

# HSBC Bank Armenia CJSC

## Interim Financial Statements

For Quarter 2 2021

**Interim Financial Statements**  
**Statement of Financial Position**  
«30» June 2021

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

<i>In thousands of Armenian Drams</i>	<b>30.06.2021</b>	<b>31.12.2020</b> <b>Audited</b>
<b>Assets</b>		
Cash and cash equivalents	37,590,455	38,918,509
Loans and advances to banks	32,799	9,666,154
Investments in debt securities	31,881,897	31,417,813
Investments in equity securities	32,146	32,221
Loans and advances to customers	154,396,125	143,745,937
Other assets	6,971,081	10,985,673
Right of Use assets	274,340	474,269
Property, equipment and intangible assets	3,639,699	3,709,047
<b>Total assets (See Note 1)</b>	<b>234,818,542</b>	<b>238,949,623</b>
<b>Liabilities</b>		
Due to other banks	9,330,510	13,591,168
Current accounts and deposits from customers	171,712,725	170,863,821
Current tax liability	455,733	0
Deferred tax liability	428,508	447,107
Other liabilities	7,077,414	10,279,830
<b>Total liabilities</b>	<b>189,004,890</b>	<b>195,181,926</b>
<b>EQUITY</b>		
Share capital	18,434,350	18,434,350
Retained earnings	26,998,622	24,904,661
Share-based payments reserve	117,315	117,315
Revaluation reserve for financial assets at fair value through other comprehensive income	-58,927	-10,921
Revaluation reserve for land and buildings	322,292	322,292
<b>Total equity</b>	<b>45,813,652</b>	<b>43,767,697</b>
<b>Total liabilities and equity</b>	<b>234,818,542</b>	<b>238,949,623</b>

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

	<b>30.06.2021</b>	<b>31.12.2020</b>
Loans to customers provided by HSBC Bank plc, London as referred by HSBC Bank Armenia cjsc	63,734,771	63,708,734
<b>Total loans including loans to customers provided by HSBC Bank plc, London as referred by the Bank</b>	<b>218,130,896</b>	<b>207,454,671</b>
<b>Total assets including loans to customers provided by HSBC Bank plc, London as referred by the Bank</b>	<b>298,553,313</b>	<b>302,658,357</b>

Chief Executive Officer




I. Seylanyan

Chief Accountant/Deputy CFO



S. Sargsyan

«15» July 2021

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

«30» June 2021

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

<i>In thousands of Armenian Drams</i>	<b>01.04.21- 30.06.21</b>	<b>01.01.21-30.06.21</b>	<b>01.04.20- 30.06.20</b>	<b>01.01.20-30.06.20</b>
Interest income calculated using the effective interest method	3,778,571	7,239,612	2,981,427	6,024,305
Other similar income	9,403	23,023	12,331	49,273
Interest expense	-725,975	-1,428,688	-675,416	-1,363,712
Other similar expense	-18,701	-28,613	-20,150	-39,081
<b>Net margin on interest and similar income</b>	<b>3,043,298</b>	<b>5,805,334</b>	<b>2,298,192</b>	<b>4,670,785</b>
Credit loss allowance	-230,810	-83,205	-561,075	11,307
<b>Net margin on interest and similar income after credit loss allowance</b>	<b>2,812,488</b>	<b>5,722,129</b>	<b>1,737,117</b>	<b>4,682,092</b>
Fee and commission income	481,966	1,001,484	598,408	1,199,816
Fee and commission expense	-94,052	-258,751	-139,373	-314,780
Gains less losses from financial derivatives	-643,276	-412,917	-184,731	-99,130
Gains less losses from investments	-5,681	-7,285	5,600	5,581
Gains less losses from trading in foreign currencies	738,264	962,030	414,916	574,387
Other operating income	10,066	117,705	24,134	60,816
Personnel expenses	-898,674	-1,709,898	-958,210	-1,999,062
Other general administrative expenses	-1,459,114	-2,882,646	-1,277,239	-2,432,035
<b>Profit before tax</b>	<b>941,987</b>	<b>2,531,851</b>	<b>220,622</b>	<b>1,677,685</b>
Income tax expense	-151,220	-437,890	10,639	-280,971
<b>Profit for the year</b>	<b>790,767</b>	<b>2,093,961</b>	<b>231,261</b>	<b>1,396,714</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	-59,448	-48,006	69,135	45,277
<b>Other comprehensive loss for the year</b>	<b>-59,448</b>	<b>-48,006</b>	<b>69,135</b>	<b>45,277</b>
<b>Total comprehensive income for the year</b>	<b>731,319</b>	<b>2,045,955</b>	<b>300,396</b>	<b>1,441,991</b>

Chief Executive Officer



I. Seylanyan

Chief Accountant/Deputy CFO

S. Sargsyan

«15» July 2021

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

«30» June 2021

**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 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 2019	-	-	45,277	-	1,396,714	1,441,991
Share-based payments	-	6,312	-	-	-	6,312
<b>Balance at 31 March 2020</b>	18,434,350	117,315	100,063	314,431	24,024,347	42,990,506
<b>Balance at 1 January 2021</b>	18,434,350	117,315	-10,921	322,292	24,904,661	43,767,697
Profit for the year	-	-	-	-	2,093,961	2,093,961
Other comprehensive income	-	-	-48,006	-	-	-48,006
Total comprehensive income for 2021	-	-	-48,006	0	2,093,961	2,045,955
Share-based payments	-	-	-	-	-	0
<b>Balance at 31 June 2021</b>	18,434,350	117,315	-58,927	322,292	26,998,622	45,813,652

Chief Executive Officer



I. Seylanyan

Chief Accountant/Deputy CFO

S. Sargsyan

«15» July 2021

**Interim Financial Statements**  
**Statement of Cash Flows**

«30» June 2021

**HSBC Bank Armenia CJSC**

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

<i>In thousands of Armenian Drams</i>	<b>01.01.21- 30.06.21</b>	<b>01.01.20- 30.06.20</b>
<b>Cash flows from operating activities</b>		
Interest income calculated using the effective interest method received	6,758,293	5,910,390
Interest paid	-1,347,119	-1,305,315
Fees and commissions received	1,008,927	1,148,954
Fees and commissions paid	-350,160	-294,231
Income paid from financial derivatives	579,869	-1,657
Income received from trading in foreign currencies	612,880	670,255
Net other operating income received	192,961	61,012
Staff costs paid	-2,026,074	-2,552,091
Administrative expenses paid	-2,529,548	-1,234,393
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>2,900,029</b>	<b>2,402,924</b>
<i>Net (increase)/decrease in:</i>		
- investments in debt securities at fair value through profit or loss	-1,001	126,421
- loans and advances to banks	9,901,616	10,626,789
- loans and advances to customers	-15,738,124	-9,626,638
- other assets	471,781	68,610
<i>Net increase/(decrease) in:</i>		
- due to other banks	-3,334,605	2,098,092
- current accounts and deposits from customers	7,529,731	-6,201,889
- other liabilities	-102,790	-243,170
<b>Net cash used in operating activities</b>	<b>1,626,637</b>	<b>-748,861</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, equipment and intangible assets	-187,794	-91,018
Proceeds from disposal of property, equipment and intangible assets	11,112	0
Acquisition of debt securities at fair value through other comprehensive income	-14,091,731	-15,802,651
Proceeds from redemption of debt securities at fair value through other comprehensive income	12,707,438	16,355,378
Acquisition of debt securities carried at amortised cost	-865,424	-4,654,343
Proceeds from redemption of debt securities carried at amortised cost	1,746,303	3,985,246
<b>Net cash (used in)/from investing activities</b>	<b>-680,096</b>	<b>-207,388</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>-1,978,625</b>	<b>348,600</b>
<b>Net decrease in cash and cash equivalents</b>	<b>-1,032,084</b>	<b>-607,649</b>
Cash and cash equivalents at the beginning of the year	38,461,272	38,991,586
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>37,429,188</b>	<b>38,383,937</b>

Chief Executive Officer



I. Scylanyan

Chief Accountant/Deputy CFO

S. Sargsyan