

Consolidated Statement of comprehensive income

30 June 2017

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

In thousand Armenian drams	Notes	01/04/17- 30/06/17	01/01/17- 30/06/17	01/04/16-30/06/16	01/01/16-30/06/16
Interest income	7	4,306,036	8,218,133	3,370,123	6,804,520
Interest expense	7	(2,011,030)	(3,982,958)	(1,571,611)	(3,222,126)
Net interest income		2,295,006	4,235,175	1,798,512	3,582,394
Fee and commission income	8	569,222	1,030,397	473,449	864,461
Fee and commission expense	8	(165,974)	(303,634)	(158,624)	(310,057)
Net fee and commission income		403,248	726,763	314,825	554,404
Net trading income	9	208,183	466,788	83,651	110,913
Net (losses)/gains from foreign currency translation		79,807	73,381	62,276	35,326
Gains less losses on investments available for sale		8,114	44,585	33,976	38,148
Other income	10	228,120	473,789	391,937	537,502
Impairment losses	11	(83,867)	(573,803)	45,125	(314,158)
Staff costs	12	(957,741)	(1,951,001)	(794,955)	(1,593,214)
Depreciation of property and equipment	21	(196,273)	(378,519)	(177,855)	(353,218)
Amortization of intangible assets	22	(8,804)	(17,837)	(32,561)	(64,684)
Other expenses	13	(663,161)	(1,284,635)	(633,733)	(1,251,448)
Profit before income tax		1,312,632	1,814,685	1,091,198	1,281,965
Income tax expense	14	(208,641)	(316,498)	(260,407)	(303,330)
Profit for the period		1,103,991	1,498,187	830,791	978,635
Other comprehensive income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Revaluation of property and equipment		(61,077)	(61,077)	-	-
Income tax effect		84,066	12,215	-	-
Net other comprehensive income not be reclassified subsequently to profit or loss		22,989	(48,862)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Unrealised gains/(losses) on investment securities available-for-sale		328,565	595,286	325,175	433,091
Realised (gains)/losses on investment securities available-for-sale reclassified to the statement of profit or loss		(8,114)	(44,585)	(33,976)	(38,148)
Income tax effect		(82,093)	(110,140)	(46,351)	(67,100)
Net other comprehensive income to be reclassified subsequently to profit or loss		238,358	440,561	244,848	327,843
Other comprehensive income for the period, net of tax		261,347	391,699	244,848	327,843
Total comprehensive income for the period		1,365,338	1,889,886	1,075,639	1,306,478

Approval date 14.07.17

Chief Executive Officer
(Executive director)

Acting Chief Accountant



A.Hakobyan

A.Araqelyan

ConverseBank

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

In thousand Armenian drams	Notes	30/06/17	31/12/2016 audited
ASSETS			
Cash and cash equivalents	15	47,254,408	44,751,939
Trading securities	16	366,465	184,833
Amounts due from other financial institutions	17	1,149,461	2,320,882
Loans and advances to customers	18	137,603,877	119,024,824
Investments available for sale	19	16,496,421	14,929,205
Securities pledged under repurchase agreements	20	4,146,704	0
Property, plant and equipment	21	6,028,559	6,384,767
Intangible assets	22	217,193	139,802
Repossessed assets	23	2,390,133	2,385,649
Prepaid income taxes			0
Other assets	24	1,685,109	871,369
Total assets		217,338,330	190,993,270
LIABILITIES AND EQUITY			
Liabilities			
Amounts due to financial institutions	25	11,331,342	278,064
Derivative liabilities	26	21,226	31,591
Amounts due to customers	27	151,325,700	139,680,217
Bonds issued by the Bank	28	2,908,706	
Current income tax liabilities		110,659	175,742
Deferred income tax liabilities	14	1,272,850	1,113,141
Other borrowed funds	29	9,332,324	9,096,208
Other liabilities	30	1,159,504	841,484
Subordinated debt	31	5,808,128	7,598,818
Total liabilities		183,270,439	158,815,265
Equity			
Share capital	32	16,416,633	16,416,633
Share premium		63,233	63,233
Statutory general reserve		1,005,996	1,005,996
Other reserves		5,033,030	4,718,326
Retained earnings		11,548,999	9,973,817
Total equity		34,067,891	32,178,005
Total liabilities and equity		217,338,330	190,993,270

Approval date 14.07.17

Chief Executive Officer
(Executive director)

Acting Chief Accountant



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

In thousand Armenian drams	01/01/2017- 30/06/2017	01/01/2016- 30/06/2016
Cash flows from operating activities		
Interest received	8,085,492	6,583,273
Interest paid	(3,868,170)	(3,067,097)
Fees and commissions received	1,030,397	864,461
Fees and commissions paid	(303,634)	(310,057)
Realised gains less losses from dealing in foreign currencies and foreign currency derivatives	466,788	110,913
Other income received[i]	155,770	537,502
Personnel expenses paid	(1,951,001)	(1,593,214)
Other operating expenses paid	(1,284,635)	(1,251,448)
Cash flows from operating activities before changes in operating assets and liabilities	2,331,007	1,874,333
<i>Net (increase)/decrease in operating assets</i>		
Trading securities	181,632	37,252
Amounts due from credit institutions[ii]	1,159,509	1,613,328
Loans to customers	(18,289,346)	740,032
Repossessed assets	(4,484)	(154,928)
Other assets	(802,551)	555,868
<i>Net increase/(decrease) in operating liabilities</i>		
Derivative financial liabilities	11,244,376	(2,662,098)
Amounts due to customers	14,113,688	(7,488,873)
Other liabilities	(652,520)	284,585
Net cash flows from operating activities before income tax	9,281,312	(5,200,501)
Income tax paid	90,143	16,297
Net cash from / (used in) operating activities	9,371,455	(5,184,204)
Net cash flow from investing activities		
Purchase of AFS	(6,113,090)	(1,494,072)
Proceeds from sale of AFS securities	1,799,852	345,087
Purchase of intangible assets	(30,103)	(23,618)
Purchase of property and equipment	(488,693)	(93,060)
Proceeds from sale of property and equipment	400	-
Net cash from / (used in) investing activities	(4,831,635)	(1,265,663)
Net cash flow from financing activities		
Proceeds from issue of share capital	-	-
Receipts from other borrowed funds	1,520,972	767,737
Repayment of other borrowed funds	(1,757,654)	(746,542)
Repayment of subordinated loans	(1,541,212)	(215,105)
Dividends paid to shareholders of the Bank	-	(140,643)
Net cash from / (used in) financing activities	(1,777,893)	(334,554)
Net increase/(decrease) in cash and cash equivalents	2,761,926	(6,784,421)
Effect of exchange rates changes on cash and cash equivalents	(259,457)	70,201
Cash and cash equivalents, beginning	44,751,939	46,029,188
Cash and cash equivalents, ending	47,254,408	39,314,968

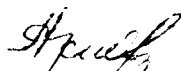
Approval date 14.07.17

Chief Executive Officer
(Executive director)



A. Hakobyan

Acting Chief Accountant



A. Araqelyan

ConverseBank

Consolidated Statement of changes in equity
30 June 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
Balance as of January 1, 2016 (audited)	7,002,033	63,233	1,005,996	337,223	3,316,639	8,976,301
Distribution to general reserve						
Dividends to shareholders						(140,633)
Total Transactions with owners	-	-	-	-	-	(140,633)
Profit for the period						978,635
Other comprehensive income for the period				327,843		
Total comprehensive income for the period	-	-	-	327,843	-	978,635
Depreciation of revaluation reserve	-	-	-	-	(47,496)	47,496
Balance as of June 30, 2016	7,002,033	63,233	1,005,996	665,066	3,269,143	9,861,799
Balance as of January 1, 2017 (audited)	16,416,633	63,233	1,005,996	1,365,200	3,353,126	9,973,817
Share Capital increase						
Distribution to general reserve						
Dividends to shareholders						
Total Transactions with owners	-	-	-	-	-	-
Profit for the period						1,498,187
Other comprehensive income for the period				440,561	(48,862)	
Total comprehensive income for the period	-	-	-	440,561	(48,862)	1,498,187
Depreciation of revaluation reserve	-	-	-	-	(76,995)	76,995
Balance as of June 30, 2017	16,416,633	63,233	1,005,996	1,805,761	3,227,270	11,548,999

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ConverseBank

The main economical normatives
30 June 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
1	2	3	4
Minimum statutory fund of the bank	16,416,633	50,000	no violation
Minimum total capital of the bank	33,234,404	30,000,000	no violation
N1 Total capital/ Risk weighted assets	18.45%	12.00%	no violation
N2.1 High liquid assets/ Total assets	34.02%	15.00%	no violation
N2.11 High liquid assets/ Total assets for I group CCY	15.66%	4.00%	no violation
N2.2 High liquid assets/ Demand liabilities	114.51%	60.00%	no violation
N2.21 High liquid assets/ Demand liabilities for I group CCY	47.05%	10.00%	no violation
N3.1 Maximum risk on a single borrower	16.50%	20.00%	no violation
N3.2 Maximum risk on large-scale borrowers	49.70%	500.00%	no violation
N4.1 Maximum risk on bank related person	0.75%	5.00%	no violation
N4.2 Maximum risk on all bank related persons	5.47%	20.00%	no violation
Minimum requirement for obligatory reserves allocated with the CBA			
	for AMD	X	2.00%
	for USD		18.00%
	for EUR		18.00%
Foreign currency position /Total capital /with Derivatives/	2.28%	10.00%	no violation
Foreign currency position /Total capital	3.72%	10.00%	no violation
Foreign currency position by separate currencies			
	for USD	X	7.00%
	for EUR	X	7.00%
	for RUR	X	7.00%
	other	X	X

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