

## Consolidated Statement of comprehensive income

30 June 2016

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

In thousand Armenian drams	Notes	01/04/16- 30/06/16	01/01/16- 30/06/16	01/04/15- 30/06/15	01/01/15- 30/06/15
Interest income	7	3,370,123	6,804,520	3,378,994	6,753,786
Interest expense	7	(1,571,611)	(3,222,126)	(1,758,303)	(3,525,489)
<b>Net interest income</b>		<b>1,798,512</b>	<b>3,582,394</b>	<b>1,620,691</b>	<b>3,228,297</b>
Fee and commission income	8	473,449	864,461	466,622	854,898
Fee and commission expense	8	(158,624)	(310,057)	(149,289)	(291,316)
<b>Net fee and commission income</b>		<b>314,825</b>	<b>554,404</b>	<b>317,333</b>	<b>563,582</b>
Net trading income	9	83,651	110,913	273,129	583,777
Net (losses)/gains from foreign currency translation		62,276	35,326	(4,202)	(510,942)
Gains less losses on investments available for sale		33,976	38,148	320	44,729
Other income	10	391,937	537,502	219,919	490,857
Impairment losses	11	45,125	(314,158)	(596,382)	(430,724)
Staff costs	12	(794,955)	(1,593,214)	(803,433)	(1,587,511)
Depreciation of property and equipment	21	(177,855)	(353,218)	(164,742)	(324,429)
Amortization of intangible assets	22	(32,561)	(64,684)	(31,576)	(49,929)
Other expenses	13	(633,733)	(1,251,448)	(508,894)	(1,040,048)
<b>Profit before income tax</b>		<b>1,091,198</b>	<b>1,281,965</b>	<b>322,163</b>	<b>967,659</b>
Income tax expense	14	(260,407)	(303,330)	(69,197)	(211,184)
<b>Profit for the period</b>		<b>830,791</b>	<b>978,635</b>	<b>252,966</b>	<b>756,475</b>
<b>Other comprehensive income:</b>					
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>					
Revaluation of property and equipment		-	-	-	-
Income tax effect		-	-	-	-
<b>Net other comprehensive income not to be reclassified subsequently to profit or loss</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>					
Unrealised gains/(losses) on investment securities available-for-sale		325,032	433,091	(31,335)	(70,229)
Realised (gains)/losses on investment securities available-for-sale reclassified to the statement of profit or loss		(18,972)	(23,287)	(543)	(40,077)
Income tax effect		(61,212)	(81,961)	6,375	22,061
<b>Net other comprehensive income to be reclassified subsequently to profit or loss</b>		<b>244,848</b>	<b>327,843</b>	<b>(25,503)</b>	<b>(88,245)</b>
<b>Other comprehensive income for the period, net of tax</b>		<b>244,848</b>	<b>327,843</b>	<b>(25,503)</b>	<b>(88,245)</b>
<b>Total comprehensive income for the period</b>		<b>1,075,639</b>	<b>1,306,478</b>	<b>227,463</b>	<b>668,230</b>

Approval date 14.07.16

Chief Executive Officer  
(Executive director)

Chief Accountant



T. Davtyan

G. Harutyunyan

# ConverseBank

Consolidated Statement of financial position  
30 June 2016  
Converse Bank CSJC ,V. Sargsyan 26/1 st., Yerevan

In thousand Armenian drams	Notes	As of 30/06/2016	As of 31/12/2015 (audited)
<b>ASSETS</b>			
Cash and cash equivalents	15	39,241,840	46,029,188
Trading securities	16	170,340	207,592
Amounts due from other financial institutions	17	7,612,635	9,148,697
Loans and advances to customers	18	84,052,057	82,945,627
Investments available for sale	19	4,885,296	4,818,866
Securities pledged under repurchase agreements	20	4,693,632	5,484,221
Property, plant and equipment	21	6,426,760	6,612,460
Intangible assets	22	161,863	187,008
Repossessed assets	23	2,443,440	2,288,512
Prepaid income taxes		115,357	131,654
Other assets	24	1,031,693	1,049,340
<b>Total assets</b>		<b>150,834,913</b>	<b>158,903,165</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Amounts due to financial institutions	26	4,776,945	7,431,275
Derivative liabilities	28	90,008	14,495
Amounts due to customers	27	104,319,037	111,430,135
Current income tax liabilities		-	-
Deferred income tax liabilities	14	1,546,226	1,244,231
Other borrowed funds	30	9,881,635	9,895,217
Other liabilities	29	1,039,049	755,678
Subordinated debt	25	7,314,743	7,430,709
<b>Total liabilities</b>		<b>128,967,643</b>	<b>138,201,740</b>
<b>Equity</b>			
Share capital	31	7,002,033	7,002,033
Share premium		63,233	63,233
Statutory general reserve		1,005,996	1,005,996
Other reserves		3,934,209	3,653,862
Retained earnings		9,861,799	8,976,301
<b>Total equity</b>		<b>21,867,270</b>	<b>20,701,425</b>
<b>Total liabilities and equity</b>		<b>150,834,913</b>	<b>158,903,165</b>

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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, 2015(audited)	7,002,033	63,233	844,898	347,391	3,978,488	10,268,240	22,504,283
Distribution to general reserve	-	-	-	-	-	(142,749)	(142,749)
Dividends to shareholders	-	-	-	-	-	(142,749)	(142,749)
Total Transactions with owners	-	-	-	-	-	(285,498)	(285,498)
Profit for the period	-	-	-	(88,245)	-	756,475	756,475
Other comprehensive income for the period	-	-	-	(88,245)	-	756,475	(88,245)
Total comprehensive income for the period	-	-	-	(88,245)	-	756,475	668,230
Depreciation of revaluation reserve	-	63,233	844,898	259,146	(47,496)	47,496	23,029,764
Balance as of June 30, 2015	7,002,033	63,233	1,005,996	337,223	3,316,639	8,976,301	20,701,425
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
Distribution to general reserve	-	-	-	-	-	(140,633)	(140,633)
Dividends to shareholders	-	-	-	-	-	(140,633)	(140,633)
Total Transactions with owners	-	-	-	-	-	(281,266)	(281,266)
Profit for the period	-	-	-	327,843	-	978,635	978,635
Other comprehensive income for the period	-	-	-	327,843	-	978,635	327,843
Total comprehensive income for the period	-	-	-	327,843	-	978,635	1,306,478
Depreciation of revaluation reserve	-	63,233	1,005,996	665,066	(47,496)	47,496	21,867,270
Balance as of June 30, 2016	7,002,033	63,233	1,005,996	665,066	3,269,143	9,861,799	21,867,270

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**Consolidated Statement of cash flows**  
30 June 2016  
Converse Bank CSJC, V. Sargsyan 26/1 st., Yerevan

In thousand Armenian drams	01/01/2016- 30/06/2016	01/01/2015-30/06/2015
<b>Cash flows from operating activities</b>		
Profit before tax	1,281,965	967,659
<i>Adjustments for</i>		
Amortization and depreciation	(417,902)	(374,358)
Impairment losses	(314,158)	430,724
Income from sale of fixed assets	(33)	(50)
Gains on investment securities available for sale	(38,148)	(44,729)
Net gain/(loss) on financial instruments at fair value through profit or loss	(658,513)	62,673
Net gain/(loss) from trading securities	25,301	(7,726)
Foreign currency translation net (gains)/losses of non-trading assets and liabilities	(35,326)	(510,942)
Interest receivable	(137,608)	(166,806)
Interest payable	155,029	89,202
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>(139,393)</b>	<b>445,647</b>
<i>(Increase)/decrease in operating assets</i>		
Trading securities	368,095	(291,758)
Amounts due from banks	1,613,328	(1,065,421)
Loans and advances to customers	740,032	7,877,544
Repossessed assets	(154,928)	(250,250)
Other assets	(175,461)	(521,839)
<i>Increase/(decrease) in operating liabilities</i>		
Amounts due to banks	(2,662,098)	(1,940,917)
Amounts due to customers	(8,222,899)	3,527,036
Derivative financial liabilities	734,026	(233,574)
Other liabilities	695,377	(345,632)
<b>Net cash flow used in operating activities before income tax</b>	<b>(7,203,921)</b>	<b>7,200,837</b>
Income tax paid	16,297	(224,724)
<b>Net cash used in operating activities</b>	<b>(7,187,624)</b>	<b>6,976,113</b>
<b>Cash flows from investing activities</b>		
Purchase of investment securities available for sale	(1,494,072)	(2,506,599)
Proceeds from sale of investment securities available for sale	2,348,506	3,270,379
Purchase of property and equipment	(186,626)	(105,691)
Proceeds from sale of property and equipment	-	-
Purchase of intangible assets	(3,180)	(27,289)
<b>Net cash used in investing activities</b>	<b>664,629</b>	<b>630,800</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of share capital	-	-
Receipts from other borrowed funds	767,737	1,760,267
Repayment of other borrowed funds	(746,542)	(2,264,844)
Redemption of subordinated debt	(215,105)	(419,993)
Dividends paid to shareholders	(140,643)	(142,749)
<b>Net cash from financing activities</b>	<b>(334,554)</b>	<b>(1,067,320)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(6,857,549)</b>	<b>6,539,593</b>
Cash and cash equivalents at the beginning of the year	46,029,188	27,841,421
Exchange differences on cash and cash equivalents	70,201	(295,265)
<b>Cash and cash equivalents at the end of the period (Note 15)</b>	<b>39,241,840</b>	<b>34,085,749</b>
<b>Supplementary information:</b>		
Interest received	7,025,767	6,842,275
Interest paid	(3,377,155)	(3,436,287)

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# Converse Bank

## The main economical normatives

30 June 2016

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

(In thousand Armenian drams)

ITEM	Actual	Limitations established by Central Bank	Number of break during quarter
1	2	3	4
Minimum statutory fund of the bank	7,002,033	50,000	no violation
Minimum total capital of the bank	18,662,855	5,000,000	no violation
N1 Total capital/ Risk weighted assets	15.03%	12.00%	no violation
N2.1 High liquid assets/ Total assets	33.26%	15.00%	no violation
N2.11 High liquid assets/ Demand liabilities for I group CCY	21.93%	4.00%	no violation
N2.2 High liquid assets/ Demand liabilities	100.71%	60.00%	no violation
N2.21 High liquid assets/ Demand liabilities for I group CCY	58.86%	10.00%	no violation
N3.1 Maximum risk on a single borrower	15.73%	20.00%	no violation
N3.2 Maximum risk on large-scale borrowers	104.81%	500.00%	no violation
N4.1 Maximum risk on bank related person	1.32%	5.00%	no violation
N4.2 Maximum risk on all bank related persons	10.16%	20.00%	no violation
Minimum requirement for obligatory reserves allocated with the CBA			
		for AMD	X
		for USD	20.00%
		for EUR	20.00%
Foreign currency position /Total capital	0.10%	10.00%	no violation
Foreign currency position for each currency			
		for USD	X
		for EUR	X
		for RUR	X
		other	X

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