Republic of Armenia

Central Bank

Annual Financial Statements

2009

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Financial Statements and Independent Auditor's Report
Central Bank of the Republic of Armenia
31 December 2009

INDEPENDENT AUDITOR'S REPORT

To the Board of the Central Bank of the Republic of Armenia:

We have audited the accompanying financial statements of Central Bank of the Republic of Armenia (the "Bank"), which comprise the statement of financial position as at December 31, 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

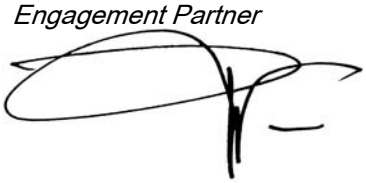
Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as of December 31, 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Gagik Gyulbudaghyan
Managing Partner



Daniel Hiller
Engagement Partner



08 April, 2010
Yerevan
«Grant Thornton Amyot» LLC



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Central Bank of the Republic of Armenia

Statement of comprehensive income

AMD thousand

	Note	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2007
Interest income	4	8,862,492	9,745,572	14,722,444
Interest expense	5	(13,475,140)	(8,677,531)	(7,441,031)
Net interest income/(expense)		**(4,612,648)**	**1,068,041**	**7,281,413**
Fee and commission income		116,562	90,956	73,739
Fee and commission expense		(400,522)	(211,095)	(165,628)
Net fee and commission income		**(283,960)**	**(120,139)**	**(91,889)**
Net foreign exchange gain/(loss)	6	36,575,523	(6,649,782)	(52,984,269)
Net realized gain/(loss) on available-for-sale assets		33	469	(135,256)
Net gain on financial instruments at fair value through profit or loss	7	5,652,878	20,187,689	8,335,233
Other income	8	709,679	807,401	523,748
Costs of production of banknotes, coins and numismatics	9	(1,236,314)	(1,770,273)	(1,437,188)
General and administrative expenses	10	(6,823,054)	(5,912,726)	(5,286,278)
Profit/(loss) for the year		**29,982,137**	**7,610,680**	**(43,794,486)**
Other comprehensive income				
Net unrealized gain/(loss) from changes in fair value		**(1,250,645)**	**(55,071)**	**140,891**
Total comprehensive income for the year		**28,731,492**	**7,555,609**	**(43,653,595)**

The statement of comprehensive income is to be read in conjunction with the accompanying notes which are integral part of the financial statements.

Central Bank of the Republic of Armenia

Statement of financial position

AMD thousand

	Note	As of December 31, 2009	As of December 31, 2008	As of December 31, 2007
ASSETS				
Foreign currency assets				
Cash		7,776,292	15,441,978	72,430
Placements with banks and other financial institutions	11	221,678,070	77,496,027	183,063,363
Financial instruments at fair value through profit or loss	12	459,234,675	339,979,737	318,671,929
Available-for-sale assets	13	917	917	1,216
Held-to-maturity assets		25,171,087	-	-
Placements with the IMF	14	101,621,324	44,362,474	47,168,679
Other assets		666,956	78,001	222,321
		816,149,321	**477,359,134**	**549,199,938**
Domestic currency assets				
Loans and reverse repurchase agreements	15	70,735,139	80,955,087	24,600,695
Available-for-sale assets	13	121,204,193	97,050,294	49,245,329
Held-to-maturity assets	13	3,862,867	-	-
Property and equipment	16	15,762,787	10,378,716	8,125,307
Intangible assets	17	427,907	255,827	62,707
Other assets	18	2,451,325	1,323,943	883,508
		214,444,218	**189,963,867**	**82,917,546**
Total Assets		**1,030,593,539**	**667,323,001**	**632,117,484**
LIABILITIES AND EQUITY				
Foreign currency liabilities				
Deposits and balances from financial and other institutions	19	150,616,174	69,788,059	40,040,499
Due to the Government of the Republic of Armenia	22	1,329,188	1,030,950	688,013
Financial instruments at fair value through profit or loss		36,588	-	-
Due to IMF	14	95,263,527	41,337,306	48,039,741
Other borrowed funds	20	28,309,397	12,440,435	10,274,856
Other liabilities		206,504	121,614	65,106
		275,761,378	**124,718,364**	**99,108,215**

The statement of financial position is to be read in conjunction with the accompanying notes which are integral part of the financial statements.

	Note	As of December 31, 2009	As of December 31, 2008	As of December 31, 2007
Domestic currency liabilities				
Notes and coins in circulation		320,669,631	344,503,231	350,273,664
Deposits and balances from financial and other institutions	19	53,204,221	40,333,711	38,387,377
Due to the Government of the Republic of Armenia	22	177,194,796	103,962,779	93,622,987
Debt securities issued		-	1,437,498	48,958,097
Due to IMF	14	172,556,583	43,467,351	44,230,693
Other liabilities	21	853,302	1,244,457	1,090,046
		724,478,533	**534,949,027**	**576,562,864**
Total Liabilities		**1,000,239,911**	**659,667,391**	**675,671,079**
Equity				
Issued capital	23	100,000	100,000	100,000
General reserve	23	11,392,622	9,870,486	9,870,486
Additional paid-in capital	23	85,663,194	85,663,194	42,009,598
Revaluation reserve for available-for-sale assets		(1,414,100)	(163,455)	(108,384)
Accumulated losses		(65,388,088)	(87,814,615)	(95,425,295)
Total equity		**30,353,628**	**7,655,610**	**(43,553,595)**
		1,030,593,539	**667,323,001**	**632,117,484**
Total liabilities and capital				

The financial statements from pages 36 to 79 were approved by the Board of the Central Bank of the Republic of Armenia on 7 April 2010 and were signed on its behalf by:

Arthur JAVADYAN

Chairman of the Central Bank of the Republic of Armenia



Haykanush HAKOBYAN

Chief Accountant of the Central Bank of the Republic of Armenia



The statement of financial position is to be read in conjunction with the accompanying notes which are integral part of the financial statements.

Central Bank of the Republic of Armenia

Statement of changes in equity

AMD thousand

	Issued capital	General reserve	Additional paid-in capital	Revaluation reserve for available-for-sale assets	Accumulated losses	Total equity
Balance as at 1 January 2007	**100,000**	**9,870,486**	**12,734,237**	**(249,275)**	**(51,630,809)**	**(29,175,361)**
The Government of the Republic of Armenia contribution into equity	-	-	29,275,361	-	-	29,275,361
	-	-	29,275,361	-	-	29,275,361
Loss for the year	-	-	-	-	(43,794,486)	(43,794,486)
Other comprehensive income						
Net unrealized gain from changes in fair value	-	-	-	140,891	-	140,891
Total comprehensive income for the year	-	-	-	140,891	(43,794,486)	(43,653,595)
Balance as at 31 December 2007	**100,000**	**9,870,486**	**42,009,598**	**(108,384)**	**(95,425,295)**	**(43,553,595)**
The Government of the Republic of Armenia contribution into equity	-	-	43,653,596	-	-	43,653,596
	-	-	43,653,596	-	-	43,653,596
Profit for the year	-	-	-	-	7,610,680	7,610,680
Other comprehensive income						
Net unrealized loss from changes in fair value	-	-	-	(55,071)	-	(55,071)
Total comprehensive income for the year	-	-	-	(55,071)	7,610,680	7,555,609
Balance as at 31 December 2008	**100,000**	**9,870,486**	**85,663,194**	**(163,455)**	**(87,814,615)**	**7,655,610**
Distribution to general reserve	-	1,522,136	-	-	(1,522,136)	-
Distribution to the Government of the Republic of Armenia	-	-	-	-	(6,033,474)	(6,033,474)
	-	1,522,136	-	-	(7,555,610)	(6,033,474)
Profit for the year	-	-	-	-	29,982,137	29,982,137
Other comprehensive income						
Net unrealized loss from changes in fair value	-	-	-	(1,250,645)	-	(1,250,645)
Total comprehensive income for the year	-	-	-	(1,250,645)	29,982,137	28,731,492
Balance as at 31 December 2009	**100,000**	**11,392,622**	**85,663,194**	**(1,414,100)**	**(65,388,088)**	**30,353,628**

Central Bank of the Republic of Armenia

Statement of cash flows

AMD thousand

	Note	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2007
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) for the year		29,982,137	7,610,680	(43,794,486)
Depreciation and amortization		437,166	719,589	772,912
		30,419,303	**8,330,269**	**(43,021,574)**
(Increase)/decrease in operating assets				
Placements with banks and other financial institutions		(10,368,623)	131,214,998	96,362,813
Financial instruments at fair value through profit or loss		(119,218,350)	(21,307,808)	(239,230,978)
Placements with the IMF		(11,052,942)	778,972	6,097,319
Available-for-sale assets		(31,438,018)	(4,206,143)	20,776,244
Held-to-maturity assets		(29,033,955)	-	-
Loans and reverse repurchase agreements		10,219,948	(56,354,392)	(9,310,392)
Other assets		(1,716,337)	(296,114)	(373,075)
Increase/(decrease) in operating liabilities				
Notes and coins in circulation		(23,833,600)	(5,770,433)	123,432,530
Deposits and balances from financial and other institutions		93,698,624	31,693,894	13,315,773
Due to IMF		129,089,231	(763,342)	(6,073,799)
Due to the Government of the Republic of Armenia		73,530,256	10,682,729	32,571,465
Debt securities issued		(1,437,498)	(47,520,599)	9,970,261
Other liabilities		(306,265)	210,920	181,183
Net cash from operating activities		**108,551,774**	**46,692,951**	**4,697,770**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, equipment and intangible assets		(6,018,475)	(3,171,204)	(1,844,626)
Proceeds from sale of property and equipment		25,159	5,086	15,301
Net cash used in investing activities		**(5,993,316)**	**(3,166,118)**	**(1,829,325)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Loans from KFW		15,868,963	2,165,578	2,231,763
Loans from IMF		53,926,221	(6,702,435)	(11,447,439)
Net cash used in financing activities		69,795,184	(4,536,857)	(9,215,676)
Net increase/(decrease) in cash and cash equivalents		172,353,642	38,989,976	(6,347,231)
Cash and cash equivalents at the beginning of the year		63,679,345	24,689,369	31,036,600
Cash and cash equivalents at the end of the year	26	236,032,987	63,679,345	24,689,369

Accompanying notes to the financial statements

1. Background

Principal activities

The Central Bank of the Republic of Armenia (the "Bank") is a legal entity established by the act of the National Assembly of the Republic of Armenia.

The registered address of the Bank is 6 Vazgen Sargsyan Street, Yerevan 0010, Republic of Armenia. The average number of employees of the Bank during 2009 was 681 (2008: 642, 2007: 619).

The primary objective of the Bank is price stability in the Republic of Armenia. It is achieved through formulation and implementation of monetary policy. In addition to its primary objective, the Bank is also responsible for:

- ensuring the stability, liquidity, solvency and other necessary conditions for sound operation of the financial banking system in the Republic of Armenia; and,
- creation and development of an effective payment and settlement system.

The Bank also:

- issues the national currency of the Republic of Armenia and regulates its circulation;
- organizes and regulates anti money laundering and terrorism financing activities;
- is the fiscal agent and financial consultant of the Government of Republic of Armenia;
- licenses commercial banks and, if so provided by law, other entities, supervises and regulates their activities;
- is the lender of last resort to commercial banks; and,
- possesses, uses and administers international reserves of the Republic of Armenia.

The Bank's subsidiaries are as follows:

Name	Country of incorporation	Principal activity	Controlled %			Date of establishment
			2009	2008	2007	
"Armenian Card" CJSC	Republic of Armenia	Payment and settlement services	66	66	66	March 2000
"ArmCollection" CJSC	Republic of Armenia	Transportation/delivery of cash	100	95	95	April 1998
All-Armenian Bank	Republic of Armenia	Banking activity	100	-	-	December 2009
National Mortgage Company	Republic of Armenia	Mortgage activity	100	-	-	June 2009

Bank's action to ensure financial stability

The Bank has an important role in making the effects of the world financial crisis more manageable for the Armenian economy by having a fundamental task and responsibility of maintaining and promoting

the stability of the financial system in Armenia. In order to achieve this, the Bank strives to prevent undesirable impacts of the crisis using all the financial instruments at its disposal.

Taking into account high capitalization and liquidity levels in the Armenian banking system, in 3 March 2009 the Bank has decided to limit its interventions in the foreign exchange market and to return to floating exchange rate policy. This approach will allow the exchange rates to be formed in line with the current macroeconomic indices, which will considerably improve the external competitiveness of Armenia.

2. Basis of preparation

Statement of compliance

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as developed and published by the International Accounting Standards Board (IASB), and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of measurement

The financial statements have been prepared on a fair value basis for financial assets and liabilities at fair value through profit or loss and available-for-sale assets, except those for which a reliable measure of fair value is not available. Other financial assets and liabilities are stated at amortized cost and non-financial assets and liabilities are stated at historical cost.

Functional and presentation currency

The national currency of the Republic of Armenia is the Armenian Dram ("AMD"), which is the Bank's functional currency and the currency in which these consolidated financial statements are presented. All financial information presented in AMD has been rounded to the nearest thousand.

Use of estimates and judgments

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with IFRS. Actual results could differ from those estimates.

The most significant areas of judgments and estimates are presented below:

Consolidation of subsidiaries

The Bank has not consolidated financial statements of subsidiaries due to immateriality of this consolidation on the Bank's financial statements.

Investments in subsidiaries are material to the Bank, if any of the following circumstances apply:

a) the Bank's share in net assets of the subsidiary exceeds 1% of total assets of the Bank,
b) the Bank's total share in net assets of all subsidiaries exceeds 5% of total assets of the Bank,
c) in the period under review the Bank's share in income and expense of the subsidiary exceeds, respectively, 3% of income and expense of the Bank,
d) in the period under review the Bank's total share in income and expense of all subsidiaries exceeds, respectively, 5% of total income and expense of the Bank, and
e) other circumstances as determined by the Board of the Bank.

Classification of investment securities

Upon initial recognition, the Bank designates securities as financial assets at fair value through profit or loss, held-to-maturity financial assets or available-for-sale financials assets recognition of changes in fair value through equity.

Reclassifications and restatements

Where needed, comparative figures have been adjusted to provide comparison with the changes of current year. Based on the changes of consolidation policy, the Bank does not consolidate financial statements of subsidiaries in 2009, and in consideration of the above said, there has been restatement of financial statements of 2008 and 2007.

Changes in accounting policies

In the current year the Bank has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB that are relevant to its operations and effective for annual reporting periods beginning on January 1, 2009. The standards and interpretations which have had effect on the financial statements are presented below:

***Changes to IAS 1** Presentation of Financial Statements (revised in 2007).*

The Bank applies revised IAS 1 Presentation of Financial Statements (2007), effective from January 1, 2009. The amendment has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. This standard affects the presentation of owner changes in equity and introduces a statement of comprehensive income. The Bank chooses the present income and expense and components of other comprehensive income in a single statement of comprehensive income with subtotals. The adoption of the standard does not affect the financial position or profits of the Bank, but gives rise to additional disclosures.

Comparative information has been presented so that it also is in conformity with the revised standard.

***IFRS 7** (Amendment) 7 Financial Instruments: Disclosures (effective from January 1, 2009).*

The Bank has implemented the improvements made to IFRS 7 in March 2009. The effective date of the amendments is January 1, 2009. The amendments extend and specify the disclosures for the fair value of financial instruments and liquidity risk (see note 27). The Bank selected not to provide comparative information for these expanded disclosures in the current year, in accordance with transitional relieves offered in these amendments.

At the date of authorization of these financial statements, certain new Standards, amendments and Interpretations to the existing Standards have been published but are not yet effective. The Bank has not adopted any of these pronouncements yet.

Management anticipates that all of the pronouncements will be adopted in the Bank's accounting policy for the first period beginning after the effect date of the pronouncement. At the moment in management's estimation their possible effect on the Bank's financial statements can not be material.

3. Significant accounting policies

The presented accounting policies have been applied in preparing financial statements. Accounting policies have been applied consistently, other than consolidation of subsidiaries.

Foreign currency translation

Transactions in foreign currencies are translated to the appropriate functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to the functional currency at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities that are stated at fair value and whose appraised value is denominated in foreign currencies are translated to the functional currency at the foreign exchange rate ruling at the dates the fair values were determined. Foreign exchange differences arising on translation are recognised in the income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the revaluation reserve in equity.

The exchange rates at the balance sheet date used by the Bank in the preparation of the consolidated financial statements are as follows:

	December 31, 2009	December 31, 2008	December 31, 2007
AMD/1 US Dollar	377.89	306.73	304.22
AMD/1 Euro	542.23	435.00	446.96
AMD/1 SDR	592.41	472.44	480.74

Cash and cash equivalents

The Bank considers cash, nostro accounts with banks and SDR holdings in IMF to be cash and cash equivalents.

Financial instruments

Classification

Financial instruments at fair value through profit or loss are financial assets or liabilities that are:

- acquired or incurred principally for the purpose of selling or repurchasing in the near term;
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- a derivatives (except for a derivative that is a designated and effective hedging instrument); or,
- upon initial recognition, designated by the entity as at fair value through the profit or loss. Financial instruments are designated at fair value through profit or loss if the Bank manages such investments and makes purchase and sale decisions based on their fair value.

Financial assets and financial liabilities are designated at fair value through profit or loss when:

- Doing so significantly reduces measurement inconsistencies that would arise if the related derivatives were treated as held for trading and the underlying financial instruments were carried at amortised cost, such as loans and advances to customers or banks and debt securities in issue;
- Certain investments that are managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy and reported to key management personnel on that basis are designated at fair value through profit and loss; and
- Financial instruments, such as debt securities held, containing one or more embedded derivatives significantly modify the cash flows, are designated at fair value through profit and loss.

All trading derivatives in a net receivable position (positive fair value) are reported as assets. All trading derivatives in a net payable position (negative fair value) are reported as liabilities.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Bank intends to sell immediately or in the near term, those that the Bank upon initial recognition designates as at fair value through profit or loss, or those which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank has the positive intention and ability to hold to maturity, other than those that:

- the Bank upon initial recognition designates as at fair value through profit or loss;
- the Bank designates as available-for-sale; or
- meet the definition of loans and receivables.

Available-for-sale assets are financial assets are those financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial instruments at fair value through profit or loss.

Recognition

Financial assets and liabilities are recognised in the balance sheet when the Bank becomes a party to the contractual provisions of the instrument. All regular way purchases of financial assets are accounted for at the settlement date.

The changes in fair values between the trade and settlement dates are immaterial.

Measurement

A financial asset or liability is initially measured at its fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

Subsequent to initial recognition, financial assets, including derivatives that are assets, are measured at their fair values, without any deduction for transaction costs that may be incurred on sale or other disposal, except for:

- loans and receivables, which are measured at amortized cost using the effective interest rate method;
- Held-to-maturity investments, which are measured at amortized cost using the effective interest method; and
- investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost.

All financial liabilities, other than those designated at fair value through profit or loss and financial liabilities that arise when a transfer of a financial asset carried at fair value does not qualify for

derecognition, are measured at amortised cost. Amortised cost is calculated using the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the balance sheet date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the balance sheet date.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Bank would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions and the current creditworthiness of the counterparties.

Gains and losses on subsequent measurement

A gain or loss arising from a change in the fair value of a financial asset or liability is recognised as follows:

- a gain or loss on a financial instrument classified as at fair value through profit or loss is recognised in the income statement;
- a gain or loss on an available-for-sale financial asset is recognised directly in equity through the statement of changes in shareholders' equity (except for impairment losses and foreign exchange gains and losses) until the asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in the income statement. Interest in relation to an available-for-sale financial asset is recognised as earned in the income statement calculated using the effective interest rate method.

For financial assets and liabilities carried at amortised cost, a gain or loss is recognised in the income statement when the financial asset or liability is derecognised or impaired, and through the amortization process.

Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or when the Bank transfers substantially all the risks and rewards of ownership of the financial asset. Any rights or obligations created or retained in the transfer are recognised separately as assets or liabilities. A financial liability is derecognised when it is extinguished.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of income.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Repurchase and reverse repurchase agreements

Securities sold under sale and repurchase ("repo") agreements are accounted for as secured financial transactions, with the securities retained in the balance sheet, and, if the transferee has the right by contract or custom to sell or repledge them, they are reclassified as securities pledged under sale and repurchase agreements and faced as the separate balance sheet item. The counterparty liability is included in amounts due to other banks or to financial institutions, as appropriate. The differences between the sale and repurchase price are treated as interest expense and recognised in the income statement over the terms of the repo agreement, using the effective interest rate method.

Securities purchased under agreements to resell ("reverse repo") are recorded as due from banks or financial institutions as appropriate. The differences between the sale and repurchase prices are treated as interest and accrued over the life of the reverse repo agreement using the effective interest method.

Securities lending and borrowing

Securities lending and borrowing transactions are usually collateralised by securities or cash. The transfer of the securities to counterparties is only reflected in the balance sheet if the risks and rewards of ownership are also transferred. Cash advanced or received as collateral is recorded as an asset or liability.

Securities borrowed are not recognized in the balance sheet, unless they are sold to third parties, in which case the obligation to return the securities is recorded as a trading liability and measured at fair value with any gains or losses included in "Net trading income".

Notes and coins in circulation

Notes and coins in circulation issued by the Bank are presented in the balance sheet as a liability at nominal value. Printing and production costs of notes and coins are expensed in the year when they incur.

Numismatic coins

Numismatic coins are measured at the lower of cost and net realisable value. The cost of coins is based on the first-in first-out

principle, and includes expenses incurred in acquiring the numismatic coins and bringing them to their existing location. Net realisable value is the estimated selling price less the selling expenses. Upon sale the difference between estimated net proceeds and the carrying value is recognised as a gain or loss in the current year income statement.

Property and equipment

Own assets

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses.

Where an item of property and equipment comprises major components having different useful life, they are accounted for as separate items of property and equipment.

Repairs and maintenance are charged to the income statement during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Bank. Major renovations are depreciated over the remaining useful life of the related asset.

Any gain and loss resulting from the sale of an item of property and equipment, which is the difference between the proceeds from sales and the carrying amount of that asset, is taken to income statement in the period when it is incurred.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of the individual assets. Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. Land is not depreciated. The estimated useful life are as follows:

	2009	2008	2007
Buildings	30-50 years	10-20 years	10-20 years
Networks, computer and other equipment	5–8 years	5 years	5 years
Vehicles	5 years	5 years	5 years
Others	2-10 years	5 years	5 years

Intangible assets

Intangible assets, which are acquired by the Bank, are stated at cost less accumulated amortization and impairment losses.

Amortization for 2007 and 2008 is charged to the income statement on a straight-line basis over the estimated useful life of intangible assets. The estimated useful life are as follows:

	2009	2008	2007
Computer software	-	3 to 5 years	3 to 5 years

The Bank has revised the estimated useful life of intangible assets. According to the Bank's estimations, the useful life of software used by the Bank is for an indefinite term. Intangible assets with their indefinite term of useful life shall not be amortized but shall be assessed each year for depreciation, individually or separately for the money creating unit. Intangible assets with their indefinite term of useful life shall be monitored each year to make sure these remain to be accounted within the category defined.

Costs associated with maintaining computer software programmes are recorded as an expense as incurred.

Impairment

Financial assets carried at amortized cost

Financial assets carried at amortized cost consist principally of placements with banks and other financial institutions, loans, other receivables and unquoted available-for-sale debt securities ("loans and receivables"). The Bank reviews its loans and receivables to assess impairment on a regular basis. A loan or receivable is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the loan or receivable and that event (or events) has an impact on the estimated future cash flows of the loan that can be reliably estimated.

Criteria used to determine that there is objective evidence of an impairment loss may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, breach of loan covenants or conditions.

The Bank first assesses whether objective evidence of impairment exists individually for loans and receivables that are individually significant, and individually or collectively for loans and receivables that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed loan or receivable, whether significant or not, it includes the loan in a group of loans and receivables with similar credit risk characteristics and collectively assesses them for impairment. Loans and receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on a loan or receivable has been incurred, the amount of the loss is measured as the difference between the carrying amount of the loan or receivable and the present value of estimated future cash flows including amounts recoverable from guarantees and collateral discounted at the loan or receivable's original effective interest rate. Contractual cash flows and historical loss experience adjusted on the basis of relevant observable data that reflect current economic conditions provide the basis for estimating expected cash flows.

In some cases the observable data required to estimate the amount of impairment loss on a loan or receivable may be limited or

no longer fully relevant to current circumstances. This may be the case when a borrower is in financial difficulties and there are few available historical data relating to similar borrowers. In such cases, the Bank uses its experience and judgment to estimate the amount of any impairment loss.

All impairment losses in respect of loans and receivables are recognised in the income statement and are only reversed if a subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

Financial assets carried at cost

Financial assets carried at cost include unquoted equity instruments included in available-for-sale assets that are not carried at fair value because their fair value can not be reliably measured. If there is objective evidence that such investments are impaired the impairment loss is calculated as the different between the carrying amount of the investment and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

All impairment losses in respect of these investments are recognised in the income statement and can not be reversed.

Non financial assets

Other non financial assets are assessed at each reporting date for any indications of impairment. The recoverable amount of non financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

All impairment losses in respect of non financial assets are recognised in the income statement and reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss revered is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

Pensions

The Bank does not have any pension arrangements separate from the State pension system of the Republic of Armenia, which requires current contributions by the employer calculated as a percentage of current gross salary payments; such expense is charged in the period the related salaries are earned. In addition, the Bank has no post-retirement benefits or significant other compensated benefits requiring accrual.

Provisions

A provision is recognised in the balance sheet when the Bank has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Taxation

The Bank is not subject to any taxes, with the exception of taxes, duties or customs fees collected at the border of the Republic of Armenia for imported goods.

Recognition of income and expense

Interest income and expense

Interest income and expense are recognised in the income statement as they accrue, taking into account the effective interest rate of the asset/liability or an applicable floating rate. Interest income and expense include the amortization of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Interest income on financial instruments at fair value through profit or loss is included in net gain on financial instruments at fair value through profit or loss.

Loan origination fees, loan servicing fees and other fees that are considered to be integral to the overall profitability of a loan, together with the related direct costs, are deferred and amortized to the interest income over the estimated live of the financial instrument using the effective interest rate method.

Fee and commission income

Other fee and commission income is recognised when the corresponding service is provided.

4. Interest income

AMD thousand

	2009	2008	2007
Interest income from foreign currency assets			
Term deposits	2,342,707	5,923,162	11,760,400
Held-to-maturity assets	5,346	-	367,997
Nostro accounts	101,606	168,188	308,202
Overnight	171,419	282,716	518,075
Placements with the IMF	47,485	151,503	129,291
Other	191	231,116	3,862
	2,668,754	**6,756,685**	**13,087,827**
Interest income from domestic currency assets			
Loans and reverse repurchase agreements	4,147,550	2,690,118	1,135,033
Available-for-sale assets	2,011,754	284,448	493,473
Held-to-maturity assets	12,867	-	-
Other	21,567	14,321	6,111
	6,193,738	**2,988,887**	**1,634,617**
	8,862,492	**9,745,572**	**14,722,444**

5. Interest expense

AMD thousand

	2009	2008	2007
Interest expense on foreign currency liabilities			
Loans from the IMF	1,932,096	229,313	263,926
Other borrowings	187,820	95,091	76,618
Other liabilities	40,450	102,850	81,866
	2,160,366	**427,254**	**422,410**
Interest income from domestic currency assets			
Debt securities issued	4,502	1,598,909	2,841,829
Due to the Government of the Republic of Armenia	11,085,891	6,481,144	4,039,109
Deposits and balances from financial and other institutions	174,045	76,198	53,798
Other	50,336	94,026	83,885
	11,314,774	**8,250,277**	**7,018,621**
	13,475,140	**8,677,531**	**7,441,031**

6. Net foreign exchange gain/(loss)

AMD thousand

	2009	2008	2007
Net gain/(loss) from revaluation of monetary assets and monetary liabilities	22,597,494	(6,888,743)	(54,593,071)
Net gain on spot transactions	13,978,029	238,961	1,608,802
	36,575,523	**(6,649,782)**	**(52,984,269)**

Included in the net loss from revaluation of monetary assets and liabilities is a foreign exchange revaluation gain of AMD 16,312,104 thousand on financial instruments at fair value through profit or loss (2008: 403,676 thousand net gain, 2007: AMD 36,263,583 thousand net loss).

On March 3, 2009, the Bank decided to limit intervention in to the foreign exchange market and get back to the floating exchange rate policy. This move [when the Armenian dram depreciated vis-à-vis the US dollar by 27.1 percent within a day] affected the Bank's financial standing positively for 2009, since the Bank's international reserves are held in foreign currency. After having moved to the floating exchange rate policy, the Bank's net daily gain from revaluation of dram-denominated assets and liabilities amounted to AMD 44,393,817 thousand.

7. Net gain on financial instruments at fair value through profit or loss

AMD thousand

	2009	2008	2007
Net gain on assets under trust management (excluding foreign exchange revaluation*)	912,737	3,033,279	1,334,311
Net gain on foreign securities under own management (excluding foreign exchange revaluation*)	6,882,539	16,529,192	7,173,377
Net gain on futures under own management (excluding foreign exchange revaluation*)	(2,007,673)	793,944	-
Trust management fees (excluding foreign exchange revaluation*)	(134,725)	(168,726)	(172,455)
	5,652,878	**20,187,689**	**8,335,233**

** The foreign exchange revaluation of assets is included in "Net foreign exchange gain/(loss). See Note 6.*

8. Other income

AMD thousand

	2009	2008	2007
Income from sales of numismatic coins	439,736	471,554	366,479
Other income	269,943	335,847	157,269
	709,679	**807,401**	**523,748**

9. Costs of production of banknotes, coins and numismatics

AMD thousand

	2009	2008	2007
Costs of production of banknotes and coins	989,302	1,418,725	1,173,085
Costs of production of numismatics	247,012	351,548	264,103
	1,236,314	**1,770,273**	**1,437,188**

10. General and administrative expenses

AMD thousand

	2009	2008	2007
Employee compensation, staff training and related payments	4,013,165	3,415,979	2,981,370
Security and maintenance of reserves	736,885	725,145	725,910
Depreciation and amortization	437,166	719,589	772,912
Repairs and maintenance	361,319	197,942	217,224
Professional services	181,164	120,444	141,032
Other	1,093,355	733,627	447,830
	6,823,054	**5,912,726**	**5,286,278**

11. Placements with banks and other financial institutions

AMD thousand

	2009	2008	2007
Placements with banks and other financial institutions in foreign currency			
Term deposits	34,009,997	27,605,700	159,477,087
Nostro accounts	181,157,023	47,343,603	21,695,941
Accrued interest on deposits and nostro accounts	57,280	50,246	799,643
Cash included in assets under trust management	259,484	35,259	401,371
Receivables	6,194,286	2,461,219	689,321
	221,678,070	**77,496,027**	**183,063,363**

Concentration of placements with banks and other financial institutions

As at 31 December 2009, 2008 and 2007 the Bank had placements in 3 banks, whose individual balances exceeded 10% of total placements. The gross value of these balances as of 31 December 2009, 2008 and 2007 were AMD 211,234,506 thousand, AMD 61,343,569 thousand and AMD 58,383,610 thousand, respectively.

During 2009, the Bank has placed short-term FX deposits with, and received the ones from, Armenian commercial banks (these amounts have been included in Item 'Receivables'). As of December 31, 2009, the Bank has placed deposit of USD 10 000 thousand (none, as of December 31, 2008 and December 31, 2007), and the dram-denominated deposit from that commercial bank has been included in Note 19.

12. Financial instruments at fair value through profit or loss recognised in the statement of comprehensive income

AMD thousand

	2009	2008	2007
Assets			
Debt and other fixed-income instruments - Quoted			
Foreign government securities under own management	415,401,592	265,983,889	251,676,631
Securities under trust management	43,758,444	34,852,432	66,738,148
Money market instruments under own management	-	38,937,545	-
	459,160,036	**339,773,866**	**318,414,779**
Derivative financial instruments - Quoted			
Foreign exchange futures contracts under trust management	-	67,642	257,150
Foreign exchange futures contracts under own management	74,639	138,229	-
	74,639	**205,871**	**257,150**
	459,234,675	**339,979,737**	**318,671,929**

Debt and other fixed-income instruments were, upon initial recognition, designated by the Bank as financial assets at fair value through profit or loss.

As of 31 December 2009, foreign securities under own management represent government securities of AMD 225,002,788 thousand; securities directly/indirectly backed by the State, AMD 148,010,416 thousand; securities issued by banks and financial

organizations, AMD 42,388,388 thousand (2008: government securities of AMD 135,402,950 thousand, securities directly/indirectly backed by the State, AMD 127,113,696 thousand, supranational securities, AMD 3,467,243 thousand, 2007: 251,676,631 AMD thousand represent government securities).

Securities and derivatives under trust management represent debt securities of foreign governments for the amount of AMD 26,607,627 thousand (2008: AMD 28,542,738 thousand, 2007: AMD 46,902,724 thousand) and securities of foreign financial institutions for the amount of AMD 17,150,817 thousand (2008: AMD 6,309,694 thousand, 2007: AMD 19,835,424 thousand).

Securities and derivative financial instruments under trust management represent financial instruments under discretionary asset management at foreign financial institutions. Risk exposure limits and investment guidance are set by the Bank.

Derivative financial instruments

AMD thousand

	Notional amount			Fair value					
	2009	2008	2007	2009		2008		2007	
				Asset	Liability	Asset	Liability	Asset	Liability
Foreign forwards	-	-	47,197,957	-	-	-	-	113,699	-
Foreign futures	13,901,937	4,599,015	19,524,259	-	36,588	67,642	-	143,451	-
Total	**13,901,937**	**4,599,015**	**66,722,216**	**-**	**36,588**	**67,642**	**-**	**257,150**	**-**

13. Investment securities

AMD thousand

	2009	2008	2007
Available-for-sale investments in foreign currency			
Equity investments at cost – Unquoted			
SWIFT	917	917	1,216
	917	**917**	**1,216**
Available-for-sale investments in domestic currency			
Debt and other fixed-income instruments			
Treasury securities of the Government of the Republic of Armenia	25,936,859	8,392,637	4,541,268
Bond of the Government of the Republic of Armenia	79,629,720	85,663,194	42,009,598
	105,566,579	**94,055, 831**	**46,550,866**
Equity investments at cost – Unquoted			
Investments in unconsolidated subsidiaries	15,594,923	2,951,722	2,651,722
Other equity investments	42,691	42,741	42,741
	15,637,614	**2,994,463**	**2,694,463**
Total available-for-sale investments in domestic currency	**121,204,193**	**97,050,294**	**49,245,329**
Total available-for-sale assets	**121,205,110**	**97,051,211**	**49,246,545**
Held-to-maturity investments in foreign currency			
Foreign securities under own management	25,171,087	-	-
	25,171,087	-	-
Held-to-maturity investments in domestic currency			
Discount bond	3,862,867	-	-
	3,862,867	-	-
Total held-to-maturity investments	**29,033,954**	-	-

A non-interest demand bond at par value of AMD 85,663,194 thousand was issued by the Government of the Republic of Armenia as a gratis investment in the Bank. The bond was issued according to the Republic of Armenia law on the Central Bank to cover the negative equity reserves of the Bank. According to the same law, AMD 6,033,474 thousand was directed to the redemption of the bond from the profit of 2008.

The management believes that the carrying amount of the bond approximates its fair value.

Available-for-sale investment securities of the Government of the Republic of Armenia are recorded at fair value using a valuation technique, which uses current market rates to discount future cash flows of the financial instruments.

Available-for-sale equity instruments in local currency are stated at cost, since there is no market for these investments and there have not been any recent transactions that provide evidence of the current fair value. In addition, discounted cash flow techniques yield a wide range of fair values due to uncertainty regarding future cash flows.

14. International Monetary Fund

Assets related to IMF

AMD thousand

	2009	2008	2007
Placements with the IMF in foreign currency			
SDR holdings in the IMF	47,099,672	893,764	2,920,997
Quota in IMF (subscription)	54,502,140	43,465,114	44,228,417
Accrued interest	19,512	3,596	19,265
	101,621,324	**44,362,474**	**47,168,679**

The Bank maintains an SDR-denominated current account with the IMF used for processing and settling transactions with the IMF. This current account bears interest based on the SDR interest rate, obtained weekly, as a weighted average of selected rates of three-month instruments on the money market of the four currencies which constitute the SDR basket. In 2009, the interest rate ranged from 0.82% to 0.25% (2008: 3.49% to 0.82%, 2007: 4% to 3.49% p.a.).

According to the IMF Statute, the Bank acts as a fiscal agent of the Republic of Armenia and simultaneously behaves as a depositary of the IMF in the Republic of Armenia. As such, the Bank keeps records of the quota of the Republic of Armenia for membership with the IMF and the promissory note related to the membership of the Republic of Armenia in the IMF. The positions are as follows:

The quota of the Republic of Armenia for membership with the IMF amounts to SDR 92,000,000 as of 31 December 2009 (2008: SDR 92,000,000, 2007: SDR 92,000,000).

Liabilities to IMF in domestic currency

AMD thousand

	2009	2008	2007
Securities account	140,663,079	45,638,426	49,859,245
Adjustment account for AMD liabilities to the IMF	8,523,264	(2,370,231)	(5,827,924)
Account 1	23,367,610	196,796	196,796
Account 2	2,630	2,360	2,576
	172,556,583	**43,467,351**	**44,230,693**

The IMF's Account 1 is used to carry out operations with the IMF, including the payment of membership fee, purchase and repurchase of assets, carrying of Stand-by loan, repayment of loans, as well as the sale of national currency of the Republic of Armenia.

The IMF's Account 2 is used to reflect the IMF's administrative expenditures and entries in national currency of the Republic of Armenia and within the territory of the Republic of Armenia.

As of 31 December 2009, loans of AMD 140,6 billion (31 December 2008: 45.6 billion, AMD 31 December 2007: AMD 49.8 billion) disbursed from the IMF are backed by the Government of the Republic of Armenia through an issuance of securities for these loans.

Liabilities to IMF in SDR

AMD thousand

	2009	2008	2007
Credit	42,837,498	41,336,740	48,037,108
SDR allocation	52,125,764	-	-
Interest accrued	300,265	566	2,633
	95,263,527	**41,337,306**	**48,039,741**

The Poverty Reduction and Growth Facility was disbursed in SDR from the IMF to the Republic of Armenia for a period of 15 years, with 0.5 % interest rate per annum.

In the reported periods the Bank had no violation of non-payment of principal and interest, or any other violations whatsoever.

As of 31 December 2009, 2008 and 2007, the carrying amounts of claims and liabilities to the IMF approximated their fair values.

15. Loans and reverse repurchase agreements

AMD thousand

	2009	2008	2007
Loans to resident banks under arrangement with the KFW and World banks	25,619,315	19,900,451	14,408,075
Loans on subordinated terms	13,467,606	-	-
Amounts receivable under reverse repurchase agreements	30,782,396	60,724,350	10,188,285
Other loans	865,822	330,286	4,335
	70,735,139	**80,955,087**	**24,600,695**

Loans to resident banks under the agreement with the KFW and World banks are provided to 17 domestic banks and 2 financial institutions and bear interest at rates from 5.5% to 8% p.a.

In consideration of Armenia's banking sector reliability and long-term stability, the Bank has provided loans on subordinated terms to 3 banks for 7.5 percent interest rate p.a. and 5 years of maturity, aimed to build sufficient capacity in the system to absorb potential crisis-derived risks.

The Bank accepted securities on reverse repurchase agreements as collateral for commercial loans, which are permitted to sell or repledge. As of 31 December 2009 amounts receivable under reverse repurchase agreements are with 14 resident banks (2008: 18 banks, 2007: 7 banks) and are collateralised by the following securities.

AMD thousand

	2009 Fair value	2008 Fair value	2007 Fair value
The Government of the Republic of Armenia treasury bills	30,495,653	59,148,266	9,380,526
Central Bank of Armenia bills	-	1,172,228	-
Other securities	-	406,153	-
	30,495,653	**60,726,647**	**9,380,526**

16. Property and equipment

AMD thousand

	Land and buildings	Networks, computer and other equipment	Vehicles	Other	Total
Cost					
Balance as at 1 January 2007	6,660,200	3,324,410	255,561	1,904,245	12,144,416
Additions	1,360,851	384,673	21,876	35,238	1,802,638
Disposals	-	(199,195)	(38,399)	(81,210)	(318,804)
Balance as at 31 December 2007	8,021,051	3,509,888	239,038	1,858,273	13,628,250
Additions	2,478,934	330,730	77,271	57,385	2,944,320
Disposals	-	(146,209)	(13,634)	(34,030)	(193,873)
Balance as at 31 December 2008	10,499,985	3,694,409	302,675	1,881,628	16,378,697
Additions	3,996,009	1,440,939	51,589	357,854	5,846,391
Disposals	(19,586)	(115,881)	(41,018)	(228,687)	(405,172)
Balance as at 31 December 2009	14,476,408	5,019,467	313,246	2,010,795	21,819,916
Depreciation					
Balance as at 1 January 2007	1,282,122	2,313,678	150,158	1,337,342	5,083,300
Depreciation charge	233,099	332,602	32,077	125,369	723,147
Disposals	-	(195,385)	(31,481)	(76,638)	(303,504)
Balance as at 31 December 2007	1,515,221	2,450,895	150,754	1,386,073	5,502,943
Depreciation charge	208,833	353,012	34,372	89,580	685,797
Disposals	-	(143,998)	(12,953)	(31,808)	(188,759)
Balance as at 31 December 2008	1,724,054	2,659,909	172,173	1,443,845	5,999,981
Depreciation charge	47,926	234,390	39,516	115,334	437,166
Disposals	-	(114,020)	(38,967)	(227,031)	(380,018)
Balance as at 31 December 2009	1,771,980	2,780,279	172,222	1,332,148	6,057,129
Carrying amount					
As at 31 December 2007	6,505,830	1,058,993	88,284	472,200	8,125,307
As at 31 December 2008	8,775,931	1,034,500	130,502	437,783	10,378,716
As at 31 December 2009	12,704,428	2,239,188	140,524	678,647	15,762,787

Had the Bank not revised useful life of fixed assets, the depreciation costs would have been as follows:

	Revised	Non-revised
Land and buildings	47,926	215,251
Networks, computer and other equipment	234,390	737,461
Vehicles	40,223	40,223
Other	114,627	361,867
Total	**437,166**	**1,354,802**

17. Intangible assets

AMD thousand

	Computer software
Cost	
Balance as at 1 January 2007	245,223
Additions	41,988
Balance as at 31 December 2007	287,211
Additions	226,941
Disposals	(51,952)
Balance as at 31 December 2008	462,200
Additions	172,085
Disposals	(1,063)
Balance as at 31 December 2009	633,222
Amortization	
Balance as at 1 January 2007	174,739
Additions	49,765
Balance as at 31 December 2007	224,504
Additions	33,792
Disposals	(51,923)
Balance as at 31 December 2008	206,373
Additions	-
Disposals	(1,058)
Balance as at 31 December 2009	205,315
Carrying amount	
As at 31 December 2007.	62,707
As at 31 December 2008	255,827
As at 31 December 2009	427,907

Had the Bank not revised useful life of intangible assets, the amortization costs would have been as follows:

	Revised	Non-revised
Intangible assets	-	183,990

Intangible assets have been valued individually for depreciation, and no features of depreciation have been identified.

18. Other assets

AMD thousand

	2009	2008	2007
Numismatic coins	735,712	548,321	323,853
Receivables	1,538,413	602,828	390,939
Other	177,200	172,794	168,716
	2,451,325	**1,323,943**	**883,508**

19. Deposits and balances from financial and other institutions

AMD thousand

	2009	2008	2007
Foreign currency liabilities			
Vostro accounts and deposits of domestic banks	148,673,237	65,913,621	38,421,297
Term deposit of Deposit Insurance fund	39,699	1,542,305	1,581,315
Current accounts of other legal entities	1,903,238	21,481	37,887
Cash collateral received	-	2,310,652	-
	150,616,174	**69,788,059**	**40,040,499**
Domestic currency liabilities			
Vostro accounts and deposits of domestic banks	47,978,778	40,096,518	37,923,499
Term deposit and current accounts of Deposit Insurance Fund	7,996	19,331	9,855
Current accounts of other legal entities	1,460,677	217,862	454,023
Other liabilities	3,756,770	-	-
	53,204,221	**40,333,711**	**38,387,377**

Concentration of deposits and balances from banks

As at 31 December 2009, 2008 and 2007 the Bank had received placements from 1, 1 and 3 domestic banks respectively, whose individual balances exceeded 10% of total deposits and balances from financial and other institutions. The gross value of these balances as of 31 December 2009, 2008 and 2007 were AMD 27,452,156 thousand, AMD 9,370,514 thousand and AMD 27,104,758 thousand, respectively.

During 2009, the Bank has placed short-term deposits in different currency with, and received the ones from, Armenian commercial banks (these amounts have been included in Item 'Other liabilities'). As of December 31, 2009, the Bank has received deposit of AMD 3,751,400 thousand (none, as of December 31, 2008 and December 31, 2007), and the US dollar-denominated deposit placed with that commercial bank has been included in Note 11.

20. Other borrowed funds

AMD thousand

	2009	2008	2007
Loans from KFW and World banks	28,266,861	12,440,126	10,274,542
Accrued interest	42,536	309	314
	28,309,397	**12,440,435**	**10,274,856**

The loans are provided under an intergovernmental agreement on financial cooperation between the Government of the Republic of Armenia and the Federal Republic of Germany to finance special loan programs placed through domestic banks (Note 15). The loans mature from 2009 through 2048, and bear interest of 0.75% p.a. for the used part of the loan, and 0.25% for the unused part of the loan. The repayment of loans to KFW is guaranteed by the Government of the Republic of Armenia.

The loans are provided by World Bank for financing small and medium enterprises through domestic banks (Note 15). The loans mature from 2009 through 2035, and bear interest of 0.94%-1.67%.

As of the reporting periods the Bank has not had any defaults of principal, interest or other breaches with respect to its liabilities during the period (2008 and 2007: nil).

21. Other liabilities

AMD thousand

	2009	2008	2007
Demand deposits of employees	428,266	696,579	828,284
Other	425,036	547,878	261,762
	853,302	**1,244,457**	**1,090,046**

22. Due to the Government of the Republic of Armenia

AMD thousand

	2009	2008	2007
Foreign currency liabilities			
Balances of the Government of the Republic of Armenia	1,225,249	955,699	688,013
Payables	103,939	75,251	-
	1,329,188	**1,030,950**	**688,013**
Domestic currency liabilities			
Balances of the Government of the Republic of Armenia	46,143,142	103,962,779	93,622,987
Deposits	131,051,654	-	-
	177,194,796	**103,962,779**	**93,622,987**

23. Equity

Issued capital

The issued capital of the Bank is owned by the Republic of Armenia and cannot be pledged, sold or otherwise disposed.

Additional paid-in capital

Additional paid-in capital represents a contribution made by the Government of the Republic of Armenia in the form of a bond (Note 13).

General reserve

The general reserve is formed according to law on the Central Bank of the Republic of Armenia and cannot be distributed.

24. Commitments

Capital commitments

The capital commitments outstanding as at 31 December 2009 related to the construction of the Bank's premises is AMD 4,543,029 thousand (2008: AMD 7,866,167 thousand, 2007: AMD 659,503 thousand).

Litigation

The Bank management is unaware of any significant actual, pending or threatened claims against the Bank.

Guarantees

As at 31 December 2009 the Bank has given guarantees in the amount of AMD 658,000 thousand issued from 1994 to 1995 on behalf of construction companies and relates to earthquake zone construction. Guarantees represent irrevocable assurance that the Bank will make payments in the event that a customer cannot meet its obligations to third parties and carry credit risk.

25. Related party transactions

Transactions with members the key management

Total remuneration is included in employee compensation (Note 10).

AMD thousand

	2009	2008	2007
Key management including the Bank's board members	196,427	172,130	147,505

The outstanding balances and average effective interest rates as at 31 December 2009 with members of the key management are as follows:

	2009 *(AMD thousand)*	Average effective Interest Rate	2008 *(AMD thousand)*	Average effective Interest Rate	2007 *(AMD thousand)*	Average effective Interest Rate
Balance Sheet						
Assets						
Loans	76,776	3-5%	40,558	5%	-	-
Deposits	42,858	13.5%	60,868	12%	244,647	12%
Receivables on business trip	2,956	0.00%	-	-	-	-
Salary payable	2,102	0.00%	14,409	-	4,053	-

Amounts included in the statement of comprehensive income in relation to transactions with the key management are as follows:

AMD thousand

	2009	2008	2007
Statement of comprehensive income			
Interest expense	2,042	9,965	23,619
Interest income	2,900	1,341	-

Transactions with subsidiaries

Amounts included in the statement of comprehensive income in relation to transactions with subsidiaries are as follows:

AMD thousand

	2009	2008	2007
Statement of comprehensive income			
General administrative expenses	601,552	602,750	610,255

Transactions with the Government of the Republic of Armenia

The outstanding balances and average effective interest rates as at 31 December 2009 with government are as follows:

	2009 *(AMD thousand)*	Average effective Interest Rate	2008 *(AMD thousand)*	Average effective Interest Rate	2007 *(AMD thousand)*	Average effective Interest Rate
Balance Sheet						
Assets						
The Government of Republic of Armenia treasury securities (Note 13)	25,936,859	8.6%	8,392,637	5%	4,541,268	4.34%
The Government of Republic of Armenia bond issued to the Bank as additional paid-in capital (Note 13)	79,629,720	-	85,663,194	-	42,009,598	-
Liabilities						
Due to the Government of the Republic of Armenia (local currency)	177,194,797	9%	103,896,694	7.5%	93,622,987	5%
Due to the Government of the Republic of Armenia (other currency)	1,329,188	-	1,030,950	-	688,013	-

Amounts included in the statement of comprehensive income in relation to transactions with government are as follows:

AMD thousand

	2009	2008	2007
Statement of comprehensive income			
Interest income from treasury securities of the Government of Republic of Armenia	2,011,754	284,448	245,069
Interest income from bond issued by the Government of Republic of Armenia to the Bank as additional paid in capital	-	-	248,405
Net gain/(loss) on spot transactions	(499,005)	195,582	273,166
Interest paid on other amounts due to the Government of the Republic of Armenia	(11,085,891)	(6,481,143)	(4,039,109)

Balances of the deposits of the Government of the Republic of Armenia

AMD thousand

	2009	2008	2007
Balance as at 1 January 2009	-	-	-
Additions	471,312,429	426,481,143	453,027,358
Maturity	(340,260,775)	(426,481,143)	(453,027,358)
Balance as at 31 December 2009	131,051,654	-	-

26. Cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is composed of the following items:

AMD thousand

	2009	2008	2007
Cash	7,776,292	15,441,978	72,430
Nostro accounts (Note 11)	181,157,023	47,343,603	21,695,942
SDR holdings in IMF (Note 14)	47,099,672	893,764	2,920,997
	236,032,987	**63,679,345**	**24,689,369**

27. Fair value of financial instruments

The Bank estimates the fair value of financial assets and liabilities not to be materially different from their carrying values. The estimated fair values of its financial assets and liabilities, except for available-for-sale assets held in unquoted equity securities, is calculated using discounted cash flow techniques based on estimated future cash flows and discount rates for a similar instruments at the balance sheet date.

As disclosed in Note 13 the fair value of unquoted equity securities with a carrying value of AMD 15,637,614 thousand (2008: AMD 2,994,463 thousand, 2007: AMD 2,694,463 thousand) could not be determined.

Held-to-maturity foreign securities under own management as at December 31, 2009, represent government securities of other countries, amounting to AMD 25,171,087 thousand; these are listed securities, and as at December 31, 2009, their fair value has amounted to AMD 25,171,160 thousand.

The estimates of fair value are intended to approximate the amount for which a financial instrument could be exchanged between knowledgeable, willing parties in an arm's length transaction. However given the uncertainties and the use of subjective judgment, the fair

value should not be interpreted as being realisable in an immediate sale of the assets or settlement of liabilities.

Fair value hierarchy

Financial assets and liabilities measured at fair value in the statement of financial standing are presented according to the fair value hierarchy. The hierarchy divides the financial assets and liabilities into three levels based on the materiality of instruments used when measuring their fair value. The fair value hierarchy has the following there levels:

Level 1: price determination on active markets for the same assets and liabilities (non-adjusted);

Level 2: baseline data, other than price determination specified in Level 1, which are considered for the asset and liability directly (i.e. as prices) and indirectly (i.e. available based on prices);

Level 3: baseline data on the asset or liability, which are not based on market data in consideration (non-considered baseline data).

AMD thousand

	2009			
	Level 1	Level 2	Level 3	Total
Financial assets				
Listed securities and bonds	459,160,036	-	-	-
Unlisted securities and bonds	-	25,936,860	-	-
Derivative financial assets	74,639	-	-	-
Total	459,234,675	25,936,860	-	-
Financial liabilities				
Financial liabilities at fair value through profit or loss	36,588	-	-	-
Total	36,588	-	-	-
Net fair value	459,198,087	25,936,860	-	-

28. Risk management

Institutional Framework

International reserves of the Republic of Armenia are Central Bank claims on non-residents in freely convertible foreign currencies. The reserves are reflected in the Balance Sheet of the Central Bank of Armenia (CBA). The CBA manages the reserves in accordance with the principles laid down in article 52 of the Republic of Armenia Law on the Central Bank, by investing the reserves within the investment framework set by the Board of the CBA.

The reserves can be used to finance external payments/trade imbalances, to regulate indirectly the impact of such imbalances on the exchange rate, and to ensure the international obligations of Armenia are duly performed. The CBA uses reserves to provide foreign exchange services to the Government and state agencies of Armenia, e.g. foreign currency conversions or external debt servicing.

Starting from 2007 the CBA has established new reserve management framework in compliance with the best international practices. Strategic and tactical decision-making were separated and segregation of responsibilities for the decision-making at the levels of the Board, Investment Committee and reserve management dealers (Foreign Markets Operations unit of Financial Department of the Bank) was adopted. In other words, the Bank adopted a three level decision-making system, whereby the Bank's Board sets the Strategic Asset Allocation framework for the reserves management for a long-term horizon (3 years), whereas the Investment Committee of the Bank was given executive power on short-term tactical benchmarks. Portfolio managers, in turn, have been delegated with competence to decide on current management issues within the framework of tactical benchmarks and active risk tolerance.

Administration and Control

According to the Bank's structure, Financial Department is responsible for Armenia's international reserves management. Foreign Markets Operations unit of Financial Department is in charge of operations related day-to-day management of reserves. International Risk Management unit is responsible for risks assessment, development of strategic asset allocation and benchmarking, compliance monitoring, performance evaluation and reporting.

Investment Committee normally meets once a month to discuss issues related to reserves management. The Committee includes heads of structural units involved in the entire process of reserves management, as well as the Bank's Chairman and Deputy Chairman. Formerly, the Committee was totally a consultative body but, after the introduction of the three level system for management, it has been granted executive power. Financial Department reports on the performance of reserves management to Investment Committee on a quarterly basis and to the Bank's Board on a semiannual basis. Each quarter the Bank presents information on condition and composition of international reserves to the Government and the National Assembly, and makes that information publicly available.

Reserve management process is under the control of the Bank's Audit Group, which reports directly to the Board. The reserves management function is audited once a year by an internationally recognised audit firm.

Asset Allocation and Risk Management

According to the principles set forth in article 52 of the Republic of Armenia Law on the Central Bank, Armenia's international reserves are managed in compliance with the principle of profit maximization while ensuring proper liquidity and security of reserves. For this purpose, Financial Department develops drafts of strategic asset allocation and tactical benchmarks subject to approval by the Banks' Board and Investment Committee, respectively. The investment benchmarks include all limits and rules governing the investment

process as well as the structure of assets consistent with the reserves management principles set by the Board.

Credit risk management

Reserve management process entails credit risk exposure, defined as default on obligations by an issuer of the securities or counterparty. The CBA evaluates the counterparty creditworthiness based on the credit ratings assigned by leading internationally recognised credit rating agencies.

The Bank sets minimum rating requirement for securities issued by governments, government agencies, other government authorities, and supranational organizations. These ratings can not be lower than AA- (S&P)/Aa3 (Moody's) for long-term issues and A1+ (S&P)/P1 (Moody's) for short-term issues.

To monitor the credit risk the Bank uses an in-house model, which allows assessing the issuer default probability based on stock prices and balance sheet data. It belongs to the class of structural models, providing an economically meaningful explanation of default based on the asset-liability structure and financial leverage. The model is based on the barrier option price equation which is one of components of implied rating issued by FITCH. Ratings and model results are used to build a matrix of investment limits for each rating group, maturity, individual counterparties, and asset classes. The matrix is the main tool for the credit risk management.

Maximum credit risk without guaranty or other credit security

The table below presents the worst scenario of the Bank's exposure to credit risk, as at 31 December 2009, 31 December 2008 and 31 December 2007, without consideration of security. For balance sheet assets, credit risks have been based on net carrying value.

AMD thousand

	Note	Gross maximum risk, as of 31 December 2009	Gross maximum risk, as of 31 December 2008	Gross maximum risk, as of 31 December 2007
Placements with banks and other financial institutions	11	221,678,070	77,496,027	183,063,363
Financial instruments fair value through profit or loss recognised in the statement of comprehensive income	12	459,234,675	339,979,737	318,671,929
Loans and reverse repurchase agreements	15	70,735,139	80,955,087	24,600,695
Available-for-sale assets	13	121,205,110	97,051,211	49,246,545
Held-to-maturity investments	13	29,033,954	-	-
International Monetary Fund	14	101,621,324	44,362,474	47,168,679
Credit risk, total		**1,003,508,272**	**639,844,536**	**622,751,211**

Where financial instruments are recorded at fair value, the amounts above presented will denote the current risk but not the maximum one, which may arise in future as a result of changes in fair value.

Liquidity risk

Liquidity risk management: as a fiscal agent of the Government and the monetary authority of the Republic of Armenia, the Bank is responsible for public debt service, the Government's foreign payments service and for smoothing out sharp fluctuations in national currency in the domestic market. From this perspective proper cash and liquidity management is crucial.

Based on the reserves management objectives and in consideration of factors entailing liquidity needs by term structure, Armenia's international reserves have been divided into three tranches – working capital, liquidity and investment tranches. While the first two are designed to meet short-term/instant and mid-term liquidity requirements, the purpose of investment tranche is the accumulation of wealth.

Depending on the designation of portfolio/tranche the policy varies in terms of benchmarks and the choice between active or passive management.

Below we present the distribution of the Bank's non-discounted financial liabilities, as at December 31, 2009, in accordance with the period spanning from the balance sheet date to the expiration date specified in contracts.

AMD thousand

	2009						
	Demand or less than 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	No maturity	Total
Financial liabilities							
Notes and coins in circulation	-	-	-	-	-	320,669,631	320,669,631
Deposits and balances from financial and other institutions	198,160,386	3,793,770	1,908,238	-	-	-	203,862,394
Due to the Government of the Republic of Armenia	72,568,670	-	110,955,766	-	-	-	183,524,436
Due to IMF	106,651,903	-	8,846,564	149,538,921	3,411,701	-	268,449,089
Other borrowings	-	-	236,077	1,811,255	31,219,870	-	33,267,202
Total non-discounted financial liabilities	377,380,959	3,793,770	121,946,645	151,350,176	34,631,571	320,669,631	1,009,772,752

Market risk

Market risk is defined as possible loss of the value of the assets due to adverse exchange rate and interest rate fluctuations.

The *currency composition* of reserves is defined for each liquidity tranche, aiming to hedge the factors underlying the creation of each

tranche. Armenia's foreign public debt is the major reason for holding reserves and is the main foreign currency demand driving factor. As a result, the currency composition of the reserves mainly mirrors the currency composition of debt. Currency composition for short term liquidity tranche is affected by the composition of the flows generated from foreign trade as well as possible intervention needs and current payments. The currency composition is subject to revision at least semi-annually.

As to *interest rate risk*, within the three level management structure the Board defines the overall *risk tolerance,* which is the acceptable level of interest rate risk in the long run. It also outlines portfolio optimization principles. The risk tolerance is defined as a minimum acceptable return over certain period of time (now 3 years) with 95 percent confidence level. The authority to set tactical benchmarks is delegated to Investment Committee.

The purpose of tactical benchmarks is to maximize return in a shorter period (1 year). In contrast to strategic decisions, benchmarks take into account current market trends and forecasts. The methods of modeling were improved significantly. Optimal portfolios are constructed based on scenario analysis using VAR-MGARCH model simulated yield curves as well as internal and market consensus expectations on interest rates and credit spreads. For optimal portfolio selection Markowitz Model with certain limitations is used.

For risk monitoring, Risk Management unit of the Financial Department uses a number of widely used risk measures like Key Rate Duration, Information Ratio, Spread Duration, PCA Duration, and Tracking Error.

The following table shows the currencies which can affect the Bank's non-commercial dram-denominated assets and liabilities and projected flows thereon, as of December 31, 2009. The analysis measures the impact of possible foreign currency fluctuations vis-à-vis the Armenian dram (provided that other variables remain constant) on the statement of financial results, determined by the change in fair value of non-commercial dram-denominated assets and liabilities sensitive to the foreign currency. In the table, the negative value denotes net potential decrease while the positive value denotes net potential increase, in the statement of financial results or in equity.

AMD thousand

Currency	Change in currency rate in %	2009		2008		2007	
		Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
USD	+20%	69,619,854	69,619,854	53,215,814	53,215,814	67,504,965	67,504,965
USD	-20%	(69,619,854)	(69,619,854)	(53,215,814)	(53,215,814)	(67,504,965)	(67,504,965)

The following table demonstrates the sensitivity of the Bank's equity, which is calculated by revaluating fixed rate available-for-sale financial assets as at 31 December 2009 for the effects of the assumed changes in interest rates. The sensitivity of equity is analysed by maturity of the asset. The sensitivity of equity is based on the assumption that there are parallel shifts in the yield curve.

AMD thousand

Currency	Change in basis points	2009		2008		2007	
		Up to 1 year	More than 1 year	Up to 1 year	More than 1 year	Up to 1 year	More than 1 year
AMD	+25	(7,385)	(167,873)	(731)	(122,603)	(998)	(40,720)
AMD	-25	5,120	171,489	680	135,811	1,002	38,429

The table demonstrates the sensitivity to profit of the Bank, which is calculated by revaluating financial instruments at fair value through profit and loss as at 31 December 2009, based on the assumption of changing interest rates.

Currency	Change, basis points	2009	2008	2007
		Effect on profit before tax	Effect on profit before tax	Effect on profit before tax
Foreign currency	+25	(893,533)	(1,156,372)	(795,535)
Foreign currency	-25	893,533	1,156,372	795,535

29. Average effective interest rate

The table below displays the Bank's interest bearing assets and liabilities as at 31 December 2009 and their corresponding average effective interest rates as at that date. These interest rates are an approximation of the yields to maturity of these assets and liabilities.

	Value *(AMD thousand)*	2009 Average Effective Interest Rate	Value *(AMD thousand)*	2008 Average Effective Interest Rate	Value *(AMD thousand)*	2007 Average Effective Interest Rate
INTEREST BEARING ASSETS						
Placements with banks and other financial institutions						
Nostro accounts						
- USD	143,848,833	0.08%	27,352,214	1.5%	13,424,795	4.8%
- EUR	36,195,576	0.56%	16,513,701	3.6%	7,569,134	3.7%
- GBP	1,249,523	0.11%	5,625,615	4.5%	648,998	4.5%
- Other currencies	127,318	0.00%	112,412	0.0%	64,387	0.0%
- AMD	-	-	-	0.0%	-	0.0%
Deposits and other balances in foreign banks						
- USD	34,062,534	7.3%	27,634,158	7.3%	97,659,737	5.35%
- EUR	-	-	-	-	17,710,922	3.96%
- GBP	-	-	-	-	38,291,120	6.4%
- Other currencies	-	-	-	-	7,694,270	6.5%
Other balances						
- USD	5,921,977	4.95%	257,927	0.82%	-	-
- EUR	272,309	0.0%	-	-	-	-
	221,678,070		**77,496,027**		**183,063,363**	
Financial instruments at fair value through profit or loss						
Foreign government securities under own management						
- USD	241,852,660	1.6%	203,544,052	3.0%	193,527,472	4.2%
- EUR	173,548,932	2.5%	62,439,837	3.9%	58,149,159	3.63%
Assets under trust management						
- USD	43,758,444	2.5%	34,920,073	2.5%	41,733,403	4.3%
- GBR	-	-	-	-	2,302,101	5.12%
- EUR	-	-	-	-	9,973,218	3.86%
- JPY	-	-	-	-	9,879,332	0.47%
- Other currencies	-	-	-	-	3,107,244	5.1%
Contracts under own management						
- USD	22,589	0.00%	138,229	0.00%	-	-
- EUR	52,050	0.00%	-	-	-	-
Money market instruments						
- USD	-	-	19,114,009	1.5%	-	-
- EUR	-	-	5,580,250	3.0%	-	-
- GBP	-	-	14,243,287	2.3%	-	-
	459,234,675		**339,979,737**		**318,671,929**	

Loans and reverse repurchase agreements						
- AMD	**70,735,139**	7.7%	**80,955,087**	7.5%	**24,600,695**	6.5%
Available-for-sale assets						
- AMD	79,629,720	0.00%	85,663,194	0.0%	42,009,598	0.0%
- AMD	25,936,859	8.6%	8,392,637	5%	4,541,268	4,.7%
- AMD (Equity investments)	15,637,614	0.00%	2,994,463	0.00%	2,694,463	0.00%
- USD						
- GBP	-	-	-	-		
- EUR (Equity investments)	917	0.0%	917	0.00%	1,216	0.0%
Held-to-maturity investments						
- AMD	3,862,867	5.8%	-	-	-	-
- GBP	25,171,087	0.40%	-	-	-	-
	150,239,064		**97,051,211**		**49,246,545**	
Placements with the IMF						
- SDR (SDR holdings)	101,621,324	0.37%	44,362,474	2.5%	47,168,679	4%
INTEREST BEARING LIABILITIES						
Deposits and balances from financial and other institutions						
Deposits of domestic banks						
- AMD	-	-	-	-	-	-
Current accounts of domestic banks						
- AMD	40,449,703	0.00%	38,518,764	0.0%	37,445,015	0.0%
- Other currencies	148,673,237	0.00%	65,913,621	0.0%	38,421,297	0.0%
Other term deposits						
- EUR	1,903,238	1.3%	1,542,305	5%	1,581,315	4.6%
- AMD	7,995	-	19,331	-	-	-
Other accounts						
- AMD	8,989,753	0.00%	1,795,616	0.0%	942,363	0.0%
- Other currencies	39,699	0.00%	2,332,133	0.0%	37,886	0.0%
Swap amounts						
- AMD	3,756,770	4.75%	-	-	-	-
	203,820,395		**110,121,770**		**78,427,876**	
Due to the Government of the Republic of Armenia						
- AMD	177,194,796	8.5%	103,962,779	7.5%	93,622,987	5%
- USD	1,329,188	0.00%	1,030,950	0.0%	688,013	0.0%
	178,523,984		**104,993,729**		**94,311,000**	
Liabilities to IMF						
-SDR	95,263,527	0.40%	41,337,306	0.50%	48,039,741	0.50%
-AMD	172,556,583	0.00%	43,467,351	0.0%	44,230,693	0.0%
	267,820,110		**84,804,657**		**92,270,434**	
Other borrowed funds						
- EUR	**28,309,397**	0.60%	**12,440,435**	0.75%	10,274,856	0.75%
Debt securities issued						
- AMD	-	-	**1,437,498**	7.0%	48,958,097	6.5%
Other liabilities						
Demand deposits						
- AMD	428,266	13.5%	696,579	12%	828,284	12%
Other liabilities						
- AMD	425,036	0.00%	547,878	0.0%	261,762	0.0%
- Other currencies	206,504	0.00%	121,614	0.0%	65,106	0.0%
	1,059,806		**1,366,071**		**1,155,152**	

30. Maturity analysis

The following table shows banking assets and liabilities by remaining contractual maturity dates as at 31 December 2009. As most financial instruments of the Bank have fixed rates, the contract maturities show the dates on which the contract interest rate has been revised.

AMD thousand

	Less than 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years	No maturity	Total
Assets							
Cash	7,776,292	-	-	-	-	-	7,776,292
Placements with banks and financial institutions	185,252,674	17,530,953	18,894,443	-	-	-	221,678,070
Financial instruments at fair value through profit or loss	-	15,745,118	141,628,068	297,695,334	4,166,155	-	459,234,675
Loans and reverse repurchase agreements	29,305,477	2,002,940	4,539,269	31,679,656	3,207,797	-	70,735,139
Available-for-sale assets	338,532	1,274,769	86,286,970	8,391,912	9,274,396	15,638,531	121,205,110
Held-to-maturity investments	-	25,171,089	267,625	852,779	2,742,461	-	29,033,954
Placements with the IMF	47,119,184	-	-	-	54,502,140	-	101,621,324
Other assets	3,118,281	-	-	-	-	-	3,118,281
Total assets	**272,910,440**	**61,724,869**	**251,616,375**	**338,619,681**	**73,892,949**	**15,638,531**	**1,014,402,845**
Liabilities							
Notes and coins in circulation	-	-	-	-	-	320,669,631	320,669,631
Deposits and balances from financial and other institutions	198,160,386	3,756,770	1,903,239	-	-	-	203,820,395
Financial instruments at fair value through profit or loss	-	36,588	-	-	-	-	36,588
Due to the Government of the Republic of Armenia	72,510,819	-	106,013,165	-	-	-	178,523,984
Debt securities issued	-	-	-	-	-	-	-
Liabilities to IMF	106,651,903	-	8,648,705	149,127,336	3,392,166	-	267,820,110
Other borrowed funds	-	-	42,536	679,743	27,587,118	-	28,309,397
Other liabilities	1,059,806	-	-	-	-	-	1,059,806
Total liabilities	**378,382,914**	**3,793,358**	**116,607,645**	**149,807,079**	**30,979,284**	**320,669,631**	**1,000,239,911**
Net position as at 31 December 2009	**(105,472,474)**	**57,931,511**	**135,008,730**	**188,812,602**	**42,913,665**	**(305,031,100)**	**14,162,934**
Net position as at 31 December 2008	**(83,779,143)**	**14,359,181**	**119,407,214**	**255,400,088**	**33,141,577**	**(341,507,851)**	**(2,978,933)**
Net position as at 31 December 2007	**(114,193,734)**	**49,838,838**	**70,576,726**	**294,003,064**	**(4,388,518)**	**(347,577,985)**	**(51,741,609)**

31. Currency analysis

The following table shows the currency structure of assets and liabilities as at 31 December 2009.

	AMD	USD	EUR	GBP
Assets				
Cash	-	7,744,411	31,791	16
Placements with banks and financial institutions	-	180,054,445	36,467,884	1,249,523
Financial instruments at fair value through profit or loss	-	285,633,692	173,600,983	-
Loans and other claims	70,735,139	-	-	-
Available-for-sale investments	121,204,193	-	917	-
Held-to-maturity investments	3,862,867	-	-	25,171,087
Placements with the IMF	-	-	-	-
Property and equipment	15,762,787	-	-	-
Intangible assets	427,907	-	-	-
Other assets	2,451,325	5,171	661,785	-
Total assets	**214,444,218**	**473,437,719**	**210,763,360**	**26,420,626**
Liabilities				
Notes and coins in circulation	320,669,631	-	-	-
Deposits and balances from banks and other financial institutions	53,204,221	118,098,268	32,517,876	28
Financial instruments at fair value through profit or loss	-	36,588	-	-
Due to the Government of the Republic of Armenia	177,194,796	1,300,086	29,064	-
Debt securities issued	-	-	-	-
Liabilities to IMF	172,556,583	-	-	-
Other borrowed funds	-	9,536,632	18,772,765	-
Other liabilities	853,302	154,987	51,517	-
Total liabilities	**724,478,533**	**129,126,561**	**51,371,222**	**28**
Net on balance sheet position as at 31 December 2009	**(510,034,315)**	**344,311,158**	**159,392,138**	**26,420,598**
Net on balance sheet position as at 31 December 2008	**(344,985,160)**	**266,186,244**	**63,542,421**	**19,868,892**
Net on balance sheet position as at 31 December 2007	**(449,414,626)**	**338,133,847**	**66,118,037**	**39,003,394**

AMD thousand

JPY	SDR	RUR	Other	Total
-	-	-	74	7,776,292
2,489	-	32,759	3,870,970	221,678,070
-	-	-	-	459,234,675
-	-	-	-	70,735,139
-	-	-	-	121,205,110
-	-	-	-	29,033,954
-	101,621,324	-	-	101,621,324
-	-	-	-	15,762,787
-	-	-	-	427,907
-	-	-	-	3,118,281
2,489	**101,621,324**	**32,759**	**3,871,044**	**1,030,593,539**
-	-	-	-	320,669,631
-	-	2	-	203,820,395
-	-	-	-	36,588
	-	29	9	178,523,984
-	-	-	-	-
-	95,263,527	-	-	267,820,110
-	-	-	-	28,309,397
-	-	-	-	1,059,806
-	**95,263,527**	**31**	**9**	**1,000,239,911**
2,489	**6,357,797**	**32,728**	**3,871,035**	**30,353,628**
59	**3,025,168**	**31,685**	**(13,699)**	**7,655,610**
(364,688)	**(45,101,755)**	**7,722,957**	**349,239**	**(43,553,595)**

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