

Accompanying notes to the consolidated financial statements as of 30.06.19

6. Net Interest And Similar Income

Interest And Similar Income	Current period	Previous period
Interest income from bank's current accounts, deposits and loans to banks and other financial institutions	199,984	161,171
Interest income from loans and advances to customers	15,273,047	12,734,916
Interest income from finance lease	716,818	657,027
Interest income from debt securities	654,135	530,621
Interest income from repurchase agreements	47,698	54,425
Income from factoring, creditline	1,045,530	1,245,385
Other interest income	73,236	33,528
Total	18,010,448	15,417,072

Interest And Similar Expense	Current period	Previous period
Interest expense on bank's current accounts, deposits and loans borrowed from banks and other financial institutions	3,525,597	2,347,556
Interest expense on term deposits and current accounts of customers	4,648,332	4,006,009
Interest expense on securities issued from bank	199,615	106,170
Interest expense on repurchase agreements	3,856	8,034
Other interest expense	180,526	127,986
Total	8,557,926	6,595,755

Net Interest And Similar Income	9,452,522	8,821,317
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7. Commission and Other Fee Income and Expense

Commission and Other Fee Income	Current period	Previous period
Cash withdrawal services	71,054	75,758
Settlement services	713,577	601,504
Guarantees and letters of credits, accreditation management operations fee	58,005	38,225
Finance lease payments	58,862	37,993
Plastic card maintenance	1,266,194	1,148,311
Profit/loss/ from translation of financial assets available for sale	0	0
Other commission fee	48,188	44,042
Total	2,215,881	1,945,833

Commission and Other Fee Expense	Current period	Previous period
Settlement operations / wire transfer fee	138,551	119,609
Cash withdrawal services	110,250	99,994
Plastic card maintenance	643,874	442,266
Other commission fee	18,683	5,515
Total	911,358	667,384

Received Net Commission and Other Fee	1,304,522	1,278,449
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8. Net Trading Income

	Current period	Previous period
Net income from trading in foreign currencies	679,848	617,978
Net income from revaluation of foreign currency	-40,210	-652,645
Net income from trading in investments at fair value through other comprehensive income, including:		
Net income from change of investments at fair value through other comprehensive income		
Net income from trading in investments at fair value through other comprehensive income		
Net income from change of investments at fair value through other comprehensive income	612,854	764,118
Net income from trading in standardized bullions of precious metals and coins		
Net income from revaluation of standardized bullions of precious metals and coins		
Total	1,252,492	729,451

8.1. Other Operating Income

	Current period	Previous period
Net income from alienation of property, plant, equipment and other intangible assets	-76,053	-12,566
Fines and penalties received	698,394	1,047,710
Income from revaluation of property, plant and equipment	0	0
Other income	152,777	112,135
Total	775,118	1,147,279

9. Impairment losses

According to IFRS 9	Group I
Amount at the beginning of the current period 01.01.19	76,264
Net provisions	21,645
Return	
Written off	0
Amount at the end of the current period 31.03.19	97,909

Amounts Due From Banks and Financial Institutions

According to IFRS 9	Group I
Amount at the beginning of the current period 01.01.19	47,684
Net provisions	-11,177
Return	
Written off	0
Amount at the end of the current period 30.06.19	36,507

Loans and advances to customers

According to IFRS 9	Group I	Group II	Group III	Initially depreciated	Total
Amount at the beginning of the current period 01.01.19	566,746	73,809	6,831,934	79,303	7,551,792
New assets originated or purchased	573,641	-	-	-	573,641
Assets repaid	(59,044)	(6,720)	(1,684,181)	-	-1,749,944
Transfer to Group I	2,390	(2,390)	-	-	0
Transfer to Group II	(26,919)	26,919	-	-	0
Transfer to Group III	(174,741)	(49,198)	223,939	-	0
Impact on period end ECL of exposures transferred between stages during the period	(1,318)	66,327	1,043,061	-	1,108,071
Unwinding of discount	0	0	85,821	0	85,821
Changes to models and inputs used for ECL calculations	285,461	17,901	1,402,202	-8,311	1,697,254
Recoveries	0	0	1,587,079	0	1,587,079
Written off	0	0	-2,729,793	0	-2,729,793
Foreign exchange adjustments	-2,335	-411	-69,712	0	-72,457
Amount at the end of the current period 30.06.19	1,163,881	126,238	6,690,351	70,992	8,051,463

Finance lease

According to IFRS 9	Group I	Group II	Group III	Initially depreciated	Total
Amount at the beginning of the current period 01.01.19	10,670	3,904	72,707	-	87,281
New assets originated or purchased	11,737	-	-	-	11,737
Assets repaid	(530)	(70)	(105,884)	-	-106,484
Transfer to Group I	236	(236)	-	-	0
Transfer to Group II	(529)	529	-	-	0
Transfer to Group III	(2,617)	(3,499)	6,116	-	0
Impact on period end ECL of exposures transferred between stages during the period	(196)	2,435	55,420	-	57,659
Changes to models and inputs used for ECL calculations	2,466	-22	9,660	-	12,104
Recoveries	0	0	73,663	-	73,663
Written off	0	0	-15,544	-	-15,544
Foreign exchange adjustments	-78	-1	-152	-	-232
Amount at the end of the current period 30.06.19	21,158	3,040	95,987	0	120,185

Investments

According to IFRS 9	Group I
Amount at the beginning of the current period 01.01.19	486,971
Transfer to Stage I	-76,116
Transfer to Stage II	
Transfer to Stage III	
Return	
Written off	
Amount at the end of the current period 30.06.19	410,855

Other Assets

According to IFRS 9	Group I
Amount at the beginning of the current period 01.01.19	0
Transfer to Stage I	0
Transfer to Stage II	
Transfer to Stage III	
Return	
Written off	
Amount at the end of the current period 30.06.19	0

Off Balance Sheet Items, Including Credit Risk

According to IFRS 9	Group I	Group II	Group III	Total
Amount at the beginning of the current period 01.01.19	78,149	838	5,588	84,576
New assets originated or purchased	18,604	-	-	18,604
Assets repaid	(11,464)	(171)	(580)	-12,215
Transfer to Stage I	292	(292)	-	0
Transfer to Stage II	(1,004)	1,004	-	0
Transfer to Stage III	(283)	(318)	600	0

Impact on period end ECL of exposures transferred between stages during the period	(156)	568	1,347	1,759
Changes to models and inputs used for ECL calculations	20,926	8	(2,597)	18,338
Return	-	-	-	0
Written off	-	-	-	0
Foreign exchange adjustments	(852)	(12)	(21)	-885
Amount at the end of the current period 30.06.19	104,212	1,627	4,338	110,177

10. General Administrative Expenses

	Current period	Previous period
Wages and salaries	4,745,619	4,352,573
Social insurance contributions	1,638	1,518
Repairs and maintenance expenses of tangible assets	349,524	275,768
Business trip expenses	62,811	58,905
Transport, connection and communication expenses	161,862	114,420
Lease expenses	5,170	340,880
Taxes other than on income	144,961	87,139
Consulting and other service expenses	27,625	58,154
Security expenses	175,597	175,100
Office supplies	120,742	130,901
Training costs	32,154	35,752
Insurance expenses	61,406	166,300
Total	5,889,108	5,797,410

10.1 Other Operating Expenses

	Current period	Previous period
Advertising costs	269,944	193,166
Penalties paid	656	1,286
Amortization costs of property, plant, equipment and other intangible assets	901,917	492,863
Cash collection expenses	67,832	63,366
Insurance expenses of deposits	173,238	135,322
Loss from impairment of assets at fair value through other comprehensive income	0	0
Other expenses	884,588	450,469
Total	2,298,175	1,336,471

11. Net Profit/(Loss) From Investments in Controlled Entities

	Current period	Previous period
Net Income From Investments in Controlled Entities		
Investments in associates	87,865	57,890
Investments in joint controlled entities		
Investments in subsidiary banks		
Investments in other subsidiary entities		
Total	87,865	57,890

12. Income Tax Expense

	Current period	Previous period
Income tax expense	(746,283)	(1,239,960)
Any adjustments recognised in the period for current tax of prior periods		
Deferred tax expenses	-	
Current Income Tax	(746,283)	(1,239,960)

Deferred Tax Base for Taxable Temporary Differences

	Balance as of the previous period	Recognised in reported results	Recognised in equity	Balance as of the current period
Loans and advances to banks and financial institutions	104,939			104,939
Loans and advances to customers	207,854			207,854
Other liabilities	(126,700)			(126,700)
investments in associates	25,720			25,720
Contingent liabilities	25,541			25,541
Other borrowed funds	72,529			72,529
Current accounts and deposits from customers	(79,429)			(79,429)
Property, Plant and Equipment	(299,339)			(299,339)
Investments at fair value through other comprehensive income	(419,249)			(419,249)
Other assets	100,781			100,781
Net deferred tax liability	(387,353)	-	-	(387,353)

Earnings Per Share

	Current period	Previous period
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Net Profit/(loss) after taxes	2,477,690	3,929,075
The quantity of ordinary shares	2,500	2,500
Earnings Per Share	991	1,572

13. Cash On Hand

<i>13.1 Cash and cash equivalents, remainings in CB</i>	Current period	Previous period
Cash on hand	10,156,204	11,515,230
Other distributions of cash	3,843,820	3,749,290
Current accounts in CBA	66,672,888	46,918,101
Deposits in CBA	357,500	556,000
Interest accrued on current accounts and deposits of CB		
Impairment losses	(97,728)	(75,851)
Total	80,932,684	62,662,771
<i>Cash flow including cash on hand and accounts in CBA</i>	<i>80,672,912</i>	<i>62,106,358</i>
<i>Distributed funds in other banks (Note 14)</i>	<i>16,097,431</i>	<i>10,198,605</i>
Total cash and cash equivalents	96,770,343	72,304,963

14. Amounts Due From Banks and Other Financial Institutions

<i>Current accounts</i>	Current period	Previous period
Requirements towards the banks of Ra	3,192	3,240
Requirements towards the high rating banks: BBB-(Baa3) and over	5,955,538	707,842
Requirements towards the low rating banks, lower than BBB-(Baa3) and requirements towards the banks without rating	671,834	9,487,507
Interest accrued	8	16
Total	6,630,572	10,198,605
<i>Interbank loans and deposits, other requirements</i>		
Requirements towards the CB of RA	-	-
loans and deposits		
factoring		
finance lease		
repurchase agreements		
other		
Requirements towards the banks of Ra	1,994,643	4,701,290
loans and deposits	1,431,792	3,885,948
factoring		
finance lease		
repurchase agreements		
letters of credit and bank guarantees		
other	562,851	815,342
Requirements towards the high rating banks: BBB-(Baa3) and over	9,588,035	486,205
loans and deposits		
factoring		
finance lease		
repurchase agreements		
letters of credit and bank guarantees		
other	9,588,035	486,205
Requirements towards the low rating banks, lower than BBB-(Baa3) and requirements towards the banks without rating	16,853	-
loans and deposits		
factoring		
finance lease		
repurchase agreements		
letters of credit and bank guarantees		
other	7,932	23,251
Including interest accrued	8,921	23,251
Total	18,230,103	15,386,100
Impairment losses of requirements towards the banks (Note 7)	(10,831)	(47,684)
Net Requirements Towards The Banks	18,219,272	15,338,416

<i>Loans and Deposits to Financial Institutions, Other Requirements</i>	Current period	Previous period
Requirements towards the financial institutions in RA	3,016,091	1,262,290
loans and deposits	1,285,795	413,063
factoring		
finance lease		
repurchase agreements	841,400	849,227
letters of credit and bank guarantees		
other	888,896	
Requirements towards the high rating financial institutions: BBB-(Baa3) and over	179,445	-
loans and deposits		
factoring		

finance lease		
repurchase agreements		
letters of credit and bank guarantees		
other	179,445	
Requirements towards the low rating financial institutions, lower than BBB-(Baa3) and requirements towards financial institutions without rating	-	-
loans and deposits		
factoring		
finance lease		
repurchase agreements		
letters of credit and bank guarantees		
other		
Interest accrued	46,939	5,577
Total	3,242,475	1,287,867
Impairment losses of requirements towards the financial institutions (Note 7)	(25,857)	(2,159)
Net Requirements Towards The Financial Institutions	3,216,618	1,265,708
Net Requirements Towards The Banks and The Financial Institutions	21,435,890	18,604,124

15. Financial Assets at Fair Value Through Profit or Loss

State securities	Current period	Previous period
State securities of RA, including:	-	-
Treasury bonds	-	-
Bonds of CB of RA		
Other		
State securities of the high rating countries: BBB-(Baa3) and over	-	-
Treasury bonds		
Bonds of CB of RA		
Other		
State securities of the low rating countries, lower than BBB-(Baa3) and countries without rating	-	-
Treasury bonds		
Bonds of CB of RA		
Other		
Total State Securities	-	-

Non-state securities of RA

	listed	non-listed	listed	non-listed
The high rating issuer: A-/A3/ and over	-	-	-	-
long-term debt instruments				
short-term debt instruments				
deposit certificates				
capital instruments				
Other				
issuer of the "G" and over rating given from the CB of RA	-	-	-	-
long-term debt instruments				
short-term debt instruments				
deposit certificates				
capital instruments				
Other				
The low rating issuer, lower than BBB+/Baa1/ and other rating issuer and issuer without rating	226,355	-	-	-
long-term debt instruments	226,355			
short-term debt instruments				
deposit certificates				
capital instruments				
Other				
Total non-state RA securities at fair value through profit or loss	226,355	-	-	-
Non-state securities of other countries	listed	non-listed	listed	non-listed
The high rating issuer: A-/A3/ and over	-	-	-	-
long-term debt instruments				
short-term debt instruments				
deposit certificates				
capital instruments				
Other				
The low rating issuer, lower than BBB+/Baa1/ and other rating issuer and issuer without rating	-	-	-	-

long-term debt instruments				
short-term debt instruments				
deposit certificates				
capital instruments				
Other				
Total non-state securities at fair value through profit or loss of other countries	-	-	-	-
Other financial assets at fair value through profit or loss				
Loans, Factoring, Amounts receivable	-	-	-	-
The high rating borrowers: A-/A3/ and over				
The low rating borrowers, lower than BBB+/Baa1/ and other rating borrowers and borrowers without rating				
Mortgage				
Consumer loans				
Other				
Derivatives	-		4,368	-
futures				
forward				
option				
swap			4,368	
Other				
Total	-	-	4,368	-
Total Financial Assets at Fair Value Through Profit or Loss	226,355	-	4,368	-

16.Loans and Advances to Customers

<i>Loans and other advances</i>	Current period	Previous period
Loans, including	216,481,288	179,594,035
Government of RA		
Local authorities		
Mortgage		
Credit lines and overdrafts	25,597,541	22,593,161
Factoring	9,487,838	9,921,024
Finance lease	18,673,936	15,234,864
Repurchase agreements		
Letters of credit and bank guarantees		
Other	437,583	236,053
Including interest accrued	4,107,412	2,637,890
Total Loans	270,678,186	227,579,137
Impairment losses of loans and advances to customers (Note 9)	(8,171,647)	(7,669,264)
Total Net Loans	262,506,539	219,909,873

<i>The structure of impaired/ non-performing/ loans and advances to customers in loans portfolio at the end of the current period</i>	Amount /quantity/ in current period	Amount /quantity/ in previous period
Loans and advances	270,678,186	227,579,137
including impaired/ non-performing/ loans and advances: including		
overdue	12,820,736	15,681,489
	1,248,868	1,026,251
Impairment losses of loans and advances to customers	(8,171,647)	(7,669,264)
Total Net Loans and Advances	262,506,539	219,909,873

<i>The analyse of loans and advances by customer profile</i>	Current period	Previous period
State owned enterprises	284,873	237,807
Privately held companies	70,237,089	58,487,096
Individuals (natural persons): including	178,453,206	150,426,358
consumer loans	73,501,734	70,046,793
mortgage loans	15,714,423	13,038,206
credit cards	12,461,197	9,764,140
Individual entrepreneurs	21,703,018	18,427,875
Total net loans and advances	270,678,186	227,579,137
<i>Including interest accrued</i>	4,107,412	2,637,890
Impairment losses of loans and advances to customers	(8,171,647)	(7,669,264)
Total Net Loans and Advances	262,506,539	219,909,873

<i>The analyse of loans and advances by industry sectors</i>	Current period	Percentage relationship	Previous period	Percentage relationship
Industry	20,214,679	7.47	19,446,955	8.55
Agriculture	87,471,039	32.32	69,627,403	30.59
Construction	7,419,463	2.74	6,816,732	3.00
Transport and connection	4,754,557	1.76	2,485,283	1.09
Trading	33,918,980	12.53	30,223,662	13.28
Consumer	81,030,322	29.94	70,046,793	30.78
Mortgage loans	15,350,633	5.67	13,038,206	5.73
Service industry	17,756,774	6.56	13,007,776	5.72
Other	2,761,738	1.08	2,886,327	1.27

Total	270,678,186	100	227,579,137	100
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17. Financial Assets at Fair Value Through Other Comprehensive Income

<i>State securities</i>	Current period	Previous period
State bonds of RA	19,776,708	21,179,581
Treasury bonds	19,776,708	21,179,581
Bonds of CB of RA		
Other		
State securities of the high rating countries: BBB-(Baa3) and over	-	-
Treasury bonds		
Bonds of CB of RA		
Other		
State securities of the low rating countries, lower than BB+ - (Ba1), countries with other ratings and countries without rating	-	-
Treasury bonds		
Bonds of CB of RA		
Other		
Total State Securities	19,776,708	21,179,581

<i>Non-state securities of RA</i>	<i>listed</i>	<i>non-listed</i>	<i>listed</i>	<i>non-listed</i>
The high rating issuer: A-/A3/ and over				
long-term debt instruments				
short-term loan instruments				
deposit certificates				
capital instruments				
Other				
Issuer of the "G" and over rating given from the CB of RA				
long-term debt instruments				
short-term loan instruments				
deposit certificates				
capital instruments				
Other				
The low rating issuer, lower than BBB+/Baa1/ and other rating issuer and issuer without rating		4,036,267		4,086,125
long-term debt instruments				
short-term loan instruments				
deposit certificates				
capital instruments				
Other		81,212		81,212
Total Non-state Securities of RA	-	4,117,479	-	4,167,337

<i>Non-state securities of other countries</i>	<i>listed</i>	<i>non-listed</i>	<i>listed</i>	<i>non-listed</i>
The high rating issuer: A-/A3/ and over				
long-term debt instruments				
short-term loan instruments				
deposit certificates				
capital instruments				
Other		2,182,427		1,694,687
The low rating issuer, lower than BBB+/Baa1/ and other rating issuer and issuer without rating				
long-term debt instruments				
short-term loan instruments				
deposit certificates				
capital instruments				
Other				
Total Non-state Securities of Other Countries		2,182,427		1,694,687
Impairment losses of financial assets at fair value through other comprehensive income				
Total Financial Assets at Fair Value Through Other Comprehensive Income		26,076,614		27,041,605

18. Other Financial Assets

<i>State securities</i>	Current period	Previous period
State bonds of RA		
Treasury bonds		
Bonds of CB of RA		
Other		
State securities of the high rating countries: BBB-(Baa3) and over	-	-
Treasury bonds		
Bands of CB of RA		
Other		
State securities of the low rating countries, lower than BB+ - (Ba1), countries with other ratings and countries without rating	-	-
Treasury bonds		
Bonds of CB of RA		
Other		

Total State Securities				
		-		-
<i>Non-state securities of RA</i>	<i>listed</i>	<i>non-listed</i>	<i>listed</i>	<i>non-listed</i>
The high rating issuer: A-/A3/ and over				
longterm debt instruments				
shortterm loan instruments				
deposit certificates				
capital instruments				
Other				
Issuer of the "G" and over rating given from the CB of RA				
longterm debt instruments				
shortterm loan instruments				
deposit certificates				
capital instruments				
Other				
The low rating issuer, lower than BBB+/Baa1/ and other rating issuer and issuer without rating				
longterm debt instruments				
shortterm loan instruments				
deposit certificates				
capital instruments				
Other				
Total Non-state Securities of RA		-		-
<i>Non-state securities of other countries</i>	<i>listed</i>	<i>non-listed</i>	<i>listed</i>	<i>non-listed</i>
The high rating issuer: A-/A3/ and over				
longterm debt instruments				
shortterm loan instruments				
deposit certificates				
capital instruments				
Other				
The low rating issuer, lower than BBB+/Baa1/ and other rating issuer and issuer without rating				
longterm debt instruments				
shortterm loan instruments				
deposit certificates				
capital instruments				
Other				
Total Non-state Securities of Other Countries		-		-
Impairment losses of other financial assets				
Total Other Financial Assets		-		-

19. Investments in Share Capital of Controlled Entities

The flow of investments in controlled entities	
Amount at the beginning of the period	
Additions	
Alienation (sales)	
Impairment	
Amount at the end of the period	-

Investments in controlled entities	Current period	Previous period
Investments in associates	708,960	596,093
Investments in joint controlled entities		
Investments in subsidiary banks		
Investments in other subsidiary entities		
Dividends		
Total	708,960	596,093

20. Property, Plant and Equipment and Intangible Assets

Property, Plant and Equipment

	Land and buildings	Machinery and equipment	Vehicles	Other property, plant and equipment	Leasehold assets	Capital investments on leased PPE	Total
Cost							
Amount as of the beginning of the previous period	10,307,919	5,792,915	670,202	2,666,728	0	488,214	19,925,078
Additions	-32,398	1,252,420	161,929	374,474		67,568	1,823,993
Disposals		-2,490	-29,990	-5,552			-38,032
Amount as of the end of the previous period	10,275,521	7,042,845	802,141	3,035,648	0	555,782	21,711,937
Additions	333,988	621,892	84,130	25,734	2,360,976	8,065	3,434,785
Disposals		-45,919	-40,278	-6,312			-92,509
Revaluation*							0
Reclassification							0
Amount as of the end of the current period	10,609,509	7,818,818	845,993	3,055,070	2,360,976	563,847	25,054,213
Accumulated Depreciation							
Amount as of the beginning of the previous period	604,743	3,301,349	383,212	1,656,478	0	64,690	6,010,472
Depreciation	204,564	446,181	35,076	172,379		17,640	875,840
Disposals	0	-659	-1,396	-1,658			-3,713
Amount as of the end of the previous period	809,307	3,746,871	416,892	1,827,199	0	82,330	6,882,599
Depreciation charge	85,875	281,406	23,205	78,668	293,503		762,657

Reclassification								0
Disposals		-10,226	-6,560	-1,966				-16,752
Amount as of the end of the current period	895,182	4,018,051	433,537	1,903,901	293,503	82,330		7,626,504
Net Carrying Amount								
Amount as of the end of the current period	9,714,327	3,800,767	412,456	1,151,169	2,087,473	481,517		17,427,709
Amount as of the end of the previous period	9,466,214	3,295,974	385,249	1,208,449	0	473,452		14,829,338

Intangible Assets

	Softwares	Licenses	Copyright	Intangible assets	Capital investment in intangible assets	Goodwill	Total
Cost							
Amount as of the beginning of the previous period	714,892	3,213,325	0	131,169	0	18,132	4,077,308
Additions	82,873	407,237		426			490,536
Disposals	-58	-18,138		-58			-18,254
Elimination of accumulated depreciation							0
Reclassification		0					0
Amount as of the end of the previous period	797,507	3,802,424	0	131,527	0	18,132	4,549,590
Additions		138,533		56,968			195,501
Disposals							0
Revaluation							0
Impairment							0
Adjustment of revalued depreciation							0
Reclassification							0
Amount as of the end of the current period	797,507	3,740,957	0	188,495	0	18,132	4,745,091
Accumulated Depreciation							
Amount as of the beginning of the previous period	267,313	374,059	0	62,452	0	0	723,824
Depreciation and amortization	36,276	226,227	0	8,745	0	0	271,248
Disposals	-8	-18,138		-37			-18,183
Elimination of accumulated depreciation							0
Amount as of the end of the previous period	323,581	582,146	0	71,160	0	0	976,889
Additions	0	132,410		6,850			139,260
Disposals							0
Adjustment of revalued depreciation							0
Impairment							0
Reclassification							0
Amount as of the end of the current period	323,581	714,556	0	78,010	0	0	1,116,149
Net Carrying Amount							
Amount as of the end of the current period	473,926	3,026,399	0	110,485	0	18,132	3,628,942
Amount as of the end of the previous period	473,926	3,020,276	0	60,367	0	18,132	3,572,701

22. Other Assets

<i>Amounts receivable from banking operations</i>	Current period	Previous period
Dividends receivable		
Amounts receivable from accreditation management operations		
Amounts receivable from other operations	349,886	563,112
Total	349,886	563,112

<i>Amounts receivable and prepayments</i>	Current period	Previous period
Amounts receivable from budget		23,591
Amounts receivable from suppliers		-
Prepayments to employees	32,250	9,250
Prepayments to suppliers	2,867,350	2,680,120
Prepayments on budget and mandatory social insurance contributions		-
Prepayments on income tax	219,676	
Other amounts receivable and prepayments	291,094	223,113
Total	3,410,370	2,936,074

<i>Other assets</i>		
Warehouse	182,630	309,043
Charged collateral L assets held for trading	440,825	327,164
Future costs	283,904	121,731
Other assets	199,517	22,382
Total	1,106,876	780,320

Impairment losses of other assets		(8,414)
Total other assets	4,867,131	4,271,092

23. Amounts Due to Banks and Other Financial Institutions

<i>Current accounts</i>	Current period	Previous period
Amounts due to the banks of Ra	29,814	29,026
Amounts due to the high rating banks: BBB-(Baa3) and over		
Amounts due to the low rating banks, lower than BBB-(Baa3) and amounts due to the banks without rating		
Including: Interest accrued		

Total	29,814	29,026
<i>Interbank loans and deposits, other liabilities</i>		
Amounts due to the CB of RA	16,680,425	14,962,271
loans	14,178,428	14,960,397
repurchase agreements	2,501,997	
other		1,874
Amounts due to the banks of Ra	2,424,737	441
loans and deposits	2,423,124	
finance lease		
repurchase agreements		
other	1,613	441
Amounts due to the high rating banks: BBB-(Baa3) and over	18,847,299	17,774,252
loans and deposits	18,847,261	17,774,171
finance lease		
repurchase agreements		
other	38	81
Amounts due to the low rating banks, lower than BBB-(Baa3) and amounts due to the banks without rating	-	-
loans and deposits		
finance lease		
repurchase agreements		
other		
Including: Interest accrued	812,526	367,320
Total	37,952,461	32,736,964
Amounts due to the financial institutions	62,523,975	48,328,036
current accounts	4,863,238	589,878
loans and deposits	57,059,574	47,511,833
repurchase agreements		
other	601,163	226,325
Including: Interest accrued	679,048	768,908
Total amounts due to banks and international financial institutions	<i>100,506,250</i>	<i>81,094,026</i>

24. Amounts Due to Customers

<i>Amounts due to government of RA and local authorities</i>	Current period	Previous period
Current accounts		
Term deposits		
Loans	15,400,775	12,512,461
Repurchase agreements		
Other		
Including: Interest accrued	55,319	43,228
Total	15,400,775	12,512,461
<i>Amounts due to resident corporations of RA</i>		
Current accounts	36,504,634	15,737,129
Term deposits	25,617,980	15,389,100
Repurchase agreements		
Other	3,091,639	1,686,106
Including: Interest accrued	408,671	284,269
Total	65,214,253	32,812,335
<i>Amounts due to non resident corporations of RA</i>		
Current accounts	609,548	464,989
Term deposits	1,300,768	1,190,389
Repurchase agreements		
Other		17,515
Including: Interest accrued	18,680	12,320
Total	1,910,316	1,672,893
<i>Amounts due to resident individual entrepreneurs of RA</i>		
Current accounts	1,576,908	1,183,276
Term deposits	111,031	359,403
Repurchase agreements		
Other	4,387	5,890
Including: Interest accrued	3,437	6,577
Total	1,692,326	1,548,569
<i>Amounts due to non resident individual entrepreneurs of RA</i>		
Current accounts	50	
Term deposits		
Repurchase agreements		
Other		
Including: Interest accrued		
Total	50	-
<i>Amounts due to resident individuals (natural persons) of RA</i>		
Current accounts	23,963,785	9,537,630
Term deposits	116,798,306	120,340,324
Repurchase agreements		
Other	763,596	853,771
Including: Interest accrued	2,155,552	1,917,412
Total	141,525,687	130,731,725
<i>Amounts due to non resident individuals (natural persons) of RA</i>		
Current accounts	1,604,124	1,184,461

Term deposits	13,365,896	13,393,329
Repurchase agreements		
Other	129,062	10,441
Including: Interest accrued	248,414	319,455
Total	15,099,084	14,588,231
Total amounts due to customers	240,842,491	193,866,214

25. Securities Issued by The Bank

Securities issued by the bank	Current period	Previous period
Deposit certificates issued by the bank		
Non-interest securities issued by the bank		
Interest securities issued by the bank	6,855,220	5,567,619
Preferred shares /financial liabilities/ issued by the bank		
Other securities issued		
Including: Interest accrued	154,729	115,499
Total	6,855,220	5,567,619

26. Financial Liabilities at Fair Value Through Profit or Loss

Financial liability at fair value through profit or loss	Current period	Previous period
Derivatives held for trading		
futures		
forward		
option		
swap	321,115	49,019
other		
Hedging derivatives		
Other		
Total	321,115	49,019

27. Amounts Payable

Amounts payable	Current period	Previous period
Dividends		
Payables from accreditation management operations		
Payables to Deposit Guarantee fund	91,290	76,062
Other	30,190	31,473
Total	121,480	107,535

29. Other Liabilities

Other liabilities	Current period	Previous period
Amounts payable	1,780,833	1,783,313
Tax payable, other than income tax	1,487,726	126,555
Due to personnel	697,728	1,719,078
Grants related to assets	33,982	14,303
Other	49,176	1,129
Total Other Liabilities	4,049,445	3,644,378

28. Share Capital

As at 31 December 2011 the Bank's registered and paid-in share capital was AMD 30,000,000 thousand. As at 30 June 2019 the respective shareholding is "ACBA FEDERATION" closed joint-stock company. The share capital consists of 2,500 ordinary shares, all of which have a par value of AMD 12,000 thousand. As at 30 June 2019, shareholder, which has 10% of total paid-in capital, may be specified as follow:

The respective shareholder	Paid-in share capital	% of total paid-in capital	Activity type for entrepreneur
ACBA FEDERATION	28,500,000	95.00%	closed joint-stock company
Total	28,500,000	95.00%	

28.1 Other Equity Components

Revaluation reserves	Current period	Previous period
Unrealized profit / loss from revaluation of investments at fair value through other comprehensive income	3,182,503	2,032,196
Revaluation reserve of property, plant and equipment	3,013,320	3,047,359
Other reserves	-	-
Total	6,195,823	5,079,555

30. Provisions, Contingent Cases and Potensial Liabilities

Provisions	Current period	Previous period
1 Initial Balance	84,575	-
2 Net Impairment losses	25,602	84,575
3 The final balance	110,177	84,575

30.3 Off Balance Sheet Contingent Liabilities Including Credit Risk

	Current period	Previous period
Undrawn credit lines	22,439,869	20,687,595
Guarantees	5,027,651	4,125,821
Letters of credit	158,007	676,490
Provision (Note 9)		(84,574)
	27,625,527	25,405,332

31. Transactions With Related Parties

<i>Amounts due from other banks</i>	Current period	Previous period
Balance as at 1 January	-	-
Additions during the quarter	-	-
Reductions during the quarter	-	-
Balance as at 30 June	-	-
Interest income	-	-

<i>Loans and advances to customers</i>	Current period	Previous period
Balance as at 1 January	416,523	506,295
Additions during the quarter	157,840	333,509
Reductions during the quarter	150,259	423,281
Balance as at 30 June	424,104	416,523
Interest income	10,752.58	24,210

<i>Amounts due to banks</i>	Current period	Previous period
Balance as at 1 January	-	-
Additions during the quarter	-	-
Reductions during the quarter	-	-
Balance as at 30 June	-	-
Interest income	-	-

<i>Amounts due to customers</i>	Current period	Previous period
Balance as at 1 January	783,255	665,354
Additions during the quarter	991,353	1,388,561
Reductions during the quarter	618,878	1,270,660
Balance as at 30 June	1,155,730	783,255
Interest income	37,246	58,357

32.1 Credit Risk Geographical Sectors

	Current period				
	Armenia	CIS countries	OECD countries	Non-OECD countries	Total
Assets					
Cash and balances with the Central Bank of Armenia	80,932,684				80,932,684
Amounts due from banks and other financial institutions	4,402,782	433,587	16,323,589	275,932	21,435,890
Financial assets at fair value through profit or loss	226,355				226,355
Loans and advances to customers	262,476,303	18,470	6,024	5,742	262,506,539
Financial assets at fair value through other comprehensive income	23,894,187		2,182,427		26,076,614
Other financial assets					
Total Assets	371,932,311	462,058	18,512,040	281,674	391,178,082
Liabilities					
Amounts due to banks and other financial institutions	48,003,729	31	52,502,490		100,506,250
Amounts due to customers	226,436,024	2,450,326	9,591,138	2,365,003	240,842,491
Financial liabilities at fair value through profit or loss	595	4,127	316,392		321,115
Total Liabilities	274,440,348	2,464,484	62,410,020	2,365,003	341,669,856
Net GAP	97,491,963	(2,002,426)	(43,897,981)	(2,083,329)	49,508,226

	Previous period				
	Armenia	CIS countries	OECD countries	Non-OECD countries	Total
Assets					
Cash and balances with the Central Bank of Armenia	62,662,771				62,662,771
Amounts due from banks and other financial institutions	5,554,881	298,523	10,460,946	289,774	16,604,124
Financial assets at fair value through profit or loss			4,368		4,368
Loans and advances to customers	219,892,000	16,537	982	354	219,909,873
Financial assets at fair value through other comprehensive income	25,346,918		1,694,687		27,041,605
Other financial assets					
Total Assets	313,456,570	315,060	12,160,983	290,128	326,222,741
Liabilities					
Amounts due to banks and other financial institutions	36,467,267	2,606,461	42,020,298		81,094,026
Amounts due to customers	179,918,391	2,419,330	9,245,021	2,283,472	193,866,214
Financial liabilities at fair value through profit or loss			49,019		49,019
Total Liabilities	216,385,658	5,025,791	51,314,338	2,283,472	275,009,269
Net GAP	97,070,912	(4,710,730)	(39,153,355)	(1,993,345)	51,213,482

32.2 Market Risk
Currency Risk

	Current period			Total
	AMD	I group currency*	II group currency**	
Assets				
Cash and balances with the Central Bank of Armenia	32,717,669	47,432,072	782,943	80,932,684
Amounts due from banks and other financial institutions	1,955,543	19,142,964	337,383	21,435,890
Financial assets at fair value through profit or loss	226,355			226,355
Loans and advances to customers	188,195,757	73,471,940	838,842	262,506,539
Financial assets at fair value through other comprehensive income	3,308,321	22,768,293	-	26,076,614
Other financial assets	-	-	-	-
Total Assets	228,403,645	162,815,269	1,959,168	391,178,082
Liabilities				
Amounts due to banks and other financial institutions	81,461,369	19,044,795	86	100,506,250
Amounts due to customers	100,389,246	138,591,027	1,862,218	240,842,491
Total Liabilities	181,850,615	157,635,822	1,862,304	341,348,741
Net GAP	44,553,030	5,179,447	96,864	49,829,341

	Previous period			Total
	AMD	I group currency*	II group currency**	
Assets				-
Cash and balances with the Central Bank of Armenia	20,193,974	41,804,806	663,991	62,662,771
Amounts due from banks and other financial institutions	1,512,896	14,858,292	232,936	16,604,124
Financial assets at fair value through profit or loss		4,368	-	4,368
Loans and advances to customers	157,516,263	61,932,816	460,794	219,909,873
Financial assets at fair value through other comprehensive income	4,381,512	22,660,093	-	27,041,605
Other financial assets	-	-	-	-
Total Assets	183,604,645	141,280,375	1,387,721	328,222,741
Liabilities				-
Amounts due to banks and other financial institutions	60,831,785	20,237,457	24,784	81,094,026
Amounts due to customers	86,181,211	105,953,046	1,731,957	193,866,214
Total Liabilities	147,012,996	126,190,503	1,756,741	274,960,240
Net GAP	36,591,649	15,089,872	(389,020)	51,262,501
Contingent Liabilities, including Credit Risk 30.06.19	12,926,322	14,542,725	156,480	27,625,527

Interest Rate Risk

	Current period		Previous period	
	AMD %	Currency %	AMD %	Currency %
Assets				
Balances with the Central Bank of Armenia				
Amounts due from banks and other financial institutions, including:	7.50		6.50	7.50
interbank loans			6.50	5.78
interbank repo				
Loans and advances to customers	14.27		9.95	14.27
Financial assets at fair value through other comprehensive income	6.47		4.17	6.54
Financial assets at fair value through profit or loss	9.75			5.73
Other financial assets				
Liabilities				
Amounts due to banks and other financial institutions, including:	8.27		5.95	8.63
Loans	8.38		5.95	8.63
interbank repo	5.83			
Amounts due to customers	6.14		2.78	6.25
Obligations for the securities issued by banks	9.40		5.41	9.32

32.3 Liquidity Risk

	Current period		Maturity							Total
	Non-performing overdue	time	demand and up to 1 month	from 1 to 3 months	from 3 to 12 months	from 1 to 5 years	more than 5 years	No term		
Assets maturity										
Cash and cash equivalents, balances with the Central Bank of Armenia	-	-	80,575,184	-	-	-	-	-	357,500	80,932,684
Amounts due from banks and other financial institutions	-	-	11,060,509	502,186	2,768,844	5,977,384	-	-	1,126,967	21,435,890
Loans and advances to customers	670,789	6,981,819	8,356,175	14,188,299	58,332,368	140,206,342	14,779,414	437,582	243,952,788	
Finance lease	7,457	1,934	962,302	1,080,641	4,590,176	11,911,240	-	-	18,553,751	
Financial assets at fair value through other comprehensive income	-	-	-	-	542,622	23,270,353	-	-	2,263,639	26,076,614
Other requirements									-	-
Total	678,246	6,983,753	100,954,170	15,771,126	66,234,010	181,365,319	14,779,414	4,185,688	390,951,727	
Liabilities maturity										
Amounts due to banks and other financial institutions	-	-	15,717,843	2,484,596	25,166,281	56,018,683	516,026	602,820	100,506,250	
Amounts due to customers	-	-	82,753,981	24,750,588	84,136,429	40,798,443	6,944,196	1,458,854	240,842,491	
Financial liabilities at fair value through profit or loss	-	-	320,060	-	-	1,055	-	-	321,115	
Securities issued by the Bank	-	-	-	-	2,392,825	4,462,395	-	-	6,855,220	
Total	-	-	98,791,884	27,235,184	111,695,535	101,280,576	7,460,222	2,061,674	348,525,075	
Net Liquidity GAP	678,246	6,983,753	2,162,286	(11,464,058)	(45,461,525)	80,084,743	7,319,192	2,124,014	42,426,651	
Cumulative Liquidity GAP			9,824,285	(1,639,773)	(47,101,298)	32,983,445	40,302,637	42,426,651		
	Previous period		Maturity							Total
	Non-performing overdue	time	demand and up to 1 month	from 1 to 3 months	from 3 to 12 months	from 1 to 5 years	more than 5 years	No term		
Assets maturity										
Cash and cash equivalents, balances with the Central Bank of Armenia	-	-	62,106,771	-	-	-	-	-	556,000	62,662,771
Amounts due from banks and other financial institutions	-	-	11,156,898	1,936	3,239,993	1,058,741	-	-	1,146,556	16,604,124
Loans and advances to customers	854,863	4,929,985	4,580,646	9,671,624	59,814,279	112,792,696	11,866,260	236,053	204,746,406	
Finance lease	4,954	1,146	605,814	877,221	3,775,197	9,899,135	-	-	15,163,467	
Financial assets at fair value through other comprehensive income	-	-	-	-	1,555,489	24,415,955	1,070,161	-	27,041,605	
Other requirements									-	-
Total	859,817	4,931,131	78,450,129	10,550,781	68,384,958	148,166,527	12,936,421	1,938,609	326,218,372	
Liabilities maturity										
Amounts due to banks and other financial institutions	-	-	2,351,890	5,276,208	20,860,021	51,925,925	453,657	226,325	81,094,026	
Amounts due to customers	-	-	56,235,735	18,522,959	81,626,590	28,409,029	6,498,178	2,573,723	193,866,214	
Financial liabilities at fair value through profit or loss	-	-	49,019	-	-	-	-	-	49,019	
Securities issued by the Bank	-	-	-	-	-	5,567,619	-	-	5,567,619	
Total	-	-	58,636,644	23,799,167	102,486,611	85,902,573	6,951,835	2,800,048	280,576,878	
Net Liquidity GAP	859,817	4,931,131	19,813,484	(13,248,386)	(34,101,653)	62,263,954	5,984,586	(861,439)	45,641,494	
Cumulative Liquidity GAP			25,604,432	12,356,046	(21,745,606)	40,518,348	46,502,933	45,641,494		

Risk Management

Introduction (continued)

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risks, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Credit Risk

Credit risk is the risk that the Group will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process allows the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the consolidated statement of financial position.

Credit-related commitments risks

The Group makes available to its customers guarantees which may require that the Group make payments on their behalf. Such payments are collected from customers based on the terms of the letter of credit. They expose the Group to similar risks to loans and these are mitigated by the same control processes and policies.

The maximum exposure to credit risk for the components of the consolidated statement of financial position, including derivatives, before the effect of mitigation through the use of master netting and collateral agreements, is best represented by their carrying amounts.

Where financial instruments are recorded at fair value, the carrying value represents the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

Credit quality per class of financial assets

The credit quality of financial assets is managed by the Group internal credit ratings. The table below shows the credit quality by class of asset for loans to customers and receivables from finance leases in the consolidated statement of financial position, based on the Group's credit rating system.

Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchanges, and equity prices.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's consolidated statement of profit or loss.

Liquidity Risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Group maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The Group also has committed lines of credit that it can assess to meet liquidity needs. In addition, the Group maintains a cash deposit (obligatory reserve) with the CBA, the amount of which depends on the level of customer funds attracted.

Capital Adequacy

The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

The Central Bank of Armenia sets and monitors capital requirements for the Bank.

The Group defines as capital those items defined by statutory regulation as capital for credit institutions. Under the current capital requirements set by the Central Bank of Armenia, which are based on Basle Accord principles, banks have to maintain a ratio of capital to risk weighted assets (statutory capital ratio) above the prescribed minimum level

34. Fair Value of Financial Assets and Liabilities

	Current period		Previous period	
	Balance sheet value	Fair value	Balance sheet value	Fair value
Financial assets				
Amounts due from other financial institutions	21,435,890	21,435,890	16,604,124	16,604,124
Loans and advances to customers	262,506,539	262,506,539	219,909,873	219,909,873
Financial liabilities				
Amounts due to financial institutions	100,506,250	100,506,250	81,094,026	81,094,026
Amounts due to customers	240,842,491	240,842,491	193,866,214	193,866,214

38. Accepted Collateral

Type of collateral	Current period	Previous period
Other securities	2,310,700	2,415,100
Precious jewelry, Gold scrap, Precious stones	6,736,588	6,820,385
Real Estate and property, plant and equipment	212,617,798	192,767,158
Ready-Made Products and Goods	28,576,335	25,391,196
Cash	7,295,867	6,000,145
Other collateral	5,756,134	5,742,127
Total	289,293,422	239,136,111

General Executive Director



H. Andreasyan
A. Hakobyan

H. Andreasyan

Chief Accountant

A. Hakobyan

Report validation date: 22/07/19