



Appendix 5

NOTES TO FINANCIAL STATEMENTS (Form 5)

30 September 2018

ARMBUSINESSBANK CJSC, RA, YEREVAN, 48 NALBANDYAN

Note 1. Legal Environment and Corporate Governance

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

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

The Bank's head office and 27 branches are located in Yerevan, 23 branches are located in different regions (marzes) of Armenia, and 7 branches – in the Republic of Nagorno Karabakh.

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

The Bank is:

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

1. Corporate governance

The Bank's managing bodies are:

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

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

Ani Ghambaryan -Director of Risk Management Department

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 2018	31 December 2017
AMD/1 US Dollar	482.71	484.1
AMD/1 EUR	559.65	580.1

2.6 Cash and cash equivalents

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

2.7 Amounts due from other banks

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

2.8 Securities

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

2.9 Loans and advances to customers at amortized value

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

2.10 Leasing

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

2.11 Possible losses reserve

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

2.12 Intangible assets

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

2.13 Property, plant and equipment

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

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

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

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

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

2.14 Financial instruments

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

2.15 Events occurring after the balance sheet date

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

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

2.16 Taxation

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

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

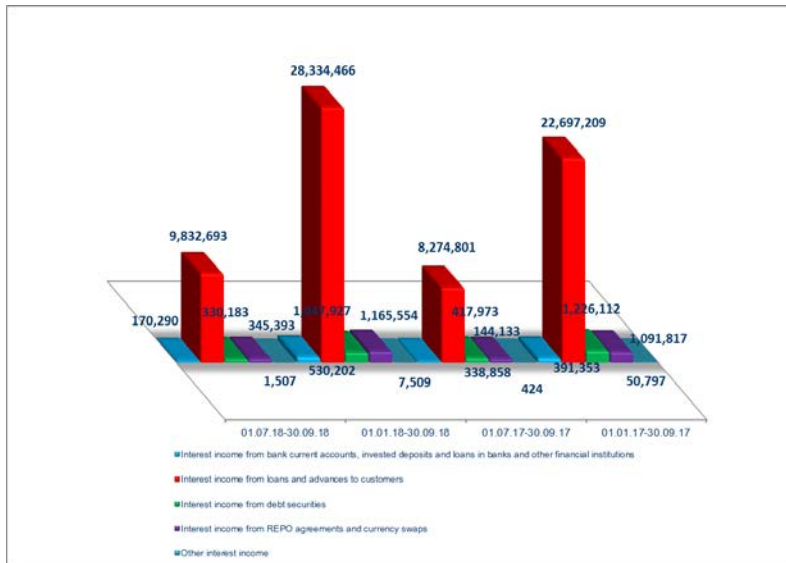
2.17 Functional and presentation currency

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

The intermediary financial statements are presented in thousands of AMD.

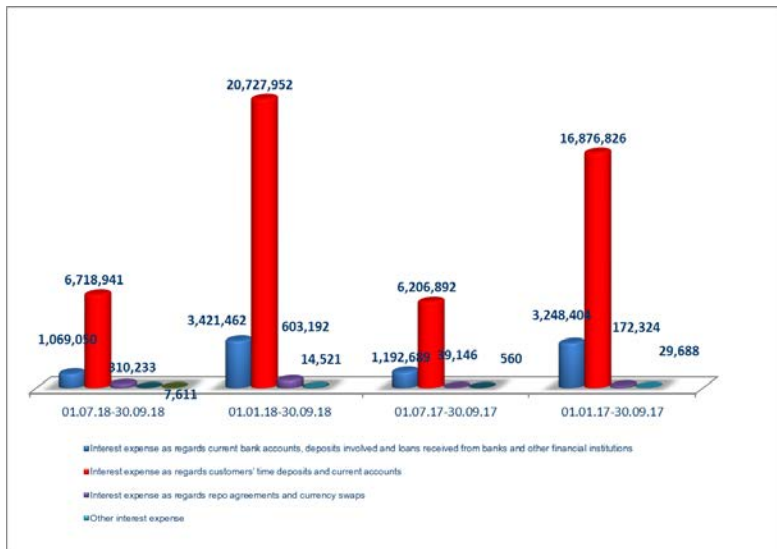
Note 3. Net Interest and Similar Income

Interest and Similar Income	01.07.18-30.09.18	01.01.18-30.09.18	01.07.17-30.09.17	01.01.17-30.09.17
Interest income from bank current accounts, invested deposits and loans in banks and other financial institutions	170,290	530,202	144,133	391,353
Interest income from loans and advances to customers at amortized value	9,832,693	28,334,466	8,274,801	22,697,209
Interest income from debt securities	330,183	1,047,927	417,973	1,226,112
Interest income from REPO agreements and currency swaps	345,393	1,165,554	338,858	1,091,817
Other interest income	1,507	7,509	424	50,797
Total	10,680,066	31,085,658	9,176,189	25,457,288



Interest and Similar Expense	01.07.18-30.09.18	01.01.18-30.09.18	01.07.17-30.09.17	01.01.17-30.09.17
Interest expense as regards current bank accounts, deposits involved and loans received from banks and other financial institutions	1,069,050	3,421,462	1,192,689	3,248,404
Interest expense as regards customers' time deposits and current accounts	6,718,941	20,727,952	6,206,892	16,876,826
Interest expense as regards securities issued by the Bank	220,333	638,688	13,802	37,991

Interest expense as regards repo agreements and currency swaps	310,233	603,192	39,146	172,324
Other interest expense	7,611	14,521	560	29,688
Total	8,326,168	25,405,815	7,453,089	20,365,233
Net interest and similar income	2,353,898	5,679,843	1,723,100	5,092,055



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

Income in the form of Commissions and Other Fees	01.07.18-30.09.18	01.01.18-30.09.18	01.07.17-30.09.17	01.01.17-30.09.17
Cash operations	253,145	655,658	74,250	203,067
Settlement services	377,621	1,025,831	271,582	588,357
Guarantee, acceptance, letter of credit, trust management operations	38,485	145,205	74,367	180,837
Transaction in foreign currency and securities	2	4		
Plastic card operations	283,580	831,295	250,097	608,900
Other commission payments	192,914	579,833	246,869	700,320
Total	1,145,747	3,237,826	917,165	2,281,481

Expenses in the form of Commissions and Other Payments	01.07.18-30.09.18	01.01.18-30.09.18	01.07.17-30.09.17	01.01.17-30.09.17
Commission payments as regards correspondent and other accounts/bank transactions	76,170	224,384	77,745	179,787

Commission payments as regards transactions with plastic cards/cash transactions	65,140	188,424	28,757	75,055
Payments as regards guarantees, acceptance, letters of credit, trust management transactions	11,415	28,245	4,658	4,662
Commission payments as regards transactions in foreign currency and securities				
Other commission payments	8,199	18,962	3,510	10,042
Total	160,924	460,015	114,670	269,546
Net Commissions and other payments received	984,823	2,777,811	802,495	2,011,935

Note 5. Net income from trading transactions

Income from investments remeasured at fair value and held at fair value	01.07.18-30.09.18	01.01.18-30.09.18	01.07.17-30.09.17	01.01.17-30.09.17
Net income from purchase and sale of investments held for trading, including				
- shares				
- debt securities				
- derivative instruments	76,203	-155,072	20,243	44,932
Net income from change in fair value of investments held for trading				
Total	76,203	-155,072	20,243	44,932

Net income from investments available for sale	01.07.18-30.09.18	01.01.18-30.09.18	01.07.17-30.09.17	01.01.17-30.09.17
Net income from purchase and sale of investments available for sale, including				
- shares				
- debt securities			82,925	82,925
- derivative instruments				
Net income from change in fair value of investments held for trading	0	0	-69,375	-69,375
Total	0	0	13,550	13,550

From foreign currency transactions	01.07.18-30.09.18	01.01.18-30.09.18	01.07.17-30.09.17	01.01.17-30.09.17
Net income from foreign currency dealings	453,666	1,393,952	339,174	997,044
Net income from foreign currency revaluation	-72,240	207,217	-31,680	-55,944
Total	381,426	1,601,169	307,494	941,100

From bank standardized precious metal bullions and commemorative coins	01.07.18-30.09.18	01.01.18-30.09.18	01.07.17-30.09.17	01.01.17-30.09.17
Net income from purchase and sale of bank standardized precious metal bars and commemorative coins	2,289	28,908	3,418	7,477
Net income from revaluation of bank standardized precious metal bullions and commemorative coins	-5,350	-13,389	8,409	31,414
Total	-3,061	15,519	11,827	38,891

Net income from trading transactions	454,568	1,461,616	353,114	1,038,473
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Note 6. Other operating income

Other operating income	01.07.18-30.09.18	01.01.18-30.09.18	01.07.17-30.09.17	01.01.17-30.09.17
Fines and penalties received	851,672	2,348,199	603,450	1,666,546
Income received from factoring	181	1,078	471	3,193
Net income from disposal of PPE and intangible assets	16,915	34,860	9,700	25,041
Net income from revaluation and impairment reversal of PPE and intangible assets				
Other income	149,263	352,280	64,931	191,100
Total	1,018,031	2,736,417	678,552	1,885,880

Note 7. Net allocations to the assets possible loss reserve

As regards amounts due from banks	Note 14	01.07.18-30.09.18	01.01.18-30.09.18	01.07.17-30.09.17	01.01.17-30.09.17
Opening balance		95,861	95,832	61,656	59,187
Allocations to the reserve		387,048	831,558	167,349	633,736
Return of reserve allocations		-95,889	-540,370	-161,702	-625,620
Net allocations to the reserve		291,159	291,188	5,647	8,116
Return of amounts previously written-off to the off-balance sheet		0	0	0	0
Reserve utilization					
Closing balance		387,020	387,020	67,303	67,303

As regards amounts due from financial institutions	Note 14	01.07.18-30.09.18	01.01.18-30.09.18	01.07.17-30.09.17	01.01.17-30.09.17
Opening balance		46,887	78,692	69,186	57,370
Allocations to the reserve		4,221	154,116	32,772	49,429
Return of reserve allocations		-16,299	-197,999	-28,055	-32,896
Net allocations to the reserve		-12,078	-43,883	4,717	16,533
Return of amounts previously written-off to the off-balance sheet					
Reserve utilization					
Closing balance		34,809	34,809	73,903	73,903

As regards loans and advances provided to the customers	Note 16	01.07.18-30.09.18	01.01.18-30.09.18	01.07.17-30.09.17	01.01.17-30.09.17
Opening balance		6,515,352	5,623,825	5,139,545	4,239,633
Allocations to the reserve		3,094,531	7,935,174	4,319,754	6,384,612
Return of reserve allocations		-1,299,204	-5,595,789	-3,257,119	-4,065,092
Net allocations to the reserve		1,795,327	2,339,385	1,062,635	2,319,520
Return of amounts previously written-off to the off-balance sheet		475,157	2,244,217	1,351,171	1,795,144
Reserve utilization		-1,242,323	-2,663,914	-1,697,343	-2,498,289
Closing balance		7,543,513	7,543,513	5,856,008	5,856,008

As regards Investments	Note 18	01.07.18-30.09.18	01.01.18-30.09.18	01.07.17-30.09.17	01.01.17-30.09.17
Opening balance		0	0	1,235	1,235
Allocations to the reserve		421	421	0	
Return of reserve allocations		0	0	-1,235	-1,235
Net allocations to the reserve		421	421	-1,235	-1,235
Return of amounts previously written-off to the off-balance sheet					
Reserve utilization					
Closing balance			421	421	0

As regards other assets	Note 18	01.07.18-30.09.18	01.01.18-30.09.18	01.07.17-30.09.17	01.01.17-30.09.17
Opening balance		501,649	516,385	558,608	545,321
Allocations to the reserve		1,317,360	4,391,278	2,529,524	3,723,384
Return of reserve allocations		-1,343,038	-4,008,693	-2,542,825	-3,722,581
Net allocations to the reserve		-25,678	382,585	-13,301	803
Return of amounts previously written-off to the off-balance sheet		4,368	14,414	21,200	26,209
Reserve utilization		-4,927	-437,972	-26,819	-32,645
Closing balance			475,412	475,412	539,688

As regards off-balance sheet items containing credit risk	Note 34	01.07.18-30.09.18	01.01.18-30.09.18	01.07.17-30.09.17	01.01.17-30.09.17
Opening balance		660,638	615,498	633,102	591,471
Allocations to the reserve		163,959	656,181	347,566	502,159
Return of reserve allocations		-148,555	-595,637	-324,962	-437,924
Net allocations to the reserve		15,404	60,544	22,604	64,235
Closing balance			676,042	676,042	655,706

Total net allocations to the reserves		2,064,555	3,030,240	1,081,067	2,407,972
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Note 8. General administrative expenses

General administrative expenses	01.07.18-30.09.18	01.01.18-30.09.18	01.07.17-30.09.17	01.01.17-30.09.17
Expenses as regards calculated salary and other equivalent payments *	856,873	2,725,199	807,071	2,491,701
Expenses as regards social payments	0	0	0	0
Expenses as regards training and tuition	30	448	398	5,676
Expenses as regards business trips	30,259	99,571	23,653	72,192
Expenses as regards operating lease	68,273	202,983	47,077	129,917
Insurance expenses	7,204	25,837	16,311	47,319
Expenses as regards maintenance and security of Bank's equipment	22,205	126,588	68,546	155,634
Expenses as regards maintenance and security of Bank's buildings	72,423	217,103	67,114	216,718
Expenses as regards audit and other consulting services	4,777	13,182	17,269	34,215
Expenses as regards communication means	31,011	100,393	32,392	89,066
Transportation expenses	17,608	47,744	13,937	43,199

Expenses as regards taxes, duties and other obligatory payments (except profit tax)	147,024	322,476	75,060	207,012
Office and organizational expenses	15,919	46,508	17,829	45,362
Expenses as regards loans provision and return	7,758	35,761	17,501	52,611
Other administrative expenses	206,779	525,316	255,492	399,595
Total	1,488,143	4,489,109	1,459,650	3,990,217

The number of the Bank employees as at 30 September 2018 is 947.

The size of average monthly salary per employee is 190 thous. drams.

Note 9. Other Operating Expenses

Other Operating Expenses	01.07.18-30.09.18	01.01.18-30.09.18	01.07.17-30.09.17	01.01.17-30.09.17
Fines and penalties paid	500	978	0	437
Advertising and representation expenses	75,081	215,154	37,590	157,775
Fixed and intangible assets amortization expenses	247,392	772,210	243,768	736,076
Loss from impairment of tangible assets				
Allocations to deposit guarantee fund	160,085	568,985	262,580	703,779
Other expenses	347,740	839,937	206,420	679,415
Total	830,798	2,397,264	750,358	2,277,482

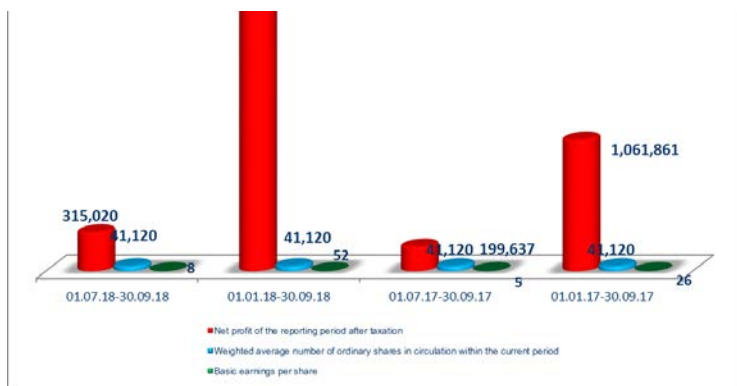
Note 11. Profit Tax Expense

Profit tax expense	01.07.18-30.09.18	01.01.18-30.09.18	01.07.17-30.09.17	01.01.17-30.09.17
Current tax expense	112,804	596,920	66,549	290,811
Adjustments of current tax for previous periods recognized in the given period				
Deferred tax expense				
Total	112,804	596,920	66,549	290,811

Note 12. Basic Earnings per Share

Basic Earnings per Share	01.07.18-30.09.18	01.01.18-30.09.18	01.07.17-30.09.17	01.01.17-30.09.17
Net profit of the reporting period after taxation	315,020	2,142,154	199,637	1,061,861
Dividends calculated for the current reporting period as regards preference shares	()	()	()	()
Net gain/loss for the current period attributable to the owners of the ordinary shares				
Weighted average number of ordinary shares in circulation within the current period	41,120	41,120	41,120	41,120
Basic earnings per share	8	52	5	26
Diluted earnings per share				

2,142,154



Note. Other Comprehensive Income

Other Comprehensive Income	01.07.18-30.09.18	01.01.18-30.09.18	01.07.17-30.09.17	01.01.17-30.09.17
Exchange rate differences from recalculation of foreign transactions				
Revaluation of financial assets at fair value through other comprehensive income	80,555	206,372	47,662	254,447
Cash flow hedging				
Gains from PPE revaluations				
Deferred tax expense				
Total	80,555	206,372	47,662	254,447

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	7,027,727	4,460,159
Other placements of cash	2,712,942	2,576,781
Correspondent accounts with the CBA *	65,082,014	54,978,114
Total	74,822,683	62,015,054
Deposit accounts with the CBA	0	50,016,638
Deposited means with the CBA **	110,000	120,000
Accrued interest		
Cash means and balances with the CBA	74,932,683	112,151,692
Standardized precious metal bullions	86,906	115,135
Placements with other banks (Note 14)	38,315,063	9,488,517
Total cash and cash equivalents	101,034,090	65,674,706

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

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

Note 14. Amounts due from banks and other financial institutions

Current accounts	Reporting period	Previous period
RA banks	45	9,941
Banks with BBB – (Baa3) and higher rating	3,289,825	3,325,589
Banks with no rating and rating below BBB-(Baa3)	22,834,631	208,987
Accrued interest	0	0
Total	26,124,501	3,544,517

Interbank loans and deposits, etc.		
CBA		
Loans and deposits		
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap		
Other		
RA Banks		
Loans and deposits	0	0
Factoring		
Financial lease		
Repo (repurchase) agreements	0	2,018,473
Swap	0	0
Letters of credit and bank guarantees		
Other		
Banks with BBB – (Baa3) and higher rating		
Loans and deposits	9,015,900	1,923,600
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap	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	3,556,842	2,095,798
Accrued interest	4840	1961
Total	38,702,083	9,584,349
Reserve for possible losses as regards amounts due from Banks (Note 7)	-387,020	-95,832
Net amounts due from banks	38,315,063	9,488,517

Loans and deposits with financial institutions, other amounts due		
RA financial institutions	2,352,546	6,503,214
Loans and deposits	932,692	4,400,183
Factoring		
Financial lease		

Repo (repurchase) agreements	1,419,854	2,103,031
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)	1,098,502	1,329,803
Loans and deposits		
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap		
Letters of credit and bank guarantees		
Other	1,098,502	1,329,803
Accrued interest	12,392	35,189
Total	3,463,440	7,868,206
Reserve for possible losses as regards amounts due from financial institutions (Note 7)	-34,809	-78,692
Net amounts due from financial institutions	3,428,631	7,789,514
Net amounts due from banks and financial institutions	41,743,694	17,278,031

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

Government securities	Reporting period	Previous period
RA Government securities, including		
Treasury bonds	23,927,301	24,556,156
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	23,927,301	24,556,156

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	23,927,301	24,556,156	0	0
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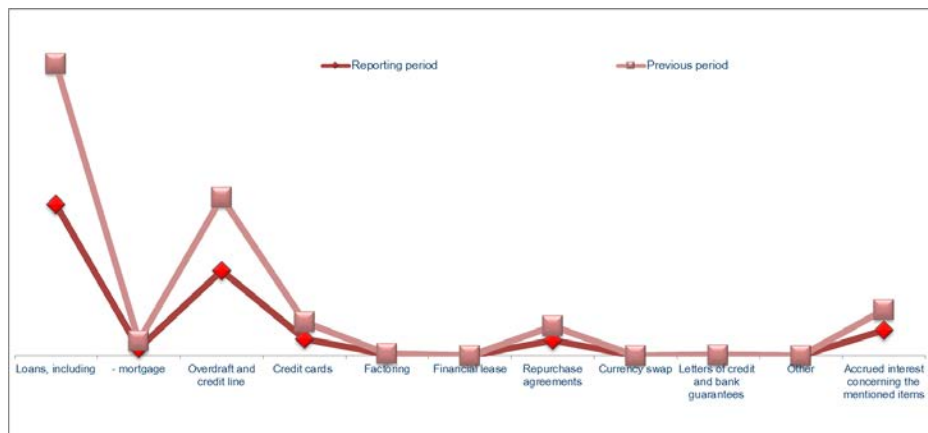
Other financial assets held for trading	Reporting period	Reporting period	Previous period	Previous period
Loans, factoring, accounts receivable				
Borrowers with A-/A3/ or higher rating				
Borrowers with BBB+/Baa1/ and lower rating, other rating and no rating				
- Mortgage				
- Consumer loans				
- Other				
Derivative instruments	0		0	
- Futures				
- Forward				

- Option				
- Swap				
- Other				
Total				

Total financial assets held for trading	23,927,301	24,556,156	0	0
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Note 16. Loans and advances to customers at amortized value

Issued loans and other advances	Reporting period	Previous period
Loans, including	216,246,956	201,718,417
- to banks		
- to RA Government		
- to local authorities		
- mortgage	10,668,474	10,614,355
Overdraft and credit line	121,834,559	104,301,142
Credit cards	24,353,757	24,285,245
Factoring	1,551,599	1,568,319
Financial lease	-	-
Repurchase agreements	22,253,408	20,480,316
Currency swap	-	-
Letters of credit and bank guarantees	563,568	567,242
Other		
Accrued interest concerning the mentioned items	36,745,712	29,084,129
Total loans	423,549,559	382,004,810
Reserve for possible losses as regards loans and advances to customers at amortized value (Note 7)	-7,543,513	-5,623,825
Total net loans	416,006,046	376,380,985



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

Breakdown of performing and non-performing loans and advances provided to customers at amortized		Reporting period	Previous period
Performing loans and advances	Amount	410,725,510	374,687,920
	Quantity	54,701	55,888
Non-Performing loans and advances, including		12,824,049	7,316,890
		2,359	1,797
Overdue	Amount	5,320,495	4,818,421
	Quantity	1,527	1,431
Accrued interests			
Total loans	Amount	423,549,559	382,004,810
	Quantity	57,060	57,685
Provision for possible losses as regards loans and advances to customers at amortized value (Note 7)		-7,543,513	-5,623,825
Total net loans		416,006,046	376,380,985

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

Analysis of the provided loans and advances by customer group		Reporting period	Previous period
State enterprises		31,538,991	25,904,305
Private enterprises, including		297,799,268	273,748,657
- large enterprises		153,484,801	145,250,059
- small and medium enterprises		144,314,467	128,498,598
Natural persons, including		55,688,977	51,238,906
- consumer loans		19,238,767	14,795,188
- mortgage loans		10,651,447	10,597,225
- credit cards		24,600,891	24,467,733
Sole entrepreneurs		1,776,611	2,028,813
Accrued interest		36,745,712	29,084,129
Total loans		423,549,559	382,004,810
Provision for possible losses as regards loans and advances to customers at amortized value		(7,543,513)	(5,623,825)
Total net loans		416,006,046	376,380,985

a) Total loans provided to major borrowers and related persons as of 30.09.2018 made AMD 159.105.728 thous, as of 31.12.2017 – AMD 163.050.892 thous.

b) Share in total loan portfolio as of 30.09.2018 made 38.91 %, as of 31.12.2017 -44.86 %

c) Percentage to Capital as of 30.09.2018 was 496.82 %, as of 31.12.2017 – 497.25 % :

Analysis of loan portfolio according to number of borrowers		Reporting period	Previous period
State enterprises		31	9
Private enterprises		735	365
Natural persons		56,949	45,365
Sole entrepreneurs		140	153
Total		57,855	45,892

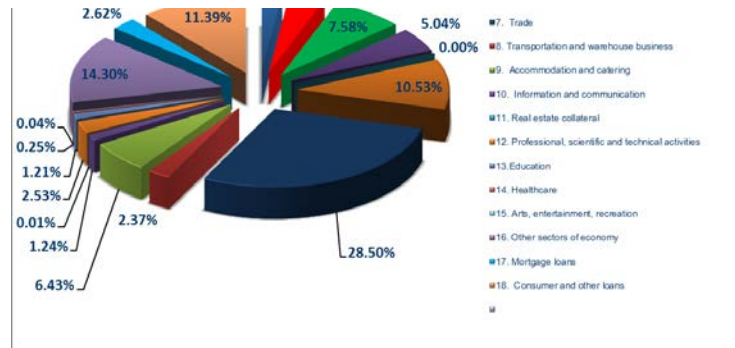
Analysis of loan portfolio according to the industry sectors (less the reserve amount for possible losses)

30.09.18

Analysis of loans and advances according to crediting sectors		Reporting period	Percentage
1. Agriculture , forestry and fishing		9,057,753	2.14
2. Mining and quarrying		16,188,346	3.82
3. Processing industry		32,088,988	7.58
4. Electricity, gas , steam and air conditioning supply		21,329,986	5.04
5. Water supply, sewerage, waste management and recycling		12,861	0.00

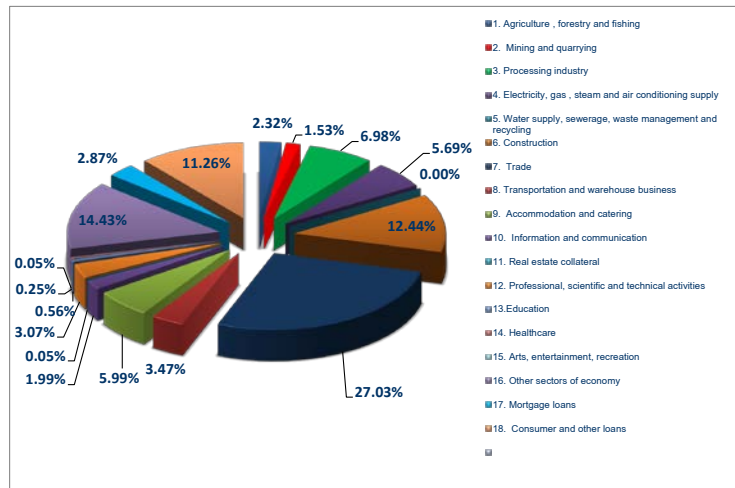


6. Construction	44,599,034	10.53
7. Trade	120,713,940	28.50
8. Transportation and warehouse business	10,058,180	2.37
9. Accommodation and catering	27,242,301	6.43
10. Information and communication	5,261,584	1.24
11. Real estate collateral	24,936	0.01
12. Professional, scientific and technical activities	10,695,875	2.53
13. Education	5,136,037	1.21
14. Healthcare	1,076,487	0.25
15. Arts, entertainment, recreation	166,133	0.04
16. Other sectors of economy	60,577,506	14.30
17. Mortgage loans	11,079,193	2.62
18. Consumer and other loans	48,240,419	11.39
Total	423,549,559	100



31.12.17

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

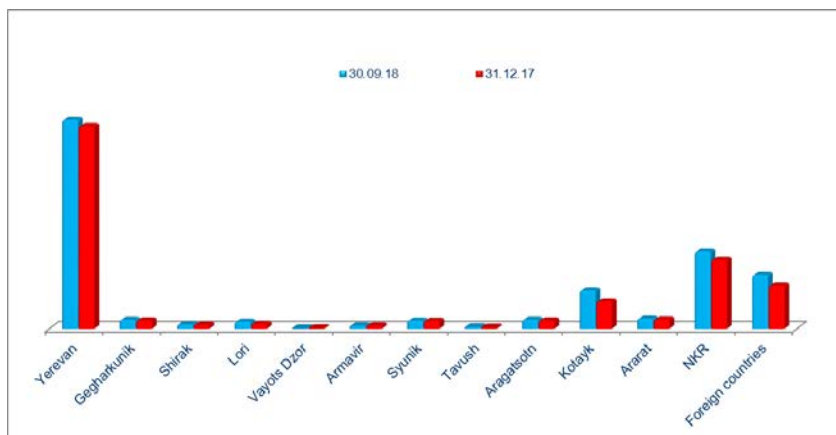


Analysis of the loan portfolio as regards customers' residency

Analysis of the loan portfolio as regards customers' residency	Reporting period	Percentage	Previous period	Percentage
RA residents	364,258,671	87.56	334,868,906	88.97
Non-residents	51,747,375	12.44	41,512,079	11.03
Total	416,006,046	100	376,380,985	100

Region (Marz)	30.09.18		31.12.17	
	Quantity	Amount	Quantity	Amount
Yerevan	14735	200,574,505	15158	194,710,690
Gegharkunik	8396	8,830,466	8338	8,244,789
Shirak	6426	4,347,550	6202	3,858,636
Lori	2815	6,983,058	2869	4,797,513
Vayots Dzor	191	560,207	161	756,433
Armavir	1762	3,066,883	1777	3,113,093

Syunik	2051	7,995,370	1917	7,829,163
Tavush	799	2,052,338	832	1,545,414
Aragatsotn	5450	8,925,835	5925	8,210,347
Kotayk	3725	36,940,490	3805	26,311,411
Ararat	5191	9,905,445	5336	9,134,353
NKR	5467	74,076,524	5325	66,357,064
Foreign countries	52	51,747,375	40	41,512,079
Total	57,060	416,006,046	57,685	376,380,985



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

State securities	Reporting period	Previous period
State obligations	10,454,364	14,775,495
Treasury obligations	10,454,364	14,775,495
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	10,454,364	14,775,495

Non-state securities of RA	listed	unlisted	listed	unlisted
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		1,835,162		1,625,584
Short term debt instruments				
Deposit certificates				
Equity instruments				
Other				
Total non government securities of RA	0	1,835,162	0	1,625,584

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	12,289,526	16,401,079
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Other financial assets at fair value through other comprehensive income				
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 at fair value through other comprehensive income	12,289,526	16,401,079
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Investments in other persons' share capital

Reporting period

Company name	Main activity	Country of registration	Investment date	Invested amount (thous. drams)	Share
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1. Armenian Card CJSC	Payment and settlement services	RA	20.10.06	12143	2.00
2."ACRA Credit Reporting" CJSC	Payment and settlement services	RA	22.11.07	19845	4.0003
3. SWIFT	Payment and settlement services	Belgium	23.04.12	17673	0.00005
Total				49,661	6
Impairment of investments in other companies share capital (reserve for possible losses) (Note 7)				-421	
Total				49,240	

Previous period

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

	Reporting period	Previous period
Total financial assets at fair value through other comprehensive income and investments in other companies' share capital	12,338,766	16,448,237

Note 18. Other financial assets at amortized value

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

Property, plant and equipment

Title	Buildings	Computer & communication means	Vehicles	Other PPE	Capital investments as regards PPE	Capital investments as regards leased PPE	Total
Initial cost							
Balance at the beginning of the previous period	8,331,594	3,482,535	231,570	1,860,698	-	204,175	14,110,572
Increase	29,020	361,485	63,856	361,690	-	96,861	912,912
Disposal							
Write-off	219,178		78,407	112			297,697
Revaluation							
Depreciation adjustment from revaluation							
Balance at the end of the previous period	8,141,436	3,844,020	217,019	2,222,276	-	301,036	14,725,787
Increase	2,394,367	277,220	71,588	1,064,534	-	27,928	3,835,637
Disposal							
Revaluation*							
Write-off		118,224	47,224	47,993			213,441
Depreciation adjustment from revaluation							
Balance at the end of the reporting period	10,535,803	4,003,016	241,383	3,238,817	-	328,964	18,347,983
Accumulated depreciation							
Balance at the beginning of the previous period	872,427	2,417,005	186,344	1,348,738	-	29,062	4,853,576
Increase	301,400	322,559	13,831	166,515		6,778	811,083
Disposal							
Depreciation adjustment from revaluation							
Write-off	3,402		73,754	112			77,268
Balance at the end of the previous period	1,170,425	2,739,564	126,421	1,515,141	-	35,840	5,587,391
Increase	223,670	88,640	(8,639)	21,771		6,915	332,357
Disposal							
Depreciation adjustment from revaluation							
Write-off		16,947					16,947
Balance at the end of the reporting period	1,394,095	2,811,257	117,782	1,536,912	-	42,755	5,902,801
Net carrying amount							
End of reporting period	9,141,708	1,191,759	123,601	1,701,905	-	286,209	12,445,182
End of previous period	6,971,011	1,104,456	90,598	707,135	-	265,196	9,138,396

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	264,024	2,338,577	-	135,806	4,847	2,743,254
Increase	5,000	434,109				439,109
Disposal						
Impairment						
Revaluation						

Written off		2,513				2,513
Balance at the end of previous period	269,024	2,770,173	-	135,806	4,847	3,179,850
Increase	-	111,811		-	-	111,811
Disposal		-				-
Revaluation*						-
Impairment						-
Written off		7,915				7,915
Balance at the end of the reporting period	269,024	2,874,069	-	135,806	4,847	3,283,746
Accumulated amortization						
Balance at the end of previous period	27,935	288,898	-	3,494	-	320,327
Increase	13,897	139,904		5,636		159,437
Disposal						-
Impairment		2,513				2,513
Revaluation						-
Balance at the end of previous period	41,832	426,289	-	9,130	-	477,251
Increase	52,418	220,809		12,433		285,660
Disposal		-				-
Depreciation adjustment from revaluation		7,565				7,565
Revaluation		-				-
Balance at the end of the reporting period	94,250	639,533	-	21,563	-	755,346
Net carrying amount						
End of reporting period	174,774	2,234,536	-	114,243	4,847	2,528,400
End of previous period	227,192	2,343,884	-	126,676	4,847	2,702,599

Note 21. Deferred tax assets

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

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	1,246,325	1,213,728
Total	1,246,325	1,213,728
Reserve for possible losses as regards bank transactions (Note 7)	-17,599	-18,647
Net amounts receivable from bank transactions	1,228,726	1,195,081

Accounts receivable and prepayments	Reporting period	Previous period
Receivables as regards budget	19	59
Receivables as regards suppliers		
Advance payments to the employees	11,769	30
Advance payments to the suppliers	1,125,589	1,209,708
Advance payments and overpayments as regards budget and mandator	354,488	0
Other receivables and prepayments	6,670,622	10,398,503
Total	8,162,487	11,608,300
Reserve for possible losses as regards other assets (Note 7)	-455,710	-496,145
Total	7,706,777	11,188,611

Other assets		
Warehouse	338,591	389,360
Seized collateral	3,645,115	3,716,481
Future period expenses	19,723	22,648
Other assets	191,092	136,502
Reserve for possible losses as regards other assets (Note 7)	-2,103	-1,593
Total	4,192,418	4,263,398
Total other assets	13,127,921	16,570,634

Note 23. Amounts due to banks and other financial institutions

Current accounts	Reporting period	Previous period
RA Banks	2,196,159	223,482
Banks with BBB-(Baa3) and higher rating	0	
Banks with rating below BBB-(Baa3) and no rating	1,534,231	324,846
Accrued interest		
Total	3,730,390	548,328
Interbank loans, deposits and other demands		
RA Central Bank		
Loans*	18,179,568	21,184,523
Repo (repurchase) agreements	32,999,995	36,899,981
Swap		
Other		
RA Banks		
Loans and deposits	0	8,713,793
Financial leasing		
Repo (repurchase) agreements	0	0
Swap	0	0
Other	0	0
BBB-(Baa3) and higher rating banks		
Loans and deposits		
Financial leasing		
Repo (repurchase) agreements		
Swap		
Other		
BBB-(Baa3) and lower rating and no rating banks		
Loans and deposits	7,723,345	0
Financial leasing		
Repo (repurchase) agreements		
Swap	5,285	0
Other	2,191,358	160,245
Accrued interest	540,112	474,522
Total	61,639,663	67,433,064
Financial institutions		
Current accounts	1,186,365	480,224
Loans and deposits	25,714,614	29,230,834
Repo (repurchase) agreements		
Swap		
Other	3,833	4,824
Accrued interest	534,369	865,336
Total	27,439,181	30,581,218

Total amounts due to banks and other fin. institutions	92,809,234	98,562,610
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As of 30.09.2018, loans received from the Central Bank of Armenia also include loan amounts attracted under international loan programs totaling AMD 18.179.568 thous. And accrued interest amounts AMD 511.081 thous.

Note 24. Amounts due to customers

Amounts due to RA government and local self-managed authorities	Reporting period	Previous period
Current accounts	285,491	89,742
Time deposits		
Loans	392,827	553,276
Repo (repurchase) agreements		
Swap		
Other	51,724	47,979
Accrued interest	1,269	1,955
Total	731,311	692,952
Legal entities and institutions of RA (residents)		
Current accounts	41,424,924	46,088,823
Time deposits	41,505,084	47,603,643
Repo (repurchase) agreements	0	995,082
Swap		
Other	6,148,265	4,000,822
Accrued interest	675,514	445,408
Total	89,753,787	99,133,778
Legal entities and institutions (non-residents)		
Current accounts	46,519,132	18,766,874
Time deposits	929,196	2,967,099
Repo (repurchase) agreements		
Swap		
Other	122,114	49,085
Accrued interest	7,027	8,050
Total	47,577,469	21,791,108
Sole entrepreneurs of RA (residents)		
Current accounts	208,047	261,690
Time deposits		
Repo (repurchase) agreements		
Swap		
Other		
Accrued interest		
Total	208,047	261,690
Sole entrepreneurs (non-residents)		
Current accounts	1,182	54
Time deposits		
Repo (repurchase) agreements		
Swap		
Other		
Accrued interest		
Total	1,182	54
Individuals (residents)		
Current accounts	20,432,178	16,755,561
Time deposits	247,024,047	247,267,642
Repo (repurchase) agreements		
Swap		
Other	146,327	159,410
Accrued interest	3,547,424	2,324,506

Total	271,149,976	266,507,119
Individuals (non-residents)		
Current accounts	4,856,534	3,480,499
Time deposits	10,026,316	9,285,925
Repo (repurchase) agreements		
Swap		
Other	0	0
Accrued interest	103,470	57,359
Total	14,986,320	12,823,783
Total liabilities to customers	424,408,092	401,210,484

The amount of the security of liabilities totaled: as at 31.12.2017 - AMD 22.671.881 thous., as at 30.09.2018 - AMD 23.152.735 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 392.827 thous., accrued interest AMD 1.269 thous.

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

	Reporting period	Previous period
Legal entities residents	190	78
Legal entities non-residents	3	7
Individuals residents	29,243	21,164
Individuals non-residents	440	271
Total	29,876	21,520

Note 25. Securities issued by Bank

Securities issued by Bank	Reporting period	Previous period
Fixed-Income securities	11,436,168	8,967,294
Total	11,436,168	8,967,294

Note 26. Liabilities at fair value through profit or loss

Liability held for trading	Reporting period	Previous period
Derivative instruments held for trading purposes		
Futures		
Forward		
Option		
Swap		
Other		
Hedging derivative instruments		
Other	23,927,301	24,556,156
Total	23,927,301	24,556,156

Note 27. Amounts payable

Amounts payable	Reporting period	Previous period
Dividends		
Trust management agreements		
Deposits insurance	160,085	292,030
Other		

Total	160,085	292,030
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Note 28. Deferred tax liabilities

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

Note 29. Other liabilities

Other liabilities	Reporting period	Previous period
Settlement liabilities as regards cheques and other payment	0	0
Settlement liabilities as regards letters of credit		
Other settlements		
Payables as regards budget		
Profit Tax	591,365	296,211
VAT	4,451	29,830
other taxes and dues	262,733	298,768
social insurance payments	0	0
Liabilities to employees as regards salary	313,682	283,574
Payables as regards suppliers	134,623	165,050
Payables as regards completion of chartered capital		
Other liabilities	2,532	2,294
Balance at the end of period	1,309,386	1,075,727

Note 30. Chartered capital

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

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

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	2,215,374	2,009,002
Fixed assets revaluation reserve	471,422	471,422
Other reserves		
Total revaluation reserves	2,686,796	2,480,424

Other components of equity

Reserves

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

Note 33. Retained earnings

Retained profit	Reporting period	Previous period
Opening balance	4,888,085	2,807,725
Increase	2,142,154	2,133,020
Decrease	64,010	52,660
Closing balance	6,966,229	4,888,086

Note 34. Reserves, contingencies and potential liabilities

Reserves		Reporting period	Previous period
Opening balance		660,638	655,706
Allocations to the reserve		163,959	207,373
Use of reserve		(148,555)	(247,581)
Net allocations to the reserve		15,404	(40,208)
Closing balance		676,042	615,498

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	25,140,203	21,049,256
Guarantees provided	34,590,792	35,968,014
Letters of credit issued	1,851,592	1,279,062
Reserve as regards the mentioned items (Note 7)	(676,042)	(615,498)
Closing balance	60,906,545	57,680,834

Bank's liability as regards operating lease

The leased premises are as follows:

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

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

thous. drams

The structure of minimum lease payments	Amounts payable in drams equivalent to foreign currency	Amounts payable in drams
Up to 1 year		261,807
1-5 years		851,301
5-10 years		844,697
Total		1,957,805

Note 35. Related party transactions

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

Loans and advances to customers at amortized value	Reporting period	Previous period
	01.01.18-30.09.18	01.01.17-31.12.17
Balance as of 01 January	6,266,753	2,846,673

Loans and advances provided during the year	18,841,746	8,788,896
Loans and advances repaid during the year	5,448,904	5,368,816
Balance	19,659,595	6,266,753
Interest income	874,405	628,191

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

Amounts due to customers	Reporting period	Previous period
	01.01.18-30.09.18	01.01.17-31.12.17
Balance as of 01 January	14,852,072	4,611,136
Amounts received during the year	105,703,149	105,245,317
Amounts paid during the year	104,183,167	95,004,381
Balance	16,372,054	14,852,072
Interest expense	1,177,568	993,545

Salary and equivalent payments to the Bank's management	Reporting period	Previous period
	01.01.18-30.09.18	01.01.17-31.12.17
The Board		
Salary	72,612	96,816
bonus		
Executive body		
Salary	158,096	197,848
bonus	100	18,937
Internal audit		
Salary	42,094	57,042
bonus	100	4,750
Total	273,002	375,393

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

30.09.2018

Title	RA	CIS countries	OECD* Countries	Non OECD Countries	Total
Assets					
Cash and balances with CBA	74,932,683				74,932,683
Amounts due from banks and other financial institutions	2,472,401	16,030,799	21,602,895	1,637,599	41,743,694
Financial instruments held for trading	23,927,301				23,927,301

Loans and advances to customers at amortized value	364,258,671	1,174,020	1,592,955	48,980,400	416,006,046
Securities available for sale	12,321,093		17,673		12,338,766
Securities held to maturity					-
Other assets	11,850,683	54,795	7,472	1,214,971	13,127,921
Total assets	489,762,832	17,259,614	23,220,995	51,832,970	582,076,411
Liabilities					-
Amounts due to banks and other financial institutions	80,690,595	9,921,428		2,197,211	92,809,234
Amounts due to customers	361,838,217	5,321,779	4,469,207	52,778,889	424,408,092
Financial liability held for trading	23,927,301				23,927,301
Other liabilities	1,296,617		12,769		1,309,386
Total liabilities	467,752,730	15,243,207	4,481,976	54,976,100	542,454,013
Net position	22,010,102	2,016,407	18,739,019	(3,143,130)	39,622,398

31.12.2017

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

OECD * - Organization for Economic Cooperation and Development

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

30.09.18

Assets	Working assets	Non-working assets
---------------	-----------------------	---------------------------

		Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
		406,505,165	5,381,110	2,593,576	1,526,195	
Loans and advances, including		54,701	1,676	438	245	
1. Agriculture , forestry and fishing	amount	8,296,673	232,597	301,159	17,925	
	number	590	17	9	4	
2. Mining and quarrying	amount	15,867,457		122,065		
	number	18		1		
3. Processing industry	amount	31,184,521	72,456	281,458	61,100	
	number	67	1	2	5	
4. Electricity, gas , steam and air conditioning supply	amount	21,116,686				
	number	40				
5. Water supply, sewerage, waste management and recycling	amount	12,733				
	number	5				
6. Construction	amount	42,658,816	239,655		619,498	
	number	175	7		3	
7. Trade	amount	116,961,068	2,013,354	182,304	24,322	
	number	298	20	3	1	
8. Transportation and warehouse business	amount	9,857,287	91,192			
	number	30	1			
9. Accommodation and catering	amount	26,874,738	70,167	12,729	227	
	number	49	2	1	1	
10. Information and communication	amount	5,208,968				
	number	11				
11. Real property buisness	amount	24,686				
	number	7				
12. Professional, scientific and technical activities	amount	10,483,474	92,360	3,108		
	number	14	1	1		
13. Education	amount	5,083,831	354	-	230	
	number	408	1		1	
14. Healthcare	amount	1,065,723				
	number	26				
15. Arts, entertainment, recreation	amount	164,472				
	number	9				

16. Other branches of economy	amount	59,940,752	1,303	23,850		
	number	56	1	1		
17. Mortgage loans	amount	10,607,392	165,541	102,980	25,421	
	number	1,787	60	23	16	
18. Consumer and other loans	amount	41,095,888	2,402,131	1,563,923	777,472	
	number	51,111	1,565	397	214	
Receivables	amount	13,373,041	19,586	4,237	1,009	
	number	10,660	615	466	310	
Investment securities	amount	49,661				
	number	3				
Off-balance sheet items	amount	60,856,295	46,357	1,870	2,022	
	number	9,538	69	19	9	
including guarantees	amount	34,206,780	15,688	846		
	number	381	5	1		
letters of credit	amount	1,833,076				
	number	4				

31.12.2017

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

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

Analysis of credit portfolio according to regions and risk exposure

31.12.17

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

Loans to non-residents 31.12.17

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

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

30.09.2018

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	354,962,851	5,365,658	2,413,475	1,516,687	
2. Non-residents	51,542,314	15,453	180,100	9,508	
Total	406,505,165	5,381,111	2,593,575	1,526,195	

Loans to non-residents 30.09.2018

Assets	Working assets		Non-working assets		
	Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
Loans and advances, including	51,542,314	15,453	180,100	9,508	
	48	2	1	1	
1. Agriculture, forestry and fishing	amount				
	number				
2. Mining and quarrying	amount				
	number				
3. Processing industry	amount				
	number				

4. Electricity, gas, steam and air conditioning supply	amount				
	number				
5. Water supply, sewerage, waste management and recycling	amount				
	number				
6. Construction	amount	9,617			
	number	1			
7. Trade	amount	51,279,931		180,100	
	number	15		1	
8. Transportation and warehouse business	amount				
	number				
9. Accommodation and catering	amount				
	number				
10. Information and communication	amount				
	number				
11. Real property business	amount				
	number				
12. Professional, scientific and technical activities	amount				
	number				
13. Education	amount				
	number				
14. Healthcare	amount				
	number				
15. Arts, entertainment, recreation	amount	3,036			
	number	1			
16. Other branches of economy	amount				
	number				
17. Mortgage loans	amount	1,162			
	number	1			
18. Consumer and other loans	amount	248,568	15,453		9,508
	number	30	2		1

Loan portfolio indicators as of 30.09.2018

Non-performing loans/ total loans 3.14%

Reserve for non-performing loans/total capital 7.95%

Loan reserve /total loans 1.81 %

Possible loss reserve/Non-performing loans 57.68%

Large amount advances/capital 496.82%:

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

30.09.2018

	Drams	I group foreign currency*	II group foreign currency**	Total
Assets				
Cash and balances with CBA	62,536,688	11,914,053	481,942	74,932,683

Standardized precious metal bullions		86,906		86,906
Amounts due from banks and other financial institutions	1,292,545	29,203,702	11,247,447	41,743,694
Financial instruments kept for trading	23,927,301			23,927,301
Loans and advances to customers at amortized value	192,913,237	220,562,585	2,530,224	416,006,046
Financial assets at fair value through other comprehensive income	11,612,649	726,117		12,338,766
Financial assets held to maturity				-
Other	7,286,784	5,833,603	7,534	13,127,921
Total assets	299,569,204	268,326,966	14,267,147	582,163,317
Liabilities				
Amounts due to banks and other financial institutions	77,196,269	14,618,051	994,914	92,809,234
Amounts due to customers	171,120,668	236,295,803	16,991,621	424,408,092
Securities issued by the bank	102,715	11,333,453		11,436,168
Liabilities at fair value through profit or loss	23,927,301			23,927,301
Other liabilities	1,279,850	29,536		1,309,386
Total liabilities	273,626,803	262,276,843	17,986,535	553,890,181
Net position	25,942,401	6,050,123	(3,719,388)	28,273,136

31.12.2017

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

* 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		3,749,655	-	
- demands			3,744,370	
Other derivative instruments				
- liabilities				
- demands				
Net position according to the derivative financial instruments	-	(3,749,655)	3,744,370	-
Net open position*	-	(3,749,655)	3,744,370	-

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
	%	%	%	%
Assets				
Balances with CBA				
Amounts due from banks and other financial organizations		6.53		7.00
including				
- interbank loans				
- interbank repo				
- interbank swap				
Loans and advances to customers at amortized value	6-24	7-16	6-24	7-16
Securities held for trading and available for sale	9-13		9-13	
Securities held to maturity				
Liabilities				
Amounts due to banks and other financial institutions	2-9.5	4-6.5	2-9.50	2.75-8.3
Amounts due to customers	0.01-10.5	0.01-5.5	0.01-11.0	0.01-5.50
Liabilities as regards securities issued by the Bank	14.00	7.0-8.5	14.00	7.5-8.5

Liquidity risk

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

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

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

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

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

Average balance sheet capital and assets

01/01/18-30/09/18

Average balance sheet asset	559,719,348
Average balance sheet capital	40,688,950

Note 42. Collateral accepted

	Reporting period	Previous period
Other securities	21,770,775	25,028,233
Jewels and precious stones	14,019,857	15,533,019
Real estate	203,456,599	178,646,163
Vehicles	14,876,358	14,984,210
Other PPE	33,393,559	34,703,255
Finished production and goods	33,849,993	29,160,948
Cash	23,152,735	22,671,881
Other collateral	39,598,480	36,550,380
Credit guarantee	1,107,185	1,404,772
Other guarantees	33,483,607	34,563,242
Credit warranties	330,752,211	311,210,728
Other warranties	35,445,253	37,329,277
Total	784,906,612	741,786,108

Chairman of the Executive Board

Arsen Mikayelyan

Chief Accountant

Narine Sargsyan

Date of approval 15.10.18