

Interim Report
on Financial Position
31.03.2016
ARMECONOMBANK OJSC 23/1 Amiryan Str., Yerevan

Thousand AMD

	Item	Notes	As of the end of current interim period (unaudited)	As of the end of previous fiscal year (unaudited)
1	Assets			
1.1	Cash and balances with the CBA	13	22,699,239	28,412,405
1.2	Bank standardized bullions of precious metals and memorial coins		443	476
1.3	Due from banks and other financial institutions	14	8,943,907	7,460,604
1.4	Financial assets held for commercial purposes	15	390	
1.5	Loans and advances to customers	16	57,223,396	59,220,140
1.6	Financial assets available for sale	17	718,381	338,213
1.6.1	Securities pledged under repurchase agreements	17.1	8,010,102	8,527,788
1.7	Prepayment on profit tax		132,215	103,720
1.8	Investment in the chartered capital of the controlled entities	19		
1.9	Non-current assets held for sale			
1.10	Fixed assets	20	8,304,038	4,133,786
1.10.1	Intangible assets	20	85,150	83,116
1.11	Deferred tax assets	11		88,832
1.12	Other assets	21	543,488	423,135
	Total assets		106,660,749	108,792,215
2	Liabilities			
2.1	Liabilities to banks and other financial institutions	22	26,624,499	28,903,600
2.2	Liabilities to customers	23	55,624,033	61,978,762
2.3	Subordinate borrowing	23.1	4,415,095	4,425,604
2.4	Liabilities for current taxes			
2.5	Securities issued by the Bank	24		
2.6	Liabilities held for commercial purposes	25	2,399	693
2.7	Amounts payable	26	69,852	70,065
2.8	Deferred tax liabilities	11	742,645	
2.9	Other liabilities	27	714,238	2,380,197
	Total liabilities		88,192,761	97,758,921
3	Capital			
3.1	Chartered capital	28	3,167,023	2,333,338
3.2	emission income		3,168,003	
3.3	Reserves:			
3.3.1	Main reserve		6,000,000	6,000,000
3.3.2	Revaluation reserves		3,347,601	19,090
3.4	Retained earnings (loss)		2,785,361	2,680,866
	Total capital		18,467,988	11,033,294
	Total liabilities and capital		106,660,749	108,792,215

Chairman of the Executive Board (CEO)

A.Naljyan

Chief Accountant

D.Azatyán

Approval date: 02.06.2016

Interim Report
on Financial Results
31.03.2016

ARMECONOMBANK OJSC 23/1 Amiryan Str.,Yerevan

Thousand AMD

Name	Note	Accounting period	Previous period
Interest and similar income	3	2,533,782	2,242,943
Interest and simliar expenses	3	(1,343,865)	(1,319,647)
Net interest and similar income		1,189,917	923,296
Income as commissions and other fees	4	322,525	309,953
Expenses as commissions and other fees	4	(87,058)	(72,427)
Net commissions and other fees		235,467	237,526
Dividend income			
Net commercial income	5	155,588	149,197
Other operational income	6	83,336	56,498
Operational income		1,664,308	1,366,517
Net allocations to possible asset loss provisions	7	(133,515)	(44,539)
Total administrative expenses	8	(1,121,749)	(1,106,361)
Other operational expenses	9	(273,577)	(286,793)
Operational profit		135,467	(71,176)
Profit/loss from associated company	10		9,694
Profit/loss before taxation		135,467	(61,482)
Profit tax expenses (compensation)	11	(30,972)	4,411
Profit for period		104,495	(57,071)

Chairman of the Executive Board (CEO)

A.Naljyan

Chief Accountant

D.Azatyan

Approval date: 14.04.2016

Interim Report
on Financial Results
31.03.2016

ARMECONOMBANK OJSC 23/1 Amiryan Str.,Yerevan

Thousand AMD

Name	Note	Accounting period	Previous period
Other comprehensive financial result			
Revaluations of financial assets available for sale		125,793	(170,557)
Profit from revaluation of non-current assets		4,034,846	-
Profit tax on other comprehensive income		(832,128)	34,111
Revaluations of associated company's financial assets available for sale			(737)
Other comprehensive financial result after taxation		3,328,511	(137,182)
Comprehensive financial result including:		3,433,006	(194,253)
Holding's share			
Uncontrolled share			

Chairman of the Executive Board (CEO)

A.Naljyan

Chief Accountant

D.Azatyan

Approval date: 02.06.2016

Interim Report
on the Cash Flows
31.03.2016

ARMECONOMBANK OJSC 23/1 Amiryan Str., Yerevan

Thousand AMD

Name	Note	Accounting period (unaudited)	Previous period (unaudited)
1. Cash flows from operations			
<i>Net cash flows before changes in operational assets and liabilities</i>		425,768	274,974
Interest received		2,415,401	2,200,487
Interest paid		(1,241,902)	(1,182,174)
Fees earned		392,241	359,890
Fees paid		(92,260)	(75,393)
Gain/loss from financial assets held for commercial purposes		139,177	183,324
Recovery of previously written-off assets		28,434	21,504
Paid salaries and similar payments		(767,728)	(795,793)
Other income received from operations and other expenses paid		(447,594)	(436,872)
<i>Cash flows from changes in operational assets and liabilities</i>			
Decrease/increase in operational assets		1,921,103	3,641,566
Due from financial institutions		(98,972)	1,031,333
loans and advances to customers		678,260	2,979,529
securities held for commercial purposes and available for sale		276,424	(440,938)
Other operational assets		1,065,391	71,642
Increase/decrease of operational liabilities		(11,392,645)	(6,686,973)
liabilities to financial institutions		(4,381,720)	2,147,018
liabilities to customers		(6,774,629)	(8,579,251)
decrease of other operational liabilities		(236,296)	(254,741)
Net cash flows from operations before profit tax		(9,045,774)	(2,770,434)
Profit tax paid		(60,115)	(52,374)
Net cash flows from operations		(9,105,889)	(2,822,808)
2. Cash flows from investments (decrease)			
Capital investments in fixed assets and intangible assets		(117,278)	(55,666)
Acquisition of fixed assets and intangible assets		(173,110)	(25,207)
Disposal of fixed assets and intangible assets		56,667	
Net cash flows from investment operations		1,145,316	
Cash flows from financial operations		911,595	(80,873)
3. Cash flows from financial operations			
Dividends paid		(314)	(331)
Increase/decrease of borrowings from the Central Bank of Armenia		62,210	(19,711)
Increase/decrease of borrowings from banks		1,992,529	2,216,808
Increase/decrease of other borrowings		(52,204)	651,636
Shareholders' investments in chartered capital		4,001,688	-
Net cash flows from other financial operations		(1,145,316)	-
Net cash flows from financial operations		4,858,594	2,848,402
Impact of exchange rate change on cash and its equivalents		38,683	(397,596)
Net increase/decrease of cash and its equivalents		(3,335,700)	(55,279)
Cash and equivalents at the beginning of the period	13_2	27,912,709	22,354,455
Cash and its equivalents at the end of the period	13_2	24,615,692	21,901,580

Chairman of the Executive Board (CEO)

A.Naljyan

Chief Accountant

D.Azatyán

Approval date: 02.06.2016

Interim Consolidated Report
on Equity Changes
31.03.2016.

ARMECONOMBANK OJSC 23/1 Amiryan Str., Yerevan

Thousand AMD

Equity elements	Chartered capital			emission income/loss	Main reserve	Revaluation of financial assets available for sale	Profit from revaluation of current assets	Retained earnings/loss	Total	Total capital
	Chartered capital	Repurchased capital	Net amount							
Articles	1	2	3	4	5	7	9	10	12	14
Comparable current interim period of the previous financial year (ascending from the beginning of the year) (I table)										
<i>Balance as of the beginning of the previous financial year 01 January 2015 (audited)</i>	2,333,338	-	2,333,338	-	5,405,133	262,264	-	3,070,280	11,071,015	11,071,015
Comprehensive income	-	-	-	-	-	(137,182)	-	(57,071)	(194,253)	(194,253)
<i>Balance as of the end of the comparable interim period of the previous financial year 31.03.2015 (audited)</i>	2,333,338	-	2,333,338	-	5,405,133	125,082	-	3,013,209	10,876,762	10,876,762
Interim period of the current year (ascending from the beginning of the year) (II table)										
<i>Balance as of the beginning of the financial year 01 January 2016 (unaudited)</i>	2,333,338	-	2,333,338	-	6,000,000	19,090	-	2,680,866	11,033,294	11,033,294
Transactions with shares(stock) with shareholders (owners) including:	833,685	-	833,685	3,168,003	-	-	-	-	4,001,688	4,001,688
Investments in chartered capital and other increase of chartered capital	833,685	-	833,685	3,168,003	-	-	-	-	4,001,688	4,001,688
Comprehensive income	-	-	-	-	-	100,634	3,227,877	104,495	3,433,006	3,433,006
Dividends	-	-	-	-	-	-	-	-	-	-
<i>Balance as of the end of the comparable interim accounting period 31.03.2016 (unaudited)</i>	3,167,023	-	3,167,023	3,168,003	6,000,000	119,724	3,227,877	2,785,361	18,467,988	18,467,988

Chairman of the Executive Board (CEO)

A.Naljyan

Chief Accountant

D.Azatyanyan

Approval date: 02.06.2016

Appendix 5 Approved by Resolution N205N of the Board of the
Central Bank of Armenia Dated on 10 July 2007

Notes to the interim consolidated reports published in the 1st
quarter of 2016 “ARMECONOMBANK” OJSC 23/1 Amiryan Str.,
Yerevan

Note1. “Legal Field and Corporate Governance”

Legal Field

“ARMECONOMBANK” OJSC (hereinafter the Bank) was founded in 1991, is the successor of former USSR “Zhilsotsbank” Armenian Republican Bank and was reorganized as an open joint stock company in 1995 and operated on the basis of the legislation of the Republic of Armenia (hereinafter RA). The bank was registered by the Central Bank of Armenia (hereinafter the CBA) with No1 License number.

The Head office of the Bank and 19 branches are located in Yerevan, another 20 branches in regions, and 1 in NKR. The legal address of the Bank is 23/1 Amiryan Str., Yerevan.

Main Activities

As a universal financial institution, “ARMECONOMBANK” OJSC offers its customers a comprehensive package of services. The prevailing part of the Bank’s activities falls to lending. The Bank offers lending to almost all sectors of the economy conditioned with the level of the risk and the prospect of the given project. The Bank actively operates in the area of lending with international lending programs. The Bank extends commercial, consumer and mortgage loans.

Business Environment

Political and economic changes are very common in Armenia. As an emerging market, Armenia does not have a perfect business environment and corresponding sub-structures which usually exist in countries having free market economy.

Moreover, these conditions set limits to the volumes of transactions in financial markets and real values of the transactions may not comply with the performed transactions. The main obstacle of further economic development is the low level of economic and institutional development paralleled with territorial instability, centralized economic base and impact of international economic crisis.

International economic crisis led to reduction of GDP of Armenia as well as that of transfers from abroad on which Armenian economy depends much.

Corporate Governance

Bank management bodies are: Shareholders’ General Meeting as the highest body of Bank management, the Board, the Management and the CEO.

Structure and Members of the Board

Chairman of the Board

S. Sukiasyan

Board Members

A. Melikyan

L. Petrosyan,

R. Hayrapetyan

Structure and Members of the Bank's Management

CEO

A. Naljyan

Deputy CEO-Treasurer

R. Badalyan

Deputy CEO for Corporate and Retail Business

O. Chichyan

Deputy CEO for Operations

A. Arakelyan

Deputy CEO for International Operations and Development

A. Manrikyan

Chief Accountant

D. Azatyan

Head of Strategy and Risk Management Department

H. Avetisyan

Head of Legal Department

V.Jhangiryan

Head of Credit Department

A. Arakelyan

Head of Plastic Cards Department

A.Galstyan

The Structure of the Bank's Property and the Number of Shareholders/Participants at the End of the Accounting Period

As of 31.03.2016, the Chartered capital is AMD 3,167,023. It includes 1,266,809 common shares each with AMD 2500 nominal value. The Bank has 3031 shareholders.

Main Participants

Sukiasyan Saribek Albert	25.9 %
Sukiasyan Khachatur Albert	14.38 %
Sukiasyan Robert Albert	14.97 %
Sukiasyan Eduard Albert	11.18%
European Bank for Reconstruction and Development	11.05 %

Remuneration Policy of the Bank's Management

No special policy for the Bank's management remuneration is applied at the Bank. The remuneration of top management is made based on the staff list approved by the Board.

Payments to Statutory Auditors

The Bank's statutory auditors are presented to the General Meeting of the Bank Shareholders and elected by the latter. And the size of their remuneration is established by the Bank Board.

Note2. “Accounting Policy”

Preparation and Submission of “ARMECONOMBANK” OJSC Financial Statements

Financial statements are formed in compliance with RA Legislation and sub-legislative acts, the principles of forming of financial statements published by the Board of Financial Accounting Standards, guidelines of applying the principles, and the legal acts approved by the Board of the Central Bank. The financial statements are formed on the basis of the bank’s accounting.

The statements are made in thousands of Armenian drams without decimal units. The accounting year for financial statements is the period from 1 January to 31 December inclusive.

Financial statements are prepared based on the principle of fair value for financial assets and liabilities carried at fair value and adjusted by financial results, as well as for available-for-sale assets, except the ones the fair value of which can’t be decided. Financial statements for other financial as well as non-financial assets and liabilities are prepared under their historical value.

The financial statements of the Bank (except the Statement on Cash flows) are prepared on accrual basis.

Recognition of Income and Expenses

Interest incomes and expenses for all interest earning financial tools, except tools accounted for real value reappraised by profit/loss, in reports on financial results, using effective interest rate method are recognized as “interest income” and “interest expense”. Registration of interests for overdrafts, overnights, credit lines, corresponding accounts, bank accounts, demand deposits is implemented by linear way, if the bank cannot foresee future cash flows of these assets. Registration of interests of depreciated loans is not stopped. If balance sheet value of the financial asset or group of similar financial assets decreases because of losses from depreciation, the interest income continues to be recognized towards new balance sheet value.

Amounts receivable as fines and penalties are added to incomes every day. Corresponding agreements are basis for calculation of size of added amount.

Based on corresponding agreement amounts payable by the bank as fines and penalties are recognized as expenses every day.

Fees charged for lending (together with corresponding costs) are deferred adjusting the effective interest rate of the loan. Other incomes and expenses especially rentals, advertisement, building maintenance, technical service liabilities, as well as costs of fuel for

vehicles are reflected in the Statement on Financial Results on accrual basis taking into account the relevant contract, or payments of the previous period. The accrual of non-interest expenses up to AMD 10,000 is performed on the last working day of each month, while the accrual of non-interest expenses exceeding AMD 10,000 is made daily. The accrual of expenses on holiday payments is made daily.

Amortized deductions on fixed assets (including those received from financial leasing), capital investments for leased property and intangible assets are performed each day in amounts defined by this policy and are adjusted on the last working day of each month.

Dividends are entered into the Statement on Financial Results according to accrual principle at the moment they are declared.

Foreign Exchange Operations Accounting

Transactions concluded in foreign currency are recalculated in accordance with operational currency - exchange rate of transaction date. Monetary assets and liabilities denominated in foreign currencies are revaluated at the average exchange rate set by the Central Bank of Armenia on the balance sheet date. The gains and losses from foreign currency transactions and from revaluation of monetary assets and liabilities denominated foreign currencies are reflected in the Statement on Financial Results as income and expenses. Foreign currency non cash assets and liabilities, presented in their prime value, are translated into their AMD equivalent by the exchange rate of transaction date.

The foreign exchange sale and purchase rates are defined taking into account the rates established at inter-bank market, offer and demand volumes within the territory of the Republic of Armenia, other factors (forecasts based on market research, force-majeure circumstances, etc.). When establishing the exchange rates the rates operative in foreign exchange International market at that moment and those reflected in “REUTERS DEALING” system are also taken into account, besides the aforementioned factors.

Tax Accounting

Accounting on income tax, value added tax, property tax, land tax and obligatory social insurance payments should be carried out in compliance with RA Tax Legislation.

The income tax of the accounting period comprises current and deferred taxes. The amount of current income tax is computed in accordance with requirements set forth in RA Legislation, the liability of income tax is accrued towards the tax profit for each day (taking into account non-deductible expenses from income) and on the last working day of each month it is being adjusted.

Deferred taxes, if any, occur on temporary differences between the tax base of an asset or liability or its carrying amount in the balance sheet. The tax base of an asset or liability is the

amount attributed to that asset or liability for tax purposes. Deferred income tax liabilities, if any, resulting from temporary differences are provided for in full. Deferred income tax assets are recorded to the extent that there is a reasonable expectation that these assets will be realized. Deferred tax is recorded in the financial statement, except taxes, the transaction results of which have already been recorded in the capital, in which case the tax is also recorded in the capital. Deferred tax amounts on securities are adjusted on a quarterly basis.

Income tax assets and liabilities are offset when the Bank:

Has a legally enforceable right to set off the recognized amounts of current tax assets and current tax liabilities,

Has an intention to make the settlement on a net basis, or to realize the asset and settle the liability simultaneously,

The deferred tax asset and deferred tax liability relate to profit taxes levied by the same taxation authority in each future period in which significant amounts of deferred tax liabilities or assets are anticipated to be settled or recovered.

Cash and Cash Equivalents

The booking of the Bank's actual cash interflows (deposits) and/or outflows (withdrawals) is made by the nominal value of currencies, on the basis of payment documents duly prepared, stipulated by the procedure regulating teller operations, and other procedures and legal acts of the Bank. The statement on cash flows is made by direct method.

Cash and cash equivalents consist of cash drams, funds kept in Central Bank of Armenia (except amounts deposited for mutual settlement through ARCA clearing system) and amounts of other banks, which may be converted into cash in short period and are not exposed to considerable risk of change of value. Cash facilities and their equivalents are recorded by amortized value.

Financial Instruments

The Bank recognizes financial assets and liabilities on its balance sheet, when and only when it becomes the counterparty of that Instrument.

Financial assets and liabilities are initially recognized at cost, which is the fair value of reimbursement given or received, including or net of any transaction costs incurred, respectively. After the initial recognition all financial liabilities, except financial tools accounted for real value reappraised by profit/loss, are accounted for amortized value using effective interest rate method. After the initial recognition financial tools accounted for real value reappraised by profit/loss are accounted for real value.

The Bank classifies its financial assets into the following categories: financial assets held for trading, available-for-sale financial assets, loans and receivables, held-to-maturity investments. Such classification of investments is made on the moment of their purchase

based on the evaluations made by the Bank's management.

Held for trading assets are the assets that were acquired or incurred principally for the purpose of generating a profit from short-term fluctuations in price or dealer's margin. An asset should be classified as held for trading if, regardless of why it was acquired, it is part of a portfolio for which there exists an evidence of actual possibility of short-term profit making. During the initial recognition securities held for trading are accounted by fair value. Afterwards they are re-accounted by fair value based on the existing market prices. All the corresponding realized and unrealized gains and losses are registered in the income statement (Item of income received from the securities held for trading).

Available-for-sale investments are those intended by the Bank to be held for an indefinite period of time, which may be sold, arising from liquidity needs or changes in interest rates, exchange rates or equity prices. Realized or unrealized gains and losses arising from changes in the fair value of available-for-sale securities are reflected in the financial results as profit and loss from equity revaluation. When the securities are sold, the adjustments of their fair value are recognized in the statement on financial results as profit or loss from classified available-for-sale securities. If there exists an evidence of a real possibility to gain profit in a short time on classified available-for-sale financial assets, then the assets are reclassified into assets-held-for-trading. Dividends on available-for-sale chief instruments are entered into the statement on financial results, when the Bank becomes entitled to collect the dividends. The fair value of financial Instruments is based on their quoted market prices. If a quoted market price is not available then the fair value of the instrument is estimated using price models and discounted cash flow techniques. The fair value of financial Instruments is based on their quoted market prices. If a quoted market price is not available then the fair value of the instrument is estimated using price models and discounted cash flow techniques. The investments in subsidiaries that have no material impact on the bank's financial statements are accounted in their prime value, less the amount of possible loss provision.

Loans and receivables are financial assets with fixed or determinable payments, which arise when the Bank provides money directly to a debtor, with no intention of trading the receivable.

Held-to-maturity securities -Securities with fixed maturities are classified as held-to-maturity, when the bank has the positive intention and ability to hold those investments to maturity. If the Bank sells any significant amount of held-to-maturity assets the whole class will be reclassified into available-for-sale. Held-to-maturity investments are carried at amortized cost, using the effective interest rate method, less any possible loan loss provisions.

During its activities, the Bank acts as a party of agreements in derivative instruments that includes futures, forwards, swaps and options. All derivative instruments are classified as ones kept for commercial purposes and their accounting is carried out as per the Policies of Initial Recognition of Financial Instruments to be later re-measured at real value. The real value is established by the pricing in the markets or by applying such models on the basis of

which the assessments of the current condition of the markets, the contractual prices of base instruments and other factors lays. The derivative instruments with positive real value are accounted as assets and the ones with negative real value- liabilities. The products from the given operations are accounted as profit or loss from assets or foreign exchange operations kept for commercial purposes.

In case of accounting of hedges the results of changes in fair values of hedging instruments and relevant hedging articles are proportionally recognized as net profit and loss in the income statement.

Repurchase Agreements

Repurchase agreements are used by the Bank as elements of its treasury management and trading business. These agreements are accounted for as financing transactions.

Securities sold under repurchase agreements are accounted for as securities held-for trading and available-for-sale securities and funds received under these agreements are included into amounts due to other banks or amounts due to customers. The amounts extended against securities purchased under Repurchase Agreement are accounted for as Due to other banks or Loans and Borrowings to Customers. Any income or expense arising from purchase and sale of the underlying securities is recognized as interest income or expense, accrued during the period of Repurchase Agreements.

Leases

To insure the continuity of its performance the Bank may lease lands, buildings and areas, other property plant and equipment and may make capital investments in them. The accounting on leases is carried in accordance to RA legislation.

Leases of assets, under which the risk and rewards of ownership are retained with the lessor are classified as operating leases. Rentals under operating leases are recognized as expense in the statement on financial results on a straight-line basis over the lease term and are included in operating expenses.

The spending on rented land, building, spaces, and other fixed assets, which raise the value of rented fixed asset, are viewed as capital expenses and are recognized as asset. The given expenses are depreciated by straight line method during residual period of usable service.

Financial Assets' Possible Loss Provision

The classification of the Bank's assets and possible loss provisioning are made in conformity with the requirements RA legislation.

As the published financial reports are drafted, further corrections of provisions in

compliance with IFRS are made.

Intangible Assets

Intangible assets are initially recorded at their prime cost in AMD. Intangible assets purchased in foreign currency are recorded by the average exchange rate of purchase date fixed by the CBA, and are not revaluated in case of further changes of the exchange rate.

The prime cost of internally generated intangible assets is defined in the development period of the asset in compliance with IFRS if it is possible to show the correspondence of the internally generated intangible asset to the requirements set by IFRS. The initial value of internally generated computer software is defined in compliance with criteria of asset recognition.

Attribution of the item of intangible asset to any category (computer software, licenses and power of attorney, copyrights, etc.) set by the “Card of Accounts of the Banks Operating within the Territory of RA” and “The Application Order of the Card of Accounts of the Banks Operating within the Territory of RA” is made based on the methodical instructions of the Chief accountant, arising from its usage specifications.

The initial cost of internally generated intangible asset comprises the expenses set by IFRS. The initial cost includes only those expenses made during the accounting quarter during which the asset has been recognized.

Subsequent expenditures made on intangible assets, which can be added to the value of an intangible asset in compliance with IFRS, are recorded as capital investments and are added to the value of the asset by the resolution of the Executive Board of the Bank.

Amortization term for each item of intangible assets is decided by the Bank based on the criteria set by IFRS. Namely, the amortization term of internally generated computer software, taking into account the information on the estimated useful lives of software of the same type available in the market at the moment, terms of actual useful lives of software used at the Bank before, other criteria set by the Standard.

The Bank uses the straight-line method to allocate depreciation amount of intangible assets over their useful lives.

The amortization period and the amortization method of intangible assets should be set in compliance with IFRS, within the period of the agreement so signed and in case of the absence of such period, a period of 10 years will be set. Amortization method is changed by making corresponding changes in this Policy by the Bank’s Board.

In case of significant fluctuations in fair value of intangible assets, they are revalued based on the resolution of the Bank’s Board.

The disclosure of information required by IFRS on internally generated intangible assets in financial statements is performed separately. The depreciation amount of intangible assets, acquired after 1 January 2014, will be calculated in accordance with “Profit Tax” law. The annual amortization interest rate is set by the resolution of the Bank’s Board.

Fixed Assets

The unit of fixed assets that complies with the recognition of the standards of the asset is measured at their initial value (prime cost) in AMD, excluding buildings which are recorded at their revaluated value. The fixed assets purchased in foreign currency are registered as of the day of the purchase at the average exchange rate set by the Central Bank of Armenia and shall not be re-valued in case of exchange rate change.

The initial value of the unit of fixed assets comprises its purchase cost, taxes, including VAT, import duties and other obligatory payments, which are not subject to be returned to the Bank by relevant authorities and any expenses related to bringing the asset to working state for its purposeful usage. Any discount or privilege provided is deducted from the purchase cost.

The measurement of value, recognition, further expenses, revaluations and withdrawals on purpose of recording of the unit of property, plant and equipment is made in the order prescribed by RA Legislation, as well as by the Bank's internal legal acts.

Attribution of the unit of fixed assets to any category (property and stationery communication means, calculating, computer and automated equipment, vehicles, depreciable property, etc.) set by the Card of Accounts of the Banks Operating within the Territory of RA and The Application Order of the Card of Accounts of the Banks Operating within the Territory of RA is made based on the methodical instructions of the Chief accountant, arising from their usage specifications and purposes.

Fixed assets are recorded with the difference of initial value and accumulated depreciation taking into account the accumulated impairment losses. Depreciation is calculated using the straight-line method over the period of the asset's useful life applying the following annual depreciation rates:

Building	50 years, 2%
Computers	5 years, 20%
Transportation means	8 years, 12.5%
Other fixed assets, transportation means	
UPS batteries, ATMs	8 years, 12.5%
Property, office equipment, etc.	
Other computer equipment	
Printing devices (printers, scanners, copying devices),	
POS terminals, modems, network devices,	3 years, 33.3%
Network devices	5 years, 20 %
Fixed assets costing up to AMD 50.000	1 year, 100%

The depreciation of fixed assets which are in operation until 1 January 2013, connected with review of terms of useful services is calculated as follows: the balance sheet value of fixed assets (initial value minus accumulated depreciation) is distributed by linear method of depreciation calculation in the newly defined residual term of useful service. The latter represents the time difference between the useful life cycle set from 1 January 2013 and the period from the starting date of use until 1 January 2013.

For fixed assets acquired after 01.01.2013 residual value amounts to 0.1% of their initial value, however not more than AMD20.000, except buildings and transportation means residual value of which amounts to 1% of their initial value.

For fixed assets acquired up to 01.01.2013 the residual value amounts to 0.1% of their balance sheet value, however not more than AMD 20.000, except building and transportation means residual value of which amounts to 1% of their balance sheet value.

Depreciation of fixed assets acquired after 1 January 2014, is calculated in accordance with “Profit Tax” law. Annual interest rate of that group’s fixed assets is set by the resolution of the Bank’s Board.

Depreciation is not calculated for land.

Repairs and maintenance are recognized in the statement on financial results as expenses during the period in which they are incurred.

The expenditures raising the operational efficacy of property, plant and equipment compared with the preliminary evaluated normative indicators are recognized as capital expenditures and are added to the initial value of the asset. The abovementioned expenditures are amortized using the straight-line method over the residual term of the asset’s useful life if they don’t exceed the 10% of the residual value of property, plant and equipment as of 1 January of the year; otherwise they are amortized during the whole period of useful life.

The outcome occurred from write off or disposal of a fixed asset is determined as a difference between net credits from asset disposal and its balance sheet value and is recognized as an income or loss in the income statement.

In case of significant fluctuation of the real (market) value of the Bank’s fixed assets (25% during financial year) the latter are reassessed based on the decision of the Bank’s Board. The revaluation is conducted by an independent company with relevant license. The results of revaluation are reflected in the Bank’s balance sheet and Income statement in the manner prescribed by IFRS. The growth occurred in the outcome of revaluation is charged to the undistributed profit along with calculation of amortization during the use of the set by the Bank. The size of charged off amount is determined by the difference between amortization calculated on the basis of revaluated balance sheet value of the asset and amortization calculated on the basis of Initial value of the asset. The charge of the growth occurred in the result of revaluation to undistributed profit is not reflected in the Income statement.

The capital expenses on leased fixed assets are capitalized and amortized by linear method during 20 years.

Assets recorded as capital investments in the fixed assets are not amortized.

Inventory

The Bank's inventory includes: short-life items, goods, including goods which has passed to the Bank as a result of sequestration of pledge, materials and supplies, which are to be used by the Bank during its performance. Short-life items are assets the useful lives of which do not exceed a year. The inventories are measured at the lower of cost and net realizable value.

The cost of the inventory is determined by the formula of average weighted value. The cost of the short-life items is written off at the beginning of their utilization.

Settlements between the Bank and Branches

Reciprocal accounts of the Bank's Head Office and its branches are compared each day per separate currencies via report received through program. The revealed errors are corrected during that day. While drafting the balance sheet, the settlement accounts among the Head Office and its branches are brought to zero. The settlement accounts between the Bank's Head Office and its branches are closed weekly.

Share Capital and Treasury Stock

Ordinary shares are included in equity (general) capital. Dividends on ordinary shares are recognized in equity capital in the period in which they are declared. Dividends for current year, which are declared after the balance sheet date, are disclosed in the subsequent events note. Basic earnings per share should be calculated by dividing the net profit for the period attributable to the shareholders by the weighed average number of ordinary shares outstanding during the period.

Under certain circumstances and according to procedure established by the RA Legislation the Bank may repurchase its equity share capital. In this case reimbursement paid is deducted from total shareholders' equity and is reflected as treasury stock until it is cancelled. When such shares are subset gently sold any reimbursement received is included in shareholders' equity.

The positive difference between the price paid by investor's for purchase of common shares and their nominal value is recognized in the equity as emissive fee on extraordinary shares.

Attracted Funds

Attracted funds comprising accounts, issued securities and subordinate borrowings of Government and the Central Bank are initially recognized at the real value of received funds, less direct costs for operations. After initial recognition, attracted funds are accounted for in amortized value using effective interest rate method.

Provisions, Contingent Assets and Liabilities

Contingent liabilities are not recognized in financial statements, but are disclosed in the accompanying notes. However, they are not disclosed if the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in financial statements, but is disclosed in the accompanying notes, when an inflow of economic benefits becomes probable.

Consolidated Financial Statements

In cases set forth by legislation the Bank prepares consolidated financial statements in accordance with IFRS and the Procedure on Compilation of Consolidated Financial Statements Presented to the Central Bank of Armenia by the Banks Acting within the Territory of Armenia" approved by the Board of the Central Bank of Armenia.

Segment Statements

The Bank uses the information of business-segments (per Individuals, organizations and rendered investment services) as a primary presentation form. Geographical segments are considered to be secondary presentation forms.

Issued Corporate Bonds

Issued corporate bonds are initially recognized at their real value, which is the real cost of reimbursement received against them, less the transaction expenses.

Corporate bonds issued afterwards are measured at their amortization value, and any difference between net reimbursement and reimbursed amounts, is reflected in the income and expense statement in the period of circulation of those securities, applying the effective interest method.

Comparable Information

In case of necessity comparable figures are adjusted in order to ensure the comparability with the current year.

After Balance Sheet Date Events

Respective corrections in the balance sheet, if necessary, after the date of balance sheet formed on the last working day of the fiscal year, are made in the following cases:

If the Bank reveals errors on its own

Fundamental errors are revealed by an audit organization

On purpose of reflection of clarifying events after the balance sheet date.

In cases if the Bank reveals errors on its own, if the amount of material error depends on the size or nature of the given transaction or size and nature of the article, and if the change of figures reflected in the balance sheet will be of a little importance, and if non-disclosure of that information will not impact decisions made on the basis of financial statements' data, no amendments will be made in the balance sheet of previous year.

If fundamental errors are discovered or arise after the publication of the Bank's annual financial statements as per the established order, then no adjustments shall be made and the representation of such information is considered to be unrealizable.

Note 3: "Net Interest and Similar Income"

Thousand AMD

	01/01/2016- 31/03/2016	01/01/2015- 31/03/2015
Interest and similar income		
Ineterst income from the Bank's current accounts,deposits and loans allocated in banks and other financial institutions	33,316	32,667
Interest income form loans and advances to customers	2,169,652	1,916,309
Interest income from debt securities	280,790	189,423
Interest income from REPO agreements	45,764	103,910
Other interest income	4,259	634
Total	2,533,781	2,242,943
Interest and Similar Expenses		
Interest expenses from the Banks' current accounts deposits and loans allocated from banks and other financial institutions	342,257	327,083
Interest expenses on terms deposits and current accounts of customers	677,039	654,128
Interest expenses on issued securities		
Interest expenses under REPO agreements	182,922	308,537
Interest expenses on subordinate borrowings	134,376	5,523
Other interest expenses	7,271	24,376
Total	1,343,865	1,319,647
Net Interest and Similar Income	1,189,916	923,296

Note 4: "Commission and Other Fee Income and Expenses"

Thousand AMD

	01/01/2016- 31/03/2016	01/01/2015- 31/03/2015
Commission and Other Fee Income from:		
Cashier's operations	25,591	24,739
Settlement services	224,334	226,199
Guarantees, warranties letters of credit operations trust management operations	5,439	2,246
Foreign currency and security operations	1,877	3,903
Payment card servicing	24,041	15,262
Other commission fees	41,243	37,604
Total	322,525	309,953
Commission and Other Fee Expenses:		
Commission fee from correspondent and other accounts	569	537
Expenses for payment card operations	32,101	32,501
Guaratees, warranties, letter of credit operations, trust management operations	5,047	8,466
Foreighn currency and security operations	18,467	4,250
other commission fees*	30,874	26,673
Total	87,058	72,427
Net commission and other fees received	235,467	237,526

* Other commission fee expenses have mainly been made for received payment-settlement services and loans received from international financial institutions.

Note 5: "Net Income from Commercial Operations"

Thousand AMD

	01/01/2016- 31/03/2016	01/01/2015- 31/03/2015
Held-for-trading investments		

Net income from sale/purchase of held-for-trading investments, including:	(1,947)	(21,534)
Shares		
Debt securities		
Derivatives	(1,947)	(21,534)
Net income from changes in real value of available for sale investments	40,235	(219,982)
Total	38,288	(241,516)
Available for sale investments		
Net income from available for sale investments including:	33,235	1,328
Shares		
Debt securities	33,235	1,328
Derivatives		
Net income from changes in real value of available for sale investments		
Total	33,235	1,328
Foreign currency operations		
Net income from foreign currency sale/purchase	139,177	183,324
Net income from foreign currency revaluation	(55,146)	204,646
Net income from precious standardized bullions and coins trade	28	954
Net income from revaluation of precious standardized bullions and coins trade	6	461
Total	84,065	389,385
Net income from commercial operations	155,588	149,197

Note 6: "Other Operational Income"

Thousand AMD

Other operational income	01/01/2016- 31/03/2016	01/01/2015- 31/03/2015
Income from penalties and fines	73,201	46,666
Income from factoring		
Net income from disposal of fixed and intangible assets	894	
Net income from revaluation and counteractions taken against depreciation of fixed and intangible assets		
Other income*	9,241	9,832
Total	83,336	56,498

The main sources of generation of other income* are the amounts charged for provision of statement, check and deposit books, certificates and from such services for which no special income accounts are envisaged.

Note 7: "Net Deductions to Possible Asset Losses Provision"

Thousand AMD

Due from banks (Note 14)	01/01/2016- 31/03/2016	01/01/2015- 31/03/2015
Initial balance		23,873
Net deductions to reserve		
Return of amounts previously charged to off balance item		
Usage of reserve		
Summary balance	-	23,873

Due from banks (Note 14)	01/01/2016- 31/03/2016	01/01/2015- 31/03/2015
Initial balance	5,049	8,508
Net deductions to reserve	(1,235)	(3,816)
Return of amounts previously charged to off balance item		
Usage of reserve		
Summary balance	3,814	4,692
From loans and advances to customers (Note 16)	01/01/2016- 31/03/2016	01/01/2015- 31/03/2015
Initial balance	957,490	735,009
Net deductions to reserve	132,651	50,292
Return of amounts previously charged to off balance item	28,435	20,004
Usage of reserve	(99,964)	(66,948)
Summary balance	1,018,612	738,357
On investments (Note17)	01/01/2016- 31/03/2016	01/01/2015- 31/03/2015
Initial balance	4,690	4,690
Net deductions to reserve		
Return of amounts previously charged to off balance item		
Usage of reserve		
Summary balance	4,690	4,690
On other assets (Note 21)	01/01/2016- 31/03/2016	01/01/2015- 31/03/2015
Initial balance	3,168	3,436
Net deductions to reserve	2,099	(1,937)
Return of amounts previously charged to off balance item		1,500
Usage of reserve		(15)
Summary balance	5,267	2,984
Post-balance sheet items containing loan exposures (note 30)	01/01/2016- 31/03/2016	01/01/2015- 31/03/2015
Initial balance		
Net deductions to reserve		
Summary balance	-	-
Total net deductions to reserves	133,515	44,539

Note8: Total administrative expenses

Thousand AMD

Total administrative expenses	01/01/2016- 31/03/2016	01/01/2015- 31/03/2015
Salary and similar payments	797,942	834,581
Allocations to social insurance state fund	432	324
Training and tutorship expenses	-	40
Business trip expenses	7,861	1,190
Operational leases expenses	81,327	62,177
Insurance costs	21,544	13,919
Servicing and maintenance of the Bank's equipment	28,163	8,419
Maintenance and safekeeping of Bank buildings	56,012	52,827

Audit and consulting services	10,860	11,228
Communication and transmission costs	25,347	25,828
Transportation costs	21,622	24,994
Taxes (except income tax) penalties and other mandatory payments	53,993	47,719
Office and organizational expenses	13,907	18,456
Lending and recovery expenses		
Other administrative expenses	2,738	4,659
Total	1,121,748	1,106,361

The average number of the Bank employees and monthly average salary falling to a single employee

	01/01/2016- 31/03/2016	01/01/2015- 31/03/2015
Average number of Bank employees	849	880
Monthly average salary falling to a single employee (thousand AMD)	299	298

Note 9: "Other Operational Expenses"

Thousand AMD

	01/01/2016- 31/03/2016	01/01/2015- 31/03/2015
Other operational expenses		
Paid fines and penalties		
Payments made for collection	67,000	62,500
Advertising and representative expenses	29,033	50,100
Factoring expenses		
Amortization costs of fixed assets and intangible assets	97,169	94,382
Assets' depreciation losses		
Deductions to the Fund of Recovery of Deposits	17,342	16,555
Other expenses	63,033	63,256
Total	273,577	286,793

In other Expenses line of other operational expenses, mainly quarterly fees for VISA admission and costs of acquisition of payment cards are included.

Note 10: "Net Gain/Losses from Investments in Controlled Units"

Thousand AMD

	01/01/2016- 31/03/2016	01/01/2015- 31/03/2015
Net income from investments in the controlled units		
Income from investments in associated organizations	(0)	9,694

Note 11: "Profit Tax Expenses (Reimbursement)"

Thousand AMD

Profit tax expenses	01/01/2016- 31/03/2016	01/01/2015- 31/03/2015
Current tax expenses	25,000	1,070
Corrections of current taxes for the previous period recognized in the current period	6,623	
Deferred tax expenses	(651)	(5,481)
Total	30,972	(4,411)

Thousand AMD

	01/01/2016- 31/03/2016	Efficient rate (%)	01/01/2015- 31/03/2015	Efficient rate (%)
Profit before taxation	135,467		(61,482)	
Profit tax with rate	27,093	20	(12,296)	20
Corrections of income and expenses for taxation purposes against non temporary differences				
Non-taxable income	(25.00)	0.02	(391)	(0.64)
Non-deductible expenses	20,322.00	15.00	50,614	(82.32)
Unevaluated tax loss		-		-
Foreign currency negative/positive difference	11,028.00	(8.14)	(41,021)	66.72
Verification of tax expenses calculated previous year	6,621	5		-
Other privileges	(34,067.00)	25.15	(1,317)	(2.14)
Profit tax expenses	30,972.40	22.86	(4,411)	7.18

Calculation of deferred tax on temporary differences

Thousand AMD

	Balance as of the previous period	Recognized by financial results	Recognized by equity	Balance at the accounting period
Deferred tax assets, including:	129,384	(3,131)	-	126,253
Loans and borrowings to customers	22,978	(7,606)		15,372
Other liabilities	106,406	4,475		110,881
Deferred tax liabilities, including:	(40,552)	3,782	(832,128)	(868,898)
Available for sale securities	(3,856)		(25,159)	(29,015)
Fixed assets	(11,215)	7,701		(3,514)
Revaluation of fixed assets			(806,969)	(806,969)
Contingent liabilities	(11,005)	(888)		(11,893)
Claims to banks and other financial institutions	(14,476)	(3,031)		(17,507)
Net deferred tax asset/liability	88,832	651	(832,128)	(742,645)

Note 12: "Basic Profit Falling to a Single Share"

Thousand AMD

Basic Profit Falling to a Single Share	01/01/2016- 31/03/2016	01/01/2015- 31/03/2015
Net profit of the accounting period after taxation	104,495	(57,071)
Dividends on preferential shares calculated for the current accounting period		
Net gains/losses of given period referring to owners of common shares	104,495	(57,071)
Net weighted average number of common shares in circulation during the given period	1,266,809	933,335
Basic profit falling to a single share	0.08	(0.06)

The basic profit falling to a single share is the correlation between net gain or loss referring to common share owners of the given period and average weighted number of common shares in circulation during the given period.

Note 13**13-1: "Cash, cash equivalents and balances with the CBA"**

Thousand AMD

Cash, cash equivalents and balances with the CBA	31.03.2016	31.12.2015
Cash monetary funds	5,651,150	5,458,077
Other money placements	1,468,838	4,038,000
Correspondent accounts with the CBA*	15,309,251	16,251,012
Deposit accounts with the CBA		1,145,316
Funds deposited with the CBA**	270,000	1,520,000
Other demands to the CBA		
Accrued interest		
Cash and balances with the CBA	22,699,239	28,412,405

*Correspondent accounts with the CBA include mandatory provisioning funds calculated against the Bank's attracted funds according to the RA Bank Legislation. ** Funds deposited with the CBA is a guarantee deposit for mutual settlements made via the ArCa payment system.

13-2: "Cash and Cash Equivalents" included in the Cash flow statement

Thousand AMD

Cash and cash equivalents thereof	31.03.2016	31.12.2015
	7,119,988	9,496,077
Cash and payment documents equivalent to cash		
Correspondent accounts with the CBA	15,309,251	16,251,012
Deposit accounts with the CBA		
Correspondent accounts with the resident banks	17,652	19,744
Correspondent accounts with non-resident banks	2,168,800	2,145,878
Total cash and cash equivalents	24,615,691	27,912,711

Note 14: "Due to Banks and other Financial Institutions"

Thousand AMD

Current accounts	31.03.2016	31.12.2015
with RA banks	17,652	19,744
with banks having BBB(Baa3) and higher ratings	1,629,167	1,312,479
with banks having ratings lower than BBB (Baa3) or no rating at all	539,201	833,004
Accrued interest	433	395
Total	2,186,453	2,165,622
with RA banks:		
Loans and deposits	2,403,957	3,386,309
REPO (re-purchase) agreements		
Other	73,044	272,478
with banks having BBB(Baa3) and higher ratings		
Loans and deposits		
Other		
with the banks having a rating lower than BBB(Baa3) or no rating at all		
Other	111,232	154,291

Accrued interest	2,069	4,208
Total	2,590,302	3,817,286
Possible loss provision for amounts due from banks (note 7)		
Net receivables to banks	4,776,755	5,982,908

Thousand AMD

	31.03.2016	31.12.2015
Loans and deposits with Financial Institutions and other receivables		
with RA Financial Institutions:		
Loans and deposits	192,311	193,493
REPO (re-purchase) agreements	3,608,962	831,086
Other	64,664	65,062
With Financial Institutions having BBB(Baa3) and higher ratings		
Other	53,239	53,553
With Financial Institutions having a rating lower than BB(Baa3) or no rating at all		
Other	245,611	337,265
Accrued interest	6,179	2,286
Total	4,170,966	1,482,745
Possible loss provision for receivables due to Financial Institutions (Note 7)	(3,814)	(5,049)
Net receivables to Financial Institutions	4,167,152	1,477,696
Net receivables to banks and Financial Institutions	8,943,907	7,460,604

**As of 31.12.2015 and 31.12.2016 the line "Other amounts due to financial institutions" includes accordingly insurance deposits in the amount of USD 110,731 (AMD 53.553 thousand on 31.12.15, AMD 53.239 thousand on 31.03.2016) in Visa International and USD 134,495 (AMD 65.062 on 31.12.2015 and AMD66.664 on 31.03.2016) in "Armenian Card" CJSC, as well as debtor liabilities against clearing systems.

Note15: "Held-for-trading Financial Assets"

Thousand AMD

	31.03.2016	31.12.2015
Other financial assets held-for-tarding		
Derivative instruments		
Swap	390	
Total	390	-
Reserve for possible loss provision on held-for-tarding financial assets (note 7)		

Note16: "Loans and Advances to Customers"

Thousand AMD

Provided Loans and other Borrowings	31.03.2016	31.12.2015
Loans, including:	51,243,953	53,837,927
Mortgage loans	3,333,491	3,197,090
Credit cards	6,523,061	5,929,696
Factoring		
Accrued interest on the mentioned items	474,994	410,008
Total loans	58,242,008	60,177,631
Reserve for possible loss of customer loans and advances (note 7)	(1,018,612)	(957,490)
Net total loans	57,223,396	59,220,141

Thousand AMD

The structure of depreciated (non-performing) loans and borrowings provided to customers in the loan portfolio as of the end of accounting period	31.03.2016		31.12.2015	
	Balance	Number	Balance	Number
Loans and advances, including:	58,242,008	34,310	60,177,631	31,707
performing loans	55,827,859	33,760	58,782,404	31,307
depreciated (non- performing) loans and borrowings, including:	2,414,149	550	1,395,227	400
overdue	150,869	505	126,202	378
restructured	403,307	7	449,952	4
refinanced				
total loans	58,242,008	34,310	60,177,631	31,707
Reserve for possible loss of customer loans and advances (note 7)	(1,018,612)		(957,490)	
Net total loans	57,223,396		59,220,141	

Thousand AMD

Anlyses of provided loans and advances per customers	31.03.2016	31.12.2015
State industries	42,333	15,356
Private industries, including:	29,703,888	31,076,443
major enterprises	6,231,521	7,952,557
small and medium enterprises	23,472,367	23,123,886
including business cards	179,428	210,762
Individuals, including:	24,631,335	25,157,434
consumer loans	13,254,892	13,002,460
mortgage loans	3,333,491	3,197,093
credit cards	6,342,670	5,717,560
Private entrepreneurs	3,389,458	3,518,390
Accrued interest	474,994	410,008
Total loans	58,242,008	60,177,631
Reserve for possible loss of customer loans and advances (note 7)	(1,018,612)	(957,490)
Net total loans	57,223,396	59,220,141

Thousand AMD

Loan liabilities on 20 major borrowers and related parties	31.03.2016	31.12.2015
balance sheet	20,070,888	22,563,199
balance of off-balance sheet contingent liabilities	3,916,570	2,381,598
Total	23,987,458	24,944,797
Loan investments	57,223,396	59,220,141
Percentage ratio in loan portfolio	42%	42%
Total normative capital	15,623,919	13,271,388
Percentage correlation to capital	154%	188%

Loan Investments through International programs	31.03.2016	
	Balance thousand AMD	Quantity
GAF micro and small private enterprises loan program	2,640,535	238
GAF micro and small private enterprises RA Governmental loan program		
GAF "Renewable Energy Development" program	112,951	1
Black Sea Bank Loan Program 2	515,187	35
EBRD micro small and middle lending program EBRD/MSME	3,531,829	503
Atlantic Forfaitierungs AG loan program	350,348	6
BLUE ORCHARD SME loan program	243,616	13
Mortgage Loans	61,243	27
including		
GAF	61,243	27
Total	7,455,709	823

Loan Investments	31.12.2015	
	Balance thousand	Quantity
GAF micro and small private enterprises loan program	2,682,224	233
GAF micro and small private enterprises RA Governmental loan program		
GAF "Renewable Energy Development" program	119,595	1
Black Sea Bank Loan Program 2	669,161	38
EBRD micro small and middle lending program.EBRD/MSME	3,789,531	519
EBRD Micro lending program		
Atlantic Forfaitierungs AG loan program	451,769	7
Mortgage loans	79,180	41
including:		
GAF	79,180	41
Total	7,791,460	839

Thousand AMD

Breakdown of extended loans and advances per lending sectors (without taking into consideration the reserves for possible loan losses)	31.03.2016	Percentage	31.12.2015	Percentage
	Industry	6,315,501	11	9,206,365
Agriculture	1,716,729	3	1,939,788	3
Construction	5,143,565	9	4,268,964	7
Transportation and communication	306,230	1	299,963	0
Commerce	10,644,134	18	10,716,641	18
Consumer	19,828,684	34	20,195,447	34
Mortgage loans	3,356,058	6	3,216,236	5
Service	7,944,447	14	7,915,305	13
Other ²⁰	2,986,660	5	2,418,922	4
		-		-
Total	58,242,008	100	60,177,631	100

Thousand AMD

Breakdown of loan portfolio per customer residency	31.03.2016	Percentage	31.12.2015	Percentage
	RA residents	56,742,239	100	58,806,393
Residents of countries with Baa33 and higher ratings including*	6,163	0		-
Germany	6,163	0	3,740	0
Residents of countries with Baa33and lower ratings or no rating at all				
Accrued interest	474,994		410,008	
Total	57,223,396	100	59,220,141	100

Note 17: Held for trading financial assets

Thousand AMD

T-bills	31.03.2016	31.12.2015
RA Governmental T-bills		
Treasury bonds	464,919	84,751
Total T-bills	464,919	84,751

Thousand AMD

RA non-state securities	31.03.2016		31.12.2015	
	listed	unlisted	listed	unlisted
Issuer having BBB+(Baa1) and lower rating, other rating or no rating at all				
Capital instruments		256,200		256,200
Total non-state securities of RA	-	256,200	-	256,200
Investments in RA non-governmental securities (reserve for possible losses)		(4,691)		(4,690)
Net investments in RA non-state securities	-	251,509	-	251,510

Thousand AMD

Non governmental securities of other countries	31.03.2016		31.12.2015	
	listed	unlisted	listed	unlisted
Issuer having BBB+(Baa1) and lower rating, other rating or no rating at all				
Capital instruments		1,953		1,953
Total non-state securities of other countries	-	1,953		1,953
Total available-for-sale securities	464,919	253,462	84,751	253,463

Investments in share capital of other entities as of 31.12.2015

Thousand AMD

NAME	Main activity	Country of registration	Investment date	Investment (thousand AMD)	Share%
S.W.I.F.T	Telecommunication	Belgium	13/09/1996	1,953	-
"Armenian Card" CJSC	Payment service	RA	22/02/2000	48,572	5
ArCa Credit Reporting CJSC	Information service	RA	23/06/2006	3,680	1
SIL INSURANCE	Insurance	RA	22/02/2000	203,948	15.17
Total				258,153	

The balance sheet and real values of available-for-sale assets (except investments into capital instruments) correspond to each other. The investments into capital instruments in RA are not quoted in any exchange and have a limited market. There are no definite accepted principles and methods to precisely decide the real value of those instruments, and therefore those securities are accounted in their cost price, deducted the reserve amount for depreciation.

Note 17.1: "Pledged Securities through Repurchase Agreement"

Thousand AMD

Asset	31.03.2016	31.12.2015
Total pledged securities (Note 17.1)	8,259,678	9,384,574
including		
pledged securities	8,010,102	8,527,788
pledged securities under REPO agreement	249,576	856,786
liabilities		
Resources attracted under REPO agreement	4,835,999	9,104,678

Note 18: "Held-to maturity Investments"

There is no data available for this note during the accounting and previous period.

Note 20. "Fixed assets and intangible assets"

Thousand AMD

Name of the entity	Land, buildings	Computer and communication	Vehicles	Other fixed assets	Investments in fixed assets	Investments in leased fixed assets	Total
Initial value							
Balance at the beginning of the previous period	3,302,955	1,834,534	502,816	1,396,486	512,336	166,274	7,715,401
Increase	35,566	60,768	140,861	64,121	225,269	8,925	535,510
Disposal			(89,447)				(89,447)
Depreciation	10,478				(10,478)		-
Reclassification	(14,046)	(67,515)		(29,532)	(987)	(1,062)	(113,142)
Written-off							-
Revaluation							-
Balance at the end of the previous period	3,334,953	1,827,787	554,230	1,431,075	726,140	174,137	8,048,322
Increase		87,275	61,024	18,765	111,431	5,846	284,341
Disposal			(81,270)				(81,270)
Reclassification							-
Written-off							-
Revaluation*	4,034,846						4,034,846
Depreciation	-	-	-				-
Adjustment of amortization from revaluation							-
Balance at the end of the accounting period	7,369,799	1,915,062	533,984	1,449,840	837,571	179,983	12,286,239
Accumulated amortization							
Balance at the beginning of the previous period	1,354,496	1,263,194	164,974	844,702		47,002	3,674,368
Increase	45,756	159,145	56,896	99,660		10,536	371,993
including: 01.01.2015- 31.03.2015	11,393	39,703	13,601	23,647		2,206	90,550
Disposal			(38,720)				(38,720)
Written-off		(63,759)		(29,161)		(185)	(93,105)
Depreciation							-
Reclassification							-
Revaluation							-
Balance at the end of the previous period	1,400,252	1,358,580	183,150	915,201	-	57,353	3,914,536
Increase	11,390	39,534	14,216	25,542		2,480	93,162
including: 01.01.2016 - 31.03.2016	11,390	39,534	14,216	25,542		2,480	93,162
Disposal			(25,497)				(25,497)
Written-off							-
Reclassification							-
Adjustment of amortization from revaluation							-
Depreciation							-
Balance at the end of the accounting period	1,411,642	1,398,114	171,869	940,743	-	59,833	3,982,201
Net balance sheet value							
at the end of the accounting period	5,958,157	516,948	362,115	509,097	837,571	120,150	8,304,038
at the end of the previous accounting period	1,934,701	469,207	371,080	515,874	726,140	116,784	4,133,786

Revaluation of fixed assets was executed by an independent appraiser based on the market price. Positive result of revaluation amounted to AMD 4,034,846 thous., deferred tax liabilities amounted to AMD 806,969 thous. AMD 3,227,877 thous. was registered in revaluation reserve of capital.

Intangible Assets

Thousand AMD

Item	Software programs	License and warranties	Intellectual property rights	Other intangible assets	Capital investments in intangible assets	Total
Initial value						
Balance at the beginning of the previous period	37,544	129,083	50	14,357	-	181,034
Increase		3,731	-		-	3,731
Disposal						-
Written-off						-
Depreciation	-	-	-		-	-
Reclassification						-
Revaluation	-	-	-		-	-
Balance at the end of the previous period	37,544	132,814	50	14,357	-	184,765
Increase		6,043				6,043
Disposal						-
Written-off						-
Reclassification						-
Revaluation						-
Depreciation	-	-	-		-	-
Adjustment of amortization from revaluation	-	-	-		-	-
Balance at the end of the accounting period	37,544	138,857	50	14,357	-	190,808
Accumulated amortization						
Balance at the beginning of the previous period	21,710	57,194	29	7,080		86,013
Increase	2,248	12,187	5	1,196		15,636
including: 01.01.2015- 31.03.2015	574	2,962	1	295		3,832
Disposal						-
Written-off						-
Depreciation						-
Reclassification						-
Revaluation						-
Balance at the end of previous period	23,958	69,381	34	8,276	-	101,649
Increase	548	3,161	2	298		4,009
including: 01.01.2016 - 31.03.2016	548	3,161	2	298		4,009
Disposal						-
Written-off						-
Reclassification						-
Adjustment of amortization from revaluation						-
Depreciation						-
Balance at the end of the accounting period	24,506	72,542	36	8,574	-	105,658
Net balance sheet value						
at the end of the accounting period	13,038	66,315	14	5,783	-	85,150
at the end of the previous accounting period	13,586	63,433	16	6,081	-	83,116

As of 31.03.2016, AMD 147,410 thousand total amount worth out-of-use assets were put into use.

As of 31.03.2016, the Bank had an intangible asset developed in-house, new "Business Operational Day" software: initial value AMD 750 thous., amortization AMD712 thous., residual value AMD 38 thous.

As of 31.03.2016, the value of fully worn-off assets included in the fixed assets was AMD 958551 thousand (31.12.2015: AMD958058 thous).

Note 21: "Other Assets"

Thousand AMD

	31.03.2016	31.12.2015
Amounts receivable from other operations		
Amounts receivable from other operations	35,053	19,789
Total	35,053	19,789
Reserve for possible loss provision (note 7)	(356)	(201)
Net amounts receivable from bank operations	34,697	19,588
Debtor liabilities and prepayments	31.03.2016	31.12.2015
Debtor liabilities on the budget	99	175
Prepayments to employees		8
Prepayments to suppliers	149,577	51,978
Prepayments on the budget and mandatory social insurance payments	2,709	10
Other debtor liabilities and prepayments	47,597	55,288
Total	199,982	107,459
Reserve for possible loss provision on other assets (note 7)	(3,654)	(1,758)
Total	196,328	105,701
Reserve	133,285	127,570
Sequestered pledge and available-for-sale assets	83,100	83,100
Future period expenses	66,605	64,820
Other assets	30,730	23,566
Reserve for possible loss provision on other assets (note 7)	(1,257)	(1,210)
Total	312,463	297,846
Total other assets	543,488	423,135

Note 22: "Liabilities to Banks and Other Financial Institutions"

Thousand AMD

	31.03.2016	31.12.2015
Current accounts		
RA Banks	48,114	34,251
Banks having lower than BBB(Baa3) or no rating at all	38,548	35,654
Total	86,662	69,905
Interbank loans and deposits, other		
RA CB		
Loans	2,776,429	2,714,219
REPO (re-purchase) agreements	3,250,000	9,100,000
RA banks		
Loans and deposits	6,009,875	4,144,375
REPO (re-purchase) agreements	4,507,393	
Other	2,447	
Banks having BBB(Baa3) and higher rating		
Other	3,831	3,848
Banks having rating lower than BBB(Baa3) or no rating at all		
Loans and deposits	3,122,543	3,047,243
Other	25,567	45,418
Accrued interest	218,389	169,406
Total	19,916,474	19,224,509
Financial Institutions		
Current accounts	255,639	3,303,920
Loans and deposits	6,226,910	6,227,568
Other	14,618	9,741
Accrued interest	124,196	67,957
Total	6,621,363	9,609,186
Total liabilities to banks and financial institutions	26,624,499	28,903,600

In the chart below the amounts of financing realized under various projects International Financial Institutions, included in the loans received from the CBA and interest accrued on those amounts are given.

Thousand AMD

Project	31.03.2016		31.12.2015	
	Lending amount	Accrued interest	Lending amount	Accrued interest
GAF /German Armenian Fund " Mortgage finance" program	62,552	232	70,814	289
GAF /German Armenian Fund " Micro and small business development program"	2,594,282	56,162	2,510,521	41,206
GAF / "Renewable energy development" program	119,595	1,514	132,884	3,684
GAF / Loan program for SME				
Total	2,776,429	57,908	2,714,219	45,179

Note23: "Liabilites to Customers"

Thousand AMD

RA resident corporate entities and institutions	31.03.2016	31.12.2015
Loans		
Other	4,893	4,775
Accrued interest		
Total	4,893	4,775

RA resident corporate entities and institutions	31.03.2016	31.12.2015
Current accounts	13,656,152	20,256,892
Term deposits	7,522,064	5,742,147
REPO (re-purchase) agreements		
Other	31,973	50,635
Accrued interest	37,498	38,223
Total	21,247,687	26,087,897

Non-resident corporate entities, institutions	31.03.2016	31.12.2015
Current accounts	6,189	10,058
Other	2	
Total	6,191	10,058

RA resident private entrepreneurs	31.03.2016	31.12.2015
Current accounts	139,739	148,967
Term deposits	6,000	6,000
Other	3,959	3,824
Accrued interest	11	11
Total	149,709	158,802

RA resident private entrepreneurs	31.03.2016	31.12.2015
Current accounts	9,399,498	11,728,877
Term deposits	23,027,523	22,911,392
Other	850,899	432,497
Accrued interest	112,520	126,147
Total	33,390,440	35,198,913

non-resident private entrepreneurs	31.03.2016	31.12.2015
Current accounts	506,871	224,861
Term deposits	289,735	261,739
Other	24,584	29,610
Accrued interest	3,923	2,107
Total	825,113	518,317
Total liabilities to customers	55,624,033	61,978,762

As of 31.03.16, the amount necessary to secure obligations was AMD 1.807.702 thousand.
As of 31.03.16, the amount frozen by court order and tax authorities was 221.451 thousand.

Note 23.1 "Subordinate Borrowing"

The Bank attracted AMD 4.382.765 subordinate borrowing from the shareholder, which participates in the count of standard capital.

Note 24: "Deposit Certificate Issued by the Bank"

There is no data available for this note during the accounting and previous period.

Note 25: "Liabilities held for Commercial Purposes"

Thousand AMD

Liability held for commercial purposes	31.03.2016	31.12.2015
Derivative instruments held for commercial purposes		
Liability held for commercial purposes		
Swap	2,399	693
Total	2,399	693

Note 26: "Amounts Payable"

Thousand AMD

Amounts payable	31.03.2016	31.12.2015
Dividends	52,510	52,823
For insurance of deposit	17,342	17,242
Total	69,852	70,065

Note 27: "Other Liabilities"

Thousand AMD

Other liabilities	31.03.2016	31.12.2015
On income tax of non-resident	3,437	2,158
On VAT	2,434	6,972
On other taxes and penalties	90,246	139,791
On social insurance payments		
Salary liabilities to employees	507,621	474,496
Credit debts to suppliers	46,936	90,535
Credit debts to chartered capital increase		1,145,316
Other liabilities	63,564	520,929
Balance at the end of the period	714,238	2,380,197

Note 28: "Chartered Capital"

The Bank's registered and fully paid share capital totals AMD 3,167,023 thous., including 1,266,809 common shares with a nominal value of AMD 2500 per share. The emission income amounts to AMD 3,168,003. There are no owned shares repurchased by the bank. During the accounting the chartered capital has increased with AMD 833,685, no decrease on the account of repurchased and out of circulation shares is made by the Bank. During the accounting period, dividends amounting to AMD 314,000 thous. were paid. The chart below shows information on the majority of the shareholders of the Bank as of the end of the accounting period.

Thousand AMD

Name of the major shareholder	Participation amount	The size of participation in percentage ratio	Shareholders activity type (for corporate)
Sukiasyan Saribek Albert	820,122.5	25.9	
Sukiasyan Khachatur Albert	455,412.5	14.38	
Sukiasyan Robert Albert	474,265.0	14.97	
Sukiasyan Eduard Albert	353,915.0	11.18	
EBRD	350,002.5	11.05	Financial

Note 29: "Other Equity Components"

There are no data available for this note in the accounting and previous periods.

Note 30. Reserves, Contingencies, Potential Liabilities"

The Bank's legal liabilities: as of 31.03.2016, there are no such liabilities on which the bank has made provisioning. The Bank carries out activities within the framework of requirements set forth by the legislation. The Bank's tax liabilities: as of 31.03.2016 the Bank had fully performed its tax liabilities and there is no need for additional provisioning on its tax liabilities.

The Bank's contingent liabilities on off balance sheet items containing credit risks

Thousand AMD

	31.03.2016	31.12.2015
Unutilized credit lines	4,996,018	4,547,262
Provided guarantees	950,590	929,707
Provided letters of credit		25,377
Reserve on the mentioned items (note 7)		

Liabilities on operational leases

Thousand AMD

Structure of minimum rental fees	Amounts payable in AMD equivalent to foreign currency	Amounts payable in AMD
Up to 1 year		351,913
1-5 years		1,102,137
more than 5 years		0
Total		1,454,050

Note 31: "Transactions with Related Parties"

In the context of the present note the Bank's related parties are the Bank management, shareholders, entities related to them in the prescribed order set forth by RA law on the "Banks and Banking". The Bank management comprises the Chairman of the Bank's Board, Deputy Chairman of the Board and the members of the Board, the Chief Executive Officer, the Deputy Chief Executive Officer, Chief Accountant, Deputy Chief Accountant, Head of Internal Audit Department, employees of Internal Audit Department, members of the Bank administration, as well as the heads of the Bank's territorial subdivisions, heads of the Bank's subdivisions, heads of the Bank's administration, departments and divisions. The transactions with the Bank related parties have been made on the basis of the current market conditions and interest rates.

Thousand AMD

Loans and advances to customers	31.03.2016	31.12.2015
Initial balance	2,224,782	1,437,436
Loans and advances provided over the year	780,385	2,102,675
Bank shareholder	49,451	194,142
Shareholder related entity	613,124	1,351,479

Bank manager	111,203	521,595
Manager related entity	6,607	35,457
Loans and advances repaid over the year	289,481	1,315,329
Bank shareholder	15,513	172,812
Shareholder related entity	162,184	754,613
Bank manager	105,362	356,045
Manager related entity	6,421	31,858
Summary balance*	2,715,686	2,224,782

Thousand AMD

Item	31.03.2016	31.03.2015
Interest income	71,785	47,931

Thousand AMD

Liabilities to Customers	on-demand	term
Balance as of 31.12.2015	401,807	6,420,559
Amounts received over the accounting period (for 3 months of 2016), including:	8,710,222	392,515
Bank shareholder	3,326,625	240,676
Shareholder related entity	4,792,810	33,366
Bank manager	374,474	70,313
Manager related entity	216,312	48,160
Amounts received over the accounting period (for 3 months of 2016), including:	8,554,662	1,043,590
Bank shareholder	3,253,701	900,743
Shareholder related entity	4,703,137	36,751
Bank manager	366,877	55,518
Manager related entity	230,947	50,578
Exchange rate difference (+/-)	7,240	(8,739)
Balance as of 31.03.2016	564,607	5,760,746
Interest expense as of 3 months of 2016	350	166,797

Thousand AMD

Salary or Similar Payment to the Bank Management	31.03.2016	31.03.2015
Board	31,250	30,360
Salary	31,250	30,360
Awarding	-	-
Executive body	50,446	41,591
Salary	50,446	41,591
Awarding	-	-
Internal Audit	19,516	19,212
Salary	19,516	19,212
Awarding	-	-
Total	101,212	91,163

Note 32: "Minimum Revelations on Financial Risks"

1) The Bank's own definition of credit risk

The credit risk is the possible danger of delay or non-repayment of the loan, accrued interest or a part of it conditioned by the deterioration of the financial state of the borrower, pledge depreciation and other similar reasons.

2) The methods of measurement and assessment of credit risk

A loan risk assessment and management methodology has been elaborated at the bank, which gives a possibility to assess the risks connected with the loan based on the calculation results of the relevant model. By simultaneous consideration of mathematical and economic arguments the credit risks assessment model provides a complex risk assessment approach, resulting in facilitation of grounded decision making on loan extension applying also the expert's assessments as exogenous variables. During the preliminary analysis of the borrower's creditworthiness the bank finds out the potential borrower's conformity to the general criteria set forth by its credit policy and if the outcome is positive a scrupulous analysis of factors of creditworthiness is made.

3) Description of models (if available),

In addition to the above mentioned methodology, the Bank applies the "stress test" method, that envisages calculation of the Bank's losses in case of occurrence of various considered shock scenes.

When applying "stress tests", a number of scenarios concerning the risk are being examined and in case of each scenario losses of the Bank are calculated through the relevant method. For the loan risk assessment the following shock scenarios are applied:

1. Written-off of the classified loans to the extent of X%,
2. Classification of Y% of doubtful loans to bad loans,
3. Classification of Z% of standard loans to watchlist,
4. Classification of U% foreign currency standard loans to watchlist,
5. The fact of the loan becoming bad as a result of major borrower's bankruptcy,
6. Classification of K% of total loans to bad loans,
7. Transformation of L% of post-balance sheet conditional liabilities and post-balance sheet term operations into balance sheet items,
8. The scene of simultaneous occurrence of the first (except those classified as doubtful), second, third and seventh scenes.

where the parameters of X,Y,Z,K scenes are (figures from 1-100).

As a result of the application of stress tests, the impact of the mentioned shock situations on the minimum size of the Bank's general capital adequacy standard (N1) is calculated, the possibilities and sizes of breach of those standards, the size of surplus amount transferable to reserve fund are assessed.

The surplus amounts transferable to the reserve fund are calculated in case of various possible scenarios (for different values of each scenario parameter) which are used for the purpose of analysis of possible scenarios drafted on the basis of previous period data. The analysis of more possible scenarios enables to assess the riskiness of loan portfolio undertake measures for the insurance of the minimum level of risk. The analysis of the written-off scenarios of a certain percent of doubtful, standard, and general loans classified on the basis of the minimum size of the Bank's equity and adequacy standards include determination of critical points of breach of a standard which enables to assess the probability (risk) of a breach of a standard on the given date.

4) Determination of the allowable level of loan risk: quantitative analysis and assessment of risk

While generating its loan portfolio, the Bank records and tabulates statistics on centralization of certain types of loans:

- V per sectors of economy,
- V per regions,
- V per a single Borrower and related Parties,
- V per a single Borrower and related Parties,
- V per pledge, etc.

5) Loan risk regulation, works performed on mitigation and elimination of credit risk impact

The loan policy adopted by the Bank pursues a goal to maximize the efficiency of allocation of attracted funds as loan providing relevant liquidity and risk diversification under conditions of necessary profitability.

The Bank's loan risk management is performed via procedures regulating this process that set forth the criteria of assessment of the borrower's creditworthiness presented to the borrower, assessment of loan security level, analysis of pledge disposal, restrictions on extension of large loans, forecast of external environmental changes, credit monitoring, control, supervision, etc.

31.03.2016

Thousand AMD

<i>Items</i>	<i>RA</i>	<i>CIS countries</i>	<i>OECD* countries</i>	<i>Non-OECD* countries</i>	<i>Total</i>
<i>Assets</i>					
Cash and balances with the CBA	22,699,239				22,699,239
Due from banks and other financial institutions	6,540,891	197,213	1,815,162	390,641	8,943,907
Standard bank precious metal bullions and coins	443				443
Held for trade financial assets		390			390
Loans and advances provided to customers	57,217,528		5,868		57,223,396
Available-for-sale securities	716,428		1,953		718,381
Investments in the chartered capital of controlled					-
Securities pledged under repurchase agreement	8,010,102				8,010,102
Other assets	34,700	2			34,702
<i>Total assets</i>	95,219,331	197,605	1,822,983	390,641	97,630,560
Off-balance sheet items containing credit risks	5,946,608				5,946,608
<i>Liabilities</i>					
Liabilities to banks and other financial institutions	19,260,996	2,563,241	4,713,167	87,095	26,624,499
Liabilities to customers	54,796,437	494,058	225,339	108,199	55,624,033
<i>Total liabilities</i>	74,057,433	3,057,299	4,938,506	195,294	82,248,532
<i>Net position</i>	21,161,898	(2,859,694)	(3,115,523)	195,347	15,382,028

31.12.2015

Thousand AMD

<i>Items</i>	<i>RA</i>	<i>CIS countries</i>	<i>OECD* countries</i>	<i>Non-OECD* countries</i>	<i>Total</i>
<i>Assets</i>					
Cash and balances with the CBA	28,412,405				28,412,405
Due banks and other financial institutions	5,070,222	447,281	1,449,492	493,609	7,460,604
Standard bank precious metal bullions and coins	476				476
Held for trade financial assets	-				-
Loans and advances provided to customers	59,216,397		3,743		59,220,140
Available-for-sale securities	336,260		1,953		338,213
Investments in the chartered capital of controlled					-
Securities pledged under repurchase agreement	8,527,788				8,527,788
Other assets	19,644	2			19,646
<i>Total assets</i>	101,583,192	447,283	1,455,188	493,609	103,979,272
Off-balance sheet items containing credit risks	5,502,347				5,502,347
<i>Liabilities</i>					
Liabilities to banks and other financial institutions	21,603,957	2,562,707	4,685,659	51,277	28,903,600
Liabilities to customers	61,450,385	195,653	230,068	102,656	61,978,762
<i>Total liabilities</i>	83,054,342	2,758,360	4,915,727	153,933	90,882,362
<i>Net position</i>	18,528,850	(2,311,077)	(3,460,539)	339,676	13,096,910

Loans allocated in the territory of RA per RA regions:

Thousand AMD

RA regions	31.03.2016	31.12.2015
Yerevan	44,201,411	46,628,361
Ararat	960,715	985,704
Armavir	1,294,137	1,261,595
Kotayk	2,140,246	2,042,771
Shirak	1,227,385	1,132,805
Lori	1,484,797	1,456,720
Aragatsothn	3,512,945	3,308,602
Syunik	1,095,055	1,082,775
Tavush	295,866	309,941
Gegharkuniq	485,381	438,660
Vayots Dzor	409,374	457,039
Artsakh	116,085	115,168
Total	57,223,396	59,220,140

Analysis of credit portfolio as per regions and risk level

31.03.2016

Thousand AMD

Assets	Performing Standard/not risky	Non-performing			
		Watched/Risky	Non- standard/Medium risky	Suspicious/ Highly risky	Lost
Loans, including:					
1. RA residents	55,198,506	1,475,352	486,758	56,912	3,420,459
2. Residents of CIS countries (per countries)					401
Russia					401
3. Residents of OECD countries (per countries)	5,868				
Germany	5,868			-	
4. Residents on non-OECD countries					
5. Total	55,204,374	1,475,352	486,758	56,912	3,420,860

31.12.2015

Thousand AMD

Assets	Performing Standard/not risky	Non-performing			
		Watched/Risky	Non- standard/Medium risky	Suspicious/ Highly risky	Lost
Loans, including:					
1. RA residents	58,130,421	497,628	495,482	92,867	3,356,226
2. Residents of CIS countries (per countries)					401
Russia					401
3. Residents of OECD countries (per countries)	3,743				
Germany	3,743				
4. Residents on non-OECD countries (ըստ երկրների)					
5. Total	58,134,164	497,628	495,482	92,867	3,356,627

Indicators	Amount	Indicators	Amount	Correlation
31.12.15				
Non-performing loans	1,395,228	Total loans	59,220,140	2.4%
31.03.16				
Non-performing loans	2,414,149	Total loans	57,223,396	4.2%
31.12.15				
Provisions for non-performing loans	309,255	Total loans	11,033,294	2.8%
31.03.16				
Provisions for non-performing loans	395,126	Total loans	19,683,628	2.0%
31.12.15				
Reserve for loans	957,490	Total loans	59,220,140	1.6%
31.03.16				
Reserve for loans	1,018,612	Total loans	57,223,396	1.8%
31.12.15				
Possible loss provisions	957,490	Non-performing loans	1,395,232	68.6%
31.03.16				
Possible loss provisions	1,018,612	Non-performing loans	2,414,149	42.2%
31.12.15				
Write-offs-Reimbursements	-120,097	Average total loans	53,428,174	-0.2%
31.03.16				
Write-offs-Reimbursements	-71,529	Average total loans	57,223,396	-0.1%
31.12.15				
Reimbursements	237,938	Loan losses	358,035	66.5%
31.03.16				
Reimbursements	28,435	Loan losses	71,529	-39.8%
31.12.15				
Profit coverage ratio = (net operational income+provisioning expenses)	813,901	Net loan loss	-120,097	-677.7%
31.03.16				
Profit coverage ratio = (net operational income+provisioning expenses)	268,982	Net loan loss	-71,529	-376.0%
31.12.15				
Net interest margin adjusted by credit risk (interest income-interest expenses-loan losses)	4,465,923	Loan investments	59,220,140	7.5%
31.03.16				
Net interest margin adjusted by credit risk (interest income-interest expenses-loan losses)	1,261,445	Loan investments	57,223,396	2.2%
31.12.15				
Major borrowings	24,944,797	Capital	11,033,294	226.1%
31.03.16				
Major borrowings	23,987,458	Capital	19,683,628	121.9%

Market Risk

ie Bank's own definition of the market

currency, interest rate and price risk which depends on the exchange rate and security price fluctuations.

ods of market risk measurement and a

Foreign currency

Assessment of foreign exchange risk

The calculations of VAR model of foreign currency risk assessment are made on a daily basis, taking into account previous period data of foreign currency exchange rates and foreign currency position data. As a risk exponent on separate foreign currency position, the possible maximum size of revaluation loss incurred as a result of a days' exchange rate fluctuations is reviewed under the conditions of the given reliability level. The calculations of the model are made under 99% reliability level conditions. Under the frames of the model, the correlation matrix of foreign currency exchange rate fluctuations is calculated on the basis of which the assessment of possible maximum loss (risk of foreign currency assets and liabilities package) incurred from foreign currency positions is made.

By the results of the accounting quarter, the possible maximum average daily loss per separate foreign currency positions and foreign currency assets and liabilities portfolio under 99% reliability has formed:

Accounting period	Thousand AMD									
	USD	GBP	EUR	CHF	CNY	AED	RUB	GEL	XAU	Gross VAR
2015 IV Q	5,283.35	851.71	219.49	573.37	0.00	1,278.34	953.46	232.51	9.47	7,899.74
2016 I	1,810.91	624.34	216.58	296.85	0.00	447.09	649.94	190.53	0.32	2,825.14
increase/decrease	-3,472.44	-227.36	-2.91	-276.52	0.00	-831.24	-303.52	-41.98	-9.15	-5,074.60

The analysis of the Bank's foreign currency risk according to financial assets and liabilities:

31.03.2016

Thousand AMD

	AMD	I group foreign currency*	II group foreign currency**	Total
Assets				
Cash and balances with the CBA	12,025,587	10,060,184	613,468	22,699,239
Bank standardized bullions of precious metals and coins	443	-	-	443
Receivables to banks and other financial institutions	3,698,406	5,059,143	186,358	8,943,907
Held for trading financial instruments	390			390
Loans and advances provided to customers	26,032,528	31,190,868	-	57,223,396
Available-for-sale financial assets	718,381		-	718,381
Securities pledged under repurchase agreements	8,010,102			8,010,102
Other assets	21,792	12,908	3	34,702
Total assets	50,507,629	46,323,103	799,829	97,630,560
Liabilities				
Liabilities to banks and other financial institutions	14,054,171	12,457,375	112,953	26,624,499
Liabilities to customers	21,679,251	33,413,405	531,377	55,624,033
Subordinate borrowing	2,722,721	1,692,374		4,415,095
Held for trading financial liabilities	2,399			2,399
Amounts payable	69,852			69,852
Deferred tax liabilities	1,046,555			1,046,555
Other liabilities	648,217	57,121	8,280	713,618
Total liabilities	40,223,166	47,620,275	652,610	88,496,051
Net position	10,284,463	(1,297,172)	147,219	9,134,509

31.12.2015

Thousand AMD

	AMD	I group foreign currency*	II group foreign currency**	Total
Assets				
Cash and balances with the CBA	17,469,905	10,622,217	320,283	28,412,405
Bank standardized bullions of precious metals and coins	443	33	-	476
Receivables to banks and other financial institutions	983,447	5,866,761	610,396	7,460,604
Loans and advances provided to customers	26,897,086	32,323,054		59,220,140
Held for trading financial instruments	338,213			338,213
Securities pledged under repurchase agreements	8,527,788			8,527,788
Other assets	13,601	6,042	3	19,646
Total assets	54,230,483	48,818,107	930,682	103,979,272
Liabilities				
Liabilities to banks and other financial institutions	18,996,872	9,846,587	60,140	28,903,599
Liabilities to customers	23,298,185	38,017,310	663,267	61,978,762
Subordinate borrowing	2,722,784	1,702,820		4,425,604
Held for trading financial liabilities	693			693
Amounts payable	70,065			70,065
Other liabilities	2,213,799	126,803	38,847	2,379,449
Total liabilities	49,516,197	49,820,323	801,101	97,758,172
Net position	4,714,286	(1,002,216)	129,581	3,841,651

* "I group foreign currency" comprises the following currencies : USD,GBP,EUR,CHF standardized gold bullions and metal account.

** "II group foreign currency" comprises: RUB, GEL,CNY and AED.

Interest Rate Risk

Assessment of interest rate change risk:

The analysis of misbalance shows that the average accumulated misbalance of the 1st quarter of 2016 (accumulated gap of the sensitive assets and liabilities against the interest rate) is negative forming AMD -2,079,040.0 thousand against AMD 944,826.0 thousand of the same period of the previous year by increasing in absolute value by AMD 1,134,213.0 or 120.0%, that is in average the Bank was sensitive to liabilities in the 1st quarter of 2016. In the 1st quarter of 2016, the average accumulated misbalance has increased in absolute value by AMD 822,592.0 thousand or 65.5% against the previous quarter.

The average correlation ratio of assets and liabilities sensitive to interest rate changes for the 1st quarter of 2016 has decreased by 4.5%, forming 97.1% against 101.6% average value of the 1st quarter of 2015, that is in 1st quarter of 2016 the assets sensitive to interest rate changes have formed 97.1% of the liabilities sensitive to interest rate changes.

The duration of assets as of the end of 1st quarter 2016 was 1.174 year (against the 1.200 year as of the 1st quarter of 2015) as it has decreased by 0.026 year or by 2.2% as compared with the end of the previous quarter (1.194 year) the mentioned indicator has decreased by 0.02 year or 1.7%.

The duration of liabilities as of the end of the 1st quarter of 2016 was 0.547 year (against 0.379 year of the 1st quarter of 2015) increasing by 0.168 year or 44.3%. In correlation with the end of the previous quarter (0.464) the indicator has increased by 0.083 year or 17.9%.

The duration gap as of the end of the 1st quarter of 2016 was 0.686 (against 0.845 of the 1st quarter of 2015) decreasing by 0.159 or 18.8%. In correlation with the previous quarter (0.744) the indicator has decreased by 0.058 or 7.8%.

Assets and Liabilities with changing interest rates
31.03.2016

Thousand AMD

Item	up to 1 month		1-3 months		3-6 months		6 months to 1 year		1-5 years		more than 5 years	
	AMD	foreign currency	AMD	foreign currency	AMD	foreign currency	AMD	foreign currency	AMD	foreign currency	AMD	foreign currency
Facilities placed												
Loans and advances provided to customers												
Total	-	-	-	-	-	-	-	-	-	-	-	-
Resources attracted												
Liabilities to banks and other financial institutions, including:												
loans				1,522,794		432,257		210,477		352,317		
Total	-	-	-	1,522,794	-	432,257	-	210,477	-	352,317	-	-
Net position	-	-	-	(1,522,794)	-	(432,257)	-	-210,477	-	(352,317)	-	-

31.12.2015

Item	up to 1 month		1-3 months		3-6 months		6 months to 1 year		1-5 years		more than 5 years	
	AMD	foreign currency	AMD	foreign currency	AMD	foreign currency	AMD	foreign currency	AMD	foreign currency	AMD	foreign currency
Facilities placed												
receivables to banks and other financial institutions, including:												
Total	-	-	-	-	-	-	-	-	-	-	-	-
Resources attracted												
Liabilities to banks and other financial institutions, including:												
loans				817,108		1,401,945		131,327		230,086		
Total	-	-	-	817,108	-	1,401,945	-	131,327	-	230,086	-	-
Net position	-	-	-	(817,108)	-	(1,401,945)	-	-131,327	-	(230,086)	-	-

The average interest rates applicable for interest-bearing assets and liabilities as of the end of accounting and previous periods are presented below.

Item	Interest rates of accounting period: 31.03.2016		Interest rates of previous period: 31.12.2015	
	AMD	foreign currency	AMD	foreign currency
Assets				
Balance at CBA			-	-
Receivables to banks and other financial institutions, including:				
Interbank loans	10.34	1.75	11.61	3.62
Interbank repo		1.75	0.00	3.62
Loans and advances provided to customers	9.95		10.95	0.00
Held for trading and available for sale securities	19.75	12.87	20.40	12.57
	14.44		14.32	
Liabilities				
Liabilities to banks and other financial institutions	9.99	7.08	8.64	6.80
Liabilities to customers	6.08	5.26	5.29	4.44

3) Description of models

Foreign Currency Risk

Foreign currency risk is the maximum loss from revaluation arising from exchange rate fluctuation, assessed per separate currencies, as well as for the whole portfolio (hereinafter, portfolio) in the Bank's foreign currency assets and liabilities.

On the purpose of measurement and assessment of foreign currency risk, the VAR (Value at Risk) method (model) accepted in the International practice is used, on the basis of which the size of the maximum possible losses (with trustness) is calculated per separate types of foreign currency (foreign currency positions), as well as for the whole portfolio. According to the VAR model, the size of possible maximum loss is calculated on the basis of foreign currency open positions time series describing the interest rate fluctuations. On the basis of one day VARs calculated for the Banks' foreign currency assets and liabilities the values of 10 day VARs are assessed for separate foreign currencies and total portfolio.

The calculation of possible maximum loss gives the bank an opportunity to assess the efficiency of its foreign currency operations, taking into account the level of exposure to risk, manage the foreign currency positions, arising from the size of the possible maximum loss, limiting the volumes of foreign currency positions in case of necessity.

The Bank's foreign currency policy is aimed at efficient management of foreign currency positions and is paralleled with justified risk level and is calculated in accordance with foreign currency risk calculation standard methodology during the calculation of standards.

Interest Rate Risk

Interest rate risk is the possibility of negative impact of changes in the market interest rates on the Bank's net interest income or economic value of capital.

The evaluation of the interest rate risk is made via the application of the "Model of gap in assets and liabilities sensitive to interest rate changes" ("GAP model") and the "Duration model", which enable to assess the impact of interest rate changes on the Bank's net interest income and economic value of capital.

The GAP indicator (gap) is calculated as a difference between the assets and liabilities sensitive to interest rate changes. The calculations are made each month for evaluation of the impact of the interest rate changes on the net interest income during the upcoming 3 months period.

Within the frames of the present model the following suppositions are made:

1. During the period under review the structure and volumes of assets and liabilities remain unchanged. That means that the repaid assets and liabilities are again allocated and attracted but in this case by new interest rate.
2. The review of interest rate is made in the middle point of each period.
3. The interest rates of all assets and liabilities with different maturities change in the same extent that is movement of profitability curves of assets and liabilities occur.

The Bank's sensitivity to the interest rate changes is assessed by the "GAP correlation" indicator (GAP/ASSETS), which is calculated through the correlation of assets and liabilities accumulative gap to assets.

In case of the duration model, the impact of interest rate changes on the economic value of capital is evaluated as of the end of accounting period.

Within the framework of this model durations of the Bank's assets and liabilities portfolio (average weighted maturities) are calculated firstly, then on the basis of the latter the change in economic value of capital, which is the difference of the changes in present values of assets (depending on the interest rate fluctuations) and liabilities (future flows) is calculated. For the evaluation of change in the economic value of capital, the duration gap (DGAP) is calculated which reflects the incongruity level of assets and liabilities durations, that is the incongruity of average weighted terms of assets and liabilities future flows.

The big value of the duration gap indicates a high level of interest rate risk. The preservation of duration gap low level, that is the preservation of close duration values of assets and liabilities, results in interest rate risk hedging (stability of capital economic value against interest rate changes).

The dynamics and fluctuations of changing interest rates are constantly reviewed and the impact of their probable changes on the Bank's assets and liabilities at changing interest rates is assessed.

On the purpose of mitigation of interest rate risk, the accumulative gap and duration gap of assets and liabilities sensitive to interest rate changes are maintained at acceptable levels of risk. Taking into account the general tendency of interest rate changes and applying the elaborated models, measures are undertaken for insurance of efficient time and volume correlations of attractable and distributable funds.

Price Risk

Price risk is the danger for the Bank to incur due to unfavorable changes in the market prices of securities conditioned by factors related to general fluctuations of market prices of securities under the circulation in the market, as well as factors related to given security and its issuer (in the conditions of long or short position presence for the present capital instrument).

Possible minimum level of price risk is maintained through the following measures undertaken:

- V Analysis of dynamics of structure, volume and price indicators of financial market and liquidity of separate financial instruments, discovery of the existing tendencies,
- V Assessment of possible losses,
- V Application of hedging instruments,
- V Setting limits on financial instruments (per type of security operation, per dealer, per issuer, stop-loss),
- V Diversification of security portfolio per issuer, sectors, maturities, etc.

Liquidity Risk

1) The Bank's definition of Liquidity Risk

Liquidity is the Bank's possibility of fully and timely repayment of its obligations.

Liquidity risk is the probability that the Bank will not be able to meet its debtors' requirements in time without bearing additional losses which will negatively influence the Bank's profit/capital.

2) Description of the models of assessment and assessment of liquidity risk

For the assessment of liquidity risk the stress test method is used, which envisages the discovery of probability of breaches of liquidity standards of the Bank in case of various shock scenarios considered and calculation of the size of those breaches and maturity gap method, that envisages the calculation of liquidity indicators, by which the assessment of liquidity management quality is made.

When applying the stress tests, a number of scenarios related to the given situation are taken into consideration. During each scenario the sizes of breaches of the Bank's standards are calculated via the relevant method.

The following shock scenarios are applied for the assessment of liquidity risk:

1. Pre-term withdrawal of 25% of term deposits by individuals.
2. Pre-term withdrawal of 25% of term deposits of corporate entities.
3. Withdrawal of 25% of all on-demand liabilities.
4. Pre-term simultaneous withdrawal of 25% of term deposit and all on-demand liabilities by individuals.
5. Pre-term withdrawal of X% of term deposit and Y% of all on-demand liabilities by individuals and legal entities (moreover, 3 levels of scenario are observed: mild, medium, and severe which are simultaneous withdrawal situations of 10%, 15% and 20% of term deposits and all on-demand liabilities by individuals and corporate entities)

The possibility of breach in S 21 S22 liquidity standards is discovered under the mentioned conditions and the sizes of such breaches are calculated. The calculation of critical points of the breaches of the standards gives an opportunity to get accurate assessments of the Bank's liquidity risk through the analysis of the impact of call in of Individuals term deposits and on-demand liabilities before termination of the Agreement on standards and assessment of probability of their breaches.

The methodology of maturity gaps of assessment of liquidity risk enables to assess and analyze the Bank's liquidity risk, as well as to maintain the satisfactory level of liquidity of the Bank's policy. On this purpose the maturity gaps of the Bank's assets and liabilities are discovered, the liquidity indicators are calculated and the Bank's liquidity management quality is assessed. In the present methodology of liquidity assessment separation of instant, up to 90 days accumulative and general (up to one year) liquidities is made, also time series of liquidity indicators are considered for assessment of the bank liquidity management quality.

3) Determination of the allowable level of liquidity risk - quantitative analysis and assessment of risk

Liquidity Risk Assessment

Over the I quarter of 2016, the instant liquidity indicator, the up to 90 day accumulative liquidity indicators and general (up to one year) liquidity indicators have increased by 30.51, 45.03 and 1.67 percent respectively.

Accounting Period 31.03.2016

Thousand AMD

Item	Non-performing		Repayment date in						Termless	Total
	Term	Overdue	On-demand	up to 3 months	3- 6 months	6-12 months	1- 5 year	more than 5 years		
On maturity terms of assets										
Cash and cash equivalents, balances with the CBA			22,429,240	-	-	-	-	-	270,000	22,699,240
Standardized precious metal bullions			443							443
Due from banks and other financial institutions			2,269,963	6,557,221					116,723	8,943,907
Financial assets held for commercial purposes				390						390
Loans and advances provided to customers	1,495,142	97,681	-	10,182,642	3,766,037	5,248,357	30,148,982	6,284,555	-	57,223,396
Securities, including:				8,010,102	-	-	464,919	-	253,463	8,728,484
held for trading										-
available for sale							464,919		253,463	718,382
held to maturity										-
sold by repo agreements				8,010,102						8,010,102
other receivables	-	-		34,702	-		-	-		34,702
Contractual receivables**										-
Total	1,495,142	97,681	24,699,646	24,785,057	3,766,037	5,248,357	30,613,901	6,284,555	640,186	97,630,562
Including:										
I group foreign currency	1,006,557	42,559	12,222,088	7,630,917	1,379,426	1,975,552	17,263,172	4,663,099	139,733	46,323,103
II group foreign currency	-	-	721,318	78,511	-	-	-	-	-	799,829
Including:										
By floating interest rate										-
By fixed interest rate	1,440,497	56,266	7,939	24,171,613	3,741,166	5,216,369	30,572,792	6,284,555	-	71,491,197
Non-interest	54,645	41,415	24,691,707	613,444	24,871	31,988	41,109		640,186	26,139,365
On maturity of liabilities repayment	-	-								-
Liabilities to banks and other financial institutions	-	-	393,829	13,079,657	5,092,351	3,277,577	4,494,015	287,071		26,624,500
Liabilities to customers, including:	-	-	24,612,136	8,155,149	5,886,834	14,358,052	2,449,355	161,472	1,035	55,624,033
On-demand deposits			23,623,790	23,217			21,055			23,668,062
Term deposits	-	-		8,131,932	5,886,834	14,358,052	2,428,300	161,472		30,966,590
Other	-	-	988,346				-	-	1,035	989,381
Held for trade liability			2,399							2,399
Subordinate Borrowings				32,330				4,382,765		4,415,095
Liability on current tax										-
Amounts payable			69,852							69,852
Deferred tax liabilities			1,046,555							1,046,555
Deferred tax liabilities	-	-	574,007	136,730	2,200	630	52	-	-	713,619
Off-balance sheet contingent liabilities	-	-		155,132	183,440	1,698,692	3,785,288	124,057	-	5,946,609
Contractual liabilities										-
Total	-	-	26,698,778	21,403,866	10,981,385	17,636,259	6,943,422	4,831,308	1,035	88,496,053
Including:										
I group foreign currency	-	-	10,401,407	10,576,282	8,559,129	13,520,221	2,754,192	1,809,044		47,620,275
II group foreign currency	-	-	327,792	144,925	49,108	122,792	7,993	-	-	652,610
"Major" liabilities			1,992,136	7,772,913	374,747	3,715,185	2,106,637			15,961,618
Including:										
By floating interest rate				1,522,794	432,257	210,477	352,317			2,517,845
By fixed interest rate	-	-	11,412,391	19,321,659	10,542,518	16,409,444	6,569,998	4,831,308	-	69,087,318
Non-interest	-	-	15,286,387	559,413	6,610	1,016,338	21,107	-	1,035	16,890,890
Net liquidity gap	1,495,142	97,681	(1,999,132)	3,381,191	(7,215,348)	(12,387,902)	23,670,479	1,453,247	639,151	9,134,509
Including:										
I group foreign currency	1,006,557	42,559	1,820,681	(2,945,365)	(7,179,703)	(11,544,669)	14,508,980	2,854,055	139,733	(1,297,172)
II group foreign currency	-	-	393,526	(66,414)	(49,108)	(122,792)	(7,993)		-	147,219
Floating interest rate	-	-	-	(1,522,794)	(432,257)	(210,477)	(352,317)	-	-	(2,517,845)
Fixed interest rate	1,440,497	56,266	(11,404,452)	4,849,954	(6,801,352)	(11,193,075)	24,002,794	1,453,247	-	2,403,879
Accumulative liquidity gap	1,495,142	1,592,823	(406,309)	2,974,882	(4,240,466)	(16,628,368)	7,042,111	8,495,358	9,134,509	

Previous accounting period

31.12.2015

Thousand AMD

Item	Non-performing		Repayment date in						Termless	Total
	Term	Overdue	On-demand	up to 3 months	3- 6 months	6-12 months	1- 5 year	more than 5 years		
On maturity terms of assets										
Cash and cash equivalents, balances with the CBA			26,892,406	-	-	-	-	-	1,520,000	28,412,406
Standardized precious metal bullions			476							476
Receivables to banks and other financial institutions			2,250,576	2,673,783	2,418,814		-	-	117,429	7,460,602
Financial assets held for commercial purposes										-
Loans and advances provided to customers	702,775	73,337	-	7,762,241	8,814,266	5,811,851	29,389,768	6,665,902	-	59,220,140
Securities, including:				8,527,788	-	-			338,213	8,866,001
held for trading										-
available for sale									338,213	338,213
held to maturity										-
sold by repo agreements				8,527,788						8,527,788
other receivables	-	-		19,646	-		-	-		19,646
Contractual receivables**										-
Total	702,775	73,337	29,143,458	18,983,458	11,233,080	5,811,851	29,389,768	6,665,902	1,975,642	103,979,271
Including:										
I group foreign currency	480,563	52,086	12,371,412	3,757,783	8,532,342	2,097,316	16,426,955	4,982,221	117,429	48,818,107
II group foreign currency	-	-	634,609	296,070	-	-	-	-	-	930,679
Including:										
By floating interest rate										-
By fixed interest rate	702,775	73,337	21,631	18,288,424	11,233,080	5,811,851	29,389,768	6,665,902	1,975,642	74,162,410
Non-interest	-	-	29,121,827	695,034						29,816,861
On maturity of liabilities repayment										
Liabilities to banks and other financial institutions	-	-	2,365,791	14,743,087	1,615,847	5,513,890	4,375,972	289,013		28,903,600
Liabilities to customers, including:	-	-	32,872,087	8,187,121	6,463,162	12,300,002	1,989,595	165,760	1,035	61,978,762
On-demand deposits			31,058,915						1,035	31,059,950
Term deposits	-	-		8,187,121	6,437,657	12,300,002	1,989,595	165,760		29,080,135
Other	-	-	1,813,172		25,505		-	-	-	1,838,677
Held for trade liability			693							693
Subordinate borrowing				32,479				4,393,125		4,425,604
Liability on current tax										-
Amounts payable			70,065							70,065
Deferred tax liabilities										-
Other liabilities			2,142,496	234,599	1,814	540	-	-	-	2,379,449
Off-balance sheet contingent liabilities	-	-	1,102,175	410,055	1,317,280	2,752,840	13,782,380		-	19,364,730
Contractual liabilities	-	-								-
Total	-	-	37,451,132	23,197,286	8,080,823	17,814,432	6,365,567	4,847,898	1,035	97,758,173
Including:										
I group foreign currency	-	-	16,368,107	9,623,341	5,645,751	13,584,961	2,647,482	1,823,878	-	49,693,520
II group foreign currency	-	-	334,564	229,697	46,913	150,914	166	-	-	762,254
"Major" liabilities			5,983,998	10,104,335	48,308	2,084,633	2,054,826			20,276,100
Including:										
By floating interest rate				817,108	1,401,945	131,327	230,086			2,580,466
By fixed interest rate	-	-	13,782,380	22,145,579	6,677,064	17,682,565	6,135,481	4,847,898	1,035	71,272,002
Non-interest	-	-	23,668,752	234,599	1,814	540	-	-	-	23,905,705
Net liquidity gap	702,775	73,337	(8,307,674)	(4,213,828)	3,152,257	(12,002,581)	23,024,201	1,818,004	1,974,607	6,221,098
Including:										
I group foreign currency	480,563	52,086	(3,996,695)	(5,865,558)	2,886,591	(11,487,645)	13,779,473	3,158,343	117,429	(875,413)
II group foreign currency	-	-	300,045	66,373	(46,913)	(150,914)	(166)	-	-	168,425
Floating interest rate	-	-	-	(817,108)	(1,401,945)	(131,327)	(230,086)	-	-	(2,580,466)
Fixed interest rate	702,775	73,337	(13,760,749)	(3,857,155)	4,556,016	(11,870,714)	23,254,287	1,818,004	1,974,607	2,890,408
Accumulative liquidity gap	702,775	776,112	(7,531,562)	(11,745,390)	(8,593,133)	(20,595,714)	2,428,487	4,246,491	6,221,098	

Note 33: "Capital and Capital Adequacy Ratio"

The Bank does not have defined internal requirements for the capital level. The Central Bank of RA set forth a 12% capital adequacy ratio to risk weighted assets for all Armenian banks. The Central bank of Armenia has also defined a minimum amount for total capital forming AMD 5bn. During the accounting period, the Bank has met the established standard requirements on the capital level.

We present the structure of balance sheet capital:

	Thousand AMD	
	31.03.2016	31.12.2015
Chartered capital	3,167,023	2,333,338
emission income/loss	3,168,003	-
Reserves:	13,320,816	6,019,090
Main reserve	6,000,000	6,000,000
Revaluation reserve	4,563,241	19,090
retained earnings/loss	2,757,575	2,695,989
Total capital	19,655,842	11,048,417

We hereby present the core and general capitals applied for calculation of the main prudential standards defined by the CBA and the capital adequacy indicators per months during the accounting period, with their comparison with the standard requirements.

Thousand AMD

	Involved in calculation standards						
2016	Main capital	Additional capital	Total capital	Credit risk	Market and operational risk	Equivalent effective %	CBA limit %
	1	2	3 (1+2)	4	5	6	7
January	9,095,261	4,373,962	13,469,223	76,128,312	1,133,562	15.74	12
February	9,042,546	4,410,062	13,452,608	76,241,571	1,150,107	15.67	12
March	11,108,092	4,515,227	15,623,319	76,837,377	1,089,318	18.18	12

Thousand AMD

	Involved in calculation standards						
2015	Main capital	Additional capital	Total capital	Credit risk	Market and operational risk	Equivalent effective %	CBA limit %
	1	2	3 (1+2)	4	5	6	7
January	8,961,578	315,720	9,277,298	64,010,658	1,100,894	12.68	12
February	8,850,801	317,154	9,167,955	63,430,008	1,031,514	12.73	12
March	8,834,583	566,517	9,401,100	63,851,005	923,726	13.14	12
April	8,861,599	2,881,854	11,743,453	63,430,662	904,915	16.55	12
May	8,690,543	4,339,342	13,029,885	65,375,536	905,698	17.87	12
June	8,543,774	4,271,887	12,815,661	66,343,559	1,013,455	17.14	12
July	8,465,605	4,232,803	12,698,408	68,799,608	951,992	16.55	12
August	8,491,341	4,245,671	12,737,012	69,726,632	1,036,429	16.25	12
September	8,552,040	4,276,020	12,828,060	70,302,089	1,044,853	16.24	12
October	8,751,103	4,374,563	13,125,666	70,991,207	1,053,149	16.46	12
November	8,720,463	4,334,249	13,054,712	71,588,268	1,049,062	16.25	12
December	8,885,655	4,385,733	13,271,388	72,821,970	1,089,637	16.20	12

Note 34: "Real Value of Financial Assets and Liabilities"

We hereby present explanations on the assessed real value of Financial Instruments given in accordance with the requirements of IFRS 32 on "Revelation and Presentation of Financial Instruments".

The real value of Financial Instruments is the amount by which the asset may be exchanged or the liability may be repaid by well-informed and willing parties during "extended hand distance "deal.

The real values of RA Government T-Bills and the Central Bank of Armenia securities are determined on the basis of market quotations.

As of 31.03.2016 the following methods and assessments were used by the Bank during the evaluation of real value of each class of financial instrument.

Cash and Balances with the CBA

The balance sheet value of these short-term instruments exactly reflects their real value.

Loans and advances provided to customers, receivables to banks and other financial institutions.

The real value of the loan portfolio depends on the credit and interest rate peculiarities of separate loans included in each class of loans that form the loan portfolio. The assessment of loan loss provision considers risks characteristic of classes of loans, depending on such factors, as the state of the sector of economy in which each borrower is engaged, financial state of each borrower and purchased guarantees. Therefore, the loan loss provision is the exact assessment of size that reflects the influence of the loan risk.

Resources attracted from banks and other financial institutions

The balance sheet value is close to the real value.

Customer deposits and bank accounts

The balance sheet value is close to the real value.

As of 31.03.2016, the Bank had no financial assets accounted for by the amount exceeding their real values.

Note 35: "Hedging of Envisaged Future Transactions"

There are no data available for this note in the accounting and previous periods.

Note 36: "De-recognition"

There are no data available for this note in the accounting and previous periods.

Note 37: "Pledged Assets"

As of 31.03.2016 the Bank has no pledged assets.

Note 38: "Accepted Pledge"

As of 31.03.2016 there are no assets accepted as pledge that the Bank is entitled to sell or re-pledge, even in case the customer has not breached its obligations.

We hereby present the assets and warrantees accepted as a pledge with their relevant loan investments, without taking into account the reserve amounts.

Collateral type	31.03.2016		31.12.2015	
	Loan amount	Collateral amount	Loan amount	Collateral amount
Real estate	25,482,379	121,431,400	24,487,793	112,429,200
Car	3,204,712	13,233,900	3,589,140	13,799,855
Equipment	219,200	940,850	170,700	593,850
Ready made products	269,907	1,078,045	298,970	1,078,045
Guarantee	18,868,082	90,074,600	18,067,258	81,612,860
Monetary funds	185,473	1,807,702	722,726	3,132,672
Gold items	6,258,802	7,877,609	5,794,657	7,296,004
Standard golds				
State securities				
Securities issued by the CBA	-	-	-	-
Other securities		-	-	-
Other pledge	8,887	41,812	9,266	41,812
No collateral available	3,744,566		7,037,121	
Total	58,242,008	236,485,918	60,177,631	219,984,298

Note 39: "Non-performance/Breach of Liabilities"

There are no data available for this note for the accounting and previous periods.

Chairman of the Executive Board

A.Naljyan

Chief Accountant

D.Azatyanyan

Approval date: 20.04.2016