



**AZERBAIJAN
BANKS
ASSOCIATION**

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

MACROFINANCE REVIEW

2019

Table of Contents

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

1. Real sector

№	Indicators	2005	2010	2015	2017	2018	2019
1	GDP (mln. AZN)	12522.5	42465.0	54352.1	70135.1	79797.3	81681
	<i>Annual growth rate of GDP (%)</i>	<i>13.0</i>	<i>16.9</i>	<i>2.4</i>	<i>0.1</i>	<i>1.4</i>	<i>2.2</i>
2	Non-oil GDP (mln. AZN)	6055.0	18442.7	37670.0	44061.9	46671.3	50391.8
	<i>Annual growth rate of non-oil GDP (%)</i>	<i>11.9</i>	<i>10.0</i>	<i>7.4</i>	<i>2.7</i>	<i>1.8</i>	<i>3.5</i>
3	Investment in fixed capital (mln. AZN)	5424.3	9715.2	15957.0	15550.8	17238.2	17184.3
	<i>Annual growth rate of investment in fixed capital (%)</i>	<i>44.1</i>	<i>13.9</i>	<i>9.5</i>	<i>-2.6</i>	<i>-4.4</i>	<i>-2.3</i>
4	Nominal money income of the population (mln. AZN)	7792.3	25605.6	41738.6	49162.9	53688.6	57035.0
	<i>Annual growth rate of nominal money income of the population (%)</i>	<i>15.9</i>	<i>24.6</i>	<i>10.4</i>	<i>8.3</i>	<i>9.2</i>	<i>7.4</i>
5	Nominal average monthly salary (AZN)	117.9	325.0	462.0	525.0	540.1	623.1
	<i>Annual growth rate of nominal average monthly salary (%)</i>	<i>23.5</i>	<i>20.7</i>	<i>6.8</i>	<i>6.2</i>	<i>2.9</i>	<i>15.4</i>
6	Inflation (%)	4.6	10.6	3.4	12.9	2.3	2.6

2. Monetary sector

№	Indicators	2005	2010	2015	2017	2018	2019
1	Monetary base	885.8	6520.9	7560.7	9872.6	10318.4	13125.3
	Monetary base in manats (mln. AZN)	687.8	6397.1	6901.8	8543.2	9545.7	12152.5
	<i>Monetary base with manat (the last 12 month non-oil GDP, %)</i>	<i>11.4</i>	<i>34.7</i>	<i>18.3</i>	<i>19.4</i>	<i>20.5</i>	<i>24.1</i>
	<i>Monetary base with manat (the rate of change from the beginning of the year, %)</i>	<i>7.5</i>	<i>31.6</i>	<i>-40.2</i>	<i>8.7</i>	<i>11.7</i>	<i>27.3</i>
	Cash in circulation	594.1	5793.2	5416.8	8140.2	8364.1	10405.5
	Correspondent accounts	266.2	704.6	2089.8	1554.6	1755.5	2543.2
	Mandatory reserves	25.5	20.9	47.4	141.2	163.0	165.4
2	Monetary aggregates						
	M0 (mln. manats)	547.4	5455.9	4775.9	7490.3	7601.4	9501.1
	M1 (mln. manats)	747.8	6838.5	6897.2	10544.2	12274.6	15397.9
	M2 (mln. manats)	796.7	8297.6	8678.3	12466.4	14643.6	18238.6
	M3 (mln. manats)	1841.8	10527.6	21286.9	22772.1	24060.4	28866.3
3	Reserves and exchange rate						
	Reserves of CBAR (mln. USD)	1967.3	6407.6	5016.7	5334.6	5622.5	6258.0
	AZN/USD official exchange rate	0.9186	0.7979	1.5594	1.7001	1.7000	1.7000
	AZN/EURO official exchange rate	1.0918	1.0560	1.7046	2.0307	1.9468	1.9035
	Real Effective Exchange Rate (REM) (2000=100)	85.8	127.7	110.0	94.2	99.5	99.0
On non-oil sector REM (2000=100)	81.4	115.3	107.6	89.8	95.3	93.4	

3. Banking Sector

3.1. Structure and service network of banking market

№	Indicators	2005	2010	2015	2017	2018	2019
1	Number of banks	44	45	43	30	30	30
	Number of banks getting license since the beginning of the year	3	1	0	0	0	0
	Number of banks whose license has been canceled since the beginning of the year	3	2	2	2	0	0
	Number of state banks	2	1	2	2	2	2
	Number of private banks	42	44	41	28	28	28
	Number of banks with foreign capital	18	22	21	15	15	14
	<i>Banks with foreign capital more than 50% of the authorized capital</i>	7	9	8	8	8	7
	also local branch of foreign banks	2	2	2	2	2	2
	<i>Banks with foreign capital up to 50% of the authorized capital</i>	11	13	13	7	7	7
2	Service network of banks						
	Number of bank branches	374	644	750	509	508	509
	Number of bank departments	24	120	164	142	130	133
	Number of ATM-s	873	1892	2694	2431	2502	2647
	Number of POS Terminals	987	7872	80301	-	66110	67468
3	Number of employees working in banking sector	n/a	n/a	n/a	16171	17415	19460
4	Number of non-bank credit organizations	85	101	157	123	104	90

3.2. Main indicators of banking sector

№	Indicators	2005	2010	2015	2017	2018	2019
1	Assets (mln. AZN)	2252.0	13290.8	34906.0	27921.0	29502.4	32722.8
	<i>Assets (the last 12 month non-oil GPD, %)</i>	37.2	72.1	92.7	63.4	63.2	64.9
2	Total credit investments to the economy (mln. AZN)	1441.0	9163.4	21730.4	11757.8	13020.3	15298.2
	<i>Total credit investments (the last 12 month non-oil GPD, %)</i>	23.8	49.7	57.7	26.7	27.9	30.4
	Overdue loans (mln.AZN)	68.2	492.9	1508.5	1626.7	1585.0	1273.1
	<i>Overdue loans(%)</i>	4.7	5.4	6.9	13.8	12.2	8.3
	Aggregate loan portfolio of the banking sector (mln. AZN)	1401.4	8971.8	21152.0	11337.6	12628.3	14900.9
	Business loans (mln. AZN)	-	-	-	7566	8113	9032
	Consumer loans (mln. AZN)	-	-	-	3772	4515	5869
	Aggregate loan portfolio of non-bank financial organizations (BOKT) (mln. AZN)	39.6	191.6	578.4	420.2	392.0	397.2
	Credit investments in national currency (mln. AZN)	542.9	5865.3	10994.5	6953.6	8073.6	10000.8
	Credit investments in foreign currency (mln. AZN)	898.1	3298.1	10735.9	4804.2	4946.7	5297.4
	Credit investments in foreign currency (mln. USD)	977.7	4133.5	6884.6	2825.8	2909.8	3116.1
	<i>Credit dollarization (%)</i>	62.3	36.0	49.4	40.9	38.0	35.6
	3	Total capital (* - marked with periods without IBA)	388.3	1897.1	3654.0	3709.2	4071.8
<i>Total capital (the last 12 month non-oil GPD, %)</i>		6.4	10.3	9.7	8.4	8.7	9.1
4	Total deposits (mln. AZN)	1368.7	7625.8	23431.4	20599.1	21870.4	24746.0
	Deposits in national currency (mln. AZN)	280.2	3205.3	4301.7	5685.6	7581.7	9657.6
	Deposits in foreign currency (mln. AZN)	1088.5	4420.5	19129.7	14913.5	14288.7	15088.4
	Deposits in foreign currency (mln. USD)	1185.0	5540.2	12267.3	8772.1	8405.1	8875.5
	<i>Deposit dollarization (%)</i>	79.5	58.0	81.6	72.4	65.3	61.0
	Savings of households (mln. AZN)	494.5	3029.8	9473.9	7561.2	8375.4	8637.9
	Savings with national currency (mln. AZN)	55.8	1410.0	1420.2	2532.9	3142.3	4132.8
	Savings with foreign currency (mln. AZN)	438.7	1619.8	8053.7	5028.3	5233.1	4505.2
	Savings with foreign currency (mln. USD)	477.6	2030.1	5164.6	2957.6	3078.3	2650.1
	<i>Savings dollarization (%)</i>	88.7	53.5	85.0	66.5	62.5	52.2
	Deposits of financial organizations (mln. AZN)	m/y	2177	6358.8	1935.0	1547.7	1726.7
Deposits of non-financial organizations (mln. AZN)	874.2	2419	7630.4	11102.9	11947.4	14381.5	
5	Foreign liabilities of bank sector (mln.AZN)	158.2	2470.4	8204.5	2308.3	1828.1	1645.6
	Foreign liabilities of bank sector (mln.USD)	172.2	3096.1	5261.3	1357.7	1075.4	968.0

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

№	Indicators	2005	2010	2014	2016	2017	2018	2019
1	Net interest income	117.3	503.69	1269.3	914.4	950.3	1171.1	1330.3
	Interest income	175.5	1055.3	2055.7	1994.0	1775.2	1753.0	1922.2
	Interest expense	59.2	551.6	986.4	1079.7	824.9	581.9	547.9
2	Net non-interest income	-9.7	-179.7	-432.7	-1337.0	-42.1	-476.5	-481.3
	Non-interest income	93.4	271.6	476.5	-338.3	938.5	549.1	723.7
	Non-interest expense	103.1	451.3	909.1	998.7	980.6	1025.6	1205.0
3	Net operating profit (loss)	107.6	324.0	836.6	-422.6	908.2	694.6	849.0
4	Special reserves allocations for assets	50.7	184.0	373.7	1212.0	26.5	345.4	177.3
5	Profit until the taxes are paid	57.0	140.1	458.8	-1625.1	938.8	351.7	693.0
6	Net (after taxes) profit	42.7	120.3	370.5	-1667.6	883.6	279.4	536.9

3.4. Financial stability indicators of banking sector

№	Indicators	2005	2010	2014	2017	2018	2019
1	Cumulative capital adequacy ratio (without IBA) (%)	-	-	23.5-	-	-	22.6*
	Aggregate capital				2242	3621	4108
2	Asset quality						
	Share of non-performing loans in the loan portfolio (%)	4.7	5.4	5.3	13.8	12.2	8.3
	Rate of change of non-performing loans (since the beginning of the year,%)	22.7	62.4	23.1	10.5	-2.6	19.7
3	Profitability						
	Ratio of Net Profit to Assets (%)	1.9%	0.9%	1.5%	3.2%	0.9%	1.6%
	Ratio of Net Profit to Total Equity (%)	11.0	6.3	8.9	23.8	6.9	11.7
	Ratio of interest margin to net operating profit (%)	109.0	155.5	151.7	104.6	168.6	156.7
	Ratio of net non-interest income to net operating profit (%)	-9.0	-55.5	-51.7	-4.6	-68.6	-56.7

*Including IBA

3.5. Policy and market interest rates

No	Indicators	2005	2010	2015	2017	2018	2019
1	CBAR's interest rate corridor (at the end of the period)						
	The lower limit of the corridor (%)	5.0	1.0	0.1	10.0	7.75	5.75
	The upper limit of the corridor (%)	19.0	7.0	5.0	18.0	11.75	9.25
	Accounting interest rate (%)	13.0	3.0	3.0	15.0	9.75	7.50
	Refinancing volume (mln.AZN) (residual at the end of the period)	95.3	1861.8	6157.7	923.7	726.6	681.7
2	Average interest rates on state securities (at the end of the period)						
	Interest rate on CBAR notes	10.6	2.1	0.9	14.3	9.34	5.76
	The average interest rate on government short-term bonds	-	-	-	14.3	8.99	7.8
3	Average interest rates on deposits (at the end of the period)	10.6	8.2	7.2	5.6	4.9	4.5
	Average interest rates on deposits of legal persons	8.7	4.3	5.3	3.6	3.5	2.9
	<i>With manats</i>	9.7	6.2	5.8	5.8	5.53	4.71
	<i>With foreign currency</i>	7.7	2.4	4.8	1.4	1.43	1.1
	Average interest rates on deposits of physical persons	12.5	12.0	9.0	7.6	6.3	6.0
	<i>With manats</i>	12.5	11.8	9.1	11.6	10.0	9.68
	<i>With foreign currency</i>	12.5	12.3	8.8	3.7	2.66	2.4
4	Average interest rates on loans to customers (to the end of the period)	17.7	17.4	14.2	12.1	11.8	9.69
	Average interest rates on loans of legal persons	14.4	13.0	9.3	7.9	7.7	7.1
	<i>With manats</i>	15.1	11.7	9.7	8.9	9.3	8.8
	<i>With foreign currency</i>	13.7	14.2	8.8	6.8	6.13	5.33
	Average interest rates on loans of physical persons	21.0	21.8	19.1	16.4	15.9	12.3
	<i>With manats</i>	20.3	19.8	17.5	16.3	17.11	16.63
	<i>With foreign currency</i>	21.7	23.7	20.7	16.5	14.67	8.01
5	Average interest rates on interbank loans (to the end of the period)	15.5	10.9	5.6	8.4	6.4	6.3
	<i>With manats</i>	16.3	11.9	5.7	11.8	9.46	8.97
	<i>With foreign currency</i>	14.7	10.0	5.6	4.9	3.29	3.67

4. External Sector

№	Indicators	2005	2010	2015	2016	2017	2018	2019 9 months
1	Current Operations Balance (mln. USD)	167.3	15039.6	-222.5	-1363.4	1684.6	6051.1	4003.0
	<i>Current balance on oil-gas sector (mln. USD)</i>	1659.8	19862.8	6548.9	4395.3	7387.2	12869.1	9180.5
	<i>Current balance on non-oil sector (mln. USD)</i>	-1492.5	-4823.2	-6771.4	-5758.7	-5702.6	-6818.0	-5177.5
	External trade balance (mln. USD)	3299.1	19730.4	5812.4	4206.3	6114.7	9841.3	6897.6
	<i>Goods export (mln. USD)</i>	7649.0	26476.0	15586.1	13210.5	15152.1	20793.8	15019.9
	<i>Non-oil export (mln. USD)</i>	765.8	1368.5	1498.2	1160.1	1473.0	1617.7	1340.9
	<i>Import of goods (mln. USD)</i>	-4349.9	-6745.6	-9773.6	-9004.2	-9037.3	-10952.4	-8123.3
	<i>Non-oil import (mln. USD)</i>	-2422.6	-5908.0	-7370.6	-6675.5	-7694.8	-9207.1	-6798.7
	Services Balance (mln. USD)	-1970.0	-1732.9	-4228.9	-3154.5	-3379.3	-2062.1	-1841.4
	<i>Transportation services balance (mln. USD)</i>	-139.7	-156.7	508.6	176.0	-77.0	-297.0	-207.0
	<i>Tourism services balance (mln. USD)</i>	-86.3	-124.3	-293.6	219.4	353.4	349.8	80.0
	<i>Construction services balance (mln. USD)</i>	-1489.4	-172.6	-3496.7	-2944.9	-2417.0	-1277.2	-737.4
	<i>Other services balance</i>	-254.6	-1279.2	-947.2	-605.0	-1238.8	-743.1	-876.0
	Income balance (mln. USD)	-1161.8	-2957.9	-1806.1	-2415.2	-1050.9	-1728.2	-1052.2
2	Capital and financial mobility account (mln. USD)	566.0	-3589.7	-9069.1	-2801.7	-101.0	-3189.4	-343.7
	Direct Investments Balance (BIB)	458.2	329.2	785.9	1926.0	301.7	-808.0	1360.9
	<i>BIB on non-oil sector</i>	217.0	577.8	-635.6	1150.4	91.8	-463.1	376.7
	Portfolio investments balance	30.5	-138.8	392.4	487.9	2668.9	-1241.0	498.9
	Balance on other investments (DIB)	35.4	-3796.4	-10205.5	-5176.1	-3177.2	-1591.0	-1073.0
	<i>DIB on non-oil sector</i>	-732.4	-3698.1	-11590.5	-4729.9	-4591.3	-1852.1	-921.9
	Equity movement balance	40.9	14.3	-43.9	-40.1	100.4	1.4	-3.7
<i>Oil bonus</i>	1.0	2.0	2.0	0.5	1.4	450.1	450.8	
3	Reserve Assets Change (USD mln)	607.7	10461.2	-11329.0	-539.2	1971.3	3508.1	4166.8
4	Balancing agents (mln USD)	-125.6	-988.7	-2037.4	3625.9	387.8	646.4	507.5

5. Fiscal Sector

№	Göstəricilər	2010	2015	2017	2018	01.10.2019	2019
1	Income of state budget (mln AZN)	11402.5	17153.2	16446.9	22411.2	16871.2	21131.2
	<i>Ratio to GDP of State Budget Revenues (%)</i>	26.9	31.6	23.5	28.1	28.9	29
2	Expense of state budget (mln. AZN)	11766	17786.8	17588.4	22718.9	16690.6	20175.3
	<i>Ratio to GDP of State Budget Expenditures (%)</i>	28.3	32.7	25.1	28.5	28.5	27.7
3	State budget deficit (mln. AZN)	-363.5	-633.6	-1141.5	-307.7	180.6	956.9
	<i>Ratio to GDP of State Budget Deficit (%)</i>	0.9	-1.2	-1.6	-0.4	0.3	1.3
4	Incomes of State Oil Fund (mln. AZN)	13088.5	7721.1	12137.5	17614.1	14715.2	
5	Expenses of State Oil Fund (mln. AZN)	6386.5	9187.7	11015.5	11455.6	7680.4	
6	Transfers to state budget from State Oil Fund (mln. AZN)	5915.0	8130.0	6100.0	10959.0	7536.0	
7	Transfers to the CBAR for the purpose of macroeconomic stability (mln.AZN)	-	-	3949.5	-	-	
8	Volume of State Oil Fund Assets (mln. USD)	22766.8	33574.1	35806.5	38515.2	42524.4	

Azerbaijan Banks Association

(012) 497-15-15

office@aba.az