

Interim Statement on Financial Position

June 30, 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)
1	Assets			
1.1	Cash and balances with the CBA	13	11,244,269	18,849,512
1.2	Banking standardized bullions of precious metals		126,929	130,165
1.3	Placement with banks and other financial institutions	14	18,301,089	16,735,619
1.4	Financial assets held for trading	15	-	-
1.5	Loans and advances to customers	16	74,920,101	69,275,915
1.6	Financial assets at fair value through other comprehensive income	17	5,739,001	58,958
1.7	Held-to-maturity investments	18	25,688,041	22,848,212
1.8	Investments in share capital of controlled entities	19		
1.9	Not current assets held for disposal	20	3,017,801	2,928,707
1.10	Property, plant and equipment and other intangible assets	21	3,317,622	3,347,364
1.11	Deferred tax assets			
1.12	Other assets	22	3,574,610	3,164,565
	Total assets		145,929,463	137,339,017
2	Liabilities			
2.1	Deposits and balances from banks and other financial institutions	23	8,907,126	8,289,425
2.2	Current accounts and deposits from customers	24	93,960,845	90,652,756
2.3	Securities issued by the Bank	25		
2.4	Liability held for trading	26		
2.5	Amounts payable	27	36,596	40,870
2.6	Deferred tax liabilities	30	147,021	147,021
2.7	Provisions			
2.8	Subordinated loan	28	7,714,469	7,731,063
2.9	Other liabilities	29	991,353	562,481
	Total liabilities		111,757,410	107,423,616
3	Equity			
3.1	Share capital	31	23,261,150	23,261,150
3.2	Share premium			
3.3	Reserves:	32	2,650,706	2,345,133
3.3.1	General reserve		1,142,248	801,231
3.3.2	Revaluation reserves		1,508,458	1,543,902
3.4	Retained earnings (loss)	32	8,260,197	4,309,118
3.5	Other equity components			
	Capital owned by parent company			
	Minority capital			
	Total equity		34,172,053	29,915,401
	Total liabilities and equity		145,929,463	137,339,017

Validation Date: 13 July 2018

Chief Executive Officer


 Artak Balayan

Chief Accountant


 Ruzan Khachatryan

Interim Statement on Comprehensive Income

June 30, 2018

Artsakhbank, CJSC

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(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	3,654,601	7,095,980	2,750,751	5,472,599
Interest and similar expenses	3	(1,829,196)	(3,607,133)	(1,632,957)	(3,192,790)
Net interest and similar income		1,825,405	3,488,847	1,117,794	2,279,809
Fee and commission income	4	137,645	252,224	119,851	219,194
Fee and commission expense	4	(39,687)	(80,843)	(38,663)	(68,531)
Net fee and commission income		97,958	171,381	81,188	150,663
Dividend income	4		10,537	941	941
Net income from trading operations	5	79,920	166,695	44,543	128,343
Other operating income	6	90,122	168,317	103,814	186,546
Operating income		170,042	345,549	149,298	315,830
Impairment losses	7	(528,420)	(2,317,690)	(236,628)	903,301
General administrative expenses	8	(607,492)	(1,264,590)	(706,313)	(1,375,331)
Other operating expenses	9	(121,422)	(236,781)	(132,660)	(253,364)
Net profit/(loss) from investments in controlled entities	10				
Profit/ (loss) before tax		1,892,911	4,822,096	745,935	214,306
Profit tax expense	11	430,000	530,000		
Profit/ (loss) after tax		1,462,911	4,292,096	745,935	214,306
Basic earnings per share	12	3.46	5.10	1.76	0.26
Diluted earnings per share	12				
Net Profit for the period		1,462,911	4,292,096	745,935	214,306
Other comprehensive financial result		(31,678)	(35,444)	1,125	2,525
Revaluation of financial assets at fair value through other comprehensive income		(31,678)	(35,444)	1,125	2,525
Other comprehensive income, net of tax net of tax		(31,678)	(35,444)	1,125	2,525
Comprehensive financial result		1,431,233	4,256,652	747,060	216,831

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Interim Statement on Changes in Equity
 June 30, 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
Comparative interim period of prior financial year (Cumulative from the beginning of the year) (Table 1)														
1. Balance at the beginning of the previous financial year, as at 1 January 2017	23,261,150		23,261,150		657,233		(350)		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														
2. Restated balance	23,261,150		23,261,150		657,233		(350)		1,541,377	865,373		26,324,783		26,324,783
3. Transactions with shareholders (owners) with respect to shares (shareholdings), including:														
3.1 Investments in share capital and increase of share capital														
3.2 Decrease of share capital, as a result of purchased back and withdrawn from circulation shares (stocks, shareholdings), incl.														
4. Comprehensive Income							2,875					2,875		2,875
5. Dividends														
6. Other increase (decrease) of equity components, including:														
6.1 Increase/decrease in derivatives classified as equity components														
6.2 Net receipt (loss) for the previous year (period)										214,306		214,306		214,306
7. Internal movements, including:														
7.1 Allotment to general reserve														
7.2 Cover of accumulated loss from general reserve														
7.3 Cover of share discount														
7.4 Decrease in value of property, plant and equipment and other intangible assets caused by revaluation														
7.5 Internal movements of other equity components														
8. Balance at the end of the previous financial year as at 30 June 2017	23,261,150		23,261,150		657,233		2,525		1,541,377	1,079,679		26,541,964		26,541,964
Interim period of the current year (Cumulative from the beginning of the year) (Table 2)														
9. Balance at the beginning of the current year, as at January 1, 2018	23,261,150		23,261,150		801,231		2525		1,541,377	4,309,118		29,915,401		29,915,401
9.1 Total impact of changes in accounting policy and adjustment of material errors														
10. Restated balance	23,261,150		23,261,150		801,231		2,525		1,541,377	4,309,118		29,915,401	0	29,915,401
11. Transactions with shareholders (owners) with respect to shares (shareholdings), including:														
11.1 Investments in share capital and increase of share capital														
11.2 Decrease of share capital, as a result of purchased back and withdrawn from circulation shares (stocks, shareholdings), incl.														
12. Other comprehensive income							(35,444)							
13. Dividends														
14. Other increase (decrease) of equity components, including:														
14.1 Increase/decrease in derivatives classified as equity components														
14.2 Net receipt (loss) for the reporting year (period)										4,292,096		4,292,096		4,292,096
15. Internal movements, including:														
15.1 Allotment to general reserve					341,017					(341,017)				
15.2 Cover of accumulated loss from general reserve														
15.3 Cover of share discount														
15.4 Decrease in value of property, plant and equipment and other intangible assets caused by revaluation														
15.5 Internal movements of other equity components														
16. Balance at the end of the current reporting period, as at 30 June 2018	23,261,150		23,261,150		1,142,248		(32,919)		1,541,377	8,260,197		34,172,053		34,172,053

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Interim Statement on Cash Flow

June 30, 2018

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(AMD, thousand)

Item	Note	Previous Period	Reporting Period
1. Cash flows from operating activities		x	x
Net cash flows before changes in operating assets and liabilities		2,404,728	5,278,832
Interests receipts		5,571,544	7,128,703
interests paymets		(2,891,343)	(3,230,062)
Fee and commission receipts		218,194	245,593
Fee and commission payments		(6,835)	(8,072)
Receipt/(loss) from available-for-sale financial assets		0	2,975
Receipts/(loss) from foreign exchange		111,990	106,890
Recovery of assets previously written-off		768,816	2,428,044
Salary paid and other related payments		(979,471)	(947,805)
Other income and expense from operating activities		(388,167)	(447,434)
Cash flows from changes in operating assets and liabilities		3,772,692	(12,465,436)
Decrease/(increase) in operating assets		(4,019,446)	(14,185,685)
including:			
Decrease/(increase) of loans and advances		(4,654,027)	(8,252,000)
Decrease/(increase) of securities held for trading and available-for-sale		0	(5,595,624)
Decrease/(increase) of finance lease receivables		-	0
Decrease/(increase) of other operating assets		634,581	(338,061)
Increase/(decrease) in operating liabilities		7,792,138	1,720,249
including:			
Increase/(decrease) of current accounts and deposits from customers		8,213,602	1,726,898
Decrease/(increase) of other operating liabilities		(421,464)	(6,649)
Net cash flows from operating activities before income tax paid		6,177,420	(7,186,604)
Income tax paid		-	(430,000)
Net cash flows from operating activities		6,177,420	(7,616,604)
2. Cash flows from investing activities		x	x
Decrease/(increase) of investments held-to-maturity		510,984	(2,799,131)
Decrease/(increase) of investments in share capital of other entities		(2,876)	(32,918)
Decrease/(increase) of deposits allocated in other banks		-	8,000,000
Decrease/ (increase) of capital investments in property, plant and equipment and intangible assets		0	0
Purchases of property, plant and equipment and intangible assets		(7,543)	(85,283)
Disposal of property, plant and equipment and intangible assets		3,000	-
Net cash flows from other investing activities		(208,144)	315,029
Net cash flows from investing activities		295,421	5,397,697
3. Cash flows from financing activities		x	x
Dividends paid		-	-
Increase/(decrease) of borrowings received from the Central Bank of Armenia		-	-
Increase/(decrease) of borrowings received from banks		(3,026,651)	2,220,550
Increase/(decrease) of other borrowings received		(20,290)	(147,815)
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		-	5,457
Net cash flows from financing activities		-3,046,941	2,078,192
Effect of changes in exchange rates on cash and cash equivalents		86,634	(60,794)
Net increase/(decrease) of cash and cash equivalents		3,512,534	-201,509
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		14,725,568	11,559,106

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

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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	38,525,529	min 30 000 000	No violations
N ₁ Minimum ratio of total capital to risk weighted assets	87.63%	min 12%	No violations
N ₂ ¹ Minimum ratio of high liquid assets to total assets of the Bank	34.14%	min 15%	No violations
N ₂ ² Minimum ratio of high liquid assets to demand liabilities	154.41%	min 60%	No violations
N ₃ ¹ Maximum risk per one borrower	5.64%	max 20%	No violations
N ₃ ² Maximum risk per large borrower	5.64%	max 500%	No violations
N ₄ ¹ Maximum risk per Bank affiliated person	0.74%	max 5%	No violations
N ₄ ² Maximum risk for all Bank affiliated persons	2.61%	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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