

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

<u>Interest and similar incomes</u>	<u>01.07.23</u> <u>30.09.23</u>	<u>01.01.23</u> <u>30.09.23</u>	<u>01.07.22</u> <u>30.09.22</u>	<u>01.01.22</u> <u>30.09.22</u>
Amounts due from banks, financial institutions, bank current accounts	118,367	352,267	26,868	101,613
Loans and advances to customers	3,725,731	10,281,021	2,920,457	8,435,517
Debt securities available-for-sale	3,227,442	9,549,947	3,219,507	9,818,617
Debt securities held to maturity	2,252,943	6,711,008	2,276,238	6,802,609
Reverse repurchase transactions	64,879	202,677	43,122	93,997
Other interest income	273,514	667,763	143,873	355,410
Total interest and similar income	9,662,876	27,764,683	8,630,065	25,607,763
<u>Interest and similar expense</u>	<u>01.07.23</u> <u>30.09.23</u>	<u>01.01.23</u> <u>30.09.23</u>	<u>01.07.22</u> <u>30.09.22</u>	<u>01.01.22</u> <u>30.09.22</u>
Amounts due to banks, financial institutions, bank current accounts	1,200,256	3,333,305	987,326	2,776,232
Amounts due to customers	3,376,048	9,926,614	3,328,849	9,681,862
Amounts due to securities issued by the Bank	978,274	2,865,687	981,205	3,037,958
Repurchase agreement operations	1,553,584	4,888,494	1,329,395	3,999,245
Other interest expenses	2,844	6,373	1,317	13,566
Total interest and similar expense	7,111,006	21,020,473	6,628,092	19,508,863
Net interest and similar income and expense	2,551,870	6,744,210	2,001,973	6,098,900

4 Fee and commission income and expense

<u>Fee and commission income</u>	<u>01.07.23</u> <u>30.09.23</u>	<u>01.01.23</u> <u>30.09.23</u>	<u>01.07.22</u> <u>30.09.22</u>	<u>01.01.22</u> <u>30.09.22</u>
Cash collection	15,172	35,658	12,234	66,372
Wire transfer fees	115,654	317,688	55,311	234,621
Guarantees and letters of credit	26,687	69,492	11,917	27,623
Foreign currency translation and brokerage operations	9,581	28,267	8,284	31,715
Other fees and commissions	51,471	134,295	37,781	113,190
Total fee and commission income	218,565	585,400	125,527	473,521
<u>Fee and commission expense</u>	<u>01.07.23</u> <u>30.09.23</u>	<u>01.01.23</u> <u>30.09.23</u>	<u>01.07.22</u> <u>30.09.22</u>	<u>01.01.22</u> <u>30.09.22</u>
Correspondent and other accounts	21,328	52,804	13,501	55,854
Foreign currency translation and brokerage operations	86	329	84	3,564
Other expenses*	32,500	85,597	26,625	63,511
Total fee and commission expense	53,914	138,730	40,210	122,929
Net fee and commission income	164,651	446,670	85,317	350,592

5. Net income on trading operations

<u>Available for sale Investments</u>	<u>01.07.23</u> <u>30.09.23</u>	<u>01.01.23</u> <u>30.09.23</u>	<u>01.07.22</u> <u>30.09.22</u>	<u>01.01.22</u> <u>30.09.22</u>
Net income on trading with available for sale investments, including	25,365	67,436	11,046	11,294
bonds	23,620	65,691	10,021	9,488
shares	1,745	1,745	1,025	1,806
Total	25,365	67,436	11,046	11,294
<u>Foreign currency operations</u>	<u>01.07.23</u> <u>30.09.23</u>	<u>01.01.23</u> <u>30.09.23</u>	<u>01.07.22</u> <u>30.09.22</u>	<u>01.01.22</u> <u>30.09.22</u>
Net income on trading with foreign currency	261,339	707,093	419,953	1,106,228
Net income on foreign currency revaluation	(27,161)	(110,391)	(22,273)	(576,504)
Net income/loss on derivatives	(35,696)	(60,229)	25,422	43,527
Total	198,482	536,473	423,102	573,251
<u>Precious metals bullion bars and coins</u>	<u>01.07.23</u> <u>30.09.23</u>	<u>01.01.23</u> <u>30.09.23</u>	<u>01.07.22</u> <u>30.09.22</u>	<u>01.01.22</u> <u>30.09.22</u>
Net income on trading with precious metals bullion bars and coins	685	8,592	32,449	51,934
Net income on revaluation of precious metals bullion bars and coins	(328)	85	(36,239)	(113,314)
Total	357	8,677	(3,790)	(61,380)
Net income on trading operations	224,204	612,586	430,358	523,165

6 Other operational income

<u>Other operational income</u>	<u>01.07.23</u> <u>30.09.23</u>	<u>01.01.23</u> <u>30.09.23</u>	<u>01.07.22</u> <u>30.09.22</u>	<u>01.01.22</u> <u>30.09.22</u>
Fines and penalties received	86,340	214,670	23,841	118,075
Net income from sale of fixed and intangible assets	27,336	31,095	92	37,014
Other income**	10,522	61,399	12,432	39,156
Total other income	124,198	307,164	36,365	194,245

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

<u>Total net provisions made</u>	<u>01.07.23</u> <u>30.09.23</u>	<u>01.01.23</u> <u>30.09.23</u>	<u>01.07.22</u> <u>30.09.22</u>	<u>01.01.22</u> <u>30.09.22</u>
Loans and advances to customers	(573,836)	(1,653,385)	(155,069)	283,641
Total	(573,836)	(1,653,385)	(155,069)	283,641

8. Total administrative expenses

<u>Total administrative expenses</u>	<u>01.07.23</u> <u>30.09.23</u>	<u>01.01.23</u> <u>30.09.23</u>	<u>01.07.22</u> <u>30.09.22</u>	<u>01.01.22</u> <u>30.09.22</u>
Wages and salaries*	496,635	1,537,738	454,580	1,388,053
Business trip expenses	1,653	12,293	8,961	20,218
Insurance expenses	11,819	43,684	12,470	32,389
Fixed assets maintenance	1,012	4,089	2,054	4,597
Building maintenance and security	13,745	41,037	13,650	40,077
Auditing, consulting and other services	7,450	34,836	12,431	26,381
Communication expenses	36,670	103,249	28,999	92,413
Transportation expenses	737	2,072	1,033	3,113
Taxes /other than income tax/ duties	3,065	8,541	2,164	8,668
Office and other organizational expenses	1,631	5,709	1,488	4,981
Expenses on granting and gathering loans	7,597	30,802	6,761	24,660
Other administrative expenses**	15,272	45,470	4,854	19,866
Total	597,286	1,869,520	549,445	1,665,416

<i>* Average number of staff</i>	<i>157</i>	<i>157</i>	<i>146</i>	<i>151</i>
<i>* Average monthly salary per employee</i>	<i>1,188</i>	<i>1,774</i>	<i>782</i>	<i>765</i>

9 Other operational expenses

<u>Other operational expenses</u>	<u>01.07.23</u> <u>30.09.23</u>	<u>01.01.23</u> <u>30.09.23</u>	<u>01.07.22</u> <u>30.09.22</u>	<u>01.01.22</u> <u>30.09.22</u>
Expenses on cash delivery	592	1,782	360	1,361
Advertising and representation expenses	2,874	13,654	3,133	16,580
Fixed assets and intangible assets depreciation expenses	67,832	189,257	55,001	159,309
Other expenses****	15,501	53,030	15,557	46,882
Total other operational expenses	86,799	257,723	74,051	224,132

11 Income Tax Expense



The corporate income tax in the Republic of Armenia is levied at the rate of 18%. 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 18%. Numerical reconciliation between the tax expenses and accounting profit is provided below:

Thousand Armenian drams	01.01.23 30.09.23	Effective rate (%)	01.01.22 31.12.22	Effective rate (%)
Profit before tax	2,740,506		5,216,268	
Profit tax	493,291	18	938,928	18
Non-deductible expenses	13,814		39,313	
Foreign exchange (gains)/losses	(170,535)		(1,002,607)	
Other	433,430		1,484,366	
Income tax expense	770,000		1,460,000	

Deferred tax calculation in respect of temporary differences:

Thousand Armenian drams	30.09.23	Recognized in equity	Recognized in Income statement	31.12.22
Amounts due from other financial institutions	(5,591)			5,646
Customer loans and prepayments	73,747			220,792
Investments available for sale	1,784,319			4,109,554
Investment securities	61,038			102,339
Fixed assets	(163,788)			(177,723)
Other assets	(23,171)			(14,792)
Other reserves	2,794			
Lease obligations	(1,540)			(14,344)
Other liabilities	57,064			68,334
Total deferred tax liabilities	1,784,872			4,299,806

13 Cash, cash equivalents and balances with CBA

Thousand Armenian drams	30.09.23	31.12.22
Cash	1,439,628	2,878,394
Cash in ARMs	60,274	69,569
Correspondent accounts with the CBA	20,503,348	22,789,055
Deposited funds in CBA	120,000	260,000
Allowance for impairment	(4,923)	(10,182)
Total cash, cash equivalents and balances with CBA	22,118,327	25,986,836

Standardized bullion bars of precious metals

Thousand Armenian drams	30.09.23	31.12.22
Standardized bullion bars of precious metals	2,211	38,239
Standardized bullion bars of precious metals	2,211	38,239

14 Amounts due from other financial institutions

Thousand Armenian drams	30.09.23	31.12.22
Correspondent accounts	2,080,320	1,685,095
Deposited funds in financial institutions	1,269,634	1,116,230
Deposits in banks	3,697,960	1,141,353
Loans in banks	1,042,508	118,049
Loans in banks other financial institutions	1,658,725	838,678
Acreditives in other fin. Institutions	1,034,060	0
Repurchase agreements in other financial institutions	6,050,753	2,286,692
Other accounts	434,699	3,513,592
Accrued interest	53,100	47,348
Allowance for loan impairment	(125,931)	(14,119)
Total amounts due from other financial institutions	17,195,828	10,732,918

16 Loans and advances to customers

Thousand Armenian drams	30.09.23	31.12.22
Loans to customers, including	50,395,926	46,682,701
Factoring	2,903,905	2,587,505
Credit lines and overdraft	89,669,020	72,113,970
Repurchase agreements	326,084	178,067
Letters of credit	711,543	0
Financial leasing	6,247,909	4,107,822
Other amounts	551,856	581,319
Accrued interest	2,495,202	1,993,591
Total loans customers	153,301,445	128,244,975
Allowance for loan impairment	(4,407,576)	(3,606,746)
Total loans and advances to customers	148,893,869	124,638,229

Loans to individuals comprise the following products:

Thousand Armenian drams	30.09.23	31.12.22
Privately held companies, including	119,668,453	103,136,237
Large entities	41,131,420	38,687,718
Small and medium entities	78,537,033	64,448,519
Individuals	28,213,678	20,369,444
Sole proprietors	2,372,256	2,164,384
Other amounts	551,856	581,319
Accrued interest	2,495,202	1,993,591
Allowance for loan impairment	(4,407,576)	(3,606,746)
Total loans and advances to customers	148,893,869	124,638,229

Loans to individuals comprise the following products:

Thousand Armenian drams	30.09.23	31.12.22
Mortgage loans	24,915,200	17,711,078
Consumer loans	2,373,634	1,875,703
Repurchase agreements	326,084	178,067
Other	598,760	604,596
Total loans and advances to individuals (gross)	28,213,678	20,369,444

Structure of impaired (non performing) loans and borrowings

Thousand Armenian drams	30.09.23	31.12.22
Loans and borrowings, o/w	153,301,445	128,244,975
Impaired (non performing) loans and borrowings, o/w	3,583,250	4,817,949
overdue	302,841	201,565
Total loans	153,301,445	128,244,975
Allowance for loan impairment	(4,407,576)	(3,606,746)
Total loans	148,893,869	124,638,229

Analysis of loans and borrowings by economy sectors



Thousand Armenian drams	30.09.23	%	31.12.22	%
Industry	54,832,330	35.77%	54,989,254	42.88%
Agriculture	10,163,923	6.63%	9,559,875	7.45%
Construction	26,400,422	17.22%	13,398,149	10.45%
Transport and communication	1,228,224	0.80%	1,117,283	0.87%
Trade	21,866,239	14.26%	18,896,080	14.73%
Consumer	2,733,674	1.78%	2,082,566	1.62%
Mortgage loans	25,007,727	16.31%	17,793,727	13.87%
Services	8,682,373	5.67%	8,098,028	6.31%
Other	2,376,532	1.55%	2,310,014	1.80%
Total loans	153,301,445	100%	128,244,975	100%
Allowance for loan impairment	(4,407,576)		(3,606,746)	
Total net loans and borrowings	148,893,869		124,638,229	

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

1) total sum	49,059,158
2) percentage in gross loans (n % of loan portfolio),	32.00%
3) percentage in capital (n % of capital):	75.46%

17 Investments available for sale

Thousand Armenian drams	30.09.23	31.12.22
Quoted investments		
RA corporate shares	44,575	44,575
Securities issued by the RA Ministry of Finance	137,487,808	122,539,308
<i>o/w interest</i>	1,642,923	1,015,008
RA corporate bonds	3,026,769	2,220,260
Unquoted investments		
RA corporate shares	19,575	19,575
Total investments	140,578,727	124,823,718

Other financial assets carried at amortized cost

Thousand Armenian drams	30.09.23	31.12.22
Securities issued by the RA Ministry of Finance	83,776,520	84,831,784
RA corporate bonds		
Accrued interest	772,878	2,846,827
Allowance for impairment	(247,873)	(524,426)
Other financial assets carried at amortized cost	84,301,525	87,154,185

Non current assets held for sale

Thousand Armenian drams	30.09.23	31.12.22
Non current assets held for sale	1,362,191	1,719,742
Non current assets held for sale*	1,362,191	1,719,742

* 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 fut 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 mar

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

	30.09.23		31.12.22	
	%	Term	%	Term
Securities issued by RA Ministry of Finance (AMD)	10.20-10.17	2026-2050	11.05-12.01	2023-2050
Securities issued by RA Ministry of Finance (USD)	6.25-8.08	2025-2031	6.54-6.76	2025-2031
RA corporate bonds (AMD)	11.50-10.22	2024-2025	9.00-11.75	2023-2027
RA corporate bonds (USD)	6.00-7.85	2024-2027	3.30-9.37	2023-2025

20 Fixed assets, intangible assets



	PPE	Computers and communication facilities	Vehicles	Office equipment	Total
Initial value					
Initial cost as of 1 January, 2023	2,017,192	321,322	114,256	166,850	2,619,620
Additions	115,221	7,090		10,835	133,146
Disposals	136,864				136,864
As of September 30, 2023	1,995,549	328,412	114,256	177,685	2,615,902
ACCRUED DEPRECIATION					
As of 1 January, 2023	694,105	223,523	65,425	131,790	1,114,843
Additions	127,512	24,616	8,555	5,950	166,633
Disposals	128,648				128,648
As of September 30, 2023	692,969	248,139	73,980	137,740	1,152,828
CARRYING VALUE					
As of September 30, 2023	1,302,580	80,273	40,276	39,945	1,463,074

Thousand Armenian drams

	Computer programmes	Other intangible assets	Total
Initial value as of 1 January, 2023	141,678	80,230	221,908
Additions	26,697	23,224	49,921
Devaluation	18,098	2,497	20,595
As of September 30, 2023	150,277	100,957	251,234
ACCRUED DEPRECIATION			
As of 1 January, 2023	96,564	42,943	139,507
Additions	14,323	8,906	23,229
Devaluation	18,098	2,397	20,495
As of September 30, 2023	92,789	49,462	142,241
CARRYING VALUE			
As of September 30, 2023	57,488	51,505	108,993

22 Other Assets

Thousand Armenian drams	30.09.23	31.12.22
Prepayments and other debtors	4,281,190	3,509,615
Prepayments of other taxes	961,503	381,992
Reserve	10,289	6,179
Costs of future period	82,614	69,495
Other assets	2,667	2,667
Allowance for other receivables and prepayments	(17,353)	(11,153)
Total other assets	5,320,910	3,958,795

23 Amounts due to financial institutions

Thousand Armenian drams	30.09.23	31.12.22
Amounts due to CBA	71,189,189	22,861,156
Loans from CBA	22,636,816	22,861,156
Repurchase agreements	48,552,373	
Accrued interest		
Amounts due to financial institutions	65,533,436	110,708,819
Correspondent accounts of other banks	19,536	17,252
Loans from banks	4,119,705	2,296,123
Repurchase agreements from banks	21,719,643	64,875,010
Other liabilities from banks		
Letters of credit	4,652,327	3,503,712
Accrued interest		
Current accounts of other financial institutions	6,075,725	2,269,513
Loans and deposits from other financial institutions	25,118,810	26,899,204
Repurchase agreements from other financial institutions	3,466,231	10,107,603
Other amounts	361,459	740,402
Accrued interest		
Total amounts due to CBA and financial institutions	136,722,625	133,569,975

24 Amounts due to customers

Thousand Armenian drams	30.09.23	31.12.22
Legal entities	103,370,347	85,894,839
Current/Settlement accounts	21,809,711	16,094,041
- resident	19,683,196	11,801,570
Term deposits	69,749,930	64,187,322
- resident	15,202,869	13,723,623
Accrued interest	497,990	426,231
- resident	459,085	389,141
Other liabilities	11,312,716	5,187,345
- resident	11,241,781	5,170,958
Sole proprietors	2,436,826	71,586
Current accounts	2,426,924	63,556
- resident	2,426,924	63,556
Term deposits	9,996	7,618
- resident	9,996	7,618
Accrued interest	6	412
- resident	6	412
Individuals	29,085,620	27,334,355
Current accounts	6,648,176	8,467,732
- resident	2,363,489	2,478,045
Term deposits	21,986,962	18,393,073
- resident	11,998,252	10,379,404
Accrued interest	323,839	307,182
- resident	222,507	222,750
Other liabilities	126,623	166,368
- resident	111,142	166,281
Total amounts due to customers	134,892,893	113,300,880

25 Securities issued by the Bank

Thousand Armenian drams	30.09.23	31.12.22
Securities issued by the Bank	53,300,158	52,408,743
Total securities issued by the Bank	53,300,158	52,408,743

27 Accounts payable

Thousand Armenian drams	30.09.23	31.12.22
Deposit insurance	31,243	32,993
Total other liabilities	31,243	32,993

28 Subordinated debt

Thousand Armenian drams	30.09.23	31.12.22
Subordinated debt	32,093,945	34,484,130
Total subordinated debt	32,093,945	34,484,130

29 Other liabilities

Thousand Armenian drams	30.09.23	31.12.22
Amounts payable for profit tax		
Tax liabilities	378,707	327,776
Amounts payable for factoring	193,732	193,732
Income of future period	1,831	824
Due to personnel	153,995	242,212
Amounts payable to suppliers	138,022	99,817
Amounts payable for financial leasing	65,961	23,499
Other	3,028	988
Total other liabilities	935,276	888,848

30 Equity



Thousand Armenian drams	30.09.23	31.12.22
Statutory capital	16,205,748	16,205,748
Ordinary shares	10,000,200	10,000,200
Share premium	6,205,548	6,205,548
Reserves, including	33,966,237	17,615,585
Main reserve	40,000,000	35,000,000
Gains from the revaluation of non-current assets	1,134,703	1,134,703
Revaluation reserve	(7,168,466)	(18,519,118)
Non-distributed profit	14,843,265	16,283,265
current year	3,560,000	6,727,975
previous year	11,283,265	9,555,290
Total capital	65,015,250	50,104,598

As of September 30, 2023 the Bank's share capital consists of 16,667 ordinary shares. "HVS Holding" S.a.r.l. is a shareholder of 14,588 shares out of a total of 16,667 shares of the bank, and "FMTM Distribution" LLC is a shareholder of 2,079 shares. Significant shareholders of the bank are "HVS Holding" S.a.r.l., which owns 87.53% of the voting shares, and "FMTM Distribution", which owns 12.47% of the voting shares.

As of September 30, 2023 total normative capital of the bank is AMD 94 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	30.09.23	31.12.22
Undrawn loan commitments	7,212,996	10,129,592
Guarantees provided	16,421,864	8,546,479
Allowance for impairment of liabilities bearing credit risk	(139,138)	(149,478)
Total credit risk related commitments	23,495,722	18,526,593

Transactions with related parties

Thousand Armenian drams	30.09.23		31.12.22	
	Shareholders and related parties	Key management and related parties	Shareholders and related parties	Key management and related parties
Loans and advances to customers				
Loans outstanding as of January 1, gross	5,088,802	477,871	3,746,945	477,653
Loans issued during the year	2,555,023	1,124,066	5,206,328	470,543
Loan repayments during the year	1,515,625	840,401	3,864,871	470,525
As of September 30	6,128,000	761,336	5,088,802	477,671
Interest income on loans	380,339	52,202	380,685	48,240
Amounts due to customers				
Deposits outstanding as of January 1	61,087,364	213,849	71,617,810	154,433
Deposits received during the year	87,794,012	5,376,679	87,453,931	5,080,782
Deposits paid during the year	92,240,823	5,402,381	97,984,177	5,021,366
As of September 30	56,640,753	188,147	61,087,364	213,849
Interest expenses on deposits	3,750,412	9,129	5,102,060	5,973
Interest income	91		31,335	
Amounts due to other financial institutions	8,590		6,349	
Bondes issued	28,549,962	351,374	28,952,530	232,876
Subordinated debt	32,083,945		34,484,130	
Income on commissions	8,173	1,206	8,823	551
Other income				

Compensation of key management was comprised of salaries and rewards:

Thousand Armenian drams	30.09.23	31.12.22
Salaries and other short-term benefits	336,596	321,725
Total key management compensation	336,596	321,725

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

30.09.23					
Thousand AMD	RA	CIS countries	Non-OECD countries	OECD countries	Total
Assets					
Cash and balances with CBA	22,118,327				22,118,327
Precious metals	2,211				2,211
Amounts due from other financial institutions	11,052,624	1,878,814	100,276	4,164,114	17,195,828
Loans and advances to customers	146,946,413	325,199	87,062	1,535,195	148,893,869
Investments available for sale	135,653,497	1,189,087		3,736,143	140,578,727
Other financial assets carried at amortized cost	84,301,525				84,301,525
Total	400,074,597	3,393,100	187,338	9,435,452	413,090,487
Liabilities					
Amounts due to financial institutions	125,058,229	1,379,951	128,333	10,156,112	136,722,625
Amounts due to customers	75,465,324	1,686,521	45,977,856	11,763,192	134,892,893
Securities issued by the Bank	18,959,348	20,119	31,172,178	3,148,513	53,300,158
Subordinated debt			30,126,137	1,967,808	32,093,945
Total	219,482,901	3,086,591	107,404,504	27,035,625	357,009,621
Net position	180,591,696	306,509	(107,217,166)	(17,600,173)	56,080,866

31.12.22					
Thousand AMD	RA	CIS countries	Non-OECD countries	OECD countries	Total
Assets					
Cash and balances with CBA	25,986,836				25,986,836
Precious metals	38,239				38,239
Amounts due from other financial institutions	5,096,714	1,952,139	113,925	3,570,140	10,732,918
Loans and advances to customers	120,676,499	485,341	8,141	3,468,248	124,638,229
Investments available for sale	114,936,454			9,887,264	124,823,718
Other financial assets at amortized cost	87,154,185				87,154,185
Total	353,888,927	2,437,480	122,066	16,925,652	373,374,125
Liabilities					
Amounts due to financial institutions	109,028,982	394,415	938,229	23,208,349	133,569,975
Amounts due to customers	49,218,581	778,058	49,795,920	13,507,321	113,300,880
Securities issued by the Bank	19,313,528	30,904	30,077,281	2,987,030	52,408,743
Subordinated debt			32,121,093	2,363,037	34,484,130
Total	177,561,091	1,204,377	112,932,523	42,065,737	333,763,728
Net position	176,327,836	1,233,103	(112,810,457)	(25,140,085)	39,610,397

Control of risk limits and mitigating policy

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	30.09.23	31.12.22
Loans collateralized by securities	9,564,942	8,438,025
Loans collateralized by real estate	79,132,466	68,044,223
Loans collateralized by deposit	4,985,330	4,123,657
Loans collateralized by movable property	18,011,616	14,057,637
Loans collateralized by vehicles	1,962,789	1,639,765
Loans collateralized by finished products	14,702,545	13,459,377
Loans collateralized by cash flow	2,943,659	2,433,550
Loans collateralized by pledge of right	9,004,214	5,023,016
Other collateral	12,993,885	11,025,723
Total loans and advances (gross)	153,301,445	128,244,975

Name of article	30.09.23		31.12.22	
	AMD	Foreign currency	AMD	Foreign currency
	%	%	%	%
Assets				
Balance with the CBA				
Amounts due from banks and other financial institutions,including	12.15%	4.83%	12.12%	3.07%
Interbank loans				
Interbank repurchase agreements				
Interbank interest swap				
Loans and advances to customers	12.38%	7.82%	11.78%	7.73%
Available-for-sale and trading securities	11.07%	5.64%	11.33%	5.27%
Hold-to-maturity securities	11.87%	5.65%	11.85%	5.61%
Liabilities				
Amounts due to banks and other financial institutions	9.15%	4.36%	10.00%	7.75%
Amounts due to customers	10.08%	4.56%	9.91%	4.82%
Amounts due to issued securities	9.44%	5.62%	9.38%	5.53%
Subordinated debt	12.22%	3.00%	12.35%	5.27%

Sensitivity of equity							30.09.23
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	-	-	-	57,165	- 4,064,498	-4,121,663
USD	0.5	-	-	-	74,248	- 206,686	-280,934
AMD	-0.5	-	-	-	58,027	4,324,752	4,382,779
USD	-0.5	-	-	-	74,960	213,078	288,035

Sensitivity of equity							31.12.22
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	-	-	-	57,090	- 3,357,028	-3,414,118
USD	0.5	-	-	-	93,183	- 214,213	-307,406
AMD	-0.5	-	-	-	58,110	3,562,360	3,620,469
USD	-0.5	-	-	-	94,409	221,614	316,023

Foreign exchange risk

Thousand Armenian drams				
Currency	30.09.23		31.12.22	
	Change in currency rate in %	Effect on profit before tax	Change in currency rate in %	Effect on profit before tax
USD	6%	22,285	6%	103,088
EUR	3%	1,378	3%	9,862

Thousand Armenian drams

30.09.23

	Armenian dram	Freely convertible currencies	Non-freely convertible currencies	Total
Assets				
Cash and balances with the CBA	9,330,058	12,696,537	91,732	22,118,327
Precious metals		2,211		2,211
Amounts due from other financial institutions	1,356,190	14,522,421	1,317,217	17,195,828
Loans and advances to customers	99,919,449	48,557,451	416,969	148,893,869
Investments available for sale	119,697,626	20,881,101		140,578,727
Other financial assets carried at amortized cost	81,235,944	3,065,581		84,301,525
Total	311,539,267	99,725,302	1,825,918	413,090,487
Liabilities				
Amounts due to financial institutions	112,509,493	23,472,771	740,361	136,722,625
Amounts due to customers	84,230,458	49,832,086	830,349	134,892,893
Securities issued by the Bank	26,631,425	26,668,733	-	53,300,158
Subordinated debt	30,126,137	1,967,808	-	32,093,945
Total	253,497,513	101,941,398	1,570,710	357,009,621
Net position as of September 30, 2023	58,041,754	(2,216,096)	255,208	56,080,866
Credit related commitments as of September 30, 2023	22,254,036	1,241,686		23,495,722



Thousand Armenian drams

31.12.22

	Armenian dram	Freely convertible currencies	Non-freely convertible currencies	Total
Assets				
Cash and balances with the CBA	9,752,115	16,181,112	53,608	25,986,836
Precious metals		38,239		38,239
Amounts due from other financial institutions	3,366,985	6,673,187	692,745	10,732,918
Loans and advances to customers	78,395,076	45,271,865	971,288	124,638,229
Investments available for sale	104,526,312	20,297,406		124,823,718
Other financial assets carried at amortized cost	83,934,586	3,219,599		87,154,185
Total	279,975,074	91,681,409	1,717,642	373,374,125
Liabilities				
Amounts due to financial institutions	115,994,162	16,689,609	886,204	133,569,975
Amounts due to customers	68,415,233	44,292,947	592,700	113,300,880
Securities issued by the Bank	26,486,434	25,922,309		52,408,743
Subordinated debt	30,144,616	4,339,514		34,484,130
Total	241,040,445	91,244,379	1,478,904	333,763,728
Net position as of December 31, 2022	38,934,629	437,030	238,738	39,610,397
Credit related commitments as of December 31, 2022	18,584,956	1,941,637		18,526,593

Liquidity risk



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

30.09.23								
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						
Assets								
Cash and balances with CBA			22,118,327					22,118,327
Precious metals			2,211					2,211
Amounts due from other financial institutions			13,981,907	1,961,889	1,008,641	243,391	-	17,195,828
Loans and advances to customers	330,291	1,564,429	8,657,865	10,210,670	29,223,747	64,686,367	34,220,500	148,893,869
Investments available for sale			78,893,462	17,518	3,902,681	14,647,161	43,117,905	140,578,727
Other financial assets carried at amortized cost			1,230	132,125	1,029,426	11,562,330	71,576,414	84,301,525
TOTAL	330,291	1,564,429	123,655,002	12,322,202	35,164,495	91,139,249	148,914,819	413,090,487
Liabilities								
Amounts due to financial institutions	-	-	93,335,688	4,158,993	8,457,135	13,132,409	17,638,400	136,722,625
Amounts due to customers	-	-	48,477,012	4,108,766	18,857,901	62,932,498	516,716	134,892,893
Securities issued by the Bank	-	-	-	973,924	3,940,242	48,385,992	-	53,300,158
Subordinated debt	-	-	126,945	-	1,967,000	10,000,000	20,000,000	32,093,945
Total			141,939,645	9,241,683	33,222,278	134,450,899	38,155,116	357,009,621
Net position	330,291	1,564,429	(18,284,643)	3,080,519	1,942,217	(43,311,650)	110,759,703	56,080,866
Accumulated gap			(18,284,643)	(15,204,124)	(13,261,907)	(56,573,557)	54,186,146	

31.12.22								
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						
Assets								
Cash and balances with CBA			25,986,836					25,986,836
Precious metals			38,239					38,239
Amounts due from other financial institutions			9,109,744	1,294,355	210,304	118,514		10,732,918
Loans and advances to customers	209,791	2,876,860	7,268,460	8,476,232	24,591,240	52,280,579	28,935,066	124,638,229
Investments available for sale			75,915,690	5,940,011	3,228,181	5,818,251	33,921,584	124,823,718
Other financial assets carried at amortized cost			1,662	2,158,460	669,678	11,961,468	72,362,917	87,154,185
TOTAL	209,791	2,876,860	118,320,632	17,869,059	28,699,403	70,178,812	135,219,567	373,374,124
Liabilities								
Amounts due to financial institutions			80,792,429	6,365,086	15,361,721	15,733,283	15,317,455	133,569,975
Amounts due to customers			31,212,728	3,622,600	15,803,801	62,440,628	221,125	113,300,880
Securities issued by the Bank				245,165	11,707,048	40,456,530		52,408,743
Subordinated debt			548,430	8,000,000	1,967,850	1,967,850	22,000,000	34,484,130
Total			112,553,587	18,232,852	44,840,420	120,598,291	37,538,580	333,763,728
Net position	209,791	2,876,860	5,767,045	(363,793)	(16,141,017)	(50,419,479)	97,680,988	39,610,396
Accumulated gap			5,767,045	5,403,252.10	(10,737,764)	(61,157,243)	36,523,745	

Average assets and capital 30.09.23

Average assets	405,189,042
Average capital	58,383,246

Collateral received

The collateralized loan amount is AMD 150,357,786 thousand as of 30.09.23

Unfulfillment of obligations/violations

There are no cases of violation of contractual obligations in the Bank.