

AZERBAIJAN BANKS ASSOCIATION

MACROFINANCE REVIEW
2018 /Final/

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

Politics and market interest rates

Financial stability indicators of bank sector

External sector (balance of payments)

Fiscal sector

Number	Real sector	2005	2010	2015	2016	2017	2018
1	GDP (mln. manats)	12522.5	42465.0	54352.1	59987.7	70135.1	79797.3
	annual growth rate of GDP (%)	13.0	16.9	2.4	-3.8	0.1	1.4
2	Non-oil GDP (mln. manats)	6055.0	18442.7	37670.0	39403.1	44061.9	46671.3
	Non-oil annual growth rate of GDP (%)	11.9	10.0	7.4	-5.4	2.7	1.8
3	Investment in basic capital (mln. manats)	5424.3	9715.2	15957.0	14903.4	15550.8	17238.2
	Annual growth rate of investment in basic capital (%)	44.1	13.9	9.5	-26.1	-2.6	-4.4
4	Nominal money income of the population (mln. manats)	7792.3	25605.6	41738.6	45395.1	49162.9	53688.6
	Annual growth rate of nominal money income of the population (%)	15.9	24.6	10.4	8.7	8.3	9.2
5	Nominal average monthly salary (manat)	117.9	325.0	462.0	494.3	525.0	540.1
	Annual growth rate of nominal average monthly salary (%)	23.5	20.7	6.8	7.0	6.2	2.9
6	Inflation (%)	4.6	10.6	3.4	12.4	12.9	2.3

Num ber	Monetary sector	2005	2010	2015	2016	2017	2018
1	Monetary base (mln. manats)	885.8	6520.9	7560.7	9232.8	9872.6	10318.4
	Monetary base with manat (mln. manats)	687.8	6397.1	6901.8	7860.5	8543.2	9545.7
	Monetary base with manat (the last month on percentage statement non-oil of GDP)	11.4	34.7	18.3	19.9	19.4	20.5
	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	11.7
	Cash in circulation	594.1	5793.2	5416.8	6960.8	8140.2	8364.1
	Correspondent accounts	266.2	704.6	2089.8	2111.0	1554.6	1755.5
	Mandatory reserves	25.5	20.9	47.4	147.7	141.2	163.0
2	Monetary aggregates						
	M0 (mln. manats)	547.4	5455.9	4775.9	6376.9	7490.3	7601.4
	M1 (mln. manats)	747.8	6838.5	6897.2	8960.3	10544.2	12274.6
	M2 (mln. manats)	796.7	8297.6	8678.3	11546.3	12466.4	14643.6
	M3 (mln. manats)	1841.8	10527.6	21286.9	20889.6	22772.1	24060.4
3	Reserves and exchange rate						
	Reserves of AMB (mln. USD)	1967.3	6407.6	5016.7	3974.4	5334.6	5622.5
	AZN/USD official exchange rate	0.9186	0.7979	1.5594	1.7707	1.7001	1.7000
	AZN/EURO official exchange rate	1.0918	1.0560	1.7046	1.8638	2.0307	1.9468
	Real Effective exchange rate (REM) (2000=100)	85.8	127.7	110.0	91.3	94.2	99.5
	On non-oil sector REM (2000=100)	81.4	115.3	107.6	86.3	89.8	95.3

Number	Structure and service network of bank market	2005	2010	2015	2016	2017	2018
1	Number of banks	44	45	43	32	30	30
	Number of getting license banks from the beginning of the year	3	1	0	0	0	0
	Number of banks whose license has been canceled from the beginning of the year	3	2	2	11	2	0
	Number of state banks	2	1	2	2	2	2
	Number of private banks	42	44	41	30	28	28
	Number of external capital banks	18	22	21	15	15	15
	Authorized capital of the banks which has more than 50% of exterior capital	7	9	8	6	8	8
	also local branch of exterior banks	2	2	2	2	2	2
	Authorized capital of the banks which has about than 50% of exterior capital	11	13	13	9	7	7
2	Service network of banks						
	Number of banks branches	374	644	750	569	509	508
	Number of bank departments	24	120	164	131	142	130
	Number of ATM-s	873	1892	2694	2454	2431	2502
	Number of POS Terminals	987	7872	80301	71806	-	66110
3	Number of employees in bank sector	m/y	m/y	m/y	16947	16171	17415
4	Number of non-bank credit organizations	85	101	157	144	123	104

Num ber	Basic indicators of bank sector	2005	2010	2015	2016	2017	2018	
1	Assets (mln. AZN)	2252.0	13290.8	34906.0	31439.5	27921.0	29502.4	
	Assets (the last 12 month non-oil GPD ,%)	37.2	72.1	92.7	87.5	63.4	63.2	
2	Total credit investments to economy (mln. AZN)	1441.0	9163.4	21730.4	16444.6	11757.8	13020.3	
	Total credit investments (the last 12 month non-oil GPD ,%)	23.8	49.7	57.7	45.8	26.7	27.9	
	Overdue loans (mln.AZN)	68.2	492.9	1508.5	1472.6	1626.7	1585.0	
	Overdue loans(%)	4.7	5.4	6.9	9.0	13.8	12.2	
	Aggregate loan portfolio of the banking sector (mln. AZN)	1401.4	8971.8	21152.0	15971.2	11337.6	12628.3	
	Aggregate loan portfolio of non-bank financial organizations (BOKT) (mln. AZN)	39.6	191.6	578.4	473.4	420.2	392.0	
	Credit investments in national currency (mln. AZN)	542.9	5865.3	10994.5	8663.1	6953.6	8073.6	
	Credit investments in foreign currency (mln. AZN)	898.1	3298.1	10735.9	7781.4	4804.2	4946.7	
	Credit investments in foreign currency (mln.USD)	977.7	4133.5	6884.6	4394.5	2825.8	2909.8	
	Credit dollarization (%)	62.3	36.0	49.4	47.3	40.9	38.0	
	3	Total capital (* - marked with periods without IBA)	388.3	1897.1	3654.0	2438.0	3709.2	4071.8
		Total capital (the last 12 month non-oil GPD ,%)	6.4	10.3	9.7	6.8	8.4	8.7
4	Total deposits (mln. AZN)	1368.7	7625.8	23431.4	22091.0	20599.1	21870.4	
	Deposits in national currency (mln. AZN)	280.2	3205.3	4301.7	5459	5685.6	7581.7	
	Deposits in foreign currency (mln. AZN)	1088.5	4420.5	19129.7	16632	14913.5	14288.7	
	Deposits in foreign currency (mln.USD)	1185.0	5540.2	12267.3	9392.9	8772.1	8405.1	
	Deposit dollarization (%)	79.5	58.0	81.6	75.3	72.4	65.3	
	Deposits of households (mln. AZN)	494.5	3029.8	9473.9	7448.7	7561.2	8375.4	
	Deposits with national currency (mln. AZN)	55.8	1410.0	1420.2	1517.2	2532.9	3142.3	
	Deposits with foreign currency (mln.AZN)	438.7	1619.8	8053.7	5931.5	5028.3	5233.1	
	Deposits with foreign currency (mln.USD)	477.6	2030.1	5164.6	3349.8	2957.6	3078.3	
	Deposit dollarization (%)	88.7	53.5	85.0	79.6	66.5	62.5	
	Deposits of financial organizations (mln. AZN)	m/y	2177	6358.8	5528	1935.0	1547.7	
Deposits of non-financial organizations (mln. AZN)	874.2	2419	7630.4	9114.3	11102.9	11947.4		
5	Foreign liabilities of bank sector (mln.AZN)	158.2	2470.4	8204.5	7224.8	2308.3	1828.1	
	Foreign liabilities of bank sector (mln.USD)	172.2	3096.1	5261.3	4080.2	1357.7	1075.4	

Number	Profit (loss) indicators of bank sector (mln.AZN)	2005	2010	2014	2016	2017	2018
1	Pure interest income	117.3	503.69	1269.3	914.4	950.3	1171.1
	Interest incomes	175.5	1055.3	2055.7	1994.0	1775.2	1753.0
	Interest expenses	59.2	551.6	986.4	1079.7	824.9	581.9
2	Pure non-interest incomes	-9.7	-179.7	-432.7	-1337.0	-42.1	-476.5
	Non-interest incomes	93.4	271.6	476.5	-338.3	938.5	549.1
	Non-interest expenses	103.1	451.3	909.1	998.7	980.6	1025.6
3	Pure operation profit (loss)	107.6	324.0	836.6	-422.6	908.2	694.6
4	Special reserves allocations for assets	50.7	184.0	373.7	1212.0	26.5	345.4
5	Profit until the taxes are paid	57.0	140.1	458.8	-1625.1	938.8	351.7
6	Pure (after taxes) profit	42.7	120.3	370.5	-1667.6	883.6	279.4

Number	Policy and market interest rates	2007	2010	2015	2016	2017	2018
		1	CBA's interest rate corridor (at the end of the period)				
	Low Corridor (%)	5.0	1.0	0.1	12.0	10.0	7.75
	The upper limit of the corridor (%)	19.0	7.0	5.0	18.0	18.0	11.75
	Accounting interest rate (%)	13.0	3.0	3.0	15.0	15.0	9.75
	<i>Refinancing volume (mln.AZN) (residual at the end of the period)</i>	<i>95.3</i>	<i>1861.8</i>	<i>6157.7</i>	<i>2044.3</i>	<i>923.7</i>	<i>726.6</i>
2	Average interest rates on state securities (at the end of the period)						
	Interest rate on CBA notes	10.6	2.1	0.9	15.0	14.3	9.34
	The average interest rate on government short-term bonds	-	-	-	19.5	14.3	8.99
3	Average interest rates on deposits (to the end of the period)	10.6	8.2	7.2	5.8	5.6	4.9
	Average interest rates on deposits of legal persons	8.7	4.3	5.3	3.6	3.6	3.5
	With manats	9.7	6.2	5.8	3.9	5.8	5.53
	With external currency	7.7	2.4	4.8	3.3	1.4	1.43
	Average interest rates on deposits of physical persons	12.5	12.0	9.0	7.9	7.6	6.3
	With manats	12.5	11.8	9.1	10.3	11.6	10.0
	With external currency	12.5	12.3	8.8	5.4	3.7	2.66
4	Average interest rates on loans to customers (to the end of the period)	17.7	17.4	14.2	11.5	12.1	11.8
	Average interest rates on loans of legal persons	14.4	13.0	9.3	7.1	7.9	7.7
	With manats	15.1	11.7	9.7	8.6	8.9	9.3
	With external currency	13.7	14.2	8.8	5.6	6.8	6.13
	Average interest rates on loans of physical persons	21.0	21.8	19.1	15.9	16.4	15.9
	With manats	20.3	19.8	17.5	15.7	16.3	17.11
	With external currency	21.7	23.7	20.7	16.0	16.5	14.67
5	Average interest rates on interbank loans (to the end of the period)	15.5	10.9	5.6	8.1	8.4	6.4
	With manats	16.3	11.9	5.7	10.9	11.8	9.46
	With external currency	14.7	10.0	5.6	5.4	4.9	3.29

Number	Financial stability indicators of bank sector	2005	2010	2014	2016	2017	2018
1	Cumulative capital adequacy ratio (without CBB) (%)	-	-	23.5	17.9	-	-
2	Asset quality						
	Share of non-performing loans in the loan portfolio (%)	4.7	5.4	5.3	9.0	13.8	12.2
	Rate of change of non-performing loans (by the beginning of the year,%)	22.7	62.4	23.1	-2.4	10.5	-2.6
3	Profitability						
	Ratio of Net Profit to Assets (%)	1.9	0.9	1.5	-5.3	3.2	0.9%
	Ratio of Net Profit to Total Equity (%)	11.0	6.3	10.1	-68.4	23.8	6.9
	Ratio of interest margin to net operating profit (%)	109.0	155.5	151.7	-216.4	104.6	168.6
	Ratio of net non-interest income to net operating profit (%)	-9.0	-55.5	-51.7	316.4	-4.6	-68.6

Number	External Sector	2005	2010	2015	2016	2017	2018 IIRÜB
1	Current Operations Balance (mln. USD)	167.3	15039.6	-222.5	-1363.4	1684.6	5088.1
	Current balance on oil-gas sector (mln. USD)	1659.8	19862.8	6548.9	4395.3	7387.2	9857.9
	Current balance on non-oil sector (mln. USD)	-1492.5	-4823.2	-6771.4	-5758.7	-5702.6	-4796.8
	External trade balance (mln. USD)	3299.1	19730.4	5812.4	4206.3	6114.7	7335.1
	Goods export (mln. USD)	7649.0	26476.0	15586.1	13210.5	15152.1	15228.7
	Non-oil export (mln. USD)	765.8	1368.5	1498.2	1160.1	1473.0	1151.2
	Import of goods (mln. USD)	-4349.9	-6745.6	-9773.6	-9004.2	-9037.3	-7893.7
	Non-oil import (mln. USD)	-2422.6	-5908.0	-7370.6	-6675.5	-7694.8	-6727.8
	Services Balance (mln. USD)	-1970.0	-1732.9	-4228.9	-3154.5	-3379.3	-1309.1
	Transportation services balance (mln. USD)	-139.7	-156.7	508.6	176.0	-77.0	-190.1
	Tourism services balance (mln. USD)	-86.3	-124.3	-293.6	219.4	353.4	370.3
	Construction services balance (mln. USD)	-1489.4	-172.6	-3496.7	-2944.9	-2417.0	-1032.3
	Other services balance	-254.6	-1279.2	-947.2	-605.0	-1238.8	-457
	Incomes balance (mln. USD)	-1161.8	-2957.9	-1806.1	-2415.2	-1050.9	-937.9
2	Capital and financial mobility account (mln. USD)	566.0	-3589.7	-9069.1	-2801.7	-101.0	-2462.1
	Direct Investments Balance (BPM)	458.2	329.2	785.9	1926.0	301.7	-1028.5
	BIB on non-oil sector	217.0	577.8	-635.6	1150.4	91.8	-579.5
	Portfolio investments balance	30.5	-138.8	392.4	487.9	2668.9	-971.5
	Balance on other investments (DIB)	35.4	-3796.4	-10205.5	-5176.1	-3177.2	-912.6
	DIB on non-oil sector DIB	-732.4	-3698.1	-11590.5	-4729.9	-4591.3	-1293.8
	Equity movement balance	40.9	14.3	-43.9	-40.1	100.4	1.5
Oil bonus	1.0	2.0	2.0	0.5	1.4	450.1	
3	Reserve Assets Change (USD mln)	607.7	10461.2	-11329.0	-539.2	1971.3	3664.6
4	Balancing agents (mln USD)	-125.6	-988.7	-2037.4	3625.9	387.8	1038.6

Number	Fiscal Sector	2005	2010	2015	2016	2017	01.10.2018	2018
1	Incomes of state budget	2055.2	11402.5	17153.2	17501.2	16446.9	16089.7	22411.2
	Ratio to GDP of State Budget Revenues (%)	16.4	26.9	31.6	29.2	23.5	27.9	28.1
2	Expences of state budget (mln. manats)	2140.7	11766	17786.8	17742.4	17588.4	15666.0	22718.9
	Ratio to GDP of State Budget Expenditures (%-lə)	18	28.3	32.7	29.6	25.1	27.1	28.5
3	State budget deficit (mln. manats)	-85.5	-363.5	-633.6	-241.2	-1141.5	423.7	-307.7
	Ratio to GDP of state budget deficit (%)	-0.7	0.9	-1.2	-0.4	-1.6	0.73	-0.4
4	Incomes of State Oil Fund (mln. AZN)	660.0	13088.5	7721.1	9410.2	12137.5	14437.2	-
5	Expenses of State Oil Fund (mln. AZN)	233.0	6386.5	9187.7	9022.1	11015.5	8005.9	-
6	Transfers to state budget from State Oil Fund (mln. AZN)	150.0	5915.0	8130.0	7615.0	6100.0	7788.0	-
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	38987.7	-