

Introducing Supplements and Changes to the Joint Resolution of the Minister of Finance of the Republic of Armenia (No. 2-N, dated June 16, 2021), and of the Board of the Central Bank of the Republic of Armenia (No. 39-N, dated March 30, 2021)

2025-04-30

MINISTER OF FINANCE OF THE
REPUBLIC OF ARMENIA
May 23, 2025; No. 180-N

BOARD OF THE CENTRAL BANK
OF THE REPUBLIC OF ARMENIA
April 30, 2025; No. 74-N

JOINT RESOLUTION

Introducing Supplements and Changes to the Joint Resolution of the Minister of Finance of the Republic of Armenia (No. 2-N, dated June 16, 2021), and of the Board of the Central Bank of the Republic of Armenia (No. 39-N, dated March 30, 2021)

Publication date` 04.06.2025

For the purpose of achieving revised principles of asset classification by banks and credit organizations and the policy of recognizing tax revenues on assets that sell at a discount to investment funds; and Pursuant to Article 33 and Article 34 of the Republic of Armenia Law “On Normative Legal Acts”, the Minister of Finance of the Republic of Armenia and the Board of the Central Bank of the Republic of Armenia jointly

E n a c t:

1. Introduce below supplements and changes to the “Procedure for Classification of Financial Assets of Banks and Credit Organizations Operating in the Territory of the Republic of Armenia and Establishing Provisions Against Possible Losses” (hereinafter

referred to as the Procedure) as determined under Joint Resolution No. 2-N, dated June 16, 2021, and No. 39-N, dated March 30, 2021, respectively, of the Minister of Finance of the Republic of Armenia and the Board of the Central Bank of the Republic of Armenia on “Establishing the Procedure for Classification of Financial Assets of Banks and Credit Organizations Operating in the Territory of the Republic of Armenia and Establishing Provisions Against Possible Losses and Revocation of the Board Resolution No. 63, dated April 23, 1999, of the Board of the Central Bank of the Republic of Armenia”, as follows:

1) In paragraph 16 of the Procedure, after the words “the maximum number”, add the expression “, unless otherwise provided for in Paragraphs 16.1 and 16.2 of this Procedure”.

2) After Paragraph 16 of the Procedure, make a supplement as sub-paragraphs 1 and 16.2 with the following content:

“16.1. The requirement set out in Paragraph 16 of this Procedure shall not apply to assets for which the full repayment amount – both principal and interest – is subsidized by the Government of the Republic of Armenia, in accordance with the procedure established by a government decision, for the entire period the asset is in use, provided that there are no grounds for terminating the subsidy by the Government of the Republic of Armenia; where such grounds exist, the exemption shall still apply if the financial institution has implemented a set of tools that effectively eliminate those grounds for terminating the subsidy, as defined by the government decision.

16.2. The maximum number of overdue days for assets provided to the borrower under the procedure established in Paragraph 16 of this Procedure shall not include the overdue days for assets whose full repayment is ensured by the Government of the Republic of Armenia, including through making deductions from the borrower’s monthly financial security (salary or other such pay equivalents) directed toward loan repayment.”.

3) In Paragraph 52 of the Procedure:

a/ rewrite sub-paragraph 1 as follows:

“1) An asset or any portion thereof shall be recovered on the balance sheet at its gross carrying amount at the time of write-off, but not exceeding the amount of compensation corresponding to the special reserve account for potential losses related to that asset. In the case of a foreign currency asset, the recovery shall be based on the average exchange rate in the foreign exchange market, as published by the Central Bank of the Republic of

Armenia on the date the asset was written off the balance sheet. Additionally, if there is a revaluation difference between the write-off and recovery dates of the foreign currency asset, that difference shall be recorded in the foreign currency revaluation gain or loss accounts,";

b/ In sub-paragraph 4, after the word "accounts", add the expression "in the case of a foreign currency asset, using the average exchange rate in the foreign exchange market, as published by the Central Bank of the Republic of Armenia on the date the asset was written off the balance sheet";

4) In Paragraph 52 of the Procedure, after sub-paragraph 4 add the following content as sub-paragraph 5:

"5) The positive difference between the compensation received from the sale of the asset and the asset's gross carrying amount as of the write-off date shall be included in the gross income of the reporting period for income tax calculation purposes.";

5) Rewrite Paragraph 53 of the Procedure as follows:

"53. Off-balance sheet assets (or any portion thereof) shall be removed from the off-balance sheet accounts, as a result of which the financial organization's gross income for the reporting period, for profit tax calculation purposes, shall be increased by the following amounts:

1) in the case of a waiver or cancellation by a financial organization of an asset (or any portion thereof) – in an amount equal to the gross carrying amount of the asset (or that part) at the time of its write-off from the balance sheet,

2) in the event of the expiration of the statute of limitations as prescribed by the laws of the Republic of Armenia for initiating a legal claim concerning the asset (or any portion thereof), the gross carrying amount shall be increased by the carrying amount of any portion of the asset at the time of its write-off from the balance sheet, except as provided in Paragraph 54 (4) of this Procedure.

In the cases specified in this paragraph, the amount of the asset (or any portion thereof) added to the gross income of the financial organization for the reporting period for foreign currency assets shall be the amount of the asset (or any portion thereof) on the day of writing off the balance sheet of the given asset (or any portion thereof), using the average exchange rate in the foreign exchange market, as published by the Central Bank of the

Republic of Armenia on the day of writing off the foreign currency asset (or any portion thereof) from the balance sheet.”;

6) In Paragraph 54 (7) and in Paragraph 56 of the Procedure, after the expression “Organization supervised by the Central Bank of the Republic of Armenia”, add the expression “, (except for investment funds (with their rules registered) registered in the Republic of Armenia)” and a punctuation mark.

2. This resolution to enter into force on the tenth (10th) day following its official publication. Sub-paragraphs 3-6 of Paragraph 1 of this Resolution shall apply to the relations which shall have arisen after January 1, 2025.

Vahe Hovhannisyan
Armenia

Minister of Finance of the Republic of

May 23, 2025

Yerevan

Martin Galstyan
Republic of Armenia

Governor of the Central Bank of the

May 6, 2025

Yerevan

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