

**Interim Financial Statements
Income Statement**

«30» June 2018

HSBC Bank Armenia CJSC

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

(AMD'000)

Name	01.04.18- 30.06.18	01.01.18- 30.06.18	01.04.17- 30.06.17	01.01.17- 30.06.17
Interest income	2,764,313	5,508,929	3,289,465	6,885,761
Interest expense	(949,443)	(1,970,106)	(1,226,764)	(2,391,338)
Net interest income	1,814,870	3,538,823	2,062,701	4,494,423
Fee and commission income	681,887	1,368,672	870,506	1,810,435
Fee and commission expense	(110,359)	(220,769)	(113,450)	(215,571)
Net fee and commission income	571,528	1,147,903	757,056	1,594,864
Net gain on financial instruments at fair value through profit or loss	(3,233)	(18,534)	(45,743)	(49,884)
Net foreign exchange gain	135,430	350,698	338,870	588,531
Net gain on financial assets at fair value through other comprehensive income	-	-	-	-
Other operating income	39,912	72,176	18,719	170,249
Other operating expenses	(59,734)	(125,520)	(54,336)	(107,656)
Net other operating income	2,498,773	4,965,546	3,077,267	6,690,527
Impairment losses	(1,006,407)	(516,756)	(2,157,517)	(2,287,811)
Net operating loss	1,492,366	4,448,790	919,750	4,402,716
Personnel expenses	(1,074,806)	(2,016,400)	(971,381)	(1,927,872)
Other general administrative expenses	(1,217,774)	(2,321,748)	(1,051,870)	(1,981,923)
Loss before income tax	(800,214)	110,642	(1,103,501)	492,921
Income tax expense	150,210	(31,961)	192,494	168,304
Loss for the year	(650,004)	78,681	(911,007)	661,225
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	(50,556)	(114,465)	(15,711)	(29,714)
- 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	(50,556)	(114,465)	(15,711)	(29,714)
Total comprehensive loss for the year	(700,560)	(35,784)	(926,718)	631,511

Acting Chief Executive Officer

A. Pinajyan

Acting Chief Financial Officer

S. Sargsyan




«15» July 2018p.

Interim Financial Statements
Statement of Financial Position
«30» June 2018

HSBC Bank Armenia CJSC

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

Name	(AMD'000)	
	As at the end of the current period 30.06.2018	As at the end of prior Financial Year 31.12.2017
ASSETS		
Cash and cash equivalents	42,960,558	69,465,410
Financial instruments at fair value through profit or loss	1,185,781	1,314,070
Financial assets at fair value through other comprehensive income	10,687,243	23,299,746
Loans and advances to banks at amortised cost	31,803,722	10,566,868
Loans and advances to customers at amortised cost (See Note 1)	102,624,877	95,431,247
Other financial assets at amortised cost	8,120,274	-
Current tax asset	-	16,325
Deferred tax asset	1,142,385	1,152,217
Property, equipment and intangible assets	3,173,203	3,135,984
Other assets	4,040,175	4,267,355
Total assets	205,738,218	208,649,222
LIABILITIES		
Deposits and balances from banks	8,516,887	6,884,250
Current accounts and deposits from customers	154,615,222	158,579,491
Current tax liability	22,128	-
Other liabilities	3,483,618	4,199,145
Total liabilities	166,637,855	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	60,624	175,089
Revaluation reserve for land and buildings	233,772	233,772
Retained earnings	20,275,690	20,047,198
Total equity	39,100,363	38,986,336
Total liabilities and equity	205,738,218	208,649,222

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

Name	as at 30.06.2018	as at 31.12.2017
Loans to customers provided by HSBC Bank plc, London as referred by HSBC Bank Armenia cjsc	80,513,816	95,381,843
Total loans including loans to customers provided by HSBC Bank plc, London as referred by the Bank	183,138,693	190,813,090
Total assets including loans to customers provided by HSBC Bank plc, London as referred by the Bank	286,252,034	304,031,065

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Interim Financial Statements
Statement of Cash Flows
 «30» June 2018

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

(AMD'000)

Name	01/01/2018-30/06/18	01/01/2017-30/06/17
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	5,869,060	7,390,621
Interest payments	(2,034,191)	(2,121,940)
Fee and commission receipts	1,637,936	1,901,056
Fee and commission payments	(355,426)	(245,487)
Net receipts from financial instruments at fair value through profit or loss	78,538	134,986
Net receipts from foreign exchange	356,221	556,594
Net other income receipts	50,159	(64,126)
Staff costs paid	(2,429,511)	(1,527,046)
Other general administrative expenses paid	(1,206,441)	(1,417,926)
(Increase)/decrease in operating assets		
Financial instruments at fair value through profit or loss	27,347	(222,968)
Financial assets at fair value through other comprehensive income	12,080,568	8,284,886
Loans and advances to banks at amortised cost	(21,208,549)	(8,622,718)
Loans and advances to customers at amortised cost	(7,736,370)	4,963,451
Other financial assets at amortised cost	(8,128,146)	-
Other assets	(1,166,261)	(32,382)
Increase/(decrease) in operating liabilities		
Deposits and balances from banks	1,803,054	(3,860,286)
Amounts payable under repurchase agreements	-	-
Current accounts and deposits from customers	(2,757,949)	3,197,065
Other liabilities	4,728	(10,494)
Net cash from operating activities before income tax paid	(25,115,233)	8,303,287
Income tax received	3,241	-
Cash flows from operating activities	(25,111,992)	8,303,287
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, equipment and intangible assets	(489,580)	(128,549)
Sales of property, equipment and intangible assets	853	3,672
Cash flows used in investing activities	(488,727)	(124,877)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of subordinated debt	-	-
Cash flows used in financing activities	-	-
Net increase in cash and cash equivalents	(25,600,719)	8,178,410
Effect of changes in exchange rates on cash and cash equivalents	(678,097)	211,575
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	42,656,594	61,936,701

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«15» July 2018թ.

Interim Financial Statements
Statement of Changes in Equity

«30» June 2018

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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					661,225	661,225
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			-29,715		-	-29,715
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			-29,715	-	-	-29,715
Total comprehensive income/(loss) for the year			-29,715	-	661,225	631,510
Transactions with owners, recorded directly in equity						
Share-based payments		2,820				2,820
Total transactions with owners		2,820				2,820
Balance as at 30 June 2017	18,434,350	97,608	227,376	233,772	28,648,446	47,641,552
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					78,681	78,681
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			(114,465)		-	(114,465)
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			(114,465)	-	-	(114,465)
Total comprehensive income for the year			(114,465)		78,681	(35,784)
Transactions with owners, recorded directly in equity						
Share-based payments						
Total transactions with owners						
Balance as at 30 June 2018	18,434,350	95,927	60,624	233,772	20,275,690	39,100,363

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