

**Interim Financial Statements
Income Statement**

«30» September 2018

HSBC Bank Armenia CJSC

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

Name	<i>(AMD'000)</i>			
	01.07.18- 30.09.18	01.01.18- 30.09.18	01.07.17- 30.09.17	01.01.17- 30.09.17
Interest income	2,742,984	8,251,913	3,168,677	10,054,438
Interest expense	(849,680)	(2,819,786)	(1,262,007)	(3,653,345)
Net interest income	1,893,304	5,432,127	1,906,670	6,401,093
Fee and commission income	632,821	2,001,493	970,441	2,780,876
Fee and commission expense	(127,852)	(348,621)	(123,927)	(339,498)
Net fee and commission income	504,969	1,652,872	846,514	2,441,378
Net gain on financial instruments at fair value through profit or loss	106,535	88,001	140,982	91,098
Net foreign exchange gain	154,796	505,494	280,476	869,007
Net gain on financial assets at fair value through other comprehensive income	-	-	-	-
Other operating income	51,040	123,216	43,587	213,836
Other operating expenses	(58,554)	(184,074)	(55,258)	(162,914)
Net other operating income	2,652,090	7,617,636	3,162,971	9,853,498
Impairment losses	(276,281)	(793,037)	(5,057,675)	(7,345,486)
Net operating income/(loss)	2,375,809	6,824,599	(1,894,704)	2,508,012
Personnel expenses	(1,114,538)	(3,130,938)	(1,023,332)	(2,951,204)
Other general administrative expenses	(831,239)	(3,152,987)	(1,103,909)	(3,085,832)
Profit/(Loss) before income tax (see Note1)	430,032	540,674	(4,021,945)	(3,529,024)
Income tax (expenses)/credit	(86,007)	(117,968)	809,649	977,953
Profit/(Loss) for the year	344,025	422,706	(3,212,296)	(2,551,071)
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	(29,740)	(144,205)	(30,113)	(59,827)
- 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	(29,740)	(144,205)	(30,113)	(59,827)
Total comprehensive income/(loss) for the year	314,285	278,501	(3,242,409)	(2,610,898)

Note1: Additional information on profit, including net profit from loans and advances to customers provided by HSBC Group

Name	<i>(AMD'000)</i>	
	01.01.18- 30.09.18	01.01.17- 30.09.17
Net profit from loans to customers provided by HSBC Bank plc, London as referred by the Bank	4,326,153	(895,150)
Profit/(loss) before taxes including net profit from loans to customers provided by HSBC Bank plc, London as referred by the Bank	4,866,827	(4,424,174)

Acting Chief Executive Officer



A. Drambyan

Acting Chief Financial Officer

S. Sargsyan

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

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

(AMD'000)

Name	As at the end of the current period 30.09.2018	As at the end of prior Financial Year 31.12.2017
ASSETS		
Cash and cash equivalents	47,081,989	69,465,410
Financial instruments at fair value through profit or loss	1,250,884	1,314,070
Financial assets at fair value through other comprehensive income	11,436,975	23,299,746
Loans and advances to banks at amortised cost	29,357,791	10,566,868
Loans and advances to customers at amortised cost <i>(See Note2)</i>	103,688,019	95,431,247
Other financial assets at amortised cost	7,304,140	-
Current tax asset	-	16,325
Deferred tax asset	1,142,385	1,152,217
Property, equipment and intangible assets	2,729,492	3,135,984
Other assets	4,549,404	4,267,355
Total assets <i>(See Note2)</i>	208,541,079	208,649,222
LIABILITIES		
Deposits and balances from banks	267,507	6,884,250
Current accounts and deposits from customers	164,704,777	158,579,491
Current tax liability	108,135	-
Other liabilities	4,022,328	4,199,145
Total liabilities	169,102,747	169,662,886
EQUITY		
Share capital	18,434,350	18,434,350
Share-based payments reserve	119,612	95,927
Revaluation reserve for financial assets at fair value through other comprehensive income	30,884	175,089
Revaluation reserve for land and buildings	233,772	233,772
Retained earnings	20,619,714	20,047,198
Total equity	39,438,332	38,986,336
Total liabilities and equity	208,541,079	208,649,222

Note2: Additional information on loan portfolio volumes provided by HSBC Group

Name	as at 30.09.2018	as at 31.12.2017
Loans to customers provided by HSBC Bank plc, London as referred by HSBC Bank Armenia cjsc	74,251,032	95,381,843
Total loans including loans to customers provided by HSBC Bank plc, London as referred by the Bank	177,939,051	190,813,090
Total assets including loans to customers provided by HSBC Bank plc, London as referred by the Bank	282,792,111	304,031,065

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

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

(AMD'000)

Name	01/01/2018-30/09/18	01/01/2017-30/09/17
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	8,260,949	10,365,156
Interest payments	(2,940,140)	(3,305,544)
Fee and commission receipts	2,111,675	2,638,507
Fee and commission payments	(405,979)	(250,334)
Net receipts from financial instruments at fair value through profit or loss	141,932	176,721
Net receipts from foreign exchange	523,978	802,318
Net other income receipts	97,393	(26,478)
Staff costs paid	(3,359,459)	(2,377,277)
Other general administrative expenses paid	(1,689,301)	(1,970,416)
(Increase)/decrease in operating assets		
Financial instruments at fair value through profit or loss	27,257	(571,354)
Financial assets at fair value through other comprehensive income	11,319,443	978,201
Loans and advances to banks at amortised cost	(18,749,528)	(18,041,285)
Loans and advances to customers at amortised cost	(8,754,810)	6,434,091
Other financial assets at amortised cost	(7,310,252)	-
Other assets	(1,477,636)	(108,769)
Increase/(decrease) in operating liabilities		
Deposits and balances from banks	(5,976,431)	(5,817,738)
Amounts payable under repurchase agreements	-	-
Current accounts and deposits from customers	7,337,607	11,305,056
Other liabilities	53,139	(3,523)
Net cash from operating activities before income tax paid	(20,790,163)	227,333
Income tax received	3,241	-
Cash flows from operating activities	(20,786,922)	227,333
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, equipment and intangible assets	(590,845)	(190,208)
Sales of property, equipment and intangible assets	2,661	4,325
Cash flows used in investing activities	(588,184)	(185,883)
Net increase in cash and cash equivalents	(21,375,106)	41,450
Effect of changes in exchange rates on cash and cash equivalents	(794,626)	357,931
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	46,765,678	53,946,097

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Interim Financial Statements
Statement of Changes in Equity
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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					-2,551,071	-2,551,071
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			-59,827			-59,827
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			-59,827			-59,827
Total comprehensive income/(loss) for the year			-59,827		-2,551,071	-2,610,898
Transactions with owners, recorded directly in equity						
Share-based payments		-4,853				-4,853
Total transactions with owners		-4,853				-4,853
Balance as at 30 September 2017	18,434,350	89,935	197,264	233,772	25,436,150	44,391,471
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					149,810	149,810
Balance as at 1 January 2018 (Restated)					20,197,008	39,136,146
Profit for the year					422,706	422,706
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			(144,205)			(144,205)
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			(144,205)			(144,205)
Total comprehensive income for the year			(144,205)		422,706	278,501
Transactions with owners, recorded directly in equity						
Share-based payments		23,685				
Total transactions with owners		23,685				
Balance as at 30 September 2018	18,434,350	119,612	30,884	233,772	20,619,714	39,438,332

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