

# **Investor**Presentation



### Ameriabank at a Glance

2022 Q1 Snapshot

2022 Q1 Financial Results

**Strategy Highlights** 

**Appendices** 



## **Investment**Highlights

The Leading Bank in Armenia

1st in the market by key financial indicators for almost a decade, offering a window onto the whole Armenian Economy

- Omni channel Distribution Platform with Focus on Digital 91% offloading ratio\*
- Superior Customer and Employee Experience

  High service quality and customer satisfaction scores, high employee satisfaction and engagement levels, proven leadership by culture and values
- doing business responsibly and promoting ESG culture, first Green Bond issuer in the country, best practice corporate governance, professional Board and experienced management team
- Robustness and Resilience with Significant Growth Potential
  Sustaining decent performance during challenging times, postpandemic accelerated growth and enhanced profitability
- Attractive Macro Fundamentals

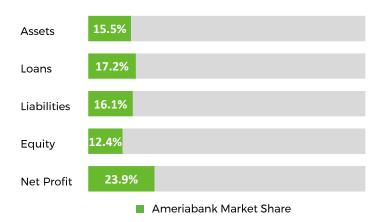
  Emerging economy, with proven resilience towards crises and external shocks, high average economic growth, low average inflation and stable exchange rate



### The Leading Bank in Armenia

#### **Overview**

- The largest universal bank in Armenia, offering corporate, investment and retail banking services.
- 1st in the market by key financial indicators: assets, liabilities, loans, regulatory capital, net profit and return on equity
- Major contributor to Armenian banking sector development
- Ongoing appreciation and quality recognitions by reputable global institutions
- Highest possible credit ratings within current sovereign rating constraints.









largest ATM network in the capital



largest network of vPOS terminals in the country



one of the largest networks of POS terminals in the country

### **Ratings**

#### S&P

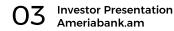
Long-Term	B+
Short-Term	В
Outlook	Stable
SACP	bb-

#### Moody's

Bank deposits	Ba3/NP
BCA	bī
CRA	Ba3(cr)/NP(cr)
Outlook	Negative

### **Ownership Structure**







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### 2022 Q1 Achievements

### leader per 2022 Q1 results

1,114 B
Assets of AMD

978 B
Liabilities of AMD

713 B Loans\* of AMD

2nd 136B Equity of AMD 7.5 B
Profit of AMD

22.7%
Return on equity

- Record high net profit of AMD 7.5B, up by 89% YoY.
- Named Best Bank and Best Investment Bank in Armenia in 2022 by Global Finance.
- The offloading ratio stood at 91%, while online banking penetration rate reached 59%, up by 3pp YtD.
- NPS reached 74.8%, while CEI\*\* comprised 9.6.







Ameriabank at a Glance

2022 Q1 Snapshot

### **2022 Q1 Financial Results**

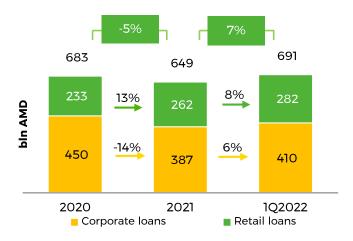
**Strategy Highlights** 

**Appendices** 

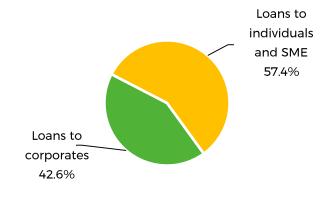


### **Core** Business

#### Loan portfolio



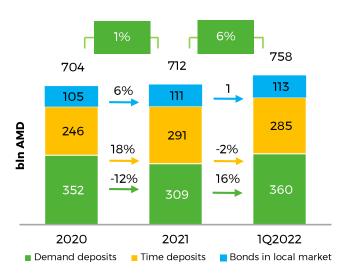
#### Loan portfolio breakdown



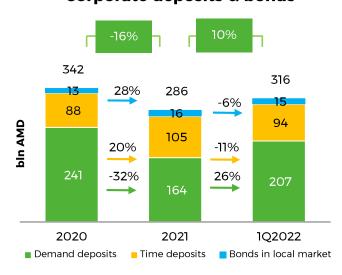
#### **Highlights**

- Increasing share of retail and SME loans (57.4%) in line with the Bank's strategy to move to more universal banking model.
- The loan portfolio growth is mostly due to the growth of Large, SME and Mortgage loans portfolios.
- The Bank is the leader in the local corporate bond market with 21% market share.
- Corporate deposits and bonds increased by 10% YtD mainly due to demand deposits growth. There was slight growth of Retail deposits and bonds too despite the uncertainties deriving from current geopolitical situation.

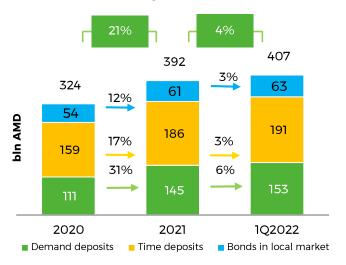
#### **Deposit & bonds\***



### **Corporate deposits & bonds**



#### **Retail deposits & bonds**







### **Assets & Liabilities Structure**

### ......



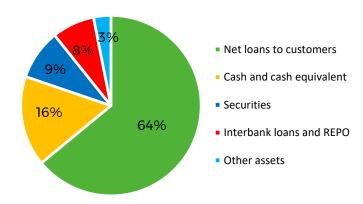
### **Liabilities and equity**



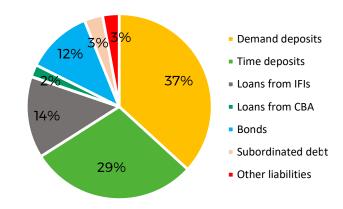
#### **Highlights**

- Diversified balance-sheet structure with interest earning assets to total assets at 81% and customer funds to total liabilities ratio at 87%.
- Maintaining exceptional sectorial diversification of loan portfolio, with balanced exposure to all industries.

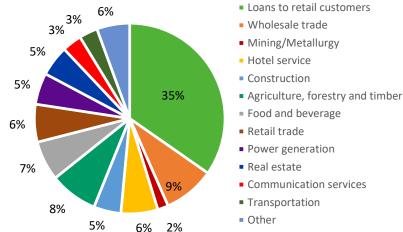
#### Structure of assets



#### Structure of liabilities



#### Loan portfolio structure by sector

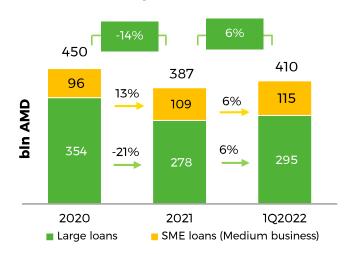




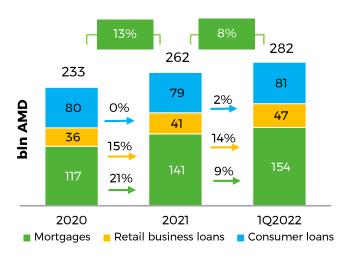


### **Corporate & Retail Banking**

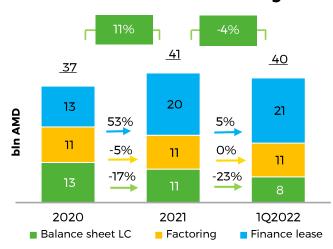
#### **Corporate loans**



#### **Retail loans**



#### **Trade finance and Leasing**



#### **Trade Finance (off Balance)**



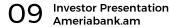
#### **Highlights**

- Corporate loans portfolio increased by 6% YtD due to both Large and SME loans.
- Though Trade finance and Leasing portfolio decreased by 4% YtD due to the decrease of BS LCs volumes, trade finance off balance portfolio increased by 25%.
- Retail loan portfolio recorded 8% growth YtD, with business loans registering double digit growth rate which is in line with the bank's strategic goals.
- The bank's share in total market retail loans\* reached 13.9% (up by 0.5pp), with 21.5% share in mortgage market.

**АМ 282** <sub>b</sub>

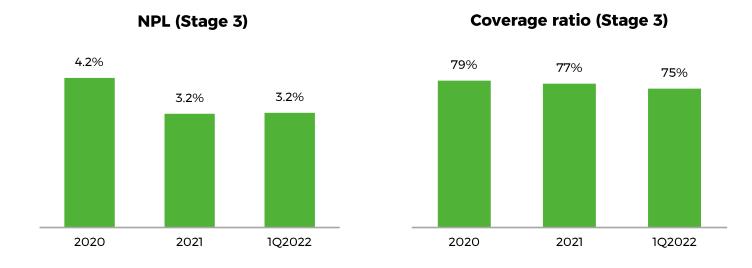
retail loans

AMD 410<sub>b</sub>





### **Loan Portfolio** Quality



Cost of credit risk

0.9%

2021

#### **Highlights**

- NPL ratio is almost flat vs YE 2021.
- · Cost of credit risk reversed to values below its historical mean, mainly due to significant improvement of retail loans cost of credit risk.



0.6%

102022

3.2% 0.6%

NPL

Cost of credit risk

**75%** 

Coverage ratio

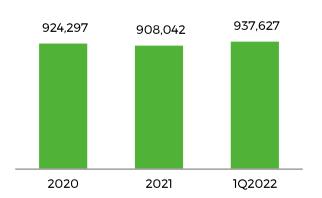
2.8%

2020

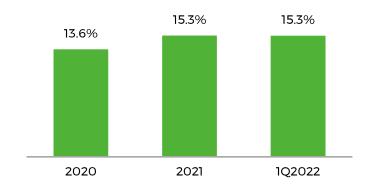
### **Capital**



### Risk Weighted Assets (AMD mn)



### **Capital Adequacy Ratios**



### **Highlights**

- Bank's Tier 1 ratio slightly improved mainly due to net profit retention.
- The Bank is committed to maintaining high capital standards in line with the increasing capital buffers timeline.

15.3%

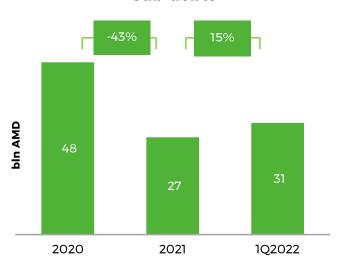


### **Funding & Liquidity**

#### **Attracted funds**



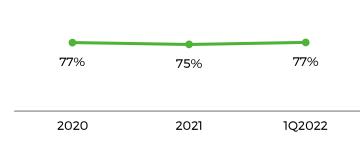
#### **Sub-debts**



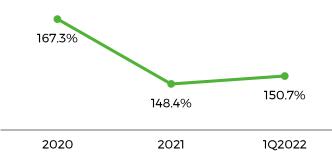
### **Highlights**

- 13% decrease in senior loans attractions was due to slight changes in funding attraction schedules, otherwise the signed deal volumes were in line with the planned figures based on the bank's liquidity needs.
- New sub-debt attractions resulted in a 15% increase of sub debt portfolio vs YE 2021. In 2021 sub-debt portfolio decreased by 43%, as USD 50M of sub-debt was fully "amortized" per CBA regulations and was no longer included in Tier 2 capital calculations.
- Liquidity ratios (LCR & NSFR) are well above the required thresholds (100%).

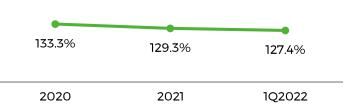
### Loans to deposits and borrowings ratio



### **LCR (Liquidity Coverage Ratio)**

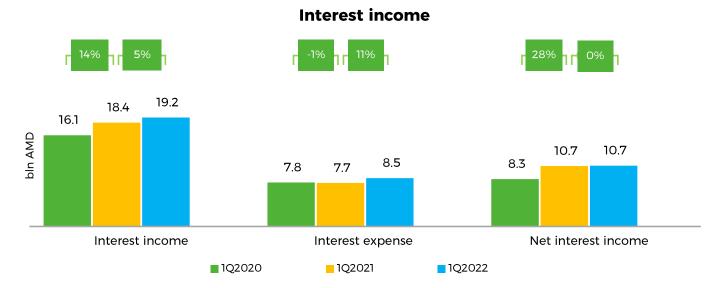


### **NSFR (Net Stable Funding Ratio)**

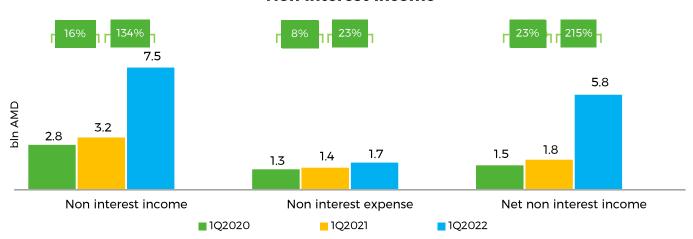




### Income



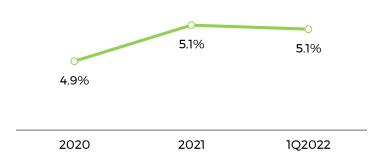
#### Non interest income



### **Highlights**

- Net interest income was flat vs the same period of 2021, hence the Bank maintained NIM at the same level.
- Net non interest income more than tripled YoY mainly due to significantly higher income from FX transactions and gains from derivatives.

### NIM (Net Interest Margin)

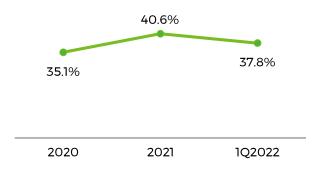




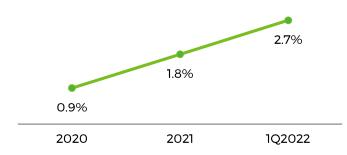
### **Efficiency & Profitability**

### 

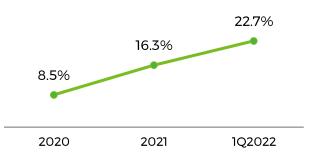
### CIR (Cost to Income ratio)



#### **ROA (Return on Assets)**



### **ROE (Return on Equity)**



#### **Highlights**

- Net profit increased by 89% YoY due to higher non interest income as well as savings on loan loss charges.
- Significant increase of net profit resulted in the improvement of the key performance ratios: ROA and ROE recorded 0.9pp and 6.4pp YtD increase and over-performed the market average by 1pp and 10.7pp respectively.
- CIR improved by 2.8pp due to high income generation.



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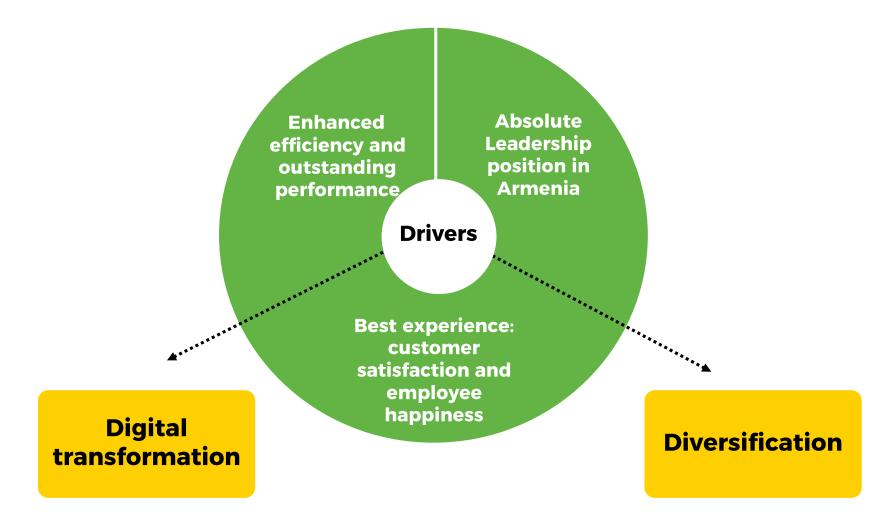
2022 Q1 Financial Results

### Strategy Highlights

**Appendices** 

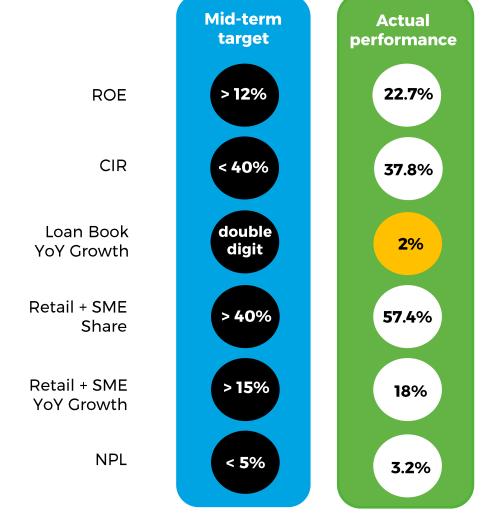


### **Strategic** Objectives





### **Mid-term** Targets

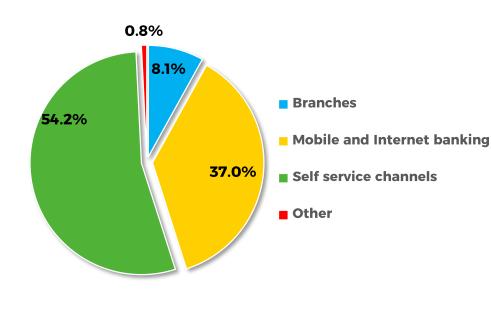




### Omni Channel Distribution Platform with Focus on Digital

### Enhanced distance banking capabilities

#### **Share of operations via different channels**



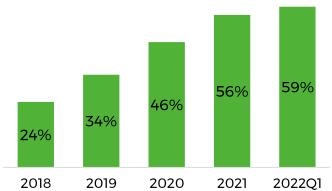




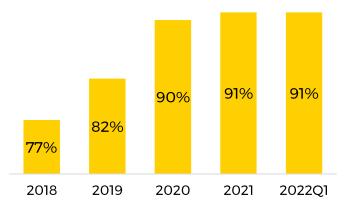








### Offloading ratio\*\*





### **Superior** Customer and Employee Experience

Best customer experience and high satisfaction scores

Current Progress	mid term targets		
<b>74.4</b> % Net Promoter Score (NPS)	≥ <b>70</b> %		
9.3 Client Experience Index (CEI)	≥ 9.3		

Online market platforms/ecosystems

#### **Launched ecosystems**

estate market

auto market

• E-commerce

• SME ecosystem

ecosystems market penetration rate

≥ 50%

Employee happiness and well-being

**81%** 

**Employee satisfaction / happiness index** 

≥ 80%



### **Best in Class** ESG Practices

Our Sustainability
Strategy

long-term commitment
to creating a sustainable
environment and
supporting customers'
transition towards a carbon
neutral economy



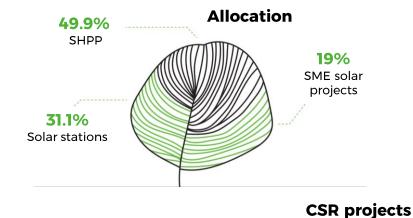






Green Bonds Issuance

- First Green bond issuer in Armenia
- **USD 64 mn** Green bonds issued in total



Impact\*

**128,862 tons** eCO2 emissions avoided

156,571,928 kwh
Estimated annual total clean
electricity production

Doing business responsibly and giving back to community

- Best practice E&S risk management
- **4118mn** allocated in 2021 for CSR purposes



Children's healthcare and wellbeing



Educational





Infrastructure and community development



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Appendices: External Environment



### **Armenia** Country Overview

#### General

GDP: 13,9 bln (2021, current \$)

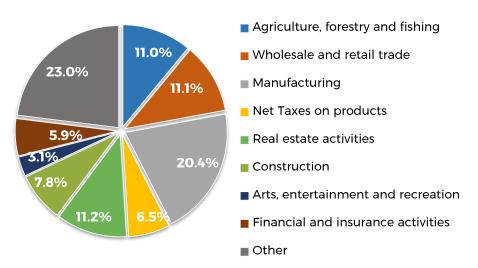
GDP per capita: 4,68K (2021, current \$)

Moody's: Ba3 (negative)

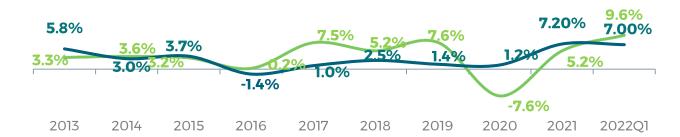
Fitch: B+ (stable) S&P: B+ (stable)

#### **Well Diversified Economy**

GDP Structure by production\*



### **High Average GDP Growth & Low Inflation** 2013-2022



—Inflation, 12m YoY

†Real GDP growth indicator of 1Q2022 is not available yet. EAI (proxy of GDP growth) is taken.

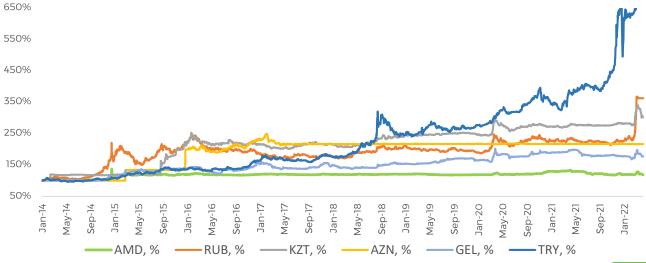
\*\*daily rate changes with 2014 January as basis.

Source: Bloomberg

#### **Most Stable Currency in the Region**

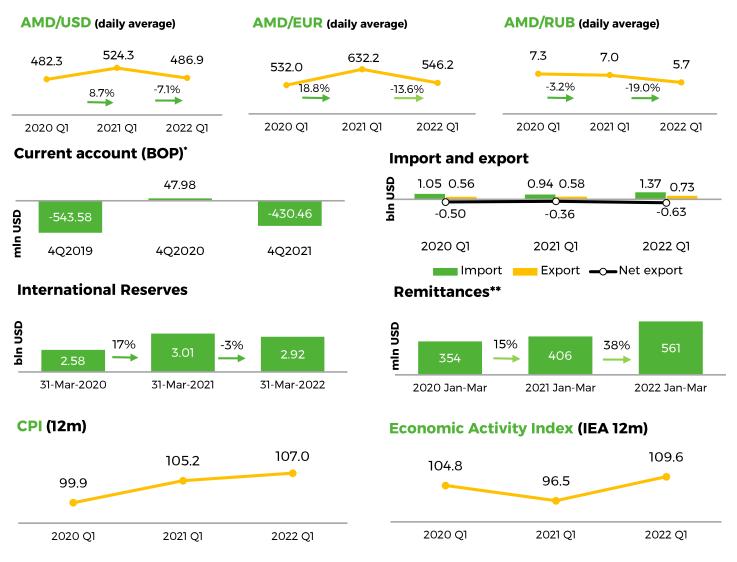
(regional currencies vs USD FX rate dynamics)\*\*

-GDP real growth. %





### **Armenia** macro indicators



### Highlights

- EAI (GDP growth proxy) for 1Q2022 comprised 9.6%, 13.1pp higher compared to 1Q2021.
- 12-month cumulative CPI reached 7.0% in 1Q2022 vs previous year's 5.2%. It is still the lowest in the region.
- Armenian dram appreciated by 7.1% against US dollar over 1Q2022 vs 1Q2021. Despite recent fluctuations, AMD has been the most stable currency in the region.
- Current account deficit increased as of 4Q2021 vs the same period of previous year.
- Remittances increased by 38% YoY for Q1 2022.

Source: Statistical Committee of Armenia, Central Bank of Armenia

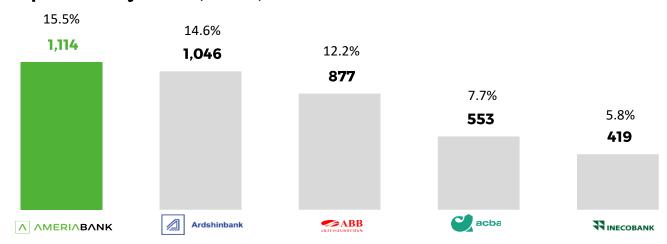


<sup>\*</sup>Updated information is not available yet.

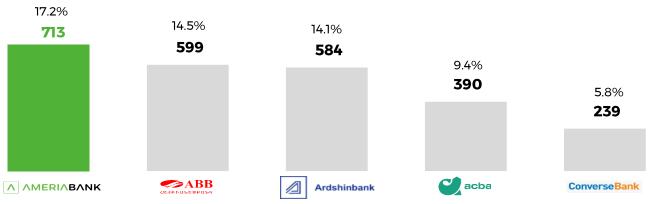
<sup>\*\*</sup>Remittances include total commercial and non-commercial transfers of physical persons through the banking system.

### **Armenian Banking Sector** Highlights

#### Top 5 banks by assets (AMD B)



#### **Top 5 banks by loans\*** (AMD B)



#### Highlights

- Banking system assets and loans totaled AMD 7,168 B and AMD 4,139 B respectively.
- A competitive market, with top five banks representing 55.9% and 61.0% of the total banking system assets and loans respectively.
- The top three banks account for 42.4% of the total assets and 45.8% of total loans.



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**Appendices: Historic Milestone** 



### **Our Road** to Success

1998

**Ameria Advisory** 

was founded by a group of young repatriated professionals

2007

1st bank acquisition deal in RA:

acquired shares of one of the oldest yet smallest banks in RA

2010

1st banking merger deal in RA:

Ameriabank and Cascade bank signed merger deal.

2015

USD 30mln equity investment by EBRD.\*

USD 50mln sub debt from IFC.\*

1st published international credit rating (**B+ rating** with Stable Outlook by Fitch)

2020-2021

1st Green Bond issuer in RA: issued EUR 42 mn Green Bond

Assets exceeding AMD 1 trillion



#### 2000-2006

Ameria became a **GROUP of companies** with expanded business lines: Legal and Tax Advisory, Business Advisory, Investment Banking, Asset Management

2008-2009

rebranded to Ameriabank.

unprecedented growth amid global crisis

#### 2011-2014

Became **the leading bank in RA**. Strategic decision to become a universal bank, significantly increasing Retail Banking share

#### 2017-2019

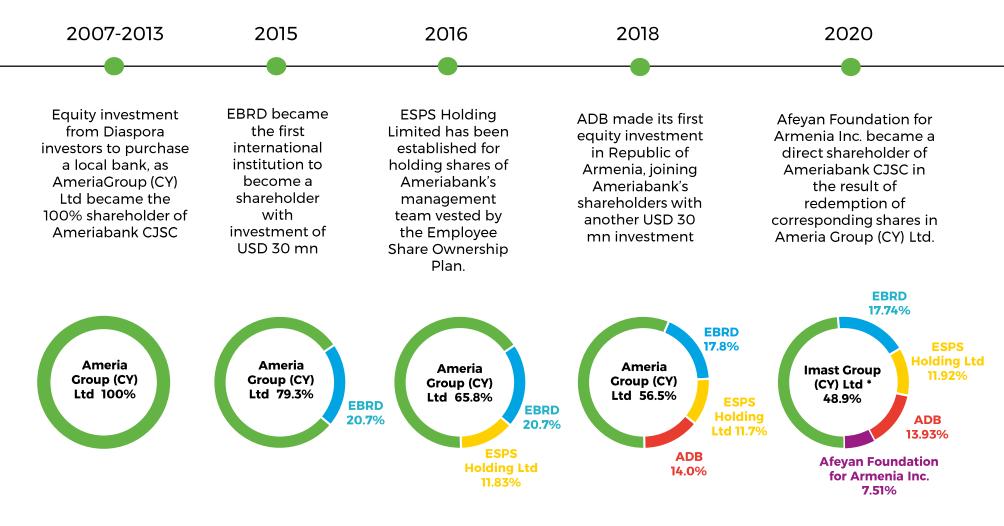
Absolute leader in RA by key financial indicators
USD 30mln equity investment by ADB in early 2018\*\*
Ba3 rating with stable outlook by Moody's
B+ rating with stable outlook by S&P



<sup>\*</sup> The largest deal with a FI in Armenia

<sup>\*\*</sup> the first equity investment of ADB in Armenia

### **Our Shareholders**





### **Recognition & Honors**

### for Achievements

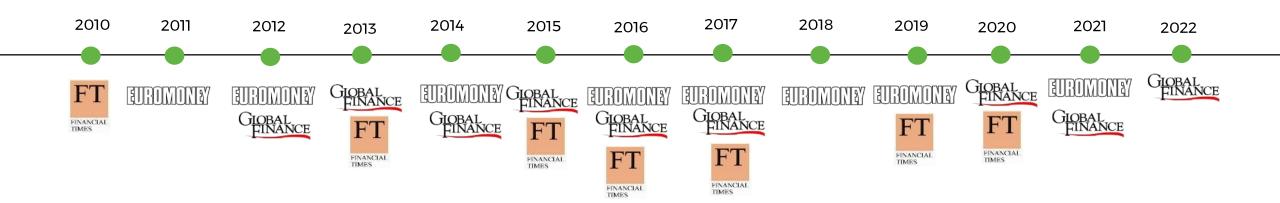
### **Best Bank in Armenia**

Numerous awards and recognitions from global institutions, agencies and IFIs in trade finance, investment banking, capital markets and custody services.











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**Appendices: Corporate Governance** 



# **Strong Team** & Corporate Culture

- Unique corporate culture driven by a flat organization and a fully merit based compensation structure
- One of the most professional and talented teams in the local market
- Fully functioning Board committees as per international best practice of public companies
- **Experienced** board members with diverse international background
- Best practice corporate governance system and principles



### **Board** of Directors



Andrew Mkrtchyan Chairman of the Board

Over 25 years of experience in investment and management advisory by standing at the roots of investment banking establishment in Armenia, board member in a number of private/public organizations.



Lindsay M. Forbes Non-executive Board Member

Over 40 years of experience in commercial and investment banking, including more than 20 years with European Bank of Reconstruction and Development (EBRD). Before joining EBRD, Mr. Forbes spent 13 years with the British Linen Bank, the Investment Bank subsidiary of Bank of Scotland.



Lynch
Non-executive
Independent Board
Member

Over 30 years of experience in finance, including more than 20 years with Lehman Brothers in senior positions. Was CEO of Middle East, Asia Pacific and Africa business at Nomura, is currently the founding partner of Stem Capital Partners - an independent direct investment company.



Robert von Rekowsky

Non-executive Independent Board Member

Around 30 years of experience in global asset management, specialized in emerging markets funds, a former vice-president at Emerging Markets Strategy and portfolio manager for Fidelity Investments.



Richard P. Ogdon

Non-executive Independent Board Member

More than 30 years of experience in the financial sector, with senior positions in investment banks, asset management and advisory companies (UBS Warburg, Uralsib and other Fis), serves as the CEO of TRDATA software company.



Kaha Kiknavelidze

Non-executive Independent Board Member

More than 25 years of experience in commercial and investment banking, has been a long time NED and later CEO of Bank of Georgia Group, the leading financial institution in Georgia. Held executive and top managerial positions at UBS, Rioni Capital and other Fls.



Tigran
Davtyan
Non-executive
Independent Board
Member

About 30 years of experience in the financial system, with senior executive positions at the commercial banks, of which more than 8 years as CEO. Held senior positions at the Central Bank of Armenia and Eurasian Economic Commission



### **Management** Board



Artak Hanesyan CEO, Chairman of the Management Board

A distinguished banker with more than 25 years of experience in the banking system of Armenia. Has been the CEO of Ameriabank since 2008. Before that Mr. Hanesyan held key positions in the banking sector of Armenia, including positions of CEO and deputy CEO.



Gevorg Tarumyan Deputy CEO, CFO

Over 25 years of experience in the banking system of Armenia, including around 20 years of experience serving as CFO both in local banks and global banks represented in Armenia. Has been the CFO of Ameriabank since 2012.



Gagik Sahakyan CIB Director

Around 10 years of experience in corporate banking and more than 15 years experience in management advisory. Starting his career at Ameria and leading Ameria advisory services he later moved to corporate banking and has been heading the business line since 2010.



Arman Barseghyan

Retail Banking Director

A proven career track of more than 20 years in retail banking, of which around 15 years at HSBC bank Armenia. Mr. Barseghyan joined Ameriabank as Retail Banking Director in 2012.



Armine Ghazaryan

Chief People and Services Officer

Around 20 years of experience in the banking sector of Armenia, of which around 15 years in human resources management (HRM). Mrs. Ghazaryan had been heading Ameriabank's HRM unit since 2008, prior to becoming CPSO in 2019.



Andranik Barseghyan Risk Management

Director

Around 25 years of experience in financial institutions' risk management and automation technologies. Mr. Barseghyan has been heading Ameriabank's Risk Management Center since 2009.



Gohar Khachatryan Chief Accountant

Around 30 years of experience in accounting holding key positions both at the Central Bank of Armenia and private banks, of which more than 10 years as the chief accountant of Ameriabank.



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Appendices: Financial Performance Details



### **Balance** Sheet

#### thous AMD

ITEMS	1Q2022	2021
Cash and cash equivalents	180,457,537	265,121,326
Financial instruments at fair value through profit or loss	17,015,859	8,223,960
Available-for-sale financial assets	11,930,943	12,016,785
Money market short-term disbursements	84,911,031	50,866,944
Loans and advances to customers	713,001,426	673,086,264
Held-to-maturity investments	72,684,007	53,686,308
Property, equipment and intangible assets	21,393,596	21,812,184
Other assets	12,253,307	11,907,279
Total assets	1,113,647,706	1,096,721,050
Financial liabilities at fair value through profit or loss	1,071	92,827
Liabilities to banks	56,838,450	74,661,355
Current accounts and deposits from customers	645,192,115	600,614,296
Other borrowed funds	107,779,935	127,712,418
Sub-debt	31,422,163	27,393,716
Other liabilities	131,719,848	137,315,189
Total liabilities	972,953,582	967,789,801
Share capital and premium	54,560,661	54,560,661
Revaluation Reserve	(770,193)	(265,959)
Retained earnings	82,141,225	74,636,547
Equity	135,931,693	128,931,249



### **Profit** & loss

thous AMD

ITEMS	1Q2022	1Q2021
Net interest income	10,718,080	10,407,821
Net fee and commission income	1,439,744	1,163,427
Net profit/loss from trading operations	5,275,018	1,469,317
Other operating income (expenses)	(881,601)	(524,917)
Operating income	16,551,240	12,515,648
Impairment losses	(1,073,901)	(3,083,769)
Personnel expenses	(4,406,168)	(2,908,162)
Total administrative expenses	(1,852,458)	(1,597,487)
Profit/ (loss) before tax	9,218,713	4,926,229
Profit tax	(1,714,035)	(960,167)
Net profit/(loss)	7,504,678	3,966,062



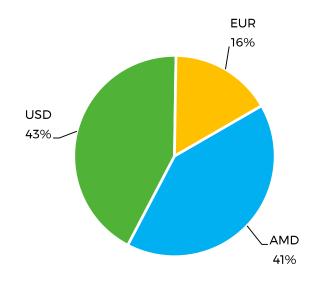
### **CBA prudential** standards

ITEMS	2020	2021	1Q2022	CBA requirement	Violations
Minimum statutory fund (in '000 AMD)	37,386,880	54,385,935	54,385,935	50,000	No violation
Minimum total capital (in '000 AMD)	129,123,968	143,832,191	149,064,852	30,000,000	No violation
S12_Total capital to risk weighted assets	13.57%	15.29%	15.28%	12.00%	No violation
S21_High liquid assets / Total assets	22.53%	31.84%	30.72%	15.00%	No violation
S211_High liquid assets of first group of currency / Total assets of first group of currency	17.87%	33.46%	30.32%	4.00%	No violation
S22_High liquid assets/ Demand liabilities	85.32%	110.18%	93.33%	60.00%	No violation
S221_ High liquid assets of first group of currency / Demand liabilities of first group of currency	80.73%	121.88%	87.77%	10.00%	No violation
S31_Maximum risk on a single borrower	14.63%	11.75%	17.24%	20.00%	No violation
S32_Maximum risk on large-scale borrowers	227.24%	147.15%	163.27%	500.00%	No violation
S41_Maximum risk on bank related person	1.15%	3.44%	2.08%	5.00%	No violation
S42_Maximum risk on all bank related persons	7.33%	10.28%	8.87%	20.00%	No violation
Minimum requirement for obligatory reserves allocated with RA CBA: AMD Currency	X	X	X	4% 18%	No violation
Maximum risk of currency position / Total capital of the bank	0.05%	0.07%	0.05%	10.00%	No violation

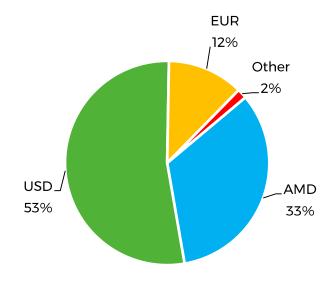


### **FX** Exposure

### **Currency structure of loan portfolio**



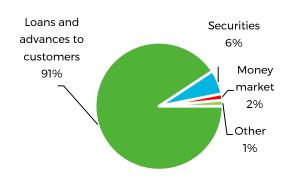
### **Currency structure of deposits**



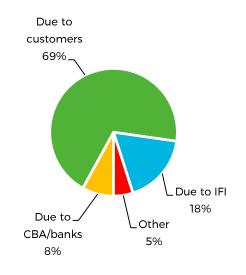


### **Income** Structure

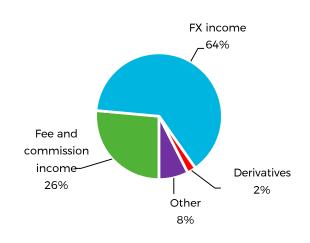
#### Interest income structure



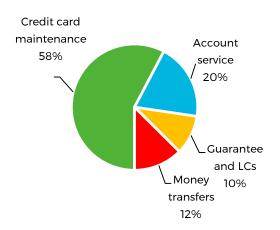
### Interest expense structure



### Non Interest Income structure

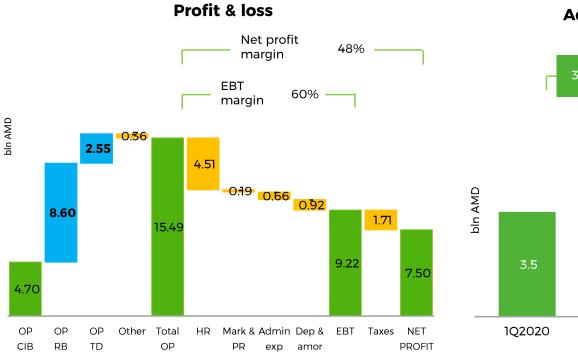


### Net fee and commission income structure

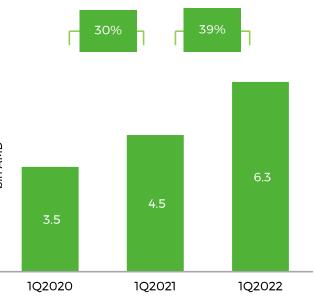




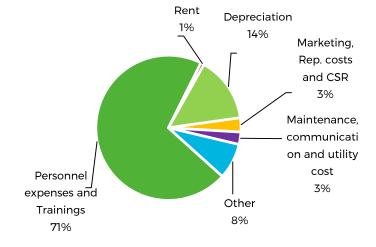
### **P&L** Structure



### **Admin expenses**



### **Structure of admin expenses**





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