

FINANCIAL ANALYSIS OF ARMENIAN BANKING SECTOR 2023

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Executive summary

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

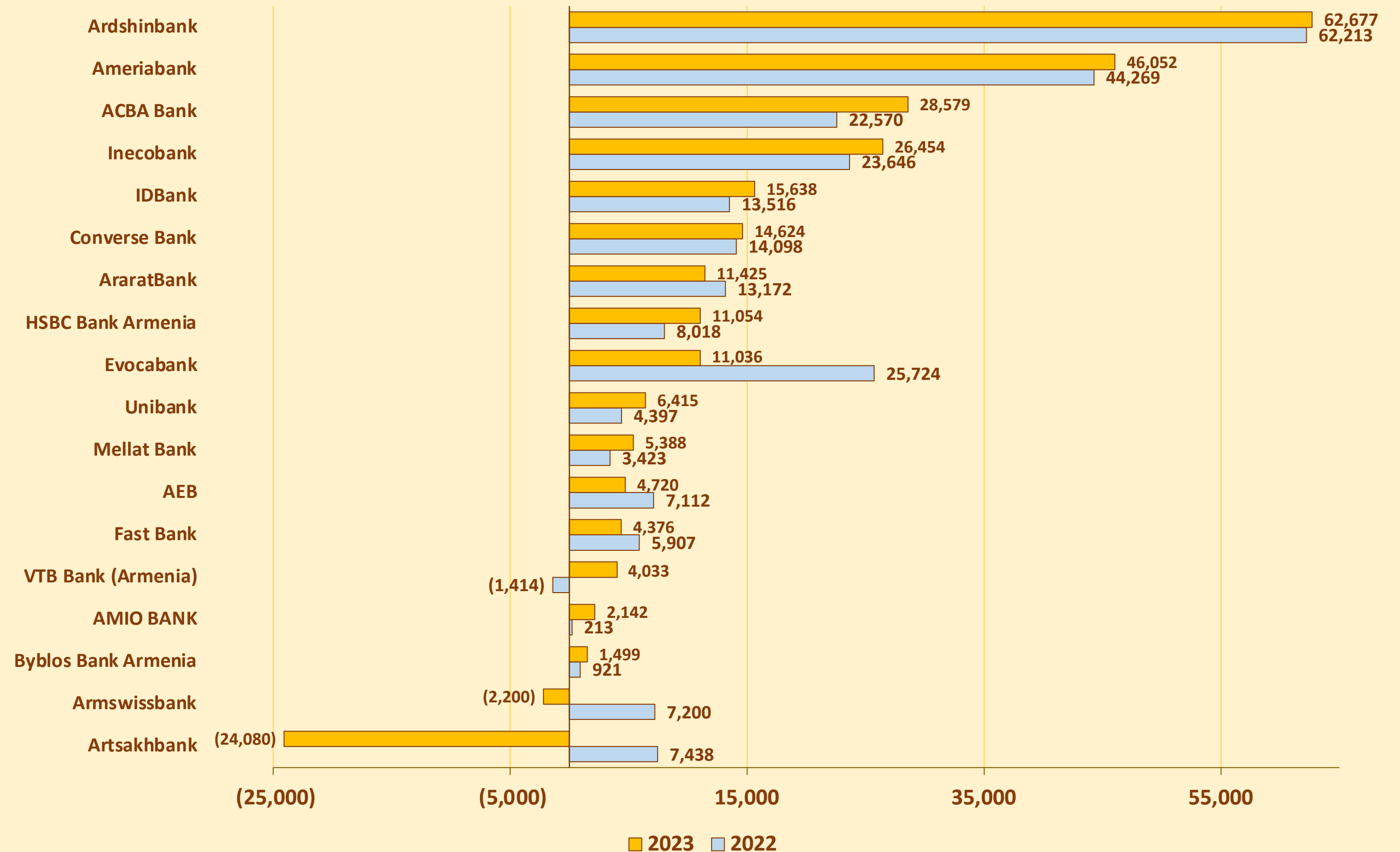
Published financial statements of Armenian banks were used for the preparation of this article. For opening balances, as of 31/12/2022 audited financial statements were used.

Net profit analysis

- Total net profit of all Armenian banks for 2023 is equal to **230 bln AMD**, which is by **32.5 bln AMD**, or by **12%** less than was recorded during 2022.
- This decrease is mainly explained by the issues related to situation in Artsakh.

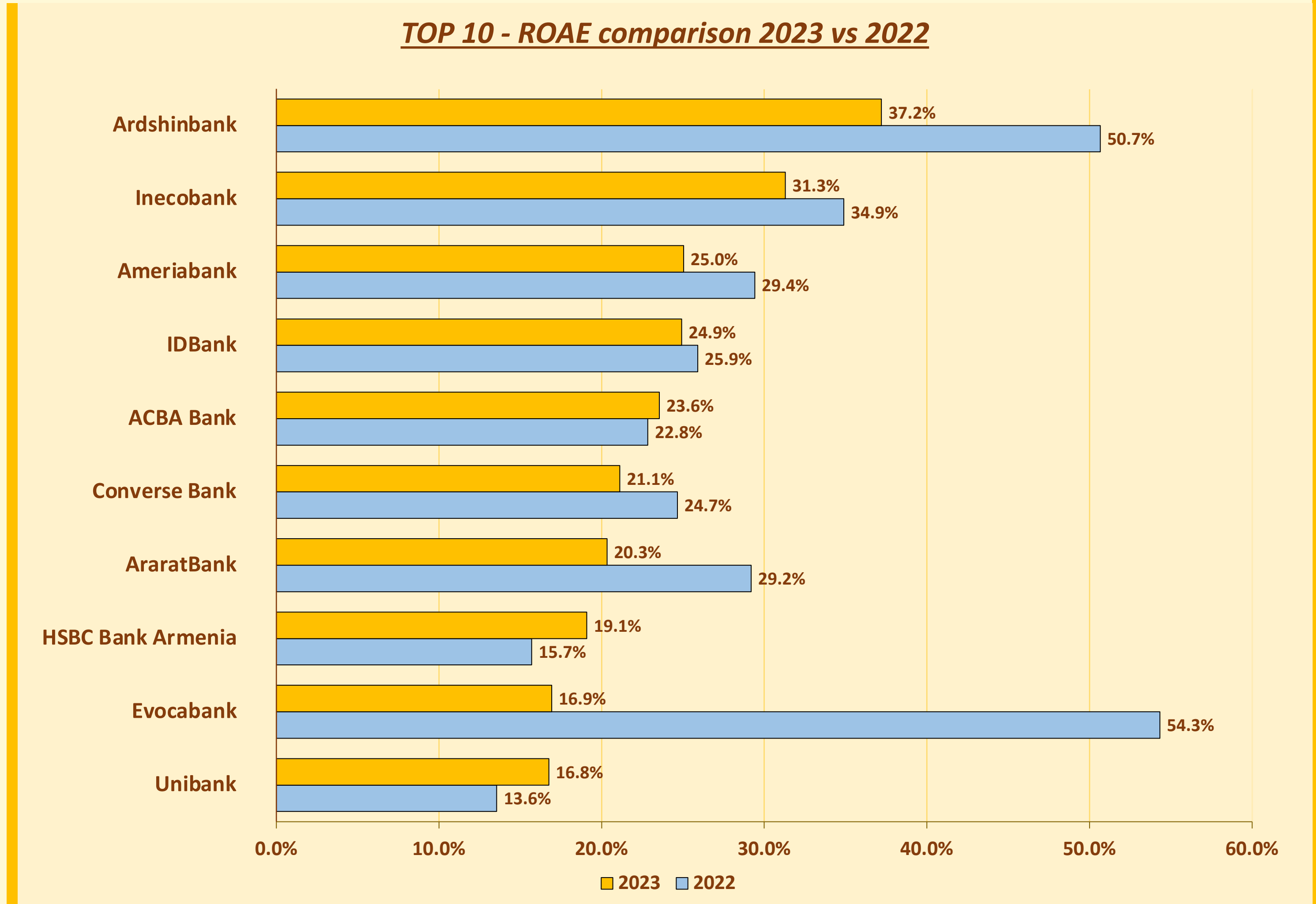
Net profit of banks for 2023 vs 2022

(in mln AMD)



ROAE

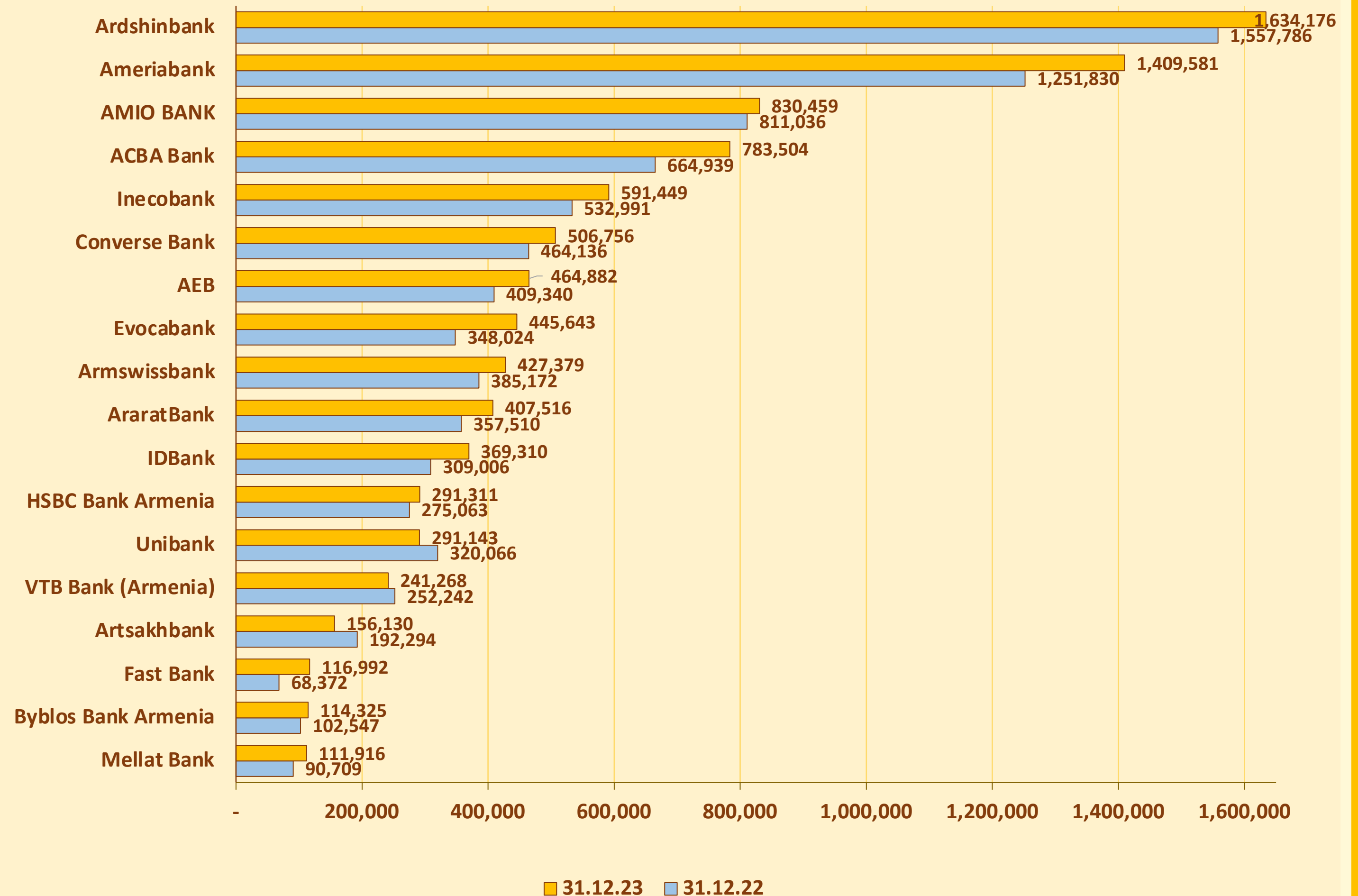
- ROAE of banking sector is equal to **16.5%** in 2023 .
- The highest ROAE was recorded by Ardshinbank.



Total assets

- During 2023, total assets of banking sector are increased by **801 bln AMD** or by **9.5%**.
- As of 31.12.2023, total assets are amounting to **9,194 bln AMD**.

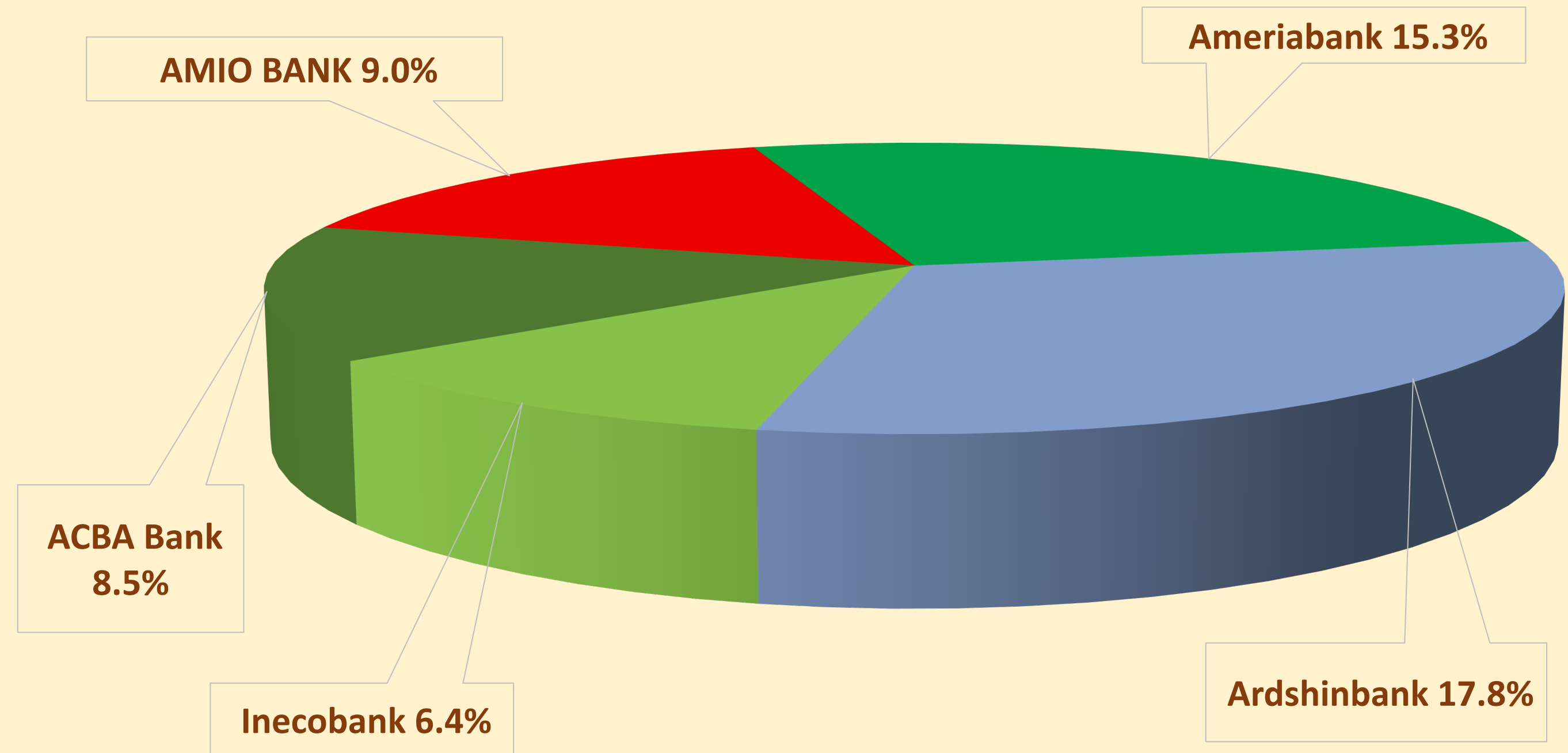
Total assets by banks - 31.12.23 vs 31.12.22 (in mln AMD)



Total assets

- Market share of largest 5 banks (Ardshinbank, Ameriabank, AMIO Bank, ACBA Bank and Inecobank) by total assets, is **57.1%**.
- Market share of largest 3 banks (Ardshinbank, Ameriabank, and AMIO Bank) by total assets, is **42.1%**.
- Ardshinbank has the largest market share – **17.8%**.

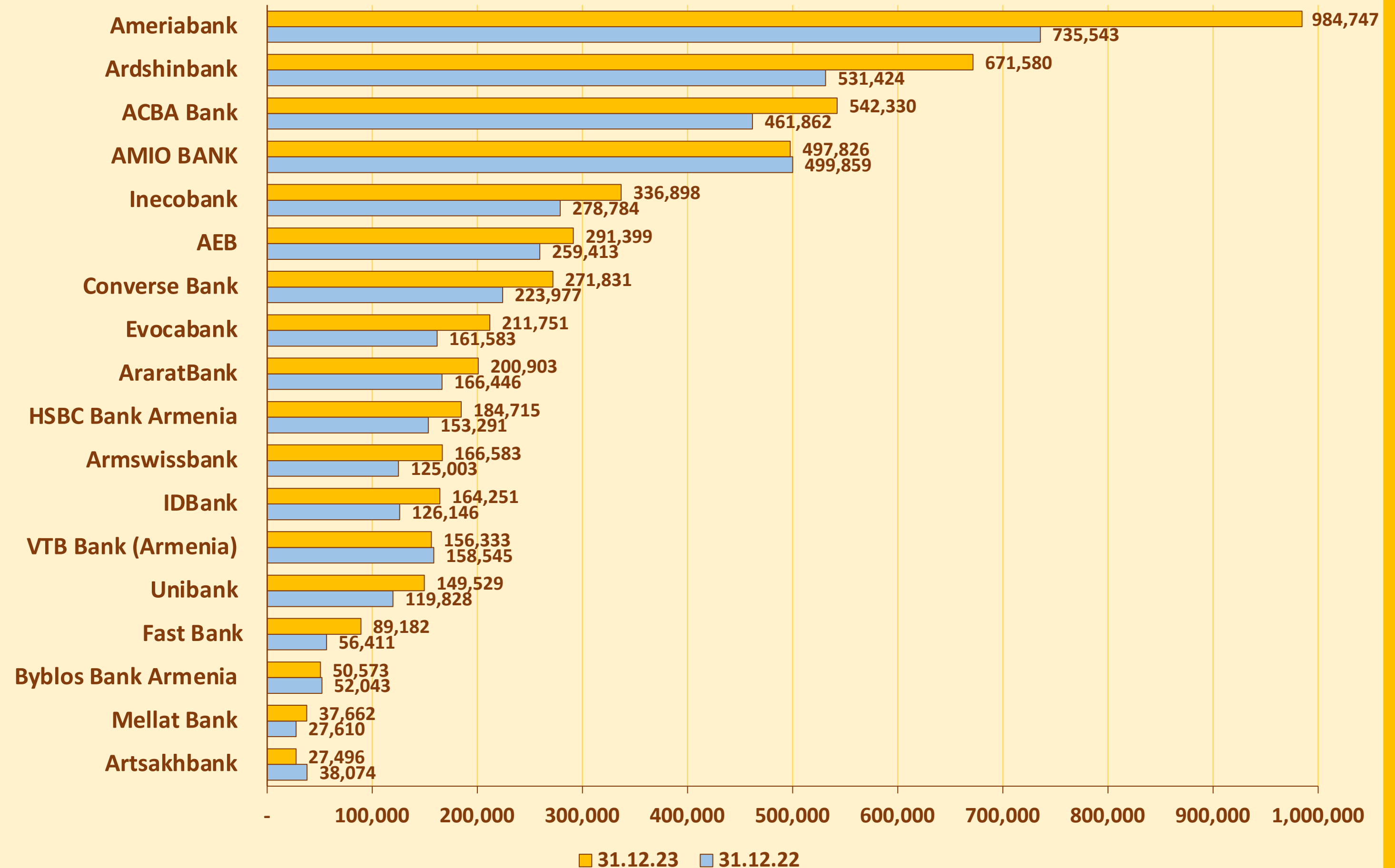
Concentration of total assets by banks as of 31.12.23 (in %)



Total loan portfolio

- Total loan portfolio of banking sector during 2023 is increased by **21%**.
- As of 31.12.2023, total loan portfolio is amounting to **5.036 bln AMD** and its share in total assets is **55%**.
- Mentioned total loan portfolio includes retail and corporate loan portfolios.

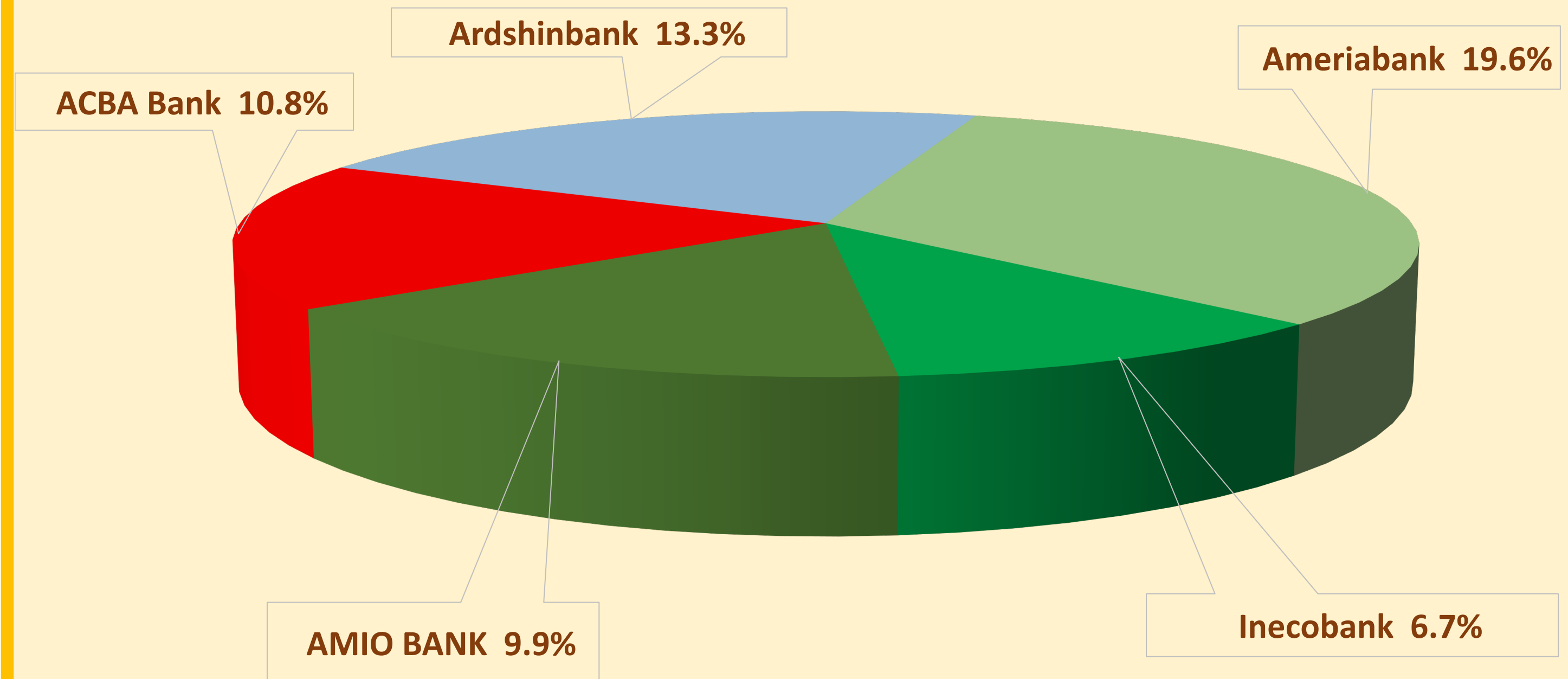
Loan portfolio dynamics for 12 months 2023 (in mln AMD)



Total loan portfolio

- Market share of largest 5 banks (Ameriabank, Ardshinbank, ACBA Bank, AMIO Bank and Inecobank) by total loan portfolio, is **60.2%**.
- Market share of largest 3 banks (Ameriabank, Ardshinbank and ACBA Bank) by total loan portfolio is **43.7%**.
- Ameriabank has the largest market share – **19.6%**.

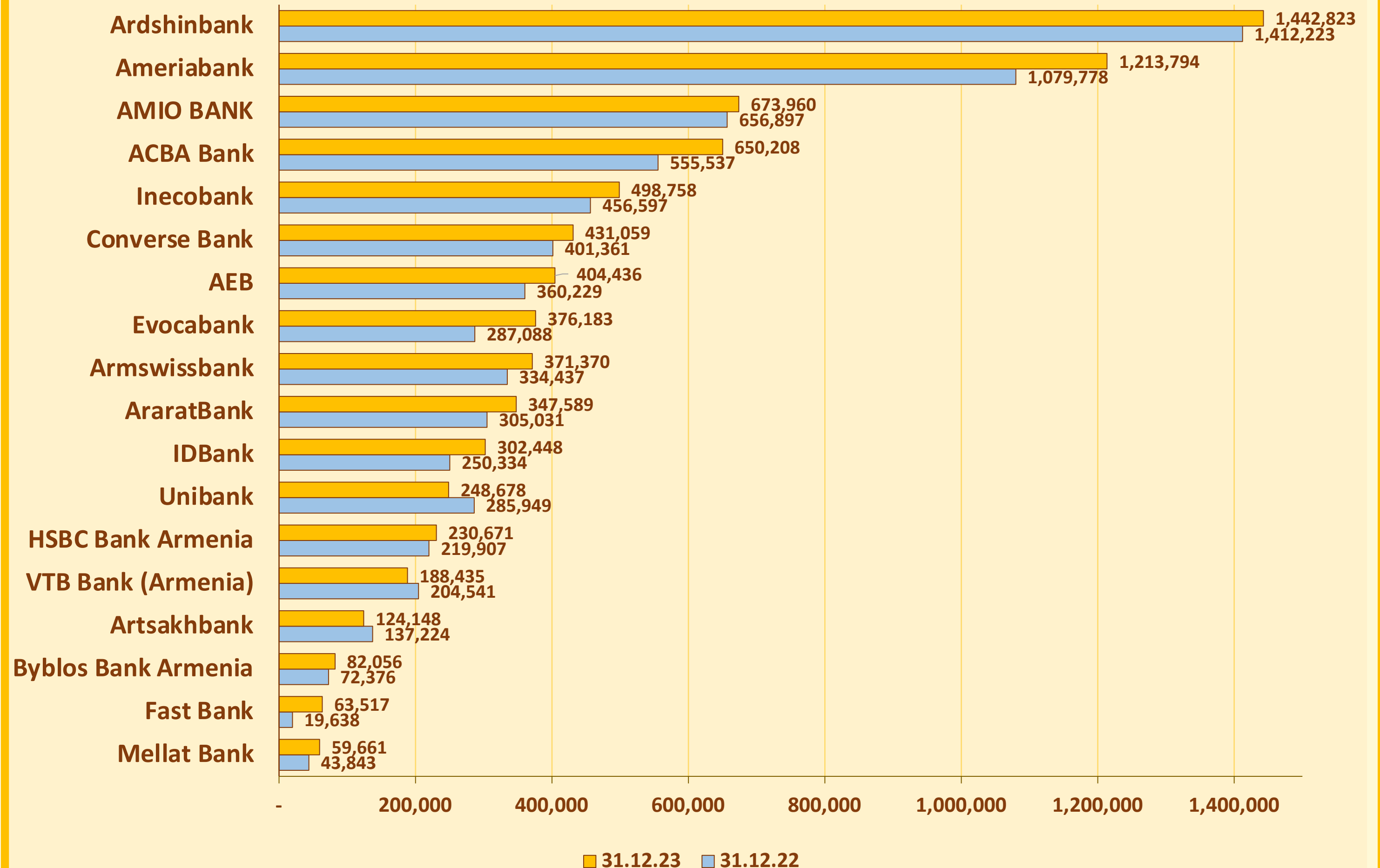
Concentration of total loan portfolio as of 31.12.23 (in %)



Total liabilities

- During 2023, total liabilities of banking sector are increased by **627 bln AMD** or by **9%**.
- As of 31.12.2023, total liabilities are amounting to **7.708 bln AMD**.

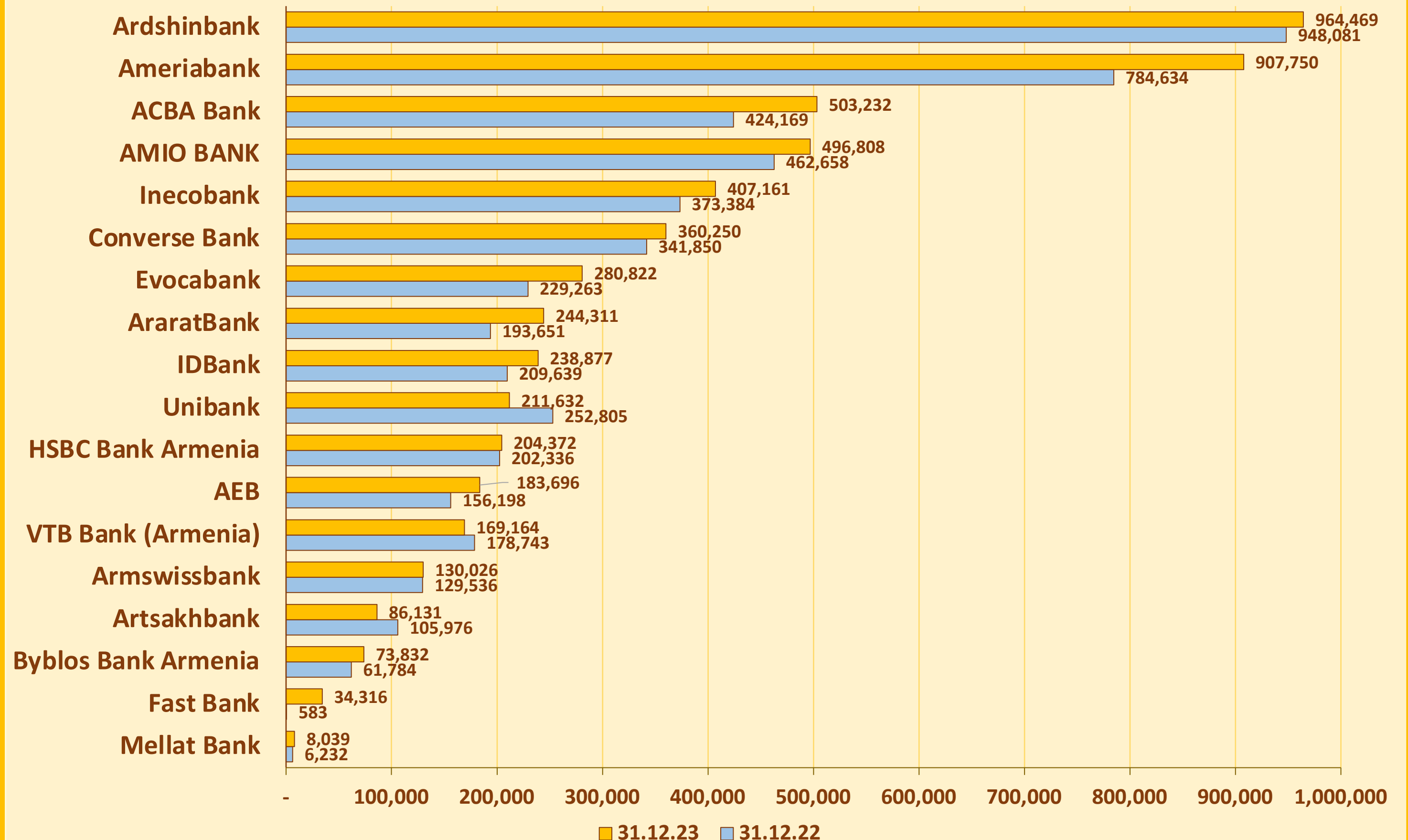
Total liabilities by banks - 31.12.23 vs 31.12.22 (in mln AMD)



Current accounts and deposits from customers

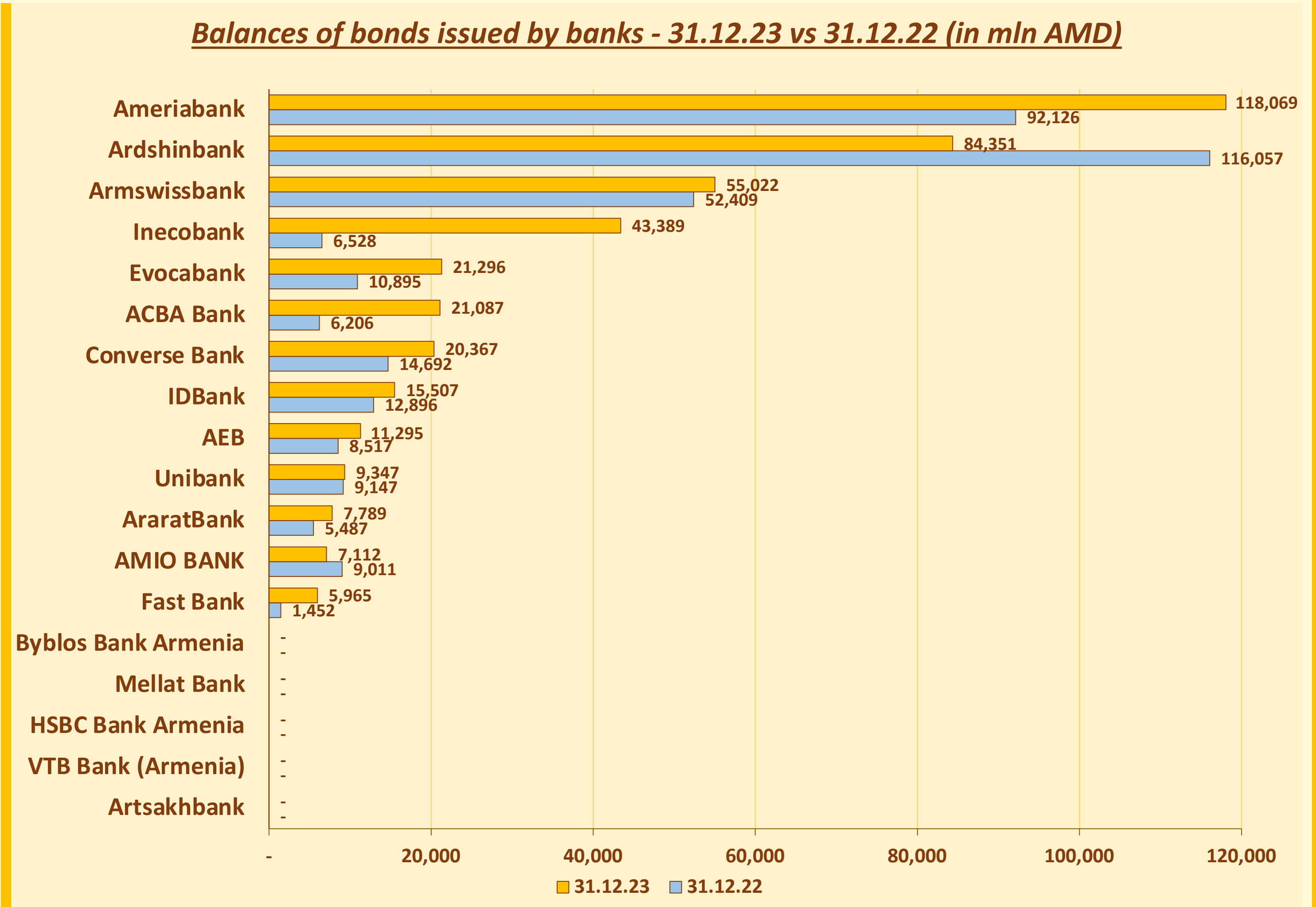
- During 2023, total balance of current accounts and deposits of retail and corporate clients of banking sector is increased by **443 bln AMD** or by **9%**.
- As of 31.12.2023, total balance of current accounts and deposits of retail and corporate clients is amounting to **5.505 bln AMD** and its share in total liabilities is **71%**.

Current accounts and deposits of customers - 31.12.23 vs 31.12.22 (in mln AMD)



Bonds

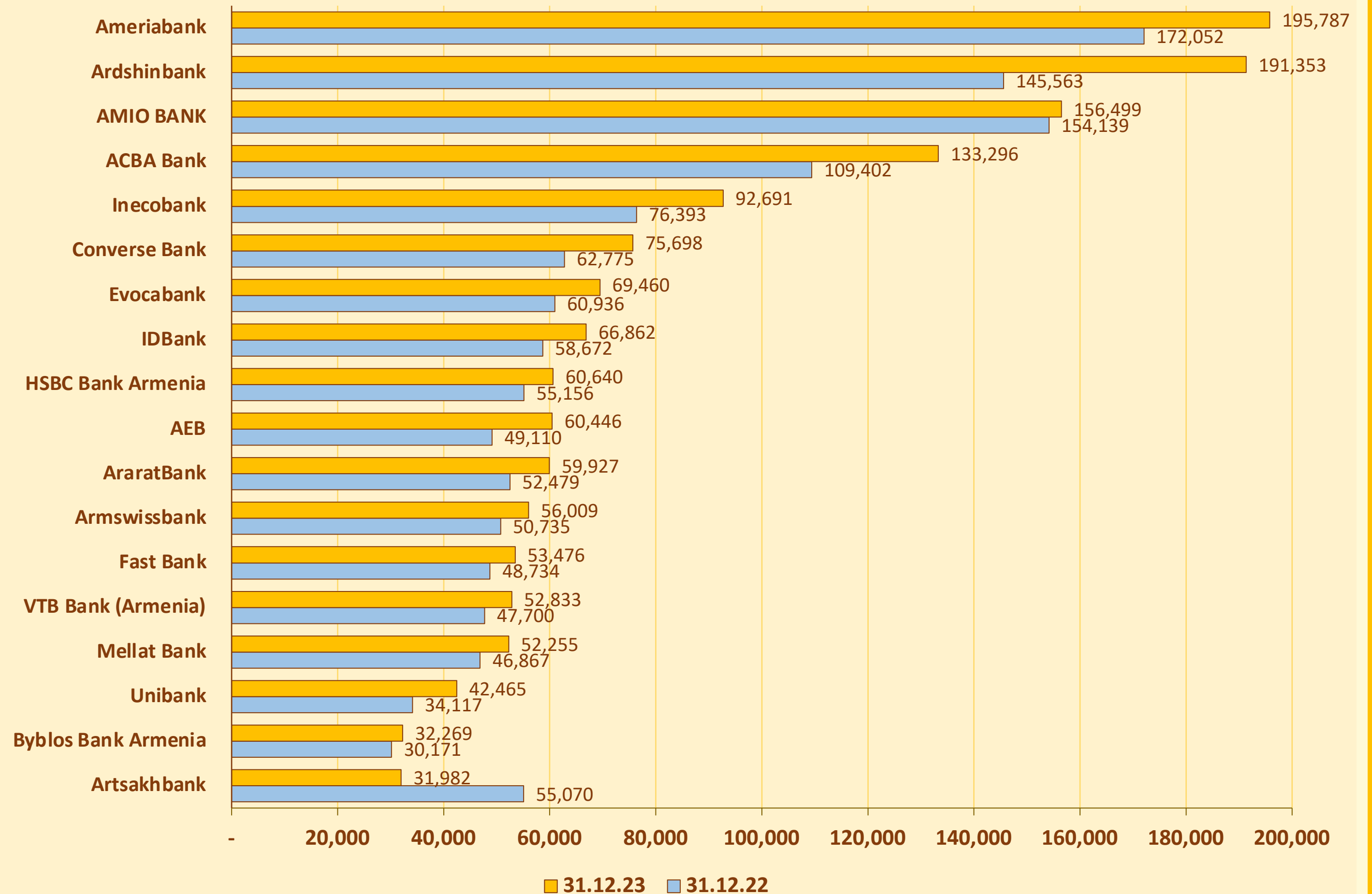
- During 2023, total balance of bonds issued by Armenian banks is increased by **75 bln AMD**, or **22%**.
- Currently **13** from total **18** banks, have issued bonds. Majority of bonds are listed on Armenian Stock Exchange.



Total Equity

- During 2023, Total Equity of Armenian banking sector is increased by **174 bln AMD**, or by **13%** and is amounting to **1.484 bln AMD**.
- This increase is mainly due to increase of retained earnings by **145 bln AMD**.

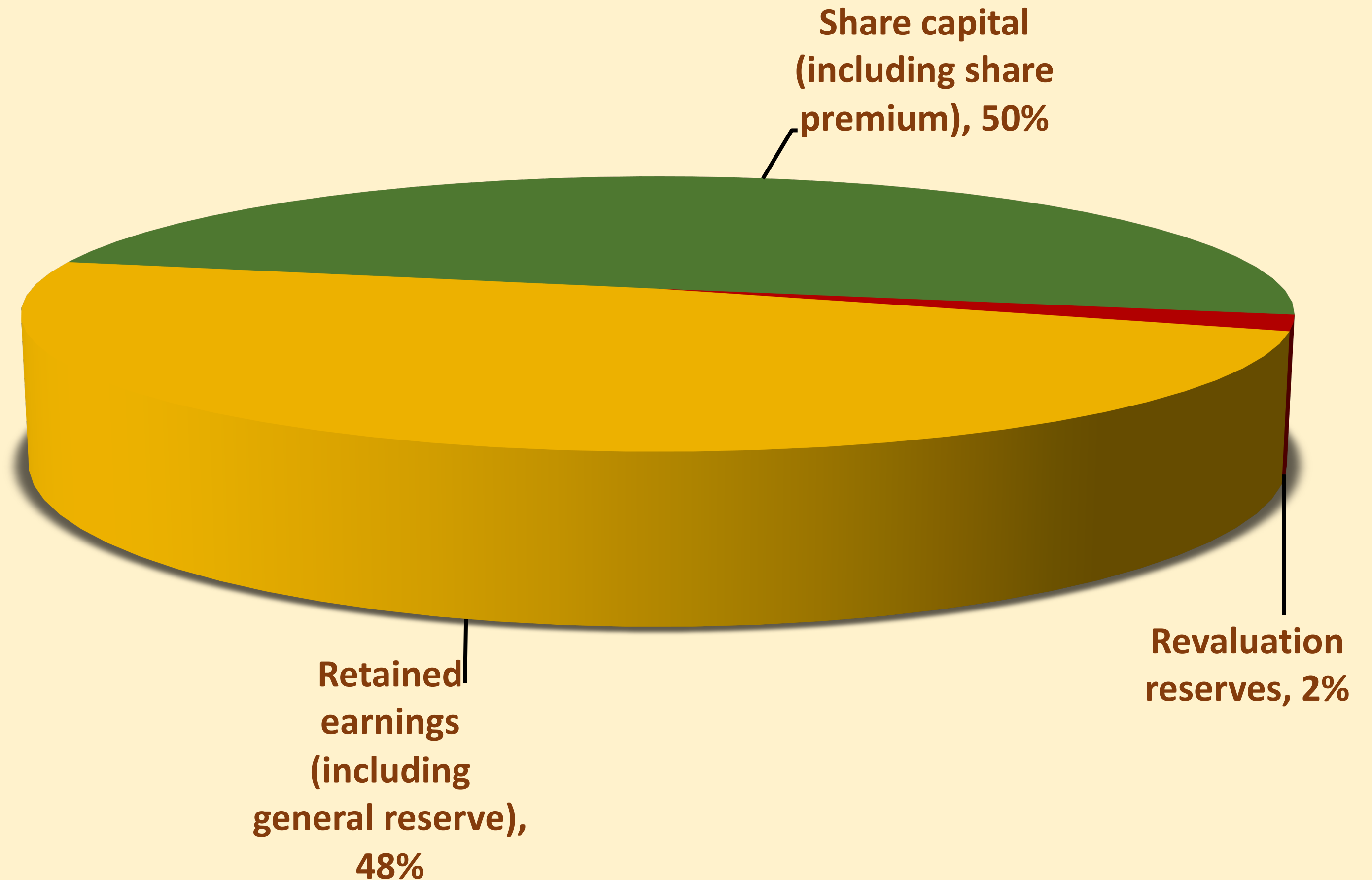
Total equity by banks - 31.12.23 vs 31.12.22 (in mln AMD)



Total Equity

- The major component of total equity of Armenian banking sector is **Share Capital (including share premium)**, with the share of **50%** and is amounting to **737 bln AMD** as of 31.12.2023.
- Second largest component - **Retained Earnings (including general reserve)** with the share of **48%** and is amounting to **719 bln AMD** as of 31.12.2023.
- **Revaluation Reserves (mainly PPE and Financial Assets revaluation reserves)** have share of **2%** and are amounting to **28 bln AMD** as of 31.12.2023.

Components of Total Equity as of 31.12.23



Retained earnings

- For the purpose of this analysis, it is more reasonable to review retained earnings jointly with general reserve.
- During 2023 **retained earnings (including general reserve)** of Armenian banking sector are increased by **145 bln AMD**, or by **25%** and are amounting to **719 bln AMD**.
- 11 banks declared dividends during 2023, amounting to 87 bln AMD

1. Ameriabank	23 bln AMD
2. Ardshinbank	18.1 bln AMD
3. Inecobank	13 bln AMD
4. IDbank	7.8 bln AMD
5. HSBC Bank Armenia	5.8 bln AMD
6. AraratBank	5 bln AMD
7. Converse Bank	4.4 bln AMD
8. ACBA Bank	4.4 bln AMD
9. Evocabank	3.44 bln AMD
10.AEB	1.2 bln AMD
11.Unibank	0.52 bln AMD

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