

Consolidated Statement of comprehensive income

June 30, 2022

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

In thousand Armenian drams	Notes	01/04/22-30/06/22	01/01/22-30/06/22	01/04/21-30/06/21	01/01/21-30/06/21
Interest revenue calculated using effective interest rate	24	7,230,464	14,216,723	6,561,236	13,026,070
Other interest revenue	24	23,702	45,479	23,884	50,542
Interest expense	24	(3,624,116)	(7,079,452)	(2,942,294)	(5,774,930)
<b>Net interest income</b>		<b>3,630,050</b>	<b>7,182,750</b>	<b>3,642,826</b>	<b>7,301,682</b>
Credit loss expense	25	370,343	23,372	(1,297,764)	(1,968,915)
<b>Net interest income after credit loss expense</b>		<b>4,000,393</b>	<b>7,206,122</b>	<b>2,345,062</b>	<b>5,332,767</b>
Fee and commission income	26	1,596,804	2,604,632	947,864	1,780,271
Fee and commission expense	26	(862,845)	(1,354,585)	(461,128)	(850,219)
Net trading income	27	5,203,982	6,096,630	575,127	801,131
Net gain(loss) from foreign currency translation		(1,218,490)	(1,449,896)	(769,462)	(673,732)
Gains less losses from investment securities available for sale		(45,539)	(38,319)	24,999	80,781
Other income	28	232,906	419,188	349,900	598,064
<b>Non-interest income</b>		<b>4,906,818</b>	<b>6,277,650</b>	<b>667,300</b>	<b>1,736,296</b>
Personnel expenses	29	(1,769,485)	(3,504,639)	(1,378,860)	(2,898,938)
Depreciation of property and equipment	11	(285,521)	(572,088)	(311,215)	(601,385)
Amortization of intangible assets	12	(15,574)	(29,513)	(13,411)	(26,684)
Other operating and administrative expenses	29	(987,185)	(1,892,432)	(1,089,155)	(2,017,624)
<b>Non-interest expense</b>		<b>(3,057,765)</b>	<b>(5,998,672)</b>	<b>(2,792,641)</b>	<b>(5,544,631)</b>
<b>Profit before income tax expense</b>		<b>5,849,446</b>	<b>7,485,100</b>	<b>219,721</b>	<b>1,524,432</b>
Profit tax expense	19	(1,393,836)	(1,774,098)	(156,981)	(435,845)
<b>Profit for the period</b>		<b>4,455,610</b>	<b>5,711,002</b>	<b>62,740</b>	<b>1,088,587</b>
<b>Other comprehensive income</b>					
<b>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		(744,837)	(1,278,045)	(266,326)	(123,171)
Realised (gains)/losses on investments at fair value through other comprehensive income reclassified to the statement of profit or loss		45,539	38,319	(24,999)	(80,781)
Changes in allowance for expected credit losses of debt instruments at fair value through other comprehensive income		5,558	3,659	18,572	26,002
Income tax effect	19	124,873	222,492	49,096	32,031
<b>Net other comprehensive income to be reclassified subsequently to profit or loss</b>		<b>(568,867)</b>	<b>(1,013,575)</b>	<b>(223,657)</b>	<b>(145,919)</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>(568,867)</b>	<b>(1,013,575)</b>	<b>(223,657)</b>	<b>(145,919)</b>
<b>Total comprehensive income for the year</b>		<b>3,886,743</b>	<b>4,697,427</b>	<b>(160,917)</b>	<b>942,668</b>

Approval date 14.07.22

Chief Executive Officer, Chairman of Executive Management

A. Grigoryan

Chief Accountant

D. Azatyan



**Consolidated Statement of financial position**  
June 30, 2022  
Converse Bank CSJC ,V. Sargsyan 26/1 st., Yerevan

In thousand Armenian drams	Notes	30/06/22	31/12/21
<b>ASSETS</b>			
Cash and cash equivalents	6	52,440,998	56,470,480
Trading securities	7	821,741	854,438
Amounts due from banks	8	37,413,453	21,813,642
Derivative financial assets	16	65,902	6,862
Loans and advances to customers	9	222,447,499	234,288,706
Investment securities	10	66,406,287	40,638,892
Investment securities pledged under repurchase agreements	10	-	9,509,290
Property, plant and equipment	11	8,136,531	8,202,522
Intangible assets	12	546,143	567,275
Repossessed assets	13	2,501,566	2,529,398
Prepayments on profit tax	19	-	-
Other assets	14	2,411,182	2,690,295
<b>Total assets</b>		<b>393,191,302</b>	<b>377,571,800</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Amounts due to banks	15	2,592,780	12,978,711
Derivative financial liabilities	16	402,671	48,311
Amounts due to customers	17	278,188,122	261,422,606
Bonds issued by the Bank	18	15,894,713	17,235,691
Income tax liabilities		1,291,446	699,521
Deferred income tax liabilities	19	880,632	904,643
Other borrowed funds	20	33,673,511	29,144,282
Lease liabilities	11	1,503,573	1,440,047
Subordinated debt	21	285,657	336,885
Provisions on contingent liabilities	22	161,016	149,784
Other liabilities	14	2,528,179	1,610,054
<b>Total liabilities</b>		<b>337,402,300</b>	<b>325,970,535</b>
<b>Equity</b>			
Share capital	23	19,947,633	19,947,633
Share premium		63,233	63,233
Statutory general reserve		8,848,182	3,848,182
Revaluation surplus for land and buildings		3,194,069	3,233,483
Revaluation reserve for financial assets at FVOCI		(2,183,647)	(1,170,072)
Retained earnings		25,919,532	25,678,806
<b>Total equity</b>		<b>55,789,002</b>	<b>51,601,265</b>
<b>Total liabilities and equity</b>		<b>393,191,302</b>	<b>377,571,800</b>

Approval date 14.07.22

Chief Executive Officer,  
Chairman of Executive Management

A. Grigoryan

Chief Accountant

D. Azatyan



**Consolidated Statement of changes in equity**

June 30, 2022

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, 2021/audited/</b>	<b>19,947,633</b>	<b>63,233</b>	<b>3,627,805</b>	<b>(328,381)</b>	<b>3,360,688</b>	<b>21,645,069</b>	<b>48,316,047</b>
Issue of share capital							-
Distribution to general reserve			220,377			(220,377)	-
Dividends to shareholders						-	-
<b>Total Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>220,377</b>	<b>-</b>	<b>-</b>	<b>(220,377)</b>	<b>-</b>
Profit for the period						1,088,587	<b>1,088,587</b>
Other comprehensive income for the period				(145,919)		-	<b>(145,919)</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(145,919)</b>	<b>-</b>	<b>1,088,587</b>	<b>942,668</b>
Depreciation of revaluation reserve					(63,603)	63,603	-
<b>Balance as of June 30, 2021</b>	<b>19,947,633</b>	<b>63,233</b>	<b>3,848,182</b>	<b>(474,300)</b>	<b>3,297,085</b>	<b>22,576,882</b>	<b>49,258,715</b>
<b>Balance as of January 1, 2022/audited/</b>	<b>19,947,633</b>	<b>63,233</b>	<b>3,848,182</b>	<b>(1,170,072)</b>	<b>3,233,483</b>	<b>25,678,806</b>	<b>51,601,265</b>
Issue of share capital							-
Distribution to general reserve			5,000,000			(5,000,000)	-
Dividends to shareholders						(509,690)	<b>(509,690)</b>
<b>Total Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>5,000,000</b>	<b>-</b>	<b>-</b>	<b>(5,509,690)</b>	<b>(509,690)</b>
Profit for the period						5,711,002	<b>5,711,002</b>
Other comprehensive income for the period				(1,013,575)		-	<b>(1,013,575)</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,013,575)</b>	<b>-</b>	<b>5,711,002</b>	<b>4,697,427</b>
Depreciation of revaluation reserve					(39,414)	39,414	-
<b>Balance as of June 30, 2022</b>	<b>19,947,633</b>	<b>63,233</b>	<b>8,848,182</b>	<b>(2,183,647)</b>	<b>3,194,069</b>	<b>25,919,532</b>	<b>55,789,002</b>

Approval date 14.07.22

Chief Executive Officer, Chairman of Executive Management

A. Grigoryan

Chief Accountant

D. Azatyan



**Consolidated Statement of cash flows**  
June 30, 2022  
Converse Bank CSJC ,V. Sargsyan 26/1 st., Yerevan

<b>In thousand Armenian drams</b>	<b>01/01/2022- 30/06/2022</b>	<b>01/01/2021- 30/06/2021</b>
<b>Cash flows from operating activities</b>		
Interest received	15,712,463	11,862,046
Interest paid	(8,196,059)	(4,085,807)
Fees and commissions received	2,604,631	1,780,271
Fees and commissions paid	(1,354,585)	(850,219)
Net trading income received	6,620,205	831,773
Other income received	388,878	614,744
Personnel expenses paid	(3,069,073)	(2,348,174)
Administrative and other operating expenses paid	(1,893,002)	(2,030,300)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>10,813,458</b>	<b>5,774,334</b>
<i>Net (increase)/decrease in operating assets</i>		
Trading securities	5,476	1,375
Amounts due from banks	(23,072,982)	(177,389)
Loans and advances to customers	(10,155,770)	(3,069,625)
Repossessed assets	270,452	191,448
Other assets	81,241	(280,918)
<i>Net increase/(decrease) in operating liabilities</i>	-	-
Amounts due to banks	(9,013,145)	19,969,987
Amounts due to customers	51,760,795	18,448,996
Derivative financial liabilities	(131,373)	67,916
Other liabilities	(19,188)	182,259
<b>Net cash flows from operating activities before income tax</b>	<b>20,538,964</b>	<b>41,108,383</b>
Income tax paid	(986,480)	2,839
<b>Net cash from / (used in) operating activities</b>	<b>19,552,484</b>	<b>41,111,222</b>
<b>Net cash flow from investing activities</b>		
Purchase of investment securities	(23,197,603)	(12,798,227)
Proceeds from sale and redemption of investment securities	3,668,627	3,885,974
Purchase of property and equipment	-	(844,263)
Proceeds from sale of property and equipment	336,769	(47,984)
Purchase of intangible assets	(8,382)	(56,245)
<b>Net cash from / (used in) investing activities</b>	<b>(19,200,589)</b>	<b>(9,860,745)</b>
<b>Net cash flow from financing activities</b>		
Proceeds from issue of share capital	-	-
Proceeds from debt securities issued	6,076,931	6,731,046
Redemption of debt securities issued	(5,715,100)	(11,176,046)
Proceeds from other borrowed funds	7,447,827	3,785,612
Repayment from other borrowed funds	(2,877,887)	(2,586,039)
Repayment of subordinated loans	-	-
Lease liabilities	(581,440)	(298,531)
<b>Net cash from / (used in) financing activities</b>	<b>4,350,331</b>	<b>(3,543,958)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,702,226</b>	<b>27,706,519</b>
Cash and cash equivalents at the beginning of the year	56,470,480	33,344,488
Effect of exchange rates changes on cash and cash equivalents	(8,739,227)	(2,397,306)
Effect of expected credit losses on cash and cash equivalents	7,519	(9,205)
<b>Cash and cash equivalents, ending of period</b>	<b>52,440,998</b>	<b>58,644,496</b>

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**The main economical normatives**

June 30, 2022

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	19,947,633	50,000	no violation	
Minimum total capital of the bank	46,655,298	30,000,000	no violation	
N1.1 Core capital/ Risk weighted assets	15.25%	9.00%	no violation	
N1.2 Total capital/ Risk weighted assets	15.72%	12.00%	no violation	
N2.1 High liquid assets/ Total assets	38.55%	15.00%	no violation	
N2.11 High liquid assets/ Total assets for I group CCY	32.52%	4.00%	no violation	
N2.2 High liquid assets/ Demand liabilities	110.09%	60.00%	no violation	
N2.21 High liquid assets/ Demand liabilities for I group CCY	71.62%	10.00%	no violation	
N23 High liquid assets/ Net cash outflow for all CCY	215.90%	100.00%	no violation	
N23(FX) High liquid assets/ Net cash outflow for I group CCY	249.00%	100.00%	no violation	
N24 Total Available Stable Funding/Total Required Stable Funding for all CCY	159.50%	100.00%	no violation	
N24(FX) Total Available Stable Funding/Total Required Stable Funding for I group CCY	152.40%	100.00%	no violation	
N3.1 Maximum risk on a single borrower	5.64%	20.00%	no violation	
N3.2 Maximum risk on large-scale borrowers	13.81%	500.00%	no violation	
N4.1 Maximum risk on bank related person	0.68%	5.00%	no violation	
N4.2 Maximum risk on all bank related persons	7.39%	20.00%	no violation	
N5.1 Maximum deviation of loan to value ratio(AMD)	0.00%	10.00%	no violation	
N5.2 Maximum deviation of loan to value ratio(Foreign currency)	2.52%	5.00%	no violation	
Minimum requirement for obligatory reserves allocated with the CBA				
		4.00%		
for AMD	X	10% in USD, 8% in AMD		
for USD		10% in EUR, 8% in AMD		
for EUR		AMD	no violation	
Foreign currency position /Total capital /with Derivatives/	3.56%	10.00%	no violation	
Foreign currency position /Total capital	3.71%	10.00%	no violation	
Foreign currency position by separate currencies				
	for USD	1.85%	7.00%	no violation
	for EUR	X	7.00%	no violation
	for RUB	0.54%	7.00%	no violation
	other	X	X	no violation

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