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# Financial System of the Republic of Armenia

## Q2, 2009

### Banks functioning in the Republic of Armenia

As of 30.06.2009, there have been 22 commercial banks with a total of 383 branch offices, functioning in the territory of the Republic of Armenia.

### Total capital of commercial banks

In the second quarter of 2009, total capital of commercial banks has grown by 4.5 percent (AMD 10.8 billion) and amounted to AMD 249.7 billion, as of 30.06.2009.

The increase in total capital has been attributable to the replenishment by two commercial banks of their statutory capital by AMD 12.0 billion.

As a result of the increase in statutory capital, the total capital to total assets ratio has grown by 1.1 percentage point and made up 22.3 percent at the end of the quarter.

In the period under review, the total capital adequacy ratio has grown by 1.8 percentage point to make up 28.0 percent. The growth of this indicator was due to the fact that, in the second quarter, coupled with the growing of the regulatory capital, the volume of risk weighted assets has reduced by AMD 42.2 billion as a result of more prudent lending policies implemented by commercial banks in the times of the financial and economic crisis.

### Total liabilities of commercial banks

In the period under review, the total liabilities of the banking system have declined by 2.4 percent (AMD 21.0 billion) and amounted to AMD 868.0. Increases of total liabilities were reported in 10 banks and decreases of liabilities, in 12 banks.

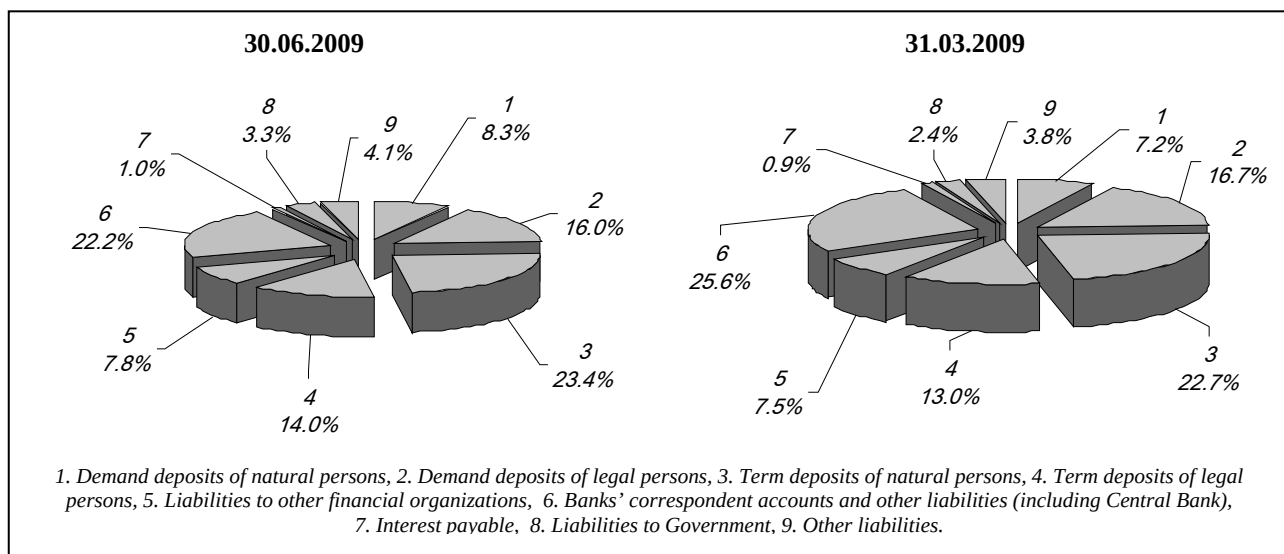
In the structure of bank liabilities, correspondent accounts of commercial banks have decreased by 48.6 percent (AMD 4.9 billion) and other liabilities to banks, by 13.8 percent (AMD 30.1 billion).

In the structure of liabilities, increases were reported with regard to liabilities to the Government, by 36.0 percent (AMD 7.6 billion) and with regard to total deposits (both demand and term deposits) of legal persons and natural persons, by 0.8 percent (AMD 4.4 billion).

As of 30.06.2009, the total amount of deposits has been AMD 534.9 billion.

Demand and term deposits of natural persons have grown by 3.4 percent (AMD 9.0 billion) and demand and term deposits of legal persons have declined by 1.7 percent (AMD 4.6 billion).

Structure of commercial bank assets

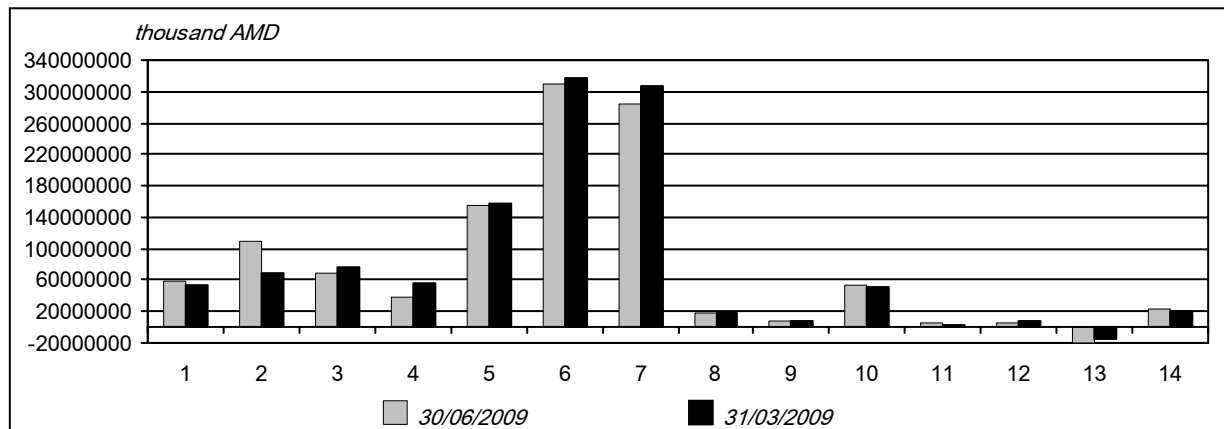


As a result of the above developments, the share of banks' loro correspondent accounts and other liabilities to banks (including Central Bank) has shrank by 3.4 percentage points, whereas the shares of demand deposits of natural persons, term deposits of legal persons and liabilities to Government have increased each by about 1 percentage point.

### **Total assets of commercial banks**

During the second quarter of 2009, total assets of commercial banks have reduced by 0.9 percent (AMD 10.2 billion) and reached AMD 1 trillion 117.7 billion. In the period under review, 10 banks reported an increase, and 12 banks reported a decrease, of assets. The main decreases on assets were reported with regard to claims on banks (excluding loro correspondent accounts), by 39.0 percent (AMD 18.7 billion) and economy lending, by 5.0 percent (AMD 31.8 billion).

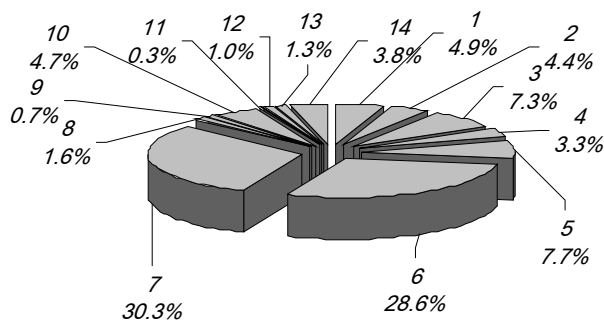
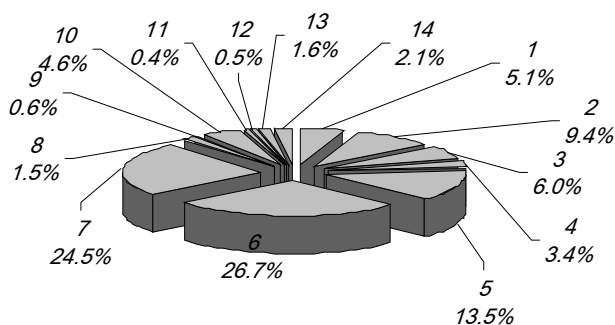
**Commercial bank assets**



**Structure of commercial bank assets**

30.06.2009

31.03.2009



1. Cash
3. Government securities (including repurchase agreements)
5. Correspondent accounts with CBA and other claims on CBA
7. Loans to natural persons
9. Accrued interest receivable
11. Other securities
13. Reserve fund

2. Correspondent accounts with banks
4. Claims on banks and other financial organizations
6. Loans to legal persons
8. Loans to bank insiders
10. Fixed assets
12. Leasing and factoring (excluding inter-bank)
14. Other assets

Banks posted a large increase with regard to nostro correspondent accounts, by 59.4 percent (AMD 40.3 billion).

In the times of the global financial and economic crisis, the Armenian banking system is more cautious in implementing a credit policy, and the volume of highly liquid assets has increased in the banking sector, as a result.

Loans to legal persons have decreased by 2.7 percent (AMD 8.5 billion), loans to natural persons, by 7.4 percent (AMD 22.6 billion) and loans to bank insiders, by 3.8 percent (AMD 668 million).

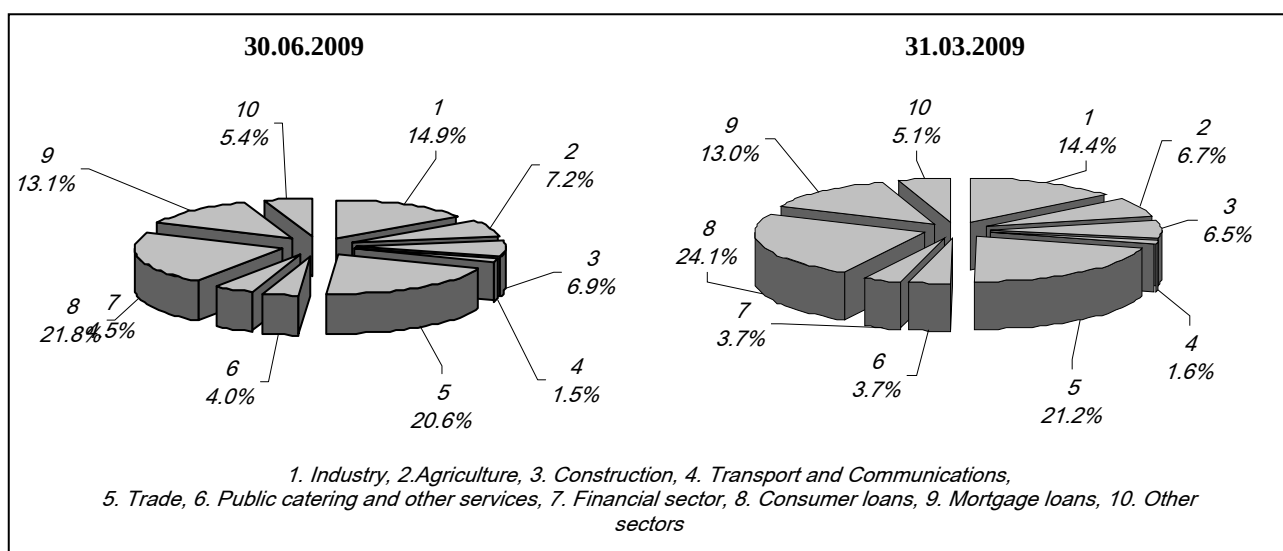
At the end of the first half of 2009, the portfolio of banking system lending to the economy has been AMD 609.0 billion, of which 50.7 percent constituted loans to legal persons, 46.5 percent loans to natural persons and 2.8 percent loans to bank insiders.

During the second quarter, banking system loans and accounts receivable (including inter-bank deposits and loans, repurchase agreements, leasing, and factoring) have decreased by a total of 2.8 percent (AMD 19.1 billion) and amounted to AMD 656.9 billion. Dram loans and receivables have reduced by 8.1 percent and amounted to AMD 318.6 billion, while foreign currency loans and accounts receivable have grown by 2.8 percent and amounted to AMD 338.3 billion. As a result, the share of dram loans and accounts receivable in total has dropped by 2.8 percentage points to make up 48.5 percent.

Loans to and accounts receivable from non-residents have increased by 65.4 percent, while loans to and accounts receivable from residents have decreased by 4.2 percent, having amounted to AMD 21.9 billion and AMD 635.0 billion, respectively.

In the structure of resident loan investment, the shares of consumer loans, trade loans and mortgage loans have reduced by AMD 21.0 billion, AMD 9.4 billion and AMD 3.2 billion, respectively. As a result, by sectors of the economy, the share of consumer loans has reduced by 2.3 percentage points in the structure of resident loan investment.

#### **Commercial bank resident loan portfolio, by sectors of the economy**



During the quarter, the share of the “standard” category assets of commercial banks has shrunk by 1.8 percentage point to 91.4 percent of total loans and accounts receivable. As of 30.06.2009, the “watch” category loans and receivables of the banking system have constituted 5.2 percent of the total; the “substandard” category loans and receivables, 2.6 percent, and the “doubtful” category loans and receivables, 0.9 percent.

In the period under review, the total liquidity ratio of commercial banks has increased by 2.9 percentage points and the current liquidity ratio has increased by 9.9 percentage points, having reached 32.0 percent and 145.3 percent, respectively.

#### **Income and expense account of commercial banks**

In the first half of 2009, commercial banks have reported a total loss of AMD 408 million (after payment of the profit/loss profit tax). Over the first six months, 13 commercial banks have operated with profit and 9 commercial banks have incurred loss.

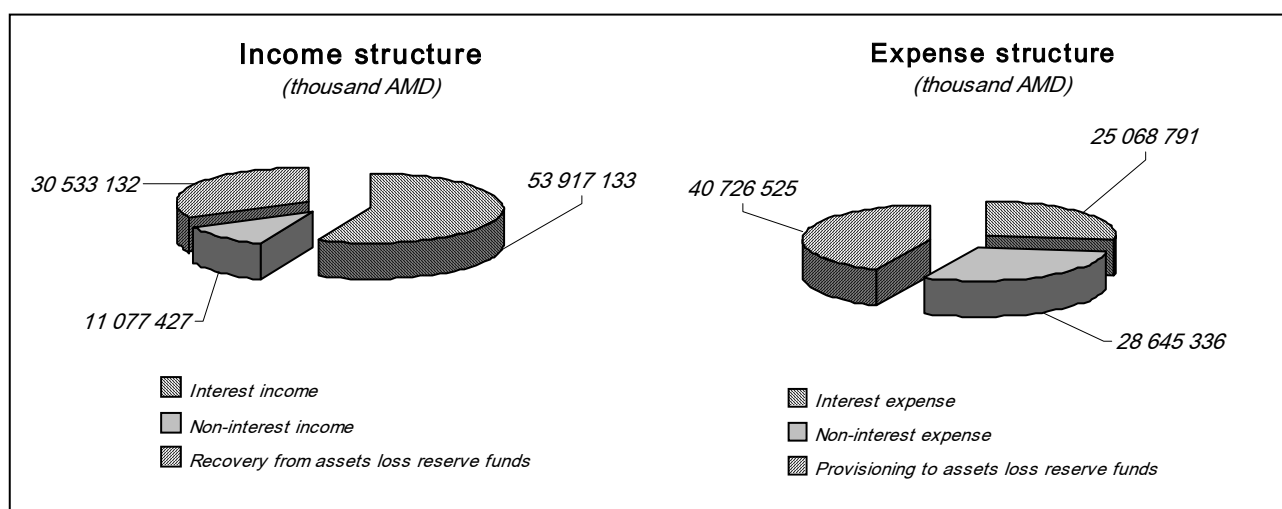
Commercial banks have reported a total of AMD 95.5 billion gross income and a total of AMD 94.4 billion expenditures. As of 30.06.2009, the pre-tax profit of the banking system has been AMD 1.1 billion.

In the first half of 2009, in the structure of gross income of the banking system proceeds of loans to economy accounted for 85.2 percent of interest income and commission fees accounted for 57.3 percent of non-interest income.

In the structure of gross expense of the banking system, interest paid on term deposits accounted for 48.0 percent of interest expense, bank employee salary and salary equivalents accounted for 43.5 percent of non-interest expense.

In the first half of 2009, the share of net provisioning (AMD 10.2 billion) constituted 0.9 percent of total assets of the banking sector.

### Commercial bank income and expense structure in H1, 2009



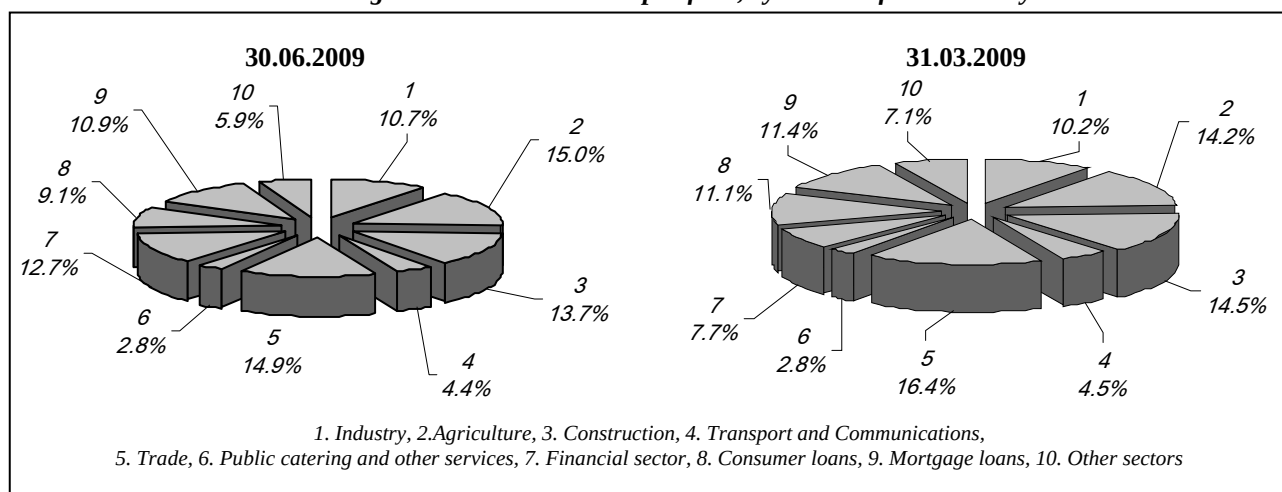
### Credit organizations \*

In the second quarter of 2009, an activity license has been granted to the National Mortgage Company CJSC. As of 30.06.2009, there have been 26 credit organizations, with a total of 51 branch offices, functioning in the territory of the

Republic of Armenia.

In the period under review, total assets of credit organizations have decreased by 12.5 percent (AMD 2.2 billion) to AMD 71.8 billion. During the quarter, 13 credit organizations reported an increase of assets and 12 credit organizations reported decreases.

### Credit organization resident loan portfolio, by sectors of the economy



In the period under review, the total lending to the economy by credit organizations has decreased by 5.7 percent or AMD 3.2 billion to amount to AMD 53.2 billion. The dram loans have reduced by 9.3 percent (AMD 2.4 billion) and foreign currency loans, by 2.7 percent (AMD 817 million). Loans to natural persons have reduced by 7.7 percent to amount to AMD 32.6 billion and loans to legal persons, by 2.9 percent to amount to AMD 20.0 billion. The total volume of leasing has shrunk by 2.3 percent to AMD 5.5 billion.

The total volume of credit organizations' loans to and accounts receivable on residents remained unchanged, AMD 67 billion. As of the end of the first half of 2009, agriculture lending has been the largest share (15.0 percent) of the loan portfolio.

In terms of risk classification of the loan portfolio, the share of standard loans and receivables in total has reduced during the quarter by 0.5 percentage point to 92.1 percent.

\* The section provides data of 25 credit organizations as the National Mortgage Company UCO CJSC received an activity license on 16.06.2009.

The total capital of credit organizations has grown by 1.9 percent (AMD 386 million) to AMD 20.6 billion. Four credit organizations have paid a total of AMD 1.1 billion into the statutory fund.

The net profit of the first half of the year has amounted to AMD 1.7 billion. Since the beginning of the year, 17 credit organizations have been profitable and 8 incurred loss.

The total liabilities of credit organizations have decreased by 4.8 percent (AMD 2.6 billion) and, as of 30.06.2009, amounted to AMD 51.2 billion. The main decrease was recorded with regard to liabilities to banks and other financial institutions, by 4.9 percent or AMD 1.9 billion. As of 30.06.2009, liabilities to banks and other financial institutions have amounted to AMD 36.0 billion and liabilities to natural persons and legal persons, to AMD 10.4 billion.

#### ***External debt of Armenian commercial banks and credit organizations at the end of the second quarter of 2009***

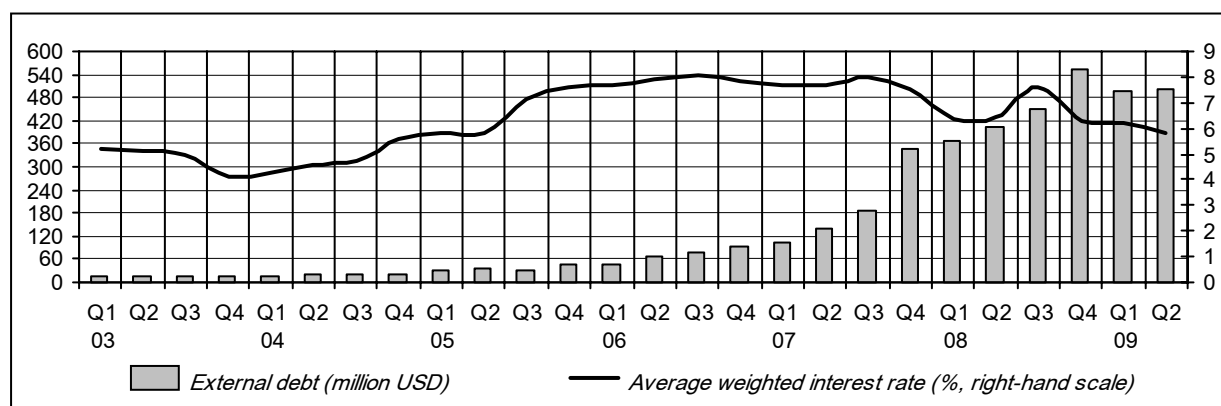
As of the end of the second quarter of 2009, loan obligations<sup>1</sup> of Armenian commercial banks and credit organizations to the rest of the world have amounted to USD 499.7 million against USD 500.3 million recorded at the end of the previous quarter. During the second quarter of 2009, commercial banks and credit organizations have attracted USD 46.4 million worth of loan resources from the rest of the world and made amortization repayments in the amount of USD 52.4 million against loans outstanding.

At the end of the second quarter of 2009, the main lenders to commercial banks and credit organizations were Russia (with its share of 15.2 percent in total versus 17.2 percent in the previous quarter), France (10.4 percent versus 10.5 percent), Germany (9.2 percent versus 8.5 percent) and Latvia (8.5 percent versus 9.5 percent). About 28.2 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 of the economy: financial and industry sector (USD 138 million each), trade sector (USD 71 million), and consumer and mortgage loans sector (USD 66 million).

At the end of the second quarter of 2009, the average-weighted interest rate of loans has reduced against the previous year end to 5.8 percent. About 69.2 percent of external loans are with floating interest rates (LIBOR, EURIBOR, CBA securities). The average maturity of the loans is about 4.3 years. The share of short-term loans has increased to 5.5 percent of total loans received (compared with 4.7 percent at the end of the previous quarter).

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



#### **Insurance companies**

During the second quarter of 2009, an insurance company “Unireso” CJSC started its operations in the insurance market. As of 30.06.2009, there have been 12 insurance companies functioning in the territory of the Republic of Armenia.

In the period under review, assets of insurance companies have grown by 12.5 percent and amounted to AMD 13.9 billion and liabilities have grown by 26.9 percent and amounted to AMD 4.6 billion as of 30.06.2009. Total capital of insurance companies has increased by 6.5 percent to amount to AMD 9.3 billion. Such an increase in liabilities was driven by the 103.4 percent or AMD 930.0 million increment of insurance premiums transferable to reinsurers. One insurance company accounted for the largest share (as high as 73.5 percent) in the increment of insurance premiums transferable to reinsurers.

In the assets structure of insurance companies, deposits with banks accounted for the largest share (51.5 percent in total), accounts receivable in respect of direct insurance constituted 16.8 percent share, investment in securities accounted for 9.0 percent and bank accounts made up 7.1 percent.

In the liabilities structure of insurance companies, the reserve for unearned insurance premiums accounted for the largest share (41.6 percent) and accounts payable to reinsurers accounted for 39.7 percent.

According to the figures of the first six months of 2009, insurance companies' profit after profit tax has amounted to AMD 908.7 million. As such, 9 insurance companies have been profitable, and 3 incurred loss. The profit of insurance companies reached a total of AMD 1.0 billion.

Accrued premiums amounted to AMD 4.2 billion. Premiums under risks transferred to reliable reinsurers amounted to AMD 2.3 billion or 54.8 percent in total insurance premiums.

Insurance indemnities have reached AMD 812.6 million, while sums on insurance indemnities from reinsurers have reached AMD 294.9 million or 36.3 percent in total insurance indemnities.

As of 30.06.2009, insurance companies have reported 47.6 thousand insurance contracts in use, with sums insured under these contracts totaling AMD 2.62 trillion. Sums reinsured transferable to reinsurers from sums insured have reached AMD 2.24 trillion.

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**Securities market participants**

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As of 30.06.2009, 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 30.06.2009, total assets of investment companies have amounted to AMD 8.8 billion, growing by 25 percent in relation to the first quarter of the year. The capital of investment companies remained unchanged, making up AMD 2.7 billion.

During the second quarter of 2009, the volume of securities trading in the Armenian securities market for investment operations has grown by 210 percent against the previous quarter, to make up AMD 245.4 billion. The volume of trading in shares has grown 3.8-fold against the previous quarter, reaching AMD 119.4 billion. The volume of trading in treasury bills has grown by 163 percent against the previous quarter and reached AMD 112.3 billion. The volume of trading in corporate securities, however, has decreased by 15 percent in relation to the first quarter, making up AMD 13.7 billion. According to the results of the second quarter, operations on shares and treasury bills prevailed in the total securities market operations, constituting 49 percent and 46 percent, respectively, of the total securities market turnover.

In the trading of government securities, the medium-term treasury bills have reported the largest share, 51 percent of the operations. The share of short-term and long-term treasury bills in the total traded volume of government securities constituted 27 percent and 22 percent, respectively.

During the second quarter of 2009, the volume of operations performed in the regulated market by investment service providers reached 3 percent of total investment operations carried out.

The volume of operations carried out in the regulated market has decreased by 17 percent in relation to the previous quarter and amounted to AMD 5.7 billion, with operations on corporate securities, repurchase transactions and treasury bills accounting for 49 percent, 43 percent and 7 percent, respectively, in total operations.

In the structure of operations performed as investment activities outside the regulated market, operations by investment companies accounted for 53 percent and operations by commercial banks as investment service provider accounted for 47 percent in total.

The volume of repurchase transactions performed as investment activities (including repurchase transactions in the regulated market) has grown by 66 percent compared to the previous quarter to amount to AMD 153.5 billion, of which AMD 80.7 billion were rollovers.

As of 30.06.2009, the volume of transactions executed as trust management has been AMD 1.6 billion, growing by 11 percent in relation to the end of the previous quarter.

At the end of the period under review, there have been 1335 issuer companies in the Central Depository of Armenia that maintained registries of holders of nominal securities and 126602 individuals as owners of securities issued by companies maintaining registries.

As of 30.06.2009, securities of 19 reporting issuers have been admitted to trading in the regulated market. Seven of them were banks, one an investment company. Nine of reporting issuers issued shares (for a total value of AMD 24.0 billion) and eleven issued bonds (for a total value of AMD 8.4 billion). “Ararat Bank” JSC issued equity shares as well as debt securities. A considerable part of debt securities (as much as 45 percent) issued covered companies engaged in the financial sector.

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**Changes in financial system  
regulatory framework**

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In the second quarter of 2009, the Central Bank introduced changes to the following regulations concerning banking and other financial activities:

- Supplements were made to Regulation 3 ‘Bank Statements, Bank Reporting and Publication of Reports’ and Regulation 15 ‘Credit Organization Statements, Credit Organization Reporting and Publication of Reports’ to compile information on operations with all types of equity shares and debt securities performed by organizations other than investment service providers in the secondary market of securities and to use such information for supervisory, analytical and statistical purposes. To this effect, one new form of statement has been included in each of the Regulations mentioned above to substitute the procedure on ‘Statement of and reporting on operations performed in the secondary market of securities’.
- There has been a supplement made to Regulation 2 ‘Regulation of Banking and Prudential Standards for Banking’ under the Central Bank Board Resolution, stating that reserve requirement shall not apply to the Economy Stabilization Facility Component 1 funds, as approved by the Republic of Armenia Government Resolution No 717 A, dated June 26, 2009, as well as the funds attracted by the National Mortgage Company universal credit organization CJSC for refinancing purposes.
- The Board of the Central Bank has approved Regulation 9/01 ‘Licensing of Credit Bureaus; Space, Technical, Safety and Software Requirements to Credit Bureaus’ based on the Republic of Armenia Law on Circulation of credit information and Credit Bureaus Activity. The Regulation provides the list of documents subject to presentation when credit bureaus are to be licensed; it establishes the grounds based on which granting an activity license is waived; as well as it specifies a template to registry of credit bureau licenses, how it should be maintained, what information should it include, and the space, technical, safety and software requirements to credit bureaus.
- The Board of the Central Bank has approved Regulation 9/02 ‘Terms and Conditions for Provision of Database to the Central Bank or Another Credit Bureau’. The Regulation establishes that the credit bureau will only provide database to a credit bureau, which has been duly licensed by the Central Bank, or will provide database to the Central Bank if other credit bureaus decline to receive or acquire such database. A credit bureau that intends to provide its database to another credit bureau shall, before providing or making such database available with another credit bureau, eliminate all available duplicate of the database and shall not maintain any such data existing with it.
- There have been changes and supplements made to the Procedure on ‘Operation of Electronic Information System and Maintenance of Data on Deposits and Depositors by Banks’ under the Central Bank Board Resolution, whereby banks shall provide, on a monthly basis but not later than the 5-th working day of the next month, database on their depositors to the Central Bank. To determine the accuracy of the information received, the Central Bank will, when implementing on-site examinations, compare the available data with the data maintained in electronic information system of the bank with regard to deposits and depositors of that bank.
- There have been changes and supplements made to Regulation 11 ‘Licensing, Regulation and Control of FX Trades Auctions in the Territory of the Republic of Armenia’ (as approved by the Central Bank Board Resolution No 444 N, dated August 30, 2005) under the Central Bank Board Resolution No 84-N, dated April 7, 2009. The amendment sets out the details of information on the foreign currency trades as well as the procedure of publication of such information. The purpose of the amendment is to reduce inconsistency of the information framework among the participants of the currency trades industry, as well as to harmonize the composition and publication of

information on currency trades by the stock exchange with the composition and publication of information on securities admitted to trading in the regulated market.

During the second quarter of 2009, the following measures were taken for the securities market regulation:

- The Central Bank Regulation 5/06 'Volume of Information to be Posted by the Regulated Market Operator on its own Internet Website; Procedure of Publication of Such Information' has been approved under the Central Bank Board Resolution No 83-N, dated April 7, 2009. This is called to raise the level of transparency in the securities market, hence enhance the confidence in the securities market as well as help the securities market participants to make right decisions.
- There have been changes and supplements made to Regulation 4/03 'Statements of Investment Service Providers; Reporting to the Central Bank' under the Central Bank Board Resolution No 115-N, dated May 5, 2009. The amendment establishes that all investment service providers will henceforth disclose information on their activities (with respect to investment services) using a single approach under one unified regulation (previously, statements on operations with government securities and repurchase agreements performed in the secondary market were reported by banks, government agents, dealers under the requirement of another regulation).

During the second quarter of 2009, the following changes were made by the Central Bank to the regulatory framework of the insurance market:

- There have been changes and supplements made to Regulation 3/09 'Classification of Insurance Company Assets and Establishment and Use of Assets Provisioning' under the Central Bank Board Resolution No 160-N, dated June 2, 2009. The purpose of the amendment is to regularize aspects as well as inconsistencies in connection with the use of the regulation (the composition of assets subject to classification was made clearer, some more definitions were made to prevent possible ambiguity) and to make sure information on the assets subject to classification is complete and accurate and sufficient enough for using it for supervisory, analytical and statistical purposes.
- Draft to the following Central Bank Board resolutions has been approved under the Central Bank Board Resolution No 161-N, dated June 2, 2009: a/ Resolution No 314 N, dated October 2, 2007 on changes and supplements to the chart of account of insurance companies; b/ Resolution No 366 N, dated November 16, 2007 on changes and supplements to Regulation 3/04 'Statements of Insurance Companies; Information included in the Statements and Reporting'. New accounts have been added to the chart of accounts of insurance companies, to reflect the changes made to insurance company reporting to the Central Bank and to Regulation 3/09 'Classification of Insurance Company Assets and Establishment and Use of Assets Provisioning', accordingly. These efforts have been made to increase the effectiveness in supervisory and analytical processes.
- Regulation 3/10 'Minimum Requirements to Internal Control Systems of insurance Companies' has been approved under the Central Bank Board Resolution No 163-N, dated June 2, 2009. The regulation establishes minimum requirements to internal control mechanisms and policies in insurance companies in order to make sure increased risk management systems are in place and to promote the stability and further development of the Armenian insurance market.
- Draft to a Central Bank Board resolution has been approved under the Central Bank Board Resolution No 159-N, dated June 2, 2009 to make supplements to Regulation 3/04 'Statements of Insurance Companies; Information included in the Statements and Reporting', whereby the form of statement on transactions performed in the secondary market of securities (irrespective of the type of securities) by insurance companies as well as the procedure of reporting are specified. The information compiled pursuant to the new form of statement will be used for supervisory, analytical and statistical purposes. This resolution, when finally approved, will simplify the statements included in the procedure 'Statement of and reporting on operations performed in the secondary market of bonds' that were in use before. Further, the scope of these statements was enlarged to some extent to cover shares and bonds rated below C-.

## Developments in Payment and Settlement System

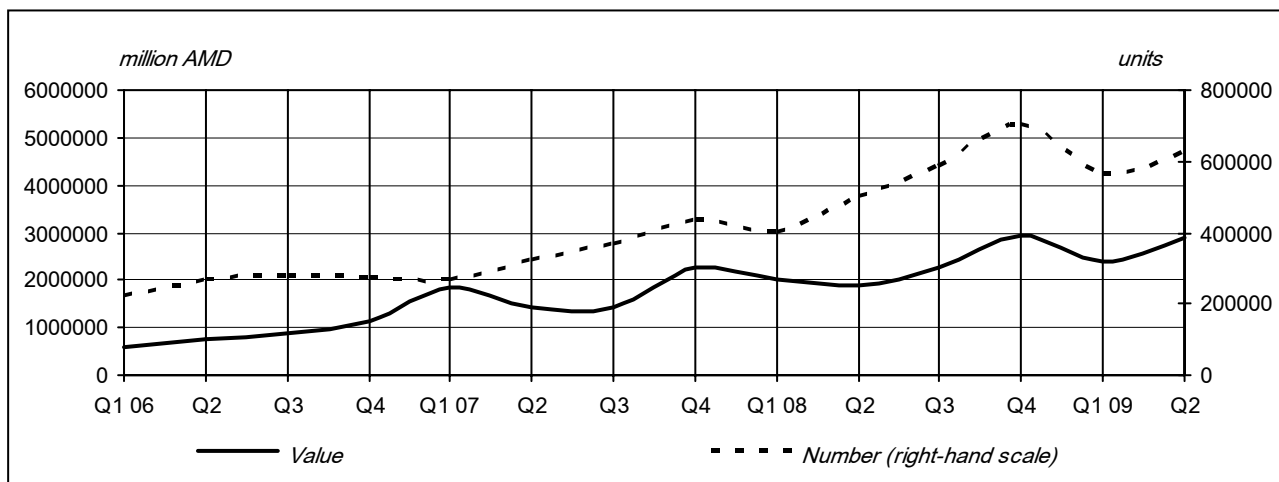
### Developments in payment and settlement relations in Q2 2009

In the second quarter of 2009, the value of non-cash payment turnover in the Republic of Armenia has been AMD 8033 billion (a total of 1558502 transactions in number), of which AMD 2893 billion (627239 transactions in number) had been via the Central Bank's payment systems. In the second quarter of 2009, the value of non-cash payments carried out via the Central Bank's systems has grown by 21.4 percent (AMD 510 billion) in relation to the same quarter of the previous year, and the number of non-cash transactions has increased by 11.4 percent (by 64395 transactions in number). The value of transfers made via the Central Bank's payment systems has grown by 54 percent (AMD 1015 billion), and the volume has increased by 121102 in number (by 23 percent) in relation to the second quarter of 2008.

The average daily value of transfers (excluding stock exchange transactions) using the Central Bank payment systems has been nearly AMD 45 billion, with 9800 transfer transactions in number. Relative to the first quarter of 2009, the average daily value of transfers has grown by AMD 7.9 billion (the volume of transfers has increased by 1006 in number). The average daily value of transfers on stock exchange transactions made up AMD 77 billion (representing a 15 percent increase).

In the second quarter of 2009, transfers initiated by and addressed to the Treasury constituted 43 percent of total value and 47 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 grown by 99 percent (AMD 620 billion), and the total number of transfers has increased by 17214 in number (by 6 percent). The volume of these payments has increased by 70 percent (AMD 512 billion) in relation to the second quarter of 2008.

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



In the second quarter of 2009, a total of 2156250 transactions amounting to AMD 98.2 billion have been executed in the Republic of Armenia by using payment cards. Of this amount, the value of non-cash card payments has been nearly AMD 7 billion. Of the non-cash turnover, e-payments on Internet amounted to AMD 1.3 billion (including e-commerce for a total of AMD 0.4 billion and card-to-card payments of AMD 0.9 billion). At the end of the second quarter of 2009, the total number of cards in circulation has been 502106, representing 3.9 percent increase (18863 cards in number) relative to the end of the first quarter of 2009. In the period under review, the value of card-based non-cash payments has accounted for about 7.3 percent of total transactions by cards. Overall, the value of card-based non-cash transactions has grown by 10.4 percent (AMD 0.7 billion) in relation to the same period of the previous year.

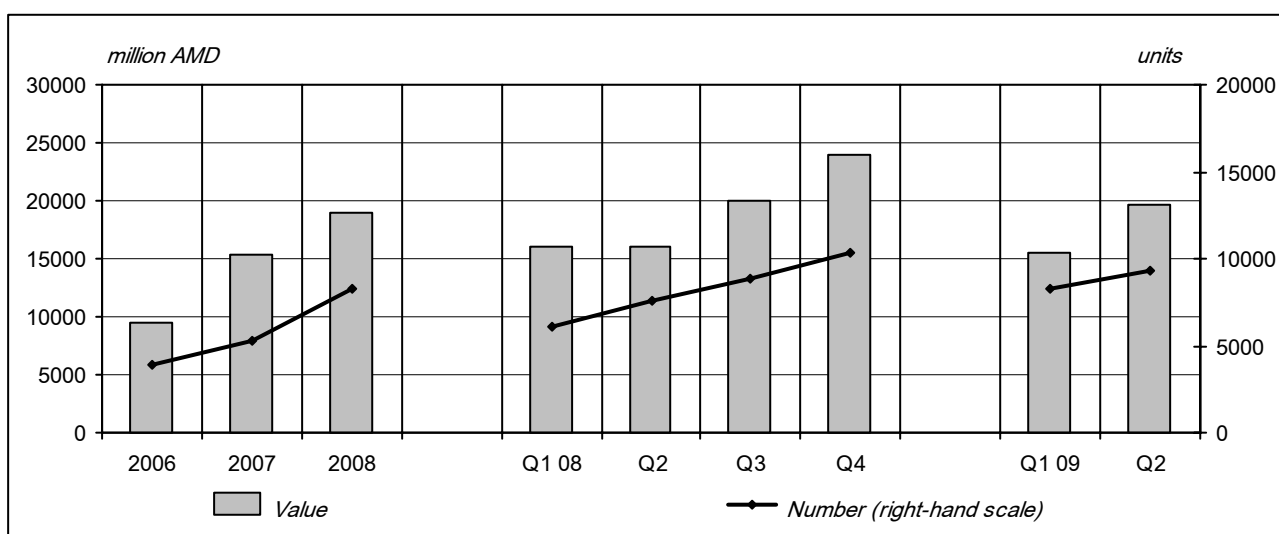
In the period under review, private remittances to natural persons executed through commercial banks and money transfer organizations have reduced by 28.7 percent in relation to the second quarter of 2008 and amounted to AMD 125.3 billion. The value of outbound transfers has reduced by 48 percent and amounted to AMD 47.86. Relative to the first quarter of 2009, money transfers have grown by 45 percent and outbound transfers, by 9.6 percent.

### Electronic payment system

In the second 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 transactions) have averaged 43.6 percent in value and 94.8 percent in number of total payments. The value of electronic payments has grown by 27.4 percent (AMD 271 billion) and the number of electronic payments has increased by 12 percent (64410 transactions) in relation to the previous period. Relative to the same period of 2008, the value of electronic payments has grown by 23 percent (AMD 238 billion). Further, stock exchange trades-related transfers have amounted to AMD 4947 billion (representing 15 percent increase). In the structure of total electronic payments by commercial banks (excluding transfers related to stock exchange transactions), the value of electronic payments made up round 66 percent (representing some 3.8 percent increase in relation to the previous period and representing 15 percent increase in relation to the second quarter of 2008), and the number has reached 99.8 percent of the total payments.

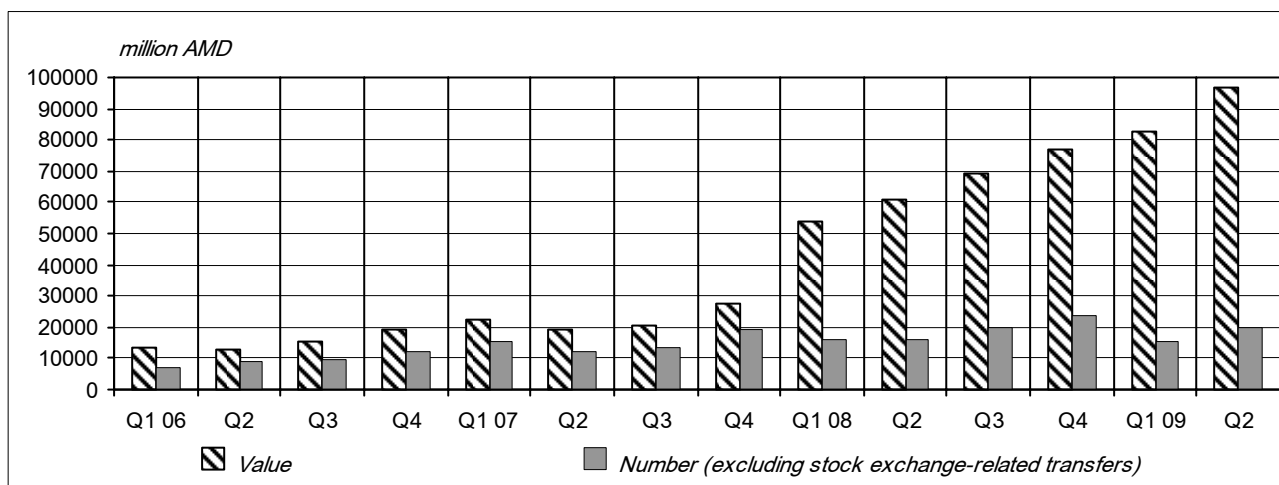
In the second quarter of 2009, relative to the first quarter of 2009, the average daily number of transfers using the Electronic Payments System has increased by 1667 transactions, having reached a total of 9292, while the value of such transfers has shrunk by AMD 4.2 billion and amounted to AMD 19.7 billion. The average daily transfers related to stock exchange trades have amounted nearly to AMD 77 billion (representing an AMD 0.6 billion increase).

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



The average amount per electronic transfer in the Electronic Payments System, excluding stock exchange trading-related transfers, has grown by about AMD 0.3 million in relation to the previous quarter and reached AMD 2.1 million. The average amount of a stock exchange trades-related transfer by commercial banks using the Electronic Payments System has made up AMD 1597 million.

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



Rejections in the Electronic Payments System constituted 0.1 percent of the number and 0.08 percent of the value of initiated payments (577 transfers with a total value of AMD 4.8 billion). Rejections due to insufficient liquidity constituted 0.09 percent of the number and 0.07 percent of the value of initiated payments (540 transfers with a total value of AMD 4.7 billion).

**Gross paper-based payments system** During the second quarter of 2009, the paper-based payments have accounted for 53.3 percent in value and 5 percent in number of total bank payments executed via the Central Bank systems (relative to the previous quarter, the value of the transactions has grown by 15 percent but the number has reduced by 0.7 percent).

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

| Period                | Gross               |         |                     |        | Government securities accounting and settlements system |        | Total, via the CBA* |         | Stock exchange-related transfers |        |
|-----------------------|---------------------|---------|---------------------|--------|---------------------------------------------------------|--------|---------------------|---------|----------------------------------|--------|
|                       | Electronic*         |         | Paper               |        | Value (million AMD)                                     | Number | Value (million AMD) | Number  | Value (million AMD)              | Number |
|                       | Value (million AMD) | Number  | Value (million AMD) | Number |                                                         |        |                     |         |                                  |        |
| <b>2008</b>           |                     |         |                     |        |                                                         |        |                     |         |                                  |        |
| 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     |                                  |        |
| <b>2009</b>           |                     |         |                     |        |                                                         |        |                     |         |                                  |        |
| 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     |                                  |        |
| Q2                    | 1260960             | 594690  | 1543120             | 31625  | 88900                                                   | 924    | 2892981             | 627239  | 4946925                          | 3097   |
| Share in payments (%) | 43.59               | 94.81   | 53.34               | 5.04   | 3.07                                                    | 0.15   | 100                 | 100     |                                  |        |

\* Excluding transfers related to stock exchange trades.

The average daily paper-based payments executed via the Central Bank systems numbered 494 transactions, for a total value of AMD 24 billion (relative to the first quarter of 2009, the average daily value of transfers has grown by AMD 3.1 billion). The average amount of a paper-based payment has grown by about AMD 6.9 million and reached AMD 48.8 million. The growth of these paper-based payments is determined mainly by repurchase transactions.

In the second quarter of 2009, there have been 6 paper-based transfers with a total value of AMD 9 billion executed between commercial banks.

**Government securities accounting and settlement system** As of the end of the second quarter of 2009, there have been 5 agent banks and 17 dealer banks functioning in the territory of the Republic of 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 594 instructions for a total value of nearly AMD 54.4 billion for primary allocation and redemption of government securities. This was an increase of AMD 20 billion in relation to the first quarter of 2009 (where the payments for allocation of securities have grown by AMD 22 billion, while the payments for redemption of securities have decreased by AMD 2 billion). Banks have transferred AMD 34.9 billion in return for government securities purchased at the primary allocation, while the Treasury has transferred AMD 19.5 billion for the redemption

of government securities. The Treasury Direct has made payments of AMD 1077 million for government securities, of which about AMD 503 million for allocation, and about AMD 574 million for redemption of government securities.

The GSASS has generated 6 instructions for a total of value of AMD 5 billion for primary allocation and redemption of the Central Bank securities. This has been an AMD 2 billion increase in relation to the first quarter of 2009 (where payments for the redemption of securities have grown by AMD 3.7 billion, while payments for the allocation of securities have reduced by AMD 1.6 billion). The amount mentioned has derived totally from the transfer for the redemption of the Central Bank securities.

In the first second of 2009, the GSASS participants have made 324 transfers with a total value of AMD 29.4 billion for securities trades in the secondary market (on a principle of delivery versus payment). The volume of these operations has declined by about 29.6 percent in comparison with the previous period. The operations of free delivery executed via the system have amounted to AMD 98.9 billion in nominal value and operations related to pledge have amounted to AMD 1.7 billion.

**Payment cards** As of the end of the second 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 period under review, 34 more ATMs were installed to serve payment cards, and as of the end of the second quarter of 2009 the total number of ATMs has been 625. The number of ATMs serving “ArCa” cards has increased to 536. The total number of POS terminals installed by commercial banks has been 2391, of which 422 are installed in branch offices of commercial banks. The total number of imprinters set has been 31 as of the reporting period.

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

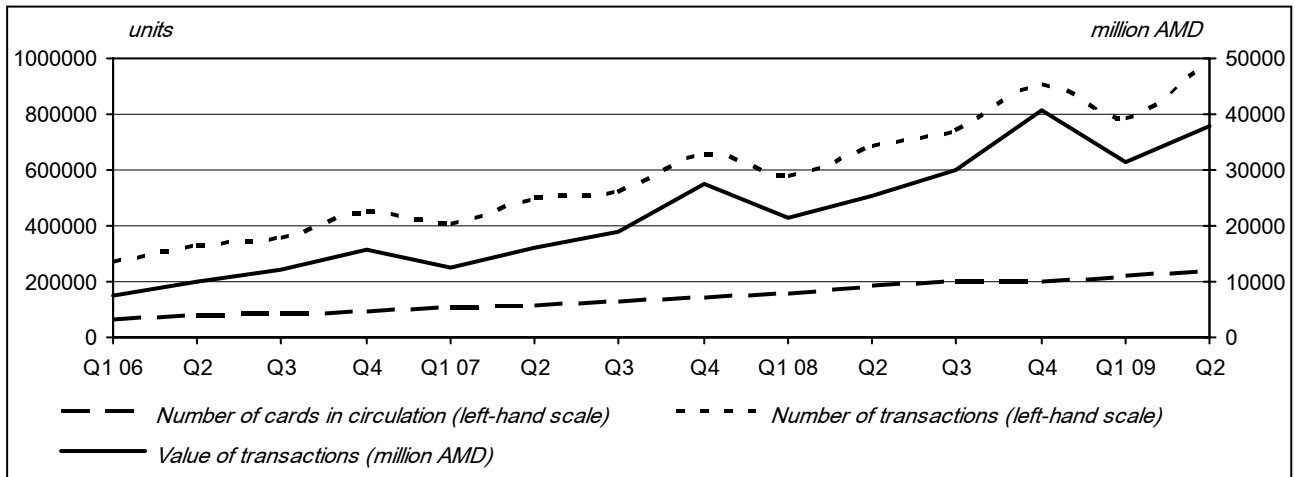
| Banks                     | ArCa | MASTER CARD | VISA | AMEX | Other |
|---------------------------|------|-------------|------|------|-------|
| Armbusinessbank           | +    |             |      |      |       |
| Anelik Bank               | +    | +           | +    |      |       |
| Ararat 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 second quarter of 2009, there have been 238946 ArCa cards in use, representing an increase of 8.6 percent (19013 more cards) in relation to the end of the first quarter of 2009. The number of international system cards increased slightly, with VISA international cards having grown by 2.9 percent (4997 more cards) to have reached 175352, and MasterCard international cards having grown by 4.9 percent (2448 more cards) to have reached 52398. The number of other international cards has reduced by 17.7 percent (7595 less cards).

In the second quarter of 2009, the value of card transactions has grown by 15.3 percent (AMD 13 billion) and the number, by 20 percent (362787 transactions) in relation to the first quarter of 2009. Relative to the second quarter, the value of card transactions has grown by 33.4 percent (AMD 23.6 billion).

In the second quarter of 2009, a total of 989053 transactions reaching AMD 37.9 billion have been carried out using ArCa cards. Both the value and number of transactions using ArCa cards have grown, respectively, by about 20.4 percent (AMD 6.4 billion) and by 26.3 percent (205930 transactions), in relation to the previous period.

### ArCA cards development dynamics



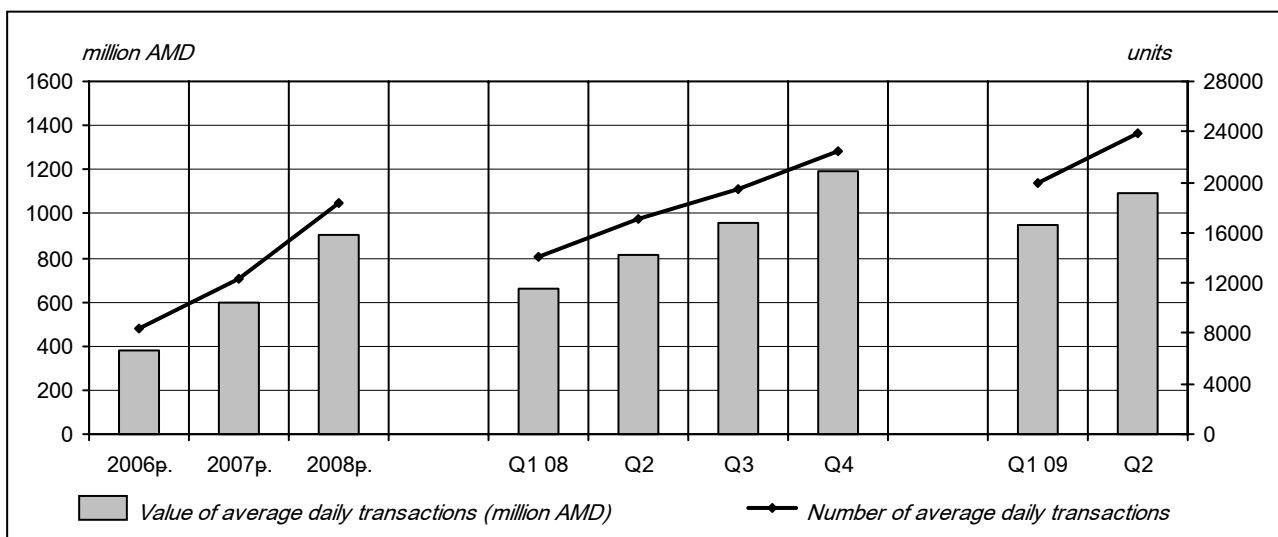
In the second quarter of 2009, a total of 640478 transactions reaching AMD 35.6 billion have been carried out using VISA cards, and a total of 295749 transactions reaching AMD 15 billion have been carried out using MasterCard cards. The value and number of transactions using VISA and MasterCard have grown, respectively, by 15.4 percent (AMD 4.7 billion) and by 11.9 percent (AMD 1.6 billion), in relation to the first quarter of 2009.

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

| Device                       | Transactions           |           |                         |         |
|------------------------------|------------------------|-----------|-------------------------|---------|
|                              | value<br>(million AMD) | number    | Including by ArCA cards |         |
|                              |                        |           | value (million AMD)     | number  |
| Automated teller machines    | 75 904                 | 1 808 306 | 31 448                  | 848 710 |
| o/w, non-cash                | 712                    | 10 893    | 17                      | 3 198   |
| POS – terminals / imprinters | 20 977                 | 291 050   | 6 182                   | 117 753 |
| o/w, non-cash                | 5 156                  | 161 370   | 1 593                   | 47 504  |
| Internet                     | 1 336                  | 56 878    | 321                     | 22 590  |
| Total                        | 98 217                 | 2 156 234 | 37 951                  | 989 053 |
| o/w, non-cash                | 7 205                  | 229 141   | 1 931                   | 73 292  |

A total of 230970 transactions reaching AMD 9.6 billion have been carried out using other international cards. Relative to the previous period, this represented an AMD 0.2 billion increase.

### Average daily transactions by payment cards in Armenia 2006–2008, 2008–2009, by quarters



In the second quarter of 2009, the average daily value of transactions using plastic cards has been AMD 1091 million, with an average daily number of 23958 transactions. Relative to the second quarter of 2008, the average daily number of these transactions has increased by 40 percent (6831 transactions) and the value, by 33.4 percent (AMD 273 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 1.4).

**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.

To make money transfers of their customers fast and effective, commercial banks are members to a total of 19 international remittance systems.

*Money transfer systems*

| Systems               | Number of banks as members | Number of organizations as members | Share in inbound transfers, % |
|-----------------------|----------------------------|------------------------------------|-------------------------------|
| UNISTREAM             | 3                          |                                    | 49.63                         |
| ANELIK                | 8                          | 1                                  | 8.87                          |
| CONTACT               | 4                          | 2                                  | 9.96                          |
| MIGOM                 | 7                          | 2                                  | 8.18                          |
| BISTRAYA POCHTA       | 6                          | 1                                  | 4.37                          |
| MONEY GRAM            | 11                         | 1                                  | 5.82                          |
| LIDER                 | 6                          |                                    | 2.66                          |
| INTEREXPRESS          | 2                          | 1                                  | 2.36                          |
| ZOLOTAYA CORONA       | 2                          |                                    | 2.91                          |
| BLIZKO                | 2                          | 2                                  | 1.54                          |
| PRIVAT MONEY TRANSFER | 3                          |                                    | 0.98                          |
| BTF-Sauz              | 1                          |                                    | 0.92                          |
| FASTER                | 1                          | 1                                  | 0.57                          |
| ALUR                  | 3                          |                                    | 0.35                          |
| AVERS                 | 2                          |                                    | 0.02                          |
| XPRESS MONEY          | 1                          |                                    | 0.02                          |
| INTEL EXPRESS         | 1                          |                                    | -                             |
| RIA MONEY TRANSFER    | 2                          |                                    | -                             |
| JIVIE DENGİ           | 1                          |                                    | -                             |
| MONEY TUN             | -                          | 1                                  | 0.14                          |
| Travelex              | -                          | 1                                  | 0.25                          |
| STEFI                 | -                          | 1                                  | 0.46                          |

In the second quarter of 2009, the value of funds flown into the Republic of Armenia through the banks participating in these systems has amounted to AMD 83.8 billion (383725 remittances), which exceeded the value of outbound transfers 8.6-fold. As a result, the net inflow of funds through commercial banks has been AMD 74 billion. Relative to the first quarter of 2009, the value of inbound remittances to the Republic of Armenia has grown by 68 percent (AMD 30 billion) but declined by 25 percent (AMD 24 billion) in relation to the second quarter of 2008. The average size of an incoming remittance to the Republic of Armenia through these systems has reached AMD 218 thousand, representing an AMD 30 thousand increase in relation to the previous quarter.

The value of payments to natural persons executed through correspondent accounts of commercial banks operating in the Republic of Armenia has amounted to nearly AMD 40 billion, representing an 18 percent increase (AMD 6 billion), in relation to the previous period, but representing a 39 percent decrease (AMD 26 billion) in relation to the same period of 2008. The average value per payment has reduced by AMD 117 thousand to AMD 1.68 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 37.7 billion, down by 54 percent (AMD 45 billion) in relation to the second quarter of 2008.

In the second 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 525 billion, with a total of 43850 remittances in number. The average value per transfer has amounted to AMD 12 million, representing a 44 percent increase in relation to the same quarter of the previous year.

|                                         |                                                                                                                                                                                                                                                                                                                                    |
|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Payment and settlement<br>organizations | As of the end of the second 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. |
|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

The payment and settlement organizations ensure inbound payments through their membership to international payment systems. In the reporting period, these organizations have provided AMD 1.1 billion-worth payments to their customers in the Republic of Armenia, of which AMD 1 billion-worth of payments made through the membership to international payment systems. The total value of outbound transfers made by these organizations reached AMD 0.1 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 87 thousand. The average value of one payment through the money transfer systems has decreased by AMD 16 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 18 organizations. As of the end of the second quarter of 2009, there have been 637 self-service terminals installed, through which a total of AMD 3385 million-worth of funds (through 1079008 transactions) have been collected.

There are payment and settlement organizations that provide processing and clearing services to 8 commercial banks. These banks have collected AMD 255 million-worth of public utility fees and charges through 72321 transactions carried out, while the processing related to these operations were carried out by payment and settlement organizations.

In the period under review, the “ArCa” processing center carried out the processing of operations by cards in the total value of AMD 77.9 billion through card service devices (some 13.7 percent increase in relation to the previous quarter and 34 percent increase in relation to the second quarter of 2008). The value of operations by cards issued from foreign banks reached AMD 3.4 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 6.41 billion.

## Macroeconomic indicators

### January–June 2009

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

#### Real sector

| Item                                                  | January- April | January - May | January- June | Real growth index for January-June 2009 to January-June 2008 (%) |
|-------------------------------------------------------|----------------|---------------|---------------|------------------------------------------------------------------|
| Gross Domestic Product (mln drams)                    | 638939.3       | 839356.6      | 1119369.6     | 83.7                                                             |
| GDP deflator (%)                                      | -              | -             | -             | 102.1                                                            |
| GDP per employee (thous. drams, accrual) <sup>1</sup> | 587.6          | 766.9         | 1018.3        | 83.9                                                             |
| Industrial production (mln drams)                     | 176967.6       | 226890.9      | 281487.8      | 88.5                                                             |
| Electricity production (mln kWh)                      | 1878.5         | 2319.4        | 2788.3        | 89.4                                                             |
| Gross agricultural output (mln drams)                 | 57028.4        | 81129.2       | 123493.4      | 97.5                                                             |
| Retail trade turnover (mln drams)                     | 262210.5       | 335508.7      | 413523.8      | 100.0                                                            |
| Capital construction (mln drams)                      | 51508.5        | 72971.1       | 124593.7      | 46.5                                                             |
| Service (mln drams)                                   | 216733.0       | 274733.7      | 339787.4      | 100.9                                                            |
| Average monthly nominal salary per employee (drams)   | 96790          | 97202         | 97665         | 110.1 <sup>1</sup>                                               |
| Economically active population (thous. people)        | 1164.4         | 1172.6        | 1178.3        | -                                                                |
| Registered unemployed (thous. people)                 | 77             | 78.2          | 79.1          | -                                                                |
| Unemployment rate (%)                                 | 6.6            | 6.7           | 6.7           | -                                                                |

#### External sector

| Item                  | January-April (million USD) | January-May (million USD) | January-June (million USD) | January-June 2009 to January-June 2008 (%) |
|-----------------------|-----------------------------|---------------------------|----------------------------|--------------------------------------------|
| Export (FOB)          | 175.6                       | 220.1                     | 281.4                      | 54.1                                       |
| Import (CIF)          | 893.5                       | 1092.0                    | 1378.6                     | 72.5                                       |
| Trade balance deficit | 717.9                       | 871.9                     | 1097.2                     | 79.4                                       |

#### Price indexes

| Period                                 | CPI   | Producer price index | Capital construction price index | Agricultural product sales price index |
|----------------------------------------|-------|----------------------|----------------------------------|----------------------------------------|
| to previous month, (%)                 |       |                      |                                  |                                        |
| 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                                   |
| April                                  | 103.2 | 103.9                | 97.8                             | 98.8                                   |
| May                                    | 101.6 | 105.5                | 100.3                            | 96.7                                   |
| June                                   | 99.7  | 101.8                | 104.2                            | 73.8                                   |
| January-June 2009 to January-June 2008 | 102.7 | 96.9                 | 120.3                            | 88.6                                   |

## Inflation

| <i>Period</i>                             | <b>2007</b>                   | <b>2008</b> | <b>2009</b> | <b>2009</b>                             |
|-------------------------------------------|-------------------------------|-------------|-------------|-----------------------------------------|
|                                           | <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         | 3.2         | 3.9                                     |
| May                                       | 2.1                           | 1.3         | 1.6         | 5.5                                     |
| June                                      | -0.3                          | -0.5        | -0.3        | 5.2                                     |
| 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 the previous year) | 6.6                           | 5.2         |             |                                         |
| Annual (to the previous year)             | 4.4                           | 9.0         |             |                                         |

## Commodities most contributing to inflation<sup>1</sup>

| <i>Item</i>                                            | <i>to previous month %</i> | <i>contribution, percentage point</i> |
|--------------------------------------------------------|----------------------------|---------------------------------------|
| <b>CPI</b>                                             | <b>99.7</b>                | <b>-</b>                              |
| <b>Foodstuff (including alcohol and tobacco), o/w:</b> | <b>98.6</b>                | <b>-0.73</b>                          |
| Vegetables and potato                                  | 89.5                       | -0.49                                 |
| Egg                                                    | 93.3                       | -0.12                                 |
| Bread                                                  | 99.4                       | -0.09                                 |
| <b>Non-foodstuff</b>                                   | <b>102.0</b>               | <b>0.32</b>                           |
| Personal cars and petrol                               | 106.85                     | 0.23                                  |
| Detergents                                             | 103.66                     | 0.05                                  |
| Garment and knitwear                                   | 101.49                     | 0.04                                  |
| Items of culture                                       | 97.17                      | -0.03                                 |
| <b>Services</b>                                        | <b>100.4</b>               | <b>0.12</b>                           |
| Medical service                                        | 100.6                      | 0.1                                   |
| Transport                                              | 101.2                      | 0.1                                   |

## Change in core inflation<sup>1</sup>

|                                              | 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 | 1.46  |
| May                                          | 0.28  | 0.55 | 0.41  |
| June                                         | -0.16 | 0.30 | 0.25  |
| 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 | 3.47  |
| May                                          | 2.14  | 5.94 | 3.37  |
| June                                         | 2.05  | 6.47 | 3.36  |
| 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,<br>percentage point |
|--------------------------------------------------------------------------|-----------------------------------------------------|
| <i>to the same month of previous year, %</i>                             |                                                     |
| <b>Core inflation, o/w:</b>                                              | <b>3.36</b>                                         |
| Surgery services by hospitals                                            | 0.6                                                 |
| Air fare                                                                 | 0.3                                                 |
| Services by resort and other health-care centers, lodgment and treatment | 0.3                                                 |
| Fresh whitefish                                                          | 0.2                                                 |
| Poultry                                                                  | 0.2                                                 |
| Vitamin C                                                                | 0.2                                                 |
| Boiled sausage                                                           | 0.1                                                 |
| Sausage                                                                  | 0.1                                                 |
| School tuition                                                           | 0.1                                                 |
| Services by diagnostic centers                                           | 0.1                                                 |

<sup>1</sup> According to the CBA estimates based on the information received from 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 <sup>1</sup> | 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                   |
| April                 | 0                           | 16513                                 | 16513 | 56492                                             | 635                               | 0                  | 526             | 57652  | -41139                   |
| May                   | 0                           | 23358                                 | 23358 | 48202                                             | 635                               | 0                  | 895             | 49733  | -26374                   |
| June                  | 0                           | 25521                                 | 25521 | 225906                                            | 57532                             | 32                 | 1051            | 284520 | -258999                  |

<sup>1</sup> Includes CBA closing entries.

## CENTRAL BANK SURVEY

(million AMD)

| Indicators                                         | D - 08 <sup>3</sup> | J - 09        | F - 09        | M - 09 <sup>3</sup> | A - 09        | M - 09        | J - 09 <sup>3</sup> |
|----------------------------------------------------|---------------------|---------------|---------------|---------------------|---------------|---------------|---------------------|
| <i>(balance at the end of period)</i>              |                     |               |               |                     |               |               |                     |
| <b>NET FOREIGN ASSETS<sup>1,2</sup></b>            | <b>473916</b>       | <b>426071</b> | <b>373805</b> | <b>359470</b>       | <b>323122</b> | <b>323358</b> | <b>584688</b>       |
| <b>NET DOMESTIC ASSETS</b>                         | <b>-24186</b>       | <b>-25865</b> | <b>21601</b>  | <b>32265</b>        | <b>61143</b>  | <b>75628</b>  | <b>-176767</b>      |
| Government                                         | -96457              | -103612       | -77690        | -60333              | -41139        | -26374        | -258999             |
| Banks                                              | 80625               | 75162         | 80334         | 75190               | 57487         | 56123         | 49964               |
| including repo agreements                          | 60724               | 55285         | 60260         | 56086               | 38006         | 35662         | 33703               |
| CBA foreign currency swap (attracted)              | 0                   | 0             | 0             | 0                   | 0             | 0             | 0                   |
| deposits (-)                                       | 0                   | 0             | 0             | -1000               | -800          | 0             | -7651               |
| reverse repos (-)                                  | 0                   | 0             | 0             | 0                   | 0             | 0             | 0                   |
| CBA foreign currency swap (allocated) (-)          | 0                   | 0             | 0             | 0                   | 0             | 0             | 0                   |
| Securities issued by the CBA (-)                   | -1437               | 0             | 0             | 0                   | 0             | 0             | 0                   |
| Other assets net                                   | -6916               | 2586          | 18957         | 17407               | 44795         | 45879         | 32268               |
| <b>MONETARY BASE</b>                               | <b>449731</b>       | <b>400206</b> | <b>395406</b> | <b>391735</b>       | <b>384265</b> | <b>398986</b> | <b>407922</b>       |
| Currency outside the CBA                           | 344503              | 302102        | 253327        | 234085              | 238928        | 248821        | 258926              |
| Required reserves (in drams)                       | 38519               | 24448         | 23660         | 38211               | 19966         | 21991         | 24996               |
| Required reserves (in FX)                          | 65914               | 72850         | 117964        | 119042              | 124851        | 127728        | 123541              |
| Other accounts                                     | 795                 | 807           | 455           | 397                 | 520           | 446           | 458                 |
| Other assets (in drams)                            | 774                 | 652           | 452           | 397                 | 494           | 444           | 443                 |
| Other assets (in FX)                               | 21                  | 154           | 3             | 0                   | 26            | 2             | 15                  |
| <i>(changes to the previous period)</i>            |                     |               |               |                     |               |               |                     |
| <b>NET FOREIGN ASSETS</b>                          | -                   | <b>-47846</b> | <b>-52266</b> | <b>-14335</b>       | <b>-36348</b> | <b>236</b>    | <b>261330</b>       |
| <b>NET DOMESTIC ASSETS</b>                         | -                   | <b>-1679</b>  | <b>47466</b>  | <b>10664</b>        | <b>28878</b>  | <b>14485</b>  | <b>-252394</b>      |
| Government                                         | -                   | -7156         | 25923         | 17357               | 19193         | 14765         | -232625             |
| Banks                                              | -                   | -5463         | 5172          | -5144               | -17704        | -1363         | -6159               |
| o/w: deposits (-)                                  | -                   | 0             | 0             | 1000                | -200          | -800          | 7651                |
| Securities issued by CBA                           | -                   | -1437         | 0             | 0                   | 0             | 0             | 0                   |
| Other assets net                                   | -                   | 9502          | 16371         | -1549               | 27388         | 1083          | -13,611             |
| <b>MONETARY BASE</b>                               | -                   | <b>-49525</b> | <b>-4800</b>  | <b>-3671</b>        | <b>-7470</b>  | <b>14721</b>  | <b>8935</b>         |
| Currency outside the CBA                           | -                   | -42402        | -48775        | -19242              | 4843          | 9893          | 10105               |
| Required reserves (in drams)                       | -                   | -14071        | -788          | 14551               | -18246        | 2026          | 3004                |
| Required reserves (in FX)                          | -                   | 6936          | 45114         | 1078                | 5809          | 2876          | -4187               |
| Other accounts                                     | -                   | 11            | -351          | -58                 | 123           | -74           | 12                  |
| Other accounts (in drams)                          | -                   | -121          | -200          | -55                 | 97            | -50           | -1                  |
| Other accounts (in FX)                             | -                   | 133           | -151          | -3                  | 26            | -24           | 13                  |
| <i>(percentage changes to the previous period)</i> |                     |               |               |                     |               |               |                     |
| <b>NET INTERNATIONAL RESERVES</b>                  | -                   | <b>-10.1</b>  | <b>-12.3</b>  | <b>-3.8</b>         | <b>-10.1</b>  | <b>0.1</b>    | <b>80.8</b>         |
| <b>NET DOMESTIC ASSETS</b>                         | -                   | <b>-6.9</b>   | <b>183.5</b>  | <b>49.4</b>         | <b>89.5</b>   | <b>23.7</b>   | <b>-333.7</b>       |
| Government                                         | -                   | -7.4          | 25.0          | 22.3                | 31.8          | 35.9          | -882.0              |
| Banks                                              | -                   | -6.8          | 6.9           | -6.4                | -23.5         | -2.4          | -11.0               |
| Securities issued by CBA (-)                       | -                   | -100.0        | 0.0           | 0.0                 | 0.0           | 0.0           | 0.0                 |
| Other assets net                                   | -                   | 137.4         | 633.2         | -8.2                | 157.3         | 2.4           | -29.7               |
| <b>MONETARY BASE</b>                               | -                   | <b>-11.0</b>  | <b>-1.2</b>   | <b>-0.9</b>         | <b>-1.9</b>   | <b>3.8</b>    | <b>2.2</b>          |
| Currency outside the CBA                           | -                   | -12.3         | -16.1         | -7.6                | 2.1           | 4.1           | 4.1                 |
| Required reserves (in drams)                       | -                   | -36.5         | -3.2          | 61.5                | -47.7         | 10.1          | 13.7                |
| Required reserves (in FX)                          | -                   | 10.5          | 61.9          | 0.9                 | 4.9           | 2.3           | -3.3                |
| Other accounts                                     | -                   | 1.4           | -43.5         | -12.8               | 30.9          | -14.2         | 2.8                 |

<sup>1</sup> 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.

<sup>2</sup> NIR of the CBA are calculated using program exchange rates (USD 1 = AMD 385.00, SDR 1 = USD 1.5403, EUR 1 = USD 1.4182, GBP 1 = USD 1.4511).

<sup>3</sup> Includes CBA closing entries.

# OTHER DEPOSITORY INSTITUTIONS SURVEY <sup>1</sup>

(million AMD)

| Indicators                                        | D - 08         | J - 09         | F - 09         | M - 09         | A - 09         | M - 09         | J - 09         |
|---------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>NFA (in convertible currency)</b>              | <b>-182042</b> | <b>-166950</b> | <b>-173476</b> | <b>-230343</b> | <b>-195471</b> | <b>-181516</b> | <b>-168882</b> |
| Foreign assets in convertible currency            | 95129          | 101999         | 109980         | 113062         | 131698         | 139606         | 163097         |
| Foreign liabilities in convertible currency       | -259546        | -252255        | -265229        | -326680        | -309733        | -303823        | -318693        |
| Foreign liabilities in drams                      | -17626         | -16694         | -18227         | -16725         | -17437         | -17300         | -13285         |
| <b>NDA</b>                                        | <b>573086</b>  | <b>551914</b>  | <b>572329</b>  | <b>655648</b>  | <b>620077</b>  | <b>609307</b>  | <b>594946</b>  |
| Claims on Government                              | 58299          | 53573          | 54170          | 48206          | 38689          | 35462          | 33322          |
| Claims on Government                              | 75770          | 74223          | 75018          | 71038          | 63488          | 62543          | 64057          |
| Liabilities to Government                         | -17471         | -20650         | -20847         | -22832         | -24799         | -27081         | -30735         |
| Net claims on the CBA                             | 49836          | 44491          | 78388          | 96940          | 101170         | 109839         | 117624         |
| Claims on the CBA                                 | 133727         | 124148         | 165077         | 180122         | 167634         | 173134         | 178895         |
| Liabilities to the CBA                            | -83891         | -79658         | -86689         | -83182         | -66464         | -63295         | -61271         |
| Economy                                           | 692475         | 676514         | 669551         | 717097         | 706482         | 694765         | 684890         |
| Enterprises                                       | 307659         | 299006         | 296681         | 333904         | 332164         | 329595         | 327787         |
| in drams                                          | 127457         | 121557         | 110980         | 104520         | 100257         | 97598          | 94244          |
| in FX                                             | 177713         | 174783         | 182539         | 226311         | 229644         | 229408         | 230831         |
| Securities                                        | 2489           | 2666           | 3162           | 3073           | 2263           | 2589           | 2711           |
| Households                                        | 371056         | 364606         | 359649         | 368059         | 359096         | 350948         | 340771         |
| in drams                                          | 288934         | 283790         | 274363         | 264648         | 254443         | 243518         | 234745         |
| in FX                                             | 82121          | 80816          | 85286          | 103411         | 104653         | 107430         | 106026         |
| Non profit organizations                          | 9491           | 9399           | 9431           | 11249          | 11328          | 10611          | 10311          |
| in drams                                          | 523            | 492            | 500            | 486            | 477            | 520            | 503            |
| in FX                                             | 8968           | 8907           | 8931           | 10763          | 10851          | 10091          | 9808           |
| Other financial institutions                      | 4269           | 3503           | 3790           | 3884           | 3894           | 3611           | 6022           |
| in drams                                          | 3235           | 2694           | 3447           | 3212           | 3238           | 2817           | 5218           |
| in FX                                             | 1034           | 810            | 344            | 672            | 656            | 793            | 804            |
| Other assets net                                  | -227524        | -222664        | -229781        | -206595        | -226265        | -230760        | -240890        |
| Foreign assets in drams                           | 5785           | 5768           | 4990           | 4765           | 5143           | 4597           | 10357          |
| Foreign assets (in non-convertible currency)      | 127            | 77             | 81             | 55             | 97             | 134            | 177            |
| Foreign liabilities (in non-convertible currency) | -4             | -19            | -4             | -16            | -5             | -4             | -4             |
| Investments in equity                             | 1702           | 1706           | 1697           | 1749           | 1757           | 1810           | 1822           |
| Claims between other deposit institutions (net)   | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Interbank claims                                  | 437            | 48             | 128            | 24004          | 668            | 108            | 101            |
| Claims between credit organizations (net)         | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Other assets                                      | 79061          | 83409          | 81869          | 80489          | 87653          | 94953          | 95020          |
| Bonds issued                                      | -4672          | -5687          | -5664          | -5530          | -5891          | -5880          | -9389          |
| Capital accounts                                  | -254742        | -254507        | -258903        | -260147        | -256213        | -259594        | -271456        |
| Other liabilities                                 | -55217         | -53458         | -53976         | -51965         | -59475         | -66884         | -67517         |
| <b>DEPOSITS</b>                                   | <b>391044</b>  | <b>384965</b>  | <b>398853</b>  | <b>425305</b>  | <b>424606</b>  | <b>427790</b>  | <b>426064</b>  |
| Dram deposits                                     | 221236         | 198228         | 156972         | 145215         | 143480         | 142322         | 142767         |
| Demand deposits                                   | 98919          | 89306          | 80642          | 86703          | 76831          | 81729          | 86556          |
| Term deposits                                     | 122317         | 108922         | 76330          | 58512          | 66648          | 60593          | 56211          |
| FX deposits                                       | 169808         | 186737         | 241881         | 280090         | 281126         | 285468         | 283297         |
| Demand deposits                                   | 67219          | 73404          | 88489          | 77928          | 81112          | 82309          | 78854          |
| Term deposits                                     | 102589         | 113332         | 153392         | 202162         | 200014         | 203160         | 204443         |

<sup>1</sup> Indicators of commercial banks and credit organizations are included.

# DEPOSITARY INSTITUTIONS SURVEY <sup>1</sup>

(million AMD)

| Indicators                             | D - 08 <sup>6</sup> | J - 09        | F - 09        | M - 09 <sup>6</sup> | A - 09        | M - 09        | J - 09 <sup>6</sup> |
|----------------------------------------|---------------------|---------------|---------------|---------------------|---------------|---------------|---------------------|
| (balance at the end of period)         |                     |               |               |                     |               |               |                     |
| <b>NET FOREIGN ASSETS <sup>2</sup></b> | <b>291874</b>       | <b>259121</b> | <b>200329</b> | <b>129127</b>       | <b>127651</b> | <b>141842</b> | <b>415807</b>       |
| <b>NET DOMESTIC ASSETS</b>             | <b>415914</b>       | <b>401887</b> | <b>428402</b> | <b>508772</b>       | <b>514951</b> | <b>513078</b> | <b>246919</b>       |
| Government                             | -38157              | -50039        | -23519        | -12127              | -2450         | 9088          | -225678             |
| Economy                                | 692805              | 676838        | 669895        | 717452              | 706886        | 695177        | 685366              |
| Enterprises and organizations          | 307659              | 299006        | 296681        | 333904              | 332164        | 329595        | 327787              |
| o/w accrued interests                  | 2411                | 2483          | 2344          | 3096                | 3385          | 3760          | 3535                |
| Households                             | 371386              | 364930        | 359993        | 368414              | 359500        | 351360        | 341246              |
| o/w accrued interests                  | 4594                | 5070          | 5073          | 6075                | 6194          | 6444          | 6263                |
| Non-profit organizations               | 9491                | 9399          | 9431          | 11249               | 11328         | 10611         | 10311               |
| o/w accrued interests                  | 46                  | 35            | 42            | 55                  | 53            | 48            | 36                  |
| Other financial institutions           | 4269                | 3503          | 3790          | 3884                | 3894          | 3611          | 6022                |
| o/w accrued interests                  | 18                  | 15            | 15            | 23                  | 25            | 27            | 35                  |
| Other assets net                       | -238734             | -224912       | -217974       | -196553             | -189485       | -191187       | -212769             |
| <b>DRAM BROAD MONEY <sup>3</sup></b>   | <b>537958</b>       | <b>474117</b> | <b>386848</b> | <b>357809</b>       | <b>361450</b> | <b>369450</b> | <b>379413</b>       |
| <b>BROAD MONEY <sup>4</sup></b>        | <b>707788</b>       | <b>661008</b> | <b>628731</b> | <b>637899</b>       | <b>642602</b> | <b>654920</b> | <b>662726</b>       |
| Currency in circulation                | 315949              | 275237        | 229423        | 212197              | 217476        | 226684        | 236203              |
| Demand deposits in drams <sup>5</sup>  | 99692               | 89958         | 81095         | 87100               | 77325         | 82173         | 87000               |
| o/w accrued interests                  | 43                  | 61            | 78            | 44                  | 69            | 92            | 53                  |
| Term deposits in drams                 | 122317              | 108922        | 76330         | 58512               | 66648         | 60593         | 56211               |
| o/w accrued interests                  | 1968                | 1895          | 1305          | 1239                | 1277          | 1166          | 1129                |
| FX deposits                            | 169830              | 186891        | 241884        | 280090              | 281152        | 285470        | 283312              |
| Demand <sup>5</sup>                    | 67240               | 73559         | 88492         | 77928               | 81138         | 82310         | 78869               |
| o/w accrued interests                  | 11                  | 20            | 33            | 16                  | 21            | 33            | 16                  |
| Term                                   | 102589              | 113332        | 153392        | 202162              | 200014        | 203160        | 204443              |
| o/w accrued interests                  | 1643                | 1804          | 1781          | 2284                | 2638          | 2911          | 2934                |
| (changes to the previous period)       |                     |               |               |                     |               |               |                     |
| <b>NET FOREIGN ASSETS</b>              | -                   | <b>-32752</b> | <b>-58792</b> | <b>-71202</b>       | <b>-1476</b>  | <b>14191</b>  | <b>273965</b>       |
| <b>NET DOMESTIC ASSETS</b>             | -                   | <b>-14027</b> | <b>26515</b>  | <b>80370</b>        | <b>6178</b>   | <b>-1873</b>  | <b>-266159</b>      |
| Government                             | -                   | -11882        | 26520         | 11393               | 9677          | 11538         | -234766             |
| Economy                                | -                   | -15967        | -6943         | 47557               | -10566        | -11709        | -9811               |
| Enterprises and organizations          | -                   | -8653         | -2325         | 37223               | -1741         | -2569         | -1808               |
| o/w accrued interests                  | -                   | 72            | -139          | 752                 | 289           | 375           | -225                |
| Households                             | -                   | -6456         | -4937         | 8421                | -8914         | -8140         | -10114              |
| o/w accrued interests                  | -                   | 476           | 3             | 1002                | 120           | 249           | -181                |
| Non-profit organizations               | -                   | -92           | 32            | 1818                | 79            | -717          | -300                |
| o/w accrued interests                  | -                   | -11           | 7             | 12                  | -1            | -6            | -12                 |
| Other financial institutions           | -                   | -766          | 287           | 94                  | 9             | -283          | 2411                |
| o/w accrued interests                  | -                   | -3            | 0             | 8                   | 2             | 2             | 8                   |
| Other assets net                       | -                   | 13822         | 6938          | 21421               | 7068          | -1702         | -21582              |
| <b>DRAM BROAD MONEY</b>                | -                   | <b>-63841</b> | <b>-87269</b> | <b>-29038</b>       | <b>3640</b>   | <b>8000</b>   | <b>9964</b>         |
| <b>BROAD MONEY</b>                     | -                   | <b>-46779</b> | <b>-32277</b> | <b>9168</b>         | <b>4702</b>   | <b>12318</b>  | <b>7806</b>         |
| Armenian dram in circulation           | -                   | -40711        | -45814        | -17226              | 5279          | 9207          | 9519                |
| Demand deposits and loans in dram      | -                   | -9734         | -8864         | 6005                | -9774         | 4848          | 4827                |
| o/w accrued interests                  | -                   | 18            | 18            | -34                 | 25            | 23            | -39                 |
| Term deposits and loans in dram        | -                   | -13396        | -32592        | -17817              | 8136          | -6055         | -4383               |
| o/w accrued interests                  | -                   | -74           | -590          | -66                 | 38            | -111          | -37                 |
| FX deposits and loans                  | -                   | 17062         | 54992         | 38206               | 1062          | 4318          | -2158               |
| Demand                                 | -                   | 6318          | 14933         | -10564              | 3210          | 1173          | -3441               |
| o/w accrued interests                  | -                   | 9             | 14            | -17                 | 5             | 12            | -17                 |
| Term                                   | -                   | 10743         | 40059         | 48770               | -2148         | 3146          | 1284                |
| o/w accrued interests                  | -                   | 161           | -23           | 503                 | 354           | 272           | 23                  |

| (percentage changes to the previous period) |   |              |              |              |             |             |              |
|---------------------------------------------|---|--------------|--------------|--------------|-------------|-------------|--------------|
| <b>NET FOREIGN ASSETS</b>                   | - | <b>-11.2</b> | <b>-22.7</b> | <b>-35.5</b> | <b>-1.1</b> | <b>11.1</b> | <b>193.1</b> |
| <b>NET DOMESTIC ASSETS</b>                  | - | <b>-3.4</b>  | <b>6.6</b>   | <b>18.8</b>  | <b>1.2</b>  | <b>-0.4</b> | <b>-51.9</b> |
| Government                                  | - | -31.1        | 53.0         | 48.4         | 79.8        | 470.9       | -2583.2      |
| Economy                                     | - | -2.3         | -1.0         | 7.1          | -1.5        | -1.7        | -1.4         |
| Enterprises and organizations               | - | -2.8         | -0.8         | 12.5         | -0.5        | -0.8        | -0.5         |
| Households                                  | - | -1.7         | -1.4         | 2.3          | -2.4        | -2.3        | -2.9         |
| Non-profit organizations                    | - | -1.0         | 0.3          | 19.3         | 0.7         | -6.3        | -2.8         |
| Other financial institutions                | - | -17.9        | 8.2          | 2.5          | 0.2         | -7.3        | 66.8         |
| Other assets net                            | - | 5.8          | 3.1          | 9.8          | 3.6         | -0.9        | -11.3        |
| <b>DRAM BROAD MONEY</b>                     | - | <b>-11.9</b> | <b>-18.4</b> | <b>-7.5</b>  | <b>1.0</b>  | <b>2.2</b>  | <b>2.7</b>   |
| <b>BROAD MONEY</b>                          | - | <b>-6.6</b>  | <b>-4.9</b>  | <b>1.5</b>   | <b>0.7</b>  | <b>1.9</b>  | <b>1.2</b>   |
| Armenian dram in circulation                | - | -12.9        | -16.6        | -7.5         | 2.5         | 4.2         | 4.2          |
| Demand deposits and loans in dram           | - | -9.8         | -9.9         | 7.4          | -11.2       | 6.3         | 5.9          |
| Term deposits and loans in dram             | - | -11.0        | -29.9        | -23.3        | 13.9        | -9.1        | -7.2         |
| FX deposits and loans                       | - | 10.0         | 29.4         | 15.8         | 0.4         | 1.5         | -0.8         |
| Demand                                      | - | 9.4          | 20.3         | -11.9        | 4.1         | 1.4         | -4.2         |
| Term                                        | - | 10.5         | 35.3         | 31.8         | -1.1        | 1.6         | 0.6          |

<sup>1</sup> Includes indicators of CBA, commercial banks and credit organizations.

<sup>2</sup> 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 385.00, SDR 1 = USD 1.5403, EUR 1 = USD 1.4182, GBP 1 = USD 1.4511); NFA of commercial banks and credit organizations are calculated using actual exchange rates.

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

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

<sup>5</sup> Including accounts.

<sup>6</sup> CBA closing entries are included.

## BANKING SYSTEM INDICATORS

|                                                        | <b>Q2 2008</b> | <b>Q3 2008</b> | <b>Q4 2008</b> | <b>Q1 2009</b> | <b>Q2 2009</b> |
|--------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Average quarterly assets <sup>1</sup> (thous. AMD)     | 850365487      | 926861897      | 991797918      | 1057798117     | 1104517748     |
| Average quarterly credits (thous. AMD)                 | 502875266      | 570440278      | 614075032      | 613596656      | 620678104      |
| Average quarterly liabilities (thous. AMD)             | 660611691      | 717806691      | 765421307      | 820005684      | 863753558      |
| Average quarterly deposits (thous. AMD)                | 437691544      | 469850761      | 454852487      | 485098750      | 519116157      |
| Average quarterly capital (thous. AMD)                 | 189753796      | 209055206      | 226376610      | 237792433      | 240764190      |
| Average quarterly total capital adequacy indicator (%) | 26.4%          | 26.8%          | 27.3%          | 27.9%          | 27.2%          |
| Average quarterly total liquidity indicator (%)        | 28.7%          | 26.6%          | 24.2%          | 27.4%          | 31.0%          |
| Average quarterly current liquidity indicator (%)      | 96.4%          | 93.8%          | 97.7%          | 123.0%         | 143.6%         |

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

## FINANCIAL MARKET INTEREST RATES

| Indicators                                              | 2008 <sup>4</sup> | 2009 |      |      |      |      |      |
|---------------------------------------------------------|-------------------|------|------|------|------|------|------|
|                                                         | D                 | J    | F    | M    | A    | M    | J    |
| <b>LOANS TO</b>                                         |                   |      |      |      |      |      |      |
| <b>Up to 1 year</b>                                     |                   |      |      |      |      |      |      |
| Legal persons                                           |                   |      |      |      |      |      |      |
| AMD                                                     | 13.0              | 15.0 | 14.7 | 15.3 | 14.8 | 14.1 | 14.4 |
| USD                                                     | 14.0              | 14.7 | 13.1 | 14.6 | 14.7 | 15.0 | 13.4 |
| Natural persons                                         |                   |      |      |      |      |      |      |
| AMD                                                     | 20.6              | 21.4 | 21.2 | 21.6 | 21.7 | 21.7 | 21.3 |
| USD                                                     | 13.1              | 18.1 | 16.4 | 16.8 | 18.4 | 18.4 | 18.9 |
| <b>Over 1 year</b>                                      |                   |      |      |      |      |      |      |
| Legal persons                                           |                   |      |      |      |      |      |      |
| AMD                                                     | 13.9              | 15.8 | 16.7 | 16.8 | 15.7 | 16.5 | 16.3 |
| USD                                                     | 15.2              | 15.4 | 15.6 | 16.0 | 15.7 | 16.4 | 16.5 |
| Natural persons                                         |                   |      |      |      |      |      |      |
| AMD                                                     | 18.7              | 18.3 | 18.5 | 18.6 | 19.2 | 19.2 | 19.3 |
| USD                                                     | 20.5              | 18.7 | 18.3 | 18.4 | 19.5 | 19.0 | 19.0 |
| <b>DEPOSITS</b>                                         |                   |      |      |      |      |      |      |
| <b>Up to 1 year</b>                                     |                   |      |      |      |      |      |      |
| Legal persons                                           |                   |      |      |      |      |      |      |
| AMD                                                     | 7.3               | 7.8  | 7.5  | 7.6  | 7.4  | 8.0  | 8.3  |
| USD                                                     | 7.7               | 6.1  | 8.0  | 7.2  | 6.6  | 6.1  | 6.8  |
| Natural persons                                         |                   |      |      |      |      |      |      |
| AMD                                                     | 8.4               | 8.6  | 9.0  | 11.0 | 10.4 | 11.0 | 11.1 |
| USD                                                     | 5.7               | 4.8  | 5.7  | 5.6  | 6.1  | 5.7  | 5.6  |
| <b>Over 1 year</b>                                      |                   |      |      |      |      |      |      |
| Legal persons                                           |                   |      |      |      |      |      |      |
| AMD                                                     | 8.7               | 9.7  | 9.6  | 10.6 | 7.7  | 11.6 | 14.1 |
| USD                                                     | 9.0               | 8.9  | 8.9  | 9.9  | 8.3  | 9.6  | 7.5  |
| Natural persons                                         |                   |      |      |      |      |      |      |
| AMD                                                     | 9.5               | 9.7  | 10.0 | 10.2 | 9.9  | 9.8  | 10.8 |
| USD                                                     | 8.0               | 9.2  | 9.9  | 7.9  | 8.1  | 7.1  | 8.8  |
| v                                                       |                   |      |      |      |      |      |      |
| AMD                                                     | 14.5              | 13.9 | 14.5 | 13.7 | 14.8 | 14.8 | 15.8 |
| USD                                                     | 16.2              | 15.0 | 17.7 | 17.2 | 17.9 | 16.3 | 16.3 |
| Yield on securities issued by the CBA <sup>2,3</sup>    | -                 | -    | -    | -    | -    | -    | -    |
| Yield on Government short-term securities <sup>3</sup>  | 9.1               | 9.4  | 9.8  | 10.7 | 11.1 | 11.3 | 10.7 |
| Yield on Government medium-term securities <sup>3</sup> | -                 | 10.5 | 10.5 | -    | 12.9 | 13.6 | 13.8 |
| Yield on Government long-term securities <sup>3</sup>   | -                 | -    | -    | 12.9 | -    | -    | 15.5 |

<sup>1</sup> Presents loans over 1 year of maturity.

<sup>2</sup> Includes securities with any maturity.

<sup>3</sup> Includes weighted average yield on primary market securities

<sup>4</sup> Includes interest rates for the last month of the year.

## THE CBA FINANCIAL MARKET OPERATIONS

(million AMD)

| Period      | REPO <sup>1</sup> | Reverse REPO <sup>1</sup> | Deposits attracted <sup>1</sup> | Lombard facility <sup>1</sup> | Buying of T-bills | Selling of T-bills |
|-------------|-------------------|---------------------------|---------------------------------|-------------------------------|-------------------|--------------------|
| <b>2008</b> |                   |                           |                                 |                               |                   |                    |
| 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            | -                  |
| <b>2009</b> |                   |                           |                                 |                               |                   |                    |
| January     | 218853.7          | -                         | 6500.0                          | -                             | -                 | -                  |
| February    | 228412.4          | -                         | 9100.0                          | -                             | -                 | -                  |
| March       | 232990.2          | -                         | 26860.0                         | -                             | -                 | -                  |
| April       | 213687.9          | -                         | 124250.0                        | -                             | 9175.6            | -                  |
| May         | 145137.3          | -                         | 33250.0                         | -                             | 7229.2            | -                  |
| June        | 84370.0           | -                         | 114858.4                        | -                             | 3500.0            | -                  |

<sup>1</sup> 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             |
| 04.03.2009-07.04.2009 | 7.75              | 4.75               | 10.75            |
| 08.04.2009-12.05.2009 | 7.50              | 4.50               | 10.50            |
| 13.05.2009-22.05.2009 | 7.25              | 4.25               | 10.25            |
| 23.05.2009-09.06.2009 | 6.25              | 3.25               | 9.25             |
| 10.06.2009-           | 6.00              | 3.00               | 9.00             |

## INTERBANK REPO MARKET TURNOVER

| Indicators          | up to 7 days    |             | 8-14 days       |             | 15-28 days     |             | 28 days and over |             | Total             |             |
|---------------------|-----------------|-------------|-----------------|-------------|----------------|-------------|------------------|-------------|-------------------|-------------|
|                     | mln drams       | %           | mln drams       | %           | mln drams      | %           | mln drams        | %           | mln drams         | %           |
| <b>January 2009</b> | <b>8078.46</b>  | <b>7.81</b> | <b>4686.85</b>  | <b>8.03</b> | <b>1052.32</b> | <b>8.14</b> |                  |             | <b>13817.622</b>  | <b>7.91</b> |
| 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        |
| <b>February</b>     | <b>8809.48</b>  | <b>7.84</b> | <b>1249.76</b>  | <b>8.05</b> | <b>1355.76</b> | <b>8.05</b> | <b>137.56</b>    | <b>8.45</b> | <b>11552.559</b>  | <b>7.89</b> |
| 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        |
| <b>March</b>        | <b>13537.51</b> | <b>8.90</b> | <b>371.67</b>   | <b>8.96</b> | <b>374.86</b>  | <b>9.00</b> |                  |             | <b>14284.039</b>  | <b>8.90</b> |
| 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        |
| <b>April</b>        | <b>15608.09</b> | <b>8.70</b> | <b>1399.50</b>  | <b>8.39</b> | <b>125.00</b>  | <b>8.25</b> |                  |             | <b>17132.587</b>  | <b>8.67</b> |
| Max interest rate   |                 | 9.50        |                 | 9.00        |                | 8.25        |                  |             |                   | 9.50        |
| Min interest rate   |                 | 7.81        |                 | 7.50        |                | 8.25        |                  |             |                   | 7.50        |
| Standard deviation  |                 | 0.35        |                 | 0.50        |                |             |                  |             |                   | 0.37        |
| <b>May</b>          | <b>17707.27</b> | <b>7.98</b> | <b>1880.03</b>  | <b>8.25</b> | <b>100.00</b>  | <b>7.50</b> |                  |             | <b>19687.300</b>  | <b>8.00</b> |
| Max interest rate   |                 | 8.50        |                 | 8.75        |                | 7.50        |                  |             |                   | 8.75        |
| Min interest rate   |                 | 6.55        |                 | 7.50        |                | 7.50        |                  |             |                   | 6.55        |
| Standard deviation  |                 | 0.45        |                 | 0.27        |                |             |                  |             |                   | 0.60        |
| <b>June</b>         | <b>18507.04</b> | <b>7.14</b> | <b>2912.28</b>  | <b>7.44</b> | <b>100.00</b>  | <b>7.50</b> | <b>4398.76</b>   | <b>8.96</b> | <b>25918.076</b>  | <b>7.48</b> |
| Max interest rate   |                 | 8.75        |                 | 8.75        |                | 7.50        |                  | 9.50        |                   | 9.50        |
| Min interest rate   |                 | 6.00        |                 | 6.75        |                | 7.50        |                  | 7.25        |                   | 6.00        |
| Standard deviation  |                 | 0.47        |                 | 0.51        |                |             |                  | 0.93        |                   | 0.58        |
| <b>Total</b>        | <b>82247.84</b> | <b>8.05</b> | <b>12500.09</b> | <b>7.99</b> | <b>3107.94</b> | <b>8.17</b> | <b>4536.32</b>   | <b>8.95</b> | <b>102392.183</b> | <b>8.08</b> |
| Max interest rate   |                 | 11.00       |                 | 9.25        |                | 9.00        |                  | 9.50        |                   | 11.00       |
| Min interest rate   |                 | 6.00        |                 | 6.75        |                | 7.50        |                  | 7.25        |                   | 6.00        |
| Standard deviation  |                 | 0.59        |                 | 0.34        |                | 0.38        |                  | 0.29        |                   | 0.55        |

## AVERAGE AMD/USD EXCHANGE RATE IN THE FOREIGN EXCHANGE MARKET

| Date           | D - 08 | J - 09 | F - 09 | M - 09 | A - 09 | M - 09 | J - 09 |
|----------------|--------|--------|--------|--------|--------|--------|--------|
| 1              | 305.31 | -      | -      | -      | 369.85 | -      | 369.91 |
| 2              | 305.72 | -      | 305.28 | 305.75 | 370.58 | -      | 369.93 |
| 3              | 306.45 | -      | 305.19 | 372.11 | 370.85 | -      | 369.93 |
| 4              | 306.82 | -      | 305.36 | 372.95 | -      | 372.61 | 370.01 |
| 5              | 307.82 | -      | 305.29 | 366.38 | -      | 372.56 | 369.80 |
| 6              | -      | -      | 305.30 | 360.67 | 371.49 | 372.79 | -      |
| 7              | -      | -      | -      | -      | 372.06 | 372.67 | -      |
| 8              | 308.08 | 306.26 | -      | -      | 372.65 | 372.54 | 370.10 |
| 9              | 308.41 | 306.04 | 305.94 | 359.37 | 373.85 | -      | 370.53 |
| 10             | 308.49 | 306.07 | 305.23 | 361.28 | 374.57 | -      | 370.45 |
| 11             | 308.50 | -      | 305.51 | 369.73 | -      | 372.47 | 370.17 |
| 12             | 308.37 | 305.66 | 305.25 | 369.89 | -      | 373.19 | 369.63 |
| 13             | -      | 305.68 | 305.19 | 369.84 | -      | 373.27 | -      |
| 14             | -      | 305.48 | -      | -      | 374.98 | 373.59 | -      |
| 15             | 308.55 | 305.35 | -      | -      | 375.54 | 373.70 | 369.08 |
| 16             | 308.62 | 305.36 | 305.22 | 370.34 | 375.92 | -      | 367.69 |
| 17             | 308.34 | -      | 305.22 | 372.11 | 373.52 | -      | 367.04 |
| 18             | 308.34 | -      | 305.26 | 374.66 | 372.84 | 373.78 | 367.11 |
| 19             | 308.31 | 305.27 | 305.41 | 372.89 | -      | 373.18 | 366.32 |
| 20             | -      | 305.57 | 305.44 | 372.02 | 372.10 | 372.82 | -      |
| 21             | -      | 305.60 | -      | -      | 371.34 | 372.48 | -      |
| 22             | 308.35 | 305.45 | -      | -      | 370.46 | 372.37 | 365.02 |
| 23             | 308.37 | 305.42 | 305.86 | 370.61 | 371.42 | -      | 362.18 |
| 24             | 308.35 | -      | 305.69 | 369.36 | -      | -      | 361.19 |
| 25             | 308.37 | -      | 305.48 | 368.79 | -      | 372.01 | 360.90 |
| 26             | 308.42 | 305.35 | 306.04 | 366.22 | -      | 371.70 | 360.38 |
| 27             | 308.44 | 305.17 | 305.83 | 366.11 | 371.70 | 370.89 | -      |
| 28             | -      | -      | 305.83 | -      | 372.07 | -      | -      |
| 29             | 308.01 | 304.78 | -      | -      | 372.22 | 370.28 | 360.29 |
| 30             | 306.73 | 305.21 | -      | 366.66 | 370.90 | 370.28 | 360.06 |
| 31             | 306.73 | 305.21 | -      | 367.77 | -      | -      | -      |
| Period end     | 306.73 | 305.21 | 305.83 | 367.77 | 370.90 | 370.28 | 360.06 |
| Period average | 307.83 | 305.50 | 305.47 | 365.71 | 372.42 | 372.46 | 366.71 |

# ARMENIA'S INTERNATIONAL RESERVES STRUCTURE <sup>1</sup>

(million USD)

| Indicators                                                               | 2008           | 2009   |        |                |        |        |                |
|--------------------------------------------------------------------------|----------------|--------|--------|----------------|--------|--------|----------------|
|                                                                          | D <sup>3</sup> | J      | F      | M <sup>3</sup> | A      | M      | J <sup>3</sup> |
| <b>Gross international reserves</b><br>(excluding privatization account) | 1406.8         | 1259.5 | 1141.1 | 1343.3         | 1242.0 | 1258.5 | 1963.1         |
| <b>Gross international reserves</b>                                      | 1406.8         | 1259.5 | 1141.1 | 1343.3         | 1242.0 | 1258.5 | 1963.1         |
| Gold                                                                     | 0              | 0      | 0      | 0              | 0      | 0      | 0              |
| SDR holdings in the IMF                                                  | 2.9            | 2.8    | 2.8    | 12.0           | 4.4    | 2.4    | 1.2            |
| Reserve position with the IMF                                            | 0              | 0      | 0      | 0              | 0      | 0      | 0              |
| Foreign currency <sup>2</sup>                                            | 1403.9         | 1256.7 | 1138.3 | 1331.4         | 1237.7 | 1256.1 | 1961.9         |

<sup>1</sup> Calculated using actual exchange rates.

<sup>2</sup> Includes assets in convertible currency only.

The CBA closing entries are included.

# INTERNATIONAL INVESTMENT POSITION OF ARMENIAN COMMERCIAL BANKS AND CREDIT ORGANIZATIONS

(million USD)

| Indicators                     | Balance as of 31.03.09 | Change            |                      |                              |                   |               | Balance as of 30.06.09 |
|--------------------------------|------------------------|-------------------|----------------------|------------------------------|-------------------|---------------|------------------------|
|                                |                        | Due to operations | Due to price changes | Due to exchange rate changes | Other adjustments | Total changes |                        |
| <b>Assets</b>                  | <b>320.8</b>           | <b>164.8</b>      | <b>0.0</b>           | <b>9.4</b>                   | <b>0.0</b>        | <b>174.2</b>  | <b>495.0</b>           |
| Direct investments abroad      | 5.5                    | 0.0               | 0.0                  | 0.1                          | 0.0               | 0.1           | 5.7                    |
| Equity capital                 | 1.0                    | 0.0               | 0.0                  | 0.0                          | 0.0               | 0.0           | 1.0                    |
| Reinvested profits             | 4.5                    | 0.0               | 0.0                  | 0.1                          | 0.0               | 0.1           | 4.7                    |
| Other capital                  |                        |                   |                      |                              |                   |               |                        |
| Portfolio investments          | 0.6                    | 0.0               | 0.0                  | 0.5                          | 0.0               | 0.5           | 1.1                    |
| Shares                         | 0.5                    | 0.0               |                      | 0.5                          |                   | 0.5           | 1.0                    |
| 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           | 0.1                    |
| Money market instruments       | 0.0                    | 0.0               |                      | 0.0                          |                   | 0.0           | 0.0                    |
| Other investments              | 314.7                  | 164.7             | 0.0                  | 8.8                          | 0.0               | 173.5         | 488.3                  |
| Loans                          | 24.1                   | -4.6              | 0.0                  | 0.1                          | 0.0               | -4.5          | 19.6                   |
| Long-term                      | 7.5                    | -0.6              |                      | 0.0                          |                   | -0.6          | 7.0                    |
| Short-term                     | 16.6                   | -4.0              |                      | 0.1                          |                   | -3.9          | 12.6                   |
| Available funds and deposits   | 282.4                  | 138.7             | 0.0                  | 7.9                          | 0.0               | 146.6         | 429.0                  |
| Currency                       | 83.2                   | 16.6              |                      | 2.0                          |                   | 18.6          | 101.7                  |
| Deposits                       | 199.2                  | 122.2             | 0.0                  | 5.9                          | 0.0               | 128.1         | 327.3                  |
| Long-term                      | 1.7                    | 0.9               |                      | 0.1                          |                   | 1.0           | 2.6                    |
| Short-term                     | 197.6                  | 121.3             |                      | 5.9                          |                   | 127.1         | 324.7                  |
| Other assets                   | 8.2                    | 30.6              | 0.0                  | 0.8                          | 0.0               | 31.4          | 39.6                   |
| Long-term                      |                        |                   |                      |                              |                   |               |                        |
| Short-term                     | 8.2                    | 30.6              |                      | 0.8                          |                   | 31.4          | 39.6                   |
| <b>Liabilities</b>             | <b>1,280.1</b>         | <b>35.0</b>       | <b>0.0</b>           | <b>13.0</b>                  | <b>0.0</b>        | <b>48.0</b>   | <b>1,328.1</b>         |
| Direct investments in Armenia  | 340.5                  | 23.7              | 0.0                  | 7.3                          | 0.0               | 31.0          | 371.4                  |
| Equity capital                 | 288.9                  | 23.7              | 0.0                  | 6.5                          | 0.0               | 30.2          | 319.1                  |
| Reinvested profits             | 43.5                   | 0.0               | 0.0                  | 0.7                          | 0.0               | 0.7           | 44.2                   |
| Other capital                  | 8.0                    | 0.0               | 0.0                  | 0.1                          | 0.0               | 0.2           | 8.1                    |
| Portfolio investments          | 14.8                   | 10.0              | 0.0                  | 0.2                          | 0.0               | 10.2          | 25.0                   |
| Shares                         | 8.1                    | 0.0               | 0.0                  | 0.2                          | 0.0               | 0.2           | 8.3                    |
| Debt liabilities               | 6.7                    | 10.0              | 0.0                  | 0.0                          | 0.0               | 10.0          | 16.7                   |
| Bonds                          | 6.7                    | 10.0              | 0.0                  | 0.0                          | 0.0               | 10.0          | 16.7                   |
| Money market instruments       | 0.0                    | 0.0               | 0.0                  | 0.0                          | 0.0               | 0.0           | 0.0                    |
| Other investments              | 924.8                  | 1.2               | 0.0                  | 5.6                          | 0.0               | 6.8           | 931.6                  |
| Loans                          | 525.8                  | -19.4             | 0.0                  | 0.9                          | 0.0               | -18.5         | 507.3                  |
| Long-term                      | 501.5                  | -22.3             | 0.0                  | 0.7                          | 0.0               | -21.6         | 479.9                  |
| Short-term                     | 24.3                   | 2.9               | 0.0                  | 0.2                          | 0.0               | 3.1           | 27.4                   |
| Available funds and deposits   | 394.5                  | 1.4               | 0.0                  | 4.0                          | 0.0               | 5.4           | 399.9                  |
| Long-term                      | 88.8                   | -4.3              | 0.0                  | 0.3                          | 0.0               | -4.0          | 84.8                   |
| Short-term                     | 305.7                  | 5.7               | 0.0                  | 3.7                          | 0.0               | 9.4           | 315.1                  |
| Other liabilities              | 4.5                    | 19.2              | 0.0                  | 0.7                          | 0.0               | 19.9          | 24.4                   |
| Long-term                      |                        |                   |                      |                              |                   |               |                        |
| Short-term                     | 4.5                    | 19.2              | 0.0                  | 0.7                          | 0.0               | 19.9          | 24.4                   |
| <b>Investment position net</b> | <b>-959.3</b>          | <b>129.8</b>      | <b>0.0</b>           | <b>-3.6</b>                  | <b>0.0</b>        | <b>126.2</b>  | <b>-833.1</b>          |

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

(million USD)

|                                              | Q1 2009       |                  |             |             |            |               | Q2 2009       |                  |              |             |            |               |
|----------------------------------------------|---------------|------------------|-------------|-------------|------------|---------------|---------------|------------------|--------------|-------------|------------|---------------|
|                                              | AMD           | Foreign currency |             |             |            |               | AMD           | Foreign currency |              |             |            |               |
|                                              |               | USD              | EUR         | RUR         | Other      | Total         |               | USD              | EUR          | RUR         | Other      | Total         |
| <b>Assets</b>                                | <b>8.0</b>    | <b>199.8</b>     | <b>91.0</b> | <b>18.5</b> | <b>3.4</b> | <b>312.8</b>  | <b>31.2</b>   | <b>321.4</b>     | <b>109.5</b> | <b>26.3</b> | <b>6.7</b> | <b>463.8</b>  |
| Equity securities                            | 0.0           | 0.4              | 0.0         | 5.5         | 0.0        | 6.0           | 0.6           | 0.4              | 0.0          | 1.0         | 0.0        | 1.5           |
| 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                                         | -             | 59.5             | 17.9        | 5.5         | 0.3        | 83.2          | -             | 66.2             | 24.7         | 10.3        | 0.5        | 101.7         |
| Loans, including overdrafts and credit cards | 7.3           | 14.8             | 2.0         | 0.0         | 0.0        | 16.8          | 3.8           | 14.9             | 0.6          | 0.2         | 0.0        | 15.7          |
| Deposits                                     | 0.0           | 118.7            | 70.4        | 7.1         | 3.0        | 199.2         | 0.0           | 225.1            | 83.5         | 12.9        | 5.8        | 327.3         |
| Other                                        | 0.7           | 6.4              | 0.7         | 0.4         | 0.1        | 7.5           | 26.7          | 14.7             | 0.8          | 1.8         | 0.3        | 17.5          |
| <b>Liabilities</b>                           | <b>385.1</b>  | <b>835.5</b>     | <b>54.1</b> | <b>4.2</b>  | <b>1.2</b> | <b>895.1</b>  | <b>426.2</b>  | <b>821.5</b>     | <b>65.4</b>  | <b>12.9</b> | <b>2.0</b> | <b>901.9</b>  |
| Equity securities                            | 340.6         | -                | -           | -           | -          | -             | 327.4         | -                | -            | -           | -          | 0.0           |
| Debt securities                              | 0.0           | 6.7              | 0.0         | 0.0         | 0.0        | 6.7           | 0.0           | 16.7             | 0.0          | 0.0         | 0.0        | 16.7          |
| Loans, including overdrafts and credit cards | 10.8          | 509.0            | 11.6        | 0.0         | 0.0        | 520.6         | 9.8           | 488.6            | 10.8         | 3.9         | 0.0        | 503.3         |
| Deposits                                     | 32.0          | 318.1            | 42.1        | 3.5         | 1.2        | 364.9         | 25.0          | 312.9            | 53.6         | 8.6         | 2.0        | 377.2         |
| Other                                        | 1.6           | 1.7              | 0.4         | 0.7         | 0.1        | 2.9           | 63.9          | 3.3              | 1.0          | 0.3         | 0.0        | 4.7           |
| <b>Net position*</b>                         | <b>-377.1</b> | <b>-635.7</b>    | <b>36.9</b> | <b>14.3</b> | <b>2.2</b> | <b>-582.2</b> | <b>-395.0</b> | <b>-500.1</b>    | <b>44.1</b>  | <b>13.4</b> | <b>4.6</b> | <b>-438.0</b> |

\* 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     |         |          | Q2     |         |          |
|            | Inflow | Outflow | Net flow | Inflow | Outflow | Net flow |
| Russia     | 146247 | 24365   | 121882   | 214851 | 26429   | 188422   |
| USA        | 18310  | 22504   | -4193    | 33230  | 19482   | 13748    |
| Ukraine    | 3795   | 2830    | 965      | 6174   | 3549    | 2624     |
| Kazakhstan | 3576   | 251     | 3326     | 5295   | 704     | 4591     |
| Germany    | 3948   | 4564    | -616     | 5824   | 6152    | (328)    |
| Spain      | 1488   | 1299    | 189      | 2789   | 1374    | 1414     |
| France     | 2110   | 3761    | -1650    | 2957   | 2438    | 518      |
| UAE        | 3843   | 18888   | -15045   | 3562   | 15958   | (12396)  |
| China      | 310    | 10400   | -10091   | 372    | 11401   | (11029)  |
| Turkey     | 593    | 8178    | -7585    | 793    | 7944    | (7151)   |
| Other      | 77562  | 34459   | 43103    | 61526  | 32242   | 29284    |
| Total      | 261782 | 131498  | 130284   | 337372 | 127673  | 209699   |

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     |         |          | Q2     |         |          |
|            | Inflow | Outflow | Net flow | Inflow | Outflow | Net flow |
| Russia     | 140991 | 20738   | 120252   | 208395 | 21470   | 186925   |
| USA        | 11478  | 5349    | 6129     | 14700  | 4865    | 9836     |
| Ukraine    | 3735   | 2042    | 1694     | 6148   | 2633    | 3515     |
| Kazakhstan | 2815   | 161     | 2654     | 4375   | 246     | 4130     |
| Germany    | 2227   | 875     | 1352     | 2859   | 769     | 2090     |
| Spain      | 1294   | 444     | 851      | 1703   | 343     | 1360     |
| France     | 1332   | 834     | 498      | 1730   | 553     | 1177     |
| UAE        | 1827   | 1546    | 280      | 901    | 1011    | (110)    |
| China      | 125    | 982     | -857     | 171    | 1287    | (1116)   |
| Turkey     | 208    | 1029    | -821     | 542    | 1240    | (698)    |
| Other      | 17814  | 6317    | 11497    | 21373  | 6340    | 15034    |
| Total      | 183846 | 40317   | 143529   | 262898 | 40757   | 222141   |

# CENTRAL BANK BALANCE SHEET

(as of June 30 2009)

## Balance Sheet

(thousand AMD)

|                                                                                                                                 | 30.06.09           | 31.03.09           |
|---------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| <b>Assets</b>                                                                                                                   |                    |                    |
| <b>Assets in foreign currency</b>                                                                                               |                    |                    |
| Cash                                                                                                                            | 74,681,363         | 77,675,830         |
| Funds allocated with banks and other financial institutions                                                                     | 268,937,071        | 370,106,747        |
| Financial instruments at fair value which, when re-measured, generate gains and losses that are recognized in financial account | 362,431,751        | 41,944,921         |
| Assets available for sale                                                                                                       | 917                | 917                |
| Holdings with the IMF                                                                                                           | 51,847,796         | 54,983,252         |
| Other assets                                                                                                                    | 365,440            | 380,321            |
|                                                                                                                                 | <b>758,264,338</b> | <b>545,091,988</b> |
| <b>Assets in local currency</b>                                                                                                 |                    |                    |
| Loans and reverse repurchase agreements                                                                                         | 58,089,989         | 76,545,570         |
| Assets available for sale                                                                                                       | 119,178,805        | 97,217,646         |
| Fixed assets                                                                                                                    | 11,531,764         | 10,616,562         |
| Intangible assets                                                                                                               | 366,104            | 362,405            |
| Other assets                                                                                                                    | 7,940,518          | 7,368,399          |
|                                                                                                                                 | <b>197,107,180</b> | <b>192,110,582</b> |
| <b>Assets, total</b>                                                                                                            | <b>955,371,518</b> | <b>737,202,570</b> |
| <b>Liabilities and Equity</b>                                                                                                   |                    |                    |
| <b>Liabilities in foreign currency</b>                                                                                          |                    |                    |
| Deposits and account balances of financial institutions and other institutions                                                  | 125,341,868        | 144,672,441        |
| Liabilities to Government                                                                                                       | 58,665,614         | 1,154,563          |
| Liabilities to the IMF                                                                                                          | 45,152,005         | 48,243,049         |
| Financial instruments at fair value which, when re-measured, generate gains and losses that are recognized in financial account | 867                | 111,745            |
| Other borrowing                                                                                                                 | 25,968,007         | 15,871,175         |
| Other liabilities                                                                                                               | 151,065            | 145,970            |
|                                                                                                                                 | <b>255,279,426</b> | <b>210,198,943</b> |
| <b>Liabilities in local currency</b>                                                                                            |                    |                    |
| Notes and coins in circulation                                                                                                  | 258,926,322        | 234,084,828        |
| Deposits and account balances of financial institutions and other institutions                                                  | 44,790,050         | 47,372,623         |
| Liabilities to Government                                                                                                       | 225,938,200        | 67,741,810         |
| Liabilities to the IMF                                                                                                          | 140,241,700        | 139,416,534        |
| Debt securities issued                                                                                                          | -                  | -                  |
| Other liabilities                                                                                                               | 855,252            | 725,269            |
|                                                                                                                                 | <b>670,751,524</b> | <b>489,341,064</b> |
| <b>Liabilities, total</b>                                                                                                       | <b>926,030,950</b> | <b>699,540,007</b> |
| <b>Equity</b>                                                                                                                   |                    |                    |
| 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                                                                               | (1,322,049)        | 150,273            |
| Loss accrued                                                                                                                    | (64,971,063)       | (58,121,389)       |
| <b>Equity, total</b>                                                                                                            | <b>29,340,568</b>  | <b>37,662,563</b>  |
| <b>Liabilities and accrued deficit, total</b>                                                                                   | <b>955,371,518</b> | <b>737,202,570</b> |

Balance Sheet approved by the Board on August 25, 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

### I N F O R M A T I O N

On condition and composition of Armenia's international reserves

*Q2, 2009 (closing entries included)*

| Beginning of quarter                                                  | SDR          | USD              |
|-----------------------------------------------------------------------|--------------|------------------|
| 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   |
| End of quarter                                                        |              |                  |
| I. Gross foreign assets                                               |              | 1,963,073,631.15 |
| o/w:                                                                  |              |                  |
| International reserves (gross foreign assets in convertible currency) |              | 1,963,073,016.09 |
| o/w:                                                                  |              |                  |
| SDR with the IMF                                                      | 768,474.00   | 1,192,845.48     |
| Reserve position with the IMF                                         | 0.00         | 0.00             |
| II. Foreign assets net                                                |              | 1,514,526,610.32 |
| o/w: in convertible currency                                          |              | 1,514,525,995.25 |

**ARTHUR JAVADYAN**  
*Chairman*