

Consolidated Statement of comprehensive income

31 December 2018

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

In thousand Armenian drams	Notes	01/10/18- 31/12/18	01/01/18- 31/12/18	01/10/17- 31/12/17	01/01/17- 31/12/17
Interest income	7	5,722,146	21,123,309	4,899,527	17,624,253
Interest expense	7	(2,601,396)	(9,635,307)	(2,178,811)	(8,284,069)
Net interest income		3,120,750	11,488,002	2,720,716	9,340,184
Fee and commission income	8	808,984	2,713,169	683,421	2,433,145
Fee and commission expense	8	(227,338)	(871,738)	(224,363)	(752,304)
Net fee and commission income		581,646	1,841,431	459,058	1,680,841
Net trading income	9	307,293	1,539,144	424,794	1,279,654
Net (losses)/gains from foreign currency translation		(4,180)	(341,709)	1,221	(1,128)
Gains less losses on investments at fair value through other comprehensive income		599,173	884,645	182,959	304,220
Other income	10	262,349	720,766	185,653	910,112
Changes in allowance for expected credit losses	11	284,702	(932,083)	(300,321)	(1,212,874)
Staff costs	12	(1,345,659)	(4,906,867)	(1,369,896)	(4,298,789)
Depreciation of property and equipment	22	(162,692)	(601,398)	(168,683)	(731,100)
Amortization of intangible assets	23	(17,755)	(61,779)	(12,830)	(41,719)
Other expenses	13	(1,075,355)	(3,428,406)	(790,460)	(2,873,517)
Profit before income tax		2,550,272	6,201,746	1,332,211	4,355,884
Income tax expense	14	(572,892)	(1,306,529)	(257,301)	(799,838)
Profit for the period		1,977,380	4,895,217	1,074,910	3,556,046
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 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 investments at fair value through other comprehensive income		(223,434)	131,772	555,710	1,312,450
Realised (gains)/losses on investments at fair value through other comprehensive income reclassified to the statement of profit or loss		(599,173)	(884,645)	(182,959)	(304,220)
Income tax effect		149,872	150,608	(74,550)	(201,646)
Net other comprehensive income to be reclassified subsequently to profit or loss		(672,735)	(602,265)	298,201	806,584
Other comprehensive income for the period, net of tax		(672,735)	(602,265)	347,269	806,584
Total comprehensive income for the period		1,304,645	4,292,952	1,422,179	4,362,630

Approval date 14.01.19

Chief Executive Officer, Chairman of Executive Management

A. Hakobyan

Chief Accountant

D. Azatyan



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

In thousand Armenian drams	Notes	31/12/18	31/12/2017 Audited
ASSETS			
Cash and cash equivalents	15	40,470,858	39,842,049
Investments at fair value through profit or loss	16	519,791	787,330
Amounts due from banks	17	5,222,033	10,546,355
Loans and advances to customers	18	196,278,331	165,167,500
Investments at fair value through other comprehensive income	19	18,412,950	22,812,218
Securities pledged under repurchase agreements	20	8,101,555	3,056,113
Investments at amortized cost	21	584,058	346,140
Property, plant and equipment	22	6,739,038	6,115,287
Intangible assets	23	296,331	226,538
Repossessed assets	24	1,977,614	1,832,119
Other assets	25	2,522,517	2,004,204
Total assets		281,125,076	252,735,853
LIABILITIES AND EQUITY			
Liabilities			
Amounts due to banks	26	15,739,521	15,173,467
Derivative financial liabilities	27	26,583	68,857
Amounts due to customers	28	185,437,965	173,914,157
Bonds issued by the Bank	29	16,653,444	5,931,969
Current income tax liabilities		196,180	609,855
Deferred income tax liabilities	14	882,452	1,210,763
Other borrowed funds	30	15,684,413	12,659,350
Other liabilities	31	1,482,664	1,336,873
Provisions on contingent liabilities	32	70,277	0
Subordinated debt	33	5,852,819	5,854,396
Total liabilities		242,026,318	216,759,687
Equity			
Share capital	34	16,416,633	16,416,633
Share premium		63,233	63,233
Statutory general reserve		1,898,319	1,243,064
Other reserves		4,911,615	5,352,857
Retained earnings		15,808,958	12,900,379
Total equity		39,098,758	35,976,166
Total liabilities and equity		281,125,076	252,735,853

Approval date 14.01.19

Chief Executive Officer, Chairman of Executive Management

Chief Accountant

A. Hakobyan

D. Azatyan



Consolidated Statement of changes in equity
31 December 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	1,365,201	3,353,126	9,973,814	32,178,003
Issue of share capital							-
Distribution to general reserve			237,068			(237,068)	-
Dividends to shareholders						(564,467)	(564,467)
Total Transactions with owners	-	-	237,068	-	-	(801,535)	(564,467)
Profit for the period						3,556,046	3,556,046
Other comprehensive income for the period				806,584	-		806,584
Total comprehensive income for the period	-	-	-	806,584	-	3,556,046	4,362,630
Depreciation of revaluation reserve	-	-	-	-	(172,054)	172,054	-
Balance as of December 31, 2017	16,416,633	63,233	1,243,064	2,171,785	3,181,072	12,900,379	35,976,166
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						4,895,217	4,895,217
Other comprehensive income for the period				(602,265)			(602,265)
Total comprehensive income for the period	-	-	-	(602,265)	-	4,895,217	4,292,952
Depreciation of revaluation reserve	-	-	-	-	(123,190)	123,190	-
Balance as of December 31, 2018	16,416,633	63,233	1,898,319	1,853,733	3,057,882	15,808,958	39,098,758

Approval date 14.01.19

Chief Executive Officer, Chairman of Executive Management

A. Hakobyan

Chief Accountant


D. Azatyan



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

In thousand Armenian drams	01/01/2018- 31/12/2018	01/01/2017- 31/12/2017
Cash flows from operating activities		
Interest received	21,173,777	16,627,930
Interest paid	(8,664,875)	(7,984,091)
Fees and commissions received	2,713,169	2,433,145
Fees and commissions paid	(871,738)	(752,304)
Net income from securities at fair value through profit or loss	1,539,144	1,233,793
Other income received	682,326	910,112
Administrative expenses paid	(4,781,439)	(3,892,063)
Other operating expenses paid	(3,489,554)	(2,813,989)
Cash flows from operating activities before changes in operating assets and liabilities	8,300,810	5,762,533
<i>Net (increase)/decrease in operating assets</i>		
Securities at fair value through profit or loss	267,539	(556,636)
Amounts due from banks	5,840,931	(8,296,629)
Loans to customers	(27,780,154)	(48,262,440)
Repossessed assets	(145,495)	584,633
Other assets	(258,608)	(1,182,528)
<i>Net increase/(decrease) in operating liabilities</i>		
Amounts due to banks	50,999	15,513,185
Amounts due to customers	9,429,338	35,343,011
Derivative financial liabilities	(43,252)	37,678
Other liabilities	(132,366)	89,140
Net cash flows from operating activities before income tax	(4,470,258)	(968,053)
Income tax paid	(413,675)	(469,751)
Net cash from / (used in) operating activities	(4,883,933)	(1,437,804)
Net cash flow from investing activities		
Purchase of Investments at fair value through other comprehensive income	(21,226,211)	(10,955,217)
Proceeds from sale of Investments at fair value through other comprehensive income	21,786,734	1,633,685
Purchase of investments before maturity	(237,890)	(346,349)
Purchase of intangible assets	(114,181)	(128,455)
Purchase of property and equipment	(1,186,991)	(738,006)
Proceeds from sale of property and equipment	6,379	274,936
Net cash from / (used in) investing activities	(972,160)	(10,259,406)
Net cash flow from financing activities		
Proceeds from issue of share capital	-	-
Proceeds from issued bonds	10,721,475	5,848,861
Proceeds from other borrowed funds	6,520,883	6,240,921
Repayment from other borrowed funds	(9,522,991)	(2,703,308)
Repayment of subordinated loans	(5,487)	(1,453,077)
Dividends paid to shareholders	(570,350)	(564,467)
Net cash from / (used in) financing activities	7,143,530	7,368,930
Net increase/(decrease) in cash and cash equivalents	1,287,437	(4,328,280)
Effect of exchange rates changes on cash and cash equivalents	(658,628)	(581,610)
Cash and cash equivalents, beginning	39,842,049	44,751,939
Cash and cash equivalents, ending of period	40,470,858	39,842,049

Approval date 14.01.19

Chief Executive Officer, Chairman of Executive Management  A. Hakobyan

Chief Accountant  D. Azatyan

The main economical normatives

31 December 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	38,323,098	30,000,000	no violation
N1 Total capital/ Risk weighted assets	14.34%	12.00%	no violation
N2.1 High liquid assets/ Total assets	23.69%	15.00%	no violation
N2.11 High liquid assets/ Total assets for I group CCY	8.79%	4.00%	no violation
N2.2 High liquid assets/ Demand liabilities	81.83%	60.00%	no violation
N2.21 High liquid assets/ Demand liabilities for I group CCY	29.17%	10.00%	no violation
N3.1 Maximum risk on a single borrower	13.17%	20.00%	no violation
N3.2 Maximum risk on large-scale borrowers	39.58%	500.00%	no violation
N4.1 Maximum risk on bank related person	0.64%	5.00%	no violation
N4.2 Maximum risk on all bank related persons	8.24%	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/	0.37%	10.00%	no violation
Foreign currency position /Total capital	2.73%	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	0.19%	7.00%	no violation
other	X	X	no violation

Approval date 14.01.19

Chief Executive Officer, Chairman of Executive Management

A. Hakobyan

Chief Accountant

D. Azatyan

