

FINANCIAL ANALYSIS OF ARMENIAN BANKING SECTOR 2021

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Executive summary

The purpose of this report is to analyze major financial indicators of Armenian banking sector for 2021.

Following major components are analyzed

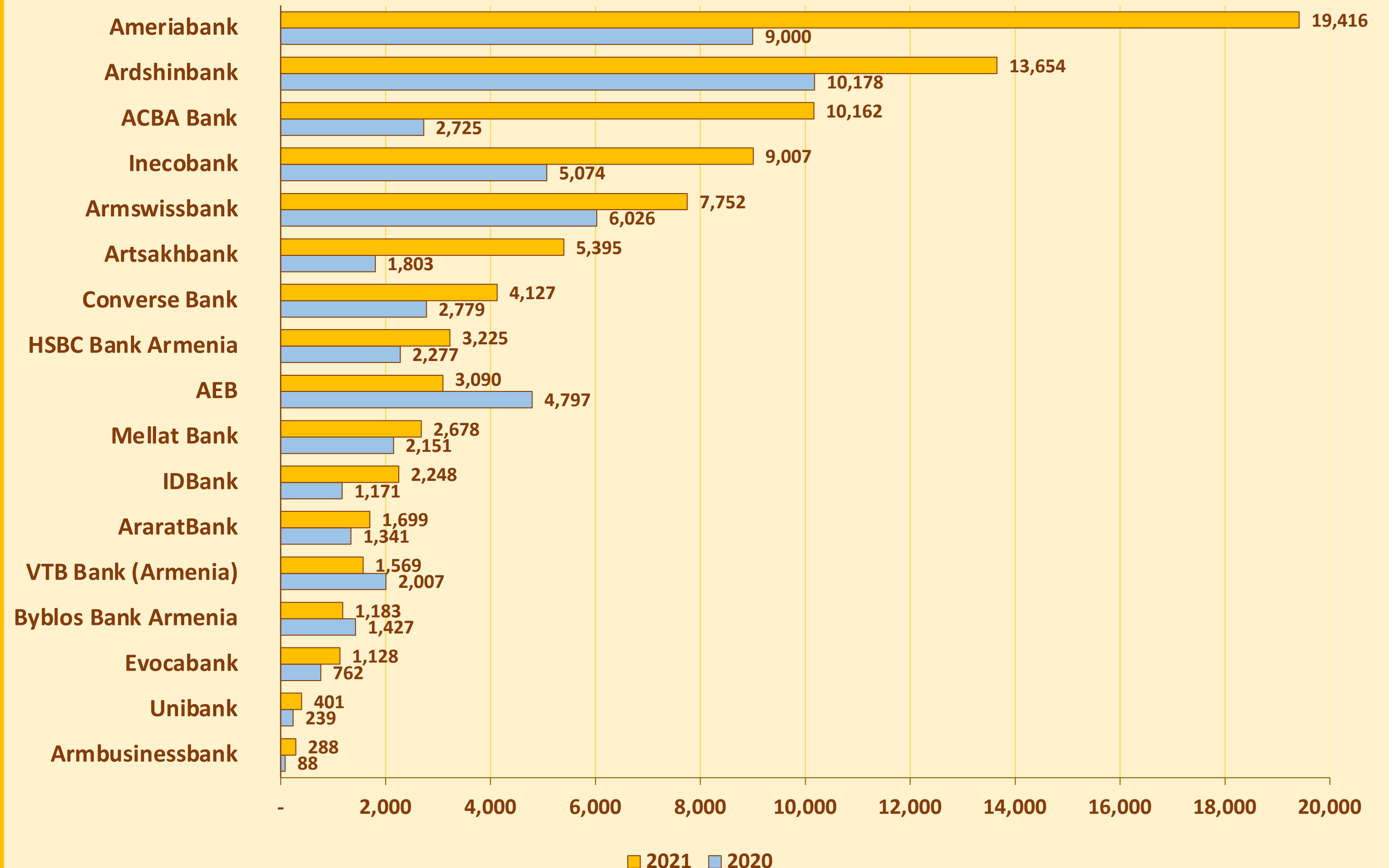
- ***Net Profit, Total assets, total liabilities and equity,***
- ***Total loan portfolio,***
- ***Financial resources attracted from clients (corporate and retail), including issued bonds.***

Published financial statements of Armenian banks were used for the preparation of this article. For opening balances, as of 31/12/2020 audited financial statements were used.

Net profit analysis

- Total net profit of all Armenian banks for of 2021 (unaudited) is equal to **87 bln AMD**, which is by **33 bln AMD**, or **62%** more than was recorded during 2020.
- Allocations to loan loss provisions in 2021 were less that was made in 2020 by **56 bln AMD** or **47%**.
- All banks generated profits in 2021 and three Banks (Ameriabank, Ardshinbank and ACBA bank) generated more than 50% of total net profit of banking sector of Armenia.

Comparison of banks' net profits for 2021 vs 2020 (in mln AMD)

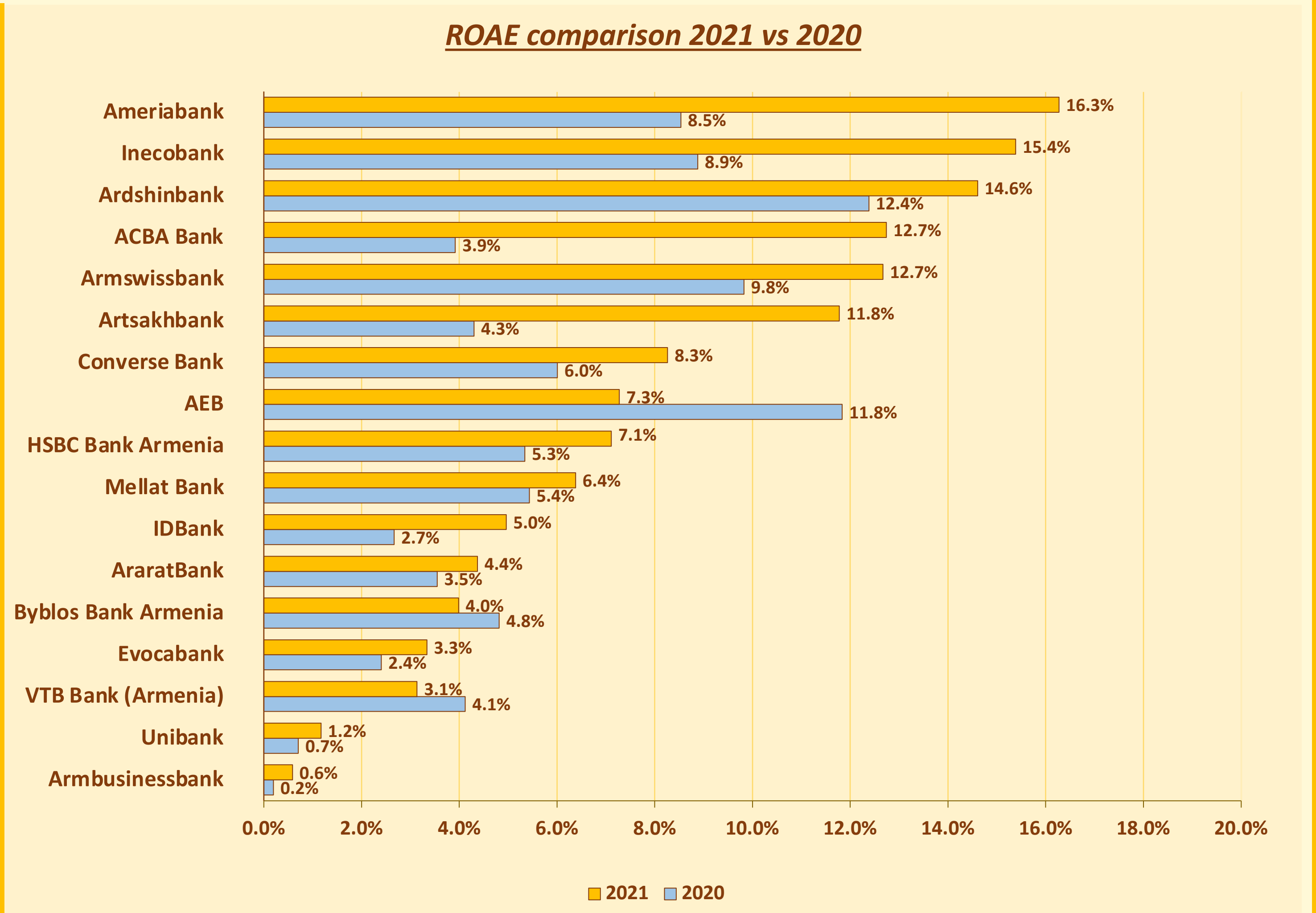


ROAE

- ROAE of banking sector is increased during 2021 by **51%** (from **6.3%** to **9.5%**) and reached the results of 2019.

- Equity of banking sector is increased by 8.8% during 2021 and is amounting to **958 bln AMD** as of 31.12.21.

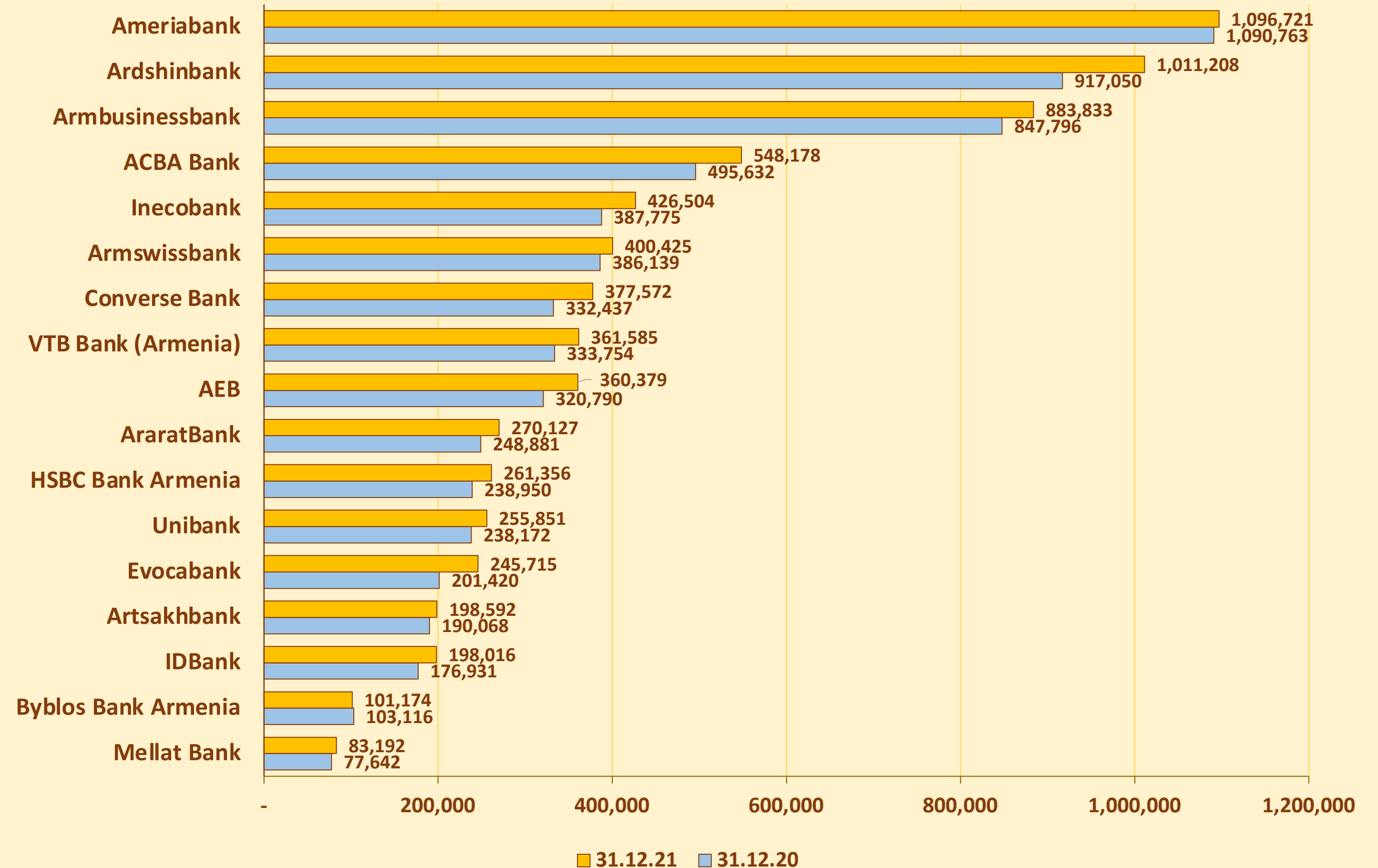
- All Armenian banks have positive ROAE for 2021.



Total assets

- During 2021, total assets of banking sector are increased by **493 bln AMD** or by **7.5%**.
- As of 31.12.2021, total assets are amounting to **7,080 bln AMD**.

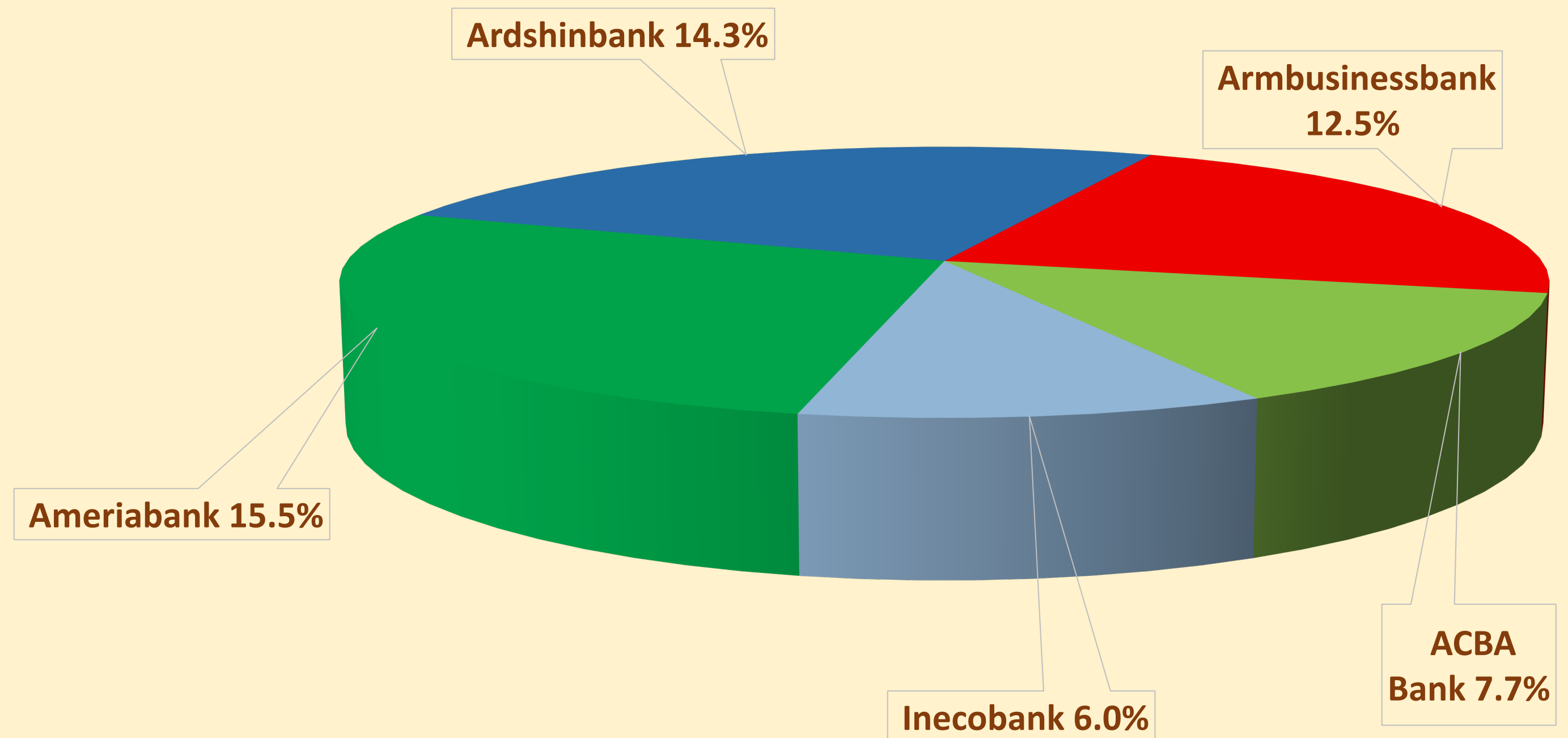
Total assets by banks - 31.12.21 vs 31.12.20 (in mln AMD)



Total assets

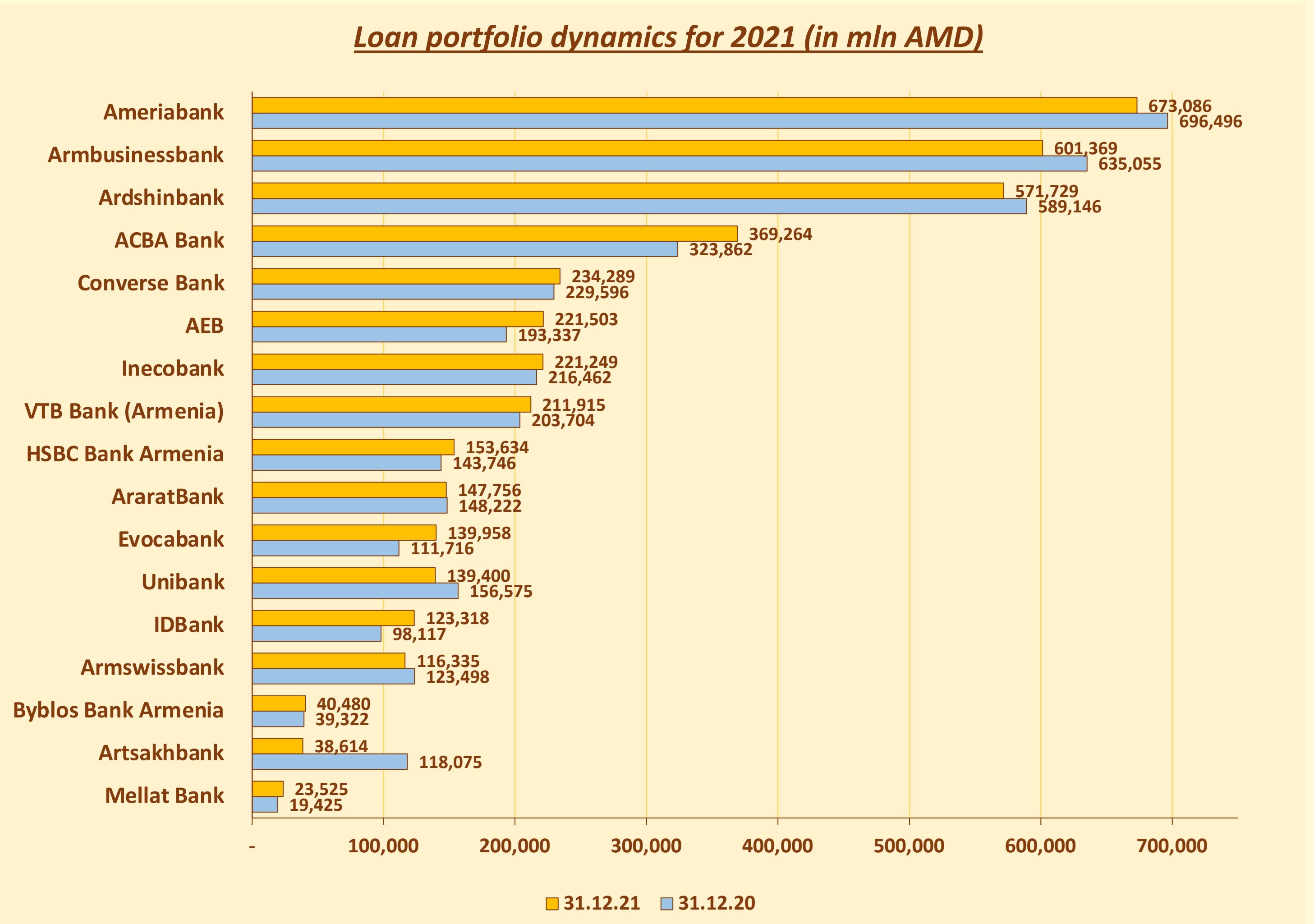
- Market share of largest 5 banks (Ameriabank, Ardshinbank, ArmBusinessBank, ACBA Bank and Inecobank) by total assets, is **56%**.
- Market share of largest 3 banks (Ameriabank, Ardshinbank and ArmBusinessBank) by total assets, is **42.3%**.
- Ameriabank has the largest market share – **15.5%**.

Concentration of total assets by banks as of 31.12.21 (in %)



Total loan portfolio

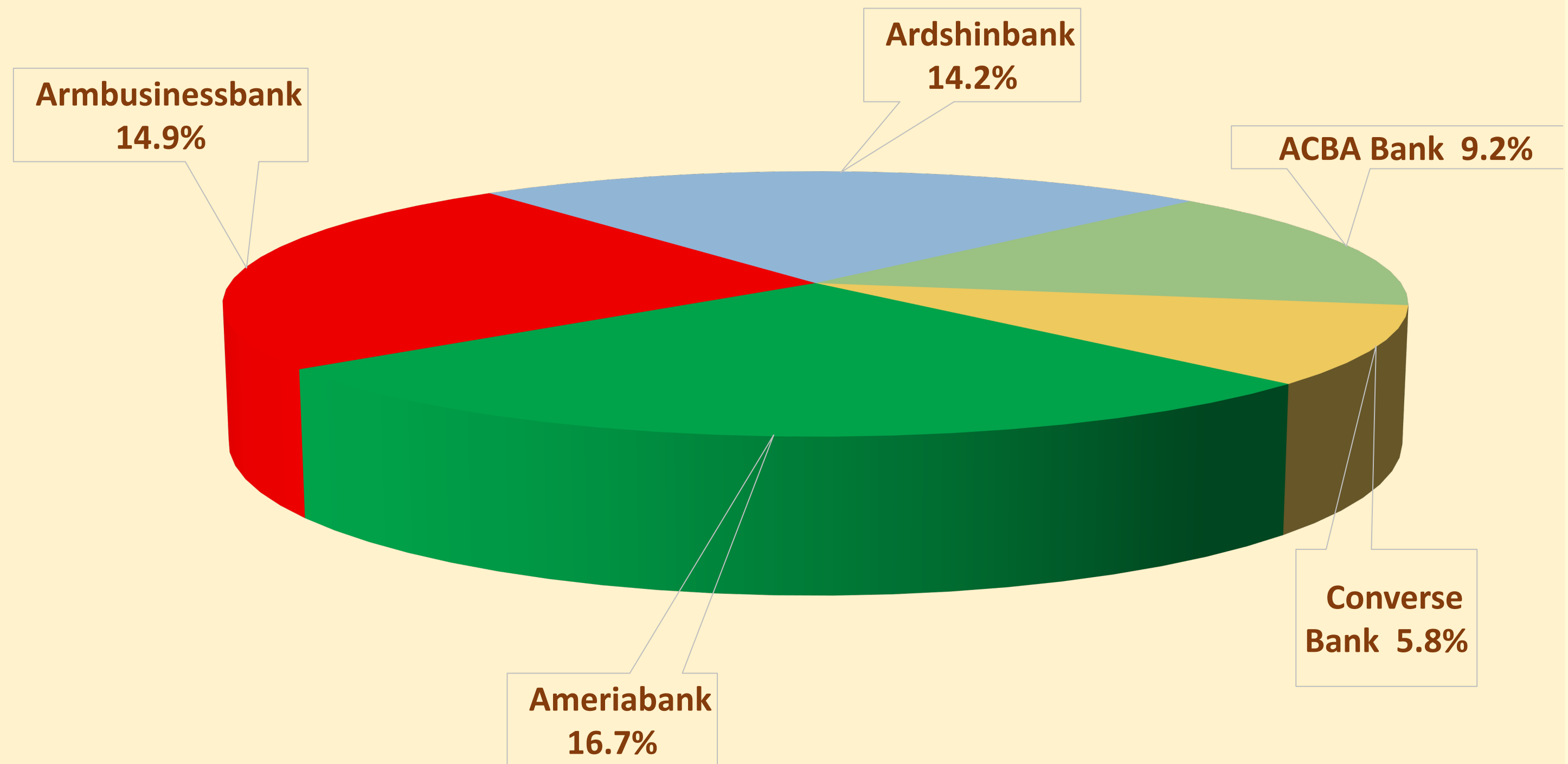
- Total loan portfolio of banking sector during 2021 is decreased insignificantly by **0.47%**.
- As of 31.12.2021, total loan portfolio is amounting to **4.027 bln AMD** and its share in total assets is **57%**.
- Mentioned total loan portfolio includes retail and corporate loan portfolios.



Total loan portfolio

- Market share of largest 5 banks (Ameriabank, ArmBusinessBank, Ardshinbank, ACBA Bank and Converse Bank) by total loan portfolio, is **61%**.
- Market share of largest 3 banks (Ameriabank, ArmBusinessBank and Ardshinbank) by total loan portfolio, is **46%**.
- Ameriabank has the largest market share – **16.7%**.

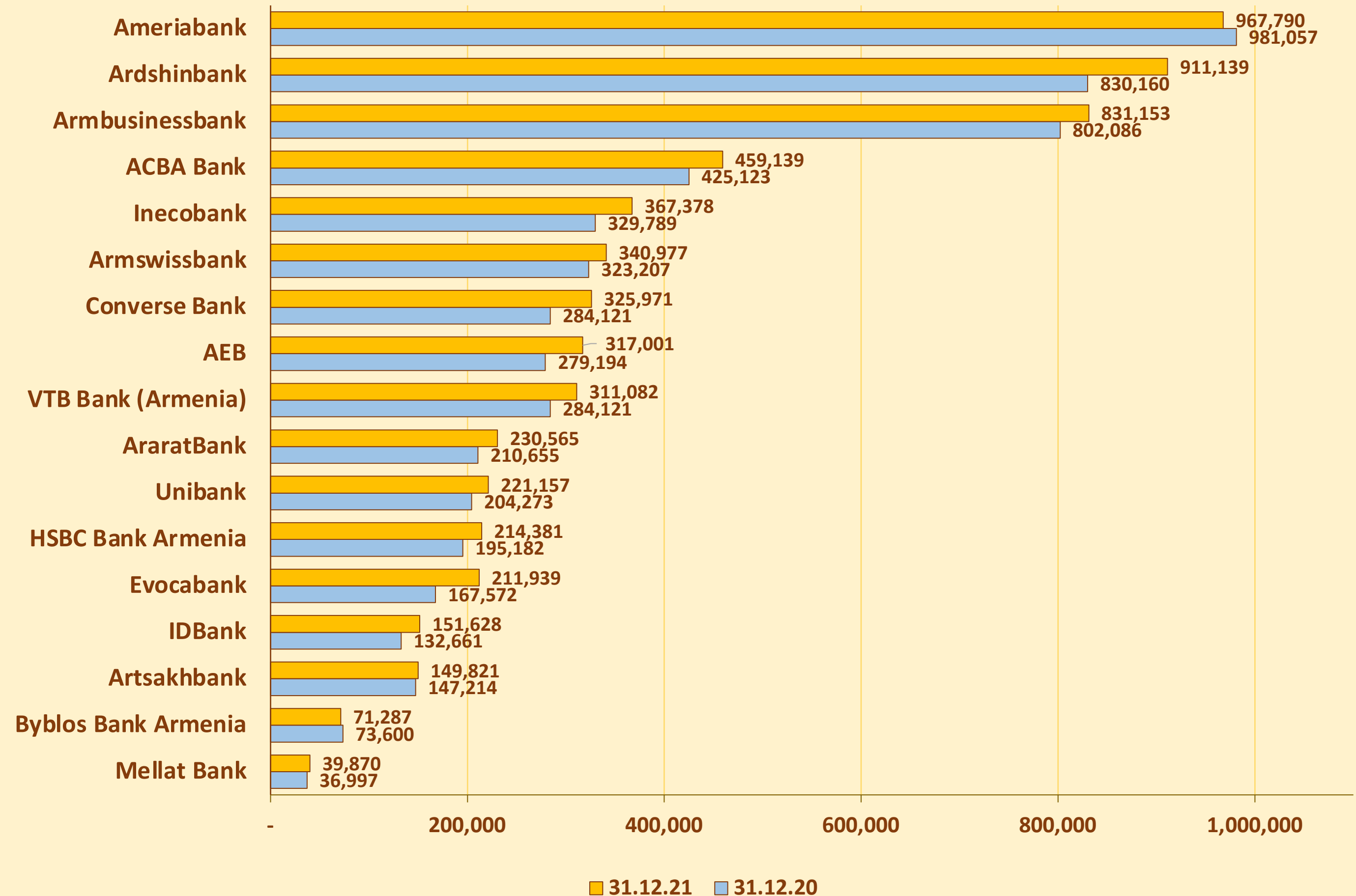
Concentration of total loan portfolio as of 31.12.21 (in %)



Total liabilities

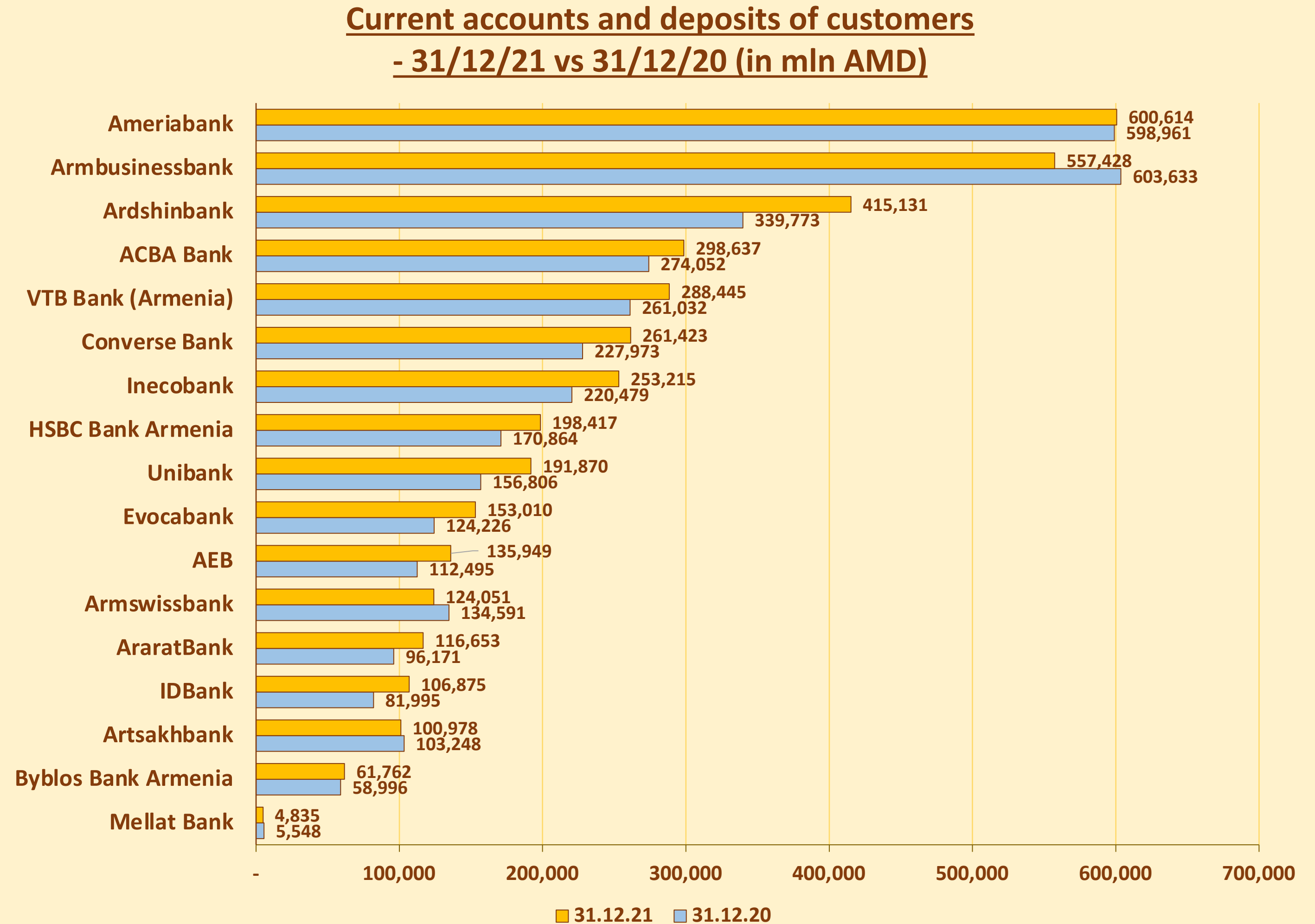
- During 2021, total liabilities of banking sector are increased by **415 bln AMD** or by **7.3%**.
- As of 31.12.2021, total liabilities are amounting to **6,122 bln AMD**.

Total liabilities by banks - 31.12.21 vs 31.12.20 (in mln AMD)



Current accounts and deposits from customers

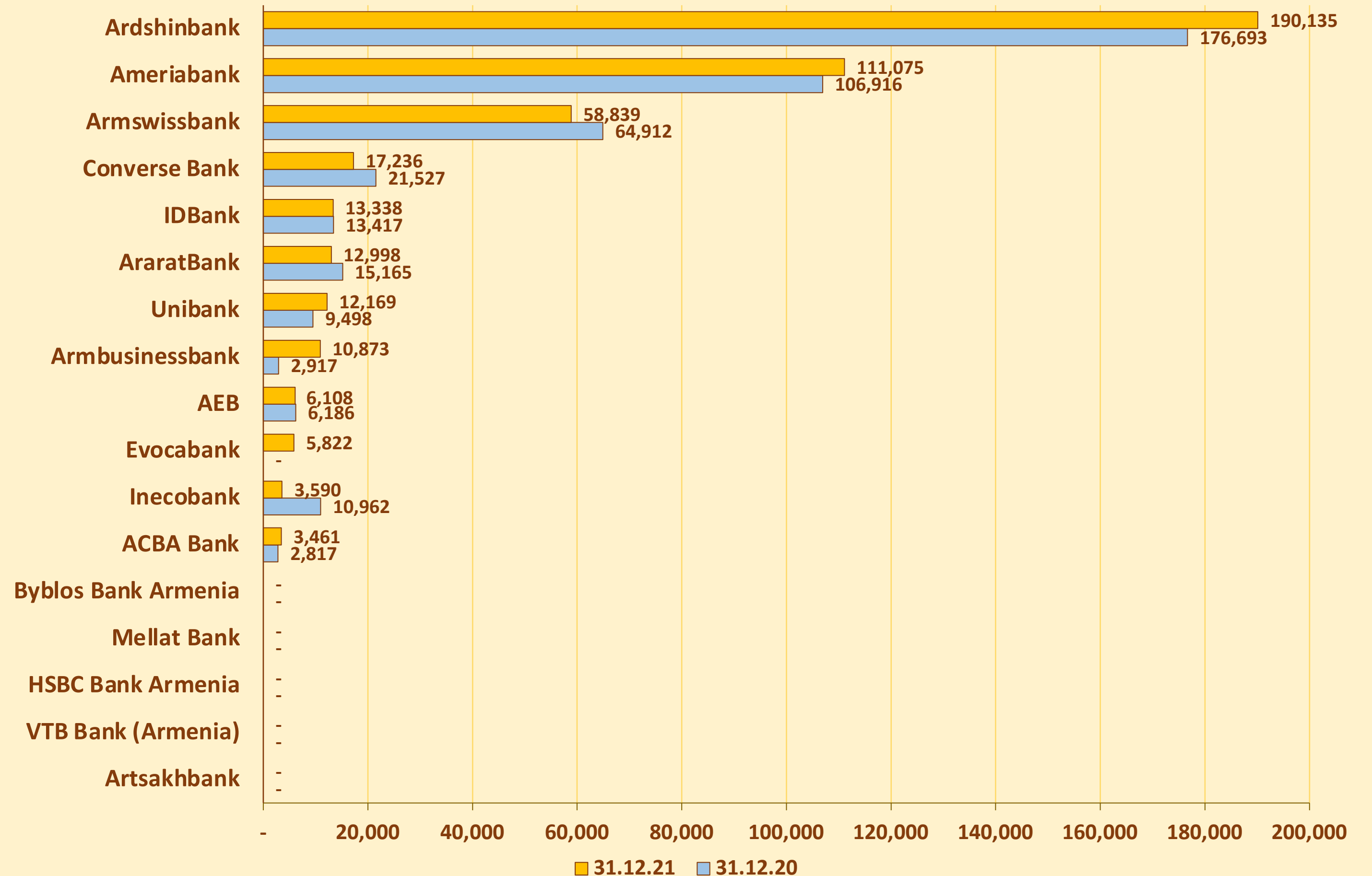
- During 2021, total balance of current accounts and deposits of retail and corporate clients of banking sector is increased by **298 bln AMD** or by **8.4%**.
- As of 31.12.2021, total balance of current accounts and deposits of retail and corporate clients is amounting to **3.869 bln AMD** and its share in total liabilities is **63%**.



Bonds

- During 2021, total balance of bonds issued by Armenian banks is increased by **14.6 bln AMD**, or **3.4%** and is amounting to **446 bln AMD**.
- During 2021, also Evocabank started issuing bonds.
- Currently **12** from total **17** banks, have issued bonds. Majority of bonds are listed on Armenian Stock Exchange.

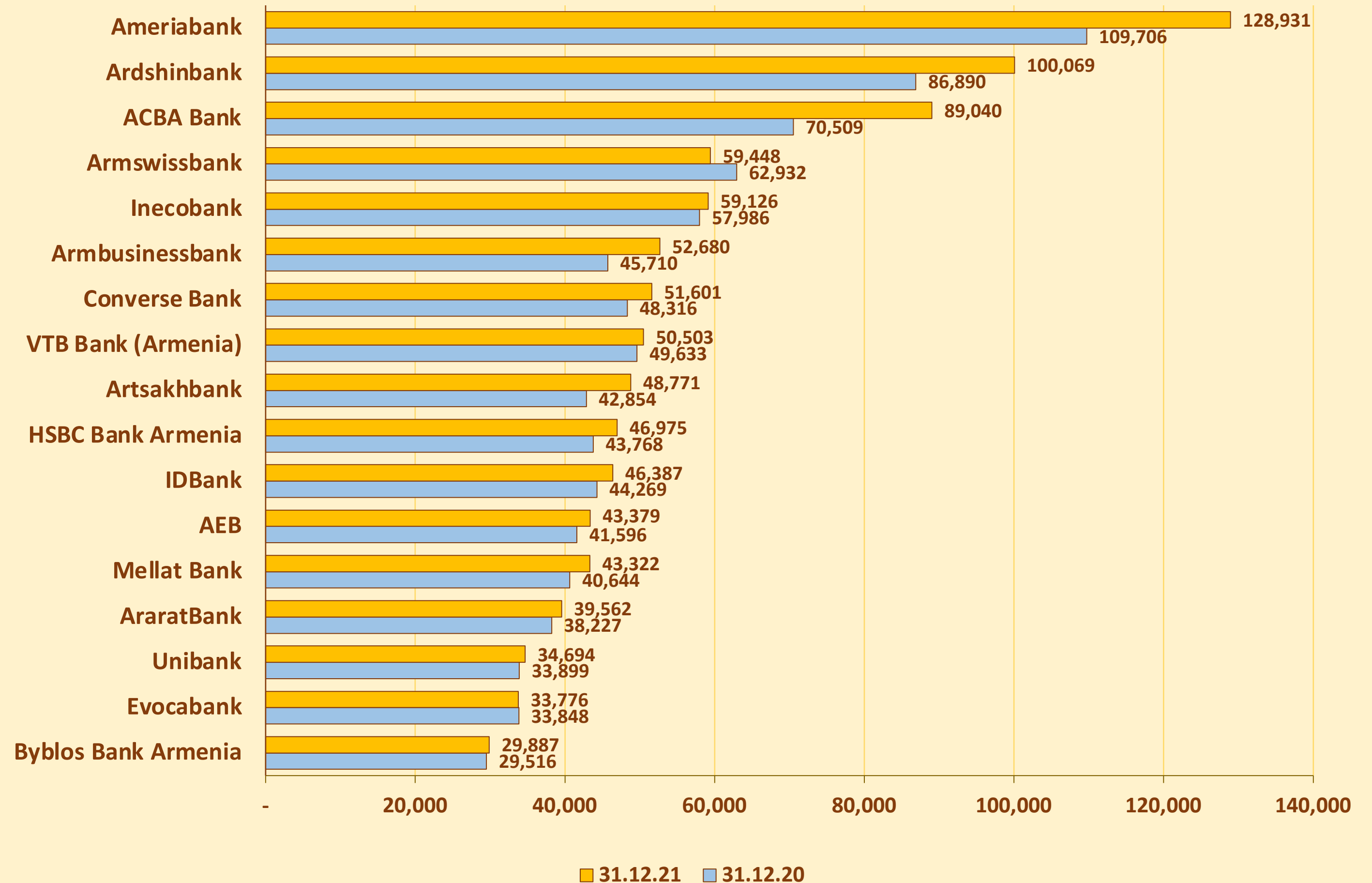
Balances of bonds issued by banks - 31.12.21 vs 31.12.20 (in mln AMD)



Total Equity

- During 2021, Total Equity of Armenian banking sector is increased by **78 bln AMD**, or **9%** and is amounting to **958 bln AMD**.
- Share capital (including share premium) is increased by **29 bln AMD** (ACBA Bank-27.5 bln AMD (mainly from retained earnings), Unibank-1.1 bln AMD, AEB-261.4 mln AMD and Ameriabank-108.4 mln AMD).
- Revaluation reserves are decreased by **19.1 bln AMD** or **43%**.

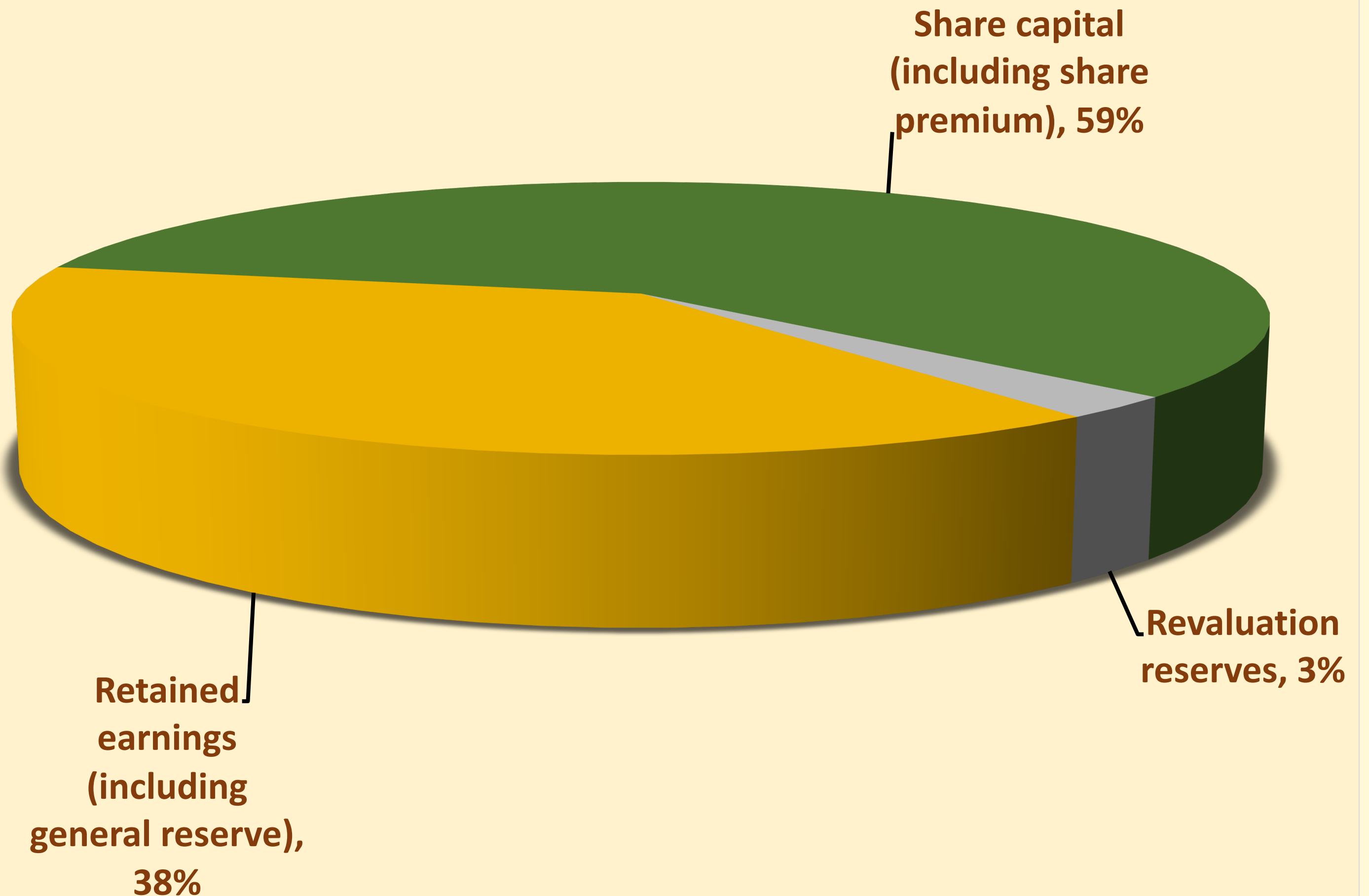
Total equity by banks - 31.12.21 vs 31.12.20 (in mln AMD)



Total Equity

- The major component of total equity of Armenian banking sector is **Share Capital (including share premium)**, with the share of **59%** and is amounting to **563 bln AMD** as of 31.12.2021.
- Second largest component - **Retained Earnings (including general reserve)** with the share of **38%** and is amounting to **370 bln AMD** as of 31.12.2021.
- **Revaluation Reserves (mainly PPE and Financial Assets revaluation reserves)** have share of **3%** and are amounting to **25.6 bln AMD** as of 31.12.2021.

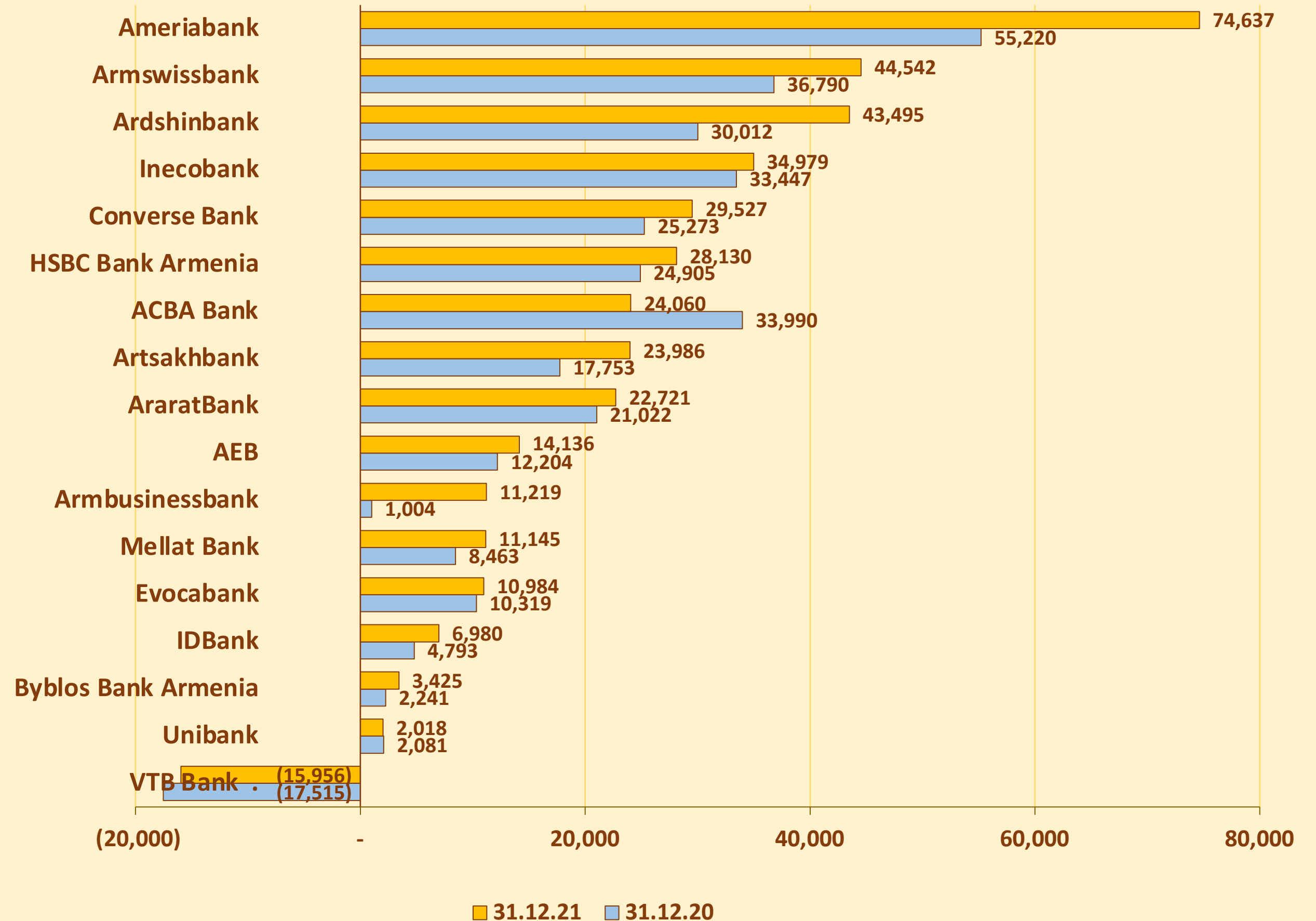
Components of Total Equity as of 31.12.21



Retained earnings

- For the purpose of this analysis, it is more reasonable to review retained earnings jointly with general reserve.
- During 2021 **retained earnings (including general reserve)** of Armenian banking sector are increased by **68 bln AMD**, or by **23%** and are amounting to **370 bln AMD**.
- Six banks declared dividends during 2021, amounting to **12.4 bln AMD** (Inecobank-7.5 bln AMD, ACBA Bank-2.5 bln AMD, AEB-1.27 bln AMD, Evocabank-571 mln AMD, Unibank -412 mln AMD and Ardshinbank-170 mln AMD).

Retained earnings (accumulated loss), included general reserve - 30/09/21 vs 31/12/20 (in mln AMD)



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