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Financial System of the Republic of Armenia in Q2, 2012

COMMERCIAL BANKS FUNCTIONING IN ARMENIA

As of 30.06.2012, there were 21 commercial banks with a total of 461 branch offices, functioning in the territory of the Republic of Armenia. In the period under review the banking sector posted an increment in main prudential indicators.

TOTAL CAPITAL OF COMMERCIAL BANKS

In the second quarter of 2012 total capital of commercial banks grew by 1.9 percent (by AMD 6.8 billion) and amounted to AMD 369.8 billion, owing to the profit of AMD 7.6 billion generated by commercial banks.

The total capital to total assets ratio has dropped by 1.3 pp to 16.5 percent at the end of the quarter as the growth rate of assets of the banking sector grew by 8.1 pp faster in comparison with total capital. The total capital adequacy standard has dropped by 1.0 pp to 16.8 percent, due to surpassing growth of risk weighted assets over the growth of total regulatory capital as a result of increased lending volumes reported by banks.

TOTAL LIABILITIES OF COMMERCIAL BANKS

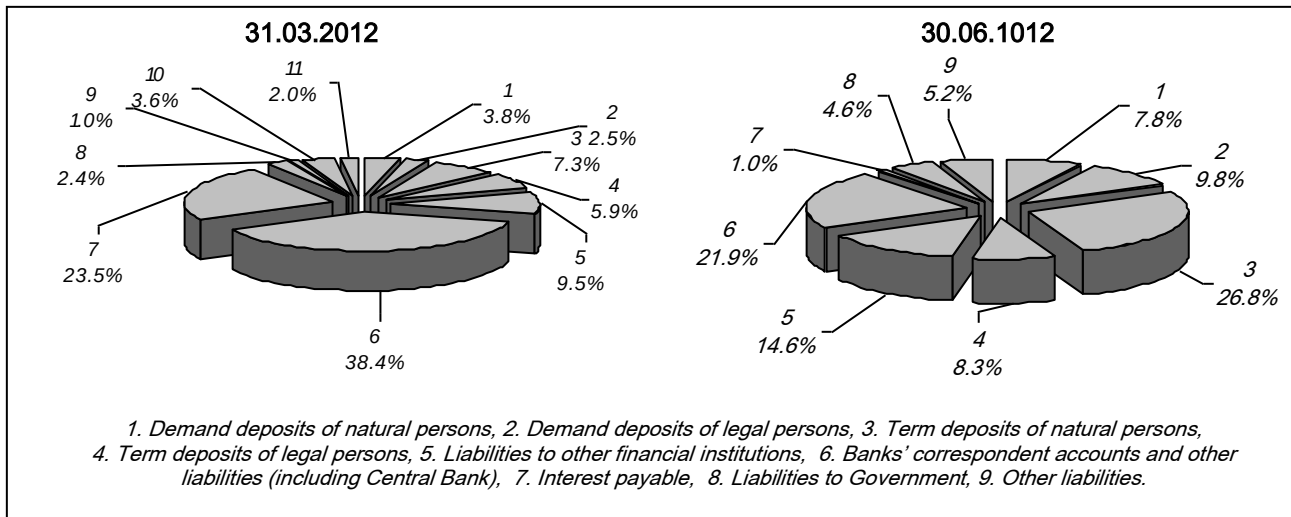
In the period under review total liabilities of commercial banks have increased by 11.8 percent (by AMD 197.1 billion) and amounted to AMD 1 trillion 871.2 billion. During the quarter 19 banks reported increases and 2 banks reported decreases in total liabilities. Liabilities to banks (Central Bank included) have grown; deposits of legal persons and natural persons have increased by 19.1 percent (by AMD 65.8 billion) and by 8.6 percent (by AMD 78.0 billion), respectively. Liabilities to other financial institutions have grown by 14.7 percent (by AMD 34.8 billion), too.

As of end-period, total amount of term and demand deposits of natural persons and legal persons has been AMD986.8 billion. The share of demand and terms deposits in total deposits portfolio constituted 33.4 percent and 66.6 percent, respectively (as of 31.03.2012 they amounted to 33.6 percent and 66.4 percent, accordingly).

Demand and term deposits of natural persons have grown by 10.0 percent (by AMD 59.2 billion) and amounted to AMD 648.7 billion and demand and term deposits of legal persons have grown by 5.9 percent (by AMD 18.8 billion) and made up AMD 338.1 billion.

By currency structure, in the period under review dram deposits have decreased by 4.1 percent (by AMD 12.7 billion) but foreign currency deposits have increased by 15.2 percent (by AMD 90.7 billion). As a result, the share of dram deposits in total deposits portfolio has reduced by 4.0 pp to 30.1 percent, as of the end of the second quarter.

Structure of funds attracted by commercial banks



In the period under review no significant changes have taken place in the liabilities structure.

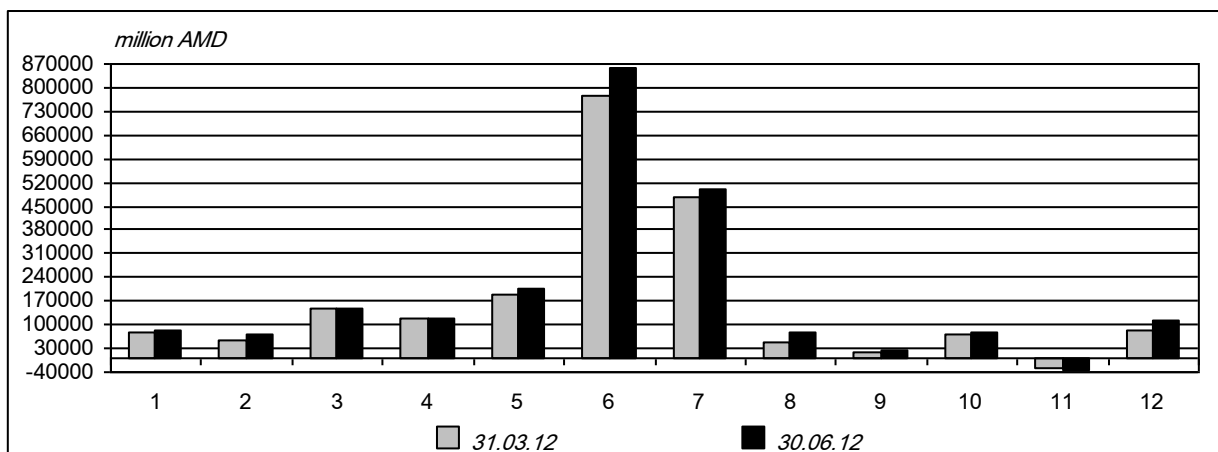
TOTAL ASSETS OF COMMERCIAL BANKS

In the period under review total assets of commercial banks have grown by 10 percent (by AMD 203.8 billion) and amounted to AMD 2 trillion 241 billion at the end of the quarter. During the quarter 19 banks reported increases and 2 banks reported decreases in assets.

In the assets structure main increases were reported in respect of loans to the economy (factor and lease operations excluded), correspondent accounts with and other claims on the Central Bank, and correspondent accounts with and other claims on commercial banks, by 10.4 percent (by AMD 135.9 billion), 7.8 percent (AMD 15.0 billion) and 13.2 percent (AMD 18.5 billion), respectively.

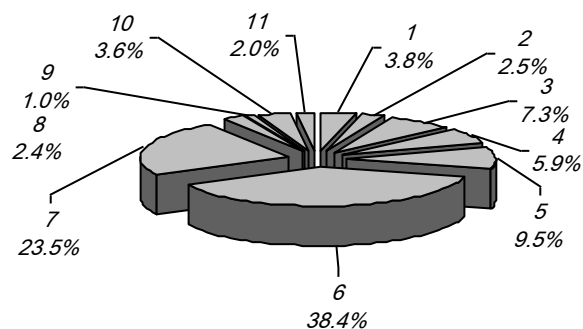
As of 30.06.2012 the portfolio of banking system loans to the economy (lease and factoring excluded) has been AMD 1 trillion 437.4 billion. Dram loans have increased by 4.8 percent (by AMD 22.5 billion) and foreign currency loans, by 13.7 percent (by AMD 113.4 billion) and amounted to AMD 495 billion and AMD 942.4 billion, respectively. As a result, the share of foreign currency loans has increased by 1.9 pp to 65.6 percent of total loan investment. Of the loans to the economy, 59.9 percent were the loans to legal persons, 34.9 percent were the loans to natural persons, and 5.2 percent were loans to bank insiders.

Assets of commercial banks



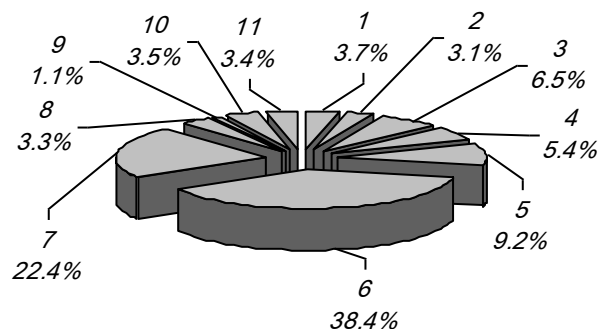
Structure of commercial bank assets

31.03.2012



1. Cash
3. Government securities
5. Correspondent accounts with and other claims on CBA
7. Loans to natural persons
9. Interest receivable
11. Other assets

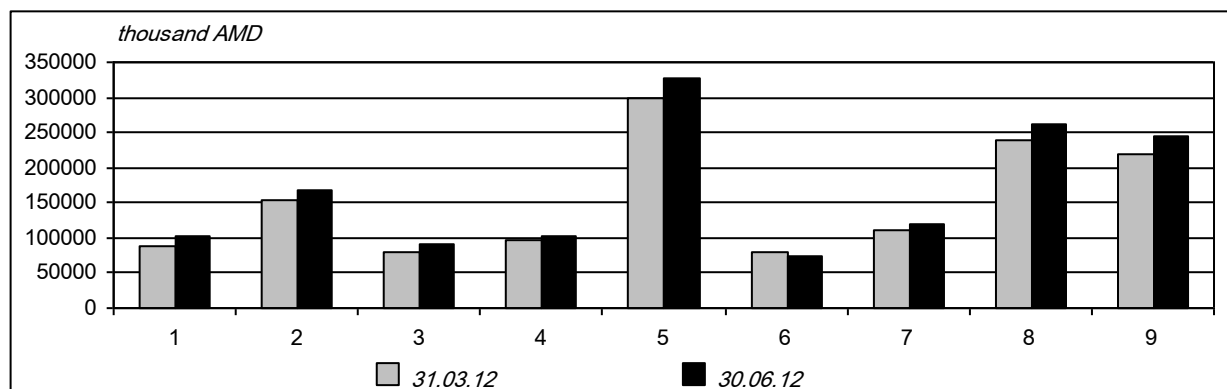
30.06.2012



2. Correspondent accounts with banks
4. Claims on banks and other financial institutions
6. Loans to bank insiders
8. Loans to bank affiliated persons and insiders
10. Fixed assets

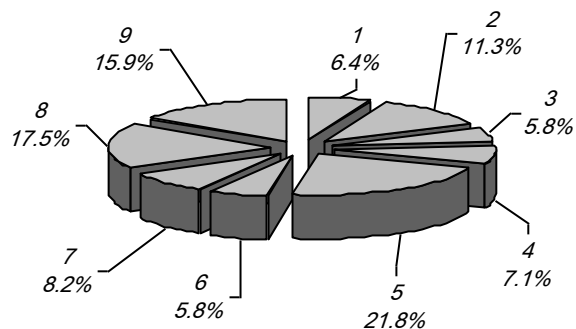
In the period under review no significant changes have taken place in the total assets structure.

Volume of commercial bank loans to residents, by sectors of the economy



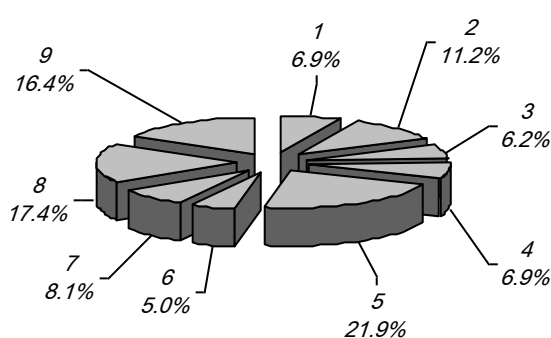
Structure of commercial bank loans to residents, by sectors of the economy

31.03.2012



1. Agriculture, forestry and fishing
2. Processing industry
3. Electricity, gas, steam and fine air supply
4. Construction
5. Trade
6. Financial and insurance activities
7. Mortgage loans
8. Consumer loans
9. Other sectors

30.06.2012



All sectors of the economy, except for financial and insurance services area, reported growth in lending. Strongest growth was posted in loan investment in agriculture, forestry, fishing, electricity, gas, steam, pure air production and trade subsectors.

In the structure of resident loan investment, no considerable changes were reported in the second quarter. Loans to trade, consumer loans and loans to processing industry were the largest shares, making up 21.9 percent, 17.4 percent and 11.2 percent, respectively, in total loan investment.

The share of non-performing loans and receivables in total loans and receivables has reduced by 0.5 pp to 4.1 percent at the end of the quarter. As of 30.06.2012 the shares of “watch” category loans and receivables of the banking system constituted 1.9 percent of the total; “substandard” category loans, 1.5 percent, and “doubtful” category loans, 0.7 percent (3.0 percent, 0.9 percent, and 0.7 percent, respectively, as of 31.03.2012).

In the period under review, the total liquidity and current liquidity ratios of commercial banks have dropped by 2.2 pp and 8.3 pp to 24.4 percent and 118.1 percent, respectively, at the end-period.

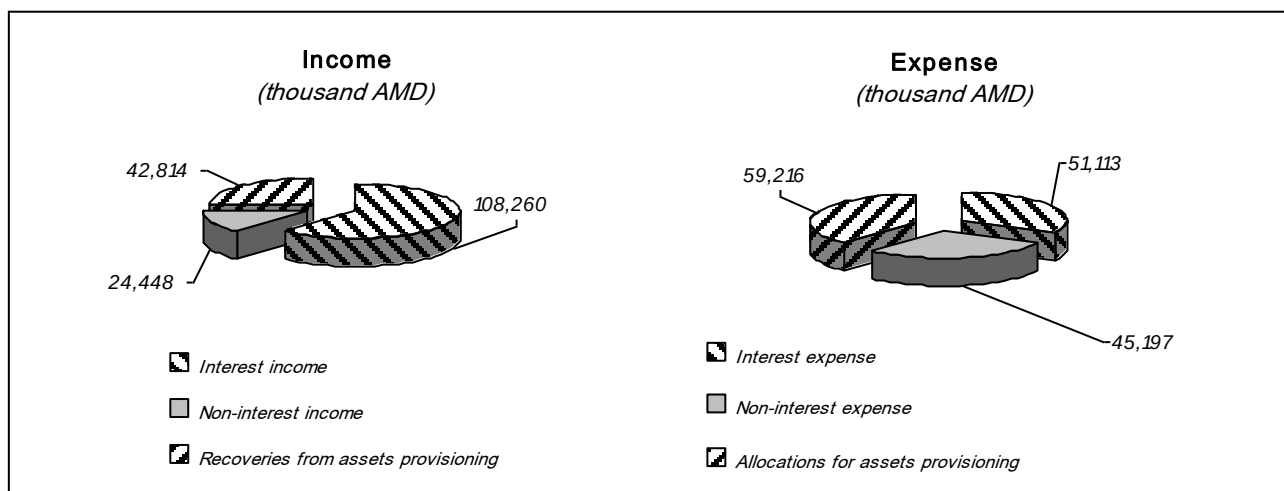
INCOME AND EXPENSE ACCOUNT OF COMMERCIAL BANKS

In the first half of 2012 the banking sector generated net profit [after tax] of AMD 15.4 billion¹; return on assets amounted to 1.5 percent (annualized); return on equity, 8.4 percent (annualized). During the first six months of the year 17 banks posted profit and 4 banks posted loss.

According to IFRS, net profit of the banking sector for the first half of 2012 has been AMD 17 billion, with return on assets making up 1.6 percent (annualized) and return on equity reaching 9.3 percent.

According to supervision reports submitted to the Central Bank, gross income and gross expenditure of commercial banks for the first half of 2012 amounted to AMD 175.5 billion and AMD 155.5 billion, respectively.

Commercial bank income and expense structure, as of 30.06.2012



Proceeds from loans to economy accounted for the largest share, 73.6 percent, of interest income; commission fees accounted for 46.4 percent, FX trades accounted for 24.0 percent and net proceeds from sale of securities constituted 17.6 percent of non-interest income.

Interest paid on term deposits accounted for 47.7 percent and funds borrowed from banks and non-banks constituted 20.3 percent of interest expense.

Bank employee salary and salary equivalents accounted for 42.2 percent of non-interest expense.

¹ The main reason for a large discrepancy between the Central Bank reports and reports submitted according to IFRS is the practice to make provisioning of standard assets to reserves on potential losses at the amount of 1 percent. This is the amount to which extent banks recognize it as expense.

In the second quarter of 2012 the share of net provisioning² of commercial banks amounted to AMD 6.9 billion or 0.3 percent of average annual amount of total assets.

CREDIT ORGANIZATIONS

As of 30.06.2012 there were 32 credit organizations, with a total of 86 branch offices, functioning in the territory of the Republic of Armenia.

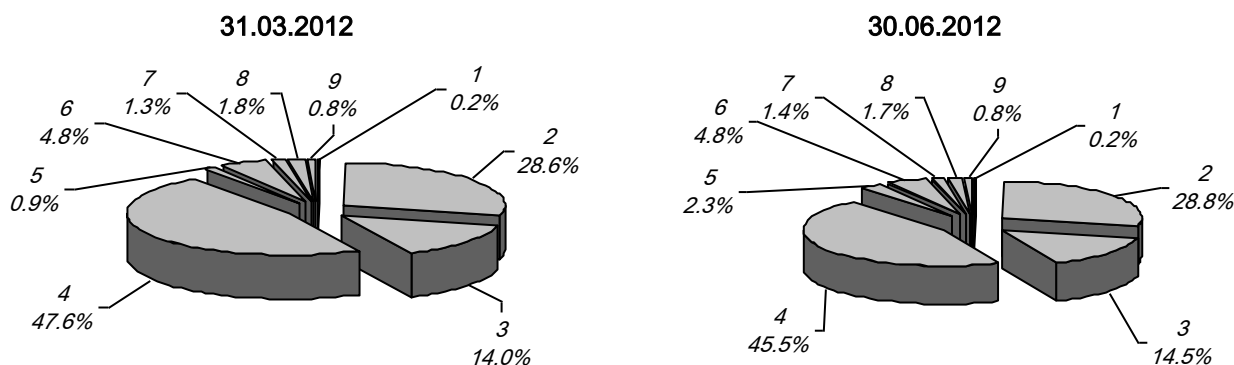
In the period under review, total assets of credit organizations have grown by 13.4 percent (by AMD 17.8 billion) and amounted to AMD 151.1 billion.

During the quarter 29 credit organizations reported increases and 3 reported decreases in assets.

In the period under review total lending to the economy and lease operations by credit organizations have increased by 13.0 percent (by AMD 11.7 billion) and reached AMD 101.4 billion at the end of the quarter. The share of loans to natural persons accounted for 67.8 percent in total growth, loans to legal persons, 21.6 percent, loans to credit organization affiliated parties and employees, 3.4 percent, and leasing, 7.2 percent.

The value of loans to natural persons has increased by 8.4 percent (by AMD 5.3 billion) and reached AMD 68.7 billion, and the value of loans to legal persons has grown by 17.7 percent (by AMD 3.2 billion) and totaled AMD 21.9 billion. The value of lease operations has increased by 12.4 percent (by AMD 799 million) and reached AMD 7.2 billion.

Structure of credit organization assets



1. Cash, 2. Claims on banks and other financial institutions, 3. Loans to legal persons, 4. Loans to natural persons, 5. Loans to related parties and employees, 6. Leasing, 7. Securities, 8. Fixed assets, 9. Other assets

The value of dram loans and lease operations has grown by 6.5 percent (by AMD 3.7 billion) and the value of foreign currency loans and lease operations, by 24.4 percent (by AMD 7.9 billion). As a result, the share of dram loans and lease operations has grown by 3.7 pp and reached 40.1 percent at the end of the quarter.

Some changes taken place in the assets structure were as follows: the share of loans to natural persons has contracted by 2.0 pp but the share of loans to credit organization affiliates and insiders has increased by 1.4 pp.

² Net provisioning is the expense item "Provisions to assets loss reserve fund" less the income item "Recoveries from assets loss reserve fund", and the indicator 'net provisioning' is used for an analytical purpose. Item "Provisions to assets loss reserve fund" increases when the particular asset category deteriorates; similarly, item "Recoveries from assets loss reserve fund" increases when the particular asset category improves.

Risk classification of the loan portfolio had the following development: the share of non-performing loans and receivables has grown by 0.4 pp and reached 3.4 percent at the end of the quarter; as of 30.06.2012 the share of 'watch' category loans and receivables of credit organizations was 1.6 percent in total; the share of 'substandard' category loans and receivables, 0.9 percent; and the share of 'doubtful' loans and receivables, 0.9 percent (as of 31.03.2012, the figures were 1.5 percent, 1.0 percent and 0.4 percent, respectively).

In the period under review total liabilities of credit organizations have increased by 17.8 percent (by AMD 15.1 billion) and reached AMD 99.7 billion at the end-period. Such an increase was due to 22.8 percent (AMD 10.7 billion) increment of liabilities to the banks and other financial institutions.

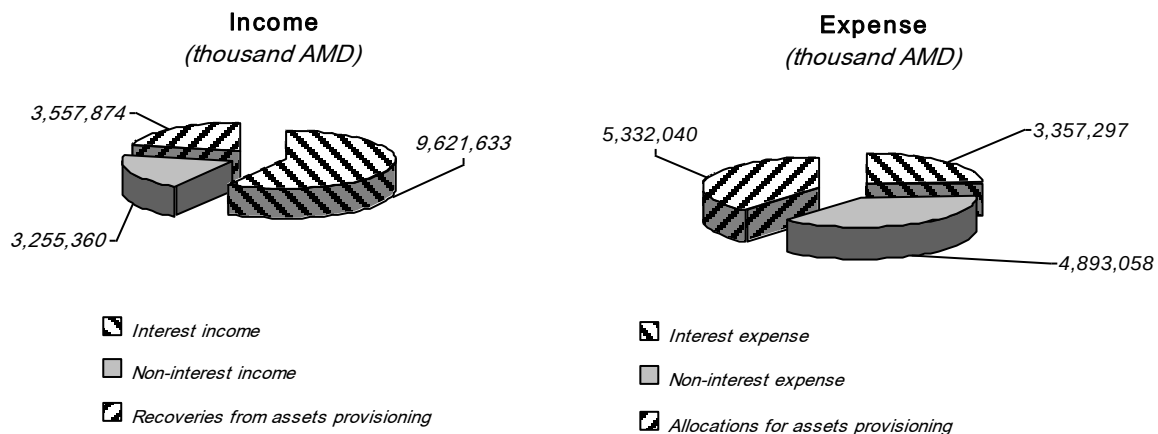
Demand and term liabilities to legal persons have reduced by 4.6 percent (by AMD 798.6 million) to AMD 16.6 billion but demand and term liabilities to natural persons have grown by 37.0 percent (by AMD 1.7 billion) and amounted to AMD 6.5 billion at the end of the quarter.

In the liabilities structure of credit organizations, notable shifts were reported for liabilities to banks and other financial institutions as well as term deposits of legal persons and natural persons: the share of liabilities to banks has grown by 5.2 pp, and the share of term liabilities to other financial institutions and to legal and natural persons has contracted by 2.8 pp and 2.9 pp, respectively.

In the period under review total capital of credit organizations has grown by 5.8 percent (by AMD 2.8 billion) and reached AMD 51.4 billion.

As of 30.06.2012 net profit of credit organizations (profit after tax) has been AMD 2.3 billion (calculated according to the Central Bank regulatory requirements). Since the beginning of the year, 27 credit organizations posted profit and 5 posted loss. Credit organizations' return on profit (annualized) has been 3.4 percent and return on equity (annualized), 9.5 percent.

Credit organization income and expense structure



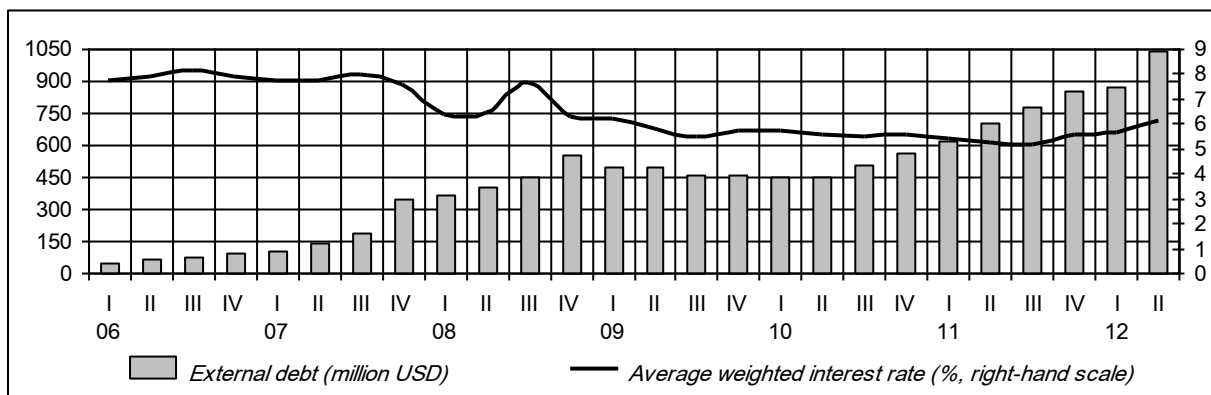
External debt of Armenian commercial banks and credit organizations as of end Q2, 2012

As of the end of the second quarter of 2012 loan obligations of Armenian commercial banks and credit organizations to the rest of the world amounted to USD 1041.6 million against USD 871.0 million recorded at the end of the previous quarter. Over the quarter commercial banks and credit organizations attracted loan resources of USD 713.6 million from the rest of the world and made amortization repayments in the amount of USD 531.6 million against loans outstanding. Long-term loans accounted for 29.9 percent of total credit resources attracted, with 56.9 percent of them received from Russia, 13.1 percent from Germany, 11.8 percent from Latvia, 9.1 percent from other countries and 9.1 percent from international institutions.

At the end of the second quarter of 2012 the main lenders to commercial banks and credit organizations were Russia (with its share of 21.9 percent in total versus 12.2 percent in the previous quarter), Luxemburg (9.1 percent versus 11.3 percent) and Germany (6.3 percent versus 7.0 percent). About 31.8 percent of loans were provided by international financial institutions.

At the end of the second quarter of 2012 the average-weighted interest rate of attracted loans grew to 6.1 percent relative to the previous quarter. Nearly 44.8 percent of external loans are with floating interest rates (LIBOR, EURIBOR, TB). The average maturity of the loans is 4.7 years. The share of short-term loans has grown to 10.3 percent of total loans attracted.

External debt of Armenian commercial banks, 2006-2012



* Excluding loans of international financial institutions and other lenders received through the Government in the framework of various programs.

** The amount of net attraction in previous and reporting periods varies from the actual figure as funds attracted are expressed in different currencies which is why, when expressed in dollar equivalent, they include the exchange rate revaluations.

INSURANCE COMPANIES

At the end of the second quarter of 2012 there were 9 insurance companies³ functioning in the territory of the Republic of Armenia.

In the period under review, assets of insurance companies have grown by 9.8 percent and amounted to AMD 39.2 at the end of the quarter; liabilities have grown by 17.3 percent and reached AMD 25.9 billion; whereas total capital has reduced by 2.5 percent to AMD 13.2 billion.

In the assets portfolio of insurance companies, deposits with banks reported the largest share (33.8 percent), accounts receivable in respect of direct insurance reached 15.9 percent, other insurance amounts receivable amounted to 10.0 percent and investment in securities reached 4 percent.

In the liabilities portfolio of insurance companies, the share of reserve for unearned insurance premiums accounted for the largest share (62.3 percent), reserves for claims, 11.3 percent, and accounts payable to reinsurers, 3.9 percent.

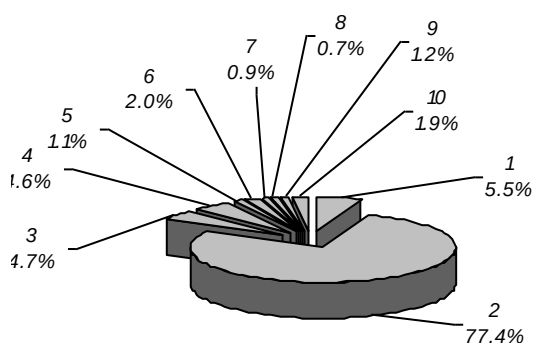
In the second quarter of 2012 net profit of insurance companies calculated based on supervision reports amounted to AMD 473.6 million. Return on assets reached 2.7 percent (annualized) and return on equity, 7.0 percent (annualized). In the period under review 6 companies posted profit.

According to IFRS, net profit of insurance companies amounted to AMD 487.6 million, with return on assets reaching 2.8 percent (annualized) and return on equity, 7.2 percent (annualized).

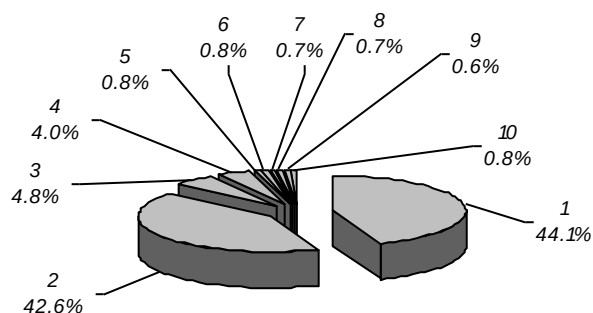
In the first half of 2012, relative to the first half of the previous year, the share of compulsory motor car insurance contracts has reduced considerably but the share of health insurance increased, owing to revived dynamic in health insurance as part of social package.

³ Indicators of 7 insurance companies active and reporting are as of 30.06.2012.

Accrued insurance premium, by insurance class (H1, 2011)

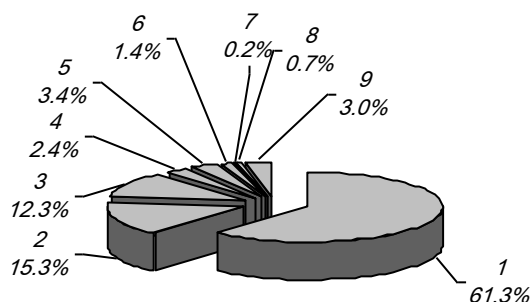


Accrued insurance premium, by insurance class (H1, 2012)

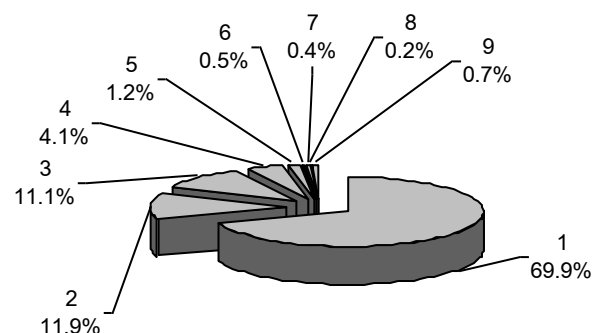


1. Mandatory motor insurance against third party liability,
2. Health insurance,
3. Fire and natural disaster insurance,
4. Land vehicle insurance,
5. Financial loss insurance,
6. Cargo (property) insurance,
7. Accident insurance,
8. General liability insurance,
9. Other property damage insurance,
10. Other classes

Accrued insurance indemnity, by insurance class (H1, 2011)



Accrued insurance indemnity, by insurance class (H1, 2012)



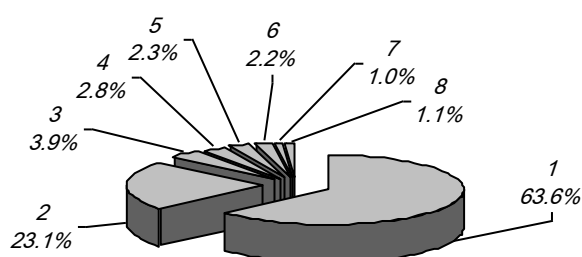
1. Mandatory motor insurance against third party liability,
2. Health insurance,
3. Fire and natural disaster insurance,
4. Fire and natural disaster insurance,
5. Assistance insurance,
6. Loan insurance,
7. Accident insurance,
8. Cargo (property) insurance,
9. General liability insurance,
10. Other classes

In the period under review, insurance indemnities amounted to AMD 6.0 billion, while sums on insurance indemnities from reinsurers reached AMD 290.5 million or 4.9 percent of all insurance indemnities.

As of 30.06.2012 there were 491.9 thousand contracts in use, with a total reported amount of AMD 7.0 trillion. The amount of reinsured risks transferred to reinsurers reached AMD 1.7 trillion or 24.0 percent of insurance sums.

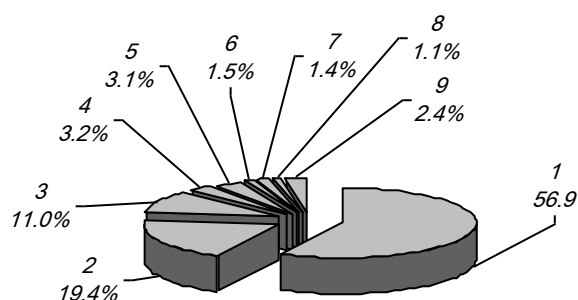
Insurance premiums and indemnities of insurance companies, by insurance class

**Insurance contracts, by insurance class,
as of 30.06.2012**



1. Mandatory motor insurance against third party liability
2. Health insurance
3. Accident insurance
4. Fire and natural disaster insurance
5. Assistance insurance
6. Land vehicle insurance
7. Other property damage insurance
8. Other classes

**Insurance sums, by insurance class,
as of 30.06.2012**



1. Mandatory motor insurance against third party liability
2. Fire and natural disaster insurance
5. Health insurance
4. Assistance insurance
5. Other property damage insurance
6. Accident insurance
7. General liability insurance
8. Land vehicle insurance
9. Other classes

SECURITIES MARKET PARTICIPANTS

As of June 30, 2012 there were 21 banks providing investment services and 8 investment companies in the Armenian securities market. Of these investment companies, **seven** 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; **six** are entitled to take and handle orders from customers for carrying out transactions with securities; **six** are entitled to provide advisory services relating to investment with securities; **six** are entitled to perform underwriting; **four** are entitled to manage securities portfolios.

As of 30.06.2012 total assets of investment companies have reduced by 2.2 percent (by AMD 502 million) and amounted to AMD 22.7 billion in relation to the previous quarter. Total capital of investment companies has decreased by 9.4 percent (by AMD 328 million) against the previous quarter and reached AMD 3.1 billion.

In the second quarter the volume of securities trading in the Armenian securities market for investment operations has increased by 18.8 percent (by AMD 22.4 billion) against the previous quarter and amounted to AMD 141.7 billion. The volume of trading in corporate securities has more than doubled (grown by AMD 31.3 billion) and reached AMD 53.7 billion. The volume of trading in shares has reduced by 28.0 percent (by AMD 1.1 billion) percent and reached AMD 2.9 billion. The volume of trading in treasury bills has reduced by 8.3 percent (by AMD 7.7 billion) and amounted to AMD 85.1 billion. Based on the second quarter results, the operations with treasury bills remain prevailing, making up 60.0 percent of total securities market turnover. The share of operations with corporate bonds and shares constituted 37.9 percent and 2.1 percent, respectively, in total.

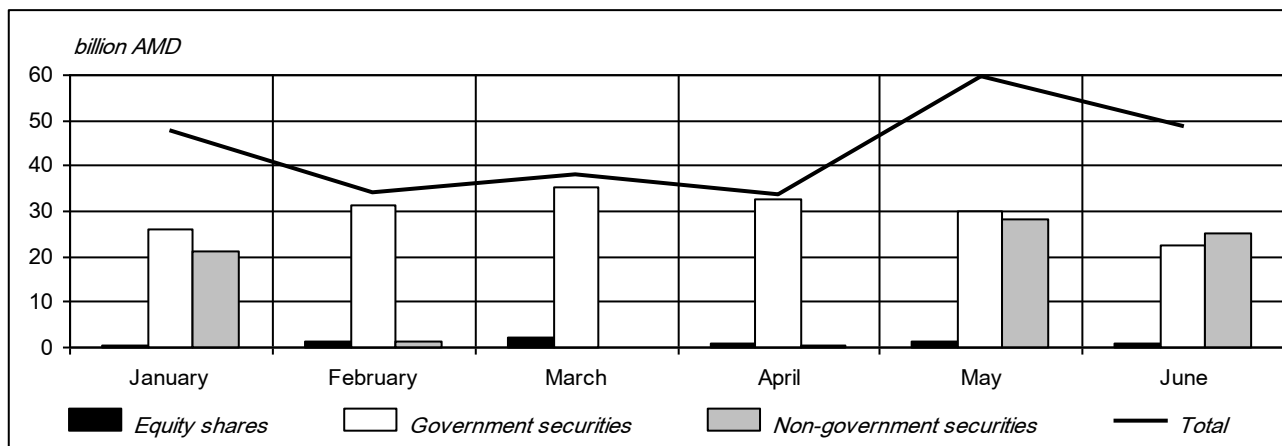
In the trades of government securities, the medium-term treasury bills had the largest share, making up 51.6 percent of total operations. The share of long-term and short-term treasury bills in the total traded volume of government securities constituted 36.3 percent and 12.1 percent, respectively.

The volume of securities trades executed in the regulated market by investment service providers constituted 0.7 percent of total investment operations carried out.

The volume of operations carried out in the regulated market has reduced by 25 percent (by AMD 370 million) in relation to the previous quarter and reached AMD 1.1 billion, with repurchase transactions,

corporate securities, treasury bills and shares operations accounting for 16.3 percent, 12.7 percent, 66.4 percent and 4.6 percent, respectively, of total operations.

Securities trades by investment companies for H1, 2012



In the structure of investment operations, operations carried out by commercial banks as investment service providers accounted for 94.1 percent and operations carried out by investment companies constituted 5.9 percent, in total.

The volume of repurchase transactions performed as investment activities (including repurchase transactions in the regulated market) has increased by 38.0 percent (by AMD 247.8 billion) relative to the previous quarter and amounted to AMD 899.7 billion, of which AMD 285.5 billion were rollovers.

As of 30.06.2012 the volume of transactions executed as trust management amounted to AMD 3 billion, growing by 4.2 percent against the previous quarter.

As of June 30, 2012 there were 1641 issuer companies in the Central Depository of Armenia and 92024 individuals as holders of securities issued by companies that run registries. Further, two investment service providers run registries of 381 companies and 29122 individuals as holders of securities.

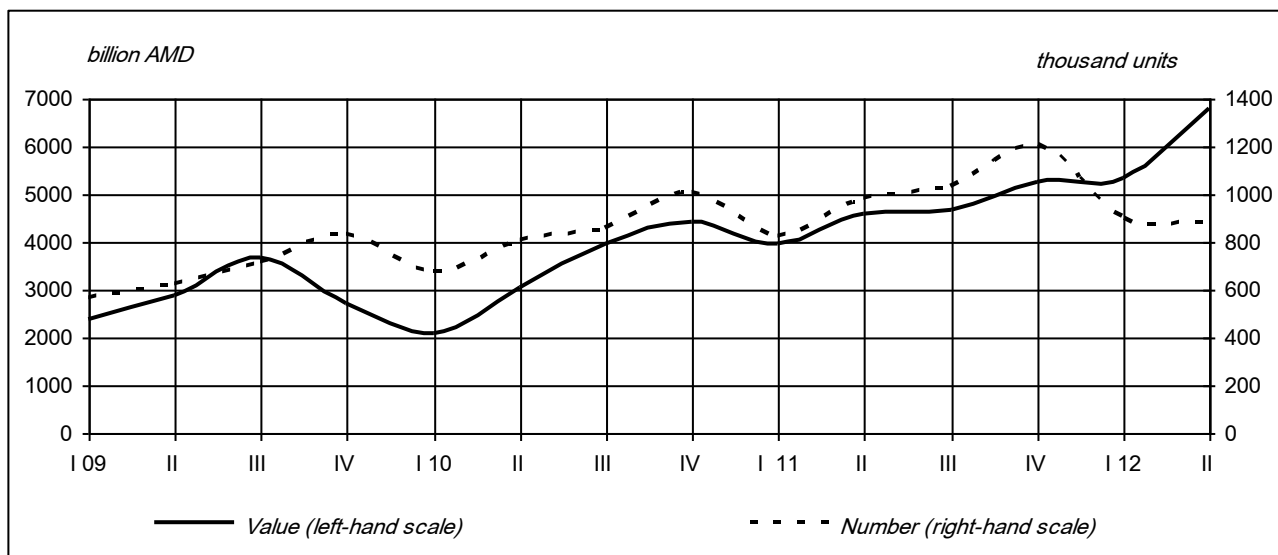
As of 30.06.2012 a total of 17 classes of securities of 14 reporting issuers were admitted to trading in the regulated market. These classes included 12 shares of 11 issuers and 5 bonds of 4 issuers. Four of the issuers were financial institutions. The total volume of shares reached AMD 52.9 billion. The volume of bonds amounted to AMD 3.5 billion. One of the issuers is reportable on both shares and bonds. Commercial banks accounted for 24 percent of equity shares issued.

Developments in Payments and Settlements Activities

Payment and settlement relations in Q2, 2012

In the second quarter of 2012 the payment and settlement system of the Republic of Armenia showed trends of sustainable development. In the period under review, the value of non-cash payment turnover in the Republic of Armenia has been AMD 7679 billion (a total of 3.1 million transactions), of which AMD 6772 billion (a total of 881 transactions) had been via the Central Bank's payment systems. The value of non-cash payments carried out via the Central Bank's systems has increased by 48 percent but the number of non-cash transactions reduced by 11 percent (110 thousand less transactions).

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



PAYMENT CARDS

In the second quarter of 2012 a total of 4.6 million of transactions amounting to AMD 233 billion were executed in the Republic of Armenia by the use of payment cards. Of this, the value of non-cash card payments has been AMD 22 billion. Of the non-cash turnover, e-payments on Internet amounted to AMD 4.5 billion (including e-commerce for a total of AMD 1 billion and card-to-card payments, AMD 3.5 billion). At the end of the quarter the total number of cards in circulation was 1.13 million, representing 8 percent increase (81 thousand more cards) relative to the previous quarter. Overall, the value of card-based non-cash transactions has increased by 50 percent relative to the same period of the previous year and constituted 9 percent of total cards transactions.

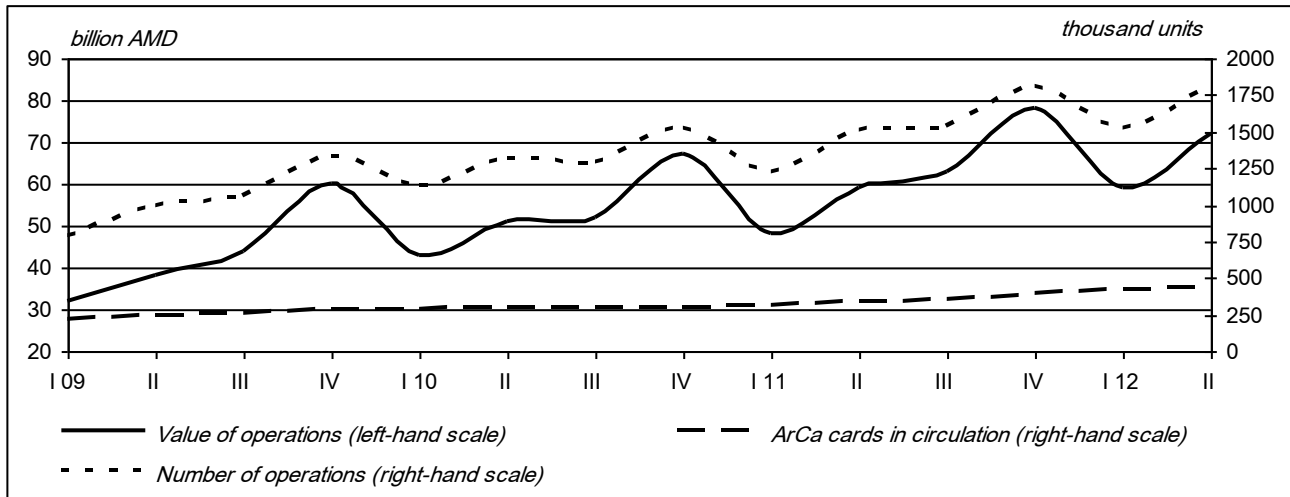
In the second quarter of 2012, relative to the second quarter of 2011, remittances to natural persons through commercial banks and transfer organizations have increased by 40 percent (by AMD 65 billion) and reached AMD 225 billion and the value of transfers abroad, by 50 percent (by AMD 32 billion), making up AMD 97 billion. As a result, net inbound transfers to natural persons totaled AMD 128 billion, representing an AMD 32 billion increase in relation to the second quarter of the previous year.

As of the end of the second quarter of 2012 the number of commercial banks issuing or servicing plastic cards was 20 out of 21. Further, 19 commercial banks are members to the "ArCa" ("Armenian Card" Unified Card Payment System).

In the period under review 52 more ATMs were installed to serve payment cards, and as of the end of the second quarter the total number of ATMs reached 1094. The total number of POS terminals installed by commercial banks has increased by 487 and reached 5985.

As of the end of the second quarter of 2012 the number of ArCa cards in use has increased by 3 percent (13 thousand more cards) and reached 435 thousand cards in total. The number of international system cards has increased by 11 percent (67 thousand more cards) and reached 698 thousand, with VISA having increased by 11 percent (43 thousand) to 439 thousand and MasterCard having increased by 12 percent (23 thousand) to 217 thousand.

ArCa cards development dynamics



In the second quarter of 2012, relative to the second quarter of 2011, the value of transactions with cards has increased by 28 percent (by AMD 51 billion) and reached AMD 233.3 billion, and the number has increased by 28 percent to (1 million more transactions) to 4.6 million of transactions.

Transactions using ArCa cards numbered 1.8 million with a total value of AMD 71.8 billion. This represented 22 percent increase in value and 20 percent increase in number, in relation to the second quarter of 2011.

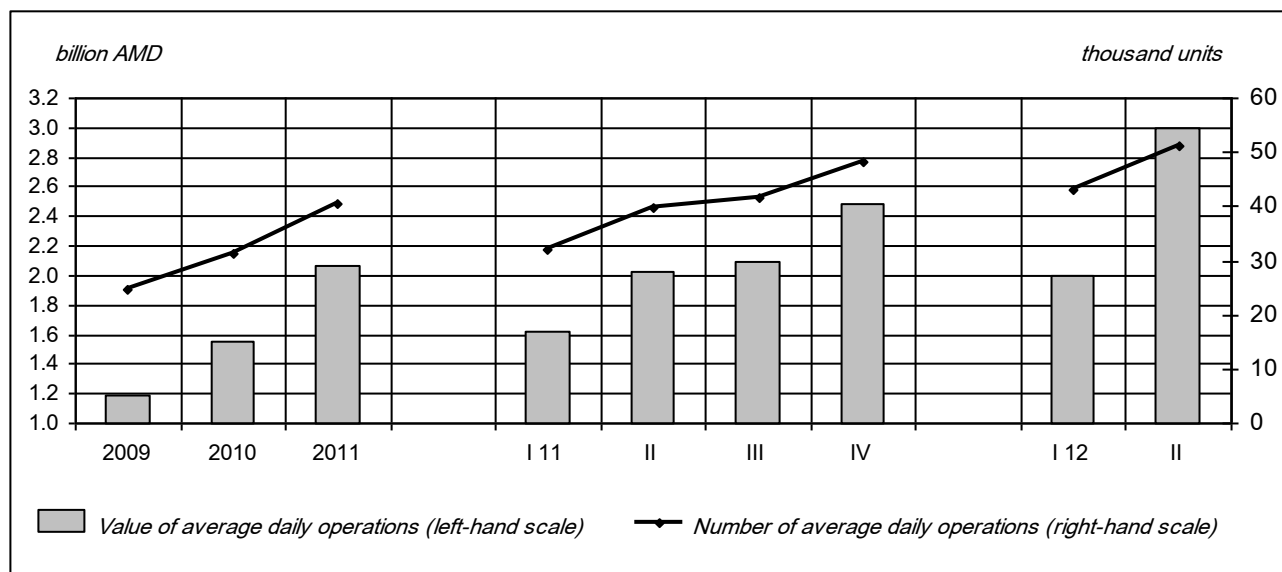
Relative to the second quarter of the previous year, the value and number of transactions using VISA have grown, respectively, by 33 percent to AMD 107 billion and by 34 percent to 1.7 million units. Similarly, the value and number of transactions using MasterCard have grown, respectively, by 42 percent to AMD 37.1 billion and by 52 percent to 0.8 million units.

Transactions executed through card servicing devices (Q2, 2012)

Device	Transactions			
	value (million AMD)	number	Including by ArCa cards	
			value (million AMD)	number
Automated teller machines	178562	3895601	57315	1574959
o/w, non-cash	467	87079	63	47905
POS – terminals / imprinters	50214	505464	13318	169240
o/w, non-cash	17004	380499	6928	116770
Internet	4495	200877	1203	71590
Total	233272	4601946	71836	1815789
o/w, non-cash	21965	668455	8194	236265

Transactions with a total amount of AMD 17 billion have been carried out using other international cards, which represented a 3 percent increment in comparison with the same reporting period of 2011.

Average daily operations by payment cards executed in Armenia, 2009-2011 and 2011-2012



The average daily value of transactions using cards has been AMD 2.6 billion, with an average daily number of 51 thousand transactions. Relative to the second quarter of 2011, the average daily number of these transactions has increased by 28 percent and the value, by 28 percent, too.

The monthly value of withdrawal of cash per payment card in the Republic of Armenia was roughly AMD 62 thousand and the monthly value of non-cash withdrawal, AMD 6 thousand (numbers are, respectively, 1.2 and 0.2).

INTERNATIONAL TRANSFERS SYSTEMS

In the second quarter of 2012 the value of inbound remittances to the Republic of Armenia through the banks participating in these systems reached AMD 148 billion (713 thousand remittances), a 7.4-fold increase compared to the value of outbound transfers. Relative to the second quarter of 2011, the value of inbound remittances has increased by 26 percent. The average amount of an inbound remittance to the Republic of Armenia through these systems has been AMD 208 thousand. Net inflow of funds transferred by commercial banks through international money remitters has increased by 24 percent and amounted to AMD 128 billion.

In the second quarter of 2012, relative to the second quarter of 2011, the value of payments to natural persons executed through correspondent accounts of commercial banks operating in the Republic of Armenia reached AMD 76 billion, representing an 82 percent increase. The average value per payment has been AMD 3.2 million, which is a 23 percent increment compared to the previous reference period. In the meantime, outbound remittances by natural persons through the correspondent accounts of commercial banks functioning in the Republic of Armenia have amounted to AMD 77 billion, having increased as much as 56 percent against the previous reference period.

PAYMENT AND SETTLEMENT ORGANIZATIONS

At the end of the second quarter of 2012 there were 7 money remittance organizations functioning in the Republic of Armenia, **three** of which are permitted to carry out processing and clearing of payment instruments, and only **one** organization licensed to carry out processing and clearing of payment instruments ("Armenian Card" CJSC).

Financial standing and financial results of payment and settlement organizations, Q2, 2012

Indicators	Money remittance organizations		Organizations permitted to carry out processing and clearing of payment instruments	
	30.06.2012.	30.06.2012-31.03.2012	30.06.2012.	30.06.2012-31.03.2012
Assets	AMD 18.0 billion	4.22%	AMD 2.3 billion	-14.18%
Liabilities	AMD 7.4 billion	0.33%	AMD 1.9 billion	-16.61%
Capital	AMD 10.6 billion	7.13%	AMD 0.4 billion	-99.88%
	31.12.2011-30.06.2012		31.12.2011-30.06.2012	
Net profit	AMD 1.1 billion		AMD 265 million	

In the period under review, **two** payment and settlement organizations executed inbound payments through their membership to international payment systems.

The share of money remittance organizations in the total value of international transfers (including commercial banks) has been 0.2 percent for outbound transfers and 0.4 percent for inbound transfers. In the second quarter of the year payment and settlement organizations executed inbound and outbound payments totaling, respectively, AMD 609 million and AMD 36 million. The average value per inbound transfer to the customer through these organizations has been AMD 65 thousand.

Five organizations engaged in processing and clearing of payment instruments as well as money remittances accepted cash payments for public utility fees, **two** of which provided such services by the use of terminals.

Payment and settlement organizations accept payments for public utility services, phone and cellular phone and Internet fees, installments for credit repayment, fine/penalty amounts and other charges and state dues. Cash payments are accepted through automated self-service terminals and registered branch offices. Also, services related to processing are offered to some commercial banks when they accept some other types of charges. In the second quarter of 2012, **two** payment and settlement organizations used 754 self-service terminals, through which a total of AMD 10.8 billion-worth of funds (5.1 million transactions) were collected, of which AMD 6.0 billion were public utility fees.

In the period under review, 6 head-offices of payment and settlement organizations and their branch offices collected AMD 27.1 billion-worth of funds, of which AMD 24.9 billion were public utility fees.

AMD 43 million-worth of funds were collected on a non-cash basis, which almost entirely were public utility fees.

There are payment and settlement organizations that provide processing and clearing services to 12 commercial banks. In cooperation with payment and settlement organizations, these banks collected public utility fees and charges through their branch offices, and a total of nearly 301 thousand transactions reaching AMD 1.0 billion were executed.

The financial system regulatory framework

Banking market regulation

The Board of the Central Bank made changes and supplements to Regulation 2, as follows:

- Minimum ratio of bank's high liquid assets to total assets (group 1 foreign currencies) was set to be 4 percent and minimum ratio of high liquid assets to demand liabilities, 10 percent.
- Where group 2 foreign currency liabilities exceed, on a daily average, 5 percent of the bank's total liabilities for any given month, then for the next month:
 - the minimum ratio of US dollar, Euro and other currency-denominated high liquid assets to US dollar, Euro and other currency-denominated total assets was set to have been 4 percent; and
 - the minimum ratio of US dollar, Euro and other currency-denominated high liquid assets to US dollar, Euro and other currency-denominated demand liabilities, 10 percent.

This will facilitate banks' ability to provide liquidity as per required foreign currency.

1. The Board of the Central Bank approved a procedure on additional provisioning without having to carry out assets classification, whereby additional provisioning is made when macroeconomic indicator deteriorate, borrower's using of funds do not much with the contractual purpose, internal control problems are identified, overvalued pledge is revealed, there are findings in reviewing quality of any credit portfolio.

- The maximum amount of additional provisioning for any particular case was defined to be 25 percent of net book value of loans;
- Cases when and how additional provisioning is de-recognized were established;
- Procedure on making decisions for additional provisions was established.

2. The Board of the Central Bank approved Regulation 01/04 on All-Armenian Bank Statements and Reporting. There were 18 statements due to be reported by All-Armenian Bank, of which 3 shall be reported subject to availability and only 1 to be reported on an annual basis.

All-Armenian Bank has been freed from reporting on such statements as required reserves, costs and profit account of funds attracted and allocated, cash turnover, client transactions, payment services, and payment instruments, private inbound and outbound transfers by individuals, frauds and attempts to fraud, branch offices of the Bank, terminals in use and out of use, cards issued, cards transactions and servicing.

3. The Board of the Central Bank made changes and supplements to Regulation 3 "Commercial Bank Statements and Reporting", Regulation 13 "Credit Organization Registration and Licensing" and Regulation 15 "Credit Organization Statements and Reporting".

Insurance market regulation

1. The Board of the Central Bank Resolution No. 133, dated 15.05.2012, made changes to the Resolution "Car Insurers Bureau of Armenia Statements and Reporting to the Central Bank" so as to widen the set of information furnished to the Central Bank.

2. The Board of the Central Bank Resolution No. 146, dated 29.05.2012, made changes to Regulation 3/04 "Insurance Company Statements and Reporting to the Central Bank", in order to explicate, in particular, whether information due covers values as being amortized, real or nominal.

Securities market regulation

The Board of the Central Bank Resolution No. 135, dated 15.05.2012, approved Regulation 10/15 "Statements and Reporting by Runner of Register for Funded Pension Scheme Stakeholders to Guaranty Fund Manager". The regulation is aimed to help the guaranty fund manager to foresee any occurrence of the case of guarantee and reduce adverse liquidity risk consequences, accordingly.

Financial Sector Indicators

Financial organizations: number and structure

Indicators	31.12.10	31.03.11	30.06.11	30.09.11	31.12.11	31.03.12	30.06.12
Banks	21	21	21	21	22	22	22
Banks by organizational structure	21	21	21	21	22	22	22
JSC	3	3	3	3	4	4	4
CJSC	17	17	17	17	17	17	17
LLC	1	1	1	1	1	1	1
Cooperative	0	0	0	0	0	0	0
Foreign participation	21	21	21	21	21	21	20
o/w: more than 50 percent	14	14	14	15	15	15	15
o/w: more than 95 percent	12	12	12	12	12	12	12
Foreign participation in statutory capital of banks, %	78.9	79.7	75.3	75.4	75.1	75.1	74.5
Credit organizations	32	31	31	31	31	32	32
Foreign participation	15	13	13	13	13	13	13
o/w: more than 50 percent	10	8	8	8	8	8	8
o/w: more than 95 percent	9	6	6	5	5	5	5
Foreign participation in statutory capital of credit organizations, %	36.3	32.5	39.9	39.8	39.2	39.2	35.1
Insurance companies	11	11	9	9	9	9	9
o/w: life insurance	0	0	0	0	0	0	0
o/w: non-life insurance	11	11	9	9	9	9	9
Foreign participation	8	8	7	7	7	7	7
o/w: more than 50 percent	6	6	5	5	5	5	5
o/w: more than 95 percent	4	4	3	3	3	3	3
Insurance brokers	5	5	4	4	4	4	4
Investment service providers in securities market ¹	29	29	29	29	29	29	29
o/w: investment service provider / bank	21	21	21	21	21	21	21
o/w: investment service provider company	8	8	8	8	8	8	8
Reporting issuer companies	15	15	14	13	14	15	15
Pawnshops	128	126	129	132	137	138	143
Licensed in the period under review	3	2	4	0	5	1	1
De-licensed in the period under review	2	3	0	0	2	0	0
Exchange offices ²	254	259	256	248	248	252	236
Licensed in the period under review	3	1	0	1	0	0	0
De-licensed in the period under review	6	1	1	1	0	1	3
Currency dealers	2	1	1	1	1	1	0
Money transfer organizations	10	10	9	9	9	9	7

¹ Under the Republic of Armenia Law on Securities Market, effective June 30, 2008, professional entities have been re-licensed as investment service providers.

² Exchange offices that are active.

Banking Sector Indicators

(million AMD)

Indicators	Q4, 2010	Q1, 2011	Q2, 2011	Q3, 2011	Q4, 2011	Q1, 2012	Q2, 2012
Average quarterly assets ¹	1497538	1602581	1727526	1831322	1981697	2020903	2174354
Average quarterly loans	856369	927986	1025696	1078632	1173574	1266248	1390647
Average quarterly liabilities	1184488	1276176	1390297	1490583	1631918	1661825	1808638
Average quarterly deposits	637781	684778	726520	811816	895372	905104	960928
Average quarterly capital	313050	326405	337229	340739	349779	359078	365715
Average quarterly total capital adequacy ratio	22.6%	21.6%	20.4%	20.0%	18.6%	18.0%	17.1%
Average quarterly total liquidity ratio	29.3%	29.3%	27.3%	27.7%	28.2%	26.7%	24.4%
Average quarterly current liquidity ratio	132.3%	138.3%	133.2%	125.3%	122.1%	128.8%	118.3%

¹ Average quarterly indicators are calculated based on the median value of each three months in a quarter.

Main Indicators of Commercial Banks and Changes Thereto¹

(million AMD)

Indicators	31.03.2010	30.06.2010	30.09.2010	31.12.2010	31.03.2011	30.06.2011	30.09.2011	31.12.2011	31.03.2012	30.06.2012	Change 30.06.12 – 31.03.12
Core capital	269891	278430	291355	300829	335080	339694	343098	355925	362960	369764	6804
Statutory capital	192792	195212	203799	203799	210999	226432	226432	233945	233945	233945	0
Profit / loss², o/w:	68868	68449	72477	81950	90001	76496	81608	85374	92049	96281	4232
Profit (loss) in reporting period	4235	11989	20666	30046	8108	19289	24472	32987	7779	15383	7604
Interest income	31383	64395	98989	136161	38665	81945	127172	175483	54210	108260	54051
Interest expense	14089	28407	42945	58667	17280	36834	58412	81462	24351	51113	26761
Non-interest income	8357	17200	27655	40654	10348	21932	34883	48585	11195	24448	13253
Non-interest expense	15651	32347	49301	69335	18102	37972	57767	81591	21879	45197	23318
Other expense ⁵	5765	8847	13723	18766	5522	9721	21400	28028	11394	21013	9618
Total liabilities³, o/w:	1098179	1035545	1111185	1241521	1321855	1419561	1541041	1710796	1674144	1871214	197070
Correspondent accounts of banks	10472	9821	7632	11539	7337	2831	9624	8665	37405	7863	-29542
Other liabilities to banks (including CBA)	192907	190907	223949	267811	283141	323560	350649	384128	306335	401624	95289
Liabilities to other financial institutions	95924	97932	118465	138279	158597	188480	191914	221836	237638	272480	34842
Demand liabilities to legal persons and natural persons	274894	241966	260918	265045	283997	288636	349976	375760	305816	329292	23476
Term deposits of legal persons and natural persons	387103	354138	357443	408017	433339	460006	491549	558460	603004	657560	54556
Total assets⁴, o/w:	1383592	1329239	1417835	1560472	1656935	1759256	1884138	2066722	2037104	2240978	203874
Cash	66568	64161	68727	74900	70391	68825	70446	89164	77293	82525	5232
Correspondent accounts with banks (including CBA)	291058	198963	203462	205044	227547	219417	259939	324034	236199	244440	8241
Other claims on banks (including CBA)	54557	66866	67657	84930	77154	105246	110143	98287	95492	120705	25213
Claims on other financial institutions	15540	15689	17855	20561	19002	24651	24810	28167	30220	31930	1710
Government securities, including:	106748	112438	128331	151298	150803	146022	165805	167502	148457	146251	-2206
Securities issued by CBA				0	0	0					
Other securities	6267	5128	6038	5695	6473	7110	6077	4959	4544	4502	-42
Loans to legal persons and natural persons	747459	758924	810409	888612	966603	1048231	1107038	1210494	1301532	1437401	135869
Loan investment, o/w:	784999	794821	837216	934383	1005698	1107235	1163748	1273676	1406880	1546126	139246
1. Standard	741064	756325	799366	905748	970014	1069835	1107738	1229980	1340477	1480002	139525
2. Watch	23168	18337	18902	11320	20727	19345	34988	18774	43106	32012	-11094
3. Substandard	16047	13753	13755	11257	8498	13858	13597	15609	12173	23123	10950
4. Doubtful	4721	6405	5193	6057	6459	4196	7426	9313	11124	10988	-136

¹ Calculations cover banks that are under a general supervision framework.

² Includes profit (loss) of the previous and current period.

³ Data include net provisioning on assets and profit tax.

⁴ Data do not include the liabilities on securities purchased under repo agreements and the liabilities on currency swap transactions.

⁵ Data present total balance sheet assets of banks, including tangible assets and other claims as well as interest receivable. These are diminished to the extent of liabilities on securities purchased under repo agreements and on currency swap transactions.

Main Indicators of Credit Organizations and Changes Thereto

(million AMD)

Indicators	31.12.2010	31.03.2011	30.06.2011	30.09.2011	31.12.2011	31.03.2012	30.06.2012	Change 30.06.12 - 31.03.12
Total capital	35876.8	41440.9	40039.1	42467.9	46844.5	48626.8	51434.5	2807.8
Statutory capital	25591.8	28259.1	33782.0	34310.6	37092.8	37392.3	40320.6	2928.3
Profit / loss¹, o/w:	9569.2	12542.7	5230.9	7102.2	8670.9	10098.2	9545.2	-553.0
Profit (loss) in reporting period	4301.5	3106.2	2258.0	1194.0	2801.8	1486.0	1156.9	-329.1
Interest income	11952.4	3476.0	6939.4	10825.6	14961.9	4729.0	9621.6	4892.7
Interest expense	3881.4	1003.3	2246.3	3448.3	4820.9	1519.5	3357.3	1837.8
Non-interest income	4148.8	1335.1	2445.1	4150.5	6184.4	1571.8	3255.4	1683.5
Non-interest expense	5791.1	1753.3	3544.4	5548.8	8060.1	2252.6	4893.1	2640.5
Net provisioning	1069.7	-1226.2	2195.5	2189.5	2143.0	726.7	1774.2	1047.4
Other expense ²	1057.6	174.5	302.7	2595.6	3320.5	316.0	531.1	215.1
Total liabilities³, o/w:	51229.7	60310.8	63464.7	67192.5	77006.5	84615.6	96690.0	15074.5
Funds attracted from banks	10045.2	16993.9	17360.0	16247.5	18073.7	25279.1	34962.2	9683.0
Funds attracted from other financial institutions	13436.0	12974.8	14934.0	18413.3	21418.5	21990.4	23079.0	1088.6
Demand liabilities to legal persons and natural persons	211.5	214.2	266.6	264.0	315.5	684.6	707.7	23.1
Term liabilities to legal persons and natural persons	16232.5	19654.2	20150.3	20863.7	22957.7	21466.3	22388.8	922.5
Total assets⁴, o/w:	87194.9	101751.7	103503.9	109660.4	123851.0	133242.8	151124.5	17881.7
Cash	246.9	276.5	284.7	324.3	1192.9	303.4	337.4	34.0
Bank accounts	4078.2	6347.1	5323.3	4864.2	4702.9	5704.5	6499.2	794.7
Other claims on banks	17557.8	23419.8	25162.7	27178.5	29464.0	29730.3	34051.9	4321.6
Claims on other financial institutions	1539.3	1735.9	2287.7	2564.3	2446.2	2650.7	2941.6	290.9
Loans	55076.3	58999.3	62187.0	64842.4	74666.1	83273.6	94146.4	10872.8
Financial lease	4577.7	4592.2	4726.5	5344.6	6121.6	6451.1	7249.8	798.7
Government securities	744.2	451.1	402.5	650.7	1751.6	1717.0	2099.0	382.0
Other securities	3.7	3.7	853.6	847.2	114.9	18.6	25.7	7.1
Loan investment, o/w:	72393.5	83663.2	88831.6	93974.9	105931.8	116647.0	133318.5	16671.5
1. Standard	70478.8	80940.2	86093.8	91289.1	103357.6	113373.6		
2. Watch	1080.5	1840.5	1637.2	1670.6	1703.8	1701.3		
3. Substandard	421.1	583.1	654.6	604.0	680.8	1057.4		
4. Doubtful	413.1	299.3	437.4	411.2	189.5	514.7	1250.3	735.6

¹ Includes profit (loss) of the previous and current period.

² Data include net provisioning on assets and profit tax.

³ Data present total balance sheet liabilities of credit organizations, where other liabilities, liabilities to Armenian Government and interest payable are included in addition to the lines above mentioned.

⁴ Data present total balance sheet liabilities of credit organizations, where tangible assets and other claims, interest payable are included in addition to the lines above mentioned but are diminished to the extent of liabilities on securities purchased under repo agreements and on currency swap transactions.

Main Indicators of Insurance Companies and Changes Thereto

Table 1

(million AMD)

Indicators	31.12.2010	31.03.2011	30.06.2011	30.09.2011	31.12.2011	31.03.2012	30.06.2012	Change (30.06.2012) - (31.03.2012)
Cash	331	49	27	19	193	67	26	-41
Bank accounts	3320	1582	1082	718	1426	1262	1383	122
Sums receivable on direct insurance	2306	3223	2823	2746	2493	4860	10152	5292
Sums receivable from reinsurers	7	5	4	2	2	2	0	-2
Sums receivable from reinsurers	6	24	21	29	15	85	80	-4
Claims on indemnity	222	391	308	338	405	510	441	-68
Claims due to subrogation	84	150	141	147	164	176	467	291
Deposits with banks	13332	15749	14945	14479	14594	13785	13245	-540
Loans provided	699	848	1685	1021	1095	3169	1078	-2091
Securities sold through repo		578	945	1081	2651	2687	2382	-305
Securities	2572	3335	2936	2524	2446	2175	1740	-435
Reserves for possible irrecoverable loss	-340	-471	-561	-429	-397	-599	-619	-21
Reinsurer share in insurance reserves		1720	1462	1525	1889	1951	1914	-37
Interest receivable	317	372	441	513	495	306	314	8
Future period expense and advances on insurance						1692	2678	987
Fixed assets	1123	1489	1701	1345	1579	1690	1652	-38
Other assets	1633	2909	2651	2621	2392	1843	2218	374
Assets, total	25614	31952	30611	28678	31442	35660	39153	3492
Dram	16259	21983	20541	19706	22473	26656	33742	7086
Foreign currency	9355	9969	10071	8972	8969	9004	5411	-3593
Sums payable for indemnity, o/w:	91	99	106	168	145	227	188	-39
Sums payable to brokers	104	293	211	241	271	440	566	126
Insurance amounts returned	11	24	29	59	61	102	111	9
Sums payable to reinsurers, reinsurers	1819	1189	1215	1254	1378	1217	1018	-198
Loans	103	0	0	0	257	58	0	-58
Insurance reserves, including:	2917	13367	11187	9951	8619	15943	19979	4037
<i>Unearned insurance reserves</i>	1997	11459	8989	6779	5005	12267	16162	3895
<i>Claims reserves</i>	607	1586	1870	2817	2724	2793	2934	141
<i>Mathematical reserve</i>	0	0	0	0	0	0	0	0
<i>Other reserves</i>	312	322	328	355	890	883	883	0
Repo agreements	0	567	913	1093	2623	2617	2360	-257
Other liabilities	8063	1362	1344	1399	4132	1508	1718	210
Liabilities, total	13108	16901	15005	14165	17486	22111	25939	3828
Dram	11762	16310	14716	13838	16733	21592	25677	4084
Foreign currency	1345	592	289	327	753	519	262	-256
Statutory capital	12116	13476	13476	11933	11933	12385	10604	-1781
Undistributed profit / loss in current period	-979	1159	1767	2265	1683	-765	474	1238
Undistributed profit / loss in previous period	873	-85	-141	-97	-115	1545	1550	5
Other	496	501	504	411	455	385	587	202
Equity, total	12506	15051	15606	14513	13956	13549	13214	-336

Table 2

(million AMD)

Indicators	31.12.2010	31.03.2011	30.06.2011	30.09.2011	31.12.2011	31.03.2012	30.06.2012	Change (30.06.2012) - (31.03.2012)
Insurance amounts	3052439	6956056	5719808	5976982	3696072	6208708	7004384	795675
Gross value of premiums	8253	12806	15393	18707	22372	12412	23835	11424
Premiums transferred to reinsurer	4010	453	1165	1700	2803	782	1456	674
Gross value of insurance indemnity	1746	1275	2897	5206	8141	2970	5968	2998
Reinsurer's share in insurance indemnity	535	206	365	513	686	162	290	128

Main Indicators of Investment Service Providers

(million AMD)

Indicators	31.12.2010	31.03.2011	30.06.2011	30.09.2011	31.12.2011	31.03.2012	30.06.2012	Change (31.03.2012) -(31.12.2011)
Net book value	3196.2	3470.4	3753.1	3193.8	3230.0	3476.2	3148.0	246.3
Undistributed profit / loss, o/w:	416.9	649.9	717.7	869.9	801.9	838.7	348.2	36.8
Profit in current period	295.8	252.3	478.2	602.8	566.4	46.1	-63.1	-520.3
Commission and proceeds from provision of IS	24.4	240.0	449.1	463.3	1299.3	284.3	297.4	-1015.1
Net proceeds from sale of securities	1560.5	917.2	1126.6	1575.3	2154.9	125.7	1057.6	-2029.1
Statutory capital	2514.8	2578.8	2728.8	2099.6	2099.6	2099.6	2499.6	0.0
Total liabilities	16359.9	15128.5	18730.5	17989.5	18597.4	19745.2	19571.1	1147.8
Loans from resident banks	2017.6	1458.0	2360.7	826.2	2318.7	3468.3	3505.8	1149.6
Liabilities on repo agreements	13879.6	13370.7	15933.6	16839.6	15624.5	16023.7	15689.6	399.1
Total balance sheet assets	19556.1	18599.0	22483.6	21183.3	21827.4	23221.5	22719.1	1394.1
Cash	200.2	208.0	8.1	13.3	5.9	8.4	7.7	2.5
Bank accounts	233.4	507.2	680.7	328.6	688.8	259.8	303.9	-429.0
Securities sold through repo agreements	14180.6	13619.6	16160.3	17101.0	16330.6	15178.2	15899.0	-1152.5
Securities purchased through repo agreements	0.0	0.0	29.0	18.9	19.6	0.0	0.0	-19.6
Government securities	1713.4	2416.3	3725.7	1411.3	2372.5	20981.8	20358.7	18609.2
Other securities	886.8	905.7	851.4	939.5	782.0	798.1	771.2	16.2

Operations by Investment Service Providers

(million AMD)

Indicators	2010	2011				2012	
	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Operations by investment bank	114739.2	266369.1	510960.8	451313.5	322029.0	491050.8	696426.1
equity shares	547.6	2812.5	6185.9	6599.5	887.7	3849.8	2881.7
o/w: traded on stock exchange	-	3.2	46.0	7.3	8.3	-	103.4
corporate bonds	242.3	4.0	970.5	126.9	18.9	22393.4	53564.8
o/w: traded on stock exchange	2.1	4.0	6.1	56.7	-	-	1080.0
government bonds	44284.7	81936.7	78201.0	84135.0	26797.7	87609.9	76943.7
o/w: traded on stock exchange	825.3	2824.2	670.1	3714.6	1593.8	1556.5	1281.5
repo/reverse repo agreements ¹	69665	181616	425603	360452	294325	377198	563036
o/w: traded on stock exchange	621.0	435.7	709.5	472.8	29.8	93.3	66.6
Operations by investment company	23125.4	42851.4	55798.9	61415.4	22979.3	55437.1	59527.3
equity shares	49.4	388.6	343.3	601.1	25.8	208.5	38.4
o/w: traded on stock exchange	19.4	170.0	148.6	13.9	-	186.8	1.0
corporate bonds	119.7	224.8	176.7	507.0	126.1	63.1	165.3
o/w: traded on stock exchange	119.7	203.0	176.7	380.8	111.1	63.1	165.3
government bonds	5121.8	5675.5	7517.6	6540.6	1965.0	5221.1	8151.9
o/w: traded on stock exchange	-	-	-	-	-	-	-
repo/reverse repo agreements ¹	17834.4	36562.5	47761.3	53766.6	20862.4	49944.4	51171.8
o/w: traded on stock exchange	621.0	435.7	768.3	567.4	69.0	93.3	66.6

¹ Repo and reverse repo agreements do not include rollovers.

Cards Issued (Serviced) by Commercial Banks Operating in the Republic of Armenia

Bank name	ArCa	MASTER CARD	VISA	AMEX	Այլ քարտեր
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	+	+			
Areximbank-Gazprombank	+	+	+		
Unibank	+		+		+
Ardshinvestbank	+	+	+		
Armswissbank					
Procredit Bank			+		
All Armenian Bank					

Central Bank Statement on Financial Standing

(as of June 30, 2012)

(thousand drams)

	30.06.2012	31.03.2012	2011
Assets			
Assets in foreign currency			
Cash	5,367,131	5,077,953	5,013,113
Funds allocated with banks and other financial institutions	126,652,793	144,884,096	236,415,264
Financial instruments at fair value measured through a profit or loss method	367,867,325	334,857,145	344,720,503
Assets available for sale	1,646	1,646	1,646
Assets held up to maturity	193,845,911	181,083,990	137,340,298
Holdings with the IMF	83,278,868	76,996,772	76,489,346
Other assets	996,936	850,692	1,228,086
	778,010,610	743,752,294	801,208,256
Assets in local currency			
Loans and reverse repurchase agreements	134,385,910	98,452,240	130,653,171
Assets available for sale	124,553,634	122,627,344	121,527,307
Assets held up to maturity	2,646,831	2,574,113	3,265,916
Fixed assets	51,174,781	43,832,509	38,365,916
Intangible assets	795,595	783,156	622,741
Other assets	5,253,295	5,437,725	6,251,461
	318,810,046	273,707,087	300,686,512
Assets, total	1,096,820,656	1,017,459,381	1,101,894,768
Liabilities and Equity			
Liabilities in foreign currency			
Deposits and account balances of financial institutions and other institutions	41,440,280	33,821,978	104,346,523
Liabilities to the Government	2,825,099	3,567,937	3,974,934
Financial instruments at fair value measured through a profit or loss method	3,722,338	1,581,317	1,771,245
Liabilities to the IMF	321,963,162	313,133,657	306,460,839
Other loans	48,208,210	43,195,677	38,846,294
Other liabilities	219,153	2,339,422	153,901
	418,378,242	397,639,988	455,553,736
Liabilities in local currency			
Notes and coins in circulation	384,034,939	361,559,125	398,777,362
Deposits and account balances of financial institutions and other Institutions	171,856,385	166,554,428	169,195,008
Liabilities to the Government	105,204,284	92,628,885	75,722,418
Other liabilities	4,766,579	2,233,996	3,192,202
	665,862,187	622,976,434	646,886,990
Liabilities, total	1,084,240,429	1,020,616,422	1,102,440,726
Equity			
Capital issued	100,000	100,000	100,000
General reserve	17,389,049	17,389,049	17,389,049
Additional capital	107,531,884	107,531,884	107,531,884
Revaluation reserve for assets available for sale	(1,327,087)	(1,026,112)	(1,218,959)
Accrued profit/loss	(111,113,619)	(127,151,862)	(124,347,932)
Equity, total	12,580,227	(3,157,041)	(545,958)
Liabilities and Equity, total	1,096,820,656	1,017,459,381	1,101,894,768

This Central Bank Statement on Financial Standing was approved by the Board of Central Bank on August 21, 2012 and signed thereafter.

ARTHUR JAVADYAN

Chairman

HAYKANUSH HAKOBYAN

Chief Accountant

International Reserves of the Republic of Armenia

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

SURVEY INFORMATION

on condition and composition of international reserves of the Republic of Armenia

Q2, 2012 (closing entries included)

Beginning of quarter	SDR	USD
I. Foreign assets gross		1,759,216,622.13
including:		
International reserves (gross foreign assets in free convertible currency)		1,759,216,622.13
o/w:		
SDR with the IMF	35,239,019.00	54,588,266.91
Reserve position with the IMF	0.00	0.00
II. Foreign assets net		989,319,214.80
o/w: in free convertible currency		989,318,718.69
End of quarter		
I. Foreign assets gross		1,719,219,728.29
including:		
International reserves (gross foreign assets in free convertible currency)		1,719,219,255.46
o/w:		
SDR with the IMF	39,282,209.00	59,612,614.16
Reserve position with the IMF	0.00	0.00
II. Foreign assets net		973,025,494.18
o/w: in free convertible currency		973,025,021.36

ARTHUR JAVADYAN
Chairman