

3 Net interest and similar income and expense

<u>Interest and similar incomes</u>	<u>01.07.21</u> <u>30.09.21</u>	<u>01.01.21</u> <u>30.09.21</u>	<u>01.07.20</u> <u>30.09.20</u>	<u>01.01.20</u> <u>30.09.20</u>
Amounts due from banks, financial institutions, bank current accounts	23,345	188,671	51,481	176,254
Loans and advances to customers	2,518,182	7,933,194	2,404,121	6,746,517
Debt securities available-for-sale	3,663,057	10,260,698	2,752,330	6,991,164
Debt securities held to maturity	2,278,289	5,978,686	1,754,858	5,193,212
Reverse repurchase transactions	12,723	79,709	15,926	136,636
Other interest income	111,048	286,555	58,838	166,485
Total interest and similar income	8,606,644	24,727,513	7,037,554	19,410,268
<u>Interest and similar expense</u>	<u>01.07.21</u> <u>30.09.21</u>	<u>01.01.21</u> <u>30.09.21</u>	<u>01.07.20</u> <u>30.09.20</u>	<u>01.01.20</u> <u>30.09.20</u>
Amounts due to banks, financial institutions, bank current accounts	436,956	1,272,227	371,251	1,167,427
Amounts due to customers	2,924,907	8,617,909	2,941,762	8,430,851
Amounts due to securities issued by the Bank	1,069,438	3,378,438	895,633	2,180,464
Repurchase agreement operations	1,631,708	3,512,906	256,664	500,039
Other interest expenses	2,424	8,035	29,403	83,997
Total interest and similar expense	6,065,433	16,789,515	4,494,713	12,362,778
Net interest and similar income and expense	2,541,211	7,937,998	2,542,841	7,047,490

4 Fee and commission income and expense

<u>Fee and commission income</u>	<u>01.07.21</u> <u>30.09.21</u>	<u>01.01.21</u> <u>30.09.21</u>	<u>01.07.20</u> <u>30.09.20</u>	<u>01.01.20</u> <u>30.09.20</u>
Cash collection	10,097	27,062	16,240	33,610
Wire transfer fees	67,977	201,201	81,613	207,681
Guarantees and letters of credit	3,918	14,759	30	70
Foreign currency translation and brokerage operations	16,422	48,929	12,138	36,755
Other fees and commissions	29,708	78,960	3,445	10,858
Total fee and commission income	128,122	370,911	113,466	288,974
<u>Fee and commission expense</u>	<u>01.07.21</u> <u>30.09.21</u>	<u>01.01.21</u> <u>30.09.21</u>	<u>01.07.20</u> <u>30.09.20</u>	<u>01.01.20</u> <u>30.09.20</u>
Correspondent and other accounts	20,052	54,043	14,625	31,745
Foreign currency translation and brokerage operations	2,815	15,208	1,739	5,875
Other expenses*	19,126	60,291	12,900	39,321
Total fee and commission expense	41,993	129,542	29,264	76,941
Net fee and commission income	86,129	241,369	84,202	212,033

5. Net income on trading operations

<u>Available for sale investments</u>	<u>01.07.21</u> <u>30.09.21</u>	<u>01.01.21</u> <u>30.09.21</u>	<u>01.07.20</u> <u>30.09.20</u>	<u>01.01.20</u> <u>30.09.20</u>
Net income on trading with available for sale investments, including				
	(200,807)	816,111	1,923,950	4,819,626
bonds	(200,807)	816,111	1,923,621	4,819,281
shares	-	-	329	345
Total	(200,807)	816,111	1,923,950	4,819,626
<u>Foreign currency operations</u>	<u>01.07.21</u> <u>30.09.21</u>	<u>01.01.21</u> <u>30.09.21</u>	<u>01.07.20</u> <u>30.09.20</u>	<u>01.01.20</u> <u>30.09.20</u>
Net income on trading with foreign currency	125,940	325,021	113,168	429,664
Net income on foreign currency revaluation	(36,106)	(220,960)	30,979	(132,359)
Net income/loss on derivatives	51,137	226,679	(1,945)	(4,761)
Total	140,971	330,740	142,202	292,544
<u>Precious metals bullion bars and coins</u>	<u>01.07.21</u> <u>30.09.21</u>	<u>01.01.21</u> <u>30.09.21</u>	<u>01.07.20</u> <u>30.09.20</u>	<u>01.01.20</u> <u>30.09.20</u>
Net income on trading with precious metals bullion bars and coins	78,762	139,154	(107,891)	(104,470)
Net income on revaluation of precious metals bullion bars and coins	(22,106)	(108,963)	42,207	53,909
Total	56,656	30,191	(65,684)	(50,561)
Net income on trading operations	(3,180)	1,177,042	2,000,468	5,061,609

6 Other operational income

	01.07.21 30.09.21	01.01.21 30.09.21	01.07.20 30.09.20	01.01.20 30.09.20
Other operational income				
Fines and penalties received	63,885	187,093	66,305	101,395
Net income from sale of fixed and intangible assets	625	18,104	0	670
Other income**	6,150	29,897	9,066	25,498
Total other income	70,660	235,094	75,371	127,563

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

	01.07.21 30.09.21	01.01.21 30.09.21	01.07.20 30.09.20	01.01.20 30.09.20
Total net provisions made				
Loans and advances to customers	(788,564)	426,650	(1,293,037)	(2,065,283)
Total	(788,564)	426,650	(1,293,037)	(2,065,283)

8. Total administrative expenses

	01.07.21 30.09.21	01.01.21 30.09.21	01.07.20 30.09.20	01.01.20 30.09.20
Total administrative expenses				
Wages and salaries*	384,768	1,167,906	429,289	1,268,854
Business trip expenses	808	1,376	547	6,204
Insurance expenses	9,795	29,560	9,393	26,053
Fixed assets maintenance	812	3,146	1,057	3,476
Building maintenance and security	14,004	41,354	13,182	56,323
Auditing, consulting and other services	7,806	24,940	6,480	18,480
Communication expenses	29,713	100,856	22,990	87,818
Transportation expenses	1,556	4,582	1,474	3,761
Taxes /other than income tax/ duties	2,284	8,984	22,521	30,086
Office and other organizational expenses	444	3,056	4,166	7,100
Expenses on granting and gathering loans	7,280	22,735	7,486	16,485
Other administrative expenses**	14,080	24,723	163,928	186,683
Total	473,350	1,433,218	682,513	1,711,323

* Average number of staff

146 **146** **149** **150**

* Average monthly salary per employee

705 **897** **1,131** **948**

9 Other operational expenses

	01.07.21 30.09.21	01.01.21 30.09.21	01.07.20 30.09.20	01.01.20 30.09.20
Other operational expenses				
Expenses on cash delivery	514	1,473	488	1,399
Advertising and representation expenses	2,120	10,821	2,919	11,513
Fixed assets and intangible assets depreciation expenses	53,686	158,541	52,771	132,142
Other expenses****	15,478	1,100,275	12,697	36,910
Total other operational expenses	71,798	1,271,110	68,875	181,964

11 Income Tax Expense

The corporate income tax in the Republic of Armenia is levied at the rate of 20%. Differences between IFRS and RA statutory tax regulations give rise to certain temporary differences between the book value of certain assets and liabilities for financial reporting purposes and for profit tax purposes. Deferred income tax is calculated using the principal tax rate of 20%. Numerical reconciliation between the tax expenses and accounting profit is provided below:

Thousand Armenian drams	01.01.21 30.09.21	Effective rate (%)	01.01.20 30.09.20	Effective rate (%)
Profit before tax	9,212,802		5,689,131	
Income tax at the rate of 20%	1,842,560	20	1,137,826	20
Non-taxable income				
Non-deductible expenses	24,486		30,949	
Foreign exchange (gains)/losses	(103,244)		(83,212)	
Other	(413,802)		414,437	
Adjustments to income and expenses for tax purposes				
Income tax expense	1,350,000		1,500,000	

Deferred tax calculation in respect of temporary differences:

Thousand Armenian drams	30.09.21	Recognized in equity	Recognized in Income statement	31.12.20
Other liabilities	-			-
Penalties receivable for impaired assets	-			-
Investments available for sale	399,494	399,494		-
Total deferred tax assets	399,494			-
Cash, cash equivalents and balances	-			-
Customer loans and prepayments	286,184			286,184
Amounts due from other financial institutions	(5,566)			(5,566)
Investments available for sale	(1,823,501)			(1,823,501)
Investment securities (HTM) carried at amortized cost	36,096			36,096
Fixed assets	(237,232)			(237,232)
Other assets	(9,010)		-	(9,010)
Other reserves	(19,809)			(19,809)
Lease obligations	(9,388)			(9,388)
Other liabilities	1,532,451		1,463,907	68,544
Total deferred tax liabilities	(249,775)		-	(1,713,682)
Net deferred tax liabilities	149,719		-	(1,713,682)

13 Cash, cash equivalents and balances with CBA

Thousand Armenian drams	30.09.21	31.12.20
Cash	3,212,105	1,887,175
Cash in ARMs	48,704	64,692
Correspondent accounts with the CBA	27,492,205	24,726,715
Deposited funds in CBA	120,000	310,000
Allowance for impairment	(11,374)	
Total cash, cash equivalents and balances with CBA	30,861,640	26,988,582

Standardized bullion bars of precious metals

Thousand Armenian drams	30.09.21	31.12.20
Standardized bullion bars of precious metals	678,886	834,280
Standardized bullion bars of precious metals	678,886	834,280

14 Amounts due from other financial institutions

Thousand Armenian drams	30.09.21	31.12.20
Correspondent accounts	1,794,906	2,890,729
Deposited funds in banks		145,890
Deposits in banks		182,520
Loans in banks	290,486	313,531
Accreditives in banks	69,707	22,708
Other accounts	3,554,272	
Deposited funds in financial institutions	1,636,806	258,205
Loans in banks other financial institutions	479,647	2,338,912
Repurchase agreements in other financial institutions		999,965
Other accounts	872,912	482,360
Accrued interest	11,484	28,145
Allowance for loan impairment	(94,515)	(60,294)
Total amounts due from other financial institutions	8,615,705	7,602,671

16 Loans and advances to customers

Thousand Armenian drams	30.09.21	31.12.20
Loans to customers, including	48,742,861	61,840,325
Factoring	1,977,642	3,089,349
Credit lines and overdraft	62,468,188	60,863,404
Repurchase agreements	209,151	129,506
Letters of credit	2,081,257	0
Financial leasing	1,785,072	1,669,336
Other amounts	61,504	10,804
Accrued interest	1,528,807	2,131,756
Total loans customers	118,854,482	129,734,480
Allowance for loan impairment	(5,295,790)	(6,236,256)
Total loans and advances to customers	113,558,692	123,498,224

Loans to individuals comprise the following products:

Thousand Armenian drams	30.09.21	31.12.20
Privately held companies, including	95,206,924	106,085,083
Large entities	43,255,805	56,014,721
Small and medium entities	51,951,119	49,070,362
Individuals	20,971,175	21,373,846
Sole proprietors	1,086,072	1,132,991
Other amounts	61,504	10,804
Accrued interest	1,528,807	2,131,756
Allowance for loan impairment	(5,295,790)	(6,236,256)
Total loans and advances to customers	113,558,692	123,498,224

Loans to individuals comprise the following products:

Thousand Armenian drams	30.09.21	31.12.20
Mortgage loans	16,763,372	16,489,851
Consumer loans	3,304,611	2,653,526
Repurchase agreements	209,151	129,506
Other	694,041	2,100,963
Total loans and advances to individuals (gross)	20,971,175	21,373,846

Structure of impaired (non performing) loans and borrowings

Thousand Armenian drams	30.09.21	31.12.20
Loans and borrowings, o/w	118,854,482	128,734,480
Impaired (non performing) loans and borrowings, o/w	5,973,298	8,488,409
overdue	458,074	337,030
Total loans	118,854,482	128,734,480
Allowance for loan impairment	(5,295,790)	(6,236,256)
Total loans	113,558,692	123,498,224

Analysis of loans and borrowings by economy sectors



Thousand Armenian drams	30.09.21	%	31.12.20	%
Industry	45,057,434	37.91%	47,102,987	36.31%
Agriculture	6,868,727	5.78%	13,653,948	10.52%
Construction	15,424,014	12.98%	16,072,482	12.39%
Transport and communication	1,182,803	1.00%	1,171,591	0.90%
Trade	21,666,096	18.23%	19,539,576	15.06%
Consumer	3,554,047	2.99%	2,814,222	2.17%
Mortgage loans	16,924,782	14.24%	16,620,599	12.81%
Services	6,683,216	5.62%	6,545,544	5.05%
Other, o/w	1,493,383	1.26%	6,213,530	4.79%
Total loans	118,854,482	100%	129,734,480	100%
Allowance for loan impairment	(5,295,790)		(6,236,256)	
Total net loans and borrowings	113,558,692		123,498,224	

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

1) total sum	40,716,454
2) percentage in gross loans (n % of loan portfolio),	34.26%
3) percentage in capital (n % of capital):	69.25%

17 Investments available for sale

Thousand Armenian drams	30.09.21	31.12.20
Quoted Investments		
Securities issued by the RA Ministry of Finance	142,598,516	148,172,984
o/w interest	1,220,075	1,398,554
RA corporate bonds	5,917,488	10,078,181
Unquoted Investments		
RA corporate shares	64,150	64,150
Total Investments	148,580,154	158,315,295

Other financial assets carried at amortized cost

Thousand Armenian drams	30.09.21	31.12.20
Securities issued by the RA Ministry of Finance	86,614,286	61,204,223
Accrued interest	834,227	2,061,014
Allowance for impairment	(316,147)	(200,532)
Other financial assets carried at amortized cost	87,132,366	63,064,705

Non current assets held for sale

Thousand Armenian drams	30.09.21	31.12.20
Non current assets held for sale	2,242,297	2,266,870
Non current assets held for sale*	2,242,297	2,266,870

* The non-current asset became the property of the bank as a result of takeover of the collateral, which the bank does not intend to keep in the future and will sell as soon as possible.

All debt securities have fixed coupons.

The real value of unquoted available-for-sale debt securities is measured using a valuation technique, which is based on available observable market data.

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

	30.09.21		31.12.20	
	%	Term	%	Term
Securities issued by RA Ministry of Finance (AMD)	9.98-10.11	2024-2050	6.73-9.14	2021-2047
Securities issued by RA Ministry of Finance (USD)	2.86-4.26	2025-2029	3.32-3.88	2025-2029
RA corporate bonds (AMD)	6.28-7.78	2022-2023	7.50-8.00	2021-2025
RA corporate bonds (USD)	0.53-9.37	2021-2025	5.8-9.37	2021-2025

20 Fixed assets, intangible assets

	PPE	Computers and communication facilities	Vehicles	Office equipment	Total
Initial value					
Initial cost as of 1 January, 2021	2,054,092	310,989	124,247	152,951	2,642,279
Additions	158,544	21,810	16,150	16,362	212,866
Disposals	-	(2,767)	(47,101)	-	(49,868)
As of September 30, 2021	2,212,636	330,032	93,296	169,313	2,805,277
ACCRUED DEPRECIATION					
As of 1 January, 2021	464,609	206,427	92,506	118,557	882,099
Additions	91,337	19,113	6,199	5,992	122,641
Disposals	(820)	(2,356)	(45,524)	-	(48,700)
As of September 30, 2021	555,126	223,184	53,181	124,549	956,040
CARRYING VALUE					
As of September 30, 2021	1,657,510	106,848	40,115	44,764	1,849,237

Thousand Armenian drams	Computer programmes	Other intangible assets	Total
Initial value as of 1 January, 2021	117,333	79,910	197,243
Additions	15,842	5,334	21,176
Devaluation	13,317	4,432	17,749
As of September 30, 2021	119,858	80,812	200,670
ACCRUED DEPRECIATION			
As of 1 January, 2021	86,518	27,529	114,047
Additions	9,559	8,567	18,126
Devaluation	13,317	3,119	16,436
As of September 30, 2021	82,780	32,977	115,737
CARRYING VALUE			
As of September 30, 2021	37,098	47,835	84,933

22 Other Assets

Thousand Armenian drams	30.09.21	31.12.20
Prepayments and other debtors	2,226,791	1,189,954
Prepayments of other taxes	261,308	432,592
Reserve	14,110	12,144
Costs of future period	139,139	81,752
Other assets	2,675	8,890
Allowance for other receivables and prepayments	(7,621)	0
Total other assets	2,636,402	1,725,332

23 Amounts due to financial institutions

Thousand Armenian drams	30.09.21	31.12.20
Amounts due to CBA	84,920,542	55,923,236
Loans from CBA	8,769,794	6,749,182
Repurchase agreements	75,999,984	48,999,992
Accrued interest	150,764	174,062
Amounts due to financial institutions	43,090,474	51,141,750
Correspondent accounts of other banks	21,624	23,534
Loans from banks	600,000	4,180,671
Repurchase agreements from banks	1,331,980	13,542,580
Letters of credit	4,577,938	1,141,872
Other liabilities from banks	3,550,334	-
Accrued interest	7,530	-
Current accounts of other financial institutions	1,573,949	1,039,928
Loans and deposits from other financial institutions	20,582,367	22,022,351
Repurchase agreements from other financial institutions	10,431,336	8,513,443
Other amounts	10,371	14,103
Accrued interest	403,045	663,268
Total amounts due to CBA and financial institutions	128,011,016	107,064,986

24 Amounts due to customers

Thousand Armenian drams	30.09.21	31.12.20
RA government	0	20,000
- resident		20,000
0		20,000
Legal entities	84,558,043	95,463,407
Current/Settlement accounts	7,515,384	10,202,303
- resident	5,016,147	5,938,683
Term deposits	72,408,143	82,014,989
- resident	11,517,350	10,680,823
Accrued interest	101,980	135,104
- resident	51,645	40,508
Other liabilities	4,530,556	3,111,011
- resident	4,530,556	3,111,011
Sole proprietors	481,819	238,859
Current accounts	430,555	173,092
- resident	430,555	173,092
Term deposits	49,814	65,456
- resident	49,814	65,456
Accrued interest	1,850	311
- resident	1,850	311
Individuals	39,678,572	38,868,595
Current accounts	16,316,786	13,826,575
- resident	2,258,668	2,216,122
Term deposits	23,021,636	24,756,766
- resident	7,003,706	7,946,362
Accrued interest	250,026	254,286
- resident	181,542	174,745
Other liabilities	90,124	30,968
- resident	75,788	16,635
Total amounts due to customers	124,716,434	134,590,861

25 Securities issued by the Bank

Thousand Armenian drams	30.09.21	31.12.20
Securities issued by the Bank	60,013,913	64,911,905
Securities issued by the Bank	60,013,913	64,911,905

27 Accounts payable

Thousand Armenian drams	30.09.21	31.12.20
Deposit insurance	36,000	27,947
Total other liabilities	36,000	27,947

28 Subordinated debt

Thousand Armenian drams	30.09.21	31.12.20
Subordinated debt	23,454,801	13,826,587
Total subordinated debt	23,454,801	13,826,587

29 Other liabilities

Thousand Armenian drams	30.09.21	31.12.20
Tax liabilities	649,531	279,567
Amounts payable for factoring	174,405	170,781
Income of future period	7,307	62,803
Due to personnel	364,279	374,800
Amounts payable to suppliers	33,819	30,002
Amounts payable for financial leasing	83,469	115,583
Other	9,692	8,351
Total other liabilities	1,322,502	1,041,887

30 Equity

Thousand Armenian drams	30.09.21	31.12.20
Statutory capital	16,205,748	16,205,748
Ordinary shares	10,000,200	10,000,200
Share premium	6,205,548	6,205,548
Reserves, including	29,782,486	34,936,706
Main reserve	30,000,000	25,000,000
Gains from the revaluation of non-current assets	1,137,863	1,134,703
Revaluation reserve	(1,355,377)	8,802,003
Non-distributed profit	12,805,631	11,769,831
current year	6,015,800	6,026,075
previous year	6,789,831	5,763,756
Total capital	58,793,665	62,932,285

As of September 30, 2021 the Bank's share capital consists of 16,667 ordinary shares. "HVS Holding" GmbH is a shareholder of 14,588 shares out of a total of 16,667 shares of the bank, and "FMTM Distribution" LLC is a shareholder of 2,079 shares. Significant shareholders of the bank are "HVS Holding" GmbH, which owns 87.53% of the voting shares, and "FMTM Distribution", which owns 12.47% of the voting shares.

As of September 30, 2021 total normative capital of the bank is AMD 70 bln.

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

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

Thousand Armenian drams	30.09.21	31.12.20
Undrawn loan commitments	13,007,831	8,836,214
Guarantees provided	2,786,716	4,123,067
Allowance for impairment of liabilities bearing credit risk	(175,035)	(28,195)
Total credit risk related commitments	15,599,512	12,930,086

Transactions with related parties

Thousand Armenian drams	30.09.21		31.12.20	
	Shareholders and related parties	Key management and related parties	Shareholders and related parties	Key management and related parties
Loans and advances to customers				
Loans outstanding as of January 1, gross	12,291,052	916,038	9,586,904	768,122
Loans issued during the year	4,986,327	251,490	6,786,057	418,150
Loan repayments during the year	8,269,288	488,928	4,061,909	270,234
As of September 30, 2021	9,008,111	678,600	12,291,052	916,038
Interest income on loans	684,678	35,723	827,980	69,600
Amounts due to customers				
Deposits outstanding as of January 1	84,230,453	240,318	67,653,561	221,567
Deposits received during the year	69,295,847	3,002,188	109,985,187	13,205,772
Deposits paid during the year	72,295,013	3,100,927	93,418,295	13,187,021
As of September 30, 2021	71,231,287	141,579	84,230,453	240,318
Interest expenses on deposits	4,684,620	3,548	7,666,955	3,221
Amounts due from other financial institutions			2,070,000	
Interest income			157,527	
Amounts due to other financial institutions	8,745		9,549	
Bondes issued	31,734,990	717,601	33,885,382	1,133,696
Subordinated debt	23,579,509		13,826,587	
Interest expenses	-	-	-	-
Guarantees provided	-	-	-	-
Income from guarantees	-	-	-	-
Income and expenses				
Income on commissions	3,971	181	5,824	3,072
Other income	0		510	

Compensation of key management was comprised of salaries and rewards:

Thousand Armenian drams	30.09.21	31.12.20
Salaries and other short-term benefits	245,842	624,375
Total key management compensation	245,842	624,375

Risk management

Credit risk

Maximum exposure of credit risk Geographical Sectors

The following table breaks down the Bank's main credit exposure by book value categorized by geographical regions

30.09.21					
Thousand AMD	RA	CIS countries	Non-OECD countries	OECD countries	Total
Assets					
Cash and balances with CBA	30,861,640	-	-	-	30,861,640
Precious metals	678,886	-	-	-	678,886
Amounts due from other financial institutions	1,937,473	4,318,607	-	2,359,625	8,615,705
Loans and advances to customers	111,040,265	496,093	3,000	2,019,334	113,558,692
Investments available for sale	135,548,717	-	-	13,031,437	148,580,154
Other financial assets carried at amortized cost	87,132,366	-	-	-	87,132,366
Total	367,199,347	4,814,700	3,000	17,410,396	389,427,443
Liabilities					
Amounts due to financial institutions	92,374,726	3,547,144	1,469,072	30,620,074	128,011,016
Amounts due to customers	32,083,143	425,508	80,011,324	12,196,459	124,716,434
Securities issued by the Bank	22,949,548	38,646	33,202,072	3,823,647	60,013,913
Subordinated debt	-	-	20,548,088	2,906,713	23,454,801
Total	147,407,417	4,011,298	136,230,556	49,546,893	336,196,164
Net position	219,791,930	803,402	(135,227,556)	(32,136,497)	63,231,279

31.12.20					
Thousand AMD	RA	CIS countries	Non-OECD countries	OECD countries	Total
Assets					
Cash and balances with CBA	26,988,582	-	-	-	26,988,582
Precious metals	834,280	-	-	-	834,280
Amounts due from other financial institutions	3,177,952	1,457,960	-	2,966,759	7,602,671
Loans and advances to customers	121,067,338	728,431	23,864	1,678,591	123,498,224
Investments available for sale	146,570,841	-	-	11,744,454	158,315,295
Other financial assets at amortized cost	63,064,705	-	-	-	63,064,705
Total	361,703,698	2,186,391	23,864	16,389,804	380,303,757
Liabilities					
Amounts due to financial institutions	78,561,902	1,059,789	846,325	26,596,970	107,064,986
Amounts due to customers	31,057,094	716,292	90,669,762	12,147,713	134,590,861
Securities issued by the Bank	11,516,800	41,038	46,082,388	7,271,679	64,911,905
Subordinated debt	-	-	10,689,415	3,137,172	13,826,587
Total	121,135,796	1,817,119	148,287,890	49,153,534	320,394,339
Net position	240,567,902	369,272	(148,264,026)	(32,763,730)	59,909,418

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

Collateral

- Mortgages over residential properties;
- Charges over business assets such as premises, inventory and accounts receivable;
- Charges over financial instruments such as debt securities and equities.

Collateral held as security for financial assets other than loans and advances is determined by the type of the instrument. Debt securities, treasury and other eligible bills are generally unsecured.

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

Thousand Armenian drams	30.09.21	31.12.20
Loans collateralized by securities	8,597,490	10,077,084
Loans collateralized by real estate	64,891,187	68,598,628
Loans collateralized by deposit	4,873,842	4,968,262
Loans collateralized by movable property	9,082,537	13,634,964
Loans collateralized by vehicles	1,460,367	1,778,102
Loans collateralized by finished products	3,808,315	3,829,101
Loans collateralized by cash flow	2,092,849	2,212,318
Loans collateralized by pledge of right	7,085,704	7,677,613
Other collateral	16,962,190	16,958,408
Total loans and advances (gross)	118,854,481	129,734,480

Market Risk



Market Risk

Interest Rate risk

Հարկածի տեսակներ	30.09.21		31.12.20	
	AMD	Foreign currency	AMD	Foreign currency
	%	%	%	%
Assets				
Balance with the CBA	-	-	-	-
Amounts due from banks and other financial institutions, including	10.87%	6.21%	6.62%	5.51%
Interbank loans				
Interbank repurchase agreements				
Interbank interest swap				
Loans and advances to customers	10.96%	7.75%	10.05%	7.44%
Available-for-sale and trading securities	12.21%	6.31%	12.16%	6.24%
Held-to-maturity securities	11.82%	5.46%	13.00%	-
Liabilities				
Amounts due to banks and other financial institutions	7.63%	9.04%	5.81%	5.79%
Amounts due to customers	9.87%	4.58%	10.22%	4.82%
Amounts due to issued securities	9.38%	5.56%	9.82%	5.58%
Subordinated debt	12.75%	5.27%	14.00%	5.27%

Thousand Armenian drams

Currency	Change in base points	Sensitivity of equity				Total
		Up to 6 months	6 months to 1 year	1 year to 5 years	more than 5 years	
AMD	0.5	-	-	-	4,925,044	-4,925,044
USD	0.5	-	-	185,886	94,414	-280,280
AMD	-0.5	-	-	-	5,270,500	5,270,500
USD	-0.5	-	-	189,435	98,219	287,654

Thousand Armenian drams

Currency	Change in base points	Sensitivity of equity				Total
		Up to 6 months	6 months to 1 year	1 year to 5 years	more than 5 years	
AMD	0.5	-	-	25,321	5,475,944	-5,501,265
USD	0.5	-	-	245,788	113,095	-368,883
AMD	-0.5	-	-	25,886	5,894,092	5,919,978
USD	-0.5	-	-	251,340	118,049	369,389

Foreign exchange risk

Thousand Armenian drams

Currency	30.09.21		31.12.20	
	Change in currency rate in %	Effect on profit before tax	Change in currency rate in %	Effect on profit before tax
USD	5%	11,040	5%	240,194
EUR	3%	4,708	3%	12,219

Thousand Armenian drams

30.09.21



	Armenian dram	Freely convertible currencies	Non-freely convertible currencies	Total
Assets				
Cash and balances with the CBA	15,942,407	14,856,645	62,588	30,861,640
Precious metals	-	678,886	-	678,886
Amounts due from other financial institutions	6,438,705	2,125,166	51,834	8,615,705
Loans and advances to customers	12,325,836	94,291,398	6,941,458	113,558,692
Investments available for sale	130,359,397	18,220,757	-	148,580,154
Other financial assets carried at amortized cost	78,256,112	8,876,254	-	87,132,366
Total	243,322,457	139,049,106	7,055,880	389,427,443
Liabilities				
Amounts due to financial institutions	78,913,507	41,843,648	7,253,861	128,011,016
Amounts due to customers	35,669,052	88,928,265	119,117	124,716,434
Securities issued by the Bank	26,712,562	33,301,351	-	60,013,913
Subordinated debt	12,777,089	10,677,712	-	23,454,801
Total	154,072,210	174,760,976	7,372,978	336,196,164
Net position as of September 30, 2021	89,250,247	(35,701,870)	(317,098)	53,231,279
Credit related commitments as of September 31, 2021	9,704,526	4,914,881	-	14,619,407

Thousand Armenian drams

31.12.20

0	Armenian dram	Freely convertible currencies	Non-freely convertible currencies	Total
Assets				
Cash and balances with the CBA	12,591,865	14,354,921	41,796	26,988,582
Precious metals	-	834,280	-	834,280
Amounts due from other financial institutions	4,205,123	3,112,852	284,696	7,602,671
Loans and advances to customers	42,172,517	79,231,139	2,094,568	123,498,224
Investments available for sale	133,738,909	24,576,386	-	158,315,295
Other financial assets carried at amortized cost	63,064,705	-	-	63,064,705
0				
Total	255,773,119	122,109,578	2,421,080	380,303,767
0				
Liabilities				
Amounts due to financial institutions	78,864,766	26,143,736	2,056,484	107,064,986
Amounts due to customers	84,024,484	50,108,788	457,589	134,590,861
Securities issued by the Bank	28,567,415	36,344,490	-	64,911,905
Subordinated debt	8,064,438	5,762,149	-	13,826,587
0				
Total	199,521,103	118,359,163	2,514,073	320,394,339
0				
Net position as of December 31, 2020	56,252,016	3,750,415	(93,013)	59,909,418
0				
Credit related commitments as of December 31, 2020	9,319,285	3,610,821	-	12,930,086

Liquidity risk

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

30.09.21

Thousand Armenian drams	Impaired		On demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	Total
	Overdue	Not overdue but impaired						
Assets								
Cash and balances with CBA	-	-	30,861,640	-	-	-	-	30,861,640
Precious metals	-	-	678,886	-	-	-	-	678,886
Amounts due from other financial institutions	-	-	7,795,682	221,678	289,138	309,207	-	8,615,705
Loans and advances to customers	475,393	3,757,518	7,545,126	7,677,355	26,019,124	43,801,193	24,282,963	113,558,692
Investments available for sale	-	-	90,373,229	396,459	13,475,170	2,542,098	41,793,198	148,580,154
Other financial assets carried at amortized cost			2,115	126,767	702,330	11,805,190	74,495,964	87,132,366
0								
TOTAL	475,393	3,757,518	137,256,678	6,422,259	40,485,762	58,457,888	140,572,145	389,427,443
0								
Liabilities								
Amounts due to financial institutions	-	-	88,663,987	4,447,129	13,984,418	14,694,223	6,221,259	128,011,016
Amounts due to customers	-	-	31,630,222	4,094,356	14,648,078	68,343,778	6,000,000	124,716,434
Securities issued by the Bank	-	-	-	1,079,678	7,083	58,829,768	97,384	60,013,913
Subordinated debt	-	-	128,601	-	-	13,326,200	10,000,000	23,454,801
0								
Total			120,422,810	9,621,163	28,639,579	155,193,969	22,318,643	336,196,164
Net position	475,393	3,757,518	16,833,868	(1,198,904)	11,846,183	(96,736,281)	118,253,502	53,231,279
Accumulated gap			16,833,868	15,634,964.00	27,481,147	(69,255,134)	48,998,368	

31.12.20

Thousand Armenian drams	Impaired		On demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	Total
	Overdue	Not overdue but impaired						
Assets								
Cash and balances with CBA	-	-	26,988,582	-	-	-	-	26,988,582
Precious metals	-	-	834,280	-	-	-	-	834,280
Amounts due from other financial institutions	-	-	5,164,098	1,819,776	130,688	397,298	90,811	7,602,671
Loans and advances to customers	223,282	4,369,056	3,625,528	8,023,126	30,488,677	55,530,592	21,237,963	123,498,224
Investments available for sale	-	-	73,164,869	5,783,527	8,521,307	7,944,726	62,900,866	159,316,295
Other financial assets carried at amortized cost	-	-	-	2,046,311	8,151	-	61,010,243	63,064,705
0								
TOTAL	223,282	4,369,056	109,777,357	17,872,740	39,148,823	63,872,618	145,239,883	380,303,757
0								
Liabilities								
Amounts due to financial institutions	-	-	70,158,761	7,698,078	11,618,466	12,624,451	4,965,230	107,064,986
Amounts due to customers	-	-	41,412,230	2,722,384	18,350,791	68,519,614	3,585,842	134,590,861
Securities issued by the Bank	-	-	-	253,945	2,297,286	47,023,409	15,337,265	64,911,905
Subordinated debt	-	-	78,097	-	-	13,748,490	-	13,826,587
0								
Total			111,649,088	10,674,407	32,266,543	141,915,964	23,888,337	320,394,339
Net position	223,282	4,369,056	(1,871,731)	6,998,333	6,882,280	(78,043,346)	121,351,546	59,909,418
Accumulated gap			(1,871,731)	5,126,602.00	12,008,882	(66,034,466.00)	65,317,080	

Average assets and capital

30.09.21

Average assets	290,891,464
Average capital	72,920,596

Collateral received

Unfulfillment of obligations/violations