

**“Byblos Bank Armenia” cjsc**

Interim Financial Statements

For three months ended 31 March 2009

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*“Byblos Bank Armenia” cjsc*  
*Interim Statement of Comprehensive Income*  
*For three months ended March 31, 2009*

	Notes	March 31, 2009 AMD'000	March 31, 2008 AMD'000
Interest income	4	340,289	130,573
Interest expense	4	(80,777)	(36,038)
<b>Net interest income</b>		<b>259,512</b>	<b>94,535</b>
Fee and commission income	5	8,319	19,551
Fee and commission expense	6	(4,669)	(24,051)
<b>Net fee and commission income</b>		<b>3,650</b>	<b>(4,500)</b>
Net foreign exchange income	7	45,729	79,222
Net realized loss on available-for-sale assets	8	-	(110)
Other income		3,641	1,404
		<b>312,532</b>	<b>170,551</b>
Impairment losses	9	(47,939)	(4,201)
General administrative expenses	10	(205,018)	(196,423)
<b>Income / (loss) before taxes</b>		<b>59,575</b>	<b>(30,073)</b>
Income tax expense	11	(10,255)	(3,591)
<b>Net income / (loss)</b>		<b>49,320</b>	<b>(33,664)</b>
<b>Other comprehensive income</b>			
Revaluation gain / (loss) on available-for-sale assets		3,539	(953)
Deferred tax (expense) / refund		(708)	190
<b>Other comprehensive income</b>		<b>2,831</b>	<b>(763)</b>
<b>Comprehensive income</b>		<b>52,151</b>	<b>(34,427)</b>

The financial statements were approved by Board of Directors on April 14, 2009.

George Sfeir  
Chief Executive Officer

Karapet Melkonyan  
Chief Accountant

*“Byblos Bank Armenia” cjsc*  
*Interim Statement of Financial Position as at 31 March 2009*

	Notes	March 31, 2009 AMD'000	December 31, 2008 AMD'000
<b>ASSETS</b>			
Cash		257,303	141,578
Due from the Central Bank of Armenia	12	3,163,797	772,088
Placements with banks and other financial institutions	13	4,456,716	3,432,745
Loans to customers	14	8,223,126	7,214,117
Available-for-sale assets			
- Held by the Bank	15	754,665	190,538
- Pledged under repurchase agreements	15	-	1,334,083
Property and equipment	16	534,373	539,792
Other assets	17	92,117	53,572
Deferred tax asset	22	14,722	25,685
<b>Total Assets</b>		<b>17,496,819</b>	<b>13,704,198</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Deposits and balances from banks and other financial institutions	18	4,036,886	893,786
Amounts payable under repurchase agreements	19	-	1,333,946
Current accounts and deposits from customers	20	5,097,099	3,187,072
Other liabilities	21	99,889	78,600
<b>Total Liabilities</b>		<b>9,233,874</b>	<b>5,493,404</b>
<b>Shareholders' Equity</b>			
Share capital	23	8,125,100	8,125,100
Share premium		257,149	257,149
Revaluation reserve for available-for-sale assets		2,048	(783)
Accumulated losses		(121,352)	(170,672)
<b>Total Shareholders' Equity</b>		<b>8,262,945</b>	<b>8,210,794</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>17,496,819</b>	<b>13,704,198</b>
Commitments and contingencies	26-27		

*“Byblos Bank Armenia” cjsc*  
*Interim statement of Cash Flows for three months ended 31 March 2009*

	Notes	March 31, 2009 AMD'000	March 31, 2008 AMD'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest receipts		321,443	120,342
Interest payments		(37,846)	(35,613)
Fee and commission receipts		8,282	18,305
Fee and commission payments		(4,670)	(24,051)
Recovery of assets, previously written-off		4,466	1,522
Net receipts from foreign exchange		26,984	41,590
Tax payments (other than income tax)		(9,628)	(5,919)
Salaries and other payments to employees		(101,611)	(111,565)
General and administrative expenses		(64,565)	(58,909)
Net cash flows from other operating activities		5,882	(708)
<b>(Increase)/decrease in operating assets</b>			
Placements with banks and other financial institutions		1,315,607	596,070
Loans to customers		(963,640)	(487,855)
Available-for-sale assets		763,783	(831,904)
Other assets		27,629	36,696
<b>Increase/(decrease) in operating liabilities</b>			
Deposits and balances from banks and other financial institutions		(537,698)	(497,084)
Amounts payable under repurchase agreements		(1,333,418)	-
Current accounts and deposits from customers		4,067,891	395
Other liabilities		14,527	971
<b>Net cash from operating activities before taxes paid</b>		<b>3,503,418</b>	<b>(1,237,717)</b>
Taxes paid		(2,911)	-
<b>Cash flows from operations</b>		<b>3,500,507</b>	<b>(1,237,717)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net purchases of property and equipment		(27,922)	(9,290)
<b>Cash flows from investing activities</b>		<b>(27,922)</b>	<b>(9,290)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>3,472,585</b>	<b>(1,247,007)</b>
Effect of changes in exchange rates on cash and cash equivalents		698,252	77,030
Cash and cash equivalents at the beginning of the period		804,863	1,871,114
<b>Cash and cash equivalents at the end of the period</b>	29	<b>4,975,700</b>	<b>701,137</b>

*“Byblos Bank Armenia” cjsc*  
*Interim Statement of Changes in Shareholders’ Equity*  
*For three months ended 31 March 2009*

	Share capital AMD’000	Share premium AMD’000	Revaluation reserve for available-for-sale assets AMD’000	(Accumulated losses)/ retained earnings AMD’000	Total AMD’000
<b>Balance at 1 January 2008</b>	<b>2,965,600</b>	-	<b>2,148</b>	<b>58,741</b>	<b>3,026,489</b>
Comprehensive income	-	-	(763)	(33,664)	(34,427)
Net realized gains on available- for-sale assets transferred to the statement of comprehensive income on disposal, net of deferred tax of AMD 17 thousand	-	-	(67)	-	(67)
<b>Balance at 31 March 2008</b>	<b>2,965,600</b>	-	<b>1,318</b>	<b>25,077</b>	<b>2,991,995</b>
 <b>Balance at 1 January 2009</b>	 <b>8,125,100</b>	 <b>257,149</b>	 <b>(783)</b>	 <b>(170,672)</b>	 <b>8,210,794</b>
Comprehensive income	-	-	2,831	49,320	52,151
<b>Balance at 31 March 2009</b>	<b>8,125,100</b>	<b>257,149</b>	<b>2,048</b>	<b>(121,352)</b>	<b>8,262,945</b>

## **1 Background**

### **Principal activities**

The principal activities of the Bank are deposit taking and customer accounts maintenance, lending, cash and settlement operations and operations with securities and foreign exchange. The activities of the Bank are regulated by the Central Bank of Armenia (“CBA”). The majority of the assets are placed in, and liabilities attracted from the Republic of Armenia. The registered address of the Bank’s head office is 18/3 Amiryan Street, Yerevan, Republic of Armenia. The average number of persons employed by the Bank during the period was 89 (2008: 103).

### **Shareholders**

In August 2007 Byblos Bank SAL purchased 100% of the shares of “ITB” International Trade Bank” cjsc and the Bank was renamed “Byblos Bank Armenia” cjsc.

During the year ended 31 December 2008 the European Bank for Reconstruction and Development and the OPEC Fund for International Development acquired 25% and 10% of the ordinary shares of “Byblos Bank Armenia” cjsc, respectively. The current shareholder structure of the Bank is as follows:

Byblos Bank SAL – 65%  
European Bank for Reconstruction and Development – 25%  
OPEC Fund for International Development – 10%

The party with ultimate control over the Bank is Francois Bassil. Related party transactions are detailed in Note 28.

### **Armenian business environment**

Armenia has been experiencing political and economic change that has affected, and may continue to affect, the activities of enterprises operating in this environment. Consequently, operations in Armenia involve risks that typically do not exist in other markets. In addition, the recent contraction in the capital and credit markets has further increased the level of economic uncertainty in the environment. The financial statements reflect management’s assessment of the impact of the Armenian business environment on the operations and the financial position of the Bank. The future business environment may differ from management’s assessment.

## **2 Basis of preparation**

### **Statement of compliance**

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

### **Basis of measurement**

The financial statements are prepared on the historical cost basis except that financial instruments at fair value through profit or loss and available-for-sale assets are stated at fair value.

## **Functional and presentation currency**

The national currency of the Republic of Armenia is the Armenian Dram (“AMD”). Management has determined the Bank’s functional currency to be the AMD as it reflects the economic substance of the underlying events and circumstances of the Bank. The AMD is also the Bank’s presentation currency for the purposes of these financial statements. The Armenian Dram is not a convertible currency outside the Republic of Armenia.

Financial information presented in AMD has been rounded to the nearest thousand.

## **Use of estimates and judgments**

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with IFRS. Actual results could differ from those estimates.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies is described in Note 14 - Loans to customers.

## **3 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.

### **Foreign currency transactions**

Transactions in foreign currencies are translated to AMD at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of each reporting period are translated to AMD at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to AMD at the foreign exchange rate ruling at the date of the transaction. Foreign exchange differences arising on translation are recognized in the income statement.

### **Cash and cash equivalents**

The Bank considers cash, nostro accounts with banks and the CBA to be cash and cash equivalents.

### **Financial instruments**

#### ***Classification***

*Financial instruments at fair value through profit or loss* are financial assets or liabilities that are:

- acquired or incurred principally for the purpose of selling or repurchasing in the near term;
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- derivative financial instruments (except for derivative financial instruments that are designated and effective hedging instruments); or,
- upon initial recognition, designated by the Bank as at fair value through profit or loss.

The Bank designates financial assets and liabilities at fair value through profit or loss where either:

- the assets or liabilities are managed and evaluated on a fair value basis;



- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- the asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

All trading derivatives in a net receivable position (positive fair value), as well as options purchased, are reported assets. All trading derivatives in a net payable position (negative fair value), as well as options written, are reported liabilities.

Financial assets and liabilities at fair value through profit or loss are not reclassified subsequent to initial recognition.

If it is not further appropriate to account HTM investments at amortized cost as a result of a change in the intention or ability of the Bank, or if it becomes possible to measure reliably the fair value of the financial asset, which was not previously possible, the Bank accounts the asset at fair value and recognizes the gain or loss, arising from the changes in the fair value in the income statement, if the asset is reclassified at fair value through profit or loss or as other comprehensive income, if the asset is reclassified as available-for-sale.

If the fair value of the financial asset is not possible to measure further or is appropriate to account the financial asset at amortized cost and not fair value, then the Bank accounts the financial asset at amortized cost, at its carrying value as at that date which is the fair value at that date. The gain or loss of this asset, previously recognized as other comprehensive income, is accounted for as follows:

- In case of a financial asset with fixed maturity the gain or loss, previously recognized directly in equity for this asset, is transferred to income statement through the amortization process during the period to maturity of HTM investment. Any difference between the new amortized value and the redemption value is amortized during the period to maturity of the financial asset as income adjustment in the way the premium or discount is amortized.
- In case of a financial asset without fixed maturity the gain or loss, previously recognized directly in equity is accounted in equity until the sale or disposal of the asset, and then the gain or loss, recognized directly in equity, is recognized in the income statement.

*Loans and receivables* are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that:

- the Bank intends to sell immediately or in the near term;
- the Bank upon initial recognition designates as at fair value through profit or loss;
- the Bank upon initial recognition designates as available- for-sale; or
- the Bank may not recover substantially all of its initial investment, other than because of credit deterioration.

*Held-to-maturity investments* are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank has the positive intention and ability to hold to maturity, other than those that:

- the Bank upon initial recognition designates as at fair value through profit or loss;
- the Bank designates as available-for-sale; or
- meet the definition of loans and receivables.

*Available-for-sale assets* are those financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial instruments at fair value through profit or loss.

**Recognition**

Financial assets and liabilities are recognized in the statement of financial position when the Bank becomes a party to the contractual provisions of the instrument. All regular way purchases of financial assets are accounted for at the trading date.

**Measurement**

A financial asset or liability is initially measured at its fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

Subsequent to initial recognition, financial assets, including derivatives that are assets, are measured at their fair values, without any deduction for transaction costs that may be incurred on sale or other disposal, except for:

- loans and receivables which are measured at amortized cost using the effective interest method;
- held-to-maturity investments which are measured at amortized cost using the effective interest method; and
- investments in equity instruments that do not have a quoted market price in an active market and whose fair value can not be reliably measured which are measured at cost.

All financial liabilities, other than those designated at fair value through profit or loss and financial liabilities that arise when a transfer of a financial asset carried at fair value does not qualify for derecognition, are measured at amortized cost. Amortized cost is calculated using the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortized based on the effective interest rate of the instrument.

**Fair value measurement principles**

The fair value of financial instruments is based on their quoted market price at the end of reporting period without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the end of reporting period for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the end of reporting period.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Bank would receive or pay to terminate the contract at the end of reporting period taking into account current market conditions and the current creditworthiness of the counterparties.

**Gains and losses on subsequent measurement**

A gain or loss arising from a change in the fair value of a financial asset or liability is recognized as follows:

- a gain or loss on a financial instrument classified as at fair value through profit or loss is recognized in the income statement;

- a gain or loss on an available-for-sale financial asset is recognized in other comprehensive income (except for impairment losses and foreign exchange gains and losses) until the asset is derecognized, at which time the cumulative gain or loss previously recognized in other comprehensive income is recognized in the income statement. Interest in relation to an available-for-sale financial asset is recognized as earned in the income statement calculated using the effective interest method.

For financial assets and liabilities carried at amortized cost, a gain or loss is recognized in the income statement when the financial asset or liability is derecognized or impaired, and through the amortization process.

### **Derecognition**

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or when the Bank transfers substantially all the risks and rewards of ownership of the financial asset. Any rights or obligations created or retained in the transfer are recognized separately as assets or liabilities. A financial liability is derecognized when it is extinguished.

The Bank also derecognizes certain assets when it writes off balances pertaining to the assets deemed to be uncollectible.

### ***Repurchase and reverse repurchase agreements***

Securities sold under sale and repurchase (“repo”) agreements are accounted for as secured financing transactions, with the securities retained in the statement of financial position and the counterparty liability included in amounts payable under repo transactions. The difference between the sale and repurchase prices represents interest expense and is recognized in the income statement over the term of the repo agreement using the effective interest rate method.

Securities purchased under agreements to resell (“reverse repo”) are recorded as amounts receivable under reverse repo transactions. The difference between the purchase and resale prices represents interest income and is recognised in the income statement over the term of the repo agreement using the effective interest rate method.

If assets purchased under agreement to resell are sold to third parties, the obligation to return securities is recorded as a trading liability and measured at fair value.

### ***Offsetting***

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

### **Property and equipment**

#### **Owned assets**

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses.

Where an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

**Depreciation**

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences on the date of acquisition or when ready for use, if it is later, in respect of internally constructed assets, from the time an asset is completed and ready for use. Land is not depreciated.

The estimated useful lives are as follows:

Buildings	50 years
Computers and communication equipment	1-5 years
Fixtures and fittings	5-10 years
Vehicles	5 years

Leasehold improvements are depreciated over the least of the useful life of the asset and lease term.

**Intangible assets**

Intangible assets, which are acquired by the Bank, are stated at cost less accumulated amortization and impairment losses.

Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives for intangible assets are 1-10 years.

**Impairment****Financial assets carried at amortized cost**

Financial assets carried at amortized cost consist principally of loans, other receivables and unquoted available-for-sale debt securities (“loans and receivables”). The Bank reviews its loans and receivables, to assess impairment on a regular basis. A loan or receivable is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the loan or receivable and that event (or events) has had an impact on the estimated future cash flows of the loan that can be reliably estimated.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, breach of loan covenants or conditions, restructuring of a loan or advance by the Bank on terms that the Bank would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, deterioration in the value of collateral, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers in the group, or economic conditions that correlate with defaults in the group.

The Bank first assesses whether objective evidence of impairment exists individually for loans and receivables that are individually significant, and individually or collectively for loans and receivables that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed loan or receivable, whether significant or not, it includes the loan in a group of loans and receivables with similar credit risk characteristics and collectively assesses them for impairment. Loans and receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on a loan or receivable has been incurred, the amount of the loss is measured as the difference between the carrying amount of the loan or receivable and the present value of estimated future cash flows including amounts recoverable from guarantees and collateral discounted at the loan or receivable's original effective interest rate. Contractual cash flows and historical loss experience adjusted on the basis of relevant observable data that reflect current economic conditions provide the basis for estimating expected cash flows.

In some cases the observable data required to estimate the amount of impairment loss on a loan or receivable may be limited or no longer fully relevant to current circumstances. This may be the case when a borrower is in financial difficulties and there is little available historical data relating to similar borrowers. In such cases, the Bank uses its experience and judgment to estimate the amount of any impairment loss.

All impairment losses in respect of loans and receivables are recognized in the income statement and are only reversed if a subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. The Bank writes off a loan balance when the Bank's management determines that the loans are uncollectible and when all necessary steps to collect the loan are completed.

***Financial assets carried at cost***

Financial assets carried at cost include unquoted equity instruments included in available-for-sale assets that are not carried at fair value because their fair value can not be reliably measured. If there is objective evidence that such investments are impaired, the impairment loss is calculated as the difference between the carrying amount of the investment and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

All impairment losses in respect of these investments are recognized in the income statement and can not be reversed.

***Non financial assets***

Other non financial assets, other than deferred taxes, are assessed at the end of each reporting period for any indications of impairment. The recoverable amount of non financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognized when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

All impairment losses in respect of non financial assets are recognized in the income statement and reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss reversed is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**Provisions**

A provision is recognized in the statement of financial position when the Bank has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**Credit related commitments**

In the normal course of business, the Bank enters into credit related commitments, comprising undrawn loan commitments, letters of credit and guarantees.

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

A financial guarantee liability is recognized initially at fair value net of associated transaction costs, and is measured subsequently at the higher of the amount initially recognized less cumulative amortization or the amount of provision for losses under the guarantee. Provisions for losses under financial guarantees and other credit related commitments are recognized when losses are considered probable and can be measured reliably.

Financial guarantee liabilities and provisions for other credit related commitment are included within other liabilities.

**Share capital****Share premium**

Any amount paid in excess of par value of shares issued is recognized as share premium.

**Dividends**

The ability of the Bank to declare and pay dividends is subject to the rules and regulations of the Armenian legislation.

Dividends in relation to ordinary shares are reflected as an appropriation of retained earnings in the period when they are declared.

**Taxation**

Income tax comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized in other comprehensive income, in which case it is netted off the corresponding item.

Current tax expense 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 is provided using the liability method of the statement of financial position, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the end of reporting period.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences, unused tax losses and credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### **Income and expense recognition**

With the exception of financial assets held for trading and other financial instruments at fair value through profit or loss, interest income and expense are recognized in the income statement using the effective interest method. Interest income on financial assets held for trading and on other financial instruments at fair value through profit or loss comprises coupon interest only.

Accrued discounts and premiums on financial instruments at fair value through profit or loss are recognized in net gains/ (losses) from financial instruments at fair value through profit or loss.

Loan origination fees, loan servicing fees and other fees that are considered to be integral to the overall profitability of a loan, together with the related direct costs, are deferred and amortized to the interest income over the estimated life of the financial instrument using the effective interest rate method.

Other fees, commissions and other income and expense items are recognized when the corresponding service has been provided.

Dividend income is recognized in the income statement on the date that the dividend is declared.

### **Employee benefits**

If the employee has provided a service to the Bank during the reporting period, the undiscounted amount of short-term benefits that are expected to be paid to the employees is recognized:

- as a liability after the deduction for the paid amounts,
- as an expense.

The expected expenses for the compensated absences of employees are recognized:

- for accumulated absences subject to compensation when the employees provide service which enhances their rights for the future compensated absences,
- for non-accumulated absences subject to compensation when the absence takes place.

The Bank recognizes the expected bonus payments only when:

- it has a present legal or constructive obligation to make such payments as a result of past events, and,
- the obligation can be reliably measured.

## 4 Net interest income

	March 31, 2009 AMD'000	March 31, 2008 AMD'000
<b>Interest income</b>		
Loans to customers	242,626	112,868
Placements with banks and other financial institutions	68,753	1,853
Available-for-sale assets	28,804	15,171
Amounts receivable under reverse repurchase agreements	106	681
	<b>340,289</b>	<b>130,573</b>
<b>Interest expense</b>		
Current accounts and deposits from customers	44,106	381,151
Deposits and balances from banks and other financial institutions	32,181	4,887
Amounts payable under repurchase agreements	4,490	-
	<b>80,777</b>	<b>36,038</b>
<b>Net interest income</b>	<b>259,512</b>	<b>94,535</b>

## 5 Fee and commission income

	March 31, 2009 AMD'000	March 31, 2008 AMD'000
Remittance fees	3,710	7,653
Cash withdrawal fees	1,903	7,561
Credit card maintenance fees	1,658	1,740
Fees to extend guarantees	-	155
Other	1,048	2,442
	<b>8,319</b>	<b>19,551</b>

## 6 Fee and commission expense

	March 31, 2009 AMD'000	March 31, 2008 AMD'000
Commission expense on plastic card services	2,082	1,207
Cash withdrawal and settlement fees	1,182	21,728
Remittance fees	884	995
Other	521	121
	<b>4,669</b>	<b>24,051</b>

## 7 Net foreign exchange income

	March 31, 2009 AMD'000	March 31, 2008 AMD'000
Gain on spot transactions	26,984	41,590
Gain from revaluation of financial assets and liabilities	18,745	37,632
	<b>45,729</b>	<b>79,222</b>



## 8 Net realized loss on available-for-sale assets

	March 31, 2009 AMD'000	March 31, 2008 AMD'000
Debt instruments	-	(110)

## 9 Impairment losses

	March 31, 2009 AMD'000	March 31, 2008 AMD'000
Loans to customers	50,382	4,148
Available-for-sale assets	199	-
Other assets	(2,642)	53
	<b>47,939</b>	<b>4,201</b>

## 10 General administrative expenses

	March 31, 2009 AMD'000	March 31, 2008 AMD'000
Employee compensation	117,608	127,718
Professional services	20,881	3,000
Depreciation and amortization	14,339	12,826
Communications and information services	8,500	9,530
Insurance	7,681	42
Security	4,445	4,497
Repairs and maintenance	3,937	6,301
Taxes and other dues	3,495	1,790
Occupancy	3,282	7,085
Stationery	3,185	3,601
Advertising and marketing	2,519	4,704
Maintenance of cars	2,488	4,937
Business trips	1,633	1,672
Subscription fees	1,505	1,005
Other	9,520	7,715
	<b>205,018</b>	<b>196,423</b>

## 11 Income tax benefit/ (expense)

	March 31, 2009 AMD'000	March 31, 2008 AMD'000
<b>Current tax expense</b>		
Current year	-	-
<b>Deferred tax benefit</b>		

	<b>March 31, 2009</b> <b>AMD'000</b>	<b>March 31, 2008</b> <b>AMD'000</b>
Origination and reversal of temporary differences	(10,255)	(3,591)
Total income tax benefit/(expense) in the income statement	<b>(10,255)</b>	<b>(3,591)</b>

The Bank's applicable tax rate for current and deferred tax is 20% (2008: 20%).

### **Reconciliation of effective tax rate**

	<b>March 31, 2009</b> <b>AMD'000</b>	<b>%</b>	<b>March 31, 2008</b> <b>AMD'000</b>	<b>%</b>
Income / (loss) before tax	59,575		(30,073)	
Income tax at the applicable tax rate	11,915	20%	(6,015)	20%
Non-deductible costs	(12,010)	(20%)	2,424	(8%)
Utilization of tax losses carry-forwards	(10,160)	(17%)	-	-
	<b>(10,255)</b>	<b>(17%)</b>	<b>(3,591)</b>	<b>12%</b>

## **12 Due from the Central Bank of Armenia**

	<b>March 31, 2009</b> <b>AMD'000</b>	<b>December 31, 2008</b> <b>AMD'000</b>
Nostro accounts	3,116,003	657,445
Deposited funds in the CBA	47,794	114,643
	<b>3,163,797</b>	<b>772,088</b>

The nostro accounts represent balances with the Central Bank of Armenia related to settlement activity and were available for withdrawal at year end.

The deposited funds in the Central Bank of Armenia represent a non-withdrawable deposit in the Central Banks of Armenia for membership in ArCa system.

## 13 Placements with banks and other financial institutions

	March 31, 2009 AMD'000	December 31, 2008 AMD'000
<b>Nostro accounts</b>		
OECD banks	222,785	709
Other foreign banks	164,842	4,113
Largest 10 Armenian banks	1,214,754	800
Small and medium size Armenian banks	13	218
	<b>1,602,394</b>	<b>5,840</b>
Accrued interest	14,190	-
<b>Total nostro accounts</b>	<b>1,616,584</b>	<b>5,840</b>
 <b>Loans and deposits</b>		
Loans and deposits with largest 5 Armenian banks	2,790,744	3,385,715
OECD banks	49,388	41,190
<b>Total loans and deposits</b>	<b>2,840,132</b>	<b>3,426,905</b>
	<b>4,456,716</b>	<b>3,432,745</b>

Included in loans and deposits with OECD banks is AMD 49,388 thousand (2008: AMD 41,190 thousand) which represents a blocked deposit in HSBC Bank Plc for membership in Europay International.

### Concentration of placements with banks and other financial institutions

As at 31 March 2009 and 31 December 2008 the Bank had 3 banks and financial institutions, respectively, whose balances exceeded 10% of total placements with banks and other financial institutions. The gross value of these balances as of 31 March 2009 and 31 December 2008 were AMD 4,402,168 thousand and AMD 3,385,988 thousand, respectively.

## 14 Loans to customers

	<b>March 31, 2009</b> <b>AMD'000</b>	<b>December 31, 2008</b> <b>AMD'000</b>
<b>Commercial loans</b>		
Loans to large corporates	5,773,080	4,910,372
Loans to small and medium size companies	51,931	46,442
<b>Total commercial loans</b>	<b>5,825,011</b>	<b>4,956,814</b>
<b>Loans to individuals</b>		
Mortgage loans	1,320,190	1,176,654
Auto loans	666,268	599,675
Consumer loans secured by real estate	332,586	268,322
Consumer loans not secured by real estate	130,680	263,067
Credit card loans	108,508	64,049
<b>Total loans to individuals</b>	<b>2,558,232</b>	<b>2,371,767</b>
<b>Gross loans to customers</b>	<b>8,383,243</b>	<b>7,328,581</b>
Impairment allowance	(160,117)	(114,464)
<b>Net loans to customers</b>	<b>8,223,126</b>	<b>7,214,117</b>

Movements in the loan impairment allowance for three months ended 31 March 2009 and for the year ended 31 December 2008 are as follows:

	<b>March 31, 2009</b> <b>AMD'000</b>	<b>December 31, 2008</b> <b>AMD'000</b>
Balance at the beginning of the period	114,464	16,313
Net charge for the year	50,382	105,997
Write-offs	(4,729)	(7,846)
<b>Balance at the end of the period</b>	<b>160,117</b>	<b>114,464</b>

As at 31 March 2009, interest accrued on impaired loans amounted to AMD 16,698 thousand (31 December 2008: AMD 4,824 thousand).

## Credit quality of commercial loan portfolio

The following table provides information on the credit quality of the commercial loan portfolio as at 31 March 2009:

	Gross loans AMD'000	Impairment AMD'000	Net loans AMD'000	Impairment to gross loans %
<b>Loans to large corporates</b>				
Loans for which no impairment has been identified:				
- Standard loans	5,304,820	(26,524)	5,278,296	0.5%
Total loans for which no impairment has been identified	<b>5,304,820</b>	<b>(26,524)</b>	<b>5,278,296</b>	<b>0.5%</b>
Impaired loans:				
- not overdue	131,479	(23,140)	108,339	17.6%
- overdue less than 30 days	166,681	(16,668)	150,013	10.0%
- overdue more than 30 days and less than 89 days	25,000	(5,000)	20,000	20.0%
- overdue more than 90 days and less than 179 days	110,000	(22,000)	88,000	20.0%
- overdue more than 360 days	35,100	(17,550)	17,550	50.0%
Total impaired loans	<b>468,260</b>	<b>(84,358)</b>	<b>383,902</b>	<b>18.0%</b>
<b>Total loans to large corporates</b>	<b>5,773,080</b>	<b>(110,882)</b>	<b>5,662,198</b>	<b>1.92%</b>
<b>Loans to small and medium size companies</b>				
Loans for which no impairment has been identified:				
- Standard loans	26,681	(134)	26,548	0.5%
Total loans for which no impairment has been identified	<b>26,681</b>	<b>(134)</b>	<b>26,547</b>	<b>0.5%</b>
Impaired loans:				
- not overdue	4,500	(450)	4,050	10.0%
- overdue less than 30 days	6,000	(600)	5,400	10.0%
- overdue more than 360 days	14,750	(2,950)	11,800	20.0%
Total impaired loans	<b>25,250</b>	<b>(4,000)</b>	<b>21,250</b>	<b>15.8%</b>
<b>Total loans to small and medium size companies</b>	<b>51,931</b>	<b>(4,134)</b>	<b>47,797</b>	<b>7.96%</b>
<b>Total commercial loans</b>	<b>5,825,011</b>	<b>(115,016)</b>	<b>5,709,995</b>	<b>1.97%</b>

The following table provides information on the credit quality of the commercial loan portfolio as at 31 December 2008:

	<b>Gross loans AMD'000</b>	<b>Impairment AMD'000</b>	<b>Net loans AMD'000</b>	<b>Impairment to gross loans %</b>
<b>Loans to large corporates</b>				
Loans for which no impairment has been identified:				
- Standard loans	4,640,338	(23,202)	4,617,136	0.5%
Total loans for which no impairment has been identified	4,640,338	(23,202)	4,617,136	0.5%
Impaired loans:				
- not overdue	124,934	(24,987)	99,947	20%
- overdue less than 30 days	110,000	(22,000)	88,000	20%
- overdue more than 180 days and less than 360 days	35,100	(176)	34,924	0.5%
Total impaired loans	270,034	(47,163)	222,871	17%
<b>Total loans to large corporates</b>	<b>4,910,372</b>	<b>(70,365)</b>	<b>4,840,007</b>	<b>1.4%</b>
<b>Loans to small and medium size companies</b>				
Loans for which no impairment has been identified:				
- Standard loans	21,852	(109)	21,743	0.5%
Total loans for which no impairment has been identified	21,852	(109)	21,743	0.5%
Impaired loans:				
- overdue less than 30 days	1,458	(7)	1,451	0.5%
- overdue more than 30 days and less than 60 days	8,382	(42)	8,340	0.5%
- overdue more than 180 and less than 360 days	14,750	(74)	14,676	0.5%
Total impaired loans	24,590	(123)	24,467	0.5%
<b>Total loans to small and medium size companies</b>	<b>46,442</b>	<b>(232)</b>	<b>46,210</b>	<b>0.5%</b>
<b>Total commercial loans</b>	<b>4,956,814</b>	<b>(70,597)</b>	<b>4,886,217</b>	<b>1.42%</b>

The Bank has reviewed its current commercial loan portfolio and has identified impaired loans with gross amount of AMD 493,511 thousand (2008: AMD 294,624 thousand). The amount of the provision is measured as the difference between the carrying amount of the loan and the present value of estimated future cash flows including amounts recoverable from guarantees and collateral discounted at the loan original effective interest rate.

On the remainder of the commercial loan portfolio the Bank created collective a provision of 0.5% considering the economic environment and market loss experience.

Changes in this estimate could effect the loan impairment provision. For example, to the extent that the net present value of the estimated cash flows differs by one percent, the loan impairment provision on commercial loans as of 31 March 2009 would be AMD 58,250 thousand higher.

***Analysis of collateral***

All commercial loans are secured by real estate. Impaired or overdue loans with a gross value of AMD 493,511 thousand are secured by real estate with a fair value of at least AMD 639,864 thousand.

## Credit quality of loans to individuals

The following table provides information on the credit quality of loans to individuals portfolios as at 31 March 2009:

	Gross loans AMD'000	Impairment AMD'000	Net loans AMD'000	Impairment to gross loans %
<b>Mortgage loans</b>				
- Not past due	1,274,755	(12,748)	1,262,007	1.0%
- Overdue less than 30 days	36,131	(3,613)	32,518	10.0%
- Overdue 30-89 days	4,934	(493)	4,441	10.0%
- Overdue 180-360 days	4,370	(437)	3,933	10.0%
<b>Total mortgage loans</b>	<b>1,320,190</b>	<b>(17,291)</b>	<b>1,302,899</b>	<b>1.3%</b>
<b>Auto loans</b>				
- Not past due	666,268	(13,325)	652,943	2.0%
<b>Total auto loans</b>	<b>666,268</b>	<b>(13,325)</b>	<b>652,943</b>	<b>2.0%</b>
<b>Consumer loans secured by real estate</b>				
- Not past due	298,879	(2,989)	295,890	1.0%
- Overdue less than 30 days	9,620	(962)	8,658	10.0%
- Overdue 30-89 days	3,586	(359)	3,227	10.0%
- Overdue 90-179 days	6,091	(609)	5,482	10.0%
- Overdue 180-360 days	5,290	(529)	4,761	10.0%
- Overdue more than 360 days	9,120	(912)	8,208	10.0%
<b>Total consumer loans secured by real estate</b>	<b>332,586</b>	<b>(6,360)</b>	<b>326,226</b>	<b>1.9%</b>
<b>Consumer loans not secured by real estate</b>				
- Not past due	101,770	(1,018)	100,752	1.0%
- Overdue less than 30 days	11,629	(1,163)	10,466	10.0%
- Overdue 30-89 days	6,558	(1,312)	5,246	20.0%
- Overdue 90-179 days	4,405	(1,323)	3,082	30.0%
- Overdue 180-360 days	6,318	(2,224)	4,094	35.2%
<b>Total consumer loans not secured by real estate</b>	<b>130,680</b>	<b>(7,040)</b>	<b>123,640</b>	<b>5.39%</b>
<b>Credit card loans</b>				
- Not past due	108,508	(1,085)	107,423	1.0%
<b>Total credit cards</b>	<b>108,508</b>	<b>(1,085)</b>	<b>107,423</b>	<b>1.0%</b>
<b>Total loans to individuals</b>	<b>2,558,232</b>	<b>(45,101)</b>	<b>2,513,131</b>	<b>1.76%</b>



The following table provides information on the credit quality of loans to individuals portfolios as at 31 December 2008:

	<b>Gross loans AMD'000</b>	<b>Impairment AMD'000</b>	<b>Net loans AMD'000</b>	<b>Impairment to gross loans %</b>
<b>Mortgage loans</b>				
- Not past due	1,172,100	(11,721)	1,160,379	1%
- Overdue 90-179 days	4,554	(455)	4,099	10%
<b>Total mortgage loans</b>	<b>1,176,654</b>	<b>(12,176)</b>	<b>1,164,478</b>	<b>1.0%</b>
<b>Auto loans</b>				
- Not past due	599,675	(11,993)	587,682	2.0%
<b>Total auto loans</b>	<b>599,675</b>	<b>(11,993)</b>	<b>587,682</b>	<b>2.0%</b>
<b>Consumer loans secured by real estate</b>				
- Not past due	243,982	(2,440)	241,542	1%
- Overdue less than 30 days	284	(28)	256	10%
- Overdue 30-89 days	9,177	(918)	8,259	10%
- Overdue 90-179 days	5,433	(543)	4,890	10%
- Overdue 180-360 days	3,252	(325)	2,927	10%
- Overdue more than 360 days	6,194	(619)	5,575	10%
<b>Total consumer loans secured by real estate</b>	<b>268,322</b>	<b>(4,873)</b>	<b>263,449</b>	<b>1.8%</b>
<b>Consumer loans not secured by real estate</b>				
- Not past due	225,061	(2,251)	222,810	1%
- Overdue less than 30 days	17,289	(1,729)	15,560	10%
- Overdue 30-89 days	6,170	(1,234)	4,936	20%
- Overdue 90-179 days	7,966	(2,390)	5,576	30%
- Overdue 180-360 days	6,581	(6,581)	-	100%
<b>Total consumer loans not secured by real estate</b>	<b>263,067</b>	<b>(14,185)</b>	<b>248,882</b>	<b>5.4%</b>
<b>Credit card loans</b>				
- Not past due	64,049	(640)	63,409	1.0%
<b>Total credit cards</b>	<b>64,049</b>	<b>(640)</b>	<b>63,409</b>	<b>1.0%</b>
<b>Total loans to individuals</b>	<b>2,371,767</b>	<b>(43,867)</b>	<b>2,327,900</b>	<b>1.85%</b>

The significant assumptions used in determining the impairment losses for loans to individuals are based on economic environment and consideration of historical and market experience and include the following loan loss rates:

- Loans secured by real estate not past due – 1%
- The cost associated with the collection of the past due loans secured by real estate will not exceed 10% of the outstanding exposure
- Auto loans – 2%
- Consumer loans not secured by real estate – 5.4%
- Credit card loans – 1%

Changes in these estimates could effect the loan impairment provision. For example, to the extent that the net present value of the estimated cash flows differs by one percent, the loan impairment on retail loans as of 31 March 2009 would be AMD 25,582 thousand higher.

### ***Analysis of collateral***

Mortgage loans are secured by underlying housing real estate. Auto loans are secured by underlying cars. Consumer loans not secured by real estate are secured by consumer appliances.

### ***Analysis of movements in the impairment allowance***

Movements in the loan impairment allowance by classes of corporate loans for three months ended 31 March 2009 are as follows:

AMD'000	Loans to large corporates	Loans to small and medium size companies	Total
Loan impairment allowance as at 1 January	(70,365)	(232)	(70,597)
Loan impairment losses during the period	(40,517)	(3,902)	(44,419)
<b>Loan impairment allowance as at 31 March</b>	<b>(110,882)</b>	<b>(4,134)</b>	<b>(115,016)</b>

Movements in the loan impairment allowance by classes of retail loans for the year ended 31 March 2009 are as follows:

AMD'000	Mortgage loans	Auto loans	Consumer loans secured by real estate	Consumer loans not secured by real estate	Credit card loans	Total
Loan impairment allowance as at 1 January	(12,176)	(11,993)	(4,873)	(14,185)	(640)	(43,867)
Loans written off during the period as uncollectible	-	-	-	4,729	-	4,729
Loan impairment losses during the period	(5,115)	(1,332)	(1,487)	2,416	(445)	(5,963)
<b>Loan impairment allowance as at 31 March</b>	<b>(17,291)</b>	<b>(13,325)</b>	<b>(6,360)</b>	<b>(7,040)</b>	<b>(1,085)</b>	<b>(45,101)</b>

Movements in the loan impairment allowance by classes of corporate loans for the year ended 31 December 2008 are as follows:

AMD'000	Loans to large corporates	Loans to small and medium size companies	Total
Loan impairment allowance as at 1 January	-	-	-
Loan impairment losses during the year	70,365	232	70,597
<b>Loan impairment allowance as at 31 December</b>	<b>70,365</b>	<b>232</b>	<b>70,597</b>

Movements in the loan impairment allowance by classes of retail loans for the year ended 31 December 2008 are as follows:

<b>AMD'000</b>	<b>Mortgage loans</b>	<b>Auto loans</b>	<b>Consumer loans secured by real estate</b>	<b>Consumer loans not secured by real estate</b>	<b>Credit card loans</b>	<b>Total</b>
Loan impairment allowance as at 1 January	-	-	-	16,313	-	16,313
Loans written off during the year as uncollectible	-	-	-	(7,846)	-	(7,846)
Loan impairment losses during the year	12,176	11,993	4,873	5,718	640	35,400
<b>Loan impairment allowance as at 31 December</b>	<b>12,176</b>	<b>11,993</b>	<b>4,873</b>	<b>14,185</b>	<b>640</b>	<b>43,867</b>

### Industry and geographical analysis of the loan portfolio

Loans to customers were issued primarily to customers located in Armenia, who operate in the following economic sectors:

	<b>March 31, 2009 AMD'000</b>	<b>December 31, 2008 AMD'000</b>
Trade	4,656,511	4,126,544
Manufacturing	882,143	537,829
Agriculture, forestry and timber	234,934	234,934
Food and public catering	34,995	39,824
Construction	16,416	17,060
Other	12	623
Loans to individuals	2,558,232	2,371,767
	<b>8,383,243</b>	<b>7,328,581</b>
Impairment allowance	(160,117)	(114,464)
	<b>8,223,126</b>	<b>7,214,117</b>

### Significant credit exposures

As at 31 March 2009 and 31 December 2008 the bank had 1 and 2 borrowers or groups of related borrowers, respectively, whose loan balances exceeded 10% of loans to customers with a gross value of AMD 1,531,518 and 2,444,111 thousand, respectively.

## 15 Available-for-sale assets

	March 31, 2009 AMD'000	December 31, 2008 AMD'000
<b>Assets</b>		
<b><i>Held by the Bank</i></b>		
<b>Debt and other fixed-income instruments</b>		
Government securities of the Republic of Armenia	741,704	177,378
	<b>741,704</b>	<b>177,378</b>
<b><i>Pledged under repurchase agreements</i></b>		
<b>Debt and other fixed-income instruments</b>		
Government securities of the Republic of Armenia	-	1,334,083
	<b>-</b>	<b>1,334,083</b>
<b>Equity investments</b>		
Corporate shares	13,160	13,160
Impairment allowance	(199)	-
	<b>12,961</b>	<b>13,160</b>
	<b>754,665</b>	<b>1,524,621</b>

Movements in the impairment allowance of equity instruments for three months ended 31 March 2009 are as follows:

AMD'000	March 31, 2009 AMD'000	December 31, 2008 AMD'000
Loan impairment allowance as at the beginning of the period	-	-
Loan impairment losses during the period	199	-
<b>Loan impairment allowance as at the end of the period</b>	<b>199</b>	<b>-</b>

Included in available-for-sale assets are non-quoted equity securities:

Name	Country of incorporation	Main activity	% Controlled		March 31, 2009 AMD'000	December 31, 2008 AMD'000
			March 31, 2009	December 31, 2008		
ArCa	Republic of Armenia	Payment system	2%	2%	12,143	12,143
SWIFT	Belgium	Money transfer	0%	0%	1,017	1,017
					<b>13,160</b>	<b>13,160</b>

### Investment without a determinable fair value

Available-for-sale equity investments stated at cost comprise unquoted equity securities in the money transfer industry. There is no market for this investment and there have not been any recent transactions that provide evidence of the current fair value. In addition, discounted cash flow techniques yield a wide range of fair values due to the uncertainty regarding future cash flows in this industry.

## 16 Property and equipment

AMD'000

	Land and buildings	Computers and communication equipment	Fixtures and fittings	Vehicles	Leasehold improvement	Intangible assets	Total
<b>Cost</b>							
At 1 January 2009	457,530	159,337	136,605	68,800	19,628	93,040	934,940
Additions	-	8,740	180	-	-	-	8,920
<b>At 31 March 2009</b>	<b>457,530</b>	<b>168,077</b>	<b>136,785</b>	<b>68,800</b>	<b>19,628</b>	<b>93,040</b>	<b>943,860</b>
<b>Depreciation and impairment losses</b>							
At 1 January 2009	(54,392)	(139,622)	(114,368)	(29,943)	(2,780)	(54,043)	(395,148)
Depreciation charge	(2,240)	(4,484)	(1,805)	(2,685)	(1,195)	(1,930)	(14,339)
<b>At 31 March 2009</b>	<b>(56,632)</b>	<b>(144,106)</b>	<b>(116,173)</b>	<b>(32,628)</b>	<b>(3,975)</b>	<b>(55,973)</b>	<b>(409,487)</b>
<b>Carrying value</b>							
<b>At 31 March 2009</b>	<b>400,898</b>	<b>23,971</b>	<b>20,612</b>	<b>36,172</b>	<b>15,653</b>	<b>37,067</b>	<b>534,373</b>
At 31 December 2008	403,138	19,715	22,237	38,857	16,848	38,997	539,792

AMD'000

	Land and buildings	Computers and communication equipment	Fixtures and fittings	Vehicles	Leasehold improvement	Intangible assets	Total
<b>Cost</b>							
At 1 January 2008	447,907	151,576	140,060	68,800	26,950	93,724	929,017
Additions	9,623	19,580	12,259	-	-	21	41,483
Disposals	-	(11,819)	(15,714)	-	(7,322)	(705)	(35,560)
<b>At 31 December 2008</b>	<b>457,530</b>	<b>159,337</b>	<b>136,605</b>	<b>68,800</b>	<b>19,628</b>	<b>93,040</b>	<b>934,940</b>
<b>Depreciation and impairment losses</b>							
At 1 January 2008	(45,432)	(138,456)	(112,401)	(19,203)	(2,399)	(47,030)	(364,921)
Depreciation charge	(8,960)	(10,352)	(8,885)	(10,740)	(1,165)	(7,720)	(47,822)
Disposals	-	9,186	6,918	-	784	707	17,595
<b>At 31 December 2008</b>	<b>(54,392)</b>	<b>(139,622)</b>	<b>(114,368)</b>	<b>(29,943)</b>	<b>(2,780)</b>	<b>(54,043)</b>	<b>(395,148)</b>
<b>Carrying value</b>							
<b>At 31 December 2008</b>	<b>403,138</b>	<b>19,715</b>	<b>22,237</b>	<b>38,857</b>	<b>16,848</b>	<b>38,997</b>	<b>539,792</b>
At 31 December 2007	402,475	13,120	27,659	49,597	24,551	46,694	564,096

## 17 Other assets

	<b>March 31, 2009</b> <b>AMD'000</b>	<b>December 31, 2008</b> <b>AMD'000</b>
Prepayments	65,753	36,669
Prepayments for income taxes	13,587	10,686
Receivables under money transfer and clearing systems	9,356	1,256
Other	3,421	4,961
	<b>92,117</b>	<b>53,572</b>

Movements in the other assets impairment allowance for three months ended 31 March 2009 are as follows:

	<b>March 31, 2009</b> <b>AMD'000</b>	<b>December 31, 2008</b> <b>AMD'000</b>
Balance at the beginning of the period	-	-
Net charge	2,642	(2,995)
Write-offs	(2,642)	2,995
<b>Balance at the end of the period</b>	<b>-</b>	<b>-</b>

## 18 Deposits and balances from banks and other financial institutions

	<b>March 31, 2009</b> <b>AMD'000</b>	<b>December 31, 2008</b> <b>AMD'000</b>
Loans and deposits with banks	4,036,525	893,469
Vostro accounts	361	317
	<b>4,036,886</b>	<b>893,786</b>

### Concentration of deposits and balances from banks and other financial institutions

As at 31 March 2009 and 31 December 2008 the Bank had 1 and 2 banks and financial institutions, whose balances exceeded 10% of total deposits and balances from banks and other financial institutions. The gross value of these balances as of 31 March 2009 and 31 December were AMD 3,704,531 thousand and AMD 893,469 thousand, respectively.

## 19 Amounts payable under repurchase agreements

	<b>March 31, 2009</b> <b>AMD'000</b>	<b>December 31, 2008</b> <b>AMD'000</b>
Amounts payable to banks and other financial institutions	-	1,333,946

### Securities pledged

As of 31 December 2008, the Bank had pledged Armenian Government securities as collateral under repurchase agreements (Note 15).

## 20 Current accounts and deposits from customers

	March 31, 2009 AMD'000	December 31, 2008 AMD'000
Current accounts and demand deposits		
- Retail	296,893	333,320
- Corporate	554,401	444,152
Term deposits		
- Retail	1,449,690	1,265,935
- Corporate	2,796,115	1,093,915
Blocked accounts	-	49,750
	<b>5,097,099</b>	<b>3,187,072</b>

### Blocked accounts

As of 31 March 2009, the Bank didn't maintain customer deposit balances which were blocked by the Bank as collateral for loans and off-balance sheet credit instruments granted by the Bank (2008: AMD 49,750 thousand).

### Concentrations of current accounts and customer deposits

As of 31 March 2009 and 31 December 2008 the Bank had two customers, whose balances exceeded 10% of total customer accounts. The gross value of these balances as of 31 March 2009 and 31 December 2008 was AMD 2,591,339 and 965,098 thousand.

## 21 Other liabilities

	March 31, 2009 AMD'000	December 31, 2008 AMD'000
Payables to suppliers	44,061	23,113
Salary and similar payables	24,183	19,384
Non-income taxes payable	10,169	939
Other	21,476	35,164
	<b>99,889</b>	<b>78,600</b>

## 22 Deferred tax asset/ (liability)

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to net deferred tax assets and liabilities as of 31 March 2009 and 31 December 2008, respectively.

AMD'000	Assets		Liabilities		Net	
	March 31, 2009	December 31, 2008	March 31, 2009	December 31, 2008	March 31, 2009	December 31, 2008
Loans to customers	-	-	(14,426)	(11,474)	(14,426)	(11,474)
Available-for-sale assets	-	196	(512)	-	(512)	196
Placements with banks and other financial institutions	-	-	(8,820)	(6,834)	(8,820)	(6,834)
Property and equipment	670	516	-	-	670	516
Other assets	-	-	(489)	(117)	(489)	(117)
Tax losses carry-forwards	26,998	37,158	-	-	26,998	37,158
Other liabilities	11,301	6,240	-	-	11,301	6,240
<b>Recognised net deferred tax assets/(liabilities)</b>	<b>38,969</b>	<b>44,110</b>	<b>(24,247)</b>	<b>(18,425)</b>	<b>14,722</b>	<b>25,685</b>

The tax rate applicable for deferred taxes was 20% (2008: 20%).

The above deductible temporary differences (except for tax loss carry-forwards) do not expire under current tax legislation. The tax loss carry-forwards can be carried forward maximum for 5 subsequent years under current tax legislation.

### Movement in temporary differences during three months ended 31 March 2009

AMD'000	Balance 1 January 2009	Recognised in income	Recognised in equity	Balance 31 March 2009
Loans to customers	(11,474)	(2,952)	-	(14,426)
Available-for-sale assets	196	-	(708)	(512)
Placements with banks and other financial institutions	(6,834)	(1,986)	-	(8,820)
Property and equipment	516	154	-	
Other assets	(117)	(372)	-	(489)
Tax losses	37,158	(10,160)	-	26,998
Other liabilities	6,240	5,061		11,301
	<b>25,685</b>	<b>(10,255)</b>	<b>(708)</b>	<b>14,722</b>



## **23 Share capital**

### **Issued capital and share premium**

The authorized, issued and outstanding share capital comprises 81,251 ordinary shares (2008: 81,251). All shares have a nominal value of AMD 100,000. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at annual and general meetings of the Bank.

### **Dividends**

Dividends payable are restricted to the maximum retained earnings of the Bank, which are determined according to legislation of the Republic of Armenia. In accordance with the legislation of the Republic of Armenia, as of the balance sheet date no reserves are available for distribution.

## **24 Risk management**

Management of risk is fundamental to the business of banking and is an essential element of the Bank's operations. The major risks faced by the Bank are those related to market risk, which includes interest rate and currency risks, credit risk and liquidity risk.

### **Risk management policies and procedures**

The Bank's risk management policies aim to identify, analyze and manage the risks faced by the Bank, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, products and services offered and emerging best practice.

The Board of Directors of the Bank has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures as well as approving significantly large exposures.

The Management Committee with the support of the ALCO Committee is responsible for monitoring and implementation of risk mitigation measures and making sure that the Bank operate within the established risk parameters. The Head of Risk Management and Planning Division of the Bank is responsible for the overall risk management, ensuring the implementation of common principles and methods for identifying, measuring, managing and reporting both financial and non-financial risks.

### **Market risk**

Market risk is the risk that movements in market prices, including foreign exchange rates, interest rates, credit spreads and equity prices will affect the Bank's income or the value of its portfolios. Market risks comprise currency risk, interest rate risk and other price risk. Market risk arises from open positions in interest rate, currency and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimizing the return on risk.

Overall authority for market risk management is vested in the ALCO Committee, chaired by the Head of Finance and Administration. Market risk limits are approved by the ALCO Committee, based on recommendations of the Risk Management and Planning Division.

The Bank manages its market risk by setting open position limits in relation to financial instrument, interest rate maturity and currency positions and stop-loss limits which are monitored on a regular basis and reviewed and approved by the ALCO Committee.

The management of interest rates risk, component of market risk, by monitoring interest rate gap is supplemented by monitoring the sensitivity of the Bank’s net interest margin to various standard and non-standard interest rate scenarios.

The Bank manages its currency risk by setting open position limits in relation to currency positions which are monitored on a regular basis and reviewed and approved by the ALCO Committee.

### ***Interest rate risk***

Interest rate risk is the risk that movements in interest rates will affect the Bank’s income or the value of its portfolios of financial instruments.

The Bank is exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may also reduce or create losses in the event that unexpected movements arise.

Interest rate risk arises when the actual or forecasted assets of a given maturity period are either greater or less than the actual or forecasted liabilities in that maturity period.

An analysis of sensitivity of the Bank’s profit and equity to changes in the market interest rate based on a simplified scenario of a 100 basis point (bp) symmetrical fall or rise in all yield curves and positions of interest-bearing assets and liabilities existing as at 31 March 2009 and 31 December 2008 as follows:

AMD’000	March 31, 2009		December 31, 2008	
	Profit	Equity	Profit	Equity
100 bp parallel increase	(12,177)	(12,177)	16,449	16,449
100 bp parallel decrease	12,177	12,177	(16,449)	(16,449)

An analysis of sensitivity of the Bank’s profit and equity as a result of changes in fair value of financial assets available for sale due to changes in the interest rates based on positions existing as at 31 March 2009 and 31 December 2008 and a simplified scenario of a 100 basis point (bp) symmetrical fall or rise in all yield curves is as follows:

AMD’000	March 31, 2009		December 31, 2008	
	Profit	Equity	Profit	Equity
100 bp parallel increase	-	4,813	-	(8,800)
100 bp parallel decrease	-	(4,813)	-	8,800

### **Currency risk**

The Bank has assets and liabilities denominated in several foreign currencies. Foreign currency risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency. For further information on the Bank's exposure to currency risk at year end refer to Note 33.

An analysis of sensitivity of the Bank's profit for the year and equity to changes in the foreign currency exchange rates based on positions existing as at 31 March 2009 and 31 December 2008 and a simplified scenario of a 5% change in USD and RUR to AMD exchange rates is as follows:

AMD'000	March 31, 2009		December 31, 2008	
	Profit	Equity	Profit	Equity
5% appreciation of USD against AMD	(14,616)	(14,616)	(14,143)	(14,142)
5% depreciation of USD against AMD	14,616	14,616	14,143	14,142
5% appreciation of EUR against AMD	2,964	2,964	(581)	(581)
5% depreciation of EUR against AMD	(2,964)	(2,964)	581	581

### **Credit risk**

Credit risk is the risk of financial loss occurring as a result of default by a borrower or counterparty on their obligation to the Bank. The Bank has developed policies and procedures for the management of credit exposures both for on balance sheet and off balance sheet exposures.

Corporate loan/credit applications are originated and analyzed by the relevant relationship managers from the Commercial Banking Division, which is responsible for the Bank's corporate loan portfolio. Reports produced by the department's credit analysts are based on a structured analysis focusing on the customer's business and financial performance. The loan/credit application and the report are then independently reviewed by the Risk Management Division and a second opinion is given accompanied by a check that credit policy requirements have been met. The Management Committee reviews the loan/credit application on the basis of submissions by the Commercial Banking Division. Individual transactions are also reviewed by the Bank's Legal department, depending on the specific risks and pending final approval of the Management Committee.

The Bank continuously monitors the performance of individual credit exposures and regularly reassesses the creditworthiness of its customers. The review is based on the customer's most recent financial statements and other information submitted by the borrower, or otherwise obtained by the Bank. The current market value of collateral is regularly assessed by either independent appraisal companies or the Bank's specialists.

Retail loan/credit applications are reviewed by the Bank's Retail Approval Department, Retail Approval Committee and Management Committee based on the authorized limits.

Apart from individual customer analysis, the whole credit portfolio is assessed by the Risk Management and Planning Division with regard to credit concentration and market risks.

The Bank's maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets on the balance sheet and guarantees and credit commitments included in Note 26. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant.

The Bank monitors concentrations of credit risk by industry/sector and by geographic location. For the analysis of concentration of credit risk in respect of loans and advances to customers refer to Note 14 “Loans to customers”.

### **Liquidity risk**

Liquidity risk is the risk that the Bank will encounter difficulty in raising funds to meet its commitments. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of financial institutions, including the Bank. It is unusual for financial institutions ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses.

The Bank maintains liquidity management with the objective of ensuring that funds will be available at all times to honor all cash flow obligations as they become due. The Bank’s liquidity policy is reviewed and approved by the ALCO Committee.

The Bank seeks to actively support a diversified and stable funding base comprising long-term and short-term loans from other banks, core corporate and retail customer deposits, accompanied by diversified portfolios of highly liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The liquidity management policy of the Bank requires:

- projecting cash flows by major currencies and considering the level of liquid assets necessary in relation thereto;
- maintaining a diverse range of funding sources;
- managing the concentration and profile of debts;
- maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any interruption to cash flow;
- maintaining liquidity and funding contingency plans;
- monitoring balance sheet liquidity ratios against regulatory requirements.

The Treasury Department receives information from business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. The Treasury Department then provides for an adequate portfolio of short-term liquid assets to be maintained, largely made up of short-term liquid trading securities, loans to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Bank as a whole.

The daily liquidity position is monitored and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions is performed by the Treasury Department. Under the normal market conditions, liquidity reports covering the liquidity position of the Bank are presented to senior management on a weekly basis. Decisions on the Bank’s liquidity management are made by the ALCO Committee, based on the reports of Risk Management and Planning and Treasury.

The Bank also calculates mandatory liquidity ratios in accordance with the requirement of the Central Bank of Armenia. The Bank was in compliance with these ratios as at 31 March 2009 and 31 December 2008.

The following tables show the undiscounted cash flows on the Bank’s financial liabilities and unrecognised loan commitments on the basis of their earliest possible contractual maturity. The total gross amount disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

The position of the Bank as at 31 March 2009 was as follows:

<b>AMD’000</b>	<b>Demand and less than 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 to 6 months</b>	<b>From 6 to 12 months</b>	<b>More than 1 year</b>	<b>Total gross amount</b>	<b>Carrying amount</b>
<b>Non-derivative liabilities</b>							
Deposits and balances from banks and other financial institutions	1,718	358	3,761,655	3,261	420,084	<b>4,187,076</b>	<b>4,036,886</b>
Current accounts and deposits from customers	1,035,230	1,111,272	2,048,036	623,406	415,159	<b>5,233,103</b>	<b>5,097,099</b>
Other liabilities	65,024	34	51	19,391	15,389	<b>99,889</b>	<b>99,889</b>
<b>Total</b>	<b>1,101,972</b>	<b>1,111,664</b>	<b>5,809,742</b>	<b>646,058</b>	<b>850,632</b>	<b>9,520,068</b>	<b>9,233,874</b>
<b>Loan commitments</b>	<b>1,095,149</b>	-	-	-	-	<b>1,095,149</b>	<b>1,095,149</b>

The position of the Bank as at 31 December 2008 was as follows:

<b>AMD’000</b>	<b>Demand and less than 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 to 6 months</b>	<b>From 6 to 12 months</b>	<b>More than 1 year</b>	<b>Total gross amount</b>	<b>Carrying amount</b>
<b>Non-derivative liabilities</b>							
Deposits and balances from banks and other financial institutions	3,037	620	1,464	562,707	424,903	<b>992,731</b>	<b>893,786</b>
Amounts payable under repurchase agreements	1,335,535	-	-	-	-	<b>1,335,535</b>	<b>1,333,946</b>
Current accounts and deposits from customers	1,429,951	619,971	369,591	565,570	284,052	<b>3,269,135</b>	<b>3,187,072</b>
Other liabilities	47,771	20,738	50	101	9,940	<b>78,600</b>	<b>78,600</b>
<b>Total</b>	<b>2,816,294</b>	<b>641,329</b>	<b>371,105</b>	<b>1,128,378</b>	<b>718,895</b>	<b>5,676,001</b>	<b>5,493,404</b>
<b>Loan commitments</b>	<b>126,278</b>	-	-	-	-	<b>126,278</b>	<b>126,278</b>

## 25 Capital management

The Central Bank of Armenia sets and monitors capital requirements for the Bank.

The Bank defines as capital those items defined by statutory regulation as capital for credit institutions. Under the current capital requirements set by the Central Bank of Armenia banks have to maintain a ratio of capital to risk weighted assets (“statutory capital ratio”) above the prescribed minimum level. As at 31 March 2009, this minimum level was 12%. The Bank was in compliance with the statutory capital ratios during the years ended 31 March 2009 and 31 December 2008.

## 26 Commitments

At any time the Bank has outstanding commitments to extend loans. These commitments take the form of approved loans and credit card limits and overdraft facilities.

The Bank provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to one year.

The contractual amounts of commitments are set out in the following table by category. The amounts reflected in the table for commitments assume that amounts are fully advanced. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognized at the balance sheet date if counterparties failed completely to perform as contracted.

	<b>March 31, 2009</b> <b>AMD’000</b>	<b>December 31, 2008</b> <b>AMD’000</b>
<b>Contracted amount</b>		
Guarantees	175,830	202,163
Loan and credit line commitments	1,081,916	108,671
Credit card commitments	13,233	17,607

The total outstanding contractual commitments to extend credit indicated above does not necessarily represent future cash requirements, as these commitments may expire or terminate without being funded.

## 27 Contingencies

### Insurance

The insurance industry in the Republic of Armenia is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Bank has up to USD 1 million coverage for each type of insurance including for its premises and equipment, business interruption, third party liability in respect of property arising from accidents on the Bank’s property or related to the Bank’s operations. The Bank also has a till insurance in the amount of AMD 70 million.

## **Litigation**

Bank management is unaware of any significant actual, pending or threatened claims against the Bank.

## **Taxation contingencies**

The taxation system in the Republic of Armenia is relatively new and is characterized by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. In the event of a breach of tax legislation, no liabilities for additional taxes, fines or penalties may be imposed by tax authorities once three years have elapsed from the date of the breach.

These circumstances may create tax risks in the Republic of Armenia that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Armenian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

## **28 Related party transactions**

### **Control relationships**

The Bank’s Parent is “Byblos Bank S.A.L”, which owns 65% of the share capital. The Parent produces publicly available financial statements.

The party with ultimate control over the Bank is Francois Bassil.

### **Transactions with the members of the Board of Directors and the Management Board**

Total remuneration included in employee compensation (refer Note 10):

	<b>March 31, 2009</b> <b>AMD’000</b>	<b>December 31, 2008</b> <b>AMD’000</b>
Members of the Board of Directors	450	1,890
Members of the Management Board	42,567	255,993
	<b>43,017</b>	<b>257,883</b>

Included in management remuneration is AMD 3,922 thousand which represents non-cash benefits in respect of the members of the management of the Bank (2008: 21,023).

The outstanding balances and average interest rates as of 31 March 2009 and 31 December 2008 with the members of the Board of Directors and the Management Board are as follows:

	<b>March 31, 2009</b> <b>AMD'000</b>	<b>Average</b> <b>interest</b> <b>rate</b>	<b>December 31, 2008</b> <b>AMD'000</b>	<b>Average</b> <b>interest</b> <b>rate</b>
<b>Statement of financial position</b>				
<b>Assets</b>				
Loans to customers	108,940	9.2%	107,160	9.0%
<b>Liabilities</b>				
Current accounts and deposits from customers	61,292	6.4%	25,972	5.6%

Amounts included in the income statement in relation to transactions with the members of the Board of Directors and the Management Board are as follows:

	<b>March 31, 2009</b> <b>AMD'000</b>	<b>December 31, 2008</b> <b>AMD'000</b>
<b>Statement of comprehensive income</b>		
Interest income	2,448	1,603
Interest expense	(639)	(983)

### Transactions with other related parties

Other related parties include the Parent Company as of 31 March 2009 and 31 December 2008 and other subsidiaries of the Parent company.

	<b>March 31, 2009</b>		<b>December 31, 2008</b>	
	<b>AMD'000</b>	<b>Average</b> <b>interest</b> <b>rate</b>	<b>AMD'000</b>	<b>Average</b> <b>interest</b> <b>rate</b>
<b>Statement of financial position</b>				
<b>Assets</b>				
Placements with banks and other financial institutions	383,418	0.6%	478	-
<b>Liabilities</b>				
Deposits and balances from banks and other financial institutions	8	-	560,492	3.6%
Current accounts and deposits from customers	747,113	7.0%	460,473	7.5%
<b>Other liabilities</b>				
Accounts payable	18,388	-	-	-
<b>Statement of comprehensive income</b>				
Interest income	304	-	1,184	-
Interest expense	(11,432)	-	(13,190)	-

Included in the placements with banks and financial institutions is AMD 383,418 thousand, the interest rate on which is based on Libor / Euribor – 0.125% for USD / EUR balances, respectively.



## 29 Cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flow are composed of the following items:

	<b>March 31, 2009</b>	<b>December 31, 2008</b>
	<b>AMD'000</b>	<b>AMD'000</b>
Cash	257,303	305,983
Due from the Central Bank – nostro accounts	3,116,003	208,399
Placements with banks and other financial institutions – nostro accounts	1,602,394	186,755
	<b><u>4,975,700</u></b>	<b><u>701,137</u></b>

## 30 Fair value of financial instruments

The estimated fair value of the Bank’s financial assets and liabilities, as required to be disclosed by IFRS 7 Financial Instruments: Disclosures, is as follows:

The estimated fair values of financial assets and liabilities, except as described below, are calculated using discounted cash flow techniques based on estimated future cash flows and discount rates for similar instruments at the balance sheet date. As disclosed in Note 15 the fair value of unquoted equity securities available for sale with a carrying value of AMD 12,961 thousand could not be determined.

The estimated fair values of all financial instruments except for unquoted equity securities available-for-sale approximates their carrying values.

## 31 Average effective interest rates

The table below displays the Bank’s interest bearing assets and liabilities as at 31 March 2009 and 31 December 2008 and their corresponding average effective interest rates as at that date. Due to the fact that substantially all the financial instruments of the Bank are fixed rated contracts, these remaining contractual maturity dates also represent the contractual interest rate repricing dates, except for the placements with banks and other financial institutions of AMD 383,418 thousand the interest rate on which is based on Libor/Euribor - 0.125% for USD/EUR balances, respectively (refer Note 28).

	Value AMD'000	March 31, 2009 Average effective interest rate	Value AMD'000	December 31, 2008 Average effective interest rate
<b>Interest Bearing Assets</b>				
<b>Placements with banks and other financial institutions</b>				
<i>Nostro accounts</i>				
- AMD	392	-	405	0.0%
- USD	1,314,021	0.5%	637	1.0%
- other currencies	302,171	-	4,798	3.0%
<i>Loans and deposits</i>				
- AMD	-	-	3,385,715	8.4%
- USD	2,790,744	8.7%	41,190	1.9%
<b>Loans to customers</b>				
- AMD	6,535,550	13.8%	5,690,008	13.9%
- USD	1,491,401	13.0%	1,316,349	12.1%
- Other currencies	196,175	11.9%	207,760	11.8%
<b>Available-for-sale assets</b>				
- AMD	741,704	9.2%	1,511,461	8.4%
<b>Interest Bearing Liabilities</b>				
<b>Deposits and balances from banks and other financial institutions</b>				
- AMD	331,998	7.7%	332,989	7.7%
- USD	3,704,641	5.6%	337,013	0.6%
- Other currencies	247	-	223,784	2.7%
<b>Amounts payable under repurchase agreements</b>				
- AMD	-	-	1,333,946	7.3%
<b>Current accounts and deposits from customers</b>				
<i>Current accounts and demand deposits</i>				
- AMD	391,614	1.3%	458,617	2.0%
- USD	274,654	0.3%	254,390	0.2%
- other currencies	185,026	0.1%	64,465	0.3%
<i>Term deposits</i>				
- AMD	52,703	6.4%	968,723	8.2%
- USD	3,321,143	7.1%	1,362,210	7.3%
- other currencies	871,959	3.7%	28,917	4.9%
<i>Accounts blocked against specific credit exposure</i>				
- AMD	-	-	49,750	-

## 32 Maturity analysis

The following table shows assets and liabilities by remaining contractual maturity dates as at 31 March 2009.

	Less than 1 month AMD'000	1 to 3 months AMD'000	3 months to 1 year AMD'000	1 to 5 years AMD'000	More than 5 years AMD'000	No maturity AMD'000	Overdue AMD'000	Total AMD'000
<b>Assets</b>								
Cash	257,303	-	-	-	-	-	-	257,303
Due from the Central Bank of Armenia	3,116,003	-	-	-	-	47,794	-	3,163,797
Placements with banks and other financial institutions	2,361,152	-	2,046,176	-	-	49,388	-	4,456,716
Loans to customers	22,047	706,944	1,267,284	4,663,596	1,388,608	-	174,647	8,223,126
Available-for-sale assets	399,800	275,173	20,106	46,625	-	12,961	-	754,665
Property and equipment	-	-	-	-	-	534,373	-	534,373
Other assets	18,715	-	29,619	-	-	43,783	-	92,117
Deferred tax asset	-	-	-	-	-	14,722	-	14,722
<b>Total assets</b>	<b>6,175,020</b>	<b>982,117</b>	<b>3,363,185</b>	<b>4,710,221</b>	<b>1,388,608</b>	<b>703,021</b>	<b>174,647</b>	<b>17,496,819</b>
	Less than 1 month AMD'000	1 to 3 months AMD'000	3 months to 1 year AMD'000	1 to 5 years AMD'000	More than 5 years AMD'000	No maturity AMD'000	Overdue AMD'000	Total AMD'000
<b>Liabilities</b>								
Deposits and balances from banks and other financial institutions	1,717	353	3,708,777	326,039	-	-	-	4,036,886
Current accounts and deposits from customers	1,034,850	1,102,976	2,574,769	384,504	-	-	-	5,097,099
Other liabilities	65,024	34	19,442	816	8,148	6,425	-	99,889
<b>Total liabilities</b>	<b>1,101,591</b>	<b>1,103,363</b>	<b>6,302,988</b>	<b>711,359</b>	<b>8,148</b>	<b>6,425</b>	<b>-</b>	<b>9,233,874</b>
<b>Net position as at 31 March 2009</b>	<b>5,073,429</b>	<b>(121,246)</b>	<b>(2,939,803)</b>	<b>3,998,862</b>	<b>1,380,460</b>	<b>696,596</b>	<b>174,647</b>	<b>8,262,945</b>
Net position as at 31 December 2008	1,437,084	805,375	564,976	3,219,979	1,349,957	733,550	99,873	8,210,794

The amounts in the tables above represent carrying amounts of the assets and liabilities as at the reporting date and do not include future interest payments.

The overdue column includes only the contractually overdue portion of financial instruments.

### 33 Currency analysis

The following table shows the currency structure of assets and liabilities at 31 March 2009:

	<b>AMD</b>	<b>USD</b>	<b>RUR</b>	<b>Other</b>	<b>Total</b>
	<b>AMD'000</b>	<b>AMD'000</b>	<b>AMD'000</b>	<b>currencies</b>	<b>AMD'000</b>
	<b>AMD'000</b>	<b>AMD'000</b>	<b>AMD'000</b>	<b>AMD'000</b>	<b>AMD'000</b>
<b>Assets</b>					
Cash	59,433	175,216	19,668	2,986	257,303
Due from the Central Bank of Armenia	1,366,518	1,199,028	598,251	-	3,163,797
Placements with banks and other financial institutions	392	4,154,153	297,859	4,312	4,456,716
Loans to customers	6,535,550	1,491,401	196,175	-	8,223,126
Available-for-sale assets	754,665	-	-	-	754,665
Property and equipment	534,373	-	-	-	534,373
Other assets	78,440	13,665	12	-	92,117
Deferred tax asset	14,722	-	-	-	14,722
<b>Total assets</b>	<b>9,344,093</b>	<b>7,033,463</b>	<b>1,111,965</b>	<b>7,298</b>	<b>17,496,819</b>
<b>Liabilities</b>					
Deposits and balances from banks and other financial institutions	331,998	3,704,641	245	2	4,036,886
Current accounts and deposits from customers	444,317	3,595,797	1,051,944	5,041	5,097,099
Other liabilities	74,047	25,338	504	-	99,889
<b>Total liabilities</b>	<b>850,362</b>	<b>7,325,776</b>	<b>1,052,693</b>	<b>5,043</b>	<b>9,233,874</b>
<b>Net position as of 31 March 2009</b>	<b>8,493,731</b>	<b>(292,313)</b>	<b>59,272</b>	<b>2,255</b>	<b>8,262,945</b>
Net positions as of 31 December 2008	8,494,962	(282,855)	(11,617)	10,304	8,210,794