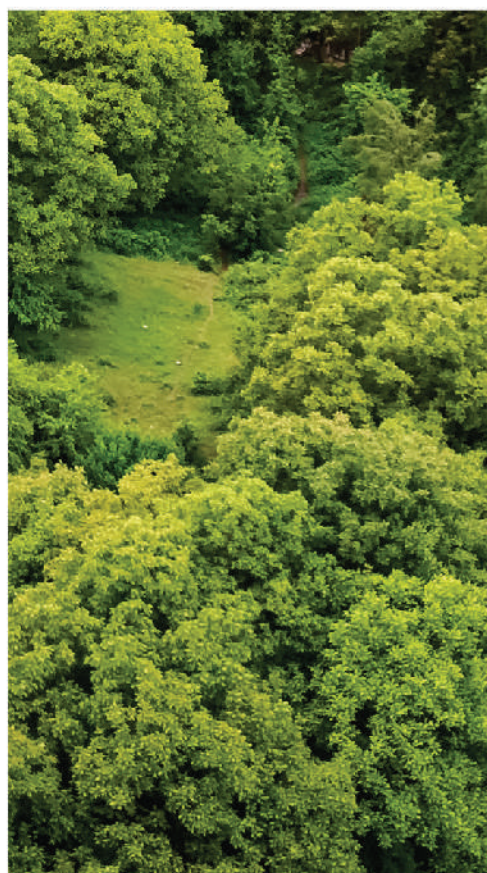
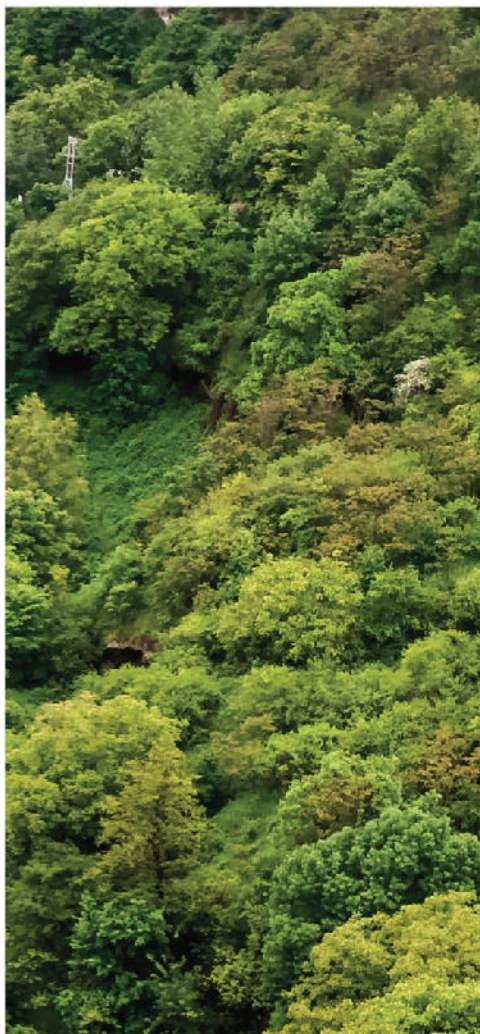
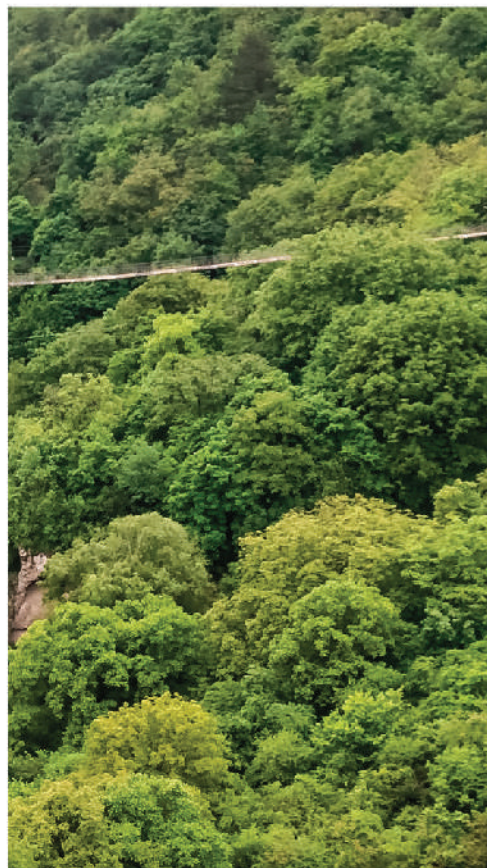




**ARM SWISS BANK**



# **2023 ANNUAL REPORT**



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## MESSAGE OF THE BANK'S EXECUTIVE DIRECTOR

Dear customers, partners, employees and shareholders

We have been living in times of global transformations and turbulence in recent years, and 2023 was no exception. This year was another year full of challenges for the Bank, but we continued achieving its set goals and we overcame all major obstacles.

Despite difficulties and challenges, the Armenian economy recorded continuous strong growth, proving its resilience. Following the extraordinary economic growth of 12.6% in 2022, and despite the high

base effect, GDP growth for 2023 reached an impressive 8.7%. The trade and service sectors were the primary drivers of the growth, complemented by the construction and industrial sectors. Inflation was curbed, with year-on-year inflation of -0.6% and a 12-month cumulative average inflation of 2.0% in December.

The events that took place in the banking of the RA impacted the results of the banking activity in 2023 due to the instability of the geopolitical situation in the region. The bank made a loss of about AMD 50 million. At the end of 2023, the government of the RA placed the portfolio of state bonds of the Republic of Artsakh in all financial institutions with state bonds of the RA and applied a 30% discount. Therefore, the Banks had to recognize the discounted portfolio as a loss. Otherwise, the net profit of ARMSWISSBANK would be AMD 7.3 billion. This was a one-time process with political influence, not the result of the Bank's activities. These bonds were the last asset of the Bank in the Republic of Artsakh.

Adhering to our strategy, we constantly develop ways of cooperation, offering clients a set of flexible and convenient tools for managing finances. In 2023, we continued to strengthen the existing relations with EBRD, ADB, FCI International Factoring Association, German-Armenian Fund, Green Climate Fund, Export Insurance Agency of Armenia CJSC and other financial institutions and it is planned to expand The cooperation of the Bank with other international reputable financial associations, which will give many advantages.

Another newness was planned for customers who appreciate convenience and in 2023 the Bank released the long-awaited World Elite™ Mastercard®, which gives cardholders many privileges .

The Bank has paid special attention to its role in the financial market as an intermediary service provider for banks, non-bank financial institutions, pension funds' managers, insurance and investment companies by offering various products in both RA and international financial markets thus enabling investments in various financial instruments. Thanks to the efforts and customer-oriented approach of the Bank's Board, Management and employees, the Bank has been able to maintain its competitive role and attract new customers. As a result of our day-to-day interactions with customers, we regularly reviewed the terms of our services to meet their needs best.

The Bank always gives importance to participation in Corporate Social Responsibility programs. During 2023 the Bank and its employees financed some charitable environmental, social and cultural projects, which solved and would solve several important vital problems. During the year, the Bank again took an active part in afforestation works in RA, donations aimed

at the needs of residents and children of border settlements were made, etc. These types of programs are continuous and it's appreciative that public involvement in such programs is expanding over time.

I am confident that we are moving forward and using all necessary tools we would suggest even more convenient and professional service to our customers.

On behalf of the Bank staff, I would like to express my sincere gratitude towards our Customers, Partners, Bank Board members and shareholders for their trust and mutually beneficial cooperation.

Sincerely,  
Chairman of the Management Board,  
Executive Director  
**GEVORG MACHANYAN**

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ARMSWISSBANK

# THE BANK

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MISSION, VISION, VALUES OF THE BANK  
OUR ACHIEVEMENTS  
KEY INDICATORS

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## LENDING

Loan instruments and Loan portfolio  
Corporate Lending, including SME  
Project Financing  
Individual Lending  
Trade Financing and Factoring  
Credit risk management

---

## INVESTMENT ACTIVITIES

Operations with securities and Securities portfolio  
Investment Services  
Currency and gold transactions





**YEREVAN, ARMENIA**

## THE MISSION OF ARMSWISSBANK

Our mission is to provide our customers with innovative and advanced banking services accepted in international markets through our skilled and professional staff by giving of our time and resources and, at the same time, adhering to the Bank's commitment to social responsibility and its mission of providing sustainable financing.

Our vision is to be the leading corporate and investment Bank in the Republic of Armenia, being customers' best choice by offering an integrated, flexible and distinctive bundle of banking services and sustainable financing.

## THE VISION OF ARMSWISSBANK

## THE VALUES OF ARMSWISSBANK



### PROFESSIONALISM

To achieve the best results our experienced and highly qualified professionals continuously enhance the level of their professionalism and exchange their knowledge and experience.



### PARTNERSHIP

To achieve mutually beneficial results, we highly appreciate the persistent and long-lasting cooperation with our customers and partners. We cooperate in a spirit of partnership with our employees by ensuring their participation in the strategic plan implementation.



### RELIABILITY

Being a reliable partner, we prefer to cooperate with sustainably based reliable partners.



### SAFETY

We've created a "reliable bank" image for our customers and will strive to maintain it by assuring the Bank's stability and its continuous steady growth.



### INTEGRITY

We care about our reputation, which is why we highly appreciate mutual trust and business ethics.



## OUR ACHIEVEMENTS

**EBRD**

### European Bank for Reconstruction and Development (EBRD)

During the annual meeting of the EBRD within the framework of TFP, based on the results of 2022 the Bank was awarded "The Most Active Issuing Bank in Armenia in 2022" by the EBRD for the fifth year in a row.

**ADB**

### Asian Development Bank (ADB)

In 2023 the Environmental and Social Risk Management Guidelines were developed with the Bank and the ADB support.

**EIAA**

### Export Insurance Agency of Armenia (EIAA)

The Bank was awarded "The Best Financial Partner" by the EIAA during the conference entitled "10 Years of the Export Insurance Agency of Armenia".

**IT**

### Cooperation with one of the largest IT companies in Armenia

Within the scope of the cooperation with the Bank, the contract was signed for USD 1.8 million and a foreign currency forward contract with a maturity of up to 12 months.

**IBEC**

### International Bank for Economic Co-operation (IBEC)

The Bank executed the first transaction within the framework of the recently concluded agreement with the IBEC. The Bank attracted a resource in rubles from IBEC for short-term trade financing.

**MC**

### MASTERCARD®

The Bank has launched the long-awaited World Elite™ Mastercard®.

**AMX**

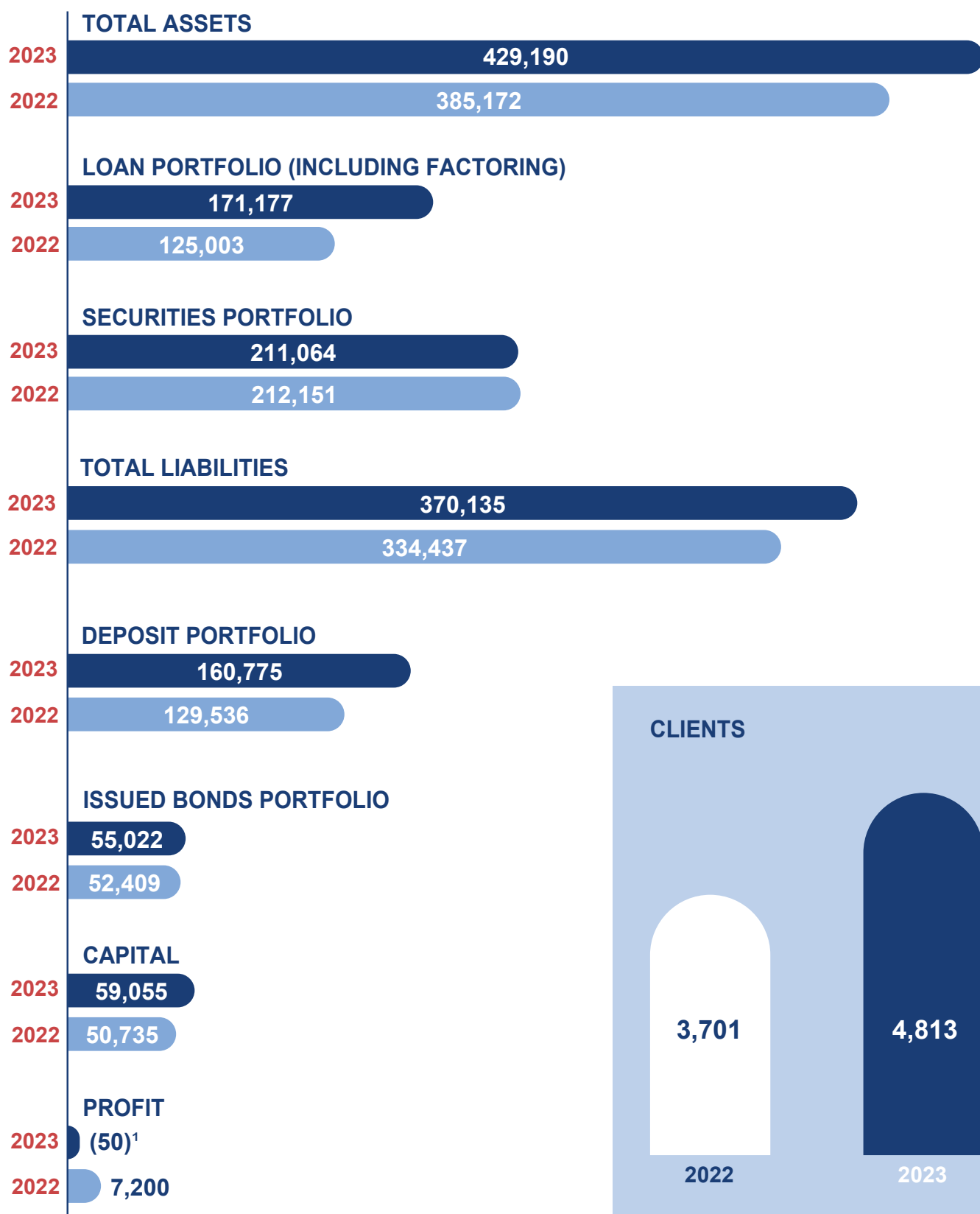
### AMX

The Bank issued Nominal coupon bonds which are listed on AMX and are included in the main Abond list of bonds.



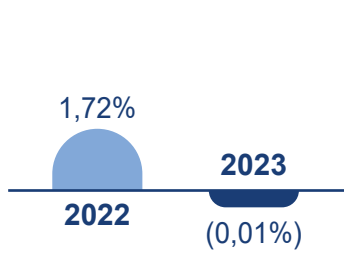
## KEY INDICATORS AND ACHIEVEMENTS

Core Indicators (million AMD)

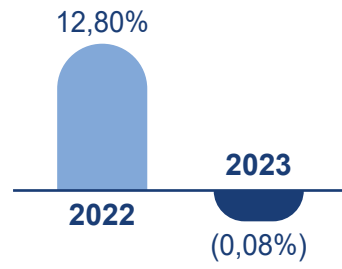


1. At the end of 2023, the government of the RA placed the portfolio of state bonds of the Republic of Artsakh in all financial institutions with state bonds of the RA and applied a 30% discount. Therefore, the Banks had to recognize the discounted portfolio as a loss. Otherwise, the net profit of ARMSWISSBANK would be AMD 7.3 billion.

ROA



ROE



EMPLOYEES

(annual average)

159

2023

146

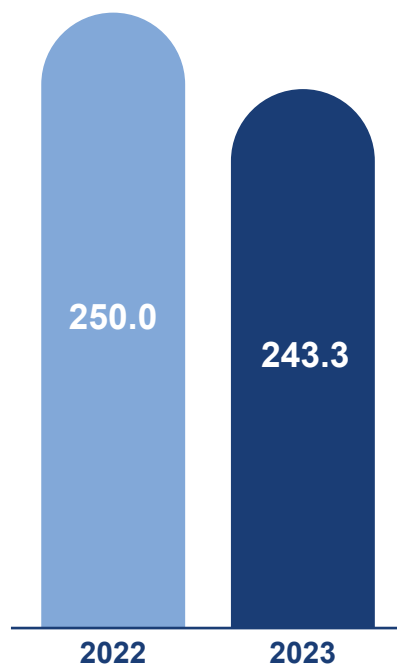
2022



+13 employee

INCOME PER EMPLOYEE

(million AMD)





## - LENDING -

The main indicators and events characterizing the credit activity of the Bank in 2023.

### Loan instruments and loan portfolio

Lending is a strategically important business direction of the Bank. The volume of total credit investments as of 31.12.2023 was 40% of the Bank's assets, which increased by 7.5% compared to the previous year.

In the lending policy adopted by the Bank, the Bank continues to give priority to stable business, visible development prospects, quality management systems and corporate clients with good reputations. The Bank is ready to cooperate with customers who are interested or actively use other services offered by the Bank.

The Bank continues offering its customers a wide range of credit instruments.

- 01 Loans, credit lines, overdrafts, including card overdrafts,
- 02 Bank guarantees, letters of credit,
- 03 Purchase order financing, pre-export and post-export financing, factoring,
- 04 Project financing, including financing of renewable energy, energy-efficient projects,
- 05 Leasing financing and other services based on customer needs.

Often, depending on the individual needs of the customer, the Bank may combine several loan instruments at the same time or plan in advance the placement of one loan instrument with another depending on the purpose, maturity, source of repayment, etc. The mentioned working style enables the client to get more flexible financial solutions with affordable terms.

The main areas of lending are industry (food industry, fish farming, light industry, etc.), including export industry, energy: especially renewable energy, trade, agriculture (production of agricultural products, processing, the establishment of orchards, etc.), residential construction, tourism and the financial sector.

The Bank offers medium or long-term financing instruments for capital investments, energy-efficiency enhancement and/or working capital, and mainly short-term financing instruments for trade financing.

The Bank ranked 7th term of the corporate loans portfolio in the Armenian banking system and as of 31.12.2023, its share was about 5.0% of the corporate loans portfolio in the Armenian banking system.<sup>2</sup>

Within the framework of individual credit services, the Bank intensifies its activities in the mortgage market year by year, offering competitive loan instruments to its customers.

2. According to the annual analytical report No. 117 of Arminfo Agency dated 06.03.2024.



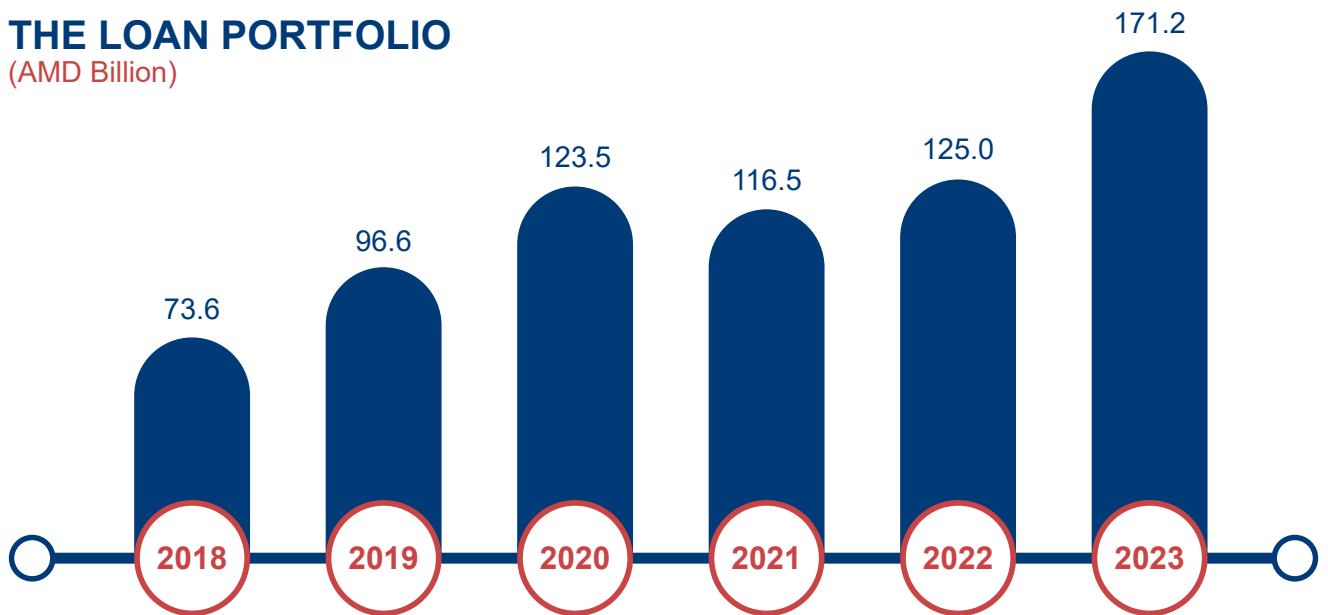
The loan portfolio is financed both from the Bank's resources and through funds provided by local and international financial organizations. 17.2% of the loan portfolio was financed by funds provided by local and international financial organizations as of 31.12.2023.

As of the end of 2023, the Bank's total loan portfolio amounted to about AMD 171.2 billion,

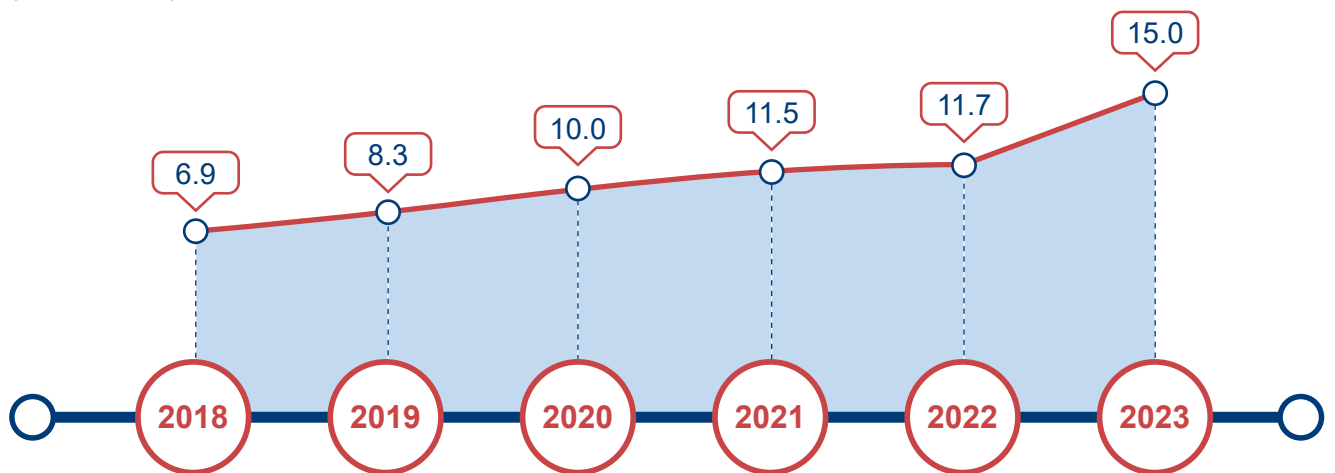
which exceeds the same indicator of the previous period by 36.9%, and interest income from lending activities amounted to about AMD 15.0 billion, which increased by about 28.2% compared to the same indicator of the previous year.

The dynamics of loan portfolio and interest income from lending activities.

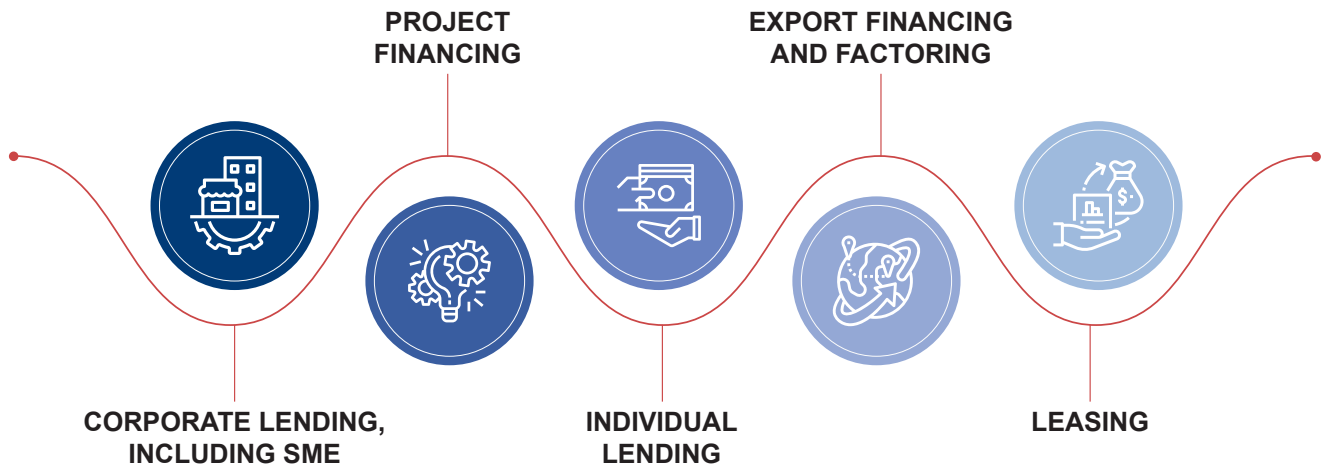
### THE LOAN PORTFOLIO (AMD Billion)



### THE DYNAMIC OF INTEREST INCOME ON LENDING ACTIVITIES (AMD Billion)



THE MAIN DIRECTIONS OF THE BANK'S LENDING ARE:\*



\* The indicators used in this section are presented by the principles set by the Central Bank of Armenia.

**Corporate Lending, including SME**

The majority of the Bank’s loan portfolio is concentrated in this sector, which, at the end of 2023, amounted to about AMD 85.5 billion<sup>3</sup>.

The corporate loan portfolio includes loans for large and SME clients for their capital investments and working capital, including trade finance, agricultural loans (within the framework of government programs), leasing, credit lines, overdrafts, etc., except loans granted within the scope of project financing (which is presented in a separate section). Target customers for the Bank are those who organize production, including import substitution, and have export potential, for which the Bank has and constantly develops several services that meet international standards.

In the field of corporate lending, credit instruments provided within the framework of subsidy programs introduced by the RA government to support various sectors and loans granted for financing trade are of great importance. In the framework of trade financing the Bank long time cooperates with EBRD and the ADB, starting

from 2022 with the EDB and the IBEC providing the customers with short-term import and export loans, letters of credit, international guarantees. It is noteworthy that along with the increase in orders from state and private companies, there is an increase in the portfolio of bank guarantees.

At the same time, the volume of leasing has increased significantly, which is due to the presence of government subsidy programs in the relevant sector. In 2024, it is predicted that the volume of corporate lending will reach AMD 95.0 billion (the growth will be 18.2%). To fulfill this indicator, it is planned to attract appropriate financial resources with favorable financing conditions and to expand beneficial cooperation with existing and new customers.

**Project Financing**

Here is the part of the loan portfolio that finances renewable energy, construction, agriculture and other sectors, as well as capital investments in new start-up business projects.

3. The calculation is presented by the Bank according to divisions, the calculation method has differed from the calculation presented by the independent audit. The independent audit presents the calculation by type of customers.

As of the end of 2023, the project financing portfolio amounted to about AMD 50.1 billion<sup>4</sup> or more than 28.0% of the total loan portfolio. In 2023 the project financing portfolio increased by about 30.8% compared to the volume of 2022 which was AMD 38.3 billion.

The Bank continued its active participation in the economic modernization and agricultural sector support of state programs by the government. Particularly, the Bank actively participated in the state support program for procurement of agricultural raw materials, modernization of the economy, leasing of agro-food sector equipment and intensive orchards development programs implemented by the RA Ministry of Economy.

As of the end of 2023, the Bank has successfully financed about 160 solar station projects, amounting to more than AMD 21 billion, which is one of the best indicators in the Armenian banking system. Such results were made with affordable resources under KFW's Renewable Energy Development Program, the EBRD's Energy Efficiency Program and the Bank's resources. During the same period, the Bank financed 21 construction projects for about AMD 20 billion from its resources. It is noteworthy, that the Bank has financed the construction project of the first energy-efficient building within the framework of the GAF Energy Efficiency for SME's Program and continues financing such projects.

### Individual Lending

Not being considered a target in retail banking, the Bank pays special attention to mortgage lending, which has been growing steadily for years. Mortgage lending is essential for residential construction projects financed by the Bank, as the provision of mortgage loans makes the

credit risks more flexible and manageable for the Bank and ensures the smooth implementation of projects. As of the end of 2023, the mortgage loan portfolio (including consumer loans) amounted to AMD 28.1 billion<sup>5</sup> or more than 15.7% of the total loan portfolio. In 2023, the mortgage loan portfolio increased by about 53.1% compared to the volume of 2022 which was AMD 18.3 billion.

In 2023, within the framework of the programs of "Home for Youth" RCO CJSC and "The National Mortgage Company" RCO CJSC, the Bank began to cooperate with the "State Support Program for Military Servicemen", within the framework of which mortgage loans for the purchase and construction of real estate are provided to customers.

Although specialized in the corporate banking market, the Bank offers individual loans (mortgage, consumer and credit loans) to the owners, management staff and employees of the Bank's corporate clients.

### Trade Financing and Factoring (Domestic and International)

Trade financing and factoring are one of the important directions of the Bank's lending activity. The Bank continued to be one of the leaders in the Armenian banking system in the field of trade financing and factoring, and in that context, the current year wasn't an exception. As proof of this are the awards given to the Bank by partner organizations the EBRD and the ADB.

In the field of trade financing, export financing is of key importance for the Bank.

Within the framework of export financing and factoring the Bank offers its customers domestic factoring and accounts receivable financing, and in cooperation with its partner financial

4. The calculation is presented by the Bank according to divisions, the calculation method has differed from the calculation presented by the independent audit. The independent audit presents the calculation by type of customers

5. The calculation is presented by the Bank according to divisions, the calculation method has differed from the calculation presented by the independent audit. The independent audit presents the calculation by type of customers.



organizations (EBRD, ADB, EDB, IBEC, Export Insurance Agency of Armenia (EIAA), Banks of the International Factoring Association) provides clients internationally accepted all trade finance tools, including letter of credit, collection, international guarantee, post-export and pre-export financing.

Despite the significant reduction of export financing to Russia as a result of geopolitical circumstances, the Bank maintains the indicators of factoring portfolio and disbursements in the current year thanks to the promotion of other factoring products.

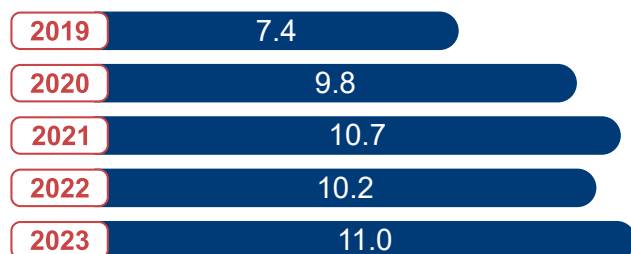
As of the end of 2023, the total portfolio of trade financing and factoring amounted to AMD 11.0 billion<sup>6</sup>, increasing by about AMD 881 million or 9% compared to the previous year. The factoring portfolio is about 6.2% of the total loan portfolio. As the tools used in factoring are short-term, it is interesting to refer to the total volume of allocations, which in 2023 amounted to about AMD 34.3 billion.

The dynamics of the volumes of factoring and trade financing are presented below.

Export financing and factoring portfolio (AMD billion)

### EXPORT FINANCING AND FACTORING PORTFOLIO

(AMD billion)



As of the end of 2023, the portfolio of pre-export and post-export loans amounted to about AMD 7.0 billion, which increased by about 11.6%

compared to the end of 2022 was AMD 6.2 billion. In this direction, the Bank always actively cooperates with the Export Insurance Agency of Armenia and remains the most active partner of EIAA in the banking system of Armenia.

Currently, the Bank's factoring transactions are mainly used by the companies in light industry, fish farming, beverage industry, fruit and vegetable processing and canning, cargo transportation, wholesale and retail trade.

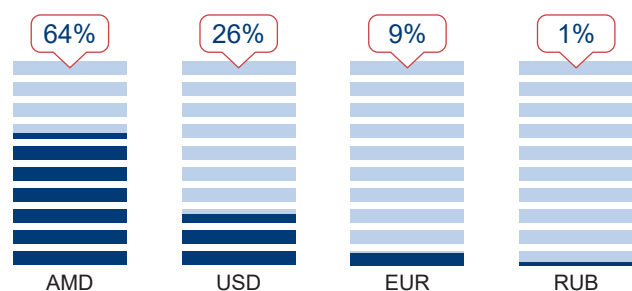
The Bank's activity in the field of trade financing, the professionalism of its employees and the potential for growth in the volume of operations in this field ensured the continuing increase of the limits set for the Bank by its international financial partners. At the same time, the Bank is actively working to attract new financial partners.

### Credit risk management

From the perspective of effective credit risk management, the Bank pays special attention to the diversification of the loan portfolio by separate branches and sectors, reducing the concentration of loans within separate sectors.

The structure of the loan portfolio as of 31.12.2023 by currencies.

### SHARES (%)



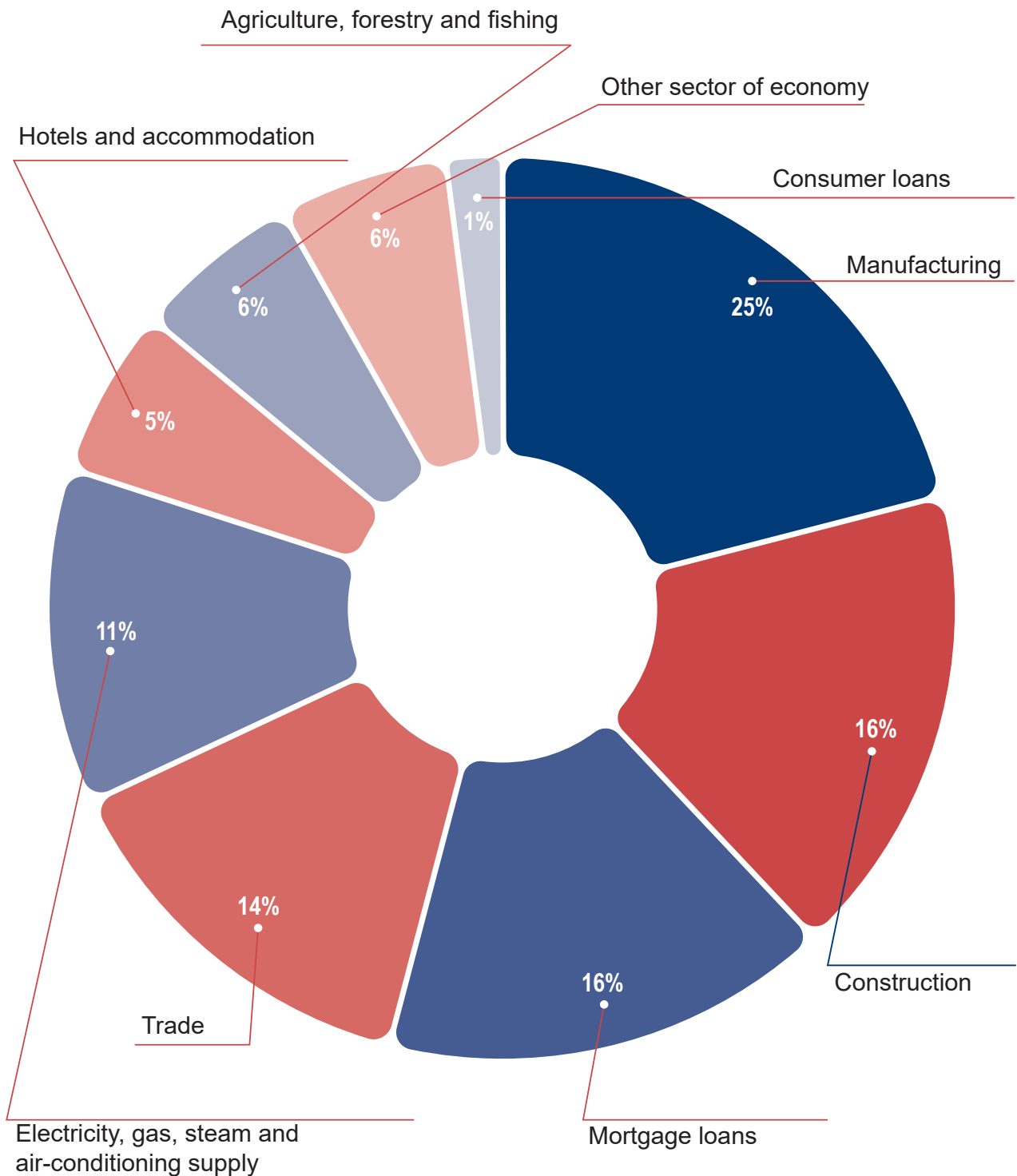
During the last three years, a significant increase in the share of loans in AMD was registered in the loan portfolio, in particular, at the end of 2023 it was 64.2%, while for 2022 and 2021 it was

6. The calculation is presented by the Bank according to divisions, the calculation method has differed from the calculation presented by the independent audit. The independent audit presents the calculation by type of customers.

61.0% and 44.8% respectively. During the same period, the opposite trend was registered in the loan portfolio for loans in US dollars, in particular, in 2023 loans in US dollars amounted to 25.9%, but in 2022 and 2021 it was 30.1% and 41.2% respectively.

The distribution of the loan portfolio by sectors of the economy.

### SHARES IN LOAN PORTFOLIO





# - INVESTMENT ACTIVITIES -

Investment activities are the Bank's strategic business directions. The Bank invests in government bonds and corporate securities, as well as offers customers a comprehensive package of investment services.

## Operations with securities and securities portfolio

As of the end of 2023, the Bank's securities portfolio amounted to AMD 211.1 billion with a book value and AMD 197.6 billion with a nominal value, which includes bought and sold securities under repo agreements. The securities portfolio has not registered a significant change to the end of 2022.

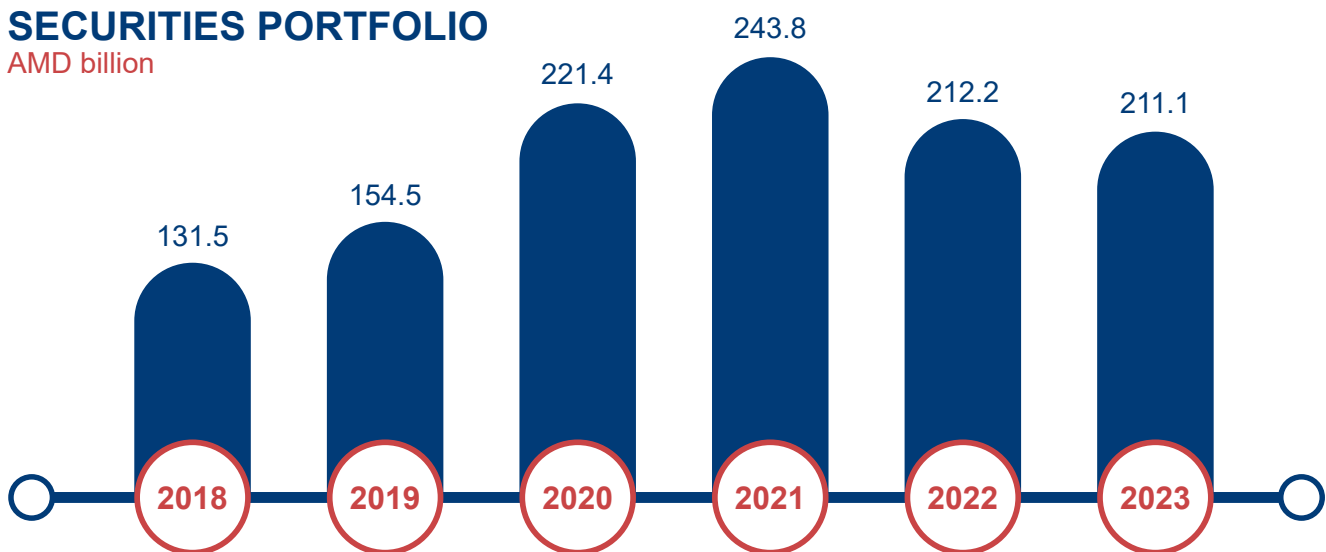
The securities portfolio amounted to 49.0% of the Bank's total assets.

The Bank's securities portfolio is the 2<sup>nd</sup> in the banking system of RA<sup>7</sup>.

The volume of the Bank's securities portfolio is volatile, as the Bank, as an active participant in the bond market, carries out active trading activities in the secondary market and money market instruments (repo, repurchase agreement operations), which provide the Bank with significant income. This approach was originally based on the goals of the Bank's investment activities and has always had positive results in financial terms.

## SECURITIES PORTFOLIO

AMD billion



7. According to Arminfo Agency's annual analytical report No. 117 dated 06.03.2024.



At the end of 2023, about 98.2% of the securities portfolio was government bonds, and 1.8% non-government bonds and shares of Armenian companies. The government bonds also include Eurobonds issued by the RA Ministry of Finance, the volume of which at the end of 2023 amounted to USD 45.4 million or AMD 18.4 billion.

In 2023, the Bank has continued to carry out active trading operations on securities, in particular, bought AMD 51.8 billion and sold AMD 59.6 billion in government bonds, as well as bought AMD 5.3 billion and sold AMD 3.7 billion in corporate bonds.

In 2023, the average annual return on the securities portfolio (including income from the sale of securities) was 9.38%, and as for the government bond portfolio, it was 9.39%.

In 2023, the interest income received from the securities portfolio amounted to about AMD 21.7 billion, which is 57.70% of the total interest income of the Bank.

Quotations of bonds by the Bank are reflected daily on the official website of the Bank, as well as on the official pages of the Bank opened on Bloomberg and Reuters Eikon.

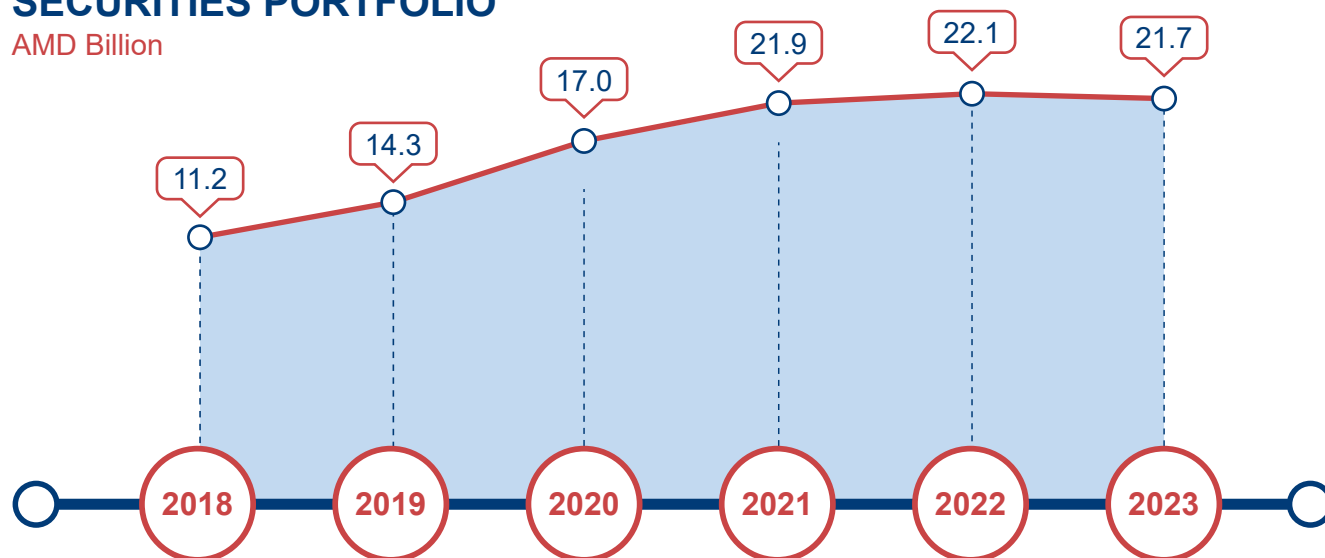
### Investment Services

The Bank has continuously improved, and expanded its investment services package, and now offers customers brokerage, custodial, registry, securities issuance and placement, organizing the liquidity of the secondary market, investment, advisory and other services providing tailor-made approaches to customers. In 2023, within the framework of brokerage services, the Bank carried out purchase/sale operations of securities amounting to about AMD 10.5 billion on the receivables of customers. Foreign securities transactions amounted to AMD 317 million or about 3.0%.

As of 31.12.2023, within the framework of the registry keeping and custody services provided by the Depository through the mediation of the Bank, it maintains a register of securities of 153 issuers and 25 registers of bonds, 344 custody accounts. As of 31.12.2023, AMD 61.8 billion securities of customers are registered in the depo accounts opened in the Bank which has increased by 16.50% compared to the same indicator of 2022. Custody securities are mainly American, European, Russian and Armenian state and corporate securities.

## THE DYNAMICS OF INTEREST INCOME FROM THE SECURITIES PORTFOLIO

AMD Billion



Within the framework of providing market-maker services, as of 31.12.2023, the Bank is a market-maker of 9 bonds of 4 issuers, the majority of which are bonds issued by Armenian commercial banks and other financial organizations.

The Bank is active in the short-term money market and for liquidity management attracts from the market or provides short-term financing to local and international partners using repo, swap instruments, interbank loans, etc. Besides, the Bank operates in the financial market with banks and non-bank financial institutions /credit organizations, insurance and investment companies/ enabling them to invest in various financial instruments in Armenian and international financial markets.

### **Currency and gold transactions**

The Bank continued to be active in the foreign exchange market, cooperating with both local and foreign banks. The Bank conducts transactions on electronic platforms for foreign exchange trading (real delivery), which helps to reduce the risks arising during interbank foreign exchange transactions. The Bank carried out purchase and sale transactions of about AMD 417.7 billion in the interbank and intrabank foreign exchange market in the main convertible currencies including foreign currency swap operations.

In 2023, the Bank carried out transactions in gold bullion and non-cash gold worth about AMD 77 million.

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ARMSWISSBANK

# FINANCE

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## FUND ATTRACTION

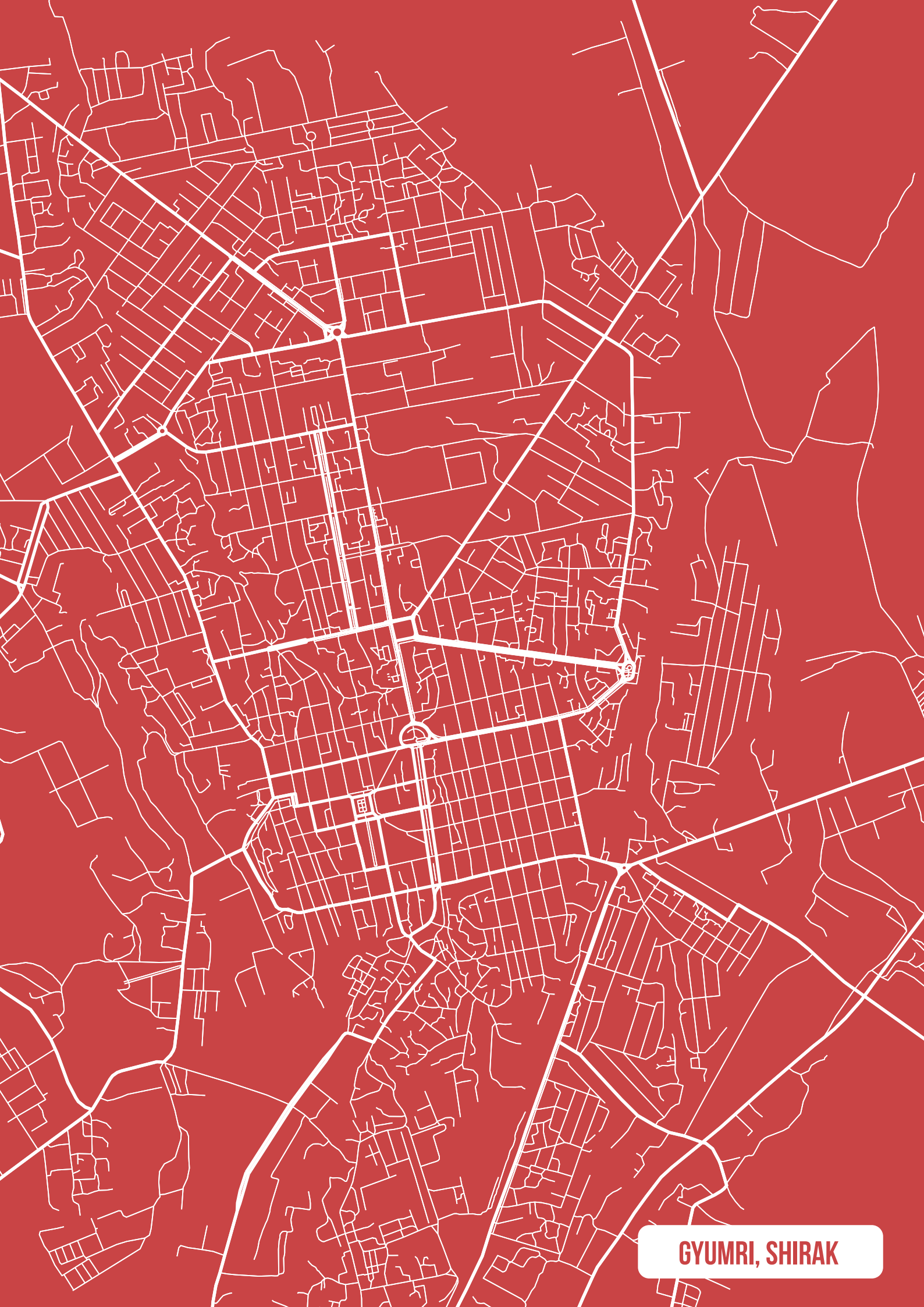
Deposit Policy

Cooperation with financial organizations

Issuance of Own Bonds

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## FINANCIAL INDICATORS



**GYUMRI, SHIRAK**





## - FUND ATTRACTION -

During the Bank's activities management has paid due attention to attracting available financial resources to develop and expand the Bank's business activities.


The Bank has used various instruments to attract funds based on the principles of diversification (by currency, terms, instruments, customers, etc.).

The main directions for attracting funds are:



Attracting demand and term deposits from legal entities and individuals,

Attracting funds from international and local financial organizations,



Collection of term assets by issuance and placement of own bonds, which allows the Bank to reduce the cost of the attracted funds and reduce the risk on the early repayment of the funds, ensuring the diversification of debtors.

Attracting funds from the RA interbank market through repo transactions.



### Deposit Policy

Deposits are a traditional means of attracting financial resources and the Bank offers the below-mentioned types of deposits to legal entities and individuals:

STANDARD DEPOSIT

VARIABLE DEPOSIT

CUMULATIVE DEPOSIT

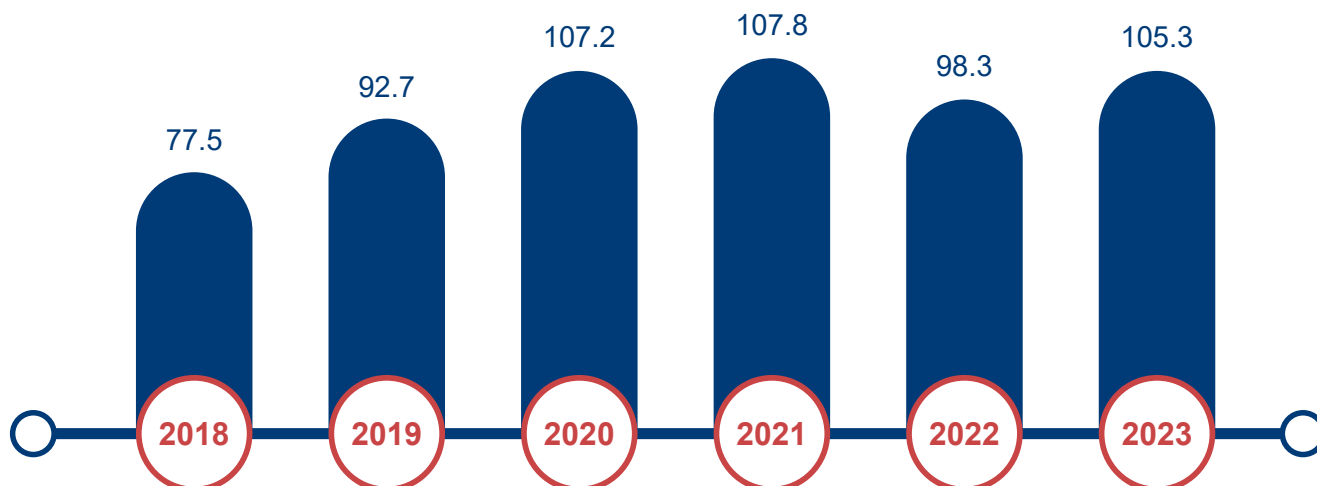
Deposits of individuals in the Bank are guaranteed by the Deposit Guarantee Fund of Armenia.

Due to the peculiarity of the business model and policy of not providing mass banking services,

the Bank has always set a minimum deposit amount, which at the end of 2023 amounted to AMD 10 million for deposits in AMD, and for USD and EUR deposits respectively USD 20 thousand and EUR 20 thousand amounts.

## TERM DEPOSITS

AMD Billion



### Cooperation with financial organizations

Year by year, the Bank deepens its cooperation with local and international financial organizations and as a result, it offers new and affordable credit solutions to customers. At the same time, the international funds provide technical assistance, which raises the internal capacity of the Bank.

Below are the main partners of the Bank.

- 1 -

The Bank has more than 14 years of cooperation with the EBRD in the scope of SME lending, Energy Efficiency and Renewable energy and Trade financing.

In 2024 the Bank expected to attract new loan funds from the EBRD within the framework of financing GCF-GEFF Armenia Energy Efficient Investments, in case of receiving a competitive offer at market interest rates. In 2023 the trade financing limit was USD 28.5 million, which is currently one of the largest limits in the Armenian banking system. Besides, the Bank cooperates with the EBRD in

the direction of reverse repo transactions with RA government bonds.

Evidence of the Bank's developing and growing activities in the field of Trade Finance is that five years in a row, the EBRD awarded the Bank "The Most Active Issuing Bank in Armenia in 2022" and "Trade Finance Deal of the Year" awards, which took place in Samarkand (Uzbekistan) on May 16-18, 2023.

In 2023, the allocation of funds with a total volume of USD 8 million in the scope of SME and GCF-GEFF Armenia Energy Efficiency programs continued.

The Bank continued cooperation with the international Green Climate Fund within the framework of the accreditation process in 2023. The Bank will have the opportunity to attract affordable and long-term financial resources from the market if accredited by the Green Climate Fund, as well as the opportunity to act as an intermediary between the fund and RA investors. In December 2023, the COP28 climate summit took place in the UAE, during which the representative of the Bank had meetings and reached agreements with the

representatives of various international climate funds to establish cooperation.

- 2 -

The Bank has cooperated with the ADB within the scope of the Trade Financing Program (TFP). In 2023, the Bank completed the development of the Environmental and Social Risk Management Guidelines with the ADB.

- 3 -

The cooperation with the KfW and European Investment Bank was carried out by PMU GAF in several projects (Project Management Unit of German-Armenian Fund State Institution (PMU GAF)). In 2023, expanding the scope of cooperation the Bank joined the 3rd phase of KfW bank's SME support program. This program enables the Bank's clients to offer affordable and competitive AMD loans. Besides, in December 2023, a new phase of the EIB Project was launched and the Bank was selected as a partner financial institution.

- 4 -

The Eurasian Development Bank (EDB) with a limit of USD 5 million and the International Bank for Economic Cooperation (IBEC) with a limit of EUR 5 million as cooperation companies give opportunities for the customers under its coverage to provide services of various instruments of trade finance (letters of credit, guarantees, financing of RCAs), but due to the unattractive interest rate applied to some instruments (for example, refinancing of RCAs), it is not widely used in this period.

- 5 -

From 2023, the Bank offers its customers a World Elite MasterCard premium card, which gives the cardholder several advantages, in particular: Lounge, Concierge, Fast Track services, as well as travel insurance.

- 6 -

In the field of mortgage lending, the Bank cooperates with "The National Mortgage Company"

RCO CJSC and with "Home for Youth" RCO CJSC programs. In the first half of 2023, the Bank carried out within the framework of "The National Mortgage Company" RCO CJSC and "Home for Youth" RCO CJSC "Affordable housing for servicemen of the officer" about participating in the program. The participation has already been approved and will be launched shortly within the framework of this lending program.

- 7 -

The Bank will continue to develop export lending with the security of the certificate from the "Armenia Export Insurance Agency" within the framework of the pre-export and post-export loans financing program. The Bank continues to be the most active structure in the banking system of Armenia which cooperates with the Export Insurance Agency of Armenia (EIAA). The Bank constantly discusses with EIAA the possibilities of the introduction of new tools. It should be noted that this year jointly was invested and first-time was financed for capital expenditures by the EIAA insurance.

In 2024, the Bank will continue activities with international and local financial partners, as well as in the direction of identifying new partners: in the direction of attracting additional financial resources on affordable terms for the fields of SME, Energy Efficiency, TFP and other programs. Direct collaborations are planned with EIB, EIF from the EU4Business Capped Guarantee tool relevant processes have been launched. It should be noted that in 2024 the Bank plans to join the GABV and PCAF, which will provide some advantages.

### Issuance of Own Bonds

Being one of the active participants of the RA Government and Corporate Securities Market, the Bank initiated and implemented its bond issuance and placement since 2015.

As a result of allocations, the Bank managed to raise AMD 34 billion, USD 57 million and EUR 27.4 million. As of 31.12.2023, 7 issues have been repaid amounting to AMD 8 billion, USD 10 million and EUR 3 million.

In 2023, the Bank issued 3 bonds: AMD 6 billion,

USD 6 million and EUR 8.5 million. The allocation of USD and EUR bonds was reopened from December 4 to 2024 April 30, 2023.

In 2023, the Bank has 11 bonds listed on the trading sessions of the Armenian Stock Exchange. In 2023 3 issues have been repaid.

All issued bonds after the placement are listed on the Armenian Stock Exchange. At the same time, to ensure the liquidity of the bonds, the Bank used the services of the market maker, which ensured the bilateral quotations of the bonds in the trading sessions of the Armenian Stock Exchange. As a result, the bonds issued by the Bank are among the most popular and most demanded bonds on the market. In particular, in 2023, 100 deals worth USD 1.1 million, EUR 376.4 thousand and AMD 346.9 million were made at the Armenian Stock Exchange with bonds issued by the Bank.

It is noteworthy that the bonds issued by the Bank are in great demand in the market, which is evidenced by the quotations of bonds on the stock exchange.

As of 31.12.2023, 11 issues of bonds placed by the Bank are in circulation. The details are presented below.

#### Description of bonds issued and placed by the Bank as of 31.12.2023

	Issue value	Issue volume	Duration	Coupon	Maturity date	Nominal value
<b>2015</b>						
SWISB1	USD	2,000,000	3 years	7.50 %	16.04.2018	1,000
SWISB2	USD	3,000,000	4 years	8.00 %	16.04.2019	1,000
SWISB3	USD	5,000,000	5 years	8.50 %	27.04.2020	1,000
<b>2017</b>						
SWISB4	USD	10,000,000	7 years	6.75%	15.06.2024	100
SWISB5	EUR	10,000,000	6 years	5.00%	15.06.2023	100
SWISB6	AMD	2,000,000,000	4 years	12.75%	15.06.2021	50,000
<b>2018</b>						
SWISB7	AMD	3,000,000,000	5 years	11.50%	24.05.2023	50,000
SWISB8	USD	6,000,000	7 years	6.50%	23.05.2025	100
SWISB9	USD	10,000,000	6 years	6.00%	22.11.2024	100
<b>2019</b>						
SWISB2A	USD	5,000,000	6 years	6.50%	02.05.2025	100
SWISB2B	EUR	3,000,000	4 years	4.00%	02.05.2023	100
<b>2020</b>						
SWISBC	AMD	10,000,000,000	5 years	9.00%	01.06.2025	50,000
SWISBD	USD	10,000,000	6 years	6.00%	01.06.2026	100
SWISBE	EUR	10,000,000	5 years	3.50%	01.06.2025	100
SWISBF	AMD	10,000,000,000	6 years	8.50%	28.09.2026	50,000
<b>2023</b>						
SWISBH	AMD	10,000,000,000	4 years	11.75 %	01.06.2027	50,000
SWISBI	USD	10,000,000	4 years	6.00 %	01.06.2027	100
SWISBJ	EUR	9,400,000	4 years	4.50 %	01.06.2027	100





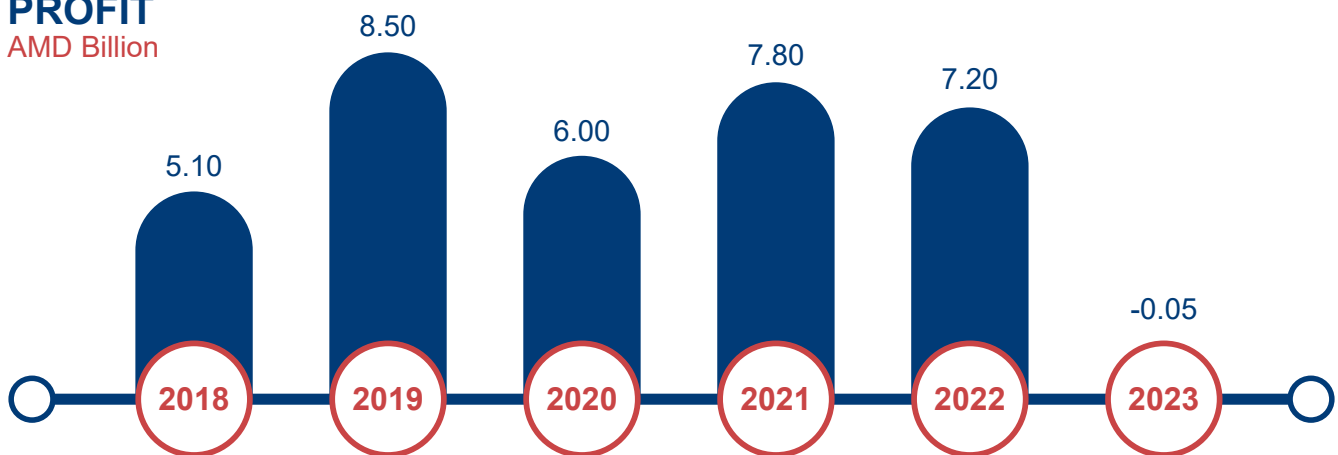
## - FINANCIAL INDICATORS -

The Bank, due to the growth of interest and non-interest income, has created a stable profit growth which is the result of diversification, activation and improvement of the services provided by the Bank.

In 2023, the Bank generated a net profit of about AMD -0.05 billion. At the end of 2023, the government of the RA placed the portfolio of state

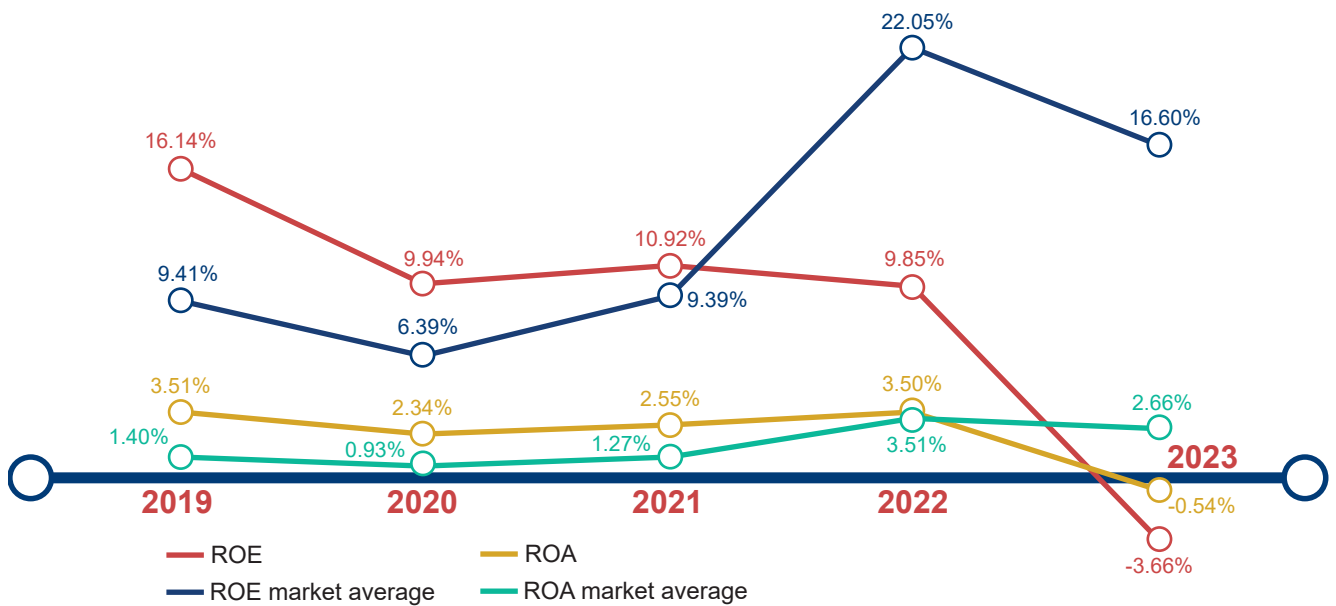
bonds of the Republic of Artsakh in all financial institutions with state bonds of the RA and applied a 30% discount. Therefore, the Banks had to recognize the discounted portfolio as a loss. Otherwise, ARMSWISSBANK's net profit would be AMD 7.3 billion. This was a one-time process with political influence, not the result of the Bank's activities. These bonds were the last asset of the Bank in the Republic of Artsakh.

### PROFIT AMD Billion



In 2023, the Bank's ROA indicator was -0.54% and ROE indicator was -3.66%. According to the annual analytical report, No.117, 23.02.2023 of "Arminfo" agency in 2023 the market average of the ROA indicator was 2.66% and the ROE indicator was 16.60%.

## ANNUAL PROFITABILITY INDICATORS



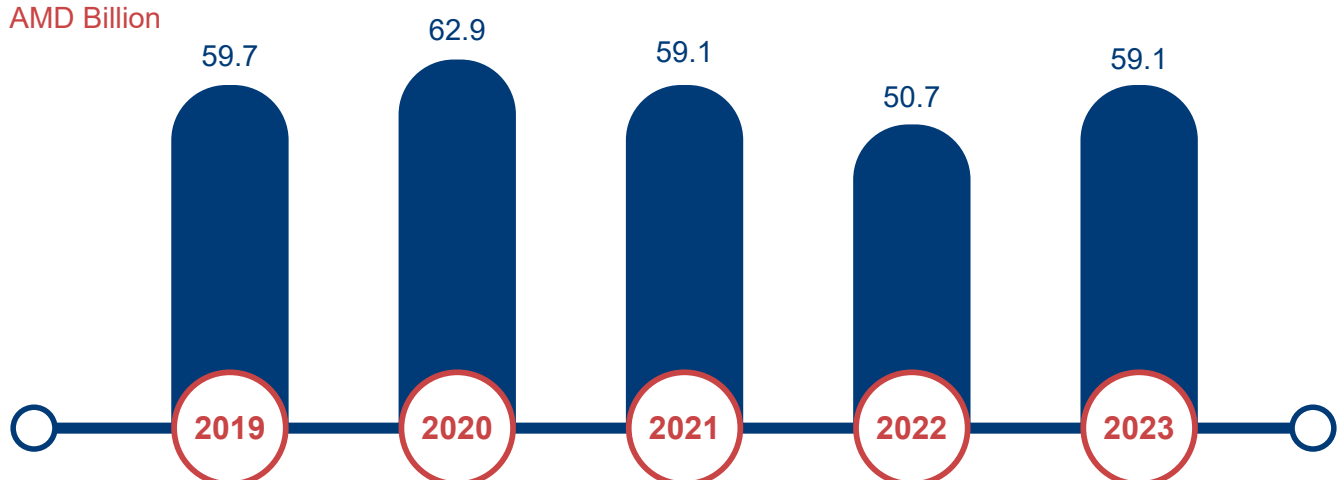
In the Armenian banking system, the Bank has always been in the leading position with the “Income per employee” and “Profit per employee” quality indicators. In this contest, 2023 wasn’t an exception and the Bank was in 1st place in the banking system in terms of “Income per employee”, according to the annual analytical report No. 117, 06.03.2024 of “Arminfo” agency.

In 2023 “Income per employee” quality indicator amounted to AMD 243.3 million.

As of the end of 2023, the total capital of the Bank was AMD 59.1 billion, which increased 16.6% compared with the same indicator as of 2022. The increase in the capital of ARMSWISSBANK CJSC was due to the increase in revaluation reserves.

## CAPITAL

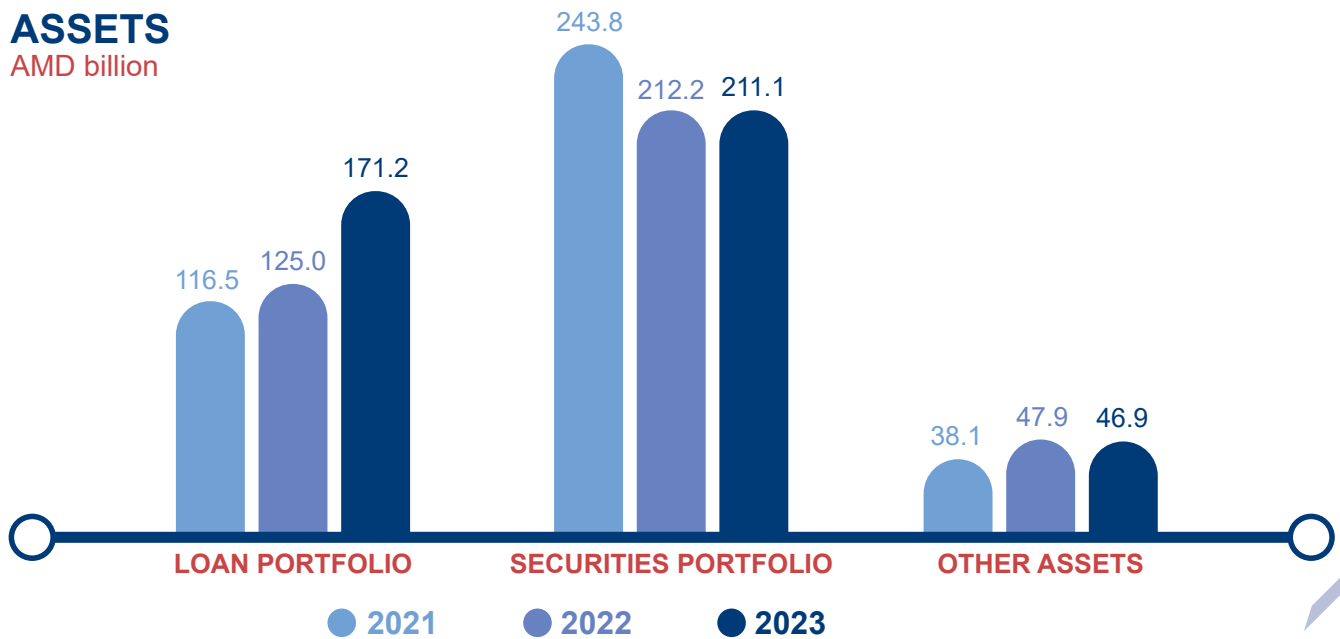
AMD Billion



As of the end of 2023, the Bank’s assets amounted to more than AMD 429.2 billion, which increased by 11.4% compared to the same period of last year. Investments in securities (especially government bonds) and funds allocated in credit instruments have always dominated assets and are the main sources of income for the Bank.

## ASSETS

AMD billion



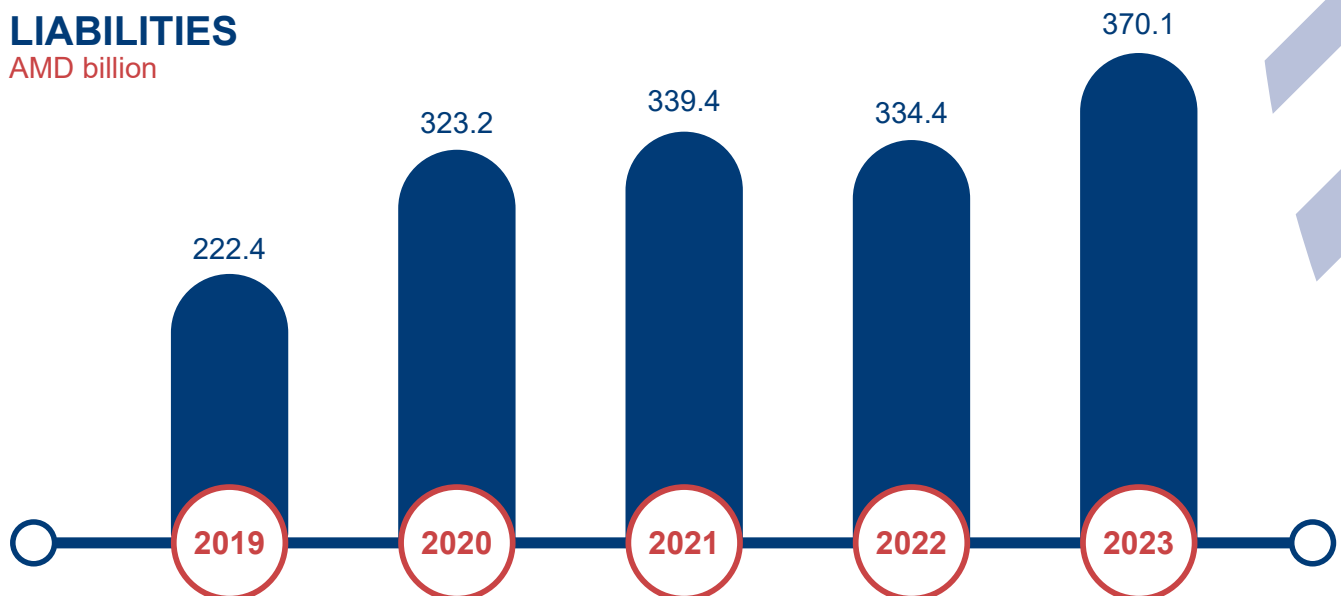
The Bank's liabilities contributed to the expansion of the services provided by the Bank and it has always focused its efforts to diversify the liabilities' structure and reduce the cost of attracted resources. Continuous steps have been taken to deepen existing cooperation with local and international financial institutions and

to use new financial instruments, including the issuance of bonds, to increase the volume of the attracted funds.

At the end of 2023, the Bank's liabilities amounted to more than AMD 370.1 billion, which increased by 10.7% compared with the same period of 2022.

## LIABILITIES

AMD billion



According to the report list of the top 1000 large taxpayers and the values of taxes paid by them by the results of January-December 2023, the Bank paid AMD 3,082 million in taxes. The Bank ranks 106th in the general list and the 15th among commercial banks operating in Armenia.

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ARMSWISSBANK

# PEOPLE

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**CUSTOMERS**

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**RISK MANAGEMENT SYSTEM**

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**STAFF DEVELOPMENTS**

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**SOCIAL RESPONSIBILITY**



**VANADZOR, LORI**





## - CUSTOMERS -

The Bank's management and staff always paid special attention to the Customer service. This approach is in line with the strategic values adopted by the Bank, and the goal is to provide full high-quality customer service, providing an individual approach to each customer.

The main target clients for the Bank in the field of financing are the business clients engaged in production-export activities, which the Bank finances not only through traditional lending but also through trade financing instruments, thus stimulating the increase in production-export volumes. In recent years, it has become extremely important for the Bank to finance production upgrades, technological development, and energy-efficient and "green" projects.

In addition, the Customer Relationship Management Division was established in the Customer Service Department. The main aim is to support existing and potential customers, develop a strategy for customer relations, as well as identify potential, ensure a high level of loyalty, promote sales of banking services, etc.

As of 31.12.2023,  
the number of  
Bank's customers was

**4,813**

which **increased by about 23%** compared with the indicator of 2022

As of 31.12.2023,  
the share of legal entities  
and individual customers was

**35%**

and

**65%**

respectively





## - RISK MANAGEMENT SYSTEM -

Based on the requirements of the current legislation, the international and own experience, the Bank is constantly improving its risk management system. The Bank uses the “Three lines of defense” model, according to which the “first line” is the revenue-generating circle. The “second line” is presented by the risk management and compliance departments, which regularly monitor the risks and present the reports of risks to the Bank’s management. The “third line” is represented by the Internal Audit Department, which provides independent and objective assessments and assurances to the Bank’s Board and management about significant risks.

The risk management unit develops the risk management policy and procedures, implements daily control over operations that involve financial risks and reports to the Board and Management regarding the Bank’s activity, limits and other matters requiring attention.

The Compliance officer identifies, manages, and monitors the compliance risk, and the Internal Monitoring Body performs the AML function to increase the efficiency of which the Bank has performed SWIFT Transactions Screening, World Check & AML Management software. The Bank employees engaged in AML and the Fight Against Terrorism Financing participated in the international ACAMS Certified AML specialist, ACAMS Certified Global Sanctions Specialist, ICA (Specialist Certificate Trade-Based Money Laundering) & ICA (Certificate KYC and CDD) qualification courses and successfully passed the exams.

The credit risk management unit within the framework of credit analysis carries out risk assessment, control of conditions set by the Credit Committee, post-checks of the provided credits, financial, operational, extra monitoring and other functions according to the Bank’s Management recommendations.

According to the long-term and annual work plans approved by the Board, the Bank’s Internal Audit Department carries out audit of the Bank’s most risky areas of activity. The work of the Internal Audit Department is made more effective by the Audit Committee formed by the members of the Bank’s Board, which regularly discusses the Internal Audit reports and the issues related to the improvement of the internal audit work.

The efficiency of the system is ensured by the clear separation and documentation of competencies and responsibilities between the subdivisions, as well as the application of reconciliations.

To effectively manage the risks, several basic principles are applied in the Bank:

The collegial way of making investment decisions, the use of risk management models and elements for risk detection, analysis and evaluation, the separation of competencies and responsibilities in the workplace, the implementation of operations based on the principle of "at least two people", the determination and control of limits of risky operations, formation of reserves to cover possible losses, the transfer of risk through third party insurance, when the benefits of their reduction exceed the estimated costs or their reduction is practically impossible, etc.

The use of a stress-testing system that incorporates a variety of possible scenarios and assesses the impact of situations on the Bank's profit and core economic standards.

Application of an insurance package to reduce operational risk, which includes comprehensive, electronic and computer crime BBB policy and professional liability directions. The Property Insurance is also obtained by the Bank.

The General Supervision of Risk Management in the Bank is carried out by the Board, the Executive Director, and the collegial bodies established based on the principles of corporate governance: Directorate, Credit, Compliance Monitoring and Asset and Liability Management Committees.





## - STAFF DEVELOPMENTS -

The Bank is constantly guided by the slogan “Word should not differ from the action in corporate culture”, using time and resources efficiently and valuing all employees. In the field of human resource management, the Bank always relies on the principles of attracting advanced, qualified and experienced specialists, continuous training and development of employees, strengthening corporate culture and maintaining healthy team principles and approaches.

The Bank builds relationships with its employees on the principle of long-term cooperation and mutual respect.

Realizing the importance of professional staff, the Bank has always prioritized their training, encouragement, career growth and professional development.

The employees of the Bank stand out for their skills, professionalism, initiative and teamwork skills. Many employees have participated in various educational programs organized not only in Armenia but also abroad, including seminars, conferences and online courses organized by international partner organizations to exchange experience and knowledge.

Many employees with excellent progress in various training programs have participated in training organized by reputable foreign banks and organizations.

To increase professional qualification the Bank has always encouraged the participation of its employees in ACCA, CFA, ACAMS and other internationally recognized professional development programs after which some

employees have been awarded ACCA ACAMS and CFA qualifications.

Highlighting the integration of the soldiers participating in the 44-day Artsakh war into society, the Bank also hired 3 participants and organized their training as bank employees.

During 2023, the Bank also organized some small and large team-building events, which provided an opportunity to bring employees even closer and strengthen working relationships by combining work and leisure.

**159**

**Number of employees**

**60,5%**

**Female employee**

**35**

**Average age of employees**



As of 31.12.2023, the Bank has 159 employees. On top of it:



all employees have higher education,



3 employees have the degree of Doctor of Philosophy (PhD) and one has the degree of Associate Professor of Sciences,



1 employee has an international CFA qualification, 4 employees received FCI level 1 qualification, 2 employees were awarded ACCA regular qualification and 2 employees have ACAMS qualification.



## - SOCIAL RESPONSIBILITY -

In addition to the day-to-day professional activities of the Bank and its staff, social responsibility and initiatives aimed at solving social problems are of key importance.

In 2023 the Bank continue to take part in many social and charitable initiatives aimed at cultural, environmental, educational and social support programs, which include a series of donations

to cultural centers of the Republic of Armenia, assistance to needy families, children, support to education, reading, etc.

In particular:

In cooperation with "My Forest Armenia" and at the suggestion of the Bank's Executive Director, Mr. Gevorg Machanyan, the Central Bank of Armenia, the Union of Banks of Armenia and 18 commercial banks established a 50-hectare new forest on the occasion of the 30th anniversary of the Armenian dram to symbolize a permanent, future-oriented and life-oriented value, which is the durability of the national currency.

On June 1st, the staff of the Bank in cooperation with Vardenis municipality supported 15 families of Sotk village: giving them smiles.

On New Year's Eve, the Bank and its staff presented a New Year fairy tale to about 125 children in the 7 border villages of the Syunik region: ensuring the children's high spirits.



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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Supervisory Board of  
ArmSwissBank Closed Joint-Stock Company

### OPINION

We have audited the financial statements of ArmSwissBank Closed Joint-Stock Company (hereinafter, “the Bank”) which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Bank in accordance with the International Ethics

Standards Board for Accountants’ (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Armenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed this matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial statements section of our report,



including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures,

including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

## KEY AUDIT MATTER

### *Allowance for impairment of loans and advances to customers*

Allowance for impairment of loans and advances to customers is a key audit matter due to both the significance of loans and advances to customers and the complexity and judgements related to the estimation of expected credit losses (“ECL”) under IFRS 9 Financial Instruments (“IFRS 9”).

The calculation of ECL on a portfolio basis involves estimation techniques that use complex statistical modelling and expert judgment. These techniques are used to determine probability of default, projected exposure at default and loss arising at default, based on available historical data, which is adjusted for forward looking information, including forecast of macroeconomic parameters. ECL on a portfolio basis are highly impacted by assessment of whether a significant increase in credit risk has occurred since initial recognition. This assessment is primarily based on the following criteria – days past due (including borrower’s overdue exposures in other financial institutions) and renegotiation of loan terms due to deterioration of financial position of the borrower.

The calculation of ECL for significant credit-impaired financial assets on an individual basis requires assessment of estimated future cash flows from the realization of collateral and other sources.

The use of different modelling techniques and assumptions could produce significantly different estimates of ECL. This could have a material effect on the financial results of the Bank.

Information on the allowance for impairment of loans and advances to customers is included in Note 9 “Loans and advances to customers” and Note 30 “Risk management” to the financial statements.

## HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

### *Allowance for impairment of loans and advances to customers*

We focused our audit on the following:

Analysis of credit risk models and assumptions used to determine ECL on a portfolio basis;

Testing controls over the Bank's process for identification of significant increase in credit risk;

Testing the ECL for significant credit-impaired loans and advances to customers on an individual basis.

To test the allowance calculated on a portfolio basis, with the support of our internal specialists, we analyzed underlying statistical models, key inputs and assumptions used and forward-looking information incorporated in the calculation of ECL, including updated forecast of macroeconomic parameters. We tested key statistical data underlying credit risk factors calculation, such as loans' overdue days, market value and types of collaterals pledged under these loans, which are considered for calculation of loss given default. We also tested the design and operating effectiveness of the key controls over the process for identification of significant increase in credit risk and assessed the consistency of application of the criteria selected by management to identify significant increase in credit risk as at the reporting date.

For significant credit-impaired exposures, we tested the calculation of estimated future cash flows from sale of collateral and other sources.

We also analysed the financial statements' disclosures of the Bank's exposure to credit risk.

## **OTHER INFORMATION INCLUDED IN THE BANK'S 2023 ANNUAL REPORT**

Other information consists of the information included in the Bank's 2023 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2023 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

## **RESPONSIBILITIES OF MANAGEMENT AND THE SUPERVISORY BOARD FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or

has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Bank's financial reporting process.

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

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Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

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Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

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Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Supervisory Board we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Eric Hayrapetyan.



## STATEMENT OF FINANCIAL POSITION

As of 31 December 2023

(thousands of Armenian drams)

	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents	23,499,645	28,552,473
Derivative financial assets	9,262	26,252
Amounts due from credit institutions	12,266,393	7,449,029
Loans and advances to customers	171,176,527	125,003,048
Investment securities	122,468,152	133,432,483
Investment securities pledged under repurchase agreements	88,595,879	78,718,547
Property and equipment and right-of-use assets	2,056,184	2,020,076
Intangible assets	111,222	82,402
Repossessed assets	872,185	1,175,804
Prepayments on income tax	45,526	–
Deferred tax assets	1,822,121	4,178,389
Other assets	6,267,006	4,533,679
<b>TOTAL ASSETS</b>	<b>429,190,102</b>	<b>385,172,182</b>
<b>LIABILITIES</b>		
Amounts due to banks	91,826,669	80,803,726
Derivative financial liabilities	29,556	29,108
Amounts due to customers	160,775,017	129,536,044
Debt securities issued	55,022,320	52,408,743
Other borrowed funds	28,493,452	34,778,666
Current income tax liabilities	–	186,533
Other liabilities	1,826,542	2,210,310
Subordinated loans	32,161,126	34,484,130
<b>TOTAL LIABILITIES</b>	<b>370,134,682</b>	<b>334,437,260</b>

**STATEMENT OF FINANCIAL POSITION**

As of 31 December 2023

(thousands of Armenian drams)

	2023	2022
<b>EQUITY</b>		
Share capital	10,000,200	10,000,200
Share premium	6,205,548	6,205,548
Statutory general reserve	40,000,000	35,000,000
Retained earnings	11,705,333	16,755,005
Revaluation reserve for investment securities	(10,414,429)	(18,784,599)
Revaluation reserve of property	1,558,768	1,558,768
<b>TOTAL EQUITY</b>	59,055,420	<b>50,734,922</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	429,190,102	385,172,182

## STATEMENT OF FINANCIAL POSITION

As of 31 December 2023

(thousands of Armenian drams)

	2023	2022
Interest income calculated using effective interest rate	36,979,006	33,775,065
Other interest income	622,967	337,003
Interest expense	(28,014,222)	(26,168,283)
<b>NET INTEREST INCOME</b>	<b>9,587,751</b>	<b>7,943,785</b>
Credit loss recovery	1,220,453	3,137,574
<b>NET INTEREST INCOME AFTER CREDIT LOSS RECOVERY</b>	<b>10,808,204</b>	<b>11,081,359</b>
Fee and commission income	862,895	504,994
Fee and commission expense	(220,956)	(184,766)
Net trading income	1,104,024	1,547,990
Net gains on derecognition of financial assets measured at fair value through other comprehensive income	138,915	20,943
Net loss on derecognition of financial assets at amortized cost	(8,309,288)	–
Net losses from foreign currency translation	(94,089)	(927,915)
Other income	429,852	316,966
<b>NON-INTEREST INCOME</b>	<b>(6,088,647)</b>	<b>1,278,212</b>
Personnel expenses	(2,164,124)	(1,919,187)
Depreciation of property and equipment	(221,269)	(179,770)
Amortization of intangible assets	(33,068)	(28,373)
Other expenses	(668,732)	(634,776)
Other impairments expense	(15,182)	(667,845)
<b>NON-INTEREST EXPENSE</b>	<b>(3,102,375)</b>	<b>(3,429,951)</b>
<b>PROFIT BEFORE INCOME TAX EXPENSE</b>	<b>1,617,182</b>	<b>8,929,620</b>
Income tax expense	(1,666,854)	(1,729,905)
<b>(LOSS)/PROFIT FOR THE YEAR</b>	<b>(49,672)</b>	<b>7,199,715</b>

**STATEMENT OF FINANCIAL POSITION**

As of 31 December 2023

(thousands of Armenian drams)

	2023	2022
<b>(LOSS)/PROFIT FOR THE YEAR</b>	<b>(49,672)</b>	<b>7,199,715</b>
<b>Other comprehensive income</b>		
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>		
Property revaluation	–	517,152
Income tax relating to components of other comprehensive income	–	(93,087)
<b>NET OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS</b>	<b>–</b>	<b>424,065</b>
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>		
Net change in fair value of debt instruments at fair value through other comprehensive income	10,136,294	(18,932,920)
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income	71,230	(525,377)
Income tax relating to components of other comprehensive income	(1,837,354)	3,502,493
<b>NET OTHER COMPREHENSIVE PROFIT/(LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS</b>	<b>8,370,170</b>	<b>(15,955,804)</b>
<b>OTHER COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR, NET OF TAX</b>	<b>8,370,170</b>	<b>(15,531,739)</b>
<b>TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR</b>	<b>8,320,498</b>	<b>(8,332,024)</b>



## STATEMENT OF FINANCIAL POSITION

As of 31 December 2023

(thousands of Armenian drams)

	Share capital	Share premium	Statutory general reserve	Revaluation reserve for investment securities	Revaluation reserve of property	Retained earnings	Total equity
<b>1 JANUARY 2022</b>	10,000,200	6,205,548	30,000,000	(2,828,795)	1,134,703	14,555,290	59,066,946
Profit for the year	-	-	-	-	-	7,199,715	7,199,715
Other comprehensive income for the year							
Net change in fair value of investment securities at FVOCI	-	-	-	(18,849,853)	-	-	(18,849,853)
Net gain reclassified to profit or loss on sale of investment securities at FVOCI	-	-	-	(83,067)	-	-	(83,067)
Revaluation of PPE	-	-	-	-	517,152	-	517,152
Net changes in allowance for expected credit losses of investment securities at FVOCI	-	-	-	(525,377)	-	-	(525,377)
Income tax relating to components of other comprehensive income	-	-	-	3,502,493	(93,087)	-	3,409,406
<b>Total comprehensive income for the year</b>	-	-	-	<b>(15,955,804)</b>	<b>424,065</b>	-	<b>(15,531,739)</b>
Distribution to reserve	-	-	-	5,000,000	-	(5,000,000)	-
<b>Total transaction with owners</b>	-	-	-	<b>5,000,000</b>	-	<b>(5,000,000)</b>	-
<b>31 December 2022</b>	10,000,200	6,205,548	35,000,000	(18,784,590)	1,558,768	16,755,005	50,734,922
Loss for the year	-	-	-	-	-	(49,672)	(49,672)
Other comprehensive income for the year							
Net change in fair value of investment securities at FVOCI	-	-	-	10,070,620	-	-	10,070,620
Net gain reclassified to profit or loss on sale of investment securities at FVOCI	-	-	-	65,674	-	-	65,674
Net changes in allowance for expected credit losses of investment securities at FVOCI	-	-	-	71,230	-	-	71,230
Income tax relating to components of other comprehensive income	-	-	-	(1,837,354)	-	-	(1,837,354)
<b>Total comprehensive income for the year</b>	-	-	-	<b>8,370,170</b>	-	-	<b>8,370,170</b>
Distribution to reserve	-	-	5,000,000	-	-	(5,000,000)	-
<b>Total transaction with owners</b>	-	-	<b>5,000,000</b>	-	-	<b>(5,000,000)</b>	-
<b>31 December 2023</b>	10,000,200	6,205,548	40,000,000	(10,414,429)	1,558,768	11,705,333	59,055,420

## STATEMENT OF FINANCIAL POSITION

As of 31 December 2023

(thousands of Armenian drams)

	2023	2022
<b>Cash flows from operating activities</b>		
Profit before tax	1,617,182	8,929,620
<b>Adjustments for:</b>		
Impairment recovery of financial assets	(1,220,453)	(3,137,574)
Other impairments	15,182	667,845
Amortization and depreciation allowances	254,337	208,143
Interest receivable	(346,654)	(677,601)
Interest payable	93,287	808,288
Net income from disposal of property and equipment	–	(275)
Net gain from disposal of repossessed assets	(30,275)	(36,739)
Foreign currency translation net loss	94,089	927,915
Net loss from revaluation of precious metals	1,361	109,447
Net loss/(gain) from changes in fair value of derivatives	17,438	(26,262)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>495,494</b>	<b>7,772,807</b>
<b>(Increase)/decrease in operating assets</b>		
Amounts due from credit institutions	(4,568,119)	(6,034,565)
Loans and advances to customers	(42,155,813)	(17,665,892)
Repossessed assets	388,043	111,756
Other assets	(1,708,913)	(321,326)
<b>Net increase/(decrease) in operating liabilities</b>		
Amounts due to banks	10,627,960	(3,769,403)
Amounts due to customers	29,047,006	2,429,171
Other liabilities	(466,687)	72,269
<b>Net cash flows used in operating activities before income tax</b>	<b>(8,341,029)</b>	<b>(17,405,183)</b>
Income tax paid	(1,379,997)	(1,859,608)
<b>Net cash used in operating activities</b>	<b>(9,721,026)</b>	<b>(19,264,791)</b>
<b>Cash flows from investing activities</b>		
Purchase of investment securities	(42,748,549)	(63,358,002)
Proceeds from sale and redemption of investment securities	54,365,884	71,267,487
Prepayments for the acquisition of property and equipment	–	(788,000)
Purchase of property and equipment	(257,376)	(45,271)
Sale of property and equipment	–	275
Purchase of intangible assets	(61,888)	(32,082)
<b>Net cash from investing activities</b>	<b>11,298,071</b>	<b>7,044,407</b>
<b>Cash flows from financing activities</b>		
Proceeds from other borrowed funds	5,055,714	19,042,056
Repayment of other borrowed funds	(11,343,494)	(13,760,849)
Proceeds from debt securities issued	13,014,650	–
Redemption of debt securities issued	(11,451,670)	–
Proceeds from subordinated debt	8,000,000	12,000,000
Repayment of subordinated debt	(10,326,129)	–
Repayment of lease liabilities	(92,640)	(61,885)
<b>Net cash (used in)/from financing activities</b>	<b>(7,143,569)</b>	<b>17,219,322</b>
Effect of exchange rates changes on cash and cash equivalents	529,291	(3,765,492)
Effect of expected credit losses on cash and cash equivalents	(15,596)	(11,152)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(5,052,829)</b>	<b>1,222,294</b>
Cash and cash equivalents at the beginning of the year	28,552,473	27,330,179
<b>Cash and cash equivalents at the end of the year</b>	<b>23,499,644</b>	<b>28,552,473</b>
Please see full version of Financial Statement in the Bank's official web-site: <a href="https://www.armswissbank.am/en/reports/">https://www.armswissbank.am/en/reports/</a>		

# USEFUL INFORMATION ABOUT BANK COOPERATION

 <p>ՅԱՅԱՍՏԱՆԻ ԲԱՆԿԵՐԻ ՄԻՈՒԹՅՈՒՆ UNION OF BANKS OF ARMENIA СОЮЗ БАНКОВ АРМЕНИИ</p> <p>Union of Bank of Armenia (UBA)</p>	 <p>Armenia Securities Exchange</p>
 <p>Armenia Credit Reporting Agency (ACRA)</p>	 <p>Armenian Card (ArCa)</p>
 <p>Mastercard</p>	 <p>Society for Worldwide Interbank Financial Telecommunications (SWIFT)</p>
 <p>Facilitating Open Account – Receivables Finance</p> <p>Factors Chain International (FCI)</p>	 <p>American Chamber of Commerce in Armenia (AmCham)</p>
 <p>European Business Association (EBA)</p>	 <p>The Switzerland-Armenia Chamber of Commerce</p>
 <p>GERMAN ARMENIAN FUND ԳԵՐՄԱՆԱՐՄԵՆԻԱԿԱՆ ԳԻՄՆԱԴՐԱՄ</p> <p>Project Management Unit of German-Armenian Fund State Institution (PMU GAF)</p>	 <p>European Bank for Reconstruction and Development</p> <p>European Bank for Reconstruction and Development (EBRD)</p>

 <p><b>ADB</b> ASIAN DEVELOPMENT BANK</p> <p>Asian Development Bank (ADB)</p>	 <p><b>Eurasian Development Bank</b></p> <p>Eurasian Development Bank (EDB)</p>
 <p>European Investment Bank (EIB) - through (PMU GAF)</p>	 <p><b>IBEC</b> INTERNATIONAL BANK FOR ECONOMIC CO-OPERATION</p> <p>International Bank for Economic Cooperation (IBEC)</p>
 <p>Bank aus Verantwortung</p> <p>KfW Development Bank - through (PMU GAF)</p>	 <p><b>GREEN CLIMATE FUND</b></p> <p>Green Climate Fund (GCF)</p>
 <p><b>PCAF</b> Partnership for Carbon Accounting Financials</p> <p>Partnership for Carbon Accounting Financials</p>	 <p><b>R2E2</b></p> <p>Armenia Renewable Resources and Energy Efficiency Fund (R2E2)</p>
 <p>Home for Youth RCO CJSC</p>	 <p><b>NMC</b> National Mortgage Company</p> <p>National Mortgage Company RCO CJSC (NMC)</p>
 <p>EXPORT INSURANCE AGENCY OF ARMENIA</p> <p>Export Insurance Agency of Armenia (EIAA)</p>	 <p><b>FINARM</b> FINANCIAL MARKET MEMBERS ASSOCIATION</p> <p>“FINARM” Financial Market Members Association</p>





## BANK DETAILS

**Full Name:** ARMSWISSBANK CJSC

**Licenses:** Banking License N84

**Granted by the Central Bank of Armenia on February 25, 2005**

**Address:** 10 V. Sargsyan Str., Yerevan 0010, Republic of Armenia

**Tax Code:** 02574955

**Correspondent account at the Central Bank of RA:** 103002102509

**SWIFT code:** ARSJAM22

**Reuters page:** ARSJ, ARSI

**Bloomberg page:** ASWI



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### URL

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[www.armswissbank.com](http://www.armswissbank.com)



### Service hours

9:30-17:00

**THE BANK IS SUPERVISED BY THE  
CENTRAL BANK OF ARMENIA**



