

FINANCIAL ANALYSIS OF ARMENIAN BANKING SECTOR 1HY 2022

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 2022.

Following major components are analyzed

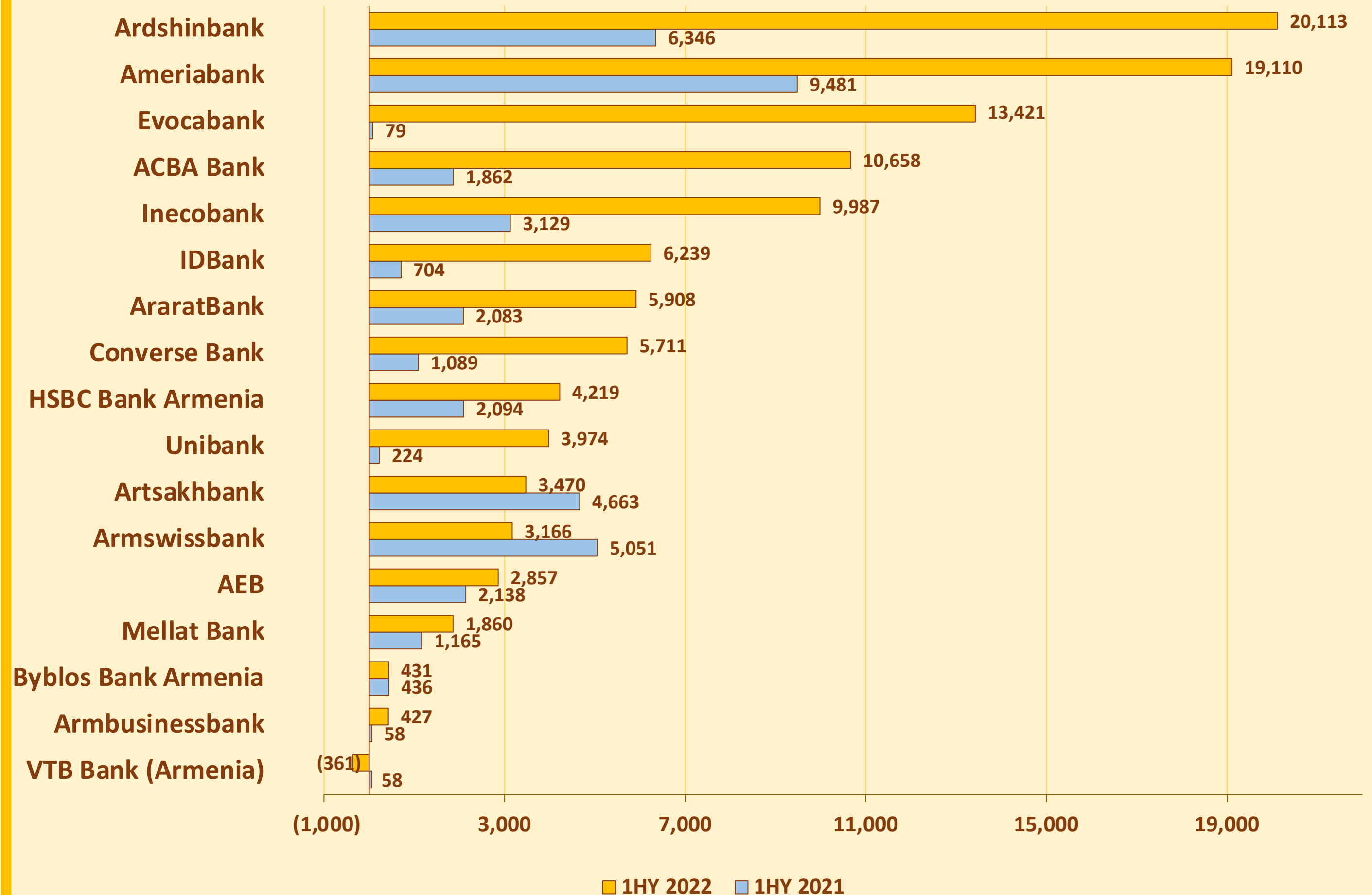
- ***Total assets, total liabilities and equity,***
- ***Total loan portfolio,***
- ***Financial resources attracted from clients (corporate and retail), including issued bonds.***

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

Net profit analysis

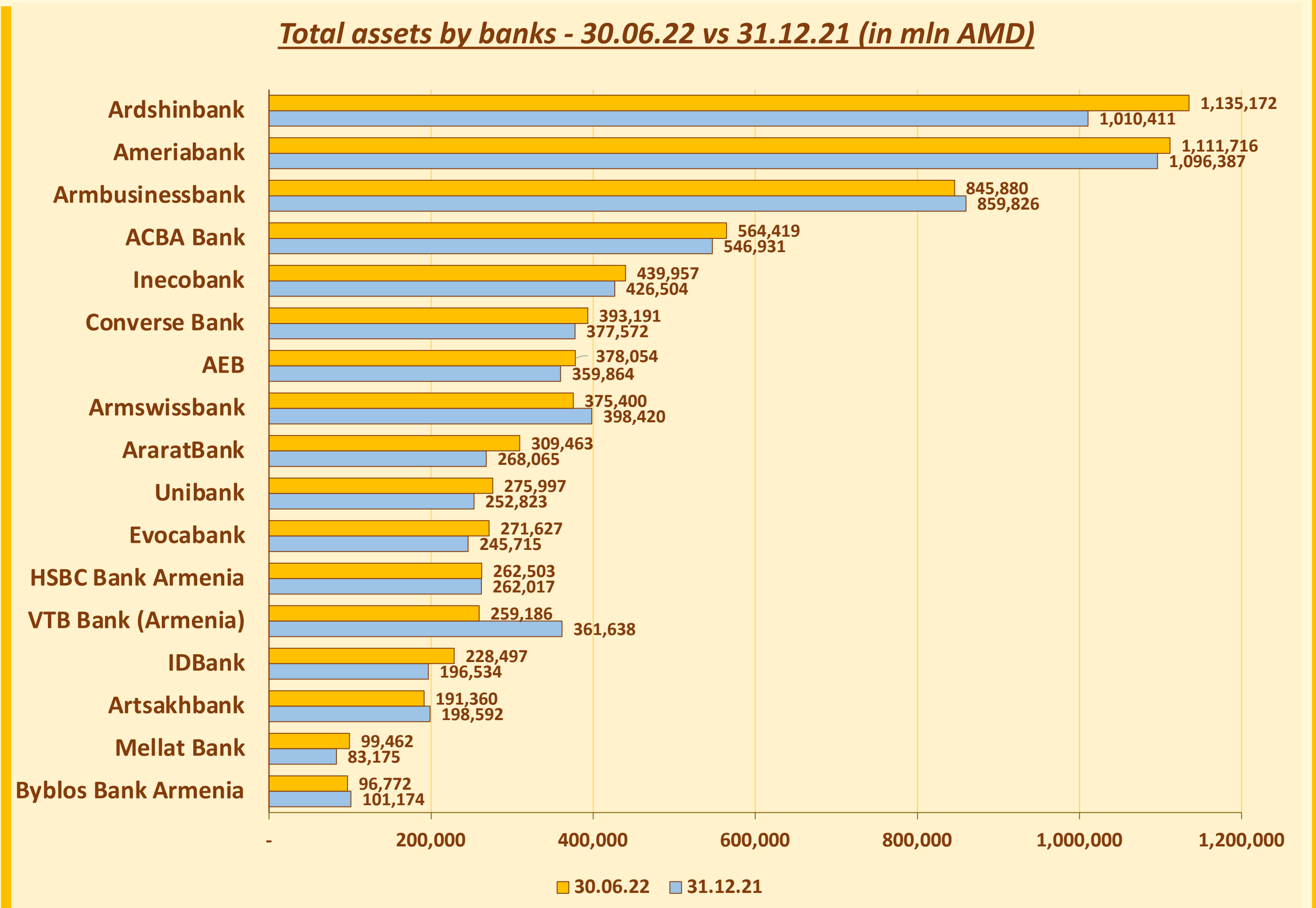
- Total net profit of all Armenian banks for 1HY of 2022 is equal to **111.2 bln AMD**, which is by **70 bln AMD**, or by **2.7 times**, more than was recorded during 1HY of 2021. Mentioned increase of net profit is mainly due to a significant increase of non-interest income (commissions, income from FX conversion, etc.).
- The largest profit was recorded by Ardshinbank, which is amounting to **20 bln AMD**.
- Except for VTB Bank (Armenia), remaining banks generated profits in 1HY of 2022.

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



Total assets

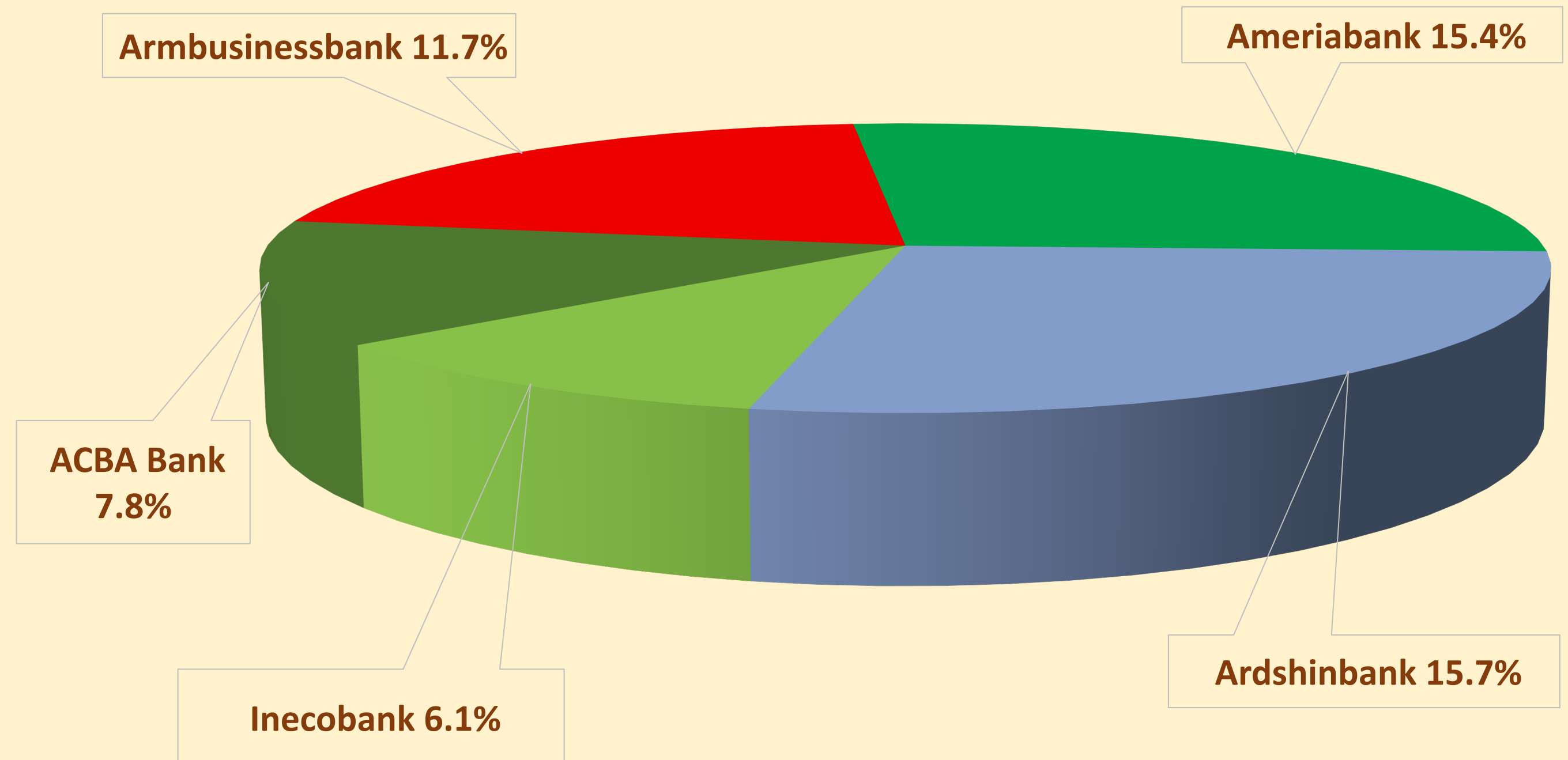
- During 1HY-2022, total assets of banking sector are increased by **2.7%**.
- As of 30.06.2022, total assets are amounting to **7,239 bln AMD**.



Total assets

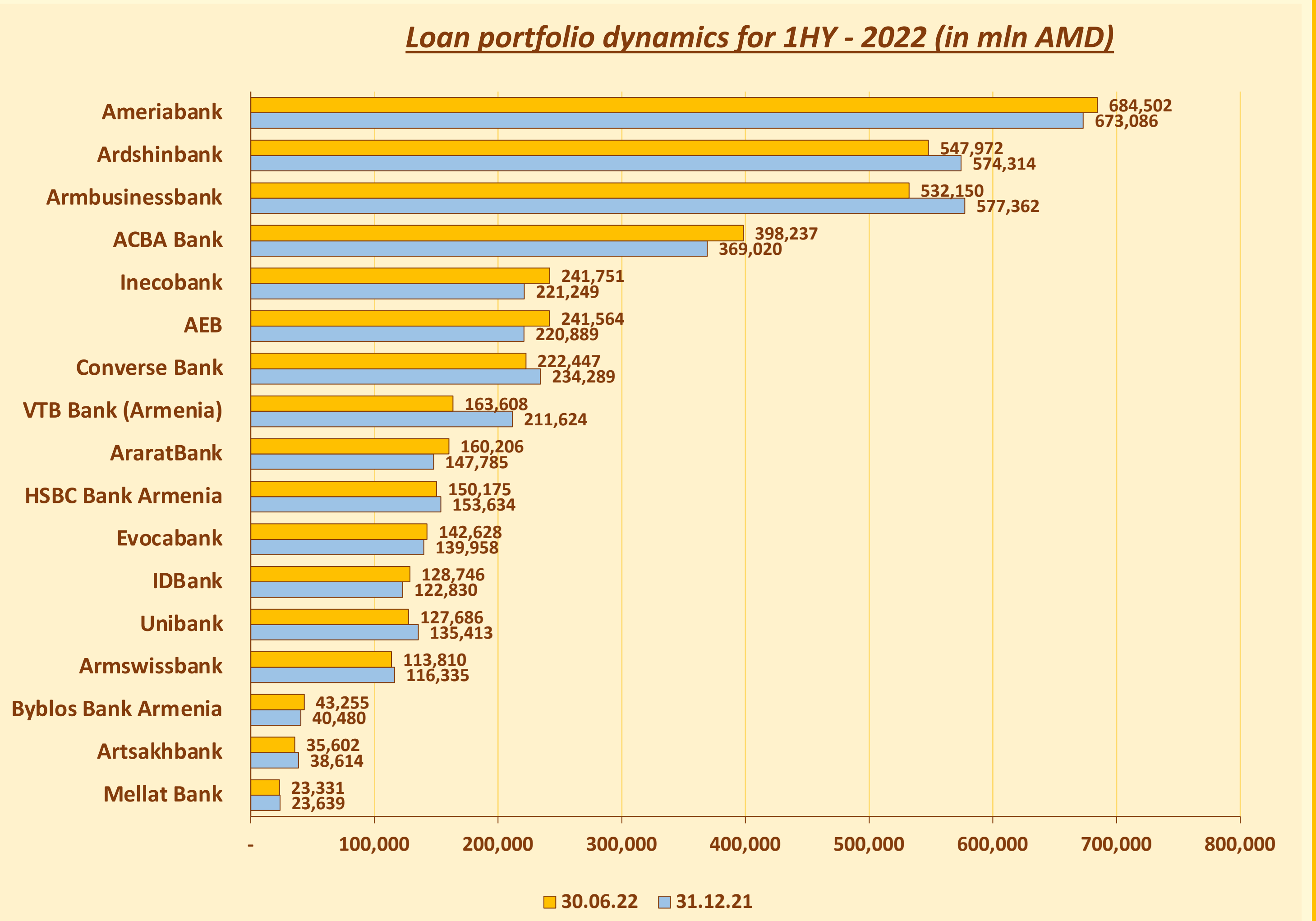
- Market share of largest 5 banks (Ardshinbank, Ameriabank, ArmBusinessBank, ACBA Bank and Inecobank) by total assets, is **56.6%**.
- Market share of largest 3 banks (Ardshinbank, Ameriabank and ArmBusinessBank) by total assets, is **42.7%**.
- Ardshinbank has the largest market share – **15.7%**.

Concentration of total assets by banks as of 30.06.22 (in %)



Total loan portfolio

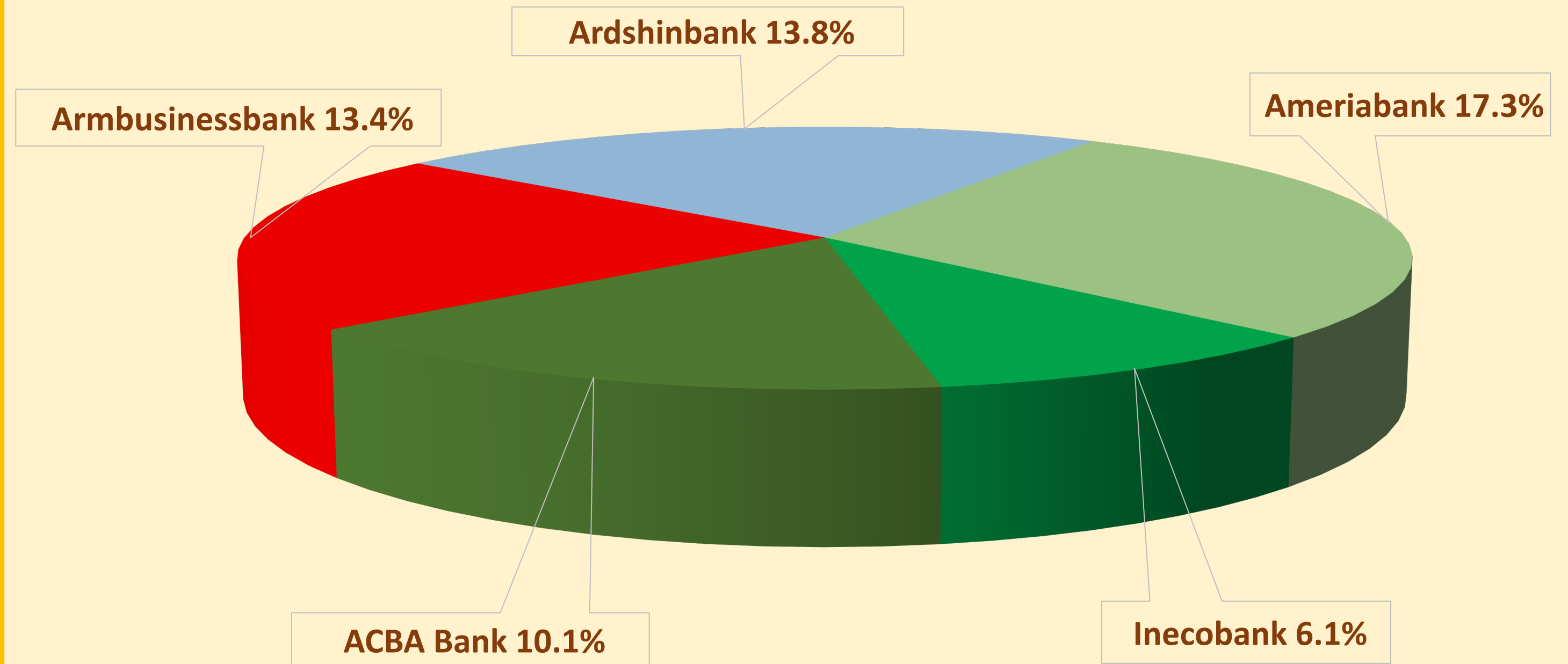
- Total loan portfolio of banking sector during 1HY-2022 is decreased by **1%**.
- As of 30.06.2022, total loan portfolio is amounting to **3.958 bln AMD** and its share in total assets is **55%**.
- Mentioned total loan portfolio includes retail and corporate loan portfolios.



Total loan portfolio

- Market share of largest 5 banks (Ameriabank, Ardshinbank, ArmBusinessBank, ACBA Bank and Inecobank) by total loan portfolio, is **60.8%**.
- Market share of largest 3 banks (Ameriabank, Ardshinbank and ArmBusinessBank) by total loan portfolio, is **44.6%**.
- Ameriabank has the largest market share – **17.3%**.

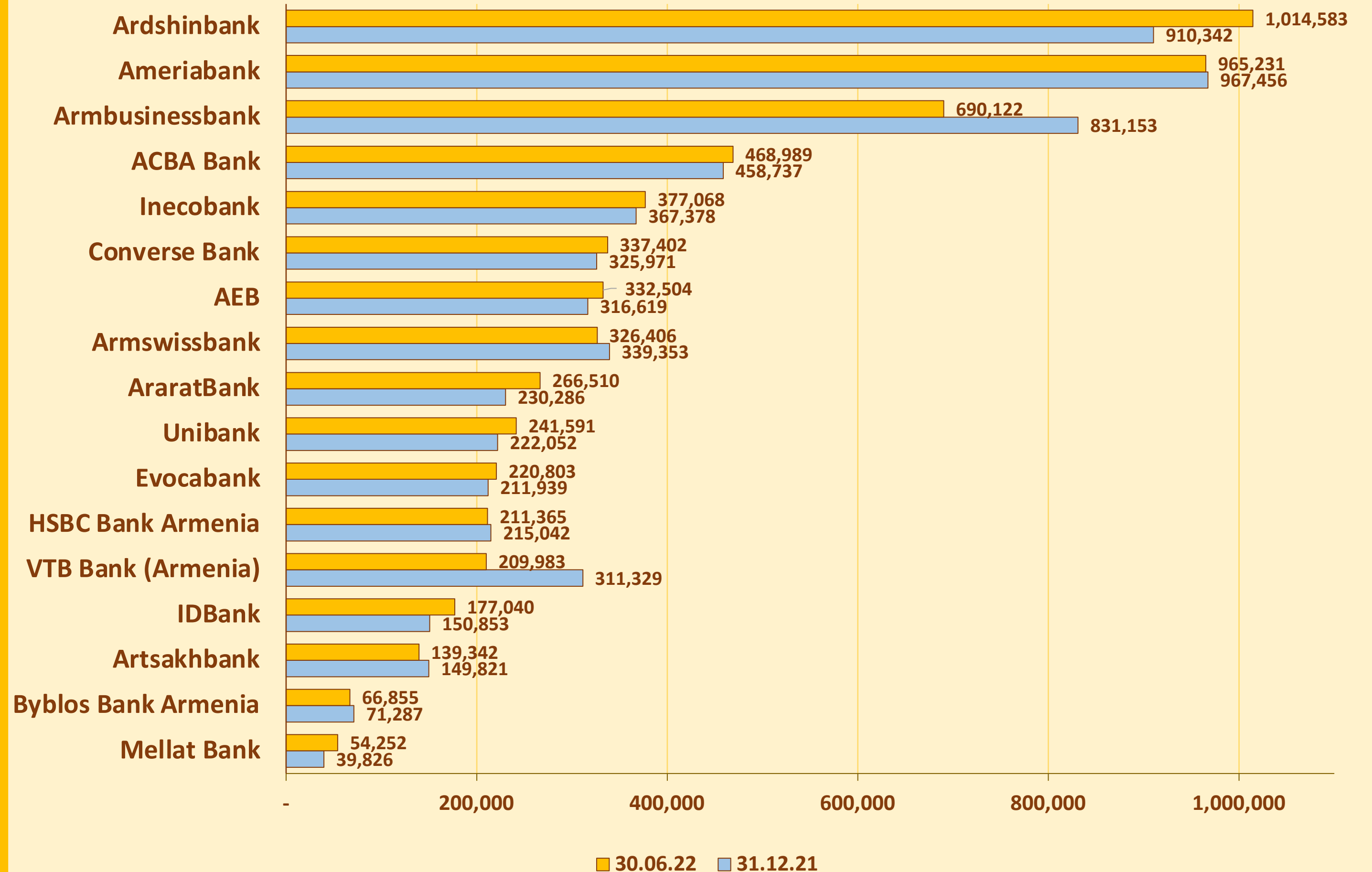
Concentration of total loan portfolio as of 30.06.22 (in %)



Total liabilities

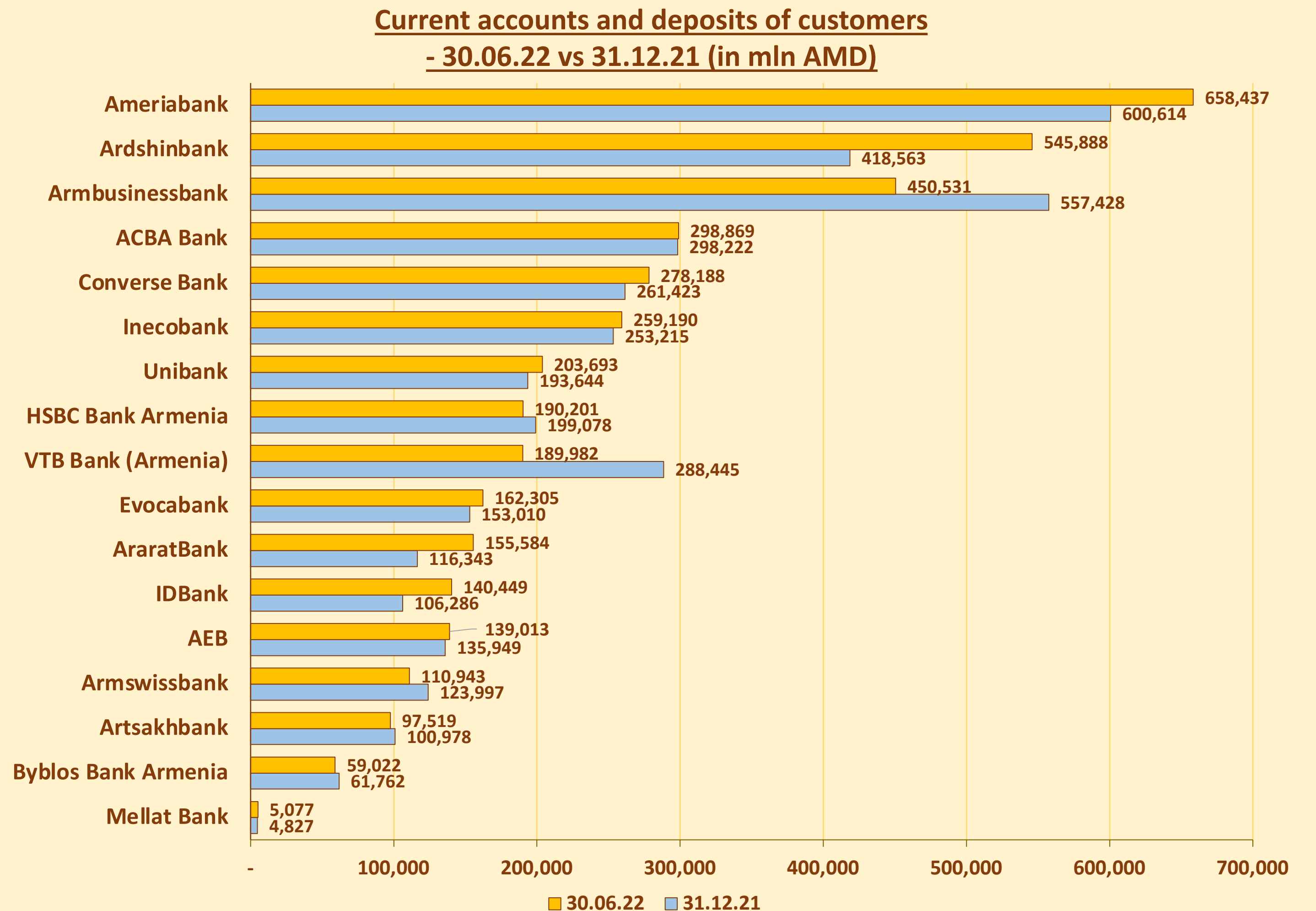
- During 1HY-2022, total liabilities of banking sector are decreased by **0.3%**.
- As of 30.06.2022, total liabilities are amounting to **6.100 bln AMD**.

Total liabilities by banks - 30.06.22 vs 31.12.21 (in mln AMD)



Current accounts and deposits from customers

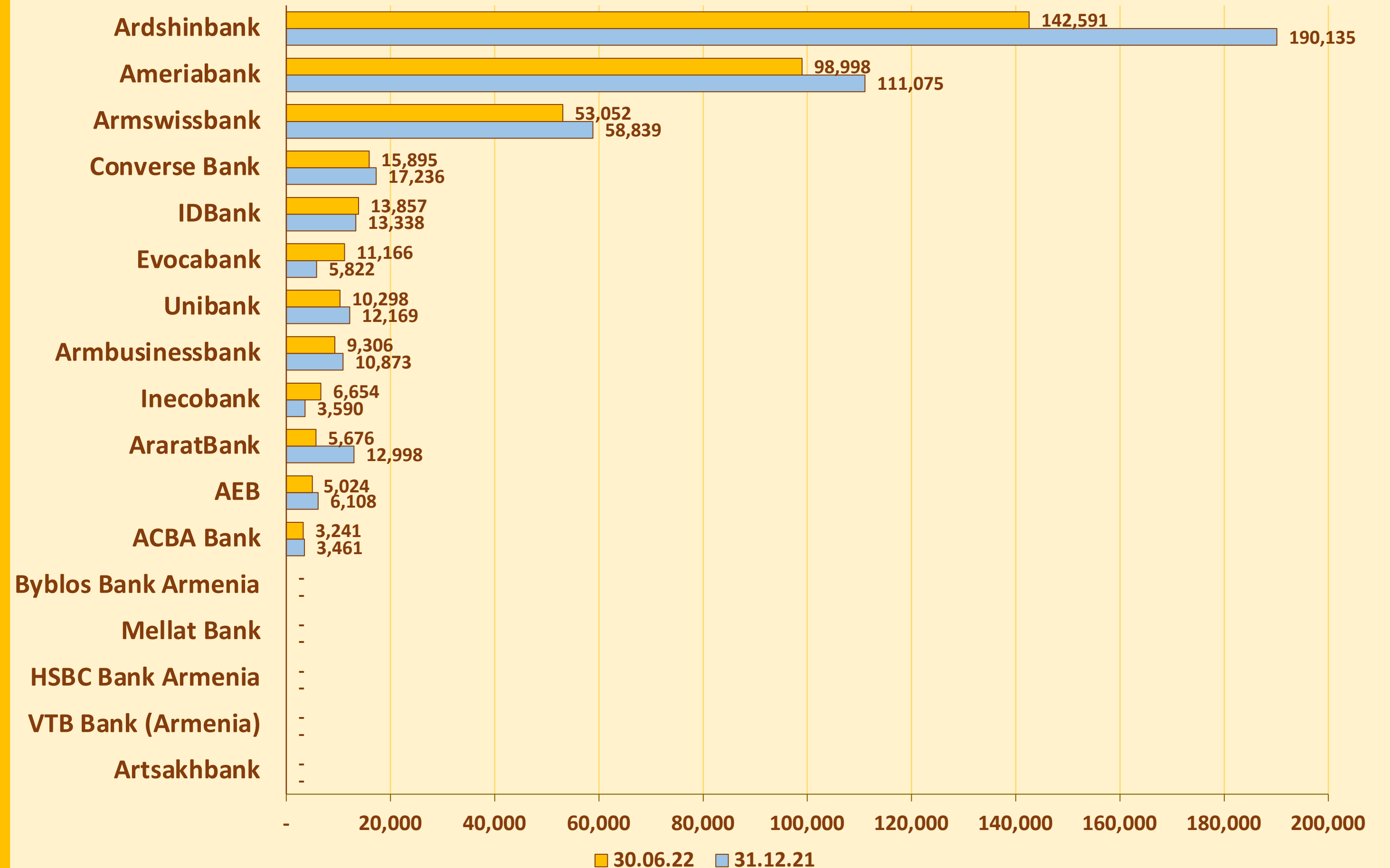
- During 1HY 2022, total balance of current accounts and deposits of retail and corporate clients of banking sector is increased by **71 bln AMD** or by **1.8%**.
- As of 30.06.2022, total balance of current accounts and deposits of retail and corporate clients is amounting to **3.945 bln AMD** and its share in total liabilities is **65%**.



Bonds

- During 1HY 2022, total balance of bonds issued by Armenian banks is decreased by **70 bln AMD**, or **16%** and is amounting to **376 bln AMD**. This significant decrease is mainly due to decrease of bond balances of Ardshinbank (48 bln AMD).
- Currently **12** from total **17** banks, have issued bonds. Majority of bonds are listed on Armenian Stock Exchange.

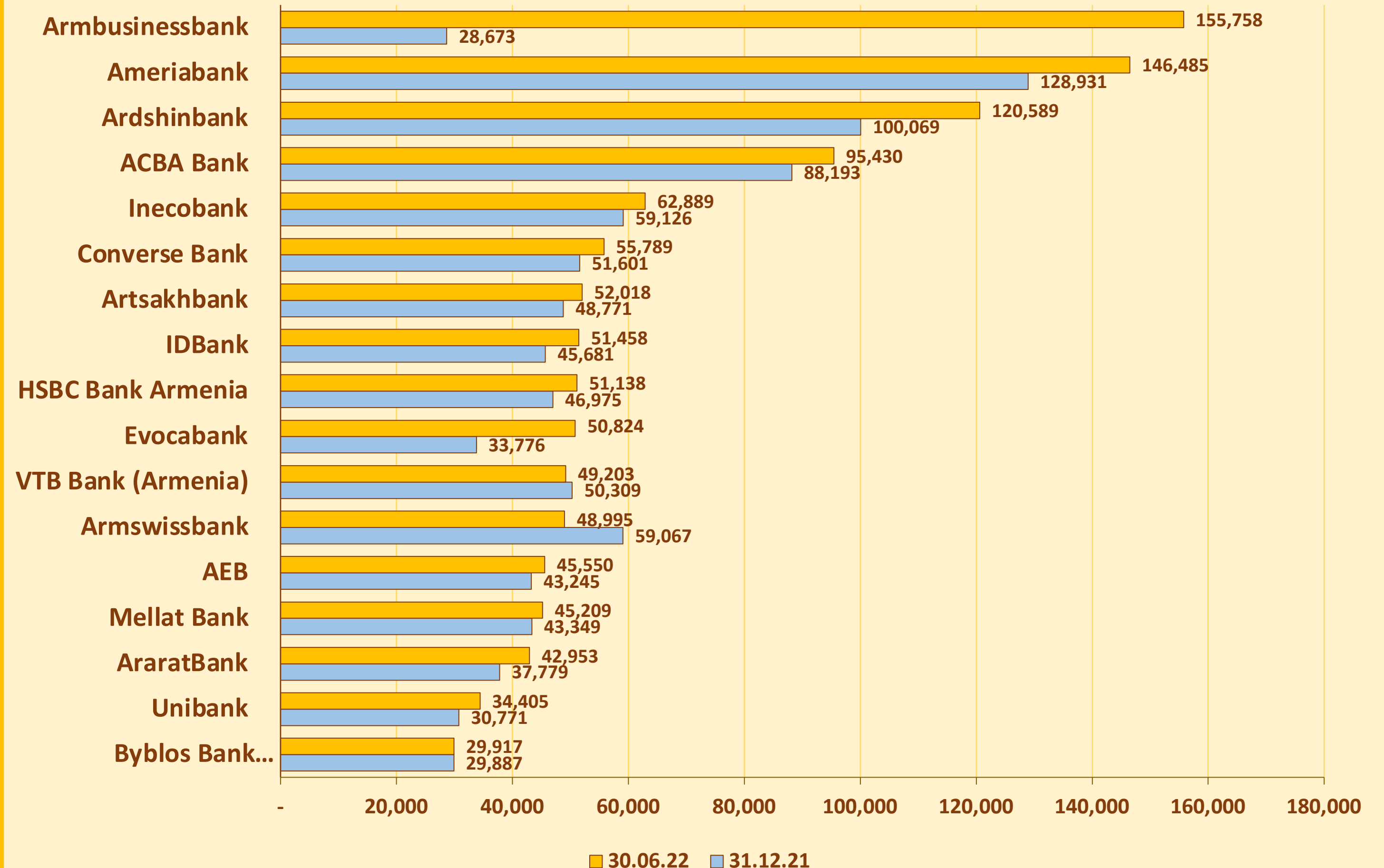
Balances of bonds issued by banks - 30.06.22 vs 31.12.21 (in mln AMD)



Total Equity

- During 1HY-2022, Total Equity of Armenian banking sector is increased by **212 bln AMD**, or **23%** and is amounting to **1.139 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.

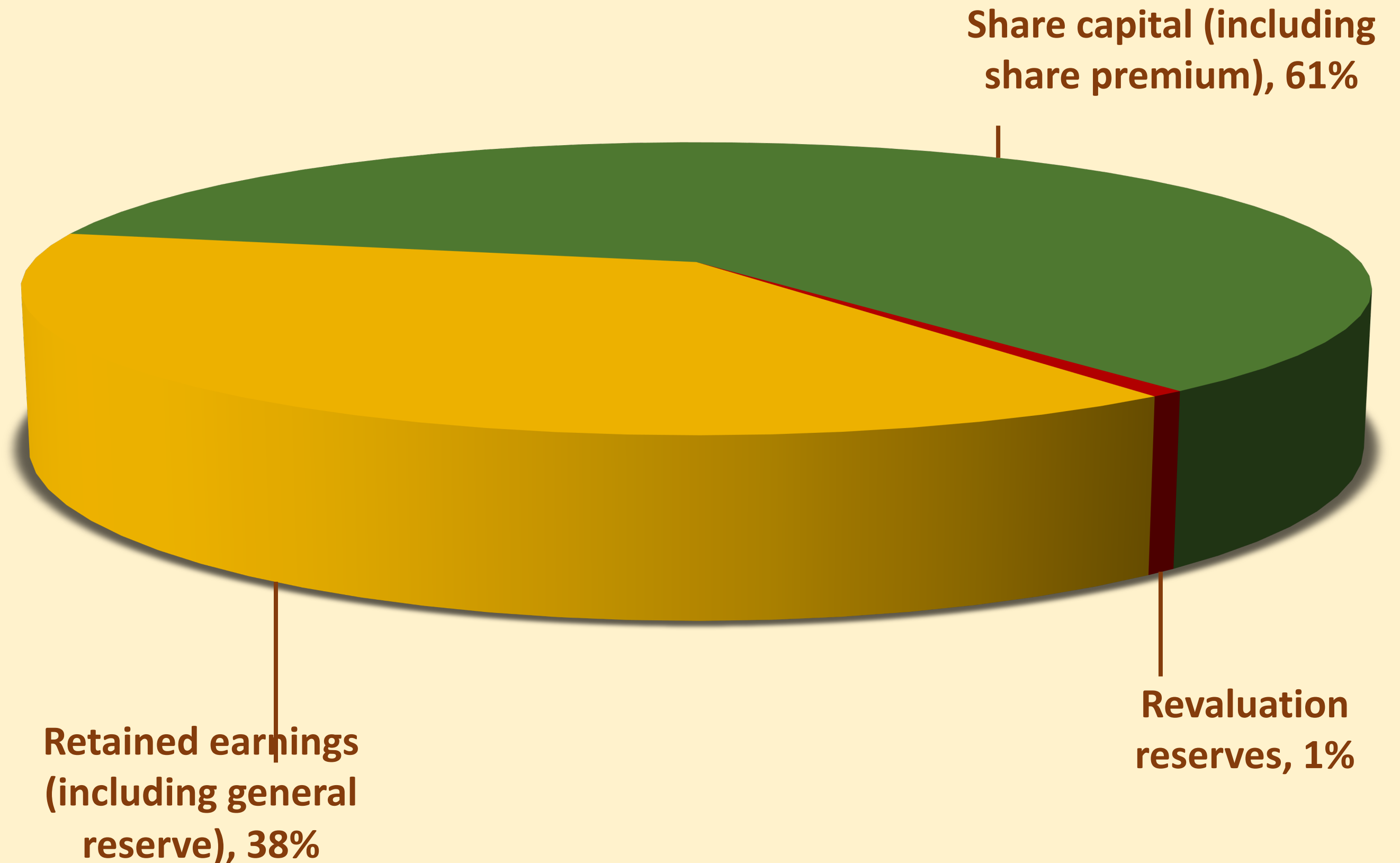
Total equity by banks - 30.06.22 vs 31.12.21 (in mln AMD)



Total Equity

- The major component of total equity of Armenian banking sector is **Share Capital (including share premium)**, with the share of **61%** and is amounting to **694 bln AMD** as of 30.06.2022.
- Second largest component - **Retained Earnings (including general reserve)** with the share of **38%** and is amounting to **437 bln AMD** as of 30.06.2022.
- **Revaluation Reserves (mainly PPE and Financial Assets revaluation reserves)** have share of **1%** and are amounting to **8 bln AMD** as of 30.06.2022.

Components of Total Equity as of 30.06.22



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