ArmSwissBank

Private & Investment Banking

Annual Report
2008

ARMSWISSBANK
Private & Investment Banking

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Contents

MAIN ACHIEVEMENTS OF THE BANK IN 2008

January	The Bank became a member of FCI (Factors Chain International). Allocation of the second issue of "VALLETTA" LLC bonds was organized in total amount of AMD 500 million. "ARMSWISSBANK"CJSC was re-elected as a primary agent in the RA market of government mid-term and long-term coupon bonds by Central Bank of RA and RA Ministry of Finance and Economic.
March	FSDP (Financial Sector Deepening Program) of USAID (United States Agency International Development) conducted an assessment of the risk management system in ArmSwissBank.
June	Fax-banking was introduced. "Customers Relationship Management" software underwent a preliminary test.
July	Allocation of second issue of "ArmRusGazProm" CJSC bonds to the amount of AMD one billion was organized.
August	"Express Credit UCO" CJSC bonds to the total amount of AMD 150 million were allocated.
September	Allocation of third issue of "VALLETTA" LLC bonds to the total amount of AMD 500 million was organized. The Bank executed the first international (import) factoring transaction.
October	The share capital of the Bank increased by AMD 1.251 billion to AMD 5.001 billion. "ArmSwissBank" CJSC acquired a new accounting and reporting software (AS Bank 4.0) aiming to expand the variety of provided services, improve their quality and reduce the risk of "human mistake".
November	The Bank signed a collaboration agreement with Energy Efficiency Projects Commercialization program financed by USAID. Under the program the Bank will develop new credit instruments, which will allow the Bank to enter and strengthen its position in some markets and business areas by providing mid-term loans to small and medium enterprises and big industrial enterprises. New instruments, i.e. options were introduced.

Our vision is to be a leading universal banking institution in Armenia conbining the advantages of corporate, investment and private banking to generate superior results for ourclients, partners and stakeholders.

Our mission is to contribute to our corporate and private clients` prospery by providing them tailor-made high-quality solutions generally accepted in international banking practice and meeting their requrements.

Our business philosophy core values are:

- Client Focus
- Proffesionalism
- Prudence
- Partnership
- Confidentiality
- Integrity

MESSAGE OF THE CHAIRMAN OF THE BOARD

Dear Ladies and Gentlemen,

2008 was a year of challenges for ARMSWISSBANK. The financial and economic crisis that started in western developed countries nearly two years ago expanded its geographical area, posing greater threat to Armenia's economy. Despite less optimistic expectations Armenian financial market continued its dynamic development but at a lesser rate. Banks were enlarged through capital increase, as well as equity investment in the Armenian financial market by large institutions. By the end of 2008 the problems of financial viability in banking system became more obvious.

Though main financial indicators decreased due to generally unfavourable economic conditions in comparison with 2007 ARMSWISSBANK did not swerve from its strategic programs. The Bank attaches importance to cooperation with the international financial institutions which will enable the Bank to expand sources of attracted funds and the scope of provided services and increase competitiveness in the financial market. In January of 2008, at the beginning of the year, the Bank became officially a full and equal member of FCI (Factors Chain International), first Armenian bank to be a member of. It creates new development perspectives for factoring services in the Bank.

In 2009 the Bank will direct all its efforts to an effective crisis management as well as to a development of appropriate marketing and development strategy without departure from adopted principles and areas of activities. The movement to the new building in 2009 will help the Bank widen the range of services, improve service quality and introduce private banking services.

ARMSWISSBANK entered a new stage of development where accumulated expertise, acquired market position, reputation and qualified staff will be used to maintain the stable foundations for development.

I express my trust and gratitude to the Bank's personnel for their devotion.

Vardan Sirmakes
Chairman of The Board

MESSAGE OF THE EXECUTIVE DIRECTOR

2008 was a year of challenges and ordeals for the Bank. The external environment was not so favourable for the Bank particularly due to the decline of economic activity caused by political situation in RA and the crisis in international financial markets that have an essential role in the Bank's activity. Though the Bank did not incur losses, however, we did not make our financial targets and had uncollected income. Nonetheless, the Bank continued to successfully develop.

In 2008 the Bank became a member of FCI (Factors Chain International), a network of leading international factoring companies. The Bank signed a cooperation agreement with Energy Efficiency Projects Commercialization program of USAID and continued cooperation with KfW under "Renewable Energy Development" crediting program. A preliminary agreement was reached with EBRD to cooperate under SME Loan Financing and Trade Facilitation programs.

New financial instruments were introduced. Particularly, our clients are offered Repo transactions with foreign securities, currency options and futures, margin trading with national and foreign securities and international factoring services. The Bank maintained its status of the primary agent in the market of government securities and acts as a market maker of securities issued by its clients. The Bank plans to continue its active operation in the sphere of investments.

In order to improve the quality of services and organize operations more effectively under a wider range of offered services the Bank replaced its accounting software package with an improved version in 2008. The software is flexible for investment, credit and client service operations.

Range and volume of services will expand after moving to the new and more comfortable building. It will enable to offer our clients better services corresponding to the principle of private banking.

The Bank will also seek new partners with emphasis on cooperation with international organizations.

On the behalf of the personnel I extend my gratitude to the Bank's partners and customers for their trust and mutually beneficial cooperation.

Gevorg Machanyan
Executive Director
Chairman of the Management Board

MANAGEMENT TEAM OF THE BANK

Manvel Khachiyan
Director of
Information Technologies
Department

Konstantin Saroyan
Head of Internal Audit

Sedrak Baghdasaryan
Chief Accountant -
Director of Accounting and
Reporting Department

Artashes Martirosyan
Director of
Lending Department

Karen Turyan
Director of
Investment Department

Grigor Movsisyan
Financial Director

Ani Sargsyan
Head of Risk
Management Division

Gevorg Machanyan
Executive Director
Chairman of the Management
Board

Gevorg Khachatryan
Director of Customer
Service Department

The new building of headquarter office of “ARMSWISSBANK“ CJSC

Dear colleagues,

It is our pleasure to introduce to you the new building of “ARMSWISSBANK” CJSC, which is situated in Yerevan, V. Sargsyan 10 str.

We are waiting for you in our new building & hope that the comfortable conditions and wide assortment of banking services will promote to our close and fruitful cooperation.

CLIENTS AND PARTNERS

ARMSWISSBANK
Private & Investment Banking

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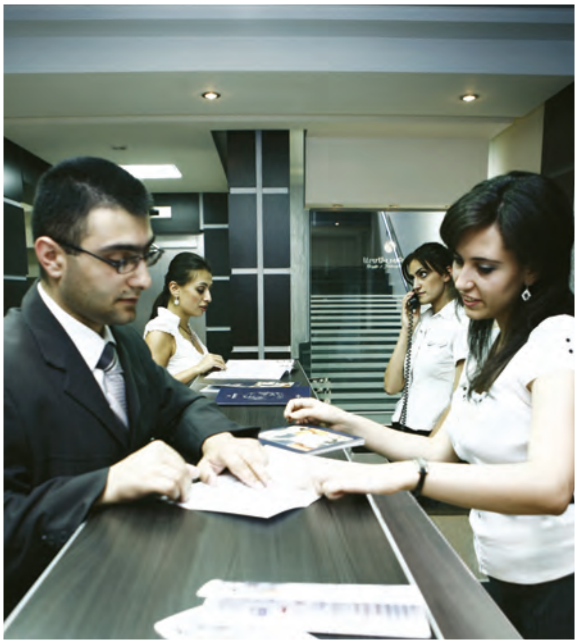
CLIENTS AND PARTNERS



At the inception of ARMSWISSBANK sound business values proven by international practice were set forth that direct Bank's activities to date. For the fourth year already ARMSWISSBANK's adherence to those values, which are client focus, professionalism, integrity, partnership, confidentiality, prudence, has helped to establish and strengthen business culture ensuring mutual prosperity.

ARMSWISSBANK continues to conduct its activities in three main directions, specializing in corporate, investment and private banking guided by the vision of becoming the leading bank in those areas.

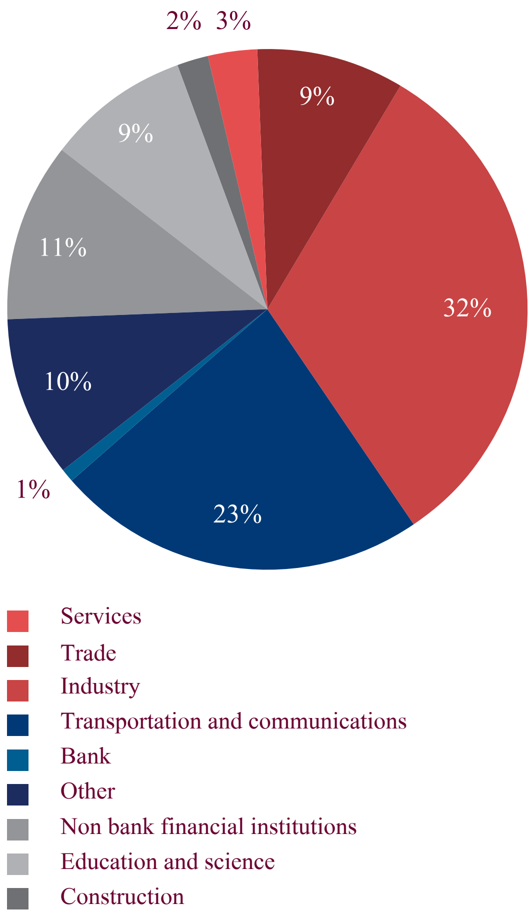
In the current world financial and economic crisis closer attention is being paid to attracting new clients and keeping the existing ones and establishing strong relations, for which the Bank is developing and implementing timely and necessary actions and measures.

ARMSWISSBANK is distinguished by the wide spectrum of services provided to its clients ranging from traditional (payment and credit services, flexible deposit schemes, trade financing) to non-traditional services (alternative financing, financial derivatives, factoring, financial consulting). Trade financing products, factoring, as well as commodity and financial futures are mainly designed for clients engaged in importing and exporting activities to maintain their competitiveness in local and international markets and facilitate entering new markets. In January of 2008 ARMSWISSBANK became a member of Factors Chain International, which enables us to provide factoring services in approximately 70 countries. Our clients may diversify their risks and manage cash flow more effectively through various financial instruments and derivatives.

To cope with new market challenges, develop and implement investment projects successfully, ARMSWISSBANK offers underwriting services to its corporate clients. In this field in 2008 our client-partners continued to be "Valletta" Ltd (which organized its third issue through the Bank) and ACP (Armenian Copper Program) CJSC. Within this period newly attracted clients were "ArmRusGazProm" CJSC and "Express Credit" UCO CJSC. ARMSWISSBANK, being one of the leaders in Armenian government securities market and RA government securities agent, acts as a market maker to enhance liquidity of the Armenian securities market.

ARMSWISSBANK actively participated in all initiatives to reform RA securities market and financial intermediation legislation. ARMSWISSBANK attaches importance to becoming an intermediary for banks and non-bank financial institutions, credit organizations, insurance and brokerage companies by rendering services in Armenian, as well as international financial markets and providing with financial instruments to invest in. ARMSWISSBANK offers to cooperate in allocating its clients' issued bonds acting as members of an underwriting group.

The structure of clients of Armswissbank CJSC by spheres



Net-worth clients, who need effectively to manage and grow their wealth, are the primary target group of our private banking services offered by ARMSWISSBANK. Even though it is early to speak of substantial success the Bank takes consistent steps towards introduction of new services given the growth potential in that segment. Close relations with clients are the key in our business to building long-lasting relations with them. Our professional, skilled and experienced personnel work to identify and forecast their needs and come up with quality financial solutions. The Bank offers a wide range of tailor-made products: constructing individual securities portfolios, collective investment schemes, brokerage and custody services, investment consulting. The flexibility of our work with clients ensures the leading development of the Bank and promotion of "ARMSWISSBANK" brand. The increase of the number of our clients by 50% in comparison with 2007 speaks to that.

BANKING SERVICES

The Bank offers its clients both a wide variety of traditional and non-traditional services best suited to their personal needs.

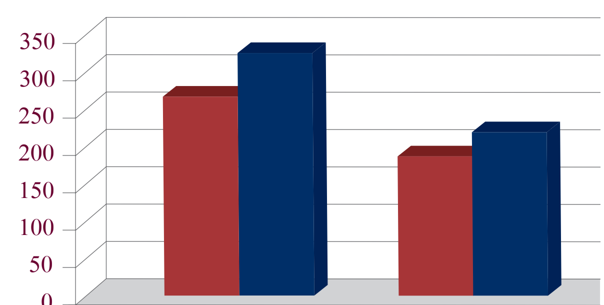
How to become a customer of the Bank ?

Opening of a Bank account in ARMSWISSBANK is the first step to the use of the services offered by the Bank. It allows clients to choose from numerous solutions that meet their payment, investment and financing needs. Based on the existing Client Service policy and "Know Your Customer" rule, the Bank offers services only to account holders. Multicurrency accounts allow the Bank's clients to carry out payments and make use of investment instruments.

Payment services

The participation in the CBANet interbank electronic and SWIFT international payment systems and partnership with a number of prominent financial institutions, such as UBS AG, Raiffeisen Zentralbank Osterreich AG, Commerzbank AG, UniCreditBank, Promsvyazbank JSC and others, enable to execute domestic and international payments of our clients in the least time-consuming and the most cost-efficient way. Along with provision of new services and increase of the number of clients in 2008 the turnover of correspondent accounts both in AMD and foreign currencies has also increased. The turnover of correspondent accounts in AMD significantly increased by 12.5% amounting to AMD 336 billion against AMD 270 billion in 2007, and the turnover of AMD denominated correspondent currency accounts, increased by 15% to AMD 225 billion against AMD 195.5 billion in 2007.

The turnover of correspondent accounts in AMD billion



	AMD	Other
2007	270	195.5
2008	336	225

Using the network of its correspondent banks ARMSWISSBANK offers competitive exchange rates to its clients in local and international markets, demonstrating individual approach and exchange efficiency.

Deposits

The Bank offers deposit schemes with wide investment capabilities, which guarantee stable return and allow choosing deposits as to the type of currency, maturity and frequency of interest payments. In particular, short-term deposits (starting from 7 days) are of interest to legal entities. In step with the changes in the financial market the Bank reviews deposit rates, offering more competitive ones. ARMSWISSBANK is one of the rare banks in the Armenian market that pays competitive interest rates to its corporate clients on the balance of their demand accounts. The volume of deposits in the Bank as of 31.12.08 is AMD 7 billion.

LENDING

Remaining loyal to the principles laid at the time of Bank's establishment and guided by the lending policy approved by the Board, the Bank continues financing business projects and current operations of its corporate clients.

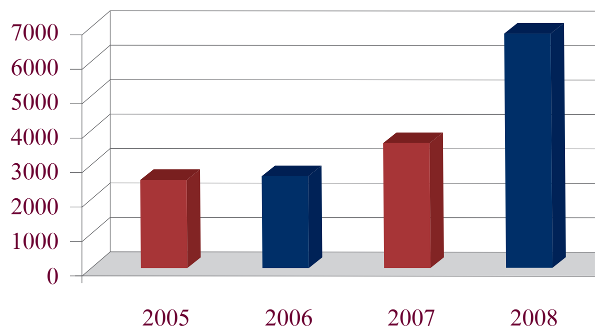
During 2008 the Bank has extended loans to the total amount of AMD 2.2 billion. The total loan portfolio as of 31.12.08 was AMD 6,3 billion (excluding factoring).

By 31.12.08 interest income from loan investments equalled to AMD 754.2 million against AMD 422 million in the previous year.

The average yield on loan investments didn't change significantly, staying on the level of 14.39% (against 14.56% in the previous period).

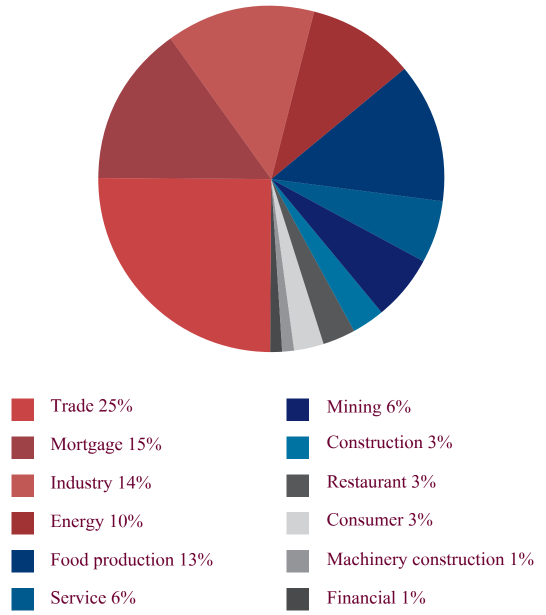
In respect of credit risk mitigation and management the diversification of loan portfolio remains in focus, which enables the Bank to avoid unpredict-

Loan portfolio growth dynamics (AMD million)



able and significant risks in specific sectors of the economy or in the foreign exchange market during possible crisis situations. During the year of 2008

Loans by Field of Economy



the Bank has disbursed AMD 469.5 million under "Renewable Energy Development" program of German-Armenian Fund (GAF). In 2008 negotiations with international financial organizations were conducted on attracting long-term funds for SME financing.

FACTORING

The volume of provided domestic factoring services increased in 2008, and international factoring was introduced as a new service.

The Bank has been a member of FCI (Factors Chain International) since January of 2008 which gives an opportunity to conduct international factoring operations through 240 member-banks in 65 countries.

Based on the analysis of import and export trends in Armenia, 11 interfactor agreements were signed with a series of FCI (Factors Chain International) member companies in 2008.

In 2008, two export factoring contracts were successfully implemented.

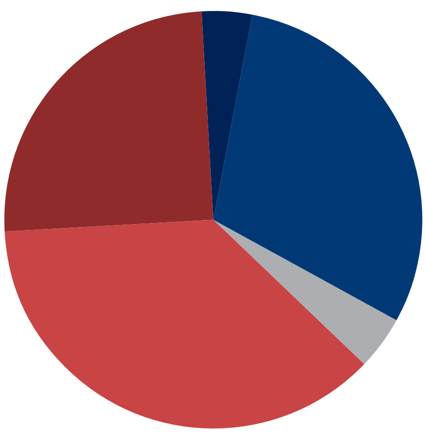
In 2008 the number of domestic factoring clients increased by 17. As of 31.12.08 there were 24 suppliers and 20 buyers.

During the reporting year the volume of financing amounted to AMD 1,546.7 billion of which AMD 553,3 million was granted under non-

recourse factoring contracts (the Bank assumes the buyer's credit risk) and AMD 993,4 million recourse factoring contracts (the client assumes the buyer's credit risk).

Total financing in the domestic market had a fivefold increase in 2008 against the same indicator in 2007. The factoring portfolio amounted to AMD 408.5 million as of 31.12.08 the amount of which is twice as much as in 2007. The structure of factoring portfolio by sectors of the economy as of 31.12.08 is presented below.

The structure of factoring portfolio at the end of 2008



Workshops on domestic and international factoring services were organized not only for the employees of the Bank but also for acting and potential clients.

Regulations on rendering factoring services and risk assessment were improved.

INVESTMENT BANKING SERVICES

Dealing activities

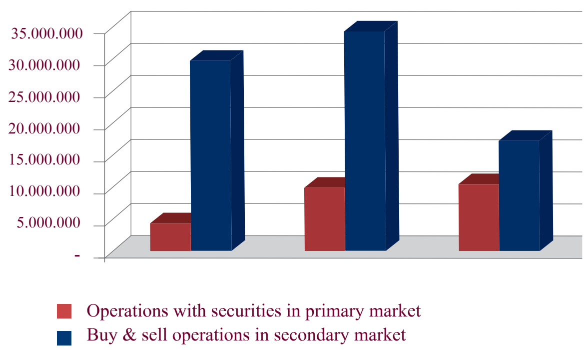
In 2008 the Bank continued to engage actively in operations with Armenian government securities in domestic financial market. During the year Bank's trading with bonds in the secondary market amounted to AMD 16.5 billion, including operations with corporate bonds that amounted to AMD 1.1 billion which comprises approximately 40% of operations implemented in the Armenian Stock Exchange.

The volume of repo operations amounted to more than AMD 285.5 billion exceeding the figure of the previous year by almost 200%. Simultaneously, the Bank remained active in the primary market, buying government bonds with a total nominal value of AMD 9.2 billion which exceeded the figure of the previous year by 9%. Due to its activity in 2008 the Bank maintained its status of Government's Agent for internal state debt management.

Changes in the Bank's transaction volumes with the Armenian government securities is provided in the diagram below: *

During the year the Bank has continued trading foreign currencies on the Armenian Stock Exchange, as well as participating in interbank non-cash foreign exchange market by trading in major currencies for a total amount of approximately AMD 129.5 billion increasing by more than 50% in comparison with the previous year. In 2008 the Bank traded in foreign exchange forward instruments

* Volumes of transactions with Armenian debt instruments in primary and secondary markets (in AMD thousands)



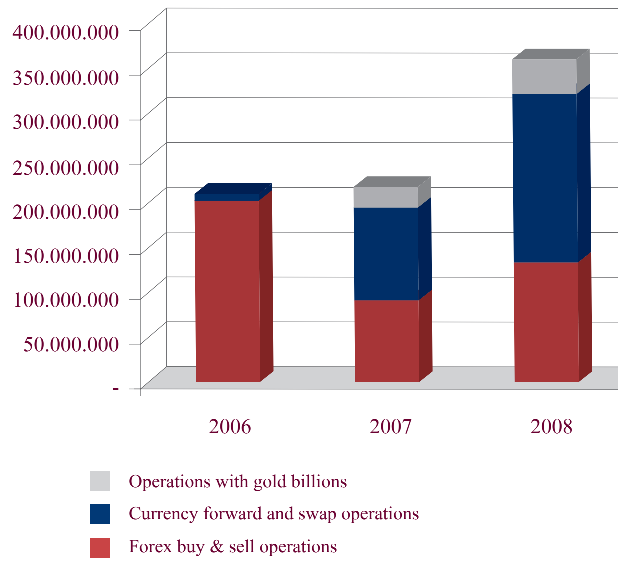
in the amount of AMD 1.72 billion surpassing the figure of the previous year by approximately 7 times. As to currency swap transactions, during the reporting year the Bank has carried out operations in interbank market to the total amount of AMD 185 billion exceeding the figure of the previous year by 1.8 times. It is worth to mention that a considerable share of these operations was carried out by the Bank in foreign markets. Besides, the Bank also implemented currency swap and forward operations with its clients, the total amount of which in 2008 equalled AMD 2.8 billion and AMD 111 million respectively.

In 2008 the Bank continued implementing operations with gold bullion bars. The total volume of transactions in 2008 amounted to AMD 35.7 billion exceeding the figure of the previous year by approximately 17%.

The change in the Bank's transaction volumes with foreign currency instruments is presented in the diagram below: **

ARMSWISSBANK is one of the rare banks in Armenia that quotes Armenian dram against the world major currencies, foreign exchange forward and swap rates, as well as Armenian government securities in the Reuters information system. Besides,

** Forex operations (in AMD thousand)



the quotations of the Armenian dram and world major currencies, foreign exchange forward, interbank deposit and repo rates, as well as for the Armenian government and corporate securities are available on the Bank's official page in the Bloomberg information system.

The Bank operates actively both in the local interbank and international money markets by attracting and allocating short-term and mid-term deposits and placing deposits with foreign first-class banks. The deposits and loans placed with foreign banks during the reporting year correspondingly amounted to AMD 212 billion and AMD 28.4 billion. The latter exceeded the figures of the previous year by 1.24 and 7 times respectively.

The Bank continued to invest in fixed income securities of developed countries, particularly the USA, European countries, Russian Federation, as well as in other investment grade government and corporate securities within the range of prudential standards set by the Central Bank of Armenia and the level of risk acceptable to the Board of the Bank.

Brokerage activities

Investment banking, including securities brokerage services is considered one of the Bank's main strategic activities. For that purpose from the very day of its foundation the Bank has been implementing activities directed to ensure the integrity of services provided in this area. It has also done considerable work to occupy leading position in this field: through direct participation in legislative reforms, establishment of partnerships and introduction of e-trading systems and other auxiliary infrastructure. As a result, the Bank began offering its customers a wide variety of investment instruments, such as shares of American, European and Russian companies and shares of investment funds and deposit receipts, state and corporate shares, commodity futures, as well as repo and marginal operations with foreign securities within the scope of its brokerage activity.

The year of 2008 was a turning-point for the Bank in the sphere of investment services. First of all in connection with adoption of new legislation on securities market regulation the Bank was the first in RA banking system to be licensed by the Central Bank of RA to continue providing investment services serving its clients both in domestic and foreign securities markets. Besides, the Bank was the first in the banking system of RA to become a member of the Armenian Stock Exchange, after the latter was acquired by world-known NASDAQ OMX Group. During the reporting year the number of brokerage clients increased by 3.5 times in comparison with 2007, and the Bank executed its first transactions on behalf of its clients' in foreign securities markets. The year was also exceptional by the geography of executed transactions. Transactions were executed with shares and depository receipts of leading companies quoted both in European and American Stock Exchanges. There were also OTC (over the counter) transactions executed with shares of an investment fund that invests primarily in shares of leading Chinese companies. In general 92 brokerage transactions were conducted with foreign securities on behalf of clients in 2008 totaling AMD 280.7 million.

It is noteworthy that in 2008 the Bank took quite active participation in quotations of corporate securities on the appropriate trading floor of the Armenian Stock Exchange. For example, the Bank implemented 37 brokerage deals in the Armenian Stock Exchange in corporate bonds on behalf of its clients total amount of which equalled AMD 318.2 million.

Corporate bond issues

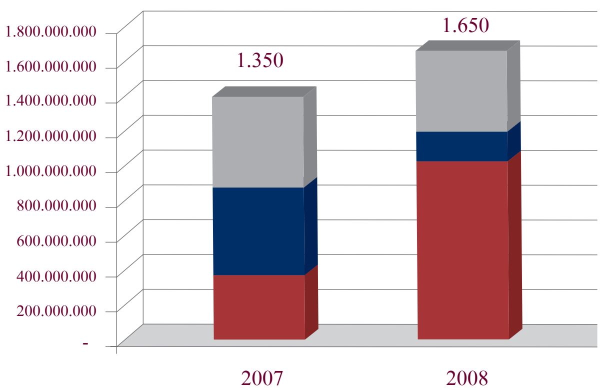
The year of 2008 was active in terms of new issues of corporate bonds. Particularly, during the year 11 corporate bond issues were organized by Armenian organizations. Moreover, both financial and non-financial organizations were among issuers.

In that context the Bank maintained its activity in the corporate bonds' market in 2008 as well.

In particular, 3 issues were organized by the Bank during 2008 to the total amount of AMD 1.650 million (for 2 non-financial and 1 credit organizations), which accounted for about 25% of bonds issued by Armenian organizations in 2008.

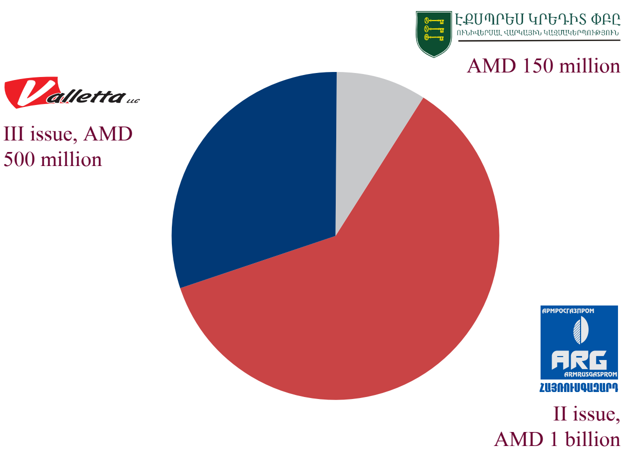
In the process of allocation of bond issues modern technologies common in developed financial markets were used by the Bank. Particularly, the above-mentioned 3 projects were implemented using firm commitment underwriting, i.e. the Bank committed to purchase the entire volume of bonds regardless of allocation results. Moreover, bond issues were allocated both by forming an underwriting syndicate

Total Amounts of Bond Issues
Organized by "ArmSwissBank" CJSC in 2007-2008



and organizing subscriptions. Specifically the overwhelming majority of allocated bonds, about 62 per cent or AMD 1.025 million, was allocated by subscription giving small investors an opportunity to take direct participation in allocation of bonds and an underwriting syndicate was formed for one of the issues.

Issues Organized by
"ArmSwissBank" CJSC in 2008



During the organization of those issues the Bank cooperated with issuing companies in marketing activities in connection with allocation of bonds. In particular one Road Show was organized with participation of potential investors and active participants of the financial market. The Bank also took part in the activities of public disclosure of information concerning the processes of issue and allocation by preparing publications, articles, booklets and other explanatory materials, giving interviews and posting all the relevant information on the Bank's web site.

After allocation of bonds actions were taken to activate the secondary market of bonds. The majority of bonds allocated by the Bank are listed in NASDAQ-OMX Armenia stock exchange, where the Bank acts as a market maker of those bonds as well. Moreover, the Bank also provides quotations for the allocated bonds on the Bank's official page ASWI in Bloomberg international information system.

In 2008 the Bank provided also coupon payment services for previously issued bonds. Particularly, in 2008, 6 payments of coupons were carried out by the Bank amounting to AMD 139.25 million during which the Bank supported the issuers and served as an accounting bank. About AMD 138.2 million of the mentioned amount was paid to the investors as coupon income, and about AMD 1 million was transferred to the state budget of RA as income tax.

CORPORATE GOVERNANCE

The Bank emphasizes the importance of an effective corporate governance system by adopting the generally accepted principles of 'checks and balances', which are expressed in the application of the following provisions:

- Clear segregation of authorities and responsibilities
- Efficient cooperation between Shareholder, Board, Executive Management, Internal and External Auditors
- Existence of a reliable internal control system, which ensures continuous monitoring of the risks
- Collective nature of decision making in the most risk bearing spheres
- Application of "Four eyes" principle to the execution of transactions and risk bearing operations
- Availability of reliable reporting and information systems
- Adherence to corporate conduct values
- Availability of a clearly formulated strategic plan

The collective decision making body, the Management Board, created in the Bank in 2007, acted productively implementing all its functions during 2008.

In January, 2008 the Bank introduced the Financial Director's function to ensure an integrated approach to the planning, coordination and reporting issues of financial operations.

HUMAN RESOURCES MANAGEMENT

The aim of human resources management policy is to ensure the conformity of the quality of human resource management with international standards and to create favourable conditions for revelation of employees' professional potential. Particularly, the Bank attaches importance to career development of its employees, i.e. creates all necessary conditions for their professional growth, gaining new skills and knowledge and social welfare. Acknowledging the importance of career development the Bank applied the principle of rotation among employees of different departments.

The Bank constantly implements activities to raise the effectiveness of the system of staffs selection and assignment. One of the most important directions of the Bank's human resource policy is the quick adaptation of new employees.

In 2008 the concept of Employee evaluation commission was introduced. The remuneration and

motivation policy was improved. In 2008 the procedure of summarizing the works accomplished by departments and employees was improved as well. Particularly, the committee organized semi-annual discussions with the employees on their performances which served as basis for rewarding distinguished employees.

As the volume of transactions grew there were changes in the Bank's structure and the composition of personnel. In 2008 the Bank recruited both experienced and young professionals (19 new employees) who became actively involved in the Bank's activities and projects. The net growth of the number of employees was 9% against the previous year thus making 85 as of 31.12.09.

The core employees of the Bank have rich experience in the finance and banking system. All of the Bank's employees have higher education, seven of them employees have a PhD degree, and all of them are fluent in foreign languages. The staff stands out not only for its experience, but also deep professional knowledge and personal characteristics. The average age of employees is 32. The Bank constantly pays attention to the training of its personnel to ensure proper organization and execution of services which are already being offered or projected. In the course of the year 82 employees of the Bank participated in 62 seminars and presentations in the Republic of Armenia and 12 employees participated in 10 conferences and trainings abroad. Besides, 37 home seminars were organized by the experienced personnel of the Bank to raise the awareness and possession of necessary knowledge by the new employees.

In 2008, 20 analytical papers on the Bank related issues were prepared by employees aiming to disclose and develop analytical potential and improve interpersonal communication and team work. Working groups were created to regulate some processes that will also continue in future.

The Bank also encourages employee's professional qualification. It's noteworthy that during the year 4 employees of the Bank were granted certificates of chief accountant and deputy of chief accountant of a bank and a foreign bank's branch.

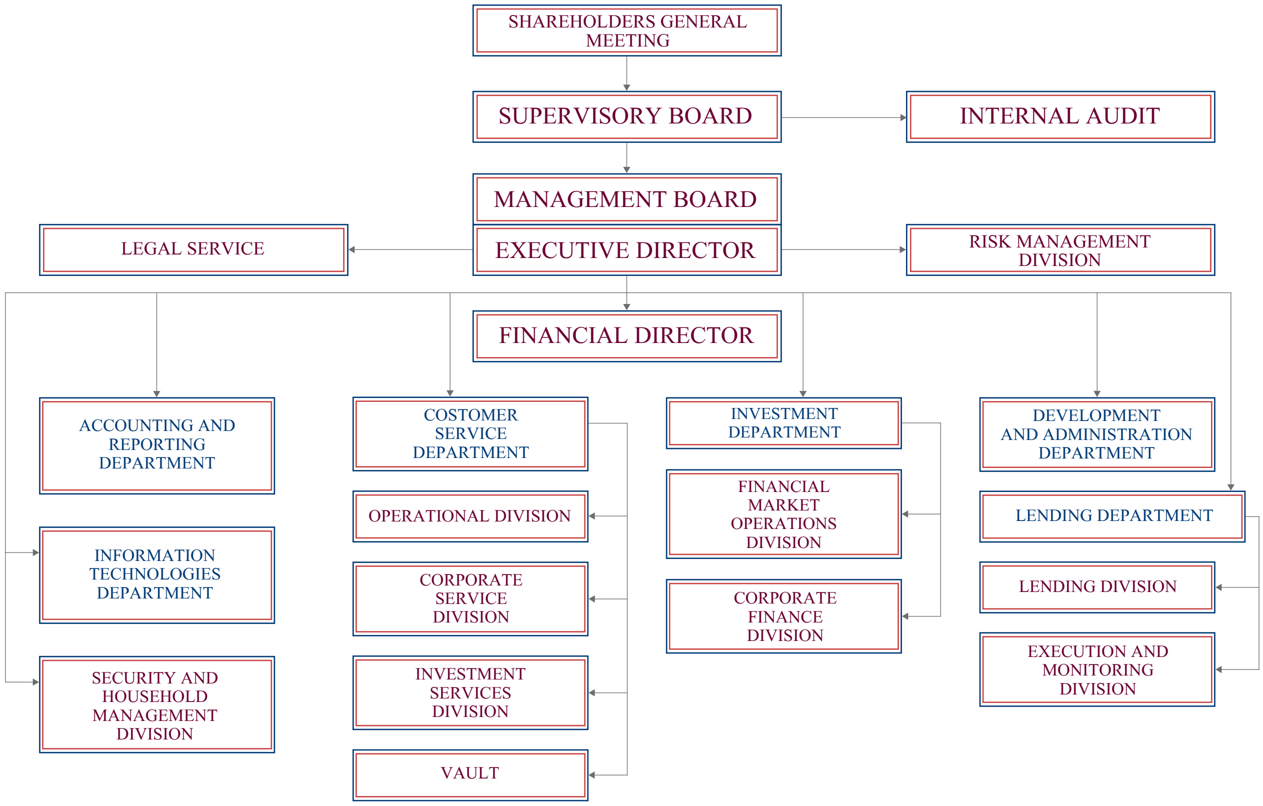
The Bank cooperates with the Armenian State University of Economy and French University in Armenia in organizing student internships and conducting joint researches.

The Bank's approach to the issue of qualification is as follows: key personnel are highly qualified, have years of work experience in the banking sector and have participated in training courses in RA and abroad. At the same time the Bank prepares new young professionals for strengthening its internal potential.

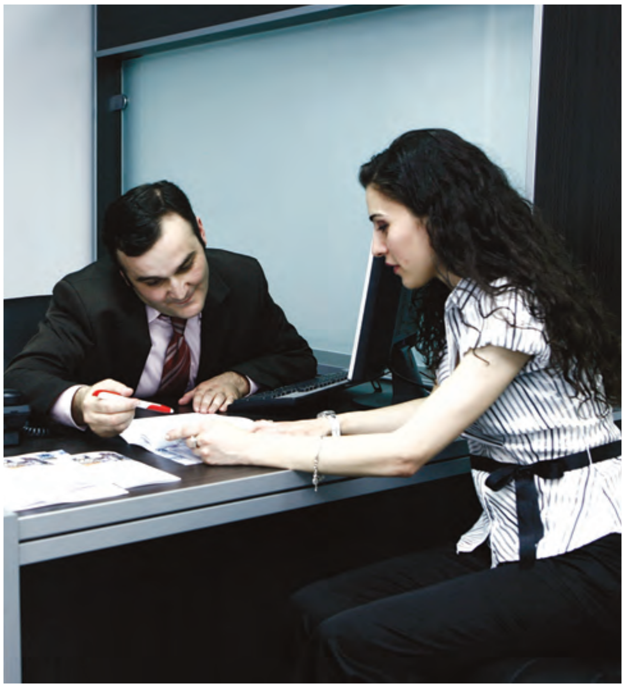
The Bank's employees receive incentive pay for marriages and having babies. Corporate events such as parties, outings etc. are organized periodically. All these contribute to strengthening interpersonal relationships and creating an atmosphere of cooperation and mutual respect and a healthy team spirit.

The Bank's organizational structure was reviewed twice in line with the Bank's activities and development.

ARMSWISSBANK CJSC ORGANIZATION CHART



RISK MANAGEMENT



From the moment of its inception the management of the Bank has assigned great importance to effective and continuous risk management mechanisms. The Bank's Board, the Executive Director, the Management Board and each employee are involved in the risk management process. Risk analysis is an inseperable part of the Bank's strategic planning and investment evaluation processes.

The Bank has a Risk Management Division, which is independent from units executing transactions and exercises daily and periodic control over the Bank's operations, examining risk bearing transactions and monitoring the set benchmarks and internal normative environment of the Bank.

An effective system of credit, market, liquidity and operational risk management is developed and implemented in the Bank based on contemporary methods and technologies of risk assessment and mitigation. The Bank periodically reviews the existing guideline of investment benchmarks and investment limits according to the situation in local and international financial markets. Stress test models are periodically exercised for observing the risks typical of the Bank. Methodological guidelines for credit risk assessment as well for defining benchmarks for currency (exchange and derivative) operations are used in the Bank. One of key elements of interest rate risk management, namely the term structure of GAP model, is used for market risk assessment.

In 2008 by introduction of the function of Internal Monitoring Body the Bank improved internal legal acts in the sphere of Anti-Money Laundering and Counter Terrorism Financing, and regulated new functions. The training of the employees and their awareness of international legislation and rules on Anti-Money Laundering and Counter Terrorism financing by internal and external seminars are very important to the Bank.

An Internal Audit Division operates in the Bank to control the compliance of the Bank activities with the internal policies, procedures and regulations adopted by the Board and the Executive body as well as to identify risks via investigation.

Collective decision making and consultative bodies operate in the Bank, namely, Credit, Investment, Financial Monitoring, Compliance and Client Relations Management committees and since 2008 also the Management Board.

The risk management process is regulated by the Board, which establishes limits, benchmarks, investment guidelines, borrower and counterparty selection criteria, pledge requirements, etc., which aim to reduce the Bank's exposure to credit and market risks.

In order to mitigate operational risks, all operations in the Bank are executed with participation of at least two employees ("four eyes" principle). There are internal regulative documents clearly segregating the authorities and responsibilities of the staff, as well as a 'cross-checking' reporting system.

From the point of view of increasing the productivity of loan risks management the creation of Execution and Monitoring Division of Lending Department in 2008 was a real achievement, due to which loan analysis, executions and monitoring will be implemented more productively.

Risk Management gives importance to the fact that USAID FSDP project implemented assessment of Risk Management in the Bank in 2008 and as a result the Bank got quite a high mark among the banks where USAID FSDP project implemented similar assessment. As a result of the assessment FSDP project made remarks and proposals acceptable for the Bank.

INFORMATION TECHNOLOGIES

From the very beginning making importance of the role of information technologies in the banking system "ArmSwissBank" CJSC has been working continuously on technical enrichment and dataware.

Constant with the steps directed to its development the Bank continues and extends cooperation with a range of internal and international payment and information systems (BankMail, CBAnet, SWIFT, Bloomberg, Reuters, MarketMaker, Quick) providing companies.

In 2008 infrastructural growth of information technologies took place (input of new technologies, acquisition of new technique/servers, etc.). All the existing servers were strengthened

which sped up even more the rendering of payment services, works of all systems. as well as secured the continuity and safety of work of all the systems of the Bank.

In 2008 the Bank acquired new system "Operation day" (AS Bank 4.0) and successfully put it into action. In order to input a new system powerful servers, modern software packages were acquired and backup systems were created. Together with "Operation day" system the new package "Client-Bank" was investigated and implemented. It provides information to the Bank's clients about balance, operations and allow to execute payments and conversions.

The new "Key-banking" system was put into action which allows the clients to make financial operations on the phone, by fax and by post. IT department switched to the new version of SWIFT system.

In 2008 the Bank's new web site was designed and published. It contains pages that address the Bank's events, new instruments and services offered and also contain accounting formula of bond prices.

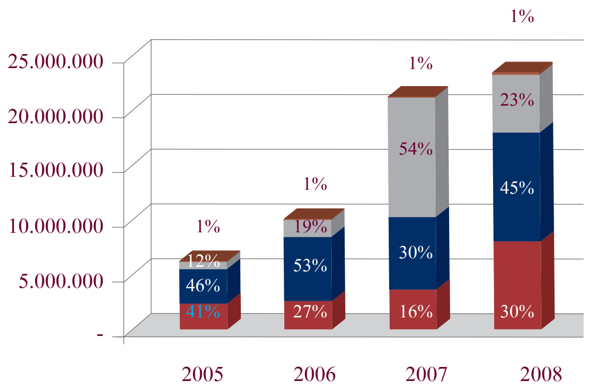
New monitoring systems were set up which provides the latest information about site's availability in different places of the world and controls its continuity. Correspondence of regulations and information security rules acting in the department of Information Technologies to "Cobit" international standards controls risk and investment balance of IT infrastructure and contributes to the productive management of IT resources and all processes of the Bank. The conformity of acting regulations with "COBIT" international standards contributes to effective management of IT resources and all processes in the Bank.

FINANCIAL PERFORMANCE

"ArmSwissBank" CJSC completed its fourth year recording substantial growth in all main indicators. During the reporting year the Bank's assets increased by AMD 2,6 billion or AMD 11% to AMD 23,5 billion as compared with the previous period.

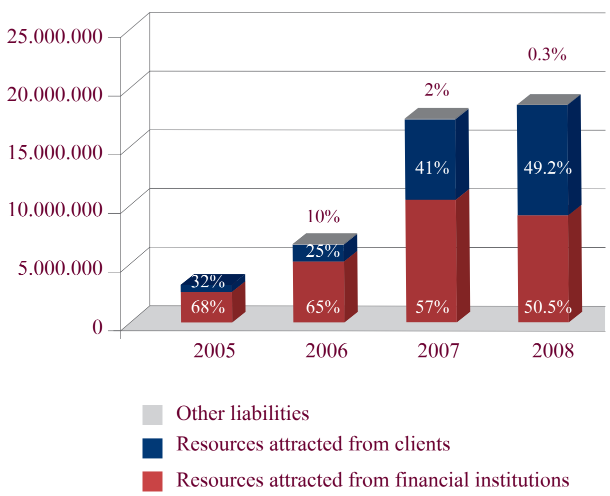
The structure of assets changed. Dues from financial organizations decreased by AMD 6,2 billion. The outstanding balance of the correspondent account in the Central Bank of RA, loans granted to the clients, securities pledged under the repurchase agreements and fixed assets increased by AMD 1.5 billion AMD, 2.6 billion AMD, 4.4 billion AMD and 231 million AMD respectively. The share of securities in total is 45%, loans 30%, interbank deposits 12%, and outstanding balance of the correspondent account in the Central Bank of RA is 11%.

Structure and Dynamics of Assets



In the reporting year the total liabilities of the Bank increased by AMD 967 million or 5.7% as compared with the previous year amounting to AMD 17,9 billion. The structure of liabilities was also changed. Dues to financial organizations and trading liabilities reduced AMD 691 million and AMD 178 million respectively and liabilities to customers (legal entities and natural persons) increased by AMD 1,9 billion. Funds attracted from financial organizations constituted a large share of total liabilities, 50.5%, and the share of funds attracted from customers was 49,2%.

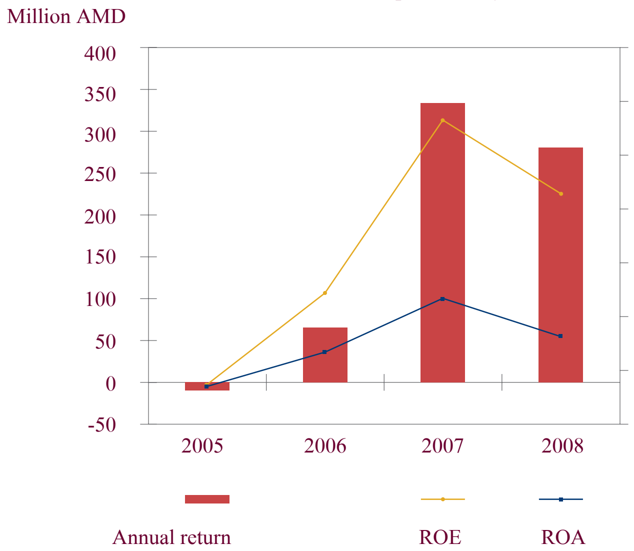
Structure and Dynamics of Liabilities



During the reporting year net interest income increased by AMD 223 million or 42% to AMD 751 million as compared with the previous period. The growth of interest income was mainly conditioned with the increase of income received from credit investments by about 78,5% and the increase of income from investments in securities by more than 2.3 times. Income received from loans and securities accounted for 85% of total interest income.

Net profit of the Bank reached about AMD 280 million in 2008. Profit decreased by AMD 54 million as compared with 2007 due to the increase of the cost of attracted funds, reduction of government bond yields and the volume of transactions with gold. As a result, cumulative retained profit for the period between the establishment of the Bank and December 31 of 2008 made AMD 559 million.

Dynamics of annual profit and indicators of profitability in 2005-2008



As of 31.12.08 the total capital of the Bank composed AMD 5,5 billion increasing by 40.6% in comparison with the previous year. The replenishment of the statutory capital which increased by 33% resulting in AMD 5 billion accounted for the main share of the capital growth.

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Auditors and Chartered Accountants, Management, Tax and Legal Consultants
Գրանթ Թորնթոն Ինտերնեշնլի անդամ
Member of Grant Thornton International Ltd.

Financial Statements and Independent Auditor's Report

ARMSWISSBANK
Closed Joint Stock Company
31 December 2008

Contents

INDEPENDENT AUDITOR'S REPORT

To the Shareholder and Board of Directors of Closed Joint Stock Company Armswissbank:

We have audited the accompanying financial statements of Armswissbank CJSC (the "Bank") which comprise the balance sheet as at December 31, 2008, the financial performance, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The selection of procedures depends on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as of December 31, 2008 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards

Armand Pinarbasi, CA
Managing partner

Aren Aghajanyan
Auditor

Grant Thornton Amyot LLC
02 April 2009
Yerevan

INCOME STATEMENT

In thousand Armenian drams	Notes	Year ended December 31, 2008 (audited)	Year ended December 31, 2007 (audited)
Interest and similar income	6	1,652,478	807,373
Interest and similar expense	6	(901,720)	(279,685)
Net interest income		750,758	527,688
Fee and commission income	7	57,823	37,554
Fee and commission expense	7	(11,551)	(12,853)
Net fee and commission income		46,272	24,701
Net trading income	8	111,590	35,364
Gains less losses on investments available for sale		45,971	163,162
Other income	9	43,281	78,351
(Impairment charge)/recovery of impairment for credit losses	10	(50,389)	8,793
Staff costs	11	(405,262)	(267,061)
Depreciation of property and equipment	18	(25,275)	(22,740)
Amortization of intangible assets	19	(3,732)	(3,314)
Other expenses	12	(158,583)	(135,076)
Profit before income tax		354,631	409,868
Income tax expense	13	(74,868)	(75,719)
Profit for the year		279,763	334,149

The accompanying notes on pages 7 to 45 are an integral part of these financial statements.

BALANCE SHEET

In thousand Armenian drams	Notes	As of December 31, 2008 (audited)	As of December 31, 2007 (audited)
ASSETS			
Cash and balances with CBA	14	2,465,474	962,795
Precious metals		110,496	-
Amounts due from other financial institutions	15	2,871,730	9,105,933
Loans and advances to customers	16	7,156,858	4,509,799
Investments available for sale	17	2,413,411	2,554,627
Securities pledged under repurchase agreements	25	8,055,331	3,667,165
Property, plant and equipment	18	289,892	58,038
Intangible assets	19	47,765	26,109
Deferred income tax assets	13	25,184	42,480
Other assets	20	68,965	9,982
TOTAL ASSETS		23,505,106	20,936,928
LIABILITIES AND EQUITY			
Liabilities			
Amounts due to financial institutions	21	9,081,274	9,772,661
Amounts due to customers	22	8,844,940	6,969,347
Trading liabilities	23	-	177,974
Current income tax liabilities		16,396	55,668
Other liabilities	24	22,343	21,457
Total liabilities		17,964,953	16,997,107
Equity			
Share capital	26	5,001,000	3,750,000
Statutory general reserve		100,000	20,000
Other reserves		(119,965)	(189,534)
Retained earnings		559,118	359,355
Total equity		5,540,153	3,939,821
TOTAL LIABILITIES AND EQUITY		23,505,106	20,936,928

The financial statements from pages 3 to 45 were approved by the management of the Bank on 02 April 2009 and signed by the Bank's Executive Director and Chief Accountant. The accompanying notes on pages 7 to 45 are an integral part of these financial statements.

G. MACHANYAN
Executive Director

S. BAGHDASARYAN
Chief accountant

STATEMENT OF CHANGES IN EQUITY

In thousand Armenian drams	Share capital	Statutory general reserve	Revaluation reserve of sale investments	Retained earnings	Total
Balance as of January 1, 2007(audited)	3,000,000	-	12,898	45,206	3,058,104
Net unrealized losses from changes in fair value	-	-	(141,599)	-	(141,599)
Net gains realized to net profit on disposal of available-for sale instruments	-	-	(111,441)	-	(111,441)
Effect of deferred taxes	-	-	50,608	-	50,608
Total income and expense recognized directly in equity	-	-	(202,432)	-	(202,432)
Profit for the year	-	-	-	334,149	334,149
Total income and expense for the year	-	-	(202,432)	334,149	131,717
Increase in share capital	750,000	-	-	-	750,000
Distribution to reserve	-	20,000	-	(20,000)	-
Balance as of December 31, 2007 (audited)	3,750,000	20,000	(189,534)	359,355	3,939,821
Net unrealized gain from changes in fair value	-	-	21,691	-	21,691
Net loss realized to net profit on disposal of available for sale instruments	-	-	65,330	-	65,330
Effect of deferred taxes	-	-	(17,452)	-	(17,452)
Total income recognized directly in equity	-	-	69,569	-	69,569
Profit for the year	-	-	-	279,763	279,763
Total income for the year	-	-	69,569	279,763	349,332
Increase in share capital	1,251,000	-	-	-	1,251,000
Distribution to reserve	-	80,000	-	(80,000)	-
Balance as of December 31, 2008 (audited)	5,001,000	100,000	(119,965)	559,118	5,540,153

STATEMENT OF CASH FLOWS

In thousand Armenian drams	Year ended December 31,2008 (audited)	Year ended December 31,2007 (audited)
Cash flows from operating activities		
Interest received	1,543,895	752,998
Interest paid	(885,432)	(269,309)
Fees and commissions received	57,823	37,554
Fees and commissions paid	(11,551)	(12,853)
Gains less losses from trading securities	46,405	(8,328)
Realised gains less losses from dealing in foreign currencies	111,590	43,692
Recovery of previously written off loans	13,667	18,296
Salaries and benefits paid	(372,756)	(234,824)
Other operating income received	126,009	55,533
Other operating expenses paid	(267,777)	(133,172)
Cash flows from operating activities before changes in operating assets and liabilities	361,873	249,587
(Increase)/decrease in operating assets		
Securities available for sale	(4,162,262)	(1,460,203)
Amounts due from other financial institutions	4,671,272	(5,116,350)
Loans and advances to customers	(2,635,233)	(2,358,030)
Other assets	(181,317)	(2,829)
Increase/(decrease) in operating liabilities		
Amounts due to financial institutions	(5,068,466)	89,237
Amounts due to customers	1,842,438	5,674,537
Other liabilities	(37,549)	1,536
Net cash used in operating activities before income tax	(5,209,244)	(2,922,515)
Income tax paid	(71,389)	(24,183)
Net cash used in operating activities	(5,280,633)	(2,946,698)
Cash flows from investing activities		
Dividends received	435	245
Proceeds from sale and redemption of investment securities	-	20,000
Purchase of property and equipment	(257,225)	(17,016)
Purchase of property and equipment	(25,388)	(3,991)
Purchase of property and equipment	(282,178)	(762)
Cash flow from financing activities		
Proceeds from issue of share capital	1,251,000	750,000
Loans received from financial institutions	4,264,033	5,856,352
Net cash from financing activities	5,515,033	6,606,352
Net increase/(decrease) in cash and cash equivalents	(47,778)	3,658,892
Cash and cash equivalents at the beginning of the year	4,286,997	876,030
Effect of exchange rate changes on cash changes and cash equivalents	35,138	(247,925)
Cash and cash equivalents at the end of the year (Note 14)	4,274,357	4,286,997

Accompanying notes to the financial statements

1 Principal activities

Armswissbank CJSC (the "Bank") incorporated in the Republic of Armenia (RA) in 2004 is a closed joint stock company regulated by the legislation of RA. The Bank conducts its business under license number 84, granted on 07.10.2004 by the Central Bank of Armenia (the "CBA").

The Bank's main activities include provision of corporate, investment and private banking services – investments in financial instruments, accepting deposits from physical and legal entities, provision of other service in the field of finance and banking. Its head office is located in Yerevan. The registered office of the Bank is located at: Khanjyan 13/2, Yerevan.

2 Business environment

Armenia continues to undergo political and economic changes. As an emerging market, Armenia does not possess a developed business and regulatory infrastructure that generally exists in a more mature free market economy. In addition, economic conditions continue to limit the volume of activity in the financial markets, which may not be reflective of the values for financial instruments. The main obstacle to further economic development is a low level of economic and institutional development, along with a centralized economic base and regional instability.

The international rating agency Moody's Investors Service has assessed Armenia's sovereign rating *Ba2* "Stable Outlook" in its annual report produced at the end of 2008. According to the report, the country's low government debt and minimal refinancing risks are allowing its rating to maintain a stable outlook in the current environment. A weak revenue base is the main fiscal risk, although it is ameliorated by the very comfortable debt service profile, its good relations with its official creditors, and the liquidity provided by the Diaspora.

Due to smaller extent of the involvement of foreign capital in the equities of Armenian businesses, as well as the comparably small foreign investments in the Armenian economy and the isolation of its relevant sectors from the rest of the world, the ongoing financial crisis observable in more developed and mature economies is not particularly severe and observable in Armenia as of the reporting date.

The Government of Armenia is in the process of researching the causes and consequences of the crisis with the purposes of developing a set of measures to fight against those consequences when the crisis becomes inevitable for Armenia.

However, in times of more severe market stress, the Armenian economy as well as the Bank may be subject to that crisis and the effects of the crisis may be significant. As far as the number of variables and assumptions involved in these uncertainties is big, management cannot make a reliable estimate of the amounts by which the carrying amounts of assets and liabilities of the Bank may be affected.

Accordingly, the financial statements of the Bank do not include the effects of adjustments, if any, which might have been considered necessary, had the effects of the current global crisis become observable and reliably measurable in Armenia.

3 Basis of preparation

3.1 Statement of compliance

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards ("IFRS") as developed and published by the International Accounting Standards Board (IASB), and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

3.2 Basis of measurement

The financial statements have been prepared on a fair value basis for financial assets and liabilities at fair value through profit or loss and available for sale assets, except those for which a reliable measure of fair value is not available. Other financial assets and liabilities are stated at amortized cost and non-financial assets and liabilities are stated at historical cost.

3.3 Functional and presentation currency

Functional currency of the Bank is the currency of the primary economic environment in which the Bank operates. The Bank's functional currency and the Bank's presentation currency is Armenian Drams ("AMD"), since this currency best reflects the economic substance of the underlying events and transactions of the Bank. The Bank prepares statements for regulatory purposes in accordance with legislative requirements and Accounting Standards of the Republic of Armenia. These financial statements are based on the Bank's books and records as adjusted and reclassified in order to comply with IFRS. The financial statements are presented in thousands of AMD, which is not convertible outside Armenia.

3.4 Reclassifications

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3.5 Adoption of new and revised standards

In the current year the Bank has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB that are relevant to its operations and effective for annual reporting periods beginning on January 1, 2008.

3.6 Standards and Interpretations not yet applied by the Bank

At the date of authorization of these financial statements, certain new Standards, amendments and Interpretations to the existing Standards have been published but are not yet effective. The Bank has not early adopted any of these pronouncements.

Management anticipates that all of the pronouncements will be adopted in the Bank's accounting policy for the first period beginning after the effect date of the pronouncement.

The new Standards, amendments and Interpretations to the existing Standards that are not yet effective but are expected to be relevant to the Bank's financial statements in the future

IAS 1 *Presentation of Financial Statements* (revised 2007)

New amendments in this standard affect the presentation of owner changes in equity and introduce a statement of comprehensive income. Preparers will have the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of other comprehensive income). This amendment does not affect the financial position or results of the Bank, but will give rise to additional disclosures. Management is currently assessing the detailed impact of this amendment on the Bank's financial statements.

IAS 23 *Borrowing Costs* (revised 2007)

Amendments in this standard require the capitalization of borrowing costs, to the extent they are directly attributable to the acquisition, production or construction of qualifying assets that need a period of time to get ready for their intended use or sale. The option of immediately expensing those borrowing costs, currently used by the Bank, will be removed. In accordance with the transitional provisions of the amended Standard, no changes will be made for borrowing costs incurred to this date that have been expensed. This amendment will decrease the Bank's reported interest expense and increase the capitalized cost of qualifying assets under construction in future periods.

The new Standards, amendments and Interpretations to the existing Standards that are not yet effective and are not expected to be relevant to the Bank's financial statements

IFRS 8 *Operating Segments*

This is a disclosure standard, which will result in a re-designation of the Bank's reportable segments but will not have any impact on the reported results or financial position. The application of this standard is not mandatory for the Bank.

IFRIC 13 *Customer Loyalty Programmes*

This interpretation clarifies that when goods or services are sold together with a customer loyalty incentive (loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. The Bank currently is not running a similar programme. Accordingly, management believes that this interpretation is not relevant to the Bank's financial statements.

Amendment to IFRS 2 (Amendment) *Share-based Payment*

This amendment relates to vesting conditions and cancellations. The Bank currently is not running any share-based payment scheme. Accordingly, management believes that this amendment is not relevant to the Bank's financial statements.

Annual improvements 2008

The IASB has issued *Improvements for International Financial Reporting Standards 2008*. Most of these amendments become effective in annual periods beginning on or after January 1, 2009. Management believes that these improvements will not have significant impact on the Bank's financial statements.

IAS 23 (Amendment) *Borrowing Costs* (effective from January 1, 2009).

The definition of borrowings costs has been amended so that interest expense is calculated using the effective interest rate method defined in IAS 39 *Financial Instruments: Recognition and Measurement* (effective from January 1, 2009). The Bank will apply the IAS 23 (Amendment) prospectively to the capitalization of borrowing costs from January 1, 2009.

IAS 36 (Amendment) *Impairment of Assets* (effective from January 1, 2009)

Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Bank will apply the IAS 36 (Amendment) and provide the required disclosures where applicable for impairment tests from January 1, 2009.

IAS 38 (Amendment) *Intangible Assets* (effective from January 1, 2009)

A prepayment may only be recognized in the event that payment has been made in advance of obtaining right of access to goods or receipt of services.

Additionally, the amendment deletes the wording that states that there is "rarely if ever" support for use of a method that results in a lower rate of amortization than the straight-line method. The amendment will not have an impact on the Bank's operations, since all intangible assets are amortized using the straight-line method.

IAS 40 (Amendment) *Investment Property (and consequential amendments to IAS 16)* (effective from January 1, 2009)

Property that is under construction or development for future use as investment property is within the scope of IAS 40. Where the fair value model is applied, such property is therefore measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and the date at which the fair value becomes reliably measurable. The Bank will apply the IAS 40 (Amendment) from January 1, 2009.

IAS 20 (Amendment) *Accounting for Government Grants and Disclosure of Government Assistance* (effective from January 1, 2009)

The benefit of a below-market rate government loan is measured as the difference between the carrying amount in accordance with IAS 39 and the proceeds received with the benefit to be accounted for in accordance with IAS 20. The Bank will apply the IAS 20 (Amendment) from January 1, 2009.

4 Summary of significant accounting policies

The following significant accounting policies have been applied in the preparation of the financial statements. The accounting policies have been consistently applied.

4.1 Recognition of income and expenses

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. Expense is recognized to the extent that it is probable that the economic benefits will flow from the Bank and the expense can be reliably measured. The following specific criteria must also be met before revenue is recognized:

Interest income and expense

Interest income and expense for all interest-bearing financial instruments, except for those classified as held for trading or designated at fair value through profit or loss, are recognised within 'interest income' and 'interest expense' in the income statement using the effective interest method.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the original effective interest rate applied to the new carrying amount.

Fee and commission income and expense

Loan origination fees for loans issued to customers are deferred (together with related direct costs) and recognised as an adjustment to the effective yield of the loans. Fees, commissions and other income and expense items are generally recorded on an accrual basis when the service has been provided. Portfolio and other management advisory and service fees are recorded based on the applicable service contracts.

Dividend income

Revenue is recognized when the Bank's right to receive the payment is established.

Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realized and unrealized fair value changes, interest, dividends and foreign exchange differences related to trading assets and liabilities. Net trading income also includes gains less losses from trading in foreign currencies.

4.2 Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transactions. Gains and losses resulting from the translation of trading assets are recognised in the statement of income in net trading income, while gains and losses resulting from translation of non-trading assets are recognized in the statement of income in other income or other expense. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

Differences between the contractual exchange rate of a certain transaction and the prevailing average exchange rate on the date of the transaction are included in gains and losses from trading in foreign currencies in net trading income.

The exchange rates at year-end used by the Bank in the preparation of the consolidated financial statements are as follows:

	December 31, 2008	December 31, 2007
AMD/1 US Dollar	**306.73**	304.22
AMD/1 Euro	**435.00**	446.96

4.3 Taxation

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are calculated in respect of temporary differences using the liability method. Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposed, except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The Republic of Armenia also has various operating taxes, which are assessed on the Bank's activities. These taxes are included as a component of other expenses in the statement of income.

4.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balances on correspondent accounts with the Central Bank of Armenia and amounts due from other banks, which can be converted into cash at short notice and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents are carried at amortised cost.

4.5 Precious metals

Gold and other precious metals are recorded at CBA prices which approximate fair values and are quoted according to London Bullion Market rates. Changes in the bid prices are recorded in net gain on operations with precious metals in other income/expense.

4.6 Amounts due from other financial institutions

In the normal course of business, the Bank maintains advances or deposits for various periods of time with other banks. Loans and advances to banks with a fixed maturity term are subsequently measured at amortized cost using the effective interest method. Those that do not have fixed maturities are carried at amortized cost based on maturities estimated by management. Amounts due from other financial institutions are carried net of any allowance for impairment losses.

4.7 Derivative financial assets

In the normal course of business, the Bank enters into various derivative financial instruments including futures, forwards, swaps and options in the foreign exchange and capital markets. Such financial instruments are held for trading and are initially recognised in accordance with the policy for initial recognition of financial instruments and are subsequently measured at fair value. The fair values are estimated based on quoted market prices or pricing models that take into account the current market and contractual prices of the underlying instruments and other factors. Derivatives are carried as assets when their fair value is positive and as liabilities when it is negative. Gains and losses resulting from these instruments are included in the statement of income as gains less losses from trading securities or gains less losses from foreign currencies dealing, depending on the nature of the instrument.

Derivative instruments embedded in other financial instruments are treated as separate derivatives if their risks and characteristics are not closely related to those of the host contracts and the host contracts are not carried at fair value with unrealised gains and losses reported in income. An embedded derivative is a component of a hybrid (combined) financial instrument that includes both the derivative and a host contract with the effect that some of the cash flows of the combined instrument vary in a similar way to a stand-alone derivative.

4.8 Financial instruments

The Bank recognizes financial assets and liabilities on its balance sheet when it becomes a party to the contractual obligation of the instrument. Regular way purchases and sales of financial assets and liabilities are recognised using settlement date accounting. Regular way purchases of financial instruments that will be subsequently measured at fair value between trade date and settlement date are accounted for in the same way as for acquired instruments.

When financial assets and liabilities are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition all financial liabilities, other than liabilities at fair value through profit or loss (including held for trading) are measured at amortized cost using effective interest method. After initial recognition financial liabilities at fair value through profit or loss are measured at fair value.

The Bank classified its financial assets into the following categories: loans and receivables, financial instruments at fair value through profit or loss, available-for-sale financial instruments and held-to-maturity investments. The classification of investments between the categories is determined at acquisition based on the guidelines established by the management. The Bank determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

Financial assets at fair value through profit or loss

This category has two subcategories: financial assets held for trading and those designated at fair value through profit or loss. A financial asset is classified in this category if acquired for the purpose of selling in the short-term or if so designated by management from the initial acquisition of that asset.

Financial assets and financial liabilities are designated at fair value through profit or loss when:

- Doing so significantly reduces measurement inconsistencies that would arise if the related derivatives were treated as held for trading and the underlying financial instruments were carried at amortised cost for such as loans and advances to customers or banks and debt securities in issue;
- Certain investments, such as equity investments, that are managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy and reported to key management personnel on that basis are designated at fair value through profit and loss; and
- Financial instruments, such as debt securities held, containing one or more embedded derivatives significantly modify the cash flows, are designated at fair value through profit and loss.

Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on financial assets held for trading are recognised in the statement of income.

Held-to-maturity investments
Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity. Were the Bank to sell other than insignificant amount of held-to-maturity assets not close to their maturity, the entire category would be reclassified as available-for-sale. Held-to-maturity investments are carried at amortized cost using the effective interest rate method, less any allowance for impairment.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments, which arise when the Bank provides money directly to a debtor with no intention of trading the receivable.

Loans granted by the Bank with fixed maturities are initially recognized at fair value plus related transaction costs. Where the fair value of consideration given does not equal the fair value of the loan, for example where the loan is issued at lower than market rates, the difference between the fair value of consideration given and the fair value of the loan is recognized as a loss on initial recognition of the loan and included in the income statement as losses on origination of assets. Subsequently, the loan carrying value is measured using the effective interest method. Loans to customers that do not have fixed maturities are accounted for under the effective interest method based on expected maturity. Loans to customers are carried net of any allowance for impairment losses.

Available-for-sale financial instruments
Investments available for sale represent debt and equity investments that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. After initial recognition available-for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the statement of income. However, interest calculated using the effective interest method is recognised in the

statement of income. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Bank's right to receive payment is established.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument, which is substantially the same, and discounted cash flow analysis. Loans to customers are carried net of any allowance for impairment losses.

4.9 Impairment of financial assets

The Bank assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Assets carried at amortized cost

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ("loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Criteria used to determine that there is objective evidence of an impairment loss may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty (for example, equity ratio, net income percentage of sales), default or delinquency in interest or principal payments, breach of loan covenants or conditions, deterioration in the value of collateral, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced through use of an allowance account. The amount of the loss shall be recognised in the statement of income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. The Bank may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not the foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Bank's internal credit grading system that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If future write-off is later recovered, the recovery is credited to the allowance account.

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement on income, is transferred from equity to the statement of income. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the statement of income. Reversals of impairment losses on debt instruments are reversed through the statement of income if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

4.10 Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Bank has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; and
- the Bank either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Bank has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Bank's continuing involvement is the amount of the transferred asset that the Bank may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Bank's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of income.

4.11 Repurchase and reverse repurchase agreements

Sale and repurchase agreements ("repos") are treated as secured financing transactions. Securities sold under sale and repurchase agreements are retained in the balance sheet and, in case the transferee has the right by contract or custom to sell or repledge them, reclassified as securities pledged under sale and repurchase agreements and faced as the separate balance sheet item. The corresponding liability is presented within amounts due to financial institutions or customers. Securities purchased under agreements to resell ("reverse repo") are recorded as amounts due from other financial institutions or loans and advances to customers as appropriate and are not recognized on the balance sheet. The difference between sale and repurchase price is treated as interest and accrued over the life of repo agreements using the effective yield method.

4.12 Securities lending and borrowing

Securities lending and borrowing transactions are usually collateralised by securities or cash. The transfer of the securities to counterparties is only reflected on the balance sheet if the risks and rewards of ownership are also transferred. Cash advanced or received as collateral is recorded as an asset or liability.

Securities borrowed are not recognized on the balance sheet, unless they are sold to third parties, in which case the obligation to return the securities is recorded as a trading liability and measured at fair value with any gains or losses included in "Net trading income".

4.13 Leases

Operating - Bank as leasee

Leases of assets under which the risks and rewards of ownership are effectively retained by the leasers are classified as operating leases. Lease payments under an operating lease are recognised as expenses on a straight-line basis over the lease term and included into other operating expenses.

4.14 Property, plant and equipment

Property, plant and equipment ("PPE") are recorded at historical cost less accumulated depreciation. If the recoverable value of PPE is lower than its carrying amount, due to circumstances not considered to be temporary, the respective asset is written down to its recoverable value.

Depreciation is calculated using the straight-line method based on the estimated useful life of the asset. The following depreciation rates have been applied:

	Useful life (years)	Rate (%)
Computers and communication	4	25
Vehicles	5	20
Office inventory	5	20
Other fixed assets	3-5	33.33-20

Repairs and maintenance are charged to the income statement during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Bank. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

4.15 Intangible assets

Intangible assets include computer software and licences.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic lives of 10 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation periods and methods for intangible assets with finite useful lives are reviewed at least at each financial year-end.

Costs associated with maintaining computer software programmes are recorded as an expense as incurred.

4.16 Borrowings

Borrowings, which include amounts due to the financial institutions and customers, are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of income when the liabilities are derecognised as well as through the amortisation process.

4.17 Pensions

The Bank does not have any pension arrangements separate from the State pension system of the Republic of Armenia, which requires current contributions by the employer calculated as a percentage of current gross salary payments; such expense is charged in the period the related salaries are earned. In addition, the Bank has no post-retirement benefits or significant other compensated benefits requiring accrual.

4.18 Financial guarantees

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognized in the financial statements at fair value, in "Other liabilities", being the premium received. Subsequently to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amortised premium and the best estimate of expenditure required settling any financial obligation arising as a result of the guarantee.

4.19 Share capital

Share capital

External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital.

Treasury shares

Where the Bank purchases the Bank's shares, the consideration paid, including any attributable transaction costs, net of income taxes, is deducted from total equity as treasury shares until they are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received is included in equity. Treasury shares are stated at weighted average cost.

Dividends

Dividends are recognised as a liability and deducted from equity at the balance sheet date only if they are declared before or on the balance sheet date. Dividends are disclosed when they are proposed before the balance sheet date or proposed or declared after the balance sheet date but before the financial statements are authorised for issue.

4.20 Offsetting

Financial assets and liabilities, and income and expenses, are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

5 Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from these estimates.

The most significant areas of judgements and estimates with regards to these financial statements are presented below:

Classification of investment securities

Securities owned by the Bank comprise Armenian state and corporate bonds, securities issued by the Central Bank of Armenia and corporate shares. Upon initial recognition, the Bank designates securities as financial assets with recognition of changes in fair value through profit or loss, held to maturity financial assets or available-for-sale financials assets recognition of changes in fair value through equity.

Related party transactions

In the normal course of business the Bank enters into transactions with its related parties. These transactions are priced predominantly at market rates. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analysis.

Allowance for Impairment of loans and receivables

The Bank reviews its problem loans and advances at each reporting date to assess whether an allowance for impairment should be recorded in the income statement. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

In addition to specific allowances against individually significant loans and advances, the Bank also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This take into consideration factors such as any deterioration in country risk, industry, and technological obsolescence, as well as identified structural weaknesses or deterioration in cash flows.

Tax legislation

Armenian tax legislation is subject to varying interpretations. Refer to Note 27.

Impairment of available-for-sale equity investments

The Bank determined that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged required judgement. In making this judgement, the Bank evaluates among other factors, the volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational or financing cash flows.

6 Interest and similar income and expense

In thousand Armenian drams	**2008**	2007
Loans and advances to customers	**754,162**	422,425
Debt investment securities available-for-sale	**656,383**	278,279
Amounts due from other financial institutions	**136,259**	66,462
Reverse repurchase transactions	**46,307**	31,120
Factoring	**55,552**	7,467
Other interest income	**3,815**	1,620
Total interest and similar income	**1,652,478**	807,373

In thousand Armenian drams	2008	2007
Amounts due to customers	**431,375**	155,593
Amounts due to financial institutions	**110,380**	48,120
Repurchase transactions	**359,965**	75,972
Total interest and similar expense	**901,720**	279,685

7 Fee and commission income and expense

In thousand Armenian drams	2008	2007
Cash collection	**20,287**	16,999
Wire transfer fees	**20,109**	12,254
Brokerage operations	**12,014**	4,275
Guarantees and letters of credit	**3,006**	2,526
Other fees and commissions	**2,407**	1,500
Total fee and commission income	**57,823**	37,554

In thousand Armenian drams	2008	2007
Wire transfer fees	**7,362**	5,969
Foreign currency translation operations	**1,546**	5,422
Guarantees and letters of credit	**-**	276
Other expenses	**2,643**	1,186
Total fee and commission expense	**11,551**	12,853

8 Net trading income

In thousand Armenian drams	2008	2007
Gains less losses from trading in foreign currencies	**113,610**	43,692
Gains less losses from derivatives	**(2,020)**	(8,328)
Total net trading income	**111,590**	35,364

9 Other income

In thousand Armenian drams	2008	2007
Fines and penalties received	**4,790**	1,538
Gains from operations of precious metals	**24,344**	49,809
Net gains from foreign currency translation of non-trading assets	**-**	22,818
Dividend income	**435**	245
Income from brokerage services	**12,750**	-
Other income	**962**	3,941
Total other income	**43,281**	78,351

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

In thousand Armenian drams	2008	2007
Loans and advances to customers (Note 16)	**50,389**	(8,793)
Total impairment charge for credit losses	**50,389**	(8,793)

11 Staff costs

In thousand Armenian drams	2008	2007
Wages and salaries	**374,397**	245,444
Social security contributions	**30,865**	21,617
Total staff costs	**405,262**	267,061

12 Other expenses

In thousand Armenian drams	2008	2007
Fixed assets maintenance	**6,695**	7,498
Advertising expenses	**4,164**	2,463
Business trip expenses	**10,660**	10,152
Communication expenses	**35,449**	29,743
Operating lease	**36,000**	36,023
Taxes, other than income tax, duties	**9,836**	11,357
Consulting and other services	**10,200**	5,842
Security	**2,333**	4,091
Loss on disposal of PPE	**96**	20
Representative expenses	**19,334**	10,552
Office supplies	**7,865**	7,167
Penalties paid	**-**	557
Net losses from foreign currency translation of non-trading assets	**6,100**	-
Other expenses	**9,851**	9,611
Total other expense	**158,583**	135,076

13 Income tax expense

In thousand Armenian drams	**2008**	2007
Current tax expense	**71,093**	68,614
Adjustments of current income tax of previous years	**3,931**	384
Deferred tax	**(156)**	6,721
Total income tax expense	**74,868**	75,719

The corporate income tax within the Republic of Armenia is levied at the rate of 20% (2007: 20%). Differences between IFRS and RA statutory tax regulations give rise to certain temporary differences between the carrying 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:

In thousand Armenian drams	**2008**	**Effective rate (%)**	2007	Effective rate (%)
Profit before tax	**354,631**		409,868	
Income tax at the rate of 20%	**70,926**	**20**	81,974	20
Non-taxable income	**(87)**	**-**	(49)	-
Non-deductible expenses	**1,606**	**1**	4,091	1
Foreign exchange (gains)/losses	**1,220**	**-**	(8,481)	(2)
Other	**1,203**	**-**	(1,816)	-
Income tax expense	**74,868**	**21**	75,719	19

Deferred tax calculation in respect of temporary differences:

In thousand Armenian drams	2007	Recognized in income statement	Recognized in equity	**2008**
Accrued expenses and other liabilities	**2,066**	**(61)**	**-**	**2,005**
Fair value measurement of the trading investments	**-**	**-**	**-**	**-**
Fair value measurement of the securities available for sale	**47,384**	**-**	**(17,452)**	**29,932**
Gross deferred tax assets	**49,450**	**(61)**	**(17,452)**	**31,937**
Allowances for impairment and provisions for other losses	**(6,970)**	**217**	**-**	**(6,753)**
Total deferred tax liability	**(6,970)**	**217**	**-**	**(6,753)**
Total deferred tax asset/(liability)	**42,480**	**156**	**(17,452)**	**25,184**

In thousand Armenian drams	2006	Recognized in income statement	Recognized in equity	2007
Accrued expenses and other liabilities	797	1,269	-	2,066
Fair value measurement of the trading investments	1,522	(1,522)	-	-
Fair value measurement of the securities available for sale	-	-	47,384	47,384
Gross deferred tax assets	2,319	(253)	47,384	49,450
Allowances for impairment and provisions for other losses	(502)	(6,468)	-	(6,970)
Fair value measurement of the securities available for sale	(3,224)	-	3,224	-
Total deferred tax liability	(3,726)	(6,468)	3,224	(6,970)
Total deferred tax asset/(liability)	(1,407)	(6,721)	50,608	42,480

14 Cash, cash equivalents and balances with CBA

In thousand Armenian drams	**2008**	2007
Cash on hand	**150,732**	109,802
Correspondent accounts with the CBA	**2,314,742**	852,993
Included in cash and cash equivalents	**2,465,474**	962,795
Cash and balances with the CBA, included in cash flow	**2,465,474**	962,795
Placements with other banks (note 15)	**1,808,883**	3,324,202
Total cash and cash equivalents	**4,274,357**	4,286,997

As at 31 December 2008 correspondent account with Central Bank of Armenia represents the obligatory minimum reserve deposits with the CBA, which is computed at 8% of certain obligations of the Bank denominated in Armenian drams and 12% of certain obligations of the Bank, denominated in foreign currency and amounts to AMD 633,546 thousand (2007: AMD 547,252 thousand). There are no restrictions on the withdrawal of funds from the CBA, however, if minimum average requirement is not met, the Bank could be subject to penalties. Mandatory reserve deposits are non-interest bearing.

15 Amounts due from other financial institutions

In thousand Armenian drams	**2008**	2007
Correspondent accounts with financial institutions	**764,961**	1,680,574
Deposits in financial institutions	**1,043,922**	1,643,628
Included in cash and cash equivalents	**1,808,883**	3,324,202
Loans and deposits	**846,673**	115,411
Reverse repurchase agreements	**-**	558,630
Other accounts	**216,174**	5,107,690
	1,062,847	5,781,731
Total amounts due from other financial institutions	**2,871,730**	9,105,933

As at 31 December 2008 item "Loans and deposits" includes balance at the amount of AMD 85,620 thousand (2007: AMD 37,981 thousand), which is guarantee amount for making trade operations in international markets. As at 31.12.07 the amount of AMD 21,295 thousand is a security for banking guarantee.

As at 31 December 2008 the correspondent accounts and deposits in amount of AMD 1,043,921 thousand (58%) were due from one bank (2007: AMD 3,220,894 thousand or 97%).

Other accounts include short-term funds in various currencies signed by 1 contract with a resident bank. Short-term funds in various currencies have been appropriately received in respect of them presented in Note 21. These accounts include the accrued interest of the above-mentioned deposits at AMD 83 thousand (2007: 24 contracts in various currencies, accrued interest of AMD 4,207 thousand).

Fair value of assets pledged and carrying value of loans under reverse repurchase agreements as of 31 December are presented as follows:

In thousand Armenian drams	**2008**		2007	
	Fair value of collateral	**Carrying value of loans**	Fair value of collateral	Carrying value of loans
Securities issued by the RA Ministry of Finance and Economy	**-**	**-**	559,490	558,630
Total assets pledged and loans under reverse repurchase agreements	**-**	**-**	559,490	558,630

The information on related parties is presented in Note 28.

16 Loans and advances to customers

In thousand Armenian drams	**2008**	2007
Loans to customers	**6,507,987**	3,360,069
Factoring	**422,513**	137,293
Loans granted under reverse repurchase agreements	**-**	369,779
Other amounts	**323,566**	677,363
	7,254,066	4,544,504
Less allowance for loan impairment	**(97,208)**	(34,705)
Total loans and advances to customers	**7,156,858**	4,509,799

As of 31 December 2008 accrued interest income included in loans and advances to customers amounted to AMD 64,007 thousand (2007: AMD 30,138 thousand).

As of December 31, 2008 the Bank had a concentration of loans represented by AMD 3,415,760 thousand due from the ten largest third party entities and parties related with them (47% of gross loan portfolio) (2007: AMD 2,518,385 thousand due from the ten largest third party entities and parties related with them or 55%). An allowance of AMD 61,806 thousand (2007: AMD 25,183 thousand) was made against these loans.

Other amounts include deposit at the amount of USD 1,055 thousand due to legal entity with the maturity period till one month, accrued interests included at the amount of AMD 5,155 thousand (2007: two deposits at the amount of USD 2,221 thousand, accrued interests included at the amount of AMD 1,522 thousand), for which AMD 350,000 thousand has been attracted (2007: AMD 708,000 thousand) (the mentioned amount is included in Note 22).

Reconciliation of allowance account for losses on loans and advances by class is as follows:

In thousand Armenian drams	**State owned enterprises**	**Privately held companies**	**Individuals**	**Sole proprietors**	**2008 Total**
At 1 January 2008	-	23,798	8,834	2,073	**34,705**
Charge for the year	-	26,974	20,762	2,653	**50,389**
Amounts written off	-	(1,562)	-	-	**(1,562)**
Recoveries	-	13,676	-	-	**13,676**
At 31 December 2008	-	62,886	29,596	4,726	**97,208**
Collective impairment	-	62,886	29,596	4,726	**97,208**

In thousand Armenian drams	State owned enterprises	Privately held companies	Individuals	Sole proprietors	2007 Total
At 1 January 2007	70	21,063	4,069	-	25,202
Charge for the year/(recovery)	(70)	(15,561)	4,765	2,073	(8,793)
Recoveries	-	18,296	-	-	18,296
At 31 December 2007	-	23,798	8,834	2,073	34,705
Collective impairment	-	23,798	8,834	2,073	34,705

Loans and advances by customer profile may be specified as follows:

In thousand Armenian drams	**2008**	2007
Privately held companies	**4,749,923**	3,055,658
Individuals	**2,105,121**	1,251,423
Sole proprietors	**335,015**	207,285
Accrued interest	**64,007**	30,138
	7,254,066	4,544,504
Less allowance for loan and advances impairment	**(97,208)**	(34,705)
Total loans and advances to customers	**7,156,858**	4,509,799

Loans to individuals comprise the following products:

In thousand Armenian drams	2008	2007
	995,121	415,593
Mortgage loans	**70,037**	43,756
Consumer loans	**33,542**	-
Car loans	**1,006,421**	792,074
Other		
Total loans and advances to individuals (gross)	**2,105,121**	1,251,423

Fair value of assets pledged and carrying value of loans under reverse repurchase agreements as of 31 December 2007 are presented as follows:

In thousand Armenian drams		2008		2007
	Fair value of collateral	**Carrying value of loans**	Fair value of collateral	Carrying value of loans
Securities issued by the Ministry of Finance of RA	**-**	**-**	348,525	369,779
Total assets pledged and loans under reverse repurchase agreements	**-**	**-**	348,525	369,779

As of 31 December 2007 out of total accepted securities AMD 162,016 thousand were repledged or lent to third parties for periods not exceeding three months from the transfer.

The estimated fair value of loans and advances to customers approximates it carrying value. Refer to Note 29.

Credit, currency, liquidity and interest rate analyses of loans and advances to customers are disclosed in Note 31. The information on related party balances is disclosed in Note 28.

17 Investments available for sale

In thousand Armenian drams	2008	2007
Quoted investments		
Equity securities	**11,389**	4,538
State bonds of other countries	**26,608**	44,773
	37,997	49,311
Unquoted investments		
Shares of Armenian companies	**19,575**	19,575
Securities issued by the Ministry of Finance of Armenia	**1,580,183**	2,081,097
Securities issued by the CBA	**-**	27,939
Corporate bonds of RA	**775,656**	376,705
	2,375,414	2,505,316
Total investments	**2,413,411**	2,554,627

All debt securities have fixed coupons.

The fair 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:

In thousand Armenian drams	2008		2007	
	%	**Maturity**	%	Maturity
Securities issued the Ministry of Finance of RA	**8.62-10.53**	**2009-2028**	6.50-8.15	2008-2020
Securities issued by the CBA	**-**	**-**	6.50	2008
RA corporate shares	**10.5-11**	**2009-2011**	6.50-6.31	2008-2009
Corporate bonds of other countries	**8.25**	**2010**	8,25	2010

The RA debt securities available for sale at fair value of AMD 7,979,149 thousand (2007: AMD 3,667,165 thousand) and RA corporate shares at fair value of AMD 76,182 thousand (2007: nil) are pledged to third parties for periods not exceeding one month. These have been reclassified as securities pledged under repurchase agreements on the face of the balance sheet (Note 25).

As of 31 December 2007 securities available for sale amounted to AMD 623,235 thousand were pledged as collateral under deposit received from another bank (Note 21).

18 Property, plant and equipment

In thousand Armenian drams	Assets under construction	Computers	Vehicles	Office equipment	Total
COST					
Initial cost at January 1, 2007	-	54,987	22,071	15,308	92,366
Additions	-	11,831	-	5,185	17,016
Disposals	-	-	-	(60)	(60)
At December 31, 2007	**-**	**66,818**	**22,071**	**20,433**	**109,322**
Additions	**245,000**	**10,326**	**-**	**1,899**	**257,225**
Disposals	**-**	**(244)**	**-**	**(47)**	**(291)**
At December 31, 2008	**245,000**	**76,900**	**22,071**	**22,285**	**366,256**
DEPRECIATION					
At January 1, 2007	-	19,564	4,120	4,899	28,583
Depreciation charge	-	14,576	4,453	3,711	22,740
Disposals	-	-	-	(39)	(39)
At December 31, 2007	**-**	**34,140**	**8,573**	**8,571**	**51,284**
Depreciation charge	**-**	**16,748**	**4,421**	**4,106**	**25,275**
Disposals	**-**	**(182)**	**-**	**(13)**	**(195)**
At December 31, 2008	**-**	**50,706**	**12,994**	**12,664**	**76,364**
CARRYING VALUE					
At December 31, 2008	**245,000**	**26,194**	**9,077**	**9,621**	**289,892**
At December 31, 2007	-	**32,678**	**13,498**	**11,862**	**58,038**

Fully depreciated items

As at 31 December 2008 fixed assets included fully depreciated and amortized assets in amount of AMD 25,810 thousand (2007: AMD 1,510 thousand).

Assets under construction

As at 31 December 2008 the Bank's liability in respect of construction works of new building of the Bank comprises AMD 238,630 thousand. Works are expected to be completed in May 2009.

Fixed assets in the phase of installation

As at 31 December 2008 fixed assets included assets in the phase of installation in amount of AMD 1,851 thousand (2007: AMD 3,791 thousand), which are not amortized and are classified in accordance with their type.

19 Intangible assets

In thousand Armenian drams	**Licenses**	**Acquired software licenses**	**Total**
COST			
At January 1, 2007	529	29,282	29,811
Additions	-	3,991	3,991
Impairment	(529)	-	(529)
At December 31, 2007	**-**	**33,273**	**33,273**
Additions	**-**	**25,388**	**25,388**
At December 31, 2008	**-**	**58,661**	**58,661**
AMORTISATION			
At January 1, 2007	529	3,850	4,379
Amortisation charge	-	3,314	3,314
Impairment	(529)	-	(529)
At December 31, 2007	**-**	**7,164**	**7,164**
Amortisation charge	**-**	**3,732**	**3,732**
At December 31, 2008	**-**	**10,896**	**10,896**
CARRYING VALUE			
At December 31, 2008	**-**	**47,765**	**47,765**
At December 31, 2007	-	26,109	26,109

20 Other assets

In thousand Armenian drams	**2008**	2007
Prepayments and other debtors	**61,761**	2,702
Other prepaid taxes	**1,057**	1,574
Settlements with employees	**1,647**	1,206
Other	**4,500**	4,500
Total other assets	**68,965**	9,982

21 Amounts due to financial institutions

In thousand Armenian drams	2008	2007
Obligations of the CBA (repurchase agreements, loans)	**8,648,165**	2,321,899
Correspondent accounts of other banks	**5,566**	151,688
Current accounts of other financial institutions	**9,955**	6,720
Deposits from financial institutions	**200,088**	620,548
Loans under repurchase agreements	**-**	1,515,115
Other amounts	**217,500**	5,156,691
Total amounts due to financial institutions	**9,081,274**	9,772,661

Obligations of CBA include loans in the amount of AMD 600,037 thousand received within the scope of “Development of the renewable energies” project of German-Armenian fund (2007: AMD 169,826 thousand) and loans under repurchase agreements in the amount of AMD 8,048,128 thousand (2007: AMD 2,152,073 thousand).

All deposits from banks and from financial institutions have fixed interest rates.

As of 31 December 2007 for the securities available for sale amounted to AMD 623, 235 thousand were pledged as collateral under deposits received from a resident bank in the amount of USD 775,000 and EUR 850,000 (Note 17).

During 2008, the Bank placed with and received short-term funds from banks and financial institutions in various currencies (these amounts are included in other amounts, refer to Note 15).

The Bank has not had any defaults of principal, interest or other breaches with respect to its attracted loans during the period. (2007: same).

22 Amounts due to customers

In thousand Armenian drams	2008	2007
Legal entities		
Current/Settlement accounts	**1,174,556**	2,541,034
Time deposits	**5,359,949**	2,352,386
Other liabilities	**350,000**	708,000
	6,884,505	5,601,420
Individuals		
Current/Settlement accounts	**454,572**	157,828
Time deposits	**1,505,863**	1,210,099
	1,960,435	1,367,927
Total amounts due to customers	**8,844,940**	6,969,347

All customer deposits carry fixed interest rates.

As at 31 December 2008 included in amounts due to customers are deposits amounting to AMD 199,514 thousand held as security against loans and guarantees issued (2007: AMD 135,757 thousand). The fair value of those deposits approximates the carrying amount.

At 31 December 2008 the aggregate balance of top three customers of the Bank (2007: 4 customer) amounts to AMD 5,734,239 thousand (2007: AMD 4,432,095 thousand) or 65% of total customer accounts (2007: 64%). The information on related party balances is disclosed in Note 28.

As at 31.12.08 other liabilities are the amount of AMD 350,000 thousand (2007: AMD 708,000 thousand) attracted from a legal entity, against which deposits in the amount of USD 1,038 thousand (2007: USD 2,221 thousand) have been placed (Refer to Note 16)

23 Trading liabilities

The trading liabilities have been designed in the result of sale of state securities purchased by the Bank from the financial institutions and individuals. The Bank intends to repurchase them in a short period of time.

24 Other liabilities

In thousand Armenian drams	**2008**	2007
Accounts payables	**7,942**	5,788
Tax payable, other than income tax	**-**	3,545
Revenues of future periods	**750**	1,250
Due to personnel	**10,027**	10,253
Other	**3,624**	621
Total other liabilities	**22,343**	21,457

25 Securities pledged under repurchase agreements

In thousand Armenian drams	**Asset**		Liability	
	2008	2007	**2008**	2007
Investment securities (Note 17, 21)	**8,055,331**	3,667,165	**8,048,128**	3,667,188

26 Equity

As at 31 December 2008 the Bank's registered and paid-in share capital was AMD 5,001,000 thousand. In accordance with the Bank's statues, the share capital consists of 8,335 ordinary shares, all of which have a par value of AMD 600,000 each.

The only shareholder of the Bank is Swiss businessman Vardan Sirmakes. In 2008 the shareholders of the Bank increased its share capital by AMD 1,251,000 thousand. This increase has been performed in AMD and the shareholder has the right to receive a share and distribute the profit in AMD.

Distributable among shareholders reserves equal the amount of retained earnings, determined according to the Armenian legislation. Non-distributable reserves are represented by a reserve fund, which is created as required by the statutory regulations, in respect of general banking risks, including future losses and other unforeseen risks or contingencies. The reserve has been created in accordance with the Bank's statutes that provide for the creation of a reserve for these purposes of not less than 15 % of the Bank's share capital reported in statutory books.

27 Contingent liabilities and commitments

Tax and legal matters

The taxation system in Armenia is characterized by frequently changing legislation, which is often unclear, contradictory and subject to interpretation. Often, differing interpretations exist among various taxation authorities and jurisdictions.

Management believes that the Bank has complied with all regulations and has completely settled all its tax liabilities.

As of 31 December 2008 there were no legal actions and complaints taken against the Bank. Therefore, the Bank has not made any respective provision related to such tax and legal matters. Subsequently no reserves concerning legal and tax liabilities were formed.

Loan commitment, guarantee and other financial facilities

In the normal course of business, the Bank is a party to financial instruments with off-balance sheet risk in order to meet the needs of its customers. These instruments, involving varying degrees of credit risk, are not reflected in the balance sheet.

As of 31 December the nominal or contract amounts were:

In thousand Armenian drams	**2008**	2007
Undrawn loan commitments	**261,150**	64,106
Guarantees provided	**156,940**	69,318
Total credit related commitments	**418,090**	133,424

Operating lease commitments – Bank as a leasee

In the normal course of business the Bank enters into commercial lease agreements for office equipment, central office and branch facilities.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

In thousand Armenian drams	**2008**	2007
Not later than 1 year	**16,500**	36,000
Later than 1 year and not later than 5 years	**-**	102,700
Total operating lease commitments	**16,500**	138,700

Insurance

The Bank has not currently obtained insurance coverage related to liabilities arising from errors or omissions. Liability insurance is generally not available in Armenia at present.

Starting from 2005 the Bank is member of the obligatory deposit insurance system. The system operates under the Armenian laws and regulations and is governed by the Law on Guarantee of Physical Persons Deposits. Insurance covers Bank's liabilities to individual depositors for the amount up to AMD 2,000 thousand (up to AMD 1,000 thousand for deposits in foreign currency) for each individual in case of business failure and revocation of the banking license.

28 Transactions with related parties

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. For the purpose of the present financial statements, related parties include shareholders, members of Bank's Management as well as other persons and enterprises related with and controlled by them respectively.

The ultimate controlling party of the Bank is the only shareholder Swiss businessman Vardan Sirmakes.

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits and other transactions. These transactions were carried out on commercial terms and at market rates.

The volumes of related party transactions, outstanding balances at the year end, and related expense and income for the year are as follows:

In thousand Armenian drams		**2008**		2007
	Shareholders and related parties	**Key management and related parties**	Shareholders and related parties	Key management and related parties
Loans				
Loans outstanding at January 1, gross	-	**35,865**	-	22,554
Loans issued during the year	-	**188,330**	-	180,185
Loan repayments during the year	-	**(36,702)**	-	(166,874)
Loans outstanding at December 31, gross	-	**187,493**	-	35,865
Less: allowance for loan impairment	-	**(2,512)**	-	(357)
Loans outstanding at December 31	-	**184,981**	-	35,508
Interest income on loans	**-**	**9,742**	-	4,498
Impairment charge for credit losses	**-**	**2,155**	-	132
Amounts due to customers				
At January 1	**2,810,891**	**24,753**	988,336	25,554
Received during the year	**16,916,368**	**1,419,504**	8,931,818	996,770
Paid during the year	**(13,641,451)**	**(1,375,219)**	(7,109,263)	(997,571)
***Amounts due to customers* at December 31**	**6,085,808**	**69,038**	2,810,891	24,753
Interest expense on amounts due to customers	**210,588**	**-**	83,616	1,238

In thousand Armenian drams	**2008**		2007	
	Shareholders and related parties	**Key management and related parties**	Shareholders and related parties	Key management and related parties
Amounts due from other financial institutions				
At January 1	**122**	**-**	17,313	-
Increase during the year	**1,250,485**	**-**	1,222,597	-
Decrease during the year	**(206,686)**	**-**	(1,239,788)	-
At December 31	**1,043,921**	**-**	122	-
Interest income from amounts due from other financial institutions	**4,384**	**-**	**-**	**-**
Amounts due to other financial institutions				
At January 1	**8,075**	**-**	8,259	-
Increase during the year	**6,121,996**	**-**	-	-
Decrease during the year	**(6,126,609)**	**-**	(184)	-
At December 31	**3,462**	**-**	8,075	-
Interest expense on amounts due to other financial institutions	**472**	**-**	-	-
Guarantees issued	**30,673**	**-**	30,422	500
Income from guarantees	**307**	**-**	304	5
Income statement items				
Fee and commission income	**104**	**1,292**	431	608
Other income	**-**	**-**	360	60

The loans issued to key management personnel and parties related with them are repayable within the period from 1 to 15 years and have average weighted interest rates of 9% (2007: 14%).

Compensation of key management was comprised of the following:

In thousand Armenian drams	**2008**	2007
Salaries and other short-term benefits	**246,978**	162,322
Contributions to the pension fund	**15,612**	10,782
Total key management compensation	**262,590**	173,104

29 Fair value of financial instruments

Financial instruments not measured at fair value

The fair value of financial assets and liabilities, not presented on the balance sheet at their fair value, are presented below with their carrying values:

In thousand Armenian drams	2008		2007	
	Carrying value	Fair value	Carrying value	Fair value
FINANCIAL ASSETS				
Cash and balances with CBA	**2,465,474**	**2,465,474**	962,795	962,795
Amounts due from financial institutions	**2,871,730**	**2,871,730**	9,105,933	9,105,933
Loans and advances to customers	**7,156,858**	**7,156,858**	4,509,799	4,509,799
FINANCIAL LIABILITIES				
Amounts due to financial institutions	**9,081,274**	**9,081,274**	9,722,661	9,722,661
Amounts due to customers	**8,844,940**	**8,844,940**	6,969,347	6,969,347

Amounts due from and to financial institutions

For assets and liabilities maturing within one month, the carrying amount approximates fair value due to the relatively short-term maturity of these financial instruments. For the assets and liabilities maturing in over one month, the fair value was estimated as the present value of estimated future cash flows discounted at the appropriate year-end market rates.

Loans and advances to customers

The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Fair value approximates carrying amounts as current interest rates for new instruments reflect interest rate for instruments originated previously.

Other borrowings

The estimated fair value of fixed interest-bearing deposits and other borrowings not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity. The interest rates of fixed interest-bearing deposits and other borrowings usually approximate current interest rates.

30 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled. See Note 31.3 for the Bank's contractual undiscounted repayment obligations.

In thousand Armenian drams	**Demand and less than 1 month**	**From 1 to 3 months**	**From 3 to 12 months**	***Subtotal less than 12 months***	**From 1 to 5 years**	**More than 5 years**	***Subtotal over 12 months***	**Total**
								2008
ASSETS								
Cash and balances with CBA	2,465,474	-	-	**2,465,474**	-	-	**-**	**2,465,474**
Precious metals	110,496	-	-	**110,496**	-	-	**-**	**110,496**
Amounts due from other financial institutions	1,894,503	934,751	15,383	**2,844,637**	27,093	-	**27,093**	**2,871,730**
Loans and advances to customers	628,825	1,187,443	471,400	**2,287,668**	4,022,206	846,984	**4,869,190**	**7,156,858**
Investments available for sale	247,537	219,733	925,180	**1,392,450**	761,618	259,343	**1,020,961**	**2,413,411**
Securities pledged under repurchase agreements	8,055,331	-	-	**8,055,331**	-	-	**-**	**8,055,331**
	13,402,166	2,341,927	1,411,963	**17,156,056**	4,810,917	1,106,327	**5,917,244**	**23,073,300**
LIABILITIES								
Amounts due to financial institutions	15,521	8,484,357	18,296	**8,518,174**	120,643	442,457	**563,100**	**9,081,274**
Amounts due to customers	1,630,140	606,565	3,984,447	**6,221,152**	2,623,788	-	**2,623,788**	**8,844,940**
	1,645,661	9,090,922	4,002,743	**14,739,326**	2,744,431	442,457	**3,186,888**	**17,926,214**
Net position	**11,756,506**	**(6,748,995)**	**(2,590,780)**	**2,416,730**	**2,066,486**	**663,870**	**2,730,356**	**5,147,086**
Accumulated gap	**11,756,506**	**5,007,510**	**2,416,730**		**4,483,216**	**5,147,086**		

In thousand Armenian drams	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	*Subtotal less than 12 months*	From 1 to 5 years	More than 5 years	*Subtotal over 12 months*	Total
								2007
ASSETS								
Cash and balances with CBA	962,795	-	-	962,795	-	-	-	962,795
Amounts due from other financial institutions	8,597,418	440,133	25,141	9,062,692	43,241	-	43,241	9,105,933
Loans and advances to customers	553,918	563,839	621,754	1,739,511	2,429,612	340,676	2,770,288	4,509,799
Investments available for sale	72,528	72,733	380,523	525,784	1,466,947	561,896	2,028,843	2,554,627
Securities pledged under repurchase agreements	3,667,165	-	-	3,667,165	-	-	-	3,667,165
	13,853,824	1,076,705	1,027,418	15,957,947	3,939,800	902,572	4,842,372	20,800,319
LIABILITIES								
Amounts due to financial institutions	8,923,338	458,343	223,480	9,605,161	74,535	92,965	167,500	9,772,661
Amounts due to customers	3,018,223	365,959	509,460	3,893,642	3,075,705	-	3,075,705	6,969,347
Trading liabilities	177, 974	-	-	177, 974	-	-	-	177, 974
	12,119,535	824,302	732,940	13,676,777	3,150,240	92,965	3,243,205	16,919,982
Net position	1,734,289	252,403	294,478	2,281,170	789,560	809,607	1,599,167	3,880,337
Accumulated gap	1,734,289	1,986,692	2,281,170		3,070,730	3,880,337		

31 Risk management

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance.

The Bank's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by a Risk Management Department under policies approved by the Board of the Bank. The Risk Management Department identifies, evaluates and hedges financial risks in close co-operation with the Bank's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, internal audit is responsible for the independent review of risk management and the control environment. The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

31.1 Credit risk

The Bank takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the Bank by failing to discharge an obligation. Credit risk is the most important risk for the Bank's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and other bills into the Bank's asset portfolio. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. The credit risk management and control are centralised in credit risk management team of Bank's Risk Management Department and reported to the Board of the Bank and head of each business unit regularly.

31.1.1 Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The table below represents a worse case scenario of credit risk exposure to the Bank at 31 December 2008 and 2007, without taking account of any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures set out above are based on net carrying amounts as reported in the balance sheet.

In thousand Armenian drams	Notes	**Gross maximum exposure as of December 31, 2008**	Gross maximum exposure as of December 31, 2007
Balances with CBA	14	**2,314,742**	852,993
Amounts due from other financial institutions	15	**2,871,730**	9,105,933
Loans and advances to customers	16	**7,156,858**	4,509,799
Investments available for sale	17	**2,413,411**	2,554,627
Securities pledged under repurchase agreements	25	**8,055,331**	3,667,165
Total		**22,812,072**	20,690,517
Commitments and contingent liabilities	27	**418,090**	133,424
Total credit risk exposure		**23,230,162**	20,823,941

When financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

31.1.2 Risk concentrations of the maximum exposure to credit risk

Geographical sectors

The following table breaks down the Bank's main credit exposure at their carrying amounts, as categorized by geographical region as of 31 December.

In thousand Armenian drams	**Armenia**	**Other non-OECD countries**	**OECD countries**	**Total**
Balances with CBA	**2,314,742**	**-**	**-**	**2,314,742**
Amounts due from other financial institutions	**2,008,086**	**133,969**	**729,675**	**2,871,730**
Loans and advances to customers	**7,118,152**	**6,538**	**32,168**	**7,156,858**
Investments available for sale	**2,375,414**	**26,608**	**11,389**	**2,413,411**
Securities pledged under repurchase agreements	**8,055,331**	**-**	**-**	**8,055,331**
As at 31 December 2008	**21,871,725**	**167,115**	**773,232**	**22,812,072**
As at 31 December 2007	14,262,010	3,351,003	3,077,504	20,690,517

Assets have been classified based on the country in which the counterparty is located.

Industry sectors

The following table breaks down the Bank's main credit exposure at their carrying amounts, as categorized by the industry sectors of the counterparties as of 31 December.

In thousand Armenian drams	Financial institutions	Manufac-turing	Construction	Energy	Consumer sector	Trade	Other	Total
Balances with CBA	2,314,742	-	-	-	-	-	-	2,314,742
Amounts due from other financial institutions	2,871,730	-	-	-	-	-	-	2,871,730
Loans and advances to customers	-	1,189,348	113,457	702,663	1,141,466	2,096,009	1,913,915	7,156,858
Investments available for sale	1,737,674	411,161	-	-	-	264,576	-	2,413,411
Securities pledged under repurchase agreements	7,979,149	-	-	-	-	76,182	-	8,055,331
As at 31 December 2008	**14,903,295**	**1,600,509**	**113,457**	**702,663**	**1,141,466**	**2,436,767**	**1,913,915**	**22,812,072**
As at 31 December 2007	15,804,818	1,136,658	188,136	402,566	453,419	1,668,878	1,036,844	20,690,517

31.1.3 Risk limit control and mitigation policies

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments.

Such risks are monitored on a revolving basis and subject to an annual or more frequent review. Limits on the level of credit risk by product, industry sector and by country are approved quarterly by the Board of the Bank.

The Board has defined criteria for choosing counterparties in the framework of credit risk based on the rating of famous credit rating agencies such as S&P's and Moody's Credit Rating agencies. The Board of the Bank exceptionally specifies corresponding limits of credit risk if a necessity arises to collaborate with a counterparty which does not have investment reputation.

The exposure to any one borrower including banks and financial organizations is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below.

Collateral

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:

- 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 nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured.

The analysis of loan portfolio by collateral is represented as follows:

In thousand Armenian drams	2008	2007
Loans collateralized by real estate	**5,993,443**	2,884,138
Loans collateralized by movable property	**33,465**	364,255
Loans collateralized by guarantees of enterprises	**439,794**	181,428
Loans collateralized by shares of other companies	**219,064**	8,336
Loans collateralized by cash	**90,169**	110,835
Other collateral	**414,124**	965,374
Interest	**64,007**	30,138
Total loans and advances to customers	**7,254,066**	4,544,504

Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments.

However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

31.1.4 Impairment and provisioning policies

The main considerations for the loan impairment assessment include whether any payments of principal or interest are overdue by more than 90 days or there are any known difficulties in the cash flows of counterparties, credit rating downgrades, or infringement of the original terms of the contract. The Bank addresses impairment assessment into areas: individually assessed allowances and collectively assessed allowances.

Individually assessed allowances

The Bank determines the allowances appropriate for each individually significant loan or advance on an individual basis. Items considered when determining allowance amounts include the sustainability of the counterparty’s business plan, its ability to improve performance once a financial difficulty has arisen, projected receipts and the expected dividend payout should bankruptcy ensue, the availability of other financial support and the realizable value of collateral, and the timing of the expected cash flows. The impairment losses are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

Collectively assessed allowances

Allowances are assessed collectively for losses on loans and advances that are not significant (including credit cards, residential mortgages and unsecured consumer lending) and for individually significant loans and advances where there is not yet objective evidence of individual impairment. Allowances are evaluated on each reporting date with each portfolio receiving a separate review.

The collective assessment takes account of impairment that is likely to be present in the portfolio even though there is not yet objective evidence of the impairment in an individual assessment. Impairment losses are estimated by taking into consideration of the following information: historical losses on the portfolio, current economic conditions, the approximate delay between the time a loss is likely to have been incurred and the time it will be identified as requiring an individually assessed impairment allowance, and expected receipts and recoveries once impaired.

Financial guarantees and letters of credit are assessed and provision made in a similar manner as for loans.

Loans and advances neither past due or impaired

The table below shows the credit quality by class of asset for loans and advances neither past due or impaired, based on the historical counterparty default rates.

In thousand Armenian drams	**2008**	2007
Loans and advances to customers		
State owned enterprises	**-**	-
Privately held companies	**0.3%**	0,9%
Individuals	**-**	-
Sole proprietors	**-**	-

As at December 31 2008 and 2007 the Bank has not incurred any losses for credit-related other financial assets.

Past due but not impaired loans

As of 31.12.2008 and 31.12.2007 the Bank has not had any past due loans.

Reviewed loans

As of 31.12.2008 and 31.12.2007 the Bank has not had any reviewed loans.

31.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and foreign exchange rates. The market risk is managed and monitored based on sensitivity analysis and stress tests. The foreign currency risk is managed and monitored based on hedging strategies and positions management.

31.2.1 Market risk – Non-trading

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits.

The sensitivity of the income statement is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate non-trading financial assets and financial liabilities held at 31 December 2008, including the effect of hedging instruments. The sensitivity of equity is calculated by revaluating fixed rate available-for-sale financial assets, including the effect of any associated hedges, and swaps designated as cash flow hedges, at 31 December 2008 for the effects of the assumed changes in interest rates. At 31 December 2008 the Bank has no floating interest rate financial instruments. The sensitivity of equity is analysed by maturity of the asset or swap. The total sensitivity of equity is based on the assumption that there are parallel shifts in the yield curve, while the analysis by maturity band displays the sensitivity to non-parallel changes.

In thousand Armenian drams

		Sensitivity of equity				**2008**
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	**+1**	**150**	**335**	**7,897**	**14,099**	**22,481**
USD	**+1**	**2**	**5**	**33**	**-**	**40**
AMD	**-1**	**(155)**	**(340)**	**(8,268)**	**(14,173)**	**(22,936)**
USD	**-1**	**(2)**	**(5)**	**(33)**	**-**	**(40)**

In thousand Armenian drams

		Sensitivity of equity				2007
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	+1	561	1,272	33,383	22,631	57,846
USD	+1	-	-	5	36	41
AMD	-1	567	1,293	34,764	24,406	61,228
USD	-1	-	-	5	38	43

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank has set limits on positions by currency. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits.

The tables below indicate the currencies to which the Bank had significant exposure at 31 December 2008 on its non-trading monetary assets and liabilities and its forecast cash flows. The analysis calculated the effect of a reasonably possible movement of the currency rate against the Armenian dram, with all other variables held constant on the income statement (due to the fair value of currency sensitive non-trading monetary assets and liabilities) and equity (due to the change in fair value of currency swaps and forward foreign exchange contracts used as cash flow hedges, and equity instruments). A negative amount in the table reflects a potential net reduction in income statement or equity, while a positive amount reflects a net potential increase.

In thousand Armenian drams	2008		2007	
Currency	Change in currency rate in %	Effect on profit before tax	Change in currency rate in %	Effect on profit before tax
USD	**+20**	**(27,383)**	+5%	(1,712)
EUR	**+20**	**(4,787)**	+5%	2,530

The Bank's exposure to foreign currency exchange risk is as follows:

In thousand Armenian drams	Armenian Dram	Freely convertible currencies	Non-freely convertible currencies	Total
ASSETS				
Cash and balances with the CBA	**440,396**	**1,997,443**	**27,635**	**2,465,474**
Precious metals	**110,496**	**-**	**-**	**110,496**
Amounts due from other financial institutions	**1,149,594**	**1,712,099**	**10,037**	**2,871,730**
Loans and advances to customers	**3,192,823**	**3,964,035**	**-**	**7,156,858**
Investments available for sale	**2,375,414**	**37,997**	**-**	**2,413,411**
Securities pledged under repurchase agreements	**8,055,331**	**-**	**-**	**8,055,331**
	15,324,054	**7,711,574**	**37,672**	**23,073,300**
LIABILITIES				
Amounts due to financial institutions	**8,863,155**	**218,119**	**-**	**9,081,274**
Amounts due to customers	**1,100,127**	**7,739,333**	**5,470**	**8,844,940**
	9,963,282	**7,957,452**	**-**	**17,926,214**
Net position as at 31 December 2008	**5,250,282**	**(135,382)**	**32,192**	**5,147,086**
Credit related commitments as at 31 December 2008	**135,195**	**282,895**	**-**	**418,090**
Total financial assets	14,371,812	3,351,003	3,077,504	20,800,319
Total financial liabilities	9,206,476	4,680,546	3,032,960	16,919,982
Net position as at 31 December 2007	5,165,336	(1,329,543)	44,544	3,880,337
Credit related commitments as at 31 December 2007	133,424	-	-	133,424

Freely convertible currencies represent mainly US dollar amounts, but also include currencies from other OECD countries. Non-freely convertible amounts relate to currencies of CIS countries, excluding Republic of Armenia.

31.3 Liquidity risk

Liquidity risk is the risk that the Bank will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily bases. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Bank maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The Bank also has committed lines of credit that it can access to meet liquidity needs. In addition, the Bank maintains an obligatory minimum reserve deposits with the Central Bank of Armenia equal to 8% of certain obligations of the Bank denominated in Armenian drams and 12% on certain obligations of the Bank denominated in foreign currency. See note 14. The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Bank.

The liquidity management of the Bank requires considering the level of liquid assets necessary to settle obligations as they fall due; maintaining access to a range of funding sources; maintaining funding contingency plans and monitoring balance sheet liquidity ratios against regulatory requirements. The Bank calculates liquidity ratios on a daily basis in accordance with the requirement of the Central Bank of Armenia.

The table below summarises the maturity profile of the Bank's financial liabilities at 31 December 2008 based on contractual undiscounted repayment obligations. See note 30 for the expected maturities of these liabilities. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Bank expects that many customers will not request repayment on the earliest date the Bank could be required to pay and the table does not reflect the expected cash flows indicated by the Bank's deposit retention history.

In thousand Armenian drams						**2008**
	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**
FINANCIAL LIABILITIES						
Amounts due to financial institutions	**8,481,237**	**-**	**-**	**-**	**600,037**	**9,081,274**
Amounts due to customers	**2,163,014**	**175,940**	**3,888,890**	**2,617,116**	**-**	**8,844,940**
Total undiscounted financial liabilities	**10,644,251**	**175,940**	**3,888,890**	**2,617,116**	**600,037**	**17,926,214**
Credit related commitments	**261,150**	**68,039**	**50,386**	**38,515**	**-**	**418,090**

In thousand Armenian drams						2007
	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
FINANCIAL LIABILITIES						
Amounts due to financial institutions	8,923,338	458,343	223,480	74,535	92,965	9,772,661
Amounts due to customers	3,018,223	365,959	509,460	3,075,705	-	6,969,347
Trading liabilities	177,974	-	-	-	-	177,974
Total undiscounted financial liabilities	12,119,535	824,302	732,940	3,150,240	92,965	16,919,982
Credit related commitments	25,155	26,453	10,044	71,772	-	133,424

The deposits received from the Bank related parties are significant which is based on the gradual formation of depositary database. The Management of the Bank believes that this level of funding will remain with the Bank for the foreseeable future and that in the event of withdrawal of funds, the Bank would be given sufficient notice so as to realise its liquid assets to enable repayment.

32 Capital adequacy

The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision ("BIS rules/ratios") and adopted by the Central Bank of Armenia in supervising the Bank.

The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirements and that the Bank maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders' value.

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

The minimum ratio between total capital and risk weighted assets required by the Central Bank of Armenia is 12%.

Regulatory capital consists of Tier 1 capital, which comprises share capital, retained earnings including current year profit and general reserve. The other component of regulatory capital is Tier 2 capital, which includes revaluation reserve.

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of and reflecting an estimate of credit, market and operating risks.

The Bank has complied with all externally imposed capital requirements through the period.

The Central Bank of Armenia has set the minimal required total capital at AMD 5,000,000 thousand from January 1, 2009.

33 Subsequent events

On March 3, 2009 the Central Bank of Armenia has decided to go to floating exchange rate of dram against US dollar and other freely convertible currencies. This change has affected the exchange rate risk and financial position of the Bank in 2009 due to the fact that most of the debts of the Bank are denominated in those currencies. Refer to note 31.2.1 for the exchange rate risk of the Bank as of December 31, 2008.

On April 2, 2009 the following exchange rates were estimated:

AMD/1USD	**370.58**
AMD/1EUR	**491.98**

Grant Thornton

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BANK DETAILS

Full Name	"ARMSWISSBANK" CJSC
Licenses:	Banking License N 84 granted by the Central Bank of Armenia on February 25, 2005
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URL	www.armswissbank.am
Service hours:	9:30 - 17:30 (weekdays)

Main clearing accounts for international payments as of 31.12.2008

Austria			
Vienna	Reiffaisen Zentralbank Osterreich AG	EUR USD Custody Acc	RZBA AT WW
Switzerland			
Zurich	UBS AG	CHF EUR USD	UBSW CH ZH80A
Germany			
Frankfurt am Main	Commerzbank AG	EUR USD	COBA DE FF
Russian Federation			
Moscow	UniCreditBank	RUB EUR USD GBP CHF	IMBK RU MM
Moscow	Promsvyazbank JSCB	CHF EUR USD	PRMSRUMM
Latvia			
Riga	Norvik Bank JSC	EUR USD	LATBLV22
Ukraine			
Kiev	Ukrsotsbank JS CB	EUR USD UAH	UKRSUAUX
Republic of Armenia			
Yerevan	Central Bank of Armenia	EUR USD AMD Custody Acc	CBRA AM 22

Membership to Associations and Professional Bodies:

Union of Banks of Armenia (UBA)
Armenian stock exchange SRO
Society for Worldwide Interbank Financial Telecommunications (SWIFT)
American Chamber of Commerce in Armenia (AMCHAM)
Partner Bank of the German-Armenian Fund (Renewable Energy program)
Mortgage Market Participants Association of Armenia (MMPAA)
Armenian Credit Reporting Agency (ACRA)
FCI (FACTORS CHAIN INTERNATIONAL)
SME DNC (SME DEVELOPMENT NATIONAL CENTER)

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