

3 Net interest and similar income and expense

<u>Interest and similar incomes</u>	01.10.20 31.12.20	01.01.20 31.12.20	01.10.19 31.12.19	01.01.19 31.12.19
Amounts due from banks, financial institutions, bank current accounts	76,140	252,394	33,827	100,179
Loans and advances to customers	2,648,387	9,394,902	1,820,978	7,834,036
Debt securities available-for-sale	3,048,892	10,040,056	2,278,462	7,639,320
Debt securities held to maturity	1,729,668	6,922,880	1,654,245	6,911,749
Reverse repurchase transactions	36,052	172,688	44,859	138,122
Other interest income	96,880	263,365	30,041	78,272
Total interest and similar income	7,636,019	27,046,285	5,862,412	22,701,678
<u>Interest and similar expense</u>	01.10.20 31.12.20	01.01.20 31.12.20	01.10.19 31.12.19	01.01.19 31.12.19
Amounts due to banks, financial institutions, bank current accounts	425,299	1,592,726	399,785	1,546,766
Amounts due to customers	2,802,784	11,233,635	2,436,196	8,895,646
Amounts due to securities issued by the Bank	1,141,567	3,322,031	644,167	2,429,673
Repurchase agreement operations	481,907	981,946	240,291	1,188,649
Other interest expenses	33,156	117,153	24,656	82,571
Total interest and similar expense	4,884,713	17,247,491	3,745,095	14,143,305
Net interest and similar income and expense	2,751,306	9,798,794	2,117,317	8,558,373

4 Fee and commission income and expense

<u>Fee and commission income</u>	01.10.20 31.12.20	01.01.20 31.12.20	01.10.19 31.12.19	01.01.19 31.12.19
Cash collection	17,409	51,019	12,951	47,845
Wire transfer fees	68,068	275,749	74,932	103,978
Guarantees and letters of credit	30	100	256	762
Foreign currency translation and brokerage operations	17,227	53,982	22,675	81,942
Other fees and commissions	3,732	14,590	4,399	19,281
Total fee and commission income	106,468	395,440	115,213	253,808
<u>Fee and commission expense</u>	01.10.20 31.12.20	01.01.20 31.12.20	01.10.19 31.12.19	01.01.19 31.12.19
Correspondent and other accounts	15,111	46,856	11,221	41,310
Foreign currency translation and brokerage operations	1,766	7,641	1,964	61,992
Other expenses*	14,834	54,155	11,549	28,396
Total fee and commission expense	31,711	108,652	24,734	131,698
Net fee and commission income	74,755	286,788	90,479	122,110

5. Net income on trading operations

<u>Available for sale investments</u>	01.10.20 31.12.20	01.01.20 31.12.20	01.10.19 31.12.19	01.01.19 31.12.19
Net income on trading with available for sale investments, including	18,899	4,838,525	1,732,347	4,272,378
shares	(315)	30	3,839	7,258
bonds	(19,214)	4,838,495	1,728,508	4,265,120
Total	18,899	4,838,525	1,732,347	4,272,378
<u>Foreign currency operations</u>	01.10.20 31.12.20	01.01.20 31.12.20	01.10.19 31.12.19	01.01.19 31.12.19
Net income on trading with foreign currency	214,641	644,305	94,585	251,887
Net income on foreign currency revaluation	834,186	701,827	5,629	(3,843)
Net income/loss on derivatives	(710,902)	(715,663)	(2,800)	-1,715
Total	337,925	630,469	97,414	246,329
<u>Precious metals bullion bars and coins</u>	01.10.20 31.12.20	01.01.20 31.12.20	01.10.19 31.12.19	01.01.19 31.12.19
Net income on trading with precious metals bullion bars and coins	868	(103,602)	1,227	2,946
Net income on revaluation of precious metals bullion bars and coins	48,540	102,449	(904)	910
Total	49,408	(1,153)	323	3,856
Net income on trading operations	406,232	5,467,841	1,830,084	4,522,563

6 Other operational income

	01.10.20 31.12.20	01.01.20 31.12.20	01.10.19 31.12.19	01.01.19 31.12.19
Other operational income				
Fines and penalties received	35,142	136,537	54,371	169,073
Net income from sale of fixed and intangible assets	-	670	-	12,426
Other income**	10,965	36,463	7,899	39,653
Total other income	46,107	173,670	62,270	221,152

7 Impairment charge/(recovery of impairment) for credit losses

	01.10.20 31.12.20	01.01.20 31.12.20	01.10.19 31.12.19	01.01.19 31.12.19
Total net provisions made				
Loans and advances to customers	(2,643,889)	(4,709,172)	(433,033)	(768,784)
Total	(2,643,889)	(4,709,172)	(433,033)	(768,784)

8. Total administrative expenses

	01.10.20 31.12.20	01.01.20 31.12.20	01.10.19 31.12.19	01.01.19 31.12.19
Total administrative expenses				
Wages and salaries*	448,576	1,717,430	421,004	1,366,981
Business trip expenses	285	6,489	9,793	28,575
Insurance expenses	10,603	36,656	8,524	30,930
Fixed assets maintenance	1,154	4,630	1,417	5,910
Building maintenance and security	12,595	68,918	23,831	88,121
Auditing, consulting and other services	6,000	24,480	3,900	12,789
Communication expenses	27,012	114,830	33,518	113,907
Transportation expenses	1,416	5,177	1,765	6,604
Taxes /other than income tax/ duties	3,784	33,870	2,347	7,915
Office and other organizational expenses	6,061	13,161	9,450	14,948
Expenses on granting and gathering loans	9,826	26,311	3,902	33,984
Other administrative expenses**	18,617	205,300	9,684	29,521
Total	545,929	2,257,252	529,135	1,740,185

*Average number of staff

147 148 145 148

*Average monthly salary per employee

875 936 623 770

9 Other operational expenses

	01.10.20 31.12.20	01.01.20 31.12.20	01.10.19 31.12.19	01.01.19 31.12.19
Other operational expenses				
Expenses on cash delivery	644	2,043	360	1,797
Advertising and representation expenses	3,700	15,213	17,069	41,059
Fixed assets and intangible assets depreciation expenses	53,138	185,280	39,548	157,448
Other expenses****	15,179	52,089	10,009	41,037
Total other operational expenses	72,661	254,625	66,986	241,341

11 Income Tax Expense

The corporate income tax in the Republic of Armenia is levied at the rate of 20%. Differences between IFRS and RA statutory tax regulations give rise to certain temporary differences between the book value of certain assets and liabilities for financial reporting purposes and for profit tax purposes. Deferred income tax is calculated using the principal tax rate of 20%. Numerical reconciliation between the tax expenses and accounting profit is provided below:

Thousand Armenian drams	01.01.20 31.12.20	Effective rate (%)	01.01.19 31.12.19	Effective rate (%)
Profit before tax	5,470,908		10,673,888	
Income tax at the rate of 20%	1,094,182	20	2,134,778	20
Non-deductible expenses	42,799		9,369	
Foreign exchange (gains)/losses	1,511,386		930	
Other	(1,048,367)		(7,608)	
Adjustments to income and expenses for tax purposes			8,616	
Income tax expense	1,600,000		2,146,085	

Deferred tax calculation in respect of temporary differences:

Thousand Armenian drams	31.12.20	Recognized in equity	Recognized in Income statement	31.12.19
Amounts due from other financial institutions	7,002			7,002
Customer loans and prepayments	133,925			133,925
Financial assets carried at amortized cost (HTM)	36,780			36,780
Other assets	1,959			1,959
Lease obligations	19,396			19,396
Other liabilities	62,265			62,265
Total deferred tax assets	261,327			261,327
Cash, cash equivalents and balances	(6,616)			(6,616)
Investments available for sale	(2,411,776)			(2,411,776)
Fixed assets	(226,455)			(226,455)
Other reserves	1,914,044		1,939,097	(25,053)
Total deferred tax liabilities	(730,803)		1,939,097	(2,669,900)
Net deferred tax liabilities	(469,476)		1,939,097	(2,408,573)

13 Cash, cash equivalents and balances with CBA

Thousand Armenian drams	31.12.20	31.12.19
Cash	1,887,175	2,095,228
Cash in ARMs	64,692	60,150
Correspondent accounts with the CBA	24,726,715	17,747,800
Deposited funds in CBA	310,000	360,000
Allowance for impairment	(5,095)	(3,992)
Total cash, cash equivalents and balances with CBA	26,983,487	20,259,186

Standardized bullion bars of precious metals

Thousand Armenian drams	31.12.20	31.12.19
Standardized bullion bars of precious metals	834,280	114,016
Standardized bullion bars of precious metals	834,280	114,016

14 Amounts due from other financial institutions

Thousand Armenian drams	31.12.20	31.12.19
Correspondent accounts	2,890,729	3,055,208
Deposited funds in banks	145,890	129,336
Deposited funds in financial institutions	258,205	940,346
Deposits in banks	182,520	1,375,290
Loans in banks	313,531	0
Loans in other fin. Institutions	2,338,912	390,985
Accreditives in other financial institutions	22,708	0
Repurchase agreements in other financial institutions	999,965	279,997
Other accounts	1,544,387	10,233
Accrued interest	28,145	4,066
Allowance for loan impairment	(47,365)	(48,846)
Total amounts due from other financial institutions	8,677,627	6,136,615

16 Loans and advances to customers

Thousand Armenian drams	31.12.20	31.12.19
Loans to customers, including	61,840,325	52,776,148
Factoring	3,089,349	3,693,981
Overdraft	60,863,404	38,519,909
Repurchase agreements	129,506	2,608,973
Financial leasing	1,669,336	582,406
Other amounts	10,804	12,934
Accrued Interest	2,128,795	492,368
Total loans customers	129,731,519	98,686,719
Allowance for loan impairment	(6,545,593)	(2,060,153)
Total loans and advances to customers	123,185,926	96,626,566

Credit Investments via International programs

Thousand Armenian drams	31.12.20	31.12.19
GAF/ KIW /ENERGY	6,679,804	3,628,057
EBRD	6,935,930	8,336,324
ADB/TFP/RCA	100,223	420,314
National Mortgage Company RCO CJSC	1,017,068	988,530
Home for youth RCO CJSC	480,862	497,094
EIB/APEX	125,561	107,389
ResponsAbility Investments AG	2,519,991	1,466,452
Total	17,859,438	15,444,160

Loans to individuals comprise the following products:

Thousand Armenian drams	31.12.20	31.12.19
Privately held companies, including	105,085,083	78,338,982
Large entities	56,014,721	44,600,709
Small and medium entities	49,070,362	33,738,283
Individuals	21,373,846	18,655,745
Sole proprietors	1,132,991	1,186,679
Other amounts	10,804	12,935
Accrued Interest	2,128,795	492,368
Allowance for loan impairment	(6,545,593)	(2,060,153)
Total loans and advances to customers	123,185,926	96,626,566

Loans to individuals comprise the following products:

Thousand Armenian drams	31.12.20	31.12.19
Mortgage loans	16,489,851	11,673,675
Consumer loans	2,653,526	2,760,115
Repurchase agreements	129,506	2,608,973
Other	2,100,963	1,612,982
Total loans and advances to Individuals (gross)	21,373,846	18,655,745

Structure of impaired (non performing) loans and borrowings

Thousand Armenian drams	31.12.20	31.12.19
Loans and borrowings, o/w	129,731,519	98,686,719
Impaired (non performing) loans and borrowings, o/w	8,488,409	2,885,352
overdue	337,030	113,463
Total loans	129,731,519	98,686,719
Allowance for loan impairment	(6,545,593)	(2,060,153)
Total net loans	123,185,926	96,626,566

Analysis of loans and borrowings by economy sectors



Thousand Armenian drams	31.12.20	Percentage	31.12.19	Percentage
Industry	47,100,026	36.31%	33,907,015	34.36%
Agriculture	13,653,948	10.52%	11,550,115	11.70%
Construction	16,072,482	12.39%	11,652,184	11.81%
Transport and communication	1,171,591	0.90%	1,736,931	1.76%
Trade	19,539,576	15.06%	11,633,064	11.79%
Consumer	2,814,222	2.17%	5,385,171	5.47%
Mortgage loans	16,620,599	12.81%	11,658,499	11.81%
Services	6,545,544	5.05%	4,925,894	4.99%
Other, o/w	6,213,530	4.79%	6,227,746	6.31%
Total loans	128,731,619	100%	98,686,719	100%
Allowance for loan impairment	(6,545,593)		(2,060,153)	
Total net loans and borrowings	123,186,026		96,626,566	

Loans to large 10 exposures and parties related with them are introduced in the note 16.

1) total sum	44,192,664
2) percentage in gross loans (n % of loan portfolio),	35.87%
3) percentage in capital (n % of capital):	69.00%

17 Investments available for sale

Thousand Armenian drams	31.12.20	31.12.19
Quoted investments		
Securities issued by the RA Ministry of Finance	148,172,984	85,768,728
<i>o/w interest</i>	1,398,554	1,594,866
RA corporate bonds	10,076,161	6,598,488
Unquoted investments		
RA corporate shares	64,150	64,150
Allowance for impairment		
Total Investments	158,315,295	92,434,891

Other financial assets carried at amortized cost

Thousand Armenian drams	31.12.20	31.12.19
Securities issued by the RA Ministry of Finance	61,204,223	60,292,829
Accrued interest	2,061,014	1,995,105
Allowance for impairment	(200,532)	(204,336)
Other financial assets carried at amortized cost	63,064,705	62,083,598

Non current assets held for sale

Thousand Armenian drams	31.12.20	31.12.19
Non current assets held for sale	2,266,870	1,161,904
Non current assets held for sale*	2,266,870	1,161,904

* The non-current asset became the property of the bank as a result of takeover of the collateral, which the bank does not intend to keep in the future and will sell as soon as possible.

All debt securities have fixed coupons.

The real value of unquoted available-for-sale debt securities is measured using a valuation technique, which is based on available observable market data.

Available for sale securities by effective interest rates and maturity date comprise.

	31.12.20		31.12.19	
	%	Term	%	Term
Securities issued by RA Ministry of Finance (AMD)	6.73-9.14	2021-2047	6.36-10.78	2021-2047
Securities issued by RA Ministry of Finance (USD)	3.32-3.88	2025-2029	3.77-3.95	2025-2029
RA corporate bonds (AMD)	7.50-8.00	2021-2025	5.99-10.08	2019-2022
RA corporate bonds (USD)	5.6-9.37	2021-2025	3.18-5.25	2019-2022

20 Fixed assets, intangible assets

	PPE	Computers and communication facilities	Vehicles	Office equipment	Total
Initial value					
Initial cost as of 1 January, 2019	2,193,757	270,282	124,247	152,309	2,740,595
Additions	18,880	46,327		23,228	88,435
Disposals	-	(5,620)		(16,375)	(21,995)
As of December 31, 2020	2,212,637	310,989	124,247	159,162	2,807,035
ACCRUED DEPRECIATION					
As of 1 January, 2019	360,662	184,091	84,466	121,860	750,079
Additions	88,294	28,039	8,040	10,000	134,373
Disposals		(5,620)		(13,250)	(18,870)
As of December 31, 2020	448,956	206,510	92,506	118,410	866,382
CARRYING VALUE					
As of December 31, 2020	1,763,681	104,479	31,741	40,752	1,940,653

Thousand Armenian drams	Computer programmes	Other intangible assets	Total
Initial value as of 1 January, 2019			
	100,301	69,563	169,864
Additions	29,151	11,851	41,002
Devaluation	12,119	1,504	13,623
As of December 31, 2020	117,333	79,910	197,243
ACCRUED DEPRECIATION			
As of 1 January, 2019	85,811	19,859	105,670
Additions	12,688	9,301	21,989
Devaluation	12,064	1,631	13,695
As of December 31, 2020	86,436	27,529	113,964
CARRYING VALUE			
As of December 31, 2020	30,898	52,381	83,279

22 Other Assets

Thousand Armenian drams	31.12.20	31.12.19
Prepayments and other debtors	1,189,954	1,087,162
Prepayments of other taxes	432,692	81,620
Reserve	12,144	9,048
Costs of future period	81,752	101,326
Other assets	2,678	2,677
Allowance for other receivables and prepayments	(12,828)	(2,995)
Total other assets	1,706,292	1,278,828

23 Amounts due to financial institutions

Thousand Armenian drams	31.12.20	31.12.19
Amounts due to CBA		
	55,923,236	3,412,007
Loans from CBA	6,749,182	3,326,020
Repurchase agreements	48,999,992	0
Accrued interest	174,062	85,987
Amounts due to financial institutions		
	52,190,636	47,735,222
Correspondent accounts of other banks	23,534	23,987
Loans from banks	4,180,671	959,399
Repurchase agreements from banks	13,542,580	15,191,667
Current accounts of other financial institutions	1,039,928	814,285
Loans and deposits from banks and other financial institutions	22,022,351	21,989,965
Repurchase agreements from other financial institutions	8,513,443	7,140,008
Letters of credit	1,141,872	1,058,545
Other amounts	1,062,989	2,977
Accrued interest	663,268	554,389
Total amounts due to CBA and financial institutions	108,113,872	51,147,229

24 Amounts due to customers

Thousand Armenian drams	31.12.20	31.12.19
RA government	20,000	20,000
Other liabilities	20,000	20,000
- resident	20,000	20,000
Legal entities	95,463,407	85,595,006
Current/Settlement accounts	10,202,303	13,160,611
- resident	5,938,683	3,960,467
Term deposits	82,014,989	70,805,935
- resident	10,680,823	256,084
Accrued interest	135,104	256,084
- resident	40,508	110,590
Other liabilities	3,111,011	1,372,376
- resident	3,111,011	1,372,376
Sole proprietors	238,859	24,155
Current accounts	173,092	24,155
- resident	173,092	24,155
Term deposits	65,456	0
- resident	65,456	0
Accrued interest	311	0
- resident	311	0
Individuals	38,888,595	35,239,346
Current accounts	13,826,575	13,596,555
- resident	2,216,122	2,088,493
Term deposits	24,756,766	21,390,852
- resident	7,946,362	6,754,547
Accrued interest	254,256	203,336
- resident	174,745	136,764
Other liabilities	30,968	46,503
- resident	16,635	34,171
Total amounts due to customers	134,590,861	120,878,507

25 Securities issued by the Bank

Thousand Armenian drams	31.12.20	31.12.19
Securities issued by the Bank	64,911,905	32,489,020
Total securities issued by the Bank	64,911,905	32,489,020

27 Accounts payable

Thousand Armenian drams	31.12.20	31.12.19
Deposit insurance	27,947	18,000
Total other liabilities	27,947	18,000

28 Subordinated debt

Thousand Armenian drams	31.12.20	31.12.19
Subordinated debt	13,826,587	13,353,624
Total subordinated debt	13,826,587	13,353,624

29 Other liabilities

Thousand Armenian drams	31.12.20	31.12.19
Tax liabilities	213,776	224,911
Amounts payable for factoring	170,781	238,184
Income of future period	62,803	3,518
Due to personnel	374,800	337,370
Amounts payable to suppliers	30,002	28,695
Amounts payable for financial leasing	115,583	107,755
Other	7,938	5,628
Total other liabilities	975,683	946,061

30 Equity

Thousand Armenian drams	31.12.20	31.12.19
Statutory capital	16,205,748	16,205,748
Ordinary shares	10,000,200	10,000,200
Share premium	6,205,548	6,205,548
Reserves, including	36,017,186	32,766,206
Main reserve	25,000,000	20,000,000
Gains from the revaluation of non-current assets	1,137,863	1,134,703
Revaluation reserve	8,879,322	11,630,503
Non-distributed profit	12,824,164	10,763,756
current year	7,060,408	4,527,803
previous year	5,763,756	6,235,953
Total capital	64,047,097	59,734,710

As of December 31, 2020 the Bank's share capital consists of 16,667 ordinary shares. "HVS Holding" S.a.r.l. is a shareholder of 14,588 shares out of a total of 16,667 shares of the bank, and "FMTM Distribution" LLC is a shareholder of 2,079 shares. Significant shareholders of the bank are "HVS Holding" S.a.r.l., which owns 87.53% of the voting shares, and "FMTM Distribution", which owns 12.47% of the voting shares.

As of December 31, 2020 total normative capital of the bank is AMD 70 bln.

The replenishment of the equity capital of the Bank was implemented by AMD and the shareholder has the right to get dividends and distribute it in AMD.

Contingent liabilities related to off balance sheet line items bearing credit risk.

Thousand Armenian drams	31.12.20	31.12.19
Undrawn loan commitments	8,836,214	7,450,608
Guarantees provided	4,123,067	1,829,400
Allowance for impairment of liabilities bearing credit risk	(29,195)	(29,794)
Total credit risk related commitments	12,930,086	9,250,214

Transactions with related parties

Thousand Armenian drams	31.12.20		31.12.19	
	Shareholders and related parties	Key management and related parties	Shareholders and related parties	Key management and related parties
Loans and advances to customers				
Loans outstanding as of January 1, gross	9,230,202	723,699	7,113,088	450,817
Loans issued during the year	8,099,623	1,147,177	12,026,114	484,790
Loan repayments during the year	4,993,905	1,136,738	9,908,000	191,908
As of December 31, 2020	12,335,920	734,138	9,230,202	723,699
Interest income on loans	827,980	59,500	671,997	44,050
Amounts due to customers				
Deposits outstanding as of January 1	67,663,561	221,567	52,224,433	134,235
Deposits received during the year	174,034,123	15,347,054	76,723,876	8,030,350
Deposits paid during the year	159,676,758	15,423,650	61,294,748	7,943,018
As of December 31, 2020	82,006,926	144,971	67,663,561	221,567
Interest expenses on deposits	7,666,955	3,221	5,606,636	4,173
Amounts due from other financial institutions	2,070,000	-	2,000,000	-
Interest income	157,627	-	-	-
Amounts due to other financial institutions	9,549	-	8,247	-
Bonds issued	33,885,382	1,133,686	12,575,995	683,304
Subordinated debt	13,826,587	-	13,363,624	-
Income on commissions	5,624	3,072	18,005	2,781
Other income	510	-	-	-

Compensation of key management was comprised of salaries and rewards:

Thousand Armenian drams	31.12.20	31.12.19
Salaries and other short-term benefits	624,375	376,907
Total key management compensation	624,375	376,907

Risk management

Credit risk

Maximum exposure of credit risk

Geographical Sectors

The following table breaks down the Bank's main credit exposure by book value categorized by geographical regions

31.12.20

Thousand AMD	RA	CIS countries	CIS countries	CIS countries	Total
Assets					
Cash and balances with CBA	26,983,487	-	-	-	26,983,487
Precious metals	834,280	-	-	-	834,280
Amounts due from other financial institutions	4,252,908	1,457,960	-	2,966,759	8,677,627
Loans and advances to customers	120,755,040	728,431	23,864	1,678,591	123,185,926
Investments available for sale	146,570,841	-	-	11,744,454	158,315,295
Other financial assets carried at amortized cost	63,064,705	-	-	-	63,064,705
Total	362,461,261	2,186,391	23,864	16,389,804	381,061,320
Liabilities					
Amounts due to financial institutions	78,561,902	1,059,789	846,325	27,645,856	108,113,872
Amounts due to customers	31,057,094	716,292	90,669,762	12,147,713	134,590,861
Securities issued by the Bank	11,516,800	41,038	46,082,388	7,271,679	64,911,905
Subordinated debt	-	-	10,689,415	3,137,172	13,826,587
Total	121,135,796	1,817,119	148,287,890	50,202,420	321,443,225
Net position	241,325,465	369,272	(148,284,026)	(33,812,616)	59,618,095

31.12.19

Thousand AMD	RA	CIS countries	Non-OECD countries	OECD countries	Total
Assets					
Cash and balances with CBA	20,259,186	-	-	-	20,259,186
Precious metals	114,016	-	-	-	114,016
Amounts due from other financial institutions	3,399,102	1,580,475	-	1,157,038	6,136,615
Loans and advances to customers	94,138,812	826,672	40,637	1,620,445	96,626,566
Investments available for sale	92,434,891	-	-	-	92,434,891
Other financial assets at amortized cost	62,083,598	-	-	-	62,083,598
Total	272,429,605	2,407,147	40,637	2,777,483	277,654,872
Liabilities					
Amounts due to financial institutions	25,006,906	858	946,250	25,193,215	51,147,229
Amounts due to customers	25,248,649	770,981	65,418,264	29,440,613	120,878,507
Securities issued by the Bank	20,814,493	24,147	7,958,089	3,692,291	32,489,020
Subordinated debt	-	-	10,473,453	2,880,171	13,353,624
Total	71,070,048	795,986	84,796,056	61,206,290	217,868,380
Net position	201,359,557	1,611,161	(84,755,419)	(58,428,807)	59,786,492

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

Collateral

- Mortgages over residential properties;
- Charges over business assets such as premises, inventory and accounts receivable;
- Charges over financial instruments such as debt securities and equities.

Collateral held as security for financial assets other than loans and advances is determined by the type of the instrument. Debt securities, treasury and other eligible bills are generally unsecured.

The analysis of loan portfolio by collateral is represented as follows:

Thousand Armenian drams	31.12.20	31.12.19
Loans collateralized by securities	10,077,084	4,572,910
Loans collateralized by real estate	66,215,452	47,695,035
Loans collateralized by deposit	4,968,262	2,415,363
Loans collateralized by movable property	10,233,010	3,770,991
Loans collateralized by vehicles	1,778,102	605,855
Loans collateralized by finished products	3,829,101	2,864,273
Loans collateralized by cash flow	2,212,318	1,491,506
Loans collateralized by pledge of right	7,677,613	3,046,071
Other collateral	22,740,578	32,224,715
Total loans and advances (gross)	129,731,519	98,685,719

Market Risk
Market Risk
Interest Rate risk

Name of article	31.12.20		31.12.19	
	AMD	Foreign currency	AMD	Foreign currency
	%	%	%	%
Assets				
Balance with the CBA	-	-	-	-
Amounts due from banks and other financial institutions, including	6.52%	5.51%	9.82%	5.75%
Interbank loans				
Interbank repurchase agreements				
Interbank interest swap				
Loans and advances to customers	10.05%	7.44%	10.99%	8.10%
Available-for-sale and trading securities	12.16%	6.24%	12.81%	6.28%
Held-to-maturity securities	13.00%	-	13.00%	-
Liabilities				
Amounts due to banks and other financial institutions	5.81%	5.79%	6.67%	3.24%
Amounts due to customers	10.22%	4.62%	10.53%	4.51%
Amounts due to issued securities	9.62%	5.56%	11.81%	6.19%
Subordinated debt	14.00%	5.27%	14.00%	5.27%

Thousand Armenian drams

Sensitivity of equity

31.12.20

Currency	Change in base points	Sensitivity of equity				Total
		Up to 6 months	6 months to 1 year	1 year to 5 years	more than 5 years	
AMD	0.5	-	-	25,321	5,475,944	-5,501,265
USD	0.5			245,788	113,095	-358,883
AMD	-0.5	-	-	25,886	5,894,092	5,919,978
USD	-0.5			251,340	118,049	369,389

Thousand Armenian drams

Sensitivity of equity

31.12.19

Currency	Change in base points	Sensitivity of equity				Total
		Up to 6 months	6 months to 1 year	1 year to 5 years	more than 5 years	
AMD	0.5	-	-	10,390	2,775,606	-2,785,996
USD	0.5				359,402	-359,402
AMD	-0.5	-	-	10,557	2,974,349	2,984,906
USD	-0.5				371,129	371,129

Foreign exchange risk


Thousand Armenian drams

31.12.20
31.12.19

Currency	Change in currency rate in %	Effect on profit before tax	Change in currency rate in %	Effect on profit before tax
USD	5%	240,194	5%	-84,118
EUR	3%	12,219	3%	-364

Thousand Armenian drams

31.12.20

	Armenian dram	Freely convertible currencies	Non-freely convertible currencies	Total
Assets				
Cash and balances with the CBA	12,591,865	14,349,826	41,796	26,983,487
Precious metals	-	834,280	-	834,280
Amounts due from other financial institutions	5,245,759	3,144,295	287,573	8,677,627
Loans and advances to customers	42,172,517	78,918,841	2,094,568	123,185,926
Investments available for sale	133,738,909	24,576,386	-	158,315,295
Other financial assets carried at amortized cost	63,064,705	-	-	63,064,705
Total	256,813,755	121,823,628	2,423,937	381,061,320
Liabilities				
Amounts due to financial institutions	79,913,652	26,143,736	2,056,484	108,113,872
Amounts due to customers	84,024,484	50,108,788	457,589	134,590,861
Securities issued by the Bank	28,567,415	36,344,490	-	64,911,905
Subordinated debt	8,064,438	5,762,149	-	13,826,587
Total	200,569,989	118,359,163	2,514,073	321,443,225
Net position as of December 31, 2020	56,243,766	3,464,465	-90,136	59,618,095
Credit related commitments as of December 31, 2020	9,319,285	3,610,821	-	12,930,086

Thousand Armenian drams

31.12.19

	Armenian dram	Freely convertible currencies	Non-freely convertible currencies	Total
Assets				
Cash and balances with the CBA	8,768,274	11,449,918	40,994	20,259,186
Precious metals	-	111,817	2,199	114,016
Amounts due from other financial institutions	2,669,135	2,034,098	1,433,382	6,136,615
Loans and advances to customers	25,708,731	70,859,630	58,205	96,626,566
Investments available for sale	72,816,226	19,618,665	-	92,434,891
Other financial assets carried at amortized cost	62,083,598	-	-	62,083,598
Total	172,045,964	104,074,128	1,534,780	277,654,872
Liabilities				
Amounts due to financial institutions	36,344,964	14,802,207	58	51,147,229
Amounts due to customers	57,610,285	61,741,660	1,526,562	120,878,507
Securities issued by the Bank	8,083,712	24,405,308	-	32,489,020
Subordinated debt	8,064,439	5,289,185	-	13,353,624
Total	110,103,400	106,238,360	1,526,620	217,868,380
Net position as of December 31, 2019	61,942,564	-2,164,232	8,160	59,786,492
Credit related commitments as of December 31, 2019	5,011,431	3,398,783	-	9,250,214

Liquidity risk

Thousand Armenian drams	31.12.20							Total
	Impaired		On demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	
	Overdue	Not overdue but impaired						
Assets								
Cash and balances with CBA	-	-	26,983,487	-	-	-	-	26,983,487
Precious metals	-	-	834,280	-	-	-	-	834,280
Amounts due from other financial institutions	-	-	5,701,576	2,357,254	130,688	397,298	90,811	8,677,627
Loans and advances to customers	223,282	4,369,056	3,625,528	8,023,126	30,488,677	55,530,592	20,925,665	123,185,926
Investments available for sale	0	0	73,164,869	5,783,527	8,521,307	7,944,726	62,900,866	158,315,295
Other financial assets carried at amortized cost	-	-	-	2,046,311	8,151	-	61,010,243	63,064,705
TOTAL	223,282	4,369,056	110,309,740	18,210,218	39,148,823	63,872,616	144,927,585	381,061,320
Liabilities								
Amounts due to financial institutions	-	-	71,207,647	7,698,078	11,618,466	12,624,451	4,965,230	108,113,872
Amounts due to customers	-	-	41,412,230	2,722,384	18,350,791	68,519,614	3,585,842	134,590,861
Securities issued by the Bank	-	-	-	253,945	2,297,286	47,023,409	15,337,265	64,911,905
Subordinated debt	-	-	78,097	-	-	13,748,490	-	13,826,587
Total			112,697,974	10,674,407	32,266,543	141,915,964	23,888,337	321,443,225
Net position	223,282	4,369,056	(2,388,234)	7,535,811	6,882,280	(78,043,348)	121,039,248	59,618,095
Accumulated gap			(2,388,234)	5,147,577.00	12,029,857	(66,013,491.00)	55,025,757	

Thousand Armenian drams	31.12.19							Total
	Impaired		On demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	
	Overdue	Not overdue but impaired						
Assets								
Cash and balances with CBA	-	-	20,259,186	-	-	-	-	20,259,186
Precious metals	-	-	114,016	-	-	-	-	114,016
Amounts due from other financial institutions	-	-	5,629,992	372,563	69,467	64,593	-	6,136,615
Loans and advances to customers	151,759	2,299,886	3,540,380	7,469,360	17,906,707	51,853,424	13,405,050	96,626,566
Investments available for sale	-	-	18,117,293	5,071,088	4,047,370	7,189,559	58,009,581	92,434,891
Other financial assets carried at amortized cost	-	-	-	2,036,878	-	-	60,046,720	62,083,598
TOTAL	151,759	2,299,886	47,660,867	14,949,889	22,023,544	59,107,576	131,461,351	277,654,872
Liabilities								
Amounts due to financial institutions	-	-	21,958,790	4,848,120	8,981,154	12,655,100	2,704,065	51,147,229
Amounts due to customers	-	-	29,023,227	3,752,359	10,373,948	58,313,988	19,414,985	120,878,507
Securities issued by the Bank	-	-	36,864	31,542	2,565,534	24,578,380	5,276,700	32,489,020
Subordinated debt	-	-	76,924	-	-	13,276,700	-	13,353,624
Total			51,095,805	8,632,021	21,920,636	108,824,168	27,395,750	217,868,380
Net position	151,759	2,299,886	(3,434,938)	6,317,868	102,908	(49,716,592)	104,065,601	59,786,492
Accumulated gap			(3,434,938)	2,882,930.00	2,985,838	(46,730,754.00)	57,334,847	

Average assets and capital 31.12.20

Average assets	302,273,436
Average capital	71,008,769

Collateral received

The collateralized loan amount is AMD 127,519,201 thousand as of 31.12.20.

Unfulfillment of obligations/violations