ConverseBank

Consolidated Statement of comprehensive income
31 December 2017
Converse Bank CSJC ,V. Sargsyan 26/1 st., Yerevan

In thousand Armenian drams	Notes	01/10/17-31/12/17	01/01/17-31/12/17	01/10/16-31/12/16	01/01/16-31/12/16
Interest income	7	4,899,526	17,624,252	3,636,974	13,859,656
Interest expense	7	(2,178,811)	(8,284,069)	(1,842,451)	(6,787,759)
Net interest income		**2,720,715**	**9,340,183**	**1,794,523**	**7,071,897**
Fee and commission income	8	683,421	2,433,145	543,025	2,003,640
Fee and commission expense	8	(224,363)	(752,304)	(219,311)	(763,729)
Net fee and commission income		**459,058**	**1,680,841**	**323,714**	**1,239,911**
Net trading income	9	424,794	1,279,654	519,718	899,056
Net (losses)/gains from foreign currency translation		1,221	(1,128)	(189,369)	(237,214)
Gains less losses on investments available for sale		182,959	304,220	11,084	54,229
Other income	10	242,835	967,294	195,093	943,846
Impairment losses	11	(242,243)	(1,212,874)	(774,801)	(1,544,466)
Staff costs	12	(1,369,896)	(4,298,789)	(885,760)	(3,379,260)
Depreciation of property and equipment	22	(168,683)	(731,100)	(192,192)	(739,362)
Amortization of intangible assets	23	(12,830)	(41,719)	9,961	(76,339)
Other expenses	13	(847,088)	(2,872,067)	(762,486)	(2,723,708)
Profit before income tax		**1,390,841**	**4,414,515**	**49,485**	**1,508,590**
Income tax expense	14	(245,856)	(788,393)	(251,827)	56,442
Profit for the period		**1,144,985**	**3,626,122**	**(202,342)**	**1,565,032**
Other comprehensive income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Revaluation of property and equipment		-	(61,078)	213,769	**213,769**
Income tax effect		-	12,010	(42,754)	**(42,754)**
Net other comprehensive income not be reclassified subsequently to profit or loss		-	(49,068)	171,015	**171,015**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Unrealised gains/(losses) on investment securities available-for-sale		555,710	1,312,450	127,153	1,339,201
Realised (gains)/losses on investment securities available-for-sale reclassified to the statement of profit or loss		(182,959)	(304,220)	(11,084)	(54,229)
Income tax effect		(74,550)	(201,646)	(41,377)	(256,994)
Net other comprehensive income to be reclassified subsequently to profit or loss		**298,201**	**806,584**	**74,692**	**1,027,978**
Other comprehensive income for the period, net of tax		**298,201**	**757,516**	**245,707**	**1,198,993**
Total comprehensive income for the period		**1,443,186**	**4,383,638**	**43,365**	**2,764,025**

Approval date 12.01.18

Chief Executive Officer, Chairman of Executive Management A. Hakobyan

Chief Accountant E. Azatyan

Consolidated Statement of financial position

31 December 2017

Converse Bank CSJC ,V. Sargsyan 26/1 st., Yerevan

In thousand Armenian drams	Notes	31/12/17	31/12/2016 audited
ASSETS			
Cash and cash equivalents	15	39,842,049	44,751,939
Trading securities	16	787,330	184,833
Amounts due from banks	17	10,546,355	2,320,882
Loans and advances to customers	18	165,167,500	119,024,824
Investments available for sale	19	22,812,218	14,929,205
Securities pledged under repurchase agreements	20	3,056,113	0
Held to maturity investments	21	346,140	0
Property, plant and equipment	22	6,115,287	6,384,767
Intangible assets	23	226,538	139,802
Repossessed assets	24	1,832,119	2,385,649
Prepaid income taxes			
Other assets	25	2,004,204	871,369
Total assets		252,735,853	190,993,270
LIABILITIES AND EQUITY			
Liabilities			
Amounts due to banks	26	15,173,467	278,064
Derivative financial liabilities	27	68,857	31,591
Amounts due to customers	28	173,914,157	139,680,217
Bonds isued by the Bank	29	5,931,969	0
Current income tax liabilities		494,171	175,744
Deferred income tax liabilities	14	1,302,993	1,113,141
Other borrowed funds	30	12,659,350	9,096,208
Other liabilities	31	1,336,872	841,484
Subordinated debt	32	5,854,396	7,598,818
Total liabilities		216,736,232	158,815,267
Equity			
Share capital	33	16,416,633	16,416,633
Share premium		63,233	63,233
Statutory general reserve		1,243,064	1,005,996
Other reserves		5,352,858	4,718,327
Retained earnings		12,923,833	9,973,814
Total equity		35,999,621	32,178,003
Total liabilities and equity		252,735,853	190,993,270

Approval date 12.01.18

Chief Executive Officer, Chairman of Executive Management — A. Hakobyan

Chief Accountant — D.Azatyan

ConverseBank

Consolidated Statement of changes in equity
31 December 2017
Converse Bank CSJC ,V. Sargsyan 26/1 st., Yerevan

In thousand Armenian drams	Share capital	Share premium	Statutory general reserve	Revaluation reserve of securities available for sale	Revaluation reserve of PPE	Retained earnings	Total
Balance as of January 1, 2016 (audited)	7,002,033	63,233	1,005,996	337,223	3,316,639	8,976,301	20,701,425
Issue of share capital	9,414,600						9,414,600
Distribution to general reserve							-
Dividends to shareholders						(702,047)	(702,047)
Total Transactions with owners	9,414,600	-	-	-	-	(702,047)	8,712,553
Profit for the period						1,565,032	1,565,032
Other comprehensive income for the period				1,027,978	171,015		1,198,993
Total comprehensive income for the peiod	-	-	-	1,027,978	171,015	1,565,032	2,764,025
Depreciation of revaluation reserve	-	-	-	-	(134,528)	134,528	-
Balance as of December 31, 2016 (audited)	16,416,633	63,233	1,005,996	1,365,201	3,353,126	9,973,814	32,178,003
Balance as of January 1, 2017 (audited)	16,416,633	63,233	1,005,996	1,365,201	3,353,126	9,973,814	32,178,003
Adjustment of prior periods						2,446	2,446
Issue of share capital							-
Distribution to general reserve		-	237,068			(237,068)	-
Dividends to shareholders						(564,466)	(564,466)
Total Transactions with owners	-	-	237,068	-	-	(801,534)	(564,466)
Profit for the period						3,626,122	3,626,122
Other comprehensive income for the period				806,584	(49,068)		757,516
Total comprehensive income for the peiod	-	-	-	806,584	(49,068)	3,626,122	4,383,638
Depreciation of revaluation reserve	-	-	-	-	(122,985)	122,985	-
Balance as of December 31, 2017	16,416,633	63,233	1,243,064	2,171,785	3,181,073	12,923,833	35,999,621

Approval date 12.01.18

Chief Executive Officer, Chairman of Executive Management A. Hakobyan

Chief Accountant D.Azatyan

ConverseBank

Consolidated Statement of cash flows
31 December 2017
Converse Bank CSJC ,V. Sargsyan 26/1 st., Yerevan

In thousand Armenian drams	01/01/2017-31/12/2017	01/01/2016-31/12/2016
Cash flows from operating activities		
Interest received	16,938,024	13,110,944
Interest paid	(8,075,131)	(6,550,012)
Fees and commissions received	2,433,144	2,003,640
Fees and commissions paid	(752,305)	(763,729)
Net trading income received	1,279,655	899,056
Other income received	935,482	943,834
Personnel expenses paid	(4,184,263)	(3,349,030)
Other operating expenses paid	(2,936,783)	(2,615,407)
Cash flows from operating activities before changes in operating assets and liabilities	**5,637,823**	**3,679,296**
Net (increase)/decrease in operating assets		
Trading securities	(948,637)	22,759
Amounts due from banks	(8,296,628)	6,698,218
Loans to customers	(46,439,071)	(38,685,135)
Repossessed assets	553,530	190,557
Other assets	(1,138,876)	(10,347)
Net increase/(decrease) in operating liabilities		
Amounts due to banks	15,513,186	(6,705,878)
Amounts due to customers	41,261,787	27,986,234
Derivative financial liabilities	37,678	17,472
Other liabilities	61,849	61,502
Net cash flows from operating activities before income tax	**6,242,640**	**(6,745,322)**
Income tax paid	(318,429)	(41,940)
Net cash from / (used in) operating activities	**5,924,211**	**(6,787,262)**
Net cash flow from investing activities		
Purchase of AFS	(14,064,883)	(7,611,181)
Proceeds from sale of AFS securities	8,849,531	3,981,404
Purchase of intangible assets	(34,873)	(29,133)
Purchase of property and equipment	(614,526)	(430,846)
Proceeds from sale of property and equipment	4,198	-
Net cash from / (used in) investing activities	**(5,860,554)**	**(4,089,756)**
Net cash flow from financing activities		
Proceeds from issue of share capital	-	9,414,600
Receipts from other borrowed funds	6,069,704	2,154,194
Repayment of other borrowed funds	(9,607,318)	(1,410,854)
Repayment of subordinated loans	(1,453,077)	343,425
Dividends paid to shareholders of the Bank	(564,466)	(702,047)
Net cash from / (used in) financing activities	**(5,555,157)**	**9,799,318**
Net increase/(decrease) in cash and cash equivalents	**(5,491,500)**	**(1,077,700)**
Effect of exchange rates changes on cash and cash equivalents	581,610	46,029,188
Cash and cash equivalents, beginning	44,751,939	(199,549)
Cash and cash equivalents, ending	**39,842,049**	**44,751,939**

Approval date 12.01.18

Chief Executive Officer, Chairman of Executive Management A. Hakobyan

Chief Accountant D.Azatyan

ConverseBank

The main economical normatives

31 December 2017

Converse Bank CSJC ,V. Sargsyan 26/1 st., Yerevan

In thousand Armenian drams	Actual	Limitations established by Central Bank	Number of break during quarter
1	2	3	4
Minimum statutory fund of the bank	16,416,633	50,000	no violation
Minimum total capital of the bank	36,029,592	30,000,000	no violation
N1 Total capital/ Risk weighted assets	16.96%	12.00%	no violation
N2.1 High liquid assets/ Total assets	35.26%	15.00%	no violation
N2.11 High liquid assets/ Total assets for I group CCY	17.97%	4.00%	no violation
N2.2 High liquid assets/ Demand liabilities	102.49%	60.00%	no violation
N2.21 High liquid assets/ Demand liabilities for I group CCY	44.75%	10.00%	no violation
N3.1 Maximum risk on a single borrower	15.33%	20.00%	no violation
N3.2 Maximum risk on large-scale borrowers	33.38%	500.00%	no violation
N4.1 Maximum risk on bank related person	0.76%	5.00%	no violation
N4.2 Maximum risk on all bank related persons	7.21%	20.00%	no violation
Minimum requirement for obligatory reserves allocated with the CBA			
for AMD	X	2.00%	
for USD		18.00%	
for EUR		18.00%	no violation
Foreign currency position /Total capital /with Derivatives/	0.91%	10.00%	no violation
Foreign currency position /Total capital	2.24%	10.00%	no violation
Foreign currency position by seporate currencies			
for USD	X	7.00%	no violation
for EUR	0.03%	7.00%	no violation
for RUR	0.72%	7.00%	no violation
other	X	X	no violation

Approval date 12.01.18

Chief Executive Officer, Chairman of Executive Management A. Hakobyan

Chief Accountant D.Azatyan