



**AZERBAIJAN  
BANKS  
ASSOCIATION**

**(012) 497-15-15  
office@aba.az**

# **MACROFINANCE REVIEW**

**2016**

# Contents

<b>1. Real sector</b> .....	<b>3</b>
<b>2. Monetary sector</b> .....	<b>3</b>
<b>3. Bank Sector</b> .....	<b>4</b>
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
<b>4. External Sector</b> .....	<b>8</b>
<b>5. Fiscal Sector</b> .....	<b>9</b>

## 1. Real sector

Number	Indicators	2005	2010	2015	2016
1	<b>GDP (mln. manats)</b>	<b>12522.5</b>	<b>42465.0</b>	<b>54352.1</b>	<b>59987.7</b>
	<i>annual growth rate of GDP (%)</i>	13.0	16.9	2.4	-3.8
2	<b>Non-oil GDP (mln. manats)</b>	<b>6055.0</b>	<b>18442.7</b>	<b>37670.0</b>	<b>39403.1</b>
	<i>Non-oil annual growth rate of GDP (%)</i>	11.9	10.0	7.4	-5.4
3	<b>Investment in basic capital (mln. manats)</b>	<b>5424.3</b>	<b>9715.2</b>	<b>15957.0</b>	<b>14903.4</b>
	<i>Annual growth rate of investment in basic capital (%)</i>	44.1	13.9	9.5	-26.1
4	<b>Nominal money income of the population (mln. manats)</b>	<b>7792.3</b>	<b>25605.6</b>	<b>41738.6</b>	<b>45395.1</b>
	<i>Annual growth rate of nominal money income of the population (%)</i>	15.9	24.6	10.4	8.7
5	<b>Nominal average monthly salary (manat)</b>	<b>117.9</b>	<b>325.0</b>	<b>462.0</b>	<b>494.3</b>
	<i>Annual growth rate of nominal average monthly salary (%)</i>	23.5	20.7	6.8	7.0
6	<b>Inflation (%)</b>	<b>4.6</b>	<b>10.6</b>	<b>3.4</b>	<b>12.4</b>

## 2. Monetary sector

Number	Indicators	2005	2010	2015	2016
1	<b>Monetary base</b>	<b>885.8</b>	<b>6520.9</b>	<b>7560.7</b>	<b>9232.8</b>
	Monetary base with manat (mln. manats)	687.8	6397.1	6901.8	7860.5
	<i>Monetary base with manat (the last month on percentage statement non-oil of GDP )</i>	11.4	34.7	18.3	19.9
	<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
	Cash in circulation	594.1	5793.2	5416.8	6960.8
	Correspondent accounts	266.2	704.6	2089.8	2111.0
	Mandatory reserves	25.5	20.9	47.4	147.7
2	<b>Monetary aggregates</b>				
	M0 (mln. manats)	547.4	5455.9	4775.9	6376.9
	M1 (mln. manats)	747.8	6838.5	6897.2	8960.3
	M2 (mln. manats)	796.7	8297.6	8678.3	11546.3
	M3 (mln. manats)	1841.8	10527.6	21286.9	20889.6
3	<b>Reserves and exchange rate</b>				
	Reserves of AMB (mln. USD)	1967.3	6407.6	5016.7	3974.4
	AZN/USD official exchange rate	0.9186	0.7979	1.5594	1.7707
	AZN/EURO official exchange rate	1.0918	1.0560	1.7046	1.8638

	Real Effective exchange rate (REM) (2000=100)	85.8	127.7	110.0	91.3
	On non-oil sector REM (2000=100)	81.4	115.3	107.6	86.3

### 3. Bank Sector

#### 3.1. Structure and service network of bank market

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

### 3.2. Basic indicators of bank sector

Number	Indicators	2005	2010	2015	2016
1	<b>Assets (mln. AZN)</b>	<b>2252.0</b>	<b>13290.8</b>	<b>34906.0</b>	<b>31439.5</b>
	<i>Assets (the last 12 month non-oil GPD ,%)</i>	37.2	72.1	92.7	87.5
2	<b>Total credit investments to economy (mln. AZN)</b>	<b>1441.0</b>	<b>9163.4</b>	<b>21730.4</b>	<b>16444.6</b>
	<i>Total credit investments (the last 12 month non-oil GPD ,%)</i>	23.8	49.7	57.7	45.8
	Overdue loans (mln.AZN)	68.2	492.9	1508.5	1472.6
	<i>Overdue loans(%)</i>	4.7	5.4	6.9	9.0
	<b>Aggregate loan portfolio of the banking sector (mln. AZN)</b>	<b>1401.4</b>	<b>8971.8</b>	<b>21152.0</b>	<b>15971.2</b>
	Aggregate loan portfolio of non-bank financial organizations (BOKT) (mln. AZN)	39.6	191.6	578.4	473.4
	Credit investments in national currency (mln. AZN)	542.9	5865.3	10994.5	8663.1
	Credit investments in foreign currency (mln. AZN)	898.1	3298.1	10735.9	7781.4
	Credit investments in foreign currency (mln.USD)	977.7	4133.5	6884.6	4394.5
	<i>Credit dollarization (%)</i>	62.3	36.0	49.4	47.3
3	<b>Total capital (* - marked with periods without IBA)</b>	<b>388.3</b>	<b>1897.1</b>	<b>3654.0</b>	<b>2438.0</b>
	<i>Total capital (the last 12 month non-oil GPD ,%)</i>	6.4	10.3	9.7	6.2
4	<b>Total deposits (mln. AZN)</b>	<b>1368.7</b>	<b>7625.8</b>	<b>23431.4</b>	<b>22091.0</b>
	Deposits in national currency (mln. AZN)	280.2	3205.3	4301.7	5459
	Deposits in foreign currency (mln. AZN)	1088.5	4420.5	19129.7	16632
	Deposits in foreign currency (mln.USD)	1185.0	5540.2	12267.3	9392.9
	<i>Deposit dollarization (%)</i>	79.5	58.0	81.6	75.3
	<b>Deposits of households (mln. AZN)</b>	<b>494.5</b>	<b>3029.8</b>	<b>9473.9</b>	<b>7448.7</b>
	Deposits with national currency (mln. AZN)	55.8	1410.0	1420.2	1517.2
Deposits with foreign currency (mln.AZN)	438.7	1619.8	8053.7	5931.5	

	Deposits with foreign currency (mln.USD)	477.6	2030.1	5164.6	3349.8
	<i>Deposit dollarization (%)</i>	88.7	53.5	85.0	79.6
	Deposits of financial organizations (mln. AZN)	m/y	2177	6358.8	5528
5	<b>Foreign liabilities of bank sector (mln.AZN)</b>	<b>158.2</b>	<b>2470.4</b>	<b>8204.5</b>	<b>9114.3</b>
	Foreign liabilities of bank sector (mln.USD)	172.2	3096.1	5261.3	7224.8

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

Number	Indicators	2005	2010	2014	2016
1	<b>Pure interest income</b>	<b>117.3</b>	<b>503.69</b>	<b>1269.3</b>	<b>914.4</b>
	Interest incomes	175.5	1055.3	2055.7	1994.0
	Interest expenses	59.2	551.6	986.4	1079.7
2	<b>Pure non-interest incomes</b>	<b>-9.7</b>	<b>-179.7</b>	<b>-432.7</b>	<b>-1337.0</b>
	Non-interest incomes	93.4	271.6	476.5	-338.3
	Non-interest expenses	103.1	451.3	909.1	998.7
3	<b>Pure operation profit (loss)</b>	<b>107.6</b>	<b>324.0</b>	<b>836.6</b>	<b>-422.6</b>
4	<b>Special reserves allocations for assets</b>	<b>50.7</b>	<b>184.0</b>	<b>373.7</b>	<b>1212.0</b>
5	<b>Profit until the taxes are paid</b>	<b>57.0</b>	<b>140.1</b>	<b>458.8</b>	<b>-1625.1</b>
6	<b>Pure (after taxes) profit</b>	<b>42.7</b>	<b>120.3</b>	<b>370.5</b>	<b>-1667.6</b>

### 3.4. Financial stability indicators of bank sector

Number	Indicators	2005	2010	2014	2016
1	<b>Cumulative capital adequacy ratio (without CBB) (%)</b>	-	-	23.5	17.9-
2	<b>Asset quality</b>				
	Share of non-performing loans in the loan portfolio (%)	4.7	5.4	5.3	9.0
	Rate of change of non-performing loans (by the beginning of the year,%)	22.7	62.4	23.1	-2.4
3	<b>Profitability</b>				
	Ratio of Net Profit to Assets (%)	1.9	0.9	1.5	-5.3%
	Ratio of Net Profit to Total Equity (%)	11.0	6.3	8.9	-68.4
	Ratio of interest margin to net operating profit (%)	109.0	155.5	151.7	-216.4
	Ratio of net non-interest income to net operating profit (%)	-9.0	-55.5	-51.7	316.4

### 3.5. Policy and market interest rates

Number	Indicators	2007	2010	2015	2016
1	<b>CBA's interest rate corridor (at the end of the period)</b>				
	Low Corridor (%)	5.0	1.0	0.1	12.0
	The upper limit of the corridor (%)	19.0	7.0	5.0	18.0
	Accounting interest rate (%)	13.0	3.0	3.0	15.0
	Refinancing volume (mln.AZN) (residual at the end of the period)	95.3	1861.8	6157.7	2044.3
2	<b>Average interest rates on state securities (at the end of the period)</b>				
	Interest rate on CBA notes	10.6	2.1	0.9	15.0
	The average interest rate on government short-term bonds	-	-	-	19.5
3	<b>Average interest rates on deposits (to the end of the period)</b>	<b>10.6</b>	<b>8.2</b>	<b>7.2</b>	<b>5.8</b>
	<b>Average interest rates on deposits of legal persons</b>	<b>8.7</b>	<b>4.3</b>	<b>5.3</b>	3.6
	<i>With manats</i>	9.7	6.2	5.8	3.9
	<i>With foreign currency</i>	7.7	2.4	4.8	3.3
	<b>Average interest rates on deposits of physical persons</b>	<b>12.5</b>	<b>12.0</b>	<b>9.0</b>	<b>7.9</b>
	<i>With manats</i>	12.5	11.8	9.1	10.3
	<i>With foreign currency</i>	12.5	12.3	8.8	5.4
4	<b>Average interest rates on loans to customers (to the end of the period)</b>	<b>17.7</b>	<b>17.4</b>	<b>14.2</b>	<b>11.5</b>
	<b>Average interest rates on loans of legal persons</b>	<b>14.4</b>	<b>13.0</b>	<b>9.3</b>	7.1
	<i>With manats</i>	15.1	11.7	9.7	8.6
	<i>With foreign currency</i>	13.7	14.2	8.8	5.6
	<b>Average interest rates on loans of physical persons</b>	<b>21.0</b>	<b>21.8</b>	<b>19.1</b>	<b>15.9</b>

	<i>With manats</i>	20.3	19.8	17.5	15.7
	<i>With foreign currency</i>	21.7	23.7	20.7	16.0
5	<b>Average interest rates on interbank loans (to the end of the period)</b>	<b>15.5</b>	<b>10.9</b>	<b>5.6</b>	<b>8.1</b>
	<i>With manats</i>	16.3	11.9	5.7	10.9
	<i>With foreign currency</i>	14.7	10.0	5.6	5.4

#### 4. External Sector

Number	Indicators	2005	2010	2015	2016
1	<b>Current Operations Balance (mln. USD)</b>	<b>167.3</b>	<b>15039.6</b>	<b>-222.5</b>	<b>-1363.4</b>
	<i>Current balance on oil-gas sector (mln. USD)</i>	1659.8	19862.8	6548.9	4395.3
	<i>Current balance on non-oil sector (mln. USD)</i>	-1492.5	-4823.2	-6771.4	-5758.7
	<b>External trade balance (mln. USD)</b>	<b>3299.1</b>	<b>19730.4</b>	<b>5812.4</b>	<b>4206.3</b>
	<i>Goods export (mln. USD)</i>	7649.0	26476.0	15586.1	13210.5
	<i>Non-oil export (mln. USD)</i>	765.8	1368.5	1498.2	1160.1
	<i>Import of goods (mln. USD)</i>	-4349.9	-6745.6	-9773.6	-9004.2
	<i>Non-oil import (mln. USD)</i>	-2422.6	-5908.0	-7370.6	-6675.5
	<b>Services Balance (mln. USD)</b>	<b>-1970.0</b>	<b>-1732.9</b>	<b>-4228.9</b>	<b>-3154.5</b>
	<i>Transportation services balance (mln. USD)</i>	-139.7	-156.7	508.6	176.0
	<i>Tourism services balance (mln. USD)</i>	-86.3	-124.3	-293.6	219.4
	<i>Construction services balance (mln. USD)</i>	-1489.4	-172.6	-3496.7	-2944.9
	<i>Other services balance</i>	-254.6	-1279.2	-947.2	-605.0
	<b>Incomes balance (mln. USD)</b>	<b>-1161.8</b>	<b>-2957.9</b>	<b>-1806.1</b>	<b>-2415.2</b>
2	<b>Capital and financial mobility account (mln. USD)</b>	<b>566.0</b>	<b>-3589.7</b>	<b>-9069.1</b>	<b>-2801.7</b>
	<b>Direct Investments Balance (BPM)</b>	<b>458.2</b>	<b>329.2</b>	<b>785.9</b>	<b>1926.0</b>
	<i>BIB on non-oil sector</i>	217.0	577.8	-635.6	1150.4
	<b>Portfolio investments balance</b>	<b>30.5</b>	<b>-138.8</b>	<b>392.4</b>	<b>487.9</b>
	<b>Balance on other investments (DIB)</b>	<b>35.4</b>	<b>-3796.4</b>	<b>-10205.5</b>	<b>-5176.1</b>



	<i>DİB on non-oil sector DİB</i>	-732.4	-3698.1	-11590.5	-4729.9
	<b>Equity movement balance</b>	<b>40.9</b>	<b>14.3</b>	<b>-43.9</b>	<b>-40.1</b>
	<i>Oil bonus</i>	1.0	2.0	2.0	0.5
<b>3</b>	<b>Reserve Assets Change (USD mln)</b>	<b>607.7</b>	<b>10461.2</b>	<b>-11329.0</b>	<b>-539.2</b>
<b>4</b>	<b>Balancing agents (mln USD)</b>	<b>-125.6</b>	<b>-988.7</b>	<b>-2037.4</b>	<b>3625.9</b>

## 5. Fiscal Sector

Number	Indicators	2005	2010	2015	2016
1	<b>Incomes of state budget (mln manats)</b>	<b>2055.2</b>	<b>11402.5</b>	<b>17153.2</b>	<b>17501.2</b>
	<i>Ratio to GDP of State Budget Revenues (%)</i>	16.4	26.9	31.6	29.2
2	<b>Expences of state budget (mln. manats)</b>	<b>2140.7</b>	<b>11766</b>	<b>17786.8</b>	<b>17742.4</b>
	<i>Ratio to GDP of State Budget Expenditures (%-lə)</i>	18	28.3	32.7	29.6
3	<b>State budget deficit (mln. manats)</b>	<b>-85.5</b>	<b>-363.5</b>	<b>-633.6</b>	<b>-241.2</b>
	<i>Dövlət Büdcəsinin Kəsrinin ÜDM-ə nisbəti (%-lə)</i>	-0.7	0.9	-1.2	-0.4
4	<b>Incomes of State Oil Fund (mln. AZN)</b>	<b>660.0</b>	<b>13088.5</b>	<b>7721.1</b>	<b>9410.2</b>
5	<b>Expenses of State Oil Fund (mln. AZN)</b>	<b>233.0</b>	<b>6386.5</b>	<b>9187.7</b>	<b>9022.1</b>
6	<b>Transfers to state budget from State Oil Fund (mln. AZN)</b>	<b>150.0</b>	<b>5915.0</b>	<b>8130.0</b>	<b>7615.0</b>
7	<b>Transfers to the CBA for the purpose of macroeconomic stability (mln.AZN)</b>	-	-	-	-
8	<b>Capacity of State Oil Fund assets (mln. USD)</b>	<b>1394.0</b>	<b>22766.8</b>	<b>33574.1</b>	<b>33147.0</b>

**Azerbaijan Banks Association**

**(012) 497-15-15**

**office@aba.az**