

« 30 » 04 2013

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**<<Converse Bank>> CJSC
Management Statement**

We are responsible for development and approval of financial statements reflecting the authentic financial status of the Bank. Therefore, the management of the Bank is accountable for:

- Adoption, approval by the Board and consistent implementation of the Accounting Policy;
- Provision of substantiated assessments and estimations;
- Compliance with International Financial Reporting Standards, and disclosure of deviations from International Financial Reporting Standards in notes supporting financial statements;
- Keeping of accurate accounts and records;
- Development of financial statements based on continuity of the Bank's operations.

The Bank deploys an efficient and reliable internal control system based on the minimum internal control requirements set by the Central Bank of Armenia.

The Bank applies a dynamic accounting system providing timely and accurate information about the Bank's financial status, in compliance with the RA laws and International Financial Reporting Standards.

The Bank takes relevant measures to provide the safety of assets and to reveal and prevent fraud and errors.

Executive Director

Tigran Davtyan

Chief Accountant

Gohar Harutyunyan



« 30 » 04 2013

N^o 994/1.9

<<Converse Bank>> CJSC Board confirms that:

The financial statements of the Bank comply with the International Financial Reporting Standards and other accounting regulations.

Chairman of Board



Armen Ter-Tachatyan

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N: 992/1.9

Financial Analysis Supporting Annual Financial Statements of the Bank

<<Converse Bank>> CJSC management presents the 2012 annual financial statements of the Bank.

In 2012, <<Converse Bank>> CJSC expanded its client base and the range of offered financial services, thus preserving the sound positions in the RA banking sector.

In 2012, the Bank carried on the growth of assets and liabilities recorded in past years. At year-end the Bank's total assets amounted to AMD 115.8B.

The debt investments grew by 29.3% and made AMD 59.7B. A number of measures were taken during the year to attract new borrowers and to improve the efficiency of the current loan monitoring, due where to the Bank's loan portfolio was increased essentially.

At year-end the Bank's liabilities amounted to AMD 99.1B. The liabilities to customers were reduced by 18.1% percentage point, which however was attributable to the past-year unprecedented growth by 75.1%. The liabilities to customers comprised 84.6% of total liabilities. The latter was the result of the offered quality services and the applied flexible tariff policy.

In 2012, the Bank's annual net profit made AMD 324.3M, and AMD 545.4M including the income summary.

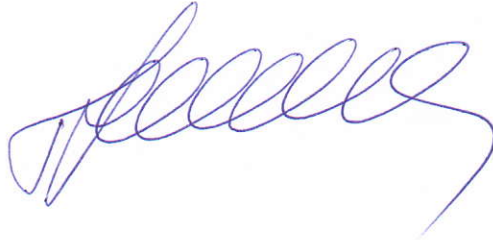
The Bank's total capital grew by 1.8% and comprised AMD 16.8B in the accounting period.

Being active in domestic and foreign markets, the Bank could not remain intact of the national and global economic developments. The Bank developed and improved ongoing list of actions to meet the internal and external challenges.

The outline and assessment of the Bank's inherent risks, as well as the risk management policies of the Bank are disclosed in Note 36 (Risk Management) attached to the financial statements.

The shareholders and managers of the Bank pursue a policy of modernization and expansion of the Bank's operations. With the intention to be accessible to a broadest clientele possible, the Bank plans to expand the branch network, the number of ATM and POS terminals and the list of offered services in the upcoming years.

Chairman of Board



Armen Ter-Tachatyan

Board Member

Juan Pablo Gechidjian

Board Member



Arsen Gamaghelyan



Approved by the decision dated on 23.04.13

of the "Converse Bank" CJSC Board

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Chairman of the Board

Armen Ter-Tachatyan



Opinion on compliance with the requirements of the Central Bank of Armenia on internal controls

This opinion is prepared based on the results of audits per the annual audit plan and ongoing control performed by the Internal Audit Department during 2012.

In our opinion the internal control system of Converse Bank cjsc during 2012, in general, were in compliance with the requirements of the Central Bank of Armenia on internal controls.

Lilit Yordanyan

Head of Internal Audit

A blue ink signature of Lilit Yordanyan is written in cursive.