

MAIN INDICATORS AND PRUDENTIAL STANDARDS OF COMMERCIAL BANKS AND CREDIT ORGANIZATIONS*

BALANCE SHEET INDICATORS OF THE ARMENIAN BANKING SYSTEM¹

thousand drams

Indicators		31.03.2008	30.06.2008	30.09.2008	Annual ¹	
ASSETS	Cash	D ²	23239487	22832269	27600818	28450288
		F ³	16964617	20961044	20286454	13176321
	Correspondent accounts with the CBA	D	22580163	28490652	35161646	38086828
		F	31445077	39963263	40458074	65913580
	Other claims on the CBA	D	2077944	1597100	0	0
		F	0	0	0	0
	Correspondent accounts with banks	D	230601	353977	75606	1196441
		F	46448565	67808833	43076949	74722436
	Other claims on banks	D	11374164	11285943	7634764	7460059
		F	9912633	11585612	14085246	11858766
	Claims on other financial organizations	D	10254239	10366371	8034093	6587006
		F	2248487	2719711	2831215	1527217
	Government securities	D	109665007	89412676	85013718	81081552
		F	45232	35110	34687	26080
	Liabilities on securities purchased through repo agreements and foreign currency purchased through currency swap	D	-16200333	-14314704	-10728072	-5073975
		F	-8361784	-9081200	-3513324	-2336293
	Repo agreements (without interbank repos)	D	1040394	182694	711244	713847
		F	346603	314176	313626	318411
	Loans to legal entities	D	90368436	103203465	116715412	120666055
		F	126410708	137673786	163599704	168984403
	Loans to natural persons	D	177563869	212020170	235578288	240194442
		F	53630366	57844419	61700100	68169327
	Loans to bank related parties and bank employees	D	6433898	8369312	9798088	14138116
		F	5898447	5295287	5602367	4637469
	Assets loss provisioning reserves		-9228302	-10128987	-12822647	-11932425
	Interest receivable	D	3405570	4373864	4471167	4209023
		F	2172902	2042582	2125371	1885709
	Fixed assets	D	42889498	45292722	45994182	51773338
F		1797282	1782025	3018949	3315489	
Other securities	D	801740	279149	306079	77798	
	F	8368075	9441262	10042265	9756893	
Leasing, factoring (excluding interbank leasing and factoring)	D	5908	744	19183	28320	
	F	17829983	18615983	20774574	17823461	
Other assets	D	8505794	9965313	16138389	6261518	
	F					
Total balance sheet assets		800165270	890584623	954138215	1023697500	

* The tables include indicators of 22 commercial banks and 24 credit organizations functioning in the Republic of Armenia.

thousand drams

Indicators		31.03.2008	30.06.2008	30.09.2008	Annual ¹	
Liabilities	Correspondent accounts of banks	D	1584166	1484275	1544023	1777354
		F	5878296	5556121	4683886	3645044
	Other liabilities to banks (including the CBA)	D	39868661	52810068	43234354	90759633
		F	59570536	59496991	89743681	120811744
	Liabilities to other financial organizations	D	11490876	11561825	9023675	10414736
		F	34696097	37851840	39040307	49778793
	Demand liabilities to legal entities	D	85756866	78007587	96151553	70036918
		F	36335013	35384603	52200561	54907210
	Demand liabilities to natural persons	D	34161490	35654088	39837999	31074703
		F	41161497	40177217	32967207	30797457
	Time deposits of legal entities	D	47378468	61012797	55158442	45796099
		F	26535907	31541743	28155449	43045053
	Time deposits of natural persons	D	66756397	74188372	84339007	71561027
		F	73045902	86181598	91445210	102242248
	Funds attracted through repo agreements	D	0	0	5649720	0
		F	0	0	0	0
	Liabilities to the Government	D	6704932	7443937	9033844	5226807
		F	10456596	10351483	11786966	10995923
	Interest payable	D	1747498	2269877	2471563	2426260
		F	3452620	3336879	3644203	4195303
Other liabilities	D	21748520	22605149	21963458	25039034	
	F	9891311	36915526	17123520	13744310	
Total liabilities		618221649	693831976	739198628	788275656	
Capital	Actually paid-in statutory fund		121336714	131668910	142268909	152490167
	General reserve		5880330	6420310	6420310	6458310
	Own shares repurchased by bank		0	-120	0	0
	Undistributed profit (loss)	Current period	5914709	11709444	19564587	27743274
		Previous period	38280654	36973423	37186041	37191188
Total balance sheet capital			196752647	214939587	235421844	

¹ The 2008 end-year indicators include closing entries.

² D– Armenian dram.

³ F– foreign currency.

INCOME AND EXPENSE ACCOUNT OF BANKS

thousand drams

Indicators	31.03.2008	30.06.2008	30.09.2008	31.12.2008¹
Interest income	19692080	41844451	66987780	94478973
Interest expense	6779001	14587628	23490588	34817438
Net interest income	12913079	27256823	43497191	59661535
Non-interest income	6776797	14712091	24227315	35445333
Non-interest expense	11144008	24575061	37440111	54903276
Net non-interest income	-4367211	-9862970	-13212796	-19457943
Asset loss provisioning	9373210	19668024	32618647	46594506
Refund of asset loss provisioning	8183570	16981570	26716405	41154017
Net provisions	1189640	2686453	5902242	5440489
Pre-tax profit	7356280	14705226	24378532	34728080
Profit tax	1596606	3369840	5532014	7859759
Net profit	5759674	11335386	18846518	26868321
Dividends	0	0	0	0
Undistributed profit	5759674	11335386	18846518	26868321

¹ The 2008 end-year indicators include closing entries.

CHANGE OF TOTAL CAPITAL

01.01.2008 – 31.12.2008

thousand drams

Item	
Amount at the beginning of the period	
Total capital	150924702
Core capital	144707081
Statutory fund	116486544
Note: number of shares sold (pcs)	5168246
General reserve	5788655
Undistributed profit	38364178
Amount deducted from core capital, o/w:	15932296
Long-term subordinated lending	-
Own shares repurchased by bank	-
Intangible assets (excluding those specified in Regulation 2)	213063
Investment in statutory funds of other banks, credit organizations, and other parties as specified in Regulation 2	1272267
Tangible assets not used in banking, and capital investments in them	3503526
Amount exceeding book value of tangible assets used in banking, and capital investments in them, and of core capital, as specified in Regulation 2	8869557
Capital investment in fixes assets leased by the bank	2073883
Additional capital	6217621
Revaluation reserves for bank premises	6407157
Reserve of foreign exchange difference generated in a balance sheet consolidation	-
Other reserves (excluding those specified in Regulation 2)	-189536
Change during the period	
Total capital	61607668
Core capital	62922640
Statutory fund	30003620
Note: number of shares sold (pcs)	878665
General reserve	652176
Undistributed profit	26268902
Amount deducted from core capital, o/w:	-5997942
Long-term subordinated lending	-
Own shares repurchased by bank	-
Intangible assets (excluding those specified in Regulation 2)	46503
Investment in statutory funds of other banks, credit organizations, and other parties as specified in Regulation 2	107493
Tangible assets not used in banking, and capital investments in them	735058
Amount exceeding book value of tangible assets used in banking, and capital investments in them, and of core capital, as specified in Regulation 2	-7633611
Capital investment in fixes assets leased by the bank	746615
Additional capital	-1314972
Revaluation reserves for bank premises	-1710798
Reserve of foreign exchange difference generated in a balance sheet consolidation	-
Other reserves (excluding those specified in Regulation 2)	395826

Amount at the end of the period	
Total capital	212532370
Core capital	207629721
Statutory fund	146490164
Note: number of shares sold (pcs)	6046911
General reserve	6440831
Undistributed profit	64633080
Amount deducted from core capital, o/w:	9934354
Long-term subordinated lending	-
Own shares repurchased by bank	-
Intangible assets (excluding those specified in Regulation 2)	259566
Investment in statutory funds of other banks, credit organizations, and other parties as specified in Regulation 2	1379760
Tangible assets not used in banking, and capital investments in them	4238584
Amount exceeding book value of tangible assets used in banking, and capital investments in them, and of core capital, as specified in Regulation 2	1235946
Capital investment in fixed assets leased by the bank	2820498
Additional capital	4902649
Revaluation reserves for bank premises	4696359
Reserve of foreign exchange difference generated in a balance sheet consolidation	-
Other reserves (excluding those specified in Regulation 2)	206290

STRUCTURE OF LOAN PORTFOLIO

thousand drams

Credit risk groups	Loans	Loan loss provisioning		Categories of receivables	Receivables	Receivables loss provisioning	
		balance	%			balance	%
31.03.2008	<i>1</i>	<i>2</i>	<i>3</i>	31.03.2008	<i>1</i>	<i>2</i>	<i>3</i>
1. Standard	448841177	4804270	1.07	1. Standard	64686268	700254	1.08
2. Watch	13342024	1334207	10.00	2. Watch	1230597	123061	10.00
3. Substandard	1998231	399646	20.00	3. Substandard	371804	74361	20.00
4. Doubtful	3348350	1674174	50.00	4. Doubtful	124037	62019	50.00
5. Loss	-	-	-	5. Loss	-	-	-
Total	467529781	8212296	1.76	Total	66412706	959696	1.45

Credit risk groups	Loans	Loan loss provisioning		Categories of receivables	Receivables	Receivables loss provisioning	
		balance	%			balance	%
30.06.2008	<i>1</i>	<i>2</i>	<i>3</i>	30.06.2008	<i>1</i>	<i>2</i>	<i>3</i>
1. Standard	514792853	5487714	1.07	1. Standard	86270762	923882	1.07
2. Watch	11887811	1188782	10.00	2. Watch	830752	83075	10.00
3. Substandard	4776506	955300	20.00	3. Substandard	554958	110991	20.00
4. Doubtful	2569536	1284768	50.00	4. Doubtful	51953	25977	50.00
5. Loss	-	-	-	5. Loss	-	-	-
Total	534026706	8916563	1.67	Total	87708425	1143925	1.30

Credit risk groups	Loans	Loan loss provisioning		Categories of receivables	Receivables	Receivables loss provisioning	
		balance	%			balance	%
30.09.2008	<i>1</i>	<i>2</i>	<i>3</i>	30.09.2008	<i>1</i>	<i>2</i>	<i>3</i>
1. Standard	579930452	6183165	1.07	1. Standard	66125731	725430	1.10
2. Watch	13305207	1330515	10.00	2. Watch	803916	80391	10.00
3. Substandard	2813774	562756	20.00	3. Substandard	256256	51249	20.00
4. Doubtful	7161435	3580718	50.00	4. Doubtful	464900	232449	50.00
5. Loss	-	-	-	5. Loss	-	-	-
Total	603210869	11657153	1.93	Total	67650803	1089519	1.61

Credit risk groups	Loans	Loan loss provisioning		Categories of receivables	Receivables	Receivables loss provisioning	
		balance	%			balance	%
31.12.2008	<i>1</i>	<i>2</i>	<i>3</i>	31.12.2008	<i>1</i>	<i>2</i>	<i>3</i>
1. Standard	605703382	6440121	1.06	1. Standard	96851471	1030078	1.06
2. Watch	21810724	2181075	10.00	2. Watch	676007	67600	10.00
3. Substandard	3353567	670711	20.00	3. Substandard	199442	39889	20.00
4. Doubtful	2713194	1356598	50.00	4. Doubtful	108164	54082	50.00
5. Loss	-	-	-	5. Loss	-	-	-
Total	633580867	10648506	1.68	Total	97835085	1191649	1.22

STRUCTURE OF LOANS BY SECTORS OF ECONOMY

31.12.2008

thousand drams

Sectors	Terms				Total		Total
	Up to 1 year		1 year and over		dram	FX	
	dram	FX	dram	FX			
Loans, total	111764321	61410183	287347535	190184186	399111856	251594369	650706225
Loans to non-residents (total)	831653	2252955	2768715	2062778	3600368	4315733	7916101
Loans to non-residents (total)	108568661	58380973	286942827	188897663	395511488	247278636	642790124
Industry, of which:	9199163	13783953	24235843	38639369	33435006	52423322	85858328
mining	734417	5944718	1778690	1674926	2513107	7619644	10132751
energy	2780787	1646772	3940366	11293375	6721153	12940147	19661300
food	3400669	3610481	10081822	15590397	13482490	19200878	32683368
light industry	308627	225089	1312345	1500946	1620972	1726035	3347007
chemical industry	220624	527771	74700	553490	295324	1081261	1376585
building materials	1060899	447984	3022352	1821846	4083251	2269830	6353081
precious items	104820	456919	519375	759230	624195	1216149	1840344
metallurgy	14259	27398	61016	9457	75275	36855	112130
engineering and electrical industry	49367	339445	642190	1547335	691557	1886780	2578337
other sectors of industry	524694	557376	2802987	3888367	3327682	4445743	7773425
Agriculture	1350538	5306483	7515914	22294340	8866452	27600823	36467275
animal breeding	984249	2900524	5618258	15380887	6602507	18281411	24883918
plant growing	366289	2405959	1897656	6913453	2263945	9319412	11583357
Construction	5072803	3087510	14960079	16360199	20032882	19447709	39480591
Transport and communication	1291307	1229138	5222712	2494483	6514019	3723621	10237640
Trade, of which:	12547135	22572049	43701022	53210503	56248157	75782552	132030709
wholesale	6383447	17164854	18519526	33056061	24902973	50220915	75123888
retail	6163688	5407195	25181496	20154442	31345184	25561637	56906821
Public catering and other services	1698912	1076703	11578358	8502673	13277270	9579376	22856646
Financial sector, of which:	13100013	7955860	2457434	1444917	15557447	9400777	24958224
resident banks	7204341	7238366	0	0	7204341	7238366	14442707
Consumer loans	58071945	595691	111305194	4538793	169377138	5134484	174511622
Mortgage (residential) loans	1707769	746208	56157424	25009487	57865193	25755695	83620888
Other sectors of economy	4529076	2027378	9808848	16402899	14337924	18430277	32768201

PRUDENTIAL STANDARDS ON CAPITAL ADEQUACY AND LIQUIDITY

Period	S1	S2 ¹	S2 ²
31.03.2008	27.0%	30.5%	101.0%
30.06.2008	26.0%	27.1%	95.6%
30.09.2008	27.2%	25.5%	92.4%
31.12.2008	27.5%	23.8%	103.1%

S1 - Total capital to risk weighted assets ratio.

S2¹ - High liquid assets to total assets ratio.

S2² - High liquid assets to demand liabilities ratio.

BALANCE SHEET INDICATORS OF CREDIT ORGANIZATIONS

thousand drams

Indicators		31.03.2008	30.06.2008	30.09.2008	Annual ¹	
Assets	Cash	D ²	133202	119157	139972	104251
		F ³	9603	12461	6466	5320
	Banking accounts	D	1294177	760027	1045316	999065
		F	447153	1493171	538905	1267496
	Claims on banks	D	1276874	1973375	993439	1395193
		F	115782	1699096	2438305	2884545
	Claims on other financial organizations	D			20000	19198
		F			0	0
	Government securities	D	89714	59479	294241	295909
		F	0	0	0	0
	Liabilities on securities obtained through repo agreement and foreign currency obtained through currency swap	D			0	-732249
	Repo agreements (less interbank repos)	D	3602942	4182880	4378046	4445437
		F	9589724	12470572	13540720	14407948
	Loans to natural persons	D	20687963	22657923	24065930	23047722
		F	5505223	6056638	7378508	10590563
	Loans to CO related parties and CO employees	D	329194	357701	210941	247882
		F	275284	256293	162327	167470
	Leasing (without interbank lease)	D	1816232	1719180	1867120	1935801
		F	1921190	2147752	2607653	3008295
	Factoring (without interbank factoring)	D			0	0
		F			0	0
	Asset loss provisioning		-670030	-825657	-906334	-1112737
	Interest receivable	D	260214	279659	263652	251302
		F	121260	124223	165110	199333
	Fixed assets		748541	745205	810703	844135
	Other securities	D	23681	23680	23686	3680
		F	0	0	0	0
Other assets	D	459824	533864	671095	681129	
	F	736552	96224	109594	282287	
Total balance sheet assets		48774298	56942902	60825395	65238976	

thousand drams

Indicators		31.03.2008	30.06.2008	30.09.2008	Annual ¹	
Liabilities	Liabilities to banks	D	2222607	2931096	2818305	2863773
		F	14575407	16885751	17193457	18532248
	Liabilities to other financial organizations	F	1002687	1699294	1583844	1547563
		F	3633583	6106502	7246533	9207581
	Demand liabilities to legal entities	D	20300	20300	30000	36500
		F	0	0	0	0
	Demand liabilities to natural persons	D	1935	7659	25463	2118
		F	0	0	0	0
	Time liabilities to legal entities	D	7606903	7935334	8050479	7077958
		F	2479451	1810247	2015323	1910045
	Time liabilities to natural persons	D	940937	1153476	1333651	1258849
		F	489608	495901	628878	677638
	Funds attracted through repo agreements	D			0	0
		F			0	0
	Liabilities to Government of Armenia	D	6	0	0	0
		F	618561	1394990	1594166	1881258
	Interest payable	D	196223	287567	327721	409691
		F	235887	239233	372829	213878
	Other liabilities	D	1266761	1100772	1558366	1519233
		F	49135	130376	108411	269064
Total liabilities		35339991	42198498	44887426	47407396	
Capital	Actually paid-in statutory fund	11458300	12145907	12680907	13871364	
	General reserve	170950	314373	324612	329392	
	Own shares repurchased by credit organization	-41060	-41060	-41060	-41060	
	Undistributed profit (loss)	Current period	1770987	1518951	2462904	2970998
		Previous period	-65318	722749	425011	604775
	Total balance sheet capital		13434307	14744404	15937969	17831580

¹ The 2008 end-year indicators include closing entries.

² D– Armenian dram.

³ F– foreign currency.

INCOME AND EXPENSE ACCOUNT OF CREDIT ORGANIZATIONS

thousand drams

Indicators	31.03.07	30.06.07	30.09.07	31.12.07¹
Interest income	2001474	4181930	6659037	9315613
Interest expense	603554	1274425	2035081	2844321
Net interest income	1397920	2907505	4623956	6471292
Non-interest income	534984	1194917	1881328	2554463
Non-interest expense	1022880	2083512	3270984	4579593
Net non-interest income	-487896	-888595	-1389656	-2025130
Asset loss provisioning	711483	1311688	2045037	2766597
Refund of asset loss provisioning	519665	936641	1558287	2085015
Net provisions	191818	375047	486750	681582
Pre-tax profit	718206	1643864	2747550	3764580
Profit tax	91710	229705	395736	787283
Net profit	626496	1414159	2351814	2977297
Dividends	0	0	0	0
Undistributed profit	626496	1414159	2351814	2977297

¹ The 2008 end-year indicators include closing entries.

STRUCTURE OF LOAN PORTFOLIO

thousand drams

Credit risk groups	Loans	Loan loss provisioning		Categories of receivables	of Receivables	Receivables loss provisioning	
		balance	%			balance	%
31.03.2008	<i>1</i>	<i>2</i>	<i>3</i>	31.03.2008	<i>1</i>	<i>2</i>	<i>3</i>
1. Standard	40008835	400250	1.00	1. Standard	6262806	62628	1.00
2. Watch	1032974	103299	10.00	2. Watch	105009	10501	10.00
3. Substandard	218295	43657	20.00	3. Substandard	1444	289	20.00
4. Doubtful	91545	45772	50.00	4. Doubtful	263	132	50.19
5. Loss	-	-	-	5. Loss	-	-	-
Total	41351649	592977	1.43	Total	6369522	73550	1.15

Credit risk groups	Loans	Loan loss provisioning		Categories of receivables	of Receivables	Receivables loss provisioning	
		balance	%			balance	%
30.06.2008	<i>1</i>	<i>2</i>	<i>3</i>	30.06.2008	<i>1</i>	<i>2</i>	<i>3</i>
1. Standard	47859624	478598	1.00	1. Standard	6171325	61712	1.00
2. Watch	1404145	140415	10.00	2. Watch	221101	22110	10.00
3. Substandard	154561	30913	20.00	3. Substandard	7396	1479	20.00
4. Doubtful	172600	86299	50.00	4. Doubtful	1382	691	50.00
5. Loss	-	-	-	5. Loss	-	-	-
Total	49590930	736226	1.48	Total	6401204	85993	1.34

Credit risk groups	Loans	Loan loss provisioning		Categories of receivables	of Receivables	Receivables loss provisioning	
		balance	%			balance	%
30.09.2008	<i>1</i>	<i>2</i>	<i>3</i>	30.09.2008	<i>1</i>	<i>2</i>	<i>3</i>
1. Standard	51320140	513207	1.00	1. Standard	6108307	61082	1.00
2. Watch	1057663	105766	10.00	2. Watch	116484	11649	10.00
3. Substandard	646343	129269	20.00	3. Substandard	175509	35101	20.00
4. Doubtful	92726	46363	50.00	4. Doubtful	917	458	50.00
5. Loss	-	-	-	5. Loss	-	-	-
Total	53116872	794606	1.50	Total	6401216	108290	1.69

Credit risk groups	Loans	Loan loss provisioning		Categories of receivables	of Receivables	Receivables loss provisioning	
		balance	%			balance	%
31.12.2008	<i>1</i>	<i>2</i>	<i>3</i>	31.12.2008	<i>1</i>	<i>2</i>	<i>3</i>
1. Standard	54782149	547824	1.00	1. Standard	7354722	73567	1.00
2. Watch	1480510	148051	10.00	2. Watch	185018	18502	10.00
3. Substandard	326751	65350	20.00	3. Substandard	104155	20831	20.00
4. Doubtful	422889	211446	50.00	4. Doubtful	70614	35308	50.00
5. Loss	-	-	-	5. Loss	-	-	-
Total	57012299	972672	1.71	Total	7714508	148206	1.92

STRUCTURE OF LOANS BY SECTORS OF ECONOMY¹

31.12.2008

thousand drams

Sectors	Terms				Total		Total
	Up to 360 days		361 days and over		dram	FX	
	dram	FX	dram	FX			
Loans (total)	13294703	5576946	18270754	25451721	31565457	31028667	62594124
Loans to non-residents (total)	896	823	23849	72834	24745	73657	98402
Loans to residents (total)	13128426	5191192	18412286	25763818	31540712	30955010	62495722
Industry, of which:	358656	94481	2958620	2786956	3317277	2881437	6198714
mining	32514	0	85461	81035	117975	81035	199010
energy	7192	20664	767396	1967505	774588	1988169	2762757
food	198536	45738	1206561	318298	1405097	364036	1769133
light industry	35707	11240	207885	56066	243592	67306	310898
chemical industry	0	0	0	1616	0	1616	1616
building materials	21195	492	210165	64897	231360	65389	296749
precious items	8042	0	43058	5141	51100	5141	56241
metallurgy	0	0	0	0	0	0	0
engineering and electrical industry	1576	0	4236	0	5812	0	5812
other sectors of industry	53895	16347	433858	292398	487753	308745	796498
Agriculture	4449107	639838	2646295	299599	7095402	939437	8034839
animal breeding	2839662	449252	1872851	220358	4712513	669610	5382123
plant growing	1609445	190586	773444	79241	2382889	269827	2652716
Construction	147509	293041	266394	6041223	413903	6334264	6748167
Transport and communication	174521	192777	857772	1556192	1032293	1748969	2781262
Trade, of which:	3521284	1068886	2070524	3266372	5591808	4335258	9927066
wholesale	355617	38992	161221	1081612	516838	1120604	1637442
retail	3165667	1029894	1909303	2184760	5074970	3214654	8289624
Public catering and other services	243322	46986	759166	437276	1002488	484262	1486750
Financial sector, of which:	1276731	940435	124544	1937853	1401275	2878288	4279563
resident banks	1392245	938594	98000	1937853	1490245	2876447	4366692
Consumer loans	2144105	26405	5858737	301460	8002842	327865	8330707
Mortgage (residential) loans	137144	192533	1906238	4649356	2043382	4841889	6885271
Other sectors of economy	676048	1695810	963996	4487531	1640043	6183341	7823384

EXTENT OF CAPITAL ADEQUACY AND LIQUIDITY STANDARDS¹

Period	S1 ¹	S3
31.03.2008	41.7%	14.7%
30.06.2008	39.7%	14.5%
30.09.2008	40.3%	16.7%
31.12.2008	39.6%	15.2%

¹ Data of 3 credit organizations making public offer are presented.

 S1¹ - Total capital to risk weighted assets ratio.

S3 - Maximum risk on a single borrower.