

# **FINANCIAL ANALYSIS OF ARMENIAN BANKING SECTOR 9 months of 2021**

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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 2021.

Following major components are analyzed

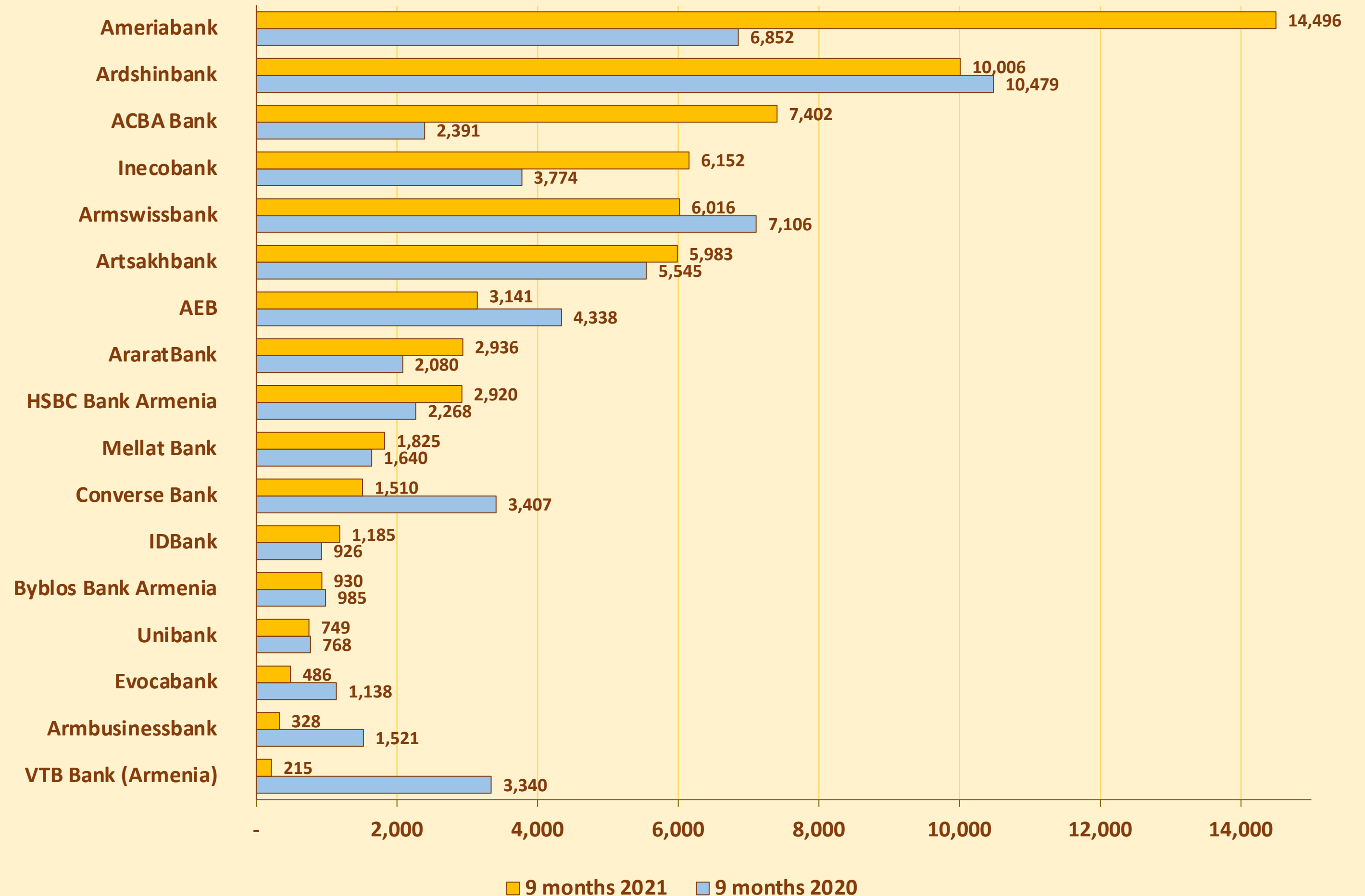
- ***Net Profit, Total assets, total liabilities and equity,***
- ***Total loan portfolio,***
- ***Financial resources attracted from clients (corporate and retail), including issued bonds.***

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 9 months of 2021 is equal to **66.3 bln AMD**, which is by **7.7 bln AMD**, or **13.2%** more than was recorded during 9 months of 2020.

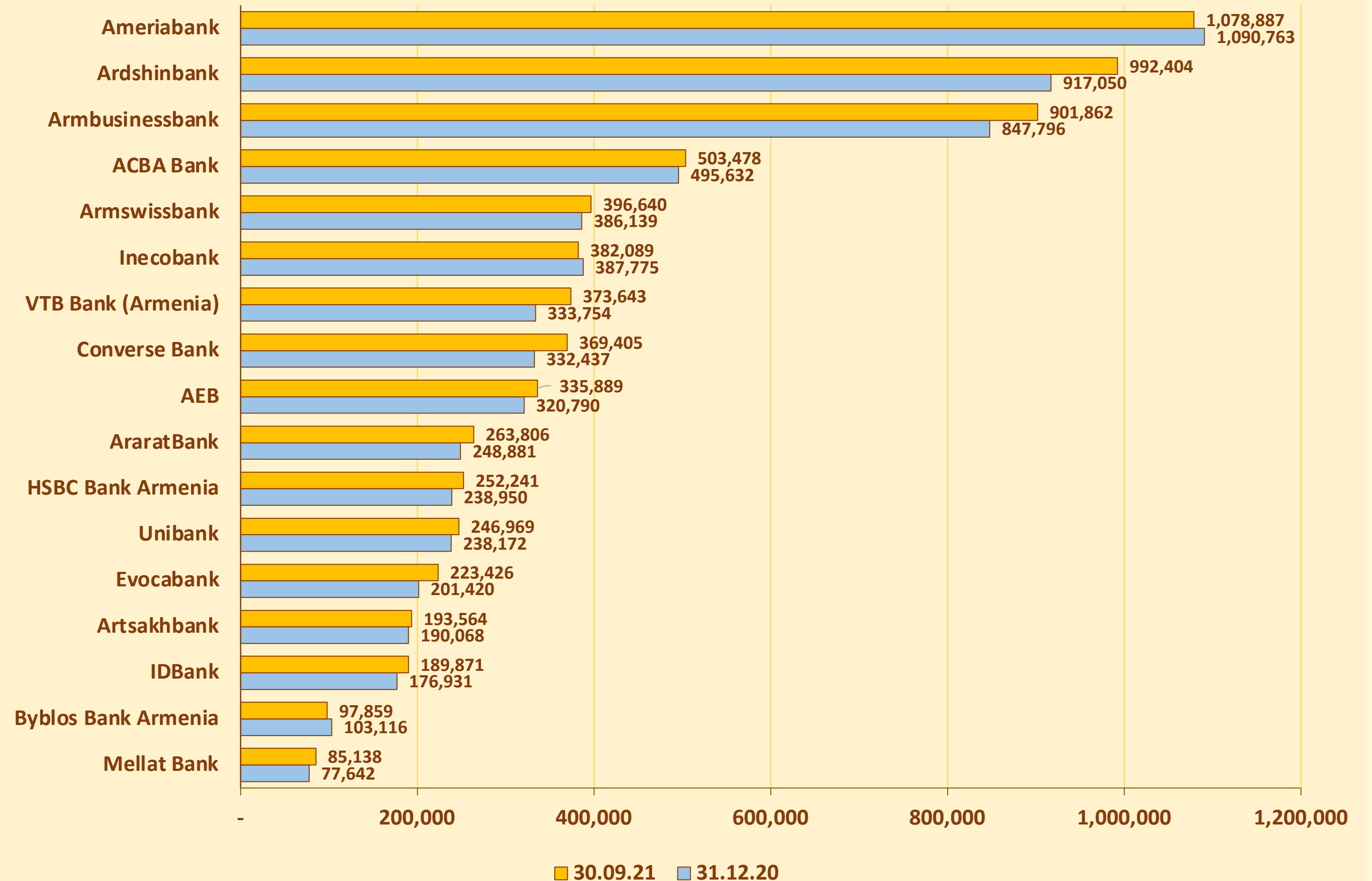
*Comparison of banks' net profits for 9 months of 2021 vs 2020 (in mln AMD)*



## Total assets

- During 9 months of 2021, total assets of banking sector are increased by **300 bln AMD** or by **4.55%**.
- As of 30.09.2021, total assets are amounting to **6,887 bln AMD**.

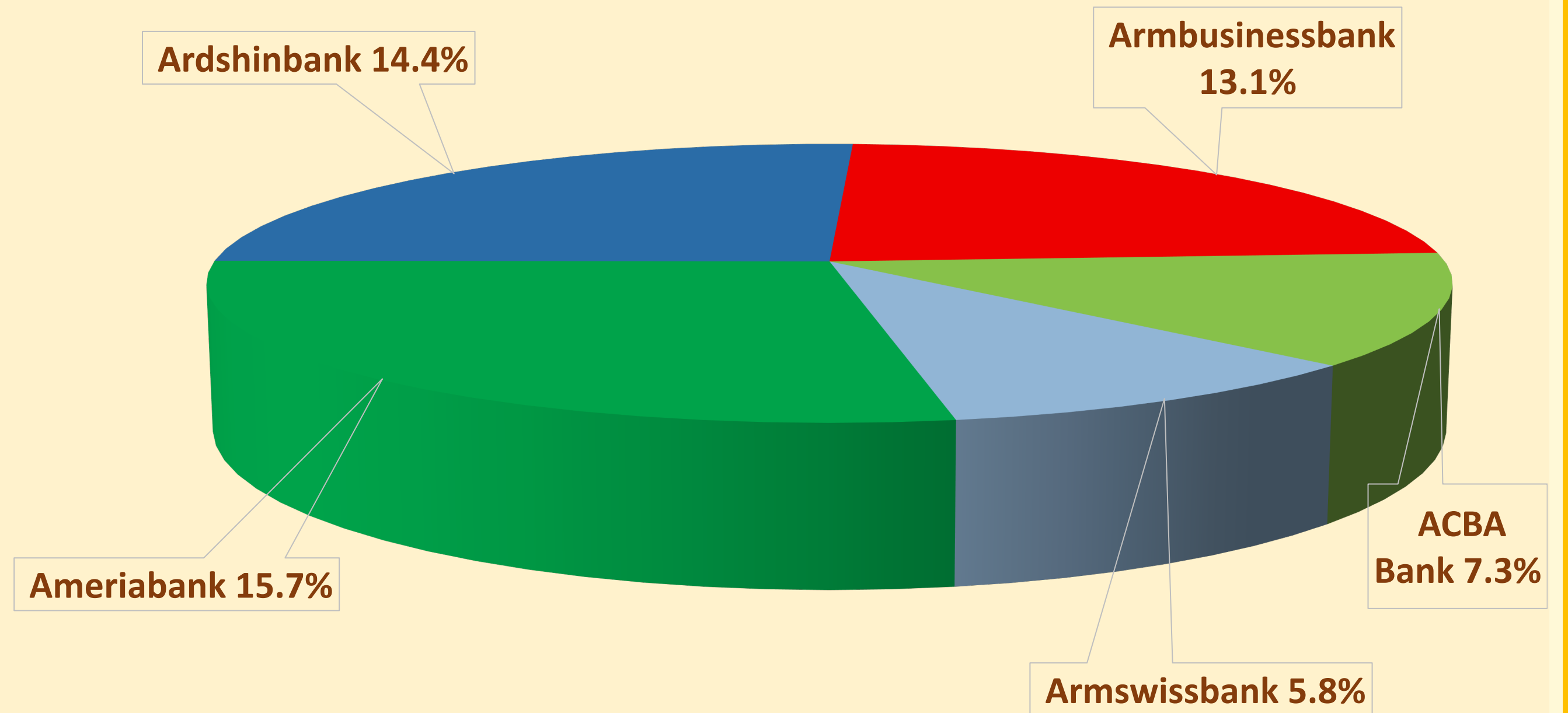
***Total assets by banks - 30.09.21 vs 31.12.20 (in mln AMD)***



## Total assets

- Market share of largest 5 banks (Ameriabank, Ardshinbank, ArmBusinessBank, ACBA Bank and Armswissbank) by total assets, is **56.2%**.
- Market share of largest 3 banks (Ameriabank, Ardshinbank and ArmBusinessBank) by total assets, is **43.2%**.
- Ameriabank has the largest market share – **15.7%**.

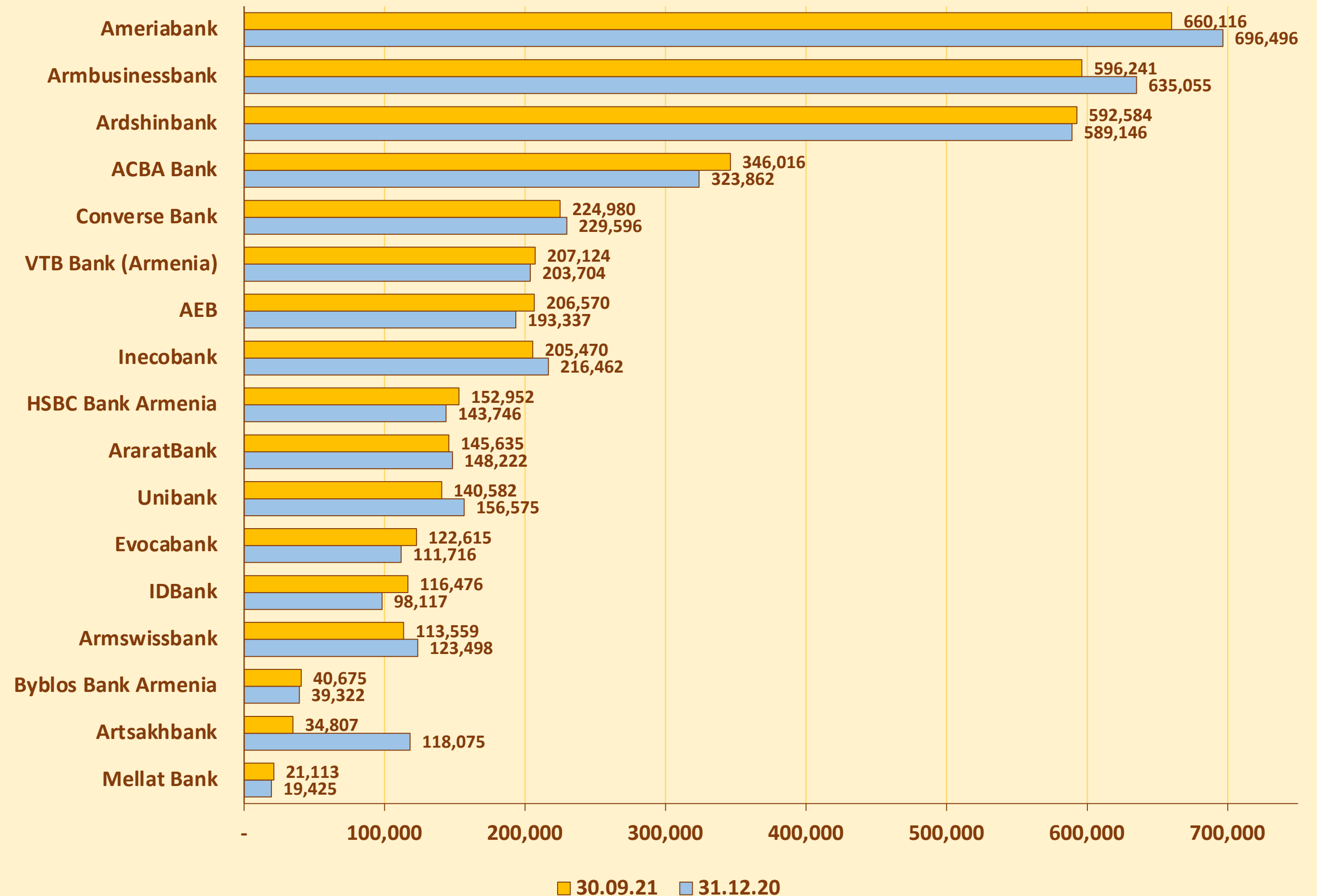
Concentration of total assets by banks as of 30.09.21 (in %)



## Total loan portfolio

- Total loan portfolio of banking sector during 9 months of 2021 is decreased by **2.9%**.
- As of 30.09.2021, total loan portfolio is amounting to **3.927 bln AMD** and its share in total assets is **57%**.
- Mentioned total loan portfolio includes retail and corporate loan portfolios.

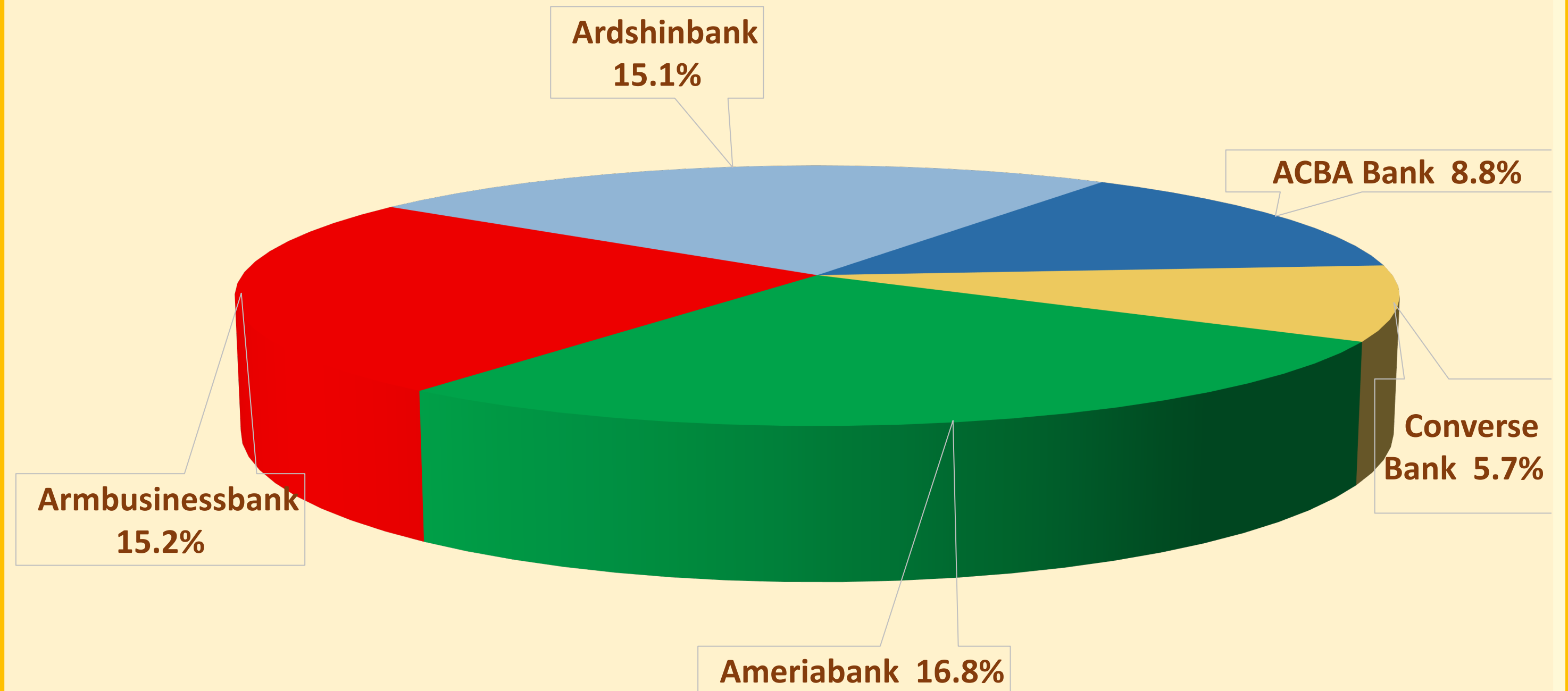
*Loan portfolio dynamics for 9 months of 2021 (in mln AMD)*



## 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 **47%**.
- Ameriabank has the largest market share – **16.8%**.

Concentration of total loan portfolio as of 30.09.21 (in %)

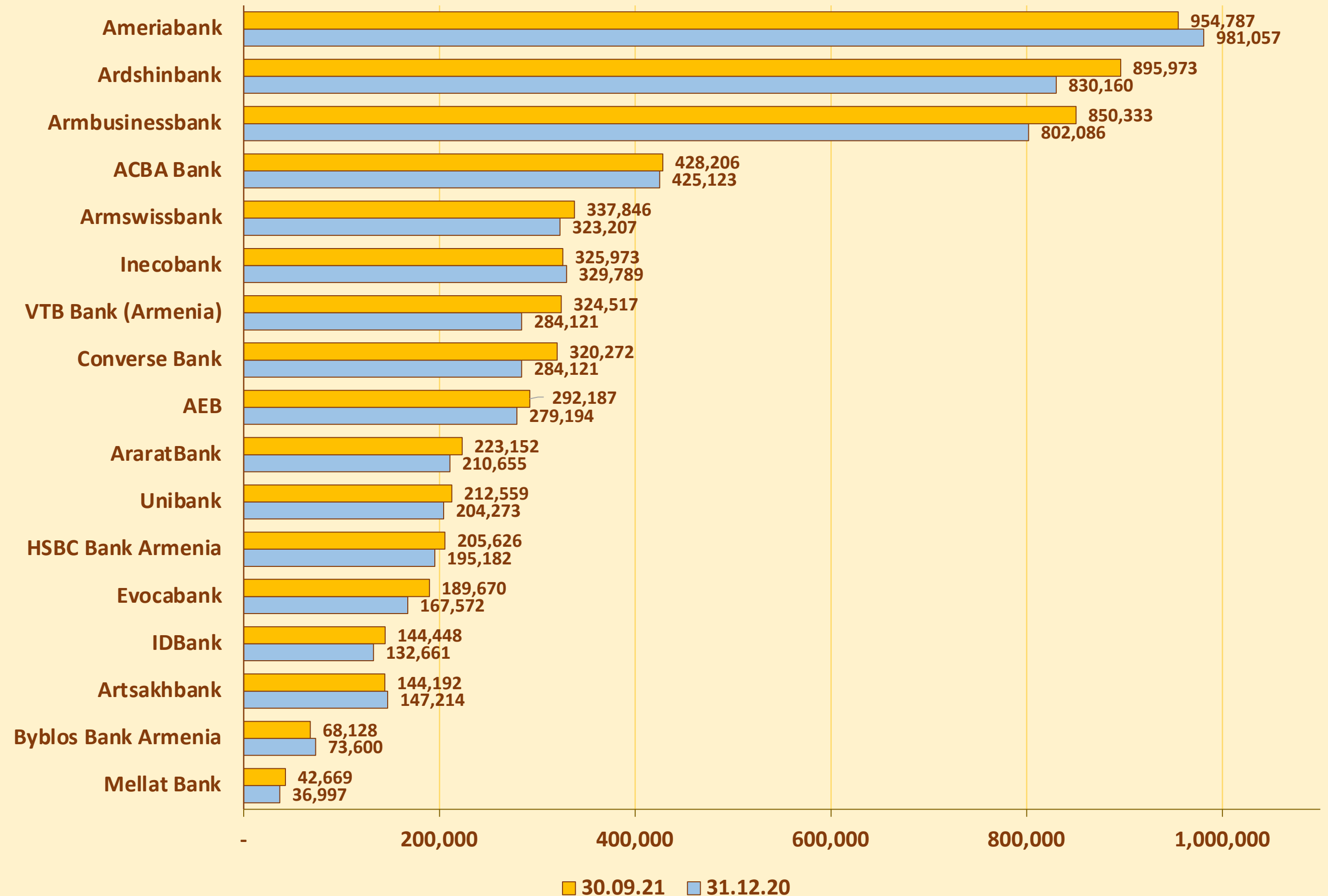




## Total liabilities

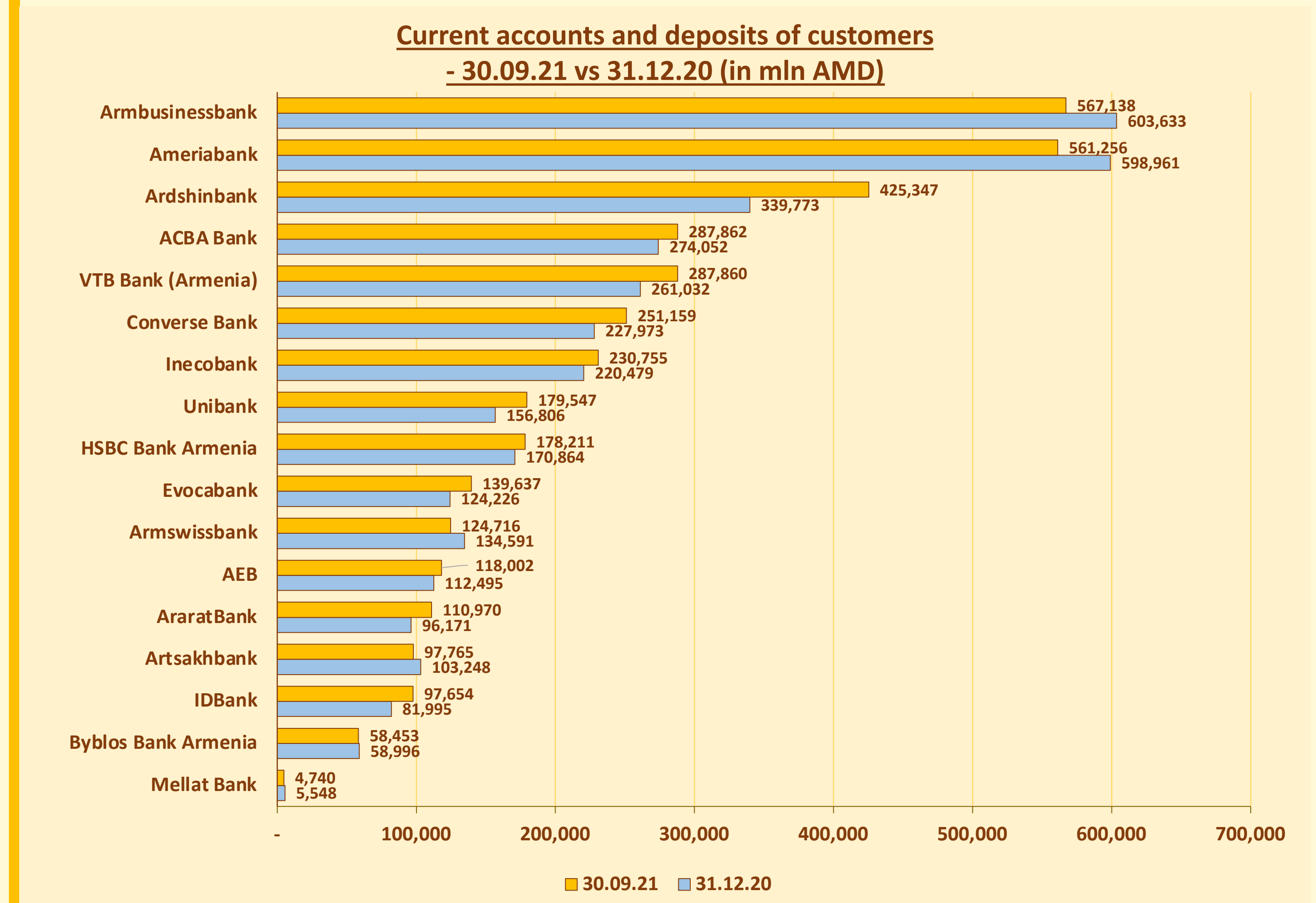
- During 9 months of 2021, total liabilities of banking sector are increased by **254 bln AMD** or by **4.4%**.
- As of 30.09.2021, total liabilities are amounting to **5,960 bln AMD**.

**Total liabilities by banks - 30.09.21 vs 31.12.20 (in mln AMD)**



## Current accounts and deposits from customers

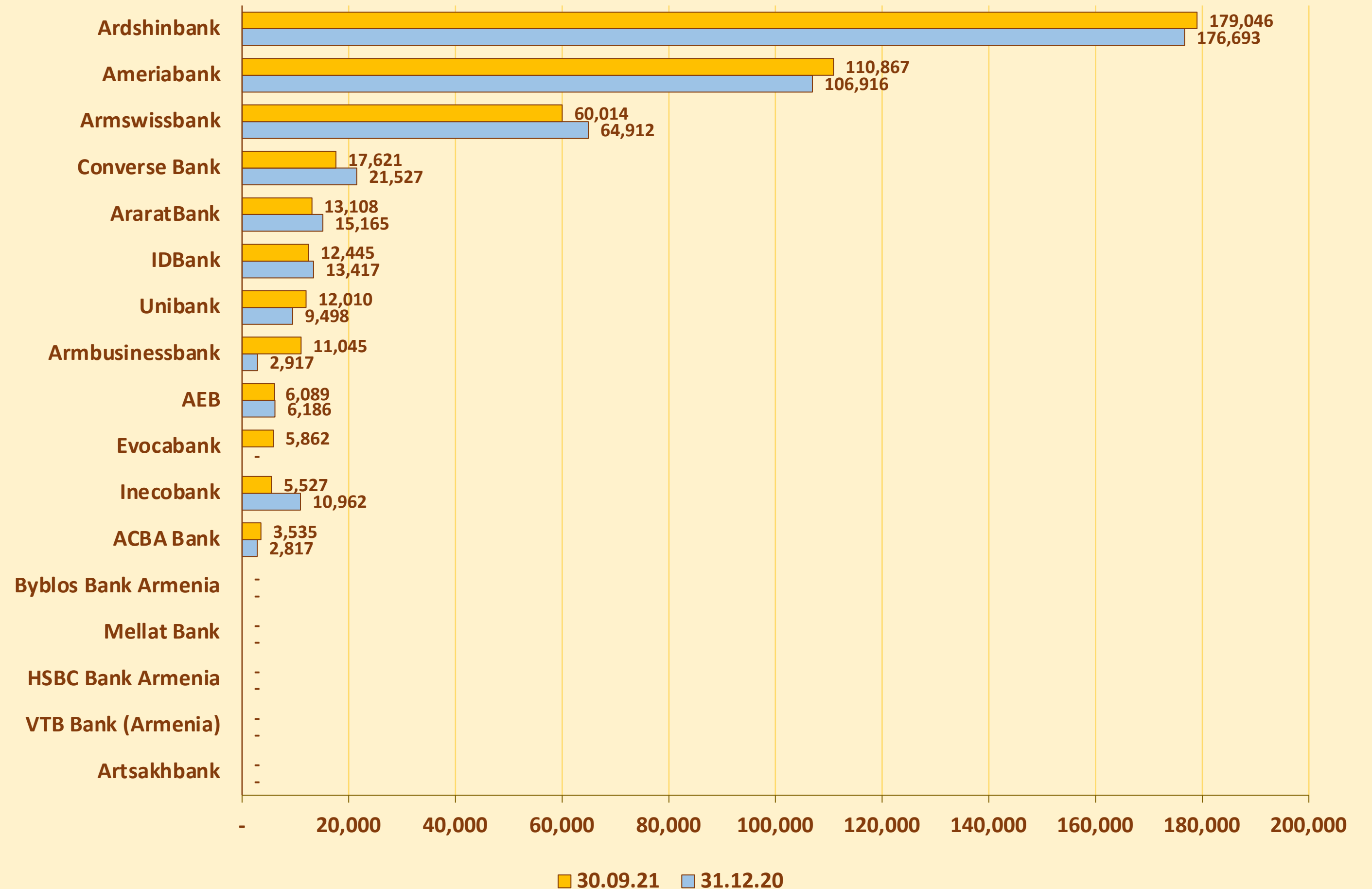
- During 9 months of 2021, total balance of current accounts and deposits of retail and corporate clients of banking sector is increased by **150 bln AMD** or by **4.2%**.
- As of 30.09.2021, total balance of current accounts and deposits of retail and corporate clients is amounting to **3.721 bln AMD** and its share in total liabilities is **62%**.



## Bonds

- During 9 months of 2021, total balance of bonds issued by Armenian banks is increased by **6 bln AMD**, or **1.4%**.
- During 9 months of 2021, also Evocabank started issuing bonds.
- Currently **12** from total **17** banks, have issued bonds. Majority of bonds are listed on Armenian Stock Exchange.

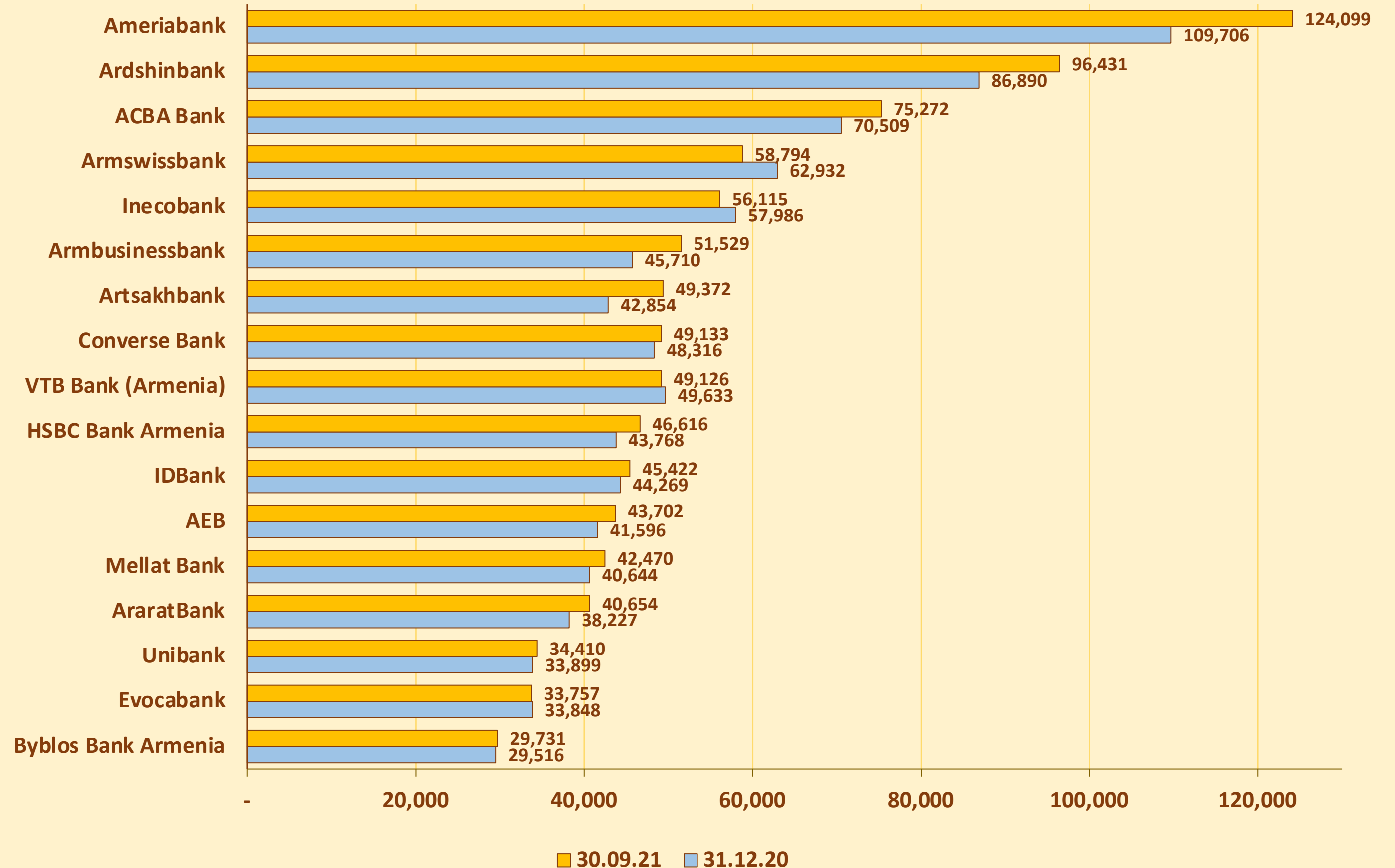
**Balances of bonds issued by banks - 30.09.21 vs 31.12.20 (in mln AMD)**



## Total Equity

- During 9 months of 2021, Total Equity of Armenian banking sector is increased by **46 bln AMD**, or **5%** and is amounting to **927 bln AMD**.
- Share capital (including share premium) is increased by **20.4 bln 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 **19.7 bln AMD** or **44%**.

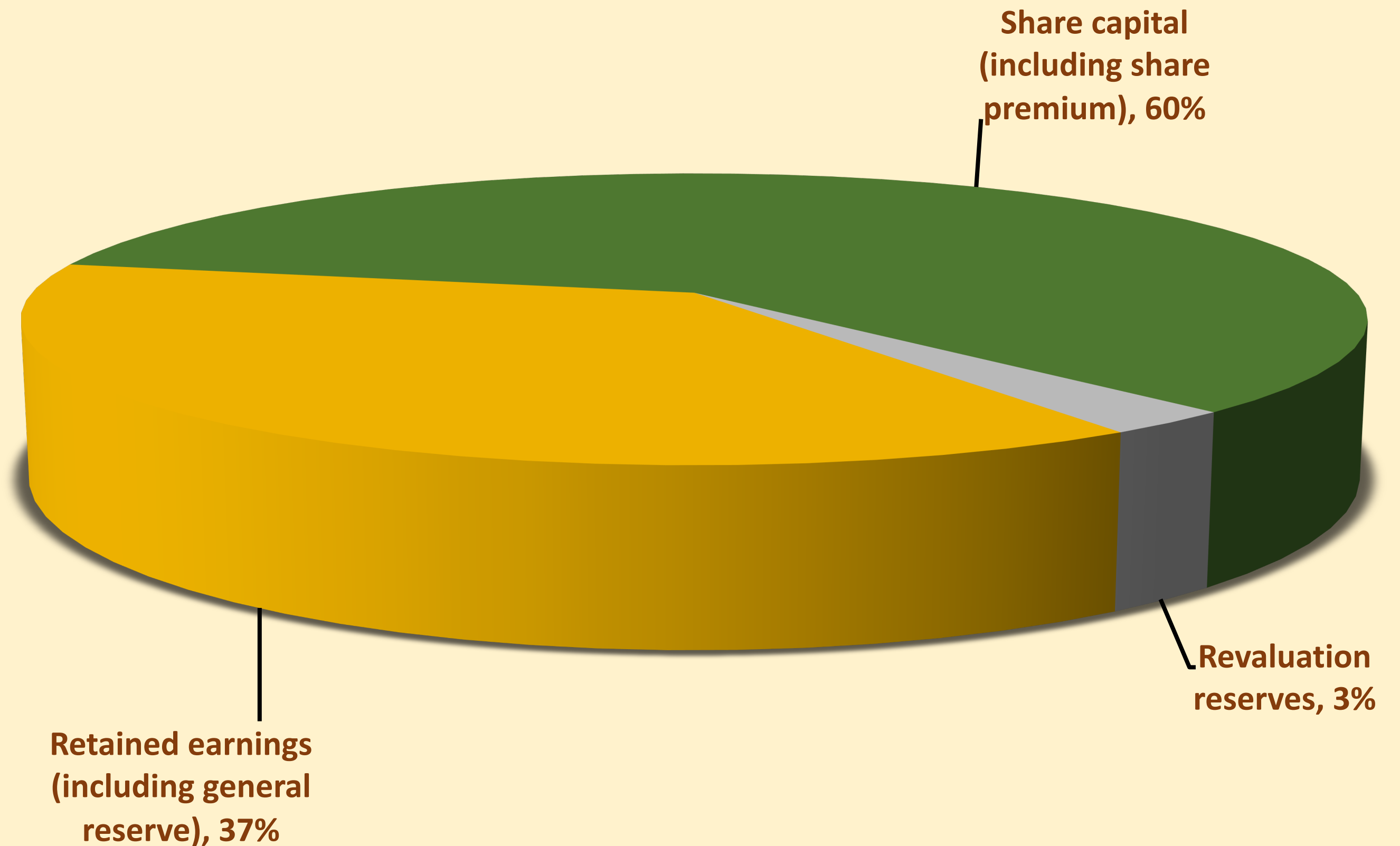
**Total equity by banks - 30.09.21 vs 31.12.20 (in mln AMD)**



## Total Equity

- The major component of total equity of Armenian banking sector is **Share Capital (including share premium)**, with the share of **60%** and is amounting to **554 bln AMD** as of 30.09.2021.
- Second largest component - **Retained Earnings (including general reserve)** with the share of **37%** and is amounting to **348 bln AMD** as of 30.09.2021.
- **Revaluation Reserves (mainly PPE and Financial Assets revaluation reserves)** have share of **3%** and are amounting to **25 bln AMD** as of 30.09.2021.

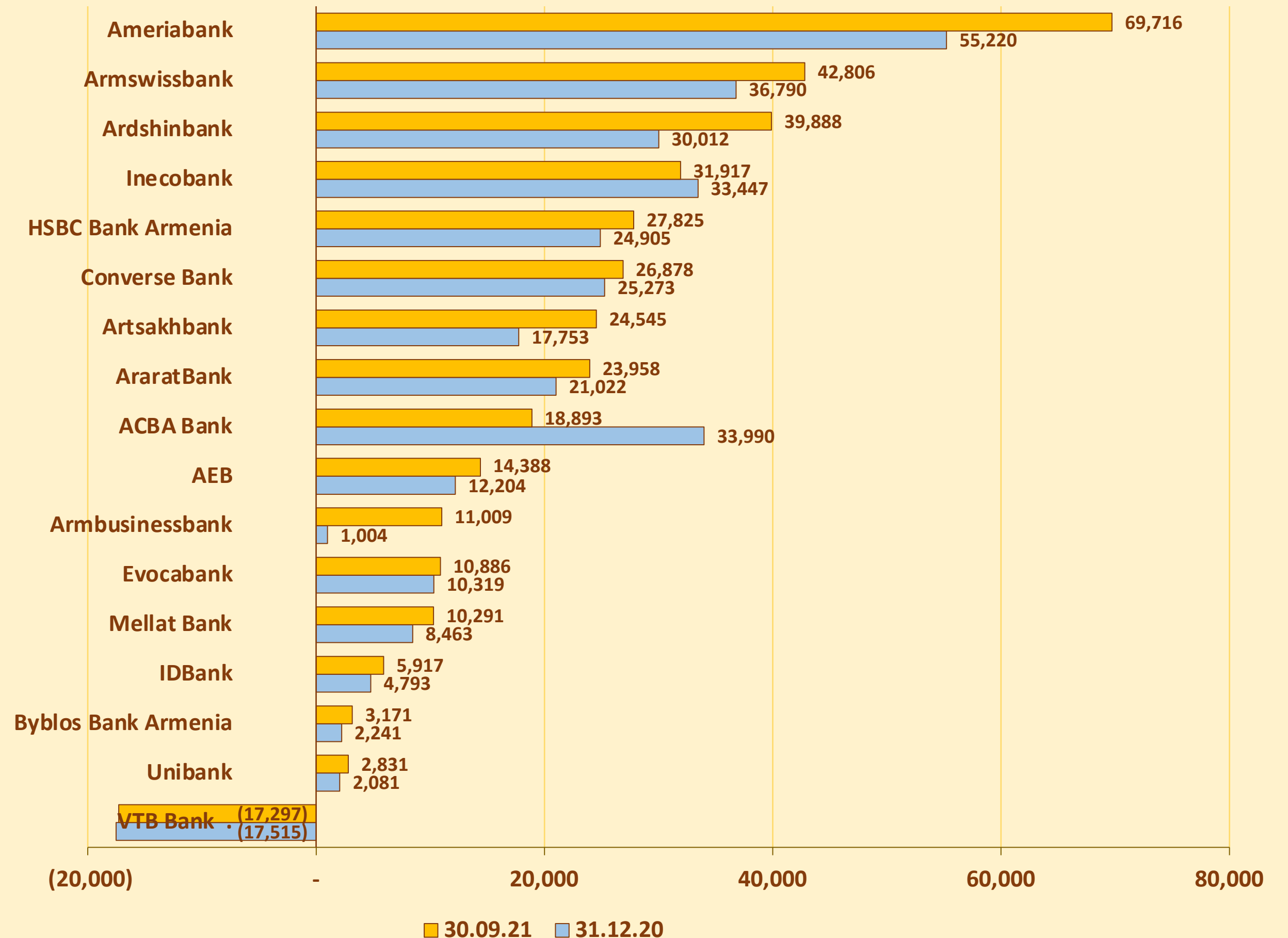
## Components of Total Equity as of 30.09.21



## Retained earnings

- For the purpose of this analysis, it is more reasonable to review retained earnings jointly with general reserve.
- During 9 months of 2021 **retained earnings (including general reserve)** of Armenian banking sector are increased by **45.6 bln AMD**, or by **15%** and are amounting to **348 bln AMD**.
- During 9 months of 2021 ACBA Bank transferred **20 bln AMD** from retained earnings to share capital.
- Four banks declared dividends during 9 months of 2021, amounting to **11.2 bln AMD** (Inecobank-7.5 bln AMD, ACBA Bank-2.5 bln AMD, AEB-1.05 bln AMD and Ardshinbank-130 mln AMD).

Retained earnings (accumulated loss), included general reserve – 30.09.21 vs 31.12.20 (in mln AMD)





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