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Financial System of the Republic of Armenia

Q1, 2009

BANKS FUNCTIONING IN ARMENIA

As of 31.03.2009 there have been 22 commercial banks, with a total of 391 branch offices, functioning in the territory of the Republic of Armenia.

TOTAL CAPITAL OF COMMERCIAL BANKS

In Q1 2009, total capital of the banking system has grown by 1.5 percent (AMD 3.5 billion) and amounted to AMD 238.9 billion as of 31.03.2009.

The increase in total capital has been attributable to the replenishment by a commercial bank of its statutory capital by AMD 3.0 billion.

During the quarter the total capital adequacy ratio has dropped by 1.3 percentage point and made up 26.2 percent.

In the period under review the total capital to total assets ratio has dropped by 1.8 percentage point and made up 21.2 percent in the end of the quarter.

TOTAL LIABILITIES OF COMMERCIAL BANKS

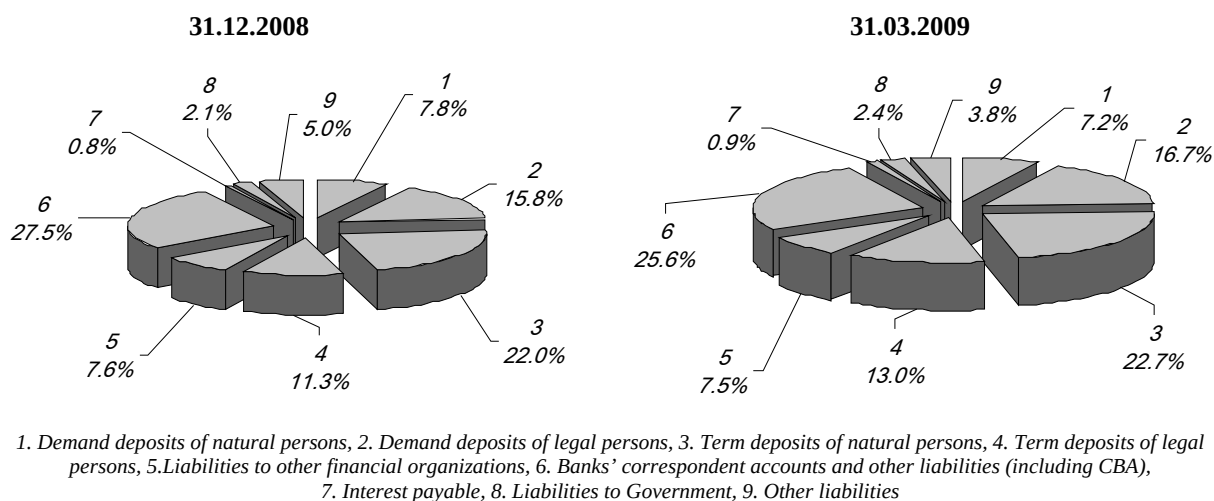
In the period under review the total liabilities of the banking system have grown by 12.8 percent (AMD 100.7 billion) and amounted to AMD 889.0 billion in the yearend. Increases of total liabilities were reported in 17 banks and decreases of liabilities, in 5 banks.

In the structure of bank liabilities, the largest growth was recorded in respect of deposits (both demand and term deposits) of legal persons and natural persons, by 18 percent (AMD 81.1 billion).

As of 31.03.2009, the total amount of deposits has been AMD 530.5 billion.

Demand and term deposits of legal persons have grown by 23.7 percent (AMD 50.6 billion) and demand and term deposits of natural persons, by 12.9 percent (AMD 30.4 billion).

Structure of commercial bank assets



Banks' loro correspondent accounts have grown by 84.7 percent (AMD 4.6 billion); other liabilities to the banks (including the Central Bank) have grown by 2.9 percent (AMD 6.2 billion) and to other financial organizations, by 11.3 percent (AMD 6.8 billion).

No sudden changes in the share of liabilities were observed: the share of banks' loro correspondent accounts and of other liabilities to banks (including the Central Bank) has decreased by 1.9 percentage point, while the share of term deposits of legal persons has increased by 1.7 percentage point.

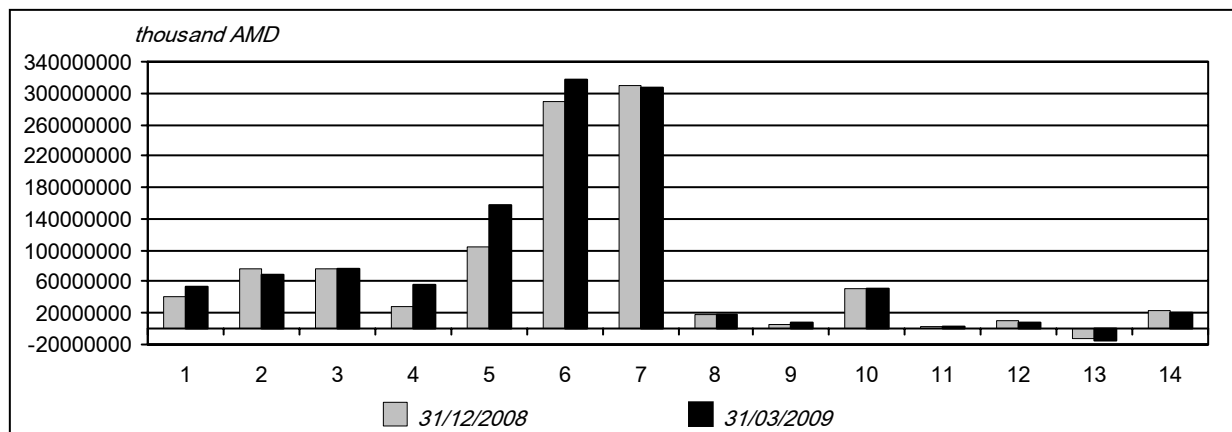
TOTAL ASSETS OF COMMERCIAL BANKS

During the first quarter, total assets of commercial banks have increased by 10.2 percent (AMD 104.2 billion) and reached AMD 1 trillion 127.9 billion. In the period under review, 18 banks reported an increase, and 4 banks reported a decrease, of assets.

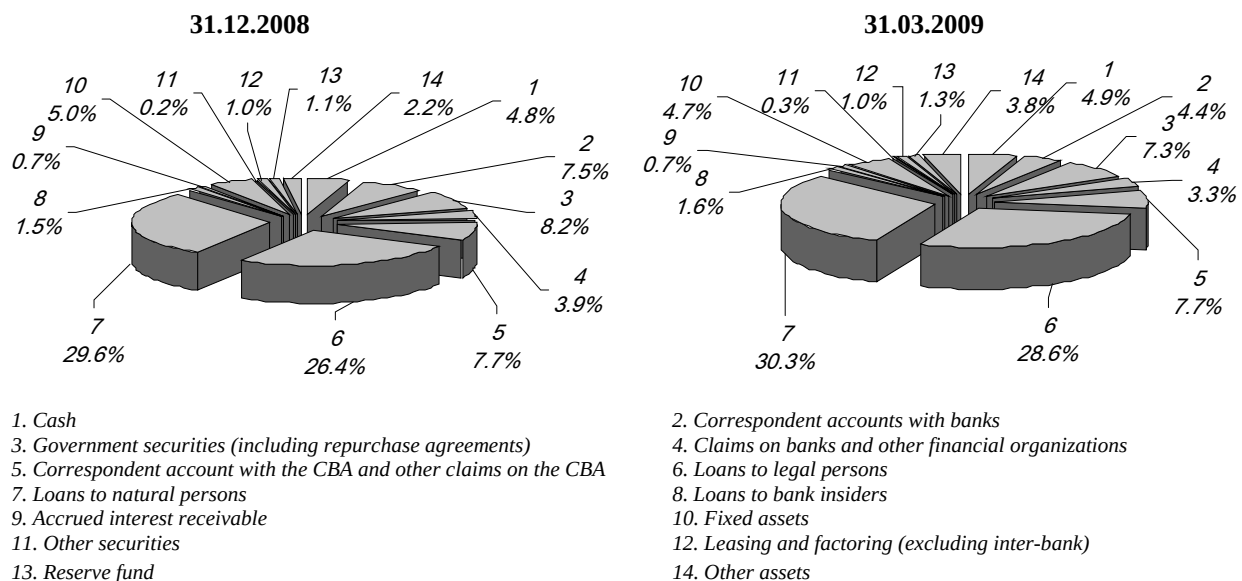
Assets in foreign currency have grown by 40.0 percent (AMD 166.3 billion), while assets in Armenian dram have reduced by 10.2 percent (AMD 62.1 billion) and, therefore, the share of dram assets has shrunk by 11 percentage point to 48.4 percent.

Banks posted large increases on assets owing to correspondent accounts with the Central Bank, by 51.1 percent (AMD 53.2 billion), owing to claims in commercial banks (excluding nostro correspondent accounts), by 148.7 percent (AMD 28.7 billion) and owing to lending to the economy, by 3.9 percent (AMD 24.0 billion).

Commercial bank assets



Structure of commercial bank assets



In the period under review, loans to legal persons have grown by 9.5 percent (AMD 27.6 billion), while loans to natural persons have decreased by 0.8 percent (AMD 2.5 billion) and loans to bank insiders have decreased by 22.9 percent (AMD 2.7 billion).

At the end of the quarter, the portfolio of banking system lending to the economy has been AMD 640.8 billion, of which 49.5 percent constituted loans to legal persons, 47.7 percent loans to natural persons and 2.8 percent loans to bank insiders.

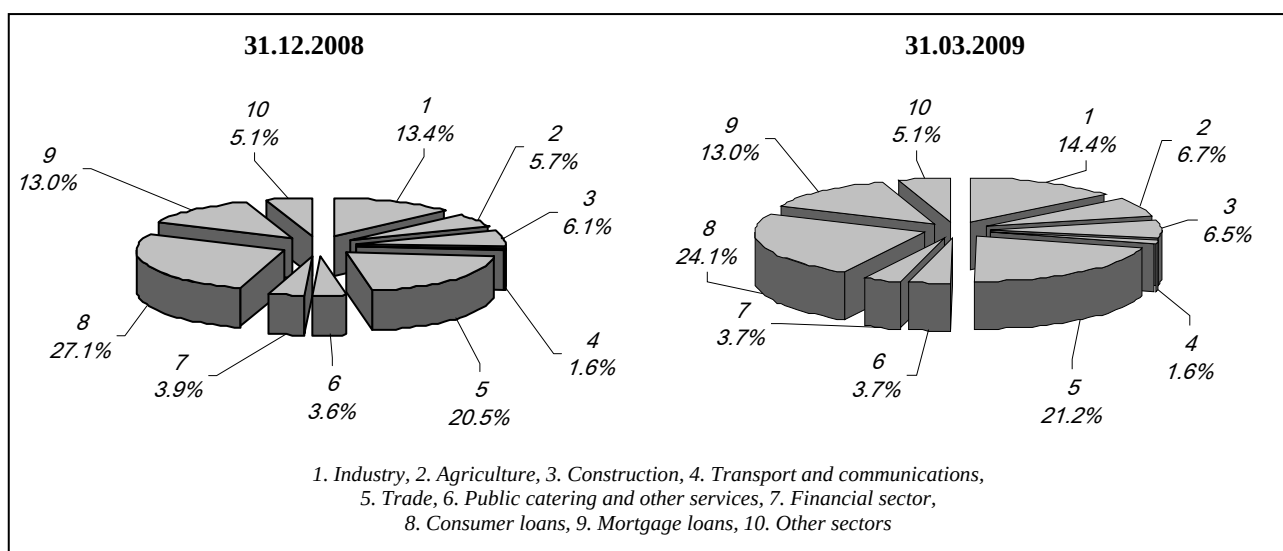
During the first quarter, banking system loans and accounts receivable (including inter-bank deposits and loans, repurchase agreements, leasing, and factoring) have grown by a total of 3.9 percent (AMD 25.3 billion) and amounted to AMD 676.0 billion. Dram loans and receivables have reduced by 13.1 percent and amounted to AMD 346.7 billion, while foreign currency loans and accounts receivable have grown by 30.9 percent to reach AMD 329.2 billion. As a result, the share of dram loans and accounts receivable in total has dropped by 10 percentage points and made up 51.3 percent.

Loans to and accounts receivable from non-residents have increased by 67.1 percent and loans to and accounts receivable from residents have increased by 3.1 percent, having amounted to AMD 13.2 billion and 662.7 billion, respectively.

A considerable growth has been reported in respect of the lending to industry, agriculture, trade and construction, by AMD 9.1 billion, AMD 8.4 billion, AMD 8.1 billion and AMD 3.8 billion.

By sectors of the economy, in the structure of resident loan investment the share of consumer loans has reduced by 3 percentage points but the shares of loans to industry, agriculture and trade have grown by round 1 percentage point each.

Commercial bank resident loan portfolio, by sectors of the economy



During the quarter the share of standard assets of commercial banks has shrunk by 2.9 percentage points to 93.2 percent of total loans and accounts receivable. In the yearend, the “watch” category loans and receivables of the banking system accounted for 5.0 percent of the total; the “substandard” category loans and receivables, 1.5 percent, and the “doubtful” category loans and receivables, 0.3 percent.

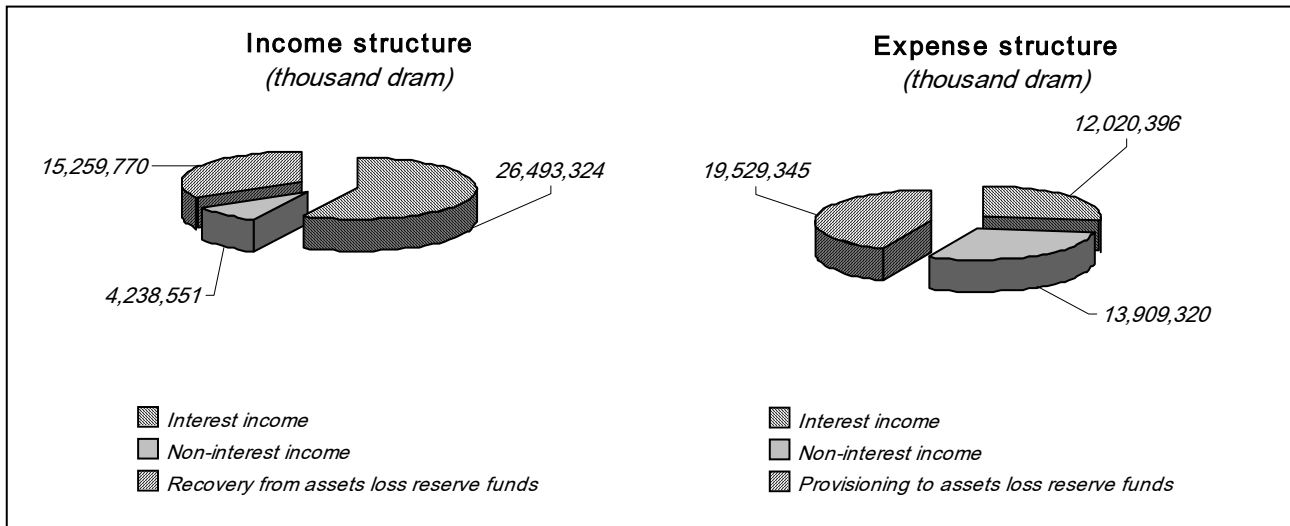
In the period under review, the total liquidity ratio of the banking system has increased by 5.2 percentage points and the current liquidity ratio has increased by 32.3 percentage points, having made up 29.1 percent and 135.4 percent, respectively.

INCOME AND EXPENSE ACCOUNT OF COMMERCIAL BANKS

In the first quarter of 2009 commercial banks have reported a loss of AMD 403 million. Over the first three months of the year 13 commercial banks operated with profit while 9 banks incurred losses.

Commercial banks have reported a total of AMD 46.0 billion gross income and a total of AMD 45.5 billion expenditures. The pre-tax profit of the banking system amounted to AMD 533 million.

Commercial bank income and expense structure in Q1, 2009



In the structure of gross income of the banking system, the share of interest and non-interest income constituted 57.6 percent and 9.2 percent, respectively, and the share of recoveries from the provisioning for assets constituted 33.2 percent. Income received from loans to the economy accounted for 85.2 percent of interest income. In the structure of non-interest income, commission fees accounted for 69.7 percent.

The share of non-interest expense accounted for 26.4 percent in the structure of expenditures, while interest expense and provisioning for assets accounted for 30.6 percent and 43.0 percent, respectively. Bank employee salary and salary equivalents accounted for the considerable share (44.4 percent) of non-interest expense, whereas interest paid on term deposits accounted for 45.8 percent of the interest expense.

CREDIT ORGANIZATIONS

As of the end of Q1, 2009, there have been 25 credit organizations, with a total of 48 branch offices, functioning in the territory of the Republic of Armenia.

In the first quarter of 2009, total assets of credit organizations have grown by 12.5 percent (AMD 8.2 billion) and amounted to AMD 74 billion or constituted 6.6 percent of the total banking sector assets. During the quarter, 19 credit organizations reported an increase of assets and 6 credit organizations reported decreases.

Total lending to the economy by credit organizations has increased by 5.5 percent or AMD 2.9 billion to reach AMD 56.4 billion as of 31/03/2009. The dram loans have reduced by 7.6 percent (AMD 2.1 billion), whereas foreign currency loans have grown by 20.1 percent (AMD 5.1 billion). Loans to natural persons have grown by 3.5 percent to amount to AMD 35.4 billion and loans to legal persons have grown by 9.1 percent to reach AMD 20.6 billion. The total volume of leasing has increased by 13.9 percent and amounted to AMD 5.6 billion.

As of 31/03/2009, the total volume of credit organizations' loans to and accounts receivable on residents has grown by 7.2 percent and amounted to AMD 67 billion. In the loan portfolio of credit organizations, the relatively fast-growing components were construction loans (44.3 percent growth), loans to public catering and other service areas (26.4 percent) and loans to financial sector (20.5 percent). As of the end of the quarter, trade lending has been the largest share (16.4 percent) of the loan portfolio. The share of construction loans has amounted to 14.5 percent in total loan investments; agricultural loans – 14.2 percent; mortgage loans – 11.4 percent, consumer loans – 11.1 percent, industry loans – 10.2 percent and loans to the rest of the sectors of the economy – 22.1 percent.

In terms of risk classification of the loan portfolio, the share of standard loans and receivables in total has dropped during the quarter by 3.9 percentage points to 92.1 percent.

The total capital of credit organizations has grown by 12.3 percent (AMD 2.2 billion) to AMD 20.2 billion. Four credit organizations have paid a total of AMD 1.1 billion into the statutory fund.

The net profit of the first quarter of 2009 has amounted to AMD 1.1 billion. Since the beginning of the year, 18 credit organizations have been profitable and 7 incurred loss.

The total liabilities of credit organizations have grown by 12.6 percent (AMD 6 billion) and, as of 31/03.2009, amounted to AMD 53.7 billion. The liabilities to banks and other financial institutions have grown by 16.8 percent or

AMD 5.4 billion to reach AMD 37.9 billion. Term liabilities to natural persons and legal persons have dropped by 6.2 percent or AMD 673 billion to amount to AMD 10.3 billion.

External debt of Armenian commercial banks and credit organizations at the end of the first quarter of 2009

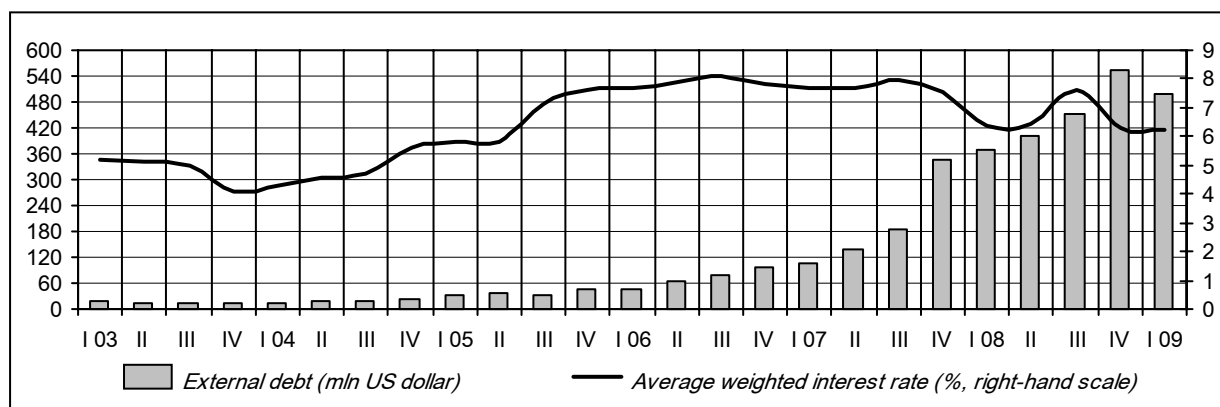
As of the end of the first quarter of 2009 loan obligations¹ of Armenian commercial banks and credit organizations to the rest of the world have amounted to USD 500.3 million against USD 555 million recorded at the end of the previous quarter. During the first quarter of 2009 commercial banks and credit organizations have attracted USD 81 million worth of loan resources from the rest of the world and made amortization repayments in the amount of USD 127 million against loans outstanding.

At the end of the first quarter of 2009 the main lenders to commercial banks and credit organizations were Russia (with its share of 17.3 percent in total versus 16.3 percent in the previous year), France (10.5 percent versus 9.4 percent), Latvia (9.6 percent versus 9.0 percent), and Germany (8.5 percent versus 8.6 percent). About 26.2 percent of the loans were received from international financial organizations.

Loans attracted from the rest of the world have been allocated in the following sectors: financial sector (USD 144 million), industry (USD 142 million), consumer and mortgage loans (USD 69 million), and trade (USD 68 million).

At the end of the first quarter of 2009 the average-weighted interest rate of loans has reduced against the same period of the previous year to 6.2 percent. About 70.8 percent of external loans are with floating interest rates (LIBOR, EURIBOR, CBA securities). The average maturity of the loans is about 4.2 years. The share of short-term loans has reduced to 4.7 percent of total loans received (compared to 12.5 percent at the end of the previous year).

External private debt of the Armenian commercial banks, 2003 - 2009



INSURANCE COMPANIES

As of 31/03/2009 there have been 11 insurance companies functioning in the territory of the Republic of Armenia.

During the first quarter of 2009 assets of insurance companies have grown by 6.0 percent and totaled AMD 12.4 billion as of 31/03/2009. Total capital of insurance companies has increased by 17.0 percent to AMD 8.8 billion, while liabilities have reduced by 13.6 percent and totaled AMD 3.6 billion.

In the assets structure of insurance companies, current deposits and other investments accounted for the largest share (46.6 percent in total), bank accounts constituted 16.2 percent share, investment in securities accounted for 11.7 percent and accounts receivable in respect of direct insurance accounted for 10.3 percent.

In the liabilities structure of insurance companies, the reserve for unearned insurance premiums accounted for the largest share (49.3 percent) and accounts payable to co-insurers and re-insurers accounted for 24.8 percent.

Net profit of insurance companies in the first quarter of 2009 amounted to AMD 925 million; 9 insurance companies have been profitable, and 3 incurred loss.

Accrued premiums reached AMD 1.4 billion. Premiums under risks transferred to reliable re-insurers amounted to AMD 486 million or 35.4 percent in total insurance premiums.

Insurance indemnities have amounted to AMD 403 million, while sums on insurance indemnities from re-insurers have amounted to AMD 141 million or 35.1 percent in total insurance indemnities.

As of 31/03/2009, sums insured under contracts have reached AMD 2.77 trillion (compared to AMD 2.21 trillion as of 31/12/2008).

SECURITIES MARKET

As of 31 March 2009, there have been 22 banks and 9 investment companies engaged in providing investment services in the Armenian securities market. All these 9 investment companies are entitled to carry out transactions with securities on their behalf or on their customers' behalf and to their expense or to their customers' expense. Eight investment companies out of 9 are entitled to take and handle orders from customers for carrying out transactions with securities; five out of 9 can provide advisory services relating to investment with securities; six companies are entitled to perform securities allocation activities; four companies are entitled to manage securities portfolios; and four companies are entitled to perform securities custody activities.

As of 31/03/2009, total assets of investment companies have amounted to AMD 6.8 billion, declining by 12.3 percent in relation to the yearend. The decline was driven by an investment company having exited the market. The capital of investment companies has decreased by 1.1 percent to reach AMD 2.7 billion.

During the first quarter of 2009, the volume of securities trading in the Armenian securities market for investment operations made up AMD 88.6 billion, an increment by 13.7 percent against the previous quarter. The volume of trading in treasury bills has fallen by 24.1 percent against the previous quarter and reached AMD 46.6 billion. As a result, the share of trading in government securities has considerably reduced (as much as 26.1 percentage points) against the total volume of operations to make up 52.6 percent. The volume of trading in shares has grown by 122.1 percent, reaching AMD 24.9 billion and the share of trading in corporate securities amounted to AMD 16.9 billion, having grown more than 3-fold in relation to the previous quarter.

In the trading of government securities, the long-term treasury bills have reported the largest share, growing by 36.6 percent. The share of short-term and medium-term treasury bills in the total traded volume of government securities constituted 32.5 percent and 30.9 percent, respectively.

During the first quarter of 2009, the volume of operations performed in the regulated market by investment service providers amounted to 6.6 percent of total investment operations carried out (the respective volume in the previous quarter was 5.0 percent).

The volume of operations carried out in the regulated market has increased by 3.6-fold in relation to the operations carried out in the previous quarter and amounted to AMD 6.9 billion, with operations on government securities and corporate securities accounting for 53.6 percent and 30.9 percent, respectively, in total. In the first quarter of 2009 repurchase transactions started to be performed also in the regulated market, and the volume of repurchase transactions performed during the quarter has made up 15.4 percent of the stock exchange turnover.

The volume of repurchase transactions performed as investment activities (including repurchase transactions in the regulated market) has shrunk by 50.6 percent compared to the previous quarter to AMD 92.3 billion, of which AMD 48.9 billion were rollovers.

As of 31/03/2009, the volume of transactions executed as trust management has been AMD 1.4 billion, reducing by 9.4 percent at the end of the previous quarter.

At the end of the reporting period there have been 1278 issuer companies in the Central Depository of Armenia that maintained registries of holders of nominal securities and 126748 individuals as owners of securities issued by companies maintaining registries.

As of 31/03/2009, securities of 18 reporting issuers have been listed at the Stock Exchange. Six of them were banks, one an investment company. Nine of reporting issuers issued shares (for a total volume of AMD 24.1 billion) and ten issued bonds (for a total volume of AMD 8.1 billion). "Ararat Bank" JSC issued equity shares as well as debt securities. A considerable part of debt securities (as much as 43 percent) issued covered companies engaged in the financial sector, and the other part (20 percent) covered companies engaged in trade.

During the reporting period "Ineco Bank" issued a prospectus for corporate securities for a total of AMD 350 million.

**CHANGES IN FINANCIAL
SYSTEM REGULATORY
FRAMEWORK**

Draft laws developed by the Central Bank during the first quarter of 2009

1. A draft to the ***Law on Supplements and Changes to the Republic of Armenia Law on Payment and Settlement Systems and Payment and Settlement Organizations*** has been submitted to the Republic of Armenia Government.

Developing the draft law was necessary in order to tighten certain conditions and requirements provided for under the current legislation as well as to explicate some provisions concerned. In particular, efforts included re-grouping, adding up and clarifying the grounds for creation of a payment and settlement system, a membership thereto

as well as the waiver to licensing of a payment and settlement organization; the definition of ‘a payment and settlement service’ has been clarified to seek a maximum compliance with the requirements of the EU legislation; a minimum threshold of total capital of a payment and settlement organization has been set to the amount of AMD 100 million. Work was done to prepare a procedure on suspension of transactions with accounts of a payment and settlement organization as and when it fails to meet its obligations with regard to clients; further, a payment and settlement organization has now been entitled to outsource its operational functions to another party; the timeframes determined under the law as well as measures to sanction have been clarified. In addition, there have been changes and supplements of technical, editorial and contextual nature.

The said draft law, once endorsed, will clear out the procedures for creation and activities of payment and settlement organizations and will help regularize functionality in a most effective manner.

2. Drafts to make amendment to ***the Republic of Armenia Civil Code and the Republic of Armenia Law on Bankruptcy*** have been submitted to the Republic of Armenia Government.

The proposed changes and supplements surmise creating a new financial instrument called *subordinate debt*. In the event a debtor gets liquidated, the claims of a person who has given a subordinate debt shall be satisfied after all creditor claims have been met.

The current legislation does not provide for the use of such an instrument, and in practice the provision of subordinate debt may create difficulties in terms of its compliance with the legislation.

Plans include introducing a definition of ‘subordinate debt’ to the Republic of Armenia Civil Code, as well as making changes to those laws which establish a sequence of satisfying creditor claims. The subordinate debt is more risky and more earning in yield, therefore it can be of interest to a certain amount of investors. Moreover, the subordinate debt is a faster and more flexible way to increase the capital of a company compared with the traditional statutory paid-up procedure companies look to. This is why, stakeholders may choose to provide the company with the subordinate debt rather than make statutory paid-ups.

It is expected that the proposed changes would create ancillary possibilities for commercial undertakings and, especially, financial organizations, in attracting borrowed capital resources.

3. A draft to the ***Law on Mandatory Insurance against Liability ensuing from the Use of Motor Vehicles*** has been submitted to the Republic of Armenia National Assembly.

The draft establishes a stipulation for mandatory insurance against the liability ensuing from the third-party damage to the owners of motor vehicles in the territory of the Republic of Armenia.

The main highlight of the law is to guaranty the provision of insurance indemnity to the people who suffered a car accident.

The mandatory insurance against the third-party liability can only be exercised by those insurance companies which are members to the Bureau.

The Bureau has a number of important functions, including establishing rules in the field of mandatory insurance against third-party liability. These rules are subject to registration with the Central Bank.

The insurance amount should not be less: a) AMD 9 million in the event of death, per person, regardless of the nature of damage whatsoever caused; b) AMD 9 million in the event of damage to the health, per person, to the extent of the actual damage whatsoever caused; and c) AMD 2.5 million in the event of property damage, per accident, regardless of the number of people suffered as a result of the accident.

The extent of the damage caused as well as guiltiness of the person having caused that damage are to be ascertained by relevant experts of the Bureau as well as other competent bodies concerned (healthcare institutions, court, and so on).

A simplified procedure for receiving insurance indemnities has been established allowing the person, having suffered the accident, to turn to the insurance company that covers the responsibility of insurance for the damager, within 3 months after the accident has occurred. The sufferer can take action through the mediation of his insurance company.

After the examination process is over (which shall not last longer than 3 months), the insurance company concerned will make a decision to pay an insurance indemnity or to waive the payment of insurance indemnity, within a 5-day period.

The person having caused the damage, the owner of the motor vehicle, his family members [on the part of the damage to property] and the persons found in the motor vehicle plundered [provided that they were in the car on their own will] cannot benefit the right of use of an insurance indemnity.

The Bureau will be controlled by the Central Bank through reporting, checks. The Central Bank may apply sanction as well. The Bureau has administrative and operational costs.

The Bureau has an information system, and the Central Bank, insurance companies and Road Inspectorate are linked to the system.

4. A draft to the **Law on Investment Funds** has been submitted to the Republic of Armenia Government.

The law is called to categorize the types of investment funds and regularize legal status of investment funds, investment fund managers and investment fund custodians. The law establishes relations with respect to creation of investment funds and investment fund managers, investment fund performance, management and termination of activity as well as such other relations arising out of the protection of investor interests.

The following provisions have been incorporated in the law:

- Investment fund is an organization, whether or not it shall constitute a legal person, established and/or acting for purposes of collective investment mobilized from investors in order to invest in securities and/or other assets and make sure such investment funds are returned to the investors in the form of increased capital, dividends and/or other financial income. Investment funds shall be returned to investors on a pro rata basis and shall depend on the results of management of such funds, whether or not articles of incorporation explicitly specify that the organization is an ‘investment fund’ and whether or not that organization has achieved the set goal and/or realized the given operation.
- Plans provide for a possibility to create standard and special funds (which differ from each other by investment policy) and open-end funds, interim funds and closed funds (which differ from each other by frequency at which the shares are issued and ability and frequency for repurchase).
- A procedure provided for creation of contractual fund, whether or not it shall constitute a legal person, for registration of the rules of the fund; in the event of a corporate fund established in the form of joint stock company or limited partnership, a procedure for registration of the fund in which case special requirements are made to the rules (statute) for the protection of the right of stakeholders of the fund.
- Open-end funds are subject to special regulation the shares of which at issued on an ongoing basis and do not have a fixed value and quantity. One provision in respect of such funds is that open-end corporate funds shall be created in the form of a joint stock company with varying capital, which means that such a capital shall at any time be equivalent to the value of net assets of the fund.
- The cost of issue and repurchase (redemption) of the share of the fund shall be equal to the estimated price of the share, which is subject to determination in the case of open-end fund, at the end of each working day; in the event of closed and interim funds – at the end of the day preceding the allocation of shares, in the event of allocation of shares – at the end of each working day.
- As provided by a key principle of investment of assets, whereby investment with the fund shall be diversified adequately so as to make an effective distribution of risks; in doing so, more stringent requirements are provided to standard funds.
- A fund’s assets shall be managed by a joint stock company or a limited liability company duly registered and licensed as an investment fund manager, as provided for under the law. The fund manager is entitled to perform within the scope of fund management only. However, where allowed by the law, the fund manager can provide investment services and non-core services as well as manage pension funds.
- There are special requirements to qualifying holding in the statutory capital of the investment fund, its management and operations.
- The custody of assets of the investment fund shall be handed over to a bank, operating in the territory of the Republic of Armenia, which is unrelated to the investment fund manager and which provides custody services as required under the Republic of Armenia Law on Securities Market, and which is given additional requirements and obligations under the Republic of Armenia Law on Securities Market.
- There are special requirements provided for the disclosure of information on the investment fund and investment fund manager.
- There are provisions for a procedure on sale of securities foreign funds functioning in the territory of the Republic of Armenia, particularly a need to seek the prior consent of the Central Bank for that purpose.

Sub-legislative amendments

During the first quarter of 2009, the Central Bank introduced amendments to regulations and policies pertaining to banking activities, as follows:

1. In view of the changes made to Regulation 2 ‘Regulation of Banking; Prudential Standards for Banking’ on the part of subordinate debt, there has arisen a need to make supplements accordingly to Regulation 3 ‘Banks Reports; Presentation and Release of Reports’ to reflect long-term subordinate debt in the composition of Tier 2 capital of banks.

2. Changes and supplements have been made to regulations on licensing procedures to the banks, credit organizations, insurance companies, investment companies, regulated market operator and central depository. In particular:

- A single format of information has been set for the banks, credit organizations, insurance companies, investment companies, regulated market operator and central depository when these institutions seek to register their managers. The format has been made as much clearer and automated as possible to make it most accessible.
- To make reporting of information more efficient, the above-mentioned institutions need to file the letter of request electronically for manager registration. Those organizations which are not linked to the system yet may, by 1 July of 2009, file the said information on a paper basis, which should carry the relevant signatures and seals.
- Where information on managers change, only the altered data will be presented along with identification data such as first and last name, date of birth and so on.

During the first quarter of 2009, the following measures were taken place in the securities market regulatory framework:

The changes and supplements were approved under the Board of the Central Bank Resolution No 58-N, dated March 10 2009, to Regulation 4/05 'Investment Service Provider, Operator, Central Depository Manager and Natural Person Investment Service Provider Qualification; Professional Integrity Criteria; and List of Examination Topics for Professional Qualification'. These changes were aimed at identification and clarification of the procedures for registration of managers of the Central Bank-controlled financial organizations, reduction in paperwork and the requirement to file such documents electronically.

During the first quarter of 2009, the following measures were taken place in the insurance market regulatory framework:

1. A change was approved under the Board of the Central Bank Resolution No 65-N, dated March 24 2009, to Regulation 3/02 'Main Prudential Standards and Creation and Calculation of these Standards for Insurance Activity'. The marginal limit of the risk on single borrower (N5 normative) has been increased.

2. A change was approved under the Board of the Central Bank Resolution No 57-N, dated March 10 2009, to Regulation 3/01 'Licensing of Insurance Activity and Insurance Brokerage Activity; Registration of Insurance Broker; Registration of Branch Offices and Representations of Foreign Insurance Companies in the Territory of the Republic of Armenia; Procedure for Obtaining Preliminary Consent for Qualifying Holding in Statutory Capital of Insurance Company; Template to and presentation of Business Plan of Insurance Company; Insurance Company and Insurance Broker Manager and Officer Qualification; Professional Integrity Criteria and Procedure for Examination; and List of Examination Topics for Professional Qualification'. The change was aimed at identification and clarification of the procedures for registration of managers of the Central Bank-controlled financial organizations, reduction in paperwork and the requirement to file such documents electronically.

Developments in Payments and Settlements Activities

Developments in payment and settlement relations in Q1 2009

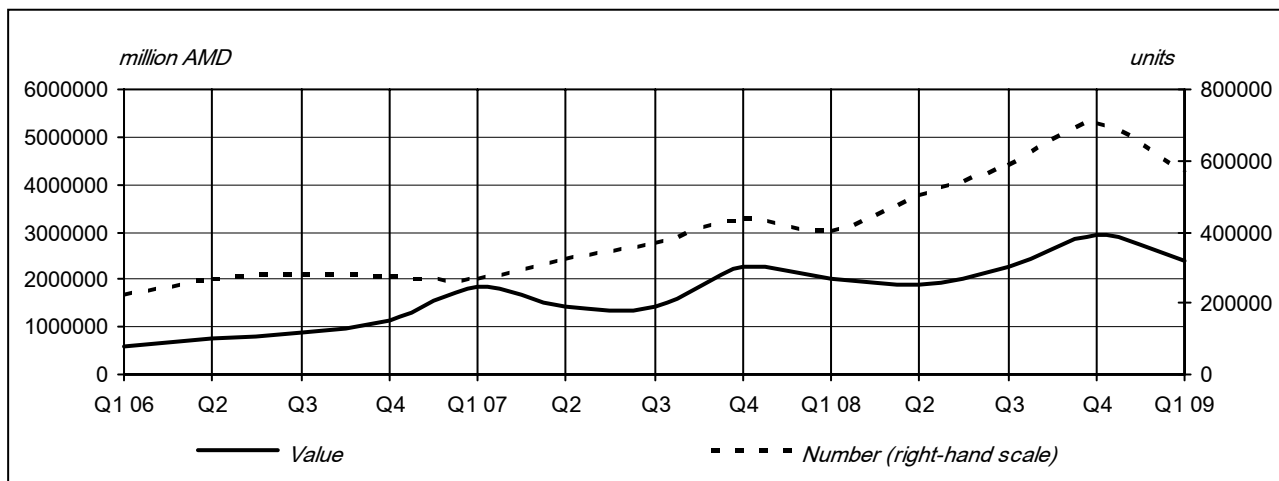
MAIN INDICATORS OF THE ARMENIAN PAYMENT AND SETTLEMENT SYSTEM

In the first quarter of 2009, the value of non-cash payment turnover in the Republic of Armenia made up AMD 5647 billion (a total of 1377208 transactions in number), of which AMD 2383 billion (562844 transactions in number) had been via the Central Bank's payment systems. In the first quarter of 2009, the value of non-cash payments carried out via the Central Bank's systems has grown by 18.5 percent (AMD 372 billion) in relation to the same quarter of the previous year, while the number of non-cash transactions has increased by 39.4 percent (by 159173 transactions in number). The value of transfers made via the Central Bank's payment systems has reduced by 19 percent (AMD 567 billion), and the volume has reduced by 139432 in number (by 20 percent) in relation to the fourth quarter of 2008.

The average daily value of transfers (excluding stock exchange transactions) using the Central Bank payment systems has been nearly AMD 37 billion, with 8794 transfer transactions in number. Relative to the first quarter of 2008, the average daily value of transfers has increased by AMD 5.8 billion (the number of transfers has grown by 2487 in number). The average daily value of transfers on stock exchange transactions made up AMD 67 billion (an increase by 77 percent).

In the first quarter of 2009, transfers initiated by and addressed to the Treasury constituted 26 percent of total value and 50 percent of total number of transactions of payments executed through the Central Bank (excluding transfers on stock exchange transactions). The total value of transfers addressed to and initiated by the Treasury through the Central Bank has reduced by 14 percent (AMD 103 billion), while the total number of transfers has increased by 71631 in number (by 34 percent), in relation to the same quarter of 2008.

Value and number of payments executed via the Central Bank systems (excluding stock exchange transactions)



In the first quarter of 2009, a total of 1793463 transactions amounting to AMD 85 billion have been executed in the Republic of Armenia by using payment cards. Of this amount, the value of non-cash card payments reached AMD 6.5 billion. Of the non-cash turnover, e-payments on Internet amounted to AMD 1.3 billion (including e-commerce for a total of AMD 406 million and card-to-card payments of AMD 918 million). At the end of the quarter, the total number of cards in circulation has reached 483243, which represented some 6.4 percent increase (28886 cards in number) relative to the end of the fourth quarter of 2008. In the reporting period, the value of card-based non-cash payments has accounted for about 7.7 percent of total transactions by cards. Overall, the value of card-based non-cash transactions has grown by 44.8 percent in relation to the same period of the previous year.

In the reporting period, private remittances to natural persons executed through commercial banks and money transfer organizations have reduced by 25.7 percent and amounted to AMD 86.5 billion; the value of outbound transfers has also reduced by 42.8 percent and amounted to AMD 43.5 billion, in relation to the first quarter of 2008.

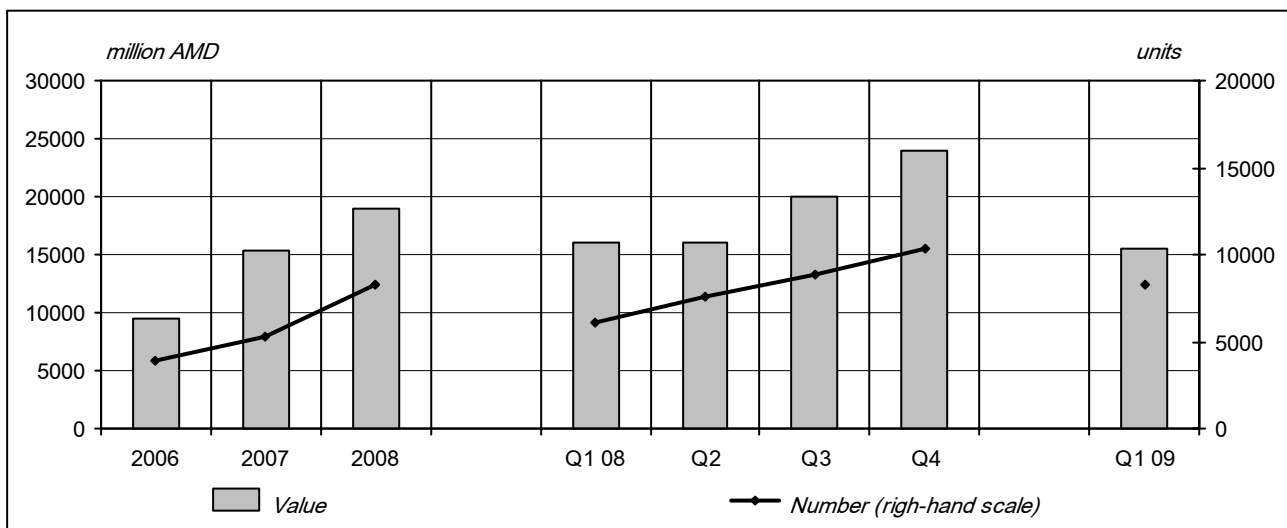
ELECTRONIC PAYMENT SYSTEM

In the first quarter of 2009, the vast majority of payments via the Central Bank payment systems were executed using the Electronic Payments System. Electronic payments of the system participants (excluding transfers related to stock exchange trades) have averaged 41.5 percent in value and 94.2 percent in number of total payments. The value of electronic payments has decreased by 3 percent (AMD 35 billion) while the number of electronic payments has increased by 36 percent (140552 transactions) in relation to the same period of the previous year. Further, stock exchange trading-related transfers have amounted to AMD 4298 billion (representing some 77 percent increase). In the structure of total electronic payments by commercial banks (excluding transfers related to stock exchange trades), the value of electronic payments has made up 84.2 percent (representing an AMD 177 billion increase), and the volume has reached 99.8 percent of the total payments.

In the first quarter of 2009, relative to the first quarter of 2008, the average daily number of transfers using the Electronic Payments System has increased by 2196, having reached a total of 8286, while the value of such transfers has shrunk by AMD 0.5 billion, to have amounted to AMD 15.5 billion. The average daily transfers related to stock exchange trades have amounted nearly to AMD 67 billion (representing an AMD 29 billion increase).

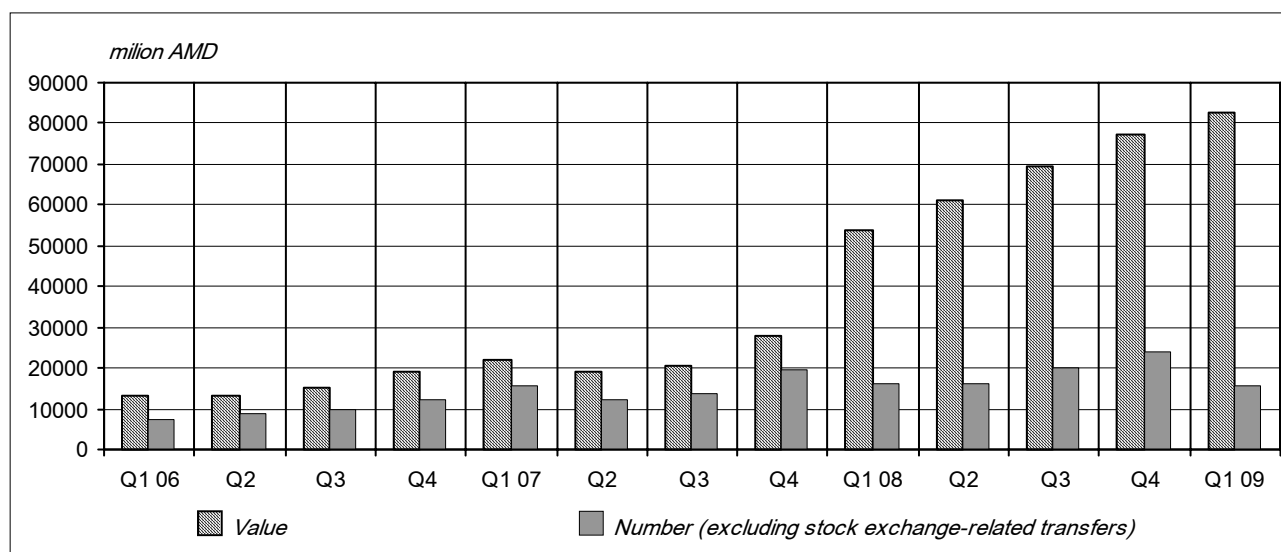
The average amount per electronic transfer in the Electronic Payments System, excluding stock exchange trading-related transfers, has reduced by about AMD 0.8 million in relation to the first quarter of the previous year to have reached AMD 1.8 million. The average value of a stock exchange trading-related transfer by commercial banks using the Electronic Payments System has made up AMD 1242 million.

Average daily transfers executed via Electronic Payments System (excluding stock exchange transactions)



Rejections in the Electronic Payments System constituted 0.04 percent of the number and 0.153 percent of the value of initiated payments (227 transfers with a total value of AMD 8.1 billion); rejections due to insufficient liquidity constituted 0.03 percent of the number and 0.15 percent of the value of initiated payments (176 transfers with a total value of AMD 7.9 billion).

Stock exchange-related transfers executed via Electronic Payments System in average daily payments



GROSS PAPER-BASED PAYMENTS SYSTEM

During the first quarter of 2009, the paper-based payments have accounted for 55.9 percent in value and 5.6 percent in number of total bank payments executed via the Central Bank systems (relative to the first quarter of the previous year, the value of the transactions has increased 1.8-fold and the number, 2.6-fold).

The average daily paper-based payments executed via the Central Bank systems numbered 498 transactions, for a total value of AMD 20 billion (the average daily value of transfers has grown by AMD 9.1 billion in relation to the first quarter of 2008). The average amount of a paper-based payment has reduced by about AMD 19 million and reached AMD 41.8 million in relation to the first quarter of 2008. The growth of these paper-based payments is determined mainly by repurchase transactions.

In the first quarter of 2009, there have been 27 paper-based transfers between commercial banks with a total value of AMD 9 billion.

Payments executed by the Central Bank, commercial banks and the Treasury via the Central Bank systems

Period	Electronic*		Gross Paper		Government securities accounting and settlements system		Total, via the CBA*		Stock exchange-related transfers	
	Value (million AMD)	Number	Value (million AMD)	Number	Value (million AMD)	Number	Value (million AMD)	Number	Value (million AMD)	Number
2008										
Q1	1024878	389728	745062	12179	240876	1764	2010816	403671	2422627	3026
Share in payments (%)	50.97	96.54	37.05	3.02	11.98	0.44	100	100		
Q2	1022887	488017	691740	16625	163687	1495	1878314	506137	2886558	3236
Share in payments (%)	54.46	96.42	36.83	3.29	8.71	0.29	100	100		
Q3	1275574	564371	798290	22434	172482	1376	2246326	588181	3172312	3683
Share in payments (%)	56.78	95.95	35.54	3.8	7.68	0.23	100	100		
Q4	1536657	662776	1281886	38309	131764	1191	2950307	702276	3399058	3837
Share in payments (%)	52.08	94.38	43.45	5.45	4.47	0.17	100	100		
Total	4859976	2104892	3516978	89547	708809	5826	9085763	2200265	11880556	13782
Share in payments (%)	23.18	95.07	16.77	4.04	3.38	0.26	100	100		
2009										
Q1	989806	530280	1333397	31860	59875	704	2383078	562844	4298084	3462
Share in payments (%)	41.54	94.21	55.95	5.66	2.51	0.13	100	100		

* Excluding transfers related to stock exchange trades.

GOVERNMENT SECURITIES ACCOUNTING AND SETTLEMENT SYSTEM

As of the end of the first quarter of 2009, there have been 5 agent banks and 17 dealer banks operating in Armenia as members of the Government Securities Accounting and Settlement System (GSASS), together with the Deposit Guarantee Fund, the Central Depository of Armenia, the NASDAQ OMX Armenia JSC, one non-bank dealer, the Ministry of Finance of Armenia (as the issuer of government bonds), the Treasury Direct and the Central Bank of Armenia (as the issuer of Central Bank securities).

The GSASS has generated 466 instructions for a total value of nearly AMD 34.2 billion for primary allocation and redemption of government securities. This was an increase of AMD 2.7 billion in relation to the first quarter of 2008 (where the payments for allocation of securities have reduced by AMD 7.5 billion while the payments for redemption of securities have increased by AMD 10.3 billion). Banks have transferred AMD 12.5 billion in return for government securities purchased at the primary allocation, while the Treasury has transferred AMD 21.7 billion for redeemed government securities. The Treasury Direct has made payments of AMD 817 million for government securities, of which about AMD 356 million for allocation, and about AMD 461 million for redemption of government securities.

The GSASS has generated 13 instructions for a total of value of AMD 2.9 billion for primary allocation and redemption of the Central Bank securities. This has been an AMD 61 billion decrease in relation to the first quarter of 2008 (of which AMD 24 billion were the payments for allocation, and AMD 37 billion were payments for redemption of the securities). In the primary allocation of such securities, commercial banks transferred AMD 1.6 billion against the Central Bank securities acquired by them, while AMD 1.3 billion was transferred against redemption of the Central Bank securities.

In the first quarter of 2009, the GSASS participants have made 225 transfers with a total value of AMD 22.7 billion for securities trades in the secondary market (on a principle of delivery versus payment). The volume of these operations has declined by about 84 percent in comparison with the same quarter of the previous year.

PAYMENT CARDS

As of the end of the first quarter of 2009, there have been 21 commercial banks that issued plastic cards or provided card services to customers. 19 commercial banks were members of the “Armenian Card” (“ArCa”) Unified Card Payment System.

In the reporting period, 53 more ATMs were installed to serve payment cards, and as of the end of the first quarter of 2009 the total number of ATMs has been 591. The number of ATMs serving “ArCa” cards has increased to 511. As of the reporting period, the total number of POS terminals installed by commercial banks has been 2358, of which 423 are installed in branch offices of commercial banks. The total number of imprints set has been 31 as of the reporting period.

Cards issued (served) by commercial banks operating in the Republic of Armenia

Banks	ArCa	MASTER CARD	VISA	AMEX	Other
Armbusinessbank	+				
Anelik Bank	+	+	+		
Ararat Bank	+	+			
Ameria Bank	+	+	+		
VTB-Armenia Bank	+		+		
Armeconombank	+	+			
Prometey Bank	+	+			
BTA Bank	+	+			
Armenian Development Bank	+	+			
Converse Bank	+	+	+		+
Ineco Bank	+	+			
Mellat Bank	+				
Byblos Armenia Bank	+	+			
HSBC Bank Armenia	+	+	+		+
ACBA-Credit Agricole Bank	+		+		
Artsakh Bank	+	+			
Cascade Bank	+	+			
Areximbank		+	+	+	
Unibank	+		+		
Ardshininvestbank	+	+	+		
ProCredit Bank			+		

As of the end of the first quarter of 2009, there have been 219933 ArCa cards in use, an increase of 9.9 percent (19743 more cards) in relation to the end of the fourth quarter of 2008. The number of international system cards has grown by 3.6 percent (9143 more cards), of which VISA international cards have grown by 2.7 percent (4461 more cards) to have reached 170355, while MasterCard international cards have grown by 4.6 percent (2181 more cards) to have reached 49950. Other international cards accounted for the rest of the growth.

In the first quarter of 2009, the value of card transactions has grown by 43.1 percent (AMD 25.7 billion) and the number, by 41.5 percent (525831 transactions) in relation to the first quarter of 2008.

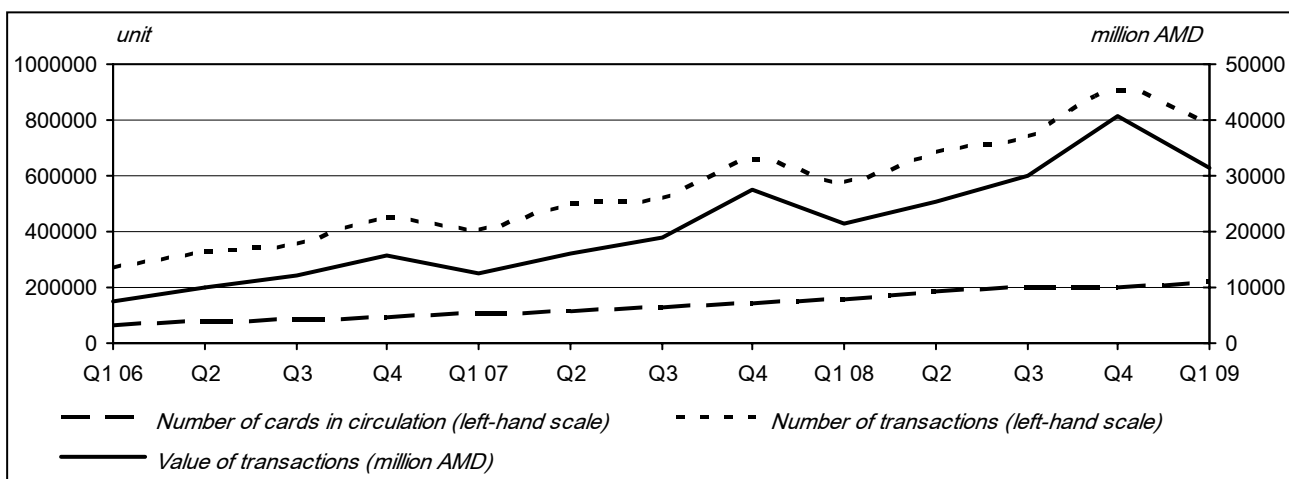
In the first quarter of 2009, a total of 783123 transactions reaching AMD 31.5 billion have been carried out using ArCa cards. Both the value and number of transactions using ArCa cards have grown, respectively, by about 46.1 percent (AMD 9.9 billion) and by 35.1 percent (203621 transactions), in relation to the first quarter of 2008.

The value of transactions using VISA international cards has reached AMD 30.9 billion (543711 transactions), while MasterCard international cards have been used in a total of 2255374 transactions for a total value of AMD 13.4 billion. In the first quarter of 2009, the value of transactions using VISA and MasterCard cards has grown, respectively, by 24.7 percent (AMD 6.1 billion) and by 146 percent (AMD 8 billion) in relation to the first quarter of 2008.

Other international cards have been used in 211255 transactions for a total of AMD 9.4 billion in the first quarter of 2009, representing an increase of AMD 1.6 billion in relation to the first quarter of 2008.

In the first quarter of 2009, the average daily value of transactions using plastic cards has been AMD 946 million, with an average daily number of 19927 transactions. Relative to the first quarter of 2008, the average daily number of such transactions has increased by 41.5 percent (5843 more transactions) and the value has grown by 43.1 percent (AMD 285 million). The average monthly value of transactions using one card has reached AMD 46,000 (the monthly number of transactions using one card has been 1.2).

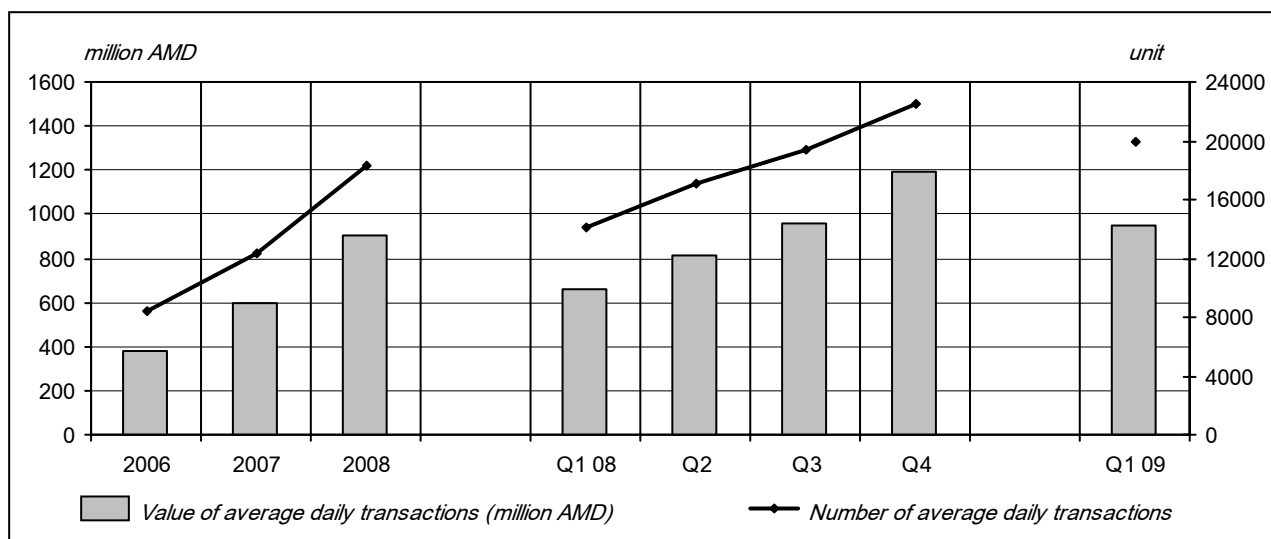
ArCA cards development dynamics



Transactions executed through card servicing devices (in the first quarter of 2009)

Device	Transactions			
	value	number	Including by ArCA cards	
	(million AMD)		value (million AMD)	number
Automated teller machines	64923	1466421	24758	650627
o/w, non-cash	1077	13966	35	4756
POS – terminals / imprinters	18936	275407	6400	112019
o/w, non-cash	4127	145332	1596	44765
Internet	1324	51635	352	20477
Total	85184	1793463	31510	783123
o/w, non-cash	6528	210933	1984	69998

*Average daily operations by payment cards in Armenia
2006 – 2008, 2008 -2009, by quarters*



INTERNATIONAL MONEY TRANSFER SYSTEMS

Remittances of natural persons without opening bank accounts are carried out through the mediation of commercial banks and money transfer organizations licensed by the Central Bank and functioning in the territory of the Republic of Armenia.

In order to make money transfers of their customers fast and effective, commercial banks are members to a total of 17 international remittance systems.

Money transfer systems

Systems	Number of banks as members	Number of organizations as members	Share in inbound transfers, %
UNISTREAM	3		48.92
ANELIK	8	1	9.28
CONTACT	4	2	9.72
MIGOM	7	2	7.93
BISTRAYA POCHTA	6	1	5.78
MONEY GRAM	11	1	6.60
LIDER	6		2.54
INTEREXPRESS	2	1	1.98
ZLOTAYA CORONA	2		2.03
BLIZKO	2	2	1.32
PRIVAT MONEY TRANSFER	3		0.91
BTF-Sauz	1		0.92
FASTER	1	1	0.66
ALUR	3		0.35
AVERS	2		0.03
XPRESS MONEY	1		0.01
JIVIE DENGİ	1		-
MONEY TUN	-	1	0.24
Travelex	-	1	0.31
STEFI	-	1	0.46

In the first quarter of 2009, the value of funds flown in to the Republic of Armenia through the banks participating in these systems amounted to AMD 51.6 billion (274803 remittances), which exceeded the value of outbound transfers 6.8-fold. As a result, the net inflow of funds through commercial banks has been AMD 44 billion.

Relative to the first quarter of 2008, the value of inbound remittances to the Republic of Armenia has reduced by 30 percent (AMD 18 billion). The average size of an incoming remittance to the Republic of Armenia through these systems has been AMD 188 thousand in the first quarter of 2009, representing an AMD 41 thousand decrease in relation to the first quarter of 2008.

The value of payments to natural persons executed through correspondent accounts of commercial banks operating in the Republic of Armenia has amounted nearly to AMD 34 billion, representing an AMD 19 percent decrease (AMD 8 billion) in relation to the same period of the previous year. The average value per payment has reduced by AMD 595 thousand to AMD 1.8 million. In the meantime, outbound remittances by natural persons through the correspondent accounts of commercial banks operating in the Republic of Armenia have amounted to AMD 35.5 billion.

In the first quarter of 2009, the value of gross transfers to the Republic of Armenia executed through correspondent accounts (via SWIFT, telex, facsimile) of the Armenian commercial banks has amounted to AMD 561 billion, with a total of 36798 remittances in number. The average value per transfer has amounted to AMD 15 million, representing a 2.1-fold increase in relation to the same quarter of the previous year.

**PAYMENT AND
SETTLEMENT
ORGANIZATIONS**

As of the end of the first quarter of 2009, there have been 9 payment and settlement organizations functioning in the territory of the Republic of Armenia, of which 2 are licensed only to carry out money remittances and 7 are licensed to do processing and clearing of payment instruments, in addition to money remittance. In the reporting period, only 3 organizations terminated their operations.

The payment and settlement organizations ensure inbound payments through their membership to international payment systems. In the reporting period, these organizations have provided AMD 0.9 billion-worth payments to their customers in the Republic of Armenia, of which AMD 0.8 billion of payments made through the membership to international payment systems. The total value of outbound transfers made by these organizations reached AMD 0.2 billion. The share of money remittance organizations in the total value of international transfers, without opening a bank account, has been 1 percent. In the reporting period, the average value of one inbound transfer to the customer through these organizations reached AMD 91 thousand. The average value of one payment through the money transfer systems has decreased by AMD 4 thousand in relation to the same period of the previous year.

Six organizations dealing with processing and clearing of payment instruments as well as money remittances use automated self-service terminals to accept cash payments for services of public importance. Through such automated systems, these organizations collect public utility fees and charges, for as much as 17 organizations. As of the end of the first quarter of 2009, there have been 542 self-service terminals installed, through which a total of AMD 3231 million-worth of funds (through 905922 operations) have been collected.

There are payment and settlement organizations that provide processing and clearing services to 5 commercial banks. These banks have collected AMD 147 million-worth of public utility fees and charges through 23205 operations carried out, while the processing related to these operations were carried out by payment and settlement organizations.

In the reporting period, the “ArCa” processing center carried out the processing of operations by cards in the total value of AMD 68.4 billion through card service devices (some 38.7 percent increase recorded in relation to the first quarter of 2008). The value of operations by cards issued from foreign banks reached AMD 2.4 billion, while the value of operations by cards issued from Armenian banks through processing centers of other Armenian banks (including through centers abroad) reached AMD 6.4 billion.

Macroeconomic indicators

January–March 2009

(based on the data provided from the National Statistics Service of Armenia)

Real sector

<i>Item</i>	<i>January</i>	<i>January - February</i>	<i>January- March</i>	<i>Real growth index in January-March 2009 to January-March 2008 (%)</i>
Gross Domestic Product (<i>mln drams</i>)	132007.3	282159.7	465508.4	93.9
GDP deflator (%)	-	-	-	101.9
GDP per employee (<i>thous. drams, accrual</i>) ¹	122.9	262.9	434.1	95.7
Industrial production (<i>mln drams</i>)	41723.9	83796.6	133079.4	90.5
Electricity production (<i>mln kWh</i>)	523.0	986.5	1442.6	83.8
Gross agricultural output (<i>mln drams</i>)	13381.3	24206.3	39579.9	94.9
Retail trade turnover (<i>mln drams</i>)	61974.0	125804.9	192912.3	103.9
Capital construction (<i>mln drams</i>)	11135.0	22144.1	40128.1	78.1
Service (<i>mln drams</i>)	49792.0	101274.7	157470.6	99.3
Average monthly nominal salary per employee (<i>drams</i>)	93516	95726	96297	112.3
Economically active population (<i>thous. people</i>)	1149.7	1148.2	1148.5	-
Registered unemployed (<i>thous. people</i>)	75.2	75.7	76.1	-
Unemployment rate (%)	6.6	6.6	6.6	-

External sector

<i>Item</i>	<i>January (mln USD)</i>	<i>January – February (mln USD)</i>	<i>January- March (mln USD)</i>	<i>Real growth index in January- March 2009 to January-March 2008 (%)</i>
Export (<i>FOB</i>)	34.2	79.0	123.4	52.7
Import (<i>CIF</i>)	220.1	427.5	658.5	77.8
Trade balance deficit	185.8	348.4	535.2	87.3

Price indexes

<i>Period</i>	<i>CPI</i>	<i>Producer price index</i>	<i>Capital construction price index</i>	<i>Agricultural product sales price index</i>
<i>to previous month, (%)</i>				
January	101.2	97.4	101.8	94.0
February	98.2	98.4	99.4	95.0
March	101.4	108.1	98.0	98.4
January-March 2009 to January-March 2008	102.0	92.6	135.6	88.2

Inflation

<i>Period</i>	2007	2008	2009	2009
	<i>to previous month, (%)</i>			<i>to December of previous year (%)</i>
January	2.4	2.4	1.2	1.2
February	0.2	1.1	-1.8	-0.7
March	-0.6	1.4	1.4	0.7
April	0.1	1.1		
May	2.1	1.3		
June	-0.3	-0.5		
July	-3.2	-2.2		
August	-1.5	-0.7		
September	0.7	0.5		
October	3.1	0.7		
November	2.1	0.1		
December	1.5	0.1		
Annual (to December of previous year)	6.6	5.2		
Annual (to the previous year)	4.4	9.0		

Commodities most contributing to inflation¹

Item	to previous month %	contribution, percentage point
CPI	101.4	-
Foodstuff (including alcohol and tobacco), o/w:	101.0	0.5
bread	101.6	0.2
oils and fats	105.4	0.2
sugar	112.7	0.2
meat	99.3	-0.1
vegetables and potato	97.8	-0.1
Non-foodstuff	103.6	0.6
personal cars and petrol	108.0	0.3
medicament	107.1	0.1
detergents	105.1	0.1
footwear	103.0	0.1
Services	101.0	0.3
transport	103.6	0.16
medical service	101.3	0.12

Change in core inflation¹

	2007	2008	2009
<i>to previous month, %</i>			
January	0.19	0.40	-0.29
February	-0.07	0.83	-0.53
March	-0.06	0.66	1.14
April	0.31	1.26	
May	0.28	0.55	
June	-0.16	0.30	
July	-0.19	0.02	
August	-0.16	0.06	
September	0.51	0.48	
October	0.80	0.10	
November	0.85	0.25	
December	0.30	0.08	
<i>to the same month of previous year, %</i>			
January	1.97	2.91	4.63
February	2.21	3.77	3.02
March	2.07	4.54	3.33
April	2.05	5.66	
May	2.14	5.94	
June	2.05	6.47	
July	1.03	6.75	
August	1.18	6.97	
September	1.32	6.99	
October	1.94	6.21	
November	2.45	5.56	
December	2.70	5.37	

10 items most contributing to core inflation

Item	Contribution to core inflation, percentage point
<i>to the same month of previous year, %</i>	
Core inflation, o/w:	3.33
Services by hospitals	0.8
Beef	0.2
Dentists' services	0.1
Butter	0.1
Services by resort and other health-care centers, lodgment and treatment	0.1
Boiled sausage	0.1
Medical laboratory services (x-rays)	0.1
School tuition	0.1
Poultry	0.1
Rice	0.1

¹ According to the CBA estimates based on the information received from the NSSA.

² According to preliminary data of the NSSA.

CENTRAL BANK RELATIONS WITH THE TREASURY

(million AMD)

Period	Claims on Government			Government Accounts and Deposits					Net claims on Government
	Government short term bonds	Government medium and long term bonds	Total	Central Government accounts and deposits in drams	Central Government accounts in FX	PIU funds in drams	PIU funds in FX	Total	
2008									
December ¹	0	8393	8393	103895	518	2	435	104849	-96457
2009									
January	0	8475	8475	111133	522	0	433	112087	-103612
February	0	8147	8147	84881	522	0	434	85837	-77690
March	0	8560	8560	67742	629	0	522	68893	-60333

¹ Includes CBA closing entries.

CENTRAL BANK SURVEY

(million AMD)

Indicators	D - 08 ³	J - 09	F - 09	M - 09 ³
<i>(balance at the end of period)</i>				
NET FOREIGN ASSETS ^{1,2}	377535	339410	297778	286279
NET DOMESTIC ASSETS	72196	60796	97628	105456
Government	-96457	-103612	-77690	-60333
Banks	80625	75162	80334	75190
including repo agreements	60724	55285	60260	56086
CBA foreign currency swap (attracted)	0	0	0	0
deposits (-)	0	0	0	-1000
reverse repos (-)	0	0	0	0
CBA foreign currency swap (allocated) (-)	0	0	0	0
Securities issued by the CBA (-)	-1437	0	0	0
Other assets net	89465	89247	94983	90599
MONETARY BASE	449731	400206	395406	391735
Currency outside the CBA	344503	302102	253327	234085
Required reserves (in drams)	38519	24448	23660	38211
Required reserves (in FX)	65914	72850	117964	119042
Other accounts	795	807	455	397
Other assets (in drams)	774	652	452	397
Other assets (in FX)	21	154	3	0
<i>(changes to the previous period)</i>				
NET FOREIGN ASSETS	-	-38125	-41631	-11500
NET DOMESTIC ASSETS	-	-11400	36831	7829
Government	-	-7156	25923	17357
Banks	-	-5463	5172	-5144
o/w: deposits (-)	-	0	0	1000
Securities issued by CBA	-	-1437	0	0
Other assets net	-	-219	5736	-4384
MONETARY BASE	-	-49525	-4800	-3671
Currency outside the CBA	-	-42402	-48775	-19242
Required reserves (in drams)	-	-14071	-788	14551
Required reserves (in FX)	-	6936	45114	1078
Other accounts	-	11	-351	-58
Other accounts (in drams)	-	-121	-200	-55
Other accounts (in FX)	-	133	-151	-3
<i>(percentage changes to the previous period)</i>				
NET INTERNATIONAL RESERVES	-	-10.1	-12.3	-3.9
NET DOMESTIC ASSETS	-	-15.8	60.6	8.0
Government	-	-7.4	25.0	22.3
Banks	-	-6.8	6.9	-6.4
Securities issued by CBA (-)	-	-100.0	0.0	0.0
Other assets net	-	-0.2	6.4	-4.6
MONETARY BASE	-	-11.0	-1.2	-0.9
Currency outside the CBA	-	-12.3	-16.1	-7.6
Required reserves (in drams)	-	-36.5	-3.2	61.5
Required reserves (in FX)	-	10.5	61.9	0.9
Other accounts	-	1.4	-43.5	-12.8

¹ Excludes privatization accounts. Net international reserves (NIR) are the difference between foreign assets in convertible currency and foreign liabilities in convertible currency and Armenian drams.

² NIR of the CBA are calculated using program exchange rates (USD 1 = AMD 306.73, SDR 1 = USD 1.5403, EUR 1 = USD 1.4182, GBP 1 = USD 1.4511).

³ Includes CBA closing entries.

OTHER DEPOSITORY INSTITUTIONS SURVEY ¹

(million AMD)

Indicators	D - 08	J - 09	F - 09	M - 09
NFA (in convertible currency)	-182042	-166950	-173476	-230343
Foreign assets in convertible currency	95129	101999	109980	113062
Foreign liabilities in convertible currency	-259546	-252255	-265229	-326680
Foreign liabilities in drams	-17626	-16694	-18227	-16725
NDA	573086	551914	572329	655648
Claims on Government	58299	53573	54170	48206
Claims on Government	75770	74223	75018	71038
Liabilities to Government	-17471	-20650	-20847	-22832
Net claims on the CBA	49836	44491	78388	96940
Claims on the CBA	133727	124148	165077	180122
Liabilities to the CBA	-83891	-79658	-86689	-83182
Economy	692475	676514	669551	717097
Enterprises	307659	299006	296681	333904
in drams	127457	121557	110980	104520
in FX	177713	174783	182539	226311
Securities	2489	2666	3162	3073
Households	371056	364606	359649	368059
in drams	288934	283790	274363	264648
in FX	82121	80816	85286	103411
Non profit organizations	9491	9399	9431	11249
in drams	523	492	500	486
in FX	8968	8907	8931	10763
Other financial institutions	4269	3503	3790	3884
in drams	3235	2694	3447	3212
in FX	1034	810	344	672
Other assets net	-227524	-222664	-229781	-206595
Foreign assets in drams	5785	5768	4990	4765
Foreign assets (in non-convertible currency)	127	77	81	55
Foreign liabilities (in non-convertible currency)	-4	-19	-4	-16
Investments in equity	1702	1706	1697	1749
Claims between other deposit institutions (net)	0	0	0	0
Interbank claims	437	48	128	24004
Claims between credit organizations (net)	0	0	0	0
Other assets	79061	83409	81869	80489
Bonds issued	-4672	-5687	-5664	-5530
Capital accounts	-254742	-254507	-258903	-260147
Other liabilities	-55217	-53458	-53976	-51965
DEPOSITS	391044	384965	398853	425305
Dram deposits	221236	198228	156972	145215
Demand deposits	98919	89306	80642	86703
Term deposits	122317	108922	76330	58512
FX deposits	169808	186737	241881	280090
Demand deposits	67219	73404	88489	77928
Term deposits	102589	113332	153392	202162

¹ Indicators of commercial banks and credit organizations are included.

DEPOSITARY INSTITUTIONS SURVEY ¹

(million AMD)

Indicators	D - 08 ⁶	J - 09	F - 09	M - 09 ⁶
<i>(balance at the end of period)</i>				
NET FOREIGN ASSETS ²	195493	172460	124302	55935
NET DOMESTIC ASSETS	512295	488548	504429	581964
Government	-38157	-50039	-23519	-12127
Economy	692805	676838	669895	717452
Enterprises and organizations	307659	299006	296681	333904
o/w accrued interests	2411	2483	2344	3096
Households	371386	364930	359993	368414
o/w accrued interests	4594	5070	5073	6075
Non-profit organizations	9491	9399	9431	11249
o/w accrued interests	46	35	42	55
Other financial institutions	4269	3503	3790	3884
o/w accrued interests	18	15	15	23
Other assets net	-142353	-138251	-141947	-123361
DRAM BROAD MONEY ³	537958	474117	386848	357809
BROAD MONEY ⁴	707788	661008	628731	637899
Currency in circulation	315949	275237	229423	212197
Demand deposits in drams ⁵	99692	89958	81095	87100
o/w accrued interests	43	61	78	44
Term deposits in drams	122317	108922	76330	58512
o/w accrued interests	1968	1895	1305	1239
FX deposits	169830	186891	241884	280090
Demand ⁵	67240	73559	88492	77928
o/w accrued interests	11	20	33	16
Term	102589	113332	153392	202162
o/w accrued interests	1643	1804	1781	2284
<i>(changes to the previous period)</i>				
NET FOREIGN ASSETS	-	-23033	-48158	-68367
NET DOMESTIC ASSETS	-	-23747	15881	77535
Government	-	-11882	26520	11393
Economy	-	-15967	-6943	47557
Enterprises and organizations	-	-8653	-2325	37223
o/w accrued interests	-	72	-139	752
Households	-	-6456	-4937	8421
o/w accrued interests	-	476	3	1002
Non-profit organizations	-	-92	32	1818
o/w accrued interests	-	-11	7	12
Other financial institutions	-	-766	287	94
o/w accrued interests	-	-3	0	8
Other assets net	-	4102	-3696	18586
DRAM BROAD MONEY	-	-63841	-87269	-29038
BROAD MONEY	-	-46779	-32277	9168
Armenian dram in circulation	-	-40711	-45814	-17226
Demand deposits and loans in dram	-	-9734	-8864	6005
o/w accrued interests	-	18	18	-34
Term deposits and loans in dram	-	-13396	-32592	-17817
o/w accrued interests	-	-74	-590	-66
FX deposits and loans	-	17062	54992	38206
Demand	-	6318	14933	-10564
o/w accrued interests	-	9	14	-17
Term	-	10743	40059	48770
o/w accrued interests	-	161	-23	503

(percentage changes to the previous period)				
NET FOREIGN ASSETS	-	-11.8	-27.9	-55.0
NET DOMESTIC ASSETS	-	-4.6	3.3	15.4
Government	-	-31.1	53.0	48.4
Economy	-	-2.3	-1.0	7.1
Enterprises and organizations	-	-2.8	-0.8	12.5
Households	-	-1.7	-1.4	2.3
Non-profit organizations	-	-1.0	0.3	19.3
Other financial institutions	-	-17.9	8.2	2.5
Other assets net	-	2.9	-2.7	13.1
DRAM BROAD MONEY	-	-11.9	-18.4	-7.5
BROAD MONEY	-	-6.6	-4.9	1.5
Armenian dram in circulation	-	-12.9	-16.6	-7.5
Demand deposits and loans in dram	-	-9.8	-9.9	7.4
Term deposits and loans in dram	-	-11.0	-29.9	-23.3
FX deposits and loans	-	10.0	29.4	15.8
Demand	-	9.4	20.3	-11.9
Term	-	10.5	35.3	31.8

¹ Includes indicators of CBA, commercial banks and credit organizations.

² NFA include only assets in convertible currency and external liabilities in convertible currency and in dram. NIR of the CBA are calculated using program exchange rates (USD 1 = AMD 306.73, SDR 1 = USD 1.5403, EUR 1 = USD 1.4182, GBP 1 = USD 1.4511).

³ Includes currency in circulation, residents' demand and term deposits and loans only in drams.

⁴ Includes currency in circulation, residents' demand and term deposits and loans in drams, and deposits and loans in FX.

⁵ Including accounts.

⁶ CBA closing entries are included.

BANKING SYSTEM INDICATORS

	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009
Average quarterly assets ¹ (thous. AMD)	773206082	850365487	926861897	991797918	1057798117
Average quarterly credits (thous. AMD)	436439502	502875266	570440278	614075032	613596656
Average quarterly liabilities (thous. AMD)	595902870	660611691	717806691	765421307	820005684
Average quarterly deposits (thous. AMD)	398652238	437691544	469850761	454852487	485098750
Average quarterly capital (thous. AMD)	177303212	189753796	209055206	226376610	237792433
Average quarterly total capital adequacy indicator (%)	27.6%	26.4%	26.8%	27.3%	27.9%
Average quarterly total liquidity indicator (%)	31.8%	28.7%	26.6%	24.2%	27.4%
Average quarterly current liquidity indicator (%)	99.8%	96.4%	93.8%	97.7%	123.0%

¹ Average quarterly indicators are calculated using the median 3-month value of a quarter.

FINANCIAL MARKET INTEREST RATES

Indicators	2008 ⁴	2009		
	D	J	F	M
LOANS TO				
Up to 1 year				
Legal persons				
AMD	13.0	15.0	14.7	15.3
USD	14.0	14.7	13.1	14.6
Natural persons				
AMD	20.6	21.4	21.2	21.6
USD	13.1	18.1	16.4	16.8
Over 1 year				
Legal persons				
AMD	13.9	15.8	16.7	16.8
USD	15.2	15.4	15.6	16.0
Natural persons				
AMD	18.7	18.3	18.5	18.6
USD	20.5	18.7	18.3	18.4
DEPOSITS				
Up to 1 year				
Legal persons				
AMD	7.3	7.8	7.5	7.6
USD	7.7	6.1	8.0	7.2
Natural persons				
AMD	8.4	8.6	9.0	11.0
USD	5.7	4.8	5.7	5.6
Over 1 year				
Legal persons				
AMD	8.7	9.7	9.6	10.6
USD	9.0	8.9	8.9	9.9
Natural persons				
AMD	9.5	9.7	10.0	10.2
USD	8.0	9.2	9.9	7.9
Mortgage loans to natural persons ¹				
AMD	14.5	13.9	14.5	13.7
USD	16.2	15.0	17.7	17.2
Yield on securities issued by the CBA ^{2,3}				
Yield on Government short-term securities ³	9.1	9.4	9.8	10.7
Yield on Government medium-term securities ³	-	10.5	10.5	-
Yield on Government long-term securities ³	-	-	-	12.9

¹ Presents loans over 1 year of maturity.

² Includes securities with any maturity.

³ Includes weighted average yield on primary market securities

⁴ Includes interest rates for the last month of the year.

THE CBA FINANCIAL MARKET OPERATIONS

(million AMD)

Period	REPO ¹	Reverse REPO ¹	Deposits attracted ¹	Lombard facility ¹	Buying of T-bills	Selling of T-bills
2008						
January	52586.1	-	132800.0	-	-	-
February	30332.4	-	86650.0	-	-	-
March	43941.0	-	56100.0	-	-	-
April	91219.7	-	4800.0	-	-	-
May	72239.2	-	44150.0	-	-	-
June	88627.1	-	49180.0	-	-	-
July	100162.0	-	55960.0	-	-	-
August	55082.6	-	65800.0	-	-	-
September	66306.4	-	69850.0	-	-	-
October	129691.0	-	51050.0	-	-	-
November	158162.5	-	20650.0	-	-	-
December	251788.7	-	7100.0	-	5260.3	-
2009						
January	218853.7	-	6500.0	-	-	-
February	228412.4	-	9100.0	-	-	-
March	232990.2	-	26860.0	-	-	-

¹ Repayments are not deducted.

INTEREST RATES OF THE CBA FINANCIAL MARKET OPERATIONS

(%)

Period	Type of operation		
	REPO	Deposits attracted	Lombard facility
27.12.2003-08.03.2004	9.00	5.00	20.00
09.03.2004-06.04.2004	6.00	3.00	20.00
07.04.2004-13.07.2004	6.00	1.00	20.00
14.07.2004-22.08.2004	5.00	1.00	20.00
23.08.2004-17.10.2004	4.00	1.00	16.00
18.10.2004-09.01.2005	3.75	1.00	16.00
10.01.2005-13.06.2005	4.50	1.75	16.00
14.03.2005-09.08.2005	3.75	1.75	16.00
10.08.2005-25.12.2005	3.00	1.00	16.00
26.12.2005-05.02.2006	3.50	1.00	16.00
06.02.2006-15.03.2006	4.00	1.00	16.00
16.03.2006-02.04.2006	4.00	1.00	12.00
03.04.2006-03.05.2006	4.00	1.00	8.00
04.05.2006-31.07.2006	4.00	1.00	7.00
01.08.2006-31.08.2006	4.25	1.00	7.00
01.09.2006-02.10.2006	4.50	1.50	7.50
03.10.2006-02.04.2007	4.75	1.75	7.75
03.04.2007-02.07.2007	4.50	1.50	7.50
03.07.2007-02.10.2007	4.75	1.75	7.75
03.10.2007-04.11.2007	5.00	2.00	8.00
05.11.2007-04.12.2007	5.25	2.25	8.25
05.12.2007-04.02.2008	5.75	2.75	8.75
05.02.2008-04.03.2008	6.00	3.00	9.00
04.03.2008-02.04.2008	6.25	3.25	9.25
03.04.2008-05.05.2008	6.50	3.50	9.50
06.05.2008-03.06.2008	6.75	3.75	9.75
04.06.2008-02.07.2008	7.00	4.00	10.00
03.07.2008-04.08.2008	7.25	4.25	10.25
05.08.2008-02.09.2008	7.50	4.50	10.50
03.09.2008-02.12.2008	7.75	4.75	10.75
03.12.2008-13.01.2009	7.25	4.25	10.25
14.01.2009-10.02.2009	7.00	4.00	10.00
11.02.2009-03.03.2009	6.75	3.75	9.75
04.03.2009-	7.75	4.75	10.75

INTERBANK REPO MARKET TURNOVER

Indicators	up to 7 days		8-14 days		15-28 days		28 days and more		Total	
	mln drams	%	mln drams	%	mln drams	%	mln drams	%	mln drams	%
January 2009	8078.46	7.81	4686.85	8.03	1052.32	8.14			13817.622	7.91
Max interest rate		9.00		8.50		8.25				9.00
Min interest rate		6.00		7.75		7.75				6.00
Standard deviation		0.63		0.22		0.21				0.52
February	8809.48	7.84	1249.76	8.05	1355.76	8.05	137.56	8.45	11552.559	7.89
Max interest rate		8.50		8.50		8.50		8.50		8.50
Min interest rate		6.75		7.75		7.75		8.00		6.75
Standard deviation		0.36		0.18		0.24		0.29		0.58
March	13537.51	8.90	371.67	8.96	374.86	9.00			14284.039	8.90
Max interest rate		11.00		9.25		9.00				11.00
Min interest rate		7.75		8.50		9.00				7.75
Standard deviation		0.43		0.38		-				0.54
Total	30425.45	8.30	6308.28	8.09	2782.94	8.21	137.56	8.45	39654.220	8.26
Max interest rate		11.00		9.25		9.00		8.50		11.00
Min interest rate		6.00		7.75		7.75		8.00		6.00
Standard deviation		0.66		0.30		0.37		0.29		0.60

AVERAGE AMD/USD EXCHANGE RATE IN THE FOREIGN EXCHANGE MARKET

Date	D - 08	J - 09	F - 09	M - 09
1	305.31	-	-	-
2	305.72	-	305.28	305.75
3	306.45	-	305.19	372.11
4	306.82	-	305.36	372.95
5	307.82	-	305.29	366.38
6	-	-	305.30	360.67
7	-	-	-	-
8	308.08	306.26	-	-
9	308.41	306.04	305.94	359.37
10	308.49	306.07	305.23	361.28
11	308.50	-	305.51	369.73
12	308.37	305.66	305.25	369.89
13	-	305.68	305.19	369.84
14	-	305.48	-	-
15	308.55	305.35	-	-
16	308.62	305.36	305.22	370.34
17	308.34	-	305.22	372.11
18	308.34	-	305.26	374.66
19	308.31	305.27	305.41	372.89
20	-	305.57	305.44	372.02
21	-	305.60	-	-
22	308.35	305.45	-	-
23	308.37	305.42	305.86	370.61
24	308.35	-	305.69	369.36
25	308.37	-	305.48	368.79
26	308.42	305.35	306.04	366.22
27	308.44	305.17	305.83	366.11
28	-	-	305.83	-
29	308.01	304.78	-	-
30	306.73	305.21	-	366.66
31	306.73	305.21	-	367.77
Period end	306.73	305.21	305.83	367.77
Period average	307.83	305.50	305.47	365.71

ARMENIA'S INTERNATIONAL RESERVES STRUCTURE ¹

(million USD)

Indicators	2008	2009		
	D ³	J	F	M ⁴
Gross international reserves (excluding privatization account)	1406.8	1259.5	1141.1	1277.6
Gross international reserves	1406.8	1259.5	1141.1	1277.6
Gold	0	0	0	0
SDR holdings in the IMF	2.9	2.8	2.8	12.0
Reserve position with the IMF	0	0	0	0
Foreign currency ²	1403.9	1256.7	1138.3	1265.7

¹ Calculated using actual exchange rates.

² Includes assets in convertible currency only.

³ Includes the CBA closing entries.

⁴ Data are preliminary. The CBA closing entries are not included.

INTERNATIONAL INVESTMENT POSITION OF ARMENIAN COMMERCIAL BANKS AND CREDIT ORGANIZATIONS

(million USD)

Indicators	Balance as at 31.12.2008	Change					Balance as at 31.03.2009
		Due to operations	Due to price changes	Due to exchange rate changes	Other adjustments	Total changes	
Assets	313.3	20.0	0.0	-12.5	0.0	7.5	320.8
Direct investments abroad	6.9	-0.2	0.0	-1.1	0.0	-1.3	5.5
Equity capital	1.2	0.0	0.0	-0.2	0.0	-0.2	1.0
Reinvested profits	5.7	-0.2	0.0	-0.9	0.0	-1.1	4.5
Other capital							
Portfolio investments	0.4	0.1	0.0	0.0	0.0	0.1	0.6
Shares	0.3	0.2	0.0	0.0	0.0	0.2	0.5
Debt liabilities	0.1	0.0	0.0	0.0	0.0	0.0	0.1
Bonds	0.1	0.0	0.0	0.0	0.0	0.0	0.1
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other investments	306.1	20.1	0.0	-11.4	0.0	8.7	314.7
Loans	21.5	4.2	0.0	-1.6	0.0	2.6	24.1
Long-term	8.4	-0.3	0.0	-0.5	0.0	-0.8	7.5
Short-term	13.1	4.6	0.0	-1.1	0.0	3.4	16.6
Available funds and deposits	278.4	13.4	0.0	-9.4	0.0	4.0	282.4
Currency	42.5	43.2	0.0	-2.5	0.0	40.7	83.2
Deposits	236.0	-29.8	0.0	-6.9	0.0	-36.7	199.2
Long-term	1.7	0.0	0.0	0.0	0.0	0.0	1.7
Short-term	234.3	-29.8	0.0	-6.9	0.0	-36.7	197.6
Other assets	6.1	2.5	0.0	-0.4	0.0	2.1	8.2
Long-term							
Short-term	6.1	2.5	0.0	-0.4	0.0	2.1	8.2
Liabilities	1382.3	22.4	0.0	-101.8	0.0	-79.5	1302.9
Direct investments in Armenia	456.0	-32.4	0.0	-84.5	0.0	-116.9	339.1
Equity capital	336.6	7.6	0.0	-56.8	0.0	-49.2	287.4
Reinvested profits	105.3	-36.8	0.0	-25.3	0.0	-62.2	43.2
Other capital	14.0	-3.1	0.0	-2.4	0.0	-5.5	8.5
Portfolio investments	18.1	-0.1	0.0	-1.9	0.0	-2.1	16.1
Shares	11.6	0.0	0.0	-1.9	0.0	-1.9	9.6
Debt liabilities	6.6	-0.1	0.0	0.0	0.0	-0.1	6.4
Bonds	6.6	-0.2	0.0	0.0	0.0	-0.2	6.4
Money market instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other investments	908.2	54.9	0.0	-15.4	0.0	39.5	947.7
Loans	561.0	-32.0	0.0	-5.6	0.0	-37.6	523.4
Long-term	489.5	14.9	0.0	-5.0	0.0	10.0	499.5
Short-term	71.5	-46.9	0.0	-0.7	0.0	-47.6	23.9
Available funds and deposits	336.1	92.9	0.0	-9.3	0.0	83.7	419.7
Long-term	70.5	19.9	0.0	0.2	0.0	20.0	90.5
Short-term	265.6	73.1	0.0	-9.4	0.0	63.7	329.2
Other liabilities	11.1	-6.1	0.0	-0.5	0.0	-6.6	4.5
Long-term							
Short-term	11.1	-6.1	0.0	-0.5	0.0	-6.6	4.5
Investment position net	-1069.0	-2.4	0.0	89.3	0.0	87.0	-982.0

COMMERCIAL BANK AND CREDIT ORGANIZATION EXTERNAL ASSETS AND LIABILITIES BY CURRENCY COMPOSITION

(million USD)

	Q4 2008						Q1 2009					
	AMD	Foreign currency					AMD	Foreign currency				
		USD	EUR	RUR	Other	Total		USD	EUR	RUR	Other	Total
Assets	12.6	178.8	75.1	43.5	3.3	300.7	8.0	199.8	91.0	18.5	3.4	312.8
Equity securities	0.04	0.27	0.02	6.85	0.00	7.2	0.0	0.4	0.0	5.5	0.0	6.0
Debt securities	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.1
Cash	-	17.7	10.8	13.7	0.3	42.5	-	59.5	17.9	5.5	0.3	83.2
Loans, including overdrafts and credit cards	11.9	9.2	0.3	0.0	0.0	9.5	7.3	14.8	2.0	0.0	0.0	16.8
Deposits	0.0	148.5	62.8	21.9	2.7	236.0	0.0	118.7	70.4	7.1	3.0	199.2
Other	0.6	3.1	1.2	1.0	0.3	5.5	0.7	6.4	0.7	0.4	0.1	7.5
Liabilities	528.5	788.6	52.4	9.3	3.6	853.8	384.2	835.6	54.1	4.2	24.8	918.7
Equity securities	453.5					0.0	340.2	-	-	-	-	-
Debt securities	0.0	6.6	0.0	0.0	0.0	6.6	0.0	6.4	0.0	0.0	0.0	6.4
Loans, including overdrafts and credit cards	18.83	537.08	12.21	4.82	0.00	554.1	11.3	506.6	11.6	0.0	0.0	518.2
Deposits	55.3	236.2	39.4	3.8	3.4	282.9	31.3	320.5	42.1	3.5	24.7	390.8
Other	0.91	8.68	0.76	0.64	0.16	10.2	1.3	2.1	0.4	0.7	0.1	3.3
Net position*	-515.9	-609.8	22.7	34.2	-0.3	-553.1	-376.2	-635.7	36.9	14.3	-21.3	-605.9

* Unlike commercial banks' NFA in broad money, 'Equity Securities' in the liabilities side, non-convertible currency, and foreign assets and liabilities of credit organizations are also included here.

INDIVIDUALS' REMITTANCES VIA THE BANKING SYSTEM, BY COUNTRY

(thousand USD)

Country	2008														
	Q1			Q2			Q3			Q4			Total		
	Inflow	Outflow	Net flow	Inflow	Outflow	Net flow	Inflow	Outflow	Net flow	Inflow	Outflow	Net flow	Inflow	Outflow	Inflow, net
Russia	224560	35929	188632	345318	45927	299391	477611	38917	438694	414336	43765	370571	1461825	164538	1297287
USA	32602	41707	-9104	71806	52768	19038	33578	30992	2586	26638	48668	-22031	164624	174135	-9511
Ukraine	4762	4739	23	8753	4379	4374	11913	4241	7672	7727	5344	2383	33155	18702	14452
Kazakhstan	4190	240	3950	5321	321	5000	6995	735	6260	7797	703	7094	24302	1998	22303
Germany	6391	6319	71	7642	24182	-16539	9463	7943	1520	6430	7942	-1512	29927	46387	-16460
Spain	4072	2618	1454	3504	3678	-174	4255	3953	302	1871	3939	-2067	13702	14188	-485
France	2859	2827	32	4674	5940	-1267	5550	11785	-6235	3997	5194	-1196	17080	25746	-8666
UAE	24693	57747	-33054	6367	44867	-38501	7599	32376	-24778	6138	44913	-38775	44796	179904	-135108
China	369	22129	-21759	391	23090	-22699	612	30803	-30191	445	22427	-21982	1818	98449	-96632
Turkey	1034	17671	-16637	711	20507	-19796	1143	29994	-28851	831	23129	-22297	3719	91301	-87582
Other	59794	56691	3103	115491	75602	39889	89819	106432	-16612	210563	70393	140170	475667	309117	166550
Total	365325	248616	116709	569978	301262	268716	648537	298172	350366	686775	276417	410358	2270615	1124466	1146148

(thousand USD)

Country	2009		
	Q1		
	Inflow	Outflow	Net flow
Russia	146247	24365	121882
USA	18310	22504	-4193
Ukraine	3795	2830	965
Kazakhstan	3576	251	3326
Germany	3948	4564	-616
Spain	1488	1299	189
France	2110	3761	-1650
UAE	3843	18888	-15045
China	310	10400	-10091
Turkey	593	8178	-7585
Other	77562	34459	43103
Total	261782	131498	130284

**INDIVIDUALS' REMITTANCES VIA THE BANKING SYSTEM FOR NON-COMMERCIAL PURPOSES,
BY COUNTRY**

(thousand USD)

Country	2008														
	Q1			Q2			Q3			Q4			Total		
	Inflow	Outflow	Net flow	Inflow	Outflow	Net flow	Inflow	Outflow	Net flow	Inflow	Outflow	Net flow	Inflow	Outflow	Net flow
Russia	212714	25180	187533	331936	31620	300316	458254	30722	427533	368162	35237	332925	1371066	122759	1248307
USA	13246	9338	3908	16804	7267	9537	16570	7525	9045	14338	7980	6358	60958	32110	28848
Ukraine	4655	2570	2085	8308	2555	5754	11771	2628	9144	7579	3227	4351	32314	10980	21334
Kazakhstan	2889	145	2744	4366	247	4119	6122	242	5880	6155	393	5762	19532	1027	18506
Germany	3488	1649	1839	3329	1291	2037	3571	1644	1927	2870	1703	1167	13257	6287	6970
Spain	2904	610	2294	3354	738	2616	3358	783	2575	1748	699	1048	11363	2830	8533
France	1836	1039	797	2756	1159	1598	2808	1153	1655	1614	1932	-319	9015	5283	3731
UAE	2102	2676	-574	1852	2009	-157	3718	2089	1629	4307	3147	1160	11979	9921	2058
China	135	2816	-2681	84	1320	-1235	226	1721	-1495	141	1842	-1701	587	7699	-7112
Turkey	825	1096	-271	560	1853	-1292	765	2603	-1837	389	2313	-1925	2539	7864	-5325
Other	20907	7215	13692	29590	8338	21253	29213	10639	18574	22988	9288	13700	102698	35479	67218
Total	265701	54334	211367	402940	58395	344545	536376	61748	474628	430290	67763	362527	1635307	242240	1393067

(thousand USD)

Country	2009		
	Q1		
	Inflow	Outflow	Net flow
Russia	140991	20738	120252
USA	11478	5349	6129
Ukraine	3735	2042	1694
Kazakhstan	2815	161	2654
Germany	2227	875	1352
Spain	1294	444	851
France	1332	834	498
UAE	1827	1546	280
China	125	982	-857
Turkey	208	1029	-821
Other	17814	6317	11497
Total	183846	40317	143529

CENTRAL BANK BALANCE SHEET

(as of March 31 2009)

Balance Sheet

(thousand AMD)

	31.03.09	31.12.08
Assets		
Assets in foreign currency		
Cash	77,675,830	15,441,978
Funds allocated with banks and other financial institutions	370,106,747	77,238,100
Financial instruments at fair value which, when re-measured, generate gains and losses that are recognized in financial account	41,944,921	340,237,664
Assets available for sale	917	917
Holdings with the IMF	54,983,252	44,362,474
Other assets	380,321	78,001
	545,091,988	477,359,134
Assets in local currency		
Loans and reverse repurchase agreements	76,545,570	80,955,087
Assets available for sale	97,217,646	97,050,294
Fixed assets	10,616,562	10,378,716
Intangible assets	362,405	255,827
Other assets	7,368,399	1,323,943
	192,110,582	189,963,867
Assets, total	737,202,570	667,323,001
Liabilities and Equity		
Liabilities in foreign currency		
Deposits and account balances of financial institutions and other institutions	144,672,441	69,788,059
Liabilities to Government	1,154,563	1,030,950
Liabilities to the IMF	48,243,049	41,337,306
Financial instruments at fair value which, when re-measured, generate gains and losses that are recognized in financial account	111,745	-
Other borrowing	15,871,175	12,440,435
Other liabilities	145,970	121,614
	210,198,943	124,718,364
Liabilities in local currency		
Notes and coins in circulation	234,084,828	344,503,231
Deposits and account balances of financial institutions and other institutions	47,372,623	40,333,711
Liabilities to Government	67,741,810	103,962,779
Liabilities to the IMF	139,416,534	43,467,351
Debt securities issued	-	1,437,498
Other liabilities	725,269	1,244,457
	489,341,064	534,949,027
Liabilities, total	699,540,007	659,667,391
Equity		
Capital issued	100,000	100,000
General reserve	9,870,486	9,870,486
Additional statutory capital	85,663,194	85,663,194
Revaluation reserve for assets available for sale	150,273	(163,455)
Loss accrued	(58,121,389)	(87,814,615)
Equity, total	37,662,563	7,655,610
Liabilities and accrued deficit, total	737,202,570	667,323,001

Balance Sheet approved by the Board on May 22, 2009 and signed thereafter.

ARTHUR JAVADYAN

Chairman

HAYKANUSH HAKOBYAN

Chief Accountant

ARMENIA'S INTERNATIONAL RESERVES

By virtue of Article 52 of the Republic of Armenia, the Central Bank hereby presents

INFORMATION

On condition and composition of Armenia's international reserves

Q1, 2009 (closing entries included)

Beginning of quarter	SDR	USD
I. Gross foreign assets		1,406,823,234.13
o/w:		
International reserves (gross foreign assets in convertible currency)		1,406,822,547.97
o/w:		
SDR with the IMF	1,899,389.00	2,925,571.09
Reserve position with the IMF	0.00	0.00
II. Foreign assets net		1,230,837,462.53
o/w: in convertible currency		1,230,836,776.37
End of quarter		
I. Gross foreign assets		1,343,317,935.78
o/w:		
International reserves (gross foreign assets in convertible currency)		1,343,317,308.38
o/w:		
SDR with the IMF	7,997,996.00	11,957,599.66
Reserve position with the IMF	0.00	0.00
II. Foreign assets net		925,856,488.94
o/w: in convertible currency		925,855,861.54

ARTHUR JAVADYAN
Chairman