

**HSBC Bank Armenia CJSC**  
Interim Financial Statements  
For Quarter 2 2020



**Interim Financial Statements**  
**Statement of Financial Position**  
«30» June 2020

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

<i>In thousands of Armenian Drams</i>	<b>30.06.2020</b>	<b>31.12.2019 Audited</b>
<b>Assets</b>		
Cash and cash equivalents	38,425,198	39,454,938
Loans and advances to banks	7,050,225	17,278,393
Investments in debt securities	24,439,777	24,456,299
Investments in equity securities	32,074	32,069
Loans and advances to customers	129,303,862	118,921,797
Other assets	8,628,632	7,996,334
Right of Use assets	674,114	874,025
Deferred income tax asset	553,002	498,067
Property, equipment and intangible assets	3,798,347	4,064,431
<b>Total assets (See Note 1)</b>	<b>212,905,231</b>	<b>213,576,353</b>
<b>Liabilities</b>		
Due to other banks	2,127,246	26,457
Current accounts and deposits from customers	157,811,981	162,843,540
Current tax liability	335,537	0
Other liabilities	9,639,961	9,164,153
<b>Total liabilities</b>	<b>169,914,725</b>	<b>172,034,150</b>
<b>EQUITY</b>		
Share capital	18,434,350	18,434,350
Retained earnings	24,024,347	22,627,633
Share-based payments reserve	117,315	111,003
Revaluation reserve for financial assets at fair value through other comprehensive income	100,063	54,786
Revaluation reserve for land and buildings	314,431	314,431
<b>Total equity</b>	<b>42,990,506</b>	<b>41,542,203</b>
<b>Total liabilities and equity</b>	<b>212,905,231</b>	<b>213,576,353</b>

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

	<b>30.06.2020</b>	<b>31.12.2019</b>
Loans to customers provided by HSBC Bank plc, London as referred by HSBC Bank Armenia cjsc	63,565,686	55,589,654
<b>Total loans including loans to customers provided by HSBC Bank plc, London as referred by the Bank</b>	<b>192,869,548</b>	<b>174,511,451</b>
<b>Total assets including loans to customers provided by HSBC Bank plc, London as referred by the Bank</b>	<b>276,470,917</b>	<b>269,166,007</b>

Chief Executive Officer

I. Seylanyan

Chief Financial Officer

R. Melkonyan

«15» July 2020

**Interim Financial Statements**  
**Statement of Profit or Loss and Other Comprehensive Income**  
 «30» June 2020

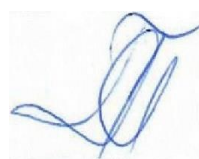
**HSBC Bank Armenia CJSC**  
 Address: 66 Teryan Street, Yerevan 0009, Republic of Armenia

<i>In thousands of Armenian Drams</i>	<b>01.04.20-30.06.20</b>	<b>01.01.20-30.06.20</b>	<b>01.04.19-30.06.19</b>	<b>01.01.19-30.06.19</b>
Interest income calculated using the effective interest method	2,981,427	6,024,305	2,718,685	5,458,245
Other similar income	12,331	49,273	22,461	44,136
Interest expense	-675,416	-1,363,712	-719,988	-1,458,145
Other similar expense	-20,150	-39,081	-24,482	-51,616
<b>Net margin on interest and similar income</b>	<b>2,298,192</b>	<b>4,670,785</b>	<b>1,996,676</b>	<b>3,992,620</b>
Credit loss allowance	-561,075	11,307	871,085	463,151
<b>Net margin on interest and similar income after credit loss allowance</b>	<b>1,737,117</b>	<b>4,682,092</b>	<b>2,867,761</b>	<b>4,455,771</b>
Fee and commission income	598,408	1,199,816	644,696	1,231,867
Fee and commission expense	-139,373	-314,780	-127,967	-240,296
Gains less losses from financial derivatives	-184,731	-99,130	-142,066	-229,459
Gains less losses from investments	5,600	5,581	2,661	-3,115
Gains less losses from trading in foreign currencies	414,916	574,387	274,052	454,705
Other operating income	24,134	60,816	281,316	318,910
Personnel expenses	-958,210	-1,999,062	-1,078,733	-2,125,026
Other general administrative expenses	-1,277,239	-2,432,035	-1,112,657	-2,202,051
<b>Profit before tax (see Note2)</b>	<b>220,622</b>	<b>1,677,685</b>	<b>1,609,063</b>	<b>1,661,306</b>
Income tax expense	10,639	-280,971	-334,005	-344,454
<b>Profit for the year</b>	<b>231,261</b>	<b>1,396,714</b>	<b>1,275,058</b>	<b>1,316,852</b>
<b>Other comprehensive loss:</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Debt securities at fair value through other comprehensive income:				
- Gains less losses arising during the year	69,135	45,277	7,738	-9,286
<b>Other comprehensive loss for the year</b>	<b>69,135</b>	<b>45,277</b>	<b>7,738</b>	<b>-9,286</b>
<b>Total comprehensive income for the year</b>	<b>300,396</b>	<b>1,441,991</b>	<b>1,282,796</b>	<b>1,307,566</b>

Note2: Additional information on profit, including net profit from loans and advances to customers provided by HSBC Group

	<b>01.01.20-30.06.20</b>	<b>01.01.19-30.06.19</b>
Net profit from loans to customers provided by HSBC Bank plc, London as referred by the Bank	(1,544,841)	1,459,384
<b>Profit before taxes including net profit from loans to customers provided by HSBC Bank plc, London as referred by the Bank</b>	<b>132,844</b>	<b>3,120,690</b>

Chief Executive Officer



Chief Financial Officer

I. Seylanyan

R. Melkonyan

«15» July 2020

**Interim Financial Statements**  
**Statement of Changes in Equity**

«30» June 2020

**HSBC Bank Armenia CJSC**

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

<i>In thousands of Armenian Drams</i>	Share capital	Share-based payments reserve	Revaluation reserve for securities at FVOCI	Revaluation reserve for land and buildings	Retained earnings	Total
<b>Balance at 1 January 2019</b>	18,434,350	83,371	52,053	233,772	20,752,161	39,555,707
Profit for the year	-	-	-	-	1,316,852	1,316,852
Other comprehensive income	-	-	-9,286	-	-	-9,286
Total comprehensive income for 2019	-	-	-9,286	-	1,316,852	1,307,566
Share-based payments	-	4,524	-	-	-	4,524
<b>Balance at 30 June 2019</b>	18,434,350	87,895	42,767	233,772	22,069,013	40,867,797
<b>Balance at 1 January 2020</b>	18,434,350	111,003	54,786	314,431	22,627,633	41,542,203
Profit for the year	-	-	-	-	1,396,714	1,396,714
Other comprehensive income	-	-	45,277	-	-	45,277
Total comprehensive income for 2020	-	-	45,277	-	1,396,714	1,441,991
Share-based payments	-	6312	-	-	-	6,312
<b>Balance at 30 June 2020</b>	18,434,350	117,315	100,063	314,431	24,024,347	42,990,506

Chief Executive Officer

I. Seylanyan

Chief Financial Officer

R. Melkonyan

«15» July 2020

## Interim Financial Statements

### Statement of Cash Flows

«30» June 2020

#### HSBC Bank Armenia CJSC

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

<i>In thousands of Armenian Drams</i>	<b>01.01.20- 30.06.20</b>	<b>01.01.19- 30.06.19</b>
<b>Cash flows from operating activities</b>		
Interest income calculated using the effective interest method received	5,910,390	5,075,381
Interest paid	-1,305,315	-1,536,245
Fees and commissions received	1,148,954	1,235,425
Fees and commissions paid	-294,231	-285,407
Income paid from financial derivatives	-1,657	-136,964
Income received from trading in foreign currencies	670,255	340,255
Net other operating income received	61,012	300,685
Staff costs paid	-2,552,091	-2,410,822
Administrative expenses paid	-1,234,393	-1,247,146
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>2,402,924</b>	<b>1,335,162</b>
<i>Net (increase)/decrease in:</i>		
- investments in debt securities at fair value through profit or loss	126,421	276,005
- loans and advances to banks	10,626,789	7,521,501
- loans and advances to customers	-9,626,638	-7,887,151
- other assets	68,610	811,980
<i>Net increase/(decrease) in:</i>		
- due to other banks	2,098,092	-365,923
- current accounts and deposits from customers	-6,201,889	-3,361,511
- other liabilities	-243,170	-169,977
<b>Net cash used in operating activities</b>	<b>-748,861</b>	<b>-1,839,914</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, equipment and intangible assets	-91,018	-919,330
Proceeds from disposal of property, equipment and intangible assets	0	10,148
Acquisition of debt securities at fair value through other comprehensive income	-15,802,651	-12,163,781
Proceeds from redemption of debt securities at fair value through other comprehensive income	16,355,378	11,730,256
Acquisition of debt securities carried at amortised cost	-4,654,343	-1,191,347
Proceeds from redemption of debt securities carried at amortised cost	3,985,246	4,994,412
<b>Net cash (used in)/from investing activities</b>	<b>-207,388</b>	<b>2,460,358</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>348,600</b>	<b>-216,472</b>
<b>Net decrease in cash and cash equivalents</b>	<b>-607,649</b>	<b>403,972</b>
Cash and cash equivalents at the beginning of the year	38,991,586	42,617,095
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>38,383,937</b>	<b>43,021,067</b>

Chief Executive Officer

I. Scylanyan

Chief Financial Officer

R. Melkonyan

«15» July 2020