Interim Financial Statements Statement of Financial Position

«30» June 2019

HSBC Bank Armenia CJSC

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

In thousands of Armenian Drams	30.06.2019	31.12.2018 Audited
Assets		
Cash and cash equivalents	43,328,040	43,085,915
Loans and advances to banks	9,888,884	17,359,992
Investments in debt securities	20,226,819	23,783,772
Investments in equity securities	32,078	32,093
Loans and advances to customers (See Note1)	111,419,252	103,780,022
Other assets	6,636,587	4,849,894
Deferred income tax asset	1,047,399	1,059,593
Property, equipment and intangible assets	3,258,555	2,718,200
Total assets (See Note1)	195,837,614	196,669,481
Liabilities		
Due to other banks	58,518	421,388
Current accounts and deposits from customers	148,539,504	152,952,355
Current tax liability	332,261	-
Other liabilities	6,039,534	3,740,031
Total liabilities	154,969,817	157,113,774
EQUITY		
Share capital	18,434,350	18,434,350
Retained earnings	22,069,013	20,752,161
Share-based payments reserve	87,895	83,371
Revaluation reserve for financial assets at fair value through other comprehensive income	42,767	-123,036
Revaluation reserve for AFS securities	=	175,089
Revaluation reserve for land and buildings	233,772	233,772
Total equity	40,867,797	39,555,707
Total liabilities and equity	195,837,614	196,669,481
Note1: Additional information on loan portfolio volumes provided by HSBC Group		
	30.06.2019	31.12.2018
Loans to customers provided by HSBC Bank plc, London as referred by HSBC Bank Armenia cjsc	59,180,800	72,124,647
Total loans including loans to customers provided by HSBC Bank plc, London as		
referred by the Bank	170,600,052	175,904,669
Total assets including loans to customers provided by HSBC Bank plc, London as referred by the Bank	255,018,414	268,794,128

May -

Acting Chief Executive Officer

Acting Chief Financial Officer

A. Pinajyan

S. Sargsyan

Interim Financial Statements Statement of Profit or Loss and Other Comprehensive Income

«30» June 2019

HSBC Bank Armenia CJSC

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

In thousands of Armenian Drams	01.04.19- 30.06.19	01.01.19-30.06.19	01.04.18- 30.06.18	01.01.18-30.06.18
Interest income calculated using the effective interest method	2,718,685	5,458,245	2,658,764	5,305,500
Other similar income	22,461	44,136	105,549	203,429
Interest and similar expense	-744,470	-1,509,761	-949,443	-1,970,106
Net margin on interest and similar income	1,996,676	3,992,620	1,814,870	3,538,823
Credit loss allowance	871,085	463,151	-1,006,407	-516,756
Net margin on interest and similar income after credit loss allowance	2,867,761	4,455,771	808,463	3,022,067
Fee and commission income	644,696	1,231,867	681,887	1,368,672
Fee and commission expense	-127,967	-240,296	-110,359	-220,769
Gains less losses from financial derivatives	-142,066	-229,459	3,596	-28,443
Gains less losses from investments	2,661	-3,115	-6,829	9,909
Gains less losses from trading in foreign currencies	274,052	454,705	135,430	350,698
Other operating income	281,316	318,910	39,912	72,176
Personnel expenses	-1,078,733	-2,125,026	-1,074,806	-2,016,400
Other general administrative expenses	-1,112,657	-2,202,051	-1,277,508	-2,447,268
Profit before tax (see Note2)	1,609,063	1,661,306	-800,214	110,642
Income tax (expense)/credit	-334,005	-344,454	150,210	-31,961
Profit for the year	1,275,058	1,316,852	-650,004	78,681
Other comprehensive loss:				
Items that may be reclassified subsequently to profit or loss:				
Debt securities at fair value through other comprehensive income:				
- Gains less losses arising during the year	7,738	-9,286	-50,556	-114,465
Other comprehensive loss for the year	7,738	-9,286	-50,556	-114,465
Total comprehensive income for the year	1.282.796	1.307.566	-700.560	-35,784
Total comprehensive income for the year Note2: Additional information on profit, including net profit from loans and advance	1,282,796	1,307,566	-700,560	-35,7
		01.01.19-30.06.19		01.01.18-30.06.1
Net profit from loans to customers provided by HSBC Bank plc, London as referred by the Bank Profit before taxes including net profit from loans to customers provided		1,459,384		3,623,838
by HSBC Bank plc, London as referred by the Bank		3,120,690		3,734,480

Acting Chief Executive Officer

A. Pinajyan

Acting Chief Financial Officer

S. Sargsyan «15» July 2019p.

Interim Financial Statements Statement of Changes in Equity

«30» June 2019

HSBC Bank Armenia CJSC

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

In thousands of Armenian Drams	Share capital	Share-based payments reserve	Revaluation reserve for AFS securities	Revaluation reserve for securities at FVOCI	Revaluation reserve for premises	Retained earnings	Tota
Balance at 1 January 2018	18,434,350	95,927	175,089	ı	- 233,772	20,047,198	38,986,336
Adoption of IFRS 9: remeasurement for expected credit losses, net of tax	-	-	-			149,811	149,811
Restated balance at 1 January 2018	18,434,350	95,927	175,089		- 233,772	20,197,009	39,136,147
Loss for the year Other comprehensive income	-	- -	-114,465		 	78,681 -	78,681 -114,465
Total comprehensive income for 2018 Share-based payments	-	- -	-114,465 -		 	78,681 -	-35,784
Balance at 30 June 2019	18,434,350	95,927	60,624		- 233,772	20,275,690	39,100,363
Balance at 1 January 2019	18,434,350	83,371	175,089	-123,03	6 233,772	20,752,161	39,555,707
Profit for the year Other comprehensive income	- -	- -	-	-9,28	 6 -	1,316,852	1,316,852

4,524

87,895

175,089

18,434,350

Acting Chief Executive Officer

Total comprehensive income for 2019

Share-based payments

Balance at 30 June 2019

A. Pinajyan

1,316,852

22,069,013

1,307,566

40,867,797

4,524

-9,286

-132,322

233,772

Acting Chief Financial Officer

S. Sargsyan

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Interim Financial Statements Statement of Cash Flows

«30» June 2019

HSBC Bank Armenia CJSC

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

In thousands of Armenian Drams	01.01.19- 30.06.19	01.01.18- 30.06.18
Cash flows from operating activities		
Interest income calculated using the effective interest method received	5,075,381	5,869,060
Interest paid	-1,536,245	-2,034,191
Fees and commissions received	1,235,425	1,637,936
Fees and commissions paid	-285,407	-355,426
Income received from financial derivatives	-136,964	78,538
Income received from trading in foreign currencies	340,255	356,221
Net other operating income received	300,685	50,159
Staff costs paid	-2,410,822	-2,429,511
Administrative expenses paid	-1,247,146	-1,206,441
Income tax (paid)/received	0	3,241
Cash flows from operating activities before changes in operating assets and liabilities	1,335,162	1,969,586
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Net (increase)/decrease in:	276 005	27 247
- investments in debt securities at fair value through profit or loss	276,005	27,347
- investments in debt securities at fair value through other comprehensive income	-433,525	12,080,568
- debt securities carried at amortised cost	3,803,065	-8,128,146
- loans and advances to banks	7,521,501	-21,208,549
- loans and advances to customers	-7,887,151	-7,736,370
- other assets	811,980	-1,166,261
Net increase/(decrease) in:		
- due to other banks	-365,923	1,803,054
- current accounts and deposits from customers	-3,361,511	-2,757,949
- other liabilities	-169,977	4,728
Net cash (used in)/from operating activities	1,529,626	-25,111,992
Cash flows from investing activities		
Acquisition of property, equipment and intangible assets	-919,330	-489,580
Proceeds from disposal of property, equipment and intangible assets	10,148	853
Net cash used in investing activities	-909,182	-488,727
Net cash used in investing activities	-303,162	-400,727
Effect of exchange rate changes on cash and cash equivalents	-216,472	-678,097
Net (decrease)/increase in cash and cash equivalents	403,972	-26,278,816
Cash and cash equivalents at the beginning of the year	42,617,095	68,935,410
Cash and cash equivalents at the end of the year	43,021,067	42,656,594

Acting Chief Executive Officer

A. Pinajyan

Acting Chief Financial Officer

May

S. Sargsyan