CENTRAL BANK OF
THE REPUBLIC OF ARMENIA

THE FINANCIAL SYSTEM OF ARMENIA

2007 DEVELOPMENT SUPERVISION REGULATION

2008

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INTRODUCTION

In 2007, positive developments continued in the financial system of Armenia. Bank assets accounted for about 92% of total financial system assets.

The strong macroeconomic performance of recent years was sustained in 2007, positively influencing the banking system. Bank lending to all the sectors of the economy grew, despite lending seasonality patterns of recent years. As in 2006, mortgage lending grew faster (125%) than other types of lending in 2007. Consumer lending grew the fastest in terms of volume, facilitated by a 17.4% increase in net disposable household income in 2007.

The real GDP grew by 13.7% in 2007 driven mainly by construction (contributing 4.5 percentage points to the growth). Although construction growth was mainly due to higher volumes of privately-financed construction, rather than bank lending (only 5% of bank lending was directed to construction sector), the real growth of construction output amounted to 27%, while bank lending to construction grew by 91%.

During 2007, the level of financial intermediation in the economy grew: the ratio of banking system assets to GDP grew by 4.6 percentage points to 24.4%, while the bank lending to GDP ratio grew by 4.4 percentage points to 13.0%. Although the level of financial intermediation still remains low in Armenia, sustainable economic growth and higher household income provide a strong foundation for Armenia's financial system to expand.

Below are some of the main trends of the banking system in 2007:

- Lending to the economy grew at an unprecedented rate of 78%.
- Net foreign assets (NFA) declined by AMD 87 billion to reach -76 billion: that much amount of financing from non-residents (mainly foreign banks) was mostly lent to the domestic economy. Prior to 2007, NFA of the Armenian banking system was always positive.
- Further dramization: the shares of dram assets and liabilities grew by 6.1 and 7.7 percentage points to reach 63.0% of total assets and 51.7% of total liabilities, respectively (before 2007, foreign currency liabilities outweighed dram liabilities in the structure of total liabilities).

On the overall background of a sharp increase in lending, the quality of assets did not deteriorate: "Standard" assets were 97.6% of total at yearend 2007 (unchanged from yearend 2006), while net provisioning during 2007 accounted for only 0.6% of total assets (compared to 0.4% at yearend 2006).

The "cleansing" of the insurance market from "unhealthy" companies continued in 2007: the licenses of six more insurance companies were revoked. Nevertheless, total assets of insurance companies grew by 1.3% relative to 2006, while their profits increased by 113.3%, and the number of contracts by 39.5%.

The significant event in capital markets was the acquisition of 100 percent of the shares of the Armenian Stock Exchange and Armenian Central Depository by the famous Swedish stock exchange operator "OMX AB publ.". The groundwork for the acquisition had been laid by the new Law on the

Securities Market, under which the Armenian Stock Exchange and Central Depository were reorganized into open joint-stock companies, i.e. they were reorganized from non-for-profit organizations into profit companies. Moreover, six companies issued bonds during 2007, and one company even made an initial public offering (IPO) of shares. Thus, the expectations of capital market development became more realistic in 2007.

FINANCIAL SYSTEM SUPERVISION AND REGULATION

Functions and Objectives of Units Performing and Supporting Financial Supervision

A key function of the Central Bank is to secure conditions necessary for financial system stability, liquidity, solvency, and the uninterrupted operation of the payment and settlement system. The main units of the Central Bank performing and supporting financial supervision are the Financial Supervision Department, the Financial System Policy and Analysis Department, the Statistics Department, and the Legal Department. In 2007, the Central Bank of Armenia made a transition from institution-specific supervision of the financial system (i.e. banks, insurance companies, securities market specialized entities, and others) to a new model of functional regulation and supervision (clearly distinguishing prudential, market conduct, and financial system consumer protection regulatory/supervision functions).

Direct supervision is carried out by the Financial Supervision Department, the main objectives of which are:

- To supervise the activities of banks, foreign bank branches, credit organizations, insurance companies, branches of foreign insurance companies, securities market specialized entities, pawnshops, and other entities licensed by the Central Bank and operating in Armenia;
- To supervise the activities of banks, insurance companies, and credit organizations undergoing liquidation process (self-liquidation);
- To protect the rights and lawful interests of investors in the Republic of Armenia securities market and entities using investment services;
- By means of discovering, evaluating, and preventing risks in the system, to ensure the operation of a credible securities pricing system, a settlement system for securities transactions, and a system to register and file ownership rights over securities; and
- To ensure the transparency of operations of securities market specialized participants and securities issuers.

The Legal Department and the Financial System Policy and Analysis Department draft legislative and sub-legislative reforms through which they support the financial supervision process in methodological, analytical, and legal terms. The Statistics Department collects and processes information received from entities licensed by the Central Bank.

The main goal of the Financial System Policy and Analysis Department is to identify systemic risks and obstacles to the stability and development of Armenia's banking system, and to research and propose solutions.

The main objectives of the Financial System Policy and Analysis Department are:

- To improve and/or develop and implement an effective supervision methodology to mitigate risks in the financial system;

- To monitor the development trends of Armenia's financial system and to diagnose and evaluate existing and potential risks and obstacles for financial stability;
- To improve and/or develop an adequate regulatory framework and a structured methodological basis for mitigating bank (as well as non-bank financial organizations) risks and ensuring their sound operation;
- To improve and/or develop institutional elements (relations, tools, methods, models, and approaches) favorable for deepening financial intermediation and developing the financial system in accordance with the standards accepted by the international banking community (as well as non-bank financial organizations); and
- To follow trends, developments, and new financial technologies in world financial markets, and to develop appropriate recommendations on their possible implementation in Armenia's financial system.

The main objectives of the Legal Department are:

- To ensure the conformity of normative and individual legal acts adopted by the Central Bank with the provisions of the Republic of Armenia legislation;
- To ensure the conformity of the Central Bank's transactions and operations with the requirements of the Republic of Armenia legislation;
- To defend the Central Bank's interests in courts of Armenia or other states;
- To organize and implement the licensing of banks, foreign bank branches, credit organizations, insurance companies, branches of foreign insurance companies, securities market specialized entities, pawnshops, and other entities licensed by the Central Bank and operating in Armenia, as well as the registration (recording) of their territorial subdivisions;
- To facilitate the creation and improvement of Central Bank legislation regulating banking, foreign exchange markets, insurance, and the securities market, as well as other laws and legal acts related to the Central Bank's activities, to coordinate normative legal acts adopted by the Central Bank, and to develop recommendations on how to regulate them; and
- To provide legal support for the Central Bank's international relations.

The main objectives of the Statistics Department are:

- To collect, process economic information, and perform statistical analysis (smoothing, classification, projection, calculation of indices etc.);
- To ensure the credibility of economic statistics on matters pertaining to its authority;
- To present collected and processed information to the general public through statistical and other publications of the Central Bank;
- To support and regulate information sharing between the Central Bank's subdivisions and other organizations outside the Central Bank (including international organizations and foreign states);
- To conduct statistical surveys on specific matters (if needed, also regularly); and
- To ensure that the information provided by lenders to the Credit Registry is accurately entered, processed and provided to users, and to develop Credit Registry.

Based on their main objectives, the aforementioned departments perform the functions stipulated by their respective charters.

The heads of the Financial Supervision Department, the Financial System Policy and Analysis Department, and the Legal Department are members of the Central Bank Licensing and Supervision Committee, which is an advisory body to the Central Bank Chairman or Board and is entitled to make decisions on issues pertaining to its authority.

Licensing and Supervision Committee

The Licensing and Supervision Committee acts through sessions convened upon necessity, but no less than once a week. The Licensing and Supervision Committee discusses:

- ✓ Matters related to the granting of preliminary approval to create financial organizations and the registration and licensing of such organizations;
- ✓ Matters related to the registration of financial organization branches and representations;
- ✓ Matters related to the registration of amendments to the by-laws of financial organizations;
- ✓ Matters related to the qualification and professional conformity of financial organization managers (with the exception of heads of structural subdivisions);
- ✓ Matters related to the registration of a declaration to register securities of reporting issuers;
- ✓ Violations by entities registered, licensed, or supervised by the Central Bank, as well as their explanations and objections, if any, and the appropriateness of applying or not applying sanctions in relation to them;
- ✓ Plans of on-site inspections to be performed in financial organizations;
- ✓ Other matters over which the Central Bank has legal authority in accordance with other legal acts.

A session of the Committee has legal power to act, if more than half of the Committee members are present. All members of the Committee sign the session minutes. The session minutes are prepared within four days of the session day. The session opinion is delivered on the basis of the result of an open vote through a two-thirds majority vote of the Committee members present in the session.

The Licensing and Supervision Committee members are the Central Bank Chairman (Chairman of the Committee), the Deputy Chairman of the Central Bank (Deputy Chairman of the Committee), the head of the Financial Supervision Department, the head of the Financial System Policy and Analysis Department, and the head of the Legal Department. The Committee Chairman or, in his absence, the Deputy Chairman of the Committee chairs sessions of the Committee.

The Central Bank Board

The Central Bank Board is the highest governance body of the Central Bank. The Board adopts normative and individual decisions, while the Central Bank Chairman adopts individual and internal legal acts (decisions and instructions).

The Board is comprised of the Central Bank Chairman, his deputy, and five members. Each Board member is responsible for the performance of duties in specific areas of the Central Bank's activities assigned to him/her. The Central Bank Board also has the authority to:[1]

- Issue and revoke or annul banking and other licenses, and approve the procedure of licensing banks and other entities;
- Declare a bank, credit organization, or insurance company insolvent, and institute bankruptcy proceedings against them in accordance with the procedure stipulated by law;
- Approve prudential requirements for banking activities and the procedure of their calculation;
- Give preliminary consent to or reject the acquisition of a significant participation in a bank's statutory fund;
- Define the minimum requirements of internal control in banks and insurance companies; and
- Approve reporting forms submitted to the Central Bank by banks and other entities licensed and supervised by the Central Bank.

Sessions of the Central Bank Board shall be convened upon necessity at the request of the Central Bank Chairman, Deputy Chairman, or at least three Board members, but, in any case, no less than once a month. The Central Bank Board shall be authorized to take decisions, if at least five members of the Board are present at the session, including the Central Bank Chairman or his Deputy.

Licensing of Financial Organizations

Licensing of Banks and Credit Organizations

Banks and credit organizations are licensed on the basis of the Central Bank-approved Regulation 1 ("Registration and Licensing of Banks and Branches of Foreign Banks; Registration of Branches and Representations; Qualification and Registration of Management of Banks and Branches of Foreign Banks") and Regulation 13 ("Registration and Licensing of Credit Organizations; Recording of Branches and Representations; Consenting to the Acquisition of Significant Participation in the Statutory Fund; the Qualification of Managers; the By-Laws of Credit Organizations; and Requirements on the Place of Activities and Technical Adequacy of Credit Organizations").

Bank licensing is a three-stage process.

During the first stage, preliminary consent to licensing is obtained by means of the initiators submitting to the Central Bank a request, the draft By-Laws and three-year business plan of the bank being created, and information about persons acquiring a significant participation in the statutory fund of the bank being created.

The Central Bank Board approves a request by the founders of a financial organization, if:

- ✓ Its founders do not have bad character and are not subject to criminal prosecution;
- ✓ Investments made in its capital have a lawful origin;
- ✓ Its executive body and managers comply with the professional qualification requirements set by the Central Bank;
- ✓ Its business plan is feasible and in conformity with the Central Bank-approved form;

[1] *Republic of Armenia Law on the Central Bank of the Republic of Armenia.*

- ✓ The presented founding documents are credible and do not contain false information; and
- ✓ Etc.

The second stage is the registration by the Central Bank of the bank or the foreign bank branch. During this stage, it is required to submit to the Central Bank a registration application, the by-laws of the bank being created, a list of managers and a statement about their activities, and other documents specified by the Central Bank. The Central Bank decides to register the bank, if all the required documents have been submitted and reflect credible information, and if the financial status or character of the bank's significant participants will not negatively affect the bank's financial status or obstruct effective supervision by the Central Bank.

The third stage is the obtainment of a license, for which a bank may apply within a year of receiving the Central Bank's preliminary consent. The Central Bank shall award a license to a registered bank, if a number of conditions have been met, including, among others, payment of the minimum amount of the bank's total capital, the creation of technical conditions and facilities for the bank's activities in accordance with the established criteria, the qualification of the bank's managers in accordance with specified requirements, and the like.

The licensing and registration of credit organizations is performed in one stage. To obtain a license, the founders of the credit organization being created submit to the Central Bank a registration and licensing application, the by-laws of the credit organization, a statement about the activities of managers, information about entities having a significant participation in the statutory fund (in the form and procedure specified by the Central Bank), and the rules and regulations of the credit organization.

The Central Bank licenses and registers the credit organization within a one-month period, if the statutory fund has been paid in full, the premises of the credit organization correspond to the established technical adequacy requirements, the qualification of managers meets the established criteria, and the significant participants of the credit organizations have obtained the Central Bank's consent.

Licensing of Securities Market Specialized Entities

Securities market specialized entities are licensed on the basis of the Republic of Armenia Law on the Securities Market Regulation and Section 17 of the Securities Market Regulatory Code. These documents generally stipulate the following procedure: after registration with the state registry of legal entities, specialized entities apply to the Central Bank for licensing; the licensing is performed in one phase in a month period. The following two packages of documents are submitted to the Central Bank for purposes of licensing:

a) Detailed information about owners holding more than a 5% share in the specialized entity's capital, managers, consultants, and employees (brokers and dealers) of the specialized entity; and
b) Capital and financial indicators of the specialized entity and financing and revenue targets that should essentially enable the Central Bank to assess whether the specialized entity's present financial status complies with the Central Bank's requirements.

In 2008, the securities market participants' licensing framework reforms will be carried out on the basis of new regulations, which were drafted and will be approved by the Central Bank Board in 2008. A "one stop shop" licensing and registration procedure will be implemented.

The professional conformity of candidates for appointed or elected management positions in organizations licensed by the Central Bank is checked by the Licensing and Supervision Committee of the Central Bank. Every year, the qualification criteria are updated and modernized. Regulation 4/05 ("Qualification of Entities Providing Investment Services, the Operator, Managers of the Central Depository, and Natural Persons Providing Investment Services; Professional Conformity Criteria and List of Topics for Professional Qualification Testing") was drafted for securities market participants in 2007 and will be approved by the Central Bank Board in 2008.

Licensing of Insurance Companies and Intermediaries

Insurance companies and intermediaries are licensed in accordance with Regulation 3/01[2] approved by the Central Bank Board in 2007. To the extent possible, the licensing procedure has been harmonized with the licensing procedures of other financial organizations (banks and credit organizations) and the European standards of licensing.

A "one stop shop" principle has been implemented for insurance companies: their registration and licensing is now carried out by one entity, the Central Bank. The licensing and registration procedure is implemented in one stage, which lasts a month.

The new licensing procedure assesses the conformity and intentions of the owners and managers of the entity being licensed. Three main categories of information are required for licensing:

a) Information about owners in order to check their compliance with requirements of the legislation from a standpoint of not interrupting the normal functioning of the company (proper qualification, character, and conduct);
b) Information about managers in order to check their compliance with the requirements of the legislation from a standpoint of properly managing the company (proper qualification, character, and conduct); and
c) Business plan in order to assess the feasibility of the owners' intentions.

Licensing of Other Financial Organizations by the Central Bank

The Central Bank also licenses other financial organizations: the details of their licensing procedures are stipulated in:

- ✓ "Procedure of Licensing Pawnshop Activities in the Republic of Armenia";
- ✓ Regulation 10: "Regulation and Licensing of Foreign Currency Purchase and Sale Operations";

[2] *Regulation 3/01: "Licensing of Insurance and Insurance Brokerage Activities; Recording of Insurance Agents, Registration of Foreign Insurance Company Branches and Representations in the Republic of Armenia, Procedure of Consenting to the Acquisition of Significant Participation in the Statutory Fund of an Insurance Company, the Insurance Company Business Plan Form, Presentation Procedure, and Deadlines, the Qualification of Insurance and Insurance Brokerage Companies Managers and Officials, Professional Conformity and Qualification Criteria on Insurance Companies' Managers and Insurance Brokers' Officials, the Professional Conformity Testing and Qualification Procedure, and the List of Topics for Professional Qualification Testing of Insurance Companies Managers and Insurance Brokers' Officials".*

- ✓ Regulation 12: "Regulation and Licensing of Foreign Currency Dealer Purchase and Sale Operations";
- ✓ Regulation 16: "Licensing of Money Transfer Organizations, Registration of Branches and Representations, Regulation of Activities, and Qualification of Managers";
- ✓ Regulation 17: "Licensing of Organizations Processing and Clearing Payment Instruments and Settlement Documents, Registration of Branches and Representations, and Qualification of Managers";
- ✓ Regulation 18: "Granting Permission to Create and Operate Armenian Payment and Settlement Systems";
- ✓ Regulation 19: "Granting Permission to Participate in Foreign Payment and Settlement Systems"; and
- ✓ Regulation 11: "Licensing, Regulation, and Supervision of the Organization of Foreign Currency Trading in the Republic of Armenia Territory."

Supervision of Financial Organizations

The supervision authority of the Central Bank carries out risk supervision with a view to identifying inadmissible levels of risks in financial organizations and implementing measures to prevent them.

Off-site supervision of financial organizations licensed by the Central Bank and on-site inspections of entities are carried out by the Financial Supervision Department (in certain cases, with the support of other subdivisions of the Central Bank).

The Central Bank has adopted the goal of transition to the Basle II Accord and, from January 1, 2008, the new regulatory framework on banking sector will become effective, which is essentially based on the principles and logic of the aforementioned Accord. It will enable banks to manage their risks in a more flexible and effective manner.

Off-site supervision is carried out on the basis of information obtained from financial organizations. The main purpose of off-site supervision is to perform weekly, monthly, quarterly, and annual analyses of the banks' financial condition in order to identify and assess risks for preventing and/or mitigating possible losses of banks. The off-site supervision of each financial organization is carried out by specific supervisors specialized in the supervision process of that organization. This enables the supervisor to develop more complete understanding of the financial organization's activities, its peculiarities, and risks.

Off-site supervision of banks is carried out in accordance with the rules of the Off-Site Supervision Manual, which defines the principles, methods, processes, components, and deadlines of off-site supervision, as well as the scope of entities subject to off-site supervision and their rights and responsibilities.

For purposes of off-site supervision, in accordance with the requirements of law and Regulation 3 ("Bank Statements, Reporting, and Publishing"), entities subject to off-site supervision submit reporting forms to the Central Bank Statistics Department before set deadlines, which must contain the required information. After a review, the reporting forms are conveyed to the Financial Supervision Department and the Financial System Policy and Analysis Department. To improve the efficiency of

supervision and analysis activities, these departments also use information received from the Credit Registry, earlier reports submitted to the Central Bank, notes received during the current and previous periods, notifications, long-term development plans, published financial reports, audit opinions annexed thereto, the results of audits in supervised entities (banks), and information obtained in other ways.

Based on the analysis of information obtained from banks, internal briefs are compiled for each bank, describing major changes in the bank's performance indicators, the main trends in its performance, an assessment of the bank's current financial situation and outlook, the issues faced by the bank, and risk areas. Off-site supervision reveals not only changes in a bank's financial performance indicators, such as deviations from the regulatory requirements set by the Central Bank, but also their causes and changes, based on which an appropriate action plan to manage identified risks is devised.

The main purpose of monthly off-site supervision is to assess and analyze the bank's activities and actual current financial status during the month, including the bank's ability to function in accordance with the Central Bank's requirements and the CAMELS assessment based on the analysis of the bank's risks. The analysis of information in the context of monthly supervision must have a clear regulatory focus, i.e. the supervisor must develop and recommend ways of addressing the significant problems identified, mitigating their impact, or preventing their re-emergence. If CAMELS assessments deviate sharply in comparison with a previous period, the supervisor conducts a thorough analysis to discover the reasons.[3]

The main purpose of quarterly off-site supervision is to assess and analyze the bank's current financial situation and outlook, as well as risks. Quarterly off-site supervision must focus on assessing the bank's ability to operate sustainably, including an assessment and analysis of the bank's activities, changes in the bank's financial situation, risks typical of the bank, and financial stability. In the frameworks of quarterly off-site supervision, the supervisor must assess and analyze risks, including the credit risk, liquidity risk, interest rate risk, foreign exchange risk, price risk, operational risk, and reputation risk.

Off-site supervision encompasses the analysis of a bank's credit, foreign exchange, interest rate, price, and liquidity risks using the credit risk migration matrix, VAR, duration, and GAP methodologies, as well as stress tests.

If risks are identified in the analyses, the supervisor recommends, as needed, a list of supervision measures to ensure the bank's solvency, financial stability, and long-term sustainability of operations. Problems identified in off-site supervision may serve as a basis for on-site inspections or may be included in the comprehensive inspection plans.

The off-site supervision of credit organizations, pawnshops, and foreign exchange offices is carried out in accordance with the logic of the off-site supervision of banks. Their off-site supervision is implemented on the basis of reports submitted by them to the Central Bank.

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[3] The CAMELS assessment varies on a scale of 1 to 5, where a score below 3 serves as a ground for the Central Bank to reject a bank's request to open a territorial subdivision, to apply more stringent prudential requirements or sanctions, or to limit the performance of certain transactions. A bank scoring 2 points or less is considered insolvent.

Off-site supervision of insurance companies and insurance brokerage companies is performed in accordance with the "Manual on Off-Site Supervision of Insurance Companies and Insurance Brokerage Companies".

Reports submitted to the Central Bank by insurance companies undergo the same off-site supervision and analysis process as banks. However, the analysis scope and instruments for off-site supervision of insurance companies remain very limited.

Off-site and on-site supervision of securities market participants (professional participants, as well as Armenian Central Depository and Armenian Stock Exchange) is performed in accordance with the Guidelines for Inspections and Off-Site Supervision Procedure of Securities Market Professional Participants, Self-Regulating Organizations, and Issuers. Off-site supervision is based on reports submitted by securities market participants (the forms and submission deadlines of reports required of securities market specialized entities are stipulated by the "Securities Market Regulatory Code"). Securities market participants present current and financial reports.

In general terms, off-site supervision is the continuous analysis of the performance of financial organizations, including their financial status, level of risks, and compliance with laws and other legal acts regulating their activities.

To supervise compliance with rules of market conduct, special attention is paid to the information published by banks, credit organizations, and insurance companies. Their websites and reports published in newspapers are regularly studied.

In order to conduct a more thorough review of risks identified during off-site supervision and their causes, on-site inspections of organizations are carried out. On-site inspections are also carried out on the basis of the banks' and other financial organizations' inspection timetable approved by an instruction of the Central Bank Chairman.

The Central Bank conducts on-site inspections of banks and foreign bank branches operating in Armenia in accordance with the Bank Inspection Manual. When supervising different areas of a bank's activities, supervisors assess the applicability of the bank's internal control system, processes, internal policies regulating the respective areas, and procedures. They assess the bank's internal control system and the effectiveness of internal audit to determine whether the bank's employees are complying with the principles set by the bank's management. Special attention is paid to analyzing the bank's management system and identifying the related risks, including, in particular, the separation of rights and responsibility between the bank's board and executive management.

There is a particular focus on identifying the areas of the bank's activities, which are the most vulnerable and sensitive to risks. Those areas must be supervised rigorously.

On-site supervision covers the following main areas:

- **Asset quality**

  The purpose is to identify the structure of the bank's assets with a focus on assessing loan portfolio quality and level of management. Lending activities must be carried out in accordance with policies and procedures approved by the bank, and exceptions from them must be properly justified and documented.

- **Liabilities and equity**

  The purpose is to identify the structure of the bank's liabilities, especially deposits, concentrations, and the conformity of the funding process with the bank's policies and

procedures. The adequacy of the bank's capital with its financial situation, risks, and volumes of operations is assessed.

- **Profitability**

  The analysis of incomes and expenses allows the supervisor to form an opinion of the bank's financial situation and the results of its operations, as well as to determine the credibility of data reflected in the bank's income and expense accounts.

- **Liquidity**

  The supervisor checks whether the bank has a plan to meet extraordinary liquidity needs, which may become necessary in case of income deterioration, higher non-performing assets, deposit concentration, unforeseen opportunities to expand operations, and other events.

- **Management**

  The supervisor assesses the quality of the bank's corporate governance, the duties and responsibility of the bank's executive managers, and the risk management system. The purpose is to discover to what extent the bank's corporate governance mechanism works to the benefit of shareholders and other stakeholders. As a priority, the management structure and processes are assessed. The risk management system assessment discovers the bank's strategy for risk identification, measurement, assessment, monitoring, and management.

- **Other spheres**

  Market risk management, bank-related parties, computer and information systems, legal issues, off-balance sheet operations, internal audit and internal control, checking the credibility of reports submitted to the Central Bank, fighting against money laundering and terrorism financing, payment system risks, and electronic transfer of funds.

- **Overall assessment of the bank**

  As a result of the overall assessment of the bank, the supervisor develops understanding of the bank's current financial situation and outlook, considering such factors as the bank's internal control system, the existence and quality of internal policies and procedures, violations of Armenian laws and/or other legal acts, the quality of the bank's management and etc.

Based on the inspection results, a report on the bank's audit is compiled, reflecting the areas inspected, the scope of the inspection, the issues and risks identified in the bank, the bank's financial situation, the bank's performance against the prudential requirements, the CAMELS assessment of the bank, the conclusions of the inspection, and appropriate recommendations.

On-site inspections of insurance companies and insurance brokerage companies are carried out in accordance with the "Manual for On-site Inspections of Insurance Companies and Insurance Brokerage Companies Operating in Armenia." On-site inspections cover the following main areas: underwriting, asset quality, capital and return, management, reinsurance, sales of insurance products, others spheres (protection of reinsurers' interests, compliance with market conduct rules, computer and information systems, legal issues, and credibility of reports submitted to the Central Bank). When supervising different areas of the activities of insurance companies, supervisors assess the insurance company's internal control system, processes, and the application of internal policies, procedures,

and regulations on such areas. There is also an assessment of the insurance company's internal control system.

On-site supervision of securities market participants is carried out in accordance with the "Guidelines for Inspections and Off-Site Supervision Procedure of Securities Market Specialized Entities." The activities of specialized entities are supervised in the following areas: the compliance of the specialized entity's specialized activities in the frameworks of the license with laws and other legal acts, the credibility of data reflected in reports and other information submitted by the specialized entity (regardless of the medium), analysis of the specialized entity's financial situation, progress and performance towards implementing instructions and recommendations given to the specialized entity by the Central Bank, and on-site inspection of the compliance of the specialized entity's other activities (besides specialized activities in the securities market) with the requirements of laws and other legal acts.

On-site inspections of pawnshops and exchange offices are carried out in order to check the compliance of their activities.

The inspection plan is approved by the Central Bank's Licensing and Supervision Committee. Upon completing each inspection, the inspection group prepares a report and submits it to the Central Bank Board.

CHANGES IN THE FINANCIAL SYSTEM REGULATORY FRAMEWORK

During 2007, the Central Bank of Armenia continued improving the legislative and sub-legislative framework regulating the financial system of the Republic of Armenia.

In 2007, the National Assembly of the Republic of Armenia adopted the following legislation initiated by the Central Bank:

1. The following amendments were made to a number of laws regulating the banking sector:
   1.1. The definition of "large exposure" has been changed to include any exposure in excess of AMD 20 million. The purpose of this amendment is to define a reasonable threshold above which information about large irresponsible borrowers is published. Previously, the threshold was a factor of the bank's equity: the higher the equity, the higher the threshold, which meant that no information was published on a considerable number of large borrowers.
   1.2. If the Central Bank or a commercial bank publishes the decisions about violations by the bank and/or its manager and the sanctions applied, it is no longer considered banking secrecy. Publishing information about violations and sanctions ensures the Central Bank's accountability before the market participants in terms of the integrity of sanctions, on the one hand, and creates precedent, on the other.
   1.3. Bodies conducting criminal prosecution may now obtain, via court procedure, information containing banking secrecy about a criminal suspect on the basis of a court decision in earlier stages of criminal proceedings (for instance, in the stage of the initial inquest).
   1.4. Banks are now required to keep confidential the fact that banking secrecy information about customers has been provided to bodies conducting criminal prosecution. This amendment was due to the requirements of international legal documents (FATF).

2. Law on Insurance and Insurance Activities of the Republic of Armenia was adopted. This law was developed on the basis of the EU directives and is fundamentally different from the previous Law on Insurance. Under the new Law:

- Specific requirements on corporate governance and risk management of insurance companies are established; the prudential requirements are harmonized with the EU directives; transparency requirements were established; and the participation in the capital of insurance companies is regulated;
- Insurance activity is classified into types and classes. The classification increases flexibility of the Central Bank in policy making regarding licensing, prudential requirements, other requirements on company activities, and the process of supervision;
- Scope of activities permitted under a license are harmonized with the EU requirements: under the new Law, licenses are granted for each separate class of insurance, and the same insurance company is prohibited from providing both life and non-life insurance;

- The procedure of exiting from the market is regulated by defining separate statuses to insolvency, bankruptcy, and liquidation and establishing a priority order of repaying liabilities;
- Operation of foreign insurance companies in Armenia, directly or indirectly, as well as direct or indirect operation of Armenian insurance companies abroad are regulated; and
- The regulation of insurance intermediation was harmonized with the EU directives.

3. On October 11, 2007, the Republic of Armenia Law on the Securities Market was adopted, which provides for more flexible and efficient regulation of the securities market. Unlike the Republic of Armenia Law on the Regulation of the Securities Market, the new Law is based on a European model and was drafted in accordance with EU legislation. The new Law regulates companies that chose to go into the public market for securities, which means that the scope of regulation does not include companies that do not publicly solicit funds and do not publicly trade securities. The new Law promotes investment banking by enabling commercial banks and credit organizations to provide investment services in the securities market without an additional license. The provision of investment services by banks will allow calling banks operating in Armenia "universal banks." The securities market infrastructure institutions (the Stock Exchange and the Central Depository), which were non-for-profit organizations under the Law on the Regulation of the Securities Market, are required under the new Law to be for-profit organizations. This will allow them to raise more capital and shareholders and to become a competitive business. In addition to the aforementioned main amendments, the new Law provides that securities market regulation and supervision will be performed in the frameworks of a unified policy of regulation and supervision of the financial market and institutions.

4. The legislation has been amended to provide that the Central Bank publishes, rather than defines, the average exchange rate formed in foreign exchange markets. This provision reinforces the fact that the exchange rate is formed in the market, rather than defined by state bodies.

During 2007, the Central Bank developed and submitted to the Government of the Republic of Armenia the following draft laws:

1. Draft Law on Amending the Republic of Armenia Law Guarantee of Reimbursement of Bank Deposits of Natural Persons and Draft Law on Amending the Republic of Armenia Law on the Bankruptcy of Banks, Credit Organizations and Insurance Companies. These amendments are intended to clarify the existing legislation and to harmonize the laws with certain requirements of the EU legislation. The drafts provide that, if the cash balance of an account is less than AMD 1,000, it is not guaranteed. They prescribe the obligation to create an electronic database on bank-guaranteed deposits and depositors, and clarify some of the articles related to the deposit reimbursement process. Under the proposed amendments, the Deposit Guarantee Fund will be required to reimburse approved claims of depositors within three months of submitting the claim. The Fund will also be required to reclassify its expenses. The drafts contemplate guaranteeing deposits in foreign bank branches created in the territory of the Republic of Armenia.

2. The Central Bank has drafted amendments to the Republic of Armenia Law on Credit Organizations and a new Law on Granting Banking Licenses to Credit Organizations. These drafts are intended:

2.1. To allow credit organizations to change the nature of their activities and to receive a banking license, or to change their type, by stipulating appropriate procedures and mechanisms for doing so; and

2.2. To allow credit organizations to raise debt by means of selling bonds to natural persons: this amendment will allow credit organizations to attract financing from the public at large in order to considerably increase the volumes of their lending. This amendment will also contribute to the diversification of credit organizations' assets and liabilities. Moreover, a larger portfolio of bonds placed among natural persons will activate the securities market in Armenia. There are plans to have tighter supervision of credit organizations that raise debt from natural persons.

3. At yearend 2007, the Central Bank submitted to the Government of the Republic of Armenia a package of draft laws aimed at the protection of consumer rights in the financial system. The package includes draft Laws on the Attraction of Bank Deposits, on Consumer Lending, and on the Financial System Mediator.

3.1. The adoption of the Republic of Armenia Law on the Attraction of Bank Deposits is aimed at the protection of consumer rights in the financial system and defining consistent rules on the attraction of funds from natural persons by banks. The law prescribes requirements on the advertisement of bank deposits and accounts, as well as the information that consumers may have access to before placing a bank deposit or opening a bank account, including information about the interest rate, their capitalization and payment frequency, the minimum account balance, tariffs, and penalties. The law also regulates the communication between the bank and the depositor, including the procedure and frequency of issuing account statements.

3.2. The adoption of the Republic of Armenia Law on Consumer Lending is aimed at the protection of consumer rights in the financial system, defining consistent rules of lending, and increasing financial intermediation. The law prescribes the list of information that consumers may access when entering into a consumer lending agreement. Consumers must be informed of all lending-related costs, including interest, service fees, and all other required payments. This law enables consumers to find out the annual percentage rate (APR). The annual percentage rate reflects the sum of all lending-related interests and payments, and is calculated using a special formula. Indicating the APR will minimize cases of consumer deception, enable consumers to make a balanced and justified choice, and contribute to the improvement of a competitive environment. The Law on Consumer Lending prescribes additional rights of consumers, such as the right to early repayment of a loan. This law is also important, because it allows consumers to terminate a lending agreement unilaterally without any justification in the period specified by law. Thus, the Law enables consumers to make a decision on the appropriateness of borrowing not only

before, but also after entering into the agreement. The law prescribes requirements on the advertisement of loans, including the requirement to indicate the annual percentage rate. Under the law, entities selling goods or providing services may obtain a consumer lending license and make their own loans to consumers, which will increase competition in the financial system.

3.3. The adoption of the Republic of Armenia Law on the Financial System Mediator is aimed at the protection of consumer rights and interests in the financial system and the speedy, effective, and free-of-charge review of their claims. The Financial System Mediator will review complaints of individual customers against financial organizations in the amount of up to AMD 10 million. The Mediator will not charge customers any fee for the review of complaints. The Financial System Mediator shall resolve the dispute in the shortest possible time, which in any event may not exceed two months. The Mediator's decision shall be binding for the sides, only if the customer agrees to the decision. The Financial System Mediator's office shall be financed by all the financial organizations through payments stipulated by law.

4. In December 2007, the Central Bank submitted to the Government of the Republic of Armenia a package of laws regulating the issuance of mortgage securities and the securitization of assets, including the Republic of Armenia Law on Covered Mortgage Bonds and the Republic of Armenia Law on the Securitization of Assets and Asset-Backed Securities. They will help banks and other financial organizations to attract more long-term financing, which in turn will prolong mortgage loan terms and lower their cost. Besides, the securitization legislation will promote the development of the securities market, especially by means of making new instruments available in the securities market. They can be particularly attractive for pension funds, which will be created as a result of the pension reform.

4.1. Under the draft Law on Covered Mortgage Bonds, covered mortgage bonds may be issued by banks and credit organizations on the basis of the mortgage loan portfolio. In other words, a bank or credit organization may use its mortgage loans as security (collateral) for the issuance of mortgage bonds.

The draft prescribes clear criteria on assets that may serve as cover for mortgage bonds.

It also provides additional safeguards to protect the interests of mortgage bond holders: for instance, the amount of mortgage bond collateral must be greater than the liabilities under such bonds.

The draft contemplates the creation of a mortgage bond collateral register: in the event of the issuer's bankruptcy or insolvency, assets registered in the mortgage bond collateral register shall be segregated from other assets of the issuer and excluded from the bankruptcy or insolvency estate. In the event of bankruptcy, a mortgage administrator shall be appointed, who shall be primarily responsible for administering the assets serving as collateral for covered mortgage bonds and satisfying the claims of investors in covered mortgage bonds.

4.2. Under the draft Law on the Securitization of Assets and Asset-Backed Securities, the issuer of asset-backed securities is a separate intermediary (a special purpose vehicle) dealing only with the securitization of assets. It acquires from financial organizations loans and

other cash-generating assets and issues asset-backed securities on their basis. In this case, the bank or other financial organization sells its loans and other financial assets to the Securitization Fund and uses the proceeds of the sale to make new loans and acquire new financial assets.

The ongoing activities of the Securitization Fund are managed by the Fund Administrator, which shall be a commercial organization.

5. At the end of December 2007, the Central Bank submitted to the Government of the Republic of Armenia a draft Law on the Circulation of Credit Information and the Activities of Credit Bureaus, as well as related draft amendments to other laws.

The draft contemplates the creation of a new institution, which will be aimed at:

a. Increasing the volume of financial intermediation and lending in the financial market of Armenia;
b. Creating additional mechanisms for the protection of consumer rights in the financial market;
c. Creating mechanisms for credit risk assessment by financial organizations and protecting lenders' rights;
d. Implementing and developing a scoring system in the Republic of Armenia; and
e. Enabling consumers to obtain larger loans by means of building a credit history.

The draft was elaborated on the basis of the international best practices and examined by foreign experts engaged by the USAID.

In terms of the protection of consumer rights, the draft prescribes:

a. Consumer access to services of the credit bureau, including the free-of-charge provision by the credit bureau to the individual of a credit report once a year and the free-of-charge provision of credit reports that may have negative consequences for the individual (for instance, a bank may refuse to make a loan, if the individual has poor credit history);
b. Detailed regulation of the procedures of correcting, challenging, and amending credit information, giving the individual the right to find out about all the information on him and to correct erroneous information if mistakes are discovered;
c. Transparency of credit bureau activities (mandatory requirement for each credit bureau to have a website with up-to-date information about services, the dispute resolution procedure, and the generation of credit reports); and
d. Licensing and supervision of credit bureau activities, with specific requirements on credit bureau activities and supervision of such activities with a view to protecting consumer rights.

During 2007, a number of amendments were made to legal acts adopted by the Central Bank of Armenia.

Regulation of the Banking Sector

- The Central Bank Board approved the revised text of Regulation 2 ("Regulation of Banking Activities and Main Prudential Requirements on Banking Activities"), which takes effect on January 1, 2008. The Regulation prescribes the main provisions of the standardized approach of Basle II: for instance, the market risk and operational risk are now included in the capital adequacy calculation. The implementation of the Basle II accord will facilitate the creation and implementation of an effective system of risk management in banks.

- The following amendments were made to the prudential framework regulating banking activities:
  - The $N2^2$ current liquidity requirement for banks was changed from 80% to 60%; and
  - The $N2^1$ total liquidity requirement was lowered from 20% to 15%.

Analyses have shown that the liquidity requirements previously applied in Armenia were more stringent than the existing liquidity risks. Besides, the liquidity requirements internationally were lower than those in Armenia.

- The capital adequacy calculation now includes the calculation of the foreign currency holding prudential requirement ("market risk calculation") as per the requirements of Basle II, because analyses had shown that the foreign currency holding prudential requirement was more stringent than was necessary given the actual level of risks (from January 1, 2008, foreign currency risk will be included in the calculation of the bank's capital adequacy).
- The prudential requirement on required reserves against foreign currency liabilities has been set at 12%, while that on required reserves against liabilities under specific project financing has been set at 0%. The purpose of this amendment is to promote the attraction by banks of long-term funds ("long money") under specific project financing in the territory of Armenia and to limit the flow of short-term foreign currency financing ("hot money") into Armenia.

- The following amendments were made to Regulation 1 ("Registration and Licensing of Banks and Foreign Bank Branches; Registration of Bank Branches and Representative Offices; Qualification and Registration of Bank and Foreign Bank Branch Managers"):
  - Banks have been allowed to engage in "mobile" lending, provided that they comply with the minimum security requirements under Regulation 1. This amendment will be an incentive for banks to broaden the geographic coverage of their lending operations and make credit available to Armenian citizens living in remote regions without expanding the branch network.
  - In the process of registering bank branches and their managers, qualification certificates are no longer required, if the bank branch operates with the headquarters in real-time mode, and the bank has an effective system for staff recruitment and training, development of a new generation of managers, and internal controls. This amendment will promote banks to create effective systems for recruitment and training, as a result of which the Armenian banking system will have more competent and professional staff.
  - Bank branches that have effective security systems connected to the Police of Armenia on a 24/7 basis and do not have a cash vault are no longer required to perform daily cash collection, if the daily balance is below AMD 5 million, and if the bank branch has a fire- safe box.
  - The bank management qualification exam questionnaires may now be published.

- With a view to harmonizing financial reports published by banks and the procedure of their compilation with the Accounting Standards of the Republic of Armenia and the international best practices, especially the International Financial Reporting Standards, the revised "Model Forms of Financial Reports Published by Banks and Instructions for Their Compilation" were approved.

To streamline the regulatory framework, amendments were made to Regulation 3 ("Bank Reports, Their Presentation and Publication") and the "Form of Long-Term Development Plan for Banks Operating in the Republic of Armenia Territory."

Due to the adoption of the Law on Insurance and Insurance Activities, the insurance market regulatory framework was fully revised during 2007. In particular, the Central Bank Board decided to approve:

- Regulation 3/01 ("Licensing of Insurance and Insurance Brokerage Activities"),[4] which is aimed at ensuring that insurance companies, their managers and significant shareholders, and insurance intermediaries make proper entry into the insurance market in accordance with the international standards. The Regulation stipulates one-stage registration and licensing.

- Regulation on prudential requirements[5] and their calculation. The selection of prudential requirements is based on the European standards. Minimum required amounts of equity capital and own capital are defined: the minimum required amount of own capital is twice smaller than the European standard. Another prudential requirement is the solvency ratio, which defines the amount of insurance premiums to be collected by the company for each unit of capital. The solvency ratio and the minimum required amount of own capital together ensure a manageable range of risk in the company's activities. A liquidity requirement has been established, as well, which is aimed at ensuring the continuous availability of highly-liquid assets to match short-term liabilities. To contain concentration, there is a requirement on the maximum exposure per insurance object. To contain credit and concentration risks, there is a prudential requirement on assets covering technical provisions establishing their maximum amounts and types of assets.

- The Regulation on Types of Technical Reserves and the Procedure of Their Formation,[6] which segregates technical reserves to be formed by life and non-life insurance companies. A key reserve for risk insurance is the "Reserve for unearned premiums," which is used to calculate the portion of insurance premiums not earned by the company under existing contracts. Besides, when a company receives an insurance claim, it is required to form a "Reserve for claims incurred and reported," which represents the company's actual possible liabilities at any given point in time. Another one is the "Reserve on claims incurred but not reported", which reflects the amount of possible liabilities of the company due to insured accidents that occurred during the previous period, but are still unknown to the company. There is also a "Equalization reserve", which is aimed at mitigating abrupt fluctuations of losses over time caused by emergencies, seasonality, and other factors. The "Bonuses and discounts reserve" is introduced to reflect the company's liabilities under contracts that stipulate, in

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[4] Regulation 3/01 "Licensing of Insurance and Insurance Brokerage Activities; Recording of Insurance Agents, Registration of Foreign Insurance Company Branches and Representations in the Republic of Armenia, Procedure of Consenting to the Acquisition of Significant Participation in the Statutory Fund of an Insurance Company, the Insurance Company Business Plan Form, Presentation Procedure, and Deadlines, the Qualification of Insurance and Insurance Brokerage Companies Managers and Officials, Professional Conformity and Qualification Criteria on Insurance Companies' Managers and Insurance Brokers' Officials, the Professional Conformity Testing and Qualification Procedure, and the List of Topics for Professional Qualification Testing of Insurance Companies Managers and Insurance Brokers' Officials" approved under Central Bank Board decision 344-N dated October 30, 2007.

[5] Regulation 3/02 "Main Prudential Requirements for Insurance Activities and the Procedure of Measuring and Calculating Them" approved under Central Bank Board decision 311-N dated October 2, 2007.

[6] Regulation 3/03 "Types of Technical Reserves and the Procedure of Their Formation" approved under Central Bank Board decision 312-N dated October 2, 2007.

the events indicated in the contract, payment to the insured out of the insurer's profit (bonus) or a discount of the insurance premiums. The insurer must form a "Mathematical reserve" equal to the cumulative portion of each life insurance contract. In addition to the aforementioned reserves, companies are allowed to establish other reserves based on the Central Bank's prior consent.

- Reports of Insurance Companies and the Terms and Procedure of Submitting Them to the Central Bank:[7] this Regulation defines the information that the Central Bank needs for purposes of supervision, analysis, and statistics. Based on this Regulation, the Methodology of the CAMELS Assessment of Performance Indicators of Insurance Companies[8] has been developed: it is an important tool of supervision from the standpoint of making an objective assessment of the insurance company's financial stability and, based on the assessment, making objective and consistent supervisory decisions.

- The Regulation on the Classification of Insurance Companies' Assets and Procedure of Formation and Utilization of Possible Loss Reserves[9] is aimed at clarifying the components and procedure of the calculation of the main prudential requirements by insurance companies: as a result, it will be possible to obtain more credible indicators characterizing the financial situation of insurance companies. This Regulation is consistent with the principles applied to banks.

- "Procedure of Obtaining Preliminary Consent for Transferring the Insurance Portfolio" approved under Central Bank Board decision 199-N dated June 26, 2007, which is aimed at regulating the insurance companies' insurance portfolio transfer process.

- Regulation 3/05 "Criteria for Recognizing Reinsurers as Non-Prohibited and Reliable" approved under Central Bank Board decision 294-N dated September 18, 2007, which is aimed at streamlining the reinsurance policies of insurers and ensuring the right choice of reinsurers based on an assessment of their financial stability.

- Chart of Accounts of Insurance Companies and Instructions on the Application of the Chart of Accounts of Insurance Companies, both approved under Central Bank Board decision 314-N dated October 2, 2007, aimed at putting in place sub-legislation in conformity with the Republic of Armenia Law on Insurance and Insurance Activities.

The Insurance Market Development Concept Paper contemplates measures to strengthen supervision of the market conduct of insurance companies and insurance brokers and to improve the protection of consumer interests. In terms of regulating insurance brokerage activities, there is a special focus on proper supervision of their market conduct and protection of consumer interests. To this end, a number of legal acts have been adopted, including:

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[7] Regulation 3/04 "Forms of Insurance Companies' Reports and the Terms and Procedure of Filing and Submitting Them" approved under Central Bank Board decision 366-N dated November 16, 2007.
[8] Regulation 3/08 "Methodology of the CARAMELS Assessment of Performance Indicators of Insurance Companies Operating in the Republic of Armenia Territory" approved under Central Bank Board decision 365-N dated November 16, 2007.
[9] Regulation 3/05 "Classification of Insurance Companies' Assets and Procedure of Formation and Utilization of Possible Loss Reserves" approved under Central Bank Board decision 427-N dated November 28, 2007.

- Model Forms of Financial Reports Published by Insurance Companies and Instructions for Their Compilation:[10] the purpose of this regulation is to ensure access for the insured and other consumers to credible information about insurers' activities and the transparency of such activities.

- Procedure of Information Companies' Publishing (Providing) Information about Them,[11] the purpose of which is to raise the awareness of the insured and to ensure the transparency of information.

- Procedure of Obtaining Preliminary Consent for Delegating Insurance Functions,[12] the purpose of which is to discover and mitigate risks related to the delegation of insurance functions and to the contractor, so as to ensure the financial stability of insurance companies in terms of delegated services and to protect interests of the insured.

- Reports Submitted to the Central Bank by Insurance Brokers,[13] the purpose of which is to obtain the information necessary for off-site supervision of the market conduct of brokers. It covers the activities of brokers between the insured and the insurer, as well as between the insurer and the reinsurer.

- Information Subject to Publication about Insurance Brokers,[14] the purpose of which is to raise consumer awareness of insurance brokerage services, their terms, and customer rights, which will contribute to both the competitive market pricing of brokerage services and protection of consumer rights.

The questionnaire for qualification assessment of insurance companies' managers and insurance brokerage companies' officials has been revised and harmonized with the amended legal framework.

Insurance Market Infrastructure

The Central Bank of Armenia has undertaken extensive measures to implement appropriate infrastructure, which is essential to developing the insurance market. During 2007, certain activities were carried out to support the creation of a unified center of insurance statistics, the development of the actuarial profession, and mandatory automobile insurance.

- In 2007, the Central Bank Board approved the Regulation on the Creation of an Information System ("Insurance Register") on Customers of Insurance and Reinsurance Companies and the

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[10] "Model Forms of Financial Reports Published by Insurance Companies and Instructions for Their Compilation" approved under Central Bank Board decision 180-N dated June 12, 2007.
[11] "Procedure of Information Companies' Publishing (Providing) Information about Them" approved under Central Bank Board decision 198-N dated June 26, 2007.
[12] Regulation 3/07 "Procedure and Terms of, and List of Documents and Information Submitted for Obtaining Preliminary Consent for Delegating Insurance Functions" approved under Central Bank Board decision 408-N dated December 11, 2007.
[13] Central Bank Board decision 197-N "Forms and Information Content of Insurance Brokers' Reports and the Terms and Procedure of Their Submission" dated June 26, 2007.
[14] Regulation 3/06 "List, Forms, and Frequency of Information Subject to Publication about Insurance Brokerage Organizations and Their Officials" approved under Central Bank Board decision 335-N dated October 30, 2007.

Participation of Such Companies in the Register," which took effect on January 1, 2008. The Insurance Register was created as an essential infrastructure supporting the operation of the automobile insurance system. Specifically, the Register was created for the following purposes:

1. Providing data series necessary for actuarial projections on automobile insurance, which will be used to estimate a fair insurance tariff; and
2. Providing information about insurance companies' customers and the insured with a view to mitigating risks to the insurance company.

The Insurance Register is a unified database that receives from insurance companies information about automobile insurance contracts, insured accidents reported under such contracts, and compensations, and provides such data to natural persons or legal entities demanding it, or to insurance companies about their customers and automobiles of the latter. Moreover, the Register will provide regular summaries to insurance companies. The database already operates, and it is projected that, by the end of April 2008, the Register will contain information about approximately 15,000 automobile insurance contracts and many more automobiles.

- The development of the actuarial profession in Armenia depends primarily on the training of specialists (actuaries) qualified in accordance with international standards. To this end, the Central Bank initiated a program to develop actuarial education and to prepare qualified actuaries in Armenia. In the frameworks of the program, continuous training courses for actuaries will be carried out jointly with the United States Agency for International Development and the United Kingdom Association of Actuaries, starting from April 2008.

- During 2007, the Central Bank developed the Concept Paper on the Implementation of Mandatory Insurance for Third Party Liability of Drivers of Automobiles in Armenia, which was approved by decree of the Government of Armenia. The main purpose of the Concept Paper is to provide social protection for victims of traffic accidents. The implementation of the system may become a serious incentive to the development of the insurance system, create additional investment funds in the economy, and facilitate the development of the insurance culture of the public. According to the Concept Paper, mandatory automobile insurance includes only damage compensation to victims of traffic accidents, which includes compensation of damage inflicted upon victims' property, life, and health, i.e. compensation will not be provided for damage sustained by the automobile inflicting the damage or its driver.

The Concept Paper also includes the following:

- ✓ Creation of an automobile insurance bureau, the main purpose of which is to ensure the effectiveness of the mandatory automobile insurance system and the application of a "Bonus-Malus" (a system of bonuses or discounts applied to insurance premiums) system;
- ✓ Creation of a guarantee fund, which, in certain cases, will guarantee insurance compensations payable to insured persons; and
- ✓ Creation of effective and simplified mechanisms for the compensation of persons that suffered as a consequence of traffic accidents: they will allow victims to receive insurance compensation without unnecessary difficulties and various documents required under the current legislation.

Pension Reform

During 2007, the Republic of Armenia Pension System Reform Plan was drafted, which includes a description of the mandatory and voluntary cumulative components of the contemplated multi-pillar pension system, the principles of their operation, their regulation, and management. As a result of the Government's adoption of the Pension System Reform Plan, a Law on the Pension System will be drafted and other measures stipulated by the Plan will be implemented in 2008, including public discussions, presentation of the Plan to society, and other preparatory activities for the implementation of the cumulative component (which, under the Plan, is due to start in 2009).

Securities Market Development Reforms carried out by the Central Bank in 2007

During 2007, banks and credit organizations were allowed to directly carry out specialized activities in the securities market.[15] This was due to the fact that, nowadays, banks and credit organizations are the most active and financially sound institutions of the financial sector, and it would be incorrect to prohibit them from carrying out specialized activities in the securities market. This is also confirmed by the European experience.

Sub-legislation necessary for the formation of a two-level custody system[16] was adopted in 2007 with a view to making custody services more accessible and convenient for small investors. Due to the creation of this system, small investors will be able to perform transactions with their securities accounts (for instance, transfer securities to a different account, pledge securities, and the like) without visiting the Central Depository. Two banks and two specialized entities already offer this service.

Prudential requirements for securities market specialized entities, the limits of such requirements, their calculation procedure, and amounts used in the calculation were approved.[17] The prudential requirement on minimum own capital was established. The purpose is to have specialized entities in the market, which will inspire confidence and provide services in accordance with the highest international standards.

The information included in the prospectus and the reports of reporting issuers have been revised.[18] The previous prospectus rules were cumbersome and perplexing, which made the compilation of this document rather difficult for issuers. The new Regulation provides prospectus rules, in accordance with the EU standards, which will be acceptable for foreign investors and disclose the information considered most essential for investors' decision-making.

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[15] Central Bank Board decision 32-N dated February 6, 2007 on Amending Central Bank Board decision 713-N dated December 5, 2006 on Approving the Securities Market Regulatory Code.
[16] Regulation 33 "Securities Custody Activities" approved under Central Bank Board decision 33-N dated February 6, 2007.
[17] "Special Prudential Requirements on Securities Market Specialized Entities" approved under Central Bank Board decision 144-N dated May 15, 2007; and "Prudential Requirements on Specialized Entities, Their Limits, Calculation Procedure, and Amounts Used in the Calculation" approved under Central Bank Board decision 145-N dated May 15, 2007.
[18] Regulation 40 "Securities Registration Prospectus and Reports of Reporting Issuers" approved under Central Bank Board decision 179-N dated June 12, 2007.

Under the new rules, specialized entities and self-regulating organizations must submit their reports only in electronic form.[19]

There is a new procedure[20] that regulates the process of confidential information submission by significant or large owners of stock shares and managers of issuers and reporting issuers

Amendments to the Regulatory Framework on Other Participants of the Financial System

- Amendments were made to the provisions of Regulation 10 ("Licensing and Regulation of Foreign Exchange Trading Operations") regarding space and technical security requirements and information retention obligations of foreign exchange offices.
- The Decision on Approving the Procedure of Specialized Entities' Issuance to Customers of Documents Certifying Foreign Exchange Trading Transactions has been amended to require the licensee to retain a copy of the statement on the purchase and sale of foreign exchange in paper and/or electronic form (on a laser disc) for three years, with the exception of foreign exchange offices and currency dealers, which are required to retain a copy of the statement on the purchase and sale of foreign exchange in paper and/or electronic form (on a laser disc) for one year.
- With a view to streamlining the regulatory framework, amendments were made to Regulation 13 ("Registration and Licensing of Credit Organizations; Recording of Branches and Representations; Consenting to the Acquisition of Significant Participation in the Statutory Fund; the Qualification of Managers; the By-Laws of Credit Organizations; and Requirements on the Place of Activities and Technical Adequacy of Credit Organizations") and Regulation 15 ("Reports of Credit Organizations; Their Submission and Publication"). Regulation 13 now provides that credit organization branches that have effective security systems connected to the Police of Armenia on a 24/7 basis and do not have a cash vault are no longer required to perform daily cash collection, if the daily balance is below AMD 5 million, and if the credit organization branch has a fire- safe box.

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[19] *Central Bank Board decision 257-N dated August 7, 2007 on Amending Central Bank Board decision 713-N dated December 5, 2006 on Approving the Securities Market Regulatory Code.*

[20] *"Procedure of Confidential Information Submission by Significant or Large Owners of Stock Shares and Managers of Issuers and Reporting Issuers" approved under Central Bank Board decision 80-N dated March 20, 2007.*

SUPERVISION DURING 2007

The Central Bank Financial Supervision Department carries out off-site and on-site inspections in the financial system with a view to supervising and discovering obstacles to the sustainable development of the financial system and swiftly preventing impermissible levels of risks in the financial system.

The Financial Supervision Department increased the number of targeted inspections of banks in 2007 relative to 2006. During 2007, the Financial Supervision Department carried out 511 on-site inspections, including five comprehensive and 40 targeted inspections of banks, five inspections of credit organizations, eight inspections of insurance companies, 30 inspections of pawnshops, 18 inspections of the securities market participants, and 403 inspections of foreign exchange offices.

Table 1. On-site Inspections and Workload of Supervisors

Indicator	2005	2006	2007
Number of Financial Supervision Department employees	44	49	74
Total assets (annual average) of banks, credit organizations, insurance companies, securities market participants, and pawnshops	AMD 397.6 billion	AMD 500.2 billion	AMD 674.5 billion
Average workload per employee of the Financial Supervision Department	AMD 9.0 billion	AMD 10.2 billion	AMD 9.1 billion
Number of inspections conducted during the year, of which:	498	587	511
Comprehensive inspections of banks	5	8	5
Targeted inspections of banks	41	5	40
Inspections of credit organizations	5	4	5
Inspections of insurance companies	*	15	8
Inspections of pawnshops	-	26	30
Inspections of securities market participants	*	5	18
Inspections of foreign exchange offices	447	529	403
Inspections of other participants of the financial system	-	-	2

** Data is not available.*

The violations and deficiencies discovered during off-site and on-site inspections were mainly related to the legislation, accounting rules, prudential requirements, and data reporting.

During 2007, supervision activities led to the discovery of 706 violations by commercial banks, 78 by credit organizations, 418 by insurance companies, and 213 by pawnshops.

Table 2. Violations by Financial Organizations and Sanctions Applied in 2007

	Commercial banks	Credit organizations	Insurance companies	Pawnshops	Money transfer organizations
Type of Violation					
Accounting	47	12	18	-	-
Asset classification	10	2	1	-	-
Legislation	487	17	69	151	-
Prudential	15	-	17	-	-
Failure to carry out an instruction	7	5	1	-	1
Delay in submitting a report	1	8	10	14	-
Data credibility	36	29	300	48	-
Total capital	1	-	2	-	-
Credit register	102	5			-
Sanctions					
License revocation	-	-	4	6	-
Organization fined	65	7	50	84	-
Manager fined	142	1	0	-	-
Penalty	-	-	-	-	-
Warning	345	67	89	63	1
Manager deprived of professional qualification certificate	-	-	-	-	-
Suspension of sanction	26	1	229*	29	-

** Under the Republic of Armenia Law on the Central Bank, proceedings filed by the Central Bank may be suspended by decision of the Central Bank Chairman, if the violation was corrected before making the decision on the sanction.*

During 2007, the Central Bank Financial Supervision Department focused supervision efforts on the following areas:

1. In banks: effective implementation of the corporate governance principles, including:
   - Internal control system;
   - Risk management system;
   - IT;
   - Human resource management; and
   - Transparency.
2. In credit organizations and pawnshops:
   - Asset operations;
   - Accounting;
   - Capital elements;
   - Liabilities;

- Profitability;
- Liquidity;
- IT;
- Loan portfolio; and
- Internal control system.

3. In insurance companies:
   - Real capitalization of insurance companies;
   - Management of insurance companies (internal control, etc.);
   - Low level of compensations paid by companies relative to premiums collected; and
   - Bringing the activities of companies in line with the amended accounting and regulatory framework.

4. In corporate finance
   - Supervision of entities making public offers;
   - Organization of the prospectus registration process; and
   - Support to entities making public offers.

5. In relation to securities market specialized entities:
   - Compliance with rules of conduct in service delivery by securities market specialized entities, partial introduction of preventive supervision, including especially the prudential requirement on own capital, and prevention of the activities of unlicensed entities (retention of the right of entry);
   - Regulation of internal management processes in Armenian Stock Exchange, current supervision of the organization of stock exchange trading, improvement of stock exchange trading of government bonds and foreign exchange, re-registration of the Armenian Stock Exchange, and ensuring uninterrupted trading in the stock exchange; and
   - Regulation of internal management processes Armenian Central Depository, current supervision of registration, custody, and clearing operations, re-registration of the Central Depository, and ensuring its operation.

6. In foreign exchange offices: assessment of service quality.

In 2008, the Central Bank Financial Supervision Department will focus primarily on the following issues:

- In banks: implementing the requirements of Basle II, assessment of unified risks of financial groups, and assessment of risk management processes;
- In credit organizations and pawnshops: assessment of internal control systems;
- In insurance companies: development of the actuarial profession and providing insurance companies with appropriate experts, risk management, human resource policies, adequate information technology (effective accounting software, information security, etc.), strengthening the confidence of the customers in insurance companies, development of the market infrastructure, and promotion of foreign investments;

- In corporate finance: supervision of public offers stipulated by the Republic of Armenia Law on the Securities Market, supervision of information subject to disclosure by reporting issuers, supervision of corporate affairs of reporting issuers in the frameworks of the legislation, support to entities making public offers, and cooperation with OMX with a view to carrying out the aforementioned activities;
- In relation to securities market specialized entities: development of sub-legislation in accordance with the Republic of Armenia Law on the Securities Market, re-registration and re-licensing of securities market participants, and implementation of preventive and market conduct supervision systems; and
- In foreign exchange offices: assessment of service quality.

HUMAN RESOURCE DEVELOPMENT AND COOPERATION WITH SUPERVISORS OF OTHER COUNTRIES

A fundamentally different approach to the qualification and professional growth of employees engaged in banking supervision at the Central Bank of Armenia was developed and implemented during 2007. Under the new system, employees must have successfully completed the relevant FSI Connect courses offered by the Swiss Financial Stability Institute (FSI) in order to be recruited or promoted in the area of banking supervision. The Financial Stability Institute offers supervision courses in real-time mode; at the end of each course, participants take a multiple choice exam.

The course comprises the following main topics: Capital and Basle II, Credit Risk, Market Risk, Operational Risk, Accounting, Payment and Settlement Systems, and Other Supervisory Topics. Each topic is presented at three levels: basic, medium, and intensive.

During 2007, courses offered by international consultants have been implemented and adapted on the basis of real cases in the Armenian banking system. These courses will be taught by the Central Bank's highly-qualified supervision employees as ways of conveying their experience and knowledge to younger specialists. These courses will be launched in 2008.

To improve the qualification and develop the professional knowledge of employees engaged in the regulation and supervision of the financial system and to familiarize them with the international best practices, they took part in a number of domestic and overseas training courses and conferences on current supervision problems. The International Monetary Fund, the National Bank of Switzerland, the Bank of Spain, the Bank of France, the German Bundesbank, the CCBS (Bank of England), the Bank of Netherlands, the Central Banks of Kazakhstan and the Russian Federation, the Bank for International Settlements, the National Bank of Poland, the Financial Stability Institute, and others supported the training efforts of the Central Bank of Armenia. The training efforts mainly focused on contemporary issues of financial stability and supervision of banking, insurance, and securities markets, including risk management and evaluation, new approaches to supervision, and regulatory framework reform.

Some of the main topics covered by training courses were Financial Stability, Financial Stability Analysis and Reporting, Inspectoral Bank Supervision, Banking Supervision: Organization and Methods, Risk-Based Supervision, Bank Analysis and Inspections, Capital and Basle II, Credit Risk Analysis, Market Risk, Operational Risk, Mortgage Loans, International Accounting and Audit, Applied Economic Policy, Legal Aspects of Insurance Regulation and Supervision, Reinsurance, Risk Management Experience in the Insurance Industry, Fundamental Principles of Insurance for Supervisors, Discussions of Insurance Issues, Securities Market Development, Licensing and Supervision of Foreign Exchange Offices, Monitoring of Payment Systems and Money Laundering Supervision, Unified Supervision, and the like. Besides the aforementioned seminars, the Central Bank's employees made working visits to central banks of other countries in order to study their experience in solving specific issues.

From June 11 to 15, 2007, the Federal Reserve System organized a regional training course in Yerevan on "Money Laundering Supervision." Employees of the Central Bank of Armenia and 15 bank employees from nine countries took part in the training course.

Employees of the Central Bank attended international conferences, round tables, consultative meetings, exhibitions, and workshops on banking and finance, where they delivered speeches and presentations. Employees of the Central Bank participated in the HSBC Group's annual meeting of supervisors in London, a session of the heads of state bodies regulating securities markets of the CIS Member States in Moscow, a session of the Council of Europe's Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) in Strasbourg, a session of the Steering Committee of Central Banks of EurAsEs Member States, meetings of the Board of Directors of the Black Sea Trade and Development Bank in Thessalonica, the European Forum of Accountants and Auditors in Riga, a meeting of the supervisory board of the German KfW in Frankfurt, a session of the Eurasian group on combating money laundering and financing of terrorism in Sochi, the conference on "The Role of the Deposit Insurance Systems in Enhancing Financial Stability in Different Countries" in Istanbul, the meeting of Central Bank Governors' Club in the region of Black Sea, Balkans and Central Asia in Podgorica, the SWIFT Chairpersons Annual Meeting in Boston, and others.

Employees of the newly-created Consumer Interests Protection and Market Conduct Division of the Financial System Policy and Analysis Department took part in the 4th International Forum on Financial Consumer Protection and Education.

From May 14 to 16, 2007, the Annual Meeting of Coordinators of Technical Cooperation and Training from G-10, Eastern Europe, and CIS Central Banks took place in Yerevan at the initiative of the Central Bank of Armenia, and was attended by 47 delegates from 34 states and international financial institutions.

For the purpose of strengthening business ties and conducting negotiations, delegations of the UBS Global Asset Management and "Fitch Ratings" rating agencies, "Citibank," "De La Rue Cash Systems," the US Treasury Department, OMX GROUP, the United Nations Office on Drugs and Crime (UNODC), the USAID, and the CIS Payment Initiative (CISPI) visited the Central Bank of Armenia during 2007. German experts visited the Central Bank of Armenia with a view to providing advice on the insurance sector.

On October 22, 2007, a Memorandum of Understanding in Matters of Banking Supervision was signed in Yerevan between the Central Bank of Armenia and the Central Bank of the Islamic Republic of Iran.

To further improve and modernize the financial system regulatory framework and the effectiveness of supervision, the Central Bank of Armenia attaches great importance to the continuity of staff training efforts and the cooperation with foreign partners.

REPUBLIC OF ARMENIA
FINANCIAL SYSTEM IN 2007

BANKING SYSTEM IN 2007

Banks Operating in the Republic of Armenia

During 2007, a banking license was issued to ProCredit Bank CJSC. As of December 31, 2007, 22 commercial banks (with a total of 347 branches) operated in the Republic of Armenia territory. The number of branches grew by 48 during the year. During 2007, shareholder changes were observed in three banks: the Lebanese Byblos Bank, the Russian Troyka-Dialog, and the GasProm Bank entered into the banking system of Armenia.

During 2007, the financial intermediation indicators grew considerably: at yearend, total banking system assets accounted for 24.3% of GDP (up from 19.8% in 2006), while lending to the economy reached 19.8% of GDP (compared to 8.6% in 2006).

Concentration in the Banking System of Armenia

During 2007, concentration in the banking system, especially on the liabilities side, somewhat declined. For the banking system as a whole, the Herfindahl-Hirschman Index of Concentration[21] is rather low, which indicates relatively little concentration in the system. The concentration of demand deposits of natural persons and legal entities fell significantly.

Table 3. Herfindahl-Hirschman Index of Concentration

Indicator	31.12.05	31.12.06	31.12.07
Total assets	0.08	0.08	0.08
Total liabilities	0.09	0.09	0.08
Total capital	0.06	0.07	0.07
Lending to the economy	0.08	0.08	0.09
Time deposits of natural persons and legal entities	0.10	0.10	0.09
Demand liabilities to natural persons and legal entities (including bank accounts)	0.17	0.15	0.11

The disparity between large and small banks has declined, as well: at the beginning of 2007, the largest 10 banks accounted for 80% of the total banking system assets, while at yearend 2007, this

[21] *The Herfindahl-Hirschman Index of Concentration varies between 0 and 1, characterizing the level of concentration (values close to 0 denote a low level of concentration).*

figure had declined to 77%. The polarization of the largest four banks, too, declined, as they accounted for 45% of the total banking system assets and 46% of the total banking system liabilities at yearend (compared to 46% and 49%, respectively, at the beginning of the year). The polarization decline was the most obvious in respect of time and demand liabilities to natural persons and legal entities for not only the largest four, but also the largest 10 banks.

Table 4. Banking System Concentration Levels (%)

Indicator	31.12.05	31.12.06	31.12.07
Total assets			
LB 4 (share of largest four banks in system)	47	46	45
LB 10 (share of largest 10 banks in system)	81	80	77
Total liabilities			
LB 4	50	49	46
LB 10	85	84	80
Total capital			
LB 4	35	38	41
LB 10	64	67	67
Lending to the economy			
LB 4	43	47	50
LB 10	85	83	83
Time deposits of natural persons and legal entities			
LB 4	51	49	41
LB 10	88	87	81
Demand liabilities to natural persons and legal entities (including bank accounts)			
LB 4	64	57	51
LB 10	86	85	81

To assess the overall level of competition in the Armenian banking system, the Central Bank has used the model developed jointly by Panzar and Rosse.[22] Based on the Panzar-Rosse model, the impact of cost factors (wage costs, fixed asset costs, and interest costs) on interest income in the Armenian banking system was observed using 2003-2007 data on the banking system. The indicator derived on the basis of the sum of ratios of the impact of cost factors on interest income, i.e. the H-statistic[23] was found to have a value of 0.3 for the Armenian banking system, which indicates that the Armenian banking system is characterized by elements of oligopolic competition.

[22] The Panzar-Rosse model is based on theoretical measures of competition, monopolistic competition, and monopoly. According to the model, higher prices of input factors in a monopolistic market lead to higher marginal costs, which in turn leads to lower output and total income (because participants tend to reduce the acquisition of higher-price input factors). In a competitive market, higher prices of input factors lead to a commensurate increase in margin costs and incomes. Under oligopolic competition, higher input prices lead to a non-commensurate (smaller) increase in incomes.

[23] The Panzar-Rosse model is used to calculate the H-statistic, the value of which characterizes the competitive situation in the market. When the value of the H-statistic is close to 1, the market is characterized as a perfectly competitive market. The 0<H<1 range is typical of oligopolic competition. A market in which the value of the H-statistic is below 0 is a monopolistic market.

Banking System Capital Growth Trends

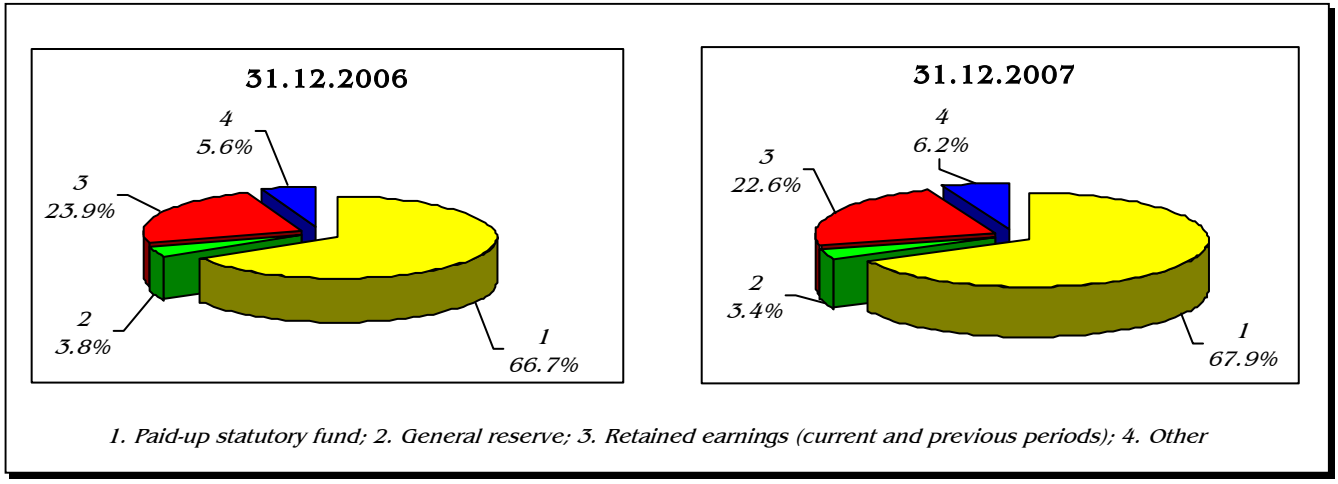
During 2007, total banking system capital grew by 42.8% (AMD 51.4 billion) to AMD 171.6 billion.

Total capital growth was financed mainly by retained earnings and statutory fund increases.

During the year, the statutory fund grew by AMD 36.4 and the general reserve, by AMD 1.2 billion. AMD 5.8 billion of the statutory fund increase was due to the ProCredit Bank licensed in 2007, while the remaining AMD 30.6 billion came from nine other banks. The vast majority of statutory fund increases were financed from external sources, as a result of which the share of non-residents in the total banking system statutory fund grew from 48% at the beginning of the year to 58% at yearend 2007.

Net profit of the banking system was AMD 20.8 billion in 2007.

Chart 1. Structure of Total Banking System Capital



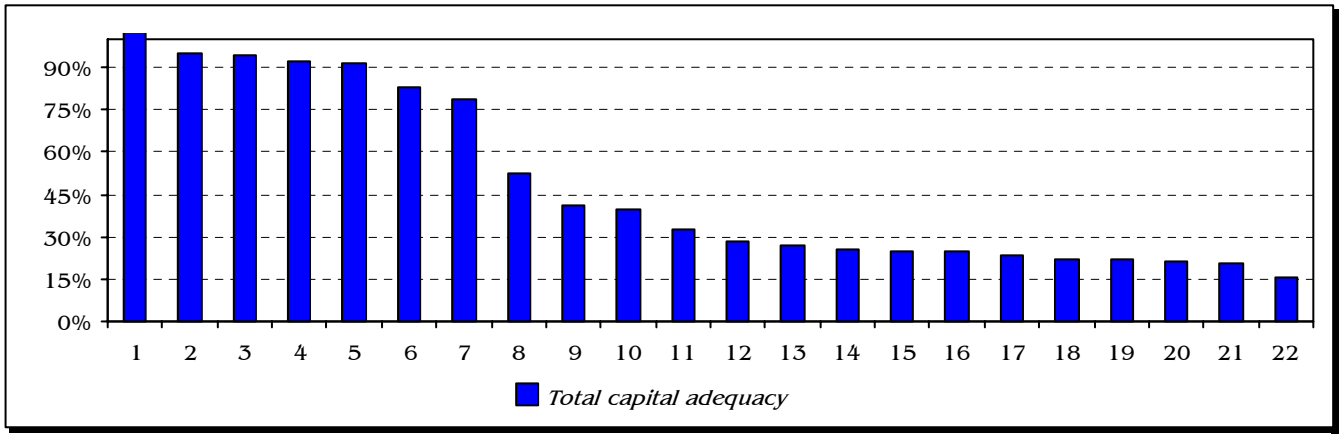
1. Paid-up statutory fund; 2. General reserve; 3. Retained earnings (current and previous periods); 4. Other

During 2007, total banking system liabilities grew slightly faster than total capital, which resulted in the ratio of total capital to total liabilities (i.e. the leverage ratio) to decline by 0.8 percentage points to reach 28.9% by December 31, 2007.

Banking System Capital Adequacy

The total capital adequacy ratio of banks operating in Armenia was 30.1% at yearend 2007, far above the regulatory threshold of 12%. During 2007, the regulatory requirements on liquidity were slackened, allowing lending to grow faster than highly-liquid assets and capital. Consequently, the total capital adequacy ratio fell by 4.8 percentage points during the year.

Chart 2. Total Capital Adequacy, by Bank



Commercial Bank Owners

In terms of corporate form, one of the 22 banks operating in Armenia is a limited liability company, three are open joint-stock companies, and 18 are closed joint-stock companies.

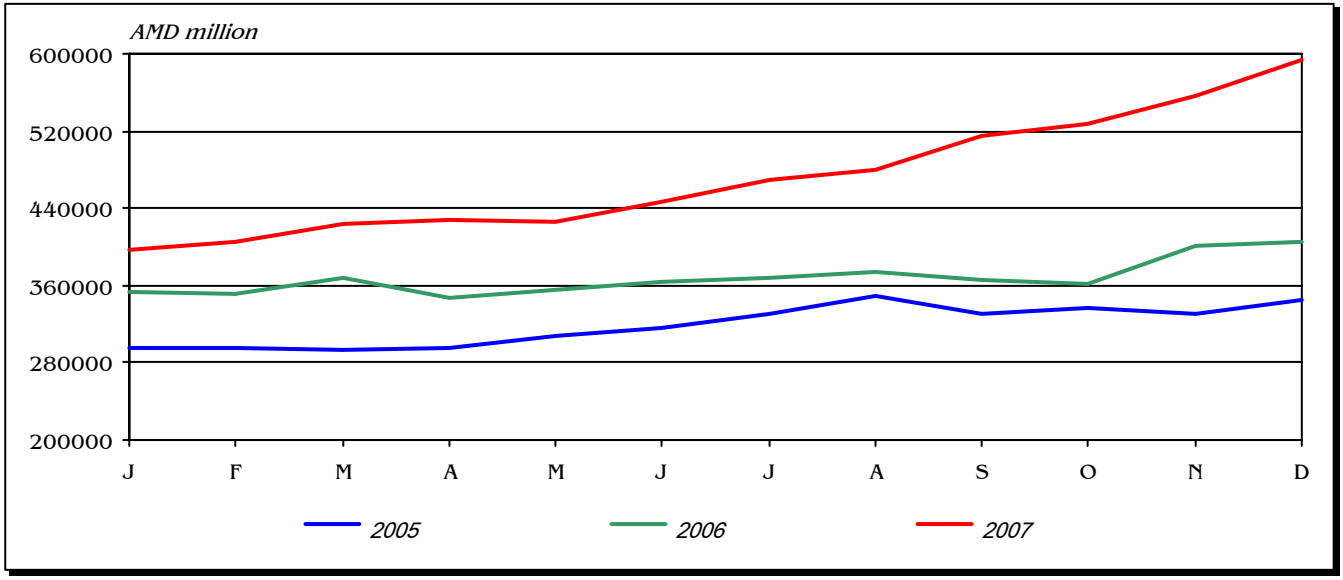
1,599 natural persons and legal entities participate in the Armenian banking system (as share owners and stock owners), of which 80 are non-residents. Excluding the three banks that have open joint-stock company status, the remaining 19 banks are owned by 92 natural persons and legal entities, of which 38 are non-residents. In six banks, 100% of the shares are owned by one person (two resident legal entities, three non-resident legal entities, and one non-resident natural person). In seven other banks, one shareholder owns more than 50% of the shares.

BANKING SYSTEM LIABILITIES

Growth Trends in Banking System Liabilities

During 2007, total liabilities of the Armenian banking system grew by 46.6% (AMD 188.5 billion) to reach AMD 592.9 billion at yearend. This increase was predominantly due to higher dram liabilities. Dram liabilities grew by 72.2%, while foreign currency liabilities grew by 26.5%, which caused the share of dram liabilities in total to grow by 7.7 percentage points to reach 51.7% at yearend. Prior to 2007, foreign currency liabilities always accounted for a larger share of total liabilities: in 2007, for the first time ever, the value of dram liabilities exceeded that of foreign currency liabilities. Despite the considerable increase in the level of dramization, it is still not high.

Chart 3. Growth Trends in Banking System Liabilities



Actual growth of liabilities was mainly driven by growth of deposits (AMD 98.9 billion), bank claims (AMD 48.1 billion), and other financial institutions' claims (AMD 31.8 billion).

Loro accounts of banks grew by 53.1% (AMD 2.5 billion). At yearend, non-resident banks accounted for 82% of loro accounts: 73% and 25% of the loro accounts of non-resident banks belong to banks operating in Russia and Iran, respectively.

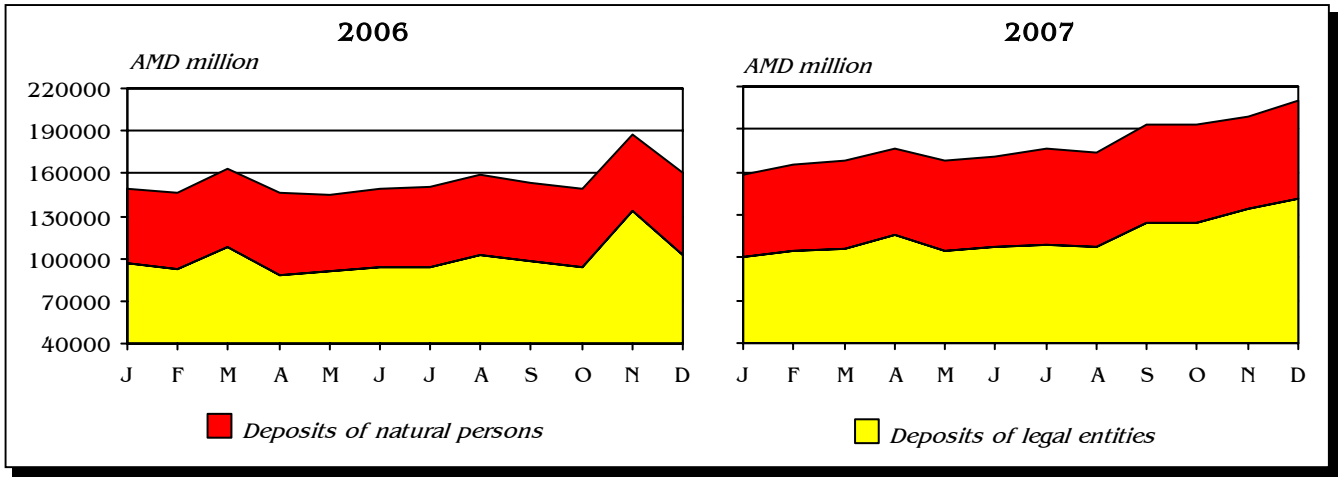
Total liabilities attracted by the banking system from natural persons and legal entities grew by 33.0% (AMD 98.9 billion) by yearend to reach AMD 398.5 billion.

As in both 2005 and 2006, a key development in the banking system during 2007 was that total bank deposits of natural persons and legal entities grew in whole due to higher dram deposits: dram deposits grew by 76.5% (AMD 99.9 billion), while foreign currency deposits fell by 0.6% (AMD 1.0 billion). In recent years, the Armenian dram has steadily appreciated against other currencies, developing expectations that the dram will stabilize, which results in faster growth of dram deposits.

During 2007, demand liabilities to legal entities grew by 38.9%, which was driven by both larger number of legal entities that are bank customers and the larger number of accounts of existing customers: the number of legal entities that are bank customers grew by 14.3%, while the number of current accounts of existing customers increased by 25.5%.

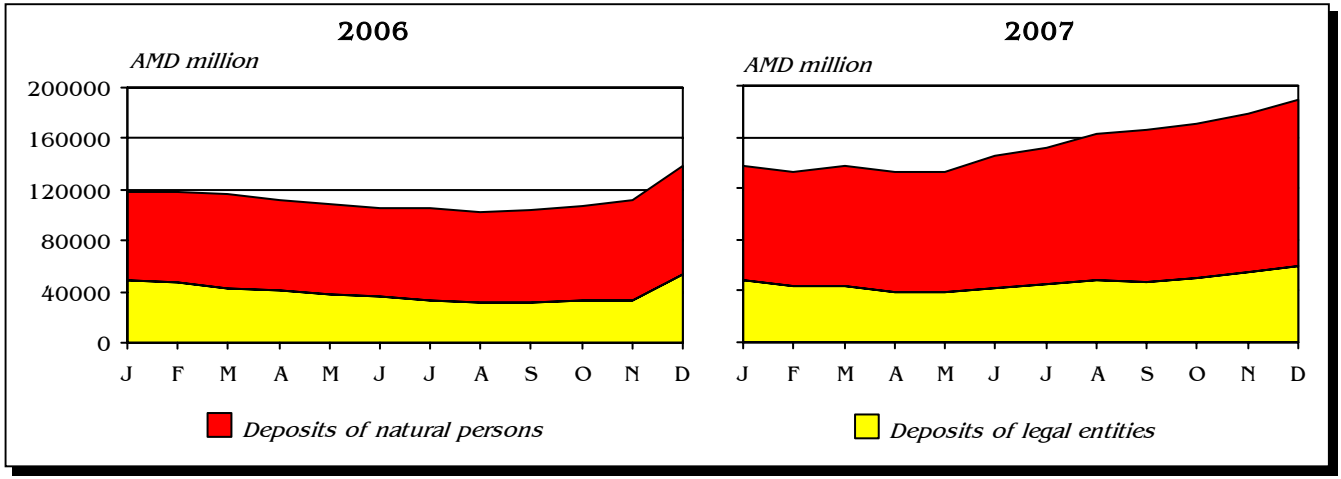
Demand liabilities to natural persons grew by 15.5%, which was due to a 22.8% increase in the number of natural persons that are bank customers and a 24.3% increase in the number of accounts.

Chart 4. Growth Trends in Banking System Demand Deposits



The number of time accounts of natural persons grew by 46.3%, while those of legal entities fell by 8.6%, respectively; meantime, time deposits of natural persons grew by 53.5%, while those of legal entities grew by 8.7%. This indicates a certain consolidation of deposits of both natural persons and legal entities.

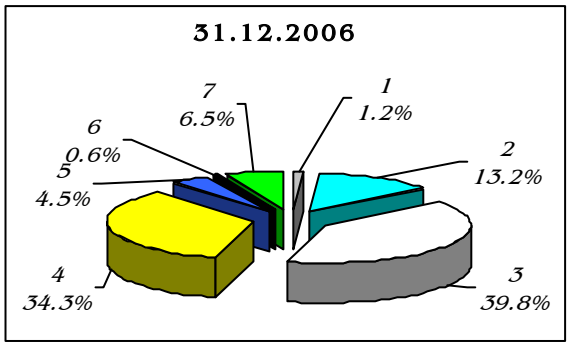
Chart 4. Growth Trends in Banking System Demand Deposits

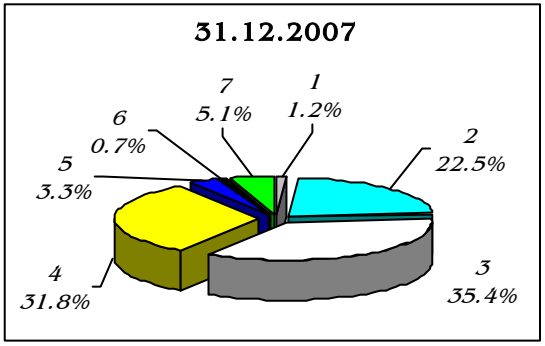


Structure of Funds Attracted by the Banking System

As of December 31, 2007, expense-bearing liabilities accounted for 92.4% of total banking system liabilities (compared to 91.7% in 2006). During 2007, demand liabilities grew more slowly than total liabilities (30.3%, compared to 46.6%), which resulted in the share of expense-bearing time liabilities, excluding less expense-bearing liabilities, growing by 7.7 percentage points over 2006 to reach 56.6% at yearend 2007. The share of demand liabilities in total liabilities (of natural persons and legal entities) fell by 4.4 percentage points by yearend 2007.

Chart 6. Structure of Total Banking System Liabilities





1. Correspondent bank accounts, 2. Other bank liabilities (including the Central Bank) and liabilities to other financial organizations, 3. Demand liabilities, 4. Time deposits, 5. Liabilities to the Government of Armenia, 6. Accrued interest payable, 7. Other liabilities

As of December 31, 2007, 40% of the liabilities are demand liabilities (deposits, bank accounts, correspondent accounts, and the like), 42% have maturity of 1-12 months, and 18% have a maturity in excess of one year.

Customers of Commercial Banks

During 2007, the number of natural persons and legal entities served by the banking system grew by 22.3% or 170,600 (mainly due to the larger number of natural persons) to reach 933,900 by yearend. The number of natural persons served by banks reached 888,500, while that of legal entities reached 45,400.

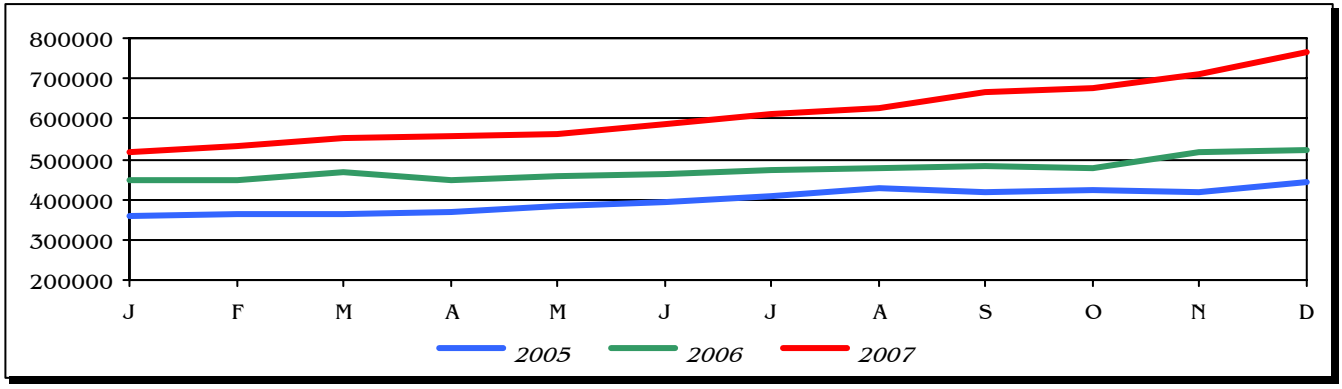
During the year, the number of bank accounts grew by 25.2% to reach 1.1 million, of which 95% were current and 5% - time accounts. The number of current accounts grew by 24.4% or 205,900 (mainly due to the larger number of accounts of natural persons) to reach 1,050,800 by yearend. The number of time accounts grew by 44.8% or 16,600 (all due to the larger number of time accounts of natural persons) to reach 53,600 by yearend. The number of time accounts of natural persons has increased considerably in recent years, since the introduction of the deposit guarantee system, which indicates that the activities of the deposit guarantee system promote higher retain deposits of natural persons.

BANKING SYSTEM ASSETS

Growth Trends of Banking System Assets

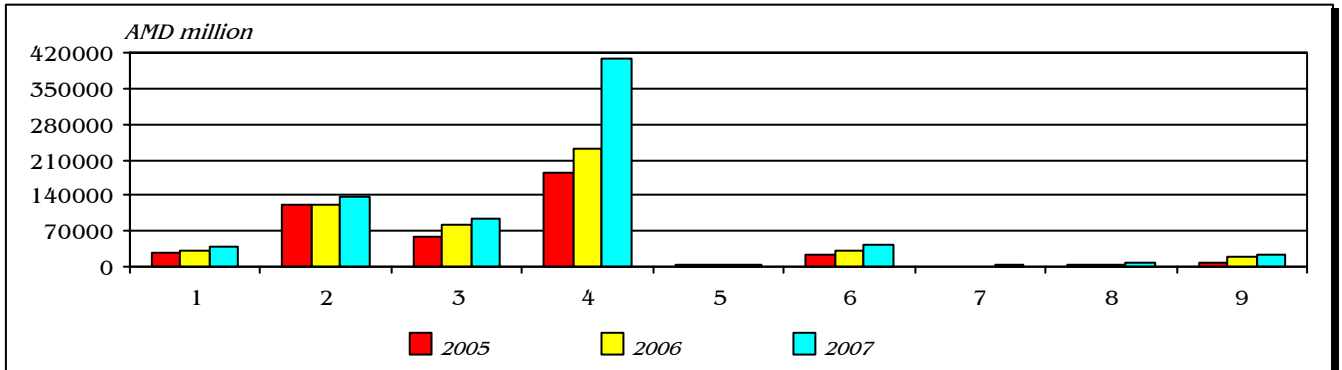
During 2007, total assets of the Armenian banking system grew by 45.7% (AMD 239.9 billion) to reach AMD 764.5 billion at yearend.

Chart 7. Growth Trends of Total Banking System Assets



During 2007, 74.7% of the increase in total assets was driven by lending to the economy. During the year, lending to the economy grew at an unprecedented rate of 78% (AMD 179.1 billion); the share of loans in total assets rose from 43.8% at the beginning of the year to 53.5% at yearend.

Chart 8. Growth Trends of Banking System Assets



1. Cash, 2. Correspondent accounts and other claims on banks (including the Central Bank), 3. Government securities (including repo), 4. Lending to the economy, 5. Accrued interest receivable, 6. Fixed assets, 7. Other securities, 8. Leasing and factoring, 9. Other assets

Correspondent accounts with the Central Bank grew by 37.9% (AMD 20.6 billion), while nostro accounts with other banks shrunk by 9.2% (AMD 4.1 billion). Nostro correspondent accounts are concentrated in terms of both their geography and residency. 96.3% of the correspondent accounts are with non-resident banks (compared to 97.4% in 2006). As of December 31, 2007, 33% of the total volume of correspondent accounts with non-resident banks was held in US banks, while 41% was in European banks, 11% in Russian banks (compared to 53%, 39%, and 5%, respectively, at yearend 2006), and 15% in banks of other countries.

The portfolio of government securities (including repo agreements) grew by 16.1% (AMD 13.2 billion) to reach AMD 95.1 billion at yearend. At yearend 2007, the average yield on short-term government treasury bills ("T-bills") was 6.02% (compared to 5.12% in 2006), while that on medium-term coupon T-bills (including T-bills with partial redemption) grew to 6.78% (compared to 6.11% in 2006). The average yield on Central Bank-issued bonds was 6.27% (compared to 5.46% in 2006). The growth of the banks' portfolios of T-bills and bonds was slower in 2007 than in 2006, mainly due to the slackening of prudential requirements on liquidity during 2007. This allowed banks, on account of slower growth of highly-liquid assets, to achieve a sharp increase in lending volumes.

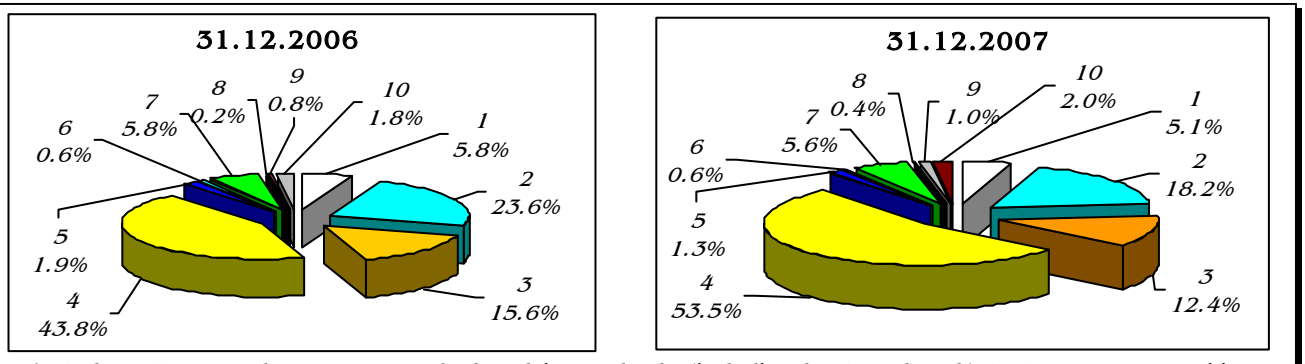
The portfolio of other securities grew only by AMD 1.5 billion to reach AMD 2.7 billion at yearend.

During 2007, fixed assets of the banking system grew by 38.6% to reach AMD 42.5 billion at yearend, which is 24.8% of total capital. In all of the banks, fixed assets were smaller than total capital, which indicates that banks do not borrow funds in order to acquire fixed assets.

Structure of Banking System Assets

At yearend 2007, the share of income-earning assets of the banking system in total assets was 76.6% (compared to 73.3% in 2006). The share of income-earning assets, excluding low-income-earning correspondent accounts, in total assets was 72.6% (a 6.7 percentage point increase over 2006). This was due to the rapid growth of lending in 2007.

Chart 9. Structure of Banking System Assets



1. Cash, 2. Correspondent accounts and other claims on banks (including the Central Bank), 3. Government securities (including repo), 4. Lending to the economy, 5. Claims on non-bank financial organizations, 6. Accrued interest receivable, 7. Fixed assets, 8. Other securities, 9. Leasing and factoring, 10. Other assets

During 2007, lending to the economy grew faster than total assets, which resulted in the share of loans in total assets growing by 9.7 percentage points.

The maturity of banking system assets became longer during 2007: as of yearend 2007, 21% of the assets are demand, 44% have 1-12 months' maturity, and 35% have maturity of greater than one year or have no maturity (compared to 26%, 47%, and 27%, respectively) in 2006.

Banking System Loan Portfolio

During 2007, the banking system loan portfolio[24] grew by 73.2% (AMD 189.7 billion) to reach AMD 449.0 billion. The dram loan portfolio grew by 117.3%, while foreign currency loans increased by 33.6%, which resulted in the share of dram loans in the total loan portfolio growing by 12.0 percentage points to 59.3% at yearend.

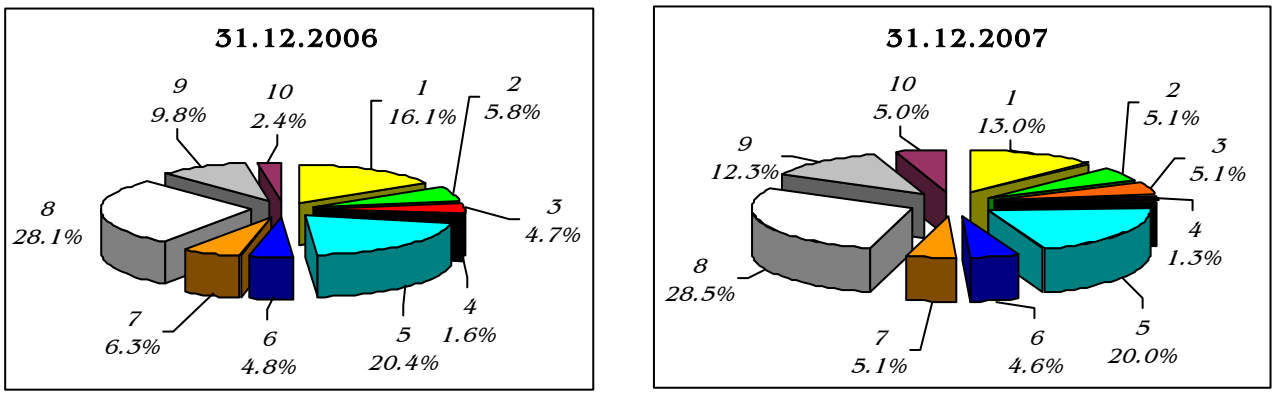
Loans to non-residents fell by 8.6% to AMD 14.5 billion.

Loans to residents grew by 78.5% to AMD 434.5 billion.

During 2007, lending to all the sectors of the economy grew. Mortgage lending grew considerably in 2007 (by 124.5% or AMD 29.6 billion). Consumer loans, trade loans, construction loans, and public catering and other service sector loans grew significantly, as well (by 80.7% or AMD 55.2 billion, by 75.1% or AMD 37.2 billion, by 90.9% or AMD 10.5 billion, and by 71.8% or AMD 8.3 billion, respectively).

In the structure of loans to residents, the share of mortgage loans grew significantly in 2007. Banking system loans are mainly concentrated in consumer, trade, and industry lending.

Chart 10. Structure of Resident Loans and Receivables by Sectors of the Economy



1. Industry, 2. Agriculture, 3. Construction, 4. Transport and communication, 5. Trade, 6. Public catering and other service sectors, 7. Financial sector, 8. Consumer loans, 9. Mortgage loans, 10. Other sectors

[24] *The loan portfolio includes loans to the economy, leasing, factoring, and loans to and deposits with financial organizations.*

The Herfindahl-Hirschman Index of Concentration of banking system loans to various sectors of the economy declined by 0.003 in 2007 to 0.165, mainly due to the sharp increase in mortgage loans, which account for a small share of total loans. 0.165 is considered a low level of concentration. The median index for banks was 0.24, which indicates that, in a number of banks, lending is rather heavily concentrated in certain sectors.

The share of long-term loans (one year and longer) in total lending grew by 8.3 percentage points during 2007 to reach 66.2%. Given the growing demand for long-term loans, it is particularly necessary to create and strengthen institutions generating long-term resources (insurance sector and private pension funds).

The economy's demand for long-term loans is partially met by long-term loans made by banks under programs supported by international financial organizations. 13% of the banks and three of the credit organizations operating in Armenia are engaged in the following programs:

- ✓ The German-Armenian Fund;
- ✓ The EBRD;
- ✓ Agriculture Reform Support Project of the World Bank
- ✓ Marketing Assistance Project of the US Department of Agriculture;
- ✓ Rural Enterprise & Small-Scale Commercial Agriculture Development Project of the World Bank;
- ✓ IFAD and IOM;
- ✓ The SME Development and Mortgage Lending Projects of the IFC
- ✓ Commerzbank
- ✓ The Micro- and SME Project of the World Bank; and
- ✓ Loan programs carried out in virtually all the sectors of the economy by other international financial organizations.

As of yearend 2007, most of the program lending focused on trade (36% of the total loan portfolio), agriculture (17%), consumer loans (12%), services (9%), and mortgages (5%).

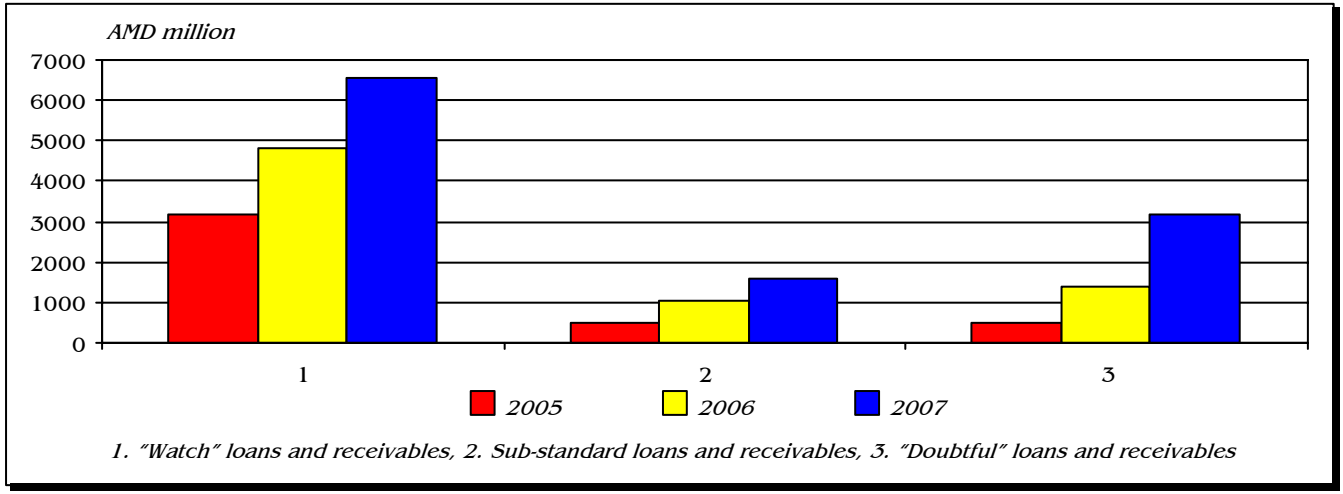
Bank lending under the aforementioned programs grew by 37% during 2007 to reach AMD 38 billion at yearend. The repayment rate of these loans has always been very high, indicated by a 0.3% rate of overdue loans at yearend 2007. About 78% of the loans made under international programs are for longer than one year, 18% are for 6-12 months, and 2% are for less than six months.

Loan Portfolio Quality

During 2007, non-performing loans and receivables (including correspondent accounts) grew by 56.3% to reach AMD 11.3 billion, while standard assets grew by 61.1% to reach AMD 469.0 billion. As a result, the share of standard loans and receivables in total grew by 0.08 percentage points to 97.65%.

At yearend, non-residents accounted for 0.7% and residents—99.3% of the non-performing assets. The share of residents in non-performing assets was relatively high in construction loans (6.3%), as well as public catering and other service sector loans (5.5%). The share of non-performing loans was low in transport and communication loans, trade loans, and agriculture loans (from 0.1% to 1.8%).

Chart 11. Growth Trends of Non-Performing Assets of the Banking System



1. "Watch" loans and receivables, 2. Sub-standard loans and receivables, 3. "Doubtful" loans and receivables

FINANCIAL RESULTS OF THE BANKING SYSTEM

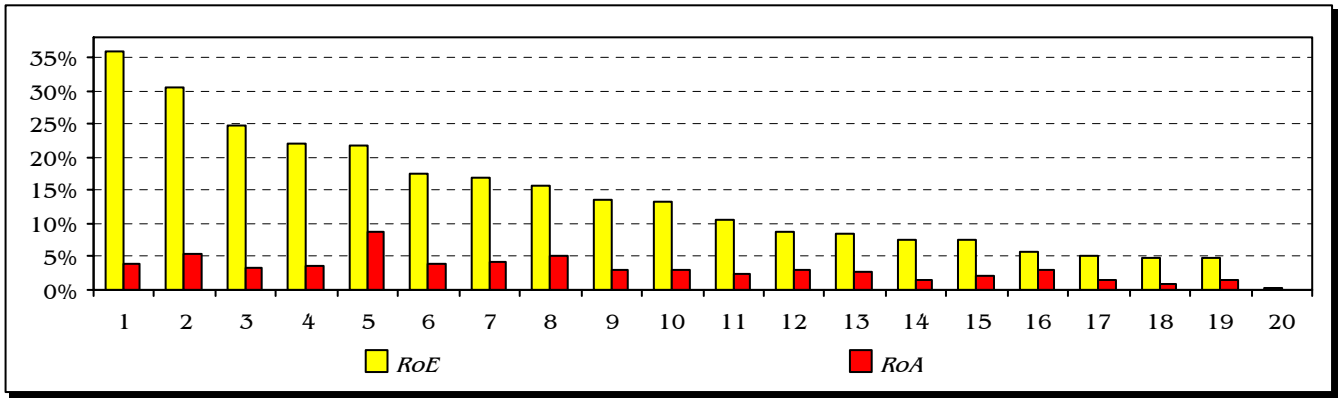
Banking System Profitability

In 2007, net profit of the banking system was AMD 20.8 billion. During the year, 20 banks were profitable, earning total net profits of AMD 21.2 billion.

Compared to 2006, banking system profitability slightly declined: return on assets (net profit to average annual assets) was 3.4%, while return on equity (net profit to average annual equity) was 14.8%, compared to 3.6% and 15.9%, respectively, in 2006. The net operational margin of the banking system[25] increased by 0.1 percentage point in 2007 to reach 5.0%.

[25] *The net operational margin is the ratio of the sum of net interest and net non-interest earnings to the average annual sum of total assets.*

Chart 12. ROA and ROE of 20 Profitable Banks

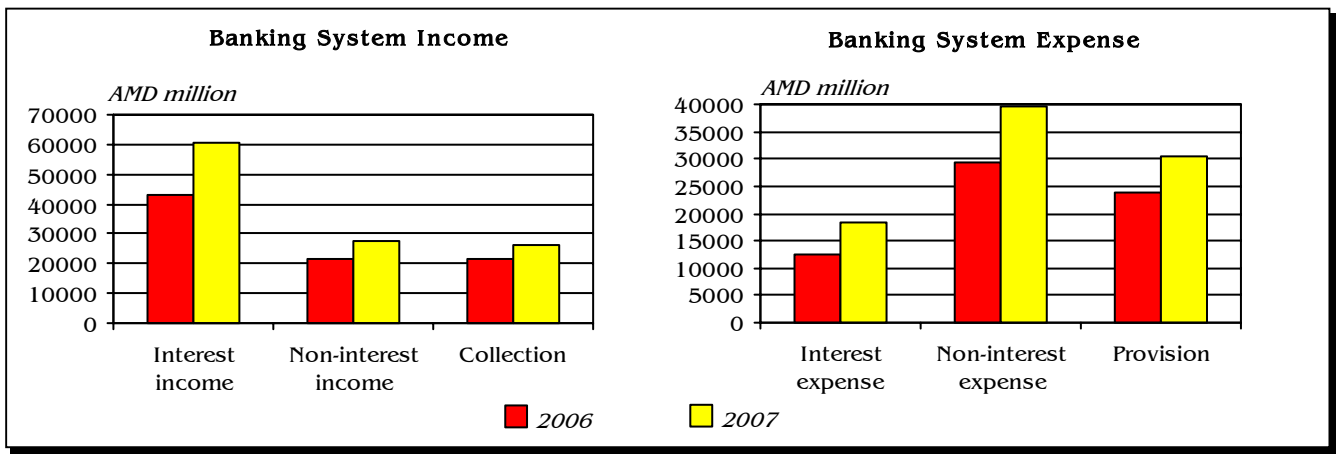


Though the Herfindahl-Hirschman Index of Concentration of the profit of the 20 profitable banks increased by 0.01 relative to 2006 to reach 0.10, it still indicates that the level of profit concentration in banks is low.

Structure of Banking System Income and Expense

During 2007, the net profit of the banking system exceeded the 2006 profit by 23.6% (AMD 4.0 billion), which was mainly due to a considerable increase in interest income driven by strong growth of lending. In 2007, virtually all the commercial banks became more active in the lending market, where competition between banks was maintained.

Chart 13. Banking System Expense and Income



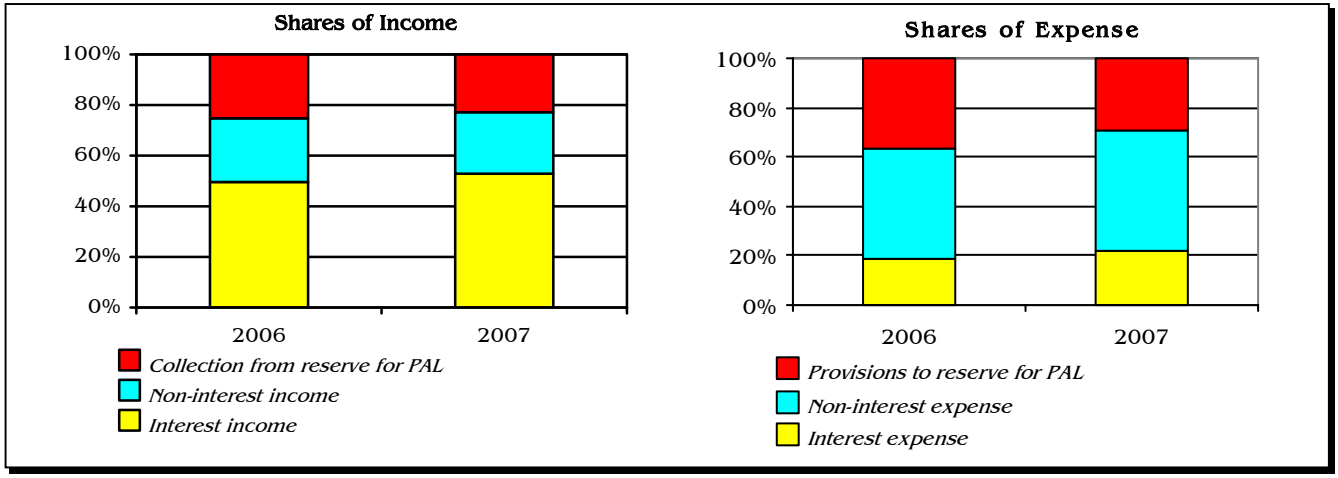
On the whole, gross income increased by 32.0% (AMD 27.7 billion) in 2007 relative to 2006, while gross expense grew by 34.4% (AMD 22.5 billion).

The share of interest income in gross income increased by 40.9% in 2007, while the share of non-interest income grew by 27.2%, and collections from the reserve fund for possible asset losses increased by 19.4%.

In 2007, interest expense grew by 46.6%, non-interest expense—by 35.3% and provisions to the reserve fund for possible asset losses—by 26.9%.

As a result of the aforementioned increases in expense and income, the share of interest income in gross income and the share of interest expense in gross expense increased by 3.3 and 1.7 percentage points, respectively.

Chart 14. Banking System Expense and Income Structure



Higher interest income of the banking system in 2007 relative to 2006 was mostly due to a 42.6% increase in interest income from loans to the economy. The share of interest income from loans in total interest income grew by 1 percentage point to 80.4%.

Total non-interest income grew mainly on account of a 28.6% increase in banking system commission income and a 34.9% increase in foreign exchange trading income. Commission income and foreign exchange trading income accounted for 50.8% and 31.2% of total non-interest income, respectively.

The increase in interest expense was mainly caused by a 48.7% increase in interest payable against time deposits, which accounts for 54.1% of interest expense.

The increase in non-interest expense was mainly due to a 37.9% increase in expense under the "Accrued salary and salary equivalents" item, which accounts for 45.3% of non-interest expense. The total number of banking system employees grew by 20.4%. This indicates that, during 2007, average salaries in the banking system continued rising.

BANKING SYSTEM FINANCIAL RISKS

According to estimates of supervision experts at the Central Bank, the Armenian banking system risks are currently within a manageable framework. Bank lending grew rapidly in 2007. Given these developments, it is especially important to manage credit risk properly.

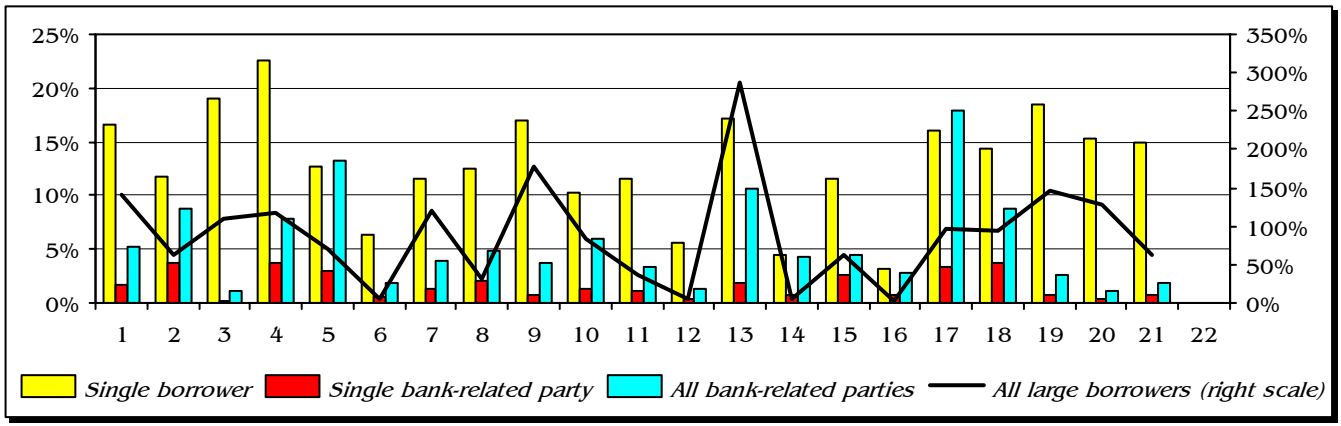
Credit Risk

Adequate management of the credit risk has always been an important consideration for banking systems. Though the share of classified loans and receivables (hereinafter, "non-performing assets") in total loans and receivables declined by 0.1 percentage point in 2007 to reach 2.35, the latter is considered a rather low indicator compared to similar indicators of foreign banking systems, indicating the low level of credit risk in Armenia. Non-performing assets accounted for 7.6% of prudential total capital in 2007 (compared to 6.9% in 2006). If the AMD 2.4 billion special fund for possible asset losses is excluded from the AMD 11.3 billion stock of non-performing assets, the remaining unsecured non-performing assets would account for only 6.0% of prudential capital. This means that, even if a stress scenario were devised, whereby all classified assets had to be written off in full (ignoring the value of collateral), the banking system loss would not exceed 6.0% of regulatory capital.

The sharp increase in loans during 2007 has not led to any major deterioration of asset quality. During the year, the share of net provisions in total assets was only 0.6%.

At yearend 2007, the maximum single-borrower exposure was 12.4% of prudential capital, while the maximum exposure to all large borrowers was 88.1%. The maximum exposure to a single bank-related party was 1.6%, while the maximum exposure to all bank-related parties was 5.3%. These indicators confirm the manageable level of risk in the banking system. The maximum reported amounts in certain banks do not deviate much from the average for the whole banking system and are within manageable frameworks, as well.

Chart 15. Performance of Banks against Prudential Requirements



Foreign Exchange Risk

During 2007, the Armenian dram exchange rate against other currencies continued to fluctuate rather considerably. The average annual appreciation of the Armenian dram (AMD)/USD exchange rate was 17.8%, while yearend appreciation was 16.3% in 2007.

As a consequence of the AMD exchange rate fluctuating against other currencies, the banking system suffered an AMD 177 million (0.1% of total banking system regulatory capital) loss due to foreign exchange revaluation in 2007 (compared to a 0.3% loss in 2006). Foreign exchange revaluation caused losses to 11 banks and gains to 11 banks. During 2007, the banking system gained AMD 8.6 billion from foreign exchange trading (up 35% from 2006). As a result of amendments to the regulatory framework during 2007, the prudential requirements on foreign exchange positions were eliminated. In connection with the adoption of the standardized approach of Basle II, the foreign exchange risk is now included in the capital adequacy calculation. At yearend, the banking system gross foreign currency position for convertible currencies was 9.4%, while the net position for non-convertible currencies was 2.7% (compared to 4.4 and 1.1%, respectively, in 2006).

The foreign exchange risk evaluation performed using VAR (value at risk) methodology shows that with 95% confidence level, in 2008, possible losses of the banking system due to revaluation of the foreign exchange caused by the fluctuation of the dram exchange rate will not exceed AMD 39 million. If it is assumed that the foreign exchange positions will not change in 2008, the possible losses of the banking system due to the revaluation of foreign exchange caused by the fluctuation of the dram exchange rate will, with 95% confidence level, not exceed AMD 740 million in 2008.[26]

Liquidity Risk

In 2007, similar to previous years, the loan portfolio outgrew total assets, which resulted in highly-liquid assets growing more slowly than total assets. The regulatory requirements on total and current liquidity have been slackened; as a result, lending to the economy grew by 78%, while highly-liquid assets grew by 16%. As of yearend 2007, highly-liquid assets of the banking system were AMD 242.7 billion. Total liquidity of the banking system fell by 7.6 percentage points to 33.7% at yearend, while current liquidity fell by 7.9 percentage points to 98.2% at yearend. Total and current liquidity indicators have been quite high compared to the required regulatory minimum, and do not pose a liquidity threat. As of December 31, 2007, no banks had breached the prudential requirements on liquidity.

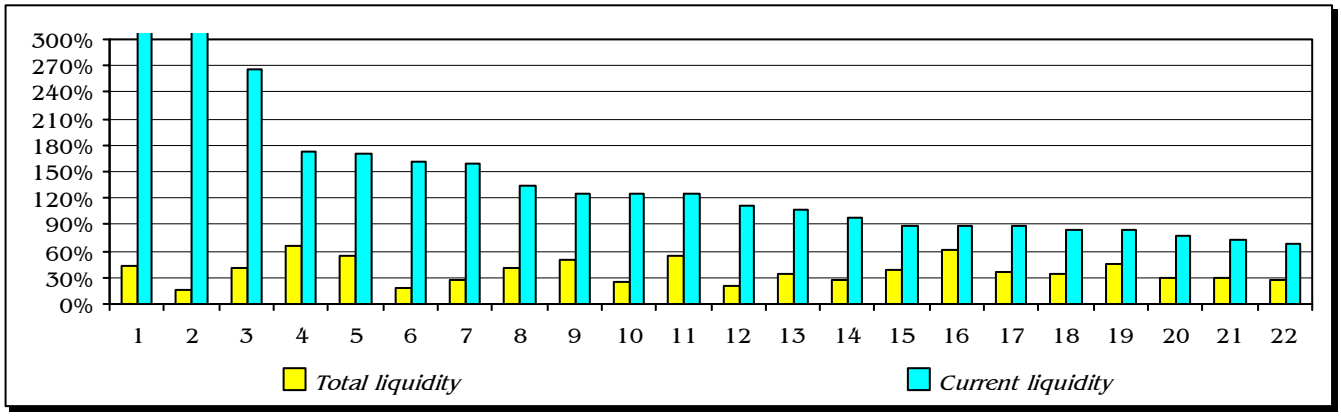
The structure and concentration of banking system liabilities, too, is considered important in terms of liquidity: in 2007, the share of "large" liabilities[27] in total liabilities grew by 2.9 percentage points to 30.4%.

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[26] Calculations are based on the open foreign currency positions presented by banks as of December 31, 2007; actual losses may be somewhat higher depending on how much the open foreign currency positions change in 2008.

[27] The sum of all funds that, taken separately, exceed 5% of the bank's total liabilities, excluding affiliation.

Chart 16. Prudential Requirements on Liquidity by Banks



Price Risk

The banking system portfolio of relatively risky non-government securities reached AMD 2.7 billion (1.8% of regulatory capital): even sharp fluctuations in the prices of such securities will not inflict major damage upon the banking system.

Less abrupt fluctuations of fixed asset prices, too, will not lead to significant losses. If market prices of fixed assets fall by 20%, for instance, the system loss due to revaluation of real estate will be equal to 5.8% of prudential capital. Banking system fixed assets were valued at AMD 42.5 billion at yearend, while confiscated real estate, which has become property of the banks, was valued at AMD 607 million. The impact of a slump in real estate prices on the loan portfolio has been evaluated, as well. Stress scenarios have shown that the non-repayment of 50% of the loan portfolio at risk[28] due to a 30% decline in the market price of real estate will cause the banking system a loss equal to 9.9% of total prudential capital. However, experts believe that there is little chance of either such a price decline or a price risk to the banking system in 2008.

Interest Rate Risk

The level of interest rate risk in the banking system is manageable, as well. The average maturity of assets and liabilities is short (around one year), which enables banks to respond rapidly to changes of market interest rates and to revise them. Moreover, duration-based assessments of interest risk show that the spread between average-weighted maturities of assets and liabilities is small (about six months), which indicates that proportionate fluctuations of market interest rates will not influence the economic value of banking system capital. It has been estimated that, if overall market interest rates

[28] *The loan portfolio at risk is the sum of the balances of the bank's loans, the balances of which exceed 30% depreciated values of the real estate pledged against such loans.*

(on both assets and liabilities) fall by 1%, the economic value of the banking system capital will increase by AMD 1.7 billion.

Though the banking system interest rate risk is presently rather moderate, the process of its continuous management is considered very important, as net interest income of the banking system accounted for 37% of gross income in 2007, representing a 39% increase over 2006 due to the rapid growth of the loan portfolio.

OTHER PARTICIPANTS OF THE ARMENIAN FINANCIAL MARKET IN 2007

CREDIT ORGANIZATIONS OPERATING IN ARMENIA

During 2007, four companies obtained credit organization licenses (the "Bless" universal credit organization incorporated as a limited liability company, the "GFC General Financial and Credit Company" and "Avangard Invest" universal credit organizations incorporated as closed joint-stock companies, and the "Farm Credit Armenia" universal credit organization incorporated as a trading cooperative). During the year, the number of branches of credit organizations grew by 28. At yearend, 21 credit organizations (with 40 branches) were active in Armenia, two of which were leasing organizations, one—a credit union, and 14—universal credit organizations.

In 2007, total assets of credit organizations grew about twice faster than those of the banking system: at yearend 2007, credit organizations' assets reached 5.7% of banking system assets (compared to 3.9% at the beginning of the year). Though the average market interest rates on loans made by credit organizations were slightly higher than those on loans made by banks; however, the loan services offered by credit organizations are considered more accessible and affordable for the public at large. Credit organizations lend to virtually all sectors of the economy. Several credit organizations specialize in mortgage lending. As in the banking system, the loan portfolios of credit organizations, too, grew largely on account of consumer and mortgage loans.

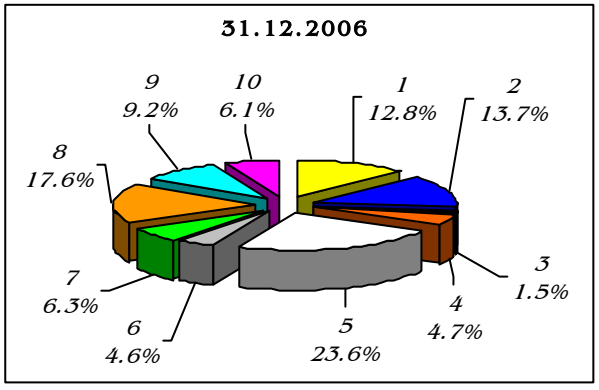
During the year, total capital of credit organizations grew by 47.2% (AMD 4.0 billion). Capital growth was mainly achieved on account of retained earnings and higher statutory funds. In 2007, four newly-licensed and seven existing credit organizations paid or increased their statutory funds in a total amount of AMD 2.5 billion. Total credit organizations' retained earnings reached AMD 1.8 billion in 2007. Return on assets was 5.1%, and return on equity—17.5%. Yearend capital was AMD 12.4 billion or 7.2% of banking system capital (compared to 7.0% at the beginning of the year).

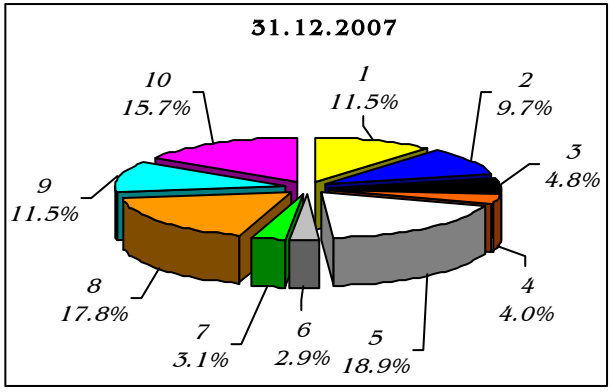
Liabilities grew by 154.8% (AMD 18.8 billion) to reach AMD 30.9 billion. Most of this growth was fueled by increased borrowing by legal entities (an AMD 3.8 billion increase), higher due to banks (an AMD 3.4 billion increase), and higher due to other financial organizations (an AMD 2.5 billion increase).

The yearend volume of loans to legal entities and natural persons was AMD 9.9 billion. Funds attracted from banks (almost all of them—non-residents) and other financial organizations reached AMD 19.0 billion at yearend.

Total assets of credit organizations grew by 110.6% (AMD 22.8 billion) during 2007 to reach AMD 43.4 billion at yearend. In the structure of assets, the loan portfolio (including leasing) grew considerably (by 134%) to reach AMD 38.7 billion. Lending to all the sectors of the economy increased.

Chart 17. Structure of Credit Organizations' Loans to and Accounts Receivable from Residents, by Sectors of the Economy





1. Industry, 2. Agriculture, 3. Construction, 4. Transport and communications, 5. Trade, 6. Public catering and other service sectors, 7. Financial sector, 8. Consumer, 9. Mortgage, 10. Other sectors

Mortgage and construction loans grew the fastest, as a result of which their shares in total lending increased.

INSURANCE MARKET OF ARMENIA

Insurance Companies Operating in Armenia

During 2007, the licenses of the insurance companies "Mika" and "Private Insurance" CJSCs, "Fintrust" OJSC, and "Aliantz Flash", "AHA Royal Insurance", and "Grand" LLCs were revoked. The insurance company "ISG" LLC obtained an insurance license from the Central Bank of Armenia.[29] As of December 31, 2007, 10 insurance companies[30] (with five branches) operated in Armenia.

[29] *The decision to register and license the insurance company "ISG" LLC was taken on December 25, 2007.*

[30] *The numbers include the 2007 Q3 reporting indicators of the "First Insurance Company" LLC, as annual reports have not been submitted to the Central Bank yet.*

Concentration in the Insurance System of Armenia

The Herfindahl-Hirschman Index of Concentration for the key indicators of the insurance system has not changed much in recent years.

Table 5. Herfindahl-Hirschman Index of Concentration

Indicator	31.12.2005	31.12.2006	31.12.2007
Assets	0.08	0.08	0.12
Liabilities	0.05	0.07	0.10
Capital	0.16	0.16	0.18
Sums insured	0.38	0.36	0.31
Insurance premiums	0.09	0.13	0.17

At yearend 2007, polarization between insurance companies was greater than at yearend 2006. The level of concentration was high for both the largest three and the largest seven insurance companies (with the exception of sums insured).

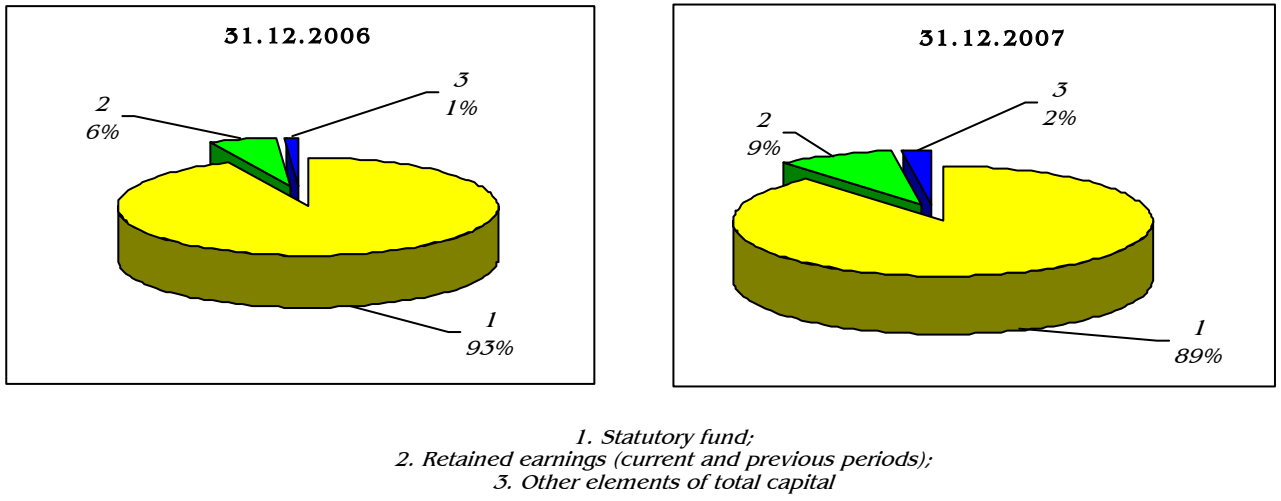
Table 6. Insurance System Concentration Levels (%)

	31.12.2005	31.12.2006	31.12.2007
Assets			
LIC 3 (share of largest **three** insurance companies in system)	42	36	45
LIC 7 (share of largest **seven** insurance companies in system)	64	64	82
Liabilities			
LIC 3	62	58	60
LIC 7	86	87	96
Capital			
LIC 3	22	28	37
LIC 7	42	57	67
Sums insured			
LIC 3	83	92	86
LIC 7	96	97	97
Insurance premiums			
LIC 3	42	52	63
LIC 7	72	80	95

INSURANCE SYSTEM CAPITAL

Although the licenses of six of the 15 insurance companies operating in the insurance market at the beginning of 2007 were revoked during 2007, and only one new company was licensed, total capital of insurance system declined by only 4.7% to AMD 5.7 billion. The total capital decline was mainly due to a 9.8% decrease in the statutory fund. It is worth mentioning that retained earnings were AMD 679.4 million at yearend 2007 (compared to AMD 192.6 million at yearend 2006).

Chart 18. Structure of Insurance System Total Capital



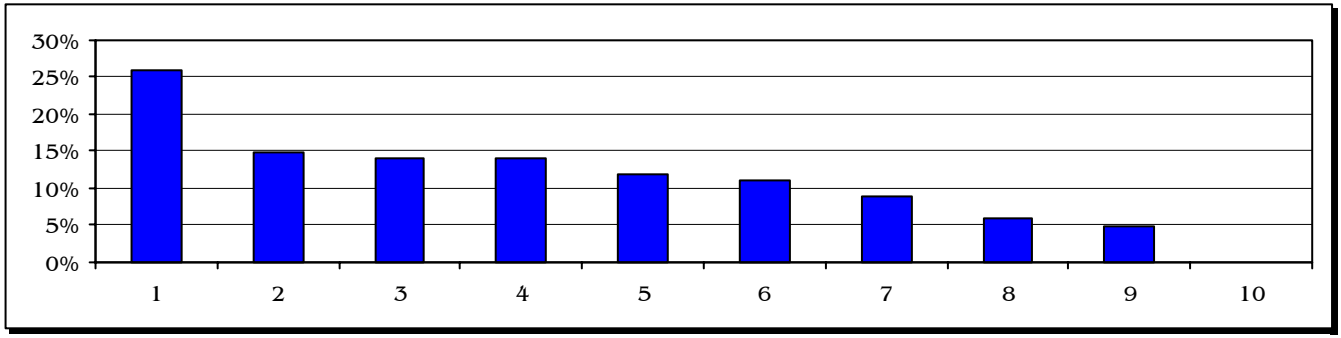
1. Statutory fund;
2. Retained earnings (current and previous periods);
3. Other elements of total capital

Solvency of Insurance Companies

At the current stage of the insurance market development there are no concerns over the solvency of insurance companies: the required threshold of insurance system solvency is much less than 100% of the insurance system total regulatory capital: in fact, it is only 11.6% of the latter. This level of solvency illustrates the soundness of the system; on the other hand, though, it may be an indication that insurance companies do not fully utilize their potential.

As the Chart shows, even the highest threshold of solvency (1) does not exceed 30% of total capital, which means that the company with this threshold, all other conditions equal, will not undermine its solvency, even if it triples its collections of insurance premiums.

Chart 19. Required Threshold of Solvency against Total Regulatory Capital, by Insurance Company, as of Yearend 2007 [31]

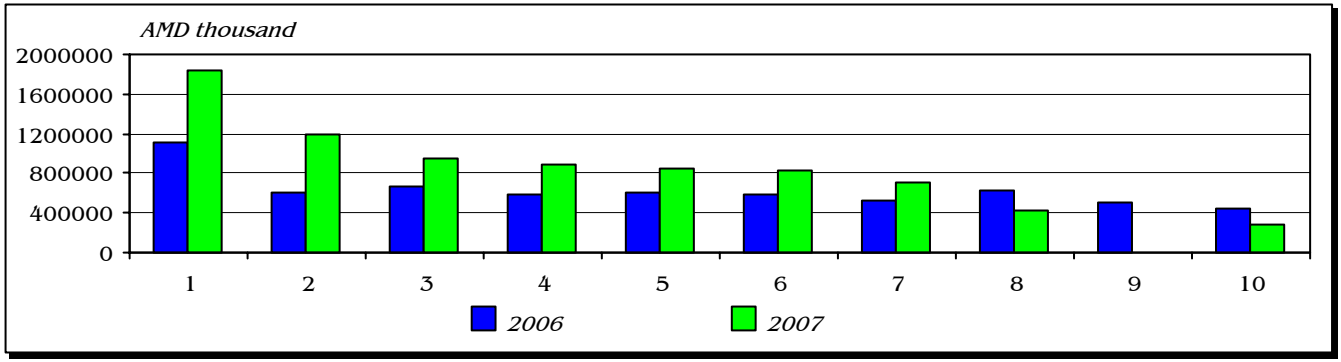


INSURANCE SYSTEM ASSETS

During 2007, insurance system assets grew by 1.3% and reached AMD 8.8 billion at yearend.

The structure of insurance companies' assets did not undergo any major changes. At yearend, the largest components of total assets were bank accounts (15.4%), receivables from the insured under direct insurance contracts (10.6%), bank deposits[32] (40.6%), and government securities (including securities issued by the Central Bank of Armenia) (11.7%). At yearend 2006, the share of deposits in total assets was 24.0%.

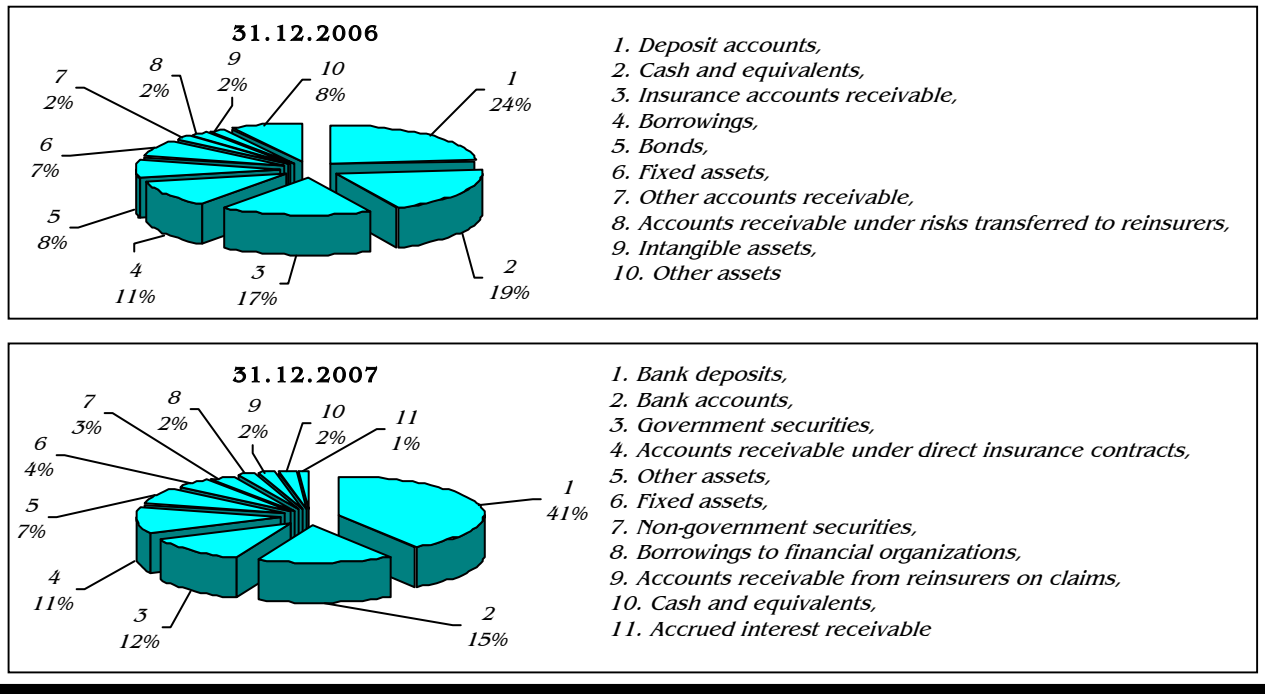
Chart 20. Asset Growth Trends of Insurance Companies Operating as of December 31, 2007



[31] *The required threshold of solvency for all insurance companies was equal to the solvency threshold estimated using the insurance premiums method.*

[32] *Current deposits with resident banks account for 93.3% of the deposits.*

Chart 21. Structure of Insurance System Assets

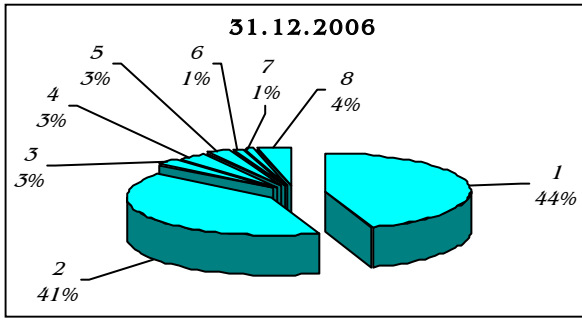


As insurance companies still prefer to hold their funds mainly in highly-liquid assets, and insurance compensations are small, insurance companies essentially do not have liquidity problems. This is confirmed by the fact that, as of December 31, 2007, no insurance company had breached the prudential requirement on liquidity.

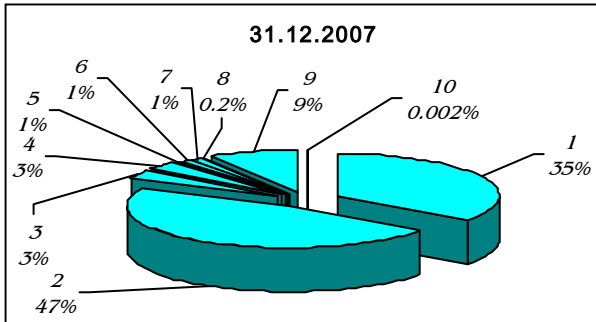
INSURANCE SYSTEM LIABILITIES

During 2007, total liabilities of insurance companies grew by 14.6% (AMD 395.7 million) and reached AMD 3.1 billion at the end of 2007. The liability increase was mainly due to a 37.9% growth of insurance reserves. The amount of insurance compensations payable under direct insurance contracts declined by 69.8% and reached AMD 22.8 million at yearend 2007.

Chart 22. Structure of Insurance System Liabilities



1. Accounts payable under risks reinsured,
2. Unearned premiums reserve,
3. Accounts payable to the state budget,
4. Accounts payable under insurance,
5. Claims (loss) reserve,
6. Short-term borrowings,
7. Reserve for life insurance,
8. Other liabilities



1. Payables to reinsurers on reinsurance premiums
2. Unearned premiums reserve,
3. Reserve for reported, but not regulated claims,
4. Reserve for incurred but not reported claims,
5. Other reserves,
6. Compensations payable under direct insurance,
7. Fees payable to intermediaries,
8. Refundable insurance premiums,
9. Other accounts payable
10. Other liabilities

The structure of liabilities has not changed much. At yearend 2007, insurance reserves and payables to reinsurers on reinsurance premiums together accounted for 89.0% of total liabilities (53.9% and 35.1%, respectively).

FINANCIAL RESULTS OF THE INSURANCE SYSTEM

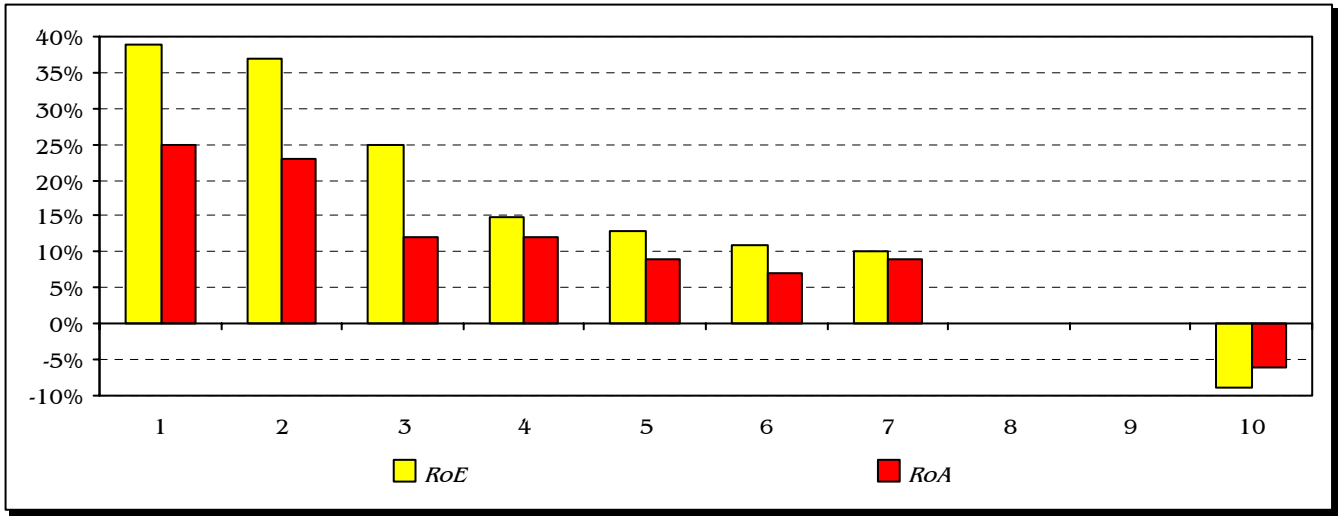
2007 was rather profitable year for insurance companies: net profit of the system was AMD 743.5 million, which was AMD 385.0 million (113.3%) higher than in 2006. Only one insurance company made a loss (AMD -40.7 million) in 2007.

Insurance companies' return on equity (net profit/loss to average annual equity[33]) was 6.4% in 2007, compared to 3.3% in 2006.

[33] *Average annual equity is calculated by dividing the sum of equity at the beginning of the year and yearend equity by two.*

Insurance companies' return on assets (net profit/loss to average annual assets[34]) was 8.5% in 2007, compared to 3.8% in 2006.

Chart 23. RoA and RoE of 10 Insurance Companies Operating as of December 31, 2007



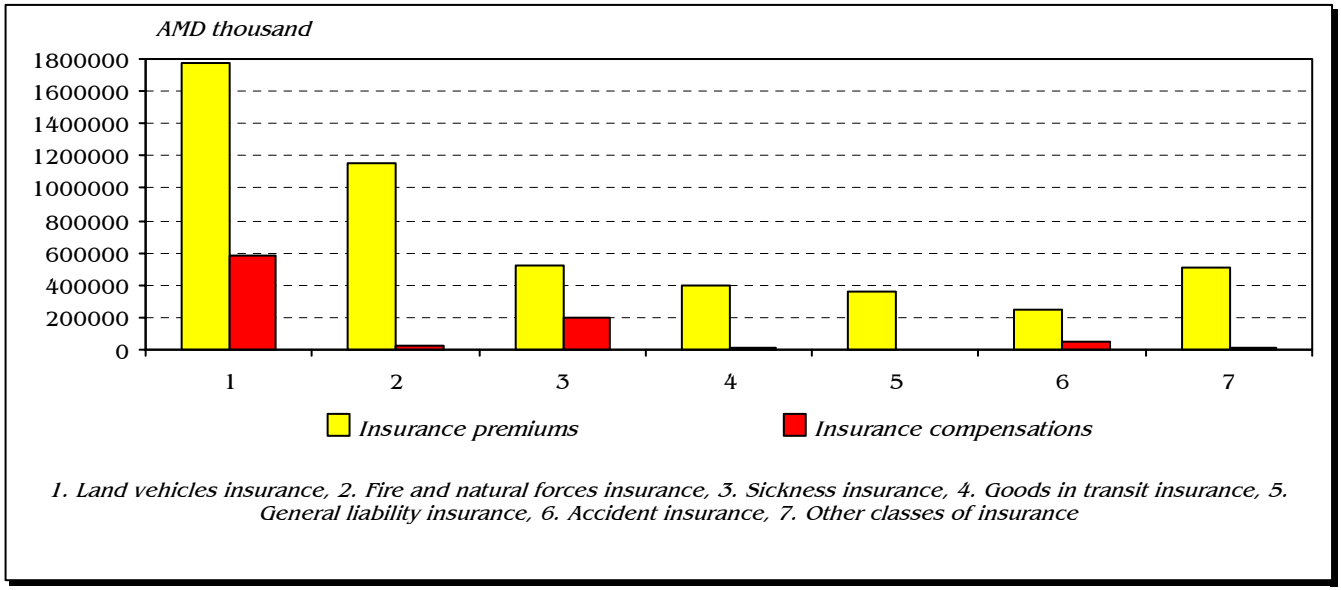
In 2007, insurance companies' accrued premiums were AMD 5.0 billion (compared to AMD 5.9 billion in 2006), of which 84.7%[35] accounted for the sum of accrued premiums for land vehicles (35.6%), fire and natural forces (23.3%), sickness (10.6%), goods in transit (8.0%), and general liability (7.2%) insurance classes.

In 2007, accrued insurance compensations reached AMD 890.0 million (compared to AMD 680.4 million[36] in 2006). Insurance compensations actually paid by insurance companies[37] were AMD 856.2 million, of which 88.4% were compensations made for land vehicles (66.0%) and sickness (22.4%) insurance classes.

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[34] Average annual assets are calculated by dividing the sum of assets at the beginning of the year and yearend assets by two.
[35] Accrued premiums for individual classes of insurance were calculated on the basis of Reports 2 and 5 submitted to the Central Bank of Armenia as per Regulation 32 approved under Central Bank Board decision 716-N dated December 5, 2006, Report 2 submitted to the Central Bank of Armenia as per Annex 8 approved under Central Bank Board decision 124-N dated March 28, 2006, and the Report on Insurance Activities, which the Central Bank of Armenia received from insurance companies in response to a written inquiry.
[36] This figure does not include compensations for aviation risks, which were AMD 26.7 billion in 2006.
[37] Compensations actually paid under individual classes of insurance were calculated on the basis of Report 4 submitted to the Central Bank of Armenia as per Regulation 32 approved under Central Bank Board decision 716-N dated December 5, 2006, Report 2 submitted to the Central Bank of Armenia as per Annex 8 approved under Central Bank Board decision 124-N dated March 28, 2006, Report 4 submitted to the Central Bank of Armenia as per Central Bank Board decision 180-N dated June 12, 2007, and the Report on Insurance Activities, which the Central Bank of Armenia received from insurance companies in response to a written inquiry.

Chart 24. Accrued Premiums and Insurance Compensations Actually Paid in 2007, by Classes of Insurance



1. Land vehicles insurance, 2. Fire and natural forces insurance, 3. Sickness insurance, 4. Goods in transit insurance, 5. General liability insurance, 6. Accident insurance, 7. Other classes of insurance

The loss ratio of the insurance system[38] was 39.1% in 2007.

Net interest income of insurance companies was AMD 294.2 million in 2007, of which 76.3% (AMD 226.5 million) was interest income from deposits with and borrowings to financial organizations.

Net non-interest income of insurance companies was AMD -755.0 million in 2007. Executive expenses of insurance companies accounted for 58.7% (AMD 560.3 million) of non-interest expenses.

INSURANCE COMPANIES' INSURANCE CONTRACTS IN FORCE AND SUMS INSURED[39]

At yearend 2007, insurance companies had 41,100 insurance contracts in force, which was more than the number at yearend 2006 by 11,600.

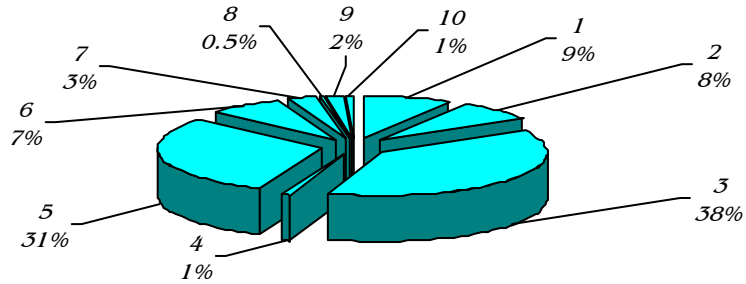
Sums insured of the contracts in force were AMD 1.14 trillion at yearend 2007 (AMD 1.13 trillion excluding sums insured for aviation risks), compared to AMD 3.93 trillion at yearend 2006 (AMD 630.0 billion excluding sums insured for aviation risks). The decrease in sums insured was due to the termination of activities of two insurance companies in 2007, (over 99% of their sums insured were for aviation risks).

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[38] The loss ratio is calculated as the ratio of the sum of insurance compensations accrued during the year and the change in reported but not regulated claims reserve to insurance premiums earned during the year.

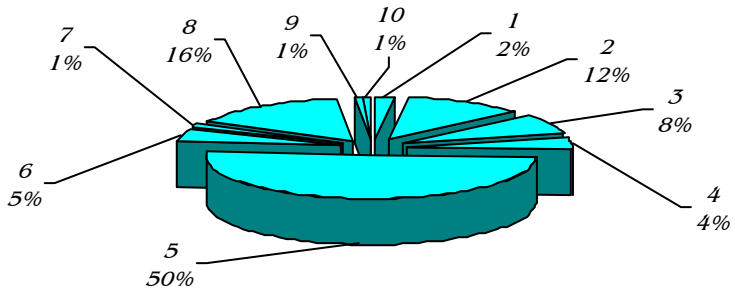
[39] For 2007, aviation risks include only aircraft and aircraft liability insurance classes.

Chart 25. Structure of Insurance Companies in Force as of December 31, 2007



1. Accident insurance, 2. Sickness insurance, 3. Land vehicles insurance, 4. Goods in transit insurance, 5. Fire and natural forces insurance, 6. Other damage to property insurance, 7. Motor vehicle liability insurance, 8. General liability insurance, 9. Assistance insurance, 10. Other classes of insurance

Chart 26. Structure of Sums Insured as of December 31, 2007



1. Accident insurance, 2. Sickness insurance, 3. Land vehicles insurance, 4. Goods in transit insurance, 5. Fire and natural forces insurance, 6. Other damage to property insurance, 7. Motor vehicle liability insurance, 8. General liability insurance, 9. Assistance insurance, 10. Other classes of insurance

REINSURANCE OF RISKS INSURED

At yearend 2007, sums reinsured reached AMD 986.9 billion, accounting for 86.7% of the risks insured by insurance companies (86.7% excluding aviation risks). At yearend 2006, reinsurers' share in sums insured accounted for 95.7% (73.7% excluding aviation risks).

Reinsurance premiums were AMD 2.1 billion or 43.1% of insurance premiums in 2007 (40.2% excluding aviation risks), compared to 62.9% (46.0% excluding aviation risks) in 2006.

Reinsurer's share in insurance compensations in 2007 was AMD 376.9 million (42.4% of accrued insurance compensations).

Thus, insurance companies ceded less risks to reinsurers: hence, as confirmed by the aforementioned numbers, the share of reinsurers in both sums insured and insurance premiums declined in 2007 compared to 2006.

SECURITIES MARKET OF ARMENIA

During 2007, the number of specialized entities in the securities market of Armenia declined: at yearend, 15 specialized entities operated in the market, of which six had not only brokerage licenses, but also trust management and custodian licenses. During the year, the licenses of seven companies were revoked, while two commercial banks became securities market participants (brokerage, trust management, and custodian licenses were issued to the "ArmSwissBank" CJSC and the "Prometey Bank" LLC).

At yearend 2007, total assets of specialized entities reached AMD 8.7 billion and their own capital AMD 2.1 billion (excluding the two commercial banks that are also specialized participants).[40] During 2007, the 13 non-bank specialized companied had total profits of AMD 594 million.

Though the number of specialized entities participating in the securities market declined, the volume of transactions in the securities market somewhat grew in 2007 relative to 2006: specialized entities executed transactions worth a total of AMD 332.1 billion in the securities market, which was 73.5% more than in 2006. Brokerage activities accounted for only 0.8% (AMD 2.6 billion) of the securities market turnover, AMD 4.6 billion less than in 2006.

Government securities remain the main instrument for transactions executed by specialized entities in the securities market: transactions with government bonds (including repurchase transactions) accounted for 98.2% (AMD 326.2 billion) of the total turnover of the securities market, representing an AMD 140.5 billion increase over 2006. The share of repurchase transactions in total transactions with government bonds was 82.8% in 2007.

The volume of transactions with corporate bonds reached AMD 3.4 billion in 2007, representing an AMD 2.3 billion increase over 2006; however, they accounted for only 1.0% of the total securities market turnover.

The volume of transactions with shares fell by AMD 2.1 billion to AMD 2.5 billion (0.7% of the total turnover).

The volume of repurchase transactions grew significantly: during 2007, it grew by AMD 165.5 billion over 2006 to reach AMD 270.0 billion (81.3% of the total turnover).

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[40] Including the assets of the commercial banks, specialized companies' assets would be AMD 37.2 billion and own capital AMD 14.2 billion at yearend 2007.

The vast majority of transactions executed by specialized entities in the securities market were over the counter. Transactions in the stock exchange accounted for 0.7% (AMD 2.2 billion) of the total securities market turnover, representing an AMD 3.0 billion decrease over 2006. 68.7% of the transactions executed in the stock exchange were with shares.

At yearend 2007, specialized entities attracted a total of AMD 898 million in the framework of trust management of securities.

Securities of 33 reporting issuers were listed in the Stock Exchange at yearend 2007. Two of them are banks. Eight of the 33 issuers are rated by the Central Bank of Armenia.

The primary market for corporate bonds became more active in 2007: six reporting issuers issued corporate bonds for a total AMD 3.2 billion.

In the Central Depository of Armenia, there were 734 issuer companies that maintained registries of nominal securities owners and 127,500 individuals owning securities issued by companies maintaining registries at yearend 2007.

PAWNSHOPS OPERATING IN ARMENIA

At yearend 2007, 62 pawnshops were active in Armenia. During the year, seven companies and sole entrepreneurs received pawnshop licenses, and the licenses of nine pawnshops were revoked. Total assets of pawnshops and total loans given by pawnshops grew by 28% and 40%, respectively. Total assets of pawnshops reached AMD 3.2 billion, and their total loan portfolio reached AMD 2.4 billion.

FOREIGN EXCHANGE OFFICES AND CURRENCY DEALERS

At yearend 2007, 283 foreign exchange offices (including branches) had licenses to buy and sell foreign exchange in the Republic of Armenia. During the year, 27 foreign exchange offices had their licenses revoked. Foreign exchange buy and sell licenses were issued to 21 offices. Compared to 2006, the total volume of foreign exchange trading in foreign exchange offices grew in 2007. US dollar purchase and sale volumes grew by 38% each, reaching US $449.7 and 443.6 million, respectively. Euro purchase and sale volumes grew by 65% and 64%, respectively, reaching EUR 35.4 and 34.8 million.

Foreign currency dealer licenses were issued to the “Proffinance” CJSC and the “Capital Asset Management” LLC. The foreign currency dealer licenses of “Aerobrok” LLC, “Gohar Hambaryan” and “Privat Invest” CJSC, and “Yerevan-Broker” LLC were revoked. As of December 31, 2007, five legal entities had foreign currency dealer licenses. Foreign currency dealers bought a total of US $30.3 million and sold a total of US $30.5 million (in 2006, purchases were US $7.0 million, and sales were US $14.4 million).

MONEY TRANSMITTERS AND PROCESSING AND CLEARING ORGANIZATIONS

At yearend 2007, seven companies were providing money transfer services in Armenia. During the year, licenses to perform money transfers were issued to "Elver" LLC, "Parvana Payment and Settlement Organization" CJSC, "Tandem Payments" LLC, "Tell Cell" CJSC, and "Mega Patera" LLC. The license of "Armenian Express" CJSC was revoked.

In addition to licenses to perform money transfers, "Tell Cell" CJSC, "Tandem Payments" LLC, and "Mega Patera" LLC also obtained licenses to perform processing and clearing for third parties. Through automated self-service terminals, they provide services of receiving cash payments for public services.

The remaining four money transmitters, by acceding to international payment systems, make payments remitted to Armenia from abroad and vice versa. Under the existing legal framework, money transmitters are required to have assets of AMD 500,000 in the form of either bank guarantee, or deposit in commercial banks, or Central Bank bonds as a guarantee of its business. Processing and clearing organizations are required to have a statutory fund in the amount of AMD 6 million.

During the year, these organizations transferred a total of AMD 9 billion to customers in Armenia (of which AMD 3.5 billion was transferred through international payment systems) and AMD 0.7 billion abroad. These companies accounted for 1.5% of total international payments made without opening a bank account. The average payment per customer was AMD 254,000 (for payments made through payment systems, AMD 101,000) during the reported period.

As of yearend 2007, four organizations ("Armenian Card" CJSC, "Tell Cell" CJSC, "Tandem Payments" LLC, and "Mega Patera" LLC) carried out processing and clearing for third parties in the Republic of Armenia territory.

As the operator of the "ArCa" unified system of card payments, the "Armenian Card" processing and clearing organization processes transactions of "ArCa", as well as "VISA" and "MasterCard" international card systems. During the year, the "Armenian Card" processing and clearing organization executed card transactions totaling AMD 168 billion (a 66% increase over 2006), including AMD 14 billion transactions with cards issued by foreign banks. The volume of transactions with cards issued by Armenian banks and acquired through processing centers of other Armenian banks (including foreign banks abroad) was AMD 20 billion. The volume of transactions over the Internet increased 3.3-fold to reach AMD 842 million. In order to enhance the reliability of card-servicing equipment in the system, efforts to connect them to the ArCa Processing Center through the Central Bank's CBANet inter-bank computer network continued.

PAYMENT AND SETTLEMENT SYSTEM

With a view to developing the payment and settlement system of Armenia, the Central Bank of Armenia further developed the legal framework on payment systems, as well as non-cash turnover and the securities market.

To facilitate securities market development, the Contract on Securities Settlement of Repurchase Transactions with Bonds Issued by Commercial Organizations Rated High by the Central Bank was developed, which regulates the settlement procedures of repurchase transactions between the Central Bank and commercial banks.

The Operational Procedure on the Performance by the Central Bank of Armenia of Its Custody Function of Government Securities has been approved, which regulates the custody activities of the Central Bank.

To facilitate the issuance of new benchmark bonds in the government securities market and to amend the related procedures on the bond redemption auction, the revised text of the Procedure on the Primary Placement, Redemption, and Processing of Government Securities of the Republic of Armenia was approved. This document defines the procedures of placement, buyback, and redemption of government bonds of the Republic of Armenia.

In order to promote trading in the Armenian Stock Exchange and to support the final settlement process, the Contract on Preliminary Deposit and Final Settlement of Transactions with Securities (Corporate Securities) Listed in the Armenian Stock Exchange has been developed, regulating the preliminary deposits of cash in relation to stock exchange transactions with securities, the clearing of transactions with securities registered in the Central Depository, and the procedures related to final settlement.

With a view to developing the securities market, automating the execution of transactions, and raising the effectiveness of operations, an Automated System for the Execution of Repurchase and Reverse Repurchase Transactions with Government Securities was developed, which supports the automated execution of repurchase and reverse repurchase transactions between the Central Bank of Armenia and commercial banks. The Operational Procedure on Repurchase (Reverse Repurchase) Transactions by the Central Bank of Armenia has been developed, setting out the procedure of executing transactions through the system.

The entry of the Swedish exchange operator OMX to Armenia in 2007 has been crucial for the development of the securities market. The OMX has already carried out a study of ways to stimulate stock exchange securities trading in the Republic of Armenia. Based on the Action Plan submitted to the Central Bank as a result of studies, a two-phase Strategic Plan for the Development of Stock Exchange Operations has been developed. In this context, new settlement mechanisms for stock exchange transactions will be developed, and the existing preliminary deposits will be eliminated.

To increase the share of non-cash payments, the Central Bank of Armenia has worked towards recognition of the payment card receipt as an expense-justifying document. Amendments to the

Government Decree on Requirements for and Compilation Procedure of Expense-Justifying Documents were developed and adopted: under the new provisions, a payment card receipt will be recognized as an expense-justifying document. It will be recognized as an accounting document, stimulating the use of non-cash instruments, particularly payment cards by both natural persons and legal entities.

In line with the objective of developing non-cash payments, a draft Law on Limitation of Cash Transactions has been developed.

Given the sharp increase in card transactions executed by banks (see the section on "Payment Cards"), a new three-party agreement on the settlement of transactions executed in the "Armenian Card" unified card payment system was developed and signed in 2007. The Central Bank has introduced the appropriate payment message formats, which will ensure the electronic submission of net positions for purposes of settlement to the Central Bank.

A new service introduced in 2007 was the acceptance of cash payment for various (mainly utilities and telecommunications) services through self-service terminals. This service is mainly rendered by non-bank payment service organizations that have obtained licenses for not only money transfers, but also the processing and clearing for third parties (see the section on "Money Transmitters and Processing and Clearing Organizations")).

Cooperation with International Organizations

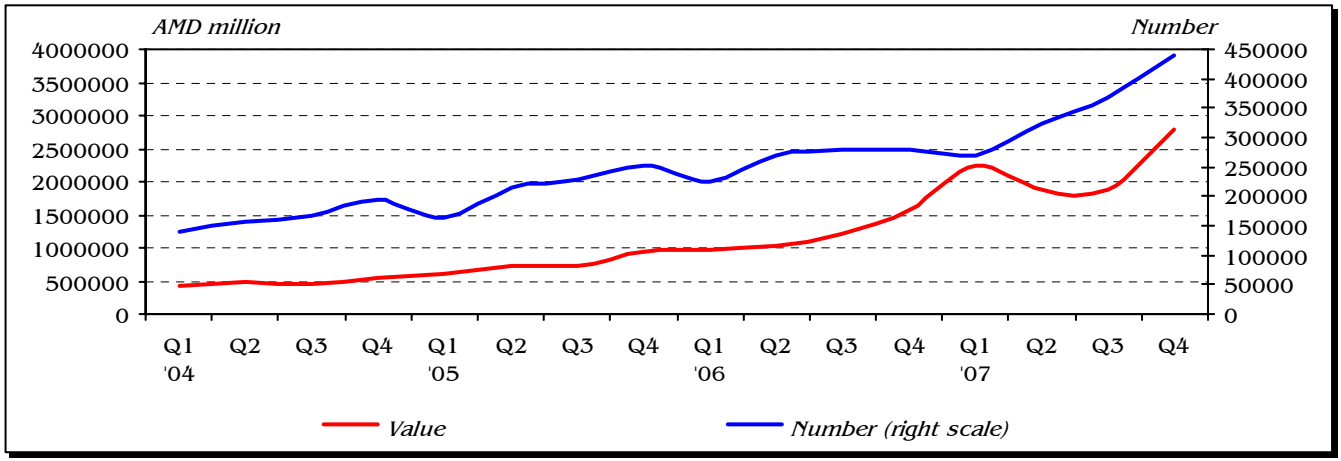
During 2007, the Central Bank has worked, in cooperation with the World Bank, towards the development and publication of a Purple Book that will provide a detailed description of the payment and securities systems of Armenia. In this connection, a delegation of CISPI (Cooperation in the Commonwealth of Independent States Payments and Securities Settlement Initiative) visited Armenia during 2007 in order to study the payment and securities systems of Armenia and assess it in line with international standards. To this end, the "Assessment and Observations on the Payments and Securities Clearance and Settlement Systems of Armenia" document was drafted in 2007; a Country Report will be developed as a follow-up measure.

Key Indicators of Payments and Settlements in Armenia

During 2007, non-cash turnover in Armenia reached AMD 9.3 trillion (3.6 million transactions). The daily average non-cash turnover was 1.1% of the GDP, representing a 0.35 percentage points increase over 2006. Payments through the Central Bank's payment systems were AMD 8.8 trillion, up 82.5% from 2006 (1.4 million transactions, up 33% from 2006).

Transfers initiated by and destined to the Treasury continued to account for a large share (46.8% of the total value and 46.1% of the total volume of transactions) of payments executed through the Central Bank (excluding transfers related to stock exchange trading) in 2007. The total value of transfers initiated by and destined to the Treasury through the Central Bank grew 2.6-fold (by AMD 2 trillion) in 2007 over 2006, while their volume increased by 184,000

Chart 27. Value and Volume of Payments Made through the Central Bank



During 2007, a total of 4.4 million transactions worth AMD 213.6 billion were executed using payment cards in Armenia; of this amount, non-cash card payments were about AMD 17.0 billion. Of the non-cash turnover, e-payments (transactions via the Internet) accounted for AMD 842 million (including e-commerce of AMD 457 million and card-to-card payments of AMD 385 million). The total number of cards in circulation was 327,800 at yearend, representing a 56.8% increase over yearend 2006.

Card-based non-cash payments accounted for about 8% of total card payments. On the whole, the card-based non-cash transaction value grew by 50% in 2007.

PAYMENT SYSTEMS OF THE CENTRAL BANK OF ARMENIA

Electronic Payments System

At yearend 2007, the total number of participants in the Central Bank's Electronic Payments System was 259, including the Central Bank and its three territorial cash centers, the Treasury of the Republic of Armenia with its 44 branches, 22 commercial banks with 186 branches, the "Armenian Card" processing and clearing organization, the Inter-State Bank (Moscow, Russia), the Armenian Stock Exchange, and one non-bank dealer.

The vast majority of payments via the Central Bank's payment systems were executed using the Electronic Payments System: on average, 65.3% of the value of total payments and 96.3% of the total number of transactions, representing increases over 2006 of 47.8% (AMD 1,855 billion) and 33.7% (340,200 transactions), respectively.

The average daily volume of transfers using the Electronic Payments System increased in 2007 over 2006 by 1,329 to reach 5,273, while the value of such transfers grew by AMD 7.2 billion, reaching AMD 22.4 billion.

Chart 28. Average Daily Transfers via Electronic Payment System

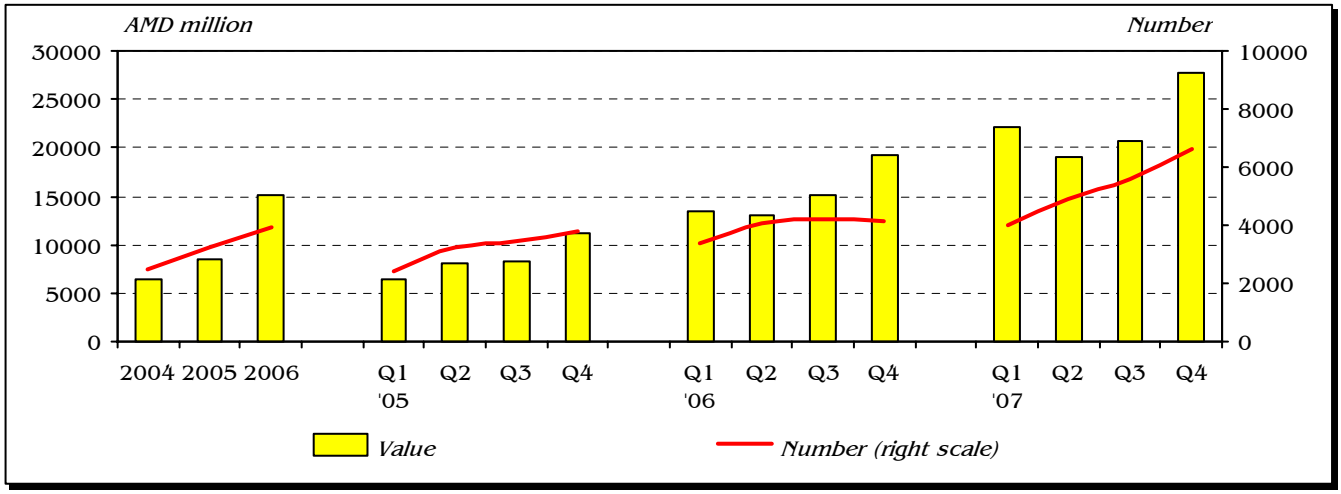
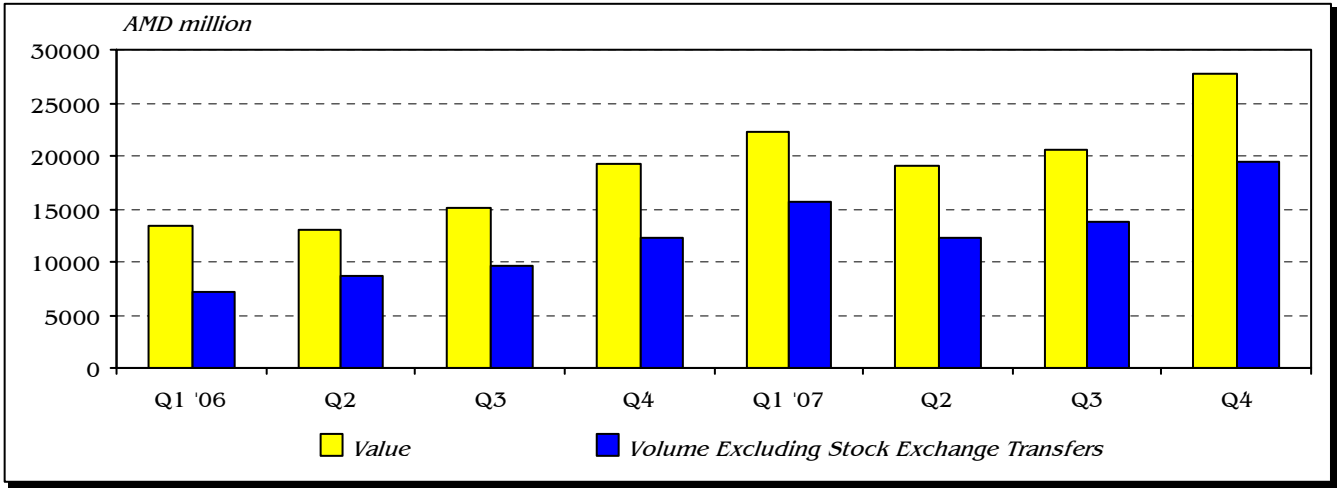


Chart 29. Stock Exchange Trading-Related Transfers Using Electronic Payment System, as a Share of Average Daily Payments



Paper-Based Gross Payments System

Paper-based payments by commercial banks during the year accounted for 25.7% of the total value of bank payments (a 3.1-fold increase compared to 2006) and 0.43% of their volume (a 1.2 fold increase compared to 2006).

Table 7. Payments Executed by the Central Bank, Commercial Banks Operating in Armenia, and the Treasury of Armenia Using Payment Systems of the Central Bank

Period	Gross				Government Securities Accounting and Settlement System		Total	
	Electronic		Paper-Based				Through the Central Bank	
	Value (AMD million)	Volume	Value (AMD million)	Volume	Value (AMD million)	Volume	Value (AMD million)	Volume
2007								
Q1	1419863	256381	664012	11121	166205	1525	2250080	269027
Share of total payments (in %)	63.10	95.30	29.51	4.13	7.39	0.57	100	100
Q2	1219958	311884	447642	10435	203791	1762	1871391	324081
Share of total payments (in %)	65.19	96.24	23.92	3.22	10.89	0.54	100	100
Q3	1318209	357046	341274	10892	215815	1817	1875298	369755
Share of total payments (in %)	70.29	96.56	18.2	2.95	11.51	0.49	100	100
Q4	1779548	424451	735275	12109	275554	2038	2790377	438598
Share of total payments (in %)	63.77	96.77	26.35	2.76	9.88	0.47	100	100
Total	5737578	1349762	2188204	44557	861365	7142	8787147	1401461
Share of total payments (in %)	65.3	96.31	24.9	3.18	9.8	0.51	100	100

The volume of average daily paper-based payments through the Central Bank was 174, for a total value of AMD 8.5 billion (the average daily value of transfers grew by AMD 4 billion compared to 2006). Compared to 2006, the average size of a paper-based payment grew by about AMD 35 million and reached AMD 49 million. The increase in paper-based transfers was driven mainly by repurchase and reverse repurchase transactions. During 2007, 73 paper-based transfers with a total value of AMD 35.7 billion were carried out between commercial banks (a 3.4-fold increase in value).

Government Securities Accounting and Settlement System

As of yearend 2007, 5 agent banks and 17 dealer banks operating in Armenia were members of this system, together with the Deposit Guarantee Fund, one non-bank dealer, the Ministry of Finance and Economy and the Central Bank of Armenia (as the issuer of government bonds), the Treasury Direct, and the Central Bank of Armenia (as the Central Depository and the issuer of Central Bank bonds).

During 2007, the system generated 2,044 instructions for a total value of AMD 102 billion regarding primary allocation and redemption of government securities—an AMD 40.5 billion increase over 2006. Banks transferred AMD 52.6 billion in return for government securities purchased at the

primary allocation, while the Treasury transferred AMD 49.4 billion for redeemed government securities. The Treasury Direct has made payments of AMD 1.8 billion for government securities, of which AMD 652 million for allocation, and AMD 1.1 billion for redemption of government securities.

The Government Securities Accounting and Settlement System generated 1,467 instructions for a total sum of AMD 261.8 billion regarding primary allocation and redemption of the Central Bank's own bonds. In the primary allocation of such securities, commercial banks transferred AMD 134.9 billion against Central Bank bonds acquired by them, while AMD 126.9 billion was transferred against redemption of Central Bank bonds.

During 2007, operations of the participants of the Government Securities Accounting and Settlement System in the secondary market for government securities have grown about 1.8-fold in terms of value to reach AMD 1,069 billion (at face value), including purchases and sales totaling AMD 878 billion, free delivery of AMD 191 billion, and pledges of AMD 25 billion (at face value). 3,631 DVP purchase and sale transactions worth AMD 497.6 billion were performed.

Payment Cards

As of yearend 2007, 20 commercial banks were issuing and acquiring payment cards. All of them were members of the "Armenian Card" ("ArCa") Unified Card Payment System. Two banks were still in the process of implementing "ArCa" services.

During 2007, 158 new ATMs were installed to serve payment cards, bringing the total number of ATMs to 338 at yearend. 259 of these ATMs serve "ArCa" cards. Commercial banks set (placed) 702 POS terminals, to bring their total number to 2,028 (of which 334 are installed in subdivisions of commercial banks). There are currently 83 imprinters set.

Table 8. Service Indicators of Cards in Circulation

Indicator	International Standard	Armenia, 2006	Armenia, 2007
Number of cards in circulation / ATM	2600	1162	970
Number of cards in circulation / POS terminals	160	158	162

Table 9. Types of Cards Issued by Banks Operating in Armenia

Name of Bank	ArCa	MASTER CARD	VISA	AMEX	Other Cards
Armbusinessbank	+				
Anelik Bank	+	+	+		
Ararat Bank	+				
Armimpexbank	+	+			
VTB-Armenia Bank	+		+		
Armeconombank	+	+			

Prometey Bank	+	+			
BTA Invest Bank	+				
Armenian Development Bank	+	+			
Converse Bank	+		+		+
Inecobank	+	+			
Mellat Bank	+				
Byblos Bank	+				
HSBC Bank Armenia	+	+	+		+
ACBA-Credit Agricole Bank	+		+		
Artsakh Bank	+	+			
Cascade Bank	+	+			
Areximbank	+	+	+	+	
Unibank	+		+		
Ardshininvestbank	+	+			

At yearend, the number of "ArCa" cards grew by 54.4% compared to yearend 2006 (50,199 new cards) to reach 142,482. The number of international system cards grew by 58.7% (68,540 new cards), of which VISA international cards grew by 53.5% (48,547 new cards) to reach 139,280, while MasterCard international cards grew by 100% (11,848 new cards) to reach 23,665. Other international cards account for the remaining part.

The share of "ArCa" cards in the total number of cards issued by commercial banks operating in Armenia reached 43.5%, while the shares of VISA and MasterCard international cards reached 42.5% and 7.2%, respectively. Other international cards (including HSBC debit cards) accounted for 6.8%.

The value of card transactions grew by 54.5% in 2007 over 2006 (by AMD 75,388 million), while their volume increased by 46.18% (by 1,398,981).

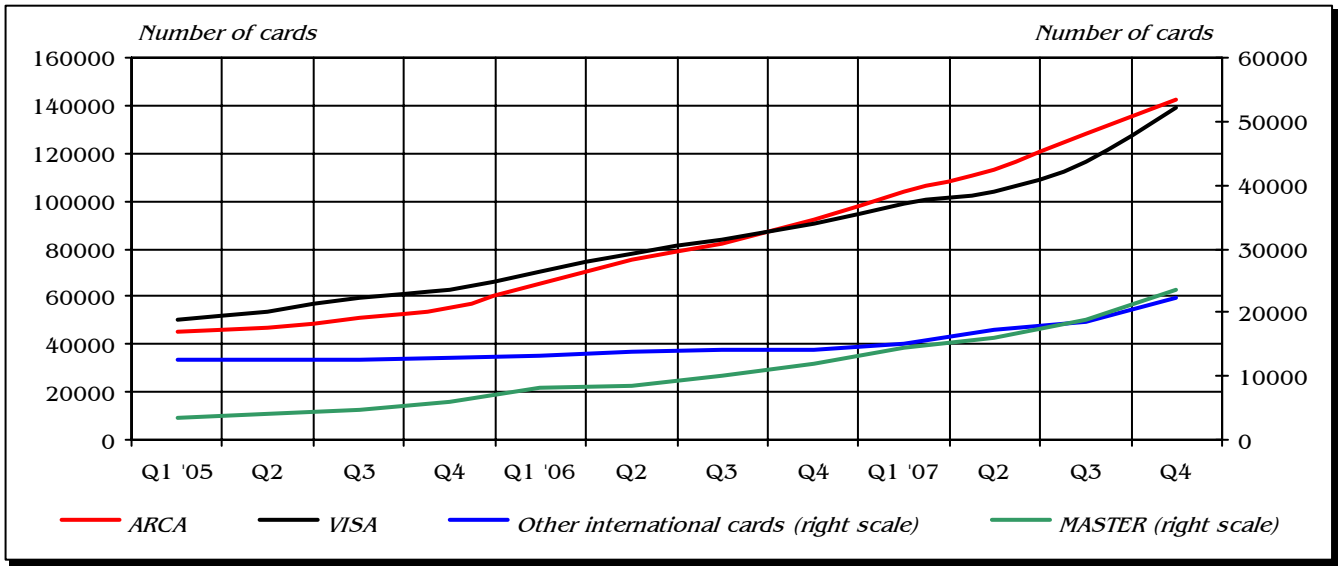
A total of 2,081,054 transactions with a total value of AMD 74.9 billion were carried out using "ArCa" cards. The value and volume of transactions with "ArCa" cards grew by 64.7% (AMD 29,418 million) and 47.7% (AMD 672,175), respectively. The share of "ArCa" cards in total transactions accounted for 35% of value and 47% of volume.

VISA international cards accounted for the largest share (42.2%) of the value of card transactions.

The value of transactions using VISA international cards reached AMD 90.2 billion (1,436,500 transactions), while MasterCard international cards were used in a total of 319,300 transactions for a total value of AMD 19.9 billion. The value of transactions using VISA and MasterCard cards grew by 49.1% and 57.2%, respectively (by AMD 29.7 billion and AMD 7.2 billion, respectively).

Other international cards were used in 591,700 transactions for a total of AMD 28.6 billion, representing an AMD 9.0 billion increase over 2006.

Chart 30. Trends of Payment Card Issuance by Armenian Commercial Banks



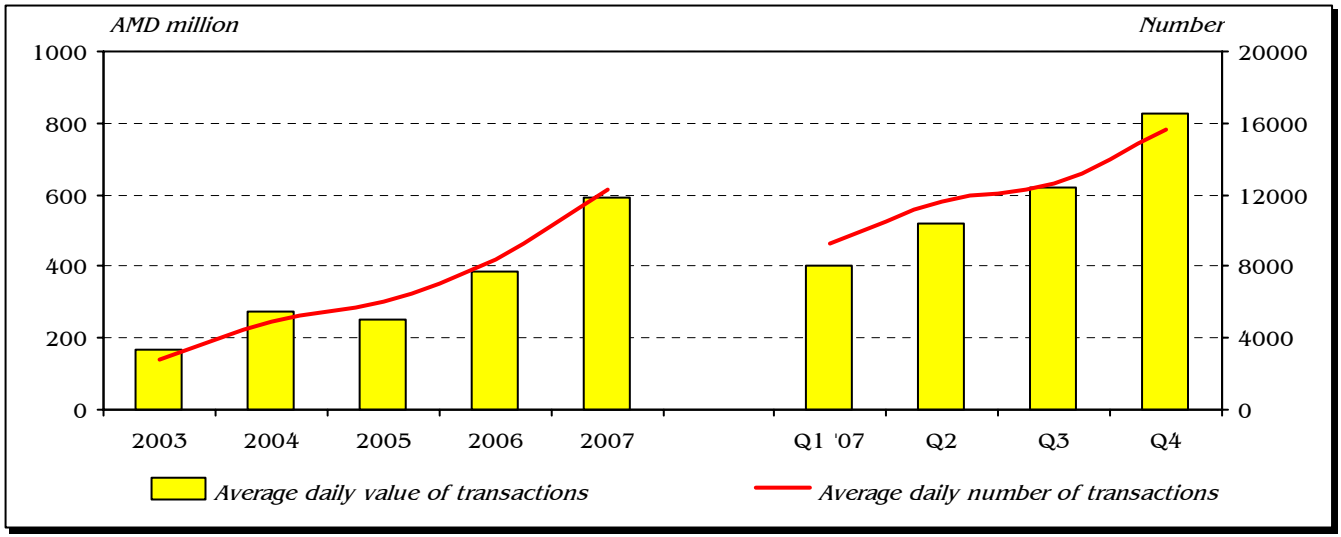
In 2007, the average daily value of card transactions reached AMD 593 million, while the average daily number of transactions reached 12,300. VISA international cards and "ArCa" cards accounted for 42% and 35% of the daily value, respectively. Compared to 2006, the average daily number of transactions increased 1.5-fold (by 3,900).

The average monthly value of transactions executed using one "ArCa" card grew by about AMD 3,000 in 2007 to reach AMD 50,000. The average number of such transactions was 1.4.

Table 10. Card Transactions via Accepting Devices in 2007

	Total transactions	Of which, using ArCa cards	Total transactions	Of which, using ArCa cards
	(AMD million)	(AMD million)	Number	Number
ATMs	154438	56770	3611566	1682344
of which, non-cash	2143	254	78535	40357
POS terminals	58672	18120	809268	398710
of which, non-cash	14858	4036	363365	145430
Imprinters	524	0	7716	0
of which, non-cash	35	0	200	0
Total	213634	74889	4428550	2081054
of which, non-cash	17036	4290	442100	185787

Chart 31. Average Daily Transactions Executed in Armenia Using Payment Cards, 2003 – 2006 and Quarterly for 2007



International Systems of Money Transfers

Money transfers of individuals without opening a bank account are performed by commercial banks operating in Armenia and money transfer organizations licensed by the Central Bank of Armenia (see the section on "Money Transmitters and Processing and Clearing Organizations").

In order to expedite money transfers of their customers, commercial banks operating in Armenia have participated in 18 international systems (Western Union, Money Gram, Anelik, Unistream, Contact, and other remittance systems).

Table 11. Money Transfer Systems

	Number of participating banks	Number of participating organizations	Share in influx of funds (in %)
UNISTREAM	3		51.66
WESTERN UNION	15	1	9.72
ANELIK	8		9.88
BISTRAYA POCHTA	6		9.76
CONTACT	4	2	8.00
MIGOM	7	1	3.56
MONEY GRAM	2	1	2.02
INTEREXPRESS	2		1.43

LIDER	4		0.96
PRIVAT MONEY TRANSFER	3		0.55
STB Express	1		-
JIVIE DENGI	1		0.0002
BLIZKO	2		0.25
FASTER	1		0.32
ALUR	1		0.003
ZOLOTAYA CORONA	1		0.17
BTF-Sauz	1		1.57
Travelex	-	1	0.09
STEFI	-	1	0.28

During 2007, the influx of funds into Armenia through banks participating in these systems amounted to AMD 385.8 billion (1.5 million remittances), which exceeded the value of outgoing transfers 9.8-fold. As a result, the net influx of funds through commercial banks grew by 25% over 2006 to reach AMD 346.4 billion. The value of inward remittances grew by 22% (by AMD 70.3 billion). The average size of an inward remittance was AMD 253,000 during 2007.

During 2007, the volume of inward remittances to Armenia via S.W.I.F.T. was AMD 1.8 trillion (a total of 287,800 remittances).

In the total value of remittances via commercial banks and money transfer organizations, remittances to individuals grew by 17% to reach AMD 599 billion. Outbound remittances grew by 7% to reach AMD 343 billion.

SUPERVISION DEVELOPMENT PROSPECTS

In the context of broadening financial intermediation, the Central Bank of Armenia will assign great importance to the harmonious development of banking, securities, and insurance markets. In 2008, the Central Bank will sustain activities aimed at deepening financial intermediation, enhancing the stability and liquidity of Armenia's financial system, strengthening the environment for healthy competition, and developing the economy and the financial system.

The creation of a financial hub in Armenia is currently a priority in long-term development efforts. According to the 2008-2012 Program of Activities of the Government, a Concept Paper on Developing Armenia as a Regional Financial Center will be drafted in 2008 under coordination of the Central Bank.

Improving the Supervision Framework

In 2008, the Central Bank will continue the transition from institution-specific supervision of the financial system (i.e. banks, insurance companies, securities market specialized entities, and others) to a new model of functional regulation and supervision, clearly distinguishing prudential, market conduct, and financial system consumer protection regulatory/supervision functions. To this end, it is important to recruit new supervision staff and to develop and implement additional requirements and standards of qualification for the existing staff.

Special attention will be paid to the protection of financial system consumers' interests and extensive measures will be implemented in that area: special guides and booklets will be produced to inform consumers of their rights and responsibilities. Consumer complaint review mechanisms will be developed and implemented in financial organizations. Mandatory requirements will be established, which will regulate the provision of information to consumers by financial organizations. Besides, there will be efforts to raise the financial "literacy" of consumers: special manuals will be developed, workshops on financial topics will be conducted, games for the youth will be organized, financial knowledge tests will be issued on electronic media, training and methodology guides will be produced for trainers, awareness programs will be broadcast on the public mass media, and so on. With a view to providing consumers with more thorough and comprehensive information about financial services, a separate website containing all such information will be created instead of the "For consumers" section of the Central Bank's website.

Financial System Development Measures

In the context of its functions, the Central Bank attaches great importance to the sound development of the banking, securities, and insurance markets: to this end, a number of reforms have been contemplated for 2008.

Banking Sector

The new regulatory framework for banking, which is essentially based on the principles and logic of the Basle II Accord, will be implemented starting from January 1, 2008. It will enable banks to manage their risks in a more flexible and effective manner, which in its turn will increase the efficiency of banking, reinforce financial stability, and increase financial intermediation.

Considering the importance of risk assessment and management by banks, a Manual on Risk Management in Banks will be elaborated on the basis of the international best practices.

In 2008, a new system of risk assessment will be developed in banks, which will be based on the segregation, assessment, and management of transaction-specific risks. The goal is to develop a summary assessment of the risk level of a bank by means of analyzing risks and management efficiency. As a result, the indicators of the banks' activities, their risk, and risk management systems are expected to become more effective. With this system, it will be possible to focus most of the attention on functions considered essential for the banks, which are subject to the highest risks. Once this system is successfully implemented in banks, it can be used to assess risks in other financial organizations, as well.

In accordance with amendments made to the Republic of Armenia Law Guaranteeing the Reimbursement of Bank Deposits to Natural Persons, a "Procedure on the Creation and Maintenance of an Electronic Database on Bank-Guaranteed Deposits and Depositors, Data Storage and Provision to the Central Bank" will be developed in order to ensure the swift and effective refund of deposits by deposit guarantee funds, if such cases arise.

As in 2006, mortgage lending was the fastest-growing component of loans to the economy in 2007, indicating the economy's strong demand for long-term credit. During 2008, the Central Bank will keep up efforts to develop the mortgage market. At the end of 2007, drafts of the Republic of Armenia Law on Covered Mortgage Bonds and the Republic of Armenia Law on the Securitization of Assets and Asset-Backed Securities were submitted to the Government. After these laws are adopted in 2008, the sub-legislation necessary for their enforcement will be developed on the basis of the international best practices. The adoption of these laws is important, as it will enable banks and credit organizations to issue mortgage securities to finance mortgage loans by attracting liquidity from capital markets, which in turn is expected to make mortgage loans more affordable (by reducing interest rates and increasing maturities). Besides, mortgage securities will become an alternative investment .

Enhancing the efficiency of the pension system can expand the financial system and increase financial intermediation by means of making long-term credit available to the economy. In 2008, the Central Bank will remain pro-active in the reforms of the pension system. A Manual on Inspections of Credit Organizations will be developed in 2008, which will guide on-site inspections of credit organizations by supervisors.

Insurance Market

Reforms in the insurance market will continue in accordance with the Insurance Market Development and Supervision Reform Concept Paper.

Measures to implement infrastructures that are essential to developing the insurance market will continue in 2008.

During 2007, the Central Bank developed the Concept Paper on the Implementation of Mandatory Insurance for Third Party Liability of Drivers of Automobiles in Armenia, which was approved at yearend by decree of the Government of Armenia. In 2008, the implementation of a system of mandatory insurance for third party civil liability of drivers of automobiles will begin. Based on the Concept Paper, a Law on Mandatory Insurance for Third Party Liability Resulting from Automobile Use, together will other relevant laws, will be drafted and adopted in 2008.

The feasibility of introducing other types of mandatory insurance in Armenia will be studied. Countries with a developed insurance system usually have the following types of mandatory insurance: medical insurance, general civil liability insurance, professional liability insurance for certain professions, work accident insurance, and health insurance. During 2008, based on the feasibility studies, strategies for introducing specific types of mandatory insurance in Armenia will be developed.

As a more far-reaching objective, the feasibility of introducing mandatory health insurance in Armenia will be studied. In cooperation with the Ministry of Health, a Concept Paper on the Implementation of Mandatory Health Insurance in Armenia will be developed in 2008: as a result, a decision on the feasibility of introducing mandatory health insurance in Armenia will be taken and, in case of a positive decision, the existing obstacles will be identified and solutions, reforms, activities, resources, and timeframes will be proposed.

There is also a plan to develop, jointly with the Ministry of Health, a Concept Paper on a Unified Health Database. Such a database is a part of the infrastructure necessary to develop health insurance. The database will collect the medical history of each individual and provide such data to health care providers and, later, also to insurance companies. This data will enable fair insurance pricing in order for the health insurance companies to avoid unreasonable risks and to have proper compensation. The Concept Paper will provide a description of the database, a list of data to be collected, a description of the necessary infrastructures, input data sources, calculations, resources, the database implementation timetable, and so on.

From a standpoint of supervision improvement and risk identification, there will be a strong focus in 2008 on the development of early warning instruments for any deterioration of the financial status of insurance companies, as well as the drafting and introduction of inspection manuals for supervisors.

Enhancing the supervision capacity of the Central Bank will be another priority in 2008: in this context, a Supervision Manual for On-site Inspections of Insurance Companies will be drafted, thoroughly covering the on-site inspection process and areas subject to inspection. The following main areas will be distinguished: underwriting, reinsurance, asset quality, capital and return, management, sales of insurance products, and others spheres. For each area, the inspection process will be organized in such a way as to enable the supervisors:

- To identify possible risks and take measures to prevent them;
- To assess whether the company has proper internal regulations and internal control systems (due process and internal control);
- To determine whether the insurance company operates in accordance with the legislation, internal policies, and procedures (due enforcement);

- To assess whether the company properly accounts for and reports its activities (proper accounting); and
- To assess the conformity of the company's internal rules with the legislation and other legal acts (legal conformity).

The CARAMELS Assessment of Performance Indicators of Insurance Companies (adopted in 2007) will be used as an early warning instrument. It covers an assessment of the company's financial stability under the main indicators (capital, assets, reserves, actuarial projections, management, earnings, liquidity, and sensitivity to the market).

Securities Market

A number of measures will be implemented to develop the securities market by increasing the number of entities that raise financing in or channel their savings through the securities market. There will be several policy priorities in this field.

Considering that the Swedish stock exchange operator "OMX will assume ownership of the Armenian Stock Exchange and Armenian Central Depository from January 3, 2008, the Central Bank of Armenia will cooperate closely with OMX to develop the securities market. In particular, the Central Bank will continue, jointly with OMX, to examine development prospects of the Armenian securities market and to implement a set of recommendations on developing the market.

Various legal acts will be drafted or revised in accordance with the Republic of Armenia Law on the Securities Market adopted on October 11, 2007.

During 2008, the Central Bank plans to develop legislation on the activities of investment funds with a view to creating mechanisms that will enable small investors to consolidate their finances and make diversified investments. The legislation on investment funds will also support the creation of venture funds, securitization vehicles, pension fund managers, and custodians.

With a view to introducing the best practices of corporate governance in joint-stock companies, the legislation on joint-stock companies will be revised in 2008: as a result, the legislation will become more favorable for attracting foreign investments and supporting existing companies.

Legal acts regulating the investment companies' licensing and registration procedures, the activities of entities providing investment services, reports submitted to the Central Bank by investment companies, the stock exchange operator, and the central depository, and the prudential requirements on investment companies will be developed.

Efforts to join the IOSC's (International Organization of Securities Commissions) Multilateral Memorandum of Understanding (MOU) concerning Consultation and Cooperation and the Exchange of Information will continue. Parties to this Memorandum may obtain from foreign regulators any information necessary for the securities market supervision, as well as provide comprehensive mutual assistance.

The assistance to securities issuers through public offers will be continued.

Once the National Assembly of Armenia enacts the Law on Covered Mortgage Bonds and the Law on the Securitization of Assets and Asset-Backed Securities in 2008, the Central Bank will develop the sub-legislation on the licensing and regulation of Securitization Vehicles.

Payment and Settlement System

During 2008, the Central Bank of Armenia will continue to reform the legal framework regulating payments and settlements in Armenia. Amendments to the Republic of Armenia Law on the Payment and Settlement System and Organizations are currently being developed and will be finalized in 2008, providing comprehensive regulation of the activities of organizations processing and clearing payment instruments and settlement documents, as well as money transfer organizations. The requirements on accession to payment systems will be clarified in the Law. Measures will be implemented to regulate the activities of organizations issuing e-money.

Financial Stability System

In recent years, many countries have paid much attention to assessing, regulating, and supervising not only individual components of the financial system, but also the overall financial system developments, risks, and obstacles to stability. From January 1, 2006, the Central Bank undertook the supervision of the whole financial system of Armenia. In the context of ensuring financial stability, it is very important to carry out a detailed review of risks arising in the financial system and all the macroeconomic sectors (real, fiscal, and external sectors). To achieve stability in the financial system of Armenia, the Central Bank will continue to assess, supervise, and regulate banking, insurance, and securities markets, as well as the other participants of the financial system during 2008.

Annex

Annex 1. Survey Balance Sheet Indicators of Commercial Banks

	Commercial banks	Branches	
		31.12.2006	31.12.2007
1	VTB Bank (Armenia)	98	89
2	Ardshininvestbank	51	53
3	Armeconombank	43	45
4	Artsakhbank	14	14
5	Converse Bank	16	23
6	ACBA-Credit Agricole Bank	16	27
7	Unibank	27	29
8	Bank Anelik	8	8
9	Areximbank	8	9
10	Inecobank	4	5
11	HSBC Bank Armenia	2	7
12	Prometey Bank	2	3
13	Armimpexbank	-	-
14	Armenian Development Bank	-	2
15	Armbusinessbank	1	12
16	Mellat Bank	-	-
17	Cascade Bank	-	-
18	Byblos Bank Armenia	4	4
19	BTA Investbank	2	3
20	ARARATBANK	3	14
21	Armswissbank	-	-
22	ProCredit Bank	-	-
Total		**299**	**347**

Annex 2. Survey Balance Sheet Indicators of Commercial Banks

Indicators	Currency	31.12.05	31.12.06	Change 31.12.06-31.12.05	31.03.07	Change 31.03.07-31.12.06	30.06.07	Change 30.06.07-31.03.07
Cash	AMD	11193271	15372106	37.3%	14456203	-6.0%	14856839	2.8%
	FX	15791693	15198111	-3.8%	16804204	10.6%	19423062	15.6%
Correspondent accounts with the CBA and other claims on the CBA	AMD	28684125	38169305	33.1%	23343720	-38.8%	24298347	4.1%
	FX	22322722	23628784	100.0%	24323778	2.9%	23762933	-2.3%
Correspondent accounts with banks and other claims on banks	AMD	1433294	3723119	159.8%	4532715	21.7%	6297308	38.9%
	FX	67970937	58087230	-14.5%	52918506	-8.9%	52739910	-0.3%
Claims on other financial organizations	AMD	5215286	8714525	67.1%	9209380	5.7%	8278246	-10.1%
	FX	2585819	1455717	-43.7%	2119990	45.6%	2082265	-1.8%
Government securities		65576558	93623489	42.8%	104788833	11.9%	101089272	-3.5%
Liabilities for securities through repos and currency through currency swap	AMD	-6239541	-11730337	88.0%	-12764153	8.8%	-14929300	17.0%
	FX	0	-610680	-	-1575799	100.0%	-1537002	-2.5%
Repos (excluding interbank repos)	AMD	0	238401	-	857364	100.0%	865915	1.0%
	FX	0	0	-	0		0	-
Loans to legal entities	AMD	40484971	54234059	34.0%	59790842	10.2%	62293470	4.2%
	FX	63731078	60316870	-5.4%	65994305	9.4%	76223844	15.5%
Loans to natural persons	AMD	23966654	49395335	106.1%	72293607	46.4%	100825636	39.5%
	FX	49823289	59577126	19.6%	51670296	-13.3%	43487211	-15.8%
Loans to bank related persons and bank employees	AMD	2532112	2527026	-0.2%	2904832	15.0%	3645354	25.5%
	FX	3484976	3603253	3.4%	4407340	22.3%	4477258	1.6%
Asset loss reserves		-3413727	-4562064	33.6%	-4853534	6.4%	-5332632	9.9%
Interest receivable		2700113	3106010	15.0%	3535527	13.8%	3817672	8.0%
Fixed assets		25013801	30684002	22.7%	30945862	0.9%	32163351	3.9%
Other securities		999245	1225834	22.7%	1411171	15.1%	1522077	7.9%
Leasing, factoring (excluding interbank leasing and factoring)		3781838	4019180	6.3%	3927177	-2.3%	4855250	23.6%
Other assets		12827709	14521086	13.2%	20395978	40.5%	21155797	3.7%
Total assets		**440674145**	**524517487**	**19.0%**	**551438144**	**5.1%**	**586362083**	**6.3%**

thousand drams

Indicators	Currency	30.09.07	Change 30.09.07-30.06.07	31.12.07	Change 31.12.07-30.09.07	2007 annual	Change 31.12.07-3 1.12.06	
Cash	AMD	18323046	23.3%	24257482	32.4%	24257482	8885376	57.8%
	FX	18418167	-5.2%	14834047	-19.5%	14834047	-364064	-2.4%
Correspondent accounts with the CBA and other claims on the CBA	AMD	27035757	11.3%	37055488	37.1%	37055489	-1113816	-2.9%
	FX	26565994	11.8%	38421252	44.6%	38421252	14792468	62.6%
Correspondent accounts with banks and other claims on banks	AMD	7274471	15.5%	6761399	-7.1%	6761399	3038280	81.6%
	FX	50101391	-5.0%	56700017	13.2%	56700017	-1387213	-2.4%
Claims on other financial organizations	AMD	8834146	6.7%	8059228	-8.8%	8059228	-655297	-7.5%
	FX	2345964	12.7%	1859946	-20.7%	1859946	404229	27.8%
Government securities		108638346	7.5%	112190196	3.3%	112190196	18566707	19.8%
Liabilities for securities through repos and currency through currency swap	AMD	-15737526	5.4%	-17126389	8.8%	-17126389	-5396052	46.0%
	FX	-1749465	13.8%	-2458329	40.5%	-2458329	-1847649	302.6%
Repos (excluding interbank repos)	AMD	334781	-61.3%	859588	156.8%	859588	621187	260.6%
	FX	348578	100.0%	675841	93.9%	675841	675841	100.0%
Loans to legal entities	AMD	67746242	8.8%	79265242	17.0%	79265242	25031183	46.2%
	FX	102212368	34.1%	113159142	10.7%	113159142	52842272	87.6%
Loans to natural persons	AMD	128834892	27.8%	158273388	22.8%	158273388	108878053	220.4%
	FX	43935537	1.0%	47981879	9.2%	47981879	-11595247	-19.5%
Loans to bank related persons and bank employees	AMD	4944034	35.6%	5032022	1.8%	5032022	2504996	99.1%
	FX	5584240	24.7%	5019836	-10.1%	5019836	1416583	39.3%
Asset loss reserves		-6390372	19.8%	-7688707	20.3%	-7701615	-3139551	68.8%
Interest receivable		4295846	12.5%	4577615	6.6%	4577615	1471605	47.4%
Fixed assets		33752524	4.9%	42437138	25.7%	42534713	11850711	38.6%
Other securities		2728580	79.3%	2705543	-0.8%	2705543	1479709	120.7%
Leasing, factoring (excluding interbank leasing and factoring)		5900340	21.5%	7928440	34.4%	7928440	3909260	97.3%
Other assets		19725620	-6.8%	23608636	19.7%	23593307	9072221	62.5%
Total assets		**664003501**	**13.2%**	**764389939**	**15.1%**	**764459279**	**239941792**	**45.7%**

Annex 2 *(continuation)*

Indicators			Currency	31.12.05	31.12.06	Change 31.12.06-31.12.05	31.03.07	Change 31.03.07-31.12.06	30.06.07	Change 30.06.07-31.03.07
Correspondent accounts of banks			AMD	353082	326082	-7.6%	359076	10.1%	773202	115.3%
			FX	4621770	4385729	-5.1%	4712152	7.4%	3258044	-30.9%
Other liabilities to banks (including the CBA) and other financial organizations			AMD	14212362	23675655	66.6%	27431977	15.9%	28298101	3.2%
			FX	24172463	29746273	23.1%	33328489	12.0%	38623865	15.9%
Demand liabilities to legal entities			AMD	50376433	64197565	27.4%	72257740	12.6%	67184619	-7.0%
			FX	42160840	37949927	-10.0%	34007611	-10.4%	40070262	17.8%
Demand liabilities to natural persons			AMD	10277819	20649762	100.9%	21945442	6.3%	25310985	15.3%
			FX	42300069	38176535	-9.7%	39192048	2.7%	38338888	-2.2%
Time deposits of legal entities			AMD	14807606	23335332	57.6%	23399130	0.3%	24982731	6.8%
			FX	34344040	30576190	-11.0%	20870771	-31.7%	17857853	-14.4%
Time deposits of natural persons			AMD	8646948	22520313	160.4%	26980643	19.8%	35399549	31.2%
			FX	58424772	62199228	6.5%	66865787	7.5%	66845761	0.0%
Liabilities to the Government				16275264	18063406	11.0%	17122389	-5.2%	19823085	15.8%
Interest payable				1890445	2288754	21.1%	2790474	21.9%	2712216	-2.8%
Other liabilities				23049476	26255197	13.9%	32266085	22.9%	36681371	13.7%
Total liabilities				**345913389**	**404345948**	**16.9%**	**423529814**	**4.7%**	**446160532**	**5.3%**
Actually paid-in statutory fund				60297882	80107615	32.9%	82907465	3.5%	92101473	11.1%
General reserve				6449947	4620422	-28.4%	4532140	-1.9%	5212346	15.0%
Own shares repurchased by bank				0	0	-	0	-	0	0.0%
Undistributed profit (loss)		Current period		12004620	16314819	35.9%	-71.1%	-	10080816	113.6%
		Previous period		9850677	12406486	25.9%	130.3%	-	25765066	-9.8%
Total capital				**94760756**	**120171539**	**26.8%**	**127908330**	**6.4%**	**140201551**	**9.6%**
Pledge received				416964496	603703074	44.8%	652089075	8.0%	733697186	12.5%
including government securities				3969832	3448616	-13.1%	3307085	-4.1%	2869587	-13.2%
Guarantees received				82770395	111709644	35.0%	123482592	10.5%	134470877	8.9%
Off-balance sheet	loans			9182312	8461131	-7.9%	7931092	-6.3%	7671595	-3.3%
	receivables and other assets			4339260	3503659	-19.3%	3386292	-3.3%	3442583	1.7%
	interest			3901036	3660302	-6.2%	3604736	-1.5%	3566969	-1.0%
Guarantees issued				8386373	11118111	32.6%	12329915	10.9%	13946676	13.1%
Pledge granted	total			8986344	8609846	-4.2%	8297676	-3.6%	7775668	-6.3%
	including government securities			2184668	2121582	-2.9%	1748000	-17.6%	1576536	-9.8%

AMD – Armenian dram *FX – foreign currency*

thousand drams

Indicators	Currency	30.09.07	Change 30.09.07-30.06.07	31.12.07	Change 31.12.07-30.09.07	2007 annual	Change 31.12.07-31.12.06	
Correspondent accounts of banks	AMD	769522	-0.5%	1709227	122.1%	1709227	1383145	424.2%
	FX	4753877	45.9%	5505148	15.8%	5505148	1119419	25.5%
Other liabilities to banks (including the CBA) and other financial organizations	AMD	38401872	35.7%	41211501	7.3%	41211501	17535846	74.1%
	FX	47417754	22.8%	92057261	94.1%	92057261	62310988	209.5%
Demand liabilities to legal entities	AMD	81739345	21.7%	97267404	19.0%	97267404	33069839	51.5%
	FX	42604043	6.3%	44602380	4.7%	44602379	6652452	17.5%
Demand liabilities to natural persons	AMD	29160325	15.2%	35469848	21.6%	35469848	14820086	71.8%
	FX	39404858	2.8%	32473339	-17.6%	32473339	-5703196	-14.9%
Time deposits of legal entities	AMD	27287800	9.2%	36549690	33.9%	36549690	13214358	56.6%
	FX	19898296	11.4%	22069048	10.9%	22069048	-8507142	-27.8%
Time deposits of natural persons	AMD	45135028	27.5%	61367321	36.0%	61367321	38847008	172.5%
	FX	73826740	10.4%	68714780	-6.9%	68714780	6515552	10.5%
Liabilities to the Government		23926359	20.7%	19303041	-19.3%	19303041	1239635	6.9%
Interest payable		3616832	33.4%	4236852	17.1%	4237650	1948896	85.2%
Other liabilities		37684025	2.7%	30039411	-20.3%	30344818	4089621	15.6%
Total liabilities		**515626676**	**15.6%**	**592576251**	**14.9%**	**592882455**	**188536507**	**46.6%**
Actually paid-in statutory fund		98346937	6.8%	116486544	18.4%	116486544	36378929	45.4%
General reserve		5335578	2.4%	5801681	8.7%	5801681	1181259	25.6%
Own shares repurchased by bank		0	0.0%	0	0.0%	0	0	0.0%
Off-balance sheet	Current period	16741692	66.1%	18235423	8.9%	17998558	1683739	10.3%
	Previous period	20929558	-18.8%	20694114	-1.1%	20694114	8287628	66.8%
Total capital		**148376825**	**5.8%**	**171813689**	**15.8%**	**171576824**	**51405285**	**42.8%**
Pledge received		858007073	16.9%	978720939	14.1%	978720939	375017865	62.1%
including government securities		2646611	-7.8%	2951772	11.5%	2951772	-496844	-14.4%
Guarantees received		159522183	18.6%	208570426	30.7%	208570426	96860782	86.7%
Off-balance sheet	loans	7172008	-6.5%	7212476	0.6%	7212476	-1248655	-14.8%
	receivables and other assets	3487538	1.3%	2838404	-18.6%	2838404	-665255	-19.0%
	interest	3469217	-2.7%	3263987	-5.9%	3263987	-396315	-10.8%
Guarantees issued		15587613	11.8%	20799014	33.4%	20799014	9680903	87.1%
Pledge granted	total	9784426	25.8%	6625523	-32.3%	6625523	-1984323	-23.0%
	including government securities	870941	-44.8%	2580053	196.2%	2580053	458471	21.6%

Annex 3. Structural Trends of Survey Balance Sheet Indicators of Commercial Banks *(%)*

Indicators	Currency	31.12.05	31.12.06	Change 31.12.06-31.12.05	31.03.07	Change 31.03.07-31.12.06	30.06.07	Change 30.06.07-31.03.07	30.09.07	Change 30.09.07-30.06.07	31.12.07	Change 31.12.07-30.09.07	2007 annual	Change 31.12.07-31.12.06
Cash	AMD	2.5	2.9	0.4	2.6	-0.3	2.5	-0.1	2.8	0.2	3.2	0.4	3.2	0.2
	FX	3.6	2.9	-0.7	3.0	0.1	3.3	0.3	2.8	-0.5	1.9	-0.8	1.9	-1.0
Correspondent accounts with the CBA and other claims on the CBA	AMD	6.5	7.3	0.8	4.2	-3.0	4.1	-0.1	4.1	-0.1	4.8	0.8	4.8	-2.4
	FX	5.1	4.5	-0.6	4.4	-0.1	4.1	-0.4	4.0	-0.1	5.0	1.0	5.0	0.5
Correspondent accounts with banks and other claims on banks	AMD	0.3	0.7	0.4	0.8	0.1	1.1	0.3	1.1	0.0	0.9	-0.2	0.9	0.2
	FX	15.4	11.1	-4.3	9.6	-1.5	9.0	-0.6	7.5	-1.4	7.4	-0.1	7.4	-3.7
Claims on other financial organizations	AMD	1.2	1.7	0.5	1.7	0.0	1.4	-0.3	1.3	-0.1	1.1	-0.3	1.1	-0.6
	FX	0.6	0.3	-0.3	0.4	0.1	0.4	0.0	0.4	0.0	0.2	-0.1	0.2	0.0
Government securities	AMD	14.9	17.8	3.0	19.0	1.2	17.2	-1.8	16.4	-0.9	14.7	-1.7	14.7	-3.2
Liabilities for securities through repos and currency through currency swap	FX	-1.4	-2.2	-0.8	-2.3	-0.1	-2.5	-0.2	-2.4	0.2	-2.2	0.1	-2.2	0.0
	AMD	0.0	-0.1	-0.1	-0.3	-0.2	-0.3	0.0	-0.3	0.0	-0.3	-0.1	-0.3	-0.2
Repos (excluding interbank repos)	FX	0.0	0.0	0.0	0.2	0.1	0.1	0.0	0.1	-0.1	0.1	0.1	0.1	0.1
	AMD	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.0	0.1	0.1
Loans to legal entities	FX	9.2	10.3	1.2	10.8	0.5	10.6	-0.2	10.2	-0.4	10.4	0.2	10.4	0.0
	AMD	14.5	11.5	-3.0	12.0	0.5	13.0	1.0	15.4	2.4	14.8	-0.6	14.8	3.3
Loans to natural persons	FX	5.4	9.4	4.0	13.1	3.7	17.2	4.1	19.4	2.2	20.7	1.3	20.7	11.3
	AMD	11.3	11.4	0.1	9.4	-2.0	7.4	-2.0	6.6	-0.8	6.3	-0.3	6.3	-5.1
Loans to bank related persons and bank employees	FX	0.6	0.5	-0.1	0.5	0.0	0.6	0.1	0.7	0.1	0.7	-0.1	0.7	0.2
	AMD	0.8	0.7	-0.1	0.8	0.1	0.8	0.0	0.8	0.1	0.7	-0.2	0.7	0.0
Asset loss reserves		-0.8	-0.9	-0.1	-0.9	0.0	-0.9	0.0	-1.0	-0.1	-1.0	0.0	-1.0	-0.1
Interest receivable		0.6	0.6	0.0	0.6	0.0	0.7	0.0	0.6	0.0	0.6	0.0	0.6	0.0
Fixed assets		5.7	5.8	0.2	5.6	-0.2	5.5	-0.1	5.1	-0.4	5.6	0.5	5.6	-0.3
Other securities		0.2	0.2	0.0	0.3	0.0	0.3	0.0	0.4	0.2	0.4	-0.1	0.4	0.1
Leasing, factoring (excluding interbank leasing and factoring)		0.9	0.8	-0.1	0.7	-0.1	0.8	0.1	0.9	0.1	1.0	0.1	1.0	0.3
Other assets		2.9	2.8	-0.1	3.7	0.9	3.6	-0.1	3.0	-0.6	3.1	0.1	3.1	0.3
Total assets		**100.0**	**100.0**	**0.0**	**100.0**	**0.0**	**100.0**	**0.0**	**100.0**	**0.0**	**100.0**	**0.0**	**100.0**	**0.0**

Correspondent accounts of banks	AMD	0.1	0.1	0.0	0.1	0.0	0.2	0.1	0.1	0.0	0.3	0.1	0.3	0.2
	FX	1.3	1.1	-0.3	1.1	0.0	0.7	-0.4	0.9	0.2	0.9	0.0	0.9	-0.2
Other liabilities to banks (including the CBA) and other financial organizations	AMD	4.1	5.9	1.7	6.5	0.6	6.3	-0.1	7.4	1.1	7.0	-0.5	7.0	1.1
	FX	7.0	7.4	0.4	7.9	0.5	8.7	0.8	9.2	0.5	15.5	6.3	15.5	8.2
Demand liabilities to legal entities	AMD	14.6	15.9	1.3	17.1	1.2	15.1	-2.0	15.9	0.8	16.4	0.6	16.4	0.5
	FX	12.2	9.4	-2.8	8.0	-1.4	9.0	1.0	8.3	-0.7	7.5	-0.7	7.5	-1.9
Demand liabilities to natural persons	AMD	3.0	5.1	2.1	5.2	0.1	5.7	0.5	5.7	0.0	6.0	0.3	6.0	0.9
	FX	12.2	9.4	-2.8	9.3	-0.2	8.6	-0.7	7.6	-1.0	5.5	-2.2	5.5	-4.0
Time deposits of legal entities	AMD	4.3	5.8	1.5	5.5	-0.2	5.6	0.1	5.3	-0.3	6.2	0.9	6.2	0.4
	FX	9.9	7.6	-2.4	4.9	-2.6	4.0	-0.9	3.9	-0.1	3.7	-0.1	3.7	-3.8
Time deposits of natural persons	AMD	2.5	5.6	3.1	6.4	0.8	7.9	1.6	8.8	0.8	10.4	1.6	10.4	4.8
	FX	16.9	15.4	-1.5	15.8	0.4	15.0	-0.8	14.3	-0.7	11.6	-2.7	11.6	-3.8
Liabilities to the Government		4.7	4.5	-0.2	4.0	-0.4	4.4	0.4	4.6	0.2	3.3	-1.4	3.3	-1.2
Interest payable		0.5	0.6	0.0	0.7	0.1	0.6	-0.1	0.7	0.1	0.7	0.0	0.7	0.1
Other liabilities		6.7	6.5	-0.2	7.6	1.1	8.2	0.6	7.3	-0.9	5.1	-2.2	5.1	-1.4
Total liabilities		**100.0**	**100.0**	**0.0**	**100.0**	**0.0**	**100.0**	**0.0**	**100.0**	**0.0**	**100.0**	**0.0**	**100.0**	**0.0**

Actually paid-in statutory fund		63.6	66.7	3.0	64.8	-1.8	65.7	0.9	66.3	0.6	67.8	1.5	67.9	1.2
General reserve		6.8	3.8	-3.0	3.5	-0.3	3.7	0.2	3.6	-0.1	3.4	-0.2	3.4	-0.5
Own shares repurchased by bank		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Undistributed profit (loss)	Current period	12.7	13.6	0.9	3.7	-9.9	7.2	3.5	11.3	4.1	10.6	-0.7	10.5	-3.1
	Previous period	10.4	10.3	-0.1	22.3	12.0	18.4	-4.0	14.1	-4.3	12.0	-2.1	12.1	1.7
Total capital		**100.0**	**100.0**	**0.0**	**100.0**	**0.0**	**100.0**	**0.0**	**100.0**	**0.0**	**100.0**	**0.0**	**100.0**	**0.0**

AMD – Armenian dram *FX – foreign currency*

Annex 4. Change in Commercial Banks' Regulatory Capital Accounts

thousand drams

Indicators	At the beginning of period	Change within the period	At the end of period
Total capital	107694220	44266030	151960250
Tier 1 capital	101161826	44236442	145398268
Statutory capital	80107615	36378929	116486544
Note: number of shares sold (pcs)	3687032	1481214	5168246
General reserve	4620422	1181259	5801681
Undistributed profit	28824499	10105038	38929537
Amounts deducted from Tier 1 capital, o/w:	12390710	3428784	15819494
Long-term subordinate loans	0	0	0
Repurchased own shares of bank	0	0	0
Intangible assets (except for assets set forth in Regulation 2)	222623	-27067	195556
Investments in statutory capital of other banks, credit organizations, and "Other organizations" according to regulation 2	320011	999711	1319722
Tangible assets not in use and capital investments in them	3204373	279346	3483719
Amount of balance value of tangible assets in use and capital investments in them exceeding the size limit of Tier 1 capital as set forth in Regulation 2	7955362	796392	8751754
Capital investments in bank's own and leased fixed assets	688341	1380402	2068743
Tier 2 capital	6532394	29588	6561982
Revaluation reserve for bank premises and buildings	6681090	70428	6751518
Reserve generated from FX differences due to balance sheet consolidation	0	0	0
Other reserves	-148696	-40840	-189536

Annex 5. Non-residents' participation in commercial banks statutory capital

thousand drams

Indicators	31.12.05	Change within 31.12.06-31.12.05	31.12.06	Change within 31.12.07-31.12.06	31.12.07
Statutory capital	58199827	15942044	74141871	34876180	109018051
o/w: non-residents	30756938	4913227	35670165	27631841	63302006
share of non-residents %	52.85%	-4.74%	48.11%	9.95%	58.07%

Annex 6. Commercial banks income and expense

thousand drams

Indicators	31.12.05	31.12.06	Change 31.12.06-31.12.05	31.03.07	30.06.07	30.09.07	31.12.07	31.12.07 annual	Change 31.12.07-31.12.06
	1	2	3	4	5	6	7	8	9
From correspondent accounts	525011	689760	31.4%	143823	334915	528967	735377	735377	6.6%
From funds allocated in the CBA	133421	172275	29.1%	21020	23518	33790	51414	51414	-70.2%
Interest received from funds allocated in commercial banks and other financial institutions	665163	698916	5.1%	134120	308670	480885	612676	612676	-12.3%
From loans to economy	26534128	34482073	30.0%	9764695	21083774	34144649	49166015	49166015	42.6%
Interest from overdraft	215901	318545	47.5%	81225	203711	301056	423754	423754	33.0%
Interest from credit cards	248966	438696	76.2%	147650	326754	561208	1014336	1014336	131.2%
Interest from government securities	2409268	3124015	29.7%	1008449	2119936	3451718	4959780	4959780	58.8%
From repos	186282	393109	111.0%	140395	279182	420985	586869	586869	49.3%
Other interest income	2003730	2568584	28.2%	670216	1358018	2102383	2884185	2884187	12.3%
Total interest income	**32925291**	**42885975**	**30.3%**	**12111593**	**26038477**	**42025642**	**60434406**	**60434408**	**40.9%**
Interest paid on correspondent accounts	90278	47508	-47.4%	14214	35705	56223	76473	76473	61.0%
Interest paid on bank accounts and demand deposits	699747	721494	3.1%	230908	497426	775536	1098213	1098213	52.2%
Interest paid on funds attracted from the CB	919824	923753	0.4%	228947	512010	763947	1115454	1115454	20.8%
On repos	46137	58455	26.7%	20246	45919	81440	129758	129758	122.0%
Interest paid on funds attracted from commercial banks and other financial institutions	905678	1809242	99.8%	508154	1051730	1764594	2894175	2894175	60.0%
Interest paid on time deposits	5804482	6624208	14.1%	2093055	4243151	6919251	9850617	9850617	48.7%
Interest paid on funds attracted from international financial organizations	409103	639058	56.2%	156239	364728	653722	1042609	1042609	63.1%
Interest expenses on deposit insurance	224806	262203	16.6%	74531	153854	242615	354295	354295	35.1%
Expenses for accrued and not collected interest on non-performing assets	559660	524731	-6.2%	121567	294968	477792	683607	683607	30.3%
Other interest expenses	626212	797031	27.3%	235123	466127	694308	949660	950230	19.2%
Total interest expenses	**10288914**	**12410230**	**20.6%**	**3682984**	**7665618**	**12429429**	**18194861**	**18195451**	**46.6%**
Net interest income	***22636376***	***30475745***	***34.6%***	***8428608***	***18372859***	***29596213***	***42239545***	***42238977***	**38.6%**
Commissions received	9804722	10946871	11.6%	2671971	5921240	9701453	14077377	14077377	28.6%
Income from guarantees, acceptance and L/C operations, trust management	309812	421709	36.1%	159906	293968	451647	659705	659705	56.4%
Net income from hedging derivatives	0	0	0.0%	4770	-11521	-9011	67936	67936	100%
Net income from factoring	296543	240211	-19.0%	55376	117635	199643	324389	324389	35.0%
Income from investments in other organizations	631517	663805	5.1%	40801	239430	584894	638809	638809	-3.8%
Net income from sale of securities	471686	416073	-11.8%	10361	92684	390297	480340	480340	15.4%
Net income from FX purchase and sale	6034803	6412879	6.3%	1504025	3296861	5441049	8651437	8651437	34.9%
Positive (negative) exchange rate difference from FX revaluation	-394516	-272161	-31.0%	-57764	-97782	-113813	-176607	-176607	-35.1%
Net income from disposal of fixed assets	-113252	456017	-502.7%	-53760	-61066	-17101	53878	53878	-88.2%
Net income from revaluation of fixed assets	-15684	34916	-322.6%	0	0	58	125685	125685	260.0%
Fines and penalties received	455699	682474	49.8%	243664	478474	769810	1087583	1087583	59.4%
Other non-interest income	4566336	1778118	-61.1%	636079	1109496	1474743	1720327	1720219	-3.3%
Total non-interest income	**22047666**	**21780912**	**-1.2%**	**5215428**	**11379419**	**18873670**	**27710858**	**27710750**	**27.2%**
Salary and salary-equivalent pays (other remuneration and financing of social requirements)	10287417	12977366	26.1%	3524501	7450692	11464511	17797827	17891565	37.9%
Business trip costs	376697	378266	0.4%	67815	194589	272909	413842	414964	9.7%

	1	2	3	4	5	6	7	8	9
Contribution to State Fund of Social Insurance of RA	1047440	1350106	28.9%	360988	768547	1200710	1758368	1766933	30.9%
Taxes, duties, other mandatory payments	786989	912805	16.0%	210944	484315	737552	1109107	1113049	21.9%
Depreciation	2919537	3293394	12.8%	899384	1878602	2937768	4055739	4069389	23.6%
Leasing charge for bank premises and other fixed assets	758621	968815	27.7%	276945	629465	1025050	1472284	1502497	55.1%
Advertisement and representative costs	943784	1205059	27.7%	397609	773218	1178833	1847109	1850533	53.6%
Office and printing costs	426788	484801	13.6%	140158	283874	430652	649597	656323	35.4%
Audit and consultation services costs	214891	329608	53.4%	70331	144486	230642	426444	427143	29.6%
Bank equipment maintenance costs	256329	353666	38.0%	98251	209631	320357	467516	468498	32.5%
Transport costs	304952	369067	21.0%	82693	172914	263623	384586	385388	4.4%
Communication costs	1007226	1245330	23.6%	312743	665497	1057390	1459000	1462911	17.5%
Fines and penalties paid	45931	89649	95.2%	19847	31070	57820	95569	93715	4.5%
Training costs	44547	53826	20.8%	19519	34990	59391	89806	135196	151.2%
Other non-interest expenses	7997131	5175956	-35.3%	1399594	2869263	5096769	7234958	7255048	40.2%
Total non-interest expenses	**27418278**	**29187714**	**6.5%**	**7881323**	**16591153**	**26333976**	**39261750**	**39493150**	**35.3%**
Net non-interest income	***-5370612***	***-7406802***	***37.9%***	***-2665895***	***-5211734***	***-7460306***	***-11550892***	***-11782400***	***59.1%***
Provisions to general reserve on loans and receivables loss	10283393	11377519	10.6%	2468750	5897318	9085901	12631094	12632917	11.0%
Provisions to special reserve on loans and receivables loss	11309465	12480290	10.4%	3018369	6361859	9882461	15356960	15368059	23.1%
Provisions to reserve on securities loss	152303	14603	-90.4%	18054	14221	28058	44729	44729	206.3%
Provisions to reserve on bank guarantees and other contingent liabilities	0	0	0.0%	382082	866655	1450580	2249341	2249341	
Total provisions	**21745161**	**23872412**	**9.8%**	**5887255**	**13140053**	**20447000**	**30282124**	**30295046**	**26.9%**
Recoveries from general reserve on loans and receivables loss	9683691	11007225	13.7%	2254184	5254238	7800209	10742837	10742849	-2.4%
Recoveries from special reserve on loans and receivables loss	10085957	10833965	7.4%	3274603	6183928	9736514	13538916	13511682	24.7%
Recoveries from reserve on securities loss	8830	3039	-65.6%	1832311	13770	14541	23997	23997	689.6%
Recoveries from reserve on bank guarantees and other contingent liabilities	0	0	0.0%	375223	802281	1259740	1771434	1798668	
Total recoveries	**19778478**	**21844229**	**10.4%**	**5904017**	**12254217**	**18811004**	**26077184**	**26077196**	**19.4%**
Net provisions	***1966683***	***2028183***	***3.1%***	***-16762***	***885836***	***1635996***	***4204940***	***4217850***	***108.0%***
Pre-tax profit	**15299082**	**21040758**	**37.5%**	**5779535**	**12275628**	**20514113**	**26500614**	**26255627**	**24.8%**
Profit tax	3321097	4170259	25.6%	1060610	2205616	3784303	5401904	5407557	29.7%
Net profit	**11977985**	**16870499**	**40.8%**	**4718925**	**10070012**	**16729809**	**21098710**	**20848071**	**23.6%**
Dividends accrued	0	580000	100.0%	0	0	0	55000	55000	100.0%
Undistributed profit	**11977985**	**16290499**	**36.0%**	**4718925**	**10070012**	**16729809**	**21043710**	**20793071**	**27.6%**

Annex 7. Armenian Banking System – Return on Assets and Return on Capital

Indicators	2004*	2005	2006	2007
Return on assets				
Banking system	3.30%	3.01%	3.58%	3.41%
Minimum (on profitable banks)	0.10%	0.60%	0.60%	0.05%
Maximum (on profitable banks)	10.90%	5.10%	18.80%	8.89%
Return on Capital				
Banking system	18.50%	15.25%	15.94%	15.21%
Minimum (on profitable banks)	0.20%	1.90%	0.90%	0.08%
Maximum (on profitable banks)	43.20%	20.10%	39.20%	35.86%

* *Indicators do not include data on ARARATBANK.*

Annex 8. Loan Investments of Commercial Banks

Indicators	2005					
	Up to 1 year		1 year and more		Total	
	AMD	FX	AMD	FX	AMD	FX
1. Total loans, deposits, factoring, leasing, repo agreements (2+3)	35917636	54757853	39589441	77879518	75507077	132637370
1.1 Time assets	29910506	42341237	42961838	89268516	72872344	131609752
o/w: loans	654674	11538394	65646643	105972725	66301317	117511119
interbank loans, deposits, factoring, leasing, repo agreements	2386644	280539	-1731970	12338311	654674	12618850
1.2 Prolonged assets	500146	280448	1886498	42859	2386644	323307
o/w: loans	0	0	500146	323216	500146	323216
interbank loans, deposits, factoring, leasing, repo agreements	248089	704311	-248089	-704311	0	0
1.3 Overdue assets	204274	693628	43815	10683	248089	704311
o/w: loans	0	0	204274	693628	204274	693628
interbank loans, deposits, factoring, leasing, repo agreements	0	0	0	0	0	0
2. Loans, deposits, factoring, leasing, repo agreements with non-residents	162787	11227956	159934	8092417	322721	19320373
2.1 Time assets	0	112548	322512	19094035	322512	19206583
2.2 Prolonged assets	209	1242	-209	111306	0	112548
2.3 Overdue assets	0	0	209	1242	209	1242
3. Loans, deposits, factoring, leasing, repo agreements with residents by sectors, o/w:	9514568	6062510	65669788	107254487	75184356	113316997
3.1 Industry	8786	980372	17831072	20278441	17839858	21258813
mining	3632374	1306539	-3597345	320415	35029	1626954
energy	2039541	2047956	2816394	1759549	4855935	3807505
food products	221811	317057	6248937	8363824	6470748	8680881
light	1493330	146751	-877660	566113	615670	712864
chemical	898465	274535	609383	833376	1507848	1107911
building materials	30660	341269	1767811	811580	1798471	1152849
precious items	9163	225095	176623	345501	185786	570596
metallurgy	62345	113839	-29787	111256	32558	225095
machine-building and electrical	1118093	309097	-964298	539150	153795	848247
other branches of industry	1486244	2545298	697774	-19387	2184018	2525911
3.2 Agriculture	892361	1439902	3024988	5946867	3917349	7386769
3.3 Construction	729746	408101	2414155	4324268	3143901	4732369
3.4 Transport and communication	7609352	10353491	-5661765	-8649676	1947587	1703815
3.5 Trade	4590089	8758584	12445369	16370084	17035459	25128668
3.6 Public catering and other services	5706823	3399074	-1081778	587838	4625045	3986912
3.7 Financial sector	654674	2006006	5074149	1645692	5728823	3651698
3.8 Consumer loans (including mortgage)	930197	1128066	17910067	41982730	18840264	43110796
3.9 Other sectors of economy	266890	276951	1839179	2080206	2106070	2357157

Annex 8. *(continuation)*

Indicators	2006					
	Up to 1 year		1 year and more		Total	
	AMD	FX	AMD	FX	AMD	FX
1. Total loans, deposits, factoring, leasing, repo agreements (2+3)	57069676	52123049	65409760	84688162	122479436	136811211
1.1 Time assets	53434662	49508880	65408980	84684309	118843642	134193189
o/w: loans	41055597	37490214	64246040	84333422	105301637	121823636
interbank loans, deposits, factoring, leasing, repo agreements	3599131	11894770	0	218100	3599131	12112870
1.2 Prolonged assets	2768285	1846373	780	3853	2769065	1850226
o/w: loans	23345	1846300	780	3853	24125	1850153
interbank loans, deposits, factoring, leasing, repo agreements	0	0	0	0	0	0
1.3 Overdue assets	866729	767796	0	0	866729	767796
o/w: loans	831708	766934	0	0	831708	766934
interbank loans, deposits, factoring, leasing, repo agreements	0	0	0	0	0	0
2. Loans, deposits, factoring, leasing, repo agreements with non-residents	762248	10553338	56952	4504159	819200	15057497
2.1 Time assets	762230	10551537	56952	4503891	819182	15055428
2.2 Prolonged assets	18	655	0	268	18	923
2.3 Overdue assets	0	1146	0	0	0	1146
3. Loans, deposits, factoring, leasing, repo agreements with residents by sectors, o/w:	55799197	39464476	65861039	82289238	121660236	121753714
3.1 Industry	6974760	3703638	12249140	16336442	19223900	20040080
mining	70553	16866	437249	461751	507802	478617
energy	1991870	21061	534466	2425217	2526336	2446278
food products	2846389	1862804	7038557	7843132	9884946	9705936
light	350183	483956	811764	1070474	1161947	1554430
chemical	17823	341800	38259	566757	56082	908557
building materials	610903	88843	1369439	429521	1980342	518364
precious items	45307	111284	392498	200406	437805	311690
metallurgy	95643	250	20926	394	116569	644
machine-building and electrical	699511	67939	300417	786450	999928	854389
other branches of industry	246578	708835	1305565	2552340	1552143	3261175
3.2 Agriculture	2866391	2284901	3109549	5935588	5975940	8220489
3.3 Construction	2393774	559860	5781966	2805385	8175740	3365245
3.4 Transport and communication	1556974	152532	1250478	956438	2807452	1108970
3.5 Trade	8308063	8374257	13937208	18945438	22245271	27319695
3.6 Public catering and other services	1678154	933982	5472585	3529438	7150739	4463420
3.7 Financial sector	11672839	2858248	260738	538701	11933577	3396949
3.8 Consumer loans (including mortgage)	19185480	20084428	21760932	31136959	40946412	51221387
3.9 Other sectors of economy	1162762	512630	2038443	2104849	3201205	2617479

Annex 8. *(continuation)*

Indicators	2007					
	Up to 1 year		1 year and more		Total	
	AMD	FX	AMD	FX	AMD	FX
1. Total loans, deposits, factoring, leasing, repo agreements (2+3)	101505051	50225971	164645672	132597133	266150723	182823104
1.1 Time assets	96689349	48040699	164617580	132597133	261306929	180637832
o/w: loans	79668576	33797493	161696082	132009482	241364659	165806975
interbank loans, deposits, factoring, leasing, repo agreements	6154837	13171101	0	304131	6154837	13475232
1.2 Prolonged assets	3629534	1755641	28092	0	3657626	1755641
o/w: loans	462592	499285	28092	0	490684	499285
interbank loans, deposits, factoring, leasing, repo agreements	699803	1255486	0	0	699803	1255486
1.3 Overdue assets	1186168	429631	0	0	1186168	429631
o/w: loans	1076624	429493	0	0	1076624	429493
interbank loans, deposits, factoring, leasing, repo agreements	0	0	0	0	0	0
2. Loans, deposits, factoring, leasing, repo agreements with non-residents	2673471	9139749	764051	1934923	3437522	11074671
2.1 Time assets	2671378	9138854	764051	1934923	3435429	11073776
2.2 Prolonged assets	0	0	0	0	0	0
2.3 Overdue assets	2093	895	0	0	2093	895
3. Loans, deposits, factoring, leasing, repo agreements with residents by sectors, o/w:	98060661	40400313	164652540	131348120	262713201	171748433
3.1 Industry	8317927	7316258	18429171	22203797	26747098	29520055
mining	1008190	13782	688802	319362	1696992	333144
energy	2075579	1029483	2696016	1384874	4771595	2414357
food products	2291793	2871035	7568598	11700166	9860391	14571201
light	237538	325583	1335133	1453121	1572671	1778704
chemical	199266	241798	19522	660318	218788	902116
building materials	240294	949160	1548384	1119384	1788678	2068544
precious items	232449	121469	1005318	601784	1237767	723253
metallurgy	1052510	57619	83055	0	1135565	57619
machine-building and electrical	349992	942400	1017256	1021654	1367248	1964054
other branches of industry	630316	763929	2467087	3943134	3097403	4707063
3.2 Agriculture	3143708	2047057	7144968	10038695	10288676	12085752
3.3 Construction	4176863	1117820	9263927	7474910	13440790	8592730
3.4 Transport and communication	625126	1537855	2434130	1251875	3059256	2789730
3.5 Trade	11693467	17481683	23199139	34416887	34892606	51898570
3.6 Public catering and other services	1996862	1048778	8900068	8004068	10896930	9052846
3.7 Financial sector	12739712	6833253	610691	2114449	13350403	8947702
3.8 Consumer loans (including mortgage)	53054883	1632149	89669306	32617705	142724189	34249854
3.9 Other sectors of economy	2312113	1385460	5001140	13225734	7313254	14611194

Annex 9. Commercial Banks – Loans Investments by Sectors of Economy and Maturity

Indicators	2005					
	Up to 1 year		1 year and more		Total	
	AMD	FX	AMD	FX	AMD	FX
1. Total loans, deposits, factoring, leasing, repo agreements (2+3)	17.3%	26.3%	19.0%	37.4%	36.3%	63.7%
1.1 Time assets	14.4%	20.3%	20.6%	42.9%	35.0%	63.2%
o/w: loans	0.3%	5.5%	31.5%	50.9%	31.9%	56.5%
interbank loans, deposits, factoring, leasing, repo agreements	1.1%	0.1%	-0.8%	5.9%	0.3%	6.1%
1.2 Prolonged assets	0.2%	0.1%	0.9%	0.0%	1.1%	0.2%
o/w: loans	0.0%	0.0%	0.2%	0.2%	0.2%	0.2%
interbank loans, deposits, factoring, leasing, repo agreements	0.1%	0.3%	-0.1%	-0.3%	0.0%	0.0%
1.3 Overdue assets	0.1%	0.3%	0.0%	0.0%	0.1%	0.3%
o/w: loans	0.0%	0.0%	0.1%	0.3%	0.1%	0.3%
interbank loans, deposits, factoring, leasing, repo agreements	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2. Loans, deposits, factoring, leasing, repo agreements with non-residents	0.1%	5.4%	0.1%	3.9%	0.2%	9.3%
2.1 Time assets	0.0%	0.1%	0.2%	9.2%	0.2%	9.2%
2.2 Prolonged assets	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%
2.3 Overdue assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3. Loans, deposits, factoring, leasing, repo agreements with residents by sectors, o/w:	4.6%	2.9%	31.6%	51.5%	36.1%	54.4%
3.1 Industry	0.0%	0.5%	8.6%	9.7%	8.6%	10.2%
mining	1.7%	0.6%	-1.7%	0.2%	0.0%	0.8%
energy	1.0%	1.0%	1.4%	0.8%	2.3%	1.8%
food products	0.1%	0.2%	3.0%	4.0%	3.1%	4.2%
light	0.7%	0.1%	-0.4%	0.3%	0.3%	0.3%
chemical	0.4%	0.1%	0.3%	0.4%	0.7%	0.5%
building materials	0.0%	0.2%	0.8%	0.4%	0.9%	0.6%
precious items	0.0%	0.1%	0.1%	0.2%	0.1%	0.3%
metallurgy	0.0%	0.1%	0.0%	0.1%	0.0%	0.1%
machine-building and electrical	0.5%	0.1%	-0.5%	0.3%	0.1%	0.4%
other branches of industry	0.7%	1.2%	0.3%	0.0%	1.0%	1.2%
3.2 Agriculture	0.4%	0.7%	1.5%	2.9%	1.9%	3.5%
3.3 Construction	0.4%	0.2%	1.2%	2.1%	1.5%	2.3%
3.4 Transport and communication	3.7%	5.0%	-2.7%	-4.2%	0.9%	0.8%
3.5 Trade	2.2%	4.2%	6.0%	7.9%	8.2%	12.1%
3.6 Public catering and other services	2.7%	1.6%	-0.5%	0.3%	2.2%	1.9%
3.7 Financial sector	0.3%	1.0%	2.4%	0.8%	2.8%	1.8%
3.8 Consumer loans (including mortgage)	0.4%	0.5%	8.6%	20.2%	9.1%	20.7%
3.9 Other sectors of economy	0.1%	0.1%	0.9%	1.0%	1.0%	1.1%

Annex 9. *(continuation)*

Indicators	2006					
	Up to 1 year		1 year and more		Total	
	AMD	FX	AMD	FX	AMD	FX
1. Total loans, deposits, factoring, leasing, repo agreements (2+3)	22.0%	20.1%	25.2%	32.7%	47.2%	52.8%
1.1 Time assets	20.6%	19.1%	25.2%	32.7%	45.8%	51.8%
o/w: loans	15.8%	14.5%	24.8%	32.5%	40.6%	47.0%
interbank loans, deposits, factoring, leasing, repo agreements	1.4%	4.6%	0.0%	0.1%	1.4%	4.7%
1.2 Prolonged assets	1.1%	0.7%	0.0%	0.0%	1.1%	0.7%
o/w: loans	0.0%	0.7%	0.0%	0.0%	0.0%	0.7%
interbank loans, deposits, factoring, leasing, repo agreements	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1.3 Overdue assets	0.3%	0.3%	0.0%	0.0%	0.3%	0.3%
o/w: loans	0.3%	0.3%	0.0%	0.0%	0.3%	0.3%
interbank loans, deposits, factoring, leasing, repo agreements	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2. Loans, deposits, factoring, leasing, repo agreements with non-residents	0.3%	4.1%	0.0%	1.7%	0.3%	5.8%
2.1 Time assets	0.3%	4.1%	0.0%	1.7%	0.3%	5.8%
2.2 Prolonged assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2.3 Overdue assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3. Loans, deposits, factoring, leasing, repo agreements with residents by sectors, o/w:	21.5%	15.2%	25.4%	31.7%	46.9%	47.0%
3.1 Industry	2.7%	1.4%	4.7%	6.3%	7.4%	7.7%
mining	0.0%	0.0%	0.2%	0.2%	0.2%	0.2%
energy	0.8%	0.0%	0.2%	0.9%	1.0%	0.9%
food products	1.1%	0.7%	2.7%	3.0%	3.8%	3.7%
light	0.1%	0.2%	0.3%	0.4%	0.4%	0.6%
chemical	0.0%	0.1%	0.0%	0.2%	0.0%	0.4%
building materials	0.2%	0.0%	0.5%	0.2%	0.8%	0.2%
precious items	0.0%	0.0%	0.2%	0.1%	0.2%	0.1%
metallurgy	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
machine-building and electrical	0.3%	0.0%	0.1%	0.3%	0.4%	0.3%
other branches of industry	0.1%	0.3%	0.5%	1.0%	0.6%	1.3%
3.2 Agriculture	1.1%	0.9%	1.2%	2.3%	2.3%	3.2%
3.3 Construction	0.9%	0.2%	2.2%	1.1%	3.2%	1.3%
3.4 Transport and communication	0.6%	0.1%	0.5%	0.4%	1.1%	0.4%
3.5 Trade	3.2%	3.2%	5.4%	7.3%	8.6%	10.5%
3.6 Public catering and other services	0.6%	0.4%	2.1%	1.4%	2.8%	1.7%
3.7 Financial sector	4.5%	1.1%	0.1%	0.2%	4.6%	1.3%
3.8 Consumer loans (including mortgage)	7.4%	7.7%	8.4%	12.0%	15.8%	19.8%
3.9 Other sectors of economy	0.4%	0.2%	0.8%	0.8%	1.2%	1.0%

Annex 9. *(continuation)*

Indicators	2007					
	Up to 1 year		1 year and more		Total	
	AMD	FX	AMD	FX	AMD	FX
1. Total loans, deposits, factoring, leasing, repo agreements (2+3)	22.6%	11.2%	36.7%	29.5%	59.3%	40.7%
1.1 Time assets	21.5%	10.7%	36.7%	29.5%	58.2%	40.2%
o/w: loans	17.7%	7.5%	36.0%	29.4%	53.8%	36.9%
interbank loans, deposits, factoring, leasing, repo agreements	1.4%	2.9%	0.0%	0.1%	1.4%	3.0%
1.2 Prolonged assets	0.8%	0.4%	0.0%	0.0%	0.8%	0.4%
o/w: loans	0.1%	0.1%	0.0%	0.0%	0.1%	0.1%
interbank loans, deposits, factoring, leasing, repo agreements	0.2%	0.3%	0.0%	0.0%	0.2%	0.3%
1.3 Overdue assets	0.3%	0.1%	0.0%	0.0%	0.3%	0.1%
o/w: loans	0.2%	0.1%	0.0%	0.0%	0.2%	0.1%
interbank loans, deposits, factoring, leasing, repo agreements	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2. Loans, deposits, factoring, leasing, repo agreements with non-residents	0.6%	2.0%	0.2%	0.4%	0.8%	2.5%
2.1 Time assets	0.6%	2.0%	0.2%	0.4%	0.8%	2.5%
2.2 Prolonged assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2.3 Overdue assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3. Loans, deposits, factoring, leasing, repo agreements with residents by sectors, o/w:	21.8%	9.0%	36.7%	29.3%	58.5%	38.3%
3.1 Industry	1.9%	1.6%	4.1%	4.9%	6.0%	6.6%
mining	0.2%	0.0%	0.2%	0.1%	0.4%	0.1%
energy	0.5%	0.2%	0.6%	0.3%	1.1%	0.5%
food products	0.5%	0.6%	1.7%	2.6%	2.2%	3.2%
light	0.1%	0.1%	0.3%	0.3%	0.4%	0.4%
chemical	0.0%	0.1%	0.0%	0.1%	0.0%	0.2%
building materials	0.1%	0.2%	0.3%	0.2%	0.4%	0.5%
precious items	0.1%	0.0%	0.2%	0.1%	0.3%	0.2%
metallurgy	0.2%	0.0%	0.0%	0.0%	0.3%	0.0%
machine-building and electrical	0.1%	0.2%	0.2%	0.2%	0.3%	0.4%
other branches of industry	0.1%	0.2%	0.5%	0.9%	0.7%	1.0%
3.2 Agriculture	0.7%	0.5%	1.6%	2.2%	2.3%	2.7%
3.3 Construction	0.9%	0.2%	2.1%	1.7%	3.0%	1.9%
3.4 Transport and communication	0.1%	0.3%	0.5%	0.3%	0.7%	0.6%
3.5 Trade	2.6%	3.9%	5.2%	7.7%	7.8%	11.6%
3.6 Public catering and other services	0.4%	0.2%	2.0%	1.8%	2.4%	2.0%
3.7 Financial sector	2.8%	1.5%	0.1%	0.5%	3.0%	2.0%
3.8 Consumer loans (including mortgage)	11.8%	0.4%	20.0%	7.3%	31.8%	7.6%
3.9 Other sectors of economy	0.5%	0.3%	1.1%	2.9%	1.6%	3.3%

Annex 10. Allocation of Bank Loan Investments

as of 31.12.2007	Bank 1	Bank 2	Bank 3	Bank 4	Bank 5	Bank 6	Bank 7	Bank 8	Bank 9	Bank 10	Bank 11
Allocation of loan investments by sectors of economy											
1. Industry	5.1%	4.7%	24.2%	10.4%	18.3%	10.8%	13.4%	4.8%	7.8%	6.7%	1.6%
mining	0.0%	0.0%	0.5%	0.2%	0.2%	0.0%	0.2%	0.3%	0.6%	0.1%	0.0%
energy	0.0%	0.0%	3.3%	0.0%	0.8%	3.3%	0.0%	0.4%	0.7%	2.3%	0.0%
food products	2.2%	3.7%	15.9%	4.1%	4.0%	6.2%	8.7%	2.6%	3.2%	2.1%	1.6%
light	2.9%	0.1%	0.3%	0.3%	3.6%	0.4%	0.0%	0.7%	1.1%	0.7%	0.0%
chemical	0.0%	0.2%	1.5%	1.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%
building materials	0.0%	0.3%	0.5%	0.0%	3.0%	0.0%	0.0%	0.3%	0.2%	0.7%	0.0%
precious metals	0.0%	0.0%	1.7%	0.0%	0.2%	0.1%	1.9%	0.1%	0.0%	0.1%	0.0%
metallurgy	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.3%	0.1%	0.0%
machine-building and electrical	0.0%	0.0%	0.0%	0.3%	2.1%	0.0%	0.0%	0.2%	1.6%	0.7%	0.0%
other branches of industry	0.0%	0.5%	0.6%	4.1%	4.3%	0.8%	2.6%	0.2%	0.2%	0.0%	0.0%
2. Agriculture	0.2%	3.5%	1.0%	1.1%	1.3%	3.5%	1.1%	2.7%	0.7%	26.9%	0.0%
cattle breeding	0.2%	3.5%	0.6%	0.8%	0.6%	2.4%	1.0%	1.7%	0.3%	17.6%	0.0%
plant growing	0.0%	0.0%	0.5%	0.3%	0.7%	1.0%	0.0%	0.9%	0.4%	9.2%	0.0%
3. Construction	5.7%	0.0%	5.2%	2.7%	0.2%	5.7%	4.0%	0.8%	17.3%	0.5%	1.5%
4. Transport and communication	2.3%	7.7%	1.8%	0.1%	4.1%	1.0%	0.0%	1.0%	1.4%	1.0%	0.0%
5. Trade	49.1%	18.1%	26.7%	29.5%	24.0%	13.4%	20.3%	22.4%	19.4%	17.2%	9.0%
wholesale	46.2%	7.4%	14.8%	19.4%	13.8%	11.1%	12.5%	22.4%	8.8%	6.1%	7.6%
retail	2.9%	10.7%	11.9%	10.0%	10.2%	2.3%	7.8%	0.0%	10.5%	11.1%	1.4%
6. Catering and other services	7.3%	7.6%	2.8%	4.3%	6.8%	1.7%	10.5%	0.8%	4.4%	3.7%	0.0%
7. Financial sector	4.1%	11.9%	0.0%	0.8%	0.0%	3.8%	23.4%	8.2%	15.3%	5.0%	40.7%
o/w: resident banks	0.0%	0.0%	0.0%	0.6%	0.0%	3.4%	0.0%	4.0%	6.3%	1.6%	40.7%
8. Consumer loans	11.2%	2.5%	24.5%	15.5%	37.4%	25.7%	12.2%	44.3%	17.2%	34.6%	4.2%
9. Mortgage lending	12.1%	36.5%	7.8%	33.8%	4.5%	12.0%	9.1%	10.0%	5.1%	4.4%	34.3%
10. Other sectors of economy	2.8%	7.6%	6.0%	1.9%	3.5%	22.5%	6.1%	5.1%	11.5%	0.0%	8.7%
Total by banks	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Allocation of loan investments by sectors of economy											
1. Industry	1.1%	0.4%	12.9%	9.5%	5.2%	7.9%	2.9%	1.9%	2.6%	7.0%	0.1%
mining	0.0%	0.0%	8.1%	5.0%	2.0%	0.0%	1.2%	3.1%	5.1%	3.6%	0.0%
energy	0.0%	0.0%	13.6%	0.1%	1.9%	18.8%	0.0%	1.2%	1.8%	18.4%	0.0%
food products	1.1%	0.7%	19.5%	8.6%	2.6%	10.5%	4.3%	2.3%	2.5%	5.0%	0.2%
light	10.7%	0.1%	3.1%	5.1%	17.2%	4.5%	0.0%	4.5%	6.1%	11.9%	0.0%
chemical	0.0%	0.9%	39.7%	54.5%	1.4%	0.0%	0.0%	0.0%	0.0%	3.3%	0.0%
building materials	0.1%	0.3%	3.5%	0.0%	12.6%	0.0%	0.0%	1.8%	1.0%	10.5%	0.0%

precious metals	0.0%	0.0%	25.3%	0.0%	1.3%	1.6%	11.9%	1.4%	0.0%	2.9%	0.0%
metallurgy	0.0%	0.0%	0.0%	4.8%	0.0%	0.0%	0.0%	0.0%	4.9%	4.0%	0.0%
machine-building and electrical	0.0%	0.0%	0.3%	5.4%	10.3%	0.4%	0.0%	1.1%	9.1%	11.6%	0.0%
other branches of industry	0.0%	0.3%	2.3%	27.1%	8.8%	4.4%	3.9%	0.6%	0.5%	0.0%	0.0%
2. Agriculture	0.1%	0.7%	1.4%	2.5%	0.9%	6.4%	0.6%	2.6%	0.6%	70.4%	0.0%
cattle breeding	0.2%	1.1%	1.2%	2.7%	0.6%	6.7%	0.8%	2.5%	0.4%	69.3%	0.0%
plant growing	0.0%	0.0%	1.8%	2.2%	1.6%	5.6%	0.1%	2.8%	1.0%	72.5%	0.0%
3. Construction Total by banks	3.2%	0.0%	7.1%	6.4%	0.2%	10.6%	2.2%	0.8%	14.8%	1.4%	0.2%
4. Transport and communication	5.0%	6.2%	9.3%	1.2%	11.2%	6.7%	0.0%	3.6%	4.4%	9.7%	0.0%
5. Trade	7.1%	1.0%	9.2%	17.5%	4.5%	6.4%	2.8%	5.7%	4.2%	11.6%	0.3%
wholesale	10.8%	0.6%	8.3%	18.8%	4.2%	8.6%	2.8%	9.3%	3.1%	6.6%	0.4%
retail	1.1%	1.5%	10.7%	15.5%	4.9%	2.9%	2.8%	0.0%	6.0%	19.5%	0.1%
6. Catering and other services	4.6%	1.8%	4.2%	11.0%	5.5%	3.4%	6.3%	0.9%	4.1%	10.9%	0.0%
7. Financial sector	2.3%	2.5%	0.0%	1.8%	0.0%	7.0%	12.6%	8.2%	12.9%	13.1%	5.5%
o/w: resident banks	0.0%	0.0%	0.0%	3.5%	0.0%	15.1%	0.0%	9.5%	12.8%	10.3%	13.1%
8. Consumer loans	1.1%	0.1%	5.9%	6.5%	4.9%	8.6%	1.2%	8.0%	2.6%	16.4%	0.1%
9. Mortgage lending	2.8%	3.2%	4.4%	32.5%	1.3%	9.3%	2.0%	4.1%	1.8%	4.8%	1.9%
10. Other sectors of economy	1.6%	1.7%	8.3%	4.5%	2.6%	42.7%	3.4%	5.2%	10.0%	0.0%	1.2%
Total by banks	**2.9%**	**1.1%**	**6.9%**	**11.9%**	**3.7%**	**9.5%**	**2.8%**	**5.1%**	**4.3%**	**13.5%**	**0.7%**

as of 31.12.2007	Bank 12	Bank 13	Bank 14	Bank 15	Bank 16	Bank 17	Bank 18	Bank 19	Bank 20	Bank 21	Bank 22	Total by sectors
Loans to sectors by banks												
1. Industry	57.6%	9.4%	19.9%	1.5%	3.5%	12.2%	6.8%	7.7%	24.5%	18.1%	0.0%	16.1%
mining	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	0.0%	0.1%	1.8%	4.3%	0.0%	0.4%
energy	21.8%	0.0%	3.3%	0.0%	0.0%	0.1%	0.0%	0.1%	2.2%	5.6%	0.0%	2.0%
food products	7.7%	4.3%	9.5%	0.1%	1.4%	6.3%	4.3%	3.9%	8.9%	1.8%	0.0%	8.0%
light	0.0%	0.0%	0.8%	0.0%	0.0%	1.0%	0.0%	1.3%	0.9%	0.2%	0.0%	1.1%
chemical	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%
building materials	4.6%	0.1%	0.0%	0.0%	0.0%	1.1%	0.0%	1.3%	3.7%	0.0%	0.0%	1.0%
precious metals	0.0%	4.2%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	1.4%	0.0%	0.0%	0.3%
metallurgy	0.0%	0.0%	3.5%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
machine-building and electrical	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.7%	0.0%	0.0%	0.8%
other branches of industry	23.6%	0.9%	2.7%	1.3%	2.0%	2.6%	2.6%	1.1%	2.0%	6.2%	0.0%	2.0%
2. Agriculture	0.0%	0.1%	0.0%	0.6%	0.3%	6.8%	0.0%	0.4%	3.5%	0.0%	0.0%	5.8%
cattle breeding	0.0%	0.1%	0.0%	0.6%	0.1%	2.4%	0.0%	0.3%	3.0%	0.0%	0.0%	3.7%
plant growing	0.0%	0.0%	0.0%	0.0%	0.2%	4.5%	0.0%	0.2%	0.4%	0.0%	0.0%	2.1%
3. Construction	25.4%	17.5%	2.6%	9.9%	6.7%	8.1%	4.1%	4.3%	9.0%	2.6%	0.0%	4.7%

4. Transport and communication	0.0%	0.4%	0.6%	4.7%	1.1%	0.9%	0.0%	1.6%	2.0%	0.5%	0.0%	1.6%
5. Trade	12.0%	11.5%	19.1%	4.8%	19.0%	20.4%	9.5%	22.3%	12.8%	11.4%	0.0%	20.4%
wholesale	4.4%	6.4%	8.3%	3.5%	14.2%	0.9%	8.2%	13.0%	8.8%	11.2%	0.0%	12.0%
retail	7.6%	5.1%	10.8%	1.3%	4.8%	19.5%	1.4%	9.3%	3.9%	0.2%	0.0%	8.4%
6. Catering and other services	0.0%	5.5%	7.1%	0.4%	1.6%	5.7%	2.5%	9.1%	5.2%	7.1%	0.0%	4.8%
7. Financial sector	0.0%	6.7%	0.2%	0.0%	14.9%	3.9%	22.3%	0.0%	1.5%	47.2%	100.0%	6.3%
o/w: resident banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	21.7%	0.0%	1.5%	27.2%	0.0%	2.0%
8. Consumer loans	3.4%	27.3%	39.1%	71.9%	29.6%	30.7%	42.6%	23.6%	37.3%	0.5%	0.0%	28.1%
9. Mortgage lending	1.5%	14.6%	8.6%	3.5%	13.5%	8.8%	8.4%	31.0%	2.5%	5.8%	0.0%	9.8%
10. Other sectors of economy	0.0%	7.0%	2.8%	2.7%	9.8%	2.5%	3.6%	0.0%	1.7%	6.8%	0.0%	2.4%
Total by banks	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Loans to sectors by banks												
1. Industry	2.8%	1.1%	10.0%	0.3%	0.5%	2.9%	0.3%	4.0%	24.2%	2.3%	0.0%	100.0%
mining	0.0%	0.0%	0.0%	0.0%	0.0%	6.6%	0.0%	0.8%	49.0%	15.5%	0.0%	100.0%
energy	8.3%	0.0%	13.1%	0.0%	0.0%	0.2%	0.0%	0.3%	16.7%	5.6%	0.0%	100.0%
food products	0.9%	1.1%	11.0%	0.0%	0.4%	3.4%	0.4%	4.7%	20.1%	0.5%	0.0%	100.0%
light	0.0%	0.0%	6.7%	0.0%	0.0%	3.8%	0.0%	11.3%	14.5%	0.4%	0.0%	100.0%
chemical	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	100.0%
building materials	3.3%	0.1%	0.2%	0.0%	0.1%	3.9%	0.0%	9.9%	52.8%	0.0%	0.0%	100.0%
precious metals	0.0%	13.9%	0.1%	0.0%	0.0%	1.7%	0.0%	0.0%	40.0%	0.0%	0.0%	100.0%
metallurgy	0.0%	0.0%	84.5%	1.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
machine-building and electrical	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	61.6%	0.0%	0.0%	100.0%
other branches of industry	8.3%	0.7%	9.8%	1.6%	1.9%	4.4%	0.8%	4.1%	14.6%	5.7%	0.0%	100.0%
2. Agriculture	0.0%	0.0%	0.0%	0.3%	0.1%	4.1%	0.0%	0.6%	8.6%	0.0%	0.0%	100.0%
cattle breeding	0.0%	0.0%	0.0%	0.4%	0.1%	2.1%	0.0%	0.5%	11.3%	0.0%	0.0%	100.0%
plant growing	0.0%	0.0%	0.1%	0.0%	0.2%	8.0%	0.0%	0.7%	3.2%	0.0%	0.0%	100.0%
3. Construction	3.2%	5.1%	3.4%	4.5%	2.2%	5.0%	0.5%	5.7%	22.6%	0.9%	0.0%	100.0%
4. Transport and communication	0.0%	0.5%	2.8%	8.0%	1.4%	2.1%	0.0%	8.1%	19.2%	0.6%	0.0%	100.0%
5. Trade	0.4%	0.9%	6.3%	0.5%	1.6%	3.2%	0.3%	7.5%	8.2%	0.9%	0.0%	100.0%
wholesale	0.2%	0.8%	4.4%	0.6%	2.0%	0.2%	0.4%	7.1%	9.2%	1.5%	0.0%	100.0%
retail	0.6%	1.0%	9.2%	0.4%	1.1%	7.8%	0.1%	8.2%	6.5%	0.0%	0.0%	100.0%
6. Catering and other services	0.0%	1.8%	10.1%	0.2%	0.6%	3.8%	0.3%	13.4%	14.6%	2.6%	0.0%	100.0%
7. Financial sector	0.0%	1.9%	0.3%		4.9%	2.3%	2.6%	0.0%	3.6%	15.3%	3.1%	100.0%
o/w: resident banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.0%	0.0%	8.6%	21.1%	0.0%	100.0%
8. Consumer loans	0.1%	1.4%	9.0%	5.8%	1.8%	3.3%	0.9%	5.6%	16.8%	0.0%	0.0%	100.0%
9. Mortgage lending	0.1%	1.8%	4.6%	0.6%	1.9%	2.2%	0.4%	17.0%	2.5%	0.8%	0.0%	100.0%
10. Other sectors of economy	0.0%	2.1%	3.7%	1.2%	3.3%	1.6%	0.4%	0.0%	4.4%	2.3%	0.0%	100.0%
Total by banks	**0.6%**	**1.5%**	**6.6%**	**2.3%**	**1.7%**	**3.1%**	**0.6%**	**6.8%**	**12.8%**	**1.7%**	**0.0%**	**100.0%**

Annex 11. Non-Performing and Written-Off Loans and Receivables of Commercial Banks

thousand drams

Indicators	Non-performing assets		Off-balance sheet	
	AMD	FX	AMD	FX
2005				
Non-performing and off-balance sheet assets (total)	1238420	2928606	4396615	9124958
1. Residents' non-performing and off-balance sheet assets (total)	1237815	2735484	4285219	7810662
1.1 Industry	235732	263326	1000142	1323737
mining	0	0	0	0
energy	0	0	202366	108932
food products	176028	222042	261274	263946
light	36495	1732	11313	531931
chemical	817	0	165747	22509
building materials	21764	17444	4666	21397
precious items	0	0	10102	15180
metallurgy	0	0	0	0
machine-building and electrical	0	21871	313717	172641
other branches of industry	628	238	30957	187201
1.2 Agriculture	51321	183143	56725	303789
1.3 Construction	308511	232686	294316	264529
1.4 Transport and communication	3971	6132	5144	45970
1.5 Trade	141947	598443	381782	1400566
1.6 Public catering and other services	54549	222500	84941	334706
1.7 Financial sector	0	0	2648	599471
1.8 Consumer loans	395898	986546	333916	1751973
1.9 Other sectors of economy	45886	242708	2125605	1785922
2. Non-residents' non-performing and off-balance sheet assets (total)	605	193122	111396	1314296
2006				
Non-performing and off-balance sheet assets (total)	3490124	3743732	4437717	7527074
1. Residents' non-performing and off-balance sheet assets (total)	3488456	3683468	4356941	6115058
1.1 Industry	288469	1514933	889325	1094799
mining	0	0	0	0
energy	0	0	63020	94812
food products	103981	447802	272480	207039
light	0	768	11178	200329
chemical	0	81200	165747	58160
building materials	86804	2331	22104	8086
precious items	0	0	10102	11927
metallurgy	0	0	0	0
machine-building and electrical	0	37433	313737	154920
other branches of industry	97684	945399	30957	359526

1.2 Agriculture	198404	120024	24639	339659
1.3 Construction	1094737	1670	327001	71335
1.4 Transport and communication	72851	7166	6869	37098
1.5 Trade	383450	648345	463044	1125413
1.6 Public catering and other services	344597	222251	90350	448962
1.7 Financial sector	0	0	2648	501484
1.8 Consumer loans	720842	1120730	521594	1276405
1.9 Other sectors of economy	385106	48349	2031472	1219903
2. Non-residents' non-performing and off-balance sheet assets (total	1668	60264	80776	1412016
2007				
Non-performing and off-balance sheet assets (total)	7079384	4228756	4804854	5246028
1. Residents' non-performing and off-balance sheet assets (total)	7073971	4153506	4294277	4714875
1.1 Industry	736934	930065	784617	508029
mining	24470	0	246000	66928
energy	0	0	0	73612
food products	586682	892037	320948	214134
light	22381	0	11522	106438
chemical	0	0	160568	0
building materials	34315	38028	0	12852
precious items	0	0	10102	9982
metallurgy	0	0	0	0
machine-building and electrical	4106	0	0	0
other branches of industry	64980	0	35477	24083
1.2 Agriculture	168353	129365	95255	244258
1.3 Construction	601698	784591	421027	59294
1.4 Transport and communication	82	0	7668	26623
1.5 Trade	511790	1019221	449152	695288
1.6 Public catering and other services	1028212	60290	101360	166323
1.7 Financial sector	0	0	2631	418932
1.8 Consumer loans	3564130	1037474	771128	1075875
1.9 Other sectors of economy	462772	192500	1661439	1520253
2. Non-residents' non-performing and off-balance sheet assets (total	5413	75250	510577	531153

Annex 12. Accrued Allowances on Loans, Receivables and Off-Balance Sheet Items Containing Credit Risk

thousand drams

Loans	Loan investments	Share	Reserve on loans granted	
			balance	% of total
31.12.05				
1. Standard	195184843	98.07%	2089996	1.07%
2. Watched	2872132	1.44%	287203	10.00%
3. Non-standard	484727	0.24%	96948	20.00%
4. Doubtful	486170	0.24%	243086	50.00%
Total	**199027872**	**100%**	**2717233**	**1.37%**

Loans	Loan investments	Share	Reserve on loans granted	
			balance	% of total
31.12.06				
1. Standard	236958102	97.55%	2584833	1.09%
2. Watched	3552351	1.46%	355241	10.00%
3. Non-standard	1045262	0.43%	209053	20.00%
4. Doubtful	1364110	0.56%	682056	50.00%
Total	**242919825**	**100%**	**3831182**	**1.58%**

Loans	Loan investments	Share	Reserve on loans granted	
			balance	% of total
31.12.07				
1. Standard	410912046	97.56%	4422713	1.08%
2. Watched	5844085	1.39%	584409	10.00%
3. Non-standard	1280733	0.30%	256148	20.00%
4. Doubtful	3149668	0.75%	1574835	50.00%
Total	**421186532**	**100%**	**6838105**	**1.62%**

Receivables	Receivables	Share	Reserve on receivables	
			balance	% of total
31.12.05				
1. Standard	64274116	99.50%	642740	1.00%
2. Watched	289187	0.45%	28918	10.00%
3. Non-standard	21465	0.03%	4293	20.00%
4. Doubtful	13346	0.02%	6673	50.00%
Total	**64598114**	**100%**	**682624**	**1.06%**

Receivables	Receivables	Share	Reserve on receivables	
			balance	% of total
31.12.06				
1. Standard	54117838	97.70%	569924	1.05%
2. Watched	1240987	2.24%	124099	10.00%
3. Non-standard	16848	0.03%	3369	20.00%
4. Doubtful	14539	0.03%	7270	50.00%
Total	**55390212**	**100%**	**704662**	**1.27%**

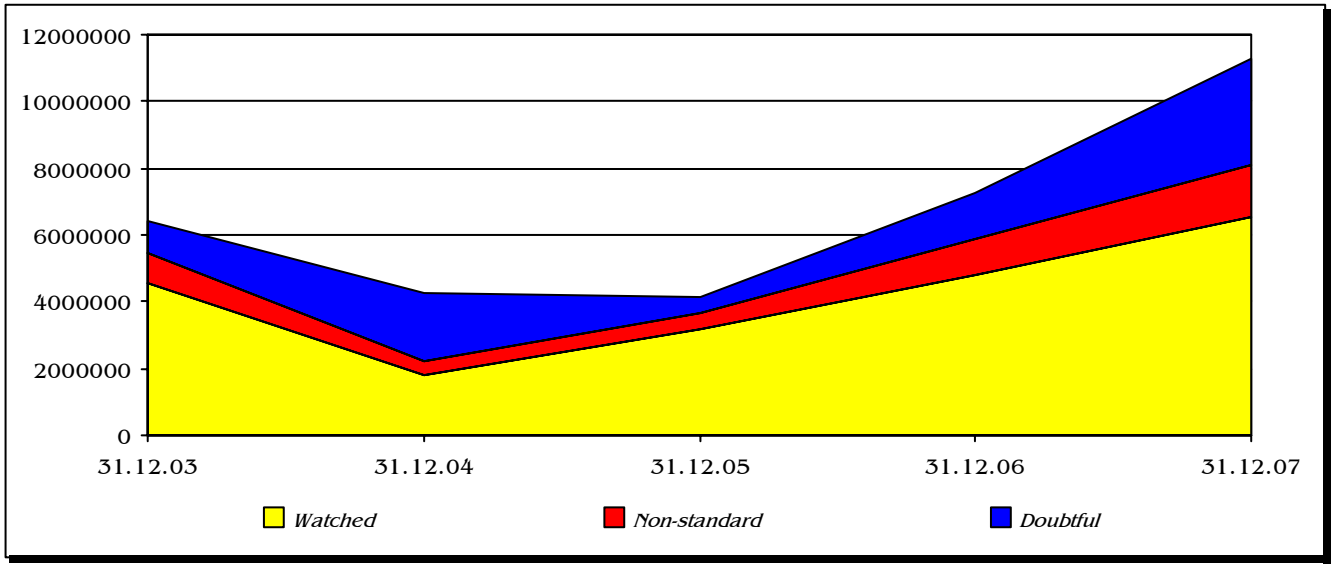
Receivables	Receivables	Share	Reserve on receivables	
			balance	% of total
31.12.07				
1. Standard	58080083	98.25%	634454	1.09%
2. Watched	687193	1.16%	68721	10.00%
3. Non-standard	299683	0.51%	67727	22.60%
4. Doubtful	46777	0.08%	23389	50.00%
Total	**59113736**	**100%**	**794291**	**1.34%**

Off-balance sheet items	Off-balance sheet items	Share	Reserve on off-balance sheet items	
			balance	% of total
31.12.05				
1. Standard	27737632	99.79%	277371	1.00%
2. Watched	10456	0.04%	1045	10.00%
3. Non-standard	1127	0.00%	225	20.00%
4. Doubtful	150	0.00%	75	50.00%
5. Bad	47768	0.17%	47768	100.00%
Total	**27797133**	**100%**	**326484**	**1.17%**

Off-balance sheet items	Off-balance sheet items	Share	Reserve on off-balance sheet items	
			balance	% of total
31.12.06				
1. Standard	45473144	99.74%	454731	1.00%
2. Watched	86355	0.19%	8636	10.00%
3. Non-standard	10396	0.02%	2079	20.00%
4. Doubtful	11833	0.03%	5916	50.00%
5. Bad	10255	0.02%	10255	100.00%
Total	**45591982**	**100%**	**481616**	**1.06%**

Off-balance sheet items	Off-balance sheet items	Share	Reserve on off-balance sheet items	
			balance	% of total
31.12.07				
1. Standard	69151354	99.21%	691797	1.00%
2. Watched	170896	0.25%	17089	10.00%
3. Non-standard	21439	0.03%	4287	20.00%
4. Doubtful	247954	0.36%	123977	50.00%
5. Bad	113744	0.16%	113744	100.00%
Total	**69705387**	**100%**	**950894**	**1.36%**

Annex13. Dynamics of Non-Performing Loans and Receivables



Annex 14. Dynamics of Non-Performing Loans and Receivables

	31.12.05	31.12.06	31.03.07	30.06.07	30.09.07	31.12.07
Total capital adequacy	33.7	34.9	35.3	32.7	31.4	30.1
Total liquidity	44.2	41.2	41	36.7	34.7	33.7
Current liquidity	110.5	106.1	109.9	98.6	93.7	98.2
Maximum risk on a single borrower	16.4	12.9	12.4	11.9	12.6	12.4
Maximum risk on major borrowers	117.3	80.3	86.4	86.4	91.1	88.1
Maximum risk on a bank related party	3	1.9	1.8	2.0	2.1	1.6
Maximum risk on bank related all parties	7.4	5.5	5.9	6.4	6.8	5.3

Annex 15. Credit Organizations Operating in Armenia and their branches as of 31.12.2007

	Credit organizations	Branches	
		31.12.2006	31.12.2007
1	Arfin	-	-
2	Agroleasing	-	-
3	ACBA Leasing	-	-
4	Sef International	2	2
5	Express Credit Universal	-	-
6	Gladzor Universal	-	1
7	First Mortgage Company	-	-
8	Izmirlyan-Eurasia	-	-
9	Cascade Credit	-	-
10	Washington Capital	-	-
11	Aregak	2	24
12	Garni Invest	-	-
13	Malatia Universal	-	4
14	Norvik	-	-
15	Nor Horizon	4	4
16	Finca	4	5
17	Ecumenical Church Loan Fund	-	-
18	BLESS	-	-
19	GFC General Financial and Credit Company	-	-
20	Farm Credit Armenia	-	-
21	Avangard Invest	-	-
	Total	**12**	**40**

Annex 16. Survey Balance Sheet Indicators of Credit Organizations

Indicators			31.12.2005	31.12.2006	Change 31.12.06-31.12.05	31.03.2007	Change 31.03.07-31.12.06	30.06.2007
Assets	Cash		57275	82293	44%	135858	65.1%	117684
	Current accounts with banks		301664	1932388	541%	1790017	-7.4%	1582646
	Claims on banks and other financial organizations		987757	1084658	10%	1233283	13.7%	1367124
	Government securities			34947				
	Loans to legal entities		1975028	3084584	56%	5310843	72.2%	7592776
	Loans to natural persons		2757055	11519184	318%	15164540	31.6%	18183415
	Loans to interrelated parties and employees		115714	73232	-37%	92927	26.9%	124278
	Fixed assets		233696	506732	117%	520554	2.7%	631807
	Leasing, factoring		1351001	1890557	40%	2011380	6.4%	2348689
	Other securities			3680		3680		3680
	Other assets		269072	490809	82%	841741	71.5%	527326
	Interest receivable		47920	170331	255%	207889	22.1%	242744
	Asset loss reserves		-223923	-284564	27%	-364050	27.9%	-438821
	Total assets		**7872259**	**20588830**	**162%**	**26948662**	**30.9%**	**32283348**
Liabilities	Demand liabilities					18107		28981
	Liabilities to banks and other financial organizations		1179498	5914629	401%	9523522	61.0%	12712709
	Time liabilities to natural persons		533451	751150	41%	958901	27.7%	1215743
	Time liabilities to legal entities*		1216034	4661997	283%	6125214	31.4%	7726356
	Interest payable		28244	104080	269%	170773	64.1%	196526
	Other liabilities		524274	700870	34%	1319139	88.2%	893682
	Total liabilities		**3481501**	**12152726**	**248%**	**18115656**	**49.3%**	**22773997**
Capital	Paid-in statutory capital		4764592	8388902	76%	8393902	0.1%	8948902
	o/w: non-residents' participation		2918655	5280412	81%	5285432	0.1%	5370915
	General reserve		44911	51479	15%	52344	1.7%	165492
	Repurchased capital by credit organizations		-473200	-41060	-91%	-41060		-41060
	Undistributed profit (loss)	Current period	80357	105944	532120	402.3%	783493	47.2%
		Previous period	-165866	-188787	-241008	27.7%	-487102	102.1%
	Total balance sheet capital		**4390758**	**8456104**	**93%**	**8832970**	**4.5%**	**9509351**
	Note: total number of credit organizations		**10**	**17**				

Indicators			Change 30.06.07-31.03.07	30.09.2007	Change 30.09.07-30.06.07	31.12.2007	Change 31.12.07-30.09.07	Change 31.12.07-31.12.06
Assets	Cash		-13.4%	80908	-31.2%	185084	128.8%	124.9%
	Current accounts with banks		-11.6%	1737176	9.8%	1784744	2.7%	-7.6%
	Claims on banks and other financial organizations		10.9%	1054747	-22.8%	1432984	35.9%	32.1%
	Government securities						100.0%	100.0%
	Loans to legal entities		43.0%	10829873	42.6%	11360986	4.9%	268.3%
	Loans to natural persons		19.9%	21059025	15.8%	23961000	13.8%	108.0%
	Loans to interrelated parties and employees		33.7%	322805	159.7%	497574	54.1%	579.4%
	Fixed assets		21.4%	625885	-0.9%	743616	18.8%	46.7%
	Leasing, factoring		16.8%	2555222	8.8%	2893933	13.3%	53.1%
	Other securities		100.0%	27175		23680	-12.9%	100.0%
	Other assets		-37.4%	595308	12.9%	708969	19.1%	44.4%
	Interest receivable		16.8%	284611	17.2%	325793	14.5%	91.3%
	Asset loss reserves		20.5%	-530277	20.8%	-543033	2.4%	90.8%
	Total assets		**19.8%**	**38642458**	**19.7%**	**43375330**	**12.2%**	**110.7%**
Liabilities	Demand liabilities		100.0%	42462		53764	-100.0%	
	Liabilities to banks and other financial organizations		33.5%	16339707	28.5%	18969765	16.1%	220.7%
	Time liabilities to natural persons		26.8%	1215793	0.0%	1410554	16.0%	87.8%
	Time liabilities to legal entities*		26.1%	8623230	11.6%	9044337	4.9%	94.0%
	Interest payable		15.1%	242937	23.6%	235697	-3.0%	126.5%
	Other liabilities		-32.3%	1203891	34.7%	1175379	-2.4%	67.7%
	Total liabilities		**25.7%**	**27668020**	**21.5%**	**30889496**	**11.6%**	**154.6%**
Capital	Paid-in statutory capital		6.6%	9874952	10.3%	10935620	10.7%	30.4%
	o/w: non-residents' participation		1.6%	6197104	15.4%	7257581	17.1%	37.4%
	General reserve		216.2%	165492		167906	1.5%	226.2%
	Repurchased capital by credit organizations		-100.0%	-41060		-41060		
	Undistributed profit (loss)	Current period	47.2%	1346604	71.9%	1816492	34.9%	1614.6%
		Previous period	102.1%	-511176	4.9%	-532395	4.2%	182.0%
	Total balance sheet capital		**7.7%**	**10974438**	**15.4%**	**12485834**	**13.8%**	**47.7%**
	Note: total number of credit organizations			**20**		**21**		**5.0%**

** Includes also liabilities to the Government.*

Annex 17. Structure of Survey Balance Sheet Indicators of Credit Organizations

	Indicators		31.12.2005	31.12.2006	Change 31.12.06-31.12.05	31.03.2007	Change 31.03.07-31.12.06	30.06.2007
Assets	Cash		0.7%	0.4%	-0.3%	0.5%	0.1%	0.4%
	Current accounts with banks		3.8%	9.4%	5.6%	6.6%	-2.7%	4.9%
	Claims on banks and other financial organizations		12.5%	5.3%	-7.3%	4.6%	-0.7%	4.2%
	Government securities			0.2%	0.2%		-0.2%	
	Loans to legal entities		25.1%	15.0%	-10.1%	19.7%	4.7%	23.5%
	Loans to natural persons		35.0%	55.9%	20.9%	56.3%	0.3%	56.3%
	Loans to interrelated parties and employees		1.5%	0.4%	-1.1%	0.3%	0.0%	0.4%
	Fixed assets		3.0%	2.5%	-0.5%	1.9%	-0.5%	2.0%
	Leasing, factoring		17.2%	9.2%	-8.0%	7.5%	-1.7%	7.3%
	Other securities			0.0%	0.0%	0.0%	0.0%	0.0%
	Other assets		3.4%	2.4%	-1.0%	3.1%	0.7%	1.6%
	Interest receivable		0.6%	0.8%	0.2%	0.8%	-0.1%	0.8%
	Asset loss reserves		-2.8%	-1.4%	1.5%	-1.4%	0.0%	-1.4%
	Total assets		**100.0%**	**100.0%**		**100.0%**		**100.0%**
Liabilities	Demand liabilities					0.1%	0.1%	0.1%
	Liabilities to banks and other financial organizations		33.9%	48.7%	14.9%	52.6%	3.8%	55.8%
	Time liabilities to natural persons		15.3%	6.2%	-9.1%	5.3%	-0.9%	5.3%
	Time liabilities to legal entities*		34.9%	38.4%	3.5%	33.8%	-4.6%	33.9%
	Interest payable		0.8%	0.9%	0.0%	0.9%	0.1%	0.9%
	Other liabilities		15.1%	5.8%	-9.3%	7.3%	1.5%	3.9%
	Total liabilities		**100.0%**	**100.0%**		**100.0%**		**100.0%**
Capital	Paid-in statutory capital		108.5%	99.2%	-9.3%	95.0%	-4.2%	94.1%
	o/w: non-residents' participation		66.5%	62.4%	-4.0%	59.8%	-2.6%	56.5%
	General reserve		1.0%	0.6%	-0.4%	0.6%	0.0%	1.7%
	Repurchased capital by credit organizations		-10.8%	-0.5%	10.3%	-0.5%	0.0%	-0.4%
	Undistributed profit (loss)	Current period	1.8%	1.3%	-0.6%	6.0%	4.8%	8.2%
		Previous period	-3.8%	-2.2%	1.5%	-2.7%	-0.5%	-5.1%
	Balance sheet capital		**100.0%**	**100.0%**		**100.0%**		**100.0%**

Indicators			Change 30.06.07-31.03.07	30.09.2007	Change 30.09.07-30.06.07	31.12.2007	Change 31.12.07-30.09.07	Change 31.12.07-31.12.06
Assets	Cash		-0.1%	0.2%	-0.2%	0.4%	0.2%	0.0%
	Current accounts with banks		-1.7%	4.5%	-0.4%	4.1%	-0.4%	-5.3%
	Claims on banks and other financial organizations		-0.3%	2.7%	-1.5%	3.3%	0.6%	-2.0%
	Government securities							-0.2%
	Loans to legal entities		3.8%	28.0%	4.5%	26.2%	-1.8%	11.2%
	Loans to natural persons		0.1%	54.5%	-1.8%	55.2%	0.7%	-0.7%
	Loans to interrelated parties and employees		0.0%	0.8%	0.5%	1.1%	0.3%	0.8%
	Fixed assets		0.0%	1.6%	-0.3%	1.7%	0.1%	-0.7%
	Leasing, factoring		-0.2%	6.6%	-0.7%	6.7%	0.1%	-2.5%
	Other securities		0.0%	0.1%	0.1%	0.1%	0.0%	0.0%
	Other assets		-1.5%	1.5%	-0.1%	1.6%	0.1%	-0.7%
	Interest receivable		0.0%	0.7%	0.0%	0.8%	0.0%	-0.1%
	Asset loss reserves		0.0%	-1.4%	0.0%	-1.3%	0.1%	0.1%
	Total assets			**100.0%**		**100.0%**		
Liabilities	Demand liabilities		0.1%	0.2%	0.0%	0.2%	0.0%	0.2%
	Liabilities to banks and other financial organizations		3.3%	59.1%	3.2%	61.4%	2.4%	12.7%
	Time liabilities to natural persons		0.0%	4.4%	-0.9%	4.6%	0.2%	-1.6%
	Time liabilities to legal entities*		0.1%	31.2%	-2.8%	29.3%	-1.9%	-9.1%
	Interest payable		-0.1%	0.9%	0.0%	0.8%	-0.1%	-0.1%
	Other liabilities		-3.4%	4.4%	0.4%	3.8%	-0.5%	-2.0%
	Total liabilities			**100.0%**		**100.0%**		
Capital	Paid-in statutory capital		-0.9%	90.0%	-4.1%	87.6%	-2.4%	-11.6%
	o/w: non-residents' participation		-3.4%	56.5%	0.0%	58.1%	1.7%	-4.3%
	General reserve		1.1%	1.5%	-0.2%	1.3%	-0.2%	0.7%
	Repurchased capital by credit organizations		0.0%	-0.4%	0.1%	-0.3%	0.0%	0.2%
	Undistributed profit (loss)	Current period	2.2%	12.3%	4.0%	14.5%	2.3%	13.3%
		Previous period	-2.4%	-4.7%	0.5%	-4.3%	0.4%	-2.0%
	Balance sheet capital			**100.0%**		**100.0%**		

** Includes also liabilities to the Government.*

Annex 18. Credit Organizations – Income and Expense

Indicators	31.12.05	31.12.06	Change 31.12.06-31.12.05	31.03.07	30.06.07	30.09.07	31.12.07	Change 31.12.07-31.12.06
Interest income	1072878	2059020	91.9%	930470	2379911	3961866	5790473	181.2%
Interest expense	224719	353118	57.1%	212345	548409	986701	1519656	330.4%
Net interest income	*848159*	*1705902*	*101.1%*	*718125*	*1831502*	*2975165*	*4270817*	*150.4%*
Non-interest income	178873	381599	113.3%	301054	565723	957239	1502178	293.7%
Non-interest expense	661176	1723642	160.7%	543820	1391894	2255571	3245496	88.3%
Net non-interest income	*-482303*	*-1342043*	*178.3%*	*-242766*	*-826171*	*-1298332*	*-1743319*	*29.9%*
Loss provision	794585	1061468	33.6%	251819	788720	1328212	1929006	81.7%
Recovery from loss reserve	620026	960266	54.9%	299116	619226	1102314	1636744	70.4%
Net provision	*174559*	*101202*	*-42.0%*	*-47298*	*169494*	*225898*	*292262*	*188.8%*
Gross income	*1871777*	*3400885*	*81.7%*	*1530641*	*3564860*	*6021419*	*8929394*	*162.6%*
Gross expense	*1680480*	*3138229*	*86.7%*	*1007984*	*2729023*	*4570484*	*6694158*	*113.3%*
Pre-tax profit	191297	262656	37.3%	522657	835837	1450935	2235236	751.0%
Net profit	80357	102972	28.1%	514741	785841	1346602	1816497	1664.1%
Undistributed profit	**80357**	**102972**	**28.1%**	**514741**	**785841**	**1346602**	**1816497**	**1664.1%**

Annex 19. Loan Investments of Credit Organizations

Sectors	31.12.05	31.12.06	Change 31.12.06-31.12.05	31.03.07	30.06.07	30.09.07	31.12.07	Change 31.12.07-31.12.06
Industry	2146931	2206458	2.8%	2777056	3523345	4330207	4562656	106.8%
Agriculture	504299	2353510	366.7%	3130258	2563877	3128463	3838987	63.1%
Construction	194205	258170	32.9%	314270	1252239	1800405	1883456	629.5%
Transport and communications	159290	816481	412.6%	855720	1219493	1373447	1580953	93.6%
Trade	355902	4070807	1043.8%	5771423	7110320	8171918	7481221	83.8%
Financial sector	986374	1083590	9.9%	1186724	1358091	682369	1237561	14.2%
Consumer loans	2241785	4622377	106.2%	6561326	8165536	9894753	11626028	151.5%
Other sectors	579800	1830425	215.7%	2615199	4005506	5684572	7378685	303.1%
Total	**7168586**	**17241818**	**140.5%**	**23211976**	**29198407**	**35066134**	**39589547**	**129.6%**

Annex 20. Structure of Loan Investment of Credit Organizations by Sectors of Economy

Sectors	31.12.05	31.12.06	Change 31.12.06-31.12.05	31.03.07	30.06.07	30.09.07	31.12.07	Change 31.12.07-31.12.06
Industry	29.9%	12.8%	-17.2%	12.0%	12.1%	12.3%	11.5%	-1.3%
Agriculture	7.0%	13.7%	6.6%	13.5%	8.8%	8.9%	9.7%	-4.0%
Construction	2.7%	1.5%	-1.2%	1.4%	4.3%	5.1%	4.8%	3.3%
Transport and communications	2.2%	4.7%	2.5%	3.7%	4.2%	3.9%	4.0%	-0.7%
Trade	5.0%	23.6%	18.6%	24.9%	24.4%	23.3%	18.9%	-4.7%
Financial sector	13.8%	6.3%	-7.5%	5.1%	4.7%	1.9%	3.1%	-3.2%
Consumer loans (mortgage including)	31.3%	26.8%	-4.5%	28.3%	28.0%	28.2%	29.4%	2.6%
Other sectors	8.1%	10.6%	2.5%	11.3%	13.7%	16.2%	18.6%	8.0%
Total	**100.0%**	**100.0%**		**100.0%**	**100.0%**	**100.0%**	**100.0%**	

Annex 21. Structure of Loan Investment of Credit Organizations by Risk Categories

Category	31.12.05	Share in total	31.12.06	Share in total	31.03.07	Share in total	30.06.07	Share in total	30.09.07	Share in total	31.12.07	Share in total
Standard	6900450	89.9%	19336953	97.5%	25117381	98.2%	30379643	96.8%	36849667	97.4%	41622519	98.2%
Watched	355805	4.6%	316720	1.6%	223616	0.9%	886715	2.8%	678423	1.8%	594606	1.4%
Non-standard	294391	3.8%	88571	0.4%	150857	0.6%	70299	0.2%	209951	0.6%	99995	0.2%
Doubtful	120925	1.6%	83618	0.4%	89370	0.3%	57579	0.2%	97165	0.3%	88090	0.2%
Bad		x		x		x		x		x		x
Total	**7671571**	**100.0%**	**19825862**	**100.0%**	**25581224**	**100.0%**	**31394235**	**100.0%**	**37835205**	**100.0%**	**42405210**	**100.0%**

Annex 22. Specialized parties of securities market as of 31.12. 2007

1	Alinvest Ltd
2	Astvan Ltd
3	Alfasecurities Ltd
4	Armenbrok CJSC
5	Armswissbank CJSC
6	Ameria Invest CJSC
7	Prometey Bank Ltd
8	Privat Invest CJSC
9	Sarinian and Company Ltd
10	Renesa CJSC
11	Capital Asset Management CJSC
12	Cascade Investments CJSC
13	TONTON Ltd
14	Yerevan Broker
15	Futures Capital Market Ltd

Annex 23. Financial Indicators of Securities Market Professional Participants

mln drams

INDICATORS	2003	2004	2005	2006	2007
Total assets, o/w:	8239	7471	7726	10530	8754
Non-current financial investments	929	514	1215	1603	2667
Current financial investments	6246	5636	5656	5426	4353
Total liabilities, o/w:	7626	6090	6694	9282	6668
Short-term borrowings	3114	2024	4523	7964	6057
Equity capital	607	1382	1032	1248	2086
Accrued profit	217	908	543	629	737
Net profit	344	970	672	667	594
Brokerage proceeds	7	29	79	43	53
Dealership proceeds	8650	25053	23301	18704	12300
Trust management proceeds	10	0	40	53	25
Custody proceeds	0	0	0	0	0
Other proceeds	16243	8203	22277	15369	35

Annex 24. Brokerage/Dealership Turnover of Securities Market Professional Participants [1,2]

mln drams

Securities	2006	2007												2007
		J	F	M	A	M	J	J	A	S	O	N	D	
Securities	**4541**	305	2	7	154	0	164	33	0	562	276	411	552	**2467**
o/w: traded on stock exchange	**4301**	4	1	7	147	0	161	3	0	556	155	98	408	**1539**
Government bonds	**81044**	2921	523	4291	4257	3297	7933	5551	6373	6189	5775	4239	4764	**56114**
o/w:														
Government short-term bonds	**451**	299	28	231	295	2	917	1297	1133	1312	3276	1363	1396	**11549**
o/w: traded on stock exchange	**-**													**-**
Government medium-term bonds	**29134**	878	255	228	1053	2811	2317	2014	4059	1735	1421	2876	2239	**21885**
o/w: traded on stock exchange	**-**													**-**
Government long-term bonds	**51449**	1745	240	3832	2909	484	4699	2240	1181	3142	1078	-	1129	**22680**
o/w: traded on stock exchange	**-**													**-**
Corporate bonds	**1122**	-	-	-	-	372	101	1267	155	598	77	100	718	**3388**
o/w: traded on stock exchange	**944**	-	-	-	-	-	92	32	15	107	22	49	386	**703**
Other securities	**94**	-	-	-	-	-	-	25	40	-	-	28	-	**93**
o/w: traded on stock exchange	**-**													**-**
Government bonds	**104576**	9792	12173	16187	21403	21152	22894	20250	29315	29601	29950	26777	30552	**270046**
Total	**191377**	**13018**	**12698**	**20486**	**25814**	**24822**	**31091**	**27126**	**35884**	**36950**	**36077**	**31555**	**36587**	**332109**
o/w: traded on stock exchange	5245	4	1	7	147	0	253	35	15	663	177	147	794	2242
Number of securities market dealers/brokers	**20**	20	20	20	19	20	17	15	15	15	15	15	15	**15**

[1] *Includes also repo transactions signed by professional participants within brokerage (at initial volume).*
[2] *Indicators are calculated using the broker/dealer data aggregation, that is why indicators of brokerage turnover for 2006 differ from correspondent ones in table "Armenian Stock Exchange Transactions".*

Annex 25. Armenian Stock Exchange Transactions and their Structure by Instruments

mln drams

Period	Number of transactions	Volume of transactions			
		by shares	by government bonds	by corporate bonds	Total
2005	1596	605	-	-	605
2006	1181	2150	-	477	2627
2007	319	1539	-	703	2242
January	21	4	-	-	4
February	32	1	-	-	1
March	15	7	-	-	7
April	23	147	-	-	147
May	2	0	-	-	0
June	42	161	-	92	253
July	25	3	-	32	35
August	29	0	-	15	15
September	23	556	-	107	663
October	29	155	-	22	177
November	32	98	-	49	147
December	46	408	-	386	794

Annex 26. Number of Register Running Issuers and Holders of Securities in the Central Depository

Period	Number of holders of securities (persons)			Number of Register running issuers		
	Registered securities	Non-registered securities	Total	Registered securities	Non-registered securities	Total
2004	97725	37210	134935	212	436	648
2005	94949	39550	134499	210	458	668
2006	28316	102584	130900	36	674	710
2007	24928	102559	127487	33	701	734

Annex 27. Insurance Companies as of 31.12.2007

1	First Insurance Ltd
2	ISG Ltd
3	State Insurance-Armenia CJSC
4	Ingo Armenia CJSC
5	Sil Insurance CJSC
6	RASCO Ltd
7	London-Yerevan Co. Ltd
8	Cascade Insurance CJSC
9	Nairi Insurance Ltd
10	Garant-Limens CJSC

Annex 28. Balance Sheet Indicators of Insurance Companies

thousand drams

	INDICATORS	30.06.2007	31.12.2007*
ASSETS	Cash and cash equivalents	62617	112380
	Bank accounts	661257	1354820
	Receivables on direct insurance, o/w:	897107	940537
	from insured	*891962*	*935821*
	from intermediaries	*567*	*435*
	from other persons	*4577*	*4281*
	Insurance premiums from co-insurers	-	150
	Claims on indemnity, o/w:	179008	202674
	on co-insurers	-	*217*
	on reinsurers	*179008*	*202457*
	on other persons	-	-
	Claims due to subrogation	6820	11425
	Deposits with banks	2687726	3582661
	Borrowings to financial organizations	220000	220000
	Borrowings to natural persons and private entrepreneurs	513496	216204
	Borrowing to legal entities	32730	15244
	Government securities (including CBA-issued securities)	978584	1030690
	Non-government securities	157925	282449
	Reserves for securities depreciation held till maturity	-	-
	Non-current investments in other parties statutory capital and other non-current claims on them	4	4
	Reserves for receivables on direct insurance, co-insurance, reinsurance, on investments and borrowings	(19208)	(7992)
	Interest receivable	23196	77468
	Fixed assets	372750	389821
	Other assets	629042	389126
	Total assets	**7403052**	**8817662**
LIABILITIES	Indemnity payable, o/w:	16805	22776
	on direct insurance	16805	22776
	on co-insurance	-	-
	on reinsurance risks	-	-
	Payables to intermediaries	40189	19893
	Refundable insurance premiums	16357	6598
	Insurance premiums transferable to co-insurers	-	-
	Insurance premiums transferable to reinsurers	693277	1090276
	Borrowings and loans from financial organizations	155	-
	Borrowings from natural persons and private entrepreneurs	-	-
	Borrowings from legal entities	-	-
	Securities issued by insurance companies	-	-
	Interest payable	-	-
	Insurance reserves, o/w:	1495574	1676593
	unearned insurance premium reserve	*1367674*	*1451517*
	reserve for loss presented to the insurer yet unregulated	*110359*	*103365*
	reserve for loss occurred yet not presented to the insurer	*8476*	*100003*
	mathematical reserve	-	-
	other reserves	*9065*	*21707*
	Other liabilities	250419	292640
	Total liabilities	**2512776**	**3108776**

CAPITAL	Statutory capital	4671727	5052288
	General reserve	47952	84996
	Current period undistributed profit/loss	207679	492621
	Previous period undistributed profit/loss	(48331)	43030
	Other components of capital	11249	35949
	Total capital	**4890277**	**5708884**

** The table includes the indicators of the First Insurance Ltd for quarter 3, 2007, because the annual report of the latter has not been submitted to the CBA yet.*

Annex 29. Income and Expenditure of Insurance Companies

thousand drams

INDICATORS	From the year-beginning up to 30.06.2007	From the year-beginning up to 31.12.2007*
Earned insurance premiums	**1062858**	**2365643**
Accrued insurance premiums	1370543	2824016
Gross total	*2549368*	*4964125*
Premiums transferred to reinsurer	*(1178825)*	*(2140109)*
Change in reserve for unearned insurance premiums	307685	458373
Other income on insurance activity	**607423**	**303187**
Income on commissions	66859	175653
Other income	540565	127535
Insurance indemnity	**202237**	**424652**
Indemnity paid	202237	424652
Gross total	*326540*	*665891*
Share of reinsurer	*(124303)*	*(241239)*
Indemnity paid from reserve for claims	115293	277482
Gross total	*154111*	*442417*
Share of reinsurer	*(38818)*	*(164935)*
Indemnity paid from mathematical reserve	-	-
Gross total	-	-
Share of reinsurer	-	-
Insurance reserves increase	**(430667)**	**(3646065)**
Reserve for claims	(370624)	(3540400)
Gross total	*(421548)*	*(3615742)*
Share of reinsurer	*50924*	*75342*
Mathematical reserve	-	-
Gross total	-	-
Share of reinsurer	-	-

Other reserves	(9119)	(30323)
Gross total	*(9119)*	*(30323)*
Share of reinsurer	-	-
Insurance reserves decrease	**369289**	**3399784**
reserve for claims	280176	3150535
Gross total	*360470*	*3389500*
Share of reinsurer	*(80294)*	*(238965)*
mathematical reserves	8324	8324
Gross total	*12983*	*12983*
Share of reinsurer	*(4659)*	*(4659)*
other reserves	495	1959
Gross total	*495*	*1959*
Share of reinsurer	-	-
Other expenses on insurance	**876378**	**615549**
Expenses on commissions	150300	259759
Other operational expenses	726079	355790
Interest income	**135031**	**296879**
Interest income on deposits of financial organizations and borrowings to them	95547	226465
Interest income on borrowings to natural persons	8154	483
Interest income on borrowings to legal entities	58	56
Interest income on government securities	30695	62548
Interest income on non-government securities	489	7038
Other interest income	88	288
Interest expenses	**76**	**2720**
Interest expenses on deposits of financial organizations and borrowings	76	476
Interest expenses on borrowings to natural persons	-	-
Interest expenses on borrowings to legal entities	-	-
Other interest expenses	-	2244
Non-interest income	**61284**	**200230**
Income on investments in other persons statutory capital	-	-
Net income on assets disposal (selling)	(5828)	(2187)
Net income on revaluation and devaluation loss reverse of non-current assets	-	-
Net income on revaluation of financial assets	4924	3766
Net income from currency revaluation	7420	12190
Other non-interest income	54768	186461
Non-interest expenses	**463058**	**955223**
Government expenses	294099	560344
Educational expenses	2807	4832
PR expenses	50688	150745
Other non-interest expenses	115464	239302
Allocation to reserve for assets loss (non-collectibility)	**9360**	**499**
Profit/loss on usual activity	**254109**	**921014**
Profit/loss on unusual activity	**-**	**-**
Profit before decrease of expenses on profit tax	**254109**	**921014**
Expenses on profit tax	**24811**	**177507**
Income after decrease of expense on profit tax	**229298**	**743507**
Dividends	**35721**	**11266**
Undistributed profit	**193577**	**732241**

** The table includes the indicators of the First Insurance Ltd for quarter 3, 2007, because the annual report of the latter has not been submitted to the CBA yet.*

thousand drams

	Insurance classes	Number of insurance contracts in force (31.12.2007)	Insurance amount of insurance in force (31.12.2007)	Share of reinsurers in insurance amounts of insurance in force (31.12.2007)	Insurance premiums from the year-beginning up to 31.12.2007	Reinsurance premiums from the year-beginning up to 31.12.2007	Insurance indemnity actually paid within 2007	Share of reinsurers in insurance indemnity actually paid within 2007
1	***Non-life insurance, o/w:***	***40918***	***1135881475***	***985098269***	***4941663***	***2133888***	***869265***	***354789***
1.1	Accident insurance	3507	22182901	8640994	243511	26788	46641	3034
1.2	Health insurance	3359	135271167	117085176	524507	25430	196607	7570
1.3	Motor transport insurance	15834	86614022	34933081	1769708	408100	578603	300059
1.4	Rail transport insurance	-	-	-	-	-	-	-
1.5	Air transport insurance	4	3052222	2587334	235002	253237	-	-
1.6	Water transport insurance	-	-	-	-	-	-	
1.7	Freight insurance	373	46547489	45122520	397430	170401	9194	8810
1.8	Fire and natural disaster insurance	12684	583346735	549504270	1157748	841682	29162	28201
1.9	Property damage insurance	3007	54357036	43180292	91719	91968	2121	-
1.10	Responsibility for use of motor transport insurance	1119	12570889	5514902	40855	12034	2567	2400
1.11	Responsibility for use of air transport insurance	1	36506	-	33950	-	-	-
1.12	Responsibility for use of water transport insurance	-	-	-	-	-	-	-
1.13	General responsibility insurance	202	178523213	171176152	357310	257202	3843	3427
1.14	Loan insurance	-	-	-	-	-	-	-
1.15	Guarantee insurance	91	597298	-	13385	-	-	-
1.16	Financial loss insurance	8	4734178	3995134	41204	34642	-	-
1.17	Judicial and extrajudicial costs insurance	-	-	-	-	-	-	-
1.18	Assistance insurance	729	8047818	3358414	35332	12403	526	1288
2	***Life insurance, o/w:***	***197***	***2168771***	***1827493***	***22461***	***6221***	***7441***	***5699***
2.1	Life insurance	197	2168771	1827493	22461	6221	7441	5699
2.2	Marriage, birth insurance	-	-	-	-	-		-
2.3	Investment assets insurance	-	-	-	-	-		-
2.4	Tontine	-	-	-	-	-		-
2.5	Capital refund insurance	-	-	-	-	-		-
2.6	Pension fund management	-	-	-	-	-		-
TOTAL		***41115***	***1138050246***	***986925762***	***4964124***	***2140109***	***876706***	***360487***

** The table includes the indicators of First Insurance Ltd indicators for quarter 3, 2007, because the annual report of the latter has not been submitted to the CBA yet.*

The calculation of insurance premiums and reinsurance premiums for different classes within 2007 has been made using the statements 2 and 5 of Regulation 32 (adopted by the CBA Board decision N 716-N on 05.12.2006), using the statement 2 of annex 8 (adopted by the CBA Board decision N 124-N on 28.03.2006), as well as according to "Statement on insurance activities", which the CBA received from insurance companies in response to the request in writing.

The calculation of actually paid insurance indemnity for different classes and share of reinsurers in it within 2007 has been made using the statement 4 of Regulation 32 (adopted by the CBA Board decision N 716-N on 05.12.2006), using the statement 2 of annex 8 (adopted by the CBA Board decision N 124-N on 28.03.2006), using the statement 4 (adopted by the CBA Board decision N 180-N on 12.062006), as well as according to "Statement on insurance activities", which the CBA received from insurance companies in response to the request in writing.

Annex 31. Pawnshops

mln drams

Indicators	Loans provided	Funds attracted	Number of pawnshops
31.12.2006	1713	1322	62
31.03.2007	1989	1333	62
30.06.2007	2080	1472	63
30.09.2007	2072	1538	64
31.12.2007	2410	1673	62

Annex 32. Value of Transfers by Non-Cash Payment Instruments in Banking System

mln drams

Transfers	2003	2004	2005	2006	2007	2007			
						Q-I	Q-II	Q-III	Q-IV
Paper based payment orders[1]	1226184	1467080	2114168	2076422	3384516	917483	756503	630817	1079713
Electronic payment orders[1]	1806832	2032136	2743646	3394735	5852703	1342201	1223521	1359807	1927174
Checks	14797	12564	9663	7571	5954	1096	1652	1535	1671
Other debit instruments [2]	1149	4540	4782	4416	2466.31	1655.36	134.578	30.418	645.953
Non-cash operations by cards				11322	17035.2	2828	3826	5049	5332.15
Total	3048962	3516320	4872259	5494466	9262675	2265264	1985636	1997238	3014537
Transactions by cards	59543	98771	90136	138245	213633	36232	46861	55937	74603

Annex 33. Number of Transfers by Non-Cash Payment Instruments in Banking System

Transfers	2003	2004	2005	2006	2007	2007			
						Q-I	Q-II	Q-III	Q-IV
Paper based payment orders[1]	466928	522071	717219	988964	1197760	233305	287093	302766	374596
Electronic payment orders[1]	1424397	1062858	1280968	1412116	1933016	376310	449112	504464	603130
Checks	14601	15222	12207	8931	7152	1548	1901	1616	2087
Other debit instruments [2]	355	323	744	5318	3195	1507	792	366	530
Non-cash operations by cards				212387	442100	77329	102187	124371	138213
Total	1906281	1600474	2011138	2627716	3583223	689999	841085	933583	1118556
Cards in circulation	61110	108865	137186	190232	327852	232762	250766	281729	327852
Paper payment orders[1]	1005981	1763090	2184492	3029569	4428550	839402	1048258	1136676	1404214

[1] Orders to beneficiary bank/branch. Intrabank transfers of commercial banks are not included, except for customer-customer transfers.
[2] Debit orders and other transfers:

Annex 34. Value of Transfers Sent and Received via International Money Transfer Systems

mln drams

Systems		2003	2004	2005	2006	2007	2007			
							Q-I	Q-II	Q-III	Q-IV
WESTERN UNION	sent	3934	3326	3359	3989	4020	896	949	1071	1104
	received	37722	38271	41060	41184	37724	7605	9489	10623	10007
MONEY GRAM	sent		1658	2199	3279	663	173	142	155	192
	received		15525	28176	38151	7834	1609	1968	2088	2169
ANELIK	sent	7481	5742	3679	4143	5637	953	1382	1485	1817
	received	70220	44202	37799	40687	38471	6970	9766	11536	10199
UNISTREAM	sent	5056	8928	13421	18516	19968	4357	4677	5247	5688
	received	44394	59801	95342	149130	201120	28862	44134	62092	66033
Other systems	sent	1814	9439	9954	8586	8935	1721	2023	2163	3172
	received	22682	32168	41866	46316	98711	16241	24591	32067	27772
Total	sent	18284	29093	32612	38513	39224	8100	9173	10122	11974
	received	175019	189967	244243	315469	383860	61287	89947	118406	116180
Turnover		193303	219059	276855	353981	423084	69386	99120	128528	128154

Annex 35. Number of Transfers Sent and Received via International Money Transfer Systems

Systems		2003	2004	2005	2006	2007	2007			
							Q-I	Q-II	Q-III	Q-IV
WESTERN UNION	sent	9681	8739	9359	11553	13271	2992	3036	3475	3768
	received	141273	162604	193613	213533	228664	49293	58051	59144	62176
MONEY GRAM	sent		4543	6401	9399	1522	363	377	363	419
	received		47039	104796	163767	40638	8596	10188	10189	11665
ANELIK	sent	13122	12807	11236	10525	9727	2272	2421	2366	2668
	received	369283	238958	228894	230041	209792	43548	54680	57374	54190
UNISTREAM	sent	4927	10094	16240	24020	29537	6526	7391	7215	8405
	received	118813	161750	290043	424449	587595	94560	145018	175643	172374
Other systems	sent	4161	4158	7545	39963	27506	6284	6707	6738	7818
	received	77337	112960	154286	221847	455731	85537	118617	133677	123065
Total	sent	31891	40341	50781	95460	81563	18437	19932	20157	23078
	received	706706	723311	971632	1253637	1522420	281534	386554	436027	423470
Turnover		738597	763652	1022413	1349097	1603983	299971	406486	456184	446548

Annex 36. Number of Cards in Circulation

Plastic cards	2003	2004	2005	2006	2007	2007			
						Q-I	Q-II	Q-III	Q-IV
ArCa	25983	47215	55697	92283	142482	104216	113445	128527	142482
VISA	23451	45760	62839	90733	139280	98987	104102	116021	139280
MASTER Card	1318	3003	5901	11817	23665	14391	16003	18748	23665
Other international cards	10358	12887	12749	14280	22425	15168	17216	18433	22425
Total	61110	108865	137186	209113	327852	232762	250766	281729	327852

Annex 37. Value of Transactions by Cards

mln drams

Plastic cards	2003	2004	2005	2006	2007	2007			
						Q-I	Q-II	Q-III	Q-IV
ArCa	11149	18895	27821	45471	74889	12617	15942	18806	27524
VISA	14475	30644	39595	60511	90234	15295	19795	24096	31049
MASTER Card	4231	9145	7689	12664	19904	3186	4643	5386	6689
Other international cards	29688	40087	15030	19598	28608	5135	6482	7649	9342
Total	59543	98771	90136	138245	213634	36233	46861	55937	74603

Annex 38. Number of Transactions by Cards

Plastic cards	2003	2004	2005	2006	2007	2007			
						Q-I	Q-II	Q-III	Q-IV
ArCa	437254	764339	1023304	1408879	2081054	404792	500924	519311	656027
VISA	145408	423379	692100	1008054	1436478	274648	333621	374383	453826
MASTER Card	29714	62083	89937	169523	319341	49511	73027	88350	108453
Other international cards[1]	393605	513289	379151	443113	591677	110451	140686	154632	185908
Total	1005981	1763090	2184492	3029569	4428550	839402	1048258	1136676	1404214

[1] *Including AMEX, HSBC debit and other cards.*

Annex

Annex 1. Survey Balance Sheet Indicators of Commercial Banks

	Commercial banks	Branches	
		31.12.2006	31.12.2007
1	VTB Bank (Armenia)	98	89
2	Ardshininvestbank	51	53
3	Armeconombank	43	45
4	Artsakhbank	14	14
5	Converse Bank	16	23
6	ACBA-Credit Agricole Bank	16	27
7	Unibank	27	29
8	Bank Anelik	8	8
9	Areximbank	8	9
10	Inecobank	4	5
11	HSBC Bank Armenia	2	7
12	Prometey Bank	2	3
13	Armimpexbank	-	-
14	Armenian Development Bank	-	2
15	Armbusinessbank	1	12
16	Mellat Bank	-	-
17	Cascade Bank	-	-
18	Byblos Bank Armenia	4	4
19	BTA Investbank	2	3
20	ARARATBANK	3	14
21	Armswissbank	-	-
22	ProCredit Bank	-	-
Total		**299**	**347**

Annex 2. Survey Balance Sheet Indicators of Commercial Banks

Indicators	Currency	31.12.05	31.12.06	Change 31.12.06-31.12.05	31.03.07	Change 31.03.07-31.12.06	30.06.07	Change 30.06.07-31.03.07
Cash	AMD	11193271	15372106	37.3%	14456203	-6.0%	14856839	2.8%
	FX	15791693	15198111	-3.8%	16804204	10.6%	19423062	15.6%
Correspondent accounts with the CBA and other claims on the CBA	AMD	28684125	38169305	33.1%	23343720	-38.8%	24298347	4.1%
	FX	22322722	23628784	100.0%	24323778	2.9%	23762933	-2.3%
Correspondent accounts with banks and other claims on banks	AMD	1433294	3723119	159.8%	4532715	21.7%	6297308	38.9%
	FX	67970937	58087230	-14.5%	52918506	-8.9%	52739910	-0.3%
Claims on other financial organizations	AMD	5215286	8714525	67.1%	9209380	5.7%	8278246	-10.1%
	FX	2585819	1455717	-43.7%	2119990	45.6%	2082265	-1.8%
Government securities		65576558	93623489	42.8%	104788833	11.9%	101089272	-3.5%
Liabilities for securities through repos and currency through currency swap	AMD	-6239541	-11730337	88.0%	-12764153	8.8%	-14929300	17.0%
	FX	0	-610680	-	-1575799	100.0%	-1537002	-2.5%
Repos (excluding interbank repos)	AMD	0	238401	-	857364	100.0%	865915	1.0%
	FX	0	0	-	0		0	-
Loans to legal entities	AMD	40484971	54234059	34.0%	59790842	10.2%	62293470	4.2%
	FX	63731078	60316870	-5.4%	65994305	9.4%	76223844	15.5%
Loans to natural persons	AMD	23966654	49395335	106.1%	72293607	46.4%	100825636	39.5%
	FX	49823289	59577126	19.6%	51670296	-13.3%	43487211	-15.8%
Loans to bank related persons and bank employees	AMD	2532112	2527026	-0.2%	2904832	15.0%	3645354	25.5%
	FX	3484976	3603253	3.4%	4407340	22.3%	4477258	1.6%
Asset loss reserves		-3413727	-4562064	33.6%	-4853534	6.4%	-5332632	9.9%
Interest receivable		2700113	3106010	15.0%	3535527	13.8%	3817672	8.0%
Fixed assets		25013801	30684002	22.7%	30945862	0.9%	32163351	3.9%
Other securities		999245	1225834	22.7%	1411171	15.1%	1522077	7.9%
Leasing, factoring (excluding interbank leasing and factoring)		3781838	4019180	6.3%	3927177	-2.3%	4855250	23.6%
Other assets		12827709	14521086	13.2%	20395978	40.5%	21155797	3.7%
Total assets		**440674145**	**524517487**	**19.0%**	**551438144**	**5.1%**	**586362083**	**6.3%**

thousand drams

Indicators	Currency	30.09.07	Change 30.09.07-30.06.07	31.12.07	Change 31.12.07-30.09.07	2007 annual	Change 31.12.07-3 1.12.06	
Cash	AMD	18323046	23.3%	24257482	32.4%	24257482	8885376	57.8%
	FX	18418167	-5.2%	14834047	-19.5%	14834047	-364064	-2.4%
Correspondent accounts with the CBA and other claims on the CBA	AMD	27035757	11.3%	37055488	37.1%	37055489	-1113816	-2.9%
	FX	26565994	11.8%	38421252	44.6%	38421252	14792468	62.6%
Correspondent accounts with banks and other claims on banks	AMD	7274471	15.5%	6761399	-7.1%	6761399	3038280	81.6%
	FX	50101391	-5.0%	56700017	13.2%	56700017	-1387213	-2.4%
Claims on other financial organizations	AMD	8834146	6.7%	8059228	-8.8%	8059228	-655297	-7.5%
	FX	2345964	12.7%	1859946	-20.7%	1859946	404229	27.8%
Government securities		108638346	7.5%	112190196	3.3%	112190196	18566707	19.8%
Liabilities for securities through repos and currency through currency swap	AMD	-15737526	5.4%	-17126389	8.8%	-17126389	-5396052	46.0%
	FX	-1749465	13.8%	-2458329	40.5%	-2458329	-1847649	302.6%
Repos (excluding interbank repos)	AMD	334781	-61.3%	859588	156.8%	859588	621187	260.6%
	FX	348578	100.0%	675841	93.9%	675841	675841	100.0%
Loans to legal entities	AMD	67746242	8.8%	79265242	17.0%	79265242	25031183	46.2%
	FX	102212368	34.1%	113159142	10.7%	113159142	52842272	87.6%
Loans to natural persons	AMD	128834892	27.8%	158273388	22.8%	158273388	108878053	220.4%
	FX	43935537	1.0%	47981879	9.2%	47981879	-11595247	-19.5%
Loans to bank related persons and bank employees	AMD	4944034	35.6%	5032022	1.8%	5032022	2504996	99.1%
	FX	5584240	24.7%	5019836	-10.1%	5019836	1416583	39.3%
Asset loss reserves		-6390372	19.8%	-7688707	20.3%	-7701615	-3139551	68.8%
Interest receivable		4295846	12.5%	4577615	6.6%	4577615	1471605	47.4%
Fixed assets		33752524	4.9%	42437138	25.7%	42534713	11850711	38.6%
Other securities		2728580	79.3%	2705543	-0.8%	2705543	1479709	120.7%
Leasing, factoring (excluding interbank leasing and factoring)		5900340	21.5%	7928440	34.4%	7928440	3909260	97.3%
Other assets		19725620	-6.8%	23608636	19.7%	23593307	9072221	62.5%
Total assets		**664003501**	**13.2%**	**764389939**	**15.1%**	**764459279**	**239941792**	**45.7%**

Annex 2 *(continuation)*

Indicators			Currency	31.12.05	31.12.06	Change 31.12.06-31.12.05	31.03.07	Change 31.03.07-31.12.06	30.06.07	Change 30.06.07-31.03.07
Correspondent accounts of banks			AMD	353082	326082	-7.6%	359076	10.1%	773202	115.3%
			FX	4621770	4385729	-5.1%	4712152	7.4%	3258044	-30.9%
Other liabilities to banks (including the CBA) and other financial organizations			AMD	14212362	23675655	66.6%	27431977	15.9%	28298101	3.2%
			FX	24172463	29746273	23.1%	33328489	12.0%	38623865	15.9%
Demand liabilities to legal entities			AMD	50376433	64197565	27.4%	72257740	12.6%	67184619	-7.0%
			FX	42160840	37949927	-10.0%	34007611	-10.4%	40070262	17.8%
Demand liabilities to natural persons			AMD	10277819	20649762	100.9%	21945442	6.3%	25310985	15.3%
			FX	42300069	38176535	-9.7%	39192048	2.7%	38338888	-2.2%
Time deposits of legal entities			AMD	14807606	23335332	57.6%	23399130	0.3%	24982731	6.8%
			FX	34344040	30576190	-11.0%	20870771	-31.7%	17857853	-14.4%
Time deposits of natural persons			AMD	8646948	22520313	160.4%	26980643	19.8%	35399549	31.2%
			FX	58424772	62199228	6.5%	66865787	7.5%	66845761	0.0%
Liabilities to the Government				16275264	18063406	11.0%	17122389	-5.2%	19823085	15.8%
Interest payable				1890445	2288754	21.1%	2790474	21.9%	2712216	-2.8%
Other liabilities				23049476	26255197	13.9%	32266085	22.9%	36681371	13.7%
Total liabilities				**345913389**	**404345948**	**16.9%**	**423529814**	**4.7%**	**446160532**	**5.3%**
Actually paid-in statutory fund				60297882	80107615	32.9%	82907465	3.5%	92101473	11.1%
General reserve				6449947	4620422	-28.4%	4532140	-1.9%	5212346	15.0%
Own shares repurchased by bank				0	0	-	0	-	0	0.0%
Undistributed profit (loss)		Current period		12004620	16314819	35.9%	-71.1%	-	10080816	113.6%
		Previous period		9850677	12406486	25.9%	130.3%	-	25765066	-9.8%
Total capital				**94760756**	**120171539**	**26.8%**	**127908330**	**6.4%**	**140201551**	**9.6%**
Pledge received				416964496	603703074	44.8%	652089075	8.0%	733697186	12.5%
including government securities				3969832	3448616	-13.1%	3307085	-4.1%	2869587	-13.2%
Guarantees received				82770395	111709644	35.0%	123482592	10.5%	134470877	8.9%
Off-balance sheet	loans			9182312	8461131	-7.9%	7931092	-6.3%	7671595	-3.3%
	receivables and other assets			4339260	3503659	-19.3%	3386292	-3.3%	3442583	1.7%
	interest			3901036	3660302	-6.2%	3604736	-1.5%	3566969	-1.0%
Guarantees issued				8386373	11118111	32.6%	12329915	10.9%	13946676	13.1%
Pledge granted	total			8986344	8609846	-4.2%	8297676	-3.6%	7775668	-6.3%
	including government securities			2184668	2121582	-2.9%	1748000	-17.6%	1576536	-9.8%

AMD – Armenian dram *FX – foreign currency*

thousand drams

Indicators	Currency	30.09.07	Change 30.09.07-30.06.07	31.12.07	Change 31.12.07-30.09.07	2007 annual	Change 31.12.07-31.12.06	
Correspondent accounts of banks	AMD	769522	-0.5%	1709227	122.1%	1709227	1383145	424.2%
	FX	4753877	45.9%	5505148	15.8%	5505148	1119419	25.5%
Other liabilities to banks (including the CBA) and other financial organizations	AMD	38401872	35.7%	41211501	7.3%	41211501	17535846	74.1%
	FX	47417754	22.8%	92057261	94.1%	92057261	62310988	209.5%
Demand liabilities to legal entities	AMD	81739345	21.7%	97267404	19.0%	97267404	33069839	51.5%
	FX	42604043	6.3%	44602380	4.7%	44602379	6652452	17.5%
Demand liabilities to natural persons	AMD	29160325	15.2%	35469848	21.6%	35469848	14820086	71.8%
	FX	39404858	2.8%	32473339	-17.6%	32473339	-5703196	-14.9%
Time deposits of legal entities	AMD	27287800	9.2%	36549690	33.9%	36549690	13214358	56.6%
	FX	19898296	11.4%	22069048	10.9%	22069048	-8507142	-27.8%
Time deposits of natural persons	AMD	45135028	27.5%	61367321	36.0%	61367321	38847008	172.5%
	FX	73826740	10.4%	68714780	-6.9%	68714780	6515552	10.5%
Liabilities to the Government		23926359	20.7%	19303041	-19.3%	19303041	1239635	6.9%
Interest payable		3616832	33.4%	4236852	17.1%	4237650	1948896	85.2%
Other liabilities		37684025	2.7%	30039411	-20.3%	30344818	4089621	15.6%
Total liabilities		**515626676**	**15.6%**	**592576251**	**14.9%**	**592882455**	**188536507**	**46.6%**
Actually paid-in statutory fund		98346937	6.8%	116486544	18.4%	116486544	36378929	45.4%
General reserve		5335578	2.4%	5801681	8.7%	5801681	1181259	25.6%
Own shares repurchased by bank		0	0.0%	0	0.0%	0	0	0.0%
Off-balance sheet	Current period	16741692	66.1%	18235423	8.9%	17998558	1683739	10.3%
	Previous period	20929558	-18.8%	20694114	-1.1%	20694114	8287628	66.8%
Total capital		**148376825**	**5.8%**	**171813689**	**15.8%**	**171576824**	**51405285**	**42.8%**
Pledge received		858007073	16.9%	978720939	14.1%	978720939	375017865	62.1%
including government securities		2646611	-7.8%	2951772	11.5%	2951772	-496844	-14.4%
Guarantees received		159522183	18.6%	208570426	30.7%	208570426	96860782	86.7%
Off-balance sheet	loans	7172008	-6.5%	7212476	0.6%	7212476	-1248655	-14.8%
	receivables and other assets	3487538	1.3%	2838404	-18.6%	2838404	-665255	-19.0%
	interest	3469217	-2.7%	3263987	-5.9%	3263987	-396315	-10.8%
Guarantees issued		15587613	11.8%	20799014	33.4%	20799014	9680903	87.1%
Pledge granted	total	9784426	25.8%	6625523	-32.3%	6625523	-1984323	-23.0%
	including government securities	870941	-44.8%	2580053	196.2%	2580053	458471	21.6%

Annex 3. Structural Trends of Survey Balance Sheet Indicators of Commercial Banks *(%)*

Indicators	Currency	31.12.05	31.12.06	Change 31.12.06-31.12.05	31.03.07	Change 31.03.07-31.12.06	30.06.07	Change 30.06.07-31.03.07	30.09.07	Change 30.09.07-30.06.07	31.12.07	Change 31.12.07-30.09.07	2007 annual	Change 31.12.07-31.12.06
Cash	AMD	2.5	2.9	0.4	2.6	-0.3	2.5	-0.1	2.8	0.2	3.2	0.4	3.2	0.2
	FX	3.6	2.9	-0.7	3.0	0.1	3.3	0.3	2.8	-0.5	1.9	-0.8	1.9	-1.0
Correspondent accounts with the CBA and other claims on the CBA	AMD	6.5	7.3	0.8	4.2	-3.0	4.1	-0.1	4.1	-0.1	4.8	0.8	4.8	-2.4
	FX	5.1	4.5	-0.6	4.4	-0.1	4.1	-0.4	4.0	-0.1	5.0	1.0	5.0	0.5
Correspondent accounts with banks and other claims on banks	AMD	0.3	0.7	0.4	0.8	0.1	1.1	0.3	1.1	0.0	0.9	-0.2	0.9	0.2
	FX	15.4	11.1	-4.3	9.6	-1.5	9.0	-0.6	7.5	-1.4	7.4	-0.1	7.4	-3.7
Claims on other financial organizations	AMD	1.2	1.7	0.5	1.7	0.0	1.4	-0.3	1.3	-0.1	1.1	-0.3	1.1	-0.6
	FX	0.6	0.3	-0.3	0.4	0.1	0.4	0.0	0.4	0.0	0.2	-0.1	0.2	0.0
Government securities	AMD	14.9	17.8	3.0	19.0	1.2	17.2	-1.8	16.4	-0.9	14.7	-1.7	14.7	-3.2
Liabilities for securities through repos and currency through currency swap	FX	-1.4	-2.2	-0.8	-2.3	-0.1	-2.5	-0.2	-2.4	0.2	-2.2	0.1	-2.2	0.0
	AMD	0.0	-0.1	-0.1	-0.3	-0.2	-0.3	0.0	-0.3	0.0	-0.3	-0.1	-0.3	-0.2
Repos (excluding interbank repos)	FX	0.0	0.0	0.0	0.2	0.1	0.1	0.0	0.1	-0.1	0.1	0.1	0.1	0.1
	AMD	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.0	0.1	0.1
Loans to legal entities	FX	9.2	10.3	1.2	10.8	0.5	10.6	-0.2	10.2	-0.4	10.4	0.2	10.4	0.0
	AMD	14.5	11.5	-3.0	12.0	0.5	13.0	1.0	15.4	2.4	14.8	-0.6	14.8	3.3
Loans to natural persons	FX	5.4	9.4	4.0	13.1	3.7	17.2	4.1	19.4	2.2	20.7	1.3	20.7	11.3
	AMD	11.3	11.4	0.1	9.4	-2.0	7.4	-2.0	6.6	-0.8	6.3	-0.3	6.3	-5.1
Loans to bank related persons and bank employees	FX	0.6	0.5	-0.1	0.5	0.0	0.6	0.1	0.7	0.1	0.7	-0.1	0.7	0.2
	AMD	0.8	0.7	-0.1	0.8	0.1	0.8	0.0	0.8	0.1	0.7	-0.2	0.7	0.0
Asset loss reserves		-0.8	-0.9	-0.1	-0.9	0.0	-0.9	0.0	-1.0	-0.1	-1.0	0.0	-1.0	-0.1
Interest receivable		0.6	0.6	0.0	0.6	0.0	0.7	0.0	0.6	0.0	0.6	0.0	0.6	0.0
Fixed assets		5.7	5.8	0.2	5.6	-0.2	5.5	-0.1	5.1	-0.4	5.6	0.5	5.6	-0.3
Other securities		0.2	0.2	0.0	0.3	0.0	0.3	0.0	0.4	0.2	0.4	-0.1	0.4	0.1
Leasing, factoring (excluding interbank leasing and factoring)		0.9	0.8	-0.1	0.7	-0.1	0.8	0.1	0.9	0.1	1.0	0.1	1.0	0.3
Other assets		2.9	2.8	-0.1	3.7	0.9	3.6	-0.1	3.0	-0.6	3.1	0.1	3.1	0.3
Total assets		**100.0**	**100.0**	**0.0**	**100.0**	**0.0**	**100.0**	**0.0**	**100.0**	**0.0**	**100.0**	**0.0**	**100.0**	**0.0**

Correspondent accounts of banks	AMD	0.1	0.1	0.0	0.1	0.0	0.2	0.1	0.1	0.0	0.3	0.1	0.3	0.2
	FX	1.3	1.1	-0.3	1.1	0.0	0.7	-0.4	0.9	0.2	0.9	0.0	0.9	-0.2
Other liabilities to banks (including the CBA) and other financial organizations	AMD	4.1	5.9	1.7	6.5	0.6	6.3	-0.1	7.4	1.1	7.0	-0.5	7.0	1.1
	FX	7.0	7.4	0.4	7.9	0.5	8.7	0.8	9.2	0.5	15.5	6.3	15.5	8.2
Demand liabilities to legal entities	AMD	14.6	15.9	1.3	17.1	1.2	15.1	-2.0	15.9	0.8	16.4	0.6	16.4	0.5
	FX	12.2	9.4	-2.8	8.0	-1.4	9.0	1.0	8.3	-0.7	7.5	-0.7	7.5	-1.9
Demand liabilities to natural persons	AMD	3.0	5.1	2.1	5.2	0.1	5.7	0.5	5.7	0.0	6.0	0.3	6.0	0.9
	FX	12.2	9.4	-2.8	9.3	-0.2	8.6	-0.7	7.6	-1.0	5.5	-2.2	5.5	-4.0
Time deposits of legal entities	AMD	4.3	5.8	1.5	5.5	-0.2	5.6	0.1	5.3	-0.3	6.2	0.9	6.2	0.4
	FX	9.9	7.6	-2.4	4.9	-2.6	4.0	-0.9	3.9	-0.1	3.7	-0.1	3.7	-3.8
Time deposits of natural persons	AMD	2.5	5.6	3.1	6.4	0.8	7.9	1.6	8.8	0.8	10.4	1.6	10.4	4.8
	FX	16.9	15.4	-1.5	15.8	0.4	15.0	-0.8	14.3	-0.7	11.6	-2.7	11.6	-3.8
Liabilities to the Government		4.7	4.5	-0.2	4.0	-0.4	4.4	0.4	4.6	0.2	3.3	-1.4	3.3	-1.2
Interest payable		0.5	0.6	0.0	0.7	0.1	0.6	-0.1	0.7	0.1	0.7	0.0	0.7	0.1
Other liabilities		6.7	6.5	-0.2	7.6	1.1	8.2	0.6	7.3	-0.9	5.1	-2.2	5.1	-1.4
Total liabilities		**100.0**	**100.0**	**0.0**	**100.0**	**0.0**	**100.0**	**0.0**	**100.0**	**0.0**	**100.0**	**0.0**	**100.0**	**0.0**

Actually paid-in statutory fund		63.6	66.7	3.0	64.8	-1.8	65.7	0.9	66.3	0.6	67.8	1.5	67.9	1.2
General reserve		6.8	3.8	-3.0	3.5	-0.3	3.7	0.2	3.6	-0.1	3.4	-0.2	3.4	-0.5
Own shares repurchased by bank		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Undistributed profit (loss)	Current period	12.7	13.6	0.9	3.7	-9.9	7.2	3.5	11.3	4.1	10.6	-0.7	10.5	-3.1
	Previous period	10.4	10.3	-0.1	22.3	12.0	18.4	-4.0	14.1	-4.3	12.0	-2.1	12.1	1.7
Total capital		**100.0**	**100.0**	**0.0**	**100.0**	**0.0**	**100.0**	**0.0**	**100.0**	**0.0**	**100.0**	**0.0**	**100.0**	**0.0**

AMD – Armenian dram *FX – foreign currency*

Annex 4. Change in Commercial Banks' Regulatory Capital Accounts

thousand drams

Indicators	At the beginning of period	Change within the period	At the end of period
Total capital	107694220	44266030	151960250
Tier 1 capital	101161826	44236442	145398268
Statutory capital	80107615	36378929	116486544
Note: number of shares sold (pcs)	3687032	1481214	5168246
General reserve	4620422	1181259	5801681
Undistributed profit	28824499	10105038	38929537
Amounts deducted from Tier 1 capital, o/w:	12390710	3428784	15819494
Long-term subordinate loans	0	0	0
Repurchased own shares of bank	0	0	0
Intangible assets (except for assets set forth in Regulation 2)	222623	-27067	195556
Investments in statutory capital of other banks, credit organizations, and "Other organizations" according to regulation 2	320011	999711	1319722
Tangible assets not in use and capital investments in them	3204373	279346	3483719
Amount of balance value of tangible assets in use and capital investments in them exceeding the size limit of Tier 1 capital as set forth in Regulation 2	7955362	796392	8751754
Capital investments in bank's own and leased fixed assets	688341	1380402	2068743
Tier 2 capital	6532394	29588	6561982
Revaluation reserve for bank premises and buildings	6681090	70428	6751518
Reserve generated from FX differences due to balance sheet consolidation	0	0	0
Other reserves	-148696	-40840	-189536

Annex 5. Non-residents' participation in commercial banks statutory capital

thousand drams

Indicators	31.12.05	Change within 31.12.06-31.12.05	31.12.06	Change within 31.12.07-31.12.06	31.12.07
Statutory capital	58199827	15942044	74141871	34876180	109018051
o/w: non-residents	30756938	4913227	35670165	27631841	63302006
share of non-residents %	52.85%	-4.74%	48.11%	9.95%	58.07%

Annex 6. Commercial banks income and expense

thousand drams

Indicators	31.12.05	31.12.06	Change 31.12.06-31.12.05	31.03.07	30.06.07	30.09.07	31.12.07	31.12.07 annual	Change 31.12.07-31.12.06
	1	2	3	4	5	6	7	8	9
From correspondent accounts	525011	689760	31.4%	143823	334915	528967	735377	735377	6.6%
From funds allocated in the CBA	133421	172275	29.1%	21020	23518	33790	51414	51414	-70.2%
Interest received from funds allocated in commercial banks and other financial institutions	665163	698916	5.1%	134120	308670	480885	612676	612676	-12.3%
From loans to economy	26534128	34482073	30.0%	9764695	21083774	34144649	49166015	49166015	42.6%
Interest from overdraft	215901	318545	47.5%	81225	203711	301056	423754	423754	33.0%
Interest from credit cards	248966	438696	76.2%	147650	326754	561208	1014336	1014336	131.2%
Interest from government securities	2409268	3124015	29.7%	1008449	2119936	3451718	4959780	4959780	58.8%
From repos	186282	393109	111.0%	140395	279182	420985	586869	586869	49.3%
Other interest income	2003730	2568584	28.2%	670216	1358018	2102383	2884185	2884187	12.3%
Total interest income	**32925291**	**42885975**	**30.3%**	**12111593**	**26038477**	**42025642**	**60434406**	**60434408**	**40.9%**
Interest paid on correspondent accounts	90278	47508	-47.4%	14214	35705	56223	76473	76473	61.0%
Interest paid on bank accounts and demand deposits	699747	721494	3.1%	230908	497426	775536	1098213	1098213	52.2%
Interest paid on funds attracted from the CB	919824	923753	0.4%	228947	512010	763947	1115454	1115454	20.8%
On repos	46137	58455	26.7%	20246	45919	81440	129758	129758	122.0%
Interest paid on funds attracted from commercial banks and other financial institutions	905678	1809242	99.8%	508154	1051730	1764594	2894175	2894175	60.0%
Interest paid on time deposits	5804482	6624208	14.1%	2093055	4243151	6919251	9850617	9850617	48.7%
Interest paid on funds attracted from international financial organizations	409103	639058	56.2%	156239	364728	653722	1042609	1042609	63.1%
Interest expenses on deposit insurance	224806	262203	16.6%	74531	153854	242615	354295	354295	35.1%
Expenses for accrued and not collected interest on non-performing assets	559660	524731	-6.2%	121567	294968	477792	683607	683607	30.3%
Other interest expenses	626212	797031	27.3%	235123	466127	694308	949660	950230	19.2%
Total interest expenses	**10288914**	**12410230**	**20.6%**	**3682984**	**7665618**	**12429429**	**18194861**	**18195451**	**46.6%**
Net interest income	***22636376***	***30475745***	***34.6%***	***8428608***	***18372859***	***29596213***	***42239545***	***42238977***	**38.6%**
Commissions received	9804722	10946871	11.6%	2671971	5921240	9701453	14077377	14077377	28.6%
Income from guarantees, acceptance and L/C operations, trust management	309812	421709	36.1%	159906	293968	451647	659705	659705	56.4%
Net income from hedging derivatives	0	0	0.0%	4770	-11521	-9011	67936	67936	100%
Net income from factoring	296543	240211	-19.0%	55376	117635	199643	324389	324389	35.0%
Income from investments in other organizations	631517	663805	5.1%	40801	239430	584894	638809	638809	-3.8%
Net income from sale of securities	471686	416073	-11.8%	10361	92684	390297	480340	480340	15.4%
Net income from FX purchase and sale	6034803	6412879	6.3%	1504025	3296861	5441049	8651437	8651437	34.9%
Positive (negative) exchange rate difference from FX revaluation	-394516	-272161	-31.0%	-57764	-97782	-113813	-176607	-176607	-35.1%
Net income from disposal of fixed assets	-113252	456017	-502.7%	-53760	-61066	-17101	53878	53878	-88.2%
Net income from revaluation of fixed assets	-15684	34916	-322.6%	0	0	58	125685	125685	260.0%
Fines and penalties received	455699	682474	49.8%	243664	478474	769810	1087583	1087583	59.4%
Other non-interest income	4566336	1778118	-61.1%	636079	1109496	1474743	1720327	1720219	-3.3%
Total non-interest income	**22047666**	**21780912**	**-1.2%**	**5215428**	**11379419**	**18873670**	**27710858**	**27710750**	**27.2%**
Salary and salary-equivalent pays (other remuneration and financing of social requirements)	10287417	12977366	26.1%	3524501	7450692	11464511	17797827	17891565	37.9%
Business trip costs	376697	378266	0.4%	67815	194589	272909	413842	414964	9.7%

	1	2	3	4	5	6	7	8	9
Contribution to State Fund of Social Insurance of RA	1047440	1350106	28.9%	360988	768547	1200710	1758368	1766933	30.9%
Taxes, duties, other mandatory payments	786989	912805	16.0%	210944	484315	737552	1109107	1113049	21.9%
Depreciation	2919537	3293394	12.8%	899384	1878602	2937768	4055739	4069389	23.6%
Leasing charge for bank premises and other fixed assets	758621	968815	27.7%	276945	629465	1025050	1472284	1502497	55.1%
Advertisement and representative costs	943784	1205059	27.7%	397609	773218	1178833	1847109	1850533	53.6%
Office and printing costs	426788	484801	13.6%	140158	283874	430652	649597	656323	35.4%
Audit and consultation services costs	214891	329608	53.4%	70331	144486	230642	426444	427143	29.6%
Bank equipment maintenance costs	256329	353666	38.0%	98251	209631	320357	467516	468498	32.5%
Transport costs	304952	369067	21.0%	82693	172914	263623	384586	385388	4.4%
Communication costs	1007226	1245330	23.6%	312743	665497	1057390	1459000	1462911	17.5%
Fines and penalties paid	45931	89649	95.2%	19847	31070	57820	95569	93715	4.5%
Training costs	44547	53826	20.8%	19519	34990	59391	89806	135196	151.2%
Other non-interest expenses	7997131	5175956	-35.3%	1399594	2869263	5096769	7234958	7255048	40.2%
Total non-interest expenses	**27418278**	**29187714**	**6.5%**	**7881323**	**16591153**	**26333976**	**39261750**	**39493150**	**35.3%**
Net non-interest income	***-5370612***	***-7406802***	***37.9%***	***-2665895***	***-5211734***	***-7460306***	***-11550892***	***-11782400***	***59.1%***
Provisions to general reserve on loans and receivables loss	10283393	11377519	10.6%	2468750	5897318	9085901	12631094	12632917	11.0%
Provisions to special reserve on loans and receivables loss	11309465	12480290	10.4%	3018369	6361859	9882461	15356960	15368059	23.1%
Provisions to reserve on securities loss	152303	14603	-90.4%	18054	14221	28058	44729	44729	206.3%
Provisions to reserve on bank guarantees and other contingent liabilities	0	0	0.0%	382082	866655	1450580	2249341	2249341	
Total provisions	**21745161**	**23872412**	**9.8%**	**5887255**	**13140053**	**20447000**	**30282124**	**30295046**	**26.9%**
Recoveries from general reserve on loans and receivables loss	9683691	11007225	13.7%	2254184	5254238	7800209	10742837	10742849	-2.4%
Recoveries from special reserve on loans and receivables loss	10085957	10833965	7.4%	3274603	6183928	9736514	13538916	13511682	24.7%
Recoveries from reserve on securities loss	8830	3039	-65.6%	1832311	13770	14541	23997	23997	689.6%
Recoveries from reserve on bank guarantees and other contingent liabilities	0	0	0.0%	375223	802281	1259740	1771434	1798668	
Total recoveries	**19778478**	**21844229**	**10.4%**	**5904017**	**12254217**	**18811004**	**26077184**	**26077196**	**19.4%**
Net provisions	***1966683***	***2028183***	***3.1%***	***-16762***	***885836***	***1635996***	***4204940***	***4217850***	***108.0%***
Pre-tax profit	**15299082**	**21040758**	**37.5%**	**5779535**	**12275628**	**20514113**	**26500614**	**26255627**	**24.8%**
Profit tax	3321097	4170259	25.6%	1060610	2205616	3784303	5401904	5407557	29.7%
Net profit	**11977985**	**16870499**	**40.8%**	**4718925**	**10070012**	**16729809**	**21098710**	**20848071**	**23.6%**
Dividends accrued	0	580000	100.0%	0	0	0	55000	55000	100.0%
Undistributed profit	**11977985**	**16290499**	**36.0%**	**4718925**	**10070012**	**16729809**	**21043710**	**20793071**	**27.6%**

Annex 7. Armenian Banking System – Return on Assets and Return on Capital

Indicators	2004*	2005	2006	2007
Return on assets				
Banking system	3.30%	3.01%	3.58%	3.41%
Minimum (on profitable banks)	0.10%	0.60%	0.60%	0.05%
Maximum (on profitable banks)	10.90%	5.10%	18.80%	8.89%
Return on Capital				
Banking system	18.50%	15.25%	15.94%	15.21%
Minimum (on profitable banks)	0.20%	1.90%	0.90%	0.08%
Maximum (on profitable banks)	43.20%	20.10%	39.20%	35.86%

* *Indicators do not include data on ARARATBANK.*

Annex 8. Loan Investments of Commercial Banks

Indicators	2005					
	Up to 1 year		1 year and more		Total	
	AMD	FX	AMD	FX	AMD	FX
1. Total loans, deposits, factoring, leasing, repo agreements (2+3)	35917636	54757853	39589441	77879518	75507077	132637370
1.1 Time assets	29910506	42341237	42961838	89268516	72872344	131609752
o/w: loans	654674	11538394	65646643	105972725	66301317	117511119
interbank loans, deposits, factoring, leasing, repo agreements	2386644	280539	-1731970	12338311	654674	12618850
1.2 Prolonged assets	500146	280448	1886498	42859	2386644	323307
o/w: loans	0	0	500146	323216	500146	323216
interbank loans, deposits, factoring, leasing, repo agreements	248089	704311	-248089	-704311	0	0
1.3 Overdue assets	204274	693628	43815	10683	248089	704311
o/w: loans	0	0	204274	693628	204274	693628
interbank loans, deposits, factoring, leasing, repo agreements	0	0	0	0	0	0
2. Loans, deposits, factoring, leasing, repo agreements with non-residents	162787	11227956	159934	8092417	322721	19320373
2.1 Time assets	0	112548	322512	19094035	322512	19206583
2.2 Prolonged assets	209	1242	-209	111306	0	112548
2.3 Overdue assets	0	0	209	1242	209	1242
3. Loans, deposits, factoring, leasing, repo agreements with residents by sectors, o/w:	9514568	6062510	65669788	107254487	75184356	113316997
3.1 Industry	8786	980372	17831072	20278441	17839858	21258813
mining	3632374	1306539	-3597345	320415	35029	1626954
energy	2039541	2047956	2816394	1759549	4855935	3807505
food products	221811	317057	6248937	8363824	6470748	8680881
light	1493330	146751	-877660	566113	615670	712864
chemical	898465	274535	609383	833376	1507848	1107911
building materials	30660	341269	1767811	811580	1798471	1152849
precious items	9163	225095	176623	345501	185786	570596
metallurgy	62345	113839	-29787	111256	32558	225095
machine-building and electrical	1118093	309097	-964298	539150	153795	848247
other branches of industry	1486244	2545298	697774	-19387	2184018	2525911
3.2 Agriculture	892361	1439902	3024988	5946867	3917349	7386769
3.3 Construction	729746	408101	2414155	4324268	3143901	4732369
3.4 Transport and communication	7609352	10353491	-5661765	-8649676	1947587	1703815
3.5 Trade	4590089	8758584	12445369	16370084	17035459	25128668
3.6 Public catering and other services	5706823	3399074	-1081778	587838	4625045	3986912
3.7 Financial sector	654674	2006006	5074149	1645692	5728823	3651698
3.8 Consumer loans (including mortgage)	930197	1128066	17910067	41982730	18840264	43110796
3.9 Other sectors of economy	266890	276951	1839179	2080206	2106070	2357157

Annex 8. *(continuation)*

Indicators	2006					
	Up to 1 year		1 year and more		Total	
	AMD	FX	AMD	FX	AMD	FX
1. Total loans, deposits, factoring, leasing, repo agreements (2+3)	57069676	52123049	65409760	84688162	122479436	136811211
1.1 Time assets	53434662	49508880	65408980	84684309	118843642	134193189
o/w: loans	41055597	37490214	64246040	84333422	105301637	121823636
interbank loans, deposits, factoring, leasing, repo agreements	3599131	11894770	0	218100	3599131	12112870
1.2 Prolonged assets	2768285	1846373	780	3853	2769065	1850226
o/w: loans	23345	1846300	780	3853	24125	1850153
interbank loans, deposits, factoring, leasing, repo agreements	0	0	0	0	0	0
1.3 Overdue assets	866729	767796	0	0	866729	767796
o/w: loans	831708	766934	0	0	831708	766934
interbank loans, deposits, factoring, leasing, repo agreements	0	0	0	0	0	0
2. Loans, deposits, factoring, leasing, repo agreements with non-residents	762248	10553338	56952	4504159	819200	15057497
2.1 Time assets	762230	10551537	56952	4503891	819182	15055428
2.2 Prolonged assets	18	655	0	268	18	923
2.3 Overdue assets	0	1146	0	0	0	1146
3. Loans, deposits, factoring, leasing, repo agreements with residents by sectors, o/w:	55799197	39464476	65861039	82289238	121660236	121753714
3.1 Industry	6974760	3703638	12249140	16336442	19223900	20040080
mining	70553	16866	437249	461751	507802	478617
energy	1991870	21061	534466	2425217	2526336	2446278
food products	2846389	1862804	7038557	7843132	9884946	9705936
light	350183	483956	811764	1070474	1161947	1554430
chemical	17823	341800	38259	566757	56082	908557
building materials	610903	88843	1369439	429521	1980342	518364
precious items	45307	111284	392498	200406	437805	311690
metallurgy	95643	250	20926	394	116569	644
machine-building and electrical	699511	67939	300417	786450	999928	854389
other branches of industry	246578	708835	1305565	2552340	1552143	3261175
3.2 Agriculture	2866391	2284901	3109549	5935588	5975940	8220489
3.3 Construction	2393774	559860	5781966	2805385	8175740	3365245
3.4 Transport and communication	1556974	152532	1250478	956438	2807452	1108970
3.5 Trade	8308063	8374257	13937208	18945438	22245271	27319695
3.6 Public catering and other services	1678154	933982	5472585	3529438	7150739	4463420
3.7 Financial sector	11672839	2858248	260738	538701	11933577	3396949
3.8 Consumer loans (including mortgage)	19185480	20084428	21760932	31136959	40946412	51221387
3.9 Other sectors of economy	1162762	512630	2038443	2104849	3201205	2617479

Annex 8. *(continuation)*

Indicators	2007					
	Up to 1 year		1 year and more		Total	
	AMD	FX	AMD	FX	AMD	FX
1. Total loans, deposits, factoring, leasing, repo agreements (2+3)	101505051	50225971	164645672	132597133	266150723	182823104
1.1 Time assets	96689349	48040699	164617580	132597133	261306929	180637832
o/w: loans	79668576	33797493	161696082	132009482	241364659	165806975
interbank loans, deposits, factoring, leasing, repo agreements	6154837	13171101	0	304131	6154837	13475232
1.2 Prolonged assets	3629534	1755641	28092	0	3657626	1755641
o/w: loans	462592	499285	28092	0	490684	499285
interbank loans, deposits, factoring, leasing, repo agreements	699803	1255486	0	0	699803	1255486
1.3 Overdue assets	1186168	429631	0	0	1186168	429631
o/w: loans	1076624	429493	0	0	1076624	429493
interbank loans, deposits, factoring, leasing, repo agreements	0	0	0	0	0	0
2. Loans, deposits, factoring, leasing, repo agreements with non-residents	2673471	9139749	764051	1934923	3437522	11074671
2.1 Time assets	2671378	9138854	764051	1934923	3435429	11073776
2.2 Prolonged assets	0	0	0	0	0	0
2.3 Overdue assets	2093	895	0	0	2093	895
3. Loans, deposits, factoring, leasing, repo agreements with residents by sectors, o/w:	98060661	40400313	164652540	131348120	262713201	171748433
3.1 Industry	8317927	7316258	18429171	22203797	26747098	29520055
mining	1008190	13782	688802	319362	1696992	333144
energy	2075579	1029483	2696016	1384874	4771595	2414357
food products	2291793	2871035	7568598	11700166	9860391	14571201
light	237538	325583	1335133	1453121	1572671	1778704
chemical	199266	241798	19522	660318	218788	902116
building materials	240294	949160	1548384	1119384	1788678	2068544
precious items	232449	121469	1005318	601784	1237767	723253
metallurgy	1052510	57619	83055	0	1135565	57619
machine-building and electrical	349992	942400	1017256	1021654	1367248	1964054
other branches of industry	630316	763929	2467087	3943134	3097403	4707063
3.2 Agriculture	3143708	2047057	7144968	10038695	10288676	12085752
3.3 Construction	4176863	1117820	9263927	7474910	13440790	8592730
3.4 Transport and communication	625126	1537855	2434130	1251875	3059256	2789730
3.5 Trade	11693467	17481683	23199139	34416887	34892606	51898570
3.6 Public catering and other services	1996862	1048778	8900068	8004068	10896930	9052846
3.7 Financial sector	12739712	6833253	610691	2114449	13350403	8947702
3.8 Consumer loans (including mortgage)	53054883	1632149	89669306	32617705	142724189	34249854
3.9 Other sectors of economy	2312113	1385460	5001140	13225734	7313254	14611194

Annex 9. Commercial Banks – Loans Investments by Sectors of Economy and Maturity

Indicators	2005					
	Up to 1 year		1 year and more		Total	
	AMD	FX	AMD	FX	AMD	FX
1. Total loans, deposits, factoring, leasing, repo agreements (2+3)	17.3%	26.3%	19.0%	37.4%	36.3%	63.7%
1.1 Time assets	14.4%	20.3%	20.6%	42.9%	35.0%	63.2%
o/w: loans	0.3%	5.5%	31.5%	50.9%	31.9%	56.5%
interbank loans, deposits, factoring, leasing, repo agreements	1.1%	0.1%	-0.8%	5.9%	0.3%	6.1%
1.2 Prolonged assets	0.2%	0.1%	0.9%	0.0%	1.1%	0.2%
o/w: loans	0.0%	0.0%	0.2%	0.2%	0.2%	0.2%
interbank loans, deposits, factoring, leasing, repo agreements	0.1%	0.3%	-0.1%	-0.3%	0.0%	0.0%
1.3 Overdue assets	0.1%	0.3%	0.0%	0.0%	0.1%	0.3%
o/w: loans	0.0%	0.0%	0.1%	0.3%	0.1%	0.3%
interbank loans, deposits, factoring, leasing, repo agreements	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2. Loans, deposits, factoring, leasing, repo agreements with non-residents	0.1%	5.4%	0.1%	3.9%	0.2%	9.3%
2.1 Time assets	0.0%	0.1%	0.2%	9.2%	0.2%	9.2%
2.2 Prolonged assets	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%
2.3 Overdue assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3. Loans, deposits, factoring, leasing, repo agreements with residents by sectors, o/w:	4.6%	2.9%	31.6%	51.5%	36.1%	54.4%
3.1 Industry	0.0%	0.5%	8.6%	9.7%	8.6%	10.2%
mining	1.7%	0.6%	-1.7%	0.2%	0.0%	0.8%
energy	1.0%	1.0%	1.4%	0.8%	2.3%	1.8%
food products	0.1%	0.2%	3.0%	4.0%	3.1%	4.2%
light	0.7%	0.1%	-0.4%	0.3%	0.3%	0.3%
chemical	0.4%	0.1%	0.3%	0.4%	0.7%	0.5%
building materials	0.0%	0.2%	0.8%	0.4%	0.9%	0.6%
precious items	0.0%	0.1%	0.1%	0.2%	0.1%	0.3%
metallurgy	0.0%	0.1%	0.0%	0.1%	0.0%	0.1%
machine-building and electrical	0.5%	0.1%	-0.5%	0.3%	0.1%	0.4%
other branches of industry	0.7%	1.2%	0.3%	0.0%	1.0%	1.2%
3.2 Agriculture	0.4%	0.7%	1.5%	2.9%	1.9%	3.5%
3.3 Construction	0.4%	0.2%	1.2%	2.1%	1.5%	2.3%
3.4 Transport and communication	3.7%	5.0%	-2.7%	-4.2%	0.9%	0.8%
3.5 Trade	2.2%	4.2%	6.0%	7.9%	8.2%	12.1%
3.6 Public catering and other services	2.7%	1.6%	-0.5%	0.3%	2.2%	1.9%
3.7 Financial sector	0.3%	1.0%	2.4%	0.8%	2.8%	1.8%
3.8 Consumer loans (including mortgage)	0.4%	0.5%	8.6%	20.2%	9.1%	20.7%
3.9 Other sectors of economy	0.1%	0.1%	0.9%	1.0%	1.0%	1.1%

Annex 9. *(continuation)*

Indicators	2006					
	Up to 1 year		1 year and more		Total	
	AMD	FX	AMD	FX	AMD	FX
1. Total loans, deposits, factoring, leasing, repo agreements (2+3)	22.0%	20.1%	25.2%	32.7%	47.2%	52.8%
1.1 Time assets	20.6%	19.1%	25.2%	32.7%	45.8%	51.8%
o/w: loans	15.8%	14.5%	24.8%	32.5%	40.6%	47.0%
interbank loans, deposits, factoring, leasing, repo agreements	1.4%	4.6%	0.0%	0.1%	1.4%	4.7%
1.2 Prolonged assets	1.1%	0.7%	0.0%	0.0%	1.1%	0.7%
o/w: loans	0.0%	0.7%	0.0%	0.0%	0.0%	0.7%
interbank loans, deposits, factoring, leasing, repo agreements	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1.3 Overdue assets	0.3%	0.3%	0.0%	0.0%	0.3%	0.3%
o/w: loans	0.3%	0.3%	0.0%	0.0%	0.3%	0.3%
interbank loans, deposits, factoring, leasing, repo agreements	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2. Loans, deposits, factoring, leasing, repo agreements with non-residents	0.3%	4.1%	0.0%	1.7%	0.3%	5.8%
2.1 Time assets	0.3%	4.1%	0.0%	1.7%	0.3%	5.8%
2.2 Prolonged assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2.3 Overdue assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3. Loans, deposits, factoring, leasing, repo agreements with residents by sectors, o/w:	21.5%	15.2%	25.4%	31.7%	46.9%	47.0%
3.1 Industry	2.7%	1.4%	4.7%	6.3%	7.4%	7.7%
mining	0.0%	0.0%	0.2%	0.2%	0.2%	0.2%
energy	0.8%	0.0%	0.2%	0.9%	1.0%	0.9%
food products	1.1%	0.7%	2.7%	3.0%	3.8%	3.7%
light	0.1%	0.2%	0.3%	0.4%	0.4%	0.6%
chemical	0.0%	0.1%	0.0%	0.2%	0.0%	0.4%
building materials	0.2%	0.0%	0.5%	0.2%	0.8%	0.2%
precious items	0.0%	0.0%	0.2%	0.1%	0.2%	0.1%
metallurgy	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
machine-building and electrical	0.3%	0.0%	0.1%	0.3%	0.4%	0.3%
other branches of industry	0.1%	0.3%	0.5%	1.0%	0.6%	1.3%
3.2 Agriculture	1.1%	0.9%	1.2%	2.3%	2.3%	3.2%
3.3 Construction	0.9%	0.2%	2.2%	1.1%	3.2%	1.3%
3.4 Transport and communication	0.6%	0.1%	0.5%	0.4%	1.1%	0.4%
3.5 Trade	3.2%	3.2%	5.4%	7.3%	8.6%	10.5%
3.6 Public catering and other services	0.6%	0.4%	2.1%	1.4%	2.8%	1.7%
3.7 Financial sector	4.5%	1.1%	0.1%	0.2%	4.6%	1.3%
3.8 Consumer loans (including mortgage)	7.4%	7.7%	8.4%	12.0%	15.8%	19.8%
3.9 Other sectors of economy	0.4%	0.2%	0.8%	0.8%	1.2%	1.0%

Annex 9. *(continuation)*

Indicators	2007					
	Up to 1 year		1 year and more		Total	
	AMD	FX	AMD	FX	AMD	FX
1. Total loans, deposits, factoring, leasing, repo agreements (2+3)	22.6%	11.2%	36.7%	29.5%	59.3%	40.7%
1.1 Time assets	21.5%	10.7%	36.7%	29.5%	58.2%	40.2%
o/w: loans	17.7%	7.5%	36.0%	29.4%	53.8%	36.9%
interbank loans, deposits, factoring, leasing, repo agreements	1.4%	2.9%	0.0%	0.1%	1.4%	3.0%
1.2 Prolonged assets	0.8%	0.4%	0.0%	0.0%	0.8%	0.4%
o/w: loans	0.1%	0.1%	0.0%	0.0%	0.1%	0.1%
interbank loans, deposits, factoring, leasing, repo agreements	0.2%	0.3%	0.0%	0.0%	0.2%	0.3%
1.3 Overdue assets	0.3%	0.1%	0.0%	0.0%	0.3%	0.1%
o/w: loans	0.2%	0.1%	0.0%	0.0%	0.2%	0.1%
interbank loans, deposits, factoring, leasing, repo agreements	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2. Loans, deposits, factoring, leasing, repo agreements with non-residents	0.6%	2.0%	0.2%	0.4%	0.8%	2.5%
2.1 Time assets	0.6%	2.0%	0.2%	0.4%	0.8%	2.5%
2.2 Prolonged assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2.3 Overdue assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3. Loans, deposits, factoring, leasing, repo agreements with residents by sectors, o/w:	21.8%	9.0%	36.7%	29.3%	58.5%	38.3%
3.1 Industry	1.9%	1.6%	4.1%	4.9%	6.0%	6.6%
mining	0.2%	0.0%	0.2%	0.1%	0.4%	0.1%
energy	0.5%	0.2%	0.6%	0.3%	1.1%	0.5%
food products	0.5%	0.6%	1.7%	2.6%	2.2%	3.2%
light	0.1%	0.1%	0.3%	0.3%	0.4%	0.4%
chemical	0.0%	0.1%	0.0%	0.1%	0.0%	0.2%
building materials	0.1%	0.2%	0.3%	0.2%	0.4%	0.5%
precious items	0.1%	0.0%	0.2%	0.1%	0.3%	0.2%
metallurgy	0.2%	0.0%	0.0%	0.0%	0.3%	0.0%
machine-building and electrical	0.1%	0.2%	0.2%	0.2%	0.3%	0.4%
other branches of industry	0.1%	0.2%	0.5%	0.9%	0.7%	1.0%
3.2 Agriculture	0.7%	0.5%	1.6%	2.2%	2.3%	2.7%
3.3 Construction	0.9%	0.2%	2.1%	1.7%	3.0%	1.9%
3.4 Transport and communication	0.1%	0.3%	0.5%	0.3%	0.7%	0.6%
3.5 Trade	2.6%	3.9%	5.2%	7.7%	7.8%	11.6%
3.6 Public catering and other services	0.4%	0.2%	2.0%	1.8%	2.4%	2.0%
3.7 Financial sector	2.8%	1.5%	0.1%	0.5%	3.0%	2.0%
3.8 Consumer loans (including mortgage)	11.8%	0.4%	20.0%	7.3%	31.8%	7.6%
3.9 Other sectors of economy	0.5%	0.3%	1.1%	2.9%	1.6%	3.3%

Annex 10. Allocation of Bank Loan Investments

as of 31.12.2007	Bank 1	Bank 2	Bank 3	Bank 4	Bank 5	Bank 6	Bank 7	Bank 8	Bank 9	Bank 10	Bank 11
Allocation of loan investments by sectors of economy											
1. Industry	5.1%	4.7%	24.2%	10.4%	18.3%	10.8%	13.4%	4.8%	7.8%	6.7%	1.6%
mining	0.0%	0.0%	0.5%	0.2%	0.2%	0.0%	0.2%	0.3%	0.6%	0.1%	0.0%
energy	0.0%	0.0%	3.3%	0.0%	0.8%	3.3%	0.0%	0.4%	0.7%	2.3%	0.0%
food products	2.2%	3.7%	15.9%	4.1%	4.0%	6.2%	8.7%	2.6%	3.2%	2.1%	1.6%
light	2.9%	0.1%	0.3%	0.3%	3.6%	0.4%	0.0%	0.7%	1.1%	0.7%	0.0%
chemical	0.0%	0.2%	1.5%	1.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%
building materials	0.0%	0.3%	0.5%	0.0%	3.0%	0.0%	0.0%	0.3%	0.2%	0.7%	0.0%
precious metals	0.0%	0.0%	1.7%	0.0%	0.2%	0.1%	1.9%	0.1%	0.0%	0.1%	0.0%
metallurgy	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.3%	0.1%	0.0%
machine-building and electrical	0.0%	0.0%	0.0%	0.3%	2.1%	0.0%	0.0%	0.2%	1.6%	0.7%	0.0%
other branches of industry	0.0%	0.5%	0.6%	4.1%	4.3%	0.8%	2.6%	0.2%	0.2%	0.0%	0.0%
2. Agriculture	0.2%	3.5%	1.0%	1.1%	1.3%	3.5%	1.1%	2.7%	0.7%	26.9%	0.0%
cattle breeding	0.2%	3.5%	0.6%	0.8%	0.6%	2.4%	1.0%	1.7%	0.3%	17.6%	0.0%
plant growing	0.0%	0.0%	0.5%	0.3%	0.7%	1.0%	0.0%	0.9%	0.4%	9.2%	0.0%
3. Construction	5.7%	0.0%	5.2%	2.7%	0.2%	5.7%	4.0%	0.8%	17.3%	0.5%	1.5%
4. Transport and communication	2.3%	7.7%	1.8%	0.1%	4.1%	1.0%	0.0%	1.0%	1.4%	1.0%	0.0%
5. Trade	49.1%	18.1%	26.7%	29.5%	24.0%	13.4%	20.3%	22.4%	19.4%	17.2%	9.0%
wholesale	46.2%	7.4%	14.8%	19.4%	13.8%	11.1%	12.5%	22.4%	8.8%	6.1%	7.6%
retail	2.9%	10.7%	11.9%	10.0%	10.2%	2.3%	7.8%	0.0%	10.5%	11.1%	1.4%
6. Catering and other services	7.3%	7.6%	2.8%	4.3%	6.8%	1.7%	10.5%	0.8%	4.4%	3.7%	0.0%
7. Financial sector	4.1%	11.9%	0.0%	0.8%	0.0%	3.8%	23.4%	8.2%	15.3%	5.0%	40.7%
o/w: resident banks	0.0%	0.0%	0.0%	0.6%	0.0%	3.4%	0.0%	4.0%	6.3%	1.6%	40.7%
8. Consumer loans	11.2%	2.5%	24.5%	15.5%	37.4%	25.7%	12.2%	44.3%	17.2%	34.6%	4.2%
9. Mortgage lending	12.1%	36.5%	7.8%	33.8%	4.5%	12.0%	9.1%	10.0%	5.1%	4.4%	34.3%
10. Other sectors of economy	2.8%	7.6%	6.0%	1.9%	3.5%	22.5%	6.1%	5.1%	11.5%	0.0%	8.7%
Total by banks	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Allocation of loan investments by sectors of economy											
1. Industry	1.1%	0.4%	12.9%	9.5%	5.2%	7.9%	2.9%	1.9%	2.6%	7.0%	0.1%
mining	0.0%	0.0%	8.1%	5.0%	2.0%	0.0%	1.2%	3.1%	5.1%	3.6%	0.0%
energy	0.0%	0.0%	13.6%	0.1%	1.9%	18.8%	0.0%	1.2%	1.8%	18.4%	0.0%
food products	1.1%	0.7%	19.5%	8.6%	2.6%	10.5%	4.3%	2.3%	2.5%	5.0%	0.2%
light	10.7%	0.1%	3.1%	5.1%	17.2%	4.5%	0.0%	4.5%	6.1%	11.9%	0.0%
chemical	0.0%	0.9%	39.7%	54.5%	1.4%	0.0%	0.0%	0.0%	0.0%	3.3%	0.0%
building materials	0.1%	0.3%	3.5%	0.0%	12.6%	0.0%	0.0%	1.8%	1.0%	10.5%	0.0%

precious metals	0.0%	0.0%	25.3%	0.0%	1.3%	1.6%	11.9%	1.4%	0.0%	2.9%	0.0%
metallurgy	0.0%	0.0%	0.0%	4.8%	0.0%	0.0%	0.0%	0.0%	4.9%	4.0%	0.0%
machine-building and electrical	0.0%	0.0%	0.3%	5.4%	10.3%	0.4%	0.0%	1.1%	9.1%	11.6%	0.0%
other branches of industry	0.0%	0.3%	2.3%	27.1%	8.8%	4.4%	3.9%	0.6%	0.5%	0.0%	0.0%
2. Agriculture	0.1%	0.7%	1.4%	2.5%	0.9%	6.4%	0.6%	2.6%	0.6%	70.4%	0.0%
cattle breeding	0.2%	1.1%	1.2%	2.7%	0.6%	6.7%	0.8%	2.5%	0.4%	69.3%	0.0%
plant growing	0.0%	0.0%	1.8%	2.2%	1.6%	5.6%	0.1%	2.8%	1.0%	72.5%	0.0%
3. Construction Total by banks	3.2%	0.0%	7.1%	6.4%	0.2%	10.6%	2.2%	0.8%	14.8%	1.4%	0.2%
4. Transport and communication	5.0%	6.2%	9.3%	1.2%	11.2%	6.7%	0.0%	3.6%	4.4%	9.7%	0.0%
5. Trade	7.1%	1.0%	9.2%	17.5%	4.5%	6.4%	2.8%	5.7%	4.2%	11.6%	0.3%
wholesale	10.8%	0.6%	8.3%	18.8%	4.2%	8.6%	2.8%	9.3%	3.1%	6.6%	0.4%
retail	1.1%	1.5%	10.7%	15.5%	4.9%	2.9%	2.8%	0.0%	6.0%	19.5%	0.1%
6. Catering and other services	4.6%	1.8%	4.2%	11.0%	5.5%	3.4%	6.3%	0.9%	4.1%	10.9%	0.0%
7. Financial sector	2.3%	2.5%	0.0%	1.8%	0.0%	7.0%	12.6%	8.2%	12.9%	13.1%	5.5%
o/w: resident banks	0.0%	0.0%	0.0%	3.5%	0.0%	15.1%	0.0%	9.5%	12.8%	10.3%	13.1%
8. Consumer loans	1.1%	0.1%	5.9%	6.5%	4.9%	8.6%	1.2%	8.0%	2.6%	16.4%	0.1%
9. Mortgage lending	2.8%	3.2%	4.4%	32.5%	1.3%	9.3%	2.0%	4.1%	1.8%	4.8%	1.9%
10. Other sectors of economy	1.6%	1.7%	8.3%	4.5%	2.6%	42.7%	3.4%	5.2%	10.0%	0.0%	1.2%
Total by banks	**2.9%**	**1.1%**	**6.9%**	**11.9%**	**3.7%**	**9.5%**	**2.8%**	**5.1%**	**4.3%**	**13.5%**	**0.7%**

as of 31.12.2007	Bank 12	Bank 13	Bank 14	Bank 15	Bank 16	Bank 17	Bank 18	Bank 19	Bank 20	Bank 21	Bank 22	Total by sectors
Loans to sectors by banks												
1. Industry	57.6%	9.4%	19.9%	1.5%	3.5%	12.2%	6.8%	7.7%	24.5%	18.1%	0.0%	16.1%
mining	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	0.0%	0.1%	1.8%	4.3%	0.0%	0.4%
energy	21.8%	0.0%	3.3%	0.0%	0.0%	0.1%	0.0%	0.1%	2.2%	5.6%	0.0%	2.0%
food products	7.7%	4.3%	9.5%	0.1%	1.4%	6.3%	4.3%	3.9%	8.9%	1.8%	0.0%	8.0%
light	0.0%	0.0%	0.8%	0.0%	0.0%	1.0%	0.0%	1.3%	0.9%	0.2%	0.0%	1.1%
chemical	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%
building materials	4.6%	0.1%	0.0%	0.0%	0.0%	1.1%	0.0%	1.3%	3.7%	0.0%	0.0%	1.0%
precious metals	0.0%	4.2%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	1.4%	0.0%	0.0%	0.3%
metallurgy	0.0%	0.0%	3.5%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
machine-building and electrical	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.7%	0.0%	0.0%	0.8%
other branches of industry	23.6%	0.9%	2.7%	1.3%	2.0%	2.6%	2.6%	1.1%	2.0%	6.2%	0.0%	2.0%
2. Agriculture	0.0%	0.1%	0.0%	0.6%	0.3%	6.8%	0.0%	0.4%	3.5%	0.0%	0.0%	5.8%
cattle breeding	0.0%	0.1%	0.0%	0.6%	0.1%	2.4%	0.0%	0.3%	3.0%	0.0%	0.0%	3.7%
plant growing	0.0%	0.0%	0.0%	0.0%	0.2%	4.5%	0.0%	0.2%	0.4%	0.0%	0.0%	2.1%
3. Construction	25.4%	17.5%	2.6%	9.9%	6.7%	8.1%	4.1%	4.3%	9.0%	2.6%	0.0%	4.7%

4. Transport and communication	0.0%	0.4%	0.6%	4.7%	1.1%	0.9%	0.0%	1.6%	2.0%	0.5%	0.0%	1.6%
5. Trade	12.0%	11.5%	19.1%	4.8%	19.0%	20.4%	9.5%	22.3%	12.8%	11.4%	0.0%	20.4%
wholesale	4.4%	6.4%	8.3%	3.5%	14.2%	0.9%	8.2%	13.0%	8.8%	11.2%	0.0%	12.0%
retail	7.6%	5.1%	10.8%	1.3%	4.8%	19.5%	1.4%	9.3%	3.9%	0.2%	0.0%	8.4%
6. Catering and other services	0.0%	5.5%	7.1%	0.4%	1.6%	5.7%	2.5%	9.1%	5.2%	7.1%	0.0%	4.8%
7. Financial sector	0.0%	6.7%	0.2%	0.0%	14.9%	3.9%	22.3%	0.0%	1.5%	47.2%	100.0%	6.3%
o/w: resident banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	21.7%	0.0%	1.5%	27.2%	0.0%	2.0%
8. Consumer loans	3.4%	27.3%	39.1%	71.9%	29.6%	30.7%	42.6%	23.6%	37.3%	0.5%	0.0%	28.1%
9. Mortgage lending	1.5%	14.6%	8.6%	3.5%	13.5%	8.8%	8.4%	31.0%	2.5%	5.8%	0.0%	9.8%
10. Other sectors of economy	0.0%	7.0%	2.8%	2.7%	9.8%	2.5%	3.6%	0.0%	1.7%	6.8%	0.0%	2.4%
Total by banks	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Loans to sectors by banks												
1. Industry	2.8%	1.1%	10.0%	0.3%	0.5%	2.9%	0.3%	4.0%	24.2%	2.3%	0.0%	100.0%
mining	0.0%	0.0%	0.0%	0.0%	0.0%	6.6%	0.0%	0.8%	49.0%	15.5%	0.0%	100.0%
energy	8.3%	0.0%	13.1%	0.0%	0.0%	0.2%	0.0%	0.3%	16.7%	5.6%	0.0%	100.0%
food products	0.9%	1.1%	11.0%	0.0%	0.4%	3.4%	0.4%	4.7%	20.1%	0.5%	0.0%	100.0%
light	0.0%	0.0%	6.7%	0.0%	0.0%	3.8%	0.0%	11.3%	14.5%	0.4%	0.0%	100.0%
chemical	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	100.0%
building materials	3.3%	0.1%	0.2%	0.0%	0.1%	3.9%	0.0%	9.9%	52.8%	0.0%	0.0%	100.0%
precious metals	0.0%	13.9%	0.1%	0.0%	0.0%	1.7%	0.0%	0.0%	40.0%	0.0%	0.0%	100.0%
metallurgy	0.0%	0.0%	84.5%	1.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
machine-building and electrical	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	61.6%	0.0%	0.0%	100.0%
other branches of industry	8.3%	0.7%	9.8%	1.6%	1.9%	4.4%	0.8%	4.1%	14.6%	5.7%	0.0%	100.0%
2. Agriculture	0.0%	0.0%	0.0%	0.3%	0.1%	4.1%	0.0%	0.6%	8.6%	0.0%	0.0%	100.0%
cattle breeding	0.0%	0.0%	0.0%	0.4%	0.1%	2.1%	0.0%	0.5%	11.3%	0.0%	0.0%	100.0%
plant growing	0.0%	0.0%	0.1%	0.0%	0.2%	8.0%	0.0%	0.7%	3.2%	0.0%	0.0%	100.0%
3. Construction	3.2%	5.1%	3.4%	4.5%	2.2%	5.0%	0.5%	5.7%	22.6%	0.9%	0.0%	100.0%
4. Transport and communication	0.0%	0.5%	2.8%	8.0%	1.4%	2.1%	0.0%	8.1%	19.2%	0.6%	0.0%	100.0%
5. Trade	0.4%	0.9%	6.3%	0.5%	1.6%	3.2%	0.3%	7.5%	8.2%	0.9%	0.0%	100.0%
wholesale	0.2%	0.8%	4.4%	0.6%	2.0%	0.2%	0.4%	7.1%	9.2%	1.5%	0.0%	100.0%
retail	0.6%	1.0%	9.2%	0.4%	1.1%	7.8%	0.1%	8.2%	6.5%	0.0%	0.0%	100.0%
6. Catering and other services	0.0%	1.8%	10.1%	0.2%	0.6%	3.8%	0.3%	13.4%	14.6%	2.6%	0.0%	100.0%
7. Financial sector	0.0%	1.9%	0.3%		4.9%	2.3%	2.6%	0.0%	3.6%	15.3%	3.1%	100.0%
o/w: resident banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.0%	0.0%	8.6%	21.1%	0.0%	100.0%
8. Consumer loans	0.1%	1.4%	9.0%	5.8%	1.8%	3.3%	0.9%	5.6%	16.8%	0.0%	0.0%	100.0%
9. Mortgage lending	0.1%	1.8%	4.6%	0.6%	1.9%	2.2%	0.4%	17.0%	2.5%	0.8%	0.0%	100.0%
10. Other sectors of economy	0.0%	2.1%	3.7%	1.2%	3.3%	1.6%	0.4%	0.0%	4.4%	2.3%	0.0%	100.0%
Total by banks	**0.6%**	**1.5%**	**6.6%**	**2.3%**	**1.7%**	**3.1%**	**0.6%**	**6.8%**	**12.8%**	**1.7%**	**0.0%**	**100.0%**

Annex 11. Non-Performing and Written-Off Loans and Receivables of Commercial Banks

thousand drams

Indicators	Non-performing assets		Off-balance sheet	
	AMD	FX	AMD	FX
2005				
Non-performing and off-balance sheet assets (total)	1238420	2928606	4396615	9124958
1. Residents' non-performing and off-balance sheet assets (total)	1237815	2735484	4285219	7810662
1.1 Industry	235732	263326	1000142	1323737
mining	0	0	0	0
energy	0	0	202366	108932
food products	176028	222042	261274	263946
light	36495	1732	11313	531931
chemical	817	0	165747	22509
building materials	21764	17444	4666	21397
precious items	0	0	10102	15180
metallurgy	0	0	0	0
machine-building and electrical	0	21871	313717	172641
other branches of industry	628	238	30957	187201
1.2 Agriculture	51321	183143	56725	303789
1.3 Construction	308511	232686	294316	264529
1.4 Transport and communication	3971	6132	5144	45970
1.5 Trade	141947	598443	381782	1400566
1.6 Public catering and other services	54549	222500	84941	334706
1.7 Financial sector	0	0	2648	599471
1.8 Consumer loans	395898	986546	333916	1751973
1.9 Other sectors of economy	45886	242708	2125605	1785922
2. Non-residents' non-performing and off-balance sheet assets (total)	605	193122	111396	1314296
2006				
Non-performing and off-balance sheet assets (total)	3490124	3743732	4437717	7527074
1. Residents' non-performing and off-balance sheet assets (total)	3488456	3683468	4356941	6115058
1.1 Industry	288469	1514933	889325	1094799
mining	0	0	0	0
energy	0	0	63020	94812
food products	103981	447802	272480	207039
light	0	768	11178	200329
chemical	0	81200	165747	58160
building materials	86804	2331	22104	8086
precious items	0	0	10102	11927
metallurgy	0	0	0	0
machine-building and electrical	0	37433	313737	154920
other branches of industry	97684	945399	30957	359526

1.2 Agriculture	198404	120024	24639	339659
1.3 Construction	1094737	1670	327001	71335
1.4 Transport and communication	72851	7166	6869	37098
1.5 Trade	383450	648345	463044	1125413
1.6 Public catering and other services	344597	222251	90350	448962
1.7 Financial sector	0	0	2648	501484
1.8 Consumer loans	720842	1120730	521594	1276405
1.9 Other sectors of economy	385106	48349	2031472	1219903
2. Non-residents' non-performing and off-balance sheet assets (total	1668	60264	80776	1412016
2007				
Non-performing and off-balance sheet assets (total)	7079384	4228756	4804854	5246028
1. Residents' non-performing and off-balance sheet assets (total)	7073971	4153506	4294277	4714875
1.1 Industry	736934	930065	784617	508029
mining	24470	0	246000	66928
energy	0	0	0	73612
food products	586682	892037	320948	214134
light	22381	0	11522	106438
chemical	0	0	160568	0
building materials	34315	38028	0	12852
precious items	0	0	10102	9982
metallurgy	0	0	0	0
machine-building and electrical	4106	0	0	0
other branches of industry	64980	0	35477	24083
1.2 Agriculture	168353	129365	95255	244258
1.3 Construction	601698	784591	421027	59294
1.4 Transport and communication	82	0	7668	26623
1.5 Trade	511790	1019221	449152	695288
1.6 Public catering and other services	1028212	60290	101360	166323
1.7 Financial sector	0	0	2631	418932
1.8 Consumer loans	3564130	1037474	771128	1075875
1.9 Other sectors of economy	462772	192500	1661439	1520253
2. Non-residents' non-performing and off-balance sheet assets (total	5413	75250	510577	531153

Annex 12. Accrued Allowances on Loans, Receivables and Off-Balance Sheet Items Containing Credit Risk

thousand drams

Loans	Loan investments	Share	Reserve on loans granted	
			balance	% of total
31.12.05				
1. Standard	195184843	98.07%	2089996	1.07%
2. Watched	2872132	1.44%	287203	10.00%
3. Non-standard	484727	0.24%	96948	20.00%
4. Doubtful	486170	0.24%	243086	50.00%
Total	**199027872**	**100%**	**2717233**	**1.37%**

Loans	Loan investments	Share	Reserve on loans granted	
			balance	% of total
31.12.06				
1. Standard	236958102	97.55%	2584833	1.09%
2. Watched	3552351	1.46%	355241	10.00%
3. Non-standard	1045262	0.43%	209053	20.00%
4. Doubtful	1364110	0.56%	682056	50.00%
Total	**242919825**	**100%**	**3831182**	**1.58%**

Loans	Loan investments	Share	Reserve on loans granted	
			balance	% of total
31.12.07				
1. Standard	410912046	97.56%	4422713	1.08%
2. Watched	5844085	1.39%	584409	10.00%
3. Non-standard	1280733	0.30%	256148	20.00%
4. Doubtful	3149668	0.75%	1574835	50.00%
Total	**421186532**	**100%**	**6838105**	**1.62%**

Receivables	Receivables	Share	Reserve on receivables	
			balance	% of total
31.12.05				
1. Standard	64274116	99.50%	642740	1.00%
2. Watched	289187	0.45%	28918	10.00%
3. Non-standard	21465	0.03%	4293	20.00%
4. Doubtful	13346	0.02%	6673	50.00%
Total	**64598114**	**100%**	**682624**	**1.06%**

Receivables	Receivables	Share	Reserve on receivables	
			balance	% of total
31.12.06				
1. Standard	54117838	97.70%	569924	1.05%
2. Watched	1240987	2.24%	124099	10.00%
3. Non-standard	16848	0.03%	3369	20.00%
4. Doubtful	14539	0.03%	7270	50.00%
Total	**55390212**	**100%**	**704662**	**1.27%**

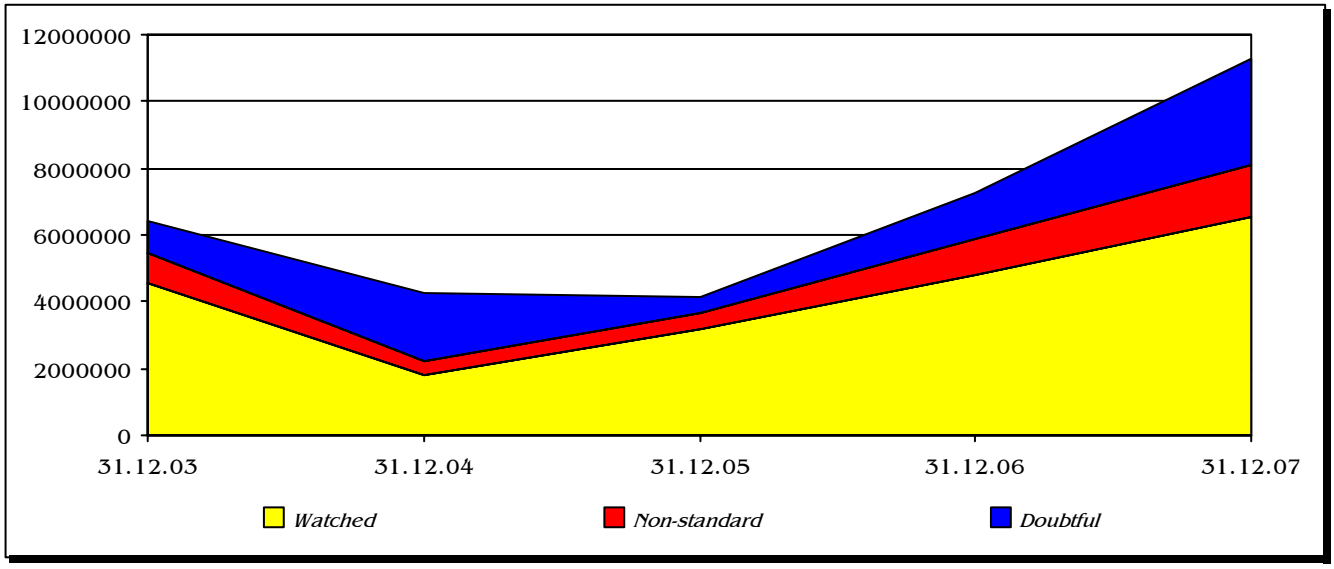
Receivables	Receivables	Share	Reserve on receivables	
			balance	% of total
31.12.07				
1. Standard	58080083	98.25%	634454	1.09%
2. Watched	687193	1.16%	68721	10.00%
3. Non-standard	299683	0.51%	67727	22.60%
4. Doubtful	46777	0.08%	23389	50.00%
Total	**59113736**	**100%**	**794291**	**1.34%**

Off-balance sheet items	Off-balance sheet items	Share	Reserve on off-balance sheet items	
			balance	% of total
31.12.05				
1. Standard	27737632	99.79%	277371	1.00%
2. Watched	10456	0.04%	1045	10.00%
3. Non-standard	1127	0.00%	225	20.00%
4. Doubtful	150	0.00%	75	50.00%
5. Bad	47768	0.17%	47768	100.00%
Total	**27797133**	**100%**	**326484**	**1.17%**

Off-balance sheet items	Off-balance sheet items	Share	Reserve on off-balance sheet items	
			balance	% of total
31.12.06				
1. Standard	45473144	99.74%	454731	1.00%
2. Watched	86355	0.19%	8636	10.00%
3. Non-standard	10396	0.02%	2079	20.00%
4. Doubtful	11833	0.03%	5916	50.00%
5. Bad	10255	0.02%	10255	100.00%
Total	**45591982**	**100%**	**481616**	**1.06%**

Off-balance sheet items	Off-balance sheet items	Share	Reserve on off-balance sheet items	
			balance	% of total
31.12.07				
1. Standard	69151354	99.21%	691797	1.00%
2. Watched	170896	0.25%	17089	10.00%
3. Non-standard	21439	0.03%	4287	20.00%
4. Doubtful	247954	0.36%	123977	50.00%
5. Bad	113744	0.16%	113744	100.00%
Total	**69705387**	**100%**	**950894**	**1.36%**

Annex13. Dynamics of Non-Performing Loans and Receivables



Annex 14. Dynamics of Non-Performing Loans and Receivables

	31.12.05	31.12.06	31.03.07	30.06.07	30.09.07	31.12.07
Total capital adequacy	33.7	34.9	35.3	32.7	31.4	30.1
Total liquidity	44.2	41.2	41	36.7	34.7	33.7
Current liquidity	110.5	106.1	109.9	98.6	93.7	98.2
Maximum risk on a single borrower	16.4	12.9	12.4	11.9	12.6	12.4
Maximum risk on major borrowers	117.3	80.3	86.4	86.4	91.1	88.1
Maximum risk on a bank related party	3	1.9	1.8	2.0	2.1	1.6
Maximum risk on bank related all parties	7.4	5.5	5.9	6.4	6.8	5.3

Annex 15. Credit Organizations Operating in Armenia and their branches as of 31.12.2007

	Credit organizations	Branches	
		31.12.2006	31.12.2007
1	Arfin	-	-
2	Agroleasing	-	-
3	ACBA Leasing	-	-
4	Sef International	2	2
5	Express Credit Universal	-	-
6	Gladzor Universal	-	1
7	First Mortgage Company	-	-
8	Izmirlyan-Eurasia	-	-
9	Cascade Credit	-	-
10	Washington Capital	-	-
11	Aregak	2	24
12	Garni Invest	-	-
13	Malatia Universal	-	4
14	Norvik	-	-
15	Nor Horizon	4	4
16	Finca	4	5
17	Ecumenical Church Loan Fund	-	-
18	BLESS	-	-
19	GFC General Financial and Credit Company	-	-
20	Farm Credit Armenia	-	-
21	Avangard Invest	-	-
	Total	**12**	**40**

Annex 16. Survey Balance Sheet Indicators of Credit Organizations

Indicators			31.12.2005	31.12.2006	Change 31.12.06-31.12.05	31.03.2007	Change 31.03.07-31.12.06	30.06.2007
Assets	Cash		57275	82293	44%	135858	65.1%	117684
	Current accounts with banks		301664	1932388	541%	1790017	-7.4%	1582646
	Claims on banks and other financial organizations		987757	1084658	10%	1233283	13.7%	1367124
	Government securities			34947				
	Loans to legal entities		1975028	3084584	56%	5310843	72.2%	7592776
	Loans to natural persons		2757055	11519184	318%	15164540	31.6%	18183415
	Loans to interrelated parties and employees		115714	73232	-37%	92927	26.9%	124278
	Fixed assets		233696	506732	117%	520554	2.7%	631807
	Leasing, factoring		1351001	1890557	40%	2011380	6.4%	2348689
	Other securities			3680		3680		3680
	Other assets		269072	490809	82%	841741	71.5%	527326
	Interest receivable		47920	170331	255%	207889	22.1%	242744
	Asset loss reserves		-223923	-284564	27%	-364050	27.9%	-438821
	Total assets		**7872259**	**20588830**	**162%**	**26948662**	**30.9%**	**32283348**
Liabilities	Demand liabilities					18107		28981
	Liabilities to banks and other financial organizations		1179498	5914629	401%	9523522	61.0%	12712709
	Time liabilities to natural persons		533451	751150	41%	958901	27.7%	1215743
	Time liabilities to legal entities*		1216034	4661997	283%	6125214	31.4%	7726356
	Interest payable		28244	104080	269%	170773	64.1%	196526
	Other liabilities		524274	700870	34%	1319139	88.2%	893682
	Total liabilities		**3481501**	**12152726**	**248%**	**18115656**	**49.3%**	**22773997**
Capital	Paid-in statutory capital		4764592	8388902	76%	8393902	0.1%	8948902
	o/w: non-residents' participation		2918655	5280412	81%	5285432	0.1%	5370915
	General reserve		44911	51479	15%	52344	1.7%	165492
	Repurchased capital by credit organizations		-473200	-41060	-91%	-41060		-41060
	Undistributed profit (loss)	Current period	80357	105944	532120	402.3%	783493	47.2%
		Previous period	-165866	-188787	-241008	27.7%	-487102	102.1%
	Total balance sheet capital		**4390758**	**8456104**	**93%**	**8832970**	**4.5%**	**9509351**
	Note: total number of credit organizations		**10**	**17**				

Indicators			Change 30.06.07-31.03.07	30.09.2007	Change 30.09.07-30.06.07	31.12.2007	Change 31.12.07-30.09.07	Change 31.12.07-31.12.06
Assets	Cash		-13.4%	80908	-31.2%	185084	128.8%	124.9%
	Current accounts with banks		-11.6%	1737176	9.8%	1784744	2.7%	-7.6%
	Claims on banks and other financial organizations		10.9%	1054747	-22.8%	1432984	35.9%	32.1%
	Government securities						100.0%	100.0%
	Loans to legal entities		43.0%	10829873	42.6%	11360986	4.9%	268.3%
	Loans to natural persons		19.9%	21059025	15.8%	23961000	13.8%	108.0%
	Loans to interrelated parties and employees		33.7%	322805	159.7%	497574	54.1%	579.4%
	Fixed assets		21.4%	625885	-0.9%	743616	18.8%	46.7%
	Leasing, factoring		16.8%	2555222	8.8%	2893933	13.3%	53.1%
	Other securities		100.0%	27175		23680	-12.9%	100.0%
	Other assets		-37.4%	595308	12.9%	708969	19.1%	44.4%
	Interest receivable		16.8%	284611	17.2%	325793	14.5%	91.3%
	Asset loss reserves		20.5%	-530277	20.8%	-543033	2.4%	90.8%
	Total assets		**19.8%**	**38642458**	**19.7%**	**43375330**	**12.2%**	**110.7%**
Liabilities	Demand liabilities		100.0%	42462		53764	-100.0%	
	Liabilities to banks and other financial organizations		33.5%	16339707	28.5%	18969765	16.1%	220.7%
	Time liabilities to natural persons		26.8%	1215793	0.0%	1410554	16.0%	87.8%
	Time liabilities to legal entities*		26.1%	8623230	11.6%	9044337	4.9%	94.0%
	Interest payable		15.1%	242937	23.6%	235697	-3.0%	126.5%
	Other liabilities		-32.3%	1203891	34.7%	1175379	-2.4%	67.7%
	Total liabilities		**25.7%**	**27668020**	**21.5%**	**30889496**	**11.6%**	**154.6%**
Capital	Paid-in statutory capital		6.6%	9874952	10.3%	10935620	10.7%	30.4%
	o/w: non-residents' participation		1.6%	6197104	15.4%	7257581	17.1%	37.4%
	General reserve		216.2%	165492		167906	1.5%	226.2%
	Repurchased capital by credit organizations		-100.0%	-41060		-41060		
	Undistributed profit (loss)	Current period	47.2%	1346604	71.9%	1816492	34.9%	1614.6%
		Previous period	102.1%	-511176	4.9%	-532395	4.2%	182.0%
	Total balance sheet capital		**7.7%**	**10974438**	**15.4%**	**12485834**	**13.8%**	**47.7%**
	Note: total number of credit organizations			**20**		**21**		**5.0%**

** Includes also liabilities to the Government.*

Annex 17. Structure of Survey Balance Sheet Indicators of Credit Organizations

	Indicators		31.12.2005	31.12.2006	Change 31.12.06-31.12.05	31.03.2007	Change 31.03.07-31.12.06	30.06.2007
Assets	Cash		0.7%	0.4%	-0.3%	0.5%	0.1%	0.4%
	Current accounts with banks		3.8%	9.4%	5.6%	6.6%	-2.7%	4.9%
	Claims on banks and other financial organizations		12.5%	5.3%	-7.3%	4.6%	-0.7%	4.2%
	Government securities			0.2%	0.2%		-0.2%	
	Loans to legal entities		25.1%	15.0%	-10.1%	19.7%	4.7%	23.5%
	Loans to natural persons		35.0%	55.9%	20.9%	56.3%	0.3%	56.3%
	Loans to interrelated parties and employees		1.5%	0.4%	-1.1%	0.3%	0.0%	0.4%
	Fixed assets		3.0%	2.5%	-0.5%	1.9%	-0.5%	2.0%
	Leasing, factoring		17.2%	9.2%	-8.0%	7.5%	-1.7%	7.3%
	Other securities			0.0%	0.0%	0.0%	0.0%	0.0%
	Other assets		3.4%	2.4%	-1.0%	3.1%	0.7%	1.6%
	Interest receivable		0.6%	0.8%	0.2%	0.8%	-0.1%	0.8%
	Asset loss reserves		-2.8%	-1.4%	1.5%	-1.4%	0.0%	-1.4%
	Total assets		**100.0%**	**100.0%**		**100.0%**		**100.0%**
Liabilities	Demand liabilities					0.1%	0.1%	0.1%
	Liabilities to banks and other financial organizations		33.9%	48.7%	14.9%	52.6%	3.8%	55.8%
	Time liabilities to natural persons		15.3%	6.2%	-9.1%	5.3%	-0.9%	5.3%
	Time liabilities to legal entities*		34.9%	38.4%	3.5%	33.8%	-4.6%	33.9%
	Interest payable		0.8%	0.9%	0.0%	0.9%	0.1%	0.9%
	Other liabilities		15.1%	5.8%	-9.3%	7.3%	1.5%	3.9%
	Total liabilities		**100.0%**	**100.0%**		**100.0%**		**100.0%**
Capital	Paid-in statutory capital		108.5%	99.2%	-9.3%	95.0%	-4.2%	94.1%
	o/w: non-residents' participation		66.5%	62.4%	-4.0%	59.8%	-2.6%	56.5%
	General reserve		1.0%	0.6%	-0.4%	0.6%	0.0%	1.7%
	Repurchased capital by credit organizations		-10.8%	-0.5%	10.3%	-0.5%	0.0%	-0.4%
	Undistributed profit (loss)	Current period	1.8%	1.3%	-0.6%	6.0%	4.8%	8.2%
		Previous period	-3.8%	-2.2%	1.5%	-2.7%	-0.5%	-5.1%
	Balance sheet capital		**100.0%**	**100.0%**		**100.0%**		**100.0%**

Indicators			Change 30.06.07-31.03.07	30.09.2007	Change 30.09.07-30.06.07	31.12.2007	Change 31.12.07-30.09.07	Change 31.12.07-31.12.06
Assets	Cash		-0.1%	0.2%	-0.2%	0.4%	0.2%	0.0%
	Current accounts with banks		-1.7%	4.5%	-0.4%	4.1%	-0.4%	-5.3%
	Claims on banks and other financial organizations		-0.3%	2.7%	-1.5%	3.3%	0.6%	-2.0%
	Government securities							-0.2%
	Loans to legal entities		3.8%	28.0%	4.5%	26.2%	-1.8%	11.2%
	Loans to natural persons		0.1%	54.5%	-1.8%	55.2%	0.7%	-0.7%
	Loans to interrelated parties and employees		0.0%	0.8%	0.5%	1.1%	0.3%	0.8%
	Fixed assets		0.0%	1.6%	-0.3%	1.7%	0.1%	-0.7%
	Leasing, factoring		-0.2%	6.6%	-0.7%	6.7%	0.1%	-2.5%
	Other securities		0.0%	0.1%	0.1%	0.1%	0.0%	0.0%
	Other assets		-1.5%	1.5%	-0.1%	1.6%	0.1%	-0.7%
	Interest receivable		0.0%	0.7%	0.0%	0.8%	0.0%	-0.1%
	Asset loss reserves		0.0%	-1.4%	0.0%	-1.3%	0.1%	0.1%
	Total assets			**100.0%**		**100.0%**		
Liabilities	Demand liabilities		0.1%	0.2%	0.0%	0.2%	0.0%	0.2%
	Liabilities to banks and other financial organizations		3.3%	59.1%	3.2%	61.4%	2.4%	12.7%
	Time liabilities to natural persons		0.0%	4.4%	-0.9%	4.6%	0.2%	-1.6%
	Time liabilities to legal entities*		0.1%	31.2%	-2.8%	29.3%	-1.9%	-9.1%
	Interest payable		-0.1%	0.9%	0.0%	0.8%	-0.1%	-0.1%
	Other liabilities		-3.4%	4.4%	0.4%	3.8%	-0.5%	-2.0%
	Total liabilities			**100.0%**		**100.0%**		
Capital	Paid-in statutory capital		-0.9%	90.0%	-4.1%	87.6%	-2.4%	-11.6%
	o/w: non-residents' participation		-3.4%	56.5%	0.0%	58.1%	1.7%	-4.3%
	General reserve		1.1%	1.5%	-0.2%	1.3%	-0.2%	0.7%
	Repurchased capital by credit organizations		0.0%	-0.4%	0.1%	-0.3%	0.0%	0.2%
	Undistributed profit (loss)	Current period	2.2%	12.3%	4.0%	14.5%	2.3%	13.3%
		Previous period	-2.4%	-4.7%	0.5%	-4.3%	0.4%	-2.0%
	Balance sheet capital			**100.0%**		**100.0%**		

** Includes also liabilities to the Government.*

Annex 18. Credit Organizations – Income and Expense

Indicators	31.12.05	31.12.06	Change 31.12.06-31.12.05	31.03.07	30.06.07	30.09.07	31.12.07	Change 31.12.07-31.12.06
Interest income	1072878	2059020	91.9%	930470	2379911	3961866	5790473	181.2%
Interest expense	224719	353118	57.1%	212345	548409	986701	1519656	330.4%
Net interest income	*848159*	*1705902*	*101.1%*	*718125*	*1831502*	*2975165*	*4270817*	*150.4%*
Non-interest income	178873	381599	113.3%	301054	565723	957239	1502178	293.7%
Non-interest expense	661176	1723642	160.7%	543820	1391894	2255571	3245496	88.3%
Net non-interest income	*-482303*	*-1342043*	*178.3%*	*-242766*	*-826171*	*-1298332*	*-1743319*	*29.9%*
Loss provision	794585	1061468	33.6%	251819	788720	1328212	1929006	81.7%
Recovery from loss reserve	620026	960266	54.9%	299116	619226	1102314	1636744	70.4%
Net provision	*174559*	*101202*	*-42.0%*	*-47298*	*169494*	*225898*	*292262*	*188.8%*
Gross income	*1871777*	*3400885*	*81.7%*	*1530641*	*3564860*	*6021419*	*8929394*	*162.6%*
Gross expense	*1680480*	*3138229*	*86.7%*	*1007984*	*2729023*	*4570484*	*6694158*	*113.3%*
Pre-tax profit	191297	262656	37.3%	522657	835837	1450935	2235236	751.0%
Net profit	80357	102972	28.1%	514741	785841	1346602	1816497	1664.1%
Undistributed profit	**80357**	**102972**	**28.1%**	**514741**	**785841**	**1346602**	**1816497**	**1664.1%**

Annex 19. Loan Investments of Credit Organizations

Sectors	31.12.05	31.12.06	Change 31.12.06-31.12.05	31.03.07	30.06.07	30.09.07	31.12.07	Change 31.12.07-31.12.06
Industry	2146931	2206458	2.8%	2777056	3523345	4330207	4562656	106.8%
Agriculture	504299	2353510	366.7%	3130258	2563877	3128463	3838987	63.1%
Construction	194205	258170	32.9%	314270	1252239	1800405	1883456	629.5%
Transport and communications	159290	816481	412.6%	855720	1219493	1373447	1580953	93.6%
Trade	355902	4070807	1043.8%	5771423	7110320	8171918	7481221	83.8%
Financial sector	986374	1083590	9.9%	1186724	1358091	682369	1237561	14.2%
Consumer loans	2241785	4622377	106.2%	6561326	8165536	9894753	11626028	151.5%
Other sectors	579800	1830425	215.7%	2615199	4005506	5684572	7378685	303.1%
Total	**7168586**	**17241818**	**140.5%**	**23211976**	**29198407**	**35066134**	**39589547**	**129.6%**

Annex 20. Structure of Loan Investment of Credit Organizations by Sectors of Economy

Sectors	31.12.05	31.12.06	Change 31.12.06-31.12.05	31.03.07	30.06.07	30.09.07	31.12.07	Change 31.12.07-31.12.06
Industry	29.9%	12.8%	-17.2%	12.0%	12.1%	12.3%	11.5%	-1.3%
Agriculture	7.0%	13.7%	6.6%	13.5%	8.8%	8.9%	9.7%	-4.0%
Construction	2.7%	1.5%	-1.2%	1.4%	4.3%	5.1%	4.8%	3.3%
Transport and communications	2.2%	4.7%	2.5%	3.7%	4.2%	3.9%	4.0%	-0.7%
Trade	5.0%	23.6%	18.6%	24.9%	24.4%	23.3%	18.9%	-4.7%
Financial sector	13.8%	6.3%	-7.5%	5.1%	4.7%	1.9%	3.1%	-3.2%
Consumer loans (mortgage including)	31.3%	26.8%	-4.5%	28.3%	28.0%	28.2%	29.4%	2.6%
Other sectors	8.1%	10.6%	2.5%	11.3%	13.7%	16.2%	18.6%	8.0%
Total	**100.0%**	**100.0%**		**100.0%**	**100.0%**	**100.0%**	**100.0%**	

Annex 21. Structure of Loan Investment of Credit Organizations by Risk Categories

Category	31.12.05	Share in total	31.12.06	Share in total	31.03.07	Share in total	30.06.07	Share in total	30.09.07	Share in total	31.12.07	Share in total
Standard	6900450	89.9%	19336953	97.5%	25117381	98.2%	30379643	96.8%	36849667	97.4%	41622519	98.2%
Watched	355805	4.6%	316720	1.6%	223616	0.9%	886715	2.8%	678423	1.8%	594606	1.4%
Non-standard	294391	3.8%	88571	0.4%	150857	0.6%	70299	0.2%	209951	0.6%	99995	0.2%
Doubtful	120925	1.6%	83618	0.4%	89370	0.3%	57579	0.2%	97165	0.3%	88090	0.2%
Bad		x		x		x		x		x		x
Total	**7671571**	**100.0%**	**19825862**	**100.0%**	**25581224**	**100.0%**	**31394235**	**100.0%**	**37835205**	**100.0%**	**42405210**	**100.0%**

Annex 22. Specialized parties of securities market as of 31.12. 2007

1	Alinvest Ltd
2	Astvan Ltd
3	Alfasecurities Ltd
4	Armenbrok CJSC
5	Armswissbank CJSC
6	Ameria Invest CJSC
7	Prometey Bank Ltd
8	Privat Invest CJSC
9	Sarinian and Company Ltd
10	Renesa CJSC
11	Capital Asset Management CJSC
12	Cascade Investments CJSC
13	TONTON Ltd
14	Yerevan Broker
15	Futures Capital Market Ltd

Annex 23. Financial Indicators of Securities Market Professional Participants

mln drams

INDICATORS	2003	2004	2005	2006	2007
Total assets, o/w:	8239	7471	7726	10530	8754
Non-current financial investments	929	514	1215	1603	2667
Current financial investments	6246	5636	5656	5426	4353
Total liabilities, o/w:	7626	6090	6694	9282	6668
Short-term borrowings	3114	2024	4523	7964	6057
Equity capital	607	1382	1032	1248	2086
Accrued profit	217	908	543	629	737
Net profit	344	970	672	667	594
Brokerage proceeds	7	29	79	43	53
Dealership proceeds	8650	25053	23301	18704	12300
Trust management proceeds	10	0	40	53	25
Custody proceeds	0	0	0	0	0
Other proceeds	16243	8203	22277	15369	35

Annex 24. Brokerage/Dealership Turnover of Securities Market Professional Participants [1,2]

mln drams

Securities	2006	2007												2007
		J	F	M	A	M	J	J	A	S	O	N	D	
Securities	**4541**	305	2	7	154	0	164	33	0	562	276	411	552	**2467**
o/w: traded on stock exchange	**4301**	4	1	7	147	0	161	3	0	556	155	98	408	**1539**
Government bonds	**81044**	2921	523	4291	4257	3297	7933	5551	6373	6189	5775	4239	4764	**56114**
o/w:														
Government short-term bonds	**451**	299	28	231	295	2	917	1297	1133	1312	3276	1363	1396	**11549**
o/w: traded on stock exchange	**-**													**-**
Government medium-term bonds	**29134**	878	255	228	1053	2811	2317	2014	4059	1735	1421	2876	2239	**21885**
o/w: traded on stock exchange	**-**													**-**
Government long-term bonds	**51449**	1745	240	3832	2909	484	4699	2240	1181	3142	1078	-	1129	**22680**
o/w: traded on stock exchange	**-**													**-**
Corporate bonds	**1122**	-	-	-	-	372	101	1267	155	598	77	100	718	**3388**
o/w: traded on stock exchange	**944**	-	-	-	-	-	92	32	15	107	22	49	386	**703**
Other securities	**94**	-	-	-	-	-	-	25	40	-	-	28	-	**93**
o/w: traded on stock exchange	**-**													**-**
Government bonds	**104576**	9792	12173	16187	21403	21152	22894	20250	29315	29601	29950	26777	30552	**270046**
Total	**191377**	**13018**	**12698**	**20486**	**25814**	**24822**	**31091**	**27126**	**35884**	**36950**	**36077**	**31555**	**36587**	**332109**
o/w: traded on stock exchange	5245	4	1	7	147	0	253	35	15	663	177	147	794	2242
Number of securities market dealers/brokers	**20**	20	20	20	19	20	17	15	15	15	15	15	15	**15**

[1] *Includes also repo transactions signed by professional participants within brokerage (at initial volume).*
[2] *Indicators are calculated using the broker/dealer data aggregation, that is why indicators of brokerage turnover for 2006 differ from correspondent ones in table "Armenian Stock Exchange Transactions".*

Annex 25. Armenian Stock Exchange Transactions and their Structure by Instruments

mln drams

Period	Number of transactions	Volume of transactions			
		by shares	by government bonds	by corporate bonds	Total
2005	1596	605	-	-	605
2006	1181	2150	-	477	2627
2007	319	1539	-	703	2242
January	21	4	-	-	4
February	32	1	-	-	1
March	15	7	-	-	7
April	23	147	-	-	147
May	2	0	-	-	0
June	42	161	-	92	253
July	25	3	-	32	35
August	29	0	-	15	15
September	23	556	-	107	663
October	29	155	-	22	177
November	32	98	-	49	147
December	46	408	-	386	794

Annex 26. Number of Register Running Issuers and Holders of Securities in the Central Depository

Period	Number of holders of securities (persons)			Number of Register running issuers		
	Registered securities	Non-registered securities	Total	Registered securities	Non-registered securities	Total
2004	97725	37210	134935	212	436	648
2005	94949	39550	134499	210	458	668
2006	28316	102584	130900	36	674	710
2007	24928	102559	127487	33	701	734

Annex 27. Insurance Companies as of 31.12.2007

1	First Insurance Ltd
2	ISG Ltd
3	State Insurance-Armenia CJSC
4	Ingo Armenia CJSC
5	Sil Insurance CJSC
6	RASCO Ltd
7	London-Yerevan Co. Ltd
8	Cascade Insurance CJSC
9	Nairi Insurance Ltd
10	Garant-Limens CJSC

Annex 28. Balance Sheet Indicators of Insurance Companies

thousand drams

	INDICATORS	30.06.2007	31.12.2007*
ASSETS	Cash and cash equivalents	62617	112380
	Bank accounts	661257	1354820
	Receivables on direct insurance, o/w:	897107	940537
	from insured	*891962*	*935821*
	from intermediaries	*567*	*435*
	from other persons	*4577*	*4281*
	Insurance premiums from co-insurers	-	150
	Claims on indemnity, o/w:	179008	202674
	on co-insurers	-	*217*
	on reinsurers	*179008*	*202457*
	on other persons	-	-
	Claims due to subrogation	6820	11425
	Deposits with banks	2687726	3582661
	Borrowings to financial organizations	220000	220000
	Borrowings to natural persons and private entrepreneurs	513496	216204
	Borrowing to legal entities	32730	15244
	Government securities (including CBA-issued securities)	978584	1030690
	Non-government securities	157925	282449
	Reserves for securities depreciation held till maturity	-	-
	Non-current investments in other parties statutory capital and other non-current claims on them	4	4
	Reserves for receivables on direct insurance, co-insurance, reinsurance, on investments and borrowings	(19208)	(7992)
	Interest receivable	23196	77468
	Fixed assets	372750	389821
	Other assets	629042	389126
	Total assets	**7403052**	**8817662**
LIABILITIES	Indemnity payable, o/w:	16805	22776
	on direct insurance	16805	22776
	on co-insurance	-	-
	on reinsurance risks	-	-
	Payables to intermediaries	40189	19893
	Refundable insurance premiums	16357	6598
	Insurance premiums transferable to co-insurers	-	-
	Insurance premiums transferable to reinsurers	693277	1090276
	Borrowings and loans from financial organizations	155	-
	Borrowings from natural persons and private entrepreneurs	-	-
	Borrowings from legal entities	-	-
	Securities issued by insurance companies	-	-
	Interest payable	-	-
	Insurance reserves, o/w:	1495574	1676593
	unearned insurance premium reserve	*1367674*	*1451517*
	reserve for loss presented to the insurer yet unregulated	*110359*	*103365*
	reserve for loss occurred yet not presented to the insurer	*8476*	*100003*
	mathematical reserve	-	-
	other reserves	*9065*	*21707*
	Other liabilities	250419	292640
	Total liabilities	**2512776**	**3108776**

CAPITAL	Statutory capital	4671727	5052288
	General reserve	47952	84996
	Current period undistributed profit/loss	207679	492621
	Previous period undistributed profit/loss	(48331)	43030
	Other components of capital	11249	35949
	Total capital	**4890277**	**5708884**

** The table includes the indicators of the First Insurance Ltd for quarter 3, 2007, because the annual report of the latter has not been submitted to the CBA yet.*

Annex 29. Income and Expenditure of Insurance Companies

thousand drams

INDICATORS	From the year-beginning up to 30.06.2007	From the year-beginning up to 31.12.2007*
Earned insurance premiums	**1062858**	**2365643**
Accrued insurance premiums	1370543	2824016
Gross total	*2549368*	*4964125*
Premiums transferred to reinsurer	*(1178825)*	*(2140109)*
Change in reserve for unearned insurance premiums	307685	458373
Other income on insurance activity	**607423**	**303187**
Income on commissions	66859	175653
Other income	540565	127535
Insurance indemnity	**202237**	**424652**
Indemnity paid	202237	424652
Gross total	*326540*	*665891*
Share of reinsurer	*(124303)*	*(241239)*
Indemnity paid from reserve for claims	115293	277482
Gross total	*154111*	*442417*
Share of reinsurer	*(38818)*	*(164935)*
Indemnity paid from mathematical reserve	-	-
Gross total	-	-
Share of reinsurer	-	-
Insurance reserves increase	**(430667)**	**(3646065)**
Reserve for claims	(370624)	(3540400)
Gross total	*(421548)*	*(3615742)*
Share of reinsurer	*50924*	*75342*
Mathematical reserve	-	-
Gross total	-	-
Share of reinsurer	-	-

Other reserves	(9119)	(30323)
Gross total	*(9119)*	*(30323)*
Share of reinsurer	-	-
Insurance reserves decrease	**369289**	**3399784**
reserve for claims	280176	3150535
Gross total	*360470*	*3389500*
Share of reinsurer	*(80294)*	*(238965)*
mathematical reserves	8324	8324
Gross total	*12983*	*12983*
Share of reinsurer	*(4659)*	*(4659)*
other reserves	495	1959
Gross total	*495*	*1959*
Share of reinsurer	-	-
Other expenses on insurance	**876378**	**615549**
Expenses on commissions	150300	259759
Other operational expenses	726079	355790
Interest income	**135031**	**296879**
Interest income on deposits of financial organizations and borrowings to them	95547	226465
Interest income on borrowings to natural persons	8154	483
Interest income on borrowings to legal entities	58	56
Interest income on government securities	30695	62548
Interest income on non-government securities	489	7038
Other interest income	88	288
Interest expenses	**76**	**2720**
Interest expenses on deposits of financial organizations and borrowings	76	476
Interest expenses on borrowings to natural persons	-	-
Interest expenses on borrowings to legal entities	-	-
Other interest expenses	-	2244
Non-interest income	**61284**	**200230**
Income on investments in other persons statutory capital	-	-
Net income on assets disposal (selling)	(5828)	(2187)
Net income on revaluation and devaluation loss reverse of non-current assets	-	-
Net income on revaluation of financial assets	4924	3766
Net income from currency revaluation	7420	12190
Other non-interest income	54768	186461
Non-interest expenses	**463058**	**955223**
Government expenses	294099	560344
Educational expenses	2807	4832
PR expenses	50688	150745
Other non-interest expenses	115464	239302
Allocation to reserve for assets loss (non-collectibility)	**9360**	**499**
Profit/loss on usual activity	**254109**	**921014**
Profit/loss on unusual activity	**-**	**-**
Profit before decrease of expenses on profit tax	**254109**	**921014**
Expenses on profit tax	**24811**	**177507**
Income after decrease of expense on profit tax	**229298**	**743507**
Dividends	**35721**	**11266**
Undistributed profit	**193577**	**732241**

** The table includes the indicators of the First Insurance Ltd for quarter 3, 2007, because the annual report of the latter has not been submitted to the CBA yet.*

thousand drams

	Insurance classes	Number of insurance contracts in force (31.12.2007)	Insurance amount of insurance in force (31.12.2007)	Share of reinsurers in insurance amounts of insurance in force (31.12.2007)	Insurance premiums from the year-beginning up to 31.12.2007	Reinsurance premiums from the year-beginning up to 31.12.2007	Insurance indemnity actually paid within 2007	Share of reinsurers in insurance indemnity actually paid within 2007
1	***Non-life insurance, o/w:***	***40918***	***1135881475***	***985098269***	***4941663***	***2133888***	***869265***	***354789***
1.1	Accident insurance	3507	22182901	8640994	243511	26788	46641	3034
1.2	Health insurance	3359	135271167	117085176	524507	25430	196607	7570
1.3	Motor transport insurance	15834	86614022	34933081	1769708	408100	578603	300059
1.4	Rail transport insurance	-	-	-	-	-	-	-
1.5	Air transport insurance	4	3052222	2587334	235002	253237	-	-
1.6	Water transport insurance	-	-	-	-	-	-	
1.7	Freight insurance	373	46547489	45122520	397430	170401	9194	8810
1.8	Fire and natural disaster insurance	12684	583346735	549504270	1157748	841682	29162	28201
1.9	Property damage insurance	3007	54357036	43180292	91719	91968	2121	-
1.10	Responsibility for use of motor transport insurance	1119	12570889	5514902	40855	12034	2567	2400
1.11	Responsibility for use of air transport insurance	1	36506	-	33950	-	-	-
1.12	Responsibility for use of water transport insurance	-	-	-	-	-	-	-
1.13	General responsibility insurance	202	178523213	171176152	357310	257202	3843	3427
1.14	Loan insurance	-	-	-	-	-	-	-
1.15	Guarantee insurance	91	597298	-	13385	-	-	-
1.16	Financial loss insurance	8	4734178	3995134	41204	34642	-	-
1.17	Judicial and extrajudicial costs insurance	-	-	-	-	-	-	-
1.18	Assistance insurance	729	8047818	3358414	35332	12403	526	1288
2	***Life insurance, o/w:***	***197***	***2168771***	***1827493***	***22461***	***6221***	***7441***	***5699***
2.1	Life insurance	197	2168771	1827493	22461	6221	7441	5699
2.2	Marriage, birth insurance	-	-	-	-	-		-
2.3	Investment assets insurance	-	-	-	-	-		-
2.4	Tontine	-	-	-	-	-		-
2.5	Capital refund insurance	-	-	-	-	-		-
2.6	Pension fund management	-	-	-	-	-		-
TOTAL		***41115***	***1138050246***	***986925762***	***4964124***	***2140109***	***876706***	***360487***

** The table includes the indicators of First Insurance Ltd indicators for quarter 3, 2007, because the annual report of the latter has not been submitted to the CBA yet.*

The calculation of insurance premiums and reinsurance premiums for different classes within 2007 has been made using the statements 2 and 5 of Regulation 32 (adopted by the CBA Board decision N 716-N on 05.12.2006), using the statement 2 of annex 8 (adopted by the CBA Board decision N 124-N on 28.03.2006), as well as according to "Statement on insurance activities", which the CBA received from insurance companies in response to the request in writing.

The calculation of actually paid insurance indemnity for different classes and share of reinsurers in it within 2007 has been made using the statement 4 of Regulation 32 (adopted by the CBA Board decision N 716-N on 05.12.2006), using the statement 2 of annex 8 (adopted by the CBA Board decision N 124-N on 28.03.2006), using the statement 4 (adopted by the CBA Board decision N 180-N on 12.062006), as well as according to "Statement on insurance activities", which the CBA received from insurance companies in response to the request in writing.

Annex 31. Pawnshops

mln drams

Indicators	Loans provided	Funds attracted	Number of pawnshops
31.12.2006	1713	1322	62
31.03.2007	1989	1333	62
30.06.2007	2080	1472	63
30.09.2007	2072	1538	64
31.12.2007	2410	1673	62

Annex 32. Value of Transfers by Non-Cash Payment Instruments in Banking System

mln drams

Transfers	2003	2004	2005	2006	2007	2007			
						Q-I	Q-II	Q-III	Q-IV
Paper based payment orders[1]	1226184	1467080	2114168	2076422	3384516	917483	756503	630817	1079713
Electronic payment orders[1]	1806832	2032136	2743646	3394735	5852703	1342201	1223521	1359807	1927174
Checks	14797	12564	9663	7571	5954	1096	1652	1535	1671
Other debit instruments [2]	1149	4540	4782	4416	2466.31	1655.36	134.578	30.418	645.953
Non-cash operations by cards				11322	17035.2	2828	3826	5049	5332.15
Total	3048962	3516320	4872259	5494466	9262675	2265264	1985636	1997238	3014537
Transactions by cards	59543	98771	90136	138245	213633	36232	46861	55937	74603

Annex 33. Number of Transfers by Non-Cash Payment Instruments in Banking System

Transfers	2003	2004	2005	2006	2007	2007			
						Q-I	Q-II	Q-III	Q-IV
Paper based payment orders[1]	466928	522071	717219	988964	1197760	233305	287093	302766	374596
Electronic payment orders[1]	1424397	1062858	1280968	1412116	1933016	376310	449112	504464	603130
Checks	14601	15222	12207	8931	7152	1548	1901	1616	2087
Other debit instruments [2]	355	323	744	5318	3195	1507	792	366	530
Non-cash operations by cards				212387	442100	77329	102187	124371	138213
Total	1906281	1600474	2011138	2627716	3583223	689999	841085	933583	1118556
Cards in circulation	61110	108865	137186	190232	327852	232762	250766	281729	327852
Paper payment orders[1]	1005981	1763090	2184492	3029569	4428550	839402	1048258	1136676	1404214

[1] Orders to beneficiary bank/branch. Intrabank transfers of commercial banks are not included, except for customer-customer transfers.
[2] Debit orders and other transfers:

Annex 34. Value of Transfers Sent and Received via International Money Transfer Systems

mln drams

Systems		2003	2004	2005	2006	2007	2007			
							Q-I	Q-II	Q-III	Q-IV
WESTERN UNION	sent	3934	3326	3359	3989	4020	896	949	1071	1104
	received	37722	38271	41060	41184	37724	7605	9489	10623	10007
MONEY GRAM	sent		1658	2199	3279	663	173	142	155	192
	received		15525	28176	38151	7834	1609	1968	2088	2169
ANELIK	sent	7481	5742	3679	4143	5637	953	1382	1485	1817
	received	70220	44202	37799	40687	38471	6970	9766	11536	10199
UNISTREAM	sent	5056	8928	13421	18516	19968	4357	4677	5247	5688
	received	44394	59801	95342	149130	201120	28862	44134	62092	66033
Other systems	sent	1814	9439	9954	8586	8935	1721	2023	2163	3172
	received	22682	32168	41866	46316	98711	16241	24591	32067	27772
Total	sent	18284	29093	32612	38513	39224	8100	9173	10122	11974
	received	175019	189967	244243	315469	383860	61287	89947	118406	116180
Turnover		193303	219059	276855	353981	423084	69386	99120	128528	128154

Annex 35. Number of Transfers Sent and Received via International Money Transfer Systems

Systems		2003	2004	2005	2006	2007	2007			
							Q-I	Q-II	Q-III	Q-IV
WESTERN UNION	sent	9681	8739	9359	11553	13271	2992	3036	3475	3768
	received	141273	162604	193613	213533	228664	49293	58051	59144	62176
MONEY GRAM	sent		4543	6401	9399	1522	363	377	363	419
	received		47039	104796	163767	40638	8596	10188	10189	11665
ANELIK	sent	13122	12807	11236	10525	9727	2272	2421	2366	2668
	received	369283	238958	228894	230041	209792	43548	54680	57374	54190
UNISTREAM	sent	4927	10094	16240	24020	29537	6526	7391	7215	8405
	received	118813	161750	290043	424449	587595	94560	145018	175643	172374
Other systems	sent	4161	4158	7545	39963	27506	6284	6707	6738	7818
	received	77337	112960	154286	221847	455731	85537	118617	133677	123065
Total	sent	31891	40341	50781	95460	81563	18437	19932	20157	23078
	received	706706	723311	971632	1253637	1522420	281534	386554	436027	423470
Turnover		738597	763652	1022413	1349097	1603983	299971	406486	456184	446548

Annex 36. Number of Cards in Circulation

Plastic cards	2003	2004	2005	2006	2007	2007			
						Q-I	Q-II	Q-III	Q-IV
ArCa	25983	47215	55697	92283	142482	104216	113445	128527	142482
VISA	23451	45760	62839	90733	139280	98987	104102	116021	139280
MASTER Card	1318	3003	5901	11817	23665	14391	16003	18748	23665
Other international cards	10358	12887	12749	14280	22425	15168	17216	18433	22425
Total	61110	108865	137186	209113	327852	232762	250766	281729	327852

Annex 37. Value of Transactions by Cards

mln drams

Plastic cards	2003	2004	2005	2006	2007	2007			
						Q-I	Q-II	Q-III	Q-IV
ArCa	11149	18895	27821	45471	74889	12617	15942	18806	27524
VISA	14475	30644	39595	60511	90234	15295	19795	24096	31049
MASTER Card	4231	9145	7689	12664	19904	3186	4643	5386	6689
Other international cards	29688	40087	15030	19598	28608	5135	6482	7649	9342
Total	59543	98771	90136	138245	213634	36233	46861	55937	74603

Annex 38. Number of Transactions by Cards

Plastic cards	2003	2004	2005	2006	2007	2007			
						Q-I	Q-II	Q-III	Q-IV
ArCa	437254	764339	1023304	1408879	2081054	404792	500924	519311	656027
VISA	145408	423379	692100	1008054	1436478	274648	333621	374383	453826
MASTER Card	29714	62083	89937	169523	319341	49511	73027	88350	108453
Other international cards[1]	393605	513289	379151	443113	591677	110451	140686	154632	185908
Total	1005981	1763090	2184492	3029569	4428550	839402	1048258	1136676	1404214

[1] *Including AMEX, HSBC debit and other cards.*