



3 Net interest and similar income and expense

<u>Interest and similar incomes</u>	<u>01.10.23</u> <u>31.12.23</u>	<u>01.01.23</u> <u>31.12.23</u>	<u>01.10.22</u> <u>31.12.22</u>	<u>01.01.22</u> <u>31.12.22</u>
Amounts due from banks, financial institutions, bank current accounts	168,133	520,400	31,008	132,621
Loans and advances to customers	4,079,364	14,360,385	3,032,583	11,468,100
Debt securities available-for-sale	3,195,028	12,744,975	3,182,980	13,001,597
Debt securities held to maturity	2,223,856	8,934,864	2,246,979	9,049,588
Reverse repurchase transactions	69,654	272,331	60,103	154,100
Other interest income	358,931	1,026,694	171,825	527,235
Total interest and similar income	10,094,966	37,859,649	8,725,478	34,333,241
<u>Interest and similar expense</u>	<u>01.10.23</u> <u>31.12.23</u>	<u>01.01.23</u> <u>31.12.23</u>	<u>01.10.22</u> <u>31.12.22</u>	<u>01.01.22</u> <u>31.12.22</u>
Amounts due to banks, financial institutions, bank current accounts	1,067,899	4,401,204	1,045,470	3,821,702
Amounts due to customers	3,300,882	13,227,496	3,241,070	12,922,932
Amounts due to securities issued by the Bank	1,002,518	3,868,205	972,211	4,010,169
Repurchase agreement operations	1,783,535	6,672,029	1,570,254	5,569,499
Other interest expenses	1,850	8,223	1,583	15,149
Total interest and similar expense	7,156,684	28,177,157	6,830,588	26,339,451
Net interest and similar income and expense	2,938,282	9,682,492	1,894,890	7,993,790

4 Fee and commission income and expense

<u>Fee and commission income</u>	<u>01.10.23</u> <u>31.12.23</u>	<u>01.01.23</u> <u>31.12.23</u>	<u>01.10.22</u> <u>31.12.22</u>	<u>01.01.22</u> <u>31.12.22</u>
Cash collection	18,020	53,678	12,479	78,851
Wire transfer fees	154,985	472,673	71,728	306,349
Guarantees and letters of credit	30,015	99,507	9,702	37,325
Foreign currency translation and brokerage operations	14,361	42,628	6,612	38,327
Other fees and commissions	61,131	195,426	40,913	154,103
Total fee and commission income	278,512	863,912	141,434	614,955
<u>Fee and commission expense</u>	<u>01.10.23</u> <u>31.12.23</u>	<u>01.01.23</u> <u>31.12.23</u>	<u>01.10.22</u> <u>31.12.22</u>	<u>01.01.22</u> <u>31.12.22</u>
Correspondent and other accounts	29,228	82,032	12,962	68,816
Foreign currency translation and brokerage operations	73	402	31	3,595
Other expenses*	26,515	112,112	21,346	84,857
Total fee and commission expense	55,816	194,546	34,339	157,268
Net fee and commission income	222,696	669,366	107,095	457,687

5. Net income on trading operations

<u>Available for sale Investments</u>	<u>01.10.23</u> <u>31.12.23</u>	<u>01.01.23</u> <u>31.12.23</u>	<u>01.10.22</u> <u>31.12.22</u>	<u>01.01.22</u> <u>31.12.22</u>
Net income on trading with available for sale investments, including	71,479	138,915	9,648	20,942
bonds	53,625	119,316	9,648	19,136
shares	17,854	19,599		1,806
Total	71,479	138,915	9,648	20,942
<u>Foreign currency operations</u>	<u>01.10.23</u> <u>31.12.23</u>	<u>01.01.23</u> <u>31.12.23</u>	<u>01.10.22</u> <u>31.12.22</u>	<u>01.01.22</u> <u>31.12.22</u>
Net income on trading with foreign currency	434,525	1,141,618	385,032	1,491,260
Net income on foreign currency revaluation	16,302	(94,089)	(351,411)	(927,915)
Net income/loss on derivatives	(8,983)	(69,212)	(8,772)	34,755
Total	441,844	978,317	24,849	598,100
<u>Precious metals bullion bars and coins</u>	<u>01.10.23</u> <u>31.12.23</u>	<u>01.01.23</u> <u>31.12.23</u>	<u>01.10.22</u> <u>31.12.22</u>	<u>01.01.22</u> <u>31.12.22</u>
Net income on trading with precious metals bullion bars and coins	7	8,599	32,828	84,762
Net income on revaluation of precious metals bullion bars and coins	(1,445)	(1,360)	3,867	(109,447)
Total	(1,438)	7,239	36,695	(24,685)
Net income on trading operations	511,885	1,124,471	71,192	594,357

6 Other operational income

<u>Other operational income</u>	<u>01.10.23</u> <u>31.12.23</u>	<u>01.01.23</u> <u>31.12.23</u>	<u>01.10.22</u> <u>31.12.22</u>	<u>01.01.22</u> <u>31.12.22</u>
Fines and penalties received	105,236	319,906	107,162	225,237
Net income from sale of fixed and intangible assets	158	31,253		37,014
Other income**	10,054	71,453	12,610	51,766
Total other income	115,448	422,612	119,772	314,017

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

<u>Total net provisions made</u>	<u>01.10.23</u> <u>31.12.23</u>	<u>01.01.23</u> <u>31.12.23</u>	<u>01.10.22</u> <u>31.12.22</u>	<u>01.01.22</u> <u>31.12.22</u>
Loans and advances to customers	(840,198)	(2,493,583)	1,079,759	1,363,400
Total	(840,198)	(2,493,583)	1,079,759	1,363,400

8. Total administrative expenses

<u>Total administrative expenses</u>	<u>01.10.23</u> <u>31.12.23</u>	<u>01.01.23</u> <u>31.12.23</u>	<u>01.10.22</u> <u>31.12.22</u>	<u>01.01.22</u> <u>31.12.22</u>
Wages and salaries*	744,385	2,282,123	413,134	1,801,187
Business trip expenses	10,738	23,031	8,574	28,792
Insurance expenses	9,085	52,769	12,951	45,340
Fixed assets maintenance	2,497	6,586	1,207	5,804
Building maintenance and security	13,937	54,974	13,197	53,274
Auditing, consulting and other services	17,711	52,547	40,811	67,192
Communication expenses	43,915	147,164	35,521	127,935
Transportation expenses	1,201	3,273	1,220	4,333
Taxes /other than income tax/ duties	6,589	15,130	4,285	12,953
Office and other organizational expenses	6,890	12,599	9,728	14,709
Expenses on granting and gathering loans	14,501	45,303	6,491	31,152
Other administrative expenses**	25,753	71,223	10,274	30,140
Total	897,202	2,766,722	557,393	2,222,811

<i>* Average number of staff</i>	<i>158</i>	<i>159</i>	<i>149</i>	<i>151</i>
<i>* Average monthly salary per employee</i>	<i>1,191</i>	<i>1,199</i>	<i>761</i>	<i>695</i>

9 Other operational expenses

<u>Other operational expenses</u>	<u>01.10.23</u> <u>31.12.23</u>	<u>01.01.23</u> <u>31.12.23</u>	<u>01.10.22</u> <u>31.12.22</u>	<u>01.01.22</u> <u>31.12.22</u>
Expenses on cash delivery	630	2,412	7,338	8,699
Advertising and representation expenses	17,932	31,586	11,958	28,538
Fixed assets and intangible assets depreciation expenses	70,015	259,272	53,525	212,834
Other expenses****	7,392,336	7,445,366	15,512	62,394
Total other operational expenses	7,480,913	7,738,636	88,333	312,465

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 31.12.23	Effective rate (%)	01.01.22 31.12.22	Effective rate (%)
Profit before tax	(1,142,161)		5,216,268	
Profit tax	(205,589)	18	938,928	18
Non-deductible expenses	35,064		39,313	
Foreign exchange (gains)/losses	(164,662)		(1,002,607)	
Other	1,435,187		1,484,366	
Income tax expense	1,100,000		1,460,000	

Deferred tax calculation in respect of temporary differences:

Thousand Armenian drams	31.12.23	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	2,515,710			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	2,516,263			4,299,806

13 Cash, cash equivalents and balances with CBA

Thousand Armenian drams	31.12.23	31.12.22
Cash	2,460,846	2,878,394
Cash in ARMs	69,882	69,569
Correspondent accounts with the CBA	14,572,598	22,789,055
Deposited funds in CBA	260,000	260,000
Allowance for impairment	(3,377)	(10,182)
Total cash, cash equivalents and balances with CBA	17,359,949	25,986,836

Standardized bullion bars of precious metals

Thousand Armenian drams	31.12.23	31.12.22
Standardized bullion bars of precious metals	2,524	38,239
Standardized bullion bars of precious metals	2,524	38,239

14 Amounts due from other financial institutions

Thousand Armenian drams	31.12.23	31.12.22
Correspondent accounts	3,304,389	1,685,095
Deposited funds in financial institutions	151,719	1,116,230
Deposits in banks	3,116,883	1,141,353
Loans in banks		118,049
Loans in banks other financial institutions	3,245,341	838,678
Acreditives in other fin. Institutions	1,079,056	0
Repurchase agreements in banks	4,047,900	
Repurchase agreements in other financial institutions	4,512,337	2,286,692
Other accounts	177,480	3,513,592
Accrued interest	84,703	47,348
Allowance for loan impairment	(84,836)	(14,119)
Total amounts due from other financial institutions	19,634,972	10,732,918

16 Loans and advances to customers

Thousand Armenian drams	31.12.23	31.12.22
Loans to customers, including	58,993,845	46,682,701
Factoring	2,726,040	2,587,505
Credit lines and overdraft	98,758,707	72,113,970
Repurchase agreements	256,381	178,067
Letters of credit	191,569	0
Financial leasing	7,583,320	4,107,822
Other amounts	472,732	581,319
Accrued interest	2,856,816	1,993,591
Total loans customers	171,839,410	128,244,975
Allowance for loan impairment	(5,255,974)	(3,606,746)
Total loans and advances to customers	166,583,436	124,638,229

Loans to individuals comprise the following products:

Thousand Armenian drams	31.12.23	31.12.22
Privately held companies, including	135,273,668	103,136,237
Large entities	44,827,649	38,687,718
Small and medium entities	90,446,019	64,448,519
Individuals	30,945,795	20,369,444
Sole proprietors	2,290,399	2,164,384
Other amounts	472,732	581,319
Accrued interest	2,856,816	1,993,591
Allowance for loan impairment	(5,255,974)	(3,606,746)
Total loans and advances to customers	166,583,436	124,638,229

Loans to individuals comprise the following products:

Thousand Armenian drams	31.12.23	31.12.22
Mortgage loans	26,987,260	17,711,078
Consumer loans	3,090,272	1,875,703
Repurchase agreements	256,381	178,067
Other	611,882	604,596
Total loans and advances to individuals (gross)	30,945,795	20,369,444

Structure of impaired (non performing) loans and borrowings

Thousand Armenian drams	31.12.23	31.12.22
Loans and borrowings, o/w	171,839,410	128,244,975
Impaired (non performing) loans and borrowings, o/w	4,987,308	4,817,949
overdue	471,598	201,565
Total loans	171,839,410	128,244,975
Allowance for loan impairment	(5,255,974)	(3,606,746)
Total loans	166,583,436	124,638,229

Analysis of loans and borrowings by economy sectors



Thousand Armenian drams	31.12.23	%	31.12.22	%
Industry	59,720,570	34.75%	54,989,254	42.88%
Agriculture	10,657,572	6.20%	9,559,875	7.45%
Construction	28,935,924	16.84%	13,398,149	10.45%
Transport and communication	1,136,594	0.66%	1,117,283	0.87%
Trade	24,100,655	14.03%	18,896,080	14.73%
Consumer	3,384,807	1.97%	2,082,566	1.62%
Mortgage loans	27,110,712	15.78%	17,793,727	13.87%
Services	9,406,896	5.47%	8,098,028	6.31%
Other	7,385,682	4.30%	2,310,014	1.80%
Total loans	171,839,410	100%	128,244,975	100%
Allowance for loan impairment	(5,255,974)		(3,606,746)	
Total net loans and borrowings	166,583,436		124,638,229	

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

1) total sum	54,611,644
2) percentage in gross loans (n % of loan portfolio),	31.78%
3) percentage in capital (n % of capital):	97.50%

17 Investments available for sale

Thousand Armenian drams	31.12.23	31.12.22
Quoted Investments		
RA corporate shares	44,575	44,575
Securities issued by the RA Ministry of Finance	128,981,236	122,539,308
<i>o/w interest</i>	731,359	1,015,008
RA corporate bonds	3,892,080	2,220,260
Unquoted Investments		
RA corporate shares	19,575	19,575
Total Investments	132,937,466	124,823,718

Other financial assets carried at amortized cost

Thousand Armenian drams	31.12.23	31.12.22
Securities issued by the RA Ministry of Finance	76,971,458	84,831,784
RA corporate bonds		
Accrued interest	2,330,530	2,846,827
Allowance for impairment	(215,793)	(524,426)
Other financial assets carried at amortized cost	79,086,195	87,154,185

Non current assets held for sale

Thousand Armenian drams	31.12.23	31.12.22
Non current assets held for sale	1,361,975	1,719,742
Non current assets held for sale*	1,361,975	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 full 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.

	31.12.23		31.12.22	
	%	Term	%	Term
Securities issued by RA Ministry of Finance (AMD)	10.25-10.78	2024-2050	11.05-12.01	2023-2050
Securities issued by RA Ministry of Finance (USD)	5.96-6.92	2025-2031	6.54-6.76	2025-2031
RA corporate bonds (AMD)	11.15-11.1	2024-2026	9.00-11.75	2023-2027
RA corporate bonds (USD)	6.2-7.3	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	33,645	52,289	12,684	213,839
Disposals	140,169	12,124		2,805	155,098
As of December 31, 2023	1,992,244	342,843	166,545	176,729	2,678,361
ACCRUED DEPRECIATION					
As of 1 January, 2023	694,105	223,523	65,425	131,790	1,114,843
Additions	173,414	33,734	12,570	8,192	227,910
Disposals	131,953	12,124		2,805	146,882
As of December 31, 2023	735,566	245,133	77,995	137,177	1,195,871
CARRYING VALUE					
As of December 31, 2023	1,256,678	97,710	88,550	39,552	1,482,490

Thousand Armenian drams

	Computer programmes	Other intangible assets	Total
Initial value as of 1 January, 2023	141,678	80,230	221,908
Additions	30,697	29,840	60,537
Devaluation	18,098	2,497	20,595
As of December 31, 2023	154,277	107,573	261,850
ACCRUED DEPRECIATION			
As of 1 January, 2023	96,564	42,943	139,507
Additions	15,975	15,642	31,617
Devaluation	18,098	2,398	20,496
As of December 31, 2023	94,441	56,187	150,628
CARRYING VALUE			
As of December 31, 2023	59,836	51,386	111,222

22 Other Assets

Thousand Armenian drams	31.12.23	31.12.22
Prepayments and other debtors	4,463,562	3,509,615
Prepayments of other taxes	1,578,480	381,992
Reserve	8,023	6,179
Costs of future period	14,432	69,495
Other assets	25,076	2,667
Allowance for other receivables and prepayments	(36,393)	(11,153)
Total other assets	6,053,180	3,958,795

23 Amounts due to financial institutions

Thousand Armenian drams	31.12.23	31.12.22
Amounts due to CBA	85,951,727	22,861,156
Loans from CBA	22,869,094	22,861,156
Repurchase agreements	63,082,633	
Accrued interest		
Amounts due to financial institutions	66,648,661	110,708,819
Correspondent accounts of other banks	21,001	17,252
Loans from banks	5,173,270	2,296,123
Repurchase agreements from banks	17,401,241	64,875,010
Other liabilities from banks		
Letters of credit	4,217,972	3,503,712
Accrued interest		
Current accounts of other financial institutions	14,790,097	2,269,513
Loans and deposits from other financial institutions	21,871,588	26,899,204
Repurchase agreements from other financial institutions	3,006,682	10,107,603
Other amounts	166,810	740,402
Accrued interest		
Total amounts due to CBA and financial institutions	152,600,388	133,569,975

24 Amounts due to customers

Thousand Armenian drams	31.12.23	31.12.22
Legal entities	97,640,371	85,894,839
Current/Settlement accounts	20,523,865	16,094,041
- resident	18,079,058	11,801,570
Term deposits	64,881,733	64,187,322
- resident	11,884,059	13,723,623
Accrued interest	532,880	426,231
- resident	489,031	389,141
Other liabilities	11,701,893	5,187,345
- resident	11,688,925	5,170,958
Sole proprietors	2,405,848	71,586
Current accounts	2,390,535	63,556
- resident	2,390,535	63,556
Term deposits	15,284	7,618
- resident	15,284	7,618
Accrued interest	29	412
- resident	29	412
Individuals	29,979,868	27,334,355
Current accounts	5,376,647	8,467,732
- resident	2,952,552	2,478,045
Term deposits	23,336,646	18,393,073
- resident	11,998,252	10,379,404
Accrued interest	315,492	307,182
- resident	214,652	222,750
Other liabilities	951,083	166,368
- resident	949,502	166,281
Total amounts due to customers	130,026,087	113,300,880

25 Securities issued by the Bank

Thousand Armenian drams	31.12.23	31.12.22
Securities issued by the Bank	55,022,320	52,408,743
Total securities issued by the Bank	55,022,320	52,408,743

27 Accounts payable

Thousand Armenian drams	31.12.23	31.12.22
Deposit insurance	33,000	32,993
Total other liabilities	33,000	32,993

28 Subordinated debt

Thousand Armenian drams	31.12.23	31.12.22
Subordinated debt	32,161,126	34,484,130
Total subordinated debt	32,161,126	34,484,130

29 Other liabilities

Thousand Armenian drams	31.12.23	31.12.22
Amounts payable for profit tax		
Tax liabilities	431,668	327,776
Amounts payable for factoring	193,732	193,732
Income of future period	3,872	824
Due to personnel	266,015	242,212
Amounts payable to suppliers	119,156	99,817
Amounts payable for financial leasing	40,459	23,499
Other	3,868	988
Total other liabilities	1,058,770	888,848

30 Equity



Thousand Armenian drams	31.12.23	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	30,720,273	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	(10,414,430)	(18,519,118)
Non-distributed profit	9,083,265	16,283,265
current year	(2,200,000)	6,727,975
previous year	11,283,265	9,555,290
Total capital	56,009,286	50,104,598

As of December 31, 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 December 31, 2023 total normative capital of the bank is AMD 91 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	31.12.23	31.12.22
Undrawn loan commitments	8,749,681	10,129,592
Guarantees provided	16,785,448	8,546,479
Allowance for impairment of liabilities bearing credit risk	(218,695)	(149,478)
Total credit risk related commitments	25,316,434	18,526,593

Transactions with related parties

Thousand Armenian drams	31.12.23		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	5,088,602	477,671	3,746,945	477,653
Loans issued during the year	4,394,242	1,529,708	5,206,328	470,543
Loan repayments during the year	2,147,356	1,241,936	3,864,671	470,525
As of December 31	7,335,488	765,443	5,088,602	477,671
Interest income on loans	560,797	70,815	380,685	48,240
Amounts due to customers				
Deposits outstanding as of January 1	61,087,364	213,849	71,617,610	154,433
Deposits received during the year	114,329,328	7,202,511	87,453,931	5,080,782
Deposits paid during the year	116,555,118	7,252,719	97,984,177	5,021,366
As of December 31	58,861,574	163,641	61,087,364	213,849
Interest expenses on deposits	4,939,005	10,758	5,102,060	5,973
Interest income	899		31,335	
Amounts due to other financial institutions	9,276		6,349	
Bonded issued	29,813,548	359,276	28,952,530	232,876
Subordinated debt	32,161,126		34,484,130	
Income on commissions	8,284	1,502	8,823	551
Other income				

Compensation of key management was comprised of salaries and rewards:

Thousand Armenian drams	31.12.23	31.12.22
Salaries and other short-term benefits	136,715	321,725
Total key management compensation	136,715	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

31.12.23					
Thousand AMD	RA	CIS countries	Non-OECD countries	OECD countries	Total
Assets					
Cash and balances with CBA	16,464,149	895,800			17,359,949
Precious metals	2,524				2,524
Amounts due from other financial institutions	13,048,268	3,448,678	190,424	2,947,602	19,634,972
Loans and advances to customers	164,313,570	367,579	91,221	1,811,066	166,583,436
Investments available for sale	127,462,693	1,241,738	-	4,233,035	132,937,466
Other financial assets carried at amortized cost	79,086,195				79,086,195
Total	400,377,399	5,953,795	281,645	8,991,703	415,604,542
Liabilities					
Amounts due to financial institutions	142,404,637	1,339,216	8,326	8,848,209	152,600,388
Amounts due to customers	74,178,771	1,805,863	42,229,834	11,811,619	130,026,087
Securities issued by the Bank	20,204,941	61,058	31,490,447	3,265,874	55,022,320
Subordinated debt			30,136,178	2,024,948	32,161,126
Total	236,788,349	3,206,137	103,864,785	25,950,650	369,809,921
Net position	163,689,050	2,747,658	(103,583,140)	(16,958,947)	45,794,621

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	31.12.23	31.12.22
Loans collateralized by securities	11,310,450	8,438,025
Loans collateralized by real estate	93,104,650	68,044,223
Loans collateralized by deposit	5,505,416	4,123,657
Loans collateralized by movable property	18,636,263	14,057,637
Loans collateralized by vehicles	2,197,371	1,639,765
Loans collateralized by finished products	16,034,536	13,459,377
Loans collateralized by cash flow	3,602,788	2,433,550
Loans collateralized by pledge of right	9,160,788	5,023,016
Other collateral	12,287,148	11,025,723
Total loans and advances (gross)	171,839,410	128,244,975

Market Risk

Market Risk
Interest Rate risk



Name of article	31.12.23		31.12.22	
	AMD	Foreign currency	AMD	Foreign currency
	%	%	%	%
Assets				
Balance with the CBA				
Amounts due from banks and other financial institutions,including	12.27%	4.07%	12.12%	3.07%
Interbank loans				
Interbank repurchase agreements				
Interbank interest swap				
Loans and advances to customers	12.57%	8.03%	11.78%	7.73%
Available-for-sale and trading securities	11.08%	5.19%	11.33%	5.27%
Hold-to-maturity securities	12.17%		11.85%	5.61%
Liabilities				
Amounts due to banks and other financial institutions	8.92%	4.43%	10.00%	7.75%
Amounts due to customers	10.06%	4.81%	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							31.12.23
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	-	46	-	-	45,553	- 3,737,679
USD	0.5		-	-	-	52,382	- 205,661
AMD	-0.5		46	-		46,173	3,669,497
USD	-0.5		-	-		52,621	211,646

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
USD	0.5		-	-	-	93,183	- 214,213
AMD	-0.5		-	-		58,110	3,662,360
USD	-0.5		-	-		94,409	221,614

Foreign exchange risk

Thousand Armenian drams				31.12.23	31.12.22
Currency	Change in currency rate in %	Effect on profit before tax	Change in currency rate in %	Effect on profit before tax	
USD	5%	45,830	5%	103,088	
EUR	3%	4,761	3%	9,862	

Thousand Armenian drams

31.12.23

	Armenian dram	Freely convertible currencies	Non-freely convertible currencies	Total
Assets				
Cash and balances with the CBA	3,397,046	13,731,888	231,015	17,359,949
Precious metals		2,524		2,524
Amounts due from other financial institutions	4,242,488	13,406,585	1,985,899	19,634,972
Loans and advances to customers	111,254,681	54,936,099	392,656	166,583,436
Investments available for sale	113,295,297	19,642,169		132,937,466
Other financial assets carried at amortized cost	79,086,195			79,086,195
Total	311,275,707	101,719,265	2,609,570	415,604,542
Liabilities				
Amounts due to financial institutions	123,217,377	28,347,722	1,035,289	152,600,388
Amounts due to customers	84,432,806	44,290,633	1,302,648	130,026,087
Securities issued by the Bank	26,438,470	28,583,850	-	55,022,320
Subordinated debt	30,136,178	2,024,948	-	32,161,126
Total	264,224,831	103,247,153	2,337,937	369,809,921
Net position as of December 31, 2023	47,050,876	(1,527,888)	271,633	45,794,621
Credit related commitments as of December 31, 2023	23,684,576	1,631,658		25,316,434



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.

31.12.23								
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			17,359,949					17,359,949
Precious metals			2,524					2,524
Amounts due from other financial institutions			15,805,654	1,152,501	1,924,354	752,463	-	19,634,972
Loans and advances to customers	460,218	1,851,219	7,682,971	10,397,944	32,843,658	77,967,455	35,379,971	166,583,436
Investments available for sale			88,607,105	1,177,897	1,902,681	14,410,005	26,839,778	132,937,466
Other financial assets carried at amortized cost			0	2,036,002	288,186	-	76,762,007	79,086,195
TOTAL	460,218	1,851,219	129,458,203	14,764,344	36,958,879	93,129,923	138,981,756	415,604,542
Liabilities								
Amounts due to financial institutions	-	-	116,036,171	937,874	5,448,956	12,271,490	17,905,897	152,600,388
Amounts due to customers	-	-	44,149,699	7,015,876	18,322,089	60,538,423	-	130,026,087
Securities issued by the Bank	-	-	-	245,895	8,344,276	46,432,149	-	55,022,320
Subordinated debt	-	-	137,176	-	2,023,950	10,000,000	20,000,000	32,161,126
Total			160,323,046	8,199,645	34,139,271	129,242,062	37,905,897	369,809,921
Net position	460,218	1,851,219	(30,864,843)	6,564,699	2,819,608	(36,112,139)	101,075,859	45,794,621
Accumulated gap			(30,864,843)	(24,300,144)	(21,480,536)	(57,592,675)	43,483,184	

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	16,232,852	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

31.12.23

Average assets	411,156,306
Average capital	60,186,790

Collateral received

The collateralized loan amount is AMD 168,236,622 thousand as of 31.12.23

Unfulfillment of obligations/violations

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