

“ARMECONOMBANK” OJSC 2023 1st  
Quarter Interim Financial Report

**Appendix 5 Approved by Resolution N205 of  
the Board of the Central Bank of Armenia Dated  
on 10 July 2007**

**NOTES TO THE INTERIM REPORTS PUBLISHED IN THE 1<sup>st</sup> QUARTER OF 2023  
“ARMECONOMBANK” OJSC 23/1 AMIRYAN STR., YEREVAN**

**ARMECONOMBANK**

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

### **Legal Field**

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

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

### **Main Activities**

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

### **Business Environment**

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

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

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

### **Corporate Governance**

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

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

S. Sukiasyan

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

R. Hayrapetyan

A. Melikyan

L. Petrosyan

H. Suvaryan

Per Fischer

## Structure and Members of the Bank’s Management

CEO

A. Khachatryan

Deputy CEO

R. Badalyan

Deputy CEO

O. Chichyan

Deputy CEO

A. Arakelyan

Deputy CEO

A. Manrikyan

Deputy CEO

A. Pilosyan

Chief Accountant

M. Poghosyan

Head of Strategy and Risk Management Department

H. Avetisyan

Head of Legal Department

V. Jhangiryan

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

As of 31.03.2023 the Chartered capital amounts to AMD 27,186,784. It includes 2,001,710 common shares each with AMD 10,400 and 424,600 preferred shares with AMD 15,000 nominal value per share.

### Main Participants

Sukiasyan Saribek Albert	31.71%
Sukiasyan Khachatur Albert	15.08%
Sukiasyan Eduard Albert	10.73%

## Remuneration Policy of the Bank’s Management

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

### **Payments to Statutory Auditors**

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

## **Note 2. “Accounting Policy”**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Foreign Exchange Operations Accounting**

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

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

### **Tax Accounting**

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

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

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

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

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

Income tax assets and liabilities are offset when the Bank:

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

### **Cash and Cash Equivalents**

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

The statement on cash flows is made by indirect method.

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

## Financial Instruments

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

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

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

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

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

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

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

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

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

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

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

Profit and loss occurred from the further measurement:

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

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

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

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

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

### **Repurchase Agreements**

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

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

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

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

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

### **Leases**

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

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

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

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

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

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

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

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

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

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

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

### **Financial Assets' Possible Loss Provision**

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

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

Pursuant to IFRS 9 :

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

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

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

Where:

BALANCE- balance amount of the given loan sub-portfolio

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

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

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

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

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

### **Intangible Assets**

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

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

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

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

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

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

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

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

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

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

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

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

### **Fixed Assets**

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

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

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

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

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

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

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Terms of useful services

Annual

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

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

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

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

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

Depreciation is not calculated for land.

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

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

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

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

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

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

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

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

### **Inventory**

The Bank’s inventory includes:

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Attracted Funds**

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

### **Provisions, Contingent Assets and Liabilities**

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

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

### **Consolidated Financial Statements**

In cases set forth by legislation the Bank prepares consolidated financial statements in accordance with IFRS and the Procedure on Compilation of Consolidated Financial Statements Presented to the Central Bank of Armenia by the Banks Acting within the Territory of Armenia" approved by the Board of the Central Bank of Armenia.

### **Segment Statements**

The Bank uses the information of business-segments (per Individuals, organizations and rendered investment services) as a primary presentation form. Geographical segments are considered to be secondary presentation forms.

### **Issued Corporate Bonds**

Issued corporate bonds are initially recognized at their real value, which is the real cost of reimbursement received against them, less the transaction expenses.

Corporate bonds issued afterwards are measured at their amortization value, and any difference between net reimbursement and repaid amounts, is reflected in the income and expense statement in the period of circulation of those securities, applying the effective interest method.

### **Comparable Information**

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

### **After Balance Sheet Date Events**

Respective corrections in the balance sheet, if necessary, after the date of balance sheet formed on the last working day of the fiscal year, are made in the following cases:

If the Bank reveals errors on its own,

Fundamental errors are revealed by an audit organization,

On purpose of reflection of clarifying events after the balance sheet date.

In cases if the Bank reveals errors on its own, if the amount of material error depends on the size or nature of the given transaction or size and nature of the article, and if the change of figures reflected in the balance sheet will be of a little importance, and if non- disclosure of that information will not impact decisions made on the basis of financial statements' data, no amendments will be made in the balance sheet of previous year.

If fundamental errors are discovered or arise after the publication of the Bank's annual financial statements as per the established order, then no adjustments shall be made and the representation of such information is considered to be unrealizable.

Interim Report  
On Financial Results  
31 March 2023  
ARMECONOMBANK OJSC 23/1 Amiryan Str., 0002 Yerevan

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	Item	Note	As of the end of the current interim period (unaudited)	As of the end of the previous financial year (audited)
<b>1</b>	<b>Assets</b>			
1.1	Cash and their equivalents	13	60,017,327	69,081,631
1.2	Standard bank precious metal bullions and coins		443	443
1.3	Due from banks and other financial institutions	14	6,952,786	11,450,081
1.4	Reverse repurchase agreement	14.1	7,013,864	6,381,390
1.5.1	Other financial assets rated at amortized value	18	923,276	925,066
1.6	Loans and advances provided to customers at amortized value	16	269,547,049	259,441,259
1.7	Financial assets at fair value rated through other comprehensive financial results	17	3,285,825	3,200,122
1.7.1	Securities pledged under repurchase agreement	17.1	43,937,756	43,253,667
1.9	Non-current assets held for sale		1,284,481	1,193,115
1.10	Fixed assets	20	10,451,349	10,574,826
1.10.1	Intangible assets	20	881,970	811,161
1.10.1	Right-of-use assets	20.1	2,075,012	1,956,188
1.12	Other assets	21	1,063,826	1,100,133
	<b>Total assets</b>		<b>407,434,964</b>	<b>409,369,082</b>
<b>2</b>	<b>Liabilities</b>			
2.1	Liabilities to banks and other financial institutions	22	61,294,237	59,977,459
2.2	Loans and deposits received from the international financial Institutions	22.1	58,310,162	59,574,028
2.3	Loans received from the CBA and from the RA government	22.2	27,620,439	27,096,326
2.4	Repurchase agreement		39,889,432	38,713,408
2.5	Liabilities to Customers	23	149,239,847	156,014,810
2.6	Subordinate borrowing	23.1	3,971,874	3,971,329
2.7	Liabilities on current taxes		445,494	1,064,597
2.8	Securities issued by the Bank	24	9,943,660	8,517,115
2.9	Financial liabilities at fair value through profit or loss	25	2,440	
2.10	Amounts payable	26	555,726	557,794
2.11	Deferred tax liabilities	11	221,628	177,744
2.12	Reserves	30	37,846	103,386
2.13	Lease liabilities	40	1,640,928	1,475,813
2.14	Other liabilities	27	2,413,334	3,272,118
	<b>Total liabilities</b>		<b>355,587,047</b>	<b>360,515,927</b>
<b>3</b>	<b>Capital</b>			
3.1	Chartered capital	28	27,186,784	26,652,068
3.2	Emission income		1,210,529	745,223
<b>3.3</b>	<b>Reserves</b>			
3.3.1	Main reserve		3,663,000	3,663,000
3.3.2	Revaluation reserve		(1,041,114)	(1,228,476)
3.3.3	Other reserve		3,088,040	3,112,039
3.4	Undistributed profit(loss)		17,740,678	15,909,301
	<b>Total capital</b>		<b>51,847,917</b>	<b>48,853,155</b>
	<b>Total liabilities and capital</b>		<b>407,434,964</b>	<b>409,369,082</b>

Chairman of the Executive Board(CEO)

A. Khachatryan

Chief Accountant

M. Poghosyan

Approval date: 14 April 2023

Interim Report  
On Financial Results  
31 March 2023

ARMECONOMBANK OJSC 23/1 Amiryan Str., 0002 Yerevan

Thous. AMD

Item	Note	Accounting period (unaudited)	Previous period (audited)
Interest and similar income	3	8,965,672	7,425,389
Interest and similar expenses	3	(5,320,341)	(4,418,586)
<b>Net interest and similar income</b>		<b>3,645,331</b>	<b>3,006,804</b>
Income as commissions and other fees	4	1,250,297	852,853
Expenses as commissions and other fees	4	(349,188)	(338,531)
<b>Net commission and other fees</b>		<b>901,109</b>	<b>514,321</b>
Net commercial income	5	630,133	608,709
Other operational income	6	124,415	162,354
<b>Operational income</b>		<b>5,300,988</b>	<b>4,292,188</b>
Net allocations to possible asset loss provisions	7	184,908	(152,712)
Total administrative expenses	8	(2,169,831)	(1,975,521)
Other operational income	9	(849,329)	(771,367)
<b>Operational profit</b>		<b>2,466,736</b>	<b>1,392,588</b>
<b>Profit/loss before taxation</b>		<b>2,466,736</b>	<b>1,392,588</b>
Profit tax expenses(compensation)	11	(439,497)	(314,940)
<b>Profit for period</b>		<b>2,027,239</b>	<b>1,077,648</b>

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

A. Khachatryan

**Chief Accountant**

M. Poghosyan

Approval date: 14 April 2023

Interim Report  
On Other Comprehensive Financial Results  
31 March 2023  
ARMECONOMBANK OJSC 23/1 Amiryan Str., 0002 Yerevan

Thous. AMD

Name	Note	Accounting period (unaudited)	Previous period (audited)
<b>Other comprehensive financial results</b>			
Revaluation of financial assets at fair value rated through other comprehensive financial results		239,408	(610,318)
Devaluation of financial assets at fair value rated through other comprehensive financial results after taxation		(8,953)	7,925
Profit tax on the revaluation of financial assets at fair value rated through other comprehensive financial results		(43,093)	109,857
<b>Other comprehensive financial result after taxation</b>		<b>187,362</b>	<b>(492,536)</b>
<b>Comprehensive financial result</b>		<b>2,214,601</b>	<b>585,112</b>

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

**A. Khachatryan**

**Chief Accountant**

**M. Poghosyan**

Approval date: 14 April 2023

Interim Report  
On Equity Changes  
31 March 2023

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 2022 (audited)</i>	26,107,555	26,107,555	289,718	3,481,000	(361,149)	3,206,585	10,654,864	43,378,573	43,378,573
<b>Recalculated balance</b>	26,107,555	26,107,555	289,718	3,481,000	(361,149)	3,206,585	10,654,864	43,378,573	43,378,573
<b>Transactions with shareholders (owners) regarding to shares, including:</b>	544,513	544,513	455,506	-	-	-	-	261,430	261,430
Investments in chartered capital and other increase of chartered capital	544,513	544,513	455,506	-	-	-	-	261,430	261,430
<b>Comprehensive income</b>	-	-	-	-	(492,536)	-	1,077,648	585,112	585,112
<b>Dividends</b>	-	-	-	-	-	-	(219,861)	(219,861)	(219,861)
<b>Internal movements including:</b>	-	-	-	-	-	(24,367)	24,367	-	-
<b>Deductions to main reserve</b>	-	-	-	-	-	-	-	-	-
Decrease of value from the revaluation of fixed and intangible assets	-	-	-	-	-	(24,367)	24,367	-	-
<i>Balance as of the end of the interim accounting period 31.03.2022(unaudited)</i>	<b>26,652,068</b>	<b>26,652,068</b>	<b>745,224</b>	<b>3,481,000</b>	<b>(853,685)</b>	<b>3,182,218</b>	<b>11,537,018</b>	<b>43,743,824</b>	<b>43,743,824</b>

Interim period of the current year (ascending from the beginning of the year) (II table)									
<i>Balance as of the beginning of the financial year as of 01 January 2023 (unaudited)</i>	26,652,068	26,652,068	745,223	3,663,000	(1,228,476)	3,112,039	15,909,301	48,853,155	48,853,155
Recalculated balance	26,652,068	26,652,068	745,223	3,663,000	(1,228,476)	3,112,039	15,909,301	48,853,155	48,853,155
<b>Transactions with shareholders (owners) regarding to shares, including:</b>	534,716	534,716	465,306	-	-	-	-	1,000,022	1,000,018
Investments in chartered capital and other increase of chartered capital	534,716	534,716	465,306	-	-	-	-	1,000,022	1,000,018
<b>Comprehensive income</b>	-	-	-	-	187,362	-	2,027,239	2,214,601	5,987,347
<b>Dividends</b>	-	-	-	-	-	-	(219,861)	(219,861)	(1,379,233)
<b>Internal movements including:</b>	-	-	-	-	-	(23,999)	23,999	-	-
Decrease of value from the revaluation of fixed and intangible assets	-	-	-	-	-	-	-	-	-
Deductions to main reserve	-	-	-	-	-	(23,999)	23,999	-	-
<i>Balance as of the end of the interim accounting period 31.03.2023(unaudited)</i>	<b>27,186,784</b>	<b>27,186,784</b>	<b>1,210,529</b>	<b>3,663,000</b>	<b>(1,041,114)</b>	<b>3,088,040</b>	<b>17,740,678</b>	<b>51,847,917</b>	<b>51,847,917</b>

Chairman of the Executive Board (CEO)

A.Khachatryan

Chief Accountant

M.Poghosyan

Approval date: 14 April 2023

Interim Report  
On the Cash Flows  
31 March 2023  
ARMECONOMBANK OJSC 23/1 Amiryan Str., 0002 Yerevan

Thous. AMD

Name	Note	Accounting period (unaudited)	Previous period (unaudited)
<b>1. Cash flows from operations</b>			
<b>Profit for the year</b>		2,027,239	1,077,645
<i>Adjustments</i>			
Expenses on profit tax		439,497	314,940
Loss from depreciation of interest-bearing assets		(184,908)	152,712
Depreciation and amortisation		463,711	451,703
Net income from disposal of fixed assets		(3,170)	(33,193)
Net pgain from foreign exchange			
Net income from sale/ purchase of financial assets rated at fair value through profit or loss		2,521	10,934
Financial assets at fair value rated through other comprehensive financial results		(3,774)	60,718
Other income		(3,305)	(23,335)
Interest income		(790,597)	(726,712)
Interest expenses		801,538	1,514,546
<b>Cash flows from operations before changes in operational assets and liabilities</b>		<b>2,748,752</b>	<b>2,799,958</b>
<b>Changes in operational assets or liabilities</b>			
<b>Increase/ decrease in operational assets</b>			
Due from financial institutions		4,458,348	(2,185,094)
Reverse repurchase agreements		(659,236)	2,060,308
Loans to customers		(10,707,598)	(14,148,991)
Other assets		35,520	14,412
Liabilities to financial institutions		1,174,152	(755,868)
Repurchase agreements		1,174,799	(11,579,677)
Liabilities to customers		(5,976,938)	2,794,548
Other liabilities		(851,354)	(1,065,909)
<b>Cash used in operations before taxation</b>		<b>(8,603,554)</b>	<b>(22,066,314)</b>
Paid profit tax		(1,054,141)	(172,091)
<b>Net cash used in operations</b>		<b>(9,657,695)</b>	<b>(22,238,405)</b>
<b>Cash flows from investments</b>			
Decrease(increase) of securities at fair value rated though profit/loss and available for sale		(461,596)	628,482
Decrease(increase)of other financial assets at amortized value		411,443	(848,894)
Acquisition of fixed assets		(103,603)	(169,231)
Proceeds from sale of fixed assets		6,289	64,492
Acquisition of intangible assets		(117,809)	(10,078)
<b>Net cash flows from investments (used)/(gained from)</b>		<b>(265,276)</b>	<b>(335,229)</b>
<b>Cash flows from financial operations</b>			
Loans from RA CB and RA Government		209,712	2,568,027
Proceeds/repayment of loans received from international financial institutions		(843,423)	12,408,094
Prepayment received for the issue of shares		1,000,022	1,000,018
Increase (decrease) of securities issued by the Bank		1,391,347	(1,143,934)
Lease liabilities		(198,294)	(202,550)
Dividends paid		(227,167)	(227,484)
<b>Net cash from financial operations</b>		<b>1,332,198</b>	<b>14,402,171</b>
Impact of foreign exchange on cash balances		(473,531)	(16,344)
<b>Net increase of cash and equivalents thereof</b>		<b>(9,064,304)</b>	<b>(8,187,807)</b>
<b>Cash and equivalents thereof as of the beginning of the period</b>	13_2	<b>69,081,631</b>	<b>63,262,827</b>
<b>Cash and equivalents thereof as of the end of the period</b>	13_2	<b>60,017,327</b>	<b>55,075,020</b>

Chairman of the Executive Board(CEO)

A. Khachatryan

Chief Accountant

M.Poghosyan

Approval date: 14 April 2023

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


Thous. AMD

Interest and similar income	01/01/2023-31/03/2023	01/01/2022-31/03/2022
Interest income from the Bank's current accounts, deposits and loans allocated in banks and other financial institutions	159,615	179,425
Interest income from loans and advances to customers	7,578,747	6,189,700
Interest income from debt securities	1,046,064	869,093
Interest income from REPO agreements	161,581	166,743
Other interest income	19,669	20,428
<b>Total</b>	<b>8,965,676</b>	<b>7,425,389</b>
<b>Interest and Similar Expenses</b>		
Interest expenses from the Banks' current accounts deposits and loans allocated in banks and other financial in	2,635,679	2,394,844
Interest expenses on terms deposits and current accounts of customers	1,539,920	1,414,421
Interest expenses under REPO agreements	854,612	414,384
Interest expenses on subordinated borrowings	90,194	69,723
Interest expenses against the interest securities issued by the Bank.	161,483	87,678
Interest expenses on lease agreements	38,359	37,304
Interest expenses from derivatives with resident banks		
Other interest income	98	232
<b>Total</b>	<b>5,320,345</b>	<b>4,418,586</b>
<b>Net interest and similar income</b>	<b>3,645,331</b>	<b>3,006,803</b>

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


Thous. AMD

Commission and Other Fee Income	01/01/2023-31/03/2023	01/01/2022-31/03/2022
Cashier's operations	72,028	90,888
Settlement services	924,340	635,204
Guarantees, warranties, letters of credit operations, trust management operations	52,174	39,337
Foreign currency and security operations	747	1,460
Payment card servicing	44,097	39,524
Other commission fees	156,911	46,440
<b>Total</b>	<b>1,250,297</b>	<b>852,853</b>
<b>Commission and Other Fee Expenses:</b>		
Commission fee from correspondent and other accounts	3,454	4,553
Expenses on payment card operations	240,504	210,866
Guarantees, warranties, letters of credit operations, trust management operations	2,919	13,454
Foreign currency and security operations	39,143	54,108
Other commission fees	63,168	55,550
<b>Total</b>	<b>349,188</b>	<b>398,531</b>
<b>Net commission and other fees received</b>	<b>901,109</b>	<b>514,322</b>

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


Thous. AMD

Financial assets rated at fair value through profit or loss	01/01/2023-31/03/2023	01/01/2022-31/03/2022
<b>Net income from sale/ purchase of financial assets rated at fair value through profit or loss, including</b>	<b>5,508</b>	<b>37,711</b>
Shares		
Debt Securities		
Derivatives	5,508	37,711
<b>Net income from changes in real value of financial assets rated at fair value through profit or loss</b>		<b>(60,718)</b>
<b>Total</b>	<b>5,508</b>	<b>(23,007)</b>
<b>Investments at fair value rated through other comprehensive financial assets</b>		
Net income from sale/purchase of investments at fair value rated through other comprehensive financial results, including:	8,921	33,829
Debt securities		33,829
Derivatives		
Net income from sale/purchase of investments at fair value rated through other comprehensive financial results	(5,683)	(14,364)
<b>Total</b>	<b>3,238</b>	<b>19,465</b>
<b>Foreign currency operations</b>		
Net income from foreign currency sale/purchase	623,912	623,187
Net income from the revaluation of foreign currency	(2,525)	(10,934)
<b>Total</b>	<b>621,387</b>	<b>612,253</b>
<b>Net income from commercial operations</b>	<b>630,133</b>	<b>608,711</b>

Note 6 : "Other Operatioanl Income"



	Thous. AMD	
	01/01/2023-31/03/2023	01/01/2022-31/03/2022
<b>Other operational expenses</b>		
Income from penalties and fines	72,498	70,253
Net income from disposal of fixed and intangible assets	3,171	33,193
Other income *	48,746	58,905
<b>Total</b>	<b>124,415</b>	<b>162,351</b>

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

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



	Thous. AMD	
	01/01/2023-31/03/2023	01/01/2022-31/03/2022
<b>Cash and cash equivalents (Note 13)</b>		
Initial balance	51,255	32,803
Net deductions to reserve	(5,030)	9,009
Return of amounts previously charged to off balance item		
Usage of reserve		
<b>Summary balance</b>	<b>46,225</b>	<b>32,803</b>
<b>"Due to Banks and other Financial institutions" (Note 14)</b>		
Initial balance	159,680	289,669
Net deductions to reserve	57,906	(136,949)
Return of amounts previously charged to off balance item		
Usage of reserve		
<b>Summary balance</b>	<b>217,586</b>	<b>152,720</b>
<b>From loans and advances to customers (Note 16)</b>		
Initial balance	3,558,920	3,210,100
Net deductions to reserve	(175,991)	321,813
Return of amounts previously charged to off balance item	271,959	348,091
Usage of reserve	(233,725)	(119,362)
<b>Summary balance</b>	<b>3,421,163</b>	<b>3,760,642</b>
<b>Financial assets rated at fair value through other comprehensive financial assets (Note 17)</b>		
Initial balance	276,555	228,409
Net deductions to reserve	(10,919)	9,664
Return of amounts previously charged to off balance item		
Usage of reserve		
<b>Summary balance</b>	<b>276,555</b>	<b>228,409</b>
<b>On other assets (Note 21)</b>		
Initial balance	7,822	8,648
Net deductions to reserve	363	(32,101)
Return of amounts previously charged to off balance item	106	31,867
Usage of reserve	(8)	(16)
<b>Summary balance</b>	<b>8,283</b>	<b>8,398</b>
<b>Other financial assets rated at amortized value</b>		
Initial balance	270,042	278,193
Net deductions to reserve	14,303	(663)
Usage of reserve		
<b>Summary balance</b>	<b>284,345</b>	<b>277,530</b>
<b>Post-balance sheet items containing loan exposures (note 30)</b>		
Initial balance	103,386	99,198
Net deductions to reserve	(65,540)	(18,061)
Usage of reserve		
<b>Summary balance</b>	<b>37,846</b>	<b>81,137</b>
<b>Total net deductions to reserve</b>	<b>(184,908)</b>	<b>152,712</b>

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



Thous. AMD

"Total administrative expenses"	01/01/2023-31/03/2023	01/01/2022-31/03/2022
Salary and similar payments	1,489,273	1,319,810
Training and tutorship expenses	611	15
Business trip expenses	5,407	6,075
Insurance costs	42,582	36,793
Servicing and maintenance of the Bank's equipment	86,538	154,625
Maintenance and safekeeping of Bank buildings	207,789	179,518
Audit and consulting services	5,195	669
Communication and transmission costs	28,890	30,430
Transportation costs	37,893	47,291
Taxes (except income tax) penalties and other mandatory payments	106,176	91,885
Office and organizational expenses	132,119	96,480
Other administrative expenses	27,358	11,930
<b>Total</b>	<b>2,169,831</b>	<b>1,975,521</b>

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



	01/01/2023-31/03/2023	01/01/2022-31/03/2022
Average number of Bank employees	835	830
Monthly average salary falling to a single employee (thousand AMD)	556	487

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



Thous. AMD

Other operational expenses	01/01/2023-31/03/2023	01/01/2022-31/03/2022
Payments made for collection	87,294	86,250
Advertising and representative expenses	75,919	35,927
Amortization costs of fixed assets and intangible assets	463,710	422,165
Allocations to the Fund of Recovery of Deposits	62,947	58,927
Other expenses	159,459	168,098
<b>Total</b>	<b>849,329</b>	<b>771,367</b>

In other Expenses line of other operational expenses, mainly quarterly fees for VISA admission and costs of acquisition of payment cards are included.

**Note 10 : Net gain/losses from investments in controlled units"**



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

Note 11 : "Profit tax Expenses (Reimbursement)"



Thous. AMD

Expenses on profit tax	01/01/2023-31/03/2023	01/01/2022-31/03/2022
Current tax expenses	672,739	351,300
Corrections of current taxes for the previous period recognized in the current period	(234,034)	
Deferred tax expenses	792	(36,360)
<b>Total</b>	<b>439,497</b>	<b>314,940</b>

	01/01/2023-31/03/2023	Efficient rate (%)	01/01/2022-31/03/2022	Efficient rate (%)
Profit before taxation	<b>2,466,736</b>		<b>1,392,588</b>	
Profit tax with rate	444,012	18%	250,666	18%
Non-taxable income		-		-
Non-taxable income from financial assets rated at fair value	(679)		10,929	
Non-deductible expenses	232,163	0.09	53,098	0.04
Չգնահատված հարկային վնաս		-		-
Foreign currency negative/positive difference	455	(0.00)	1,968	
Adjustments of calculated tax expenses of the previous year	(234,035)			
Other privileges	(2,419)		(1,721)	
<b>Profit tax expenses</b>	<b>439,497</b>	<b>0.18</b>	<b>314,940</b>	<b>0.23</b>

Calculation of deferred tax on temporary differences



	Balance as of the previous period	Recognized by financial results	Recognized by equity	Balance at the accounting period
<b>Deferred tax assets, including:</b>	<b>702,156</b>	<b>43,449</b>	<b>(43,093)</b>	<b>702,512</b>
Accrued expenses and other liabilities	247,035	20,764		247,035
Right-of-use assets	73,867	6,739		73,867
Investment securities	366,281	2,598	(43,093)	366,281
Claims to banks and other financial institutions	8,905	16,277		8,905
Cash and their equivalents	6,068	(2,929)		6,068
<b>Deferred tax liabilities, including:</b>	<b>(879,899)</b>	<b>(44,241)</b>	<b>-</b>	<b>(924,140)</b>
Fixed assets	(670,635)	5,696		(664,939)
Reserve of customer's loans and advances	(198,951)	(36,032)		(234,983)
Contingent liabilities	(10,313)	(13,905)		(24,218)
<b>Net deferred tax asset/liability</b>	<b>(177,743)</b>	<b>(792)</b>	<b>(43,093)</b>	<b>(221,628)</b>

Thous. AMD

Basic profit falling to a single share	01/01/2023-31/03/2023	01/01/2022-31/03/2022
Net profit of the accounting period after taxation	2,027,239	1,077,648
Dividends on preferential shares calculated for the current accounting period	219,861	219,861
Net gains(losses) of given period referring to owners of common shares	1,807,378	857,787
Net weighted average number of common shares in circulation during the given period	2,001,710	1,950,295
<b>Basic profit falling to a single share</b>	<b>0.90</b>	<b>0.44</b>

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

## Note 13 : Cash and cash equivalents



Thous. AMD

	31/03/2023	31/12/2022
<b>Cash and cash equivalents</b>		
Cash and cash equivalent payment documents	15,371,821	15,308,984
Correspondent accounts with the CBA	41,812,941	52,069,393
Correspondent accounts with the the resident banks	22,092	17,943
Correspondent accounts with the the non-resident banks	2,856,698	1,736,566
Reserves/IFRS/	(46,225)	(51,255)
<b>Cash and balances with the CBA</b>	<b>60,017,327</b>	<b>69,081,631</b>

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

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



Thous. AMD

	31/03/2023	31/12/2022
<b>Current accounts</b>		
Deposited funds with CBA	867,500	1,115,000
Reserve/IFRS/	(11,407)	(14,661)
<b>Total</b>	<b>856,093</b>	<b>1,100,339</b>
<b>With RA banks</b>		
Loans and deposits	603,723	757,368
Other	173	174
<b>With banks having BBB(Baa3) and higher ratings</b>		
Other		
Loans and deposits		
<b>With banks having ratings lower than BBB (Baa3) or no rating at all</b>		
Loans and deposits		3,935,697
Other	22,142	16,152
<b>Accrued interest</b>	<b>3,856</b>	<b>7,033</b>
<b>Total</b>	<b>629,894</b>	<b>4,716,424</b>
Possible loss provision for amounts due from banks (note 7)	(13,574)	(24,918)
<b>Net receivables to banks</b>	<b>616,320</b>	<b>4,691,506</b>

	31/03/2023	31/12/2022
<b>Loans and deposits with Financial Institutions, other receivables</b>		
<b>With RA Financial Institutions:</b>		
Loans and deposits	3,969,971	3,518,711
Other	64,434	1,608,613
<b>With Financial Institutions having BBB(Baa3) and higher ratings</b>		
Other		
<b>With Financial Institutions having a rating lower than BB(Baa3) or no rating at all</b>		
Other	1,530,092	552,934
Accrued interest	15,027	13,052
<b>Total</b>	<b>5,579,524</b>	<b>5,693,310</b>
Possible loss provision for receivables due to Financial Institutions	(99,151)	(35,074)
<b>Net receivables to Financial Institutions</b>	<b>5,480,373</b>	<b>5,658,236</b>
<b>Net receivables to banks and Financial Institutions</b>	<b>6,952,786</b>	<b>11,450,081</b>

\*\* As of 31.12.2022 and 31.03.2023 the line "Other amounts due to financial institutions" includes accordingly insurance deposits in the amount of USD 165.862 (AMD 65.278 and AMD 64.434 thousand ) in "Armenian Card" CJSC, as well as debtor liabilities against clearing systems.

## Note 14.1 Reverse Repurchase Agreements



	31/03/2023	31/12/2022
<b>Reverse Repurchase Agreements</b>		
Repurchase Agreements with Financial Institutions	7,107,318	6,466,417
Reverse Repurchase Agreements with Financial Institutions	(93,454)	(85,027)
<b>Total</b>	<b>7,013,864</b>	<b>6,381,390</b>

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



Thous. AMD

	31/03/2023	31/12/2022
<b>Other financial assets recalculated at fair value through profit/loss</b>		
<b>Derivative Instruments</b>		
Forward		
Swap		
<b>Total</b>	<b>-</b>	<b>-</b>

Possible loss provision for financial assets recalculated at fair rate through profit/loss (Note 7)

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



Thous. AMD

Loans and advances calculated at amortized value	31/03/2023	31/12/2022
Loans, including:	250,986,238	240,747,154
Mortgage loans	39,312,232	38,008,233
Credit cards	20,542,245	20,876,715
Accrued interest on the mentioned items	1,439,729	1,376,210
<b>Total loans</b>	<b>272,968,212</b>	<b>263,000,079</b>
Reserve for possible loss of customer loans and advances (note 7)	(3,421,163)	(3,558,820)
<b>Total loans and advances at amortized value</b>	<b>269,547,049</b>	<b>259,441,259</b>

Thous. AMD

Analyses of provided loans and advances per customers	31/03/2023	31/12/2022
<b>State industries</b>	<b>172,334</b>	<b>137,561</b>
<b>Private industries, including:</b>	<b>137,346,064</b>	<b>130,528,945</b>
Major enterprises	71,834,705	66,004,156
Small and medium enterprises	65,511,359	64,524,789
Including business cards	59,378	74,882
<b>Individuals, including:</b>	<b>110,409,835</b>	<b>107,346,901</b>
Consumer loans	38,272,193	36,574,659
Mortgage loans	39,312,232	38,008,233
Credit cards	20,482,540	20,801,367
<b>Private entrepreneurs</b>	<b>23,600,150</b>	<b>23,610,462</b>
<b>Accrued interest</b>	<b>1,439,729</b>	<b>1,376,210</b>
<b>Total loans</b>	<b>272,968,212</b>	<b>263,000,079</b>
Reserve for customers' loans and advances calculated at amortized value (note7)	(3,421,163)	(3,558,820)
<b>Total loans and advances at amortized value</b>	<b>269,547,049</b>	<b>259,441,259</b>

Thous. AMD

Analyses of loans and advances provided to the customers per the groups of businesses (segments)	31/03/2023	31/12/2022
State and major enterprises	72,007,039	66,141,717
SME * sector, including	81,328,793	79,629,435
Agriculture	25,544,471	24,556,070
Housekeeping	118,192,651	115,852,717
Accrued interests	1,439,729	1,376,210
<b>Total loans and advances calculated at amortized value</b>	<b>272,968,212</b>	<b>263,000,079</b>
Reserve for customers' loans and advances calculated at amortized value (note7)	(3,421,163)	(3,558,820)
<b>Total loans and advances calculated at amortized value</b>	<b>269,547,049</b>	<b>259,441,259</b>

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

Thous. AMD

Loan liabilities on 20 major borrowers and related parties /without reserve/	31/03/2023	31/12/2022
Customers' loans and advances calculated at amortized value	86,168,985	81,539,804
Balance of off-balance sheet contingent liabilities	8,987,110	6,080,972
<b>Total</b>	<b>95,156,095</b>	<b>87,620,776</b>
Loan investments	272,968,212	263,000,079
Ratio in portfolio	34.86%	33.32%
Total normative capital	52,268,336	50,958,402
Percentage ratio to capital	182.05%	171.95%
<b>Total</b>	<b>95,156,095</b>	<b>87,620,776</b>

Thous. AMD

Loan Investments through International programs	31/03/2023	Quantity
ADB/MSME	6,053,172	102
ADB/TFP/IBA	1,665	1
ADB/TFP/RCA	4,032	1
ADB/WESSD	4,234,791	201
BS/SME3	2,380,481	78
COVID-14	72	1
COVID-19/1/3	208,726	8
COVID-19/2/1	9,509	13
COVID-19/2/2	3,108,676	52
COVID-19/3	17,568	12
DEG/SME	548,605	31
EBRD/SMEC/Green	267,961	6
EBRD/WiB	834,128	91
EIB/APEX	6,166,709	126
FINSCA/MSE	16,668	2
FMO/MSME/Green	924,613	24
FMO/MSME/Retail	1,495,623	60
GAF/ KIW /ENERGY	887,881	216
GAF/ KIW/ AGRO	1,231,796	100
GAF/GOV/SME	20,957,221	1,613
GAF/KIW/SME/ENERGY	1,404,691	35
INCOFIN/CVBA/MSE	1,710,459	76
Proparco/SME/Green	5,250,427	227
SICAV-SIF/ME1	91	1
<b>Total</b>	<b>57,715,565</b>	<b>3,077</b>

Thous. AMD

Loan Investments through International programs	31/12/2022	Quantity
ADB/MSME	6,365,665	116
ADB/TFP/BA	2,122	3
ADB/TFP/RCA	16,219	1
ADB/WESSD	4,608,736	205
BS/SME3	2,777,628	87
COVID-14	79	1
COVID-19/1/3	269,708	13
COVID-19/2/1	13,211	18
COVID-19/2/2	3,328,490	54
COVID-19/3	27,764	12
DEG/SME	645,623	38
EBRD/SMEC/Green	276,898	7
EBRD/WIB	971,058	102
EIB/APEX	4,694,205	110
FINSCA/MSE	17,816	2
FMO/MSME/Green	966,816	24
FMO/MSME/Retail	1,625,330	70
GAF/ KfW /ENERGY	907,090	223
GAF/ KfW AGRO	1,105,613	92
GAF/KfW/SME	19,923,329	1,514
GAF/KfW/SME/ENERGY	1,217,370	34
GAF/KfW/GONSUMER/ENERGY	1,844,598	2,427
GLII/ME	10,686	1
INCOFINCVBA/MSE	1,930,369	82
Proparco/SME/Green	4,230,126	179
SICAV-SIF/ME1	359	1
<b>Total</b>	<b>57,776,908</b>	<b>5,416</b>

Thous. AMD

Gaps of extended loans and advances calculated at amortized value per lending sectors (without taking into consideration the reserves for possible loan losses)	31/03/2023	Percentage	31/12/2022	Percentage
Industry	20,436,447	14.78	21,106,105	14.78
Agriculture	29,888,106	6.07	28,924,932	6.07
Construction	27,346,255	7.06	23,389,820	7.06
Transportation and communication	6,717,182	0.31	3,146,167	0.31
Commerce	47,175,284	17.05	47,793,219	17.05
Consumer	59,171,306	30.81	58,142,406	30.81
Mortgage loans	39,485,160	10.18	38,159,725	10.18
Service	11,350,528	5.35	11,738,551	5.35
Other	31,397,944	8.41	30,599,194	8.41
<b>Total</b>	<b>272,968,212</b>	<b>100</b>	<b>263,000,079</b>	<b>100.00</b>

Breakdown of loan portfolio per customer residency	31/03/2023	Percentage	31/12/2022	Percentage
RA residents	268,107,320	18,622.07	258,065,049	18,751.87
Residents of countries with Baa33 and higher ratings including		-		
Norway				
France				
Residents of countries with Baa33and lower ratings or no rating at all				
Accrued interest	1,439,729	0.53	1,376,210	0.53
<b>Total</b>	<b>269,547,049</b>	<b>18,623</b>	<b>259,441,259</b>	<b>18,752.40</b>

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



31/03/2023

The structure of customers' loans and borrowings calculated at amortized value per classification stages /IFRS 9/	Stage 1 /non-depreciated and overdue up to 30 days/		Stage 2 /31-90 days overdue/		Stage 3 /overdue more than 90 days/	
	Gross loans	Depreciation reserve	Gross loans	Depreciation reserve	Gross loans	Depreciation reserve
	Corporate loans	137,875,928	569,751	34,685	398	241,528
Loans to individuals and private entrepreneurs	129,868,526	794,496	2,302,747	574,670	2,644,798	1,280,462
<b>Total</b>	<b>267,744,454</b>	<b>1,364,247</b>	<b>2,337,432</b>	<b>575,068</b>	<b>2,886,326</b>	<b>1,481,848</b>

31/12/2022

Depreciation reserve gaps of loans and advances to customers calculated at amortized value per	Stage 1 /non-depreciated and overdue up to 30 days/		Stage 2 /31-90 days overdue/		Stage 3 /overdue more than 90 days/	
	Gross loans	Depreciation reserve	Gross loans	Depreciation reserve	Gross loans	Depreciation reserve
	Corporate loans	131,051,287	961,258	12,231	5,497	244,623
Loans to individuals and private entrepreneurs	126,620,280	879,107	2,495,456	560,076	2,576,202	1,043,164
<b>Total</b>	<b>257,671,567</b>	<b>1,840,365</b>	<b>2,507,687</b>	<b>565,573</b>	<b>2,820,825</b>	<b>1,152,882</b>

31/03/2023

	Gross loans	Depreciation reserve	Net loans	Depreciation reserve on gross loans
<b>Consumer</b>				
Non-overdue	58,752,637	1,923,601	56,829,036	3.27%
Overdue				
1-30 days	112,255	21,423	90,832	19.08%
31- 60 days	108,936	29,576	79,360	27.15%
61- 90 days	67,196	18,866	48,330	28.08%
91-180 days	74,108	52,980	21,128	71.49%
180 and more	56174	40,706	15,468	72.46%
<b>Total</b>	<b>59,171,306</b>	<b>2,087,152</b>	<b>57,084,154</b>	<b>3.53%</b>
<b>Trade</b>				
Non-overdue	47,095,004	234,975	46,860,029	0.50%
Overdue				
1-30 days				
31- 60 days	11,025	8330	2,695	75.56%
61- 90 days				
91-180 days	69,254	58810	10,444	84.92%
180 and more				
<b>Total</b>	<b>47,175,283</b>	<b>302,115</b>	<b>46,873,168</b>	<b>0.64%</b>
<b>Production</b>				
Non-overdue	20,414,348	8,846	20,405,502	0.04%
Overdue				
1-30 days				
31- 60 days	22,099	136		
61- 90 days				
91-180 days				
180 and more				
<b>Total</b>	<b>20,436,447</b>	<b>8,982</b>	<b>20,405,502</b>	<b>0.04%</b>
<b>Construction</b>				
Non-overdue	27,344,431	39,268	27,305,163	0.14%
Overdue				
1-30 days				
31- 60 days	1,823	11		
61- 90 days				
91-180 days				
180 and more				
<b>Total</b>	<b>27,346,254</b>	<b>39,279</b>	<b>27,305,163</b>	<b>0.14%</b>
<b>Mortgage</b>				
Non-overdue	39,444,869	222,753	39,222,116	0.56%
Overdue				
1-30 days	1,419	6	1,413	0.42%
31- 60 days				
61- 90 days	38,871	5,324		
91-180 days				
180 and more				
<b>Total</b>	<b>39,485,159</b>	<b>228,083</b>	<b>39,223,529</b>	<b>0.58%</b>
<b>Agriculture</b>				
Non-overdue	29,840,594	402,795	29,437,799	1.35%
Overdue				
1-30 days	19427	1701	17726	8.76%
31- 60 days	10821	2533	8,288	23.41%
61- 90 days	7161	1708	5,453	23.85%
91-180 days	2175	1228	947	56.46%
180 and more	7928	4477	3,451	56.47%
<b>Total</b>	<b>29,888,106</b>	<b>414,442</b>	<b>29,473,664</b>	<b>1.39%</b>
<b>Other fields</b>				
Non-overdue	49,462,105	340,506	49,121,599	0.69%
Overdue				
1-30 days	702	4	698	0.57%
31- 60 days				
61- 90 days				
91-180 days	2,850	600		
180 and more				
<b>Total</b>	<b>49,465,657</b>	<b>341,110</b>	<b>49,122,297</b>	<b>0.69%</b>
<b>TOTAL</b>	<b>272,968,212</b>	<b>3,421,163</b>	<b>269,487,477</b>	<b>1.25%</b>

31/12/2022

	Gross loans	Depreciation reserve	Net loans	Depreciation reserve on gross loans
<b>Consumer</b>				
Non-overdue	57,777,698	1,834,935	55,942,763	3.18%
Overdue				
1-30 days	78,453	13,934	64,519	17.76%
31- 60 days	107,685	17,105	90,580	15.88%
61- 90 days	36,320	12,861	23,459	35.41%
91-180 days	114,212	41,316	72,896	36.17%
180 and more	28039	13,122	14,917	46.80%
<b>Total</b>	<b>58,142,407</b>	<b>1,933,273</b>	<b>56,209,134</b>	<b>3.33%</b>
<b>Trade</b>				
Non-overdue	47,714,005	189,347	47,524,658	0.40%
Overdue				
1-30 days	5,051	19		
31- 60 days	62,388	15653	46,735	
61- 90 days				
91-180 days	1,089	467	622	
180 and more	10,686	4,581	6,105	
<b>Total</b>	<b>47,793,219</b>	<b>210,067</b>	<b>47,583,152</b>	<b>0.44%</b>
<b>Production</b>				
Non-overdue	21,106,105	146,794	20,959,311	0.70%
Overdue				
1-30 days				
31- 60 days				
61- 90 days				
91-180 days				
180 and more				
<b>Total</b>	<b>21,106,105</b>	<b>146,794</b>	<b>20,959,311</b>	<b>0.70%</b>
<b>Construction</b>				
Non-overdue	23,389,819	163,527	23,226,292	0.70%
Overdue				
1-30 days				
31- 60 days				
61- 90 days				
91-180 days				
180 and more				
<b>Total</b>	<b>23,389,819</b>	<b>163,527</b>	<b>23,226,292</b>	<b>0.70%</b>
<b>Mortgage</b>				
Non-overdue	38,119,709	115,024	38,004,685	0.30%
Overdue				
1-30 days	40,016	81	39,935	
31- 60 days				
61- 90 days				
91-180 days				
180 and more				
<b>Total</b>	<b>38,159,725</b>	<b>115,105</b>	<b>38,044,620</b>	<b>0.30%</b>
<b>Agriculture</b>				
Non-overdue	28,855,495	494,003	28,361,492	1.71%
Overdue				
1-30 days	23700	3303	20397	13.94%
31- 60 days	12335	5170	7,165	
61- 90 days	14503	6047	8,456	
91-180 days	13257	10391	2,866	
180 and more	5642	4422	1,220	
<b>Total</b>	<b>28,924,932</b>	<b>523,336</b>	<b>28,401,596</b>	<b>1.81%</b>
<b>Other fields</b>				
Non-overdue	45,477,184	465,520	45,011,664	1.02%
Overdue				
1-30 days	4,102	25	4,077	
31- 60 days				
61- 90 days	2,586	1173	1,413	
91-180 days				
180 and more				
<b>Total</b>	<b>45,483,872</b>	<b>466,718</b>	<b>45,017,154</b>	<b>1.03%</b>
<b>TOTAL</b>	<b>263,000,079</b>	<b>3,558,820</b>	<b>259,441,259</b>	<b>1.35%</b>

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



		Thous. AMD	
		31/03/2023	31/12/2022
<b>Government securities</b>			
RA Governmental T-bills		3,173,907	3,088,204
<b>Total</b>		<b>3,173,907</b>	<b>3,088,204</b>

  

		Thous. AMD			
		31/03/2023		31/12/2022	
		listed	unlisted	listed	unlisted
<b>RA non-state securities</b>					
<b>Issuer having BBB+(Baa1) and lower rating, other rating or no rating at all</b>					
Long term debt instruments					
Short term debt instruments					
Capital instruments			105,755		105,755
<b>Total non-state securities of RA</b>			<b>105,755</b>		<b>105,755</b>
Investments in RA non-governmental securities (reserve for possible losses)					
<b>Net Investments in RA non-governmental securities</b>		-	<b>105,755</b>	-	<b>105,755</b>

  

		Thous. AMD			
		31/03/2023		31/12/2022	
		listed	unlisted	listed	unlisted
<b>Issuer having BBB+(Baa1) and lower rating, other rating or no rating at all</b>					
Capital instruments			6,163		6,163
<b>Total non-state securities of RA</b>		-	<b>6,163</b>	-	<b>6,163</b>
<b>Financial assets rated at fair value through other comprehensive financial assets</b>		<b>3,173,907</b>	<b>111,918</b>	<b>3,088,204</b>	<b>111,918</b>

Investments in share capital of other entities as of 31.03.2023

Thous. AMD					
Name of entity	Main activity	Country of registration	Investment date	Investment (thous AMD)	Share %
S.W.I.F.T	Telecommunication	Belgium	13/09/1996	6,163	-
"Armenian Card" CJSC	Payment service	RA	22/02/2000	82,500	6.20
ArCa Credit Reporting CJSC	Information service	RA	23/06/2006	23,255	4.58
<b>Total</b>				<b>111,918</b>	

The balance sheet and real values of the financial assets rated at fair value through other comprehensive financial results (except investments into capital instruments) correspond to each other. The investments into capital instruments in RA are not quoted in any exchange and have a limited market. There are no definite accepted principles and methods to precisely decide the real value of those instruments, and therefore those securities are accounted in their cost price, deducted the reserve amount for depreciation

**Note 17.1 : " Securities pledged under repurchase agreement"**

		Thous. AMD	
		31/03/2023	31/12/2022
<b>Assets</b>			
<b>Total pledged securities</b>		<b>44,208,811</b>	<b>43,510,358</b>
including:			
Financial assets at amortized cost		19,653,169	20,332,774
Other financial assets rated at amortized value		24,555,642	23,177,584
Reserve for Financial assets at amortized cost		(271,055)	(256,691)
<b>Total</b>		<b>43,937,756</b>	<b>43,253,667</b>

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



		Thous. AMD	
		31/03/2023	31/12/2022
Government securities rated at amortized value		427,451	427,451
Non-state securities rated at amortized value		485,578	491,940
Accumulated interest		23,537	19,025
Reserve of financial assets calculated at amortized value		(13,290)	(13,350)
<b>Total</b>		<b>923,276</b>	<b>925,066</b>

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



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

Note 20. "Fixed assets and intangible assets"

Name of the entity	Land, buildings	Computer and communication	Vehicles	Other fixed assets	Investments in fixed assets	Right-of-use assets	Total
<b>Balance of the fixed assets as of the end of previous period 31/12/2022</b>	<b>8,724,269</b>	<b>4,363,165</b>	<b>1,185,596</b>	<b>2,685,555</b>	<b>59</b>	<b>4,410,372</b>	<b>21,369,016</b>
Increase		56,598	12,524	34,481		344,646	448,249
Disposal			(20,330)				(20,330)
Written-off		(87,597)		(257,745)		(77,196)	(422,538)
Reclassification							
<b>Balance of fixed assets at the end of accounting period 31/03/2023</b>	<b>8,724,269</b>	<b>4,332,166</b>	<b>1,177,790</b>	<b>2,462,291</b>	<b>59</b>	<b>4,677,822</b>	<b>21,374,397</b>
<b>Balance of accumulated amortization at the end of the previous period 31/12/2022</b>	<b>910,093</b>	<b>3,173,945</b>	<b>478,883</b>	<b>1,820,897</b>		<b>2,454,184</b>	<b>8,838,002</b>
Increase	59,503	84,178	32,679	46,577		193,773	416,710
Disposal			(17,211)			(45,147)	(62,358)
Reclassification							
Depreciation							-
Written-off of amortization		(87,403)		(256,914)			(344,317)
<b>Balance of accumulated amortization at the end of the accounting period 31/12/2023</b>	<b>969,596</b>	<b>3,170,208</b>	<b>494,351</b>	<b>1,610,560</b>	<b>-</b>	<b>2,602,088</b>	<b>8,848,037</b>
<b>Net balance sheet value</b>							
<b>At the end of the accounting period</b>	<b>7,754,673</b>	<b>1,161,958</b>	<b>683,439</b>	<b>851,731</b>	<b>59</b>	<b>2,075,734</b>	<b>12,526,360</b>
<b>At the end of the previous accounting period</b>	<b>7,814,176</b>	<b>1,189,220</b>	<b>706,713</b>	<b>864,658</b>	<b>59</b>	<b>1,956,188</b>	<b>12,531,014</b>

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

**Intangible Assets**

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Item	Software programs	License and warranties	Intellectual property rights	Other Intangible Assets	Total
<b>Initial value</b>					
<b>Balance of intangible assets at the end of the previous period 31/12/2022</b>	<b>730,987</b>	<b>713,732</b>	<b>206</b>	<b>32,981</b>	<b>1,477,906</b>
Increase	70,000	47,809			117,809
Disposal		(1,545)			(1,545)
<b>Balance of intangible assets at the end of the accounting period 31/03/2023</b>	<b>800,987</b>	<b>759,996</b>	<b>206</b>	<b>32,981</b>	<b>1,594,170</b>
<b>Intangible balance of accumulated amortization at the end of previous period 31/12/2022</b>	<b>219,041</b>	<b>422,275</b>	<b>114</b>	<b>25,315</b>	<b>666,745</b>
Increase	19,429	27,030	3	538	47,000
Disposal					-
Reclassification		(1,545)			(1,545)
<b>Balance of accumulated amortization at the end of accounting period 31/03/2023</b>	<b>238,470</b>	<b>447,760</b>	<b>117</b>	<b>25,853</b>	<b>712,200</b>
<b>Net balance sheet value</b>					
<b>At the end of the accounting period</b>	<b>562,517</b>	<b>312,236</b>	<b>89</b>	<b>7,128</b>	<b>881,970</b>
<b>At the end of the previous accounting period</b>	<b>511,946</b>	<b>291,457</b>	<b>92</b>	<b>7,666</b>	<b>811,161</b>

As of 31.12.2022 the Bank had an intangible asset developed in-house, new "Business Operational Day" software: initial value AMD 750 thous., amortization AMD 750 thous., residual value AMD 0.

## Note 21: "Other Assets"



Thous. AMD

	31/03/2023	31/12/2022
<b>Amounts receivable from bank operations</b>		
Amounts receivable from other operations	77,040	185,173
<b>Total</b>	<b>77,040</b>	<b>185,173</b>
Reserve for possible loss provision from bank operations (note 7)	(810)	(1,868)
<b>Net amounts receivable from bank operations</b>	<b>76,230</b>	<b>183,305</b>
<b>Debtor liabilities and prepayments</b>		
Debtor liabilities on the budget	224,112	180,831
Prepayments to employees		191
Prepayments to suppliers	161,313	39,101
Prepayments on the budget and mandatory social insurance payments	47,778	52,805
Other debtor liabilities and prepayments	17,976	27,499
<b>Total</b>	<b>451,179</b>	<b>300,427</b>
Reserve for possible loss provision on other assets (note 7)	(4,514)	(3,004)
<b>Total</b>	<b>446,665</b>	<b>297,423</b>
Reserve	248,080	327,451
Future period expenses	154,738	169,998
Other assets	141,072	124,906
Reserve for possible loss provision on other assets (note 7)	(2,959)	(2,950)
<b>Total</b>	<b>540,931</b>	<b>619,405</b>
<b>Total other assets</b>	<b>1,063,826</b>	<b>1,100,133</b>

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



Thous. AMD

	31/03/2023	31/12/2022
<b>Current accounts</b>		
RA Banks	14,940	12,909
Banks having BBB(Baa3) and higher rating		
Banks having rating lower than BBB(Baa3) or no rating at all	856	5,390
Accrued interest		
<b>Total</b>	<b>15,796</b>	<b>18,299</b>
<b>Interbank loans and deposits, other</b>		
Other		
<b>RA banks</b>		
Loans and deposits	1,930,473	3,935,700
Other		6,486
<b>Banks having BBB(Baa3) and higher rating</b>		
Loans and deposits		196,785
Other		
<b>Banks having rating lower than BBB(Baa3) or no rating at all</b>		
Loans and deposits	253,368	372,835
Other	21,145	21,672
Accrued interest	4,577	10,160
<b>Total</b>	<b>2,209,563</b>	<b>4,543,638</b>
<b>Financial Institutions</b>		
Current accounts	4,768,650	5,950,431
Loans	22,316,503	20,348,294
Deposits	30,750,569	28,186,118
Other	291,786	172,655
Accrued interest	941,370	758,024
<b>Total</b>	<b>59,068,878</b>	<b>55,415,522</b>
<b>Total liabilities to banks and financial institutions</b>	<b>61,294,237</b>	<b>59,977,459</b>

Note 22.1 Loans and advances from international financial institutions



Loans attracted from financial institutions	Project	Currency	Term	31/03/2023	Currency	Term	31/12/2022
BlueOrchard	BlueOrchard/MSME	USD	1-4 years	7,911,330	USD	1-4 years	5,937,804
DEG	DEG/SME	USD	1-7 years	1,578,862	USD	1-7 years	2,034,530
European Bank for Reconstruction and Development	EBRD/W/B	AMD	1-5 years	624,723	AMD	1-5 years	1,113,473
European Bank for Reconstruction and Development	EBRD/SMEC/Green	AMD	1-4 years	2,749,497	AMD	1-4 years	2,838,764
Incofin Investment Management	Incofin CVSO CVBA-SO/MSE	USD	1-4 years		USD	1-4 years	406,904
Dutch Development Bank	FMO/MSME/Green	EUR	1-5 years	1,778,758	EUR	1-5 years	1,754,182
Dutch Development Bank	FMO/MSME/Green	USD	1-5 years	3,276,739	USD	1-5 years	3,288,066
Dutch Development Bank	FMO/MSME/RETAIL	USD	1-5 years	3,658,506	USD	1-5 years	3,652,881
Symbiotics Sicav (Lux.) - Hortensia Impact Investing Fund	HIF/MSME	AMD	1-4 years	85,612	AMD	1-4 years	83,587
Symbiotics Sicav (Lux.) - Global Financial Inclusion Fund	GFIF/MSME	AMD	1-4 years	85,612	AMD	1-4 years	83,587
Symbiotics Sicav (Lux.)-SEBMF Microfinance Fund VII	SEBMFVII/MSME	AMD	1-4 years	691,301	AMD	1-4 years	675,791
Symbiotics Sicav (Lux.)-SEBMF Microfinance Fund VI	SEBMFVI/MSME	AMD	1-2 years	835,715	USD	1-2 years	817,929
Symbiotics Sicav (Lux.) - Hortensia Impact Investing Fund	SEIBF/MSME	USD	1-4 years	292,671	USD	1-4 years	300,367
Symbiotics Sicav II - ABN AMRO Impact Fund	SAAI/MSME	USD	1-4 years	390,227	USD	1-4 years	400,490
Dual Return Fund S.I.C.A.V	DRF/ME	USD	1-4 years	1,948,757	USD	1-4 years	2,000,025
Microfinance Enhancement Facility S.A., SICAV-SIF	MEF/MSME	USD	1-4 years	1,942,892	USD	1-4 years	1,995,555
Black Sea Trade and Development Bank (BSTDB)	BS/SME3	USD	1-5 years	1,912,001	USD	1-5 years	2,643,774
Asian Development Bank	ADB/MSME	USD	1-5 years	4,595,748	USD	1-5 years	5,565,735
Micro, Small & Medium Enterprises Bonds S.A.	MSMEBondsSA/Social/Green	AMD	1-4 years	6,345,309	AMD	1-4 years	6,132,135
AFD Proparco	Proparco/SME/Green	USD	1-7 years	3,849,700	AMD	1-4 years	3,964,227
Responsibility Sicav Lux Micro and SME Leaders	responsAbilitySicav.(Lux).MSMEFL/ME	USD	1-4 years	1,085,421	USD	1-4 years	1,113,990
Responsibility Sicav Lux Micro and SME Finance Debt Fund	responsAbilitySicav.(Lux).MSMEDF/ME	USD	1-4 years	2,713,553	USD	1-4 years	2,784,974
Responsibility Sicav Lux Inclusion Fund	responsAbilitySicav.(Lux).FIF/ME	USD	1-4 years	465,180	USD	1-4 years	477,424
Responsibility Global Micro and SME Finance Fund	responsAbilitySicav.GMSMEF/ME	USD	1-4 years	1,550,602	USD	1-4 years	1,591,414
Covid-19 Emerging and Frontier Markets MSME Support Fund	Covid19EmFrMarkMSMESupFund/MSME	USD	1-5 years	1,978,546	USD	1-5 years	1,974,245
SCS SICAV-RAIF	IV DKM Mikrofinanzfonds-B/ME	USD	1-3 years	398,015	USD	1-3 years	396,371
Incofin Investment Management	IV DKM Mikrofinanzfonds-A/ME	USD	1-3 years	1,194,046	USD	1-3 years	1,189,113
Incofin Investment Management	IV DKM Mikrofinanzfonds/ME	USD	1-3 years	4,371,039	USD	1-3 years	4,356,691
<b>Total</b>				<b>68,310,182</b>	<b>USD</b>		<b>69,574,028</b>

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



Program	31/03/2023		31/12/2022	
	Loan amount	Accrued interest	Loan amount	Accrued interest
"Women Entrepreneurship Support and Development" loan project	1,494,313	32,161	1,494,458	5,109
GAF/ RA SME lending project of European Investment Bank	6,393,890	136,706	5,237,632	71,485
GAF /Micro and Small Business Development Project of German-	14,127,225	401,914	14,840,868	160,430
GAF "Renewable Energy Development" project	2,868,108	35,336	3,101,082	85,422
GAF "Access to finance for SMEs" project	911,252	19,917	911,051	5,991
RA "Agriculture support" project	1,104,212	26,362	1,104,200	9,854
COR-AGRO	13,920	171	13,920	73
Cor-Ref	-	-	-	-
Cor-Cof	-	-	-	-
COVID-19	54,951	-	54,951	-
<b>Total</b>	<b>26,967,871</b>	<b>652,567</b>	<b>26,768,162</b>	<b>338,164</b>

Note 22.3 REPO (repurchase) agreements



REPO (repurchase) agreements	31/03/2023	31/12/2022
REPO (repurchase) agreements with financial institutions	39,889,432	38,713,408
<b>Total</b>	<b>39,889,432</b>	<b>38,713,408</b>

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

<b>RA resident corporate entities and institutions</b>	<b>31/03/2023</b>	<b>31/12/2022</b>
Current accounts	37,985,370	44,115,683
Term deposits	14,476,253	15,115,804
Other	1,759,283	1,623,152
Accrued interest	704,952	663,442
<b>Total</b>	<b>54,925,858</b>	<b>61,518,081</b>

<b>Non-resident corporate entities, institutions</b>	<b>31/03/2023</b>	<b>31/12/2022</b>
Current accounts	1,241,673	1,243,828
Deposits		
Other	2	2
Accrued interest	35	
<b>Total</b>	<b>1,241,710</b>	<b>1,243,830</b>

<b>RA resident private entrepreneurs</b>	<b>31/03/2023</b>	<b>31/12/2022</b>
Current accounts	1,693,193	1,954,619
Term deposit	4,027	4,895
Other	21,943	19,641
Accrued interest	490	230
<b>Total</b>	<b>1,719,653</b>	<b>1,979,385</b>

<b>RA resident individuals</b>	<b>31/03/2023</b>	<b>31/12/2022</b>
Current accounts	26,346,350	26,854,502
Term deposits	58,379,238	57,681,257
Other	780,716	741,253
Accrued interest	1,373,791	1,398,231
<b>Total</b>	<b>86,880,095</b>	<b>86,675,243</b>

<b>Non- resident individuals</b>	<b>31/03/2023</b>	<b>31/12/2022</b>
Current accounts	1,769,939	2,079,397
Term deposits	2,602,782	2,427,904
Other	39,890	36,735
Accrued interest	59,920	54,235
<b>Total</b>	<b>4,472,531</b>	<b>4,598,271</b>
<b>Total liabilities to customers</b>	<b>149,239,847</b>	<b>156,014,810</b>

As of 31.03.2023, the amount necessary to secure obligations was AMD 7.708.510 thousand.

As of 31.12.2022, the amount frozen by court order and tax authorities was AMD 251.652 thousand.

**Note 23.1 : "Subordinate Borrowing"**

As of 31.03.2023 the Bank attract subordiante borrowing` AMD 3,971.874

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

	<b>31/03/2023</b>	<b>31/12/2022</b>
Interest securities issued by the Bank	9,943,660	8,517,115
<b>Total</b>	<b>9,943,660</b>	<b>8,517,115</b>

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

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Financial liability at fair value recalculated through profit/loss	31/03/2023	31/12/2022
<b>Derivative instruments</b>		
<b>Swap</b>		
<b>Forward</b>		
Other	2,440	
<b>Total</b>	<b>2,440</b>	<b>-</b>

**Note 26: "Amounts Payable"**

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Amounts payable	31/03/2023	31/12/2022
Dividends	492,779	500,084
For insurance of deposit	62,947	57,710
<b>Total</b>	<b>555,726</b>	<b>557,794</b>

**Note 27: " Other Liabilities"**

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Other Liabilities	31/03/2023	31/12/2022
On income tax of non-resident	44,678	123,654
On VAT	8,553	7,123
On other taxes and penalties	119,003	208,724
Salary liabilities to employees	1,389,232	1,281,163
Credit debts to suppliers	97,923	91,562
Other liabilities	753,945	1,559,892
<b>Balance at the end of the period</b>	<b>2,413,334</b>	<b>3,272,118</b>

**Note 28: "Chartered capital"**

The Bank's registered and fully paid share capital totals AMD 27,186,784 thous., including 2,001,710 common shares with a nominal value of AMD 10,400 per share and 424,600 preference shares with a nominal value of AMD 15,000 per share. The chart below shows information on the key shareholders of the

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Name of the major shareholder	Participation amount	The size of participation in	Shareholders activity type (for
Sukiasyan Saribek Albert	6,602,014	31.89%	
Sukiasyan Khachatur Albert	3,138,533	15.47%	
Sukiasyan Eduard Albert	2,232,828	10.35%	

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

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

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

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



The Bank's legal liabilities: as of 31.03.2023 there are no such liabilities on which the bank has made provisioning. The Bank carries out activities within the framework of requirements set forth by the legislation.

The Bank's tax liabilities: as of 31.03.2023 the Bank had fully performed its tax liabilities and there is no need for additional provisioning on its tax liabilities.

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

	Thous.AMD	
	31/03/2023	31/12/2022
Unutilized credit lines	4,962,546	5,864,608
Provided guarantees	13,628,576	11,399,125
Provided letters of credit		
Reserve on the mentioned items (note 7)	(37,846)	(103,386)

#### Liabilities on operational leases

### Note 31 : "Transactions with Related Parties"



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

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

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

<b>Loans and advances at amortized value to the Bank related parties</b>	<b>31/03/2023</b>	<b>31/12/2022</b>
Bank shareholder	6,943,752	6,943,281
Bank management	417,894	369,900
Financial institutions	-	-
<b>Total</b>	<b>7,361,646</b>	<b>7,313,181</b>
<b>Interest income</b>	<b>177,406</b>	<b>438,180</b>

  

<b>Facilities attracted from Bank related entities</b>	<b>31/03/2023</b>	<b>31/12/2022</b>
Bank shareholder	4,310,570	4,872,158
Bank management	661,346	701,028
Financial institutions	200,000	208,792
<b>Total</b>	<b>5,171,916</b>	<b>5,781,978</b>
<b>Interest expense</b>	<b>68,701</b>	<b>200,180</b>

  

<b>Salary or Similar Payment to the Bank Management</b>	<b>31/03/2023</b>	<b>31/12/2022</b>
<b>Board</b>	<b>80,616</b>	<b>312,985</b>
Salary	80,616	291,585
Awarding		21,400
<b>Executive body</b>	<b>128,766</b>	<b>552,303</b>
Salary	128,766	510,703
Awarding		41,600
<b>Internal Audit</b>	<b>27,229</b>	<b>126,537</b>
Salary	27,229	117,013
Awarding		9,524
<b>Total</b>	<b>236,611</b>	<b>991,825</b>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

31/03/2023

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Item	RA	CIS countries	OECD* countries*	Non-OECD* countries	Total
<b>Assets</b>					
Cash and balances with the CBA	57,174,755	450,642	2,070,765	321,166	60,017,327
Standard bank precious metal bullions and coins	443				443
Due from banks and other financial institutions	6,741,835	22,210	185,771	2,971	6,952,786
Reverse repurchase agreements	7,013,864				7,013,864
Customers' loans and advances rated at amortized value	269,547,049				269,547,049
Securities at fair value rated through other comprehensive financial results	3,279,662		6,163		3,285,825
Securities pledged under repurchase agreement	43,937,756				43,937,756
Other financial assets carried at amortized cost	923,276				923,276
Other assets	75,733		497		76,230
<b>Total assets</b>	<b>388,694,373</b>	<b>472,851</b>	<b>2,263,196</b>	<b>324,136</b>	<b>391,754,556</b>

31/12/2022

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Item	RA	CIS countries	OECD* countries*	Non-OECD* countries	Total
<b>Assets</b>					
Cash and balances with the CBA	67,359,494	932,032	701,090	89,015	69,081,631
Standard bank precious metal bullions and coins	443				443
Due from banks and other financial institutions	7,057,403	3,765,740	427,354	199,584	11,450,081
Reverse repurchase agreements	6,381,390				6,381,390
Customers' loans and advances rated at amortized value	259,441,259				259,441,259
Securities at fair value rated through other comprehensive financial results	3,193,959		6,163		3,200,122
Securities pledged under repurchase agreement	43,253,667				43,253,667
Other financial assets carried at amortized cost	925,066				925,066
Other assets	182,661		644		183,305
<b>Total assets</b>	<b>387,795,342</b>	<b>4,697,772</b>	<b>1,135,251</b>	<b>288,599</b>	<b>393,916,964</b>

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

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RA regions	31/03/2023	31/12/2022
Yerevan	165,941,617	163,038,275
Kotayk	29,832,117	25,431,723
Ararat	10,784,285	13,298,791
Lori	7,189,876	6,704,871
Gegharkunik	7,737,445	7,518,905
Shirak	8,775,805	6,111,784
Armavir	10,380,748	9,786,125
Syunik	5,892,169	5,788,800
Aragatsotn	8,644,847	7,900,633
Vayots Dzor	1,719,198	1,559,504
Tavush	1,571,360	1,478,572
Artsakh	11,077,582	10,823,276
<b>Total</b>	<b>269,547,049</b>	<b>259,441,259</b>

## Credit Risk Analysis

1) To rise the efficiency of loan portfolio security, loans at the bank are provided to the extent of maximum 70-80% of assessed value of pledge and during further repayments of the loan loan/pledge ratio factor decreases. The assessment of pledged properties is made by specialized companies with a license for assessment in AMD, loans are also provided in foreign currency. Within conditions of exchange rate fluctuations and overdue loans in case of deficit of pledge value, arising from the growth of Borrower liabilities on the account of accumulated penalties the risks of the Bank are mitigated due to the fact that, according to the Loan Agreements, the Bank is entitled to satisfy its credit requirements from funds available on the Borrower's bank account and to claim sequestration of loan debt by court order afterwards.

2) It should be noted that in the loan portfolio the unsecured loans (without reserves) as of 31.03.2023 did not exceed 4.809%. The bulk of the unsecured loans consists of those provided to the customers of "ARMECONOMBANK" OJSC, which have active account movements and stable cash flows. Credit lines under credit cards also have a significant weight. These loans contain low credit risk, since the credit lines have limited sizes, while the customers have jobs and in some cases guarantees of reputable organizations are

3) As of 31.03.2023, loan investments without reserves amounted to AMD 272.968.212. As of 31.03.2023 the volume of loans in the Stage 2, Stage 3 amounted to AMD 5.223.758 thousand.

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

5) The volume of repo transactions concluded in the I quarter of 2023 (excluding extensions) amounted to 389,845,165 thousand. AMD in the same period of the previous year: 248,016,169 thousand. AMD, of which 10,000,000 is foreign currency. The volume of reverse repo transactions in the first quarter of 2023 was 17,506,578 thousand. AMD, of which 9,802,271 were foreign currencies, and in the same period last year - 21,010,249 thousand. AMD, of which 1,894,099 are foreign currencies.

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

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

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

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

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

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

**Two types of monitoring are performed:**

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

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

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

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

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

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

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

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

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

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

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

## **Market Risk**

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

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

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

#### **Foreign currency risk**

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

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

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

Accounting period	USD	GBP	EUR	CHF	KZT	AED	RUB	GEL	Gross VAR
2022 IV Q	13,763,88	241.13	436.46	286.32	34.24	9.04	9,863.21	194.55	18,933.45
2023 I Q	6,905.63	350.50	447.31	887.26	31.49	8.21	13,131.95	178.24	15,929.47
increase/decrease	<b>-6,858.26</b>	<b>109.38</b>	<b>10.85</b>	<b>600.93</b>	<b>-2.75</b>	<b>-0.83</b>	<b>3,268.75</b>	<b>-16.32</b>	<b>-3,003.97</b>

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

31/03/2023							Thous.AMD
	AMD	USD	EUR	RUB	Other currency	Total	
Cash and their equivalents	27,334,951	23,595,145	6,745,519	2,239,694	102,018	60,017,327	
Bank standardized bullions of precious metals and coins	443					443	
Receivables to banks and other financial institutions	2,198,977	4,726,893	21,800	5,116		6,952,786	
Reverse Repurchase Agreements	5,378,473	1,635,391				7,013,864	
Loans and advances to customers calculated at amortized value	187,303,077	73,464,431	8,758,186	21,355		269,547,049	
Financial assets at fair value rated through other comprehensive financial results	2,892,806	393,019				3,285,825	
Securities pledged under repurchase agreements	43,937,756					43,937,756	
Other financial assets calculated at amortized value	444,797	478,479				923,276	
Other assets	59,310	9,588	7,000	332		76,230	
<b>Total assets</b>	<b>269,550,590</b>	<b>104,302,946</b>	<b>15,532,505</b>	<b>2,266,497</b>	<b>102,018</b>	<b>391,754,556</b>	
<b>Liabilities</b>							
Liabilities to the banks and other financial institutions	52,627,794	4,657,532	3,993,957	14,954		61,294,237	
Loans and deposits from international financial institutions	11,417,770	45,113,633	1,778,759			58,310,162	
Loans from the CBA and RA	27,620,439					27,620,439	
REPO agreements	39,889,432					39,889,432	
Liabilities to Customers	90,016,963	47,094,352	9,862,072	2,231,687	34,773	149,239,847	
Subordinate borrowing	1,011,820	2,960,054				3,971,874	
Liabilities on current taxes	445,494					445,494	
Securities issued by the Bank	4,117,153	5,826,507				9,943,660	
Financial liabilities at fair value recalculated through profit/loss		2,440				2,440	
Amount payable	555,726					555,726	
Deferred tax liabilities	221,628					221,628	
Lease liabilities	1,640,928					1,640,928	
Other liabilities	2,370,211	30,258	10,269	1,890	706	2,413,334	
<b>Total liabilities</b>	<b>231,935,358</b>	<b>105,684,776</b>	<b>15,645,057</b>	<b>2,248,531</b>	<b>35,479</b>	<b>355,549,201</b>	
<b>Balance-sheet open position</b>	<b>37,615,232</b>	<b>(1,381,830)</b>	<b>(112,552)</b>	<b>17,966</b>	<b>66,539</b>	<b>36,205,355</b>	
Financial liabilities at fair value recalculated through profit/loss						-	
<b>Aggregately payable currency derivatives</b>						-	
<b>Net position</b>	<b>37,615,232</b>	<b>(1,381,830)</b>	<b>(112,552)</b>	<b>17,966</b>	<b>66,539</b>	<b>36,205,355</b>	

31/12/2022							Thous.AMD
	AMD	USD	EUR	RUB	Other currency	Total	
<b>Assets</b>							
Cash and their equivalents	28,780,188	32,851,909	5,157,957	2,197,831	93,746	69,081,631	
Bank standardized bullions of precious metals and coins	443					443	
Receivables to banks and other financial institutions	3,284,973	8,129,982	35,126			11,450,080	
Reverse Repurchase Agreements	5,240,316	1,141,074				6,381,390	
Loans and advances to customers calculated at amortized value	179,650,870	70,031,531	9,732,410	26,448		259,441,259	
Financial assets at fair value rated through other comprehensive financial results	2,794,459	405,663				3,200,122	
Securities pledged under repurchase agreements	43,253,667					43,253,667	
Other financial assets calculated at amortized value	440,259	484,807				925,066	
Other assets	176,001	4,557	2,480	267		183,305	
<b>Other assets</b>	<b>263,621,175</b>	<b>113,049,523</b>	<b>14,927,973</b>	<b>2,224,546</b>	<b>93,746</b>	<b>393,916,964</b>	
<b>Liabilities</b>							
Liabilities to the banks and other financial institutions	49,437,297	6,561,535	3,960,421	18,206		59,977,459	
Loans and deposits from international financial institutions	11,745,267	46,074,580	1,754,181			59,574,028	
Loans from the CBA and RA	27,096,326					27,096,326	
REPO agreements	38,713,408					38,713,408	
Liabilities to Customers	91,207,462	53,404,952	9,067,102	2,292,305	42,989	156,014,810	
Subordinate borrowing	1,011,837	2,959,492				3,971,329	
Liabilities on current taxes	1,064,597					1,064,597	
Securities issued by the Bank	3,665,840	4,851,275				8,517,115	
Amount payable	557,794					557,794	
Deferred tax liabilities	177,744					177,744	
Lease liabilities	1,475,813					1,475,813	
Other liabilities	3,146,653	71,737	8,398	44,317	1,013	3,272,118	
<b>Other liabilities</b>	<b>229,300,038</b>	<b>113,923,571</b>	<b>14,790,102</b>	<b>2,354,828</b>	<b>44,002</b>	<b>360,412,541</b>	
<b>Balance-sheet open position</b>	<b>34,321,137</b>	<b>(874,048)</b>	<b>137,871</b>	<b>(130,282)</b>	<b>49,744</b>	<b>33,504,423</b>	
Financial liabilities at fair value recalculated through profit/loss						-	
<b>Aggregately payable currency derivatives</b>						-	
<b>Open position</b>	<b>34,321,137</b>	<b>(874,048)</b>	<b>137,871</b>	<b>(130,282)</b>	<b>49,744</b>	<b>33,504,423</b>	

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

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

## Interest Rate Risk

### Assessment of interest rate change risk:

The analysis of disbalance shows that the average accumulated disbalance of the 1 st quarter of 2023 (accumulated gap of the sensitive assets and liabilities against the interest rate) is positive forming AMD 27,691,220thousand against AMD15,372,116 thousand of the same period of the previous year by decreasing in absolute value by AMD 12,319,104 or 80.1%, that is in average the Bank was sensitive to assets in the 1 st quarter of 2022. In the 1 st quarter of 2023, the average accumulated disbalance has increased in absolute value by AMD 5,118,647thousand or by 22.7% against the previous quarter.

The average correlation ratio of assets and liabilities sensitive to interest rate changes for the 1 quarter of 2023 has decreased by 3.7 percentage point, forming 109.4% against 105.7% average value of the 1st quarter of 2022, that is in 1 quarter of 2023 the assets sensitive to interest rate changes have formed 109.4% of the liabilities sensitive to interest rate changes

The duration of assets as of the end of 1 quarter of 2023 was 1.818 year (against the 1.853 year as of the 4 rd quarter of 2022) as it increased by 0.035year or by 1.9% , as compared with the end of the previous quarter (1.769 year) the mentioned indicator has increased by 0.049 year or 2.7%.

The duration of liabilities as of the end of the 1 quarter of 2023 was 0.976 year (against 1.124year of the 4rd quarter of 2022) increasing by 0.148 year or 13.2%. In correlation with the end of the previous quarter (0.944 the indicator has increased by 0.032year or 3.4%.

The duration gap as of the end of the 1 quarter of 2023 was 0.945 (against 0.847 of the 4 rd quarter of 2022) increasing by 0.098 or 11.6 %. In correlation with the end of previous quarter (0.916) the indicator has increased by 0.029 or 3.1%.

### Assets and Liabilities with changing interest rates

31/03/2023

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												
Cash and their equivalents	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-	-
Resources attracted												
Liabilities to banks and other financial institutions, including:												
Resources attracted												
Liabilities to banks and other financial institutions, including:												
- Loans			2,113,964	2,071,233		1,035,947	2,870,897	1,176,707	5,100,645	3,709,532		
<b>Total</b>			<b>2,113,964</b>	<b>2,071,233</b>	-	<b>1,035,947</b>	<b>2,870,897</b>	<b>1,176,707</b>	<b>5,100,645</b>	<b>3,709,532</b>		
<b>Net position</b>	-	-	<b>(2,113,964)</b>	<b>(2,071,233)</b>	-	<b>(1,035,947)</b>	<b>(2,870,897)</b>	<b>(1,176,707)</b>	<b>(5,100,645)</b>	<b>(3,709,532)</b>	-	-

31/12/2022

Thous.AMD

Item	up to 1 month		1-3 months		3-6 months		6 months to 1 year		1-5 years		more than 5 years	
	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency
Facilities placed												
Loans and advances provided to customers rated at amortized value												
<b>Total</b>												
Resources attracted												
Liabilities to banks and other financial												
-Loans			487,145	1,049,520	2,113,272	2,106,246	2,337,613	1,189,540	5,666,253	4,808,930		
<b>Total</b>	-	-	<b>487,145</b>	<b>1,049,520</b>	<b>2,113,272</b>	<b>2,106,246</b>	<b>2,337,613</b>	<b>1,189,540</b>	<b>5,666,253</b>	<b>4,808,930</b>	-	-
<b>Net position</b>	-	-	<b>(487,145)</b>	<b>(1,049,520)</b>	<b>(2,113,272)</b>	<b>(2,106,246)</b>	<b>(2,337,613)</b>	<b>(1,189,540)</b>	<b>(5,666,253)</b>	<b>(4,808,930)</b>	-	-

The average interest rates applicable for interest-bearing assets and liabilities as of the end of accounting and previous periods are presented below.

Item	Interest rates of accounting period: 31/03/2023		Interest rates of accounting period: 31/12/2022	
	AMD	Foreign currency	AMD	Foreign currency
<b>Assets</b>				
Balance at CBA				
Receivables to banks and other financial institutions, including:				
- Interbank Loans	11.86	9.28	12.23	5.00
- Interbank REPO	12.50	8.00	12.50	6.00
Loans and advances provided to customers rated at amortized value				
	13.30	8.79	13.61	8.91
Financial instruments at fair value through profit or loss				
	8.35	6.29	8.51	6.29
<b>Liabilities</b>				
Liabilities to banks and other financial				
	8.85	4.31	8.82	4.88
Liabilities to Customers				
	4.57	3.29	4.56	3.66

### 3)Description of models

#### **Foreign Currency Risk**

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

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

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

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

#### **Interest Rate Risk**

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

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

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

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

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

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

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

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

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

#### **Price Risk**

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

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

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

## **Liquidity Risk**

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

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

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

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

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

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

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

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

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

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



Over the 1st quarter of 2023, instant liquidity, up to 90 days accumulative and general (up to one year accumulative) liquidity indicators have decreased by 1.0 and 5.1 percentage point respectively.

Accounting period		31/03/2023								Thous.AMD	
Item	Non-performing	Overdue	Repayment date	up to 3 months	3-6 months	6-12 months	1-5 years	more than 5 years	Termless	Total	
	Term		On -demand								
Cash and cash equivalents	-	-	60,017,327	-	-	-	-	-	-	60,017,327	
Standardized precious metal bullions and coins	-	-	443	-	-	-	-	-	-	443	
Receivables to banks and other financial institutions	-	-	-	1,840,276	402,056	3,714,135	64,385	-	931,934	6,952,798	
Reverse Repurchase Agreements	-	-	-	7,013,866	-	-	-	-	-	7,013,866	
Financial assets at fair value recalculated through profit/loss	-	-	-	-	-	-	-	-	-	-	
Other financial assets calculated at amortized value	-	-	-	923,276	-	-	-	-	-	923,276	
Loans and advances provided to customers rated at amortized value	3,826,653	96,888	-	21,845,814	17,733,904	24,146,541	123,666,582	78,230,667	-	269,547,049	
Financial assets at fair value calculated through other comprehensive financial result	-	-	-	-	393,019	-	908,574	1,872,313	111,918	3,285,824	
Securities pledged under repurchase agreements	-	-	-	43,937,756	-	-	-	-	-	43,937,756	
Other receivables	130	-	-	76,099	-	-	-	-	-	76,229	
<b>Total</b>	<b>3,826,783</b>	<b>96,888</b>	<b>60,017,770</b>	<b>76,637,087</b>	<b>16,628,979</b>	<b>27,860,876</b>	<b>124,839,641</b>	<b>80,102,980</b>	<b>1,043,882</b>	<b>391,754,556</b>	
<b>including:</b>											
I group foreign currency	985,701	3,329	30,564,643	7,827,670	3,997,615	10,185,910	44,072,369	22,297,825	64,434	<b>119,879,496</b>	
II group foreign currency	-	-	2,257,022	(6,181)	1,583	3,165	14,371	-	-	<b>2,269,960</b>	
<b>including:</b>											
By floating interest rate	-	-	-	-	-	-	-	-	-	-	
By fixed interest rate	3,704,600	83,158	60,017,770	34,186,609	18,367,773	27,459,384	123,435,022	80,102,115	-	<b>287,338,861</b>	
Non-interest	122,183	13,730	60,017,770	41,450,478	161,206	401,292	-	865	1,043,852	<b>104,416,895</b>	
<b>On maturity of liabilities repayment</b>											
Liabilities to banks and other financial institutions	-	-	5,125,111	11,131,057	3,077,059	7,053,513	23,053,959	11,853,538	-	<b>61,294,237</b>	
Loans and deposits from international financial institutions	-	-	-	7,119,744	2,094,453	10,539,527	37,896,891	659,547	-	<b>58,310,162</b>	
Loans from the RA Government and CBA	-	-	-	1,416,103	1,226,615	2,533,284	19,982,445	2,461,452	-	<b>27,620,459</b>	
Repurchase Agreements	-	-	-	39,889,432	-	-	0	0	0	<b>39,889,432</b>	
Liabilities to customers	-	-	71,641,587	17,898,934	17,716,037	27,750,674	13,676,192	556,423	-	<b>149,239,647</b>	
Subordinate borrowings	-	-	-	72,908	-	-	-	3,898,968	-	<b>3,971,876</b>	
Securities issued by the Bank	-	-	-	232,519	2,356,362	-	7,354,778	-	0	<b>9,943,659</b>	
Lease liabilities	-	-	-	1,840,928	-	-	-	-	-	<b>1,840,928</b>	
Liabilities on current taxes	-	-	-	445,494	-	-	-	-	-	<b>445,494</b>	
Deferred tax liabilities	-	-	-	221,627	-	-	-	-	-	<b>221,627</b>	
Amounts payable	-	-	272,918	282,808	-	-	-	-	-	<b>555,726</b>	
Other liabilities	-	-	2,192,186	215,298	4,576	1,272	-	-	0	<b>2,413,332</b>	
Off-balance sheet contingent liabilities	-	-	-	2,108,099	2,866,651	2,834,258	6,621,780	4,160,334	0	<b>16,691,122</b>	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>79,231,802</b>	<b>82,674,961</b>	<b>29,341,783</b>	<b>60,713,068</b>	<b>108,686,046</b>	<b>23,690,282</b>	<b>-</b>	<b>374,137,861</b>	
<b>including:</b>											
I group foreign currency	-	-	21,239,682	17,907,949	10,623,769	20,931,908	46,524,210	4,129,810	-	<b>121,357,337</b>	
II group foreign currency	-	-	905,740	644,185	338,551	317,709	50,323	-	-	<b>2,266,508</b>	
<b>including:</b>											
Major Liabilities	-	-	-	22,809,628	1,187,859	3,130,013	2,045,905	20,393,258	-	<b>49,666,663</b>	
By floating interest rate	-	-	-	4,185,197	1,035,947	4,047,604	8,810,177	-	-	<b>18,078,925</b>	
By fixed interest rate	-	-	-	29,600,198	70,127,816	24,438,673	43,065,465	93,035,692	16,919,324	<b>277,187,168</b>	
Non-interest	-	-	49,631,604	8,361,938	3,867,133	3,599,999	6,740,176	6,670,938	-	<b>76,871,788</b>	
<b>Net liquidity gap</b>	<b>3,826,783</b>	<b>96,888</b>	<b>(19,214,032)</b>	<b>(7,037,884)</b>	<b>(10,812,774)</b>	<b>(22,862,892)</b>	<b>(10,063,499)</b>	<b>56,612,719</b>	<b>1,043,882</b>	<b>17,616,675</b>	
<b>including:</b>											
I group foreign currency	985,701	3,329	9,324,961	(10,080,279)	(6,826,154)	(10,785,898)	(2,451,850)	18,168,015	64,434	(1,377,841)	
II group foreign currency	-	-	1,351,282	(650,368)	(338,980)	(314,844)	(35,952)	-	-	13,452	
Floating interest rate	-	-	(4,185,187)	(4,185,187)	(4,047,804)	(6,810,177)	-	-	-	(18,078,625)	
Fixed interest rate	3,704,600	83,158	(29,600,198)	(35,941,207)	(6,070,900)	(15,806,081)	30,399,330	63,182,791	-	10,151,493	
<b>Accumulative liquidity gap</b>	<b>3,826,783</b>	<b>3,823,871</b>	<b>(15,290,361)</b>	<b>(22,328,225)</b>	<b>(35,140,999)</b>	<b>(55,093,891)</b>	<b>(39,839,898)</b>	<b>(16,672,823)</b>	<b>17,618,875</b>		

  

Previous accounting period		31/12/2022								Thous.AMD	
Item	Non-performing	Overdue	Repayment date	up to 3 months	3-6 months	6-12 months	1-5 years	more than 5 years	Termless	Total	
	Term		On -demand								
Cash and cash equivalents	-	-	69,081,630	-	-	-	-	-	-	69,081,630	
Standardized precious metal bullions and coins	-	-	443	-	-	-	-	-	-	443	
Receivables to banks and other financial institutions	-	-	-	6,163,804	160,055	3,781,287	164,656	-	1,180,278	11,450,080	
Reverse Repurchase Agreements	-	-	-	6,381,391	-	-	-	-	-	6,381,391	
Financial assets at fair value recalculated through profit/loss	-	-	-	-	-	-	-	-	-	-	
Other financial assets calculated at amortized value	-	-	-	727,467	197,597	-	-	-	-	925,064	
Loans and advances provided to customers rated at amortized value	3,919,625	112,869	-	20,073,264	14,737,596	25,680,481	118,383,677	76,533,747	-	259,441,259	
Financial assets at fair value calculated through other comprehensive financial result	-	-	-	405,663	-	-	570,016	2,112,525	111,918	3,200,127	
Securities pledged under repurchase agreements	-	-	-	43,253,667	-	-	-	-	-	43,253,667	
Other receivables	40	-	-	182,789	5	471	-	-	-	183,305	
<b>Total</b>	<b>3,919,665</b>	<b>112,369</b>	<b>69,082,073</b>	<b>77,188,045</b>	<b>15,095,253</b>	<b>29,462,239</b>	<b>119,118,349</b>	<b>78,646,272</b>	<b>1,292,196</b>	<b>393,916,961</b>	
<b>including:</b>											
I group foreign currency	1,032,345	1,915	38,741,107	11,384,836	3,179,514	10,108,122	42,238,792	21,572,472	65,278	128,334,341	
II group foreign currency	-	-	2,209,439	2,898	2,381	3,525	17,914	-	-	2,236,157	
<b>including:</b>											
By floating interest rate	-	-	-	-	-	-	-	-	-	-	
By fixed interest rate	3,790,673	100,243	69,082,073	72,773,584	14,704,214	28,545,142	117,533,426	78,645,651	-	316,092,943	
Non-interest	128,992	12,626	69,082,073	4,414,451	391,039	917,097	1,584,923	621	1,292,196	77,824,618	
<b>On maturity of liabilities repayment</b>											
Liabilities to banks and other financial institutions	-	-	6,211,412	6,838,863	10,699,981	7,969,636	17,103,963	11,154,604	-	29,977,459	
Loans and deposits from international financial institutions	-	-	-	3,469,048	6,540,552	7,428,195	41,109,510	1,026,724	-	69,474,039	
Loans from the RA Government and CBA	-	-	-	1,036,858	1,142,248	3,432,999	19,458,159	2,026,062	-	27,096,316	
REPO agreement	-	-	-	38,713,408	-	-	-	-	-	38,713,408	
Liabilities to customers	-	-	78,681,578	17,441,793	15,232,173	30,739,042	13,350,321	569,901	-	156,014,908	
Subordinate borrowings	-	-	-	13,788	-	-	-	3,936,432	-	3,950,220	
Liabilities on current taxes	-	-	-	-	1,064,597	-	-	-	-	1,064,597	
Securities issued by the Bank	-	-	-	62,832	82,068	2,353,148	6,019,067	-	-	8,517,115	
Lease liabilities	-	-	-	1,475,813	-	-	-	-	-	1,475,813	
Financial liabilities at fair value recalculated through profit/loss	-	-	-	275,337	282,457	-	-	-	-	557,794	
Amounts payable	-	-	297,652	298,540	1,608	4,300	19	-	-	3,272,119	
Other liabilities	-	-	2,967,652	2,900,645	3,339,751	2,787,474	4,652,899	4,192,965	-	17,263,714	
Off-balance sheet contingent liabilities	-	-	-	88,145,979	38,124,086	54,713,794	101,693,938	23,996,688	-	377,496,530	
<b>Total</b>	<b>3,919,665</b>	<b>112,369</b>	<b>(19,053,906)</b>	<b>5,664,000</b>	<b>(23,828,833)</b>	<b>(25,251,555)</b>	<b>17,424,411</b>	<b>55,739,584</b>	<b>1,292,196</b>	<b>16,418,431</b>	
<b>including:</b>											
I group foreign currency	1,032,345	1,915	13,375,618	(1,086,987)	(10,141,918)	(6,586,918)	17,751,221	65,278	-	160,074	
II group foreign currency	-	-	1,099,073	(551,309)	(256,278)	(383,294)	(29,357)	(590,881)	-	(712,046)	
By floating interest rate	-	-	100,243	(17,878)	(9,799,020)	(9,847,040)	(477,330)	-	-	(19,893,390)	
By fixed interest rate	-	-	100,243	(31,774,878)	15,765,361	(11,275,267)	(24,789,873)	15,989,803	55,799,154	21,456,936	
<b>Accumulative liquidity gap</b>	<b>3,919,666</b>	<b>4,032,634</b>	<b>(15,021,872)</b>	<b>(6,767,372)</b>	<b>(35,786,205)</b>	<b>(55,093,891)</b>	<b>(40,819,349)</b>	<b>(16,126,236)</b>	<b>16,418,431</b>		

### Note 33: "Capital and Capital Adequacy Ratio"



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

We present the structure of balance sheet capital:

	31/12/2023	03/12/2022
Chartered capital	27,186,784	26,652,068
Emission income/loss	1,210,529	745,223
Reserves:	5,501,079	5,319,788
Main reserve	3,663,000	3,663,000
Revaluation reserve	1,838,079	1,656,788
Undistributed profit/loss	16,860,372	15,755,261
<b>Total capital</b>	<b>50,758,764</b>	<b>48,472,340</b>

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

	Involved in calculation standards						
<b>2023</b>	<b>Main capital</b>	<b>Additional capital</b>	<b>Total capital</b>	<b>Credit risk</b>	<b>Market and operational risk</b>	<b>Equivalent effective %</b>	<b>CBA limit %</b>
	<b>1</b>	<b>2</b>	<b>3 (1+2)</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
January	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
	Involved in calculation standards						
<b>2022</b>	<b>Main capital</b>	<b>Additional capital</b>	<b>Total capital</b>	<b>Credit risk</b>	<b>Market and operational risk</b>	<b>Equivalent effective %</b>	<b>CBA limit %</b>
	<b>1</b>	<b>2</b>	<b>3 (1+2)</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
January	39,343,710	5,873,439	45,217,149	290,430,483	3,000,157	14.34	12
February	39,913,007	5,995,756	45,908,763	297,406,598	3,078,409	14.21	12
March	41,176,642	5,969,852	47,146,494	307,160,711	3,072,625	14.17	12
April	41,289,268	5,929,320	47,218,588	306,297,179	2,871,829	14.30	12
May	41,754,505	6,547,449	48,301,954	308,625,929	2,980,665	14.48	12
June	42,032,250	6,252,853	48,285,103	305,037,042	2,956,750	14.65	12
July	42,342,208	6,085,811	48,428,019	304,826,777	2,992,137	14.69	12
August	43,140,589	6,083,463	49,224,052	307,904,395	3,191,794	14.72	12
September	43,744,761	6,033,949	49,778,710	316,814,254	3,319,684	14.45	12
October	44,171,403	5,804,942	49,976,345	318,592,767	3,405,678	14.40	12
November	44,721,224	5,605,718	50,326,942	325,176,595	3,283,489	14.28	12
December	45,344,802	5,613,600	50,958,402	327,776,313	3,172,482	14.39	12

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

As of 31/03/2023				
Risk weight	Assets	Off-balance sheet contingent liabilities	Incomplete term operation	
0%	106,204,365			-
10%	7,253,572			725,357
20%	3,768,595			753,719
30%	16,204			4,861
35%				-
50%	2,501,209			1,250,605
75%	56,301,972	335,209		42,477,886
100%	145,530,826	9,163,686		154,694,512
110%	340,470	77,630		459,910
150%	83,498,498	5,575,968		133,611,699
200%	1,243,720			2,487,440
<b>Total</b>	<b>406,659,431</b>	<b>15,152,493</b>	<b>-</b>	<b>336,465,989</b>

As of 31/12/2022				
Risk weight	Assets	Off-balance sheet contingent liabilities	Incomplete term operation	Total credit risk
0%	116,272,479	604,568		-
10%	6,464,422			646,442
20%	4,477,664			895,533
30%	12,097			3,629
35%	5,870,297			2,054,604
50%	1,389,971			694,986
75%	49,347,981	402,544		37,312,894
100%	140,725,314	7,971,225		148,696,539
110%	343,660	81,671		467,864
150%	81,817,663	5,072,505		130,335,252
200%	1,398,592			2,797,184
<b>Total</b>	<b>408,120,140</b>	<b>14,132,513</b>	<b>-</b>	<b>323,904,926</b>

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



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

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

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

As of 31.03.2023 the following methods and assessments were used by the Bank during the evaluation of fair value of each class of financial instrument.

### **Cash and Balances with the CBA**

The balance sheet value of these short-term instruments exactly reflects their fair value.

### **Loans and advances provided to customers, receivables to banks and other financial institutions.**

The fair value of the loan portfolio depends on the credit and interest rate peculiarities of separate loans included in each class of loans that form the loan portfolio. The assessment of loan loss provision considers risks characteristic of classes of loans, depending on such factors, as the state of the sector of economy in which each borrower is engaged, financial state of each borrower and purchased guarantees. Therefore, the loan loss provision is the exact assessment of size that reflects the influence of the loan risk.

### **Resources attracted from banks and other financial institutions**

The balance sheet value is close to the fair value.

### **Customer deposits and bank accounts**

Customer deposits and bank accounts.

As of 31.03.2023 the Bank had no financial assets accounted for by the amount exceeding their fair values.

## Note 35. "Hedging of Envisaged Future Transactions"



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

## Note 36. "De-recognition"



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

## Note 37. "Pledged assets"



As of 31.03.2023. the Bank has no pledged assets.

## Note 38. "Accepted Pledge"

As of 31.03.2023. there are no assets accepted as pledge that the Bank is entitled to sell or re-pledge, even in case the customer has not breached its obligations.

We hereby present the assets and warranties accepted as a pledge with their relevant loan investments, without taking into account the reserve amounts.

Collateral type	31/03/2023		31/12/2022	
	Loan amount	Collateral amount	Loan amount	Collateral amount
Real estate	108,938,735	455,202,928	105,074,753	454,668,403
Car	2,574,402	7,400,759	2,284,747	7,953,800
Equipment	8,359,254	17,269,976	3,484,666	17,249,786
Ready made products	4,881,762	13,972,000	5,606,914	14,772,000
Guarantee	83,101,156	439,051,771	82,581,403	439,370,626
Monetary funds	3,703,209	7,506,728	2,652,823	8,616,862
Gold items	16,330,937	19,534,451	15,642,548	18,494,364
Governmental securities	2,166	11,500	3,119	11,500
Other securities	28,373	82,894	13,535	53,913
Other pledge	31,918,699	49,362,366	29,743,699	46,374,071
No collateral available	13,129,519		15,911,872	
<b>Total</b>	<b>272,968,212</b>	<b>1,009,395,373</b>	<b>263,000,079</b>	<b>1,007,565,325</b>

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

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

Chairman of the Executive Board(CEO)

A. Khachatryan

Chief Accountant

M.Poghosyan