

Consolidated Statement of comprehensive income

31 December 2019

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

In thousand Armenian drams	Notes	01/10/19- 31/12/19	01/01/19- 31/12/19	01/10/18- 31/12/18	01/01/18- 31/12/18
Interest revenue calculated using effective interest rate	24	6,291,169	23,965,984	5,689,193	21,013,954
Other interest revenue	24	54,951	127,397	24,322	100,724
Interest expense	24	(2,940,588)	(11,142,380)	(2,601,396)	(9,635,307)
Net interest income		3,405,532	12,951,001	3,112,119	11,479,371
Credit loss expense	25	(329,146)	(1,164,017)	268,783	(948,002)
Net interest income after credit loss expense		3,076,386	11,786,984	3,380,902	10,531,369
Fee and commission income	26	913,029	3,194,074	808,984	2,713,169
Fee and commission expense	26	(303,955)	(1,020,933)	(227,338)	(871,738)
Net trading income	27	305,285	1,093,450	307,293	1,539,144
Net gain(loss) from foreign currency translation		139,121	65,291	24,267	(313,262)
Gains less losses from investment securities available for sale		140,928	802,866	599,340	884,812
Other income	28	480,883	1,250,732	262,399	720,816
Non-interest income		1,675,291	5,385,480	1,774,945	4,672,941
Personnel expenses	29	(1,582,695)	(5,540,998)	(1,345,659)	(4,906,867)
Depreciation of property and equipment	11	(288,452)	(1,099,652)	(162,691)	(601,397)
Amortization of intangible assets	12	(18,589)	(74,203)	(17,756)	(61,780)
Other operating and administrative expenses	29	(913,720)	(3,253,254)	(1,075,353)	(3,428,404)
Non-interest expense		(2,803,456)	(9,968,107)	(2,601,459)	(8,998,448)
Profit before income tax expense		1,948,221	7,204,357	2,554,388	6,205,862
Profit tax expense	19	(392,295)	(1,780,343)	(576,954)	(1,310,591)
Profit for the period		1,555,926	5,424,014	1,977,434	4,895,271
Other comprehensive income					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Revaluation of buildings		1,358,121	1,358,121		
Gains/(losses) on equity instruments at fair value through other comprehensive income					
Income tax effect		(271,624)	(271,624)		
Total other comprehensive income not to be reclassified to profit or loss in subsequent periods		1,086,497	1,086,497	-	-
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		465,923	865,450	(232,809)	122,397
Realised (gains)/losses on investments at fair value through other comprehensive income reclassified to the statement of profit or loss		(140,928)	(802,866)	(599,340)	(884,812)
Income tax effect	19	(64,999)	215,224	151,747	152,483
Net other comprehensive income to be reclassified subsequently to profit or loss		259,996	277,808	(680,402)	(609,932)
Other comprehensive income for the year, net of tax		1,346,493	1,364,305	(680,402)	(609,932)
Total comprehensive income for the year		2,902,419	6,788,319	1,297,032	4,285,339

Approval date 14.01.20

Chief Executive Officer, Chairman of Executive Management

A. Hakobyan

Chief Accountant

D. Azatyan



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

In thousand Armenian drams	Notes	31/12/19	31/12/2018 /audited/
ASSETS			
Cash and cash equivalents	6	52,343,932	40,470,858
Investments at fair value through profit or loss	7	646,487	1,160,345
Amounts due from banks	8	11,737,257	5,212,487
Loans and advances to customers	9	226,678,839	196,282,332
Investments at fair value through other comprehensive income	10	20,326,218	18,356,454
Securities pledged under repurchase agreements	10	-	8,092,013
Property, plant and equipment	11	10,175,489	6,739,038
Intangible assets	12	337,260	296,331
Repossessed assets	13	2,023,928	1,977,614
Other assets	14	2,289,063	2,531,906
Total assets		326,558,473	281,119,378
LIABILITIES AND EQUITY			
Liabilities			
Amounts due to banks	15	6,717,884	13,963,370
Derivative financial liabilities	16	220,078	26,583
Amounts due to customers	17	222,172,144	187,214,116
Bonds issued by the Bank	18	19,920,288	16,653,444
Current income tax liabilities		522,946	199,430
Deferred income tax liabilities	19	1,261,850	938,233
Other borrowed funds	20	21,177,406	15,684,413
Lease liabilities	11	2,085,366	-
Subordinated debt	21	5,806,646	5,852,819
Provisions on contingent liabilities	22	41,851	70,056
Other liabilities	14	1,659,775	1,482,613
Total liabilities		281,586,234	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		4,021,187	3,057,881
Revaluation reserve for financial assets at FVOCI /		790,516	1,651,410
Retained earnings		20,881,871	15,946,825
Total equity		44,972,239	39,034,301
Total liabilities and equity		326,558,473	281,119,378

Approval date 14.01.20

Chief Executive Officer, Chairman of Executive Management

Chief Accountant



A. Hakobyan

D. Azatyan

Consolidated Statement of changes in equity

31 December 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						4,895,271	4,895,271
Other comprehensive income for the period				(609,932)	-		(609,932)
Total comprehensive income for the period	-	-	-	(609,932)	-	4,895,271	4,285,339
Depreciation of revaluation reserve					(123,191)	123,191	-
Balance as of December 31, 2018	16,416,633	63,233	1,898,319	1,651,410	3,057,881	15,946,825	39,034,301
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						5,424,014	5,424,014
Other comprehensive income for the period				(860,894)	1,086,497	1,138,702	1,364,305
Total comprehensive income for the period	-	-	-	(860,894)	1,086,497	6,562,716	6,788,319
Depreciation of revaluation reserve					(123,191)	123,191	-
Balance as of December 31, 2019	16,416,633	63,233	2,798,799	790,516	4,021,187	20,881,871	44,972,239

Approval date 14.01.20

Chief Executive Officer, Chairman of Executive Management

A. Hakobyan

Chief Accountant

D. Azatyan



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

In thousand Armenian drams	01/01/19-31/12/19	01/01/18-31/12/18
Cash flows from operating activities		
Interest received	23,772,817	21,169,444
Interest paid	(10,924,392)	(8,547,527)
Fees and commissions received	3,194,074	2,713,169
Fees and commissions paid	(1,020,933)	(871,738)
Net income from securities at fair value through profit or loss	1,093,450	1,519,121
Other income received	1,209,254	720,766
Administrative expenses paid	(5,390,980)	(4,779,790)
Other operating expenses paid	(3,311,992)	(3,464,277)
Cash flows from operating activities before changes in operating assets and liabilities	8,621,298	8,459,168
<i>Net (increase)/decrease in operating assets</i>		
Securities at fair value through profit or loss	513,858	(279,974)
Amounts due from banks	(6,695,015)	5,317,501
Loans to customers	(29,223,717)	(30,751,558)
Repossessed assets	(46,314)	475,452
Other assets	233,077	(483,322)
<i>Net increase/(decrease) in operating liabilities</i>		
Amounts due to banks	(7,354,876)	545,372
Amounts due to customers	34,041,993	9,515,901
Derivative financial liabilities	195,118	(43,252)
Other liabilities	(119,555)	18,713
Net cash flows from operating activities before income tax	165,867	(7,225,999)
Income tax paid	(1,037,994)	(1,676,849)
Net cash from / (used in) operating activities	(872,127)	(8,902,848)
Net cash flow from investing activities		
Purchase of Investments at fair value through other comprehensive income	(11,877,894)	(10,082,445)
Proceeds from sale of Investments at fair value through other comprehensive income	16,633,083	10,774,528
Purchase of investments before maturity	1,904,432	(2,325,199)
Purchase of intangible assets	(84,985)	(131,572)
Purchase of property and equipment	(828,706)	(1,225,342)
Proceeds from sale of property and equipment	2,847	6,380
Net cash from / (used in) investing activities	5,748,777	(2,983,650)
Net cash flow from financing activities		
Proceeds from issue of share capital	-	-
Proceeds from issued bonds	14,211,537	19,904,690
Proceeds from other borrowed funds	(10,818,447)	(9,215,087)
Repayment from other borrowed funds	8,192,272	6,520,883
Repayment of subordinated loans	(3,682,105)	(3,460,357)
Dividends paid to shareholders	(97,086)	-
Net cash from / (used in) financing activities	(850,381)	(570,350)
Net increase/(decrease) in cash and cash equivalents	6,955,790	13,179,779
Effect of exchange rates changes on cash and cash equivalents	11,832,440	1,293,281
Cash and cash equivalents, beginning	40,634	(664,472)
Cash and cash equivalents, ending of period	40,470,858	39,842,049
	52,343,932	40,470,858

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Chief Executive Officer, Chairman of Executive Management

A. Hakobyan

Chief Accountant



D. Azatyan

The main economical normatives

31 December 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	40,333,115	30,000,000	no violation
N1 Total capital/ Risk weighted assets	14.60%	12.00%	no violation
N2.1 High liquid assets/ Total assets	26.22%	15.00%	no violation
N2.11 High liquid assets/ Total assets for I group CCY	14.13%	4.00%	no violation
N2.2 High liquid assets/ Demand liabilities	88.58%	60.00%	no violation
N2.21 High liquid assets/ Demand liabilities for I group CCY	42.63%	10.00%	no violation
N3.1 Maximum risk on a single borrower	10.53%	20.00%	no violation
N3.2 Maximum risk on large-scale borrowers	10.53%	500.00%	no violation
N4.1 Maximum risk on bank related person	1.42%	5.00%	no violation
N4.2 Maximum risk on all bank related persons	9.04%	20.00%	no violation
Minimum requirement for obligatory reserves allocated with the CBA			
		2.00%	
for AMD			
for USD	X	6% in USD, 12% in AMD	
for EUR		6% in EUR, 12% in AMD	no violation
Foreign currency position /Total capital /with Derivatives/	0.81%	10.00%	no violation
Foreign currency position /Total capital	3.22%	10.00%	no violation
Foreign currency position by separate currencies			
for USD	X	7.00%	no violation
for EUR	0.13%	7.00%	no violation
for RUB	0.63%	7.00%	no violation
other	X	X	no violation

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