

FINANCIAL ANALYSIS OF ARMENIAN BANKING SECTOR 1HY - 2023

CONTENTS

- Executive summary	3
- Net profit analysis	4
- Total assets	5
- Loan portfolio	7
- Total liabilities	9
- Current accounts, deposits and bonds	10
- Total equity	12

Executive summary

The purpose of this article is to analyze major financial indicators of Armenian banking sector for 1HY - 2023.

Following major components are analyzed

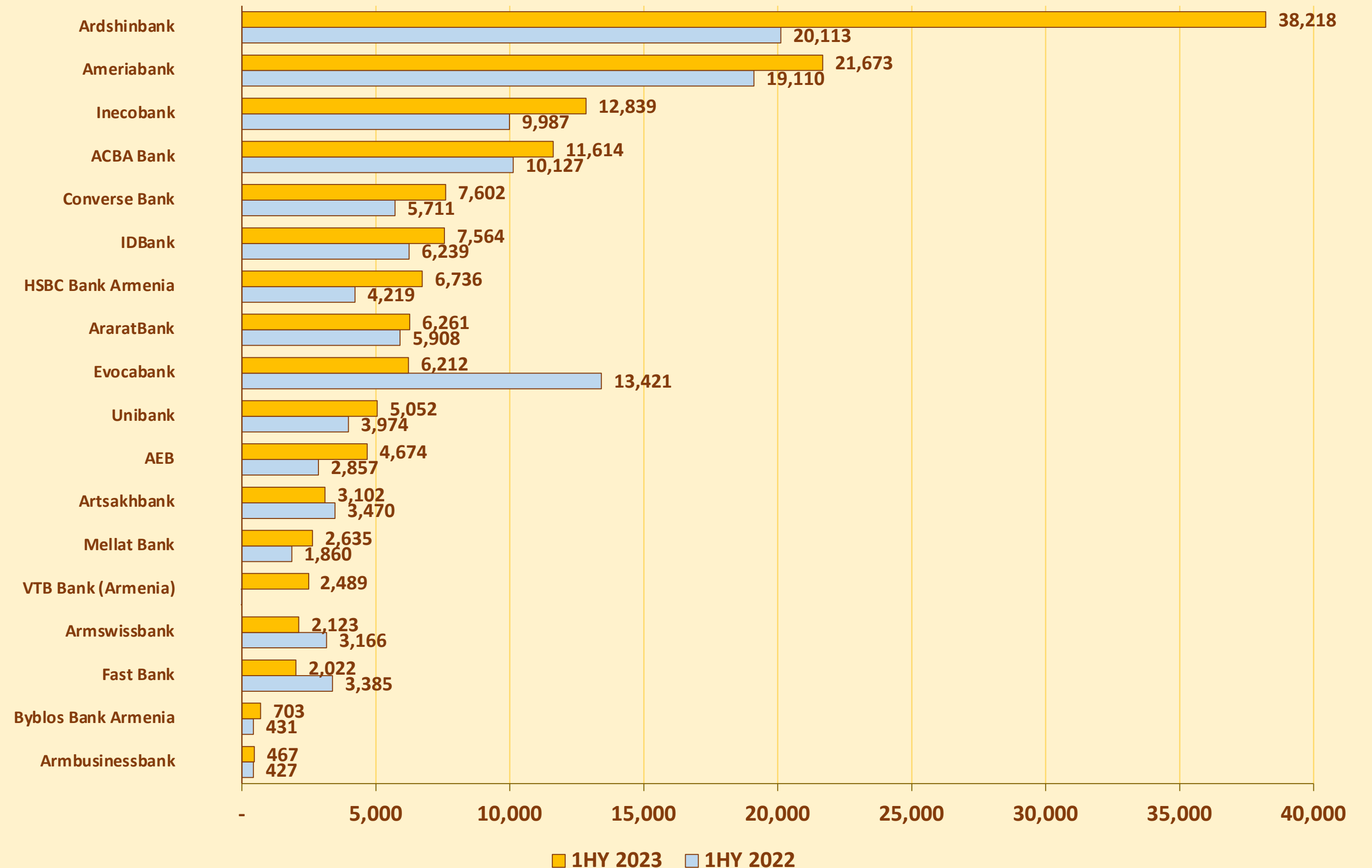
- ***Net Profit, Total assets, total liabilities and equity,***
- ***Total loan portfolio,***
- ***Financial resources attracted from clients (corporate and retail), including issued bonds.***

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 1HY of 2023 is equal to **142 bln AMD**, which is by **28 bln AMD**, or **25%** more than was recorded during 1HY of 2022.
- During 1HY-2023, all Armenian banks were profitable.
- If during next quarters, the profitability level of Armenian banking sector will remain the same, then it's likely, that in 2023, the net profit will be around **300 bln AMD** (in 2022 was 262 bln AMD).

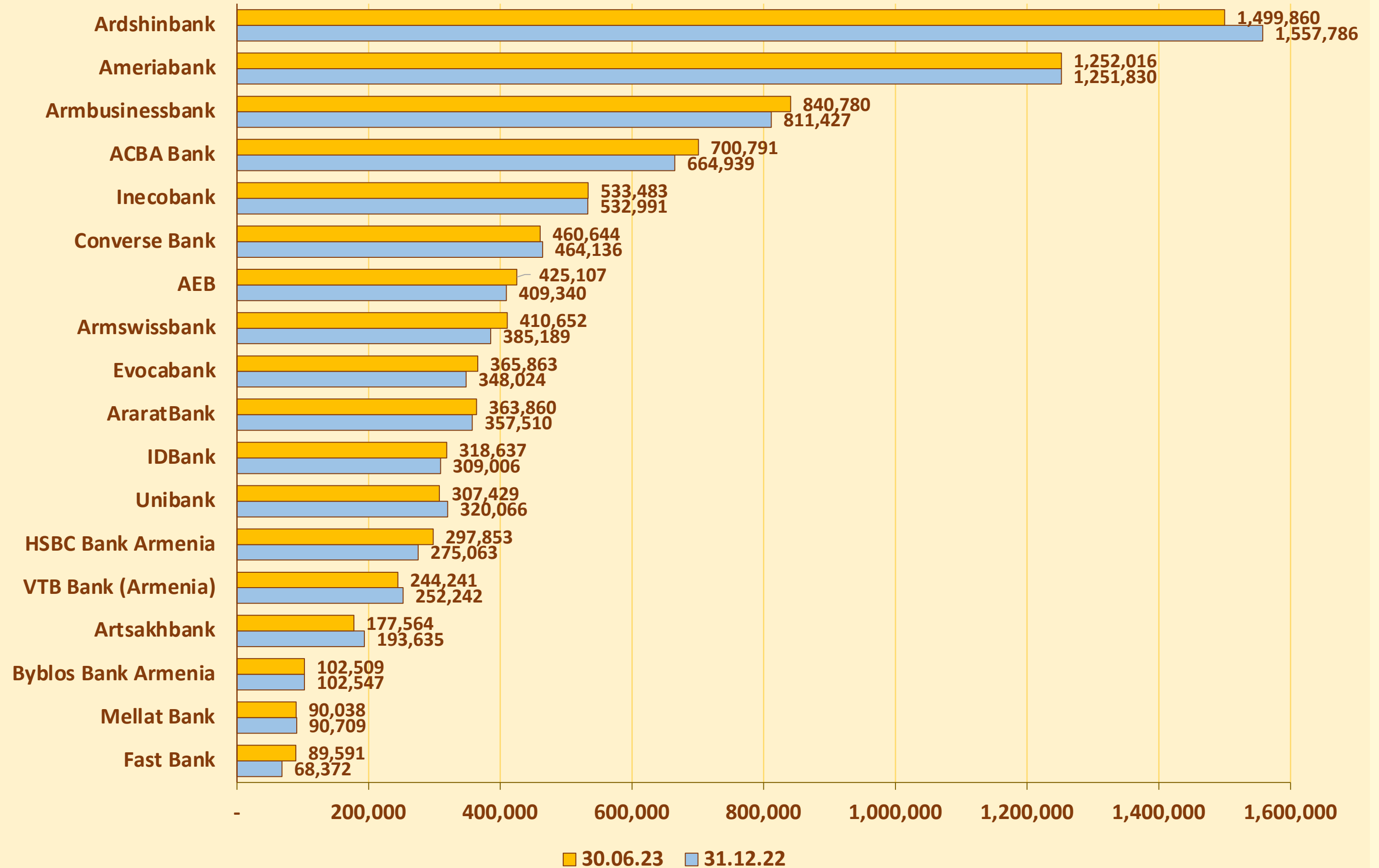
Net profit of banks for 1HY-2023 vs 1HY-2022
(in mln AMD)



Total assets

- During 1HY of 2023, total assets of banking sector are increased by **1%**.
- As of 30.06.2023, total assets are amounting to **8,481 bln AMD**.

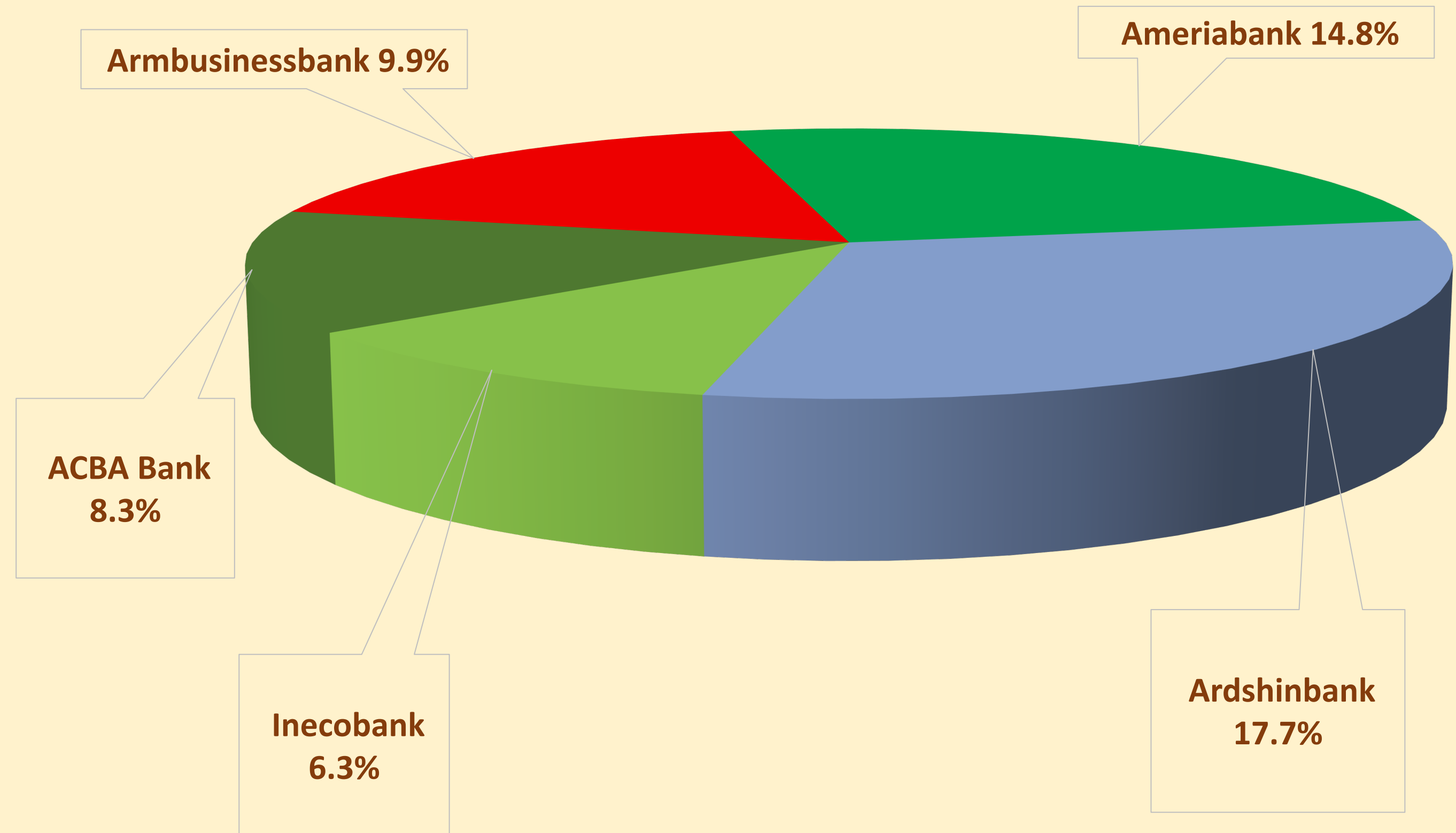
Total assets by banks - 30.06.23 vs 31.12.22 (in mln AMD)



Total assets

- Market share of largest 5 banks (Ardshinbank, Ameriabank, ArmBusinessBank, ACBA Bank and Inecobank) by total assets, is **56.9%**.
- Market share of largest 3 banks (Ardshinbank, Ameriabank, and ArmBusinessBank) by total assets, is **42.4%**.
- Ardshinbank has the largest market share – **17.7%**.

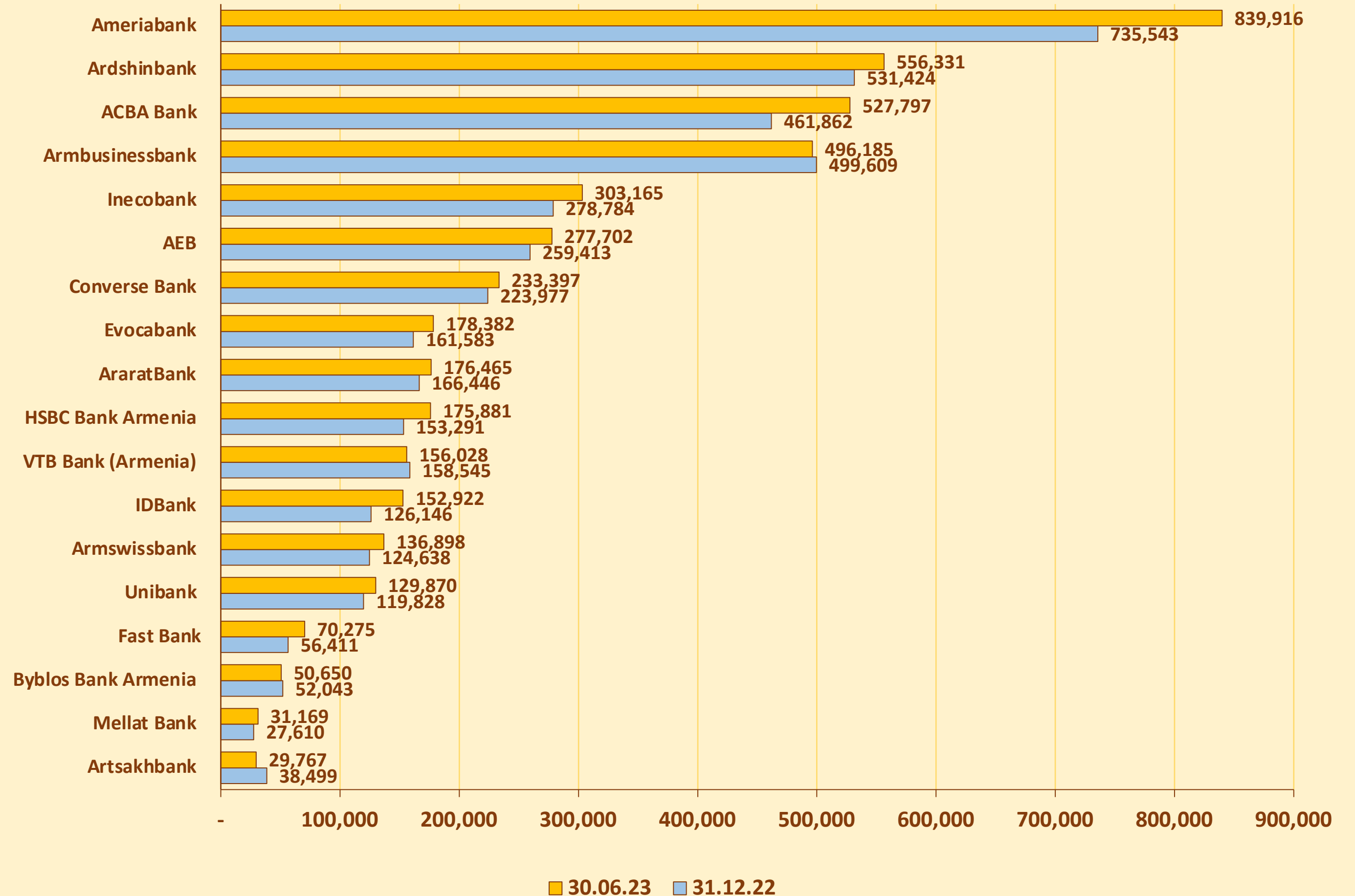
Concentration of total assets by banks as of 30.06.23 (in %)



Total loan portfolio

- Total loan portfolio of banking sector during 1HY of 2023 is increased by **8.3%**.
- As of 30.06.2023, total loan portfolio is amounting to **4.521 bln AMD** and its share in total assets is **53%**.
- Mentioned total loan portfolio includes retail and corporate loan portfolios.

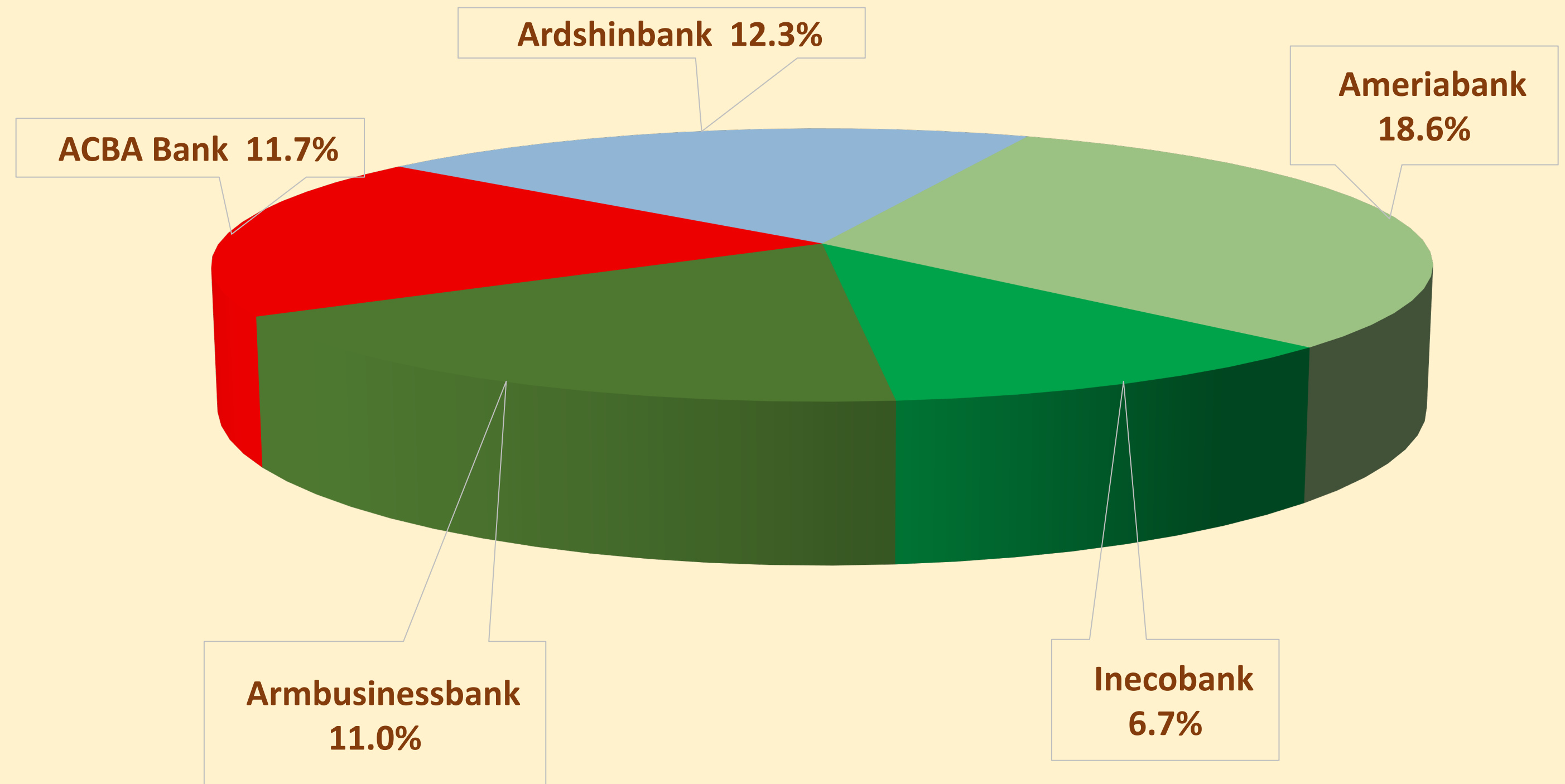
Loan portfolio dynamics for 1HY 2023 (in mln AMD)



Total loan portfolio

- Market share of largest 5 banks (Ameriabank, Ardshinbank, ACBA Bank, ArmBusinessBank and Inecobank) by total loan portfolio, is **60.2%**.
- Market share of largest 3 banks (Ameriabank, Ardshinbank and ACBA Bank) by total loan portfolio is **42.5%**.
- Ameriabank has the largest market share – **18.6%**.

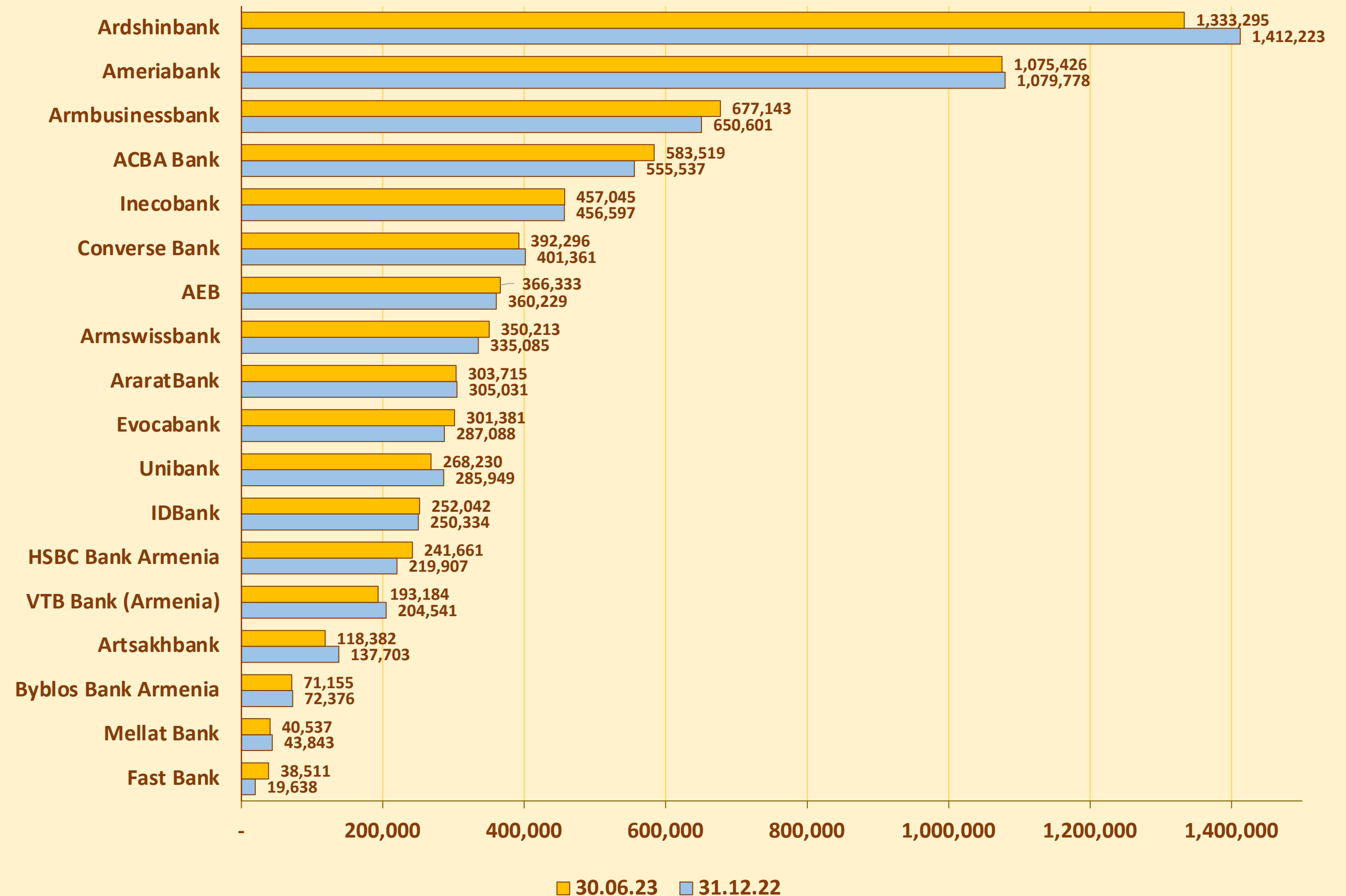
Concentration of total loan portfolio as of 30.06.23 (in %)



Total liabilities

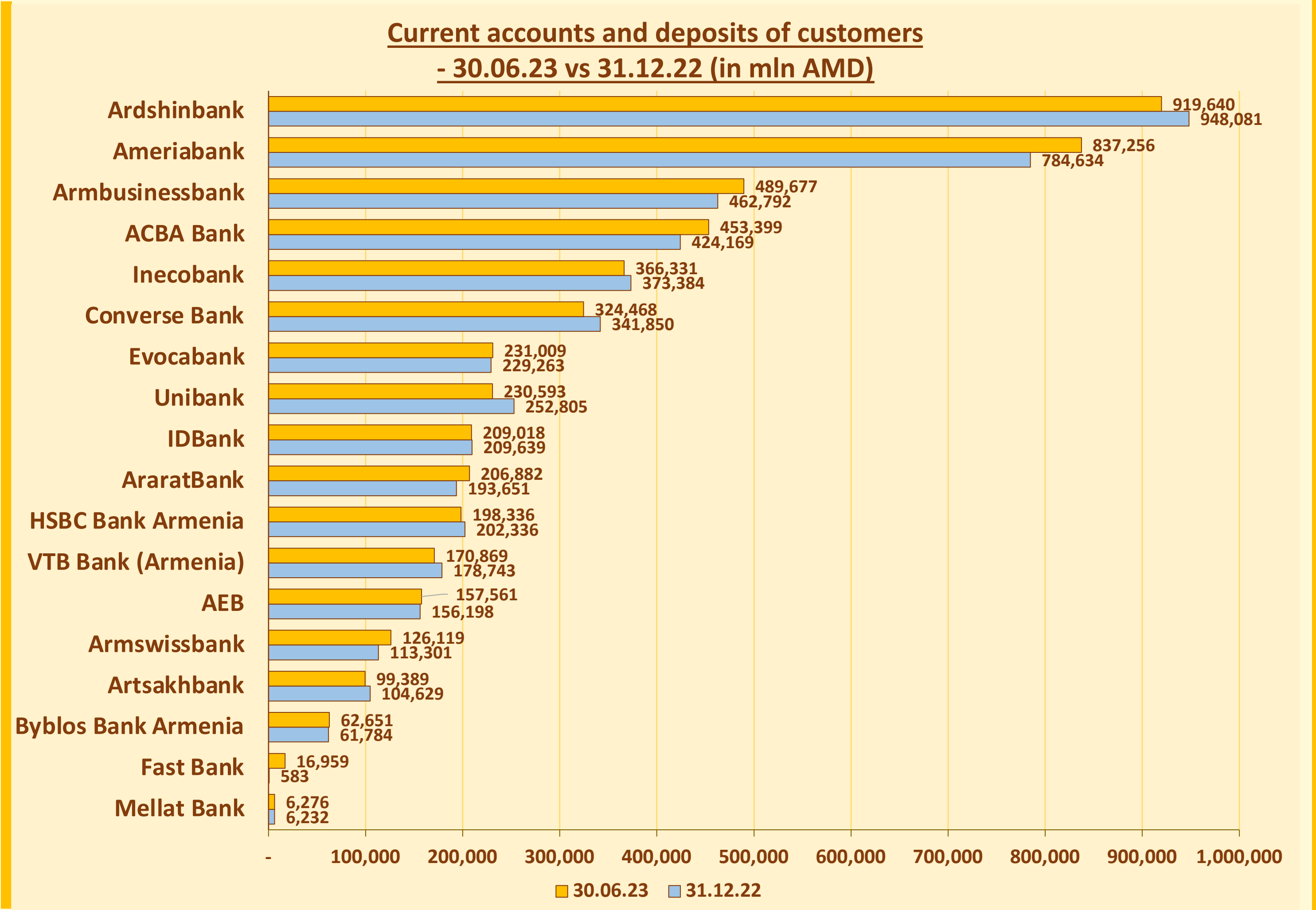
- During 1HY of 2023 , total liabilities of banking sector are slightly decreased (by -0.2%).
- As of 30.06.2023, total liabilities are amounting to **7.064 bln AMD**.

Total liabilities by banks - 30.06.23 vs 31.12.22 (in mln AMD)



Current accounts and deposits from customers

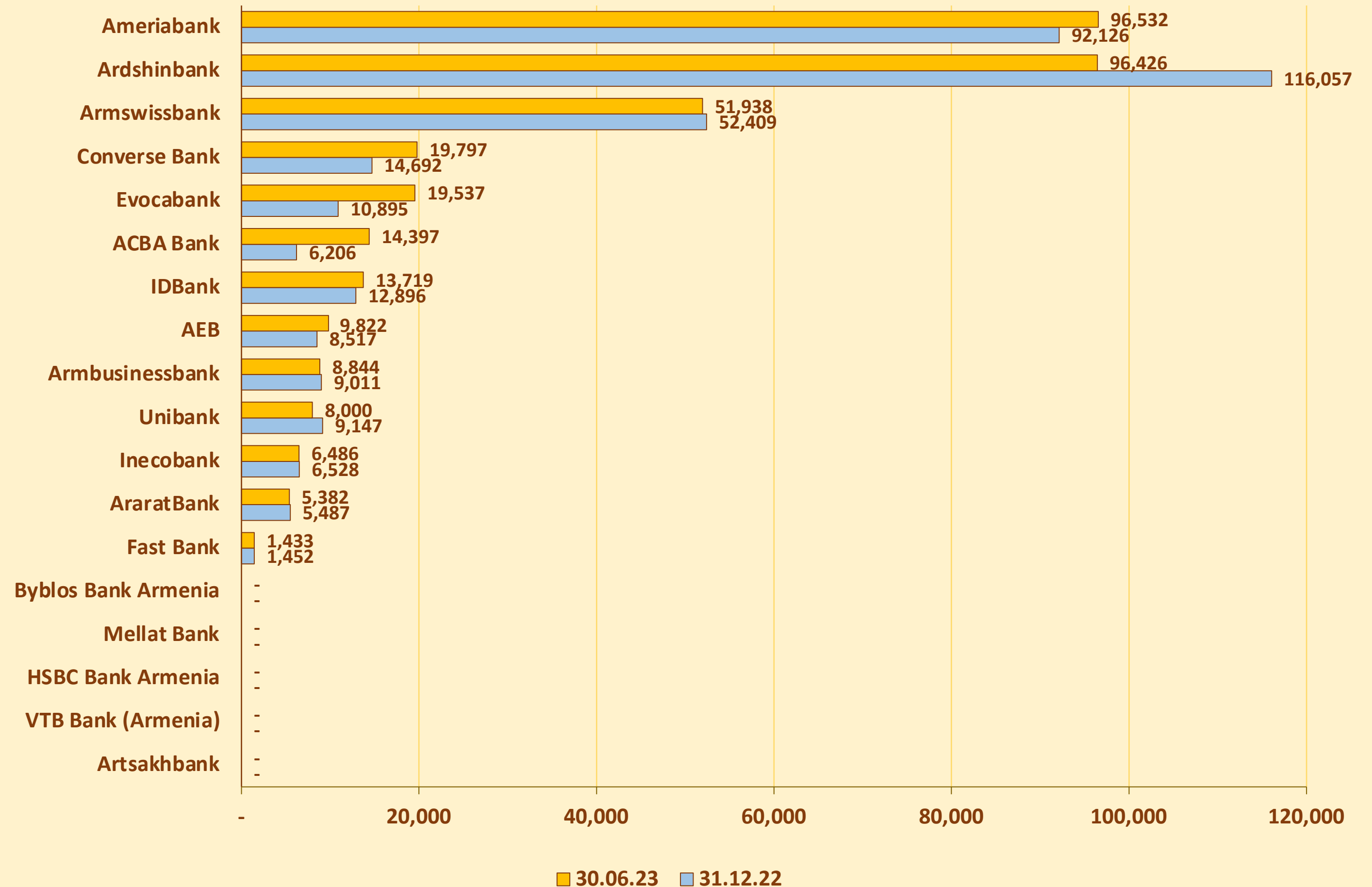
- During 1HY of 2023 , total balance of current accounts and deposits of retail and corporate clients of banking sector is slightly increased, by **1.2%**.
- As of 30.06.2023, total balance of current accounts and deposits of retail and corporate clients is amounting to **5.106 bln AMD** and its share in total liabilities is **72%**.



Bonds

- During 1HY of 2023 , total balance of bonds issued by Armenian banks is increased by **6.9 bln AMD**, or **2%**.
- As of 30.06.2023, total balance of issued bonds is amounting to **352 bln AMD**.
- Currently **13** from total **18** banks, have issued bonds.

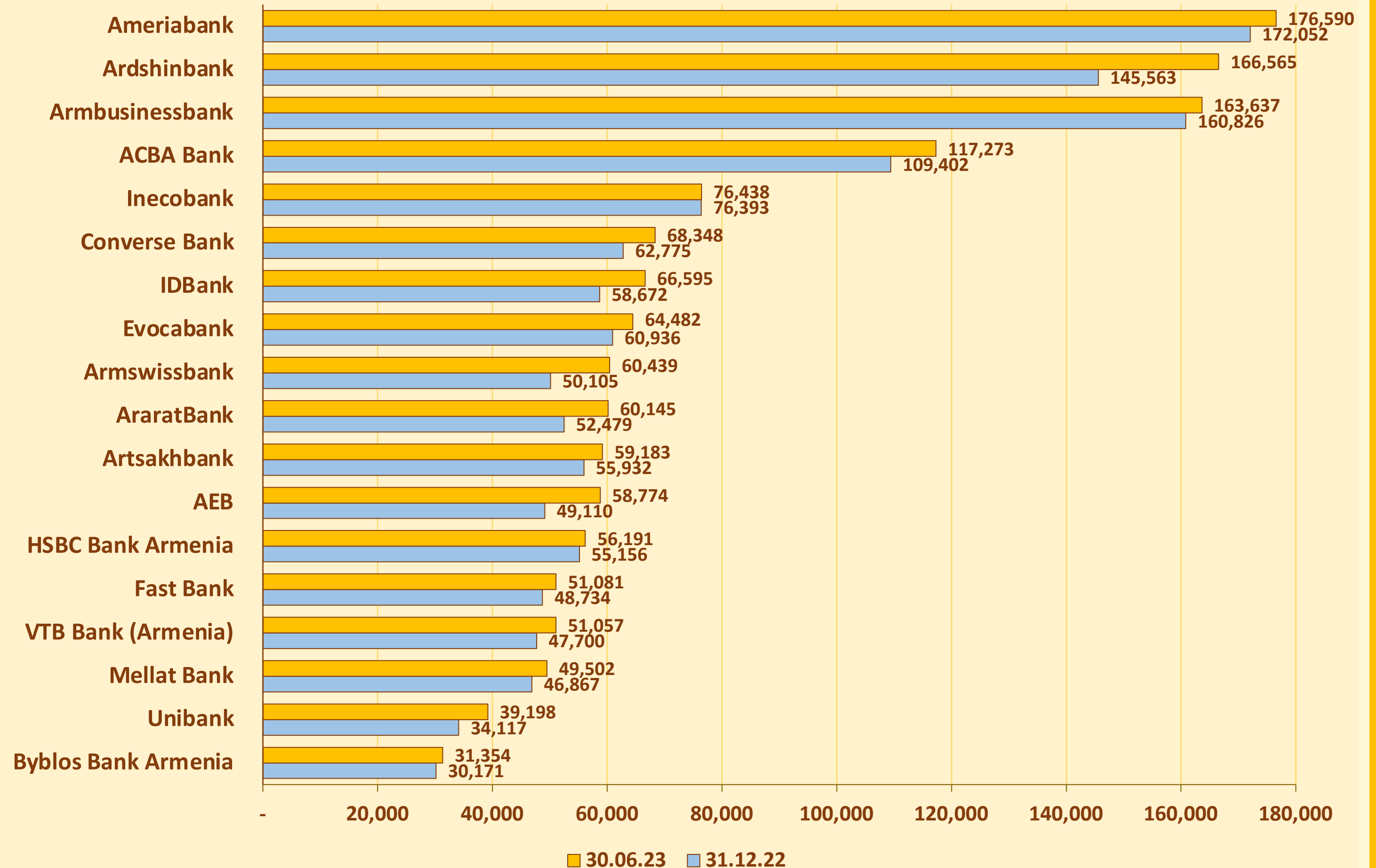
Balances of bonds issued by banks - 30.06.23 vs 31.12.22 (in mln AMD)



Total Equity

- During 1HY of 2023 , Total Equity of Armenian banking sector is increased by **100 bln AMD**, or by **8%** and is amounting to **1.417 bln AMD**.
 - During 1HY of 2023 retained earnings (including general reserve) of Armenian banking sector are increased by **75 bln AMD**, or by **13%** and are amounting to **656 bln AMD**.
 - 8 banks declared dividends during 1HY of 2023 , amounting to 68 bln AMD
1. Ardshinbank – **18 bln AMD**
 2. Ameriabank – **17.8 bln AMD**
 3. Inecobank - **13 bln AMD**
 4. HSBC Bank Armenia – **5.8 bln AMD**
 5. Converse Bank – **4.4 bln AMD**
 6. ACBA Bank – **4.4 bln AMD**
 7. Evocabank – **3.4 bln AMD**
 8. AEB – **0.74 bln AMD**

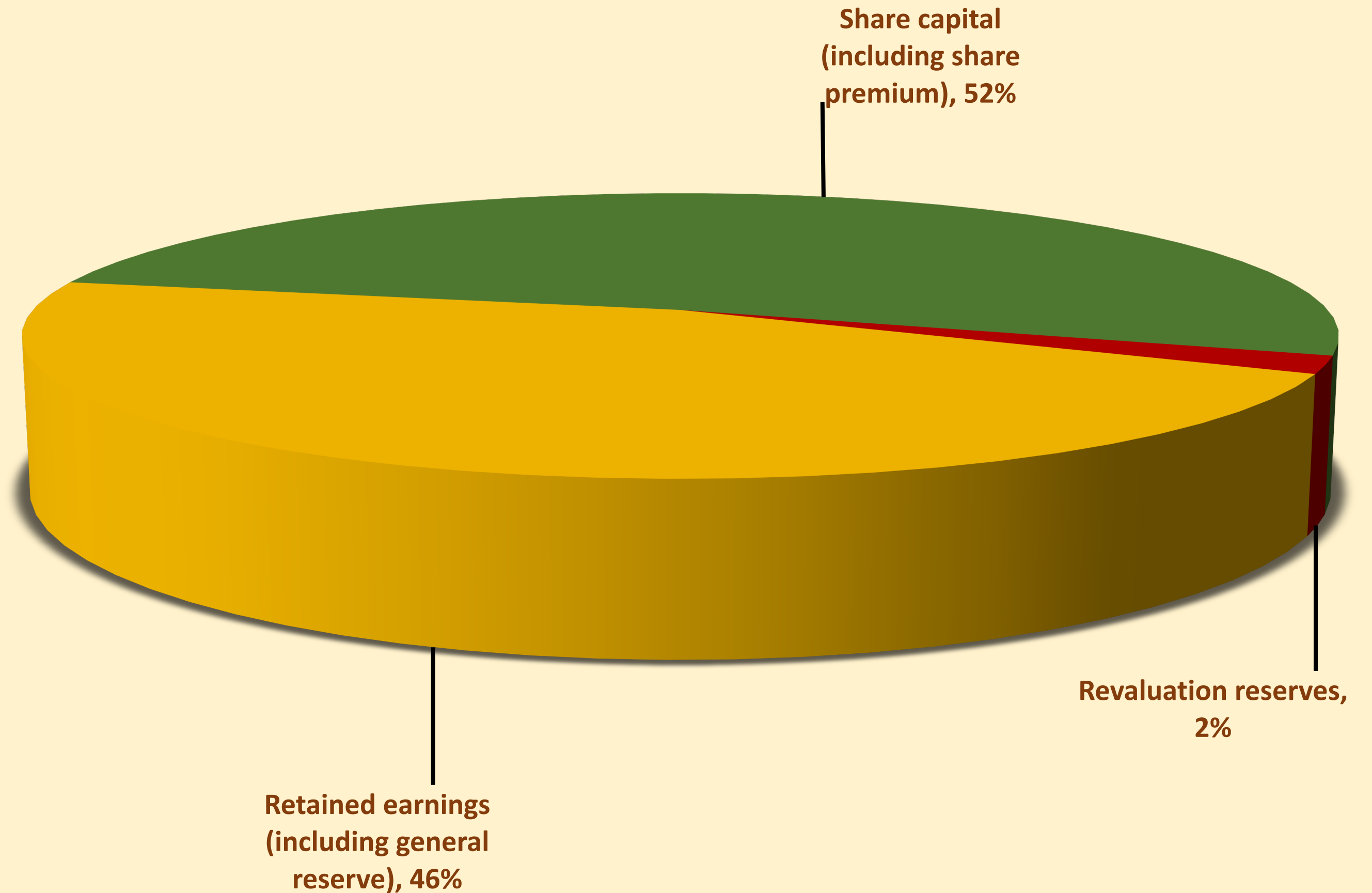
Total equity by banks - 30.06.23 vs 31.12.22 (in mln AMD)



Total Equity

- The major component of total equity of Armenian banking sector is **Share Capital (including share premium)**, with the share of **52%** and is amounting to **733 bln AMD** as of 30.06.2023.
- Second largest component - **Retained Earnings (including general reserve)** with the share of **46%** and is amounting to **656 bln AMD** as of 30.06.2023.
- **Revaluation Reserves (mainly PPE and Financial Assets revaluation reserves)** have share of **2%** and are amounting to **28 bln AMD** as of 30.06.2023.

Components of Total Equity as of 30.06.23



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