

Consolidated Statement of comprehensive income

30 September 2017

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

In thousand Armenian drams	Notes	01/07/17- 30/09/17	01/01/17- 30/09/17	01/07/16-30/09/16	01/01/16-30/09/16
Interest income	7	4,506,592	12,724,726	3,418,163	10,222,683
Interest expense	7	(2,122,300)	(6,105,258)	(1,723,182)	(4,945,308)
Net interest income		2,384,293	6,619,468	1,694,981	5,277,375
Fee and commission income	8	719,327	1,749,724	596,154	1,460,615
Fee and commission expense	8	(224,307)	(527,941)	(234,361)	(544,418)
Net fee and commission income		495,020	1,221,783	361,793	916,197
Net trading income	9	388,072	854,860	268,425	379,338
Net (losses)/gains from foreign currency translation		(75,730)	(2,349)	(83,171)	(47,845)
Gains less losses on investments available for sale		76,676	121,261	4,997	43,145
Other income	10	250,670	724,459	211,251	748,753
Impairment losses	11	(396,828)	(970,631)	(455,507)	(769,665)
Staff costs	12	(977,892)	(2,928,893)	(900,286)	(2,493,500)
Depreciation of property and equipment	21	(183,898)	(562,417)	(193,952)	(547,170)
Amortization of intangible assets	22	(11,052)	(28,889)	(21,616)	(86,300)
Other expenses	13	(740,344)	(2,024,979)	(709,774)	(1,961,222)
Profit before income tax		1,208,988	3,023,674	177,141	1,459,106
Income tax expense	14	(226,039)	(542,537)	611,599	308,269
Profit for the period		982,949	2,481,137	788,740	1,767,375
Other comprehensive income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Revaluation of property and equipment		-	(61,078)	-	-
Income tax effect		-	12,010	-	-
Net other comprehensive income not to be reclassified subsequently to profit or loss		-	(49,068)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Unrealised gains/(losses) on investment securities available-for-sale		161,454	756,740	764,096	1,212,048
Realised (gains)/losses on investment securities available-for-sale reclassified to the statement of profit or loss		(76,676)	(121,261)	(4,997)	(43,145)
Income tax effect		(16,956)	(127,096)	(133,656)	(215,617)
Net other comprehensive income to be reclassified subsequently to profit or loss		67,822	508,383	625,443	953,286
Other comprehensive income for the period, net of tax		67,822	459,315	625,443	953,286
Total comprehensive income for the period		1,050,772	2,940,452	1,414,183	2,720,661

Approval date 13.10.17

Chief Executive Officer, Chairman of Executive Management

Hakobyan

Chief Accountant

Armenyan



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

In thousand Armenian drams	Notes	30/09/17	31/12/2016 audited
ASSETS			
Cash and cash equivalents	15	49,506,625	44,751,939
Trading securities	16	322,977	184,833
Amounts due from other financial institutions	17	2,239,095	2,320,882
Loans and advances to customers	18	144,427,439	119,024,824
Investments available for sale	19	22,419,329	14,929,205
Securities pledged under repurchase agreements	20	4,077,185	0
Property, plant and equipment	21	5,918,633	6,384,767
Intangible assets	22	221,844	139,802
Reposessed assets	23	2,250,502	2,385,649
Prepaid income taxes		0	0
Other assets	24	2,045,514	871,369
Total assets		233,429,144	190,993,270
LIABILITIES AND EQUITY			
Liabilities			
Amounts due to financial institutions	25	12,448,309	278,064
Derivative liabilities	26	45,271	31,591
Amounts due to customers	27	162,875,193	139,680,217
Bonds issued by the Bank	28	3,954,522	
Current income tax liabilities		324,613	175,742
Deferred income tax liabilities	14	1,227,095	1,113,141
Other borrowed funds	29	10,846,693	9,096,208
Other liabilities	30	1,053,649	841,484
Subordinated debt	31	5,885,317	7,598,818
Total liabilities		198,660,662	158,815,265
Equity			
Share capital	32	16,416,633	16,416,633
Share premium		63,233	63,233
Statutory general reserve		1,243,064	1,005,996
Other reserves		5,085,453	4,718,326
Retained earnings		11,960,099	9,973,817
Total equity		34,768,482	32,178,005
Total liabilities and equity		233,429,144	190,993,270

Approval date 13.10.17

Chief Executive Officer, Chairman of Executive Management

A. Hakobyan

Chief Accountant

D.Azatyany



Consolidated Statement of changes in equity
30 September 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
	6,985,200						6,985,200
Distribution to general reserve							-
Dividends to shareholders						(168,704)	(168,704)
Total Transactions with owners	6,985,200	-	-	-	-	(168,704)	6,816,496
Profit for the period						1,767,375	1,767,375
Other comprehensive income for the period				953,286			953,286
Total comprehensive income for the period	-	-	-	953,286	-	1,767,375	2,720,661
Depreciation of revaluation reserve	-	-	-	-	(91,013)	91,013	-
Balance as of September 30, 2016	13,987,233	63,233	1,005,996	1,290,509	3,225,626	10,665,984	30,238,582
Balance as of January 1, 2017 (audited)	16,416,633	63,233	1,005,996	1,365,200	3,353,126	9,973,817	32,178,005
Share Capital increase							-
Distribution to general reserve			237,068			(237,068)	-
Dividends to shareholders						(349,975)	(349,975)
Total Transactions with owners	-	-	237,068	-	-	(587,043)	(349,975)
Profit for the period						2,481,137	2,481,137
Other comprehensive income for the period				508,383	(49,068)		459,315
Total comprehensive income for the period	-	-	-	508,383	(49,068)	2,481,137	2,940,452
Depreciation of revaluation reserve	-	-	-	-	(92,188)	92,188	-
Balance as of September 30, 2017	16,416,633	63,233	1,243,064	1,873,583	3,211,870	11,960,099	34,768,482

Approval date 13.10.17

Chief Executive Officer, Chairman of Executive Management

A. Hakobyan

Chief Accountant

D. Azatyan



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

In thousand Armenian drams	01/01/2017- 30/09/2017	01/01/2016- 30/09/2016
Cash flows from operating activities		
Interest received	12,265,992	10,014,742
Interest paid	(5,740,741)	(4,606,009)
Fees and commissions received	1,749,724	1,460,615
Fees and commissions paid	(527,941)	(544,418)
Realised gains less losses from dealing in foreign currencies and foreign currency derivatives	854,860	379,338
Other income received	724,459	585,708
Personnel expenses paid	(2,928,893)	(2,493,500)
Other operating expenses paid	(2,024,979)	(1,961,222)
Cash flows from operating activities before changes in operating assets and liabilities	4,372,481	2,835,254
<i>Net (increase)/decrease in operating assets</i>		
Trading securities	138,144	417,341
Amounts due from credit institutions[ii]	61,117	5,333,358
Loans to customers	(24,846,090)	(18,318,740)
Repossessioned assets	135,147	(212,236)
Other assets	271,132	(514,824)
<i>Net increase/(decrease) in operating liabilities</i>		
Derivative financial liabilities	12,514,521	(5,825,475)
Amounts due to customers	26,418,515	9,643,984
Other liabilities	(233,773)	(33,507)
Net cash flows from operating activities before income tax	18,831,194	(6,674,845)
Income tax paid	(148,871)	25,160
Net cash from / (used in) operating activities	18,682,323	(6,649,685)
Net cash flow from investing activities		
Purchase of AFS	(13,786,063)	(4,596,433)
Proceeds from sale of AFS securities	3,499,978	3,248,381
Purchase of intangible assets	(34,856)	(29,194)
Purchase of property and equipment	(247,242)	(271,319)
Proceeds from sale of property and equipment	3,850	396
Net cash from / (used in) investing activities	(10,564,332)	(1,648,170)
Net cash flow from financing activities		
Proceeds from issue of share capital	-	6,985,200
Receipts from other borrowed funds	3,400,027	2,198,168
Repayment of other borrowed funds	(5,089,664)	(1,451,543)
Repayment of subordinated loans	(1,592,382)	(282,662)
Dividends paid to shareholders of the Bank	(349,975)	(168,713)
Net cash from / (used in) financing activities	(3,631,995)	7,280,450
Net increase/(decrease) in cash and cash equivalents	4,485,995	(1,017,404)
Effect of exchange rates changes on cash and cash equivalents	268,691	83,269
Cash and cash equivalents, beginning	44,751,939	46,029,188
Cash and cash equivalents, ending	49,506,625	45,095,052

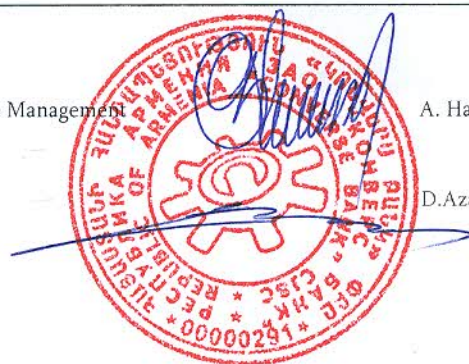
Approval date 13.10.17

Chief Executive Officer, Chairman of Executive Management

A. Hakobyan

Chief Accountant

D. Azatyan



The main economical normatives

30 September 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	34,263,692	30,000,000	no violation
N1 Total capital/ Risk weighted assets	17.63%	12.00%	no violation
N2.1 High liquid assets/ Total assets	36.17%	15.00%	no violation
N2.11 High liquid assets/ Total assets for I group CCY	17.28%	4.00%	no violation
N2.2 High liquid assets/ Demand liabilities	105.38%	60.00%	no violation
N2.21 High liquid assets/ Demand liabilities for I group CCY	42.73%	10.00%	no violation
N3.1 Maximum risk on a single borrower	15.94%	20.00%	no violation
N3.2 Maximum risk on large-scale borrowers	40.04%	500.00%	no violation
N4.1 Maximum risk on bank related person	0.72%	5.00%	no violation
N4.2 Maximum risk on all bank related persons	6.24%	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%	no violation
Foreign currency position /Total capital /with Derivatives/	0.63%	10.00%	no violation
Foreign currency position /Total capital	2.63%	10.00%	no violation
Foreign currency position by separate currencies			
for USD	0.26%	7.00%	no violation
for EUR	X	7.00%	no violation
for RUR	X	7.00%	no violation
other	X	X	no violation

Approval date 13.10.17

Chief Executive Officer, Chairman of Executive Management

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