



Appendix 5

NOTES TO FINANCIAL STATEMENTS  
(Form 5)

30 June 2018

ARMBUSINESSBANK CJSC, RA, YEREVAN, 48 NALBANDYAN

**Note 1. Legal Environment and Corporate Governance**

"Armbusinessbank" CJSC, former "Arminvestbank" CJSC (hereinafter the Bank) was founded in 1991, and it is a closed joint-stock company that operates in accordance with the legislation of the Republic of Armenia (hereinafter RA): The Bank was registered on 10.12.1991 by the RA Central Bank (hereinafter, CBA). The license number is 40.

The Bank accepts deposits from and extends loans to the population, makes transfers within the territory of Armenia and abroad, conducts currency conversion operations, as well as renders other banking services to corporates and individuals.

The Bank's head office and 26 branches are located in Yerevan, 22 branches are located in different regions (marzes) of Armenia, and 7 branches – in the Republic of Nagorno Karabakh.

The legal address of the Bank is: 48 Nalbandyan Street, Yerevan.

The Bank is:

- member of the Union of Banks of Armenia
- full member of global Master Card/Europay payment system
- shareholder of SWIFT system
- full member of VISA International payment system
- member of the Union of the participants of Armenia's Mortgage Market
- Shareholder of ArCa processing center
- Bank runs its own processing center

**1. Corporate governance**

The Bank's managing bodies are:

- General Meeting of the Shareholders - the Supreme governing body
- The Board
- The Executive Board and the Chairman of the Executive Board

<b>a) The Board</b>	
<b>Chairman of the Board</b>	Vitaly Grigoryants
<b>Board Members</b>	Sergey Arzumanyan
	Diana Grigoryan
	Sevak Petrosyan
	Alik Chirkinyan
<b>b) The Executive Board</b>	
<b>Chairman of the Executive Board</b>	Arsen Mikayelyan
<b>Members of the Executive Board</b>	
Manvel Sahakyan	Deputy Chairman of the Executive Board- Director of Financial Department
Vardan Aghajanyan	Deputy Chairman of the Executive Board- Director of Operations Department
Nshan Grigoryan	Deputy Chairman of the Executive Board -Director of Credit Department
Narine Sargsyan	Chief Accountant
Vahan Melkonyan	Director of Treasury Department - Chief Treasurer
Ani Ghambaryan	Director of Risk Management Department
<b>c) Major Participants</b>	
Vitaly Grigoryants	– 100 %

#### **d) Management Remuneration Policy**

Remuneration of the Management is provided in accordance with signed employment contracts and the staff list approved by the Board of the Bank.

### **Note 2. Accounting Policy**

#### **2.1 Preparation of financial statements**

The Bank prepares its financial statements in accordance with the International Financial Reporting standards (IFRS), other legal acts regulating the accounting, and the requirements of the accounting policy approved by the Board of the Bank.

#### **2.2 Going Concern**

The financial statements have been prepared on a going concern basis which assumes that the Bank's assets should be realised and obligations met during the time of the Bank's operation.

#### **2.3 Comparability**

The comparable numbers have been adjusted where required to ensure the comparability with the numbers of the current period.

#### **2.4 Recognition of income and expense**

##### *2.4.1 Interest income and expense*

Interest income and interest expense in the Statement of Comprehensive Income are recognized on the accrual basis using the effective interest method.

##### *2.4.2 Commissions and other income and expense*

Loan origination fees together with correspondent expenses are deferred as an adjustment to the effective yield of the loans. Fees, other income and expense are recognized on an accrual basis during the time of service provision.

#### **2.5 Foreign currency transactions**

Foreign currency transactions are translated to the functional currency using the exchange rate as of the transaction date. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency using the exchange rate established as of the balance sheet date.

Gain and loss resulting from the difference between the exchange rate provided by the contract concerning the transaction and the exchange rate as of the transaction date are accounted for in the Statement of Comprehensive Income as a line item "net income from sale and purchase of foreign currency" in net trading income.

The following exchange rates were used by the Bank when preparing the financial statements:

	30 June 2018	31 December 2017
AMD/1 US Dollar	482.24	484.1
AMD/1 EUR	561.81	580.1

#### **2.6 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand amounts of correspondent banks, balances with the CBA (excluding funds deposited for the settlement of ArCa payment cards), which can be converted into cash at short notice and which are subject to an insignificant risk of changes in value.

#### **2.7 Amounts due from other banks**

In the normal course of business, the Bank maintains current and deposits accounts opened with other banks for various periods of time.

#### **2.8 Securities**

On initial recognition, financial assets at fair value through other comprehensive income are accounted for at initial cost and thereafter remeasured at fair value. When revaluing at fair value, the revaluation result is reflected in the equity

#### **2.9 Loans and advances to customers at amortized value**

Loans and advances are financial assets with fixed payments, which arise when the Bank provides money directly to a debtor with no intention of trading the receivable. Loans granted by the Bank with fixed maturities are initially recognized at fair value plus related transaction costs. Subsequently, loans and advances are measured at amortized cost using the effective interest method. Loans and advances to customers at amortized value are carried net of any allowance for impairment losses.

## 2.10 Leasing

Lease payments under an operating lease are recognised in the statement of financial results as expenses on a straight-line basis over the lease term.

## 2.11 Possible losses reserve

The Bank makes an impairment assessment for financial assets or a group of financial assets as of the each balance sheet date.

## 2.12 Intangible assets

Intangible assets include computer software, licences and similar items. Intangible assets acquired separately are initially recognized at cost. After initial recognition, intangible assets are carried at cost less accumulated amortisation or impairment losses. Intangible assets can have either an identifiable or indefinite useful life. Intangible assets with identifiable useful lives are amortized on a straight-line basis over their useful life, that is 15 years. Intangible assets with indefinite useful lives are not amortized, they are reassessed each year for impairment.

## 2.13 Property, plant and equipment

Property, plant and equipment ("PPE") are recorded at historical cost less accumulated depreciation.

Depreciation is calculated using the straight-line method based on the estimated useful life of the asset. The following depreciation annual rates have been applied:

	Useful life
	(years)
Buildings	30
Computers	3
Transportation means	8
Automatic teller machines	10
Other PPE	8
Property and office equipment	8

Leasehold improvements are capitalized and depreciated over the shorter of the lease term and their useful lives on a straight-line basis.

The expenditures as regards PPE repairs and maintenance are recognized as an expense in the statement of financial results during the period in which they are incurred.

## 2.14 Financial instruments

The Bank implements measurement, recognition, use and accounting for the financial instruments according to the order established by the RA legislation as well as the regulations, decrees, orders and acts issued by the Bank.

## 2.15 Events occurring after the balance sheet date

2.15.1 In case material errors revealed by the auditor result from the differences between the requirements of the International Accounting Standards and RA legislation, then the accounting records are made in accordance with the decisions taken by the managing bodies of the Bank.

2.15.2 In case material errors appear or are revealed after publication of the Bank's annual financial statements according to the established order, then no adjustments are made, and it is considered that repeated presentation of similar information is impracticable.

## 2.16 Taxation

Income tax on the profit for the reporting year comprises current and deferred taxes. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to taxes paid in respect of previous years. Deferred taxes are calculated taking into account all the temporary differences arising between carrying values of assets and liabilities recognized in the financial statements and the amounts calculated for taxation purposes.

The Bank pays also other taxes during the course of its activity. These taxes are included as a component of other expenses in the statement of comprehensive financial results

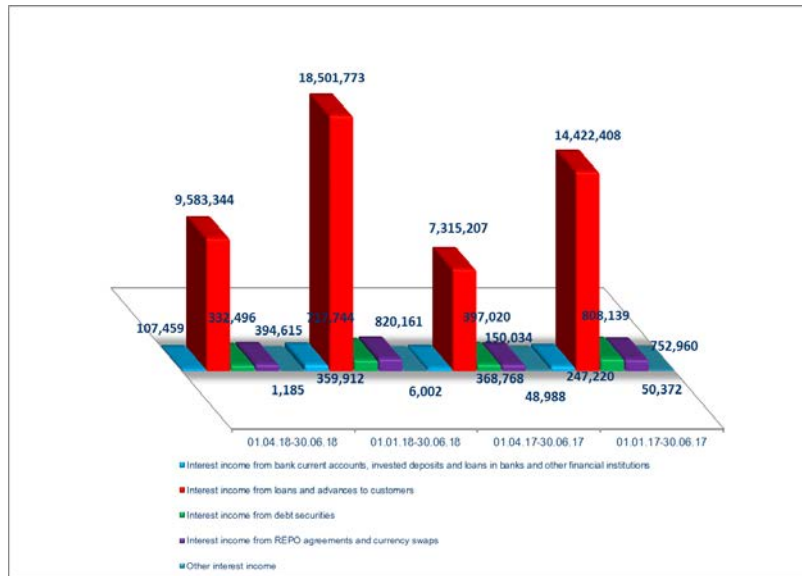
### 2.17 Functional and presentation currency

The national currency of the Republic of Armenia is RA Dram (AMD). For the purposes of these financial statements, RA Dram is the presentation currency as well.

The intermediary financial statements are presented in thousands of AMD.

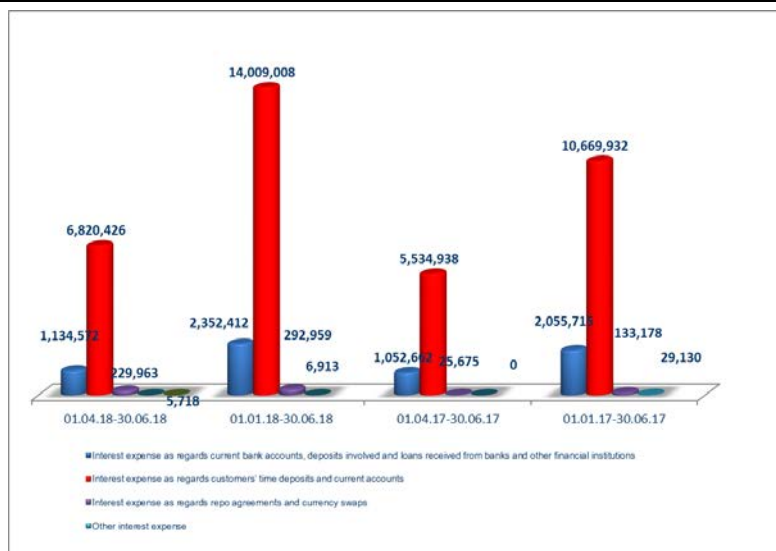
### Note 3. Net Interest and Similar Income

Interest and Similar Income	01.04.18-30.06.18	01.01.18-30.06.18	01.04.17-30.06.17	01.01.17-30.06.17
Interest income from bank current accounts, invested deposits and loans in banks and other financial institutions	107,459	359,912	150,034	247,220
Interest income from loans and advances to customers	9,583,344	18,501,773	7,315,207	14,422,408
Interest income from debt securities	332,496	717,744	397,020	808,139
Interest income from REPO agreements and currency swaps	394,615	820,161	368,768	752,960
Other interest income	1,185	6,002	48,988	50,372
<b>Total</b>	<b>10,419,099</b>	<b>20,405,592</b>	<b>8,280,017</b>	<b>16,281,099</b>



Interest and Similar Expense	01.04.18-30.06.18	01.01.18-30.06.18	01.04.17-30.06.17	01.01.17-30.06.17
Interest expense as regards current bank accounts, deposits involved and loans received from banks and other financial institutions	1,134,572	2,352,412	1,052,662	2,055,715
Interest expense as regards customers' time deposits and current accounts	6,820,426	14,009,008	5,534,938	10,669,932
Interest expense as regards securities issued by the Bank	219,132	418,355	14,263	24,189
Interest expense as regards repo agreements and currency swaps	229,963	292,959	25,675	133,178

Other interest expense	5,718	6,913	0	29,130
<b>Total</b>	<b>8,409,811</b>	<b>17,079,647</b>	<b>6,627,538</b>	<b>12,912,144</b>
<b>Net interest and similar income</b>	<b>2,009,288</b>	<b>3,325,945</b>	<b>1,652,479</b>	<b>3,368,955</b>



**Note 4. Income and Expense in the form of Commissions and Other Fees**

Income in the form of Commissions and Other Fees	01.04.18-30.06.18	01.01.18-30.06.18	01.04.17-30.06.17	01.01.17-30.06.17
Cash operations	207,176	402,513	72,111	128,939
Settlement services	377,327	648,210	209,568	341,312
Guarantee, acceptance, letter of credit, trust management operations	46,624	106,720	42,718	106,470
Transaction in foreign currency and securities		2		
Plastic card operations	295,517	547,715	198,929	335,659
Other commission payments	190,710	386,919	214,700	451,936
<b>Total</b>	<b>1,117,354</b>	<b>2,092,079</b>	<b>738,026</b>	<b>1,364,316</b>

Expenses in the form of Commissions and Other Payments	01.04.18-30.06.18	01.01.18-30.06.18	01.04.17-30.06.17	01.01.17-30.06.17
Commission payments as regards correspondent and other accounts/bank transactions	73,998	148,214	49,706	102,091

Commission payments as regards transactions with plastic cards/cash transactions	75,252	123,284	25,746	46,300
Payments as regards guarantees, acceptance, letters of credit, trust management transactions	7,073	16,830	4	4
Commission payments as regards transactions in foreign currency and securities				
Other commission payments	5,401	10,763	2,725	6,481
<b>Total</b>	<b>161,724</b>	<b>299,091</b>	<b>78,181</b>	<b>154,876</b>
<b>Net Commissions and other payments received</b>	<b>955,630</b>	<b>1,792,988</b>	<b>659,845</b>	<b>1,209,440</b>

**Note 5. Net income from trading transactions**

<b>Income from investments remeasured at fair value and held at fair value</b>	<b>01.04.18-30.06.18</b>	<b>01.01.18-30.06.18</b>	<b>01.04.17-30.06.17</b>	<b>01.01.17-30.06.17</b>
Net income from purchase and sale of investments held for trading, including				
- shares				
- debt securities				
- derivative instruments	-231,275	-231,275	0	24,689
Net income from change in fair value of investments held for trading				
<b>Total</b>	<b>-231,275</b>	<b>-231,275</b>	<b>0</b>	<b>24,689</b>

<b>Net income from investments available for sale</b>	<b>01.04.18-30.06.18</b>	<b>01.01.18-30.06.18</b>	<b>01.04.17-30.06.17</b>	<b>01.01.17-30.06.17</b>
Net income from purchase and sale of investments available for sale, including				
- shares				
- debt securities	0	0	0	0
- derivative instruments				
Net income from change in fair value of investments held for trading	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>From foreign currency transactions</b>	<b>01.04.18-30.06.18</b>	<b>01.01.18-30.06.18</b>	<b>01.04.17-30.06.17</b>	<b>01.01.17-30.06.17</b>
Net income from foreign currency dealings	539,751	940,286	325,399	657,870
Net income from foreign currency revaluation	221,078	279,457	-2,286	-24,264
<b>Total</b>	<b>760,829</b>	<b>1,219,743</b>	<b>323,113</b>	<b>633,606</b>

<b>From bank standardized precious metal bullions and commemorative coins</b>	<b>01.04.18-30.06.18</b>	<b>01.01.18-30.06.18</b>	<b>01.04.17-30.06.17</b>	<b>01.01.17-30.06.17</b>
Net income from purchase and sale of bank standardized precious metal bars and commemorative coins	2,895	26,619	2,403	4,059
Net income from revaluation of bank standardized precious metal bullions and commemorative coins	-5,622	-8,039	-3,846	23,005
<b>Total</b>	<b>-2,727</b>	<b>18,580</b>	<b>-1,443</b>	<b>27,064</b>

<b>Net income from trading transactions</b>	<b>526,827</b>	<b>1,007,048</b>	<b>321,670</b>	<b>685,359</b>
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**Note 6. Other operating income**

Other operating income	01.04.18-30.06.18	01.01.18-30.06.18	01.04.17-30.06.17	01.01.17-30.06.17
Fines and penalties received	822,638	1,496,527	544,865	1,063,096
Income received from factoring	448	897	862	2,722
Net income from disposal of PPE and intangible assets	16,307	17,945	14,753	15,341
Net income from revaluation and impairment reversal of PPE and intangible assets				
Other income	134,034	203,017	59,128	126,169
<b>Total</b>	<b>973,427</b>	<b>1,718,386</b>	<b>619,608</b>	<b>1,207,328</b>

**Note 7. Net allocations to the assets possible loss reserve**

As regards amounts due from banks	Note 14	01.04.18-30.06.18	01.01.18-30.06.18	01.04.17-30.06.17	01.01.17-30.06.17
Opening balance		199,201	95,832	59,187	59,187
Allocations to the reserve		151,746	444,510	466,387	466,387
Return of reserve allocations		-255,086	-444,481	-463,918	-463,918
Net allocations to the reserve		-103,340	29	2,469	2,469
Return of amounts previously written-off to the off-balance sheet		0	0	0	0
Reserve utilization					
<b>Closing balance</b>		<b>95,861</b>	<b>95,861</b>	<b>61,656</b>	<b>61,656</b>

As regards amounts due from financial institutions	Note 14	01.04.18-30.06.18	01.01.18-30.06.18	01.04.17-30.06.17	01.01.17-30.06.17
Opening balance		70,549	78,692	50,554	57,370
Allocations to the reserve		137,596	149,895	23,473	38,300
Return of reserve allocations		-161,258	-181,700	-4,841	-26,484
Net allocations to the reserve		-23,662	-31,805	18,632	11,816
Return of amounts previously written-off to the off-balance sheet					
Reserve utilization					
<b>Closing balance</b>		<b>46,887</b>	<b>46,887</b>	<b>69,186</b>	<b>69,186</b>

As regards loans and advances provided to the customers	Note 16	01.04.18-30.06.18	01.01.18-30.06.18	01.04.17-30.06.17	01.01.17-30.06.17
Opening balance		5,951,947	5,623,825	4,581,934	4,239,633
Allocations to the reserve		748,796	4,840,643	1,809,900	3,772,732
Return of reserve allocations		-282,771	-4,296,585	-1,150,274	-2,509,326
Net allocations to the reserve		466,025	544,058	659,626	1,263,406
Return of amounts previously written-off to the off-balance sheet		473,884	1,769,060	448,761	988,464
Reserve utilization		-376,504	-1,421,591	-550,776	-1,351,958
<b>Closing balance</b>		<b>6,515,352</b>	<b>6,515,352</b>	<b>5,139,545</b>	<b>5,139,545</b>

As regards investments		01.04.18-30.06.18	01.01.18-30.06.18	01.04.17-30.06.17	01.01.17-30.06.17
Opening balance	<b>Note 18</b>	0	0	1,235	1,235
Allocations to the reserve		0	0	0	
Return of reserve allocations		0	0	0	
Net allocations to the reserve		0	0	0	0
Return of amounts previously written-off to the off-balance sheet					
Reserve utilization					
<b>Closing balance</b>			<b>0</b>	<b>0</b>	<b>1,235</b>

As regards other assets		01.04.18-30.06.18	01.01.18-30.06.18	01.04.17-30.06.17	01.01.17-30.06.17
Opening balance	<b>Note 18</b>	510,690	516,385	545,337	545,321
Allocations to the reserve		1,632,933	3,073,918	1,193,844	2,439,106
Return of reserve allocations		-1,244,044	-2,665,655	-1,179,756	-2,431,523
Net allocations to the reserve		388,889	408,263	14,088	7,583
Return of amounts previously written-off to the off-balance sheet		2,869	10,046	5,009	21,421
Reserve utilization		-400,799	-433,045	-5,826	-15,717
<b>Closing balance</b>			<b>501,649</b>	<b>501,649</b>	<b>558,608</b>

As regards off-balance sheet items containing credit risk		01.04.18-30.06.18	01.01.18-30.06.18	01.04.17-30.06.17	01.01.17-30.06.17
Opening balance	<b>Note 34</b>	685,943	615,498	576,166	591,471
Allocations to the reserve		272,366	492,222	169,898	277,237
Return of reserve allocations		-297,671	-447,082	-112,962	-235,606
Net allocations to the reserve		-25,305	45,140	56,936	41,631
<b>Closing balance</b>			<b>660,638</b>	<b>660,638</b>	<b>633,102</b>

<b>Total net allocations to the reserves</b>		<b>702,607</b>	<b>965,685</b>	<b>751,751</b>	<b>1,326,905</b>
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#### Note 8. General administrative expenses

General administrative expenses	01.04.18-30.06.18	01.01.18-30.06.18	01.04.17-30.06.17	01.01.17-30.06.17
Expenses as regards calculated salary and other equivalent payments *	928,788	1,868,326	839,988	1,684,630
Expenses as regards social payments	0	0	0	0
Expenses as regards training and tuition	95	418	5,228	5,278
Expenses as regards business trips	45,617	69,312	31,975	48,539
Expenses as regards operating lease	66,374	134,710	41,988	82,840
Insurance expenses	11,641	18,633	13,619	31,008
Expenses as regards maintenance and security of Bank's equipment	72,097	104,383	56,765	87,088
Expenses as regards maintenance and security of Bank's buildings	71,065	144,680	65,648	149,604
Expenses as regards audit and other consulting services	5,688	8,405	10,209	16,946
Expenses as regards communication means	34,841	69,382	29,273	56,674
Transportation expenses	14,036	30,136	15,301	29,262



Expenses as regards taxes, duties and other obligatory payments (except profit tax)	93,207	175,452	73,752	131,952
Office and organizational expenses	17,144	30,589	13,574	27,533
Expenses as regards loans provision and return	12,231	28,003	17,314	35,110
Other administrative expenses	108,681	318,537	98,786	144,103
<b>Total</b>	<b>1,481,505</b>	<b>3,000,966</b>	<b>1,313,420</b>	<b>2,530,567</b>

The number of the Bank employees as at 30 June 2017 is 914.

The size of average monthly salary per employee is 208 thous. drams.

#### Note 9. Other Operating Expenses

Other Operating Expenses	01.04.18-30.06.18	01.01.18-30.06.18	01.04.17-30.06.17	01.01.17-30.06.17
Fines and penalties paid	478	478	75	437
Advertising and representation expenses	51,822	140,073	65,482	120,185
Fixed and intangible assets amortization expenses	243,341	524,818	247,233	492,308
Loss from impairment of tangible assets				
Allocations to deposit guarantee fund	162,488	408,900	301,108	441,199
Other expenses	247,944	492,197	329,145	472,995
<b>Total</b>	<b>706,073</b>	<b>1,566,466</b>	<b>943,043</b>	<b>1,527,124</b>

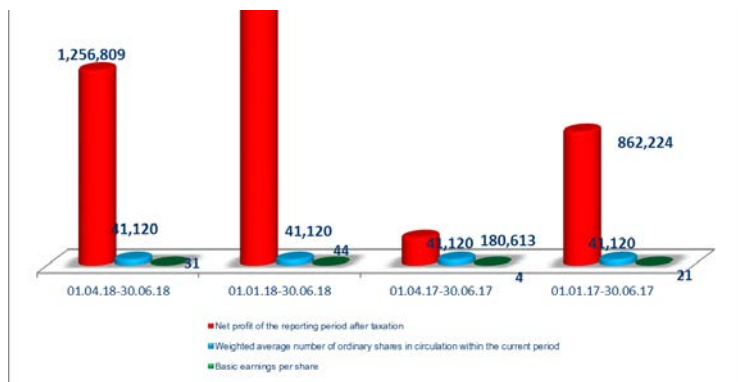
#### Note 11. Profit Tax Expense

Profit tax expense	01.04.18-30.06.18	01.01.18-30.06.18	01.04.17-30.06.17	01.01.17-30.06.17
Current tax expense	318,178	484,116	64,775	224,262
Adjustments of current tax for previous periods recognized in the given period				
Deferred tax expense				
<b>Total</b>	<b>318,178</b>	<b>484,116</b>	<b>64,775</b>	<b>224,262</b>

#### Note 12. Basic Earnings per Share

Basic Earnings per Share	01.04.18-30.06.18	01.01.18-30.06.18	01.04.17-30.06.17	01.01.17-30.06.17
Net profit of the reporting period after taxation	1,256,809	1,827,134	180,613	862,224
Dividends calculated for the current reporting period as regards preference shares	( )	( )	( )	( )
Net gain/loss for the current period attributable to the owners of the ordinary shares				
Weighted average number of ordinary shares in circulation within the current period	41,120	41,120	41,120	41,120
Basic earnings per share	31	44	4	21
Diluted earnings per share				

1,827,134



**Note. Other Comprehensive Income**

Other Comprehensive Income	01.04.18-30.06.18	01.01.18-30.06.18	01.04.17-30.06.17	01.01.17-30.06.17
Exchange rate differences from recalculation of foreign transactions				
Revaluation of financial assets at fair value through other comprehensive income	(102,536)	125,817	194,238	206,785
Cash flow hedging				
Gains from PPE revaluations				
Deferred tax expense				
<b>Total</b>	<b>(102,536)</b>	<b>125,817</b>	<b>194,238</b>	<b>206,785</b>

**Note 13. Cash means, Cash Equivalents and Balances with the RA Central Bank**

Cash, cash equivalents and balances with the CBA	Reporting period	Previous period
Cash means	6,529,937	4,460,159
Other placements of cash	2,347,106	2,576,781
Correspondent accounts with the CBA *	68,894,233	54,978,114
<b>Total</b>	<b>77,771,276</b>	<b>62,015,054</b>
Deposit accounts with the CBA	0	50,016,638
Deposited means with the CBA **	110,000	120,000
Accrued interest		
<b>Cash means and balances with the CBA</b>	<b>77,881,276</b>	<b>112,151,692</b>
Standardized precious metal bullions	77,113	115,135
Placements with other banks (Note 14)	9,515,315	9,488,517
<b>Total cash and cash equivalents</b>	<b>80,987,786</b>	<b>65,674,706</b>

\* Correspondent accounts with the CBA include funds calculated against amounts involved by the Bank according to the RA bank legislation, subjected to obligatory provisioning

\*\* The deposited amount with CBA represents an insured deposit for settlements realized through ArCa payment system

**Note 14. Amounts due from banks and other financial institutions**

Current accounts	Reporting period	Previous period
RA banks	45	9,941
Banks with BBB – (Baa3) and higher rating	2,441,331	3,325,589
Banks with no rating and rating below BBB-(Baa3)	698,021	208,987
Accrued interest	0	0
<b>Total</b>	<b>3,139,397</b>	<b>3,544,517</b>

Interbank loans and deposits, etc.		
<b>CBA</b>		
Loans and deposits		
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap		
Other		
<b>RA Banks</b>		
Loans and deposits		
Factoring		
Financial lease		
Repo (repurchase) agreements	0	2,018,473
Swap	23,512	0
Letters of credit and bank guarantees		
Other		
<b>Banks with BBB – (Baa3) and higher rating</b>		
Loans and deposits	3,322,080	1,923,600
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap		
Letters of credit and bank guarantees		
Other	13	0
<b>Banks with no rating and rating below BBB-(Baa3)</b>		
Loans and deposits		
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap	703	0
Letters of credit and bank guarantees		
Other	3,124,235	2,095,798
<b>Accrued interest</b>	1236	1961
<b>Total</b>	<b>9,611,176</b>	<b>9,584,349</b>
Reserve for possible losses as regards amounts due from Banks (Note 7)	<b>-95,861</b>	<b>-95,832</b>
<b>Net amounts due from banks</b>	<b>9,515,315</b>	<b>9,488,517</b>

Loans and deposits with financial institutions, other amounts due		
<b>RA financial institutions</b>	3,466,627	6,503,214
Loans and deposits	2,557,170	4,400,183
Factoring		
Financial lease		

Repo (repurchase) agreements	909,457	2,103,031
Swap		
Letters of credit and bank guarantees		
Other		
<b>Financial institutions with BBB – (Baa3) and higher rating</b>		
Loans and deposits	0	0
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap		
Letters of credit and bank guarantees		
Other		
<b>Financial institutions with no rating and rating below BBB-(Baa3)</b>	1,193,758	1,329,803
Loans and deposits		
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap		
Letters of credit and bank guarantees		
Other	1,193,758	1,329,803
<b>Accrued interest</b>	11,849	35,189
<b>Total</b>	4,672,234	7,868,206
<b>Reserve for possible losses as regards amounts due from financial institutions (Note 7)</b>	-46,887	-78,692
<b>Net amounts due from financial institutions</b>	<b>4,625,347</b>	<b>7,789,514</b>
<b>Net amounts due from banks and financial institutions</b>	<b>14,140,662</b>	<b>17,278,031</b>

**Note 15. Financial assets at fair value through profit/loss**

Government securities	Reporting period	Previous period
<b>RA Government securities, including</b>		
Treasury bonds	22,260,016	24,556,156
Central Bank bonds		
Other		
<b>Government securities of countries with BBB – (Baa3) and higher rating, including</b>		
Treasury bonds		
Central Bank bonds		
Other		
<b>Government securities of countries with no rating and rating below BBB-(Baa3)</b>		
Treasury bonds		
Central Bank bonds		
Other		
<b>Total Government securities</b>	<b>22,260,016</b>	<b>24,556,156</b>

Non-government securities of RA	Listed	Non-Listed	Listed	Non-Listed
<b>Issuer with A-/A3/ and higher rating</b>				
Long term debt instruments				
Short term debt instruments				
Deposit certificates				
Equity instruments				

Other				
<b>Issuer with "C" and higher rating by CBA</b>				
Long term debt instruments				
Short term debt instruments				
Deposit certificates				
Equity instruments				
Other				
<b>Issuer with BBB+/Baa1/ and below rating, other rating and no rating</b>				
Long term debt instruments				
Short term debt instruments				
Deposit certificates				
Equity instruments				
Other				
<b>Total non-government securities of RA held for trading</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Non-government securities of other countries</b>	<b>Listed</b>	<b>Non-Listed</b>	<b>Listed</b>	<b>Non-Listed</b>
<b>Issuer with A-/A3/ and higher rating</b>				
Long term debt instruments				
Short term debt instruments				
Deposit certificates				
Equity instruments				
Other				
<b>Issuer with BBB+/Baa1/ and below rating, other rating and no rating</b>				
Long term debt instruments				
Short term debt instruments				
Deposit certificates				
Equity instruments				
Other				
<b>Total non-government securities of other countries held for trading</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Total securities held for trading</b>	<b>22,260,016</b>	<b>24,556,156</b>	<b>0</b>	<b>0</b>
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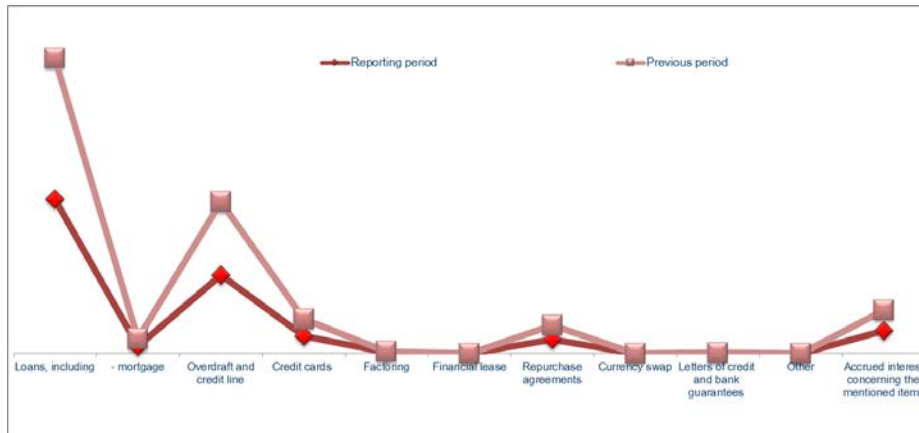
<b>Other financial assets held for trading</b>	<b>Reporting period</b>	<b>Reporting period</b>	<b>Previous period</b>	<b>Previous period</b>
<b>Loans, factoring, accounts receivable</b>				
Borrowers with A-/A3/ or higher rating				
Borrowers with BBB+/Baa1/ and lower rating, other rating and no rating				
- Mortgage				
- Consumer loans				
- Other				
	<b>0</b>		<b>0</b>	
<b>Derivative instruments</b>				
- Futures				
- Forward				

- Option				
- Swap				
- Other				
<b>Total</b>				

<b>Total financial assets held for trading</b>	<b>22,260,016</b>	<b>24,556,156</b>	<b>0</b>	<b>0</b>
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**Note 16. Loans and advances to customers at amortized value**

<b>Issued loans and other advances</b>	<b>Reporting period</b>	<b>Previous period</b>
Loans, including	220,011,928	201,718,417
- to banks		
- to RA Government		
- to local authorities		
- mortgage	10,384,957	10,614,355
<b>Overdraft and credit line</b>	<b>112,257,456</b>	<b>104,301,142</b>
<b>Credit cards</b>	<b>24,596,485</b>	<b>24,285,245</b>
<b>Factoring</b>	<b>1,558,585</b>	<b>1,568,319</b>
<b>Financial lease</b>	<b>-</b>	<b>-</b>
<b>Repurchase agreements</b>	<b>20,207,556</b>	<b>20,480,316</b>
<b>Currency swap</b>	<b>-</b>	<b>-</b>
<b>Letters of credit and bank guarantees</b>	<b>563,313</b>	<b>567,242</b>
<b>Other</b>		
<b>Accrued interest concerning the mentioned items</b>	<b>33,026,762</b>	<b>29,084,129</b>
<b>Total loans</b>	<b>412,222,085</b>	<b>382,004,810</b>
<b>Reserve for possible losses as regards loans and advances to customers at amortized value (Note 7)</b>	<b>-6,515,352</b>	<b>-5,623,825</b>
<b>Total net loans</b>	<b>405,706,733</b>	<b>376,380,985</b>



**Breakdown of Performing and Non-Performing Loans and advances to customers at amortized value as of the End of the Reporting Period**

Breakdown of performing and non-performing loans and advances provided to customers		Reporting period	Previous period
Performing loans and advances	Amount	402,546,859	374,687,920
	Quantity	56,833	55,888
Non-Performing loans and advances, including		9,675,226	7,316,890
		2383	1797
Overdue	Amount	3,952,237	4,818,421
	Quantity	1252	1431
Accrued interests			
Total loans	Amount	412,222,085	382,004,810
	Quantity	59,216	57,685
Provision for possible losses as regards loans and advances to customers at amortized value (Note 7)		-6,515,352	-5,623,825
<b>Total net loans</b>		<b>405,706,733</b>	<b>376,380,985</b>

#### Analysis of provided loans and advances to customers at amortized value by customer group

Analysis of the provided loans and advances by customer group		Reporting period	Previous period
<b>State enterprises</b>		28,510,655	25,904,305
<b>Private enterprises, including</b>		294,163,608	273,748,657
- large enterprises		151,599,814	145,250,059
- small and medium enterprises		142,563,794	128,498,598
<b>Natural persons, including</b>		54,592,122	51,238,906
- consumer loans		17,981,795	14,795,188
- mortgage loans		10,368,741	10,597,225
- credit cards		24,974,978	24,467,733
<b>Sole entrepreneurs</b>		1,928,938	2,028,813
Accrued interest		33,026,762	29,084,129
<b>Total loans</b>		<b>412,222,085</b>	<b>382,004,810</b>
Provision for possible losses as regards loans and advances to customers at amortized value		(6,515,352)	(5,623,825)
<b>Total net loans</b>		<b>405,706,733</b>	<b>376,380,985</b>

- a) Total loans provided to major borrowers and related persons as of 30.06.2018 made AMD 170.149.770 thous, as of 31.12.2017 – AMD 163.050.892 thous.
- b) Share in total loan portfolio as of 30.06.2018 made 41.28 %, as of 31.12.2017 –44.86 %
- c) Percentage to Capital as of 30.06.2018 was 499.70 %, as of 31.12.2017 – 497.25 % :

Analysis of loan portfolio according to number of borrowers	Reporting period	Previous period
State enterprises	30	9
Private enterprises	724	365
Natural persons	59,224	45,365
Sole entrepreneurs	147	153
<b>Total</b>	<b>60,125</b>	<b>45,892</b>

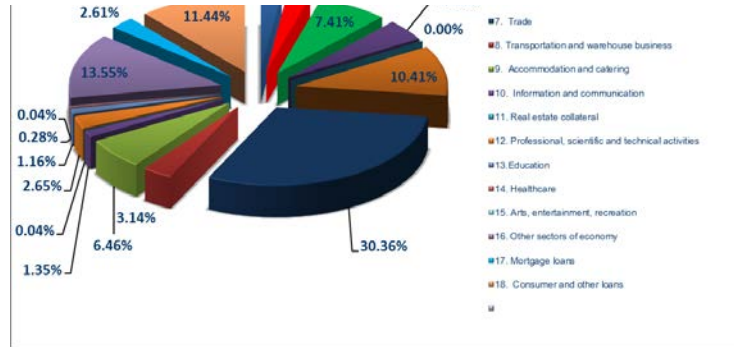
#### Analysis of loan portfolio according to the industry sectors (less the reserve amount for possible losses)

30.06.18

Analysis of loans and advances according to crediting sectors	Reporting period	Percentage
1. Agriculture , forestry and fishing	9,011,975	2.19
2. Mining and quarrying	10,119,309	2.45
3. Processing industry	30,536,737	7.41
4. Electricity, gas , steam and air conditioning supply	18,463,313	4.48
5. Water supply, sewerage, waste management and recycling	5,207	0.00

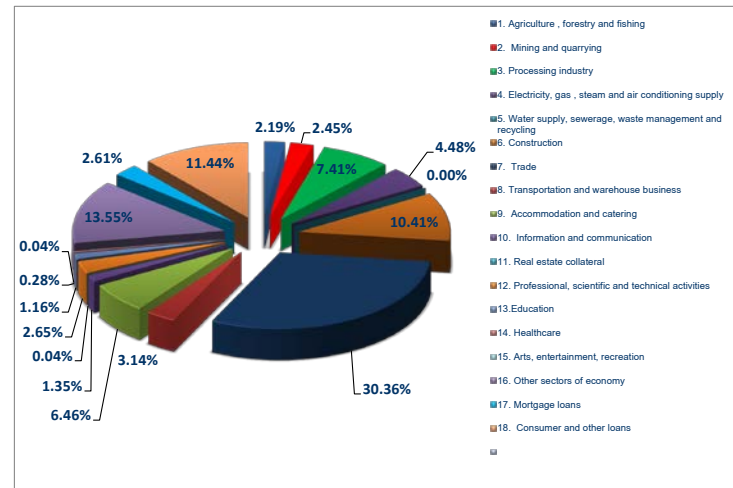


6. Construction	42,897,995	10.41
7. Trade	125,132,556	30.36
8. Transportation and warehouse business	12,932,124	3.14
9. Accommodation and catering	26,620,221	6.46
10. Information and communication	5,548,345	1.35
11. Real estate collateral	162,237	0.04
12. Professional, scientific and technical activities	10,904,213	2.65
13. Education	4,786,985	1.16
14. Healthcare	1,138,922	0.28
15. Arts, entertainment, recreation	180,205	0.04
16. Other sectors of economy	55,837,769	13.55
17. Mortgage loans	10,769,764	2.61
18. Consumer and other loans	47,174,208	11.44
<b>Total</b>	<b>412,222,085</b>	<b>100</b>



31.12.17

Analysis of loans and advances according to crediting sectors	Previous period	Percentage
1. Agriculture, forestry and fishing	8,874,560	2.32
2. Mining and quarrying	5,836,444	1.53
3. Processing industry	26,658,975	6.98
4. Electricity, gas, steam and air conditioning supply	21,748,714	5.69
5. Water supply, sewerage, waste management and recycling	8,611	0.00
6. Construction	47,511,463	12.44
7. Trade	103,266,591	27.03
8. Transportation and warehouse business	13,272,715	3.47
9. Accommodation and catering	22,891,412	5.99
10. Information and communication	7,610,670	1.99
11. Real estate collateral	183,843	0.05
12. Professional, scientific and technical activities	11,722,104	3.07
13. Education	2,129,712	0.56
14. Healthcare	966,898	0.25
15. Arts, entertainment, recreation	189,114	0.05
16. Other sectors of the economy	55,126,549	14.43
17. Mortgage loans	10,976,985	2.87
18. Consumer and other loans	43,029,450	11.26
<b>Total</b>	<b>382,004,810</b>	<b>100</b>



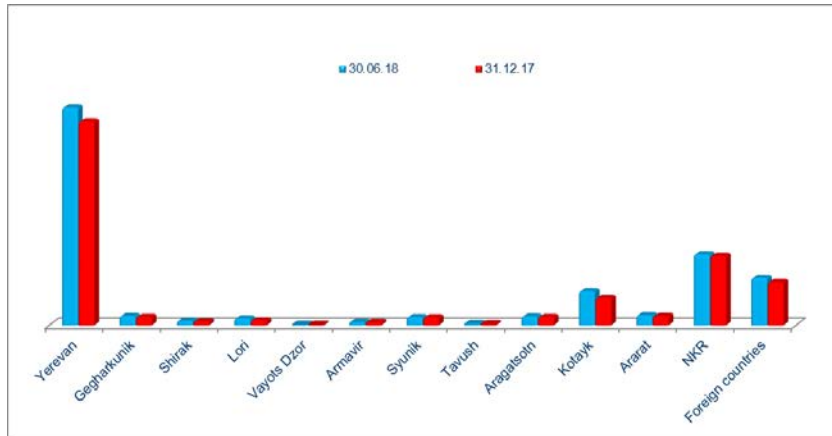
Analysis of the loan portfolio as regards customers' residency

Analysis of the loan portfolio as regards customers' residency	Reporting period	Percentage	Previous period	Percentage
RA residents	360,464,986	88.85	334,868,906	88.97
Non-residents	45,241,747	11.15	41,512,079	11.03
<b>Total</b>	<b>405,706,733</b>	<b>100</b>	<b>376,380,985</b>	<b>100</b>

Region (Marz)	30.06.18		31.12.17	
	Quantity	Amount	Quantity	Amount
Yerevan	14735	207,771,218	15158	194,710,690
Gegharkunik	9362	9,032,518	8338	8,244,789
Shirak	6883	4,365,471	6202	3,858,636
Lori	2906	6,719,991	2869	4,797,513
Vayots Dzor	181	717,488	161	756,433
Armavir	1823	3,180,098	1777	3,113,093



Syunik	1957	8,000,990	1917	7,829,163
Tavush	831	1,811,397	832	1,545,414
Aragatsotn	5777	8,629,586	5925	8,210,347
Kotayk	3774	32,558,945	3805	26,311,411
Ararat	5534	9,808,665	5336	9,134,353
NKR	5405	67,868,619	5325	66,357,064
Foreign countries	48	45,241,747	40	41,512,079
<b>Total</b>	<b>59,216</b>	<b>405,706,733</b>	<b>57,685</b>	<b>376,380,985</b>



**Note 17. Financial assets at fair value through other comprehensive income**

State securities	Reporting period	Previous period
<b>State obligations</b>	10,548,069	14,775,495
Treasury obligations	10,548,069	14,775,495
Central Bank obligations		
Promissory note		
<b>State obligations of countries with BBB-/Baa3/ or higher rating</b>		
Treasury obligations		
Central Bank obligations		
Other		
<b>State securities of countries with BB+/Ba1/ or below rating or no rating</b>		
Treasury obligations		
Central Bank obligations		
Other		
<b>Possible loss reserve for promissory notes (Note 7)</b>		
<b>Total state securities</b>	<b>10,548,069</b>	<b>14,775,495</b>

Non-state securities of RA	listed	unlisted	listed	unlisted
<b>Issuer with A-/A3/ or higher rating</b>				
Long term debt instruments				
Short term debt instruments				
Deposit certificates				
Equity instruments				

Other				
<b>Issuer with "C" and higher rating by CBA</b>				
Long term debt instruments				
Short term debt instruments				
Deposit certificates				
Equity instruments				
Other				
<b>Issuer with BBB+/Baa1/ or below rating, other rating or no rating</b>				
Long term debt instruments		1,868,776		1,625,584
Short term debt instruments				
Deposit certificates				
Equity instruments				
Other				
Total non government securities of RA	0	1,868,776	0	1,625,584

<b>Non-state securities of other countries</b>	<i>listed</i>	<i>unlisted</i>	<i>listed</i>	<i>unlisted</i>
<b>Issuer with A-/A3/ or higher rating</b>				
Long term debt instruments				
Short term debt instruments				
Deposit certificates				
Equity instruments				
Other				
<b>Issuer with BBB+/Baa1/ or below rating, other rating or no rating</b>				
Long term debt instruments				
Short term debt instruments				
Deposit certificates				
Equity instruments				
Other				
Total non government securities of other countries	0	0	0	0

<b>Total securities available for sale</b>	12,416,845	16,401,079
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<b>Other financial assets at fair value through other comprehensive income</b>				
Loans, factoring, amounts receivable				
Borrowers with A-/A3/ or higher rating				
Borrowers with BBB+/Baa1 and below rating, other rating and no rating				
Mortgage loans				
Consumer loans				
Other				
<b>Total</b>	0	0	0	0

<b>Total financial assets at fair value through other comprehensive income</b>	12,416,845	16,401,079
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Investments in other persons' share capital

**Reporting period**

Company name	Main activity	Country of registration	Investment date	Invested amount (thous. drams)	Share
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1. Armenian Card CJSC	Payment and settlement services	RA	20.10.06	12143	2.00
2."ACRA Credit Reporting" CJSC	Payment and settlement services	RA	22.11.07	19845	4.0003
3. SWIFT	Payment and settlement services	Belgium	23.04.12	15170	0.00005
<b>Total</b>				<b>47,158</b>	<b>6</b>
<b>Impairment of investments in other companies share capital (reserve for possible losses) (Note 7)</b>					
<b>Total</b>				<b>47,158</b>	

Previous period

Company name	Main activity	Country of registration	Investment date	Invested amount ¥(thous. drams)	Share
1. Armenian Card CJSC	Payment and settlement services	RA	20.10.06	12143	2.00
2."ACRA Credit Reporting" CJSC	Payment and settlement services	RA	22.11.07	19845	4.0003
3. SWIFT	Payment and settlement services	Belgium	23.04.12	15170	0.00005
<b>Total</b>				<b>47,158</b>	<b>6</b>
<b>Impairment of investments in other companies share capital (reserve for possible losses) (Note 7)</b>					
<b>Total</b>				<b>47,158</b>	

	Reporting period	Previous period
<b>Total financial assets at fair value through other comprehensive income and investments in other companies' share capital</b>	<b>12,464,003</b>	<b>16,448,237</b>

Note 18. Other financial assets at amortized value

Government securities	Reporting period	Previous period
<b>RA state bonds including</b>		
T-bonds		
Bonds of Central bank		
Other		

<b>Government securities of countries with BBB-/Baa3/ or higher rating, including</b>		
T-bonds		
Bonds of Central bank		
Other		
<b>State securities of countries with BB+/Ba1/ or below rating or no rating, including</b>		
T-bonds		
Bonds of Central bank		
Other		
<b>Accrued interest</b>		
<b>Total</b>		

<b>Non-government securities of RA</b>	<i>listed</i>	<i>unlisted</i>	<i>listed</i>	<i>unlisted</i>
<b>Issuer with A-/A3/ or higher rating, including</b>				
- long term debt instruments				
- short term debt instruments				
- deposit certificates				
- other				
<b>Issuer having "C-" and higher rating from CBA, including</b>	0	0	0	
- long term debt instruments				
- short term debt instruments				
- deposit certificates				
- other			0	
<b>Issuer with BBB+/Baa1/ and lower rating, other rating and no rating, including</b>				
- long term debt instruments				
- short term debt instruments				
- deposit certificates				
- other				
<b>Accrued interest</b>				
<b>Total</b>	-	-	-	-

<b>Non-government securities of other countries</b>	<i>listed</i>	<i>unlisted</i>	<i>listed</i>	<i>unlisted</i>
<b>Issuer with A-/A3/ or higher rating, including</b>				
- long term debt instruments				
- short term debt instruments				
- deposit certificates				
- other				
<b>Issuer with BBB+/Baa1/ and lower rating, other rating and no rating, including</b>				
- long term debt instruments				
- short term debt instruments				
- deposit certificates				
- other				

Accrued interest				
Total	-	-	-	-

Impairment of other financial assets at amortized value (reserve for possible losses) (Note 7)				
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Net investments in other financial assets at amortized value	0		0	0
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Note 20. Property, Plant, Equipment and Intangible Assets

Property, plant and equipment

Title	Buildings	Computer & communication means	Vehicles	Other PPE	Capital investments as regards PPE	Capital investments as regards leased PPE	Total
<b>Initial cost</b>							
<b>Balance at the beginning of the previous period</b>	<b>8,331,594</b>	<b>3,482,535</b>	<b>231,570</b>	<b>1,860,698</b>	-	<b>204,175</b>	<b>14,110,572</b>
Increase	29,020	361,485	63,856	361,690	-	96,861	912,912
Disposal			-				-
Write-off	219,178		78,407	112			297,697
Revaluation							
Depreciation adjustment from revaluation							-
<b>Balance at the end of the previous period</b>	<b>8,141,436</b>	<b>3,844,020</b>	<b>217,019</b>	<b>2,222,276</b>	-	<b>301,036</b>	<b>14,725,787</b>
Increase	2,393,922	67,834	48,946	1,023,497	-	10,685	3,544,884
Disposal			-				-
Revaluation*							-
Write-off		118,224	47,224	47,307			212,755
Depreciation adjustment from revaluation							-
<b>Balance at the end of the reporting period</b>	<b>10,535,358</b>	<b>3,793,630</b>	<b>218,741</b>	<b>3,198,466</b>	-	<b>311,721</b>	<b>18,057,916</b>
<b>Accumulated depreciation</b>							
<b>Balance at the beginning of the previous period</b>	<b>872,427</b>	<b>2,417,005</b>	<b>186,344</b>	<b>1,348,738</b>	-	<b>29,062</b>	<b>4,853,576</b>
Increase	301,400	322,559	13,831	166,515		6,778	811,083
Disposal							
Depreciation adjustment from revaluation							
Write-off	3,402		73,754	112			77,268
<b>Balance at the end of the previous period</b>	<b>1,170,425</b>	<b>2,739,564</b>	<b>126,421</b>	<b>1,515,141</b>	-	<b>35,840</b>	<b>5,587,391</b>
Increase	149,104	31,653	(13,844)	(1,078)		4,481	170,316
Disposal							
Depreciation adjustment from revaluation							
Write-off		16,947					16,947
<b>Balance at the end of the reporting period</b>	<b>1,319,529</b>	<b>2,754,270</b>	<b>112,577</b>	<b>1,514,063</b>	-	<b>40,321</b>	<b>5,740,760</b>
<b>Net carrying amount</b>							
<b>End of reporting period</b>	<b>9,215,829</b>	<b>1,039,360</b>	<b>106,164</b>	<b>1,684,403</b>	-	<b>271,400</b>	<b>12,317,156</b>
<b>End of previous period</b>	<b>6,971,011</b>	<b>1,104,456</b>	<b>90,598</b>	<b>707,135</b>	-	<b>265,196</b>	<b>9,138,396</b>

Intangible Assets

	Software	Licenses	Copyright	Other intangible assets	Capital investments as regards intangible assets	Total
<b>Initial cost</b>						
<b>Balance at the beginning of the previous period</b>	<b>264,024</b>	<b>2,338,577</b>	-	<b>135,806</b>	<b>4,847</b>	<b>2,743,254</b>
Increase	5,000	434,109		-	-	439,109
Disposal						-
Impairment						-
Revaluation						-

Written off		2,513				2,513
<b>Balance at the end of previous period</b>	<b>269,024</b>	<b>2,770,173</b>	<b>-</b>	<b>135,806</b>	<b>4,847</b>	<b>3,179,850</b>
Increase	-	39,885		-	-	39,885
Disposal		1,478				1,478
Revaluation*						-
Impairment						-
Written off						-
<b>Balance at the end of the reporting period</b>	<b>269,024</b>	<b>2,808,580</b>	<b>-</b>	<b>135,806</b>	<b>4,847</b>	<b>3,218,257</b>
<b>Accumulated amortization</b>						
<b>Balance at the end of previous period</b>	<b>27,935</b>	<b>288,898</b>		<b>3,494</b>	<b>-</b>	<b>320,327</b>
Increase	13,897	139,904		5,636		159,437
Disposal						-
Impairment		2,513				2,513
Revaluation						-
<b>Balance at the end of previous period</b>	<b>41,832</b>	<b>426,289</b>	<b>-</b>	<b>9,130</b>	<b>-</b>	<b>477,251</b>
Increase	47,647	144,393		8,289		200,329
Disposal		1,128				1,128
Depreciation adjustment from revaluation						-
Revaluation						-
<b>Balance at the end of the reporting period</b>	<b>89,479</b>	<b>569,554</b>		<b>17,419</b>	<b>-</b>	<b>676,452</b>
<b>Net carrying amount</b>						
<b>End of reporting period</b>	<b>179,545</b>	<b>2,239,026</b>	<b>-</b>	<b>118,387</b>	<b>4,847</b>	<b>2,541,805</b>
<b>End of previous period</b>	<b>227,192</b>	<b>2,343,884</b>	<b>-</b>	<b>126,676</b>	<b>4,847</b>	<b>2,702,599</b>

**Note 21. Deferred tax assets**

Deferred tax assets movement	Reporting period	Previous period
<b>Balance at the beginning of the period</b>		0
Increase		
Decrease		0
<b>Balance at the end of the period</b>	-	-

**Note 22. Other Assets**

Amounts receivable from bank transactions	Reporting period	Previous period
Dividends receivable	0	0
Amounts receivable from trust management transactions	0	0
Amounts receivable from other transactions	461,040	1,213,728
<b>Total</b>	<b>461,040</b>	<b>1,213,728</b>
Reserve for possible losses as regards bank transactions (Note 7)	-4,610	-18,647
<b>Net amounts receivable from bank transactions</b>	<b>456,430</b>	<b>1,195,081</b>

Accounts receivable and prepayments	Reporting period	Previous period
Receivables as regards budget	23	59
Receivables as regards suppliers		
Advance payments to the employees	558	30
Advance payments to the suppliers	1,376,137	1,209,708
Advance payments and overpayments as regards budget and mandator	231,759	0
Other receivables and prepayments	9,420,722	10,398,503
<b>Total</b>	<b>11,029,199</b>	<b>11,608,300</b>
Reserve for possible losses as regards other assets (Note 7)	-494,270	-496,145
<b>Total</b>	<b>10,534,929</b>	<b>11,188,611</b>

Other assets		
Warehouse	357,165	389,360
Seized collateral	4,039,308	3,716,481
Future period expenses	21,897	22,648
Other assets	255,477	136,502
Reserve for possible losses as regards other assets (Note 7)	-2,769	-1,593
<b>Total</b>	<b>4,671,078</b>	<b>4,263,398</b>
<b>Total other assets</b>	<b>15,662,437</b>	<b>16,570,634</b>

**Note 23. Amounts due to banks and other financial institutions**

Current accounts	Reporting period	Previous period
RA Banks	196,743	223,482
Banks with BBB-(Baa3) and higher rating	0	
Banks with rating below BBB-(Baa3) and no rating	1,640,304	324,846
Accrued interest		
<b>Total</b>	<b>1,837,047</b>	<b>548,328</b>
<b>Interbank loans, deposits and other demands</b>		
<b>RA Central Bank</b>		
Loans*	18,657,915	21,184,523
Repo (repurchase) agreements	29,599,995	36,899,981
Swap		
Other		
<b>RA Banks</b>		
Loans and deposits	0	8,713,793
Financial leasing		
Repo (repurchase) agreements	2,509,470	0
Swap	0	0
Other	0	0
<b>BBB-(Baa3) and higher rating banks</b>		
Loans and deposits		
Financial leasing		
Repo (repurchase) agreements		
Swap		
Other		
<b>BBB-(Baa3) and lower rating and no rating banks</b>		
Loans and deposits	7,715,815	0
Financial leasing		
Repo (repurchase) agreements		
Swap	0	0
Other	1,445,652	160,245
Accrued interest	408,095	474,522
<b>Total</b>	<b>60,336,942</b>	<b>67,433,064</b>
<b>Financial institutions</b>		
Current accounts	2,679,595	480,224
Loans and deposits	26,838,963	29,230,834
Repo (repurchase) agreements		
Swap		
Other	2,614	4,824
<b>Accrued interest</b>	<b>452,308</b>	<b>865,336</b>
<b>Total</b>	<b>29,973,480</b>	<b>30,581,218</b>

<b>Total amounts due to banks and other fin. institutions</b>	<b>92,147,469</b>	<b>98,562,610</b>
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As of 30.06.2018, loans received from the Central Bank of Armenia also include loan amounts attracted under international loan programs totaling AMD 18.657.915 thous. And accrued interest amounts AMD 385.204 thous.

**Note 24. Amounts due to customers**

<b>Amounts due to RA government and local self-managed authorities</b>	<b>Reporting period</b>	<b>Previous period</b>
Current accounts	142,373	89,742
Time deposits		
Loans	433,575	553,276
Repo (repurchase) agreements		
Swap		
Other	47,965	47,979
Accrued interest	1,450	1,955
<b>Total</b>	<b>625,363</b>	<b>692,952</b>
<b>Legal entities and institutions of RA (residents)</b>		
Current accounts	35,903,658	46,088,823
Time deposits	54,479,249	47,603,643
Repo (repurchase) agreements	1,236,156	995,082
Swap		
Other	4,886,637	4,000,822
Accrued interest	616,947	445,408
<b>Total</b>	<b>97,122,647</b>	<b>99,133,778</b>
<b>Legal entities and institutions (non-residents)</b>		
Current accounts	17,971,066	18,766,874
Time deposits	2,673,231	2,967,099
Repo (repurchase) agreements		
Swap		
Other	360,041	49,085
Accrued interest	13,318	8,050
<b>Total</b>	<b>21,017,656</b>	<b>21,791,108</b>
<b>Sole entrepreneurs of RA (residents)</b>		
Current accounts	204,648	261,690
Time deposits		
Repo (repurchase) agreements		
Swap		
Other		
Accrued interest		
<b>Total</b>	<b>204,648</b>	<b>261,690</b>
<b>Sole entrepreneurs (non-residents)</b>		
Current accounts	117	54
Time deposits		
Repo (repurchase) agreements		
Swap		
Other		
Accrued interest		
<b>Total</b>	<b>117</b>	<b>54</b>
<b>Individuals (residents)</b>		
Current accounts	18,489,551	16,755,561
Time deposits	240,621,243	247,267,642
Repo (repurchase) agreements		
Swap		
Other	164,324	159,410
Accrued interest	3,081,501	2,324,506



<b>Total</b>	<b>262,356,619</b>	<b>266,507,119</b>
<b>Individuals (non-residents)</b>		
Current accounts	4,149,428	3,480,499
Time deposits	7,570,271	9,285,925
Repo (repurchase) agreements		
Swap		
Other	0	0
Accrued interest	95,764	57,359
<b>Total</b>	<b>11,815,463</b>	<b>12,823,783</b>
<b>Total liabilities to customers</b>	<b>393,142,513</b>	<b>401,210,484</b>

The amount of the security of liabilities totaled: as at 31.12.2017 - AMD 22.671.881 thous., as at 30.06.2018 - AMD 17.776.650 thous.

2. Term liabilities to government include amounts involved from international financial organizations within RAED (Rural Areas Economic Development) program and Millennium Challenge Account program, which totaled AMD 433.575 thous., accrued interest AMD 1.450 thous.

#### The structure of Bank depositors' (time deposits) by customers number

	Reporting period	Previous period
Legal entities residents	173	78
Legal entities non-residents	5	7
Individuals residents	28,608	21,164
Individuals non-residents	388	271
<b>Total</b>	<b>29,174</b>	<b>21,520</b>

#### Note 25. Securities issued by Bank

Securities issued by Bank	Reporting period	Previous period
Fixed-Income securities	11,423,387	8,967,294
<b>Total</b>	<b>11,423,387</b>	<b>8,967,294</b>

#### Note 26. Liabilities at fair value through profit or loss

Liability held for trading	Reporting period	Previous period
Derivative instruments held for trading purposes		
Futures		
Forward		
Option		
Swap		
Other		
Hedging derivative instruments		
Other	22,260,016	24,556,156
<b>Total</b>	<b>22,260,016</b>	<b>24,556,156</b>

#### Note 27. Amounts payable

Amounts payable	Reporting period	Previous period
Dividends		
Trust management agreements		
Deposits insurance	162,487	292,030
Other		

<b>Total</b>	<b>162,487</b>	<b>292,030</b>
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**Note 28. Deferred tax liabilities**

<b>Deferred tax liabilities movements</b>	<b>Reporting period</b>	<b>Previous period</b>
Balance at the beginning of the period	627,829	474,159
Increase		153,670
Decrease		
<b>Balance at the end of the period</b>	<b>627,829</b>	<b>627,829</b>

**Note 29. Other liabilities**

<b>Other liabilities</b>	<b>Reporting period</b>	<b>Previous period</b>
Settlement liabilities as regards cheques and other payment	0	0
Settlement liabilities as regards letters of credit		
Other settlements		
<b>Payables as regards budget</b>		
Profit Tax	478,561	296,211
VAT	6,498	29,830
other taxes and dues	254,177	298,768
social insurance payments	0	0
Liabilities to employees as regards salary	356,908	283,574
Payables as regards suppliers	141,184	165,050
Payables as regards completion of chartered capital		
Other liabilities	2,347	2,294
<b>Balance at the end of period</b>	<b>1,239,675</b>	<b>1,075,727</b>

**Note 30. Chartered capital**

- a) Bank's chartered capital registered and fully paid – AMD 31.374.560 thous.  
b) The number of issued and allocated ordinary shares - 41.120, nominal value – AMD 763.000  
c) Major participants as of the end of the reporting period

<b>Major participant</b>	<b>Amount of participation</b>	<b>Share %</b>	<b>Type of activity (for legal entities)</b>
Vitaly Grigoryants	31,374,560	100	Individual
	<b>31,374,560</b>		

**Note 32. Revaluation and remeasurement reserves, other components of equity**

**"Revaluation and remeasurement reserves"**

**Components:**

<b>Revaluation reserves</b>	<b>Reporting period</b>	<b>Previous period</b>
Unrealized gain/loss from revaluation of investments for sale	2,134,819	2,009,002
Fixed assets revaluation reserve	471,422	471,422
Other reserves		
<b>Total revaluation reserves</b>	<b>2,606,241</b>	<b>2,480,424</b>

**Other components of equity**

**Reserves**

Other reserves	Reporting period	Previous period
Main reserve		
Opening balance	691,167	638,508
Increase	64,010	52,659
Decrease		
<b>Closing balance</b>	<b>755,177</b>	<b>691,167</b>

**Note 33. Retained earnings**

Retained profit	Reporting period	Previous period
Opening balance	4,888,085	2,807,725
Increase	1,827,134	2,133,020
Decrease	64,010	52,660
<b>Closing balance</b>	<b>6,651,209</b>	<b>4,888,086</b>

Bank's chartered capital was increased by AMD 8.467.060 in 2016, including AMD 4.461.520 from the retained earnings of the previous periods.

**Note 34. Reserves, contingencies and potential liabilities**

Reserves		Reporting period	Previous period
Opening balance		685,943	655,706
Allocations to the reserve	<b>Note 7</b>	272,366	207,373
Use of reserve		(297,671)	(247,581)
Net allocations to the reserve		(25,305)	(40,208)
<b>Closing balance</b>		<b>660,638</b>	<b>615,498</b>

**Bank's legal liabilities**

The Bank carries out its activity within the requirements prescribed by legislation and needs no additional reserves as regards its legal liabilities.

**Bank's tax liabilities**

The Bank has met its tax obligations and needs no additional reserves as regards its tax liabilities.

**Bank's contingent liabilities as regards off-balance items containing credit risk**

	Reporting period	Previous period
Unused credit lines	23,565,141	21,049,256
Guarantees provided	36,572,943	35,968,014
Letters of credit issued	1,659,644	1,279,062
Reserve as regards the mentioned items (Note 7)	(660,638)	(615,498)
<b>Closing balance</b>	<b>61,137,090</b>	<b>57,680,834</b>

**Bank's liability as regards operating lease**

The leased premises are as follows:

Yerevan - Artsakh Branch  
 Talin - Talin Branch  
 Yerevan - Hayreniq Branch  
 Stepanakert - Khachen Branch  
 Yerevan - Arshakuni Branch  
 Masis - Masis Branch  
 Ashtarak - Ashtarak Branch  
 Gavar - Gavar Branch  
 Yerevan - Komitas Branch  
 Artik - Artik Branch  
 Sevan - Sevan Branch  
 Martuni - Alashkert Branch  
 Artashat - Artashat Branch  
 Yerevan - Arabkir Branch  
 Yerevan - Avan Branch  
 Yerevan - Aparan Branch  
 Yerevan - Charbakh Branch  
 Yerevan - Araratyan Branch  
 Yerevan - Teryan Branch  
 Yerevan - Yerevan Branch  
 Yerevan - Tashir Branch  
 Hrazdan - Hrazdan Branch  
 Yerevan - Qajaznuni Branch  
 Yerevan - Nor Aresh Branch  
 Yerevan - Nor Avan Branch  
 Yerevan - Davtashen Branch  
 Yerevan - Noragavit Branch

**The structure of future total minimum lease amounts payable for operating lease**

thous. drams

The structure of minimum lease payments	Amounts payable in drams equivalent to foreign currency	Amounts payable in drams
Up to 1 year		241,307
1-5 years		825,424
5-10 years		895,970
<b>Total</b>		<b>1,962,701</b>

**Note 35. Related party transactions**

The related party transactions were conducted according to the market terms and interest rates.

Loans and advances to customers at amortized value	Reporting period	Previous period
	<b>01.01.18-30.06.18</b>	<b>01.01.17-31.12.17</b>
Balance as of 01 January	6,266,753	2,846,673

Loans and advances provided during the year	10,562,246	8,788,896
Loans and advances repaid during the year	4,183,688	5,368,816
<b>Balance</b>	<b>12,645,311</b>	<b>6,266,753</b>
Interest income	492,929	628,191

The loans have been provided to the Bank's management and their related parties

Amounts due to customers	Reporting period	Previous period
	01.01.18-30.06.18	01.01.17-31.12.17
Balance as of 01 January	14,852,072	4,611,136
Amounts received during the year	70,447,937	105,245,317
Amounts paid during the year	69,452,928	95,004,381
<b>Balance</b>	<b>15,847,081</b>	<b>14,852,072</b>
Interest expense	782,776	993,545

Salary and equivalent payments to the Bank's management	Reporting period	Previous period
	01.01.18-30.06.18	01.01.17-31.12.17
The Board		
Salary	48,408	96,816
bonus		
Executive body		
Salary	100,860	197,848
bonus	100	18,937
Internal audit		
Salary	27,905	57,042
bonus	100	4,750
<b>Total</b>	<b>177,373</b>	<b>375,393</b>

## Note 36. Minimal disclosures concerning financial risks

### 1. Credit risk

The main objective of credit risks management for the Bank is the timely (sometimes even before provision of the loan) identification, valuation and realization of corresponding steps directed to their reduction.

The Bank evaluates the credit risk in relation of both each borrower and the whole loan portfolio.

According to the methodology developed by the Bank, the creditworthiness of the potential borrower is assessed before provision of the loan. From the viewpoint of prevention of the credit risk, the most important principles to follow are considered to be the security and purpose of the loan. After provision of the loan, monitoring is conducted by the Bank during the whole period of the loan agreement to regularly assess the borrower's solvency and the loan's security as well as to take corresponding measures for restricting the possible credit risk.

Also the Bank's overall loan portfolio is subjected to regular analysis by industry branches, customers, and loan types to ensure the portfolio diversification and quality. Intra-bank norms restricting credit risk (maximum risk as regards an industry branch, maximum overall loan risk, maximum risk per individual loan types as regards loan portfolio quality, maximum risk as regards a borrower, maximum risk as regards the major borrowers, maximum risk as regards a person related to the Bank, maximum risk as regards all persons related to the Bank, etc.) are established by the corresponding internal legal acts approved by the Bank Board (these norms are more severe than the corresponding norms established by the RA Central Bank).

The Bank considers activity of the Loan committee as very important for the containment of credit risk. Loan committee is the body to realize the Bank's credit policy, the purpose of which is management of the Bank's loan activity and formation of the quality loan portfolio. The main objective of the loan committee is making collective professional protocol or final decisions concerning realization and servicing of transactions containing credit risk.

### 2. Geographical concentrations

30.06.2018

Title	RA	CIS countries	OECD* Countries	Non OECD Countries	Total
<b>Assets</b>					
Cash and balances with CBA	77,881,276				<b>77,881,276</b>
Amounts due from banks and other financial institutions	3,524,666	5,760,071	3,153,590	1,702,335	<b>14,140,662</b>
Financial instruments held for trading	22,260,016				<b>22,260,016</b>

Loans and advances to customers at amortized value	360,464,986	1,124,603	1,578,634	42,538,510	405,706,733
Securities available for sale	12,448,833		15,170		12,464,003
Securities held to maturity					-
Other assets	11,870,050	50,154	203,311	3,538,922	15,662,437
<b>Total assets</b>	<b>488,449,827</b>	<b>6,934,828</b>	<b>4,950,705</b>	<b>47,779,767</b>	<b>548,115,127</b>
<b>Liabilities</b>					-
Amounts due to banks and other financial institutions	80,611,649	9,162,905	601	2,372,313	92,147,469
Amounts due to customers	360,309,277	4,426,368	4,951,819	23,455,049	393,142,513
Financial liability held for trading	22,260,016				22,260,016
Other liabilities	1,226,703		12,972		1,239,675
<b>Total liabilities</b>	<b>464,407,645</b>	<b>13,589,274</b>	<b>4,965,392</b>	<b>25,827,362</b>	<b>508,789,673</b>
<b>Net position</b>	<b>24,042,182</b>	<b>(6,654,446)</b>	<b>(14,687)</b>	<b>21,952,405</b>	<b>39,325,454</b>

31.12.2017

Title	RA	CIS countries	OECD* Countries	Non OECD Countries	Total
<b>Assets</b>					
Cash and balances with CBA	112,151,692				112,151,692
Amounts due from banks and other financial institutions	8,634,061	3,620,986	3,007,646	2,015,338	17,278,031
Financial instruments held for trading	24,556,156				24,556,156
Loans and advances to customers at amortized value	334,861,601	859,403	776,099	39,883,882	376,380,985
Securities available for sale	16,433,067		15,170		16,448,237
Securities held to maturity					-
Other assets	12,555,815	46,838	145,388	3,822,593	16,570,634
<b>Total assets</b>	<b>509,192,392</b>	<b>4,527,227</b>	<b>3,944,303</b>	<b>45,721,813</b>	<b>563,385,735</b>
<b>Liabilities</b>					-
Amounts due to banks and other financial institutions	98,075,646	161,996		324,968	98,562,610
Amounts due to customers	366,595,538	3,924,560	5,033,991	25,656,395	401,210,484
Financial liability held for trading	24,556,156				24,556,156
Other liabilities	1,060,235		15,491	1	1,075,727
<b>Total liabilities</b>	<b>490,287,575</b>	<b>4,086,556</b>	<b>5,049,482</b>	<b>25,981,364</b>	<b>525,404,977</b>
<b>Net position</b>	<b>18,904,817</b>	<b>440,671</b>	<b>(1,105,179)</b>	<b>19,740,449</b>	<b>37,980,758</b>

OECD \* - Organization for Economic Cooperation and Development

Analysis of assets containing credit risk according to industrial branches and exposure

30.06.18

Assets	Working assets	Non-working assets
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		Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
		398,400,692	4,913,644	1,178,141	1,214,256	
<b>Loans and advances, including</b>		56,833	1,827	334	222	
1. Agriculture , forestry and fishing	amount	8,251,215	555,732	9,230	21,008	
	number	675	18	2	6	
2. Mining and quarrying	amount	9,868,680	132,832			
	number	18	1			
3. Processing industry	amount	29,747,752	309,534	107,940	276	
	number	64	2	4	1	
4. Electricity, gas , steam and air conditioning supply	amount	18,278,680				
	number	37				
5. Water supply, sewerage, waste management and recycling	amount	5,155				
	number	3				
6. Construction	amount	41,031,021	155,528		635,604	
	number	183	1		5	
7. Trade	amount	123,248,639	318,471	178,564	23,234	
	number	309	14	2	1	
8. Transportation and warehouse business	amount	12,702,492	91,192			
	number	33	1			
9. Accommodation and catering	amount	26,140,052	194,148	326		
	number	48	2	1		
10. Information and communication	amount	5,492,861				
	number	11				
11. Real property buisness	amount	160,615				
	number	8				
12. Professional, scientific and technical activities	amount	10,689,058	96,466			
	number	16	2			
13. Education	amount	4,738,231	311	354	52	
	number	406	1	1	1	
14. Healthcare	amount	1,130,896				
	number	27				
15. Arts, entertainment, recreation	amount	175,040				
	number	11				

16. Other branches of economy	amount	55,249,208	27,439		
	number	45	1		
17. Mortgage loans	amount	10,292,076	250,436	34,865	25,645
	number	1,824	66	14	11
18. Consumer and other loans	amount	41,199,021	2,781,555	846,862	508,437
	number	53,115	1,718	310	197
Receivables	amount	<b>14,694,481</b>	<b>45,465</b>	<b>3,030</b>	<b>2,318</b>
	number	<b>10,801</b>	<b>490</b>	<b>398</b>	<b>311</b>
Investment securities	amount	<b>47,158</b>			
	number	<b>3</b>			
Off-balance sheet items	amount	<b>61,062,130</b>	<b>48,994</b>	<b>22,337</b>	<b>3,629</b>
	number	<b>10,640</b>	<b>68</b>	<b>15</b>	<b>4</b>
including guarantees	amount	36,185,893	1,364		
	number	419	3		
letters of credit	amount	1,643,067			
	number	8			

31.12.2017

Assets	Working assets	Non-working assets			
		Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky
<b>Loans and advances, including</b>		<b>370,822,831</b>	<b>2,380,684</b>	<b>2,657,263</b>	<b>520,207</b>
		<b>55,888</b>	<b>1,207</b>	<b>347</b>	<b>243</b>
1. Agriculture , forestry and fishing	amount	8,465,622	243,832	25,159	7,322
	number	723	13	3	3
2. Mining and quarrying	amount	5,760,852			8,701
	number	22			1
3. Processing industry	amount	26,391,428			484
	number	83			1
4. Electricity, gas , steam and air conditioning supply	amount	21,531,227			
	number	43			
5. Water supply, sewerage, waste management and recycling	amount	8,525			
	number	3			
6. Construction	amount	45,615,740	186,424	983,405	
	number	134	3	3	
7. Trade	amount	101,854,033	148,890	165,012	600
	number	318	6	2	1
8. Transportation and warehouse business	amount	13,037,925	91,192		885
	number	32	1		1
9. Accommodation and catering	amount	21,453,439		926,186	1,042
	number	82		1	1
10. Information and communication	amount	7,534,564			



	number	15			
11. Real property business	amount	182,004			
	number	7			
12. Professional, scientific and technical activities	amount	11,604,883			
	number	17			
13. Education	amount	2,108,123	88	158	
	number	408	1	2	
14. Healthcare	amount	957,229			
	number	19			
15. Arts, entertainment, recreation	amount	186,586	579		
	number	13	1		
16. Other branches of economy	amount	54,575,285			
	number	52			
17. Mortgage loans	amount	10,605,218	155,402	48,805	15,144
	number	1,923	38	13	5
18. Consumer and other loans	amount	38,950,148	1,554,277	508,538	486,029
	number	51,994	1,144	323	230
Receivables	amount	17,096,993	10,386	3,062	6,122
	number	10,167	373	297	360
Investment securities	amount	47,148			
	number	3			
Off-balance sheet items	amount	57,647,259	24,197	3,952	5,426
	number	12,774	39	15	5
including guarantees	amount	35,588,534		73,015	
	number	354		1	
letters of credit	amount	1,266,271			
	number	1			

Analysis of credit portfolio according to regions and risk exposure

31.12.17

Loans and advances, including	Working assets		Non-working assets		
	Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
Loans, including					
1. Residents of RA	329,479,570	2,376,524	2,492,605	520,207	
2. Non-residents	41,343,261	4,160	164,658		
<b>Total</b>	<b>370,822,831</b>	<b>2,380,684</b>	<b>2,657,263</b>	<b>520,207</b>	

Loans to non-residents 31.12.17

Assets	Working assets		Non-working assets		
	Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
Loans and advances, including	41,343,261	4,160	164,658	-	
	36	3	1	-	
1. Agriculture, forestry and fishing	amount				
	number				
2. Mining and quarrying	amount				

	number				
3. Processing industry	amount				
	number				
4. Electricity, gas, steam and air conditioning supply	amount				
	number				
5. Water supply, sewerage, waste management and recycling	amount				
	number				
6. Construction	amount	212,489			
	number	1			
7. Trade	amount	40,919,578	164,658		
	number	11	1		
8. Transportation and warehouse business	amount				
	number				
9. Accommodation and catering	amount				
	number				
10. Information and communication	amount				
	number				
11. Real property business	amount				
	number				
12. Professional, scientific and technical activities	amount				
	number				
13. Education	amount				
	number				
14. Healthcare	amount				
	number				
15. Arts, entertainment, recreation	amount				
	number				
16. Other branches of economy	amount				
	number				
17. Mortgage loans	amount	1,933			
	number	2			
18. Consumer and other loans	amount	209,261	4,160		
	number	22	3		

30.06.2018

Assets	Working assets		Non-working assets		
	Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
<b>Loans, including</b>					
1. Residents of RA	353,368,757	4,897,001	986,480	1,212,748	
2. Non-residents	45,031,935	16,643	191,661	1,508	
<b>Total</b>	<b>398,400,692</b>	<b>4,913,644</b>	<b>1,178,141</b>	<b>1,214,256</b>	

Loans to non-residents 30.06.2018

Assets	Working assets		Non-working assets		
	Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
<b>Loans and advances, including</b>	<b>45,031,935</b>	<b>16,643</b>	<b>191,661</b>	<b>1,508</b>	
	<b>43</b>	<b>2</b>	<b>2</b>	<b>1</b>	
1. Agriculture, forestry and fishing	amount				
	number				
2. Mining and quarrying	amount				
	number				
3. Processing industry	amount				
	number				

4. Electricity, gas, steam and air conditioning supply	amount				
	number				
5. Water supply, sewerage, waste management and recycling	amount				
	number				
6. Construction	amount	9,607			
	number	1			
7. Trade	amount	44,817,355		174,567	
	number	14		1	
8. Transportation and warehouse business	amount				
	number				
9. Accommodation and catering	amount				
	number				
10. Information and communication	amount				
	number				
11. Real property business	amount				
	number				
12. Professional, scientific and technical activities	amount				
	number				
13. Education	amount				
	number				
14. Healthcare	amount				
	number				
15. Arts, entertainment, recreation	amount	3,362			
	number	1			
16. Other branches of economy	amount				
	number				
17. Mortgage loans	amount	1,285	65		
	number	1	1		
18. Consumer and other loans	amount	200,326	16,578	17,094	1,508
	number	26	1	1	1

#### Loan portfolio indicators as of 30.06.2018

Non-performing loans/ total loans 2.45%

Reserve for non-performing loans/total capital 5.72%

Loan reserve /total loans 1.61 %

Possible loss reserve/Non-performing loans 65.60%

Large amount advances/capital 499.70%:

#### Market risk

#### Currency risk

For the purposes of currency risk assessment, the Bank applies the VaR (Value at Risk) model well accepted in the international practice. The model ensures definite probability forecast of expected maximum currency fluctuation rate by calculating the maximum value of the Bank eventual losses. For the purposes of currency risk suppression the Bank carried out daily monitoring of currency positions. In the occurrence of open currency positions, the Bank applies hedging instruments for the purposes of risk avoidance.

#### The Bank's foreign currency risk analysis according to financial assets and liabilities

30.06.2018

	Drams	I group foreign currency*	II group foreign currency**	Total
<b>Assets</b>				
Cash and balances with CBA	60,404,116	17,001,785	475,375	77,881,276

Standardized precious metal bullions		77,113		77,113
Amounts due from banks and other financial institutions	2,604,348	6,079,453	5,456,861	14,140,662
Financial instruments kept for trading	22,260,016			22,260,016
Loans and advances to customers at amortized value	177,449,811	225,562,231	2,694,691	405,706,733
Financial assets at fair value through other comprehensive income	11,726,293	737,710		12,464,003
Financial assets held to maturity				-
Other	10,284,202	5,370,698	7,537	15,662,437
<b>Total assets</b>	<b>284,728,786</b>	<b>254,828,990</b>	<b>8,634,464</b>	<b>548,192,240</b>
<b>Liabilities</b>				
Amounts due to banks and other financial institutions	77,583,127	13,030,029	1,534,313	92,147,469
Amounts due to customers	167,528,218	218,545,292	7,069,003	393,142,513
Securities issued by the bank	102,702	11,320,685		11,423,387
Liabilities at fair value through profit or loss	22,260,016			22,260,016
Other liabilities	1,189,592	50,083		1,239,675
<b>Total liabilities</b>	<b>268,663,655</b>	<b>242,946,089</b>	<b>8,603,316</b>	<b>520,213,060</b>
<b>Net position</b>	<b>16,065,131</b>	<b>11,882,901</b>	<b>31,148</b>	<b>27,979,180</b>

31.12.2017

	Drams	I group foreign currency*	II group foreign currency**	Total
<b>Assets</b>				
Cash and balances with CBA	96,953,225	14,720,925	477,542	112,151,692
Standardized precious metal bullions		115,135		115,135
Amounts due from banks and other financial institutions	6,766,970	5,575,206	4,935,855	17,278,031
Financial instruments kept for trading	24,556,156			24,556,156
Loans and advances to customers at amortized value	149,179,580	225,406,985	1,794,420	376,380,985
Financial assets at fair value through other comprehensive income	15,954,198	494,039		16,448,237
Financial assets held to maturity				-
Other	11,189,290	5,373,188	8,156	16,570,634
<b>Total assets</b>	<b>304,599,419</b>	<b>251,685,478</b>	<b>7,215,973</b>	<b>563,500,870</b>
<b>Liabilities</b>				
Amounts due to banks and other financial institutions	87,771,546	10,495,411	295,653	98,562,610
Amounts due to customers	163,503,159	230,770,473	6,936,852	401,210,484
Securities issued by the bank	102,784	8,864,510		8,967,294
Liabilities at fair value through profit or loss	24,556,156			24,556,156
Other liabilities	1,010,535	65,192		1,075,727
<b>Total liabilities</b>	<b>276,944,180</b>	<b>250,195,586</b>	<b>7,232,505</b>	<b>534,372,271</b>
<b>Net position</b>	<b>27,655,239</b>	<b>1,489,892</b>	<b>(16,532)</b>	<b>29,128,599</b>

\* The 1st group foreign currencies include US Dollar, Euro, English Pound sterling, Swiss Franc, Gold metal account

\*\* The 2nd group foreign currencies include Russian Rouble, Ukrainian Hryvnia, UAE Dirham, Singapur Dollar.

#### Analysis of the Bank's Foreign Currency risk according to the types of derivative financial instruments

Types of derivative financial instruments	Drams	I group foreign currency*	II group foreign currency**	Total
Futures instruments				
- liabilities				
- demands				
Forward instruments				
- liabilities				
- demands				
Options				
- liabilities				
- demands				

Swaps				
- liabilities		11,496,246		
- demands	10,632,792	887,670		
Other derivative instruments				
- liabilities				
- demands				
<b>Net position according to the derivative financial instruments</b>	<b>10,632,792</b>	<b>(10,608,576)</b>	-	-
<b>Net open position*</b>	<b>10,632,792</b>	<b>(10,608,576)</b>	-	-

#### Interest rate risk

Efficient assets and liabilities management also assumes a management of assets and liabilities as a result of which the Bank will to the extent possible avoid interest rate risk.

The objective of the interest rate risk management at the Bank is to maintain the target levels of the assets and liabilities interest rate spread and net interest margin.

For the interest rate risk management purposes, the Bank makes calculations on the monthly basis of the both net interest margin and the assets and liabilities interest rate spread, taking into account the assets profitability and the liabilities consumability as well as their time limitation.

To restrict interest rate risk, special mechanisms have been developed as regards assets and liabilities pricing (setting interest rates).

Interest rate risk assessment is based on the model of time gap calculation for assets and liabilities sensitive towards interest rate changes, which allows to evaluate the effect of the interest rate changes on the Bank's expected net interest income.

Interest rate risk is also assessed using the duration method, which shows the change in the economic value of the capital as a result of interest rate changes, taking into account the time inconsistency of the involved liabilities and allocated assets.

#### Average interest rates for interest-bearing financial assets and liabilities as of the end of the reporting period

Item	Reporting period interest rates		Previous period interest rates	
	Drams	Foreign currency	Drams	Foreign currency
	%	%	%	%
<b>Assets</b>				
Balances with CBA				
Amounts due from banks and other financial organizations		6.50		7.00
including				
- interbank loans				
- interbank repo				
- interbank swap				
Loans and advances to customers at amortized value	6-24	7-16	6-24	7-16
Securities held for trading and available for sale	9-13		9-13	
Securities held to maturity				
<b>Liabilities</b>				
Amounts due to banks and other financial institutions	2-9.5	4-6.5	2-9.50	2.75-8.3
Amounts due to customers	0.01-10.5	0.01-5.5	0.01-11.0	0.01-5.50
Liabilities as regards securities issued by the Bank	14.00	7.0-8.5	14.00	7.5-8.5

#### Liquidity risk

The purpose of the Bank's liquidity management is to create an integrity of financial potential, which will enable to meet the well founded money demands of all types of creditors, depositors and other customers without serious problems which may be reflected in the Bank's balance sheet and off-balance sheet items, as well as ensuring the maximum possible profitability level.

To ensure smooth liquidity and efficiently manage the liquidity risk, the Bank implements coordinated management of assets and liabilities, which assumes:

1. availability of sufficient number of highly liquid assets,
2. sustainability of resources,
3. acceptable time gaps for assets and liabilities,
4. possibilities to attract means from external sources.

For correct decision-making concerning the Bank's liquidity management, it is especially important to carry out a time analysis for assets and liabilities, which is implemented through the assets and liabilities time gap calculation model by instant and cumulative separations. Instant liquidity is calculated on the daily basis to make correct situational decisions.



Realized under repo agreements												-
Other assets	14,767	12,798	6,679,760	18,070	95,215	403,936	3,272,183	2,357,424	3,716,481		16,570,634	
*Contractual demands												-
<b>Total</b>	<b>1,381,602</b>	<b>4,204,117</b>	<b>72,848,374</b>	<b>138,085,944</b>	<b>75,282,885</b>	<b>43,929,030</b>	<b>177,747,769</b>	<b>45,341,732</b>	<b>4,564,282</b>		<b>563,385,735</b>	
1-st group currency	4,015,831	3,177,656	23,791,773	66,950,555	28,386,181	12,425,175	112,257,664	680,643			251,685,478	
2-nd group currency			1,539,690	4,834,780	480,303	84,000	252,000		25,200		7,215,973	
Variable interest rate											-	
Fixed interest rate	1,366,835	4,191,319	2,007,615	121,116,897	66,773,455	42,967,910	173,729,009	45,341,732	680,643		458,175,415	
Interest free	14,767	12,798	70,840,759	16,969,047	8,509,430	961,120	4,018,760		3,883,639		105,210,320	
<b>Liabilities</b>												
Amounts due to banks and other fin. institutions			1,033,189	59,783,081	5,176,951	2,181,047	8,798,255	21,590,087			98,562,610	
Amounts due to customers	-	-	88,657,072	51,993,792	68,903,973	98,283,027	91,612,298	1,760,322	-		401,210,484	
upon demand			88,657,072								88,657,072	
time liability				51,993,792	68,903,973	98,283,027	91,612,298	1,760,322			312,553,412	
Other											-	
Liabilities for securities issued by the banks								8,967,294			8,967,294	
Other liabilities			831,029	244,698							1,075,727	
Off –balance contingent liabilities	5,281	28,297	20,792,450	3,800,553	4,273,472	9,154,464	19,626,317				57,680,834	
*Contractual liabilities											-	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>90,521,290</b>	<b>112,021,571</b>	<b>74,080,924</b>	<b>100,464,074</b>	<b>109,377,847</b>	<b>23,350,409</b>	<b>-</b>		<b>509,816,115</b>	
1-st group currency			46,269,560	43,747,436	38,168,993	45,349,555	76,660,042				250,195,586	
2-nd group currency			5,382,282	630,095	325,988	520,532	373,608				7,232,505	
Large-scale liability				37,117,523	193,328	131,182	21,103,863				58,545,896	
Variable rate liability											-	
Fixed rate liability			86,754,496	94,542,481	65,841,187	98,509,204	109,377,847	23,350,409			478,375,624	
Interest free			3,766,794	17,479,090	8,239,737	1,954,870					31,440,491	
<b>Net liquidity gap</b>	<b>1,381,602</b>	<b>4,204,117</b>	<b>(17,672,916)</b>	<b>26,064,373</b>	<b>1,201,961</b>	<b>(56,535,044)</b>	<b>68,369,922</b>	<b>21,991,323</b>	<b>4,564,282</b>		<b>53,569,620</b>	
1-st group currency	4,015,831	3,177,656	(22,477,787)	23,203,119	(9,782,812)	(32,924,380)	35,597,622	-	680,643		1,489,892	
2-nd group currency	-	-	(3,842,592)	4,204,685	154,315	(436,532)	(121,608)	-	25,200		(16,532)	
Variable interest rate	-	-	-	-	-	-	-	-	-		-	
fixed rate	1,366,835	4,191,319	(84,746,881)	26,574,416	932,268	(55,541,294)	64,351,162	21,991,323	680,643		(20,200,209)	
Cumulative liquidity gap	1,381,602	5,585,719	(12,087,197)	13,977,176	15,179,137	(41,355,907)	27,014,015	49,005,338	53,569,620		509,816,115	

Average balance sheet capital and assets

01/01/18-30/06/18

Average balance sheet asset	<b>556,696,550</b>
Average balance sheet capital	<b>39,935,148</b>

Note 42. Collateral accepted

	Reporting period	Previous period
Other securities	24,469,303	25,028,233
Jewels and precious stones	15,362,091	15,533,019
Real estate	199,013,939	178,646,163
Vehicles	14,918,034	14,984,210
Other PPE	33,021,484	34,703,255
Finished production and goods	29,764,498	29,160,948
Cash	17,776,650	22,671,881
Other collateral	38,871,871	36,550,380
Credit guarantee	1,377,547	1,404,772
Other guarantees	35,195,396	34,563,242
Credit warranties	331,606,371	311,210,728
Other warranties	36,762,919	37,329,277
<b>Total</b>	<b>778,140,103</b>	<b>741,786,108</b>

Chairman of the Executive Board

Arsen Mikayelyan

Chief Accountant

Narine Sargsyan

Date of approval 13.07.18