

Consolidated Statement of comprehensive income

30 June 2019

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

In thousand Armenian drams	Notes	01/04/19- 30/06/19	01/01/19- 30/06/19	01/04/18- 30/06/18	01/01/18- 30/06/18
Interest revenue calculated using effective interest rate	24	5,880,639	11,646,567	5,053,254	9,892,776
Other interest revenue	24	23,585	45,344	25,202	45,306
Interest expense	24	(2,710,827)	(5,349,633)	(2,359,952)	(4,608,694)
Net interest income		3,193,397	6,342,278	2,718,504	5,329,388
Credit loss expense	25	(596,111)	(627,647)	(267,225)	(627,544)
Net interest income after credit loss expense		2,597,286	5,714,631	2,451,279	4,701,844
Fee and commission income	26	730,258	1,378,532	625,773	1,200,277
Fee and commission expense	26	(239,082)	(458,204)	(193,802)	(402,492)
Net trading income	27	218,327	483,655	492,148	831,831
Net gain(loss) from foreign currency translation		(71,057)	(32,285)	(266,778)	(313,626)
Gains less losses from investment securities available for sale		214,974	304,785	39,044	235,705
Other income	28	335,922	505,264	232,215	404,166
Non-interest income		1,189,342	2,181,747	928,600	1,955,861
Personnel expenses	29	(1,305,896)	(2,635,855)	(1,195,850)	(2,336,565)
Depreciation of property and equipment	11	(169,112)	(331,041)	(143,785)	(289,809)
Amortization of intangible assets	12	(19,446)	(36,165)	(14,531)	(28,149)
Other operating and administrative expenses	29	(928,478)	(1,759,728)	(742,957)	(1,491,041)
Non-interest expense		(2,422,932)	(4,762,789)	(2,097,123)	(4,145,564)
Profit before income tax expense		1,363,696	3,133,589	1,282,756	2,512,141
Profit tax expense	19	(424,439)	(795,203)	(279,027)	(500,395)
Profit for the period		939,257	2,338,386	1,003,729	2,011,746
Other comprehensive income					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Revaluation of buildings					
Gains/(losses) on equity instruments at fair value through other comprehensive income					
Income tax effect					
Total other comprehensive income not to be reclassified to profit or loss in subsequent periods			-		-
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		128,116	191,322	(69,038)	188,036
Realised (gains)/losses on investments at fair value through other comprehensive income reclassified to the statement of profit or loss		(214,974)	(304,785)	(39,044)	(235,705)
Income tax effect	19	11,174	250,433	23,461	7,737
Net other comprehensive income to be reclassified subsequently to profit or loss		(75,684)	136,970	(84,621)	(39,932)
Other comprehensive income for the year, net of tax		(75,684)	136,970	(84,621)	(39,932)
Total comprehensive income for the year		863,573	2,475,356	919,108	1,971,814

Approval date 15.07.19

Chief Executive Officer, Chairman of Executive Management

A. Hakobyan

Acting Chief Accountant

L. Hovhannisyan



Consolidated Statement of financial position
30 June 2019
Converse Bank CSJC ,V. Sargsyan 26/1 st., Yerevan

In thousand Armenian drams	Notes	30/06/19	31/12/2018 /audited/
ASSETS			
Cash and cash equivalents	6	46,368,456	40,470,858
Investments at fair value through profit or loss	7	853,371	1,160,345
Amounts due from banks	8	1,854,921	5,212,487
Loans and advances to customers	9	202,224,274	196,282,332
Investments at fair value through other comprehensive income	10	15,418,076	18,356,454
Securities pledged under repurchase agreements	10	6,832,307	8,092,013
Property, plant and equipment	11	6,801,120	6,739,038
Intangible assets	12	328,901	296,331
Repossessed assets	13	1,886,698	1,977,614
Other assets	14	3,250,924	2,531,906
Total assets		285,819,048	281,119,378
LIABILITIES AND EQUITY			
Liabilities			
Amounts due to banks	15	8,473,925	13,963,370
Derivative financial liabilities	16	129,585	26,583
Amounts due to customers	17	192,807,479	187,214,116
Bonds issued by the Bank	18	17,922,400	16,653,444
Current income tax liabilities		117,658	199,430
Deferred income tax liabilities	19	779,667	938,233
Other borrowed funds	20	16,568,290	15,684,413
Subordinated debt	21	5,772,752	5,852,819
Provisions on contingent liabilities	22	69,070	70,056
Other liabilities	14	2,518,946	1,482,613
Total liabilities		245,159,772	242,085,077
Equity			
Share capital	23	16,416,633	16,416,633
Share premium		63,233	63,233
Statutory general reserve		2,798,799	1,898,319
Revaluation surplus for land and buildings		2,996,285	3,057,881
Revaluation reserve for financial assets at FVOCI /		649,678	1,651,410
Retained earnings		17,734,648	15,946,825
Total equity		40,659,276	39,034,301
Total liabilities and equity		285,819,048	281,119,378

Approval date 15.07.19

Chief Executive Officer, Chairman of Executive Management

Acting Chief Accountant



A. Hakobyan

L. Hovhannisyanyan

Consolidated Statement of changes in equity
30 June 2019
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, 2018/audited/	16,416,633	63,233	1,243,064	2,261,342	3,181,072	12,153,968	35,319,312
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 peiod	-	-	-	(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	2,221,410	3,119,477	13,001,704	36,720,776
Balance as of January 1, 2019/audited/	16,416,633	63,233	1,898,319	1,651,410	3,057,881	15,946,825	39,034,301
Issue of share capital							-
Distribution to general reserve			900,480			(900,480)	-
Dividends to shareholders						(850,381)	(850,381)
Total Transactions with owners	-	-	900,480	-	-	(1,750,861)	(850,381)
Profit for the period						2,338,386	2,338,386
Other comprehensive income for the period				(1,001,732)	-	1,138,702	136,970
Total comprehensive income for the peiod	-	-	-	(1,001,732)	-	3,477,088	2,475,356
Depreciation of revaluation reserve	-	-	-	-	(61,596)	61,596	-
Balance as of June 30, 2019	16,416,633	63,233	2,798,799	649,678	2,996,285	17,734,648	40,659,276

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Consolidated Statement of cash flows
30 June 2019
Converse Bank CSJC ,V. Sargsyan 26/1 st., Yerevan

In thousand Armenian drams	01/01/19-30/06/19	01/01/18-30/06/18
Cash flows from operating activities		
Interest received	11,006,257	10,151,980
Interest paid	(6,034,421)	(4,337,153)
Fees and commissions received	1,378,532	1,200,277
Fees and commissions paid	(458,204)	(402,492)
Net income from securities at fair value through profit or loss	483,655	831,831
Other income received	485,458	384,464
Administrative expenses paid	(2,582,029)	(2,282,896)
Other operating expenses paid	(1,789,747)	(1,520,373)
Cash flows from operating activities before changes in operating assets and liabilities	2,489,501	4,025,638
<i>Net (increase)/decrease in operating assets</i>		
Securities at fair value through profit or loss	306,974	(254,889)
Amounts due from banks	3,303,626	5,840,913
Loans to customers	(4,054,039)	(3,436,862)
Repossessed assets	90,916	(182,860)
Other assets	(714,844)	149,515
<i>Net increase/(decrease) in operating liabilities</i>		
Amounts due to banks	(5,621,542)	(4,622,675)
Amounts due to customers	4,720,077	(4,142,808)
Derivative financial liabilities	103,235	(34,247)
Other liabilities	(388,814)	768,244
Net cash flows from operating activities before income tax	235,090	(1,890,030)
Income tax paid	(785,108)	(494,161)
Net cash from / (used in) operating activities	(550,018)	(2,384,191)
Net cash flow from investing activities		
Purchase of Investments at fair value through other comprehensive income	(4,621,683)	(9,823,125)
Proceeds from sale of Investments at fair value through other comprehensive income	9,927,904	8,062,260
Purchase of investments before maturity	1,370,685	1,223,970
Purchase of intangible assets	(68,735)	-
Purchase of property and equipment	(468,542)	(221,681)
Proceeds from sale of property and equipment	2,332	315
Net cash from / (used in) investing activities	6,141,960	(758,261)
Net cash flow from financing activities		
Proceeds from issue of share capital	-	-
Proceeds from issued bonds	5,854,851	7,812,808
Proceeds from other borrowed funds	(4,416,654)	(257,264)
Repayment from other borrowed funds	2,233,060	3,656,170
Repayment of subordinated loans	(3,121,544)	(6,242,131)
Dividends paid to shareholders	(161,641)	(43,589)
Net cash from / (used in) financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	388,073	4,925,995
Effect of exchange rates changes on cash and cash equivalents	5,980,015	1,783,543
Cash and cash equivalents, beginning	(82,418)	(406,691)
Cash and cash equivalents, ending of period	40,470,858	39,842,049
	46,368,456	41,218,901

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Acting Chief Accountant

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The main economical normatives

30 June 2019

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	38,758,687	30,000,000	no violation
N1 Total capital/ Risk weighted assets	14.49%	12.00%	no violation
N2.1 High liquid assets/ Total assets	24.53%	15.00%	no violation
N2.11 High liquid assets/ Total assets for I group CCY	12.14%	4.00%	no violation
N2.2 High liquid assets/ Demand liabilities	86.92%	60.00%	no violation
N2.21 High liquid assets/ Demand liabilities for I group CCY	37.86%	10.00%	no violation
N3.1 Maximum risk on a single borrower	6.18%	20.00%	no violation
N3.2 Maximum risk on large-scale borrowers	11.31%	500.00%	no violation
N4.1 Maximum risk on bank related person	1.47%	5.00%	no violation
N4.2 Maximum risk on all bank related persons	9.29%	20.00%	no violation
Minimum requirement for obligatory reserves allocated with the CBA			
for AMD		2.00%	
for USD	X	2% in AMD, 16% in USD	
for EUR		2% in AMD, 16% in EUR	no violation
Foreign currency position /Total capital /with Derivatives/	0.77%	10.00%	no violation
Foreign currency position /Total capital	5.10%	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 RUB	0.55%	7.00%	no violation
other	X	X	no violation

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