

### 3 Net interest and similar income and expense

<u>Interest and similar incomes</u>	01.01.18 31.03.18	01.01.17 31.03.17
Amounts due from banks, financial institutions, bank current accounts	41,267	5,707
Loans and advances to customers	1,550,020	1,342,546
Debt securities available-for-sale	2,372,425	1,683,111
Reverse repurchase transactions	38,571	30,086
Other interest income	10,584	15,605
<b>Total interest and similar income</b>	<b>4,012,867</b>	<b>3,077,055</b>
<u>Interest and similar expense</u>	01.01.18 31.03.18	01.01.17 31.03.17
Amounts due to banks, financial institutions, bank current accounts	400,321	272,951
Amounts due to customers	1,505,969	1,127,312
Repurchase agreement operations	75,675	172,231
Other interest expenses	324,531	111,304
<b>Total interest and similar expense</b>	<b>2,306,496</b>	<b>1,683,798</b>
<b>Net interest and similar income and expense</b>	<b>1,706,371</b>	<b>1,393,257</b>

### 4 Fee and commission income and expense

<u>Fee and commission income</u>	01.01.18 31.03.18	01.01.17 31.03.17
Cash collection	6,569	7,856
Wire transfer fees	35,545	36,844
Guarantees and letters of credit	1,701	169
Foreign currency translation and brokerage operations	10,311	12,278
Other fees and commissions	6,513	4,516
<b>Total fee and commission income</b>	<b>60,639</b>	<b>61,663</b>
<u>Fee and commission expense</u>	01.01.18 31.03.18	01.01.17 31.03.17
Correspondent and other accounts	5,743	5,754
Foreign currency translation and brokerage operations	5,115	1,705
Stock exchange operations	-	5
Other expenses*	19,264	15,114
<b>Total fee and commission expense</b>	<b>30,122</b>	<b>22,578</b>
<b>Net fee and commission income</b>	<b>30,517</b>	<b>39,085</b>

### 5. Net income on trading operations

<u>Available for sale investments</u>	01.01.18 31.03.18	01.01.17 31.03.17
Net income on trading with available for sale investments, including	182,682	15,687
shares	21,312	440
bonds	161,370	15,247
<b>Total</b>	<b>182,682</b>	<b>15,687</b>
<u>Foreign currency operations</u>	01.01.18 31.03.18	01.01.17 31.03.17
Net income on trading with foreign currency	103,496	40,284
Net income on foreign currency revaluation	(21,912)	(44,377)
Net income/loss on derivatives	2,806	43,131
<b>Total</b>	<b>84,390</b>	<b>39,038</b>
<u>Precious metals bullion bars and coins</u>	01.01.18 31.03.18	01.01.17 31.03.17
Net income on trading with precious metals bullion bars and coins	2,282	5,319
Net income on revaluation of precious metals bullion bars and coins	1,288	14,809
<b>Total</b>	<b>3,570</b>	<b>20,128</b>
<b>Net income on trading operations</b>	<b>270,642</b>	<b>74,853</b>

## 6 Other operational income

	01.01.18	01.01.17
<b>Other operational income</b>	<b>31.03.18</b>	<b>31.03.17</b>
Fines and penalties received	54,071	47,120
Net income from sale of fixed and intangible assets	558	-
Other income**	8,507	20,832
<b>Total other income</b>	<b>63,136</b>	<b>67,952</b>

## 7 Impairment charge/(recovery of impairment) for credit losses

	01.01.18	01.01.17
<b>Total net provisions made</b>	<b>31.03.18</b>	<b>31.03.17</b>
Loans and advances to customers	188,381	(16,618)
<b>Total</b>	<b>188,381</b>	<b>(16,618)</b>

## Impairment charge/(recovery of impairment) for credit losses

	balance at the beginning of the period	part 1	part 2	part 3	balance at the end of the period
<b>Loans and advances</b>	<b>1,396,823</b>	41,362	203,901	115,119	<b>1,036,441</b>
<b>Financial assets at fair value through other comprehensive income</b>	<b>690,787</b>	(156,465)			<b>847,252</b>
<b>Other assets</b>	<b>119,217</b>	(15,536)			<b>134,753</b>
<b>Net provision</b>		<b>(130,639)</b>	<b>203,901</b>	<b>115,119</b>	<b>188,381</b>

## 8. Total administrative expenses

	01.01.18	01.01.17
<b>Total administrative expenses</b>	<b>31.03.18</b>	<b>31.03.17</b>
Wages and salaries*	221,847	167,119
Business trip expenses	3,527	3,991
Insurance expenses	5,498	5,403
Fixed assets maintenance	841	744
Building maintenance and security	16,126	18,676
Auditing, consulting and other services	2,700	3,097
Communication expenses	21,960	23,504
Transportation expenses	1,139	1,084
Taxes /other than income tax/ duties	1,286	2,160
Office and other organizational expenses	2,024	584
Expenses on granting and gathering loans	3,607	2,516
Other administrative expenses**	4,171	4,323
<b>Total</b>	<b>284,726</b>	<b>233,201</b>

*\* Average number of staff* 126 119

*\* Average monthly salary per employee* 486 541

## 9 Other operational expenses

	01.01.18	01.01.17
<b>9 Other operational expenses</b>	<b>31.03.18</b>	<b>31.03.17</b>
Fines and penalties paid	0	0
Expenses on cash delivery	942	360
Advertising and representation expenses	5,772	1,401
Fixed assets and intangible assets depreciation expenses	37,625	35,159
Contributions to deposit guarantee fund	0	7,450
Other expenses****	7,756	7,628
<b>Total other operational expenses</b>	<b>52,095</b>	<b>51,998</b>

## 11 Income Tax Expense

The corporate income tax in the Republic of Armenia is levied at the rate of 20%. Differences between IFRS and RA statutory tax regulations give rise to certain temporary differences between the book value of certain assets and liabilities for financial reporting purposes and for profit tax purposes. Deferred income tax is calculated using the principal tax rate of 20%. Numerical reconciliation between the tax expenses and accounting profit is provided below:

Thousand Armenian drams	01.01.18 31.03.18	Effective rate (%)	01.01.17 31.03.17	Effective rate (%)
<b>Profit before tax</b>	1,028,655		1,233,563	
Income tax at the rate of 20%	205,731	20	246,713	20
Non-taxable income				
Non-deductible expenses	3,761		3,532	
Foreign exchange (gains)/losses	(17,819)		13,562	
Other	108,327		(43,807)	
Adjustments to income and expenses for tax purposes				1
<b>Income tax expense</b>	<b>300,000</b>		<b>220,000</b>	

### Deferred tax calculation in respect of temporary differences:

Thousand Armenian drams	31.03.18	Recognized in equity	Recognized in income statement	31.12.17
Other liabilities	44,956	-	29,620	15,336
Penalties for impaired assets	-	-	-	-
The adjustment of real value of the securities available for sale	-	-	-	-
<b>Total deferred tax assets</b>	<b>46,281</b>			<b>46,281</b>
Cash, cash equivalents and balances	5,841			5,841
Amounts due from other financial institutions	807			807
Investments available for sale	866,623			866,623
Fixed assets	277,527			277,527
Other assets	4,753		-	4,753
Other reserves	2,008,396	803,528		1,204,868
<b>Total deferred tax liabilities</b>	<b>3,163,947</b>			<b>2,360,419</b>
<b>Net deferred tax liabilities</b>	<b>3,117,666</b>			<b>2,314,138</b>

## 13 Cash, cash equivalents and balances with CBA

Thousand Armenian drams	31.03.18	31.12.17
Cash	1,901,123	1,156,019
Correspondent accounts with the CBA	16,590,453	9,409,572
Deposited funds in CBA	12,500	2,500
<b>Total cash, cash equivalents and balances with CBA</b>	<b>18,504,076</b>	<b>10,568,091</b>

## Standardized bullion bars of precious metals

Thousand Armenian drams	31.03.18	31.12.17
Standardized bullion bars of precious metals	116,028	125,696
<b>Standardized bullion bars of precious metals</b>	<b>116,028</b>	<b>125,696</b>

## 14 Amounts due from other financial institutions

Thousand Armenian drams	31.03.18	31.12.17
Correspondent accounts	1,273,119	800,074
Deposited funds in banks	242,433	242,486
Deposited funds in financial institutions	506,231	632,081
Deposits in banks	1,496,440	1,722,000
Loans in other fin. Institutions	415,414	407,582
Repurchase agreements		
Other accounts	75,605	2,949
Accrued interest	3,404	3,234
Allowance for loan impairment	-401,266	-380,988
<b>Total amounts due from other financial institutions</b>	<b>3,972,520</b>	<b>3,772,308</b>

**16 Loans and advances to customers**

Thousand Armenian drams	31.03.18	31.12.17
<b>Loans to customers, including</b>	<b>43,508,910</b>	<b>41,470,443</b>
<i>KFW</i>	2,284,333	2,227,816
<i>EBRD</i>	3,048,585	2,917,213
<b>Factoring</b>	<b>1,549,076</b>	<b>1,769,992</b>
<b>Overdraft</b>	<b>20,161,968</b>	<b>19,277,906</b>
<b>Repurchase agreements</b>	<b>1,335,010</b>	<b>382,828</b>
<b>Letters of credit</b>	<b>0</b>	<b>0</b>
<b>Other amounts</b>	<b>46,325</b>	<b>3,120</b>
<b>Accrued interest</b>	<b>633,857</b>	<b>537,121</b>
	67,235,146	63,441,410
<b>Allowance for loan impairment</b>	<b>(1,036,441)</b>	<b>(1,396,823)</b>
<b>Total loans and advances to customers</b>	<b>66,198,705</b>	<b>62,044,587</b>

**Loans to individuals comprise the following products:**

Thousand Armenian drams	31.03.18	31.12.17
<b>Privately held companies, including</b>	<b>55,774,595</b>	<b>53,514,450</b>
Large entities	31,054,817	27,717,929
Small and medium entities	24,719,778	25,796,521
<b>Individuals</b>	<b>10,539,880</b>	<b>9,133,466</b>
<b>Sole proprietors</b>	<b>240,489</b>	<b>256,372</b>
<b>Other amounts</b>	<b>46,325</b>	<b>3,120</b>
<b>Accrued interest</b>	<b>633,857</b>	<b>537,122</b>
<b>Allowance for loan impairment</b>	<b>(1,036,441)</b>	<b>(1,396,823)</b>
<b>Total loans and advances to customers</b>	<b>66,198,705</b>	<b>62,044,587</b>

**Loans to individuals comprise the following products:**

Thousand Armenian drams	31.03.18	31.12.17
Mortgage loans	6,507,366	6,293,735
Consumer loans	2,690,665	2,447,249
Car loans	6,839	9,654
Repurchase agreements	1,335,010	382,828
<b>Total loans and advances to individuals (gross)</b>	<b>10,539,880</b>	<b>9,133,466</b>

**Structure of impaired (non performing) loans and borrowings**

Thousand Armenian drams	31.03.18	31.12.17
<b>Loans and borrowings, o/w</b>	<b>67,235,146</b>	<b>63,441,410</b>
<b>impaired (non performing) loans and borrowings, o/w</b>	<b>3,314,816</b>	<b>3,517,424</b>
overdue	564,669	488,581
restructured*	-	-
refinanced*	-	-
<b>Total loans</b>	<b>67,235,146</b>	<b>63,441,410</b>
Allowance for loan impairment	(1,036,441)	(1,396,823)
<b>Total net loans</b>	<b>66,198,705</b>	<b>62,044,587</b>

**Analysis of loans and borrowings by economy sectors**

Thousand Armenian drams	31.03.18	percentage	31.12.17	percentage
Industry	26,327,406	39.16%	26,350,220	41.53%
Agriculture	8,411,265	12.51%	6,800,140	10.72%
Construction	3,939,576	5.86%	3,922,675	6.18%
Transport and communication	372,832	0.55%	396,030	0.62%
Trade	5,263,767	7.83%	5,444,102	8.58%
Consumer	3,997,658	5.95%	2,394,377	3.77%
Mortgage loans	6,566,918	9.77%	6,298,254	9.93%
Services	3,034,524	4.51%	2,991,733	4.72%
<b>Other, o/w</b>	<b>9,321,200</b>	<b>13.86%</b>	<b>8,843,879</b>	<b>13.94%</b>
Repurchase agreements	1,335,010	-	2,275	-
Accured interest	633,857	-	303,335	-
<b>Total loans</b>	<b>67,235,146</b>	<b>100%</b>	<b>63,441,410</b>	<b>100%</b>
Allowance for loan impairment	(1,036,441)		(1,396,823)	
<b>Ընդամենը գրառ վարկեր և փոխառվածքներ</b>	<b>66,198,705</b>		<b>62,044,587</b>	

Loans to large 10 exposures and parties related with them are introduced in the note 16.

1) total sum	33,047,479
2) percentage in gross loans (n % of loan portfolio),	49.92%
3) percentage in capital (n % of capital):	80.46%

**17 Investments available for sale**

Thousand Armenian drams	31.03.18	31.12.17
<b>Quoted investments</b>		
RA corporate shares	55,360	55,360
Securities issued by the RA Ministry of Finance	93,926,535	79,818,270
<i>o/w interest</i>	1,909,087	1,989,589
RA corporate bonds	3,047,901	2,705,097
<b>Unquoted investments</b>		
RA corporate shares	19,575	19,575
	(847,252)	(690,787)
<b>Total investments</b>	<b>96,202,119</b>	<b>81,907,515</b>

**Non current assets held for sale**

Thousand Armenian drams	31.03.18	31.12.17
Non current assets held for sale	611,667	692,835
<b>Non current assets held for sale*</b>	<b>611,667</b>	<b>692,835</b>

\*Non current asset became the property of the Bank as a possession of collateral and the Bank has no intention to keep it afterwards. It is intended to sell it as soon as possible.

All debt securities have fixed coupons.

The real value of unquoted available-for-sale debt securities is measured using a valuation technique, which is based on available observable market data.

Available for sale securities by effective interest rates and maturity date comprise:

	31.03.18		31.12.17	
	%	ժամկետ	%	ժամկետ
Securities issued by RA Ministry of Finance (AMD)	6.40-11.35	2019-2047	6.96-13.19	2019-2047
Securities issued by RA Ministry of Finance (USD)	4.47-5.30	2020-2025	3.94-5.19	2020-2025
RA corporate bonds (AMD)	6.73-10.93	2019-2022	5.88-10.86	2017-2020
RA corporate bonds (USD)	4.70-5.75	2019-2022	12.00-5.55	2018-2019

## 20 Fixed assets, intangible assets

	PPE	Computers and communication facilities	Vehicles	Office equipment	Total
<b>Initial value</b>					
Initial cost as of 1 January, 2017	2,042,056	222,470	80,269	133,483	2,478,278
Additions		16,316	289		16,605
Disposals		(11,922)		632	(11,290)
<b>As of March 31, 2018</b>	<b>2,042,056</b>	<b>226,864</b>	<b>80,558</b>	<b>134,115</b>	<b>2,483,593</b>
<b>ACCRUED DEPRECIATION</b>					
As of 1 January, 2017	152,994	159,280	61,547	102,658	476,479
Additions	21,477	5,771	1,899	2,741	31,888
Disposals					0
<b>As of March 31, 2018</b>	<b>174,471</b>	<b>165,051</b>	<b>63,446</b>	<b>105,399</b>	<b>508,367</b>
<b>CARRYING VALUE</b>					
<b>As of March 31, 2018</b>	<b>1,867,585</b>	<b>61,813</b>	<b>17,112</b>	<b>28,716</b>	<b>1,975,226</b>

Thousand Armenian drams	Computer programmes	Other intangible assets	Total
<b>Initial value as of 1 January, 2017</b>			
	103,834	67,558	171,392
Additions	2,153	2,596	4,749
Devaluation	(1,679)	(2,718)	(4,397)
<b>As of March 31, 2018</b>	<b>104,308</b>	<b>67,436</b>	<b>171,744</b>
<b>ACCRUED DEPRECIATION</b>			
As of 1 January, 2017	76,762	5,678	82,440
Additions	3,359	2,360	5,719
Devaluation	(1,679)	(327)	(2,006)
<b>As of March 31, 2018</b>	<b>78,442</b>	<b>7,711</b>	<b>86,153</b>
<b>CARRYING VALUE</b>			
<b>As of March 31, 2018</b>	<b>25,866</b>	<b>59,725</b>	<b>85,591</b>

## 22 Other Assets

Thousand Armenian drams	31.03.18	31.12.17
Prepayments and other debtors	121,093	191,973
Prepayments of other taxes	166	389
Reserve	9,960	3,212
Costs of future period	38,975	27,546
Other assets	2,845	2,874
Allowance for other receivables and prepayments	(2,894)	(3,108)
<b>Total other assets</b>	<b>170,145</b>	<b>222,886</b>

## 23 Amounts due to financial institutions

Thousand Armenian drams	31.03.18	31.12.17
<b>Amounts due to CBA</b>		
Other loans and advances	2,463,846	2,681,088
Accrued interest	2,422,893	2,626,213
	40,953	54,875
<b>Amounts due to financial institutions</b>	<b>29,312,516</b>	<b>23,094,788</b>
Correspondent accounts of other banks	21,887	21,478
Loans from banks	9,291,392	7,058,764
Repurchase agreements from banks	2,385,326	0
Current accounts of other financial institutions	1,589,846	1,252,415
Loans and deposits from banks and other financial institutions	15,553,030	14,484,161
Other amounts	196,910	1,730
Accrued interest	274,125	276,240
<b>Total amounts due to CBA and financial institutions</b>	<b>31,776,362</b>	<b>25,775,876</b>

## 24 Amounts due to customers

Thousand Armenian drams	31.03.18	31.12.17
<b>RA government</b>	<b>20,000</b>	<b>20,000</b>
Other liabilities	20,000	20,000
- resident	20,000	20,000
<b>Legal entities</b>	<b>65,427,801</b>	<b>50,902,899</b>
Current/Settlement accounts	13,031,572	15,379,381
- resident	4,232,749	4,267,967
Term deposits	51,645,425	35,106,741
- resident	10,040,259	8,558,124
Accrued interest	302,870	173,473
- resident	210,855	138,139
Other liabilities	447,934	243,304
- resident	447,934	243,304
<b>Sole proprietors</b>	<b>2,336</b>	<b>2,561</b>
Current accounts	2,336	2,561
- resident	2,336	2,561
<b>Individuals</b>	<b>14,204,398</b>	<b>14,184,138</b>
Current accounts	3,625,392	3,400,536
- resident	702,758	585,819
Term deposits	10,370,503	10,527,448
- resident	5,355,398	5,007,803
Accrued interest	149,704	167,411
- resident	103,735	115,494
Other liabilities	58,799	88,743
- resident	44,469	74,413
<b>Total amounts due to customers</b>	<b>79,654,535</b>	<b>65,109,598</b>

## 25 Securities issued by the Bank

Thousand Armenian drams	31.03.18	31.12.17
Securities issued by the Bank	17,849,124	17,600,637
<b>Total securities issued by the Bank</b>	<b>17,849,124</b>	<b>17,600,637</b>

## 27 Accounts payable

Thousand Armenian drams	31.03.18	31.12.17
Deposit insurance	7,900	6,600
<b>Total other liabilities</b>	<b>7,900</b>	<b>6,600</b>

## 28 Subordinated debt

Thousand Armenian drams	31.03.18	31.12.17
Subordinated debt	13,354,525	13,402,138
<b>Total subordinated debt</b>	<b>13,354,525</b>	<b>13,402,138</b>

## 29 Other liabilities

Thousand Armenian drams	31.03.18	31.12.17
Tax liabilities	484,725	433,753
Amounts payable for factoring	158,714	159,491
Income of future period	2,740	4,951
Due to personnel	262,506	225,853
Amounts payable to suppliers	14,670	15,447
Other	1,691	1,153
<b>Total other liabilities</b>	<b>925,046</b>	<b>840,648</b>

### 30 Equity

Thousand Armenian drams	31.03.18	31.12.17
<b>Statutory capital</b>	<b>10,100,041</b>	<b>10,100,041</b>
Ordinary shares	8,752,800	8,752,800
Share premium	1,347,241	1,347,241
<b>Reserves, including</b>	<b>15,335,102</b>	<b>12,185,669</b>
Main reserve	3,000,000	3,000,000
Gains from the revaluation of non-current assets	1,110,110	1,110,110
Revaluation reserve	11,224,992	8,075,559
<b>Non-distributed profit</b>	<b>15,633,539</b>	<b>14,011,313</b>
current year	1,622,226	2,869,120
previous year	14,011,313	11,142,193
<b>Total capital</b>	<b>41,068,682</b>	<b>36,297,023</b>

As of 31 March, 2018 the Bank's registered and paid-in share capital was AMD 10,100,041 thousand. In accordance with the Bank's Charter, the share capital consists of 14,588 ordinary shares, 11,670 shares belong to "HVS Holding" S.a.r.l. and the 2,918 ordinary shares belong to BELEGGINGSMAATSCHAPPIJ JONGO LLC.

As of 31 March, 2018 total normative capital of the bank is AMD 39 bln.

The significant participants of the Bank are "HVS Holding" S.a.r.l. with 80% of voting shares and BELEGGINGSMAATSCHAPPIJ JONGO B.V. with 20% of voting shares. At the same time, with his 14588 ordinary shares Vardan Sirmakes is indirect significant participant in ARMSWISSBANK.

The replenishment of the equity capital of the Bank was implemented by AMD and the shareholder has the right to get dividends and distribute it in AMD.

#### Contingent liabilities related to off balance sheet line items bearing credit risk.

Thousand Armenian drams	31.03.18	31.12.17
Undrawn loan commitments	5,954,425	5,656,693
Guarantees provided	1,366,320	1,136,722
Allowance for impairment of liabilities bearing credit risk	(82,237)	(78,011)
<b>Total credit risk related commitments</b>	<b>7,238,508</b>	<b>6,715,404</b>

#### Transactions with related parties

Thousand Armenian drams	31.03.18		31.12.17	
	Shareholders and related parties	Key management and related parties	Shareholders and related parties	Key management and related parties
<b>Loans and advances to customers</b>				
Loans outstanding as of January 1, gross	6,016,087	612,349	1,127,999	130,819
Loans issued during the year	3,052,142	76,568	6,851,557	723,008
Loan repayments during the year	1,681,181	119,892	1,963,469	241,478
<b>As of March 31, 2018</b>	<b>7,387,048</b>	<b>569,025</b>	<b>6,016,087</b>	<b>612,349</b>
Interest income on loans	155,854	8,131	329,950	46,972
<b>Amounts due to customers</b>				
Deposits outstanding as of January 1	32,223,488	279,935	26,905,903	666,695
Deposits received during the year	51,166,481	1,582,344	116,129,226	3,201,837
Deposits paid during the year	36,710,433	1,421,117	110,811,641	3,588,597
<b>As of March 31, 2018</b>	<b>46,679,536</b>	<b>441,162</b>	<b>32,223,488</b>	<b>279,935</b>
Interest expenses on deposits	810,652	5,811	2,586,297	10,583
Amounts due to other financial institutions	12,948	-	12,500	-
Bonds issued	10,768,099	252,046	10,655,768	228,813
Subordinated debt	13,354,525		13,402,138	
Income on commissions	368	156	6,877	1,561
Other income			145	16

Compensation of key management was comprised of salaries and rewards:

Thousand Armenian drams	31.03.18	31.12.17
Salaries and other short-term benefits	109,952	138,126
<b>Total key management compensation</b>	<b>109,952</b>	<b>138,126</b>



## Risk management

### Credit risk

#### Maximum exposure of credit risk

##### Geographical Sectors

The following table breaks down the Bank's main credit exposure by book value categorized by geographical regions

31.03.18

Thousand AMD	RA	CIS countries	non-OECD countries	OECD countries	Total
<b>Assets</b>					
Cash and balances with CBA	18,504,076	-	-	-	18,504,076
Precious metals	116,028	-	-	-	116,028
Amounts due from other financial institutions	898,487	2,179,753	-	894,280	3,972,520
Loans and advances to customers	64,887,609	373,750	347,538	589,808	66,198,705
Investments available for sale	96,202,119	-	-	-	96,202,119
<b>Total</b>	<b>180,608,319</b>	<b>2,553,503</b>	<b>347,538</b>	<b>1,484,088</b>	<b>184,993,448</b>
<b>Liabilities</b>					
Amounts due to financial institutions	20,644,749	71,888	3,613,652	7,446,073	31,776,362
Amounts due to customers	22,589,234	405,696	45,439,214	11,220,391	79,654,535
Securities issued by the Bank	7,018,594	-	7,635,872	3,194,658	17,849,124
Subordinated debt	-	-	10,472,192	2,882,333	13,354,525
<b>Total</b>	<b>50,252,577</b>	<b>477,584</b>	<b>67,160,930</b>	<b>24,743,455</b>	<b>142,634,546</b>
<b>Net position</b>	<b>130,355,742</b>	<b>2,075,919</b>	<b>(66,813,392)</b>	<b>(23,259,367)</b>	<b>42,358,902</b>

31.12.17

Thousand AMD	RA	CIS countries	non-OECD countries	OECD countries	Total
<b>Assets</b>					
Cash and balances with CBA	10,568,091	-	-	-	10,568,091
Precious metals	125,696	-	-	-	125,696
Amounts due from other financial institutions	2,574,961	380,720	-	816,627	3,772,308
Loans and advances to customers	61,019,782	91,009	345,292	588,504	62,044,587
Investments available for sale	81,907,515	-	-	-	81,907,515
<b>Total</b>	<b>156,196,045</b>	<b>471,729</b>	<b>345,292</b>	<b>1,405,131</b>	<b>158,418,197</b>
<b>Liabilities</b>					
Amounts due to financial institutions	17,072,869	99	3,358,818	5,344,090	25,775,876
Amounts due to customers	21,479,882	318,512	31,450,727	11,860,477	65,109,598
Securities issued by the Bank	6,882,282	-	7,577,413	3,140,942	17,600,637
Subordinated debt	-	-	10,495,549	2,906,589	13,402,138
<b>Total</b>	<b>45,435,033</b>	<b>318,611</b>	<b>52,882,507</b>	<b>23,252,098</b>	<b>121,888,249</b>
<b>Net position</b>	<b>110,761,012</b>	<b>153,118</b>	<b>(52,537,215)</b>	<b>(21,846,967)</b>	<b>36,529,948</b>

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

#### Collateral

- Mortgages over residential properties;
- Charges over business assets such as premises, inventory and accounts receivable;
- Charges over financial instruments such as debt securities and equities.

Collateral held as security for financial assets other than loans and advances is determined by the type of the instrument. Debt securities, treasury and other eligible bills are generally unsecured.

The analysis of loan portfolio by collateral is represented as follows:

Thousand Armenian drams	31.03.18	31.12.17
Loans collateralized by real estate	39,487,215	36,934,345
Loans collateralized by movable property	834,758	656,042
Loans collateralized by government guarantees	13,159,592	13,729,814
Loans collateralized by guarantees of enterprises	5,575,374	6,564,582
Loans collateralized by shares of other companies	2,143,772	1,533,458
Loans collateralized by cash	2,095,957	1,616,860
Other collateral	3,938,478	2,406,309
<b>Total loans and advances (gross)</b>	<b>67,235,146</b>	<b>63,441,410</b>

#### Market Risk

##### Market Risk

##### Interest Rate risk

Name of article	31.03.18p.		31.12.17p.	
	AMD	Foreign currency	AMD	Foreign currency
	%	%	%	%
<b>Assets</b>				
Balance with the CBA	-	-	-	-
Amounts due from banks and other financial institutions, including	14.00%	6.47%	14.00%	5.87%
Interbank loans				
Interbank repurchase agreements				
Interbank interest swap				
Loans and advances to customers	11.71%	9.61%	11.95%	9.91%
Available-for-sale and trading securities	12.84%	6.72%	12.84%	6.70%
Held-to-maturity securities	-	-	-	-
<b>Liabilities</b>				
Amounts due to banks and other financial institutions	8.71%	5.21%	8.57%	4.86%
Amounts due to customers	10.93%	5.41%	11.12%	5.50%
Amounts due to issued securities	12.75%	6.52%	12.75%	6.53%
Subordinated debt	14.00%	5.27%	14.00%	5.27%

Thousand Armenian drams		Sensitivity of equity					31.03.18
Currency	Change in basis points	Up to 6 months	6 months to 1 year	1 year to 5 years	more than 5 years	Total	
AMD	0.5			- 16,090	- 3,027,146	-3,043,236	
USD	0.5			- 17,105	- 210,127	-227,232	
AMD	-0.5			16,345	3,226,530	3,242,874	
USD	-0.5			17,352	217,363	234,715	

Thousand Armenian drams		Sensitivity of equity					31.12.17
Currency	Change in basis points	Up to 6 months	6 months to 1 year	1 year to 5 years	more than 5 years	Total	
AMD	0.5			- 13,036	- 2,334,996	-2,348,032	
USD	0.5			- 32,386	- 226,424	-258,810	
AMD	-0.5			13,254	2,480,108	2,493,362	
USD	-0.5			32,896	234,489	267,385	

## Foreign exchange risk

Currency	31.03.18		31.12.17	
	Change in currency rate in %	Effect on profit before tax	Change in currency rate in %	Effect on profit before tax
USD	5%	89,604	5%	104,009
EUR	3%	-671	3%	4,153

The analysis of Bank's foreign currency exchange risk by financial assets and liabilities is as follows:

31.03.18				
	Armenian dram	Freely convertible currencies	Non-freely convertible currencies	Total
<b>Assets</b>				
Cash and balances with the CBA	16,172,799	2,312,191	19,086	18,504,076
Precious metals	-	111,505	4,523	116,028
Amounts due from other financial institutions	276,120	2,184,491	1,511,909	3,972,520
Loans and advances to customers	9,256,845	56,941,860	-	66,198,705
Investments available for sale	85,197,861	11,004,258	-	96,202,119
<b>Total</b>	<b>110,903,625</b>	<b>72,554,305</b>	<b>1,535,518</b>	<b>184,993,448</b>
<b>Liabilities</b>				
Amounts due to financial institutions	15,995,534	14,672,744	1,108,084	31,776,362
Amounts due to customers	43,192,004	36,045,546	416,985	79,654,535
Securities issued by the Bank	2,074,754	15,774,370	-	17,849,124
Subordinated debt	8,061,370	5,293,155	-	13,354,525
<b>Total</b>	<b>69,323,662</b>	<b>71,785,815</b>	<b>1,525,069</b>	<b>142,634,546</b>
<b>Net position as of 31 March, 2018</b>	<b>41,579,963</b>	<b>768,490</b>	<b>10,449</b>	<b>42,358,902</b>
<b>Credit related commitments as of 31 March, 2018</b>	<b>3,199,636</b>	<b>4,038,872</b>	<b>0</b>	<b>7,238,508</b>

31.12.17				
	Armenian dram	Freely convertible currencies	Non-freely convertible currencies	Total
<b>Assets</b>				
Cash and balances with the CBA	7,654,848	2,896,997	16,246	10,568,091
Precious metals	-	121,006	4,690	125,696
Amounts due from other financial institutions	228,410	1,640,284	1,903,614	3,772,308
Loans and advances to customers	7,942,725	54,101,862	-	62,044,587
Investments available for sale	69,591,331	12,316,184	-	81,907,515
<b>Total</b>	<b>85,417,314</b>	<b>71,076,333</b>	<b>1,924,550</b>	<b>158,418,197</b>
<b>Liabilities</b>				
Amounts due to financial institutions	13,327,908	12,447,960	8	25,775,876
Amounts due to customers	28,029,383	35,243,908	1,836,307	65,109,598
Securities issued by the Bank	2,011,876	15,588,761	-	17,600,637
Subordinated debt	8,064,438	5,337,700	-	13,402,138
<b>Total</b>	<b>51,433,605</b>	<b>68,618,329</b>	<b>1,836,315</b>	<b>121,888,249</b>
<b>Net position as of 31 December, 2017</b>	<b>33,983,709</b>	<b>2,458,004</b>	<b>88,235</b>	<b>36,529,948</b>
<b>Credit related commitments as of 31 December, 2017</b>	<b>3,640,190</b>	<b>3,075,214</b>	<b>0</b>	<b>6,715,404</b>

## Liquidity risk

The table below shows the analysis of assets and liabilities according to when they are expected to be recovered or settled.

31.03.18

Thousand Armenian drams	Impaired		On demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	Total
	Overdue	Not overdue but impaired						
<b>Assets</b>								
Cash and balances with CBA			18,504,076					18,504,076
Precious metals			116,028					116,028
Amounts due from other financial institutions			3,561,582	244,216	33,793	132,928		3,972,519
Loans and advances to customers	702,865	2,266,517	2,666,478	3,997,918	13,119,293	34,181,731	9,263,903	66,198,705
Investments available for sale	-	-	1,452,795	23,574	4,026,935	5,449,435	85,249,380	96,202,119
<b>TOTAL</b>	<b>702,865</b>	<b>2,266,517</b>	<b>26,300,959</b>	<b>4,265,709</b>	<b>17,180,021</b>	<b>39,764,093</b>	<b>94,513,283</b>	<b>184,993,447</b>
<b>Liabilities</b>								
Amounts due to financial institutions			8,490,739	4,075,064	10,840,589	4,900,997	3,468,972	31,776,362
Amounts due to customers			22,905,798	2,983,394	9,704,789	31,180,184	12,880,370	79,654,535
Securities issued by the Bank			1,034,365	256,478	-	5,840,480	10,717,800	17,849,123
Subordinated debt			73,865	-	-	8,480,060	4,800,600	13,354,525
<b>Total</b>			<b>32,504,767</b>	<b>7,314,935</b>	<b>20,545,379</b>	<b>50,401,721</b>	<b>31,867,742</b>	<b>142,634,544</b>
<b>Net position</b>	<b>702,865</b>	<b>2,266,517</b>	<b>(6,203,808)</b>	<b>(3,049,227)</b>	<b>(3,365,358)</b>	<b>(10,637,627)</b>	<b>62,645,541</b>	<b>42,358,903</b>
<b>Accumulated gap</b>			<b>(6,203,808)</b>	<b>(9,253,034.76)</b>	<b>(12,618,393)</b>	<b>(23,256,020.06)</b>	<b>39,389,521</b>	

31.12.17

Thousand Armenian drams	Impaired		On demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	More than 5 years	Total
	Overdue	Not overdue but impaired						
<b>Assets</b>								
Cash and balances with CBA			10,693,787					10,693,787
Precious metals			125,696					125,696
Amounts due from other financial institutions	-	-	3,403,317	248,385	33,638	125,067	-	3,810,406
Loans and advances to customers	516,726	2,077,712	3,479,386	3,805,827	10,782,225	32,713,575	8,487,243	61,862,694
Investments available for sale			-	-	478,133	5,941,533	76,178,636	82,598,302
<b>TOTAL</b>	<b>516,726</b>	<b>2,077,712</b>	<b>17,702,185</b>	<b>4,054,212</b>	<b>11,293,995</b>	<b>38,780,175</b>	<b>84,665,879</b>	<b>159,090,885</b>
<b>Liabilities</b>								
Amounts due to financial institutions	-	-	6,382,762	2,565,070	8,415,455	4,895,528	3,517,061	25,775,876
Amounts due to customers	-	-	20,652,690	1,571,796	19,371,024	20,609,488	2,904,600	65,109,598
Securities issued by the Bank	-	-	77,032	-	1,008,805	5,872,800	10,642,000	17,600,637
Subordinated debt	-	-	77,038	-	-	-	13,325,100	13,402,138
<b>Total</b>			<b>27,189,522</b>	<b>4,136,865</b>	<b>28,795,285</b>	<b>31,377,816</b>	<b>30,388,761</b>	<b>121,888,248</b>
<b>Net position</b>	<b>516,726</b>	<b>2,077,712</b>	<b>(9,487,336)</b>	<b>(82,653)</b>	<b>(17,501,290)</b>	<b>7,402,359</b>	<b>54,277,118</b>	<b>37,202,636</b>
<b>Accumulated gap</b>			<b>(9,487,336)</b>	<b>(9,569,989.73)</b>	<b>(27,071,279)</b>	<b>(19,668,919.89)</b>	<b>34,608,198</b>	

### Average assets and capital

31.03.18

Average assets	170,073,115
Average capital	38,687,069

### Collateral received

The collateralized loan amount is AMD 65,139,189 thousand as of 31.03.18

### Unfulfillment of obligations/violations

There are no any violations of contractual obligations in the bank.