

**Consolidated Statement of comprehensive income**

30 September 2016

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

<b>In thousand Armenian drams</b>	<b>Notes</b>	<b>01/07/16- 30/09/16</b>	<b>01/01/16- 30/09/16</b>	<b>01/07/15- 30/09/15</b>	<b>01/01/15- 30/09/15</b>
Interest income	7	3,418,163	10,222,683	3,377,848	10,131,634
Interest expense	7	(1,723,182)	(4,945,308)	(1,719,791)	(5,245,280)
<b>Net interest income</b>		<b>1,694,981</b>	<b>5,277,375</b>	<b>1,658,057</b>	<b>4,886,354</b>
Fee and commission income	8	596,154	1,460,615	544,412	1,399,310
Fee and commission expense	8	(234,361)	(544,418)	(186,319)	(477,635)
<b>Net fee and commission income</b>		<b>361,793</b>	<b>916,197</b>	<b>358,093</b>	<b>921,675</b>
Net trading income	9	268,425	379,338	152,377	736,154
Net (losses)/gains from foreign currency translation		(83,171)	(47,845)	83,122	(427,820)
Gains less losses on investments available for sale		4,997	43,145	-	44,729
Other income	10	211,251	748,753	197,097	687,954
Impairment losses	11	(455,507)	(769,665)	(1,123,389)	(1,554,113)
Staff costs	12	(900,286)	(2,493,500)	(716,215)	(2,303,726)
Depreciation of property and equipment	21	(193,952)	(547,170)	(168,712)	(493,141)
Amortization of intangible assets	22	(21,616)	(86,300)	(39,017)	(88,946)
Other expenses	13	(709,774)	(1,961,222)	(533,834)	(1,573,882)
<b>Profit before income tax</b>		<b>177,141</b>	<b>1,459,106</b>	<b>(132,421)</b>	<b>835,238</b>
Income tax expense	14	611,599	308,269	30,181	(181,004)
<b>Profit for the period</b>		<b>788,740</b>	<b>1,767,375</b>	<b>(102,240)</b>	<b>654,234</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 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		755,589	1,188,680	36,604	(33,625)
Realised (gains)/losses on investment securities available-for-sale reclassified to the statement of profit or loss		3,510	(19,777)	-	(40,077)
Income tax effect		(133,656)	(215,617)	(7,321)	14,740
<b>Net other comprehensive income to be reclassified subsequently to profit or loss</b>		<b>625,443</b>	<b>953,286</b>	<b>29,283</b>	<b>(58,962)</b>
<b>Other comprehensive income for the period, net of tax</b>		<b>625,443</b>	<b>953,286</b>	<b>29,283</b>	<b>(58,962)</b>
<b>Total comprehensive income for the period</b>		<b>1,414,183</b>	<b>2,720,661</b>	<b>(72,957)</b>	<b>595,272</b>

Approval date 14.10.16

Chief Executive Officer  
(Executive director)

A.Hakobyan

Acting Chief Accountant

A.Araqelyan

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

In thousand Armenian drams	Notes	As of 30/09/2016	As of 31/12/2015 (audited)
<b>ASSETS</b>			
Cash and cash equivalents	15	45,095,052	46,029,188
Trading securities	16	214,750	207,592
Amounts due from other financial institutions	17	3,702,167	9,148,697
Loans and advances to customers	18	101,940,231	82,945,627
Investments available for sale	19	12,584,933	4,818,866
Securities pledged under repurchase agreements	20		5,484,221
Property, plant and equipment	21	6,267,349	6,612,460
Intangible assets	22	149,081	187,008
Repossessed assets	23	2,500,748	2,288,512
Prepaid income taxes		106,494	131,654
Other assets	24	1,134,182	1,049,340
<b>Total assets</b>		<b>173,694,986</b>	<b>158,903,165</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Amounts due to financial institutions	26	391,042	7,431,275
Derivative liabilities	28	55,050	14,495
Amounts due to customers	27	124,474,291	111,430,135
Current income tax liabilities		-	-
Deferred income tax liabilities	14	1,059,420	1,244,231
Other borrowed funds	30	9,160,707	9,895,217
Other liabilities	29	918,724	755,678
Subordinated debt	25	7,397,170	7,430,709
<b>Total liabilities</b>		<b>143,456,404</b>	<b>138,201,740</b>
<b>Equity</b>			
Share capital	31	13,987,233	7,002,033
Share premium		63,233	63,233
Statutory general reserve		1,005,996	1,005,996
Other reserves		4,516,135	3,653,862
Retained earnings		10,665,985	8,976,301
<b>Total equity</b>		<b>30,238,582</b>	<b>20,701,425</b>
<b>Total liabilities and equity</b>		<b>173,694,986</b>	<b>158,903,165</b>

Approval date 14.10.16

Chief Executive Officer  
(Executive director)

A.Hakobyan

Acting Chief Accountant

A.Araqelyan

Consolidated Statement of changes in equity  
30 September 2016  
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
<b>Balance as of January 1, 2015(audited)</b>	<b>7,002,033</b>	<b>63,233</b>	<b>844,898</b>	<b>347,391</b>	<b>3,978,488</b>	<b>10,268,240</b>	<b>22,504,283</b>
Distribution to general reserve							-
Dividends to shareholders						(142,749)	(142,749)
<b>Total Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(142,749)</b>	<b>(142,749)</b>
Profit for the period						654,234	654,234
Other comprehensive income for the period				(58,962)			(58,962)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(58,962)</b>	<b>-</b>	<b>654,234</b>	<b>595,272</b>
Depreciation of revaluation reserve					(47,496)	47,496	-
<b>Balance as of September 30, 2015</b>	<b>7,002,033</b>	<b>63,233</b>	<b>844,898</b>	<b>288,429</b>	<b>3,930,992</b>	<b>10,827,221</b>	<b>22,956,806</b>
<b>Balance as of January 1, 2016 (audited)</b>	<b>7,002,033</b>	<b>63,233</b>	<b>1,005,996</b>	<b>337,223</b>	<b>3,316,639</b>	<b>8,976,301</b>	<b>20,701,425</b>
Share Capital increase	6,985,200						6,985,200
Distribution to general reserve							-
Dividends to shareholders						(168,704)	(168,704)
<b>Total Transactions with owners</b>	<b>6,985,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(168,704)</b>	<b>6,816,496</b>
Profit for the period						1,767,375	1,767,375
Other comprehensive income for the period				953,286			953,286
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>953,286</b>	<b>-</b>	<b>1,767,375</b>	<b>2,720,661</b>
Depreciation of revaluation reserve					(91,013)	91,013	-
<b>Balance as of September 30, 2016</b>	<b>13,987,233</b>	<b>63,233</b>	<b>1,005,996</b>	<b>1,290,509</b>	<b>3,225,626</b>	<b>10,665,984</b>	<b>30,238,582</b>

Approval date 14.10.16

Chief Executive Officer  
(Executive director)

A.Hakobyan

Acting Chief Accountant

A.Araqelyan

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

<b>In thousand Armenian drams</b>	<b>01/01/2016-30/09/2016</b>	<b>01/01/2015-30/09/2015</b>
<b>Cash flows from operating activities</b>		
Profit before tax	1,459,106	835,238
<i>Adjustments for</i>		
Amortization and depreciation	(633,470)	(582,087)
Impairment losses	769,665	1,554,113
Income from sale of fixed assets	(330)	(50)
Gains on investment securities available for sale	(43,145)	(44,729)
Net gain/(loss) on financial instruments at fair value through profit or loss	(743,571)	(52,875)
Net gain/(loss) from trading securities	36,927	(3,947)
Foreign currency translation net (gains)/losses of non-trading assets and liabilities	47,845	427,820
Interest receivable	(385,122)	(263,725)
Interest payable	339,299	(131,398)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>847,204</b>	<b>1,738,360</b>
<i>(Increase)/decrease in operating assets</i>		
Trading securities	417,341	(249,812)
Amounts due from banks	5,333,358	(382,055)
Loans and advances to customers	(18,318,740)	4,274,591
Reposessed assets	(212,236)	49,592
Other assets	(426,775)	(374,437)
<i>Increase/(decrease) in operating liabilities</i>		
Amounts due to banks	(5,825,475)	(786,228)
Amounts due to customers	11,543,984	4,673,978
Derivative financial liabilities	784,126	(124,072)
Other liabilities	(817,633)	234,865
<b>Net cash flow used in operating activities before income tax</b>	<b>(6,674,845)</b>	<b>9,054,783</b>
Income tax paid	25,160	(296,724)
<b>Net cash used in operating activities</b>	<b>(6,649,685)</b>	<b>8,758,059</b>
<b>Cash flows from investing activities</b>		
Purchase of investment securities available for sale	(4,596,433)	(5,025,236)
Proceeds from sale of investment securities available for sale	3,248,381	3,270,379
Purchase of property and equipment	(271,319)	(419,391)
Proceeds from sale of property and equipment	396	-
Purchase of intangible assets	(29,194)	(53,016)
<b>Net cash used in investing activities</b>	<b>(1,648,170)</b>	<b>(2,227,264)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of share capital	6,985,200	-
Receipts from other borrowed funds	2,198,168	2,743,185
Repayment of other borrowed funds	(1,451,543)	(2,444,218)
Redemption of subordinated debt	(282,662)	(1,054,085)
Dividends paid to shareholders	(168,713)	(270,835)
<b>Net cash from financing activities</b>	<b>7,280,450</b>	<b>(1,025,954)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,017,405)</b>	<b>5,504,842</b>
Cash and cash equivalents at the beginning of the year	46,029,188	27,841,421
Exchange differences on cash and cash equivalents	83,269	959,271
<b>Cash and cash equivalents at the end of the period (Note 15)</b>	<b>45,095,052</b>	<b>34,305,534</b>
<b>Supplementary information:</b>		
Interest received	10,607,805	10,395,359
Interest paid	(5,284,607)	(5,113,882)

Approval date 14.10.16

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**The main economical normatives**

30 September 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
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
Minimum statutory fund of the bank	13,987,200	50,000	no violation
Minimum total capital of the bank	28,219,828	5,000,000	no violation
N1 Total capital/ Risk weighted assets	20.44%	12.00%	no violation
N2.1 High liquid assets/ Total assets	38.74%	15.00%	no violation
N2.11 High liquid assets/ Total assets for I group CCY	28.25%	4.00%	no violation
N2.2 High liquid assets/ Demand liabilities	116.39%	60.00%	no violation
N2.21 High liquid assets/ Demand liabilities for I group CCY	75.91%	10.00%	no violation
N3.1 Maximum risk on a single borrower	11.26%	20.00%	no violation
N3.2 Maximum risk on large-scale borrowers	63.65%	500.00%	no violation
N4.1 Maximum risk on bank related person	0.77%	5.00%	no violation
N4.2 Maximum risk on all bank related persons	6.80%	20.00%	no violation
Minimum requirement for obligatory reserves allocated with the CBA			
		X	
for AMD		2.00%	
for USD		20.00%	
for EUR		20.00%	no violation
Foreign currency position /Total capital /with Derivatives/	1.38%	10.00%	no violation
Foreign currency position /Total capital	1.57%	10.00%	no violation
		X	7.00%
for USD		X	7.00%
for EUR		X	7.00%
for RUR		X	7.00%
other		X	X

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