

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

«30» June 2023

**HSBC Bank Armenia CJSC**

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

| <i>In thousands of Armenian Drams</i>   | <b>30.06.2023</b>  | <b>31.12.2022</b><br><b>Audited</b> |
|---|--------------------|-------------------------------------|
| <b>Assets</b>   |                    |                                     |
| Cash and cash equivalents   | 63,991,819         | 54,023,193                          |
| Loans and advances to banks   | 7,049,738          | 21,590,738                          |
| Investments in debt securities  | 34,763,682         | 30,593,713                          |
| Investments in equity securities  | 31,896             | 31,897                              |
| Loans and advances to customers   | 175,881,196        | 153,291,072                         |
| Other assets  | 11,710,230         | 11,561,344                          |
| Right of Use assets   | 1,318,629          | 1,422,023                           |
| Property, equipment and intangible assets   | 3,105,311          | 2,549,182                           |
| <b>Total assets (See Note 1)</b>  | <b>297,852,501</b> | <b>275,063,162</b>                  |
| <b>Liabilities</b>  |                    |                                     |
| Due to other banks  | 27,559,838         | 16,230                              |
| Current accounts and deposits from customers  | 198,335,096        | 202,336,299                         |
| Current tax liability   | 1,276,082          | 2,914,752                           |
| Deferred tax liability  | 8,416              | 8,416                               |
| Lease Liabilities   | 1,387,007          | 1,447,848                           |
| Other liabilities   | 13,094,734         | 13,183,488                          |
| <b>Total liabilities</b>  | <b>241,661,173</b> | <b>219,907,033</b>                  |
| <b>EQUITY</b>   |                    |                                     |
| Share capital   | 18,434,350         | 18,434,350                          |
| Retained earnings   | 37,318,356         | 36,381,584                          |
| Share-based payments reserve  | 140,922            | 130,975                             |
| Revaluation reserve for financial assets at fair value through other comprehensive income | 41,288             | -47,192                             |
| Revaluation reserve for land and buildings  | 256,412            | 256,412                             |
| <b>Total equity</b>   | <b>56,191,328</b>  | <b>55,156,129</b>                   |
| <b>Total liabilities and equity</b>   | <b>297,852,501</b> | <b>275,063,162</b>                  |

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

|  | <b>30.06.2023</b>  | <b>31.12.2022</b>  |
|--|--------------------|--------------------|
| Loans to customers provided by HSBC Bank plc, London as referred by HSBC Bank Armenia cjsc                 | 38,711,960         | 46,385,848         |
| <b>Total loans including loans to customers provided by HSBC Bank plc, London as referred by the Bank</b>  | <b>214,593,156</b> | <b>199,676,920</b> |
| <b>Total assets including loans to customers provided by HSBC Bank plc, London as referred by the Bank</b> | <b>336,564,461</b> | <b>321,449,010</b> |

Chief Executive Officer



I. Seylanyan

Chief Financial Officer



M. Amirbekyan



«14» July 2023

**Interim Financial Statements**  
**Statement of Profit or Loss and Other Comprehensive Income**  
«30» June 2023

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

| <i>In thousands of Armenian Drams</i>  | Note | 01.04.23-<br>30.06.23 | 01.01.23-<br>30.06.23 | 01.04.22-<br>31.06.22 | 01.01.22-<br>30.06.22 |
|--|------|-----------------------|-----------------------|-----------------------|-----------------------|
| Interest income calculated using the effective interest method               |      | 5,494,297             | 10,718,573            | 4,273,940             | 8,469,492             |
| Other similar income   |      | 6,864                 | 13,657                | 7,107                 | 14,886                |
| Interest expense   |      | -1,040,992            | -1,929,425            | -831,349              | -1,636,021            |
| Other similar expense  |      | -44,498               | -88,744               | -18,228               | -47,748               |
| <b>Net margin on interest and similar income</b>                             |      | <b>4,415,671</b>      | <b>8,714,061</b>      | <b>3,431,470</b>      | <b>6,800,609</b>      |
| Credit loss allowance  |      | 772,827               | 1,355,960             | 39,294                | 68,081                |
| <b>Net margin on interest and similar income after credit loss allowance</b> |      | <b>5,188,498</b>      | <b>10,070,021</b>     | <b>3,470,764</b>      | <b>6,868,690</b>      |
| Fee and commission income  |      | 729,899               | 1,512,427             | 663,857               | 1,256,320             |
| Fee and commission expense   |      | -165,537              | -294,714              | -156,749              | -317,212              |
| Gains less losses from investments   |      | 6,357                 | 7,756                 | -3,722                | -13,532               |
| Gains less losses from trading in foreign currencies                         |      | 597,579               | 1,130,099             | 738,516               | 1,507,747             |
| Other operating income (loss)  |      | 36,510                | 35,698                | 16,325                | 174,152               |
| Personnel expenses   |      | -967,792              | -1,927,883            | -900,225              | -1,824,323            |
| Other general administrative expenses  |      | -1,179,573            | -2,419,454            | -1,215,962            | -2,442,667            |
| <b>Profit before tax</b>   |      | <b>4,245,941</b>      | <b>8,113,950</b>      | <b>2,612,804</b>      | <b>5,209,175</b>      |
| Income tax expense   |      | -681,329              | -1,377,571            | -521,220              | -989,904              |
| <b>Profit for the year</b>   |      | <b>3,564,611</b>      | <b>6,736,379</b>      | <b>2,091,584</b>      | <b>4,219,271</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                                  |      | 62,864                | 88,480                | 32,543                | -56,060               |
| <i>Items that will not be reclassified to profit or loss:</i>                |      |                       |                       |                       |                       |
| <b>Other comprehensive loss for the year</b>                                 |      | <b>62,864</b>         | <b>88,480</b>         | <b>32,543</b>         | <b>-56,060</b>        |
| <b>Total comprehensive income for the year</b>                               |      | <b>3,627,475</b>      | <b>6,824,859</b>      | <b>2,124,127</b>      | <b>4,163,211</b>      |

Chief Executive Officer



I. Seylanyan

Chief Financial Officer



M. Amirbekyan



«14» July 2023

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

«30» June 2023

**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 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  | -                 | -                            | -   | -  | 4,219,271         | 4,219,271         |
| Other comprehensive income                                   | -                 | -                            | -56,060                                     | -  | -                 | -56,060           |
| Total comprehensive income for 2022                          | -                 | -                            | -56,060                                     | -  | 4,219,271         | 4,163,211         |
| Reclassification of revaluation reserve to retained earnings | -                 | -                            | -   | -233,957                                   | 233,957           | -                 |
| <b>Balance at 30 June 2022</b>                               | <b>18,434,350</b> | <b>117,315</b>               | <b>-84,558</b>                              | <b>88,335</b>                              | <b>32,582,939</b> | <b>51,138,381</b> |
| <b>Balance at 1 January 2023</b>                             | <b>18,434,350</b> | <b>130,975</b>               | <b>-47,192</b>                              | <b>256,412</b>                             | <b>36,381,584</b> | <b>55,156,129</b> |
| Profit for the year  | -                 | -                            | -   | -  | 6,736,379         | 6,736,379         |
| Other comprehensive income                                   | -                 | -                            | 88,480                                      | -  | -                 | 88,480            |
| Total comprehensive income for 2023                          | -                 | -                            | 88,480                                      | -  | 6,736,379         | 6,824,859         |
| Share base payments  | -                 | 9,947.00                     | -   | -  | -                 | 9,947             |
| Dividends paid   | -                 | -                            | -   | -  | -5,799,607        | -5,799,607        |
| <b>Balance at 30 June 2023</b>                               | <b>18,434,350</b> | <b>140,922</b>               | <b>41,288</b>                               | <b>256,412</b>                             | <b>37,318,356</b> | <b>56,191,328</b> |

Chief Executive Officer



I. Seylanyan

Chief Financial Officer

M. Amirbekyan

«14» July 2023

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

«30» June 2023

**HSBC Bank Armenia CJSC**

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

*In thousands of Armenian Drams*

**01.01.23-**  
**30.06.23**                      **01.01.22-**  
**31.06.22**

**Cash flows from operating activities**

|   |            |            |
|---|------------|------------|
| Interest income calculated using the effective interest method received | 10,748,857 | 8,168,670  |
| Interest paid   | -1,753,644 | -1,540,550 |
| Fees and commissions received   | 1,640,931  | 1,334,629  |
| Fees and commissions paid   | -350,346   | -341,432   |
| Income paid from financial derivatives                                  | 7,762      | 125,859    |
| Income received from trading in foreign currencies                      | 1,144,251  | 1,720,970  |
| Net other operating income received                                     | 101,863    | 217,735    |
| Staff costs paid  | -2,159,277 | -2,039,931 |
| Administrative expenses paid  | -2,928,660 | -1,597,911 |
| Income tax paid   | -3,016,239 | -358,214   |

**Cash flows from operating activities before changes in operating assets and liabilities**                      **3,435,498**                      **5,689,825**

*Net (increase)/decrease in:*

|   |             |             |
|---|-------------|-------------|
| - investments in debt securities at fair value through profit or loss | -16,910     | 64,858      |
| - loans and advances to banks   | 14,577,755  | -8,956,869  |
| - loans and advances to customers                                     | -22,248,518 | -10,450,827 |
| - other assets  | 71,178      | -1,918,093  |

*Net increase/(decrease) in:*

|  |            |            |
|--|------------|------------|
| - due to other banks                           | 25,382,878 | 2,060,976  |
| - current accounts and deposits from customers | -2,514,139 | 13,856,819 |
| - repurchase agreements                        | 2,111,136  | -          |
| - other liabilities                            | 554,201    | 2,308,042  |

**Net cash used in operating activities**                      **21,353,079**                      **2,654,731**

**Cash flows from investing activities**

|  |             |             |
|--|-------------|-------------|
| Acquisition of property, equipment and intangible assets                                     | -1,001,904  | -162,520    |
| Proceeds from disposal of property, equipment and intangible assets                          | -           | 5,575       |
| Acquisition of debt securities at fair value through other comprehensive income              | -25,385,093 | -13,334,075 |
| Proceeds from redemption of debt securities at fair value through other comprehensive income | 16,429,723  | 16,018,193  |
| Acquisition of debt securities carried at amortised cost                                     | -986,979    | -7,082,324  |
| Proceeds from redemption of debt securities carried at amortised cost                        | 5,800,475   | 1,235,730   |

**Net cash (used in)/from investing activities**                      **-5,143,778**                      **-3,319,421**

**Cash flows from financing activities**

|   |            |          |
|---|------------|----------|
| Dividends paid                              | -5,509,620 | -        |
| Repayment of principal of lease liabilities | -189,432   | -112,155 |

**Net cash (used in)/from financing activities**                      **-5,699,052**                      **-112,155**

**Effect of exchange rate changes on cash and cash equivalents**                      **-481,208**                      **-8,070,766**

**Net decrease in cash and cash equivalents**                      **10,029,040**                      **-8,847,612**

Cash and cash equivalents at the beginning of the year                      **53,294,450**                      **59,013,478**

**Cash and cash equivalents at the end of the reporting period**                      **63,323,491**                      **50,165,866**

Chief Executive Officer




I. Seylanyan

Chief Financial Officer



M. Amirbekyan

«14» July 2023