

**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 2019
“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 29 branches are located in Yerevan, another 22 branches in regions, and 1 in NKR. The legal address of the Bank is 23/1 Amiryan Str., Yerevan.

Main Activities

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

Business Environment

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

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

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

Corporate Governance

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

Structure and Members of the Board

Chairman of the Board

S. Sukiasyan

Members of the Board

R. Hayrapetyan

A. Melikyan

L. Petrosyan

V. Khachaturyan

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 31.12.2019, the Chartered capital amounts to AMD 25,635,343. It includes 1,852,533 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	28.32%
Sukiasyan Khachatur Albert	16.29%
Sukiasyan Eduard Albert	10.66%
Sukiasyan Robert Albert	16.88%

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 on the last working day of each month in the amounts defined by the Bank's Management.

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

Foreign Exchange Operations Accounting

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

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

Tax Accounting

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

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

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

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

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

Income tax assets and liabilities are offset when the Bank:

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

Cash and Cash Equivalents

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

The statement on cash flows is made by indirect method.

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

Financial Instruments

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

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

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

For financial debts corresponding solely to the Principle and interest payment standards, the classification during

the initial recognition is determined based on the business model pursuant to which these models are managed by:

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

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

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

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

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

Securities or a part thereof acquired by the Bank after 01.01.2020 upon the resolution of the Bank’s Executive Board may be classified 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 decided by the Bank based on the criteria set by IFRS. Namely, the amortization 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.

The Bank uses the straight-line method to allocate depreciation 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, a period of 10 years will be set. 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 depreciation amount of intangible assets is calculated in accordance with “Profit Tax” law. The annual amortization interest rate is set by the resolution of the Bank’s Board.

Fixed Assets

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

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

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

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

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

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

	Terms of useful services (years)	Annual interest rate (%)
Building	50	2
Computers	5	20
Transportation means	8	12.5
Other fixed assets, transportation means, UPS batteries, ATMs, property, office equipment,	8	12.5
(printers, scanners, copying devices), POS terminals, modems,	3	33.3
Network devices	5	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 subset gently 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 2019
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	43,881,300	38,158,045
1.2	Standard bank precious metal bullions and coins		51,728	116,058
1.3	Due from banks and other financial institutions	14	13,952,543	13,175,950
1.4	Reverse repurchase agreement	14.1	6,222,111	3,882,703
1.5	Financial assets rated at actual value through profit or loss	15	4,416	17,468
1.5.1	Other financial assets rated at amortized value		480,260	
1.6	Loans and advances provided to customers at amortized value	16	176,192,585	133,629,775
1.7	Financial assets at fair value rated through other comprehensive financial results	17	4,846,699	2,298,018
1.7.1	Securities pledged under repurchase agreement	17.1	20,180,825	17,454,208
1.9	Non-current assets held for sale		590,116	802,163
1.10	Fixed assets	20	10,902,317	10,330,854
1.10.1	Intangible assets	20	525,828	506,593
1.10.1	Right-of-use assets	20.1	1,370,872	
1.12	Other assets	21	1,276,963	1,325,562
	Total assets		280,478,563	221,697,397
2	Liabilities			
2.1	Liabilities to banks and other financial institutions	22	45,859,670	34,085,791
2.2	Loans and deposits received from the international financial institutions	22.1	36,707,938	24,059,690
2.3	Loans received from the CBA and from the RA government	22.2	9,306,047	6,055,317
2.4	Repurchase agreement	22.3	25,623,028	20,519,048
2.5	Liabilities to Customers	23	113,474,487	95,828,768
2.6	Subordinate borrowing	23.1	719,787	3,382,149
2.7	Liabilities on current taxes		325,303	273,836
2.8	Securities issued by the Bank	24	4,452,356	2,060,960
2.9	Financial liabilities at fair value through profit or loss	25	6,207	
2.10	Amounts payable	26	433,668	280,380
2.11	Deferred tax liabilities	11	1,027,172	849,982
2.12	Reserves	30	100,560	61,891
2.13	Lease liabilities	40	1,434,222	
2.14	Other liabilities	27	1,826,204	1,226,268
	Total liabilities		241,296,649	188,684,080
3	Capital			
3.1	Chartered capital	28	25,635,343	22,266,343
3.2	Emission income			
3.3	Reserves			
3.3.1	Main reserve		3,105,000	3,000,000
3.3.2	Revaluation reserve		5,113,608	4,556,554
3.4	Undistributed profit(loss)		5,327,963	3,190,420
	Total capital		39,181,914	33,013,317
	Total liabilities and capital		280,478,563	221,697,397

Chairman of the Executive Board(CEO)

A. Khachatryan

Chief Accountant

M. Poghosyan

Approval date: 14 January 2020

Interim Report
On Financial Results
"31" December 2019
ARMECONOMBANK OJSC 23/1 Amiryan Str., 0002 Yerevan

Thous. AMD

Item	Note	Current interim period	Accounting period	Comparable current interim previous period	Previous period (audited)
Interest and similar income	3	6,035,137	21,254,934	4,728,556	17,664,310
Interest and similar expenses	3	(2,970,641)	(10,941,935)	(2,339,765)	(8,922,279)
Net interest and similar income		3,064,496	10,313,000	2,388,791	8,742,031
Income as commissions and other fees	4	700,937	2,486,894	606,317	2,125,762
Expenses as commissions and other fees	4	(190,684)	(627,211)	(133,007)	(489,913)
Net commission and other fees		510,253	1,859,683	473,310	1,635,849
Եկամուտ շահաբաժիններից		-	1,462		1,329
Net commercial income	5	617,680	2,223,387	355,724	1,781,172
Other operational income	6	101,176	273,687	76,159	266,673
Operational income		4,293,605	14,671,219	3,293,984	12,427,054
Net allocations to possible asset loss provisions	7	171,472	(594,459)	(169,931)	(435,226)
Total administrative expenses	8	(1,779,219)	(6,727,350)	(1,948,781)	(6,961,748)
Other operational income	9	(799,609)	(3,086,429)	(603,479)	(2,377,364)
Operational profit		1,886,249	4,262,980	571,793	2,652,716
Profit/loss before taxation		1,886,249	4,262,980	571,793	2,652,716
Profit tax expenses(compensation)	11	(432,073)	(1,084,637)	(111,486)	(574,690)
Profit for period		1,454,176	3,178,343	460,307	2,078,026

Chairman of the Executive Board(CEO)

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Chief Accountant

M. Poghosyan

Approval date: 14 January 2020

Interim Report
 On Other Comprehensive Financial Results
 "31" December 2019
 ARMECONOMBANK OJSC 23/1 Amiryan Str., 0002 Yerevan

Thous. AMD

Name	Note	Current interim period	Accounting period	Comparable current interim previous period	Previous period
Other comprehensive financial results					
Revaluation of financial assets at fair value rated through other comprehensive financial results		746,681	533,006	(19,741)	(265,056)
Devaluation of financial assets at fair value rated through other comprehensive financial results after taxation		(184,552)	(139,920)	46,433	18,811
Profit from revaluation of non-current assets after taxation		77	394,468	19,455	4,306
Profit tax on the revaluation of financial assets at fair value rated through other comprehensive financial results		(149,336)	(106,601)	186	49,249
Other comprehensive financial result after taxation		412,871	680,954	46,333	(192,690)
Comprehensive financial result		1,867,046	3,859,297	506,640	1,885,335

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Equity elements	Chartered capital		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)									
Balance as of the beginning of the financial year as of 01 January 2018 (audited)	13,708,745	13,708,745	33,438	6,000,000	1,531,277	3,157,777	4,597,371	29,028,608	29,028,608
Reserves amount from changes in IFRS					166,940		(557,248)	(390,308)	(390,308)
Recalculated balance	13,708,745	13,708,745	33,438	6,000,000	1,698,217	3,157,777	4,040,123	28,638,300	28,638,300
Investments in chartered capital and other increase of chartered capital	3,000,000	3,000,000						3,000,000	3,000,000
Comprehensive income		-	-	-	(196,997)	4,306	2,078,026	1,885,335	1,885,335
Dividends		-	-	-			(510,318)	(510,318)	(510,318)
Internal movements including:	5,557,598	5,557,598	(33,438)	(3,000,000)	-	(106,749)	(2,417,411)	-	-
Internal movements of equity other elements	5,557,598	5,557,598	(33,438)	(3,000,000)			(2,524,160)		
Decrease of value from the revaluation of fixed and intangible assets						(106,749)	106,749	-	-
Balance as of the end of the interim accounting period 31.12.2018 (audited)	22,266,343	22,266,343	-	3,000,000	1,501,220	3,055,334	3,190,420	33,013,317	33,013,317

Interim period of the current year (ascending from the beginning of the year) (II table)									
Balance as of the beginning of the financial year as of 01 January 2019 (audited)	22,266,343	22,266,343	-	3,000,000	1,501,220	3,055,334	3,190,420	30,013,317	30,013,317
Recalculated balance	22,266,343	22,266,343	-	3,000,000	1,501,220	3,055,334	3,190,420	33,013,317	33,013,317
Transactions with shareholders (owners) regarding to shares, including:	3,369,000	3,369,000	-	-	-	-	-	3,369,000	3,369,000
Investments in chartered capital and other increase of chartered capital	3,369,000	3,369,000						3,369,000	3,369,000
Comprehensive income		-	-	-	286,485	394,469	3,178,343	3,859,297	3,859,297
Dividends		-	-	-			(1,059,700)	(1,059,700)	(1,059,700)
Internal movements including:	-	-	-	105,000	-	(123,900)	18,900	-	-
Deductions to main reserve		-	-	105,000			(105,000)	-	-
Deductions to main reserve		-	-			(123,900)	123,900	-	-
Balance as of the end of the interim accounting period 31.12.2019 (unaudited)	25,635,343	25,635,343	-	3,105,000	1,787,705	3,325,903	5,327,963	39,181,914	39,181,914

Chairman of the Executive Board(CEO)

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M.Poghosyan

Approval date: 14 January 2020

Interim Report
On the Cash Flows
"31" December 2019
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		3,178,343	2,078,026
<i>Adjustments</i>			
Expenses on profit tax		1,084,637	574,690
Loss from depreciation of interest-bearing assets		594,459	416,257
Depreciation and amortisation		1,431,655	716,146
Gain/loss from disposal of fixed assets and intangible assets		(5,057)	19,421
Net gain from foreign exchange		347,492	38,625
Net gain from financial assets available for sale		(772,630)	(741,354)
Other income		(315,483)	(8,536)
Cash flows from operations before changes in operational assets and liabilities		5,543,416	3,093,275
Changes in operational assets or liabilities			
Increase/ decrease in operational assets			
Due from financial institutions		(549,370)	(341,402)
Reverse repurchase agreements		(2,335,685)	414,196
Loans to customers		(41,409,868)	(30,617,959)
Other assets		114,750	(141,364)
Liabilities to financial institutions		11,778,507	19,088,374
Repurchase agreements		5,101,278	7,324
Liabilities to customers		17,155,035	4,683,868
Other liabilities		677,602	324,151
Cash used in operations before taxation		(3,924,334.59)	(3,489,537)
Paid profit tax		(1,020,133)	(768,985)
Net cash used in operations		(4,944,468)	(4,258,522)
Cash flows from investments			
Decrease(increase) of securities at fair value rated though profit/loss and available for sale		(5,070,299)	2,430,234
Decrease(increase)of other financial assets at amortized value		(481,438)	
Acquisition of fixed assets		(1,206,807)	(2,091,328)
Proceeds from sale of fixed assets		170,295	379,887
Acquisition of intangible assets		(92,969)	(235,758)
Net cash flows from investments (used)/(gained from)		(6,681,218)	483,035
Cash flows from financial operations			
Loans from RA CB and RA Government		3,250,730	1,618,376
Proceeds/repayment of loans received from international financial institutions		12,475,703	4,147,417
Subordinated loan (repayments)/proceeds		(2,648,117)	(3,026,027)
Increase (decrease) of securities issued by the Bank		2,364,251	991,753
Prepayment received for the issue of shares		500,500	
Lease liabilities		(687,091)	
Issue of preference shares		3,369,000	3,000,000
Dividends paid		(917,504)	(379,731)
Net cash from financial operations		17,707,472	6,351,788
Impact of foreign exchange on cash balances		(247,782)	(206,725)
Net increase of cash and equivalents thereof		5,834,004	2,369,576
Cash and equivalents thereof as of the beginning of the period	13_2	38,194,407	35,824,831
Cash and equivalents thereof as of the end of the period	13_2	44,028,411	38,194,407

Chairman of the Executive Board(CEO)

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M.Poghosyan

Approval date: 14 January 2020

Note 3: "Net Interest and Similar Income"



Thous. AMD

Interest and similar income	01/10/2019-31/12/2019	01/01/2019-31/12/2019	01/10/2018-31/12/2018	01/01/2018-31/12/2018
Interest income from the Bank's current accounts, deposits and loans allocated in banks and other financial institutions	185,397	649,259	102,766	428,121
Interest income from loans and advances to customers	5,170,919	18,012,099	4,063,339	14,750,831
Interest income from debt securities	561,602	2,170,925	481,428	2,149,337
Interest income from REPO agreements	106,585	385,058	75,224	311,902
Other interest income	10,634	37,593	5,799	24,119
Total	6,035,137	21,254,934	4,728,556	17,664,310
Interest and Similar Expenses				
Interest expenses from the Banks' current accounts deposits and loans allocated in banks and other financial inst	1,462,774	4,936,979	1,017,861	3,417,640
Interest expenses on terms deposits and current accounts of customers	1,126,205	4,426,768	939,310	3,859,254
Interest expenses under REPO agreements	203,876	1,066,404	261,073	982,989
Interest expenses on subordinated borrowings	236	84,794	91,024	547,408
Interest expenses against the interest securities issued by the Bank.	87,022	259,020	28,819	92,503
Interest expenses on lease agreements	88,093	161,425		
Other interest income	2,436	6,545	1,679	22,485
Total	2,970,642	10,941,935	2,339,766	8,922,279
Net interest and similar income	3,064,496	10,313,000	2,388,790	8,742,031

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



Thous. AMD

Commission and Other Fee Income	01/10/2019-31/12/2019	01/01/2019-31/12/2019	01/10/2018-31/12/2018	01/01/2018-31/12/2018
Cashier's operations	65,625	234,250	137,716	211,368
Settlement services	498,306	1,783,444	412,348	1,424,817
Guarantees, warranties, letters of credit operations, trust management operations	29,632	102,909	15,319	109,869
Foreign currency and security operations	688	3,166	124	888
Payment card servicing	41,156	139,772	40,810	124,741
Other commission fees	65,530	223,353	-	254,079
Total	700,937	2,486,894	606,317	2,125,762
Commission and Other Fee Expenses:				
Commission fee from correspondent and other accounts	1,886	6,420	954	4,076
Expenses on payment card operations	115,404	323,977	56,947	190,098
Guarantees, warranties, letters of credit operations, trust management operations	10,636	37,539	4,322	65,009
Foreign currency and security operations	11,123	42,278	19,081	49,874
Other commission fees	51,635	216,997	51,703	180,856
Total	190,684	627,211	133,007	489,913
Net commission and other fees received	510,253	1,859,683	473,310	1,635,849

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



Thous. AMD

Financial assets rated at fair value through profit or loss	01/10/2019-31/12/2019	01/01/2019-31/12/2019	01/10/2018-31/12/2018	01/01/2018-31/12/2018
Net income from sale/ purchase of financial assets rated at fair value through profit or loss, including	67,723	376,836	49,571	153,965
Shares	-	-	-	-
Debt Securities	-	-	-	-
Derivatives	67,723	376,836	49,571	153,965
Net income from changes in real value of financial assets rated at fair value through profit or loss	(235,537)	299,549	64,203	28,505
Total	(167,814)	676,385	113,774	182,470
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:	234,690	854,208	32,659	822,562
Debt securities	234,690	854,208	32,659	822,562
Derivatives	-	-	-	-
Net income from sale/purchase of investments at fair value rated through other comprehensive financial results,	(18,696)	(88,961)	(3,284)	(81,208)

Total	215,994	765,247	29,375	741,354
Foreign currency operations				
Net income from foreign currency sale/purchase	318,401	1,105,502	267,422	889,683
Net income from the revaluation of foreign currency	246,165	(347,493)	(64,802)	(38,616)
Net income from the sale/purchase of precious standardized bullions and coins	4,004	7,812	1,342	13,570
Net income from the revaluation of precious standardized bullions and coins	930	15,934	8,613	(7,289)
Total	569,500	781,755	212,575	857,348
Net income from commercial operations	617,680	2,223,387	355,724	1,781,172

Note 6 : "Other Operational Income"



Thous. AMD

Other operational expenses	01/10/2019-31/12/2019	01/01/2019-31/12/2019	01/10/2018-31/12/2018	01/01/2018-31/12/2018
Income from penalties and fines	61,905	187,479	47,784	193,009
Net income from disposal of fixed and intangible assets	(2,705)	5,056	(19,519)	(19,421)
Other income *	41,976	81,152	47,894	93,085
Total	101,176	273,687	76,159	266,673

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

Cash and cash equivalents (Note 13)	01/10/2019-31/12/2019	01/01/2019-31/12/2019	01/10/2018-31/12/2018	01/01/2018-31/12/2018
Initial balance	7,897	36,362	3,751	-
IFRS 9 impact on reserves			-	7,479
Net deductions to reserve	139,215	110,750	32,611	28,883
Return of amounts previously charged to off balance item			-	
Usage of reserve				
Summary balance	147,112	147,112	36,362	36,362
"Due to Banks and other Financial institutions" (Note 14)	01/10/2019-31/12/2019	01/01/2019-31/12/2019	01/10/2018-31/12/2018	01/01/2018-31/12/2018
Initial balance	150,480	157,780	149,317	5,758
IFRS 9 impact on reserves				148,819
Net deductions to reserve	13,782	6,482	8,463	3,203
Return of amounts previously charged to off balance item				
Usage of reserve				
Summary balance	164,262	164,262	157,780	157,780
From loans and advances to customers (Note 16)	01/10/2019-31/12/2019	01/01/2019-31/12/2019	01/10/2018-31/12/2018	01/01/2018-31/12/2018
Initial balance	2,244,301	1,508,428	1,656,648	1,605,120
IFRS 9 impact on reserves				228,176
Net deductions to reserve	(186,805)	542,600	51,216	413,212
Return of amounts previously charged to off balance item	(12,404)	209,802	88,229	260,338
Usage of reserve	(44,138)	(259,876)	(287,665)	(998,418)
Summary balance	2,000,954	2,000,954	1,508,428	1,508,428
Financial assets rated at fair value through other comprehensive financial assets (Note 17)	01/10/2019-31/12/2019	01/01/2019-31/12/2019	01/10/2018-31/12/2018	01/01/2018-31/12/2018
Initial balance	283,276	227,486	181,053	
IFRS 9 impact on reserves				189,021
Net deductions to reserve	(230,690)	(174,900)	46,433	38,465
Return of amounts previously charged to off balance item				
Usage of reserve				
Summary balance	52,586	52,586	227,486	227,486
On other assets (Note 21)	01/10/2019-31/12/2019	01/01/2019-31/12/2019	01/10/2018-31/12/2018	01/01/2018-31/12/2018
Initial balance	16,195	9,468	11,762	15,800
Net deductions to reserve	64,148	69,526	(2,294)	(7,017)
Return of amounts previously charged to off balance item	241	1,668	-	881
Usage of reserve	(67,726)	(67,804)	-	(196)
Summary balance	12,858	12,858	9,468	9,468
Other financial assets rated at amortized value	01/10/2019-31/12/2019	01/01/2019-31/12/2019	01/10/2018-31/12/2018	01/01/2018-31/12/2018
Initial balance	6,982	-	-	-

Net deductions to reserve	(5,650)	1,332		
Return of amounts previously charged to off balance item				
Usage of reserve				
Summary balance	1,332	1,332	-	-
Post-balance sheet items containing loan exposures (note 30)	01/10/2019-31/12/2019	01/01/2019-31/12/2019	01/10/2018-31/12/2018	01/01/2018-31/12/2018
Initial balance	66,032	61,891	28,389	
IFRS 9 impact on reserves				103,411
Net deductions to reserve	34,528	38,669	33,502	(41,520)
Usage of reserve				
Summary balance	100,560	100,560	61,891	61,891
Total net deductions to reserve	(171,472)	594,459	169,931	435,226

Note 8 : "Total administrative expenses"



Thous. AMD

"Total administrative expenses"	01/10/2019-31/12/2019	01/01/2019-31/12/2019	01/10/2018-31/12/2018	01/01/2018-31/12/2018
Salary and similar payments	1,261,146	4,650,053	1,144,143	4,085,299
Training and tutorship expenses	723	1,416	37,227	41,586
Business trip expenses	4,119	59,150	15,096	69,146
Operational leases expenses	2,980	13,172	164,552	638,391
Insurance costs	33,920	137,065	34,385	132,896
Service and maintenance of the Bank's equipment	61,571	276,123	142,531	529,751
Maintenance and safekeeping of Bank buildings	170,565	681,966	170,348	682,189
Audit and consulting services	38,500	64,617	15,338	45,714
Communication and transmission costs	26,949	106,246	24,007	98,112
Transportation costs	42,000	150,201	38,627	153,881
Taxes (except income tax) penalties and other mandatory payments	80,938	369,615	91,560	283,249
Office and organizational expenses	33,469	127,855	32,897	122,918
Other administrative expenses	22,339	89,871	38,070	78,616
Total	1,779,219	6,727,350	1,948,781	6,961,748

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



	01/10/2019-31/12/2019	01/01/2019-31/12/2019	01/10/2018-31/12/2018	01/01/2018-31/12/2018
Average number of Bank employees	838	825	808	795
Monthly average salary falling to a single employee (thousand AMD)	550	452	510	414

Note 9 : "Other Operational Expenses"



Thous. AMD

Other operational expenses	01/10/2019-31/12/2019	01/01/2019-31/12/2019	01/10/2018-31/12/2018	01/01/2018-31/12/2018
Paid fines and penalties	-	75,574	1,230	1,371
Payments made for collection	86,250	333,884	86,250	345,000
Advertising and representative expenses	143,628	538,990	169,966	717,554
Amortization costs of fixed assets and intangible assets	373,004	1,431,656	183,517	716,146
Allocations to the Fund of Recovery of Deposits	47,974	207,174	44,882	203,872
Other expenses	148,753	499,151	117,634	393,421
Total	799,609	3,086,429	603,479	2,377,364

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	01.10.2019 31.12.2019	01.01.2019 31.12.2019	01.10.2018 31.12.2018	01.01.2018 31.12.2018
Current tax expenses	236,780	963,661	104,992	689,992
Corrections of current taxes for the previous period recognized in the current period	-	106,955	-	(20,410)
Deferred tax expenses	195,293	14,021	6,494	(94,892)
Total	432,073	1,084,637	111,486	574,690

	01.10.2019 31.12.2019	Efficient rate (%)	01.01.2019 31.12.2019	Efficient rate (%)	01.10.2018 31.12.2018	Efficient rate (%)	01.01.2018 31.12.2018	Efficient rate (%)
Profit before taxation	1,886,249		4,262,980		571,793		2,652,716	
Profit tax with rate	377,249.80	20.00	852,596.00	20.00	114,359	20.00	530,543	20.00
Non-taxable income		-	(292)	(0.01)	(266)	(0.05)	(3,002)	(0.11)
Non-taxable income from financial assets rated at fair value through other comprehensive income			(44,632)	(1.05)		-		-
Non-deductible expenses	106,847	5.66	109,458	2.57	(8,725)	(1.53)	72,368	2.73
Foreign currency negative/positive difference	(49,233)	(2.61)	69,498	1.63	9,782	1.71	7,725	0.29
Adjustments of calculated tax expenses of the previous year		-	106,955	2.51	-	-	(20,410)	(0.77)
Other privileges	(2,791)	(0.15)	(8,946)	(0.21)	(3,664)	(0.64)	(12,534)	(0.47)
Profit tax expenses	432,073	22.91	1,084,637	25.44	111,486	19.50	574,690	21.66

Calculation of deferred tax on temporary differences

Thous. AMD				
	Balance as of the previous period	Recognized by financial results	Recognized by equity	Balance at the accounting period
Deferred tax assets, including:	285,256	(23,345)	-	261,911
Accrued expenses and other liabilities	146,060	40,667		186,727
Loans and borrowings to customers	131,906	(86,097)		45,809
Cash and their equivalents	7,290	22,085		29,375
Deferred tax liabilities, including:	(1,135,238)	43,979	(197,823)	(1,289,082)
Investment securities	(329,809)	(1,652)	(106,601)	(438,062)
Fixed assets	(757,410)	25,750	(91,222)	(822,882)
Contingent liabilities	(30,621)	26,589		(4,032)
Claims to banks and other financial institutions	(17,398)	(6,708)		(24,106)
Net deferred tax asset/liability	(849,982)	20,634	(197,823)	(1,027,171)
Deferred tax liability on the depreciation reserve of the financial assets at fair value calculated through other comprehensive financial result		(34,654)		
Total expense on deferred tax		(14,020)		

Note 12 : "Basic profit falling to a single share"

Thous. AMD				
Basic profit falling to a single share	01/10/2019- 31/12/2019	01/01/2019- 31/12/2019	01/10/2018- 31/12/2018	01/01/2018- 31/12/2018
Net profit of the accounting period after taxation	1,454,176	3,178,343	460,307	2,078,026
Dividends on preferential shares calculated for the current accounting period	224,747	781,821	105,863	232,438
Net gains(losses) of given period referring to owners of common shares	1,229,429	2,396,522	354,444	1,845,588
Net weighted average number of common shares in circulation during the given period	1,852,533	1,852,533	1,852,533	1,852,533
Basic profit falling to a single share	0.66	1.29	0.19	1.00

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

Note 13 : Cash and cash equivalents



	Thous. AMD	
	31/12/2019	31/12/2018
Cash and cash equivalents		
Cash and cash equivalent payment documents	11,919,061	9,304,956
Correspondent accounts with the CBA	17,359,028	24,178,654
Deposit accounts with the CBA	9,999,999	2,000,000
Correspondent accounts with the the resident banks	308,197	35,701
Correspondent accounts with the the non-resident banks	4,439,926	2,674,110
Accrued interests	2,201	986
Reserves/IFRS/	(147,112)	(36,362)
Cash and balances with the CBA	43,881,300	38,158,045

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

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



	Thous. AMD	
	31/12/2019	31/12/2018
Current accounts		
Deposited funds with CBA	1,289,500	1,786,500
Accrued interest		
Total	1,289,500	1,786,500
With RA banks		
Loans and deposits	1,007,370	3,434,625
Other	152,380	303,698
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		1,935,000
Other	108,951	92,870
Accrued interest	435	2,185
Total	1,269,136	5,768,378
Possible loss provision for amounts due from banks (note 7)	(16,033)	(336)
Net receivables to banks	2,542,603	7,554,542

	31/12/2019	31/12/2018
Loans and deposits with Financial Institutions, other receivables		
With RA Financial Institutions:		
Loans and deposits	10,233,168	4,663,677
Other	882,716	
With Financial Institutions having BBB(Baa3) and higher ratings		
Other		
With Financial Institutions having a rating lower than BB(Baa3) or no rating at all		
Other	424,138	1,098,516
Accrued interest	31,103	16,660
Total	11,571,125	5,778,853
Possible loss provision for receivables due to Financial Institutions (Note 7)	(161,185)	(157,445)
Net receivables to Financial Institutions	11,409,940	5,621,408
Net receivables to banks and Financial Institutions	13,952,543	13,175,950

** As of 31.12.2019 .and 31.12.2018 the line "Other amounts due to financial institutions" includes accordingly insurance deposits in the amount of USD 115.221 (AMD 55272 thousand on 31.12.2019 and AMD 54.522 thousand on 31.12.2018) in Visa International, USD 165.023 (AMD 79.161 thousand on 31.12.2019, AMD 77.948 thousand on 31.12.2018) in "Armenian Card" CJSC, as well as debtor liabilities against clearing systems.

Note 14.1 Reverse Repurchase Agreements

	31/12/2019	31/12/2018
Reverse Repurchase Agreements		
Reverse Repurchase Agreements with Financial Institutions	6,222,111	3,882,703
Total	6,222,111	3,882,703

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

	Thous. AMD	
	31/12/2019	31/12/2018
Other financial assets recalculated at fair value through profit/loss		
Derivative Instruments		
Forward		
Swap	4,416	17,468
Total	4,416	17,468

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	31/12/2019	31/12/2018
Loans, including:	155,486,944	119,733,641
Mortgage loans	14,458,958	9,135,362
Credit cards	21,691,581	14,809,006
Factoring		
With re-purchase agreements		
Accrued interest on the mentioned items	1,015,014	595,556
Total loans	178,193,539	135,138,203
Reserve for possible loss of customer loans and advances (note 7)	(2,000,954)	(1,508,428)
Total loans and advances at amortized value	176,192,585	133,629,775

Thous. AMD

Analyses of provided loans and advances per customers	31/12/2019	31/12/2018
State industries	43,881	121,744
Private industries, including:	71,464,290	58,533,589
Major enterprises	36,291,354	24,995,713
Small and medium enterprises	34,967,381	33,537,876
Including business cards	98,616	89,972
Individuals, including:	91,981,577	66,898,016
Consumer loans	51,866,540	40,191,917
Mortgage loans	14,458,958	9,135,362
Credit cards	21,576,916	14,689,881
Private entrepreneurs	13,688,777	8,983,316
Accrued interest	1,015,014	601,538
Total loans	178,193,539	135,138,203
Reserve for customers' loans and advances calculated at amortized value (note7)	(2,000,954)	(1,508,428)
Total loans and advances at amortized value	176,192,585	133,629,775

Thous. AMD

Loan liabilities on 20 major borrowers and related parties /without reserve/	31/12/2019	31/12/2018
Customers' loans and advances calculated at amortized value	42,123,407	41,196,154
Balance of off-balance sheet contingent liabilities	5,444,472	17,023,207
Total	47,567,879	58,219,361
Loan investments	178,193,539	135,138,203
Ratio in portfolio	26.69%	43.08%
Total normative capital	36,908,668	32,270,581
Percentage ratio to capital	128.88%	180.41%
Total	47,567,879	58,219,361

		31/12/2019	
Loan Investments through International programs	Balance thousand AMD	Quantity	
ADB/TFP/IBA/Asian Development Bank	876,952	15	
ADB/TFP/RCA/Asian Development Bank			
ADB/WESSD/Asian Development Bank	2,230,281	122	
BlueOrchard/MSE/	4,368	1	
DEG/SME/	3,373,968	127	
EBRD/WiB/European Bank for Reconstruction and Development RCA	622,874	1	
EBRD/WiB/European Bank for Reconstruction and Development	3,088,936	224	
FINSCA/MSE/Finethic SCA	124,181	10	
GAF/ KiW /ENERGY	145,265	142	
FMO/MSME/Retail/	2,720,392	54	
GAF/ KiW/SME	6,135,499	814	
GAF/ KiW/SME/ENERGY	239,145	29	
GLS AI MFF/ME/ GLS Alternative Investments – Mikrofinanzfonds	140,791	93	
INCOFINCVBA/MSE/	3,615,674	124	
MSMEBondsSA/MSME/			
SICAV-SIF/ME1/Symbiotics Global Financial Inclusion Fund	412,906	107	
EIB/APEX	354,733	6	
SICAV-SIF/ME2/Symbiotics-Seb Microfinance Fund IV	6,244	2	
BS/SME1	5,510	1	
BS/SME3	1,306,385	42	
EFA FIDF/SME	717,256	10	
GLI/ME	30,846	2	
Total	26,152,206	1,926	

		31/12/2018	
Loan Investments through International programs	Balance thousand AMD	Quantity	
ADB/TFP/IBA/Asian Development Bank	432,689	11	
ADB/TFP/RCA/Asian Development Bank	129,575	7	
BlueOrchard/MSE/	1,585,808	55	
DEG/SME/	5,386,802	184	
EBRD/WiB/ European Bank for Reconstruction and Development	1,033,603	94	
FINSCA/MSE/Finethic SCA	232,079	17	
GAF/ KiW /ENERGY	70,757	11	
GAF/ KiW/SME	6,044,003	648	
GAF/ KiW/SME/ENERGY	447,132	38	
GLS AI MFF/ME/ GLS Alternative Investments – Mikrofinanzfonds	141,034	121	
INCOFINCVBA/MSE/	1,004,188	16	
MSMEBondsSA/MSME	647,454	23	
SICAV-SIF/ME1/Symbiotics-- Global Financial Inclusion Fund	525,550	141	
SICAV-SIF/ME2/Symbiotics-Seb Microfinance Fund IV	2,516	1	
Total	17,683,190	1,367	

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)	31/12/2019	Percentage	31/12/2018	Percentage
Industry	19,272,905	10.82	19,388,879	14.35
Agriculture	1,689,151	0.95	1,132,017	0.84
Construction	8,818,464	4.95	7,738,895	5.73
Transportation and communication	760,809	0.43	503,186	0.37
Commerce	35,642,628	20.00	24,625,736	18.22
Consumer	74,325,304	41.71	56,919,932	42.12
Mortgage loans	14,515,515	8.15	9,175,875	6.79
Service	11,377,898	6.39	10,556,635	7.81
Other	11,790,865	6.62	5,097,048	3.77
Total	178,193,539	100	135,138,203	100

Breakdown of loan portfolio per customer residency	31/12/2019	Percentage	31/12/2018	Percentage
RA residents	175,117,678	99.39	132,918,791	99
Residents of countries with Baa33 and higher ratings including	27,397	0.02	77,242	0.06
Italy	27,397		77,242	-
Residents of countries with Baa33and lower ratings or no rating at all	32,496	0.02	32,204	0.02
Ukraine	597			
-Russia	31,899		32,204	0.03
Accrued interest	1,015,014	0.58	601,538	0.74

Total	176,192,585	100	133,629,775	100
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Note 16. "Loans and borrowings to customers calculated at amortized value"



31.12.2019

The structure of customers' loans and borrowings calculated at amortized value per classification stages /IFRS 9/	Stage 1 /non-depreciated and overdue up to 30 days /		Stage 2 /31-90 days overdue/		Stage 3 /overdue more than 90 days/	
	Gross loans	Depreciation reserve	Gross loans	Depreciation reserve	Gross loans	Depreciation reserve
	Corporate loans	70,475,703	825,211			1,542,259
Loans to individuals and private entrepreneurs	105,730,671	676,699	136,515	47,488	308,391	276,429
Total	176,206,374	1,501,910	136,515	47,488	1,850,650	451,556

31.12.2018

Depreciation reserve gaps of loans and advances to customers calculated at amortized value per stages of regression model	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	58,929,052	877,748			
Loans to individuals and private entrepreneurs	75,924,992.00	475,326.00	112,491.00	27,822	171,669.00	127,532.00
Total	134,854,044.00	1,353,074.00	112,491.00	27,822.00	171,669.00	127,532.00

	Gross loans	Depreciation reserve	Net loans	Depreciation reserve on gross loans
Consumer				
Non-overdue	73,780,247	456,026	73,324,221	0.62%
Overdue				
1-30 days	146,478	2,534	143,944	1.73%
31- 60 days	69,150	26,009	43,141	37.61%
61- 90 days	69,335	24,961	44,374	36.00%
91-180 days	152,618	136,793	15,825	89.63%
180 and more	107,476	96,332	11,144	89.63%
Total	74,325,304	742,655	73,582,649	1.00%
Trade				
Non-overdue	35,637,766	503,455	35,134,311	1.41%
Overdue			0	
1-30 days	2,945	41	2,904	1.39%
31- 60 days	1,294	485	809	
61- 90 days	623	234	389	37.56%
91-180 days				
180 and more			0	
Total	35,642,628	504,215	35,138,413	1.41%
Production				
Non-overdue	19,272,905	156,238	19,116,667	0.81%
Overdue				
1-30 days				
31- 60 days				
61- 90 days				
91-180 days				
180 and more			0	
Total	19,272,905	156,238	19,116,667	0.81%
Construction				
Non-overdue	8,818,464	72,310	8,746,154	0.82%
Overdue				
1-30 days				
31- 60 days				
61- 90 days				
91-180 days				
180 and more				
Total	8,818,464	72,310	8,746,154	0.82%
Mortgage				
Non-overdue	14,504,931	41,547	14,463,384	0.29%
Overdue				
1-30 days	6,425	17	6,408	
31- 60 days	3,882	2,925	957	75.35%
61- 90 days	277	39	238	14.08%
91-180 days				
180 and more				
Total	14,515,515	44,528	14,470,987	0.31%
Agriculture				
Non-overdue	1,689,151	4,658	1,684,493	0.28%
Overdue				
1-30 days			0	#DIV/0!
31- 60 days				
61- 90 days				
91-180 days				
Total	1,689,151	4,658	1,684,493	0.28%
Other fields				
Non-overdue	22,392,141	305,859	22,086,282	1.37%
Overdue				
1-30 days			0	#DIV/0!
31- 60 days			0	
61- 90 days			0	
91-180 days	1,536,100	169,213	1,366,887	11.02%
180 and more	1,331	1,278	53	96.02%
Total	23,929,572	476,350	23,453,222	1.99%
TOTAL	178,193,539	2,000,954	176,192,585	1.12%

31.12.2018

	Gross loans	Depreciation reserve	Net loans	Depreciation reserve on gross loans
Consumer				
Non-overdue	56,461,435	206,700	56,254,735	0.37%
Overdue				
1-30 days	184,955	631	184,324	0.34%
31- 60 days	56,659	15,175	41,484	26.78%
61- 90 days	46,812	10,574	36,238	22.59%
91-180 days	98,047	76,052	21,995	77.57%
180 and more	72024	50,451	284,041	70.05%
Total	56,919,932	359,583	56,560,349	0.63%
Trade				
Non-overdue	24,007,172	708,464	23,298,708	2.95%
Overdue			0	
1-30 days	3,319	101	3,218	3.04%
31- 60 days			0	
61- 90 days	256	131	125	51.17%
91-180 days				
180 and more			0	
Total	24,010,747	708,696	23,302,051	2.95%
Production				
Non-overdue	19,388,879	369,185	19,019,694	1.90%
Overdue				
1-30 days				
31- 60 days				
61- 90 days				
91-180 days				
180 and more			0	
Total	19,388,879	369,185	19,019,694	1.90%
Construction				
Non-overdue	7,738,895	703	7,738,192	0.01%
Overdue				
1-30 days				
31- 60 days				
61- 90 days				
91-180 days				
180 and more				
Total	7,738,895	703	7,738,192	0.01%
Mortgage				
Non-overdue	9,167,111	39,629	9,127,482	0.43%
Overdue				
1-30 days				
31- 60 days	6,804	1,508	5,296	22.16%
61- 90 days	1960	434	1526	22.14%
91-180 days				
180 and more				
Total	9,175,875	41,571	9,134,304	0.45%
Agriculture				
Non-overdue	1,131,363	1,159	1,130,204	0.10%
Overdue				
1-30 days	654	0.67	653.33	0.10%
31- 60 days				
61- 90 days				
91-180 days				
Total	1,132,017	1,160	1,130,857	0.10%
Other fields				
Non-overdue	16,769,604	26,501	16,743,103	0.16%
Overdue				
1-30 days	657	1	656	0.10%
31- 60 days				
61- 90 days			0	
91-180 days	237	68	169	28.69%
180 and more	1,360	961	399	70.66%
Total	16,771,858	27,531	16,744,327	0.16%
TOTAL	135,138,203	1,508,428	133,629,775	1.12%

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

Thous. AMD		
	31/12/2019	31/12/2018
Government securities		
RA Governmental T-bills	4,156,781	1,173,720
Reserve for RA Governmental T-bills		
Total	4,156,781	1,173,720

Thous. AMD				
RA non-state securities	31/12/2019		31/12/2018	
	listed	unlisted	listed	unlisted
Issuer having BBB+(Baa1) and lower rating, other rating or no rating at all				
Long term debt instruments	600,091		1,034,529	
Short term debt instruments				
Capital instruments		83,971		83,971
Total non-state securities of RA	600,091	83,971	1,034,529	83,971
Investments in RA non-governmental securities (reserve for possible losses)				
Net Investments in RA non-governmental securities	600,091	83,971	1,034,529	83,971

Thous. AMD				
RA non-state securities	31/12/2019		31/12/2018	
	listed	unlisted	listed	unlisted
Issuer having BBB+(Baa1) and lower rating, other rating or no rating at all				
Capital instruments		5,856		5,798
Total non-state securities of RA		5,856		5,798
Financial assets rated at fair value through other comprehensive financial assets	4,756,872	89,827	2,208,249	89,769

Investments in share capital of other entities as of 31.12.2019

Thous. AMD					
Name of entity	Main activity	Country of registration	Investment date	Investment (thousand) AMD	Share %
S.W.I.F.T	Telecommunication	Belgium	13/09/1996	5,856	-
"Armenian Card" CJSC	Payment service	RA	22/02/2000	60,716	6.20
ArCa Credit Reporting CJSC	Information service	RA	23/06/2006	23,255	4.58
Total				89,827	

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		
	31/12/2019	31/12/2018
Assets		
Total pledged securities	26,984,273	21,400,762
including:		
Pledged securities	20,180,825	17,454,208
Securities under REPO agreement	6,803,448	3,946,554
Reserve for pledged securities		
Total	20,180,825	17,454,208
Resources attracted under REPO agreement	25,623,028	20,519,048

Note 18. "Other financial assets calculated at amortized value"

	31/12/2019	31/12/2018
Other financial assets calculated at amortized value	480,260	
Total	480,260	-

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	Investments in leased fixed assets.	Total
Balance of the fixed assets as of the end of previous period 31/12/2018	7,385,387	2,983,545	711,497	2,345,403	676,494	377,404	14,479,730
Increase	81	566,273	77,599	176,029	308,814	78,011	1,206,807
Disposal	(299,185)	(1,049)	(34,123)	(5,511)			(339,868)
Written-off		(153,426)		(208,877)		(9,000)	(371,303)
Reclassification	973,764	45,288		(41,650)	(973,697)		3,705
Revaluation *	485,717						485,717
Disposal (revaluation*)	(31,014)						(31,014)
Written-off of amortization	(151,505)						(151,505)
Written-off of amortization (from revaluation)	(300,847)						(300,847)
Balance of fixed assets at the end of accounting period 31/12/2019	8,062,398	3,440,631	754,973	2,265,394	11,611	446,415	14,981,422
Balance of accumulated amortization at the end of the previous period 31/12/2018	468,449	1,881,819	271,682	1,435,171	-	91,754	4,148,875
Increase	208,273	267,692	85,001	184,950		22,990	768,906
Disposal	(13,340)	(121,728)	(19,428)	(18,977)		(1,157)	(174,630)
Reclassification	3	83		3,621			3,707
Disposal (revaluation*)	(1,407)						(1,407)
Written-off of amortization	(151,504)	(30,365)		(183,630)			(365,499)
Written-off of amortization (from revaluation)	(300,847)						(300,847)
Balance of accumulated amortization at the end of the accounting period 31/12/2019	209,627	1,997,501	337,255	1,421,135	-	113,587	4,079,105
Net balance sheet value							-
At the end of the accounting period	7,852,771	1,443,130	417,718	844,259	11,611	332,828	10,902,317
At the end of the previous accounting period	6,916,938	1,101,726	439,815	910,232	676,494	285,650	10,330,855

Depreciation expense on right -of-use assets 589,016

Total amortization expenses of fixed assets 1,357,922

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

Intangible Assets

Thous. AMD

Item	Software programs	License and warranties	Intellectual property rights	Other intangible assets	Capital investments in intangible assets	Total
Initial value						
Balance of intangible assets at the end of the previous period 31/12/2018	293,918	392,213	180	29,771	-	716,082
Increase	7,368	24,794	26	781	60,000	92,969
Reclassification						-
Balance of intangible assets at the end of the accounting period 31/12/2019	301,286	417,007	206	30,552	60,000	809,051
Intangible balance of accumulated amortization at the end of previous period 31/12/2018	53,817	140,544	53	15,075	-	209,489
Increase	26,004	44,633	16	3,080		73,733
Disposal						-
Reclassification	(7)			8		1
Balance of accumulated amortization at the end of accounting period 31/12/2019	79,814	185,177	69	18,163	-	283,223
Net balance sheet value						
At the end of the accounting period	221,472	231,830	137	12,389	60,000	525,828
At the end of the previous accounting period	240,101	251,669	127	14,696	-	506,593

As of 31.12.2019, 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.

Total fixed assets and intangible assets amortization costs

1,431,655.00

Note 21: "Other Assets"



Thous. AMD

	31/12/2019	31/12/2018
Amounts receivable from bank operations		
Amounts receivable from other operations	139,422	78,470
Total	139,422	78,470
Reserve for possible loss provision from bank operations (note 7)	(1,425)	(805)
Net amounts receivable from bank operations	137,997	77,665
Debtor liabilities and prepayments		
Debtor liabilities on the budget	59	65
Debtor liabilities to suppliers		
Prepayments to employees	89	37
Prepayments to suppliers	500,678	626,051
Prepayments on the budget and mandatory social insurance payments	6,304	1,600
Other debtor liabilities and prepayments	51,235	60,341
Total	558,365	688,094
Reserve for possible loss provision on other assets (note 7)	(5,584)	(6,881)
Total	552,781	681,213
Other assets		
Reserve	302,344	373,018
Sequestered pledge and available-for-sale assets		
Future period expenses	226,773	133,223
Other assets	62,917	63,975
Reserve for possible loss provision on other assets (note 7)	(5,849)	(3,532)
Total	586,185	566,684
Total other assets	1,276,963	1,325,562

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

Thous. AMD

	31/12/2019	31/12/2018
Current accounts		
RA Banks	1,735	1,749
Banks having BBB(Baa3) and higher rating		
Banks having rating lower than BBB(Baa3) or no rating at all	20,793	6,944
Accrued interest		
Total	22,528	8,693
Interbank loans and deposits, other		
Other		
RA banks		
Loans and deposits	11,513,391	12,875,437
Other	406	1,742
Banks having BBB(Baa3) and higher rating		
Loans and deposits		
Other		
Banks having rating lower than BBB(Baa3) or no rating at all		
Loans and deposits	2,132,224	1,235,563
Other	64,583	67,268
Accrued interest	22,427	44,626
Total	13,733,031	14,224,636
Financial Institutions		
Current accounts	1,224,818	1,076,850
Loans and deposits	30,175,038	18,060,114
Other	75,567	47,876
Accrued interest	628,688	667,622
Total	32,104,111	19,852,462
Total liabilities to banks and financial institutions	45,859,670	34,085,791

Note 22.1 Loans and advances from international financial institutions



Loans attracted from financial institutions	Project	Currency	Term	31/12/2019	Currency	Term	31/12/2018
Asian Development Bank	ADB/TFP/RCA				USD	1 less than a year	1,462,058
BlueOrchard	BlueOrchard/MSE				USD	1-3 years	812,081
DEG	DEG/SME	USD	1-7 years	4,926,242	USD	1-7 years	4,966,974
European Bank for Reconstruction and Development	EBRD/WIB	AMD	1-5 years	5,809,609	AMD	1-5 years	962,371
European Bank for Reconstruction and Development	EBRD/TFP/RCA	EUR	1 less than a year	1,266,267			
EFA Financial Institution debt fund	EFA FIDE/SME	USD	1-3 years	1,195,435	USD	1-3 years	1,201,566
Finethic SCA	FINSCA/MSE				USD	1-3 years	483,327
Global Impact Investments	GLI/ME				USD	1-3 years	2,406,903
Global Impact Investments	GLI/ME	USD	1-4 years	1,456,627	USD	1-4 years	1,470,077
GLS ALTERNATIVE INVESTMENTS - MFF	GLS AI MFF/ME	USD	1-3 years	488,332	USD	1-3 years	491,100
Incofin Investment Management	INCOPINCVBA/MSE	USD	1-4 years	3,195,115	USD	1-4 years	4,841,134
Incofin Investment Management	Incofin CVSO CVBA-SO/MSE	USD	1-4 years	1,489,381			
Dutch Development Bank	FMO/MSME/RETAIL	USD	1-5 years	9,545,039			
Micro, small and medium Enterprise Bonds SA	MSMEBondsSA/MSME				USD	1-3 years	1,523,831
Micro, small and medium Enterprise Bonds SA	MSMEBondsSA/MSME				USD	1-3 years	899,136
Symbiotics-SEB IV Microfinance Fund	SICAV-SIF/ME1	AMD	1-4 years	2,039,581	AMD	1-4 years	2,031,307
Symbiotics-Globe Financial Inclusion Fund	SICAV-SIF/ME2	AMD	1-4 years	509,895	AMD	1-4 years	507,826
Symbiotics Sicav (Lux)- Hortensia Impact Investing Fund	HIIF/MSME	AMD	1-4 years	239,197			
Symbiotics Sicav (Lux)- Global Financial Inclusion Fund	GFIF/MSME	AMD	1-4 years	239,197			
Symbiotics Sicav (Lux)-SEBMF Microfinance Fund VII	SEBMFVIL/MSME	AMD	1-4 years	1,913,576			
Black Sea Trade and Development Bank (BSTDB)	BS/SME3	USD	1-5 years	2,394,445			
Total				36,707,938			24,059,690

Note 22.3 REPO (repurchase) agreements

REPO (repurchase) agreements	31/12/2019	31/12/2018
REPO (repurchase) agreements with financial institutions	25,623,028	20,166,042
REPO (repurchase) agreements with financial institutions		353,006
Total	25,623,028	20,519,048

Note 23: "Liabilities to Customers"



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	31/12/2019	31/12/2018
RA resident corporate entities and institutions		
Current accounts	19,477,883	18,345,584
Term deposits	8,714,057	4,375,585
Other	817,179	305,499
Accrued interest	308,993	148,719
Total	29,318,112	23,175,387
Non-resident corporate entities, institutions		
Current accounts	325,192	470,687
Deposits	26,376	
Other	2	222
Accrued interest	651	20
Total	352,221	470,929
RA resident private entrepreneurs		
Current accounts	980,188	564,501
Term deposit	-	-
Other	11,229	7,487
Accrued interest	-	19
Total	991,417	572,007
RA resident individuals		
Current accounts	19,539,280	18,123,242
Term deposits	55,895,793	47,735,780
Other	628,773	512,359
Accrued interest	1,011,140	710,712
Total	77,074,986	67,082,093
Non- resident individuals		
Current accounts	956,715	830,005
Term deposits	2,997,375	3,630,299
Other	1,724,391	37,166
Accrued interest	59,270	30,882
Total	5,737,751	4,528,352
Total liabilities to customers	113,474,487	95,828,768

As of 31.12.2019, the amount necessary to secure obligations was AMD 4.791.467 thousand.

As of 31.12.2019, the amount frozen by court order and tax authorities was AMD 1.635.627 thousand.

Note 23.1 : "Subordinate Borrowing"

As of 31.12.2019, the Bank did not attract any subordinate borrowing.



Note 24: "Securities issued by the Bank"

	31/12/2019	31/12/2018
Interest securities issued by the Bank	4,452,356	2,060,960
Total	4,452,356	2,060,960

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

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Financial liability at fair value recalculated through profit/loss	31/12/2019	31/12/2018
Derivative instruments		
Swap	6,207	
Forward		
Other		
Total	6,207	-

Note 26: "Amounts Payable"

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Amounts payable	31/12/2019	31/12/2018
Dividends	385,694	235,498
For insurance of deposit	47,974	44,882
Total	433,668	280,380

Note 27: " Other Liabilities"

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Other liabilities	31/12/2019	31/12/2018
On income tax of non-resident	57,332	51,610
On VAT	5,503	1,740
On other taxes and penalties	225,596	198,582
Salary liabilities to employees	817,804	669,236
Credit debts to suppliers	115,909	61,540
Other liabilities	604,060	243,560
Balance at the end of the period	1,826,204	1,226,268

Note 28: "Chartered capital"

The Bank's registered and fully paid share capital totals AMD 25,635,343 thous., including 1,852,533 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 Bank as of the end of the accounting period.

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Name of the major shareholder	Participation amount	The size of participation in percentage ratio	Shareholders activity type (for corporate)
Sukiasyan Saribek Albert	5,457,078	28.32%	
Sukiasyan Khachatur Albert	3,138,533	16.29%	
Sukiasyan Eduard Albert	2,053,158	10.66%	
Sukiasyan Robert Albert	3,251,217	16.88%	

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

- a/ participate in the General Meeting of Shareholders of the Bank with the number of votes corresponding to the number and value of preference shares owned by them as prescribed by Law and the Bank's Charter.
- b/ receive quarterly payments (dividends),
- c/ receive any information concerning the Bank activities as prescribed by Law.
- d/ obtain its part of the Bank's property in case of the liquidation of the Bank

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 31.12.2019 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 31.12.2019 the Bank had fully performed its tax liabilities and there is no need for additional provisioning on its tax liabilities.

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

	Thous.AMD	
	31/12/2019	31/12/2018
Unutilized credit lines	6,092,716	17,900,458
Provided guarantees	5,979,486	3,599,016
Provided letters of credit		
Reserve on the mentioned items (note 7)	(100,560)	(61,891)

Liabilities on operational leases

	Thous.AMD	
Structure of minimum rental fees	Amounts payable in AMD equivalent to foreign currency	Amounts payable in AMD
Up to 1 year		651,333
1-5 years		2,188,509
more than 5 years		141,150
Total	0	2,980,992

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.

	Thous.AMD	
Loans and advances at amortized value to the Bank related parties	31/12/2019	31/12/2018
Bank shareholder	2,958,344	2,664,389
Bank management	127,519	138,134
Financial institutions	50,145	67,482
Total	3,136,008	2,870,005
Interest income	301,095	298,477

	Thous.AMD	
Facilities attracted from Bank related entities	31/12/2019	31/12/2018
Bank shareholder	662,997	4,059,544
Bank management	85,719	446,312
Financial institutions	190,942	177,455
Total	939,658	4,683,311
Interest expense	27,045	597,568
Salary or Similar Payment to the Bank Management	31/12/2019	31/12/2018
Board	283,966	197,424
Salary	268,066	184,716
Awarding	15,900	12,708
Executive body	375,836	323,666
Salary	346,950	298,080
Awarding	28,886	25,586
Internal Audit	95,988	91,720
Salary	88,286	85,668
Awarding	7,702	6,052
Total	755,790	612,810

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 state of

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

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

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.

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<i>Item</i>	<i>RA</i>	<i>CIS countries</i>	<i>OECD* countries*</i>	<i>Non-OECD* countries</i>	<i>Total</i>
Assets					
Cash and balances with the CBA	39,543,670	3,303,175	928,587	105,868	43,881,300
Standard bank precious metal bullions and coins	51,728				51,728
Due from banks and other financial institutions	13,419,452	171,087	357,267	4,737	13,952,543
Reverse repurchase agreements	6,222,111				6,222,111
Financial assets at fair value recalculated through profit/loss	18	4,398			4,416
Customers' loans and advances rated at amortized value	176,159,877	5,373	27,335		176,192,585
Securities at fair value rated through other comprehensive financial results	4,840,843		5,856		4,846,699
Securities pledged under repurchase agreement	20,180,825				20,180,825
Other financial assets carried at amortized cost	480,260				480,260
Other assets	137,366		1,095		138,461
Total assets	261,036,150	3,484,033	1,320,139	110,605	265,950,928

31.12.2018

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<i>Item</i>	<i>RA</i>	<i>CIS countries</i>	<i>OECD* countries*</i>	<i>Non-OECD* countries»</i>	<i>Total</i>
Assets					
Cash and balances with the CBA	35,483,934	591,436	1,936,668	146,007	38,158,045
Due from banks and other financial institutions	10,758,103	1,908,354	500,741	8,752	13,175,950
Reverse repurchase agreements	3,882,703				3,882,703
Financial assets at fair value recalculated through profit/loss	17,468				17,468
Customers' loans and advances rated at amortized value	133,520,756	32,141	76,878		133,629,775
Securities pledged under repurchase agreement	17,454,208				17,454,208
Securities at fair value rated through other comprehensive financial results	2,292,220		5,798		2,298,018
Other assets	128,207		1,173		129,380
Total assets	203,537,599	2,531,931	2,521,258	154,759	208,745,547

Loans allocated in the territory of RA per RA

regions:

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RA regions	31/12/2019	31/12/2018
Yerevan	120,563,568	96,700,731
Kotayk	2,109,613	7,759,921
Lori	8,163,889	6,261,967
Gegharkunik	5,231,239	4,658,632
Shirak	5,861,768	4,127,286
Armavir	7,707,320	3,589,993
Ararat	11,816,476	3,349,154
Syunik	5,753,548	2,427,589
Artsakh	4,138,718	1,658,197
Aragatsotn	1,332,659	1,294,250
Vayots Dzor	1,193,252	956,980
Tavush	2,320,534	845,075
Total	176,192,585	133,629,775

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 31.12.2019 did not exceed 8.31%. 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 available.

3) As of 31.12.2019, loan investments without reserves amounted to AMD 178.193.539. As of 31.12.2019, the volume of loans in the Stage 2, Stage 3 amounted to AMD 499.044 thousand.

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

5) The volume of repo transactions (except extensions) affected in the 4th quarter of 2019 was AMD 127,253,465 against AMD 151,423,176 of the same period of the previous year. Reverse repo transactions in the 3rd quarter of 2019, made AMD 12,878,370 against AMD 10,351,038 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,
2. Monitoring by phone calls.

During the process of monitoring the specialists of the loan monitoring division gather information on the

2. . Information on the changes in the Borrower's market position (competitors, price fluctuations, realization, etc.)

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 and security department.

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

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

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

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

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

Market Risk

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

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

2) The methods of market risk measurement and assessment

Foreign currency risk

Assessment of foreign exchange risk and position management efficiency

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

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

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Accounting period	USD	GBP	EUR	CHF	KZT	AED	RUB	GEL	XAU	Gross VAR
2019 III Q	1,231.75	92.76	1,718.09	39.61	37.28	1.77	849.15	278.93	23.76	3,159.93
2019 IV Q	1,419.70	162.03	225.33	64.73	34.06	1.53	518.39	304.37	14.79	1,750.03
increase/decrease	187.94	69.27	-1,492.76	25.13	-3.22	-0.25	-330.76	25.44	-8.97	-1,409.90

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

31/12/2019

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	AMD	USD	EUR	RUB	Other currency	Total
Cash and their equivalents	26,096,489	10,204,945	5,941,477	1,552,597	85,793	43,881,300
Bank standardized bullions of precious metals and coins	443				51,285	51,728
Receivables to banks and other financial institutions	2,508,325	5,013,892	6,241,301	189,025		13,952,543
Reverse Repurchase Agreements	5,775,586	446,525				6,222,111
Financial instruments at fair value through profit or loss	4,416					4,416
Loans and advances to customers calculated at amortized value	100,848,096	59,253,818	16,035,097	55,574		176,192,585
Financial instruments at fair value recalculated through profit/loss	4,351,769	440,819	54,111			4,846,699
Securities pledged under repurchase agreements	20,180,825					20,180,825
Other financial assets calculated at amortized value		480,260				480,260
Other assets	130,747	4,754	2,135	49	776	138,461
Total assets	159,896,696	75,845,013	28,274,120	1,797,245	137,854	265,950,928
Liabilities						
Liabilities to the banks and other financial institutions	20,645,443	10,426,766	14,732,825	53,603	1,033	45,859,670
Loans and deposits from international financial institutions	10,544,794	24,896,877	1,266,267			36,707,938
Loans from the CBA and RA	9,306,047					9,306,047
REPO agreements	25,431,006	192,022				25,623,028
Liabilities to Customers	61,929,438	44,292,833	5,663,840	1,571,026	17,350	113,474,487
Subordinate borrowing	719,787					719,787
Liabilities on current taxes	325,303					325,303
Securities issued by the Bank	1,016,771	3,435,585				4,452,356
Financial liabilities at fair value recalculated through profit/loss	6,207					6,207
Amount payable	433,668					433,668
Deferred tax liabilities	1,027,172					1,027,172
Reserves	1,760,681	57,889	6,775	810	49	1,826,204
Other liabilities	133,146,317	83,301,972	21,669,707	1,625,439	18,432	239,761,867
Total liabilities	26,750,379	(7,456,959)	6,604,414	171,806	119,422	26,189,061
Balance-sheet open position						
Financial liabilities at fair value recalculated through profit/loss	62,379	6,836,724	(6,850,065)	1,377	(52,205)	(1,790)
Aggregately payable currency derivatives	26,812,758	(620,235)	(245,651)	173,183	67,217	26,187,271
Net position						

31/12/2018

	AMD	USD	EUR	RUB	Other currency	Total
Assets						
Cash and their equivalents	19,409,916	7,288,803	10,096,619	1,295,801	66,906	38,158,045
Receivables to banks and other financial institutions	2,142,576	9,176,666	1,404,248	452,424	36	13,175,950
Reverse Repurchase Agreements	3,681,119	201,584				3,882,703
Loans and advances to customers calculated at amortized value	71,471,900	56,944,494	5,196,546	16,835		133,629,775
Financial instruments measured at fair value through profit or loss	17,468					17,468
Securities at fair value rated through other comprehensive financial results	1,677,294	620,724				2,298,018
Securities pledged under repurchase agreement	17,454,208					17,454,208
Other assets	122,879	3,108	3,373	20		129,380
Other assets	115,977,360	74,235,379	16,700,786	1,765,080	66,942	208,745,547
Liabilities						
Liabilities to the banks and other financial institutions	13,809,185	16,449,077	3,677,240	149,094	1,195	34,085,791
Loans and deposits from international financial institutions	3,333,997	20,725,693				24,059,690
Loans from the CBA and RA	6,055,317					6,055,317
REPO agreements	20,204,342	314,706				20,519,048
Liabilities to Customers	46,307,832	42,176,826	5,826,961	1,488,309	28,840	95,828,768
Subordinated borrowing	705,853	2,676,296				3,382,149
Liabilities on current taxes	273,836					273,836
Securities issued by the Bank	102,880	1,958,080				2,060,960
Amount payable	280,380					280,380
Deferred tax liabilities	849,982					849,982
Reserves	61,891					61,891
Other liabilities	322,484	181,064	26,605	55,327		585,480
Other liabilities	92,307,979	84,481,742	9,530,806	1,692,730	30,035	188,043,292
Balance-sheet open position	23,669,381	(10,246,363)	7,169,980	72,350	36,907	20,702,255
Financial liabilities at fair value recalculated through profit/loss						
Aggregately payable currency derivatives	(2,040,328)	9,400,298	(7,364,942)	145,120	(122,680)	17,468
Open position	21,629,053	(846,065)	(194,962)	217,470	(85,773)	20,719,723

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

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

Interest Rate Risk

Assessment of interest rate change risk:

The analysis of disbalance shows that the average accumulated disbalance of the 4th quarter of 2019 (accumulated gap of the sensitive assets and liabilities against the interest rate) is positive forming AMD 27,333,478 thousand against AMD 19,536,322 thousand of the same period of the previous year by decreasing in absolute value by AMD 7,797,157 or 39.9%, that is in average the Bank was sensitive to liabilities in the 2nd quarter of 2019. In the 4th quarter of 2019, the average accumulated disbalance has increased in absolute value by AMD 3,033,895 thousand or by 12.5% against the previous quarter.

The average correlation ratio of assets and liabilities sensitive to interest rate changes for the 4th quarter of 2019 has decreased by 1.4 percentage point, forming 115.0% against 113.5% average value of the 4th quarter of 2018, that is in 4th quarter of 2019 the assets sensitive to interest rate changes have formed 115.0% of the liabilities sensitive to interest rate changes.

The duration of assets as of the end of 4th quarter of 2019 was 1.680year (against the 1.467 year as of the 4th quarter of 2018) as it increased by 0.213 year or by 14.5% , as compared with the end of the previous quarter (1.742 year) the mentioned indicator has increased by 0.062 year or 3.6%.

The duration of liabilities as of the end of the 4th quarter of 2019 was 0.979 year (against 0.825 year of the 4th quarter of 2018) increasing by 0.154 year or 18.7%. In correlation with the end of the previous quarter (0.904) the indicator has increased by 0.076 year or 8.4%.

The duration gap as of the end of the 4th quarter of 2019 was 0.784 (against 0.712 of the 3th quarter of 2018) increasing by 0.072 or 10.1%. In correlation with the end of previous quarter (0.871) the indicator has increased by 0.087 or 10%.

Assets and Liabilities with changing interest rates 31.12.2019

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

31/12/2018

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Item	up to 1 month		1-3 months		3- 6 months		6 months to 1 year		1-5 years		more than 5 years	
	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency
Facilities placed												
Loans and advances provided to												
Total												
Resources attracted												
Liabilities to banks and other financial institutions, including:												
-Loans				10,101,728		4,231,924		101,104				
Total	-	-	-	10,101,728	-	4,231,924	-	101,104	-	-	-	-
Net position	-	-	-	(10,101,728)	-	(4,231,924)	-	(101,104)	-	-	-	-

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: 31/12/2019		Interest rates of accounting period: 31/12/2018	
	AMD	Foreign	AMD	Foreign
Assets				
Balance at CBA	4.1		4.60	-
Receivables to banks and other financial institutions, including:	6.6	1.2	7.70	2.60
- Interbank Loans		1.8	0.00	2.60
- Interbank REPO	6.2		6.70	0.00
Loans and advances provided to customers rated at amortized value	13.1	8.5	12.05	6.24
Available for sale securities at fair value recalculated through profit/loss	10.4	7.0	11.50	5.60
Liabilities				
Liabilities to banks and other financial institutions	7.4	3.5	7.90	4.80
Liabilities to Customers	5.3	3.5	5.09	3.80

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.

In case of the duration model, the impact of interest rate changes on the economic value of capital is evaluated as of the end of accounting period.

Within the frames of this model durations of the Bank's assets and liabilities portfolio (average weighted maturities) are calculated firstly, then on the basis of the latter the change in economic value of capital, which is the difference of the changes in present values of assets (depending on the interest rate fluctuations) and liabilities (future flows) is calculated. For the evaluation of change in the economic value of capital, the duration gap (DGAP) is calculated,

which reflects the incongruity level of assets and liabilities durations, that is the incongruity of average weighted terms of assets and liabilities future flows. The big value of the duration gap indicates a high level of interest rate risk. The preservation of duration gap low level, that is the preservation of close duration values of assets and liabilities, results in interest rate risk hedging (stability of capital economic value against interest rate changes).

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 attractable and distributable funds.

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

The methodology of maturity gaps of assessment of liquidity risk enables to assess and analyze the Bank's liquidity risk, as well as to maintain the satisfactory level of liquidity of the Bank's policy. On this purpose the maturity gaps of the Bank's assets and liabilities are discovered, the liquidity indicators are calculated and the Bank's liquidity management quality is assessed. In the present methodology of liquidity assessment separation of instant, up to 90 days accumulative and general (up to one year) liquidities is made, also time series of liquidity indicators are considered for assessment of the bank liquidity management quality.

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



Over the 4th quarter of 2019, instant liquidity, up to 90 days accumulative and general (up to one year accumulative) liquidity indicators have decreased by 5.2, 40.5 and 35.39 percentage point respectively.

Item	Non-performing		Repayment date						Termless	Total
	Term	Overdue	On -demand	up to 3 months	3 -6 months	6-12 months	1-5 years	more than 5 year		
Cash and cash equivalents	-	-	33,879,100	10,002,200	-	-	-	-	-	43,881,300
Standardized precious metal bullions and coins	-	-	51,728	-	-	-	-	-	-	51,728
Receivables to banks and other financial institutions	-	-	69,713	5,182,528	1,620,638	4,701,051	963,680	-	1,423,933	13,952,543
Reverse Repurchase Agreements	-	-	-	6,222,113	-	-	-	-	-	6,222,113
Financial assets at fair value recalculated through profit/loss	-	-	-	4,416	-	-	-	-	-	4,416
Other financial assets calculated at amortized value	-	-	-	-	684	-	479,576	-	-	480,260
Loans and advances provided to customers rated at amortized value	1,609,614	508,182	-	20,374,123	14,164,531	18,589,940	90,526,444	30,419,751	-	176,192,585
Financial assets at fair value calculated through other comprehensive financial result	-	-	-	2,932	4,522	-	1,582,933	3,166,485	89,826	4,346,698
Securities pledged under repurchase agreement	-	-	-	20,180,825	-	-	-	-	-	20,180,825
Other receivables	15,520	-	-	120,997	1,944	-	-	-	-	138,461
Total	1,625,134	508,182	33,991,541	62,090,134	15,792,219	23,290,991	92,552,633	33,586,236	1,513,759	265,950,929
I group foreign currency	1,252,385	383,509	16,319,375	11,457,176	5,478,966	10,282,262	43,498,892	15,123,173	134,433	103,930,171
II group foreign currency	-	-	1,579,271	191,942	-	-	6,568	42,860	-	1,823,871
including:										
By floating interest rate	-	-	623,614	44,612	-	-	-	-	-	668,226
By fixed interest rate	1,561,540	363,983	3,367,927	56,367,848	14,644,940	21,267,756	89,364,163	33,550,495	1,513,759	217,120,725
Non-interest	63,594	144,199	33,567,927	5,677,674	1,147,379	2,023,235	4,186,470	35,741	-	48,161,978
On maturity of liabilities repayment										
Liabilities to banks and other financial insti	-	-	1,391,977	8,661,640	4,251,039	8,239,116	18,334,256	4,981,642	-	45,859,670
Loans and deposits from international finan	-	-	-	1,644,751	718,999	2,216,126	31,648,413	479,650	-	36,707,938
Loans from the RA Government and CBA	-	-	47,504	55,623	273,350	1,026,265	7,581,015	322,289	-	9,306,046
Reverse Purchase Agreements	-	-	-	25,623,020	-	-	-	-	-	25,623,020
Liabilities to customers	-	-	44,473,679	19,728,395	12,502,046	24,162,338	16,041,238	566,794	-	113,474,490
Subordinated borrowings	-	-	-	236	-	-	-	719,550	-	719,786
Securities issued by the Bank	-	-	-	47,199	-	959,036	3,446,120	-	-	4,452,355
Liabilities on current taxes	-	-	-	-	325,303	-	-	-	-	325,303
Financial liabilities at fair value rated through profit/loss	-	-	-	6,207	-	-	-	-	-	6,207
Amounts payable	-	-	-	-	-	433,668	-	-	-	433,668
Other liabilities	-	-	1,479,212	341,670	115	5,144	63	-	-	1,826,204
Off-balance sheet contingent liabilities	-	-	-	641,183	724,603	2,094,727	8,599,535	12,455	-	12,072,503
Total	-	-	47,392,372	52,759,152	18,795,455	39,136,420	85,650,639	7,082,380	-	250,816,418
including:										
I group foreign currency	-	-	15,637,517	17,140,843	10,618,988	20,422,396	40,416,691	974,464	-	105,210,899
II group foreign currency	-	-	473,593	385,640	199,848	373,848	279,169	-	-	1,712,098
including:										
Major Liabilities	-	-	-	20,608,456	1,733,450	4,787,078	12,701,567	-	-	29,830,551
By floating interest rate	-	-	-	9,594,000	6,732,107	-	2,440,350	-	-	18,766,457
By fixed interest rate	-	-	12,186,189	50,490,129	16,850,309	35,251,374	59,870,197	5,870,340	-	180,518,538
Non-interest	-	-	35,206,183	7,234,977	(4,786,961)	3,885,946	23,340,092	1,212,640	-	51,531,423
Net liquidity gap	1,625,134	508,182	(13,400,831)	9,330,982	(3,083,136)	(15,845,429)	7,901,094	26,503,856	1,513,759	15,134,511
including:										
I group foreign currency	1,252,385	383,509	681,858	(5,683,667)	(5,140,022)	(10,140,134)	3,082,201	14,148,709	134,433	(1,280,720)
II group foreign currency	-	-	1,105,678	(193,098)	(196,018)	(367,280)	(246,309)	-	-	(111,723)
floating interest rate	-	-	623,614	(9,540,380)	(6,732,107)	(2,440,350)	-	-	-	(18,099,231)
fixed interest rate	1,561,540	363,983	(12,186,189)	5,877,719	(2,205,369)	(13,983,618)	29,493,966	27,680,155	-	36,602,187
Accumulative liquidity gap	1,625,134	2,133,316	(11,267,515)	(1,936,533)	(4,939,669)	(20,785,098)	(12,883,104)	13,620,752	15,134,511	

Item	Non-performing		Repayment date						Termless	Total
	Term	Overdue	On -demand	up to 3 months	3 -6 months	6-12 months	1-5 years	more than 5 year		
Cash and cash equivalents	-	-	36,186,028	1,972,017	-	-	-	-	-	38,158,045
Standardized precious metal bullions and coins	-	-	116,058	-	-	-	-	-	-	116,058
Receivables to banks and other financial institutions	-	-	-	6,834,632	1,466,421	183,134	2,721,169	161,083	1,809,511	13,175,900
Reverse Repurchase Agreements	-	-	-	3,882,703	-	-	-	-	-	3,882,703
Financial assets at fair value recalculated through profit/loss	-	-	-	17,468	-	-	-	-	-	17,468
Loans and advances provided to customers rated at amortized value	232,871	237,497	-	15,017,474	16,373,027	16,216,225	61,368,037	24,194,644	-	133,629,775
Financial assets at fair value calculated through other comprehensive financial result	-	-	-	100,252	211,678	-	182,010	1,173,276	541,034	2,298,034
Securities pledged under repurchase agreements	-	-	-	17,454,208	-	-	-	-	-	17,454,208
Other receivables	13	-	37,657	3,295	-	-	217	483	-	77,665
Total	222,884	237,497	36,302,086	45,352,411	18,054,421	16,581,369	65,262,699	24,897,244	1,899,479	208,809,890
I group foreign currency	261,867	161,993	17,457,903	11,910,661	9,700,299	6,416,475	31,518,834	13,988,182	208,462	91,624,676
II group foreign currency	-	-	1,308,814	293,540	626	1,337	14,141	3,021	-	1,621,479
including:										
By floating interest rate	-	-	840,056	-	-	-	-	-	-	840,056
By fixed interest rate	222,871	237,497	220,981	43,959,434	18,031,637	16,539,184	64,995,842	24,761,029	1,806,490	170,774,965
Non-interest	13	-	35,541,049	1,392,977	22,784	42,185	266,857	1,362,115	92,789	37,949,869
On maturity of liabilities repayment										
Liabilities to banks and other financial insti	-	-	1,197,678	5,851,180	4,309,846	12,386,214	8,332,128	2,108,747	-	34,085,793
Loans and deposits from international finan	-	-	-	349,297	3,177,574	6,088,147	13,013,362	1,450,809	-	24,059,889
Loans from the RA Government and CBA	-	-	25,215	7,255	58,484	5,895,988	-	-	-	6,085,317
REPO agreement	-	-	-	20,519,048	-	-	-	-	-	20,519,048
Liabilities to customers	-	-	39,161,057	12,996,868	9,848,257	20,463,896	11,830,458	3,128,232	-	95,828,768
Subordinated borrowings	-	-	-	21,725	-	-	-	3,360,424	-	3,382,149
Securities issued by the Bank	-	-	273,836	-	-	-	-	-	-	273,836
Financial liabilities at fair value recalculated through profit/loss	-	-	-	280,380	-	-	-	-	-	280,380
Amounts payable	-	-	-	961,140	258,870	518	5,740	-	-	1,226,268
Other liabilities	-	-	-	5,508,107	700,529	6,721,642	8,569,195	-	-	21,499,473
Off-balance sheet contingent liabilities	-	-	-	41,925,827	44,910,879	18,106,979	45,784,123	49,575,670	9,048,212	209,271,081
Total	222,884	237,497	(5,623,741)	441,541	(62,558)	(29,122,754)	15,687,029	15,849,032	1,899,479	(461,791)
including:										
I group foreign currency	261,867	161,993	16,954,331	11,485,978	9,581,684	5,979,757	31,437,521	13,988,182	208,462	89,928,775
II group foreign currency	-	-	(12,593,874)	293,540	(71,649)	(5,954,443)	14,141	3,021	-	(18,219,264)
By floating interest rate	-	-	(18,543,687)	6,547,104	(2,161,883)	(29,377,032)	35,551,929	17,163,626	-	(18,986,538)
By fixed interest rate	13	-	2,722,889	1,065,561	20,993	36,445	266,857	136,215	92,789	4,341,672
Accumulative liquidity gap	222,884	460,381	(5,163,360)	(4,721,819)	(4,774,377)	(33,897,131)	(18,210,102)	(2,361,070)	(461,791)	

Note 33: "Capital and Capital Adequacy Ratio"



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

We present the structure of balance sheet capital:

	thous. AMD	
	31.12.2019	31.12.2018
Chartered capital	25,635,343	22,266,343
Emission income/loss		
Reserves:	8,176,540	7,374,540
Main reserve	3,105,000	3,000,000
Revaluation reserve	5,071,540	4,374,540
Undistributed profit/loss	5,595,244	3,550,947
Total capital	39,407,127	33,191,830

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.

2019	Involved in calculation standards			Credit risk	Market and operational risk	Equivalent effective %	CBA limit %
	Main capital	Additional capital	Total capital				
	1	2	3 (1+2)				
January	26,906,529	6,490,827	33,397,356	200,970,617	2,619,987	14.99	12
February	27,000,876	6,639,226	33,640,102	205,658,127	2,607,664	14.79	12
March	27,492,103	6,412,428	33,904,531	198,991,611	2,842,016	15.23	12
April	29,302,537	5,485,391	34,787,928	204,535,057	3,161,462	15.07	12
May	29,498,890	5,544,102	35,042,992	209,511,352	3,006,944	14.94	12
June	29,440,126	5,232,053	34,672,179	214,690,443	3,068,754	14.43	12
July	29,762,699	5,240,248	35,002,947	218,686,263	3,202,317	14.27	12
August	29,945,421	5,207,962	35,153,383	217,533,085	3,245,905	14.37	12
September	29,939,704	5,210,441	35,150,145	220,551,631	3,538,605	14.06	12
October	30,301,115	5,399,116	35,700,231	223,043,306	3,555,438	14.13	12
November	30,583,690	5,613,799	36,197,489	225,486,114	3,510,113	14.21	12
December	30,883,065	6,025,603	36,908,668	230,406,499	3,543,771	14.20	12
2018	Involved in calculation standards			Credit risk	Market and operational risk	Equivalent effective %	CBA limit %
	Main capital	Additional capital	Total capital				
	1	2	3 (1+2)				
January	22,237,931	8,895,172	31,133,103	162,604,603	2,964,793	16.62	12
February	22,372,558	8,949,023	31,321,581	164,993,021	2,881,752	16.57	12
March	22,394,302	8,957,721	31,352,023	167,283,611	2,932,572	16.35	12
April	22,477,933	8,991,173	31,469,106	171,626,878	3,114,747	15.93	12
May	22,564,866	9,025,947	31,590,813	2,002,215,011	2,895,764	1.56	12
June	24,486,179	8,024,985	32,511,164	178,105,489	2,931,788	16.05	12
July	25,608,927	7,454,226	33,063,153	176,320,294	2,947,230	16.46	12
August	25,832,738	7,611,498	33,444,236	177,374,129	2,849,681	16.63	12
September	25,916,416	7,386,936	33,303,352	182,523,604	2,664,827	16.27	12
October	25,965,103	7,455,384	33,420,487	187,015,180	2,647,373	15.98	12
November	26,177,739	7,361,071	33,538,810	190,171,448	2,537,621	15.87	12
December	26,735,335	6,758,956	33,494,291	196,080,641	2,554,422	15.41	12

We hereby present the weight of risks of assets 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 Charter 2 approved by the Board of CBA.

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As of 31.12.2019				
Risk weight	Assets	Off-balance sheet contingent liabilities	Incomplete term operation	Total credit risk
0%	78,415,645	168,025		-
10%	6,354,723			635,472
20%	1,485,381			297,076
30%	173,384			52,015
35%	4,453,563			1,558,747
50%	1,052,767			526,384
75%	34,778,809	392,985		26,378,846
100%	91,217,941	2,656,117	120,295	93,994,353
110%	366,876	83,192		495,075
150%	66,543,588	5,937,176	19,953	108,751,076
200%	2,515,838			5,031,676
Total	287,358,515	9,237,495	140,248	237,720,719

As of 31.12.2018				
Risk weight	Assets	Off-balance sheet contingent liabilities	Incomplete term operation	Total credit risk
0%	65,560,897	234,483		-
10%	3,812,100			381,210
20%	967,429			193,486
30%	310,033		30,728	102,228
35%	3,114,295			1,090,003
50%	1,949,936			974,968
75%	1,477,748			1,108,311
100%	89,319,445	4,762,189		94,081,634
110%				-
150%	60,349,814	5,799,547	145,407	99,442,152
Total	226,861,697	10,796,219	145,407	197,373,992

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 30.09.19 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 31.12.19 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 31.12.19, the Bank has no pledged assets.

Note 38. "Accepted Pledge"

As of 31.12.2019, 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	31/12/2019		31/12/2018	
	Loan amount	Collateral amount	Loan amount	Collateral amount
Real estate	64,325,869	255,489,504	52,110,663	210,104,952
Car	1,973,902	6,729,810	1,660,810	6,192,910
Equipment	2,610,794	14,473,114	1,663,811	5,967,455
Ready made products	3,853,768	9,832,500	1,181,078	5,188,986
Guarantee	64,398,317	282,953,283	40,268,615	197,344,316
Monetary funds	1,928,527	4,656,327	556,889	964,047
Gold items	12,532,032	15,177,389	9,417,962	11,398,065
Other securities	267,710	637,362	287,512	773,543
Other pledge	11,503,009	23,857,258	15,787,642	22,179,624
No collateral available	14,799,611		12,203,221	
Total	178,193,539	613,806,547	135,138,203	460,113,898

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