

Accompanying notes to the consolidated financial statements as of 31.12.19

**6. Net Interest And Similar Income**

<b>Interest And Similar Income</b>	<b>Current period</b>	<b>Previous period</b>
Interest income from bank's current accounts, deposits and loans to banks and other financial institutions	282,608	233,320
Interest income from loans and advances to customers	32,940,436	26,582,972
Interest income from finance lease	1,619,393	1,393,230
Interest income from debt securities	1,422,060	1,197,739
Interest income from repurchase agreements	411,813	150,830
Income from factoring, creditline	2,123,337	2,328,022
Other interest income	142,982	61,115
<b>Total</b>	<b>38,942,629</b>	<b>31,947,228</b>

<b>Interest And Similar Expense</b>	<b>Current period</b>	<b>Previous period</b>
Interest expense on bank's current accounts, deposits and loans borrowed from banks and other financial institutions	7,415,667	5,250,054
Interest expense on term deposits and current accounts of customers	9,692,189	8,138,546
Interest expense on securities issued from bank	438,607	272,090
Interest expense on repurchase agreements	3,856	23,341
Other interest expense	367,055	304,738
<b>Total</b>	<b>17,917,374</b>	<b>13,988,768</b>

<b>Net Interest And Similar Income</b>	<b>21,025,255</b>	<b>17,958,459</b>
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**7. Commission and Other Fee Income and Expense**

<b>Commission and Other Fee Income</b>	<b>Current period</b>	<b>Previous period</b>
Cash withdrawal services	176,549	160,677
Settlement services	1,578,812	1,291,779
Guarantees and letters of credits, accreditation management operations fee	112,768	77,642
Finance lease payments	111,614	86,411
Plastic card maintenance	2,842,191	2,430,848
Profit/loss/ from translation of financial assets available for sale	0	0
Other commission fee	96,387	98,915
<b>Total</b>	<b>4,918,322</b>	<b>4,146,273</b>

<b>Commission and Other Fee Expense</b>	<b>Current period</b>	<b>Previous period</b>
Settlement operations / wire transfer fee	308,786	306,833
Cash withdrawal services	256,959	213,769
Plastic card maintenance	1,424,141	1,327,753
Other commission fee	34,337	32,462
<b>Total</b>	<b>2,024,223</b>	<b>1,880,817</b>

<b>Received Net Commission and Other Fee</b>	<b>2,894,099</b>	<b>2,265,455</b>
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**8. Net Trading Income**

	<b>Current period</b>	<b>Previous period</b>
Net income from trading in foreign currencies	1,598,083	1,395,245
Net income from revaluation of foreign currency	-742,117	-1,294,343
Net income from trading in investments at fair value through other comprehensive income, including:		
Net income from change of investments at fair value through other comprehensive income		
Net income from trading in investments at fair value through other comprehensive income	48,096	
Net income from change of investments at fair value through other comprehensive income	1,483,621	1,751,968
Net income from trading in standardized bullions of precious metals and coins		
Net income from revaluation of standardized bullions of precious metals and coins		
<b>Total</b>	<b>2,387,683</b>	<b>1,852,870</b>

**8.1. Other Operating Income**

	<b>Current period</b>	<b>Previous period</b>
Net income from alienation of property, plant, equipment and other intangible assets	-112,651	112,168
Fines and penalties received	1,449,151	2,037,275
Income from revaluation of property, plant and equipment	0	-245,413
Other income	579,818	283,698
<b>Total</b>	<b>1,916,318</b>	<b>2,187,728</b>

### 9. Impairment losses

According to IFRS 9	Group I
Amount at the beginning of the current period 01.01.19	76,264
Net provisions	-69,526
Return	
Written off	0
Amount at the end of the current period 31.12.19	6,738

### Amounts Due From Banks and Financial Institutions

According to IFRS 9	Group I
Amount at the beginning of the current period 01.01.19	47,684
Net provisions	-18,822
Return	
Written off	0
Amount at the end of the current period 31.12.19	28,862

### Loans and advances to customers

According to IFRS 9	Group I	Group II	Group III	Initially depreciated	Total
Amount at the beginning of the current period 01.01.19	566,746	73,809	6,831,934	79,303	7,551,792
New assets originated or purchased	1,079,657	-	-	141,343	1,220,999
Assets repaid	(142,449)	(15,904)	(4,225,137)	-	(4,383,490)
Transfer to Group I	3,403	(3,403)	-	-	-
Transfer to Group II	(54,402)	54,402	-	-	-
Transfer to Group III	(522,412)	(44,441)	566,853	-	-
Impact on period end ECL of exposures transferred between stages during the period	(2,186)	44,136	1,060,706	-	1,102,657
Unwinding of discount	-	-	126,710	-	126,710
Changes to models and inputs used for ECL calculations	(50,765)	(3,410)	3,402,979	5,593	3,354,397
Recoveries	0	-	2,849,251	-	2,849,252
Written off	-	-	(4,379,159)	-	(4,379,159)
Foreign exchange adjustments	(733)	(158)	(38,377)	-	(39,269)
Amount at the end of the current period 31.12.19	876,858	105,031	6,195,761	226,239	7,403,889

### Finance lease

According to IFRS 9	Group I	Group II	Group III	Initially depreciated	Total
Amount at the beginning of the current period 01.01.19	10,670	3,904	72,707	-	87,281
New assets originated or purchased	18,928	-	-	-	18,928
Assets repaid	(1,562)	(143)	(111,442)	-	(113,147)
Transfer to Group I	3,657	(3,657)	-	-	-
Transfer to Group II	(2,693)	2,693	-	-	-
Transfer to Group III	(6,776)	(78)	6,854	-	0
Impact on period end ECL of exposures transferred between stages during the period	(3,965)	852	48,653	-	45,540
Changes to models and inputs used for ECL calculations	-4,148	3	6,245	0	2,100
Recoveries	0	0	75,207	0	75,207
Written off	0	0	-10,052	0	(10,052)
Foreign exchange adjustments	-26	-1	-104	0	(131)
Amount at the end of the current period 31.12.19	14,085	3,574	88,068	0	105,727

### Investments

According to IFRS 9	Group I
Amount at the beginning of the current period 01.01.19	486,971
Transfer to Stage I	-270,298
Transfer to Stage II	
Transfer to Stage III	
Return	
Written off	
Amount at the end of the current period 31.12.19	216,673

### Off Balance Sheet Items, Including Credit Risk

According to IFRS 9	Group I	Group II	Group III	Total
Amount at the beginning of the current period 01.01.19	78,149	838	5,588	84,576
New assets originated or purchased	39,195	-	-	39,195
Assets repaid	(24,030)	(219)	(1,271)	(25,520)
Transfer to Stage I	306	(306)	-	-
Transfer to Stage II	(1,158)	1,158	-	-
Transfer to Stage III	(1,026)	(305)	1,331	-
Impact on period end ECL of exposures transferred between stages during the period	(156)	1,194	1,008	2,046
Changes to models and inputs used for ECL calculations	11,601	(2)	(3,028)	8,571
Return	-	-	-	-
Written off	-	-	-	-
Foreign exchange adjustments	(680)	(16)	(13)	(710)
Amount at the end of the current period 31.12.19	102,200	2,343	3,615	108,158

### 10. General Administrative Expenses

	Current period	Previous period
Wages and salaries	10,725,759	9,336,191
Social insurance contributions	3,339	3,788
Repairs and maintenance expenses of tangible assets	693,579	1,330,353
Business trip expenses	207,635	206,152
Transport, connection and communication expenses	347,222	267,692
Lease expenses	45,032	695,883
Taxes other than on income	333,982	253,541
Consulting and other service expenses	62,029	67,586
Security expenses	326,347	342,740
Office supplies	233,545	262,254
Training costs	95,852	79,064
Insurance expenses	134,957	200,063
Other expenses	0	365,470
<b>Total</b>	<b>13,209,278</b>	<b>13,410,777</b>

#### 10.1 Other Operating Expenses

	Current period	Previous period
Advertising costs	621,089	516,708
Penalties paid	9,094	23,798
Amortization costs of property, plant, equipment and other intangible assets	1,935,285	1,068,790
Cash collection expenses	153,882	141,523
Insurance expenses of deposits	381,503	288,791
Loss from impairment of assets at fair value through other comprehensive income	0	0
Other expenses	1,892,358	1,598,081
<b>Total</b>	<b>4,993,211</b>	<b>3,637,691</b>

#### 11. Net Profit/(Loss) From Investments in Controlled Entities

Net Income From Investments in Controlled Entities	Current period	Previous period
Investments in associates	214,652	150,873
Investments in joint controlled entities		
Investments in subsidiary banks		
Investments in other subsidiary entities		
<b>Total</b>	<b>214,652</b>	<b>150,873</b>

#### 12. Income Tax Expense

	Current period	Previous period
Income tax expense	(1,907,836)	(2,470,967)
Any adjustments recognised in the period for current tax of prior periods		1,562
Deferred tax expenses	(81,712)	643,787
<b>Current Income Tax</b>	<b>(1,989,549)</b>	<b>(1,825,618)</b>

#### Deferred Tax Base for Taxable Temporary Differences

	Balance as of the previous period	Recognised in reported results	Recognised in equity	Balance as of the current period
Loans and advances to banks and financial institutions	104,939	(3,979)		100,960
Loans and advances to customers	207,854	(332,911)		(125,057)
Other liabilities	(126,700)	145,130		18,430
Investments in associates	25,720	(16,066)	(10,032)	(378)
Contingent liabilities	25,541	(2,554)		22,987
Other borrowed funds	72,529	(15,800)		56,729
Current accounts and deposits from customers	(79,429)	7,943		(71,486)
Property, Plant and Equipment	(299,339)	80,654	1,208	(217,476)
Investments at fair value through other comprehensive income	(419,249)	83,063	(97,466)	(433,652)
Other assets	100,781	(40,727)		60,054
IFRS 16	-	13,535		13,535
<b>Net deferred tax liability</b>	<b>(387,353)</b>	<b>(81,712)</b>	<b>(108,289)</b>	<b>(575,355)</b>

#### Earnings Per Share

	Current period	Previous period
Net Profit/(loss) after taxes	7,381,700	6,247,488
The quantity of ordinary shares	2,500	2,500
<b>Earnings Per Share</b>	<b>2,953</b>	<b>2,499</b>

#### 13. Cash On Hand

13.1 Cash and cash equivalents, remainings in CB	Current period	Previous period
Cash on hand	11,832,032	11,515,230

Other distributions of cash	4,811,327	3,749,290
Current accounts in CBA	41,704,517	46,842,251
Deposits in CBA	562,000	556,000
Interest accrued on current accounts and deposits of CB		
Impairment losses		
<b>Total</b>	<b>58,909,876</b>	<b>62,662,771</b>
<i>Cash flow including cash on hand and accounts in CBA</i>	<i>58,347,876</i>	<i>62,106,358</i>
<i>Distributed funds in other banks (Note 14)</i>	<i>4,654,855</i>	<i>10,198,605</i>
<b>Total cash and cash equivalents</b>	<b>63,002,731</b>	<b>72,304,963</b>

**14. Amounts Due From Banks and Other Financial Institutions**

<i>Current accounts</i>	<b>Current period</b>	<b>Previous period</b>
Requirements towards the banks of Ra	3,179	3,240
Requirements towards the high rating banks: BBB-(Baa3) and over	4,312,353	707,842
Requirements towards the low rating banks, lower than BBB-(Baa3) and requirements towards the banks without rating	339,295	9,487,507
Interest accrued	28	16
<b>Total</b>	<b>4,654,855</b>	<b>10,198,605</b>
<i>Interbank loans and deposits, other requirements</i>		
<b>Requirements towards the CB of RA</b>	-	-
loans and deposits		
factoring		
finance lease		
repurchase agreements		
other		
<b>Requirements towards the banks of Ra</b>	<b>21,184,076</b>	<b>4,701,290</b>
loans and deposits	2,878,179	3,885,948
factoring		
finance lease		
repurchase agreements	17,696,166	
letters of credit and bank guarantees		
other	609,731	815,342
<b>Requirements towards the high rating banks: BBB-(Baa3) and over</b>	-	<b>486,205</b>
loans and deposits		
factoring		
finance lease		
repurchase agreements		
letters of credit and bank guarantees		
other		486,205
<b>Requirements towards the low rating banks, lower than BBB-(Baa3) and requirements towards the banks without rating</b>	<b>19,375</b>	-
loans and deposits		
factoring		
finance lease		
repurchase agreements		
letters of credit and bank guarantees		
other	19,375	
<b>Including interest accrued</b>	23,501	23,251
<b>Total</b>	<b>25,881,807</b>	<b>15,386,100</b>
<b>Impairment losses of requirements towards the banks (Note 7)</b>		
<b>Net Requirements Towards The Banks</b>	<b>25,881,807</b>	<b>15,386,100</b>

<i>Loans and Deposits to Financial Institutions, Other Requirements</i>	<b>Current period</b>	<b>Previous period</b>
<b>Requirements towards the financial institutions in RA</b>	<b>2,041,440</b>	<b>1,282,290</b>
loans and deposits	572,862	413,063
factoring		
finance lease		
repurchase agreements	839,077	849,227
letters of credit and bank guarantees		
other	629,501	
<b>Requirements towards the high rating financial institutions: BBB-(Baa3) and over</b>	<b>1,094,109</b>	-
loans and deposits		
factoring		
finance lease		
repurchase agreements		
letters of credit and bank guarantees		
other	1,094,109	
<b>Requirements towards the low rating financial institutions, lower than BBB-(Baa3) and requirements towards financial institutions without rating</b>	<b>1,896</b>	-

loans and deposits		
factoring		
finance lease		
repurchase agreements		
letters of credit and bank guarantees		
other	1,696	
<b>Interest accrued</b>	<b>95,089</b>	<b>5,577</b>
<b>Total</b>	<b>3,232,334</b>	<b>1,267,867</b>
<b>Impairment losses of requirements towards the financial institutions (Note 7)</b>	<b>(28,862)</b>	<b>(49,843)</b>
<b>Net Requirements Towards The Financial Institutions</b>	<b>3,203,472</b>	<b>1,218,024</b>
<b>Net Requirements Towards The Banks and The Financial Institutions</b>	<b>29,085,279</b>	<b>16,604,124</b>

**15. Financial Assets at Fair Value Through Profit or Loss**

State securities	Current period	Previous period
<b>State securities of RA, including:</b>	-	-
Treasury bonds	-	-
Bonds of CB of RA		
Other		
<b>State securities of the high rating countries: BBB-(Baa3) and over</b>	-	-
Treasury bonds		
Bonds of CB of RA		
Other		
<b>State securities of the low rating countries, lower than BBB-(Baa3) and countries without rating</b>	-	-
Treasury bonds		
Bonds of CB of RA		
Other		
<b>Total State Securities</b>	-	-

**Non-state securities of RA**

	listed	non-listed	listed	non-listed
<b>The high rating issuer: A-/A3/ and over</b>	-	-	-	-
long-term debt instruments				
short-term debt instruments				
deposit certificates				
capital instruments				
Other				
<b>Issuer of the "G" and over rating given from the CB of RA</b>	-	-	-	-
long-term debt instruments				
short-term debt instruments				
deposit certificates				
capital instruments				
Other				
<b>The low rating issuer, lower than BBB*/Baa1/ and other rating issuer and issuer without rating</b>	251,177	-	-	-
long-term debt instruments	251,177			
short-term debt instruments				
deposit certificates				
capital instruments				
Other				
<b>Total non-state RA securities at fair value through profit or loss</b>	251,177	-	-	-

**Non-state securities of other countries**

	listed	non-listed	listed	non-listed
<b>The high rating issuer: A-/A3/ and over</b>	-	-	-	-
long-term debt instruments				
short-term debt instruments				
deposit certificates				
capital instruments				
Other				
<b>The low rating issuer, lower than BBB*/Baa1/ and other rating issuer and issuer without rating</b>	-	-	-	-
long-term debt instruments				
short-term debt instruments				
deposit certificates				
capital instruments				
Other				
<b>Total non-state securities at fair value through profit or loss of other countries</b>	-	-	-	-

<b>Other financial assets at fair value through profit or loss</b>				
<b>Loans, Factoring, Amounts receivable</b>	-	-	-	-
The high rating borrowers: A-/A3/ and over				
The low rating borrowers, lower than BBB+/Baa1/ and other rating borrowers and borrowers without rating				
Mortgage				
Consumer loans				
Other				
<b>Derivatives</b>	277		4,368	-
futures				
forward				
option				
swap	277		4,368	
Other				
<i>Total</i>	277	-	4,368	-
<b>Total Financial Assets at Fair Value Through Profit or Loss</b>	251,454	-	4,368	-

#### 16. Loans and Advances to Customers

<i>Loans and other advances</i>	Current period	Previous period
Loans, including	237,845,003	179,594,035
Government of RA		
Local authorities		
Mortgage		
Credit lines and overdrafts	30,269,340	22,593,161
Factoring	12,813,525	9,921,024
Lease	22,628,286	15,234,864
Repurchase agreements		
Letters of credit and bank guarantees		
Other	550,420	236,053
Including interest accrued	3,366,097	2,637,890
<b>Total Loans</b>	304,106,574	227,579,137
Impairment losses of loans and advances to customers (Note 9)	(7,509,616)	(7,669,264)
<b>Total Net Loans</b>	<b>296,596,958</b>	<b>219,909,873</b>

<i>The structure of impaired/ non-performing/ loans and advances to customers in loans portfolio at the end of the current period</i>	Amount /quantity/ in current period	Amount /quantity/ in previous period
Loans and advances	304,106,574	227,579,137
overdue	708,511	1,026,251
Impairment losses of loans and advances to customers	(7,509,616)	(7,669,264)
<b>Total Net Loans and Advances</b>	<b>296,596,958</b>	<b>219,909,873</b>

<i>The analyse of loans and advances by customer profile</i>	Current period	Previous period
State owned enterprises	172,574	237,807
Privately held companies	80,174,642	58,487,096
Individuals (natural persons): including	198,403,421	150,426,358
consumer loans	94,253,011	70,046,793
mortgage loans	19,530,847	13,038,206
credit cards	15,142,819	9,764,140
Individual entrepreneurs	25,355,937	18,427,875
<b>Total net loans and advances</b>	304,106,574	227,579,137
<i>Including interest accrued</i>	3,366,097	2,637,890
Impairment losses of loans and advances to customers	(7,509,616)	(7,669,264)
<b>Total Net Loans and Advances</b>	<b>296,596,958</b>	<b>219,909,873</b>

<i>The analyse of loans and advances by industry sectors</i>	Current period	Percentage relationship	Previous period	Percentage relationship
Industry	23,313,181	7.67	19,446,955	8.55
Agriculture	87,860,141	28.89	69,627,403	30.59
Construction	11,643,284	3.83	6,816,732	3.00
Transport and connection	5,300,110	1.74	2,485,283	1.09
Trading	37,321,477	12.27	30,223,662	13.28
Consumer	94,253,011	30.99	70,046,793	30.78
Mortgage loans	19,530,847	6.42	13,038,206	5.73
Service industry	23,467,657	7.72	13,007,776	5.72
Other	1,416,866	0.47	2,886,327	1.27
<b>Total</b>	304,106,574	100	227,579,137	100

#### 17. Financial Assets at Fair Value Through Other Comprehensive Income

<i>State securities</i>	Current period	Previous period

State bonds of RA	16,212,563	21,179,581
Treasury bonds	16,212,563	21,179,581
Bonds of CB of RA		
Other		
State securities of the high rating countries: BBB-(Baa3) and over	-	-
Treasury bonds		
Bonds of CB of RA		
Other		
State securities of the low rating countries, lower than BB+ - (Ba1), countries with other ratings and countries without rating	-	-
Treasury bonds		
Bonds of CB of RA		
Other		
<b>Total State Securities</b>	<b>16,212,563</b>	<b>21,179,581</b>

<i>Non-state securities of RA</i>	<i>listed</i>	<i>non-listed</i>	<i>listed</i>	<i>non-listed</i>
The high rating issuer: A-/A3/ and over				
long-term debt instruments				
short-term loan instruments				
deposit certificates				
capital instruments				
Other				
Issuer of the "G" and over rating given from the CB of RA				
long-term debt instruments				
short-term loan instruments				
deposit certificates				
capital instruments				
Other				
The low rating issuer, lower than BBB+/Baa1/ and other rating issuer and issuer without rating		4,079,615		4,086,125
long-term debt instruments				
short-term loan instruments				
deposit certificates				
capital instruments				
Other		81,212		81,212
<b>Total Non-state Securities of RA</b>	<b>-</b>	<b>4,160,827</b>	<b>-</b>	<b>4,167,337</b>

<i>Non-state securities of other countries</i>	<i>listed</i>	<i>non-listed</i>	<i>listed</i>	<i>non-listed</i>
The high rating issuer: A-/A3/ and over				
long-term debt instruments				
short-term loan instruments				
deposit certificates				
capital instruments				
Other		2,324,370		1,694,687
The low rating issuer, lower than BBB+/Baa1/ and other rating issuer and issuer without rating				
long-term debt instruments				
short-term loan instruments				
deposit certificates				
capital instruments				
Other				
<b>Total Non-state Securities of Other Countries</b>		<b>2,324,370</b>		<b>1,694,687</b>
Impairment losses of financial assets at fair value through other comprehensive income				
<b>Total Financial Assets at Fair Value Through Other Comprehensive Income</b>		<b>22,697,760</b>		<b>27,041,605</b>

**18. Other Financial Assets**

<i>State securities</i>	Current period	Previous period
State bonds of RA		
Treasury bonds		
Bonds of CB of RA		
Other		
State securities of the high rating countries: BBB-(Baa3) and over	-	-
Treasury bonds		
Bonds of CB of RA		
Other		
State securities of the low rating countries, lower than BB+ - (Ba1), countries with other ratings and countries without rating	-	-
Treasury bonds		
Bonds of CB of RA		
Other		
<b>Total State Securities</b>	<b>-</b>	<b>-</b>

<i>Non-state securities of RA</i>	<i>listed</i>	<i>non-listed</i>	<i>listed</i>	<i>non-listed</i>
The high rating issuer: A-/A3/ and over				
longterm debt instruments				
shortterm loan instruments				
deposit certificates				
capital instruments				

Other				
Issuer of the "G" and over rating given from the CB of RA				
longterm debt instruments				
shortterm loan instruments				
deposit certificates				
capital instruments				
Other				
The low rating issuer, lower than BBB+/Baa1/ and other rating issuer and issuer without rating				
longterm debt instruments				
shortterm loan instruments				
deposit certificates				
capital instruments				
Other				
<b>Total Non-state Securities of RA</b>	-	-	-	-

<i>Non-state securities of other countries</i>	<i>listed</i>	<i>non-listed</i>	<i>listed</i>	<i>non-listed</i>
The high rating issuer: A-/A3/ and over				
longterm debt instruments				
shortterm loan instruments				
deposit certificates				
capital instruments				
Other				
The low rating issuer, lower than BBB+/Baa1/ and other rating issuer and issuer without rating				
longterm debt instruments				
shortterm loan instruments				
deposit certificates				
capital instruments				
Other				
<b>Total Non-state Securities of Other Countries</b>		-		-
Impairment losses of other financial assets				
<b>Total Other Financial Assets</b>		-		-

### 19. Investments in Share Capital of Controlled Entities

<i>The flow of investments in controlled entities</i>	
Amount at the beginning of the period	
Additions	
Alienation (sales)	
Impairment	
Amount at the end of the period	-

<i>Investments in controlled entities</i>	Current period	Previous period
Investments in associates	749,442	596,093
Investments in joint controlled entities		
Investments in subsidiary banks		
Investments in other subsidiary entities		
Dividends		
<b>Total</b>	749,442	596,093

### 20. Property, Plant and Equipment and Intangible Assets

#### Property, Plant and Equipment

	Land and buildings	Machinery and equipment	Vehicles	Other property, plant and equipment	Leasehold assets	Capital investments on leased PPE	Total
<b>Cost</b>							
<b>Amount as of the beginning of the previous period</b>	10,307,919	5,792,915	670,202	2,666,726	0	488,214	19,925,976
Additions	-32,398	1,252,420	161,929	374,474		67,568	1,823,993
Disposals		-2,490	-29,990	-5,552			-36,032
<b>Amount as of the end of the previous period</b>	10,275,521	7,042,845	802,141	3,035,648	0	555,782	21,711,937
Additions	334,052	1,473,668	137,569	167,681	2,040,897	62,584	4,216,451
Disposals	-600	-78,221	-46,726	-21,382			-146,929
Revaluation*							0
Reclassification							0
<b>Amount as of the end of the current period</b>	10,608,973	8,438,292	892,984	3,181,947	2,040,897	618,366	25,781,459
<b>Accumulated Depreciation</b>							
<b>Amount as of the beginning of the previous period</b>	604,743	3,301,349	383,212	1,656,478	0	64,690	6,010,472
Depreciation	204,564	446,181	35,076	172,379		17,640	875,840
Disposals	0	-659	-1,396	-1,658			-3,713
<b>Amount as of the end of the previous period</b>	809,307	3,748,871	416,892	1,827,199	0	82,330	6,882,599
Depreciation charge	174,364	599,145	48,428	167,157	513,205	27,612	1,529,913
Reclassification							0
Disposals		-8,296	-6,560	-2,528			-17,384
<b>Amount as of the end of the current period</b>	983,671	4,337,720	468,760	1,991,829	513,205	109,942	8,395,128
<b>Net Carrying Amount</b>							
<b>Amount as of the end of the current period</b>	9,625,302	4,100,571	434,224	1,190,119	1,527,692	508,424	17,386,332
Amount as of the end of the previous period	9,466,214	3,295,974	385,249	1,208,449	0	473,452	14,829,336

#### Intangible Assets



	Softwares	Licenses	Copyright	Intangible assets	Capital investment in intangible assets	Goodwill	Total
<b>Cost</b>							
<b>Amount as of the beginning of the previous period</b>	<b>714,692</b>	<b>3,213,325</b>	<b>0</b>	<b>131,159</b>	<b>0</b>	<b>18,132</b>	<b>4,077,308</b>
Additions	82,873	407,237		426			490,536
Disposals	-58	-18,138		-58			-18,254
Elimination of accumulated depreciation							0
Reclassification			0				0
<b>Amount as of the end of the previous period</b>	<b>797,507</b>	<b>3,602,424</b>	<b>0</b>	<b>131,527</b>	<b>0</b>	<b>18,132</b>	<b>4,549,590</b>
Additions	17,114	580,910		88,704			686,728
Disposals	-20,871			-96			-20,967
Revaluation							0
Impairment							0
Adjustment of revalued depreciation							0
Reclassification	1,188,338	-1,188,338					0
<b>Amount as of the end of the current period</b>	<b>1,982,088</b>	<b>2,994,996</b>	<b>0</b>	<b>220,135</b>	<b>0</b>	<b>18,132</b>	<b>5,215,351</b>
<b>Accumulated Depreciation</b>							
<b>Amount as of the beginning of the previous period</b>	<b>287,313</b>	<b>374,059</b>	<b>0</b>	<b>62,462</b>	<b>0</b>	<b>0</b>	<b>723,824</b>
Depreciation and amortization	36,276	226,227	0	8,745	0	0	271,248
Disposals	-8	-18,138		-37			-18,183
Elimination of accumulated depreciation							0
<b>Amount as of the end of the previous period</b>	<b>323,581</b>	<b>582,148</b>	<b>0</b>	<b>71,160</b>	<b>0</b>	<b>0</b>	<b>976,889</b>
Additions	107,741	283,526		14,106			405,373
Disposals	-19,645			-96			-19,741
Adjustment of revalued depreciation							0
Impairment							0
Reclassification							0
<b>Amount as of the end of the current period</b>	<b>411,677</b>	<b>865,674</b>	<b>0</b>	<b>85,169</b>	<b>0</b>	<b>0</b>	<b>1,362,520</b>
<b>Net Carrying Amount</b>							
<b>Amount as of the end of the current period</b>	<b>1,570,411</b>	<b>2,129,322</b>	<b>0</b>	<b>134,965</b>	<b>0</b>	<b>18,132</b>	<b>3,852,830</b>
Amount as of the end of the previous period	473,926	3,020,276	0	60,367	0	18,132	3,572,701

## 22. Other Assets

	Current period	Previous period
<i>Amounts receivable from banking operations</i>		
Dividends receivable		
Amounts receivable from accreditation management operations		
Amounts receivable from other operations	1,110,167	563,112
<b>Total</b>	<b>1,110,167</b>	<b>563,112</b>

	Current period	Previous period
<i>Amounts receivable and prepayments</i>		
Amounts receivable from budget		23,591
Amounts receivable from suppliers		-
Prepayments to employees	5,174	9,250
Prepayments to suppliers	1,916,125	2,680,120
Prepayments on budget and mandatory social insurance contributions		-
Prepayments on income tax		
Other amounts receivable and prepayments	338,183	223,113
<b>Total</b>	<b>2,259,482</b>	<b>2,936,074</b>

	Current period	Previous period
<i>Other assets</i>		
Warehouse	385,349	309,043
Charged collateral u. assets held for trading	501,626	327,164
Future costs	203,081	121,731
Other assets	16,805	22,382
<b>Total</b>	<b>1,106,861</b>	<b>780,320</b>

Impairment losses of other assets		(8,414)
<b>Total other assets</b>	<b>4,476,610</b>	<b>4,271,092</b>

## 23. Amounts Due to Banks and Other Financial Institutions

	Current period	Previous period
<i>Current accounts</i>		
Amounts due to the banks of Ra	28,228	29,026
Amounts due to the high rating banks: BBB-(Baa3) and over		
Amounts due to the low rating banks, lower than BBB-(Baa3) and amounts due to the banks without rating		
Including: Interest accrued		
<b>Total</b>	<b>28,228</b>	<b>29,026</b>
<i>Interbank loans and deposits, other liabilities</i>		
<b>Amounts due to the CB of RA</b>	<b>13,460,062</b>	<b>14,962,271</b>
loans	13,458,824	14,960,397
repurchase agreements		
other	1,238	1,874
<b>Amounts due to the banks of Ra</b>	<b>1,049</b>	<b>441</b>
loans and deposits		

lease		
repurchase agreements		
other	1,049	441
<b>Amounts due to the high rating banks: BBB-(Baa3) and over</b>	<b>15,904,546</b>	<b>17,774,252</b>
loans and deposits	15,902,995	17,774,171
lease		
repurchase agreements		
other	1,551	81
<b>Amounts due to the low rating banks, lower than BBB-(Baa3) and amounts due to the banks without rating</b>	<b>-</b>	<b>-</b>
loans and deposits		
lease		
repurchase agreements		
other		
Including: Interest accrued	481,145	367,320
<b>Total</b>	<b>29,385,657</b>	<b>32,736,964</b>
<b>Amounts due to the financial institutions</b>	<b>82,610,314</b>	<b>48,328,036</b>
current accounts	6,132,591	589,878
loans and deposits	76,214,266	47,511,833
repurchase agreements		
other	263,458	226,325
Including: Interest accrued	2,135,988	768,908
<b>Total amounts due to banks and international financial institutions</b>	<b>112,004,199</b>	<b>81,094,026</b>

#### 24. Amounts Due to Customers

<i>Amounts due to government of RA and local authorities</i>	<b>Current period</b>	<b>Previous period</b>
Current accounts		
Term deposits		
Loans	16,009,762	12,512,461
Repurchase agreements		
Other		
Including: Interest accrued	63,231	43,228
<b>Total</b>	<b>16,009,762</b>	<b>12,512,461</b>
<i>Amounts due to resident corporations of RA</i>		
Current accounts	20,513,887	15,737,129
Term deposits	24,159,010	15,389,100
Repurchase agreements		
Other	1,816,884	1,686,106
Including: Interest accrued	382,831	284,269
<b>Total</b>	<b>46,489,781</b>	<b>32,812,335</b>
<i>Amounts due to non resident corporations of RA</i>		
Current accounts	374,896	464,989
Term deposits	1,308,057	1,190,389
Repurchase agreements		
Other		17,515
Including: Interest accrued	18,010	12,320
<b>Total</b>	<b>1,682,953</b>	<b>1,672,893</b>
<i>Amounts due to resident individual entrepreneurs of RA</i>		
Current accounts	2,127,479	1,183,276
Term deposits	89,089	359,403
Repurchase agreements		
Other	8,400	5,890
Including: Interest accrued	2,533	6,577
<b>Total</b>	<b>2,224,968</b>	<b>1,548,569</b>
<i>Amounts due to non resident individual entrepreneurs of RA</i>		
Current accounts	1,770	
Term deposits		
Repurchase agreements		
Other		
Including: Interest accrued		
<b>Total</b>	<b>1,770</b>	<b>-</b>
<i>Amounts due to resident individuals (natural persons) of RA</i>		
Current accounts	27,072,087	9,537,630
Term deposits	127,097,854	120,340,324
Repurchase agreements		
Other	2,018,737	853,771
Including: Interest accrued	2,291,940	1,917,412
<b>Total</b>	<b>156,188,678</b>	<b>130,731,725</b>
<i>Amounts due to non resident individuals (natural persons) of RA</i>		
Current accounts	2,837,125	1,184,461
Term deposits	15,106,485	13,393,329
Repurchase agreements		
Other	725	10,441
Including: Interest accrued	329,521	319,455
<b>Total</b>	<b>17,944,335</b>	<b>14,588,231</b>
<b>Total amounts due to customers</b>	<b>240,542,247</b>	<b>193,866,214</b>

### 25. Securities Issued by The Bank

<i>Securities issued by the bank</i>	Current period	Previous period
Deposit certificates issued by the bank		
Non-interest securities issued by the bank		
Interest securities issued by the bank	5,873,705	5,567,619
Preferred shares /financial liabilities/ issued by the bank		
Other securities issued		
Including: Interest accrued	152,759	115,499
<b>Total</b>	<b>5,873,705</b>	<b>5,567,619</b>

### 26. Financial Liabilities at Fair Value Through Profit or Loss

<i>Financial liability at fair value through profit or loss</i>	Current period	Previous period
Derivatives held for trading		
futures		
forward		
option		
swap	121,756	49,019
other		
Hedging derivatives		
Other		
<b>Total</b>	<b>121,756</b>	<b>49,019</b>

### 27. Amounts Payable

<i>Amounts payable</i>	Current period	Previous period
Dividends		
Payables from accreditation management operations		
Payables to Deposit Guarantee fund	113,692	76,062
Other	1,355	31,473
<b>Total</b>	<b>115,047</b>	<b>107,535</b>

### 29. Other Liabilities

<i>Other liabilities</i>	Current period	Previous period
Amounts payable		1,783,313
Tax payable, other than income tax	1,663,186	126,555
Due to personnel	1,926,560	1,719,078
Grants related to assets	16,060	14,303
Other	1,919,667	1,129
<b>Total Other Liabilities</b>	<b>5,525,473</b>	<b>3,644,378</b>

### 28. Share Capital

As at 31 December 2011 the Bank's registered and paid-in share capital was AMD 30,000,000 thousand. As at 31 December 2019 the respective shareholding is "ACBA FEDERATION" closed joint-stock company. The share capital consists of 2,500 ordinary shares, all of which have a par value of AMD

As at 31 December 2019, shareholder, which has 10% of total paid-in capital, may be specified as follow:

The respective shareholder	Paid-in share capital	% of total paid-in capital	Activity type for entrepreneur
ACBA FEDERATION	28,500,000	95.00%	closed joint-stock company
<b>Total</b>	<b>28,500,000</b>	<b>95.00%</b>	

### 28.1. Other Equity Components

<i>Revaluation reserves</i>	Current period	Previous period
Unrealized profit / loss from revaluation of investments at fair value through other comprehensive income	2,655,100	2,032,196
Revaluation reserve of property, plant and equipment	3,010,037	3,047,359
Other reserves	-	-
<b>Total</b>	<b>5,665,137</b>	<b>5,079,555</b>

### 30. Provisions, Contingent Cases and Potensial Liabilities

<i>Provisions</i>	Current period	Previous period
1 Initial Balance		
2 Net Impairment losses		
3 The final balance		

### 30.3 Off Balance Sheet Contingent Liabilities Including Credit Risk

	Current period	Previous period
Undrawn credit lines	26,415,192	20,687,595
Guarantees	5,883,173	4,125,821
Letters of credit	71,955	676,490
Provision (Note 9)		(84,574)
	32,370,320	25,405,332

### 31. Transactions With Related Parties

<i>Amounts due from other banks</i>	Current period	Previous period
Balance as at 1 January	-	-
Additions during the quarter	-	-
Reductions during the quarter	-	-
Balance as at 31 December	-	-
Interest income	-	-

<i>Loans and advances to customers</i>	Current period	Previous period
Balance as at 1 January	416,523	506,295
Additions during the quarter	296,697	333,509
Reductions during the quarter	307,002	423,281
Balance as at 31 December	406,218	416,523
Interest income	16,534	24,210

<i>Amounts due to banks</i>	Current period	Previous period
Balance as at 1 January	-	-
Additions during the quarter	-	-
Reductions during the quarter	-	-
Balance as at 31 December	-	-
Interest income	-	-

<i>Amounts due to customers</i>	Current period	Previous period
Balance as at 1 January	783,255	665,354
Additions during the quarter	1,398,200	1,388,561
Reductions during the quarter	1,036,057	1,270,660
Balance as at 31 December	1,145,398	783,255
Interest income	79,485	58,357

### 32.1 Credit Risk Geographical Sectors

	Current period				Total
	Armenia	CIS countries	OECD countries	Non-OECD countries	
<b>Assets</b>					
Cash and balances with the Central Bank of Armenia	58,909,876				58,909,876
Amounts due from banks and other financial institutions	23,318,423	726,108	4,823,074	217,673	29,085,279
Financial assets at fair value through profit or loss	251,177	277			251,454
Loans and advances to customers	296,542,347	43,453	5,979	5,179	296,596,958
Financial assets at fair value through other comprehensive income	20,373,390		2,324,370		22,697,760
Other financial assets					-
<b>Total Assets</b>	<b>399,395,213</b>	<b>789,838</b>	<b>7,153,423</b>	<b>222,852</b>	<b>407,541,326</b>
<b>Liabilities</b>					
Amounts due to banks and other financial institutions	46,621,133		65,383,066		112,004,199
Amounts due to customers	224,355,934	2,830,291	10,773,825	2,582,396	240,542,247
Financial liabilities at fair value through profit or loss	1,800		119,956		121,756
<b>Total Liabilities</b>	<b>270,978,967</b>	<b>2,830,291</b>	<b>76,276,847</b>	<b>2,582,396</b>	<b>352,668,202</b>
<b>Net GAP</b>	<b>128,416,346</b>	<b>(2,060,453)</b>	<b>(69,123,224)</b>	<b>(2,359,544)</b>	<b>54,873,124</b>

	Previous period				Total
	Armenia	CIS countries	OECD countries	Non-OECD countries	
<b>Assets</b>					
Cash and balances with the Central Bank of Armenia	62,662,771				62,662,771
Amounts due from banks and other financial institutions	5,554,881	298,523	10,460,946	289,774	16,604,124
Financial assets at fair value through profit or loss			4,368		4,368
Loans and advances to customers	219,892,000	16,537	982	354	219,909,873
Financial assets at fair value through other comprehensive income	25,346,918		1,694,687		27,041,605
Other financial assets					-
<b>Total Assets</b>	<b>313,456,570</b>	<b>315,060</b>	<b>12,160,963</b>	<b>290,128</b>	<b>326,222,741</b>
<b>Liabilities</b>					
Amounts due to banks and other financial institutions	36,467,267	2,606,461	42,020,298		81,094,026
Amounts due to customers	179,918,391	2,419,330	9,245,021	2,283,472	193,866,214
Financial liabilities at fair value through profit or loss			49,019		49,019
<b>Total Liabilities</b>	<b>216,385,658</b>	<b>5,025,791</b>	<b>51,314,338</b>	<b>2,283,472</b>	<b>275,009,259</b>
<b>Net GAP</b>	<b>97,070,912</b>	<b>(4,710,730)</b>	<b>(39,153,355)</b>	<b>(1,993,345)</b>	<b>51,213,482</b>

### 32.2 Market Risk Currency Risk

	Current period			Total
	AMD	I group currency*	II group currency**	
<b>Assets</b>				
Cash and balances with the Central Bank of Armenia	24,455,868	33,377,397	1,076,611	58,909,876
Amounts due from banks and other financial institutions	19,775,594	8,764,825	544,860	29,085,279
Financial assets at fair value through profit or loss	251,454			251,454
Loans and advances to customers	204,334,521	91,427,243	835,194	296,596,958

Financial assets at fair value through other comprehensive income	2,986,507	19,711,253	-	22,697,760
Other financial assets	-	-	-	-
<b>Total Assets</b>	<b>251,803,944</b>	<b>153,280,718</b>	<b>2,456,885</b>	<b>407,541,327</b>
<b>Liabilities</b>				
Amounts due to banks and other financial institutions	87,379,168	24,624,605	426	112,004,199
Amounts due to customers	117,915,850	120,702,090	1,924,307	240,542,247
<b>Total Liabilities</b>	<b>205,295,018</b>	<b>145,326,695</b>	<b>1,924,733</b>	<b>352,546,448</b>
<b>Net GAP</b>	<b>46,508,926</b>	<b>7,954,023</b>	<b>531,932</b>	<b>54,994,881</b>

	Previous period			
	AMD	I group currency*	II group currency**	Total
<b>Assets</b>				-
Cash and balances with the Central Bank of Armenia	20,193,974	41,804,806	663,991	62,662,771
Amounts due from banks and other financial institutions	1,512,896	14,858,292	232,936	16,604,124
Financial assets at fair value through profit or loss	-	4,368	-	4,368
Loans and advances to customers	157,516,263	61,932,816	460,794	219,909,873
Financial assets at fair value through other comprehensive income	4,381,512	22,660,093	-	27,041,605
Other financial assets	-	-	-	-
<b>Total Assets</b>	<b>183,604,645</b>	<b>141,260,375</b>	<b>1,357,721</b>	<b>326,222,741</b>
<b>Liabilities</b>				-
Amounts due to banks and other financial institutions	60,831,785	20,237,457	24,784	81,094,026
Amounts due to customers	86,181,211	105,953,046	1,731,957	193,866,214
<b>Total Liabilities</b>	<b>147,012,996</b>	<b>126,190,503</b>	<b>1,756,741</b>	<b>274,960,240</b>
<b>Net GAP</b>	<b>36,591,649</b>	<b>15,069,872</b>	<b>(399,020)</b>	<b>51,262,501</b>
<b>Contingent Liabilities, including Credit Risk 31.12.19</b>	13,939,918	18,161,592	268,810	32,370,320

**Interest Rate Risk**

	Current period		Previous period	
	AMD %	Currency %	AMD %	Currency %
Assets				
Balances with the Central Bank of Armenia				
Amounts due from banks and other financial institutions, including:				
. interbank loans	5.65		5.00	7.50
. interbank repo			5.00	
. interbank loans	5.62			
Loans and advances to customers	14.18		9.35	14.27
Financial assets at fair value through other comprehensive income	6.09		4.27	6.54
Financial assets at fair value through profit or loss	9.75			
Other financial assets				
Liabilities				
Amounts due to banks and other financial institutions, including:				
. Loans	8.29		5.62	8.63
. interbank repo	8.29		5.62	8.63
. interbank loans				
Amounts due to customers	5.65		3.23	6.25
<b>Obligations for the securities issued by banks</b>	<b>9.50</b>		<b>5.41</b>	<b>9.32</b>

### 32.3 Liquidity Risk

	Current period		Maturity						Total
	Non-performing overdue	time	demand and up to 1 month	from 1 to 3 months	from 3 to 12 months	from 1 to 5 years	more than 5 years	No term	
Assets maturity									
Cash and cash equivalents, balances with the Central Bank of Armenia	-	-	58,347,876	-	-	-	-	562,000	58,909,876
Amounts due from banks and other financial institutions	-	-	26,113,396	1,849,301	85,055	89,591	-	947,936	29,085,279
Loans and advances to customers	494,448	5,817,518	7,290,408	11,578,931	72,285,460	157,608,178	18,951,661	47,797	274,074,399
Lease	46,068	2,812	141,729	1,411,112	6,490,772	14,430,067	-	-	22,522,559
Financial assets at fair value through other comprehensive income	-	-	-	-	77,786	20,214,392	-	-	2,405,582
Other requirements	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>540,515</b>	<b>5,820,330</b>	<b>91,893,409</b>	<b>14,839,344</b>	<b>78,939,073</b>	<b>192,342,228</b>	<b>18,951,661</b>	<b>3,963,315</b>	<b>407,289,874</b>
Liabilities maturity									
Amounts due to banks and other financial institutions	-	-	7,621,147	9,879,010	22,325,470	64,729,748	7,185,368	263,458	112,004,199
Amounts due to customers	-	-	73,642,095	23,633,442	104,120,080	29,135,408	7,769,015	2,242,208	240,542,247
Financial liabilities at fair value through profit or loss	-	-	91,303	1,540	4,779	24,134	-	-	121,756
Securities issued by the Bank	-	-	-	2,462,981	-	3,410,724	-	-	5,873,705
<b>Total</b>	<b>-</b>	<b>-</b>	<b>81,354,544</b>	<b>35,976,973</b>	<b>126,450,329</b>	<b>97,300,013</b>	<b>14,954,383</b>	<b>2,505,666</b>	<b>358,541,908</b>
Net Liquidity GAP	540,515	5,820,330	10,538,865	(21,137,629)	(47,511,256)	95,042,215	3,997,278	1,457,649	48,747,966
Cumulative Liquidity GAP			16,899,710	(4,237,919)	(51,749,175)	43,293,040	47,290,317	48,747,966	
	Previous period		Maturity						Total
	Non-performing overdue	time	demand and up to 1 month	from 1 to 3 months	from 3 to 12 months	from 1 to 5 years	more than 5 years	No term	
Assets maturity									
Cash and cash equivalents, balances with the Central Bank of Armenia	-	-	62,106,771	-	-	-	-	556,000	62,662,771
Amounts due from banks and other financial institutions	-	-	11,156,898	1,936	3,239,993	1,058,741	-	1,146,556	16,604,124
Loans and advances to customers	854,863	4,929,985	4,580,646	9,671,624	59,814,279	112,792,696	11,866,260	236,053	204,746,406
Lease	4,954	1,146	605,814	877,221	3,775,197	9,899,135	-	-	15,163,467
Financial assets at fair value through other comprehensive income	-	-	-	-	1,555,489	24,415,955	1,070,161	-	27,041,605
Other requirements	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>859,817</b>	<b>4,931,131</b>	<b>78,450,129</b>	<b>10,550,781</b>	<b>68,384,958</b>	<b>148,166,527</b>	<b>12,936,421</b>	<b>1,938,609</b>	<b>326,218,372</b>
Liabilities maturity									
Amounts due to banks and other financial institutions	-	-	2,351,890	5,276,208	20,860,021	51,925,925	453,657	226,325	81,094,026
Amounts due to customers	-	-	56,235,735	18,522,959	81,626,590	28,409,029	6,498,178	2,573,723	193,866,214
Financial liabilities at fair value through profit or loss	-	-	49,019	-	-	-	-	-	49,019
Securities issued by the Bank	-	-	-	-	-	5,567,619	-	-	5,567,619
<b>Total</b>	<b>-</b>	<b>-</b>	<b>58,636,644</b>	<b>23,799,167</b>	<b>102,486,611</b>	<b>85,902,573</b>	<b>6,951,835</b>	<b>2,800,048</b>	<b>280,576,878</b>
Net Liquidity GAP	859,817	4,931,131	19,813,484	(13,248,386)	(34,101,653)	62,263,954	5,984,586	(861,439)	45,641,494
Cumulative Liquidity GAP			25,604,432	12,356,046	(21,745,606)	40,518,348	46,502,933	45,641,494	

### Risk Management

#### Introduction (continued)

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risks, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

#### Credit Risk

Credit risk is the risk that the Group will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process allows the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

#### Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the consolidated statement of financial position.

#### Credit-related commitments risks

The Group makes available to its customers guarantees which may require that the Group make payments on their behalf. Such payments are collected from customers based on the terms of the letter of credit. They expose the Group to similar risks to loans and these are mitigated by the same control processes and policies.

The maximum exposure to credit risk for the components of the consolidated statement of financial position, including derivatives, before the effect of mitigation through the use of master netting and collateral agreements, is best represented by their carrying amounts.

Where financial instruments are recorded at fair value, the carrying value represents the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

#### Credit quality per class of financial assets

The credit quality of financial assets is managed by the Group internal credit ratings. The table below shows the credit quality by class of asset for loans to customers and receivables from finance leases in the consolidated statement of financial position, based on the Group's credit rating system.

#### Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchanges, and equity prices.

#### Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's consolidated statement of profit or loss.

#### Liquidity Risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Group maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The Group also has committed lines of credit that it can assess to meet liquidity needs. In addition, the Group maintains a cash deposit (obligatory reserve) with the CBA, the amount of which depends on the level of customer funds attracted.

#### Capital Adequacy

The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

The Central Bank of Armenia sets and monitors capital requirements for the Bank.

The Group defines as capital those items defined by statutory regulation as capital for credit institutions. Under the current capital requirements set by the Central Bank of Armenia, which are based on Basle Accord principles, banks have to maintain a ratio of capital to risk weighted assets (statutory capital ratio) above the prescribed minimum level.

#### 34. Fair Value of Financial Assets and Liabilities

	Current period		Previous period	
	Balance sheet value	Fair value	Balance sheet value	Fair value
<b>Financial assets</b>				
Amounts due from other financial institutions	29,085,279	29,085,279	16,604,124	16,604,124
Loans and advances to customers	296,596,958	296,596,958	219,909,873	219,909,873
<b>Financial liabilities</b>				
Amounts due to financial institutions	112,004,199	112,004,199	81,094,026	81,094,026
Amounts due to customers	240,542,247	240,542,247	193,866,214	193,866,214

#### 38. Accepted Collateral

Type of collateral	Current period	Previous period
Other securities	537,770	2,415,100
Precious jewelry, Gold scrap, Precious stones	5,781,960	6,820,385
Real Estate and property, plant and equipment	235,944,801	192,767,158
Ready-Made Products and Goods	31,425,678	25,391,196
Cash	12,518,192	6,000,145
Other collateral	4,655,623	5,742,127
<b>Total</b>	<b>290,864,024</b>	<b>239,136,111</b>

General Executive Director



H. Andreasyan

Chief Accountant

A. Hakobyan

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