

PROGRAM PROSPECTUS SUPPLEMENT

**FOR BONDS ISSUED BY
CONVERSE BANK CLOSED JOINT STOCK COMPANY**

Yerevan 2022

PROGRAM PROSPECTUS

CONVERSE BANK CLOSED JOINT STOCK COMPANY

Issuer's trade name, organizational/legal form

26/1 Vazgen Sargsyan, Republic Square, 0010 Yerevan, Republic of Armenia

Tel. (+374 10) 511-200, (+374 10) 511-211

Email post@conversebank.am

Website www.conversebank.am

CONVERSE BANK CLOSED JOINT STOCK COMPANY

Main Issuer's name, organizational/legal form

26/1 Vazgen Sargsyan, Republic Square, 0010 Yerevan, Republic of Armenia

Tel. (+374 10) 511-200, (+374 10) 511-211

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Website www.conversebank.am

FILING OF THE PROSPECTUS WITH THE CENTRAL BANK OF ARMENIA SHALL BY NO MEANS CONFIRM THE SAFETY OF INVESTMENT, ACCURACY OR AUTHENTICITY OF INFORMATION.

Type of securities:	Registered, coupon bond
Form of security:	Dematerialized
Par value per security:	USD 100 (one hundred), AMD 50,000 (fifty thousand)
Total quantity of issue:	200,000 (two hundred thousand) with USD, 100,000 (one hundred thousand) with AMD
Total value of issue:	USD 20,000,000 (twenty million), AMD 5,000,000,000 (five billion)
Value per tranche:	To be determined by the Management Board for each tranche
Quantity per tranche:	Based on total value and par value per tranche
Annual coupon yield:	To be determined by the Management Board for each tranche
Flotation period:	To be determined by the Management Board for each tranche
Coupon payment frequency:	To be determined by the Management Board for each tranche
Form of issue:	Non-underwritten

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RESPONSIBLE PARTIES

We, the undersigned, assure that we have made all reasonable efforts to ascertain the accuracy and integrity of the included information. Therefore, we assure that to the best of our knowledge the information included in the Prospectus is accurate and integral and contains no omission that may misrepresent the substance of the Prospectus.

Signatories

Armen Ter-Tachatyan
Chairman of Board, Converse Bank CJSC

(date)

Arsen Gamaghelyan (Ter Hovel Archpriest)
Converse Bank CJSC Board Member

(date)

Arsen Gasparyan
Converse Bank CJSC Board Member

(date)

Daniel Guillermo Simonutti
Converse Bank CJSC Board Member

(date)

Marcelo Wende
Converse Bank CJSC Board Member

(date)

Andranik Grigoryan
CEO/Chairman of Executive Board
Converse Bank CJSC

(date)

Grant Akopian
Deputy CEO/Financial Director
Member of Executive Board
Converse Bank CJSC

(date)

Davit Azatyan
Head of Accounting Division/Chief Accountant
Member of Executive Board
Converse Bank CJSC

(date)

Artur Mkhitarian
Advisor to CEO
Member of Executive Board
Converse Bank CJSC

(date)

Vahe Dalyan
Risk Management Director
Member of Executive Board
Converse Bank CJSC

(date)

Sargs Khachatryan
Corporate Business Director
Member of Executive Board
Converse Bank CJSC

(date)

SECTION 1. SUMMARY

The Summary is viewed as the preamble to the Prospectus, and the investor's decision on investments in the offered securities is to be based on the whole Prospectus.

The parties responsible for development of the Summary bear civil liability for incomplete or misleading information (including the translation) contained in the Summary, where the latter is incomplete and misleading for review of the remaining sections of the Prospectus.

The investor can obtain the hard copies of the Prospectus and the supporting documents at the Head Office of the Bank, or the soft copies on the Bank's website: www.conversebank.am.

1.1 Brief Information about the Bank and Activities of the Bank

1.1.1 Bank Details and Contacts

The full firm name of the Bank is:

in Armenian «Վոնվերս Բանկ» փակ բաժնետիրական ընկերություն

in Russian закрытое акционерное общество “Конверс Банк”

in English “Converse Bank” closed joint-stock company.

The short firm name of the Bank is:

in Armenian «Վոնվերս Բանկ» ՓԲԸ

in Russian ЗАО “Конверс Банк”

in English “Converse Bank” CJSC.

The officially registered address of the Bank is:

26/1 Vazgen Sargsyan, Yerevan, Armenia.

State Registration # 57

Location:

26/1 Vazgen Sargsyan, Yerevan, Armenia.

Contacts:

Tel. (+374 10) 511-200, (+374 10) 511-211

Fax (374 10) 511-212

Email post@conversebank.am,

Website www.conversebank.am:

Country of incorporation: Republic of Armenia

Organizational/legal form: closed joint stock company (registered on 20.12.1993).

For questions relating to investments in bonds, please contact the respective specialists of the Treasury, Dealing and Financial Markets Division of Financial Department of the Bank: (+374 10) 511-273, 511-206, 511-248.

1.1.2. Foundation and History of the Bank

The Bank has conducted actual business since 1993 and has been active in the RA banking market for 25 years.

The Bank was registered with the Central Bank of Armenian in December 1993, and is the legal successor of North-Armenian joint stock bank.

The Bank was reorganized into Converse Bank closed joint stock company in 1997. The Bank was granted the banking license #97 by the Central Bank of Armenia. Converse Bank closed joint stock company was registered at 26/1, Vazgen Sargsyan, Republic Square, Yerevan, Armenia; and the Central Bank of Armenia (the CBA) was the registering authority.

The trade name and the logotype of the Bank are protected under the RA normative acts and are registered with the RA Patent Office (Trade Name Registration Resolution at 03.06.1999, registration #107913).

The logo of the Bank is:

The logo for Converse Bank features the word "Converse" in a blue sans-serif font and the word "Bank" in an orange sans-serif font, both in a bold, uppercase style.

The founder and major shareholder of the Bank is Advance Global Investments LLC.

1.1.3. Share Capital of the Bank

The Bank's share capital consists of ordinary and preference shares:

Advanced Global Investments LLC

Ownership: non-state

Type of share: 333 convertible preferred stocks at AMD 100 (one hundred) face value per share and ordinary stocks

Residency: non-resident

Equity participation: 72.89%

Haypost Trust Management B.V.

Ownership: non-state

Type of share: ordinary stocks

Residency: non-resident

Equity participation: 22.11%

Armenian Apostolic Church, represented by Mother See of Holy Etchmiadzin

Ownership: non-state

Type of share: ordinary stocks

Residency: resident

Equity participation: 5%

To date Converse Bank CJSC has issued and allocated 66,492 (sixty-six thousand four hundred and ninety-two) ordinary stocks, each at AMD 300,000 (three hundred thousand) par value, and 333 (three hundred and thirty-three) convertible preferred shares, each at AMD 100 (one hundred) par value, which form the share capital of the Bank.

1.1.4. Geographic Distribution

As of 31.12.2021, the Bank had 34 branches located in 9 regions of Armenia, Yerevan, and in Stepanakert, the capital of the Republic of Artsakh.

Geographical distribution of branches of the Bank

Regions and cities	Number of branches
Kotayk	5
Lori	1
Syunik	1
Shirak	3
Tavush	2
Armavir	3
Ararat	1
Aragatsotn	1
Gegharkunik	1
Yerevan	15
Stepanakert	1
Total	34

The list of branches is presented in Annex 5.

1.1.5. Position in Banking Sector (as of 31.12.2021)

As of 30.09.2022, based on the financial disclosures of banks, the Bank had the following position in the Armenian banking sector by financial results:

- 6th place by total assets (AMD 440.3 B or 5.7% of the system),
- 6th place by total liabilities (AMD 381.9 B or 5.87% of the system),
- 7th place by loan portfolio (AMD 222.8 B or 5.6% of the system)
- 5th place by liabilities to customers (AMD 320.4 B or 7.4% of the system),
- 7th place by net profit (AMD 10.1 B or 5.4% of the system),
- 6th place by total capital (AMD 58.4 B or 4.8% of the system).

1.1.6. Mission and Strategy of the Bank

Create added value for customers, shareholders and employees of the Bank and contribute to the improvement of their life quality by combining their interests.

The vision of the Bank is to become the 1st choice digital bank in Armenia.

The Bank has adopted the below values when offering services to customers:

- Customer-oriented business
- Excellence in servicing
- Transparency
- Mutual trust
- Integrity
- Novelty
- Reliability
- Responsibility

The Bank applies Corporate Values:

- Social and environmental responsibility
- Good name
- Professionalism

- Novelty
- Responsibility
- Teamwork
- Training and development
- Inspiration

Core strategic priorities of the Bank

Based on the shareholder and customer trust and equilibrium between risks, equity and profit, the Bank plans the following strategic priorities for 2022-2024:

1. Recovery of positions in the RA banking system by core financial indicators and enhancement of strong positions among the top 5 banks;
2. ROE at the rate set under the Bank's Strategic Plan;
3. Continuous improvement of efficiency and asset quality;
4. Net loans/Deposits + IFI and other funds + Bonds over 85% vs. 76% in 2021;

The strategic priorities of the Bank for the upcoming years

1. **Development of customer relations:** establishment of strong and deep partnership with retail and SME customers by turning into a single-stop financial and non-financial service provider and the main bank for payments and transfers due to the customer data collection and analysis capacity by turning it into a unique competitive advantage.
2. **Creation of best digital practice in the market:** use the best digital opportunities of the kind by creating the best integral practice for our customers.
3. **Transformation of internal culture:** create a corporate governance culture that will allow transformation and mobility. Develop ability for fast and effective adaptation to dynamic and challenging environment.

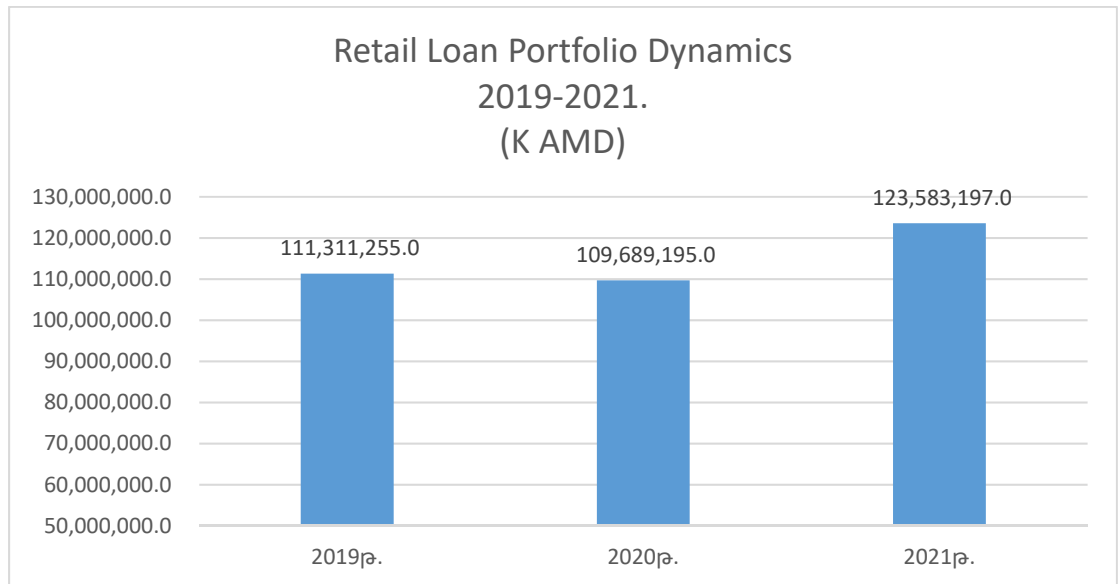
1.1.7. Business Profile

The below table illustrates the essential business directions of the Bank for 2022:

#	Business direction	Goal
1.	Retail business	Become the 1 st choice bank for the population of Armenia
2.	SME	Become a reliable partner and business community advocate in each stage of development
3.	Corporate banking	Become a strategic and reliable partner for customers
4.	Investment activity	Become a strategic adviser for customers

The Bank having a retail orientation and focusing on the development of services offered to individuals, at the same time based on the actual results of past years, views the retail loans as an essential business direction.

We view mortgage lending as the essential direction of retail business. Based on the 2021 results, the Bank has provided for a retail loan portfolio amounting to over AMD 124 B, which has increased by 13% vs. the past year.



Mortgage loans

Mortgage lending is one of the core businesses of the Bank. The Bank is among the leading banks by mortgage lending volumes and takes the 3rd place in the RA banking system. In the recent 3 years the Bank's loan portfolio has grown by more than AMD 17.3 B or above 39%.

The loans issued with program funds, as a rule being a standardized credit product, are offered by the banks almost on the same terms, and the growth of the Bank's loan portfolios within the program funds is quite important in such competitive environment, which made over 180% in the recent 3 years.

The expansion and development of digital banking services and digital transformations are essential for the development of retail business and will allow rendering multifunctional and target services to customers of various segments.

The payment card business is another core direction of retail business. Historically the card business is one of the main business directions of the Bank, and today the Bank is one of the market leaders both by the number of credit cards and by transactions and infrastructure due to the investments and efforts made year over year for the development and expansion of the card business. The Bank puts a special focus on the expansion of cashless payments, which is supported with a unique and long-standing Converse Points program, whereby points are accrued against the cashless purchases and exchanged with Gifts. To promote cashless purchases, the Bank cooperates intensively with Visa and MasterCard international payment organizations.

The toolkit introduced by the Bank for conclusion of card transactions, the ApplePay payments, the card tokenization, the contactless payment cards, the payment portal, the Card-to-Card system, etc. directly contribute to the enhancement of the Bank's positions in the card business. The Bank intends to strengthen its positions among the leading banks of Armenia in 2022.

SME development is one of the priority strategic directions of the Bank.

Within the scope of the Loan Agreement for USD 8 M concluded with the European Bank for Reconstruction and Development (EBRD) in January 2020, the Bank continued the SME financing campaign in 2021, in particular financing and banking services on preferential terms within the SME financing and Women In Business programs in cooperation with EBRD, and at the same time

SME financing campaign using the resources of KfW and the World Bank. The Bank intends to use an amount equivalent of USD 6 M for financing of MSME in Armenia, and an amount equivalent of USD 2 M for financing of women-led MSME within the scope of the EBRD Women In Business program. The EBRD financing has been of vital importance for the private sector in Armenia, since it has allowed us to increase the volume of business loans in local currency, thus supporting the development of small and medium businesses, especially the women-led businesses and their access to financial resources.

Corporate Banking

The Bank will place special focus and accent on corporate banking along with the SME lending as the pillar of retail banking. Such approach is attributable to 2 circumstances:

The accent on corporate banking will allow the Bank to provide comprehensive cross selling to corporate customers and as well to use the capacities of the broad network of corporate customers (suppliers/buyers) by offering them various banking services.

Investment Activity

The Bank prioritizes the investment banking services as well and will place it in the center of its strategic interests in the upcoming years taking into account the significant volume of investment component in the Bank's financial position (the share of investment portfolio (including repo deals) made 16.5%) and the expected preservation of the Bank's active positions in capital markets. The latter is also grounded on the fact that the impact of net income from investment activities has also increased considerably in the generation of operating profit, where its share has been over 20% in relatively stable financial years and can even absorb the losses generated from other business directions in the times of financial stress.

The Bank recorded essential progress in this area in 2021, in particular in several directions:

- The share of the Bank's acquisitions in the primary RA government debt market made 16%, and 19% in the secondary market, in total by executing transactions with bonds in AMD to the amount of AMD 125 B and bonds in EUR to the amount equivalent of AMD 5 B;
- The Bank executed transactions in the RA corporate debt market equivalent of about AMD 4.7 B, of which bonds in AMD made 40%;
- The Bank executed 477 customer orders for transactions equivalent of AMD 30 B, of which 8% in international capital markets and 6% with equity securities;
- The Bank was also active as a market maker in those markets both as the agent of the Ministry of Finance and as the market maker in the corporate debt market for the securities issued by the top 5 Armenian banks. This function provides essential liquidity and depth to the Armenian capital markets, which is the most important precondition for their development.

1.1.8. Strategy of the Bank

The Bank has positioned itself and operates in the RA banking system as a universal bank focusing on retail banking services as a priority by applying advanced digital technologies.

In the upcoming years, the Bank's business model will be based on the measures that will allow to:

- Extend and develop presentation features and toolkit for innovative products,
- Develop digital channels for offering of banking products and services,
- Use the Bank's branch network in various business directions for implementation of cross and complementary selling strategy,

- Develop new products and revise the existing products focused on the identification of customer needs and goals,
- Streamline the structure and the processes,
- Increase the competencies of the Bank employees.

1.1.9. Assets Quality

Asset adequacy: According to unaudited accounts, the Bank's net profit made AMD 4,126.9 M, and the ROE (net profit to average equity ratio) made 8.34% in 2021. The total capital to total assets ratio made 13.67%.

Asset quality: The Bank's gross loan portfolio made AMD 239.8 B as of December 31, 2021. Since 2016, the retail and corporate lending terms and processes have been continuously revised to make the credit facilities more competitive. Due to application of the latter and the Bank's market position and the full utilization of the lending potential, the planned growth in lending is quite realistic. At the same time a special focus is placed on the portfolio quality management. The loans are issued to the customers who meet the criteria set by the Bank.

Asset liquidity: The Bank intends to ensure sustainable and differentiated financial sources to provide for fast and cost-saving satisfaction of unexpected liquidity needs. The below table illustrates the CBA-set norms (average ratio of the final month in the reporting period).

Norms	CBA-set ratios	Actual ratio 30.09.2022	Actual ratio 2021	Actual ratio 2020	Actual ratio 2019
N ₂ ^{1*}	15%	45.81%	38.04%	30.35%	26.22%
N ₂ ^{2**}	60%	115.01%	105.50%	94.73%	88.58%

* Min ratio of high liquid assets to total assets

** Min ratio of high liquid assets to demand liabilities

1.2 Risk Relating to Issuer and Bonds

Risk assumption constitutes the integral part and the consequence of financial operations, and the investor has to take into account that investments in bonds involve certain risks related not only to the Issuer's financial status and business results (Issuer risk) but also to the situation in the financial market (market risk).

The adverse changes in the market can cause the Bank's default on obligations or the decline in the bond price or liquidity in the market. As the result of the aforementioned, the investor may lose the invested amount in whole or in part.

The potential investor prior to taking a decision on investments in the bonds has to be cautious and take into account the below stated risks and other information included in the Prospectus, as well as the own practice, goals, financial resources, risk appetite and expected income. Furthermore, the potential investor has to understand that the below listed risks do not cover all risks the Issuer may ever bear. The Issuer has revealed only those they consider essential. Presumably there might be additional risks, which the Issuer does not currently consider essential or which are not known at present, and any such risk can have the aforementioned effect and consequence.

Banking is exposed to a variety of financial risks. The major risks include the credit risk, the market risk, the liquidity risk, the inflation or purchasing power risk, the operational risk, the legal risk and the IT risks.

Strengthened competition due to market concentration: The banking industry is exposed to strong competition, which can have an adverse effect on the Issuer's business and financial results. At the point of development of the Prospectus, several banks were compatible with the Issuer, which further strengthened the competition in the banking sector. However, the Issuer is actively involved in all processes and secures its stable position in the industry.

Credit Risk: Banking assumes credit risk relating to the borrower's default on obligations, due where to the Bank can incur loss. The credit risk is the major risk of the Bank, therefore the Bank keeps the same under its special control. The details of nonperforming loans and assets of the Bank are presented in the attached financial statements and in page 40 of the Prospectus.

When purchasing the bonds of the Bank the investor assumes the potential risk of financial impairment, default of payment of principal and coupons and bankruptcy of the issuer.

Operational Risk: Operational risk is the probability of loss or direct loss arising from inadequate or inaccurate internal processes, human error, systems and external environment, which can have an adverse effect on the equity and profit of the Bank.

The details of banking risks (particularly relating to Converse Bank CJSC), and the measures taken by the Bank to prevent those risks and to minimize their adverse effect are specified in paragraph 3.2 below (page 36).

The investments in bonds offered under the Prospectus involve certain risks.

Market Risk: Market risk is the probability of fluctuation of future cash flows or the real value of financial instruments due to market variables (such as interest rates and exchange rates). Market Risk includes interest rate, price, exchange and equity instrument price risks. To mitigate the adverse impact of the particular risk on the Bank's financial results, the Risk Management Department has established the risk appetite amount and has developed market risk limits, and provides continuous control over their compliance.

Exchange Risk: Exchange risk occurs when issuing bonds with foreign currency. Though the Issuer implements well-balanced and low risk policy for management of the foreign exchange gap of the assets and liabilities, nonetheless the possible essential depreciation of the AMD exchange rate may have an adverse effect on the financial ratios of the Bank.

Furthermore, upon USD depreciation, the investor having acquired bonds with USD will make

certain loss. When making exchange for investment in bonds, the investor has to also take into account that their income might be less than expected due to unfavorable fluctuation of exchange rate.

Interest Rate Risk: The volatility of interest rates in the Armenian financial market may adversely affect the bond yield and the liquidity rates. Increase of interest rates in the market may also force the Issuer to revise (raise) the bond yield, which will in turn cause the decline or rise of price.

Purchasing Power Risk: The investors have to assume that the actual income receivable by them can be smaller (at the rate of inflation) than the registered coupon yield offered by the Issuer due to inflationary pressures.

Reinvestment Risk: The investors purchasing bonds to be held to maturity have to assume the reinvestment risk; i.e. the risk of inability to reinvest the proceeds from regular coupon payments or the principal payment at least at the same rate of yield.

Liquidity Risk: Liquidity risk may arise from abrupt change in the market situation or the impairment of the Bank's financial status. The Issuer has an action plan for securing the liquidity of bonds (regular coupon payments, competitive yield, listing and permission to trade on regulated market, market maker contracts), nonetheless the Issuer cannot guarantee that the bonds can be sold in the secondary market at any point or at the preferable price.

Geopolitical Risk: The unfavorable changes in geopolitical, regional and in-country political situation may arise negative factors that can affect adversely on the general macroeconomic situation, which in turn can increase the share of nonperforming loans, add the provisioning costs and decrease the Bank's profit.

Regulatory Changes: The Issuer conducts business in one of the regulated industries of the Armenian economy. The regulatory changes may have positive or negative impact on the Bank's business and financial results. Additional risk evaluation principles may be applied in the upcoming years with an intention to strengthen the risk management system of the Bank. Further details on risks relating to the offered bonds are specified in below paragraph 2.1 (page 23).

Bond rating downgrade risk: All other things being equal, the bond price depends directly on the Issuer's and/or bond risk rating (Moody's). The bond price usually drops due to the rating downgrade.

1.3 Business and Financial Development Trends of the Bank

Converse Bank CJSC is one of the leading banks in Armenia. One of the basic goals of the Bank is the continuous and reliable allocation of capital and as well the timely and quality banking services to its customers. The well-balanced policy of the Bank is the guarantee of stability and good financial-economic results.

Among the priority trends, the Bank considers application of new banking technologies, reliable allocation of resident and nonresident customers' capital and offering and rendering the latter of comprehensive banking services. As a foremost and prospective route for expansion of banking services, the Bank views the remote banking, accessibility of 24/7 service to the best extent possible through both remote banking and the Bank's self-service machines by upgrading the technological base.

The Bank places a special focus on high class and quality customer service and organizes regular trainings for the personnel to improve their performance and to streamline the servicing period. The high professionalism of the personnel allows the Bank to promptly respond to the changes in the market infrastructure, concentrate and use the funds in more prospective areas.

The personnel has increased over the years together with the development and expansion of the business. As of 31.12.2021, the total number of employees amounted to 875 (including those in maternity leave).

Based on the Bank's mission and medium-term objectives, shareholders stance, goals, strengths and weaknesses, opportunities and threats, the goal of the Bank for the upcoming years implies large scale digital transformation in all business sectors and creation of digital eco system that should be reflected in both qualitative and quantitative expansion of digital services rendered to customers, as well as by improving, streamlining and upgrading the internal processes of the Bank due to implementation of technological toolkit and solutions, which will ensure new fundamental and stable grounds and preconditions for the qualitative development of the Bank in short- and long-term perspective.

The new business model is grounded on the "Digital as a priority" ideology, within the scope of which the Bank assumes a strategic obligation to be consistent in the sale of products and services through various sales channels (website, mobile application, ATMs, terminals, social platforms and branches).

To implement the aforementioned, the Bank has already undertaken systemic changes relating to the transformation of processes and the revision of terms of all products and services.

Based on the Bank's mission and medium-term objectives, shareholders stance, goals, strengths and weaknesses, opportunities and threats, the Bank sets the following key objectives and goals for 2022.

1. The Bank intends to retain its loan portfolio share in the market as a minimum goal for 2022;
2. The efficient NPL portfolio management taking into account the financial-economic situation due to the consequences of COVID-19 pandemic and the 2nd Artsakh war of the previous years;
3. Expansion and development of digital banking, digital transformations to digital platforms and channels, in particular to the online payments platform, development of updated Converse Mobile application, digitalization of the Bank operations;
4. In the financial market
 - Expand the cooperation with international financial institutions
 - Issuance of bonds by the Bank: the Bank plans to issue and allocate bonds denominated in AMD and USD at least to the amount of AMD 4 B and USD 15 M accordingly
5. Provision of ROE at the rate set under the Strategic Plan of the Bank;
6. Improvement of customer service quality, implementation of various projects and actions for the improvement of customer service quality, specifically training of the front office personnel in customer service standards and auditing.

The below Table provides a brief picture of the business results of the Bank.

K AMD

ITEM	30/09/22 (unaudited)	31/12/21 (unaudited)	31/12/20 (audited)	31/12/19 (audited)
ASSETS	440,308,539	377,571,800	332,436,914	325,628,525
LIABILITIES	381,939,039	325,970,535	284,120,867	281,387,217
EQUITY	58,369,500	51,601,265	48,316,047	44,241,308
Net interest income	11,456,271	14,389,814	14,030,128	12,952,792
Operating income (including net commission fees)	22,829,252	19,286,804	19,064,113	18,132,836
Pre-tax profit/(loss)	12,851,097	5,355,031	3,310,101	6,961,172
After-tax profit/(loss)	10,096,827	4,126,909	2,779,204	5,452,137
ROA, %	3.34%	1.15%	0.85%	1.84%
ROE, %	24.68%	8.34%	5.85%	13.19%

1.4 Auditors of the Bank

In 2015-2021, the external auditor of the Bank was Ernst & Young CJSC: address: Office 27, 1 North Avenue; tel. (+374 10) 500-790, fax (+374 10) 500-706, website www.ey.com/am. Hakob Sargsyan is the general director of the company.

The goal of the audit is to obtain sufficient guarantees that the financial statements are free of essential inaccuracies.

No case of refusal from work, re-election or dismissal by the auditor of the Issuer has occurred within 3 years prior to the date of filing of the Prospectus.

1.5 Management Authorities of the Bank

1.5.1. Shareholders of the Bank

Advanced Global Investments LLC

Ownership: non-state

Type of share: 333 convertible preferred stocks at AMD 100 (one hundred) face value per share and ordinary stocks

Residency: non-resident

Equity participation: 72.89% of ordinary stocks

Haypost Trust Management B.V.

Ownership: non-state

Type of share: ordinary stocks

Residency: non-resident

Equity participation: 22.11% of ordinary stocks

Armenian Apostolic Church, represented by Mother See of Holy Etchmiadzin

Ownership: non-state

Type of share: ordinary stocks

Residency: resident

Equity participation: 5% of ordinary stocks

To date Converse Bank CJSC has issued and allocated 66,492 (sixty-six thousand four hundred and ninety-two) ordinary stocks, each at AMD 300,000 (three hundred thousand) par value, and 333 (three hundred and thirty-three) convertible preferred shares, each at AMD 100 (one hundred) par value, which generate the share capital of the Bank.

Due to the organizational form of the Bank, the shares of the Bank are not traded on the regulated market. The shares of the Bank are issued termless.

1.5.2. Managerial authorities of the Bank

The Charter of the Bank establishes the following management authorities:

- General Shareholder Meeting (the Meeting),
- Board,
- Executive Authority: CEO and Executive Board.

The Board consists of five members.

#	Name	Position
1	Armen Ter-Tachatyan	Chairman of Board
2	Arsen Gamaghelyan (Ter Hovel Archpriest)	Board Member
3	Daniel Guillermo Simonutti	Board Member
4	Arsen Gasparyan	Board Member
5	Marcelo Wende	Board Member

The Executive Board consists of eight members.

#	Name	Position
1	Andranik Grigoryan	CEO/Chairman of Executive Board
2	Grant Akopian	Financial Director/Deputy CEO, member of Executive Board
3	Davit Azatyan	Chief Accountant, member of Executive Board
4	Artur Mkhitarian	Operations Director, member of Executive Board
5	Vahe Dalyan	Risk Management Director, member of Executive Board
6	Benjamin Tadevosyan	IT & Digitization Director, member of Executive Board
8	Sargis Khachatryan	Corporate Banking Director, member of Executive Board

1.6. Basic Statistical Data of Bonds Offered by the Bank

The bonds issued by Converse Bank CJSC (the Bank) are registered, dematerialized, coupon, medium-term and are to be placed with 3 and more tranche. The placement of the final tranche of bonds will complete no later than within 1 year from approval of the Prospectus by the CBA.

The issued bonds are placed and redeemed with USD for USD bonds, and with AMD for AMD bonds. The payment against the coupons of USD and AMD bonds is made with AMD.

Par value per security:	USD 100 (one hundred) AMD 50,000 (fifty thousand)
Total quantity of issue:	200,000 (two hundred thousand) with USD, 100,000 (one hundred thousand) with AMD
Total value of issue:	USD 20,000,000 (twenty million), AMD 5,000,000,000 (five billion)
Value per tranche:	To be determined by the Management Board for each tranche
Quantity per tranche:	Based on total value and par value per tranche
Annual coupon yield:	To be determined by the Management Board for each tranche
Flotation period:	To be determined by the Management Board for each tranche
Coupon payment frequency:	To be determined by the Management Board for each tranche
Form of issue:	Non-underwritten

The final terms of issuance, placement, trading and redemption of bonds are to be determined by the Management Board for each tranche.

The final terms and conditions for each issue of bonds are filed with the CBA and posted on the Bank's website www.conversebank.am at least 2 (two) days before issuance.

Early redemption of bonds is not planned.

The bonds issued by the Bank are unsecured.

With this issue the Bank intends to expand and to diversify the base of potential customers, to introduce the potential investors to the Bank's investment instruments on the Armenia Securities Exchange OJSC trading floor, and to disseminate the information about the Bank's credit risk to the broadest range of investors possible. The cash flows from placement of bonds will be an additional resource to expand the volumes of loans issued by the Bank.

1.7. Details of Bond Offering

1.7.1. Outline of Bond Issuance Process

The Issuer's bonds will not be offered for subscription.

The starting and end dates of each tranche are to be determined by the Management Board.

To acquire bonds, the investors have to complete in due form the respective buy orders (legal entities based on Annex 1, and individuals based on Annex 2) and file the latter with the Bank, make the respective payment, whereby they will confirm the acceptance of the bond issuance terms.

The bond buyer has to have a USD account (for USD bonds) and an AMD account (irrespective of the currency of the issued bond to be purchased) with any bank, and securities account with any Account Operator.

The investor in bonds can earn income from:

- Interest on bonds,
- Capital gain.

The yield on bonds issued by the Bank is taxable for profit tax (for legal entities) and income tax (for individuals) in compliance with the RA Taxation Code. See the taxation details in paragraph 2.3 (M) below, page 28.

1.7.2. Payment procedure

The buyers of the bonds have to make the payments on the day of submission to the Bank of the buy order in due form (whereby they will confirm the acceptance of terms of issue), no later than 16:30, through cash payment or transfer onto the special transit accounts opened with the Bank #1930043129906501 (for USD bonds) and #1930043123398600 (for AMD bonds). The amount payable for the bonds is calculated by the below formula (page 20), by multiplying the price per bond at the particular date of placement by the number of purchased bonds; furthermore, where the buy order was placed and the respective amount was paid by 16:30 of the particular day, the price of the bond is determined at the particular date. The amount of payment for the buy order placed and/or effected after 16:30 is determined at the price of the bond at the following business day.

1.7.3. Bond Price Calculation Formula

$$DP = \frac{C}{f} \sum_{t=1}^N \frac{1}{\left(1 + \frac{y}{100 * f}\right)^{t-1+\tau}} + \frac{100}{\left(1 + \frac{y}{100 * f}\right)^{N-1+\tau}}$$

where

$$\tau = \frac{DSN}{DCC}$$

DP is the price of bond (is rounded after the decimal point by 4 digit accuracy, based on the arithmetical rounding rules),

DSN is the number of days left from the day of deal through the subsequent payment of coupon, upon respective conditionality

DCC is the number of days from the coupon payment day preceding the deal through the coupon payment succeeding the deal, upon respective conditionality

f is the number of coupons paid in 1 year, frequency

N is the number of coupon payments left at the point of calculation,

C is the annual coupon against 100 unit par value,

y is the yield to maturity.

The value per tranche is determined by the Board based on the market demand.

The Bank undertakes to publish the bond price of each issue throughout the placement on its website: www.conversebank.am.

The coupon payable for the bond is calculated with the periodicity established by the Board per issue, on the respective day of each nth month following the starting day of placement.

The coupon payable for the bond is calculated by the following formula.

$$AI = FV \times \frac{C}{k} \times \frac{DCS}{DCC}$$

where

AI is the accumulated coupon income,

FV is the face value per bond,

C is the annual nominal interest rate of coupon,

k is the number of coupons payable annually, frequency (upon semiannual payment of coupons k=2).

The conditionality of calculation of days for the Issuer's bonds is deemed Actual/Actual; furthermore:

DCS is the number of days between the starting date of coupon redemption/coupon accumulation preceding the day of the deal and the day of the deal, upon the respective conditionality [D2M2Y2-D1M1Y1],

DCC is the number of days in coupon cycle upon the respective conditionality [D3M3Y3-D1M1Y1],

D1M1Y1 is the date of coupon redemption/start of coupon accumulation preceding the date of the deal,

D2M2Y2 is the date of the deal,

D3M3Y3 is the date of coupon redemption/par value redemption succeeding the date of the deal.

The annual coupon interest rate payable for each tranche is to be determined by the Board.

1.8. Maintenance of Bond Registry

The Bond Register will be maintained by the Central Depository of Armenia OJSC (Erebuni Plaza 5th floor, 26/1 Vazgen Sargsyan, 0010 Yerevan, Armenia), tel. (+374) 60 615555, in compliance with the rules and regulations of the Central Depository of Armenia OJSC. ARMBROK OJSC is the account operator.

1.9. Other Essential Information

Under the RA Law on GUARANTEE OF REMUNERATION OF BANK DEPOSITS OF PHYSICAL ENTITIES, Article 2.1(c), the funds attracted with registered securities issued by the Bank are deemed a bank deposit. Therefore, the investments of individuals, including the sole proprietors in the registered bonds issued by the Bank, as well as the earned interests are guaranteed to the same amount and in the same order as the deposits.

The Bank pays the coupon sum to the bondholders on the coupon calculation day. Where the coupon calculation day is a non-business day, the payment day is deemed the first business day following the particular day. The coupon payments are made with AMD. For USD bonds, the coupon is calculated at the average USD/AMD market exchange rate published by the CBA on the day preceding the coupon calculation.

1.10. Brief Financial Info

The annual and quarterly financial statements and the financial ratio calculation formulae are presented in Annexes 6 and 7.

K AMD

Indicator	30/09/2022 (unaudited)	31/12/21 (unaudited)	31/12/20 (audited)	31/12/19 (audited)
Net profit after profit tax deduction	10,096,827	4,126,909	2,779,204	5,452,137
Average equity	54,542,929	49,500,475	47,468,992	41,341,141
ROE, %	24.68%	8.34%	5.85%	13.19%
Net profit after profit tax deduction	10,096,827	4,126,909	2,779,204	5,452,137
Average total assets	403,212,106	359,146,407	326,369,260	296,473,325
ROA, %	3.34%	1.15%	0.85%	1.84%
Net profit after profit tax deduction	10,096,827	4,126,909	2,779,204	5,452,137
Operating income	22,829,252	19,286,804	19,064,113	18,132,836
Net profit margin (NPM), %	44.23%	21.40%	14.58%	30.07%
Operating income	22,829,252	19,286,804	19,064,113	18,132,836
Average total assets	403,212,106	359,146,407	326,369,260	296,473,325
Assets utilization ratio (AU), %	7.55%	5.37%	5.84%	6.12%
Average total assets	403,212,106	359,146,407	326,369,259	296,473,325
Average equity	54,542,929	49,500,475	47,468,992	41,341,141
Equity multiplier (EM)	7.39	7.26	6.88	7.17
Net interest income	11,456,271	14,389,814	14,030,128	12,952,792
Average earning assets	327,404,254	293,434,485	272,207,818	237,940,521
Net interest margin (NIM)	0.05	0.05	0.05	0.05
Interest income	22,031,449	26,602,293	25,603,960	24,093,381
Average earning assets	327,404,254	293,434,485	272,207,818	237,940,521
Yield on earning assets	0.09	0.09	0.09	0.10
Interest expense	10,575,178	12,212,479	11,573,832	11,140,589
Liabilities involving interest expense	376,906,851	322,606,533	281,841,773	278,081,009
Costs of liabilities involving interest expense	0.04	0.04	0.04	0.04
Net profit after profit tax deduction	10,096,827	4,126,909	2,779,204	5,452,137
Average weighted number of shares	66492	66,492	63340	54,722
Earnings per share (EPS)	202.47	62.07	43.88	99.51
Spread	0.05	0.05	0.05	0.06

NOTICE TO INVESTOR

THE SUMMARY IS TO BE VIEWED AS THE PREAMBLE TO THE PROSPECTUS. THE INVESTOR'S DECISION ON INVESTMENTS IN THE OFFERED SECURITIES IS TO BE BASED ON THE WHOLE PROSPECTUS.

THE PARTY RESPONSIBLE FOR DEVELOPMENT OF THE SUMMARY BEARS CIVIL LIABILITY FOR INCOMPLETE OR MISLEADING INFORMATION (INCLUDING THE TRANSLATION) CONTAINED IN THE SUMMARY, WHERE THE LATTER IS INCOMPLETE AND MISLEADING FOR REVIEW OF THE REMAINING SECTIONS OF THE PROSPECTUS.

SECTION 3. INFORMATION ABOUT THE BANK

3.2. Risk Factors

The below table illustrates the credit quality for asset classes based on the rating system of the Bank.

<i>September 30, 2022</i>	<i>Note</i>		<i>High class</i>	<i>Standard class</i>	<i>Substandard class</i>	<i>Impaired</i>	<i>Total</i>
Money and equivalent (without cash)	6	Stage 1	2,027,274	52,983,978	-	-	55,011,252
Claims to banks	8	Stage 1	534,740	40,377,934	-	-	40,912,674
Loans to customers at depreciated value	11						
- SME loans		Stage 1	124,324	26,103,311	-	-	26,227,636
		Stage 2	-	-	969,411	-	969,411
		Stage 3	-	-	-	2,894,964	2,894,964
- Corporate loans		Stage 1	29,202,683	38,900,081	-	-	68,102,764
		Stage 2	-	-	180,112	-	180,112
		Stage 3	-	-	-	5,226,053	5,226,053
- Consumer loans		Stage 1	1,730,416	35,222,717	-	-	36,953,133
		Stage 2	-	-	1,377,758	-	1,377,758
		Stage 3	-	-	-	1,776,939	1,776,939
- Mortgage loans		Stage 1	-	62,615,957	-	-	62,615,957
		Stage 2	-	-	2,406,113	-	2,406,113
		Stage 3	-	-	-	1,468,461	1,468,461
- Gold-based loans		Stage 1	-	16,752,614	-	-	16,752,614
		Stage 2	-	-	404,216	-	404,216
		Stage 3	-	-	-	181,867	181,867
Debt securities	10		-				
- Measured at fair value through other comprehensive income		Stage 1	-	75,656,945	-	-	75,656,945
- Measured at depreciation value		Stage 1	-	14,252,071	0	0	14,252,071
Debt securities pledged under repurchase agreements	10		-	1,004,259			1,004,259
Unused credit lines	22	Stage 1	-	14,524,453	-	-	14,524,453
Letters of credit	22	Stage 1	-	806,473	-	-	806,473
Financial guarantees	22	Stage 1	-	6,768,933	-	-	6,768,933
Total			33,619,438	385,969,725	5,337,610	11,548,283	436,475,056

The liquidity ratios at 2020, 2021 and 30.09.2022

Liquidity Ratios as of December 31	30/09.2022, %	31/12/2021, %	31/12/2020, %
N21 – Total liquidity (quick assets/total assets)	45.81%	38.04%	30.35%
N22 – Current liquidity (quick assets/demand liabilities)	115.01%	105.50%	94.73%

3.8 Managerial Authorities and Members of Managerial Authorities of the Bank

3.8.1 Organizational Structure and Rights and Responsibilities of Managerial Authorities

Grant Akopian
Financial Director/Deputy CEO
Member of Executive Board

Davit Azatyan
Chief Accountant
Member of Executive Board

Vahe Dalyan
Risk Management Director
Member of Executive Board

Sargis Khachatryan
Corporate Banking Director
Member of Executive Board

Artur Mkhitarian
Operations Director
Member of Executive Board

A. Mkhitarian was born on November 29, 1973.

In 1990-1995 he studied at the Yerevan State Institute of architecture and construction, getting the qualification of an engineer-economist.

In 1996-1999 he studied at the Institute of Economic Research of the Ministry of Finance of the Republic of Armenia.

On August 16, 2021 A. Mkhitarian joined the Converse Bank team.

In 1995 he started his career at Gladzorbank CJSC as an employee of the Treasury, later in 1997 he was appointed as the Head of the Foreign Exchange Operations Department.

In 1999-2000 he worked at HSBC Bank Armenia CJSC as an employee of the Financial Control Department, Treasury Service, later, in 2000-2004 he worked as a dealer at the Treasury of the same bank, in 2005-2006 as a Customer Service Manager, and in 2006-2008 as the head of Credit Operations Department.

In 2008-2014 he worked at Converse Bank CJSC as the Director of Risk Management Department (March 2008-June 2008), later in 2008-2009 as the Head of Corporate Lending Department, in 2009-2011 as the Head of Credit Operations Department, and in 2011-2014 as the Head of Facility Development Department.

In March-December 2014 he was a member of the Board of Artsakhbank CJSC, later in 2015 - 2017 was appointed as the CEO of the same bank.

In 2018-2019 he worked in Ardshinbank CJSC as the Head of Remote Banking Services Department.

In 2019-2021 A. Mkhitarian was the director of Easy Pay LLC.

He is fluent in Russian, English and Armenian.

He has three children.

Beniamin Tadevosyan
IT & Digitization Director
Member of Executive Board

Beniamin Tadevosyan was born on November 28, 1973.

From 1990 to 1994 he studied at the Armenian State University of Economics, getting the

qualification of an economist.

From 1994 to 1999 he successfully passed the postgraduate course at Armenian State University of Economics.

B. Tadevosyan joined the team of Converse Bank CJSC on 25.04.2022.

He started his career at ArmEconBank OJSC in 2000 as the head of the Card Service and New Technologies Department.

In 2001-2008 he worked as the head of the Payment Card Service Department at Converse Bank CJSC.

From 2008 to 2018 he worked at Ameriabank CJSC as the head of the Information Technology and Automation Department.

In 2018-2021 he was the director at PayX LLC.

From February to December 2021, he worked at VTB Armenia Bank CJSC as the director of the Information Technology Department. He is fluent in Russian, English, Armenian languages.

He has three children.

3.8.2. Information on Parties Involved in Management of Issuer

Name	Position	Place of residence (address)	Specialty	Office held in recent 3 years, including combined jobs
Armen Ter-Tachatyan	Chairman of Board	120 -10 Chekhov street, Yerevan	Lawyer	TER-TACHATYAN Legal and Business Consulting CJSC, Shareholder/Director Converse Bank CJSC, Chairman of Board
Arsen Gamaghelyan (Ter Hovel Archpriest)	Board Member	28-15 Zvartnots	Clergyman	Mother See of Holy Etchmiadzin, Priest, Accountant of Financial Unit Converse Bank CJSC, Board member
Daniel Guillermo Simonutti	Board Member	5663-GA1 Honduras Buenos Aires	Accountant	CFO of American International Airports (AIA), the controlling corporation of the concessionaire companies of Zvartnots International Airport, Yerevan, Republic of Armenia and Carrasco International Airport, Montevideo, Republic of Uruguay Converse Bank CJSC, Board member
Arsen Gasparyan	Board Member	7/1 Arghutyun street, Yerevan	Ph.D. in Political Science	September 2019 to date Yerevan Branch of Lomonosov Moscow State University; January 2021 to date American University of Armenia; Converse Bank CJSC Board member since September 2022

Marcelo Wende	Board member	48 apt. 10 V. Sargsyan, Yerevan		TANGO CJSC Director TIERRAS DE ARMENI CHSC Director Armenia International Airports CJSC, General Manager until October 2019 Converse Bank CJSC Board member
Andranik Grigoryan	CEO, Chairman of Executive Board	25 apt. 3 Sasna Tsrsr, Yerevan	Economist	CEO/Chairman of Executive Management Converse Bank CJSC Financial System Regulation and Stability Director, CBA 2019-Dec 2022 member of Executive Committee, CBA
Davit Azatyan	Chief Accountant, Member of Executive Board	11, 3 Ujan, Ashtarak	Engineer	Head of Accounting Department/Chief Accountant Converse Bank CJSC
Grant Akopian	Financial Director / Deputy CEO, Member of Executive Board	45-9 Aygestan, Yerevan	Economist	Financial Director; Deputy CEO/Financial Director since 01.08.2019 Converse Bank CJSC ; 2008-2019 Member of Board Haypost CJSC
Vahe Dalyan	Risk Management Director, Member of Executive Board	8/12, 2 nd Lane Sose, Yerevan	Radio- engineer, Financier	Risk Management Director Converse Bank CJSC
Artur Mkhitarian	Operations Director Member of Executive Board	6-14 Shovroyan, Yerevan	General Economy	2019-2021 Firector of EasyPay; Advisor to Management of Converse Bank CJSC; Operations & Services Director of Converse Bank CJSC; Operations Director of Converse Bank CJSC
Benjamin Tadevosyan	IT & Digitization Director Member of Executive Board	122, Mush district, Yerevan	Finances and Loans	2018-2021 Director at PayX LLC; February-December 2021 Director of IT Department, VTB Armenia Bank CJSC; IT Director of Converse Bank CJSC; IT & Digitization Director of Converse Bank CJSC
Sargis Khachatryan	Corporate Banking Director Member of Executive Board	69-105 Sherami, Yerevan	Economist	Deputy Corporate Business Director/Head of Large Business Finance Division Corporate Business Director Converse Bank CJSC
Karen Ghahramanyan	Head of Internal Audit	103-2 Guy, Yerevan	Economist	Internal Audit Director Armbusinessbank CJSC

3.10 Assets and Liabilities, Financial Status, Profit and Loss of the Bank

Financial Statements of Converse Bank CJSC for all years were developed based on the International Financial Reporting Standards.

The annual financial statements verified by the Internal Audit and the external audit reports are presented in Annex 7 hereto.

The below table illustrates the financial results and the annual ROA of Converse Bank CJSC.

K AMD				
NAME	30/09/22 (unaudited)	31/12/21 (unaudited)	31/12/20 (audited)	31/12/19 (audited)
ASSETS	440,308,539	377,571,800	332,436,914	325,628,525
LIABILITIES	381,939,039	325,970,535	284,120,867	281,387,217
EQUITY	58,369,500	51,601,265	48,316,047	44,241,308
Net interest income	11,456,271	14,389,814	14,030,128	12,952,792
Operating income (including net commission fees)	22,829,252	19,286,804	19,064,113	18,132,836
Pre-tax profit/(loss)	12,851,097	5,355,031	3,310,101	6,961,172
After-tax profit/(loss)	10,096,827	4,126,909	2,779,204	5,452,137
ROA (%)	3.34%	1.15%	0.85%	1.84%
ROE (%)	24.68%	8.34%	5.85%	13.19%

Financial Activity of the Bank

A. Structure of liabilities (resources) of the Bank are described below.

The equity and attracted funds serve a major source of resources needed for the regular business of financial mediators, including the banks. The Bank has strengthened its resource base in recent years for the purpose of lending and other allocation of funds.

	30/09/22 (unaudited)	Share %	31/12/21 (unaudited)	Share %	31/12/20 (audited)	Share %	31/12/19 (audited)	Share %
Resources, total Including:	440,308,539	100	377,571,800	100	332,436,914	100	325,628,525	100
Equity	58,369,500	13.26	51,601,265	13.67	48,316,047	14.53	44,241,308	13.59
Liabilities, of which:	381,939,039	86.74	325,970,535	86.33	284,120,867	85.47	281,387,217	86.41
Funds attracted from customers	320,391,433	72.77	261,422,606	69.24	227,973,075	68.58	222,172,144	78.96
Liabilities to banks and other financial organizations	37,753,836	8.57	42,122,993	11.16	30,167,771	9.07	28,090,880	9.98
Other liabilities	2,309,557	0.52	1,610,054	0.43	1,133,431	0.34	1,659,775	0.59

The below table illustrates the level of performance of the Bank liabilities in 2019-2021. The actual level of normative indicators set by the Central Bank of Armenia prove that the Bank's capability to perform the liabilities have remained on a high level.

Norms	Actual ratio estimated for the Bank 30/09/22	Actual ratio estimated for the Bank 31/12/21	Actual ratio estimated for the Bank 31/12/20	Actual ratio estimated for the Bank 31/12/19	Allowed ratio set by the CBA

N12 Min ratio of total capital to risk-weighted assets	15.40%	14.26%	14.27%	14.60%	12.00%
U11 Min ratio of Tier 1 capital to risk-weighted assets	15.51%	13.50%	13.07%	X	9.00%
N21 Min ratio of liquid assets in all currencies to total assets in all currencies	45.81%	38.04%	30.35%	26.22%	15.00%
N22 Min ratio of liquid assets in all currencies to total demand deposits in all currencies	115.01%	105.50%	94.73%	88.58%	60.00%

B. Structure of Bank's equity in 2019-2021

Capital	30/09/22 (unaudited)	31/12/21 (unaudited)	31/12/20 (audited)	31/12/19 (audited)
Share capital	19,947,633	19,947,633	19,947,633	16,416,633
Share premium	63,233	63,233	63,233	63,233
Reserves:	8,033,570	5,911,593	6,660,112	7,076,109
Main reserve	8,848,182	3,848,182	3,627,805	2,798,799
Revaluation reserve	(814,612)	2,063,411	3,032,307	4,277,310
Accumulated profit/loss	30,325,064	25,678,806	21,645,069	20,685,333
Total capital	58,369,500	51,601,265	48,316,047	44,241,308

ANNEX 3 Organizational Chart of the Bank

ANNEX 7 Financial Statements

