

Accompanying notes to the consolidated financial statements as of 31.03.19

**6. Net Interest And Similar Income**

<b>Interest And Similar Income</b>	<b>Current period</b>	<b>Previous period</b>
Interest income from bank's current accounts, deposits and loans to banks and other financial institutions	127,101	79,944
Interest income from loans and advances to customers	7,196,129	6,201,939
Interest income from finance lease	380,245	320,643
Interest income from debt securities	388,290	350,167
Interest income from repurchase agreements	30,617	23,635
Income from factoring, aceditive	537,099	648,886
Other interest income	33,623	17,240
<b>Total</b>	<b>8,693,104</b>	<b>7,642,454</b>

<b>Interest And Similar Expense</b>	<b>Current period</b>	<b>Previous period</b>
Interest expense on bank's current accounts, deposits and loans borrowed from banks and other financial institutions	1,798,732	1,192,270
Interest expense on term deposits and current accounts of customers	2,235,440	1,959,351
Interest expense on securities issued from bank	90,356	49,873
Interest expense on repurchase agreements	3,359	5,013
Other interest expense	86,690	56,571
<b>Total</b>	<b>4,214,577</b>	<b>3,263,078</b>

<b>Net Interest And Similar Income</b>	<b>4,478,527</b>	<b>4,379,376</b>
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**7. Commission and Other Fee Income and Expense**

<b>Commission and Other Fee Income</b>	<b>Current period</b>	<b>Previous period</b>
Cash withdrawal services	29,514	35,598
Settlement services	313,453	269,401
Guarantees and letters of credits, accreditation management operations fee	15,392	22,294
Finance lease payments	29,431	19,415
Plastic card maintenance	578,911	562,295
Profit/loss/ from translation of financial assets available for sale	0	0
Other commission fee	23,546	22,849
<b>Total</b>	<b>990,247</b>	<b>931,852</b>

<b>Commission and Other Fee Expense</b>	<b>Current period</b>	<b>Previous period</b>
Settlement operations / wire transfer fee	62,995	58,977
Cash withdrawal services	49,002	46,872
Plastic card maintenance	313,431	210,820
Other commission fee	2,671	2,582
<b>Total</b>	<b>428,099</b>	<b>319,252</b>

<b>Received Net Commission and Other Fee</b>	<b>562,147</b>	<b>612,600</b>
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**8. Net Trading Income**

	<b>Current period</b>	<b>Previous period</b>
Net income from trading in foreign currencies	278,267	295,161
Net income from revaluation of foreign currency	-839,798	474,233
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	1,156,794	-329,391
Net income from trading in standardized bullions of precious metals and coins		
Net income from revaluation of standardized bullions of precious metals and coins		
<b>Total</b>	<b>595,263</b>	<b>440,003</b>

**8.1. Other Operating Income**

	<b>Current period</b>	<b>Previous period</b>
Net income from alienation of property, plant, equipment and other intangible assets	-20,229	-2,783
Fines and penalties received	357,650	551,518
Income from revaluation of property, plant and equipment	0	0
Other income	73,137	17,672
<b>Total</b>	<b>410,558</b>	<b>566,407</b>

**9. Impairment losses**

According to IFRS 9	Group I
Amount at the beginning of the current period 01.01.19	53,528
Net provisions	91,071
Return	
Written off	0
Amount at the end of the current period 31.03.19	144,599

**Amounts Due From Banks and Financial Institutions**

According to IFRS 9	Group I
Amount at the beginning of the current period 01.01.19	2,544
Net provisions	27,837
Return	
Written off	0
Amount at the end of the current period 31.03.19	30,381

**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	566,744	73,809	6,637,629	79,303	7,357,484
New assets originated or purchased	146,719	-	-	-	146,719
Assets repaid	(26,362)	(4,666)	(934,750)	-	-965,778
Transfer to Group I	3,424	(3,424)	-	-	0
Transfer to Group II	(10,456)	10,456	-	-	0
Transfer to Group III	(32,673)	(50,074)	82,747	-	0
Impact on period end ECL of exposures transferred between stages during the period	(2,343)	43,970	447,409	-	489,037
Unwinding of discount	0	0	55,944	0	55,944
Changes to models and inputs used for ECL calculations	83,786	8,874	975,754	176	1,068,590
Recoveries	0	0	930,979	0	930,979
Written off	0	0	-1,471,430	0	-1,471,430
Foreign exchange adjustments	587	92	29,519	0	30,198
Amount at the end of the current period 31.03.19	729,425	79,037	6,753,801	79,479	7,641,743

**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	10,888	3,977	61,760	-	76,625
New assets originated or purchased	2,259	-	-	-	2,259
Assets repaid	(157)	-	(25,291)	-	-25,448
Transfer to Group I	231	(231)	-	-	0
Transfer to Group II	(11)	11	-	-	0
Transfer to Group III	(416)	(3,601)	4,017	-	0
Impact on period end ECL of exposures transferred between stages during the period	(209)	599	54,581	-	54,971
Changes to models and inputs used for ECL calculations	1,335	-41	-5,837	-	-4,543
Recoveries	0	0	1,753	-	1,753
Written off	0	0	-1,727	-	-1,727
Foreign exchange adjustments	10	3	-23	-	-10
Amount at the end of the current period 31.03.19	13,931	716	89,233	0	103,880

**Investments**

According to IFRS 9	Group I
Amount at the beginning of the current period 01.01.19	356,613
Transfer to Stage I	130,639
Transfer to Stage II	
Transfer to Stage III	
Return	
Written off	
Amount at the end of the current period 31.03.19	487,252

**Other Assets**

According to IFRS 9	Group I
Amount at the beginning of the current period 01.01.19	8,414
Transfer to Stage I	-8,414
Transfer to Stage II	
Transfer to Stage III	
Return	
Written off	
Amount at the end of the current period 31.03.19	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	6,360	-	-	6,360
Assets repaid	(5,126)	(164)	(203)	-5,493
Transfer to Stage I	303	(303)	-	0
Transfer to Stage II	(136)	136	-	0
Transfer to Stage III	(193)	(320)	512	0

Impact on period end ECL of exposures transferred between stages during the period	(190)	641	560	1,011
Changes to models and inputs used for ECL calculations	8,435	(21)	(1,377)	7,036
Return	-	-	-	0
Written off	-	-	-	0
Foreign exchange adjustments	(100)	(3)	(2)	-105
Amount at the end of the current period 31.03.19	87,502	805	5,078	93,385

#### 10. General Administrative Expenses

	Current period	Previous period
Wages and salaries	2,542,197	2,185,567
Social insurance contributions	783	786
Repairs and maintenance expenses of tangible assets	178,573	219,292
Business trip expenses	19,767	19,360
Transport, connection and communication expenses	77,411	59,555
Lease expenses	12,006	169,800
Taxes other than on income	28,508	25,018
Consulting and other service expenses	15,701	18,405
Security expenses	91,209	85,164
Office supplies	48,030	78,334
Training costs	12,020	16,642
Insurance expenses	31,251	70,135
<b>Total</b>	<b>3,057,456</b>	<b>2,948,058</b>

#### 10.1 Other Operating Expenses

	Current period	Previous period
Advertising costs	129,790	81,705
Penalties paid	13	5
Amortization costs of property, plant, equipment and other intangible assets	344,160	234,503
Cash collection expenses	28,522	27,571
Insurance expenses of deposits	81,948	66,441
Loss from impairment of assets at fair value through other comprehensive income	0	44,361
Other expenses	559,678	287,922
<b>Total</b>	<b>1,144,111</b>	<b>742,508</b>

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

Net Income From Investments in Controlled Entities	Current period	Previous period
Investments in associates	45,543	32,105
Investments in joint controlled entities		
Investments in subsidiary banks		
Investments in other subsidiary entities		
<b>Total</b>	<b>45,543</b>	<b>32,105</b>

#### 12. Income Tax Expense

	Current period	Previous period
Income tax expense	(262,850)	(660,504)
Any adjustments recognised in the period for current tax of prior periods		
Deferred tax expenses	-	
<b>Current Income Tax</b>	<b>(262,850)</b>	<b>(660,504)</b>

#### 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	(4,020)			(4,020)
Loans and advances to customers	390,565			390,565
Other liabilities	286,017			286,017
investments in associates	(40,770)			(40,770)
Contingent liabilities	(5,193)			(5,193)
Other borrowed funds	(14,119)			(14,119)
Current accounts and deposits from customers	(25,914)			(25,914)
Property, Plant and Equipment	(415,194)			(415,194)
Investments at fair value through other comprehensive income	(599,389)			(599,389)
Other assets	174,272			174,272
<b>Net deferred tax liability</b>	<b>(253,745)</b>	<b>-</b>	<b>-</b>	<b>(253,745)</b>

#### Earnings Per Share

	Current period	Previous period
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Net Profit/(loss) after taxes	583,920	2,160,245
The quantity of ordinary shares	2,500	2,500
<b>Earnings Per Share</b>	<b>234</b>	<b>864</b>

### 13. Cash On Hand

<i>13.1 Cash and cash equivalents, remainings in CB</i>	Current period	Previous period
Cash on hand	10,971,309	11,515,230
Other distributions of cash	2,662,474	3,749,290
Current accounts in CBA	69,312,578	46,918,101
Deposits in CBA	356,000	556,000
Interest accrued on current accounts and deposits of CB		
Impairment losses	(144,599)	(53,528)
<b>Total</b>	<b>83,157,762</b>	<b>62,685,093</b>
<i>Cash flow including cash on hand and accounts in CBA</i>	<i>82,946,361</i>	<i>62,182,621</i>
<i>Distributed funds in other banks (Note 14)</i>	<i>12,180,563</i>	<i>10,198,605</i>
<b>Total cash and cash equivalents</b>	<b>95,126,924</b>	<b>72,381,226</b>

### 14. Amounts Due From Banks and Other Financial Institutions

<i>Current accounts</i>	Current period	Previous period
Requirements towards the banks of Ra	3,221	3,240
Requirements towards the high rating banks: BBB-(Baa3) and over	11,176,982	707,842
Requirements towards the low rating banks, lower than BBB-(Baa3) and requirements towards the banks without rating	1,000,356	9,487,507
Interest accrued	4	16
<b>Total</b>	<b>12,180,563</b>	<b>10,198,605</b>
<i>Interbank loans and deposits, other requirements</i>		
<b>Requirements towards the CB of RA</b>	-	-
loans and deposits		
factoring		
finance lease		
repurchase agreements		
other		
<b>Requirements towards the banks of Ra</b>	<b>5,236,778</b>	<b>4,033,930</b>
loans and deposits	3,907,447	3,885,948
factoring		
finance lease		
repurchase agreements		
letters of credit and bank guarantees		
other	1,329,331	147,982
<b>Requirements towards the high rating banks: BBB-(Baa3) and over</b>	<b>18,039</b>	<b>544,292</b>
loans and deposits		
factoring		
finance lease		
repurchase agreements		
letters of credit and bank guarantees		
other	18,039	544,292
<b>Requirements towards the low rating banks, lower than BBB-(Baa3) and requirements towards the banks without rating</b>	<b>1,375,423</b>	-
loans and deposits		
factoring		
finance lease		
repurchase agreements		
letters of credit and bank guarantees		
other	1,375,423	
<b>Including interest accrued</b>	<b>15,670</b>	<b>23,251</b>
<b>Total</b>	<b>18,810,803</b>	<b>14,776,827</b>
<b>Impairment losses of requirements towards the banks (Note 7)</b>	<b>(27,550)</b>	<b>(385)</b>
<b>Net Requirements Towards The Banks</b>	<b>18,783,253</b>	<b>14,776,442</b>

<i>Loans and Deposits to Financial Institutions, Other Requirements</i>	Current period	Previous period
<b>Requirements towards the financial institutions in RA</b>	<b>1,744,239</b>	<b>1,487,322</b>
loans and deposits	743,444	413,725
factoring		
finance lease		
repurchase agreements	841,402	849,227
letters of credit and bank guarantees		
other	159,393	224,370
<b>Requirements towards the high rating financial institutions: BBB-(Baa3) and over</b>	<b>1,150,114</b>	<b>392,744</b>
loans and deposits		
factoring		

finance lease		
repurchase agreements		
letters of credit and bank guarantees		
other	1,150,114	392,744
<b>Requirements towards the low rating financial institutions, lower than BBB-(Baa3) and requirements towards financial institutions without rating</b>	-	-
loans and deposits		
factoring		
finance lease		
repurchase agreements		
letters of credit and bank guarantees		
other		
<b>Interest accrued</b>	6,510	5,577
<b>Total</b>	<b>2,900,883</b>	<b>1,885,843</b>
<b>Impairment losses of requirements towards the financial institutions (Note 7)</b>	(2,831)	(2,159)
<b>Net Requirements Towards The Financial Institutions</b>	<b>2,898,032</b>	<b>1,883,484</b>
<b>Net Requirements Towards The Banks and The Financial Institutions</b>	<b>21,681,265</b>	<b>16,659,926</b>

**15. Financial Assets at Fair Value Through Profit or Loss**

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

**Non-state securities of RA**

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

long-term debt instruments				
short-term debt instruments				
deposit certificates				
capital instruments				
Other				
<b>Total non-state securities at fair value through profit or loss of other countries</b>	-	-	-	-
<b>Other financial assets at fair value through profit or loss</b>				
<b>Loans, Factoring, Amounts receivable</b>	-	-	-	-
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				
<b>Derivatives</b>	525,845		53,600	-
futures				
forward				
option				
swap	525,845		53,600	
Other				
<b>Total</b>	<b>525,845</b>	<b>-</b>	<b>53,600</b>	<b>-</b>
<b>Total Financial Assets at Fair Value Through Profit or Loss</b>	<b>525,845</b>	<b>-</b>	<b>53,600</b>	<b>-</b>

### 16.Loans and Advances to Customers

<i>Loans and other advances</i>	Current period	Previous period
Loans, including	196,709,353	179,594,035
Government of RA		
Local authorities		
Mortgage		
Credit lines and overdrafts	22,915,630	22,593,161
Factoring	9,759,498	9,921,024
Finance lease	16,811,149	15,234,864
Repurchase agreements		
Letters of credit and bank guarantees		
Other	348,676	236,053
Including interest accrued	4,355,772	2,637,890
<b>Total Loans</b>	<b>246,544,306</b>	<b>227,579,137</b>
Impairment losses of loans and advances to customers (Note 9)	(7,745,623)	(7,434,109)
<b>Total Net Loans</b>	<b>238,798,683</b>	<b>220,145,028</b>

<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	246,544,306	227,579,137
including impaired/ non-performing/ loans and advances: including	12,809,633	15,681,489
overdue	1,014,380	1,026,251
Impairment losses of loans and advances to customers	(7,745,623)	(7,434,109)
<b>Total Net Loans and Advances</b>	<b>238,798,683</b>	<b>220,145,028</b>

<i>The analyse of loans and advances by customer profile</i>	Current period	Previous period
State owned enterprises	251,541	237,807
Privately held companies	61,376,169	58,487,096
Individuals (natural persons): including	166,013,021	150,426,358
consumer loans	69,553,688	70,046,793
mortgage loans	14,118,169	13,038,206
credit cards	10,339,271	9,764,140
Individual entrepreneurs	18,903,575	18,427,875
<b>Total net loans and advances</b>	<b>246,544,306</b>	<b>227,579,137</b>
<i>Including interest accrued</i>	4,355,772	2,637,890
Impairment losses of loans and advances to customers	(7,745,623)	(7,434,109)
<b>Total Net Loans and Advances</b>	<b>238,798,683</b>	<b>220,145,028</b>

<i>The analyse of loans and advances by industry sectors</i>	Current period	Percentage relationship	Previous period	Percentage relationship
Industry	19,811,018	8.04	19,446,955	8.55
Agriculture	79,281,197	32.16	69,627,403	30.59
Construction	6,891,241	2.80	6,816,732	3.00
Transport and connection	3,650,997	1.48	2,485,283	1.09
Trading	30,798,863	12.49	30,223,662	13.28
Consumer	75,357,157	30.56	70,046,793	30.78
Mortgage loans	13,853,034	5.62	13,038,206	5.73
Service industry	14,230,218	5.77	13,007,776	5.72
Other	2,670,580	1.08	2,886,327	1.27

<b>Total</b>	246,544,306	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	21,848,410	21,179,581
Treasury bonds	21,848,410	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		
<b>Total State Securities</b>	<b>21,848,410</b>	<b>21,179,581</b>

<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		4,149,536		4,086,125
long-term debt instruments				
short-term loan instruments				
deposit certificates				
capital instruments				
Other		81,212		81,212
<b>Total Non-state Securities of RA</b>	<b>-</b>	<b>4,230,748</b>	<b>-</b>	<b>4,167,337</b>

<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		2,014,356		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				
<b>Total Non-state Securities of Other Countries</b>		<b>2,014,356</b>		<b>1,694,687</b>
Impairment losses of financial assets at fair value through other comprehensive income				
<b>Total Financial Assets at Fair Value Through Other Comprehensive Income</b>		<b>28,093,514</b>		<b>27,041,605</b>

**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		

<b>Total State Securities</b>				
	-	-		
<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				
<b>Total Non-state Securities of RA</b>	-	-		-
<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				
<b>Total Non-state Securities of Other Countries</b>		-		-
Impairment losses of other financial assets				
<b>Total Other Financial Assets</b>		-		-

### 19. Investments in Share Capital of Controlled Entities

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

<b>Investments in controlled entities</b>	<b>Current period</b>	<b>Previous period</b>
Investments in associates	656,573	596,093
Investments in joint controlled entities		
Investments in subsidiary banks		
Investments in other subsidiary entities		
Dividends		
<b>Total</b>	<b>656,573</b>	<b>596,093</b>

### 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
<b>Cost</b>							
<b>Amount as of the beginning of the previous period</b>	10,307,919	5,792,915	670,202	2,666,726	0	488,214	19,925,076
Additions	-32,398	1,252,420	161,929	374,474		67,568	1,823,993
Disposals		-2,490	-29,990	-5,552			-38,032
<b>Amount as of the end of the previous period</b>	10,275,621	7,042,845	802,141	3,035,648	0	555,782	21,711,937
Additions	157,228	338,403	33,088	23,896	2,348,640		2,901,255
Disposals		-6,687	-35,313	-3,771			-45,771
Revaluation*							0
Reclassification							0
<b>Amount as of the end of the current period</b>	<b>10,432,749</b>	<b>7,374,561</b>	<b>799,916</b>	<b>3,055,773</b>	<b>2,348,640</b>	<b>555,782</b>	<b>24,567,421</b>
<b>Accumulated Depreciation</b>							
<b>Amount as of the beginning of the previous period</b>	604,743	3,301,349	383,212	1,656,478	0	64,690	6,010,472
Depreciation	164,120	413,292	40,066	135,203		24,701	777,382
Disposals	0	-659	-1,396	-1,658			-3,713
<b>Amount as of the end of the previous period</b>	<b>768,863</b>	<b>3,713,982</b>	<b>421,882</b>	<b>1,790,023</b>	<b>0</b>	<b>89,391</b>	<b>6,784,141</b>
Depreciation charge	42,112	128,288	10,973	37,272	6,951		225,596



Reclassification								0
Disposals		-1,716	-5,887	-1,386				-8,989
<b>Amount as of the end of the current period</b>	<b>810,975</b>	<b>3,840,554</b>	<b>426,968</b>	<b>1,825,909</b>	<b>6,951</b>	<b>89,391</b>		<b>7,000,748</b>
<b>Net Carrying Amount</b>								
<b>Amount as of the end of the current period</b>	<b>9,621,774</b>	<b>3,534,007</b>	<b>372,948</b>	<b>1,229,864</b>	<b>2,341,889</b>	<b>466,391</b>		<b>17,566,673</b>
Amount as of the end of the previous period	9,506,658	3,328,863	380,259	1,245,625	0	466,391		14,927,796

*Intangible Assets*

	Softwares	Licenses	Copyright	Intangible assets	Capital investment in intangible assets	Goodwill	Total
<b>Cost</b>							
<b>Amount as of the beginning of the previous period</b>	<b>714,892</b>	<b>3,246,114</b>	<b>0</b>	<b>131,169</b>	<b>0</b>	<b>18,132</b>	<b>4,110,097</b>
Additions	82,873	504,596		426			587,895
Disposals	-58	-18,138		-58			-18,254
Elimination of accumulated depreciation							0
Reclassification		0					0
<b>Amount as of the end of the previous period</b>	<b>797,507</b>	<b>3,732,572</b>	<b>0</b>	<b>131,527</b>	<b>0</b>	<b>18,132</b>	<b>4,679,738</b>
Additions		39,447					39,447
Disposals							0
Revaluation							0
Impairment							0
Adjustment of revalued depreciation							0
Reclassification							0
<b>Amount as of the end of the current period</b>	<b>797,507</b>	<b>3,772,019</b>	<b>0</b>	<b>131,527</b>	<b>0</b>	<b>18,132</b>	<b>4,719,165</b>
<b>Accumulated Depreciation</b>							
<b>Amount as of the beginning of the previous period</b>	<b>267,313</b>	<b>374,059</b>	<b>0</b>	<b>62,452</b>	<b>0</b>	<b>0</b>	<b>723,824</b>
Depreciation and amortization	36,276	237,415	0	8,745	0	0	282,436
Disposals	-8	-18,138		-37			-18,183
Elimination of accumulated depreciation							0
<b>Amount as of the end of the previous period</b>	<b>323,581</b>	<b>593,336</b>	<b>0</b>	<b>71,160</b>	<b>0</b>	<b>0</b>	<b>988,077</b>
Additions	9,080	65,282		3,393			77,755
Disposals							0
Adjustment of revalued depreciation							0
Impairment							0
Reclassification							0
<b>Amount as of the end of the current period</b>	<b>332,661</b>	<b>658,618</b>	<b>0</b>	<b>74,553</b>	<b>0</b>	<b>0</b>	<b>1,065,832</b>
<b>Net Carrying Amount</b>							
<b>Amount as of the end of the current period</b>	<b>464,846</b>	<b>3,113,401</b>	<b>0</b>	<b>56,974</b>	<b>0</b>	<b>18,132</b>	<b>3,653,353</b>
Amount as of the end of the previous period	473,926	3,139,236	0	60,367	0	18,132	3,691,661

**22. Other Assets**

<i>Amounts receivable from banking operations</i>	<b>Current period</b>	<b>Previous period</b>
Dividends receivable		
Amounts receivable from accreditation management operations		
Amounts receivable from other operations	273,958	563,112
<b>Total</b>	<b>273,958</b>	<b>563,112</b>

<i>Amounts receivable and prepayments</i>	<b>Current period</b>	<b>Previous period</b>
Amounts receivable from budget	-	23,591
Amounts receivable from suppliers	-	-
Prepayments to employees	14,218	9,250
Prepayments to suppliers	2,560,954	2,680,120
Prepayments on budget and mandatory social insurance contributions	1,253	
Other amounts receivable and prepayments	392,215	223,113
<b>Total</b>	<b>2,968,640</b>	<b>2,936,074</b>

<i>Other assets</i>		
Warehouse	275,685	309,043
Charged collateral u assets held for trading	448,219	327,164
Future costs	283,369	121,731
Other assets	159,854	126,886
<b>Total</b>	<b>1,167,127</b>	<b>884,824</b>

Impairment losses of other assets		(8,414)
<b>Total other assets</b>	<b>4,409,725</b>	<b>4,375,596</b>

**23. Amounts Due to Banks and Other Financial Institutions**

<i>Current accounts</i>	<b>Current period</b>	<b>Previous period</b>
Amounts due to the banks of Ra	28,634	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		
<b>Total</b>	<b>28,634</b>	<b>29,026</b>

*Interbank loans and deposits, other liabilities*

<b>Amounts due to the CB of RA</b>		
loans	10,351,848	14,962,271
repurchase agreements	10,350,096	14,960,397
other	1,752	1,874
<b>Amounts due to the banks of Ra</b>	2,422,520	441
loans and deposits		
finance lease		
repurchase agreements	2,401,927	
other	20,593	441
<b>Amounts due to the high rating banks: BBB-(Baa3) and over</b>	19,547,838	17,774,252
loans and deposits	19,547,838	17,774,171
finance lease		
repurchase agreements		
other		81
<b>Amounts due to the low rating banks, lower than BBB-(Baa3) and amounts due to the banks without rating</b>	-	-
loans and deposits		
finance lease		
repurchase agreements		
other		
Including: Interest accrued	384,175	367,320
<b>Total</b>	32,322,206	32,736,964
<b>Amounts due to the financial institutions</b>	59,242,881	48,328,036
current accounts	1,588,950	589,878
loans and deposits	57,011,648	47,511,833
repurchase agreements		
other	642,283	226,325
Including: Interest accrued	1,283,219	768,908
<b>Total amounts due to banks and international financial institutions</b>	<b>91,593,721</b>	<b>81,094,026</b>

#### 24. Amounts Due to Customers

<i>Amounts due to government of RA and local authorities</i>	<b>Current period</b>	<b>Previous period</b>
Current accounts		
Term deposits		
Loans	12,751,959	12,512,461
Repurchase agreements		
Other		
Including: Interest accrued	262,442	43,228
<b>Total</b>	12,751,959	12,512,461
<i>Amounts due to resident corporations of RA</i>		
Current accounts	31,590,802	15,737,129
Term deposits	25,440,599	15,389,100
Repurchase agreements		
Other	5,127,504	1,686,106
Including: Interest accrued	334,580	284,269
<b>Total</b>	62,158,905	32,812,335
<i>Amounts due to non resident corporations of RA</i>		
Current accounts	420,218	464,989
Term deposits	1,263,168	1,190,389
Repurchase agreements		
Other		17,515
Including: Interest accrued	23,335	12,320
<b>Total</b>	1,683,386	1,672,893
<i>Amounts due to resident individual entrepreneurs of RA</i>		
Current accounts	1,236,080	1,183,276
Term deposits	128,917	359,403
Repurchase agreements		
Other	3,531	5,890
Including: Interest accrued	5,899	6,577
<b>Total</b>	1,368,528	1,548,569
<i>Amounts due to non resident individual entrepreneurs of RA</i>		
Current accounts		
Term deposits		
Repurchase agreements		
Other		
Including: Interest accrued		
<b>Total</b>		-
<i>Amounts due to resident individuals (natural persons) of RA</i>		
Current accounts	21,806,854	9,537,630
Term deposits	114,492,746	120,340,324
Repurchase agreements		
Other	1,324,823	853,771
Including: Interest accrued	1,995,603	1,917,412
<b>Total</b>	137,624,423	130,731,725
<i>Amounts due to non resident individuals (natural persons) of RA</i>		
Current accounts	1,477,119	1,184,461
Term deposits	13,499,074	13,393,329
Repurchase agreements		

Other	157,905	10,441
Including: Interest accrued	275,881	319,455
<b>Total</b>	<b>15,134,098</b>	<b>14,588,231</b>
<b>Total amounts due to customers</b>	<b>230,721,299</b>	<b>193,866,214</b>

### 25. Securities Issued by The Bank

<i>Securities issued by the bank</i>	Current period	Previous period
Deposit certificates issued by the bank		
Non-interest securities issued by the bank		
Interest securities issued by the bank	5,590,618	5,567,619
Preferred shares /financial liabilities/ issued by the bank		
Other securities issued		
Including: Interest accrued	71,259	115,499
<b>Total</b>	<b>5,590,618</b>	<b>5,567,619</b>

### 26. Financial Liabilities at Fair Value Through Profit or Loss

<i>Financial liability at fair value through profit or loss</i>	Current period	Previous period
Derivatives held for trading		
futures		
forward		
option		
swap	7,386	98,251
other		
Hedging derivatives		
Other		
<b>Total</b>	<b>7,386</b>	<b>98,251</b>

### 27. Amounts Payable

<i>Amounts payable</i>	Current period	Previous period
Dividends		
Payables from accreditation management operations		
Payables to Deposit Guarantee fund	81,948	76,062
Other	2,228	31,473
<b>Total</b>	<b>84,176</b>	<b>107,535</b>

### 29. Other Liabilities

<i>Other liabilities</i>	Current period	Previous period
Amounts payable	2,033,530	1,783,313
Tax payable, other than income tax	558,140	137,069
Due to personnel	903,988	1,719,078
Grants related to assets	14,087	14,303
Other	122,631	95,119
<b>Total Other Liabilities</b>	<b>3,632,376</b>	<b>3,748,882</b>

### 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 31 March 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 31 March 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	28,056,000	93.52%	closed joint-stock company
<b>Total</b>	<b>28,056,000</b>	<b>93.52%</b>	

### 28.1. Other Equity Components

<i>Revaluation reserves</i>	Current period	Previous period
Unrealized profit / loss from revaluation of investments at fair value through other comprehensive income	2,733,015	2,002,994
Revaluation reserve of property, plant and equipment	3,016,270	3,047,098
Other reserves	-	-
<b>Total</b>	<b>5,749,285</b>	<b>5,050,092</b>

### 30. Provisions, Contingent Cases and Potensial Liabilities

<i>Provisions</i>	Current period	Previous period
1 Initial Balance	84,575	-
2 Net Impairment losses	8,810	-
3 The final balance	93,385	0

### 30.3 Off Balance Sheet Contingent Liabilities Including Credit Risk

	Current period	Previous period

Undrawn credit lines	21,048,076	20,698,692
Guarantees	3,424,157	4,315,123
Letters of credit	654,624	676,490
Provision (Note 9)		
	25,126,857	25,690,305

### 31. Transactions With Related Parties

Amounts due from other banks	Current period	Previous period
Balance as at 1 January	-	887,020
Additions during the quarter	-	93,273,795
Reductions during the quarter	-	94,160,815
Balance as at 31 March	-	0
Interest income	-	-

Loans and advances to customers	Current period	Previous period
Balance as at 1 January	416,292	501,232
Additions during the quarter	52,768	309,049
Reductions during the quarter	78,808	393,989
Balance as at 31 March	390,252	416,292
Interest income	5,342	24,210

Amounts due to banks	Current period	Previous period
Balance as at 1 January	-	990,028
Additions during the quarter	-	51,728,533
Reductions during the quarter	-	52,718,561
Balance as at 31 March	-	0
Interest income	-	-

Amounts due to customers	Current period	Previous period
Balance as at 1 January	769,520	782,756
Additions during the quarter	588,085	1,373,847
Reductions during the quarter	243,412	1,387,083
Balance as at 31 March	1,114,194	769,520
Interest income	16,168	58,357

### 32.1 Credit Risk Geographical Sectors

	Current period				
	Armenia	CIS countries	OECD countries	Non-OECD countries	Total
<b>Assets</b>					
Cash and balances with the Central Bank of Armenia	83,157,762				83,157,762
Amounts due from banks and other financial institutions	6,960,367	1,974,302	12,455,059	291,558	21,681,285
Financial assets at fair value through profit or loss		5,835	520,009		525,845
Loans and advances to customers	238,771,998	19,762	2,250	4,674	238,798,683
Financial assets at fair value through other comprehensive income	26,079,158		2,014,356		28,093,514
Other financial assets					-
<b>Total Assets</b>	<b>354,969,285</b>	<b>1,999,899</b>	<b>14,991,674</b>	<b>296,231</b>	<b>372,257,088</b>
<b>Liabilities</b>					
Amounts due to banks and other financial institutions	40,550,358	387	51,042,976		91,593,721
Amounts due to customers	216,252,242	2,495,508	9,677,095	2,296,454	230,721,299
Financial liabilities at fair value through profit or loss			7,386		7,386
<b>Total Liabilities</b>	<b>256,802,800</b>	<b>2,495,895</b>	<b>60,727,457</b>	<b>2,296,454</b>	<b>322,322,406</b>
<b>Net GAP</b>	<b>98,166,484</b>	<b>(495,996)</b>	<b>(45,735,783)</b>	<b>(2,000,222)</b>	<b>49,934,682</b>
	Previous period				
	Armenia	CIS countries	OECD countries	Non-OECD countries	Total
<b>Assets</b>					
Cash and balances with the Central Bank of Armenia	62,685,093				62,685,093
Amounts due from banks and other financial institutions	5,610,883	298,523	10,460,946	289,774	16,659,926
Financial assets at fair value through profit or loss		1,085	26,341		27,426
Loans and advances to customers	220,127,155	16,537	982	354	220,145,028
Financial assets at fair value through other comprehensive income	25,346,918		1,694,687		27,041,605
Other financial assets					-
<b>Total Assets</b>	<b>313,769,849</b>	<b>316,145</b>	<b>12,182,955</b>	<b>290,128</b>	<b>326,559,077</b>
<b>Liabilities</b>					
Amounts due to banks and other financial institutions	23,809,211		45,094,074		68,903,285
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			98,251		98,251
<b>Total Liabilities</b>	<b>203,727,602</b>	<b>2,419,330</b>	<b>54,437,346</b>	<b>2,283,472</b>	<b>262,867,760</b>
<b>Net GAP</b>	<b>110,042,247</b>	<b>(2,103,185)</b>	<b>(42,254,390)</b>	<b>(1,993,345)</b>	<b>63,691,327</b>

### 32.2 Market Risk Currency Risk

	Current period			
	AMD	I group currency*	II group currency**	Total

<b>Assets</b>				
Cash and balances with the Central Bank of Armenia	28,457,514	54,109,318	590,930	83,157,762
Amounts due from banks and other financial institutions	2,670,594	18,771,211	239,480	21,681,285
Financial assets at fair value through profit or loss	524,608	1,237		525,845
Loans and advances to customers	174,567,198	63,632,008	599,477	238,798,683
Financial assets at fair value through other comprehensive income	4,745,644	23,347,870	-	28,093,514
Other financial assets	-	-	-	-
<b>Total Assets</b>	<b>210,965,557</b>	<b>159,861,844</b>	<b>1,429,887</b>	<b>372,257,068</b>
<b>Liabilities</b>				
Amounts due to banks and other financial institutions	71,748,760	19,843,649	1,312	91,593,721
Amounts due to customers	93,491,690	135,372,282	1,857,327	230,721,299
<b>Total Liabilities</b>	<b>165,240,450</b>	<b>155,215,931</b>	<b>1,858,639</b>	<b>322,315,020</b>
<b>Net GAP</b>	<b>45,725,107</b>	<b>4,645,713</b>	<b>(428,752)</b>	<b>49,942,068</b>

	Previous period			Total
	AMD	I group currency*	II group currency**	
<b>Assets</b>				-
Cash and balances with the Central Bank of Armenia	20,216,296	41,804,806	663,991	62,685,093
Amounts due from banks and other financial institutions	1,512,896	14,914,094	232,936	16,659,926
Financial assets at fair value through profit or loss	32,770	20,830		53,600
Loans and advances to customers	157,751,418	61,932,816	460,794	220,145,028
Financial assets at fair value through other comprehensive income	4,381,512	22,660,093	-	27,041,605
Other financial assets	-	-	-	-
<b>Total Assets</b>	<b>183,894,892</b>	<b>141,332,639</b>	<b>1,357,721</b>	<b>326,585,252</b>
<b>Liabilities</b>				-
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
<b>Total Liabilities</b>	<b>147,012,996</b>	<b>126,190,503</b>	<b>1,756,741</b>	<b>274,960,240</b>
<b>Net GAP</b>	<b>36,881,896</b>	<b>15,142,136</b>	<b>(399,020)</b>	<b>51,625,012</b>
<b>Contingent Liabilities, including Credit Risk 31.03.19</b>	11,185,632	14,442,843	61,830	25,690,305

**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		5.78	7.50
interbank loans			5.78	5.78
interbank repo				
Loans and advances to customers	14.29		10.76	14.27
Financial assets at fair value through other comprehensive income	6.30		4.90	6.54
Financial assets at fair value through profit or loss				5.73
Other financial assets				
Liabilities				
Amounts due to banks and other financial institutions, including:	8.52		6.30	8.63
Loans	8.64		6.30	8.63
interbank repo	5.86			
Amounts due to customers	6.39		2.93	6.25
<b>Obligations for the securities issued by banks</b>	9.33		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	-	-	82,801,762	-	-	-	-	-	356,000	83,157,762
Amounts due from banks and other financial institutions	-	-	15,616,086	2,434,268	1,706,610	506,803	-	-	1,417,518	21,681,285
Loans and advances to customers	809,943	4,435,508	6,191,836	12,755,629	58,634,202	125,278,274	13,637,345	348,676	222,091,414	
Finance lease	10,457	1,580	908,208	987,609	4,164,270	10,635,145	-	-	16,707,269	
Financial assets at fair value through other comprehensive income	-	-	1,540,540	-	-	25,941,540	611,434	-	-	28,093,514
Other requirements										
<b>Total</b>	820,400	4,437,088	107,058,432	16,177,506	64,505,082	162,361,762	14,248,779	2,122,194	371,731,244	
Liabilities maturity										
Amounts due to banks and other financial institutions	-	-	3,204,091	7,796,167	20,768,925	58,710,325	470,531	643,682	91,593,721	
Amounts due to customers	-	-	65,709,665	28,059,296	89,616,672	36,367,392	6,677,278	4,290,997	230,721,299	
Financial liabilities at fair value through profit or loss	-	-	-	-	-	7,386	-	-	7,386	
Securities issued by the Bank	-	-	-	-	-	5,590,618	-	-	5,590,618	
<b>Total</b>	-	-	68,913,757	35,855,463	110,385,597	100,675,721	7,147,808	4,934,679	327,913,025	
Net Liquidity GAP	820,400	4,437,088	38,144,675	(19,677,956)	(45,880,514)	61,686,041	7,100,971	(2,812,485)	43,818,219	
Cumulative Liquidity GAP			43,402,163	23,724,207	(22,156,308)	39,529,733	46,630,704		43,818,219	
	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	-	-	62,129,093	-	-	-	-	-	556,000	62,685,093
Amounts due from banks and other financial institutions	-	-	11,212,700	1,936	3,239,993	1,058,741	-	-	1,146,556	16,659,926
Loans and advances to customers	854,863	4,929,985	4,821,029	9,671,624	59,814,279	112,792,696	11,866,260	236,053	204,986,789	
Finance lease	4,954	1,146	600,586	877,221	3,775,197	9,899,135	-	-	15,158,239	
Financial assets at fair value through other comprehensive income	-	-	-	-	1,555,489	24,415,955	1,070,161	-	27,041,605	
Other requirements										
<b>Total</b>	859,817	4,931,131	78,763,408	10,550,781	68,384,958	148,166,527	12,936,421	1,938,609	326,531,651	
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	-	-	98,251	-	-	-	-	-	98,251	
Securities issued by the Bank	-	-	-	-	-	5,567,619	-	-	5,567,619	
<b>Total</b>	-	-	58,685,876	23,799,167	102,486,611	85,902,573	6,951,835	2,800,048	280,626,110	
Net Liquidity GAP	859,817	4,931,131	20,077,531	(13,248,386)	(34,101,653)	62,263,954	5,984,586	(861,439)	45,905,541	
Cumulative Liquidity GAP			25,868,479	12,620,093	(21,481,559)	40,782,395	46,766,980		45,905,541	

### 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
<b>Financial assets</b>				
Amounts due from other financial institutions	21,681,285	21,681,285	16,659,926	16,659,926
Loans and advances to customers	238,798,683	238,798,683	220,145,028	220,145,028
<b>Financial liabilities</b>				
Amounts due to financial institutions	91,593,721	91,593,721	81,094,026	81,094,026
Amounts due to customers	230,721,299	230,721,299	193,866,214	193,866,214

#### 38. Accepted Collateral

Type of collateral	Current period	Previous period
Other securities	2,320,700	2,415,100
Precious jewelry, Gold scrap, Precious stones	6,978,842	6,820,385
Real Estate and property, plant and equipment	198,504,232	192,767,158
Ready-Made Products and Goods	26,020,948	25,391,196
Cash	6,336,769	6,000,145
Other collateral	5,664,171	5,742,127
<b>Total</b>	<b>245,825,662</b>	<b>239,136,111</b>

General Executive Director



*H. Andreasyan*  
*A. Hakobyan*

H. Andreasyan

Chief Accountant

A. Hakobyan

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