

**Interim Financial Statements
Income Statement**

«31» December 2018

HSBC Bank Armenia CJSC

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

Name	<i>(AMD'000)</i>			
	01.10.18- 31.12.18	01.01.18- 31.12.18	01.10.17- 31.12.17	01.01.17- 31.12.17
Interest income	2,854,180	11,106,093	2,901,288	12,955,726
Interest expense	(785,552)	(3,605,338)	(1,099,062)	(4,752,407)
Net interest income	2,068,628	7,500,755	1,802,226	8,203,319
Fee and commission income	749,476	2,750,969	841,673	3,622,549
Fee and commission expense	(158,399)	(507,020)	(126,504)	(466,002)
Net fee and commission income	591,077	2,243,949	715,169	3,156,547
Net gain on financial instruments at fair value through profit or loss	10,304	98,305	96,593	187,691
Net foreign exchange gain	211,854	717,348	175,542	1,044,549
Net gain on financial assets at fair value through other comprehensive income	-	-	-	-
Other operating income	101,919	225,135	46,552	260,388
Other operating expenses	(63,513)	(247,587)	(386,223)	(549,137)
Net other operating income	2,920,269	10,537,905	2,449,859	12,303,357
Impairment losses	(720,374)	(1,513,411)	(6,840,372)	(14,185,858)
Net operating income/(loss)	2,199,895	9,024,494	(4,390,513)	(1,882,501)
Personnel expenses	(1,083,009)	(4,213,947)	(1,132,630)	(4,083,834)
Other general administrative expenses	(979,022)	(4,132,009)	(1,069,317)	(4,155,149)
Profit/(Loss) before income tax (see Note1)	137,864	678,538	(6,592,460)	(10,121,484)
Income tax (expenses)/credit	(5,417)	(123,385)	1,202,948	2,180,901
Profit/(Loss) for the year	132,447	555,153	(5,389,512)	(7,940,583)
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	21,169	(123,036)	(22,175)	(82,002)
- 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 income/(loss) for the year, net of income tax	21,169	(123,036)	(22,175)	(82,002)
Total comprehensive income/(loss) for the year	153,616	432,117	(5,411,687)	(8,022,585)

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- 31.12.18	01.01.17- 31.12.17
Net profit from loans to customers provided by HSBC Bank plc, London as referred by the Bank	3,199,797	(877,099)
Profit/(loss) before taxes including net profit from loans to customers provided by HSBC Bank plc, London as referred by the Bank	3,878,335	(10,998,583)

Chief Executive Officer



P. Edgar

Chief Financial Officer



A. Drambyan

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

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(AMD'000)

Name	As at the end of the current period 31.12.2018	As at the end of prior Financial Year 31.12.2017
ASSETS		
Cash and cash equivalents	42,417,852	69,465,410
Financial instruments at fair value through profit or loss	871,728	1,314,070
Financial assets at fair value through other comprehensive income	18,083,911	23,299,746
Loans and advances to banks at amortised cost	17,359,992	10,566,868
Loans and advances to customers at amortised cost (See Note2)	103,780,022	95,431,247
Other financial assets at amortised cost	5,008,517	-
Current tax asset	-	16,325
Deferred tax asset	1,059,593	1,152,217
Property, equipment and intangible assets	2,718,200	3,135,984
Other assets	4,701,603	4,267,355
Total assets (See Note2)	196,001,418	208,649,222
LIABILITIES		
Deposits and balances from banks	496,347	6,884,250
Current accounts and deposits from customers	152,209,333	158,579,491
Current tax liability	-	-
Other liabilities	3,740,031	4,199,145
Total liabilities	156,445,711	169,662,886
EQUITY		
Share capital	18,434,350	18,434,350
Share-based payments reserve	83,371	95,927
Revaluation reserve for financial assets at fair value through other comprehensive income	52,053	175,089
Revaluation reserve for land and buildings	233,772	233,772
Retained earnings	20,752,161	20,047,198
Total equity	39,555,707	38,986,336
Total liabilities and equity	196,001,418	208,649,222

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

Name	as at 31.12.2018	as at 31.12.2017
Loans to customers provided by HSBC Bank plc, London as referred by HSBC Bank Armenia cjsc	72,124,647	95,381,843
Total loans including loans to customers provided by HSBC Bank plc, London as referred by the Bank	175,904,669	190,813,090
Total assets including loans to customers provided by HSBC Bank plc, London as referred by the Bank	268,126,065	304,031,065

Chief Executive Officer



P. Edgar

Chief Financial Officer



A. Drambayan

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

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

(AMD'000)

Name	01/01/2018-31/12/18	01/01/2017-31/12/17
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	10,214,666	11,846,215
Interest payments	(3,951,966)	(4,773,406)
Fee and commission receipts	3,006,553	3,583,990
Fee and commission payments	(608,207)	(480,573)
Net receipts from financial instruments at fair value through profit or loss	209,826	218,394
Net receipts from foreign exchange	742,042	1,110,776
Net other income receipts	84,528	22,494
Staff costs paid	(4,152,380)	(3,210,068)
Other general administrative expenses paid	(3,037,247)	(3,154,310)
(Increase)/decrease in operating assets		
Financial instruments at fair value through profit or loss	357,575	(427,429)
Financial assets at fair value through other comprehensive income	4,686,062	1,261,341
Loans and advances to banks at amortised cost	(6,888,522)	(4,172,054)
Loans and advances to customers at amortised cost	(8,534,602)	13,247,265
Other financial assets at amortised cost	(5,011,361)	-
Other assets	(2,152,938)	(1,269,005)
Increase/(decrease) in operating liabilities		
Deposits and balances from banks	(5,746,965)	(5,352,250)
Current accounts and deposits from customers	(4,491,768)	6,901,256
Other liabilities	(42,021)	(20,341)
Net cash from operating activities before income tax paid	(25,316,725)	15,332,295
Income tax received	3,241	-
Cash flows from operating activities	(25,313,484)	15,332,295
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, equipment and intangible assets	(752,669)	(650,970)
Sales of property, equipment and intangible assets	3,905	4,325
Cash flows used in investing activities	(748,764)	(646,645)
Net increase in cash and cash equivalents	(26,062,248)	14,685,650
Effect of changes in exchange rates on cash and cash equivalents	(924,130)	703,044
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	41,949,032	68,935,410

Chief Executive Officer



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P. Edgar

Chief Financial Officer

A. Drambyan

«15» January 2019թ.

Interim Financial Statements
Statement of Changes in Equity

«31» December 2018

HSBC Bank Armenia CJSC

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

(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	-	-	-	-	(7,940,583)	(7,940,583)
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	-	-	(82,002)	-	-	(82,002)
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	-	-	(82,002)	-	-	(82,002)
Total comprehensive income/(loss) for the year	-	-	(82,002)	-	(7,940,583)	(8,022,585)
Transactions with owners, recorded directly in equity						
Share-based payments	-	1,139	-		560	1,699
Total transactions with owners	-	1,139	-		560	1,699
Balance as at 31 December 2017	18,434,350	95,927	175,089	233,772	20,047,198	38,986,336
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					555,153	555,153
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			(123,036)		-	(123,036)
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			(123,036)		-	(123,036)
Total comprehensive income for the year			(123,036)		555,153	432,117
Transactions with owners, recorded directly in equity						
Share-based payments		(12,556)				(12,556)
Total transactions with owners		(12,556)				(12,556)
Balance as at 31 December 2018	18,434,350	83,371	52,053	233,772	20,752,161	39,555,707

Chief Executive Officer

P. Edgar

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A. Drambyan



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