

3 Net interest and similar income and expense

<u>Interest and similar incomes</u>	<u>01.10.22</u> <u>31.12.22</u>	<u>01.01.22</u> <u>31.12.22</u>	<u>01.10.21</u> <u>31.12.21</u>	<u>01.01.21</u> <u>31.12.21</u>
Amounts due from banks, financial institutions, bank current accounts	31,008	132,621	29,937	218,608
Loans and advances to customers	3,032,583	11,468,100	2,737,913	10,671,107
Debt securities available-for-sale	3,182,980	13,001,597	3,393,607	13,654,305
Debt securities held to maturity	2,246,979	9,049,588	2,273,448	8,252,134
Reverse repurchase transactions	60,103	154,100	4,308	84,017
Other interest income	171,825	527,235	87,075	373,630
Total interest and similar income	8,725,478	34,333,241	8,526,288	33,253,801
<u>Interest and similar expense</u>	<u>01.10.22</u> <u>31.12.22</u>	<u>01.01.22</u> <u>31.12.22</u>	<u>01.10.21</u> <u>31.12.21</u>	<u>01.01.21</u> <u>31.12.21</u>
Amounts due to banks, financial institutions, bank current accounts	1,045,470	3,821,702	737,401	2,009,628
Amounts due to customers	3,241,070	12,922,932	3,023,007	11,640,916
Amounts due to securities issued by the Bank	972,211	4,010,169	1,052,256	4,430,694
Repurchase agreement operations	1,570,254	5,569,499	1,364,390	4,877,296
Other interest expenses	1,583	15,149	2,137	10,172
Total interest and similar expense	6,830,588	26,339,451	6,179,191	22,968,706
Net interest and similar income and expense	1,894,890	7,993,790	2,347,097	10,285,095

4 Fee and commission income and expense

<u>Fee and commission income</u>	<u>01.10.22</u> <u>31.12.22</u>	<u>01.01.22</u> <u>31.12.22</u>	<u>01.10.21</u> <u>31.12.21</u>	<u>01.01.21</u> <u>31.12.21</u>
Cash collection	12,479	78,851	15,559	42,621
Wire transfer fees	71,728	306,349	68,881	270,082
Guarantees and letters of credit	9,702	37,325	3,307	18,066
Foreign currency translation and brokerage operations	6,612	38,327	11,285	60,214
Other fees and commissions	40,913	154,103	30,804	109,764
Total fee and commission income	141,434	614,955	129,836	500,747
<u>Fee and commission expense</u>	<u>01.10.22</u> <u>31.12.22</u>	<u>01.01.22</u> <u>31.12.22</u>	<u>01.10.21</u> <u>31.12.21</u>	<u>01.01.21</u> <u>31.12.21</u>
Correspondent and other accounts	12,962	68,816	28,486	82,529
Foreign currency translation and brokerage operations	31	3,595	3,245	18,453
Other expenses*	21,346	84,857	21,394	81,685
Total fee and commission expense	34,339	157,268	53,125	182,667
Net fee and commission income	107,095	457,687	76,711	318,080

5. Net income on trading operations

<u>Available for sale investments</u>	<u>01.10.22</u> <u>31.12.22</u>	<u>01.01.22</u> <u>31.12.22</u>	<u>01.10.21</u> <u>31.12.21</u>	<u>01.01.21</u> <u>31.12.21</u>
Net income on trading with available for sale investments, including	9,648	20,942	1,062,505	1,878,616
bonds	9,648	19,136	1,062,505	1,878,616
shares		1,806		
Total	9,648	20,942	1,062,505	1,878,616
<u>Foreign currency operations</u>	<u>01.10.22</u> <u>31.12.22</u>	<u>01.01.22</u> <u>31.12.22</u>	<u>01.10.21</u> <u>31.12.21</u>	<u>01.01.21</u> <u>31.12.21</u>
Net income on trading with foreign currency	385,032	1,491,260	220,077	545,098
Net income on foreign currency revaluation	(351,411)	(927,915)	(89,048)	(310,008)
Net income/loss on derivatives	(8,772)	34,755	2,113	228,792
Total	24,849	598,100	133,142	463,882
<u>Precious metals bullion bars and coins</u>	<u>01.10.22</u> <u>31.12.22</u>	<u>01.01.22</u> <u>31.12.22</u>	<u>01.10.21</u> <u>31.12.21</u>	<u>01.01.21</u> <u>31.12.21</u>
Net income on trading with precious metals bullion bars and coins	32,828	84,762	(18,984)	120,170
Net income on revaluation of precious metals bullion bars and coins	3,867	(109,447)	15,482	(93,481)
Total	36,695	(24,685)	(3,502)	26,689
Net income on trading operations	71,192	594,357	1,192,145	2,369,187

6 Other operational income

	01.10.22	01.01.22	01.10.21	01.01.21
<u>Other operational income</u>	<u>31.12.22</u>	<u>31.12.22</u>	<u>31.12.21</u>	<u>31.12.21</u>
Fines and penalties received	107,162	225,237	89,330	276,423
Net income from sale of fixed and intangible assets		37,014	(64,667)	(46,563)
Other income**	12,610	51,766	9,718	39,615
Total other income	119,772	314,017	34,381	269,475

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

	01.10.22	01.01.22	01.10.21	01.01.21
<u>Total net provisions made</u>	<u>31.12.22</u>	<u>31.12.22</u>	<u>31.12.21</u>	<u>31.12.21</u>
Loans and advances to customers	1,079,759	1,363,400	(789,750)	(343,120)
Total	1,079,759	1,363,400	(789,750)	(343,120)

8. Total administrative expenses

	01.10.22	01.01.22	01.10.21	01.01.21
<u>Total administrative expenses</u>	<u>31.12.22</u>	<u>31.12.22</u>	<u>31.12.21</u>	<u>31.12.21</u>
Wages and salaries*	413,134	1,801,187	401,684	1,569,590
Business trip expenses	8,574	28,792	7,516	8,892
Insurance expenses	12,951	45,340	11,801	41,361
Fixed assets maintenance	1,207	5,804	1,476	4,622
Building maintenance and security	13,197	53,274	13,623	54,977
Auditing, consulting and other services	40,811	67,192	14,952	39,892
Communication expenses	35,521	127,935	29,842	130,698
Transportation expenses	1,220	4,333	1,981	6,563
Taxes /other than income tax/ duties	4,285	12,953	18,439	27,423
Office and other organizational expenses	9,728	14,709	8,342	11,398
Expenses on granting and gathering loans	6,491	31,152	18,461	41,196
Other administrative expenses**	10,274	30,140	22,186	46,910
Total	557,393	2,222,811	550,303	1,983,522

* Average number of staff	<u>149</u>	<u>151</u>	<u>146</u>	<u>146</u>
* Average monthly salary per employee	<u>761</u>	<u>695</u>	<u>912</u>	<u>901</u>

9 Other operational expenses

	01.10.22	01.01.22	01.10.21	01.01.21
<u>Other operational expenses</u>	<u>31.12.22</u>	<u>31.12.22</u>	<u>31.12.21</u>	<u>31.12.21</u>
Expenses on cash delivery	7,338	8,699	458	1,931
Advertising and representation expenses	11,958	28,538	9,104	19,925
Fixed assets and intangible assets depreciation expenses	53,525	212,834	52,865	211,406
Other expenses****	15,512	62,394	181,821	1,282,096
Total other operational expenses	88,333	312,465	244,248	1,515,358

11 Income Tax Expense

The corporate income tax in the Republic of Armenia is levied at the rate of 18%. Differences between IFRS and RA statutory tax regulations give rise to certain temporary differences between the book value of certain assets and liabilities for financial reporting purposes and for profit tax purposes. Deferred income tax is calculated using the principal tax rate of 18%. Numerical reconciliation between the tax expenses and accounting profit is provided below:

Thousand Armenian drams	01.01.22 31.12.22	Effective rate (%)	01.01.21 31.12.21	Effective rate (%)
Profit before tax	5,216,268		6,031,833	
Profit tax	938,928	18	1,206,367	20
Non-deductible expenses	39,313		52,123	
Foreign exchange (gains)/losses	(1,002,607)		(174,697)	
Other	1,484,366		616,207	
Income tax expense	1,460,000		1,700,000	

Deferred tax calculation in respect of temporary differences:

Thousand Armenian drams	31.12.22	Recognized in equity	Recognized in Income statement	31.12.21
Amounts due from other financial institutions	5,646			5,646
Customer loans and prepayments	220,792			220,792
Investments available for sale	4,109,554		4,429,517	769,912
Investment securities	102,339			102,339
Fixed assets	(177,723)			(177,723)
Other assets	(14,792)			(14,792)
Other reserves				(30,977)
Lease obligations	(14,344)			(14,344)
Other liabilities	68,334			68,334
Total deferred tax liabilities	4,299,806			929,187

13 Cash, cash equivalents and balances with CBA

Thousand Armenian drams	31.12.22	31.12.21
Cash	2,878,394	1,837,060
Cash in ARMs	69,569	58,356
Correspondent accounts with the CBA	22,789,055	24,303,499
Deposited funds in CBA	260,000	210,000
Allowance for impairment	(10,182)	
Total cash, cash equivalents and balances with CBA	25,986,836	26,408,915

Standardized bullion bars of precious metals

Thousand Armenian drams	31.12.22	31.12.21
Standardized bullion bars of precious metals	38,239	688,505
Standardized bullion bars of precious metals	38,239	688,505

14 Amounts due from other financial institutions

Thousand Armenian drams	31.12.22	31.12.21
Correspondent accounts	1,685,095	861,531
Deposited funds in financial institutions	1,116,230	345,752
Deposits in banks	1,141,353	269,640
Loans in banks	118,049	288,018
Loans in banks other financial institutions	838,678	621,443
Repurchase agreements in other financial institutions	2,286,692	
Other accounts	3,513,592	1,126,957
Accrued interest	47,348	9,708
Allowance for loan impairment	(14,119)	(58,918)
Total amounts due from other financial institutions	10,732,918	3,464,131

16 Loans and advances to customers

Thousand Armenian drams	31.12.22	31.12.21
Loans to customers, including	46,682,701	49,343,550
Factoring	2,587,505	2,229,701
Credit lines and overdraft	72,113,970	66,988,451
Repurchase agreements	178,067	187,431
Financial leasing	4,107,822	2,096,193
Other amounts	581,319	252,362
Accrued interest	1,993,591	1,155,197
Total loans customers	128,244,975	122,252,885
Allowance for loan impairment	(3,606,746)	(5,493,375)
Total loans and advances to customers	124,638,229	116,759,510

Loans to individuals comprise the following products:

Thousand Armenian drams	31.12.22	31.12.21
Privately held companies, including	103,136,237	98,087,915
Large entities	38,687,718	38,986,888
Small and medium entities	64,448,519	59,101,027
Individuals	20,369,444	21,455,366
Sole proprietors	2,164,384	1,302,045
Other amounts	581,319	252,362
Accrued interest	1,993,591	1,155,197
Allowance for loan impairment	(3,606,746)	(5,493,375)
Total loans and advances to customers	124,638,229	116,759,510

Loans to individuals comprise the following products:

Thousand Armenian drams	31.12.22	31.12.21
Mortgage loans	17,711,078	17,536,941
Consumer loans	1,875,703	3,045,282
Repurchase agreements	178,067	187,432
Other	604,596	685,711
Total loans and advances to individuals (gross)	20,369,444	21,455,366

Structure of impaired (non performing) loans and borrowings

Thousand Armenian drams	31.12.22	31.12.21
Loans and borrowings, o/w	128,244,975	122,252,885
Impaired (non performing) loans and borrowings, o/w	4,817,949	5,207,736
overdue	201,565	445,068
Total loans	128,244,975	122,252,885
Allowance for loan impairment	(3,606,746)	(5,493,375)
Total loans	124,638,229	116,759,510

Analysis of loans and borrowings by economy sectors



Thousand Armenian drams	31.12.22	%	31.12.21	%
Industry	54,989,254	42.88%	49,549,589	40.53%
Agriculture	9,559,875	7.45%	7,402,710	6.06%
Construction	13,398,149	10.45%	14,285,067	11.68%
Transport and communication	1,117,283	0.87%	1,241,895	1.02%
Trade	18,898,080	14.73%	20,110,593	16.45%
Consumer	2,082,568	1.62%	3,276,780	2.68%
Mortgage loans	17,793,727	13.87%	17,761,659	14.53%
Services	8,098,028	6.31%	6,812,210	5.57%
Other	2,310,014	1.80%	1,812,402	1.48%
Total loans	128,244,975	100%	122,252,885	100%
Allowance for loan impairment	(3,606,746)		(5,493,375)	
Total net loans and borrowings	124,638,229		116,759,510	

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

1) total sum	45,919,174
2) percentage in gross loans (n % of loan portfolio),	35.81%
3) percentage in capital (n % of capital):	91.65%

17 Investments available for sale

Thousand Armenian drams	31.12.22	31.12.21
Quoted Investments		
RA corporate shares	44,575	44,575
Securities issued by the RA Ministry of Finance	122,539,308	148,966,299
<i>o/w interest</i>	<i>1,015,008</i>	<i>992,634</i>
RA corporate bonds	2,220,260	5,770,144
Unquoted Investments		
RA corporate shares	19,575	19,575
Total Investments	124,823,718	154,800,593

Other financial assets carried at amortized cost

Thousand Armenian drams	31.12.22	31.12.21
Securities issued by the RA Ministry of Finance	84,831,784	85,918,765
RA corporate bonds	2,846,827	720,007
Accrued interest		2,904,204
Allowance for impairment	(524,426)	(568,548)
Other financial assets carried at amortized cost	87,154,185	88,974,428

Non current assets held for sale

Thousand Armenian drams	31.12.22	31.12.21
Non current assets held for sale	1,719,742	1,794,760
Non current assets held for sale*	1,719,742	1,794,760

* The non-current asset became the property of the bank as a result of takeover of the collateral, which the bank does not intend to keep in the fut 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 mar data.

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

	31.12.22		31.12.21	
	%	Term	%	Term
Securities issued by RA Ministry of Finance (AMD)	11.05-12.01	2023-2050	9.52-10.09	2024-2050
Securities issued by RA Ministry of Finance (USD)	6.54-6.76	2025-2031	3.33-4.50	2025-2031
RA corporate bonds (AMD)	9.00-11.75	2023-2027	8.36-9.50	2022-2024
RA corporate bonds (USD)	3.30-9.37	2023-2025	3.10-9.37	2022-2025

20 Fixed assets, intangible assets

	PPE	Computers and communication facilities	Vehicles	Office equipment	Total
Initial value					
Initial cost as of 1 January, 2022	2,054,091	322,611	93,296	166,019	2,636,017
Additions	1,715	24,616	20,960	1,306	48,597
Disposals	38,614	25,905		477	64,996
As of December 31, 2022	2,017,192	321,322	114,256	166,848	2,619,618
ACCRUED DEPRECIATION					
As of 1 January, 2022	598,902	219,393	55,295	125,004	998,594
Additions	96,021	30,035	10,130	7,263	143,449
Disposals	818	25,905		477	27,200
As of December 31, 2022	694,105	223,523	65,425	131,790	1,114,843
CARRYING VALUE					
As of December 31, 2022	1,323,087	97,799	48,831	35,058	1,504,775

Thousand Armenian drams

	Computer programmes	Other intangible assets	Total
Initial value as of 1 January, 2022	119,858	81,198	201,056
Additions	26,770	3,763	30,533
Devaluation	4,950	4,731	9,681
As of December 31, 2022	141,678	80,230	221,908
ACCRUED DEPRECIATION			
As of 1 January, 2022	86,294	36,069	122,363
Additions	15,220	11,604	26,824
Devaluation	4,950	4,730	9,680
As of December 31, 2022	96,564	42,943	139,507
CARRYING VALUE			
As of December 31, 2022	45,114	37,287	82,401

22 Other Assets

Thousand Armenian drams

	31.12.22	31.12.21
Prepayments and other debtors	3,509,615	2,653,614
Prepayments of other taxes	381,992	125,132
Reserve	6,179	12,227
Costs of future period	69,495	90,641
Other assets	2,667	2,677
Allowance for other receivables and prepayments	(11,153)	
Total other assets	3,958,795	2,884,291

23 Amounts due to financial institutions

Thousand Armenian drams

	31.12.22	31.12.21
Amounts due to CBA	22,861,156	77,904,768
Loans from CBA	22,861,156	11,648,062
Repurchase agreements		65,999,981
Accrued interest		256,715
Amounts due to financial institutions	110,708,819	53,717,958
Correspondent accounts of other banks	17,252	21,404
Loans from banks	2,296,123	800,000
Repurchase agreements from banks	64,875,010	3,534,443
Other liabilities from banks		3,381
Letters of credit	3,503,712	4,324,563
Accrued interest		8,847
Current accounts of other financial institutions	2,269,513	1,806,791
Loans and deposits from other financial institutions	26,899,204	31,059,793
Repurchase agreements from other financial institutions	10,107,603	11,424,469
Other amounts	740,402	26,082
Accrued interest		708,185
Total amounts due to CBA and financial institutions	133,569,975	131,622,716

24 Amounts due to customers

Thousand Armenian drams	31.12.22	31.12.21
Legal entities	85,894,939	86,030,026
Current/Settlement accounts	16,094,041	7,767,511
- resident	11,801,570	5,247,393
Term deposits	64,187,322	72,889,780
- resident	13,723,623	12,104,904
Accrued interest	426,231	136,580
- resident	389,141	61,213
Other liabilities	5,187,345	5,238,175
- resident	5,170,958	5,159,765
Sole proprietors	71,588	181,200
Current accounts	63,556	128,445
- resident	63,556	128,445
Term deposits	7,618	52,638
- resident	7,618	52,638
Accrued interest	412	117
- resident	412	117
Individuals	27,334,355	37,786,003
Current accounts	8,467,732	14,259,080
- resident	2,478,045	2,271,609
Term deposits	18,993,073	23,214,846
- resident	10,379,404	7,675,181
Accrued interest	307,182	268,285
- resident	222,750	199,041
Other liabilities	166,368	43,812
- resident	166,281	81,002
Total amounts due to customers	113,300,880	123,997,229

25 Securities issued by the Bank

Thousand Armenian drams	31.12.22	31.12.21
Securities issued by the Bank	52,408,743	58,839,075
Total securities issued by the Bank	52,408,743	58,839,075

27 Accounts payable

Thousand Armenian drams	31.12.22	31.12.21
Deposit insurance	32,993	33,080
Total other liabilities	32,993	33,080

28 Subordinated debt

Thousand Armenian drams	31.12.22	31.12.21
Subordinated debt	34,484,130	23,417,085
Total subordinated debt	34,484,130	23,417,085

29 Other liabilities

Thousand Armenian drams	31.12.22	31.12.21
Amounts payable for profit tax		476,439
Tax liabilities	327,776	254,551
Amounts payable for factoring	193,732	184,206
Income of future period	824	3,532
Due to personnel	242,212	369,493
Amounts payable to suppliers	99,817	47,323
Amounts payable for financial leasing	23,499	79,689
Other	988	3,532
Total other liabilities	888,848	1,418,765

30 Equity

Thousand Armenian drams	31.12.22	31.12.21
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	17,815,585	28,305,908
Main reserve	35,000,000	30,000,000
Gains from the revaluation of non-current assets	1,134,703	1,134,703
Revaluation reserve	(18,519,118)	(2,828,795)
Non-distributed profit	16,283,285	14,555,290
current year	6,727,975	7,765,459
previous year	9,555,290	6,789,831
Total capital	50,104,598	59,086,946

As of December 31, 2022 the Bank's share capital consists of 16,667 ordinary shares. "HVS Holding" S.a.r.l. is a shareholder of 14,588 shares out of a total of 16,667 shares of the bank, and "FMTM Distribution" LLC is a shareholder of 2,079 shares. Significant shareholders of the bank are "HVS Holding" S.a.r.l., which owns 87.53% of the voting shares, and "FMTM Distribution", which owns 12.47% of the voting shares.

As of December 31, 2022 total normative capital of the bank is AMD 67 bln.

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

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

Thousand Armenian drams	31.12.22	31.12.21
Undrawn loan commitments	10,129,692	9,970,847
Guarantees provided	8,546,479	2,414,770
Allowance for impairment of liabilities bearing credit risk	(205,188)	(25,542)
Total credit risk related commitments	18,470,883	12,360,075

Transactions with related parties

Thousand Armenian drams	31.12.22		31.12.21	
	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	3,746,945	477,653	12,580,695	1,096,475
Loans issued during the year	5,206,328	470,543	9,232,799	359,013
Loan repayments during the year	3,864,671	470,525	18,086,549	960,835
As of December 31	5,088,602	477,671	3,746,945	477,653
Interest income on loans	380,685	46,240	329,676	47,487
Amounts due to customers				
Deposits outstanding as of January 1	71,817,610	154,433	84,230,453	240,318
Deposits received during the year	87,453,931	5,080,782	75,966,558	4,666,678
Deposits paid during the year	97,984,177	5,021,366	88,579,401	4,752,583
As of December 31	61,087,364	213,849	71,617,610	154,433
Interest expenses on deposits	5,102,060	5,973	6,242,664	4,611
Interest income	31,335		78,317	
Amounts due to other financial institutions	6,349		8,853	
Bonds issued	28,952,530	232,676	31,323,949	705,770
Subordinated debt	34,484,130		23,417,085	
Income on commissions	8,823	551	9,439	2,453
Other income				

Compensation of key management was comprised of salaries and rewards:

Thousand Armenian drams	31.12.22	31.12.21
Salaries and other short-term benefits	321,725	117,537
Total key management compensation	321,725	117,537

Risk management

Credit risk

Maximum exposure of credit risk Geographical Sectors

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

31.12.22					
Thousand AMD	RA	CIS countries	Non-OECD countries	OECD countries	Total
Assets					
Cash and balances with CBA	25,986,836				25,986,836
Precious metals	38,239				38,239
Amounts due from other financial institutions	5,096,714	1,952,139	113,925	3,570,140	10,732,918
Loans and advances to customers	120,676,499	485,341	8,141	3,468,248	124,638,229
Investments available for sale	114,936,454			9,887,264	124,823,718
Other financial assets carried at amortized cost	87,154,185				87,154,185
Total	353,888,927	2,437,480	122,066	16,925,652	373,374,125
Liabilities					
Amounts due to financial institutions	109,028,982	394,415	938,229	23,208,349	133,569,975
Amounts due to customers	49,218,581	779,058	49,795,920	13,507,321	113,300,880
Securities issued by the Bank	19,313,528	30,904	30,077,281	2,987,030	52,408,743
Subordinated debt			32,121,093	2,363,037	34,484,130
Total	177,561,091	1,204,377	112,932,523	42,065,737	333,763,728
Net position	176,327,836	1,233,103	(112,810,457)	(25,140,085)	39,610,397

31.12.21					
Thousand AMD	RA	CIS countries	Non-OECD countries	OECD countries	Total
Assets					
Cash and balances with CBA	26,408,915				26,408,915
Precious metals	688,505				688,505
Amounts due from other financial institutions	961,526	899,366		1,703,239	3,464,131
Loans and advances to customers	114,452,367	318,376	3,714	1,985,053	116,759,510
Investments available for sale	140,682,370			14,118,223	154,800,593
Other financial assets at amortized cost	88,974,428				88,974,428
Total	372,068,111	1,217,742	3,714	17,806,515	391,096,082
Liabilities					
Amounts due to financial institutions	94,753,305	732,538	1,443,433	34,693,440	131,622,716
Amounts due to customers	33,833,537	410,075	77,402,060	12,351,557	123,997,229
Securities issued by the Bank	22,237,982	37,700	32,858,780	3,704,613	58,839,075
Subordinated debt			20,534,510	2,882,575	23,417,085
Total	150,824,824	1,180,313	132,238,783	53,632,185	337,876,105
Net position	221,243,287	37,429	(132,235,069)	(35,825,670)	53,219,977

Control of risk limits and mitigating policy

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

Collateral

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

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

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

Thousand Armenian drams	31.12.22	31.12.21
Loans collateralized by securities	8,438,025	10,077,084
Loans collateralized by real estate	68,044,223	65,469,347
Loans collateralized by deposit	4,123,657	4,968,262
Loans collateralized by movable property	14,057,638	7,760,782
Loans collateralized by vehicles	1,639,765	1,778,102
Loans collateralized by finished products	13,459,377	12,311,506
Loans collateralized by cash flow	2,433,550	2,212,318
Loans collateralized by pledge of right	5,023,016	7,677,613
Other collateral	11,025,723	9,997,871
Total loans and advances (gross)	128,244,975	122,252,885

Market Risk

Interest Rate risk

Name of article	31.12.22		31.12.21	
	AMD	Foreign currency	AMD	Foreign currency
	%	%	%	%
Assets				
Balance with the CBA				
Amounts due from banks and other financial institutions,including	12.12%	3.07%	10.87%	6.97%
Interbank loans				
Interbank repurchase agreements				
Interbank interest swap				
Loans and advances to customers	11.78%	7.73%	11.04%	7.69%
Available-for-sale and trading securities	11.33%	5.27%	11.65%	5.50%
Held-to-maturity securities	11.85%	5.61%	11.85%	5.46%
Liabilities				
Amounts due to banks and other financial institutions	10.00%	7.75%	7.98%	9.79%
Amounts due to customers	9.91%	4.82%	9.94%	4.54%
Amounts due to issued securities	9.38%	5.53%	9.38%	5.56%
Subordinated debt	12.35%	5.27%	12.75%	5.27%

Thousand Armenian drams

Sensitivity of equity							31.12.22
Currency	Change in base points	Up to 6 months	6 months to 1 year	1 year to 5 years	more than 5 years	Total	
AMD	0.5	-	-	57,090	-	3,357,028	-3,414,118
USD	0.5	-	-	93,193	-	214,213	-307,406
AMD	-0.5	-	-	58,110	3,562,350		3,620,459
USD	-0.5	-	-	94,409	221,614		316,023

Thousand Armenian drams

Sensitivity of equity							31.12.21
Currency	Change in base points	Up to 6 months	6 months to 1 year	1 year to 5 years	more than 5 years	Total	
AMD	0.5	-	-	146,763	-	4,559,352	-4,706,116
USD	0.5	-	-	168,096	-	317,077	-485,173
AMD	-0.5	-	-	149,844	4,880,301		5,030,145
USD	-0.5	-	-	171,116	329,478		500,595

Foreign exchange risk

Thousand Armenian drams

31.12.22		31.12.21	
Currency	Change in currency rate in % Effect on profit before tax	Change in currency rate in % Effect on profit before tax	
USD	5%103,068	5%143,715	
EUR	3%9,882	3%24,350	

Thousand Armenian drams

31.12.22



	Armenian dram	Freely convertible currencies	Non-freely convertible currencies	Total
Assets				
Cash and balances with the CBA	9,752,242	16,177,931	56,663	25,986,836
Precious metals	-	38,239	-	38,239
Amounts due from other financial institutions	3,369,000	6,670,106	693,812	10,732,918
Loans and advances to customers	79,375,962	44,309,165	953,102	124,638,229
Investments available for sale	104,526,312	20,297,406	-	124,823,718
Other financial assets carried at amortized cost	83,804,580	3,349,605		87,154,185
Total	280,828,096	90,842,452	1,703,577	373,374,125
Liabilities				
Amounts due to financial institutions	115,994,162	16,689,609	886,204	133,569,975
Amounts due to customers	68,415,233	44,292,947	592,700	113,300,880
Securities issued by the Bank	26,486,434	25,922,309		52,408,743
Subordinated debt	30,144,616	4,339,514		34,484,130
Total	241,040,445	91,244,379	1,478,904	333,763,728
Net position as of December 31, 2022	39,787,651	(401,927)	224,673	39,610,397
Credit related commitments as of December 31, 2022	16,564,956	1,941,837		18,526,593

Thousand Armenian drams

31.12.21

	Armenian dram	Freely convertible currencies	Non-freely convertible currencies	Total
Assets				
Cash and balances with the CBA	12,780,523	13,481,890	146,502	26,408,915
Precious metals		688,505		688,505
Amounts due from other financial institutions	635,244	2,437,125	391,762	3,464,131
Loans and advances to customers	54,894,721	59,895,165	1,969,624	116,759,510
Investments available for sale	129,080,460	25,720,133		154,800,593
Other financial assets carried at amortized cost	84,466,580	4,507,848		88,974,428
Total	281,857,528	106,730,666	2,507,888	391,096,082
Liabilities				
Amounts due to financial institutions	105,970,274	23,381,404	2,271,038	131,622,716
Amounts due to customers	76,403,558	47,409,778	183,893	123,997,229
Securities issued by the Bank	26,520,200	32,318,875		58,839,075
Subordinated debt	18,122,233	5,294,852		23,417,085
Total	227,016,265	108,404,909	2,454,931	337,876,105
Net position as of December 31, 2021	54,841,263	(1,674,243)	52,957	53,219,977
Credit related commitments as of December 31, 2021	9,190,429	3,168,978	2,888	12,360,075

Liquidity risk

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

31.12.22								
Thousand Armenian drams	Impaired		On demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	Total
	Overdue	Not overdue but Impaired						
Assets								
Cash and balances with CBA			25,986,836					25,986,836
Precious metals			38,239					38,239
Amounts due from other financial institutions			9,109,744	1,294,355	210,304	118,514		10,732,918
Loans and advances to customers	209,791	2,876,860	7,268,460	8,476,232	24,591,240	52,280,579	28,935,066	124,638,228
Investments available for sale			75,915,690	5,940,011	3,228,181	5,818,251	33,921,584	124,823,716
Other financial assets carried at amortized cost			1,662	2,158,460	669,678	11,961,468	72,362,917	87,154,185
TOTAL	209,791	2,876,860	118,320,632	17,869,059	28,699,403	70,178,812	135,219,567	373,374,124
Liabilities								
Amounts due to financial institutions			80,792,429	6,365,086	15,361,721	15,733,283	15,317,455	133,569,975
Amounts due to customers			31,212,728	3,622,600	15,803,801	62,440,628	221,125	113,300,880
Securities issued by the Bank				245,165	11,707,048	40,456,530		52,408,743
Subordinated debt			548,430	8,000,000	1,967,850	1,967,850	22,000,000	34,484,130
Total			112,553,587	18,232,852	44,840,420	120,598,291	37,538,580	333,763,728
Net position	209,791	2,876,860	5,767,045	(363,793)	(16,141,017)	(50,419,479)	97,680,988	39,610,396
Accumulated gap			5,767,045	5,403,252	(10,737,764)	(61,157,243)	36,523,745	

31.12.21								
Thousand Armenian drams	Impaired		On demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	Total
	Overdue	Not overdue but impaired						
Assets								
Cash and balances with CBA			26,408,915					26,408,915
Precious metals			688,505					688,505
Amounts due from other financial institutions			2,158,707	370,023	614,559	320,842		3,464,131
Loans and advances to customers	462,881	2,737,444	2,053,078	7,175,308	24,793,846	53,102,519	26,434,434	116,759,510
Investments available for sale			80,306,069	7,811,681	8,525,484	11,464,959	46,692,400	154,800,593
Other financial assets carried at amortized cost			2,012	2,154,713	736,934	11,997,863	74,082,906	88,974,428
TOTAL	462,881	2,737,444	111,617,286	17,511,725	34,670,823	76,886,183	147,209,740	391,096,082
Liabilities								
Amounts due to financial institutions			75,515,667	7,417,778	11,751,820	29,967,870	6,969,581	131,622,716
Amounts due to customers			28,071,159	2,853,116	18,724,167	68,106,308	6,242,479	123,997,229
Securities issued by the Bank				250,792	267,813	58,226,913	93,557	58,839,075
Subordinated debt			135,545			13,281,540	10,000,000	23,417,085
Total			103,722,371	10,521,686	30,743,800	169,582,631	23,305,617	337,876,105
Net position	462,881	2,737,444	7,894,915	6,990,039	3,927,023	(92,696,448)	123,904,123	53,219,977
Accumulated gap			7,894,915	14,884,954.00	18,811,977	(73,884,471)	50,019,652	

Average assets and capital

31.12.22

Average assets	388,874,123
Average capital	52,166,179

Collateral received

The collateralized loan amount is AMD 125,811,425 thousand as of 31.12.22.

Unfulfillment of obligations/violations

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