

**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 4<sup>th</sup> QUARTER OF 2023  
“ARMECONOMBANK” OJSC 23/1 AMIRYAN STR., YEREVAN**

**ARMECONOMBANK**

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

### **Legal Field**

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

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

### **Main Activities**

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

### **Business Environment**

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

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

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

### **Corporate Governance**

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

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

S. Sukiasyan

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

A. Khachatryan

R. Hayrapetyan

L. Petrosyan

H. Suvaryan

Per Fischer

**Structure and Members of the Bank’s Management**

CEO

A. Arakelyan

Deputy CEO

R. Badalyan

Deputy CEO

O. Chichyan

Deputy CEO

A. Harutunyan

Deputy CEO

A. Manrikyan

Deputy CEO

A. Pilosyan

Acting Chief Accountant

N. Galstyan

Acting Head of Risk Management Department

K. Babayan

Head of Strategy and Risk Management Department

H. Avetisyan

Head of Legal Department

V. Jhangiryan

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

As of 31.12.2023 the Chartered capital amounts to AMD 28,132,240. It includes 10,463,096 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	30.59%
Sukiasyan Khachatur Albert	14.42%
Sukiasyan Eduard Albert	10.26%

## Remuneration Policy of the Bank’s Management

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

## Payments to Statutory Auditors

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

## Note 2. “Accounting Policy”

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

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

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

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

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

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

### Recognition of Income and Expenses

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

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

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

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

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

Other incomes and expenses especially rentals, advertisement, building maintenance, technical service liabilities, as well as costs of fuel for vehicles are reflected in the Statement on Financial Results on accrual basis taking into account the relevant contract, or payments of the previous period. The accrual of non-interest

expenses up to AMD 10,000 is performed on the last working day of each month, while the accrual of non-interest expenses exceeding AMD 10,000 is made daily. The accrual of expenses on holiday payments is made daily.

Amortized deductions on fixed assets (including those received from financial leasing), capital investments for leased property and intangible assets are performed each day in amounts defined by this policy and are adjusted on the last working day of each month. Dividends are entered into the Statement on Financial Results according to accrual principle at the moment they are declared.

### **Foreign Exchange Operations Accounting**

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

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

### **Tax Accounting**

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

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

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

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

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

Income tax assets and liabilities are offset when the Bank:

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

### **Cash and Cash Equivalents**

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

The statement on cash flows is made by indirect method.

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

### **Financial Instruments**

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

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

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

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

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

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

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

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

Debt securities which as of 31.12.2017 were classified as available- for- sale, by IFRS 9 will be classified as accounted at fair value through other comprehensive income, as the Bank expects not only to keep that assets to collect contractual cash flows but also to carry out relatively frequent sales with significant amounts. Upon the resolution of the Bank’s Executive Board, the Bank may classify a part of the securities portfolio as financial assets calculated at amortized value.

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

Profit and loss occurred from the further measurement:

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

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

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

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

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

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

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

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

### **Repurchase Agreements**

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

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

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

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

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

## **Leases**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Pursuant to IFRS 9 :

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

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

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

Where:

BALANCE- balance amount of the given loan sub-portfolio

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

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

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

For the calculation of loan reserve appraisal of the loans included in Stage 1 and Stage classes

PD12Month and PDLifetime are applied respectively.

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

### **Intangible Assets**

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

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

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

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

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

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

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

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

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

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

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

### Fixed Assets

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

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

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

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

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

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

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

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

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

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

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

Depreciation is not calculated for land.

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

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

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

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

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

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

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

## **Inventory**

**The Bank’s inventory includes:**

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

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

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

For the determination of the cost of inventory the Bank accepts and applies first in first out (FIFO) formula. According to FIFO formula the inventory units acquired first are sold, used or disposed of first, therefore the

assets that remain in inventory by the end of the accounting period are the most recently purchased. The cost of the short-life items is written off at the beginning of their utilization.

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

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

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

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

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

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

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

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

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

### **Consolidated Financial Statements**

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

### **Segment Statements**

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

### **Issued Corporate Bonds**

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

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

### **Comparable Information**

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

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

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

If the Bank reveals errors on its own,

Fundamental errors are revealed by an audit organization,

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

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

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

Interim Report  
On Financial Results  
31 December 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)
<b>1</b>	<b>Assets</b>			
1.1	Cash and their equivalents	13	71,569,317	69,081,631
1.2	Standard bank precious metal bullions and coins		396,358	443
1.3	Due from banks and other financial institutions	14	5,926,882	11,448,430
1.4	Reverse repurchase agreement	14.1	12,464,832	6,381,390
1.5	Financial assets rated at actual value through profit or loss	15	788	
1.5.1	Other financial assets rated at amortized value	18	8,570,306	925,066
1.6	Loans and advances provided to customers at amortized value	16	291,399,068	259,413,495
1.7	Financial assets at fair value rated through other comprehensive financial results	17	14,975,902	3,200,122
1.7.1	Securities pledged under repurchase agreement	17.1	36,655,031	43,253,667
1.9	Non-current assets held for sale		2,963,269	1,193,115
1.10	Fixed assets	20	15,391,456	10,574,826
1.10.1	Intangible assets	20	1,054,183	811,161
1.10.1	Right-of-use assets	20.1	1,875,558	1,956,188
1.12	Other assets	21	1,639,162	1,100,184
	<b>Total assets</b>		<b>464,882,112</b>	<b>409,339,718</b>
<b>2</b>	<b>Liabilities</b>			
2.1	Liabilities to banks and other financial institutions	22	73,185,058	59,976,376
2.2	Loans and deposits received from the international financial Institutions	22.1	48,335,375	59,574,028
2.3	Loans received from the CBA and from the RA government	22.2	37,158,136	27,068,562
2.4	Repurchase agreement		34,127,375	38,713,408
2.5	Liabilities to Customers	23	183,695,686	156,197,592
2.6	Subordinate borrowing	23.1	9,679,494	3,971,329
2.7	Liabilities on current taxes		1,119,763	806,153
2.8	Securities issued by the Bank	24	11,295,283	8,517,115
2.9	Financial liabilities at fair value through profit or loss	25	13,477	1,083
2.10	Amounts payable	26	601,085	557,794
2.11	Deferred tax liabilities	11	1,185,308	177,446
2.12	Reserves	30	19,270	103,386
2.13	Lease liabilities	40	1,426,082	1,475,813
2.14	Other liabilities	27	2,594,715	3,089,336
	<b>Total liabilities</b>		<b>404,436,107</b>	<b>360,229,421</b>
<b>3</b>	<b>Capital</b>			
3.1	Chartered capital	28	28,132,240	26,652,068
3.2	Emission income		2,265,076	745,223
<b>3.3</b>	<b>Reserves</b>			
3.3.1	Main reserve		3,952,000	3,663,000
3.3.2	Revaluation reserve		(379,023)	(1,228,475)
3.3.3	Other reserve		6,896,366	3,112,039
3.4	Undistributed profit(loss)		19,579,346	16,166,442
	<b>Total capital</b>		<b>60,446,005</b>	<b>49,110,297</b>
	<b>Total liabilities and capital</b>		<b>464,882,112</b>	<b>409,339,718</b>

Chief Executive Officer (CEO)



*(Signature)*

A. Arakelyan

Acting Chief Accountant

Approval date: 12 January 2024

N. Galstyan

Interim Report  
On Financial Results  
31 December 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	10,698,497	39,155,700	8,883,051	32,690,280
Interest and similar expenses	3	(6,518,753)	(23,592,407)	(5,311,514)	(19,818,798)
<b>Net interest and similar income</b>		<b>4,179,744</b>	<b>15,563,293</b>	<b>3,571,536</b>	<b>12,871,481</b>
Income as commissions and other fees	4	1,629,914	5,956,776	1,371,389	4,556,256
Expenses as commissions and other fees	4	(560,588)	(2,090,915)	(418,600)	(1,512,409)
<b>Net commission and other fees</b>		<b>1,069,326</b>	<b>3,865,861</b>	<b>952,790</b>	<b>3,043,848</b>
Net commercial income	5	805,194	2,568,056	1,210,670	4,386,847
Other operational income	6	210,822	667,819	115,444	489,327
<b>Operational income</b>		<b>6,265,086</b>	<b>22,665,029</b>	<b>5,850,440</b>	<b>20,791,503</b>
Net allocations to possible asset loss provisions	7	(2,973,737)	(1,728,701)	(419,769)	(245,905)
Total administrative expenses	8	(2,575,935)	(9,741,615)	(2,170,199)	(8,444,235)
Other operational income	9	(1,552,740)	(4,452,575)	(881,972)	(3,177,869)
<b>Operational profit</b>		<b>(837,326)</b>	<b>6,742,138</b>	<b>2,378,500</b>	<b>8,923,494</b>
<b>Profit/loss before taxation</b>		<b>(837,326)</b>	<b>6,742,138</b>	<b>2,378,500</b>	<b>8,923,494</b>
Profit tax expenses(compensation)	11	(552,750)	(2,022,152)	(637,401)	(1,811,677)
<b>Profit for period</b>		<b>(1,390,076)</b>	<b>4,719,986</b>	<b>1,741,100</b>	<b>7,111,817</b>

Chief Executive Officer (CEO)



A. Arakelyan

Acting Chief Accountant

N. Galstyan

Approval date: 12 January 2024

Interim Report  
On Other Comprehensive Financial Results  
31 December 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)
<b>Other comprehensive financial results</b>					
Revaluation of financial assets at fair value rated through other comprehensive financial results		(478,152)	1,145,010	(138,652)	(1,105,862)
Devaluation of financial assets at fair value rated through other comprehensive financial results after taxation		(4,931)	(89,455)	(1,781)	39,479
Դրամական հոսքերի հեջավորում			3,958,162		
Profit tax on the revaluation of financial assets at fair value rated through other comprehensive financial results		86,067.37	(206,102)	24,957	199,055
<b>Other comprehensive financial result after taxation</b>		<b>(397,015.77)</b>	<b>4,807,615</b>	<b>(115,476)</b>	<b>(867,328)</b>
<b>Comprehensive financial result</b>		<b>(1,787,092)</b>	<b>9,527,601</b>	<b>1,625,624</b>	<b>6,244,489</b>

Chief Executive Officer (CEO)



*(Handwritten signature of A. Arakelyan)*  
*(Handwritten signature of N. Galstyan)*

A. Arakelyan

Acting Chief Accountant

N. Galstyan

Approval date: 12 January 2024

Interim Report  
On Equity Changes  
31 December 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
<b>Recalculated balance</b>	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
<b>Transactions with shareholders (owners) regarding to shares, including:</b>	544,512	544,512	455,505	-	-	-	-	1,000,018	1,000,018
Investments in chartered capital and other increase of chartered capital	544,512	544,512	455,505	-	-	-	-	1,000,018	1,000,018
<b>Comprehensive income</b>		-	-	-	(867,327)		7,111,816	6,244,489	6,244,489
<b>Dividends</b>		-	-	-			(1,379,233)	(1,379,233)	(1,379,233)
<b>Internal movements including:</b>	-	-	-	182,000	-	(101,986)	(80,014)	-	-
<b>Deductions to main reserve</b>		-	-	182,000			(182,000)	-	-
Decrease of value from the revaluation of fixed and intangible assets		-				(101,986)	101,986	-	-
<b>Balance as of the end of the interim accounting period 31.12.2022(unaudited)</b>	<b>26,652,067</b>	<b>26,652,067</b>	<b>745,223</b>	<b>3,663,000</b>	<b>(1,228,475)</b>	<b>3,112,039</b>	<b>16,166,442</b>	<b>49,110,297</b>	<b>49,110,297</b>

Interim period of the current year (ascending from the beginning of the year) (II table)									
<i>Balance as of the beginning of the financial year as of 01 January 2023 (unaudited)</i>	26,652,068	26,652,068	745,223	3,663,000	(1,228,475)	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
<b>Transactions with shareholders (owners) regarding to shares, including:</b>	1,480,172	1,480,172	1,519,852	-	-	-	-	3,000,024	3,000,024
Investments in chartered capital and other increase of chartered capital	1,480,172	1,480,172	1,519,852	-	-	-	-	3,000,024	3,000,024
<b>Comprehensive income</b>		-	-	-	849,453	3,958,162	4,719,986	9,527,601	9,527,601
<b>Dividends</b>		-	-	-			(1,191,917)	(1,191,917)	- 1,191,917
<b>Internal movements including:</b>	-	-	-	289,000	-	(173,835)	173,835	-	-
<b>Deductions to main reserve</b>				289,000			(289,000)	-	-
Decrease of value from the revaluation of fixed and intangible assets						(173,835)	173,835	-	-
Deductions to main reserve		-						-	-
<b>Balance as of the end of the interim accounting period 31.12.2023(unaudited)</b>	<b>28,132,240</b>	<b>28,132,240</b>	<b>2,265,075</b>	<b>3,952,000</b>	<b>- 379,022</b>	<b>6,896,366</b>	<b>19,868,346</b>	<b>60,446,005</b>	<b>60,446,005</b>

Chief Executive Officer (CEO)



*(Signature)*

A. Arakelyan

Acting Chief Accountant

N. Galstyan

Approval date: 12 January 2024

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

Thous. AMD

Name	Note	Accounting period (unaudited)	Previous period (unaudited)
<b>1. Cash flows from operations</b>			
<b>Profit for the year</b>		4,719,987	7,111,817
<i>Adjustments</i>			
Expenses on profit tax		2,022,152	1,811,677
Loss from depreciation of interest-bearing assets		1,728,701	245,905
Depreciation and amortisation		2,159,011	1,795,774
Net income from disposal of fixed assets		(629)	(38,542)
Net gain from foreign exchange			
Net income from sale/ purchase of financial assets rated at fair value through profit or loss		304,028	809,484
Financial assets at fair value rated through other comprehensive financial results		(124,348)	(374,451)
Other income		(12,847)	(30,818)
Interest income		(816,462)	(450,394)
Interest expenses		1,069,381	1,248,205
<b>Cash flows from operations before changes in operational assets and liabilities</b>		<b>11,048,974</b>	<b>12,128,657</b>
<b>Changes in operational assets or liabilities</b>			
<b>Increase/ decrease in operational assets</b>			
Due from financial institutions		5,731,113	(4,023,750)
Reverse repurchase agreements		(6,014,400)	1,335,923
Loans to customers		(32,329,061)	(55,847,123)
Other assets		(760,622)	(57,459)
Liabilities to financial institutions		12,267,688	9,141,046
Repurchase agreements		(4,603,522)	4,591,803
Liabilities to customers		25,733,000	31,769,453
Other liabilities		(462,947)	84,698
<b>Cash used in operations before taxation</b>		<b>10,610,223</b>	<b>(876,752)</b>
Paid profit tax		(1,771,979)	(1,060,832)
<b>Net cash used in operations</b>		<b>8,838,243</b>	<b>(1,937,584)</b>
<b>Cash flows from investments</b>			
Decrease(increase) of securities at fair value rated though profit/loss and available for sale		(11,773,126)	(5,647,735)
Decrease(increase)of other financial assets at amortized value			-
Acquisition of fixed assets		(1,108,418)	(932,603)
Proceeds from sale of fixed assets		99,763	126,289
Acquisition of intangible assets		(472,891)	(299,894)
<b>Net cash flows from investments (used)/(gained from)</b>		<b>(13,254,672)</b>	<b>(6,753,943)</b>
<b>Cash flows from financial operations</b>			
Loans from RA CB and RA Government		9,801,177	5,276,549
Proceeds/repayment of loans received from international financial institutions		(12,336,025)	14,076,498
Subordinated loan ( repayments)/proceeds		5,404,280	571,970
Increase (decrease) of securities issued by the Bank		2,464,920	2,953,174
Prepayment received for the issue of shares		168	1,000,022
The issue of privileged securities		3,000,025	1,000,018
Prepayment received for the issue of shares			
Lease liabilities		(1,016,127)	(809,687)
Dividends paid		(1,150,819)	(1,349,276)
<b>Net cash from financial operations</b>		<b>6,167,600</b>	<b>22,719,268</b>
Impact of foreign exchange on cash balances		736,515	(8,346,000)
<b>Net increase of cash and equivalents thereof</b>		<b>2,487,686</b>	<b>5,681,741</b>
<b>Cash and equivalents thereof as of the beginning of the period</b>	13_2	<b>69,081,631</b>	<b>63,399,890</b>
<b>Cash and equivalents thereof as of the end of the period</b>	13_2	<b>71,569,317</b>	<b>69,081,631</b>

Chief Executive Officer (CEO)



*(Signature)*

A. Arakelyan

Acting Chief Accountant

N. Galstyan

Approval date: 12 January 2024

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


Thous. AMD

Interest and similar income	01/10/2023-31/12/2023	01/01/2023-31/12/2023	01/10/2022-31/12/2022	01/01/2022-31/12/2022
Interest income from the Bank's current accounts, deposits and loans allocated in banks and other financial institutions	142,909	684,387	156,167	640,412
Interest income from loans and advances to customers	8,985,015	33,073,706	7,458,155	27,389,330
Interest income from debt securities	1,281,445	4,444,208	1,050,748	3,785,448
Interest income from REPO agreements	268,963	874,826	197,631	792,412
Other interest income	20,165	78,573	20,350	82,676
<b>Total</b>	<b>10,698,497</b>	<b>39,155,700</b>	<b>8,883,051</b>	<b>32,690,278</b>
<b>Interest and Similar Expenses</b>				
Interest expenses from the Bank's current accounts, deposits and loans allocated in banks and other financial institutions	3,118,488	11,542,507	2,715,372	10,433,340
Interest expenses on terms deposits and current accounts of customers	2,356,733	7,628,290	1,514,828	5,888,788
Interest expenses under REPO agreements	572,486	2,886,840	807,651	2,559,967
Interest expenses on subordinated borrowings	247,538	649,887	92,998	349,992
Interest expenses against the interest securities issued by the Bank.	184,846	727,079	141,526	430,111
Interest expenses on lease agreements	38,660	157,658	39,027	151,359
Interest expenses from derivatives with resident banks	-	-	-	13,596
Other interest income	2	165	113	674
<b>Total</b>	<b>6,518,753</b>	<b>23,592,407</b>	<b>5,311,515</b>	<b>19,818,797</b>
<b>Net interest and similar income</b>	<b>4,179,744</b>	<b>15,563,293</b>	<b>3,571,536</b>	<b>12,871,481</b>

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


Thous. AMD

Commission and Other Fee Income	01/10/2023-31/12/2023	01/01/2023-31/12/2023	01/10/2022-31/12/2022	01/01/2022-31/12/2022
Cashier's operations	107,739	343,760	112,653	507,538
Settlement services	1,159,163	4,398,198	1,069,379	3,447,331
Guarantees, warranties, letters of credit operations, trust management operations	80,314	289,702	52,162	169,361
Foreign currency and security operations	2,977	7,477	334	6,359
Payment card servicing	53,567	195,616	48,825	177,215
Other commission fees	226,154	722,023	88,036	248,452
<b>Total</b>	<b>1,829,914</b>	<b>5,956,776</b>	<b>1,371,389</b>	<b>4,556,256</b>
<b>Commission and Other Fee Expenses:</b>				
Commission fee from correspondent and other accounts	(7,134)	(756)	3,711	16,615
Expenses on payment card operations	433,144	1,640,112	293,190	971,579
Guarantees, warranties, letters of credit operations, trust management operations	7,100	24,082	7,083	40,095
Foreign currency and security operations	51,162	132,556	71,638	227,855
Other commission fees	76,316	294,921	42,977	256,264
<b>Total</b>	<b>560,588</b>	<b>2,090,915</b>	<b>418,599</b>	<b>1,612,408</b>
<b>Net commission and other fees received</b>	<b>1,069,326</b>	<b>3,865,861</b>	<b>952,790</b>	<b>3,043,848</b>

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


Thous. AMD

Financial assets rated at fair value through profit or loss	01/10/2023-31/12/2023	01/01/2023-31/12/2023	01/10/2022-31/12/2022	01/01/2022-31/12/2022
<b>Net income from sale/purchase of financial assets rated at fair value through profit or loss, including</b>	<b>106,057</b>	<b>129,042</b>	<b>-</b>	<b>56,734</b>
Shares	-	-	-	-
Debt Securities	-	-	-	-
Derivatives	106,057	129,042	-	56,734
<b>Net income from changes in real value of financial assets rated at fair value through profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>316,951</b>
<b>Total</b>	<b>106,057</b>	<b>129,042</b>	<b>-</b>	<b>373,685</b>
<b>Investments at fair value rated through other comprehensive financial assets</b>				
Net income from sale/purchase of investments at fair value rated through other comprehensive financial results, including:	71,490	126,513	10,862	85,650
Debt securities	71,490	126,513	10,862	85,650
Derivatives	-	-	-	-
Net income from sale/purchase of investments at fair value rated through other comprehensive financial results	(12,552)	(95,851)	(3,553)	(54,834)
<b>Total</b>	<b>58,938</b>	<b>30,662</b>	<b>7,309</b>	<b>30,816</b>
<b>Foreign currency operations</b>				
Net income from foreign currency sale/purchase	872,269	2,685,570	1,194,765	4,791,830
Net income from the revaluation of foreign currency	(258,878)	(304,026)	8,596	(809,484)
Net income from the sale/purchase of precious standardized bullions and coins	12,755	12,755	-	-
Net income from the revaluation of precious standardized bullions and coins	14,053	14,053	-	-
<b>Total</b>	<b>640,199</b>	<b>2,408,352</b>	<b>1,203,361</b>	<b>3,982,346</b>
<b>Net income from commercial operations</b>	<b>805,194</b>	<b>2,568,056</b>	<b>1,210,670</b>	<b>4,386,847</b>

Note 6: "Other Operational Income"



	Thous. AMD			
	01/10/2023-31/12/2023	01/01/2023-31/12/2023	01/10/2022-31/12/2022	01/01/2022-31/12/2022
Other operational expenses				
Income from penalties and fines	176,128	450,095	92,253	332,205
Net income from disposal of fixed and intangible assets	(47,708)	629	3,909	38,542
Other income *	82,402	217,095	19,282	118,580
<b>Total</b>	<b>210,822</b>	<b>667,819</b>	<b>115,444</b>	<b>489,327</b>

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

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



	Thous. AMD			
	01/10/2023-31/12/2023	01/01/2023-31/12/2023	01/10/2022-31/12/2022	01/01/2022-31/12/2022
<b>Cash and cash equivalents (Note 13)</b>				
Initial balance	20,205	51,255	53,378	32,803
Net deductions to reserve	10,732	(20,318)	(2,123)	18,452
Return of amounts previously charged to off balance item				
Usage of reserve				
<b>Summary balance</b>	<b>30,937</b>	<b>30,937</b>	<b>51,255</b>	<b>51,255</b>
<b>"Due to Banks and other Financial institutions" (Note 14)</b>				
Initial balance	66,546	76,305	183,245	58,121
Net deductions to reserve	(11,833)	(21,592)	(106,940)	18,184
Return of amounts previously charged to off balance item				
Usage of reserve				
<b>Summary balance</b>	<b>54,713</b>	<b>54,713</b>	<b>76,305</b>	<b>76,305</b>
<b>From loans and advances to customers (Note 16)</b>				
Initial balance	2,535,326	3,558,820	3,886,192	3,375,808
Net deductions to reserve *	2,743,035	1,939,225	427,356	178,182
Return of amounts previously charged to off balance item	600,517	1,145,572	26,540	1,030,489
Usage of reserve	(258,116)	(1,022,855)	(581,268)	(1,023,459)
<b>Summary balance</b>	<b>5,820,782</b>	<b>5,820,782</b>	<b>3,558,820</b>	<b>3,558,820</b>
<b>Financial assets rated at fair value through other comprehensive financial assets (Note 17)</b>				
Initial balance	108,825	276,555	178,092	228,409
Net deductions to reserve	58,639	(109,091)	98,463	48,146
Return of amounts previously charged to off balance item				
Usage of reserve				
<b>Summary balance</b>	<b>167,464</b>	<b>167,464</b>	<b>276,555</b>	<b>276,555</b>
<b>On other assets (Note 21)</b>				
Initial balance	11,281	7,822	7,826	8,648
Net deductions to reserve	6,700	3,120	(131)	(32,849)
Return of amounts previously charged to off balance item	(6,338)	816	159	32,090
Usage of reserve	(29)	(144)	(32)	(67)
<b>Summary balance</b>	<b>11,614</b>	<b>11,614</b>	<b>7,822</b>	<b>7,822</b>
<b>Other financial assets rated at amortized value</b>				
Initial balance	78,853	270,041	263,453	278,316
Net deductions to reserve	212,861	21,473	6,588	(8,275)
Usage of reserve				
<b>Summary balance</b>	<b>291,614</b>	<b>291,614</b>	<b>270,041</b>	<b>270,041</b>
<b>Post-balance sheet items containing loan exposures (note 30)</b>				
Initial balance	65,467	103,386	106,830	77,321
Net deductions to reserve	(46,197)	(84,116)	(3,444)	26,065
Usage of reserve				
<b>Summary balance</b>	<b>19,270</b>	<b>19,270</b>	<b>103,386</b>	<b>103,386</b>
<b>Total net deductions to reserve</b>	<b>2,873,737</b>	<b>1,728,701</b>	<b>419,769</b>	<b>245,905</b>

\*In the line of net deductions made to the reserve, are included recognized individual reserves for loans provided to legal entities of the Republic of Artsakh (NKR), on the basis of the RA government's 28.12.2023 N 2326-N decision.

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


Thous. AMD

"Total administrative expenses"	01/10/2023- 31/12/2023	01/01/2023- 31/12/2023	01/10/2022- 31/12/2022	01/01/2022- 31/12/2022
Salary and similar payments	1,821,123	6,867,300	1,486,990	5,737,902
Training and tutorship expenses	2,876	7,308	3,019	4,178
Business trip expenses	21,611	51,499	19,665	44,991
Insurance costs	47,583	180,239	40,201	153,310
Servicing and maintenance of the Bank's equipment	91,844	350,855	114,941	526,219
Maintenance and safekeeping of Bank buildings	219,179	850,368	178,595	711,803
Audit and consulting services	13,441	28,477	10,444	27,718
Communication and transmission costs	36,181	130,962	27,812	118,655
Transportation costs	62,121	194,706	51,765	191,256
Taxes (except income tax) penalties and other mandatory payments	146,580	446,690	105,787	386,479
Office and organizational expenses	69,784	279,845	38,305	259,812
Other administrative expenses	43,612	353,366	92,675	281,912
<b>Total</b>	<b>2,575,935</b>	<b>9,741,615</b>	<b>2,170,199</b>	<b>8,444,235</b>

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


	01/10/2023- 31/12/2023	01/01/2023- 31/12/2023	01/10/2022- 31/12/2022	01/01/2022- 31/12/2022
Average number of Bank employees	886	850	824	825
Monthly average salary falling to a single employee (thousand AMD)	758	638	699	545

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


Thous. AMD

Other operational expenses	01/10/2023- 31/12/2023	01/01/2023- 31/12/2023	01/10/2022- 31/12/2022	01/01/2022- 31/12/2022
Paid fines and penalties	-	4,603	-	996
Payments made for collection	86,410	347,255	86,534	346,064
Advertising and representative expenses	109,752	460,281	95,824	284,684
Amortization costs of fixed assets and intangible assets	580,968	2,159,010	485,795	1,766,241
Allocations to the Fund of Recovery of Deposits	59,878	247,746	60,303	230,421
Other expenses	715,732	1,233,680	153,516	549,463
<b>Total</b>	<b>1,552,740</b>	<b>4,452,575</b>	<b>881,972</b>	<b>3,177,869</b>

In other Expenses line of other operational expenses, mainly quarterly fees for VISA admission and costs of acquisition of payment cards are included. In the reporting period, the expenses related to concession of monetary claims of the residents of the Republic of Artsakh (NKR) are also included on the basis of the RA government's 28.12.2023 N 2326-N decision.

**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	01/10/2023-31/12/2023	01/01/2023-31/12/2023	01/10/2022-31/12/2022	01/01/2022-31/12/2022
Current tax expenses	530,500	2,064,847	439,534	1,560,858
Corrections of current taxes for the previous period recognized in the current period	-	24,410		58,861
Deferred tax expenses	22,250	(67,105)	197,867	191,958
<b>Total</b>	<b>552,750</b>	<b>2,022,152</b>	<b>637,401</b>	<b>1,811,677</b>

	01/10/2023-31/12/2023	Արդյունավետ դրույթաչափ (%)	01/01/2023-31/12/2023	Արդյունավետ դրույթաչափ (%)	01/10/2022-31/12/2022	Արդյունավետ դրույթաչափ (%)	01/01/2022-31/12/2022	Արդյունավետ դրույթաչափ (%)
Profit before taxation	<b>(837,326)</b>		<b>6,742,138</b>		<b>2,378,500</b>		<b>8,923,494</b>	
Profit tax with rate	- 150,719	18%	1,213,585	18%	428,130	18%	1,606,229	18%
Non-taxable income		-		-				
Non-taxable income from financial assets rated at fair value	(18,637)	0.02	(22,383)	(0.00)			(57,051)	(0.01)
Other privileges	(3,141)	0.00	(10,162)	(0.00)				
Non-deductible expenses	678,649	(0.81)	786,387	0.12	210,818	0.09	57,931	0.01
Foreign currency negative/positive difference	46,598	(0.06)	54,725	0.01	(1,547)	(0.00)	145,707	0.02
Adjustments of calculated tax expenses of the previous year		-		-			58,861	0.01
Other privileges								
<b>Profit tax expenses</b>	<b>552,750</b>	<b>(0.66)</b>	<b>2,022,152</b>	<b>0.30</b>	<b>637,401</b>	<b>0.27</b>	<b>1,811,677</b>	<b>0.20</b>

Calculation of deferred tax on temporary differences



	Balance as of the previous period	Recognized by financial results	Recognized by equity	Balance at the accounting period
<b>Deferred tax assets, including:</b>	<b>702,453</b>	<b>110,386</b>	<b>(206,102)</b>	<b>606,737</b>
Accrued expenses and other liabilities	247,035	45,266		<b>292,301</b>
Right-of-use assets	73,867	54,058		<b>127,925</b>
Investment securities	366,281	5,636	(206,102)	<b>165,815</b>
Claims to banks and other financial institutions	9,202	9,025		<b>18,227</b>
Cash and their equivalents	6,068	(3,599)		<b>2,469</b>
<b>Deferred tax liabilities, including:</b>	<b>(679,899)</b>	<b>(43,281)</b>	<b>(868,865)</b>	<b>(1,792,045)</b>
Fixed assets	(670,635)	38,160	(868,865)	<b>(1,501,340)</b>
Loans and borrowings to customers	(198,951)	(69,549)		<b>(268,500)</b>
Contingent liabilities	(10,313)	(11,892)		<b>(22,205)</b>
<b>Net deferred tax asset/liability</b>	<b>(177,446)</b>	<b>67,105</b>	<b>(1,074,967)</b>	<b>(1,185,308)</b>

Thous. AMD

Basic profit falling to a single share	01/10/2023-31/12/2023	01/01/2023-31/12/2023	01/10/2022-31/12/2022	01/01/2022-31/12/2022
<b>Net profit of the accounting period after taxation</b>	<b>(1,390,076)</b>	<b>4,719,986</b>	<b>1,741,100</b>	<b>7,111,817</b>
Dividends on preferential shares calculated for the current accounting period	224,747	891,660	224,747	891,660
Net gains(losses) of given period referring to owners of common shares	(1,614,823)	3,828,326	1,516,353	6,220,157
Net weighted average number of common shares in circulation during the given period	10,869,430	10,869,430	1,932,843	1,932,843
<b>Basic profit falling to a single share</b>	<b>(0.15)</b>	<b>0.35</b>	<b>0.78</b>	<b>3.22</b>

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

## Note 13 : Cash and cash equivalents



Thous. AMD

	31/12/2023	31/12/2022
<b>Cash and cash equivalents</b>		
Cash and cash equivalent payment documents	16,529,115	15,308,984
Correspondent accounts with the CBA	53,348,800	52,069,393
Correspondent accounts with the the resident banks	51,099	17,943
Correspondent accounts with the the non-resident banks	1,671,240	1,736,566
Reserves/IFRS/	(30,937)	(51,255)
<b>Cash and balances with the CBA</b>	<b>71,569,317</b>	<b>69,081,631</b>

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

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



Thous. AMD

	31/12/2023	31/12/2022
<b>Current accounts</b>		
Deposited funds with CBA	2,122,500	1,115,000
Reserve/IFRS/	(15,791)	(14,661)
<b>Total</b>	<b>2,106,709</b>	<b>1,100,339</b>
<b>With RA banks</b>		
Loans and deposits	114,087	757,368
Other	233	174
<b>With banks having BBB(Baa3) and higher ratings</b>		
Other		
Loans and deposits		
<b>With banks having ratings lower than BBB (Baa3) or no rating at all</b>		
Loans and deposits		3,935,697
Other	146,316	16,152
Accrued interest	664	7,033
<b>Total</b>	<b>261,300</b>	<b>4,716,424</b>
Possible loss provision for amounts due from banks (note 7)	(9,759)	(26,568)
<b>Net receivables to banks</b>	<b>251,541</b>	<b>4,689,856</b>

	31/12/2023	31/12/2022
<b>Loans and deposits with Financial Institutions, other receivables</b>		
<b>With RA Financial Institutions:</b>		
Loans and deposits	504,484	3,518,711
Other	2,426,267	1,608,613
<b>With Financial Institutions having BBB(Baa3) and higher ratings</b>		
Other		
<b>With Financial Institutions having a rating lower than BB(Baa3) or no rating at all</b>		
Other	665,458	552,933
Accrued interest	1,586	13,052
<b>Total</b>	<b>3,597,795</b>	<b>5,693,309</b>
Possible loss provision for receivables due to Financial Institutions	(29,163)	(35,074)
<b>Net receivables to Financial Institutions</b>	<b>3,568,632</b>	<b>5,658,235</b>
<b>Net receivables to banks and Financial Institutions</b>	<b>5,926,882</b>	<b>11,448,430</b>

## Note 14.1 Reverse Repurchase Agreements



	31/12/2023	31/12/2022
<b>Reverse Repurchase Agreements</b>		
Repurchase Agreements with Financial Institutions	12,558,183	6,466,417
Reverse Repurchase Agreements with Financial Institutions	(93,351)	(85,027)
<b>Total</b>	<b>12,464,832</b>	<b>6,381,390</b>

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



Thous. AMD

	31/12/2023	31/12/2022
<b>Other financial assets recalculated at fair value through profit/loss</b>		
<b>Derivative Instruments</b>		
Forward		
Swap	788	
<b>Total</b>	<b>788</b>	<b>-</b>

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

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



THOUS. AMD

Loans and advances calculated at amortized value	31/12/2023	31/12/2022
Loans, including:	276,538,217	240,719,390
Mortgage loans	45,800,699	38,008,233
Credit cards	18,601,430	20,876,715
Accrued interest on the mentioned items	1,880,183	1,376,210
<b>Total loans</b>	<b>297,019,830</b>	<b>262,972,315</b>
Reserve for possible loss of customer loans and advances (note 7)	(5,620,762)	(3,558,820)
<b>Total loans and advances at amortized value</b>	<b>291,399,068</b>	<b>259,413,495</b>

THOUS. AMD

Analyses of provided loans and advances per customers	31/12/2023	31/12/2022
<b>State industries</b>	<b>139,874</b>	<b>137,661</b>
<b>Private industries, including:</b>	<b>145,669,815</b>	<b>130,528,945</b>
Major enterprises	67,582,747	66,004,156
Small and medium enterprises	78,087,068	64,524,789
Including business cards	25,183	74,882
<b>Individuals, including:</b>	<b>124,897,740</b>	<b>107,319,137</b>
Consumer loans	47,605,849	36,574,659
Mortgage loans	45,800,699	38,008,233
Credit cards	18,576,189	20,801,367
<b>Private entrepreneurs</b>	<b>24,432,118</b>	<b>23,610,462</b>
<b>Accrued interest</b>	<b>1,880,183</b>	<b>1,376,210</b>
<b>Total loans</b>	<b>297,019,830</b>	<b>262,972,315</b>
Reserve for customers' loans and advances calculated at amortized value (note7)	(5,620,762)	(3,558,820)
<b>Total loans and advances at amortized value</b>	<b>291,399,068</b>	<b>259,413,495</b>

THOUS. AMD

Analyses of loans and advances provided to the customers per the groups of businesses (segments)	31/12/2023	31/12/2022
State and major enterprises	67,722,721	66,141,717
SME * sector, including	94,018,065	79,629,435
Agriculture	30,622,084	24,556,070
Housekeeping	133,398,861	115,824,953
Accrued interests	1,880,183	1,376,210
<b>Total loans and advances calculated at amortized value</b>	<b>297,019,830</b>	<b>262,972,315</b>
Reserve for customers' loans and advances calculated at amortized value (note7)	(5,620,762)	(3,558,820)
<b>Total loans and advances calculated at amortized value</b>	<b>291,399,068</b>	<b>259,413,495</b>

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

THOUS. AMD

Loan liabilities on 20 major borrowers and related parties /without reserve/	31/12/2023	31/12/2022
Customers' loans and advances calculated at amortized value	93,222,813	81,539,804
Balance of off-balance sheet contingent liabilities	5,743,609	6,080,972
<b>Total</b>	<b>98,966,422</b>	<b>87,620,776</b>
Loan investments	297,019,830	262,972,315
Ratio in portfolio	33.32%	33.32%
Total normative capital	63,639,930	50,958,402
Percentage ratio to capital	155.51%	171.95%
<b>Total</b>	<b>98,966,422</b>	<b>87,620,776</b>

THOUS. AMD

Loan Investments through International programs	31/12/2023	Quantity
ADB/MSME	5,261,287	80
ADB/TFP/IBA	54,393	2
ADB/WESSD	4,443,223	211
BS/SME3	1,817,062	67
COVID-14	51	1
COVID-19/1/3	125,460	1
COVID-19/2/1	5,634	1
COVID-19/2/2	3,010,599	51
DEG/SME	435,152	20
EBRD/SMEC/Green	596,637	10
EBRD/WIB	525,622	70
EIB/APEX	7,686,097	157
FINSCA/MSE	14,696	2
FMO/MSME/Green	817,357	23
FMO/MSME/Retail	1,061,514	51
GAF/ K/W /SME	21,169,473	1,736
GAF/ K/W /ENERGY	743,689	204
GAF/ K/W /SME/ENERGY	1,719,772	44
GAF/ K/W /AGRO	1,698,505	101
GAF/ K/W /CONSUMER ENERGY	1,481,433	2,294
INCOFIN/CVBA/MSE	1,362,471	74
Proparco/SME/Green	9,110,469	402
PRM/SCTTF	4,132	2
<b>Total</b>	<b>63,054,728</b>	<b>5,604</b>

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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/SMC/Green	276,898	7
EBRD/WIB	971,058	102
EIB/APEX	4,694,205	110
FINSCA/MSE	17,816	2
FMO/MSME/Green	966,816	24
FMO/MSME/Retail	1,625,330	70
GAF/ K/W /ENERGY	907,090	223
GAF/ K/W/ AGRO	1,105,613	92
GAF/KW/SME	19,923,329	1,514
GAF/KW/SME/ENERGY	1,217,370	34
GAF/KW/GONSUMER/ENERGY	1,844,598	2,427
GLII/ME	10,686	1
INCOFINCVBA/MSE	1,930,369	82
Proparco/SME/Green	4,230,126	179
SICAV-SIF/ME1	359	1
<b>Total</b>	<b>57,776,908</b>	<b>5,416</b>

Thous. AMD

Gaps of extended loans and advances calculated at amortized value per lending sectors (without taking into consideration the reserves for possible loan losses)	31/12/2023	Percentage	31/12/2022	Percentage
Industry	18,175,519	6.12	21,106,105	8.03
Agriculture	30,995,674	10.44	28,924,932	11.00
Construction	38,477,381	12.95	23,389,820	8.89
Transportation and communication	1,673,197	0.56	3,146,167	1.20
Commerce	47,630,296	16.04	47,793,219	18.17
Consumer	66,930,820	22.53	58,142,406	22.11
Mortgage loans	45,990,151	15.48	38,159,725	14.51
Service	16,224,018	5.46	11,710,787	4.45
Other	30,922,774	10.41	30,599,154	11.64
<b>Total</b>	<b>297,019,830</b>	<b>100</b>	<b>262,972,315</b>	<b>100.00</b>

Breakdown of loan portfolio per customer residency	31/12/2023	Percentage	31/12/2022	Percentage
RA residents	289,455,743	99.33	258,037,285	99.47
Residents of countries with Baa33 and higher ratings including	22,459	0.01	-	-
Norway	22,459	-	-	-
France	22,729	0.01	-	-
Residents of countries with Baa33and lower ratings or no rating at all	40,683	-	-	-
- Russia	40,683	-	-	-
Accrued interest	1,880,183	0.65	1,376,210	0.53
<b>Total</b>	<b>291,399,068</b>	<b>100</b>	<b>259,413,495</b>	<b>100.00</b>

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



31/12/2023

The structure of customers' loans and borrowings calculated at amortized value per classification stages /IFRS 9/	Stage1 /non-depreciated and overdue up to 30 days /		Stage 2 /31-90 days overdue/		Stage 3 /overdue more than 90 days/	
	Gross loans	Depreciation reserve	Gross loans	Depreciation reserve	Gross loans	Depreciation reserve
Corporate loans	146,721,590	3,843,917	149,504	46,497	11,658	6,584
Loans to individuals and private entrepreneurs	147,452,917	866,867	2,295,369	579,037	388,792	277,860
<b>Total</b>	<b>294,174,507</b>	<b>4,710,784</b>	<b>2,444,873</b>	<b>625,534</b>	<b>400,450</b>	<b>284,444</b>

31/12/2022

Depreciation reserve gaps of loans and advances to customers calculated at amortized value per	Stage 1 /non-depreciated and overdue up to 30 days /		Stage 2 /31-90 days overdue/		Stage 3 /overdue more than 90 days/	
	Gross loans	Depreciation reserve	Gross loans	Depreciation reserve	Gross loans	Depreciation reserve
Corporate loans	131,051,287	961,258	12,231	5,497	244,623	109,718
Loans to individuals and private entrepreneurs	126,592,516	879,107	2,495,456	560,076	2,576,202	1,043,164
<b>Total</b>	<b>257,643,803</b>	<b>1,840,365</b>	<b>2,507,687</b>	<b>565,573</b>	<b>2,820,825</b>	<b>1,152,882</b>

31/12/2023

	Gross loans	Depreciation reserve	Net loans	Depreciation reserve on gross loans
<b>Consumer</b>				
Non-overdue	66,579,673	1,060,867	65,518,806	1.59%
Overdue				
1-30 days	132,420	21,827	110,593	16.48%
31- 60 days	40,883	12,682	28,201	31.02%
61- 90 days	55,724	14,377	41,347	25.80%
91-180 days	89,686	64,515	25,171	71.93%
180 and more	32435	23,545	8,890	72.59%
<b>Total</b>	<b>66,930,821</b>	<b>1,197,813</b>	<b>65,733,008</b>	<b>1.79%</b>
<b>Trade</b>				
Non-overdue	47,297,169	280,708	47,016,461	0.59%
Overdue			0	
1-30 days	300,186	86,925	213,261	
31- 60 days			0	
61- 90 days	24,953	11606	13,347	
91-180 days	7,987	6783	1,204	84.93%
180 and more				
<b>Total</b>	<b>47,630,295</b>	<b>386,022</b>	<b>47,244,273</b>	<b>0.81%</b>
<b>Production</b>				
Non-overdue	18,171,218	2,918	18,168,300	0.02%
Overdue				
1-30 days			0	
31- 60 days				
61- 90 days	4300	26	4,274	
91-180 days				
180 and more			0	
<b>Total</b>	<b>18,175,518</b>	<b>2,944</b>	<b>18,172,574</b>	<b>0.02%</b>
<b>Construction</b>				
Non-overdue	38,465,688	378,884	38,086,804	0.98%
Overdue				
1-30 days	11693	0.7	11,692	
31- 60 days				
61- 90 days				
91-180 days				
180 and more				
<b>Total</b>	<b>38,477,381</b>	<b>378,885</b>	<b>38,098,496</b>	<b>0.98%</b>
<b>Mortgage</b>				
Non-overdue	45,990,151	257,280	45,732,871	0.56%
Overdue				
1-30 days			0	
31- 60 days			0	
61- 90 days				
91-180 days				
180 and more				
<b>Total</b>	<b>45,990,151</b>	<b>257,280</b>	<b>45,732,871</b>	<b>0.56%</b>
<b>Agriculture</b>				
Non-overdue	30,954,647	3,259,668	27,694,979	10.53%
Overdue				
1-30 days	21090	4031	17059	19.11%
31- 60 days	3987	933	3,054	23.40%
61- 90 days	4073	953	3,120	23.40%
91-180 days	11180	6314	4,866	56.48%
180 and more	697	393	304	56.38%
<b>Total</b>	<b>30,995,674</b>	<b>3,272,292</b>	<b>27,723,382</b>	<b>10.56%</b>
<b>Other fields</b>				
Non-overdue	48,818,772	125,526	48,693,246	0.26%
Overdue				
1-30 days	1,218		1,218	0.00%
31- 60 days				
61- 90 days			0	
91-180 days				
180 and more				
<b>Total</b>	<b>48,819,990</b>	<b>125,526</b>	<b>48,694,464</b>	<b>0.26%</b>
<b>TOTAL</b>	<b>297,019,830</b>	<b>5,620,762</b>	<b>291,399,068</b>	<b>1.89%</b>

31/12/2022

	Gross loans	Depreciation reserve	Net loans	Depreciation reserve on gross loans
<b>Consumer</b>				
Non-overdue	57,749,934	1,834,935	55,914,999	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%
<b>Total</b>	<b>58,114,643</b>	<b>1,933,273</b>	<b>56,181,370</b>	<b>3.33%</b>
<b>Trade</b>				
Non-overdue	47,714,005	189,347	47,524,658	0.40%
Overdue				
1-30 days	5,051	19	5,032	0.38%
31- 60 days	62,388	15653	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%
<b>Total</b>	<b>47,793,219</b>	<b>210,067</b>	<b>47,583,152</b>	<b>0.44%</b>
<b>Production</b>				
Non-overdue	21,106,105	146,794	20,959,311	0.70%
Overdue				
1-30 days			0	
31- 60 days				
61- 90 days				
91-180 days			0	
180 and more			0	
<b>Total</b>	<b>21,106,105</b>	<b>146,794</b>	<b>20,959,311</b>	<b>0.70%</b>
<b>Construction</b>				
Non-overdue	23,389,819	163,527	23,226,292	0.70%
Overdue				
1-30 days				
31- 60 days				
61- 90 days				
91-180 days				
180 and more				
<b>Total</b>	<b>23,389,819</b>	<b>163,527</b>	<b>23,226,292</b>	<b>0.70%</b>
<b>Mortgage</b>				
Non-overdue	38,119,709	115,024	38,004,685	0.30%
Overdue				
1-30 days	40,016	81	39,935	
31- 60 days				
61- 90 days				
91-180 days				
180 and more				
<b>Total</b>	<b>38,159,725</b>	<b>115,105</b>	<b>38,044,620</b>	<b>0.30%</b>
<b>Agriculture</b>				
Non-overdue	28,855,495	494,003	28,361,492	1.71%
Overdue				
1-30 days	23700	3303	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%
<b>Total</b>	<b>28,924,932</b>	<b>523,336</b>	<b>28,401,596</b>	<b>1.81%</b>
<b>Other fields</b>				
Non-overdue	45,477,184	465,520	45,011,664	1.02%
Overdue				
1-30 days	4,102	25	4,077	0.61%
31- 60 days				
61- 90 days	2,586	1173	1,413	45.36%
91-180 days				
180 and more				
<b>Total</b>	<b>45,483,872</b>	<b>466,718</b>	<b>45,017,154</b>	<b>1.03%</b>
<b>TOTAL</b>	<b>262,972,315</b>	<b>3,558,820</b>	<b>259,413,495</b>	<b>1.35%</b>

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



	Thous. AMD	
	31/12/2023	31/12/2022
<b>Government securities</b>		
RA Governmental T-bills	14,863,645	3,088,204
<b>Total</b>	<b>14,863,645</b>	<b>3,088,204</b>

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

	Thous. AMD			
	31/12/2023		31/12/2022	
	listed	unlisted	listed	unlisted
<b>Issuer having BBB+(Baa1) and lower rating, other rating or no rating at all</b>				
Capital instruments		6,502		6,163
<b>Total non-state securities of RA</b>	-	<b>6,502</b>	-	<b>6,163</b>
<b>Financial assets rated at fair value through other comprehensive financial assets</b>	<b>14,863,645</b>	<b>112,257</b>	<b>3,088,204</b>	<b>111,918</b>

Investments in share capital of other entities as of 31.12.2023

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

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

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

	Thous. AMD	
	31/12/2023	31/12/2022
<b>Assets</b>		
<b>Total pledged securities</b>	<b>36,882,318</b>	<b>43,510,358</b>
including:		
Financial assets at amortized cost	6,938,430	20,332,774
Other financial assets rated at amortized value	29,943,888	23,177,584
Reserve for Financial assets at amortized cost	(227,287)	(256,691)
<b>Total</b>	<b>36,655,031</b>	<b>43,253,667</b>

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



	31/12/2023	31/12/2022
Government securities rated at amortized value	8,488,229	427,451
Non-state securities rated at amortized value		491,940
Accumulated interest	146,304	19,025
Reserve of financial assets calculated at amortized value	(64,227)	(13,350)
<b>Total</b>	<b>8,570,306</b>	<b>925,066</b>

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



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

## Note 20. "Fixed assets and intangible assets"

Name of the entity	Land, buildings	Computer and communication	Vehicles	Other fixed assets	Investments in fixed assets	Right-of-use assets	Total
<b>Balance of the fixed assets at the end of previous period 31/12/2022</b>	<b>8,724,269</b>	<b>4,363,165</b>	<b>1,185,596</b>	<b>2,685,555</b>	<b>59</b>	<b>4,410,372</b>	<b>21,369,016</b>
Increase		422,412	327,249	307,556	51,201	887,299	1,995,717
Disposal			(245,395)				(245,395)
Written-off		(354,772)		(377,072)		(130,494)	(862,338)
Reclassification	51,201				(51,201)		-
Revaluation *	4,827,028						4,827,028
Disposal (revaluation*)							
Written-off of amortization	(965,375)						(965,375)
Written-off of amortization (from revaluation )							-
<b>Balance of fixed assets at the end of accounting period 31/12/2023</b>	<b>12,637,123</b>	<b>4,430,805</b>	<b>1,267,450</b>	<b>2,616,039</b>	<b>59</b>	<b>5,167,177</b>	<b>26,118,653</b>
<b>Balance of accumulated amortization at the end of the previous period 31/12/2022</b>	<b>910,093</b>	<b>3,173,945</b>	<b>478,883</b>	<b>1,820,897</b>		<b>2,454,184</b>	<b>8,838,002</b>
Increase	333,263	353,487	145,142	203,408		894,693	1,929,993
Disposal			(175,799)			(57,257)	(233,056)
Reclassification		(349,550)		(368,376)			(717,926)
Depreciation							-
Written-off of amortization							
Written-off of amortization (from revaluation )	(965,375)						(965,375)
<b>Balance of accumulated amortization at the end of the accounting period 31/12/2023</b>	<b>277,981</b>	<b>3,177,882</b>	<b>448,226</b>	<b>1,655,929</b>	<b>-</b>	<b>3,291,620</b>	<b>8,851,638</b>
<b>Net balance sheet value</b>							
<b>At the end of the accounting period</b>	<b>12,359,142</b>	<b>1,252,923</b>	<b>819,224</b>	<b>960,110</b>	<b>59</b>	<b>1,875,557</b>	<b>17,267,015</b>
<b>At the end of the previous accounting period</b>	<b>7,814,176</b>	<b>1,189,220</b>	<b>706,713</b>	<b>864,658</b>	<b>59</b>	<b>1,956,188</b>	<b>12,531,014</b>

revaluation reserve of the equity.

**Intangible Assets**

Thous. AMD

Item	Software programs	License and warranties	Intellectual property rights	Other Intangible Assets	Total
<b>Initial value</b>					
<b>Balance of intangible assets at the end of the previous period 31/12/2022</b>	<b>730,987</b>	<b>713,732</b>	<b>206</b>	<b>32,981</b>	<b>1,477,906</b>
Increase	359,386	113,505			<b>472,891</b>
Disposal		(27,181)			<b>(27,181)</b>
<b>Balance of intangible assets at the end of the accounting period 31/12/2023</b>	<b>1,090,373</b>	<b>800,056</b>	<b>206</b>	<b>32,981</b>	<b>1,923,616</b>
<b>Intangible balance of accumulated amortization at the end of previous period 31/12/2022</b>	<b>219,041</b>	<b>422,275</b>	<b>114</b>	<b>25,315</b>	<b>666,745</b>
Increase	96,100	130,751	15	2,152	<b>229,018</b>
Disposal					-
Reclassification		(26,330)			<b>(26,330)</b>
<b>Balance of accumulated amortization at the end of accounting period 31/12/2023</b>	<b>315,141</b>	<b>526,696</b>	<b>129</b>	<b>27,467</b>	<b>869,433</b>
<b>Net balance sheet value</b>					
<b>At the end of the accounting period</b>	<b>775,232</b>	<b>273,360</b>	<b>77</b>	<b>5,514</b>	<b>1,054,183</b>
<b>At the end of the previous accounting period</b>	<b>511,946</b>	<b>291,457</b>	<b>92</b>	<b>7,666</b>	<b>811,161</b>

As of 31.12.2023 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

	31/12/2023	31/12/2022
<b>Amounts receivable from bank operations</b>		
Amounts receivable from other operations	72,227	185,173
<b>Total</b>	<b>72,227</b>	<b>185,173</b>
Reserve for possible loss provision from bank operations (note 7)	(761)	(1,868)
<b>Net amounts receivable from bank operations</b>	<b>71,466</b>	<b>183,305</b>
<b>Debtor liabilities and prepayments</b>		
Debtor liabilities on the budget	254,681	180,831
Prepayments to employees	62	191
Prepayments to suppliers	197,002	39,101
Prepayments on the budget and mandatory social insurance payments	45,417	52,805
Other debtor liabilities and prepayments	31,308	27,499
<b>Total</b>	<b>528,470</b>	<b>300,427</b>
Reserve for possible loss provision on other assets (note 7)	(5,285)	(3,004)
<b>Total</b>	<b>523,185</b>	<b>297,423</b>
Reserve	493,357	327,451
Future period expenses	197,340	169,998
Other assets	359,382	124,957
Reserve for possible loss provision on other assets (note 7)	(5,568)	(2,950)
<b>Total</b>	<b>1,044,511</b>	<b>619,456</b>
<b>Total other assets</b>	<b>1,639,162</b>	<b>1,100,184</b>

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



Thous. AMD

	31/12/2023	31/12/2022
<b>Current accounts</b>		
RA Banks	16,874	12,909
Banks having BBB(Baa3) and higher rating		
Banks having rating lower than BBB(Baa3) or no rating at all	38,049	5,390
Accrued interest		
<b>Total</b>	<b>54,923</b>	<b>18,299</b>
<b>Interbank loans and deposits, other</b>		
Other		
<b>RA banks</b>		
Loans and deposits	6,263,124	3,935,700
Other		6,486
<b>Banks having BBB(Baa3) and higher rating</b>		
Loans and deposits		196,785
Other		
<b>Banks having rating lower than BBB(Baa3) or no rating at all</b>		
Loans and deposits	1,124,938	372,835
Other	1,666	20,589
Accrued interest	59,029	10,160
<b>Total</b>	<b>7,448,757</b>	<b>4,542,555</b>
<b>Financial Institutions</b>		
Current accounts	6,505,202	5,950,431
Loans	25,426,195	20,348,294
Deposits	32,381,765	28,186,118
Other	204,731	172,655
Accrued interest	1,163,485	758,024
<b>Total</b>	<b>65,681,378</b>	<b>55,415,522</b>
<b>Total liabilities to banks and financial institutions</b>	<b>73,185,058</b>	<b>59,976,376</b>

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



Program	31/12/2023		31/12/2022	
	Loan amount	Accrued interest	Loan amount	Accrued interest
"Women Entrepreneurship Support and Development" loan project	1,788,378	6,358	1,494,458	5,109
GAF RA SME lending project of European Investment Bank	9,006,506	124,401	5,237,632	71,485
GAF "Micro and Small Business Development Project of German-	20,893,527	396,234	14,840,868	160,430
GAF "Renewable Energy Development" project	2,629,740	69,241	3,101,082	85,422
GAF "Access to finance for SMEs" project	1,719,343	18,023	911,051	5,991
RA "Agriculture support" project	1,494,078	12,306	1,104,200	9,654
COR-AGRO	-	-	13,920	73
Cor-Ref	-	-	-	-
Cor-Caf	-	-	-	-
COVID-19	-	-	54,951	-
<b>Total</b>	<b>36,531,572</b>	<b>628,563</b>	<b>28,768,162</b>	<b>338,164</b>

**Note 22.3 REPO (repurchase) agreements**



REPO (repurchase) agreements	31/12/2023	31/12/2022
REPO (repurchase) agreements with financial institutions	34,127,375	38,713,408
<b>Total</b>	<b>34,127,375</b>	<b>38,713,408</b>

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

<b>RA resident corporate entities and institutions</b>	<b>31/12/2023</b>	<b>31/12/2022</b>
Current accounts	55,069,476	44,115,683
Term deposits	18,657,714	15,115,804
Other	1,008,988	1,623,152
Accrued interest	950,062	663,442
<b>Total</b>	<b>75,686,240</b>	<b>61,518,081</b>

<b>Non-resident corporate entities, institutions</b>	<b>31/12/2023</b>	<b>31/12/2022</b>
Current accounts	1,189,030	1,243,828
Deposits		
Other	2	2
Accrued interest	24	
<b>Total</b>	<b>1,189,056</b>	<b>1,243,830</b>

<b>RA resident private entrepreneurs</b>	<b>31/12/2023</b>	<b>31/12/2022</b>
Current accounts	2,137,599	1,954,619
Term deposit	38,668	4,895
Other	22,132	19,641
Accrued interest	736	230
<b>Total</b>	<b>2,199,135</b>	<b>1,979,385</b>

<b>RA resident individuals</b>	<b>31/12/2023</b>	<b>31/12/2022</b>
Current accounts	33,005,229	27,037,284
Term deposits	64,409,517	57,681,257
Other	693,683	741,253
Accrued interest	1,460,792	1,398,231
<b>Total</b>	<b>99,569,221</b>	<b>86,858,025</b>

<b>Non- resident individuals</b>	<b>31/12/2023</b>	<b>31/12/2022</b>
Current accounts	1,942,393	2,079,397
Term deposits	3,042,980	2,427,904
Other	18,182	36,735
Accrued interest	48,479	54,235
<b>Total</b>	<b>5,052,034</b>	<b>4,598,271</b>

**Total liabilities to customers****183,695,686****156,197,592**

As of 31.12.2023, the amount necessary to secure obligations was AMD 2.788.824 thousand dr

As of 31.12.2022, the amount frozen by court order and tax authorities was AMD 326.630 thousand.

**Note 23.1 : "Subordinate Borrowing"**

As of 31.12.2023 the Bank attract subordiante borrowing` AMD 9.679.494 thousand

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

	<b>31/12/2023</b>	<b>31/12/2022</b>
Interest securities issued by the Bank	11,295,283	8,517,115
<b>Total</b>	<b>11,295,283</b>	<b>8,517,115</b>

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

Thous.AMD

Financial liability at fair value recalculated through profit/loss	31/12/2023	31/12/2022
<b>Derivative instruments</b>		
<b>Swap</b>		
<b>Forward</b>		
Other	13,477	1,083
<b>Total</b>	<b>13,477</b>	<b>1,083</b>

**Note 26: "Amounts Payable"**

Thous.AMD

Amounts payable	31/12/2023	31/12/2022
Dividends	541,207	500,084
For insurance of deposit	59,878	57,710
<b>Total</b>	<b>601,085</b>	<b>557,794</b>

**Note 27: " Other Liabilities"**

Thous.AMD

Other Liabilities	31/12/2023	31/12/2022
On income tax of non-resident	106,978	123,654
On VAT	3,823	7,123
On other taxes and penalties	260,109	208,724
Salary liabilities to employees	1,497,356	1,281,163
Credit debts to suppliers	125,811	91,562
Other liabilities	600,638	1,377,110
<b>Balance at the end of the period</b>	<b>2,594,715</b>	<b>3,089,336</b>

**Note 28: "Chartered capital"**

The Bank's registered and fully paid share capital totals AMD 28.132.240 thous., including 10,463.096 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 Bank as of the end of the accounting period.

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Name of the major shareholder	Participation amount	The size of participation in	Shareholders activity type (for
Sukiasyan Saribek Albert	6,658,309	30.59%	
Sukiasyan Khachatur Albert	3,138,533	14.42%	
Sukiasyan Eduard Albert	2,232,828	10.26%	

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

- a/ participate in the General Meeting of Shareholders of the Bank with the number of votes corresponding to the number and value of preference shares owned by them as prescribed by Law and the Bank's Charter.
- b/ receive quarterly payments (dividends),
- c/ receive any information concerning the Bank activities as prescribed by Law.
- d/ obtain its part of the Bank's property in case of the liquidation of the Bank

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

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

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



The Bank's legal liabilities: as of 31.12.2023 there are no such liabilities on which the bank has made provisioning. The Bank carries out activities within the framework of requirements set forth by the legislation.

The Bank's tax liabilities: as of 31.12.2023 the Bank had fully performed its tax liabilities and there is no need for additional provisioning on its tax liabilities.

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

	Thous.AMD	
	31/12/2023	31/12/2022
Unutilized credit lines	941,322	5,864,608
Provided guarantees	14,126,256	11,399,125
Provided letters of credit		
Reserve on the mentioned items (note 7)	(19,270)	(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	31/12/2023	31/12/2022
Bank shareholder	7,127,089	6,943,281
Bank management	433,611	369,900
Financial institutions		-
<b>Total</b>	<b>7,560,700</b>	<b>7,313,181</b>
<b>Interest income</b>	<b>736,674</b>	<b>605,868</b>

Facilities attracted from Bank related entities	31/12/2023	31/12/2022
Bank shareholder	10,320,884	4,897,278
Bank management	919,193	598,712
Financial institutions	259,260	227,716
<b>Total</b>	<b>11,499,337</b>	<b>5,723,706</b>
<b>Interest expense</b>	<b>533,694</b>	<b>200,180</b>

Salary or Similar Payment to the Bank Management	31/12/2023	31/12/2022
<b>Board</b>	<b>434,532</b>	<b>312,985</b>
Salary	407,282	291,585
Awarding	27,250	21,400
<b>Executive body</b>	<b>641,589</b>	<b>552,303</b>
Salary	469,089	510,703
Awarding	172,500	41,600
<b>Internal Audit</b>	<b>124,840</b>	<b>126,537</b>
Salary	114,265	117,013
Awarding	10,575	9,524
<b>Total</b>	<b>1,200,961</b>	<b>991,825</b>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

31/12/2023

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Item	RA	CIS countries	OECD* countries*	Non-OECD* countries	Total
<b>Assets</b>					
Cash and balances with the CBA	69,943,262	1,018,761	501,794	105,500	71,569,317
Standard bank precious metal bullions and coins	396,358				396,358
Due from banks and other financial institutions	5,259,767	619	378,939	287,556	5,926,882
Reverse repurchase agreements	12,464,832				12,464,832
Financial assets at fair value recalculated through profit/loss	788				788
Customers' loans and advances rated at amortized value	291,335,671	40,938	22,459		291,399,068
Securities at fair value rated through other comprehensive financial results	14,969,400		6,502		14,975,902
Securities pledged under repurchase agreement	36,655,031				36,655,031
Other financial assets carried at amortized cost	8,570,306				8,570,306
Other assets	71,097		373		71,470
<b>Total assets</b>	<b>439,666,512</b>	<b>1,060,318</b>	<b>910,067</b>	<b>393,056</b>	<b>442,029,953</b>

31/12/2022

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Item	RA	CIS countries	OECD* countries*	Non-OECD* countries	Total
<b>Assets</b>					
Cash and balances with the CBA	67,359,494	932,032	701,090	89,015	69,081,631
Standard bank precious metal bullions and coins	443				443
Due from banks and other financial institutions	7,055,819	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
<b>Total assets</b>	<b>387,787,727</b>	<b>4,697,705</b>	<b>1,135,251</b>	<b>288,599</b>	<b>393,909,282</b>

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

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RA regions	31/12/2023	31/12/2022
Yerevan	178,899,461	163,010,511
Kotayk	31,801,851	25,431,723
Ararat	13,097,526	13,298,791
Lori	7,792,218	6,704,871
Gegharkunik	8,297,182	7,518,905
Shirak	9,120,467	6,111,784
Armavir	12,301,384	9,786,125
Syunik	7,209,344	5,788,800
Aragatsotn	9,022,663	7,900,633
Vayots Dzor	1,917,945	1,559,504
Tavush	1,827,788	1,478,572
Artsakh	10,111,239	10,823,276
<b>Total</b>	<b>291,399,068</b>	<b>259,413,495</b>

## Credit Risk Analysis

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

2) It should be noted that in the loan portfolio the unsecured loans (without reserves) as of 31.12.2023 did not exceed 4.43%. The bulk of the unsecured loans consists of those provided to the customers of "ARMECONOMBANK" OJSC, which have active account movements and stable cash flows. Credit lines under credit cards also have a significant weight. These loans contain low credit risk, since the credit lines have limited sizes, while the customers have jobs and in some cases guarantees of reputable organizations are

3) As of 31.12.2023, loan investments without reserves amounted to AMD 297.019.830 thous. As of 31.12.2023 the volume of loans in the Stage 2, Stage 3 amounted to AMD 2.845.323 thous.

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

5) The volume of repo transactions in the IV quarter of 2023 (excluding extensions) is 25.785,182 thousand AMD and 7,431.830 USD, but in the same period of the previous year was 27,217,591 thousand AMD and 5,102,346 USD. The volume of reverse repo transactions in the IV quarter of 2023 is 175,653,734 thousand AMD, but in the same period of the previous year was 390,238,670 thousand AMD.

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

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

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

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

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

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

**Two types of monitoring are performed:**

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

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

1. Information on the changes in the Borrower's market position (competitors, price fluctuations, realization, etc.)
2. In case of extension of loans by installments, as well as in case of availability of operative loan, a monitoring (analysis) of previously extended loan is performed before the extension of the consecutive installment or the new loan.
3. Changes related to suppliers, consumer structure, and raw material prices.

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

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

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

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

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

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

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

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

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

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

## **Market Risk**

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

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

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

#### **Foreign currency risk**

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

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

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

Accounting period	USD	GBP	EUR	CHF	KZT	AED	RUB	GEL	Gross VAR
2023 III Q	2,290.38	123.80	478.80	295.53	17.07	3.27	4,450.78	85.31	5,266.43
2023 IVQ	9,149.66	116.00	326.95	414.63	21.22	10.55	7,028.14	232.95	12,968.07
increase/decrease	<b>6,859.29</b>	<b>-7.81</b>	<b>-151.86</b>	<b>119.10</b>	<b>4.15</b>	<b>7.28</b>	<b>2,577.36</b>	<b>147.63</b>	<b>7,701.64</b>

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

31/12/2023							Thous.AMD
	AMD	USD	EUR	RUB	Other currency	Total	
Cash and their equivalents	26,263,263	38,122,479	3,825,755	3,209,447	148,373	71,569,317	
Bank standardized bullions of precious metals and coins	443				395,915	396,358	
Receivables to banks and other financial institutions	4,222,069	1,346,125	335,043	23,646		5,926,882	
Reverse Repurchase Agreements	10,501,782	1,963,050	-			12,464,832	
Financial instruments at fair value through profit or loss	788					788	
Loans and advances to customers calculated at amortized value	220,664,027	64,450,278	6,270,543	14,221		291,399,069	
Financial assets at fair value rated through other comprehensive financial results	14,557,637	418,265				14,975,902	
Securities pledged under repurchase agreements	36,655,031					36,655,031	
Other financial assets calculated at amortized value	8,570,306					8,570,306	
Other assets	51,523	5,194	14,440	313		71,470	
<b>Total assets</b>	<b>321,486,869</b>	<b>106,305,391</b>	<b>10,445,781</b>	<b>3,247,627</b>	<b>544,288</b>	<b>442,029,955</b>	
<b>Liabilities</b>							
Liabilities to the banks and other financial institutions	62,509,470	7,848,873	2,822,951	3,764		73,185,058	
Loans and deposits from international financial institutions	5,873,678	41,337,854	1,123,843			48,335,375	
Loans from the CBA and RA	37,158,136					37,158,136	
REPO agreements	34,127,375					34,127,375	
Liabilities to Customers	128,477,066	47,734,614	5,115,687	2,336,300	32,029	183,695,686	
Subordinate borrowing	3,037,190	5,742,721	899,583			9,679,494	
Liabilities on current taxes	1,119,763					1,119,763	
Securities issued by the Bank	4,121,014	7,174,269				11,295,283	
Financial liabilities at fair value recalculated through profit/loss	13,477					13,477	
Amount payable	601,085					601,085	
Deferred tax liabilities	1,185,308					1,185,308	
Lease liabilities	1,426,082					1,426,082	
Other liabilities	2,487,635	92,462	7,430	6,165	1,023	2,594,715	
<b>Total liabilities</b>	<b>282,137,269</b>	<b>109,930,793</b>	<b>9,969,494</b>	<b>2,346,229</b>	<b>33,052</b>	<b>404,416,837</b>	
<b>Balance-sheet open position</b>	<b>39,349,600</b>	<b>(3,625,403)</b>	<b>476,287</b>	<b>901,398</b>	<b>511,236</b>	<b>37,613,118</b>	
Financial liabilities at fair value recalculated through profit/loss						-	
<b>Aggregately payable currency derivatives</b>		<b>810,816</b>	<b>(492,690)</b>	<b>67,968</b>	<b>(398,784)</b>	<b>(12,689)</b>	
<b>Net position</b>	<b>39,349,600</b>	<b>(2,814,586)</b>	<b>(16,403)</b>	<b>969,366</b>	<b>112,453</b>	<b>37,600,429</b>	

31/12/2022							Thous.AMD
	AMD	USD	EUR	RUB	Other currency	Total	
<b>Assets</b>							
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	
<b>Other assets</b>	<b>263,594,146</b>	<b>113,152,342</b>	<b>14,927,973</b>	<b>2,224,546</b>	<b>10,275</b>	<b>393,909,282</b>	
<b>Liabilities</b>							
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	
<b>Other liabilities</b>	<b>229,013,532</b>	<b>113,965,631</b>	<b>14,790,102</b>	<b>2,354,828</b>	<b>859</b>	<b>360,124,952</b>	
<b>Balance-sheet open position</b>	<b>34,580,614</b>	<b>(813,289)</b>	<b>137,871</b>	<b>(130,282)</b>	<b>9,416</b>	<b>33,784,330</b>	
<b>Financial liabilities at fair value recalculated through profit/loss</b>							
<b>Aggregately payable currency derivatives</b>							
<b>Open position</b>	<b>34,580,614</b>	<b>(813,289)</b>	<b>137,871</b>	<b>(130,282)</b>	<b>9,416</b>	<b>33,784,330</b>	

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

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

## Interest Rate Risk

### Assessment of interest rate change risk:

The analysis of disbalance shows that the average accumulated disbalance of the IV quarter of 2023 (accumulated gap of the sensitive assets and liabilities against the interest rate) is positive forming AMD 31,300,274 thousand against AMD 22,572,573 thousand in the same period of the previous year by increasing in absolute value by AMD 8,727,701 or 38.7%, that is in average, the Bank was sensitive to assets in the IV quarter of 2023. In the IV quarter of 2023, the average accumulated disbalance has decreased in absolute value by AMD 2,595,475 thousand AMD or by 7.7% against the previous quarter.

The average correlation ratio of sensitive assets and liabilities to interest rate changes for the IV quarter of 2023 has increased by 1.6 percentage point, forming 109.4% against 107.8% average value of the IV quarter of 2022, that is in IV quarter of 2023 the assets sensitive to interest rate changes have formed 109.4% of the sensitive liabilities to interest rate changes.

The duration of assets as at the end of IV quarter of 2023 was 1.779 year (against the 1.769 year as of the IV quarter of 2022) as it increased by 0.01 year or by 0.6% , as compared with the end of the previous quarter (1.782 year) the mentioned indicator has decreased by 0.003 year or 0.2%.

The duration of liabilities as of the end of the IV quarter of 2023 was 0.978 year (against 0.944 year of the IV quarter of 2022) increasing by 0.034 year or 3.6%. In correlation with the end of the previous quarter (1.049) the indicator has increased by 0.071 year or 6.8%.

The duration gap as of the end of the IV quarter of 2023 was 0.91 (against 0.916 of the IV quarter of 2022) decreasing by 0.006 or 0.6% . In correlation with the end of previous quarter (0.848) the indicator has increased by 0.062 or 7.3%.

### Assets and Liabilities with changing interest rates

31/12/2023

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Item	up to 1 month		1-3 months		3-6 months		6 months to 1 year		1-5 years		more than 5 years	
	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency
Facilities placed												
Cash and their equivalents	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-	-
Resources attracted												
Liabilities to banks and other financial institutions, including:												
Resources attracted												
Liabilities to banks and other financial institutions, including:												
- Loans			544,290	1,079,440	1,511,177	149,300	1,985,472	1,220,583	1,617,720	2,564,182		
<b>Total</b>			<b>544,290</b>	<b>1,079,440</b>	<b>1,511,177</b>	<b>149,300</b>	<b>1,985,472</b>	<b>1,220,583</b>	<b>1,617,720</b>	<b>2,564,182</b>		
<b>Net position</b>	-	-	(544,290)	(1,079,440)	(1,511,177)	(149,300)	(1,985,472)	(1,220,583)	(1,617,720)	(2,564,182)	-	-

31/12/2022

Thous.AMD

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

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

Item	Interest rates of accounting period: 31/12/2023		Interest rates of accounting period: 31/12/2022	
	AMD	Foreign currency	AMD	Foreign currency
<b>Assets</b>				
Balance at CBA				
Receivables to banks and other financial institutions, including:	13.24	9.50	12.47	7.78
- Interbank Loans			13.24	5.46
-Interbank REPO				
Loans and advances provided to customers rated at amortized value	17.22	10.70	19.24	10.88
Financial instruments at fair value through profit or loss	10.07	2.93	8.51	6.29
<b>Liabilities</b>				
Liabilities to banks and other financial institutions, including:	7.63	6.68	6.88	5.07
Liabilities to Customers	9.48	3.79	9.03	3.71
Securities issued by the Bank	11.32	5.15	10.78	5.17

### 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 IV quarter of 2023, instant liquidity, up to 90 days accumulative and general (up to one year accumulative) liquidity indicators have increased by 0.2, 3.1 \* 3.7 percentage point respectively.

Accounting period		31/12/2023								Thous. AMD	
Item	Non-performing		Repayment date		up to 3 months	3-6 months	6-12 months	1-5 years	more than 5 years	Termless	Total
	Term	Overdue	On-demand								
Cash and cash equivalents	-	-	71,569,317	-	-	-	-	-	-	-	71,569,317
Standardized reserves: metal bullions and coins	-	-	396,358	-	-	-	-	-	-	-	396,358
Receivables to banks and other financial institutions	-	-	-	3,619,193	-	-	-	19,159	-	2,288,530	5,926,882
Reverse Repurchase Agreements	-	-	-	12,464,832	-	-	-	-	-	-	12,464,832
Financial assets at fair value recalculated through profit/loss	-	-	-	788	-	-	-	-	-	-	788
Other financial assets calculated at amortized value	-	-	-	-	-	-	-	3,819,559	4,750,747	-	8,570,306
Loans and advances provided to customers rated at amortized value	1,600,526	54,032	-	20,541,868	16,709,021	28,525,597	135,997,365	87,970,659	-	-	291,399,068
Financial assets at fair value calculated through other comprehensive financial result	-	-	-	2,719,011	-	-	-	5,751,259	5,975,104	112,257	14,975,602
Securities pledged under repurchase agreements	-	-	-	418,265	-	-	-	-	-	-	36,655,031
Other receivables	12,054	-	-	58,922	27	467	-	-	-	-	71,470
<b>Total</b>	<b>1,612,580</b>	<b>54,032</b>	<b>71,995,875</b>	<b>37,103,868</b>	<b>56,083,096</b>	<b>28,526,094</b>	<b>145,587,342</b>	<b>98,096,810</b>	<b>2,400,787</b>	<b>442,029,954</b>	
including:											
I group foreign currency	308,553	1,578	42,568,138	6,997,986	3,118,217	6,132,182	38,807,901	19,289,797	171,242	-	117,886,594
II group foreign currency	68	-	3,286,209	25,205	1,419	2,837	8,657	-	-	-	3,324,305
including:											
By floating interest rate	-	-	-	-	-	-	-	-	-	-	-
By fixed interest rate	1,540,385	43,622	17,124	33,036,143	56,083,069	28,525,597	145,587,342	98,096,810	-	-	362,629,792
Non-interest	72,195	10,410	71,948,551	5,067,725	27	467	-	-	2,400,787	-	79,600,162
<b>On maturity of liabilities repayment</b>											
Liabilities to banks and other financial institutions	-	-	6,804,500	9,864,543	6,281,680	8,382,058	29,104,968	12,747,208	-	-	73,185,059
Loans and deposits from international financial institutions	-	-	-	5,917,402	4,083,791	8,881,866	29,123,859	328,858	-	-	48,335,376
Loans from the RA Government and CBA	-	-	-	300,669	4,207,845	4,430,002	26,234,838	1,985,183	0	0	37,169,136
Repurchase Agreements	-	-	-	34,127,374	-	-	-	-	-	-	34,127,374
Liabilities to customers	-	-	86,912,134	20,955,015	20,075,851	35,057,088	20,115,275	579,419	0	0	183,057,689
Subordinate borrowings	-	-	-	86,440	-	-	-	9,590,854	-	-	9,679,494
Securities issued by the Bank	-	-	-	122,508	106,403	-	11,066,371	-	-	-	11,289,282
Lease liabilities	-	-	-	1,426,082	-	-	-	-	-	-	1,426,082
Liabilities on current taxes	-	-	-	-	1,119,763	-	-	-	-	-	1,119,763
Financial liabilities at fair value rated through profit/loss	-	-	-	-	-	-	1,185,308	-	-	-	1,185,308
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-
Amounts payable	-	-	316,460	284,625	-	-	-	-	-	-	601,085
Other liabilities	-	-	2,098,958	485,935	1,447	7,890	485	-	-	-	2,594,716
Off-balance sheet contingent liabilities	-	-	-	1,155,262	5,513,232	2,486,318	5,418,880	493,886	-	-	15,087,578
<b>Total</b>	<b>-</b>	<b>-</b>	<b>98,132,052</b>	<b>74,726,059</b>	<b>41,390,112</b>	<b>60,431,631</b>	<b>121,063,678</b>	<b>26,727,607</b>	<b>-</b>	<b>-</b>	<b>419,470,937</b>
including:											
I group foreign currency	-	-	21,586,393	12,975,841	13,074,987	21,798,794	42,992,645	4,858,331	-	-	117,286,991
II group foreign currency	-	-	777,882	783,317	352,347	400,619	59,644	2,620,961	-	-	4,994,866
including:											
Major Liabilities	-	-	-	20,758,759	3,656,941	5,090,373	19,619,533	8,604,312	-	-	67,869,918
By floating interest rate	-	-	-	5,285,120	5,494,204	-	-	-	-	-	10,779,324
By fixed interest rate	-	-	-	39,751,240	64,619,430	33,203,168	58,663,231	120,843,393	25,727,373	-	342,807,895
Non-interest	-	-	56,380,812	4,821,509	2,692,740	1,788,300	220,283	134	-	-	66,883,778
<b>Net liquidity gap</b>	<b>1,612,580</b>	<b>54,032</b>	<b>(24,186,377)</b>	<b>(37,822,191)</b>	<b>14,692,984</b>	<b>(31,005,487)</b>	<b>24,823,666</b>	<b>72,069,003</b>	<b>2,400,787</b>	<b>2,400,787</b>	<b>22,559,017</b>
including:											
I group foreign currency	308,553	1,578	20,861,745	(6,977,895)	(9,896,770)	(15,899,612)	(4,184,744)	14,431,486	171,242	-	106,093
II group foreign currency	68	-	2,899,827	(381,129)	(3,897,677)	(6,087)	(9,650,961)	(2,620,961)	-	-	(1,870,471)
Floating interest rate	-	-	-	(6,285,120)	(4,494,204)	-	-	-	-	-	(10,779,324)
Fixed interest rate	1,540,385	43,622	(39,734,116)	(32,683,287)	22,879,901	(30,137,634)	24,743,849	72,069,187	-	-	19,721,967
<b>Accumulative liquidity gap</b>	<b>1,612,580</b>	<b>1,086,612</b>	<b>(22,489,785)</b>	<b>(80,121,958)</b>	<b>(45,428,872)</b>	<b>(77,334,439)</b>	<b>(62,810,773)</b>	<b>20,156,230</b>	<b>22,559,017</b>	<b>-</b>	<b>-</b>

Previous accounting period		31/12/2022								Thous. AMD	
Item	Non-performing		Repayment date		up to 3 months	3-6 months	6-12 months	1-5 years	more than 5 years	Termless	Total
	Term	Overdue	On-demand								
Cash and cash equivalents	-	-	69,081,630	-	-	-	-	-	-	-	69,081,630
Standardized reserves: 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	-	-	-	727,467	-	-	-	-	-	-	727,467
Other financial assets calculated at amortized value	-	-	-	-	-	-	-	-	-	-	925,064
Loans and advances provided to customers rated at amortized value	3,919,625	112,869	-	20,045,500	14,737,596	25,680,481	118,383,677	76,533,747	-	-	259,413,495
Financial assets at fair value calculated through other comprehensive financial result	-	-	-	405,663	-	-	-	570,016	2,112,525	111,918	3,200,122
Securities pledged under repurchase agreements	-	-	-	43,293,667	-	-	-	-	-	-	43,293,667
Other receivables	40	-	-	182,789	5	471	-	-	-	-	183,305
<b>Total</b>	<b>3,919,665</b>	<b>112,869</b>	<b>69,082,073</b>	<b>77,158,631</b>	<b>15,695,253</b>	<b>29,462,239</b>	<b>119,118,349</b>	<b>78,646,272</b>	<b>1,292,196</b>	<b>1,292,196</b>	<b>393,887,547</b>
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	3,625	19,194	-	-	-	2,236,157
including:											
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	-	-	-	316,992,943
Non-interest	128,992	12,626	69,082,073	4,114,451	391,039	917,097	1,584,923	621	1,292,196	-	77,824,018
<b>On maturity of liabilities repayment</b>											
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	6,540,652	7,428,195	41,096,510	1,026,724	-	-	59,574,029
Loans from the RA Government and CBA	-	-	-	1,009,084	1,142,248	3,432,999	19,488,159	2,026,062	-	-	27,068,562
REPO agreements	-	-	-	38,713,408	-	-	-	-	-	-	38,713,408
Liabilities to customers	-	-	78,681,578	17,624,577	15,232,173	30,739,042	13,350,321	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	-	-	-	82,068	-	2,353,148	6,019,067	-	-	-	8,512,115
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	-	-	2,987,652	1,165,757	1,608	4,300	19	-	-	-	3,899,316
Off-balance sheet contingent liabilities	-	-	-	2,290,645	3,339,751	2,787,474	4,652,899	4,192,065	-	-	17,263,714
<b>Total</b>	<b>-</b>	<b>-</b>	<b>88,135,979</b>	<b>71,896,283</b>	<b>37,865,642</b>	<b>54,713,794</b>	<b>101,693,938</b>	<b>22,906,688</b>	<b>-</b>	<b>-</b>	<b>377,212,323</b>
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	-	-	2,948,263
including:											
Major Liabilities	-	-	-	21,975,001	1,219,466	3,425,094	4,124,380	17,307,313	-	-	48,051,263
By floating interest rate	-	-	-	9,789,020	9,647,040	477,330	-	-	-	-	19,893,399
By fixed interest rate	-	-	31,774,878	58,988,245	23,979,681	53,627,115	101,549,823	22,906,467	-	-	294,616,897
Non-interest	-	-	56,361,101	3,166,782	2,497,565	799,340	144,115	221	-	-	62,969,133
<b>Net liquidity gap</b>	<b>3,919,665</b>	<b>112,869</b>	<b>(19,063,906)</b>	<b>(5,282,349)</b>	<b>(22,770,389)</b>	<b>(26,261,660)</b>	<b>17,424,411</b>	<b>65,739,684</b>	<b>1,292,196</b>	<b>1,292,196</b>	<b>16,675,224</b>
including:											
I group foreign currency	1,032,345	1,915	12,575,618	(1,086,967)	(13,250,480)	(10,141,616)	(6,688,616)	17,751,221	65,278	-	160,074
II group foreign currency	-	-	(1,089,073)	(681,308)	(298,778)	(383,284)	(28,387)	(690,381)	-	-	(712,846)
By floating interest rate	-	-	-	(9,789,020)	(9,647,040)	(477,330)	-	-	-	-	(19,893,399)
By fixed interest rate	-	-	100,243	(31,774,878)	(19,785,381)	(11,275,287)	(24,891,873)	15,985,903	86,739,184	-	21,456,916
<b>Accumulative liquidity gap</b>	<b>3,919,665</b>	<b>4,032,634</b>	<b>(15,021,372)</b>	<b>(9,759,029)</b>	<b>(32,639,412)</b>	<b>(67,790,967)</b>	<b>(40,256,666)</b>	<b>16,38</b>			

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



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

We present the structure of balance sheet capital:

	31/12/2023	31/12/2022
Chartered capital	28,132,240	26,652,068
Emission income/loss	2,265,076	745,223
Reserves:	10,332,023	5,319,788
Main reserve	3,952,000	3,663,000
Revaluation reserve	6,380,023	1,656,788
Undistributed profit/loss	22,343,082	15,755,261
<b>Total capital</b>	<b>63,072,421</b>	<b>48,472,340</b>

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

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

	Tier 1 core capital T	Tier 1 capital	Total capital	Credit risk	Market and operational risk	Equivalent effective %	CBA limit %
June	39,407,127	45,776,127	55,812,143	346,757,004	3,334,852	14.80	11
July	40,049,435	46,418,435	56,959,910	352,940,736	3,446,847	14.82	11
August	41,047,233	47,416,233	58,558,949	357,479,941	3,499,968	15.04	11
September	41,386,258	47,755,258	60,355,619	359,827,109	3,505,626	15.41	11
October	41,750,783	48,119,783	61,017,552	360,651,491	3,761,989	15.45	11
November	42,383,887	48,752,887	61,644,051	364,078,199	3,696,536	15.50	11
December	44,369,376	50,738,376	63,639,930	363,225,329	3,285,008	16.19	11

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 2 approved by the Board of CBA.

As of 31/12/2023				
Risk weight	Assets	Off-balance sheet contingent liabilities	Incomplete term operation	
0%	114,540,714			-
10%	12,271,839			1,227,184
20%	1,247,877			249,575
30%	50,569			15,171
35%	61,643			21,575
50%	944,771			472,386
75%	67,811,043	109,523		50,940,425
100%	169,392,593	9,584,767		178,977,360
110%	326,721	15,260		376,179
150%	73,398,000	4,157,090	19,545	116,361,953
200%	988,402			1,976,804
<b>Total</b>	<b>441,034,172</b>	<b>13,866,640</b>	<b>19,545</b>	<b>350,618,611</b>

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

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



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

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

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

As of 31.12.2023 the following methods and assessments were used by the Bank during the evaluation of fair value of each class of financial instrument.

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

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

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

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

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

The balance sheet value is close to the fair value.

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

Customer deposits and bank accounts.

As of 31.12.2023 the Bank had no financial assets accounted for by the amount exceeding their fair values.

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



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

## Note 36. "De-recognition"



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

## Note 37. "Pledged assets"



As of 31.12.2023. the Bank has no pledged assets.

## Note 38. "Accepted Pledge"

As of 31.12.2023. there are no assets accepted as pledge that the Bank is entitled to sell or re-pledge, even in case the customer has not breached its obligations.

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

Collateral type	31/12/2023		31/12/2022	
	Loan amount	Collateral amount	Loan amount	Collateral amount
Real estate	116,384,578	478,454,518	105,074,753	454,668,403
Car	2,580,196	7,591,069	2,284,747	7,953,800
Equipment	5,143,109	24,024,944	3,484,666	17,249,786
Ready made products	4,787,837	15,136,000	5,606,914	14,772,000
Guarantee	96,445,054	473,195,294	82,581,403	439,370,626
Monetary funds	692,105	7,130,885	2,652,823	8,616,862
Gold items	16,489,411	19,873,563	15,642,548	18,494,364
Standard golds	8,965	11,683		
Governmental securities	1,419	11,500	3,119	11,500
Other securities	17,364	81,112	13,535	53,913
Other pledge	41,309,697	61,865,319	29,715,935	46,374,071
No collateral available	13,160,095		15,911,872	
<b>Total</b>	<b>297,019,830</b>	<b>1,087,375,887</b>	<b>262,972,315</b>	<b>1,007,565,325</b>

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

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

**Chief Executive Officer (CEO)**

**A. Arakelyan**

**Acting Chief Accountant**

**N. Galstyan**