



**AZERBAIJAN
BANKS
ASSOCIATION**

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MACROFINANCE REVIEW

2017

Contents

| | |
|---|----------|
| 1. Real sector | 3 |
| 2. Monetary sector | 3 |
| 3. Bank Sector | 4 |
| 3.1. <i>Structure and service network of bank market</i> | 4 |
| 3.2. <i>Basic indicators of bank sector</i> | 5 |
| 3.3. <i>Profit (loss) indicators of bank sector (mln.AZN)</i> | 6 |
| 3.4. <i>Financial stability indicators of bank sector</i> | 6 |
| 3.5. <i>Policy and market interest rates</i> | 7 |
| 4. External Sector | 8 |
| 5. Fiscal Sector | 9 |

1. Real sector

| Number | Indicators | 2005 | 2010 | 2015 | 2016 | 2017 |
|--------|---|----------------|----------------|----------------|----------------|----------------|
| 1 | GDP (mln. manats) | 12522.5 | 42465.0 | 54352.1 | 59987.7 | 70135.1 |
| | <i>annual growth rate of GDP (%)</i> | 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 |
| | <i>Non-oil annual growth rate of GDP (%)</i> | 11.9 | 10.0 | 7.4 | -5.4 | 2.7 |
| 3 | Investment in basic capital (mln. manats) | 5424.3 | 9715.2 | 15957.0 | 14903.4 | 15550.8 |
| | <i>Annual growth rate of investment in basic capital (%)</i> | 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 |
| | <i>Annual growth rate of nominal money income of the population (%)</i> | 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 |
| | <i>Annual growth rate of nominal average monthly salary (%)</i> | 23.5 | 20.7 | 6.8 | 7.0 | 6.2 |
| 6 | Inflation (%) | 4.6 | 10.6 | 3.4 | 12.4 | 12.9 |

2. Monetary sector

| Number | Indicators | 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 |
| | <i>Monetary base with manat (the last month on percentage statement non-oil of GDP)</i> | 11.4 | 34.7 | 18.3 | 19.9 | 19.4 |
| | <i>Monetary base with manat (the rate of change compared to the beginning of the year, %)</i> | 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 | 99.5 |
| | On non-oil sector REM (2000=100) | 81.4 | 115.3 | 107.6 | 86.3 | 95.3 |

3. Bank Sector

3.1. Structure and service network of bank market

| Number | Indicators | 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 |
| | <i>Authorized capital of the banks which has more than 50% of exterior capital</i> | 7 | 9 | 8 | 6 | 8 |
| | also local branch of exterior banks | 2 | 2 | 2 | 2 | 2 |
| | <i>Authorized capital of the banks which has about than 50% of exterior capital</i> | 11 | 13 | 13 | 9 | 7 |
| 2 | Service network of banks | | | | | |
| | Number of banks branches | 374 | 644 | 750 | 569 | 509 |
| | Number of bank departaments | 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 |

3.2. Basic indicators of bank sector

| Number | Indicators | 2005 | 2010 | 2015 | 2016 | 2017 |
|--|--|---------------|----------------|----------------|----------------|----------------|
| 1 | Assets (mln. AZN) | 2252.0 | 13290.8 | 34906.0 | 31439.5 | 27921.0 |
| | <i>Assets (the last 12 month non-oil GPD ,%)</i> | 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 |
| | <i>Total credit investments (the last 12 month non-oil GPD ,%)</i> | 23.8 | 49.7 | 57.7 | 45.8 | 26.7 |
| | Overdue loans (mln.AZN) | 68.2 | 492.9 | 1508.5 | 1472.6 | 1626.7 |
| | <i>Overdue loans(%)</i> | 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 |
| | <i>Credit dollarization (%)</i> | 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 |
| | <i>Total capital (the last 12 month non-oil GPD ,%)</i> | 6.4 | 10.3 | 9.7 | 6.2 | 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 |
| | <i>Deposit dollarization (%)</i> | 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 |
| | <i>Deposit dollarization (%)</i> | 88.7 | 53.5 | 85.0 | 79.6 | 66.5 |
| | Deposits of financial organizations (mln. AZN) | m/y | 2177 | 6358.8 | 5528 | 1935.0 |
| 5 | Foreign liabilities of bank sector (mln.AZN) | 158.2 | 2470.4 | 8204.5 | 9114.3 | 2308.3 |
| | Foreign liabilities of bank sector (mln.USD) | 172.2 | 3096.1 | 5261.3 | 7224.8 | 1357.7 |

3.3. Profit (loss) indicators of bank sector (mln.AZN)

| Number | Indicators | 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 |

3.4. Financial stability indicators of bank sector

| Number | Indicators | 2005 | 2010 | 2014 | 2016 | 2017 |
|--------|---|-------|-------|-------|--------|-------|
| 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 |
| | 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 | 8.9 | -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 |

3.5. Policy and market interest rates

| Number | Indicators | 2007 | 2010 | 2015 | 2016 | 2017 |
|--------|--|-------------|-------------|-------------|-------------|-------------|
| 1 | CBA'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 interest 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 state securities (at 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 |
| | <i>With manats</i> | 9.7 | 6.2 | 5.8 | 3.9 | 5.8 |
| | <i>With foreign currency</i> | 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 |
| | <i>With manats</i> | 12.5 | 11.8 | 9.1 | 10.3 | 11.6 |
| | <i>With foreign currency</i> | 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 |
| | <i>With manats</i> | 15.1 | 11.7 | 9.7 | 8.6 | 8.9 |
| | <i>With foreign currency</i> | 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 |

| | | | | | | |
|---|---|-------------|-------------|------------|------------|------------|
| | <i>With manats</i> | 20.3 | 19.8 | 17.5 | 15.7 | 16.3 |
| | <i>With foreign currency</i> | 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 |
| | <i>With manats</i> | 16.3 | 11.9 | 5.7 | 10.9 | 11.8 |
| | <i>With foreign currency</i> | 14.7 | 10.0 | 5.6 | 5.4 | 4.9 |

4. External Sector

| Number | Indicators | 2005 | 2010 | 2015 | 2016 | 2017 |
|--------|--|----------------|----------------|----------------|----------------|----------------|
| 1 | Current Operations Balance (mln. USD) | 167.3 | 15039.6 | -222.5 | -1363.4 | 1684.6 |
| | <i>Current balance on oil-gas sector (mln. USD)</i> | 1659.8 | 19862.8 | 6548.9 | 4395.3 | 7387.2 |
| | <i>Current balance on non-oil sector (mln. USD)</i> | -1492.5 | -4823.2 | -6771.4 | -5758.7 | -5702.6 |
| | External trade balance (mln. USD) | 3299.1 | 19730.4 | 5812.4 | 4206.3 | 6114.7 |
| | <i>Goods export (mln. USD)</i> | 7649.0 | 26476.0 | 15586.1 | 13210.5 | 15152.1 |
| | <i>Non-oil export (mln. USD)</i> | 765.8 | 1368.5 | 1498.2 | 1160.1 | 1473.0 |
| | <i>Import of goods (mln. USD)</i> | -4349.9 | -6745.6 | -9773.6 | -9004.2 | -9037.3 |
| | <i>Non-oil import (mln. USD)</i> | -2422.6 | -5908.0 | -7370.6 | -6675.5 | -7694.8 |
| | Services Balance (mln. USD) | -1970.0 | -1732.9 | -4228.9 | -3154.5 | -3379.3 |
| | <i>Transportation services balance (mln. USD)</i> | -139.7 | -156.7 | 508.6 | 176.0 | -77.0 |
| | <i>Tourism services balance (mln. USD)</i> | -86.3 | -124.3 | -293.6 | 219.4 | 353.4 |
| | <i>Construction services balance (mln. USD)</i> | -1489.4 | -172.6 | -3496.7 | -2944.9 | -2417.0 |
| | <i>Other services balance</i> | -254.6 | -1279.2 | -947.2 | -605.0 | -1238.8 |
| | Incomes balance (mln. USD) | -1161.8 | -2957.9 | -1806.1 | -2415.2 | -1050.9 |
| 2 | Capital and financial mobility account (mln. USD) | 566.0 | -3589.7 | -9069.1 | -2801.7 | -101.0 |
| | Direct Investments Balance (BPM) | 458.2 | 329.2 | 785.9 | 1926.0 | 301.7 |
| | <i>BIB on non-oil sector</i> | 217.0 | 577.8 | -635.6 | 1150.4 | 91.8 |
| | Portfolio investments balance | 30.5 | -138.8 | 392.4 | 487.9 | 2668.9 |

| | | | | | | |
|----------|---|---------------|----------------|-----------------|----------------|----------------|
| | Balance on other investments (DİB) | 35.4 | -3796.4 | -10205.5 | -5176.1 | -3177.2 |
| | <i>DİB on non-oil sector DİB</i> | <i>-732.4</i> | <i>-3698.1</i> | <i>-11590.5</i> | <i>-4729.9</i> | <i>-4591.3</i> |
| | Equity movement balance | 40.9 | 14.3 | -43.9 | -40.1 | 100.4 |
| | <i>Oil bonus</i> | <i>1.0</i> | <i>2.0</i> | <i>2.0</i> | <i>0.5</i> | <i>1.4</i> |
| 3 | Reserve Assets Change (USD mln) | 607.7 | 10461.2 | -11329.0 | -539.2 | 1971.3 |
| 4 | Balancing agents (mln USD) | -125.6 | -988.7 | -2037.4 | 3625.9 | 387.8 |

5. Fiscal Sector

| Number | Indicators | 2005 | 2010 | 2015 | 2016 | 2017 |
|--------|--|---------------|----------------|----------------|----------------|----------------|
| 1 | Incomes of state budget (mln manats) | 2055.2 | 11402.5 | 17153.2 | 17501.2 | 16446.9 |
| | <i>Ratio to GDP of State Budget Revenues (%)</i> | <i>16.4</i> | <i>26.9</i> | <i>31.6</i> | <i>29.2</i> | <i>23.5</i> |
| 2 | Expences of state budget (mln. manats) | 2140.7 | 11766 | 17786.8 | 17742.4 | 17588.4 |
| | <i>Ratio to GDP of State Budget Expenditures (%-lə)</i> | <i>18</i> | <i>28.3</i> | <i>32.7</i> | <i>29.6</i> | <i>25.1</i> |
| 3 | State budget deficit (mln. manats) | -85.5 | -363.5 | -633.6 | -241.2 | -1141.5 |
| | <i>Dövlət Büdcəsinin Kəsrinin ÜDM-ə nisbəti (%-lə)</i> | <i>-0.7</i> | <i>0.9</i> | <i>-1.2</i> | <i>-0.4</i> | <i>-1.6</i> |
| 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 |

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(012) 497-15-15

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