

“ARMECONOMBANK” OJSC 2024 3rd

Quarter Interim Financial Report

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

**NOTES TO THE INTERIM REPORTS PUBLISHED IN THE 3rd QUARTER OF 2024
“ARMECONOMBANK” OJSC 23/1 AMIRYAN STR., YEREVAN**

ARMECONOMBANK

Note 1. “Legal Field and Corporate Governance”

Legal Field

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

The Head office of the Bank and 31 branches are located in Yerevan, another 22 branches in regions, and 1 in NKR. The legal address of the Bank is 23/1 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

A. Melikyan

Per Fischer

Structure and Members of the Bank’s Management

CEO

A. Arakelyan

Deputy CEO

R. Badalyan

Deputy CEO

O. Chichyan

Deputy CEO

A. Harutunyan

Deputy CEO

A. Manrikyan

Deputy CEO

A. Pilosyan

Chief Accountant

N. Galstyan

Acting Head of Risk Management Department

K. Babayan

Head of Strategy and Risk Management Department

H. Avetisyan

Head of Legal Department

V. Jhangiryan

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

As of 30.09.2024 the Chartered capital amounts to AMD 30,801,895. It includes 11,746,584 common shares each with AMD 2,080 and 424,600 preferred shares with AMD 15,000 nominal value per share.

Main Participants

Sukiasyan Saribek Albert	29.25%
Sukiasyan Khachatur Albert	12.85%
Sukiasyan Eduard Albert	13.32%

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:

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

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

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

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

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

Depreciation is not calculated for land.

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

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

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

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

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

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

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

Inventory

The Bank’s inventory includes:

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

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

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

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

Settlements between the Bank and Branches

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

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

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

Share Capital and Treasury Stock

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

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

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

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

Attracted Funds

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

Provisions, Contingent Assets and Liabilities

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

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

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

Consolidated Financial Statements

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

Segment Statements

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

Issued Corporate Bonds

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

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

Comparable Information

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

After Balance Sheet Date Events

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

If the Bank reveals errors on its own,

Fundamental errors are revealed by an audit organization,

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

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

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

“ARMECONOMBANK” OJSC 2024 3rd

Quarter Interim Financial Report



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

Thous. AMD

	Item	Note	As of the end of the current interim period (unaudited)	As of the end of the previous financial year (unaudited)
1	Assets			
1.1	Cash and cash equivalents	13	56,055,058	71,569,185
1.2	Standard bank precious metal bullions and coins		572,417	396,358
1.3	Due from banks and other financial institutions	14	4,323,980	5,926,385
1.4	Reverse repurchase agreement	14.1	14,342,143	12,464,832
1.5	Financial assets rated at actual value through profit or loss	15		1,326
1.5.1	Other financial assets rated at amortized value	18		8,570,306
1.6	Loans and advances provided to customers at amortized value	16	338,190,099	291,399,069
1.7	Financial assets at fair value rated through other comprehensive financial results	17	398,225	14,975,888
1.7.1	Securities pledged under repurchase agreement	17.1	71,693,647	36,659,534
1.9	Non-current assets held for sale		2,910,983	2,963,269
1.10	Fixed assets	20	15,485,729	15,391,456
1.10.1	Intangible assets	20	1,042,093	1,054,183
1.10.1	Right-of-use assets	20.1	2,033,272	1,875,558
1.12	Other assets	21	1,970,240	1,649,742
	Total assets		509,017,886	464,897,091
2	Liabilities			
2.1	Liabilities to banks and other financial institutions	22	74,191,856	73,183,391
2.2	Loans and deposits received from the international financial institutions	22.1	39,224,172	48,335,375
2.3	Loans received from the CBA and from the RA government	22.2	40,012,422	37,158,136
2.4	Repurchase agreement	22.3	71,757,076	34,127,375
2.5	Liabilities to Customers	23	180,805,026	183,942,323
2.6	Subordinate borrowing	23.1	6,199,778	9,679,494
2.7	Liabilities on current taxes		1,019,816	1,112,304
2.8	Securities issued by the Bank	24	13,148,928	11,295,283
2.9	Financial liabilities at fair value through profit or loss	25	131,128	15,184
2.10	Amounts payable	26	648,909	601,085
2.11	Deferred tax liabilities	11	1,104,084	1,187,997
2.12	Reserves	30	60,096	19,270
2.13	Lease liabilities	40	1,616,035	1,426,082
2.14	Other liabilities	27	5,731,865	2,348,069
	Total liabilities		435,651,191	404,431,368
3	Capital			
3.1	Chartered capital	28	30,801,895	28,132,240
3.2	Emission income		6,539,091	2,265,076
3.3	Reserves			
3.3.1	Main reserve		4,190,000	3,952,000
3.3.2	Revaluation reserve		(136,765)	(379,408)
3.3.3	Other reserve		6,735,513	6,896,366
3.4	Undistributed profit (loss)		25,236,961	19,599,449
	Total capital		73,366,695	60,465,723
	Total liabilities and capital		509,017,886	464,897,091

Chief Executive Officer (CEO)

A. Arakelyan

Acting Chief Accountant

N. Galstyan

Approval date: 14 october 2024

Statement of Profit or Loss
30 september 2024
ARMECONOMBANK OJSC 23/1 Amiryar 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	12,109,359	34,464,608	10,081,692	28,457,203
Interest and similar expenses	3	(6,898,325)	(20,503,168)	(6,083,209)	(17,073,654)
Net interest and similar income		5,211,034	13,961,440	3,998,483	11,383,549
Income as commissions and other fees	4	1,808,119	5,306,332	1,585,516	4,326,862
Expenses as commissions and other fees	4	(688,564)	(1,785,225)	(607,609)	(1,530,327)
Net commission and other fees		1,119,555	3,521,107	977,907	2,796,535
Income from dividends			6,037		
Net commercial income	5	663,335	2,259,886	543,513	1,762,862
Other operational income	6	161,604	375,037	183,671	456,997
Operational income		7,155,528	20,123,507	5,703,574	16,399,943
Net allocations to possible asset loss provisions	7	(152,702)	(372,283)	(306,254)	1,245,036
Total administrative expenses	8	(2,613,064)	(7,913,682)	(2,460,807)	(7,165,680)
Other operational income	9	(1,153,494)	(3,322,471)	(1,029,015)	(2,899,835)
Operational profit		3,236,268	8,515,071	1,907,498	7,579,464
Profit/loss before taxation		3,236,268	8,515,071	1,907,498	7,579,464
Profit tax expenses(compensation)	11	(623,691)	(1,685,474)	(471,151)	(1,469,402)
Profit for period		2,612,577	6,829,597	1,436,347	6,110,062

Chief Executive Officer (CEO)

A. Arakelyan

Acting Chief Accountant

N. Galstyan

Approval date: 14 october 2024

Statement of other Comprehensive Income
30 september 2024
ARMECONOMBANK OJSC 23/1 Amiryan Str., 0002 Yerevan

Thous. AMD

Name	Note	Current interim period (unaudited)	Accounting period (unaudited)	Comparable current interim previous period (unaudited)	Previous period (unaudited)
Other comprehensive financial results					
Revaluation of financial assets at fair value rated through other comprehensive financial results		(10,495)	430,485	569,626	1,623,162
Devaluation of financial assets at fair value rated through other comprehensive financial results after taxation		6,466	(110,354)	4,712	(84,524)
After-tax gains on non-current assets					3,958,162
Profit tax on the revaluation of financial assets at fair value rated through other comprehensive financial results		1,889	(77,487)	(102,533)	(292,169)
Other comprehensive financial result after taxation		(2,140)	242,644	471,805	5,204,631
Comprehensive financial result		2,610,437	7,072,241	1,908,152	11,314,693

Chief Executive Officer (CEO)

A. Arakelyan

Acting Chief Accountant

N. Galstyan

Approval date: 14 october 2024

Statement of Changes in Equity

30 september 2024

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	Profit from revaluation of non- current assets	Undistributed profit(loss)	Total	Total capital
	Chartered capital	Net amount							
Articles	1	3	4	5	7	9	10	12	14
Comparable current interim period of the previous financial year (ascending from the beginning of the year) (I table)									
<i>Balance as of the beginning of the financial year as of 01 January 2023 (audited)</i>	26,652,068	26,652,068	745,223	3,663,000	(1,228,475)	3,112,039	16,166,442	49,110,297	49,110,297
Recalculated balance	26,652,068	26,652,068	745,223	3,663,000	(1,228,475)	3,112,039	16,166,442	49,110,297	49,110,297
Transactions with shareholders (owners) regarding to shares, including:	534,716	534,716	465,306	-	-	-	-	1,000,022	1,000,022
Investments in chartered capital and other increase of chartered capital	534,716	534,716	465,306	-	-	-	-	1,000,022	1,000,022
Comprehensive income		-	-	-	1,246,468	3,958,162	6,110,062	11,314,692	11,314,692
Dividends		-	-	-			(967,169)	(967,169)	(967,169)
Internal movements including:	-	-	-	289,000	-	(120,217)	(168,783)	-	-
Deductions to main reserve		-	-	289,000			(289,000)	-	-
Decrease of value from the revaluation of fixed and intangible assets		-				(120,217)	120,217	-	-
<i>Balance as of the end of the interim accounting period 30.09.2023(unaudited)</i>	27,186,784	27,186,784	1,210,529	3,952,000	17,993	6,949,984	21,140,552	60,457,842	60,457,842

Interim period of the current year (ascending from the beginning of the year) (II table)									
<i>Balance as of the beginning of the financial year as of 01 January 2024 (unaudited)</i>	28,132,240	28,132,240	2,265,076	3,952,000	(379,408)	6,896,366	19,599,449	60,465,723	60,465,723
Recalculated balance	28,132,240	28,132,240	2,265,076	3,952,000	(379,408)	6,896,366	19,599,449	60,465,723	60,465,723
Transactions with shareholders (owners) regarding to shares, including:	2,669,655	2,669,655	4,274,015	-	-	-	-	6,943,670	6,943,670
Investments in chartered capital and other increase of chartered capital	2,669,655	2,669,655	4,274,015	-	-	-	-	6,943,670	6,943,670
Comprehensive income		-	-	-	242,643		6,829,597	7,072,240	7,072,240
Dividends		-	-	-			(1,114,938)	(1,114,938)	(1,114,938)
Internal movements including:	-	-	-	238,000	-	(160,853)	(77,147)	-	-
Deductions to main reserve				238,000			(238,000)	-	-
Decrease of value from the revaluation of fixed and intangible assets						(160,853)	160,853	-	-
Deductions to main reserve		-						-	-
<i>Balance as of the end of the interim accounting period 30.09.2024(unaudited)</i>	30,801,895	30,801,895	6,539,091	4,190,000	(136,765)	6,735,513	25,236,961	73,366,695	73,366,695

Chief Executive Officer (CEO)

A. Arakelyan

Acting Chief Accountant

N. Galstyan

Approval date: 14 october 2024

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

Thous. AMD

Name	Note	Accounting period (unaudited)	Previous period (unaudited)
1. Cash flows from operations			
Profit for the year		6,829,597	6,110,062
<i>Adjustments</i>			
Expenses on profit tax		1,685,474	1,469,402
Loss from depreciation of interest-bearing assets		372,283	(1,245,036)
Depreciation and amortisation		1,811,522	1,578,043
Net income from disposal of fixed assets			(48,338)
Net gain from foreign exchange		65,702	45,148
Net income from sale/ purchase of financial assets rated at fair value through profit or loss		83,421	(20,811)
Financial assets at fair value rated through other comprehensive financial results		(317,934)	51,417
Other income		(102,320)	
Interest income		(1,507,572)	(1,207,660)
Interest expenses		690,839	1,505,495
Cash flows from operations before changes in operational assets and liabilities		9,611,012	8,237,723
Changes in operational assets or liabilities			
Increase/ decrease in operational assets			
Due from financial institutions		1,406,536	4,281,936
Reverse repurchase agreements		(1,953,462)	(4,534,330)
Loans to customers		(49,500,613)	(33,877,380)
Other assets		(502,904)	83,408
Liabilities to financial institutions		1,634,433	9,511,285
Repurchase agreements		37,564,773	(8,046,846)
Liabilities to customers		(1,337,700)	20,183,591
Other liabilities		1,284,820	(550,977)
Cash used in operations before taxation		(1,793,106)	(4,711,590)
Paid profit tax		(1,652,447)	(1,511,635)
Net cash used in operations		(3,445,553)	(6,223,226)
Cash flows from investments			
Decrease(increase) of securities at fair value rated though profit/loss and available for sale		(11,122,022)	(3,426,521)
Acquisition of fixed assets		(1,016,854)	(892,325)
Proceeds from sale of fixed assets			77,198
Acquisition of intangible assets		(165,733)	(404,853)
Net cash flows from investments (used)/(gained from)		(12,304,609)	(4,646,501)
Cash flows from financial operations			
Loans from RA CB and RA Government		2,987,671	8,645,141
Proceeds/repayment of loans received from international financial institutions		(7,268,666)	(6,783,204)
Subordinated loan (repayments)/proceeds		(3,237,688)	5,402,602
Increase (decrease) of securities issued by the Bank		2,171,634	2,482,853
The issue of securities		6,943,670	1,171,830
Prepayment of issued shares		2,000,005	1,000,022
Lease liabilities		(790,325)	(737,304)
Dividends paid		(1,070,543)	(923,666)
Net cash from financial operations		1,735,758	10,258,274
Impact of foreign exchange on cash balances		(1,499,724)	(528,237)
Net increase of cash and equivalents thereof		(15,514,127)	(1,139,690)
Cash and equivalents thereof as of the beginning of the period	13_2	71,569,185	69,081,631
Cash and equivalents thereof as of the end of the period	13_2	56,055,058	67,941,941

Chief Executive Officer (CEO)

A. Arakelyan

Acting Chief Accountant

N. Galstyan

Approval date: 14 october 2024

Note 3: "Net Interest and Similar Income"

THOUS. AMD

	01/07/2024 30/09/2024	01/01/2024 30/09/2024	01/07/2023 30/09/2023	01/01/2023 30/09/2023
Interest and similar income				
Interest income from the Bank's current accounts, deposits and loans allocated in banks and other financial institutions	71,789	318,499	222,802	541,478
Interest income from loans and advances to customers	10,212,539	28,746,869	8,490,365	24,088,691
Interest income from debt securities	1,525,941	4,496,792	1,098,844	3,162,763
Interest income from REPO agreements	282,562	849,710	250,290	605,863
Other interest income	16,528	52,738	19,391	58,408
Interest and Similar Expenses	12,109,359	34,464,608	10,081,692	28,457,203
Interest expenses from the Bank's current accounts, deposits and loans allocated in banks and other financial institutions	2,841,796	8,587,232	3,009,521	8,424,019
Interest expenses on terms deposits and current accounts of customers	2,570,994	7,591,902	2,052,954	5,271,557
Interest expenses under REPO agreements	1,135,438	3,037,771	571,104	2,314,354
Interest expenses on subordinated borrowings	132,728	555,773	198,255	402,329
Interest expenses against the interest securities issued by the Bank.	208,239	594,870	208,656	542,233
Interest expenses on lease agreements	41,396	135,620	42,699	118,999
Other interest income	-	-	20	163
Total	6,930,591	20,503,168	6,083,209	17,073,654
Net interest and similar income	5,178,768	13,961,440	3,998,483	11,383,549

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

THOUS. AMD

	01/07/2024 30/09/2024	01/01/2024 30/09/2024	01/07/2023 30/09/2023	01/01/2023 30/09/2023
Commission and Other Fee Income				
Cashier's operations	75,733	240,303	78,382	236,021
Settlement services	1,327,234	3,704,266	1,231,307	3,239,035
Guarantees, warranties, letters of credit operations, trust management operations	76,299	221,892	85,439	209,388
Foreign currency and security operations	412	5,033	879	4,500
Payment card servicing	72,841	201,703	53,487	142,049
Other commission fees	255,600	933,135	136,022	495,869
Total	1,808,119	5,306,332	1,585,516	4,326,862
Commission and Other Fee Expenses:				
Commission fee from correspondent and other accounts	1,634	5,133	657	6,378
Expenses on payment card operations	532,719	1,387,450	512,854	1,206,968
Guarantees, warranties, letters of credit operations, trust management operations	2,125	14,526	7,223	16,982
Foreign currency and security operations	19,909	99,597	15,767	81,394
Other commission fees	99,911	278,519	71,108	218,605
Total	656,298	1,785,225	607,609	1,530,327
Net commission and other fees received	1,151,821	3,521,107	977,907	2,796,535

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

THOUS. AMD

	01/07/2024 30/09/2024	01/01/2024 30/09/2024	01/07/2023 30/09/2023	01/01/2023 30/09/2023
Financial assets rated at fair value through profit or loss				
Net income from sale/ purchase of financial assets rated at fair value through profit or loss, including	(79,871)	(54,817)	122	22,985
Shares				
Debt Securities				
Derivatives	(79,871)	(54,817)	122	22,985
Net income from changes in real value of financial assets rated at fair value through profit or loss				
Total	(79,871)	(54,817)	122	22,985
Investments at fair value rated through other comprehensive financial assets				
Net income from sale/purchase of investments at fair value rated through other comprehensive financial results, including:	897	433,785	25,548	55,023
Debt securities	897	433,785	25,548	55,023
Derivatives				
Net income from sale/purchase of investments at fair value rated through other comprehensive financial results	(885)	(63,418)	(42,840)	(83,299)
Total	12	370,367	(17,292)	(28,276)
Foreign currency operations				
Net income from foreign currency sale/purchase	650,190	1,841,027	595,569	1,813,301
Net income from the revaluation of foreign currency	11,012	(65,702)	(34,889)	(45,148)
Net income from the sale/purchase of precious standardized bullions and coins	8,492	66,691		
Net income from the revaluation of precious standardized bullions and coins	73,500	102,320	-	-
Total	743,194	1,944,336	560,680	1,768,153
Net income from commercial operations	663,335	2,259,886	543,510	1,762,862

Note 6 : "Other Operatioal Income"

	THOUS. AMD			
	01/07/2024 30/09/2024	01/01/2024 30/09/2024	01/07/2023 30/09/2023	01/01/2023 30/09/2023
Other operational expenses				
Income from penalties and fines	129,583	264,963	86,708	273,967
Net income from disposal of fixed and intangible assets	147	(4,114)	36,036	48,337
Other income *	31,874	114,188	60,927	134,693
Total	161,604	375,037	183,671	456,997

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			
	01/07/2024 30/09/2024	01/01/2024 30/09/2024	01/07/2023 30/09/2023	01/01/2023 30/09/2023
Cash and cash equivalents (Note 13)				
Initial balance	4,121	31,069	31,050	51,255
Net deductions to reserve	2,042	(24,906)	(201)	(20,406)
Summary balance	6,163	6,163	30,849	30,849
"Due to Banks and other Financial institutions" (Note 14)				
Initial balance	60,384	148,064	187,829	161,330
Net deductions to reserve	629	(87,051)	(9,759)	16,740
Return of amounts previously charged to off balance item				
Usage of reserve				
Summary balance	61,013	61,013	178,070	178,070
From loans and advances to customers (Note 16)				
Initial balance	6,275,466	5,620,762	2,327,570	3,558,820
Net deductions to reserve *	133,267	759,151	276,707	(1,031,812)
Return of amounts previously charged to off balance item	160,453	445,223	283,857	773,057
Usage of reserve	(148,376)	(404,326)	(352,808)	(764,739)
Summary balance	6,420,810	6,420,810	2,536,326	2,536,326
Financial assets rated at fair value through other comprehensive financial assets (Note 17)				
Initial balance	24,529	166,993	167,730	276,555
Net deductions to reserve	7,886	(134,578)	5,747	(103,078)
Return of amounts previously charged to off balance item				
Usage of reserve				
Summary balance	32,415	32,415	173,477	173,477
On other assets (Note 21)				
Initial balance	926	1,036	12,053	7,822
Net deductions to reserve	90	(77)	(762)	3,318
Return of amounts previously charged to off balance item	62	167	52	256
Usage of reserve	(16)	(64)	(62)	(115)
Summary balance	1,062	1,062	11,281	11,281
Other financial assets rated at amortized value				
Initial balance	103,907	287,025	191,188	270,041
Net deductions to reserve	2,036	(181,082)	34,851	(44,002)
Usage of reserve				
Summary balance	105,943	105,943	226,039	226,039
Post-balance sheet items containing loan exposures (note 30)				
Initial balance	53,344	19,270	37,919	103,386
Net deductions to reserve	6,752	40,826	(329)	(65,796)
Usage of reserve				
Summary balance	60,096	60,096	37,590	37,590
Total net deductions to reserve	152,702	372,283	306,254	(1,245,036)

Note 8 : "Total administrative expenses"

Thous. AMD

	01/07/2024 30/09/2024	01/01/2024 30/09/2024	01/07/2023 30/09/2023	01/01/2023 30/09/2023
"Total administrative expenses"				
Salary and similar payments	1,907,252	5,581,583	1,716,113	5,046,177
Training and tutorship expenses	323	6,377	1,580	4,432
Business trip expenses	19,535	58,246	8,267	29,888
Insurance costs	52,154	150,756	46,865	132,656
Servicing and maintenance of the Bank's equipment	110,045	314,772	86,265	259,011
Maintenance and safekeeping of Bank buildings	221,087	861,555	220,407	631,189
Audit and consulting services	8,304	26,617	5,798	15,036
Communication and transmission costs	28,767	112,516	29,309	94,781
Transportation costs	54,008	153,841	53,279	132,585
Taxes (except income tax) penalties and other mandatory payments	108,027	387,529	90,364	300,110
Office and organizational expenses	36,472	194,969	41,504	210,061
Other administrative expenses	67,090	264,921	161,056	309,754
Total	2,613,064	7,913,682	2,480,807	7,185,680

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

	01/07/2024 30/09/2024	01/01/2024 30/09/2024	01/07/2023 30/09/2023	01/01/2023 30/09/2023
Average number of Bank employees	894	895	850	842
Monthly average salary falling to a single employee (thousand AMD)	636	622	650	603

Note 9 : "Other Operational Expenses"

Thous. AMD

	01/07/2024 30/09/2024	01/01/2024 30/09/2024	01/07/2023 30/09/2023	01/01/2023 30/09/2023
Other operational expenses				
Paid fines and penalties	-	257	208	4,603
Payments made for collection	99,969	274,252	86,848	260,845
Advertising and representative expenses	105,486	305,243	125,083	350,529
Amortization costs of fixed assets and intangible assets	612,897	1,807,405	581,815	1,578,042
Allocations to the Fund of Recovery of Deposits	63,306	184,210	57,121	187,868
Other expenses	271,836	751,104	177,940	517,948
Total	1,163,494	3,322,471	1,029,016	2,899,836

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

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

Note 11 : "Profit tax Expenses (Reimbursement)"



Expenses on profit tax	Thous. AMD			
	01/07/2024-30/09/2024	01/01/2024-30/09/2024	01/07/2023-30/09/2023	01/01/2023-30/09/2023
Current tax expenses	666,523	1,846,462	551,278	1,300,312
Corrections of current taxes for the previous period recognized in the current period	-	412	-	-
Deferred tax expenses	(42,832)	(161,400)	(80,127)	(169,090)
Total	623,691	1,685,474	471,151	1,469,402

	01/07/2024-30/09/2024	Effective rate (%)	01/01/2024-30/09/2024	Effective rate (%)	01/01/2023-30/09/2023	Effective rate (%)	01/01/2023-30/09/2023	Effective rate (%)
Profit before taxation	3,236,268		8,515,071		1,807,498		7,579,464	
Profit tax with rate	582,528	18%	1,532,713	18%	343,350	18%	1,364,304	18%
Non-taxable income			(2,245)	(0.00)				
Non-taxable income from financial assets rated at fair value through other comprehensive income	2,575	0.00	(3,402)	(0.00)	27	0.00	(3,746)	(0.00)
Non-deductible expenses	42,328	0.01	152,244	0.02	123,792	0.06	107,738	0.01
Foreign currency negative/positive difference	(1,983)	(0.00)	11,824	0.00	6,279	0.00	8,127	0.00
Adjustments of calculated tax expenses of the previous year			412	0.00			-	-
Other privileges	(1,757)	(0.00)	(6,072)	(0.00)	(2,297)	(0.00)	(7,021)	(0.00)
Profit tax expenses	623,691	0.19	1,685,474	0.20	471,151	0.25	1,469,402	0.19

Calculation of deferred tax on temporary differences



	30.09.2024			
	Balance as of the previous period	Recognized by financial results	Recognized by equity	Balance at the accounting period
Deferred tax assets, including:	604,046	66,181	(77,487)	692,742
Accrued expenses and other liabilities	292,301	107,993		400,294
Right-of-use assets	127,925	8,006		135,931
Investment securities	165,007	(32,594)	(77,487)	54,926
Claims to banks and other financial institutions	16,323	(14,732)		1,591
Cash and their equivalents	2,492	(2,492)		-
Loans and borrowings to customers				-
Deferred tax liabilities, including:	(1,792,045)	85,219	-	(1,696,826)
Cash and their equivalents	-	(2,432)		(2,432)
Fixed assets	(1,501,340)	35,309		(1,466,031)
On fixed assets	(268,500)	56,494		(212,006)
Reserve of customer's loans and advances	(22,205)	5,848		(16,357)
Net deferred tax asset/liability	(1,187,997)	161,400	(77,487)	(1,104,084)

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

Basic profit falling to a single share	Thous. AMD			
	01/07/2024-30/09/2024	01/01/2024-30/09/2024	01/07/2023-30/09/2023	01/01/2023-30/09/2023
Net profit of the accounting period after taxation	2,612,577	6,829,597	1,436,347	6,110,062
Dividends on preferential shares calculated for the current accounting period	222,304	444,609	222,304	442,166
Net gains(losses) of given period referring to owners of common shares	2,390,273	6,384,988	1,214,043	5,667,896
Net weighted average number of common shares in circulation during the given period	10,840,338	10,840,338	10,008,550	10,008,550
Basic profit falling to a single share	0.22	0.59	0.24	0.42

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

Note 13 : Cash and cash equivalents



Thous. AMD

	30/09/2024	31/12/2023
Cash and cash equivalents		
Cash and cash equivalent payment documents	19,100,708	16,529,115
Correspondent accounts with the CBA*	34,993,135	53,348,800
Correspondent accounts with the the resident banks	32,051	51,099
Correspondent accounts with the non-resident banks	1,935,327	1,671,240
Reserves/IFRS/	(6,163)	(31,069)
Cash and balances with the CBA	56,055,058	71,569,185

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

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



Thous. AMD

	30/09/2024	31/12/2023
Current accounts		
Deposited funds with CBA	577,500	2,122,500
Reserve/IFRS/	(1,101)	(15,791)
Total	576,399	2,106,709
With RA banks		
Loans and deposits		114,087
Other	669	233
With banks having BBB(Baa3) and higher ratings		
Other	116,187	
Loans and deposits		
no rating at all		
Loans and deposits		
Other	117	145,819
Accrued interest		664
Total	116,973	260,803
7)	(524)	(9,759)
Net receivables to banks	116,449	251,044

	30/09/2024	31/12/2023
Loans and deposits with Financial Institutions, other receivables		
With RA Financial Institutions:		
Loans and deposits	1,043,725	504,484
Other	1,810,132	2,426,267
higher ratings		
Other	648	
BB(Baa3) or no rating at all		
Other	805,316	665,458
Accrued interest	3,303	1,586
Total	3,663,124	3,597,795
Institutions	(31,992)	(29,163)
Net receivables to Financial Institutions	3,631,132	3,568,632
Net receivables to banks and Financial Institutions	4,323,980	5,926,385

Note 14.1 Reverse Repurchase Agreements



	30/09/2024	31/12/2023
Reverse Repurchase Agreements		
Repurchase Agreements with Financial Institutions	14,369,539	12,558,183
Reverse Repurchase Agreements with Financial Institution	(27,396)	(93,351)
Total	14,342,143	12,464,832

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



	30/09/2024	31/12/2023
Other financial assets recalculated at fair value through profit/loss		
Swap		1,326
Total	-	1,326

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

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



Thous. AMD

Loans and advances calculated at amortized value	30/09/2024	31/12/2023
Loans, including:	321,852,873	276,538,217
Mortgage loans	49,736,582	45,800,699
Credit cards	19,523,891	18,601,430
Accrued interest on the mentioned items	3,234,345	1,880,183
Total loans	344,610,909	297,019,830
Reserve for possible loss of customer loans and advances (note 7)	(6,420,810)	(5,620,762)
Total loans and advances at amortized value	338,190,099	291,399,068

Thous. AMD

Analyses of provided loans and advances per customers	30/09/2024	31/12/2023
State industries	28,423	139,974
Private industries, including:	164,932,029	145,669,815
Major enterprises	76,728,102	67,582,747
Small and medium enterprises	88,203,927	78,087,068
Including business cards	39,972	25,183
Individuals, including:	150,937,422	124,897,740
Consumer loans	73,505,922	47,605,849
Mortgage loans	49,736,582	45,800,699
Credit cards	19,479,750	18,576,189
Private entrepreneurs	25,478,690	24,432,118
Accrued interest	3,234,345	1,880,183
Total loans	344,610,909	297,019,831
Reserve for customers' loans and advances calculated at amortized value (note7)	(6,420,810)	(5,620,762)
Total loans and advances at amortized value	338,190,099	291,399,069

Thous. AMD

Analyses of loans and advances provided to the customers per the groups of businesses	30/09/2024	31/12/2023
State and major enterprises	76,756,525	67,722,721
SME * sector, including	100,067,946	94,018,065
Agriculture	21,928,587	30,622,084
Housekeeping	164,552,093	133,398,862
Accrued interests	3,234,345	1,880,183
Total loans and advances calculated at amortized value	344,610,909	297,019,831
calculated at amortized value (note7)	(6,420,810)	(5,620,762)
amortized value	338,190,099	291,399,069

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

Thous. AMD

related parties /without reserve/ amortized value	30/09/2024	31/12/2023
amortized value	102,400,789	93,222,813
Balance of off-balance sheet contingent liabilities	5,045,638	5,743,609
Total	107,446,427	98,966,422
Loan investments	344,610,909	297,019,831
Ratio in portfolio	29.71%	31.39%
Total normative capital	72,034,366	63,639,930
Percentage ratio to capital	149.16%	155.51%
Total	107,446,427	98,966,422

Thous. AMD

Loan Investments through International programs	30/09/2024	Quantity
ADB/MSME	6,346,733	116
ADB/WESSD	3,980,832	160
BS/SME3	1,384,099	45
COVID-14	28	1
COVID-19/1/3	50,164	1
COVID-19/2/1	3,097	1
COVID-19/2/2	2,894,620	46
DEG/SME	333,445	16
EBRD/SMEC/Green	596,859	13
EBRD/MSME	1,167,901	39
EBRD/WIB	296,331	32
EIB/APEX	6,942,284	157
FINSCA/MSE	306	1
FMO/MSME/Green	476,234	18
FMO/MSME/Retail	487,463	29
GAF/ KfW /ENERGY	3,452,393	1,404
GAF/ KfW /AGRO	1,706,287	117
GAF/KfW/SME	20,475,034	1,827
GAF/ KfW /CONSUMERENERGY	1,229,731	2,026
GAF/KfW/SME/ENERGY	2,541,434	90
INCOFINCVBA/MSE	818,530	47
Proparco/SME/Green	12,499,662	623
PRM/SCITF	3,064	2
Total	67,686,531	6,811

THOUS. AMD

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

Gaps or extended loans and advances calculated at amortized value per lending	30/09/2024	Percentage	31/12/2023	Percentage
Industry	18,976,923	5.51	18,175,519	6.12
Agriculture	28,167,037	8.17	30,995,674	10.44
Construction	51,629,418	14.98	38,477,381	12.95
Transportation and communication	1,576,002	0.46	1,673,197	0.56
Commerce	46,443,752	13.48	47,630,296	16.04
Consumer	93,549,340	27.15	66,930,820	22.53
Mortgage loans	49,950,559	14.49	45,990,151	15.48
Service	20,018,778	5.81	16,224,018	5.46
Other	34,299,100	9.95	30,922,774	10.41
Total	344,610,909	100	297,019,830	100

Breakdown of loan portfolio per customer residency	30/09/2024	Percentage	31/12/2023	Percentage
RA residents	333,931,477	98.74	289,455,743	99.33
Residents of countries with Baa33 and higher ratings including			22,459	0.01
France			22,459	
Residents of countries with Baa33 and lower ratings or no rating at all	1,024,277	0.30	40,683	0.01
Russia	1,024,277		40,683	
Accrued interest	3,234,345	0.96	1,880,183	0.65
Total	338,190,099	100	291,398,068	100

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



30/09/2024

The structure of customers' loans and borrowings calculated at amortized value per classification stages /IFRS 9/	Stage 1 /non-depreciated and overdue up to 30 days /		Stage 2 /31-90 days overdue/		Stage 3 /overdue more than 90 days/	
	Gross loans	Depreciation reserve	Gross loans	Depreciation reserve	Gross loans	Depreciation reserve
Corporate loans	167,087,494	4,589,823	50,629	27,821	94,051	82,176
Loans to individuals and private entrepreneurs	175,252,335	815,813	1,754,709	643,327	371,691	261,850
Total	342,339,829	5,405,636	1,805,338	671,148	465,742	344,026

31/12/2023

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

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

30/09/2024

	Gross loans	Depreciation reserve	Net loans	Depreciation reserve on gross loans
Consumer				
Non-overdue	92,144,390	905,138	91,239,252	0.98%
Overdue				
1-30 days	1,197,007	434,973	762,034	36.34%
31- 60 days	62,514	27,424	35,090	43.87%
61- 90 days	26,321	13,979	12,342	53.11%
91-180 days	72,683	49,990	22,693	68.78%
180 and more	46,425	32,134	14,291	69.22%
Total	93,549,340	1,463,638	92,085,702	1.56%
Trade				
Non-overdue	46,370,475	319,342	46,051,133	0.69%
Overdue				
1-30 days	10,593	5,821	4,772	54.95%
31- 60 days	688	378	310	54.94%
61- 90 days	36,598	30,133	6,465	82.34%
91-180 days	25,398	20,911	4,487	82.33%
180 and more	0	0	0	
Total	46,443,752	376,585	46,067,167	0.81%
Production				
Non-overdue	18,975,445	83,436	18,892,009	0.44%
Overdue				
1-30 days	1,478	812	666	
31- 60 days			0	
61- 90 days				
91-180 days				
180 and more			0	
Total	18,976,923	84,248	18,892,675	0.44%
Construction				
Non-overdue	51,627,953	742,514	50,885,439	1.44%
Overdue				
1-30 days	1,465	805	660	54.95%
31- 60 days			0	
61- 90 days			0	
91-180 days			0	
180 and more			0	
Total	51,629,418	743,319	50,886,099	1.44%
Mortgage				
Non-overdue	49,821,490	24,968	49,796,522	0.05%
Overdue				
1-30 days	30,927	9	30,918	0.03%
31- 60 days			0	
61- 90 days	58,519	260	58,259	0.44%
91-180 days			0	
180 and more	39,623	30,696	8,927	
Total	49,950,559	55,933	49,894,626	0.11%
Agriculture				
Non-overdue	28,155,402	3,146,056	25,009,346	11.17%
Overdue				
1-30 days	7,663	3,259	4,404	42.53%
31- 60 days	1,808	769	1,039	42.53%
61- 90 days	1,702	724	978	42.54%
91-180 days	462	223	239	48.27%
180 and more				
Total	28,167,037	3,151,031	25,016,006	11.19%
Other fields				
Non-overdue	55,828,552	489,687	55,338,865	0.88%
Overdue				
1-30 days	7,875	4,327	3,548	54.95%
31- 60 days			0	
61- 90 days			0	
91-180 days	57,453	52,042		90.58%
180 and more				
Total	55,893,880	546,056	55,342,413	0.98%
TOTAL	344,610,909	6,420,810	338,184,688	1.86%

31/12/2023

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

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



	Thous. AMD	
	30/09/2024	31/12/2023
Government securities		
RA Governmental T-bills		14,863,631
Total	0	14,863,631

	Thous. AMD			
	30/09/2024		31/12/2023	
	listed	unlisted	listed	unlisted
RA non-state securities				
Issuer having BBB+(Baa1) and lower rating, other rating or no rating at all				
Long term debt instruments				
Short term debt instruments				
Capital instruments		391,540		105,755
Total non-state securities of RA		391,540		105,755
Investments in RA non-governmental securities (reserve for possible losses)				
Net Investments in RA non-governmental securities	-	391,540		105,755

	Thous. AMD			
	30/09/2024		31/12/2023	
	listed	unlisted	listed	unlisted
Issuer having BBB+(Baa1) and lower rating, other rating or no rating at all				
Capital instruments		6,685		6,502
Total non-state securities of RA		6,685		6,502
Financial assets rated at fair value through other comprehensive financial assets	-	398,225	14,863,631	112,257

Investments in share capital of other entities as of 30.09.2024

	Thous. AMD				
Name of entity	Main activity	Country of	Investment	Investment	Share %
S.W.I.F.T	Telecommunication	Belgium	13/09/1996	6,685	-
"Armenian Card" CJSC	Payment service	RA	22/02/2000	168,285	6.20
ACRA Credit Reporting CJSC	Information service	RA	23/06/2006	23,255	4.58
YES EM CJSC	Provision of electronic services	RA	19/03/2024	200,000	8.33
Total				398,225	

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

Note 17.1 : " Securities pledged under repurchase agreement"



	Thous. AMD	
	30/09/2024	31/12/2023
Assets		
Total pledged securities	71,799,590	36,882,318
including:		
Financial assets at amortized cost	16,821,421	6,938,430
Other financial assets rated at amortized value	54,978,169	29,943,888
Reserve for Financial assets at amortized cost	(105,943)	(222,784)
Total	71,693,647	36,659,534

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



	30/09/2024	31/12/2023
Government securities rated at amortized value		8,488,243
Accumulated interest		146,304
Reserve of financial assets calculated at amortized value		(64,241)
Total		8,570,306

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



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

Note 20. "Fixed assets and intangible assets"

Name of the entity	Land, buildings	Computer and communication	Vehicles	Other fixed assets	Investments in fixed assets	Right-of-use assets	Total
Balance of the fixed assets at the end of previous period 31/12/2023	12,637,123	4,430,805	1,267,450	2,616,039	59	5,167,177	26,118,653
Increase		802,918	31,572	128,685	53,679	869,146	1,886,000
Disposal							-
Written-off		(80,549)		(104,306)	(59)		(184,914)
Reclassification	53,679	227		(227)	(53,679)		-
Balance of fixed assets at the end of accounting period 30/09/2024	12,690,802	5,153,401	1,299,022	2,640,191		6,036,323	27,819,739
Balance of accumulated amortization at the end of the previous period 31/12/2023	277,981	3,177,882	448,226	1,655,929	-	3,291,620	8,851,638
Increase	289,242	354,487	108,919	165,505		711,430	1,629,583
Disposal							-
Reclassification		71		(71)			-
Depreciation							-
Written-off of amortization		(78,983)		(101,498)			(180,481)
Balance of accumulated amortization at the end of the accounting period 30/09/2024	567,223	3,453,457	557,145	1,719,865	-	4,003,050	10,300,740
Net balance sheet value							
At the end of the accounting period	12,123,579	1,699,944	741,877	920,326	-	2,033,273	17,518,999
At the end of the previous accounting period	12,359,142	1,252,923	819,224	960,110	59	1,875,557	17,267,015

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

Intangible Assets

Thous. AMD

Item	Software programs	License and warranties	Intellectual property rights	Other Intangible Assets	Total
Initial value					
Balance of intangible assets at the end of the previous period 31/12/2023	1,090,373	800,056	206	32,981	1,923,616
Increase	73,689	92,044			165,733
Written-off		(63,927)			(63,927)
Disposal					-
Balance of intangible assets at the end of the accounting period 30/09/2024	1,164,062	828,173	206	32,981	2,025,422
Intangible balance of accumulated amortization at the end of accounting period 31/12/2023	315,141	526,696	129	27,467	869,433
Increase	94,062	82,136	11	1,614	177,823
Disposal					-
Written-off		(63,927)			
Reclassification					-
Balance of accumulated amortization at the end of accounting period 30/09/2024	409,203	544,905	140	29,081	983,329
Net balance sheet value					
At the end of the accounting period	754,859	283,268	66	3,900	1,042,093
At the end of the previous accounting period	775,232	273,360	77	5,514	1,054,183

As of 30.09.2024 the Bank had an intangible asset developed in-house, new "Business Operational Day" software: initial value AMD 750 thous., amortization AMD 750 thous., residual value AMD 0.

Note 21: "Other Assets"

Thous. AMD

Amounts receivable from bank operations	30/09/2024	31/12/2023
Amounts receivable from other operations	63,728	72,227
Total	63,728	72,227
Reserve for possible loss provision from bank operations (note 7)	(688)	(722)
Net amounts receivable from bank operations	63,040	71,505
Debtor liabilities and prepayments		
Debtor liabilities on the budget	835,651	254,681
Prepayments to employees	45	62
Prepayments to suppliers	164,489	197,002
Prepayments on the budget and mandatory social insurance payments	42,368	45,417
Other debtor liabilities and prepayments	36,399	31,308
Total	1,078,952	528,470
Reserve for possible loss provision on other assets (note 7)	(366)	(314)
Total	1,078,586	528,156
Reserve	485,902	493,357
Future period expenses	220,153	197,340
Other assets	122,567	359,384
Reserve for possible loss provision on other assets (note 7)	(8)	
Total	828,614	1,050,081
Total other assets	1,970,240	1,649,742

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

Thous. AMD

Current accounts	30/09/2024	31/12/2023
RA Banks	14,950	16,874
Banks having BBB(Baa3) and higher rating		
Banks having rating lower than BBB(Baa3) or no rating at all	2,282	38,049
Accrued interest		
Total	17,232	54,923
Interbank loans and deposits, other		
Other		
RA banks		
Loans and deposits	12,334,628	6,263,124
Other		
Banks having BBB(Baa3) and higher rating		
Loans and deposits	302,466	
Other		
Banks having rating lower than BBB(Baa3) or no rating at all		
Loans and deposits	445,384	1,124,938
Other	207	
Accrued interest	24,232	59,029
Total	13,106,917	7,447,091
Financial Institutions		
Current accounts	7,065,898	6,505,202
Loans	26,972,213	25,426,195
Deposits	25,823,172	32,381,765
Other	198,740	204,731
Accrued interest	1,007,684	1,163,485
Total	61,067,707	65,681,378
Total liabilities to banks and financial institutions	74,191,856	73,183,392

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



Program	30/09/2024		31/12/2023	
	Loan amount	Accrued interest	Loan amount	Accrued interest
"Women Entrepreneurship Support and Development"	1,845,202	36,642	1,788,378	6,358
GAF/ RA SME lending project of European Investment	6,846,032	222,619	8,006,506	124,401
GAF /Micro and Small Business Development Project of	20,810,809	673,013	20,893,527	396,234
GAF "Renewable Energy Development" project	5,170,219	69,794	2,629,740	69,241
GAF "Access to finance for SMEs" project	2,573,344	59,402	1,719,343	18,023
RA "Agriculture support" project	1,664,584	40,761	1,494,078	12,306
Total	38,910,190	1,102,232	36,531,572	626,663

Note 22.3 REPO (repurchase) agreements



REPO (repurchase) agreements	30/09/2024	31/12/2023
REPO (repurchase) agreements with financial	71,757,076	34,127,375
Total	71,757,076	34,127,375

Note 23: "Liabilities to Customers"

	30/09/2024	31/12/2023
RA resident corporate entities and institutions		
Current accounts	32,300,777	55,069,476
Term deposits	33,850,931	18,657,714
Other	3,859,684	1,008,988
Accrued interest	1,071,202	950,062
Total	71,082,594	75,686,240
Non-resident corporate entities, institutions	30/09/2024	31/12/2023
Current accounts	542,426	1,189,030
Deposits		
Other	2	2
Accrued interest	45	24
Total	542,473	1,189,056
RA resident private entrepreneurs	30/09/2024	31/12/2023
Current accounts	2,265,658	2,137,599
Term deposit	5,999	38,668
Other	21,641	22,132
Accrued interest	417	736
Total	2,293,715	2,199,135
RA resident individuals	30/09/2024	31/12/2023
Current accounts	29,176,678	33,251,866
Term deposits	70,313,949	64,409,517
Other	735,240	693,683
Accrued interest	1,786,008	1,460,792
Total	102,011,875	99,815,858
Non- resident individuals	30/09/2024	31/12/2023
Current accounts	1,602,240	1,942,393
Term deposits	3,178,935	3,042,980
Other	13,745	18,182
Accrued interest	79,449	48,479
Total	4,874,369	5,052,034
Total liabilities to customers	180,805,026	183,942,323

As of 30.09.2024, the amount necessary to secure obligations was AMD 5,328,311 thousand, the amount frozen by court order and tax authorities was AMD 41.401 thousand.

Note 23.1 : "Subordinate Borrowing"

As of 30.09.2024 the Bank attract subordinate borrowing` AMD 6,199,778 thousand

Note 24: "Securities issued by the Bank"

	30/09/2024	31/12/2023
Interest securities issued by the Bank	13,148,928	11,295,283
Total	13,148,928	11,295,283

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



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Financial liability at fair value recalculated through profit/loss	30/09/2024	31/12/2023
Derivative instruments		
Swap		
Forward		
Other	131,128	15,184
Total	131,128	15,184

Note 26: "Amounts Payable"



Thous.AMD

Amounts payable	30/09/2024	31/12/2023
Dividends	585,602	541,207
For insurance of deposit	63,307	59,878
Total	648,909	601,085

Note 27: " Other Liabilities"



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Other Liabilities	30/09/2024	31/12/2023
On income tax of non-resident	45,348	106,978
On VAT	6,319	3,823
On other taxes and penalties	175,349	260,109
Salary liabilities to employees	1,928,596	1,497,356
Credit debts to suppliers	152,143	125,811
Other liabilities	3,424,110	353,992
Balance at the end of the period	5,731,865	2,348,069

Note 28: "Chartered capital"



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

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

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

- 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.
- receive quarterly payments (dividends),
- receive any information concerning the Bank activities as prescribed by Law.
- obtain its part of the Bank's property in case of the liquidation of the Bank

Note 29: "Other Equity Components"



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

Note 30: "Reserves, Contingencies, Potential Liabilities"



The Bank's legal liabilities: as of 30.09.2024 there are no such liabilities on which the bank has made provisioning. The Bank carries out activities within the framework of requirements set forth by the legislation.

The Bank's tax liabilities: as of 30.09.2024 the Bank had fully performed its tax liabilities and there is no need for additional provisioning on its tax liabilities.

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

	Thous.AMD	
	30/09/2024	31/12/2023
Unutilized credit lines	2,129,601	941,322
Provided guarantees	13,382,431	14,126,256
Provided letters of credit		
Reserve on the mentioned items (note 7)	(60,096)	(19,270)

Liabilities on operational leases

Note 31 : "Transactions with Related Parties"



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

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

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

Loans and advances at amortized value to the Bank related parties	30/09/2024	31/12/2023
Bank shareholder	7,295,614	7,127,089
Bank management	525,044	433,611
Financial institutions		
Total	7,820,658	7,560,700
Interest income	586,511	736,674
Facilities attracted from Bank related entities	30/09/2024	31/12/2023
Bank shareholder	4,455,002	10,320,884
Bank management	967,309	919,193
Financial institutions	287,038	259,260
Total	5,709,349	11,499,337
Interest expense	467,358	533,694
Salary or Similar Payment to the Bank Management	30/09/2024	31/12/2023
Board	314,804	434,532
Salary	314,804	407,282
Awarding	-	27,250
Executive body	404,068	641,589
Salary	404,068	469,089
Awarding	-	172,500
Internal Audit	105,732	124,840
Salary	105,232	114,265
Awarding	500	10,575
Total	824,604	1,200,961

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

2) The methods of measurement and assessment of credit risk

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

3) Description of models (if available),

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

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

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

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

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

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

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

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

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

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

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

30/09/2024

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Item	RA	CIS countries	OECD* countries*	Non-OECD* countries	Total
Assets					
Cash and balances with the CBA	54,170,703	310,558	1,190,782	383,016	56,055,058
Standard bank precious metal bullions and coins	572,417				572,417
Due from banks and other financial institutions	3,657,482	117	611,682	54,698	4,323,980
Reverse repurchase agreements	14,342,143				14,342,143
Customers' loans and advances rated at amortized value	337,153,938	1,036,161			338,190,099
Securities at fair value rated through other comprehensive financial results	391,540		6,685		398,225
Securities pledged under repurchase agreement	71,693,647				71,693,647
Other assets	62,839		201		63,040
Total assets	482,044,709	1,346,836	1,809,350	437,714	485,638,609

31/12/2023

Thous.AMD

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

Loans allocated in the territory of RA per RA regions:

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RA regions	30/09/2024	31/12/2023
Yerevan	206,347,797	178,899,461
Kotayk	36,302,222	31,801,851
Ararat	17,104,941	13,097,526
Lori	8,079,862	7,792,218
Gegharkunik	10,134,538	8,297,182
Shirak	10,208,395	9,120,467
Armavir	15,711,208	12,301,384
Syunik	8,493,133	7,209,344
Aragatsotn	10,194,385	9,022,663
Vayots Dzor	2,337,853	1,917,945
Tavush	2,383,213	1,827,788
Artsakh	10,892,552	10,111,239
Total	338,190,099	291,399,068

Credit Risk Analysis

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

2) It should be noted that in the loan portfolio the unsecured loans (without reserves) as of 30.09.2024 did not exceed 4.09%. The bulk of the unsecured loans consists of those provided to the customers of "ARMECONOMBANK" OJSC, which have active account movements and stable cash flows. Credit lines under credit cards also have a significant weight. These loans contain low credit risk, since the credit lines have limited sizes, while the customers have jobs and in some cases guarantees of reputable organizations are available.

3) As of 30.09.2024, loan investments without reserves amounted to AMD 344,610,909 thousand. As of 30.09.2024 volume of loans in the Stage 2, Stage 3 amounted to AMD 2,845,323 thousand.

4) The provisioning of loan portfolio corresponds to the requirements of IFRS9.

5) The volume of repo transactions in the III quarter of 2024 (excluding extensions) is 13,779,111 thousand AMD and 6,822,100 USD, but in the same period of the previous year was 29,567,796 thousand AMD and 13,105,100 USD. The volume of reverse repo transactions in the III quarter of 2024 is 714,926,699 thousand AMD and 2,801,000 EUR but in the same period of the previous year was 37,837,772 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	XAU	Gross VAR
2024 I IQ	9,194.01	234.31	332.61	412.29	18.77	307.73	1,532.45	280.07	15.31	9,659.26
2024 II IQ	14,148.73	243.56	480.76	501.32	7.41	378.57	1,204.84	95.56	20.75	14,913.74
increase/decrease	4,954.72	9.24	148.14	89.03	-11.36	70.84	-327.61	-184.52	5.44	5,254.47

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

30/09/2024							Thous.AMD
	AMD	USD	EUR	RUB	Other currency	Total	
Cash and their equivalents	26,918,670	21,641,738	5,477,763	1,851,332		165,555	56,055,058
Bank standardized bullions of precious metals and coins	443					571,974	572,417
Receivables to banks and other financial institutions	2,125,151	2,048,913	142,828	7,088			4,323,980
Reverse Repurchase Agreements	12,404,434	1,937,709	-				14,342,143
Loans and advances to customers calculated at amortized value	260,190,389	71,773,523	6,202,020	24,167			338,190,099
Financial assets at fair value rated through other comprehensive financial results	398,225						398,225
Securities pledged under repurchase agreements	69,449,495	2,244,152					71,693,647
Other assets	55,608	4,005	3,110	317			63,040
Total assets	371,542,414	99,650,040	11,825,721	1,882,904	737,529		485,638,609
Liabilities							
Liabilities to the banks and other financial institutions	62,111,771	10,100,431	1,925,758	53,896			74,191,856
Loans and deposits from international financial institutions	9,036,507	29,456,067	731,598				39,224,172
Loans from the CBA and RA	40,012,422						40,012,422
REPO agreements	70,534,105	-	1,222,971				71,757,076
Liabilities to Customers	122,229,049	51,144,630	5,469,733	1,891,421	70,193		180,805,026
Subordinate borrowing	1,012,521	2,569,302	2,617,955				6,199,778
Liabilities on current taxes	1,019,816						1,019,816
Securities issued by the Bank	5,277,418	7,871,510					13,148,928
Financial liabilities at fair value recalculated through profit/loss	128,696	2,432					131,128
Amount payable	648,909						648,909
Deferred tax liabilities	1,104,084						1,104,084
Lease liabilities	1,616,035						1,616,035
Other liabilities	5,578,295	77,939	6,766		68,865		5,731,865
Total liabilities	320,309,628	101,222,311	11,974,781	1,945,317	139,058		435,591,095
Balance-sheet open position	51,232,786	(1,572,271)	(149,060)	(62,413)	598,471		50,047,514
Aggregately payable currency derivatives		288,634		154,823	(572,153)		(128,696)
Net position	51,232,786	(1,283,637)	(149,060)	92,410	26,318		49,918,818

31/12/2023							Thous.AMD
	AMD	USD	EUR	RUB	Other currency	Total	
Cash and their equivalents	26,263,177	38,122,479	3,825,755	3,209,401	148,373		71,569,185
Bank standardized bullions of precious metals and coins	443				395,915		396,358
Receivables to banks and other financial institutions	4,221,572	1,346,125	335,043	23,646			5,926,385
Reverse Repurchase Agreements	10,501,782	1,963,050	-				12,464,832
Financial instruments at fair value through profit or loss	1,326						1,326
Loans and advances to customers calculated at amortized value	220,664,027	64,450,278	6,270,543	14,221			291,399,069
Financial assets at fair value rated through other comprehensive financial results	14,557,623	418,285					14,975,888
Securities pledged under repurchase agreements	36,659,534						36,659,534
Other financial assets calculated at amortized value	8,570,306						8,570,306
Other assets	82,614	5,194	14,440	313			102,561
Total assets	321,522,404	108,305,391	10,445,781	3,247,581	544,288		442,065,444
Liabilities							
Liabilities to the banks and other financial institutions	62,507,803	7,848,873	2,822,951	3,764			73,183,391
Loans and deposits from international financial institutions	5,873,678	41,337,854	1,123,843				48,335,375
Loans from the CBA and RA	37,158,136						37,158,136
REPO agreements	34,127,375						34,127,375
Liabilities to Customers	128,723,693	47,734,614	5,115,687	2,336,300	32,029		183,942,323
Subordinate borrowing	3,037,190	5,742,721	899,583				9,679,494
Liabilities on current taxes	1,112,304						1,112,304
Securities issued by the Bank	4,121,014	7,174,269					11,295,283
Financial liabilities at fair value recalculated through profit/loss	15,184						15,184
Amount payable	601,085						601,085
Deferred tax liabilities	1,187,997						1,187,997
Lease liabilities	1,426,082						1,426,082
Other liabilities	2,240,989	92,462	7,430	6,165	1,023		2,348,089
Total liabilities	282,132,530	109,930,793	9,969,494	2,346,229	33,052		404,412,098
Balance-sheet open position	39,389,874	(3,625,403)	(476,287)	901,352	511,236		37,653,346
Aggregately payable currency derivatives		809,647	(492,690)	67,968	(398,784)		(13,858)
Net position	39,389,874	(2,815,755)	(16,403)	969,320	112,453		37,639,488

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

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

Interest Rate Risk

Assessment of interest rate change risk:

The analysis of disbalance shows that the average accumulated disbalance of the III quarter of 2024 (accumulated gap of the sensitive assets and liabilities against the interest rate) is positive forming AMD 53,553,581 thousand against AMD 33,895,749 thousand in the same period of the previous year by increasing in absolute value by AMD 19,657,831 or 58.0%, that is in average, the Bank was sensitive to assets in the III quarter of 2024. In the III quarter of 2024, the average accumulated disbalance has increased in absolute value by AMD 7,408,232 thousand or 16.1% .

The average correlation ratio of sensitive assets and liabilities to interest rate changes for the III quarter of 2024 has increased by 3.9 percentage point, forming 114.83% against 110.9% average value of the III quarter of 2023, that is in III quarter of 2024 the assets sensitive to interest rate changes have formed 114.8% of the sensitive liabilities to interest rate changes.

The duration of assets as at the end of III quarter of 2024 was 2.013 year (against the 1.782 year as of the III quarter of 2023) as it increased by 0.232 year or by 13% , as compared with the end of the previous quarter (1.997 year) the mentioned indicator has increased by 0.016 year or 0.8%.

The duration of liabilities as of the end of the III quarter of 2024 was 0.804 year (against 1.009 year of the II quarter of 2023) decreasing by 0.205 year or 20.3%. In correlation with the end of the previous quarter (0.804) the indicator has decreased by 0.053 year or 6.6%.

The duration gap as of the end of the III quarter of 2024 was 1.265 (against 0.848 of the III quarter of 2023) increasing by 0.416 or 49.1 % . In correlation with the end of previous quarter (1.298) the indicator has increased by 0.033 or 2.6%.

Assets and Liabilities with changing interest rates

30/09/2024

Thous.AMD

Item	up to 1 month		1-3 months		3-6 months		6 months to 1 year		1-5 years		more than 5 years	
	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency	AMD	Foreign currency
Facilities placed												
Cash and their equivalents	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-
Resources attracted												
Liabilities to banks and other financial institutions, including:												
Resources attracted												
Liabilities to banks and other financial institutions, including:												
- Loans			3,454,077	2,225,343	5,414,798	387,290						
Total			3,454,077	2,225,343	5,414,798	387,290	-	-	-	-	-	-
Net position	-	-	(3,454,077)	(2,225,343)	(5,414,798)	(387,290)	-	-	-	-	-	-

31/12/2023

Thous.AMD

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

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

Item	Interest rates of accounting period: 30/09/2024		Interest rates of accounting period: 31/12/2023	
	AMD	Foreign currency	AMD	Foreign currency
Assets				
Balance at CBA				
Receivables to banks and other financial institutions, including:	12.75	8.83	13.24	9.50
- Interbank Loans				
-Interbank REPO				
Loans and advances provided to customers rated at amortized value	17.30	10.75	17.22	10.70
Financial instruments at fair value through profit or loss	9.35	5.48	10.07	2.93
Liabilities				
Liabilities to banks and other financial institutions	7.37	5.53	7.63	6.68
Liabilities to Customers	9.40	3.84	9.48	3.79
Securities issued by the Bank	11.05	5.14	11.32	5.15

3)Description of models

Foreign Currency Risk

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

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

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

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

Interest Rate Risk

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

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

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

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

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

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

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

On the purpose of mitigation of interest rate risk, the accumulative gap and duration gap of assets and liabilities sensitive to interest rate changes are maintained at acceptable levels of risk. Taking into account the general tendency of interest rate changes and applying the elaborated models, measures are undertaken for insurance of efficient time and volume correlations of

Price Risk

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

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

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

Liquidity Risk

1) The Bank's definition of Liquidity Risk

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

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

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

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

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

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

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

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

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



Over the III quarter of 2024, instant liquidity, up to 90 days accumulative and general (up to one year accumulative) liquidity indicators have decreased by 26.1, 9.4 and 6.2 percentage point respectively.

Accounting period		30/09/2024							Thous.AMD	
Item	Non-performing		Repayment date					Termless	Total	
	Term	Overdue	On -demand	up to 3 months	3-6 months	6-12 months	1-5 years			more than 5 years
Cash and cash equivalents,	-	-	56,055,047	11	-	-	-	-	-	56,055,058
Standardized precious metal bullions and coins	-	-	572,417	-	-	-	-	-	-	572,417
Receivables to banks and other financial institutions	-	-	-	2,458,163	219,688	720,353	23,358	-	902,417	4,323,979
Reverse Repurchase Agreements	-	-	-	14,342,143	-	-	-	-	-	14,342,143
Financial assets at fair value recalculated through profit/loss	-	-	-	-	-	-	-	-	-	-
Other financial assets calculated at amortized value	-	-	-	-	-	-	-	-	-	-
Loans and advances provided to customers rated at amortized value	2,617,362	81,412	-	31,106,938	18,344,577	30,910,124	157,066,817	98,062,869	-	338,190,099
Financial assets at fair value calculated through other comprehensive financial result	-	-	-	-	-	-	-	-	398,225	398,225
Securities pledged under repurchase agreements	-	-	-	71,693,647	-	-	-	-	-	71,693,647
Other receivables	10,060	308	-	52,158	47	467	-	-	-	63,040
Total	2,627,422	81,720	56,627,464	119,653,060	18,564,312	31,630,944	157,090,175	98,062,869	1,300,642	485,638,608
including:										
On maturity of liabilities repayment										
Liabilities to banks and other financial institution	-	-	7,317,177	18,476,033	6,038,430	7,318,876	21,360,897	13,680,445	-	74,191,858
Loans and deposits from international financial institutions	-	-	-	5,038,881	6,036,557	5,341,182	22,807,552	-	-	39,224,172
Loans from the RA Government and CBA	-	-	-	4,900,853	736,622	4,416,321	27,874,181	2,084,444	-	40,012,421
Repurchase Agreements	-	-	-	71,757,075	-	-	-	-	-	71,757,075
Liabilities to customers	-	-	63,394,594	24,509,792	18,635,824	40,995,167	32,687,324	582,325	-	180,805,028
Subordinate borrowings	-	-	-	89,695	-	-	-	6,110,083	-	6,199,778
Securities issued by the Bank	-	-	-	231,860	85,537	3,421,850	9,409,682	-	-	13,148,929
Lease liabilities	-	-	-	84,049	18,843	143,039	1,051,606	318,495	-	1,616,032
Liabilities on current taxes	-	-	-	-	-	-	-	-	-	-
profit/loss	-	-	-	-	-	1,019,816	-	-	-	1,019,816
Deferred tax liabilities	-	-	-	-	-	1,104,083	-	-	-	1,104,083
Amounts payable	-	-	360,855	288,054	-	-	-	-	-	648,909
Other liabilities	-	-	3,389,777	335,630	1,094	5,224	136	-	2,000,004	5,731,865
Total	-	-	74,462,403	125,711,922	31,552,907	63,765,558	115,191,378	22,775,792	2,000,004	435,459,964
Net liquidity gap	2,627,422	81,720	(17,834,939)	(6,058,862)	(32,134,814)	(41,898,797)	(899,362)	(899,362)	-	50,178,644
Accumulative liquidity gap	2,627,422	2,709,142	(15,125,797)	(21,184,659)	(94,173,254)	(66,307,688)	(24,409,071)	50,878,006	50,178,644	-

Previous accounting period		31/12/2023							Thous.AMD	
Item	Non-performing		Repayment date in					Termless	Total	
	Term	Overdue	On -demand	up to 3 months	3-6 months	6-12 months	1-5 years			more than 5 years
Cash and cash equivalents,	-	-	71,569,185	-	-	-	-	-	-	71,569,185
Standardized precious metal bullions and coins	-	-	396,358	-	-	-	-	-	-	396,358
Receivables to banks and other financial institutions	-	-	-	3,618,696	-	-	19,159	-	2,288,530	5,926,385
Reverse Repurchase Agreements	-	-	-	12,464,832	-	-	-	-	-	12,464,832
Financial assets at fair value recalculated through profit/loss	-	-	-	1,326	-	-	-	-	-	1,326
Other financial assets calculated at amortized value	-	-	-	-	-	-	3,819,559	4,750,747	-	8,570,306
Loans and advances provided to customers rated at amortized value	1,600,526	54,032	-	20,541,869	16,709,021	28,525,597	135,997,365	87,970,659	-	291,399,069
Financial assets at fair value calculated through other comprehensive financial result	-	-	-	418,251	2,719,017	-	5,751,259	5,975,104	112,257	14,875,888
Securities pledged under repurchase agreements	-	-	-	-	36,659,534	-	-	-	-	36,659,534
Other receivables	12,054	-	-	58,922	27	467	-	-	-	71,470
Total	1,612,580	54,032	71,965,543	37,103,896	56,087,599	28,526,064	145,587,342	98,896,510	2,400,787	442,034,353
On maturity of liabilities repayment										
Liabilities to banks and other financial institution	-	-	6,802,833	9,864,543	6,281,680	8,382,059	29,104,968	12,747,308	-	73,183,391
Loans and deposits from international financial institutions	-	-	-	5,917,401	4,083,791	8,881,966	29,123,359	328,858	-	48,335,375
Loans from the RA Government and CBA	-	-	-	300,669	4,207,945	4,430,002	26,234,338	1,985,182	-	37,168,136
Repurchase Agreements	-	-	-	34,127,375	-	-	-	-	-	34,127,375
Liabilities to customers	-	-	87,158,771	20,955,019	20,075,851	35,057,988	20,115,275	579,419	-	183,942,323
Subordinate borrowings	-	-	-	86,640	-	-	-	9,592,854	-	9,679,494
Securities issued by the Bank	-	-	-	122,509	106,403	-	11,066,371	-	-	11,295,283
Lease liabilities	-	-	-	1,426,082	-	-	-	-	-	1,426,082
Liabilities on current taxes	-	-	-	-	-	1,112,304	-	-	-	1,112,304
Financial liabilities at fair value rated through profit/loss	-	-	-	15,184	-	-	-	-	-	15,184
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Amounts payable	-	-	316,460	284,625	-	-	-	-	-	601,085
Other liabilities	-	-	2,098,958	239,289	1,447	7,890	485	-	-	2,348,069
Off-balance sheet contingent liabilities	-	-	-	-	-	-	-	-	-	-
Total	-	-	96,377,022	73,339,336	35,869,421	56,759,905	115,644,796	25,233,621	-	403,224,101
Net liquidity gap	1,612,580	54,032	(24,411,479)	(36,235,440)	20,218,178	(28,233,841)	29,942,546	73,462,869	2,400,787	38,810,252

Note 33: "Capital and Capital Adequacy Ratio"



The Bank does not have defined internal requirements for the capital level. The Central Bank of RA set forth a 11% capital adequacy ratio to risk weighted for all Armenian banks. The Central bank of Armenia has also defined a minimum amount for total capital forming AMD 30,000,000 thousand. During the accounting period, the Bank has met the established standard requirements on the capital level.

We present the structure of balance sheet capital:

	30/09/2024	31/12/2023
Chartered capital	30,801,895	28,132,240
Emission income/loss	6,539,091	2,265,076
Reserves:	10,762,168	10,332,023
Main reserve	4,190,000	3,952,000
Revaluation reserve	6,572,168	6,380,023
Undistributed profit/loss	27,823,983	22,343,082
Total capital	75,927,137	63,072,421

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

	Involved in calculation standards						
2024	Tier 1 core capital T	Tier 1 capital	Total capital	Credit risk	Market and operational risk	Equivalent effective %	CBA limit %
	1	2	3 (1+2)	4	5	6	7
January	42,724,524	49,093,524	61,942,162	353,644,266	3,524,509	16.06	12
February	43,995,974	50,364,974	64,448,724	353,932,134	3,441,060	16.73	12
March	48,312,117	54,681,117	66,477,238	358,796,886	3,153,980	17.16	12
April	49,120,693	55,489,693	67,133,228	363,778,808	1,322,629	17.86	12
May	51,688,224	58,057,224	67,827,077	364,438,769	1,360,186	18.00	12
June	54,129,827	60,498,827	68,965,141	374,695,038	1,607,661	17.71	11
July	54,955,191	61,324,191	69,863,129	383,185,861	1,656,131	17.54	11
August	55,673,807	62,042,807	70,611,786	388,575,090	1,603,290	17.51	11
September	56,668,372	63,037,372	72,034,366	393,357,798	1,470,726	17.71	11

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

We hereby present the weight of risks of assets and off-balance sheet contingent liabilities, incomplete term operations as of the end of current and previous accounting periods, per the classes of risk weights under Charter 2 approved by the Board of CBA.

As of 30/09/2024				
Risk weight	Assets	Off-balance sheet contingent liabilities	Incomplete term operation	
0%	114,810,549	395,066		-
10%	16,221,570			1,622,157
20%	792,167			158,433
30%	29,432			8,830
35%	171,787			60,125
50%	1,819,006			909,503
75%	82,287,680	338,987		61,970,000
100%	193,828,994	11,756,517		205,585,511
110%	323,518	32,570		391,697
150%	79,036,163	2,026,686	8,976	121,607,738
200%	800,976			1,601,952
Total	490,121,842	14,549,826	8,976	393,915,946

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

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



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

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

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

As of 30.09.2024 the following methods and assessments were used by the Bank during the evaluation of fair value of each class of financial instrument.

Cash and Balances with the CBA

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

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

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

Resources attracted from banks and other financial institutions

The balance sheet value is close to the fair value.

Customer deposits and bank accounts

Customer deposits and bank accounts.

As of 30.09.2024 the Bank had no financial assets accounted for by the amount exceeding their fair values.

Note 35. "Hedging of Envisaged Future Transactions"



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

Note 36. "De-recognition"



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

Note 37. "Pledged assets"



As of 30.09.2024 the Bank has no pledged assets.

Note 38. "Accepted Pledge"

As of 30.09.2024. there are no assets accepted as pledge that the Bank is entitled to sell or re-pledge, even in case the customer has not breached its obligations.

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

Collateral type	30/09/2024		31/12/2023	
	Loan amount	Collateral amount	Loan amount	Collateral amount
Real estate	128,960,317	547,396,669	116,384,578	478,454,518
Car	3,049,989	8,614,409	2,580,196	7,591,069
Equipment	4,609,456	13,919,479	5,143,109	24,024,944
Ready made products	4,297,156	14,966,000	4,787,837	15,136,000
Guarantee	117,971,598	547,446,557	96,445,054	473,195,294
Monetary funds	1,325,755	4,943,492	692,105	7,130,885
Gold items	18,556,718	22,171,886	16,489,411	19,873,563
Standard golds	7,130	13,069	8,965	11,683
State securities	504	11,500	1,419	11,500
Other securities	24,353	93,642	17,364	81,112
Other pledge	51,698,162	74,642,022	41,309,697	61,865,319
No collateral available	14,109,771		13,160,095	
Total	344,610,909	1,234,218,725	297,019,830	1,087,375,887

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

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

Chief Executive Officer (CEO)

A. Arakelyan

Chief Accountant

N. Galstyan