



Appendix 5  
NOTES TO FINANCIAL STATEMENTS  
(Form 5)

30-Sep-14

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 15 branches are located in Yerevan, 17 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 NASDAQ OMX Armenia OJSC
- member of the Union of the participants of Armenia's Mortgage Market
- Shareholder of ArCa processing center

**1. Corporate governance**

The Bank's managing bodies are:

- General Meeting of the Shareholders - the Supreme
- 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>	
Khachik Mkrtchyan	- 1st Deputy Chairman of the Executive Board

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
Bagrat Tevosyan - "Kentron" branch manager

#### **c) Major Participants**

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:

	31 December 2013	30 September 2014
AMD/1 US Dollar	405.64	407.6

### **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 available for sale are accounted for at initial cost and thereafter remeasured at fair value. When revaluating at fair value, the revaluation result is reflected in the equity

#### 2.9 Loans and advances to customers

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 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	Rate
	(years)	(%)
Buildings	30	3.33
Computers	3	33.3
Transportation means	5	20
Automatic teller machines	10	10
Other PPE	5	20
Property and office equipment	5	20

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

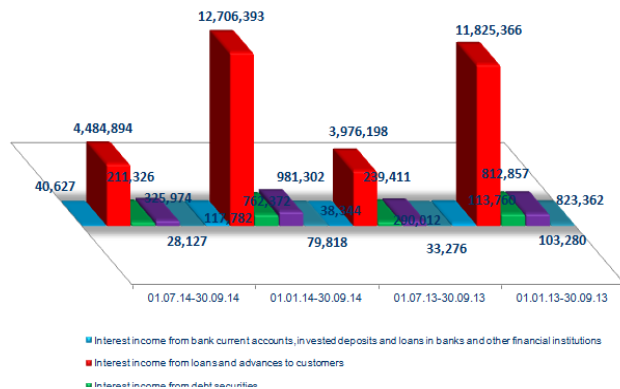
### 2.17 Functional and presentation currency

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.

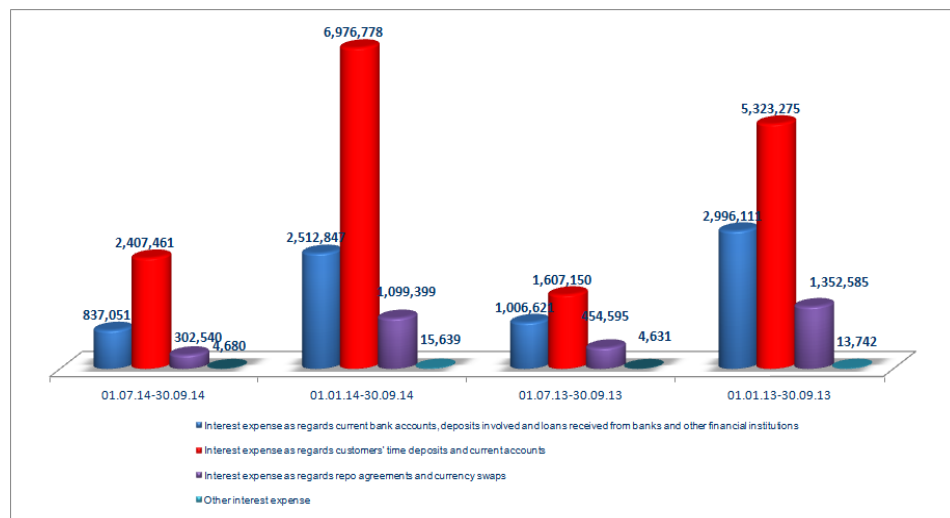
### Note 3. Net Interest and Similar Income

Interest and Similar Income	01.07.14-30.09.14	01.01.14-30.09.14	01.07.13-30.09.13	01.01.13-30.09.13
Interest income from bank current accounts, invested deposits and loans in banks and other financial institutions	40,627	117,782	38,344	113,760
Interest income from loans and advances to customers	4,484,894	12,706,393	3,976,198	11,825,366
Interest income from debt securities	211,326	762,372	239,411	812,857
Interest income from REPO agreements and currency	325,974	981,302	290,012	823,362
Other interest income	28,127	79,818	33,276	103,280
<b>Total</b>	<b>5,090,948</b>	<b>14,647,667</b>	<b>4,577,241</b>	<b>13,678,625</b>



- Interest income from debt securities
- Interest income from REPO agreements and currency swaps
- Other interest income

Interest and Similar Expense	01.07.14-30.09.14	01.01.14-30.09.14	01.07.13-30.09.13	01.01.13-30.09.13
Interest expense as regards current bank accounts, deposits involved and loans received from banks and other financial institutions	837,051	2,512,847	1,006,621	2,996,111
Interest expense as regards customers' time deposits and current accounts	2,407,461	6,976,778	1,607,150	5,323,275
Interest expense as regards securities issued by the Bank				
Interest expense as regards repo agreements and currency swaps	302,540	1,099,399	454,595	1,352,585
Other interest expense	4,680	15,639	4,631	13,742
<b>Total</b>	<b>3,551,732</b>	<b>10,604,663</b>	<b>3,072,997</b>	<b>9,685,713</b>
<b>Net interest and similar income</b>	<b>1,539,216</b>	<b>4,043,004</b>	<b>1,504,244</b>	<b>3,992,912</b>



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

Income in the form of Commissions and Other Fees	01.07.14-30.09.14	01.01.14-30.09.14	01.07.13-30.09.13	01.01.13-30.09.13
Cash operations	56,304	155,387	55,986	178,453
Settlement services	89,425	230,304	100,645	316,584

Guarantee, acceptance, letter of credit, trust management operations	34,494	135,425	71,873	132,705
Transaction in foreign currency and securities				
Plastic card operations	182,554	565,558	124,622	302,994
Other commission payments	82,766	210,274	43,033	129,581
<b>Total</b>	<b>445,543</b>	<b>1,296,948</b>	<b>396,159</b>	<b>1,060,317</b>

<b>Expenses in the form of Commissions and Other Payments</b>	<b>01.07.14-30.09.14</b>	<b>01.01.14-30.09.14</b>	<b>01.07.13-30.09.13</b>	<b>01.01.13-30.09.13</b>
Commission payments as regards correspondent and other accounts/bank transactions	35,272	104,544	42,842	129,564
Commission payments as regards transactions with plastic cards/cash transactions	20,492	53,745	40,773	117,016
Payments as regards guarantees, acceptance, letters of credit, trust management transactions		19		99
Commission payments as regards transactions in foreign currency and securities	1,514	9,734		
Other commission payments	46,566	137,619	21,272	65,339
<b>Total</b>	<b>103,844</b>	<b>305,661</b>	<b>104,887</b>	<b>312,018</b>

<b>Net Commissions and other payments received</b>	<b>341,699</b>	<b>991,287</b>	<b>291,272</b>	<b>748,299</b>
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**Note 5. Net income from trading transactions**

<b>Income from investments remeasured at fair value and held at fair value</b>	<b>01.07.14-30.09.14</b>	<b>01.01.14-30.09.14</b>	<b>01.07.13-30.09.13</b>	<b>01.01.13-30.09.13</b>
Net income from purchase and sale of investments held for trading, including				
- shares				
- debt securities				
- derivative instruments	3,778	-33,523	-169,360	250,495
Net income from change in fair value of investments held for trading				
<b>Total</b>	<b>3,778</b>	<b>-33,523</b>	<b>-169,360</b>	<b>250,495</b>

<b>Net income from investments available for sale</b>	<b>01.07.14-30.09.14</b>	<b>01.01.14-30.09.14</b>	<b>01.07.13-30.09.13</b>	<b>01.01.13-30.09.13</b>
Net income from purchase and sale of investments available for sale, including				
- shares				
- debt securities	0	3,059	4	-226,458
- derivative instruments				
Net income from change in fair value of investments held for trading	0	52,925	0	282,485
<b>Total</b>	<b>0</b>	<b>55,984</b>	<b>4</b>	<b>56,027</b>

<b>From foreign currency transactions</b>	<b>01.07.14-30.09.14</b>	<b>01.01.14-30.09.14</b>	<b>01.07.13-30.09.13</b>	<b>01.01.13-30.09.13</b>
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Net income from foreign currency dealings	248,423	533,996	171,498	515,999
Net income from foreign currency revaluation	-4,913	5,780	136,004	-299,102
<b>Total</b>	<b>243,510</b>	<b>539,776</b>	<b>307,502</b>	<b>216,897</b>

From bank standardized precious metal bullions and commemorative coins	01.07.14-30.09.14	01.01.14-30.09.14	01.07.13-30.09.13	01.01.13-30.09.13
Net income from purchase and sale of bank standardized precious metal bars and commemorative coins	-2,714	126	8,915	11,313
Net income from revaluation of bank standardized precious metal bullions and commemorative coins	-31,869	-1,741	44,026	-60,230
<b>Total</b>	<b>-34,583</b>	<b>-1,615</b>	<b>52,941</b>	<b>-48,917</b>

<b>Net income from trading transactions</b>	<b>212,705</b>	<b>560,622</b>	<b>191,087</b>	<b>474,502</b>
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**Note 6. Other operating income**

Other operating income	01.07.14-30.09.14	01.01.14-30.09.14	01.07.13-30.09.13	01.01.13-30.09.13
Fines and penalties received	169,224	488,647	151,870	451,815
Income received from factoring	1,198	2,448		
Net income from disposal of PPE and intangible assets	1,513	18,884	7,949	22,345
Net income from revaluation and impairment reversal of PPE and intangible assets				
Other income	39,774	201,353	32,664	89,082
<b>Total</b>	<b>211,709</b>	<b>711,332</b>	<b>192,483</b>	<b>563,242</b>

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

As regards amounts due from banks		01.07.14-30.09.14	01.01.14-30.09.14	01.07.13-30.09.13	01.01.13-30.09.13
Opening balance	<b>Note 14</b>	0	0	0	31,840
Allocations to the reserve		0	0		267,898
Return of reserve allocations		0	0	0	-299,738
Net allocations to the reserve		0	0	0	-31,840
Return of amounts previously written-off to the off-balance sheet		0	0	0	0
Reserve utilization					
<b>Closing balance</b>			<b>0</b>	<b>0</b>	<b>0</b>

As regards amounts due from financial institutions		01.07.14-30.09.14	01.01.14-30.09.14	01.07.13-30.09.13	01.01.13-30.09.13
Opening balance		0	0	0	17,458

Allocations to the reserve	<b>Note 14</b>	0	0		606
Return of reserve allocations		0	0	0	-18,064
Net allocations to the reserve		0	0	0	-17,458
Return of amounts previously written-off to the off-balance					
Reserve utilization					
<b>Closing balance</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>As regards loans and advances provided to the customers</b>	<b>Note 16</b>	<b>01.07.14-30.09.14</b>	<b>01.01.14-30.09.14</b>	<b>01.07.13-30.09.13</b>	<b>01.01.13-30.09.13</b>
Opening balance		4,901,605	2,656,516	2,854,521	2,532,250
Allocations to the reserve		840,435	4,056,628	936,485	3,182,818
Return of reserve allocations		-1,117,439	-5,514,772	-1,139,570	-2,801,037
Net allocations to the reserve		-277,004	-1,458,144	-203,085	381,781
Return of amounts previously written-off to the off-balance		319,738	4,102,457	320,453	565,590
Reserve utilization		-204,921	-561,411	-88,993	-596,725
<b>Closing balance</b>			<b>4,739,418</b>	<b>4,739,418</b>	<b>2,882,896</b>

<b>As regards investments</b>	<b>Note 18</b>	<b>01.07.14-30.09.14</b>	<b>01.01.14-30.09.14</b>	<b>01.07.13-30.09.13</b>	<b>01.01.13-30.09.13</b>
Opening balance		21,895	3,489	3,831	13,010
Allocations to the reserve			18,406	3	29
Return of reserve allocations		-3,489	-3,489	-345	-9,550
Net allocations to the reserve		-3,489	14,917	-342	-9,521
Return of amounts previously written-off to the off-balance					
Reserve utilization					
<b>Closing balance</b>		<b>18,406</b>	<b>18,406</b>	<b>3,489</b>	<b>3,489</b>

<b>As regards other assets</b>	<b>Note 18</b>	<b>01.07.14-30.09.14</b>	<b>01.01.14-30.09.14</b>	<b>01.07.13-30.09.13</b>	<b>01.01.13-30.09.13</b>
Opening balance		95,333	143,349	186,183	106,560
Allocations to the reserve		122,270	238,935	151,662	703,398
Return of reserve allocations		-114,738	-223,680	-163,094	-641,276
Net allocations to the reserve		7,532	15,255	-11,432	62,122
Return of amounts previously written-off to the off-balance		140	1,056	53,667	65,669
Reserve utilization		-9,316	-65,971	-50,550	-56,483
<b>Closing balance</b>			<b>93,689</b>	<b>93,689</b>	<b>177,868</b>

<b>As regards off-balance sheet items containing credit risk</b>	<b>Note 30</b>	<b>01.07.14-30.09.14</b>	<b>01.01.14-30.09.14</b>	<b>01.07.13-30.09.13</b>	<b>01.01.13-30.09.13</b>
Opening balance		0	0	0	197,260
Allocations to the reserve					75,223
Return of reserve allocations		0	0	0	-272,483
Net allocations to the reserve		0	0	0	-197,260
<b>Closing balance</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Total net allocations to the reserves</b>		<b>-272,961</b>	<b>-1,427,972</b>	<b>-214,859</b>	<b>187,824</b>
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Note 8. General administrative expenses



General administrative expenses	01.07.14-30.09.14	01.01.14-30.09.14	01.07.13-30.09.13	01.01.13-30.09.13
Expenses as regards calculated salary and other equivalent payments *	610,357	1,853,400	552,248	1,706,847
Expenses as regards social payments	198	577	4,121	12,227
Expenses as regards training and tuition	335	1,718	520	712
Expenses as regards business trips	23,750	48,283	2,896	10,701
Expenses as regards operating lease	19,937	55,554	18,624	54,833
Insurance expenses	5,989	17,564	8,403	28,648
Expenses as regards maintenance and security of Bank's ec	18,975	43,768	9,043	28,473
Expenses as regards maintenance and security of Bank's	72,917	204,992	66,262	196,210
Expenses as regards audit and other consulting services	0	200	0	15,162
Expenses as regards communication means	23,019	62,919	31,147	78,890
Transportation expenses	11,193	29,570	10,961	40,461
Expenses as regards taxes, duties and other obligatory payments (except profit tax)	39,753	128,051	34,046	149,523
Office and organizational expenses	11,422	28,825	8,057	26,611
Expenses as regards loans provision and return	4,792	14,637	6,474	12,566
Other administrative expenses	146,093	352,672	63,951	183,704
<b>Total</b>	<b>988,730</b>	<b>2,842,730</b>	<b>816,753</b>	<b>2,545,568</b>

The number of the Bank employees as at 30 September 2014 is 731.

The size of average monthly salary per employee is **199** thous. drams.

#### Note 9. Other Operating Expenses

Other Operating Expenses	01.07.14-30.09.14	01.01.14-30.09.14	01.07.13-30.09.13	01.01.13-30.09.13
Fines and penalties paid	2,224	2,452	912	1,312
Advertising and representation expenses	37,924	118,800	30,976	123,553
Factoring expenses				
Fixed and intangible assets amortization expenses	195,901	600,963	210,204	629,954
Loss from impairment of tangible assets				
Allocations to deposit guarantee fund	42,317	117,235	32,021	101,486
Other expenses	77,042	240,170	84,561	214,275
<b>Total</b>	<b>355,408</b>	<b>1,079,620</b>	<b>358,674</b>	<b>1,070,580</b>

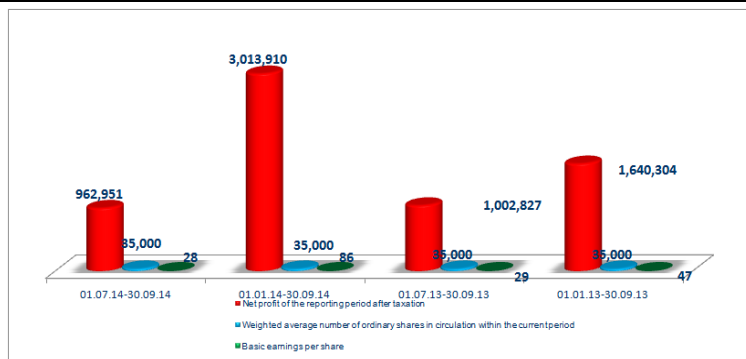
#### Note 11. Profit Tax Expense

Profit tax expense	01.07.14-30.09.14	01.01.14-30.09.14	01.07.13-30.09.13	01.01.13-30.09.13
Current tax expense	274,216	797,661	239,406	279,787
Adjustments of current tax for previous periods recognized in the given period				
Deferred tax expense	-3,015	296	-23,715	54,892

<b>Total</b>	<b>271,201</b>	<b>797,957</b>	<b>215,691</b>	<b>334,679</b>
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**Note 12. Basic Earnings per Share**

<b>Basic Earnings per Share</b>	<b>01.07.14-30.09.14</b>	<b>01.01.14-30.09.14</b>	<b>01.07.13-30.09.13</b>	<b>01.01.13-30.09.13</b>
Net profit of the reporting period after taxation	962,951	3,013,910	1,002,827	1,640,304
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	35,000	35,000	35,000	35,000
Basic earnings per share	28	86	29	47
Diluted earnings per share				



**Note. Other Comprehensive Income**

<b>Other Comprehensive Income</b>	<b>01.07.14-30.09.14</b>	<b>01.01.14-30.09.14</b>	<b>01.07.13-30.09.13</b>	<b>01.01.13-30.09.13</b>
Exchange rate differences from recalculation of foreign transactions				
Revaluation of financial assets available for sale	85,589	(172,120)	16,665	38,013
Cash flow hedging				
Gains from PPE revaluations				
Deferred tax expense				
<b>Total</b>	<b>85,589</b>	<b>(172,120)</b>	<b>16,665</b>	<b>38,013</b>

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

<b>Cash, cash equivalents and balances with the CBA</b>	<b>Reporting period</b>	<b>Previous period</b>
Cash means	2,363,553	1,701,116
Other placements of cash	2,012,117	2,383,985
Correspondent accounts with the CBA *	31,190,206	30,227,219
<b>Total</b>	<b>35,565,876</b>	<b>34,312,320</b>
Deposit accounts with the CBA		
Deposited means with the CBA **	520,000	420,000
Accrued interest		
<b>Cash means and balances with the CBA</b>	<b>36,085,876</b>	<b>34,732,320</b>

Standardized precious metal bullions	321,907	8,819
Placements with other banks (Note 14)	1,599,560	2,381,221
<b>Total cash and cash equivalents</b>	<b>38,007,343</b>	<b>37,122,360</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	19,735	82
Banks with BBB – (Baa3) and higher rating	1,438,748	2,259,853
	44,903	9,257
Banks with no rating and rating below BBB-(Baa3)		
Accrued interest	0	0
<b>Total</b>	<b>1,503,386</b>	<b>2,269,192</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		
Swap		
Letters of credit and bank guarantees		
Other		
<b>Banks with BBB – (Baa3) and higher rating</b>		
Loans and deposits	0	111,960
Factoring		
Financial lease		
<b>RA Banks</b>		
<b>RA Banks</b>	0	
Letters of credit and bank guarantees		
Other	0	
<b>Banks with no rating and rating below BBB-(Baa3)</b>		
Loans and deposits		
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap	0	
Letters of credit and bank guarantees		

Other	96,174	
<b>Accrued interest</b>	0	69
<b>Total</b>	<b>1,599,560</b>	<b>2,381,221</b>
Reserve for possible losses as regards amounts due from Banks (Note 7)		
<b>Net amounts due from banks</b>	<b>1,599,560</b>	<b>2,381,221</b>

<b>Loans and deposits with financial institutions, other amounts due</b>		
<b>RA financial institutions</b>	1,111,312	1,437,385
Loans and deposits	1,111,312	1,437,385
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap		
Letters of credit and bank guarantees		
Other		
<b>Financial institutions with BBB – (Baa3) and higher rating</b>	0	0
Loans and deposits		
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>	614,195	620,535
Loans and deposits		
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap		
Letters of credit and bank guarantees		
Other	614,195	620,535
<b>Accrued interest</b>	37,400	9,610
<b>Total</b>	<b>1,762,907</b>	<b>2,067,530</b>
Reserve for possible losses as regards amounts due from financial institutions (Note 7)		
<b>Net amounts due from financial institutions</b>	<b>1,762,907</b>	<b>2,067,530</b>
<b>Net amounts due from banks and financial institutions</b>	<b>3,362,467</b>	<b>4,448,751</b>

Note 15. Financial Assets Held for Trading

<b>Government securities</b>	Reporting period	Previous period
<b>RA Government securities, including</b>		
Treasury bonds	12,759,257	15,482,300
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>12,759,257</b>	<b>15,482,300</b>

<b>Non-government securities of RA</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 "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>

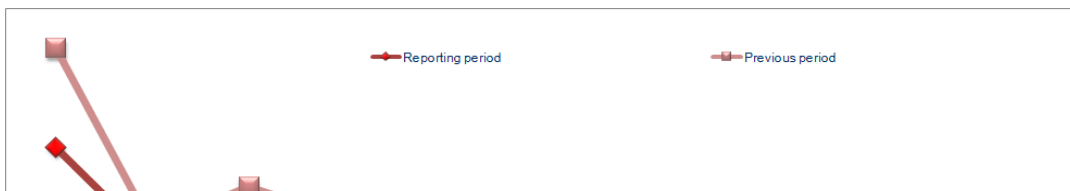
<b>Total securities held for trading</b>	<b>12,759,257</b>	<b>15,482,300</b>	<b>0</b>	<b>0</b>
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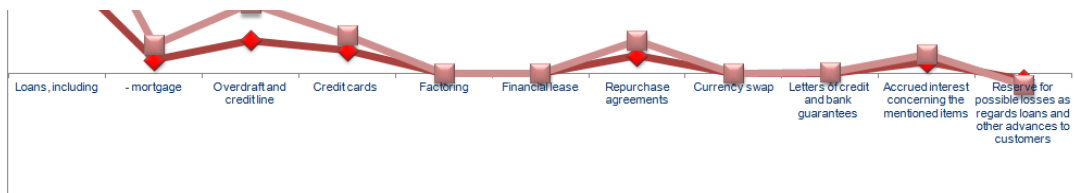
Other financial assets held for trading	Reporting period	Reporting period	Previous period	Previous period
<b>Loans, factoring, accounts receivable</b>				
Borrowers with A-/A3/ or higher rating				
Borrowers with BBB+/Baa1/ and lower rating, other rating and no rating				
- Mortgage				
- Consumer loans				
- Other				
<b>Derivative instruments</b>	0		0	
- Futures				
- Forward				
- Option				
- Swap				
- Other				
<b>Total</b>				

<b>Total financial assets held for trading</b>	<b>12,759,257</b>	<b>15,482,300</b>	<b>0</b>	<b>0</b>
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**Note 16. Loans and other advances to customers**

Issued loans and other advances	Reporting period	Previous period
<b>Loans, including</b>	<b>89,660,045</b>	<b>80,734,089</b>
- to banks		
- to RA Government		
- to local authorities		
- mortgage	11,197,195	12,096,515
<b>Overdraft and credit line</b>	<b>27,306,851</b>	<b>29,673,746</b>
<b>Credit cards</b>	<b>19,127,992</b>	<b>11,927,691</b>
<b>Factoring</b>	<b>25,800</b>	
<b>Financial lease</b>	<b>690</b>	<b>1,282</b>
<b>Repurchase agreements</b>	<b>14,758,732</b>	<b>12,382,355</b>
<b>Currency swap</b>	<b>16,300</b>	<b>50,550</b>
<b>Letters of credit and bank guarantees</b>	<b>492,177</b>	<b>917,429</b>
<b>Other</b>		
<b>Accrued interest concerning the mentioned items</b>	<b>9,536,704</b>	<b>6,340,446</b>
<b>Total loans</b>	<b>160,925,291</b>	<b>142,027,588</b>
<b>Reserve for possible losses as regards loans and other advances to customers (Note 7)</b>	<b>-4,739,418</b>	<b>-4,807,102</b>
<b>Total net loans</b>	<b>156,185,873</b>	<b>137,220,486</b>





#### Breakdown of Performing and Non-Performing Loans and Advances to Customers 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	155,057,928	135,347,853
	Quantity	48,364	35,912
Non-Performing loans and advances, including		5,867,363	6,679,735
		3101	1423
Overdue	Amount	3,309,029	4,304,153
	Quantity	2394	985
Accrued interests			
Total loans	Amount	160,925,291	142,027,588
	Quantity	51,465	37,335
Provision for possible losses as regards loans and advances provided to customers (Note 7)		-4,739,418	-4,807,102
<b>Total net loans</b>		<b>156,185,873</b>	<b>137,220,486</b>

#### Analysis of provided loans and advances by customer group

Analysis of the provided loans and advances by customer	Reporting period	Previous period
<b>State enterprises</b>	2,311,090	766,031
<b>Private enterprises, including</b>	106,156,594	92,848,534
- large enterprises	56,907,461	30,218,531
- small and medium enterprises	49,249,133	62,630,003
<b>Natural persons, including</b>	40,337,971	39,323,387
- consumer loans	8,509,618	7,545,039
- mortgage loans	11,187,015	12,086,951
- credit cards	18,915,081	11,925,702
<b>Sole entrepreneurs</b>	2,582,932	2,749,190
Accrued interest	9,536,704	6,340,446
<b>Total loans</b>	<b>160,925,291</b>	<b>142,027,588</b>
Provision for possible losses as regards loans and advances provided to customers	(4,739,418)	(4,807,102)
<b>Total net loans</b>	<b>156,185,873</b>	<b>137,220,486</b>

a) Total loans provided to major borrowers and related persons as of 30.09.2014 made AMD 73.640.933 thous, as of 31.12.2013 – AMD 55.925.751 thous.

b) Share in total loan portfolio as of 30.09.2014 made 50.55%, as of 31.12.2013 - 46.17 %

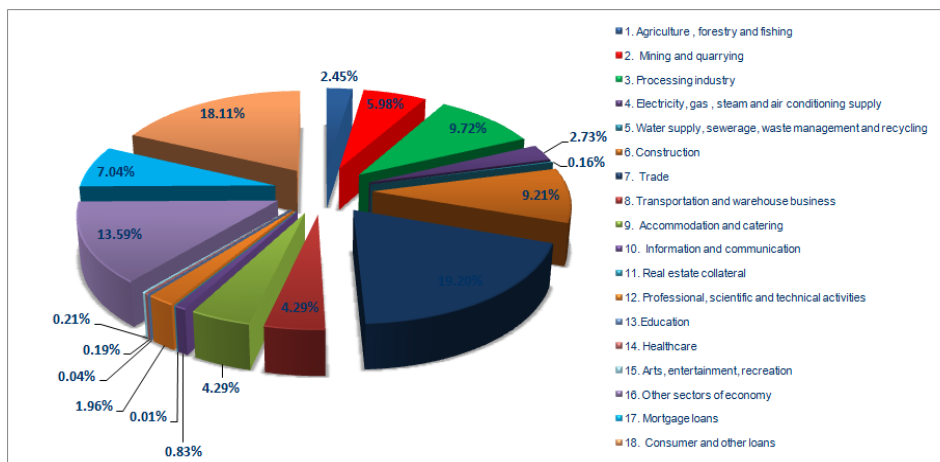
c) Percentage to Capital as of 30.09.2014 was 297.67%, as of 31.12.2013 –262.23 %

Analysis of loan portfolio according to number of borrowers	Reporting period	Previous period
State enterprises	8	8
Private enterprises	295	306
Natural persons	44,878	23,263
Sole entrepreneurs	150	150
<b>Total</b>	<b>45,331</b>	<b>23,727</b>

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

30.09.14

Analysis of loans and advances according to crediting sectors	Previous period	Percentage
1. Agriculture , forestry and fishing	3,935,829	2.45
2. Mining and quarrying	9,624,617	5.98
3. Processing industry	15,634,871	9.72
4. Electricity, gas , steam and air conditioning supply	4,386,813	2.73
5. Water supply, sewerage, waste management and recycling	259,810	0.16
6. Construction	14,826,774	9.21
7. Trade	30,897,551	19.20
8. Transportation and warehouse business	6,899,658	4.29
9. Accommodation and catering	6,911,391	4.29
10. Information and communication	1,331,029	0.83
11. Real estate collateral	12,666	0.01
12. Professional, scientific and technical activities	3,152,246	1.96
13. Education	64,874	0.04
14. Healthcare	310,288	0.19
15. Arts, entertainment, recreation	331,401	0.21
16. Other sectors of economy	21,873,188	13.59
17. Mortgage loans	11,328,355	7.04
18. Consumer and other loans	29,143,930	18.11
<b>Total</b>	<b>160,925,291</b>	<b>100</b>

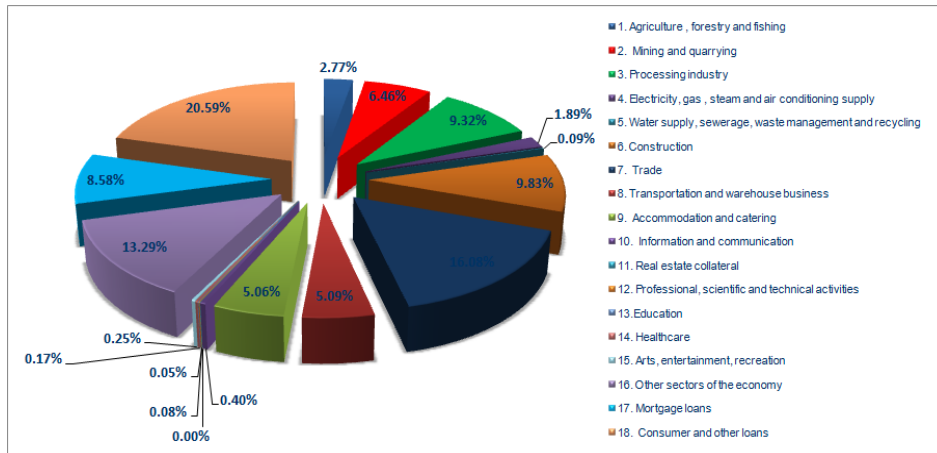


31.12.13

Analysis of loans and advances according to crediting	Previous period	Percentage
1. Agriculture , forestry and fishing	3,936,161	2.77
2. Mining and quarrying	9,170,897	6.46
3. Processing industry	13,230,862	9.32
4. Electricity, gas , steam and air conditioning supply	2,679,522	1.89
5. Water supply, sewerage, waste management and	129,510	0.09
6. Construction	13,964,713	9.83
7. Trade	22,840,431	16.08
8. Transportation and warehouse business	7,234,048	5.09
9. Accommodation and catering	7,191,534	5.06
10. Information and communication	569,248	0.40
11. Real estate collateral		0.00
12. Professional, scientific and technical activities	110,575	0.08
13. Education	70,741	0.05



14. Healthcare	241,507	0.17
15. Arts, entertainment, recreation	354,009	0.25
16. Other sectors of the economy	18,878,087	13.29
17. Mortgage loans	12,188,552	8.58
18. Consumer and other loans	29,237,191	20.59
<b>Total</b>	<b>142,027,588</b>	<b>100</b>

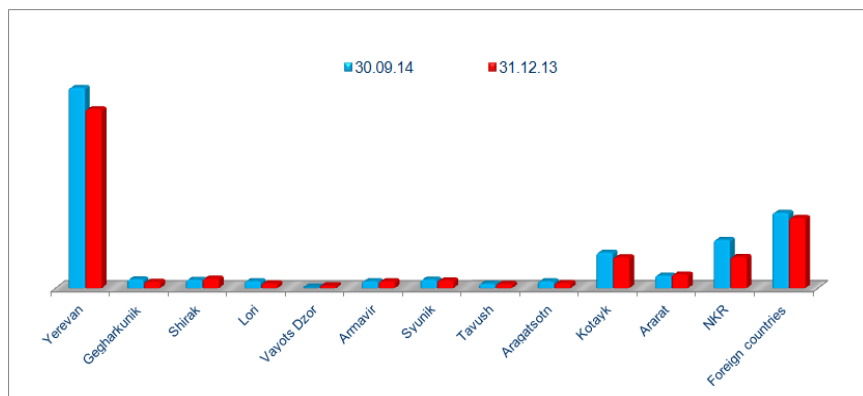


#### Analysis of the loan portfolio as regards customers' residency

Analysis of the loan portfolio as regards customers' residency	Reporting period	Percentage	Previous period	Percentage
RA residents	128,417,314	82.22	111,336,051	81.14
Non-residents	27,768,559	17.78	25,884,435	18.86
<b>Total</b>	<b>156,185,873</b>	<b>100</b>	<b>137,220,486</b>	<b>100</b>

Region (Marz)	30.09.14		31.12.13	
	Quantity	Amount	Quantity	Amount
Yerevan	17354	73,840,515	13234	65,945,708
Gegharkunik	2844	3,256,611	1813	2,344,252
Shirak	4992	3,079,437	3838	3,555,828
Lori	3197	2,578,962	2441	1,768,258
Vayots Dzor	135	279,295	137	969,692
Armavir	2412	2,556,700	2420	2,546,004
Syunik	2301	3,151,973	1680	2,858,843
Tavush	1157	1,656,509	851	1,515,322
Aragatsotn	3759	2,541,290	2216	1,893,698
Kotayk	4477	13,088,435	2908	11,391,221
Ararat	3212	4,625,329	1908	5,060,513
NKR	5583	17,762,258	3860	11,486,712

Foreign countries	42	27,768,559	29	25,884,435
<b>Total</b>	<b>51,465</b>	<b>156,185,873</b>	<b>37,335</b>	<b>137,220,486</b>



Note 17. Financial assets available for sale

State securities	Reporting period	Previous period
<b>State obligations</b>	6,786,581	9,533,881
Treasury obligations	6,786,581	9,529,301
Central Bank obligations		
Promissory note		4,580
<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>6,786,581</b>	<b>9,533,881</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				
Short term debt instruments				
Deposit certificates				
Equity instruments				
Other				
Total non government securities of RA	0	0	0	0

<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>	<b>6,786,581</b>	<b>9,533,881</b>
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<b>Other financial assets available for sale</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>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Total financial assets available for sale</b>	<b>6,786,581</b>	<b>9,533,881</b>
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Investments in other persons' share capital

**Reporting period**

<b>Company name</b>	<b>Main activity</b>	<b>Country of registration</b>	<b>Investment date</b>	<b>Invested amount (thous. drams)</b>	<b>Share</b>
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	11457	0.00005
<b>Total</b>				<b>43,445</b>	<b>6</b>
<b>Impairment of investments in other companies share capital (reserve for possible losses) (Note 7)</b>				-18,406	
<b>Total</b>				<b>25,039</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	9226	0.00005
<b>Total</b>				<b>41,214</b>	
<b>Impairment of investments in other companies share capital (reserve for possible losses) (Note 7)</b>				-21,895	
<b>Total</b>				<b>19,319</b>	

	Reporting period	Previous period
<b>Total financial assets available for sale and investments in other companies' share capital</b>	<b>6,811,620</b>	<b>9,553,200</b>

Note 18. Investments held to maturity

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		
Accrued interest		
<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				
<b>Accrued interest</b>				
<b>Total</b>	-	-	-	-

Impairment of investments held to maturity (reserve for possible losses) (Note 7)				
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<b>Net investments in financial assets held to maturity</b>	<b>0</b>		<b>0</b>	<b>0</b>
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Note 20. Property, Plant, Equipment and Intangible Assets

Property, plant and equipment

<b>Title</b>	<b>Buildings</b>	<b>Computer &amp; communication means</b>	<b>Vehicles</b>	<b>Other PPE</b>	<b>Capital investments as regards PPE</b>	<b>Capital investments as regards leased PPE</b>	<b>Total</b>
<b>Initial cost</b>							
Balance at the beginning of the previous period	7,908,178	2,683,902	470,838	1,110,545	-	28,996	12,202,459
Increase	2,330	53,172	31,272	152,868	-	1,403	241,045

Disposal			242,090				242,090
Write-off							-
Revaluation	589,278						589,278
Depreciation adjustment from revaluation	(952,836)						(952,836)
<b>Balance at the end of the previous period</b>	<b>7,546,950</b>	<b>2,737,074</b>	<b>260,020</b>	<b>1,263,413</b>	<b>-</b>	<b>30,399</b>	<b>11,837,856</b>
Increase	1,559	165,396	-	226,660	-	70,513	464,128
Disposal			6,363				6,363
Revaluation*							-
Write-off							-
Depreciation adjustment from revaluation							-
<b>Balance at the end of the reporting period</b>	<b>7,548,509</b>	<b>2,902,470</b>	<b>253,657</b>	<b>1,490,073</b>	<b>-</b>	<b>100,912</b>	<b>12,295,621</b>
<b>Accumulated depreciation</b>							
<b>Balance at the beginning of the previous period</b>	<b>687,347</b>	<b>1,498,312</b>	<b>160,902</b>	<b>536,645</b>	<b>-</b>	<b>18,106</b>	<b>2,901,312</b>
Increase	265,489	212,225	81,589	225,594		438	785,335
Disposal			122,457				122,457
Impairment							-
Depreciation adjustment from revaluation	952,836						952,836
Write-off							-
<b>Balance at the end of the previous period</b>	<b>-</b>	<b>1,710,537</b>	<b>120,034</b>	<b>762,239</b>	<b>-</b>	<b>18,544</b>	<b>2,611,354</b>
Increase	217,498	165,829	38,160	142,721		712	564,920
Disposal			6,363				6,363
Depreciation adjustment from revaluation							-
Write-off							-
<b>Balance at the end of the reporting period</b>	<b>217,498</b>	<b>1,876,366</b>	<b>151,831</b>	<b>904,960</b>	<b>-</b>	<b>19,256</b>	<b>3,169,911</b>
<b>Net carrying amount</b>							
<b>End of reporting period</b>	<b>7,331,011</b>	<b>1,026,104</b>	<b>101,826</b>	<b>585,113</b>	<b>-</b>	<b>81,656</b>	<b>9,125,710</b>
<b>End of previous period</b>	<b>7,546,950</b>	<b>1,026,537</b>	<b>139,986</b>	<b>501,174</b>	<b>-</b>	<b>11,855</b>	<b>9,226,502</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>147,318</b>	<b>839,351</b>	<b>-</b>	<b>52,837</b>	<b>4,847</b>	<b>1,044,353</b>
Increase	-	246,368		-	91,930	338,298
Disposal						-
Impairment						-
Revaluation						-
<b>Balance at the end of previous period</b>	<b>147,318</b>	<b>1,085,719</b>	<b>-</b>	<b>52,837</b>	<b>96,777</b>	<b>1,382,651</b>
Increase	27,653	224,104		13,378	30,982	296,117
Disposal						-
Revaluation*						-
Impairment						-
Depreciation adjustment from revaluation						-
<b>Balance at the end of the reporting period</b>	<b>174,971</b>	<b>1,309,823</b>	<b>-</b>	<b>66,215</b>	<b>127,759</b>	<b>1,678,768</b>
<b>Accumulated amortization</b>						
<b>Balance at the end of previous period</b>	<b>32,223</b>	<b>65,767</b>	<b>-</b>	<b>23,341</b>	<b>-</b>	<b>121,331</b>
Increase	(31,947)	(65,480)		(23,341)		(120,768)
Disposal						-
Impairment						-
Revaluation						-
<b>Balance at the end of previous period</b>	<b>338</b>	<b>33,714</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,052</b>
Increase	-	35,865				35,865
Disposal						-
Depreciation adjustment from revaluation						-
Revaluation						-

<b>Balance at the end of the reporting period</b>	<b>338</b>	<b>69,579</b>	-	-	-	<b>69,917</b>
<b>Net carrying amount</b>						
<b>End of reporting period</b>	<b>174,633</b>	<b>1,240,244</b>	-	<b>66,215</b>	<b>127,759</b>	<b>1,608,851</b>
<b>End of previous period</b>	<b>146,980</b>	<b>1,052,005</b>	-	<b>52,837</b>	<b>96,777</b>	<b>1,348,599</b>

**Note 21. Deferred tax assets**

Deferred tax assets movement	Reporting period	Previous period
<b>Balance at the beginning of the period</b>	149,158	149,158
Increase		
Decrease	-149,158	
<b>Balance at the end of the period</b>	-	<b>149,158</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	1,162,831	523,651
<b>Total</b>	<b>1,162,831</b>	<b>523,651</b>
Reserve for possible losses as regards bank transactions (Note 7)		
<b>Net amounts receivable from bank transactions</b>	<b>1,162,831</b>	<b>523,651</b>

Accounts receivable and prepayments	Reporting period	Previous period
Receivables as regards budget	395	9,558
Receivables as regards suppliers		
Advance payments to the employees	7,788	1,291
Advance payments to the suppliers	437,719	378,464
Advance payments and overpayments as regards budget and suppliers	70,622	465,053
Other receivables and prepayments	10,510,442	0
<b>Total</b>	<b>11,026,966</b>	<b>854,366</b>
Reserve for possible losses as regards other assets (Note 7)	-93,689	-143,349
<b>Total</b>	<b>10,933,277</b>	<b>711,017</b>
Other assets		
Warehouse	235,489	262,889
Seized collateral	4,956,112	5,824,128
Future period expenses	25,583	34,867
Other assets	64,284	81,465
Reserve for possible losses as regards other assets (Note 7)		
<b>Total</b>	<b>5,281,468</b>	<b>6,203,349</b>
<b>Total other assets</b>	<b>17,377,576</b>	<b>7,438,017</b>

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

Current accounts	Reporting period	Previous period
RA Banks	6	163
Banks with BBB-(Baa3) and higher rating		
Banks with rating below BBB-(Baa3) and no rating		
Accrued interest		
<b>Total</b>	<b>6</b>	<b>163</b>

Interbank loans, deposits and other demands		
<b>RA Central Bank</b>		
Loans*	3,577,182	12,339,610
Repo (repurchase) agreements	17,839,882	24,469,985
Swap		
Other		
<b>RA Banks</b>		
Loans and deposits	39,026,498	4,135,509
Financial leasing		
Repo (repurchase) agreements	0	0
Other		
<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	407,599	
Financial leasing		
Repo (repurchase) agreements		
Swap	2,606	0
Other	28,266	0
<b>Accrued interest</b>	151,538	146,143
<b>Total</b>	<b>61,033,571</b>	<b>41,091,247</b>
<b>Financial institutions</b>		
Current accounts	126,476	63,574
Loans and deposits	24,040,837	20,358,142
Repo (repurchase) agreements		
Swap		
Other	6,171	
<b>Accrued interest</b>	216,732	181,821
<b>Total</b>	<b>24,390,216</b>	<b>20,603,537</b>
<b>Total amounts due to banks and other fin. institutions</b>	<b>85,423,793</b>	<b>61,694,947</b>

As of 30.09.2014, loans received from the Central Bank of Armenia also include loan amounts attracted under international loan programs totaling AMD 3.577.072 thous. And accrued interest amounts - AMD 45.907 thous.

**Note 24. Amounts due to customers**

Amounts due to RA government and local self-managed authorities	Reporting period	Previous period
Current accounts	42,041	160,262
Time deposits		
Loans	4,790,959	4,502,289
Repo (repurchase) agreements		
Swap		
Other	41,228	9,633
Accrued interest	91,900	16,770
<b>Total</b>	<b>4,966,128</b>	<b>4,688,954</b>



<b>Legal entities and institutions of RA (residents)</b>		
Current accounts	7,919,184	9,200,591
Time deposits	3,613,261	3,732,258
Repo (repurchase) agreements		
Swap		
Other	872,799	396,274
Accrued interest	25,566	23,209
<b>Total</b>	<b>12,430,810</b>	<b>13,352,332</b>
<b>Legal entities and institutions (non-residents)</b>		
Current accounts	4,730,780	11,727,436
Time deposits	5,118,835	16,950,346
Repo (repurchase) agreements		
Swap		
Other	1,086,551	
Accrued interest	11,848	24,833
<b>Total</b>	<b>10,948,014</b>	<b>28,702,615</b>
<b>Sole entrepreneurs of RA (residents)</b>		
Current accounts	82,756	61,701
Time deposits		
Repo (repurchase) agreements		
Swap		
Other		
Accrued interest		
<b>Total</b>	<b>82,756</b>	<b>61,701</b>
<b>Sole entrepreneurs (non-residents)</b>		
Current accounts	42	61
Time deposits		
Repo (repurchase) agreements		
Swap		
Other		
Accrued interest		
<b>Total</b>	<b>42</b>	<b>61</b>
<b>Individuals (residents)</b>		
Current accounts	6,926,850	4,635,426
Time deposits	75,701,587	59,933,599
Repo (repurchase) agreements		
Swap		
Other	16,562	
Accrued interest	671,608	550,873
<b>Total</b>	<b>83,316,607</b>	<b>65,119,898</b>
<b>Individuals (non-residents)</b>		
Current accounts	355,718	362,037
Time deposits	4,455,461	4,198,674
Repo (repurchase) agreements		
Swap		
Other	0	0
Accrued interest	19,802	21,565
<b>Total</b>	<b>4,830,981</b>	<b>4,582,276</b>
<b>Total liabilities to customers</b>	<b>116,575,338</b>	<b>116,507,837</b>

The amount of the security of liabilities totaled: as at 31.12.2013 - AMD 34.680.265 thous., as at 30.09.2014 - AMD 25.342.091 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 871.050 thous., accrued interest - AMD -3.664 thous.

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

	Reporting period	Previous period
Legal entities residents	49	51
Legal entitie non- residents	2	2
Individuals residents	9,191	6,987
Individuals non-residents	116	93
<b>Total</b>	<b>9,358</b>	<b>7,133</b>

Note 26. Liabilities held for trading

Liability held for trading	Reporting period	Previous period
Derivative instruments held for trading purposes		
Futures		
Forward		
Option		
Swap		
Other		
Hedging derivative instruments		
Other	12,759,257	15,482,300
<b>Total</b>	<b>12,759,257</b>	<b>15,482,300</b>

Note 27. Amounts payable

Amounts payable	Reporting period	Previous period
Dividends		
Trust management agreements		
Deposits insurance	42,317	33,159
Other		
<b>Total</b>	<b>42,317</b>	<b>33,159</b>

Note 28. Deferred tax liabilities

Deferred tax liabilities movements	Reporting period	Previous period
Balance at the beginning of the period	432,150	230,756
Increase		
Decrease	-390,966	-189,868
<b>Balance at the end of the period</b>	<b>41,184</b>	<b>40,888</b>

Note 29. Other liabilities

Other liabilities	Reporting period	Previous period
Settlement liabilities as regards cheques and other payment documents	865	6,554
Settlement liabilities as regards letters of credit		
Other settlements		
<b>Payables as regards budget</b>		
Profit Tax	561,235	365,794
VAT	1,159	15,019
other taxes and dues	154,901	154,785
social insurance payments	0	3,061
Liabilities to employees as regards salary	89,417	74,583
Payables as regards suppliers	224,460	95,791
Payables as regards completion of chartered capital		
Other liabilities	2,767	63,622
<b>Balance at the end of period</b>	<b>1,034,804</b>	<b>779,209</b>

**Note 30. Chartered capital**

- a) Bank's chartered capital registered and fully paid – AMD 22.907.500 thous.  
 b) The number of issued and allocated ordinary shares - 35.000, nominal value – AMD 654.500  
 c) Major participants as of the end of the reporting period

Major participant	Amount of participation	Share %	Type of activity (for legal entities)
Vitaly Grigoryants	22,907,500	100	Individual
	<b>22,907,500</b>		

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

Components:

Revaluation reserves	Reporting period	Previous period
Unrealized gain/loss from revaluation of investments for sale		
Fixed assets revaluation reserve		
Other reserves		
<b>Total revaluation reserves</b>	<b>-</b>	<b>-</b>

Other components of equity

Reserves

Reserves	Reporting period	Previous period
Main reserve		
Opening balance	309,357	309,357
Increase	94,535	
Decrease		
<b>Closing balance</b>	<b>403,892</b>	<b>309,357</b>

Other reserves	Reporting period	Previous period
Opening balance	1,595,572	197,987
Increase	1,542,113	4,632,928
Decrease	1,714,233	3,235,343
<b>Closing balance</b>	<b>1,423,452</b>	<b>1,595,572</b>

**Note 33. Retained earnings**

Retained profit	Reporting period	Previous period
Opening balance	5,515,725	2,779,049
Increase	3,013,910	2,736,676

Decrease *	5,502,034	
<b>Closing balance</b>	<b>3,027,601</b>	<b>5,515,725</b>

\* out of which AMD 5.407.500 thous. were allocated for the replenishment of chartered capital, and AMD 94.535 thous. were allocated to the main reserve

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

Reserves		Reporting period	Previous period
Opening balance	<b>Note 7</b>	-	197,260
Allocations to the reserve		-	75,223
Use of reserve		-	(272,483)
Net allocations to the reserve		-	(197,260)
<b>Closing balance</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	6,167,533	4,694,542
Guarantees provided	15,208,784	18,048,213
Letters of credit issued		
Reserve as regards the mentioned items (Note 7)		
<b>Closing balance</b>	<b>21,376,317</b>	<b>22,742,755</b>

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

##### The leased premises are as follows:

Yerevan, Abovyan 43 - Yerevan Branch  
Yerevan, Artsakh Str. 23/6 - Artsakh Branch  
Talin, Gayi 1 - Talin Branch  
Yerevan, Noragavit 1Str., 93/1 - Noragavit Branch  
Stepanakert - Khachen Branch  
Yerevan, Arshakunyatn Ave. 127/21 - Arshakuni Branch  
Masis, Hanrapetutyun Str. 5/1 - Masis Branch  
Ashtarak, V. Petrosyan 16 - Ashtarak Branch  
Gavar, Buniatyan Str. 18/1 - Gavar Branch  
Yerevan, Araratyan Branch  
Artik, Artik Branch  
Sevan, Sevan Branch  
Yerevan, Komitas 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		55,796
1-5 years		202,551
5-10 years		133,702
<b>Total</b>		<b>392,049</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	Reporting period	Previous period
	01.01.14-30.09.14	01.01.13-31.12.13
Balance as of 01 January	2,007,272	3,236,279
Loans and advances provided during the year	5,457,864	3,789,692
Loans and advances repaid during the year	3,778,420	5,018,699
<b>Balance</b>	<b>3,686,716</b>	<b>2,007,272</b>
Interest income	198,805	318,010

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

Amounts due to customers	Reporting period	Previous period
	01.01.14-30.09.14	01.01.13-31.12.13
Balance as of 01 January	26,061,693	2,256,878
Amounts received during the year	109,900,085	166,524,152
Amounts paid during the year	129,672,966	142,719,337
<b>Balance</b>	<b>6,288,812</b>	<b>26,061,693</b>
Interest expense	850,067	314,242

Salary and equivalent payments to the Bank's	Reporting period	Previous period
	01.01.14-30.09.14	01.01.13-31.12.13
The Board		
Salary	76,945	73,361
bonus		
Executive body		
Salary	160,130	241,815
bonus	485	840
Internal audit		
Salary	55,479	60,403
bonus	50	3,500
<b>Total</b>	<b>293,089</b>	<b>379,918</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 normatives 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 normatives are more severe than the corresponding normatives 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

30.09.2014

Title	RA	CIS countries	OECD* Countries	Non OECD Countries	Total
<b>Assets</b>					
Cash and balances with CBA	36,085,876				36,085,876
Amounts due from banks and other financial institutions	1,168,087	161,063	1,976,787	56,530	3,362,467
Financial instruments held for trading	12,759,257				12,759,257
Loans and advances to customers	128,417,314	473,711	1,028,758	26,266,090	156,185,873
Securities available for sale	6,800,163		11,457		6,811,620
Securities held to maturity					-
Other assets	11,811,235	241,245	11,046	5,314,051	17,377,577
<b>Total assets</b>	<b>197,041,932</b>	<b>876,019</b>	<b>3,028,048</b>	<b>31,636,671</b>	<b>232,582,670</b>
<b>Liabilities</b>					
Amounts due to banks and other financial institutions	81,249,581	4,174,212			85,423,793
Amounts due to customers	100,709,829	760,184	2,469,360	12,635,965	116,575,338
Financial liability held for trading				12,759,257	12,759,257
Other liabilities	981,013	48,904	4,887		1,034,804
<b>Total liabilities</b>	<b>182,940,423</b>	<b>4,983,300</b>	<b>2,474,247</b>	<b>25,395,222</b>	<b>215,793,192</b>
<b>Net position</b>	<b>14,101,509</b>	<b>(4,107,281)</b>	<b>553,801</b>	<b>6,241,449</b>	<b>16,789,478</b>

31.12.2013

Title	RA	CIS countries	OECD* Countries	Non OECD Countries	Total
<b>Assets</b>					
Cash and balances with CBA	34,732,320				34,732,320
Amounts due from banks and other financial institutions	1,446,217	292,760	2,500,195	209,579	4,448,751
Financial instruments held for trading	15,482,300				15,482,300
Loans and advances to customers	111,336,051	259,130	708,773	24,916,532	137,220,486
Securities available for sale	9,543,974		9,226		9,553,200
Securities held to maturity					-
Other assets	1,746,154	217,330	3,340	5,471,193	7,438,017
<b>Total assets</b>	<b>174,287,016</b>	<b>769,220</b>	<b>3,221,534</b>	<b>30,597,304</b>	<b>208,875,074</b>

<b>Liabilities</b>					-
Amounts due to banks and other financial institutions	54,671,246	7,018,129	4,796	776	<b>61,694,947</b>
Amounts due to customers	99,891,694	511,706	1,778,398	14,326,039	<b>116,507,837</b>
Financial liability held for trading				15,482,300	<b>15,482,300</b>
Other liabilities	725,634	48,707	4,868		<b>779,209</b>
<b>Total liabilities</b>	<b>155,288,574</b>	<b>7,578,542</b>	<b>1,788,062</b>	<b>29,809,115</b>	<b>194,464,293</b>
<b>Net position</b>	<b>18,998,442</b>	<b>(6,809,322)</b>	<b>1,433,472</b>	<b>788,189</b>	<b>14,410,781</b>

OECD \* - Organization for Economic Cooperation and Development

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

30.09.2014

Assets	Working assets		Non-working assets		
	Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
	<b>151,617,128</b>	<b>3,023,584</b>	<b>1,033,179</b>	<b>511,982</b>	
<b>Loans and advances, including</b>	<b>48,364</b>	<b>1,896</b>	<b>784</b>	<b>421</b>	
1. Agriculture , forestry and fishing amount	3,420,902	242,937	103,892	29,688	
number	396	30	16	8	
2. Mining and quarrying amount	9,506,564	19,824			
number	33	1			
3. Processing industry amount	15,428,960	26,057	1,059	9,826	
number	89	10	1	2	
4. Electricity, gas , steam and air conditioning supply amount	4,342,945				
number	21				
5. Water supply, sewerage, waste management and recycling amount	255,647			790	
number	6			2	
6. Construction amount	13,903,909	143,081	29,774	233,150	
number	122	5	1	1	
7. Trade amount	30,414,894	14,305	90,027	22,142	
number	221	3	3	2	
8. Transportation and warehouse business amount	6,826,852			1,924	
number	20			1	
9. Accommodation and catering amount	6,827,568		11,291		
number	38		1		
10. Information and communication amount	1,317,721				
number	33				
11. Real property buisness amount	12,539				

	number	2				
12. Professional, scientific and technical activities	amount	3,106,296	12,823			
	number	18	1			
13. Education	amount	64,226				
	number	47				
14. Healthcare	amount	306,502			345	
	number	12			1	
15. Arts, entertainment, recreation	amount	328,087				
	number	8				
16. Other branches of economy	amount	19,823,281				
	number	25				
17. Mortgage loans	amount	10,640,871	329,734	97,890	45,487	
	number	1,893	60	22	13	
18. Consumer and other loans	amount	25,089,364	2,234,823	699,246	168,630	
	number	45,380	1,786	740	391	
Receivables	amount	<b>14,847,838</b>	<b>50,002</b>	<b>54,677</b>	<b>17,519</b>	
	number	<b>3,648</b>	<b>127</b>	<b>259</b>	<b>258</b>	
Investment securities	amount	<b>43,445</b>				
	number	<b>3</b>				
Off-balance sheet items	amount	<b>21,315,821</b>	<b>55,869</b>	<b>1,962</b>	<b>1,094</b>	<b>1571</b>
	number	<b>24,080</b>	<b>290</b>	<b>67</b>	<b>39</b>	<b>30</b>
including guarantees	amount	15,185,377			22,489	917
	number	252			4	1
letters of credit	amount					
	number					

31.12.2013

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>131,930,135</b>	<b>3,269,640</b>	<b>1,637,460</b>	<b>383,251</b>	
	<b>35,912</b>	<b>974</b>	<b>332</b>	<b>117</b>	
1. Agriculture , forestry and fishing	3,416,539	264,527	86,077	32,392	
	number	380	16	20	9
2. Mining and quarrying	9,053,896		22,993		
	number	29		1	
3. Processing industry	13,064,637	17,941	11,380		
	number	103	4	3	
4. Electricity, gas , steam and air conditioning supply	2,652,728				
	number	19			
5. Water supply, sewerage, waste management and recycling	128,215				
	number	6			



6. Construction		12,928,456	306,724	40,429	202,633	
	number	87	15	1	1	
7. Trade		20,772,841	711,664	742,532	34,125	
	number	196	5	7	5	
8. Transportation and warehouse business		7,142,195		11,646	2,192	
amount						
	number	22		1	2	
9. Accommodation and catering		7,100,050	15,288		1,196	
amount						
	number	60	1		1	
10. Information and communication		563,556				
amount						
	number	31				
11. Real property business						
amount						
	number					
12. Professional, scientific and technical activities		109,469				
amount						
	number	5				
13. Education		70,034				
	number	18				
14. Healthcare		239,092				
	number	8				
15. Arts, entertainment, recreation		350,469				
amount						
	number	5				
16. Other branches of economy		18,687,686		308		
	number	21		1		
17. Mortgage loans		11,471,917	306,337	153,769	33,870	
	number	1,981	49	18	13	
18. Consumer and other loans		24,178,355	1,647,159	568,326	76,843	
	number	32,941	884	280	86	
Receivables	amount	<b>8,591,346</b>	<b>137,550</b>	<b>247,501</b>	<b>7,170</b>	
	number	<b>3,222</b>	<b>94</b>	<b>131</b>	<b>78</b>	
Investment securities	amount	<b>37,725</b>				
	number	<b>3</b>				
Off-balance sheet items	amount	<b>22,587,123</b>	<b>35,062</b>	<b>86,303</b>	<b>34,236</b>	<b>31</b>
	number	<b>13,614</b>	<b>175</b>	<b>23</b>	<b>5</b>	<b>6</b>
including guarantees	amount	17,901,145	27,077	32,240	34,150	
	number	289	4	1	3	
letters of credit	amount					
	number					

Analysis of credit portfolio according to regions and risk exposure

30.09.2014

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	123,848,569	3,023,584	1,033,179	511,982		
2. Non-residents	27,768,559					
<b>Total</b>	<b>151,617,128</b>	<b>3,023,584</b>	<b>1,033,179</b>	<b>511,982</b>		

Loans to non-residents 30.06.14

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>27,768,559</b>	-	-	-	-
	<b>42</b>	-	-	-	-
1. Agriculture , forestry and fishing	706				
number	1				
2. Mining and quarrying					
number					
3. Processing industry	4,397				
number	2				
4. Electricity, gas , steam and air conditioning supply					
amount					
number					
5. Water supply, sewerage, waste management and recycling					
amount					
number					
6. Construction					
number					
7. Trade	12,207,329				
amount					
number	12				
8. Transportation and warehouse business					
amount					
number					
9. Accommodation and catering					
amount					
number					
10. Information and communication	988				
amount					
number	1				
11. Real property buisness					
amount					
number					
12. Professional, scientific and technical activities					
amount					
number					
13. Education					
number					
14. Healthcare					
number					
15. Arts, entertainment, recreation					
amount					
number					
16. Other branches of economy	15,454,418				
number	9				
17. Mortgage loans					
number					
18. Consumer and other loans	100,721				
number	17				

31.12.2013

Assets	Working assets		Non-working assets		
	Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
Loans, including					

1. Residents of RA	106,045,700	3,269,640	1,637,460	383,251	
2. Non-residents	25,884,435				
<b>Total</b>	<b>131,930,135</b>	<b>3,269,640</b>	<b>1,637,460</b>	<b>383,251</b>	

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>	25,884,435	-	-	-	-
	29	-	-	-	-
1. Agriculture , forestry and fishing	1,615				
number	1				
2. Mining and quarrying					
number					
3. Processing industry	3,473				
number	1				
4. Electricity, gas , steam and air conditioning supply amount					
number					
5. Water supply, sewerage, waste management and recycling amount					
number					
6. Construction					
number					
7. Trade	12,871,129				
number	9				
8. Transportation and warehouse business amount					
number					
9. Accommodation and catering amount					
number					
10. Information and communication amount	1,672				
number	1				
11. Real property buisness amount					
number					
12. Professional, scientific and technical activities amount					
number					
13. Education					
number					
14. Healthcare					
number					
15. Arts, entertainment, recreation amount					
number					
16. Other branches of economy	12,918,269				
number	9				
17. Mortgage loans					
number					
18. Consumer and other loans	88,277				
number	8				

**Loan portfolio indicators as of 30.09.2014**

Non-performing loans/ total loans - 4.03%

Reserve for non-performing loans/total capital -4.68 %

Loan reserve /total loans - 1.89 %

Possible loss reserve/Non-performing loans - 47.05 %

Large amount advances/capital - 297.67 %:

#### 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

30.09.2014

	Drams	I group foreign currency*	II group foreign currency**	Total
<b>Assets</b>				
Cash and balances with CBA	34,591,173	1,320,870	173,833	36,085,876
Standardized precious metal bullions		321,907		321,907
Amounts due from banks and other financial institutions	398,877	2,867,421	96,169	3,362,467
Financial instruments kept for trading	12,759,257			12,759,257
Loans and advances to customers	68,419,228	87,507,882	258,763	156,185,873
Financial assets available for sale	6,811,620			6,811,620
Financial assets held to maturity				-
Other	12,390,815	4,955,802	30,960	17,377,577
<b>Total assets</b>	<b>135,370,970</b>	<b>96,973,882</b>	<b>559,725</b>	<b>232,904,577</b>
<b>Liabilities</b>				
Amounts due to banks and other financial institutions	70,959,968	14,437,969	25,856	85,423,793
Amounts due to customers	35,746,302	80,297,175	531,861	116,575,338
Other liabilities	946,747	88,057		1,034,804
<b>Total liabilities</b>	<b>107,653,017</b>	<b>94,823,201</b>	<b>557,717</b>	<b>203,033,935</b>
<b>Net position</b>	<b>27,717,953</b>	<b>2,150,681</b>	<b>2,008</b>	<b>29,870,642</b>

31.12.2013

	Drams	I group foreign currency*	II group foreign currency**	Total
<b>Assets</b>				
Cash and balances with CBA	12,768,196	21,736,984	227,140	34,732,320
Standardized precious metal bullions		8,819		8,819
Amounts due from banks and other financial institutions	411,783	3,668,306	368,662	4,448,751
Financial instruments kept for trading	15,482,300			15,482,300
Loans and advances to customers	63,769,988	73,450,498		137,220,486
Financial assets available for sale	9,553,200			9,553,200
Financial assets held to maturity				-
Other	6,573,301	827,980	36,736	7,438,017
<b>Total assets</b>	<b>108,558,768</b>	<b>99,692,587</b>	<b>632,538</b>	<b>208,883,893</b>
<b>Liabilities</b>				
Amounts due to banks and other financial institutions	50,170,438	11,524,509		61,694,947
Amounts due to customers	29,072,842	86,887,212	547,783	116,507,837
Other liabilities	718,148	61,061		779,209
<b>Total liabilities</b>	<b>79,961,428</b>	<b>98,472,782</b>	<b>547,783</b>	<b>178,981,993</b>
<b>Net position</b>	<b>28,597,340</b>	<b>1,219,805</b>	<b>84,755</b>	<b>29,901,900</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		1,506,830		1,506,830
- demands	831,500	689,024		1,520,524
Other derivative instruments				
- liabilities				
- demands				
<b>Net position according to the derivative financial instruments</b>	<b>831,500</b>	<b>(817,806)</b>	<b>-</b>	<b>13,694</b>
<b>Net open position*</b>	<b>831,500</b>	<b>(817,806)</b>	<b>-</b>	<b>13,694</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 including				
- interbank loans				
- interbank repo				
- interbank swap				
Loans and advances to customers	6.5-24	12-15	6-24	13-15
Securities held for trading and available for sale	10-13		8.0-13.5	
Securities held to maturity				
<b>Liabilities</b>				
Amounts due to banks and other financial institutions	7.00	4.25-8.5	7.78	8-8.5

Amounts due to customers	1-14.5	1-9.5	1-14.5	1-9.5
Liabilities as regards securities issued by the Bank				

#### 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.

30.09.2014

Item description	Non-performing		Time remaining to maturity						open-end	Total
	overdue	time	demand	up to 3 months	3-6 months	6-12 months	1-5 years	more than 5 years		
<b>Assets</b>										
Cash in intern. and CBA			35,565,876						520,000	36,085,876
Amounts due from banks and other fin. institutions			1,614,795	433,288	72,252	157,003	582,343		502,786	3,362,467
Loans provided to customers	2,140,318	2,558,334	383,025	42,831,282	22,118,754	23,737,579	51,306,728	11,109,853		156,185,873
Financial assets	-	-	-	-	203,200	-	2,886,681	16,455,954	25,042	19,570,877
held for trade								12,759,257		12,759,257
available for sale					203,200		2,886,681	3,696,697	25,042	6,811,620
held up to maturity										-
Realized under repo agreements										-
Other assets	37,893	79,734	5,801,520	1,431,798	93,444	111,509	2,192,543	2,437,535	5,191,601	17,377,577
*Contractual demands										-
<b>Total</b>	<b>2,178,211</b>	<b>2,638,068</b>	<b>43,365,216</b>	<b>44,696,368</b>	<b>22,487,650</b>	<b>24,006,091</b>	<b>56,968,295</b>	<b>30,003,342</b>	<b>6,239,429</b>	<b>232,582,670</b>
1-st group currency	2,112,787	507,961	8,196,533	24,475,818	12,716,728	10,799,487	37,661,782		502,786	96,973,882
2-nd group currency			223,179	233,346		103,200				559,725
Variable interest rate										-
Fixed interest rate	2,140,318	2,558,334	1,052,743	43,264,570	22,394,206	23,894,582	54,775,752	27,565,807	502,786	178,149,098
Interest free	37,893	79,734	42,312,473	1,431,798	93,444	111,509	2,192,543	2,437,535	5,736,643	54,433,572
<b>Liabilities</b>										
Amounts due to banks and other fin. institutions			132,653	59,959,279	4,422,475	10,560,302	6,203,162	4,145,922		85,423,793
Amounts due to customers	-	-	20,193,400	18,016,630	13,552,837	42,875,463	21,937,008	-	-	116,575,338
upon demand			20,193,400							20,193,400
time liability				18,016,630	13,552,837	42,875,463	21,937,008			96,381,938
Other										-
Liabilities for securities issued by the banks										-
Other liabilities			810,344	224,460						1,034,804
Off -balance contingent liabilities	8,262	52,234	6,167,533	2,367,948	4,316,328	5,392,643	3,071,369			21,376,317
*Contractual liabilities										-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>21,136,397</b>	<b>78,200,369</b>	<b>17,975,312</b>	<b>53,435,765</b>	<b>28,140,170</b>	<b>4,145,922</b>	<b>-</b>	<b>203,033,935</b>
1-st group currency			9,230,918	17,556,085	13,945,031	39,700,781	14,390,386			94,823,201
2-nd group currency			218,034	88,947	86,605	137,911	26,220			557,717
Large amount liability			1,710	54,108,485	382,747	12,169,820	5,676,288			72,339,050
Variable rate liability										-
Fixed rate liability			20,099,253	67,568,287	13,503,989	53,394,537	28,140,170	4,145,922		186,852,158
Interest free			1,037,144	10,632,082	4,471,323	41,228				16,181,777
<b>Net liquidity gap</b>	<b>2,178,211</b>	<b>2,638,068</b>	<b>22,228,819</b>	<b>(33,504,001)</b>	<b>4,512,338</b>	<b>(29,429,674)</b>	<b>28,828,125</b>	<b>25,857,420</b>	<b>6,239,429</b>	<b>29,548,735</b>

1-st group currency	2,112,787	507,961	(1,034,385)	6,919,733	(1,228,303)	(28,901,294)	23,271,396	-	502,786	2,150,681
2-nd group currency	-	-	5,145	144,399	16,595	(137,911)	(26,220)	-	-	2,008
Variable interest rate	-	-	-	-	-	-	-	-	-	-
Fixed rate	2,140,318	2,558,334	(19,046,510)	(24,303,717)	8,890,217	(29,499,955)	26,635,582	23,419,885	502,786	(8,703,060)
Cumulative liquidity gap	2,178,211	4,816,279	27,045,098	(6,458,903)	(1,946,565)	(31,376,239)	(2,548,114)	23,309,306	29,548,735	203,033,935

31.12.2013

Item description	Non-performing		Time remaining to maturity						open-end	Total
	overdue	time	demand	up to 3 months	3-6 months	6-12 months	1-5 years	more than 5 years		
<b>Assets</b>										
Cash in intern. and CBA			34,312,320						420,000	34,732,320
Amounts due from banks and other fin. institutions			2,389,796	193,304	71,904	443,808	850,008		499,931	4,448,751
Loans provided to customers	3,889,940	2,392,582		28,531,082	14,147,953	14,593,430	63,574,638	10,090,861		137,220,486
Financial assets	-	-	-	15,486,880	1,028	1,704,837	3,961,316	3,862,120	19,319	25,035,500
held for trade				15,482,300						15,482,300
available for sale				4,580	1,028	1,704,837	3,961,316	3,862,120	19,319	9,553,200
held up to maturity										-
Realized under repo agreements										-
Other assets	322,204	153,152	515,146	120,232	94,604	233,585	127,916		5,871,178	7,438,017
*Contractual demands										-
<b>Total</b>	<b>4,212,144</b>	<b>2,545,734</b>	<b>37,217,262</b>	<b>44,331,498</b>	<b>14,315,489</b>	<b>16,975,660</b>	<b>68,513,878</b>	<b>13,952,981</b>	<b>6,810,428</b>	<b>208,875,074</b>
1-st group currency	2,275,368	1,119,163	23,995,498	15,437,804	4,339,062	8,953,320	43,072,441		499,931	99,692,587
2-nd group currency			483,798	148,740						632,538
Variable interest rate										-
Fixed interest rate	3,885,693	2,392,582	1,211,308	33,923,471	14,020,373	14,913,098	53,847,955	13,952,981	499,931	138,647,392
Interest free	326,451	153,152	36,005,954	10,408,027	295,116	2,062,562	14,665,923	-	6,310,497	70,227,682
<b>Liabilities</b>										
Amounts due to banks and other fin. institutions			78,712	33,385,627	6,058,556	5,977,566	13,968,790	2,225,696		61,694,947
Amounts due to customers	-	-	26,628,973	11,391,053	10,573,251	44,742,474	19,715,392	3,456,694	-	116,507,837
upon demand			26,628,973							26,628,973
time liability				11,391,053	10,573,251	44,742,474	19,715,392	3,456,694		89,878,864
Other										-
Liabilities for securities issued by the banks										-
Other liabilities			40,449	736,723					2,037	779,209
Off –balance contingent liabilities	5,851	149,781	4,685,978	2,669,985	1,185,821	8,089,208	5,956,131			22,742,755
*Contractual liabilities										-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>26,748,134</b>	<b>45,513,403</b>	<b>16,631,807</b>	<b>50,720,040</b>	<b>33,684,182</b>	<b>5,682,390</b>	<b>2,037</b>	<b>178,981,993</b>
1-st group currency			15,482,630	9,674,561	7,230,075	43,940,972	22,144,544			98,472,782
2-nd group currency			337,593	82,193	23,287	74,166	30,544			547,783
Large-scale liability			7,693,700	24,898,557	3,193,942	29,534,424	10,443,608			75,764,231
Variable rate liability										-
Fixed rate liability			26,211,088	44,191,272	16,474,870	50,590,223	33,682,896	5,682,390		176,832,739
Interest free			537,046	1,322,131	156,937	129,817	1,286		2,037	2,149,254
<b>Net liquidity gap</b>	<b>4,212,144</b>	<b>2,545,734</b>	<b>10,469,128</b>	<b>(1,181,905)</b>	<b>(2,316,318)</b>	<b>(33,744,380)</b>	<b>34,829,696</b>	<b>8,270,591</b>	<b>6,808,391</b>	<b>29,893,081</b>
1-st group currency	2,275,368	1,119,163	8,512,868	5,763,243	(2,891,013)	(34,987,652)	20,927,897	-	499,931	1,219,805
2-nd group currency	-	-	146,205	66,547	(23,287)	(74,166)	(30,544)	-	-	84,755
Variable interest rate	-	-	-	-	-	-	-	-	-	-
fixed rate	3,885,693	2,392,582	(24,999,780)	(10,267,801)	(2,454,497)	(35,677,125)	20,165,059	8,270,591	499,931	(38,185,347)
Cumulative liquidity gap	4,212,144	6,757,878	17,227,006	16,045,101	13,728,783	(20,015,597)	14,814,099	23,084,690	29,893,081	178,981,993

Average balance sheet capital and assets

01/01/14-30/09/14

Average balance sheet asset	<b>220,622,278</b>
Average balance sheet capital	<b>27,347,515</b>

**Note 42. Collateral accepted**

	Reporting period	Previous period
Other securities	7,723,998	6,419,556
Jewels and precious stones	8,294,511	6,502,684
Real estate	139,877,262	156,287,517
Vehicles	15,015,064	6,184,353
Other PPE	17,679,060	19,395,598
Finished production and goods	20,321,346	30,574,541
Cash	25,342,091	39,270,469
Other collateral	17,255,303	4,505,670
Credit guarantee	3,294,858	
Other guarantees	11,913,926	
Credit warranties	97,940,262	31,398,495
Other warranties	13,879,142	5,840,736
<b>Total</b>	<b>378,536,823</b>	<b>269,140,388</b>

Chairman of the Executive Board

Arsen Mikayelyan

Chief Accountant

Narine Sargsyan

Date of approval 14.10.14