

Consolidated Statement of comprehensive income

31 March 2017

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

In thousand Armenian drams	Notes	01/01/17-31/03/17	01/01/16-31/03/16
Interest income	7	3,912,097	3,434,397
Interest expense	7	(1,971,928)	(1,650,515)
Net interest income		1,940,169	1,783,882
Fee and commission income	8	461,175	391,012
Fee and commission expense	8	(137,660)	(151,433)
Net fee and commission income		323,515	239,579
Net trading income	9	258,605	27,262
Net (losses)/gains from foreign currency translation		(6,426)	(26,950)
Gains less losses on investments available for sale		36,471	4,172
Other income	10	245,669	145,565
Impairment losses	11	(489,936)	(359,283)
Staff costs	12	(993,260)	(798,259)
Depreciation of property and equipment	21	(182,246)	(175,363)
Amortization of intangible assets	22	(9,033)	(32,123)
Other expenses	13	(621,474)	(617,715)
Profit before income tax		502,054	190,767
Income tax expense	14	(107,857)	(42,923)
Profit for the period		394,197	147,844
Other comprehensive income:			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Revaluation of property and equipment			
Income tax effect		(71,851)	-
Net other comprehensive income not to be reclassified subsequently to profit or loss		(71,851)	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Unrealised gains/(losses) on investment securities available-for-sale		266,721	107,916
Realised (gains)/losses on investment securities available-for-sale reclassified to the statement of profit or loss		(36,471)	(4,172)
Income tax effect		(28,047)	(20,749)
Net other comprehensive income to be reclassified subsequently to profit or loss		202,203	82,995
Other comprehensive income for the period, net of tax		130,352	82,995
Total comprehensive income for the period		524,549	230,839

Approval date 14.04.17

Chief Executive Officer
(Executive director)

A.Hakobyan

Acting Chief Accountant

A.Araqelyan

Consolidated Statement of financial position
31 March 2017
Converse Bank CSJC ,V. Sargsyan 26/1 st., Yerevan

In thousand Armenian drams	Notes	31/03/17	31/12/16
ASSETS			
Cash and cash equivalents	15	45,077,437	45,286,422
Trading securities	16	381,379	184,833
Amounts due from other financial institutions	17	908,040	1,972,080
Loans and advances to customers	18	128,199,324	119,207,498
Investments available for sale	19	18,227,390	14,929,205
Securities pledged under repurchase agreements	20		
Property, plant and equipment	21	6,241,249	6,384,767
Intangible assets	22	222,135	139,802
Repossessed assets	23	2,381,648	2,385,649
Prepaid income taxes			
Other assets	24	1,642,504	871,369
Total assets		203,281,106	191,361,625
LIABILITIES AND EQUITY			
Liabilities			
Amounts due to financial institutions	26	230,515	278,064
Derivative liabilities	28	50,909	31,591
Amounts due to customers	27	152,744,711	139,865,898
Current income tax liabilities		136,284	156,441
Deferred income tax liabilities	14	1,121,289	960,375
Other borrowed funds	30	9,068,652	9,096,208
Other liabilities	29	924,016	841,484
Subordinated debt	25	5,947,435	7,598,818
Total liabilities		170,223,811	158,828,879
Equity			
Share capital	31	16,416,633	16,416,633
Share premium		63,233	63,233
Statutory general reserve		1,005,996	1,005,996
Other reserves		4,897,977	4,806,896
Retained earnings		10,673,456	10,239,988
Total equity		33,057,295	32,532,746
Total liabilities and equity		203,281,106	191,361,625

Approval date 14.04.17

Chief Executive Officer
(Executive director)

A.Hakobyan

Acting Chief Accountant

A.Araqelyan

Consolidated Statement of changes in equity

31 March 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
Distribution to general reserve							-
Dividends to shareholders							-
Total Transactions with owners	-	-	-	-	-	-	-
Profit for the period						147,844	147,844
Other comprehensive income for the period				82,995			82,995
Total comprehensive income for the period	-	-	-	82,995	-	147,844	230,839
Depreciation of revaluation reserve	-	-	-	-	(23,747)	23,747	-
Balance as of March 31, 2016	7,002,033	63,233	1,005,996	420,218	3,292,892	9,147,892	20,932,264
Balance as of January 1, 2017	16,416,633	63,233	1,005,996	1,347,160	3,459,736	10,239,988	32,532,746
Share Capital increase							-
Distribution to general reserve							-
Dividends to shareholders							-
Total Transactions with owners	-	-	-	-	-	-	-
Profit for the period						394,197	394,197
Other comprehensive income for the period				202,203	(71,851)		130,352
Total comprehensive income for the period	-	-	-	202,203	(71,851)	394,197	524,549
Depreciation of revaluation reserve	-	-	-	-	(39,271)	39,271	-
Balance as of March 31, 2017	16,416,633	63,233	1,005,996	1,549,363	3,348,614	10,673,456	33,057,295

Approval date 14.04.17

Chief Executive Officer
(Executive director)

A.Hakobyan

Acting Chief Accountant

A.Araqelyan

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

In thousand Armenian drams	01/01/2017- 31/03/2017	01/01/2016-31/03/2016
Cash flows from operating activities		
Interest received	3,900,408	3,142,993
Interest paid	(2,041,688)	(1,344,743)
Fees and commissions received	461,175	391,012
Fees and commissions paid	(137,660)	(151,433)
Net receipts (payments) from financial instruments at fair value through profit or loss	(19,448)	(232,528)
Realised gains less losses from dealing in foreign currencies and foreign currency derivatives	311,059	356,969
Other income received[i]	245,669	138,260
Personnel expenses paid	(993,260)	(769,419)
Gains less losses from trading securities	16,357	17,318
Other operating expenses paid	(621,474)	(234,474)
Cash flows from operating activities before changes in operating assets and liabilities	1,121,138	1,313,956
<i>Net (increase)/decrease in operating assets</i>		
Trading securities	234,394	(43,574)
Amounts due from credit institutions[ii]	2,394,116	1,929,165
Loans to customers	(10,789,291)	(5,228,471)
Repossessed assets	4,000	(238,801)
Other assets	(674,834)	(719,438)
<i>Net increase/(decrease) in operating liabilities</i>		
Amounts due to credit institutions	67,620	(7,206,205)
Derivative financial liabilities	19,318	137,275
Amounts due to customers	12,816,230	(1,476,844)
Other liabilities	(957,673)	(1,742)
Net cash flows from operating activities before income tax	4,235,019	(11,534,680)
Income tax paid	20,157	(6,068)
Net cash from / (used in) operating activities	4,255,176	(11,540,748)
Net cash flow from investing activities		
Purchase of AFS	(3,487,911)	(115,233)
Proceeds from sale of AFS securities	635,744	559,413
Purchase of intangible assets	-	(23,618)
Purchase of property and equipment	(4,658)	(93,060)
Proceeds from sale of property and equipment	-	-
Net cash from / (used in) investing activities	(2,856,824)	327,502
Net cash flow from financing activities		
Proceeds from issue of share capital	-	-
Receipts from other borrowed funds	930,207	317,000
Repayment of other borrowed funds	(868,222)	(96,783)
Repayment of subordinated loans	(1,466,223)	(91,186)
Dividends paid to shareholders of the Bank	-	-
Net cash from / (used in) financing activities	(1,404,238)	129,031
Net increase/(decrease) in cash and cash equivalents	(5,887)	(11,084,215)
Effect of exchange rates changes on cash and cash equivalents	(203,098)	(151,404)
Cash and cash equivalents, beginning	45,286,422	46,029,188
Cash and cash equivalents, ending	45,077,437	34,793,569

Approval date 14.04.17

Chief Executive Officer
(Executive director)

A.Hakobyan

Acting Chief Accountant

A.Araqelyan

The main economical normatives

31 March 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
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
Minimum statutory fund of the bank	16,416,633	50,000	no violation
Minimum total capital of the bank	32,289,818	30,000,000	no violation
N1 Total capital/ Risk weighted assets	20.64%	12.00%	no violation
N2.1 High liquid assets/ Total assets	37.44%	15.00%	no violation
N2.11 High liquid assets/ Total assets for I group CCY	24.93%	4.00%	no violation
N2.2 High liquid assets/ Demand liabilities	113.65%	60.00%	no violation
N2.21 High liquid assets/ Demand liabilities for I group CCY	65.86%	10.00%	no violation
N3.1 Maximum risk on a single borrower	17.10%	20.00%	no violation
N3.2 Maximum risk on large-scale borrowers	39.94%	500.00%	no violation
N4.1 Maximum risk on bank related person	0.80%	5.00%	no violation
N4.2 Maximum risk on all bank related persons	5.43%	20.00%	no violation
Minimum requirement for obligatory reserves allocated with the CBA			
		2.00%	
	X	18.00%	
		18.00%	no violation
Foreign currency position /Total capital /with Derivatives/	0.28%	10.00%	no violation
Foreign currency position /Total capital	3.19%	10.00%	no violation
Foreign currency position by separate currencies			
	X	7.00%	no violation
	X	7.00%	no violation
	X	7.00%	no violation
	X	X	no violation

Approval date 14.04.17

Chief Executive Officer
(Executive director)

A.Hakobyan

Acting Chief Accountant

A.Araqelyan