

**3 Net interest and similar income and expense**

<b>Interest and similar incomes</b>	<b>01.10.21 31.12.21</b>	<b>01.01.21 31.12.21</b>	<b>01.10.20 31.12.20</b>	<b>01.01.20 31.12.20</b>
Amounts due from banks, financial institutions, bank current accounts	29,937	218,608	76,140	252,394
Loans and advances to customers	2,737,913	10,671,107	2,648,387	9,670,073
Debt securities available-for-sale	3,393,607	13,654,305	3,048,892	10,040,056
Debt securities held to maturity	2,273,448	8,252,134	1,729,668	6,922,880
Reverse repurchase transactions	4,308	84,017	36,052	172,688
Other interest income	87,075	373,630	96,880	263,365
<b>Total interest and similar income</b>	<b>8,526,288</b>	<b>33,253,801</b>	<b>7,636,019</b>	<b>27,321,456</b>
<b>Interest and similar expense</b>	<b>01.10.21 31.12.21</b>	<b>01.01.21 31.12.21</b>	<b>01.10.20 31.12.20</b>	<b>01.01.20 31.12.20</b>
Amounts due to banks, financial institutions, bank current accounts	737,401	2,009,628	425,299	1,592,726
Amounts due to customers	3,023,007	11,640,916	2,802,784	11,024,556
Amounts due to securities issued by the Bank	1,052,256	4,430,694	1,141,567	3,322,031
Repurchase agreement operations	1,364,390	4,877,296	481,907	981,946
Other interest expenses	2,137	10,172	33,156	117,153
<b>Total interest and similar expense</b>	<b>6,179,191</b>	<b>22,968,706</b>	<b>4,884,713</b>	<b>17,038,412</b>
<b>Net interest and similar income and expense</b>	<b>2,347,097</b>	<b>10,285,095</b>	<b>2,751,306</b>	<b>10,283,044</b>

**4 Fee and commission income and expense**

<b>Fee and commission income</b>	<b>01.10.21 31.12.21</b>	<b>01.01.21 31.12.21</b>	<b>01.10.20 31.12.20</b>	<b>01.01.20 31.12.20</b>
Cash collection	15,559	42,621	17,409	51,019
Wire transfer fees	68,881	270,082	68,068	215,714
Guarantees and letters of credit	3,307	18,066	30	100
Foreign currency translation and brokerage operations	11,285	60,214	17,227	53,982
Other fees and commissions	30,804	109,764	3,732	14,590
<b>Total fee and commission income</b>	<b>129,836</b>	<b>500,747</b>	<b>106,466</b>	<b>335,405</b>
<b>Fee and commission expense</b>	<b>01.10.21 31.12.21</b>	<b>01.01.21 31.12.21</b>	<b>01.10.20 31.12.20</b>	<b>01.01.20 31.12.20</b>
Correspondent and other accounts	28,486	82,529	15,111	94,312
Foreign currency translation and brokerage operations	3,245	18,453	1,766	7,641
Other expenses*	21,394	81,685	14,834	54,155
<b>Total fee and commission expense</b>	<b>53,125</b>	<b>182,667</b>	<b>31,711</b>	<b>156,108</b>
<b>Net fee and commission income</b>	<b>76,711</b>	<b>318,080</b>	<b>74,755</b>	<b>179,297</b>

**5. Net income on trading operations**

<b>Available for sale investments</b>	<b>01.10.21 31.12.21</b>	<b>01.01.21 31.12.21</b>	<b>01.10.20 31.12.20</b>	<b>01.01.20 31.12.20</b>
Net income on trading with available for sale investments, including	1,062,505	1,878,616	18,899	4,282,863
bonds	1,062,505	1,878,616	19,214	4,282,863
shares	-	-	-315	30
<b>Total</b>	<b>1,062,505</b>	<b>1,878,616</b>	<b>18,899</b>	<b>4,282,863</b>
<b>Foreign currency operations</b>	<b>01.10.21 31.12.21</b>	<b>01.01.21 31.12.21</b>	<b>01.10.20 31.12.20</b>	<b>01.01.20 31.12.20</b>
Net income on trading with foreign currency	220,077	545,098	214,641	644,305
Net income on foreign currency revaluation	(89,048)	(310,008)	834,186	701,827
Net income/loss on derivatives	2,113	228,792	(710,902)	(715,663)
<b>Total</b>	<b>133,142</b>	<b>463,882</b>	<b>337,925</b>	<b>630,469</b>
<b>Precious metals bullion bars and coins</b>	<b>01.10.21 31.12.21</b>	<b>01.01.21 31.12.21</b>	<b>01.10.20 31.12.20</b>	<b>01.01.20 31.12.20</b>
Net income on trading with precious metals bullion bars and coins	(18,984)	120,170	868	(103,602)
Net income on revaluation of precious metals bullion bars and coins	15,482	(93,481)	48,540	102,449
<b>Total</b>	<b>(3,502)</b>	<b>26,689</b>	<b>49,408</b>	<b>(1,153)</b>
<b>Net income on trading operations</b>	<b>1,192,145</b>	<b>2,369,187</b>	<b>406,232</b>	<b>4,912,179</b>

<b>6 Other operational income</b>				
	<b>01.10.21</b>	<b>01.01.21</b>	<b>01.10.20</b>	<b>01.01.20</b>
	<b>31.12.21</b>	<b>31.12.21</b>	<b>31.12.20</b>	<b>31.12.20</b>
Other operational income				
Fines and penalties received	89,330	276,423	35,142	136,537
Net income from sale of fixed and intangible assets	(64,667)	(46,563)	0	670
Other income**	9,718	39,615	10,965	36,463
<b>Total other income</b>	<b>34,381</b>	<b>269,475</b>	<b>46,107</b>	<b>173,670</b>

<b>7 Impairment charge/(recovery of impairment) for credit losses</b>				
	<b>01.10.21</b>	<b>01.01.21</b>	<b>01.10.20</b>	<b>01.01.20</b>
	<b>31.12.21</b>	<b>31.12.21</b>	<b>31.12.20</b>	<b>31.12.20</b>
Total net provisions made				
Loans and advances to customers	(789,750)	(343,120)	(2,643,889)	(5,737,484)
<b>Total</b>	<b>(789,750)</b>	<b>(343,120)</b>	<b>(2,643,889)</b>	<b>(5,737,484)</b>

<b>8. Total administrative expenses</b>				
	<b>01.10.21</b>	<b>01.01.21</b>	<b>01.10.20</b>	<b>01.01.20</b>
	<b>31.12.21</b>	<b>31.12.21</b>	<b>31.12.20</b>	<b>31.12.20</b>
Total administrative expenses				
Wages and salaries*	401,884	1,569,590	448,576	1,717,430
Business trip expenses	7,516	8,892	285	6,489
Insurance expenses	11,801	41,361	10,603	36,656
Fixed assets maintenance	1,476	4,622	1,154	4,630
Building maintenance and security	13,623	54,977	12,595	68,918
Auditing, consulting and other services	14,952	39,892	6,000	24,480
Communication expenses	29,842	130,698	27,012	114,830
Transportation expenses	1,981	6,563	1,416	5,177
Taxes /other than income tax/ duties	18,439	27,423	3,784	33,870
Office and other organizational expenses	8,342	11,398	6,061	13,161
Expenses on granting and gathering loans	18,461	41,196	9,826	26,311
Other administrative expenses**	22,186	46,910	18,617	205,300
<b>Total</b>	<b>550,303</b>	<b>1,983,522</b>	<b>545,929</b>	<b>2,257,252</b>

*Average number of staff	<u>146</u>	<u>146</u>	<u>147</u>	<u>148</u>
*Average monthly salary per employee	<u>912</u>	<u>901</u>	<u>875</u>	<u>936</u>

<b>9 Other operational expenses</b>				
	<b>01.10.21</b>	<b>01.01.21</b>	<b>01.10.20</b>	<b>01.01.20</b>
	<b>31.12.21</b>	<b>31.12.21</b>	<b>31.12.20</b>	<b>31.12.20</b>
Other operational expenses				
Expenses on cash delivery	458	1,931	644	2,043
Advertising and representation expenses	9,104	19,925	3,700	15,213
Fixed assets and intangible assets depreciation expenses	52,865	211,406	53,138	185,280
Other expenses****	181,821	1,282,096	15,179	52,089
<b>Total other operational expenses</b>	<b>244,248</b>	<b>1,515,358</b>	<b>72,661</b>	<b>254,625</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 31.12.21	Effective rate (%)	01.01.20 31.12.20	Effective rate (%)
<b>Profit before tax</b>	6,031,833		7,453,193	
Income tax at the rate of 20%	1,206,367	20	1,341,575	20
Non-taxable income				
Non-deductible expenses	52,123		5,439	
Foreign exchange (gains)/losses	(174,697)		2,490	
Other	616,207			
Adjustments to income and expenses for tax purposes			77,614	
<b>Income tax expense</b>	<b>1,700,000</b>		<b>1,427,118</b>	

## Deferred tax calculation in respect of temporary differences:

Thousand Armenian drams	31.12.21	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	(118,829)		1,704,672	(1,823,501)
Investment securities	36,096			36,096
Fixed assets	(237,232)			(237,232)
Other assets	(9,010)			(9,010)
Other reserves	1,511,544		1,531,353	(19,809)
Lease obligations	(9,388)			(9,388)
Other liabilities	68,544			68,544
<b>Total deferred tax liabilities</b>	<b>1,522,343</b>			<b>(1,713,682)</b>

## 13 Cash, cash equivalents and balances with CBA

Thousand Armenian drams	31.12.21	31.12.20
Cash	1,837,060	1,887,175
Cash in ARMs	58,356	64,692
Correspondent accounts with the CBA	24,303,499	24,726,715
Deposited funds in CBA	210,000	310,000
Allowance for impairment	(12,047)	
<b>Total cash, cash equivalents and balances with CBA</b>	<b>26,396,868</b>	<b>26,988,582</b>

## Standardized bullion bars of precious metals

Thousand Armenian drams	31.12.21	31.12.20
Standardized bullion bars of precious metals	688,505	834,280
<b>Standardized bullion bars of precious metals</b>	<b>688,505</b>	<b>834,280</b>

## 14 Amounts due from other financial institutions

Thousand Armenian drams	31.12.21	31.12.20
Correspondent accounts	861,531	2,890,729
Deposited funds in banks		145,890
Deposited funds in financial institutions	345,752	258,205
Deposits in banks	269,640	182,520
Loans in banks	288,018	313,531
Accreditives in banks	1,483,673	
Loans in banks other financial institutions	621,443	2,338,912
Accreditives in other fin. Institutions		22,708
Repurchase agreements in other financial institutions		999,965
Other accounts	1,212,505	482,360
Accrued interest	9,708	28,145
Allowance for loan impairment	(59,756)	(60,294)
<b>Total amounts due from other financial institutions</b>	<b>5,032,514</b>	<b>7,602,671</b>

**16 Loans and advances to customers**

Thousand Armenian drams	31.12.21	31.12.20
<b>Loans to customers, including</b>	<b>49,343,650</b>	<b>61,640,325</b>
Factoring	2,229,701	3,069,349
Credit lines and overdraft	67,043,167	60,863,404
Repurchase agreements	187,431	129,506
Letters of credit	0	0
Financial leasing	2,096,193	1,666,336
Other amounts	262,362	10,804
Accrued interest	1,155,197	2,131,756
<b>Total loans customers</b>	<b>122,307,601</b>	<b>129,734,480</b>
Allowance for loan impairment	(5,972,942)	(6,236,256)
<b>Total loans and advances to customers</b>	<b>116,334,659</b>	<b>123,498,224</b>

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

Thousand Armenian drams	31.12.21	31.12.20
<b>Privately held companies, including</b>	<b>98,142,631</b>	<b>105,085,083</b>
Large entities	38,986,888	56,014,721
Small and medium entities	59,155,743	49,070,362
<b>Individuals</b>	<b>21,455,366</b>	<b>21,373,846</b>
Sole proprietors	1,302,045	1,132,991
Other amounts	262,362	10,804
Accrued interest	1,155,197	2,131,756
Allowance for loan impairment	(5,972,942)	(6,236,256)
<b>Total loans and advances to customers</b>	<b>116,334,659</b>	<b>123,498,224</b>

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

Thousand Armenian drams	31.12.21	31.12.20
Mortgage loans	17,536,941	16,489,851
Consumer loans	3,045,282	2,653,526
Repurchase agreements	187,432	129,506
Other	685,711	2,100,963
<b>Total loans and advances to individuals (gross)</b>	<b>21,455,366</b>	<b>21,373,846</b>

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

Thousand Armenian drams	31.12.21	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>5,207,736</b>	<b>8,468,409</b>
overdue	445,068	337,030
<b>Total loans</b>	<b>122,307,601</b>	<b>129,734,480</b>
Allowance for loan impairment	(5,972,942)	(6,236,256)
<b>Total loans</b>	<b>116,334,659</b>	<b>123,498,224</b>

## Analysis of loans and borrowings by economy sectors

Thousand Armenian drams	31.12.21	%	31.12.20	%
Industry	49,804,305	40.56%	47,102,987	36.31%
Agriculture	7,402,710	6.05%	13,653,948	10.52%
Construction	14,285,067	11.68%	16,072,482	12.39%
Transport and communication	1,241,895	1.02%	1,171,591	0.90%
Trade	20,110,593	16.44%	19,539,576	15.06%
Consumer	3,276,760	2.68%	2,814,222	2.17%
Mortgage loans	17,761,659	14.52%	16,620,599	12.81%
Services	6,812,210	5.57%	6,545,544	5.05%
Other, o/w	1,812,402	1.48%	6,213,530	4.79%
<b>Total loans</b>	<b>122,307,601</b>	<b>100%</b>	<b>128,734,480</b>	<b>100%</b>
Allowance for loan impairment	(5,972,942)		(6,236,256)	
<b>Total net loans and borrowings</b>	<b>116,334,659</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	42,487,500
2) percentage in gross loans (n % of loan portfolio),	34.74%
3) percentage in capital (n % of capital):	71.47%

## 17 Investments available for sale

Thousand Armenian drams	31.12.21	31.12.20
<b>Quoted Investments</b>		
RA corporate shares	44,575	44,575
Securities issued by the RA Ministry of Finance	148,986,299	148,172,984
<i>o/w interest</i>	992,634	1,398,554
RA corporate bonds	5,770,144	10,078,161
<b>Unquoted Investments</b>		
RA corporate shares	19,575	19,575
Allowance for impairment		
<b>Total Investments</b>	<b>154,800,593</b>	<b>158,315,295</b>

## Other financial assets carried at amortized cost

Thousand Armenian drams	31.12.21	31.12.20
Securities issued by the RA Ministry of Finance	85,918,765	61,204,223
RA corporate bonds	720,007	
Accrued interest	2,904,204	2,061,014
Allowance for impairment	(325,139)	(200,532)
<b>Other financial assets carried at amortized cost</b>	<b>89,217,837</b>	<b>63,064,705</b>

## Non current assets held for sale

Thousand Armenian drams	31.12.21	31.12.20
Non current assets held for sale	1,794,760	2,266,870
<b>Non current assets held for sale*</b>	<b>1,794,760</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.

	31.12.21		31.12.20	
	%	Term	%	Term
Securities issued by RA Ministry of Finance (AMD)	9.52-10.09	2024-2050	6.73-9.14	2021-2047
Securities issued by RA Ministry of Finance (USD)	3.33-4.50	2025-2031	3.32-3.88	2025-2029
RA corporate bonds (AMD)	8.36-9.50	2022-2024	7.50-8.00	2021-2025
RA corporate bonds (USD)	3.10-9.37	2022-2025	5.6-9.37	2021-2025

## 20 Fixed assets, intangible assets

	PPE	Computers and communication facilities	Vehicles	Office equipment
<b>Initial value</b>				
Initial cost as of 1 January, 2021	2,054,092	310,989	124,247	152,951
Additions	158,546	25,504	16,150	16,532
Disposals	(196,343)	(13,883)	(47,101)	(3,463)
<b>As of December 31, 2021</b>	<b>2,016,295</b>	<b>322,610</b>	<b>93,296</b>	<b>166,020</b>
<b>ACCRUED DEPRECIATION</b>				
As of 1 January, 2021	464,609	206,427	92,506	118,557
Additions	126,633	26,410	8,313	7,974
Disposals	(33,351)	(13,444)	(45,524)	(1,527)
<b>As of December 31, 2021</b>	<b>557,891</b>	<b>219,393</b>	<b>55,295</b>	<b>125,004</b>
<b>CARRYING VALUE</b>				
<b>As of December 31, 2021</b>	<b>1,458,404</b>	<b>103,217</b>	<b>38,001</b>	<b>41,016</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	5,720	21,562
Devaluation	13,317	4,432	17,749
<b>As of December 31, 2021</b>	<b>119,858</b>	<b>81,198</b>	<b>201,056</b>
<b>ACCRUED DEPRECIATION</b>			
As of 1 January, 2021	86,518	27,529	114,047
Additions	13,093	11,659	24,752
Devaluation	13,317	3,119	16,436
<b>As of December 31, 2021</b>	<b>86,294</b>	<b>36,069</b>	<b>122,363</b>
<b>CARRYING VALUE</b>			
<b>As of December 31, 2021</b>	<b>33,564</b>	<b>45,129</b>	<b>78,693</b>

## 22 Other Assets

Thousand Armenian drams	31.12.21	31.12.20
Prepayments and other debtors	2,853,014	1,189,954
Prepayments of other taxes	125,132	432,592
Reserve	12,227	12,144
Costs of future period	131,919	81,752
Other assets	2,878	8,890
Allowance for other receivables and prepayments	(7,728)	0
<b>Total other assets</b>	<b>2,917,844</b>	<b>1,725,332</b>

## 23 Amounts due to financial institutions

Thousand Armenian drams	31.12.21	31.12.20
<b>Amounts due to CBA</b>		
Loans from CBA	11,648,062	6,749,182
Repurchase agreements	65,999,981	48,999,992
Accrued interest	256,715	174,062
<b>Amounts due to financial institutions</b>	<b>55,329,599</b>	<b>51,141,760</b>
Correspondent accounts of other banks	21,404	23,534
Loans from banks	800,000	4,180,671
Repurchase agreements from banks	3,534,443	13,542,580
Other liabilities from banks	86,539	
Letters of credit	5,808,236	1,141,872
Accrued interest	8,847	
Current accounts of other financial institutions	1,806,791	1,039,928
Loans and deposits from other financial institutions	31,059,793	22,022,351
Repurchase agreements from other financial institutions	11,424,469	8,513,443
Other amounts	26,082	14,103
Accrued interest	752,995	663,268
<b>Total amounts due to CBA and financial institutions</b>	<b>133,234,357</b>	<b>107,064,986</b>

## 24 Amounts due to customers

Thousand Armenian drams	31.12.21	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>86,030,028</b>	<b>95,463,407</b>
Current/Settlement accounts	<b>7,767,511</b>	<b>10,202,303</b>
- resident	5,247,393	5,938,683
Term deposits	<b>72,889,760</b>	<b>82,014,989</b>
- resident	12,104,904	10,680,823
Accrued interest	<b>136,560</b>	<b>135,104</b>
- resident	61,213	40,508
Other liabilities	<b>5,236,175</b>	<b>3,111,011</b>
- resident	5,159,765	3,111,011
<b>Sole proprietors</b>	<b>161,200</b>	<b>238,859</b>
Current accounts	<b>128,445</b>	<b>173,092</b>
- resident	128,445	173,092
Term deposits	<b>52,638</b>	<b>65,456</b>
- resident	52,638	65,456
Accrued interest	<b>117</b>	<b>311</b>
- resident	117	311
<b>Individuals</b>	<b>37,839,560</b>	<b>38,868,595</b>
Current accounts	<b>14,259,060</b>	<b>13,826,575</b>
- resident	2,271,609	2,216,122
Term deposits	<b>23,214,846</b>	<b>24,756,766</b>
- resident	7,675,181	7,946,362
Accrued interest	<b>266,285</b>	<b>254,286</b>
- resident	199,041	174,745
Other liabilities	<b>97,389</b>	<b>30,968</b>
- resident	81,002	16,635
<b>Total amounts due to customers</b>	<b>124,050,806</b>	<b>134,590,861</b>

## 25 Securities issued by the Bank

Thousand Armenian drams	31.12.21	31.12.20
Securities issued by the Bank	58,839,075	64,911,905
<b>Total securities issued by the Bank</b>	<b>58,839,075</b>	<b>64,911,905</b>

## 27 Accounts payable

Thousand Armenian drams	31.12.21	31.12.20
Deposit insurance	33,080	27,947
<b>Total other liabilities</b>	<b>33,080</b>	<b>27,947</b>

## 28 Subordinated debt

Thousand Armenian drams	31.12.21	31.12.20
Subordinated debt	23,417,085	13,826,587
<b>Total subordinated debt</b>	<b>23,417,085</b>	<b>13,826,587</b>

## 29 Other liabilities

Thousand Armenian drams	31.12.21	31.12.20
Amounts payable for profit tax	509,391	
Tax liabilities	188,316	279,567
Amounts payable for factoring	184,206	170,781
Income of future period	3,532	62,803
Due to personnel	369,493	374,800
Amounts payable to suppliers	40,345	30,002
Amounts payable for financial leasing	71,940	115,583
Other	10,276	8,351
<b>Total other liabilities</b>	<b>1,377,499</b>	<b>1,041,887</b>

### 30 Equity

Thousand Armenian drams	31.12.21	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>28,700,319</b>	<b>34,936,706</b>
Main reserve	30,000,000	25,000,000
Gains from the revaluation of non-current assets	1,137,863	1,134,703
Revaluation reserve	(2,437,544)	8,802,003
<b>Non-distributed profit</b>	<b>14,541,643</b>	<b>11,789,831</b>
current year	7,751,812	6,026,075
previous year	6,789,831	5,763,756
<b>Total capital</b>	<b>59,447,710</b>	<b>62,932,285</b>

As of December 31, 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 December 31, 2021 total normative capital of the bank is AMD 71 bln.

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

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

Thousand Armenian drams	31.12.21	31.12.20
Undrawn loan commitments	9,970,847	8,836,214
Guarantees provided	2,414,770	4,123,067
Allowance for impairment of liabilities bearing credit risk	(25,542)	(29,195)
<b>Total credit risk related commitments</b>	<b>12,360,075</b>	<b>12,930,086</b>

#### Transactions with related parties

Thousand Armenian drams	31.12.21		31.12.20	
	Shareholders and related parties	Key management and related parties	Shareholders and related parties	Key management and related parties
<b>Loans and advances to customers</b>				
Loans outstanding as of January 1, gross	12,291,052	916,038	9,586,904	786,122
Loans issued during the year	2,422,121	441,255	6,768,057	416,150
Loan repayments during the year	11,402,463	863,529	4,061,909	270,234
<b>As of December 31, 2021</b>	<b>3,310,690</b>	<b>473,764</b>	<b>12,291,052</b>	<b>916,038</b>
Interest income on loans	329,676	47,467	827,960	69,600
<b>Amounts due to customers</b>				
Deposits outstanding as of January 1	84,230,453	240,318	67,653,561	221,567
Deposits received during the year	71,921,052	4,039,609	109,995,187	13,205,772
Deposits paid during the year	84,599,286	4,142,430	93,418,295	13,187,021
<b>As of December 31, 2021</b>	<b>71,552,219</b>	<b>137,697</b>	<b>84,230,453</b>	<b>240,318</b>
Interest expenses on deposits	6,242,664	4,611	7,668,955	3,221
Amounts due from other financial institutions			2,070,000	
Interest income	78,317		157,527	
Amounts due to other financial institutions	8,653		9,549	
Bondes issued	31,323,949	705,770	33,865,382	1,133,666
Subordinated debt	23,417,065		13,826,587	
Income on commissions	9,439	2,463	5,824	3,072
Other income	0		510	

Compensation of key management was comprised of salaries and rewards:

Thousand Armenian drams	31.12.21	31.12.20
Salaries and other short-term benefits	117,537	624,375
<b>Total key management compensation</b>	<b>117,537</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

31.12.21

Thousand AMD	RA	CIS countries	Non-OECD countries	OECD countries	Total
<b>Assets</b>					
Cash and balances with CBA	26,396,868	-	-	-	26,396,868
Precious metals	688,505	-	-	-	688,505
Amounts due from other financial institutions	2,345,199	899,366	-	1,787,949	5,032,514
Loans and advances to customers	114,027,516	318,376	3,714	1,985,053	116,334,659
Investments available for sale	140,682,370	-	-	14,118,223	154,800,837
Other financial assets carried at amortized cost	89,217,837	-	-	-	89,217,837
<b>Total</b>	<b>373,358,295</b>	<b>1,217,742</b>	<b>3,714</b>	<b>17,891,225</b>	<b>392,470,976</b>
<b>Liabilities</b>					
Amounts due to financial institutions	96,364,946	732,538	1,443,433	34,693,440	133,234,357
Amounts due to customers	33,833,537	410,075	77,455,637	12,351,557	124,050,806
Securities issued by the Bank	22,237,982	37,700	32,858,780	3,704,613	58,839,075
Subordinated debt	-	-	20,534,510	2,882,575	23,417,085
<b>Total</b>	<b>152,436,465</b>	<b>1,180,313</b>	<b>132,292,360</b>	<b>53,632,185</b>	<b>339,541,323</b>
<b>Net position</b>	<b>155,339,074</b>	<b>37,429</b>	<b>(132,288,646)</b>	<b>(35,740,960)</b>	<b>(12,853,103)</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	31.12.21	31.12.20
Loans collateralized by securities	12,367,287	10,077,084
Loans collateralized by real estate	65,361,344	68,598,628
Loans collateralized by deposit	4,868,897	4,968,262
Loans collateralized by movable property	9,926,019	13,634,964
Loans collateralized by vehicles	1,689,196	1,778,102
Loans collateralized by finished products	4,231,157	3,829,101
Loans collateralized by cash flow	2,099,047	2,212,318
Loans collateralized by pledge of right	7,505,635	7,677,613
Other collateral	14,259,019	16,958,408
<b>Total loans and advances (gross)</b>	<b>122,307,601</b>	<b>129,734,480</b>

**Market Risk**

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

Name of article	31.12.21		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	10.87%	6.97%	6.52%	5.51%
<b>Interbank loans</b>				
Interbank repurchase agreements				
Interbank interest swap				
Loans and advances to customers	11.04%	7.69%	10.05%	7.44%
Available-for-sale and trading securities	11.65%	5.50%	12.16%	6.24%
Hold-to-maturity securities	11.85%	5.46%	13.00%	-
<b>Liabilities</b>				
Amounts due to banks and other financial institutions	7.98%	9.79%	5.81%	5.79%
Amounts due to customers	9.94%	4.54%	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**

31.12.21

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	-	-	146,763	- 4,569,352	-4,706,116
USD	0.5	-	-	168,096	- 317,077	-485,173
AMD	-0.5	-	-	149,844	4,880,301	5,030,146
USD	-0.5	-	-	171,116	329,478	500,596

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	-369,883
AMD	-0.5	-	-	25,888	5,894,092	5,919,978
USD	-0.5	-	-	251,340	118,049	369,389

**Foreign exchange risk**

Thousand Armenian drams

31.12.21

31.12.20

Currency	Change in currency rate in %	Effect on profit before tax	Change in currency rate in %	Effect on profit before tax
USD	5%	143,715	5%	240,194
EUR	3%	24,350	3%	12,219

Thousand Armenian drams

31.12.21



	Armenian dram	Freely convertible currencies	Non-freely convertible currencies	Total
<b>Assets</b>				
Cash and balances with the CBA	12,774,523	13,475,843	146,502	26,396,868
Precious metals	-	688,505	-	688,505
Amounts due from other financial institutions	627,677	4,016,969	387,868	5,032,514
Loans and advances to customers	54,469,870	59,895,165	1,969,624	116,334,659
Investments available for sale	129,080,460	25,720,133	-	154,800,593
Other financial assets carried at amortized cost	84,709,989	4,507,848	-	89,217,837
<b>Total</b>	<b>281,662,519</b>	<b>108,304,463</b>	<b>2,503,994</b>	<b>392,470,976</b>
<b>Liabilities</b>				
Amounts due to financial institutions	107,581,915	23,381,404	2,271,038	133,234,357
Amounts due to customers	76,457,135	47,409,778	183,893	124,050,806
Securities issued by the Bank	26,520,200	32,318,875	-	58,839,075
Subordinated debt	18,122,233	5,294,852	-	23,417,085
<b>Total</b>	<b>228,681,483</b>	<b>108,404,909</b>	<b>2,454,931</b>	<b>339,541,323</b>
<b>Net position as of December 31, 2021</b>	<b>62,981,036</b>	<b>(100,446)</b>	<b>49,063</b>	<b>62,929,653</b>
<b>Credit related commitments as of December 31, 2021</b>	<b>9,190,429</b>	<b>3,166,978</b>	<b>2,688</b>	<b>12,360,075</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	264,696	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	457,580	134,590,861
Securities issued by the Bank	28,567,415	36,344,490	-	64,911,905
Subordinated debt	8,064,438	5,762,149	-	13,826,587
<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>(93,013)</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

The following table shows the assets and liabilities by expected maturity.

31.12.21

Thousand Armenian drams	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			26,396,868					26,396,868
Precious metals			688,505					688,505
Amounts due from other financial institutions			2,727,090	370,023	1,614,559	320,842		5,032,514
Loans and advances to customers	462,881	2,737,444	2,053,078	7,175,308	24,793,846	52,677,668	26,434,434	116,334,659
Investments available for sale			80,306,069	7,811,681	8,525,484	11,464,959	46,692,400	154,800,593
Other financial assets carried at amortized cost			2,012	2,154,713	736,934	11,997,863	74,326,315	89,217,837
<b>TOTAL</b>	<b>462,881</b>	<b>2,737,444</b>	<b>112,173,622</b>	<b>17,511,725</b>	<b>35,670,823</b>	<b>76,461,332</b>	<b>147,453,149</b>	<b>392,470,976</b>
<b>Liabilities</b>								
Amounts due to financial institutions	-	-	77,127,308	7,417,778	11,751,820	29,967,870	6,969,581	133,234,357
Amounts due to customers	-	-	28,071,159	2,853,116	18,724,167	68,159,885	6,242,479	124,050,806
Securities issued by the Bank	-	-	-	250,792	267,813	58,226,913	93,557	58,839,075
Subordinated debt	-	-	135,545	-	-	13,281,540	10,000,000	23,417,085
<b>Total</b>			<b>105,334,012</b>	<b>10,521,686</b>	<b>30,743,800</b>	<b>169,636,208</b>	<b>23,305,617</b>	<b>339,541,323</b>
<b>Net position</b>	<b>462,881</b>	<b>2,737,444</b>	<b>6,839,610</b>	<b>6,990,039</b>	<b>4,927,023</b>	<b>(93,174,876)</b>	<b>124,147,532</b>	<b>52,929,653</b>
<b>Accumulated gap</b>			<b>6,839,610</b>	<b>13,829,649.00</b>	<b>18,756,672</b>	<b>(74,418,204)</b>	<b>49,729,328</b>	

31.12.20

Thousand Armenian drams	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	-	-	13,746,490	-	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

31.12.21

Average assets	304,547,843
Average capital	71,013,054

### Collateral received

The collateralized loan amount is AMD 120,208,554 thousand as of 31.12.21.

### Unfulfillment of obligations/violations