



Appendix 5  
**NOTES TO FINANCIAL STATEMENTS**  
 (Form 5)

30 June 2020

**ARMBUSINESSBANK CJSC, RA, YEREVAN, 48 NALBANDYAN**

**Note 1. Legal Environment and Corporate Governance**

"Armbusinessbank" CJSC, former "Arminvestbank" CJSC (hereinafter the Bank) was founded in 1991, and it is a closed joint-stock company that operates in accordance with the legislation of the Republic of Armenia (hereinafter RA); The Bank was registered on 10.12.1991 by the RA Central Bank (hereinafter, CBA). The license number is 40.

The Bank accepts deposits from and extends loans to the population, makes transfers within the territory of Armenia and abroad, conducts currency conversion operations, as well as renders other banking services to corporates and individuals.

The Bank's head office and 29 branches are located in Yerevan, 26 branches are located in different regions (marzes) of Armenia, and 7 branches – in the Republic of Nagorno Karabakh.

The legal address of the Bank is: 48 Nalbandyan Street, Yerevan.

The Bank is:

- member of the Union of Banks of Armenia
- full member of global Master Card/Europay payment system
- shareholder of SWIFT system
- full member of VISA International payment system
- member of the Union of the participants of Armenia's Mortgage Market
- Shareholder of ArCa processing center
- Bank runs its own processing center

**1. Corporate governance**

The Bank's managing bodies are:

- General Meeting of the Shareholders - the Supreme governing body
- The Board
- The Executive Board and the Chairman of the Executive Board

<b>a) The Board</b>
<b>Chairman of the Board – Arsen Mikayelyan</b>
<b>Board Members – Vitaly Grigoryants</b>
Arzuman Harutyunyan
Sergey Arzumanyan
Sevak Petrosyan
Alik Chirkinyan
<b>b) The Executive Board</b>
<b>Chairman of the Executive Board - Artavazd Sargsyan</b>
<b>Members of the Executive Board</b>
Manvel Sahakyan - First Deputy Chairman of the Executive Board, Member of the Executive Board
Nshan Grigoryan - Deputy Chairman of the Executive Board -Director of Credit Department
Narine Sargsyan - Chief Accountant
Movses Eloyan - Deputy Chairman of the Executive Board -Coordinator of Treasury Department and International Transactions Department
Ani Ghambaryan -Director of Risk Management Department

<b>c) Major Participants</b>
Vitaly Grigoryants – 95 %
Arsen Mikayelyan – 5 %

**d) Management Remuneration Policy**

Remuneration of the Management is provided in accordance with signed employment contracts and the staff list approved by the Board of the Bank.

**Note 2. Accounting Policy**

**2.1 Preparation of financial statements**

The Bank prepares its financial statements in accordance with the International Financial Reporting standards (IFRS), other legal acts regulating the accounting, and the requirements of the accounting policy approved by the Board of the Bank.

**2.2 Going Concern**

The financial statements have been prepared on a going concern basis which assumes that the Bank's assets should be realised and obligations met during the time of the Bank's operation.

**2.3 Comparability**

The comparable numbers have been adjusted where required to ensure the comparability with the numbers of the current period.

**2.4 Recognition of income and expense**

*2.4.1 Interest income and expense*

Interest income and interest expense in the Statement of Comprehensive Income are recognized on the accrual basis using the effective interest method.

*2.4.2 Commissions and other income and expense*

Loan origination fees together with correspondent expenses are deferred as an adjustment to the effective yield of the loans. Fees, other income and expense are recognized on an accrual basis during the time of service provision.

**2.5 Foreign currency transactions**

Foreign currency transactions are translated to the functional currency using the exchange rate as of the transaction date. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency using the exchange rate established as of the balance sheet date.

Gain and loss resulting from the difference between the exchange rate provided by the contract concerning the transaction and the exchange rate as of the transaction date are accounted for in the Statement of Comprehensive Income as a line item "net income from sale and purchase of foreign currency" in net trading income.

The following exchange rates were used by the Bank when preparing the financial statements:

	30.09.20	31 December 2019
AMD/1 US Dollar	482.36	479.7
AMD/1 EUR	540.44	537.26

**2.6 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand amounts of correspondent banks, balances with the CBA (excluding funds deposited for the settlement of ArCa payment cards), which can be converted into cash at short notice and which are subject to an insignificant risk of changes in value.

**2.7 Amounts due from other banks**

In the normal course of business, the Bank maintains current and deposits accounts opened with other banks for various periods of time.

**2.8 Securities**

On initial recognition, financial assets at fair value through other comprehensive income are accounted for at initial cost and thereafter remeasured at fair value. When revaluating at fair value, the revaluation result is reflected in the equity

## 2.9 Loans and advances to customers at amortized value

Loans and advances are financial assets with fixed payments, which arise when the Bank provides money directly to a debtor with no intention of trading the receivable. Loans granted by the Bank with fixed maturities are initially recognized at fair value plus related transaction costs. Subsequently, loans and advances are measured at amortized cost using the effective interest method. Loans and advances to customers at amortized value are carried net of any allowance for impairment losses.

## 2.10 Leasing

Lease payments under an operating lease are recognised in the statement of financial results as expenses according to IFRS 16.

## 2.11 Possible losses reserve

The Bank makes an impairment assessment for financial assets or a group of financial assets as of the each balance sheet date.

## 2.12 Intangible assets

Intangible assets include computer software, licences and similar items. Intangible assets acquired separately are initially recognized at cost. After initial recognition, intangible assets are carried at cost less accumulated amortisation or impairment losses. Intangible assets can have either an identifiable or indefinite useful life. Intangible assets with identifiable useful lives are amortized on a straight-line basis over their useful life, that is 15 years. Intangible assets with indefinite useful lives are not amortized, they are reassessed each year for impairment.

## 2.13 Property, plant and equipment

Property, plant and equipment ("PPE") are recorded at historical cost less accumulated depreciation.

Depreciation is calculated using the straight-line method based on the estimated useful life of the asset. The following depreciation annual rates have been applied:

	Useful life
	(years)
Buildings	30
Computers	3
Transportation means	8
Automatic teller machines	10
Other PPE	8
Property and office equipment	8

Leasehold improvements are capitalized and depreciated over the shorter of the lease term and their useful lives on a straight-line basis.

The expenditures as regards PPE repairs and maintenance are recognized as an expense in the statement of financial results during the period in which they are incurred.

## 2.14 Financial instruments

The Bank implements measurement, recognition, use and accounting for the financial instruments according to the order established by the RA legislation as well as the regulations, decrees, orders and acts issued by the Bank.

## 2.15 Events occurring after the balance sheet date

2.15.1 In case material errors revealed by the auditor result from the differences between the requirements of the International Accounting Standards and RA legislation, then the accounting records are made in accordance with the decisions taken by the managing bodies of the Bank.

2.15.2 In case material errors appear or are revealed after publication of the Bank's annual financial statements according to the established order, then no adjustments are made, and it is considered that repeated presentation of similar information is impracticable.

## 2.16 Taxation

Income tax on the profit for the reporting year comprises current and deferred taxes. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to taxes paid in respect of previous years. Deferred taxes are calculated taking into account all the temporary differences arising between carrying values of assets and liabilities recognized in the financial statements and the amounts calculated for taxation purposes.

The Bank pays also other taxes during the course of its activity. These taxes are included as a component of other expenses in the statement of comprehensive financial results

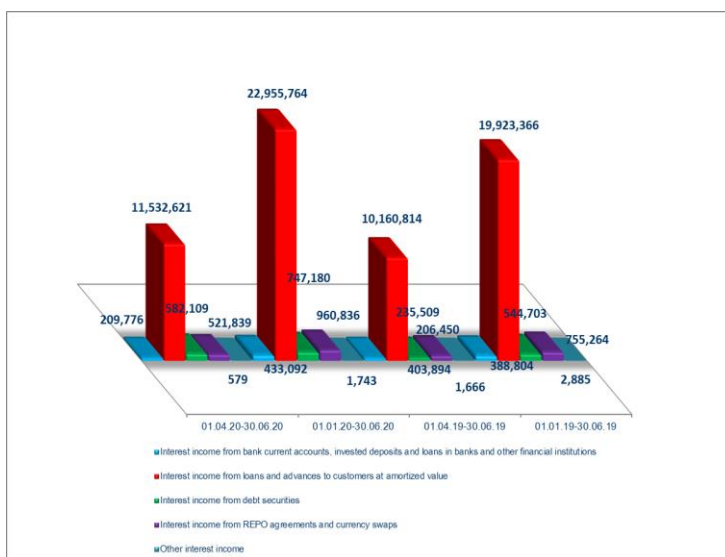
### 2.17 Functional and presentation currency

The national currency of the Republic of Armenia is RA Dram (AMD). For the purposes of these financial statements, RA Dram is the presentation currency as well.

The intermediary financial statements are presented in thousands of AMD.

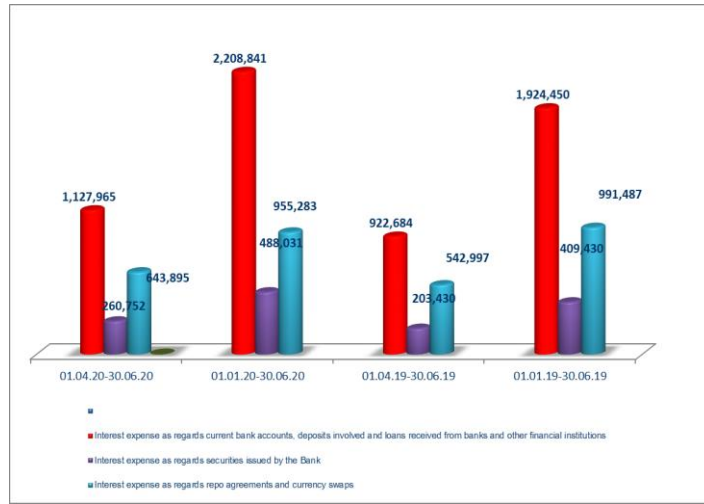
### Note 3. Net Interest and Similar Income

Interest and Similar Income	01.04.20-30.06.20	01.01.20-30.06.20	01.04.19-30.06.19	01.01.19-30.06.19
Interest income from bank current accounts, invested deposits and loans in banks and other financial institutions	209,776	433,092	206,450	388,804
Interest income from loans and advances to customers at amortized	11,532,621	22,955,764	10,160,814	19,923,366
Interest income from debt securities	582,109	747,180	235,509	544,703
Interest income from REPO agreements and currency swaps	521,839	960,836	403,894	755,264
Other interest income	579	1,743	1,666	2,885
<b>Total</b>	<b>12,846,924</b>	<b>25,098,615</b>	<b>11,008,333</b>	<b>21,615,022</b>



Interest and Similar Expense	01.04.20-30.06.20	01.01.20-30.06.20	01.04.19-30.06.19	01.01.19-30.06.19
Interest expense as regards current bank accounts, deposits involved and loans received from banks and other financial institutions	1,127,965	2,208,841	922,684	1,924,450

Interest expense as regards customers' time deposits and current accounts	7,345,139	14,846,432	6,591,667	13,260,069
Interest expense as regards securities issued by the Bank	260,752	488,031	203,430	409,430
Interest expense as regards repo agreements and currency swaps	643,895	955,283	542,997	991,487
Other interest expense	46	1,757	0	19
<b>Total</b>	<b>9,377,797</b>	<b>18,500,344</b>	<b>8,260,778</b>	<b>16,585,455</b>
<b>Net interest and similar income</b>	<b>3,469,127</b>	<b>6,598,271</b>	<b>2,747,555</b>	<b>5,029,567</b>



**Note 4. Income and Expense in the form of Commissions and Other Fees**

Income in the form of Commissions and Other Fees	01.04.20-30.06.20	01.01.20-30.06.20	01.04.19-30.06.19	01.01.19-30.06.19
Cash operations	239,516	510,712	243,949	539,524
Settlement services	692,920	1,372,576	501,327	933,837
Guarantee, acceptance, letter of credit, trust management operations	269,637	356,476	46,511	140,322
Transaction in foreign currency and securities				
Plastic card operations	311,539	839,564	244,909	454,029
Other commission payments	250,035	531,927	330,036	584,239
<b>Total</b>	<b>1,763,647</b>	<b>3,611,255</b>	<b>1,366,732</b>	<b>2,651,951</b>

Expenses in the form of Commissions and Other Payments	01.04.20-30.06.20	01.01.20-30.06.20	01.04.19-30.06.19	01.01.19-30.06.19
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Commission payments as regards correspondent and other accounts/bank transactions	162,053	313,406	145,186	272,409
Commission payments as regards transactions with plastic cards/cash transactions	21,907	77,998	59,725	109,909
Payments as regards guarantees, acceptance, letters of credit, trust management transactions	3,801	14,983	5,269	20,089
Commission payments as regards transactions in foreign currency and securities				
Other commission payments	11,389	29,217	4,951	9,243
<b>Total</b>	<b>199,150</b>	<b>435,604</b>	<b>215,131</b>	<b>411,650</b>

<b>Net Commissions and other payments received</b>	<b>1,564,497</b>	<b>3,175,651</b>	<b>1,151,601</b>	<b>2,240,301</b>
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**Note 5. Net income from trading transactions**

<b>Income from investments remeasured at fair value and held at fair value</b>	<b>01.04.20-30.06.20</b>	<b>01.01.20-30.06.20</b>	<b>01.04.19-30.06.19</b>	<b>01.01.19-30.06.19</b>
Net income from purchase and sale of investments held for trading, including				
- shares				
- debt securities				
- derivative instruments	1,380,507	-1,064,621	19,856	10,734
Net income from change in fair value of investments held for trading				
<b>Total</b>	<b>1,380,507</b>	<b>-1,064,621</b>	<b>19,856</b>	<b>10,734</b>

<b>Net income from investments available for sale</b>	<b>01.04.20-30.06.20</b>	<b>01.01.20-30.06.20</b>	<b>01.04.19-30.06.19</b>	<b>01.01.19-30.06.19</b>
Net income from purchase and sale of investments available for sale, including				
- shares				
- debt securities	58,338	93,841	6,658	2,529
- derivative instruments				
Net income from change in fair value of investments held for trading	828,071	1,246,993	1,149,218	1,556,808
<b>Total</b>	<b>886,409</b>	<b>1,340,834</b>	<b>1,155,876</b>	<b>1,559,337</b>

<b>From foreign currency transactions</b>	<b>01.04.20-30.06.20</b>	<b>01.01.20-30.06.20</b>	<b>01.04.19-30.06.19</b>	<b>01.01.19-30.06.19</b>
Net income from foreign currency dealings	1,192,808	2,168,268	621,899	1,292,017
Net income from foreign currency revaluation	-1,379,628	1,271,560	-98,035	-67,100
<b>Total</b>	<b>-186,820</b>	<b>3,439,828</b>	<b>523,864</b>	<b>1,224,917</b>

<b>From bank standardized precious metal bullions and commemorative coins</b>	<b>01.04.20-30.06.20</b>	<b>01.01.20-30.06.20</b>	<b>01.04.19-30.06.19</b>	<b>01.01.19-30.06.19</b>
Net income from purchase and sale of bank standardized precious metal bars and commemorative coins	835	15,254	39,082	52,194
Net income from revaluation of bank standardized precious metal bullions and commemorative coins	5,608	23,341	10,790	15,354
<b>Total</b>	<b>6,443</b>	<b>38,595</b>	<b>49,872</b>	<b>67,548</b>

Net income from trading transactions	1,668,097	1,668,097	1,113,068	1,113,068
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**Note 6. Other operating income**

Other operating income	01.04.20-30.06.20	01.01.20-30.06.20	01.04.19-30.06.19	01.01.19-30.06.19
Fines and penalties received	548,783	1,047,127	564,486	1,035,527
Income received from factoring	0	0	0	0
Net income from disposal of PPE and intangible assets	1,772	71,966	263	5,583
Net income from revaluation and impairment reversal of PPE and intangible assets				
Other income	116,220	325,996	112,447	216,417
<b>Total</b>	<b>666,775</b>	<b>1,445,089</b>	<b>677,196</b>	<b>1,257,527</b>

**Note 7. Net allocations to the assets possible loss reserve**

As regards amounts due from banks	Note 14	01.04.20-30.06.20	01.01.20-30.06.20	01.04.19-30.06.19	01.01.19-30.06.19
Opening balance		297,522	244,057	295,472	218,090
Allocations to the reserve		536,475	978,342	871,774	1,849,834
Return of reserve allocations		-389,241	-777,643	-383,972	-1,284,650
Net allocations to the reserve		147,234	200,699	487,802	565,184
Return of amounts previously written-off to the off-balance sheet		0	0	0	0
Reserve utilization					
<b>Closing balance</b>		<b>444,756</b>	<b>444,756</b>	<b>783,274</b>	<b>783,274</b>

As regards amounts due from financial institutions	Note 14	01.04.20-30.06.20	01.01.20-30.06.20	01.04.19-30.06.19	01.01.19-30.06.19
Opening balance		219,325	207,749	38,016	30,260
Allocations to the reserve		75,858	100,963	84,581	100,388
Return of reserve allocations		-26,069	-39,598	-6,641	-14,692
Net allocations to the reserve		49,789	61,365	77,940	85,696
Return of amounts previously written-off to the off-balance sheet					
Reserve utilization					
<b>Closing balance</b>		<b>269,114</b>	<b>269,114</b>	<b>115,956</b>	<b>115,956</b>

As regards loans and advances provided to the customers	Note 16	01.04.20-30.06.20	01.01.20-30.06.20	01.04.19-30.06.19	01.01.19-30.06.19
Opening balance		9,153,006	8,870,316	8,583,446	8,355,259
Allocations to the reserve		5,505,030	10,470,188	1,791,160	4,563,588
Return of reserve allocations		-1,578,094	-4,005,794	-1,462,611	-2,810,136
Net allocations to the reserve		3,926,936	6,464,394	328,549	1,753,452

Return of amounts previously written-off to the off-balance sheet	675,809	2,288,482	1,070,788	1,539,429
Reserve utilization	-5,543,693	-9,411,134	-1,161,277	-2,826,634
<b>Closing balance</b>	<b>8,212,058</b>	<b>8,212,058</b>	<b>8,821,506</b>	<b>8,821,506</b>

As regards investments		01.04.20-30.06.20	01.01.20-30.06.20	01.04.19-30.06.19	01.01.19-30.06.19
Opening balance	<b>Note 18</b>	0	0	420	421
Allocations to the reserve		0	0	0	0
Return of reserve allocations		0	0	-1	-1
Net allocations to the reserve		0	0	-1	-1
Return of amounts previously written-off to the off-balance sheet					
Reserve utilization					
<b>Closing balance</b>		<b>0</b>	<b>0</b>	<b>420</b>	<b>420</b>

As regards other assets		01.04.20-30.06.20	01.01.20-30.06.20	01.04.19-30.06.19	01.01.19-30.06.19
Opening balance	<b>Note 18</b>	478,917	485,265	494,719	480,158
Allocations to the reserve		1,210,712	2,900,750	1,897,494	3,088,049
Return of reserve allocations		-1,205,978	-2,901,387	-1,754,026	-2,930,231
Net allocations to the reserve		4,734	-637	143,468	157,818
Return of amounts previously written-off to the off-balance sheet		2,035	36,412	4,515	10,865
Reserve utilization		-5,993	-41,347	-153,891	-160,030
<b>Closing balance</b>		<b>479,693</b>	<b>479,693</b>	<b>488,811</b>	<b>488,811</b>

As regards off-balance sheet items containing credit risk		01.04.20-30.06.20	01.01.20-30.06.20	01.04.19-30.06.19	01.01.19-30.06.19
Opening balance	<b>Note 34</b>	866,497	988,680	1,008,461	939,778
Allocations to the reserve		655,434	969,188	251,484	598,503
Return of reserve allocations		-446,455	-882,392	-290,399	-568,735
Net allocations to the reserve		208,979	86,796	-38,915	29,768
<b>Closing balance</b>		<b>1,075,476</b>	<b>1,075,476</b>	<b>969,546</b>	<b>969,546</b>

<b>Total net allocations to the reserves</b>		<b>4,337,672</b>	<b>6,812,617</b>	<b>998,844</b>	<b>2,591,917</b>
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**Note 8. General administrative expenses**

General administrative expenses	01.04.20-30.06.20	01.01.20-30.06.20	01.04.19-30.06.19	01.01.19-30.06.19
Expenses as regards calculated salary and other equivalent payments *	1,439,084	3,001,861	1,117,662	2,481,253
Expenses as regards social payments	0	0	0	0
Expenses as regards training and tuition	93	1,329	897	1,870
Expenses as regards business trips	11,627	43,506	50,843	88,241
Expenses as regards operating lease	37,238	62,867	64,106	126,876
Insurance expenses	12,360	18,180	17,310	29,090
Expenses as regards maintenance and security of Bank's equipment	57,485	77,840	61,037	70,275
Expenses as regards maintenance and security of Bank's buildings	76,861	171,884	71,275	142,295
Expenses as regards audit and other consulting services	22,282	28,287	14,610	18,403



Expenses as regards communication means	39,038	76,103	32,331	62,654
Transportation expenses	19,380	38,999	23,229	41,681
Expenses as regards taxes, duties and other obligatory payments (except profit tax)	63,899	116,647	146,915	267,669
Office and organizational expenses	17,719	38,686	20,944	37,376
Expenses as regards loans provision and return	4,451	8,937	7,015	15,078
Other administrative expenses	185,817	344,033	387,573	593,212
<b>Total</b>	<b>1,987,334</b>	<b>4,029,159</b>	<b>2,015,747</b>	<b>3,975,973</b>

The number of the Bank employees as at 30 June 2020 is 1199.

The size of average monthly salary per employee is 286 thous. drams.

#### Note 9. Other Operating Expenses

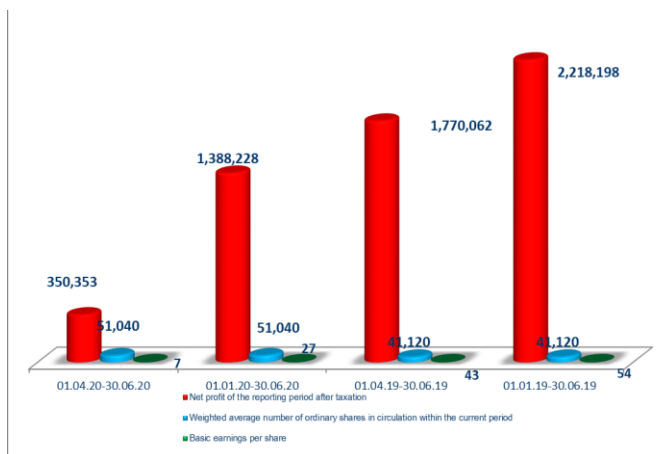
Other Operating Expenses	01.04.20-30.06.20	01.01.20-30.06.20	01.04.19-30.06.19	01.01.19-30.06.19
Fines and penalties paid	544	1,164	54,545	73,337
Advertising and representation expenses	66,773	126,892	49,596	116,811
Fcatoting expenses				
Fixed and intangible assets amortization expenses	353,515	697,314	274,701	549,335
Loss from impairment of tangible assets				
Allocations to deposit guarantee fund	320,506	650,446	292,591	507,893
Other expenses	370,241	938,912	296,506	583,787
<b>Total</b>	<b>1,111,579</b>	<b>2,414,728</b>	<b>967,939</b>	<b>1,831,163</b>

#### Note 11. Profit Tax Expense

Profit tax expense	01.04.20-30.06.20	01.01.20-30.06.20	01.04.19-30.06.19	01.01.19-30.06.19
Current tax expense	0	328,915	573,228	772,680
Adjustments of current tax for previous periods recognized in the given period				
Deferred tax expense				
<b>Total</b>	<b>0</b>	<b>328,915</b>	<b>573,228</b>	<b>772,680</b>

#### Note 12. Basic Earnings per Share

Basic Earnings per Share	01.04.20-30.06.20	01.01.20-30.06.20	01.04.19-30.06.19	01.01.19-30.06.19
Net profit of the reporting period after taxation	350,353	1,388,228	1,770,062	2,218,198
Dividends calculated for the current reporting period as regards preference shares	( )	( )	( )	( )
Net gain/loss for the current period attributable to the owners of the ordinary shares				
Weighted average number of ordinary shares in circulation within the current period	51,040	51,040	41,120	41,120
Basic earnings per share	7	27	43	54
Diluted earnings per share				



**Note. Other Comprehensive Income**

Other Comprehensive Income	01.04.20-30.06.20	01.01.20-30.06.20	01.04.19-30.06.19	01.01.19-30.06.19
Exchange rate differences from recalculation of foreign transactions				
Revaluation of financial assets at fair value through other comprehensive income	3,703,055	3,456,137	(1,135,951)	(1,719,355)
Cash flow hedging				
Gains from PPE revaluations				
Deferred tax expense				
<b>Total</b>	<b>3,703,055</b>	<b>3,456,137</b>	<b>(1,135,951)</b>	<b>(1,719,355)</b>

**Note 13. Cash means, Cash Equivalents and Balances with the RA Central Bank**

Cash, cash equivalents and balances with the CBA	Reporting period	Previous period
Cash means	7,661,569	8,022,434
Other placements of cash	2,147,972	2,272,445
Correspondent accounts with the CBA *	80,841,740	86,859,799
<b>Total</b>	<b>90,651,281</b>	<b>97,154,678</b>
Deposit accounts with the CBA	0	0
Deposited means with the CBA **	110,000	210,000
Accrued interest		
<b>Cash means and balances with the CBA</b>	<b>90,761,281</b>	<b>97,364,678</b>
Standardized precious metal bullions	114,321	159,077
Placements with other banks (Note 14)	44,030,924	24,227,605
<b>Total cash and cash equivalents</b>	<b>128,025,531</b>	<b>109,055,290</b>

\* Correspondent accounts with the CBA include funds calculated against amounts involved by the Bank according to the RA bank legislation, subjected to obligatory provisioning

\*\* The deposited amount with CBA represents an insured deposit for settlements realized through ArCa payment system

**Note 14. Amounts due from banks and other financial institutions**

<b>Current accounts</b>	<b>Reporting period</b>	<b>Previous period</b>
RA banks	26	26
Banks with BBB – (Baa3) and higher rating	32,071,119	9,103,002
Banks with no rating and rating below BBB-(Baa3)	5,188,784	2,638,507
Accrued interest	0	0
<b>Total</b>	<b>37,259,929</b>	<b>11,741,535</b>

<b>Interbank loans and deposits, etc.</b>		
<b>CBA</b>		
Loans and deposits		
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap		
Other		
<b>RA Banks</b>		
Loans and deposits	0	0
Factoring		
Financial lease		
Repo (repurchase) agreements	0	5,103,969
Swap		0
Letters of credit and bank guarantees		
Other		
<b>Banks with BBB – (Baa3) and higher rating</b>		
Loans and deposits	4,698,900	5,967,360
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap	0	0
Letters of credit and bank guarantees		
Other	0	0
<b>Banks with no rating and rating below BBB-(Baa3)</b>		
Loans and deposits		
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap		65918
Letters of credit and bank guarantees		
Other	2,516,333	1,586,407
<b>Accrued interest</b>	<b>518</b>	<b>6,473</b>
<b>Total</b>	<b>44,475,680</b>	<b>24,471,662</b>
Reserve for possible losses as regards amounts due from Banks (Note 7)	<b>-444,756</b>	<b>-244,057</b>
<b>Net amounts due from banks</b>	<b>44,030,924</b>	<b>24,227,605</b>

<b>Loans and deposits with financial institutions, other amounts due</b>		
<b>RA financial institutions</b>	<b>25,982,841</b>	<b>19,781,918</b>
Loans and deposits	11,542,156	12,189,144

Factoring		
Financial lease		
Repo (repurchase) agreements	14,440,685	7,592,490
Swap	0	284
Letters of credit and bank guarantees		
Other		
<b>Financial institutions with BBB – (Baa3) and higher rating</b>		
Loans and deposits	0	0
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap		
Letters of credit and bank guarantees		
Other		
<b>Financial institutions with no rating and rating below BBB-(Baa3)</b>	860,075	930,291
Loans and deposits		
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap		
Letters of credit and bank guarantees		
Other	860,075	930,291
<b>Accrued interest</b>	68,522	62,947
<b>Total</b>	26,911,438	20,775,156
<b>Reserve for possible losses as regards amounts due from financial institutions (Note 7)</b>	-269,114	-207,749
<b>Net amounts due from financial institutions</b>	<b>26,642,324</b>	<b>20,567,407</b>
<b>Net amounts due from banks and financial institutions</b>	<b>70,673,248</b>	<b>44,795,012</b>

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

Government securities	Reporting period	Previous period
<b>RA Government securities, including</b>		
Treasury bonds	38,105,294	35,387,635
Central Bank bonds		
Other		
<b>Government securities of countries with BBB – (Baa3) and higher rating, including</b>		
Treasury bonds		
Central Bank bonds		
Other		
<b>Government securities of countries with no rating and rating below BBB-(Baa3)</b>		
Treasury bonds		
Central Bank bonds		
Other		
<b>Total Government securities</b>	<b>38,105,294</b>	<b>35,387,635</b>

Non-government securities of RA	Listed	Non-Listed	Listed	Non-Listed
<b>Issuer with A-/A3/ and higher rating</b>				
Long term debt instruments				

Short term debt instruments				
Deposit certificates				
Equity instruments				
Other				
<b>Issuer with "C" and higher rating by CBA</b>				
Long term debt instruments				
Short term debt instruments				
Deposit certificates				
Equity instruments				
Other				
<b>Issuer with BBB+/Baa1/ and below rating, other rating and no rating</b>				
Long term debt instruments				
Short term debt instruments				
Deposit certificates				
Equity instruments				
Other				
<b>Total non-government securities of RA held for trading</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Non-government securities of other countries</b>	<b>Listed</b>	<b>Non-Listed</b>	<b>Listed</b>	<b>Non-Listed</b>
<b>Issuer with A-/A3/ and higher rating</b>				
Long term debt instruments				
Short term debt instruments				
Deposit certificates				
Equity instruments				
Other				
<b>Issuer with BBB+/Baa1/ and below rating, other rating and no rating</b>				
Long term debt instruments				
Short term debt instruments				
Deposit certificates				
Equity instruments				
Other				
<b>Total non-government securities of other countries held for trading</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total securities held for trading</b>	<b>38,105,294</b>	<b>35,387,635</b>	<b>0</b>	<b>0</b>

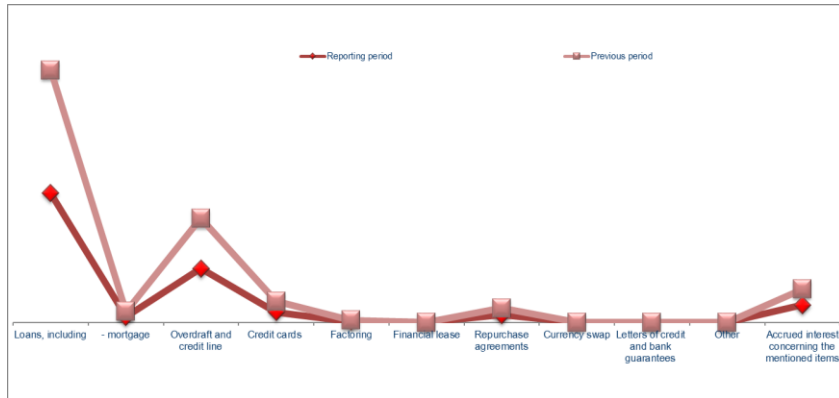
<b>Other financial assets held for trading</b>	<b>Reporting period</b>	<b>Reporting period</b>	<b>Previous period</b>	<b>Previous period</b>
<b>Loans, factoring, accounts receivable</b>				
Borrowers with A-/A3/ or higher rating				
Borrowers with BBB+/Baa1/ and lower rating, other rating and no rating				
- Mortgage				
- Consumer loans				
- Other				
<b>Derivative instruments</b>	<b>0</b>		<b>0</b>	

- Futures				
- Forward				
- Option				
- Swap				
- Other				
<b>Total</b>				

<b>Total financial assets at fair value through profit/loss</b>	<b>38,105,294</b>	<b>35,387,635</b>	<b>0</b>	<b>0</b>
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**Note 16. Loans and advances to customers at amortized value**

<b>Issued loans and other advances</b>	<b>Reporting period</b>	<b>Previous period</b>
Loans, including	359,059,902	341,090,738
- to banks		
- to RA Government		
- to local authorities		
- mortgage	15,751,526	14,387,915
<b>Overdraft and credit line</b>	<b>150,136,008</b>	<b>138,790,224</b>
<b>Credit cards</b>	<b>28,939,019</b>	<b>29,690,852</b>
<b>Factoring</b>	<b>3,136,862</b>	<b>3,151,348</b>
Financial lease	-	-
Repurchase agreements	20,682,710	19,420,019
Currency swap	-	-
Letters of credit and bank guarantees	187,071	186,724
Other		
Accrued interest concerning the mentioned items	48,536,103	44,011,065
<b>Total loans</b>	<b>610,677,675</b>	<b>576,340,970</b>
Reserve for possible losses as regards loans and advances to customers at amortized value (Note 7)	-8,212,058	-8,870,316
<b>Total net loans</b>	<b>602,465,617</b>	<b>567,470,654</b>



**Breakdown of Performing and Non-Performing Loans and advances to customers at amortized value as of the End of the Reporting Period**

Breakdown of performing and non-performing loans and advances provided to customers at amortized		Reporting period	Previous period
Performing loans and advances	Amount	600,796,637	563,286,263
	Quantity	74,330	65,975
Non-Performing loans and advances, including		9,881,038	13,054,707
	Quantity	1254	1981
Overdue	Amount	4,926,741	6,162,062
	Quantity	1024	1452
Accrued interests			
Total loans	Amount	610,677,675	576,340,970
	Quantity	75,584	67,956
Provision for possible losses as regards loans and advances to customers at amortized value (Note 7)		-8,212,058	-8,870,316
<b>Total net loans</b>		<b>602,465,617</b>	<b>567,470,654</b>

**Analysis of provided loans and advances to customers at amortized value by customer group**

Analysis of the provided loans and advances by customer group		Reporting period	Previous period
State enterprises		41,063,120	39,814,666
Private enterprises, including		423,090,767	403,862,124
- large enterprises		238,117,597	212,816,701
- small and medium enterprises		184,973,170	191,045,423
Natural persons, including		94,832,737	86,199,078
- consumer loans		47,426,071	39,982,836
- mortgage loans		15,751,526	13,987,630
- credit cards		28,844,262	30,869,194
Sole entrepreneurs		3,154,948	2,454,037
Accrued interest		48,536,103	44,011,065
<b>Total loans</b>		<b>610,677,675</b>	<b>576,340,970</b>
Provision for possible losses as regards loans and advances to customers at amortized value		(8,212,058)	(8,870,316)
<b>Total net loans</b>		<b>602,465,617</b>	<b>567,470,654</b>

a) Total loans provided to major borrowers and related persons as of 30.06.2020 made AMD 246.318.391 thous, as of 31.12.2019 – AMD 223.739.775 thous.

b) Share in total loan portfolio as of 30.06.2020 made 40.88 %, as of 31.12.2019 -39.16 %

c) Percentage to Capital as of 30.06.2020 was 498.01 %, as of 31.12.2019 – 493.43 % .

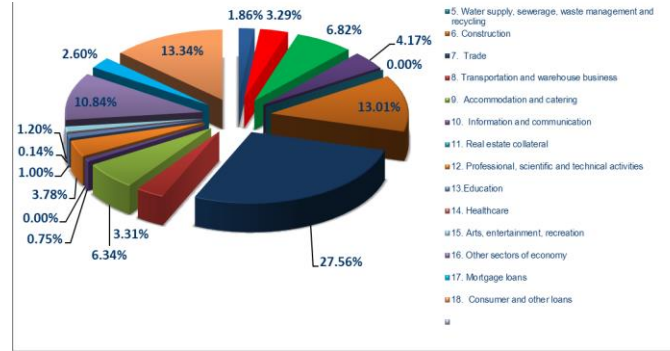
Analysis of loan portfolio according to number of borrowers		Reporting period	Previous period
State enterprises		6	8
Private enterprises		482	463
Natural persons		54,781	50,567
Sole entrepreneurs		613	496
<b>Total</b>		<b>55,882</b>	<b>51,534</b>

**Analysis of loan portfolio according to the industry sectors (less the reserve amount for possible losses)**

		30.06.20	
Analysis of loans and advances according to crediting sectors		Reporting period	Percentage
1. Agriculture , forestry and fishing		11,355,950	1.86
2. Mining and quarrying		20,115,611	3.29

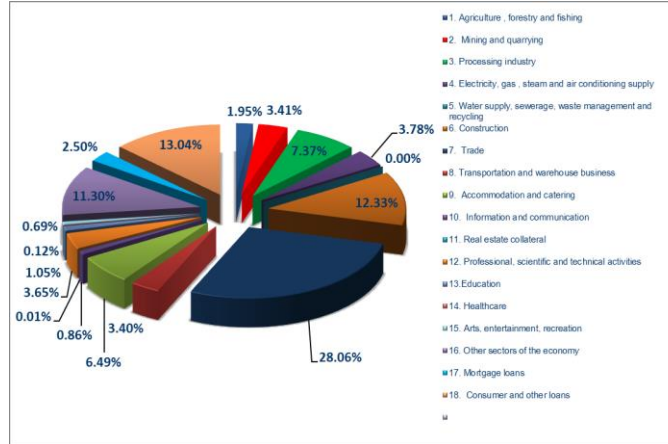
- 1. Agriculture , forestry and fishing
- 2. Mining and quarrying
- 3. Processing industry
- 4. Electricity, gas, steam and air conditioning supply

3. Processing industry	41,637,374	6.82
4. Electricity, gas, steam and air conditioning supply	25,474,292	4.17
5. Water supply, sewerage, waste management and recycling	12,319	0.00
6. Construction	79,436,109	13.01
7. Trade	168,279,153	27.56
8. Transportation and warehouse business	20,222,228	3.31
9. Accommodation and catering	38,704,749	6.34
10. Information and communication	4,550,864	0.75
11. Real estate collateral	18,944	0.00
12. Professional, scientific and technical activities	23,084,581	3.78
13. Education	6,081,247	1.00
14. Healthcare	884,075	0.14
15. Arts, entertainment, recreation	7,316,629	1.20
16. Other sectors of economy	66,209,541	10.84
17. Mortgage loans	15,849,987	2.60
18. Consumer and other loans	81,444,022	13.34
<b>Total</b>	<b>610,677,675</b>	<b>100</b>



31.12.19

Analysis of loans and advances according to crediting sectors	Previous period	Percentage
1. Agriculture, forestry and fishing	11,253,294	1.95
2. Mining and quarrying	19,658,962	3.41
3. Processing industry	42,455,434	7.37
4. Electricity, gas, steam and air conditioning supply	21,762,861	3.78
5. Water supply, sewerage, waste management and recycling	14,782	0.00
6. Construction	71,052,505	12.33
7. Trade	161,701,729	28.06
8. Transportation and warehouse business	19,601,123	3.40
9. Accommodation and catering	37,386,037	6.49
10. Information and communication	4,976,927	0.86
11. Real estate collateral	69,059	0.01
12. Professional, scientific and technical activities	21,051,006	3.65
13. Education	6,035,010	1.05
14. Healthcare	708,569	0.12
15. Arts, entertainment, recreation	3,966,299	0.69
16. Other sectors of the economy	65,118,206	11.30
17. Mortgage loans	14,388,394	2.50
18. Consumer and other loans	75,140,773	13.04
<b>Total</b>	<b>576,340,970</b>	<b>100</b>



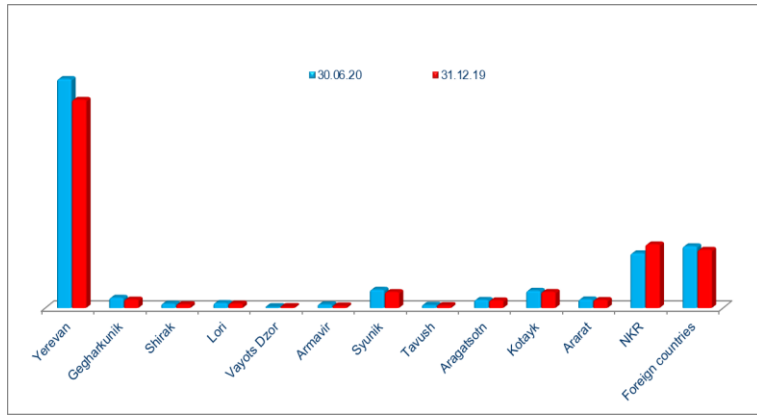
Analysis of the loan portfolio as regards customers' residency

Analysis of the loan portfolio as regards customers' residency	Reporting period	Percentage	Previous period	Percentage
RA residents	515,120,927	85.50	485,118,374	85.49
Non-residents	87,344,690	14.50	82,352,280	14.51
<b>Total</b>	<b>602,465,617</b>	<b>100</b>	<b>567,470,654</b>	<b>100</b>

Region (Marz)	30.06.20		31.12.19	
	Quantity	Amount	Quantity	Amount
Yerevan	22827	323,504,320	21273	294,131,453
Gegharkunik	10171	14,667,396	8580	12,126,953
Shirak	7980	6,187,691	7129	5,350,925



Lori	4370	7,254,984	3612	6,323,490
Vayots Dzor	91	1,909,833	71	2,064,276
Armavir	2439	5,227,314	1976	3,264,149
Syunik	3577	25,980,445	3295	22,664,343
Tavush	1246	4,410,761	767	3,852,784
Aragatsotn	5828	11,660,167	5397	10,965,045
Kotayk	4105	24,582,315	3699	22,868,536
Ararat	6224	12,329,462	5454	11,509,805
NKR	6649	77,406,239	6626	89,996,615
Foreign countries	77	87,344,690	77	82,352,280
<b>Total</b>	<b>75,584</b>	<b>602,465,617</b>	<b>67,956</b>	<b>567,470,654</b>



Note 17. Financial assets at fair value through other comprehensive income

State securities	Reporting period	Previous period
<b>State obligations</b>	28,379,968	5,727,946
Treasury obligations	28,379,968	5,727,946
Central Bank obligations		
Promissory note		
<b>State obligations of countries with BBB-/Baa3/ or higher rating</b>		
Treasury obligations		
Central Bank obligations		
Other		
<b>State securities of countries with BB+/Ba1/ or below rating or no rating</b>		
Treasury obligations		
Central Bank obligations		
Other		
<b>Possible loss reserve for promissory notes (Note 7)</b>		
<b>Total state securities</b>	<b>28,379,968</b>	<b>5,727,946</b>

Non-state securities of RA	Reporting period	Previous period
<b>Issuer with A-/A3/ or higher rating</b>		
Long term debt instruments		

Short term debt instruments		
Deposit certificates		
Equity instruments		
Other		
<b>Issuer with "C" and higher rating by CBA</b>		
Long term debt instruments		
Short term debt instruments		
Deposit certificates		
Equity instruments		
Other		
<b>Issuer with BBB+/Baa1/ or below rating, other rating or no rating</b>		
Long term debt instruments	2,304,340	2,298,518
Short term debt instruments		
Deposit certificates		
Equity instruments		
Other		
Total non government securities of RA	2,304,340	2,298,518

<b>Non-state securities of other countries</b>	<b>Reporting period</b>	<b>Previous period</b>
<b>Issuer with A-/A3/ or higher rating</b>		
Long term debt instruments		
Short term debt instruments		
Deposit certificates		
Equity instruments		
Other		
<b>Issuer with BBB+/Baa1/ or below rating, other rating or no rating</b>		
Long term debt instruments		
Short term debt instruments		
Deposit certificates		
Equity instruments		
Other		
Total non government securities of other countries	0	0

<b>Total financial assets at fair value through other comprehensive</b>	<b>30,684,308</b>	<b>8,026,464</b>
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<b>Other financial assets at fair value through other comprehensive income</b>		
Loans, factoring, amounts receivable		
Borrowers with A-/A3/ or higher rating		
Borrowers with BBB+/Baa1 and below rating, other rating and no rating		
Mortgage loans		
Consumer loans		
Other		
Total	0	0

<b>Total financial assets at fair value through other comprehensive income</b>	<b>30,684,308</b>	<b>8,026,464</b>
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Investments in other persons' share capital

Reporting period

Company name	Main activity	Country of registration	Investment date	Invested amount (thous. drams)	Share
1. Armenian Card CJSC	Payment and settlement services	RA	20.10.06	12143	2.00
2."ACRA Credit Reporting" CJSC	Payment and settlement services	RA	22.11.07	19845	4.0003
3. SWIFT	Payment and settlement services	Belgium	23.04.12	18764	0.00005
<b>Total</b>				<b>50,752</b>	<b>6</b>
<b>Impairment of investments in other companies share capital (reserve for possible losses) (Note 7)</b>				0	
<b>Total</b>				<b>50,752</b>	

Previous period

Company name	Main activity	Country of registration	Investment date	Invested amount (thous. drams)	Share
1. Armenian Card CJSC	Payment and settlement services	RA	20.10.06	12143	2.00
2."ACRA Credit Reporting" CJSC	Payment and settlement services	RA	22.11.07	19845	4.0003
3. SWIFT	Payment and settlement services	Belgium	23.04.12	17472	0.00005
<b>Total</b>				<b>49,460</b>	<b>6</b>
<b>Impairment of investments in other companies share capital (reserve for possible losses) (Note 7)</b>				0	
<b>Total</b>				<b>49,460</b>	

	Reporting period	Previous period
<b>Total financial assets at fair value through other comprehensive income and investments in other companies' share capital</b>	<b>30,735,060</b>	<b>8,075,924</b>

Note 18. Other financial assets at amortized value

Government securities	Reporting period	Previous period
<b>RA state bonds including</b>		
T-bonds		
Bonds of Central bank		
Other		
<b>Government securities of countries with BBB-/Baa3/ or higher rating, including</b>		
T-bonds		

Bonds of Central bank		
Other		
<b>State securities of countries with BB+/Ba1/ or below rating or no rating, including</b>		
T-bonds		
Bonds of Central bank		
Other		
<b>Accrued interest</b>		
<b>Total</b>		

<b>Non-government securities of RA</b>	<i>listed</i>	<i>unlisted</i>	<i>listed</i>	<i>unlisted</i>
<b>Issuer with A-/A3/ or higher rating, including</b>				
- long term debt instruments				
- short term debt instruments				
- deposit certificates				
- other				
<b>Issuer having "C-" and higher rating from CBA, including</b>	0	0	0	
- long term debt instruments				
- short term debt instruments				
- deposit certificates				
- other				0
<b>Issuer with BBB+/Baa1/ and lower rating, other rating and no rating, including</b>				
- long term debt instruments				
- short term debt instruments				
- deposit certificates				
- other				
<b>Accrued interest</b>				
<b>Total</b>	-	-	-	-

<b>Non-government securities of other countries</b>	<i>listed</i>	<i>unlisted</i>	<i>listed</i>	<i>unlisted</i>
<b>Issuer with A-/A3/ or higher rating, including</b>				
- long term debt instruments				
- short term debt instruments				
- deposit certificates				
- other				
<b>Issuer with BBB+/Baa1/ and lower rating, other rating and no rating, including</b>				
- long term debt instruments				
- short term debt instruments				
- deposit certificates				
- other				
<b>Accrued interest</b>				
<b>Total</b>	-	-	-	-

Impairment of other financial assets at amortized value (reserve for possible losses) (Note 7)				
<b>Net investments in other financial assets at amortized value</b>	<b>0</b>		<b>0</b>	<b>0</b>

Note 20. Property, Plant, Equipment and Intangible Assets

Property, plant and equipment

Title	Buildings	Computer & communication means	Vehicles	Other PPE	Capital investments as regards PPE	Operating lease PPE*	Capital investments as regards leased PPE	Total
<b>Initial cost</b>								
<b>Balance at the beginning of the previous period</b>	<b>10,557,112</b>	<b>4,024,270</b>	<b>243,586</b>	<b>3,254,416</b>	-		<b>331,943</b>	<b>18,411,327</b>
Increase	33,915	163,253	76,059	346,425	-	922,294	115,127	1,657,073
Disposal	209,035	-	21,602	100				230,737
Write-off								-
Revaluation				2,489			20,246	22,735
Depreciation adjustment from revaluation								-
<b>Balance at the end of the previous period</b>	<b>10,381,992</b>	<b>4,187,523</b>	<b>298,043</b>	<b>3,598,252</b>	-	<b>922,294</b>	<b>426,824</b>	<b>19,814,928</b>
Increase	3,297	418,507	-	168,373	24,724	281,813	33,632	930,346
Disposal								-
Revaluation*								-
Write-off		477			-		21,955	22,432
Depreciation adjustment from revaluation								-
<b>Balance at the end of the reporting period</b>	<b>10,385,289</b>	<b>4,605,553</b>	<b>298,043</b>	<b>3,766,625</b>	<b>24,724</b>	<b>1,204,107</b>	<b>438,501</b>	<b>20,722,842</b>
<b>Accumulated depreciation</b>								
<b>Balance at the beginning of the previous period</b>	<b>1,484,106</b>	<b>2,875,408</b>	<b>123,538</b>	<b>1,566,776</b>	-		<b>45,369</b>	<b>6,095,197</b>
Increase	378,647	243,211	32,161	118,481		168,977	11,077	952,554
Disposal		-	19,327	102				19,429
Depreciation adjustment from revaluation								-
Write-off				2,171			4,371	6,542
<b>Balance at the end of the previous period</b>	<b>1,862,753</b>	<b>3,118,619</b>	<b>136,372</b>	<b>1,682,984</b>	-	<b>168,977</b>	<b>52,075</b>	<b>7,021,780</b>
Increase	190,083	120,397	16,637	68,846		98,699	6,664	501,326
Disposal								-
Depreciation adjustment from revaluation								-
Write-off		474					3,367	3,841
<b>Balance at the end of the reporting period</b>	<b>2,052,836</b>	<b>3,238,542</b>	<b>153,009</b>	<b>1,751,830</b>	-	<b>267,676</b>	<b>55,372</b>	<b>7,519,265</b>
<b>Net carrying amount</b>								
<b>End of reporting period</b>	<b>8,332,453</b>	<b>1,367,011</b>	<b>145,034</b>	<b>2,014,795</b>	<b>24,724</b>	<b>936,431</b>	<b>383,129</b>	<b>13,203,577</b>
<b>End of previous period</b>	<b>8,519,239</b>	<b>1,068,904</b>	<b>161,671</b>	<b>1,915,268</b>	-		<b>374,749</b>	<b>12,793,148</b>

\* Operating lease as regards PPE is reported according to IFRS 16.

Intangible Assets

	Software	Licenses	Copyright	Other intangible assets	Capital investments as regards intangible assets	Total
<b>Initial cost</b>						
<b>Balance at the beginning of the previous period</b>	<b>269,024</b>	<b>2,846,893</b>	-	<b>135,806</b>	<b>4,847</b>	<b>3,256,570</b>
Increase	12,367	71,240		4,613	25,726	113,946
Disposal		-				-
Impairment						-
Revaluation						-
Written off		16,330				16,330
<b>Balance at the end of previous period</b>	<b>281,391</b>	<b>2,901,803</b>	-	<b>140,419</b>	<b>30,573</b>	<b>3,354,186</b>
Increase	(4,065)	140,740		12,367	57,827	206,869
Disposal		-				-
Revaluation*						-
Impairment						-
Written off		8,228				8,228
<b>Balance at the end of the reporting period</b>	<b>277,326</b>	<b>3,034,315</b>	-	<b>152,786</b>	<b>88,400</b>	<b>3,552,827</b>
<b>Accumulated amortization</b>						

<b>Balance at the end of previous period</b>	<b>99,021</b>	<b>629,337</b>		<b>25,707</b>	<b>-</b>	<b>754,065</b>
Increase	19,085	324,771		16,822		360,678
Disposal		-				-
Impairment		16,330				16,330
Revaluation		-				-
<b>Balance at the end of previous period</b>	<b>118,106</b>	<b>937,778</b>		<b>42,529</b>	<b>-</b>	<b>1,098,413</b>
Increase	9,543	177,575		8,868		195,986
Disposal		-				-
Depreciation adjustment from revaluation		8,228				8,228
Revaluation		-				-
<b>Balance at the end of the reporting period</b>	<b>127,649</b>	<b>1,107,125</b>		<b>51,397</b>	<b>-</b>	<b>1,286,171</b>
<b>Net carrying amount</b>						
<b>End of reporting period</b>	<b>149,677</b>	<b>1,927,190</b>	<b>-</b>	<b>101,389</b>	<b>88,400</b>	<b>2,266,656</b>
<b>End of previous period</b>	<b>163,285</b>	<b>1,964,025</b>	<b>-</b>	<b>97,890</b>	<b>30,573</b>	<b>2,255,773</b>

**Note 21. Deferred tax assets**

Deferred tax assets movement	Reporting period	Previous period
<b>Balance at the beginning of the period</b>		0
Increase		
Decrease		0
<b>Balance at the end of the period</b>	-	-

**Note 22. Other Assets**

Amounts receivable from bank transactions	Reporting period	Previous period
Dividends receivable	0	0
Amounts receivable from trust management transactions	0	0
Amounts receivable from other transactions	413,904	1,002,404
<b>Total</b>	<b>413,904</b>	<b>1,002,404</b>
Reserve for possible losses as regards bank transactions (Note 7)	-8,550	-15,305
<b>Net amounts receivable from bank transactions</b>	<b>405,354</b>	<b>987,099</b>

Accounts receivable and prepayments	Reporting period	Previous period
Receivables as regards budget	22	28
Receivables as regards suppliers		
Advance payments to the employees	2,747	953
Advance payments to the suppliers	719,856	851,461
Advance payments and overpayments as regards budget and mandator	185,870	797
Other receivables and prepayments	6,530,953	6,459,851
<b>Total</b>	<b>7,439,448</b>	<b>7,313,090</b>
Reserve for possible losses as regards other assets (Note 7)	-461,187	-454,293
<b>Total</b>	<b>6,978,261</b>	<b>6,858,797</b>
<b>Other assets</b>		
Warehouse	220,281	220,686
Seized collateral	6,036,120	4,258,506
Future period expenses	56,117	8,551
Other assets	939,952	1,558,642
Reserve for possible losses as regards other assets (Note 7)	-9,956	-15,667
<b>Total</b>	<b>7,242,514</b>	<b>6,030,718</b>
<b>Total other assets</b>	<b>14,626,129</b>	<b>13,876,614</b>

**Note 23. Amounts due to banks and other financial institutions**

Current accounts	Reporting period	Previous period
RA Banks	41,733	280,180
Banks with BBB-(Baa3) and higher rating	0	0
Banks with rating below BBB-(Baa3) and no rating	47,974	53,471
Accrued interest		
<b>Total</b>	<b>89,707</b>	<b>333,651</b>
<b>Interbank loans, deposits and other demands</b>		
<b>RA Central Bank</b>		
Loans*	20,104,492	19,069,090
Repo (repurchase) agreements	61,000,000	36,999,994
Swap		
Other		
<b>RA Banks</b>		
Loans and deposits	0	0
Financial leasing		
Repo (repurchase) agreements	0	2,686,300
Swap		0
Other	10	10
<b>BBB-(Baa3) and higher rating banks</b>		
Loans and deposits		
Financial leasing		
Repo (repurchase) agreements		
Swap		
Other		
<b>BBB-(Baa3) and lower rating and no rating banks</b>		
Loans and deposits	8,682,484	9,594,000
Financial leasing		
Repo (repurchase) agreements		
Swap	42,375	10,714
Other	3,185,327	1,941,145
Accrued interest	438,963	342,645
<b>Total</b>	<b>93,453,651</b>	<b>70,643,898</b>
<b>Financial institutions</b>		
Current accounts	4,630,287	3,323,357
Loans and deposits	34,901,108	32,442,387
Repo (repurchase) agreements		
Swap		
Other	4,789	4,936
Accrued interest	322,480	276,497
<b>Total</b>	<b>39,858,664</b>	<b>36,047,177</b>
<b>Total amounts due to banks and other fin. institutions</b>	<b>133,402,022</b>	<b>107,024,726</b>

As of 30.06.2020, loans received from the Central Bank of Armenia also include loan amounts attracted under international loan programs totaling AMD 20,104,492 thous. And accrued interest amounts AMD 384,151 thous.

**Note 24. Amounts due to customers**

Amounts due to RA government and local self-managed authorities	Reporting period	Previous period
Current accounts	643,801	668,017
Time deposits		
Loans	210,042	275,005
Repo (repurchase) agreements		
Swap		
Other	81,344	70,973
Accrued interest	576	775
<b>Total</b>	<b>935,763</b>	<b>1,014,770</b>
<b>Legal entities and institutions of RA (residents)</b>		
Current accounts	36,932,835	47,768,623
Time deposits	54,975,623	56,259,718
Repo (repurchase) agreements	0	0
Swap	0	0
Other	6,547,495	7,903,405
Accrued interest	806,965	602,723
<b>Total</b>	<b>99,262,918</b>	<b>112,534,469</b>
<b>Legal entities and institutions (non-residents)</b>		
Current accounts	168,654,515	124,522,146
Time deposits	929,572	908,236
Repo (repurchase) agreements		
Swap		
Other	329,951	27,387
Accrued interest	4,169	2,098
<b>Total</b>	<b>169,918,207</b>	<b>125,459,867</b>
<b>Sole entrepreneurs of RA (residents)</b>		
Current accounts	349,085	345,791
Time deposits		
Repo (repurchase) agreements		
Swap		
Other		
Accrued interest		
<b>Total</b>	<b>349,085</b>	<b>345,791</b>
<b>Sole entrepreneurs (non-residents)</b>		
Current accounts	39	39
Time deposits		
Repo (repurchase) agreements		
Swap		
Other		
Accrued interest		
<b>Total</b>	<b>39</b>	<b>39</b>
<b>Individuals (residents)</b>		
Current accounts	27,359,336	25,356,555
Time deposits	280,598,860	277,951,809
Repo (repurchase) agreements		
Swap		
Other	357,277	121,463
Accrued interest	7,794,384	6,440,974
<b>Total</b>	<b>316,109,857</b>	<b>309,870,801</b>
<b>Individuals (non-residents)</b>		
Current accounts	16,435,284	10,186,384
Time deposits	13,540,279	13,435,612
Repo (repurchase) agreements		
Swap		
Other	0	0



Accrued interest	305,121	309,301
<b>Total</b>	<b>30,280,684</b>	<b>23,931,297</b>
<b>Total liabilities to customers</b>	<b>616,856,553</b>	<b>573,157,034</b>

The amount of the security of liabilities totaled: as at 31.12.2019 - AMD 19.451.921 thous., as at 30.06.2020 - AMD 21.040.247 thous.

2.Term liabilities to government include amounts involved from international financial organizations within RAED (Rural Areas Economic Development) program and Millennium Challenge Account program, which totaled AMD 210,042 thous., accrued interest AMD 576 thous.

**The structure of Bank depositors' (time deposits) by customers number**

	Reporting period	Previous period
Legal entities residents	98	81
Legal entitie non- residents	2	3
Individuals residents	27,740	26,582
Individuals non-residents	419	430
<b>Total</b>	<b>28,259</b>	<b>27,096</b>

**Note 25. Securities issued by Bank**

Securities issued by Bank	Reporting period	Previous period
Fixed-Income securities	13,544,322	10,773,511
<b>Total</b>	<b>13,544,322</b>	<b>10,773,511</b>

**Note 26. Liabilities at fair value through profit or loss**

Liability held for trading	Reporting period	Previous period
Derivative instruments held for trading purposes		
Futures		
Forward		
Option		
Swap		
Other		
Hedging derivative instruments		
Other	38,105,294	35,387,635
<b>Total</b>	<b>38,105,294</b>	<b>35,387,635</b>

**Note 27. Amounts payable**

Amounts payable	Reporting period	Previous period
Dividends		
Trust management agreements		
Deposits insurance	320,506	299,987
Other		
<b>Total</b>	<b>320,506</b>	<b>299,987</b>

**Note 28. Deferred tax liabilities**

Deferred tax liabilities movements	Reporting period	Previous period
Balance at the beginning of the period	361,625	749,180

Increase	0	375,184
Decrease	0	-762,739
<b>Balance at the end of the period</b>	<b>361,625</b>	<b>361,625</b>

**Note 29. Other liabilities**

Other liabilities	Reporting period	Previous period
Settlement liabilities as regards cheques and other payment	0	0
Settlement liabilities as regards letters of credit		
Other settlements		
<b>Payables as regards budget</b>		
Profit Tax	462,822	309,961
VAT	9,491	75,942
other taxes and dues	295,198	457,354
social insurance payments	0	0
Liabilities to employees as regards salary	596,601	407,552
Payables as regards suppliers	106,374	146,560
Payables as regards completion of chartered capital		
Other liabilities	893,655	711,069
<b>Balance at the end of period</b>	<b>2,364,141</b>	<b>2,108,438</b>

**Note 30. Chartered capital**

- a) Bank's chartered capital registered and fully paid – AMD 40.010.409 thous.  
b) The number of issued and allocated ordinary shares - 51.040, nominal value – AMD 783.903  
c) Major participants as of the end of the reporting period

Major participant	Amount of participation	Share %	Type of activity (for legal entities)
Vitaly Grigoryants	38,009,889	95	Individual
Arsen Mikayelyan	2,000,520	5	Individual
	<b>40,010,409</b>		

**Note 32. Revaluation and remeasurement reserves, other components of equity**  
**"Revaluation and remeasurement reserves"**

**Components:**

Revaluation reserves	Reporting period	Previous period
Unrealized gain/loss from revaluation of investments for sale	3,993,102	536,965
Fixed assets revaluation reserve	471,422	471,422
Other reserves		
<b>Total revaluation reserves</b>	<b>4,464,524</b>	<b>1,008,387</b>

**Other components of equity**

**Reserves**

Other reserves	Reporting period	Previous period
Main reserve		

Opening balance	797,803	755,177
Increase	115,224	42,626
Decrease		
<b>Closing balance</b>	<b>913,027</b>	<b>797,803</b>

**Note 33. Retained earnings**

Retained profit	Reporting period	Previous period
Opening balance	10,260,280	8,156,593
Increase	1,388,228	3,269,358
Decrease	115,224	1,165,671
<b>Closing balance</b>	<b>11,533,284</b>	<b>10,260,280</b>

**Note 34. Reserves, contingencies and potential liabilities**

Reserves		Reporting period	Previous period
Opening balance	<b>Note 7</b>	866,497	939,778
Allocations to the reserve		655,434	1,302,105
Use of reserve		(446,455)	(1,253,203)
Net allocations to the reserve		208,979	48,902
<b>Closing balance</b>		<b>1,075,476</b>	<b>988,680</b>

**Bank's legal liabilities**

The Bank carries out its activity within the requirements prescribed by legislation and needs no additional reserves as regards its legal liabilities.

**Bank's tax liabilities**

The Bank has met its tax obligations and needs no additional reserves as regards its tax liabilities.

**Bank's contingent liabilities as regards off-balance items containing credit risk**

	Reporting period	Previous period
Unused credit lines	23,750,963	37,740,037
Guarantees provided	63,733,459	54,962,491
Letters of credit issued	36,101	-
Reserve as regards the mentioned items (Note 7)	(1,075,476)	(988,680)
<b>Closing balance</b>	<b>86,445,047</b>	<b>91,713,848</b>

**Bank's liability as regards operating lease**

**The leased premises are as follows:**

Yerevan - Artsakh Branch  
Talin - Talin Branch  
Yerevan - Hayreniq Branch  
Stepanakert - Khachen Branch

Yerevan - Arshakuni Branch  
 Masis - Masis Branch  
 Ashtarak - Ashtarak Branch  
 Gavar - Gavar Branch  
 Yerevan - Komitas Branch  
 Artik - Artik Branch  
 Sevan - Sevan Branch  
 Martuni - Alashkert Branch  
 Artashat - Artashat Branch  
 Yerevan - Arabkir Branch  
 Yerevan - Avan Branch  
 Yerevan - Aparan Branch  
 Yerevan - Charbakh Branch  
 Yerevan - Araratyan Branch  
 Yerevan - Teryan Branch  
 Yerevan - Yerevan Branch  
 Yerevan - Tashir Branch  
 Hrazdan - Hrazdan Branch  
 Yerevan - Qajaznuni Branch  
 Yerevan - Nor Aresh Branch  
 Yerevan - Nor Avan Branch  
 Yerevan - Davtashen Branch  
 Yerevan - Noragavit Branch  
 Yerevan - Kapan Branch  
 Yerevan - Ajapnyak Branch  
 Yerevan - Masiv Branch  
 Yerevan - Zvartnoc Branch  
 Yerevan - Ijevan Branch

**The structure of future total minimum lease amounts payable for operating lease**

thous. drams

The structure of minimum lease payments	Amounts payable in drams equivalent to foreign currency	Amounts payable in drams
Up to 1 year		292,567
1-5 years		896,850
5-10 years		650,363
<b>Total</b>		<b>1,839,781</b>

**Note 35. Related party transactions**

The related party transactions were conducted according to the market terms and interest rates.

Loans and advances to customers at amortized value	Reporting period	Previous period
	01.01.20-30.06.20	01.01.19-31.12.19

Balance as of 01 January	25,168,754	23,173,647
Loans and advances provided during the year	6,037,791	11,273,221
Loans and advances repaid during the year	5,739,798	9,278,114
<b>Balance</b>	<b>25,466,747</b>	<b>25,168,754</b>
Interest income	1,089,855	2,188,199

The loans have been provided to the Bank's management and their related parties

Amounts due to customers	Reporting period	Previous period
	<b>01.01.20-30.06.20</b>	<b>01.01.19-31.12.19</b>
Balance as of 01 January	19,699,543	16,296,608
Amounts received during the year	53,306,556	236,759,983
Amounts paid during the year	55,389,093	233,357,048
<b>Balance</b>	<b>17,617,006</b>	<b>19,699,543</b>
Interest expense	724,293	1,685,385

Salary and equivalent payments to the Bank's management	Reporting period	Previous period
	<b>01.01.20-30.06.20</b>	<b>01.01.19-31.12.19</b>
The Board		
Salary	115,434	205,935
bonus		
Executive body		
Salary	152,436	360,901
bonus	150	316,000
Internal audit		
Salary	29,104	55,185
bonus	100	4,900
<b>Total</b>	<b>297,224</b>	<b>942,921</b>

### Note 36. Minimal disclosures concerning financial risks

#### 1. Credit risk

The main objective of credit risks management for the Bank is the timely (sometimes even before provision of the loan) identification, valuation and realization of corresponding steps directed to their reduction.

The Bank evaluates the credit risk in relation of both each borrower and the whole loan portfolio.

According to the methodology developed by the Bank, the creditworthiness of the potential borrower is assessed before provision of the loan. From the viewpoint of prevention of the credit risk, the most important principles to follow are considered to be the security and purpose of the loan. After provision of the loan, monitoring is conducted by the Bank during the whole period of the loan agreement to regularly assess the borrower's solvency and the loan's security as well as to take corresponding measures for restricting the possible credit risk.

Also the Bank's overall loan portfolio is subjected to regular analysis by industry branches, customers, and loan types to ensure the portfolio diversification and quality. Intra-bank normatives restricting credit risk (maximum risk as regards an industry branch, maximum overall loan risk, maximum risk per individual loan types as regards loan portfolio quality, maximum risk as regards a borrower, maximum risk as regards the major borrowers, maximum risk as regards a person related to the Bank, maximum risk as regards all persons related to the Bank, etc.) are established by the corresponding internal legal acts approved by the Bank Board (these normatives are more severe than the corresponding normatives established by the RA Central Bank).

The Bank considers activity of the Loan committee as very important for the containment of credit risk. Loan committee is the body to realize the Bank's credit policy, the purpose of which is management of the Bank's loan activity and formation of the quality loan portfolio. The main objective of the loan committee is making collective professional protocol or final decisions concerning realization and servicing of transactions containing credit risk.

#### 2. Geographical concentrations

Title	31.03.2020			
	RA	OECD* Countries	Non OECD Countries	Total
<b>Assets</b>				
Cash and balances with CBA	90,761,281			90,761,281
Amounts due from banks and other financial institutions	25,881,888	29,059,845	15,731,515	70,673,248

Financial instruments held for trading	38,105,294			38,105,294
Loans and advances to customers at amortized value	515,120,927	1,148,352	86,196,338	602,465,617
Securities available for sale	30,716,296	18,764		30,735,060
Securities held to maturity				-
Other assets	13,348,154	2,143	1,275,832	14,626,129
<b>Total assets</b>	<b>713,933,840</b>	<b>30,229,104</b>	<b>103,203,685</b>	<b>847,366,629</b>
<b>Liabilities</b>				0
Amounts due to banks and other financial institutions	121,436,882		11,965,140	133,402,022
Amounts due to customers	416,657,623	17,379,958	182,818,972	616,856,553
Financial liability held for trading	38,105,294			38,105,294
Other liabilities	2,349,670	14,471		2,364,141
<b>Total liabilities</b>	<b>578,549,469</b>	<b>17,394,429</b>	<b>194,784,112</b>	<b>790,728,010</b>
<b>Net position</b>	<b>135,384,371</b>	<b>12,834,675</b>	<b>(91,580,427)</b>	<b>56,638,619</b>

31.12.2019

Title	RA	OECD* Countries	Non OECD Countries	Total
<b>Assets</b>				
Cash and balances with CBA	97,364,678			97,364,678
Amounts due from banks and other financial institutions	24,901,319	6,575,420	13,318,273	44,795,012
Financial instruments held for trading	35,387,635			35,387,635
Loans and advances to customers at amortized value	485,118,374	1,108,181	81,244,099	567,470,654
Securities available for sale	8,058,452	17,472		8,075,924
Securities held to maturity				-
Other assets	12,622,669	5,946	1,247,999	13,876,614
<b>Total assets</b>	<b>663,453,127</b>	<b>7,707,019</b>	<b>95,810,371</b>	<b>766,970,517</b>
<b>Liabilities</b>				-
Amounts due to banks and other financial institutions	95,219,258	-	11,805,468	107,024,726
Amounts due to customers	423,765,830	17,656,113	131,735,091	573,157,034
Financial liability held for trading	35,387,635			35,387,635
Other liabilities	2,084,216	24,222		2,108,438
<b>Total liabilities</b>	<b>556,456,939</b>	<b>17,680,335</b>	<b>143,540,559</b>	<b>717,677,833</b>
<b>Net position</b>	<b>106,996,188</b>	<b>(9,973,316)</b>	<b>(47,730,188)</b>	<b>49,292,684</b>

OECD\* - Organization for Economic Cooperation and Development

Analysis of assets containing credit risk according to industrial branches and exposure

30.06.2020

Assets	Working assets		Non-working assets		
	Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
	594,608,748	4,165,592	3,240,076	451,201	
<b>Loans and advances, including</b>	<b>74,330</b>	<b>284</b>	<b>627</b>	<b>343</b>	
1. Agriculture , forestry and fishing	amount 10,801,463	281,898	49,197	35,290	
	number 642	4	4	3	
2. Mining and quarrying	amount 19,914,401				
	number 29				
3. Processing industry	amount 41,146,231		39,005	12,102	
	number 105		1	2	
4. Electricity, gas , steam and air conditioning supply	amount 24,937,992	253,360			
	number 34	7			
5. Water supply, sewerage, waste management and recycling	amount 12,196				
	number 4				
6. Construction	amount 77,459,122	18,939	178,274		
	number 208	1	7		
7. Trade	amount 158,845,041	2,301,109	1,586,415		
	number 767	11	13		
8. Transportation and warehouse business	amount 19,156,252	78,441	1,400		
	number 56	3	1		
9. Accommodation and catering	amount 37,882,697	290,617	84,810		
	number 81	1	1		
10. Information and communication	amount 4,505,356				
	number 23				
11. Real property buisness	amount 18,754				
	number 4				
12. Professional, scientific and technical activities	amount 22,853,735				
	number 30				
13. Education	amount 6,019,983		364		
	number 439		2		
14. Healthcare	amount 875,234				
	number 30				
15. Arts, entertainment, recreation	amount 7,243,463				

	number	26			
16. Other branches of economy	amount	65,640,013	5,848		
	number	98	1		
17. Mortgage loans	amount	15,436,686	24,609	89,444	63,567
	number	1,865	9	23	12
18. Consumer and other loans	amount	81,860,129	910,771	1,211,167	340,242
	number	69,889	247	575	326
Receivables	amount	<b>11,326,329</b>	<b>47,980</b>	<b>3,435</b>	<b>7,461</b>
	number	<b>12,171</b>	<b>528</b>	<b>359</b>	<b>389</b>
Investment securities	amount	<b>50,752</b>			
	number	<b>3</b>			
Off-balance sheet items	amount	<b>86,332,354</b>	<b>17,878</b>	<b>94,447</b>	<b>368</b>
	number	<b>6,528</b>	<b>31</b>	<b>15</b>	<b>6</b>
including guarantees	amount	62,828,340	2,250	93,940	
	number	773	1	6	
letters of credit	amount	35,740			
	number	1			

31.12.2019

Assets	Working assets		Non-working assets		
	Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
<b>Loans and advances, including</b>	<b>557,504,514</b>	<b>6,137,797</b>	<b>2,503,119</b>	<b>1,325,224</b>	
	<b>65,975</b>	<b>1,419</b>	<b>297</b>	<b>265</b>	
1. Agriculture , forestry and fishing	amount	10,450,075	582,693	34,551	3,486
	number	596	12	2	2
2. Mining and quarrying	amount	19,354,317	3,451	80,234	-
	number	30	1	2	-
3. Processing industry	amount	41,074,420	59,572	-	449,461
	number	104	3	-	3
4. Electricity, gas , steam and air conditioning supply	amount	21,545,232	-	-	-
	number	38	-	-	-
5. Water supply, sewerage, waste management and recycling	amount	13,299	-	1,024	-
	number	4	-	1	-
6. Construction	amount	70,232,456	68,349	27,750	-
	number	221	2	1	-
7. Trade	amount	154,789,936	2,504,057	1,510,453	261,322
	number	680	23	3	3
8. Transportation and warehouse business	amount	19,321,007	76,460	-	-
	number	45	2	-	-
9. Accommodation and catering	amount	36,586,778	294,206	78,129	-



	number	71	2	1	-
10. Information and communication	amount	4,927,157	-	-	-
	number	18	-	-	-
11. Real property business	amount	68,368	-	-	-
	number	6	-	-	-
12. Professional, scientific and technical activities	amount	20,840,495	-	-	-
	number	30	-	-	-
13. Education	amount	5,973,174	960	-	218
	number	421	6	-	2
14. Healthcare	amount	701,483	-	-	-
	number	24	-	-	-
15. Arts, entertainment, recreation	amount	3,926,636	-	-	-
	number	23	-	-	-
16. Other branches of economy	amount	64,459,942	-	5,436	-
	number	87	-	1	-
17. Mortgage loans	amount	13,904,652	135,873	104,059	30,845
	number	1,803	34	16	11
18. Consumer and other loans	amount	69,335,087	2,412,177	661,483	579,894
	number	61,774	1,334	270	244
Receivables	amount	<b>11,865,264</b>	<b>34</b>	<b>5,010</b>	<b>4,831</b>
	number	<b>11,229</b>	<b>2,412,177</b>	<b>396</b>	<b>412</b>
Investment securities	amount	<b>49,460</b>	<b>1,334</b>		
	number	<b>3</b>			
Off-balance sheet items	amount	<b>91,605,773</b>	<b>17,919</b>	<b>86,796</b>	<b>3,360</b>
	number	<b>7,452</b>	<b>46</b>	<b>7</b>	<b>3</b>
including guarantees	amount	54,288,068		84,000	
	number	404		1	
letters of credit	amount				
	number				

Analysis of credit portfolio according to regions and risk exposure

31.12.19

Loans and advances, including	Working assets		Non-working assets		
	Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
Loans, including					
1. Residents of RA	475,405,567	6,109,066	2,278,517	1,325,224	
2. Non-residents	82,098,947	28,731	224,602		
<b>Total</b>	<b>557,504,514</b>	<b>6,137,797</b>	<b>2,503,119</b>	<b>1,325,224</b>	

Loans to non-residents 31.12.19

Assets	Working assets		Non-working assets		
	Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
Loans and advances, including	<b>82,098,947</b>	<b>28,731</b>	<b>224,602</b>	-	
	71	4	2	-	
1. Agriculture , forestry and fishing	amount	12,021			
	number	4			

2. Mining and quarrying	amount	2,624			
	number	1			
3. Processing industry	amount	8,732			
	number	3			
4. Electricity, gas, steam and air conditioning supply	amount				
	number				
5. Water supply, sewerage, waste management and recycling	amount				
	number				
6. Construction	amount	2,316,794			
	number	1			
7. Trade	amount	78,328,231		205,453	
	number	23		1	
8. Transportation and warehouse business	amount				
	number				
9. Accommodation and catering	amount	3,358			
	number	1			
10. Information and communication	amount	270,293			
	number	1			
11. Real property business	amount				
	number				
12. Professional, scientific and technical activities	amount				
	number				
13. Education	amount	-			
	number	-			
14. Healthcare	amount				
	number				
15. Arts, entertainment, recreation	amount	1,410			
	number	1			
16. Other branches of economy	amount				
	number				
17. Mortgage loans	amount	474	-		
	number	1	-		
18. Consumer and other loans	amount	1,155,009	28,731	19,149	-
	number	35	4	1	-

30.06.2020

Assets	Working assets		Non-working assets		
	Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
Loans, including					
1. Residents of RA	507,313,693	4,115,957	3,240,076	451,201	
2. Non-residents	87,295,055	49,635			
<b>Total</b>	<b>594,608,748</b>	<b>4,165,592</b>	<b>3,240,076</b>	<b>451,201</b>	

Loans to non-residents 30.06.2020

Assets	Working assets		Non-working assets		
	Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
Loans and advances, including	87,295,055	49,635			
	76	1			
1. Agriculture, forestry and fishing	9,397				
	3				
2. Mining and quarrying	2,099				
	1				

3. Processing industry	amount	6,810			
	number	3			
4. Electricity, gas , steam and air conditioning supply	amount				
	number				
5. Water supply, sewerage, waste management and recycling	amount				
	number				
6. Construction	amount	2,028,555			
	number	1			
7. Trade	amount	83,926,269			
	number	25			
8. Transportation and warehouse business	amount				
	number				
9. Accommodation and catering	amount	2,944			
	number	1			
10. Information and communication	amount	236,665			
	number	1			
11. Real property buisness	amount				
	number				
12. Professional, scientific and technical activities	amount				
	number				
13. Education	amount				
	number				
14. Healthcare	amount				
	number				
15. Arts, entertainment, recreation	amount	1,101			
	number	1			
16. Other branches of economy	amount				
	number				
17. Mortgage loans	amount	9,049			
	number	2			
18. Consumer and other loans	amount	1,072,166	49,635		
	number	38	1		

#### Loan portfolio indicators as of 30.06.2020

Non-performing loans/ total loans 1.64 %

Reserve for non-performing loans/total capital 3.56 %

Loan reserve /total loans 1.35 %

Possible loss reserve/Non-performing loans 82.28 %

Large amount advances/capital 498.01 %:

#### Market risk

#### Currency risk

For the purposes of currency risk assessment, the Bank applies the VaR (Value at Risk) model well accepted in the international practice. The model ensures definite probability forecast of expected maximum currency fluctuation rate by calculating the maximum value of the Bank eventual losses. For the purposes of currency risk suppression the Bank carried out daily monitoring of currency positions. In the occurrence of open currency positions, the Bank applies hedging instruments for the purposes of risk avoidance.

#### The Bank's foreign currency risk analysis according to financial assets and liabilities

30.06.2020

	Drams	I.group foreign currency*	II.group foreign currency**	Total

<b>Assets</b>				
Cash and balances with CBA	63,171,964	27,116,516	472,801	90,761,281
Standardized precious metal bullions		114,321		114,321
Amounts due from banks and other financial institutions	14,280,641	48,759,650	7,632,957	70,673,248
Financial instruments kept for trading	38,105,294			38,105,294
Loans and advances to customers at amortized value	298,843,817	299,774,504	3,847,296	602,465,617
Financial assets at fair value through other comprehensive income	29,512,868	1,222,192		30,735,060
Financial assets held to maturity				-
Other	9,646,778	4,970,528	8,823	14,626,129
<b>Total assets</b>	<b>453,561,362</b>	<b>381,957,711</b>	<b>11,961,877</b>	<b>847,480,950</b>
<b>Liabilities</b>				
Amounts due to banks and other financial institutions	116,909,503	13,908,375	2,584,144	133,402,022
Amounts due to customers	255,896,678	344,444,405	16,515,470	616,856,553
Securities issued by the bank	258,149	13,286,173		13,544,322
Liabilities at fair value through profit or loss	38,105,294			38,105,294
Other liabilities	2,344,267	19,874		2,364,141
<b>Total liabilities</b>	<b>413,513,891</b>	<b>371,658,827</b>	<b>19,099,614</b>	<b>804,272,332</b>
<b>Net position</b>	<b>40,047,471</b>	<b>10,298,884</b>	<b>(7,137,737)</b>	<b>43,208,618</b>

31.12.2019

	Drams	I group foreign currency*	II group foreign currency**	Total
<b>Assets</b>				
Cash and balances with CBA	62,651,849	33,688,932	1,023,897	97,364,678
Standardized precious metal bullions		159,077		159,077
Amounts due from banks and other financial institutions	8,036,356	28,480,223	8,278,433	44,795,012
Financial instruments kept for trading	35,387,635			35,387,635
Loans and advances to customers at amortized value	283,608,041	278,531,921	5,330,692	567,470,654
Financial assets at fair value through other comprehensive income	6,859,917	1,216,007		8,075,924
Financial assets held to maturity				-
Other	8,885,885	4,964,311	26,418	13,876,614
<b>Total assets</b>	<b>405,429,683</b>	<b>347,040,471</b>	<b>14,659,440</b>	<b>767,129,594</b>
<b>Liabilities</b>				
Amounts due to banks and other financial institutions	84,729,004	20,401,550	1,894,172	107,024,726
Amounts due to customers	247,698,383	301,530,164	23,928,487	573,157,034
Securities issued by the bank		10,773,511		10,773,511
Liabilities at fair value through profit or loss	35,387,635			35,387,635
Other liabilities	2,051,397	57,041		2,108,438
<b>Total liabilities</b>	<b>369,866,419</b>	<b>332,762,266</b>	<b>25,822,659</b>	<b>728,451,344</b>
<b>Net position</b>	<b>35,563,264</b>	<b>14,278,205</b>	<b>(11,163,219)</b>	<b>38,678,250</b>

\* The 1st group foreign currencies include US Dollar, Euro, English Pound sterling, Swiss Franc, Gold metal account

\*\* The 2nd group foreign currencies include Russian Rouble, Ukrainian Hryvnia, UAE Dirham, Singapur Dollar.

Analysis of the Bank's Foreign Currency risk according to the types of derivative financial instruments

Types of derivative financial instruments	Drams	I group foreign currency*	II group foreign currency**	Total
Futures instruments				
- liabilities				
- demands				
Forward instruments				
- liabilities				
- demands				
Options				

- liabilities				
- demands				
Swaps				
- liabilities		7,235,400		
- demands			7,193,025	
Other derivative instruments				
- liabilities				
- demands				
<b>Net position according to the derivative financial instruments</b>	-	<b>(7,235,400)</b>	<b>7,193,025</b>	-
<b>Net open position*</b>	-	<b>(7,235,400)</b>	<b>7,193,025</b>	-

#### Interest rate risk

Efficient assets and liabilities management also assumes a management of assets and liabilities as a result of which the Bank will to the extent possible avoid interest rate risk.

The objective of the interest rate risk management at the Bank is to maintain the target levels of the assets and liabilities interest rate spread and net interest margin.

For the interest rate risk management purposes, the Bank makes calculations on the monthly basis of the both net interest margin and the assets and liabilities interest rate spread, taking into account the assets profitability and the liabilities consumability as well as their time limitation.

To restrict interest rate risk, special mechanisms have been developed as regards assets and liabilities pricing (setting interest rates).

Interest rate risk assessment is based on the model of time gap calculation for assets and liabilities sensitive towards interest rate changes, which allows to evaluate the effect of the interest rate changes on the Bank's expected net interest income.

Interest rate risk is also assessed using the duration method, which shows the change in the economic value of the capital as a result of interest rate changes, taking into account the time inconsistency of the involved liabilities and allocated assets.

#### Average interest rates for interest-bearing financial assets and liabilities as of the end of the reporting period

Item	Reporting period interest rates		Previous period interest rates	
	Drams %	Foreign currency %	Drams %	Foreign currency %
<b>Assets</b>				
Balances with CBA				
Amounts due from banks and other financial organizations including		3-4.26		5.25-5.75
- interbank loans				
- interbank repo				
- interbank swap				
Loans and advances to customers at amortized value	2-20	6-15	2-24	7.25-13
Securities held for trading and available for sale	6.5-13	5.95-8.5	7.5-13	5.95-8.5
Securities held to maturity				
<b>Liabilities</b>				
Amounts due to banks and other financial institutions	2-10.5	4.0-5.55	2-10.5	4-6
Amounts due to customers	0.01-10.5	0.01-5.25	0.01-10.5	0.01-5.15
Liabilities as regards securities issued by the Bank	10.50	5.8-8.0		7.5-8.0

#### Liquidity risk

The purpose of the Bank's liquidity management is to create an integrity of financial potential, which will enable to meet the well founded money demands of all types of creditors, depositors and other customers without serious problems which may be reflected in the Bank's balance sheet and off-balance sheet items, as well as ensuring the maximum possible profitability level.

To ensure smooth liquidity and efficiently manage the liquidity risk, the Bank implements coordinated management of assets and liabilities, which assumes:

1. availability of sufficient number of highly liquid assets,
2. sustainability of resources, 3. acceptable time gaps for assets and liabilities,
4. possibilities to attract means from external sources.

For correct decision-making concerning the Bank's liquidity management, it is especially important to carry out a time analysis for assets and liabilities, which is implemented through the assets and liabilities time gap calculation model by instant and cumulative separations. Instant liquidity is calculated on the daily basis to make correct situational decisions.

30.06.2020

31.12.16

Item description	Non-performing		Time remaining to maturity					open-end	Total	
	overdue	time	demand	up to 3 months	3-6 months	6-12 months	1-5 years			more than 5 years
<b>Assets</b>										
Cash in intern. and CBA			90,651,281						110,000	90,761,281
Amounts due from banks and other fin. institutions			37,028,348	21,624,798	8,349,026	23,439	3,103,803		543,834	70,673,248
Loans provided to customers	3,879,843	3,977,026		150,348,811	67,503,290	66,117,642	210,084,779	100,554,226		602,465,617
Financial assets				32,132,211	6,023,489	753,448	2,052,043	27,828,411	50,752	68,840,354
held for trade				32,132,211	5,973,083					38,105,294
available for sale					50,406	753,448	2,052,043	27,828,411	50,752	30,735,060
held up to maturity										-
Realized under repo agreements										-
Other assets	31,144	36,784	7,814,267	487,956	146,497	1,452	71,909		6,036,120	14,626,129
*Contractual demands										-
<b>Total</b>	<b>3,910,987</b>	<b>4,013,810</b>	<b>135,493,896</b>	<b>204,593,776</b>	<b>82,022,302</b>	<b>66,895,981</b>	<b>215,312,534</b>	<b>128,382,637</b>	<b>6,740,706</b>	<b>847,366,629</b>
1-st group currency	3,194,351	2,292,185	68,715,698	96,182,442	42,594,083	24,245,297	144,189,821		543,834	381,957,711
2-nd group currency			1,287,008	8,526,670	1,816,407	331,792				11,961,877
Variable interest rate										-
Fixed interest rate	3,879,843	3,977,026	1,386,839	169,670,729	75,902,722	66,894,529	215,240,625	128,382,637	543,834	665,878,784
Interest free	31,144	36,784	134,107,057	34,923,047	6,119,580	1,452	71,909	-	6,196,872	181,487,845
<b>Liabilities</b>										
Amounts due to banks and other fin. institutions			6,230,543	85,327,099	2,394,498	14,718,187	13,500,988	11,230,707		133,402,022
Amounts due to customers	-	-	257,461,459	73,364,397	97,249,766	97,238,431	82,433,809	9,108,691	-	616,856,553
upon demand			257,461,459							257,461,459
time liability				73,364,397	97,249,766	97,238,431	82,433,809	9,108,691		359,395,094
Other										-
Liabilities for securities issued by the banks					8,296,592		5,247,730			13,544,322
Other liabilities				1,010,238		462,822	891,081			2,364,141
Off -balance contingent liabilities	368	112,325	23,468,270	9,038,737	11,728,802	31,725,828	10,370,717			86,445,047
*Contractual liabilities										-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>263,692,002</b>	<b>159,701,734</b>	<b>107,940,856</b>	<b>112,419,440</b>	<b>102,073,608</b>	<b>20,359,398</b>	<b>-</b>	<b>766,167,038</b>
1-st group currency			200,734,115	34,281,120	44,574,818	43,953,478	48,115,296			371,658,827
2-nd group currency			15,275,431	1,025,327	1,393,658	1,082,598	322,600			19,099,614
Large amount liability				61,137,686	300,064	352,269	19,752,223			81,542,242
Variable rate liability										-
Fixed rate liability			253,005,211	125,116,002	101,967,774	110,954,195	101,182,527	20,339,398		714,565,107
Interest free			8,686,791	34,585,732	5,973,082	1,465,245	891,081			51,601,931
<b>Net liquidity gap</b>	<b>3,910,987</b>	<b>4,013,810</b>	<b>(128,198,106)</b>	<b>44,892,042</b>	<b>(25,918,554)</b>	<b>(45,523,459)</b>	<b>113,238,926</b>	<b>108,043,239</b>	<b>6,740,706</b>	<b>81,199,591</b>
1-st group currency	3,194,351	2,292,185	(132,018,417)	61,901,322	(1,980,735)	(19,708,181)	96,074,525	-	543,834	10,298,884
2-nd group currency	-	-	(13,988,423)	7,501,343	422,749	(750,806)	(322,600)	-	-	(7,137,737)
Variable interest rate	-	-	-	-	-	-	-	-	-	-
Fixed rate	3,879,843	3,977,026	(253,618,372)	44,554,727	(26,065,052)	(44,059,666)	114,058,098	108,043,239	543,834	(48,686,323)
Cumulative liquidity gap	3,910,987	7,924,797	(120,273,309)	(75,381,267)	(101,299,821)	(146,823,280)	(33,584,354)	74,458,885	81,199,591	766,167,038

31.12.2019

Item description	Non-performing		Time remaining to maturity					open-end	Total	
	overdue	time	demand	up to 3 months	3-6 months	6-12 months	1-5 years			more than 5 years
<b>Assets</b>										
Cash in intern. and CBA			97,154,678						210,000	97,364,678
Amounts due from banks and other fin. institutions			11,971,019	22,722,990	5,585,007	769,550	3,201,873		544,573	44,795,012
Loans provided to customers	4,396,875	5,569,267		152,256,387	64,214,800	54,624,358	198,293,984	88,114,983		567,470,654
Financial assets			-	30,390,929	4,996,706	50,418	4,008,741	3,967,305	49,460	43,463,559
held for trade				30,390,929	4,996,706	-				35,387,635
available for sale							50,418	4,008,741	3,967,305	8,075,924
held up to maturity										-
Realized under repo agreements										-
Other assets	21,647	2,797	7,588,199	1,770,988	129,280	2,495	102,702		4,258,506	13,876,614
*Contractual demands										-
<b>Total</b>	<b>4,418,522</b>	<b>5,572,064</b>	<b>116,713,896</b>	<b>207,141,294</b>	<b>74,925,793</b>	<b>55,446,821</b>	<b>205,607,300</b>	<b>92,082,288</b>	<b>5,062,539</b>	<b>766,970,517</b>
1-st group currency	3,993,558	4,075,527	49,506,294	120,514,402	13,723,556	16,715,709	137,966,852		544,573	347,040,471
2-nd group currency			2,234,589	8,711,880	577,316	2,941,604	194,051			14,659,440
Variable interest rate										-
Fixed interest rate	3,080,797	5,530,720	3,699,544	146,414,488	67,745,526	54,284,714	200,053,346	92,082,288	544,573	573,435,996
Interest free	1,337,725	41,344	113,014,352	60,726,806	7,180,267	1,162,107	5,553,954		4,517,966	195,534,521
<b>Liabilities</b>										
Amounts due to banks and other fin. institutions			5,171,902	62,050,124	3,921,210	6,151,105	20,822,634	8,907,751		107,024,726
Amounts due to customers	-	-	209,381,893	73,254,353	47,256,146	142,475,383	88,787,552	12,001,707	-	573,187,034
upon demand			209,381,893							209,381,893
time liability				73,254,353	47,256,146	142,475,383	88,787,552	12,001,707		363,775,141
Other										-
Liabilities for securities issued by the banks						8,296,841	2,476,670			10,773,511
Other liabilities				1,399,558			708,880			2,108,438
Off-balance contingent liabilities	90,156	17,919	37,317,703	11,840,209	20,011,976	10,607,680	11,828,205			91,713,848
*Contractual liabilities										-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>214,553,795</b>	<b>136,704,035</b>	<b>51,177,356</b>	<b>156,923,329</b>	<b>112,795,736</b>	<b>20,909,458</b>	<b>-</b>	<b>693,063,709</b>
1-st group currency			142,513,739	44,222,633	18,835,945	70,297,034	56,892,915			332,762,266
2-nd group currency			23,083,293	1,062,839	319,425	672,672	684,430			25,822,659
Large-scale liability				37,109,028	233,188		19,069,090			56,411,306
Variable rate liability										-
Fixed rate liability			205,129,439	101,990,553	44,573,860	152,492,560	112,056,692	20,909,458		637,152,562
Interest free			9,424,356	34,713,482	6,603,496	4,430,769	739,044			55,911,147
<b>Net liquidity gap</b>	<b>4,418,522</b>	<b>5,572,064</b>	<b>(97,839,899)</b>	<b>70,437,259</b>	<b>23,748,437</b>	<b>(101,476,508)</b>	<b>92,811,564</b>	<b>71,172,830</b>	<b>5,062,539</b>	<b>73,906,808</b>
1-st group currency	3,993,558	4,075,527	(93,007,445)	76,291,769	(5,112,389)	(53,581,325)	81,073,937	-	544,573	14,278,205
2-nd group currency	-	-	(20,848,704)	7,649,041	257,891	2,268,932	(490,379)	-	-	(11,163,219)
Variable interest rate	-	-	-	-	-	-	-	-	-	-
fixed rate	3,080,797	5,530,720	(201,429,895)	44,423,935	23,171,666	(98,207,846)	87,996,654	71,172,830	544,573	(63,716,566)
Cumulative liquidity gap	4,418,522	9,990,586	(87,849,513)	(17,412,054)	6,336,383	(95,140,125)	(2,328,561)	68,844,269	73,906,808	693,063,709

Average balance sheet capital and assets

01/01/20-30/06/20

Average balance sheet asset	<b>791,355,386</b>
Average balance sheet capital	<b>54,462,587</b>

Note 42. Collateral accepted

	Reporting period	Previous period
Other securities	35,727,480	22,783,689
Jewels and precious stones	21,479,372	17,473,767
Real estate	292,643,394	268,008,837

Vehicles	15,981,123	15,455,192
Other PPE	39,840,911	35,964,247
Finished production and goods	35,644,799	35,646,207
Cash	21,040,247	19,451,921
Other collateral	117,775,340	102,066,257
Credit guarantee	1,156,121	1,088,248
Other guarantees	62,577,338	53,874,243
Credit warranties	571,122,792	531,092,045
Other warranties	124,263,857	85,463,387
<b>Total</b>	<b>1,339,252,774</b>	<b>1,188,368,040</b>

Chairman of the Executive Board

Artavazd Sargsyan

Chief Accountant

Narine Sargsyan

Date of approval 15.04.20