

FINANCIAL ANALYSIS OF ARMENIAN BANKING SECTOR 2022

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Executive summary

The purpose of this article is to analyze major financial indicators of Armenian banking sector for 2022. The number of banks is increased to 18 (last year Fast Bank received the banking license).

Following major components are analyzed

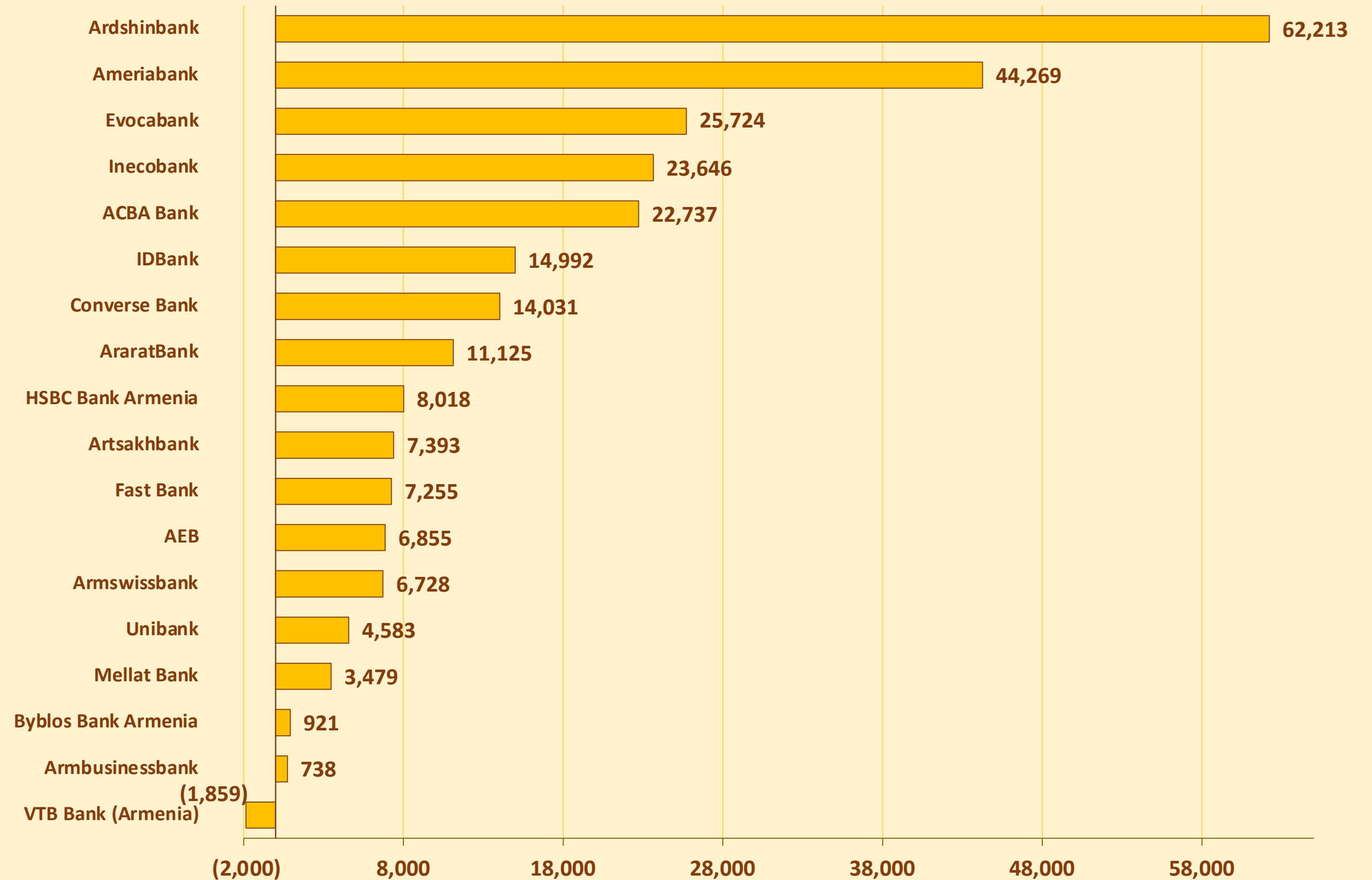
- ***Net Profit, Total assets, total liabilities and equity,***
- ***Total loan portfolio,***
- ***Financial resources attracted from clients (corporate and retail), including issued bonds.***

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 2022 is equal to **263 bln AMD**, which is by **197 bln AMD**, or by **4 times** more than was recorded during 2021.
- This significant increase of net profit mainly explained by increase of non-interest income.

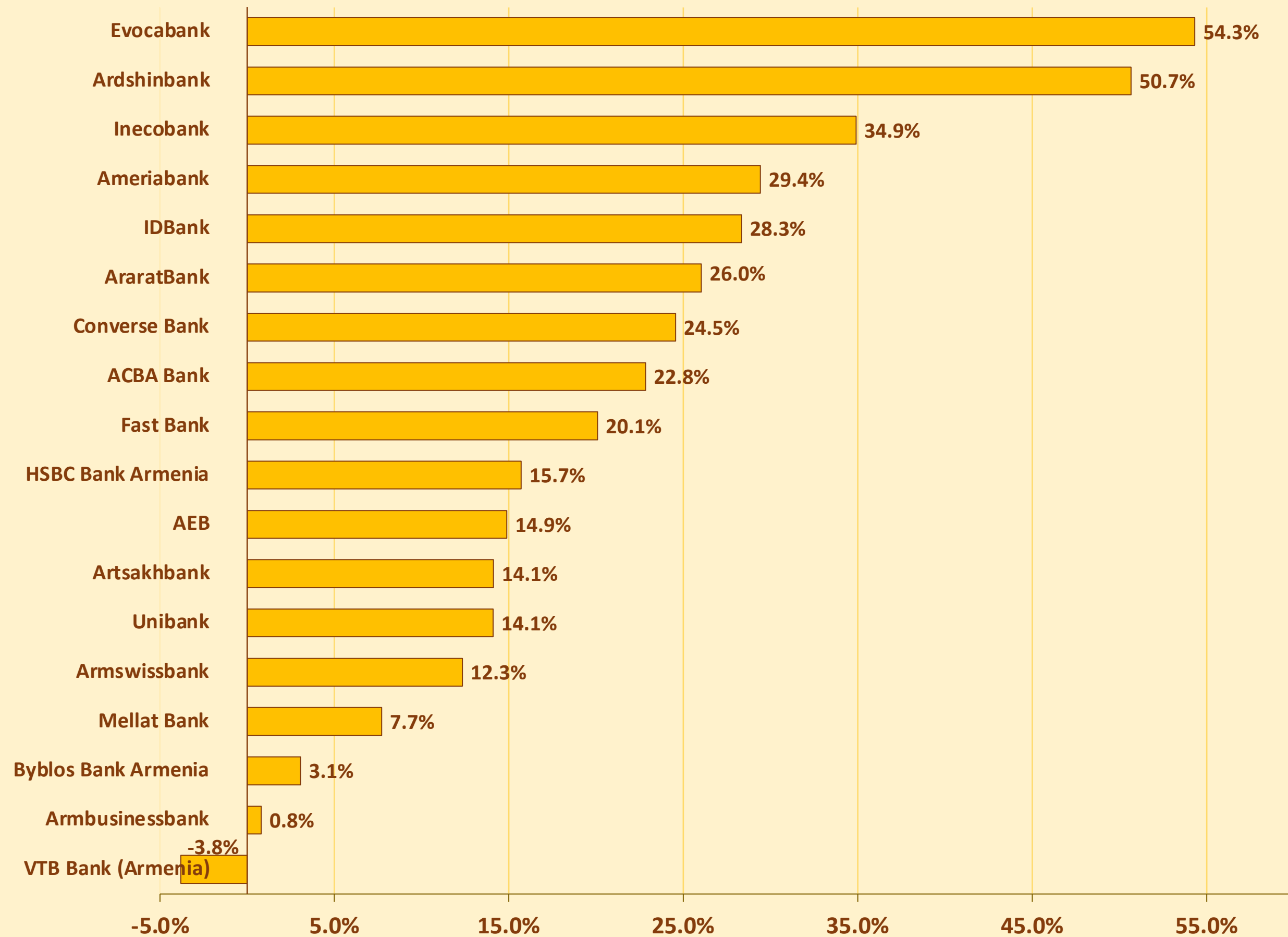
Net profit of banks for 2022 (in mln AMD)



ROAE

- ROAE of banking sector is increased during 2022 by **more than 3 times** (from **7.1%** to **23.3%**).
- Equity of banking sector is increased by 40% during 2022 and is amounting to **1.316 bln AMD** as of 31.12.22.

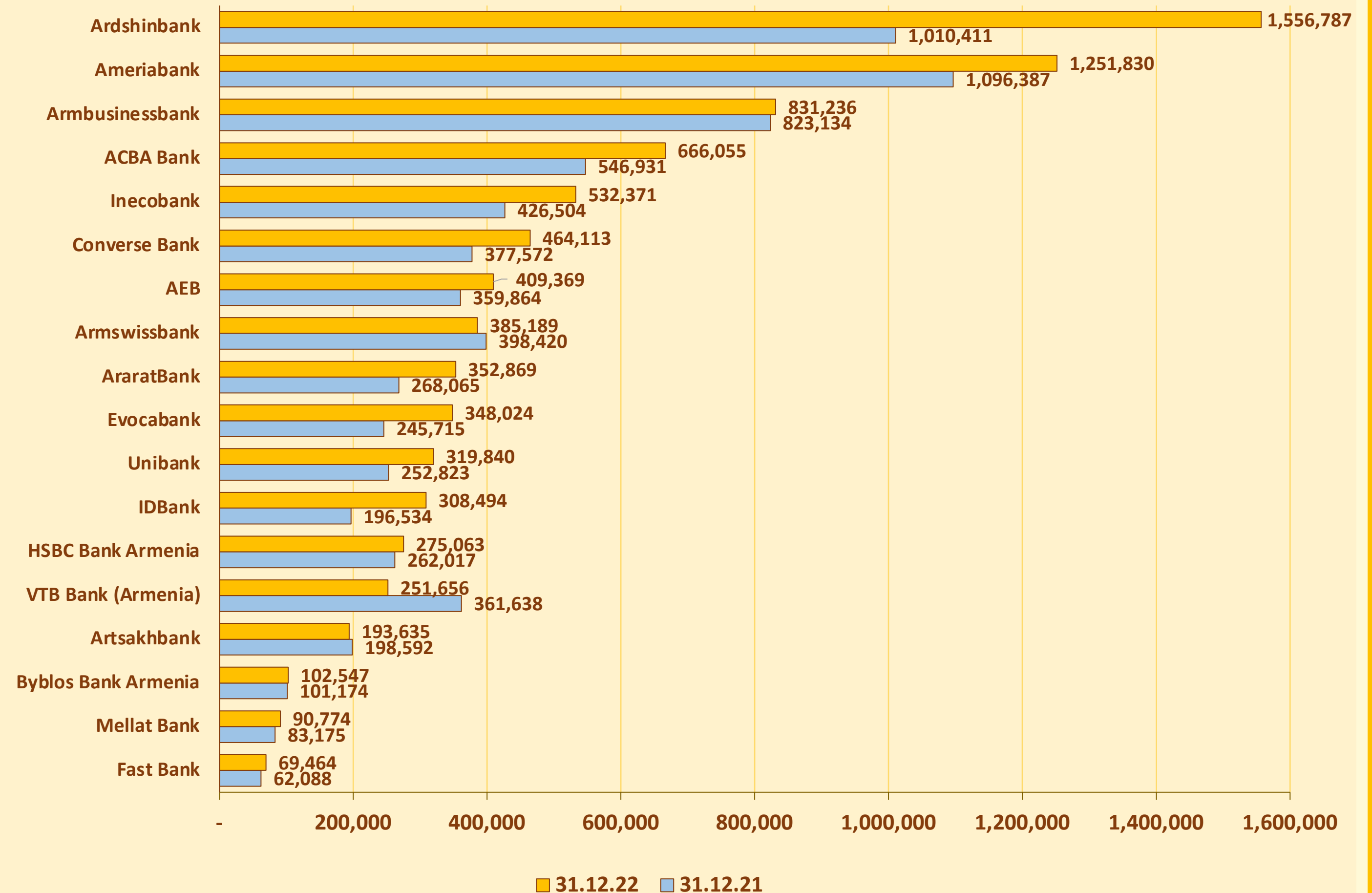
ROAE comparison 2022 vs 2021



Total assets

- During 2022, total assets of banking sector are increased by **1.338 bln AMD** or by **19%**.
- As of 31.12.2022, total assets are amounting to **8,409 bln AMD**.

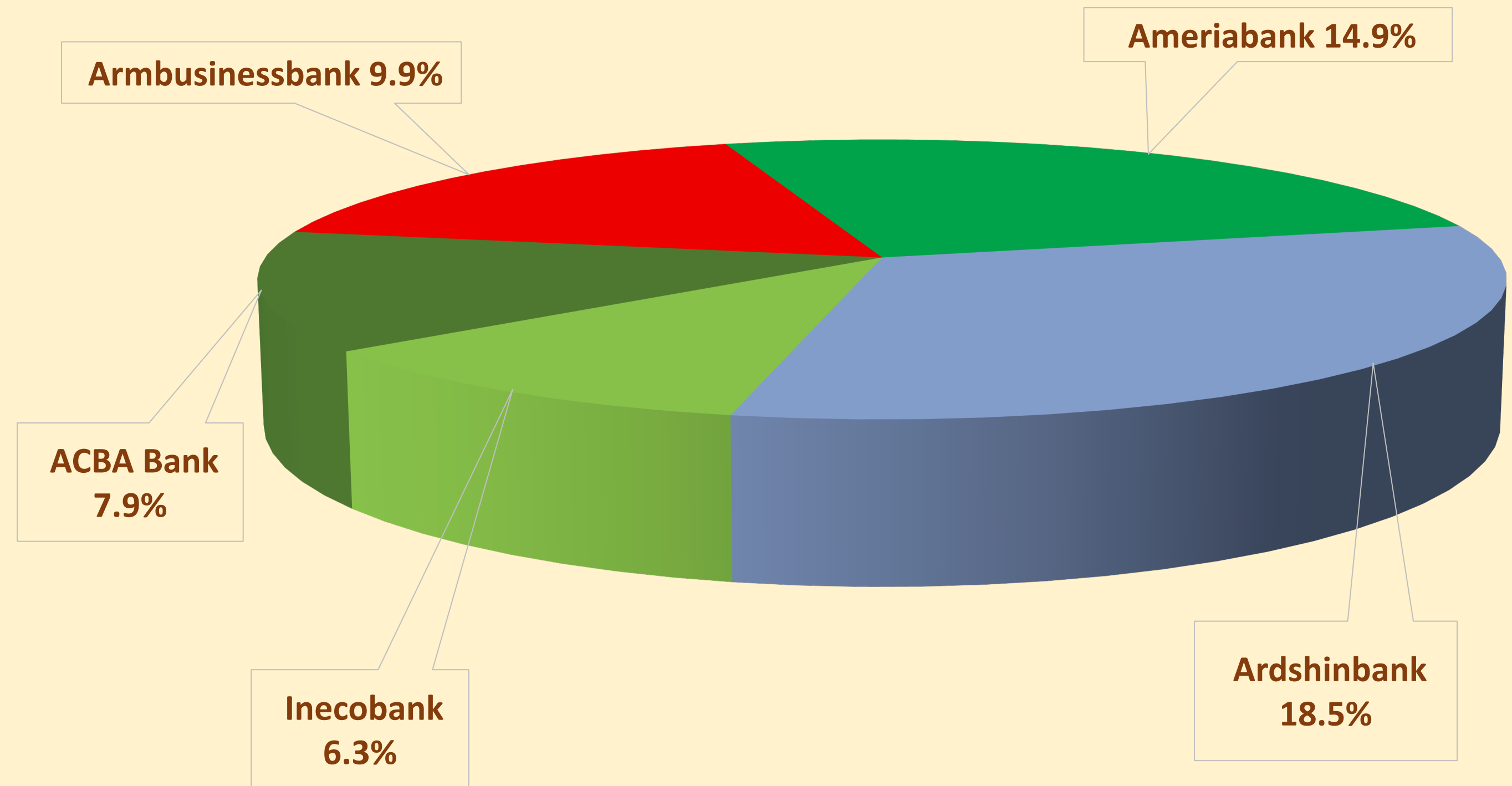
Total assets by banks - 31.12.22 vs 31.12.21 (in mln AMD)



Total assets

- Market share of largest 5 banks (Ardshinbank, Ameriabank, ArmBusinessBank, ACBA Bank and Inecobank) by total assets, is **57.5%**.
- Market share of largest 3 banks (Ardshinbank, Ameriabank, and ArmBusinessBank) by total assets, is **43.3%**.
- Ardshinbank has the largest market share – **18.5%**.

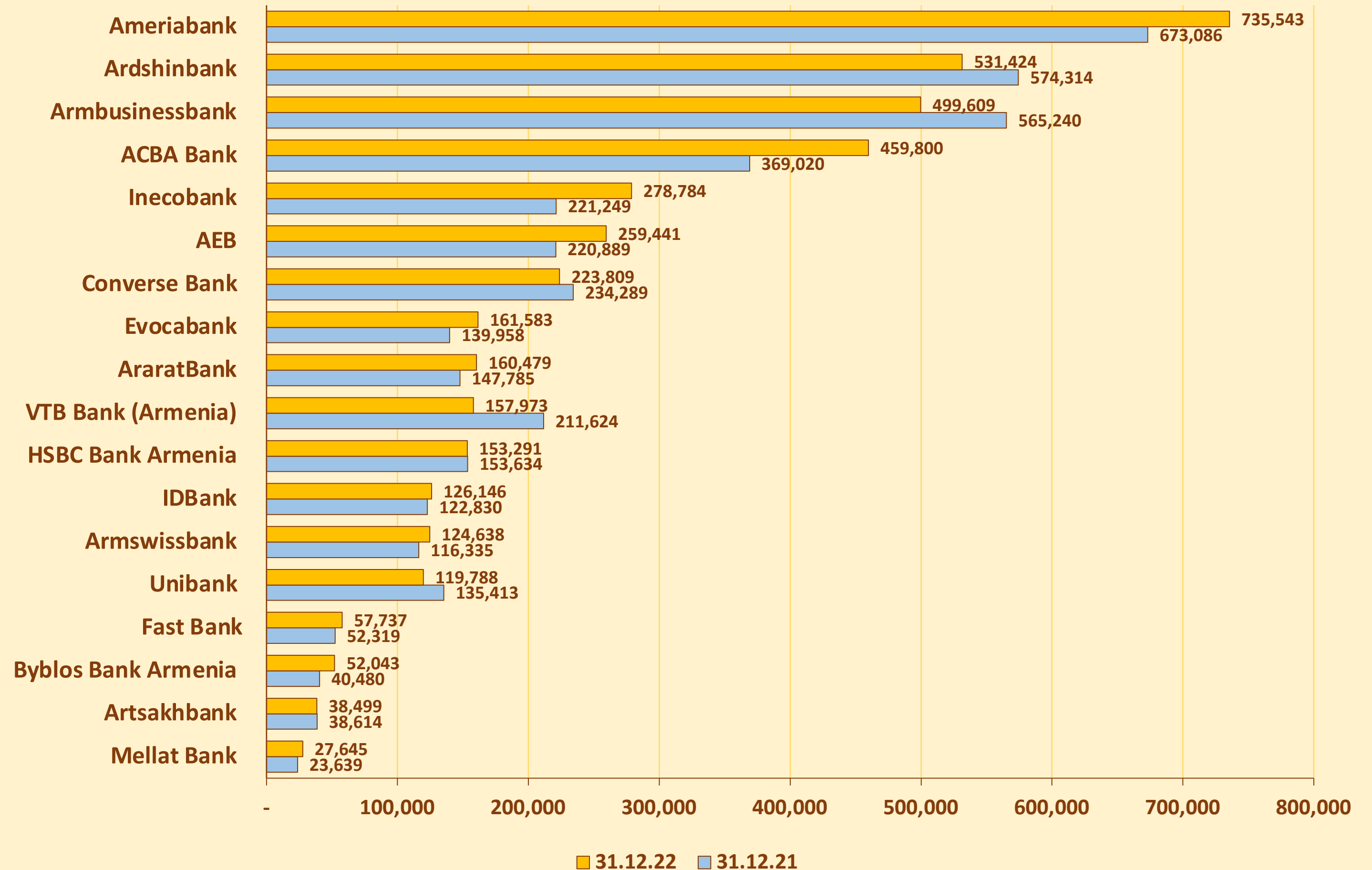
Concentration of total assets by banks as of 31.12.22 (in %)



Total loan portfolio

- Total loan portfolio of banking sector during 2022 is increased by **3.2%**.
- As of 31.12.2022, total loan portfolio is amounting to **4.168 bln AMD** and its share in total assets is **50%**.
- Mentioned total loan portfolio includes retail and corporate loan portfolios.

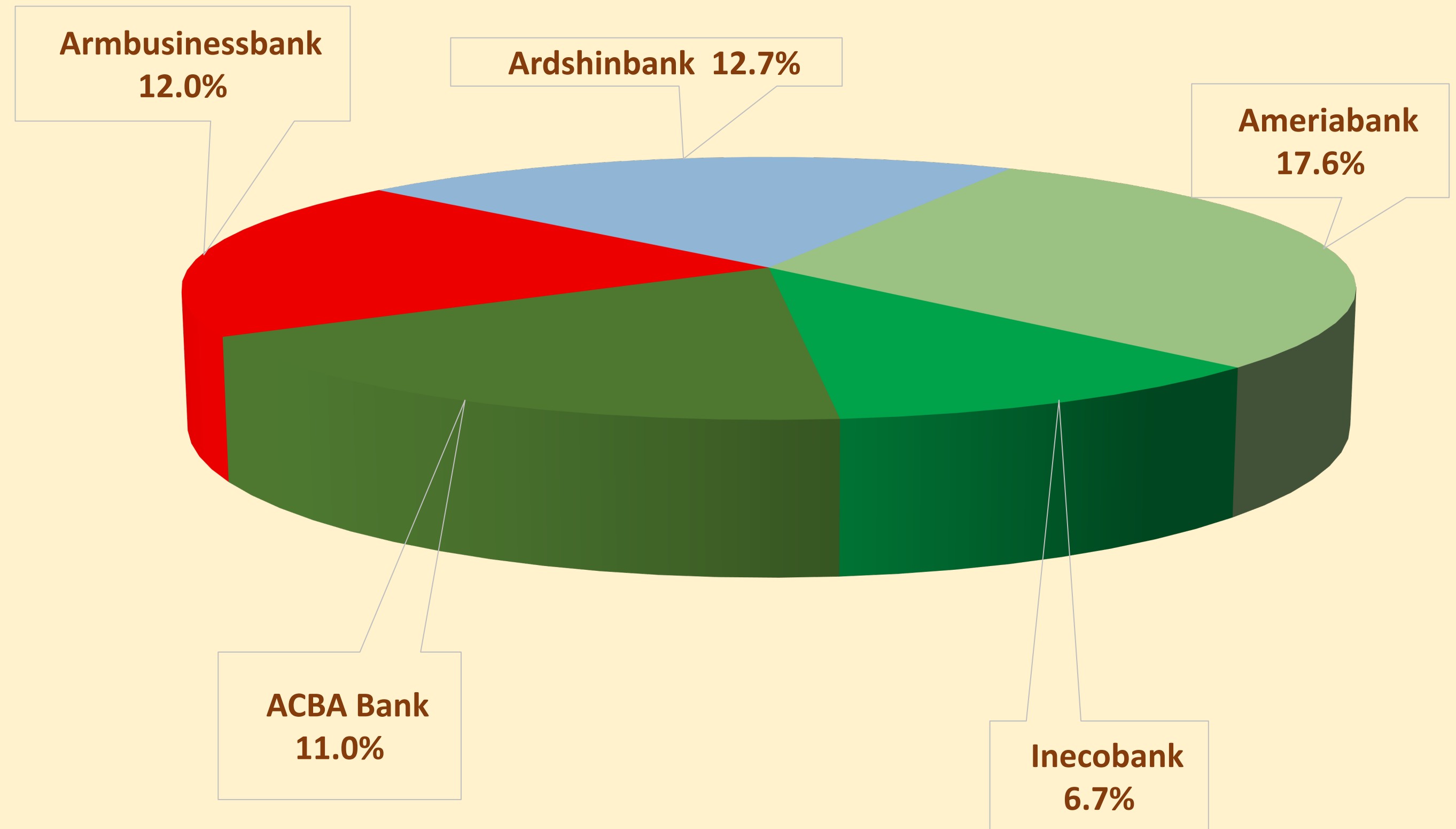
Loan portfolio dynamics for 2022 (in mln AMD)



Total loan portfolio

- Market share of largest 5 banks (Ameriabank, Ardshinbank, ArmBusinessBank, ACBA Bank and Inecobank) by total loan portfolio, is **60.1%**.
- Market share of largest 3 banks (Ameriabank, Ardshinbank and ArmBusinessBank) by total loan portfolio is **42.4%**.
- Ameriabank has the largest market share – **17.6%**.

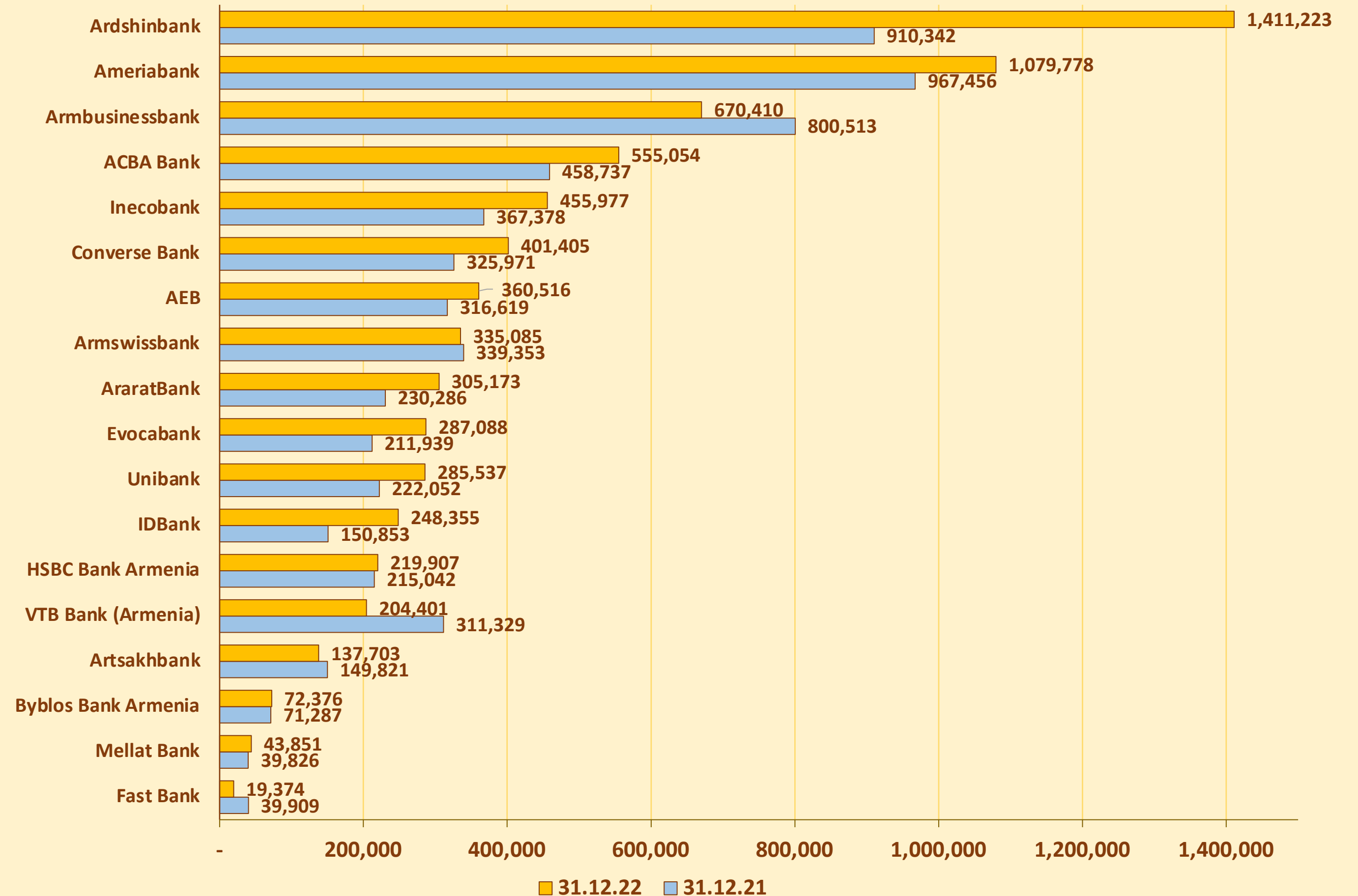
Concentration of total loan portfolio as of 31.12.22 (in %)



Total liabilities

- During 2022, total liabilities of banking sector are increased by **964 bln AMD** or by **16%**.
- As of 31.12.2022, total liabilities are amounting to **7.093 bln AMD**.

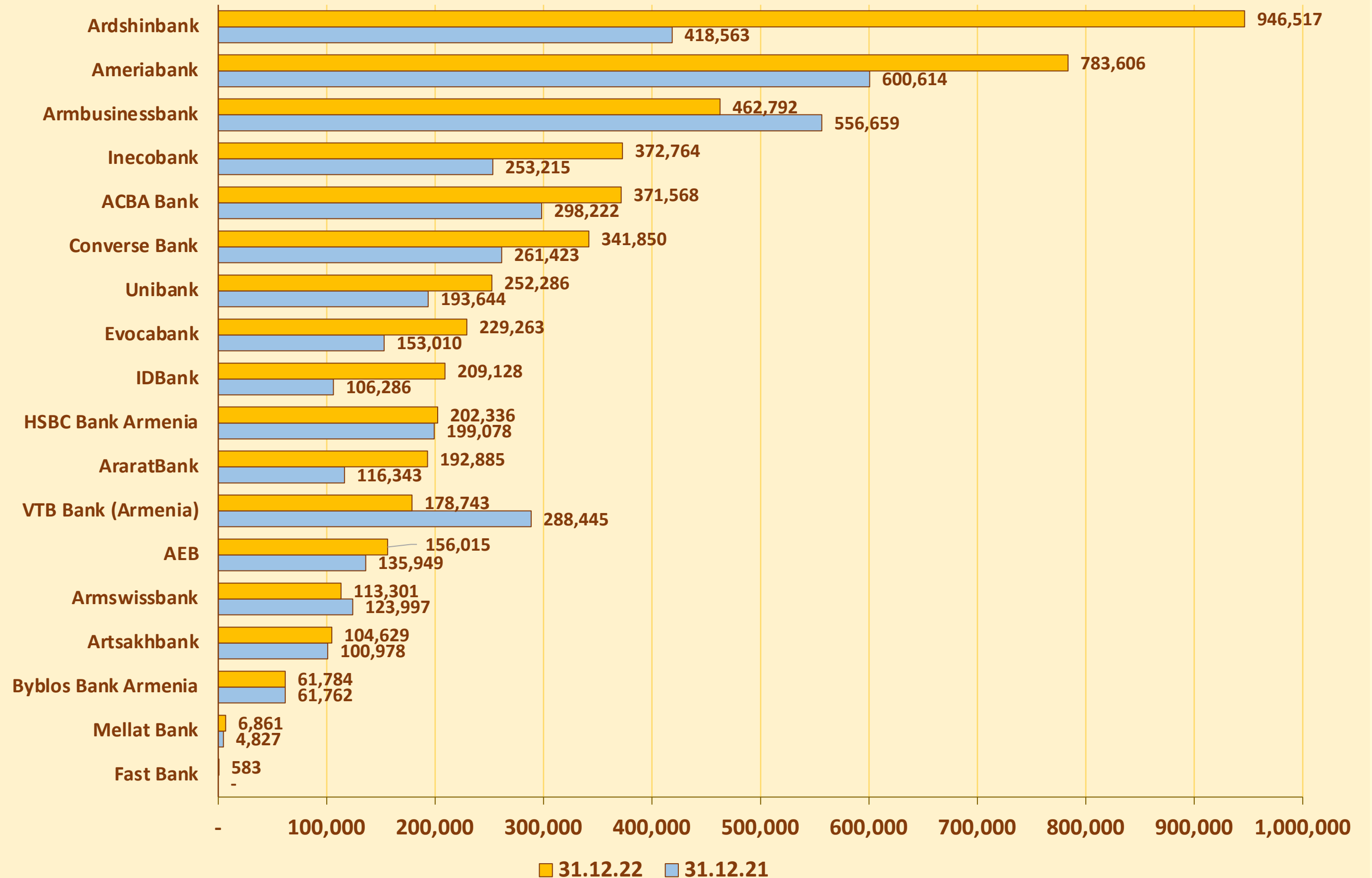
Total liabilities by banks - 31.12.22 vs 31.12.21 (in mln AMD)



Current accounts and deposits from customers

- During 2022, total balance of current accounts and deposits of retail and corporate clients of banking sector is increased by **1.114 bln AMD** or by **29%**.
- As of 31.12.2022, total balance of current accounts and deposits of retail and corporate clients is amounting to **4.987 bln AMD** and its share in total liabilities is **70%**.

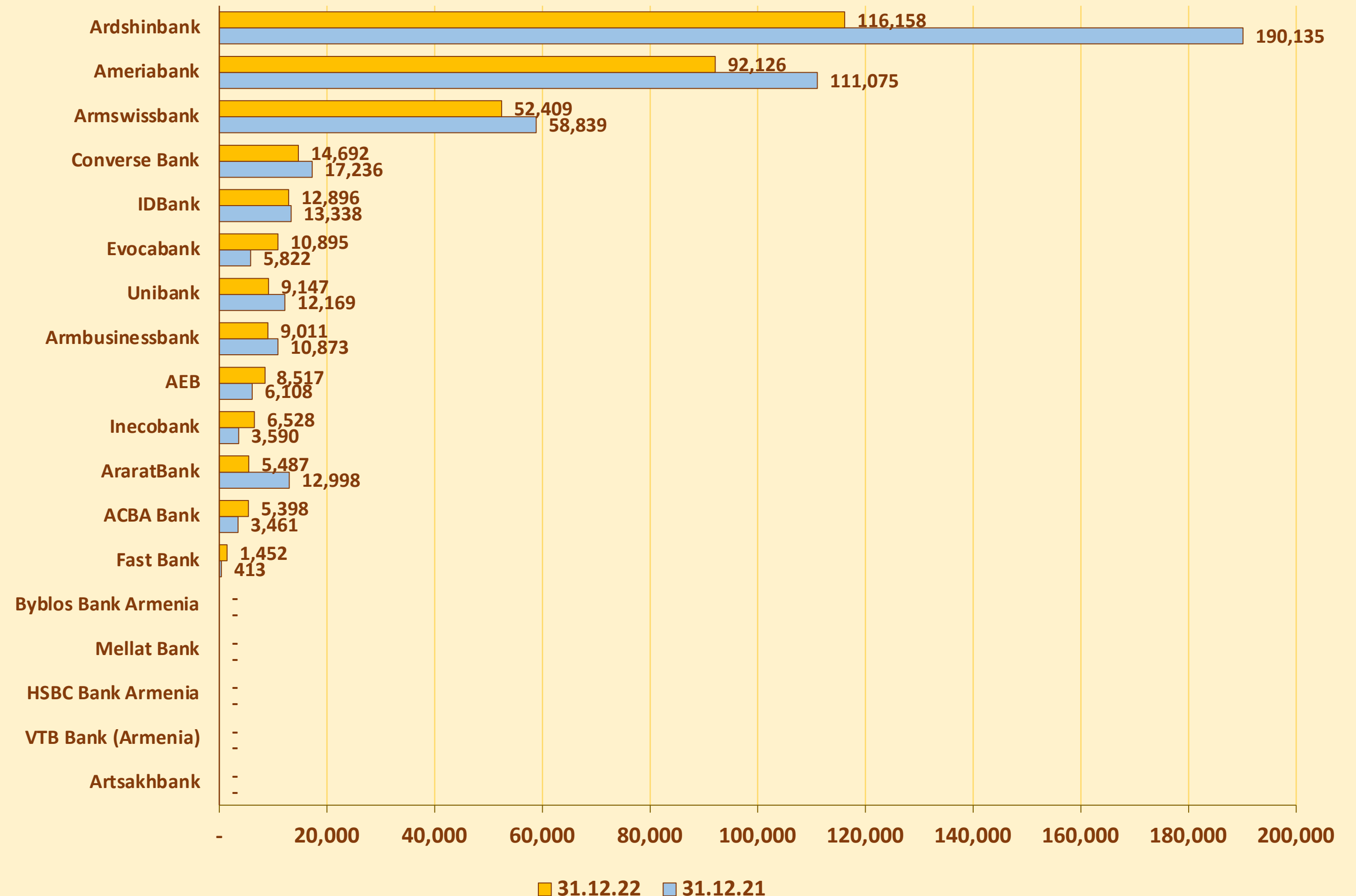
Current accounts and deposits of customers - 30.09.22 vs 31.12.21 (in mln AMD)



Bonds

- During 2022, total balance of bonds issued by Armenian banks is decreased by **101 bln AMD**, or **23%**. One of the possible reasons, might be the changed mandatory reservation normative for the bank, by the CBA (previous normative encouraged the banks to continue issuing bonds).
- Currently **13** from total **18** banks, have issued bonds. Majority of bonds are listed on Armenian Stock Exchange.

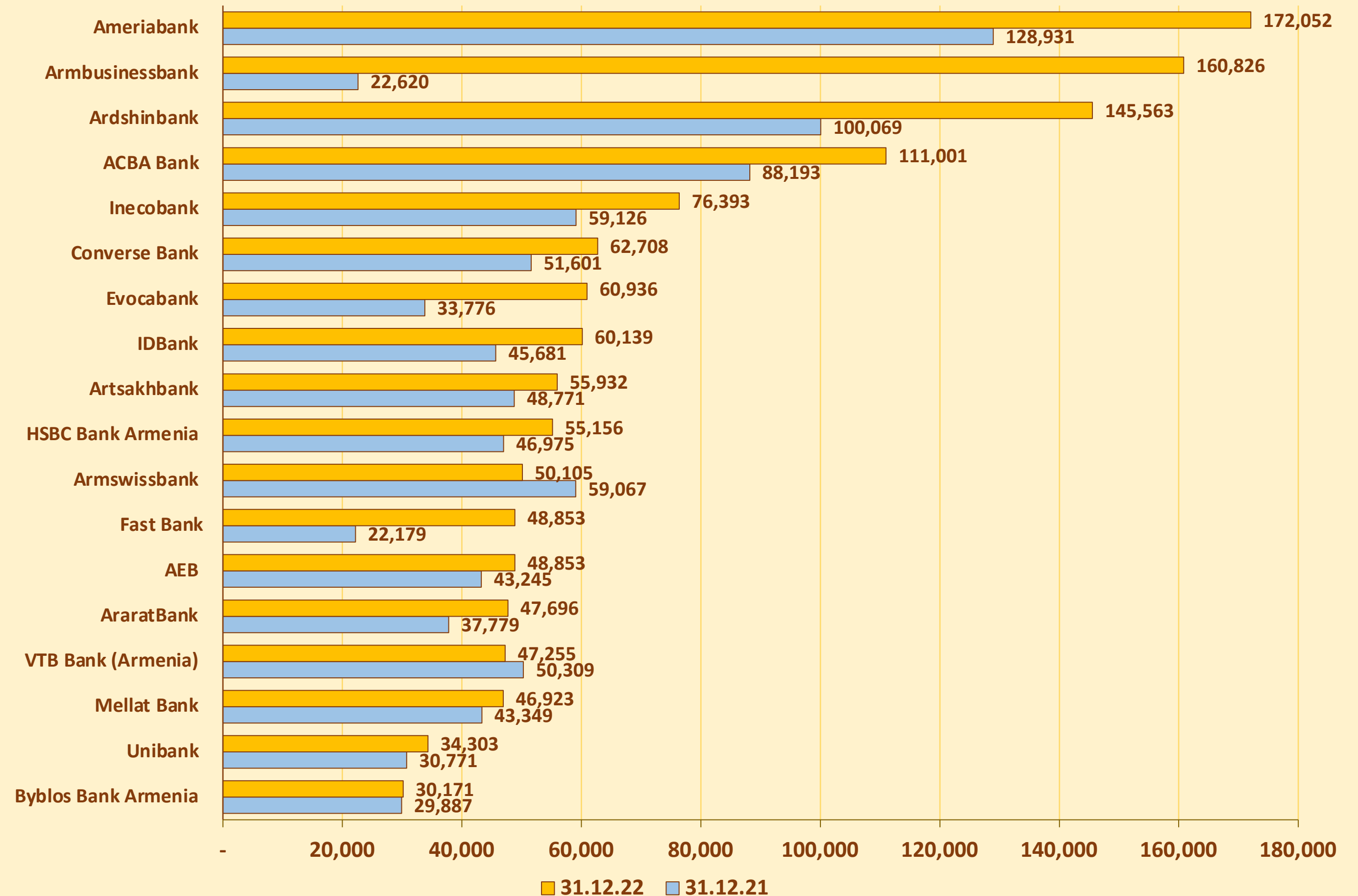
Balances of bonds issued by banks - 31.12.22 vs 31.12.21 (in mln AMD)



Total Equity

- During 2022, Total Equity of Armenian banking sector is increased by **372 bln AMD**, or by **40%** and is amounting to **1.316 bln AMD**.
- Share capital (including share premium) is increased by **162 bln AMD**. This significant increase is mainly explained by (1) 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 Organization Closed JSC with 75% and 25% of shareholding respectively and (2) Increase of share capital of Fast Bank by **23 bln AMD**.

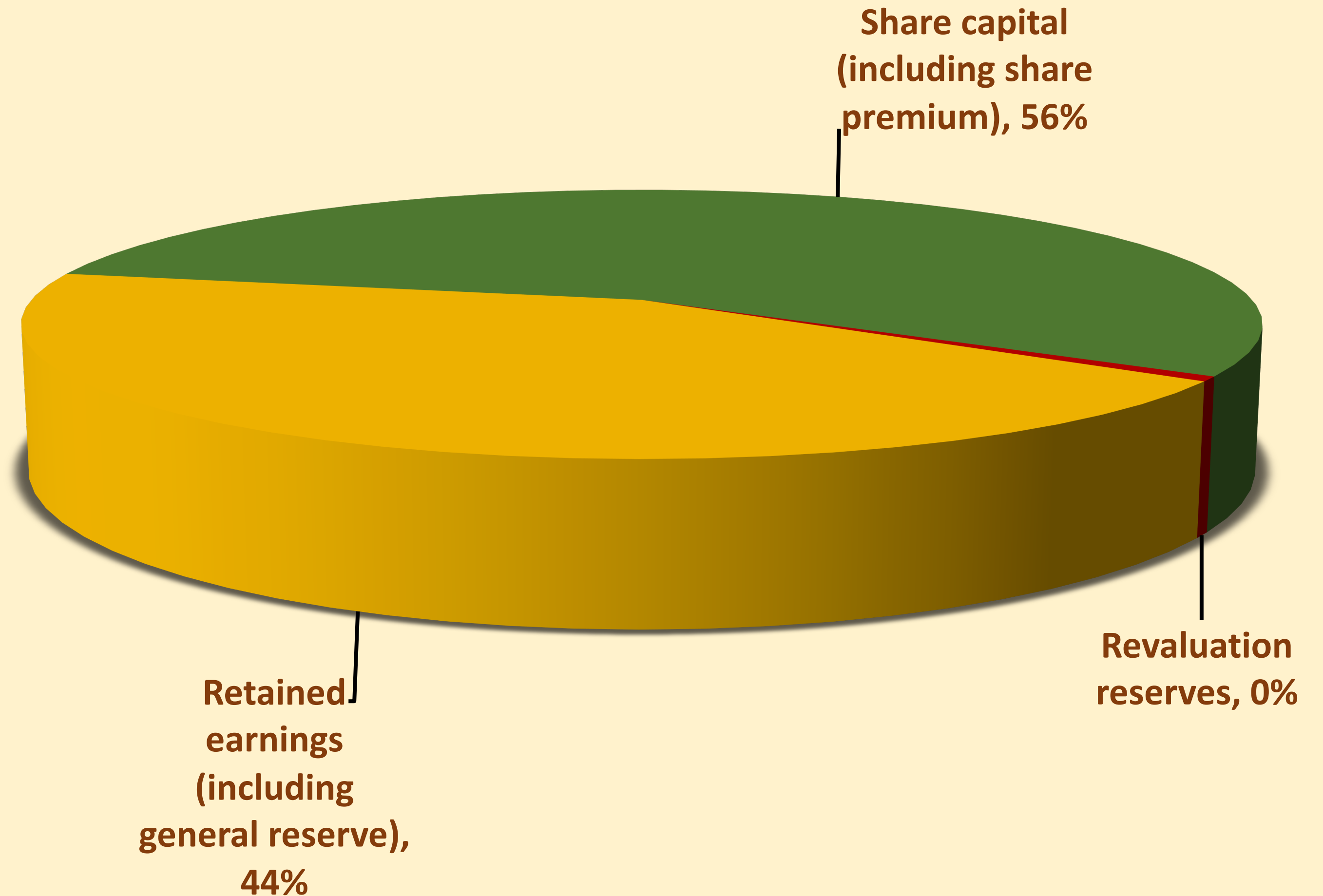
Total equity by banks - 31.12.22 vs 31.12.21 (in mln AMD)



Total Equity

- The major component of total equity of Armenian banking sector is **Share Capital (including share premium)**, with the share of **55.6%** and is amounting to **732 bln AMD** as of 31.12.2022.
- Second largest component - **Retained Earnings (including general reserve)** with the share of **43.8%** and is amounting to **577 bln AMD** as of 31.12.2022.
- **Revaluation Reserves (mainly PPE and Financial Assets revaluation reserves)** have share of **0.6%** and are amounting to **7.5 bln AMD** as of 31.12.2022.

Components of Total Equity as of 31.12.22



Retained earnings

- For the purpose of this analysis, it is more reasonable to review retained earnings jointly with general reserve.
- During 2022 **retained earnings (including general reserve)** of Armenian banking sector are increased by **231 bln AMD**, or by **67%** and are amounting to **577 bln AMD**.

- Nine banks declared dividends during 2022, amounting to 35 bln AMD
 1. Ardshinbank-**17.2 bln AMD**,
 2. Inecobank-**6 bln AMD**,
 3. ACBA Bank-**3.3 bln AMD**,
 4. AraratBank-**3 bln AMD**,
 5. Fast Bank-**2 bln AMD**,
 6. AEB-**1.38 bln AMD**,
 7. Unibank **0.98 bln AMD**,
 8. Converse Bank-**0.51 bln AMD**
 9. Evocabank – **0.6 bln AMD**.

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