

Accompanying notes to the consolidated financial statements as of 30.09.20

**6. Net Interest And Similar Income**

<i>Interest And Similar Income</i>	<b>Current period</b>	<b>Previous period</b>
Interest income from bank's current accounts, deposits and loans to banks and other financial institutions	115,266	243,142
Interest income from loans and advances to customers	29,046,093	23,961,329
Interest income from finance lease	1,568,964	1,149,161
Interest income from debt securities	1,046,883	1,103,995
Interest income from repurchase agreements	552,850	137,048
Income from factoring, creditline	1,748,125	1,541,722
Other interest income	95,736	110,321
<b>Total</b>	<b>34,173,917</b>	<b>28,246,718</b>

<i>Interest And Similar Expense</i>	<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	6,258,683	5,433,877
Interest expense on term deposits and current accounts of customers	8,229,772	7,109,469
Interest expense on securities issued from bank	197,850	319,576
Interest expense on repurchase agreements	2,768	3,856
Other interest expense	302,769	272,516
<b>Total</b>	<b>14,991,842</b>	<b>13,139,294</b>

<b>Net Interest And Similar Income</b>	<b>19,182,075</b>	<b>15,107,424</b>
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**7. Commission and Other Fee Income and Expense**

<i>Commission and Other Fee Income</i>	<b>Current period</b>	<b>Previous period</b>
Cash withdrawal services	126,734	117,477
Settlement services	1,087,449	1,107,574
Guarantees and letters of credits, accreditation management operations fee	342,024	84,230
Finance lease payments	65,180	86,884
Plastic card maintenance	1,776,598	2,074,313
Other commission fee	63,951	72,468
<b>Total</b>	<b>3,461,935</b>	<b>3,542,946</b>

<i>Commission and Other Fee Expense</i>	<b>Current period</b>	<b>Previous period</b>
Settlement operations / wire transfer fee	227,188	222,240
Cash withdrawal services	228,638	180,613
Plastic card maintenance	854,473	1,040,180
Other commission fee	28,852	26,608
<b>Total</b>	<b>1,339,151</b>	<b>1,469,642</b>

<b>Received Net Commission and Other Fee</b>	<b>2,122,785</b>	<b>2,073,304</b>
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**8. Net Trading Income**

	<b>Current period</b>	<b>Previous period</b>
Net income from trading in foreign currencies	1,512,867	1,128,002
Net income from revaluation of foreign currency	-137,136	-1,051,065
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	262,961	1,724,469
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>1,638,692</b>	<b>1,849,502</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	-531,959	-83,009
Fines and penalties received	1,170,094	1,046,803
Other income	238,314	207,648
<b>Total</b>	<b>876,449</b>	<b>1,171,442</b>

**9. Impairment losses**

**Cash on hand**

According to IFRS 9	Group I
Amount at the beginning of the current period 01.01.20	6,284
Net provisions	7,375
Return	
Written off	0
Amount at the end of the current period 30.09.20	13,659

**Amounts Due From Banks and Financial Institutions**

According to IFRS 9	Group I
Amount at the beginning of the current period 01.01.20	28,889
Net provisions	27,299
Return	
Written off	0
Amount at the end of the current period 30.09.20	56,188

**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 01.01.20	1,011,542	108,606	6,194,604	227,007	7,541,759
New assets originated or purchased	1,401,987	-	-	25,919	1,427,906
Assets repaid	(142,593)	(11,578)	(2,559,758)	(12,777)	(2,726,706)
Transfer to Group I	15,805	(15,805)	-	-	-
Transfer to Group II	(207,874)	207,874	-	-	-
Transfer to Group III	(371,578)	(65,722)	437,300	-	-
Impact on period end ECL of exposures transferred between stages during the period	(1,757)	733,754	2,248,430	-	2,980,427
Unwinding of discount	-	-	176,768	-	176,768
Changes to models and inputs used for ECL calculations	937,076	32,442	3,549,863	-	4,519,381
Recoveries	-	-	2,208,958	-	2,208,958
Written off	-	-	(4,736,742)	-	(4,736,742)
Foreign exchange adjustments	5,641	5,523	90,587	-	101,752
Amount at the end of the current period 30.09.20	2,648,250	995,095	7,610,010	240,149	11,493,503

**Lease**

According to IFRS 9	Group I	Group II	Group III	Initially depreciated	Total
Amount at the beginning of the current period 01.01.20	44,718	5,172	74,386	-	124,276
New assets originated or purchased	28,969	-	-	-	28,969
Assets repaid	(4,254)	(42)	(78,722)	-	(83,018)
Transfer to Group I	1,580	(1,580)	-	-	-
Transfer to Group II	(2,137)	2,137	-	-	-
Transfer to Group III	(155)	(3,647)	3,802	-	0
Impact on period end ECL of exposures transferred between stages during the period	(577)	6,869	46,235	-	52,526
Changes to models and inputs used for ECL calculations	41,669	92	37,877	0	79,638
Recoveries	0	0	75,379	0	75,379
Written off	0	0	-96,360	0	(96,360)
Foreign exchange adjustments	1,526	129	847	0	2,502
Amount at the end of the current period 30.09.20	111,339	9,131	63,444	0	183,913

**Investments**

According to IFRS 9	Group I
Amount at the beginning of the current period 01.01.20	216,674
Transfer to Stage I	29,158
Transfer to Stage II	
Transfer to Stage III	
Recoveries	
Written off	
Amount at the end of the current period 30.09.20	245,832

**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 01.01.20	111,568	2,343	3,615	117,526
New assets originated or purchased	100,556	-	-	100,556
Assets repaid	(47,409)	(1,093)	(2,378)	(50,880)
Transfer to Stage I	1,142	(1,142)	-	-
Transfer to Stage II	(562)	562	-	-
Transfer to Stage III	(377)	(27)	404	-
Impact on period end ECL of exposures transferred between stages during the period	(922)	2,808	2,505	4,390
Changes to models and inputs used for ECL calculations	45,699	80	191	45,969
Recoveries	-	-	-	-
Written off	-	-	-	-
Foreign exchange adjustments	3,193	7	60	3,260
Amount at the end of the current period 30.09.20	212,887	3,539	4,397	220,822

**10. General Administrative Expenses**

	Current period	Previous period
Wages and salaries	8,449,397	7,508,185

Social insurance contributions	2,793	2,505
Repairs and maintenance expenses of tangible assets	575,683	512,652
Business trip expenses	42,912	107,020
Transport, connection and communication expenses	255,625	244,418
Lease expenses	26,031	35,834
Taxes other than on income	201,271	175,192
Consulting and other service expenses	94,057	45,552
Security expenses	211,733	250,881
Office supplies	143,210	168,565
Training costs	31,909	44,969
Insurance expenses	112,996	97,881
<b>Total</b>	<b>10,147,617</b>	<b>9,193,654</b>

#### 10.1 Other Operating Expenses

	Current period	Previous period
Advertising costs	390,659	393,484
Penalties paid	2,159	1,675
Amortization costs of property, plant, equipment and other intangible assets	1,676,501	1,363,189
Cash collection expenses	109,426	109,660
Insurance expenses of deposits	354,863	267,810
Other expenses	1,266,412	1,292,330
<b>Total</b>	<b>3,800,020</b>	<b>3,428,148</b>

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

Net Income From Investments in Controlled Entities	Current period	Previous period
Investments in associates	285,537	148,470
Investments in joint controlled entities		
Investments in subsidiary banks		
Investments in other subsidiary entities		
<b>Total</b>	<b>285,537</b>	<b>148,470</b>

#### 12. Income Tax Expense

	Current period	Previous period
Income tax expense	(1,233,404)	(1,240,537)
Any adjustments recognised in the period for current tax of prior periods		
Deferred tax expenses	54,460	
<b>Current Income Tax</b>	<b>(1,178,944)</b>	<b>(1,240,537)</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
Other assets	5,338			5,338
Lease receivables	9,496			9,496
Other borrowed funds	7,004			7,004
Other liabilities	3,419			3,419
Other financial instruments	2,644			2,644
<b>Net deferred tax asset</b>	<b>27,901</b>	<b>-</b>	<b>-</b>	<b>27,901</b>
	Balance as of the previous period	Recognised in reported results	Recognised in equity	period
Other assets	230,308			230,308
Loans and advances to customers	360,982			360,982
Other liabilities	(107,038)	(42,271)		(149,309)
Investments in associates	25,720			25,720
Current accounts and deposits from customers	(81,250)			(81,250)
Property, Plant and Equipment	(391,821)			(391,821)
Investments at fair value through other comprehensive income	(587,774)			(587,774)
Other financial instruments	28,983	96,731		125,694
<b>Net deferred tax liability</b>	<b>(521,910)</b>	<b>54,460</b>	<b>-</b>	<b>(467,450)</b>

#### Earnings Per Share

	Current period	Previous period
Net Profit/(loss) after taxes	2,390,979	5,133,974
The quantity of ordinary shares	5,000,000	5,000,000
<b>Earnings Per Share</b>	<b>0</b>	<b>1</b>

#### 13. Cash On Hand

13.1 Cash and cash equivalents, remainings in CB	Current period	Previous period
Cash on hand	10,402,092	11,838,316

Other distributions of cash	5,997,125	4,811,327
Current accounts in CBA	50,174,019	41,704,517
Deposits in CBA	468,000	562,000
Interest accrued on current accounts and deposits of CB		
Impairment losses	(13,659)	(6,284)
<b>Total</b>	<b>67,027,577</b>	<b>58,909,876</b>
<i>Cash flow including cash on hand and accounts in CBA</i>	<i>66,573,236</i>	<i>51,260,396</i>
<i>Distributed funds in other banks (Note 14)</i>	<i>11,472,810</i>	<i>4,654,855</i>
<b>Total cash and cash equivalents</b>	<b>78,046,046</b>	<b>55,915,251</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	3,310	3,179
Requirements towards the high rating banks: BBB-(Baa3) and over	10,981,879	4,312,353
Requirements towards the low rating banks, lower than BBB-(Baa3) and requirements towards the banks without rating	485,861	339,295
Interest accrued	1,760	28
<b>Total</b>	<b>11,472,810</b>	<b>4,684,855</b>
<i>Interbank loans and deposits, other requirements</i>		
<b>Requirements towards the CB of RA</b>	-	-
loans and deposits		
factoring		
lease		
repurchase agreements		
other		
<b>Requirements towards the banks of Ra</b>	<b>32,332,623</b>	<b>21,183,681</b>
loans and deposits	1,465,223	2,878,179
factoring		
lease		
repurchase agreements	13,827,068	17,696,166
letters of credit and bank guarantees		
other	17,040,332	609,536
<b>Requirements towards the high rating banks: BBB-(Baa3) and over</b>	<b>552,938</b>	-
loans and deposits		
factoring		
lease		
repurchase agreements		
letters of credit and bank guarantees		
other	552,938.00	
<b>Requirements towards the low rating banks, lower than BBB-(Baa3) and requirements towards the banks without rating</b>	<b>26,843</b>	<b>19,375</b>
loans and deposits		
factoring		
lease		
repurchase agreements		
letters of credit and bank guarantees		
other	26,843	19,375
<b>Including interest accrued</b>	<b>2,162</b>	<b>23,501</b>
<b>Total</b>	<b>44,387,176</b>	<b>25,881,612</b>
<b>Impairment losses of requirements towards the banks (Note 7)</b>		
<b>Net Requirements Towards The Banks</b>	<b>44,387,176</b>	<b>25,881,612</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>1,809,014</b>	<b>2,041,440</b>
loans and deposits	313,596	572,862
factoring		
lease		
repurchase agreements	1,115,270	839,077
letters of credit and bank guarantees		
other	180,148	629,501
<b>Requirements towards the high rating financial institutions: BBB-(Baa3) and over</b>	<b>660,128</b>	<b>1,094,109</b>
loans and deposits		
factoring		
lease		
repurchase agreements		
letters of credit and bank guarantees		
other	660,128	1,094,109
<b>Requirements towards the low rating financial institutions, lower than BBB-(Baa3) and requirements towards financial institutions without rating</b>	-	<b>1,696</b>

loans and deposits		
factoring		
lease		
repurchase agreements		
letters of credit and bank guarantees		
other		1,696
<b>Interest accrued</b>	34,250	95,089
<b>Total</b>	<b>2,303,392</b>	<b>3,232,334</b>
<b>Impairment losses of requirements towards the financial institutions (Note 7)</b>	(56,188)	(28,889)
<b>Net Requirements Towards The Financial Institutions</b>	2,247,204	3,203,445
<b>Net Requirements Towards The Banks and The Financial Institutions</b>	<b>46,634,380</b>	<b>29,085,057</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>	299,519	-	251,177	-
long-term debt instruments	299,519		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>	299,519	-	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>	48,378		277	-
futures				
forward				
option				
swap	48,378		277	
Other				
<i>Total</i>	48,378	-	277	-
<b>Total Financial Assets at Fair Value Through Profit or Loss</b>	347,897	-	251,454	-

#### 16. Loans and Advances to Customers

<i>Loans and other advances</i>	Current period	Previous period
Loans, including	267,457,636	237,845,373
Government of RA		
Local authorities		
Mortgage		
Credit lines and overdrafts	31,856,153	30,269,340
Factoring	11,445,864	12,813,525
Lease	24,961,530	20,437,127
Repurchase agreements		
Letters of credit and bank guarantees	1,033	
Other	1,938,413	550,420
Including interest accrued	5,023,016	3,366,097
<b>Total Loans</b>	<b>337,660,629</b>	<b>301,915,785</b>
Impairment losses of loans and advances to customers (Note 9)	(11,677,416)	(7,666,035)
<b>Total Net Loans</b>	<b>325,983,213</b>	<b>294,249,750</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	337,660,629	301,915,785
overdue	1,463,301	708,511
Impairment losses of loans and advances to customers	(11,677,416)	(7,666,035)
<b>Total Net Loans and Advances</b>	<b>325,983,213</b>	<b>294,249,750</b>

<i>The analyse of loans and advances by customer profile</i>	Current period	Previous period
State owned enterprises	572,791	172,574
Privately held companies	94,581,125	77,983,853
Individuals (natural persons): including	215,005,064	198,403,421
consumer loans	87,535,263	94,253,011
mortgage loans	26,274,432	19,530,847
credit cards	13,960,184	15,142,819
Individual entrepreneurs	27,501,649	25,355,937
<b>Total net loans and advances</b>	<b>337,660,629</b>	<b>301,915,785</b>
<i>Including interest accrued</i>	5,023,016	3,366,097
Impairment losses of loans and advances to customers	(11,677,416)	(7,666,035)
<b>Total Net Loans and Advances</b>	<b>325,983,213</b>	<b>294,249,750</b>

<i>The analyse of loans and advances by industry sectors</i>	Current period	Percentage relationship	Previous period	Percentage relationship
Industry	21,619,774	6.53	23,313,181	7.72
Agriculture	111,965,607	33.39	87,879,060	29.10
Construction	13,791,700	4.05	11,643,284	3.86
Transport and connection	5,832,579	1.61	5,300,110	1.76
Trading	41,069,242	11.33	35,111,769	11.63
Consumer	90,815,193	27.02	94,253,011	31.22
Mortgage loans	22,322,481	6.81	19,530,847	6.47
Service industry	27,827,661	8.20	23,467,657	7.77
Other	2,416,392	1.06	1,416,866	0.47
<b>Total</b>	<b>337,660,629</b>	<b>100</b>	<b>301,915,785</b>	<b>100</b>

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

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

State bonds of RA	4,767,702	16,212,563
Treasury bonds	4,767,702	16,212,563
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>4,767,702</b>	<b>16,212,563</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				
long-term debt instruments		4,193,952		4,079,615
short-term loan instruments				
deposit certificates				
capital instruments				
Other		101,640		81,212
<b>Total Non-state Securities of RA</b>	<b>-</b>	<b>4,295,592</b>	<b>-</b>	<b>4,160,827</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		2,586,257		2,387,059
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>2,586,257</b>		<b>2,387,059</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>11,649,551</b>		<b>22,760,449</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

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

<b>Investments in controlled entities</b>	<b>Current period</b>	<b>Previous period</b>
Investments in associates	1,046,541	749,442
Investments in joint controlled entities		
Investments in subsidiary banks		
Investments in other subsidiary entities		
Dividends		
<b>Total</b>	<b>1,046,541</b>	<b>749,442</b>

### 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>	<b>9,500,603</b>	<b>7,020,245</b>	<b>439,799</b>	<b>3,038,056</b>	<b>2,206,032</b>	<b>558,831</b>	<b>22,763,566</b>
Additions	310,133	1,440,602	144,025	211,948	45,133	173,239	2,325,080
Disposals	-600	-142,327	-53,865	-27,564			-224,356
<b>Amount as of the end of the previous period</b>	<b>9,810,136</b>	<b>8,318,520</b>	<b>529,959</b>	<b>3,222,440</b>	<b>2,251,165</b>	<b>732,070</b>	<b>24,864,290</b>
Additions	23,839	565,971	81,608	37,219			708,637
Disposals	-1,232,156	-1,715	-8,624	-6,093			-1,248,588
Revaluation*							0
Reclassification		53,254		-53,254			0
<b>Amount as of the end of the current period</b>	<b>8,601,819</b>	<b>8,936,030</b>	<b>602,943</b>	<b>3,200,312</b>	<b>2,251,165</b>	<b>732,070</b>	<b>24,324,338</b>
<b>Accumulated Depreciation</b>							
<b>Amount as of the beginning of the previous period</b>	<b>34,389</b>	<b>3,724,271</b>	<b>54,550</b>	<b>1,829,607</b>	<b>0</b>	<b>85,379</b>	<b>5,728,196</b>
Depreciation	174,348	603,996	48,190	176,243	545,620	64,225	1,612,622
Disposals		-73,473	-7,812	-9,133			-90,418
<b>Amount as of the end of the previous period</b>	<b>208,737</b>	<b>4,254,794</b>	<b>94,928</b>	<b>1,996,717</b>	<b>545,620</b>	<b>149,804</b>	<b>7,250,400</b>
Depreciation charge	131,768	524,950	43,663	138,658	425,536	22,044	1,286,619
Reclassification							0
Disposals	-207	-506	-2,174	-2,039			-4,926
<b>Amount as of the end of the current period</b>	<b>340,298</b>	<b>4,779,238</b>	<b>136,418</b>	<b>2,133,336</b>	<b>971,156</b>	<b>171,648</b>	<b>8,532,094</b>
<b>Net Carrying Amount</b>							
<b>Amount as of the end of the current period</b>	<b>8,261,521</b>	<b>4,156,792</b>	<b>466,525</b>	<b>1,066,975</b>	<b>1,280,009</b>	<b>560,422</b>	<b>15,792,245</b>
Amount as of the end of the previous period	9,601,399	4,063,726	435,031	1,225,723	1,705,545	582,466	17,613,890

#### Intangible Assets



	Softwares	Licenses	Copyright	Other Intangible assets	Capital investment in intangible assets	Goodwill	Total
<b>Cost</b>							
<b>Amount as of the beginning of the previous period</b>	<b>797,507</b>	<b>3,802,424</b>	<b>0</b>	<b>131,527</b>	<b>0</b>	<b>18,132</b>	<b>4,549,590</b>
Additions	17,114	484,078		88,704			589,896
Disposals	-20,871			-596			-21,467
Elimination of accumulated depreciation							0
Revaluation			0				0
<b>Amount as of the end of the previous period</b>	<b>793,750</b>	<b>4,086,502</b>	<b>0</b>	<b>219,635</b>	<b>0</b>	<b>18,132</b>	<b>5,118,019</b>
Additions	263,785	150,515		44,739			459,039
Disposals							0
Revaluation							0
Impairment							0
Adjustment of revalued depreciation							0
Reclassification	953,700	-953,700					0
<b>Amount as of the end of the current period</b>	<b>2,011,235</b>	<b>3,283,317</b>	<b>0</b>	<b>264,374</b>	<b>0</b>	<b>18,132</b>	<b>5,577,057</b>
<b>Accumulated Depreciation</b>							
<b>Amount as of the beginning of the previous period</b>	<b>323,581</b>	<b>582,148</b>	<b>0</b>	<b>71,180</b>	<b>0</b>	<b>0</b>	<b>976,889</b>
Depreciation and amortization	107,741	283,526		11,187			402,454
Disposals	-19,645			-219			-19,864
Elimination of accumulated depreciation							0
<b>Amount as of the end of the previous period</b>	<b>411,677</b>	<b>865,674</b>	<b>0</b>	<b>82,127</b>	<b>0</b>	<b>0</b>	<b>1,359,478</b>
Depreciation charge	124,459	251,783		13,640			389,882
Disposals							0
Adjustment of revalued depreciation							0
Impairment							0
Reclassification							0
<b>Amount as of the end of the current period</b>	<b>536,135</b>	<b>1,117,457</b>	<b>0</b>	<b>95,767</b>	<b>0</b>	<b>0</b>	<b>1,749,360</b>
<b>Net Carrying Amount</b>							
<b>Amount as of the end of the current period</b>	<b>1,475,099</b>	<b>2,165,860</b>	<b>0</b>	<b>168,607</b>	<b>0</b>	<b>18,132</b>	<b>3,827,697</b>
Amount as of the end of the previous period	382,073	3,220,828	0	137,507	0	18,132	3,758,540

## 22. Other Assets

<i>Amounts receivable from banking operations</i>	Current period	Previous period
Dividends receivable		
Amounts receivable from accreditation management operations		
Amounts receivable from other operations	381,918	1,110,167
<b>Total</b>	<b>381,918</b>	<b>1,110,167</b>

<i>Amounts receivable and prepayments</i>	Current period	Previous period
Amounts receivable from budget		
Amounts receivable from suppliers		
Prepayments to employees	16,897	5,174
Prepayments to suppliers	2,433,241	2,647,636
Prepayments on income tax		
Other amounts receivable and prepayments	991,091	338,183
<b>Total</b>	<b>3,441,229</b>	<b>2,990,993</b>

<i>Other assets</i>	Current period	Previous period
Warehouse	1,164,061	385,349
Charged collateral u assets at fair value through other comprehensive income	518,629	501,626
Future costs	256,294	203,081
Other assets	58,663	16,805
<b>Total</b>	<b>1,997,647</b>	<b>1,106,861</b>

Impairment losses of other assets		(1,405)
<b>Total other assets</b>	<b>5,820,794</b>	<b>5,206,616</b>

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

<i>Current accounts</i>	Current period	Previous period
Amounts due to the banks of Ra	29,911	28,228
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>29,911</b>	<b>28,228</b>
<i>Interbank loans and deposits, other liabilities</i>		
<b>Amounts due to the CB of RA</b>	<b>20,966,118</b>	<b>13,460,062</b>
loans	20,961,028	13,458,824
repurchase agreements		
other	5,090	1,238
<b>Amounts due to the banks of Ra</b>	<b>130,349</b>	<b>1,049</b>
loans and deposits	127,013	
lease		

repurchase agreements		
other	3,336	1,049
<b>Amounts due to the high rating banks: BBB-(Baa3) and over</b>	<b>14,569,298</b>	<b>11,050,241</b>
loans and deposits	14,568,200	11,048,690
lease		
repurchase agreements		
other	1,098	1,551
<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	535,437	481,145
<b>Total</b>	<b>35,665,765</b>	<b>24,511,352</b>
<b>Amounts due to the financial institutions</b>	<b>84,897,850</b>	<b>82,610,314</b>
current accounts	6,281,332	6,132,591
loans and deposits	78,324,785	76,214,266
repurchase agreements		
other	291,733	263,458
Including: Interest accrued	2,477,726	2,135,988
<b>Total amounts due to banks and International financial institutions</b>	<b>120,593,525</b>	<b>107,149,894</b>

### 23.1 Subordinate loan

<i>Subordinate loan</i>	Հաշվետու ժամանակաշրջան	Նախորդ ժամանակաշրջան
Amounts Due International Financial Institutions	5,213,590	4,854,305
Including: Interest accrued	67,924	19,183
<b>ԸՈ՞րաննդ</b>	<b>5,213,590</b>	<b>4,854,305</b>

### 24. Amounts Due to Customers

<i>Amounts due to government of RA and local authorities</i>	Current period	Previous period
Current accounts		
Term deposits		
Loans	16,323,424	16,009,762
Repurchase agreements		
Other		
Including: Interest accrued	376,360	63,231
<b>Total</b>	<b>16,323,424</b>	<b>16,009,762</b>
<i>Amounts due to resident corporations of RA</i>		
Current accounts	39,383,560	20,513,887
Term deposits	26,912,682	24,159,010
Repurchase agreements		
Other	1,744,876	1,963,542
Including: Interest accrued	434,615	382,831
<b>Total</b>	<b>68,041,118</b>	<b>46,636,439</b>
<i>Amounts due to non resident corporations of RA</i>		
Current accounts	932,611	374,896
Term deposits	793,047	1,308,057
Repurchase agreements		
Other	1,623	
Including: Interest accrued	23,284	18,010
<b>Total</b>	<b>1,727,281</b>	<b>1,682,953</b>
<i>Amounts due to resident individual entrepreneurs of RA</i>		
Current accounts	2,375,773	2,127,479
Term deposits	66,891	89,089
Repurchase agreements		
Other	6,283	8,400
Including: Interest accrued	676	2,533
<b>Total</b>	<b>2,448,947</b>	<b>2,224,968</b>
<i>Amounts due to non resident individual entrepreneurs of RA</i>		
Current accounts	52	1,770
Term deposits		
Repurchase agreements		
Other		
Including: Interest accrued		
<b>Total</b>	<b>52</b>	<b>1,770</b>
<i>Amounts due to resident individuals (natural persons) of RA</i>		
Current accounts	32,866,150	27,072,087
Term deposits	131,870,212	127,097,854
Repurchase agreements		
Other	721,988	2,018,737
Including: Interest accrued	2,690,442	2,291,940
<b>Total</b>	<b>165,458,350</b>	<b>156,188,678</b>
<i>Amounts due to non resident individuals (natural persons) of RA</i>		
Current accounts	2,144,751	2,837,125

Term deposits	17,001,765	15,106,485
Repurchase agreements		
Other	921,321	725
Including: Interest accrued	384,601	329,521
<b>Total</b>	<b>20,067,837</b>	<b>17,944,335</b>
<b>Total amounts due to customers</b>	<b>274,067,010</b>	<b>240,688,905</b>

### 25. Securities Issued by The Bank

Securities issued by the bank	Current period	Previous period
Deposit certificates issued by the bank		
Non-interest securities issued by the bank		
Interest securities issued by the bank	2,671,528	5,873,705
Preferred shares /financial liabilities/ issued by the bank		
Other securities issued		
Including: Interest accrued	25,995	152,759
<b>Total</b>	<b>2,671,528</b>	<b>5,873,705</b>

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

Financial liability at fair value through profit or loss	Current period	Previous period
Derivatives held for trading		
futures		
forward		
option		
swap	27,715	121,756
other		78,334
Hedging derivatives		
Other		
<b>Total</b>	<b>27,715</b>	<b>200,090</b>

### 27. Amounts Payable

Amounts payable	Current period	Previous period
Dividends		
Payables from accreditation management operations		
Payables to Deposit Guarantee fund	118,020	113,692
Other	1,749	1,355
<b>Total</b>	<b>119,769</b>	<b>115,047</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 30 September 2020 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 12,000. As at 30 September 2020, 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

Revaluation reserves	Current period	Previous period
Unrealized profit / loss from revaluation of investments at fair value through other comprehensive income	2,831,769	2,730,236
Revaluation reserve of property, plant and equipment	2,932,805	3,009,091
<b>Total</b>	<b>5,764,574</b>	<b>5,739,327</b>

### 29. Other Liabilities

Other liabilities	Current period	Previous period
Amounts payable		-
Tax payable, other than income tax	600,750	473,129
Due to personnel	1,606,191	1,926,560
Grants related to assets	21,110	16,060
Other	2,195,897	1,880,737
<b>Total Other Liabilities</b>	<b>4,423,948</b>	<b>4,296,486</b>

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

Provisions	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	27,027,116	26,385,614
Guarantees	18,485,900	5,883,173
Letters of credit	88,977	71,955
Provision (Note 9)	(220,822)	(117,526)
	45,381,171	32,223,216

### 31. Transactions With Related Parties

<i>Amounts due from other banks</i>	Current period	Previous period
Balance as at 1 January	-	-
Additions during the year	-	-
Reductions during the year	-	-
Balance as at 30 September	-	-
Interest income	-	-

<i>Loans and advances to customers</i>	Current period	Previous period
Balance as at 1 January	406,218	416,523
Additions during the year	269,861	296,697
Reductions during the year	210,881	307,002
Balance as at 30 September	465,197	406,218
Interest income	14,009	16,354

<i>Amounts due to banks</i>	Current period	Previous period
Balance as at 1 January	-	-
Additions during the year	-	-
Reductions during the year	-	-
Balance as at 30 September	-	-
Interest income	-	-

<i>Amounts due to customers</i>	Current period	Previous period
Balance as at 1 January	1,145,398	783,255
Additions during the year	1,461,036	1,398,200
Reductions during the year	1,101,749	1,036,057
Balance as at 30 September	1,504,686	1,145,398
Interest income	87,407	79,485

### 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	67,027,577				67,027,577
Amounts due from banks and other financial institutions	33,934,306	1,210,587	11,086,781	402,706	46,634,380
Financial assets at fair value through profit or loss	299,519	163	48,215		347,897
Loans and advances to customers	325,909,804	61,397	9,004	3,009	325,983,213
Financial assets at fair value through other comprehensive income	9,063,294		2,586,257		11,649,551
Other financial assets					-
<b>Total Assets</b>	<b>436,234,500</b>	<b>1,272,146</b>	<b>13,730,256</b>	<b>405,715</b>	<b>451,642,618</b>
<b>Liabilities</b>					
Amounts due to banks and other financial institutions	57,425,837		63,167,688		120,593,525
Amounts due to customers	256,669,285	2,820,025	11,848,760	2,728,940	274,067,010
Financial liabilities at fair value through profit or loss	16,309		11,406		27,715
Securities issued by The Bank	2,671,528				2,671,528
Subordinate loan			5,213,590		5,213,590
<b>Total Liabilities</b>	<b>316,782,959</b>	<b>2,820,025</b>	<b>80,241,444</b>	<b>2,728,940</b>	<b>402,573,368</b>
<b>Net GAP</b>	<b>119,451,542</b>	<b>(1,547,878)</b>	<b>(66,511,188)</b>	<b>(2,323,225)</b>	<b>49,069,250</b>

	Previous 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	23,318,201	726,108	4,823,074	217,673	29,085,057
Financial assets at fair value through profit or loss	251,177	277			251,454
Loans and advances to customers	294,195,139	43,453	5,979	5,179	294,249,750
Financial assets at fair value through other comprehensive income	20,373,390		2,387,059		22,760,449
Other financial assets					-
<b>Total Assets</b>	<b>397,047,783</b>	<b>789,838</b>	<b>7,216,112</b>	<b>222,852</b>	<b>405,256,586</b>
<b>Liabilities</b>					
Amounts due to banks and other financial institutions	46,621,133		60,528,761		107,149,894
Amounts due to customers	224,502,592	2,830,291	10,773,625	2,582,396	240,688,905
Financial liabilities at fair value through profit or loss	80,134		119,956		200,090
Securities issued by The Bank	5,873,705				5,873,705
Subordinate loan			4,854,305		4,854,305
<b>Total Liabilities</b>	<b>277,077,564</b>	<b>2,830,291</b>	<b>76,276,647</b>	<b>2,582,396</b>	<b>358,766,899</b>
<b>Net GAP</b>	<b>119,970,219</b>	<b>(2,060,453)</b>	<b>(69,060,535)</b>	<b>(2,359,544)</b>	<b>46,489,687</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	31,153,283	35,229,107	645,187	67,027,577
Amounts due from banks and other financial institutions	5,515,237	40,804,194	314,949	46,634,380
Financial assets at fair value through profit or loss	347,897			347,897
Loans and advances to customers	226,859,372	98,418,139	705,702	325,983,213
Financial assets at fair value through other comprehensive income	3,191,802	8,457,749	-	11,649,551
Other financial assets	-	-	-	-
<b>Total Assets</b>	<b>267,067,691</b>	<b>182,909,169</b>	<b>1,665,638</b>	<b>451,642,618</b>
<b>Liabilities</b>				
Amounts due to banks and other financial institutions	89,046,469	31,472,131	74,925	120,593,525
Amounts due to customers	141,656,718	130,143,693	2,266,599	274,067,010
Securities Issued by The Bank	1,310,501	1,361,027		2,671,528
Subordinate loan		5,213,590		5,213,590
<b>Total Liabilities</b>	<b>232,013,688</b>	<b>168,190,441</b>	<b>2,341,524</b>	<b>402,545,653</b>
<b>Net GAP</b>	<b>35,053,903</b>	<b>14,718,748</b>	<b>(675,686)</b>	<b>49,096,965</b>

	Previous 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	19,775,372	8,764,825	544,860	29,085,057
Financial assets at fair value through profit or loss	251,454			251,454
Loans and advances to customers	201,987,313	91,427,243	835,194	294,249,750
Financial assets at fair value through other comprehensive income	3,049,196	19,711,253	-	22,760,449
Other financial assets	-	-	-	-
<b>Total Assets</b>	<b>249,519,203</b>	<b>153,280,718</b>	<b>2,456,665</b>	<b>405,256,586</b>
<b>Liabilities</b>				
Amounts due to banks and other financial institutions	87,379,168	19,770,300	426	107,149,894
Amounts due to customers	118,062,508	120,702,090	1,924,307	240,688,905
Securities Issued by The Bank	2,072,571	3,801,134		5,873,705
Subordinate loan		4,854,305		4,854,305
<b>Total Liabilities</b>	<b>207,514,247</b>	<b>149,127,829</b>	<b>1,924,733</b>	<b>358,566,809</b>
<b>Net GAP</b>	<b>42,004,956</b>	<b>4,152,889</b>	<b>531,932</b>	<b>46,689,777</b>
<i>Contingent Liabilities, including Credit Risk 30.06.20</i>	27,821,855	17,407,662	151,654	45,381,171

**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:	4.48		6.00	5.65
interbank loans			6.00	5.00
interbank repo	4.39		5.62	
Loans and advances to customers	13.87		9.42	9.35
Financial assets at fair value through other comprehensive income	5.51		6.02	6.09
Financial assets at fair value through profit or loss	9.75		9.75	
Other financial assets				
Liabilities				
Amounts due to banks and other financial institutions, including:	7.70		4.70	8.29
Loans	7.70		4.70	8.29
interbank repo				5.62
Amounts due to customers	5.20		2.97	5.65
<b>Obligations for the securities issued by banks</b>	9.50		5.25	9.50

### 32.3 Liquidity Risk

	Current period		Maturity						No term	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			
Assets maturity										
Cash and cash equivalents, balances with the Central Bank of Armenia	-	-	66,559,577	-	-	-	-	468,000	67,027,577	
Amounts due from banks and other financial institutions	-	-	11,521,583	19,108,177	1,297,533	13,212,304	-	1,494,783	46,634,380	
Loans and advances to customers	1,071,932	10,002,643	8,894,320	20,578,442	63,764,248	169,482,520	27,293,236	125,015	301,212,356	
Lease	952,123	653	1,152,004	1,579,469	6,910,277	14,176,332	-	-	24,770,857	
Financial assets at fair value through other comprehensive income	-	-	5,420	68,483	1,233,425	7,654,326	-	2,687,897	11,649,551	
Financial assets at fair value through profit or loss	-	-	48,378	-	-	299,519	-	-	347,897	
Other requirements	-	-	-	-	-	-	-	-	-	
<b>Total</b>	2,024,055	10,003,296	88,181,282	41,334,571	73,205,483	204,825,000	27,293,236	4,775,695	451,642,619	
Liabilities maturity										
Amounts due to banks and other financial institutions	-	-	9,790,706	7,200,559	34,875,559	57,050,137	11,384,832	291,733	120,593,525	
Amounts due to customers	-	-	93,512,991	32,490,102	94,346,088	43,884,689	8,850,791	982,350	274,067,010	
Financial liabilities at fair value through profit or loss	-	-	16,309	7,971	3,435	-	-	-	27,715	
Securities issued by the Bank	-	-	-	-	2,671,528	-	-	-	2,671,528	
Subordinate loan	-	-	-	67,924	-	-	5,145,666	-	5,213,590	
<b>Total</b>	-	-	103,320,005	39,766,556	131,896,609	100,934,826	25,381,289	1,274,083	402,573,368	
Net Liquidity GAP	2,024,055	10,003,296	(15,138,723)	1,568,015	(58,691,127)	103,890,174	1,911,947	3,501,612	49,069,251	
Cumulative Liquidity GAP	-	-	(3,111,371)	(1,543,356)	(60,234,483)	43,655,692	45,567,639	49,069,251	-	
	Previous period		Maturity						No term	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			
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	-	-	26,113,174	1,849,301	85,055	89,591	-	947,936	29,085,057	
Loans and advances to customers	494,448	5,817,518	7,290,408	11,578,931	72,147,960	157,608,178	18,951,661	47,797	273,936,899	
Lease	46,068	2,812	127,824	1,272,666	5,853,957	13,009,525	-	-	20,312,851	
Financial assets at fair value through other comprehensive income	-	-	-	-	77,786	20,214,392	-	2,468,271	22,760,449	
Financial assets at fair value through profit or loss	-	-	277	-	-	251,177	-	-	251,454	
Other requirements	-	-	-	-	-	-	-	-	-	
<b>Total</b>	540,515	5,820,330	91,879,559	14,700,899	78,164,757	191,172,863	18,951,661	4,026,004	405,256,587	
Liabilities maturity										
Amounts due to banks and other financial institutions	-	-	7,621,147	9,875,685	22,309,612	59,894,626	7,185,368	263,458	107,149,894	
Amounts due to customers	-	-	73,642,095	23,633,442	104,266,738	29,135,408	7,769,015	2,242,208	240,688,905	
Financial liabilities at fair value through profit or loss	-	-	91,303	1,540	4,779	102,468	-	-	200,090	
Securities issued by the Bank	-	-	-	2,462,981	-	3,410,724	-	-	5,873,705	
Subordinate loan	-	-	-	3,325	15,858	-	4,835,122	-	4,854,305	
<b>Total</b>	-	-	81,354,544	35,976,973	126,596,987	92,543,225	19,789,505	2,505,666	358,766,900	
Net Liquidity GAP	540,515	5,820,330	10,525,014	(21,276,075)	(48,432,229)	98,629,638	(837,844)	1,520,338	46,489,687	
Cumulative Liquidity GAP	-	-	16,885,859	(4,390,215)	(62,822,444)	45,807,193	44,969,349	46,489,687	-	

### 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.

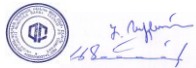
**34. Fair Value of Financial Assets and Liabilities**

	Current period		Previous period	
	Balance sheet value	Fair value	Balance sheet value	Fair value
<b>Financial assets</b>				
Amounts due from other financial institutions	46,634,380	46,634,380	29,085,057	29,085,057
Loans and advances to customers	325,983,213	325,983,213	294,249,750	294,249,750
<b>Financial liabilities</b>				
Amounts due to financial institutions	120,593,525	120,593,525	107,149,894	107,149,894
Amounts due to customers	274,067,010	274,067,010	240,688,905	240,688,905
Securities issued by the Bank	2,671,528	2,671,528	5,873,705	5,873,705

**38. Accepted Collateral**

Type of collateral	Current period	Previous period
Other securities	563,600	537,770
Precious jewelry, Gold scrap, Precious stones	3,336,091	5,781,960
Real Estate and property, plant and equipment	256,675,207	235,944,801
Ready-Made Products and Goods	31,806,917	31,425,678
Cash	15,433,796	12,518,192
Other collateral	13,653,385	4,655,623
<b>Total</b>	<b>321,468,996</b>	<b>290,864,024</b>

General Executive Director



H. Andreasyan

Chief Accountant

A. Hakobyan

Report validation date: 20/10/20