

HSBC Bank Armenia CJSC

Interim Financial Statements

As of and for the period ended 31 December 2023

Interim Financial Statements
Statement of Financial Position

«31» December 2023

HSBC Bank Armenia CJSC

Address: 90 Area, 42 Paronyan Street, Yerevan 0015, Republic of Armenia

<i>In thousands of Armenian Drams</i>	31.12.2023	31.12.2022 Audited
Assets		
Cash and cash equivalents	35,789,095	54,023,193
Loans and advances to banks	12,818,277	21,590,738
Investments in debt securities	40,355,259	30,593,713
Investments in equity securities	31,938	31,897
Loans and advances to customers	184,714,579	153,291,072
Right of Use assets	1,215,235	1,422,023
Deferred tax assets	163,464	-
Property, equipment and intangible assets	4,257,271	2,549,182
Other assets	11,965,782	11,561,344
Total assets (See Note 1)	291,310,900	275,063,162
Liabilities		
Due to banks	9,415,624	16,230
Current accounts and deposits from customers	204,372,326	202,336,299
Current tax liability	2,391,826	2,914,752
Deferred tax liability	-	8,416
Lease Liabilities	1,309,083	1,447,848
Other liabilities	13,182,529	13,183,488
Total liabilities	230,671,388	219,907,033
EQUITY		
Share capital	18,434,350	18,434,350
Retained earnings	41,635,864	36,381,584
Share-based payments reserve	140,921	130,975
Revaluation reserve for financial assets at fair value through other comprehensive income	22,278	-47,192
Revaluation reserve for land and buildings	406,099	256,412
Total equity	60,639,512	55,156,129
Total liabilities and equity	291,310,900	275,063,162

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

	31.12.2023	31.12.2022
Loans to customers provided by HSBC Bank plc, London as referred by HSBC Bank Armenia cjsc	24,840,311	46,385,848
Total loans including loans to customers provided by HSBC Bank plc, London as referred by the Bank	209,554,890	199,676,920
Total assets including loans to customers provided by HSBC Bank plc, London as referred by the Bank	316,151,211	321,449,010

Chief Executive Officer



I. Seylanyan

Chief Financial Officer



M. Amirbekyan



«15» January 2024

Interim Financial Statements
Statement of Profit or Loss and Other Comprehensive Income
«31» December 2023

HSBC Bank Armenia CJSC
Address: 90 Area, 42 Paronyan Street, Yerevan 0015, Republic of Armenia

<i>In thousands of Armenian Drams</i>	Note	01.10.23- 31.12.23	01.01.23- 31.12.23	01.10.22- 31.12.22	01.01.22- 31.12.22
Interest income calculated using the effective interest method		5,844,883	22,245,808	4,811,486	17,733,005
Other similar income		6,040	26,690	22,053	60,956
Interest expense		-993,593	-4,032,754	-878,636	-3,324,333
Other similar expense		-41,262	-173,511	-44,922	-145,043
Net margin on interest and similar income		4,816,068	18,066,233	3,909,981	14,324,585
Credit loss allowance		-1,811,508	-401,583	-245,129	-231,765
Net margin on interest and similar income after credit loss allowance		3,004,560	17,664,650	3,664,852	14,092,820
Fee and commission income		1,067,586	3,287,179	759,337	2,707,816
Fee and commission expense		-206,529	-704,625	-260,817	-869,971
Gains less losses from investments		-5,322	6,818	-3,717	-21,281
Gains less losses from trading in foreign currencies		921,372	2,514,228	874,890	3,169,069
Other operating income (loss)		61,360	121,393	136,784	329,191
Personnel expenses		-999,628	-3,880,046	-973,078	-3,732,143
Other general administrative expenses		-1,523,683	-5,341,753	-1,721,389	-5,326,364
Profit before tax		2,319,716	13,667,844	2,476,862	10,349,137
Income tax expense		-654,235	-2,613,957	-857,472	-2,331,221
Profit for the year		1,665,481	11,053,887	1,619,390	8,017,916
Other comprehensive loss:					
<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		-65,732	69,470	3,962	-18,694
<i>Items that will not be reclassified to profit or loss:</i>					
Revaluation of fixed assets		149,687	149,687	168,077	168,077
Other comprehensive loss for the year		83,955	219,157	172,039	149,383
Total comprehensive income for the year		1,749,436	11,273,044	1,791,429	8,167,299

Chief Executive Officer



I. Seylanyan

Chief Financial Officer



M. Amirbekyan



«15» January 2024

Interim Financial Statements
Statement of Changes in Equity

«31» December 2023

HSBC Bank Armenia CJSC

Address: 90 Area, 42 Paronyan Street, Yerevan 0015, 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
Balance at 1 January 2022	18,434,350	117,315	-28,498	322,292	28,129,711	46,975,170
Profit for the year	-	-	-	-	8,017,916	8,017,916
Other comprehensive income	-	-	-18,694	168,077	-	149,383
Total comprehensive income for 2022	-	-	-18,694	168,077	8,017,916	8,167,299
Reclassification of revaluation reserve to retained earnings	-	-	-	-233,957	233,957	-
Share base payments	-	13,660	-	-	-	13,660
Balance at 31 December 2022	18,434,350	130,975	-47,192	256,412	36,381,584	55,156,129
Balance at 1 January 2023	18,434,350	130,975	-47,192	256,412	36,381,584	55,156,129
Profit for the year	-	-	-	-	11,053,887	11,053,887
Other comprehensive income	-	-	69,470	149,687	-	219,157
Total comprehensive income for 2023	-	-	69,470	149,687	11,053,887	11,273,044
Share base payments	-	9,946	-	-	-	9,946
Dividends paid	-	-	-	-	-5,799,607	-5,799,607
Balance at 31 December 2023	18,434,350	140,921	22,278	406,099	41,635,864	60,639,512

Chief Executive Officer



I. Seylanyan

Chief Financial Officer

M. Amirbekyan

«15» January 2024

Interim Financial Statements
Statement of Cash Flows

«31» December 2023

HSBC Bank Armenia CJSC

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<i>In thousands of Armenian Drams</i>	01.01.23-31.12.23	01.01.22-31.12.22 (Audited)
Cash flows from operating activities		
Interest income calculated using the effective interest method received	21,484,267	17,657,748
Interest paid	-3,988,280	-3,315,537
Fees and commissions received	3,429,181	2,798,906
Fees and commissions paid	-783,246	-883,402
Income paid from financial derivatives	59,399	-370,752
Income received from trading in foreign currencies	2,851,611	3,329,544
Net other operating income received	212,043	457,520
Staff costs paid	-3,703,516	-3,702,326
Administrative expenses paid	-5,478,322	-3,341,659
Income tax paid	-3,355,142	-415,602
Cash flows from operating activities before changes in operating assets and liabilities	10,727,995	12,214,440
<i>Net (increase)/decrease in:</i>		
- investments in debt securities at fair value through profit or loss	21,651	68,952
- loans and advances to banks	8,173,500	-20,085,523
- loans and advances to customers	-28,517,527	-15,842,460
- other assets	507,693	-1,842,320
<i>Net increase/(decrease) in:</i>		
- due to other banks	8,692,167	-5,953,049
- current accounts and deposits from customers	-2,667,625	29,219,743
- other liabilities	139,181	2,473,100
Net cash used in operating activities	-2,922,965	252,883
Cash flows from investing activities		
Acquisition of property, equipment and intangible assets	-2,464,424	-531,877
Proceeds from disposal of property, equipment and intangible assets	-	5,641
Acquisition of debt securities at fair value through other comprehensive income	-40,044,311	-23,672,307
Proceeds from redemption of debt securities at fair value through other comprehensive income	26,205,027	39,270,441
Acquisition of debt securities carried at amortised cost	-2,796,822	-12,192,362
Proceeds from redemption of debt securities carried at amortised cost	7,645,276	914,261
Net cash (used in)/from investing activities	-11,455,254	3,793,797
Cash flows from financing activities		
Dividends paid	-5,509,620	-
Repayment of principal of lease liabilities	-387,059	-466,653
Net cash (used in)/from financing activities	-5,896,679	-466,653
Effect of exchange rate changes on cash and cash equivalents	1,411,816	-9,299,055
Net decrease in cash and cash equivalents	-18,863,082	-5,719,028
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	34,431,368	53,294,450

Chief Executive Officer



I. Seylanyan

Chief Financial Officer



M. Amirbekyan



«15» January 2024