

Accompanying notes to the consolidated financial statements as of 31.12.20

**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	181,283	282,608
Interest income from loans and advances to customers	38,895,366	32,940,436
Interest income from finance lease	2,260,036	1,619,393
Interest income from debt securities	1,243,086	1,422,060
Interest income from repurchase agreements	852,099	411,813
Income from factoring, creditive	2,269,042	2,141,018
Other interest income	140,788	142,982
<b>Total</b>	<b>45,841,700</b>	<b>38,960,310</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	8,473,655	7,386,810
Interest expense on term deposits and current accounts of customers	11,034,400	9,692,189
Interest expense on securities issued from bank	247,275	438,607
Interest expense on repurchase agreements	2,768	3,856
Other interest expense	409,551	367,055
<b>Total</b>	<b>20,167,649</b>	<b>17,888,517</b>

<b>Net Interest And Similar Income</b>	<b>25,674,051</b>	<b>21,071,793</b>
--	-------------------	-------------------

**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	194,497	176,549
Settlement services	1,502,630	1,578,812
Guarantees and letters of credits, accreditation management operations fee	389,185	112,768
Finance lease payments	76,660	111,614
Plastic card maintenance	2,631,976	2,842,191
Other commission fee	88,183	96,387
<b>Total</b>	<b>4,883,132</b>	<b>4,918,322</b>

<b>Commission and Other Fee Expense</b>	<b>Current period</b>	<b>Previous period</b>
Settlement operations / wire transfer fee	309,444	308,786
Cash withdrawal services	333,279	256,959
Plastic card maintenance	1,356,967	1,424,141
Other commission fee	37,172	34,337
<b>Total</b>	<b>2,036,862</b>	<b>2,024,223</b>

<b>Received Net Commission and Other Fee</b>	<b>2,846,271</b>	<b>2,894,099</b>
--	------------------	------------------

**8. Net Trading Income**

	<b>Current period</b>	<b>Previous period</b>
Net income from trading in foreign currencies	2,232,009	1,556,658
Net income from revaluation of foreign currency	227,659	-742,117
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	-146,700	1,483,621
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>2,312,968</b>	<b>2,346,258</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	-536,599	-112,651
Fines and penalties received	1,839,466	1,449,151
Other income	411,425	579,818
<b>Total</b>	<b>1,714,292</b>	<b>1,916,318</b>

**9. Impairment losses**

**Cash on hand**

<b>According to IFRS 9</b>	<b>Group I</b>
Amount at the beginning of the current period 01.01.20	6,284

Net provisions	77,051
Return	
Written off	0
Amount at the end of the current period 30.09.20	83,335

#### 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	29,517
Return	
Written off	0
Amount at the end of the current period 30.09.20	58,406

#### 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	3,866,920	-	-	11,679	3,878,599
Assets repaid	(212,086)	(16,308)	(3,322,137)	(168,392)	(3,718,923)
Transfer to Group I	12,763	(12,763)	-	-	(0)
Transfer to Group II	(667,287)	667,287	-	-	-
Transfer to Group III	(1,260,636)	(70,143)	1,330,779	-	0
Impact on period end ECL of exposures transferred between stages during the period	2,244	1,722,321	3,911,580	-	5,636,145
Unwinding of discount	-	-	353,164	-	353,164
Changes to models and inputs used for ECL calculations	1,749,240	23,711	2,512,214	-	4,285,165
Recoveries	-	-	6,131,547	-	6,131,547
Written off	-	-	(11,213,288)	-	(11,213,288)
Foreign exchange adjustments	44,447	61,632	154,196	-	260,275
Amount at the end of the current period 30.09.20	4,547,147	2,484,343	6,052,658	70,294	13,154,442

#### 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	292,946	-	-	-	292,946
Assets repaid	(6,458)	(121)	(19,872)	-	(26,451)
Transfer to Group I	401	(401)	-	-	-
Transfer to Group II	(41,644)	41,644	-	-	-
Transfer to Group III	(175,450)	(3,652)	179,102	-	-
Impact on period end ECL of exposures transferred between stages during the period	(211)	23,982	522,537	-	546,308
Changes to models and inputs used for ECL calculations	46,586	-502	57,251	0	103,335
Recoveries	0	0	10,703	0	10,703
Written off	0	0	-149,369	0	(149,369)
Foreign exchange adjustments	5,219	1,017	20,670	0	26,905
Amount at the end of the current period 30.09.20	166,107	67,138	695,408	0	928,653

#### Investments

According to IFRS 9	Group I
Amount at the beginning of the current period 01.01.20	216,674
Transfer to Stage I	92,347
Transfer to Stage II	
Transfer to Stage III	
Recoveries	
Written off	
Amount at the end of the current period 30.09.20	309,021

#### 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	134,158	-	-	134,158
Assets repaid	(40,160)	(1,133)	(2,877)	(44,170)
Transfer to Stage I	1,150	(1,150)	-	-
Transfer to Stage II	(678)	678	-	-
Transfer to Stage III	(1,330)	(33)	1,363	-
Impact on period end ECL of exposures transferred between stages during the period	(518)	1,964	1,921	3,367
Changes to models and inputs used for ECL calculations	220,080	35	692	220,807
Recoveries	-	-	-	-
Written off	-	-	-	-
Foreign exchange adjustments	21,207	168	151	21,525
Amount at the end of the current period 30.09.20	445,477	2,871	4,865	453,213

#### 10. General Administrative Expenses

	Current period	Previous period
Wages and salaries	10,797,251	10,725,759
Social insurance contributions	3,795	3,339
Repairs and maintenance expenses of tangible assets	783,248	693,579
Business trip expenses	45,298	207,635
Transport, connection and communication expenses	365,913	347,222

Lease expenses	30,684	45,032
Taxes other than on income	293,998	333,982
Consulting and other service expenses	113,618	62,029
Security expenses	282,348	326,347
Office supplies	186,045	233,545
Training costs	40,142	95,852
Insurance expenses	151,609	134,957
<b>Total</b>	<b>13,093,949</b>	<b>13,209,278</b>

#### 10.1 Other Operating Expenses

	Current period	Previous period
Advertising costs	711,273	621,089
Penalties paid	21,939	9,094
Amortization costs of property, plant, equipment and other intangible assets	2,314,182	1,959,805
Cash collection expenses	160,708	153,882
Insurance expenses of deposits	471,998	381,503
Other expenses	1,869,362	2,172,132
<b>Total</b>	<b>5,549,462</b>	<b>5,297,505</b>

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

Net Income From Investments in Controlled Entities	Current period	Previous period
Investments in associates	389,006	214,652
Investments in joint controlled entities		
Investments in subsidiary banks		
Investments in other subsidiary entities		
<b>Total</b>	<b>389,006</b>	<b>214,652</b>

#### 12. Income Tax Expense

	Current period	Previous period
Income tax expense	(1,390,419)	(2,075,289)
Any adjustments recognised in the period for current tax of prior periods		
Deferred tax expenses	744,140	32,589
<b>Current Income Tax</b>	<b>(646,279)</b>	<b>(2,042,700)</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	129,960		139,456
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>129,960</b>	<b>-</b>	<b>157,861</b>
	Balance as of the previous period	Recognised in reported results	Recognised in equity	Balance as of the current period
Other assets	230,308	(25,907)		204,401
Loans and advances to customers	360,982	579,521		940,503
Other liabilities	(107,038)	(33,800)		(140,838)
Investments in associates	25,720		(11,760)	13,960
Current accounts and deposits from customers	(81,250)	(9,593)		(90,843)
Property, Plant and Equipment	(391,821)	53,313	13,731	(324,777)
Investments at fair value through other comprehensive income	(587,774)	29,489	(172,920)	(731,205)
Other financial instruments	28,963	21,157		50,120
<b>Net deferred tax liability</b>	<b>(521,910)</b>	<b>614,180</b>	<b>(170,949)</b>	<b>(78,679)</b>

#### Earnings Per Share

	Current period	Previous period
Net Profit/(loss) after taxes	1,838,945	6,955,228
The quantity of ordinary shares	5,000,000	2,500
<b>Earnings Per Share</b>	<b>0</b>	<b>2,782</b>

#### 13. Cash On Hand

13.1 Cash and cash equivalents, remainings in CB	Current period	Previous period
Cash on hand	8,875,231	11,838,316
Other distributions of cash	6,632,594	4,811,327
Current accounts in CBA	43,875,866	41,704,517
Deposits in CBA	11,945,718	562,000
Interest accrued on current accounts and deposits of CB		

Impairment losses	(83,335)	(6,284)
<b>Total</b>	<b>71,246,074</b>	<b>58,909,876</b>
<i>Cash flow including cash on hand and accounts in CBA</i>	<i>59,383,697</i>	<i>51,260,396</i>
<i>Distributed funds in other banks (Note 14)</i>	<i>7,084,274</i>	<i>4,654,855</i>
<b>Total cash and cash equivalents</b>	<b>66,467,964</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	3,643	3,179
Requirements towards the high rating banks: BBB-(Baa3) and over	6,567,956	4,312,353
Requirements towards the low rating banks, lower than BBB-(Baa3) and requirements towards the banks without rating	509,926	339,295
Interest accrued	2,748	28
<b>Total</b>	<b>7,084,274</b>	<b>4,654,855</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>43,287,472</b>	<b>21,183,881</b>
loans and deposits	6,188,910	2,878,179
factoring		
lease		
repurchase agreements	36,843,266	17,696,166
letters of credit and bank guarantees		
other	255,296	609,536
<b>Requirements towards the high rating banks: BBB-(Baa3) and over</b>	<b>1,614,656</b>	-
loans and deposits		
factoring		
lease		
repurchase agreements		
letters of credit and bank guarantees		
other	1,614,656.31	
<b>Requirements towards the low rating banks, lower than BBB-(Baa3) and requirements towards the banks without rating</b>	<b>13,560</b>	<b>19,375</b>
loans and deposits		
factoring		
lease		
repurchase agreements		
letters of credit and bank guarantees		
other	13,560	19,375
<b>Including interest accrued</b>	<b>48,882</b>	<b>23,501</b>
<b>Total</b>	<b>51,999,962</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>51,999,962</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>4,532,495</b>	<b>2,041,440</b>
loans and deposits	849,664	572,862
factoring		
lease		
repurchase agreements	3,324,179	839,077
letters of credit and bank guarantees		
other	358,652	629,501
<b>Requirements towards the high rating financial institutions: BBB-(Baa3) and over</b>	-	<b>1,094,109</b>
loans and deposits		
factoring		
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>23,874</b>	<b>1,696</b>
loans and deposits		
factoring		
lease		

repurchase agreements		
letters of credit and bank guarantees		
other	23,674	1,696
<b>Interest accrued</b>	87,052	95,089
<b>Total</b>	<b>4,558,169</b>	<b>3,232,334</b>
<b>Impairment losses of requirements towards the financial institutions (Note 7)</b>	(58,406)	(28,889)
<b>Net Requirements Towards The Financial Institutions</b>	4,497,763	3,203,445
<b>Net Requirements Towards The Banks and The Financial Institutions</b>	<b>58,497,725</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>	319,353	-	251,177	-
long-term debt instruments	319353		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>	319,353	-	251,177	-
<b>Non-state securities of other countries</b>	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>	250,206		277	-
futures				
forward				
option				
swap	250,206		277	
Other				
<b>Total</b>	250,206	-	277	-
<b>Total Financial Assets at Fair Value Through Profit or Loss</b>	569,559	-	251,454	-

### 16. Loans and Advances to Customers

<i>Loans and other advances</i>	Current period	Previous period
Loans, including	264,770,062	237,845,373
Government of RA		
Local authorities		
Mortgage		
Credit lines and overdrafts	33,167,595	30,269,340
Factoring	11,188,002	12,813,525
Lease	26,262,637	20,437,127
Repurchase agreements		
Letters of credit and bank guarantees	41,691	
Other	1,870,303	550,420
Including interest accrued	4,218,137	3,366,097
<b>Total Loans</b>	337,300,290	301,915,785
Impairment losses of loans and advances to customers (Note 9)	(14,083,095)	(7,666,035)
<b>Total Net Loans</b>	<b>323,217,195</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	337,300,290	301,915,785
overdue	1,463,301	708,511
Impairment losses of loans and advances to customers	(14,083,095)	(7,666,035)
<b>Total Net Loans and Advances</b>	<b>323,217,195</b>	<b>294,249,750</b>

<i>The analyse of loans and advances by customer profile</i>	Current period	Previous period
State owned enterprises	616,752	172,574
Privately held companies	102,479,291	77,983,853
Individuals (natural persons): including	206,446,992	198,403,421
consumer loans	80,698,030	94,253,011
mortgage loans	27,535,869	19,530,847
credit cards	13,149,654	15,142,819
Individual entrepreneurs	27,757,255	25,355,937
Total net loans and advances	337,300,290	301,915,785
Including interest accrued	4,218,137	3,366,097
Impairment losses of loans and advances to customers	(14,083,095)	(7,666,035)
<b>Total Net Loans and Advances</b>	<b>323,217,195</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	23,918,535	7	23,313,181	7.72
Agriculture	111,481,258	33	87,879,060	29.10
Construction	17,779,149	5	11,643,284	3.86
Transport and connection	5,635,397	2	5,300,110	1.78
Trading	40,822,916	12	35,111,769	11.63
Consumer	80,698,030	24	94,253,011	31.22
Mortgage loans	26,863,966	8	19,530,847	6.47
Service industry	26,569,504	8	23,467,657	7.77
Other	3,531,535	1	1,416,866	0.47
<b>Total</b>	337,300,290	100	301,915,785	100

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

<i>State securities</i>	Current period	Previous period
State bonds of RA	9,452,410	16,212,563
Treasury bonds	9,452,410	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>9,452,410</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		3,026,145		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>3,026,145</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>16,774,147</b>		<b>22,760,449</b>

### 18. Other Financial Assets

<i>State securities</i>	<i>Current period</i>	<i>Previous period</i>
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	<b>984,442</b>	<b>749,442</b>
Investments in joint controlled entities		
Investments in subsidiary banks		
Investments in other subsidiary entities		
Dividends		
<b>Total</b>	<b>984,442</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	103,854	818,537	86,621	89,938	51,365		1,150,315
Disposals	-1,232,156	-4,808	-8,624	-7,975			-1,253,564
Revaluation*							0
Reclassification		83,816		-53,254		-30,562	0
<b>Amount as of the end of the current period</b>	<b>8,681,834</b>	<b>9,216,085</b>	<b>607,956</b>	<b>3,251,149</b>	<b>2,302,530</b>	<b>701,508</b>	<b>24,761,041</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>149,604</b>	<b>7,250,400</b>
Depreciation charge	175,727	715,662	59,193	187,000	571,025	77,048	1,785,653
Reclassification							0
Disposals	-207	-1,993	-2,174	-3,073			-7,446
<b>Amount as of the end of the current period</b>	<b>384,257</b>	<b>4,968,463</b>	<b>151,947</b>	<b>2,180,644</b>	<b>1,116,645</b>	<b>226,652</b>	<b>9,028,607</b>
<b>Net Carrying Amount</b>							
<b>Amount as of the end of the current period</b>	<b>8,297,577</b>	<b>4,247,602</b>	<b>456,009</b>	<b>1,070,505</b>	<b>1,185,885</b>	<b>474,856</b>	<b>15,732,435</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>3,602,424</b>	<b>0</b>	<b>131,527</b>	<b>0</b>	<b>18,132</b>	<b>4,549,590</b>
Additions	17,114	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	287,175	449,774		44,739			781,688
Disposals	-28	-43,364		-826			-44,218
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>2,034,597</b>	<b>3,539,212</b>	<b>0</b>	<b>263,648</b>	<b>0</b>	<b>18,132</b>	<b>5,855,489</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>71,160</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>1,498,461</b>	<b>2,421,755</b>	<b>0</b>	<b>167,761</b>	<b>0</b>	<b>18,132</b>	<b>4,106,128</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>	<b>Current period</b>	<b>Previous period</b>
Dividends receivable		
Amounts receivable from accreditation management operations		
Amounts receivable from other operations	795,601	1,110,167
<b>Total</b>	<b>795,601</b>	<b>1,110,167</b>

<i>Amounts receivable and prepayments</i>	<b>Current period</b>	<b>Previous period</b>
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>		
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>6,234,477</b>	<b>5,208,616</b>

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

<i>Current accounts</i>	<b>Current period</b>	<b>Previous period</b>
Amounts due to the banks of Ra	33,341	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>33,341</b>	<b>28,228</b>

<i>Interbank loans and deposits, other liabilities</i>		
<b>Amounts due to the CB of RA</b>	<b>19,509,737</b>	<b>13,460,062</b>
loans	19,506,157	13,458,824
repurchase agreements		
other	3,580	1,238
<b>Amounts due to the banks of Ra</b>	<b>143,118</b>	<b>1,049</b>
loans and deposits	139,418	
lease		
repurchase agreements		
other	3,700	1,049
<b>Amounts due to the high rating banks: BBB-(Baa3) and over</b>	<b>19,224,861</b>	<b>11,050,241</b>

loans and deposits	19,219,767	11,048,690
lease		
repurchase agreements		
other	5,094	1,551
<b>Amounts due to the low rating banks, lower than BBB-(Baa3) and amounts due to the banks without rating</b>	-	-
loans and deposits		
lease		
repurchase agreements		
other		
Including: Interest accrued	441,877	481,145
<b>Total</b>	<b>38,877,716</b>	<b>24,511,352</b>
<b>Amounts due to the financial institutions</b>	<b>91,970,089</b>	<b>82,610,314</b>
current accounts	16,239,098	6,132,591
loans and deposits	75,374,633	76,214,266
repurchase agreements		
other	356,358	263,458
Including: Interest accrued	2,587,797	2,135,988
<b>Total amounts due to banks and International financial institutions</b>	<b>130,881,146</b>	<b>107,149,894</b>

### 23.1 Subordinate loan

<i>Subordinate loan</i>	Հաշվետու ժամանակաշրջան	Նախորդ ժամանակաշրջան
Amounts Due International Financial Institutions	11,130,839	4,854,305
Including: Interest accrued	135,930	19,183
<b>ԸՆդամումը</b>	<b>11,130,839</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

<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	2,816,896	5,873,705
Preferred shares /financial liabilities/ issued by the bank		
Other securities issued		
Including: Interest accrued	77,281	152,759
<b>Total</b>	<b>2,816,896</b>	<b>5,873,705</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	27,715	121,756
other		78,334
Hedging derivatives		
Other		
<b>Total</b>	<b>27,715</b>	<b>200,090</b>

### 27. Amounts Payable

<i>Amounts payable</i>	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. 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

<i>Revaluation reserves</i>	Current period	Previous period
Unrealized profit / loss from revaluation of investments at fair value through other comprehensive income	3,572,144	2,730,236
Revaluation reserve of property, plant and equipment	2,946,535	3,009,091
<b>Total</b>	<b>6,518,679</b>	<b>5,739,327</b>

### 29. Other Liabilities

<i>Other liabilities</i>	Current period	Previous period
Amounts payable		
Tax payable, other than income tax	539,317	473,129
Due to personnel	1,862,958	1,926,560
Grants related to assets	25,043	16,060
Other	2,393,812	1,880,737
<b>Total Other Liabilities</b>	<b>4,821,130</b>	<b>4,296,486</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	29,804,985	26,385,614
Guarantees	14,698,027	5,883,173
Letters of credit	110,726	71,955

Provision (Note 9)	(453,213)	(117,526)
	44,160,525	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	322,421	296,697
Reductions during the year	290,243	307,002
Balance as at 30 September	438,396	406,218
Interest income	19,016	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	2,738,308	1,398,200
Reductions during the year	2,338,138	1,036,057
Balance as at 30 September	1,545,568	1,145,398
Interest income	118,678	79,485

### 32.1 Credit Risk Geographical Sectors

	Current period				
	Armenia	CIS countries	OECD countries	Non-OECD countries	Total
<b>Assets</b>					
Cash and balances with the Central Bank of Armenia	71,246,074				71,246,074
Amounts due from banks and other financial institutions	47,765,204	873,455	7,027,274	831,793	56,497,725
Financial assets at fair value through profit or loss	363,874		205,685		569,559
Loans and advances to customers	323,142,079	64,648	8,125	2,343	323,217,195
Financial assets at fair value through other comprehensive income	14,378,922		3,026,145		17,405,067
Other financial assets					-
<b>Total Assets</b>	<b>456,896,163</b>	<b>938,102</b>	<b>10,267,230</b>	<b>834,136</b>	<b>468,935,620</b>
<b>Liabilities</b>					
Amounts due to banks and other financial institutions	60,462,373		70,418,773		130,881,146
Amounts due to customers	258,735,721	2,974,096	9,637,017	2,705,534	274,052,368
Financial liabilities at fair value through profit or loss	16,309		11,406		27,715
Securities Issued by The Bank	2,816,896				2,816,896
Subordinate loan			11,130,839		11,130,839
<b>Total Liabilities</b>	<b>322,031,299</b>	<b>2,974,096</b>	<b>91,198,035</b>	<b>2,705,534</b>	<b>418,908,964</b>
<b>Net GAP</b>	<b>134,864,864</b>	<b>(2,035,994)</b>	<b>(80,930,806)</b>	<b>(1,871,398)</b>	<b>50,026,656</b>

	Previous period				
	Armenia	CIS countries	OECD countries	Non-OECD countries	Total
<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				251,154
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>76,276,847</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>(69,060,735)</b>	<b>(2,359,544)</b>	<b>46,489,687</b>

### 32.2 Market Risk Currency Risk

	Current period			
	AMD	I group currency*	II group currency**	Total

<b>Assets</b>				
Cash and balances with the Central Bank of Armenia	23,938,619	46,583,294	724,161	71,246,074
Amounts due from banks and other financial institutions	31,225,434	24,796,494	475,797	56,497,725
Financial assets at fair value through profit or loss	569,559			569,559
Loans and advances to customers	217,969,136	104,647,427	600,632	323,217,195
Financial assets at fair value through other comprehensive income	3,611,662	13,793,405	-	17,405,067
Other financial assets	-	-	-	-
<b>Total Assets</b>	<b>277,314,410</b>	<b>189,820,620</b>	<b>1,800,590</b>	<b>468,935,620</b>
<b>Liabilities</b>				
Amounts due to banks and other financial institutions	104,818,063	26,062,611	472	130,881,146
Amounts due to customers	136,779,803	134,798,307	2,474,258	274,052,368
Securities Issued by The Bank	1,341,491	1,475,405		2,816,896
Subordinate loan		11,130,839		11,130,839
<b>Total Liabilities</b>	<b>242,939,357</b>	<b>173,467,162</b>	<b>2,474,730</b>	<b>418,881,249</b>
<b>Net GAP</b>	<b>34,375,053</b>	<b>16,353,458</b>	<b>(674,140)</b>	<b>50,054,371</b>

	Previous period		I group currency*	II group currency**	Total
	AMD				
<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>2,456,865</b>		<b>405,256,588</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>358,586,809</b>
<b>Net GAP</b>	<b>42,004,956</b>	<b>4,152,889</b>	<b>531,932</b>		<b>46,689,777</b>
<b>Contingent Liabilities, including Credit Risk 30.06.20</b>	23,038,069	21,398,571	177,098		44,613,738

*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		5.51	4.94	5.65
interbank repo			4.94	5.00
interbank repo		5.41		5.62
Loans and advances to customers		13.71	9.36	14.18
Financial assets at fair value through other comprehensive income		6.30	4.97	6.09
Financial assets at fair value through profit or loss		8.70		9.75
Other financial assets				
Liabilities				
Amounts due to banks and other financial institutions, including:				
Loans		7.98	4.68	8.29
interbank repo		7.98	4.68	8.29
interbank repo				5.62
Amounts due to customers		4.71	2.77	5.65
<b>Obligations for the securities issued by banks</b>		8.26	4.85	9.50

### 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	-	-	70,378,074	-	-	-	-	-	868,000	71,246,074
Amounts due from banks and other financial institutions	-	-	48,835,391	2,625,951	1,993,386	848,466			2,194,532	56,497,725
Loans and advances to customers	1,749,085	14,875,621	5,935,536	11,961,609	78,536,966	160,516,734	23,909,506	398,154	297,883,211	
Lease	22,379	259,724	319,094	1,754,570	5,578,098	17,400,119			25,333,984	
Financial assets at fair value through other comprehensive income			5,333	168,951	3,822,744	10,280,254		3,127,785	17,405,067	
Financial assets at fair value through profit or loss			47,246	3,901		518,412			569,559	
Other requirements										
<b>Total</b>	1,771,464	15,135,345	125,520,674	16,514,981	89,931,194	189,563,985	23,909,506	6,588,471	468,935,620	
Liabilities maturity										
Amounts due to banks and other financial institutions	-	-	14,635,368	6,965,397	41,351,649	65,447,091	2,123,601	358,041	130,881,146	
Amounts due to customers	-	-	91,693,624	22,075,501	109,230,110	39,731,656	9,650,716	1,670,761	274,052,368	
Financial liabilities at fair value through profit or loss	-	-	79,893						79,893	
Securities issued by the Bank				1,341,491	1,475,405				2,816,896	
Subordinate loan				116,025	18,923		10,995,890		11,130,839	
<b>Total</b>	-	-	106,408,885	30,498,413	152,076,087	105,178,747	22,770,207	2,028,802	418,961,142	
Net Liquidity GAP	1,771,464	15,135,345	19,111,788	(13,983,432)	(62,144,893)	84,385,238	1,139,299	4,559,669	49,974,478	
Cumulative Liquidity GAP			36,018,598	22,035,165	(40,109,728)	44,275,510	45,414,810	49,974,478		
	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	-	-	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)	(52,822,444)	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.

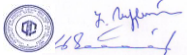
**34. Fair Value of Financial Assets and Liabilities**

	Current period		Previous period	
	Balance sheet value	Fair value	Balance sheet value	Fair value
<b>Financial assets</b>				
Amounts due from other financial institutions	56,497,725	56,497,725	29,085,057	29,085,057
Loans and advances to customers	323,217,195	323,217,195	294,249,750	294,249,750
<b>Financial liabilities</b>				
Amounts due to financial institutions	130,881,146	130,881,146	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	2,816,896	2,816,896	5,873,705	5,873,705

**38. Accepted Collateral**

Type of collateral	Current period	Previous period
Other securities	554,320	537,770
Precious jewelry, Gold scrap, Precious stones	2,063,878	5,781,960
Real Estate and property, plant and equipment	265,339,653	235,944,801
Ready-Made Products and Goods	31,906,741	31,425,678
Cash	15,626,926	12,518,192
Other collateral	14,783,432	4,655,623
<b>Total</b>	<b>330,274,950</b>	<b>290,864,024</b>

General Executive Director



H. Andreasyan

Chief Accountant

A. Hakobyan

Report validation date: 20/01/21