



Appendix 5

NOTES TO FINANCIAL STATEMENTS  
(Form 5)

31 DECEMBER 2016

ARMBUSINESSBANK CJSC, RA, YEREVAN, 48 NALBANDYAN

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

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

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

The Bank's head office and 21 branches are located in Yerevan, 22 branches are located in different regions (marzes) of Armenia, and 7 branches – in the Republic of Nagorno Karabakh.

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

The Bank is:

- member of the Union of Banks of Armenia
- full member of global Master Card/Euro pay 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 2016	31 December 2015
AMD/1 US Dollar	483.94	483.75
AMD/1 EUR	512.2	528.69

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

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

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

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

#### **2.8 Securities**

On initial recognition, financial assets available for sale are accounted for at initial cost and thereafter remeasured at fair value. When revaluing 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

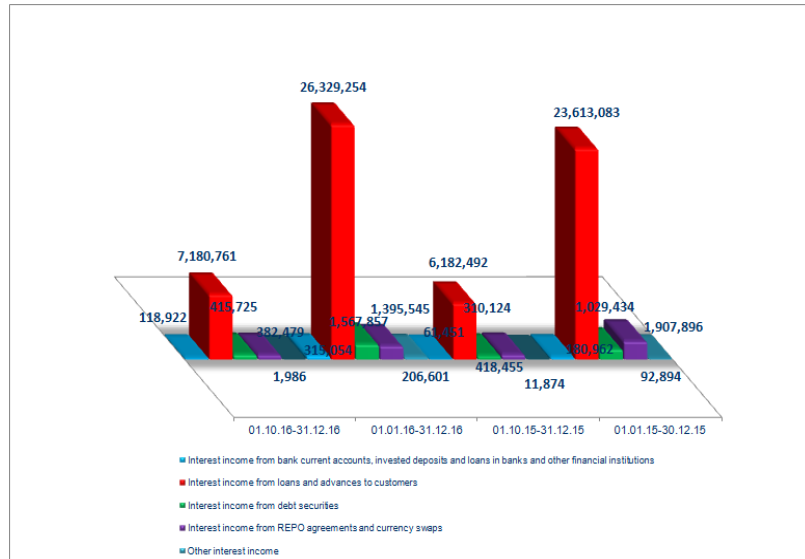
## 2.17 Functional and presentation currency

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.

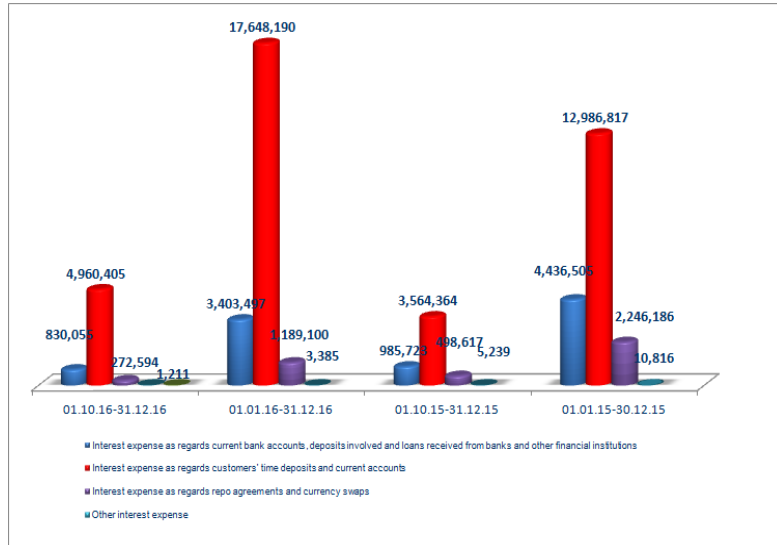
The intermediary financial statements are presented in thousands of AMD.

## Note 3. Net Interest and Similar Income

Interest and Similar Income	01.10.16-31.12.16	01.01.16-31.12.16	01.10.15-31.12.15	01.01.15-31.12.15
Interest income from bank current accounts, invested deposits and loans in banks and other financial institutions	118,922	315,054	61,451	180,962
Interest income from loans and advances to customers	7,180,761	26,329,254	6,182,492	23,613,083
Interest income from debt securities	415,725	1,567,857	310,124	1,029,434
Interest income from REPO agreements and currency swaps	382,479	1,395,545	418,455	1,907,896
Other interest income	1,986	206,601	11,874	92,894
<b>Total</b>	<b>8,099,873</b>	<b>29,814,311</b>	<b>6,984,396</b>	<b>26,824,269</b>



Interest and Similar Expense	01.10.16-31.12.16	01.01.16-31.12.16	01.10.15-31.12.15	01.01.15-31.12.15
Interest expense as regards current bank accounts, deposits involved and loans received from banks and other financial institutions	830,055	3,403,497	985,723	4,436,505
Interest expense as regards customers' time deposits and current accounts	4,960,405	17,648,190	3,564,364	12,986,817
Interest expense as regards securities issued by the Bank				
Interest expense as regards repo agreements and currency swaps	272,594	1,189,100	498,617	2,246,186
Other interest expense	1,211	3,385	5,239	10,816
<b>Total</b>	<b>6,064,265</b>	<b>22,244,172</b>	<b>5,053,943</b>	<b>19,680,324</b>
<b>Net interest and similar income</b>	<b>2,035,608</b>	<b>7,570,139</b>	<b>1,930,453</b>	<b>7,143,945</b>



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

Income in the form of Commissions and Other Fees	01.10.16-31.12.16	01.01.16-31.12.16	01.10.15-31.12.15	01.01.15-31.12.15
Cash operations	106,744	295,131	69,342	287,469
Settlement services	140,236	489,738	94,730	345,956
Guarantee, acceptance, letter of credit, trust management operations	165,861	379,497	61,892	240,936
Transaction in foreign currency and securities			836	2,527
Plastic card operations	186,555	618,649	146,510	594,673
Other commission payments	183,364	751,264	276,317	873,536
<b>Total</b>	<b>782,760</b>	<b>2,534,279</b>	<b>649,627</b>	<b>2,345,097</b>

<b>Expenses in the form of Commissions and Other Payments</b>	<b>01.10.16-31.12.16</b>	<b>01.01.16-31.12.16</b>	<b>01.10.15-31.12.15</b>	<b>01.01.15-31.12.15</b>
Commission payments as regards correspondent and other accounts/bank transactions	50,221	184,025	39,372	157,982
Commission payments as regards transactions with plastic cards/cash transactions	34,735	176,518	60,644	207,672
Payments as regards guarantees, acceptance, letters of credit, trust management transactions	11	146	586	5,268
Commission payments as regards transactions in foreign currency and securities			267	7,525
Other commission payments	3,704	12,385	18,917	74,776
<b>Total</b>	<b>88,671</b>	<b>373,074</b>	<b>119,786</b>	<b>453,223</b>

<b>Net Commissions and other payments received</b>	<b>694,089</b>	<b>2,161,205</b>	<b>529,841</b>	<b>1,891,874</b>
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**Note 5. Net income from trading transactions**

<b>Income from investments remeasured at fair value and held at fair value</b>	<b>01.10.16-31.12.16</b>	<b>01.01.16-31.12.16</b>	<b>01.10.15-31.12.15</b>	<b>01.01.15-31.12.15</b>
Net income from purchase and sale of investments held for trading, including				
- shares				
- debt securities				
- derivative instruments	56,041	-120,446	-491	117,567
Net income from change in fair value of investments held for trading				
<b>Total</b>	<b>56,041</b>	<b>-120,446</b>	<b>-491</b>	<b>117,567</b>

<b>Net Income from Investments available for sale</b>	<b>01.10.16-31.12.16</b>	<b>01.01.16-31.12.16</b>	<b>01.10.15-31.12.15</b>	<b>01.01.15-31.12.15</b>
Net income from purchase and sale of investments available for sale, including				
- shares				
- debt securities	-205,047	-230,580	-18,297	-18,297
- derivative instruments				
Net income from change in fair value of investments held for trading	206,870	234,308	19,082	19,082
<b>Total</b>	<b>1,823</b>	<b>3,728</b>	<b>785</b>	<b>785</b>

<b>From foreign currency transactions</b>	<b>01.10.16-31.12.16</b>	<b>01.01.16-31.12.16</b>	<b>01.10.15-31.12.15</b>	<b>01.01.15-31.12.15</b>
Net income from foreign currency dealings	357,563	1,143,458	323,304	1,063,155
Net income from foreign currency revaluation	200,117	358,657	-74,498	-219,683
<b>Total</b>	<b>557,680</b>	<b>1,502,115</b>	<b>248,806</b>	<b>843,472</b>

From bank standardized precious metal bullions and commemorative coins	01.10.16-31.12.16	01.01.16-31.12.16	01.10.15-31.12.15	01.01.15-31.12.15
Net income from purchase and sale of bank standardized precious metal bars and commemorative coins	5,324	16,044	5,391	23,825
Net income from revaluation of bank standardized precious metal bullions and commemorative coins	-36,897	22,425	-10,002	-23,820
<b>Total</b>	<b>-31,573</b>	<b>38,469</b>	<b>-4,611</b>	<b>5</b>

<b>Net income from trading transactions</b>	<b>583,971</b>	<b>1,423,866</b>	<b>244,489</b>	<b>961,829</b>
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**Note 6. Other operating income**

Other operating income	01.10.16-31.12.16	01.01.16-31.12.16	01.10.15-31.12.15	01.01.15-31.12.15
Fines and penalties received	455,005	1,609,899	313,355	1,218,312
Income received from factoring	2,876	32,748	13,467	72,098
Net income from disposal of PPE and intangible assets	7,866	43,961	13,293	225,628
Net income from revaluation and impairment reversal of PPE and intangible assets				
Other income	191,511	708,916	55,424	187,392
<b>Total</b>	<b>657,258</b>	<b>2,395,524</b>	<b>552,192</b>	<b>1,307,890</b>

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

As regards amounts due from banks	Note 14	01.10.16-31.12.16	01.01.16-31.12.16	01.10.15-31.12.15	01.01.15-31.12.15
Opening balance		0	0	0	0
Allocations to the reserve		59,187	59,187	79,579	79,579
Return of reserve allocations		0	0	0	0
Net allocations to the reserve		59,187	59,187	79,579	79,579
Return of amounts previously written-off to the off-balance sheet		0	0	0	0
Reserve utilization					
<b>Closing balance</b>		<b>59,187</b>	<b>59,187</b>	<b>79,579</b>	<b>79,579</b>

As regards amounts due from financial institutions	Note 14	01.10.16-31.12.16	01.01.16-31.12.16	01.10.15-31.12.15	01.01.15-31.12.15
Opening balance		0	0	0	0
Allocations to the reserve		57,370	57,370	16,528	16,528
Return of reserve allocations		0	0	0	0
Net allocations to the reserve		57,370	57,370	16,528	16,528
Return of amounts previously written-off to the off-balance sheet					
Reserve utilization					
<b>Closing balance</b>		<b>57,370</b>	<b>57,370</b>	<b>16,528</b>	<b>16,528</b>

As regards loans and advances provided to the customers	Note 16	01.10.16-31.12.16	01.01.16-31.12.16	01.10.15-31.12.15	01.01.15-31.12.15
Opening balance		4,331,848	5,534,149	5,322,029	4,550,828
Allocations to the reserve		4,915,694	11,682,553	2,866,461	7,018,558
Return of reserve allocations		-3,867,574	-8,368,994	-1,101,043	-3,327,520
Net allocations to the reserve		1,048,120	3,313,559	1,765,418	3,691,038
Return of amounts previously written-off to the off-balance sheet		1,025,402	2,436,013	88,313	824,809
Reserve utilization		-2,165,737	-7,044,088	-1,641,611	-3,532,526
<b>Closing balance</b>		<b>4,239,633</b>	<b>4,239,633</b>	<b>5,534,149</b>	<b>5,534,149</b>

As regards investments	Note 18	01.10.16-31.12.16	01.01.16-31.12.16	01.10.15-31.12.15	01.01.15-31.12.15
Opening balance		1,235	21,895	21,895	21,895
Allocations to the reserve		0	1,235		0
Return of reserve allocations		0	-21,895		0
Net allocations to the reserve		0	-20,660	0	0
Return of amounts previously written-off to the off-balance sheet					
Reserve utilization					
<b>Closing balance</b>		<b>1,235</b>	<b>1,235</b>	<b>21,895</b>	<b>21,895</b>

As regards other assets	Note 18	01.10.16-31.12.16	01.01.16-31.12.16	01.10.15-31.12.15	01.01.15-31.12.15
Opening balance		566,706	160,082	183,631	128,635
Allocations to the reserve		1,338,265	4,689,445	47,095	229,290
Return of reserve allocations		-1,336,729	-4,157,562	-43,922	-138,029
Net allocations to the reserve		1,536	531,883	3,173	91,261
Return of amounts previously written-off to the off-balance sheet		41,704	55,192	1,316	15,436
Reserve utilization		-64,625	-201,836	-28,038	-75,250
<b>Closing balance</b>		<b>545,321</b>	<b>545,321</b>	<b>160,082</b>	<b>160,082</b>

As regards off-balance sheet items containing credit risk	Note 30	01.10.16-31.12.16	01.01.16-31.12.16	01.10.15-31.12.15	01.01.15-31.12.15
Opening balance		436,467	335,674	0	294,268
Allocations to the reserve		866,758	1,443,120	335,674	335,674
Return of reserve allocations		-711,754	-1,187,323		-294,268
Net allocations to the reserve		155,004	255,797	335,674	41,406
<b>Closing balance</b>		<b>591,471</b>	<b>591,471</b>	<b>335,674</b>	<b>335,674</b>

<b>Total net allocations to the reserves</b>		<b>1,321,217</b>	<b>4,197,136</b>	<b>2,200,372</b>	<b>3,919,812</b>
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**Note 8. General administrative expenses**

<b>General administrative expenses</b>	<b>01.10.16-31.12.16</b>	<b>01.01.16-31.12.16</b>	<b>01.10.15-31.12.15</b>	<b>01.01.15-31.12.15</b>
Expenses as regards calculated salary and other equivalent payments *	1,024,298	3,292,413	942,123	3,043,716
Expenses as regards social payments	0	0	0	0
Expenses as regards training and tuition	677	1,068	227	2,118
Expenses as regards business trips	30,430	83,917	15,181	63,505
Expenses as regards operating lease	38,855	154,460	31,827	118,791
Insurance expenses	9,186	40,325	9,849	39,178
Expenses as regards maintenance and security of Bank's equipment	70,820	178,047	43,229	96,739
Expenses as regards maintenance and security of Bank's buildings	70,593	274,997	67,325	273,635
Expenses as regards audit and other consulting services	64,452	85,100	15,000	36,216
Expenses as regards communication means	30,339	100,343	22,367	93,936
Transportation expenses	11,821	53,360	12,066	48,311
Expenses as regards taxes, duties and other obligatory payments (except profit tax)	89,580	275,210	67,326	222,927
Office and organizational expenses	37,570	81,186	33,037	68,103
Expenses as regards loans provision and return	20,006	64,984	8,251	22,514
Other administrative expenses	170,110	406,159	99,563	414,804
<b>Total</b>	<b>1,668,737</b>	<b>5,091,569</b>	<b>1,367,371</b>	<b>4,544,493</b>

The number of the Bank employees as at 31 December 2016 is 848.

The size of average monthly salary per employee is 206 thous. drams.

**Note 9. Other Operating Expenses**

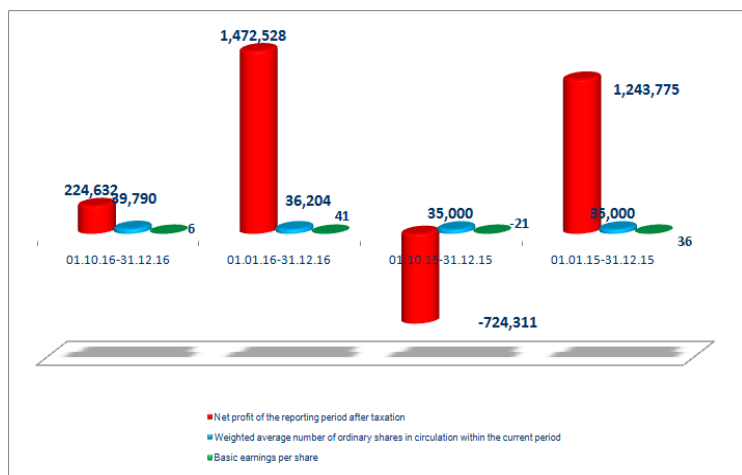
<b>Other Operating Expenses</b>	<b>01.10.16-31.12.16</b>	<b>01.01.16-31.12.16</b>	<b>01.10.15-31.12.15</b>	<b>01.01.15-31.12.15</b>
Fines and penalties paid	289	966	1	1,451
Advertising and representation expenses	65,406	220,681	60,851	209,126
Fcatoting expenses				
Fixed and intangible assets amortization expenses	249,617	988,498	209,424	835,655
Loss from impairment of tangible assets				
Allocations to deposit guarantee fund	268,622	575,649	64,632	232,054
Other expenses	157,692	679,920	107,678	414,563
<b>Total</b>	<b>741,626</b>	<b>2,465,714</b>	<b>442,586</b>	<b>1,250,263</b>

**Note 11. Profit Tax Expense**

<b>Profit tax expense</b>	<b>01.10.16-31.12.16</b>	<b>01.01.16-31.12.16</b>	<b>01.10.15-31.12.15</b>	<b>01.01.15-31.12.15</b>
Current tax expense	-15,605	296,321	-185,696	300,149
Adjustments of current tax for previous periods recognized in the given period				
Deferred tax expense	30,319	27,466		
<b>Total</b>	<b>14,714</b>	<b>323,787</b>	<b>-185,696</b>	<b>300,149</b>

**Note 12. Basic Earnings per Share**

<b>Basic Earnings per Share</b>	<b>01.10.16-31.12.16</b>	<b>01.01.16-31.12.16</b>	<b>01.10.15-31.12.15</b>	<b>01.01.15-31.12.15</b>
Net profit of the reporting period after taxation	224,632	1,472,528	-724,311	1,243,775
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	39,790	36,204	35,000	35,000
Basic earnings per share	6	41	-21	36
Diluted earnings per share				



**Note. Other Comprehensive Income**

<b>Other Comprehensive Income</b>	<b>01.10.16-31.12.16</b>	<b>01.01.16-31.12.16</b>	<b>01.10.15-31.12.15</b>	<b>01.01.15-31.12.15</b>
Exchange rate differences from recalculation of foreign transactions				
Revaluation of financial assets available for sale	(54,455)	1,371,158	155,990	(187,802)
Cash flow hedging				
Gains from PPE revaluations				
Deferred tax expense				
<b>Total</b>	<b>(54,455)</b>	<b>1,371,158</b>	<b>155,990</b>	<b>(187,802)</b>

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

Cash, cash equivalents and balances with the CBA	Reporting period	Previous period
Cash means	5,214,643	3,641,132
Other placements of cash	2,462,787	3,331,109
Correspondent accounts with the CBA *	52,081,824	24,319,510
<b>Total</b>	<b>59,759,254</b>	<b>31,291,751</b>
Deposit accounts with the CBA		
Deposited means with the CBA **	220,000	400,000
Accrued interest		
<b>Cash means and balances with the CBA</b>	<b>59,979,254</b>	<b>31,691,751</b>
Standardized precious metal bullions	44,555	144,762
Placements with other banks (Note 14)	5,942,615	11,274,611
<b>Total cash and cash equivalents</b>	<b>65,966,424</b>	<b>43,111,124</b>

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

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

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

Current accounts	Reporting period	Previous period
RA banks	2,482	17,926
Banks with BBB – (Baa3) and higher rating	3,306,789	8,631,452
Banks with no rating and rating below BBB-(Baa3)	146,630	169,595
Accrued interest	0	0
<b>Total</b>	<b>3,455,901</b>	<b>8,818,973</b>

Interbank loans and deposits, etc.	Reporting period	Previous period
<b>CBA</b>		
Loans and deposits		
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap		
Other		
<b>RA Banks</b>		
Loans and deposits	0	2283749
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap	22,848	6,360
Letters of credit and bank guarantees		
Other		
<b>Banks with BBB – (Baa3) and higher rating</b>		
Loans and deposits	1,142,600	225,080
Factoring		
Financial lease		
<b>RA Banks</b>		
<b>RA Banks</b>	0	0
Letters of credit and bank guarantees		
Other	0	0

<b>Banks with no rating and rating below BBB-(Baa3)</b>		
Loans and deposits		
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap	0	0
Letters of credit and bank guarantees		
Other	1,320,765	18,730
<b>Accrued interest</b>	501	1298
<b>Total</b>	<b>5,942,615</b>	<b>11,354,190</b>
Reserve for possible losses as regards amounts due from Banks (Note 7)	-59,187	-79,579
<b>Net amounts due from banks</b>	<b>5,883,428</b>	<b>11,274,611</b>

<b>Loans and deposits with financial institutions, other amounts due</b>		
<b>RA financial institutions</b>	4,105,670	2,379,785
Loans and deposits	3,095,564	930,811
Factoring		
Financial lease		
Repo (repurchase) agreements	1,010,106	1,448,974
Swap		
Letters of credit and bank guarantees		
Other		
<b>Financial institutions with BBB – (Baa3) and higher rating</b>		
Loans and deposits	0	0
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap		
Letters of credit and bank guarantees		
Other		
<b>Financial institutions with no rating and rating below BBB-(Baa3)</b>	1,719,590	1,000,746
Loans and deposits		
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap		
Letters of credit and bank guarantees		
Other	1,719,590	1,000,746
<b>Accrued interest</b>	24,408	11,122
<b>Total</b>	<b>5,849,668</b>	<b>3,391,653</b>
Reserve for possible losses as regards amounts due from financial institutions (Note 7)	-57,370	-16,528
<b>Net amounts due from financial institutions</b>	<b>5,792,298</b>	<b>3,375,125</b>
<b>Net amounts due from banks and financial institutions</b>	<b>11,675,726</b>	<b>14,649,736</b>

Note 15. Financial Assets Held for Trading

Government securities	Reporting period	Previous period
<b>RA Government securities, including</b>		
Treasury bonds	21,489,071	12,467,687
Central Bank bonds		
Other		
<b>Government securities of countries with BBB – (Baa3) and higher rating, including</b>		
Treasury bonds		
Central Bank bonds		
Other		
<b>Government securities of countries with no rating and rating below BBB-(Baa3)</b>		
Treasury bonds		
Central Bank bonds		
Other		
<b>Total Government securities</b>	<b>21,489,071</b>	<b>12,467,687</b>

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

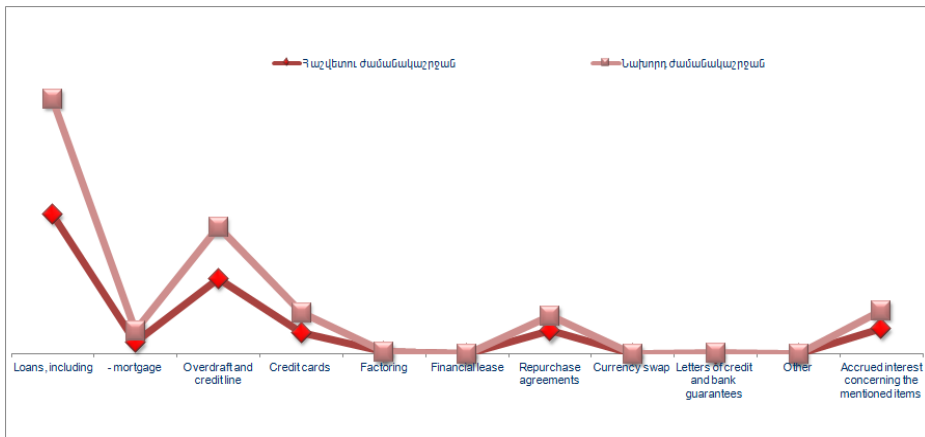
<b>Non-government securities of other countries</b>	<b>Listed</b>	<b>Non-Listed</b>	<b>Listed</b>	<b>Non-Listed</b>
<b>Issuer with A-/A3/ and higher rating</b>				
Long term debt instruments				
Short term debt instruments				
Deposit certificates				
Equity instruments				
Other				
<b>Issuer with BBB+/Baa1/ and below rating, other rating and no rating</b>				
Long term debt instruments				
Short term debt instruments				
Deposit certificates				
Equity instruments				
Other				
<b>Total non-government securities of other countries held for trading</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total securities held for trading</b>	<b>21,489,071</b>	<b>12,467,687</b>	<b>0</b>	<b>0</b>

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

<b>Total financial assets held for trading</b>	<b>21,489,071</b>	<b>12,467,687</b>	<b>0</b>	<b>0</b>
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Note 16. Loans and other advances to customers

Issued loans and other advances	Reporting period	Previous period
Loans, including	133,002,005	109,943,916
- to banks		
- to RA Government		
- to local authorities		
- mortgage	11,178,081	11,334,011
<b>Overdraft and credit line</b>	<b>71,942,871</b>	<b>49,365,106</b>
<b>Credit cards</b>	<b>20,000,012</b>	<b>19,363,691</b>
<b>Factoring</b>	<b>1,602,647</b>	<b>283,479</b>
<b>Financial lease</b>	<b>58</b>	<b>293</b>
<b>Repurchase agreements</b>	<b>21,719,127</b>	<b>14,758,667</b>
<b>Currency swap</b>	<b>-</b>	<b>-</b>
<b>Letters of credit and bank guarantees</b>	<b>365,722</b>	<b>598,921</b>
<b>Other</b>		
<b>Accrued interest concerning the mentioned items</b>	<b>24,076,403</b>	<b>17,262,249</b>
<b>Total loans</b>	<b>272,708,845</b>	<b>211,576,322</b>
<b>Reserve for possible losses as regards loans and other advances to customers (Note 7)</b>	<b>-4,239,633</b>	<b>-4,208,840</b>
<b>Total net loans</b>	<b>268,469,212</b>	<b>207,367,482</b>



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

<b>Breakdown of performing and non-performing loans and advances provided to customers</b>	<b>Reporting period</b>	<b>Previous period</b>
Performing loans and advances	266,682,352	204,917,584
Amount		
Quantity	59,212	64,324
Non-Performing loans and advances, including	6,026,493	6,658,738
Quantity	3568	6538
Overdue	2,506,503	3,160,417
Amount		
Quantity	1922	4403
Accrued interests		
Total loans	272,708,845	211,576,322
Amount		
Quantity	62,780	70,862
Provision for possible losses as regards loans and advances provided to customers (Note 7)	-4,239,633	-4,208,840
<b>Total net loans</b>	<b>268,469,212</b>	<b>207,367,482</b>

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

<b>Analysis of the provided loans and advances by customer group</b>	<b>Reporting period</b>	<b>Previous period</b>
<b>State enterprises</b>	10,228,737	5,854,891
<b>Private enterprises, including</b>	187,032,804	137,855,733
- large enterprises	91,895,964	74,508,888
- small and medium enterprises	95,136,840	63,346,845
<b>Natural persons, including</b>	47,405,511	46,613,248
- consumer loans	14,819,947	14,480,682
- mortgage loans	11,163,025	11,334,011
- credit cards	19,989,400	19,233,646
<b>Sole entrepreneurs</b>	3,965,390	3,990,201
Accrued interest	24,076,403	17,262,249
<b>Total loans</b>	<b>272,708,845</b>	<b>211,576,322</b>
Provision for possible losses as regards loans and advances provided to customers	(4,239,633)	(4,208,840)
<b>Total net loans</b>	<b>268,469,212</b>	<b>207,367,482</b>

a) Total loans provided to major borrowers and related persons as of 31.12.2016 made AMD 146.566.317 thous, as of 31.12.2015 – AMD 106.588.616 thous.

b) Share in total loan portfolio as of 31.12.2016 made 58.83 %, as of 31.12.2015 -53.84 %

c) Percentage to Capital as of 31.12.2016 was 485.47 %, as of 31.12.2015 – 405.66 % :

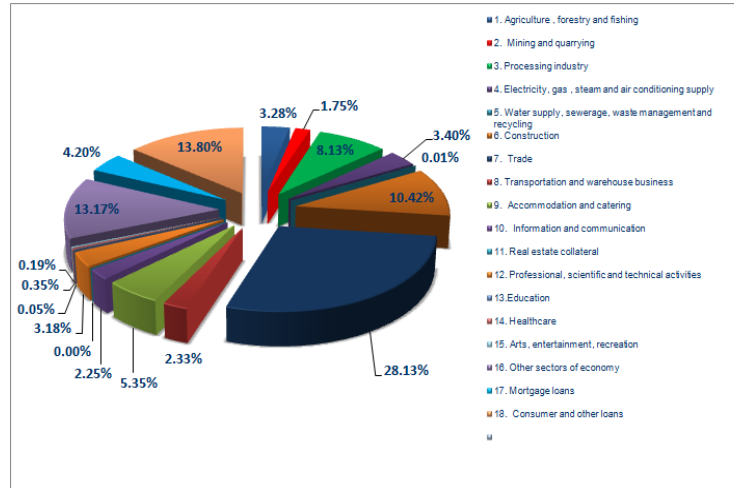
<b>Analysis of loan portfolio according to number of borrowers</b>	<b>Reporting period</b>	<b>Previous period</b>
State enterprises	9	9
Private enterprises	324	337
Natural persons	49,185	61,097
Sole entrepreneurs	168	198
<b>Total</b>	<b>49,686</b>	<b>61,641</b>



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

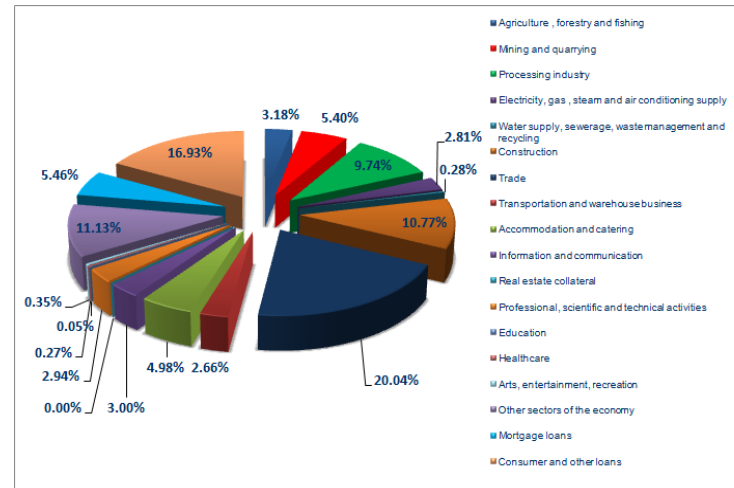
31.12.16

Analysis of loans and advances according to crediting sectors	Reporting period	Percentage
1. Agriculture , forestry and fishing	8,948,115	3.28
2. Mining and quarrying	4,776,865	1.75
3. Processing industry	22,173,735	8.13
4. Electricity, gas , steam and air conditioning supply	9,276,538	3.40
5. Water supply, sewerage, waste management and recycling	38,214	0.01
6. Construction	28,421,591	10.42
7. Trade	76,725,186	28.13
8. Transportation and warehouse business	6,343,161	2.33
9. Accommodation and catering	14,581,092	5.35
10. Information and communication	6,140,757	2.25
11. Real estate collateral	11,680	0.00
12. Professional, scientific and technical activities	8,672,078	3.18
13. Education	129,492	0.05
14. Healthcare	959,104	0.35
15. Arts, entertainment, recreation	507,394	0.19
16. Other sectors of economy	35,916,030	13.17
17. Mortgage loans	11,457,750	4.20
18. Consumer and other loans	37,630,063	13.80
<b>Total</b>	<b>272,708,845</b>	<b>100</b>



31.12.15

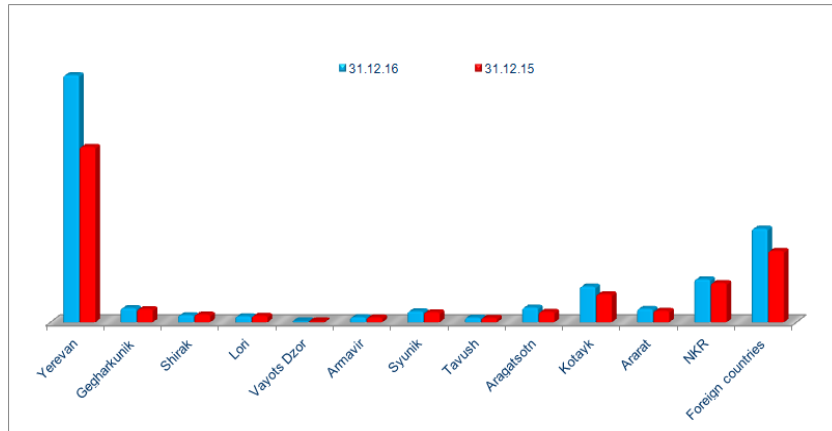
Analysis of loans and advances according to crediting sectors	Previous period	Percentage
1. Agriculture , forestry and fishing	6,719,580	3.18
2. Mining and quarrying	11,431,612	5.40
3. Processing industry	20,601,394	9.74
4. Electricity, gas , steam and air conditioning supply	5,953,121	2.81
5. Water 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
<b>Total</b>	<b>211,576,322</b>	<b>100</b>



Analysis of the loan portfolio as regards customers' residency

Analysis of the loan portfolio as regards customers' residency	Reporting period	Percentage	Previous period	Percentage
RA residents	217,919,540	81.17	168,856,257	81.43
Non-residents	50,549,672	18.83	38,511,225	18.57
<b>Total</b>	<b>268,469,212</b>	<b>100</b>	<b>207,367,482</b>	<b>100</b>

Region (Marz)	31.12.16		31.12.15	
	Quantity	Amount	Quantity	Amount
Yerevan	16506	133,318,074	19603	94,673,390
Gegharkunik	9707	7,647,228	10022	7,124,235
Shirak	6998	3,875,261	8555	4,210,822
Lori	2841	3,305,726	3414	3,530,028
Vayots Dzor	195	722,985	168	624,235
Armavir	1952	2,747,060	2367	2,607,750
Syunik	1882	5,981,637	2145	5,440,563
Tavush	985	2,551,030	1277	2,384,237
Aragatsotn	6898	7,979,852	7117	5,666,743
Kotayk	3862	19,292,209	4121	15,162,249
Ararat	5994	7,289,448	6266	6,203,529
NKR	4919	23,209,030	5767	21,228,476
Foreign countries	41	50,549,672	40	38,511,225
<b>Total</b>	<b>62,780</b>	<b>268,469,212</b>	<b>70,862</b>	<b>207,367,482</b>



Note 17. Financial assets available for sale

State securities	Reporting period	Previous period
<b>State obligations</b>	13,398,278	10,175,043
Treasury obligations	13,398,278	10,175,043
Central Bank obligations		
Promissory note		
<b>State obligations of countries with BBB-/Baa3/ or higher rating</b>		
Treasury obligations		
Central Bank obligations		
Other		
<b>State securities of countries with BB+/Ba1/ or below rating or no rating</b>		
Treasury obligations		
Central Bank obligations		
Other		
<b>Possible loss reserve for promissory notes (Note 7)</b>		
<b>Total state securities</b>	<b>13,398,278</b>	<b>10,175,043</b>

Non-state securities of RA	<i>listed</i>	<i>unlisted</i>	<i>listed</i>	<i>unlisted</i>
<b>Issuer with A-/A3/ or higher rating</b>				
Long term debt instruments				
Short term debt instruments				
Deposit certificates				
Equity instruments				
Other				
<b>Issuer with "C" and higher rating by CBA</b>				
Long term debt instruments				
Short term debt instruments				
Deposit certificates				
Equity instruments				
Other				
<b>Issuer with BBB+/Baa1/ or below rating, other rating or no rating</b>				
Long term debt instruments		928,181		542,661
Short term debt instruments				
Deposit certificates				
Equity instruments				
Other				
<b>Total non government securities of RA</b>	<b>0</b>	<b>928,181</b>	<b>0</b>	<b>542,661</b>

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

<b>Total securities available for sale</b>	<b>14,326,459</b>	<b>10,717,704</b>
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<b>Other financial assets available for sale</b>				
Loans, factoring, amounts receivable				
Borrowers with A-/A3/ or higher rating				
Borrowers with BBB+/Baa1 and below rating, other rating and no rating				
Mortgage loans				
Consumer loans				
Other				
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Total financial assets available for sale</b>	<b>14,326,459</b>	<b>10,717,704</b>
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Investments in other persons' share capital

**Reporting period**

<b>Company name</b>	<b>Main activity</b>	<b>Country of registration</b>	<b>Investment date</b>	<b>Invested amount (thous. drams)</b>	<b>Share</b>
1. Armenian Card CJSC	Payment and settlement services	RA	20.10.06	12143	2.00
2."ACRA Credit Reporting" CJSC	Payment and settlement services	RA	22.11.07	19845	4.0003
3. SWIFT	Payment and settlement services	Belgium	23.04.12	14034	0.00005
<b>Total</b>				<b>46,022</b>	<b>6</b>
<b>Impairment of investments in other companies share capital (reserve for possible losses) (Note 7)</b>				<b>-1,234</b>	
<b>Total</b>				<b>44,788</b>	

Previous period

Company name	Main activity	Country of registration	Investment date	Invested amount ¥(thous. drams)	Share
1. Armenian Card CJSC	Payment and settlement services	RA	20.10.06	12143	2.00
2."ACRA Credit Reporting" CJSC	Payment and settlement services	RA	22.11.07	19845	4.0003
3. SWIFT	Payment and settlement services	Belgium	23.04.12	10964	0.00005
<b>Total</b>				<b>42,952</b>	<b>6</b>
<b>Impairment of investments in other companies share capital (reserve for possible losses) (Note 7)</b>				<b>-21,895</b>	
<b>Total</b>				<b>21,057</b>	

	Reporting period	Previous period
<b>Total financial assets available for sale and investments in other companies' share capital</b>	<b>14,371,246</b>	<b>10,738,761</b>

Note 18. Investments held to maturity

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

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

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

<b>Impairment of investments held to maturity (reserve for possible losses) (Note 7)</b>				
<b>Net investments in financial assets held to maturity</b>	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
<b>Initial cost</b>							
<b>Balance at the beginning of the previous period</b>	7,548,683	2,942,939	253,657	1,602,244	-	118,377	12,465,900
Increase	3,991	339,417	44,764	174,104	-	54,000	616,276
Disposal			74,868				74,868
Write-off							-
Revaluation		80		4,524			4,604
Depreciation adjustment from revaluation							-
<b>Balance at the end of the previous period</b>	7,552,674	3,282,276	223,553	1,771,824	-	172,377	13,002,704
Increase	778,920	200,635	8,017	94,261	-	31,798	1,113,631
Disposal			-				-
Revaluation*							-
Write-off		376		5,387			5,763
Depreciation adjustment from revaluation							-
<b>Balance at the end of the reporting period</b>	8,331,594	3,482,535	231,570	1,860,698	-	204,175	14,110,572
<b>Accumulated depreciation</b>							
<b>Balance at the beginning of the previous period</b>	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
<b>Balance at the end of the previous period</b>	580,601	2,129,651	153,103	1,162,603	-	23,829	4,049,787
Increase	291,826	287,730	33,241	191,522		5,233	809,552
Disposal							
Depreciation adjustment from revaluation							
Write-off		376		5,387			5,763
<b>Balance at the end of the reporting period</b>	872,427	2,417,005	186,344	1,348,738	-	29,062	4,853,576
<b>Net carrying amount</b>							
<b>End of reporting period</b>	7,459,167	1,065,530	45,226	511,960	-	175,113	9,256,996
<b>End of previous period</b>	6,972,073	1,152,625	70,450	609,221	-	148,548	8,952,917

**Intangible Assets**

	Software	Licenses	Copyright	Other intangible assets	Capital investments as regards intangible assets	Total
<b>Initial cost</b>						
<b>Balance at the beginning of the previous period</b>	175,671	1,314,448	-	66,215	138,404	1,694,738
Increase	81,582	520,018	-	9,024	(133,557)	477,067
Disposal		1,201				1,201
Impairment						
Revaluation		6,176				6,176
<b>Balance at the end of previous period</b>	257,253	1,827,089	-	75,239	4,847	2,164,428
Increase	6,771	518,140		60,567	-	585,478
Disposal						-
Revaluation*						-
Impairment						-
Depreciation adjustment from revaluation		6,652				6,652
<b>Balance at the end of the reporting period</b>	264,024	2,338,577	-	135,806	4,847	2,743,254
<b>Accumulated amortization</b>						
<b>Balance at the end of previous period</b>	2,275	78,817	-	-	-	81,092
Increase	9,930	63,545		158		73,633
Disposal		1,201				1,201
Impairment		6,176				6,176
Revaluation						
<b>Balance at the end of previous period</b>	12,205	134,985	-	158	-	147,348
Increase	15,730	160,565		3,336		179,631
Disposal						-
Depreciation adjustment from revaluation		6,652				6,652
Revaluation						-
<b>Balance at the end of the reporting period</b>	27,935	288,898		3,494	-	320,327
<b>Net carrying amount</b>						
<b>End of reporting period</b>	236,089	2,049,679	-	132,312	4,847	2,422,927
<b>End of previous period</b>	245,048	1,692,104	-	75,081	4,847	2,017,080

**Note 21. Deferred tax assets**

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

**Note 22. Other Assets**

Amounts receivable from bank transactions	Reporting period	Previous period
Dividends receivable	0	0
Amounts receivable from trust management transactions	0	0
Amounts receivable from other transactions	1,688,734	2,969,192
<b>Total</b>	<b>1,688,734</b>	<b>2,969,192</b>
Reserve for possible losses as regards bank transactions (Note 7)	-16,887	-29,692
<b>Net amounts receivable from bank transactions</b>	<b>1,671,847</b>	<b>2,939,500</b>



Accounts receivable and prepayments	Reporting period	Previous period
Receivables as regards budget	68	169
Receivables as regards suppliers		
Advance payments to the employees	54	124
Advance payments to the suppliers	442,524	371,454
Advance payments and overpayments as regards budget and mandator	258,520	451,088
Other receivables and prepayments	9,775,816	10,422,360
<b>Total</b>	<b>10,476,982</b>	<b>11,245,195</b>
Reserve for possible losses as regards other assets (Note 7)	-526,591	-130,390
<b>Total</b>	<b>9,950,391</b>	<b>11,114,805</b>
<b>Other assets</b>		
Warehouse	377,026	456,005
Seized collateral	4,522,347	5,085,118
Future period expenses	29,103	18,207
Other assets	155,237	148,989
Reserve for possible losses as regards other assets (Note 7)	-1,843	
<b>Total</b>	<b>5,081,870</b>	<b>5,708,319</b>
<b>Total other assets</b>	<b>16,704,108</b>	<b>19,762,624</b>

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

Current accounts	Reporting period	Previous period
RA Banks	1,274,493	6
Banks with BBB-(Baa3) and higher rating		
Banks with rating below BBB-(Baa3) and no rating		
Accrued interest		
<b>Total</b>	<b>1,274,493</b>	<b>6</b>
<b>Interbank loans, deposits and other demands</b>		
<b>RA Central Bank</b>		
Loans*	12,318,459	8,845,930
Repo (repurchase) agreements	27,999,993	20,899,991
Swap		14672
Other		
<b>RA Banks</b>		
Loans and deposits	0	8,525,547
Financial leasing		
Repo (repurchase) agreements	5,934,138	0
Swap	17,835	
Other	0	0
<b>BBB-(Baa3) and higher rating banks</b>		
Loans and deposits		16,000,000.00
Financial leasing		
Repo (repurchase) agreements		
Swap		
Other		
<b>BBB-(Baa3) and lower rating and no rating banks</b>		
Loans and deposits	7,744,868	2,418,762
Financial leasing		
Repo (repurchase) agreements		
Swap	24,621	0
Other	56,348	12,410
<b>Accrued interest</b>	<b>325,220</b>	<b>351,210</b>

<b>Total</b>	<b>54,421,482</b>	<b>57,068,522</b>
<b>Financial institutions</b>		
Current accounts	1,060,312	73,024
Loans and deposits	25,920,681	23,479,553
Repo (repurchase) agreements		
Swap		
Other	3,967	133,491
Accrued interest	190,234	136,323
<b>Total</b>	<b>27,175,194</b>	<b>23,822,391</b>
<b>Total amounts due to banks and other fin. institutions</b>	<b>82,871,169</b>	<b>80,890,919</b>

As of 31.12.2016, loans received from the Central Bank of Armenia also include loan amounts attracted under international loan programs totaling AMD 12.318.459 thous. And accrued interest amounts AMD 308.743 thous.

**Note 24. Amounts due to customers**

<b>Amounts due to RA government and local self-managed authorities</b>	<b>Reporting period</b>	<b>Previous period</b>
Current accounts	371,555	47,330
Time deposits		
Loans	740,954	3,044,295
Repo (repurchase) agreements		
Swap		
Other	46,201	42,574
Accrued interest	2,685	10,936
<b>Total</b>	<b>1,161,395</b>	<b>3,145,135</b>
<b>Legal entities and institutions of RA (residents)</b>		
Current accounts	22,650,857	13,911,214
Time deposits	26,079,459	13,691,037
Repo (repurchase) agreements		
Swap		
Other	2,890,359	9,365,691
Accrued interest	329,773	69,050
<b>Total</b>	<b>51,950,448</b>	<b>37,036,992</b>
<b>Legal entities and institutions (non-residents)</b>		
Current accounts	11,741,934	6,007,250
Time deposits	202,813	298,781
Repo (repurchase) agreements		
Swap		
Other	97,192	622,335
Accrued interest	300	829
<b>Total</b>	<b>12,042,239</b>	<b>6,929,195</b>
<b>Sole entrepreneurs of RA (residents)</b>		
Current accounts	106,123	67,391
Time deposits		
Repo (repurchase) agreements		
Swap		
Other		
Accrued interest		
<b>Total</b>	<b>106,123</b>	<b>67,391</b>
<b>Sole entrepreneurs (non-residents)</b>		
Current accounts	48	47
Time deposits		
Repo (repurchase) agreements		
Swap		

Other		
Accrued interest		
<b>Total</b>	<b>48</b>	<b>47</b>
<b>Individuals (residents)</b>		
Current accounts	11,663,260	8,614,168
Time deposits	172,536,972	120,818,305
Repo (repurchase) agreements		
Swap		
Other	223,959	51,754
Accrued interest	2,307,060	1,436,272
<b>Total</b>	<b>186,731,251</b>	<b>130,920,499</b>
<b>Individuals (non-residents)</b>		
Current accounts	1,884,091	549,110
Time deposits	7,397,896	5,064,954
Repo (repurchase) agreements		
Swap		
Other	0	0
Accrued interest	60,675	65,995
<b>Total</b>	<b>9,342,662</b>	<b>5,680,059</b>
<b>Total liabilities to customers</b>	<b>261,334,166</b>	<b>183,779,318</b>

The amount of the security of liabilities totaled: as at 31.12.2015 - AMD 14.303.074 thous., as at 31.12.2016 - AMD 17.911.300 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 654.404 thous., accrued interest AMD 2.630 thous.

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

	Reporting period	Previous period
Legal entities residents	77	64
Legal entitie non- residents	2	4
Individuals residents	16,365	12,825
Individuals non-residents	208	181
<b>Total</b>	<b>16,652</b>	<b>13,074</b>

#### Note 26. Liabilities held for trading

Liability held for trading	Reporting period	Previous period
Derivative instruments held for trading purposes		
Futures		
Forward		
Option		
Swap		
Other		
Hedging derivative instruments		
Other	21,489,071	12,467,687
<b>Total</b>	<b>21,489,071</b>	<b>12,467,687</b>

**Note 27. Amounts payable**

Amounts payable	Reporting period	Previous period
Dividends		
Trust management agreements		
Deposits insurance	224,269	64,633
Other		
<b>Total</b>	<b>224,269</b>	<b>64,633</b>

**Note 28. Deferred tax liabilities**

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

**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		
<b>Payables as regards budget</b>		
Profit Tax	0	0
VAT	22,478	4,837
other taxes and dues	280,044	219,797
social insurance payments	0	0
Liabilities to employees as regards salary	213,729	147,140
Payables as regards suppliers	114,887	155,492
Payables as regards completion of chartered capital		
Other liabilities	2,165	2,991
<b>Balance at the end of period</b>	<b>633,303</b>	<b>530,257</b>

**Note 30. Chartered capital**

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

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

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

Components:

Revaluation reserves	Reporting period	Previous period
Unrealized gain/loss from revaluation of investments for sale	1,503,275	132,117
Fixed assets revaluation reserve	471,422	471,422
Other reserves		
<b>Total revaluation reserves</b>	<b>1,974,697</b>	<b>603,539</b>

**Other components of equity**

**Reserves**

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

Other reserves		
Opening balance		
Increase		
Decrease		
<b>Closing balance</b>		

**Note 33. Retained earnings**

Retained profit	Reporting period	Previous period
Opening balance	5,858,903	3,462,246
Increase	1,472,528	2,569,084
Decrease	4,523,709	172,427
<b>Closing balance</b>	<b>2,807,722</b>	<b>5,858,903</b>

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

Reserves		Reporting period	Previous period
Opening balance		335,674	294,268
Allocations to the reserve	<b>Note 7</b>	1,443,120	335,674
Use of reserve		(1,187,323)	(294,268)
Net allocations to the reserve		255,797	41,406
<b>Closing balance</b>		<b>591,471</b>	<b>335,674</b>

**Bank's legal liabilities**

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

**Bank's tax liabilities**

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

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

	Reporting period	Previous period
Unused credit lines	20,808,438	7,905,085
Guarantees provided	32,179,463	18,725,709
Letters of credit issued	156,016	168,430
Reserve as regards the mentioned items (Note 7)	(591,471)	(335,674)
<b>Closing balance</b>	<b>52,552,446</b>	<b>26,463,550</b>

**Bank's liability as regards operating lease****The leased premises are as follows:**

Yerevan - Artsakh Branch  
Talin - Talin Branch  
Yerevan - Noragavit Branch  
Stepanakert - Khachen Branch  
Yerevan - Arshakuni Branch  
Masis - Masis Branch  
Ashtarak - Ashtarak Branch  
Gavar - Gavar Branch  
Yerevan - Komitas Branch  
Artik - Artik Branch  
Sevan - Sevan Branch  
Martuni - Alashkert Branch  
Artashat - Artashat Branch  
Yerevan - Arabkir Branch  
Yerevan - Avan Branch  
Yerevan - Aparan Branch  
Yerevan - Charbakh Branch  
Yerevan - Araratyan Branch  
Yerevan - Teryan Branch  
Yerevan - Yerevan Branch  
Yerevan - Tashir Branch  
Hrazdan - Hrazdan Branch

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

thous. drams

The structure of minimum lease payments	Amounts payable in drams equivalent to foreign currency	Amounts payable in drams
Up to 1 year		123,918
1-5 years		443,457
5-10 years		279,289
<b>Total</b>		<b>846,664</b>

Note 35. Related party transactions

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

Loans and advances to customers	Reporting period	Previous period
	01.01.16-31.12.16	01.01.15-31.12.15
Balance as of 01 January	3,868,413	5,052,091
Loans and advances provided during the year	4,034,149	8,348,447
Loans and advances repaid during the year	5,055,889	9,532,125
<b>Balance</b>	<b>2,846,673</b>	<b>3,868,413</b>
Interest income	425,194	334,604

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

Amounts due to customers	Reporting period	Previous period
	01.01.16-31.12.16	01.01.15-31.12.15
Balance as of 01 January	3,206,724	15,748,185
Amounts received during the year	60,104,050	73,057,260
Amounts paid during the year	58,699,638	85,598,721
<b>Balance</b>	<b>4,611,136</b>	<b>3,206,724</b>
Interest expense	475,475	559,276

Salary and equivalent payments to the Bank's management	Reporting period	Previous period
	01.01.16-31.12.16	01.01.15-31.12.15
The Board		
Salary	96,816	96,816
bonus		
Executive body		
Salary	201,792	217,100
bonus	18,355	16,459
Internal audit		
Salary	37,864	64,636
bonus	3,360	3,000
<b>Total</b>	<b>358,187</b>	<b>398,011</b>

**Note 36. Minimal disclosures concerning financial risks**

**1. Credit risk**

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

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

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

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

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

**2. Geographical concentrations**

31.12.2016

Title	RA	CIS countries	OECD* Countries	Non OECD Countries	Total
<b>Assets</b>					
Cash and balances with CBA	59,979,254				59,979,254
Amounts due from banks and other financial institutions	4,199,149	1,530,188	4,622,647	1,323,742	11,675,726
Financial instruments held for trading	21,489,071				21,489,071
Loans and advances to customers	217,919,540	1,257,092	665,605	48,626,975	268,469,212
Securities available for sale	14,357,212		14,034		14,371,246
Securities held to maturity					-
Other assets	11,763,240	267,005	81,499	4,592,364	16,704,108
<b>Total assets</b>	<b>329,707,466</b>	<b>3,054,285</b>	<b>5,383,785</b>	<b>54,543,081</b>	<b>392,688,617</b>
<b>Liabilities</b>					
Amounts due to banks and other financial institutions	74,995,814	7,829,704	642	45,009	82,871,169
Amounts due to customers	239,949,216	2,479,377	3,178,932	15,726,641	261,334,166
Financial liability held for trading	8,838,583			12,650,488	21,489,071
Other liabilities	618,785		14,518		633,303
<b>Total liabilities</b>	<b>324,402,398</b>	<b>10,309,081</b>	<b>3,194,092</b>	<b>28,422,138</b>	<b>366,327,709</b>
<b>Net position</b>	<b>5,305,068</b>	<b>(7,254,796)</b>	<b>2,189,693</b>	<b>26,120,943</b>	<b>26,360,908</b>



31.12.2015

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

OECD \* - Organization for Economic Cooperation and Development

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

31.12.2016

Assets	Working assets		Non-working assets		
	Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
<b>Loans and advances, including</b>	<b>263,886,865</b>	<b>3,040,417</b>	<b>916,969</b>	<b>624,961</b>	
	<b>59,212</b>	<b>2,127</b>	<b>763</b>	<b>678</b>	
1. Agriculture , forestry and fishing	amount	8,542,439	248,105	26,587	1,662
	number	929	36	9	5
2. Mining and quarrying	amount	4,729,096			
	number	21			
3. Processing industry	amount	21,950,054		271	812
	number	75		2	1
4. Electricity, gas , steam and air conditioning supply	amount	9,164,667		13,108	1,456
	number	33		1	1
5. Water supply, sewerage, waste management and recycling	amount	37,832			
	number	4			
6. Construction	amount	27,946,825	165,778	3,441	
	number	135	3	2	
7. Trade	amount	75,650,186	228,515	4,242	21,000
	number	534	23	12	12
8. Transportation and warehouse business	amount	6,189,175	82,321		
	number	29	1		
9. Accommodation and catering	amount	14,430,000			2,667
	number	68			1
10. Information and communication	amount	6,079,350			
	number	32			
11. Real property business	amount	11,563			
	number	2			
12. Professional, scientific and technical activities	amount	8,583,035			1,172
	number	17			1
13. Education	amount	128,197			
	number	327			
14. Healthcare	amount	949,456			28

	number	20			1
15. Arts, entertainment, recreation	amount	502,320			
	number	15			
16. Other branches of economy	amount	35,556,871			
	number	28			
17. Mortgage loans	amount	10,747,905	299,142	144,121	43,815
	number	1,925	62	27	17
18. Consumer and other loans	amount	32,687,894	2,016,556	725,199	552,349
	number	55,018	2,002	710	639
Receivables	amount	<b>18,802,887</b>	<b>284,432</b>	<b>11,017</b>	<b>13,714</b>
	number	<b>10,175</b>	<b>2,857</b>	<b>225</b>	<b>323</b>
Investment securities	amount	<b>44,787</b>			
	number	<b>3</b>			
Off-balance sheet items	amount	<b>52,405,752</b>	<b>67,769</b>	<b>76,639</b>	<b>2,286</b>
	number	<b>12,304</b>	<b>261</b>	<b>77</b>	<b>54</b>
including guarantees	amount	31,744,315	81	73,015	
	number	327	1	1	
letters of credit	amount	154,456			
	number	1			

12/31/2015

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

Loans and advances, including	Working assets		Non-working assets		
	Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
Loans, including					
1. Residents of RA	163,875,627	3,122,386	1,064,733	793,511	
2. Non-residents	38,511,225				
<b>Total</b>	<b>202,386,852</b>	<b>3,122,386</b>	<b>1,064,733</b>	<b>793,511</b>	

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
<b>Loans and advances, including</b>	<b>38,511,225</b>	-	-	-	-
	<b>40</b>	-	-	-	-
1. Agriculture , forestry and fishing	3,263				
amount					
number	3				
2. Mining and quarrying					
amount					
number					
3. Processing industry	4,887				
amount					
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	22,780,642				
amount					
number	7				
8. Transportation and warehouse business					
amount					
number					
9. Accommodation and catering					
amount					
number					
10. Information and communication					
amount					
number					
11. Real property buisness					
amount					
number					
12. Professional, scientific and technical activities					
amount					
number					
13. Education					
amount					
number					
14. Healthcare					
amount					
number					
15. Arts, entertainment, recreation	2,316				
amount					
number	1				
16. Other branches of economy	15,647,519				
amount					
number	7				
17. Mortgage loans	2,313				
amount					
number	1				
18. Consumer and other loans	70,285				
amount					
number	18				

31.12.2016

Assets	Working assets		Non-working assets		
	Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
<b>Loans, including</b>					
1. Residents of RA	213,337,453	3,040,157	916,969	624,961	
2. Non-residents	50,549,412	260			
<b>Total</b>	<b>263,886,865</b>	<b>3,040,417</b>	<b>916,969</b>	<b>624,961</b>	

31.12.2016

Assets	Working assets		Non-working assets		
	Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
<b>Loans and advances, including</b>	<b>50,549,412</b>	<b>260</b>	-	-	
	<b>40</b>	<b>1</b>	-	-	
1. Agriculture , forestry and fishing	amount 736				
number	1				
2. Mining and quarrying	amount				
number					
3. Processing industry	amount 1,426				
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 35,512,462				
number	13				
8. Transportation and warehouse business	amount				
number					
9. Accommodation and catering	amount				
number					
10. Information and communication	amount				
number					
11. Real property buisness	amount				
number					
12. Professional, scientific and technical activities	amount				
number					
13. Education	amount				
number					
14. Healthcare	amount				
number					
15. Arts, entertainment, recreation	amount 1,053				
number	1				
16. Other branches of economy	amount 14,961,707				
number	7				
17. Mortgage loans	amount 1,945				
number	1				
18. Consumer and other loans	amount 70,083	260			
number	15	1			

**Loan portfolio indicators as of 31.12.2016**

Non-performing loans/ total loans 2.4%  
 Reserve for non-performing loans/total capital 3.92%  
 Loan reserve /total loans 1.6%  
 Possible loss reserve/Non-performing loans 66.84%  
 Large amount advances/capital 485.47%:

**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***31.12.2016*

	Drams	I group foreign currency*	II group foreign currency**	Total
<b>Assets</b>				
Cash and balances with CBA	40,824,262	18,871,470	283,522	59,979,254
Standardized precious metal bullions		44,555		44,555
Amounts due from banks and other financial institutions	3,155,263	5,433,777	3,086,686	11,675,726
Financial instruments kept for trading	21,489,071			21,489,071
Loans and advances to customers	117,972,539	150,221,281	275,392	268,469,212
Financial assets available for sale	13,828,314	542,932		14,371,246
Financial assets held to maturity				-
Other	11,772,981	4,885,311	45,816	16,704,108
<b>Total assets</b>	<b>209,042,430</b>	<b>179,999,326</b>	<b>3,691,416</b>	<b>392,733,172</b>
<b>Liabilities</b>				
Amounts due to banks and other financial institutions	71,772,984	10,158,806	939,379	82,871,169
Amounts due to customers	81,445,408	177,550,434	2,338,324	261,334,166
Other liabilities	591,278	42,025		633,303
<b>Total liabilities</b>	<b>153,809,670</b>	<b>187,751,265</b>	<b>3,277,703</b>	<b>344,838,638</b>
<b>Net position</b>	<b>55,232,760</b>	<b>(7,751,939)</b>	<b>413,713</b>	<b>47,894,534</b>

31.12.2015

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

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

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

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

Types of derivative financial instruments	Drams	I group foreign currency*	II group foreign currency**	Total
Futures instruments				
- liabilities				
- demands				
Forward instruments				
- liabilities				
- demands				
Options				
- liabilities				
- demands				
Swaps				
- liabilities	9,513,101		413,700	
- demands		9,922,697		
Other derivative instruments				
- liabilities				
- demands				
<b>Net position according to the derivative financial instruments</b>	<b>(9,513,101)</b>	<b>9,922,697</b>	<b>(413,700)</b>	<b>-</b>
<b>Net open position*</b>	<b>(9,513,101)</b>	<b>9,922,697</b>	<b>(413,700)</b>	<b>-</b>

#### Interest rate risk

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

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

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

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

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

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



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

Item	Reporting period interest rates		Previous period interest rates	
	Drams	Foreign currency	Drams	Foreign currency
	%	%	%	%
<b>Assets</b>				
Balances with CBA				
Amounts due from banks and other financial organizations				
including				
- interbank loans		9.00		
- 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	8-13		8-13.0	
Securities held to maturity				
<b>Liabilities</b>				
Amounts due to banks	5.25-6	8.30	4-9.5	4-8.3
and other financial institutions				
Amounts due to	1-13	1-6.5	1-17	1-9.5
customers				
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.

Item description	Non-performing		Time remaining to maturity						open-end	Total
	overdue	time	demand	up to 3 months	3-6 months	6-12 months	1-5 years	more than 5 years		
<b>Assets</b>										
Cash in intern. and CBA			59,759,254						220,000	59,979,254
Amounts due from banks and other fin. institutions			4,419,446	4,342,152		47,910	2,273,481		592,737	11,675,726
Loans provided to customers	1,780,811	3,487,023		67,869,186	24,295,798	34,427,699	125,656,161	10,952,534		268,469,212
Financial assets	-	-	-	10,543,944	12,656,095	423,693	5,082,651	7,109,147	44,788	35,860,318
held for trade				10,344,787	11,144,285					21,489,072
available for sale				199,157	1,511,810	423,693	5,082,651	7,109,147	44,788	14,371,246
held up to maturity										-
Realized under repo agreements										-
Other assets	90,378	266,951	6,118,947	36,504	3,838	379,108	5,286,035		4,522,347	16,704,108
*Contractual demands										-
<b>Total</b>	<b>1,871,189</b>	<b>3,753,974</b>	<b>70,297,647</b>	<b>82,791,786</b>	<b>36,955,731</b>	<b>35,278,410</b>	<b>138,298,328</b>	<b>18,061,681</b>	<b>5,379,872</b>	<b>392,688,618</b>
1-st group currency	1,814,812	905,000	27,615,436	42,161,086	9,237,670	25,576,587	72,095,998		592,737	179,999,326
2-nd group currency			436,751	3,254,665						3,691,416
Variable interest rate										-
Fixed interest rate	1,780,811	3,487,023	1,461,604	72,410,495	25,807,608	34,899,302	133,012,293	18,061,681	592,737	291,513,554
Interest free	90,378	266,951	68,836,043	10,381,291	11,148,123	379,108	5,286,035	-	4,787,135	101,175,064
<b>Liabilities</b>										
Amounts due to banks and other fin. institutions			2,354,252	46,562,807	1,470,055	8,633,216	9,523,161	14,327,678		82,871,169
Amounts due to customers	-	-	51,687,091	53,494,772	38,396,062	72,446,378	43,546,899	1,762,964	-	261,334,166
upon demand			51,687,091							51,687,091
time liability				53,494,772	38,396,062	72,446,378	43,546,899	1,762,964		209,647,075
Other										-
Liabilities for securities issued by the banks										-
Other liabilities			518,416	114,887						633,303
Off –balance contingent liabilities	70,055	76,639	20,393,626	3,994,329	2,413,151	10,070,998	15,533,648			52,552,446
*Contractual liabilities										-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>54,559,759</b>	<b>100,172,466</b>	<b>39,866,117</b>	<b>81,079,594</b>	<b>53,070,060</b>	<b>16,090,642</b>	<b>-</b>	<b>344,838,638</b>
1-st group currency			25,919,643	34,445,281	24,626,428	69,529,326	33,230,587			187,751,265
2-nd group currency			2,604,020	193,320	132,349	197,746	150,268			3,277,703
Large amount liability			56,969	28,355,060	1,514,189	8,674,738	12,105,285			50,706,241
Variable rate liability										-
Fixed rate liability			49,996,596	85,010,823	32,339,527	80,877,377	53,070,060	16,090,642		317,385,025
Interest free			4,563,163	15,161,643	7,526,590	202,217				27,453,613
<b>Net liquidity gap</b>	<b>1,871,189</b>	<b>3,753,974</b>	<b>15,737,888</b>	<b>(17,380,680)</b>	<b>(2,910,386)</b>	<b>(45,801,184)</b>	<b>85,228,268</b>	<b>1,971,039</b>	<b>5,379,872</b>	<b>47,849,980</b>
1-st group currency	1,814,812	905,000	1,695,793	7,715,805	(15,388,758)	(43,952,739)	38,865,411	-	592,737	(7,751,939)
2-nd group currency	-	-	(2,167,269)	3,061,345	(132,349)	(197,746)	(150,268)	-	-	413,713
Variable interest rate	-	-	-	-	-	-	-	-	-	-
Fixed rate	1,780,811	3,487,023	(48,534,992)	(12,600,328)	(6,531,919)	(45,978,075)	79,942,233	1,971,039	592,737	(25,871,471)
Cumulative liquidity gap	1,871,189	5,625,163	21,363,051	3,982,371	1,071,985	(44,729,199)	40,499,069	42,470,108	47,849,980	344,838,638

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		
<b>Assets</b>										
Cash in intern. and CBA			31,291,751						400,000	31,691,751
Amounts due from banks and other fin. institutions			9,102,270	3,523,438		455,250	976,991		591,787	14,649,736
Loans provided to customers	3,160,417	3,498,321		50,393,142	18,847,105	28,182,634	90,961,598	12,324,265		207,367,482
Financial assets			-	-	-	-	4,406,476	18,778,915	21,057	23,206,448
held for trade										12,467,687
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										-
<b>Total</b>	<b>3,231,311</b>	<b>3,501,687</b>	<b>46,756,805</b>	<b>53,984,023</b>	<b>18,916,409</b>	<b>28,699,425</b>	<b>104,387,239</b>	<b>31,103,180</b>	<b>6,097,962</b>	<b>296,678,041</b>
1-st group currency	1,900,789	887,232	20,989,179	35,999,828	5,706,330	12,387,843	58,366,316		597,765	136,835,282
2-nd group currency			4,766,006	294,245	24,825					5,085,076
Variable interest rate										-
Fixed interest rate	3,160,417	3,498,321	6,431,063	45,219,389	16,839,062	26,822,430	99,958,424	18,635,493	591,787	221,156,386
Interest free	70,894	3,366	40,325,742	8,764,634	2,077,347	1,876,995	4,428,815	12,467,687	5,506,175	75,521,655
<b>Liabilities</b>										
Amounts due to banks and other fin. institutions			218,931	39,625,108	2,222,352	7,379,681	19,964,119	11,480,728		80,890,919
Amounts due to customers			29,455,895	32,597,400	24,286,548	62,110,602	35,327,175	1,698		183,779,318
upon demand			29,455,895							29,455,895
time liability				32,597,400	24,286,548	62,110,602	35,327,175	1,641		154,323,366
Other										-
Liabilities for securities issued by the banks										-
Other liabilities			374,765	155,492						530,257
Off-balance contingent liabilities	28,532	321,654	7,778,616	4,351,473	4,828,284	6,794,851	2,360,140			26,463,550
*Contractual liabilities										-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>30,049,591</b>	<b>72,378,000</b>	<b>26,508,900</b>	<b>69,490,283</b>	<b>55,291,294</b>	<b>11,482,426</b>	<b>-</b>	<b>265,200,494</b>
1-st group currency			16,919,478	24,572,271	18,061,117	58,477,626	25,683,244			143,713,736
2-nd group currency			4,832,101	79,256	66,003	123,431	61,602			5,162,393
Large-scale liability			376,660	36,134,530	318,057	14,825,914	11,737,784			63,392,945
Variable rate liability										-
Fixed rate liability			20,469,738	62,548,141	24,369,626	67,632,255	55,291,294	11,482,426		241,793,480
Interest free			9,579,853	9,829,859	2,139,274	1,858,028				23,407,014
<b>Net liquidity gap</b>	<b>3,231,311</b>	<b>3,501,687</b>	<b>16,707,214</b>	<b>(18,393,977)</b>	<b>(7,592,491)</b>	<b>(40,790,858)</b>	<b>49,095,945</b>	<b>19,620,754</b>	<b>6,097,962</b>	<b>31,477,547</b>
1-st group currency	1,900,789	887,232	4,069,701	11,427,557	(12,354,787)	(46,089,783)	32,683,072	-	597,765	(6,878,454)
2-nd group currency	-	-	(66,095)	214,989	(41,178)	(123,431)	(61,602)	-	-	(77,317)
Variable interest rate	-	-	-	-	-	-	-	-	-	-
fixed rate	3,160,417	3,498,321	(14,038,675)	(17,328,752)	(7,530,564)	(40,809,825)	44,667,130	7,153,067	591,787	(20,637,094)
Cumulative liquidity gap	3,231,311	6,732,998	23,440,212	5,046,235	(2,546,256)	(43,337,114)	5,758,831	25,379,585	31,477,547	265,200,494

**Average balance sheet capital and assets**

01/01/16-31/12/16

Average balance sheet asset	<b>308,814,978</b>
Average balance sheet capital	<b>31,928,932</b>

**Note 42. Collateral accepted**

	<b>Reporting period</b>	<b>Previous period</b>
Other securities	13,826,195	7,724,282
Jewels and precious stones	16,680,780	12,257,618
Real estate	162,542,296	142,282,960
Vehicles	14,388,025	14,977,647
Other PPE	24,385,727	18,240,689
Finished production and goods	32,601,474	21,284,426
Cash	17,911,300	30,893,795
Other collateral	18,944,495	18,811,456
Credit guarantee	3,896,465	3,795,273
Other guarantees	28,282,998	17,581,705
Credit warranties	211,199,175	107,535,208
Other warranties	33,852,437	19,386,779
<b>Total</b>	<b>578,511,367</b>	<b>414,771,838</b>

Chairman of the Executive Board

Arsen Mikayelyan

Chief Accountant

Narine Sargsyan

Date of approval 14.01.17