



Appendix 5

NOTES TO FINANCIAL STATEMENTS  
(Form 5)

30 June 2019

ARM BUSINESS BANK 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 28 branches are located in Yerevan, 23 branches are located in different regions (marzes) of Armenia, and 7 branches – in the Republic of Nagorno Karabakh.

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

The Bank is:

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

**1. Corporate governance**

The Bank's managing bodies are:

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

**a) The Board**

**Chairman of the Board** – Arsen Mikayelyan

**Board Members** – Vitaly Grigoryants

Sergey Arzumanyan

Sevak Petrosyan

Alik Chirkinyan

**b) The Executive Board**

**Chairman of the Executive Board** - Artavazd Sargsyan

**Members of the Executive Board**

Manvel Sahakyan - First Deputy Chairman of the Executive Board,  
Member of the Executive Board

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

Aliona Stratan - Deputy Chairman of the Executive Board -  
Coordinator of the Department of Retail Business Development,  
Department of Regional Development, Department of MB & SB Loan  
Transactions Underwriting, and Client Business Processes

Movses Eloyan - Deputy Chairman of the Executive Board -  
Coordinator of Treasury Department and International Transactions  
Ani Ghambaryan -Director of Risk Management Department

**c) Major Participants**

Vitaly Grigoryants – 95 %  
Arsen Mikayelyan – 5 %

**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 June 2019	31 December 2018
AMD/1 US Dollar	477.11	483.75
AMD/1 EUR	543.19	553.65

**2.6 Cash and cash equivalents**

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

**2.7 Amounts due from other banks**

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

## 2.8 Securities

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

## 2.9 Loans and advances to customers at amortized value

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

## 2.10 Leasing

Lease payments under an operating lease are recognised in the statement of financial results as expenses according to IFRS 16.

## 2.11 Possible losses reserve

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

## 2.12 Intangible assets

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

## 2.13 Property, plant and equipment

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

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

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

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

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

## 2.14 Financial instruments

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

## 2.15 Events occurring after the balance sheet date

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

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

## 2.16 Taxation

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

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

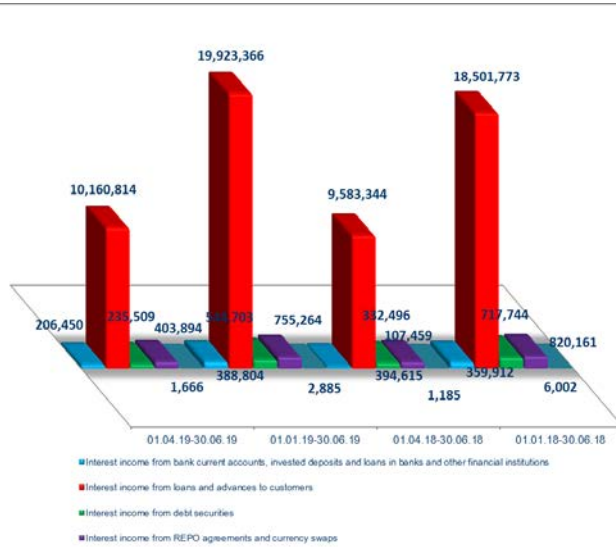
## 2.17 Functional and presentation currency

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

The intermediary financial statements are presented in thousands of AMD.

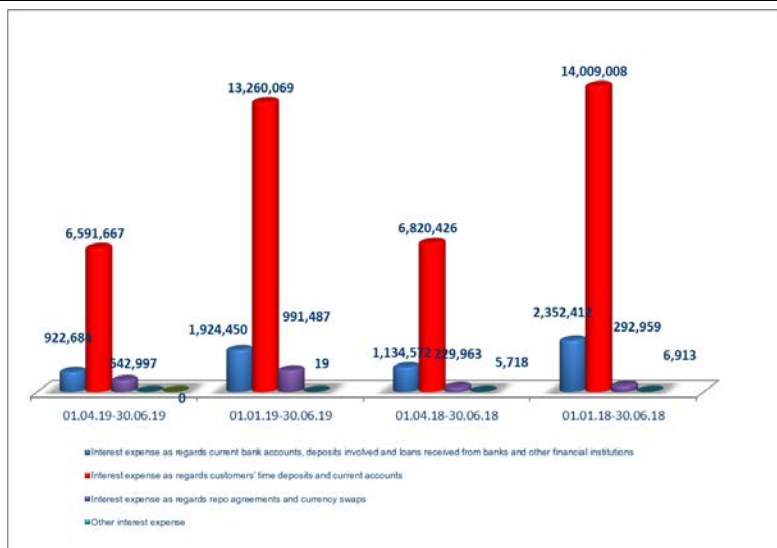
## Note 3. Net Interest and Similar Income

Interest and Similar Income	01.04.19-30.06.19	01.01.19-30.06.19	01.04.18-30.06.18	01.01.18-30.06.18
Interest income from bank current accounts, invested deposits and loans in banks and other financial institutions	206,450	388,804	107,459	359,912
Interest income from loans and advances to customers at amortized value	10,160,814	19,923,366	9,583,344	18,501,773
Interest income from debt securities	235,509	544,703	332,496	717,744
Interest income from REPO agreements and currency swaps	403,894	755,264	394,615	820,161
Other interest income	1,666	2,885	1,185	6,002
<b>Total</b>	<b>11,008,333</b>	<b>21,615,022</b>	<b>10,419,099</b>	<b>20,405,592</b>



■Other interest income

Interest and Similar Expense	01.04.19-30.06.19	01.01.19-30.06.19	01.04.18-30.06.18	01.01.18-30.06.18
Interest expense as regards current bank accounts, deposits involved and loans received from banks and other financial institutions	922,684	1,924,450	1,134,572	2,352,412
Interest expense as regards customers' time deposits and current accounts	6,591,667	13,260,069	6,820,426	14,009,008
Interest expense as regards securities issued by the Bank	203,430	409,430	219,132	418,355
Interest expense as regards repo agreements and currency swaps	542,997	991,487	229,963	292,959
Other interest expense	0	19	5,718	6,913
<b>Total</b>	<b>8,260,778</b>	<b>16,585,455</b>	<b>8,409,811</b>	<b>17,079,647</b>
<b>Net interest and similar income</b>	<b>2,747,555</b>	<b>5,029,567</b>	<b>2,009,288</b>	<b>3,325,945</b>



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

Income in the form of Commissions and Other Fees	01.04.19-30.06.19	01.01.19-30.06.19	01.04.18-30.06.18	01.01.18-30.06.18
Cash operations	243,949	539,524	207,176	402,513
Settlement services	501,327	933,837	377,327	648,210
Guarantee, acceptance, letter of credit, trust management operations	46,511	140,322	46,624	106,720
Transaction in foreign currency and securities				2
Plastic card operations	244,909	454,029	295,517	547,715

Other commission payments	330,036	584,239	190,710	386,919
<b>Total</b>	<b>1,366,732</b>	<b>2,651,951</b>	<b>1,117,354</b>	<b>2,092,079</b>

<b>Expenses in the form of Commissions and Other Payments</b>	<b>01.04.19-30.06.19</b>	<b>01.01.19-30.06.19</b>	<b>01.04.18-30.06.18</b>	<b>01.01.18-30.06.18</b>
Commission payments as regards correspondent and other accounts/bank transactions	145,186	272,409	73,998	148,214
Commission payments as regards transactions with plastic cards/cash transactions	59,725	109,909	75,252	123,284
Payments as regards guarantees, acceptance, letters of credit, trust management transactions	5,269	20,089	7,073	16,830
Commission payments as regards transactions in foreign currency and securities				
Other commission payments	4,951	9,243	5,401	10,763
<b>Total</b>	<b>215,131</b>	<b>411,650</b>	<b>161,724</b>	<b>299,091</b>

<b>Net Commissions and other payments received</b>	<b>1,151,601</b>	<b>2,240,301</b>	<b>955,630</b>	<b>1,792,988</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>01.04.19-30.06.19</b>	<b>01.01.19-30.06.19</b>	<b>01.04.18-30.06.18</b>	<b>01.01.18-30.06.18</b>
Net income from purchase and sale of investments held for trading, including				
- shares				
- debt securities				
- derivative instruments	19,856	10,734	-231,275	-231,275
Net income from change in fair value of investments held for trading				
<b>Total</b>	<b>19,856</b>	<b>10,734</b>	<b>-231,275</b>	<b>-231,275</b>

<b>Net income from investments available for sale</b>	<b>01.04.19-30.06.19</b>	<b>01.01.19-30.06.19</b>	<b>01.04.18-30.06.18</b>	<b>01.01.18-30.06.18</b>
Net income from purchase and sale of investments available for sale, including				
- shares				
- debt securities	6,658	2,529		
- derivative instruments				
Net income from change in fair value of investments held for trading	1,149,218	1,556,808	0	0
<b>Total</b>	<b>1,155,876</b>	<b>1,559,337</b>	<b>0</b>	<b>0</b>

<b>From foreign currency transactions</b>	<b>01.04.19-30.06.19</b>	<b>01.01.19-30.06.19</b>	<b>01.04.18-30.06.18</b>	<b>01.01.18-30.06.18</b>
Net income from foreign currency dealings	621,899	1,292,017	539,751	940,286
Net income from foreign currency revaluation	-98,035	-67,100	221,078	279,457
<b>Total</b>	<b>523,864</b>	<b>1,224,917</b>	<b>760,829</b>	<b>1,219,743</b>

From bank standardized precious metal bullions and commemorative coins	01.04.19-30.06.19	01.01.19-30.06.19	01.04.18-30.06.18	01.01.18-30.06.18
Net income from purchase and sale of bank standardized precious metal bars and commemorative coins	39,082	52,194	2,895	26,619
Net income from revaluation of bank standardized precious metal bullions and commemorative coins	10,790	15,354	-5,622	-8,039
<b>Total</b>	<b>49,872</b>	<b>67,548</b>	<b>-2,727</b>	<b>18,580</b>

<b>Net income from trading transactions</b>	<b>1,749,468</b>	<b>2,862,536</b>	<b>526,827</b>	<b>1,007,048</b>
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**Note 6. Other operating income**

Other operating income	01.04.19-30.06.19	01.01.19-30.06.19	01.04.18-30.06.18	01.01.18-30.06.18
Fines and penalties received	564,486	1,035,527	822,638	1,496,527
Income received from factoring	0	0	448	897
Net income from disposal of PPE and intangible assets	263	5,583	16,307	17,945
Net income from revaluation and impairment reversal of PPE and intangible assets				
Other income	112,447	216,417	134,034	203,017
<b>Total</b>	<b>677,196</b>	<b>1,257,527</b>	<b>973,427</b>	<b>1,718,386</b>

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

As regards amounts due from banks		01.04.19-30.06.19	01.01.19-30.06.19	01.04.18-30.06.18	01.01.18-30.06.18
Opening balance	<b>Note 14</b>	295,472	218,090	199,201	95,832
Allocations to the reserve		871,774	1,849,834	151,746	444,510
Return of reserve allocations		-383,972	-1,284,650	-255,086	-444,481
Net allocations to the reserve		487,802	565,184	-103,340	29
Return of amounts previously written-off to the off-balance sheet		0	0	0	0
Reserve utilization					
<b>Closing balance</b>		<b>783,274</b>	<b>783,274</b>	<b>95,861</b>	<b>95,861</b>

As regards amounts due from financial institutions		01.04.19-30.06.19	01.01.19-30.06.19	01.04.18-30.06.18	01.01.18-30.06.18
Opening balance	<b>Note 14</b>	38,016	30,260	70,549	78,692
Allocations to the reserve		84,581	100,388	137,596	149,895
Return of reserve allocations		-6,641	-14,692	-161,258	-181,700
Net allocations to the reserve		77,940	85,696	-23,662	-31,805
Return of amounts previously written-off to the off-balance sheet					
Reserve utilization					
<b>Closing balance</b>		<b>115,956</b>	<b>115,956</b>	<b>46,887</b>	<b>46,887</b>

As regards loans and advances provided to the customers	Note 16	01.04.19-30.06.19	01.01.19-30.06.19	01.04.18-30.06.18	01.01.18-30.06.18
Opening balance		8,583,446	8,355,259	5,951,947	5,623,825
Allocations to the reserve		1,791,160	4,563,588	748,796	4,840,643
Return of reserve allocations		-1,462,611	-2,810,136	-282,771	-4,296,585
Net allocations to the reserve		328,549	1,753,452	466,025	544,058
Return of amounts previously written-off to the off-balance sheet		1,070,788	1,539,429	473,884	1,769,060
Reserve utilization		-1,161,277	-2,826,634	-376,504	-1,421,591
<b>Closing balance</b>		<b>8,821,506</b>	<b>8,821,506</b>	<b>6,515,352</b>	<b>6,515,352</b>

As regards investments	Note 18	01.04.19-30.06.19	01.01.19-30.06.19	01.04.18-30.06.18	01.01.18-30.06.18
Opening balance		420	421	0	0
Allocations to the reserve		0	0	0	0
Return of reserve allocations		0	-1	0	0
Net allocations to the reserve		0	-1	0	0
Return of amounts previously written-off to the off-balance sheet					
Reserve utilization					
<b>Closing balance</b>		<b>420</b>	<b>420</b>	<b>0</b>	<b>0</b>

As regards other assets	Note 18	01.04.19-30.06.19	01.01.19-30.06.19	01.04.18-30.06.18	01.01.18-30.06.18
Opening balance		494,719	480,158	510,690	516,385
Allocations to the reserve		1,897,494	3,088,049	1,632,933	3,073,918
Return of reserve allocations		-1,754,026	-2,930,231	-1,244,044	-2,665,655
Net allocations to the reserve		143,468	157,818	388,889	408,263
Return of amounts previously written-off to the off-balance sheet		4,515	10,865	2,869	10,046
Reserve utilization		-153,891	-160,030	-400,799	-433,045
<b>Closing balance</b>		<b>488,811</b>	<b>488,811</b>	<b>501,649</b>	<b>501,649</b>

As regards off-balance sheet items containing credit risk	Note 34	01.04.19-30.06.19	01.01.19-30.06.19	01.04.18-30.06.18	01.01.18-30.06.18
Opening balance		1,008,461	939,778	685,943	615,498
Allocations to the reserve		251,484	598,503	272,366	492,222
Return of reserve allocations		-290,399	-568,735	-297,671	-447,082
Net allocations to the reserve		-38,915	29,768	-25,305	45,140
<b>Closing balance</b>		<b>969,546</b>	<b>969,546</b>	<b>660,638</b>	<b>660,638</b>

<b>Total net allocations to the reserves</b>	<b>998,844</b>	<b>2,591,917</b>	<b>702,607</b>	<b>965,685</b>
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#### Note 8. General administrative expenses

General administrative expenses	01.04.19-30.06.19	01.01.19-30.06.19	01.04.18-30.06.18	01.01.18-30.06.18
Expenses as regards calculated salary and other equivalent payments	1,117,662	2,481,253	928,788	1,868,326
Expenses as regards social payments	0	0	0	0
Expenses as regards training and tuition	897	1,870	95	418



Expenses as regards business trips	50,843	88,241	45,617	69,312
Expenses as regards operating lease	64,106	126,876	66,374	134,710
Insurance expenses	17,310	29,090	11,641	18,633
Expenses as regards maintenance and security of Bank's equipment	61,037	70,275	72,097	104,383
Expenses as regards maintenance and security of Bank's buildings	71,275	142,295	71,065	144,680
Expenses as regards audit and other consulting services	14,610	18,403	5,688	8,405
Expenses as regards communication means	32,331	62,654	34,841	69,382
Transportation expenses	23,229	41,681	14,036	30,136
Expenses as regards taxes, duties and other obligatory payments (except profit tax)	146,915	267,669	93,207	175,452
Office and organizational expenses	20,944	37,376	17,144	30,589
Expenses as regards loans provision and return	7,015	15,078	12,231	28,003
Other administrative expenses	387,573	593,212	108,681	318,537
<b>Total</b>	<b>2,015,747</b>	<b>3,975,973</b>	<b>1,481,505</b>	<b>3,000,966</b>

The number of the Bank employees as at 30 June 2019 is 1015.

The size of average monthly salary per employee is 237 thousand drams.

#### Note 9. Other Operating Expenses

Other Operating Expenses	01.04.19-30.06.19	01.01.19-30.06.19	01.04.18-30.06.18	01.01.18-30.06.18
Fines and penalties paid	54,545	73,337	478	478
Advertising and representation expenses	49,596	116,811	51,822	140,073
Printing expenses				
Fixed and intangible assets amortization expenses	274,701	549,335	243,341	524,818
Loss from impairment of tangible assets				
Allocations to deposit guarantee fund	292,591	507,893	162,488	408,900
Other expenses	296,506	583,787	247,944	492,197
<b>Total</b>	<b>967,939</b>	<b>1,831,163</b>	<b>706,073</b>	<b>1,566,466</b>

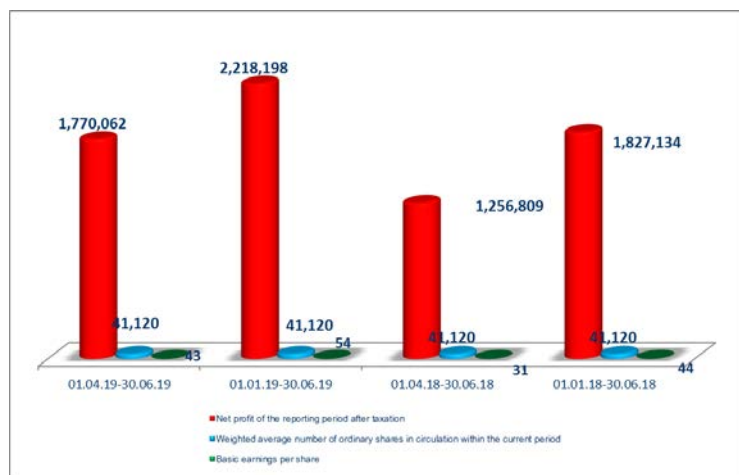
#### Note 11. Profit Tax Expense

Profit tax expense	01.04.19-30.06.19	01.01.19-30.06.19	01.04.18-30.06.18	01.01.18-30.06.18
Current tax expense	573,228	772,680	318,178	484,116
Adjustments of current tax for previous periods recognized in the given period				
Deferred tax expense				
<b>Total</b>	<b>573,228</b>	<b>772,680</b>	<b>318,178</b>	<b>484,116</b>

#### Note 12. Basic Earnings per Share

Basic Earnings per Share	01.04.19-30.06.19	01.01.19-30.06.19	01.04.18-30.06.18	01.01.18-30.06.18
Net profit of the reporting period after taxation	1,770,062	2,218,198	1,256,809	1,827,134
Dividends calculated for the current reporting period as regards preference shares	( )	( )	( )	( )

Net gain/loss for the current period attributable to the owners of the ordinary shares				
Weighted average number of ordinary shares in circulation within the current period	41,120	41,120	41,120	41,120
Basic earnings per share	43	54	31	44
Diluted earnings per share				



**Note. Other Comprehensive Income**

Other Comprehensive Income	01.04.19-30.06.19	01.01.19-30.06.19	01.04.18-30.06.18	01.01.18-30.06.18
Exchange rate differences from recalculation of foreign transactions				
Revaluation of financial assets at fair value through other comprehensive income	(1,135,951)	(1,719,355)	(102,536)	125,817
Cash flow hedging				
Gains from PPE revaluations				
Deferred tax expense				
<b>Total</b>	<b>(1,135,951)</b>	<b>(1,719,355)</b>	<b>(102,536)</b>	<b>125,817</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	7,574,873	4,378,021
Other placements of cash	2,182,257	2,698,895
Correspondent accounts with the CBA *	65,285,489	109,194,765
<b>Total</b>	<b>75,042,619</b>	<b>116,271,681</b>
Deposit accounts with the CBA	0	0
Deposited means with the CBA **	110,000	210,000
Accrued interest		
<b>Cash means and balances with the CBA</b>	<b>75,152,619</b>	<b>116,481,681</b>
Standardized precious metal bullions	106,535	154,475

Placements with other banks (Note 14)	77,544,501	21,591,292
<b>Total cash and cash equivalents</b>	<b>122,897,538</b>	<b>127,503,012</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**

<b>Current accounts</b>	<b>Reporting period</b>	<b>Previous period</b>
RA banks	26	3,643
Banks with BBB – (Baa3) and higher rating	15,404,296	8,462,195
Banks with no rating and rating below BBB-(Baa3)	32,344,062	2,611,018
Accrued interest	0	0
<b>Total</b>	<b>47,748,384</b>	<b>11,076,856</b>

<b>Interbank loans and deposits, etc.</b>		
<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	18,485,050	0
Swap	0	0
Letters of credit and bank guarantees		
Other		
<b>Banks with BBB – (Baa3) and higher rating</b>		
Loans and deposits	4,193,780	9,291,010
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap	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	425	0
Letters of credit and bank guarantees		
Other	7,888,447	1,434,717
<b>Accrued interest</b>	<b>11,689</b>	<b>6,799</b>
<b>Total</b>	<b>78,327,775</b>	<b>21,809,382</b>
Reserve for possible losses as regards amounts due from Banks (Note 7)	-783,274	-218,090

<b>Net amounts due from banks</b>	<b>77,544,501</b>	<b>21,591,292</b>
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<b>Loans and deposits with financial institutions, other amounts due</b>		
<b>RA financial institutions</b>	10,630,514	1,980,892
Loans and deposits	5,843,013	1,071,435
Factoring		
Financial lease		
Repo (repurchase) agreements	4,787,501	909,457
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>	936,371	1,013,131
Loans and deposits		
Factoring		
Financial lease		
Repo (repurchase) agreements		
Swap		
Letters of credit and bank guarantees		
Other	936,371	1,013,131
<b>Accrued interest</b>	28,727	20,574
<b>Total</b>	<b>11,595,612</b>	<b>3,014,597</b>
<b>Reserve for possible losses as regards amounts due from financial institutions (Note 7)</b>	<b>-115,956</b>	<b>-30,260</b>
<b>Net amounts due from financial institutions</b>	<b>11,479,656</b>	<b>2,984,337</b>
<b>Net amounts due from banks and financial institutions</b>	<b>89,024,157</b>	<b>24,575,629</b>

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

<b>Government securities</b>	<b>Reporting period</b>	<b>Previous period</b>
<b>RA Government securities, including</b>		
Treasury bonds	35,904,451	23,252,698
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>35,904,451</b>	<b>23,252,698</b>

<b>Non-government securities of RA</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 "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>35,904,451</b>	<b>23,252,698</b>	<b>0</b>	<b>0</b>
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<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				

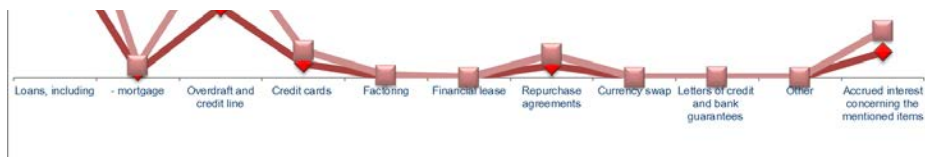
Borrowers with BBB+/Baa1/ and lower rating, other rating and no rating				
- Mortgage				
- Consumer loans				
- Other				
<b>Derivative instruments</b>		0		0
- Futures				
- Forward				
- Option				
- Swap				
- Other				
<b>Total</b>				

<b>Total financial assets at fair value through profit/loss</b>	<b>35,904,451</b>	<b>23,252,698</b>	<b>0</b>	<b>0</b>
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**Note 16. Loans and advances to customers at amortized value**

<b>Issued loans and other advances</b>	<b>Reporting period</b>	<b>Previous period</b>
Loans, including	264,872,359	223,511,127
- to banks		
- to RA Government		
- to local authorities		
- mortgage	11,777,519	11,333,671
<b>Overdraft and credit line</b>	<b>134,234,548</b>	<b>132,864,129</b>
<b>Credit cards</b>	<b>26,471,752</b>	<b>25,039,910</b>
<b>Factoring</b>	<b>2,236,884</b>	<b>1,515,202</b>
<b>Financial lease</b>	<b>-</b>	<b>-</b>
<b>Repurchase agreements</b>	<b>22,288,433</b>	<b>22,252,849</b>
<b>Currency swap</b>	<b>-</b>	<b>-</b>
<b>Letters of credit and bank guarantees</b>	<b>502,553</b>	<b>509,863</b>
<b>Other</b>	<b>-</b>	<b>-</b>
<b>Accrued interest concerning the mentioned items</b>	<b>48,346,175</b>	<b>40,811,194</b>
<b>Total loans</b>	<b>498,952,704</b>	<b>446,504,274</b>
<b>Reserve for possible losses as regards loans and advances to customers at amortized value (Note 7)</b>	<b>-8,821,506</b>	<b>-8,355,259</b>
<b>Total net loans</b>	<b>490,131,198</b>	<b>438,149,015</b>





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

Breakdown of performing and non-performing loans and advances provided to customers at amortized		Reporting period	Previous period
Performing loans and advances	Amount	483,390,380	433,333,643
	Quantity	60,589	55,557
Non-Performing loans and advances, including		15,562,324	13,170,631
		2300	1858
Overdue	Amount	7,471,330	6,311,113
	Quantity	1584	1356
Accrued interests			
Total loans	Amount	498,952,704	446,504,274
	Quantity	62,889	57,415
Provision for possible losses as regards loans and advances to customers at amortized value (Note 7)		-8,821,506	-8,355,259
<b>Total net loans</b>		<b>490,131,198</b>	<b>438,149,015</b>

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

Analysis of the provided loans and advances by customer group		Reporting period	Previous period
<b>State enterprises</b>		36,774,780	34,619,588
<b>Private enterprises, including</b>		341,242,004	308,695,021
- large enterprises		175,682,836	158,532,320
- small and medium enterprises		165,559,168	150,162,701
<b>Natural persons, including</b>		70,171,203	60,542,257
- consumer loans		29,680,096	18,404,021
- mortgage loans		11,757,295	11,314,911
- credit cards		27,537,207	29,677,299
<b>Sole entrepreneurs</b>		2,418,542	1,836,214
Accrued interest		48,346,175	40,811,194
<b>Total loans</b>		<b>498,952,704</b>	<b>446,504,274</b>
Provision for possible losses as regards loans and advances to customers at amortized value		(8,821,506)	(8,355,259)
<b>Total net loans</b>		<b>490,131,198</b>	<b>438,149,015</b>

a) Total loans provided to major borrowers and related persons as of 31.12.2018 made AMD 172.032.614 thous, as of 30.06.2019 – AMD 178.706.267 thous.

b) Share in total loan portfolio as of 31.12.2018 made 39.80 %, as of 30.06.2019 -36.94 %

c) Percentage to Capital as of 31.12.2018 was 498.77 %, as of 30.06.2019 – 496.57% :

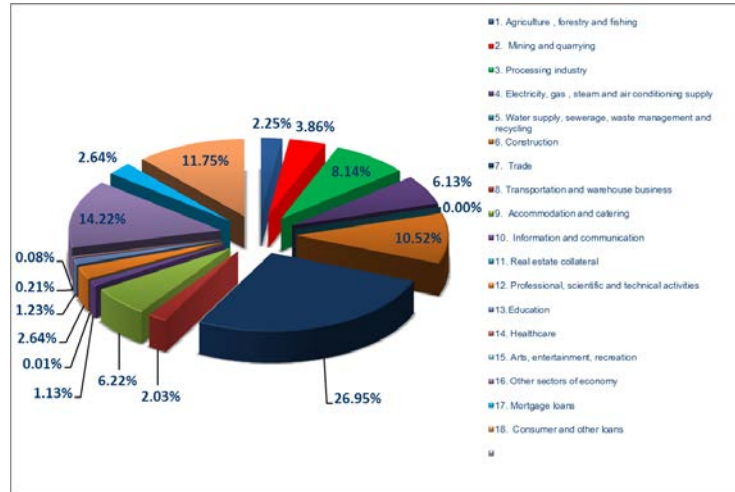
Analysis of loan portfolio according to number of borrowers		Reporting period	Previous period
State enterprises		8	6
Private enterprises		423	367
Natural persons		48,000	44,846
Sole entrepreneurs		227	130

<b>Total</b>	<b>48,658</b>	<b>45,349</b>
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**Analysis of loan portfolio according to the industry sectors (less the reserve amount for possible losses)**

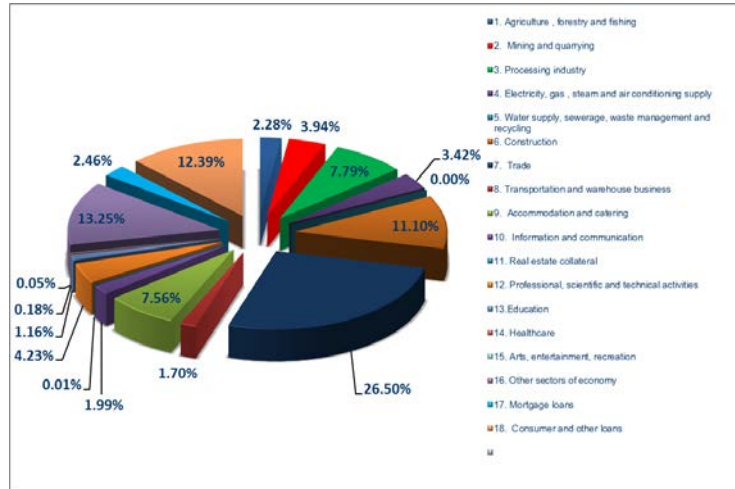
**31.12.18**

<b>Analysis of loans and advances according to crediting sectors</b>	<b>Reporting period</b>	<b>Percentage</b>
1. Agriculture , forestry and fishing	10,057,215	2.25
2. Mining and quarrying	17,237,292	3.86
3. Processing industry	36,326,633	8.14
4. Electricity, gas , steam and air conditioning supply	27,352,130	6.13
5. Water supply, sewerage, waste management and recycling	11,696	0.00
6. Construction	46,961,260	10.52
7. Trade	120,319,044	26.95
8. Transportation and warehouse business	9,070,790	2.03
9. Accommodation and catering	27,767,754	6.22
10. Information and communication	5,038,682	1.13
11. Real estate collateral	34,161	0.01
12. Professional, scientific and technical activities	11,800,785	2.64
13. Education	5,469,996	1.23
14. Healthcare	958,668	0.21
15. Arts, entertainment, recreation	377,558	0.08
16. Other sectors of economy	63,479,535	14.22
17. Mortgage loans	11,768,956	2.64
18. Consumer and other loans	52,472,119	11.75
<b>Total</b>	<b>446,504,274</b>	<b>100</b>



**30.06.19**

<b>Analysis of loans and advances according to crediting sectors</b>	<b>Previous period</b>	<b>Percentage</b>
1. Agriculture , forestry and fishing	11,355,258	2.28
2. Mining and quarrying	19,676,339	3.94
3. Processing industry	38,876,787	7.79
4. Electricity, gas , steam and air conditioning supply	17,074,615	3.42
5. Water supply, sewerage, waste management and recycling	12,190	0.00
6. Construction	55,387,469	11.10
7. Trade	132,245,091	26.50
8. Transportation and warehouse business	8,476,204	1.70
9. Accommodation and catering	37,700,467	7.56
10. Information and communication	9,930,661	1.99
11. Real estate collateral	40,423	0.01
12. Professional, scientific and technical activities	21,097,146	4.23
13. Education	5,794,325	1.16
14. Healthcare	892,185	0.18
15. Arts, entertainment, recreation	226,742	0.05
16. Other sectors of the economy	66,103,929	13.25
17. Mortgage loans	12,261,731	2.46
18. Consumer and other loans	61,801,142	12.39
<b>Total</b>	<b>498,952,704</b>	<b>100</b>



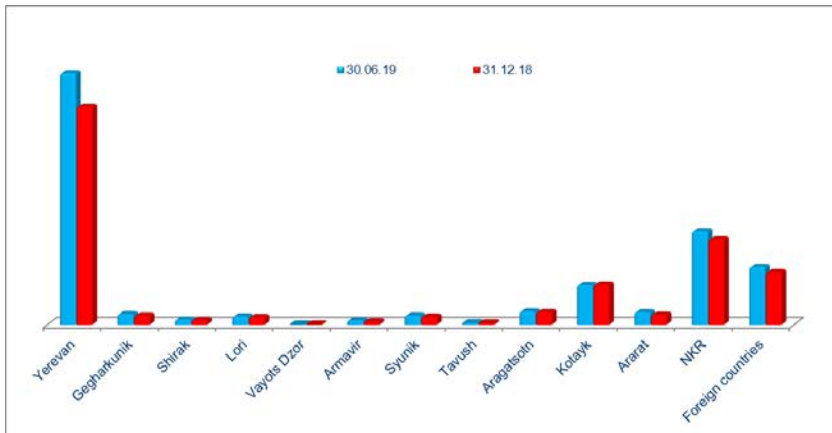
**Analysis of the loan portfolio as regards customers' residency**

<b>Analysis of the loan portfolio as regards customers' residency</b>	<b>Reporting period</b>	<b>Percentage</b>	<b>Previous period</b>	<b>Percentage</b>
RA residents	434,674,411	88.69	387,399,749	88.42
Non-residents	55,456,787	11.31	50,749,266	11.58



<b>Total</b>	<b>490,131,198</b>	<b>100</b>	<b>438,149,015</b>	<b>100</b>
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Region (Marz)	30.06.19		31.12.18	
	Quantity	Amount	Quantity	Amount
Yerevan	16131	241,340,547	14857	209,129,313
Gegharkunik	9253	10,478,480	8114	9,021,321
Shirak	7229	5,095,020	6338	4,715,273
Lori	3169	8,216,630	2858	7,595,147
Vayots Dzor	207	372,681	197	382,571
Armavir	2048	4,286,903	1804	3,232,881
Syunik	2526	9,111,296	2197	8,003,761
Tavush	861	2,118,123	805	2,011,073
Aragatsotn	5663	13,026,979	5524	12,407,306
Kotayk	4056	38,423,153	3706	38,767,630
Ararat	5514	12,255,304	5236	9,914,525
NKR	6174	89,949,295	5726	82,218,948
Foreign countries	58	55,456,787	53	50,749,266
<b>Total</b>	<b>62,889</b>	<b>490,131,198</b>	<b>57,415</b>	<b>438,149,015</b>



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

State securities	Reporting period	Previous period
<b>State obligations</b>	5,238,691	10,684,163
Treasury obligations	5,238,691	10,684,163
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>5,238,691</b>	<b>10,684,163</b>
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<b>Non-state securities of RA</b>	<i>Reporting period</i>	<i>Previous period</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	1,861,268	1,872,284
Short term debt instruments		
Deposit certificates		
Equity instruments		
Other		
<b>Total non government securities of RA</b>	<b>1,861,268</b>	<b>1,872,284</b>

<b>Non-state securities of other countries</b>	<i>Reporting period</i>	<i>Previous period</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		
<b>Total non government securities of other countries</b>	<b>0</b>	<b>0</b>

<b>Total financial assets at fair value through other comprehensive</b>	<b>7,099,959</b>	<b>12,556,447</b>
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<b>Other financial assets at fair value through other comprehensive income</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>Total financial assets at fair value through other comprehensive income</b>	<b>7,099,959</b>	<b>12,556,447</b>

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	17472	0.00005
<b>Total</b>				<b>49,460</b>	<b>6</b>
<b>Impairment of investments in other companies share capital (reserve for possible losses) (Note 7)</b>				<b>-420</b>	
<b>Total</b>				<b>49,040</b>	

**Previous 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	17673	0.00005
<b>Total</b>				<b>49,661</b>	<b>6</b>
<b>Impairment of investments in other companies share capital (reserve for possible losses) (Note 7)</b>				<b>-421</b>	
<b>Total</b>				<b>49,240</b>	

	<b>Reporting period</b>	<b>Previous period</b>
<b>Total financial assets at fair value through other comprehensive income and investments in other companies' share capital</b>	<b>7,148,999</b>	<b>12,605,687</b>

**Note 18. Other financial assets at amortized value**

<b>Government securities</b>	<b>Reporting period</b>	<b>Previous period</b>
<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 other financial assets at amortized value (reserve for possible losses) (Note 7)				
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Net investments in other financial assets at amortized value	0		0	0
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Note 20. Property, Plant, Equipment and Intangible Assets

Property, plant and equipment

Title	Buildings	Computer & communication means	Vehicles	Other PPE	Capital investments as regards PPE	Operating lease PPE*	Capital investments as regards leased PPE	Total
<b>Initial cost</b>								
<b>Balance at the beginning of the previous period</b>	<b>8,141,436</b>	<b>3,844,020</b>	<b>217,019</b>	<b>2,222,276</b>	-		<b>301,036</b>	<b>14,725,787</b>
Increase	2,415,676	298,820	73,791	1,080,133	-		30,907	3,899,327
Disposal		346	-					346
Write-off		118,224	47,224	47,993				213,441
Revaluation								
Depreciation adjustment from revaluation								-
<b>Balance at the end of the previous period</b>	<b>10,557,112</b>	<b>4,024,270</b>	<b>243,586</b>	<b>3,254,416</b>	-		<b>331,943</b>	<b>18,411,327</b>
Increase	-	74,138	75,114	129,246	8,379	838,500	30,356	1,155,733
Disposal	209,035	-	21,602	100				230,737
Revaluation*								-
Write-off								-
Depreciation adjustment from revaluation								-
<b>Balance at the end of the reporting period</b>	<b>10,348,077</b>	<b>4,098,408</b>	<b>297,098</b>	<b>3,383,562</b>	<b>8,379</b>	<b>838,500</b>	<b>362,299</b>	<b>19,336,323</b>
<b>Accumulated depreciation</b>								
<b>Balance at the beginning of the previous period</b>	<b>1,170,425</b>	<b>2,739,564</b>	<b>126,421</b>	<b>1,515,141</b>	-		<b>35,840</b>	<b>5,587,391</b>
Increase	313,681	152,959	(2,883)	51,635			9,529	524,921
Disposal		168						168
Depreciation adjustment from revaluation								-
Write-off		16,947						16,947
<b>Balance at the end of the previous period</b>	<b>1,484,106</b>	<b>2,875,408</b>	<b>123,538</b>	<b>1,566,776</b>	-		<b>45,369</b>	<b>6,095,197</b>
Increase	189,324	115,364	15,457	46,709			5,296	372,150
Disposal		-	19,327	102				19,429
Depreciation adjustment from revaluation								-
Write-off								-
<b>Balance at the end of the reporting period</b>	<b>1,673,430</b>	<b>2,990,772</b>	<b>119,668</b>	<b>1,613,383</b>	-	-	<b>50,665</b>	<b>6,447,918</b>
<b>Net carrying amount</b>								
<b>End of reporting period</b>	<b>8,674,647</b>	<b>1,107,636</b>	<b>177,430</b>	<b>1,770,179</b>	<b>8,379</b>	<b>838,500</b>	<b>311,634</b>	<b>12,888,405</b>
<b>End of previous period</b>	<b>9,073,006</b>	<b>1,148,862</b>	<b>120,048</b>	<b>1,687,640</b>	-		<b>286,574</b>	<b>12,316,130</b>

\* Operating lease as regards PPE is reported according to IFRS 16.

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>269,024</b>	<b>2,770,173</b>	-	<b>135,806</b>	<b>4,847</b>	<b>3,179,850</b>
Increase	-	172,514		-	-	172,514
Disposal						-
Impairment						-
Revaluation						-
Written off		95,794				95,794

<b>Balance at the end of previous period</b>	<b>269,024</b>	<b>2,846,893</b>	<b>-</b>	<b>135,806</b>	<b>4,847</b>	<b>3,256,570</b>
Increase	-	12,759		4,613	-	17,372
Disposal		-				-
Revaluation*						-
Impairment						-
Written off		4,903				4,903
<b>Balance at the end of the reporting period</b>	<b>269,024</b>	<b>2,854,749</b>	<b>-</b>	<b>140,419</b>	<b>4,847</b>	<b>3,269,039</b>
<b>Accumulated amortization</b>						
<b>Balance at the end of previous period</b>	<b>41,832</b>	<b>426,289</b>	<b>-</b>	<b>9,130</b>	<b>-</b>	<b>477,251</b>
Increase	57,189	298,492		16,577		372,258
Disposal						-
Impairment		95,444				95,444
Revaluation						-
<b>Balance at the end of previous period</b>	<b>99,021</b>	<b>629,337</b>		<b>25,707</b>	<b>-</b>	<b>754,065</b>
Increase	9,543	159,340		8,303		177,186
Disposal		-				-
Depreciation adjustment from revaluation		4,903				4,903
Revaluation		-				-
<b>Balance at the end of the reporting period</b>	<b>108,564</b>	<b>783,774</b>		<b>34,010</b>	<b>-</b>	<b>926,348</b>
<b>Net carrying amount</b>						
<b>End of reporting period</b>	<b>160,460</b>	<b>2,070,975</b>	<b>-</b>	<b>106,409</b>	<b>4,847</b>	<b>2,342,691</b>
<b>End of previous period</b>	<b>170,003</b>	<b>2,217,556</b>	<b>-</b>	<b>110,099</b>	<b>4,847</b>	<b>2,502,505</b>

**Note 21. Deferred tax assets**

Deferred tax assets movement	Reporting period	Previous period
<b>Balance at the beginning of the period</b>		0
Increase		
Decrease		0
<b>Balance at the end of the period</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	2,539,959	1,639,221
<b>Total</b>	<b>2,539,959</b>	<b>1,639,221</b>
Reserve for possible losses as regards bank transactions (Note 7)	-30,273	-16,392
<b>Net amounts receivable from bank transactions</b>	<b>2,509,686</b>	<b>1,622,829</b>

Accounts receivable and prepayments	Reporting period	Previous period
Receivables as regards budget	24	28
Receivables as regards suppliers		
Advance payments to the employees	11,892	0
Advance payments to the suppliers	910,554	1,024,632
Advance payments and overpayments as regards budget and mandator	392,707	0
Other receivables and prepayments	6,507,108	6,613,856
<b>Total</b>	<b>7,822,285</b>	<b>7,638,516</b>
Reserve for possible losses as regards other assets (Note 7)	-452,846	-462,063
<b>Total</b>	<b>7,369,439</b>	<b>7,176,453</b>
Other assets		

Warehouse	298,494	318,529
Seized collateral	3,500,376	3,566,477
Future period expenses	32,192	17,583
Other assets	537,439	153,167
Reserve for possible losses as regards other assets (Note 7)	-5,692	-1,703
<b>Total</b>	<b>4,362,809</b>	<b>4,054,053</b>
<b>Total other assets</b>	<b>14,241,934</b>	<b>12,853,335</b>

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

Current accounts	Reporting period	Previous period
RA Banks	171,155	65,463
Banks with BBB-(Baa3) and higher rating	0	0
Banks with rating below BBB-(Baa3) and no rating	30,066	182
Accrued interest		
<b>Total</b>	<b>201,221</b>	<b>65,645</b>
<b>Interbank loans, deposits and other demands</b>		
<b>RA Central Bank</b>		
Loans*	18,713,920	18,745,465
Repo (repurchase) agreements	39,999,995	30,999,986
Swap		
Other		
<b>RA Banks</b>		
Loans and deposits	0	0
Financial leasing		
Repo (repurchase) agreements	0	0
Swap	0	0
Other	0	1,511,699
<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	6,679,530	7,739,985
Financial leasing		
Repo (repurchase) agreements		
Swap	50	0
Other	4,591,045	414
Accrued interest	355,274	397,939
<b>Total</b>	<b>70,339,814</b>	<b>59,395,488</b>
<b>Financial institutions</b>		
Current accounts	2,334,089	3,670,404
Loans and deposits	22,874,296	24,471,344
Repo (repurchase) agreements		
Swap		
Other	1,703	2,822
<b>Accrued interest</b>	<b>183,915</b>	<b>566,391</b>
<b>Total</b>	<b>25,394,003</b>	<b>28,710,961</b>
<b>Total amounts due to banks and other fin. institutions</b>	<b>95,935,038</b>	<b>88,172,094</b>

As of 30.06.2019, loans received from the Central Bank of Armenia also include loan amounts attracted under international loan programs totaling AMD 18.713.920 thous. And accrued interest amounts AMD 321.743 thous.

**Note 24. Amounts due to customers**

Amounts due to RA government and local self-managed authorities	Reporting period	Previous period
Current accounts	132,625	220,497
Time deposits		
Loans	312,287	362,052
Repo (repurchase) agreements		
Swap		
Other	53,477	53,837
Accrued interest	921	1,205
<b>Total</b>	<b>499,310</b>	<b>637,591</b>
<b>Legal entities and institutions of RA (residents)</b>		
Current accounts	48,006,863	64,991,642
Time deposits	42,117,797	32,161,984
Repo (repurchase) agreements	0	0
Swap	0	8,940
Other	6,472,743	4,673,346
Accrued interest	473,046	345,497
<b>Total</b>	<b>97,070,449</b>	<b>102,181,409</b>
<b>Legal entities and institutions (non-residents)</b>		
Current accounts	117,126,483	61,788,635
Time deposits	933,783	927,312
Repo (repurchase) agreements		
Swap		
Other	4,844,579	250,804
Accrued interest	5,060	2,138
<b>Total</b>	<b>122,909,905</b>	<b>62,968,889</b>
<b>Sole entrepreneurs of RA (residents)</b>		
Current accounts	300,608	416,186
Time deposits		
Repo (repurchase) agreements		
Swap		
Other		
Accrued interest		
<b>Total</b>	<b>300,608</b>	<b>416,186</b>
<b>Sole entrepreneurs (non-residents)</b>		
Current accounts	56	127
Time deposits		
Repo (repurchase) agreements		
Swap		
Other		
Accrued interest		
<b>Total</b>	<b>56</b>	<b>127</b>
<b>Individuals (residents)</b>		
Current accounts	24,912,400	22,525,210
Time deposits	257,566,817	253,823,373
Repo (repurchase) agreements		
Swap		
Other	138,274	163,044
Accrued interest	5,377,807	3,960,720
<b>Total</b>	<b>287,995,298</b>	<b>280,472,347</b>



<b>Individuals (non-residents)</b>		
Current accounts	16,130,709	15,726,826
Time deposits	11,376,041	11,362,067
Repo (repurchase) agreements		
Swap		
Other	0	0
Accrued interest	248,518	141,888
<b>Total</b>	<b>27,755,268</b>	<b>27,230,781</b>
<b>Total liabilities to customers</b>	<b>536,530,894</b>	<b>473,907,330</b>

The amount of the security of liabilities totaled: as at 30.06.2019 - AMD 22.861.476 thous., as at 31.12.2018 - AMD 29.974.151 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 312.287 thous., accrued interest AMD 921 thous.

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

	<b>Reporting period</b>	<b>Previous period</b>
Legal entities residents	97	92
Legal entitie non- residents	5	3
Individuals residents	23,762	22,264
Individuals non-residents	361	319
<b>Total</b>	<b>24,225</b>	<b>22,678</b>

**Note 25. Securities issued by Bank**

<b>Securities issued by Bank</b>	<b>Reporting period</b>	<b>Previous period</b>
Fixed-Income securities	10,714,005	11,462,171
<b>Total</b>	<b>10,714,005</b>	<b>11,462,171</b>

**Note 26. Liabilities at fair value through profit or loss**

<b>Liability held for trading</b>	<b>Reporting period</b>	<b>Previous period</b>
Derivative instruments held for trading purposes		
Futures		
Forward		
Option		
Swap		
Other		
Hedging derivative instruments		
Other	35,904,451	23,252,698
<b>Total</b>	<b>35,904,451</b>	<b>23,252,698</b>

**Note 27. Amounts payable**

<b>Amounts payable</b>	<b>Reporting period</b>	<b>Previous period</b>
Dividends		
Trust management agreements		
Deposits insurance	292,591	179,934
Other		
<b>Total</b>	<b>292,591</b>	<b>179,934</b>

**Note 28. Deferred tax liabilities**

Deferred tax liabilities movements	Reporting period	Previous period
Balance at the beginning of the period	749,180	627,829
Increase		121,351
Decrease		
<b>Balance at the end of the period</b>	<b>749,180</b>	<b>749,180</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	772,680	419,282
VAT	10,184	14,731
other taxes and dues	287,370	368,338
social insurance payments	0	0
Liabilities to employees as regards salary	387,853	339,657
Payables as regards suppliers	939,147	138,008
Payables as regards completion of chartered capital		
Other liabilities	2,103	850
<b>Balance at the end of period</b>	<b>2,399,337</b>	<b>1,280,866</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	29,805,832	95	Individual
Arsen Mikayelyan	1,568,728	5	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	469,997	2,189,352
Fixed assets revaluation reserve	471,422	471,422
Other reserves		
<b>Total revaluation reserves</b>	<b>941,419</b>	<b>2,660,774</b>

**Other components of equity**

**Reserves**

Other reserves	Reporting period	Previous period
Main reserve		
Opening balance	755,177	691,167
Increase	42,626	64,010
Decrease		
<b>Closing balance</b>	<b>797,803</b>	<b>755,177</b>

**Note 33. Retained earnings**

Retained profit	Reporting period	Previous period
Opening balance	8,156,593	4,888,082
Increase	2,218,198	3,332,520
Decrease	42,626	64,010
<b>Closing balance</b>	<b>10,332,165</b>	<b>8,156,593</b>

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

Reserves		Reporting period	Previous period
Opening balance		939,778	676,042
Allocations to the reserve	<b>Note 7</b>	598,503	449,190
Use of reserve		(568,735)	(185,454)
Net allocations to the reserve		29,768	263,736
<b>Closing balance</b>		<b>969,546</b>	<b>939,778</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	40,861,116	32,183,176
Guarantees provided	50,700,402	54,825,209
Letters of credit issued	-	-
Reserve as regards the mentioned items (Note 7)	(969,546)	(939,778)
<b>Closing balance</b>	<b>90,591,972</b>	<b>86,068,607</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  
 Yerevan - Davtashen Branch  
 Yerevan - Noragavit Branch  
 Yerevan - Kapan Branch  
 Yerevan - Ajapnyak Branch  
 Yerevan - Masiv 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		259,397
1-5 years		833,267
5-10 years		748,462
<b>Total</b>		<b>1,841,126</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 at amortized value	Reporting period	Previous period
	01.01.19-30.06.19	01.01.18-31.12.18
Balance as of 01 January	23,173,647	6,266,753
Loans and advances provided during the year	5,159,652	27,387,913
Loans and advances repaid during the year	5,244,192	10,481,019
<b>Balance</b>	<b>23,089,107</b>	<b>23,173,647</b>
Interest income	1,068,406	1,344,235

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

Amounts due to customers	Reporting period	Previous period
	01.01.19-30.06.19	01.01.18-31.12.18
Balance as of 01 January	16,296,608	14,852,072
Amounts received during the year	101,074,312	177,796,728
Amounts paid during the year	94,761,187	176,352,192
<b>Balance</b>	<b>22,609,733</b>	<b>16,296,608</b>
Interest expense	849,392	1,570,978

Salary and equivalent payments to the Bank's management	Reporting period	Previous period
	01.01.19-30.06.19	01.01.18-31.12.18
The Board		
Salary	90,978	96,816
bonus		
Executive body		
Salary	180,882	225,497
bonus	289,150	17,451
Internal audit		
Salary	30,011	55,987
bonus	50	4,750
<b>Total</b>	<b>591,071</b>	<b>400,501</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 normatives restricting credit risk (maximum risk as regards an industry branch, maximum overall loan risk, maximum risk per individual loan types as regards loan portfolio quality, maximum risk as regards a borrower, maximum risk as regards the major borrowers, maximum risk as regards a person related to the Bank, maximum risk as regards all persons related to the Bank, etc.) are established by the corresponding internal legal acts approved by the Bank Board (these normatives are more severe than the corresponding normatives established by the RA Central Bank).

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

### 2. Geographical concentrations

31.12.2018

Title	RA	OECD* Countries	Non OECD Countries	Total
<b>Assets</b>				

Cash and balances with CBA	116,481,681			116,481,681
Amounts due from banks and other financial institutions	2,094,013	7,607,205	14,874,411	24,575,629
Financial instruments held for trading	23,252,698			23,252,698
Loans and advances to customers at amortized value	387,399,749	1,602,877	49,146,389	438,149,015
Securities available for sale	12,588,014	17,673		12,605,687
Securities held to maturity				-
Other assets	11,599,300	8,690	1,245,345	12,853,335
<b>Total assets</b>	<b>553,415,455</b>	<b>9,236,445</b>	<b>65,266,145</b>	<b>627,918,045</b>
<b>Liabilities</b>			0	
Amounts due to banks and other financial institutions	78,496,472		9,675,622	88,172,094
Amounts due to customers	383,707,533	5,986,692	84,213,105	473,907,330
Financial liability held for trading	23,252,698			23,252,698
Other liabilities	1,264,526	16,337	1	1,280,864
<b>Total liabilities</b>	<b>486,721,229</b>	<b>6,003,029</b>	<b>93,888,728</b>	<b>586,612,986</b>
<b>Net position</b>	<b>66,694,226</b>	<b>3,233,416</b>	<b>(28,622,583)</b>	<b>41,305,059</b>

30.06.2019

Title	RA	OECD* Countries	Non OECD Countries	Total
<b>Assets</b>				
Cash and balances with CBA	75,152,619			75,152,619
Amounts due from banks and other financial institutions	28,936,774	31,244,608	28,842,775	89,024,157
Financial instruments held for trading	35,904,451			35,904,451
Loans and advances to customers at amortized value	434,674,411	1,338,805	54,117,982	490,131,198
Securities available for sale	7,131,527	17,472		7,148,999
Securities held to maturity				-
Other assets	12,959,366	4,278	1,278,290	14,241,934
<b>Total assets</b>	<b>594,759,148</b>	<b>32,605,163</b>	<b>84,239,047</b>	<b>711,603,358</b>
<b>Liabilities</b>				
Amounts due to banks and other financial institutions	84,311,117		11,623,921	95,935,038
Amounts due to customers	385,865,663	13,989,497	136,675,734	536,530,894
Financial liability held for trading	35,904,451			35,904,451
Other liabilities	2,388,840	10,497		2,399,337
<b>Total liabilities</b>	<b>508,470,071</b>	<b>13,999,994</b>	<b>148,299,655</b>	<b>670,769,720</b>
<b>Net position</b>	<b>86,289,077</b>	<b>18,605,169</b>	<b>(64,060,608)</b>	<b>40,833,638</b>

OECD \* - Organization for Economic Cooperation and Development

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

31.12.18

Assets	Working assets		Non-working assets		
	Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
	428,882,043	4,968,258	2,213,710	2,085,004	
<b>Loans and advances, including</b>	<b>55,557</b>	<b>1,264</b>	<b>309</b>	<b>285</b>	
1. Agriculture , forestry and fishing	amount 8,876,335	619,401	6,341	195,109	
	number 574	8	4	8	
2. Mining and quarrying	amount 16,892,919			69,495	
	number 23			1	
3. Processing industry	amount 35,495,347	13,493	64,911	172,987	
	number 76	1	1	3	
4. Electricity, gas , steam and air conditioning supply	amount 27,078,609				
	number 33				
5. Water supply, sewerage, waste management and recycling	amount 11,579				
	number 5				
6. Construction	amount 45,079,886	164,582		619,498	
	number 177	2		3	
7. Trade	amount 116,149,541	1,338,540	1,084,231	27,071	
	number 312	9	7	3	
8. Transportation and warehouse business	amount 8,879,771	91,192			
	number 27	1			
9. Accommodation and catering	amount 26,202,260	1,071,651	63,110		
	number 51	1	2		
10. Information and communication	amount 4,988,295				
	number 13				
11. Real property buisness	amount 33,820				
	number 9				
12. Professional, scientific and technical activities	amount 11,682,777				
	number 16				
13. Education	amount 5,415,296				
	number 435				
14. Healthcare	amount 949,082				
	number 18				

15. Arts, entertainment, recreation	amount	373,782			
	number	10			
16. Other branches of economy	amount	62,839,613	4,638		
	number	57	2		
17. Mortgage loans	amount	11,424,354	103,736	60,146	18,294
	number	1,839	31	12	12
18. Consumer and other loans	amount	46,508,777	1,561,025	934,971	982,550
	number	51,882	1,209	283	255
Receivables	amount	<b>9,814,719</b>	<b>5,693</b>	<b>16,946</b>	<b>2,108</b>
	number	<b>10,577</b>	<b>559</b>	<b>513</b>	<b>405</b>
Investment securities	amount	<b>49,240</b>			
	number	<b>3</b>			
Off-balance sheet items	amount	<b>86,058,187</b>	<b>4,246</b>	<b>5,230</b>	<b>944</b>
	number	<b>8,984</b>	<b>45</b>	<b>10</b>	<b>12</b>
including guarantees	amount	54,254,129	1,600	529	
	number	419	1	1	
letters of credit	amount				
	number				

30.06.2019

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>478,423,069</b>	<b>5,927,713</b>	<b>4,225,670</b>	<b>1,554,746</b>	
	<b>60,589</b>	<b>1,638</b>	<b>425</b>	<b>237</b>	
1. Agriculture , forestry and fishing	amount	10,127,463	201,682	401,476	197,491
	number	616	16	2	5
2. Mining and quarrying	amount	19,382,170	86,672		
	number	28	2		
3. Processing industry	amount	38,472,386			7,895
	number	90			1
4. Electricity, gas , steam and air conditioning supply	amount	16,903,868			
	number	34			
5. Water supply, sewerage, waste management and recycling	amount	10,663	1,249		
	number	5	1		
6. Construction	amount	53,110,684	368,396	62,801	623,339
	number	205	6	3	4
7. Trade	amount	127,679,255	327,985	2,205,655	3,557
	number	386	8	11	2
8. Transportation and warehouse business	amount	8,291,131	91,192		



	number	39	1		
9. Accommodation and catering	amount	34,716,517	2,071,853	243,623	
	number	62	2	1	
10. Information and communication	amount	9,831,354			
	number	16			
11. Real property business	amount	32,470	6,863		
	number	9	1		
12. Professional, scientific and technical activities	amount	20,651,834	213,037		
	number	20	1		
13. Education	amount	5,735,534	715	49	
	number	431	3	1	
14. Healthcare	amount	883,264			
	number	22			
15. Arts, entertainment, recreation	amount	224,475			
	number	12			
16. Other branches of economy	amount	65,435,918	645	5,050	
	number	72	1	2	
17. Mortgage loans	amount	11,774,973	212,377	58,698	28,979
	number	1,776	47	20	11
18. Consumer and other loans	amount	55,159,110	2,345,047	1,248,318	693,485
	number	56,766	1,549	385	214
Receivables	amount	<b>5,878,520</b>	<b>7,439</b>	<b>7,856</b>	<b>1,886</b>
	number	<b>11,061</b>	<b>525</b>	<b>404</b>	<b>452</b>
Investment securities	amount	<b>49,040</b>			
	number	<b>3</b>			
Off-balance sheet items	amount	<b>90,557,473</b>	<b>19,540</b>	<b>14,822</b>	<b>136</b>
	number	<b>7,592</b>	<b>37</b>	<b>16</b>	<b>1</b>
including guarantees	amount	50,172,552			
	number	421			
letters of credit	amount				
	number				

Analysis of credit portfolio according to regions and risk exposure

30.06.19

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	423,182,710	5,924,303	4,018,110	1,549,288	
2. Non-residents	55,240,358	3,410	207,561	5,458	
<b>Total</b>	<b>478,423,068</b>	<b>5,927,713</b>	<b>4,225,671</b>	<b>1,554,746</b>	

Loans to non-residents 30.06.19

Assets	Working assets		Non-working assets		
	Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
Loans and advances, including	55,240,358	3,410	207,561	5,458	
	53	1	2	2	

1. Agriculture , forestry and fishing	amount	8,419			
	number	3			
2. Mining and quarrying	amount	2,980			
	number	1			
3. Processing industry	amount	5,901			
	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			3,841	
	number			1	
7. Trade	amount	54,901,341		193,742	
	number	16		1	
8. Transportation and warehouse business	amount				
	number				
9. Accommodation and catering	amount				
	number				
10. Information and communication	amount				
	number				
11. Real property business	amount				
	number				
12. Professional, scientific and technical activities	amount				
	number				
13. Education	amount				
	number				
14. Healthcare	amount				
	number				
15. Arts, entertainment, recreation	amount	2,061			
	number	1			
16. Other branches of economy	amount				
	number				
17. Mortgage loans	amount	763			
	number	1			
18. Consumer and other loans	amount	318,893	3,410	13,819	1,617
	number	29	1	1	1

31.12.2018

Assets	Working assets		Non-working assets		
	Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
Loans, including					
1. Residents of RA	378,343,999	4,942,899	2,027,847	2,085,004	
2. Non-residents	50,538,044	25,359	185,863		
<b>Total</b>	<b>428,882,043</b>	<b>4,968,258</b>	<b>2,213,710</b>	<b>2,085,004</b>	

Loans to non-residents 31.12.2018

Assets	Working assets		Non-working assets		
	Standard/Non-risky	Controlled/Risky	Non-standard/ Medium risky	Doubtful/ Highly risky	Bad
Loans and advances, including	50,538,044	25,359	185,863	-	-
	48	4	1	-	-
1. Agriculture , forestry and fishing	amount				
	number				

2. Mining and quarrying	amount				
	number				
3. Processing industry	amount	6,937			
	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		8,567		
	number		1		
7. Trade	amount	50,247,258		185,863	
	number	15		1	
8. Transportation and warehouse business	amount				
	number				
9. Accommodation and catering	amount				
	number				
10. Information and communication	amount				
	number				
11. Real property business	amount				
	number				
12. Professional, scientific and technical activities	amount				
	number				
13. Education	amount				
	number				
14. Healthcare	amount				
	number				
15. Arts, entertainment, recreation	amount	2,712			
	number	1			
16. Other branches of economy	amount				
	number				
17. Mortgage loans	amount	1,034			
	number	1			
18. Consumer and other loans	amount	280,103	16,792		
	number	29	3		

#### Loan portfolio indicators as of 30.06.2019

Non-performing loans/ total loans 3.22%

Reserve for non-performing loans/total capital 8.87%

Loan reserve /total loans 1.79 %

Possible loss reserve/Non-performing loans 55.71%

Large amount advances/capital 496.57%:

#### 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

31.12.2018

	Drams	I group foreign currency*	II group foreign currency**	Total
<b>Assets</b>				
Cash and balances with CBA	58,474,285	57,674,413	332,983	116,481,681
Standardized precious metal bullions		154,475		154,475
Amounts due from banks and other financial institutions	1,084,124	12,420,740	11,070,765	24,575,629
Financial instruments kept for trading	23,252,698			23,252,698
Loans and advances to customers at amortized value	211,389,888	224,077,182	2,681,945	438,149,015
Financial assets at fair value through other comprehensive income	11,865,127	740,560		12,605,687
Financial assets held to maturity				-
Other	7,636,024	5,209,350	7,961	12,853,335
<b>Total assets</b>	<b>313,702,146</b>	<b>300,276,720</b>	<b>14,093,654</b>	<b>628,072,520</b>
<b>Liabilities</b>				
Amounts due to banks and other financial institutions	74,133,402	11,167,186	2,871,506	88,172,094
Amounts due to customers	186,649,375	276,035,991	11,221,964	473,907,330
Securities issued by the bank	102,724	11,359,447		11,462,171
Liabilities at fair value through profit or loss	23,252,698			23,252,698
Other liabilities	1,242,565	38,299		1,280,864
<b>Total liabilities</b>	<b>285,380,764</b>	<b>298,600,923</b>	<b>14,093,470</b>	<b>598,075,157</b>
<b>Net position</b>	<b>28,321,382</b>	<b>1,675,797</b>	<b>184</b>	<b>29,997,363</b>

30.06.2019

	Drams	I group foreign currency*	II group foreign currency**	Total
<b>Assets</b>				
Cash and balances with CBA	58,954,555	15,709,626	488,438	75,152,619
Standardized precious metal bullions		106,535		106,535
Amounts due from banks and other financial institutions	13,643,295	67,050,004	8,330,858	89,024,157
Financial instruments kept for trading	35,904,451			35,904,451
Loans and advances to customers at amortized value	230,370,481	255,717,367	4,043,350	490,131,198
Financial assets at fair value through other comprehensive income	6,418,892	730,107		7,148,999
Financial assets held to maturity				-
Other	8,235,398	5,006,198	1,000,338	14,241,934
<b>Total assets</b>	<b>353,527,072</b>	<b>344,319,837</b>	<b>13,862,984</b>	<b>711,709,893</b>
<b>Liabilities</b>				
Amounts due to banks and other financial institutions	81,868,514	13,485,779	580,745	95,935,038
Amounts due to customers	207,081,101	316,171,616	13,278,177	536,530,894
Securities issued by the bank		10,714,005		10,714,005
Liabilities at fair value through profit or loss	35,904,451			35,904,451
Other liabilities	2,372,298	27,039		2,399,337
<b>Total liabilities</b>	<b>327,226,364</b>	<b>340,398,439</b>	<b>13,858,922</b>	<b>681,483,725</b>
<b>Net position</b>	<b>26,300,708</b>	<b>3,921,398</b>	<b>4,062</b>	<b>30,226,168</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		4,233,810	
- demands		4,233,435	
Other derivative instruments			
- liabilities			
- demands			
<b>Net position according to the derivative financial instruments</b>		<b>(375)</b>	
<b>Net open position*</b>		<b>(375)</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		6.5-7		6.75
including				
- interbank loans				
- interbank repo				
- interbank swap				
Loans and advances to customers at amortized value	2-24	7.25-13	6-24	7-16
Securities held for trading and available for sale	9-13		9-13	
Securities held to maturity				
<b>Liabilities</b>				
Amounts due to banks and other financial institutions	5.5-9	4-8.3	2-10.5	4-6.5
Amounts due to customers	0.01-10.5	0.01-5.5	0.01-10.5	0.01-5.5
Liabilities as regards securities issued by the Bank		7.5-8.0	14.00	7.0-8.5

#### Liquidity risk

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

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

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

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

31.12.18

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			116,271,681						210,000	116,481,681
Amounts due from banks and other fin. institutions			11,391,744	11,343,056	198,000	158,676	869,443		614,710	24,575,629
Loans provided to customers	4,298,717	4,968,257		109,064,409	53,677,556	56,040,026	165,212,564	44,887,486		438,149,015
Financial assets	-	-	-	14,835,659	8,541,159	99,451	4,080,323	8,252,553	49,240	35,858,385
held for trade				14,835,659	8,417,039					23,252,698
available for sale						124,120				12,605,687
held up to maturity							99,451	4,080,323	49,240	
Realized under repo agreements										-
Other assets	28,116	4,298	7,958,523	935,804	48,243	79,432	182,781		3,616,138	12,853,335
*Contractual demands										-
<b>Total</b>	<b>4,326,833</b>	<b>4,972,555</b>	<b>135,621,948</b>	<b>136,178,928</b>	<b>62,464,958</b>	<b>56,377,585</b>	<b>170,345,111</b>	<b>53,140,039</b>	<b>4,490,088</b>	<b>627,918,045</b>
1-st group currency	4,204,891	4,550,596	74,050,681	66,015,652	26,199,915	23,241,916	101,413,060		600,009	300,276,720
2-nd group currency			1,314,495	11,992,842	48,924		313,650		20,910	14,093,654
Variable interest rate										-
Fixed interest rate	4,298,717	4,968,257	7,948,208	120,407,465	53,999,676	56,298,153	170,162,330	53,140,039	614,710	471,837,555
Interest free	28,116	4,298	127,673,740	15,771,463	8,465,282	79,432	182,781	-	3,875,378	156,080,490
<b>Liabilities</b>										
Amounts due to banks and other fin. institutions			5,250,505	48,126,679	7,902,601	2,235,014	8,387,744	16,269,551		88,172,094
Amounts due to customers	-	-	169,877,550	56,289,596	45,147,618	78,258,005	122,571,373	1,763,188	-	473,907,330
upon demand			169,877,550							169,877,550
time liability				56,289,596	45,147,618	78,258,005	122,571,373	1,763,188		304,029,780
Other										-
Liabilities for securities issued by the banks				674,546			10,787,625			11,462,171
Other liabilities			1,142,856	138,008						1,280,864
Off –balance contingent liabilities	6,174	4,246	31,804,055	6,300,147	20,708,140	9,445,147	17,800,698			86,068,607
*Contractual liabilities										-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>176,270,911</b>	<b>105,228,829</b>	<b>53,050,219</b>	<b>80,493,019</b>	<b>141,746,742</b>	<b>18,032,739</b>	<b>-</b>	<b>574,822,459</b>
1-st group currency			114,771,875	34,324,577	18,547,323	36,910,968	94,046,180			298,600,923
2-nd group currency			10,296,757	1,955,417	270,797	511,562	1,058,937			14,093,470
Large amount liability				31,166,484	325,205	20,360	18,587,234			50,099,283
Variable rate liability										-
Fixed rate liability			170,484,702	89,682,740	42,993,155	79,690,002	141,746,742	18,032,739		542,630,080
Interest free			5,786,209	15,546,089	10,057,064	803,017				32,192,379
<b>Net liquidity gap</b>	<b>4,326,833</b>	<b>4,972,555</b>	<b>(40,648,963)</b>	<b>30,950,099</b>	<b>9,414,739</b>	<b>(24,115,434)</b>	<b>28,598,369</b>	<b>35,107,300</b>	<b>4,490,088</b>	<b>53,095,586</b>
1-st group currency	4,204,891	4,550,596	(40,721,194)	31,691,075	7,652,592	(13,669,052)	7,366,880	-	600,009	1,675,797
2-nd group currency	-	-	(8,982,262)	10,037,425	(221,873)	(108,729)	(745,287)	-	20,910	184
Variable interest rate	-	-	-	-	-	-	-	-	-	-
Fixed rate	4,298,717	4,968,257	(162,536,494)	30,724,725	11,006,521	(23,391,849)	28,415,588	35,107,300	614,710	(70,792,425)
Cumulative liquidity gap	4,326,833	9,299,388	(31,349,575)	(399,476)	9,015,263	(15,100,171)	13,498,198	48,605,498	53,095,586	574,822,459

30.06.2019

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			75,042,619						110,000	75,152,619	
Amounts due from banks and other fin. institutions			47,638,754	34,305,458	2,688,791	237,600	3,542,542		611,012	89,024,157	
Loans provided to customers	5,320,821	6,387,309		131,744,138	63,236,059	66,845,154	159,464,321	57,133,396		490,131,198	
Financial assets held for trade				24,315,228	9,486,993	2,608,734	3,555,678	3,037,777	49,040	43,053,450	
available for sale				24,315,228	9,486,993		2,102,230			35,904,451	
held up to maturity							506,504	3,555,678	3,037,777	49,040	7,148,999
Realized under repo agreements										-	
Other assets	12,106	3,979	6,694,460	3,713,188	122,418	2,520	192,887		3,500,376	14,241,934	
*Contractual demands										-	
<b>Total</b>	<b>5,332,927</b>	<b>6,391,288</b>	<b>129,375,833</b>	<b>194,078,012</b>	<b>75,534,261</b>	<b>69,694,008</b>	<b>166,755,428</b>	<b>60,171,173</b>	<b>4,270,428</b>	<b>711,603,258</b>	
1-st group currency	5,103,602	3,930,526	67,842,425	96,187,586	35,978,372	29,471,910	105,210,942		594,474	344,319,837	
2-nd group currency			3,062,851	8,626,668	1,810,105	208,175	132,475		22,710	13,862,984	
Variable interest rate										-	
Fixed interest rate	5,320,821	6,387,309	26,311,529	162,625,759	65,924,850	67,589,258	165,846,876	60,171,173	611,012	560,788,587	
Interest free	12,106	3,979	103,064,304	31,452,253	9,609,411	2,104,750	908,552		3,659,416	150,814,771	
<b>Liabilities</b>											
Amounts due to banks and other fin. institutions			4,049,798	50,608,378	1,536,846	9,907,262	12,494,117	17,338,637		95,935,038	
Amounts due to customers upon demand	-	-	218,118,817	55,297,706	55,512,715	78,653,695	127,188,034	1,759,927	-	536,530,894	
time liability				55,297,706	55,512,715	78,653,695	127,188,034	1,759,927		318,412,077	
Other										-	
Liabilities for securities issued by the banks							10,714,005			10,714,005	
Other liabilities				1,575,111			824,226			2,399,337	
Off –balance contingent liabilities	14,958	19,540	40,384,922	9,419,867	16,979,418	13,809,677	9,963,590			90,591,972	
*Contractual liabilities										-	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>222,168,615</b>	<b>107,481,195</b>	<b>57,049,561</b>	<b>88,560,957</b>	<b>151,220,382</b>	<b>19,098,564</b>	<b>-</b>	<b>645,579,274</b>	
1-st group currency			161,270,411	27,916,253	21,252,476	45,543,313	84,415,986			340,398,439	
2-nd group currency			10,773,613	475,957	407,334	985,994	1,216,024			13,858,922	
Large-scale liability				40,145,710	220,966		18,701,415			59,068,091	
Variable rate liability										-	
Fixed rate liability			211,619,107	78,334,621	47,562,568	85,275,251	150,396,156	19,098,564		592,286,267	
Interest free			10,549,508	29,146,574	9,486,993	3,285,706	824,226			53,293,007	
<b>Net liquidity gap</b>	<b>5,332,927</b>	<b>6,391,288</b>	<b>(92,792,782)</b>	<b>86,596,817</b>	<b>18,484,700</b>	<b>(18,866,949)</b>	<b>15,535,046</b>	<b>41,072,609</b>	<b>4,270,428</b>	<b>66,024,084</b>	
1-st group currency	5,103,602	3,930,526	(93,427,986)	68,271,333	14,725,896	(16,071,403)	20,794,956	-	594,474	3,921,398	
2-nd group currency	-	-	(7,710,762)	8,150,711	1,402,771	(777,819)	(1,083,549)	-	22,710	4,062	
Variable interest rate	-	-	-	-	-	-	-	-	-	-	
fixed rate	5,320,821	6,387,309	(185,307,578)	84,291,138	18,362,282	(17,685,993)	15,450,720	41,072,609	611,012	(31,497,680)	
Cumulative liquidity gap	5,332,927	11,724,215	(81,068,567)	5,528,250	24,012,950	5,146,001	20,681,047	61,753,656	66,024,084	645,579,274	

**Average balance sheet capital and assets**

01/01/19-30/06/19

Average balance sheet asset	<b>689,978,855</b>
Average balance sheet capital	<b>42,619,214</b>

**Note 42. Collateral accepted**

	Reporting period	Previous period
Other securities	20,350,307	19,792,605
Jewels and precious stones	15,575,138	14,038,813

Real estate	235,165,608	206,007,018
Vehicles	15,095,627	14,989,653
Other PPE	33,978,399	32,259,575
Finished production and goods	34,391,622	33,844,444
Cash	22,861,476	29,974,151
Other collateral	60,169,233	42,583,038
Credit guarantee	1,130,166	1,450,786
Other guarantees	49,570,236	53,374,423
Credit warranties	431,869,382	362,494,182
Other warranties	76,041,662	74,132,027
<b>Total</b>	<b>996,198,856</b>	<b>884,940,715</b>

Chairman of the Executive Board

Artavazd Sargsyan

Chief Accountant

Narine Sargsyan

Date of approval 15.07.19