considered a secondary presentation form.

## 22. ISSUED CORPORATE BONDS

22.1 Issued corporate bonds are initially recognized at their fair 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 reimbursed amounts, is reflected in the income and expense statement, applying the effective interest method.

## 23. COMPARABLE INFORMATION

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

## 24. AFTER BALANCE SHEET DATE EVENTS

24.1 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:
- 24.1.1 If the Bank reveals errors on its own,
- 24.1.2 Fundamental errors are revealed by an audit organization,
- 24.1.3 On purpose of reflection of clarifying events after the balance sheet date.

24.2 In cases stated in paragraph 24.1 of present policy, if the amount of material error depends on the size or nature of the given transaction or 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.

24.3 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.

## 25. RESPONSIBILITY OF STRUCTURAL SUBDIVISIONS IN CASE IF PRESENT POLICY IS INFRINGED

25.1 Unduly performance of provisions set forth by present Policy creates disciplinary responsibility in compliance with provisions of Armenian Labour Code.