



Appendix 5

NOTES TO FINANCIAL STATEMENTS
(Form 5)

30 SEPTEMBER 2016

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 20 branches are located in Yerevan, 21 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 governing body
- The Board
- The Executive Board and the Chairman of the Executive Board

a) The Board	
Chairman of the Board	– Vitaly Grigoryants
Board Members	– Sergey Arzumanyan
	Diana Grigoryan
	Sevak Petrosyan
	Alik Chirkinyan
b) The Executive Board	
Chairman of the Executive Board	- Arsen Mikayelyan
Members 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:

	30 September 2016	31 December 2015
AMD/1 US Dollar	474.46	483.75
AMD/1 EUR	530.26	528.69

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

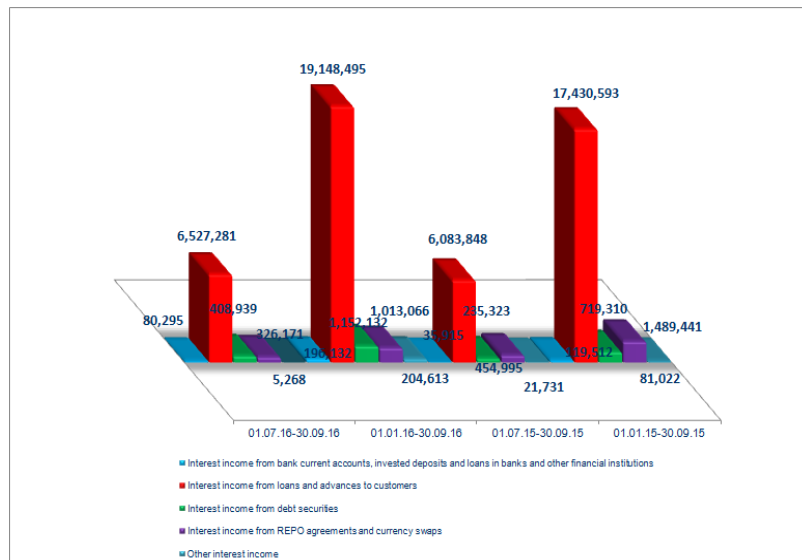
2.17 Functional and presentation currency

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.

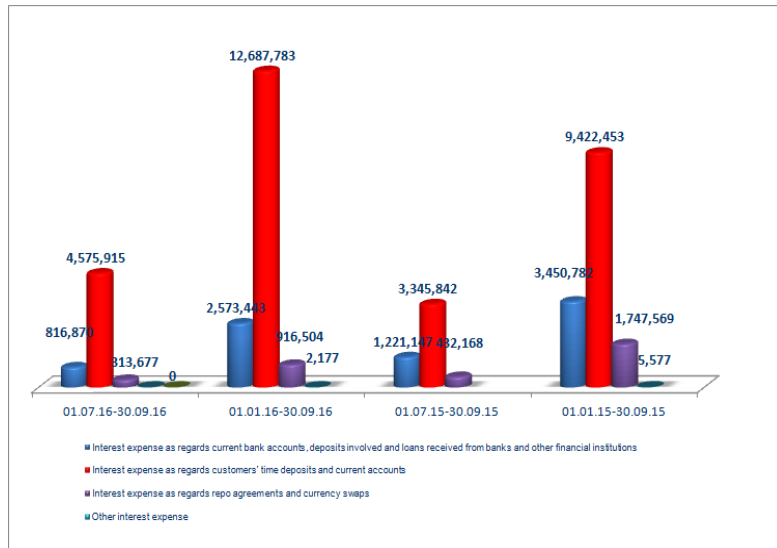
The intermediary financial statements are presented in thousands of AMD.

Note 3. Net Interest and Similar Income

Interest and Similar Income	01.07.16-30.09.16	01.01.16-30.09.16	01.07.15-30.09.15	01.01.15-30.09.15
Interest income from bank current accounts, invested deposits and loans in banks and other financial institutions	80,295	196,132	35,915	119,512
Interest income from loans and advances to customers	6,527,281	19,148,495	6,083,848	17,430,593
Interest income from debt securities	408,939	1,152,132	235,323	719,310
Interest income from REPO agreements and currency swaps	326,171	1,013,066	454,995	1,489,441
Other interest income	5,268	204,613	21,731	81,022
Total	7,347,954	21,714,438	6,831,812	19,839,878



Interest and Similar Expense	01.07.16-30.09.16	01.01.16-30.09.16	01.07.15-30.09.15	01.01.15-30.09.15
Interest expense as regards current bank accounts, deposits involved and loans received from banks and other financial institutions	816,870	2,573,443	1,221,147	3,450,782
Interest expense as regards customers' time deposits and current accounts	4,575,915	12,687,783	3,345,842	9,422,453
Interest expense as regards securities issued by the Bank				
Interest expense as regards repo agreements and currency swaps	313,677	916,504	432,168	1,747,569
Other interest expense	0	2,177		5,577
Total	5,706,462	16,179,907	4,999,157	14,626,381
Net interest and similar income	1,641,492	5,534,531	1,832,655	5,213,497



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

Income in the form of Commissions and Other Fees	01.07.16-30.09.16	01.01.16-30.09.16	01.07.15-30.09.15	01.01.15-30.09.15
Cash operations	64,261	188,387	83,720	217,719
Settlement services	112,223	333,326	40,016	210,864
Guarantee, acceptance, letter of credit, trust management operations	82,266	213,621	72,132	179,044
Transaction in foreign currency and securities			647	1,691
Plastic card operations	164,072	432,094	203,517	489,993
Other commission payments	231,014	584,091	220,831	596,156
Total	653,836	1,751,519	620,863	1,695,467

Expenses in the form of Commissions and Other Payments	01.07.16-30.09.16	01.01.16-30.09.16	01.07.15-30.09.15	01.01.15-30.09.15
Commission payments as regards correspondent and other accounts/bank transactions	45,774	133,804	37,386	118,586
Commission payments as regards transactions with plastic cards/cash transactions	35,595	141,311	54,547	147,029
Payments as regards guarantees, acceptance, letters of credit, trust management transactions		135	3,410	4,682
Commission payments as regards transactions in foreign currency and securities			6,614	7,258
Other commission payments	3,082	9,153	20,814	55,882
Total	84,451	284,403	122,771	333,437
Net Commissions and other payments received	569,385	1,467,116	498,092	1,362,030

Note 5. Net income from trading transactions

Income from investments remeasured at fair value and held at fair value	01.07.16-30.09.16	01.01.16-30.09.16	01.07.15-30.09.15	01.01.15-30.09.15
Net income from purchase and sale of investments held for trading, including				
- shares				
- debt securities				
- derivative instruments	-1,117	-176,487	34,913	118,058
Net income from change in fair value of investments held for trading				
Total	-1,117	-176,487	34,913	118,058

Net Income from Investments available for sale	01.07.16-30.09.16	01.01.16-30.09.16	01.07.15-30.09.15	01.01.15-30.09.15
Net income from purchase and sale of investments available for sale, including				
- shares				
- debt securities	-25,552	-25,533	0	0
- derivative instruments				
Net income from change in fair value of investments held for trading	27,438	27,438	0	0
Total	1,886	1,905	0	0

From foreign currency transactions	01.07.16-30.09.16	01.01.16-30.09.16	01.07.15-30.09.15	01.01.15-30.09.15
Net income from foreign currency dealings	237,490	785,895	315,307	739,851
Net income from foreign currency revaluation	59,775	158,540	-33,031	-145,185
Total	297,265	944,435	282,276	594,666

From bank standardized precious metal bullions and commemorative coins	01.07.16-30.09.16	01.01.16-30.09.16	01.07.15-30.09.15	01.01.15-30.09.15
Net income from purchase and sale of bank standardized precious metal bars and commemorative coins	2,512	10,720	3,734	18,434
Net income from revaluation of bank standardized precious metal bullions and commemorative coins	-2,217	59,322	-10,743	-13,818
Total	295	70,042	-7,009	4,616

Net income from trading transactions	298,329	839,895	310,180	717,340
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Note 6. Other operating income

Other operating income	01.07.16-30.09.16	01.01.16-30.09.16	01.07.15-30.09.15	01.01.15-30.09.15
Fines and penalties received	395,869	1,154,894	327,962	904,957
Income received from factoring	6,292	29,872	18,793	58,631
Net income from disposal of PPE and intangible assets	35,236	36,095	158,615	212,335
Net income from revaluation and impairment reversal of PPE and intangible assets				
Other income	51,609	517,405	46,822	131,967
Total	489,006	1,738,266	552,192	1,307,890

Note 7. Net allocations to the assets possible loss reserve

As regards amounts due from banks	Note 14	01.07.16-30.09.16	01.01.16-30.09.16	01.07.15-30.09.15	01.01.15-30.09.15
Opening balance		0	0	0	0
Allocations to the reserve		0	0	0	0
Return of reserve allocations		0	0	0	0
Net allocations to the reserve		0	0	0	0
Return of amounts previously written-off to the off-balance sheet		0	0	0	0
Reserve utilization					
Closing balance		0	0	0	0

As regards amounts due from financial institutions	Note 14	01.07.16-30.09.16	01.01.16-30.09.16	01.07.15-30.09.15	01.01.15-30.09.15
Opening balance		0	0	0	0
Allocations to the reserve		0	0	0	0
Return of reserve allocations		0	0	0	0
Net allocations to the reserve		0	0	0	0
Return of amounts previously written-off to the off-balance sheet		0	0	0	0
Reserve utilization					
Closing balance		0	0	0	0

As regards loans and advances provided to the customers		01.07.16-30.09.16	01.01.16-30.09.16	01.07.15-30.09.15	01.01.15-30.09.15
Opening balance	Note 16	4,154,629	5,534,149	4,736,239	4,550,828
Allocations to the reserve		2,731,981	6,766,859	2,230,809	4,152,097
Return of reserve allocations		-1,409,870	-4,501,420	-814,279	-2,226,477
Net allocations to the reserve		1,322,111	2,265,439	1,416,530	1,925,620
Return of amounts previously written-off to the off-balance sheet		544,593	1,410,611	372,451	736,496
Reserve utilization		-1,689,485	-4,878,351	-1,203,191	-1,890,915
Closing balance			4,331,848	4,331,848	5,322,029

As regards investments		01.07.16-30.09.16	01.01.16-30.09.16	01.07.15-30.09.15	01.01.15-30.09.15
Opening balance	Note 18	0	21,895	21,895	21,895
Allocations to the reserve		1,235	1,235		0
Return of reserve allocations		0	-21,895		0
Net allocations to the reserve		1,235	-20,660	0	0
Return of amounts previously written-off to the off-balance sheet					
Reserve utilization					
Closing balance			1,235	1,235	21,895

As regards other assets		01.07.16-30.09.16	01.01.16-30.09.16	01.07.15-30.09.15	01.01.15-30.09.15
Opening balance	Note 18	517,749	160,082	123,191	128,635
Allocations to the reserve		1,340,877	3,351,180	109,630	182,195
Return of reserve allocations		-1,171,141	-2,820,833	-40,344	-94,107
Net allocations to the reserve		169,736	530,347	69,286	88,088
Return of amounts previously written-off to the off-balance sheet		7,827	13,488	9,763	14,120
Reserve utilization		-128,606	-137,211	-18,609	-47,212
Closing balance			566,706	566,706	183,631

As regards off-balance sheet items containing credit risk		01.07.16-30.09.16	01.01.16-30.09.16	01.07.15-30.09.15	01.01.15-30.09.15
Opening balance	Note 30	335,852	335,674	294,268	294,268
Allocations to the reserve		240,510	576,362		0
Return of reserve allocations		-139,895	-475,569	-294,268	-294,268
Net allocations to the reserve		100,615	100,793	-294,268	-294,268
Closing balance			436,467	436,467	0

Total net allocations to the reserves		1,593,697	2,875,919	1,191,548	1,719,440
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Note 8. General administrative expenses

General administrative expenses	01.07.16-30.09.16	01.01.16-30.09.16	01.07.15-30.09.15	01.01.15-30.09.15
Expenses as regards calculated salary and other equivalent payments *	729,438	2,268,115	672,946	2,101,593
Expenses as regards social payments	0	0	0	0
Expenses as regards training and tuition	20	391	1,160	1,891
Expenses as regards business trips	21,650	53,487	21,123	48,324
Expenses as regards operating lease	39,303	115,605	30,885	86,964
Insurance expenses	8,925	31,139	9,800	29,329
Expenses as regards maintenance and security of Bank's equipment	46,260	107,227	16,944	53,510
Expenses as regards maintenance and security of Bank's buildings	66,467	204,404	69,712	206,310
Expenses as regards audit and other consulting services	3,554	20,648	0	21,216
Expenses as regards communication means	23,475	70,004	23,731	71,569
Transportation expenses	12,783	41,539	10,670	36,245
Expenses as regards taxes, duties and other obligatory payments (except profit tax)	57,726	185,630	52,752	155,601
Office and organizational expenses	13,226	43,616	12,689	35,066
Expenses as regards loans provision and return	17,487	44,978	4,793	14,263
Other administrative expenses	116,302	236,049	94,622	315,241
Total	1,156,616	3,422,832	1,021,827	3,177,122

The number of the Bank employees as at 30 September 2016 is 835.

The size of average monthly salary per employee is 184 thous. drams.

Note 9. Other Operating Expenses

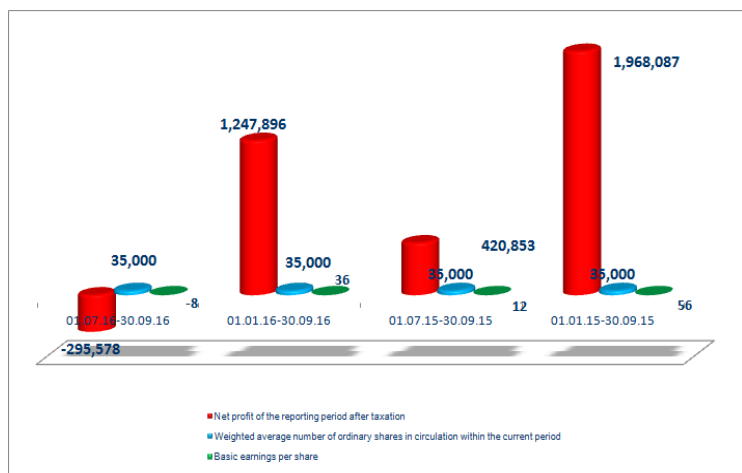
Other Operating Expenses	01.07.16-30.09.16	01.01.16-30.09.16	01.07.15-30.09.15	01.01.15-30.09.15
Fines and penalties paid	177	677	300	1,450
Advertising and representation expenses	48,592	155,275	55,218	148,275
Fcatoting expenses				
Fixed and intangible assets amortization expenses	257,716	738,881	208,394	626,231
Loss from impairment of tangible assets				
Allocations to deposit guarantee fund	157,550	307,027	60,071	167,422
Other expenses	147,573	522,228	115,982	306,885
Total	611,608	1,724,088	439,965	1,250,263

Note 11. Profit Tax Expense

Profit tax expense	01.07.16-30.09.16	01.01.16-30.09.16	01.07.15-30.09.15	01.01.15-30.09.15
Current tax expense	-75,328	282,909	128,095	429,377
Adjustments of current tax for previous periods recognized in the given period				
Deferred tax expense	7,197	26,164	-9,169	56,468
Total	-68,131	309,073	118,926	485,845

Note 12. Basic Earnings per Share

Basic Earnings per Share	01.07.16-30.09.16	01.01.16-30.09.16	01.07.15-30.09.15	01.01.15-30.09.15
Net profit of the reporting period after taxation	-295,578	1,247,896	420,853	1,968,087
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	-8	36	12	56
Diluted earnings per share				



Note. Other Comprehensive Income

Other Comprehensive Income	01.07.16-30.09.16	01.01.16-30.09.16	01.07.15-30.09.15	01.01.15-30.09.15
Exchange rate differences from recalculation of foreign transactions				
Revaluation of financial assets available for sale	891,342	1,425,613	(15,285)	(343,792)
Cash flow hedging				
Gains from PPE revaluations				
Deferred tax expense				
Total	891,342	1,425,613	(15,285)	(343,792)

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	6,373,057	3,641,132
Other placements of cash	2,010,258	3,331,109
Correspondent accounts with the CBA *	25,439,676	24,319,510
Total	33,822,991	31,291,751
Deposit accounts with the CBA		
Deposited means with the CBA **	120,000	400,000
Accrued interest		
Cash means and balances with the CBA	33,942,991	31,691,751
Standardized precious metal bullions	76,626	144,762
Placements with other banks (Note 14)	6,239,324	11,274,611
Total cash and cash equivalents	40,258,941	43,111,124

* 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	4,206	17,926
Banks with BBB – (Baa3) and higher rating	5,159,507	8,631,452
Banks with no rating and rating below BBB-(Baa3)	1,194,887	169,595
Accrued interest	0	0
Total	6,358,600	8,818,973

Interbank loans and deposits, etc.	Reporting period	Previous period
CBA		
Loans and deposits		
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap		
Other		
RA Banks		
Loans and deposits	0	2283749
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap	0	6,360
Letters of credit and bank guarantees		
Other		
Banks with BBB – (Baa3) and higher rating		
Loans and deposits	74,900	225,080
Factoring		
Financial lease		
RA Banks		
RA Banks	0	0
Letters of credit and bank guarantees		
Other	0	0

Banks with no rating and rating below BBB-(Baa3)		
Loans and deposits		
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap	0	0
Letters of credit and bank guarantees		
Other	471,036	18,730
Accrued interest	16	1298
Total	6,904,552	11,354,190
Reserve for possible losses as regards amounts due from Banks (Note 7)		-79,579
Net amounts due from banks	6,904,552	11,274,611

Loans and deposits with financial institutions, other amounts due		
RA financial institutions	4,407,273	2,379,785
Loans and deposits	3,397,164	930,811
Factoring		
Financial lease		
Repo (repurchase) agreements	1,010,109	1,448,974
Swap		
Letters of credit and bank guarantees		
Other		
Financial institutions with BBB – (Baa3) and higher rating		
Loans and deposits	0	0
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap		
Letters of credit and bank guarantees		
Other		
Financial institutions with no rating and rating below BBB-(Baa3)	1,757,180	1,000,746
Loans and deposits		
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap		
Letters of credit and bank guarantees		
Other	1,757,180	1,000,746
Accrued interest	52,132	11,122
Total	6,216,585	3,391,653
Reserve for possible losses as regards amounts due from financial institutions (Note 7)		-16,528
Net amounts due from financial institutions	6,216,585	3,375,125
Net amounts due from banks and financial institutions	13,121,137	14,649,736

Note 15. Financial Assets Held for Trading

Government securities	Reporting period	Previous period
RA Government securities, including		
Treasury bonds	12,271,448	12,467,687
Central Bank bonds		
Other		
Government securities of countries with BBB – (Baa3) and higher rating, including		
Treasury bonds		
Central Bank bonds		
Other		
Government securities of countries with no rating and rating below BBB-(Baa3)		
Treasury bonds		
Central Bank bonds		
Other		
Total Government securities	12,271,448	12,467,687

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

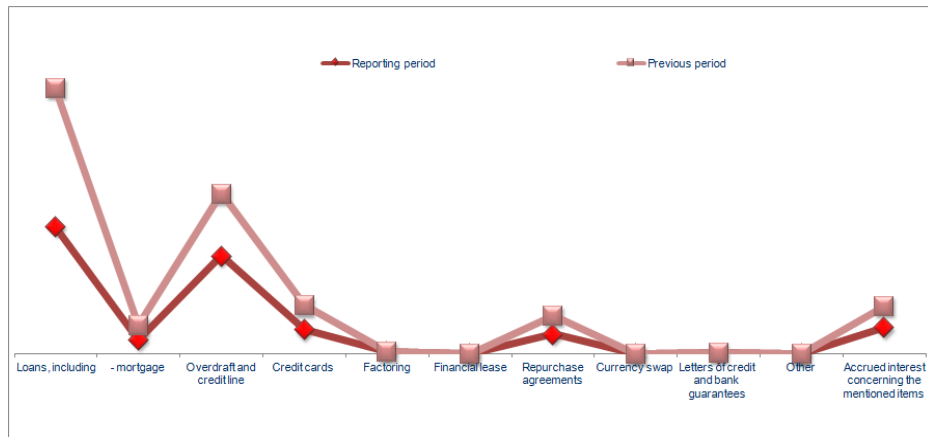
Non-government securities of other countries	Listed	Non-Listed	Listed	Non-Listed
Issuer with A-/A3/ and higher rating				
Long term debt instruments				
Short term debt instruments				
Deposit certificates				
Equity instruments				
Other				
Issuer with BBB+/Baa1/ and below rating, other rating and no rating				
Long term debt instruments				
Short term debt instruments				
Deposit certificates				
Equity instruments				
Other				
Total non-government securities of other countries held for trading	0	0	0	0
Total securities held for trading	12,271,448	12,467,687	0	0

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

Total financial assets held for trading	12,271,448	12,467,687	0	0
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Note 16. Loans and other advances to customers

Issued loans and other advances	Reporting period	Previous period
Loans, including	111,118,143	109,943,916
- to banks		
- to RA Government		
- to local authorities		
- mortgage	11,328,253	11,334,011
Overdraft and credit line	68,660,139	49,365,106
Credit cards	19,162,539	19,363,691
Factoring	1,633,862	283,479
Financial lease	78	293
Repurchase agreements	16,873,693	14,758,667
Currency swap	-	-
Letters of credit and bank guarantees	360,890	598,921
Other		
Accrued interest concerning the mentioned items	21,783,273	17,262,249
Total loans	239,592,617	211,576,322
Reserve for possible losses as regards loans and other advances to customers (Note 7)	-4,331,848	-4,208,840
Total net loans	235,260,769	207,367,482



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	232,392,992	204,917,584
Amount		
Quantity	59,658	64,324
Non-Performing loans and advances, including	7,199,625	6,658,738
Amount	4862	6538
Quantity		
Overdue	3,107,441	3,160,417
Amount		
Quantity	2899	4403
Accrued interests		
Total loans	239,592,617	211,576,322
Amount		
Quantity	64,520	70,862
Provision for possible losses as regards loans and advances provided to customers (Note 7)	-4,331,848	-4,208,840
Total net loans	235,260,769	207,367,482

Analysis of provided loans and advances by customer group

Analysis of the provided loans and advances by customer group	Reporting period	Previous period
State enterprises	8,452,450	5,854,891
Private enterprises, including	158,602,389	137,855,733
- large enterprises	82,461,532	74,508,888
- small and medium enterprises	76,140,857	63,346,845
Natural persons, including	46,828,967	46,613,248
- consumer loans	14,867,664	14,480,682
- mortgage loans	11,314,919	11,334,011
- credit cards	19,109,494	19,233,646
Sole entrepreneurs	3,925,538	3,990,201
Accrued interest	21,783,273	17,262,249
Total loans	239,592,617	211,576,322
Provision for possible losses as regards loans and advances provided to customers	(4,331,848)	(4,208,840)
Total net loans	235,260,769	207,367,482

a) Total loans provided to major borrowers and related persons as of 30.09.2016 made AMD 116.141.694 thousand, as of 31.12.2015 – AMD 106.588.616 thousand.

b) Share in total loan portfolio as of 30.09.2016 made 51.88 %, as of 31.12.2015 -53.84 %

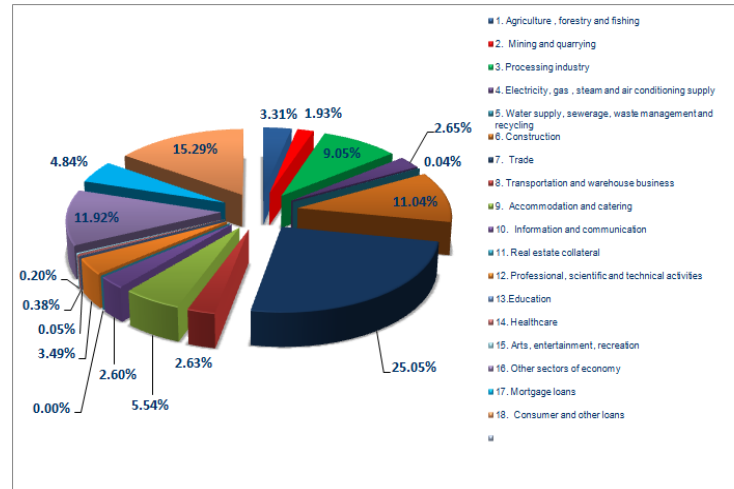
c) Percentage to Capital as of 30.09.2016 was 416.26 %, as of 31.12.2015 – 405.66 % :

Analysis of loan portfolio according to number of borrowers	Reporting period	Previous period
State enterprises	9	9
Private enterprises	345	337
Natural persons	50,063	61,097
Sole entrepreneurs	197	198
Total	50,614	61,641

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

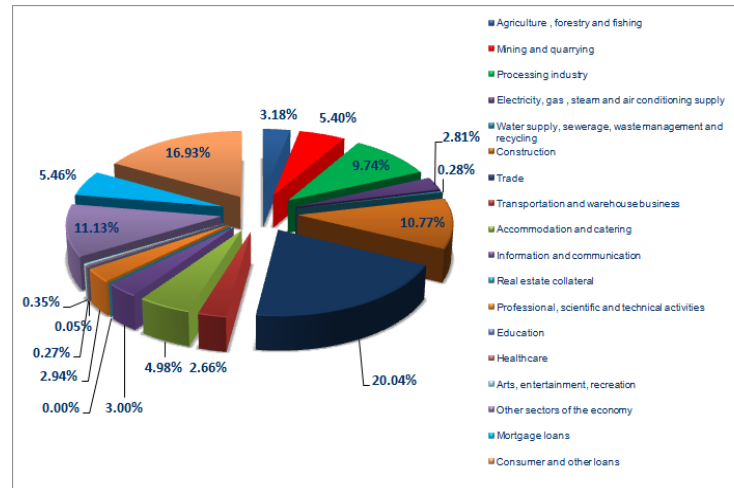
30.09.16

Analysis of loans and advances according to crediting sectors	Reporting period	Percentage
1. Agriculture , forestry and fishing	7,919,037	3.31
2. Mining and quarrying	4,626,675	1.93
3. Processing industry	21,673,243	9.05
4. Electricity, gas , steam and air conditioning supply	6,356,082	2.65
5. Water supply, sewerage, waste management and recycling	84,482	0.04
6. Construction	26,459,714	11.04
7. Trade	60,015,922	25.05
8. Transportation and warehouse business	6,290,491	2.63
9. Accommodation and catering	13,284,878	5.54
10. Information and communication	6,239,699	2.60
11. Real estate collateral	11,586	0.00
12. Professional, scientific and technical activities	8,355,679	3.49
13. Education	114,829	0.05
14. Healthcare	898,938	0.38
15. Arts, entertainment, recreation	484,720	0.20
16. Other sectors of economy	28,548,542	11.92
17. Mortgage loans	11,585,391	4.84
18. Consumer and other loans	36,642,709	15.29
Total	239,592,617	100



31.12.15

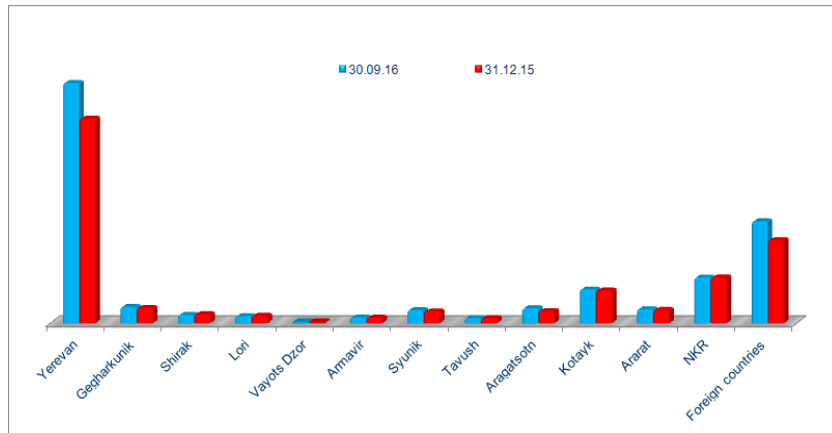
Analysis of loans and advances according to crediting sectors	Previous period	Percentage
1. Agriculture , forestry and fishing	6,719,580	3.18
2. Mining and quarrying	11,431,612	5.40
3. Processing industry	20,601,394	9.74
4. Electricity, gas , steam and air conditioning supply	5,953,121	2.81
5. Water supply, sewerage, waste management and recycling	588,290	0.28
6. Construction	22,784,283	10.77
7. Trade	42,390,604	20.04
8. Transportation and warehouse business	5,619,547	2.66
9. Accommodation and catering	10,541,104	4.98
10. Information and communication	6,350,327	3.00
11. Real estate collateral	8,995	0.00
12. Professional, scientific and technical activities	6,222,152	2.94
13. Education	114,943	0.05
14. Healthcare	575,515	0.27
15. Arts, entertainment, recreation	746,458	0.35
16. Other sectors of economy	23,544,163	11.13
17. Mortgage loans	11,556,123	5.46
18. Consumer and other loans	35,828,111	16.93
Total	211,576,322	100



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	188,127,113	79.97	168,856,257	81.43
Non-residents	47,133,656	20.03	38,511,225	18.57
Total	235,260,769	100	207,367,482	100

Region (Marz)	30.09.16		31.12.15	
	Quantity	Amount	Quantity	Amount
Yerevan	17114	111,169,301	19603	94,673,390
Gegharkunik	10305	7,609,924	10022	7,124,235
Shirak	7584	3,926,272	8555	4,210,822
Lori	2866	3,279,864	3414	3,530,028
Vayots Dzor	183	596,143	168	624,235
Armavir	2001	2,669,292	2367	2,607,750
Syunik	1924	6,139,680	2145	5,440,563
Tavush	985	2,460,895	1277	2,384,237
Aragatsotn	6851	6,961,163	7117	5,666,743
Kotayk	3769	15,631,278	4121	15,162,249
Ararat	5905	6,520,850	6266	6,203,529
NKR	4992	21,162,451	5767	21,228,476
Foreign countries	41	47,133,656	40	38,511,225
Total	64,520	235,260,769	70,862	207,367,482



Note 17. Financial assets available for sale

State securities	Reporting period	Previous period
State obligations	12,837,636	10,175,043
Treasury obligations	12,837,636	10,175,043
Central Bank obligations		
Promissory note		
State obligations of countries with BBB-/Baa3/ or higher rating		
Treasury obligations		
Central Bank obligations		
Other		
State securities of countries with BB+/Ba1/ or below rating or no rating		
Treasury obligations		
Central Bank obligations		
Other		
Possible loss reserve for promissory notes (Note 7)		
Total state securities	12,837,636	10,175,043

Non-state securities of RA	<i>listed</i>	<i>unlisted</i>	<i>listed</i>	<i>unlisted</i>
Issuer with A-/A3/ or higher rating				
Long term debt instruments				
Short term debt instruments				
Deposit certificates				
Equity instruments				
Other				
Issuer with "C" and higher rating by CBA				
Long term debt instruments				
Short term debt instruments				
Deposit certificates				
Equity instruments				
Other				
Issuer with BBB+/Baa1/ or below rating, other rating or no rating				
Long term debt instruments		802614		542661
Short term debt instruments				
Deposit certificates				
Equity instruments				
Other				
Total non government securities of RA	0	802,614	0	542,661

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

Total securities available for sale	13,640,250	10,717,704
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Other financial assets available for sale				
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				
Total	0	0	0	0

Total financial assets available for sale	13,640,250	10,717,704
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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
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	14034	0.00005
Total				46,022	6
Impairment of investments in other companies share capital (reserve for possible losses) (Note 7)				-1,234	
Total				44,788	

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	10964	0.00005
Total				42,952	6
Impairment of investments in other companies share capital (reserve for possible losses) (Note 7)				-21,895	
Total				21,057	

	Reporting period	Previous period
Total financial assets available for sale and investments in other companies' share capital	13,685,038	10,738,761

Note 18. Investments held to maturity

Government securities	Reporting period	Previous period
RA state bonds including		
T-bonds		
Bonds of Central bank		
Other		
Government securities of countries with BBB-/Baa3/ or higher rating, including		
T-bonds		
Bonds of Central bank		
Other		
State securities of countries with BB+/Ba1/ or below rating or no rating, including		
T-bonds		
Bonds of Central bank		
Other		
Accrued interest		
Total		

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

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

Impairment of investments held to maturity (reserve for possible losses) (Note 7)				
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Net investments in financial assets held to maturity	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
Initial cost							
Balance at the beginning of the previous period	7,548,683	2,942,939	253,657	1,602,244	-	118,377	12,465,900
Increase	3,991	339,417	44,764	174,104	-	54,000	616,276
Disposal			74,868				74,868
Write-off							-
Revaluation		80		4,524			4,604
Depreciation adjustment from revaluation							-
Balance at the end of the previous period	7,552,674	3,282,276	223,553	1,771,824	-	172,377	13,002,704
Increase	1,932	182,875	1,920	66,127	35,101	10,687	298,642
Disposal			-				-
Revaluation*							-
Write-off				5,085			5,085
Depreciation adjustment from revaluation							-
Balance at the end of the reporting period	7,554,606	3,465,151	225,473	1,832,866	35,101	183,064	13,296,261
Accumulated depreciation							
Balance at the beginning of the previous period	290,106	1,909,865	163,429	955,125	-	19,991	3,338,516
Increase	290,495	219,866	38,086	209,697		3,838	761,982
Disposal			48,412				48,412
Depreciation adjustment from revaluation							-
Write-off		80		2,219			2,299
Balance at the end of the previous period	580,601	2,129,651	153,103	1,162,603	-	23,829	4,049,787
Increase	218,013	211,151	25,316	147,005		3,875	605,360
Disposal							
Depreciation adjustment from revaluation							
Write-off				5,085			5,085
Balance at the end of the reporting period	798,614	2,340,802	178,419	1,304,523	-	27,704	4,650,062
Net carrying amount							
End of reporting period	6,755,992	1,124,349	47,054	528,343	35,101	155,360	8,646,199
End of previous period	6,972,073	1,152,625	70,450	609,221	-	148,548	8,952,917

Intangible Assets

	Software	Licenses	Copyright	Other intangible assets	Capital investments as regards intangible assets	Total
Initial cost						
Balance at the beginning of the previous period	175,671	1,314,448	-	66,215	138,404	1,694,738
Increase	81,582	520,018		9,024	(133,557)	477,067
Disposal		1,201				1,201
Impairment						
Revaluation		6,176				6,176
Balance at the end of previous period	257,253	1,827,089	-	75,239	4,847	2,164,428
Increase	2,700	373,334		28,654	-	404,688
Disposal						-
Revaluation*						-
Impairment						-
Depreciation adjustment from revaluation		159				159
Balance at the end of the reporting period	259,953	2,200,264	-	103,893	4,847	2,568,957
Accumulated amortization						
Balance at the end of previous period	2,275	78,817	-	-	-	81,092
Increase	9,930	63,545		158		73,633

Disposal		1,201				1,201
Impairment		6,176				6,176
Revaluation						
Balance at the end of previous period	12,205	134,985	-	158	-	147,348
Increase	11,782	120,291		2,131		134,204
Disposal						-
Depreciation adjustment from revaluation		159				159
Revaluation						-
Balance at the end of the reporting period	23,987	255,117		2,289	-	281,393
Net carrying amount						
End of reporting period	235,966	1,945,147	-	101,604	4,847	2,287,564
End of previous period	245,048	1,692,104	-	75,081	4,847	2,017,080

Note 21. Deferred tax assets

Deferred tax assets movement	Reporting period	Previous period
Balance at the beginning of the period	221,949	183,789
Increase		38,160
Decrease	221,949	
Balance at the end of the period	-	221,949

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	1,712,454	2,969,192
Total	1,712,454	2,969,192
Reserve for possible losses as regards bank transactions (Note 7)	-17,125	-29,692
Net amounts receivable from bank transactions	1,695,329	2,939,500

Accounts receivable and prepayments	Reporting period	Previous period
Receivables as regards budget	52	169
Receivables as regards suppliers		
Advance payments to the employees	13,176	124
Advance payments to the suppliers	441,464	371,454
Advance payments and overpayments as regards budget and mandator	654,877	451,088
Other receivables and prepayments	9,997,266	10,422,360
Total	11,106,835	11,245,195
Reserve for possible losses as regards other assets (Note 7)	-547,870	-130,390
Total	10,558,965	11,114,805
Other assets		
Warehouse	407,693	456,005
Seized collateral	5,298,198	5,085,118
Future period expenses	41,026	18,207
Other assets	130,576	148,989
Reserve for possible losses as regards other assets (Note 7)	-1,711	
Total	5,875,782	5,708,319
Total other assets	18,130,076	19,762,624

Note 23. Amounts due to banks and other financial institutions

Current accounts	Reporting period	Previous period
RA Banks	10,395	6
Banks with BBB-(Baa3) and higher rating		
Banks with rating below BBB-(Baa3) and no rating		
Accrued interest		
Total	10,395	6
Interbank loans, deposits and other demands		
RA Central Bank		
Loans*	12,269,731	8,845,930
Repo (repurchase) agreements	17,799,996	20,899,991
Swap		14672
Other		
RA Banks		
Loans and deposits	1,590,622	8,525,547
Financial leasing		
Repo (repurchase) agreements	0	0
Swap	0	
Other	0	0
BBB-(Baa3) and higher rating banks		
Loans and deposits		16000000
Financial leasing		
Repo (repurchase) agreements		
Swap		
Other		
BBB-(Baa3) and lower rating and no rating banks		
Loans and deposits	1,123,506	2,418,762
Financial leasing		
Repo (repurchase) agreements		
Swap	0	0
Other	494,861	12,410
Accrued interest	305,193	351,210
Total	33,583,909	57,068,522
Financial institutions		
Current accounts	472,569	73,024
Loans and deposits	21,762,957	23,479,553
Repo (repurchase) agreements		
Swap		
Other	5,135	133,491
Accrued interest	395,190	136,323
Total	22,635,851	23,822,391
Total amounts due to banks and other fin. institutions	56,230,155	80,890,919

As of 30.09.2016, loans received from the Central Bank of Armenia also include loan amounts attracted under international loan programs totaling AMD 12.269.731 thous. And accrued interest amounts AMD 263.589 thous.

Note 24. Amounts due to customers

Amounts due to RA government and local self-managed authorities	Reporting period	Previous period
Current accounts	252,387	47,330
Time deposits		
Loans	697,320	3,044,295
Repo (repurchase) agreements		
Swap		
Other	44,196	42,574
Accrued interest	2,728	10,936
Total	996,631	3,145,135
Legal entities and institutions of RA (residents)		
Current accounts	18,335,041	13,911,214
Time deposits	23,506,958	13,691,037
Repo (repurchase) agreements		
Swap		
Other	4,329,616	9,365,691
Accrued interest	202,148	69,050
Total	46,373,763	37,036,992
Legal entities and institutions (non-residents)		
Current accounts	9,431,218	6,007,250
Time deposits	228,444	298,781
Repo (repurchase) agreements		
Swap		
Other	22,932	622,335
Accrued interest	6,436	829
Total	9,689,030	6,929,195
Sole entrepreneurs of RA (residents)		
Current accounts	132,728	67,391
Time deposits		
Repo (repurchase) agreements		
Swap		
Other		
Accrued interest		
Total	132,728	67,391
Sole entrepreneurs (non-residents)		
Current accounts	48	47
Time deposits		
Repo (repurchase) agreements		
Swap		
Other		
Accrued interest		
Total	48	47
Individuals (residents)		
Current accounts	12,801,844	8,614,168
Time deposits	153,487,170	120,818,305
Repo (repurchase) agreements		
Swap		

Other	192,364	51,754
Accrued interest	1,981,239	1,436,272
Total	168,462,617	130,920,499
Individuals (non-residents)		
Current accounts	1,631,337	549,110
Time deposits	7,621,119	5,064,954
Repo (repurchase) agreements		
Swap		
Other	0	0
Accrued interest	66,852	65,995
Total	9,319,308	5,680,059
Total liabilities to customers	234,974,125	183,779,318

The amount of the security of liabilities totaled: as at 31.12.2015 - AMD 14.303.074 thous., as at 30.09.2016 - AMD 12.833.336 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 697.320 thous., accrued interest AMD 2.728 thous.

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

	Reporting period	Previous period
Legal entities residents	67	64
Legal entitie non- residents	2	4
Individuals residents	15,509	12,825
Individuals non-residents	195	181
Total	15,773	13,074

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	12,271,448	12,467,687
Total	12,271,448	12,467,687

Note 27. Amounts payable

Amounts payable	Reporting period	Previous period
Dividends		
Trust management agreements		
Deposits insurance	157,550	64,633
Other		
Total	157,550	64,633

Note 28. Deferred tax liabilities

Deferred tax liabilities movements	Reporting period	Previous period
Balance at the beginning of the period		
Increase	130,067	
Decrease		
Balance at the end of the period	130,067	-

Note 29. Other liabilities

Other liabilities	Reporting period	Previous period
Settlement liabilities as regards cheques and other payment	9,489	0
Settlement liabilities as regards letters of credit		
Other settlements		
Payables as regards budget		
Profit Tax	282,909	0
VAT	1,404	4,837
other taxes and dues	21,335	219,797
social insurance payments	0	0
Liabilities to employees as regards salary	185,074	147,140
Payables as regards suppliers	99,259	155,492
Payables as regards completion of chartered capital		
Other liabilities	2,796	2,991
Balance at the end of period	602,266	530,257

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
	22,907,500		

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	1,557,730	132,117
Fixed assets revaluation reserve	471,422	471,422
Other reserves		
Total revaluation reserves	2,029,152	603,539

Other components of equity**Reserves**

Reserves	Reporting period	Previous period
Main reserve		
Opening balance	576,319	403,892
Increase	62,189	172,427
Decrease		
Closing balance	638,508	576,319

Other reserves		
Opening balance		
Increase		
Decrease		
Closing balance		

Note 33. Retained earnings

Retained profit	Reporting period	Previous period
Opening balance	5,858,903	3,462,246
Increase	1,247,896	2,569,084
Decrease	62,189	172,427
Closing balance	7,044,610	5,858,903

Note 34. Reserves, contingencies and potential liabilities

Reserves		Reporting period	Previous period
Opening balance	Note 7	335,674	294,268
Allocations to the reserve		576,362	335,674
Use of reserve		(475,569)	(294,268)
Net allocations to the reserve		100,793	41,406
Closing balance		436,467	335,674

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	13,921,700	7,905,085
Guarantees provided	23,322,609	18,725,709
Letters of credit issued		168,430
Reserve as regards the mentioned items (Note 7)	(436,467)	(335,674)
Closing balance	36,807,842	26,463,550

Bank's liability as regards operating lease

The leased premises are as follows:

Yerevan - Artsakh Branch
Talin - Talin Branch
Yerevan - Noragavit 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

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		121,379
1-5 years		431,086
5-10 years		298,940
Total		851,405

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
	01.01.16-30.09.16	01.01.15-31.12.15
Balance as of 01 January	3,868,413	5,052,091
Loans and advances provided during the year	2,097,004	8,348,447
Loans and advances repaid during the year	3,498,263	9,532,125
Balance	2,467,154	3,868,413
Interest income	301,737	334,604

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

Amounts due to customers	Reporting period	Previous period
	01.01.16-30.09.16	01.01.15-31.12.15
Balance as of 01 January	3,206,724	15,748,185
Amounts received during the year	37,358,500	73,057,260
Amounts paid during the year	34,947,556	85,598,721
Balance	5,617,668	3,206,724
Interest expense	337,677	559,276

Salary and equivalent payments to the Bank's management	Reporting period	Previous period
	01.01.16-30.09.16	01.01.15-31.12.15
The Board		
Salary	72,612	96,816
bonus		
Executive body		
Salary	147,300	217,100
bonus	2,468	16,459
Internal audit		
Salary	25,686	64,636
bonus	110	3,000
Total	248,176	398,011

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

30.09.2016

Title	RA	CIS countries	OECD* Countries	Non OECD Countries	Total
Assets					
Cash and balances with CBA	33,942,991				33,942,991
Amounts due from banks and other financial institutions	4,754,577	1,509,587	6,541,158	315,815	13,121,137
Financial instruments held for trading	12,271,448				12,271,448
Loans and advances to customers	188,127,113	1,274,372	646,230	45,213,054	235,260,769
Securities available for sale	13,671,004		14,034		13,685,038
Securities held to maturity					-
Other assets	13,250,839	262,955	11,540	4,604,742	18,130,076
Total assets	266,017,972	3,046,914	7,212,962	50,133,611	326,411,459
Liabilities					-
Amounts due to banks and other financial institutions	54,599,308	1,510,532	113,116	7,199	56,230,155
Amounts due to customers	215,965,739	5,730,948	3,135,654	10,141,784	234,974,125
Financial liability held for trading	825,006			11,446,442	12,271,448
Other liabilities	592,777		9,489		602,266
Total liabilities	271,982,830	7,241,480	3,258,259	21,595,425	304,077,994
Net position	(5,964,858)	(4,194,566)	3,954,703	28,538,186	22,333,465

31.12.2015

Title	RA	CIS countries	OECD* Countries	Non OECD Countries	Total
Assets					
Cash and balances with CBA	31,691,751				31,691,751
Amounts due from banks and other financial institutions	4,689,412	4,961,525	4,914,799	84,000	14,649,736
Financial instruments held for trading	12,467,687				12,467,687
Loans and advances to customers	168,856,257	279,852	488,304	37,743,069	207,367,482
Securities available for sale	10,727,797		10,964		10,738,761
Securities held to maturity					-
Other assets	14,739,068	246,144	11,254	4,766,158	19,762,624
Total assets	243,171,972	5,487,521	5,425,321	42,593,227	296,678,041
Liabilities					
Amounts due to banks and other financial institutions	62,108,537	2,432,271	16,350,111		80,890,919
Amounts due to customers	171,170,017	841,542	2,863,540	8,904,219	183,779,318
Financial liability held for trading	1,284,635			11,183,052	12,467,687
Other liabilities	524,452		5,805		530,257
Total liabilities	235,087,641	3,273,813	19,219,456	20,087,271	277,668,181
Net position	8,084,331	2,213,708	(13,794,135)	22,505,956	19,009,860

OECD * - Organization for Economic Cooperation and Development

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

30.09.2016

Assets	Working assets		Non-working assets		
	Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
Loans and advances, including	229,963,482	3,202,141	1,168,263	926,883	
	59,658	2,894	972	996	
1. Agriculture , forestry and fishing amount	7,477,522	267,073	15,621	19,223	
number	1,031	41	11	15	
2. Mining and quarrying amount	4,578,477			975	
number	24			1	
3. Processing industry amount	21,451,538	1,271	2,110	487	
number	83	1	3	2	
4. Electricity, gas , steam and air conditioning supply amount	6,274,457	14,007	2,146		
number	36	1	1		
5. Water supply, sewerage, waste management and recycling amount	83,637				

	number	7				
6. Construction	amount	25,795,715	162,913	2,011	97,628	
	number	136	3	1	5	
7. Trade	amount	59,132,742	63,212	95,020	42,150	
	number	1,028	53	19	20	
8. Transportation and warehouse business	amount	6,144,205	75,802			
	number	32	1			
9. Accommodation and catering	amount	12,937,093	453	102,804	36,090	
	number	56	1	4	2	
10. Information and communication	amount	6,177,302				
	number	32				
11. Real property business	amount	11,470				
	number	2				
12. Professional, scientific and technical activities	amount	8,269,406			1,372	
	number	17			1	
13. Education	amount	112,942	672			
	number	270	2			
14. Healthcare	amount	889,872			38	
	number	29			1	
15. Arts, entertainment, recreation	amount	479,873				
	number	16				
16. Other branches of economy	amount	28,284,425				
	number	26				
17. Mortgage loans	amount	10,712,927	373,850	182,108	58,294	
	number	1,901	93	29	23	
18. Consumer and other loans	amount	31,149,879	2,242,888	766,443	670,626	
	number	54,932	2,698	904	926	
Receivables	amount	13,968,586	347,988	32,607	23,695	
	number	9,201	362	299	397	
Investment securities	amount	44,788				
	number	3				
Off-balance sheet items	amount	36,687,852	29,084	76,473	14,433	
	number	12,864	281	79	59	

including	guarantees	amount	22,956,888	89	73,015	11,237
		number	341	1	1	5
	letters of credit	amount	-			
		number	-			

12/31/2015

Assets		Working assets		Non-working assets		
		Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
Loans and advances, including		202,386,852	3,122,386	1,064,733	793,511	
		64,324	3,557	1,560	1,421	
1. Agriculture , forestry and fishing	amount	6,138,255	333,826	53,147	30,577	
	number	1,233	67	37	25	
2. Mining and quarrying	amount	11,279,525		28,996		
	number	46		1		
3. Processing industry	amount	20,383,207		883	5,509	
	number	96		1	4	
4. Electricity, gas , steam and air conditioning supply	amount	5,889,990	3,271			
	number	28	1			
5. Water supply, sewerage, waste management and recycling	amount	580,183				
	number	8				
6. Construction	amount	22,365,566	156,015			7,756
	number	137	1			1
7. Trade	amount	41,791,816	19,790	33,500	45,474	
	number	1,353	42	25	26	
8. Transportation and warehouse business	amount	5,563,351				
	number	29				
9. Accommodation and catering	amount	10,396,793	1,613	28,486		
	number	43	1	3		
10. Information and communication	amount	6,263,590	20,652			
	number	42	1			
11. Real property buisness	amount	8,905				
	number	3				
12. Professional, scientific and technical activities	amount	6,156,405	3,205			
	number	20	1			
13. Education	amount	113,794				
	number	196				
14. Healthcare	amount	569,269	182		146	
	number	87	2		1	
15. Arts, entertainment, recreation	amount	738,994				
	number	17				
16. Other branches of economy	amount	22,953,759				
	number	26				
17. Mortgage loans	amount	10,773,875	409,704	114,190	36,485	
	number	1,884	75	29	20	
18. Consumer and other loans	amount	30,419,575	2,174,128	805,531	667,564	
	number	59,076	3,366	1,464	1,344	
Receivables	amount	23,678,318	33,691	6,796	15,824	
	number	4,832	216	159	406	
Investment securities	amount	21,057				
	number	3				
Off-balance sheet items	amount	26,113,365	343,481	4,504	2,200	
	number	18,408	337	81	48	

including guarantees	amount	18,168,003	313,306		
	number	247	9		
letters of credit	amount	166,746			
	number	2			

Analysis of credit portfolio according to regions and risk exposure

31.12.2015

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	163,875,627	3,122,386	1,064,733	793,511	
2. Non-residents	38,511,225				
Total	202,386,852	3,122,386	1,064,733	793,511	

Loans to non-residents 31.12.15

Assets	Working assets		Non-working assets		
	Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
Loans and advances, including	38,511,225	-	-	-	-
	40	-	-	-	-
1. Agriculture , forestry and fishing	amount 3,263				
	number 3				
2. Mining and quarrying	amount				
	number				
3. Processing industry	amount 4,887				
	number 3				
4. Electricity , gas , steam and air conditioning supply	amount				
	number				
5. Water supply, sewerage, waste management and recycling	amount				
	number				
6. Construction	amount				
	number				
7. Trade	amount 22,780,642				
	number 7				
8. Transportation and warehouse business	amount				
	number				
9. Accommodation and catering	amount				
	number				
10. Information and communication	amount				
	number				
11. Real property buisness	amount				
	number				
12. Professional, scientific and technical activities	amount				
	number				
13. Education	amount				
	number				

14. Healthcare	amount				
	number				
15. Arts, entertainment, recreation	amount	2,316			
	number	1			
16. Other branches of economy	amount	15,647,519			
	number	7			
17. Mortgage loans	amount	2,313			
	number	1			
18. Consumer and other loans	amount	70,285			
	number	18			

30.09.2016

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	182,829,826	3,202,141	1,168,263	926,883	
2. Non-residents	47,133,656				
Total	229,963,482	3,202,141	1,168,263	926,883	

30.09.2016

Assets	Working assets		Non-working assets		
	Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
	47,133,656	-	-	-	-
Loans and advances, including	41	-	-	-	-
1. Agriculture , forestry and fishing	957				
	number	1			
2. Mining and quarrying	amount				
	number				
3. Processing industry	amount	2,050			
	number	2			
4. Electricity, gas , steam and air conditioning supply	amount				
	number				
5. Water supply, sewerage, waste management and recycling	amount				
	number				
6. Construction	amount				
	number				
7. Trade	amount	32,322,747			
	number	11			
8. Transportation and warehouse business	amount				
	number				
9. Accommodation and catering	amount				
	number				
10. Information and communication	amount				
	number				
11. Real property buisness	amount				
	number				
12. Professional, scientific and technical activities	amount				
	number				
13. Education	amount				
	number				
14. Healthcare	amount				
	number				
15. Arts, entertainment, recreation	amount	1,368			

	number	1			
16. Other branches of economy	amount	14,714,006			
	number	7			
17. Mortgage loans	amount	2,042			
	number	1			
18. Consumer and other loans	amount	90,486			
	number	18			

Loan portfolio indicators as of 30.09.2016

Non-performing loans/ total loans 3.21%

Reserve for non-performing loans/total capital 5.85%

Loan reserve /total loans 1.87%

Possible loss reserve/Non-performing loans 58.3%

Large amount advances/capital 416.26%:

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

30.09.2016

	Drams	I group foreign currency*	II group foreign currency**	Total
Assets				
Cash and balances with CBA	4,611,720	29,043,826	287,445	33,942,991
Standardized precious metal bullions		76,626		76,626
Amounts due from banks and other financial institutions	3,528,347	6,880,520	2,712,270	13,121,137
Financial instruments kept for trading	12,271,448			12,271,448
Loans and advances to customers	102,833,078	131,887,071	540,620	235,260,769
Financial assets available for sale	13,160,668	524,370		13,685,038
Financial assets held to maturity				-
Other	13,091,586	5,005,371	33,119	18,130,076
Total assets	149,496,847	173,417,784	3,573,454	326,488,085
Liabilities				
Amounts due to banks and other financial institutions	51,895,573	2,846,228	1,488,354	56,230,155
Amounts due to customers	65,263,043	167,621,514	2,089,568	234,974,125
Other liabilities	565,547	36,719		602,266
Total liabilities	117,724,163	170,504,461	3,577,922	291,806,546
Net position	31,772,684	2,913,323	(4,468)	34,681,539

31.12.2015

	Drams	I group foreign currency*	II group foreign currency**	Total
Assets				
Cash and balances with CBA	21,246,723	10,326,057	118,971	31,691,751
Standardized precious metal bullions		144,762		144,762
Amounts due from banks and other financial institutions	3,653,980	6,125,674	4,870,082	14,649,736
Financial instruments kept for trading	11,925,026	542,661		12,467,687
Loans and advances to customers	93,368,198	113,926,544	72,740	207,367,482
Financial assets available for sale	10,738,761			10,738,761
Financial assets held to maturity				-
Other	13,969,757	5,769,584	23,283	19,762,624
Total assets	154,902,445	136,835,282	5,085,076	296,822,803
Liabilities				
Amounts due to banks and other financial institutions	70,768,075	10,115,192	7,652	80,890,919
Amounts due to customers	45,032,307	133,592,270	5,154,741	183,779,318
Other liabilities	523,983	6,274		530,257
Total liabilities	116,324,365	143,713,736	5,162,393	265,200,494
Net position	38,578,080	(6,878,454)	(77,317)	31,622,309

* 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	-			
- demands		-		
Other derivative instruments				
- liabilities				
- demands				
Net position according to the derivative financial instruments	-	-	-	-
Net open position*	-	-	-	-

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.

Fixed interest rate	3,107,441	3,812,238	1,690,482	71,446,805	14,677,784	27,178,899	114,844,769	18,877,829	586,932	256,223,179
Interest free	43,831	313,441	45,922,174	883,562	11,469,934	6,091	6,086,261	-	5,462,986	70,188,280
Liabilities										
Amounts due to banks and other fin. institutions			488,099	27,407,716	6,891,291	1,289,201	5,953,781	14,200,067		56,230,155
Amounts due to customers	-	-	47,192,996	39,410,904	42,731,391	69,291,036	36,108,773	239,025	-	234,974,125
upon demand			47,192,996							47,192,996
time liability				39,410,904	42,731,391	69,291,036	36,108,773	239,025		187,781,129
Other										-
Liabilities for securities issued by the banks										-
Other liabilities			503,007	99,259						602,266
Off –balance contingent liabilities	38,986	81,134	13,739,559	2,942,952	6,674,160	8,933,301	4,397,750			36,807,842
*Contractual liabilities										-
Total	-	-	48,184,102	66,917,879	49,622,682	70,580,237	42,062,554	14,439,092	-	291,806,546
1-st group currency			27,427,566	29,460,651	56,723,564	30,879,689				170,504,461
2-nd group currency			1,633,256	1,576,151	90,239	152,615	125,661			3,577,922
Large amount liability			1,270,779	25,839,683	13,833,625	17,584,793	21,075,000			79,603,880
Variable rate liability										-
Fixed rate liability			43,528,807	65,245,931	38,044,619	70,536,041	42,062,554	14,439,092		273,857,044
Interest free			4,655,295	1,671,948	11,578,063	44,196				17,949,502
Net liquidity gap	3,151,272	4,125,679	(571,446)	5,412,488	(23,474,964)	(43,395,247)	78,868,476	4,438,737	6,049,918	34,604,913
1-st group currency	1,925,560	1,166,856	12,801,667	12,762,346	(21,708,182)	(39,858,853)	35,206,997	-	586,932	2,883,323
2-nd group currency	-	-	(518,361)	(31,219)	411,438	259,335	(125,661)	-	-	(4,468)
Variable interest rate	-	-	-	-	-	-	-	-	-	-
Fixed rate	3,107,441	3,812,238	(41,838,325)	6,200,874	(23,366,835)	(43,357,142)	72,782,215	4,438,737	586,932	(17,633,865)
Cumulative liquidity gap	3,151,272	7,276,951	6,705,505	12,117,993	(11,356,971)	(54,752,218)	24,116,258	28,554,995	34,604,913	291,806,546

31.12.2015

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		
Assets										
Cash in intern. and CBA			31,291,751						400,000	31,691,751
Amounts due from banks and other fin. institutions			9,102,270	3,523,438			455,250	976,991	591,787	14,649,736
Loans provided to customers	3,160,417	3,498,321		50,393,142	18,847,105	28,182,634	90,961,598	12,324,265		207,367,482
Financial assets			-	-	-	-	4,406,476	18,778,915	21,057	23,206,448
held for trade								12,467,687		12,467,687
available for sale							4,406,476	6,311,228	21,057	10,738,761
held up to maturity										-
Realized under repo agreements										-
Other assets	70,894	3,366	6,362,784	67,443	69,304	61,541	8,042,174		5,085,118	19,762,624
*Contractual demands										-
Total	3,231,311	3,501,687	46,756,805	53,984,023	18,916,409	28,699,425	104,387,239	31,103,180	6,097,962	296,678,041
1-st group currency	1,900,789	887,232	20,989,179	35,999,828	5,706,330	12,387,843	58,366,316		597,765	136,835,282
2-nd group currency			4,766,006	294,245	24,825					5,085,076
Variable interest rate										-
Fixed interest rate	3,160,417	3,498,321	6,431,063	45,219,389	16,839,062	26,822,430	99,958,424	18,635,493	591,787	221,156,386
Interest free	70,894	3,366	40,325,742	8,764,634	2,077,347	1,876,995	4,428,815	12,467,687	5,506,175	75,521,655
Liabilities										
Amounts due to banks and other fin. institutions			218,931	39,625,108	2,222,352	7,379,681	19,964,119	11,480,728		80,890,919
Amounts due to customers	-	-	29,455,895	32,597,400	24,286,548	62,110,602	35,327,175	1,698	-	183,779,318
upon demand			29,455,895							29,455,895
time liability				32,597,400	24,286,548	62,110,602	35,327,175	1,641		154,323,366
Other										-
Liabilities for securities issued by the banks										-
Other liabilities			374,765	155,492						530,257
Off –balance contingent liabilities	28,532	321,654	7,778,616	4,351,473	4,828,284	6,794,851	2,360,140			26,463,550
*Contractual liabilities										-
Total	-	-	30,049,591	72,378,000	26,508,900	69,490,283	55,291,294	11,482,426	-	265,200,494

1-st group currency			16,919,478	24,572,271	18,061,117	58,477,626	25,683,244			143,713,736
2-nd group currency			4,832,101	79,256	66,003	123,431	61,602			5,162,393
Large-scale liability			376,660	36,134,530	318,057	14,825,914	11,737,784			63,392,945
Variable rate liability										-
Fixed rate liability			20,469,738	62,548,141	24,369,626	67,632,255	55,291,294	11,482,426		241,793,480
Interest free			9,579,853	9,829,859	2,139,274	1,858,028				23,407,014
Net liquidity gap	3,231,311	3,501,687	16,707,214	(18,393,977)	(7,592,491)	(40,790,858)	49,095,945	19,620,754	6,097,962	31,477,547
1-st group currency	1,900,789	887,232	4,069,701	11,427,557	(12,354,787)	(46,089,783)	32,683,072	-	597,765	(6,878,454)
2-nd group currency	-	-	(66,095)	214,989	(41,178)	(123,431)	(61,602)	-	-	(77,317)
Variable interest rate	-	-	-	-	-	-	-	-	-	-
fixed rate	3,160,417	3,498,321	(14,038,675)	(17,328,752)	(7,530,564)	(40,809,825)	44,667,130	7,153,067	591,787	(20,637,094)
Cumulative liquidity gap	3,231,311	6,732,998	23,440,212	5,046,235	(2,546,256)	(43,337,114)	5,758,831	25,379,585	31,477,547	265,200,494

Average balance sheet capital and assets

01/01/16-30/09/16

Average balance sheet asset	298,034,621
Average balance sheet capital	30,772,627

Note 42. Collateral accepted

	Reporting period	Previous period
Other securities	9,209,481	7,724,282
Jewels and precious stones	16,746,399	12,257,618
Real estate	163,868,071	142,282,960
Vehicles	13,943,164	14,977,647
Other PPE	19,532,212	18,240,689
Finished production and goods	32,197,584	21,284,426
Cash	12,833,336	30,893,795
Other collateral	16,597,260	18,811,456
Credit guarantee	4,143,357	3,795,273
Other guarantees	19,179,252	17,581,705
Credit warranties	184,107,604	107,535,208
Other warranties	14,482,144	19,386,779
Total	506,839,864	414,771,838

Chairman of the Executive Board

Arsen Mikayelyan

Chief Accountant

Narine Sargsyan

Date of approval 14.10.16