

**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 2nd QUARTER OF 2024
“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 31 branches are located in Yerevan, another 22 branches in regions, and 1 in NKR. The legal address of the Bank is 23/1 Amiryam 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

A. Khachatryan

R. Hayrapetyan

L. Petrosyan

H. Suvaryan

A. Melikyan

Per Fischer

Structure and Members of the Bank’s Management

CEO

A. Arakelyan

Deputy CEO

R. Badalyan

Deputy CEO

O. Chichyan

Deputy CEO

A. Harutunyan

Deputy CEO

A. Manrikyan

Deputy CEO

A. Pilosyan

Chief Accountant

N. Galstyan

Acting Head of Risk Management Department

K. Babayan

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 30.06.2024 the Chartered capital amounts to AMD 30,801,895. It includes 11,746,584 common shares each with AMD 2,080 and 424,600 preferred shares with AMD 15,000 nominal value per share.

Main Participants

Sukiasyan Saribek Albert	25.40%
Sukiasyan Khachatur Albert	13.55%
Sukiasyan Eduard Albert	14.05%

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

Foreign Exchange Operations Accounting

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

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

Tax Accounting

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

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

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

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

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

Income tax assets and liabilities are offset when the Bank:

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

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

Cash and Cash Equivalents

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

The statement on cash flows is made by indirect method.

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

Financial Instruments

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

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

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

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

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

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

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

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

fair value.

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

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

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

Profit and loss occurred from the further measurement:

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

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

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

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

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

Financial and non-financial guarantees are provided by the Bank.

Financial guarantees are initially measured at fair value. After initial recognition, financial guarantees are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognized, less, where appropriate, the cumulative amount of revenue recognized in accordance with the principles of IFRS 15.

Non-financial guarantees (if they contain insurance risk) are accounted for as loan commitments, applying the impairment requirements of IFRS 9 Financial Instruments, because the contracts have legally fixed mechanisms through which, as a direct result of insured losses, the “Principal” is adjusted, future payments by the policyholder to the issuing Bank.

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 financial assets and composition of possible loss provisions” approved by ARMECONOMBANK OJSC Board.

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

Pursuant to IFRS 9 :

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

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

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

Where:

BALANCE- balance amount of the given loan sub-portfolio

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

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

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

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

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

Intangible Assets

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

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

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

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

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

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

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

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

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

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

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

Fixed Assets

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

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

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

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

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

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

	Terms of useful services (years)	Annual interest rate (%)
Building	50	2
Computers	5	20
Transportation means	8	12.5
Other fixed assets, transportation means, UPS batteries, ATMs, property, office equipment,	8	12.5

(printers, scanners, copying devices),		
POS terminals, modems,	3	33.3
Network devices	5	20
Fixed assets and intangible assets costing up to AMD 50.000	Up to the end of the given year	

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

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

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

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

Depreciation is not calculated for land.

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

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

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

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

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

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

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

Inventory

The Bank’s inventory includes:

- short-life items,

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

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

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

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

Settlements between the Bank and Branches

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

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

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

Share Capital and Treasury Stock

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

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

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

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

Attracted Funds

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

Provisions, Contingent Assets and Liabilities

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

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

The procedure for creating a reserve for possible losses on balance sheet and off-balance sheet accounts containing credit risk corresponds to the procedure for forming a reserve for possible losses on loans and loans provided to customers, in accordance with the procedure "Classification of financial assets and formation of reserves for possible losses" of "ARMECONOMBANK" OJSC approved by the Bank's Board.

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.

Statement of Financial Position
30 June 2024
ARMECONOMBANK OJSC 23/1 Amiryan Str., 0002 Yerevan

Thous. AMD

	Item	Note	As of the end of the current interim period (unaudited)	As of the end of the previous financial year (unaudited)
1	Assets			
1.1	Cash and cash equivalents	13	58,469,467	71,569,185
1.2	Standard bank precious metal bullions and coins		530,839	396,358
1.3	Due from banks and other financial institutions	14	5,175,545	5,926,385
1.4	Reverse repurchase agreement	14.1	13,163,333	12,464,832
1.5	Financial assets rated at actual value through profit or loss	15		1,326
1.5.1	Other financial assets rated at amortized value	18		8,570,306
1.6	Loans and advances provided to customers at amortized value	16	324,200,471	291,399,069
1.7	Financial assets at fair value rated through other comprehensive financial results	17	424,394	14,975,888
1.7.1	Securities pledged under repurchase agreement	17.1	66,232,518	36,659,534
1.9	Non-current assets held for sale		2,939,788	2,963,269
1.10	Fixed assets	20	15,565,582	15,391,456
1.10.1	Intangible assets	20	1,061,681	1,054,183
1.10.1	Right-of-use assets	20.1	2,064,063	1,875,558
1.12	Other assets	21	1,744,630	1,649,742
	Total assets		491,572,311	464,897,091
2	Liabilities			
2.1	Liabilities to banks and other financial institutions	22	66,247,708	73,183,391
2.2	Loans and deposits received from the international financial institutions	22.1	39,625,169	48,335,375
2.3	Loans received from the CBA and from the RA government	22.2	35,812,250	37,158,136
2.4	Repurchase agreement	22.3	62,166,211	34,127,375
2.5	Liabilities to Customers	23	192,706,208	183,942,323
2.6	Subordinate borrowing	23.1	5,224,350	9,679,494
2.7	Liabilities on current taxes		638,708	1,112,304
2.8	Securities issued by the Bank	24	10,993,307	11,295,283
2.9	Financial liabilities at fair value through profit or loss	25	54,725	15,184
2.10	Amounts payable	26	1,040,487	601,085
2.11	Deferred tax liabilities	11	1,148,806	1,187,997
2.12	Reserves	30	53,344	19,270
2.13	Lease liabilities	40	1,644,419	1,426,082
2.14	Other liabilities	27	3,235,622	2,348,069
	Total liabilities		420,591,314	404,431,368
3	Capital			
3.1	Chartered capital	28	30,801,895	28,132,240
3.2	Emission income		6,539,091	2,265,076
3.3	Reserves			
3.3.1	Main reserve		4,190,000	3,952,000
3.3.2	Revaluation reserve		(134,626)	(379,408)
3.3.3	Other reserve		6,789,131	6,896,366
3.4	Undistributed profit (loss)		22,795,506	19,599,449
	Total capital		70,980,997	60,465,723
	Total liabilities and capital		491,572,311	464,897,091

Chief Executive Officer (CEO)

A. Arakelyan

Chief Accountant

N. Galstyan

Approval date: 12 June 2024

Statement of Profit or Loss
30 June 2024
ARMECONOMBANK OJSC 23/1 Amiryan Str., 0002 Yerevan

Thous. AMD

Item	Note	Current interim period (unaudited)	Accounting period (unaudited)	Comparable current interim previous period (unaudited)	Previous period (unaudited)
Interest and similar income	3	11,412,729	22,355,249	9,409,839	18,375,511
Interest and similar expenses	3	(6,813,367)	(13,572,577)	(5,670,104)	(10,990,445)
Net interest and similar income		4,599,362	8,782,672	3,739,735	7,385,066
Income as commissions and other fees	4	1,877,072	3,498,213	1,491,049	2,741,346
Expenses as commissions and other fees	4	(578,223)	(1,128,927)	(573,530)	(922,718)
Net commission and other fees		1,298,849	2,369,286	917,519	1,818,628
Income from dividends		6,037	6,037		
Net commercial income	5	805,830	1,596,551	589,216	1,219,349
Other operational income	6	124,107	213,431	148,911	273,326
Operational income		6,834,185	12,967,977	5,395,381	10,696,369
Net allocations to possible asset loss provisions	7	161,807	(219,581)	1,366,382	1,551,290
Total administrative expenses	8	(2,785,609)	(5,300,618)	(2,535,042)	(4,704,873)
Other operational income	9	(1,128,612)	(2,168,976)	(1,021,491)	(1,870,820)
Operational profit		3,081,771	5,278,802	3,205,230	5,671,966
Profit/loss before taxation		3,081,771	5,278,802	3,205,230	5,671,966
Profit tax expenses(compensation)	11	(666,237)	(1,061,783)	(558,754)	(998,251)
Profit for period		2,415,534	4,217,019	2,646,476	4,673,715

Chief Executive Officer (CEO)

A. Arakelyan

Chief Accountant

N. Galstyan

Approval date: 12 June 2024

Statement of other Comprehensive Income

30 June 2024

ARMECONOMBANK OJSC 23/1 Amiryan Str., 0002 Yerevan

Thous. AMD

Name	Note	Current interim period (unaudited)	Accounting period (unaudited)	Comparable current interim previous period (unaudited)	Previous period (unaudited)
Other comprehensive financial results					
Revaluation of financial assets at fair value rated through other comprehensive financial results		(50,654)	440,979	814,127	1,053,535
Devaluation of financial assets at fair value rated through other comprehensive financial results after taxation		(56,270)	(116,820)	(8,953)	(89,236)
After-tax gains on non-current assets		-	-	3,958,162	3,958,162
Profit tax on the revaluation of financial assets at fair value rated through other comprehensive financial results		9,118	(79,376)	(146,543)	(189,636)
Other comprehensive financial result after taxation		(97,806)	244,783	4,616,793	4,732,825
Comprehensive financial result		2,317,728	4,461,802	7,263,269	9,406,540

Chief Executive Officer (CEO)

A. Arakelyan

Chief Accountant

N. Galstyan

Approval date: 12 June 2024

Statement of Changes in Equity

30 June 2024

ARMECONOMBANK OJSC 23/1 Amiryar 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 2023 (audited)</i>	26,652,068	26,652,068	745,223	3,663,000	(1,228,475)	3,112,039	16,166,442	49,110,297	49,110,297
Recalculated balance	26,652,068	26,652,068	745,223	3,663,000	(1,228,475)	3,112,039	16,166,442	49,110,297	49,110,297
Transactions with shareholders (owners) regarding to shares, including:	534,716	534,716	465,306	-	-	-	-	1,000,022	1,000,022
Investments in chartered capital and other increase of chartered capital	534,716	534,716	465,306	-	-	-	-	1,000,022	1,000,022
Not distributed shares	-	-	-	-	-	-	-	-	-
Comprehensive income	-	-	-	-	774,662	3,958,163	4,673,715	9,406,540	9,406,540
Dividends	-	-	-	-	-	-	(742,423)	(742,423)	(742,423)
Internal movements including:	-	-	-	289,000	-	(66,600)	(222,400)	-	-
Deductions to main reserve	-	-	-	289,000	-	-	(289,000)	-	-
Internal movements of equity other elements	-	-	-	-	-	-	-	-	-
Decrease of value from the revaluation of fixed and intangible assets	-	-	-	-	-	(66,600)	66,600	-	-
Balance as of the end of the interim accounting period 30.06.2023(unaudited)	27,186,784	27,186,784	1,210,529	3,952,000	(453,813)	3,045,439	19,875,334	58,774,436	58,774,436

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 2024 (unaudited)</i>	28,132,240	28,132,240	2,265,076	3,952,000	(379,408)	6,896,366	19,599,449	60,465,723	60,465,723
Recalculated balance	28,132,240	28,132,240	2,265,076	3,952,000	(379,408)	6,896,366	19,599,449	60,465,723	60,465,723
Transactions with shareholders (owners) regarding to shares, including:	2,669,655	2,669,655	4,274,015	-	-	-	-	6,943,670	6,943,670
Investments in chartered capital and other increase of chartered capital	2,669,655	2,669,655	4,274,015	-	-	-	-	6,943,670	6,943,670
Comprehensive income	-	-	-	-	244,782	-	4,217,019	4,461,801	4,461,801
Dividends	-	-	-	-	-	-	(890,197)	(890,197)	(890,197)
Internal movements including:	-	-	-	238,000	-	(107,235)	(130,765)	-	-
Deductions to main reserve	-	-	-	238,000	-	-	(238,000)	-	-
Decrease of value from the revaluation of fixed and intangible assets	-	-	-	-	-	(107,235)	107,235	-	-
Deductions to main reserve	-	-	-	-	-	-	-	-	-
Balance as of the end of the interim accounting period 30.06.2024(unaudited)	30,801,895	30,801,895	6,539,091	4,190,000	(134,626)	6,789,131	22,795,506	70,980,997	70,980,997

Chief Executive Officer (CEO)

A. Arakelyan

Chief Accountant

N. Galstyan

Approval date: 12 June 2024

Statement of Cash Flows
30 June 2024
ARMECONOMBANK OJSC 23/1 Amiryan Str., 0002 Yerevan

Thous. AMD

Name	Note	Accounting period (unaudited)	Previous period (unaudited)
1. Cash flows from operations			
Profit for the year		4,217,019	4,673,715
<i>Adjustments</i>			
Expenses on profit tax		1,061,783	998,251
Loss from depreciation of interest-bearing assets		219,581	(1,551,290)
Depreciation and amortisation		1,198,770	996,226
Net income from disposal of fixed assets		-	(12,302)
Net gain from foreign exchange		76,717	10,269
Net income from sale/ purchase of financial assets rated at fair value through profit or loss		(33,206)	(20,963)
Financial assets at fair value rated through other comprehensive financial results		(317,037)	20,394
Other income			
Interest income		(1,077,436)	(122,506)
Interest expenses		34,981	486,557
Cash flows from operations before changes in operational assets and liabilities		5,381,172	5,478,351
Changes in operational assets or liabilities			
Increase/ decrease in operational assets			
Due from financial institutions		613,217	2,123,187
Reverse repurchase agreements		(770,410)	(2,540,103)
Loans to customers		(35,224,255)	(20,465,563)
Other assets		(237,364)	(64,183)
Liabilities to financial institutions		(6,266,391)	8,852,731
Repurchase agreements		28,014,640	(5,154,701)
Liabilities to customers		10,505,549	2,596,802
Other liabilities		909,269	40,742
Cash used in operations before taxation		2,925,427	(9,132,736)
Paid profit tax		(1,652,447)	(1,273,850)
Net cash used in operations		1,272,980	(10,406,585)
Cash flows from investments			
available for sale		(5,677,423)	1,218,145
Acquisition of fixed assets		(780,988)	(185,954)
Proceeds from sale of fixed assets			15,421
Acquisition of intangible assets		(121,039)	(224,613)
Net cash flows from investments (used)/(gained from)		(6,579,450)	822,999
Cash flows from financial operations			
Loans from RA CB and RA Government		(1,212,501)	1,346,369
Proceeds/repayment of loans received from international financial institutions		(6,905,783)	(4,951,492)
Subordinated loan (repayments)/proceeds		(4,144,579)	3,403,530
Increase (decrease) of securities issued by the Bank			1,389,185
The issue of privileged securities		6,943,670	1,000,022
Prepayment received for the issue of shares		39,594	
Lease liabilities		(521,592)	(476,990)
Dividends paid		(450,241)	(692,972)
Net cash from financial operations		(6,251,432)	1,017,652
Impact of foreign exchange on cash balances		(1,541,816)	(949,830)
Net increase of cash and equivalents thereof		(13,099,718)	(9,515,765)
Cash and equivalents thereof as of the beginning of the period	13	71,569,185	69,081,631
Cash and equivalents thereof as of the end of the period	13	58,469,467	59,565,866

Chief Executive Officer (CEO)

A. Arakelyan

Chief Accountant

N. Galstyan

Approval date: 12 June 2024

Note 3: "Net Interest and Similar Income"

	Thous. AMD			
Interest and similar income	01/04/2024-30/06/2024	01/01/2024-30/06/2024	01/04/2023-30/06/2023	01/01/2023-30/06/2023
Interest income from the Bank's current accounts, deposits and loans allocated in banks and other financial institutions	82,020	246,710	159,061	318,676
Interest income from loans and advances to customers	9,526,497	18,534,330	8,019,579	15,598,326
Interest income from debt securities	1,511,815	2,970,851	1,017,855	2,063,919
Interest income from REPO agreements	274,553	567,148	193,992	355,573
Other interest income	17,844	36,210	19,352	39,017
Interest and Similar Expenses	11,412,729	22,355,249	9,409,839	18,375,511
Interest expenses from the Banks' current accounts, deposits and loans allocated in	2,800,303	5,745,436	2,778,819	5,414,498
Interest expenses on terms deposits and current accounts of customers	2,562,383	5,020,908	1,678,683	3,218,603
Interest expenses under REPO agreements	1,036,178	1,902,333	888,638	1,743,250
Interest expenses on subordinated borrowings	170,985	423,045	113,880	204,074
Interest expenses against the interest securities issued by the Bank.	190,059	386,631	172,094	333,577
Interest expenses on lease agreements	53,456	94,224	37,941	76,300
Other interest income			49	143
Total	6,813,364	13,572,577	5,670,104	10,990,445
Net interest and similar income	4,599,365	8,782,672	3,739,735	7,385,066

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

	Thous. AMD			
Commission and Other Fee Income	01/04/2024-30/06/2024	01/01/2024-30/06/2024	01/04/2023-30/06/2023	01/01/2023-30/06/2023
Cashier's operations	85,953	164,670	85,611	157,639
Settlement services	1,228,197	2,377,032	1,083,388	2,007,728
Guarantees, warranties, letters of credit operations, trust management	75,279	145,593	71,775	123,949
Foreign currency and security operations	2,483	4,621	2,874	3,621
Payment card servicing	73,604	128,862	44,465	88,562
Other commission fees	411,556	677,535	202,936	359,847
Total	1,877,072	3,498,213	1,491,049	2,741,346
Commission and Other Fee Expenses:				
Commission fee from correspondent and other accounts	1,720	3,499	2,267	5,721
Expenses on payment card operations	449,680	854,731	453,610	694,114
Guarantees, warranties, letters of credit operations, trust management operations	4,151	12,401	6,840	9,759
Foreign currency and security operations	35,727	79,888	26,484	65,627
Other commission fees	86,945	178,608	84,329	147,497
Total	578,223	1,128,927	573,530	922,718
Net commission and other fees received	1,298,849	2,369,286	917,519	1,818,628

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

	Thous. AMD			
Financial assets rated at fair value through profit or loss	01/04/2024-30/06/2024	01/01/2024-30/06/2024	01/04/2023-30/06/2023	01/01/2023-30/06/2023
Net income from sale/purchase of financial assets rated at fair value through profit or loss, including	43,122	25,054	17,355	22,863
Shares				
Debt Securities				
Derivatives	43,122	25,054	17,355	22,863
Net income from changes in real value of financial assets rated at fair value through profit or loss				
Total	43,122	25,054	17,355	22,863
Investments at fair value rated through other comprehensive financial assets				
Net income from sale/purchase of investments at fair value rated through other comprehensive financial results, including:	61,167	432,888	20,554	29,475
Debt securities	61,167	432,888	20,554	29,475
Derivatives				
Net income from sale/purchase of investments at fair value rated through other comprehensive financial results	(1,368)	(62,533)	(34,776)	(40,459)
Total	59,801	370,355	(14,222)	(10,984)
Foreign currency operations				
Net income from foreign currency sale/purchase	715,410	1,190,837	593,824	1,217,736
Net income from the revaluation of foreign currency	(72,575)	(76,714)	(7,741)	(10,266)
Net income from the sale/purchase of precious standardized bullions and coins	45,912	58,199		
Net income from the revaluation of precious standardized bullions and coins	14,160	28,820		
Total	702,907	1,201,142	586,083	1,207,470
Net income from commercial operations	805,830	1,596,551	589,216	1,219,349

Note 6 : "Other Operational Income"

	Thous. AMD			
	01/04/2024-30/06/2024	01/01/2024-30/06/2024	01/04/2023-30/06/2023	01/01/2023-30/06/2023
Other operational expenses				
Income from penalties and fines	70,335	135,380	114,761	187,259
Net income from disposal of fixed and intangible assets	-	(4,261)	9,130	12,301
Other income *	53,772	82,312	25,020	73,766
Total	124,107	213,431	148,911	273,326

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			
	01/04/2024-30/06/2024	01/01/2024-30/06/2024	01/04/2023-30/06/2023	01/01/2023-30/06/2023
Cash and cash equivalents (Note 13)				
Initial balance	40,062	31,069	46,225	51,255
Net deductions to reserve	(35,941)	(26,948)	(15,175)	(20,205)
Summary balance	4,121	4,121	31,050	31,050
"Due to Banks and other Financial institutions" (Note 14)				
Initial balance	133,457	148,064	217,586	161,330
Net deductions to reserve	(73,073)	(87,680)	(29,757)	26,499
Return of amounts previously charged to off balance item		-		
Usage of reserve				
Summary balance	60,384	60,384	187,829	187,829
From loans and advances to customers (Note 16)				
Initial balance	5,923,956	5,620,762	3,421,163	3,558,820
Net deductions to reserve *	325,012	625,884	(1,134,177)	(1,308,519)
Return of amounts previously charged to off balance item	165,377	284,770	217,241	489,200
Usage of reserve	(138,879)	(256,950)	(176,657)	(411,931)
Summary balance	6,275,466	6,275,466	2,327,570	2,327,570
through other comprehensive financial assets (Note 17)				
Initial balance	76,770	166,993	265,636	276,555
Net deductions to reserve	(52,241)	(142,464)	(97,906)	(108,825)
Return of amounts previously charged to off balance item				
Usage of reserve				
Summary balance	24,529	24,529	167,730	167,730
On other assets (Note 21)				
Initial balance	10,402	1,038	8,283	7,822
Net deductions to reserve	(9,451)	(167)	3,717	4,080
Return of amounts previously charged to off	4	105	98	204
Usage of reserve	(29)	(48)	(45)	(53)
Summary balance	926	926	12,053	12,053
Other financial assets rated at amortized value				
Initial balance	431,047	287,025	284,345	270,041
Net deductions to reserve	(327,140)	(183,118)	(93,157)	(78,853)
Usage of reserve				
Summary balance	103,907	103,907	191,188	191,188
Post-balance sheet items containing loan exposures (note 30)				
Initial balance	42,317	19,270	37,846	103,388
Net deductions to reserve	11,027	34,074	73	(65,467)
Usage of reserve				
Summary balance	53,344	53,344	37,919	37,919
Total net deductions to reserve	(161,807)	219,581	(1,366,382)	(1,551,280)

Note 8 : "Total administrative expenses"

	Thous. AMD			
	01/04/2024- 30/06/2024	01/01/2024- 30/06/2024	01/04/2023- 30/06/2023	01/01/2023- 30/06/2023
"Total administrative expenses"				
Salary and similar payments	1,916,987	3,674,331	1,840,791	3,330,064
Training and tutorship expenses	3,050	6,054	2,241	2,852
Business trip expenses	21,827	38,711	16,214	21,621
Insurance costs	50,279	98,602	43,209	85,791
Servicing and maintenance of the Bank's equipment	111,606	204,727	86,208	172,746
Maintenance and safekeeping of Bank buildings	214,504	440,468	202,993	410,782
Audit and consulting services	7,173	18,313	4,043	9,238
Communication and transmission costs	42,526	83,749	36,582	65,472
Transportation costs	50,271	99,833	41,413	79,306
Taxes (except income tax) penalties and other mandatory payments	141,415	279,502	103,570	209,746
Office and organizational expenses	72,058	158,497	36,438	168,557
Other administrative expenses	153,913	197,831	121,340	148,698
Total	2,785,608	5,300,618	2,535,042	4,704,873

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

	01/04/2024- 30/06/2024	01/01/2024- 30/06/2024	01/04/2023- 30/06/2023	01/01/2023- 30/06/2023
Average number of Bank employees	894	895	850	842
Monthly average salary falling to a single employee (thousand AMD)	636	622	650	603

Note 9 : "Other Operational Expenses"

	Thous. AMD			
	01/04/2024- 30/06/2024	01/01/2024- 30/06/2024	01/04/2023- 30/06/2023	01/01/2023- 30/06/2023
Other operational expenses				
Paid fines and penalties	-	257	4,395	4,395
Payments made for collection	87,933	174,283	86,703	173,997
Advertising and representative expenses	124,432	199,757	149,527	225,446
Intangible assets	606,987	1,194,508	532,517	996,227
Allocations to the Fund of Recovery of Deposits	59,329	120,904	67,800	130,747
Other expenses	249,931	479,267	180,549	340,008
Total	1,128,612	2,168,976	1,021,491	1,870,820

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)"



Expenses on profit tax	Thous. AMD			
	01/04/2024-30/06/2024	01/01/2024-30/06/2024	01/04/2023-30/06/2023	01/01/2023-30/06/2023
Current tax expenses	671,737	1,179,939	310,331	749,035
Corrections of current taxes for the previous period recognized in the current period	412	412	-	-
Deferred tax expenses	(5,912)	(118,568)	248,423	249,216
Total	666,237	1,061,783	558,754	998,251

	01/04/2024-30/06/2024	Արդյունավետության տեսանկյունից (%)	01/01/2024-30/06/2024	Արդյունավետության տեսանկյունից (%)	01/04/2023-30/06/2023	Արդյունավետության տեսանկյունից (%)	01/01/2023-30/06/2023	Արդյունավետության տեսանկյունից (%)
Profit before taxation	3,081,771		5,278,802		3,205,230		5,671,966	
Profit tax with rate	554,719	18%	950,184	18%	576,941	18%	1,020,954	18%
Non-taxable income	(2,245)	(0.00)	(2,245)	(0.00)				
assets rated at fair value through other comprehensive income	(8,356)	(0.00)	(5,977)	(0.00)	(3,094)	(0.00)	(3,773)	(0.00)
Non-deductable expenses	110,805	0.04	109,916	0.02	(14,181)	(0.00)	(16,054)	(0.00)
Foreign currency negative/positive difference	13,062	0.00	13,807	0.00	1,393	0.00	1,848	0.00
Adjustments of calculated tax expenses of the previous year	412	0.00	412	0.00		-		-
Other privileges	(2,160)	(0.00)	(4,315)	(0.00)	(2,305)	(0.00)	(4,724)	(0.00)
Profit tax expenses	666,237	0.22	1,061,783	0.20	558,754	0.17	998,251	0.18

Calculation of deferred tax on temporary differences



	Balance as of the previous period	Recognized by financial results	Recognized by equity	Balance at the accounting period
Deferred tax assets, including:	604,048	32,249	(79,378)	556,919
Accrued expenses and other liabilities	292,301	80,877		373,178
Right-of-use assets	127,925	1,521		129,446
Investment securities	165,007	(32,961)	(79,378)	52,670
Claims to banks and other financial institutions	16,323	(14,696)		1,627
Cash and their equivalents	2,492	(2,492)		-
Loans and borrowings to customers				-
Deferred tax liabilities, including:	(1,792,045)	86,318	-	(1,705,727)
Investment securities				-
Loans and borrowings to customers				-
Cash and their equivalents		(2,399)		(2,399)
Fixed assets	(1,501,340)	23,539		(1,477,801)
Loans and borrowings to customers	(268,500)	55,588		(212,912)
Contingent liabilities	(22,205)	9,590		(12,615)
Net deferred tax asset/liability	(1,187,997)	116,867	(79,378)	(1,148,808)

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

Basic profit falling to a single share	01/04/2024-30/06/2024	01/01/2024-30/06/2024	01/04/2023-30/06/2023	01/01/2023-30/06/2023
Net profit of the accounting period after taxation	2,415,534	4,217,019	2,646,476	4,673,715
Dividends on preferential shares calculated for the current accounting period	222,304	444,609	222,304	442,166
Net gains(losses) of given period referring to owners of common shares	2,193,230	3,772,410	2,424,172	4,231,549
Net weighted average number of common shares in circulation during the given period	10,840,338	10,840,338	10,008,550	10,008,550
Basic profit falling to a single share	0.20	0.35	0.24	0.42

The increase in the number of shares is due to the registration of a stock split in the ratio of 1 share to 5 share.

Note 13 : Cash and cash equivalents



Thous. AMD

	30/06/2024	31/12/2023
Cash and cash equivalents		
	17,580,170	16,529,115
Cash and cash equivalent payment documents		
Correspondent accounts with the CBA*	39,148,431	53,348,800
Correspondent accounts with the the resident banks	27,759	51,099
Correspondent accounts with the the non-resident banks	1,717,228	1,671,240
Reserves/IFRS/	(4,121)	(31,069)
Cash and balances with the CBA	58,469,467	71,569,185

* 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

	30/06/2024	31/12/2023
Current accounts		
Deposited funds with CBA	1,475,000	2,122,500
Reserve/IFRS/	(2,812)	(15,791)
Total	1,472,188	2,106,709
With RA banks		
Loans and deposits		114,087
Other	156	233
With banks having BBB(Baa3) and higher ratings		
Other	232,896	
Loans and deposits		
(Baa3) or no rating at all		
Loans and deposits		
Other	17	145,819
Accrued interest		664
Total	233,069	260,803
banks (note 7)	(523)	(9,759)
Net receivables to banks	232,546	251,044

	30/06/2024	31/12/2023
Loans and deposits with Financial Institutions, other receivables		
With RA Financial Institutions:		
Loans and deposits	349,714	504,484
Other	2,511,601	2,426,267
BBB(Baa3) and higher ratings		
Other		
lower than BB(Baa3) or no rating at all		
Other	640,390	665,458
Accrued interest	1,011	1,586
Total	3,502,716	3,597,795
Financial Institutions	(31,905)	(29,163)
Net receivables to Financial Institutions	3,470,811	3,568,632
Institutions	5,175,545	5,926,385

Note 14.1 Reverse Repurchase Agreements



	30/06/2024	31/12/2023
Reverse Repurchase Agreements		
Repurchase Agreements with Financial Institution	13,188,477	12,558,183
Reverse Repurchase Agreements with Financial Institutions	(25,144)	(93,351)
Total	13,163,333	12,464,832

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



	30/06/2024	31/12/2023
Other financial assets recalculated at fair value		
Swap		1,326
Total	-	1,326

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	30/06/2024	31/12/2023
Loans, including:	308,553,612	276,538,217
Mortgage loans	47,953,701	45,800,699
Credit cards	19,088,905	18,601,430
Accrued interest on the mentioned items	2,833,420	1,880,183
Total loans	330,475,937	297,019,830
Reserve for possible loss of customer loans and advances (note 7)	(6,275,466)	(5,620,762)
Total loans and advances at amortized	324,200,471	291,399,068

Thous. AMD

Analyses of provided loans and advances per customers	30/06/2024	31/12/2023
State industries	34,414	139,974
Private industries, including:	159,268,319	145,669,815
Major enterprises	75,273,921	67,582,747
Small and medium enterprises	83,994,398	78,087,068
Including business cards	35,280	25,183
Individuals, including:	143,828,802	124,897,740
Consumer loans	63,032,754	47,605,849
Mortgage loans	47,953,701	45,800,699
Credit cards	19,051,485	18,576,189
Private entrepreneurs	24,510,982	24,432,118
Accrued interest	2,833,420	1,880,183
Total loans	330,475,937	297,019,831
advances calculated at amortized value (note7)	(6,275,466)	(5,620,762)
Total loans and advances at amortized value	324,200,471	291,399,069

Thous. AMD

Analyses of loans and advances provided to the customers per the	30/06/2024	31/12/2023
State and major enterprises	75,308,335	67,722,721
SME * sector, including	100,686,753	94,018,065
Agriculture	27,058,606	30,622,084
Housekeeping	151,647,429	133,398,862
Accrued interests	2,833,420	1,880,183
Total loans and advances calculated at amortized value	330,475,937	297,019,831
advances calculated at amortized value	(6,275,466)	(5,620,762)
amortized value	324,200,471	291,399,069

*SME sector involves investment loans provided to small and medium enterprises, individuals, as well as loans provided to the field of agriculture

Thous. AMD

borrowers and related parties /without at amortized value	30/06/2024	31/12/2023
liabilities	2,914,826	5,743,609
Total	105,676,718	98,966,422
Loan investments	330,475,937	297,019,831
Ratio in portfolio	31.10%	33.32%
Total normative capital	68,965,141	63,639,930
Percentage ratio to capital	153.23%	155.51%
Total	105,676,718	98,966,422

Thous. AMD

Loan Investments through International programs	30/06/2024	Quantity
ADB/MSME	4,582,518	56
ADB/TFP/IBA	7,375	2
ADB/WESSD	4,289,658	177
BS/SME3	1,525,257	51
COVID-14	36	1
COVID-19/1/3	75,250	1
COVID-19/2/1	3,940	1
COVID-19/2/2	2,947,882	48
DEG/SME	366,039	18
EBRD/SMEC/Green	631,669	13
EBRD/WiB	354,624	39
EIB/APEX	6,478,491	144
FINSCA/MSE	1,944	1
FMO/MSME/Green	501,359	19
FMO/MSME/Retail	580,963	39
GAF/ KfW /ENERGY	664,015	189
GAF/ KfW /AGRO	1,587,366	110
GAF/KfW/SME	19,596,361	1,743
GAF/ KfW /CONSUMERENERGY	1,311,200	2,142
GAF/KfW/SME/ENERGY	2,189,094	74
INCOFINCVBA/MSE	977,293	50
Proparco/SME/Green	14,017,500	652
PRM/SCITF	3,374	2
PRM/SCITF		
Total	62,693,208	5,572

Thous. AMD

Loan Investments through International programs	31/12/2023	Quantity
ADB/MSME	5,261,287	75
ADB/TFP/IBA	54,393	2
ADB/WESSD	4,443,223	208
BS/SME3	1,817,062	65
COVID-14	51	1
COVID-19/1/3	125,460	1
COVID-19/2/1	5,634	1
COVID-19/2/2	3,010,599	51
DEG/SME	435,152	20
EBRD/SMEC/Green	596,637	11
EBRD/WIB	525,622	63
EIB/APEX	7,686,097	158
FINSCA/MSE	14,696	2
FMO/MSME/Green	817,357	22
FMO/MSME/Retail	1,061,514	51
GAF/ KIW /SME	21,169,473	1,789
GAF/ KIW /ENERGY	743,689	198
GAF/ KIW /SME/ENERGY	1,719,772	52
GAF/ KIW/ AGRO	1,608,505	52
GAF/KIW/CONSUMER ENERGY	1,481,433	2,244
INCOFINCVBA/MSE	1,362,471	61
Proparco/SME/Green	9,110,469	475
PRM/SCTTF	4,132	2
Ընդամենը	63,054,728	5,604

Gaps or extended loans and advances calculated at amortized value per	30/06/2024	Percentage	31/12/2023	Percentage
Industry	17,281,654	5.23	18,175,519	6.12
Agriculture	32,508,291	9.84	30,995,674	10.44
Construction	51,144,606	15.48	38,477,381	12.95
Transportation and communication	1,561,214	0.47	1,673,197	0.56
Commerce	46,728,128	14.14	47,630,296	16.04
Consumer	82,888,330	25.08	66,930,820	22.53
Mortgage loans	48,155,438	14.57	45,990,151	15.48
Service	16,979,864	5.14	16,224,018	5.46
Other	33,228,412	10.05	30,922,774	10.41
Total	330,475,997	100	297,019,830	100

Breakdown of loan portfolio per customer residency	30/06/2024	Percentage	31/12/2023	Percentage
RA residents	320,351,147	98.81	289,455,743	99.33
Residents of countries with Baa33 and higher ratings including	990,016	0.31	22,459	0.01
France	990,016		22,459	0.01
Residents of countries with Baa33and lower ratings or no rating at all	25,888	0.10	40,683	
Russia	25,888		40,683	
Accrued interest	2,833,420	0.87	1,880,183	0.65
Total	324,200,471	100	291,398,068	100

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



30/06/2024

The structure of customers' loans and borrowings calculated at amortized value per classification stages /IFRS 9/	Stage1 /non-depreciated and overdue up to 30 days /		Stage 2 /31-90 days overdue/		Stage 3 /overdue more than 90 days/	
	Gross loans	Depreciation reserve	Gross loans	Depreciation reserve	Gross loans	Depreciation reserve
Corporate loans	161,060,138	4,646,989	130,163	96,028	38,669	31,838
Loans to individuals and private entrepreneurs	167,560,243	784,861	1,275,986	430,486	410,738	285,263
Total	328,620,381	5,431,850	1,406,149	526,514	449,407	317,101

31/12/2023

Depreciation reserve gaps of loans and advances to customers calculated at amortized value per stages of regression model	Stage 1 /non-depreciated and overdue up to 30 days /		Stage 2 /31-90 days overdue/		Stage 3 /overdue more than 90 days/	
	Gross loans	Depreciation reserve	Gross loans	Depreciation reserve	Gross loans	Depreciation reserve
Corporate loans	146,721,590	3,843,917	149,504	46,497	11,658	6,584
Loans to individuals and private entrepreneurs	147,452,917	866,867	2,295,369	579,037	388,792	277,860
Total	294,174,507	4,710,784	2,444,873	625,534	400,450	284,444

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

30/06/2024

	Gross loans	Depreciation reserve	Net loans	Depreciation reserve on gross loans
Consumer				
Non-overdue	82,495,589	1,032,199	81,463,390	1.25%
Overdue				
1-30 days	154,586	44,841	109,745	29.01%
31- 60 days	77,780	34,577	43,203	44.45%
61- 90 days	38,738	20,264	18,474	52.31%
91-180 days	86,637	59,494	27,143	68.67%
180 and more	35,001	24,373	10,628	69.64%
Total	82,888,331	1,215,748	81,672,583	1.47%
Trade				
Non-overdue	46,635,275	319,463	46,315,812	0.69%
Overdue			0	
1-30 days	11,728	32	11,696	0.27%
31- 60 days	9,788	5,378	4,410	54.94%
61- 90 days	24,211	13,304	10,907	54.95%
91-180 days	38,669	31,838	6,831	82.33%
180 and more	8,459	6,965	1,494	82.34%
Total	46,728,130	376,980	46,351,150	0.81%
Production				
Non-overdue	17,281,653	110,004	17,171,649	0.64%
Overdue			0	
1-30 days			0	
31- 60 days			0	
61- 90 days				
91-180 days				
180 and more			0	
Total	17,281,653	110,004	17,171,649	0.64%
Construction				
Non-overdue	51,144,606	790,701	50,353,905	1.55%
Overdue				
1-30 days				
31- 60 days			0	
61- 90 days				
91-180 days				
180 and more				
Total	51,144,606	790,701	50,353,905	1.55%
Mortgage				
Non-overdue	48,029,189	25,794	48,003,395	0.05%
Overdue				
1-30 days	86,799	380	86,419	0.44%
31- 60 days	1,489	7	1,482	0.47%
61- 90 days				
91-180 days	37,962	29,409	8,553	77.47%
180 and more				
Total	48,155,439	55,590	48,099,849	0.12%
Agriculture				
Non-overdue	32,493,083	3,173,980	29,319,103	9.77%
Overdue				
1-30 days	10,328	1,195	9,133	11.57%
31- 60 days	3,026	1,287	1,739	42.53%
61- 90 days	1,019	468	551	45.93%
91-180 days	116	56	60	48.28%
180 and more	719	346	373	48.12%
Total	32,508,291	3,177,332	29,330,959	9.77%
Other fields				
Non-overdue	51,439,599	460,841	50,978,758	0.90%
Overdue				
1-30 days	246,094	17,721	228,373	7.20%
31- 60 days	54,486	45,874	8,612	84.19%
61- 90 days	29,308	24,675	4,633	84.19%
91-180 days				
180 and more				
Total	51,769,487	549,111	51,220,376	1.06%
TOTAL	330,475,937	6,275,466	324,200,471	1.90%

31/12/2023

	Gross loans	Depreciation reserve	Net loans	Depreciation reserve on gross loans
Consumer				
Non-overdue	66,579,673	1,060,867	65,518,806	1.59%
Overdue				
1-30 days	132,420	21,827	110,593	16.48%
31- 60 days	40,883	12,682	28,201	31.02%
61- 90 days	55,724	14,377	41,347	25.80%
91-180 days	89,686	64,515	25,171	71.93%
180 and more	32,435	23,545	8,890	72.59%
Total	66,930,821	1,197,813	65,733,008	1.79%
Trade				
Non-overdue	47,297,169	280,708	47,016,461	0.59%
Overdue				
1-30 days	300,186	86,925	213,261	28.96%
31- 60 days				
61- 90 days	24,953	11,606	13,347	46.51%
91-180 days	7,987	6,783	1,204	84.93%
180 and more				
Total	47,630,295	386,022	47,244,273	0.81%
Production				
Non-overdue	18,171,218	2,918	18,168,300	0.02%
Overdue				
1-30 days			0	
31- 60 days				
61- 90 days	4,300	26	4,274	0.60%
91-180 days			0	
180 and more			0	
Total	18,175,518	2,944	18,172,574	0.02%
Construction				
Non-overdue	38,465,688	378,884	38,086,804	0.98%
Overdue				
1-30 days	11,693	0.7	11,692	0.01%
31- 60 days				
61- 90 days				
91-180 days				
180 and more				
Total	38,477,381	378,885	38,098,496	0.98%
Mortgage				
Non-overdue	45,990,151	257,280	45,732,871	0.56%
Overdue				
1-30 days				
31- 60 days				
61- 90 days				
91-180 days				
180 and more				
Total	45,990,151	257,280	45,732,871	0.56%
Agriculture				
Non-overdue	30,954,647	3,259,668	27,694,979	10.53%
Overdue				
1-30 days	21,090	4,031	17,059	19.11%
31- 60 days	3,987	933	3,054	23.40%
61- 90 days	4,073	953	3,120	23.40%
91-180 days	11,180	6,314	4,866	56.48%
180 and more	697	393	304	56.38%
Total	30,995,674	3,272,292	27,723,382	10.56%
Other fields				
Non-overdue	48,818,773	125,526	48,693,247	0.26%
Overdue				
1-30 days	1,218	0	1,218	0.01%
31- 60 days				
61- 90 days				
91-180 days				
180 and more				
Total	48,819,991	125,526	48,694,465	0.26%
TOTAL	297,019,831	5,620,762	291,399,069	1.89%

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



	Thous. AMD	
	30/06/2024	31/12/2023
Government securities		
RA Governmental T-bills	111,954	14,863,631
Total	111,954	14,863,631

	Thous. AMD			
	30/06/2024		31/12/2023	
	listed	unlisted	listed	unlisted
RA non-state securities				
Issuer having BBB+(Baa1) and lower rating, other rating or no rating at all				
Long term debt instruments				
Short term debt instruments				
Capital instruments		305,755		105,755
Total non-state securities of RA		305,755		105,755
Investments in RA non-governmental securities (reserve for possible losses)				
Net Investments in RA non-governmental	-	305,755		105,755

	Thous. AMD			
	30/06/2024		31/12/2023	
	listed	unlisted	listed	unlisted
Issuer having BBB+(Baa1) and lower rating, other rating or no rating at all				
Capital instruments		6,685		6,502
Total non-state securities of RA		6,685		6,502
Financial assets rated at fair value through other comprehensive financial assets	111,954	312,440	14,863,631	112,257

Investments in share capital of other entities as of 30.06.2024

	Thous. AMD				
Name of entity	Main activity	Country of	Investment	Investment	Share %
S.W.I.F.T	Telecommunication	Belgium	13/09/1996	6,685	-
"Armenian Card" CJSC	Payment service	RA	22/02/2000	82,500	6.20
ACRA Credit Reporting CJSC	Information service	RA	23/06/2006	23,255	4.58
YES EM CJSC	Provision of electronic services	RA	19/03/2024	200,000	8.33
Total				312,440	

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	
	30/06/2024	31/12/2023
Assets		
Total pledged securities	66,336,425	36,882,318
including:		
Financial assets at amortized cost	12,414,816	6,938,430
Other financial assets rated at amortized value	53,921,609	29,943,888
Reserve for Financial assets at amortized cost	(103,907)	(222,784)
Total	66,232,518	36,659,534

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



	30/06/2024	31/12/2023
Government securities rated at amortized value		8,488,243
Accumulated interest		146,304
Reserve of financial assets calculated at amortized value		(64,241)
Total		8,570,306

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



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

Note 20. "Fixed assets and intangible assets"

Name of the entity	Land, buildings	Computer and communication	Vehicles	Other fixed assets	Investments in fixed assets	Right-of-use assets	Total
Balance of the fixed assets at the end of previous period 31/12/2023	12,637,123	4,430,805	1,267,450	2,616,039	59	5,167,177	26,118,653
Increase		694,835		68,429	17,724	666,926	1,447,914
Disposal							-
Written-off		(79,969)		(104,306)	(59)		(184,334)
Reclassification	17,724	227		(227)	(17,724)		-
Balance of fixed assets at the end of accounting period 30/06/2024	12,654,847	5,045,898	1,267,450	2,579,935		5,834,103	27,382,233
Balance of accumulated amortization at the end of the previous period 31/12/2023	277,981	3,177,882	448,226	1,655,929		3,291,620	8,851,638
Increase	192,727	227,827	72,847	109,143		478,420	1,080,964
Disposal							-
Reclassification							-
Depreciation		71		(71)			-
Written-off of amortization		(78,516)		(101,498)			(180,014)
Balance of accumulated amortization at the end of the accounting period 30/06/2024	470,708	3,327,264	521,073	1,663,503	-	3,770,040	9,752,588
Net balance sheet value							
At the end of the accounting period	12,184,139	1,718,634	746,377	916,432	-	2,064,063	17,629,645
At the end of the previous accounting period	12,359,142	1,252,923	819,224	960,110	59	1,875,557	17,267,015

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

Intangible Assets

Thous. AMD

Item	Software programs	License and warranties	Intellectual property rights	Other Intangible Assets	Total
Initial value					
Balance of intangible assets at the end of the previous period 31/12/2023	1,090,373	800,056	206	32,981	1,923,616
Increase	56,869	64,170			121,039
Written-off		(46,487)			(46,487)
Disposal					-
Balance of intangible assets at the end of the accounting period 30/06/2024	1,147,242	817,739	206	32,981	1,998,168
Intangible balance of accumulated amortization at the end of accounting period 12/12/2023	315,141	526,696	129	27,467	869,433
Increase	62,188	50,270	8	1,076	113,542
Disposal					-
Written-off		(46,487)			
Reclassification					-
Balance of accumulated amortization at the end of accounting period 30/06/2024	377,329	530,479	137	28,543	936,488
Net balance sheet value					
At the end of the accounting period	769,913	287,260	69	4,438	1,061,680
At the end of the previous accounting period	775,232	273,360	77	5,514	1,054,183

As of 30.06.2024 the Bank had an intangible asset developed in-house, new "Business Operational Day" software: initial value AMD 750 thous., amortization AMD 750 thous., residual value AMD 0.

Note 21: "Other Assets"

Thous. AMD

Amounts receivable from bank operations	30/06/2024	31/12/2023
Amounts receivable from other operations	65,740	72,227
Total	65,740	72,227
Reserve for possible loss provision from bank operations (note 7)	(730)	(722)
Net amounts receivable from bank operations	65,010	71,505
Debtor liabilities and prepayments		
Debtor liabilities on the budget	559,304	254,681
Prepayments to employees	593	62
Prepayments to suppliers	233,279	197,002
Prepayments on the budget and mandatory social	37,354	45,417
Other debtor liabilities and prepayments	18,603	31,308
Total	849,133	528,470
Reserve for possible loss provision on other assets (note 7)	(192)	(314)
Total	848,941	528,156
Reserve	491,275	493,357
Future period expenses	191,701	197,340
Other assets	147,707	359,384
Reserve for possible loss provision on other assets (note 7)	(4)	
Total	830,679	1,050,081
Total other assets	1,744,630	1,649,742

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

Thous. AMD

Current accounts	30/06/2024	31/12/2023
RA Banks	14,961	16,874
Banks having BBB(Baa3) and higher rating		
Banks having rating lower than BBB(Baa3) or no	24,061	38,049
Accrued interest		
Total	39,022	54,923
Interbank loans and deposits, other		
Other		
RA banks		
Loans and deposits	3,640,629	6,263,124
Other		
Banks having BBB(Baa3) and higher rating		
Loans and deposits		
Other		
Banks having rating lower than BBB(Baa3) or no rating at all		
Loans and deposits		1,124,938
Other		
Accrued interest	7,481	59,029
Total	3,648,110	7,447,091
Financial Institutions		
Current accounts	6,476,344	6,505,202
Loans	25,905,010	25,426,195
Deposits	28,907,388	32,381,765
Other	189,126	204,731
Accrued interest	1,082,708	1,163,485
Total	62,560,576	65,681,378
Total liabilities to banks and financial institutions	66,247,708	73,183,392

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



Program	30/06/2024		31/12/2023	
	Loan amount	Accrued interest	Loan amount	Accrued interest
"Women Entrepreneurship Support and Development"	1,430,227	4,200	1,788,378	6,358
GAF/ RA SME lending project of European Investment	6,556,243	103,344	8,006,506	124,401
GAF /Micro and Small Business Development Project of	19,950,792	287,631	20,893,527	396,234
GAF "Renewable Energy Development" project	1,921,086	18,950	2,629,740	69,241
GAF "Access to finance for SMEs" project	3,896,780	63,815	1,719,343	18,023
RA "Agriculture support" project	1,563,944	15,238	1,494,078	12,306
Total	35,319,072	493,178	36,531,572	626,663

Note 22.3 REPO (repurchase) agreements



REPO (repurchase) agreements	30/06/2024	31/12/2023
REPO (repurchase) agreements with financial	62,166,211	34,127,375
Total	62,166,211	34,127,375

Note 23: "Liabilities to Customers"

RA resident corporate entities and institutions	30/06/2024	31/12/2023
Current accounts	59,149,583	55,069,476
Term deposits	21,532,888	18,657,714
Other	2,447,551	1,008,988
Accrued interest	1,245,397	950,062
Total	84,375,419	75,686,240
Non-resident corporate entities, institutions	30/06/2024	31/12/2023
Current accounts	933,407	1,189,030
Deposits		
Other	2	2
Accrued interest	25	24
Total	933,434	1,189,056
RA resident private entrepreneurs	30/06/2024	31/12/2023
Current accounts	2,111,478	2,137,599
Term deposit	47,594	38,668
Other	21,855	22,132
Accrued interest	594	736
Total	2,181,521	2,199,135
RA resident individuals	30/06/2024	31/12/2023
Current accounts	29,824,842	33,251,866
Term deposits	67,998,373	64,409,517
Other	725,827	693,683
Accrued interest	1,675,992	1,460,792
Total	100,225,034	99,815,858
Non- resident individuals	30/06/2024	31/12/2023
Current accounts	1,141,533	1,942,393
Term deposits	3,740,522	3,042,980
Other	20,865	18,182
Accrued interest	87,880	48,479
Total	4,990,800	5,052,034
Total liabilities to customers	192,706,208	183,942,323

As of 30.06.2024, the amount necessary to secure obligations was AMD 5,743,822 thousand, the amount frozen by court order and tax authorities was AMD 61,433 thousand.

Note 23.1 : "Subordinate Borrowing"

As of 30.06.2024 the Bank attract subordiante borrowing` AMD 5,224,350 thousand

Note 24: "Securities issued by the Bank"

	30/06/2024	31/12/2023
Interest securities issued by the Bank	10,993,307	11,295,283
Total	10,993,307	11,295,283

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



Thous.AMD

Financial liability at fair value recalculated through profit/loss	30/06/2024	31/12/2023
Derivative instruments		
Swap		
Forward		
Other	54,725	15,384
Total	54,725	15,384

Note 26: "Amounts Payable"



Thous.AMD

Amounts payable	30/06/2024	31/12/2023
Dividends	981,158	541,207
For insurance of deposit	59,329	59,878
Total	1,040,487	601,085

Note 27: " Other Liabilities"



Thous.AMD

Other Liabilities	30/06/2024	31/12/2023
On income tax of non-resident	84,836	106,978
On VAT	3,993	3,823
On other taxes and penalties	166,034	260,109
Salary liabilities to employees	1,794,842	1,497,356
Credit debts to suppliers	146,633	125,811
Other liabilities	1,039,283	353,992
Balance at the end of the period	3,235,621	2,348,069

Note 28: "Chartered capital"



The Bank's registered and fully paid share capital totals AMD 30,801,895 thous., including 11,746,584 common shares with a nominal value of AMD 2,080 per share and 424,600 preference shares with a nominal value of AMD 15,000 per share. The chart below shows information on the key shareholders of the Bank as of the end of the accounting period.

Thous.AMD

Name of the major shareholder	Participation amount	The size of participation in	Shareholders activity type
Sukiasyan Saribek Albert	7,146,811	29.25%	
Sukiasyan Khachatur Albert	3,138,533	12.85%	
Sukiasyan Eduard Albert	3,255,385	13.32%	

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

a/ participate in the General Meeting of Shareholders of the Bank with the number of votes corresponding to the number and value of preference shares owned by them as prescribed by Law and the Bank's Charter.

b/ receive quarterly payments (dividends),

c/ receive any information concerning the Bank activities as prescribed by Law.

d/ obtain its part of the Bank's property in case of the liquidation of the Bank

Note 29: "Other Equity Components"



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

Note 30: "Reserves, Contingencies, Potential Liabilities"



The Bank's legal liabilities: as of 30.06.2024 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 30.06.2024 the Bank had fully performed its tax liabilities and there is no need for additional provisioning on its tax liabilities.

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

	Thous.AMD	
	30/06/2024	31/12/2023
Unutilized credit lines	2,304,582	941,322
Provided guarantees	10,833,620	14,126,256
Provided letters of credit		
Reserve on the mentioned items (note 7)	(53,344)	(19,270)

Liabilities on operational leases

Note 31 : "Transactions with Related Parties"



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

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

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

Loans and advances at amortized value to the Bank related parties	30/06/2024	31/12/2023
Bank shareholder	7,611,907	7,127,089
Bank management	519,672	433,611
Financial institutions		
Total	8,131,579	7,560,700
Interest income	383,172	736,674
Facilities attracted from Bank related entities	30/06/2024	31/12/2023
Bank shareholder	4,817,464	10,320,884
Bank management	760,939	919,193
Financial institutions	229,606	259,260
Total	5,808,009	11,499,337
Interest expense	370,735	533,694
Salary or Similar Payment to the Bank Management	30/06/2024	31/12/2023
Board	203,354	434,532
Salary	203,354	407,282
Awarding	-	27,250
Executive body	246,691	641,589
Salary	246,691	469,089
Awarding	-	172,500
Internal Audit	65,958	124,840
Salary	65,958	114,265
Awarding	-	10,575
Total	516,003	1,200,961

The credit risk is the possible danger of delay or non-repayment of the loan, accrued interest or a part of it conditioned by the deterioration of the financial state of the borrower, pledge depreciation and other similar reasons, which can cause financial losses.

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
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.

30/06/2024

Thous.AMD

Item	RA	CIS countries	OECD* countries*	Non-OECD* countries	Total
<i>Assets</i>					
Cash and balances with the CBA	56,778,728	562,327	753,809	374,603	58,469,467
Standard bank precious metal bullions and coins	530,839				530,839
Due from banks and other financial institutions	4,449,137	118	620,380	105,910	5,175,545
Reverse repurchase agreements	13,163,333				13,163,333
Customers' loans and advances rated at amortized value	323,181,600	1,018,871			324,200,471
Securities at fair value rated through other	417,709		6,685		424,394
Securities pledged under repurchase agreement	66,232,518				66,232,518
Other assets	64,808		202		65,010
Total assets	464,818,672	1,581,316	1,381,076	480,513	468,261,577

31/12/2023

Thous.AMD

Item	RA	CIS countries	OECD* countries*	Non-OECD* countries	Total
<i>Assets</i>					
Cash and balances with the CBA	69,943,174	1,018,717	501,794	105,500	71,569,185
Standard bank precious metal bullions and coins	396,358				396,358
Due from banks and other financial institutions	5,259,767	619	378,939	287,059	5,926,385
Reverse repurchase agreements	12,464,832				12,464,832
Financial assets at fair value recalculated through profit/loss	1,326				1,326
Customers' loans and advances rated at amortized value	291,335,671	40,939	22,459		291,399,069
Securities at fair value rated through other comprehensive financial results	14,969,386		6,502		14,975,888
Securities pledged under repurchase agreement	36,659,534				36,659,534
Other financial assets carried at amortized cost	8,570,306				8,570,306
Other assets	102,188		373		102,561
Total assets	439,702,542	1,060,276	910,067	392,559	442,065,444

Loans allocated in the territory of RA

Thous. AMD

RA regions	30/06/2024	31/12/2023
Yerevan	197,933,255	178,899,461
Kotayk	34,219,904	31,801,851
Ararat	15,761,224	13,097,526
Lori	8,607,930	7,792,218
Gegharkunik	9,885,855	8,297,182
Shirak	9,899,599	9,120,467
Armavir	14,933,143	12,301,384
Syunik	7,869,898	7,209,344
Aragatsotn	10,153,875	9,022,663
Vayots Dzor	2,255,885	1,917,945
Tavush	2,145,950	1,827,788
Artsakh	10,533,952	10,111,239
Total	324,200,470	291,399,068

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 30.06.2024 did not exceed 4.24%. The bulk of the unsecured loans consists of those provided to the customers of "ARMECONOMBANK" OJSC, which have active account movements and stable cash flows. Credit lines under credit cards also have a significant weight. These loans contain low credit risk, since the credit lines have limited sizes, while the customers have jobs and in some cases guarantees of reputable organizations are available.

3) As of 30.06.2024, loan investments without reserves amounted to AMD 330,475,937 thous. As of 30.06.2024 volume of loans in the Stage 2, Stage 3 amounted to AMD 2,845,323 thous.

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

5) The volume of repo transactions in the II quarter of 2024 (excluding extensions) is 32,554,374 thousand AMD and 5,646,100 USD, but in the same period of the previous year was 17,297,266 thousand AMD and 4,854,400 USD. The volume of reverse repo transactions in the II quarter of 2024 is 582,849,774 thousand AMD, but in the same period of the previous year was 372,047,663 thousand AMD and 6,500,000 USD.

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

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

The balance sheet compiled by the Bank specialist reflects the situation at the time when the analysis is made liquid assets/cash in the pay desk, bank accounts, savings/ accounts receivables/receivable amounts, goods on transit, prepayments made/ .good supplies/raw materials, half ready goods, goods, fixed assets/equipments related to customers business activity, cars, real estate and other property/.

The statement of income /expenses is compiled, taking into account the average indicators of customers disposal/average data/, value of goods and services/cost of raw materials, prime cost of goods/, surplus costs/salary, rental fee, transportation expenses, communal expenses, taxes, etc., other income expenses, repayments of extendable loan principal and interest.

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

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

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

Two types of monitoring are performed:

1. Monitoring via actual visits,
2. Monitoring by phone calls.

During the process of monitoring the specialists of the loan monitoring division gather information on the following issues:

1. Information on the changes in the Borrower's market position (competitors, price fluctuations, realization, etc.)
2. 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.
3. Changes related to suppliers, consumer structure, and raw material prices.

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

5. 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.

6. 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.

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

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

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

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

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

As a 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	XAU	Gross VAR
2024 I Q	8,192.94	241.29	321.89	431.54	21.55	241.58	1,915.47	269.66	25.05	9,269.09
2024 II Q	9,194.01	234.31	332.61	412.29	18.77	307.73	1,532.45	280.07	15.31	9,659.26
increase/decrease	1,001.07	-6.98	10.72	-19.24	-2.77	66.14	-383.02	10.42	-9.73	390.18

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

30/06/2024							THOUS.AMD
	AMD	USD	EUR	RUB	Other currency	Total	
Cash and their equivalents	30,609,154	22,361,281	3,273,645	2,048,646	176,741	58,469,487	
Bank standardized bullions of precious metals and coins	443				530,396	530,839	
Receivables to banks and other financial institutions	3,385,427	1,606,480	159,964	23,674		5,175,545	
Reverse Repurchase Agreements	11,225,955	1,937,378				13,163,333	
Loans and advances to customers calculated at amortized value	250,475,140	68,288,221	5,402,424	34,686		324,200,471	
Financial assets at fair value rated through other comprehensive financial results	322,320	102,074				424,394	
Securities pledged under repurchase agreements	64,041,849	2,190,669				66,232,518	
Other assets	56,922	3,114	2,745	2,229		65,010	
Total assets	360,117,210	96,489,217	8,838,777	2,109,235	707,137	468,261,577	
Liabilities							
Liabilities to the banks and other financial institutions	59,338,083	6,459,304	330,966	119,355		66,247,708	
Loans and deposits from international financial institutions	5,716,473	33,213,199	695,497			39,625,169	
Loans from the CBA and RA	35,812,250					35,812,250	
REPO agreements	62,166,211					62,166,211	
Liabilities to Customers	135,649,592	49,498,386	5,485,309	2,044,622	28,299	192,708,208	
Subordinate borrowing	1,012,429	2,535,292	1,676,629			5,224,350	
Liabilities on current taxes	638,708					638,708	
Securities issued by the Bank	4,115,750	6,877,557				10,993,307	
Financial liabilities at fair value recalculated through profit/loss	54,725					54,725	
Amount payable	1,040,487					1,040,487	
Deferred tax liabilities	1,148,806					1,148,806	
Lease liabilities	1,644,419					1,644,419	
Other liabilities	3,021,255	190,043	4,040	19,339	945	3,236,622	
Total liabilities	311,359,188	98,773,781	8,192,441	2,183,316	29,244	420,537,970	
Balance-sheet open position	48,758,022	(2,284,563)	646,336	(74,081)	677,893	47,723,607	
Aggregately payable currency derivatives		1,305,245	(831,440)		(528,530)	(54,725)	
Net position	48,758,022	(979,319)	(185,104)	(74,081)	149,363	47,868,882	

31/12/2023							THOUS.AMD
	AMD	USD	EUR	RUB	Other currency	Total	
Cash and their equivalents	26,263,177	38,122,479	3,825,755	3,209,401	148,373	71,569,185	
Bank standardized bullions of precious metals and coins	443				395,915	396,358	
Receivables to banks and other financial institutions	4,221,572	1,346,125	335,043	23,646		5,926,385	
Reverse Repurchase Agreements	10,501,782	1,963,050	-			12,464,832	
Financial instruments at fair value through profit or loss	1,326					1,326	
Loans and advances to customers calculated at amortized value	220,664,027	64,450,278	6,270,543	14,221		291,399,069	
Financial assets at fair value rated through other comprehensive financial results	14,557,623	418,265				14,975,888	
Securities pledged under repurchase agreements	36,659,534					36,659,534	
Other financial assets calculated at amortized value	8,570,306					8,570,306	
Other assets	82,614	5,194	14,440	313		102,561	
Total assets	321,522,404	108,305,391	10,445,781	3,247,581	544,288	442,065,444	
Liabilities							
Liabilities to the banks and other financial institutions	62,507,803	7,848,873	2,822,951	3,764		73,183,391	
Loans and deposits from international financial institutions	5,873,678	41,337,854	1,123,843			48,335,375	
Loans from the CBA and RA	37,158,136					37,158,136	
REPO agreements	34,127,375					34,127,375	
Liabilities to Customers	128,723,693	47,734,614	5,115,687	2,336,300	32,029	183,942,323	
Subordinate borrowing	3,037,190	5,742,721	899,583			9,679,494	
Liabilities on current taxes	1,112,304					1,112,304	
Securities issued by the Bank	4,121,014	7,174,269				11,295,283	
Financial liabilities at fair value recalculated through profit/loss	15,184					15,184	
Amount payable	601,085					601,085	
Deferred tax liabilities	1,187,997					1,187,997	
Lease liabilities	1,426,082					1,426,082	
Other liabilities	2,240,989	92,462	7,430	6,165	1,023	2,348,069	
Total liabilities	282,132,530	109,930,793	9,969,494	2,346,229	33,052	404,412,098	
Balance-sheet open position	39,389,874	(3,625,403)	476,287	901,352	511,236	37,853,346	
Aggregately payable currency derivatives		809,647	(492,690)	67,968	(388,784)	(13,858)	
Net position	39,389,874	(2,815,755)	(16,403)	969,320	112,453	37,639,488	

*"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 II quarter of 2024 (accumulated gap of the sensitive assets and liabilities against the interest rate) is positive forming AMD 46,145,348 thousand against AMD 38,197,313 thousand in the same period of the previous year by increasing in absolute value by AMD 7,948,035 or 20.8%, that is in average, the Bank was sensitive to assets in the II quarter of 2024. In the II quarter of 2024, the average accumulated disbalance has increased in absolute value by AMD 14,952,996 thousand or 47.9% .

The average correlation ratio of sensitive assets and liabilities to interest rate changes for the II quarter of 2024 has increased by 0.3 percentage point, forming 113.3% against 113% average value of the II quarter of 2023, that is in II quarter of 2024 the assets sensitive to interest rate changes have formed 113.3% of the sensitive liabilities to interest rate changes.

The duration of assets as at the end of II quarter of 2024 was 1.997 year (against the 1.817 year as of the II quarter of 2023) as it increased by 0.18 year or by 9.9% , as compared with the end of the previous quarter (1.866 year) the mentioned indicator has increased by 0.131 year or 7%.

The duration of liabilities as of the end of the II quarter of 2024 was 0.804 year (against 1.009 year of the II quarter of 2023) decreasing by 0.205 year or 20.3%. In correlation with the end of the previous quarter (0.904) the indicator has decreased by 0.101 year or 11.1%.

The duration gap as of the end of the II quarter of 2024 was 1.298 (against 0.919 of the II quarter of 2023) increasing by 0.379or 41.2% . In correlation with the end of previous quarter (1.076) the indicator has increased by 0.222 or 20.7%.

Assets and Liabilities with changing interest rates

30/06/2024

Thous.AMD

Item	up to 1 month		1-3 months		3-6 months		6 months to 1 year		1-5 years		more than 5 years	
	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency
Facilities placed												
Cash and their equivalents	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-
Resources attracted												
Liabilities to banks and other financial institutions, including:												
Resources attracted												
Liabilities to banks and other financial institutions, including:												
- Loans			544,290	1,033,098	1,478,664	138,573	544,290	912,091	2,999,916	1,546,877		
Total			544,290	1,033,098	1,478,664	138,573	544,290	912,091	2,999,916	1,546,877		
Net position	-	-	(544,290)	(1,033,098)	(1,478,664)	(138,573)	(544,290)	(912,091)	(2,999,916)	(1,546,877)	-	-

31/12/2023

Thous.AMD

Item	up to 1 month		1-3 months		3-6 months		6 months to 1 year		1-5 years		more than 5 years	
	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency
Facilities placed												
Loans and advances provided to customers rated at amortized value												
Total												
Resources attracted												
Liabilities to banks and other financial institutions,												
-Loans			544,290	1,079,440	1,511,177	149,300	1,985,472	1,220,583	1,617,720	2,564,182		
Total	-	-	544,290	1,079,440	1,511,177	149,300	1,985,472	1,220,583	1,617,720	2,564,182	-	-
Net position	-	-	(544,290)	(1,079,440)	(1,511,177)	(149,300)	(1,985,472)	(1,220,583)	(1,617,720)	(2,564,182)	-	-

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: 30/06/2024		Interest rates of accounting period: 31/12/2023	
	AMD	Foreign currency	AMD	Foreign currency
Assets				
Balance at CBA				
Receivables to banks and other financial institutions, including:	12.75	10.87	13.24	9.50
- Interbank Loans				
-Interbank REPO				
Loans and advances provided to customers rated at amortized value	16.22	10.76	17.22	10.70
Financial instruments at fair value through profit or loss	9.35	5.48	10.07	2.93
Liabilities				
Liabilities to banks and other financial institutions	7.00	6.42	7.63	6.68
Liabilities to Customers	9.47	3.98	9.48	3.79
Securities issued by the Bank	11.02	5.10	11.32	5.15

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 Liquidity Risk Assessment



Over the II quarter of 2024, instant liquidity, up to 90 days accumulative and general (up to one year accumulative) liquidity indicators have decreased by 42, 34.5 and 53.5 percentage point respectively.

Accounting period		30/06/2024								Thous.AMD	
Item	Non-performing	Overdue	Repayment date						Termless	Total	
	Term		On -demand	up to 3 months	3-6 months	6-12 months	1-5 years	more than 5 years			
Cash and cash equivalents,	-	-	58,469,452	15	-	-	-	-	-	58,469,467	
Standardized precious metal bullions and coins	-	-	530,839	-	-	-	-	-	-	530,839	
Receivables to banks and other financial institutions	-	-	-	3,283,834	60,401	196,260	38,341	-	1,596,709	5,175,645	
Reverse Repurchase Agreements	-	-	-	13,163,333	-	-	-	-	-	13,163,333	
Financial assets at fair value recalculated through profit/loss	-	-	-	-	-	-	-	-	-	-	
Other financial assets calculated at amortized value	-	-	-	-	-	-	-	-	-	-	
Loans and advances provided to customers rated at amortized value	1,907,030	65,138	-	27,735,608	18,459,851	30,281,269	149,078,001	96,673,573	-	324,200,470	
Financial assets at fair value calculated through other comprehensive financial result	-	-	-	102,074	-	-	9,880	-	312,440	424,394	
Securities pledged under repurchase agreements	-	-	-	66,232,518	-	-	-	-	-	66,232,518	
Other receivables	2,945	181	-	61,884	-	-	-	-	-	65,010	
Total	1,909,975	65,319	59,000,291	110,579,266	18,520,252	30,477,529	149,126,222	96,673,573	1,909,149	468,261,576	
On maturity of liabilities repayment											
Liabilities to banks and other financial institutions	-	-	6,732,429	10,120,280	4,136,431	10,034,472	22,062,763	13,161,333	-	66,247,708	
Loans and deposits from international financial institutions	-	-	-	4,724,727	4,632,077	8,005,618	22,262,746	-	-	39,625,168	
Loans from the RA Government and CBA	-	-	-	723,706	4,252,951	4,231,485	24,828,149	1,775,959	-	35,812,250	
Repurchase Agreements	-	-	-	62,166,211	-	-	-	-	-	62,166,211	
Liabilities to customers	-	-	64,871,979	25,455,918	19,371,043	35,614,318	46,809,986	582,964	-	192,706,208	
Subordinate borrowings	-	-	-	46,642	-	-	2,514,575	2,663,133	-	5,224,350	
Securities issued by the Bank	-	-	-	120,482	103,027	3,425,510	7,344,287	-	-	10,993,306	
Lease liabilities	-	-	-	43,008	112,970	67,395	1,094,032	327,014	-	1,644,419	
Liabilities on current taxes	-	-	-	-	-	-	-	-	-	-	
profit/loss	-	-	-	-	-	638,708	-	-	-	638,708	
Deferred tax liabilities	-	-	-	-	-	1,148,806	-	-	-	1,148,806	
Amounts payable	-	-	758,854	281,633	-	-	-	-	-	1,040,487	
Other liabilities	-	-	2,914,380	321,242	-	-	-	-	-	3,235,622	
Total	-	-	75,277,842	104,009,849	32,806,499	63,166,312	128,916,538	18,510,403	-	420,483,243	
Net liquidity gap	1,909,975	65,319	(16,277,351)	6,575,417	(14,068,247)	(32,686,783)	22,209,684	76,163,170	1,909,149	47,778,333	
Accumulative liquidity gap	1,909,975	1,975,294	(14,302,057)	(7,726,640)	(21,814,887)	(64,503,670)	(32,293,986)	45,869,184	47,778,333		

Previous accounting period		31/12/2023								Thous.AMD	
Item	Non-performing	Overdue	Repayment date in						Termless	Total	
	Term		On -demand	up to 3 months	3-6 months	6-12 months	1-5 years	more than 5 years			
Cash and cash equivalents,	-	-	71,569,185	-	-	-	-	-	-	71,569,185	
Standardized precious metal bullions and coins	-	-	396,358	-	-	-	-	-	-	396,358	
Receivables to banks and other financial institutions	-	-	-	3,618,696	-	-	19,159	-	2,288,530	5,926,385	
Reverse Repurchase Agreements	-	-	-	12,464,832	-	-	-	-	-	12,464,832	
Financial assets at fair value recalculated through profit/loss	-	-	-	1,326	-	-	-	-	-	1,326	
Other financial assets calculated at amortized value	-	-	-	-	-	-	3,819,559	4,750,747	-	8,570,306	
Loans and advances provided to customers rated at amortized value	1,600,526	54,032	-	20,541,869	16,709,021	28,525,597	135,997,365	87,970,659	-	291,399,069	
Financial assets at fair value calculated through other comprehensive financial result	-	-	-	418,251	2,719,017	-	5,751,259	5,975,104	112,257	14,975,888	
Securities pledged under repurchase agreements	-	-	-	-	36,659,534	-	-	-	-	36,659,534	
Other receivables	12,054	-	-	58,922	27	467	-	-	-	71,470	
Total	1,612,580	54,032	71,965,543	37,103,896	56,087,599	28,526,064	145,587,342	98,696,510	2,400,787	442,034,353	
On maturity of liabilities repayment											
Liabilities to banks and other financial institutions	-	-	6,802,833	9,864,543	6,281,680	8,382,059	29,104,968	12,747,308	-	73,183,391	
Loans and deposits from international financial institutions	-	-	-	5,917,401	4,083,791	8,881,966	29,123,359	328,858	-	48,335,375	
Loans from the RA Government and CBA	-	-	-	300,669	4,207,945	4,430,002	26,234,338	1,985,182	-	37,158,136	
Repurchase Agreements	-	-	-	34,127,375	-	-	-	-	-	34,127,375	
Liabilities to customers	-	-	87,158,771	20,955,019	20,075,851	35,057,988	20,115,275	579,419	-	183,942,323	
Subordinate borrowings	-	-	-	86,640	-	-	-	9,592,854	-	9,679,494	
Securities issued by the Bank	-	-	-	122,509	106,403	-	11,066,371	-	-	11,295,283	
Lease liabilities	-	-	-	1,426,082	-	-	-	-	-	1,426,082	
Liabilities on current taxes	-	-	-	-	1,112,304	-	-	-	-	1,112,304	
Financial liabilities at fair value rated through profit/loss	-	-	-	15,184	-	-	-	-	-	15,184	
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	
Amounts payable	-	-	316,460	284,625	-	-	-	-	-	601,085	
Other liabilities	-	-	2,098,958	239,289	1,447	7,890	485	-	-	2,348,069	
Off-balance sheet contingent liabilities	-	-	-	-	-	-	-	-	-	-	
Total	-	-	96,377,022	73,339,336	35,869,421	56,759,905	115,644,796	25,233,621	-	403,224,101	
Net liquidity gap	1,612,580	54,032	(24,411,479)	(36,235,440)	20,218,176	(28,233,841)	29,942,546	73,462,889	2,400,787	38,810,252	

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 11% 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:

	30/06/2024	31/12/2023
Chartered capital	30,801,895	28,132,240
Emission income/loss	6,539,091	2,265,076
Reserves:	10,824,391	10,332,023
Main reserve	4,190,000	3,952,000
Revaluation reserve	6,634,391	6,380,023
Undistributed profit/loss	25,471,358	22,343,082
Total capital	73,636,735	63,072,421

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						
2024	Tier 1 core capital T	Tier 1 capital	Total capital	Credit risk	Market and operational risk	Equivalent effective %	CBA limit %
	1	2	3 (1+2)	4	5	6	7
January	42,724,524	49,093,524	61,942,162	353,644,266	3,524,509	16.06	12
February	43,995,974	50,364,974	64,448,724	353,932,134	3,441,060	16.73	12
March	48,312,117	54,681,117	66,477,238	358,796,886	3,153,980	17.16	12
April	49,120,693	55,489,693	67,133,228	363,778,808	1,322,629	17.86	12
May	51,688,224	58,057,224	67,827,077	364,438,769	1,360,186	18.00	12
June	54,129,827	60,498,827	68,965,141	374,695,038	1,607,661	17.71	11

2023	Main capital	Additional capital	Total capital	Credit risk	Market and operational risk	Equivalent effective %	CBA limit %
	1	2	3 (1+2)	4	5	6	7
January	44,824,426	5,261,613	50,086,039	323,443,745	3,399,041	14.24	12
February	45,733,900	5,321,463	51,055,363	326,738,335	3,407,582	14.38	12
March	46,830,907	5,437,429	52,268,336	330,933,336	3,199,944	14.62	12
April	46,990,487	5,460,341	52,450,828	340,557,595	3,234,614	14.27	12
May	47,540,556	9,381,476	56,922,032	347,716,818	3,306,348	15.17	12
	Tier 1 core capital T	Tier 1 capital	Total capital	Credit risk	Market and operational risk	Equivalent effective %	CBA limit %
June	39,407,127	45,776,127	55,812,143	346,757,004	3,334,852	14.80	11.0
July	40,049,435	46,418,435	56,959,910	352,940,736	3,446,847	14.82	11.0
August	41,047,233	47,416,233	58,558,949	357,479,941	3,499,968	15.04	11.0
September	41,386,258	47,755,258	60,355,619	359,827,109	3,505,626	15.41	11.0
October	41,750,783	48,119,783	61,017,552	360,651,491	3,761,989	15.45	11.0
November	42,383,887	48,752,887	61,644,051	364,078,199	3,696,536	15.50	11.0
December	44,369,376	50,738,376	63,639,930	363,225,329	3,285,008	16.19	11.0

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 Charter 2 approved by the Board of CBA.

As of 30/06/2024				
Risk weight	Assets	Off-balance sheet contingent liabilities	Incomplete term operation	
0%	115,807,586			-
10%	14,736,649			1,473,665
20%	712,594			142,519
30%	271,120			81,336
35%	149,662			52,382
50%	1,331,293			665,647
75%	77,849,082	250,569		58,574,738
100%	187,939,789	9,191,787	19,579	197,151,155
110%	325,499	31,520		392,721
150%	75,828,452	1,994,552		116,734,506
200%	814,135			1,628,270
Total	475,765,861	11,468,428	19,579	376,896,938

As of 31.12.2023				
Risk weight	Assets	Off-balance sheet contingent liabilities	Incomplete term operation	Total credit risk
0%	114,540,714			-
10%	12,271,839			1,227,184
20%	1,247,877			249,575
30%	50,569			15,171
35%	61,643			21,575
50%	944,771			472,386
75%	67,811,043	109,523		50,940,425
100%	169,392,593	9,584,767		178,977,360
110%	326,721	15,260		376,179
150%	73,398,000	4,157,090	19,545	116,361,953
200%	988,402			1,976,804
Total	441,034,172	13,866,640	19,545	350,618,611

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



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

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

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

As of 30.06.2024 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 30.06.2024 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 30.06.2024 the Bank has no pledged assets.

Note 38. "Accepted Pledge"

As of 30.06.2024. 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	30/06/2024		31/12/2023	
	Loan amount	Collateral amount	Loan amount	Collateral amount
Real estate	124,463,112	534,437,630	116,384,578	478,454,518
Car	2,755,957	7,992,309	2,580,196	7,591,069
Equipment	4,894,656	13,557,559	5,143,109	24,024,944
Ready made products	4,197,513	14,966,000	4,787,837	15,136,000
Guarantee	111,933,761	528,436,179	96,445,054	473,195,294
Monetary funds	1,009,247	5,296,544	692,105	7,130,885
Gold items	18,263,878	21,764,432	16,489,411	19,873,563
Standard golds	10,087	15,734	8,965	11,683
State securities	591	11,500	1,419	11,500
Other securities	24,629	111,306	17,364	81,112
Other pledge	48,900,591	71,307,251	41,309,697	61,865,319
No collateral available	14,021,915		13,160,095	
Total	330,475,937	1,197,896,444	297,019,830	1,087,375,887

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

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

Chief Executive Officer (CEO)

A. Arakelyan

Chief Accountant

N. Galstyan