

### 3 Net interest and similar income and expense

<u>Interest and similar incomes</u>	<u>01.04.21</u> <u>30.06.21</u>	<u>01.01.21</u> <u>30.06.21</u>	<u>01.04.20</u> <u>30.06.20</u>	<u>01.01.20</u> <u>30.06.20</u>
Amounts due from banks, financial institutions, bank current accounts	82,527	165,326	60,024	124,773
Loans and advances to customers	2,826,425	5,415,012	2,175,291	4,342,396
Debt securities available-for-sale	3,285,604	6,597,641	2,277,482	4,238,834
Debt securities held to maturity	1,950,422	3,700,397	1,703,143	3,438,354
Reverse repurchase transactions	52,254	66,986	56,236	120,710
Other interest income	98,484	175,507	74,092	107,647
<b>Total interest and similar income</b>	<b>8,295,716</b>	<b>16,120,869</b>	<b>6,346,268</b>	<b>12,372,714</b>

<u>Interest and similar expense</u>	<u>01.04.21</u> <u>30.06.21</u>	<u>01.01.21</u> <u>30.06.21</u>	<u>01.04.20</u> <u>30.06.20</u>	<u>01.01.20</u> <u>30.06.20</u>
Amounts due to banks, financial institutions, bank current accounts	435,498	835,271	394,316	796,176
Amounts due to customers	2,860,842	5,693,002	2,345,108	5,489,089
Amounts due to securities issued by the Bank	1,148,905	2,309,000	1,284,831	1,284,831
Repurchase agreement operations	1,081,162	1,881,198	129,956	243,375
Other interest expenses	2,681	5,611	26,268	54,594
<b>Total interest and similar expense</b>	<b>5,529,088</b>	<b>10,724,082</b>	<b>4,180,479</b>	<b>7,868,065</b>

<b>Net interest and similar income and expense</b>	<b>2,766,628</b>	<b>5,396,787</b>	<b>2,165,789</b>	<b>4,504,649</b>
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### 4 Fee and commission income and expense

<u>Fee and commission income</u>	<u>01.04.21</u> <u>30.06.21</u>	<u>01.01.21</u> <u>30.06.21</u>	<u>01.04.20</u> <u>30.06.20</u>	<u>01.01.20</u> <u>30.06.20</u>
Cash collection	10,630	16,965	5,672	17,370
Wire transfer fees	70,858	133,224	58,787	126,068
Guarantees and letters of credit	7,161	10,841	25	40
Foreign currency translation and brokerage operations	17,512	32,507	13,531	24,617
Other fees and commissions	25,608	49,252	3,936	7,413
<b>Total fee and commission income</b>	<b>131,789</b>	<b>242,789</b>	<b>81,951</b>	<b>175,508</b>

<u>Fee and commission expense</u>	<u>01.04.21</u> <u>30.06.21</u>	<u>01.01.21</u> <u>30.06.21</u>	<u>01.04.20</u> <u>30.06.20</u>	<u>01.01.20</u> <u>30.06.20</u>
Correspondent and other accounts	18,026	33,991	8,384	17,120
Foreign currency translation and brokerage operations	9,895	12,393	2,045	4,136
Other expenses*	22,263	41,165	11,196	26,421
<b>Total fee and commission expense</b>	<b>50,184</b>	<b>87,549</b>	<b>21,625</b>	<b>47,677</b>

<b>Net fee and commission income</b>	<b>81,585</b>	<b>155,240</b>	<b>60,326</b>	<b>127,831</b>
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### 5. Net income on trading operations

<u>Available for sale investments</u>	<u>01.04.21</u> <u>30.06.21</u>	<u>01.01.21</u> <u>30.06.21</u>	<u>01.04.20</u> <u>30.06.20</u>	<u>01.01.20</u> <u>30.06.20</u>
Net income on trading with available for sale investments, including	583,511	1,016,918	627,017	2,895,676
bonds	583,511	1,016,918	627,017	2,895,676
shares				
<b>Total</b>	<b>583,511</b>	<b>1,016,918</b>	<b>627,017</b>	<b>2,895,676</b>

<u>Foreign currency operations</u>	<u>01.04.21</u> <u>30.06.21</u>	<u>01.01.21</u> <u>30.06.21</u>	<u>01.04.20</u> <u>30.06.20</u>	<u>01.01.20</u> <u>30.06.20</u>
Net income on trading with foreign currency	92,549	199,081	174,662	316,496
Net income on foreign currency revaluation	(231,508)	(184,854)	(169,128)	(163,338)
Net income/loss on derivatives	214,624	175,542	21,155	(2,816)
<b>Total</b>	<b>75,665</b>	<b>189,769</b>	<b>26,689</b>	<b>150,342</b>

<u>Precious metals bullion bars and coins</u>	<u>01.04.21</u> <u>30.06.21</u>	<u>01.01.21</u> <u>30.06.21</u>	<u>01.04.20</u> <u>30.06.20</u>	<u>01.01.20</u> <u>30.06.20</u>
Net income on trading with precious metals bullion bars and coins	57,196	60,392	1,492	3,421
Net income on revaluation of precious metals bullion bars and coins	(18,573)	(86,857)	4,335	11,702
<b>Total</b>	<b>38,623</b>	<b>(26,465)</b>	<b>5,827</b>	<b>15,123</b>

<b>Net income on trading operations</b>	<b>697,799</b>	<b>1,180,222</b>	<b>659,533</b>	<b>3,061,141</b>
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## 6 Other operational income

<u>Other operational income</u>	<u>01.04.21</u> <u>30.06.21</u>	<u>01.01.21</u> <u>30.06.21</u>	<u>01.04.20</u> <u>30.06.20</u>	<u>01.01.20</u> <u>30.06.20</u>
Fines and penalties received	45,519	123,208	7,950	35,090
Net income from sale of fixed and intangible assets	4,600	17,479	-	670
Other income**	16,358	23,747	8,863	16,432
<b>Total other income</b>	<b>66,477</b>	<b>164,434</b>	<b>16,813</b>	<b>52,192</b>

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

<u>Total net provisions made</u>	<u>01.04.21</u> <u>30.06.21</u>	<u>01.01.21</u> <u>30.06.21</u>	<u>01.04.20</u> <u>30.06.20</u>	<u>01.01.20</u> <u>30.06.20</u>
Loans and advances to customers	2,307,689	1,412,215	(531,624)	(772,246)
<b>Total</b>	<b>2,307,689</b>	<b>1,412,215</b>	<b>(531,624)</b>	<b>(772,246)</b>

## 8. Total administrative expenses

<u>Total administrative expenses</u>	<u>01.04.21</u> <u>30.06.21</u>	<u>01.01.21</u> <u>30.06.21</u>	<u>01.04.20</u> <u>30.06.20</u>	<u>01.01.20</u> <u>30.06.20</u>
Wages and salaries*	382,252	783,138	415,275	839,565
Business trip expenses	296	568	265	5,657
Insurance expenses	9,869	19,765	8,671	16,660
Fixed assets maintenance	934	2,334	1,304	2,419
Building maintenance and security	12,240	27,350	21,226	43,141
Auditing, consulting and other services	9,510	17,134	6,000	12,000
Communication expenses	38,226	71,143	32,885	64,828
Transportation expenses	1,615	3,026	1,184	2,287
Taxes /other than income tax/ duties	2,440	6,700	4,847	7,565
Office and other organizational expenses	1,731	2,612	1,698	2,934
Expenses on granting and gathering loans	7,300	15,455	4,959	8,999
Other administrative expenses**	5,208	10,643	12,752	22,755
<b>Total</b>	<b>471,621</b>	<b>959,868</b>	<b>511,066</b>	<b>1,028,810</b>

\*Average number of staff

146      147      148      149

\*Average monthly salary per employee

994      1,300      628      875

## 9 Other operational expenses

<u>Other operational expenses</u>	<u>01.04.21</u> <u>30.06.21</u>	<u>01.01.21</u> <u>30.06.21</u>	<u>01.04.20</u> <u>30.06.20</u>	<u>01.01.20</u> <u>30.06.20</u>
Expenses on cash delivery	557	959	422	911
Advertising and representation expenses	2,073	8,701	1,665	8,594
Fixed assets and intangible assets depreciation expenses	53,833	104,855	39,457	79,371
Other expenses****	1,069,834	1,084,798	12,099	24,213
<b>Total other operational expenses</b>	<b>1,126,297</b>	<b>1,199,313</b>	<b>53,643</b>	<b>113,089</b>

## 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	01.01.21 30.06.21	Effective rate (%)	01.01.20 30.06.20	Effective rate (%)
<b>Profit before tax</b>	4,200,821		5,948,533	
Income tax at the rate of 20%	840,164	20	1,189,707	20
Non-deductible expenses	16,824		19,872	
Foreign exchange (gains)/losses	(96,170)		(154,451)	
Other	389,182		44,872	
Adjustments to income and expenses for tax purposes				
<b>Income tax expense</b>	<b>1,150,000</b>		<b>1,100,000</b>	

## Deferred tax calculation in respect of temporary differences:

Thousand Armenian drams	30.06.21	Recognized in equity	Recognized in Income statement	31.12.20
Amounts due from other financial institutions	(5,566)			(5,566)
Customer loans and prepayments	286,184			286,184
Investments available for sale	(1,823,501)			(1,823,501)
Investment securities	36,096			36,096
Fixed assets	(237,232)			(237,232)
Other assets	(9,010)		-	(9,010)
Other reserves	510,637		530,446	(19,809)
Lease obligations	(9,388)			(9,388)
Other liabilities	68,544			68,544
<b>Total deferred tax liabilities</b>	<b>(1,183,236)</b>			<b>(1,713,682)</b>

## 13 Cash, cash equivalents and balances with CBA

Thousand Armenian drams	30.06.21	31.12.20
Cash	2,623,577	1,887,175
Cash in ARMs	48,945	64,692
Correspondent accounts with the CBA	26,631,187	24,726,715
Deposited funds in CBA	120,000	310,000
Allowance for impairment	(10,845)	
<b>Total cash, cash equivalents and balances with CBA</b>	<b>29,412,864</b>	<b>26,988,582</b>

## Standardized bullion bars of precious metals

Thousand Armenian drams	30.06.21	31.12.20
Standardized bullion bars of precious metals	723,408	834,280
<b>Standardized bullion bars of precious metals</b>	<b>723,408</b>	<b>834,280</b>

## 14 Amounts due from other financial institutions

Thousand Armenian drams	30.06.21	31.12.20
Correspondent accounts	1,819,471	2,890,729
Deposited funds in banks		145,890
Deposited funds in financial institutions	1,583,310	258,205
Deposits in banks		182,520
Loans in banks	297,437	313,531
Loans in other fin. Institutions	925,991	2,338,912
Accreditives in other financial institutions	189,235	22,708
Repurchase agreements in other financial institutions	120,767	999,965
Other accounts	1,274,554	482,360
Accrued interest	9,428	28,145
Allowance for loan impairment	(86,553)	(60,294)
<b>Total amounts due from other financial institutions</b>	<b>6,133,640</b>	<b>7,602,671</b>

**16 Loans and advances to customers**

Thousand Armenian drams	30.06.21	31.12.20
<b>Loans to customers, including</b>	50,539,609	61,840,325
Factoring	2,254,958	3,089,349
Credit lines and overdraft	55,613,237	60,863,404
Repurchase agreements	242,641	129,506
Financial leasing	1,688,182	1,669,336
Other amounts	15,003	10,804
Accrued interest	1,995,727	2,131,756
<b>Total loans customers</b>	<b>113,415,690</b>	<b>129,734,480</b>
Allowance for loan impairment	(4,235,621)	(6,236,256)
<b>Total loans and advances to customers</b>	<b>109,180,069</b>	<b>123,498,224</b>

**Loans to individuals comprise the following products:**

Thousand Armenian drams	30.06.21	31.12.20
<b>Privately held companies, including</b>	<b>89,012,427</b>	<b>105,085,083</b>
Large entities	40,593,210	56,014,721
Small and medium entities	48,419,217	49,070,362
<b>Individuals</b>	<b>21,229,098</b>	<b>21,373,846</b>
Sole proprietors	1,163,435	1,132,691
Other amounts	15,003	420,314
Accrued interest	1,995,727	988,530
Allowance for loan impairment	(4,235,621)	(6,236,256)
<b>Total loans and advances to customers</b>	<b>109,180,069</b>	<b>122,764,508</b>

**Loans to individuals comprise the following products:**

Thousand Armenian drams	30.06.21	31.12.20
Mortgage loans	16,716,105	16,489,851
Consumer loans	3,597,081	2,653,526
Repurchase agreements	242,641	129,506
Other	673,271	2,100,963
<b>Total loans and advances to individuals (gross)</b>	<b>21,229,098</b>	<b>21,373,846</b>

**Structure of impaired (non performing) loans and borrowings**

Thousand Armenian drams	30.06.21	31.12.20
<b>Loans and borrowings, o/w</b>	<b>113,415,690</b>	<b>129,734,480</b>
<b>Impaired (non performing) loans and borrowings, o/w</b>	<b>4,703,891</b>	<b>8,488,409</b>
overdue	240,302	337,030
<b>Total loans</b>	<b>113,415,690</b>	<b>129,734,480</b>
Allowance for loan impairment	(4,235,621)	(6,236,256)
<b>Total net loans</b>	<b>109,180,069</b>	<b>123,498,224</b>

Analysis of loans and borrowings by economy sectors



Thousand Armenian drams	30.06.21	Տոկոսային հարաբերություն	31.12.20	Տոկոսային հարաբերություն
Industry	40,750,913	35.93%	47,102,987	36.31%
Agriculture	7,169,171	6.32%	13,653,948	10.52%
Construction	15,109,094	13.32%	16,072,482	12.39%
Transport and communication	1,108,740	0.98%	1,171,591	0.90%
Trade	20,200,297	17.81%	19,539,576	15.06%
Consumer	3,933,625	3.47%	2,814,222	2.17%
Mortgage loans	16,873,020	14.88%	16,620,699	12.81%
Services	6,539,344	5.77%	6,545,544	5.05%
Other, o/w	1,731,488	1.53%	6,213,530	4.79%
<b>Total loans</b>	<b>113,415,690</b>	<b>100%</b>	<b>129,734,480</b>	<b>100%</b>
Allowance for loan impairment	(4,235,621)		(6,236,256)	
<b>Total net loans and borrowings</b>	<b>109,180,069</b>		<b>123,498,224</b>	

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

1) total sum	36,683,582
2) percentage in gross loans (n % of loan portfolio),	32.34%
3) percentage in capital (n % of capital):	57.27%

17 Investments available for sale

Thousand Armenian drams	30.06.21	31.12.20
<b>Quoted Investments</b>		
Securities issued by the RA Ministry of Finance	161,412,308	148,172,984
<i>o/w interest</i>	2,234,445	1,398,554
RA corporate bonds	7,203,415	10,078,161
<b>Unquoted Investments</b>		
RA corporate shares	64,150	64,150
Allowance for impairment		
<b>Total Investments</b>	<b>168,679,873</b>	<b>158,315,295</b>

Other financial assets carried at amortized cost

Thousand Armenian drams	30.06.21	31.12.20
Securities issued by the RA Ministry of Finance	85,354,549	61,204,223
Accrued interest	2,243,494	2,061,014
Allowance for impairment	(279,252)	(200,532)
<b>Other financial assets carried at amortized cost</b>	<b>87,318,791</b>	<b>63,064,705</b>

Non current assets held for sale

Thousand Armenian drams	30.06.21	31.12.20
Non current assets held for sale	2,265,630	2,266,870
<b>Non current assets held for sale*</b>	<b>2,265,630</b>	<b>2,266,870</b>

\* 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.

	30.06.21		31.12.20	
	%	Term	%	Term
Securities issued by RA Ministry of Finance (AMD)	8.32-9.72	2024-2060	6.79-9.14	2021-2047
Securities issued by RA Ministry of Finance (USD)	3.06-4.01	2025-2029	3.32-3.88	2025-2029
RA corporate bonds (AMD)	9.20-9.00	2022-2026	7.50-8.00	2021-2025
RA corporate bonds (USD)	3.30-9.37	2021-2025	5.6-9.37	2021-2025

## 20 Fixed assets, intangible assets

	PPE	Computers and communication facilities	Vehicles	Office equipment	Total
<b>Initial value</b>					
Initial cost as of 1 January, 2021	2,054,092	310,989	124,247	152,951	<b>2,642,279</b>
Additions	158,546	17,996	16,150	15,512	<b>208,204</b>
Disposals	-	(411)	(47,101)	-	(47,512)
<b>As of June 30, 2021</b>	<b>2,212,638</b>	<b>328,574</b>	<b>93,296</b>	<b>168,463</b>	<b>2,802,971</b>
<b>ACCRUED DEPRECIATION</b>					
As of 1 January, 2021	464,609	206,427	92,506	118,557	<b>882,099</b>
Additions	55,499	12,670	4,085	3,983	<b>76,237</b>
Disposals	-	(411)	(45,524)	-	(45,935)
<b>As of June 30, 2021</b>	<b>520,108</b>	<b>218,686</b>	<b>51,067</b>	<b>122,540</b>	<b>912,401</b>
<b>CARRYING VALUE</b>					
<b>As of June 30, 2021</b>	<b>1,692,530</b>	<b>109,888</b>	<b>42,229</b>	<b>45,923</b>	<b>1,890,570</b>

Thousand Armenian drams	Computer programmes	Other intangible assets	Total
Initial value as of 1 January, 2021	117,333	79,910	197,243
Additions	15,842	5,255	21,097
Devaluation	13,317	4,379	17,696
<b>As of June 30, 2021</b>	<b>119,858</b>	<b>80,786</b>	<b>200,644</b>
<b>ACCRUED DEPRECIATION</b>			
As of 1 January, 2021	86,518	27,529	114,047
Additions	6,025	5,482	11,507
Devaluation	13,317	3,066	16,383
<b>As of June 30, 2021</b>	<b>79,226</b>	<b>29,945</b>	<b>109,171</b>
<b>CARRYING VALUE</b>			
<b>As of June 30, 2021</b>	<b>40,632</b>	<b>50,841</b>	<b>91,473</b>

## 22 Other Assets

Thousand Armenian drams	30.06.21	31.12.20
Prepayments and other debtors	<b>2,025,658</b>	<b>1,180,054</b>
Prepayments of other taxes	<b>344,991</b>	<b>432,592</b>
Reserve	13,277	12,144
Costs of future period	117,644	81,752
Other assets	<b>2,881</b>	<b>8,890</b>
Allowance for other receivables and prepayments	(10,373)	0
<b>Total other assets</b>	<b>2,493,818</b>	<b>1,725,332</b>

## 23 Amounts due to financial institutions

Thousand Armenian drams	30.06.21	31.12.20
<b>Amounts due to CBA</b>		
Loans from CBA	7,486,855	6,749,182
Repurchase agreements	88,999,990	48,999,992
Accrued interest	187,481	174,062
<b>Amounts due to financial institutions</b>	<b>38,004,153</b>	<b>51,141,750</b>
Correspondent accounts of other banks	22,424	23,534
Loans from banks	500,000	4,180,671
Repurchase agreements from banks	1,355,980	13,542,580
Current accounts of other financial institutions	2,728,960	1,039,928
Loans and deposits from banks and other financial institutions	18,425,028	22,022,351
Repurchase agreements from other financial institutions	11,224,165	8,513,443
Letters of credit	2,677,745	1,141,872
Other amounts	1,065,156	14,103
Accrued interest	4,695	663,268
<b>Total amounts due to CBA and financial institutions</b>	<b>134,678,479</b>	<b>107,064,986</b>

## 24 Amounts due to customers

Thousand Armenian drams	30.06.21	31.12.20
<b>RA government</b>	<b>0</b>	<b>20,000</b>
Other liabilities		<b>20,000</b>
- resident		20,000
<b>Legal entities</b>	<b>83,212,193</b>	<b>95,463,407</b>
Current/Settlement accounts	<b>6,879,509</b>	<b>10,202,303</b>
- resident	4,359,223	5,938,683
Term deposits	<b>72,118,027</b>	<b>82,014,989</b>
- resident	11,022,688	10,680,823
Accrued interest	<b>103,187</b>	<b>135,104</b>
- resident	32,724	40,508
Other liabilities	<b>4,111,470</b>	<b>3,111,011</b>
- resident	4,111,470	3,111,011
<b>Sole proprietors</b>	<b>180,024</b>	<b>238,859</b>
Current accounts	<b>128,062</b>	<b>173,092</b>
- resident	128,062	173,092
Term deposits	<b>50,776</b>	<b>65,456</b>
- resident	50,776	65,456
Accrued interest	<b>1,166</b>	<b>311</b>
- resident	1,166	311
<b>Individuals</b>	<b>39,221,285</b>	<b>38,868,595</b>
Current accounts	<b>14,300,513</b>	<b>13,826,575</b>
- resident	2,120,966	2,216,122
Term deposits	<b>24,513,218</b>	<b>24,756,766</b>
- resident	7,382,362	7,946,362
Accrued interest	<b>268,551</b>	<b>254,286</b>
- resident	160,781	174,745
Other liabilities	<b>138,963</b>	<b>30,968</b>
- resident	121,999	16,635
<b>Total amounts due to customers</b>	<b>122,613,482</b>	<b>134,590,861</b>

## 25 Securities issued by the Bank

Thousand Armenian drams	30.06.21	31.12.20
Securities issued by the Bank	60,589,148	64,911,905
<b>Total securities issued by the Bank</b>	<b>60,589,148</b>	<b>64,911,905</b>

## 27 Accounts payable

Thousand Armenian drams	30.06.21	31.12.20
Deposit insurance	30,000	27,947
<b>Total other liabilities</b>	<b>30,000</b>	<b>27,947</b>

## 28 Subordinated debt

Thousand Armenian drams	30.06.21	31.12.20
Subordinated debt	23,579,509	13,826,587
<b>Total subordinated debt</b>	<b>23,579,509</b>	<b>13,826,587</b>

## 29 Other liabilities

Thousand Armenian drams	30.06.21	31.12.20
Tax liabilities	738,818	279,567
Amounts payable for factoring	193,732	170,781
Income of future period	60,770	62,803
Due to personnel	289,594	374,800
Amounts payable to suppliers	34,059	30,002
Amounts payable for financial leasing	93,882	115,583
Other	9,108	8,351
<b>Total other liabilities</b>	<b>1,419,963</b>	<b>1,041,887</b>

### 30 Equity

Thousand Armenian drams	30.06.21	31.12.20
<b>Statutory capital</b>	<b>16,205,748</b>	<b>16,205,748</b>
Ordinary shares	10,000,200	10,000,200
Share premium	6,205,548	6,205,548
<b>Reserves, including</b>	<b>36,003,606</b>	<b>34,936,706</b>
Main reserve	30,000,000	25,000,000
Gains from the revaluation of non-current assets	1,134,703	1,134,703
Revaluation reserve	4,868,905	8,802,003
<b>Non-distributed profit</b>	<b>11,840,533</b>	<b>11,786,831</b>
current year	5,050,702	6,026,075
previous year	6,789,831	5,763,756
<b>Total capital</b>	<b>64,049,889</b>	<b>62,932,285</b>

As of June 30, 2021 the Bank's share capital consists of 16,667 ordinary shares. "HVS Holding" GmbH 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" GmbH, which owns 87.53% of the voting shares, and "FMTM Distribution", which owns 12.47% of the voting shares.

As of June 30, 2021 total normative capital of the bank is AMD 76 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	30.06.21	31.12.20
Undrawn loan commitments	11,713,667	8,836,214
Guarantees provided	2,952,168	4,123,067
Allowance for impairment of liabilities bearing credit risk	(46,428)	(29,195)
<b>Total credit risk related commitments</b>	<b>14,619,407</b>	<b>12,930,086</b>

### Transactions with related parties

Thousand Armenian drams	30.06.21		31.12.20	
	Բաժնետեր և փոխկապակց ված անձինք	Ղեկավար անձնակազմ և փոխկապակց ված անձինք	Բաժնետեր և փոխկապակց ված անձինք	Ղեկավար անձնակազմ և փոխկապակց ված անձինք
<b>Loans and advances to customers</b>				
Loans outstanding as of January 1, gross	12,291,052	916,038	9,588,904	766,122
Loans issued during the year	2,687,341	170,151	6,766,057	418,150
Loan repayments during the year	6,184,722	221,762	4,081,909	270,234
<b>As of June 30, 2021</b>	<b>8,793,671</b>	<b>864,437</b>	<b>12,291,052</b>	<b>916,038</b>
Interest income on loans	240,702	12,182	827,980	59,500
<b>Amounts due to customers</b>				
Deposits outstanding as of January 1	84,230,453	240,318	67,653,661	221,567
Deposits received during the year	59,505,731	1,816,103	109,985,187	13,205,772
Deposits paid during the year	70,634,062	1,812,683	93,418,295	19,187,021
<b>As of June 30, 2021</b>	<b>73,102,122</b>	<b>243,538</b>	<b>84,230,453</b>	<b>240,318</b>
Interest expenses on deposits	1,590,749	1,133	7,688,955	3,221
Amounts due from other financial institutions			2,070,000	
Interest income	78,317		157,527	
Amounts due to other financial institutions	9,205		9,549	
Bonds issued	31,920,970	851,721	33,885,382	1,133,886
Subordinated debt	23,579,509		13,828,587	
Income on commissions	4,388	507	5,824	3,072
Other income	0		510	

Compensation of key management was comprised of salaries and rewards:

Thousand Armenian drams	30.06.21	31.12.20
Salaries and other short-term benefits	245,842	624,375
<b>Total key management compensation</b>	<b>245,842</b>	<b>624,375</b>



## 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

30.06.21

Thousand AMD	RA	CIS countries	CIS countries	CIS countries	Total
<b>Assets</b>					
Cash and balances with CBA	29,412,864	-	-	-	29,412,864
Precious metals	723,408	-	-	-	723,408
Amounts due from other financial institutions	2,831,728	940,538	-	2,361,374	6,133,640
Loans and advances to customers	106,431,316	591,753	4,825	2,152,175	109,180,069
Investments available for sale	155,127,393	-	-	13,552,480	168,679,873
Other financial assets carried at amortized cost	87,318,791	-	-	-	87,318,791
<b>Total</b>	<b>381,845,500</b>	<b>1,532,291</b>	<b>4,825</b>	<b>18,066,029</b>	<b>401,448,645</b>
<b>Liabilities</b>					
Amounts due to financial institutions	103,842,193	546,913	1,278,709	29,010,663	134,678,479
Amounts due to customers	30,289,450	386,747	79,954,793	11,982,492	122,613,482
Securities issued by the Bank	23,184,845	38,934	33,480,440	3,884,929	60,589,148
Subordinated debt	-	-	20,603,045	2,976,464	23,579,509
<b>Total</b>	<b>157,316,489</b>	<b>972,595</b>	<b>135,316,987</b>	<b>47,854,548</b>	<b>341,460,618</b>
<b>Net position</b>	<b>224,529,011</b>	<b>559,697</b>	<b>(135,312,162)</b>	<b>(29,788,519)</b>	<b>59,988,027</b>

31.12.20

Thousand AMD	RA	CIS countries	Non-OECD countries	OECD countries	Total
<b>Assets</b>					
Cash and balances with CBA	26,988,582	-	-	-	26,988,582
Precious metals	834,280	-	-	-	834,280
Amounts due from other financial institutions	3,177,952	1,457,960	-	2,966,759	7,602,671
Loans and advances to customers	121,067,338	728,431	23,864	1,678,591	123,498,224
Investments available for sale	146,570,841	-	-	11,744,454	158,315,295
Other financial assets at amortized cost	63,064,705	-	-	-	63,064,705
<b>Total</b>	<b>361,703,698</b>	<b>2,186,391</b>	<b>23,864</b>	<b>16,389,804</b>	<b>380,303,757</b>
<b>Liabilities</b>					
Amounts due to financial institutions	78,561,902	1,059,789	846,325	26,596,970	107,064,986
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
<b>Total</b>	<b>121,135,796</b>	<b>1,817,119</b>	<b>148,287,890</b>	<b>49,153,534</b>	<b>320,394,339</b>
<b>Net position</b>	<b>240,567,902</b>	<b>369,272</b>	<b>(148,264,026)</b>	<b>(32,763,730)</b>	<b>59,909,418</b>

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	30.06.21	31.12.20
Loans collateralized by securities	8,512,367	10,077,084
Loans collateralized by real estate	62,281,948	68,598,628
Loans collateralized by deposit	4,672,315	4,968,262
Loans collateralized by movable property	8,115,550	13,634,964
Loans collateralized by vehicles	1,142,636	1,778,102
Loans collateralized by finished products	3,864,464	3,829,101
Loans collateralized by cash flow	1,774,061	2,212,318
Loans collateralized by pledge of right	6,636,941	7,677,613
Other collateral	16,415,408	16,958,408
<b>Total loans and advances (gross)</b>	<b>113,415,689</b>	<b>129,734,480</b>

**Market Risk**
**Market Risk**
**Interest Rate risk**

Name of article	30.06.21		31.12.20	
	AMD	Foreign currency	AMD	Foreign currency
	%	%	%	%
<b>Assets</b>				
Balance with the CBA	-	-	-	-
Amounts due from banks and other financial institutions, including	10.58%	6.94%	6.52%	5.51%
Interbank loans				
Interbank repurchase agreements				
Interbank interest swap				
Loans and advances to customers	10.85%	7.88%	10.05%	7.44%
Available-for-sale and trading securities	12.14%	6.29%	12.16%	6.24%
Hold-to-maturity securities	11.84%	5.17%	13.00%	-
<b>Liabilities</b>				
Amounts due to banks and other financial institutions	7.22%	7.53%	5.81%	5.79%
Amounts due to customers	9.82%	4.66%	10.22%	4.62%
Amounts due to issued securities	9.38%	5.56%	9.62%	5.56%
Subordinated debt	12.75%	5.27%	14.00%	5.27%

Thousand Armenian drams

**Sensitivity of equity**

30.06.21

Currency	Change in basis points	Up to 6 months	6 months to 1 year	1 year to 5 years	more than 5 years	Total
AMD	0.5	-	-	1,395	- 5,872,210	-5,873,804
USD	0.5	-	-	201,097	- 100,149	-301,246
AMD	-0.5	-	-	1,415	6,296,221	6,297,636
USD	-0.5	-	-	205,161	104,302	309,463

Thousand Armenian drams

**Sensitivity of equity**

31.12.20

Currency	Change in basis points	Up to 6 months	6 months to 1 year	1 year to 5 years	more than 5 years	Total
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

**Foreign exchange risk**


Thousand Armenian drams

**30.06.21**
**31.12.20**

Currency	Change in currency rate in %	Effect on profit before tax	Change in currency rate in %	Effect on profit before tax
<b>USD</b>	<b>5%</b>	<b>11,639</b>	<b>5%</b>	<b>240,194</b>
<b>EUR</b>	<b>3%</b>	<b>387</b>	<b>3%</b>	<b>12,219</b>

Thousand Armenian drams

**30.06.21**

	Armenian dram	Freely convertible currencies	Non-freely convertible currencies	Total
<b>Assets</b>				
Cash and balances with the CBA	16,028,830	13,378,466	5,568	29,412,864
Precious metals	-	723,408	-	723,408
Amounts due from other financial institutions	1,565,450	4,287,863	280,327	6,133,640
Loans and advances to customers	44,058,528	62,277,396	2,844,145	109,180,069
Investments available for sale	148,429,612	20,250,261	-	168,679,873
Other financial assets carried at amortized cost	83,506,677	3,812,114	-	87,318,791
<b>Total</b>	<b>293,589,097</b>	<b>104,729,508</b>	<b>3,130,040</b>	<b>401,448,645</b>
<b>Liabilities</b>				
Amounts due to financial institutions	114,753,431	17,148,990	2,776,058	134,678,479
Amounts due to customers	73,831,284	48,339,202	442,996	122,613,482
Securities issued by the Bank	26,536,049	34,053,099	-	60,589,148
Subordinated debt	18,112,877	5,466,632	-	23,579,509
<b>Total</b>	<b>233,233,641</b>	<b>105,007,923</b>	<b>3,219,054</b>	<b>341,460,618</b>
<b>Net position as of March 31, 2020</b>	<b>60,355,456</b>	<b>(278,415)</b>	<b>(89,014)</b>	<b>59,988,027</b>
<b>Credit related commitments as of March 31, 2020</b>	<b>9,704,528</b>	<b>4,914,881</b>	<b>-</b>	<b>14,619,407</b>

Thousand Armenian drams

**31.12.20**

	Armenian dram	Freely convertible currencies	Non-freely convertible currencies	Total
<b>Assets</b>				
Cash and balances with the CBA	12,591,865	14,354,921	41,796	26,988,582
Precious metals	-	834,280	-	834,280
Amounts due from other financial institutions	4,205,123	3,112,852	284,696	7,602,671
Loans and advances to customers	42,172,517	79,231,139	2,094,568	123,498,224
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
<b>Total</b>	<b>255,773,119</b>	<b>122,109,578</b>	<b>2,421,060</b>	<b>380,303,757</b>
<b>Liabilities</b>				
Amounts due to financial institutions	78,864,766	26,143,736	2,056,484	107,064,986
Amounts due to customers	84,024,484	50,108,788	457,589	134,590,861
Securities issued by the Bank	28,567,415	36,344,480	-	64,911,905
Subordinated debt	8,064,438	5,762,149	-	13,826,587
<b>Total</b>	<b>199,521,103</b>	<b>118,359,163</b>	<b>2,514,073</b>	<b>320,394,339</b>
<b>Net position as of December 31, 2020</b>	<b>56,252,016</b>	<b>3,750,415</b>	<b>(83,013)</b>	<b>59,909,418</b>
<b>Credit related commitments as of December 31, 2020</b>	<b>9,319,285</b>	<b>3,610,821</b>	<b>-</b>	<b>12,930,086</b>

**Liquidity risk**
**30.06.21**

Thousand Armenian drama	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	Total
	Overdue	Not overdue but impaired						
<b>Assets</b>								
Cash and balances with CBA	-	-	29,412,864	-	-	-	-	29,412,864
Precious metals	-	-	723,408	-	-	-	-	723,408
Amounts due from other financial institutions	-	-	4,734,778	517,124	304,118	577,620	-	6,133,640
Loans and advances to customers	242,258	2,517,542	6,327,843	9,860,936	25,999,144	43,524,318	20,708,028	109,180,069
Investments available for sale	-	-	96,101,016	4,319,750	18,242,908	3,866,155	46,150,044	168,679,873
Other financial assets carried at amortized cost	-	-	2,217	2,111,797	122,328	11,369,106	73,713,343	87,318,791
<b>TOTAL</b>	<b>242,258</b>	<b>2,517,542</b>	<b>137,302,126</b>	<b>16,809,607</b>	<b>44,668,498</b>	<b>59,337,199</b>	<b>140,571,415</b>	<b>401,448,645</b>
<b>Liabilities</b>								
Amounts due to financial institutions	-	-	94,301,919	4,668,874	16,013,290	14,467,879	5,226,517	134,678,479
Amounts due to customers	-	-	28,367,432	2,869,257	13,049,359	70,443,166	7,884,268	122,613,482
Securities issued by the Bank	-	-	-	251,814	273,885	49,961,652	10,101,797	60,589,148
Subordinated debt	-	-	125,049	-	-	13,454,460	10,000,000	23,579,509
<b>Total</b>			<b>122,794,400</b>	<b>7,789,945</b>	<b>29,336,534</b>	<b>148,327,157</b>	<b>33,212,582</b>	<b>341,460,618</b>
<b>Net position</b>	<b>242,258</b>	<b>2,517,542</b>	<b>14,507,726</b>	<b>9,019,662</b>	<b>15,331,964</b>	<b>(88,989,958)</b>	<b>107,358,833</b>	<b>59,988,027</b>
<b>Accumulated gap</b>			<b>14,507,726</b>	<b>23,527,388.00</b>	<b>38,859,352</b>	<b>(50,130,606)</b>	<b>57,228,227</b>	

**31.12.20**

Thousand Armenian drama	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	Total
	Overdue	Not overdue but impaired						
<b>Assets</b>								
Cash and balances with CBA	-	-	26,988,582	-	-	-	-	26,988,582
Precious metals	-	-	834,280	-	-	-	-	834,280
Amounts due from other financial institutions	-	-	5,164,098	1,819,776	130,688	397,298	90,811	7,602,671
Loans and advances to customers	223,282	4,369,056	3,625,528	8,023,126	30,488,677	55,530,592	21,237,963	123,498,224
Investments available for sale	-	-	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
<b>TOTAL</b>	<b>223,282</b>	<b>4,369,056</b>	<b>109,777,357</b>	<b>17,672,740</b>	<b>39,148,823</b>	<b>63,872,616</b>	<b>145,239,883</b>	<b>380,303,757</b>
<b>Liabilities</b>								
Amounts due to financial institutions	-	-	70,158,761	7,698,078	11,618,466	12,624,451	4,965,230	107,064,986
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
<b>Total</b>			<b>111,649,088</b>	<b>10,674,407</b>	<b>32,266,543</b>	<b>141,915,964</b>	<b>23,888,337</b>	<b>320,394,339</b>
<b>Net position</b>	<b>223,282</b>	<b>4,369,056</b>	<b>(1,871,731)</b>	<b>6,998,333</b>	<b>6,882,280</b>	<b>(78,043,348)</b>	<b>121,351,546</b>	<b>59,909,418</b>
<b>Accumulated gap</b>			<b>(1,871,731)</b>	<b>5,126,602.00</b>	<b>12,008,882</b>	<b>(66,034,466.00)</b>	<b>55,317,080</b>	

**Average assets and capital**
**30.06.21**

Average assets	296,326,863
Average capital	71,168,229

**Collateral received**

The collateralized loan amount is AMD 111,641,628 thousand as of 30.06.21.

**Unfulfillment of obligations/violations**