

# **HSBC Bank Armenia CJSC**

## **Interim Financial Statements**

For Quarter 3 2022

**Interim Financial Statements**  
**Statement of Financial Position**

«30» September 2022

**HSBC Bank Armenia CJSC**

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

<i>In thousands of Armenian Drams</i>	<b>30.09.2022</b>	<b>31.12.2021</b> <b>Audited</b>
<b>Assets</b>		
Cash and cash equivalents	44,543,485	59,755,872
Loans and advances to banks	31,800,723	2,638,161
Investments in debt securities	30,919,705	35,103,522
Investments in equity securities	31,862	32,077
Loans and advances to customers	151,715,118	153,634,134
Other assets	10,758,579	7,405,647
Right of Use assets	1,110,716	42,944
Property, equipment and intangible assets	2,332,050	3,404,677
<b>Total assets (See Note 1)</b>	<b>273,212,238</b>	<b>262,017,034</b>
<b>Liabilities</b>		
Due to other banks	1,632,921	6,315,952
Current accounts and deposits from customers	202,997,265	199,077,576
Current tax liability	1,313,799	129,698
Deferred tax liability	820,775	896,028
Other liabilities	13,082,778	8,622,610
<b>Total liabilities</b>	<b>219,847,538</b>	<b>215,041,864</b>
<b>EQUITY</b>		
Share capital	18,434,350	18,434,350
Retained earnings	34,762,194	28,129,711
Share-based payments reserve	130,975	117,315
Revaluation reserve for financial assets at fair value through other comprehensive income	-51,154	-28,498
Revaluation reserve for land and buildings	88,335	322,292
<b>Total equity</b>	<b>53,364,700</b>	<b>46,975,170</b>
<b>Total liabilities and equity</b>	<b>273,212,238</b>	<b>262,017,034</b>

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

	<b>30.09.2022</b>	<b>31.12.2021</b>
Loans to customers provided by HSBC Bank plc, London as referred by HSBC Bank Armenia cjsc	44,369,186	54,068,305
<b>Total loans including loans to customers provided by HSBC Bank plc, London as referred by the Bank</b>	<b>196,084,304</b>	<b>207,702,439</b>
<b>Total assets including loans to customers provided by HSBC Bank plc, London as referred by the Bank</b>	<b>317,581,424</b>	<b>316,085,339</b>

Chief Executive Officer



I. Seylanyan

Chief Accountant/Deputy CFO



S. Sargsyan



«14» October 2022

**Interim Financial Statements**  
**Statement of Profit or Loss and Other Comprehensive Income**  
«30» September 2022

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

<i>In thousands of Armenian Drams</i>	Note	01.07.22-30.09.22	01.01.22-30.09.22	01.07.21-30.09.21	01.01.21-30.09.21
Interest income calculated using the effective interest method		4,468,277	12,921,519	3,820,418	11,060,030
Other similar income		7,767	38,903	17,878	40,901
Interest expense		-809,676	-2,445,697	-727,209	-2,155,897
Other similar expense		-52,373	-100,121	-23,426	-52,039
<b>Net margin on interest and similar income</b>		<b>3,613,995</b>	<b>10,414,604</b>	<b>3,087,661</b>	<b>8,892,995</b>
Credit loss allowance		-54,717	13,364	-595,689	-678,894
<b>Net margin on interest and similar income after credit loss allowance</b>		<b>3,559,278</b>	<b>10,427,968</b>	<b>2,491,972</b>	<b>8,214,101</b>
Fee and commission income		692,159	1,948,479	576,692	1,578,176
Fee and commission expense		-291,942	-609,154	-133,775	-392,526
Gains less losses from investments		-4,032	-17,564	-10,819	-18,104
Gains less losses from trading in foreign currencies		786,432	2,294,179	352,411	901,524
Other operating income		18,255	192,407	20,772	138,477
Personnel expenses		-934,742	-2,759,065	-878,045	-2,587,943
Other general administrative expenses		-1,162,308	-3,604,975	-1,411,076	-4,293,722
<b>Profit before tax</b>		<b>2,663,100</b>	<b>7,872,275</b>	<b>1,008,132</b>	<b>3,539,983</b>
Income tax expense		-483,845	-1,473,749	-181,871	-619,761
<b>Profit for the year</b>		<b>2,179,255</b>	<b>6,398,526</b>	<b>826,261</b>	<b>2,920,222</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		33,404	-22,656	-24,372	-72,378
<i>Items that will not be reclassified to profit or loss:</i>					
Revaluation of land and buildings		-	-	-	-
<b>Other comprehensive loss for the year</b>		<b>33,404</b>	<b>-22,656</b>	<b>-24,372</b>	<b>-72,378</b>
<b>Total comprehensive income for the year</b>		<b>2,212,659</b>	<b>6,375,870</b>	<b>801,889</b>	<b>2,847,844</b>

Chief Executive Officer




I. Scylanyan

Chief Accountant/Deputy CFO



S. Sargsyan

«14» October 2022

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

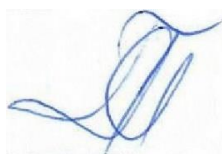
«30» September 2022

**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 2021</b>	<b>18,434,350</b>	<b>117,315</b>	<b>-10,921</b>	<b>322,292</b>	<b>24,904,661</b>	<b>43,767,697</b>
Profit for the year	-	-	-	-	2,920,222	2,920,222
Other comprehensive income	-	-	-72,378	-	-	-72,378
Total comprehensive income for 2021	-	-	-72,378	-	2,920,222	2,847,844
Share-based payments	-	-	-	-	-	-
<b>Balance at 30 September 2021</b>	<b>18,434,350</b>	<b>117,315</b>	<b>-83,299</b>	<b>322,292</b>	<b>27,824,883</b>	<b>46,615,541</b>
<b>Balance at 1 January 2022</b>	<b>18,434,350</b>	<b>117,315</b>	<b>-28,498</b>	<b>322,292</b>	<b>28,129,711</b>	<b>46,975,170</b>
Profit for the year	-	-	-	-	6,398,526	6,398,526
Other comprehensive income	-	-	-22,656	-	-	-22,656
Total comprehensive income for 2022	-	-	-22,656	-	6,398,526	6,375,870
Transfer of revaluation reserve for land and buildings to retained earnings	-	-	-	-233,957	233,957	-
Share-based payments	-	13,660	-	-	-	13,660
<b>Balance at 30 September 2022</b>	<b>18,434,350</b>	<b>130,975</b>	<b>-51,154</b>	<b>88,335</b>	<b>34,762,194</b>	<b>53,364,700</b>

Chief Executive Officer




I. Seylanyan

Chief Accountant/Deputy CFO



S. Sargsyan

«14» October 2022

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

«30» September 2022

**HSBC Bank Armenia CJSC**

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

<i>In thousands of Armenian Drams</i>	<b>01.01.22- 30.09.22</b>	<b>01.01.21- 30.09.21</b>
<b>Cash flows from operating activities</b>		
Interest income calculated using the effective interest method received	12,374,336	10,679,439
Interest paid	-2,410,154	-2,122,678
Fees and commissions received	2,004,399	1,696,647
Fees and commissions paid	-402,779	-513,646
Income paid from financial derivatives	284,592	575,255
Income received from trading in foreign currencies	2,540,798	1,117,460
Net other operating income received	25,281	254,520
Staff costs paid	-2,823,951	-2,774,135
Administrative expenses paid	-2,495,073	-2,963,104
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>9,097,449</b>	<b>5,949,758</b>
<i>Net (increase)/decrease in:</i>		
- investments in debt securities at fair value through profit or loss	68,676	-1,155
- loans and advances to banks	-30,314,624	7,040,932
- loans and advances to customers	-13,325,060	-17,274,800
- other assets	-2,237,393	428,565
<i>Net increase/(decrease) in:</i>		
- due to other banks	-4,359,600	6,210,462
- current accounts and deposits from customers	28,845,302	17,278,856
- other liabilities	2,601,468	197,753
<b>Net cash used in operating activities before profit tax</b>	<b>-9,623,782</b>	<b>19,830,371</b>
<b>Profit tax paid</b>	<b>-358,214</b>	<b>-</b>
<b>Net cash used in operating activities</b>	<b>-9,981,996</b>	<b>19,830,371</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, equipment and intangible assets	-250,003	-570,986
Proceeds from disposal of property, equipment and intangible assets	5,641	17,004
Acquisition of debt securities at fair value through other comprehensive income	-14,300,479	-20,586,921
Proceeds from redemption of debt securities at fair value through other comprehensive income	26,638,315	18,544,536
Acquisition of debt securities carried at amortised cost	-8,942,777	-865,424
Proceeds from redemption of debt securities carried at amortised cost	1,121,422	1,670,492
<b>Net cash (used in)/from investing activities</b>	<b>4,272,119</b>	<b>-1,791,299</b>
<b>Cash flows from financing activities</b>		
Repayment of principal of lease liabilities	-181,412	-341,983
<b>Net cash (used in)/from financing activities</b>	<b>-181,412</b>	<b>-341,983</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>-9,130,074</b>	<b>-3,135,817</b>
<b>Net decrease in cash and cash equivalents</b>	<b>-15,021,363</b>	<b>14,561,272</b>
Cash and cash equivalents at the beginning of the year	59,013,478	38,461,272
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>43,992,115</b>	<b>53,022,544</b>

Chief Executive Officer



I. Seylanyan

Chief Accountant/Deputy CFO

S. Sargsyan

«14» October 2022