

Accompanying notes to the consolidated financial statements as of 30.09.18

6. Net Interest And Similar Income

<i>Interest And Similar Income</i>	Current period	Previous period
Interest income from bank's current accounts, deposits and loans to banks and other financial institutions	206,366	325,752
Interest income from loans and advances to customers	19,560,148	19,470,914
Interest income from finance lease	1,014,749	802,074
Interest income from debt securities	841,454	1,064,634
Interest income from repurchase agreements	81,187	716,991
Income from factoring, acreditive	1,794,083	1,900,619
Other interest income	45,570	51,805
Total	23,543,558	24,332,789

<i>Interest And Similar Expense</i>	Current period	Previous period
Interest expense on bank's current accounts, deposits and loans borrowed from banks and other financial institutions	3,727,675	4,842,104
Interest expense on term deposits and current accounts of customers	6,014,937	6,068,970
Interest expense on securities issued from bank	181,840	7,738
Interest expense on repurchase agreements	23,341	77,045
Other interest expense	213,728	82,145
Total	10,161,521	11,078,002

Net Interest And Similar Income	13,382,037	13,254,787
--	-------------------	-------------------

7. Commission and Other Fee Income and Expense

<i>Commission and Other Fee Income</i>	Current period	Previous period
Cash withdrawal services	113,511	109,824
Settlement services	1,020,235	928,216
Guarantees and letters of credits, accreditation management operations fee	55,394	49,973
Finance lease payments	57,293	47,822
Plastic card maintenance	1,790,027	1,475,667
Profit /loss/ from translation of financial assets available for sale	0	0
Other commission fee	75,678	77,707
Total	3,112,139	2,689,209

<i>Commission and Other Fee Expense</i>	Current period	Previous period
Settlement operations / wire transfer fee	300,608	239,961
Cash withdrawal services	151,157	127,562
Plastic card maintenance	702,989	873,387
Other commission fee	22,969	21,673
Total	1,177,723	1,262,584

Received Net Commission and Other Fee	1,934,417	1,426,625
--	------------------	------------------

8. Net Trading Income

	Current period	Previous period
Net income from trading in foreign currencies	997,069	946,696
Net income from revaluation of foreign currency	-773,877	294,285
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	1,058,425	-202,387
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	1,281,617	1,038,594

8.1. Other Operating Income

	Current period	Previous period
Net income from alienation of property, plant, equipment and other intangible assets	-12,798	-128,541
Fines and penalties received	1,480,615	2,194,377
Income from revaluation of property, plant and equipment	0	59,170
Other income	126,989	313,770
Total	1,594,806	2,438,776

9. Impairment losses

Amounts Due From Banks and Financial Institutions

According to IFRS 9	Group I	Group II	Group III	Total
Amount at the beginning of the current period 01.01.18	63,104			63,104
Transfer to Group I	-5,163			-5,163
Transfer to Group II				0
Transfer to Group III				0
Return				0
Written off	0			0
Amount at the end of the current period 30.09.18	57,941			57,941

Loans and advances to customers

According to IFRS 9	Group I	Group II	Group III	Total
Amount at the beginning of the current period 01.01.18	398,791	93,259	13,754,262	14,246,311
Transfer to Group I	1,579,121	-1,444	0	1,577,677
Transfer to Group II	-69,847	955,399	0	885,552
Transfer to Group III	-1,033,469	-315,606	947,645	-401,431
Return	0	0	38,473	38,473
Written off	-113,540	-605,900	-1,604,402	-2,323,841
Amount at the end of the current period 30.09.18	761,056	125,708	13,135,978	14,022,742

Finance lease

According to IFRS 9	Group I	Group II	Group III	Total
Amount at the beginning of the current period 01.01.18	10,190	1,664	213,832	225,686
Transfer to Stage I	61,647	0	0	61,647
Transfer to Stage II	-825	10,866	0	10,041
Transfer to Stage III	-54,619	-9,281	33,803	(30,098)
Return	0	0	0	-
Written off	0	-2,420	-20,821	(23,241)
Amount at the end of the current period 30.09.18	16,392	829	226,813	244,035

Investments

According to IFRS 9	Group I	Group II	Group III	Total
Amount at the beginning of the period 01.01.18	176,065			176,065
Transfer to Stage I	71,226			71,226
Transfer to Stage II				-
Transfer to Stage III				-
Return				-
Written off				-
Amount at the end of the current period 30.09.18	247,291			247,291

Other Assets

According to IFRS 9	Group I	Group II	Group III	Total
Amount at the beginning of the current period 01.01.18	4,021			4,021
Transfer to Stage I	6,924			6,924
Transfer to Stage II				0
Transfer to Stage III				0
Return				0
Written off				0
Amount at the end of the current period 30.09.18	10,945			10,945

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 01.01.18	82,406	578	1924	84,909
Transfer to Stage I	19,478	-53	0	19,425
Transfer to Stage II	-2,352	2,018	0	-334
Transfer to Stage III	-5,817	-169	4,986	-1,000
Return	0	0	0	0
Written off	0	0	0	0
Amount at the end of the current period 30.09.18	93,715	2,375	6,911	103,000

10. General Administrative Expenses

	Current period	Previous period
Wages and salaries	6,567,116	6,242,343
Social insurance contributions	2,250	3,080
Repairs and maintenance expenses of tangible assets	452,849	427,448
Business trip expenses	89,692	119,634
Transport, connection and communication expenses	234,014	232,500
Lease expenses	516,233	527,225
Taxes other than on income	105,281	248,411
Consulting and other service expenses	76,376	45,561
Security expenses	261,598	257,395
Office supplies	184,763	135,996
Training costs	46,198	57,647
Insurance expenses	275,898	145,769
Total	8,812,268	8,443,009

10.1 Other Operating Expenses

	Current period	Previous period
Advertising costs	319,517	343,524
Penalties paid	1,395	3,888
Amortization costs of property, plant, equipment and other intangible assets	761,395	795,223
Cash collection expenses	100,404	81,392
Insurance expenses of deposits	212,730	158,494
Loss from impairment of assets at fair value through other comprehensive income	0	0
Other expenses	701,104	739,018
Total	2,096,546	2,121,539

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

Net Income From Investments in Controlled Entities	Current period	Previous period
Investments in associates	142,746	63,307
Investments in joint controlled entities		
Investments in subsidiary banks		
Investments in other subsidiary entities		
Total	142,746	63,307

12. Income Tax Expense

	Current period	Previous period
Income tax expense	(1,592,072)	(1,246,054)
Any adjustments recognised in the period for current tax of prior periods		
Deferred tax expenses	-	-
Current Income Tax	(1,592,072)	(1,246,054)

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	IFRS9	Balance as of the current period
<i>Deferred tax assets, including:</i>	275,090			275,090	29,602	304,692
Property, Plant and Equipment	13,133			13,133		13,133
Loans and advances to banks and financial institutions	-			-	12,621	12,621
Loans and advances to customers	27,920			27,920		27,920
Other liabilities	227,573			227,573		227,573
investments in associates	6,464			6,464		6,464
Contingent liabilities	-			-	16,981	16,981
<i>Deferred tax liabilities, including:</i>	(1,084,189)			(1,084,189)	(377,014)	(1,461,203)
Contingent liabilities	-			-		-
Amounts due to banks and other financial institutions and other	(14,098)			(14,098)		(14,098)
Loans and advances to customers	(121,168)			(121,168)	(374,753)	(495,921)
Property, Plant and Equipment	(419,935)			(419,935)		(419,935)
Available-for-sale investments	(528,988)			(528,988)		(528,988)
Other assets	-			-	(2,261)	(2,261)
Net deferred tax liability	(809,099)	-	-	(809,099)	(347,412)	(1,156,511)

Earnings Per Share

	Current period	Previous period
Net Profit/(loss) after taxes	5,564,276	4,500,976
The quantity of ordinary shares	2,500	2,500
Earnings Per Share	2,226	1,800

13. Cash On Hand

13.1 Cash and cash equivalents, remainings in CB	Current period	Previous period
Cash on hand	10,915,682	9,842,428
Other distributions of cash	2,876,176	3,872,100
Current accounts in CBA	52,407,995	53,130,166
Deposits in CBA	357,500	520,000
Interest accrued on current accounts and deposits of CB		
Total	66,557,353	67,364,694
Cash flow including cash on hand and accounts in CBA	66,199,853	66,844,694
Distributed funds in other banks (Note 14)	10,431,109	3,487,212
Total cash and cash equivalents	76,630,962	70,331,906

14. Amounts Due From Banks and Other Financial Institutions

Current accounts	Current period	Previous period

Requirements towards the banks of Ra	3,263	3,349
Requirements towards the high rating banks: BBB-(Baa3) and over	9,728,095	2,871,621
Requirements towards the low rating banks, lower than BBB-(Baa3) and requirements towards the banks without rating	699,735	612,209
Interest accrued	16	34
Total	10,431,109	3,487,212
<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	1,046,829	6,814,019
loans and deposits		2,894,929
factoring		
finance lease		
repurchase agreements		2,599,552
letters of credit and bank guarantees		
other	1,046,829	1,319,538
Requirements towards the high rating banks: BBB-(Baa3) and over	456,402	-
loans and deposits		
factoring		
finance lease		
repurchase agreements		
letters of credit and bank guarantees		
other	456,402	-
Requirements towards the low rating banks, lower than BBB-(Baa3) and requirements towards the banks without rating	-	565,840
loans and deposits		
factoring		
finance lease		
repurchase agreements		
letters of credit and bank guarantees		
other		565,840
Including interest accrued	14,582	
Total	11,934,340	10,867,071
Impairment losses of requirements towards the banks (Note 7)	(196)	
Net Requirements Towards The Banks	11,934,144	10,867,071

<i>Loans and Deposits to Financial Institutions, Other Requirements</i>	Current period	Previous period
Requirements towards the financial institutions in RA	2,697,949	3,288,598
loans and deposits	140,549	2,430,041
factoring		
finance lease		
repurchase agreements	896,744	845,883
letters of credit and bank guarantees		
other	1,660,656	12,674
Requirements towards the high rating financial institutions: BBB-(Baa3) and over	-	1,103,124
loans and deposits		
factoring		
finance lease		
repurchase agreements		
letters of credit and bank guarantees		
other		1,103,124
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	1,841	
Total	2,699,790	4,391,722
Impairment losses of requirements towards the financial institutions (Note 7)		
Net Requirements Towards The Financial Institutions	2,699,790	4,391,722
Net Requirements Towards The Banks and The Financial Institutions	14,633,934	15,258,793

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	<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 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	-	-	-	-
long-term debt instruments				
short-term debt instruments				
deposit certificates				
capital instruments				
Other				
Total non-state RA securities at fair value through profit or loss	-	-	-	-
Non-state securities of other countries	<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 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	277,323		27,426	-
futures				

forward				
option				
swap	277,323		27,426	
Other				
Total	277,323	-	27,426	-
Total Financial Assets at Fair Value Through Profit or Loss	277,323	-	27,426	-

16. Loans and Advances to Customers

<i>Loans and other advances</i>	Current period	Previous period
Loans, including	177,198,242	146,073,087
Government of RA		
Local authorities		
Mortgage		
Credit lines and overdrafts	24,114,479	35,449,748
Factoring	8,841,105	9,007,995
Finance lease	14,823,299	13,058,071
Repurchase agreements		
Letters of credit and bank guarantees	96,270	
Other	233,487	135,090
Including interest accrued	3,550,174	2,932,193
Total Loans	225,306,882	203,723,991
Impairment losses of loans and advances to customers (Note 9)	(14,266,777)	(16,601,478)
Total Net Loans	211,040,105	187,122,513

<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	225,306,882	203,723,991
including impaired/ non-performing/ loans and advances: including overdue	21,753,981	21,579,640
	1,394,057	1,179,167
Impairment losses of loans and advances to customers	(14,266,777)	(16,601,478)
Total Net Loans and Advances	211,040,105	187,122,513

<i>The analyse of loans and advances by customer profile</i>	Current period	Previous period
State owned enterprises	213,365	142,268
Privately held companies	64,830,169	64,606,676
Individuals (natural persons): including	143,573,025	123,839,060
consumer loans	65,425,567	43,666,968
mortgage loans	12,710,627	11,509,062
credit cards	9,855,892	10,606,117
Individual entrepreneurs	16,690,323	15,135,987
Total net loans and advances	225,306,882	203,723,991
<i>Including interest accrued</i>	3,550,174	2,932,193
Impairment losses of loans and advances to customers	(14,266,777)	(16,601,478)
Total Net Loans and Advances	211,040,105	187,122,513

<i>The analyse of loans and advances by industry sectors</i>	Current period	Percentage relationship	Previous period	Percentage relationship
Industry	24,299,017	10.78	29,266,290	14.37
Agriculture	71,978,820	31.95	64,926,023	31.83
Construction	6,966,044	3.09	4,493,773	2.20
Transport and connection	1,917,616	0.85	1,396,513	0.68
Trading	26,885,494	11.93	24,622,828	12.07
Consumer	65,425,567	29.04	54,651,882	26.79
Mortgage loans	12,710,627	5.64	11,271,386	5.53
Service industry	12,504,902	5.55	8,633,824	4.23
Other	2,618,794	1.16	4,461,472	2.19
Total	225,306,882	100	203,723,991	100

17. Financial Assets at Fair Value Through Other Comprehensive Income

<i>State securities</i>	Current period	Previous period
State bonds of RA	20,570,484	18,685,513
Treasury bonds	20,570,484	18,685,513
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	20,570,484	18,685,513

<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				
long-term debt instruments		1,688,762		479,210
short-term loan instruments				
deposit certificates				
capital instruments				
Other		81,212		81,212
Total Non-state Securities of RA	-	1,769,974	-	560,422

<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		1,921,925		1,453,450
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		1,921,925		1,453,450
Impairment losses of financial assets at fair value through other comprehensive income				
Total Financial Assets at Fair Value Through Other Comprehensive Income		24,262,383		20,699,385

18. Other Financial Assets

<i>State securities</i>	<i>Current period</i>	<i>Previous period</i>
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		
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	-	-

<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

<u>The flow of investments in controlled entities</u>	
Amount at the beginning of the period	382,467
Additions	159,991
Alienation (sales)	
Impairment	
Amount at the end of the period	542,458

<u>Investments in controlled entities</u>	Current period	Previous period
Investments in associates	542,458	382,467
Investments in joint controlled entities		
Investments in subsidiary banks		
Investments in other subsidiary entities		
Dividends		
Total	542,458	382,467

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	10,203,943	4,798,980	477,861	2,616,812	434,002	499,945	19,031,542
Additions	110,820	1,103,229	221,217	183,581		491	1,619,338
Disposals	-6,844	-109,294	-28,876	-133,667	-434,002	-12,222	-724,905
Amount as of the end of the previous period	10,307,919	5,792,915	670,202	2,666,726	0	488,214	19,925,975
Additions	146,645	1,028,410	161,475	332,580		28,140	1,697,250
Disposals		-91	-29,990	-2,424			-32,505
Reclassification		0					0
Amount as of the end of the current period	10,454,563	6,821,234	801,687	2,996,882	0	516,354	21,590,720
Accumulated Depreciation							
Amount as of the beginning of the previous period	402,133	2,978,302	382,318	1,546,387	45,813	41,805	5,396,758
Depreciation	202,666	360,747	29,771	160,180	29,921	24,858	808,142
Disposals	-56	-37,700	-28,876	-50,089	-75,734	-1,973	-194,428
Amount as of the end of the previous period	604,743	3,301,349	383,212	1,656,478	0	64,690	6,010,472
Depreciation charge	122,361	287,521	28,677	98,668		18,258	555,485
Reclassification							0
Disposals		-16	-1,396	-365			-1,777
Amount as of the end of the current period	727,104	3,588,854	410,493	1,754,781	0	82,948	6,564,180
Net Carrying Amount							
Amount as of the end of the current period	9,727,459	3,232,380	391,194	1,242,101	0	433,406	15,026,540
Amount as of the end of the previous period	9,784,475	2,491,566	286,990	1,010,248	0	423,524	13,996,803

Intangible Assets

	Softwares	Licenses	Copyright	Intangible assets	Capital investment in intangible assets	Goodwill	Total
Cost							
Amount as of the beginning of the previous period	597,428	1,524,335	0	85,936	0	18,132	2,225,830
Additions	117,264	1,756,632		45,280			1,919,176
Disposals		-34,853		-57			-34,910
Elimination of accumulated depreciation							0
Reclassification		0					0
Amount as of the end of the previous period	714,692	3,246,114	0	131,159	0	18,132	4,110,096
Additions	82,873	664,390		211			747,474

Disposals							0
Revaluation							0
Impairment							0
Adjustment of revalued depreciation							0
Reclassification							0
Amount as of the end of the current period	797,565	3,910,504	0	131,370	0	18,132	4,857,570
Accumulated Depreciation							
Amount as of the beginning of the previous period	250,432	225,661	0	56,274	0	0	532,368
Depreciation and amortization	36,880	183,073	0	6,235	0	0	226,188
Disposals		-34,675		-57			-34,732
Elimination of accumulated depreciation							0
Amount as of the end of the previous period	287,313	374,059	0	62,452	0	0	723,823
Additions	27,022	172,625		6,263			205,910
Disposals							0
Adjustment of revalued depreciation							0
Impairment							0
Reclassification							0
Amount as of the end of the current period	314,335	546,684	0	68,715	0	0	929,733
Net Carrying Amount							
Amount as of the end of the current period	483,230	3,363,820	0	62,655	0	18,132	3,927,837
Amount as of the end of the previous period	427,379	2,872,055	0	68,707	0	18,132	3,386,273

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	319,098	481,797
Total	319,098	481,797

<i>Amounts receivable and prepayments</i>	Current period	Previous period
Amounts receivable from budget	-	-
Amounts receivable from suppliers	-	-
Prepayments to employees	40,417	5,529
Prepayments to suppliers	1,297,662	1,207,381
Prepayments on budget and mandatory social insurance contributions	6,401	124,516
Other amounts receivable and prepayments	79,932	197,243
Total	1,424,412	1,534,669

<i>Other assets</i>	Current period	Previous period
Warehouse	346,777	206,940
Charged collateral assets held for trading	508,047	361,395
Future costs	145,425	101,934
Other assets	106,663	11,191
Total	1,106,912	681,460

Impairment losses of other assets	(10,945)	(15,327)
Total other assets	2,839,477	2,682,598

23. Amounts Due to Banks and Other Financial Institutions

<i>Current accounts</i>	Current period	Previous period
Amounts due to the banks of Ra	29,311	4,193
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	29,311	4,193

<i>Interbank loans and deposits, other liabilities</i>	Current period	Previous period
Amounts due to the CB of RA	16,794,810	13,873,268
loans	16,792,391	13,866,746
repurchase agreements		
other	2,419	6,522
Amounts due to the banks of Ra	7,055	1,555,242
loans and deposits		
finance lease		
repurchase agreements		1,510,896
other	7,055	44,346
Amounts due to the high rating banks: BBB-(Baa3) and over	18,564,414	16,643,209
loans and deposits	18,564,414	16,643,178
finance lease		
repurchase agreements		
other		31
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	521,525	392,466
Total	35,366,279	32,071,719
Amounts due to the financial institutions	42,025,251	36,827,373
current accounts	5,543,272	1,993,455
loans and deposits	36,060,004	34,550,246
repurchase agreements		
other	421,975	283,672
Including: Interest accrued	729,862	342,444
Total amounts due to banks and international financial institutions	77,420,841	68,903,285

24. Amounts Due to Customers

	Current period	Previous period
<i>Amounts due to government of RA and local authorities</i>		
Current accounts		
Term deposits		
Loans	12,561,469	13,642,611
Repurchase agreements		
Other		
Including: Interest accrued	219,251	51,441
Total	12,561,469	13,642,611
<i>Amounts due to resident corporations of RA</i>		
Current accounts	20,295,543	16,112,565
Term deposits	12,207,482	19,220,065
Repurchase agreements		
Other	1,984,054	907,884
Including: Interest accrued	229,037	318,478
Total	34,487,079	36,240,514
<i>Amounts due to non resident corporations of RA</i>		
Current accounts	541,300	437,803
Term deposits	1,177,281	1,137,344
Repurchase agreements		
Other		436
Including: Interest accrued	17,265	22,925
Total	1,718,581	1,575,583
<i>Amounts due to resident individual entrepreneurs of RA</i>		
Current accounts	1,066,099	914,736
Term deposits	259,404	67,384
Repurchase agreements		
Other	4,636	3,574
Including: Interest accrued	4,510	1,730
Total	1,330,139	985,694
<i>Amounts due to non resident individual entrepreneurs of RA</i>		
Current accounts		
Term deposits		
Repurchase agreements		
Other		
Including: Interest accrued		
Total	-	-
<i>Amounts due to resident individuals (natural persons) of RA</i>		
Current accounts	22,145,047	19,211,124
Term deposits	100,461,987	86,940,503
Repurchase agreements		
Other	742,477	828,825
Including: Interest accrued	1,858,171	1,667,056
Total	123,349,511	106,980,452
<i>Amounts due to non resident individuals (natural persons) of RA</i>		
Current accounts	1,552,535	1,258,052
Term deposits	13,354,417	11,901,681
Repurchase agreements		
Other	140,168	19,590
Including: Interest accrued	257,301	307,448
Total	15,047,120	13,179,323
Total amounts due to customers	188,493,899	172,604,177

25. Securities Issued by The Bank

	Current period	Previous period
<i>Securities issued by the bank</i>		
Deposit certificates issued by the bank		
Non-interest securities issued by the bank		
Interest securities issued by the bank	5,187,153	2,971,160
Preferred shares /financial liabilities/ issued by the bank		
Other securities issued		
Interest accrued	66,781	50,589
Total	5,187,153	2,971,160

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	28,863	140,968
other		
Hedging derivatives		
Other		
Total	28,863	140,968

27. Amounts Payable

<i>Amounts payable</i>	Current period	Previous period
Dividends		
Payables from accreditation management operations		
Payables to Deposit Guarantee fund	77,408	63,406
Other	2,888	3,058
Total	80,296	66,464

29. Other Liabilities

<i>Other liabilities</i>	Current period	Previous period
Amounts payable	1,429,533	2,324,605
Tax payable, other than income tax	259,160	380,014
Due to personnel	919,454	1,513,445
Grants related to assets	17,981	
Other	75,687	70,629
Total Other Liabilities	2,701,815	4,288,693

28. Share Capital

30,000,000 thousand. As at 30 September 2018 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 each. All securities issued, are paid. There aren't issued, but not distributed, distributed. As at 30 September 2018, 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
Total	28,056,000	93.52%	

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	2,268,932	2,149,032
Revaluation reserve of property, plant and equipment	3,051,340	3,075,772
Other reserves	-	-
Total	5,320,272	5,224,804

30. Provisions, Contingent Cases and Potensial Liabilities

<i>Provisions</i>	Current period	Previous period
1 Initial Balance		
2 Impairment losses		
3 The use of provision		
4 Net Impairment losses		
5 The final balance		-

30.3 Off Balance Sheet Contingent Liabilities Including Credit Risk

	Current period	Previous period
Undrawn credit lines	23,078,787	20,381,604
Guarantees	3,864,820	3,769,450
Letters of credit	517,358	564,720
Provision (Note 9)		
	27,460,965	24,715,774

31. Transactions With Related Parties

<i>Amounts due from other banks</i>	Current period	Previous period
Balance as at 1 January	887,020	1,354,540
Additions during the quarter	93,273,795	260,025,021
Reductions during the quarter	90,025,954	260,492,540

Balance as at 30 September	4,134,861	887,020
Interest income	-	111

<i>Loans and advances to customers</i>	Current period	Previous period
Balance as at 1 January	501,232	425,086
Additions during the quarter	212,387	443,031
Reductions during the quarter	281,495	366,885
Balance as at 30 September	432,124	501,232
Interest income	18,515	21,958

<i>Amounts due to banks</i>	Current period	Previous period
Balance as at 1 January	990,028	440,353
Additions during the quarter	51,728,533	63,912,058
Reductions during the quarter	49,227,199	63,362,383
Balance as at 30 September	3,491,362	990,028
Interest income	-	-

<i>Amounts due to customers</i>	Current period	Previous period
Balance as at 1 January	782,756	817,513
Additions during the quarter	1,126,832	3,686,666
Reductions during the quarter	1,169,551	3,721,423
Balance as at 30 September	740,037	782,756
Interest income	42,807	51,780

32.1 Credit Risk Geographical Sectors

	Current period				Total
	Armenia	CIS countries	OECD countries	Non-OECD countries	
Assets					
Cash and balances with the Central Bank of Armenia	66,557,353				66,557,353
Amounts due from banks and other financial institutions	3,712,275	4,669,841	5,964,365	287,453	14,633,934
Financial assets at fair value through profit or loss			277,323		277,323
Loans and advances to customers	211,021,145	18,657	298	5	211,040,105
Financial assets at fair value through other comprehensive income	22,340,458		1,921,925		24,262,383
Other financial assets					-
Total Assets	303,631,231	4,688,498	8,163,911	287,458	316,771,098
Liabilities					
Amounts due to banks and other financial institutions	34,061,026		42,345,306	1,014,509	77,420,841
Amounts due to customers	174,235,785	2,430,141	9,313,383	2,514,590	188,493,899
Financial liabilities at fair value through profit or loss		993	27,870		28,863
Total Liabilities	208,296,811	2,431,134	51,686,560	3,529,099	265,943,603
Net GAP	95,334,420	2,257,364	(43,522,649)	(3,241,641)	50,827,495

	Previous period				Total
	Armenia	CIS countries	OECD countries	Non-OECD countries	
Assets					
Cash and balances with the Central Bank of Armenia	67,364,694				67,364,694
Amounts due from banks and other financial institutions	9,607,984	707,555	4,727,591	215,663	15,258,793
Financial assets at fair value through profit or loss		1,085	26,341		27,426
Loans and advances to customers	187,106,927	15,446	129	11	187,122,513
Financial assets at fair value through other comprehensive income	19,245,935		1,453,450		20,699,385
Other financial assets					-
Total Assets	283,325,540	724,086	6,207,510	215,675	290,472,811
Liabilities					
Amounts due to banks and other financial institutions	23,809,211		45,094,074		68,903,285
Amounts due to customers	159,890,851	1,454,135	8,963,743	2,295,448	172,604,177
Financial liabilities at fair value through profit or loss		15,453	125,515		140,968
Total Liabilities	183,700,062	1,469,588	54,183,332	2,295,448	241,648,430
Net GAP	99,625,478	(745,502)	(47,975,822)	(2,079,773)	48,824,381

Assets	Current period				
	Performing assets		Non-performing assets		
	Standard /Norisk/	Watch/Risk/	NotStandard /Avrisk/	Doubtful /Highrisk/	Loss
Loans including:	204,107,350	3,397,114	2,272,681	15,529,737	21,475,859
1. Industry	16,731,953	59,318	54,581	7,453,165	1,777,907
2. Agriculture	63,274,709	1,505,051	1,434,077	5,764,983	10,506,229
3. Construction	6,949,920	-	16,123	-	270,980
4. Transport and connection	1,882,234	24,562	9,077	1,743	349,874
5. Trading	26,316,113	185,048	97,137	287,197	2,076,396
6. Public catering and other service industry	10,345,835	467,704	32,014	1,659,349	745,201
7. Financial sector					
8. Consumer Loans, including:	63,568,518	994,586	514,856	347,607	5,071,532
9. Other sectors of industry	2,566,243	-	52,551	-	-
10 Mortgage loans	12,471,826	160,844	62,264	15,694	677,741
Amounts receivable	16,913,706	316,372	144,611	90,346	-
Off balance sheet items, including:	27,261,812	117,790	38,719	13,042	29,602

Guarantees	3,864,820				
Letters of credits	517,358				

Assets	Previous period				
	Performing assets		Non-performing assets		
	Standard / Norisk/	Watch/Risk/	NotStandard /Avrisk/	Doubtful / Highrisk/	Loss
Loans including:	182,027,815	2,330,919	2,164,468	17,200,788	21,267,373
1. Industry	21,267,443	117,550	20,883	7,860,413	1,575,711
2. Agriculture	54,952,638	1,305,553	1,494,565	7,173,267	9,771,746
3. Construction	4,493,434	-	339	-	385,142
4. Transport and connection	1,391,535	4,519	460	-	400,051
5. Trading	24,247,686	100,838	101,415	172,888	2,314,842
6. Public catering and other service industry	8,559,454	31,249	42,555	567	761,825
7. Financial sector					
8. Consumer Loans, including:	53,294,008	599,603	462,705	1,958,543	5,300,635
9. Other sectors of industry	2,707,592	90,903	-		
10 Mortgage loans	11,114,026	80,704	41,546	35,110	757,420

Amounts receivable	4,813,600	21,433	9,238	1,072	-
Off balance sheet items, including:	24,635,778	91,859	103,701	49,270	184,069
Guarantees	3,769,450				-
Letters of credits	564,720				

32.2 Market Risk
Currency Risk

	Current period			
	AMD	I group currency*	II group currency**	Total
Assets				
Cash and balances with the Central Bank of Armenia	32,293,164	33,600,198	663,991	66,557,353
Amounts due from banks and other financial institutions	1,937,817	12,408,500	287,817	14,633,934
Financial assets at fair value through profit or loss	277,323			277,323
Loans and advances to customers	146,250,924	64,415,067	374,114	211,040,105
Financial assets at fair value through other comprehensive income	4,673,068	19,589,315	-	24,262,383
Other financial assets	-	-	-	-
Total Assets	185,432,296	130,013,080	1,325,722	316,771,098
Liabilities				
Amounts due to banks and other financial institutions	55,854,008	21,549,633	17,200	77,420,841
Amounts due to customers	83,203,888	103,544,671	1,745,340	188,493,899
Total Liabilities	139,057,896	125,094,304	1,762,540	265,914,740
Net GAP	46,374,399	4,918,776	(436,818)	50,856,357

	Previous period			
	AMD	I group currency*	II group currency**	Total
Assets				-
Cash and balances with the Central Bank of Armenia	27,899,271	38,167,051	1,298,372	67,364,694
Amounts due from banks and other financial institutions	8,074,572	6,138,097	1,046,124	15,258,793
Financial assets at fair value through profit or loss	27,426			27,426
Loans and advances to customers	118,616,523	67,992,607	513,383	187,122,513
Financial assets at fair value through other comprehensive income	6,169,176	14,530,209	-	20,699,385
Other financial assets	-	-	-	-
Total Assets	160,786,968	126,827,964	2,857,879	290,472,811
Liabilities				-
Amounts due to banks and other financial institutions	34,185,650	34,716,978	657	68,903,285
Amounts due to customers	71,203,515	99,599,762	1,800,900	172,604,177
Total Liabilities	105,389,165	134,316,740	1,801,557	241,507,462
Net GAP	55,397,803	(7,488,776)	1,056,322	48,965,349
Contingent Liabilities, Including Credit Risk 30.09.18	11,047,112	16,196,564	217,289	27,460,965

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	2.50	7.79	4.00
. interbank loans			10.00	4.00
. interbank repo			6.37	
. interbank interest swap				
Loans and advances to customers	14.42	11.33	15.37	11.60
Financial assets at fair value through other comprehensive income	6.76	5.08		
Financial assets at fair value through profit or loss			6.37	3.57
Other financial assets				
Liabilities				
Amounts due to banks and other financial institutions, including:	8.58	5.55	8.45	5.79
. Loans	8.58	6.19	8.56	5.79
. interbank repo			5.50	
. interbank interest swap				
Amounts due to customers	5.78	3.28	6.30	3.26
Obligations for the securities issued by banks	9.32	5.43	9.20	5.50

32.3 Liquidity Risk

	Current period		Maturity 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	Total
	Non-performing overdue	time							
Assets maturity									-
Cash and cash equivalents, balances with the Central Bank of Armenia	-	-	66,199,853	-	-	-	-	357,500	66,557,353
Amounts due from banks and other financial institutions	-	-	12,076,902	141,105	561,098	-	-	1,854,829	14,633,934
Loans and advances to customers	1,385,168	18,070,550	10,041,633	16,607,904	43,583,560	96,094,428	10,525,442	152,156	196,460,841
Finance lease	8,889	280,613	199,280	834,296	3,606,169	9,650,016	-	-	14,579,264
Financial assets at fair value through other comprehensive income	-	-	-	-	2,200,218	19,988,366	70,662	2,003,137	24,262,383
Other requirements									-
Total	1,394,057	18,351,163	88,517,668	17,583,305	49,951,045	125,732,810	10,596,104	4,367,622	316,493,775
Liabilities maturity									
Amounts due to banks and other financial institutions	-	-	10,983,504	5,634,264	22,998,257	36,910,049	489,098	405,669	77,420,841
Amounts due to customers	-	-	58,212,620	20,759,126	79,353,645	21,628,826	5,892,516	2,647,166	188,493,899
Financial liabilities at fair value through profit or loss	-	-	28,863	-	-	-	-	-	28,863
Securities issued by the Bank	-	-	-	-	-	5,187,153	-	-	5,187,153
Total	-	-	69,224,987	26,393,390	102,351,902	63,726,028	6,381,614	3,052,835	271,130,756
Net Liquidity GAP	1,394,057	18,351,163	19,292,681	(8,810,085)	(52,400,857)	62,006,782	4,214,490	1,314,787	45,363,019
Cumulative Liquidity GAP			39,037,901	30,227,816	(22,173,040)	39,833,742	44,048,232	45,363,019	
Assets maturity									-
Cash and cash equivalents, balances with the Central Bank of Armenia	-	-	66,844,694	-	-	-	-	520,000	67,364,694
Amounts due from banks and other financial institutions	-	-	8,472,908	2,575,814	2,481,966	-	-	1,728,105	15,258,793
Loans and advances to customers	830,669	4,796,698	5,297,864	9,132,133	53,604,452	89,101,134	11,474,685	133	174,237,768
Finance lease	17,014	233,242	682,090	982,270	3,616,911	7,353,217	-	-	12,884,745
Financial assets at fair value through other comprehensive income	-	-	-	-	1,984,121	17,108,780	71,822	1,534,662	20,699,385
Other requirements									-
Total	847,683	5,029,940	81,297,556	12,690,217	61,687,450	113,563,131	11,546,507	3,782,900	290,445,385
Liabilities maturity									
Amounts due to banks and other financial institutions	-	-	5,259,409	4,952,312	17,433,254	40,214,019	760,619	283,672	68,903,285
Amounts due to customers	-	-	48,713,146	22,723,899	68,598,613	25,928,907	6,050,960	588,652	172,604,177
Financial liabilities at fair value through profit or loss	-	-	140,968	-	-	-	-	-	140,968
Securities issued by the Bank	-	-	-	-	-	-	2,971,160	-	2,971,160
Total	-	-	54,113,523	27,676,211	86,031,867	66,142,926	9,782,739	872,324	244,619,590
Net Liquidity GAP	847,683	5,029,940	27,184,033	(14,985,994)	(24,344,417)	47,420,205	1,763,768	2,910,576	45,825,795
Cumulative Liquidity GAP			33,061,657	18,075,663	(6,268,754)	41,151,451	42,915,219	45,825,795	

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	14,633,934	14,633,934	15,258,793	15,258,793
Loans and advances to customers	211,040,105	211,040,105	187,122,513	187,122,513
Financial liabilities				
Amounts due to financial institutions	77,420,841	77,420,841	68,903,285	68,903,285
Amounts due to customers	188,493,899	188,493,899	172,604,177	172,604,177

38. Accepted Collateral

Type of collateral	Current period	Previous period
Other securities	2,420,100	2,603,100
Precious jewelry, Gold scrap, Precious stones	7,335,649	8,050,532
Real Estate and property, plant and equipment	192,072,313	178,757,748
Ready-Made Products and Goods	24,791,860	24,383,920
Cash	4,975,637	4,427,611
Other collateral	4,150,973	3,220,855
Total	235,746,532	221,443,766

General Executive Director



H. Andreasyan

Chief Accountant

A. Hakobyan

Report validation date: 20/10/18