

## Note 25 : "Financial liabilities at fair value re-measured through profit/loss"

thous. AMD

Financial liability at fair value re-measured through profit/loss	31/03/2018	31/12/2017
<b>Derivative instruments</b>		
Swap	15,765	-
Forward		
Other		7,706
<b>Total</b>	<b>15,765</b>	<b>7,706</b>

## Note 26: "Amounts Payable"

thous. AMD

Amounts payable	31/03/2018	31/12/2017
Dividends	105,439	104,911
For insurance of deposit	47,578	50,773
<b>Total</b>	<b>153,017</b>	<b>155,684</b>

## Note 27: "Other Liabilities"

thous. AMD

Other liabilities	31/03/2018	31/12/2017
On income tax of non-resident	35,139	27,685
On VAT	1,748	1,605
On other taxes and penalties	59,164	168,334
On social insurance payments	599,631	558,840
Credit debts to suppliers	87,788	77,031
Other liabilities	28,757	82,690
<b>Balance at the end of the period</b>	<b>812,227</b>	<b>916,185</b>

## Note 28: "Chartered capital"

The Bank's registered and fully paid share capital totals AMD 13,708,745 thous., including 1,852,533 common shares with a nominal value of AMD 7400 per share. The emission income amounts to AMD 33,438.

The chart below shows information on the majority of the shareholders of the Bank as of the end of the accounting period.

thous. AMD

Name of the major shareholder	Participation amount	The size of participation in percentage ratio	Shareholders activity type (for corporate)
Sukiasyan Saribek Albert	3,882,920.6	28.3	
Sukiasyan Khachatur Albert	2,233,186.8	16.3	
Sukiasyan Robert Albert	1,957,588.6	14.3	
Sukiasyan Eduard Albert	1,460,900.6	10.7	
EBRD	345,335.8	2.5	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 31.03.2018, 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 31.03.2018, 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

	Thous. AMD	
	31/03/2018	31/12/2017
Unutilized credit lines	6,037,049	16,312,810
Provided guarantees	6,860,530	6,627,763
Provided letters of credit		
Reserve on the mentioned items (note 7)	(101,221)	

### Liabilities on operational leases

	Thous. AMD	
Structure of minimum rental fees	Amounts payable in AMD equivalent to foreign currency	Amounts payable in AMD
Up to 1 year		680,791
1-5 years		2,352,074
more than 5 years		18,267
<b>Total</b>		<b>3,051,132</b>

## 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.

	Thous. AMD	
Customers' loans and advances rated at amortized value	31/03/2018	31/12/2017
<b>Initial balance</b>	<b>4,200,139</b>	<b>4,022,925</b>
<b>Loans and advances provided over the year</b>	<b>495,419</b>	<b>3,124,640</b>
Bank shareholder	99,122	334,472
Shareholder related entity	103,647	1,502,151
Bank manager	234,946	1,135,177
Manager related entity	57,704	152,840
<b>Loans and advances repaid over the year</b>	<b>491,627</b>	<b>2,947,426</b>
Bank shareholder	72,468	279,251
Shareholder related entity	139,085	1,481,377
Bank manager	241,752	1,087,996
Manager related entity	38,322	98,802
<b>Summary balance *</b>	<b>4,203,932</b>	<b>4,200,139</b>

	Thous. AMD	
Item	31/03/2018	31/12/2017
Interest income as of 3 months of 2018	108,091	465,556

	Thous. AMD	
<b>Liabilities to Customers</b>	<b>on-demand</b>	<b>term</b>
<b>Balance as of 31.12.2017</b>	1,121,039	7,590,964
<b>Amounts received over the accounting period (or 3 months of 2018), including:</b>	<b>6,780,318</b>	<b>135,754</b>
Bank shareholder	1,545,588	337
Shareholder related entity	4,493,506	1,289
Bank manager	542,575	56,870
Bank manager related entity	198,650	77,258
<b>Amounts paid over the accounting period ( for 3 months of 2018), including:</b>	<b>6,977,689</b>	<b>105,822</b>
Bank shareholder	1,806,842	-
Shareholder related entity	4,376,467	-
Bank manager	540,067	84,819
Bank manager related entity	260,074	49,837
Exchange rate difference (+/-)	(5,761)	(28,834)
<b>Balance as of 31/03/2018</b>	<b>917,907</b>	<b>7,592,062</b>
<b>Interest expense as of 3 months of 2018</b>	<b>18</b>	<b>211,944</b>

	Thous. AMD	
<b>Salary or Similar Payment to the Bank Management</b>	<b>31/03/2018</b>	<b>31/12/2017</b>
<b>Board</b>	<b>42,309</b>	<b>41,554</b>
Salary	42,309	41,554
Awarding		
<b>Executive body</b>	<b>68,342</b>	<b>46,399</b>
Salary	68,342	46,399
Awarding		
<b>Internal Audit</b>	<b>19,357</b>	<b>22,530</b>
Salary	19,057	22,530
Awarding	300	
<b>Total</b>	<b>130,008</b>	<b>110,483</b>

## 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, which can cause financial losses.*

### 2) The methods of measurement and assessment of credit risk

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 premiere 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,U, K, L 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 Loan terms
- 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.