

**FINANCIAL ANALYSIS OF
ARMENIAN BANKING SECTOR
9 months of 2022**

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Executive summary

The purpose of this article is to analyze major financial indicators of Armenian banking sector for 9 months of 2022.

Following major components are analyzed

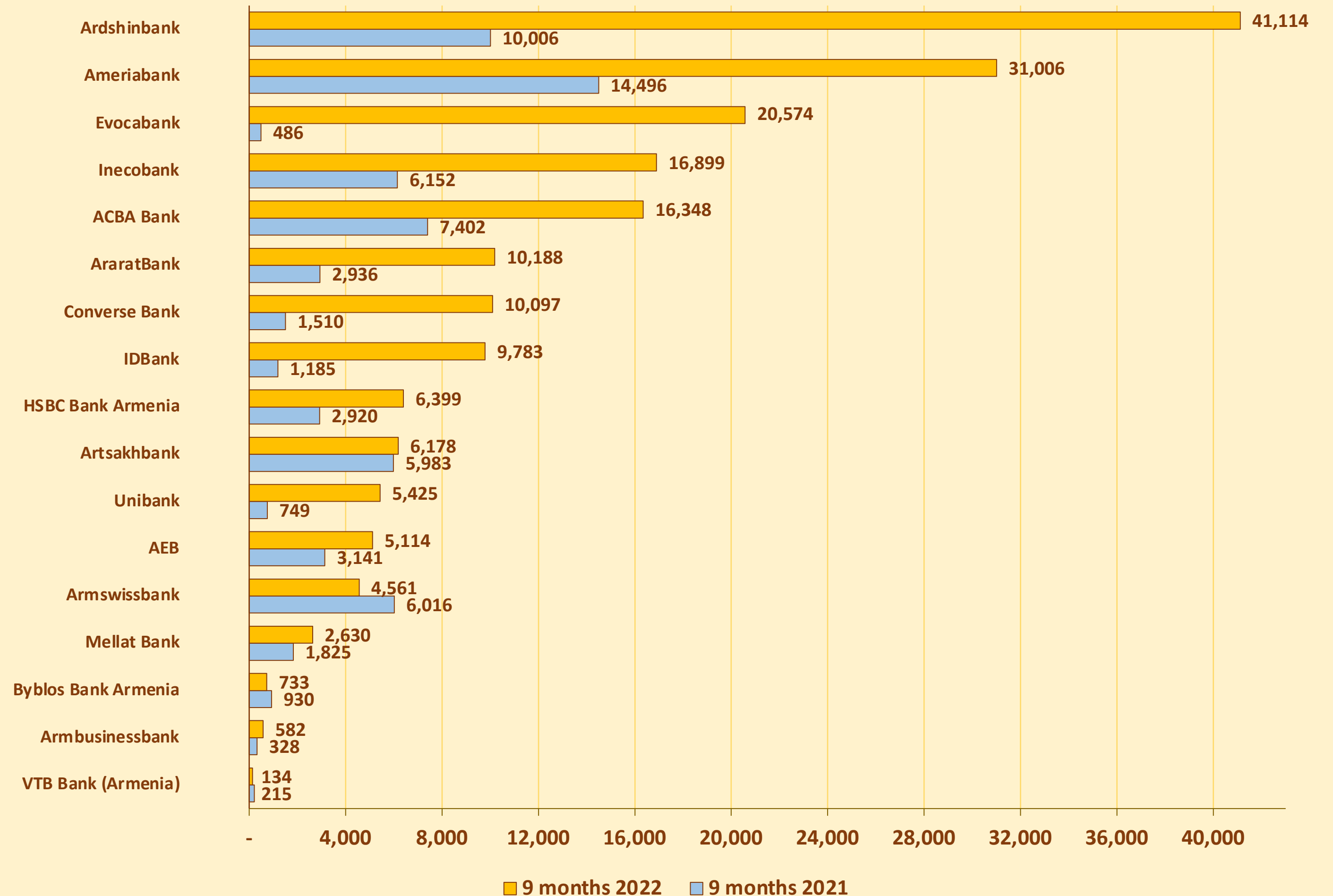
- ***Net Profit, Total assets, total liabilities and equity,***
- ***Total loan portfolio,***
- ***Financial resources attracted from clients (corporate and retail), including issued bonds.***

Published financial statements of Armenian banks were used for the preparation of this article. For opening balances, as of 31/12/2021 audited financial statements were used.

Net profit analysis

- Total net profit of all Armenian banks for 9 months of 2022 is equal to **188 bln AMD**, which is by **121 bln AMD**, or by **2.8** more than was recorded during 9 months of 2021.

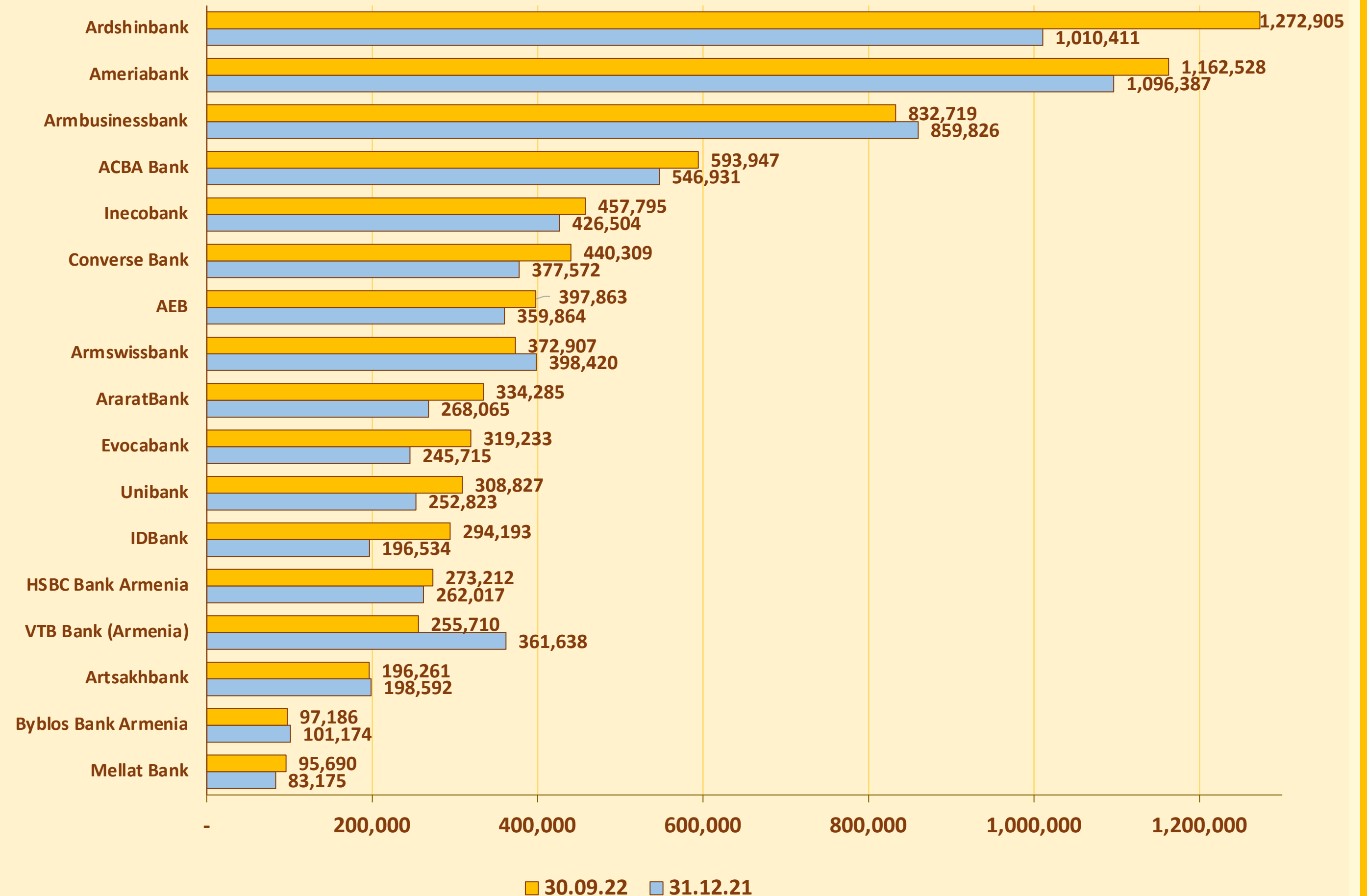
Comparison of banks' net profits for 9 months of 2022 vs 2021 (in mln AMD)



Total assets

- During 9 months of 2022, total assets of banking sector are increased by **660 bln AMD** or by **9.4%**.
- As of 30.09.2022, total assets are amounting to **7,706 bln AMD**.

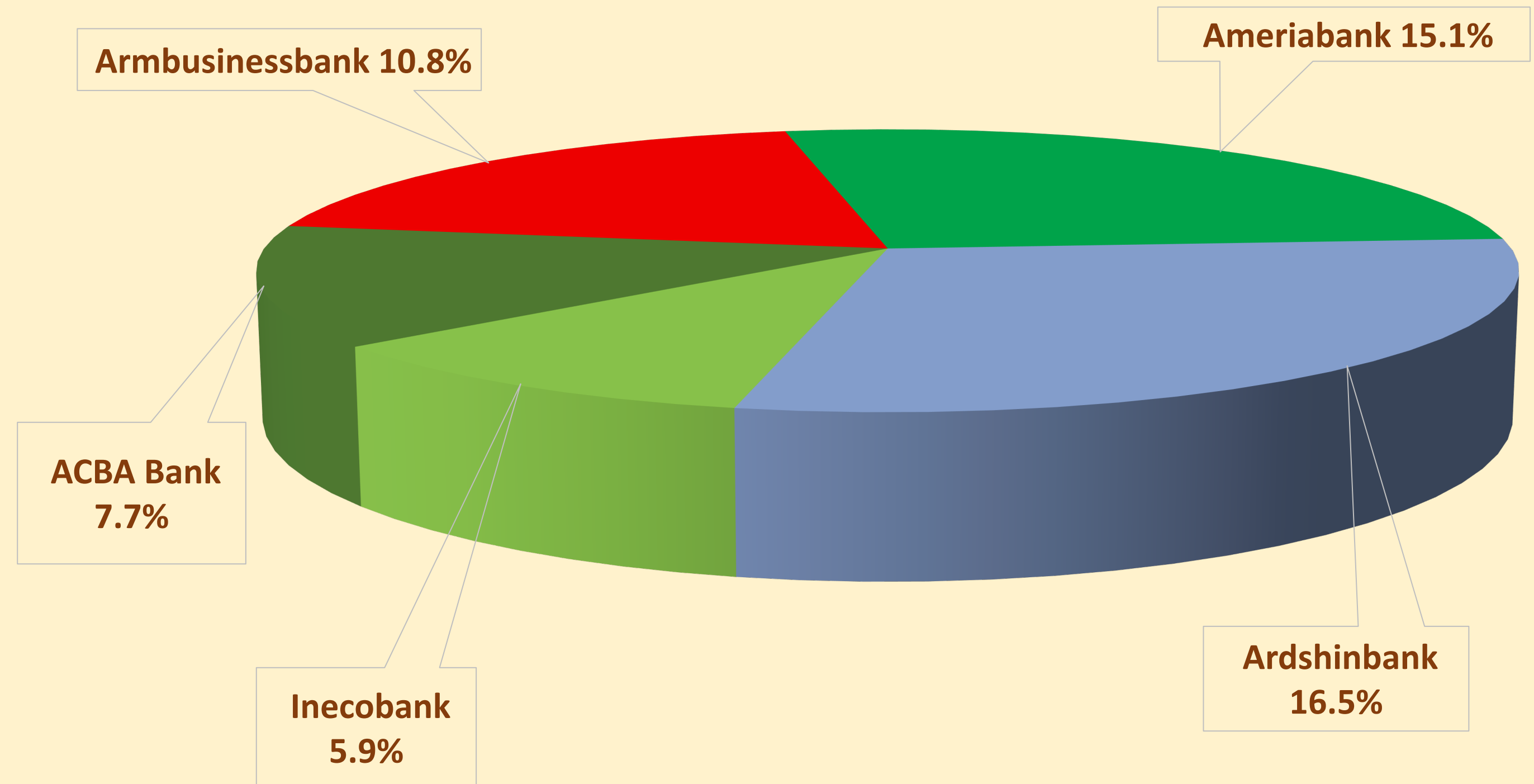
Total assets by banks - 30.09.22 vs 31.12.21 (in mln AMD)



Total assets

- Market share of largest 5 banks (Ardshinbank, Ameriabank, ArmBusinessBank, ACBA Bank and Inecobank) by total assets, is **56.1%**.
- Market share of largest 3 banks (Ardshinbank, Ameriabank, and ArmBusinessBank) by total assets, is **42.4%**.
- Ardshinbank has the largest market share – **16.5%**.

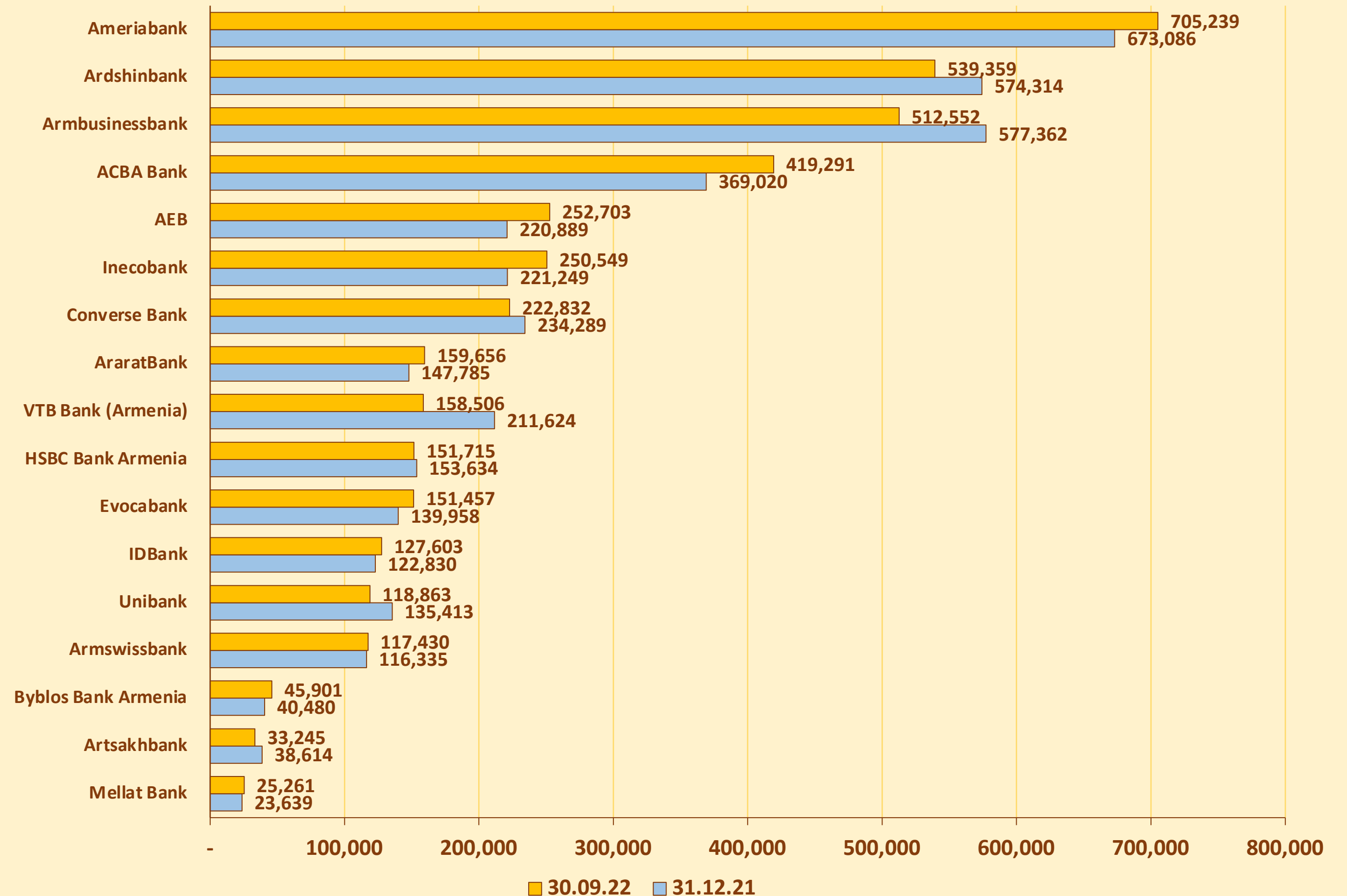
Concentration of total assets by banks as of 30.09.22 (in %)



Total loan portfolio

- Total loan portfolio of banking sector during 9 months of 2022 is slightly decreased by **-0.2%**.
- As of 30.09.2022, total loan portfolio is amounting to **3.992 bln AMD** and its share in total assets is **52%**.
- Mentioned total loan portfolio includes retail and corporate loan portfolios.

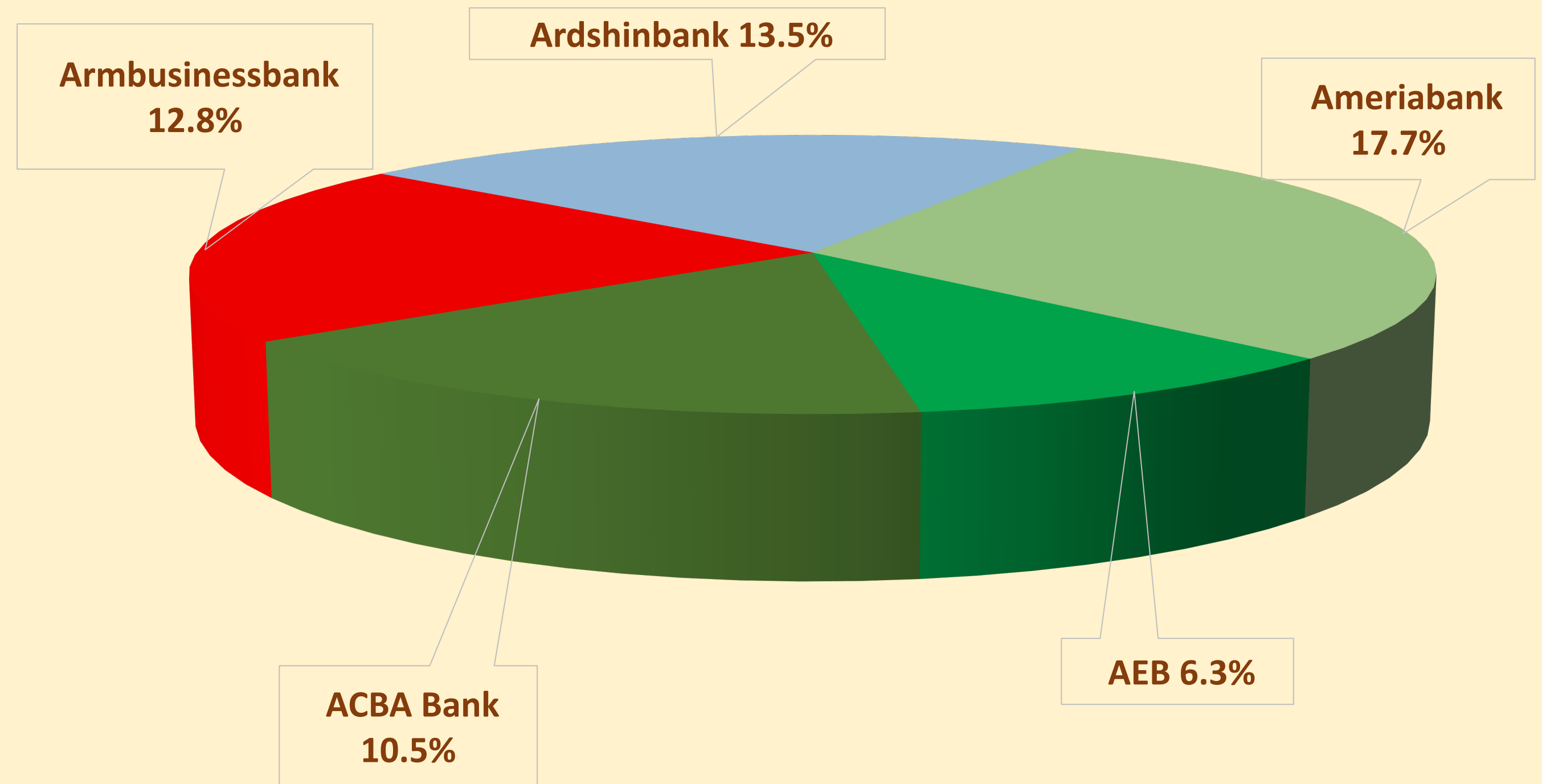
Loan portfolio dynamics for 9 months of 2022 (in mln AMD)



Total loan portfolio

- Market share of largest 5 banks (Ameriabank, Ardshinbank, ArmBusinessBank, ACBA Bank and AEB) by total loan portfolio, is **60.8%**.
- Market share of largest 3 banks (Ameriabank, Ardshinbank and ArmBusinessBank) by total loan portfolio, is **44%**.
- Ameriabank has the largest market share – **17.7%**.

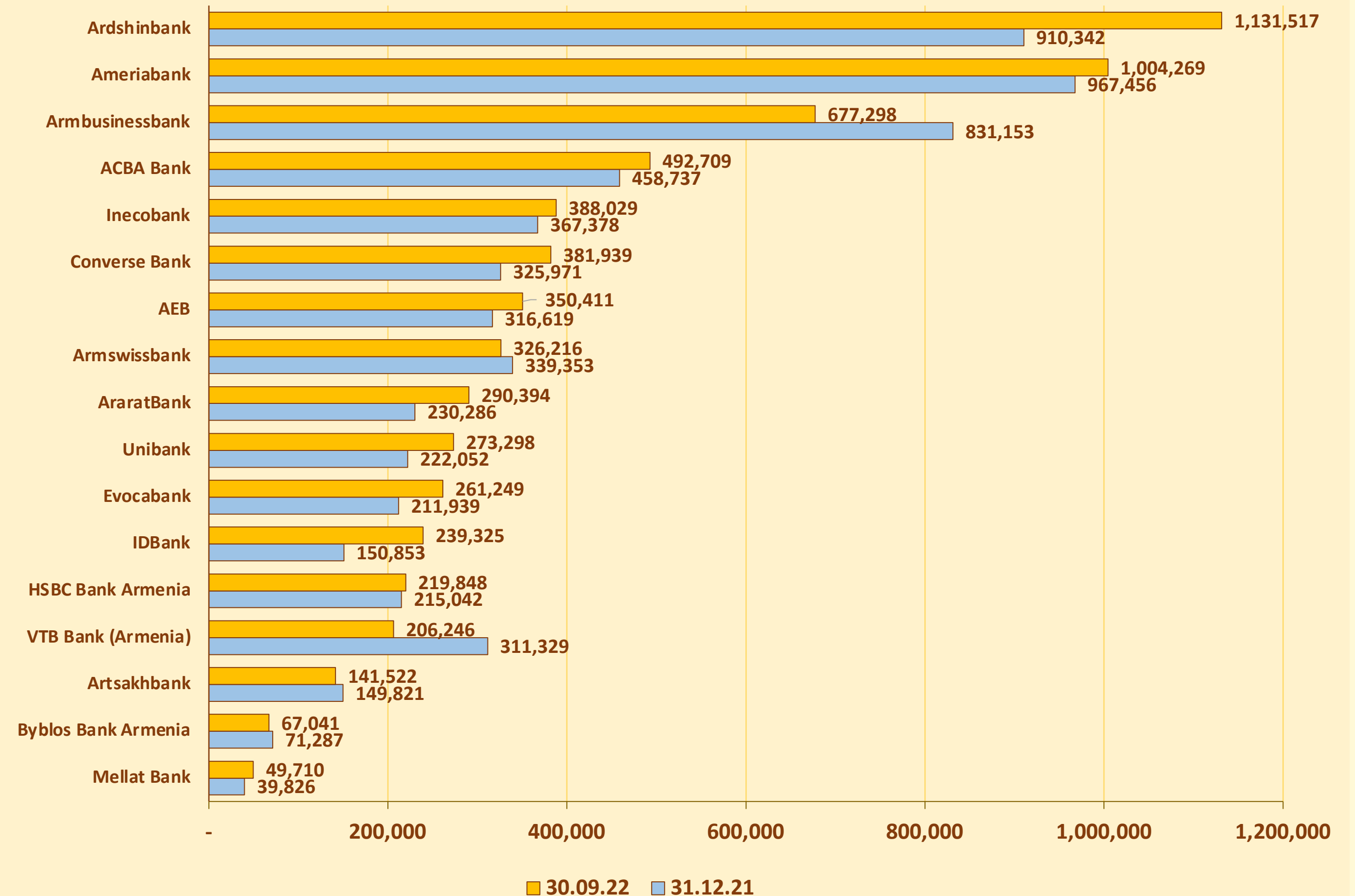
Concentration of total loan portfolio as of 30.09.22 (in %)



Total liabilities

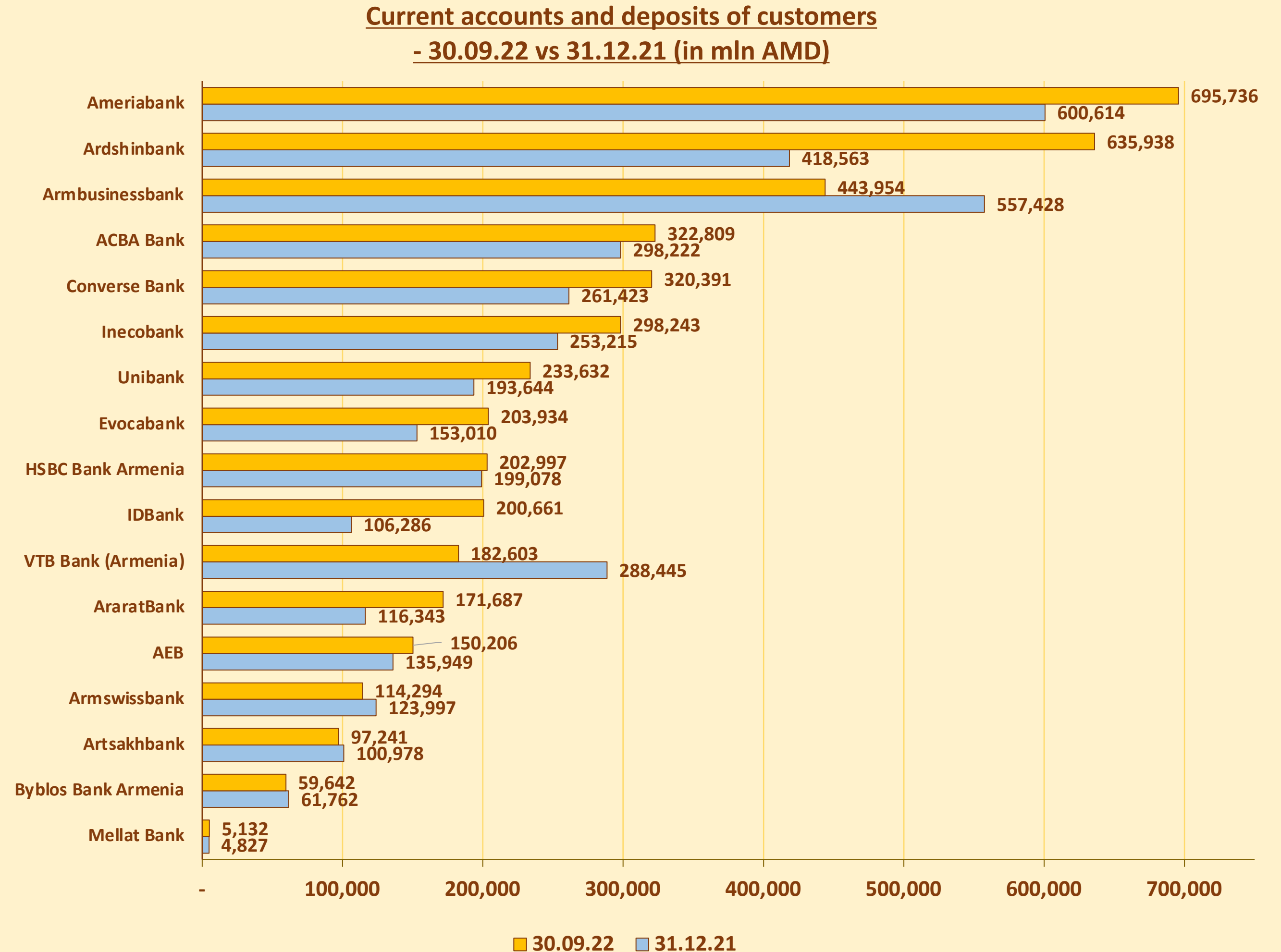
- During 9 months of 2022, total liabilities of banking sector are increased by **382 bln AMD** or by **6.2%**.
- As of 30.09.2022, total liabilities are amounting to **6.501 bln AMD**.

Total liabilities by banks - 30.09.22 vs 31.12.21 (in mln AMD)



Current accounts and deposits from customers

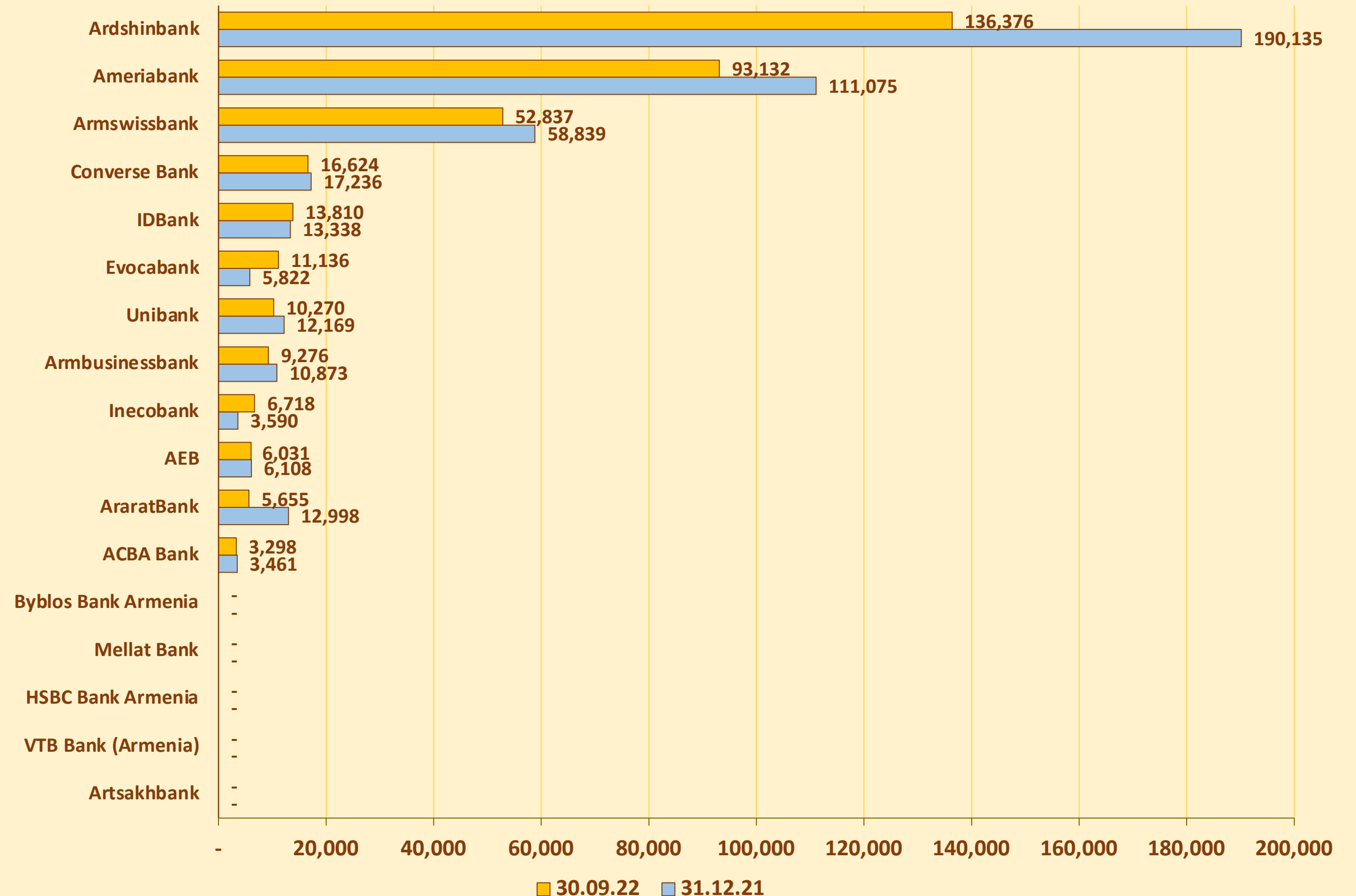
- During 9 months of 2022, total balance of current accounts and deposits of retail and corporate clients of banking sector is increased by **465 bln AMD** or by **12%**.
- As of 30.09.2022, total balance of current accounts and deposits of retail and corporate clients is amounting to **4.339 bln AMD** and its share in total liabilities is **67%**.



Bonds

- During 9 months of 2022, total balance of bonds issued by Armenian banks is decreased by **80.5 bln AMD**, or **18%**. One of the possible reasons, might be the changed mandatory reservation normative for the bank, by the CBA (previous normative encouraged the banks to start issuing bonds).
- Currently **12** from total **17** banks, have issued bonds. Majority of bonds are listed on Armenian Stock Exchange.

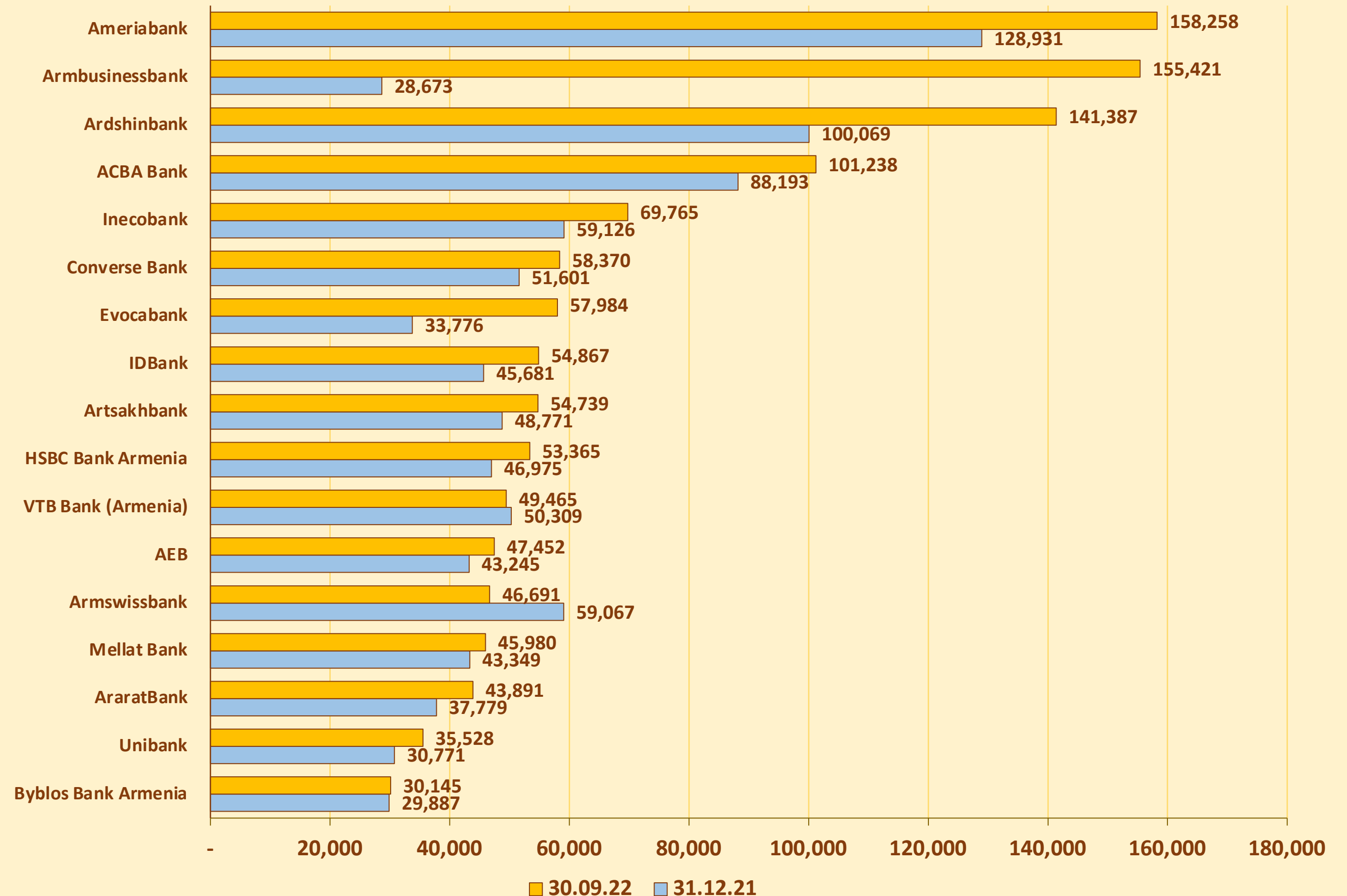
Balances of bonds issued by banks - 30.09.22 vs 31.12.21 (in mln AMD)



Total Equity

- During 9 months of 2022, Total Equity of Armenian banking sector is increased by **278 bln AMD**, or **30%** and is amounting to **1.205 bln AMD**.
- Share capital (including share premium) is increased by **136 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 **26 bln AMD** and amounting to **0.7 bln AMD**

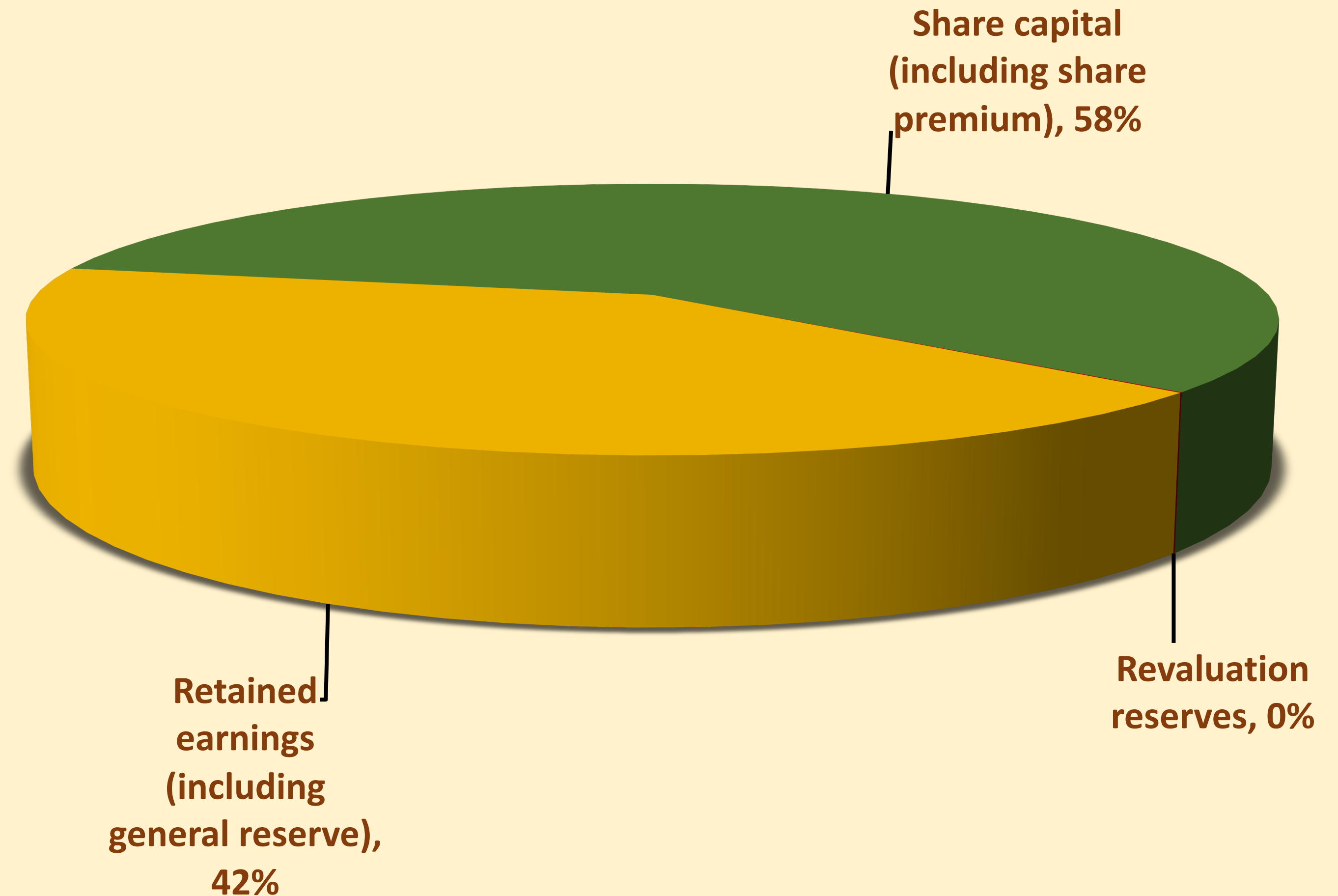
Total equity by banks - 30.09.22 vs 31.12.21 (in mln AMD)



Total Equity

- The major component of total equity of Armenian banking sector is **Share Capital (including share premium)**, with the share of **58%** and is amounting to **699 bln AMD** as of 30.09.2022.
- Second largest component - **Retained Earnings (including general reserve)** with the share of **42%** and is amounting to **505 bln AMD** as of 30.09.2022.
- **Revaluation Reserves (mainly PPE and Financial Assets revaluation reserves)** have share of **0.06%** and are amounting to **0.7 bln AMD** as of 30.09.2022.

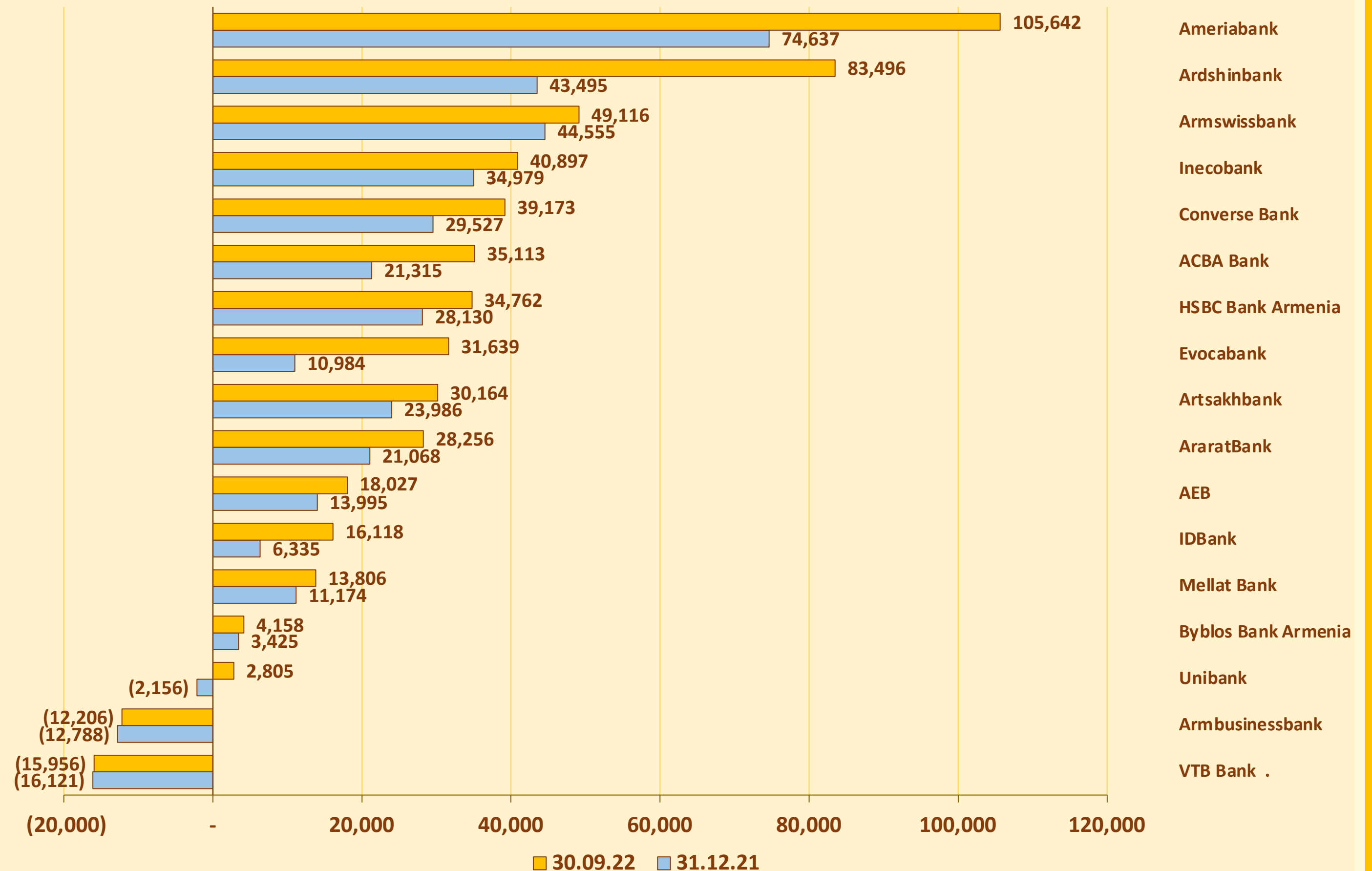
Components of Total Equity as of 30.09.22



Retained earnings

- For the purpose of this analysis, it is more reasonable to review retained earnings jointly with general reserve.
- During 9 months of 2022 retained earnings (including general reserve) of Armenian banking sector are increased by **168 bln AMD**, or by **50.1%** and are amounting to **505 bln AMD**.
- Seven banks declared dividends during 9 months of 2022, amounting to **15.5 bln AMD** (Inecobank-6 bln AMD, ACBA Bank-3.3 bln AMD, AraratBank-3 bln AMD, AEB-1.15 bln AMD, Ardshinbank-1.11 bln AMD, Converse Bank-0.51 bln AMD and Unibank 0.46 bln AMD).

Retained earnings (accumulated loss), included general reserve - 30.09.22 vs 31.12.21 (in mln AMD)



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