

# FINANCIAL ANALYSIS OF ARMENIAN BANKING SECTOR 1HY 2021

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# Executive summary

The purpose of this article is to analyze major financial indicators of Armenian banking sector for 1HY 2021.

Following major components are analyzed

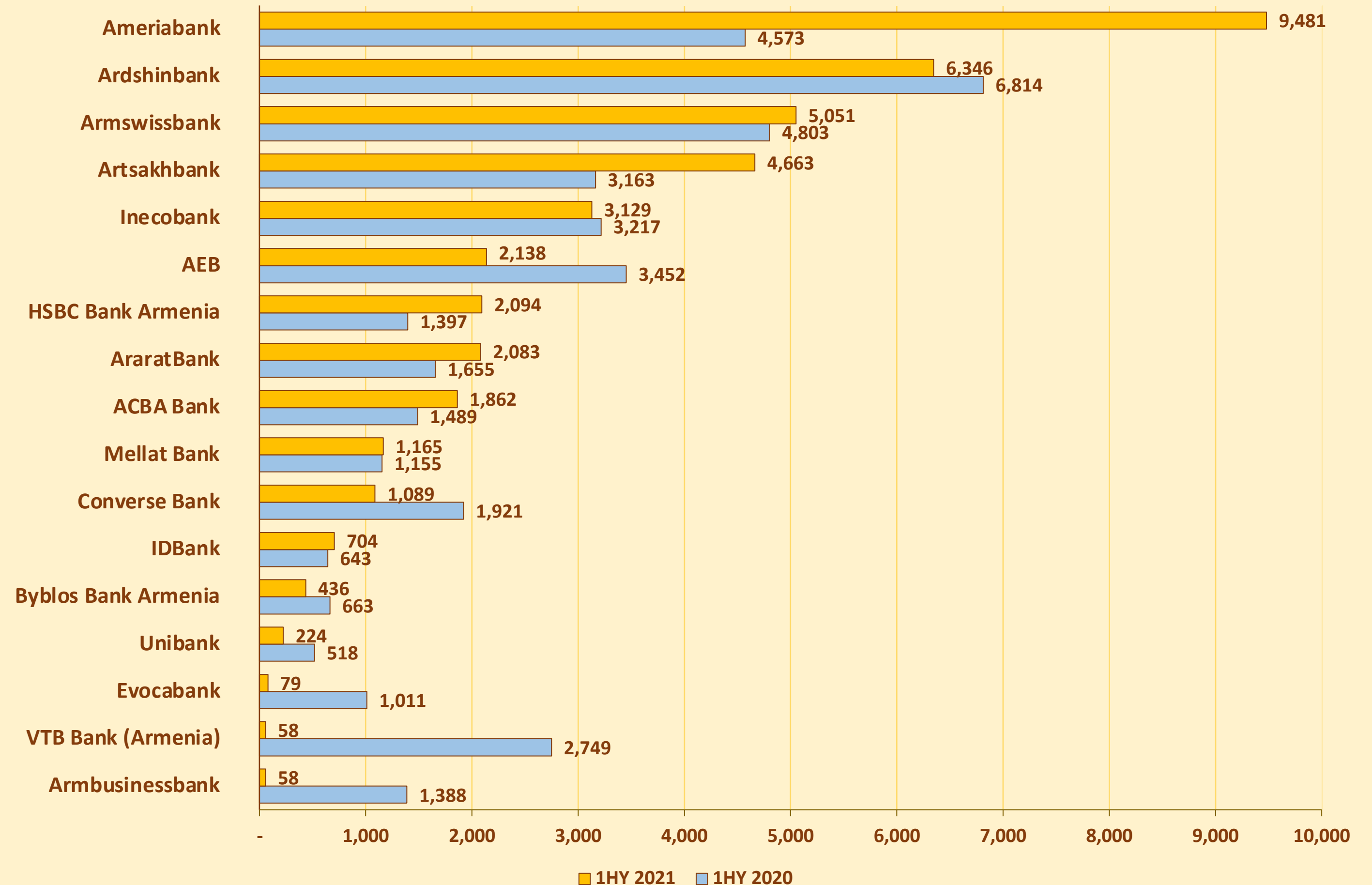
- ***Total assets, total liabilities and equity,***
- ***Total loan portfolio,***
- ***Financial resources attracted from clients (corporate and retail), including issued bonds.***

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-2021 is equal to **40.7 bln AMD**, which is almost the same (+0.1%), as was recorded in 1HY-2020.
- Expenses related to loan loss provisioning were increased during the mentioned period **by 6 bln AMD** or **by 17%**.

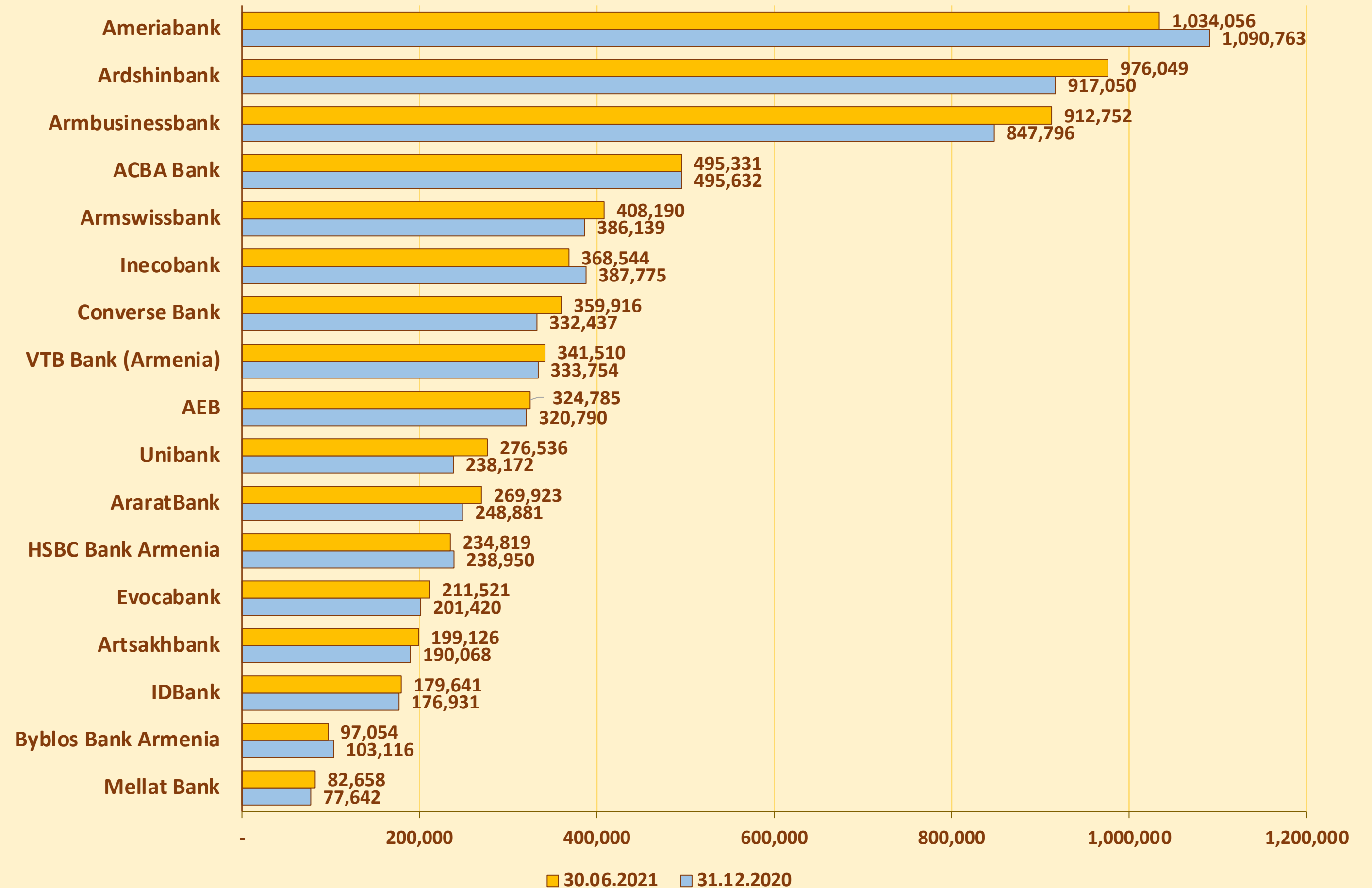
*Comparison of banks' net profits 1HY 2021 vs 1HY 2020 (in mln AMD)*



## Total assets

- During 1HY-2021, total assets of banking sector are increased by **185 bln AMD** or by **2.8%**.
- As of 30.06.2021, total assets are amounting to **6,772 bln AMD**.

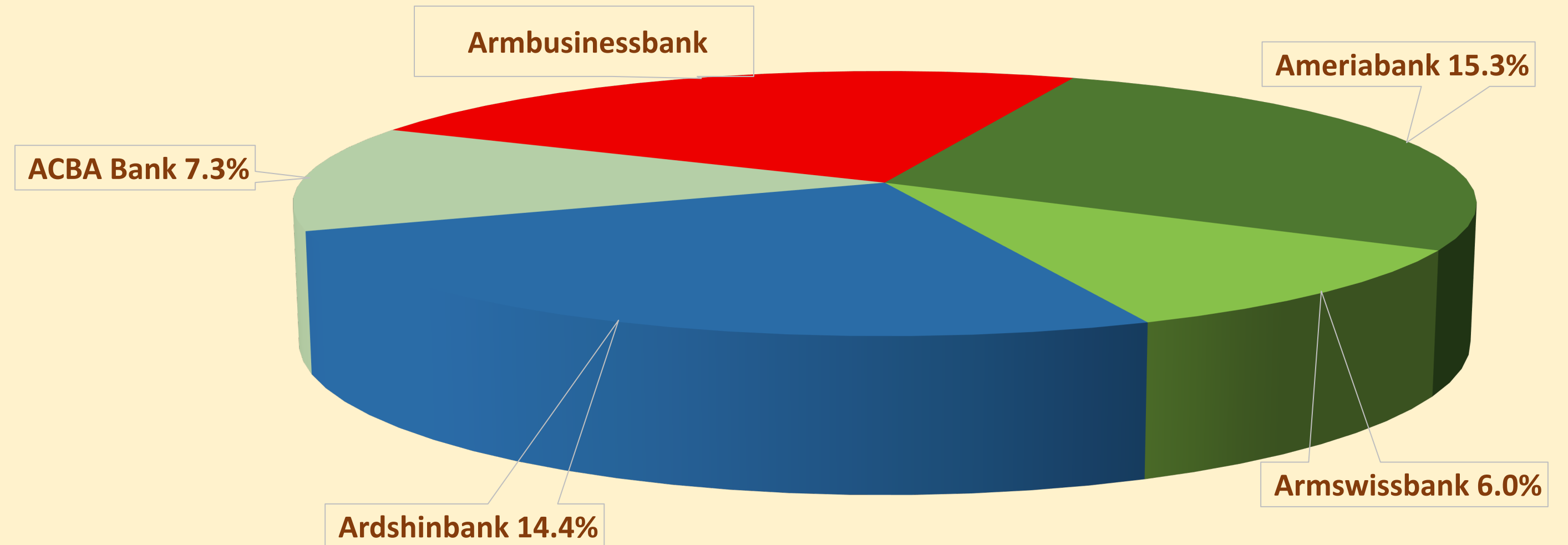
**Total assets by banks - 30.06.21 vs 31.12.20 (in mln AMD)**



## Total assets

- Market share of largest 5 banks (Ameriabank, ArmBusinessBank, Ardshinbank, ACBA Bank and Armswissbank) by total assets, is **56%**.
- Market share of largest 3 banks (Ameriabank, ArmBusinessBank and Ardshinbank) by total assets, is **43%**.
- Ameriabank has the largest market share – **15.3%**.

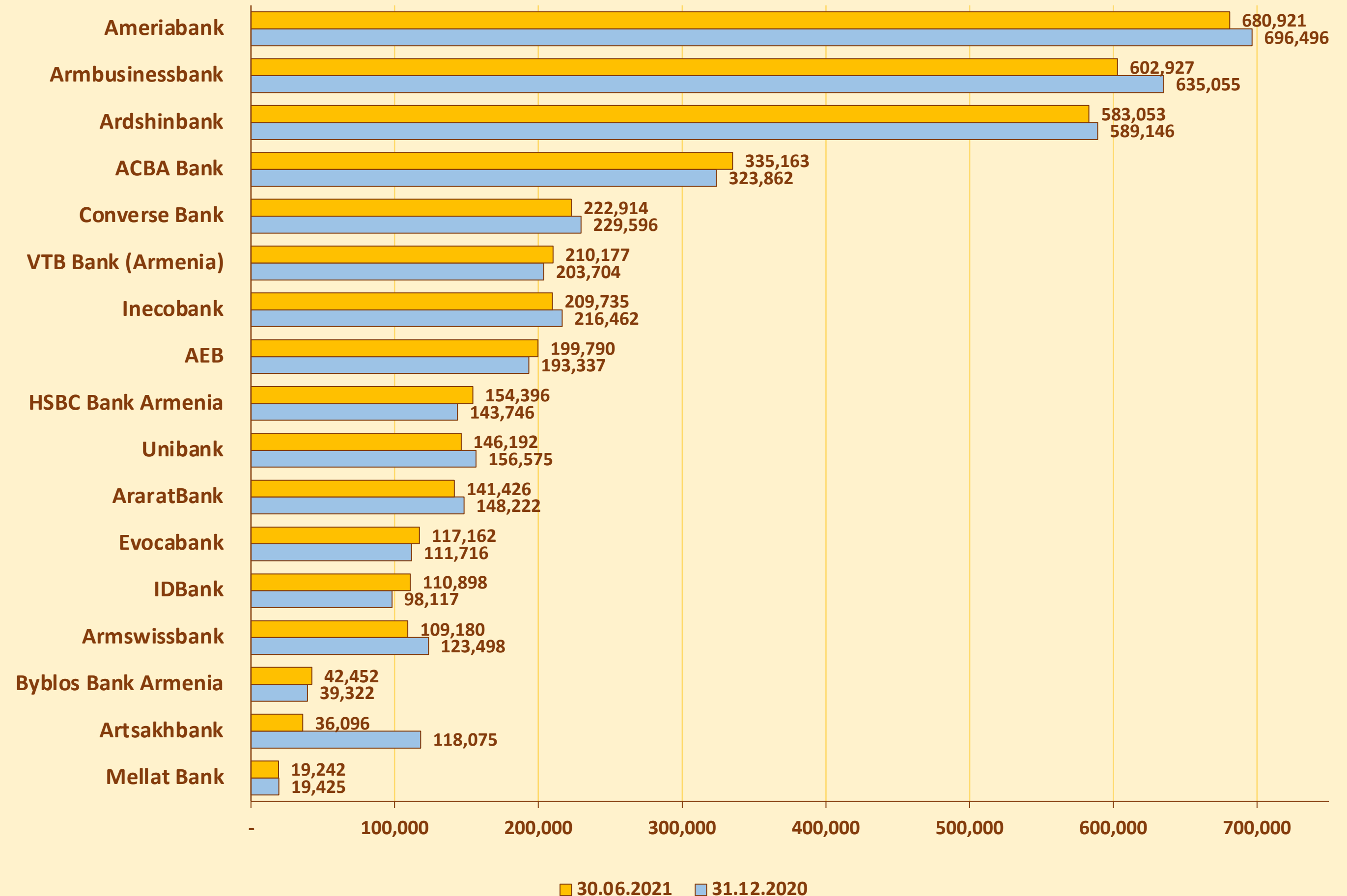
Concentration of total assets by banks as of 30.06.21 (in %)



## Total loan portfolio

- Total loan portfolio of banking sector during 1HY-2021 is decreased by **3.1%**.
- As of 30.06.2021, total loan portfolio is amounting to **3.922 bln AMD** and its share in total assets is **58%**.
- Mentioned total loan portfolio includes retail and corporate loan portfolios.

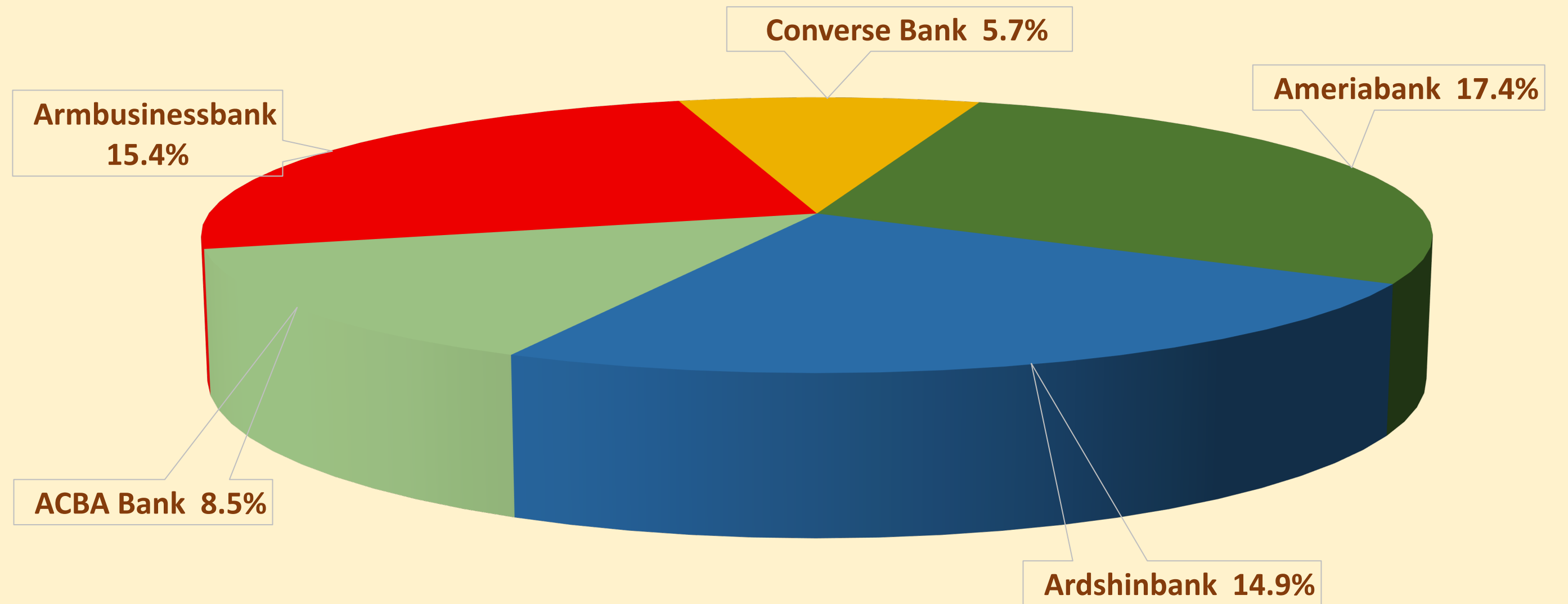
*Total loan portfolio dynamics - 1HY 2021 (in mln AMD)*



## Total loan portfolio

- Market share of largest 5 banks (Ameriabank, ArmBusinessBank, Ardshinbank, ACBA Bank and Converse Bank) by total loan portfolio, is **62%**.
- Market share of largest 3 banks (Ameriabank, ArmBusinessBank and Ardshinbank) by total loan portfolio, is **48%**.
- Ameriabank has the largest market share – **17.4%**.

Concentration of total loan portfolio by banks as of 30.06.2021 (in %)

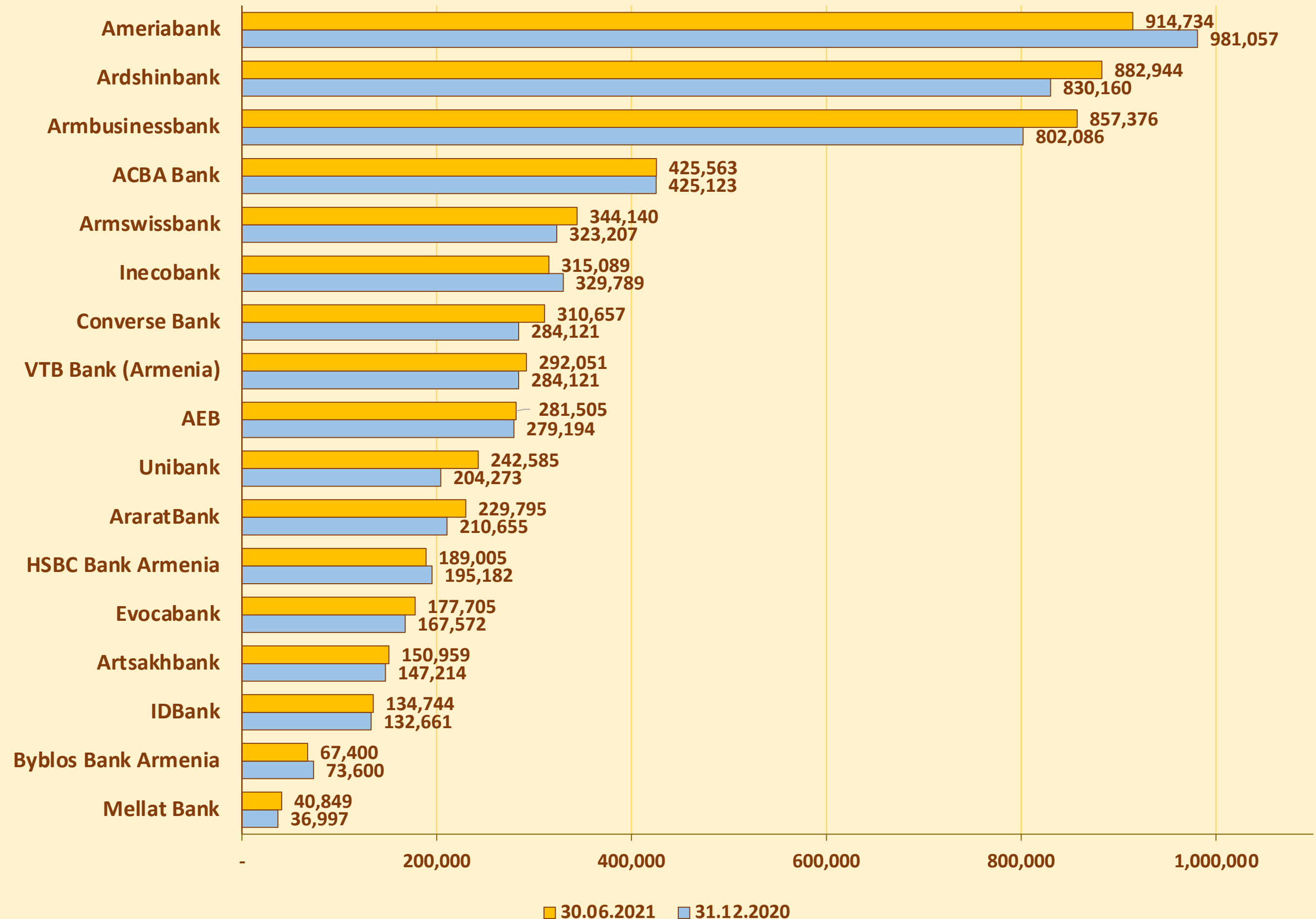




## Total liabilities

- During 1HY-2021, total liabilities of banking sector are increased by **150 bln AMD** or by **2.6%**.
- As of 30.06.2021, total liabilities are amounting to **5,857 bln AMD**.

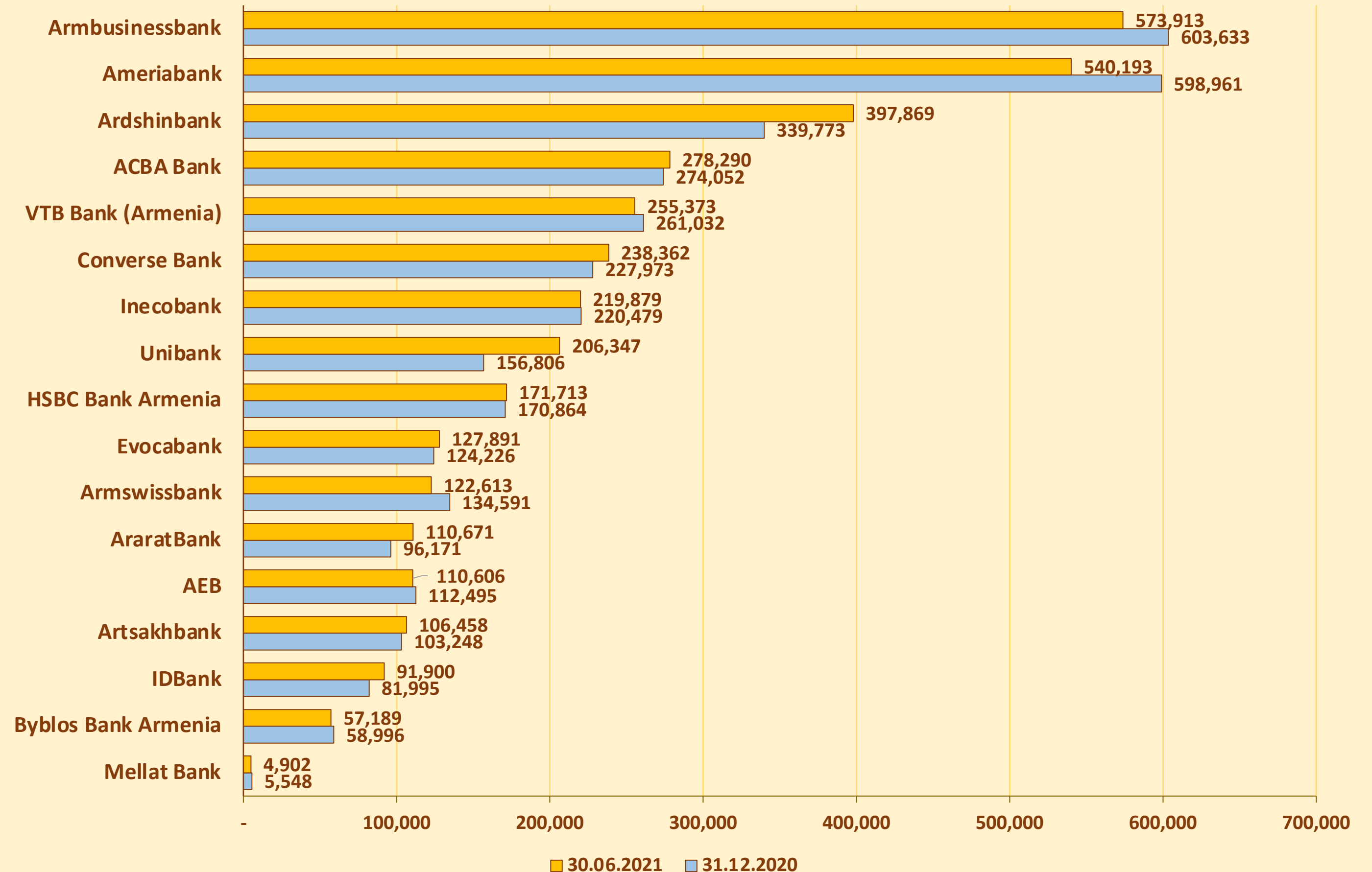
**Total liabilities by banks - 30.06.21 vs 31.12.20 (in mln AMD)**



## Current accounts and deposits from customers

- During 1HY-2021, total balance of current accounts and deposits of retail and corporate clients of banking sector is increased by **43 bln AMD** or by **1.2%**.
- As of 30.06.2021, total balance of current accounts and deposits of retail and corporate clients is amounting to **3.614 bln AMD** and its share in total liabilities is **62%**.

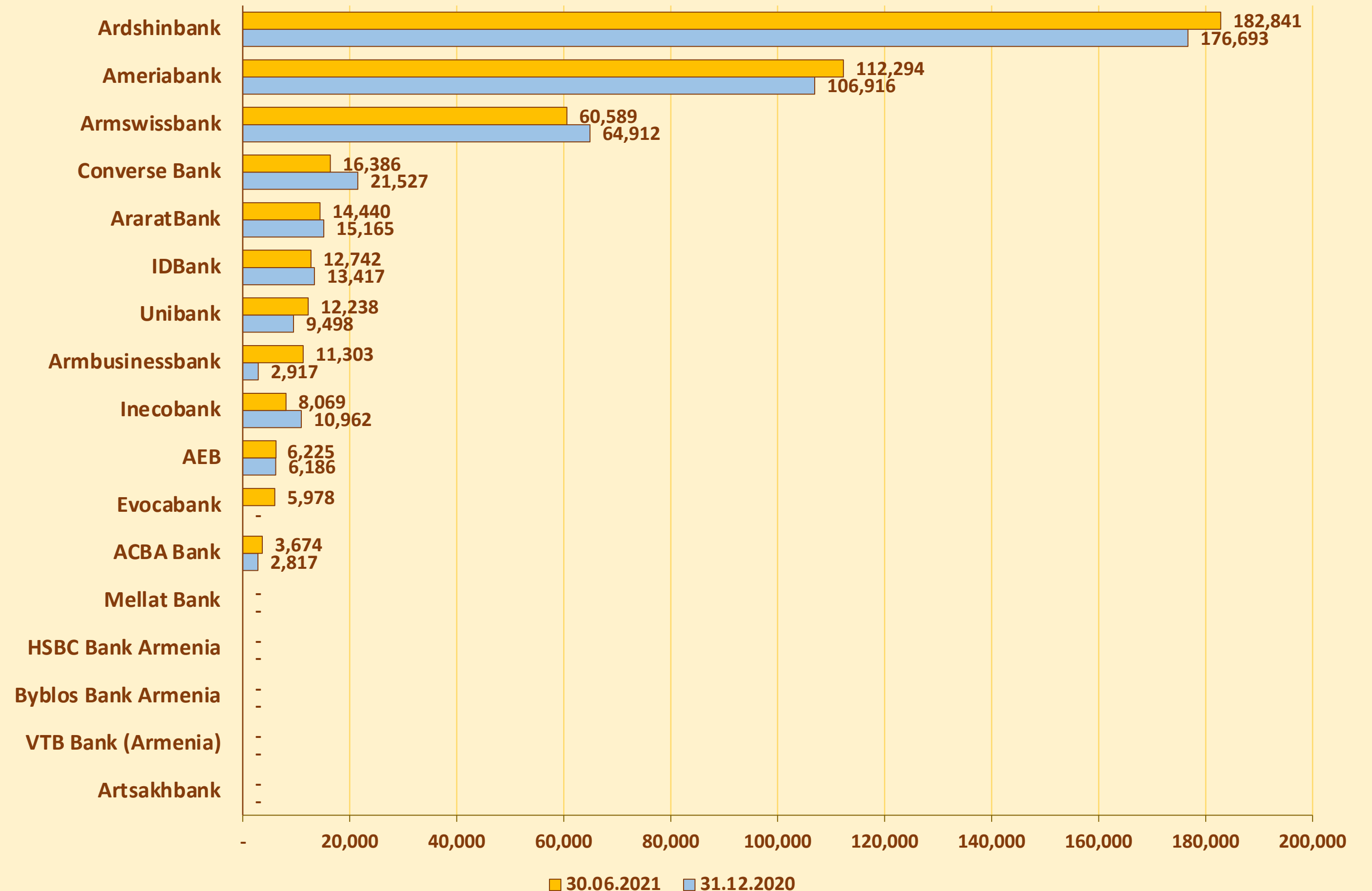
Current accounts and deposits of customers  
- 30/06/21 vs 31/12/20 (in mln AMD)



## Bonds

- During 1HY-2021, total balance of bonds issued by Armenian banks is increased by **16 bln AMD**, or **4%**.
- In 1HY-2021, also Evocabank started issuing bonds.
- Currently **12** from total **17** banks, have issued bonds. Majority of bonds are listed on Armenian Stock Exchange.
- Issuance of bonds by the banks, is encouraged by the Central Bank of Armenia. Mandatory reservation normative for issued bonds is by 8 times lower, than for attracted deposits.

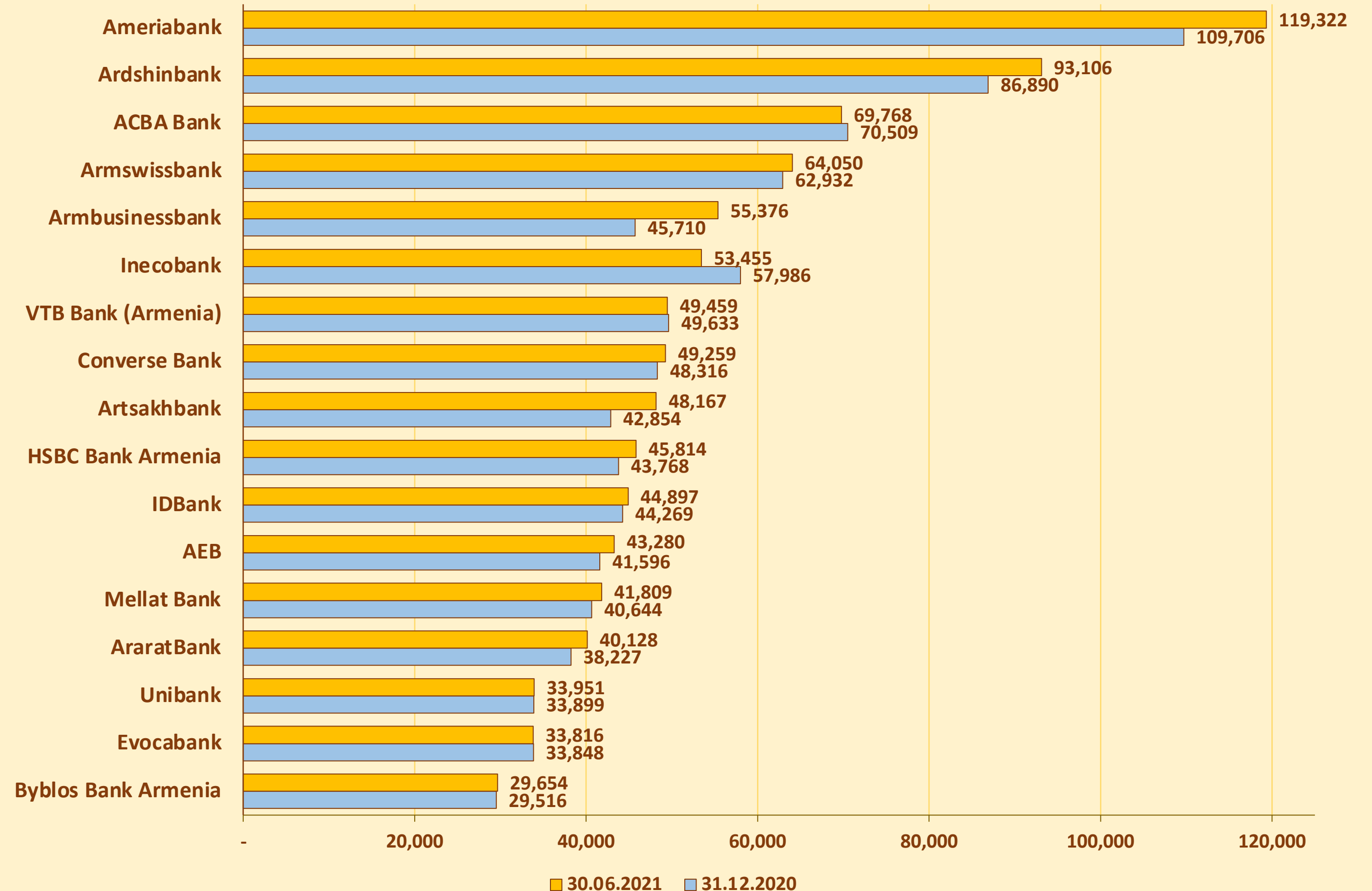
*Balances of bonds issued by banks - 30.06.21 vs 31.12.20 (in mln AMD)*



## Total Equity

- During 1HY-2021, Total Equity of Armenian banking sector is increased by **35 bln AMD**, or **4%** and is amounting to **915 bln AMD**.
- Share capital (including share premium) is increased by **20.4 AMD** (ACBA Bank-20 bln AMD (from retained earnings), AEB-261.4 mln AMD and Ameriabank-108.4 mln AMD).
- Revaluation reserves are decreased by **5.7 bln AMD** or **13%**.

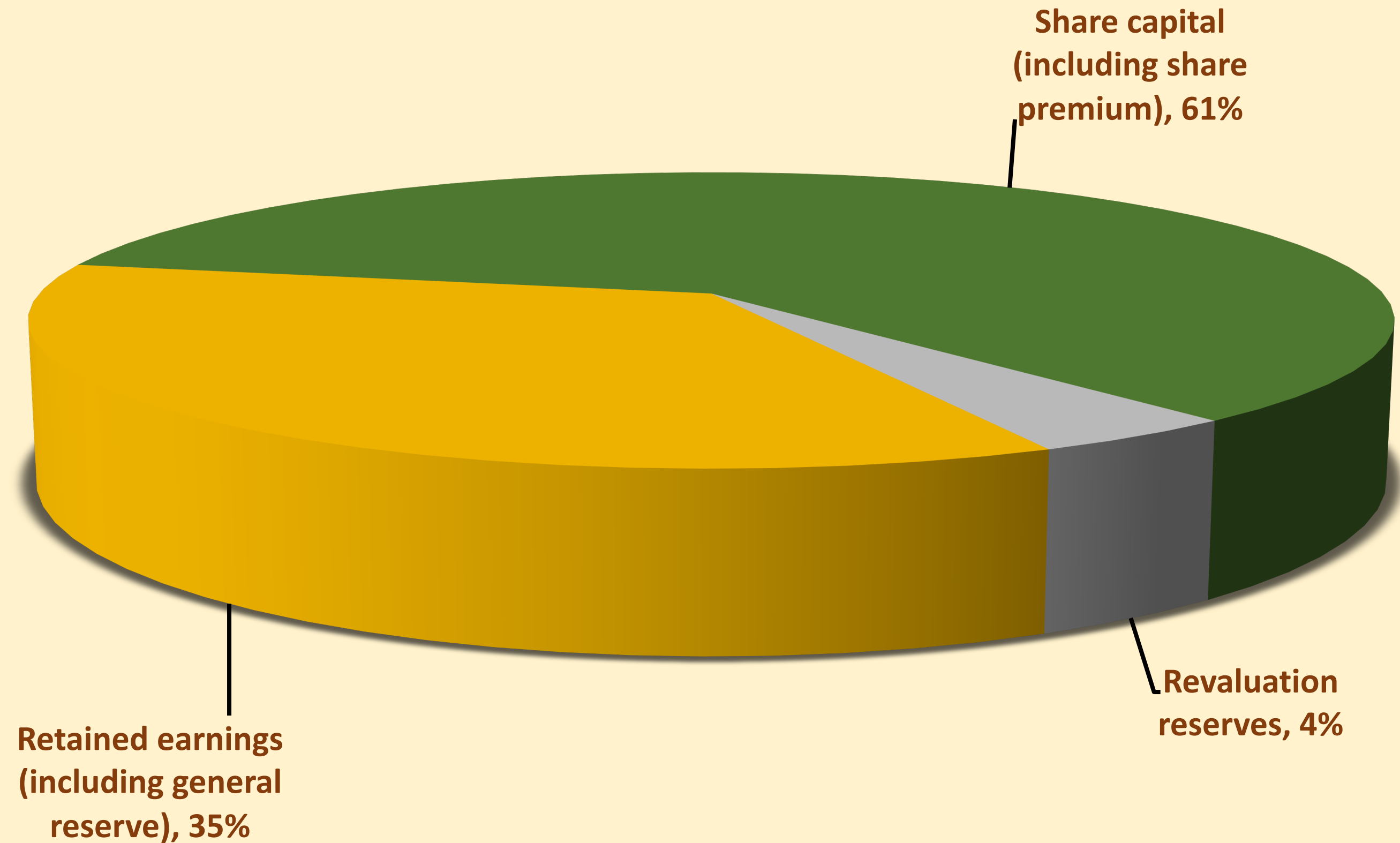
**Total equity by banks - 30.06.21 vs 31.12.20 (in mln AMD)**



## Total Equity

- The major component of total equity of Armenian banking sector is **Share Capital (including share premium)**, with the share of **61%** and is amounting to **554 bln AMD** as of 30.06.2021.
- Second largest component - **Retained Earnings (including general reserve)** with the share of **35%** and is amounting to **322 bln AMD** as of 30.06.2021.
- **Revaluation Reserves (mainly PPE and Financial Assets revaluation reserves)** have share of **4%** and are amounting to **39 bln AMD** as of 30.06.2021.

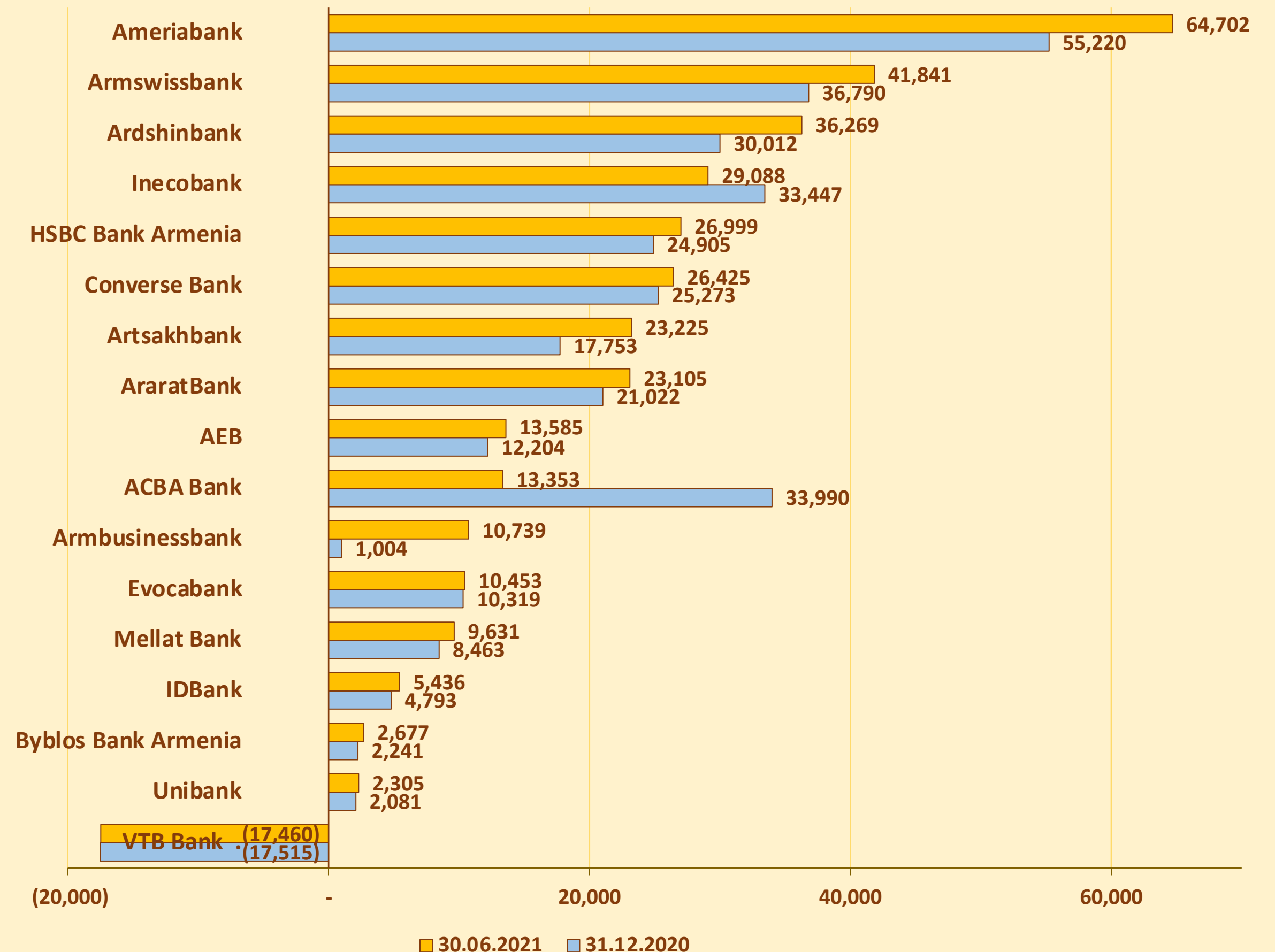
## Components of Total Equity as of 30.06.21



## Retained earnings

- For the purpose of this analysis, it is more reasonable to review retained earnings jointly with general reserve.
- During 1HY-2021 **retained earnings (including general reserve)** of Armenian banking sector are increased by **20.4 bln AMD**, or by **7%** and are amounting to **322 bln AMD**.
- During 1HY-2021 ACBA Bank transferred **20 bln AMD** from retained earnings to share capital.
- Four banks declared dividends in 1HY-2021, amounting to **10.9 mln AMD** (Inecobank-**7.5 bln AMD**, ACBA Bank-**2.5 bln AMD**, AEB-**822 mln AMD** and Ardshinbank-**89 mln AMD**).

Retained earnings (accumulated loss), included general reserve - 30/06/21 vs 31/12/20 (in mln AMD)





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