AZERBAIJAN BANKS ASSOCIATION

**MACROFINANCE REVIEW 2017 /12/**

**Reason**

# Real sector Monetary sector Bank sector

Structure of bank market and service network

Basic indicators of bank sector

Profit (loss) indicators of bank sector

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Financial stability indicators of bank sector

**External sector (balance of payments)**

# Fiscal sector

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| **Number** | **Real sector** | **2005** | **2010** | **2015** | **2016** | **2017** |
| **1** | **GDP (mln. manats)** | **12522.5** | **42465.0** | **54352.1** | **59987.7** | **70135.1** |
| annual growth rate of GDP (%) | 13.0 | 16.9 | 2.4 | -3.8 | *0.1* |
| **2** | **Non-oil GDP (mln. manats)** | **6055.0** | **18442.7** | **37670.0** | **39403.1** | **44061.9** |
| Non-oil annual growth rate of GDP (%) | 11.9 | 10.0 | 7.4 | -5.4 | *2.7* |
| **3** | **Investment in fixed capital (mln. manats)** | **5424.3** | **9715.2** | **15957.0** | **14903.4** | **15550.8** |
| Annual growth rate of investment in fixed capital (%) | 44.1 | 13.9 | 9.5 | -26.1 | *-2.6* |
| **4** | **Nominal money income of the population (mln. manats)** | **7792.3** | **25605.6** | **41738.6** | **45395.1** | **49162.9** |
| Annual growth rate of nominal money income of the population (%) | 15.9 | 24.6 | 10.4 | 8.7 | *8.3* |
| **5** | **Nominal average monthly salary (manat)** | **117.9** | **325.0** | **462.0** | **494.3** | **525.0** |
| Annual growth rate of nominal average monthly salary (%) | 23.5 | 20.7 | 6.8 | 7.0 | *6.2* |
| **6** | **Inflation (%)** | **4.6** | **10.6** | **3.4** | **12.4** | **12.9** |

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| **Number** | **Monetary sector** | **2005** | **2010** | **2015** | **2016** | **2017** |
| **1** | **Monetary base** | **885.8** | **6520.9** | **7560.7** | **9232.8** | **9872.6** |
| Monetary base with manat (mln. manats) | 687.8 | 6397.1 | 6901.8 | 7860.5 | 8543.2 |
| Monetary base with manat (the last 12 month on percentage statement non-oil of GDP ) | 11.4 | 34.7 | 18.3 | 19.9 | *19.4* |
| Monetary base with manat (the rate of change compared to the beginning of the year, %) | 7.5 | 31.6 | -40.2 | 13.9 | *8.7* |
| Cash in circulation | 594.1 | 5793.2 | 5416.8 | 6960.8 | 8140.2 |
| Correspondent accounts | 266.2 | 704.6 | 2089.8 | 2111.0 | 1554.6 |
| Mandatory reserves | 25.5 | 20.9 | 47.4 | 147.7 | 141.2 |
| **2** | **Monetary aggregates** |  |  |  |  |  |
| M0 (mln. manats) | 547.4 | 5455.9 | 4775.9 | 6376.9 | 7490.3 |
| M1 (mln. manats) | 747.8 | 6838.5 | 6897.2 | 8960.3 | 10544.2 |
| M2 (mln. manats) | 796.7 | 8297.6 | 8678.3 | 11546.3 | 12466.4 |
| M3 (mln. manats) | 1841.8 | 10527.6 | 21286.9 | 20889.6 | 22772.1 |
| **3** | Reserves and exchange rate |  |  |  |  |  |
| Reserves of AMB (mln. USD) | 1967.3 | 6407.6 | 5016.7 | 3974.4 | 5334.6 |
| AZN/USD official exchange rate | 0.9186 | 0.7979 | 1.5594 | 1.7707 | 1.7001 |
| AZN/EURO official exchange rate | 1.0918 | 1.0560 | 1.7046 | 1.8638 | 2.0307 |
| Real Effective exchange rate (REM) (2000=100) | 85.8 | 127.7 | 110.0 | 91.3 | 94.2 |
| On non-oil sector REM (2000=100) | 81.4 | 115.3 | 107.6 | 86.3 | 89.8 |

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| **Number** | **Structure and service network of bank market** | **2005** | **2010** | **2015** | **2016** | **2017** |
| **1** | **Number of banks** | **44** | **45** | **43** | **32** | 30 |
| Number of getting license banks from the beginning of the year | 3 | 1 | 0 | 0 | 0 |
| Number of banks whose license has been canceled from the beginning of the year | 3 | 2 | 2 | 11 | 2 |
| Number of state banks | 2 | 1 | 2 | 2 | 2 |
| Number of private banks | 42 | 44 | 41 | 30 | 28 |
| Number of external capital banks | 18 | 22 | 21 | 15 | 15 |
| Authorized capital of the banks which has more than 50% of exterior capital | 7 | 9 | 8 | 6 | 8 |
| also local branch of exterior banks | 2 | 2 | 2 | 2 | 2 |
| Authorized capital of the banks which has about than 50% of exterior capital | 11 | 13 | 13 | 9 | 7 |
| **2** | **Service network of banks** |  |  |  |  |  |
| Number of banks branches | 374 | 644 | 750 | 569 | 509 |
| Number of bank departments | 24 | 120 | 164 | 131 | 142 |
| Number of ATM-s | 873 | 1892 | 2694 | 2454 | 2431 |
| Number of POS Terminals | 987 | 7872 | 80301 | 71806 | - |
| **3** | **Number of employees in bank sector** | **m/y** | **m/y** | **m/y** | **16947** | ***16171*** |
| **4** | **Number of non-bank credit organizations** | **85** | **101** | **157** | **144** | **123** |

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| **Number** | **Basic indicators of bank sector** | **2005** | **2010** | **2015** | **2016** | **2017** |
| **1** | **Assets (mln. AZN)** | **2252.0** | **13290.8** | **34906.0** | **31439.5** | **27921.0** |
| Assets (the last 12 month non-oil GPD ,%) | 37.2 | 72.1 | 92.7 | 87.5 | *63.4* |
| **2** | **Total credit investments to economy (mln. AZN)** | **1441.0** | **9163.4** | **21730.4** | **16444.6** | **11757.8** |
| Total credit investments (the last 12 month non-oil GPD ,%) | 23.8 | 49.7 | 57.7 | 45.8 | *26.7* |
| Overdue loans (mln.AZN) | 68.2 | 492.9 | 1508.5 | 1472.6 | 1626.7 |
| Overdue loans (%) | 4.7 | 5.4 | 6.9 | 9.0 | 13.8 |
| Aggregate loan portfolio of the banking sector (mln. AZN) | 1401.4 | 8971.8 | 21152.0 | 15971.2 | **11337.6** |
| Aggregate loan portfolio of non-bank financial organizations (BOKT)  (mln. AZN) | 39.6 | 191.6 | 578.4 | 473.4 | **420.2** |
| Credit investments in national currency (mln. AZN) | 542.9 | 5865.3 | 10994.5 | 8663.1 | 6953.6 |
| Credit investments in foreign currency (mln. AZN) | 898.1 | 3298.1 | 10735.9 | 7781.4 | 4804.2 |
| Credit investments in foreign currency (mln.USD) | 977.7 | 4133.5 | 6884.6 | 4394.5 | *2825.8* |
| Credit dollarization (% ) | 62.3 | 36.0 | 49.4 | 47.3 | *40.9* |
| **3** | **Total capital (\* - marked with periods without IBA)** | **388.3** | **1897.1** | **3654.0** | **2438.0** | **3709.2** |
| Total capital (the last 12 month non-oil GPD ,%) | 6.4 | 10.3 | 9.7 | 6.8 | *8.4* |
| **4** | **Total deposits (mln. AZN)** | **1368.7** | **7625.8** | **23431.4** | **22091.0** | **20599.1** |
| Deposits in national currency (mln. AZN) | 280.2 | 3205.3 | 4301.7 | 5459 | 5685.6 |
| Deposits in foreign currency (mln. AZN) | 1088.5 | 4420.5 | 19129.7 | 16632 | 14913.5 |
| Deposits in foreign currency (mln.USD) | 1185.0 | 5540.2 | 12267.3 | 9392.9 | 8772.1 |
| Deposit dollarization (%) | 79.5 | 58.0 | 81.6 | 75.3 | *72.4* |
| Deposits of households (mln. AZN) | 494.5 | 3029.8 | 9473.9 | 7448.7 | 7561.2 |
| Deposits with national currency (mln. AZN) | 55.8 | 1410.0 | 1420.2 | 1517.2 | 2532.9 |
| Deposits with foreign currency (mln.AZN) | 438.7 | 1619.8 | 8053.7 | 5931.5 | 5028.3 |
| Deposits with foreign currency (mln.USD) | 477.6 | 2030.1 | 5164.6 | 3349.8 | 2957.6 |
| Deposit dollar (%) | 88.7 | 53.5 | 85.0 | 79.6 | *66.5* |
| Deposits of financial organizations (mln. AZN) | m/y | 2177 | 6358.8 | 5528 | 1935.0 |
| Deposits of non-financial organizations (mln. AZN) | 874.2 | 2419 | 7630.4 | 9114.3 | 11102.9 |
| **5** | **Foreign liabilities of bank sector (mln.AZN)** | **158.2** | **2470.4** | **8204.5** | **7224.8** | **2308.3** |
| Foreign liabilities of bank sector (mln.USD) | 172.2 | 3096.1 | 5261.3 | 4080.2 | *1357.7* |

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| **Number** | **Profit (loss) indicators of bank sector (mln. AZN)** | **2005** | **2010** | **2014** | **2016** | **2017** |
| **1** | **Pure interest income** | **117.3** | **503.69** | **1269.3** | **914.4** | **950.3** |
| Interest incomes | 175.5 | 1055.3 | 2055.7 | 1994.0 | 1775.2 |
| Interest expenses | 59.2 | 551.6 | 986.4 | 1079.7 | 824.9 |
| **2** | **Pure non-interest incomes** | **-9.7** | **-179.7** | **-432.7** | **-1337.0** | **-42.1** |
| Non-interest incomes | 93.4 | 271.6 | 476.5 | -338.3 | 938.5 |
| Non-interest expenses | 103.1 | 451.3 | 909.1 | 998.7 | 980.6 |
| **3** | **Pure operation profit (loss)** | **107.6** | **324.0** | **836.6** | **-422.6** | **908.2** |
| **4** | **Special reserves allocations for assets** | **50.7** | **184.0** | **373.7** | **1212.0** | **26.5** |
| **5** | **Profit until the taxes are paid** | **57.0** | **140.1** | **458.8** | **-1625.1** | **938.8** |
| **6** | **Pure (after taxes) profit** | **42.7** | **120.3** | **370.5** | **-1667.6** | **883.6** |

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| **Number** | **Politics and market interest rates** | **2007** | **2010** | **2015** | **2016** | **2017** |
| **1** | **SBA's interest rate corridor (at the end of the period)** |  |  |  |  |  |
| Low Corridor (%) | 5.0 | 1.0 | 0.1 | 12.0 | 10.0 |
| The upper limit of the corridor (%) | 19.0 | 7.0 | 5.0 | 18.0 | 18.0 |
| Accounting rate (%) | 13.0 | 3.0 | 3.0 | 15.0 | 15.0 |
| *Refinancing volume (mln.AZN) (residual at the end of the period)* | *95.3* | *1861.8* | *6157.7* | *2044.3* | *923.7* |
| **2** | **Average interest rates on government securities**  **(to the end of the period)** |  |  |  |  |  |
| Interest rate on CBA notes | 10.6 | 2.1 | 0.9 | 15.0 | 14.3 |
| The average interest rate on government short-term bonds | - | - | - | 19.5 | 14.3 |
| **3** | **Average interest rates on deposits (to the end of the period)** | **10.6** | **8.2** | **7.2** | **5.8** | 5.6 |
| Average interest rates on deposits of legal persons | 8.7 | 4.3 | 5.3 | 3.6 | 3.6 |
| With manat | 9.7 | 6.2 | 5.8 | 3.9 | 5.8 |
| With external currency | 7.7 | 2.4 | 4.8 | 3.3 | 1.4 |
| Average interest rates on deposits of physical persons | 12.5 | 12.0 | 9.0 | 7.9 | 7.6 |
| With manat | 12.5 | 11.8 | 9.1 | 10.3 | 11.6 |
| With external currency | 12.5 | 12.3 | 8.8 | 5.4 | 3.7 |
| **4** | **Average interest rates on loans to customers (to the end of the period)** | **17.7** | **17.4** | **14.2** | **11.5** | 12.1 |
| Average interest rates on loans of legal persons | 14.4 | 13.0 | 9.3 | 7.1 | 7.9 |
| With manat | 15.1 | 11.7 | 9.7 | 8.6 | 8.9 |
| With external currency | 13.7 | 14.2 | 8.8 | 5.6 | 6.8 |
| Average interest rates on loans of physical persons | 21.0 | 21.8 | 19.1 | 15.9 | 16.4 |
| With manat | 20.3 | 19.8 | 17.5 | 15.7 | 16.3 |
| With external currency | 21.7 | 23.7 | 20.7 | 16.0 | 16.5 |
| **5** | **Average interest rates on interbank loans (to the end of the period)** | **15.5** | **10.9** | **5.6** | **8.1** | 8.4 |
| With manat | 16.3 | 11.9 | 5.7 | 10.9 | 11.8 |
| With external currency | 14.7 | 10.0 | 5.6 | 5.4 | 4.9 |

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| **Number** | **Financial stability indicators of bank sector** | **2005** | **2010** | **2014** | **2016** | **2017** |
| **1** | **Cumulative capital adequacy ratio (without CBB) (%)** | **-** | **-** | **23.5** | **17.9** | - |
| **2** | **Quality of assets** |  |  |  |  |  |
| Share of non-performing loans in the loan portfolio (%) | 4.7 | 5.4 | 5.3 | 9.0 | 13.8 |
| Rate of change of non-performing loans (by the beginning of the year,%) | 22.7 | 62.4 | 23.1 | -2.4 | 10.5 |
| **3** | **Profitability** |  |  |  |  |  |
| Ratio of Net Profit to Assets (%) | 1.9 | 0.9 | 1.5 | -5.3 | 3.2 |
| Ratio of Net Profit to Total Equity (%) | 11.0 | 6.3 | 10.1 | -68.4 | 23.8 |
| Ratio of interest margin to net operating profit (%) | 109.0 | 155.5 | 151.7 | -216.4 | 104.6 |
| Ratio of net non-interest income to net operating profit (%) | -9.0 | -55.5 | -51.7 | 316.4 | -4.6 |

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| **Number** | **External Sector** | **2005** | **2010** | **2015** | **2016** | **2017 9 ay** |
| **1** | **Current Operations Balance (mln. USD)** | **167.3** | **15039.6** | **-222.5** | **-1363.4** | **1062.7** |
| Current balance on oil-gas sector (mln. USD) | 1659.8 | 19862.8 | 6548.9 | 4395.3 | *5001.1* |
| Current balance on non-oil sector (mln. USD) | -1492.5 | -4823.2 | -6771.4 | -5758.7 | *-3938.4* |
| External trade balance (mln. USD) | 3299.1 | 19730.4 | 5812.4 | 4206.3 | 4401.6 |
| Goods export (mln. USD) | 7649.0 | 26476.0 | 15586.1 | 13210.5 | *10791.5* |
| Non-oil export (mln. USD) | 765.8 | 1368.5 | 1498.2 | 1160.1 | *1029.5* |
| Import of goods (mln. USD) | -4349.9 | -6745.6 | -9773.6 | -9004.2 | -6389.8 |
| Non-oil import (mln. USD) | -2422.6 | -5908.0 | -7370.6 | -6675.5 | *-5413.8* |
| Services Balance (mln. USD) | -1970.0 | -1732.9 | -4228.9 | -3154.5 | -2582.3 |
| Transportation services balance (mln. USD) | -139.7 | -156.7 | 508.6 | 176.0 | -45.9 |
| Tourism services balance (mln. USD) | -86.3 | -124.3 | -293.6 | 219.4 | 331.2 |
| Construction services balance (mln. USD) | -1489.4 | -172.6 | -3496.7 | -2944.9 | -1976.8 |
| Other services balance | -254.6 | -1279.2 | -947.2 | -605.0 | -890.7 |
| Incomes balance (mln. USD) | -1161.8 | -2957.9 | -1806.1 | -2415.2 | -756.7 |
| **2** | **Capital and financial mobility count (mln. USD)** | **566.0** | **-3589.7** | **-9069.1** | **-2801.7** | **379.6** |
| Direct investments balance (BİB) | 458.2 | 329.2 | 785.9 | 1926.0 | 786.5 |
| BİB on non-oil sector | 217.0 | 577.8 | -635.6 | 1150.4 | 260.7 |
| Portfolio investments balance | 30.5 | -138.8 | 392.4 | 487.9 | 2768.2 |
| Balance on other investments (DİB) | 35.4 | -3796.4 | -10205.5 | -5176.1 | -3280.4 |
| DİB on non-oil sector DİB | -732.4 | -3698.1 | -11590.5 | -4729.9 | -4104.0 |
| Equity movement balance | 40.9 | 14.3 | -43.9 | -40.1 | 100.5 |
| Oil bonus | 1.0 | 2.0 | 2.0 | 0.5 | 1.4 |
| **3** | **Change of reserve assets (mln. USD)** | **607.7** | **10461.2** | **-11329.0** | **-539.2** | **2202.6** |
| **4** | **Balancing agents (mln USD)** | **-125.6** | **-988.7** | **-2037.4** | **3625.9** | 760.3 |

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| **Number** | **Fiscal Sector** | **2005** | **2010** | **2015** | **2016** | **2017** |
| **1** | **Incomes of state budget** | **2055.2** | **11402.5** | **17153.2** | **17501.2** | **16446.9** |
| Ratio to GDP of State Budget Revenues (%) | 16.4 | 26.9 | 31.6 | 29.2 | *23.5* |
| **2** | **Expenses of state budget (mln. manats)** | **2140.7** | **11766** | **17786.8** | **17742.4** | **17588.4** |
| Ratio to GDP of State Budget Expenditures (%-lə) | 18 | 28.3 | 32.7 | 29.6 | *25.1* |
| **3** | **State budget deficit (mln. manats)** | **-85.5** | **-363.5** | **-633.6** | **-241.2** | **-1141.5** |
| Ratio to GDP of state budget deficit(%) | -0.7 | 0.9 | -1.2 | -0.4 | *-1.6* |
| **4** | **Incomes of State Oil Fund (mln. AZN)** | **660.0** | **13088.5** | **7721.1** | **9410.2** | **12137.5** |
| **5** | **Expenses of State Oil Fund (mln. AZN)** | **233.0** | **6386.5** | **9187.7** | **9022.1** | **11015.5** |
| **6** | **Transfers to state budget from State Oil Fund (mln.**  **AZN)** | **150.0** | **5915.0** | **8130.0** | **7615.0** | **6100.0** |
| **7** | **Transfers to the CBA for the purpose of macroeconomic stability (mln.AZN)** | **-** | **-** | **-** | **-** | **3949.5** |
| **8** | **Capacity of State Oil Fund assets (mln. USD)** | **1394.0** | **22766.8** | **33574.1** | **33147.0** | **35806.5** |