



Appendix 5

NOTES TO FINANCIAL STATEMENTS
(Form 5)

31-Dec-15

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/Europany 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:

	31 December 2015	31 December 2014
AMD/1 US Dollar	483.75	474.97
AMD/1 EUR	528.69	577.47

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

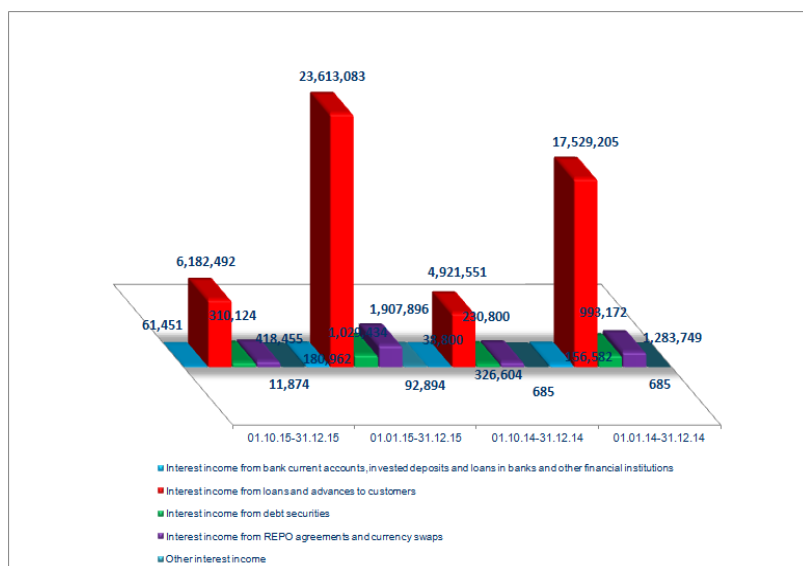
2.17 Functional and presentation currency

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.

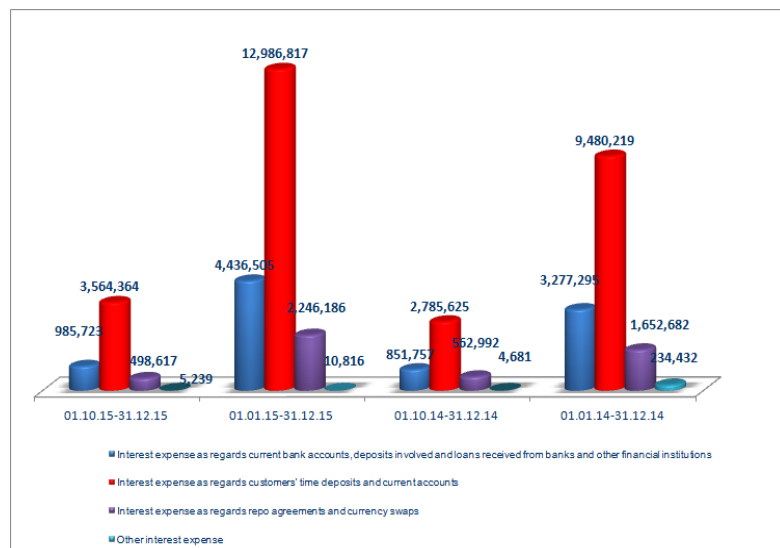
Note 3. Net Interest and Similar Income

Interest and Similar Income	01.10.15-31.12.15	01.01.15-31.12.15	01.10.14-31.12.14	01.01.14-31.12.14
Interest income from bank current accounts, invested deposits and loans in banks and other financial institutions	61,451	180,962	38,800	156,582
Interest income from loans and advances to customers	6,182,492	23,613,083	4,921,551	17,529,205
Interest income from debt securities	310,124	1,029,434	230,800	993,172
Interest income from REPO agreements and currency swaps	418,455	1,907,896	326,604	1,283,749
Other interest income	11,874	92,894	685	685
Total	6,984,396	26,824,269	5,518,440	19,963,393



Interest and Similar Expense	01.10.15-31.12.15	01.01.15-31.12.15	01.10.14-31.12.14	01.01.14-31.12.14
Interest expense as regards current bank accounts, deposits involved and loans received from banks and other financial institutions	985,723	4,436,505	851,757	3,277,295

Interest expense as regards customers' time deposits and current accounts	3,564,364	12,986,817	2,785,625	9,480,219
Interest expense as regards securities issued by the Bank				
Interest expense as regards repo agreements and currency swaps	498,617	2,246,186	562,992	1,652,682
Other interest expense	5,239	10,816	4,681	234,432
Total	5,053,943	19,680,324	4,205,055	14,644,628
Net interest and similar income	1,930,453	7,143,945	1,313,385	5,318,765



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

Income in the form of Commissions and Other Fees	01.10.15-31.12.15	01.01.15-31.12.15	01.10.14-31.12.14	01.01.14-31.12.14
Cash operations	69,342	287,469	69,602	224,989
Settlement services	94,730	345,956	86,505	326,570
Guarantee, acceptance, letter of credit, trust management operations	61,892	240,936	132,183	267,470
Transaction in foreign currency and securities	836	2,527		
Plastic card operations	146,510	594,673	216,877	797,847
Other commission payments	276,317	873,536	130,350	315,381
Total	649,627	2,345,097	635,517	1,932,257

Expenses in the form of Commissions and Other Payments	01.10.15-31.12.15	01.01.15-31.12.15	01.10.14-31.12.14	01.01.14-31.12.14
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Commission payments as regards correspondent and other accounts/bank transactions	39,372	157,982	38,038	142,582
Commission payments as regards transactions with plastic cards/cash transactions	60,644	207,672	23,779	305,240
Payments as regards guarantees, acceptance, letters of credit, trust management transactions	586	5,268	23	41
Commission payments as regards transactions in foreign currency and securities	267	7,525	5,560	15,294
Other commission payments	18,917	74,776	56,807	108,662
Total	119,786	453,223	124,207	571,819

Net Commissions and other payments received	529,841	1,891,874	511,310	1,360,438
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Note 5. Net income from trading transactions

Income from investments remeasured at fair value and held at fair value	01.10.15-31.12.15	01.01.15-31.12.15	01.10.14-31.12.14	01.01.14-31.12.14
Net income from purchase and sale of investments held for trading, including				
- shares				
- debt securities				
- derivative instruments	-491	117,567	508,397	474,874
Net income from change in fair value of investments held for trading				
Total	-491	117,567	508,397	474,874

Net income from investments available for sale	01.10.15-31.12.15	01.01.15-31.12.15	01.10.14-31.12.14	01.01.14-31.12.14
Net income from purchase and sale of investments available for sale, including				
- shares				
- debt securities	-18,297	-18,297	0	3,059
- derivative instruments				
Net income from change in fair value of investments held for trading	19,082	19,082	0	52,925
Total	785	785	0	55,984

From foreign currency transactions	01.10.15-31.12.15	01.01.15-31.12.15	01.10.14-31.12.14	01.01.14-31.12.14
Net income from foreign currency dealings	323,304	1,063,155	355,214	889,210
Net income from foreign currency revaluation	-74,498	-219,683	-666,082	-660,302
Total	248,806	843,472	-310,868	228,908

From bank standardized precious metal bullions and commemorative coins	01.10.15-31.12.15	01.01.15-31.12.15	01.10.14-31.12.14	01.01.14-31.12.14
Net income from purchase and sale of bank standardized precious metal bars and commemorative coins	5,391	23,825	34,807	34,847
Net income from revaluation of bank standardized precious metal bullions and commemorative coins	-10,002	-23,820	34,638	32,983
Total	-4,611	5	69,445	67,830

Net income from trading transactions	244,489	961,829	266,974	827,596
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Note 6. Other operating income

Other operating income	01.10.15-31.12.15	01.01.15-31.12.15	01.10.14-31.12.14	01.01.14-31.12.14
Fines and penalties received	313,355	1,218,312	275,443	878,700
Income received from factoring	13,467	72,098	3,652	6,100
Net income from disposal of PPE and intangible assets	13,293	225,628	6,574	25,458
Net income from revaluation and impairment reversal of PPE and intangible assets				
Other income	55,424	187,392	59,461	269,366
Total	395,539	1,703,430	345,130	1,179,624

Note 7. Net allocations to the assets possible loss reserve

As regards amounts due from banks		01.10.15-31.12.15	01.01.15-31.12.15	01.10.14-31.12.14	01.01.14-31.12.14
Opening balance	Note 14	0	0	0	0
Allocations to the reserve		79,579	79,579		0
Return of reserve allocations		0	0	0	0
Net allocations to the reserve		79,579	79,579	0	0
Return of amounts previously written-off to the off-balance sheet		0	0	0	0
Reserve utilization					
Closing balance		79,579	79,579	0	0

As regards amounts due from financial institutions		01.10.15-31.12.15	01.01.15-31.12.15	01.10.14-31.12.14	01.01.14-31.12.14
Opening balance	Note 14	0	0	0	0
Allocations to the reserve		16,528	16,528	0	0
Return of reserve allocations		0	0	0	0
Net allocations to the reserve		16,528	16,528	0	0
Return of amounts previously written-off to the off-balance sheet					
Reserve utilization					
Closing balance		16,528	16,528	0	0

As regards loans and advances provided to the customers		01.10.15-31.12.15	01.01.15-31.12.15	01.10.14-31.12.14	01.01.14-31.12.14
Opening balance	Note 16	5,322,029	4,550,828	4,739,418	2,656,516
Allocations to the reserve		2,866,461	7,018,558	1,428,102	5,715,936
Return of reserve allocations		-1,101,043	-3,327,520	-1,707,772	-7,222,544
Net allocations to the reserve		1,765,418	3,691,038	-279,670	-1,506,608

Return of amounts previously written-off to the off-balance sheet		88,313	824,809	479,189	4,415,355
Reserve utilization		-1,641,611	-3,532,526	-388,109	-1,014,435
Closing balance		5,534,149	5,534,149	4,550,828	4,550,828

As regards investments	Note 18	01.10.15-31.12.15	01.01.15-31.12.15	01.10.14-31.12.14	01.01.14-31.12.14
Opening balance		21,895	21,895	18,406	3,489
Allocations to the reserve			0	3,489	21,895
Return of reserve allocations			0		-3,489
Net allocations to the reserve		0	0	3,489	18,406
Return of amounts previously written-off to the off-balance sheet					
Reserve utilization					
Closing balance			21,895	21,895	21,895

As regards other assets	Note 18	01.10.15-31.12.15	01.01.15-31.12.15	01.10.14-31.12.14	01.01.14-31.12.14
Opening balance		183,631	128,635	93,689	143,349
Allocations to the reserve		47,095	229,290	97,711	336,646
Return of reserve allocations		-43,922	-138,029	-191,400	-479,995
Net allocations to the reserve		3,173	91,261	-93,689	-143,349
Return of amounts previously written-off to the off-balance sheet		1,316	15,436		
Reserve utilization		-28,038	-75,250		
Closing balance			160,082	160,082	0

As regards off-balance sheet items containing credit risk	Note 30	01.10.15-31.12.15	01.01.15-31.12.15	01.10.14-31.12.14	01.01.14-31.12.14
Opening balance		0	294,268	0	0
Allocations to the reserve		335,674	335,674	294,268	294,268
Return of reserve allocations			-294,268	0	0
Net allocations to the reserve		335,674	41,406	294,268	294,268
Closing balance			335,674	335,674	294,268

Total net allocations to the reserves		2,200,372	3,919,812	-75,602	-1,337,283
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Note 8. General administrative expenses

General administrative expenses	01.10.15-31.12.15	01.01.15-31.12.15	01.10.14-31.12.14	01.01.14-31.12.14
Expenses as regards calculated salary and other equivalent payments*	942,123	3,043,716	883,420	2,736,820
Expenses as regards social payments	0	0	218	795
Expenses as regards training and tuition	227	2,118	494	2,212
Expenses as regards business trips	15,181	63,505	12,361	60,644
Expenses as regards operating lease	31,827	118,791	26,474	82,028
Insurance expenses	9,849	39,178	5,989	23,553
Expenses as regards maintenance and security of Bank's equipment	43,229	96,739	22,997	66,765
Expenses as regards maintenance and security of Bank's buildings	67,325	273,635	75,557	280,549
Expenses as regards audit and other consulting services	15,000	36,216	10,036	10,236

Expenses as regards communication means	22,367	93,936	25,100	88,019
Transportation expenses	12,066	48,311	13,788	43,358
Expenses as regards taxes, duties and other obligatory payments (except profit tax)	67,326	222,927	52,826	180,877
Office and organizational expenses	33,037	68,103	37,052	65,877
Expenses as regards loans provision and return	8,251	22,514	4,764	19,401
Other administrative expenses	99,563	414,804	252,268	462,985
Total	1,367,371	4,544,493	1,423,344	4,124,119

The number of the Bank employees as at 31 December 2015 is 824.

The size of average monthly salary per employee is **202** thous. drams.

Note 9. Other Operating Expenses

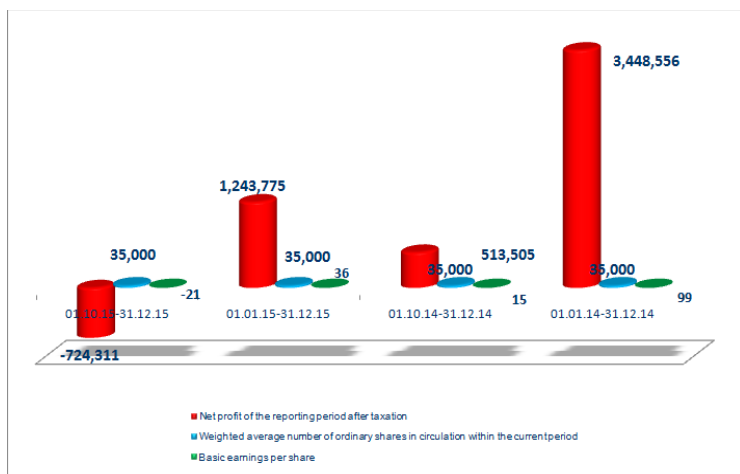
Other Operating Expenses	01.10.15-31.12.15	01.01.15-31.12.15	01.10.14-31.12.14	01.01.14-31.12.14
Fines and penalties paid	1	1,451	532	2,984
Advertising and representation expenses	60,851	209,126	59,707	178,507
Fcatoting expenses				
Fixed and intangible assets amortization expenses	209,424	835,655	205,617	806,580
Loss from impairment of tangible assets				
Allocations to deposit guarantee fund	64,632	232,054	47,944	165,179
Other expenses	107,678	414,563	90,444	330,612
Total	442,586	1,692,849	404,244	1,483,862

Note 11. Profit Tax Expense

Profit tax expense	01.10.15-31.12.15	01.01.15-31.12.15	01.10.14-31.12.14	01.01.14-31.12.14
Current tax expense	-185,696	300,149	174,264	990,788
Adjustments of current tax for previous periods recognized in the given period				
Deferred tax expense			2,956	23,619
Total	-185,696	300,149	171,308	967,169

Note 12. Basic Earnings per Share

Basic Earnings per Share	01.10.15-31.12.15	01.01.15-31.12.15	01.10.14-31.12.14	01.01.14-31.12.14
Net profit of the reporting period after taxation	-724,311	1,243,775	513,505	3,448,556
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	-21	36	15	99
Diluted earnings per share				



Note. Other Comprehensive Income

Other Comprehensive Income	01.10.15-31.12.15	01.01.15-31.12.15	01.10.14-31.12.14	01.01.14-31.12.14
Exchange rate differences from recalculation of foreign transactions				
Revaluation of financial assets available for sale	155,990	(187,802)	(631,911)	(1,005,289)
Cash flow hedging				
Gains from PPE revaluations				
Deferred tax expense				201,058
Total	155,990	(187,802)	(631,911)	(804,231)

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	4,390,841	2,495,879
Other placements of cash	1,939,305	2,818,890
Correspondent accounts with the CBA *	36,857,451	22,594,935
Total	43,187,597	27,909,704
Deposit accounts with the CBA		
Deposited means with the CBA **	400,000	220,000
Accrued interest		
Cash means and balances with the CBA	31,691,751	28,129,704
Standardized precious metal bullions	144,762	457,924
Placements with other banks (Note 14)	11,354,190	3,925,069
Total cash and cash equivalents	43,190,703	32,512,697

* 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	17,926	1,629
Banks with BBB – (Baa3) and higher rating	8,631,452	2,758,684
Banks with no rating and rating below BBB-(Baa3)	169,595	42,344
Accrued interest	0	0
Total	8,818,973	2,802,657

Interbank loans and deposits, etc.		
CBA		
Loans and deposits		
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap		535,130
Other		
RA Banks		
Loans and deposits	2,283,749	
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap	6,360	
Letters of credit and bank guarantees		
Other		
Banks with BBB – (Baa3) and higher rating		
Loans and deposits	225,080	586,800
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	
Letters of credit and bank guarantees		
Other	18,730	0
Accrued interest	1298	482
Total	11,354,190	3,925,069
Reserve for possible losses as regards amounts due from Banks (Note 7)	(79,579)	
Net amounts due from banks	11,274,611	3,925,069

Loans and deposits with financial institutions, other amounts due		
RA financial institutions	2,379,785	1,113,640
Loans and deposits	930,811	1,113,640
Factoring		

Financial lease		
Repo (repurchase) agreements	1,448,974	
Swap		
Letters of credit and bank guarantees		
Other		
Financial institutions with BBB – (Baa3) and higher rating	0	0
Loans and deposits		
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap		
Letters of credit and bank guarantees		
Other		
Financial institutions with no rating and rating below BBB-(Baa3)	1,000,746	728,844
Loans and deposits		
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap		
Letters of credit and bank guarantees		
Other	1,000,746	728,844
Accrued interest	11,122	7,394
Total	3,391,653	1,849,878
Reserve for possible losses as regards amounts due from financial institutions (Note 7)	-16,528	
Net amounts due from financial institutions	3,375,125	1,849,878
Net amounts due from banks and financial institutions	14,649,736	5,774,947

Note 15. Financial Assets Held for Trading

Government securities	Reporting period	Previous period
RA Government securities, including		
Treasury bonds	12,467,687	12,542,801
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	12,467,687	12,542,801

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	12,467,687	12,542,801	0	0
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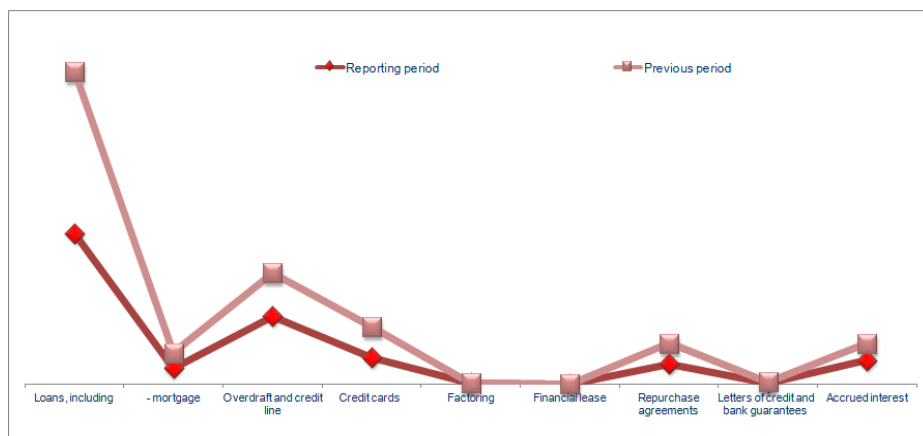
Other financial assets held for trading	Reporting period	Reporting period	Previous period	Previous period
Loans, factoring, accounts receivable				
Borrowers with A-/A3/ or higher rating				
Borrowers with BBB+/Baa1/ and lower rating, other rating and no rating				
- Mortgage				
- Consumer loans				
- Other				
Derivative instruments	0	0	0	0
- Futures				

- Forward				
- Option				
- Swap				
- Other				
Total				

Total financial assets held for trading	12,467,687	12,542,801	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	109,943,916	118,606,066
- to banks		
- to RA Government		
- to local authorities		
- mortgage	11,334,011	11,268,389
Overdraft and credit line	49,365,106	31,938,661
Credit cards	19,363,691	22,150,483
Factoring	283,479	286,435
Financial lease	293	692
Repurchase agreements	14,758,667	14,761,539
Currency swap	-	-
Letters of credit and bank guarantees	598,921	559,055
Other		
Accrued interest concerning the mentioned items	17,262,249	12,378,567
Total loans	211,576,322	200,681,498
Reserve for possible losses as regards loans and other advances to customers (Note 7)	-5,534,149	-4,550,828
Total net loans	206,042,173	196,130,670



Breakdown of Performing and Non-Performing Loans and Advances to Customers as of the End of the Reporting Period

Breakdown of performing and non-performing loans and advances provided to customers		Reporting period	Previous period
Performing loans and advances	Amount	204,917,584	196,482,746
	Quantity	64,324	60,726
Non-Performing loans and advances, including		6,658,738	4,198,752
		6538	3668
Overdue	Amount	3,160,417	1,969,808
	Quantity	4403	2966
Accrued interests			
Total loans	Amount	211,576,322	200,681,498
	Quantity	70,862	64,394
Provision for possible losses as regards loans and advances provided to customers (Note 7)		-5,534,149	-4,550,828
Total net loans		206,042,173	196,130,670

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		5,854,891	6,312,510
Private enterprises, including		137,855,733	126,027,605
- large enterprises		74,508,888	63,578,393
- small and medium enterprises		63,346,845	62,449,212
Natural persons, including		46,613,248	52,888,529
- consumer loans		14,480,682	12,451,448
- mortgage loans		11,334,011	11,268,390
- credit cards		19,233,646	21,865,819
Sole entrepreneurs		3,990,201	3,074,287
Accrued interest		17,262,249	12,378,567
Total loans		211,576,322	200,681,498
Provision for possible losses as regards loans and advances provided to customers		(5,534,149)	(4,550,828)
Total net loans		206,042,173	196,130,670

a) Total loans provided to major borrowers and related persons as of 31.12.2014 made AMD 94.122.190 thous, as of 31.12.2015 – AMD 106.588.616 thous.

b) Share in total loan portfolio as of 31.12.2014 made 54.17 %, as of 31.12.2015 - 53.84%

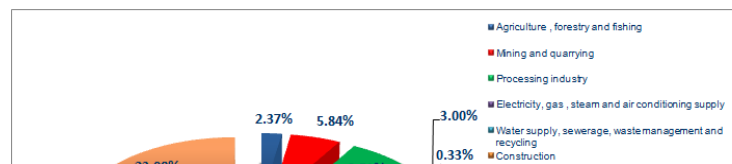
c) Percentage to Capital as of 31.12.2014 was 374.05 %, as of 31.12.2015 – 405.66 %

Analysis of loan portfolio according to number of borrowers		Reporting period	Previous period
State enterprises		9	12
Private enterprises		337	301
Natural persons		61,097	54,832
Sole entrepreneurs		198	212
Total		61,641	55,357

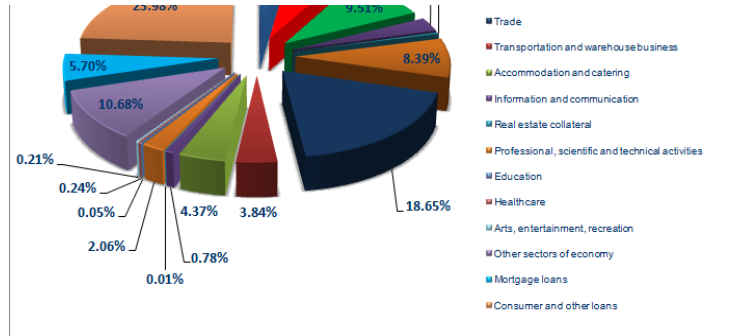
Analysis of loan portfolio according to the industry sectors (less the reserve amount for possible losses)

31.12.14

Analysis of loans and advances according to crediting sectors		Reporting period	Percentage
1. Agriculture , forestry and fishing		4,758,146	2.37
2. Mining and quarrying		11,722,318	5.84
3. Processing industry		19,091,252	9.51
4. Electricity, gas , steam and air conditioning supply		6,021,542	3.00
5. Water supply, sewerage, waste management and recycling		655,386	0.33

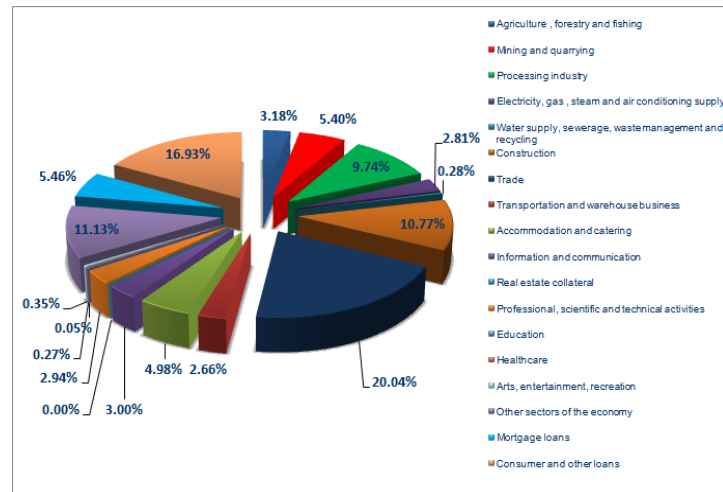


6. Construction	16,830,790	8.39
7. Trade	37,417,930	18.65
8. Transportation and warehouse business	7,702,674	3.84
9. Accommodation and catering	8,774,884	4.37
10. Information and communication	1,568,660	0.78
11. Real estate collateral	19,359	0.01
12. Professional, scientific and technical activities	4,124,069	2.06
13. Education	102,893	0.05
14. Healthcare	477,342	0.24
15. Arts, entertainment, recreation	420,780	0.21
16. Other sectors of economy	21,425,524	10.68
17. Mortgage loans	11,437,363	5.70
18. Consumer and other loans	48,130,586	23.98
Total	200,681,498	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 the 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

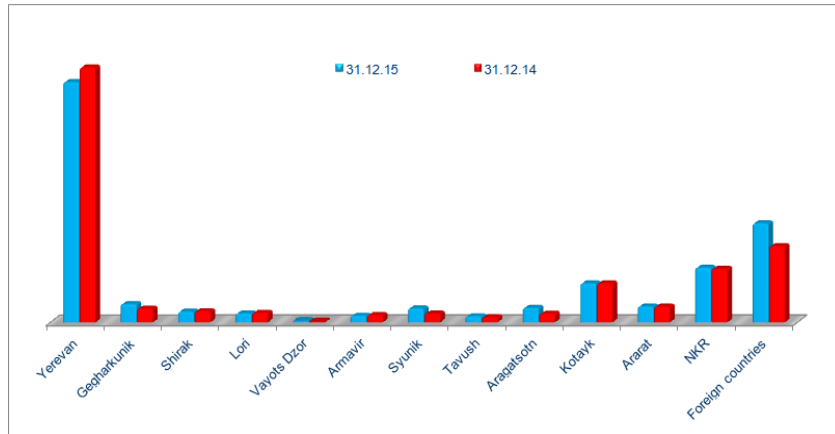


Analysis of the loan portfolio as regards customers' residency

Analysis of the loan portfolio as regards customers' residency	Reporting period	Percentage	Previous period	Percentage
RA residents	167,530,948	81.31	166,532,204	84.91
Non-residents	38,511,225	18.69	29,598,466	15.09
Total	206,042,173	100	196,130,670	100

Region (Marz)	31.12.15		31.12.14	
	Quantity	Amount	Quantity	Amount
Yerevan	19603	93,348,081	19610	99,021,277
Gegharkunik	10022	7,124,235	6206	5,362,702
Shirak	8555	4,210,822	7685	4,326,136
Lori	3414	3,530,028	3561	3,706,533
Vayots Dzor	168	624,235	161	340,143
Armavir	2367	2,607,750	2577	2,846,575

Syunik	2145	5,440,563	2419	3,455,486
Tavush	1277	2,384,237	1329	1,990,124
Aragatsotn	7117	5,666,743	5271	3,375,977
Kotayk	4121	15,162,249	4628	15,132,601
Ararat	6266	6,203,529	5032	6,142,854
NKR	5767	21,228,476	5869	20,831,796
Foreign countries	40	38,511,225	46	29,598,466
Total	70,862	206,042,173	64,394	196,130,670



Note 17. Financial assets available for sale

State securities	Reporting period	Previous period
State obligations	10,175,043	8,758,196
Treasury obligations	10,175,043	8,758,196
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	10,175,043	8,758,196

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		542,661		
Short term debt instruments				
Deposit certificates				
Equity instruments				
Other				
Total non government securities of RA	0	542,661	0	0

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	10,717,704	8,758,196		
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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	10,717,704	8,758,196		
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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	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	

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	11457	0.00005
Total				43,445	6
Impairment of investments in other companies share capital (reserve for possible losses) (Note 7)				-21,895	
Total				21,550	

	Reporting period	Previous period
Total financial assets available for sale and investments in other companies' share capital	10,738,761	8,779,746

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)				
Net investments in financial assets held to maturity	0		0	0

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	7,546,950	2,737,074	260,020	1,263,413	-	30,399	11,837,856
Increase	1,733	230,211	-	343,820	-	87,978	663,742
Disposal			6,363				6,363
Write-off							-
Revaluation		24,346		4,989			29,335
Depreciation adjustment from revaluation							-
Balance at the end 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
Revaluation*							-
Write-off		80		4,524			4,604
Depreciation adjustment from revaluation							-
Balance at the end of the reporting period	7,552,674	3,282,276	223,553	1,771,824	-	172,377	13,002,704
Accumulated depreciation							
Balance at the beginning of the previous period	-	1,710,537	120,034	762,239	-	18,544	2,611,354
Increase	290,106	220,186	49,758	197,867		1,447	759,364
Disposal			6,363				6,363
Impairment							-
Depreciation adjustment from revaluation							-
Write-off		20,858		4,981			25,839
Balance at the end 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 reporting period	580,601	2,129,651	153,103	1,162,603	-	23,829	4,049,787
Net carrying amount							
End of reporting period	6,972,073	1,152,625	70,450	609,221	-	148,548	8,952,917
End of previous period	7,258,577	1,033,074	90,228	647,119	-	98,386	9,127,384

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	147,318	1,085,719	-	52,837	96,777	1,382,651
Increase	28,353	228,729		13,378	41,627	312,087
Disposal						-
Impairment						
Revaluation						
Balance at the end of 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
Revaluation*						-
Impairment						-
Depreciation adjustment from revaluation		6,176				6,176
Balance at the end of the reporting period	257,253	1,827,089	-	75,239	4,847	2,164,428
Accumulated amortization						
Balance at the end of previous period	338	33,714	-	-	-	34,052
Increase	1,937	45,103				47,040
Disposal						-
Impairment						-
Revaluation						-
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
Depreciation adjustment from revaluation		6,176				6,176
Revaluation						-
Balance at the end of the reporting period	12,205	134,985	-	158	-	147,348
Net carrying amount						
End of reporting period	245,048	1,692,104	-	75,081	4,847	2,017,080
End of previous period	173,396	1,235,631	-	66,215	138,404	1,613,646

Note 21. Deferred tax assets

Deferred tax assets movement	Reporting period	Previous period
Balance at the beginning of the period	183,789	149,158
Increase		183,789
Decrease	38,160	-149,158
Balance at the end of the period	221,949	183,789

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	2,969,192	915,129
Total	2,969,192	915,129
Reserve for possible losses as regards bank transactions (Note 7)	-29,692	
Net amounts receivable from bank transactions	2,939,500	915,129

Accounts receivable and prepayments	Reporting period	Previous period
Receivables as regards budget	169	504
Receivables as regards suppliers		
Advance payments to the employees	124	50
Advance payments to the suppliers	371,454	407,053
Advance payments and overpayments as regards budget and mandator	451,088	
Other receivables and prepayments	10,422,360	102,964
Total	11,245,195	510,571
Reserve for possible losses as regards other assets (Note 7)	-130,390	
Total	11,114,805	510,571
Other assets		
Warehouse	456,005	212,138

Seized collateral	5,085,118	4,945,324
Future period expenses	18,207	12,656
Other assets	148,989	50,226
Reserve for possible losses as regards other assets (Note 7)		
Total	5,708,319	5,220,344
Total other assets	19,762,624	6,646,044

Note 23. Amounts due to banks and other financial institutions

Current accounts	Reporting period	Previous period
RA Banks	6	6
Banks with BBB-(Baa3) and higher rating		
Banks with rating below BBB-(Baa3) and no rating		
Accrued interest		
Total	6	6
Interbank loans, deposits and other demands		
RA Central Bank		
Loans*	8,845,930	24,523,970
Repo (repurchase) agreements	20,899,991	20,715,282
Swap	14672	
Other		
RA Banks		
Loans and deposits	8,525,547	10,296,710
Financial leasing		
Repo (repurchase) agreements	0	0
Other	0	0
BBB-(Baa3) and higher rating banks		
Loans and deposits	16,000,000	0
Financial leasing		
Repo (repurchase) agreements		
Swap		
Other		
BBB-(Baa3) and lower rating and no rating banks		
Loans and deposits	2,418,762	474,974
Financial leasing		
Repo (repurchase) agreements		
Swap	0	0
Other	12,410	3,552
Accrued interest	351,210	261,666
Total	57,068,522	56,276,154
Financial institutions		
Current accounts	73,024	30,421
Loans and deposits	23,479,553	25,674,968
Repo (repurchase) agreements		
Swap		
Other	133,491	5,573
Accrued interest	136,323	193,313
Total	23,822,391	25,904,275
Total amounts due to banks and other fin. institutions	80,890,919	82,180,435

As of 31.12.2015, loans received from the Central Bank of Armenia also include loan amounts attracted under international loan programs totaling AMD 8.845.930 thousand. And accrued interest amounts - AMD 188.005 thousand.

Note 24. Amounts due to customers

Amounts due to RA government and local self-managed authorities	Reporting period	Previous period
Current accounts	47,330	26,633
Time deposits		
Loans	3,044,295	4,354,946
Repo (repurchase) agreements		
Swap		
Other	42,574	29,677
Accrued interest	10,936	15,352
Total	3,145,135	4,426,608
Legal entities and institutions of RA (residents)		
Current accounts	13,911,214	9,759,097
Time deposits	13,691,037	4,719,396
Repo (repurchase) agreements		
Swap		
Other	9,365,691	3,336,979
Accrued interest	69,050	25,066
Total	37,036,992	17,840,538
Legal entities and institutions (non-residents)		
Current accounts	6,007,250	6,676,349
Time deposits	298,781	14,277,713
Repo (repurchase) agreements		
Swap		
Other	622,335	0
Accrued interest	829	21,031
Total	6,929,195	20,975,093
Sole entrepreneurs of RA (residents)		
Current accounts	67,391	70,043
Time deposits		
Repo (repurchase) agreements		
Swap		
Other		
Accrued interest		
Total	67,391	70,043
Sole entrepreneurs (non-residents)		
Current accounts	47	47
Time deposits		
Repo (repurchase) agreements		
Swap		
Other		
Accrued interest		
Total	47	47
Individuals (residents)		
Current accounts	8,614,168	6,667,061
Time deposits	120,818,305	89,352,242
Repo (repurchase) agreements		
Swap		
Other	51,754	16,628
Accrued interest	1,436,272	856,178
Total	130,920,499	96,892,109
Individuals (non-residents)		

Current accounts	549,110	420,792
Time deposits	5,064,954	4,912,538
Repo (repurchase) agreements		
Swap		
Other	0	0
Accrued interest	65,995	31,048
Total	5,680,059	5,364,378
Total liabilities to customers	183,779,318	145,568,816

The amount of the security of liabilities totaled: as at 31.12.2015 - AMD 14.303.074 thous., as at 31.12.2014 - AMD 30.893.795 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 731.053 thous., accrued interest AMD 3.076 thous.

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

	Reporting period	Previous period
Legal entities residents	64	49
Legal entitie non- residents	4	2
Individuals residents	12,825	9,593
Individuals non-residents	181	127
Total	13,074	9,771

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	12,467,687	12,542,801
Total	12,467,687	12,542,801

Note 27. Amounts payable

Amounts payable	Reporting period	Previous period
Dividends		
Trust management agreements		
Deposits insurance	64,633	47,944
Other		
Total	64,633	47,944

Note 28. Deferred tax liabilities

Deferred tax liabilities movements	Reporting period	Previous period
Balance at the beginning of the period		432,150
Increase		
Decrease		-432,150
Balance at the end of the period	-	-

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	0	615,451
VAT	4,837	8,356
other taxes and dues	219,797	257,773
social insurance payments	0	0
Liabilities to employees as regards salary	147,140	109,263
Payables as regards suppliers	155,492	193,393
Payables as regards completion of chartered capital		
Other liabilities	2,991	3,176
Balance at the end of period	530,257	1,187,412

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	132,117	318,693
Fixed assets revaluation reserve	471,422	471,422
Other reserves		1,226
Total revaluation reserves	603,539	791,341

Other components of equity**Reserves**

Reserves	Reporting period	Previous period
Main reserve		
Opening balance	403,892	309,357
Increase	172,427	94,535
Decrease		
Closing balance	576,319	403,892

Other reserves		
Opening balance	791,341	1,595,572
Increase	2,258,464	2,582,656
Decrease	2,446,266	3,386,887
Closing balance	603,539	791,341

Note 33. Retained earnings

Retained profit	Reporting period	Previous period
Opening balance	3,462,246	5,515,725
Increase	1,243,775	3,448,556
Decrease	172,427	5,502,035
Closing balance	4,533,594	3,462,246

Note 34. Reserves, contingencies and potential liabilities

Reserves		Reporting period	Previous period
Opening balance	Note 7	294,268	-
Allocations to the reserve		335,674	294,268
Use of reserve		(294,268)	-
Net allocations to the reserve		41,406	294,268
Closing balance		335,674	294,268

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	7,905,085	7,574,899
Guarantees provided	18,725,709	21,376,978
Letters of credit issued	168,430	
Reserve as regards the mentioned items (Note 7)		
Closing balance	26,799,224	28,951,877

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 - 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		93,771
1-5 years		317,219
5-10 years		226,704
Total		637,694

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
	01.01.15-31.12.15	01.01.14-31.12.14
Balance as of 01 January	5,052,091	2,007,272
Loans and advances provided during the year	8,348,447	8,254,627
Loans and advances repaid during the year	9,532,125	5,209,808
Balance	3,868,413	5,052,091
Interest income	334,604	290,458

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

Amounts due to customers	Reporting period	Previous period
	01.01.15-31.12.15	01.01.14-31.12.14
Balance as of 01 January	15,748,185	26,061,693
Amounts received during the year	73,057,260	160,766,069

Amounts paid during the year	85,598,721	171,079,577
Balance	3,206,724	15,748,185
Interest expense	559,276	1,185,830

Salary and equivalent payments to the Bank's management	Reporting period	Previous period
	01.01.15-31.12.15	01.01.14-31.12.14
The Board		
Salary	96,816	101,149
bonus		
Executive body		
Salary	217,100	220,195
bonus	16,459	18,867
Internal audit		
Salary	64,636	70,977
bonus	3,000	5,500
Total	398,011	416,688

Note 36. Minimal disclosures concerning financial risks

1. Credit risk

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

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

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

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

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

2. Geographical concentrations

31.12.2014

Title	RA	CIS countries	OECD* Countries	Non OECD Countries	Total
Assets					
Cash and balances with CBA	28,129,704				28,129,704
Amounts due from banks and other financial institutions	1,660,502	729,989	3,358,616	25,840	5,774,947
Financial instruments held for trading	12,542,801				12,542,801
Loans and advances to customers	166,532,204	312,538	1,357,367	27,928,561	196,130,670
Securities available for sale	8,768,289		11,457		8,779,746
Securities held to maturity					-
Other assets	1,335,352	243,864	11,965	5,054,863	6,646,044

Total assets	218,968,852	1,286,391	4,739,405	33,009,264	258,003,912
Liabilities					-
Amounts due to banks and other financial institutions	78,799,432	3,381,003			82,180,435
Amounts due to customers	119,229,345	889,517	2,843,551	22,606,403	145,568,816
Financial liability held for trading				12,542,801	12,542,801
Other liabilities	1,134,059	47,515	5,838		1,187,412
Total liabilities	199,162,836	4,318,035	2,849,389	35,149,204	241,479,464
Net position	19,806,016	(3,031,644)	1,890,016	(2,139,940)	16,524,448

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	167,530,948	279,852	488,304	37,743,069	206,042,173
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	241,846,663	5,487,521	5,425,321	42,593,227	295,352,732
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	6,759,022	2,213,708	(13,794,135)	22,505,956	17,684,551

OECD * - Organization for Economic Cooperation and Development

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

31.12.2014

Assets	Working assets		Non-working assets		
	Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
	192,694,405	2,336,315	868,379	231,571	
Loans and advances, including	60,726	2,326	729	613	

1. Agriculture , forestry and fishing	amount	4,316,937	253,965	33,703	26,372
	number	437	24	5	3
2. Mining and quarrying	amount	11,581,887	21,098		
	number	48	2		
3. Processing industry	amount	18,882,741	15,951		
	number	100	6		
4. Electricity, gas , steam and air conditioning supply	amount	5,961,327			
	number	28			
5. Water supply, sewerage, waste management and recycling	amount	648,832			
	number	8			
6. Construction	amount	16,461,362	175,520	3,409	
	number	118	5	1	
7. Trade	amount	36,908,335	8,751	100,087	929
	number	925	4	2	1
8. Transportation and warehouse business	amount	7,625,647			
	number	21			
9. Accommodation and catering	amount	8,670,432		12,823	
	number	51		1	
10. Information and communication	amount	1,552,973			
	number	35			
11. Real property buisness	amount	19,165			
	number	3			
12. Professional, scientific and technical activities	amount	4,082,828			
	number	23			
13. Education	amount	101,864			
	number	72			
14. Healthcare	amount	471,344	491		346
	number	21	1		1
15. Arts, entertainment, recreation	amount	416,572			
	number	11			
16. Other branches of economy	amount	19,379,928			
	number	24			
17. Mortgage loans	amount	10,765,179	330,481	113,335	27,142

	number	1,894	52	23	10	
18. Consumer and other loans	amount	44,847,052	1,530,058	605,022	176,782	
	number	56,907	2,232	697	598	
Receivables	amount	15,138,871	24,795	58,370	21,110	
	number	4,544	155	370	444	
Investment securities	amount	25,039				
	number	3				
Off-balance sheet items	amount	28,929,131	17,404	2,151	836	2355
	number	26,483	371	76	37	55
including guarantees	amount	21,368,662	7,399			917
	number	290	2			1
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
		201,061,543	3,122,386	1,064,733	793,511	
Loans and advances, including		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	21,628,450			
	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	162,550,318	3,122,386	1,064,733	793,511	
2. Non-residents	38,511,225				
Total	201,061,543	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 business 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				

31.12.2014

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	163,095,939	2,336,315	868,379	231,571	
2. Non-residents	29,598,466				
Total	192,694,405	2,336,315	868,379	231,571	

Assets	Working assets		Non-working assets		
	Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
Loans and advances, including	29,598,466	-	-	-	-
	46	-	-	-	-
1. Agriculture, forestry and fishing amount	2,833				
number	2				
2. Mining and quarrying amount					
number					
3. Processing industry amount	5,778				
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	14,401,258			
	number	12			
8. Transportation and warehouse business	amount				
	number				
9. Accommodation and catering	amount				
	number				
10. Information and communication	amount	760			
	number	1			
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	3,476			
	number	1			
16. Other branches of economy	amount	15,080,582			
	number	8			
17. Mortgage loans	amount				
	number				
18. Consumer and other loans	amount	103,779			
	number	20			

Loan portfolio indicators as of 31.12.2015

Non-performing loans/ total loans 3.36%

Reserve for non-performing loans/total capital 5.60%

Loan reserve /total loans 1.88%

Possible loss reserve/Non-performing loans 55.80%

Large amount advances/capital 405.66%:

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

31.12.2014

	Drams	I group foreign currency*	II group foreign currency**	Total
Assets				
Cash and balances with CBA	25,637,550	2,384,578	107,576	28,129,704
Standardized precious metal bullions		457,924		457,924
Amounts due from banks and other financial institutions	782,124	4,264,505	728,318	5,774,947
Financial instruments kept for trading	12,542,801			12,542,801
Loans and advances to customers	85,365,345	110,684,375	80,950	196,130,670
Financial assets available for sale	8,779,746			8,779,746

Financial assets held to maturity				-
Other	352,789	6,268,805	24,450	6,646,044
Total assets	133,460,355	124,060,187	941,294	258,461,836
Liabilities				
Amounts due to banks and other financial institutions	67,362,936	14,817,295	204	82,180,435
Amounts due to customers	36,931,029	107,677,146	960,641	145,568,816
Other liabilities	1,133,191	54,221		1,187,412
Total liabilities	105,427,156	122,548,662	960,845	228,936,663
Net position	28,033,199	1,511,525	(19,551)	29,525,173

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	92,042,889	113,926,544	72,740	206,042,173
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	153,577,136	136,835,282	5,085,076	295,497,494
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	37,252,771	(6,878,454)	(77,317)	30,297,000

* 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	2,422,545			
- demands		3,870,000		
Other derivative instruments				
- liabilities				
- demands				
Net position according to the derivative financial instruments	(2,422,545)	3,870,000	-	-
Net open position*	(2,422,545)	3,870,000	-	-

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				
including				
- interbank loans				
- interbank repo				
- interbank swap				
Loans and advances to customers	6-24	12-17	6-24	13-15
Securities held for trading and available for sale	11.63		8-13.0	
Securities held to maturity				
Liabilities				
Amounts due to banks	9.5-10.25	7.5-8	4-9.5	4-8.3
and other financial institutions				
Amounts due to customers	1-17.5	1-9.2	1-17	1-9.5
Liabilities as regards securities issued by the Bank				

Liquidity risk

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

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

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

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

31.12.2014

Item description	Non-performing		Time remaining to maturity						open-end	Total
	overdue	time	demand	up to 3 months	3-6 months	6-12 months	1-5 years	more than 5 years		
Assets										
Cash in intern. and CBA			27,909,704						220,000	28,129,704
Amounts due from banks and other fin. institutions			2,945,420	1,213,839	84,192	368,387	577,028		586,081	5,774,947
Loans provided to customers	1,969,808	2,228,944	1,678,408	53,870,911	22,731,164	33,592,667	68,363,393	11,695,375		196,130,670

Financial assets	-	-	-	13,242,829	-	2,491,446	-	5,566,722	21,550	21,322,547
held for trade				12,542,801						12,542,801
available for sale				700,028		2,491,446		5,566,722	21,550	8,779,746
held up to maturity										-
Realized under repo agreements										-
Other assets	34,949	61,697	1,290,430	123,315	68,067	122,262			4,945,324	6,646,044
*Contractual demands										-
Total	2,004,757	2,290,641	33,823,962	68,450,894	22,883,423	36,574,762	68,940,421	17,262,097	5,772,955	258,003,912
1-st group currency	853,223	280,358	12,148,198	45,286,513	8,700,771	14,106,802	43,201,903		586,081	125,163,849
2-nd group currency			248,612	669,050						917,662
Variable interest rate										-
Fixed interest rate	1,967,444	2,228,944	1,359,286	55,784,778	22,815,356	36,452,500	68,940,421	15,426,550	586,081	205,561,360
Interest free	37,313	61,697	32,464,676	12,666,116	68,067	122,262	-	1,835,547	5,186,874	52,442,552
Liabilities										
Amounts due to banks and other fin. institutions			39,552	57,186,922	12,312,319	2,192,078	6,597,087	3,852,477		82,180,435
Amounts due to customers	-	-	27,083,484	17,827,296	17,856,658	60,576,192	22,223,643	1,543	-	145,568,816
upon demand			27,083,484							27,083,484
time liability				17,827,296	17,856,658	60,576,192	22,223,643	1,543		118,485,332
Other										-
Liabilities for securities issued by the banks										-
Other liabilities			757,593	429,819						1,187,412
Off –balance contingent liabilities	14,819	7,926	7,560,470	4,268,534	4,565,938	6,211,298	6,322,892			28,951,877
*Contractual liabilities										-
Total	-	-	27,880,629	75,444,037	30,168,977	62,768,270	28,820,730	3,854,020	-	228,936,663
1-st group currency			12,025,103	20,362,814	17,661,201	55,892,494	15,861,962			121,803,574
2-nd group currency			600,904	106,354	31,184	148,443	73,960			960,845
Large amount liability			102,610	49,247,808	6,632,601	22,561,306	5,641,433			84,185,758
Variable rate liability										-
Fixed rate liability			24,408,036	75,014,218	29,993,804	60,924,431	28,820,730	3,854,020		223,015,239
Interest free			3,472,593	429,819	175,173	1,843,839				5,921,424
Net liquidity gap	2,004,757	2,290,641	5,943,333	(6,993,143)	(7,285,554)	(26,193,508)	40,119,691	13,408,077	5,772,955	29,067,249
1-st group currency	853,223	280,358	123,095	24,923,699	(8,960,430)	(41,785,692)	27,339,941	-	586,081	3,360,275
2-nd group currency	-	-	(352,292)	562,696	(31,184)	(148,443)	(73,960)	-	-	(43,183)
Variable interest rate	-	-	-	-	-	-	-	-	-	-
Fixed rate	1,967,444	2,228,944	(23,048,750)	(19,229,440)	(7,178,448)	(24,471,931)	40,119,691	11,572,530	586,081	(17,453,879)
Cumulative liquidity gap	2,004,757	4,295,398	10,238,731	3,245,588	(4,039,966)	(30,233,474)	9,886,217	23,294,294	29,067,249	228,936,663

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	17,521,796	28,182,634	90,961,598	12,324,265		206,042,173
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	17,591,100	28,699,425	104,387,239	31,103,180	6,097,962	295,352,732
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	15,513,753	26,822,430	99,958,424	18,635,493	591,787	219,831,077
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

