



Appendix 5

NOTES TO FINANCIAL STATEMENTS  
(Form 5)

30 September 2017

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 24 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/Europay payment system
- shareholder of SWIFT system
- full member of VISA International payment system
- member of NASDAQ OMX Armenia OJSC
- member of the Union of the participants of Armenia's Mortgage Market
- Shareholder of ArCa processing center

**1. Corporate governance**

The Bank's managing bodies are:

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

**a) The Board**

**Chairman of the Board** – Vitaly Grigoryants

**Board Members** – Sergey Arzumanyan

Diana Grigoryan

Sevak Petrosyan

Alik Chirkinyan

**b) The Executive Board**

**Chairman of the Executive Board** - Arsen Mikayelyan

**Members of the Executive Board**

Manvel Sahakyan - Deputy Chairman of the Executive Board-  
Director of Financial Department

Vardan Aghajanyan - Deputy Chairman of the Executive Board-  
Director of Operations Department

Nshan Grigoryan - Deputy Chairman of the Executive Board -Director  
of Credit Department

Narine Sargsyan - Chief Accountant

Vahan Melkonyan - Director of Treasury Department - Chief Treasurer

Ani Ghambaryan -Director of Risk Management Department

**c) Major Participants**

Vitaly Grigoryants – 100 %

#### **d) Management Remuneration Policy**

Remuneration of the Management is provided in accordance with signed employment contracts and the staff list approved by the Board of the Bank.

### **Note 2. Accounting Policy**

#### **2.1 Preparation of financial statements**

The Bank prepares its financial statements in accordance with the International Financial Reporting standards (IFRS), other legal acts regulating the accounting, and the requirements of the accounting policy approved by the Board of the Bank.

#### **2.2 Going Concern**

The financial statements have been prepared on a going concern basis which assumes that the Bank's assets should be realised and obligations met during the time of the Bank's operation.

#### **2.3 Comparability**

The comparable numbers have been adjusted where required to ensure the comparability with the numbers of the current period.

#### **2.4 Recognition of income and expense**

##### *2.4.1 Interest income and expense*

Interest income and interest expense in the Statement of Comprehensive Income are recognized on the accrual basis using the effective interest method.

##### *2.4.2 Commissions and other income and expense*

Loan origination fees together with correspondent expenses are deferred as an adjustment to the effective yield of the loans. Fees, other income and expense are recognized on an accrual basis during the time of service provision.

#### **2.5 Foreign currency transactions**

Foreign currency transactions are translated to the functional currency using the exchange rate as of the transaction date. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency using the exchange rate established as of the balance sheet date.

Gain and loss resulting from the difference between the exchange rate provided by the contract concerning the transaction and the exchange rate as of the transaction date are accounted for in the Statement of Comprehensive Income as a line item "net income from sale and purchase of foreign currency" in net trading income.

The following exchange rates were used by the Bank when preparing the financial statements:

	30 September 2017	31 December 2016
AMD/1 US Dollar	478.41	483.94
AMD/1 EUR	564.57	512.2

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

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

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

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

#### **2.8 Securities**

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

#### **2.9 Loans and advances to customers**

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

## 2.10 Leasing

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

## 2.11 Possible losses reserve

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

## 2.12 Intangible assets

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

## 2.13 Property, plant and equipment

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

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

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

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

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

## 2.14 Financial instruments

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

## 2.15 Events occurring after the balance sheet date

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

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

## 2.16 Taxation

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

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

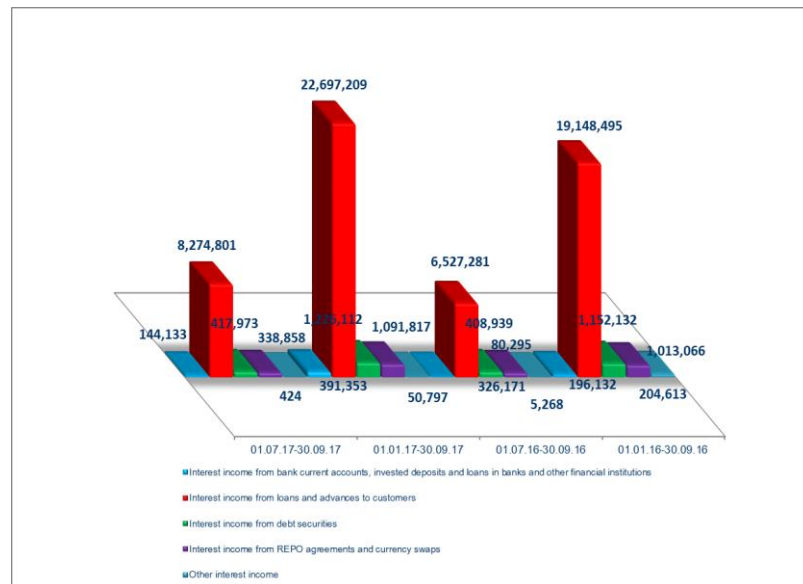
### 2.17 Functional and presentation currency

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

The intermediary financial statements are presented in thousands of AMD.

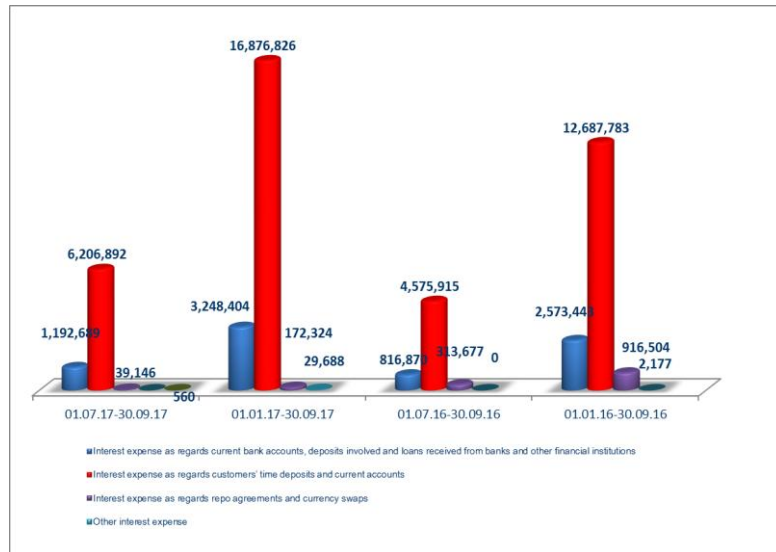
### Note 3. Net Interest and Similar Income

Interest and Similar Income	01.07.17-30.09.17	01.01.17-30.09.17	01.07.16-30.09.16	01.01.16-30.09.16
Interest income from bank current accounts, invested deposits and loans in banks and other financial institutions	144,133	391,353	80,295	196,132
Interest income from loans and advances to customers	8,274,801	22,697,209	6,527,281	19,148,495
Interest income from debt securities	417,973	1,226,112	408,939	1,152,132
Interest income from REPO agreements and currency swaps	338,858	1,091,817	326,171	1,013,066
Other interest income	424	50,797	5,268	204,613
<b>Total</b>	<b>9,176,189</b>	<b>25,457,288</b>	<b>7,347,954</b>	<b>21,714,438</b>



Interest and Similar Expense	01.07.17-30.09.17	01.01.17-30.09.17	01.07.16-30.09.16	01.01.16-30.09.16
Interest expense as regards current bank accounts, deposits involved and loans received from banks and other financial institutions	1,192,689	3,248,404	816,870	2,573,443

Interest expense as regards customers' time deposits and current accounts	6,206,892	16,876,826	4,575,915	12,687,783
Interest expense as regards securities issued by the Bank	13,802	37,991		
Interest expense as regards repo agreements and currency swaps	39,146	172,324	313,677	916,504
Other interest expense	560	29,688	0	2,177
<b>Total</b>	<b>7,453,089</b>	<b>20,365,233</b>	<b>5,706,462</b>	<b>16,179,907</b>
<b>Net interest and similar income</b>	<b>1,723,100</b>	<b>5,092,055</b>	<b>1,641,492</b>	<b>5,534,531</b>



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

Income in the form of Commissions and Other Fees	01.07.17-30.09.17	01.01.17-30.09.17	01.07.16-30.09.16	01.01.16-30.09.16
Cash operations	74,250	203,067	64,261	188,387
Settlement services	271,582	588,357	112,223	333,326
Guarantee, acceptance, letter of credit, trust management operations	74,367	180,837	82,266	213,621
Transaction in foreign currency and securities				
Plastic card operations	250,097	608,900	164,072	432,094
Other commission payments	246,869	700,320	231,014	584,091
<b>Total</b>	<b>917,165</b>	<b>2,281,481</b>	<b>653,836</b>	<b>1,751,519</b>

Expenses in the form of Commissions and Other Payments	01.07.17-30.09.17	01.01.17-30.09.17	01.07.16-30.09.16	01.01.16-30.09.16
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Commission payments as regards correspondent and other accounts/bank transactions	77,745	179,787	45,774	133,804
Commission payments as regards transactions with plastic cards/cash transactions	28,757	75,055	35,595	141,311
Payments as regards guarantees, acceptance, letters of credit, trust management transactions	4,658	4,662		135
Commission payments as regards transactions in foreign currency and securities				
Other commission payments	3,510	10,042	3,082	9,153
<b>Total</b>	<b>114,670</b>	<b>269,546</b>	<b>84,451</b>	<b>284,403</b>

<b>Net Commissions and other payments received</b>	<b>802,495</b>	<b>2,011,935</b>	<b>569,385</b>	<b>1,467,116</b>
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**Note 5. Net income from trading transactions**

<b>Income from investments remeasured at fair value and held at fair value</b>	<b>01.07.17-30.09.17</b>	<b>01.01.17-30.09.17</b>	<b>01.07.16-30.09.16</b>	<b>01.01.16-30.09.16</b>
Net income from purchase and sale of investments held for trading, including				
- shares				
- debt securities				
- derivative instruments	20,243	44,932	-1,117	-176,487
Net income from change in fair value of investments held for trading				
<b>Total</b>	<b>20,243</b>	<b>44,932</b>	<b>-1,117</b>	<b>-176,487</b>

<b>Net income from investments available for sale</b>	<b>01.07.17-30.09.17</b>	<b>01.01.17-30.09.17</b>	<b>01.07.16-30.09.16</b>	<b>01.01.16-30.09.16</b>
Net income from purchase and sale of investments available for sale, including				
- shares				
- debt securities	82,925	82,925	-25,552	-25,533
- derivative instruments				
Net income from change in fair value of investments held for trading	-69,375	-69,375	27,438	27,438
<b>Total</b>	<b>13,550</b>	<b>13,550</b>	<b>1,886</b>	<b>1,905</b>

<b>From foreign currency transactions</b>	<b>01.07.17-30.09.17</b>	<b>01.01.17-30.09.17</b>	<b>01.07.16-30.09.16</b>	<b>01.01.16-30.09.16</b>
Net income from foreign currency dealings	339,174	997,044	237,490	785,895
Net income from foreign currency revaluation	-31,680	-55,944	59,775	158,540
<b>Total</b>	<b>307,494</b>	<b>941,100</b>	<b>297,265</b>	<b>944,435</b>

<b>From bank standardized precious metal bullions and commemorative coins</b>	<b>01.07.17-30.09.17</b>	<b>01.01.17-30.09.17</b>	<b>01.07.16-30.09.16</b>	<b>01.01.16-30.09.16</b>
Net income from purchase and sale of bank standardized precious metal bars and commemorative coins	3,418	7,477	2,512	10,720
Net income from revaluation of bank standardized precious metal bullions and commemorative coins	8,409	31,414	-2,217	59,322
<b>Total</b>	<b>11,827</b>	<b>38,891</b>	<b>295</b>	<b>70,042</b>

<b>Net income from trading transactions</b>	353,114	1,038,473	298,329	839,895
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**Note 6. Other operating income**

<b>Other operating income</b>	<b>01.07.17-30.09.17</b>	<b>01.01.17-30.09.17</b>	<b>01.07.16-30.09.16</b>	<b>01.01.16-30.09.16</b>
Fines and penalties received	603,450	1,666,546	395,869	1,154,894
Income received from factoring	471	3,193	6,292	29,872
Net income from disposal of PPE and intangible assets	9,700	25,041	35,236	36,095
Net income from revaluation and impairment reversal of PPE and intangible assets				
Other income	64,931	191,100	51,609	517,405
<b>Total</b>	<b>678,552</b>	<b>1,885,880</b>	<b>489,006</b>	<b>1,738,266</b>

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

<b>As regards amounts due from banks</b>		<b>01.07.17-30.09.17</b>	<b>01.01.17-30.09.17</b>	<b>01.07.16-30.09.16</b>	<b>01.01.16-30.09.16</b>
Opening balance	<b>Note 14</b>	61,656	59,187	0	0
Allocations to the reserve		167,349	633,736	0	0
Return of reserve allocations		-161,702	-625,620	0	0
Net allocations to the reserve		5,647	8,116	0	0
Return of amounts previously written-off to the off-balance sheet		0	0	0	0
Reserve utilization					
<b>Closing balance</b>			<b>67,303</b>	<b>67,303</b>	<b>0</b>

<b>As regards amounts due from financial Institutions</b>		<b>01.07.17-30.09.17</b>	<b>01.01.17-30.09.17</b>	<b>01.07.16-30.09.16</b>	<b>01.01.16-30.09.16</b>
Opening balance	<b>Note 14</b>	69,186	57,370	0	0
Allocations to the reserve		32,772	49,429	0	0
Return of reserve allocations		-28,055	-32,896	0	0
Net allocations to the reserve		4,717	16,533	0	0
Return of amounts previously written-off to the off-balance sheet					
Reserve utilization					
<b>Closing balance</b>			<b>73,903</b>	<b>73,903</b>	<b>0</b>

<b>As regards loans and advances provided to the customers</b>		<b>01.07.17-30.09.17</b>	<b>01.01.17-30.09.17</b>	<b>01.07.16-30.09.16</b>	<b>01.01.16-30.09.16</b>
Opening balance	<b>Note 16</b>	5,139,545	4,239,633	4,154,629	5,534,149
Allocations to the reserve		4,319,754	6,384,612	2,731,981	6,766,859
Return of reserve allocations		-3,257,119	-4,065,092	-1,409,870	-4,501,420
Net allocations to the reserve		1,062,635	2,319,520	1,322,111	2,265,439

Return of amounts previously written-off to the off-balance sheet		1,351,171	1,795,144	544,593	1,410,611
Reserve utilization		-1,697,343	-2,498,289	-1,689,485	-4,878,351
<b>Closing balance</b>		<b>5,856,008</b>	<b>5,856,008</b>	<b>4,331,848</b>	<b>4,331,848</b>

As regards investments		01.07.17-30.09.17	01.01.17-30.09.17	01.07.16-30.09.16	01.01.16-30.09.16	
Opening balance	<b>Note 18</b>	1,235	1,235	0	21,895	
Allocations to the reserve		0		1,235	1,235	
Return of reserve allocations		-1,235	-1,235	0	-21,895	
Net allocations to the reserve		-1,235	-1,235	1,235	-20,660	
Return of amounts previously written-off to the off-balance sheet						
Reserve utilization						
<b>Closing balance</b>			<b>0</b>	<b>0</b>	<b>1,235</b>	<b>1,235</b>

As regards other assets		01.07.17-30.09.17	01.01.17-30.09.17	01.07.16-30.09.16	01.01.16-30.09.16	
Opening balance	<b>Note 18</b>	558,608	545,321	517,749	160,082	
Allocations to the reserve		2,529,524	3,723,384	1,340,877	3,351,180	
Return of reserve allocations		-2,542,825	-3,722,581	-1,171,141	-2,820,833	
Net allocations to the reserve		-13,301	803	169,736	530,347	
Return of amounts previously written-off to the off-balance sheet		21,200	26,209	7,827	13,488	
Reserve utilization		-26,819	-32,645	-128,606	-137,211	
<b>Closing balance</b>			<b>539,688</b>	<b>539,688</b>	<b>566,706</b>	<b>566,706</b>

As regards off-balance sheet items containing credit risk		01.07.17-30.09.17	01.01.17-30.09.17	01.07.16-30.09.16	01.01.16-30.09.16	
Opening balance	<b>Note 34</b>	633,102	591,471	335,852	335,674	
Allocations to the reserve		347,566	502,159	240,510	576,362	
Return of reserve allocations		-324,962	-437,924	-139,895	-475,569	
Net allocations to the reserve		22,604	64,235	100,615	100,793	
<b>Closing balance</b>			<b>655,706</b>	<b>655,706</b>	<b>436,467</b>	<b>436,467</b>

<b>Total net allocations to the reserves</b>		<b>1,081,067</b>	<b>2,407,972</b>	<b>1,593,697</b>	<b>2,875,919</b>
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#### Note 8. General administrative expenses

General administrative expenses	01.07.17-30.09.17	01.01.17-30.09.17	01.07.16-30.09.16	01.01.16-30.09.16
Expenses as regards calculated salary and other equivalent payments *	807,071	2,491,701	729,438	2,268,115
Expenses as regards social payments	0	0	0	0
Expenses as regards training and tuition	398	5,676	20	391
Expenses as regards business trips	23,653	72,192	21,650	53,487
Expenses as regards operating lease	47,077	129,917	39,303	115,605
Insurance expenses	16,311	47,319	8,925	31,139
Expenses as regards maintenance and security of Bank's equipment	68,546	155,634	46,260	107,227
Expenses as regards maintenance and security of Bank's buildings	67,114	216,718	66,467	204,404
Expenses as regards audit and other consulting services	17,269	34,215	3,554	20,648



Expenses as regards communication means	32,392	89,066	23,475	70,004
Transportation expenses	13,937	43,199	12,783	41,539
Expenses as regards taxes, duties and other obligatory payments (except profit tax)	75,060	207,012	57,726	185,630
Office and organizational expenses	17,829	45,362	13,226	43,616
Expenses as regards loans provision and return	17,501	52,611	17,487	44,978
Other administrative expenses	255,492	399,595	116,302	236,049
<b>Total</b>	<b>1,459,650</b>	<b>3,990,217</b>	<b>1,156,616</b>	<b>3,422,832</b>

The number of the Bank employees as at 30 September 2017 is 892.

The size of average monthly salary per employee is 186 thous. drams.

#### Note 9. Other Operating Expenses

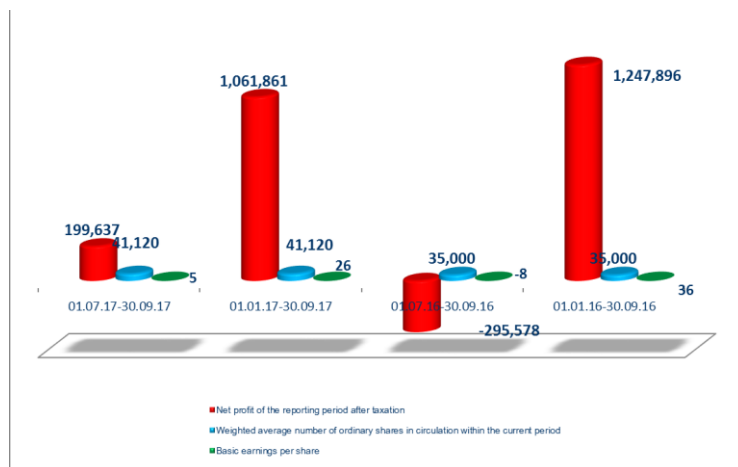
Other Operating Expenses	01.07.17-30.09.17	01.01.17-30.09.17	01.07.16-30.09.16	01.01.16-30.09.16
Fines and penalties paid	0	437	177	677
Advertising and representation expenses	37,590	157,775	48,592	155,275
Fcatoting expenses				
Fixed and intangible assets amortization expenses	243,768	736,076	257,716	738,881
Loss from impairment of tangible assets				
Allocations to deposit guarantee fund	262,580	703,779	157,550	307,027
Other expenses	206,420	679,415	147,573	522,228
<b>Total</b>	<b>750,358</b>	<b>2,277,482</b>	<b>611,608</b>	<b>1,724,088</b>

#### Note 11. Profit Tax Expense

Profit tax expense	01.07.17-30.09.17	01.01.17-30.09.17	01.07.16-30.09.16	01.01.16-30.09.16
Current tax expense	66,549	290,811	-75,328	282,909
Adjustments of current tax for previous periods recognized in the given period				
Deferred tax expense			7,197	26,164
<b>Total</b>	<b>66,549</b>	<b>290,811</b>	<b>-68,131</b>	<b>309,073</b>

#### Note 12. Basic Earnings per Share

Basic Earnings per Share	01.07.17-30.09.17	01.01.17-30.09.17	01.07.16-30.09.16	01.01.16-30.09.16
Net profit of the reporting period after taxation	199,637	1,061,861	-295,578	1,247,896
Dividends calculated for the current reporting period as regards preference shares	( )	( )	( )	( )
Net gain/loss for the current period attributable to the owners of the ordinary shares				
Weighted average number of ordinary shares in circulation within the current period	41,120	41,120	35,000	35,000
Basic earnings per share	5	26	-8	36
Diluted earnings per share				



#### Note. Other Comprehensive Income

Other Comprehensive Income	01.07.17-30.09.17	01.01.17-30.09.17	01.07.16-30.09.16	01.01.16-30.09.16
Exchange rate differences from recalculation of foreign transactions				
Revaluation of financial assets available for sale	47,662	254,447	891,342	1,425,613
Cash flow hedging				
Gains from PPE revaluations				
Deferred tax expense				
<b>Total</b>	<b>47,662</b>	<b>254,447</b>	<b>891,342</b>	<b>1,425,613</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	7,741,083	5,214,643
Other placements of cash	2,348,416	2,462,787
Correspondent accounts with the CBA *	70,749,454	52,081,824
<b>Total</b>	<b>80,838,953</b>	<b>59,759,254</b>
Deposit accounts with the CBA		
Deposited means with the CBA **	120,000	220,000
Accrued interest		
<b>Cash means and balances with the CBA</b>	<b>80,958,953</b>	<b>59,979,254</b>
Standardized precious metal bullions	31,721	44,555
Placements with other banks (Note 14)	6,663,004	5,942,615
<b>Total cash and cash equivalents</b>	<b>87,653,678</b>	<b>65,966,424</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	2,265	2,482
Banks with BBB – (Baa3) and higher rating	2,305,419	3,306,789
Banks with no rating and rating below BBB-(Baa3)	965,057	146,630
Accrued interest	0	0
<b>Total</b>	<b>3,272,741</b>	<b>3,455,901</b>

Interbank loans and deposits, etc.		
<b>CBA</b>		
Loans and deposits		
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap		
Other		
<b>RA Banks</b>		
Loans and deposits	0	0
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap	0	22,848
Letters of credit and bank guarantees		
Other		
<b>Banks with BBB – (Baa3) and higher rating</b>		
Loans and deposits	1,141,260	1,142,600
Factoring		
Financial lease		
<b>RA Banks</b>		
RA Banks	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	2,315,837	1,320,765
<b>Accrued interest</b>	469	501
<b>Total</b>	<b>6,730,307</b>	<b>5,942,615</b>
Reserve for possible losses as regards amounts due from Banks (Note 7)	<b>-67,303</b>	<b>-59,187</b>
<b>Net amounts due from banks</b>	<b>6,663,004</b>	<b>5,883,428</b>

Loans and deposits with financial institutions, other amounts due		
<b>RA financial institutions</b>	5,208,328	4,105,670
Loans and deposits	3,989,289	3,095,564
Factoring		

Financial lease		
Repo (repurchase) agreements	1,219,039	1,010,106
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>	2,157,259	1,719,590
Loans and deposits		
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap		
Letters of credit and bank guarantees		
Other	2,157,259	1,719,590
<b>Accrued interest</b>	24,635	24,408
<b>Total</b>	7,390,222	5,849,668
<b>Reserve for possible losses as regards amounts due from financial institutions (Note 7)</b>	-73,903	-57,370
<b>Net amounts due from financial institutions</b>	<b>7,316,319</b>	<b>5,792,298</b>
<b>Net amounts due from banks and financial institutions</b>	<b>13,979,323</b>	<b>11,675,726</b>

Note 15. Financial Assets Held for Trading

Government securities	Reporting period	Previous period
<b>RA Government securities, including</b>		
Treasury bonds	8,436,960	21,489,071
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>8,436,960</b>	<b>21,489,071</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>	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 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>8,436,960</b>	<b>21,489,071</b>	<b>0</b>	<b>0</b>
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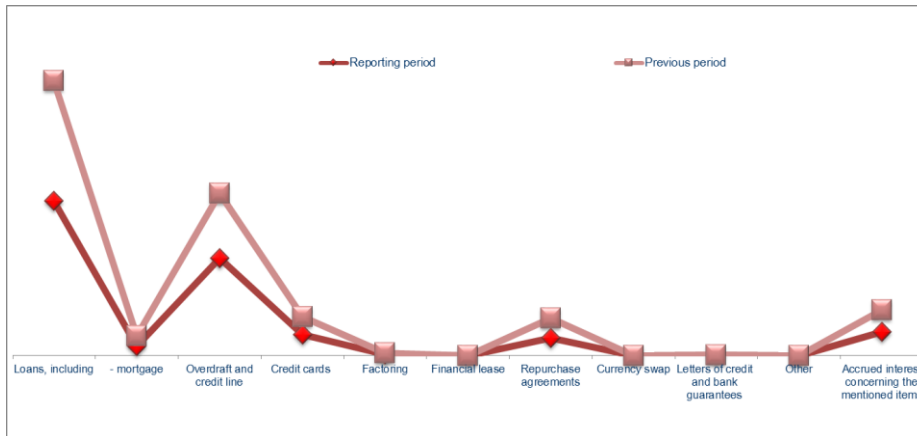
<b>Other financial assets held for trading</b>	Reporting period	Reporting period	Previous period	Previous period
<b>Loans, factoring, accounts receivable</b>				
Borrowers with A-/A3/ or higher rating				
Borrowers with BBB+/Baa1/ and lower rating, other rating and no rating				
- Mortgage				
- Consumer loans				
- Other				
<b>Derivative instruments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- Futures				

- Forward				
- Option				
- Swap				
- Other				
<b>Total</b>				

<b>Total financial assets held for trading</b>	<b>8,436,960</b>	<b>21,489,071</b>	<b>0</b>	<b>0</b>
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**Note 16. Loans and other advances to customers**

<b>Issued loans and other advances</b>	<b>Reporting period</b>	<b>Previous period</b>
Loans, including	170,267,538	133,002,005
- to banks		
- to RA Government		
- to local authorities		
- mortgage	10,468,485	11,178,081
<b>Overdraft and credit line</b>	<b>107,144,028</b>	<b>71,942,871</b>
<b>Credit cards</b>	<b>22,897,041</b>	<b>20,000,012</b>
<b>Factoring</b>	<b>1,568,335</b>	<b>1,602,647</b>
<b>Financial lease</b>	<b>-</b>	<b>58</b>
<b>Repurchase agreements</b>	<b>19,564,556</b>	<b>21,719,127</b>
<b>Currency swap</b>	<b>-</b>	<b>-</b>
<b>Letters of credit and bank guarantees</b>	<b>327,501</b>	<b>365,722</b>
<b>Other</b>		
<b>Accrued interest concerning the mentioned items</b>	<b>25,959,927</b>	<b>24,076,403</b>
<b>Total loans</b>	<b>347,728,926</b>	<b>272,708,845</b>
<b>Reserve for possible losses as regards loans and other advances to customers (Note 7)</b>	<b>-5,856,008</b>	<b>-4,239,633</b>
<b>Total net loans</b>	<b>341,872,918</b>	<b>268,469,212</b>



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

Breakdown of performing and non-performing loans and advances provided to customers		Reporting period	Previous period
Performing loans and advances	Amount	336,111,447	266,682,352
	Quantity	55,506	59,212
Non-Performing loans and advances, including		11,617,479	6,026,493
		2906	3568
Overdue	Amount	4,999,794	2,506,503
	Quantity	1579	1922
Accrued interests			
Total loans	Amount	347,728,926	272,708,845
	Quantity	58,412	62,780
Provision for possible losses as regards loans and advances provided to customers (Note 7)		-5,856,008	-4,239,633
<b>Total net loans</b>		<b>341,872,918</b>	<b>268,469,212</b>

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

Analysis of the provided loans and advances by customer group		Reporting period	Previous period
<b>State enterprises</b>		22,243,993	10,228,737
<b>Private enterprises, including</b>		248,426,291	187,032,804
- large enterprises		129,204,523	91,895,964
- small and medium enterprises		119,221,768	95,136,840
<b>Natural persons, including</b>		48,800,927	47,405,511
- consumer loans		14,074,570	14,819,947
- mortgage loans		10,451,901	11,163,025
- credit cards		22,787,271	19,989,400
<b>Sole entrepreneurs</b>		2,297,788	3,965,390
Accrued interest		25,959,927	24,076,403
<b>Total loans</b>		<b>347,728,926</b>	<b>272,708,845</b>
Provision for possible losses as regards loans and advances provided to customers		(5,856,008)	(4,239,633)
<b>Total net loans</b>		<b>341,872,918</b>	<b>268,469,212</b>

a) Total loans provided to major borrowers and related persons as of 31.12.2016 made AMD 146.566.317 thous, as of 30.09.2017 – AMD 162.441.589 thous.

b) Share in total loan portfolio as of 31.12.2016 made 58.83 %, as of 30.09.2017 – 47.52 %

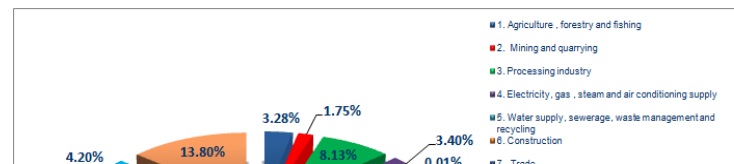
c) Percentage to Capital as of 31.12.2016 was 485.47 %, as of 30.09.2017 – 499.12 % :

Analysis of loan portfolio according to number of borrowers		Reporting period	Previous period
State enterprises		8	9
Private enterprises		373	324
Natural persons		45,963	49,185
Sole entrepreneurs		161	168
<b>Total</b>		<b>46,505</b>	<b>49,686</b>

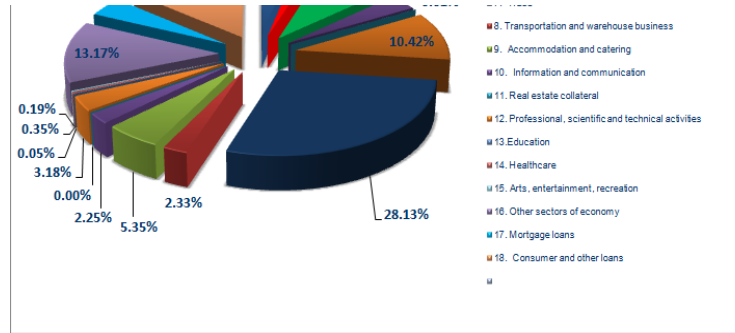
#### Analysis of loan portfolio according to the industry sectors (less the reserve amount for possible losses)

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

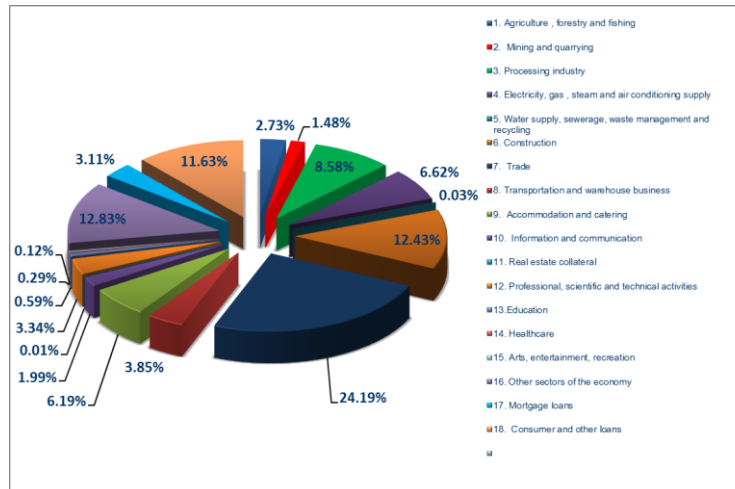


6. Construction	28,421,591	10.42
7. Trade	76,725,186	28.13
8. Transportation and warehouse business	6,343,161	2.33
9. Accommodation and catering	14,581,092	5.35
10. Information and communication	6,140,757	2.25
11. Real estate collateral	11,680	0.00
12. Professional, scientific and technical activities	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>



30.09.2017

Analysis of loans and advances according to crediting sectors	Previous period	Percentage
1. Agriculture , forestry and fishing	9,476,164	2.73
2. Mining and quarrying	5,162,890	1.48
3. Processing industry	29,819,267	8.58
4. Electricity, gas , steam and air conditioning supply	23,036,947	6.62
5. Water supply, sewerage, waste management and recycling	107,044	0.03
6. Construction	43,212,280	12.43
7. Trade	84,098,729	24.19
8. Transportation and warehouse business	13,378,239	3.85
9. Accommodation and catering	21,529,560	6.19
10. Information and communication	6,936,172	1.99
11. Real estate collateral	33,753	0.01
12. Professional, scientific and technical activities	11,614,788	3.34
13. Education	2,041,959	0.59
14. Healthcare	1,010,224	0.29
15. Arts, entertainment, recreation	422,266	0.12
16. Other sectors of the economy	44,603,572	12.83
17. Mortgage loans	10,806,482	3.11
18. Consumer and other loans	40,438,590	11.63
<b>Total</b>	<b>347,728,926</b>	<b>100</b>



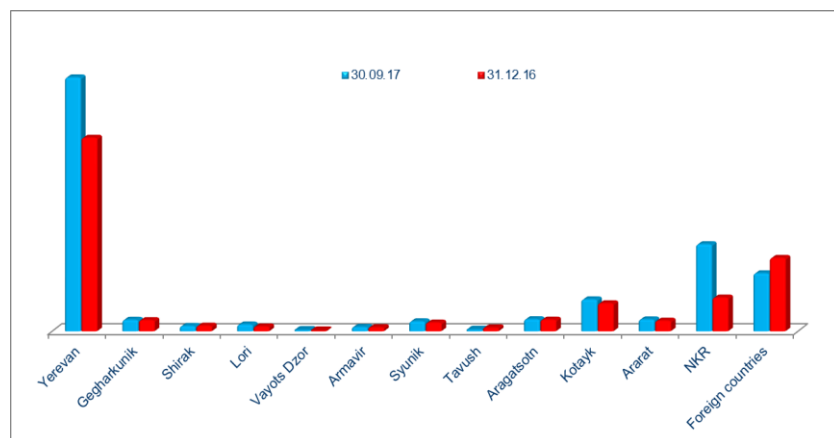
#### Analysis of the loan portfolio as regards customers' residency

Analysis of the loan portfolio as regards customers' residency	Reporting period	Percentage	Previous period	Percentage
RA residents	301,927,986	88.32	217,919,540	81.17
Non-residents	39,944,932	11.68	50,549,672	18.83
<b>Total</b>	<b>341,872,918</b>	<b>100</b>	<b>268,469,212</b>	<b>100</b>

Region (Marz)	30.09.17	Amount	31.12.16	Amount
	Quantity		Quantity	
Yerevan	15265	174,884,111	16506	133,318,074
Gegharkunik	8842	7,917,039	9707	7,647,228
Shirak	6314	3,682,040	6998	3,875,261
Lori	2892	4,685,504	2841	3,305,726
Vayots Dzor	174	1,089,857	195	722,985
Armavir	1760	2,964,185	1952	2,747,060



Syunik	1868	6,860,112	1882	5,981,637
Tavush	844	1,422,020	985	2,551,030
Aragatsotn	5981	8,292,723	6898	7,979,852
Kotayk	3831	21,971,417	3862	19,292,209
Ararat	5320	8,187,906	5994	7,289,448
NKR	5279	59,971,072	4919	23,209,030
Foreign countries	42	39,944,932	41	50,549,672
<b>Total</b>	<b>58,412</b>	<b>341,872,918</b>	<b>62,780</b>	<b>268,469,212</b>



**Note 17. Financial assets available for sale**

State securities	Reporting period	Previous period
<b>State obligations</b>	14,095,931	13,398,278
Treasury obligations	14,095,931	13,398,278
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		
Possible loss reserve for promissory notes (Note 7)		
<b>Total state securities</b>	<b>14,095,931</b>	<b>13,398,278</b>

Non-state securities of RA	listed	unlisted	listed	unlisted
<b>Issuer with A-/A3/ or higher rating</b>				
Long term debt instruments				
Short term debt instruments				
Deposit certificates				
Equity instruments				

Other				
<b>Issuer with "C" and higher rating by CBA</b>				
Long term debt instruments				
Short term debt instruments				
Deposit certificates				
Equity instruments				
Other				
<b>Issuer with BBB+/Baa1/ or below rating, other rating or no rating</b>				
Long term debt instruments		1,637,549		928,181
Short term debt instruments				
Deposit certificates				
Equity instruments				
Other				
Total non government securities of RA	0	1,637,549	0	928,181

<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>15,733,480</b>	<b>14,326,459</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>15,733,480</b>	<b>14,326,459</b>
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Investments in other persons' share capital

Reporting period

Company name	Main activity	Country of registration	Investment date	Invested amount (thous. drams)	Share
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1. Armenian Card CJSC	Payment and settlement services	RA	20.10.06	12143	2.00
2."ACRA Credit Reporting" CJSC	Payment and settlement services	RA	22.11.07	19845	4.0003
3. SWIFT	Payment and settlement services	Belgium	23.04.12	15170	0.00005
<b>Total</b>				<b>47,158</b>	<b>6</b>
<b>Impairment of investments in other companies share capital (reserve for possible losses) (Note 7)</b>					
<b>Total</b>				<b>47,158</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	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>				-1,235	
<b>Total</b>				<b>44,787</b>	

	Reporting period	Previous period
<b>Total financial assets available for sale and investments in other companies' share capital</b>	<b>15,780,638</b>	<b>14,371,246</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>	-	-	-	-

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
<b>Initial cost</b>							
<b>Balance at the beginning of the previous period</b>	<b>7,552,674</b>	<b>3,282,276</b>	<b>223,553</b>	<b>1,771,824</b>	-	<b>172,377</b>	<b>13,002,704</b>
Increase	778,920	200,635	8,017	94,261	-	31,798	1,113,631
Disposal			-				-
Write-off							-
Revaluation		376		5,387			5,763
Depreciation adjustment from revaluation							-
<b>Balance at the end of the previous period</b>	<b>8,331,594</b>	<b>3,482,535</b>	<b>231,570</b>	<b>1,860,698</b>	-	<b>204,175</b>	<b>14,110,572</b>
Increase	26,435	324,154	57,951	164,879	-	93,419	666,838
Disposal			-				-
Revaluation*							-
Write-off	219,178		78,407	112			297,697
Depreciation adjustment from revaluation							-
<b>Balance at the end of the reporting period</b>	<b>8,138,851</b>	<b>3,806,689</b>	<b>211,114</b>	<b>2,025,465</b>	-	<b>297,594</b>	<b>14,479,713</b>
<b>Accumulated depreciation</b>							
<b>Balance at the beginning of the previous period</b>	<b>580,601</b>	<b>2,129,651</b>	<b>153,103</b>	<b>1,162,603</b>	-	<b>23,829</b>	<b>4,049,787</b>
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 previous period</b>	<b>872,427</b>	<b>2,417,005</b>	<b>186,344</b>	<b>1,348,738</b>	-	<b>29,062</b>	<b>4,853,576</b>
Increase	226,827	241,648	17,152	125,420		4,880	615,927
Disposal							
Depreciation adjustment from revaluation							
Write-off	3,402		73,754	112			77,268
<b>Balance at the end of the reporting period</b>	<b>1,095,852</b>	<b>2,658,653</b>	<b>129,742</b>	<b>1,474,046</b>	-	<b>33,942</b>	<b>5,392,235</b>
<b>Net carrying amount</b>							
<b>End of reporting period</b>	<b>7,042,999</b>	<b>1,148,036</b>	<b>81,372</b>	<b>551,419</b>	-	<b>263,652</b>	<b>9,087,478</b>
<b>End of previous period</b>	<b>7,459,167</b>	<b>1,065,530</b>	<b>45,226</b>	<b>511,960</b>	-	<b>175,113</b>	<b>9,256,996</b>

Intangible Assets

	Software	Licenses	Copyright	Other intangible assets	Capital investments as regards intangible assets	Total
<b>Initial cost</b>						
<b>Balance at the beginning of the previous period</b>	<b>257,253</b>	<b>1,827,089</b>	-	<b>75,239</b>	<b>4,847</b>	<b>2,164,428</b>
Increase	6,771	518,140		60,567	-	585,478
Disposal						-
Impairment						-
Revaluation						-
Written off		6,652				6,652
<b>Balance at the end of previous period</b>	<b>264,024</b>	<b>2,338,577</b>	-	<b>135,806</b>	<b>4,847</b>	<b>2,743,254</b>

Increase	8,371	699,108		60,567	-	768,046
Disposal						-
Revaluation*						-
Impairment						-
Written off		2,513				2,513
<b>Balance at the end of the reporting period</b>	<b>265,624</b>	<b>2,523,684</b>	<b>-</b>	<b>135,806</b>	<b>4,847</b>	<b>2,929,961</b>
<i>Accumulated amortization</i>						
<b>Balance at the end of previous period</b>	<b>12,205</b>	<b>134,985</b>	<b>-</b>	<b>158</b>	<b>-</b>	<b>147,348</b>
Increase	15,730	160,565		3,336		179,631
Disposal						-
Impairment		6,652				6,652
Revaluation						-
<b>Balance at the end of previous period</b>	<b>27,935</b>	<b>288,898</b>	<b>-</b>	<b>3,494</b>	<b>-</b>	<b>320,327</b>
Increase	27,602	257,963		7,563		293,128
Disposal						-
Depreciation adjustment from revaluation		2,513				2,513
Revaluation						-
<b>Balance at the end of the reporting period</b>	<b>39,807</b>	<b>390,435</b>	<b>-</b>	<b>7,721</b>	<b>-</b>	<b>437,963</b>
<b>Net carrying amount</b>						
<b>End of reporting period</b>	<b>225,817</b>	<b>2,133,249</b>	<b>-</b>	<b>128,085</b>	<b>4,847</b>	<b>2,491,998</b>
<b>End of previous period</b>	<b>236,089</b>	<b>2,049,679</b>	<b>-</b>	<b>132,312</b>	<b>4,847</b>	<b>2,422,927</b>

Note 21. Deferred tax assets

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

Note 22. Other Assets

Amounts receivable from bank transactions	Reporting period	Previous period
Dividends receivable	0	0
Amounts receivable from trust management transactions	0	0
Amounts receivable from other transactions	908,705	1,688,734
<b>Total</b>	<b>908,705</b>	<b>1,688,734</b>
Reserve for possible losses as regards bank transactions (Note 7)	-24,867	-16,887
<b>Net amounts receivable from bank transactions</b>	<b>883,838</b>	<b>1,671,847</b>

Accounts receivable and prepayments	Reporting period	Previous period
Receivables as regards budget	50	68
Receivables as regards suppliers		
Advance payments to the employees	2,213	54
Advance payments to the suppliers	1,173,074	442,524
Advance payments and overpayments as regards budget and mandator	292,980	258,520
Other receivables and prepayments	10,230,057	9,775,816
<b>Total</b>	<b>11,698,374</b>	<b>10,476,982</b>
Reserve for possible losses as regards other assets (Note 7)	-509,763	-526,591
<b>Total</b>	<b>11,188,611</b>	<b>9,950,391</b>
Other assets		
Warehouse	403,849	377,026

Seized collateral	3,623,181	4,522,347
Future period expenses	25,788	29,103
Other assets	480,461	155,240
Reserve for possible losses as regards other assets (Note 7)	-5,058	-1,843
<b>Total</b>	<b>4,528,221</b>	<b>5,081,873</b>
<b>Total other assets</b>	<b>16,600,670</b>	<b>16,704,111</b>

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

Current accounts	Reporting period	Previous period
RA Banks	3,613,719	1,274,493
Banks with BBB-(Baa3) and higher rating		
Banks with rating below BBB-(Baa3) and no rating	158,361	
Accrued interest		
<b>Total</b>	<b>3,772,080</b>	<b>1,274,493</b>
<b>Interbank loans, deposits and other demands</b>		
<b>RA Central Bank</b>		
Loans*	20,295,441	12,318,459
Repo (repurchase) agreements	4,999,999	27,999,993
Swap		
Other		
<b>RA Banks</b>		
Loans and deposits	8,611,348	0
Financial leasing		
Repo (repurchase) agreements	5,213,762	5,934,138
Swap	0	17,835
Other	41	0
<b>BBB-(Baa3) and higher rating banks</b>		
Loans and deposits		
Financial leasing		
Repo (repurchase) agreements		
Swap		
Other		
<b>BBB-(Baa3) and lower rating and no rating banks</b>		
Loans and deposits	7,654,994	7,744,868
Financial leasing		
Repo (repurchase) agreements		
Swap	0	24,621
Other	545,749	56,348
Accrued interest	386,420	325,220
<b>Total</b>	<b>47,707,754</b>	<b>54,421,482</b>
<b>Financial institutions</b>		
Current accounts	768,625	1,060,312
Loans and deposits	29,273,389	25,920,681
Repo (repurchase) agreements		
Swap		
Other	2,192	3,967
<b>Accrued interest</b>	<b>655,868</b>	<b>190,234</b>
<b>Total</b>	<b>30,700,074</b>	<b>27,175,194</b>
<b>Total amounts due to banks and other fin. institutions</b>	<b>82,179,908</b>	<b>82,871,169</b>

As of 30.09.2017, loans received from the Central Bank of Armenia also include loan amounts attracted under international loan programs totaling AMD 20,295,441 thous. And accrued interest amounts AMD 364,889 thous.

**Note 24. Amounts due to customers**

Amounts due to RA government and local self-managed authorities	Reporting period	Previous period
Current accounts	275,006	371,555
Time deposits		
Loans	628,788	740,954
Repo (repurchase) agreements		
Swap		
Other	39,879	46,201
Accrued interest	3,859	2,685
<b>Total</b>	<b>947,532</b>	<b>1,161,395</b>
<b>Legal entities and institutions of RA (residents)</b>		
Current accounts	37,265,466	22,650,857
Time deposits	41,236,867	26,079,459
Repo (repurchase) agreements		
Swap		
Other	4,576,185	2,890,359
Accrued interest	296,583	329,773
<b>Total</b>	<b>83,375,101</b>	<b>51,950,448</b>
<b>Legal entities and institutions (non-residents)</b>		
Current accounts	18,980,952	11,741,934
Time deposits	605,651	202,813
Repo (repurchase) agreements		
Swap		
Other	1,136	97,192
Accrued interest	6,854	300
<b>Total</b>	<b>19,594,593</b>	<b>12,042,239</b>
<b>Sole entrepreneurs of RA (residents)</b>		
Current accounts	197,988	106,123
Time deposits		
Repo (repurchase) agreements		
Swap		
Other		
Accrued interest		
<b>Total</b>	<b>197,988</b>	<b>106,123</b>
<b>Sole entrepreneurs (non-residents)</b>		
Current accounts	56	48
Time deposits		
Repo (repurchase) agreements		
Swap		
Other		
Accrued interest		
<b>Total</b>	<b>56</b>	<b>48</b>
<b>Individuals (residents)</b>		
Current accounts	23,614,572	11,663,260
Time deposits	214,707,383	172,536,972
Repo (repurchase) agreements		
Swap		
Other	177,217	223,959
Accrued interest	2,049,732	2,307,060
<b>Total</b>	<b>240,548,904</b>	<b>186,731,251</b>
<b>Individuals (non-residents)</b>		



Current accounts	3,426,152	1,884,091
Time deposits	9,640,189	7,397,896
Repo (repurchase) agreements		
Swap		
Other	0	0
Accrued interest	52,724	60,675
<b>Total</b>	<b>13,119,065</b>	<b>9,342,662</b>
<b>Total liabilities to customers</b>	<b>357,783,239</b>	<b>261,334,166</b>

The amount of the security of liabilities totaled: as at 30.09.2017 - AMD 17.639.197 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 550.908 thous., accrued interest AMD 2.089 thous.

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

	Reporting period	Previous period
Legal entities residents	84	77
Legal entitie non- residents	5	2
Individuals residents	19,672	16,365
Individuals non-residents	259	208
<b>Total</b>	<b>20,020</b>	<b>16,652</b>

#### Note 25. Securities issued by Bank

Securities issued by Bank	Reporting period	Previous period
Fixed-Income securities	589,053	0
<b>Total</b>	<b>589,053</b>	<b>-</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	8,436,960	21,489,071
<b>Total</b>	<b>8,436,960</b>	<b>21,489,071</b>

#### Note 27. Amounts payable

Amounts payable	Reporting period	Previous period
Dividends		
Trust management agreements		
Deposits insurance	262,580	224,269
Other		
<b>Total</b>	<b>262,580</b>	<b>224,269</b>

**Note 28. Deferred tax liabilities**

Deferred tax liabilities movements	Reporting period	Previous period
Balance at the beginning of the period	474,159	
Increase		474,159
Decrease		
<b>Balance at the end of the period</b>	<b>474,159</b>	<b>474,159</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	295,932	0
VAT	15	22,478
other taxes and dues	76,979	280,044
social insurance payments	0	0
Liabilities to employees as regards salary	245,229	213,729
Payables as regards suppliers	126,770	114,887
Payables as regards completion of chartered capital		
Other liabilities	2,331	2,165
<b>Balance at the end of period</b>	<b>747,256</b>	<b>633,303</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	1,757,722	1,503,275
Fixed assets revaluation reserve	471,422	471,422
Other reserves		
<b>Total revaluation reserves</b>	<b>2,229,144</b>	<b>1,974,697</b>

**Other components of equity****Reserves**

Reserves	Reporting period	Previous period
Main reserve		
Opening balance	638,508	576,319
Increase	52,659	62,189
Decrease		
<b>Closing balance</b>	<b>691,167</b>	<b>638,508</b>

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

#### Note 33. Retained earnings

Retained profit	Reporting period	Previous period
Opening balance	2,807,725	5,858,906
Increase	1,061,861	1,472,528
Decrease	52,659	4,523,709
<b>Closing balance</b>	<b>3,816,927</b>	<b>2,807,725</b>

Bank's chartered capital was increased by AMD 8.467.060 in 2016, including AMD 4.461.520 from the retained earnings of the previous periods.

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

Reserves		Reporting period	Previous period
Opening balance	<b>Note 7</b>	591,471	335,674
Allocations to the reserve		502,159	1,443,120
Use of reserve		(437,924)	(1,187,323)
Net allocations to the reserve		64,235	255,797
<b>Closing balance</b>		<b>655,706</b>	<b>591,471</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	22,904,616	20,808,438
Guarantees provided	35,321,505	32,179,463
Letters of credit issued	1,416,788	156,016

Reserve as regards the mentioned items (Note 7)	(655,706)	(591,471)
<b>Closing balance</b>	<b>58,987,203</b>	<b>52,552,446</b>

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

**The leased premises are as follows:**

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

**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		176,532
1-5 years		605,704
5-10 years		297,115
<b>Total</b>		<b>1,079,351</b>

**Note 35. Related party transactions**

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

<b>Loans and advances to customers</b>	<b>Reporting period</b>	<b>Previous period</b>
	<b>01.01.17-30.09.17</b>	<b>01.01.16-31.12.16</b>
Balance as of 01 January	2,846,673	3,868,413
Loans and advances provided during the year	8,445,168	4,034,149
Loans and advances repaid during the year	6,394,759	5,055,889
<b>Balance</b>	<b>4,897,082</b>	<b>2,846,673</b>
Interest income	472,980	425,194

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

<b>Amounts due to customers</b>	<b>Reporting period</b>	<b>Previous period</b>
	<b>01.01.17-30.09.17</b>	<b>01.01.16-31.12.16</b>
Balance as of 01 January	4,611,136	3,206,724
Amounts received during the year	68,346,515	60,104,050
Amounts paid during the year	59,592,088	58,699,638
<b>Balance</b>	<b>13,365,563</b>	<b>4,611,136</b>
Interest expense	614,078	475,475

<b>Salary and equivalent payments to the Bank's management</b>	<b>Reporting period</b>	<b>Previous period</b>
	<b>01.01.17-30.09.17</b>	<b>01.01.16-31.12.16</b>
The Board		
Salary	72,612	96,816
bonus		
Executive body		
Salary	143,290	201,792
bonus	2,341	18,355
Internal audit		
Salary	42,991	37,864
bonus	100	3,360
<b>Total</b>	<b>261,334</b>	<b>358,187</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

<b>Title</b>	<b>RA</b>	<b>CIS countries</b>	<b>OECD* Countries</b>	<b>Non OECD Countries</b>	<b>Total</b>
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<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>

30.09.2017

Title	RA	CIS countries	OECD* Countries	Non OECD Countries	Total
<b>Assets</b>					
Cash and balances with CBA	80,958,953				80,958,953
Amounts due from banks and other financial institutions	5,255,625	3,155,293	3,559,827	2,008,578	13,979,323
Financial instruments held for trading	8,436,960				8,436,960
Loans and advances to customers	301,927,986	1,135,962	702,750	38,106,220	341,872,918
Securities available for sale	15,765,468		15,170		15,780,638
Securities held to maturity					-
Other assets	12,656,765	118,260	4,939	3,820,706	16,600,670
<b>Total assets</b>	<b>425,001,757</b>	<b>4,409,515</b>	<b>4,282,686</b>	<b>43,935,504</b>	<b>477,629,462</b>
<b>Liabilities</b>					-
Amounts due to banks and other financial institutions	73,816,879	8,204,331	219	158,479	82,179,908
Amounts due to customers	325,069,525	3,593,240	4,029,776	25,090,698	357,783,239
Financial liability held for trading	8,436,960				8,436,960
Other liabilities	731,946		15,309	1	747,256
<b>Total liabilities</b>	<b>408,055,310</b>	<b>11,797,571</b>	<b>4,045,304</b>	<b>25,249,178</b>	<b>449,147,363</b>
<b>Net position</b>	<b>16,946,447</b>	<b>(7,388,056)</b>	<b>237,382</b>	<b>18,686,326</b>	<b>28,482,099</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
	263,886,865	3,040,417	916,969	624,961	
<b>Loans and advances, including</b>	59,212	2,127	763	678	
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 buisness	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			

30.09.2017

Assets	Working assets	Non-working assets				
		Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
		<b>332,632,619</b>	<b>6,411,341</b>	<b>2,069,606</b>	<b>759,352</b>	
<b>Loans and advances, including</b>		<b>55,506</b>	<b>1,951</b>	<b>522</b>	<b>433</b>	
1. Agriculture , forestry and fishing	amount	6,676,774	2,373,714	34,405	6,006	
	number	820	35	6	8	
2. Mining and quarrying	amount	5,094,870		13,246		
	number	22		1		
3. Processing industry	amount	29,452,193	61,563		587	
	number	79	3		1	
4. Electricity, gas , steam and air conditioning supply	amount	22,806,578				
	number	41				
5. Water supply, sewerage, waste management and recycling	amount	105,974				
	number	5				
6. Construction	amount	41,327,035	1,245,738	63,801		



	number	138	5	3	
7. Trade	amount	82,534,427	245,799	161,108	121,038
	number	306	13	5	8
8. Transportation and warehouse business	amount	13,142,517	91,192	1,317	
	number	33	1	1	
9. Accommodation and catering	amount	20,009,783	7,993	991,932	1,442
	number	74	2	3	1
10. Information and communication	amount	6,866,811			
	number	14			
11. Real property business	amount	33,416			
	number	4			
12. Professional, scientific and technical activities	amount	11,498,640			
	number	16			
13. Education	amount	2,020,937	548		
	number	368	4		
14. Healthcare	amount	1,000,121			
	number	18			
15. Arts, entertainment, recreation	amount	417,189	776		
	number	15	1		
16. Other branches of economy	amount	44,157,536			
	number	42			
17. Mortgage loans	amount	10,222,643	287,552	80,557	30,060
	number	1,881	67	21	9
18. Consumer and other loans	amount	35,265,175	2,096,466	723,240	600,219
	number	51,630	1,820	482	406
Receivables	amount	<b>12,009,032</b>	<b>262,457</b>	<b>2,806</b>	<b>5,986</b>
	number	<b>10,282</b>	<b>433</b>	<b>316</b>	<b>305</b>
Investment securities	amount	<b>47,148</b>			
	number	<b>3</b>			
Off-balance sheet items	amount	<b>58,862,605</b>	<b>35,683</b>	<b>86,009</b>	<b>2,906</b>
	number	<b>12,431</b>	<b>160</b>	<b>42</b>	<b>35</b>
including guarantees	amount	34,855,024		73,015	
	number	289		1	
letters of credit	amount	1,402,620			
	number	2			

Analysis of credit portfolio according to regions and risk exposure

30.09.2017

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	292,708,426	6,411,341	2,048,867	759,352	
2. Non-residents	39,924,193		20,739		
<b>Total</b>	<b>332,632,619</b>	<b>6,411,341</b>	<b>2,069,606</b>	<b>759,352</b>	

Loans to non-residents 30.09.17

Assets	Working assets	Non-working assets
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	Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
<b>Loans and advances, including</b>	<b>39,924,193</b>	-	<b>20,739</b>	-	
	41	-	1	-	
1. Agriculture , forestry and fishing	amount				
	number				
2. Mining and quarrying	amount				
	number				
3. Processing industry	amount	105			
	number	1			
4. Electricity, gas , steam and air conditioning supply	amount				
	number				
5. Water supply, sewerage, waste management and recycling	amount	89,453			
	number	1			
6. Construction	amount				
	number				
7. Trade	amount	39,739,023			
	number	12			
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	105			
	number	1			
16. Other branches of economy	amount				
	number				
17. Mortgage loans	amount	2,241			
	number	2			
18. Consumer and other loans	amount	93,266	20,739		
	number	24	1		

31.12.2016

Assets	Working assets	Non-working assets			
Loans, including	Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
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			
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		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 30.09.2017**

Non-performing loans/ total loans 3.52 %

Reserve for non-performing loans/total capital 6.24 %

Loan reserve /total loans 1.72 %

Possible loss reserve/Non-performing loans 48.86 %

Large amount advances/capital 499.12 %:

**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>

30.09.2017

	Drams	I group foreign currency*	II group foreign currency**	Total
<b>Assets</b>				
Cash and balances with CBA	52,365,625	28,242,586	350,742	80,958,953
Standardized precious metal bullions		31,721		31,721
Amounts due from banks and other financial institutions	4,392,637	6,765,456	2,821,230	13,979,323
Financial instruments kept for trading	7,908,416	528,544		8,436,960
Loans and advances to customers	139,772,422	200,456,000	1,644,496	341,872,918
Financial assets available for sale	15,780,638			15,780,638
Financial assets held to maturity				-
Other	11,378,044	5,214,794	7,832	16,600,670
<b>Total assets</b>	<b>231,597,782</b>	<b>241,239,101</b>	<b>4,824,300</b>	<b>477,661,183</b>
<b>Liabilities</b>				
Amounts due to banks and other financial institutions	60,228,442	21,272,691	678,775	82,179,908
Amounts due to customers	135,104,903	218,503,874	4,174,462	357,783,239
Issued securities	102,766	486,287		589,053
Other liabilities	715,360	31,896		747,256
<b>Total liabilities</b>	<b>196,151,471</b>	<b>240,294,748</b>	<b>4,853,237</b>	<b>441,299,456</b>
<b>Net position</b>	<b>35,446,311</b>	<b>944,353</b>	<b>(28,937)</b>	<b>36,361,727</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				
- demands				
Other derivative instruments				
- liabilities				
- demands				
<b>Net position according to the derivative financial instruments</b>	-	-	-	-
<b>Net open position*</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		7.00		9.00
including				
- interbank loans				
- interbank repo				
- interbank swap				
Loans and advances to customers	6-24	7-16	6-24	12-17
Securities held for trading and available for sale	9-13		0-13.0	
Securities held to maturity				
<b>Liabilities</b>				
Amounts due to banks	5.25	8.30	2-9.5	8.30
and other financial institutions				
Amounts due to customers	0.01-11.75	0.01-5.75	1-13	1-6.5
Liabilities as regards securities issued by the Bank	14.00	8.50		

#### 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.

31.12.16

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		268,469,213
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	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	21,365,051	3,982,371	1,071,985	(44,729,199)	40,499,069	42,470,108	47,849,980	344,838,638

30.09.2017

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			80,838,953						120,000	80,958,953
Amounts due from banks and other fin. institutions			4,725,525	2,662,158	471,390	2,101,410	3,426,989		591,851	13,979,323
Loans provided to customers	4,999,794	4,240,497		76,777,038	32,993,337	41,484,043	152,266,670	29,111,539		341,872,918
Financial assets										
held for trade						8,436,960				8,436,960
available for sale										
held up to maturity						3,777,985	524,789	6,667,581	4,763,125	47,158
Realized under repo agreements										
Other assets	90,415	206,244	6,876,637	440	392	243,093	3,293,297	2,266,971	3,623,181	16,600,670
*Contractual demands										
<b>Total</b>	<b>5,090,209</b>	<b>4,446,741</b>	<b>92,441,115</b>	<b>79,439,636</b>	<b>45,680,064</b>	<b>44,353,335</b>	<b>165,654,537</b>	<b>36,141,635</b>	<b>4,382,190</b>	<b>477,629,462</b>
1-st group currency	3,323,154	3,024,641	32,644,161	65,691,727	18,909,544	18,140,888	85,723,749	13,127,098	654,139	241,239,101
2-nd group currency	606,113		606,113	2,592,824	1,228,403	82,700	289,450		24,810	4,824,300
Variable interest rate										
Fixed interest rate	4,999,794	4,240,497	1,370,677	78,737,999	37,242,712	43,726,058	162,103,428	36,141,635	591,851	369,154,651
Interest free	90,415	206,244	91,070,438	701,637	8,437,352	627,277	3,551,109		3,790,339	108,474,811
<b>Liabilities</b>										
Amounts due to banks and other fin. institutions			4,589,491	37,417,509	5,354,686	4,821,058	8,407,077	21,590,087		82,179,908
Amounts due to customers	-	-	87,515,108	43,826,142	42,112,673	96,278,616	86,290,378	1,760,322	-	357,783,239
upon demand			87,515,108							87,515,108
time liability				43,826,142	42,112,673	96,278,616	86,290,378	1,760,322		270,268,131
Other										
Liabilities for securities issued by the banks							589,053			589,053
Other liabilities			620,486	126,770						747,256
Off –balance contingent liabilities	88,915	35,683	22,604,958	4,138,322	3,794,580	12,251,083	16,073,662			58,987,203
*Contractual liabilities										
<b>Total</b>	<b>-</b>	<b>-</b>	<b>92,725,085</b>	<b>81,370,421</b>	<b>47,467,359</b>	<b>101,099,674</b>	<b>95,286,508</b>	<b>23,350,409</b>	<b>-</b>	<b>441,299,456</b>
1-st group currency			53,952,116	46,709,336	27,904,410	55,562,627	56,166,259			240,294,748
2-nd group currency			2,935,654	1,093,491	222,501	390,634	210,957			4,853,237
Large-scale liability			28,840	5,305,623	135,807	2,002,275	31,047,079			38,519,624
Variable rate liability										
Fixed rate liability			85,149,303	79,913,976	39,030,399	101,059,795	94,041,657	23,350,409		422,545,539
Interest free			7,575,782	1,456,445	8,436,960	39,879	1,244,851			18,753,917
<b>Net liquidity gap</b>	<b>5,090,209</b>	<b>4,446,741</b>	<b>(283,970)</b>	<b>(1,930,785)</b>	<b>(1,787,295)</b>	<b>(56,746,339)</b>	<b>70,368,029</b>	<b>12,791,226</b>	<b>4,382,190</b>	<b>36,330,006</b>
1-st group currency	3,323,154	3,024,641	(21,307,955)	18,982,391	(8,994,866)	(37,421,739)	29,557,490	13,127,098	654,139	944,353
2-nd group currency	-	-	(2,329,541)	1,499,333	1,005,902	(307,934)	78,493	-	24,810	(28,937)
Variable interest rate	-	-	-	-	-	-	-	-	-	-
fixed rate	4,999,794	4,240,497	(83,778,626)	(1,175,977)	(1,787,687)	(57,333,737)	68,061,771	12,791,226	591,851	(53,390,888)
Cumulative liquidity gap	5,090,209	9,536,950	9,252,980	7,322,195	5,534,900	(51,211,439)	19,156,590	31,947,816	36,330,006	441,299,456

Average balance sheet capital and assets

01/01/17-30/09/17

Average balance sheet asset	<b>408,458,942</b>
Average balance sheet capital	<b>37,254,584</b>

Note 42. Collateral accepted

	Reporting period	Previous period
Other securities	17,088,373	7,724,282
Jewels and precious stones	15,398,950	12,257,618

Real estate	171,137,969	142,282,960
Vehicles	14,585,165	14,977,647
Other PPE	32,018,230	18,240,689
Finished production and goods	29,265,284	21,284,426
Cash	17,639,197	30,893,795
Other collateral	26,757,649	18,811,456
Credit guarantee	3,741,434	3,795,273
Other guarantees	31,580,071	17,581,705
Credit warranties	299,531,725	107,535,208
Other warranties	36,707,223	19,386,779
<b>Total</b>	<b>695,451,270</b>	<b>414,771,838</b>

Chairman of the Executive Board

Arsen Mikayelyan

Chief Accountant

Narine Sargsyan

Date of approval 14.10.17