

# HSBC Bank Armenia CJSC

## Interim Financial Statements

As of and for the period ended 31 March 2024

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

«31» March 2024

**HSBC Bank Armenia CJSC**

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

| <i>In thousands of Armenian Drams</i>  | <b>31.03.24</b>    | <b>31.12.2023</b><br><b>Audited</b> |
|--|--------------------|-------------------------------------|
| <b>Assets</b>  |                    |                                     |
| Cash and cash equivalents  | 42,679,977         | 35,789,095                          |
| Loans and advances to banks  | 1,858,597          | 12,818,277                          |
| Investments in debt securities   | 35,155,975         | 40,355,259                          |
| Investments in equity securities   | 31,903             | 31,938                              |
| Loans and advances to customers  | 176,825,644        | 184,714,579                         |
| Right of Use assets  | 1,163,538          | 1,215,235                           |
| Deferred tax assets  | 163,464            | 163,464.00                          |
| Property, equipment and intangible assets  | 3,974,900          | 4,257,271                           |
| Other assets   | 11,827,633         | 11,965,782                          |
| <b>Total assets (See Note 1)</b>   | <b>273,681,631</b> | <b>291,310,900</b>                  |
| <b>Liabilities</b>   |                    |                                     |
| Due to banks   | 8,911,710          | 9,415,624                           |
| Current accounts and deposits from customers   | 184,519,730        | 204,372,326                         |
| Current tax liability  | 2,744,322          | 2,391,826                           |
| Lease Liabilities  | 1,268,559          | 1,309,083                           |
| Other liabilities  | 12,961,808         | 13,182,529                          |
| <b>Total liabilities</b>   | <b>210,406,129</b> | <b>230,671,388</b>                  |
| <b>EQUITY</b>  |                    |                                     |
| Share capital  | 18,434,350         | 18,434,350                          |
| Retained earnings  | 44,219,204         | 41,635,864                          |
| Share-based payments reserve   | 62,732             | 140,921                             |
| Revaluation reserve for financial assets at fair value through other comprehensive income                  | 153,117            | 22,278                              |
| Revaluation reserve for land and buildings   | 406,099            | 406,099                             |
| <b>Total equity</b>  | <b>63,275,502</b>  | <b>60,639,512</b>                   |
| <b>Total liabilities and equity</b>  | <b>273,681,631</b> | <b>291,310,900</b>                  |
| <i>Note 1: Additional information on loan portfolio volumes provided by HSBC Group</i>                     |                    |                                     |
|  | <b>31.03.24</b>    | <b>31.12.2022</b>                   |
| Loans to customers provided by HSBC Bank plc, London as referred by HSBC Bank Armenia cjsc                 | 19,836,916         | 24,840,311                          |
| <b>Total loans including loans to customers provided by HSBC Bank plc, London as referred by the Bank</b>  | <b>196,662,560</b> | <b>209,554,890</b>                  |
| <b>Total assets including loans to customers provided by HSBC Bank plc, London as referred by the Bank</b> | <b>293,518,547</b> | <b>316,151,211</b>                  |

Chief Executive Officer



I. Seylanyan

Chief Financial Officer



M. Amirbekyan



«15» April 2024

**Interim Financial Statements**  
**Statement of Profit or Loss and Other Comprehensive Income**  
«31» March 2024

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

| <i>In thousands of Armenian Drams</i>  | Note | 01.01.24-31.03.24 | 01.01.23-31.03.23 |
|--|------|-------------------|-------------------|
| Interest income calculated using the effective interest method               |      | 5,646,301         | 5,224,276         |
| Other similar income   |      | 5,577             | 6,793             |
| Interest expense   |      | -996,758          | -888,433          |
| Other similar expense  |      | -40,212           | -44,246           |
| <b>Net margin on interest and similar income</b>                             |      | <b>4,614,908</b>  | <b>4,298,390</b>  |
| Credit loss allowance  |      | -72,505           | 583,133           |
| <b>Net margin on interest and similar income after credit loss allowance</b> |      | <b>4,542,403</b>  | <b>4,881,523</b>  |
| Fee and commission income  |      | 612,320           | 782,528           |
| Fee and commission expense   |      | -199,497          | -129,177          |
| Gains less losses from investments   |      | 7,013             | 1,399             |
| Gains less losses from trading in foreign currencies                         |      | 504,550           | 532,520           |
| Other operating income (loss)  |      | 41,332            | -812              |
| Personnel expenses   |      | -991,884          | -960,091          |
| Other general administrative expenses  |      | -1,461,597        | -1,239,881        |
| <b>Profit before tax</b>   |      | <b>3,054,640</b>  | <b>3,868,009</b>  |
| Income tax expense   |      | -554,836          | -696,242          |
| <b>Profit for the year</b>   |      | <b>2,499,804</b>  | <b>3,171,767</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                                  |      | 130,839           | 25,616            |
| <i>Items that will not be reclassified to profit or loss:</i>                |      |                   |                   |
| Revaluation of fixed assets  |      | -                 | -                 |
| <b>Other comprehensive loss for the year</b>                                 |      | <b>130,839</b>    | <b>25,616</b>     |
| <b>Total comprehensive income for the year</b>                               |      | <b>2,630,643</b>  | <b>3,197,383</b>  |

Chief Executive Officer



I. Scylanyan

Chief Financial Officer



M. Amirbekyan



«15» April 2024

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

«31» March 2024

**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      |
|--|---------------|------------------------------|---|--|-------------------|------------|
| <b>Balance at 1 January 2023</b>                                     | 18,434,350    | 130,975                      | -47,192                                     | 256,412                                    | 36,381,584        | 55,156,129 |
| Profit for the year  | -             | -                            | -   | -  | 3,171,767         | 3,171,767  |
| Other comprehensive income   | -             | -                            | 25,616                                      | -  | -                 | 25,616     |
| <b>Total comprehensive income for 2023</b>                           | -             | -                            | 25,616                                      | -  | 3,171,767         | 3,197,383  |
| <b>Balance at 31 March 2023</b>                                      | 18,434,350    | 130,975                      | -21,576                                     | 256,412                                    | 39,553,351        | 58,353,512 |
| <b>Balance at 1 January 2024</b>                                     | 18,434,350    | 140,921                      | 22,278                                      | 406,099                                    | 41,635,864        | 60,639,512 |
| Profit for the year  | -             | -                            | -   | -  | 2,499,804         | 2,499,804  |
| Other comprehensive income   | -             | -                            | 130,839                                     | -  | -                 | 130,839    |
| <b>Total comprehensive income for 2024</b>                           | -             | -                            | 130,839                                     | -  | 2,499,804         | 2,630,643  |
| Share base payments  | -             | 5,347                        | -   | -  | -                 | 5,347      |
| Reclassification of Share base payments reserve to Retained earnings | -             | -83,536                      | -   | -  | 83,536            | -          |
| <b>Balance at 31 March 2023</b>                                      | 18,434,350    | 62,732                       | 153,117                                     | 406,099                                    | 44,219,204        | 63,275,502 |

Chief Executive Officer



I. Seylanyan

Chief Financial Officer

M. Amirbekyan

«15» April 2024

## Interim Financial Statements

### Statement of Cash Flows

«31» March 2024

#### HSBC Bank Armenia CJSC

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

*In thousands of Armenian Drams*

01.01.24-31.03.24

01.01.23-31.03.23

#### Cash flows from operating activities

|   |            |            |
|---|------------|------------|
| Interest income calculated using the effective interest method received | 5,518,903  | 5,428,453  |
| Interest paid   | -1,035,456 | -861,575   |
| Fees and commissions received   | 666,813    | 906,794    |
| Fees and commissions paid   | -199,497   | -129,621   |
| Income paid from financial derivatives                                  | 60,518     | -37,506    |
| Income received from trading in foreign currencies                      | 601,719    | 557,529    |
| Net other operating income received                                     | 45,044     | 5,309      |
| Staff costs paid  | -1,480,713 | -1,362,202 |
| Administrative expenses paid  | -1,158,248 | -481,583   |
| Income tax paid   | -202,340   | -104,095   |

#### Cash flows from operating activities before changes in operating assets and liabilities

2,816,743

3,921,503

#### Net (increase)/decrease in:

|   |            |             |
|---|------------|-------------|
| - investments in debt securities at fair value through profit or loss | 1,695      | -3,171      |
| - loans and advances to banks   | 11,514,336 | 807,876     |
| - loans and advances to customers                                     | 5,279,559  | -14,295,143 |
| - other assets  | 301,258    | 536,546     |

#### Net increase/(decrease) in:

|  |             |           |
|--|-------------|-----------|
| - due to other banks                           | 10,224      | 5,584,926 |
| - current accounts and deposits from customers | -16,405,764 | -729,219  |
| - other liabilities                            | -205,107    | 669,351   |

#### Net cash used in operating activities

3,312,944

-3,507,331

#### Cash flows from investing activities

|  |            |             |
|--|------------|-------------|
| Acquisition of property, equipment and intangible assets                                     | -62,079    | -407,224    |
| Acquisition of debt securities at fair value through other comprehensive income              | -5,024,165 | -14,466,222 |
| Proceeds from redemption of debt securities at fair value through other comprehensive income | 10,582,648 | 13,144,484  |
| Acquisition of debt securities carried at amortised cost                                     | -          | -986,979    |
| Proceeds from redemption of debt securities carried at amortised cost                        | -78,818    | 1,414,879   |

#### Net cash (used in)/from investing activities

5,417,586

-1,301,062

#### Cash flows from financing activities

|   |         |         |
|---|---------|---------|
| Repayment of principal of lease liabilities | -80,734 | -87,004 |
|---|---------|---------|

#### Net cash (used in)/from financing activities

-80,734

-87,004

#### Effect of exchange rate changes on cash and cash equivalents

-1,128,484

-175,816

#### Net decrease in cash and cash equivalents

7,521,312

-5,071,212

Cash and cash equivalents at the beginning of the year

34,431,368

53,294,450

#### Cash and cash equivalents at the end of the reporting period

41,952,680

48,223,238

Chief Executive Officer



I. Seylanyan

Chief Financial Officer



M. Amirbekyan



«15» April 2024