

Consolidated Statement of comprehensive income

30 September 2019

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

In thousand Armenian drams	Notes	01/07/19- 30/09/19	01/01/19- 30/09/19	01/07/18- 30/09/18	01/01/18- 30/09/18
Interest revenue calculated using effective interest rate	24	6,028,248	17,674,815	5,431,985	15,324,761
Other interest revenue	24	27,102	72,446	31,096	76,402
Interest expense	24	(2,852,159)	(8,201,792)	(2,425,217)	(7,033,911)
<b>Net interest income</b>		<b>3,203,191</b>	<b>9,545,469</b>	<b>3,037,864</b>	<b>8,367,252</b>
Credit loss expense	25	(207,224)	(834,871)	(589,241)	(1,216,785)
<b>Net interest income after credit loss expense</b>		<b>2,995,967</b>	<b>8,710,598</b>	<b>2,448,623</b>	<b>7,150,467</b>
Fee and commission income	26	902,513	2,281,045	703,908	1,904,185
Fee and commission expense	26	(258,774)	(716,978)	(241,908)	(644,400)
Net trading income	27	304,510	788,165	400,020	1,231,851
Net gain(loss) from foreign currency translation		(41,545)	(73,830)	(23,903)	(337,529)
Gains less losses from investment securities available for sale		357,153	661,938	49,767	285,472
Other income	28	264,585	769,849	54,251	458,417
<b>Non-interest income</b>		<b>1,528,442</b>	<b>3,710,189</b>	<b>942,135</b>	<b>2,897,996</b>
Personnel expenses	29	(1,322,448)	(3,958,303)	(1,224,643)	(3,561,208)
Depreciation of property and equipment	11	(480,159)	(811,200)	(148,897)	(438,706)
Amortization of intangible assets	12	(19,449)	(55,614)	(15,875)	(44,024)
Other operating and administrative expenses	29	(579,806)	(2,339,534)	(862,010)	(2,353,051)
<b>Non-interest expense</b>		<b>(2,401,862)</b>	<b>(7,164,651)</b>	<b>(2,251,425)</b>	<b>(6,396,989)</b>
<b>Profit before income tax expense</b>		<b>2,122,547</b>	<b>5,256,136</b>	<b>1,139,333</b>	<b>3,651,474</b>
Profit tax expense	19	(592,845)	(1,388,048)	(233,243)	(733,637)
<b>Profit for the period</b>		<b>1,529,702</b>	<b>3,868,088</b>	<b>906,090</b>	<b>2,917,837</b>
<b>Other comprehensive income</b>					
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>					
Revaluation of buildings					
Gains/(losses) on equity instruments at fair value through other comprehensive income					
Income tax effect					
<b>Total other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>					
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>					
Unrealised gains/(losses) on investments at fair value through other comprehensive income		208,205	399,527	167,170	355,206
Realised (gains)/losses on investments at fair value through other comprehensive income reclassified to the statement of profit or loss		(357,153)	(661,938)	(49,767)	(285,472)
Income tax effect	19	29,790	280,223	(7,001)	736
<b>Net other comprehensive income to be reclassified subsequently to profit or loss</b>		<b>(119,158)</b>	<b>17,812</b>	<b>110,402</b>	<b>70,470</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>(119,158)</b>	<b>17,812</b>	<b>110,402</b>	<b>70,470</b>
<b>Total comprehensive income for the year</b>		<b>1,410,544</b>	<b>3,885,900</b>	<b>1,016,492</b>	<b>2,988,307</b>

Approval date 14.10.19

Chief Executive Officer, Chairman of Executive Management

A. Hakobyan

Chief Accountant

D. Azatyan



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

<b>In thousand Armenian drams</b>	<b>Notes</b>	<b>30/09/19</b>	<b>31/12/2018 /audited/</b>
<b>ASSETS</b>			
Cash and cash equivalents	6	53,918,814	40,470,858
Investments at fair value through profit or loss	7	1,281,222	1,160,345
Amounts due from banks	8	4,745,272	5,212,487
Loans and advances to customers	9	210,312,164	196,282,332
Investments at fair value through other comprehensive income	10	17,910,505	18,356,454
Securities pledged under repurchase agreements	10	-	8,092,013
Property, plant and equipment	11	8,597,160	6,739,038
Intangible assets	12	354,648	296,331
Repossessed assets	13	1,924,508	1,977,614
Other assets	14	3,138,372	2,531,906
<b>Total assets</b>		<b>302,182,665</b>	<b>281,119,378</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Amounts due to banks	15	4,290,695	13,963,370
Derivative financial liabilities	16	186,181	26,583
Amounts due to customers	17	206,100,662	187,214,116
Bonds issued by the Bank	18	18,511,232	16,653,444
Current income tax liabilities		338,552	199,430
Deferred income tax liabilities	19	868,470	938,233
Other borrowed funds	20	19,470,991	15,684,413
Lease liabilities	11	1,824,859	
Subordinated debt	21	5,860,623	5,852,819
Provisions on contingent liabilities	22	82,726	70,056
Other liabilities	14	2,577,854	1,482,613
<b>Total liabilities</b>		<b>260,112,845</b>	<b>242,085,077</b>
<b>Equity</b>			
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		2,965,486	3,057,881
Revaluation reserve for financial assets at FVOCI /		530,520	1,651,410
Retained earnings		19,295,149	15,946,825
<b>Total equity</b>		<b>42,069,820</b>	<b>39,034,301</b>
<b>Total liabilities and equity</b>		<b>302,182,665</b>	<b>281,119,378</b>

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Chief Accountant



A. Hakobyan

D. Azatyan

**Consolidated Statement of changes in equity**  
30 September 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
<b>Balance as of January 1, 2018/audited/</b>	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)
<b>Total Transactions with owners</b>	-	-	655,255	-	-	(1,225,605)	(570,350)
Profit for the period						2,917,837	2,011,746
Other comprehensive income for the period				70,470	-		(39,932)
<b>Total comprehensive income for the period</b>	-	-	-	(39,932)	-	2,011,746	1,971,814
Depreciation of revaluation reserve					(92,393)	92,393	-
<b>Balance as of September 30, 2018</b>	16,416,633	63,233	1,898,319	2,221,410	3,088,679	13,032,502	36,720,776
<b>Balance as of January 1, 2019/audited/</b>	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)
<b>Total Transactions with owners</b>	-	-	900,480	-	-	(1,750,861)	(850,381)
Profit for the period						3,868,088	3,868,088
Other comprehensive income for the period				(1,120,890)		1,138,702	17,812
<b>Total comprehensive income for the period</b>	-	-	-	(1,120,890)	-	5,006,790	3,885,900
Depreciation of revaluation reserve					(92,395)	92,395	-
<b>Balance as of September 30, 2019</b>	16,416,633	63,233	2,798,799	530,520	2,965,486	19,295,149	42,069,820

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

<b>In thousand Armenian drams</b>	<b>01/01/19-30/09/19</b>	<b>01/01/18-30/09/18</b>
<b>Cash flows from operating activities</b>		
Interest received	18,079,916	15,533,257
Interest paid	(8,314,521)	(6,056,922)
Fees and commissions received	2,281,045	1,904,185
Fees and commissions paid	(716,978)	(644,400)
Net income from securities at fair value through profit or loss	788,165	1,231,851
Other income received	739,216	458,417
Administrative expenses paid	(3,877,307)	(3,561,208)
Other operating expenses paid	(2,384,430)	(2,353,040)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>6,595,106</b>	<b>6,512,140</b>
<i>Net (increase)/decrease in operating assets</i>		
Securities at fair value through profit or loss	(120,877)	(872,935)
Amounts due from banks	506,682	6,213,297
Loans to customers	(13,934,367)	(16,252,862)
Repossessed assets	53,106	(355,809)
Other assets	(576,919)	(1,107,000)
<i>Net increase/(decrease) in operating liabilities</i>	-	-
Amounts due to banks	(9,945,364)	859,350
Amounts due to customers	18,886,546	(610,886)
Derivative financial liabilities	159,616	(69,339)
Other liabilities	(2,329,482)	444,933
<b>Net cash flows from operating activities before income tax</b>	<b>(705,953)</b>	<b>(5,239,111)</b>
Income tax paid	(1,038,455)	(741,242)
<b>Net cash from / (used in) operating activities</b>	<b>(1,744,408)</b>	<b>(5,980,353)</b>
<b>Net cash flow from investing activities</b>		
Purchase of Investments at fair value through other comprehensive income	(5,947,203)	(18,360,363)
Proceeds from sale of Investments at fair value through other comprehensive income	17,133,497	17,030,692
Purchase of investments before maturity	(328,544)	-
Purchase of intangible assets	(84,985)	(60,468)
Purchase of property and equipment	(616,513)	(719,898)
Proceeds from sale of property and equipment	2,332	4,829
<b>Net cash from / (used in) investing activities</b>	<b>10,158,584</b>	<b>(2,105,208)</b>
<b>Net cash flow from financing activities</b>		
Proceeds from issue of share capital	-	-
Proceeds from issued bonds	9,489,603	18,930,119
Proceeds from other borrowed funds	(7,572,502)	(8,240,515)
Repayment from other borrowed funds	5,575,967	4,847,958
Repayment of subordinated loans	(1,849,951)	(8,103,272)
Dividends paid to shareholders	(189,209)	(32,194)
<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>(570,350)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5,453,908</b>	<b>6,831,746</b>
Effect of exchange rates changes on cash and cash equivalents	<b>13,868,084</b>	<b>(1,253,815)</b>
Cash and cash equivalents, beginning	(420,128)	(500,046)
<b>Cash and cash equivalents, ending of period</b>	<b>40,470,858</b>	<b>39,842,049</b>
	<b>53,918,814</b>	<b>38,088,188</b>

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**The main economical normatives**

30 September 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	38,994,664	30,000,000	no violation
N1 Total capital/ Risk weighted assets	14.56%	12.00%	no violation
N2.1 High liquid assets/ Total assets	25.45%	15.00%	no violation
N2.11 High liquid assets/ Total assets for I group CCY	15.72%	4.00%	no violation
N2.2 High liquid assets/ Demand liabilities	84.50%	60.00%	no violation
N2.21 High liquid assets/ Demand liabilities for I group CCY	44.33%	10.00%	no violation
N3.1 Maximum risk on a single borrower	10.66%	20.00%	no violation
N3.2 Maximum risk on large-scale borrowers	15.76%	500.00%	no violation
N4.1 Maximum risk on bank related person	1.48%	5.00%	no violation
N4.2 Maximum risk on all bank related persons	9.06%	20.00%	no violation
Minimum requirement for obligatory reserves allocated with the CBA			
for AMD		2.00%	
for USD	X	4% in USD, 14% in AMD	
for EUR		4% in EUR, 14% in AMD	no violation
Foreign currency position /Total capital /with Derivatives/	0.12%	10.00%	no violation
Foreign currency position /Total capital	3.56%	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	0.02%	7.00%	no violation
other	X	X	no violation

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