

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 for all Armenian banks. The Central bank of Armenia has also defined a minimum amount for total capital forming AMD 30,000,000 thousand. During the accounting period, the Bank has met the established standard requirements on the capital level.

We present the structure of balance sheet capital:

	thous. AMD	
	30.09.2018	31.12.2017
Chartered capital	16,708,745	13,708,745
Emission income/loss	33,438	33,438
Reserves:	10,411,880	14,925,058
Main reserve	6,000,000	6,000,000
Revaluation reserve	4,411,880	4,689,053
Undistributed profit/loss	5,674,329	4,236,005
Total capital	32,828,392	28,667,241

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.

Thous. AMD							
Involved in calculation standards							
2018	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	22,237,931	8,895,172	31,133,103	162,604,603	2,964,793	16.62	12
February	22,372,558	8,949,023	31,321,581	164,993,021	2,881,752	16.57	12
March	22,394,302	8,957,721	31,352,023	167,283,611	2,932,572	16.35	12
April	22,477,933	8,991,173	31,469,106	171,626,878	3,114,747	15.93	12
May	22,564,866	9,025,947	31,590,813	174,681,572	2,895,764	15.89	12
June	24,486,179	8,024,985	32,511,164	178,105,489	2,931,788	16.05	12
July	25,608,927	7,454,226	33,063,153	176,320,294	2,947,230	16.46	12
August	25,832,738	7,611,498	33,444,236	177,374,129	2,849,681	16.63	12
September	25,916,416	7,386,936	33,303,352	182,523,604	2,664,827	16.27	12
Involved in calculation standards							
2017	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	21,861,831	8,574,191	30,436,022	113,280,494	1,922,054	23.54	12
February	21,716,419	8,525,349	30,241,768	112,847,591	2,117,346	23.18	12
March	21,712,679	8,577,987	30,290,666	119,382,327	2,013,526	22.25	12
April	21,875,537	9,019,296	30,894,833	116,733,043	2,167,424	22.92	12
May	22,063,011	9,895,885	31,958,896	120,818,311	2,147,759	23.04	12
June	22,011,258	9,827,185	31,838,443	127,841,690	2,421,169	21.51	12
July	21,671,221	9,700,332	31,371,553	146,589,188	2,337,423	18.89	12
August	21,952,445	9,623,357	31,575,802	149,820,578	2,396,141	18.60	12
September	22,089,828	9,580,000	31,669,828	155,296,711	2,399,452	18.07	12
October	22,082,789	9,708,799	31,791,588	156,140,389	2,433,273	18.02	12
November	22,211,330	9,893,378	32,104,708	156,744,674	2,612,508	17.99	12
December	22,419,472	9,851,109	32,270,581	160,533,903	2,723,741	17.61	12

We hereby present the weight of risks of assets and off-balance sheet contingent liabilities, incomplete term operations as of the end of current and previous accounting periods, per the classes of risk weights under Charter 2 approved by the Board of CBA.

Thous. AMD				
As of 30.09.2018				
Risk weight	Assets	Off-balance sheet contingent liabilities	Incomplete term operation	Total credit risk
0%	51,214,656	350,210		-
10%	5,253,487			525,349
20%	783,233			156,647
30%	176,933			53,080
35%	2,419,354			846,774
50%	1,409,605			704,803
75%	1,258,423			943,817
100%	89,525,065	4,563,221		94,088,286
110%				-
150%	54,860,788	2,313,535	113,070	85,931,090
Total	206,901,544	7,226,966	113,070	183,249,844
As of 31/12/2017				
Risk weight	Assets	Off-balance sheet contingent liabilities	Incomplete term operation	Total credit risk
0%	66,153,836	273,320		-
10%	4,262,528			426,253
20%	1,577,452			315,490
30%	260,072			78,022
35%	1,933,595			676,758
50%	517,727			258,864
75%	757,276			567,957
100%	70,756,794	4,901,348		75,658,142
110%				-
150%	45,924,058	7,844,858	43,575	80,718,737
Total	192,143,338	13,019,526	43,575	158,700,222

Note 34: "Fair value of Financial Assets and Liabilities"



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

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

As of 30.09.18 the following methods and assessments were used by the Bank during the evaluation of fair 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 fair value.

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

The fair 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 fair value.

Customer deposits and bank accounts

The balance sheet value is close to the fair value.

As of 30.09.18 the Bank had no financial assets accounted for by the amount exceeding their fair 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 30.09.18 the Bank has no pledged assets.

Note 38: "Accepted Pledge"

As of 30.09.2018 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 warranties accepted as a pledge with their relevant loan investments, without taking into account the reserve amounts.

Thous. AMD

Collateral type	30/09/2018		31/12/2017	
	Loan amount	Collateral amount	Loan amount	Collateral amount
Real estate	46,853,046	193,313,539	41,318,815	164,093,759
Car	1,076,660	5,090,650	1,383,903	7,104,370
Equipment	1,055,505	6,123,381	657,784	4,394,184
Ready made products	1,475,845	4,883,208	613,011	2,041,778
Guarantee	41,353,131	188,419,158	30,914,066	140,550,946
Monetary funds	541,719	2,029,789	1,097,010	2,249,478
Gold items	9,592,695	11,608,263	8,302,797	10,425,868
Standard golds	7,567	29,436		
State securities		-		
Securities issued by the CBA	-	-		
Other securities	69,346	311,026	104,632	418,211
Other pledge	11,673,580	18,730,221	8,612,831	12,289,630
No collateral available	20,275,238		12,816,825	
Total	133,974,332	430,538,671	105,821,674	343,568,224

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(CEO)

A. Khachatryan

Chief Accountant

M.Poghosyan