

FINANCIAL ANALYSIS OF ARMENIAN BANKING SECTOR 1Q - 2022

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Executive summary

The purpose of this report is to analyze major financial indicators of Armenian banking sector for 1Q 2022.

Following major components are analyzed

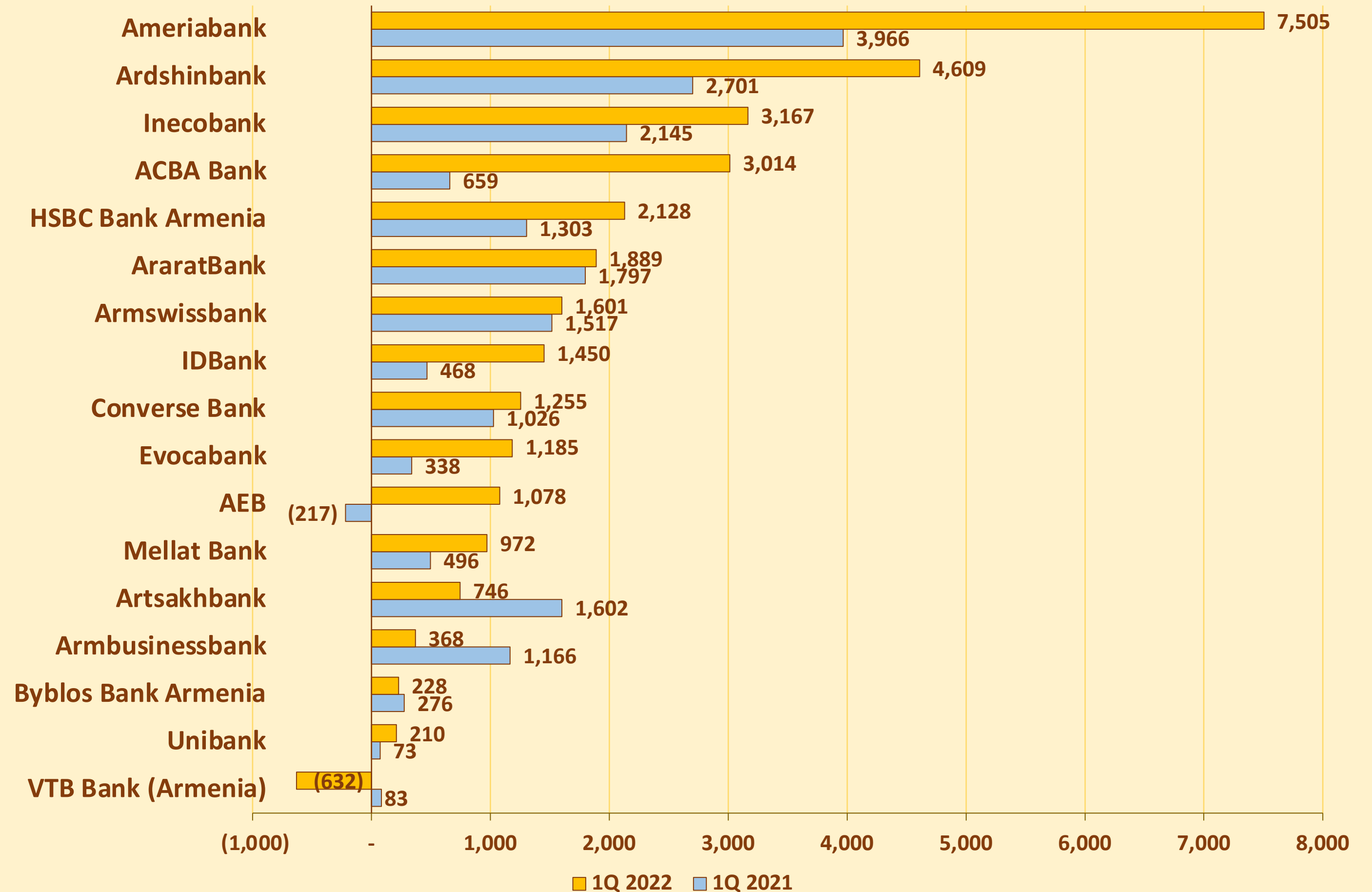
- ***Net Profit, Total assets, total liabilities and equity,***
- ***Total loan portfolio,***
- ***Financial resources attracted from clients (corporate and retail), including issued bonds.***

Published financial statements of Armenian banks were used for the preparation of this article.

Net profit analysis

- Total net profit of all Armenian banks for 1Q 2022 is equal to **30.8 bln AMD**, which is by **11.4 bln AMD**, or **59%** more than was recorded during 1Q 2021.
- Net profit of Ameriabank is almost doubled and amounting to **7,5 bln AMD**.
- Except for VTB Bank (Armenia), remaining banks generated profits in 1Q 2022 and three Banks (Ameriabank, Ardshinbank and Inecobank) generated 50% of total net profit of banking sector of Armenia.

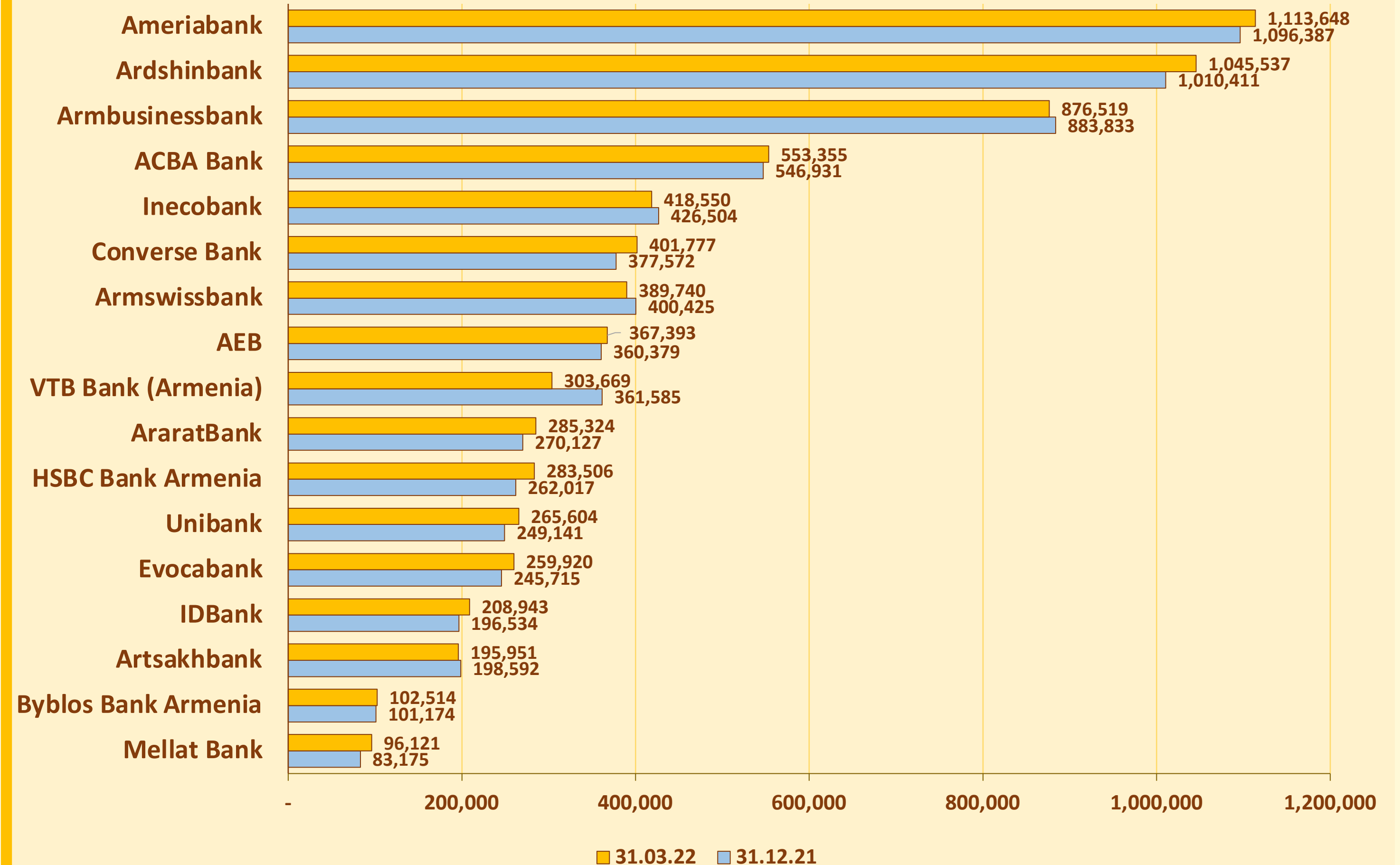
Comparison of banks' net profits for 1Q-2022 vs 1Q-2021 (in mln AMD)



Total assets

- During 1Q 2022, total assets of banking sector are increased by **98 bln AMD** or by **1.4%**.
- As of 31.03.2022, total assets are amounting to **7,168 bln AMD**.

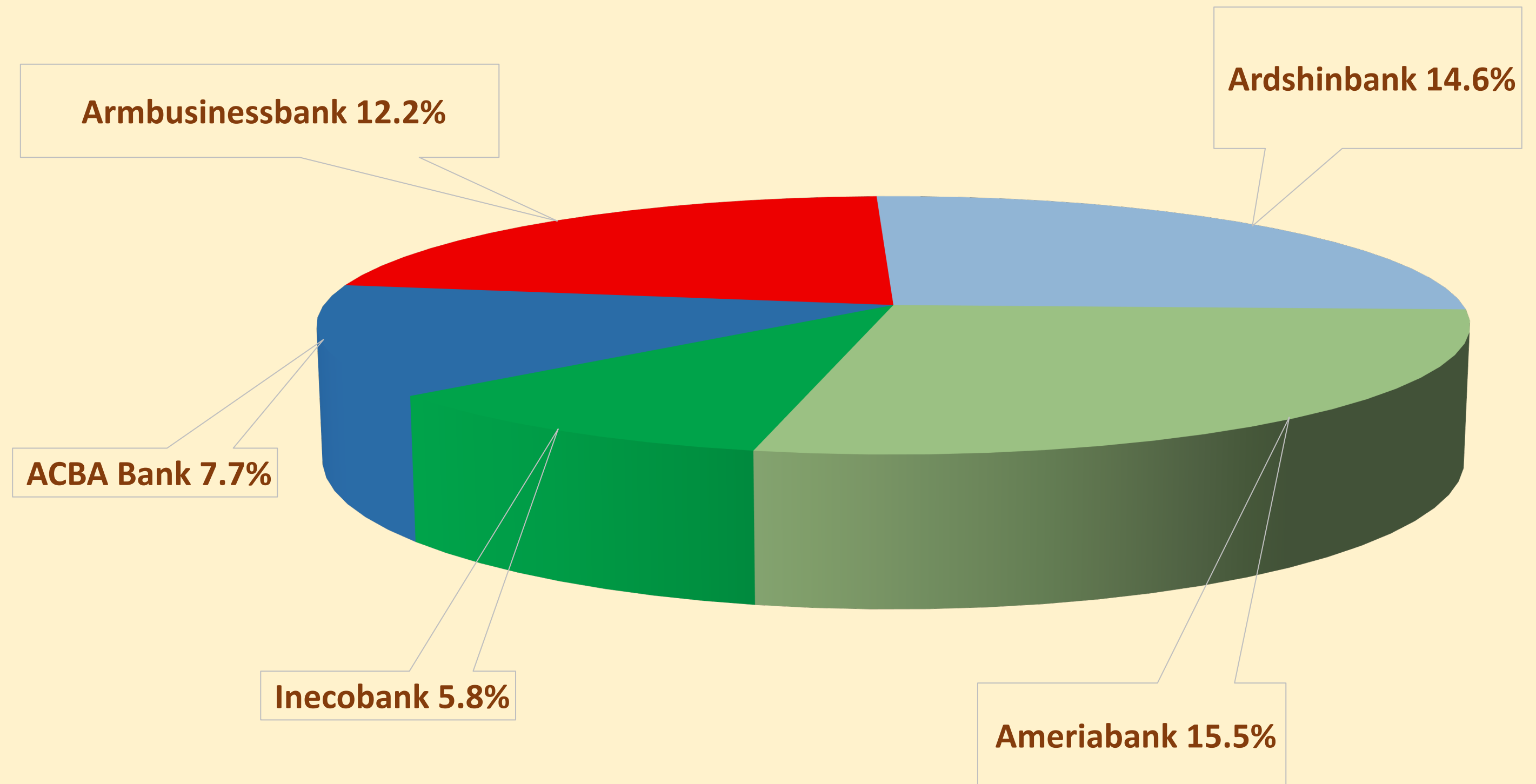
Total assets by banks - 31.03.22 vs 31.12.21 (in mln AMD)



Total assets

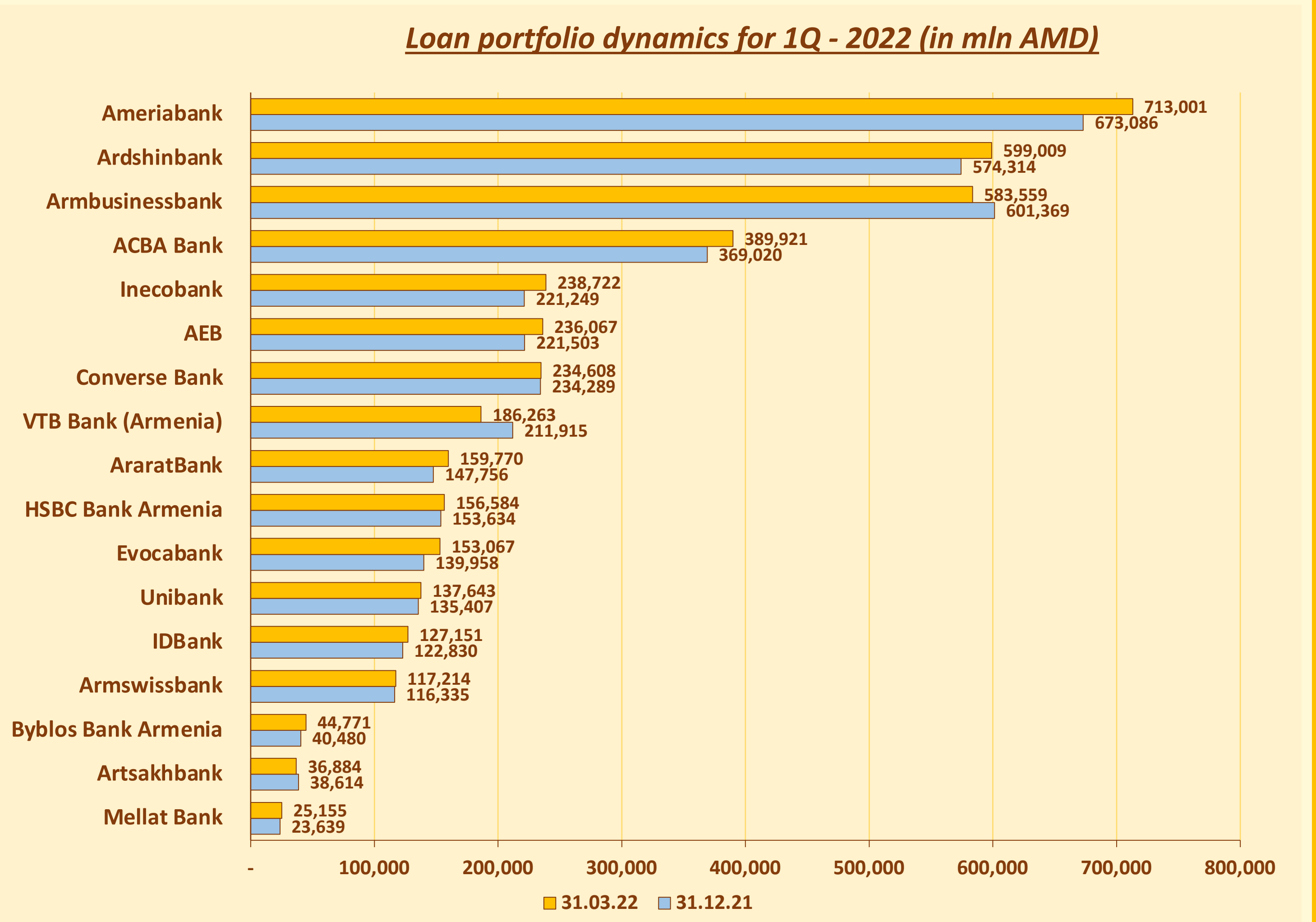
- Market share of largest 5 banks (Ameriabank, Ardshinbank, ArmBusinessBank, ACBA Bank and Inecobank) by total assets, is **56%**.
- Market share of largest 3 banks (Ameriabank, Ardshinbank and ArmBusinessBank) by total assets, is **42.4%**.
- Ameriabank has the largest market share – **15.5%**.

Concentration of total assets by banks as of 31.03.22 (in %)



Total loan portfolio

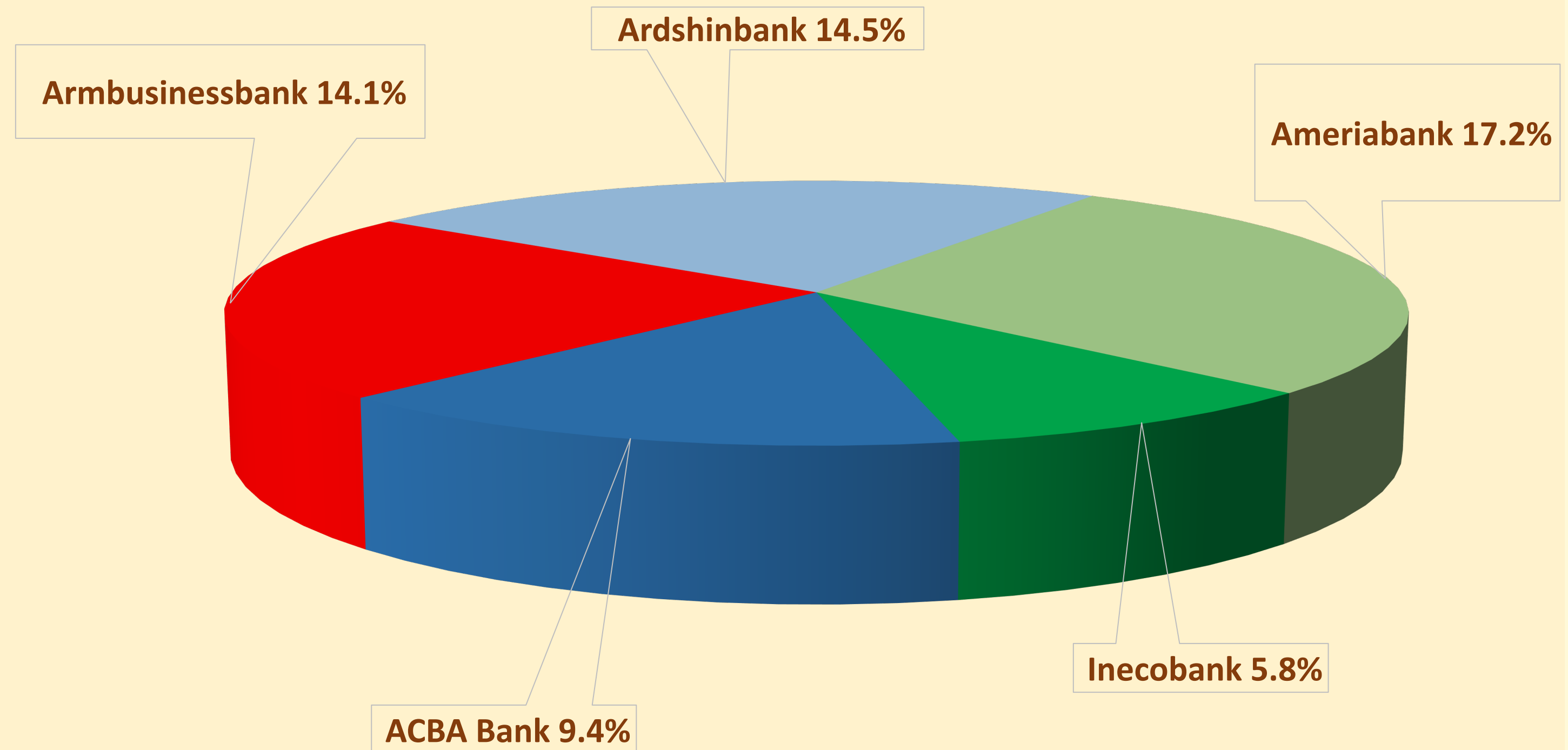
- Total loan portfolio of banking sector during 1Q 2022 is increased by **2.8%**.
- As of 31.03.2022, total loan portfolio is amounting to **4.139 bln AMD** and its share in total assets is **58%**.
- Mentioned total loan portfolio includes retail and corporate loan portfolios.



Total loan portfolio

- Market share of largest 5 banks (Ameriabank, Ardshinbank, ArmBusinessBank, ACBA Bank and Inecobank) by total loan portfolio, is **61%**.
- Market share of largest 3 banks (Ameriabank, Ardshinbank and ArmBusinessBank) by total loan portfolio, is **46%**.
- Ameriabank has the largest market share – **17.2%**.

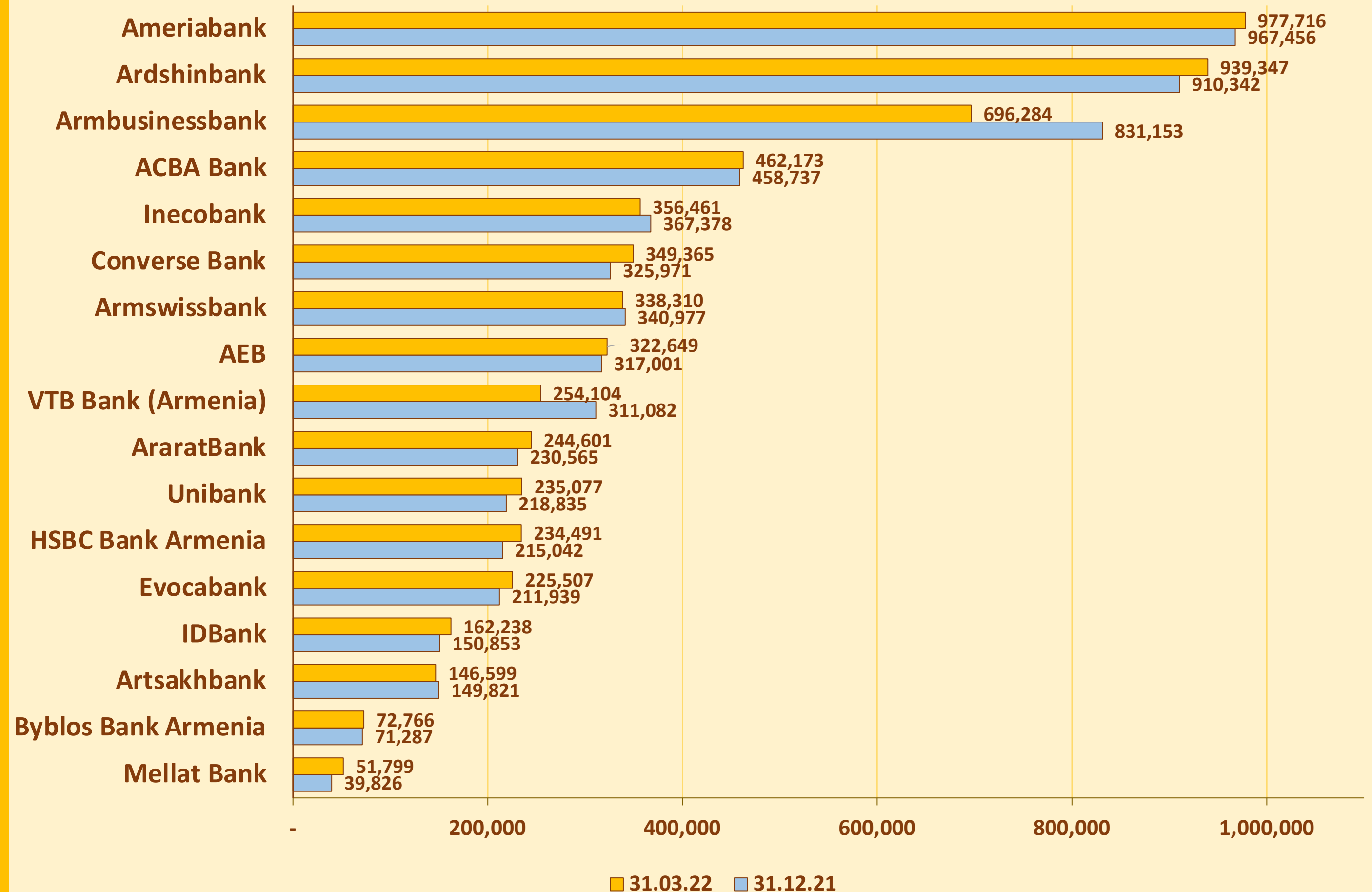
Concentration of total loan portfolio as of 31.03.22 (in %)



Total liabilities

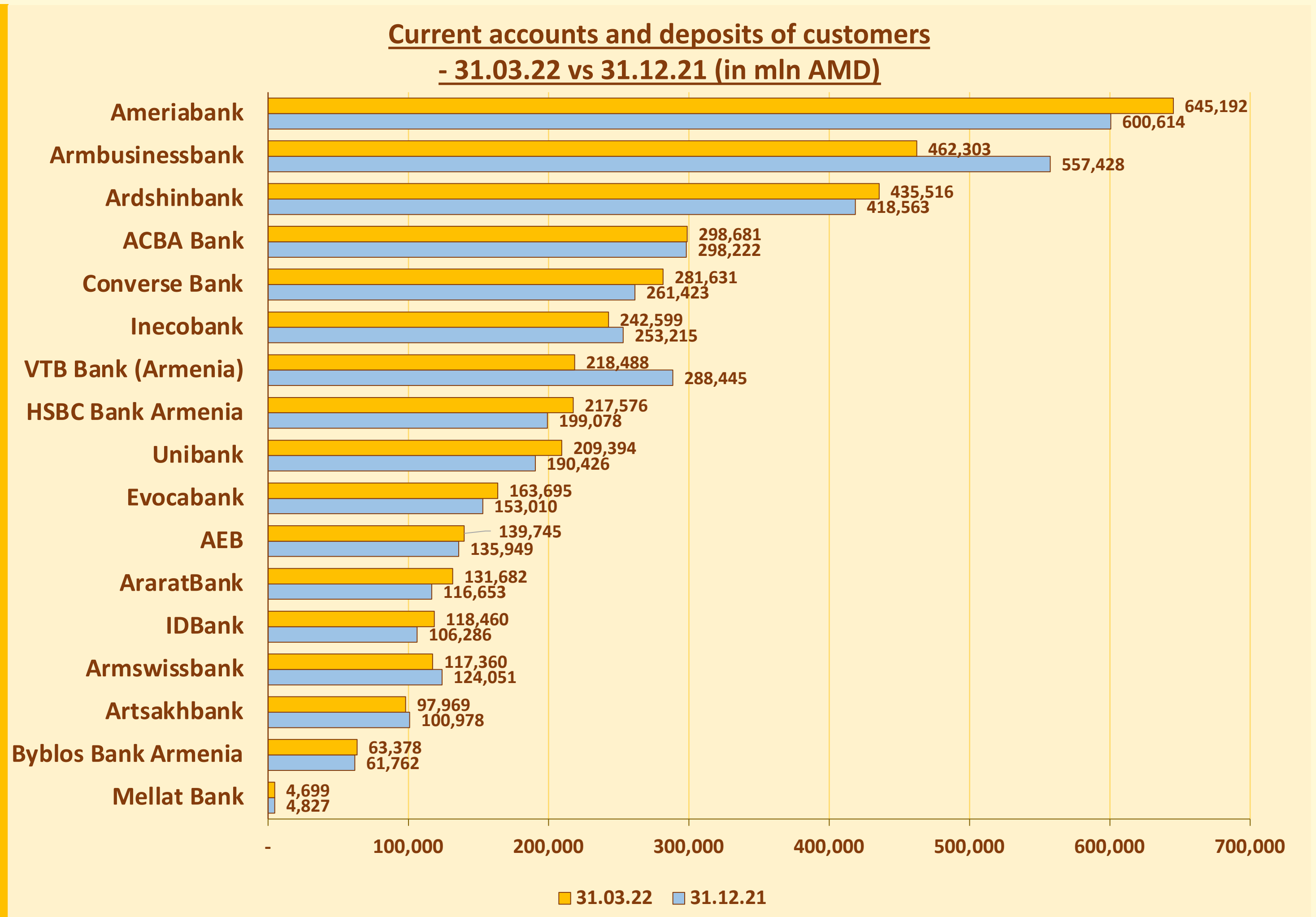
- During 1Q 2022, total liabilities of banking sector are slightly decreased by **49 bln AMD** or by **0.8%**.
- As of 31.03.2022, total liabilities are amounting to **6,069 bln AMD**.

Total liabilities by banks - 31.03.22 vs 31.12.21 (in mln AMD)



Current accounts and deposits from customers

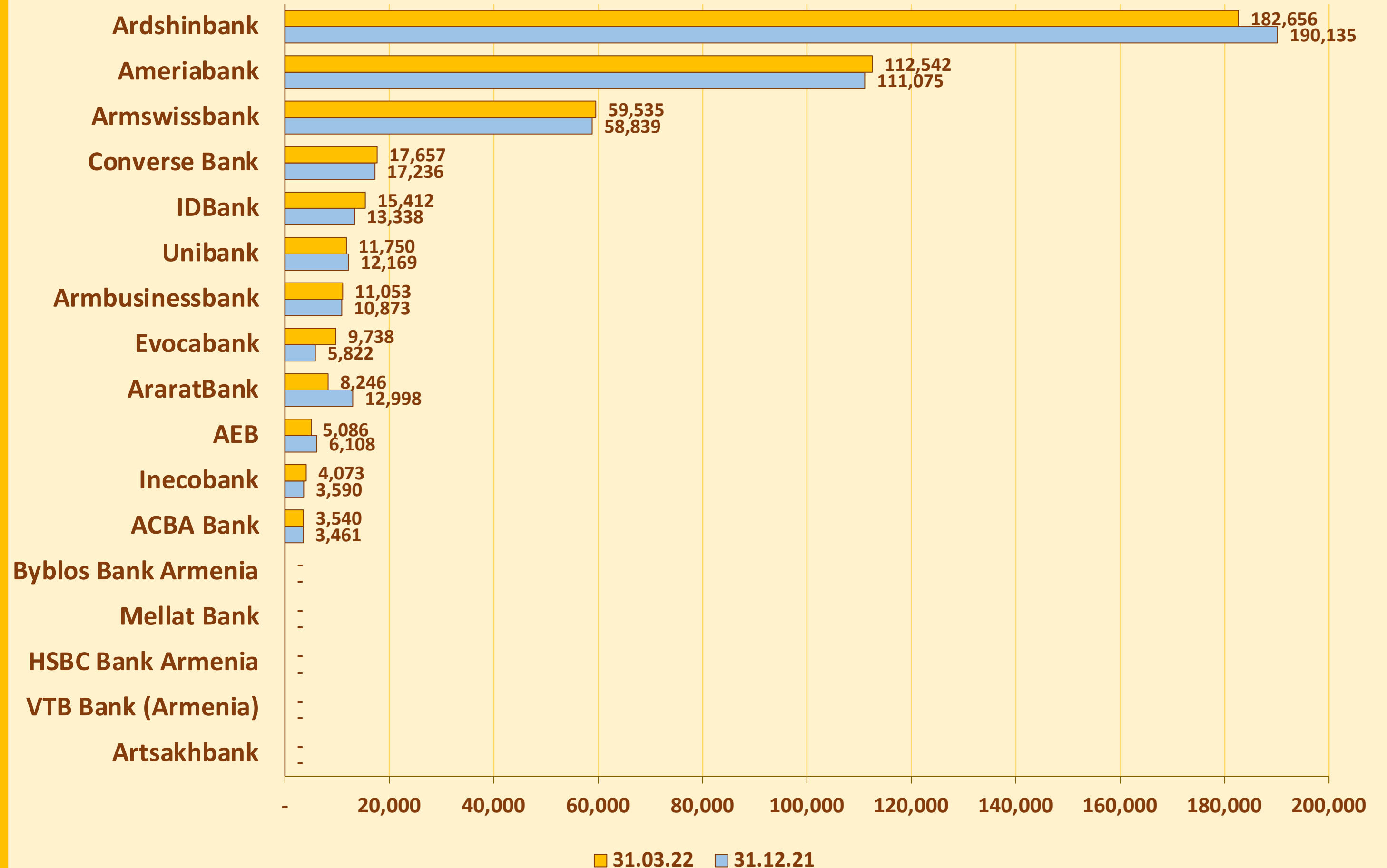
- During 1Q 2022, total balance of current accounts and deposits of retail and corporate clients of banking sector is slightly decreased by **23 bln AMD** or by **0.6%**.
- As of 31.03.2022, total balance of current accounts and deposits of retail and corporate clients is amounting to **3.848 bln AMD** and its share in total liabilities is **63%**.



Bonds

- During 1Q 2022, total balance of bonds issued by Armenian banks is slightly decreased by **4.4 bln AMD**, or **1%** and is amounting to **441 bln AMD**.
- Currently **12** from total **17** banks, have issued bonds. Majority of bonds are listed on Armenian Stock Exchange.

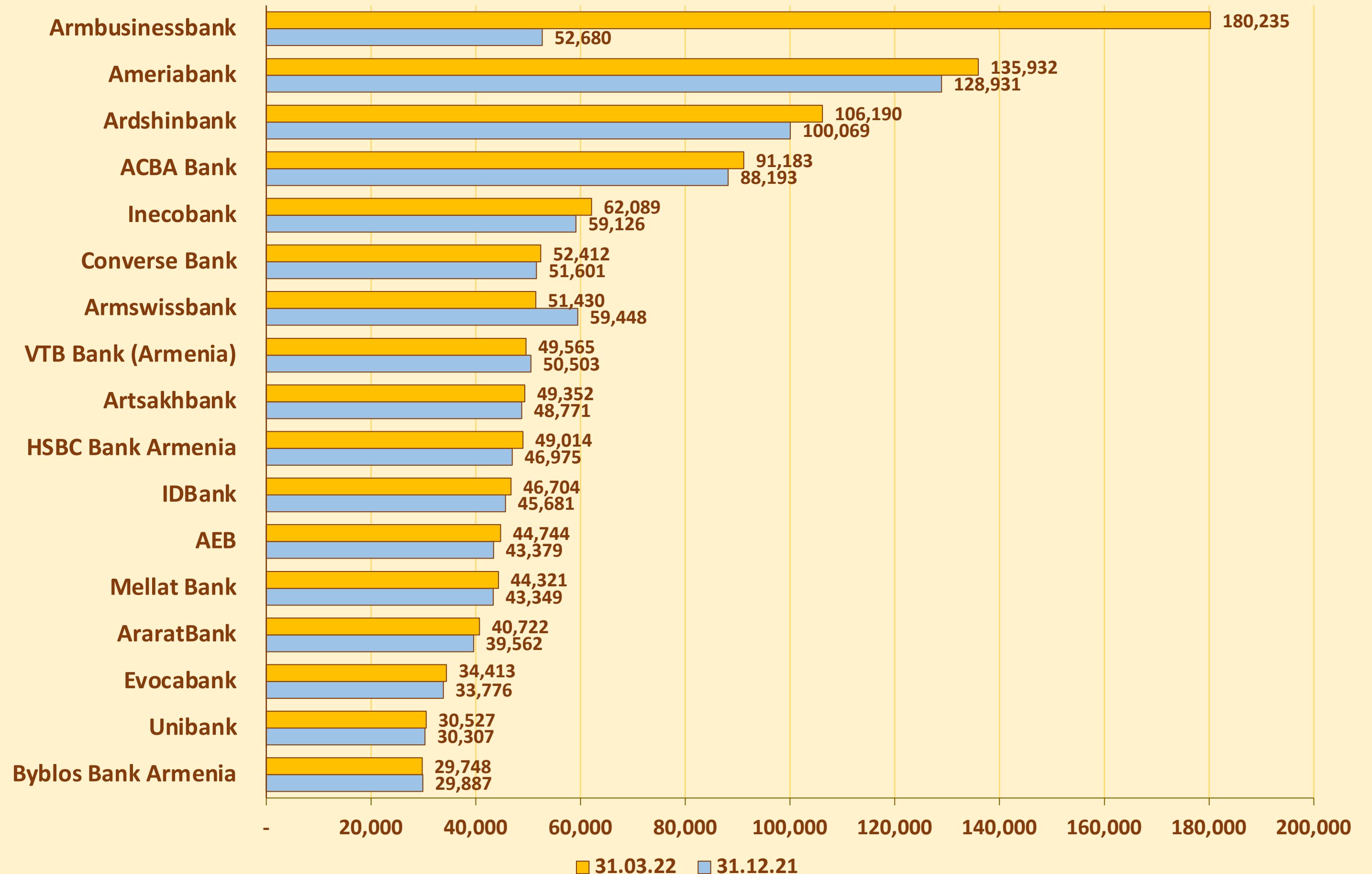
Balances of bonds issued by banks - 31.03.22 vs 31.12.21 (in mln AMD)



Total Equity

- During 1Q 2022, Total Equity of Armenian banking sector is increased by **146 bln AMD**, or **15.4%** and is amounting to **1.099 bln AMD**.
- This significant increase is mainly explained by increase of share capital of **Armbusinessbank** by **128 bln AMD**. Shareholding of the bank is also changed and currently there are two shareholders **MFM Global Invest AG** and «Home for youth» Refinancing Credit Organisation Closed JSC with 75% and 25% of shareholding respectively.
- Revaluation reserves are decreased by **13.4 bln AMD** or **49%**.

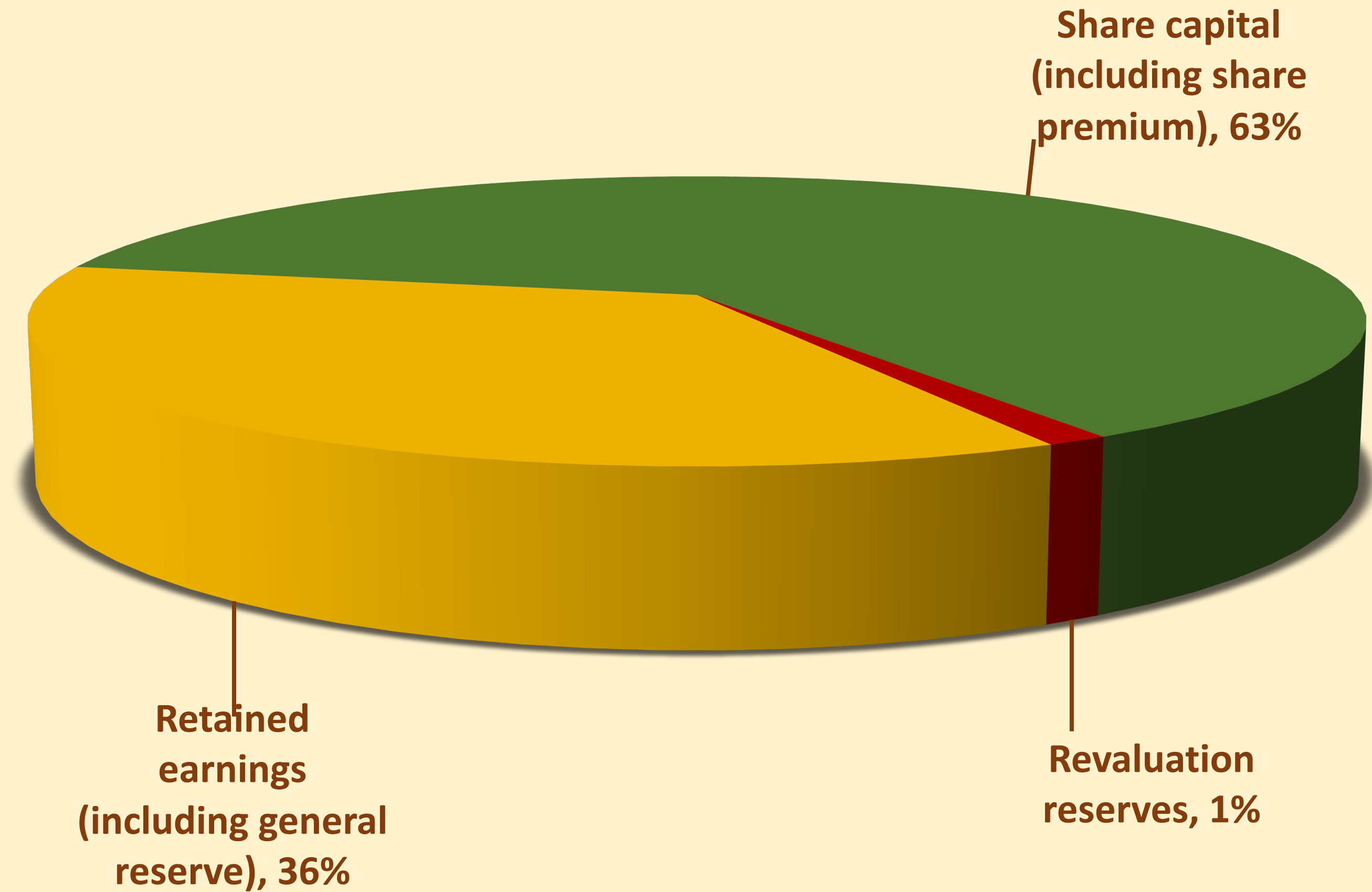
Total equity by banks - 31.03.22 vs 31.12.21 (in mln AMD)



Total Equity

- The major component of total equity of Armenian banking sector is **Share Capital (including share premium)**, with the share of **63%** and is amounting to **692 bln AMD** as of 31.03.2022.
- Second largest component - **Retained Earnings (including general reserve)** with the share of **36%** and is amounting to **393 bln AMD** as of 31.03.2022.
- **Revaluation Reserves (mainly PPE and Financial Assets revaluation reserves)** have share of **1%** and are amounting to **14 bln AMD** as of 31.03.2022.

Components of Total Equity as of 31.03.22



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