

“ARMECONOMBANK” OJSC 2022 1<sup>st</sup>  
Quarter Interim Financial Report

**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 1<sup>st</sup> QUARTER OF 2022  
“ARMECONOMBANK” OJSC 23/1 AMIRYAN STR., YEREVAN**

**ARMECONOMBANK**

## **Note 1. “Legal Field and Corporate Governance”**

### **Legal Field**

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

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

### **Main Activities**

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

### **Business Environment**

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

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

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

### **Corporate Governance**

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

#### **Chairman of the Board**

S. Sukiasyan

#### **Members of the Board**

R. Hayrapetyan

A. Melikyan

L. Petrosyan

H. Suvaryan

Per Fischer

## Structure and Members of the Bank’s Management

CEO

A. Khachatryan

Deputy CEO

R. Badalyan

Deputy CEO

O. Chichyan

Deputy CEO

A. Arakelyan

Deputy CEO

A. Manrikyan

Deputy CEO

A. Pilosyan

Chief Accountant

M. Poghosyan

Head of Strategy and Risk Management Department

H. Avetisyan

Head of Legal Department

V. Jhangiryan

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

As of 31.03.2022, the Chartered capital amounts to AMD 26,652,068. It includes 1,950,295 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	31.89%
Sukiasyan Khachatur Albert	15.47%
Sukiasyan Eduard Albert	10.31%

## Remuneration Policy of the Bank’s Management

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

### **Payments to Statutory Auditors**

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

## **Note 2. “Accounting Policy”**

### **Preparation and Submission of “ARMECONOMBANK” OJSC Financial Statements**

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

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

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

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

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

### **Recognition of Income and Expenses**

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

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

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

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

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

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

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

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

### **Foreign Exchange Operations Accounting**

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

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

### **Tax Accounting**

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

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

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

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

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

Income tax assets and liabilities are offset when the Bank:

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

### **Cash and Cash Equivalents**

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

The statement on cash flows is made by indirect method.

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

## Financial Instruments

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

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

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

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

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

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

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

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

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

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

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

Profit and loss occurred from the further measurement:

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

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

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

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

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

### **Repurchase Agreements**

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

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

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

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

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

### **Leases**

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

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

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

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

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

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

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

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

- Less accumulated depreciation, which is calculated by linear method during the lease term of
- Adjusted at the extent of differences occurred from the review of contractual obligations
- After the start of the lease, the lease liability is measured:
- Increasing balance-sheet value for the reflection of interest of the lease liability
- Decreasing balance-sheet value to reflect paid rental fees
- Reappraising balance-sheet value to reflect amendments in the agreement terms.

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

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

### **Financial Assets’ Possible Loss Provision**

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

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

Pursuant to IFRS 9 :

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

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

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

Where:

BALANCE- balance amount of the given loan sub-portfolio

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

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

LGD – (loss-given-default) loss-given value based on the effective interest rate, when the loan becomes default  
EAD30 and EAD90 indicators are calculated for the loans included in Stage 1 and Stage 2 classes respectively.

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

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

### **Intangible Assets**

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

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

Attribution of the item of intangible asset to any category (computer software, licenses and power of attorney, copyrights, etc.) set by the “Card of Accounts of the Banks Operating within the Territory of RA”

and “The Application Order of the Card of Accounts of the Banks Operating within the Territory of RA” is made based on the methodical instructions of the Chief accountant, arising from its usage specifications.

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

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

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

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

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

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

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

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

### **Fixed Assets**

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

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

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

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

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

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

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Terms of useful services

Annual

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

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

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

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

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

Depreciation is not calculated for land.

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

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

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

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

The results of revaluation are reflected in the Bank’s balance sheet and Income statement in the manner prescribed by IFRS. The growth occurred in the outcome of revaluation is charged to the undistributed profit along with calculation of amortization during the use of the set by the Bank. The size of charged off amount is

determined by the difference between amortization calculated on the basis of revaluated balance sheet value of the asset and amortization calculated on the basis of Initial value of the asset. The charge of the growth occurred in the result of revaluation to undistributed profit is not reflected in the Income statement.

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

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

### **Inventory**

The Bank’s inventory includes:

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

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

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

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

### **Settlements between the Bank and Branches**

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

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

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

### **Share Capital and Treasury Stock**

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

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

Under certain circumstances and according to procedure established by the RA Legislation the Bank may repurchase its equity share capital. In this case reimbursement paid is deducted from total shareholders’ equity and is reflected as treasury stock until it is cancelled. When such shares are 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 March 2022  
ARMECONOMBANK OJSC 23/1 Amiryar 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 (unaudited)
<b>1</b>	<b>Assets</b>			
1.1	Cash and their equivalents	13	55,075,021	63,262,827
1.2	Standard bank precious metal bullions and coins		443	443
1.3	Due from banks and other financial institutions	14	11,608,764	9,511,490
1.4	Reverse repurchase agreement	14.1	5,764,204	7,826,751
1.5	Financial assets rated at actual value through profit or loss	15		5,053
1.5.1	Other financial assets rated at amortized value	18	2,033,192	801,483
1.6	Loans and advances provided to customers at amortized value	16	236,066,846	221,502,527
1.7	Financial assets at fair value rated through other comprehensive financial results	17	14,977,413	4,338,411
1.7.1	Securities pledged under repurchase agreement	17.1	26,654,670	37,667,527
1.9	Non-current assets held for sale		989,911	1,020,543
1.10	Fixed assets	20	10,670,585	10,749,930
1.10.1	Intangible assets	20	669,876	693,384
1.10.1	Right-of-use assets	20.1	1,867,290	1,968,567
1.12	Other assets	21	1,014,895	1,030,202
	<b>Total assets</b>		<b>367,393,110</b>	<b>360,379,138</b>
<b>2</b>	<b>Liabilities</b>			
2.1	Liabilities to banks and other financial institutions	22	52,973,676	53,677,688
2.2	Loans and deposits received from the international financial Institutions	22.1	68,870,852	55,584,125
2.3	Loans received from the CBA and from the RA government	22.2	24,810,014	21,933,323
2.4	Repurchase agreement	22.3	23,007,006	34,576,952
2.5	Liabilities to Customers	23	139,745,265	135,948,859
2.6	Subordinate borrowing	23.1	3,697,011	3,605,469
2.7	Liabilities on current taxes		608,559	429,349
2.8	Securities issued by the Bank	24	5,058,825	6,107,897
2.9	Financial liabilities at fair value through profit or loss	25	83,387	21,815
2.10	Amounts payable	26	521,430	532,196
2.11	Deferred tax liabilities	11	93,621	239,839
2.12	Reserves	30	81,136	99,199
2.13	Lease liabilities	40	1,428,709	1,572,752
2.14	Other liabilities	27	1,669,775	2,671,102
	<b>Total liabilities</b>		<b>322,649,266</b>	<b>317,000,565</b>
<b>3</b>	<b>Capital</b>			
3.1	Chartered capital	28	26,652,068	26,107,555
3.2	Emission income		745,223	289,718
3.3	Reserves			
3.3.1	Main reserve		3,481,000	3,481,000
3.3.2	Revaluation reserve		(853,684)	(361,149)
3.3.3	Other reserve		3,182,220	3,206,585
3.4	Undistributed profit(loss)		11,537,017	10,654,864
	<b>Total capital</b>		<b>44,743,844</b>	<b>43,378,573</b>
	<b>Total liabilities and capital</b>		<b>367,393,110</b>	<b>360,379,138</b>

Chairman of the Executive Board(CEO)

A. Khachatryan

Chief Accountant

M. Poghosyan

Approval date: 14 April 2022

Interim Report  
On Financial Results  
31 March 2022

ARMECONOMBANK OJSC 23/1 Amiryan Str., 0002 Yerevan

Thous. AMD

Item	Note	Accounting period (unaudited)	Previous period (unaudited)
Interest and similar income	3	7,425,389	6,542,721
Interest and similar expenses	3	(4,418,586)	(3,539,319)
<b>Net interest and similar income</b>		<b>3,006,804</b>	<b>3,003,402</b>
Income as commissions and other fees	4	852,853	682,590
Expenses as commissions and other fees	4	(338,531)	(228,491)
<b>Net commission and other fees</b>		<b>514,321</b>	<b>454,099</b>
Net commercial income	5	608,709	309,346
Other operational income	6	162,354	151,922
<b>Operational income</b>		<b>4,292,188</b>	<b>3,918,769</b>
Net allocations to possible asset loss provisions	7	(152,712)	(1,640,213)
Total administrative expenses	8	(1,975,521)	(1,747,735)
Other operational income	9	(771,367)	(785,700)
<b>Operational profit</b>		<b>1,392,588</b>	<b>(254,879)</b>
<b>Profit/loss before taxation</b>		<b>1,392,588</b>	<b>(254,879)</b>
Profit tax expenses(compensation)	11	(314,940)	37,668
<b>Profit for period</b>		<b>1,077,648</b>	<b>(217,210)</b>

**Chairman of the Executive Board(CEO)**

A. Khachatryan

**Chief Accountant**

M. Poghosyan

Approval date: 14 April 2022

Interim Report  
 On Other Comprehensive Financial Results  
 31 March 2022  
 ARMECONOMBANK OJSC 23/1 Amiryan Str., 0002 Yerevan

Thous. AMD

Name	Note	Accounting period (unaudited)	Previous period (unaudited)
<b>Other comprehensive financial results</b>			
Revaluation of financial assets at fair value rated through other comprehensive financial results		(610,318)	646,711
Devaluation of financial assets at fair value rated through other comprehensive financial results after taxation		7,925	25,652
Profit tax on the revaluation of financial assets at fair value rated through other comprehensive financial results		109,857	(116,408)
Other comprehensive financial result after taxation		<b>(492,536)</b>	<b>555,955</b>
<b>Comprehensive financial result</b>		<b>585,112</b>	<b>338,745</b>

**Chairman of the Executive Board (CEO)**

**A. Khachatryan**

**Chief Accountant**

**M. Poghosyan**

Approval date: 14 April 2022

Interim Report  
On Equity Changes  
31 March 2022  
ARMECONOMBANK OJSC 23/1 Amiryan Str., 0002 Yerevan

Thous. AMD

Equity elements	Accounting period		Emission income/loss	Main reserve	Revaluations of financial assets at fair value rated through other comprehensive financial results	Profit from revaluation of non-current assets	Undistributed profit(loss)	Total	Total capital
	Chartered capital	Net amount							
Articles	1	3	4	5	7	9	10	12	14
Comparable current interim period of the previous financial year (ascending from the beginning of the year) (I table)									
<i>Balance as of the beginning of the financial year as of 01 January 2020 (audited)</i>	25,955,663	25,955,663	180,180	3,275,000	- 63,931	3,319,815	8,928,892	41,595,619	41,595,619
<b>Recalculated balance</b>	25,955,663	25,955,663	180,180	3,275,000	- 63,931	3,319,815	8,928,892	41,595,619	41,595,619
<b>Transactions with shareholders (owners) regarding to shares, including:</b>	151,893	151,893	109,538	-	-	-	-	261,431	261,431
Investments in chartered capital and other increase of chartered capital	151,893	151,893	109,538	-	-	-	-	261,431	261,431
Not distributed shares	-	-	-	-	-	-	-	-	-
<b>Comprehensive income</b>	-	-	-	-	555,954	-	(217,210)	338,744	338,744
<b>Dividends</b>	-	-	-	-	-	-	(219,861)	(219,861)	(219,861)
<b>Internal movements including:</b>	-	-	-	-	-	(24,365)	24,365	-	-
<b>Deductions to main reserve</b>	-	-	-	-	-	-	-	-	-
Decrease of value from the revaluation of fixed and intangible assets	-	-	-	-	-	(24,365)	24,365	-	-
<i>Balance as of the end of the interim accounting period 31.03.2021(unaudited)</i>	<b>26,107,556</b>	<b>26,107,556</b>	<b>289,718</b>	<b>3,275,000</b>	<b>492,023</b>	<b>3,295,450</b>	<b>8,516,186</b>	<b>41,975,933</b>	<b>41,975,933</b>

Interim period of the current year (ascending from the beginning of the year) (II table)									
<i>Balance as of the beginning of the financial year as of 01 January 2022 (unaudited)</i>	26,107,555	26,107,555	289,718	3,481,000	(361,149)	3,206,585	10,654,864	43,378,573	43,378,573
Recalculated balance	26,107,555	26,107,555	289,718	3,481,000	(361,149)	3,206,585	10,654,864	43,378,573	43,378,573
<b>Transactions with shareholders (owners) regarding to shares, including:</b>	544,513	544,513	455,506	-	-	-	-	1,000,019	1,000,019
Investments in chartered capital and other increase of chartered capital	544,513	544,513	455,506	-	-	-	-	1,000,019	1,000,019
Not distributed shares	-	-	-	-	-	-	-	-	-
<b>Comprehensive income</b>	-	-	-	-	(492,536)	-	1,077,648	585,112	585,112
<b>Dividends</b>	-	-	-	-	-	-	(219,861)	(219,861)	(219,861)
<b>Internal movements including:</b>	-	-	-	-	-	(24,367)	24,367	-	-
Decrease of value from the revaluation of fixed and intangible assets	-	-	-	-	-	-	-	-	-
Deductions to main reserve	-	-	-	-	-	(24,367)	24,367	-	-
<i>Balance as of the end of the interim accounting period 31.03.2022(unaudited)</i>	<b>26,652,068</b>	<b>26,652,068</b>	<b>745,224</b>	<b>3,481,000</b>	<b>(853,685)</b>	<b>3,182,218</b>	<b>11,537,018</b>	<b>44,743,843</b>	<b>44,743,843</b>

Chairman of the Executive Board (CEO)

A.Khachatryan

Chief Accountant

M.Poghosyan

Approval date: 14 April 2022

Interim Report  
On the Cash Flows  
31 March 2022

ARMECONOMBANK OJSC 23/1 Amiryar Str., 0002 Yerevan

Thous. AMD

Name	Note	Accounting period (unaudited)	Previous period (unaudited)
<b>1. Cash flows from operations</b>			
<b>Profit for the year</b>		1,077,648	(217,210)
<i>Adjustments</i>			
Expenses on profit tax		314,940	(37,668)
Loss from depreciation of interest-bearing assets		152,712	1,640,213
Depreciation and amortisation		451,703	395,084
Net income from disposal of fixed assets		(33,193)	(46,368)
Net gain from foreign exchange		10,934	330,900
Net income from sale/ purchase of financial assets rated at fair value through profit or loss		60,718	(309,275)
Financial assets at fair value rated through other comprehensive financial results		(23,335)	(39,025)
<b>Cash flows from operations before changes in operational assets and liabilities</b>		<b>2,012,127</b>	<b>1,716,650</b>
<b>Changes in operational assets or liabilities</b>			
<b>Increase/ decrease in operational assets</b>			
Due from financial institutions		(2,193,807)	1,710,103
Reverse repurchase agreements		2,065,138	2,618,353
Loans to customers		(14,249,838)	(7,475,681)
Other assets		14,412	1,193,424
Liabilities to financial institutions		(704,012)	2,139,688
Repurchase agreements		(11,558,304)	(3,949,373)
Liabilities to customers		3,469,202	4,895,363
Other liabilities		(1,017,946)	(648,507)
<b>Cash used in operations before taxation</b>		<b>(22,163,028)</b>	<b>2,200,020</b>
Paid profit tax		(172,091)	(182,167)
<b>Net cash used in operations</b>		<b>(22,335,119)</b>	<b>2,017,854</b>
<b>Cash flows from investments</b>			
Decrease(increase) of securities at fair value rated though profit/loss and available for sale		381,346	87,913
Decrease(increase)of other financial assets at amortized value		(1,223,740)	
Acquisition of fixed assets		(169,231)	(107,299)
Proceeds from sale of fixed assets		64,492	54,476
Acquisition of intangible assets		(10,078)	(24,116)
<b>Net cash flows from investments (used)/(gained from)</b>		<b>(957,211)</b>	<b>10,974</b>
<b>Cash flows from financial operations</b>			
Loans from RA CB and RA Government		2,876,691	668,138
Proceeds/repayment of loans received from international financial institutions		12,758,786	5,293,339
Subordinated loan ( repayments)/proceeds		(202,550)	(182,106)
Increase (decrease) of securities issued by the Bank		(1,084,590)	314,259
Prepayment received for the issue of shares			(261,430)
Issue of shares		1,000,018	261,430
Dividends paid		(227,484)	(225,951)
<b>Net cash from financial operations</b>		<b>15,120,871</b>	<b>5,867,679</b>
Impact of foreign exchange on cash balances		(16,347)	239,850
<b>Net increase of cash and equivalents thereof</b>		<b>(8,187,806)</b>	<b>8,136,356</b>
<b>Cash and equivalents thereof as of the beginning of the period</b>	13_2	<b>63,262,827</b>	<b>42,583,657</b>
<b>Cash and equivalents thereof as of the end of the period</b>	13_2	<b>55,075,021</b>	<b>50,720,013</b>

Chairman of the Executive Board(CEO)

A. Khachatryan

Chief Accountant

M.Poghosyan

Approval date: 14 April 2022

**Note 3: "Net Interest and Similar Income"**



Thous. AMD

Interest and similar income	01/01/2022-31/03/2022	01/01/2021-31/03/2021
Interest income from the Bank's current accounts, deposits and loans allocated in banks and other financial institutions	179,425	190,661
Interest income from loans and advances to customers	6,189,700	5,367,999
Interest income from debt securities	869,093	845,905
Interest income from REPO agreements	166,743	117,397
Other interest income	20,428	20,759
<b>Total</b>	<b>7,425,389</b>	<b>6,542,721</b>
<b>Interest and Similar Expenses</b>		
Interest expenses from the Bank's current accounts, deposits and loans allocated in banks and other financial institutions	2,394,844	1,756,280
Interest expenses on terms deposits and current accounts of customers	1,414,421	1,150,230
Interest expenses under REPO agreements	414,384	462,310
Interest expenses on subordinated borrowings	69,723	23,250
Interest expenses against the interest securities issued by the Bank	87,678	107,070
Interest expenses on lease agreements	37,304	40,107
Other interest income	232	72
<b>Total</b>	<b>4,418,586</b>	<b>3,539,319</b>
<b>Net interest and similar income</b>	<b>3,006,803</b>	<b>3,003,402</b>

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



Thous. AMD

Commission and Other Fee Income	01/01/2022-31/03/2022	01/01/2021-31/03/2021
Cashier's operations	90,888	46,857
Settlement services	635,204	536,425
Guarantees, warranties, letters of credit operations, trust management operations	39,337	32,803
Foreign currency and security operations	1,460	798
Payment card servicing	39,524	36,332
Other commission fees	46,440	29,375
<b>Total</b>	<b>852,853</b>	<b>682,590</b>
<b>Commission and Other Fee Expenses:</b>		
Commission fee from correspondent and other accounts	4,553	3,761
Expenses on payment card operations	210,866	148,145
Guarantees, warranties, letters of credit operations, trust management operations	13,454	16,343
Foreign currency and security operations	54,108	16,252
Other commission fees	55,550	43,990
<b>Total</b>	<b>338,531</b>	<b>228,491</b>
<b>Net commission and other fees received</b>	<b>514,322</b>	<b>454,099</b>

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



Thous. AMD

Financial assets rated at fair value through profit or loss	01/01/2022-31/03/2022	01/01/2021-31/03/2021
<b>Net income from sale/purchase of financial assets rated at fair value through profit or loss, including</b>	<b>37,711</b>	<b>16,182</b>
Shares		
Debt Securities		
Derivatives	37,711	16,182
<b>Net income from changes in real value of financial assets rated at fair value through profit or loss</b>	<b>(60,718)</b>	<b>309,275</b>
<b>Total</b>	<b>(23,007)</b>	<b>325,457</b>
<b>Investments at fair value rated through other comprehensive financial assets</b>		
Net income from sale/purchase of investments at fair value rated through other comprehensive financial results, including:	33,829	54,457
Debt securities	33,829	54,457
Derivatives		
Net income from sale/purchase of investments at fair value rated through other comprehensive financial results	(14,364)	(8,309)
<b>Total</b>	<b>19,465</b>	<b>46,148</b>
<b>Foreign currency operations</b>		
Net income from foreign currency sale/purchase	623,187	268,640
Net income from the revaluation of foreign currency	(10,934)	(330,899)
<b>Total</b>	<b>612,253</b>	<b>(62,259)</b>
<b>Net income from commercial operations</b>	<b>608,711</b>	<b>309,346</b>

Note 6 : "Other Operatioanl Income"



Thous. AMD

	01/01/2022-31/03/2022	01/01/2021-31/03/2021
<b>Other operational expenses</b>		
Income from penalties and fines	70,253	91,813
Net income from disposal of fixed and intangible assets	33,193	46,368
Other income *	58,905	13,741
<b>Total</b>	<b>162,351</b>	<b>151,922</b>

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

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



Thous. AMD

	01/01/2022-31/03/2022	01/01/2021-31/03/2021
<b>Cash and cash equivalents (Note 13 )</b>		
Initial balance	32,803	19,822
Net deductions to reserve	9,009	3,118
Return of amounts previously charged to off balance item		
Usage of reserve		
<b>Summary balance</b>	<b>41,812</b>	<b>22,940</b>
<b>"Due to Banks and other Financial institutions" (Note 14)</b>		
Initial balance	289,669	255,309
Reserve adjustment related to model change		
Net deductions to reserve	(136,949)	(91,070)
Return of amounts previously charged to off balance item		
Usage of reserve		
<b>Summary balance</b>	<b>152,720</b>	<b>164,239</b>
<b>From loans and advances to customers (Note 16)</b>		
Initial balance	3,210,100	2,185,367
Net deductions to reserve	321,813	1,491,144
Return of amounts previously charged to off balance item	348,091	44,769
Usage of reserve	(119,362)	(294,498)
<b>Summary balance</b>	<b>3,760,642</b>	<b>3,426,782</b>
<b>Financial assets rated at fair value through other comprehensive financial assets (Note 17)</b>		
Initial balance	228,409	161,973
Net deductions to reserve	9,664	55,072
Return of amounts previously charged to off balance item		
Usage of reserve		
<b>Summary balance</b>	<b>238,073</b>	<b>217,045</b>
<b>On other assets (Note 21)</b>		
Initial balance	8,648	12,925
Net deductions to reserve	(32,101)	2,660
Return of amounts previously charged to off balance item	31,867	
Usage of reserve	(16)	
<b>Summary balance</b>	<b>8,398</b>	<b>15,585</b>
<b>Other financial assets rated at amortized value</b>		
Initial balance	278,193	53,143
Net deductions to reserve	(663)	152,155
Usage of reserve		
<b>Summary balance</b>	<b>277,530</b>	<b>205,298</b>
<b>Post-balance sheet items containing loan exposures (note 30)</b>		
Initial balance	99,198	35,218
Net deductions to reserve	(18,061)	27,133
Usage of reserve		
<b>Summary balance</b>	<b>81,137</b>	<b>62,351</b>
<b>Total net deductions to reserve</b>	<b>152,712</b>	<b>1,640,212</b>

**Note 8 : "Total administrative expenses"**


THOUS. AMD

"Total administrative expenses"	01/01/2022- 31/03/2022	01/01/2021- 31/03/2021
Salary and similar payments	1,319,810	1,230,753
Training and tutorship expenses	15	
Business trip expenses	6,075	
Operational leases expenses		2,703
Insurance costs	36,793	37,402
Servicing and maintenance of the Bank's equipment	154,625	90,200
Maintenance and safekeeping of Bank buildings	179,518	195,711
Audit and consulting services	669	13,427
Communication and transmission costs	30,430	27,378
Transportation costs	47,291	34,176
Taxes (except income tax) penalties and other mandatory payments	91,885	78,939
Office and organizational expenses	96,480	30,087
Lending and repayment costs	11,930	2,251
Other administrative expenses	11,930	4,708
<b>Total</b>	<b>1,975,521</b>	<b>1,747,735</b>

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


	01/01/2022- 31/03/2022	01/01/2021- 31/03/2021
Average number of Bank employees	830	851
Monthly average salary falling to a single employee (thousand AMD)	487	445

**Note 9 : "Other Operational Expenses"**


THOUS. AMD

Other operational expenses	01/01/2022- 31/03/2022	01/01/2021- 31/03/2021
Paid fines and penalties		
Payments made for collection	86,250	86,250
Advertising and representative expenses	35,927	144,424
Amortization costs of fixed assets and intangible assets	422,165	395,083
Allocations to the Fund of Recovery of Deposits	58,927	48,510
Other expenses	168,098	111,433
<b>Total</b>	<b>771,367</b>	<b>785,700</b>

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	01/01/2022-31/03/2022	01/01/2021-31/03/2021
Current tax expenses	351,300	217,701
Deferred tax expenses	(36,360)	(255,369)
<b>Total</b>	<b>314,940</b>	<b>(37,668)</b>

	01/01/2022-31/03/2022	Efficient rate (%)	01/01/2021-31/03/2021	Efficient rate (%)
Profit before taxation	1,392,588		(254,879)	
Profit tax with rate	250,666	0.18	45,878	0.18
Non-deductible expenses	64,027	0.05	(49,485)	0.19
Foreign currency negative/positive difference	1,968	0.00	59,563	(0.23)
Other privileges	(1,721)	(0.00)	(1,868)	0.01
Profit tax expenses	314,940	0.23	(37,668)	0.15

**Calculation of deferred tax on temporary differences**


	Balance as of the previous period	Recognized by financial results	Recognized by equity	Balance at the accounting period
<b>Deferred tax assets, including:</b>	<b>473,046</b>	<b>19,640</b>	<b>109,857</b>	<b>602,543</b>
Accrued expenses and other liabilities	217,341	25,005		242,346
Right-of-use assets	47,482	6,051		53,533
Investment securities	168,304	(145)	109,857	278,016
Claims to banks and other financial institutions	36,047	(29,922)		6,125
Cash and their equivalents	3,872	(2,188)		1,684
Loans and borrowings to customers	-	20,839		20,839
<b>Deferred tax liabilities, including:</b>	<b>(712,884)</b>	<b>16,720</b>	<b>-</b>	<b>(696,164)</b>
Loans and borrowings to customers	(11,830)	11,830		-
Fixed assets	(694,228)	6,308		(687,920)
Contingent liabilities	(6,826)	(1,418)		(8,244)
<b>Net deferred tax asset/liability</b>	<b>(239,838)</b>	<b>36,360</b>	<b>109,857</b>	<b>(93,621)</b>

Thous. AMD

Basic profit falling to a single share	01/01/2022-31/03/2022	01/01/2021-31/03/2021
Net profit of the accounting period after taxation	1,077,648	(217,210)
Dividends on preferential shares calculated for the current accounting period	219,861	219,861
Net gains(losses) of given period referring to owners of common shares	857,787	(437,071)
Net weighted average number of common shares in circulation during the given period	1,950,295	1,883,333
Basic profit falling to a single share	<b>0.44</b>	<b>(0.23)</b>

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

## Note 13 : Cash and cash equivalents



Thous. AMD

Cash and cash equivalents	31/03/2022	31/12/2021
Cash and cash equivalent payment documents	13,593,771	14,481,483
Correspondent accounts with the CBA	38,277,589	47,685,081
Deposit accounts with the CBA		
Correspondent accounts with the the resident banks	17,695	29,322
Correspondent accounts with the the non-resident banks	3,226,944	1,099,744
Accrued interests	834	
Reserves/IFRS/	(41,812)	(32,803)
<b>Cash and balances with the CBA</b>	<b>55,075,021</b>	<b>63,262,827</b>

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

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



Thous. AMD

Current accounts	31/03/2022	31/12/2021
Deposited funds with CBA	294,000	1,042,500
Reserve/IFRS/		
<b>Total</b>	<b>290,640</b>	<b>1,030,584</b>
<b>With RA banks</b>		
Loans and deposits		
Other	86	77,662
<b>With banks having BBB(Baa3) and higher ratings</b>		
Other		135,618
Loans and deposits		
<b>With banks having ratings lower than BBB (Baa3) or no rating at all</b>		<b>213,280</b>
Loans and deposits		
Other	2,465,299	
<b>Accrued interest</b>		
<b>Total</b>	<b>2,465,385</b>	<b>1,240,485</b>
Possible loss provision for amounts due from banks (note 7)	(34,180)	(3,379)
<b>Net receivables to banks</b>	<b>2,721,845</b>	<b>2,267,690</b>

Loans and deposits with Financial Institutions, other receivables	31/03/2022	31/12/2021
<b>With RA Financial Institutions:</b>		
Loans and deposits	7,872,893	7,088,662
Other	593,421	849,558
<b>With Financial Institutions having BBB(Baa3) and higher ratings</b>		
Other		
<b>With Financial Institutions having a rating lower than BB(Baa3) or no rating at all</b>		
Other	420,402	471,568
Accrued interest	35,222	26,747
<b>Total</b>	<b>8,921,938</b>	<b>8,436,535</b>
Possible loss provision for receivables due to Financial Institutions	(35,019)	(165,529)
<b>Net receivables to Financial Institutions</b>	<b>8,886,919</b>	<b>8,271,006</b>
<b>Net receivables to banks and Financial Institutions</b>	<b>11,608,764</b>	<b>10,538,696</b>

\*\* As of 31.12.2021 and 31.03.2022 the line "Other amounts due to financial institutions" includes accordingly insurance deposits in the amount of USD 165.862 (AMD 79.637 thousand on 31.12.2021 and AMD 80.594 thousand on 31.03.2022 ) in "Armenian Card" CJSC, as well as debtor liabilities against clearing systems.

## Note 14.1 Reverse Repurchase Agreements



Reverse Repurchase Agreements	31/03/2022	31/12/2021
Repurchase Agreements with Financial Institutions	5,844,365	7,935,596
Reverse Repurchase Agreements with Financial Institutions	(80,161)	(108,845)
<b>Total</b>	<b>5,764,204</b>	<b>7,826,751</b>

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



Thous. AMD

Other financial assets recalculated at fair value through profit/loss	31/03/2022	31/12/2021
<b>Derivative Instruments</b>		
Forward		
Swap		5,053
<b>Total</b>	<b>-</b>	<b>5,053</b>

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	31/03/2022	31/12/2021
Loans, including:	213,637,560	198,942,941
Mortgage loans	31,146,662	29,154,728
Credit cards	24,991,010	24,664,422
Accrued interest on the mentioned items	1,198,918	1,105,264
<b>Total loans</b>	<b>239,827,488</b>	<b>224,712,627</b>
Reserve for possible loss of customer loans and advances (note 7)	(3,760,642)	(3,210,100)
<b>Total loans and advances at amortized value</b>	<b>236,066,846</b>	<b>221,502,527</b>

Thous. AMD		
Analyses of provided loans and advances per customers	31/03/2022	31/12/2021
State industries	109,093	13,895
<b>Private industries, including:</b>	<b>118,388,882</b>	<b>108,906,820</b>
Major enterprises	66,311,301	61,064,990
Small and medium enterprises	52,075,581	47,841,830
Including business cards	62,493	63,687
<b>Individuals, including:</b>	<b>99,468,863</b>	<b>95,723,093</b>
Consumer loans	29,952,103	29,761,854
Mortgage loans	31,146,662	29,154,728
Credit cards	24,927,947	24,600,709
Private entrepreneurs	20,885,032	18,983,555
Accrued interest	4,198,918	4,105,264
<b>Total loans</b>	<b>239,827,488</b>	<b>224,712,627</b>
Reserve for customers' loans and advances calculated at amortized value (note7)	(3,760,642)	(3,210,100)
<b>Total loans and advances at amortized value</b>	<b>236,066,846</b>	<b>221,502,527</b>

Thous. AMD		
Analyses of loans and advances provided to the customers per the groups of businesses (segments)	31/03/2022	31/12/2021
State and major enterprises	66,421,294	61,078,885
SME * sector, including	72,863,998	78,449,504
Agriculture	19,674,572	29,350,740
Housekeeping	99,343,278	84,078,974
Accrued interests	1,198,918	1,105,264
<b>Total loans and advances calculated at amortized value</b>	<b>239,827,488</b>	<b>224,712,627</b>
Reserve for customers' loans and advances calculated at amortized value (note7)	(3,760,642)	(3,210,100)
<b>Total loans and advances calculated at amortized value</b>	<b>236,066,846</b>	<b>221,502,527</b>

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

Thous. AMD		
Loan liabilities on 20 major borrowers and related parties /without reserve/	31/03/2022	31/12/2021
Customers' loans and advances calculated at amortized value	77,406,975	68,994,622
Balance of off-balance sheet contingent liabilities	3,880,888	8,182,114
<b>Total</b>	<b>81,287,863</b>	<b>77,176,736</b>
Loan investments	238,033,826	224,712,627
Ratio in portfolio	34.15%	34.34%
Total normative capital	47,146,494	45,625,212
Percentage ratio to capital	172.42%	169.15%
<b>Total</b>	<b>81,287,863</b>	<b>77,176,736</b>

Thous. AMD

Loan Investments through International programs	31/03/2022	Quantity
ADB/MSME	7,667,495	119
ADB/TFP/IBA	339,644	5
ADB/TFP/RCA	58,512	1
ADB/WESSD	2,252,119	153
FMO/MSME/Green/	1,283,552	37
DEG/SME/	1,062,341	50
EBRD/WIB/	1,563,062	143
EBRD/TFP/IBA	14,820	1
FINSCA/MSE/	35,856	3
FMO/MSME/Retail/	3,254,259	119
GAF/ KIW /AGRO	1,139,133	96
GAF/KIW/SME	11,039,121	1,072
GAF/GOV/SME	1,981	1
GAF/KIW/SME/ENERGY	737,656	27
GAF/KIW/ENERGY	572,793	205
Incofin CVSO CVBA-SO/MSE	3,287,376	102
EIB/APEX	6,256,024	112
SICAV-SIF/ME1	3,825	5
BS/SME3	5,076,468	142
EBRD/SMEC/Green	34,314	1
GLS AI MFF/ME	1,146	4
COVID 14	1,104	2
COVID 19/1/1	5,263	1
COVID 19/1/2	133,323	7
COVID 19/1/3	956,121	99
COVID 19/2/1	26,383	28
COVID 19/2/2	3,782,983	67
COVID 19/3	91,125	20
Proparco/SME/Green	119,841	7
<b>Total</b>	<b>50,797,640</b>	<b>2,629</b>

Thous. AMD

Loan Investments through International programs	31/03/2022	Quantity
ADB/MSME	3,097,746	98
ADB/TFP/BA/Ասիական Չարգազման Բանկ	94,915	6
ADB/TFP/RCA/Ասիական Չարգազման Բանկ	80,641	1
ADB/WESSD/Ասիական Չարգազման Բանկ	2,221,767	154
FMO/MSME/Green/	1,431,254	40
DEG/MSME/Fin	1,106,755	51
EBRD/WIB/Կեղևալարուցման և Չարգազման Եվրոպական Բանկ	1,788,090	158
EBRD/TFP/BA	23,200	1
EINSCA/MSE/Ֆինանսի և Առևտրի	38,084	3
FMO/MSME/Retail/	3,661,947	129
GAF/ K/W /AGRO	702,808	72
GAF/K/W/SME	9,337,514	992
GAF/GOV/SME	2,318	1
GAF/K/W/ENERGY	509,934	195
EIB/APEX	5,495,615	104
SICAV-SIF/ME1	6,189	5
BS/SME3	5,368,090	149
COVID 19/1/3	1,742,562	103
COVID 19/2/1	30,731	29
COVID 19/2/2	4,266,593	70
<b>Total</b>	<b>46,486,031</b>	<b>4,630</b>

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)	31/03/2022	Percentage	31/12/2021	Percentage
Industry	24,782,290	14.78	24,025,711	14.78
Agriculture	24,767,281	6.07	22,577,206	6.07
Construction	20,215,552	7.06	19,599,706	7.06
Transportation and communication	1,050,235	0.31	817,054	0.31
Commerce	44,896,259	17.05	39,884,282	17.05
Consumer	55,683,376	30.81	55,159,331	30.81
Mortgage loans	31,275,609	10.18	29,270,247	10.18
Service	12,131,460	5.35	11,519,968	5.35
Other	25,025,426	8.41	21,859,122	8.41
<b>Total</b>	<b>239,827,488</b>	<b>100</b>	<b>224,712,627</b>	<b>100.00</b>

Breakdown of loan portfolio per customer residency	31/03/2022	Percentage	31/12/2021	Percentage
RA residents	234,843,633	99.48	220,373,756	99.49
Residents of countries with Baa33 and higher ratings including	24,295	0.01	23,507	0.01
Belgium				
France	24,295		23,507	
Residents of countries with Baa33and lower ratings or no rating at all				
Accrued interest	1,198,918	0.51	1,105,264	0.50
<b>Total</b>	<b>236,066,846</b>	<b>100</b>	<b>221,502,527</b>	<b>100.00</b>

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



31/03/2022

The structure of customers' loans and borrowings calculated at amortized value per classification stages /FRS 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	117,065,613	769,579	1,648,627	180,831	296,033	133,951
Loans to individuals and private entrepreneurs	115,339,018	758,566	2,297,549	625,006	3,180,648	1,292,710
<b>Total</b>	<b>232,404,631</b>	<b>1,528,145</b>	<b>3,946,176</b>	<b>805,837</b>	<b>3,476,681</b>	<b>1,426,661</b>

31/12/2021

Depreciation reserve gaps of loans and advances to customers calculated at amortized value per	Stage 1 /non-depreciated and overdue up to 30 days /		Stage 2 /31-90 days overdue/		Stage 3 /overdue more than 90 days/	
	Gross loans	Depreciation reserve	Gross loans	Depreciation reserve	Gross loans	Depreciation reserve
Corporate loans	108,525,161	270,038	595,913	112,101	273,368	199,194
Loans to individuals and private entrepreneurs	113,844,860	2,061,041	803,166	230,242	670,159	337,483
<b>Total</b>	<b>222,370,021</b>	<b>2,331,079</b>	<b>1,399,079</b>	<b>342,343</b>	<b>943,527</b>	<b>536,677</b>

31/03/2022

	Gross loans	Depreciation reserve	Net loans	Depreciation reserve on gross loans
<b>Consumer</b>				
Non-overdue	54,950,408	1,877,163	53,073,245	3.42%
Overdue			0	
1-30 days	237,764	18,275	219,489	7.69%
31- 60 days	128,474	26,981	101,493	21.00%
61- 90 days	78,887	14,260	64,627	18.08%
91-180 days	109,343	26,791	82,552	24.50%
180 and more	178,495	39,575	138,920	22.17%
<b>Total</b>	<b>55,683,371</b>	<b>2,003,045</b>	<b>53,680,326</b>	<b>3.60%</b>
<b>Trade</b>				
Non-overdue	44,829,975	194,481	44,635,494	0.43%
Overdue			0	
1-30 days	1,521	6	1,515	0.39%
31- 60 days			0	
61- 90 days	63,179	17,428	45,751	27.59%
91-180 days	1,074	460	614	
180 and more	509	218	291	
<b>Total</b>	<b>44,896,258</b>	<b>212,593</b>	<b>44,683,665</b>	<b>0.47%</b>
<b>Production</b>				
Non-overdue	24,780,934	159,445	24,621,489	0.64%
Overdue				
1-30 days			0	
31- 60 days	1,359	617	742	
61- 90 days				
91-180 days			0	
180 and more			0	
<b>Total</b>	<b>24,782,293</b>	<b>160,062</b>	<b>24,622,231</b>	<b>0.65%</b>
<b>Construction</b>				
Non-overdue	20,165,371	259,979	19,905,392	1.29%
Overdue			0	
1-30 days			0	
31- 60 days	50,183	22,775	27,408	
61- 90 days			0	
91-180 days			0	
180 and more			0	
<b>Total</b>	<b>20,215,554</b>	<b>282,754</b>	<b>19,932,800</b>	<b>1.40%</b>
<b>Mortgage</b>				
Non-overdue	31,230,888	91,757	31,139,131	0.29%
Overdue				
1-30 days	42,642	3,584	39,058	
31- 60 days	2,084	191	1,893	9.17%
61- 90 days			0	
91-180 days			0	
180 and more			0	
<b>Total</b>	<b>31,275,614</b>	<b>95,532</b>	<b>31,180,082</b>	<b>0.31%</b>
<b>Agriculture</b>				
Non-overdue	24,739,674	520,987	24,218,687	2.11%
Overdue				
1-30 days	11,642	2,414	9,228	20.74%
31- 60 days	8,886	3,688	5,198	
61- 90 days	3,983	1,653	2,330	
91-180 days	1,753	1,374	379	
180 and more	1,344	1,053	291	
<b>Total</b>	<b>24,767,282</b>	<b>531,169</b>	<b>24,236,113</b>	<b>2.14%</b>
<b>Other fields</b>				
Non-overdue	38,038,599	416,048	37,622,551	1.09%
Overdue				
1-30 days			0	#DIV/0!
31- 60 days	84,551	38,373	46,178	
61- 90 days	83,966	21,066	62,900	
91-180 days			0	#DIV/0!
180 and more			0	#DIV/0!
<b>Total</b>	<b>38,207,116</b>	<b>475,487</b>	<b>37,731,629</b>	<b>1.24%</b>
<b>TOTAL</b>	<b>239,827,488</b>	<b>3,760,642</b>	<b>236,066,846</b>	<b>1.57%</b>

31/12/2021

	Gross loans	Depreciation reserve	Net loans	Depreciation reserve on gross loans
<b>Consumer</b>				
Non-overdue	54,433,337	1,254,023	53,179,314	2.30%
Overdue			0	
1-30 days	164,113	19,140	144,973	11.66%
31- 60 days	129,226	39,342	89,884	30.44%
61- 90 days	95,857	28,799	67,058	30.04%
91-180 days	203,885	105,787	98,098	51.89%
180 and more	132913	84,308	48,605	63.43%
<b>Total</b>	<b>55,159,331</b>	<b>1,531,399</b>	<b>53,627,932</b>	<b>2.78%</b>
<b>Trade</b>				
Non-overdue	39,833,077	147,131	39,685,946	0.37%
Overdue			0	
1-30 days	1,468	5	1,463	0.34%
31- 60 days	909	421	488	
61- 90 days	35,331	16335	18,996	46.23%
91-180 days	13,508	9843	3,665	72.87%
180 and more			0	#DIV/0!
<b>Total</b>	<b>39,884,293</b>	<b>173,735</b>	<b>39,710,558</b>	<b>0.44%</b>
<b>Production</b>				
Non-overdue	24,025,708	38,697	23,987,011	0.16%
Overdue			0	
1-30 days				
31- 60 days				
61- 90 days				#DIV/0!
91-180 days				
180 and more			0	
<b>Total</b>	<b>24,025,708</b>	<b>38,697</b>	<b>23,987,011</b>	<b>0.16%</b>
<b>Construction</b>				
Non-overdue	19,599,706	135,930	19,463,776	0.69%
Overdue				
1-30 days				
31- 60 days				
61- 90 days				
91-180 days				
180 and more				
<b>Total</b>	<b>19,599,706</b>	<b>135,930</b>	<b>19,463,776</b>	<b>0.69%</b>
<b>Mortgage</b>				
Non-overdue	29,216,921	991,972	28,224,949	3.40%
Overdue				
1-30 days	39,190	14738	24,452	
31- 60 days			0	#DIV/0!
61- 90 days	14131	5314	8,817	37.61%
91-180 days			0	
180 and more				#DIV/0!
<b>Total</b>	<b>29,270,242</b>	<b>1,012,024</b>	<b>28,258,218</b>	<b>3.46%</b>
<b>Agriculture</b>				
Non-overdue	22,543,627	4,459	22,539,168	0.02%
Overdue				
1-30 days	17569	129	17440	0.73%
31- 60 days	3124	108	3,016	3.46%
61- 90 days	3273	113	3160	3.45%
91-180 days	7938	6658	1280	
180 and more	1674	1404	270	
<b>Total</b>	<b>22,575,531</b>	<b>11,467</b>	<b>22,564,064</b>	<b>0.05%</b>
<b>Other fields</b>				
Non-overdue	34,196,142	305,444	33,890,698	0.89%
Overdue				
1-30 days				#DIV/0!
31- 60 days				#DIV/0!
61- 90 days				#DIV/0!
91-180 days				#DIV/0!
180 and more				#DIV/0!
<b>Total</b>	<b>34,196,142</b>	<b>305,444</b>	<b>33,890,698</b>	<b>0.89%</b>
<b>TOTAL</b>	<b>224,710,953</b>	<b>3,208,696</b>	<b>221,502,257</b>	<b>1.43%</b>

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


		Thous. AMD			
		31/03/2022	31/12/2021		
<b>Government securities</b>					
RA Governmental T-bills		14,864,517	4,225,515		
<b>Total</b>		<b>14,864,517</b>	<b>4,225,515</b>		
Thous. AMD					
<b>RA non-state securities</b>		31/03/2022		31/12/2021	
		listed	unlisted	listed	unlisted
<b>Issuer having BBB+(Baa1) and lower rating, other rating or no rating at all</b>					
Long term debt instruments					
Short term debt instruments					
Capital instruments			105,755		105,755
<b>Total non-state securities of RA</b>			<b>105,755</b>		<b>105,755</b>
Investments in RA non-governmental securities (reserve for possible losses)					
<b>Net Investments in RA non-governmental securities</b>		-	<b>105,755</b>	-	<b>105,755</b>
Thous. AMD					
		31/03/2022		31/12/2021	
		listed	unlisted	listed	unlisted
<b>Issuer having BBB+(Baa1) and lower rating, other rating or no rating at all</b>					
Capital instruments			7,141		7,141
<b>Total non-state securities of RA</b>		-	<b>7,141</b>	-	<b>7,141</b>
<b>Financial assets rated at fair value through other comprehensive financial assets</b>		<b>14,864,517</b>	<b>112,896</b>	<b>4,225,515</b>	<b>112,896</b>

Investments in share capital of other entities as of 31.12.2021

					Thous. AMD	
Name of entity	Main activity	Country of registration	Investment date	Investment (thous AMD)	Share %	
S.W.I.F.T	Telecommunication	Belgium	13/09/1996	7,141	-	-
"Armenian Card" CJSC	Payment service	RA	22/02/2000	82,500	6.20	
ArCa Credit Reporting CJSC	Information service	RA	23/06/2006	23,255	4.58	
<b>Total</b>				<b>112,896</b>		

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	
		31/03/2022	31/12/2021
<b>Assets</b>			
<b>Total pledged securities</b>		<b>26,904,407</b>	<b>37,932,907</b>
including:			
Financial assets at amortized cost		22,230,102	23,133,346
Other financial assets rated at amortized value		4,674,305	14,799,561
Reserve for Financial assets at amortized cost		(249,737)	(265,380)
<b>Total</b>		<b>26,654,670</b>	<b>37,667,527</b>

**Note18. "Other financial assets calculated at amortized value"**


		31/03/2022	31/12/2021
Government securities rated at amortized value		1,386,801	200,000
Non-state securities rated at amortized value		607,360	600,147
Accumulated interest		66,824	14,150
Reserve of financial assets calculated at amortized value		(27,793)	(12,814)
<b>Total</b>		<b>2,033,192</b>	<b>801,483</b>

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


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

Note 20. "Fixed assets and intangible assets"

Name of the entity	Land, buildings	Computer and communication	Vehicles	Other fixed assets	Investments in fixed assets	Right-of-use assets	Total
<b>Balance of the fixed assets as of the end of previous period 31/12/2021</b>	<b>8,657,363</b>	<b>4,035,780</b>	<b>1,007,932</b>	<b>2,520,409</b>	<b>24,299</b>	<b>3,717,588</b>	<b>19,963,371</b>
Increase	650	46,811	87,885	16,529	17,356	112,978	282,209
Disposal			(31,300)				(31,300)
Written-off		(312)				(43,323)	(43,635)
Reclassification	17,356	24,240			(41,596)		-
<b>Balance of fixed assets at the end of accounting period 31/03/2022</b>	<b>8,675,369</b>	<b>4,106,519</b>	<b>1,064,517</b>	<b>2,536,938</b>	<b>59</b>	<b>3,787,243</b>	<b>20,170,645</b>
<b>Balance of accumulated amortization at the end of the previous period 31/12/2021</b>	<b>671,966</b>	<b>2,824,555</b>	<b>372,740</b>	<b>1,626,592</b>	<b>-</b>	<b>1,749,021</b>	<b>7,244,874</b>
Increase	59,776	86,073	25,542	45,533		171,654	388,578
Disposal			(29,290)				(29,290)
Depreciation			29,538				29,538
Written-off of amortization		(207)				(722)	(929)
<b>Balance of accumulated amortization at the end of the accounting period 31/03/2022</b>	<b>731,742</b>	<b>2,910,421</b>	<b>398,530</b>	<b>1,672,125</b>	<b>-</b>		<b>7,632,771</b>
<b>Net balance sheet value</b>							
<b>At the end of the accounting period</b>	<b>7,943,627</b>	<b>1,196,098</b>	<b>665,987</b>	<b>864,813</b>	<b>59</b>	<b>3,787,243</b>	<b>12,537,874</b>
<b>At the end of the previous accounting period</b>	<b>7,985,397</b>	<b>1,211,225</b>	<b>635,192</b>	<b>893,817</b>	<b>24,299</b>	<b>1,968,567</b>	<b>12,718,497</b>

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**

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Item	Software programs	License and warranties	Intellectual property rights	Other Intangible Assets	Total
<b>Initial value</b>					
<b>Balance of intangible assets at the end of the previous period 31/12/2021</b>	<b>561,478</b>	<b>617,575</b>	<b>206</b>	<b>30,550</b>	<b>1,209,809</b>
Increase		10,078			10,078
Reclassification		4,312			4,312
<b>Balance of intangible assets at the end of the accounting period 31/12/2021</b>	<b>561,478</b>	<b>623,341</b>	<b>206</b>	<b>30,550</b>	<b>1,215,575</b>
<b>Intangible balance of accumulated amortization at the end of previous period 31/12/2020</b>	<b>163,959</b>	<b>329,088</b>	<b>99</b>	<b>23,279</b>	<b>516,425</b>
Increase	13,324	19,782	4	477	33,587
Disposal		(4,312)			(4,312)
Reclassification					-
<b>Balance of accumulated amortization at the end of accounting period 31/12/2021</b>	<b>177,283</b>	<b>344,558</b>	<b>103</b>	<b>23,756</b>	<b>545,700</b>
<b>Net balance sheet value</b>					-
<b>At the end of the accounting period</b>	<b>384,195</b>	<b>278,783</b>	<b>103</b>	<b>6,794</b>	<b>669,875</b>
<b>At the end of the previous accounting period</b>	<b>397,519</b>	<b>288,487</b>	<b>107</b>	<b>7,271</b>	<b>693,384</b>

As of 31.03.2022, the Bank had an intangible asset developed in-house, new "Business Operational Day" software: initial value AMD 750 thous., amortization AMD 750 thous., residual value AMD 0.

## Note 21: "Other Assets"



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	31/03/2022	31/12/2021
<b>Amounts receivable from bank operations</b>		
Amounts receivable from other operations	65,966	81,526
<b>Total</b>	<b>65,966</b>	<b>81,526</b>
Reserve for possible loss provision from bank operations (note 7)	(903)	(830)
<b>Net amounts receivable from bank operations</b>	<b>65,063</b>	<b>80,696</b>
<b>Debtor liabilities and prepayments</b>		
Debtor liabilities on the budget	225,822	160,341
Prepayments to employees	81	387
Prepayments to suppliers	216,170	206,950
Prepayments on the budget and mandatory social insurance payments	35,981	43,915
Other debtor liabilities and prepayments	48,420	57,659
<b>Total</b>	<b>526,474</b>	<b>469,252</b>
Reserve for possible loss provision on other assets (note 7)	(5,270)	(4,689)
<b>Total</b>	<b>521,204</b>	<b>464,563</b>
Reserve	208,800	175,493
Future period expenses	138,836	249,993
Other assets	83,217	62,586
Reserve for possible loss provision on other assets (note 7)	(2,225)	(3,129)
<b>Total</b>	<b>428,628</b>	<b>484,943</b>
<b>Total other assets</b>	<b>1,014,895</b>	<b>1,030,202</b>

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



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	31/03/2022	31/12/2021
<b>Current accounts</b>		
RA Banks	9,974	9,814
Banks having BBB(Baa3) and higher rating		
Banks having rating lower than BBB(Baa3) or no rating at all	13,115	15,236
Accrued interest		
<b>Total</b>	<b>23,089</b>	<b>25,050</b>
<b>Interbank loans and deposits, other</b>		
Other		
<b>RA banks</b>		
Loans and deposits	4,858,985	4,801,248
Other		1,257
<b>Banks having BBB(Baa3) and higher rating</b>		
Loans and deposits		
Other		
<b>Banks having rating lower than BBB(Baa3) or no rating at all</b>		
Loans and deposits	1,421,590	1,362,570
Other	27,736	54,486
Accrued interest	12,570	12,783
<b>Total</b>	<b>6,320,881</b>	<b>6,232,344</b>
<b>Financial Institutions</b>		
Current accounts	6,473,677	4,451,755
Loans	23,111,793	21,911,985
Deposits	16,274,976	20,287,607
Other	34,210	85,966
Accrued interest	735,050	682,981
<b>Total</b>	<b>46,629,706</b>	<b>47,420,294</b>
<b>Total liabilities to banks and financial institutions</b>	<b>52,973,676</b>	<b>53,677,688</b>

Note 22.1 Loans and advances from international financial institutions



Loans attracted from financial institutions	Project	Currency	Term	31/03/2022	Currency	Term	31/12/2021
BlueOrchard	BlueOrchard/MSME	USD	1-4 years	4,959,161	USD	1-4 years	4,824,801
DEG	DEG/SME	USD	1-7 years	2,921,474	USD	1-7 years	3,422,980
European Bank for Reconstruction and Development	EBRD/WiB	AMD	1-4 years	1,459,277	AMD	1-4 years	1,435,867
European Bank for Reconstruction and Development	EBRD/WiB	AMD	1-5 years	1,402,115	AMD	1-5 years	1,915,277
European Bank for Reconstruction and Development	EBRD/SM/EC/Green	AMD	1-4 years	2,741,166			
European Bank for Reconstruction and Development	EBRD/TFP/RCA	EUR	1 less than a year		EUR	1 less than a year	
EFA - Financial Institution debt fund	EFA - FIDE/SME	USD	1-3 years		USD	1-3 years	
Global Impact Investments	GI/II/ME	USD	1-4 years		USD	1-4 years	
Incofin Investment Management	INCOFIN/CVBA/MSME	USD	1-4 years	491,780	USD	1-4 years	
Incofin Investment Management	Incofin/CVSO/CVBA/SO/MSME	USD	1-4 years		USD	1-4 years	990,897
Dutch Development Bank	FMO/MSME/Green	USD	1-5 years	2,719,747	USD	1-5 years	4,802,096
Dutch Development Bank	FMO/MSME/Green	EUR	1-5 years	4,906,381	EUR	1-5 years	2,713,422
Dutch Development Bank	FMO/MSME/RETAIL	USD	1-5 years	7,613,971	USD	1-5 years	7,414,861
Symbiotics-SEB IV Microfinance Fund	SICAV-SIF/ME1	AMD	1-4 years		AMD	1-4 years	
Symbiotics-Globe Financial Inclusion Fund	SICAV-SIF/ME2	AMD	1-4 years		AMD	1-4 years	
Symbiotics Sicav (Lux) - Hortensia Impact Investing Fund	HIF/MSME	AMD	1-4 years	163,943	AMD	1-4 years	160,153
Symbiotics Sicav (Lux) - Global Financial Inclusion Fund	GFI/MSME	AMD	1-4 years	163,943	AMD	1-4 years	160,153
Symbiotics Sicav (Lux)-SEB/MSME Microfinance Fund VII	SEB/MSME/MSME	AMD	1-4 years	1,323,326	AMD	1-4 years	1,281,227
Symbiotics Sicav (Lux)-SEB/MSME Microfinance Fund VI	SEB/MSME/MSME	AMD	1-4 years	831,119			813,450
Symbiotics Sicav (Lux) - Hortensia Impact Investing Fund	SEB/MSME/MSME	USD	1-4 years	364,616			365,040
Symbiotics Sicav II - ABN AMRO Impact Fund	SAAF/MSME	USD	1-4 years	486,155			486,720
Dual Return Fund S.I.C.A.V	DRF/ME	USD	1-4 years	2,427,894			2,430,746
Microfinance Enhancement Facility S.A., SICAV-SIF	MEF/MSME	USD	1-4 years	2,422,786			2,427,128
Black Sea Trade and Development Bank (BSTDB)	BS-SME3	USD	1-5 years	4,025,317	USD	1-5 years	4,810,692
Asian Development Bank	ADB/TFP/RCA	USD	1 less than a year	220,323	USD	1 less than a year	240,606
Asian Development Bank	ADB/MSME	USD	1-5 years	7,305,414	USD	1-5 years	7,296,747
Micro, Small & Medium Enterprises Bonds S.A.	MSMEBondsSA/Social/Green	AMD	1-4 years	7,860,784	AMD	1-4 years	7,601,259
AFD Propanco	Propanco/SME/Green	USD	1-5 years	4,806,261			
Responsibility Sicav Lux Micro and SME Leaders	responsAbilitySicav_(Lux)_MSMEFL/ME	USD	1-4 years	1,354,061			
Responsibility Sicav Lux Micro and SME Finance Debt Fund	responsAbilitySicav_(Lux)_MSMEFL/ME	USD	1-4 years	3,385,152			
Responsibility Sicav Lux Inclusion Fund	responsAbilitySicav_(Lux)_FIF/ME	USD	1-4 years	580,312			
Responsibility Global Micro and SME Finance Fund	responsAbilitySicav_GMSMEFL/ME	USD	1-4 years	1,934,373			
<b>Total</b>				<b>68,870,851</b>			<b>55,584,124</b>

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



Program	31/03/2022		31/12/2021	
	Loan amount	Accrued interest	Loan amount	Accrued interest
"Women Entrepreneurship Support and Development" loan project	2,026,855	43,295	2,027,057	6,549
GAF/ RA SME lending project of European Investment Bank	6,587,898	163,442	5,702,361	70,916
GAF /Micro and Small Business Development Project of German-Arm	11,298,842	230,106	10,403,385	53,709
GAF "Renewable Energy Development" project	2,177,180	24,980	1,918,379	47,048
GAF "Access to finance for SMEs" project	758,331	15,894	633,808	5,152
RA "Agriculture support" project	1,125,679	18,890	689,978	4,801
COR-AGRO	32,977	407	32,976	175
Cor-Ref	134,750	-	134,750	-
Cor-Cof	6,000	-	6,000	-
COVID-19	95,590	-	119,256	-
<b>Total</b>	<b>24,244,100</b>	<b>497,014</b>	<b>21,667,951</b>	<b>188,350</b>

Note 22.3 REPO (repurchase) agreements



REPO (repurchase) agreements	31/03/2022	31/12/2021
REPO (repurchase) agreements with financial institutions	21,341,088	34,576,952
REPO (repurchase) agreements with customers	1,665,918	-
<b>Total</b>	<b>23,007,006</b>	<b>34,576,952</b>

**Note 23: "Liabilities to Customers"**

<b>RA resident corporate entities and institutions</b>	<b>31/03/2022</b>	<b>31/12/2021</b>
Current accounts	31,707,911	29,949,138
Term deposits	14,216,289	13,372,968
Other	1,628,512	1,289,337
Accrued interest	338,109	314,818
<b>Total</b>	<b>47,890,821</b>	<b>44,926,261</b>

<b>Non-resident corporate entities, institutions</b>	<b>31/03/2022</b>	<b>31/12/2021</b>
Current accounts	1,677,762	2,747,632
Deposits		
Other	2	2
Accrued interest		146
<b>Total</b>	<b>1,677,764</b>	<b>2,747,780</b>

<b>RA resident private entrepreneurs</b>	<b>31/03/2022</b>	<b>31/12/2021</b>
Current accounts	1,206,776	1,430,359
Term deposit	26,291	1,100
Other	19,354	15,074
Accrued interest	311	40
<b>Total</b>	<b>1,252,732</b>	<b>1,446,573</b>

<b>RA resident individuals</b>	<b>31/03/2022</b>	<b>31/12/2021</b>
Current accounts	18,724,704	19,978,527
Term deposits	63,847,323	60,452,272
Other	874,465	898,085
Accrued interest	1,161,223	1,108,029
<b>Total</b>	<b>84,607,715</b>	<b>82,436,913</b>

<b>Non- resident individuals</b>	<b>31/03/2022</b>	<b>31/12/2021</b>
Current accounts	1,321,059	1,416,568
Term deposits	2,892,241	2,872,591
Other	58,610	60,673
Accrued interest	44,323	41,500
<b>Total</b>	<b>4,316,233</b>	<b>4,391,332</b>
<b>Total liabilities to customers</b>	<b>139,745,265</b>	<b>135,948,859</b>

As of 31.03.2022, the amount necessary to secure obligations was AMD 9.635.336 thousand.

As of 31.03.2022, the amount frozen by court order and tax authorities was AMD 2.647.616 thousand.

**Note 23.1 : "Subordinate Borrowing"**

As of 31.03.2022, the Bank attract subordiante borrowing` AMD 3,644,325.

**Note 24: "Securities issued by the Bank"**

	<b>31/03/2022</b>	<b>31/12/2021</b>
Interest securities issued by the Bank	5,058,825	6,107,897
<b>Total</b>	<b>5,058,825</b>	<b>6,107,897</b>

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

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Financial liability at fair value recalculated through profit/loss	31/03/2022	31/12/2021
<b>Derivative instruments</b>		
Swap	83,387	21,815
Forward		
Other		
<b>Total</b>	<b>83,387</b>	<b>21,815</b>

**Note 26: "Amounts Payable"**

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Amounts payable	31/03/2022	31/12/2021
Dividends	462,503	470,126
For insurance of deposit	58,927	62,070
<b>Total</b>	<b>521,430</b>	<b>532,196</b>

**Note 27: " Other Liabilities"**

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Other Liabilities	31/03/2022	31/12/2021
On income tax of non-resident	32,056	90,761
On VAT	2,816	2,810
On other taxes and penalties	104,206	189,702
Salary liabilities to employees	1,202,779	1,093,951
Credit debts to suppliers	143,849	113,509
Other liabilities	184,070	1,180,369
<b>Balance at the end of the period</b>	<b>1,669,776</b>	<b>2,671,102</b>

**Note 28: "Chartered capital"**

The Bank's registered and fully paid share capital totals AMD 26,652,068 thous., including 1,950,295 common shares with a nominal value of AMD 10,400 per share and 424,600 preference shares with a nominal value of AMD 15,000 per share. The chart below shows information on the key shareholders of the

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Name of the major shareholder	Participation amount	The size of participation in	Shareholders activity type (for
Sukiasyan Saribek Albert	6,468,332	31.89%	
Sukiasyan Khachatur Albert	3,138,533	15.47%	
Sukiasyan Eduard Albert	2,091,045	10.31%	

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

**Note 29: "Other Equity Components"**

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

## Note 30: "Reserves, Contingencies, Potential Liabilities"



The Bank's legal liabilities: as of 31.12.2022 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 31.12.2022 the Bank had fully performed its tax liabilities and there is no need for additional provisioning on its tax liabilities.

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

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	31/03/2022	31/12/2021
Unutilized credit lines	4,442,167	4,969,004
Provided guarantees	9,165,033	9,700,755
Provided letters of credit	130,020	209,146
Reserve on the mentioned items (note 7)	(81,136)	(99,199)

### Liabilities on operational leases

## Note 31 : "Transactions with Related Parties"



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

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

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

<b>Loans and advances at amortized value to the Bank related parties</b>	31/03/2022	31/12/2021
Bank shareholder	4,744,032	4,652,834
Bank management	439,197	361,393
Financial institutions	-	-
<b>Total</b>	<b>5,183,229</b>	<b>5,014,227</b>
<b>Interest income</b>	126,695	436,894

  

<b>Facilities attracted from Bank related entities</b>	31/03/2022	31/12/2021
Bank shareholder	3,500,169	2,764,778
Bank management	713,393	682,664
Financial institutions	175,844	201,743
<b>Total</b>	<b>4,389,406</b>	<b>3,649,185</b>
<b>Interest expense</b>	43,896	90,462

  

<b>Salary or Similar Payment to the Bank Management</b>	31/03/2022	31/12/2021
<b>Board</b>	<b>67,200</b>	<b>273,066</b>
Salary	67,200	251,666
Awarding		21,400
<b>Executive body</b>	<b>113,096</b>	<b>448,524</b>
Salary	112,596	411,038
Awarding	500	37,486
<b>Internal Audit</b>	<b>25,297</b>	<b>105,516</b>
Salary	25,297	97,411
Awarding		8,105
<b>Total</b>	<b>205,593</b>	<b>827,106</b>

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

## **2) The methods of measurement and assessment of credit risk**

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

### **3) Description of models (if available),**

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

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

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

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

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

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

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

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

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

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

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

31/03/2022

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Item	RA	CIS countries	OECD* countries*	Non-OECD* countries	Total
<b>Assets</b>					
Cash and balances with the CBA	51,847,242	1,211,647	1,530,187	485,945	55,075,021
Standard bank precious metal bullions and coins	443				443
Due from banks and other financial institutions	8,806,778		368,313	2,433,673	11,608,764
Reverse repurchase agreements	5,764,204				5,764,204
Financial assets at fair value recalculated through profit/loss					-
Customers' loans and advances rated at amortized value	236,042,630		24,216		236,066,846
Securities at fair value rated through other comprehensive financial results	14,970,272		7,141		14,977,413
Securities pledged under repurchase agreement	26,654,670				26,654,670
Other financial assets carried at amortized cost	2,033,192				2,033,192
Other assets	91,067				91,067
<b>Total assets</b>	<b>346,210,498</b>	<b>1,211,647</b>	<b>1,929,857</b>	<b>2,919,618</b>	<b>352,271,620</b>

31/12/2021

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

**Loans allocated in the territory of RA per RA regions:**

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RA regions	31/03/2022	31/12/2021
Yerevan	150,791,774	143,662,508
Kotayk	22,669,481	18,805,532
Ararat	13,288,558	12,114,357
Lori	7,284,331	7,653,113
Gegharkunik	6,737,003	6,447,257
Shirak	5,753,430	5,555,027
Armavir	7,967,625	7,380,620
Syunik	5,338,514	4,950,127
Aragatsotn	7,543,235	7,196,748
Vayots Dzor	1,573,541	1,509,537
Tavush	1,145,356	1,109,894
Artsakh	5,973,998	5,117,805
<b>Total</b>	<b>236,066,846</b>	<b>221,502,527</b>

## 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 31.03.2022 did not exceed 6.2%. The bulk of the unsecured loans consists of those provided to the customers of "ARMECONOMBANK" OJSC, which have active account movements and stable cash flows. Credit lines under credit cards also have a significant weight. These loans contain low credit risk, since the credit lines have limited sizes, while the customers have jobs and in some cases guarantees of reputable organizations are
- 3) As of 31.03.2022, loan investments without reserves amounted to AMD 239.827.488. As of 31.03.2022, the volume of loans in the Stage 2, Stage 3 amounted to AMD 7.422.857 thousand.
- 4) The provisioning of loan portfolio corresponds to the requirements of IFRS.
- 5) The volume of repo transactions (except extensions) affected in the 1 st quarter of 2022 was AMD 21,010,249 and 1,894,099 USD against AMD 825,883,936 of the same period of the previous year. Reverse repo transactions in the 1 st quarter of 2022, made AMD 248,016,169, USD 0 and 10,000,000 EUR against AMD 36,216,281, USD 874,997 and 0 EUR of the same period of the previous year.
- 6) The lending procedure at "ARMECONOMBANK" OJSC is performed by a dedicated team of employees with excellent professional qualification and work experience. The engagement of employees is made via competitive examination held by a special competition committee. The announcements of competitions are placed in mass media and in the Bank's Website.
- 7) On the purpose of rising the efficiency of lending process and mitigation of risks connected with commercial loans, loan officers make careful analysis of the Borrower's performance. On the purpose of analysis the specialist of loan extension unit visit the place where the customer's business is located and not only uses the existing accounting documents, but also elaborates and uses his own versions of balance sheet, income expenses, cash flows, capital movement statements.

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

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

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

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

**Two types of monitoring are performed:**

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

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

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

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

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

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

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

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

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

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

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

## **Market Risk**

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

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

### **2) The methods of market risk measurement and assessment**

#### **Foreign currency risk**

##### *Assessment of foreign exchange risk and position management efficiency*

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

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

Accounting period	USD	GBP	EUR	CHF	KZT	AED	RUB	GEL	Gross VAR
2021 IV Q	3,981.65	263.70	170.10	192.95	14.65	6.26	1,036.83	271.20	4,201.12
2022 IQ	9,306.47	59.11	266.65	183.41	19.80	6.95	1,585.13	337.97	9,831.28
increase/decrease	5,324.82	-204.59	96.55	-9.54	5.15	0.69	548.30	66.76	5,630.16

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

<b>31/03/2022</b> Thous.AMD						
	AMD	USD	EUR	RUB	Other currency	Total
Cash and their equivalents	19,643,108	26,087,360	6,798,919	2,329,526	216,108	55,075,021
Bank standardized bullions of precious metals and coins	443					443
Receivables to banks and other financial institutions	1,912,763	4,716,319	4,953,918	25,763		11,608,764
Reverse Repurchase Agreements	5,244,653	519,551				5,764,204
Loans and advances to customers calculated at amortized value	145,833,078	79,463,542	10,719,762	50,464		236,066,846
Financial assets at fair value rated through other comprehensive financial results	14,491,684	485,729				14,977,413
Securities pledged under repurchase agreements	26,654,670					26,654,670
Other financial assets calculated at amortized value	1,434,712	598,480				2,033,192
Other assets	81,934	12,851	16,282			91,067
<b>Total assets</b>	<b>215,277,046</b>	<b>111,883,832</b>	<b>22,488,881</b>	<b>2,405,753</b>	<b>216,108</b>	<b>352,271,620</b>
<b>Liabilities</b>						
Liabilities to the banks and other financial institutions	43,170,607	8,475,431	1,279,545	48,093		52,973,676
Loans and deposits from international financial institutions	15,945,673	50,205,431	2,719,748			68,870,852
Loans from the CBA and RA	24,810,014					24,810,014
REPO agreements	17,881,126	-	5,125,880			23,007,006
Liabilities to Customers	76,103,152	52,980,934	8,070,385	2,422,327	168,467	139,745,265
Subordinate borrowing		3,697,011				3,697,011
Liabilities on current taxes	608,559					608,559
Securities issued by the Bank	2,517,836	2,540,989				5,058,825
Amount payable	521,430					521,430
Deferred tax liabilities	93,621					93,621
Lease liabilities	1,428,709					1,428,709
Other liabilities	1,595,227	65,583	8,026	370	568	1,669,775
<b>Total liabilities</b>	<b>184,675,954</b>	<b>117,965,379</b>	<b>17,203,584</b>	<b>2,470,790</b>	<b>169,035</b>	<b>322,484,743</b>
<b>Balance-sheet open position</b>	<b>30,601,091</b>	<b>(6,081,547)</b>	<b>5,285,297</b>	<b>(65,037)</b>	<b>47,073</b>	<b>29,786,877</b>
Financial liabilities at fair value recalculated through profit/loss						-
<b>Aggregately payable currency derivatives</b>		<b>5,308,713</b>	<b>(5,382,100)</b>			<b>(83,387)</b>
<b>Net position</b>	<b>30,601,091</b>	<b>(772,835)</b>	<b>(106,803)</b>	<b>(65,037)</b>	<b>47,073</b>	<b>29,703,490</b>

<b>31/12/2021</b> Thous.AMD						
	AMD	USD	EUR	RUB	Other currency	Total
<b>Assets</b>						
Cash and their equivalents	33,416,457	23,814,104	5,035,413	825,273	171,580	63,262,827
Bank standardized bullions of precious metals and coins	443					443
Receivables to banks and other financial institutions	3,099,565	1,432,051	4,790,258	189,615		9,511,490
Reverse Repurchase Agreements	7,562,014	264,737				7,826,751
Loans and advances to customers calculated at amortized value	135,269,994	76,736,297	9,437,683	58,553		221,502,527
Securities pledged under repurchase agreement	3,795,266	543,145				4,338,411
Financial assets at fair value rated through other comprehensive financial results	37,667,527					37,667,527
Other financial assets calculated at amortized value	210,039	591,444				801,483
Other assets	73,144	4,992	2,402	157	1	80,696
<b>Other assets</b>	<b>221,094,449</b>	<b>103,386,770</b>	<b>19,265,756</b>	<b>1,073,598</b>	<b>171,581</b>	<b>344,992,155</b>
<b>Liabilities</b>						
Liabilities to the banks and other financial institutions	38,412,996	7,911,478	5,027,714	2,325,498	2	53,677,688
Loans and deposits from international financial institutions	13,357,388	39,513,315	2,713,422			55,584,125
Loans from the CBA and RA	21,933,323					21,933,323
REPO agreements	34,576,952					34,576,952
Liabilities to Customers	75,951,766	50,656,541	7,135,822	2,074,951	129,779	135,948,859
Subordinated borrowing		3,605,469				3,605,469
Liabilities on current taxes	429,349					429,349
Securities issued by the Bank	2,564,398	3,543,499				6,107,897
Amount payable	532,196					532,196
Deferred tax liabilities	239,839					239,839
Lease liabilities	1,572,752					1,572,752
Other liabilities	2,585,717	55,763	28,310	348	963	2,671,102
<b>Other liabilities</b>	<b>192,156,676</b>	<b>105,286,065</b>	<b>14,905,268</b>	<b>4,400,797</b>	<b>130,744</b>	<b>316,879,551</b>
<b>Balance-sheet open position</b>	<b>28,937,773</b>	<b>(1,899,295)</b>	<b>4,360,488</b>	<b>(3,327,199)</b>	<b>40,837</b>	<b>28,112,604</b>
Financial liabilities at fair value recalculated through profit/loss						-
<b>Aggregately payable currency derivatives</b>		<b>1,352,286</b>	<b>(4,612,185)</b>	<b>3,243,137</b>		<b>(16,762)</b>
<b>Open position</b>	<b>28,937,773</b>	<b>(547,009)</b>	<b>(251,697)</b>	<b>(84,062)</b>	<b>40,837</b>	<b>28,095,842</b>

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

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

## Interest Rate Risk

### Assessment of interest rate change risk:

The analysis of disbalance shows that the average accumulated disbalance of the 1 st quarter of 2022 (accumulated gap of the sensitive assets and liabilities against the interest rate) is positive forming AMD 15,372,116 thousand against AMD 11,876,635 thousand of the same period of the previous year by decreasing in absolute value by AMD 3,495,481 or 29.4%, that is in average the Bank was sensitive to assets in the 1 st quarter of 2022. In the 1 st quarter of 2022, the average accumulated disbalance has increased in absolute value by AMD 183,667 thousand or by 1.2% against the previous quarter.

The average correlation ratio of assets and liabilities sensitive to interest rate changes for the 1 st quarter of 2022 has decreased by 0.8 percentage point, forming 105.7% against 104.9% average value of the 1 st quarter of 2021, that is in 1 st quarter of 2022 the assets sensitive to interest rate changes have formed 105.7% of the liabilities sensitive to interest rate changes

The duration of assets as of the end of 1 st quarter of 2022 was 1.853 year (against the 1.769 year as of the 1 st quarter of 2021) as it increased by 0.084 year or by 4.7% , as compared with the end of the previous quarter (1.771 year) the mentioned indicator has increased by 0.082 year or 4.6%.

The duration of liabilities as of the end of the 1 st quarter of 2022 was 1.124 year (against 1.05 year of the 1 st quarter of 2021) increasing by 0.074 year or 7%. In correlation with the end of the previous quarter (1.03) the indicator has increased by 0.094 year or 9.1%.

The duration gap as of the end of the 1 st quarter of 2022 was 0.847 (against 0.836 of the 1 st quarter of 2021) increasing by 0.01 or 1.3%. In correlation with the end of previous quarter (0.848) the indicator has increased by 0.001 or 0.1%.

### Assets and Liabilities with changing interest rates

31/03/2022

Thous.AMD

Item	up to 1 month		1-3 months		3-6 months		6 months to 1 year		1-5 years		more than 5 years	
	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency
Facilities placed												
Cash and their equivalents	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-	-
Resources attracted												
Liabilities to banks and other financial institutions, including:												
Resources attracted												
Liabilities to banks and other financial institutions, including:												
- Loans			614,756	2,782,965	488,070	1,295,760	2,608,073	1,429,907	9,280,434	6,739,148		
<b>Total</b>	-	-	<b>614,756</b>	<b>2,782,965</b>	<b>488,070</b>	<b>1,295,760</b>	<b>2,608,073</b>	<b>1,429,907</b>	<b>9,280,434</b>	<b>6,739,148</b>	-	-
<b>Net position</b>	-	-	<b>(614,756)</b>	<b>(2,782,965)</b>	<b>(488,070)</b>	<b>(1,295,760)</b>	<b>(2,608,073)</b>	<b>(1,429,907)</b>	<b>(9,280,434)</b>	<b>(6,739,148)</b>	-	-

31/12/2021

Thous.AMD

Item	up to 1 month		1-3 months		3-6 months		6 months to 1 year		1-5 years		more than 5 years	
	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency
Facilities placed												
Loans and advances provided to customers rated at amortized value												
<b>Total</b>												
Resources attracted												
Liabilities to banks and other financial												
-Loans			1,464,210	12,987,786	9,399,774	487,368						
<b>Total</b>	-	-	<b>1,464,210</b>	<b>12,987,786</b>	<b>9,399,774</b>	<b>487,368</b>	-	-	-	-	-	-
<b>Net position</b>	-	-	<b>(1,464,210)</b>	<b>(12,987,786)</b>	<b>(9,399,774)</b>	<b>(487,368)</b>	-	-	-	-	-	-

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: 31/03/2022		Interest rates of accounting period: 31/12/2021	
	AMD	Foreign currency	AMD	Foreign currency
<b>Assets</b>				
Balance at CBA				
Receivables to banks and other financial institutions, including:				
- Interbank Loans	6.39	1.23	9.35	1.23
- Interbank REPO		1.76	11.00	1.76
	5.97		9.11	
Loans and advances provided to customers rated at amortized value	13.89	8.42	13.07	8.65
Financial instruments at fair value through profit or loss	8.06	6.29	8.02	6.29
<b>Liabilities</b>				
Liabilities to banks and other financial	7.06	4.34	8.14	3.90
Liabilities to Customers	5.56	3.56	4.75	3.52

### 3)Description of models

#### **Foreign Currency Risk**

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

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

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

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

#### **Interest Rate Risk**

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

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

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

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

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

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

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

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

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

#### **Price Risk**

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

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

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

## **Liquidity Risk**

### **1) The Bank's definition of Liquidity Risk**

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

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

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

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

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

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

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

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

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



Over the 1 st quarter of 2022, instant liquidity, up to 90 days accumulative and general (up to one year accumulative) liquidity indicators have decreased by 11.6, 9.1 and 17.4. percentage point respectively.

31/03/2022

Accounting period											
Item	Non-performing		Repayment date				Termless				Total
	Term	Overdue	On-demand	up to 3 months	the previous financial months	6-12 months	1-5 years	more than 5 years			
Cash and cash equivalents	-	-	55,074,187	-	834	-	-	-	-	-	55,075,021
Standardized precious metal bullions and coins	-	-	443	-	-	-	-	-	-	-	443
Receivables to banks and other financial institutions	-	-	-	7,589,061	138,998	1,383,936	2,124,390	1,145	371,234	-	11,808,764
Reverse Repurchase Agreements	-	-	-	5,764,204	-	-	-	-	-	-	5,764,204
Financial assets at fair value recalculated through profit/loss	-	-	-	-	-	-	-	-	-	-	-
Other financial assets calculated at amortized value	-	-	-	28,330	-	-	987,252	1,017,610	-	-	2,033,192
Loans and advances provided to customers rated at amortized value	2,607,904	127,262	-	19,752,364	16,434,453	22,162,486	102,200,890	72,781,485	-	-	236,068,844
Financial assets at fair value calculated through other comprehensive financial result	-	-	-	1,771,070	485,729	-	4,835,733	7,771,086	112,896	-	14,877,414
Securities pledged under repurchase agreements	0	0	0	26,654,670	0	0	0	0	0	0	26,654,670
Other receivables	1,304	-	-	83,176	715	5,843	29	0	0	0	91,067
<b>Total</b>	<b>2,609,208</b>	<b>127,262</b>	<b>55,074,630</b>	<b>61,644,809</b>	<b>17,059,895</b>	<b>29,692,265</b>	<b>110,148,294</b>	<b>81,671,326</b>	<b>484,130</b>	-	<b>352,271,619</b>
including:											
I group foreign currency	547,637	14,588	33,174,729	11,184,328	5,312,362	8,330,458	44,908,942	31,072,156	80,594	-	134,625,694
II group foreign currency	-	-	2,357,386	20,191	2,792	5,699	39,043	-	-	-	2,425,111
By floating interest rate											
By fixed interest rate	2,460,043	108,662	1,083,656	32,805,936	16,719,262	22,858,572	108,088,661	81,565,565	-	-	265,890,367
Non-interest	149,165	18,600	53,990,974	28,838,673	340,633	693,693	2,059,636	5,761	484,130	-	66,681,265
On maturity of liabilities repayment											
Liabilities to banks and other financial institutions	-	-	6,588,128	5,996,315	5,804,318	5,215,134	19,591,041	9,777,740	-	-	52,673,676
Loans and deposits from international financial institutions	-	-	-	4,440,938	2,559,140	10,202,382	49,968,893	1,699,497	-	-	68,870,850
Loans from the RA Government and CBA	-	-	68,900	895,216	1,448,864	1,930,530	17,557,257	2,911,248	-	-	24,810,015
Repurchase Agreements	-	-	-	23,007,006	-	-	-	-	-	-	23,007,006
Liabilities to customers	-	-	57,219,394	14,103,815	17,289,577	30,828,350	19,580,843	723,286	-	-	139,745,955
Subordinate borrowings	-	-	-	76,320	-	-	-	3,620,690	-	-	3,697,010
Securities issued by the Bank	-	-	-	2,484,763	15,737	-	2,558,325	-	-	-	5,056,825
Lease liabilities	-	-	-	1,428,709	-	-	-	-	-	-	1,428,709
Liabilities on current taxes	-	-	-	83,387	-	-	-	-	-	-	83,387
Financial liabilities at fair value rated through profit/loss	-	-	-	-	608,559	-	-	-	-	-	608,559
Amounts payable	-	-	242,642	278,788	-	-	-	-	-	-	521,430
Other liabilities	-	-	1,440,099	216,333	3,122	8,989	1,232	-	-	-	1,669,775
Off-balance sheet contingent liabilities	-	-	-	1,506,574	2,029,682	2,859,927	7,341,037	-	-	-	13,737,220
<b>Total</b>	<b>-</b>	<b>-</b>	<b>65,658,163</b>	<b>54,616,194</b>	<b>29,758,998</b>	<b>51,046,312</b>	<b>116,598,628</b>	<b>18,732,461</b>	<b>-</b>	<b>-</b>	<b>336,211,727</b>
including:											
I group foreign currency	-	-	19,399,758	19,966,322	11,010,296	24,609,539	55,399,847	5,930,005	-	-	136,316,787
II group foreign currency	-	-	1,054,095	552,158	341,678	267,202	256,687	-	-	-	2,471,820
Major Liabilities											
By floating interest rate											
By fixed interest rate	-	-	27,629,498	44,929,638	24,570,049	43,630,466	93,025,574	15,597,670	-	-	249,382,895
Non-interest	-	-	37,929,665	6,188,805	3,405,120	3,377,866	7,553,472	3,134,791	-	-	61,689,719
<b>Net liquidity gap</b>	<b>2,609,208</b>	<b>127,262</b>	<b>(10,484,633)</b>	<b>7,128,445</b>	<b>(12,699,104)</b>	<b>(27,494,047)</b>	<b>(6,450,334)</b>	<b>62,838,885</b>	<b>484,130</b>	<b>-</b>	<b>16,059,892</b>
including:											
I group foreign currency	547,637	14,588	(32,384,434)	(43,331,836)	(24,446,837)	(42,715,854)	(71,899,898)	12,339,895	80,594	-	(99,070)
II group foreign currency	-	-	1,309,291	(1,309,291)	(281,897)	(281,897)	(417,844)	-	-	-	(45,273)
Floating interest rate	-	-	-	(3,897,721)	(1,783,830)	(4,037,850)	(16,019,582)	-	-	-	(25,239,113)
Fixed interest rate	-	-	2,640,403	106,862	(26,545,842)	(12,123,702)	(20,771,884)	15,083,087	66,967,895	-	16,307,482
<b>Accumulative liquidity gap</b>	<b>2,609,208</b>	<b>2,736,470</b>	<b>(619,618)</b>	<b>(7,748,063)</b>	<b>(13,318,722)</b>	<b>(40,812,768)</b>	<b>(47,263,103)</b>	<b>15,675,782</b>	<b>18,059,892</b>	<b>-</b>	<b>-</b>

  

Previous accounting period											
Item	Non-performing		Repayment date in				Termless				Total
	Term	Overdue	On-demand	up to 3 months	3-6 months	6-12 months	1-5 years	more than 5 years			
Cash and cash equivalents	-	-	63,262,827	-	-	-	-	-	-	-	63,262,827
Standardized precious metal bullions and coins	-	-	443	-	-	-	-	-	-	-	443
Receivables to banks and other financial institutions	-	-	-	5,789,037	439,540	1,382,653	776,168	1,955	1,122,137	-	9,511,490
Reverse Repurchase Agreements	-	-	-	7,826,751	-	-	-	-	-	-	7,826,751
Financial assets at fair value recalculated through profit/loss	-	-	-	5,053	-	-	-	-	-	-	5,053
Other financial assets calculated at amortized value	-	-	-	-	23,398	-	654,699	123,386	-	-	801,483
Loans and advances provided to customers rated at amortized value	1,116,404	140,634	-	20,103,085	15,412,064	21,795,781	93,996,516	68,938,043	-	-	221,505,527
Financial assets at fair value calculated through other comprehensive financial result	-	-	-	543,145	-	-	1,778,257	1,904,113	112,896	-	4,338,411
Securities pledged under repurchase agreements	-	-	-	72,840	694	1,803	32	5,269	-	-	37,667,527
Other receivables	59	-	-	72,840	694	1,803	32	5,269	-	-	86,697
<b>Total</b>	<b>1,116,463</b>	<b>140,634</b>	<b>63,263,270</b>	<b>34,339,911</b>	<b>53,543,223</b>	<b>23,180,237</b>	<b>97,285,672</b>	<b>70,972,266</b>	<b>1,235,033</b>	<b>-</b>	<b>344,997,209</b>
including:											
I group foreign currency	399,813	11,451	28,804,203	10,336,597	4,194,870	8,839,240	38,422,870	32,044,274	79,637	-	123,133,055
II group foreign currency	5,672	-	851,948	192,125	2,024	4,048	44,454	-	-	-	1,109,272
By floating interest rate											
By fixed interest rate	1,024,815	122,372	38,445	31,284,457	53,102,089	22,465,366	96,465,257	70,967,497	-	-	275,471,198
Non-interest	81,648	18,262	63,224,825	3,055,454	440,234	7,148,711	740,415	5,269	1,235,033	-	69,536,011
On maturity of liabilities repayment											
Liabilities to banks and other financial institutions	-	-	4,622,498	7,195,381	5,579,015	4,768,153	22,424,646	9,087,994	-	-	53,677,687
Loans and deposits from international financial institutions	-	-	-	2,746,547	3,836,101	9,142,513	39,858,963	1,699,497	-	-	55,584,124
Loans from the RA Government and CBA	-	-	77,022	545,391	583,357	2,367,806	16,795,352	2,568,395	-	-	20,333,323
REPO agreement	-	-	-	34,576,952	-	-	-	-	-	-	34,576,952
Liabilities to customers	-	-	57,798,577	15,242,575	11,216,419	31,726,010	19,238,301	726,977	-	-	135,948,859
Subordinate borrowings	-	-	-	28,358	-	-	-	3,577,111	-	-	3,605,469
Liabilities on current taxes	-	-	-	-	429,350	-	-	-	-	-	429,350
Securities issued by the Bank	-	-	-	1,112,638	2,439,046	-	2,556,213	-	-	-	6,107,897
Lease liabilities	-	-	-	86,036	-	59,356	929,964	497,395	-	-	1,572,751
Financial liabilities at fair value recalculated through profit/loss	-	-	-	21,815	-	-	-	-	-	-	21,815
Amounts payable	-	-	245,379	286,817	-	-	-	-	-	-	532,196
Other liabilities	-	-	2,366,418	294,750	331	9,599	-	-	-	-	2,671,098
Off-balance sheet contingent liabilities	-	-	-	748,121	6,513,213	2,719,473	1,668,241	3,229,859	-	-	14,878,907
<b>Total</b>	<b>-</b>	<b>-</b>	<b>65,109,894</b>	<b>62,883,381</b>	<b>80,996,832</b>	<b>50,792,910</b>	<b>102,471,680</b>	<b>19,685,731</b>	<b>-</b>	<b>-</b>	<b>331,540,428</b>
I group foreign currency	-	-	16,165,525	15,861,997	12,816,373	24,638,670	46,632,863	4,185,638	-	-	120,321,066
II group foreign currency	-	-	2,868,247	613,849	403,040	288,168	228,509	-	-	-	4,401,813
Major Liabilities											
By floating interest rate											
By fixed interest rate	-	-	35,020,400	292,346	2,546,156	12,042,279	6,188,841	-	-	-	56,090,022
Non-interest	-	-	22,056,681	1,792,450	3,367,099	4,028,911	14,966,851	12,861,496	-	-	24,155,111
By floating interest rate	-	-	43,053,213	3,294,703	8,047,618	3,159,129	2,771,646	6,824,235	-	-	67,159,544
<b>Net liquidity gap</b>	<b>1,116,463</b>	<b>140,634</b>	<b>(1,846,624)</b>	<b>(28,543,470)</b>	<b>22,946,391</b>	<b>(27,612,673)</b>	<b>(5,266,008)</b>	<b>51,287,035</b>	<b>1,235,033</b>	<b>-</b>	<b>13,456,781</b>
including:											
I group foreign currency	399,813	11,451	12,638,678	(5,535,490)	(8,621,403)	(15,819,430)	(8,209,993)	27,858,636	79,637	-	2,811,989
II group foreign currency	5,672	-	(2,016,298)	(421,724)	(401,016)	(284,120)	(184,055)	-	-	-	(3,301,541)
By floating interest rate	-	-	-	(1,792,450)	(3,367,099)	(4,028,911)	(14,966,851)	-	-	-	(24,155,311)
By fixed interest rate	-	-	122,372	(22,018,236)	(26,511,771)	33,920,874	(21,139,504)	11,732,074	58,106,801	-	35,236,625
<b>Accumulative liquidity gap</b>	<b>1,116,463</b>	<b>1,257,097</b>	<b>(589,527)</b>	<b>(29,132,997)</b>	<b>(6,186,696)</b>	<b>(33,799,279)</b>	<b>(39,065,287)</b>	<b>12,221,748</b>	<b>13,456,781</b>	<b>-</b>	<b>-</b>

### 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:

	<b>31.03.2022</b>	<b>31.12.2021</b>
Chartered capital	26,652,068	26,107,555
Emission income/loss	745,223	289,718
Reserves:	5,614,316	6,139,145
Main reserve	3,481,000	3,481,000
Revaluation reserve	2,133,316	2,658,145
Undistributed profit/loss	12,363,174	11,461,042
<b>Total capital</b>	<b>45,374,781</b>	<b>43,997,460</b>

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

	Involved in calculation standards						
<b>2022</b>	<b>Main capital</b>	<b>Additional capital</b>	<b>Total capital</b>	<b>Credit risk</b>	<b>Market and operational risk</b>	<b>Equivalent effective %</b>	<b>CBA limit %</b>
	<b>1</b>	<b>2</b>	<b>3 (1+2)</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
January	39,343,710	5,873,439	45,217,149	290,430,483	3,000,157	14.34	12
February	39,913,007	5,995,756	45,908,763	297,406,598	3,078,409	14.21	12
March	41,176,642	5,969,852	47,146,494	307,160,711	3,072,625	14.17	12
	Involved in calculation standards						
<b>2021</b>	<b>Main capital</b>	<b>Additional capital</b>	<b>Total capital</b>	<b>Credit risk</b>	<b>Market and operational risk</b>	<b>Equivalent effective %</b>	<b>CBA limit %</b>
	<b>1</b>	<b>2</b>	<b>3 (1+2)</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
January	36,109,324	4,936,045	41,045,369	246,908,521	3,682,709	14.79	12
February	36,862,957	5,186,411	42,049,368	248,218,015	3,055,501	15.36	12
March	37,144,772	5,112,177	42,256,949	250,436,469	2,874,602	15.40	12
April	37,557,475	4,797,173	42,354,648	258,860,190	3,066,859	14.89	12
May	37,753,167	4,626,423	42,379,590	256,315,833	2,782,039	15.16	12
June	37,875,979	4,576,151	42,452,130	258,397,890	2,798,182	15.07	12
July	38,005,764	4,333,289	42,339,053	256,359,226	2,819,277	15.13	12
August	38,330,652	4,104,534	42,435,186	263,415,629	2,811,731	14.79	12
September	38,587,603	3,840,838	42,428,441	271,473,243	2,859,987	14.37	12
October	38,917,483	3,908,891	42,826,374	267,966,865	2,768,737	14.71	12
November	39,166,288	4,903,026	44,069,314	277,100,612	2,684,953	14.72	12
December	39,309,165	6,316,046	45,625,211	288,146,861	2,593,328	14.73	12

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

As of 31/03/2022				
Risk weight	Assets	Off-balance sheet contingent liabilities	Incomplete term operation	
0%	98,238,417	577,796		-
10%	5,830,820			583,082
20%	1,465,720			293,144
30%	16,687		79,631	28,895
35%	5,664,914			1,982,720
50%	1,369,333			684,667
75%	37,087,222	266,065		28,014,965
100%	121,421,666	5,318,610		126,740,276
110%	375,770	59,977		479,322
150%	93,064,315	5,030,176		147,141,737
200%	2,135,925			4,271,850
<b>Total</b>	<b>366,670,789</b>	<b>11,252,624</b>	<b>79,631</b>	<b>310,220,657</b>

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

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



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

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

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

As of 31.03.22 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 31.03.22 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 31.03.22, the Bank has no pledged assets.

## Note 38. "Accepted Pledge"

As of 31.03.2022, 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	31/03/2022		31/12/2021	
	Loan amount	Collateral amount	Loan amount	Collateral amount
Real estate	94,472,625	384,456,055	88,771,430	365,955,585
Car	2,666,501	8,952,080	2,272,367	8,288,780
Equipment	2,161,689	12,748,807	2,038,432	12,412,588
Ready made products	8,263,775	14,742,000	7,465,058	11,598,000
Guarantee	78,150,592	405,999,644	74,832,269	393,338,707
Monetary funds	1,782,198	9,405,867	1,833,461	9,471,599
Gold items	18,101,659	21,201,042	16,825,161	19,917,771
Governmental securities	9,350	23,000	9,520	23,000
Other securities	10,101	38,611	10,310	38,553
Other pledge	19,419,674	34,525,004	17,590,714	32,784,598
No collateral available	14,789,324		13,063,905	
<b>Total</b>	<b>239,827,488</b>	<b>892,092,110</b>	<b>224,712,627</b>	<b>853,829,181</b>

## 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