

Statement of financial position**As of 31 December 2017***(Figures in tables are in thousands of Azerbaijani manats)*

	2017	2016
Assets		
Cash and cash equivalents	123,067	238,631
Amounts due from credit institutions	29,660	46,143
Derivative financial assets	4,887	17,410
Investment securities available-for-sale	39,175	1,797
Loans to customers	541,441	624,579
Property and equipment	36,163	40,829
Intangible assets	21,487	23,983
Deferred income tax assets	27,931	11,540
Current income tax assets	403	3,652
Other assets	13,537	9,627
Total assets	837,751	1,018,191
Liabilities		
Amounts due to credit institutions	30,853	40,475
Derivative financial liabilities	7,426	245
Amounts due to customers	441,183	323,343
Borrowed funds from international lenders	230,544	509,185
Other liabilities	6,962	7,092
Subordinated loans	65,020	80,039
Total liabilities	781,988	960,379
Equity		
Share capital	140,258	85,000
Accumulated deficit	(84,495)	(27,188)
Total equity	55,763	57,812
Total liabilities and equity	837,751	1,018,191

Statement of profit or loss and other comprehensive income**For the year ended 31 December 2017***(Figures in tables are in thousands of Azerbaijani manats)*

	<u>2017</u>	<u>2016</u>
Interest income		
Loans to customers	93,424	131,715
Amounts due from credit institutions and investments available-for-sale	3,736	747
Cash and cash equivalents	70	17
	<u>97,230</u>	<u>132,479</u>
Interest expense		
Borrowed funds from international lenders	(31,440)	(40,117)
Amounts due to customers	(22,185)	(13,528)
Subordinated loans	(6,437)	(6,350)
Amounts due to credit institutions	(4,496)	(3,169)
	<u>(64,558)</u>	<u>(63,164)</u>
Net interest income	<u>32,672</u>	<u>69,315</u>
Allowance for loan impairment	(17,556)	(135,960)
Net interest income/(loss) after allowance for loan impairment	<u>15,116</u>	<u>(66,645)</u>
Net fee and commission income	6,052	5,223
Net gains/(losses) from foreign currency operations:		
- foreign exchange transactions	4,276	11,311
- translation differences	(4,639)	3,295
- foreign currency derivatives	(30,475)	15,779
Other income	694	644
Non-interest income	<u>(24,092)</u>	<u>36,252</u>
Personnel expenses	(37,206)	(40,348)
General and administrative expenses	(18,347)	(20,037)
Depreciation and amortization	(8,646)	(10,145)
Other impairment reversal/(charge)	(525)	34
Other operating expenses	<u>(64,724)</u>	<u>(70,496)</u>
Loss before income tax expense	<u>(73,700)</u>	<u>(100,889)</u>
Income tax credit	16,393	10,666
Loss for the year	<u>(57,307)</u>	<u>(90,223)</u>
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	<u>(57,307)</u>	<u>(90,223)</u>

Statement of changes in equity**For the year ended 31 December 2017***(Figures in tables are in thousands of Azerbaijani manats)*

	Share capital	(Accumulated deficit) / retained earnings	Total Equity
31 December 2015	85,000	63,035	148,035
Loss for the year	-	(90,223)	(90,223)
Total comprehensive income for the year			
31 December 2016	85,000	(27,188)	57,812
Increase in share capital (Note 18)	55,258	-	55,258
Loss for the year	-	(57,307)	(57,307)
Total comprehensive loss for the year			
31 December 2017	140,258	(84,495)	55,763

Statement of cash flows**For the year ended 31 December 2017***(Figures in tables are in thousands of Azerbaijani manats)*

	2017	2016
Cash flows from operating activities		
Interest received	79,676	85,658
Interest paid	(63,055)	(64,965)
Fees and commissions received	8,532	7,153
Fees and commissions paid	(2,480)	(1,930)
Realized (losses) / gains from transactions with foreign currency derivatives	(10,771)	2,961
Realized gains less losses from exchange transactions in foreign currencies	4,276	11,311
Other income received	482	644
Personnel expenses paid	(37,010)	(41,435)
Other operating expenses paid	(18,798)	(20,256)
Cash flows from operating activities before changes in operating assets and liabilities	(39,148)	(20,859)
<i>Net (increase)/decrease in operating assets</i>		
Amounts due from credit institutions	16,449	(9,274)
Investment securities available for sale	(37,448)	(1,586)
Loans to customers	56,826	253,451
Other assets	(1,656)	3,755
<i>Net increase/(decrease) in operating liabilities</i>		
Amounts due to credit institutions	(13,041)	(9,711)
Amounts due to customers	123,579	(17,116)
Other liabilities	3,827	5,084
Net cash flows from operating activities before income tax	109,388	203,744
Income tax paid	-	-
Net cash from operating activities	109,388	203,744
Cash flows from investing activities		
Purchase of property and equipment	(94)	(1,000)
Proceeds from sale of property and equipment	212	
Acquisition of intangible assets	(1,407)	(3,025)
Net cash used in investing activities	(1,289)	(4,025)
Cash flows from financing activities		
Proceeds from borrowed funds from international lenders	-	232,275
Repayment of borrowed funds from international lenders	(233,228)	(352,574)
Increase in share capital	15,627	
Repayment of subordinated loans	-	(158)
Net cash used in financing activities	(217,601)	(120,457)
Effect of exchange rates changes on cash and cash equivalents	(6,062)	13,621
Net (decrease) / increase in cash and cash equivalents	(115,564)	92,883
Cash and cash equivalents, beginning	238,631	145,748
Cash and cash equivalents, ending	123,067	238,631

