

**Interim Financial Statements
Income Statement**

«31» March 2018

HSBC Bank Armenia CJSC

Address: 66 Teryan Street, Yerevan 0009, Republic of Armenia

	<i>(AMD'000)</i>	
Name	01.01.18- 31.03.18	01.01.17- 31.03.17
Interest income	2,744,616	3,596,296
Interest expense	(1,020,663)	(1,164,574)
Net interest income	1,723,953	2,431,722
Fee and commission income	686,785	939,929
Fee and commission expense	(110,410)	(102,121)
Net fee and commission income	576,375	837,808
Net gain on financial instruments at fair value through profit or loss	(15,301)	(4,141)
Net foreign exchange gain	215,268	249,661
Net gain on financial assets at fair value through other comprehensive income	-	-
Other operating income	32,264	151,530
Other operating expenses	(65,786)	(53,320)
Net other operating income	2,466,773	3,613,260
Impairment losses	489,651	(130,294)
Net operating loss	2,956,424	3,482,966
Personnel expenses	(941,594)	(956,491)
Other general administrative expenses	(1,103,974)	(930,053)
Loss before income tax	910,856	1,596,422
Income tax expense	(182,171)	(24,190)
Loss for the year	728,685	1,572,232
Other comprehensive loss, net of income tax		
<i>Items that are or may be reclassified subsequently to profit or loss</i>		
Revaluation reserve for financial assets at fair value through other comprehensive income:		
- Net change in fair value	(63,909)	(14,003)
- Net change in fair value transferred to profit or loss	-	-
<i>Items that will not be reclassified to profit or loss:</i>		
- Revaluation of land and buildings	-	-
Other comprehensive loss for the year, net of income tax	(63,909)	(14,003)
Total comprehensive loss for the year	664,776	1,558,229

Acting Chief Executive Officer

A. Pinajyan

Chief Financial Officer

A. Drambyan

«15» April 2018թ.



Interim Financial Statements
Statement of Financial Position
 «31» March 2018

HSBC Bank Armenia CJSC

Address: 66 Teryan Street, Yerevan 0009, Republic of Armenia

(AMD'000)

Name	As at the end of the current period 31.03.2018	As at the end of prior Financial Year 31.12.2017
ASSETS		
Cash and cash equivalents	70,616,293	69,465,410
Financial instruments at fair value through profit or loss	1,281,774	1,314,070
Financial assets at fair value through other comprehensive income	20,349,986	23,299,746
Loans and advances to banks at amortised cost	19,343,823	10,566,868
Loans and advances to customers at amortised cost (<i>See Note 1</i>)	92,682,533	95,431,247
Other financial assets at amortised cost	1,143,207	-
Current tax asset	-	16,325
Deferred tax asset	1,152,217	1,152,217
Property, equipment and intangible assets	3,040,651	3,135,984
Other assets	4,102,065	4,267,355
Total assets	213,712,549	208,649,222
LIABILITIES		
Deposits and balances from banks	6,390,478	6,884,250
Current accounts and deposits from customers	163,402,381	158,579,491
Deferred tax liability	165,846	-
Other liabilities	3,952,921	4,199,145
Total liabilities	173,911,626	169,662,886
EQUITY		
Share capital	18,434,350	18,434,350
Share-based payments reserve	95,927	95,927
Revaluation reserve for available-for-sale financial assets	111,180	175,089
Revaluation reserve for land and buildings	233,772	233,772
Retained earnings	20,925,694	20,047,198
Total equity	39,800,923	38,986,336
Total liabilities and equity	213,712,549	208,649,222

Note 1: Additional information on loan portfolio volumes provided by HSBC Group

Name	as at 31.03.2018	as at 31.12.2017
Loans to customers provided by HSBC Bank plc, London as referred by HSBC Bank Armenia cjsc	87,968,448	95,381,843
Total loans including loans to customers provided by HSBC Bank plc, London as referred by the Bank	180,650,981	190,813,090
Total assets including loans to customers provided by HSBC Bank plc, London as referred by the Bank	301,680,997	304,031,065

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Interim Financial Statements
Statement of Cash Flows
 «31» March 2018

HSBC Bank Armenia CJSC
 Address: 66 Teryan Street, Yerevan 0009, Republic of Armenia

(AMD'000)

Name	01/01/2018-31/03/18	01/01/2017-31/03/17
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	2,478,302	3,688,368
Interest payments	(927,678)	(1,056,631)
Fee and commission receipts	879,418	943,440
Fee and commission payments	(153,769)	(74,366)
Net receipts from financial instruments at fair value through profit or loss	31,084	91,093
Net receipts from foreign exchange	178,642	273,590
Net other income receipts	21,889	102,204
Staff costs paid	(1,509,188)	(1,516,122)
Other general administrative expenses paid	(269,792)	(271,888)
(Increase)/decrease in operating assets		
Financial instruments at fair value through profit or loss	(198)	(90,247)
Financial assets at fair value through other comprehensive income	2,840,005	2,274,922
Loans and advances to banks at amortised cost	(8,936,838)	(4,984,474)
Loans and advances to customers at amortised cost	3,712,438	(559,937)
Other financial assets at amortised cost	(1,142,111)	-
Other assets	(573,902)	(7,097)
Increase/(decrease) in operating liabilities		
Deposits and balances from banks	(644,724)	(1,924,160)
Amounts payable under repurchase agreements	-	-
Current accounts and deposits from customers	5,309,273	2,921,892
Other liabilities	14,188	(10,511)
Net cash from operating activities before income tax paid	1,307,039	(199,924)
Income tax paid	-	-
Cash flows from operating activities	1,307,039	(199,924)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, equipment and intangible assets	(129,371)	(49,076)
Sales of property, equipment and intangible assets	-	-
Cash flows used in investing activities	(129,371)	(49,076)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of subordinated debt	-	-
Cash flows used in financing activities	-	-
Net increase in cash and cash equivalents	1,177,668	(249,000)
Effect of changes in exchange rates on cash and cash equivalents	116,431	30,495
Cash and cash equivalents as at the beginning of the year	68,935,410	53,546,716
Cash and cash equivalents as at the end of the year	70,229,509	53,328,211

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Interim Financial Statements
Statement of Changes in Equity

«31» March 2018

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(AMD'000)

Equity components	Share capital	Share-based payments reserve	Revaluation reserve for financial assets at fair value through other comprehensive income	Revaluation reserve for land and buildings	Retained earnings	Total
Balance as at 1 January 2017	18,434,350	94,788	257,091	233,772	28,589,629	47,609,630
Reassessment of impairment losses					-602,408	-602,408
Balance as at 1 January 2017 (Restated)	18,434,350	94,788	257,091	233,772	27,987,221	47,007,222
Loss for the year					1,572,232	1,572,232
Other comprehensive income						
Items that are or may be reclassified subsequently to profit or loss:						
Net change in fair value of financial assets at fair value through other comprehensive income, net of income tax			-14,003		-	-14,003
Net change in fair value of financial assets at fair value through other comprehensive income transferred to profit or loss, net of income tax			-		-	0
Items that will not be reclassified to profit or loss:						
Revaluation of land and buildings						
Total other comprehensive income			-14,003		-	-14,003
Total comprehensive income/(loss) for the year			-14,003		1,572,232	1,558,229
Transactions with owners, recorded directly in equity						
Share-based payments						
Total transactions with owners						
Balance as at 31 March 2017	18,434,350	94,788	243,088	233,772	29,559,453	48,565,451
Balance as at 1 January 2018	18,434,350	95,927	175,089	233,772	20,047,198	38,986,336
Changes on initial application of IFRS 9					149,811	149,811
Balance as at 1 January 2018 (Restated)					20,197,009	39,136,147
Profit for the year					728,685	728,685
Other comprehensive income						
Items that are or may be reclassified subsequently to profit or loss:						
Net change in fair value of financial assets at fair value through other comprehensive income, net of income tax			(63,909)		-	(63,909)
Net change in fair value of financial assets at fair value through other comprehensive income transferred to profit or loss, net of income tax			-		-	-
Items that will not be reclassified to profit or loss:						
Revaluation of land and buildings						
Total other comprehensive income			(63,909)		-	(63,909)
Total comprehensive income for the year			(63,909)		728,685	664,776
Transactions with owners, recorded directly in equity						
Share-based payments						
Total transactions with owners						
Balance as at 31 March 2018	18,434,350	95,927	111,180	233,772	20,925,694	39,800,923

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