

NOTES TO “ARMECONOMBANK” OJSC FINANCIAL REPORTS

- “ARMECONOMBANK” OJSC is located at 23/1 Amiryan Str. And has 40 branches: 19 of which are situated in Yerevan, another 20 branches in the RA regions and 1 branch in NKR.
- The financial reports of the Bank are complied in accordance with the international standards.
- During the accounting period the average number of the employees (including contractual) of “ARMECONOMBANK” OJSC amounted to 895.
- The official website of “ARMECONOMBANK” OJSC is as follows: www.aeb.am, where the whole package of the Bank’s financial reports is stored (including attached notes), the auditory conclusion, information on the major participants in the Bank’s Chartered Capital and the Bank’s management body.
- The Chartered capital of the Bank is AMD2,333,338; which includes 933,335 common shares each with AMD2500 nominal value, 25%+1 share of which belongs to the European Bank for Reconstruction and Development.

CEO

A.NALJAN

Chief Accountant

D.AZATYAN

Interim Consolidated Report
on Equity Changes
31 March 2014.
ARMECONOMBANK OJSC 23/1 Amiryan Str., Yerevan

Thousand AMD

Equity elements	Chartered capital			Emission income/loss	Main reserve	Exchange differences from recalculation of overseas operations	Revaluation of financial assets available for sale	Hedging of cash flows	Gains from revaluation of non-current assets	Undistributed profit/loss	Interim dividends	Total	Uncontrolled stock	Total capital
	Chartered capital	Repurchased capital	Net amount											
Items	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Comparable current interim period of previous financial year (ascending from the beginning of the year) (I table)														
<i>1. Balance as of the beginning of the previous financial year, 01 January 2013 (checked)</i>	2,333,338	-	2,333,338	-	5,405,133	-	179,520	-	-	1,536,783	-	9,454,774	-	9,454,774
Comprehensive income	-	-	-	-	-	-	662	-	-	13,722	-	14,384	-	14,384
<i>8. Balance as of the end of current interim period in previous financial year. 31.03.2013 (unchecked)</i>	2,333,338	-	2,333,338	-	5,405,133	-	180,182	-	-	1,550,505	-	9,469,158	-	9,469,158
Interim period of current year (ascending from the beginning of the year) (II table)														
<i>1. Balance as of the beginning of the financial year. 01 January 2014(unchecked)</i>	2,333,338	-	2,333,338	-	5,405,133	-	1,070,843	-	-	2,287,800	-	11,097,114	-	11,097,114
Comprehensive income	-	-	-	-	-	-	(179,613)	-	-	57,957	-	(121,656)	-	(121,656)
<i>16. Balance as of the end of the comparable interim period 31.03.2014 (unchecked)</i>	2,333,338	-	2,333,338	-	5,405,133	-	891,230	-	-	2,345,757	-	10,975,458	-	10,975,458

CEO

A.Naljyan

Chief Accountant

D.Azatyan

Approval date April 14,2014

Interim Consolidated Report
on Financial Results
31-Mar-14
ARMECONOMBANK OJSC 23/1 Amiryan Str., Yerevan

Thousand AMD

Name	Notes	Accounting period	Previous period
<u>Interest and similar income</u>	3	1,813,046	1,588,713
<u>Interest and similar expenses</u>	3	(964,655)	(755,556)
<u>Net interest and similar income</u>		<u>848,391</u>	<u>833,157</u>
Income as commissions and other fees	4	398,823	393,940
Expenses as commissions and other fees	4	(81,038)	(85,823)
<u>Net commissions and other fees</u>		<u>317,785</u>	<u>308,117</u>
Net commercial income	5	204,434	192,093
Other operational income	6	102,091	30,953
<u>Operational income</u>		<u>1,472,701</u>	<u>1,364,320</u>
Net allocations to possible asset loss provisions	7	(85,480)	(236,841)
<u>Total administrative expenses</u>	8	<u>(1,063,945)</u>	<u>(910,489)</u>
Other operational expenses	9	(264,540)	(242,807)
<u>Operational profit</u>		<u>58,736</u>	<u>(25,817)</u>
Profit/loss from associated company	10	(7,711)	37,481
<u>Profit/loss before taxation</u>		<u>51,025</u>	<u>11,664</u>
<u>Profit tax expenses</u>	11	<u>6,932</u>	<u>2,058</u>
<u>Profit for period</u>		<u>57,957</u>	<u>13,722</u>

CEO

A.Naljyan

Chief Accountant

D.Azatyanyan

Approval date April 14, 2014

Interim Report
on Other Comprehensive Financial Results
31 March 2014
ARMECONOMBANK OJSC 23/1 Amiryan Str., Yerevan

Thousand AMD

Item	Notes	Accounting period	Previous period
Other comprehensive financial result			
Revaluation of financial assets available for sale		(224,401)	1,629
<u>Profit tax on other comprehensive income</u>		<u>44,880</u>	<u>(326)</u>
Revaluation of financial assets available for associated company's sale		(92)	(641)
Other comprehensive financial result after taxation		(179,613)	662
Comprehensive financial result		(121,656)	14,384

CEO

A.Naljyan

Chief Accountant

D.Azatyanyan

Approval date April 14, 2014

Interim Report
on Cash Flows
31-Mar-14

ARMECONOMBANK OJSC 23/1 Amiryan str., Yerevan

Thousand AMD

Item	Notes	Reporting period (unchecked)	Previous period (unchecked)
1. Cash flows from operations			
<i>Net cash flows before the changes in operational assets and liabilities</i>		508,895	484,159
Interest received		<u>1,979,630</u>	<u>1,733,108</u>
Interest paid		<u>(904,958)</u>	<u>(718,770)</u>
Fees earned		<u>398,823</u>	<u>393,940</u>
Fees paid		<u>(81,038)</u>	<u>(85,823)</u>
Gain/loss from financial assets held for commercial purposes		<u>43,146</u>	<u>2,371</u>
Gain/loss from forex operations		<u>181,084</u>	<u>150,371</u>
Recovery of previously written off assets		<u>3,627</u>	<u>41,596</u>
Paid salaries and similar payments		<u>(768,669)</u>	<u>(647,249)</u>
Other income received from operations and other expenses paid		<u>(342,750)</u>	<u>(385,386)</u>
<i>Cash flows from changes in operational assets and liabilities</i>			
Decrease (increase) in operational assets		(2,118,211)	1,051,061
including claims to financial institutions		<u>(1,584,459)</u>	<u>3,398,682</u>
loans and advances to customers		<u>(254,643)</u>	<u>(2,696,360)</u>
Increase/decrease in securities held for commercial purposes and available for sale		<u>(286,818)</u>	<u>(124,395)</u>
Other operational assets		<u>7,710</u>	<u>473,134</u>
Increase/decrease of operational liabilities		3,929,903	(3,398,056)
Liabilities to financial institutions		<u>2,618,680</u>	<u>(1,034,400)</u>
Liabilities to customers		<u>1,615,627</u>	<u>(2,380,910)</u>
Decrease of other operation liability		<u>(304,403)</u>	<u>17,254</u>
Net cash flows from operations before profit tax		2,320,588	(1,862,836)
Profit Tax paid		<u>(52,992)</u>	<u>(38,375)</u>
Net cash flows from operations		2,267,596	(1,901,211)
2. Cash flows from investments			
Capital investments in fixed assets and intangible assets		<u>(79,767)</u>	<u>(30,036)</u>
Acquisition of fixed assets and intangible assets		<u>(254,672)</u>	<u>(133,765)</u>
Sale of fixed assets and intangible assets		<u>3,268</u>	
Net cash flows from investment operations		(331,171)	(163,801)
3. Cash flows from financial operations			
Dividends paid		<u>(216)</u>	<u>(3,005)</u>
Increase/decrease of borrowings from the Central bank of Armenia		<u>(20,509)</u>	<u>(16,261)</u>
Increase/decrease of borrowings from banks		<u>(10,830)</u>	<u>1,587,452</u>
Increase/decrease of other borrowings		<u>(185,908)</u>	<u>(823,916)</u>
Net cash flows from financial operations		(217,463)	744,270
Impact of exchange rate change on cash and its equivalents		<u>103,497</u>	<u>236,955</u>
Net increase/decrease of cash and its equivalents		1,718,962	(1,320,742)
Cash and equivalents at the beginning of the period	13.2	<u>17,866,741</u>	<u>14,988,251</u>
Cash and its equivalents at the end of the period	13.2	<u>19,689,200</u>	<u>13,904,463</u>

CEO

A.Naljyan

Chief Accountant

D.Azatyanyan

Approval date April 14, 2014

Interim Consolidated Report
on Financial Position
31 March 2014.
ARMECONOMBANK OJSC 23/1 Amiryan str., Yerevan

Thousand AMD

	Item	Notes	As of the end of current interim period (unchecked)	As of the end of previous financial year (checked)
1	Assets			
1.1	Cash and balances with RA CB	13	13,455,894	14,738,840
1.2	Bank standardized bullion of precious metals and memorial coins		61,228	23,883
1.3	Claims to banks and other financial institutions	14	12,109,908	7,028,628
1.4	Financial assets held for commercial purposes	15		134
1.5	Loans and advances to customers	16	41,221,755	40,693,742
1.6	Financial assets available for sale	17	154,821	2,521,046
1.6.1	Securities pledged under repurchase agreements	17.1	7,729,635	4,624,479
1.8	Investment in chartered capital of controlled entities	19	269,585	277,388
1.9	Non-current assets held for sale	50,887	50,887 1.10	Fixed
assets	20	3,872,439	3,625,023 1.10.1	Intangible
assets	20	85,137	88,497 1.12	Other
assets	21	492,030	522,992	
	Total assets		79,503,319	74,195,539
2	Liabilities			
2.1	Liabilities to banks and other financial institutions	22	21,402,081	17,652,332
2.2	Liabilities to customers	23	46,167,933	44,435,469
2.3	Liabilities for current taxes	93,000	145,992 2.5	Liabilities
held for	commercial purposes	25	55,950	6,740 2.6
	Amounts payable	26	53,097	52,308 2.7
	Deferred tax liabilities	11	154,584	206,398 2.9
	other liabilities	27	601,216	599,186
	Total liabilities		68,527,861	63,098,425
3	Capital			
3.1	Chartered capital	28	2,333,338	2,333,338
3.2	Emission income			
3.3	Reserves			
3.3.1	Main reserve		5,405,133	5,405,133
3.3.2	Revaluation reserve		891,230	1,070,843
3.4	Undistributed profit/loss		2,345,757	2,287,800
	Total capital		10,975,458	11,097,114
	Total liabilities and capital		79,503,319	74,195,539

CEO

A.Naljyan

Chief Accountant

D.Azatyanyan

Approval date April 14, 2014