

Consolidated Statement of comprehensive income

31 December 2016

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

In thousand Armenian drams	Notes	01/10/16- 31/12/16	01/01/16- 31/12/16	01/10/15- 31/12/15	01/01/15- 31/12/15
Interest income	7	3,636,974	13,859,656	3,326,367	13,458,001
Interest expense	7	(1,842,451)	(6,787,759)	(1,716,446)	(6,961,726)
Net interest income		1,794,523	7,071,898	1,609,921	6,496,275
Fee and commission income	8	543,025	2,003,640	488,366	1,887,676
Fee and commission expense	8	(219,311)	(763,729)	(178,675)	(656,310)
Net fee and commission income		323,714	1,239,911	309,691	1,231,366
Net trading income	9	519,718	899,056	273,795	1,009,948
Net (losses)/gains from foreign currency translation		(190,460)	(238,305)	(90,486)	(518,306)
Gains less losses on investments available for sale		11,084	54,229	1,109	45,838
Other income	10	195,081	943,834	256,325	944,279
Impairment losses	11	(591,036)	(1,360,701)	(1,717,490)	(3,271,603)
Staff costs	12	(885,760)	(3,379,260)	(834,209)	(3,137,936)
Depreciation of property and equipment	21	(192,192)	(739,362)	(176,625)	(669,766)
Amortization of intangible assets	22	9,961	(76,339)	(38,945)	(127,891)
Other expenses	13	(762,486)	(2,723,708)	(1,044,395)	(2,618,277)
Profit before income tax		232,147	1,691,253	(1,451,309)	(616,073)
Income tax expense	14	(168,328)	139,941	133,494	(47,510)
Profit for the period		63,819	1,831,194	(1,317,816)	(663,583)
Other comprehensive income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Revaluation of property and equipment		213,769	213,769	(708,574)	(708,574)
Income tax effect		63,858	63,858	141,715	141,715
Net other comprehensive income not to be reclassified subsequently to profit or loss		277,627	277,627	(566,859)	(566,859)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Unrealised gains/(losses) on investment securities available-for-sale		125,767	1,314,447	66,753	33,128
Realised (gains)/losses on investment securities available-for-sale reclassified to the statement of profit or loss		(9,697)	(29,474)	(5,761)	(45,838)
Income tax effect		(59,420)	(275,037)	(12,198)	2,542
Net other comprehensive income to be reclassified subsequently to profit or loss		56,650	1,009,936	48,794	(10,168)
Other comprehensive income for the period, net of tax		334,277	1,287,563	(518,065)	(577,027)
Total comprehensive income for the period		398,096	3,118,757	(1,835,881)	(1,240,610)

Approval date 13.01.17

Chief Executive Officer
(Executive director)

A.Hakobyan

Acting Chief Accountant

A.Araqelyan

Consolidated Statement of financial position

31 December 2016

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

In thousand Armenian drams	Notes	As of 31/12/2016	As of 31/12/2015 (audited)
ASSETS			
Cash and cash equivalents	15	45,286,422	46,029,188
Trading securities	16	184,833	207,592
Amounts due from other financial institutions	17	3,345,868	9,148,697
Loans and advances to customers	18	117,833,710	82,945,627
Investments available for sale	19	14,929,205	4,818,866
Securities pledged under repurchase agreements	20		5,484,221
Property, plant and equipment	21	6,384,767	6,612,460
Intangible assets	22	139,802	187,008
Repossessed assets	23	2,385,649	2,288,512
Prepaid income taxes			131,654
Other assets	24	871,369	1,049,340
Total assets		191,361,625	158,903,165
LIABILITIES AND EQUITY			
Liabilities			
Amounts due to financial institutions	26	278,064	7,431,275
Derivative liabilities	28	31,591	14,495
Amounts due to customers	27	139,865,898	111,430,135
Current income tax liabilities		156,441	-
Deferred income tax liabilities	14	960,375	1,244,231
Other borrowed funds	30	9,096,208	9,895,217
Other liabilities	29	841,484	755,678
Subordinated debt	25	7,598,818	7,430,709
Total liabilities		158,828,879	138,201,740
Equity			
Share capital	31	16,416,633	7,002,033
Share premium		63,233	63,233
Statutory general reserve		1,005,996	1,005,996
Other reserves		4,806,896	3,653,862
Retained earnings		10,239,988	8,976,301
Total equity		32,532,746	20,701,425
Total liabilities and equity		191,361,625	158,903,165

Approval date 13.01.17

Chief Executive Officer
(Executive director)

A.Hakobyan

Acting Chief Accountant

A.Araqelyan

Consolidated Statement of changes in equity

31 December 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
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			161,098			(161,098)	-
Dividends to shareholders						(562,248)	(562,248)
Total Transactions with owners	-	-	161,098	-	-	(723,346)	(562,248)
Profit for the period						(663,583)	(663,583)
Other comprehensive income for the period				(10,168)	(566,859)		(577,027)
Total comprehensive income for the peiod	-	-	-	(10,168)	(566,859)	(663,583)	(1,240,610)
Depreciation of revaluation reserve	-	-	-	-	(94,990)	94,990	-
Balance as of December 31, 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
Share Capital increase	9,414,600						9,414,600
Distribution to general reserve							-
Dividends to shareholders						(702,036)	(702,036)
Total Transactions with owners	9,414,600	-	-	-	-	(702,036)	8,712,564
Profit for the period						1,831,194	1,831,194
Other comprehensive income for the period				1,009,936	277,627		1,287,563
Total comprehensive income for the peiod	-	-	-	1,009,936	277,627	1,831,194	3,118,757
Depreciation of revaluation reserve	-	-	-	-	(134,529)	134,529	-
Balance as of December 31, 2016	16,416,633	63,233	1,005,996	1,347,159	3,459,737	10,239,988	32,532,746

Approval date 13.01.17

Chief Executive Officer
(Executive director)

A.Hakobyan

Acting Chief Accountant

A.Araqelyan

Consolidated Statement of cash flows

31-Dec-16

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

In thousand Armenian drams	01/01/2016- 31/12/2016	01/01/2015-31/12/2015
Cash flows from operating activities		
Profit before tax	1,691,253	(616,073)
<i>Adjustments for</i>		
Amortization and depreciation	(815,701)	797,657
Loss on disposal of repossessed assets	100,563	63,210
Impairment losses	1,360,701	3,271,603
Impairment of repossessed assets	7,204	62,268
Income from sale of fixed assets	(330)	(839)
Gains on investment securities available for sale	(54,229)	(45,838)
Net gain/(loss) on financial instruments at fair value through profit or loss	(641,399)	66,690
Net gain/(loss) from trading securities	36,940	3,597
Foreign currency translation net (gains)/losses of non-trading assets and liabilities	238,305	518,306
Interest receivable	(886,075)	28,919
Interest payable	237,747	(22,249)
Cash flows from operating activities before changes in operating assets and liabilities	1,274,979	4,127,251
<i>(Increase)/decrease in operating assets</i>	<i>(341,236)</i>	<i>(318,847)</i>
Trading securities	5,674,183	(1,961,453)
Amounts due from banks	(33,202,627)	5,083,968
Loans and advances to customers	(204,904)	406,513
Repossessed assets	(117,350)	(537,253)
Other assets		
<i>Increase/(decrease) in operating liabilities</i>	<i>(7,064,164)</i>	<i>(858,194)</i>
Amounts due to banks	28,169,862	15,778,647
Amounts due to customers	658,495	(232,840)
Derivative financial liabilities	(445,004)	(485,708)
Other liabilities		
Net cash flow used in operating activities before income tax	(5,597,766)	21,002,084
Income tax paid	(288,095)	(275,495)
Net cash used in operating activities	(5,885,861)	20,726,589
Cash flows from investing activities		
Purchase of investment securities available for sale	(7,611,181)	(6,402,759)
Proceeds from sale of investment securities available for sale	4,222,889	4,237,823
Purchase of property and equipment	(353,869)	(694,328)
Proceeds from sale of property and equipment	396	-
Purchase of intangible assets	(29,194)	(61,609)
Net cash used in investing activities	(3,770,959)	(2,920,873)
Cash flow from financing activities		
Proceeds from issue of share capital	9,414,600	-
Receipts from other borrowed funds	2,154,194	3,836,778
Repayment of other borrowed funds	(1,412,047)	(3,412,102)
Redemption of subordinated debt	(341,096)	(957,952)
Dividends paid to shareholders	(702,047)	(562,248)
Net cash from financing activities	9,113,604	(1,095,524)
Net increase/(decrease) in cash and cash equivalents	(543,216)	16,710,192
Cash and cash equivalents at the beginning of the year	46,029,188	27,841,421
Exchange differences on cash and cash equivalents	(199,550)	1,477,575
Cash and cash equivalents at the end of the period (Note 15)	45,286,422	46,029,188
Supplementary information:		
Interest received	14,745,731	13,429,082
Interest paid	(7,025,506)	(6,939,477)

Approval date 13.01.17

Chief Executive Officer
(Executive director)

A.Hakobyan

Acting Chief Accountant

A.Araqelyan

The main economical normatives

31 December 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	16,416,600	50,000	no violation
Minimum total capital of the bank	32,078,097	5,000,000	no violation
N1 Total capital/ Risk weighted assets	21.56%	12.00%	no violation
N2.1 High liquid assets/ Total assets	39.01%	15.00%	no violation
N2.11 High liquid assets/ Total assets for I group CCY	27.75%	4.00%	no violation
N2.2 High liquid assets/ Demand liabilities	116.23%	60.00%	no violation
N2.21 High liquid assets/ Demand liabilities for I group CCY	72.98%	10.00%	no violation
N3.1 Maximum risk on a single borrower	15.41%	20.00%	no violation
N3.2 Maximum risk on large-scale borrowers	44.87%	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	5.69%	20.00%	no violation
Minimum requirement for obligatory reserves allocated with the CBA			
		2.00%	
		20.00%	
		20.00%	no violation
Foreign currency position /Total capital /with Derivatives/	0.64%	10.00%	no violation
Foreign currency position /Total capital	1.21%	10.00%	no violation
		7.00%	no violation
		7.00%	no violation
		7.00%	no violation
		X	no violation

Approval date 13.01.17

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