

Consolidated Statement of comprehensive income

30 June 2018

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

In thousand Armenian drams	Notes	01/04/18- 30/06/18	01/01/18- 30/06/18	01/04/17- 30/06/17	01/01/17- 30/06/17
Interest income	7	5,078,456	9,938,082	4,306,036	8,218,133
Interest expense	7	(2,359,952)	(4,608,694)	(2,011,030)	(3,982,958)
Net interest income		2,718,504	5,329,388	2,295,006	4,235,175
Fee and commission income	8	625,773	1,200,277	569,222	1,030,397
Fee and commission expense	8	(193,802)	(402,492)	(165,974)	(303,634)
Net fee and commission income		431,971	797,785	403,248	726,763
Net trading income	9	492,148	831,831	208,183	466,788
Net (losses)/gains from foreign currency translation		(266,778)	(313,626)	79,807	73,381
Gains less losses on investments at fair value through other comprehensive income		39,044	235,705	8,114	44,585
Other income	10	232,215	404,166	228,120	473,789
Changes in allowance for expected credit losses	11	(267,225)	(627,544)	(83,867)	(573,803)
Staff costs	12	(1,195,850)	(2,336,565)	(957,741)	(1,951,001)
Depreciation of property and equipment	22	(143,785)	(289,809)	(196,273)	(378,519)
Amortization of intangible assets	23	(14,531)	(28,149)	(8,804)	(17,837)
Other expenses	13	(742,957)	(1,491,041)	(663,161)	(1,284,635)
Profit before income tax		1,282,756	2,512,141	1,312,632	1,814,685
Income tax expense	14	(279,027)	(500,395)	(208,641)	(316,498)
Profit for the period		1,003,729	2,011,746	1,103,991	1,498,187
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		-	-	-	-
Net other comprehensive income not be reclassified subsequently to profit or loss					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Unrealised gains/(losses) on investments at fair value through other comprehensive income		(69,038)	188,036	328,565	595,286
Realised (gains)/losses on investments at fair value through other comprehensive income reclassified to the statement of profit or loss		(39,044)	(235,705)	(8,114)	(44,585)
Income tax effect		23,461	7,737	(82,093)	(110,140)
Net other comprehensive income to be reclassified subsequently to profit or loss		(84,621)	(39,932)	238,358	440,561
Other comprehensive income for the period, net of tax		(84,621)	(39,932)	238,358	440,561
Total comprehensive income for the period		919,108	1,971,814	1,342,348	1,938,748

Approval date 13.07.18

Chief Executive Officer, Chairman of Executive Management

A. Hakobyan

Chief Accountant

D. Azatyan



Consolidated Statement of financial position
30 June 2018
Converse Bank CSJC ,V. Sargsyan 26/1 st., Yerevan

In thousand Armenian drams	Notes	30/06/18	31/12/2017 Audited
ASSETS			
Cash and cash equivalents	15	41,218,901	39,842,049
Investments at fair value through profit or loss	16	1,042,219	787,330
Amounts due from banks	17	5,028,946	10,546,355
Loans and advances to customers	18	169,901,216	165,167,500
Investments at fair value through other comprehensive income	19	24,083,287	22,812,218
Securities pledged under repurchase agreements	20	3,564,649	3,056,113
Investments at amortized cost	21	1,570,110	346,140
Property, plant and equipment	22	6,421,183	6,115,287
Intangible assets	23	254,939	226,538
Reposessed assets	24	2,014,979	1,832,119
Other assets	25	1,865,991	2,004,204
Total assets		256,966,420	252,735,853
LIABILITIES AND EQUITY			
Liabilities			
Amounts due to banks	26	10,991,418	15,173,467
Financial liabilities at fair value through profit or loss	27	630,201	0
Derivative financial liabilities	28	34,655	68,857
Amounts due to customers	29	170,981,733	173,914,157
Bonds issued by the Bank	30	13,485,997	5,931,969
Current income tax liabilities		8,650	609,855
Deferred income tax liabilities	14	900,882	1,210,763
Other borrowed funds	31	15,299,678	12,659,350
Other liabilities	32	1,940,729	1,336,873
Provisions on contingent liabilities	33	82,777	0
Subordinated debt	34	5,832,080	5,854,396
Total liabilities		220,188,800	216,759,687
Equity			
Share capital	35	16,416,633	16,416,633
Share premium		63,233	63,233
Statutory general reserve		1,898,319	1,243,064
Other reserves		5,535,543	5,352,857
Retained earnings		12,863,892	12,900,379
Total equity		36,777,620	35,976,166
Total liabilities and equity		256,966,420	252,735,853

Approval date 13.04.18

Chief Executive Officer, Chairman of Executive Management

A. Hakobyan

Chief Accountant

D. Azatyan



Consolidated Statement of changes in equity
30 June 2018
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, 2017 (audited)	16,416,633	63,233	1,005,996	1,365,200	3,353,126	9,973,817	32,178,005
Issue of share capital							-
Distribution to general reserve							-
Dividends to shareholders							-
Total Transactions with owners	-	-	-	-	-	-	-
Profit for the period						1,498,187	1,498,187
Other comprehensive income for the period				440,561	-		440,561
Total comprehensive income for the period	-	-	-	440,561	-	1,498,187	1,938,748
Depreciation of revaluation reserve	-	-	-	-	(39,271)	39,271	-
Balance as of June 30, 2017	16,416,633	63,233	1,005,996	1,805,761	3,313,855	11,511,275	34,116,753
Balance as of January 1, 2018 (audited)	16,416,633	63,233	1,243,064	2,171,785	3,181,072	12,900,379	35,976,166
Impact of IFRS 9				284,213		(884,223)	(600,010)
Restated balance as of January 1, 2018	16,416,633	63,233	1,243,064	2,455,998	3,181,072	12,016,156	35,376,156
Issue of share capital							-
Distribution to general reserve			655,255			(655,255)	-
Dividends to shareholders						(570,350)	(570,350)
Total Transactions with owners	-	-	655,255	-	-	(1,225,605)	(570,350)
Profit for the period						2,011,746	2,011,746
Other comprehensive income for the period				(39,932)			(39,932)
Total comprehensive income for the period	-	-	-	(39,932)	-	2,011,746	1,971,814
Depreciation of revaluation reserve	-	-	-	-	(61,595)	61,595	-
Balance as of June 30, 2018	16,416,633	63,233	1,898,319	2,416,066	3,119,477	12,863,892	36,777,620

Approval date 13.07.18

Chief Executive Officer, Chairman of Executive Management

Chief Accountant



Consolidated Statement of cash flows
30 June 2018
Converse Bank CSJC, V. Sargsyan 26/1 st., Yerevan

In thousand Armenian drams	01/01/2018- 30/06/2018	01/01/2017- 30/06/2017
Cash flows from operating activities		
Interest received	10,151,980	8,085,492
Interest paid	(4,337,153)	(3,868,170)
Fees and commissions received	1,200,277	1,030,397
Fees and commissions paid	(402,492)	(303,634)
Net income from securities at fair value through profit or loss	831,831	466,788
Other income received	384,464	155,770
Administrative expenses paid	(2,282,896)	(1,951,001)
Other operating expenses paid	(1,520,373)	(1,284,635)
Cash flows from operating activities before changes in operating assets and liabilities	4,025,638	2,331,007
<i>Net (increase)/decrease in operating assets</i>		
Securities at fair value through profit or loss	(254,889)	181,632
Amounts due from banks	5,840,913	1,159,509
Loans to customers	(3,436,862)	(18,289,346)
Repossessed assets	(182,860)	(4,484)
Other assets	149,515	(802,551)
<i>Net increase/(decrease) in operating liabilities</i>		
Amounts due to banks	(4,622,675)	11,244,376
Amounts due to customers	(4,142,808)	11,204,982
Derivative financial liabilities	(34,247)	8,802
Other liabilities	834,804	(661,322)
Net cash flows from operating activities before income tax	(1,823,470)	6,372,606
Income tax paid	(559,205)	20,157
Net cash from / (used in) operating activities	(2,382,675)	6,392,763
Net cash flow from investing activities		
Purchase of Investments at fair value through other comprehensive income	(9,823,125)	(6,113,090)
Proceeds from sale of Investments at fair value through other comprehensive income	9,286,231	1,799,852
Purchase of intangible assets	-	(30,103)
Purchase of property and equipment	(221,681)	(488,693)
Proceeds from sale of property and equipment	315	400
Net cash from / (used in) investing activities	(758,260)	(4,831,635)
Net cash flow from financing activities		
Proceeds from issue of share capital	-	-
Proceeds from issued bonds	7,554,028	2,908,706
Proceeds from other borrowed funds	3,656,170	1,520,972
Repayment from other borrowed funds	(6,242,131)	(1,757,654)
Repayment of subordinated loans	(43,589)	(1,541,212)
Dividends paid to shareholders	-	-
Net cash from / (used in) financing activities	4,924,479	1,130,813
Net increase/(decrease) in cash and cash equivalents	1,783,543	2,691,941
Effect of exchange rates changes on cash and cash equivalents	(406,691)	(259,457)
Cash and cash equivalents, beginning	39,842,049	44,751,939
Cash and cash equivalents, ending of period	41,218,901	47,184,422

Approval date 13.07.18

Chief Executive Officer, Chairman of Executive Management

A. Hakobyan

Chief Accountant

D. Azatyan



The main economical normatives

30 June 2018

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	37,202,023	30,000,000	no violation
N1 Total capital/ Risk weighted assets	15.46%	12.00%	no violation
N2.1 High liquid assets/ Total assets	29.67%	15.00%	no violation
N2.11 High liquid assets/ Total assets for I group CCY	9.06%	4.00%	no violation
N2.2 High liquid assets/ Demand liabilities	103.09%	60.00%	no violation
N2.21 High liquid assets/ Demand liabilities for I group CCY	31.39%	10.00%	no violation
N3.1 Maximum risk on a single borrower	18.66%	20.00%	no violation
N3.2 Maximum risk on large-scale borrowers	24.28%	500.00%	no violation
N4.1 Maximum risk on bank related person	0.57%	5.00%	no violation
N4.2 Maximum risk on all bank related persons	7.27%	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/	0.36%	10.00%	no violation
Foreign currency position /Total capital	1.59%	10.00%	no violation
Foreign currency position by separate currencies			
for USD	X	7.00%	no violation
for EUR	X	7.00%	no violation
for RUR	X	7.00%	no violation
other	X	X	no violation

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Chief Executive Officer, Chairman of Executive Management

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