

FINANCIAL ANALYSIS OF ARMENIAN BANKING SECTOR 1Q - 2023

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Executive summary

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

Following major components are analyzed

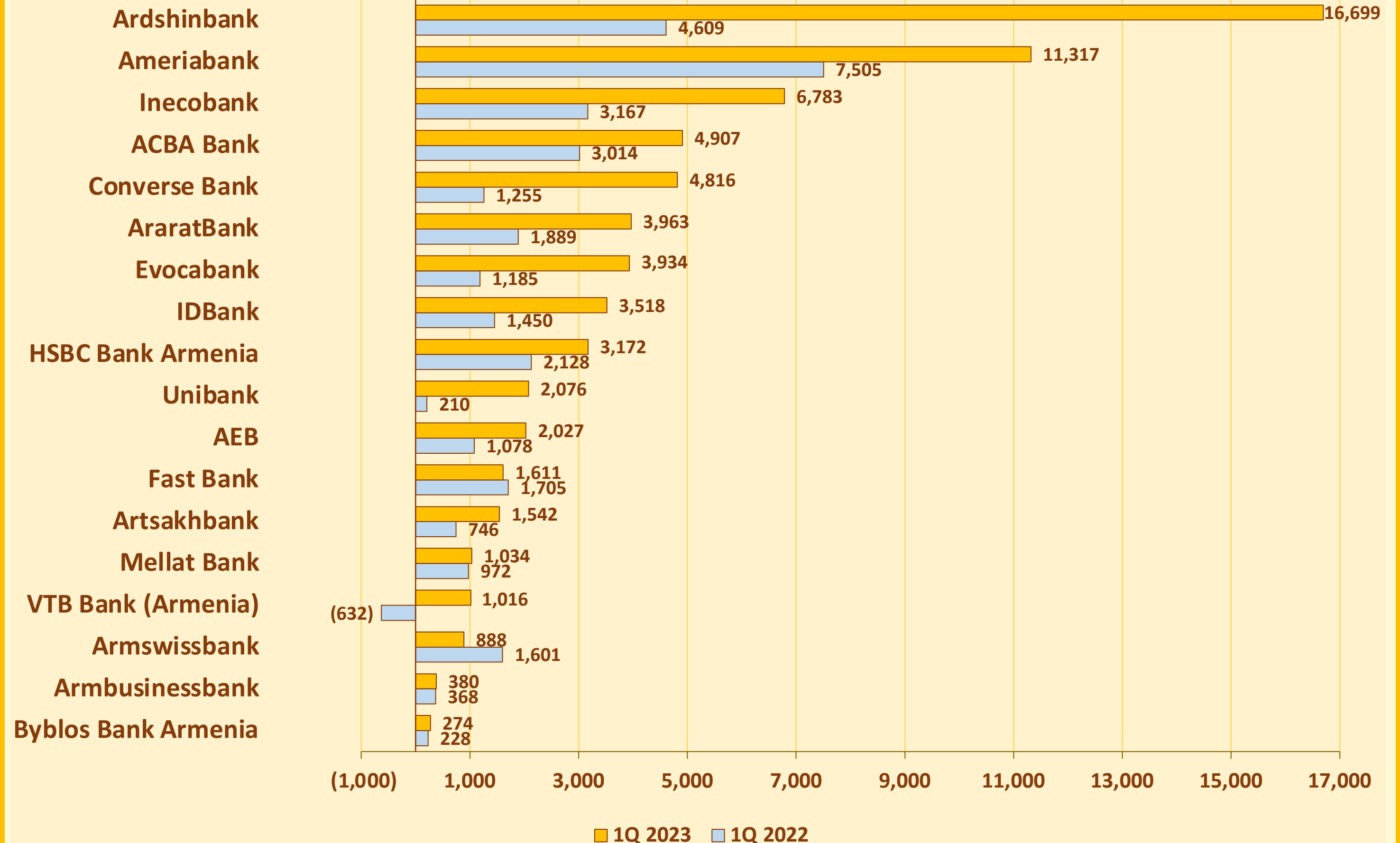
- ***Net Profit, Total assets, total liabilities and equity,***
- ***Total loan portfolio,***
- ***Financial resources attracted from clients (corporate and retail), including issued bonds.***

Published financial statements of Armenian banks were used for the preparation of this article. For opening balances, as of 31/12/2022 still unaudited financial statements were used.

Net profit analysis

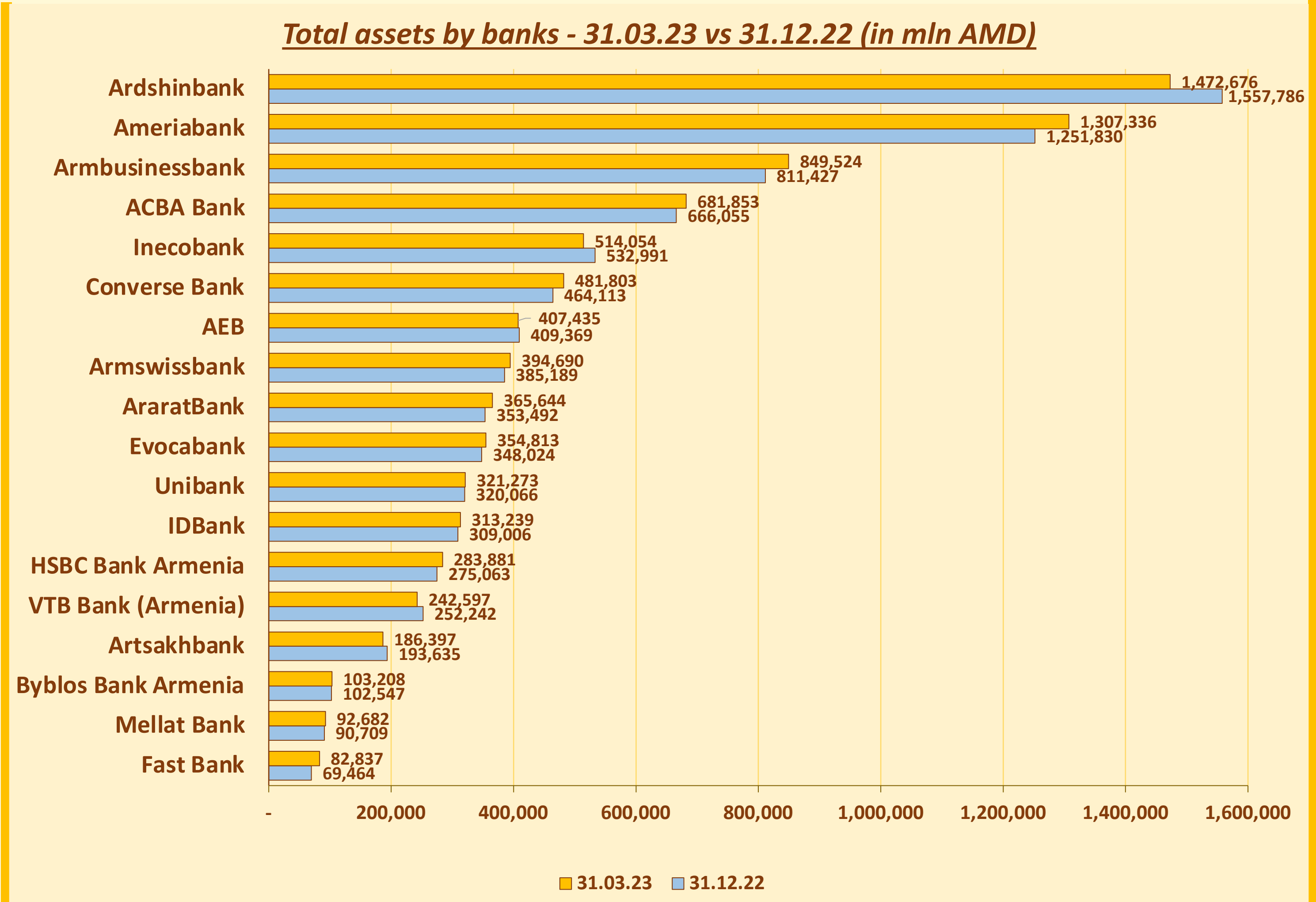
- Total net profit of all Armenian banks for 1Q of 2023 is equal to **70 bln AMD**, which is by **37.5 bln AMD**, or by more than **2 times** more than was recorded during 1Q of 2022.
- During 1Q-2023, all Armenian banks were profitable.
- If during next quarters, the profitability level of Armenian banking sector will be similar to this one, then it's likely, that the profitability of Armenian banking sector in 2023 will be similar to the highest results recorded in 2022.

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



Total assets

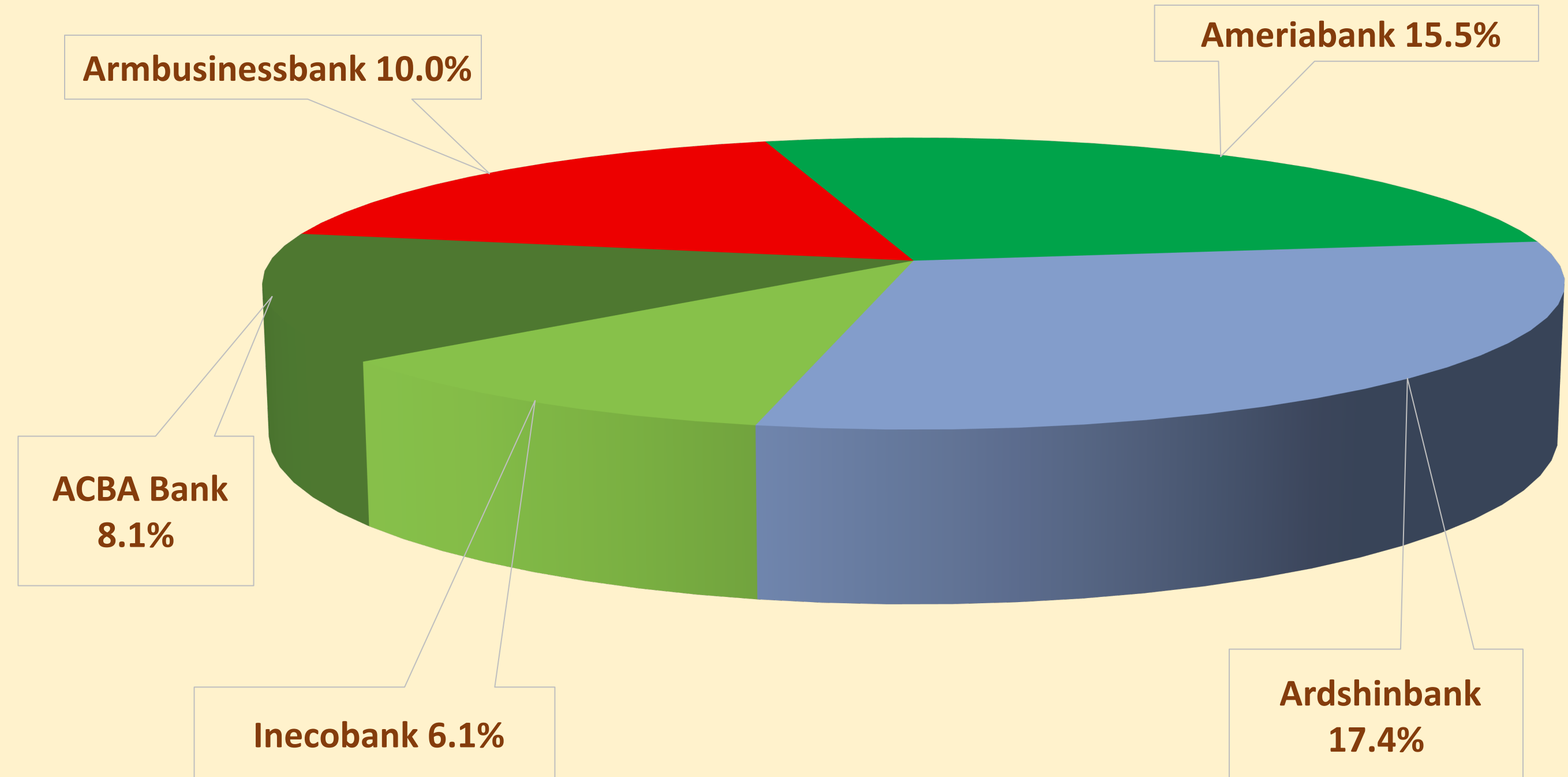
- During 1Q of 2023, total assets of banking sector are increased by **0.7%**.
- As of 31.03.2023, total assets are amounting to **8,456 bln AMD**.



Total assets

- Market share of largest 5 banks (Ardshinbank, Ameriabank, ArmBusinessBank, ACBA Bank and Inecobank) by total assets, is **57.1%**.
- Market share of largest 3 banks (Ardshinbank, Ameriabank, and ArmBusinessBank) by total assets, is **42.9%**.
- Ardshinbank has the largest market share – **17.4%**.

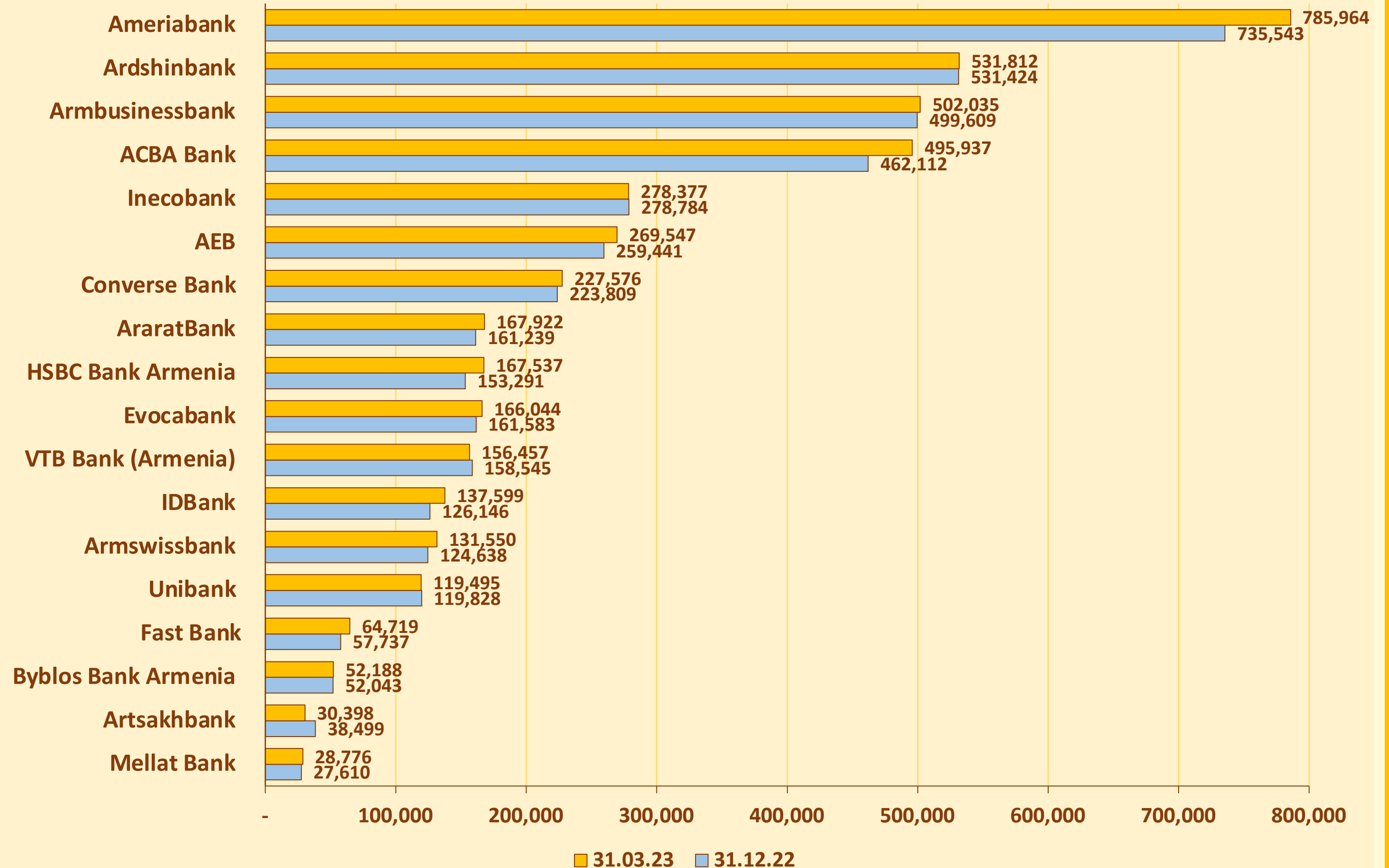
Concentration of total assets by banks as of 31.03.23 (in %)



Total loan portfolio

- Total loan portfolio of banking sector during 1Q of 2023 is increased by **3.4%**.
- As of 31.03.2023, total loan portfolio is amounting to **4.314 bln AMD** and its share in total assets is **51%**.
- Mentioned total loan portfolio includes retail and corporate loan portfolios.

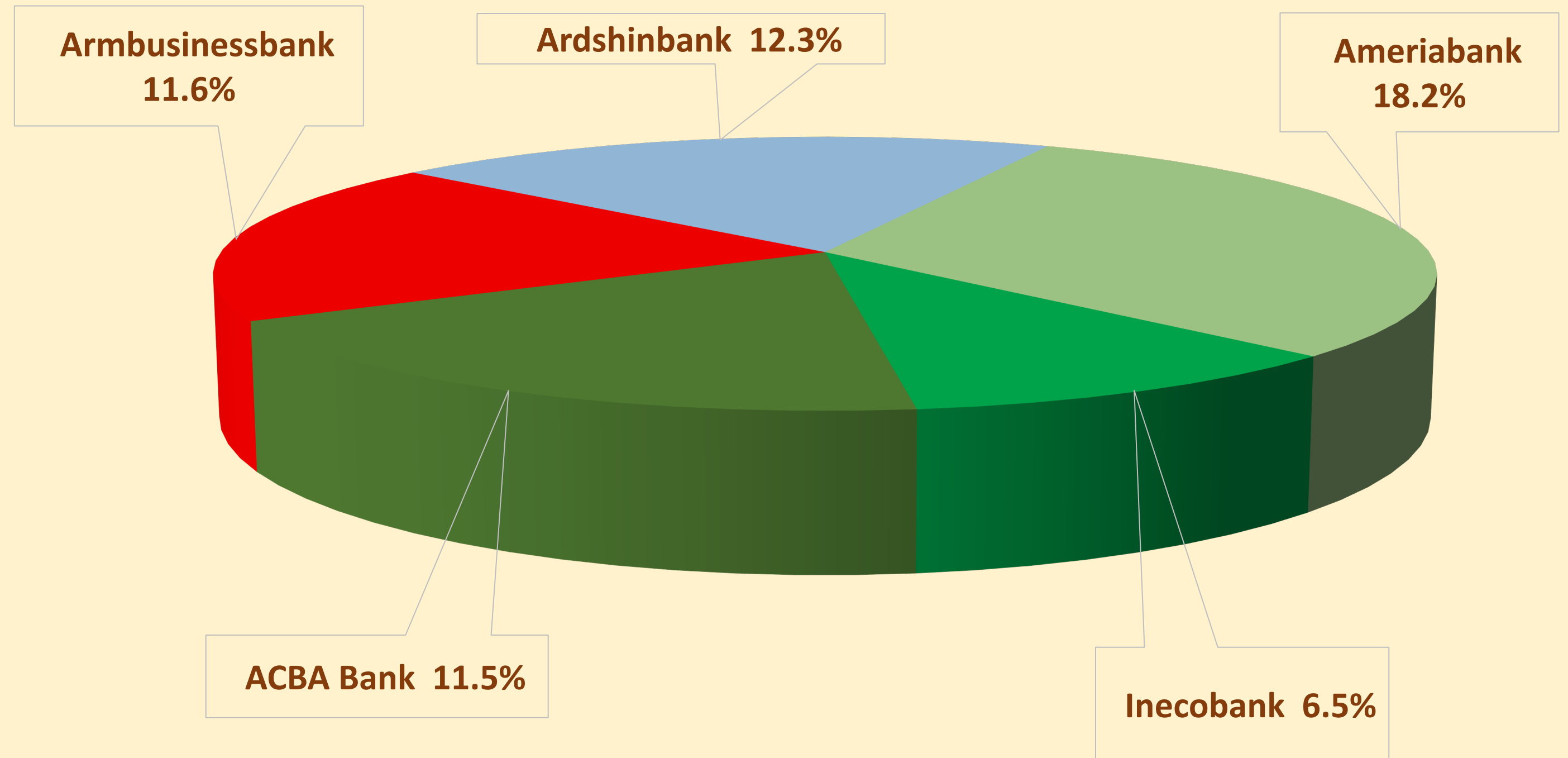
Loan portfolio dynamics for 1Q 2023 (in mln AMD)



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 **42.2%**.
- Ameriabank has the largest market share – **18.2%**.

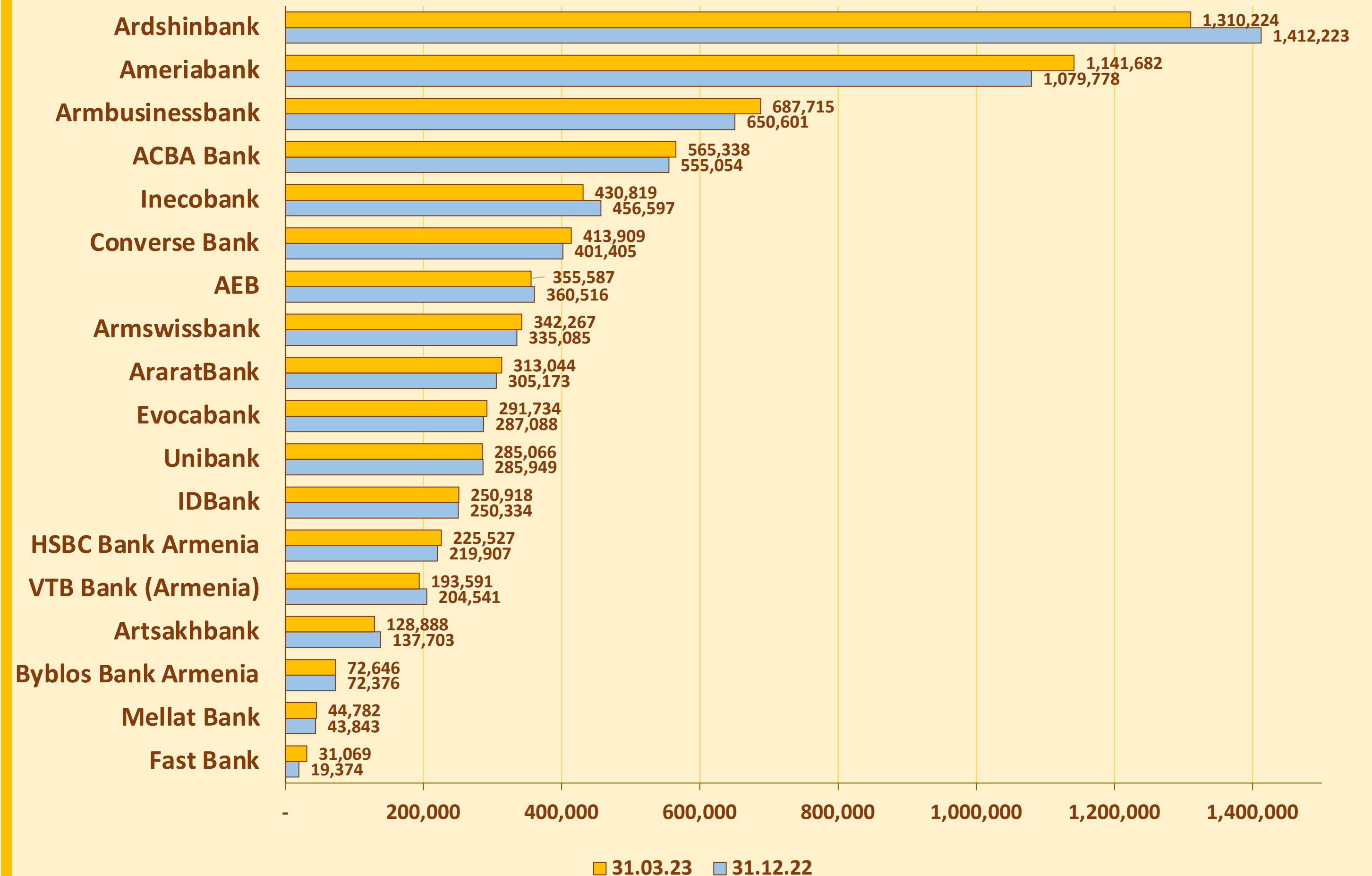
Concentration of total loan portfolio as of 31.03.23 (in %)



Total liabilities

- During 1Q of 2023 , total liabilities of banking sector are slightly increased (by 0.1%).
- As of 31.03.2023, total liabilities are amounting to **7.084 bln AMD**.

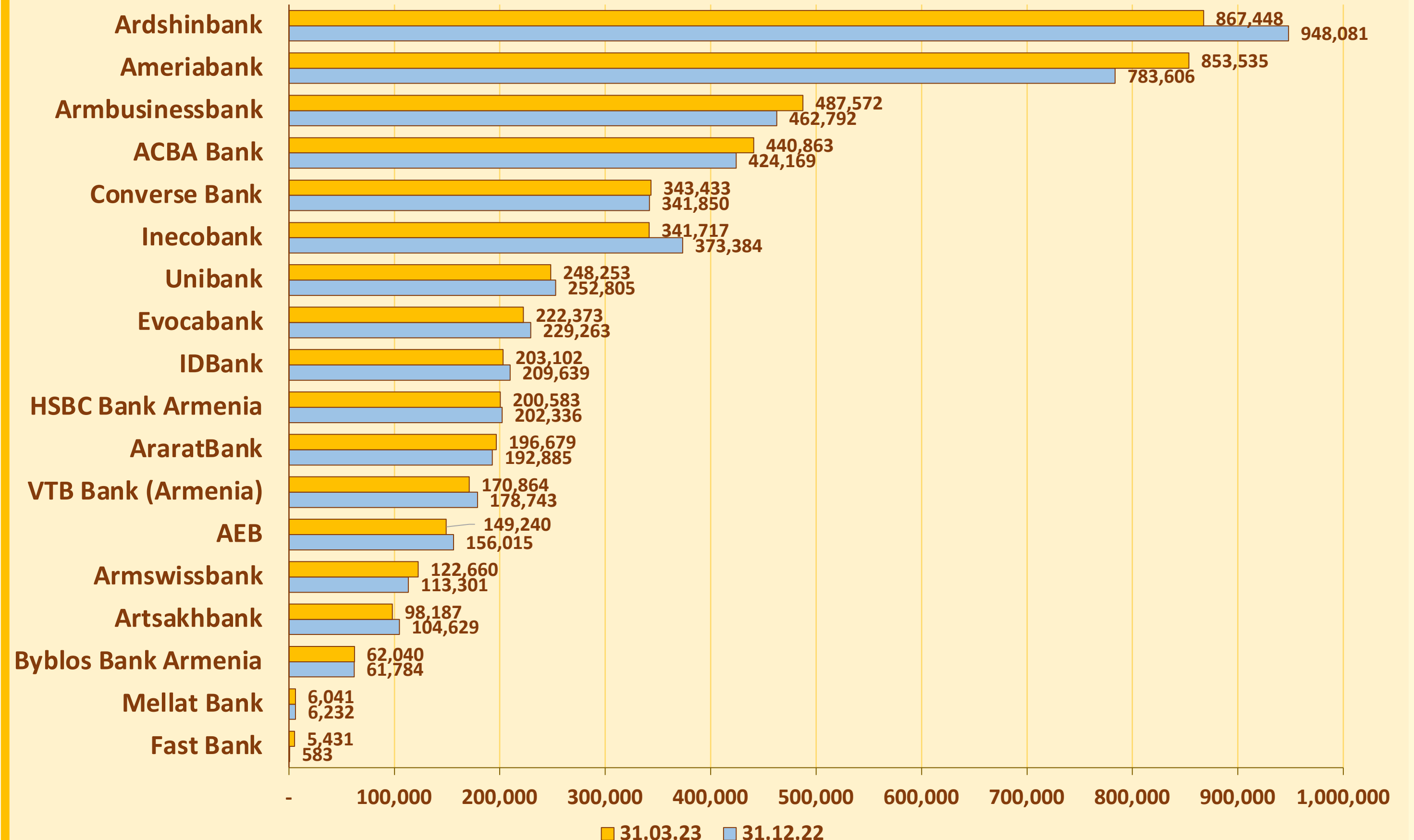
Total liabilities by banks - 31.03.23 vs 31.12.22 (in mln AMD)



Current accounts and deposits from customers

- During 1Q of 2023 , total balance of current accounts and deposits of retail and corporate clients of banking sector is slightly decreased, by **0.4%**.
- As of 31.03.2023, total balance of current accounts and deposits of retail and corporate clients is amounting to **5.020 bln AMD** and its share in total liabilities is **71%**.

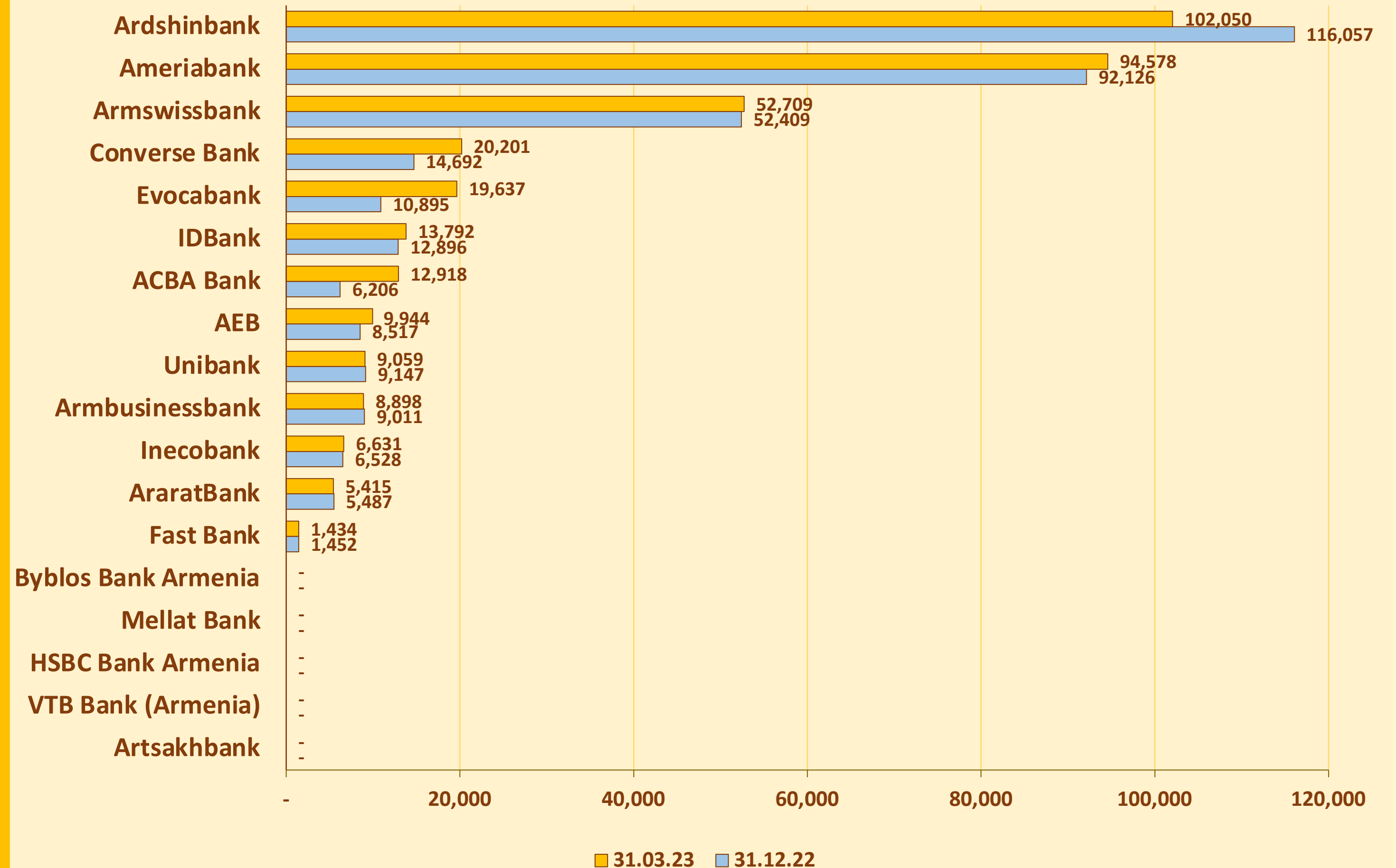
Current accounts and deposits of customers - 31.03.23 vs 31.12.22 (in mln AMD)



Bonds

- During 1Q of 2023 , total balance of bonds issued by Armenian banks is increased by **12 bln AMD**, or **3.4%**.
- As of 31.03.2023, total balance of issued bonds is amounting to **357 bln AMD**.
- Currently **13** from total **18** banks, have issued bonds.

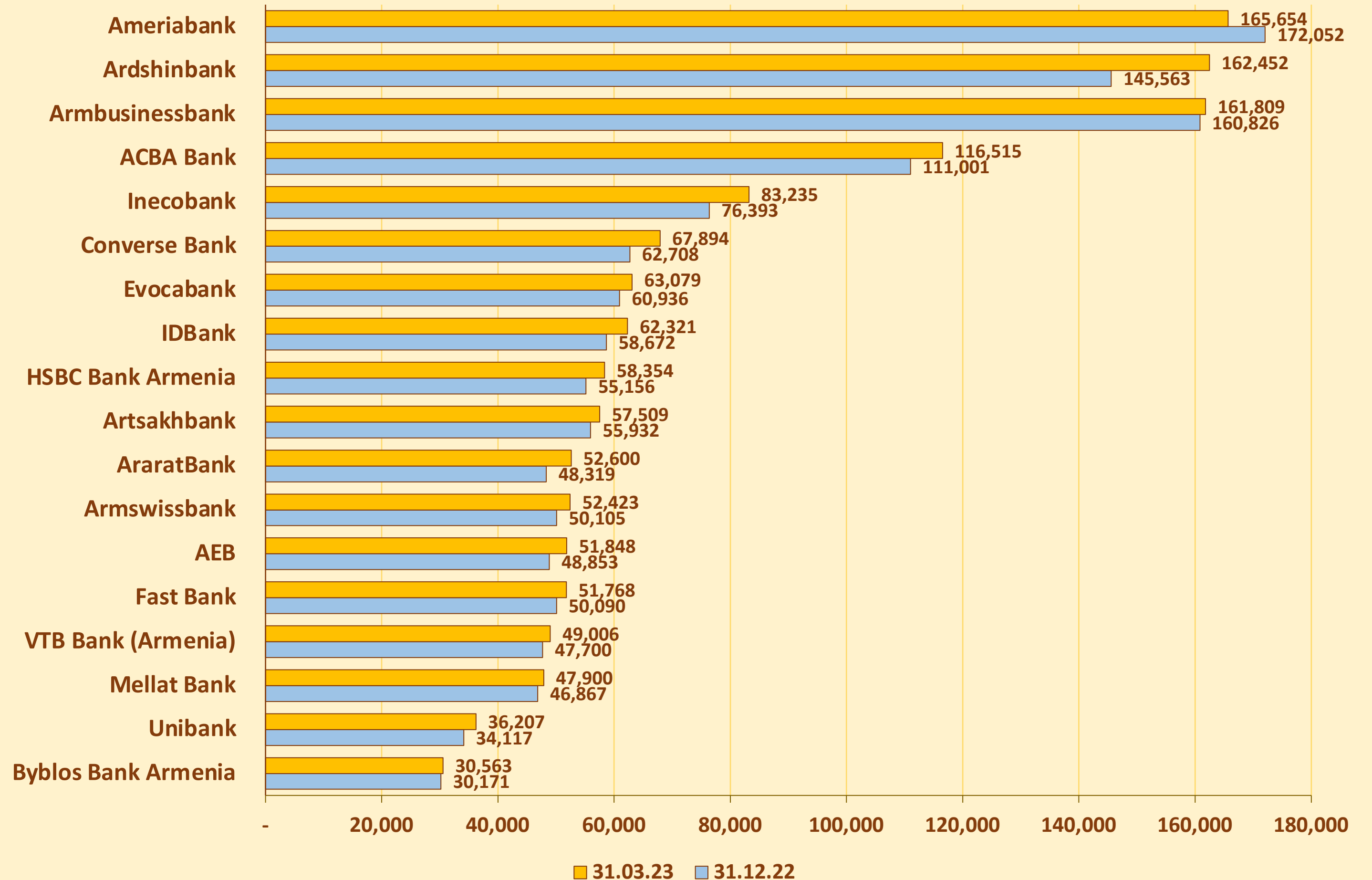
Balances of bonds issued by banks - 31.03.23 vs 31.12.22 (in mln AMD)



Total Equity

- During 1Q of 2023 , Total Equity of Armenian banking sector is increased by **56 bln AMD**, or by **4.2%** and is amounting to **1.371 bln AMD**.

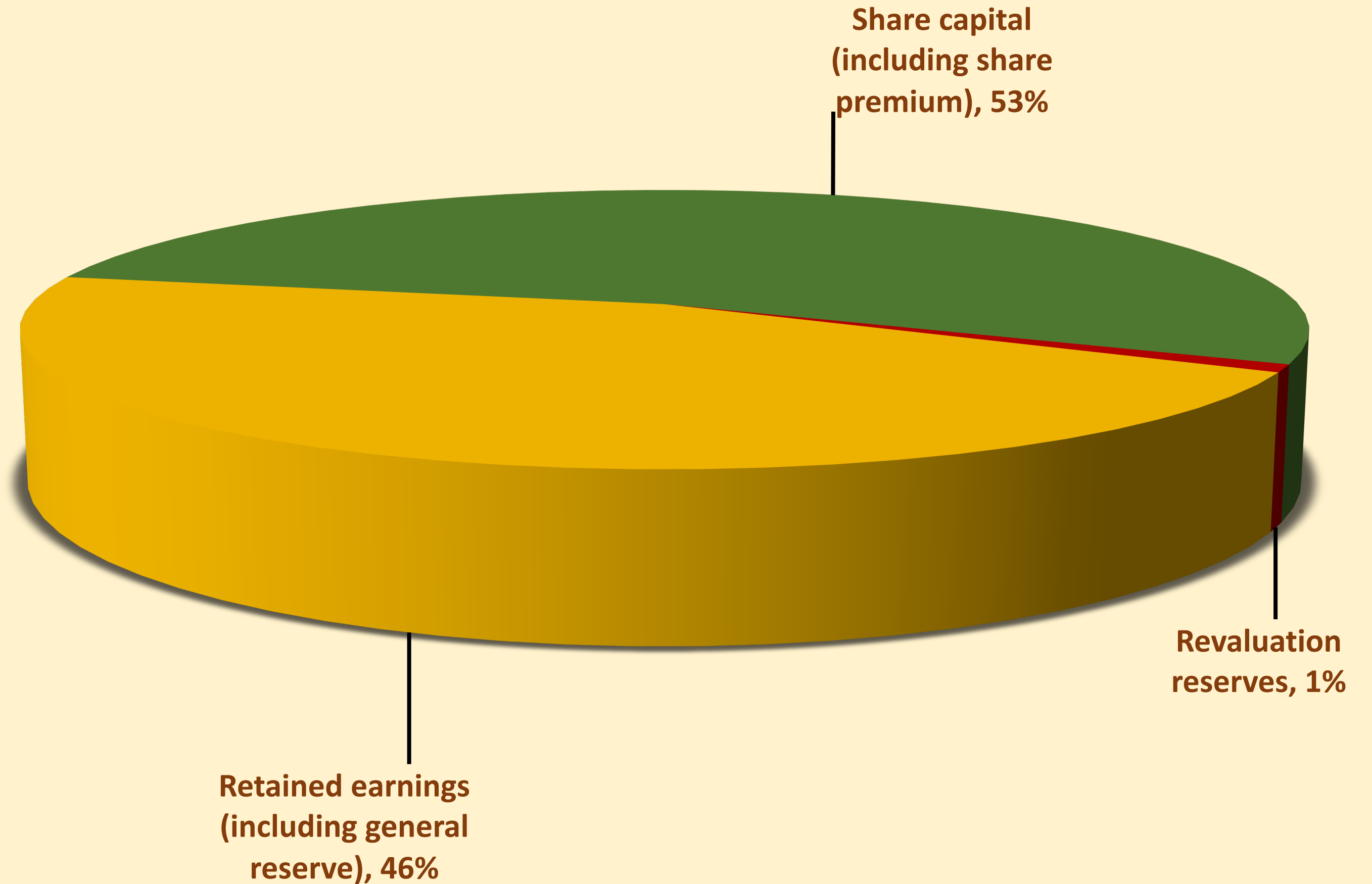
Total equity by banks - 31.03.23 vs 31.12.22 (in mln AMD)



Total Equity

- The major component of total equity of Armenian banking sector is **Share Capital (including share premium)**, with the share of **53%** and is amounting to **733 bln AMD** as of 31.03.2023.
- Second largest component - **Retained Earnings (including general reserve)** with the share of **46%** and is amounting to **626 bln AMD** as of 31.03.2023.
- **Revaluation Reserves (mainly PPE and Financial Assets revaluation reserves)** have share of **1%** and are amounting to **12 bln AMD** as of 31.03.2023.

Components of Total Equity as of 31.03.23



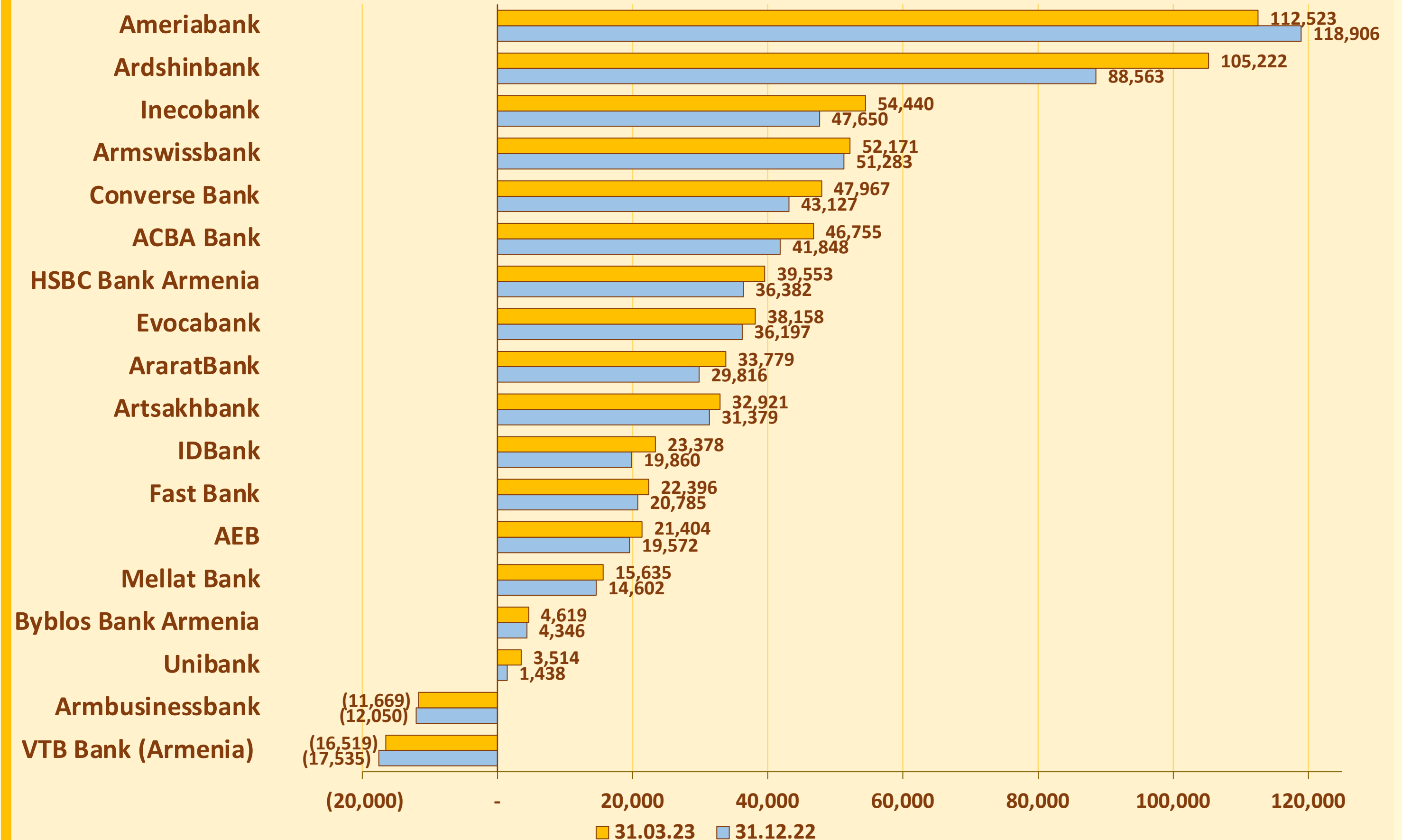
Retained earnings

- During 1Q of 2023 retained earnings (including general reserve) of Armenian banking sector are increased by **50 bln AMD**, or by **8.7%** and are amounting to **626 bln AMD**.

- Four banks declared dividends during 1Q of 2023 , amounting to 20 bln AMD

1. Ameriabank – 17.7 bln AMD,
2. Evocabank – 2 bln AMD.
3. AEB- 219 mln AMD,
4. Ardshinbank-39 mln AMD,

Retained earnings (accumulated loss), included general reserve - 31.03.23 vs 31.12.22 (in mln AMD)



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