

**Interim Statement on Financial Position**  
 March 31, 2018  
 Artsakhbank, CJSC  
 Address: 1b, Charents Str., Yerevan 0025, RA

(AMD, thousand)

N	Item	Notes	As at the end of the current period	As at the end of the prior financial year (unaudited)
<b>1</b>	<b>Assets</b>			
1.1	Cash and balances with the CBA	13	13,719,493	18,849,512
1.2	Banking standardized bullions of precious metals		133,229	130,165
1.3	Placement with banks and other financial institutions	14	16,659,373	16,735,619
1.4	Financial assets held for trading	15	-	-
1.5	Loans and advances to customers	16	71,149,701	69,275,915
1.6	Financial assets at fair value through other comprehensive income	17	4,922,861	58,958
1.7	Held-to-maturity investments	18	24,302,360	22,848,212
1.8	Investments in share capital of controlled entities	19		
1.9	Not current assets held for disposal	20	3,048,530	2,928,707
1.10	Property, plant and equipment and other intangible assets	21	3,327,883	3,347,364
1.11	Deferred tax assets			
1.12	Other assets	22	3,651,693	3,164,565
	<b>Total assets</b>		<b>140,915,123</b>	<b>137,339,017</b>
<b>2</b>	<b>Liabilities</b>			
2.1	Deposits and balances from banks and other financial institutions	23	7,835,436	8,289,425
2.2	Current accounts and deposits from customers	24	91,976,397	90,652,756
2.3	Securities issued by the Bank	25		
2.4	Liability held for trading	26		
2.5	Amounts payable	27	38,683	40,870
2.6	Deffered tax liabilities	30	147,021	147,021
2.7	Provisions			
2.8	Subordinated loan	28	7,697,074	7,731,063
2.9	Other liabilities	29	479,692	562,481
	<b>Total liabilities</b>		<b>108,174,303</b>	<b>107,423,616</b>
<b>3</b>	<b>Equity</b>			
3.1	Share capital	31	23,261,150	23,261,150
3.2	Share premium			
3.3	Reserves:	32	2,341,367	2,345,133
3.3.1	General reserve		801,231	801,231
3.3.2	Revaluation reserves		1,540,136	1,543,902
3.4	Retained earnings (loss)	32	7,138,303	4,309,118
3.5	Other equity components			
	Capital owned by parent company			
	Minority capital			
	<b>Total equity</b>		<b>32,740,820</b>	<b>29,915,401</b>
	<b>Total liabilities and equity</b>		<b>140,915,123</b>	<b>137,339,017</b>

Validation Date: 13 April 2018

Chief Executive Officer

 Artak Balayan

Chief Accountant

 Ruzan Khachatryan



**Interim Statement on Comprehensive Income**

March 31, 2017

Artsakhbank, CJSC

Address: 1b, Charents Str., Yerevan 0025, RA

(AMD, thousand)

Item	Note	Interim Current Period	From the beginning of the current financial year till the reporting date (incremental)	Current interim comparative period of the previous financial year	From the beginning of the previous year to the comparative reporting date (incremental)
Interest and similar income	3	3,441,379	3,441,379	2,721,848	2,721,848
Interest and similar expenses	3	(1,777,937)	(1,777,937)	(1,559,833)	(1,559,833)
<b>Net interest and similar income</b>		<b>1,663,442</b>	<b>1,663,442</b>	<b>1,162,015</b>	<b>1,162,015</b>
Fee and commission income	4	114,579	114,579	99,343	99,343
Fee and commission expense	4	(41,156)	(41,156)	(29,868)	(29,868)
<b>Net fee and commission income</b>		<b>73,423</b>	<b>73,423</b>	<b>69,475</b>	<b>69,475</b>
Dividend income		10,537	10,537		
Net income from trading operations	5	86,775	86,775	83,800	83,800
Other operating income	6	78,195	78,195	82,732	82,732
<b>Operating income</b>		<b>175,507</b>	<b>175,507</b>	<b>166,532</b>	<b>166,532</b>
Impairment losses	7	1,789,270	1,789,270	(1,139,928)	(1,139,928)
General administrative expenses	8	(657,098)	(657,098)	(669,018)	(669,018)
Other operating expenses	9	(115,359)	(115,359)	(120,704)	(120,704)
Net profit/(loss) from investments in controlled entities	10				
<b>Profit/ (loss) before tax</b>		<b>2,929,185</b>	<b>2,929,185</b>	<b>(531,628)</b>	<b>(531,628)</b>
Profit tax expense	11	100,000	100,000		
<b>Profit/ (loss) after tax</b>		<b>2,829,185</b>	<b>2,829,185</b>	<b>(531,628)</b>	<b>(531,628)</b>
Basic earnings per share	12	6.76	6.76		
Diluted earnings per share	12				
<b>Net Profit for the period</b>		<b>2,829,185</b>	<b>2,829,185</b>	<b>(531,628)</b>	<b>(531,628)</b>
<b>Other comprehensive financial result</b>		<b>(3,766)</b>	<b>(3,766)</b>		
Revaluation of financial assets at fair value through other comprehensive income		(3,766)	(3,766)		
<b>Other comprehensive income, net of tax net of tax</b>		<b>(3,766)</b>	<b>(3,766)</b>		
<b>Comprehensive financial result</b>		<b>2,825,419</b>	<b>2,825,419</b>	<b>(531,628)</b>	<b>(531,628)</b>

Validation Date: 13 April 2018

Chief Executive Officer


 Artak Balayan

Chief Accountant


 Ruzan Khachatryan

**Interim Statement on Changes in Equity**  
 March 31, 2018  
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(AMD, thousand)

Equity Name	Share capital			Issue profit/loss	General reserve	Differences in rates from restated foreign transactions	Revaluation of available-for-sale assets	Cash flow hedge	Gains from noncurrent assets revaluation	Retained earnings/loss	Interim dividends	Total	Noncontrolled stock	Total capital
	Share capital	Repurchased capital	Net Amount											
Captions	1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>Comparative interim period of prior financial year (Cumulative from the beginning of the year) (Table 1)</b>														
<b>1. Balance at the beginning of the previous financial year, as at 1 January 2017</b>	23,261,150	0	23,261,150	0	657,233	0	(350)	0	1,541,377	865,373		26,324,783		26,324,783
1.1 Total impact of changes in accounting policy and adjustment of material errors			0											
<b>2. Restated balance</b>	<b>23,261,150</b>		<b>23,261,150</b>		<b>657,233</b>	<b>0</b>	<b>(350)</b>	<b>0</b>	<b>1,541,377</b>	<b>865,373</b>	<b>0</b>	<b>26,324,783</b>	<b>0</b>	<b>26,324,783</b>
3. Transactions with shareholders (owners) with respect to shares (shareholdings), including:			0									0		0
3.1 Investments in share capital and increase of share capital												0		0
3.2 Decrease of share capital, as a result of purchased back and withdrawn from circulation shares (stocks, shareholdings), incl.												0		0
4. Comprehensive Income							1750					1,750		1,750
5. Dividends												-		-
6. Other increase (decrease) of equity components, including:												0		0
6.1 Increase/decrease in derivatives classified as equity components												0		0
6.2 Net receipt (loss) for the previous year (period)										(531,628)		(531,628)		(531,628)
7. Internal movements, including:	0	0	0	0	0	0	0	0	0	-	0	-	-	-
7.1 Allotment to general reserve												0		0
7.2 Cover of accumulated loss from general reserve												0		0
7.3 Cover of share discount												0		0
7.4 Decrease in value of property, plant and equipment and other intangible assets caused by revaluation												0		0
7.5 Internal movements of other equity components												-		-
<b>8. Balance at the end of the previous financial year as at 31 March 2017</b>	<b>23,261,150</b>	<b>0</b>	<b>23,261,150</b>	<b>0</b>	<b>657,233</b>	<b>0</b>	<b>1,400</b>	<b>0</b>	<b>1,541,377</b>	<b>333,745</b>	<b>0</b>	<b>25,794,905</b>		<b>25,794,905</b>
<b>Interim period of the current year (Cumulative from the beginning of the year) (Table 2)</b>														
<b>9. Balance at the beginning of the current year, as at January 1, 2018</b>	<b>23,261,150</b>	<b>0</b>	<b>23,261,150</b>	<b>0</b>	<b>801,231</b>	<b>0</b>	<b>2525</b>	<b>0</b>	<b>1,541,377</b>	<b>4,309,118</b>		<b>29,915,401</b>		<b>29,915,401</b>
9.1 Total impact of changes in accounting policy and adjustment of material errors			0											
<b>10. Restated balance</b>	<b>23,261,150</b>		<b>23,261,150</b>		<b>801,231</b>	<b>0</b>	<b>2,525</b>	<b>0</b>	<b>1,541,377</b>	<b>4,309,118</b>	<b>0</b>	<b>29,915,401</b>	<b>0</b>	<b>29,915,401</b>
11. Transactions with shareholders (owners) with respect to shares (shareholdings), including:	0	0	0	0	0	0	0	0	0	-	0	0	0	0
11.1 Investments in share capital and increase of share capital			0									0		0
11.2 Decrease of share capital, as a result of purchased back and withdrawn from circulation shares (stocks, shareholdings), incl.												0		0
12. Other comprehensive income							(3,766)					0		(3,766)
13. Dividends												-		-
14. Other increase (decrease) of equity components, including:												0		0
14.1 Increase/decrease in derivatives classified as equity components												0		0
14.2 Net receipt (loss) for the reporting year (period)										2,829,185		2,829,185		2,829,185
15. Internal movements, including:	0	0	0	0	0	0	0	0	0	-	0	-	-	-
15.1 Allotment to general reserve												0		0
15.2 Cover of accumulated loss from general reserve												0		0
15.3 Cover of share discount												0		0
15.4 Decrease in value of property, plant and equipment and other intangible assets caused by revaluation												0		0
15.5 Internal movements of other equity components												-		-
<b>16. Balance at the end of the current reporting period, as at 31 March 2018</b>	<b>23,261,150</b>	<b>0</b>	<b>23,261,150</b>	<b>0</b>	<b>801,231</b>	<b>0</b>	<b>(1,241)</b>	<b>0</b>	<b>1,541,377</b>	<b>7,138,303</b>	<b>0</b>	<b>32,740,820</b>		<b>32,740,820</b>

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**Interim Statement on Cash Flow**

March 31, 2018

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(AMD, thousand)

Item	Note	Previous Period	Reporting Period
<b>1. Cash flows from operating activities</b>		x	x
<b>Net cash flows before changes in operating assets and liabilities</b>		996,841	2,970,606
Interests receipts		2,557,102	3,214,739
interests paymets		(1,447,876)	(1,512,823)
Fee and commission receipts		99,343	111,785
Fee and commission payments		(2,659)	(3,656)
Receipt/(loss) from available-for-sale financial assets		0	1,073
Receipts/(loss) from foreign exchange		51,104	54,722
Recovery of assets previously written-off		423,071	1,861,022
Salary paid and other related payments		(467,431)	(518,555)
Other income and expense from operating activities		(215,813)	(237,701)
<b>Cash flows from changes in operating assets and liabilities</b>		1,868,978	(6,863,202)
Decrease/(increase) in operating assets		454,895	(7,715,286)
including:			
Decrease/(increase) of loans and advances		(56,970)	(2,502,388)
Decrease/(increase) of securities held for trading and available-for-sale		-	(4,733,446)
Decrease/(increase) of finance lease receivables		-	0
Decrease/(increase) of other operating assets		511,865	(479,452)
Increase/(decrease) in operating liabilities		1,414,083	852,084
including:			
Increase/(decrease) of current accounts and deposits from customers		1,820,687	934,609
Decrease/(increase) of other operating liabilities		(406,604)	(82,525)
<b>Net cash flows from operating activities before income tax paid</b>		2,865,819	(3,892,596)
Income tax paid		-	-
<b>Net cash flows from operating activities</b>		2,865,819	(3,892,596)
<b>2. Cash flows from investing activities</b>		x	x
Decrease/(increase) of investments held-to-maturity		173,879	(1,266,410)
Decrease/(increase) of investments in share capital of other entities		(1,750)	(1,240)
Decrease/(increase) of deposits allocated in other banks		0	4,300,000
Decrease/ (increase) of capital investments in property, plant and equipment and intangible assets		0	0
Purchases of property, plant and equipment and intangible assets		(3,000)	(41,476)
Disposal of property, plant and equipment and intangible assets		3,000	0
Net cash flows from other investing activities		3,657	(188,853)
<b>Net cash flows from investing activities</b>		175,786	2,802,021
<b>3. Cash flows from financing activities</b>		x	x
Dividends paid		-	-
Increase/(decrease) of borrowings received from the Central Bank of Armenia		-	-
Increase/(decrease) of borrowings received from banks		(2,559,626)	-
Increase/(decrease) of other borrowings received		(12,682)	(104,638)
Increase/(decrease) of securities issued by the Bank		-	-
Investments of shareholders in share capital		0	0
Increase/(decrease) of finance lease payables		-	-
Net cash flows from other financing activities		-	4,403
<b>Net cash flows from financing activities</b>		(2,572,308)	(100,235)
Effect of changes in exchange rates on cash and cash equivalents		20,002	(12,270)
<b>Net increase/(decrease) of cash and cash equivalents</b>		489,299	(1,203,080)
Cash and cash equivalents at the beginning of the period		11,213,034	11,760,615
Cash and cash equivalents at the end of the period		11,702,333	10,557,535

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**Compliance with the Mandatory Ratios set by the Central Bank of the RA**

March 31, 2018

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Norms	Actual value	Compulsary value set by the CBA	Any non-compliance for the reporting period
1	2	3	4
The minimum charter capital of the Bank	23,261,150	min 50 000	No violations
The minimum total (equity) capital of the Bank	37,410,215	min 30 000 000	No violations
N <sub>1</sub> Minimum ratio of total capital to risk weighted assets	101.46%	min 12%	No violations
N <sub>2</sub> <sup>1</sup> Minimum ratio of high liquid assets to total assets of the Bank	31.44%	min 15%	No violations
N <sub>2</sub> <sup>2</sup> Minimum ratio of high liquid assets to demand liabilities	136.51%	min 60%	No violations
N <sub>3</sub> <sup>1</sup> Maximum risk per one borrower	5.79%	max 20%	No violations
N <sub>3</sub> <sup>2</sup> Maximum risk per large borrower	5.79%	max 500%	No violations
N <sub>4</sub> <sup>1</sup> Maximum risk per Bank affiliated person	0.94%	max 5%	No violations
N <sub>4</sub> <sup>2</sup> Maximum risk for all Bank affiliated persons	1.96%	max 20%	No violations
Minimum standard reserves allocated with the Central Bank of Armenia:			No violations
in AMD		min 2%	No violations
in USD		min 18%	
in EUR	X	min 18%	

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