

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

**NOTES TO THE INTERIM REPORTS PUBLISHED IN THE 2nd QUARTER OF 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

A. Khachatryan

R. Hayrapetyan

L. Petrosyan

H. Suvaryan

Per Fischer

Structure and Members of the Bank’s Management

CEO(Acting CEO)

A. Arakelyan

Deputy CEO

R. Badalyan

Deputy CEO

O. Chichyan

Deputy CEO

A. Harutunyan

Deputy CEO

A. Manrikyan

Deputy CEO

A. Pilosyan

Acting Chief Accountant

N. Galstyan

Head of Strategy and Risk Management Department

H. Avetisyan

Head of Legal Department

V. Jhangiryan

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

As of 30.06.2023 the Chartered capital amounts to AMD 27,186,784. It includes 10,008,550 common shares each with AMD 2,080 and 424,600 preferred shares with AMD 15,000 nominal value per share.

Main Participants

Sukiasyan Saribek Albert	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:

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

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

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

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

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

Depreciation is not calculated for land.

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

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

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

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

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

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

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

Inventory

The Bank’s inventory includes:

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

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

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

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

Settlements between the Bank and Branches

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

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

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

Share Capital and Treasury Stock

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

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

Under certain circumstances and according to procedure established by the RA Legislation the Bank may repurchase its equity share capital. In this case reimbursement paid is deducted from total shareholders’ equity and is reflected as treasury stock until it is cancelled. When such shares are subsequently 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
30 June 2023
ARMECONOMBANK OJSC 23/1 Amiryan Str., 0002 Yerevan

Thous. AMD

	Item	Note	As of the end of the current interim period (unaudited)	As of the end of the previous financial year (audited)
1	Assets			
1.1	Cash and their equivalents	13	59,565,866	69,081,631
1.2	Standard bank precious metal bullions and coins		443	443
1.3	Due from banks and other financial institutions	14	9,224,034	11,448,430
1.4	Reverse repurchase agreement	14.1	8,898,372	6,381,390
1.5.1	Other financial assets rated at amortized value	18	4,530,662	925,066
1.6	Loans and advances provided to customers at amortized value	16	277,701,788	259,413,495
1.7	Financial assets at fair value rated through other comprehensive financial results	17	6,474,195	3,200,122
1.7.1	Securities pledged under repurchase agreement	17.1	36,195,834	43,253,667
1.9	Non-current assets held for sale		3,147,037	1,193,115
1.10	Fixed assets	20	15,111,944	10,574,826
1.10.1	Intangible assets	20	938,432	811,161
1.10.1	Right-of-use assets	20.1	1,863,923	1,956,188
1.12	Other assets	21	1,454,950	1,100,184
	Total assets		425,107,480	409,339,718
2	Liabilities			
2.1	Liabilities to banks and other financial institutions	22	69,017,960	59,976,376
2.2	Loans and deposits received from the international financial Institutions	22.1	53,698,365	59,574,028
2.3	Loans received from the CBA and from the RA government	22.2	28,423,574	27,068,562
2.4	Repurchase agreement		33,535,093	38,713,408
2.5	Liabilities to Customers	23	157,561,153	156,197,592
2.6	Subordinate borrowing	23.1	7,322,564	3,971,329
2.7	Liabilities on current taxes		536,116	806,153
2.8	Securities issued by the Bank	24	9,822,483	8,517,115
2.9	Financial liabilities at fair value through profit or loss	25		1,083
2.10	Amounts payable	26	617,335	557,794
2.11	Deferred tax liabilities	11	1,226,720	177,446
2.12	Reserves	30	37,919	103,386
2.13	Lease liabilities	40	1,421,972	1,475,813
2.14	Other liabilities	27	3,111,790	3,089,336
	Total liabilities		366,333,044	360,229,421
3	Capital			
3.1	Chartered capital	28	27,186,784	26,652,068
3.2	Emission income		1,210,529	745,223
3.3	Reserves			
3.3.1	Main reserve		3,952,000	3,663,000
3.3.2	Revaluation reserve		(453,813)	(1,228,475)
3.3.3	Other reserve		7,003,602	3,112,039
3.4	Undistributed profit(loss)		19,875,334	16,166,442
	Total capital		58,774,436	49,110,297
	Total liabilities and capital		425,107,480	409,339,718

Chairman of the Executive Board (Acting CEO)

A. Arakelyan

Acting Chief Accountant

N. Galstyan

Approval date: 14 July 2023

Interim Report
On Financial Results
30 June 2023

ARMECONOMBANK OJSC 23/1 Amiryan Str., 0002 Yerevan

Thous. AMD

Item	Note	Current interim period (unaudited)	Accounting period (unaudited)	Comparable current interim previous period (unaudited)	Previous period (unaudited)
Interest and similar income	3	9,409,839	18,375,511	7,925,065	15,350,454
Interest and similar expenses	3	(5,670,104)	(10,990,445)	(4,899,521)	(9,318,107)
Net interest and similar income		3,739,735	7,385,066	3,025,543	6,032,347
Income as commissions and other fees	4	1,491,049	2,741,346	1,010,055	1,862,908
Expenses as commissions and other fees	4	(573,530)	(922,718)	(356,569)	(695,100)
Net commission and other fees		917,519	1,818,628	653,487	1,167,808
Net commercial income	5	589,216	1,219,349	1,169,926	1,778,635
Other operational income	6	148,911	273,326	91,586	253,940
Operational income		5,395,381	10,696,369	4,940,542	9,232,730
Net allocations to possible asset loss provisions	7	1,366,382	1,551,290	360,199	207,487
Total administrative expenses	8	(2,535,042)	(4,704,873)	(2,200,381)	(4,175,902)
Other operational income	9	(1,021,491)	(1,870,820)	(775,376)	(1,546,743)
Operational profit		3,205,230	5,671,966	2,324,984	3,717,572
Profit/loss before taxation		3,205,230	5,671,966	2,324,984	3,717,572
Profit tax expenses(compensation)	11	(558,754)	(998,251)	(545,401)	(860,341)
Profit for period		2,646,476	4,673,715	1,779,583	2,857,231

Chairman of the Executive Board (Acting CEO)

A. Arakelyan

Acting Chief Accountant

N. Galstyan

Approval date: 14 July 2023

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

Thous. AMD

Name	Note	Current interim period (unaudited)	Accounting period (unaudited)	Comparable current interim previous period (unaudited)	Previous period (unaudited)
Other comprehensive financial results					
Revaluation of financial assets at fair value rated through other comprehensive financial results		814,127	1,053,535	(149,149)	(759,467)
Devaluation of financial assets at fair value rated through other comprehensive financial results after taxation		(8,953)	(89,236)	(8,020)	(95)
Դրամական հոսքերի հեջավորում		3,958,162	3,958,162		
Profit tax on the revaluation of financial assets at fair value rated through other comprehensive financial results		(146,543)	(189,636)	26,847	136,704
Other comprehensive financial result after taxation		4,616,793	4,732,825	(130,322)	(622,858)
Comprehensive financial result		7,263,269	9,406,540	1,649,261	2,234,373

Chairman of the Executive Board (Acting CEO)

A. Arakelyan

Acting Chief Accountant

N. Galstyan

Approval date: 14 July 2023

Interim Report
On Equity Changes
30 June 2023

ARMECONOMBANK OJSC 23/1 Amiryan Str., 0002 Yerevan

Thous. AMD

Equity elements	Accounting period		Emission income/loss	Main reserve	Revaluations of financial assets at fair value rated through other comprehensive financial results	Profit from revaluation of non-current assets	Undistributed profit(loss)	Total	Total capital
	Chartered capital	Net amount							
Articles	1	3	4	5	7	9	10	12	14
Comparable current interim period of the previous financial year (ascending from the beginning of the year) (I table)									
<i>Balance as of the beginning of the financial year as of 01 January 2022 (audited)</i>	26,107,555	26,107,555	289,718	3,481,000	(361,148)	3,214,025	10,513,873	43,245,023	43,245,023
Recalculated balance	26,107,555	26,107,555	289,718	3,481,000	(361,148)	3,214,025	10,513,873	43,245,023	43,245,023
Transactions with shareholders (owners) regarding to shares, including:	544,512	544,512	455,506	-	-	-	-	1,000,018	1,000,018
Investments in chartered capital and other increase of chartered capital	544,512	544,512	455,506	-	-	-	-	1,000,018	1,000,018
Comprehensive income		-	-	-	(622,858)		2,857,231	2,234,373	2,234,373
Dividends		-	-	-			(929,738)	(929,738)	(929,738)
Internal movements including:	-	-	-	182,000	-	(48,734)	(133,266)	-	-
Deductions to main reserve		-	-	182,000			(182,000)	-	-
Decrease of value from the revaluation of fixed and intangible assets		-				(48,734)	48,734	-	-
<i>Balance as of the end of the interim accounting period 30.06.2022(unaudited)</i>	26,652,067	26,652,067	745,224	3,663,000	(984,006)	3,165,291	12,308,100	45,549,676	45,549,676

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	(1,228,475)	3,112,039	16,166,442	49,110,297	49,110,297
Recalculated balance	26,652,068	26,652,068	745,223	3,663,000	(1,228,475)	3,112,039	16,166,442	49,110,297	49,110,297
Transactions with shareholders (owners) regarding to shares, including:	534,716	534,716	465,306	-	-	-	-	1,000,022	1,000,022
Investments in chartered capital and other increase of chartered capital	534,716	534,716	465,306	-	-	-	-	1,000,022	1,000,018
Comprehensive income		-	-	-	774,662	3,958,163	4,673,715	9,406,540	9,406,540
Dividends		-	-	-			(742,423)	(742,423)	(742,423)
Internal movements including:	-	-	-	289,000		(66,600)	(222,400)	-	-
Decrease of value from the revaluation of fixed and intangible assets				289,000			(289,000)	-	-
Deductions to main reserve		-				(66,600)	66,600	-	-
<i>Balance as of the end of the interim accounting period 30.06.2023(unaudited)</i>	27,186,784	27,186,784	1,210,529	3,952,000	- 453,813	7,003,602	19,875,334	58,774,436	58,774,436

Chairman of the Executive Board (Acting CEO)

A. Arakelyan

Acting Chief Accountant

N. Galstyan

Approval date: 14 July 2023

Interim Report
On the Cash Flows
30 June 2023

ARMECONOMBANK OJSC 23/1 Amiryan Str., 0002 Yerevan

Thous. AMD

Name	Note	Accounting period (unaudited)	Previous period (unaudited)
1. Cash flows from operations			
Profit for the year		4,673,715	2,857,231
<i>Adjustments</i>			
Expenses on profit tax		998,251	860,341
Loss from depreciation of interest-bearing assets		(1,551,290)	(207,487)
Depreciation and amortisation		996,226	861,266
Net income from disposal of fixed assets		(12,302)	(34,632)
Net pgain from foreign exchange		10,269	776,905
Net income from sale/ purchase of financial assets rated at fair value through profit or loss		(20,963)	(329,844)
Financial assets at fair value rated through other comprehensive financial results		20,394	12,100
Interest income		(122,506)	(185,461)
Interest expenses		486,557	670,878
Cash flows from operations before changes in operational assets and liabilities		5,478,351	5,281,297
Changes in operational assets or liabilities			
Increase/ decrease in operational assets			
Due from financial institutions		2,123,187	(8,438)
Reverse repurchase agreements		(2,540,103)	(1,168,139)
Loans to customers		(20,465,563)	(34,083,258)
Other assets		(64,183)	(236,473)
Liabilities to financial institutions		8,852,731	505,574
Repurchase agreements		(5,154,701)	(24,758)
Liabilities to customers		2,596,802	12,688,353
Other liabilities		40,742	(508,448)
Cash used in operations before taxation		(9,132,736)	(17,554,289)
Paid profit tax		(1,273,850)	(658,072)
Net cash used in operations		(10,406,585)	(18,212,361)
Cash flows from investments			
Decrease(increase) of securities at fair value rated though profit/loss and available for sale		1,218,145	523,746
Decrease(increase)of other financial assets at amortized value			
Acquisition of fixed assets		(185,954)	(281,377)
Proceeds from sale of fixed assets		15,421	36,642
Acquisition of intangible assets		(224,613)	(63,853)
Net cash flows from investments (used)/(gained from)		822,999	215,158
Cash flows from financial operations			
Loans from RA CB and RA Government		1,346,369	5,993,088
Proceeds/repayment of loans received from international financial institutions		(4,951,492)	16,253,176
Subordinated loan (repayments)/proceeds		3,403,530	993,236
Prepayment received for the issue of shares		1,000,022	1,000,018
Increase (decrease) of securities issued by the Bank		1,389,185	(644,291)
Lease liabilities		(476,990)	(404,234)
Dividends paid		(692,972)	(448,984)
Net cash from financial operations		1,017,652	22,742,009
Impact of foreign exchange on cash balances		(949,830)	(6,345,399)
Net increase of cash and equivalents thereof		(9,515,765)	(1,600,593)
Cash and equivalents thereof as of the beginning of the period	13_2	69,081,631	63,399,890
Cash and equivalents thereof as of the end of the period	13_2	59,565,866	61,799,297

Chairman of the Executive Board (Acting CEO)

A. Arakelyan

Acting Chief Accountant

N. Galstyan

Approval date: 14 July 2023

Note 3: "Net Interest and Similar Income"



THOUS. AMD

	01/04/2023- 30/06/2023	01/01/2023- 30/06/2023	01/04/2022- 30/06/2022	01/01/2022- 30/06/2022
Interest and similar income				
Interest income from the Bank's current accounts, deposits and loans allocated in banks and other financial institutions	159,061	318,676	155,317	334,742
Interest income from loans and advances to customers	8,019,579	15,598,326	6,668,084	12,857,784
Interest income from debt securities	1,017,855	2,063,919	887,626	1,756,719
Interest income from REPO agreements	193,992	355,573	192,647	359,390
Other interest income	19,352	39,017	21,391	41,819
Total	9,409,839	18,375,511	7,925,065	15,350,454
Interest and Similar Expenses				
Interest expenses from the Bank's current accounts, deposits and loans allocated in banks and other financial institutions	2,778,819	5,414,498	2,676,045	5,070,889
Interest expenses on terms deposits and current accounts of customers	1,678,683	3,218,603	1,466,334	2,880,755
Interest expenses under REPO agreements	888,638	1,743,250	528,750	943,134
Interest expenses on subordinated borrowings	113,880	204,074	92,691	162,414
Interest expenses against the interest securities issued by the Bank	172,094	333,577	88,453	176,131
Interest expenses on lease agreements	37,941	76,300	33,473	70,777
Interest expenses from derivatives with resident banks	-	-	13,596	13,596
Other interest income	49	143	179	411
Total	5,670,104	10,990,445	4,899,521	9,318,107
Net interest and similar income	3,739,735	7,385,066	3,025,544	6,032,347

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



THOUS. AMD

	01/04/2023- 30/06/2023	01/01/2023- 30/06/2023	01/04/2022- 30/06/2022	01/01/2022- 30/06/2022
Commission and Other Fee Income				
Cashier's operations	85,611	157,639	149,430	240,318
Settlement services	1,083,388	2,007,728	738,335	1,373,539
Guarantees, warranties, letters of credit operations, trust management operations	71,775	123,949	36,352	75,689
Foreign currency and security operations	2,874	3,621	3,641	5,101
Payment card servicing	44,465	86,562	41,075	80,599
Other commission fees	202,326	359,847	41,222	87,682
Total	1,491,049	2,741,346	1,010,055	1,862,908
Commission and Other Fee Expenses:				
Commission fee from correspondent and other accounts	2,267	5,721	5,428	9,981
Expenses on payment card operations	453,610	694,114	214,887	425,753
Guarantees, warranties, letters of credit operations, trust management operations	6,840	9,759	12,488	25,942
Foreign currency and security operations	26,484	65,627	59,876	113,984
Other commission fees	84,329	147,497	63,890	119,440
Total	673,530	922,718	366,699	695,100
Net commission and other fees received	817,519	1,818,628	643,356	1,167,808

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



THOUS. AMD

	01/04/2023- 30/06/2023	01/01/2023- 30/06/2023	01/04/2022- 30/06/2022	01/01/2022- 30/06/2022
Financial assets rated at fair value through profit or loss				
Net income from sale/ purchase of financial assets rated at fair value through profit or loss, including	17,355	22,863	11,526	49,237
Shares	-	-	-	-
Debt Securities	-	-	-	-
Derivatives	17,355	22,863	11,526	49,237
Net income from changes in real value of financial assets rated at fair value through profit or loss	-	-	390,562	329,844
Total	17,355	22,863	402,088	379,081
Investments at fair value rated through other comprehensive financial assets				
Net income from sale/purchase of investments at fair value rated through other comprehensive financial results, including:	20,554	29,475	34,817	68,646
Debt securities	-	-	34,817	68,646
Derivatives	-	-	-	-
Net income from sale/purchase of investments at fair value rated through other comprehensive financial results	(34,776)	(40,459)	(33,221)	(47,585)
Total	(14,222)	(10,984)	1,596	21,061
Foreign currency operations				
Net income from foreign currency sale/purchase	593,824	1,217,736	1,532,209	2,155,396
Net income from the revaluation of foreign currency	(7,741)	(10,266)	(765,971)	(776,905)
Total	586,083	1,207,470	766,238	1,378,491
Net income from commercial operations	589,216	1,219,349	1,169,922	1,778,633

Note 6 : "Other Operational Income"



	THEBUS_AMD			
	01/04/2023-30/06/2023	01/01/2023-30/06/2023	01/04/2022-30/06/2022	01/01/2022-30/06/2022
Other operational expenses				
Income from penalties and fines	114,761	187,259	68,104	133,357
Net income from disposal of fixed and intangible assets	9,130	12,301	1,440	34,633
Other income *	25,020	73,766	22,047	80,952
Total	148,911	273,326	91,591	253,942

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"



	THEBUS_AMD			
	01/04/2023-30/06/2023	01/01/2023-30/06/2023	01/04/2022-30/06/2022	01/01/2022-30/06/2022
Cash and cash equivalents (Note 13)				
Initial balance	46,225	51,255	41,812	32,803
Net deductions to reserve	(15,175)	(20,205)	(6,612)	3,397
Return of amounts previously charged to off balance item				
Usage of reserve				
Summary balance	31,050	31,050	35,200	36,200
"Due to Banks and other Financial institutions" (Note 14)				
Initial balance	217,586	161,330	152,720	166,984
Net deductions to reserve	(29,757)	26,499	18,271	4,027
Return of amounts previously charged to off balance item				
Usage of reserve				
Summary balance	187,829	187,829	170,991	170,991
From loans and advances to customers (Note 16)				
Initial balance	3,421,163	3,558,820	3,760,642	3,375,551
Net deductions to reserve	(1,134,177)	(1,308,519)	(352,965)	(175,611)
Return of amounts previously charged to off balance item	217,241	489,206	423,150	771,241
Usage of reserve	(176,657)	(411,831)	(129,215)	(269,569)
Summary balance	2,327,570	2,327,570	3,701,612	3,701,612
Financial assets rated at fair value through other comprehensive financial assets (Note 17)				
Initial balance	265,636	276,555	238,073	228,409
Net deductions to reserve	(97,906)	(108,825)	(9,780)	(116)
Return of amounts previously charged to off balance item				
Usage of reserve				
Summary balance	167,730	167,730	228,293	228,293
On other assets (Note 21)				
Initial balance	8,283	7,822	8,398	8,648
Net deductions to reserve	3,717	4,060	1,584	(30,517)
Return of amounts previously charged to off balance item	98	204	56	31,922
Usage of reserve	(45)	(53)		(15)
Summary balance	12,053	12,053	10,038	10,038
Other financial assets rated at amortized value				
Initial balance	284,345	270,041	277,530	278,316
Net deductions to reserve	(93,157)	(78,853)	(14,077)	(14,863)
Usage of reserve				
Summary balance	191,188	191,188	263,453	263,453
Post-balance sheet items containing loan exposures (note 30)				
Initial balance	37,846	103,386	81,137	77,321
Net deductions to reserve	73	(65,467)	2,380	6,196
Usage of reserve				
Summary balance	37,919	37,919	83,517	83,517
Total net deductions to reserve	(1,386,382)	(1,551,280)	(360,189)	(207,487)

Note 8 : "Total administrative expenses"



	THOUS. AMD			
"Total administrative expenses"	01/04/2023-30/06/2023	01/01/2023-30/08/2023	01/04/2022-30/06/2022	01/01/2022-30/08/2022
Salary and similar payments	1,840,791	3,330,064	1,458,878	2,778,688
Training and tutoring expenses	2,241	2,852	519	534
Business trip expenses	16,214	21,621	10,974	17,049
Insurance costs	43,209	85,791	37,501	74,294
Servicing and maintenance of the Bank's equipment	86,208	172,746	140,780	295,405
Maintenance and safekeeping of Bank buildings	202,993	410,782	176,407	355,925
Audit and consulting services	4,043	9,238	5,489	6,158
Communication and transmission costs	36,582	65,472	30,033	60,463
Transportation costs	41,413	79,306	47,400	94,691
Taxes (except income tax) penalties and other mandatory payments	103,570	209,746	99,443	191,328
Office and organizational expenses	36,438	168,557	92,795	189,275
Other administrative expenses	121,340	148,698	100,162	112,092
Total	2,535,042	4,704,873	2,200,381	4,175,902

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



	01/04/2023-30/06/2023	01/01/2023-30/08/2023	01/04/2022-30/06/2022	01/01/2022-30/08/2022
Average number of Bank employees	850	842	823	827
Monthly average salary falling to a single employee (thousand AMD)	650	603	504	495

Note 9 : "Other Operational Expenses"



	THOUS. AMD			
Other operational expenses	01/04/2023-30/06/2023	01/01/2023-30/08/2023	01/04/2022-30/06/2022	01/01/2022-30/08/2022
Paid fines and penalties	4,395	4,395		
Payments made for collection	86,703	173,997	86,250	172,500
Advertising and representative expenses	149,527	225,446	89,967	125,894
Amortization costs of fixed assets and intangible assets	532,517	996,227	439,100	861,265
Allocations to the Fund of Recovery of Deposits	67,800	130,747	55,535	114,462
Other expenses	180,549	340,008	104,524	272,622
Total	1,021,491	1,870,820	775,376	1,546,743

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	01/04/2023-30/06/2023	01/01/2023-30/06/2023	01/04/2022-30/06/2022	01/01/2022-30/06/2022
Current tax expenses	334,739	1,007,478	339,346	690,646
Deferred tax expenses	224,015	(9,227)	206,055	169,695
Total	558,754	998,251	545,401	860,341

	01/04/2023-30/06/2023	Արդյունավետ դրույքաչափ (%)	01/01/2023-30/06/2023	Արդյունավետ դրույքաչափ (%)	01/04/2022-30/06/2022	Արդյունավետ դրույքաչափ (%)	01/01/2022-30/06/2022	Արդյունավետ դրույքաչափ (%)
Profit before taxation	3,205,230		5,671,966		2,324,984		3,717,572	
Profit tax with rate	576,941	18%	1,020,954	18%	418,497	18%	669,163	18%
Non-taxable income from financial assets rated at fair value	(3,094)	(0.001)	(3,773)	(0.00)	(70,301)	(0.030)	(59,372)	(0.02)
Non-deductible expenses	(14,181)	(0.00)	(16,054)	(0.00)	(9,197)	(0.00)	114,202	0.03
Foreign currency negative/positive difference	1,393	0.00	1,848	0.00	208,176	0.09	139,843	0.04
Other privileges	(2,305)	(0.00)	(4,724)	(0.00)	(1,774)	(0.00)	(3,495)	(0.00)
Profit tax expenses	558,754	0.17	998,251	0.18	545,401	0.23	860,341	0.23

Calculation of deferred tax on temporary differences



	Balance as of the previous period	Recognized by financial results	Recognized by equity	Balance at the accounting period
Deferred tax assets, including:	702,453	63,859	(189,636)	576,676
Accrued expenses and other liabilities	247,035	55,324		302,359
Right-of-use assets	73,867	17,075		90,942
Investment securities	366,281	(12,422)	(189,636)	164,223
Claims to banks and other financial institutions	9,202	9,197		18,399
Cash and their equivalents	6,068	(5,315)		753
Deferred tax liabilities, including:	(879,899)	(54,632)	(868,865)	(1,803,396)
Fixed assets	(670,635)	15,436	(868,865)	(1,524,064)
Reserve of customer's loans and advances	(198,951)	(52,277)		(251,228)
Contingent liabilities	(10,313)	(17,791)		(28,104)
Net deferred tax asset/liability	(177,446)	9,227	(1,058,501)	(1,226,720)

Thous. AMD

Basic profit falling to a single share	01/04/2023-30/06/2023	01/01/2023-30/06/2023	01/04/2022-30/06/2022	01/01/2022-30/06/2022
Net profit of the accounting period after taxation	2,646,476	4,673,715	1,779,583	2,857,231
Dividends on preferential shares calculated for the current accounting period	222,304	442,166	219,861	442,166
Net gains(losses) of given period referring to owners of common shares	2,424,172	4,231,549	1,559,722	2,415,065
Net weighted average number of common shares in circulation during the given period	10,008,550	10,008,550	1,950,295	1,950,295
Basic profit falling to a single share	0.24	0.42	0.80	1.24

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.

* Increase in number of shares is conditioned by proportional multiplication of 1 share by 5, in result of which 1 share translated into 5 shares

Note 13 : Cash and cash equivalents



Thous. AMD

	30/06/2023	31/12/2022
Cash and cash equivalents		
Cash and cash equivalent payment documents	14,297,767	15,308,984
Correspondent accounts with the CBA	42,612,173	52,069,393
Correspondent accounts with the the resident banks	33,256	17,943
Correspondent accounts with the the non-resident banks	2,653,720	1,736,566
Reserves/IFRS/	(31,050)	(51,255)
Cash and balances with the CBA	59,565,866	69,081,631

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

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



Thous. AMD

	30/06/2023	31/12/2022
Current accounts		
Deposited funds with CBA	1,167,500	1,115,000
Reserve/IFRS/	(8,686)	(14,661)
Total	1,158,814	1,100,339
With RA banks		
Loans and deposits	445,637	757,368
Other	515,895	174
With banks having BBB(Baa3) and higher ratings		
Other		
Loans and deposits		
With banks having ratings lower than BBB (Baa3) or no rating at all		
Loans and deposits		3,935,697
Other	23,374	16,152
Accrued interest	2,442	7,033
Total	987,348	4,716,424
Possible loss provision for amounts due from banks (note 7)	(10,207)	(26,568)
Net receivables to banks	977,141	4,689,856

	30/06/2023	31/12/2022
Loans and deposits with Financial Institutions, other receivables		
With RA Financial Institutions:		
Loans and deposits	3,693,582	3,518,711
Other	64,033	1,608,613
With Financial Institutions having BBB(Baa3) and higher ratings		
Other		
With Financial Institutions having a rating lower than BB(Baa3) or no rating at all		
Other	3,420,428	552,933
Accrued interest	12,271	13,052
Total	7,190,314	5,693,309
Possible loss provision for receivables due to Financial Institutions	(102,236)	(35,074)
Net receivables to Financial Institutions	7,088,078	5,658,235
Net receivables to banks and Financial Institutions	9,224,033	11,448,430

** As of 31.12.2022 and 30.06.2023 the line "Other amounts due to financial institutions" includes accordingly insurance deposits in the amount of USD 165.862 (AMD 65.278 and AMD 64.033 thousand) in "Armenian Card" CJSC, as well as debtor liabilities against clearing systems.

Note 14.1 Reverse Repurchase Agreements



	30/06/2023	31/12/2022
Reverse Repurchase Agreements		
Repurchase Agreements with Financial Institutions	8,965,072	6,466,417
Reverse Repurchase Agreements with Financial Institutions	(66,700)	(85,027)
Total	8,898,372	6,381,390

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



Thous. AMD

	30/06/2023	31/12/2022
Other financial assets recalculated at fair value through profit/loss		
Derivative Instruments		
Forward		
Swap		
Total	-	-

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"



Loans and advances calculated at amortized value	THOUS. AMD	
	30/06/2023	31/12/2022
Loans, including:	260,153,658	240,719,390
Mortgage loans	40,903,732	38,008,233
Credit cards	18,401,444	20,876,715
Accrued interest on the mentioned items	1,474,256	1,376,210
Total loans	280,029,358	262,972,315
Reserve for possible loss of customer loans and advances (note 7)	(2,327,570)	(3,558,820)
Total loans and advances at amortized value	277,701,788	259,413,495

Analyses of provided loans and advances per customers	THOUS. AMD	
	30/06/2023	31/12/2022
State industries	177,014	137,561
Private industries, including:	139,873,826	130,528,945
Major enterprises	70,487,161	66,004,156
Small and medium enterprises	69,386,665	64,524,789
Including business cards	57,914	74,882
Individuals, including:	113,536,314	107,319,137
Consumer loans	40,409,662	36,574,659
Mortgage loans	40,903,732	38,008,233
Credit cards	18,343,314	20,801,367
Private entrepreneurs	24,967,948	23,610,462
Accrued interest	1,474,256	1,376,210
Total loans	280,029,358	262,972,315
Reserve for customers' loans and advances calculated at amortized value (note7)	(2,327,570)	(3,558,820)
Total loans and advances at amortized value	277,701,788	259,413,495

Analyses of loans and advances provided to the customers per the groups of businesses (sectors)	THOUS. AMD	
	30/06/2023	31/12/2022
State and major enterprises	70,664,175	66,141,717
SME * sector, including	85,658,443	79,629,435
Agriculture	26,138,193	24,556,070
Housekeeping	122,232,484	115,824,953
Accrued interests	1,474,256	1,376,210
Total loans and advances calculated at amortized value	280,029,358	262,972,315
Reserve for customers' loans and advances calculated at amortized value (note7)	(2,327,570)	(3,558,820)
Total loans and advances calculated at amortized value	277,701,788	259,413,495

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

Loan liabilities on 20 major borrowers and related parties /without reserve/	THOUS. AMD	
	30/06/2023	31/12/2022
Customers' loans and advances calculated at amortized value	85,519,031	81,539,804
Balance of off-balance sheet contingent liabilities	8,906,962	6,080,972
Total	94,425,993	87,620,776
Loan investments	280,029,358	262,972,315
Ratio in portfolio	33.72%	33.32%
Total normative capital	55,812,143	50,958,402
Percentage ratio to capital	169.19%	171.95%
Total	94,425,993	87,620,776

Loan Investments through International programs	Thous. AMD	
	30/06/2023	Quantity
ADB/MSME	5,798,126	97
ADB/TFP/IBA	1,369	1
ADB/WESSD	4,813,904	218
BS/SME3	2,234,002	73
COVID-14	66	1
COVID-19/1/3	175,593	1
COVID-19/2/1	7,414	3
COVID-19/2/2	3,070,888	51
COVID-19/3	6,346	10
DEG/SME	477,180	24
EBRD/SMEC/Green	357,330	10
EBRD/WIB	723,983	81
EIB/APEX	6,368,400	122
FINSCA/MSE	15,780	2
FMO/MSME/Green	872,781	24
FMO/MSME/Retail	1,273,482	52
GAF/ KW/ENERGY	814,196	209
GAF/ KW/ AGRO	1,184,843	96
GAF/KW/SME/ENERGY	1,507,345	34
INCOFIN/BA/MSE	1,577,496	74
Proparco/SME/Green	7,126,359	314
Total	38,206,923	1,497

Thous. AMD		
Loan Investments through International programs	31/12/2022	Quantity
ADB/MSME	6,365,665	116
ADB/TFP/IBA	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	871,058	102
EB/APEX	4,894,205	110
FINSCA/MSE	17,816	2
FMO/MSME/Green	966,816	24
FMO/MSME/Retail	1,625,330	70
GAF/ KIW/ENERGY	907,090	223
GAF/ KIW/ AGRO	1,105,613	92
GAF/KIW/SME	19,923,329	1,514
GAF/KIW/SME/ENERGY	1,217,370	34
GAF/KIW/GONSUMER/ENERGY	1,844,598	2,427
GLI/ME	10,686	1
INCOFINCVBA/MSE	1,930,369	82
Proparco/SME/Green	4,230,126	179
SICAV-SIF/ME1	359	1
Total	57,776,908	5,416

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)	30/06/2023	Percentage	31/12/2022	Percentage
Industry	20,024,235	14.78	21,106,105	14.78
Agriculture	30,490,016	6.07	28,924,932	6.07
Construction	30,968,706	7.06	23,389,820	7.06
Transportation and communication	6,353,306	0.31	3,146,167	0.31
Commerce	46,522,103	17.05	47,793,219	17.05
Consumer	60,142,112	30.81	58,142,406	30.81
Mortgage loans	41,069,588	10.18	38,159,725	10.18
Service	13,519,978	5.35	11,710,787	5.35
Other	30,948,314	8.41	30,599,154	8.41
Total	280,029,358	100	262,972,315	100.00

Thous. AMD				
Breakdown of loan portfolio per customer residency	30/06/2023	Percentage	31/12/2022	Percentage
RA residents	276,215,944	99.46	258,037,285	99.47
Residents of countries with Baa3 and higher ratings including Norway	-	-	-	-
France	-	-	-	-
Residents of countries with Baa3 and lower ratings or no rating at all	11,588	-	-	-
Accrued interest	1,474,256	0.53	1,376,210	0.53
Total	277,701,788	100	259,413,495	100.00

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



30/08/2023

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	140,638,387	545,691	54,020	379	35,422
Loans to individuals and private entrepreneurs	136,526,872	815,783	2,241,720	558,843	532,937	395,061
Total	277,165,259	1,361,474	2,295,740	559,222	568,359	406,874

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	126,592,516	879,107	2,495,456	560,076	2,576,202	1,043,164
Total	257,643,803	1,840,365	2,507,687	565,573	2,820,825	1,152,882

30/06/2023

	Gross loans	Depreciation reserve	Net loans	Depreciation reserve on gross loans
Consumer				
Non-overdue	60,040,945	1,154,860	58,886,085	1.92%
Overdue				
1-30 days	49,877	8,188	41,689	16.42%
31- 60 days	3,778	1,155	2,623	30.57%
61- 90 days	1,615	648	967	40.12%
91-180 days	44,896	31,998	12,898	71.27%
180 and more	1001	741	260	74.03%
Total	60,142,112	1,197,590	58,944,522	1.99%
Trade				
Non-overdue	46,451,808	245,401	46,206,407	0.53%
Overdue			0	
1-30 days			0	
31- 60 days			0	#DIV/0!
61- 90 days				
91-180 days			0	#DIV/0!
180 and more	70,289	59,689	10,600	
Total	46,522,097	305,090	46,217,007	0.66%
Production				
Non-overdue	20,024,238	11,339	20,012,899	0.06%
Overdue				
1-30 days				
31- 60 days				
61- 90 days				
91-180 days				
180 and more				
Total	20,024,238	11,339	20,012,899	0.06%
Construction				
Non-overdue	30,968,708	46,148	30,922,560	0.15%
Overdue				
1-30 days				
31- 60 days				
61- 90 days				
91-180 days				
180 and more				
Total	30,968,708	46,148	30,922,560	0.15%
Mortgage				
Non-overdue	41,069,594	235,122	40,834,472	0.57%
Overdue				
1-30 days				
31- 60 days				
61- 90 days				
91-180 days				
180 and more				
Total	41,069,594	235,122	40,834,472	0.57%
Agriculture				
Non-overdue	30,490,011	382,666	30,107,345	1.26%
Overdue				
1-30 days			0	#DIV/0!
31- 60 days			0	#DIV/0!
61- 90 days			0	#DIV/0!
91-180 days			0	#DIV/0!
180 and more			0	#DIV/0!
Total	30,490,011	382,666	30,107,345	1.26%
Other fields				
Non-overdue	50,812,598	149,616	50,662,982	0.29%
Overdue				
1-30 days			0	#DIV/0!
31- 60 days				
61- 90 days				
91-180 days				
180 and more				
Total	50,812,598	149,616	50,662,982	0.29%
TOTAL	280,029,358	2,327,571	277,701,787	0.83%

31/12/2022

	Gross loans	Depreciation reserve	Net loans	Depreciation reserve on gross loans
Consumer				
Non-overdue	57,749,934	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	28,039	13,122	14,917	46.80%
Total	58,114,643	1,933,273	56,209,134	3.33%
Trade				
Non-overdue	47,714,005	189,347	47,524,658	0.40%
Overdue				
1-30 days	5,051	19	5,032	0.38%
31- 60 days	62,388	15,653	46,735	25.09%
61- 90 days				
91-180 days	1,089	467	622	42.88%
180 and more	10,686	4,581	6,105	42.87%
Total	47,793,219	210,067	47,583,152	0.44%
Production				
Non-overdue	21,106,105	146,794	20,959,311	0.70%
Overdue				
1-30 days			0	
31- 60 days				
61- 90 days				
91-180 days			0	
180 and more			0	
Total	21,106,105	146,794	20,959,311	0.70%
Construction				
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				
Total	23,389,819	163,527	23,226,292	0.70%
Mortgage				
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				
Total	38,159,725	115,105	38,044,620	0.30%
Agriculture				
Non-overdue	28,855,495	494,003	28,361,492	1.71%
Overdue				
1-30 days	23700	3303	20,397	13.94%
31- 60 days	12335	5170	7,165	41.91%
61- 90 days	14503	6047	8,456	41.69%
91-180 days	13257	10391	2,866	78.38%
180 and more	5642	4422	1,220	78.38%
Total	28,924,932	523,336	28,401,596	1.81%
Other fields				
Non-overdue	45,477,184	465,520	45,011,664	1.02%
Overdue				
1-30 days	4,102	25	4,077	0.61%
31- 60 days				
61- 90 days	2,586	1,173	1,413	45.36%
91-180 days				
180 and more				
Total	45,483,872	466,718	45,017,154	1.03%
TOTAL	262,972,315	3,558,820	259,441,259	1.35%

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



Government securities	Thous. AMD	
	30/06/2023	31/12/2022
RA Governmental T-bills	6,361,938	3,088,204
Total	6,361,938	3,088,204

RA non-state securities	Thous. AMD			
	30/06/2023		31/12/2022	
	listed	unlisted	listed	unlisted
Issuer having BBB+(Baa1) and lower rating, other rating or no rating at all				
Long term debt instruments				
Short term debt instruments				
Capital instruments		105,755		105,755
Total non-state securities of RA		105,755		105,755
Investments in RA non-governmental securities (reserve for possible losses)				
Net Investments in RA non-governmental securities	-	105,755	-	105,755

	Thous. AMD			
	30/06/2023		31/12/2022	
	listed	unlisted	listed	unlisted
Issuer having BBB+(Baa1) and lower rating, other rating or no rating at all				
Capital instruments		6,502		6,163
Total non-state securities of RA	-	6,502	-	6,163
Financial assets rated at fair value through other comprehensive financial assets	6,361,938	112,257	3,088,204	111,918

Investments in share capital of other entities as of 31.03.2023

Name of entity	Main activity	Country of registration	Investment date	Thous. AMD	
				Investment (thous AMD)	Share %
S.W.I.F.T	Telecommunication	Belgium	13/09/1996	6,502	-
"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
Total				112,257	

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

Note 17.1 : " Securities pledged under repurchase agreement"

	Thous. AMD	
	30/06/2023	31/12/2022
Own Pledged Securities	36,353,062	43,510,358
including:		
Financial assets measured at fair value through other comprehensive income	15,542,156	20,332,774
Financial assets accounted for at amortized cost	20,810,906	23,177,584
Reserve of financial assets calculated at amortized value	(157,228)	(256,691)
Total	36,195,834	43,253,667

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



	30/06/2023	31/12/2022
Government securities rated at amortized value	4,465,716	427,451
Non-state securities rated at amortized value		491,940
Accumulated interest	98,906	19,025
Reserve of financial assets calculated at amortized value	(33,960)	(13,350)
Total	4,530,662	925,066

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



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

Note 20. "Fixed assets and intangible assets"

Name of the entity	Land, buildings	Computer and communication	Vehicles	Other fixed assets	Investments in fixed assets	Right-of-use assets	Total
Balance of the fixed assets as of the end of previous period 31/12/2022	8,724,269	4,363,165	1,185,596	2,685,555	59	4,410,372	21,369,016
Increase		76,503	12,524	75,313	21,614	366,946	552,900
Disposal			(20,330)				(20,330)
Written-off		(87,597)		(257,745)		(77,196)	(422,538)
Reclassification	5,151				(5,151)		-
Revaluation *	4,827,028						4,827,028
Written-off of amortization (from revaluation)	(965,375)						(965,375)
Balance of fixed assets at the end of accounting period 30/06/2023	12,591,073	4,352,071	1,177,790	2,503,123	16,522	4,700,122	25,340,701
Balance of accumulated amortization at the end of the previous period 31/12/2022	910,093	3,173,945	478,883	1,820,897		2,454,184	8,838,002
Increase	141,159	170,673	65,012	94,879		427,161	898,884
Disposal			(17,211)			(45,147)	(62,358)
Reclassification		(87,403)		(256,914)			(344,317)
Written-off of amortization (from revaluation)	(965,375)						(965,375)
Balance of accumulated amortization at the end of the accounting period 30/06/2023	85,877	3,257,215	526,684	1,658,862	-	2,836,198	8,364,836
Net balance sheet value							
At the end of the accounting period	12,505,196	1,094,856	651,106	844,261	16,522	1,863,924	16,975,865
At the end of the previous accounting period	7,814,176	1,189,220	706,713	864,658	59	1,956,188	12,531,014

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

Intangible Assets

Thous. AMD

Item	Software programs	License and warranties	Intellectual property rights	Other Intangible Assets	Total
Initial value					
Balance of intangible assets at the end of the previous period 31/12/2022	730,987	713,732	206	32,981	1,477,906
Increase	137,637	86,976			
Disposal		(19,659)			
Balance of intangible assets at the end of the accounting period 30/06/2023	868,624	781,049	206	32,981	1,477,906
Intangible balance of accumulated amortization at the end of previous period 31/12/2022	219,041	422,275	114	25,315	666,745
Increase	41,245	55,014	7	1,076	97,342
Disposal					-
Reclassification		(19,659)			(19,659)
Balance of accumulated amortization at the end of accounting period 30/06/2023	260,286	457,630	121	26,391	744,428
Net balance sheet value					
At the end of the accounting period	608,338	323,419	85	6,590	938,432
At the end of the previous accounting period	511,946	291,457	92	7,666	811,161

As of 30.06.2023 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

	30/06/2023	31/12/2022
Amounts receivable from bank operations		
Amounts receivable from other operations	202,067	185,173
Total	202,067	185,173
Reserve for possible loss provision from bank operations (note 7)	(2,109)	(1,868)
Net amounts receivable from bank operations	199,958	183,305
Debtor liabilities and prepayments		
Debtor liabilities on the budget	303,506	180,831
Prepayments to employees	1,355	191
Prepayments to suppliers	254,597	39,101
Prepayments on the budget and mandatory social insurance payments	35,889	52,805
Other debtor liabilities and prepayments	18,619	27,499
Total	613,966	300,427
Reserve for possible loss provision on other assets (note 7)	(6,140)	(3,004)
Total	607,826	297,423
Reserve	270,647	327,451
Future period expenses	176,964	169,998
Other assets	203,359	124,957
Reserve for possible loss provision on other assets (note 7)	(3,804)	(2,950)
Total	647,166	619,456
Total other assets	1,454,950	1,100,184

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



Thous. AMD

	30/06/2023	31/12/2022
Current accounts		
RA Banks	14,488	12,909
Banks having BBB(Baa3) and higher rating		
Banks having rating lower than BBB(Baa3) or no rating at all	756	5,390
Accrued interest		
Total	15,244	18,299
Interbank loans and deposits, other		
Other		
RA banks		
Loans and deposits	5,324,857	3,935,700
Other		6,486
Banks having BBB(Baa3) and higher rating		
Loans and deposits		196,785
Other		
Banks having rating lower than BBB(Baa3) or no rating at all		
Loans and deposits	1,071,075	372,835
Other	17,953	20,589
Accrued interest	15,368	10,160
Total	6,429,253	4,542,555
Financial Institutions		
Current accounts	5,113,010	5,950,431
Loans	24,324,393	20,348,294
Deposits	29,961,486	28,186,118
Other	2,112,623	172,655
Accrued interest	1,061,951	758,024
Total	62,573,463	55,415,522
Total liabilities to banks and financial institutions	69,017,960	59,976,376

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



Program	30/06/2022				31/12/2022	
	Loan amount	Accrued interest	Loan amount	Accrued interest		
"Women Entrepreneurship Support and Development" loan project	2,146,616	5,558	1,494,458	5,109		
GAF/ RA SME lending project of European Investment Bank	6,659,633	92,278	5,237,632	71,485		
GAF /Micro and Small Business Development Project of German-	14,126,770	155,848	14,840,868	160,430		
GAF -Renewable Energy Development" project	2,859,418	74,462	3,101,082	85,422		
GAF "Access to finance for SMEs" project	1,089,073	8,731	911,051	5,991		
RA "Agriculture support" project	1,155,568	9,891	1,104,200	9,654		
COB-AGRO	3,834	20	13,920	73		
COVID-19	54,951	-	54,951	-		
Total	28,076,763	346,806	26,768,162	388,164		

Note 22.3 REPO (repurchase) agreements



REPO (repurchase) agreements	30/06/2022	31/12/2022
REPO (repurchase) agreements with financial institutions	33,535,093	38,713,408
Total	33,535,093	38,713,408

Note 23: "Liabilities to Customers"

RA resident corporate entities and institutions	30/06/2023	31/12/2022
Current accounts	40,780,679	44,115,683
Term deposits	19,598,820	15,115,804
Other	1,613,887	1,623,152
Accrued interest	853,442	663,442
Total	62,846,828	61,518,081

Non-resident corporate entities, institutions	30/06/2023	31/12/2022
Current accounts	1,104,484	1,243,828
Deposits		
Other	2	2
Accrued interest	19	
Total	1,104,505	1,243,830

RA resident private entrepreneurs	30/06/2023	31/12/2022
Current accounts	1,952,730	1,954,619
Term deposit	8,671	4,895
Other	21,033	19,641
Accrued interest	508	230
Total	1,982,942	1,979,385

RA resident individuals	30/06/2023	31/12/2022
Current accounts	26,447,630	27,037,284
Term deposits	58,094,417	57,681,257
Other	741,973	741,253
Accrued interest	1,412,893	1,398,231
Total	86,696,913	86,858,025

Non- resident individuals	30/06/2023	31/12/2022
Current accounts	2,197,363	2,079,397
Term deposits	2,661,783	2,427,904
Other	23,625	36,735
Accrued interest	47,194	54,235
Total	4,929,965	4,598,271
Total liabilities to customers	157,561,153	156,197,592

As of 30.06.2023, the amount necessary to secure obligations was AMD 6.920.440 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 30.06.2023 the Bank attract subordiante borrowing` AMD 7,322,564

Note 24: "Securities issued by the Bank"

	30/06/2023	31/12/2022
Interest securities issued by the Bank	9,822,483	8,517,115
Total	9,822,483	8,517,115

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

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Financial liability at fair value recalculated through profit/loss	30/06/2023	31/12/2022
Derivative instruments		
Swap		
Forward		
Other		1,083
Total	-	1,083

Note 26: "Amounts Payable"

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Amounts payable	30/06/2023	31/12/2022
Dividends	549,535	500,084
For insurance of deposit	67,800	57,710
Total	617,335	557,794

Note 27: "Other Liabilities"

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Other Liabilities	30/06/2023	31/12/2022
On income tax of non-resident	120,214	123,654
On VAT	3,432	7,123
On other taxes and penalties	173,401	208,724
Salary liabilities to employees	1,545,825	1,281,163
Credit debts to suppliers	133,087	91,562
Other liabilities	1,135,831	1,377,110
Balance at the end of the period	3,111,790	3,089,336

Note 28: "Chartered capital"

The Bank's registered and fully paid share capital totals AMD 27,186,784 thous., including 10,008,550 common shares with a nominal value of AMD 2080 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	31.71%	
Sukiasyan Khachatur Albert	3,138,533	15.08%	
Sukiasyan Eduard Albert	2,232,828	10.73%	

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 30.06.2023 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 30.06.2023 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	
	30/06/2023	31/12/2022
Unutilized credit lines	4,921,821	5,864,608
Provided guarantees	15,518,136	11,399,125
Provided letters of credit		
Reserve on the mentioned items (note 7)	(37,919)	(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.

Loans and advances at amortized value to the Bank related parties	30/06/2023	31/12/2022
Bank shareholder	6,770,961	6,943,281
Bank management	437,518	369,900
Financial institutions		-
Total	7,208,479	7,313,181
Interest income	359,989	438,180

Facilities attracted from Bank related entities	30/06/2023	31/12/2022
Bank shareholder	6,166,640	4,872,158
Bank management	783,250	701,028
Financial institutions	348,703	208,792
Total	7,298,593	5,781,978
Interest expense	136,372	200,180

Salary or Similar Payment to the Bank Management	30/06/2023	31/12/2022
Board	165,867	312,985
Salary	165,867	291,585
Awarding		21,400
Executive body	453,986	552,303
Salary	309,986	510,703
Awarding	144,000	41,600
Internal Audit	53,932	126,537
Salary	53,932	117,013
Awarding		9,524
Total	673,785	991,825

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.

30/06/2023

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Item	RA	CIS countries	OECD* countries*	Non-OECD* countries	Total
Assets					
Cash and balances with the CBA	56,939,208	762,813	1,519,435	344,410	59,565,866
Standard bank precious metal bullions and coins	443				443
Due from banks and other financial institutions	8,889,238	23,374	309,270	2,152	9,224,034
Reverse repurchase agreements	8,898,372				8,898,372
Customers' loans and advances rated at amortized value	277,690,119	11,669			277,701,788
Securities at fair value rated through other comprehensive financial results	6,467,693		6,502		6,474,195
Securities pledged under repurchase agreement	36,195,834				36,195,834
Other financial assets carried at amortized cost	4,530,662				4,530,662
Other assets	199,614		433		200,047
Total assets	399,811,183	797,856	1,835,639	346,562	402,791,241

31/12/2022

Thous.AMD

Item	RA	CIS countries	OECD* countries*	Non-OECD* countries	Total
Assets					
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	7,055,819	3,765,673	427,354	199,584	11,448,430
Reverse repurchase agreements	6,381,390				6,381,390
Customers' loans and advances rated at amortized value	259,413,495				259,413,495
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	204,394		644		205,038
Total assets	387,787,727	4,697,705	1,135,251	288,599	393,909,282

Loans allocated in the territory of RA per RA regions:

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RA regions	30/06/2023	31/12/2022
Yerevan	169,263,269	163,010,511
Kotayk	32,339,100	25,431,723
Ararat	11,564,612	13,298,791
Lori	7,444,796	6,704,871
Gegharkunik	8,133,200	7,518,905
Shirak	7,751,721	6,111,784
Armavir	11,203,132	9,786,125
Syunik	6,582,317	5,788,800
Aragatsotn	8,862,237	7,900,633
Vayots Dzor	1,956,639	1,559,504
Tavush	1,661,237	1,478,572
Artsakh	10,939,528	10,823,276
Total	277,701,788	259,413,495

Credit Risk Analysis

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

2) It should be noted that in the loan portfolio the unsecured loans (without reserves) as of 30.06.2023 did not exceed 4.958%. 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 30.06.2023, loan investments without reserves amounted to AMD 280.029.358. As of 30.06.2023 the volume of loans in the Stage 2, Stage 3 amounted to AMD 2.864.099 thousand.

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

5) The volume of repo transactions concluded in the II quarter of 2023 (excluding extensions) amounted to 17,297,266 thousand. AMD " 4,854,400 USD, in the same period of last year: 20,176,618 thousand. AMD " 2,315,731 USD. The volume of reverse repo transactions in the II quarter of 2023 was 372,047,663 thousand. AMD " 6,500,000 EUR, and in the same period of the previous year - 302,720,010 thousand. AMD " 1,500,000 EUR.

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
2023 I Q	6,905.63	350.50	447.31	887.26	31.49	8.21	13,131.95	178.24	15,929.47
2023 II Q	4,126.00	191.66	728.05	537.56	22.88	5.44	8,999.64	234.61	10,108.26
increase/decrease	-2,779.62	-158.84	280.74	-349.70	-8.61	-2.77	-4,132.31	56.37	-5,821.21

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

30/06/2023							Thous. AMD
	AMD	USD	EUR	RUB	Other currency	Total	
Cash and their equivalents	23,166,975	27,861,392	6,507,922	1,923,475	106,102	59,565,866	
Bank standardized bullions of precious metals and coins	443					443	
Receivables to banks and other financial institutions	2,361,298	6,409,132	15,549	438,054		9,224,034	
Reverse Repurchase Agreements	7,268,971	1,629,401				8,898,372	
Loans and advances to customers calculated at amortized value	199,254,676	70,407,624	8,019,612	19,876		277,701,788	
Financial assets at fair value rated through other comprehensive financial results	6,076,645	397,550				6,474,195	
Securities pledged under repurchase agreements	36,195,834					36,195,834	
Other financial assets calculated at amortized value	4,530,662					4,530,662	
Other assets	191,088	6,115	2,750	92		200,045	
Total assets	279,046,593	106,711,214	14,545,833	2,381,498	106,102	402,791,239	
Liabilities							
Liabilities to the banks and other financial institutions	56,945,819	9,258,933	2,802,067	11,141		69,017,960	
Loans and deposits from international financial institutions	8,233,500	44,064,607	1,400,258			53,698,365	
Loans from the CBA and RA	28,423,574					28,423,574	
REPO agreements	31,423,617		2,111,476			33,535,093	
Liabilities to Customers	105,120,057	42,632,956	7,518,127	2,265,696	24,317	157,561,153	
Subordinate borrowing	1,011,422	5,469,805	841,337			7,322,564	
Liabilities on current taxes	536,116					536,116	
Securities issued by the Bank	4,085,076	5,737,407				9,822,483	
Financial liabilities at fair value recalculated through profit/loss						-	
Amount payable	617,335					617,335	
Deferred tax liabilities	1,226,720					1,226,720	
Lease liabilities	1,421,972					1,421,972	
Other liabilities	3,025,458	68,961	9,837	6,709	824	3,111,790	
Total liabilities	242,070,666	107,232,669	14,683,102	2,283,546	25,141	366,295,125	
Balance-sheet open position	36,975,926	(521,455)	(137,269)	97,951	80,961	36,496,114	
Financial liabilities at fair value recalculated through profit/loss						-	
Aggregately payable currency derivatives						-	
Net position	36,975,926	(521,455)	(137,269)	97,951	80,961	36,496,114	

31/12/2022							Thous. AMD
	AMD	USD	EUR	RUB	Other currency	Total	
Assets							
Cash and their equivalents	28,780,188	32,935,380	5,157,957	2,197,831	10,275	69,081,631	
Bank standardized bullions of precious metals and coins	443					443	
Receivables to banks and other financial institutions	3,284,973	8,128,331	35,126			11,448,430	
Reverse Repurchase Agreements	5,240,316	1,141,074				6,381,390	
Loans and advances to customers calculated at amortized value	179,623,106	70,031,531	9,732,410	26,448		259,413,495	
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	176,735	25,556	2,480	267		205,038	
Total assets	263,594,146	113,152,342	14,927,973	2,224,546	10,275	393,909,282	
Liabilities							
Liabilities to the banks and other financial institutions	49,437,297	6,560,452	3,960,421	18,206		59,976,376	
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	27,068,562					27,068,562	
REPO agreements	38,713,408					38,713,408	
Liabilities to Customers	91,390,244	53,447,155	9,067,102	2,292,305	786	156,197,592	
Subordinate borrowing	1,011,837	2,959,492				3,971,329	
Liabilities on current taxes	806,153					806,153	
Securities issued by the Bank	3,665,840	4,851,275				8,517,115	
Amount payable	557,794					557,794	
Deferred tax liabilities	177,446					177,446	
Lease liabilities	1,475,813					1,475,813	
Other liabilities	2,963,871	72,677	8,398	44,317	73	3,089,336	
Total liabilities	229,013,532	113,965,631	14,790,102	2,354,828	859	360,124,952	
Balance-sheet open position	34,580,614	(813,289)	137,871	(130,282)	9,416	33,784,330	
Financial liabilities at fair value recalculated through profit/loss						-	
Aggregately payable currency derivatives						-	
Open position	34,580,614	(813,289)	137,871	(130,282)	9,416	33,784,330	

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

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

Interest Rate Risk

Assessment of interest rate change risk:

The analysis of disbalance shows that the average accumulated disbalance of the 2 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

30/06/2023

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	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-
Resources attracted												
Liabilities to banks and other financial institutions, including:												
Resources attracted												
Liabilities to banks and other financial institutions, including:												
- Loans				1,029,493	2,308,842	139,650	2,055,467	1,169,143	3,592,943	3,594,341		
Total			-	1,029,493	2,308,842	139,650	2,055,467	1,169,143	3,592,943	3,594,341		
Net position	-	-	-	(1,029,493)	(2,308,842)	(139,650)	(2,055,467)	(1,169,143)	(3,592,943)	(3,594,341)	-	-

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												
Total												
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		
Total	-	-	487,145	1,049,520	2,113,272	2,106,246	2,337,613	1,189,540	5,666,253	4,808,930	-	-
Net position	-	-	(487,145)	(1,049,520)	(2,113,272)	(2,106,246)	(2,337,613)	(1,189,540)	(5,666,253)	(4,808,930)	-	-

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

Item	Interest rates of accounting period: 30/06/2023		Interest rates of accounting period: 31/12/2022	
	AMD	Foreign currency	AMD	Foreign currency
Assets				
Balance at CBA				
Receivables to banks and other financial institutions, including:				
- Interbank Loans	11.90	2.45	12.23	5.00
- Interbank REPO	13.06		12.50	6.00
Loans and advances provided to customers rated at amortized value				
	13.71	9.12	13.61	8.91
Financial instruments at fair value through profit or loss				
	9.19	2.91	8.51	6.29
Liabilities				
Liabilities to banks and other financial				
	9.13	4.77	8.82	4.88
Liabilities to Customers				
	4.84	3.88	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 rd 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		30/06/2023								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	-	-	59,565,847	18	-	-	-	-	-	59,565,865	
Standardized precious metal bullions and coins	-	-	443	-	-	-	-	-	-	443	
Receivables to banks and other financial institutions	-	-	-	4,205,200	3,172,399	573,245	41,697	-	1,231,533	9,224,034	
Reverse Repurchase Agreements	-	-	-	8,898,372	-	-	-	-	-	8,898,372	
Financial assets at fair value recalculated through profit/loss	-	-	-	-	-	-	-	-	-	-	
Other financial assets calculated at amortized value	-	-	-	212,182	-	174,315	-	4,144,165	-	4,530,662	
Loans and advances provided to customers rated at amortized value	1,617,745	308,227	-	22,695,763	16,953,452	24,743,038	128,963,571	82,419,992	-	277,701,788	
Financial assets at fair value calculated through other comprehensive financial result	-	-	-	397,550	-	18,538	1,344,579	4,601,271	112,257	6,474,195	
Securities pledged under repurchase agreements	-	-	-	36,195,835	-	-	-	-	-	36,195,835	
Other receivables	567	-	-	199,480	-	-	-	0	-	200,047	
Total	1,618,312	308,227	60,566,290	72,804,400	20,125,811	25,608,136	130,349,847	91,165,428	1,343,790	402,791,241	
including:											
I group foreign currency	253,659	6,252	34,515,428	8,778,519	7,015,438	7,331,621	40,799,420	22,577,560	64,033	121,341,690	
II group foreign currency	-	-	1,974,847	442,832	1,368	2,736	11,066	-	-	2,432,649	
By floating interest rate	-	-	-	-	-	-	-	-	-	-	
By fixed interest rate	1,522,702	221,226	-	30,981,170	-	-	-	-	-	32,725,098	
Non-interest	95,610	87,001	59,566,290	41,823,230	20,125,811	25,509,136	130,349,847	91,165,428	1,343,790	370,086,143	
On maturity of liabilities repayment											
Liabilities to banks and other financial institutions	-	-	7,279,971	6,797,822	5,634,980	10,633,045	26,100,322	12,571,830	-	69,017,960	
Loans and deposits from international financial institutions	-	-	-	2,550,316	5,734,365	8,711,430	35,984,075	658,181	-	53,698,399	
Loans from the RA Government and CBA	-	-	-	1,268,312	2,696,398	2,726,533	19,626,217	2,106,113	-	28,423,673	
Repurchase Agreements	-	-	-	32,267,378	1,267,715	-	-	-	-	33,535,093	
Liabilities to customers	-	-	74,895,317	19,210,701	18,782,068	28,002,769	16,101,977	568,321	-	157,561,183	
Subordinate borrowings	-	-	-	54,790	-	-	-	7,267,774	-	7,322,564	
Securities issued by the Bank	-	-	-	2,397,876	102,748	-	7,321,859	-	-	9,822,483	
Lease liabilities	-	-	-	1,421,972	-	-	-	-	-	1,421,972	
Liabilities on current taxes	-	-	-	-	-	-	-	-	-	-	
Deferred tax liabilities	-	-	-	-	-	1,226,720	-	-	-	1,226,720	
Amounts payable	-	-	327,231	290,104	-	-	-	-	-	617,335	
Other liabilities	-	-	2,808,204	297,487	27	6,045	27	-	-	3,111,790	
Off-balance sheet contingent liabilities	-	-	-	1,833,164	3,369,240	7,474,180	6,664,208	1,099,167	-	20,439,859	
Total	-	-	85,310,723	68,610,135	37,647,541	69,196,624	111,798,885	24,271,376	-	388,735,084	
including:											
I group foreign currency	-	-	20,685,953	13,358,343	12,989,283	21,100,778	46,326,337	7,480,220	-	121,040,814	
II group foreign currency	-	-	1,030,566	625,747	297,188	258,631	73,066	-	-	2,288,098	
By floating interest rate	-	-	-	-	-	-	-	-	-	-	
By fixed interest rate	-	-	-	-	-	-	-	-	-	-	
Non-interest	-	-	51,992,160	6,532,601	5,051,718	9,687,291	6,850,044	3,595,213	-	69,709,027	
Net liquidity gap	1,618,312	308,227	(25,744,439)	4,294,265	(17,821,730)	(39,687,488)	16,561,162	66,894,052	1,343,790	16,056,167	
including:											
I group foreign currency	253,659	6,252	13,829,475	(4,579,824)	(6,973,845)	(13,789,157)	(6,626,917)	16,097,340	64,033	(698,684)	
II group foreign currency	-	-	944,281	(182,915)	(296,820)	(256,885)	(82,900)	-	-	146,771	
Floating interest rate	-	-	-	(1,029,483)	(2,448,492)	(3,224,610)	(7,187,284)	-	-	(13,889,879)	
Fixed interest rate	1,622,702	221,226	(39,316,565)	(29,966,871)	(30,147,351)	(46,284,723)	(97,781,367)	(20,676,163)	-	(268,411,080)	
Accumulative liquidity gap	1,618,312	1,926,538	(23,817,894)	(16,523,629)	(37,045,369)	(70,732,847)	(52,181,885)	14,712,387	16,056,157		

Previous accounting period		31/12/2022								Thous.AMD	
Item	Non-performing	Overdue	Repayment date in	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	-	-	-	6,162,154	160,055	3,781,287	164,656	-	1,180,278	11,448,430	
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	-	20,045,590	14,737,696	25,680,481	118,383,677	76,533,747	-	259,413,495	
Financial assets at fair value calculated through other comprehensive financial result	-	-	-	405,683	-	-	570,016	2,112,525	111,918	3,200,122	
Securities pledged under repurchase agreements	-	-	-	43,253,667	-	-	-	-	-	43,253,667	
Other receivables	40	-	-	294,522	5	471	-	-	-	295,938	
Other receivables	567	-	-	199,480	-	-	-	-	-	200,047	
Total	3,919,665	112,869	69,082,073	77,188,364	15,095,253	29,462,239	119,118,349	78,646,272	1,292,196	393,909,280	
including:											
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	128,324,381	
II group foreign currency	-	-	2,209,439	2,898	2,381	3,525	17,914	-	-	2,236,157	
By floating interest rate	-	-	-	-	-	-	-	-	-	-	
By fixed interest rate	3,790,673	100,243	-	72,773,594	14,704,214	28,545,142	117,533,426	78,645,651	-	316,892,943	
Non-interest	128,992	12,626	69,082,073	4,414,451	391,039	917,067	1,584,923	621	1,292,196	77,824,018	
On maturity of liabilities repayment											
Liabilities to banks and other financial institutions	-	-	6,211,412	6,837,780	10,699,981	7,968,636	17,103,963	11,154,604	-	59,976,376	
Loans and deposits from international financial institutions	-	-	-	3,469,048	6,540,552	7,428,195	41,109,510	1,026,724	-	59,574,029	
Loans from the RA Government and CBA	-	-	-	1,009,094	1,142,248	3,432,999	19,458,159	2,026,062	-	27,068,562	
REPO agreement	-	-	-	38,713,098	-	-	-	-	-	38,713,098	
Liabilities to customers	-	-	78,681,578	17,624,577	15,232,173	30,739,042	13,390,321	569,901	-	156,197,592	
Subordinate borrowings	-	-	-	13,788	21,108	-	-	3,936,432	-	3,971,328	
Liabilities on current taxes	-	-	-	-	806,153	-	-	-	-	806,153	
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	-	-	-	1,083	-	-	-	-	-	1,083	
Amounts payable	-	-	275,337	282,457	-	-	-	-	-	557,794	
Other liabilities	-	-	2,967,652	115,757	1,608	4,300	19	-	-	3,089,336	
Off-balance sheet contingent liabilities	-	-	-	2,239,654	3,339,751	2,787,474	4,652,899	4,192,965	-	17,932,653	
Total	-	-	88,135,979	71,896,282	37,865,642	54,713,794	181,693,938	23,966,688	-	377,212,323	
I group foreign currency	-	-	26,365,489	12,471,823	16,429,994	20,250,040	48,825,710	3,821,251	-	128,164,307	
II group foreign currency	-	-	1,110,366	554,207	259,159	386,819	47,271	590,381	-	2,948,203	
By floating interest rate	-	-	-	-	-	-	-	-	-	-	
By fixed interest rate	-	-	-	-	-	-	-	-	-	-	
Non-interest	-	-	56,361,101	3,168,782	2,497,565	799,349	144,115	221	-	62,969,133	
Net liquidity gap	3,919,665	112,869	(16,063,900)	5,294,082	(22,770,389)	(25,261,655)	17,424,411	56,739,664	1,292,196	16,696,957	
including:											
I group foreign currency	1,032,345	1,915	12,375,618	(1,086,987)	(13,280,480)	(6,586,918)	(10,141,918)	65,278	-	160,074	
II group foreign currency	-	-	1,099,073	(551,309)	(258,778)	(383,294)	(28,367)	-	-	(712,464)	
By floating interest rate	-	-	-	(6,789,020)	(9,847,040)	(477,330)	-	-	-	(19,893,990)	
By fixed interest rate	-	-	100,243	(31,774,878)	(13,785,351)	(11,276,307)	(24,981,873)	15,983,803	56,739,194	21,456,936	
Accumulative liquidity gap	3,919,665	4,032,534	(16,021,372)	(9,737,290)	(32,507,679)	(57,759,234)	(40,334,823)	15,404,781	16,696,957		

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:

	30/06/2023	31/12/2022
Chartered capital	27,186,784	26,652,068
Emission income/loss	1,210,529	745,223
Reserves:	10,364,250	5,319,788
Main reserve	3,952,000	3,663,000
Revaluation reserve	6,412,250	1,656,788
Undistributed profit/loss	19,233,359	15,755,261
Total capital	57,994,922	48,472,340

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						
2023	Main capital	Additional capital	Total capital	Credit risk	Market and operational risk	Equivalent effective %	CBA limit %
	1	2	3 (1+2)	4	5	6	7
January	44,824,426	5,261,613	50,086,039	323,443,745	3,399,041	14.24	12
February	45,733,900	5,321,463	51,055,363	326,738,335	3,407,582	14.38	12
March	46,830,907	5,437,429	52,268,336	330,933,336	3,199,944	14.62	12
April	46,990,487	5,460,341	52,450,828	340,557,595	3,234,614	14.27	12
May	47,540,556	9,381,476	56,922,032	347,716,818	3,306,348	15.17	12

	Tier 1 core capital	Tier 1 capital	Total capital	Credit risk	Market and operational risk	Equivalent effective %	CBA limit %
June	39,407,127	45,776,127	55,812,143	346,757,004	3,334,852	14.80	11.0
		Involved in calculation standards					
2022	Main capital	Additional capital	Total capital	Credit risk	Market and operational risk	Equivalent effective %	CBA limit %
	1	2	3 (1+2)	4	5	6	7
January	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 Charter

As of 30/06/2023				
Risk weight	Assets	Off-balance sheet contingent liabilities	Incomplete term operation	
0%	104,239,338	746,739		-
10%	8,773,063			877,306
20%	2,143,889			428,778
30%	461,182			138,355
35%	24,072			8,425
50%	1,891,487			945,744
75%	61,372,234	414,533		46,340,075
100%	151,774,610	11,199,205		162,973,815
110%	296,800	72,098		405,788
150%	82,006,425	5,418,156		131,136,872
200%	983,464			1,966,928
Total	413,966,564	17,850,731	-	345,222,085

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
Total	408,120,140	14,132,513	-	323,904,926

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



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

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

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

As of 30.06.2023 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 30.06.2023 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 30.06.2023. the Bank has no pledged assets.

Note 38. "Accepted Pledge"

As of 30.06.2023. 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	30/06/2023		31/12/2022	
	Loan amount	Collateral amount	Loan amount	Collateral amount
Real estate	108,145,256	467,598,078	105,074,753	454,668,403
Car	2,614,126	7,955,269	2,284,747	7,953,800
Equipment	9,414,786	24,523,911	3,484,666	17,249,786
Ready made products	4,851,221	14,742,000	5,606,914	14,772,000
Guarantee	86,918,741	453,668,702	82,581,403	439,370,626
Monetary funds	1,810,125	6,670,121	2,652,823	8,616,862
Gold items	17,022,771	20,302,716	15,642,548	18,494,364
Governmental securities	1,836	11,500	3,119	11,500
Other securities	14,598	67,212	13,535	53,913
Other pledge	35,350,869	54,228,000	29,715,935	46,374,071
No collateral available	13,885,029		15,911,872	
Total	280,029,358	1,049,767,509	262,972,315	1,007,565,325

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 (Acting CEO)

A. Arakelyan

Acting Chief Accountant

N. Galstyan