

New Reality

Armenian Banking System

Developments and Trends



Union of Banks of Armenia

Hilton Hotel, LA, California

25 September, 2011

General Information

- Population: 3,3 mln
- Area: 29 743 km²
- National Currency: Armenian Dram (AMD) ₴
- GDP: \$9.6 bln.
- GDP per capita: \$2 885

Soverign Ratings on Armenia

- Fitch Ratings (September, 2011) - 'BB-'
- Moody's (February, 2011) – "Ba2"

General Figures of Banking Sector

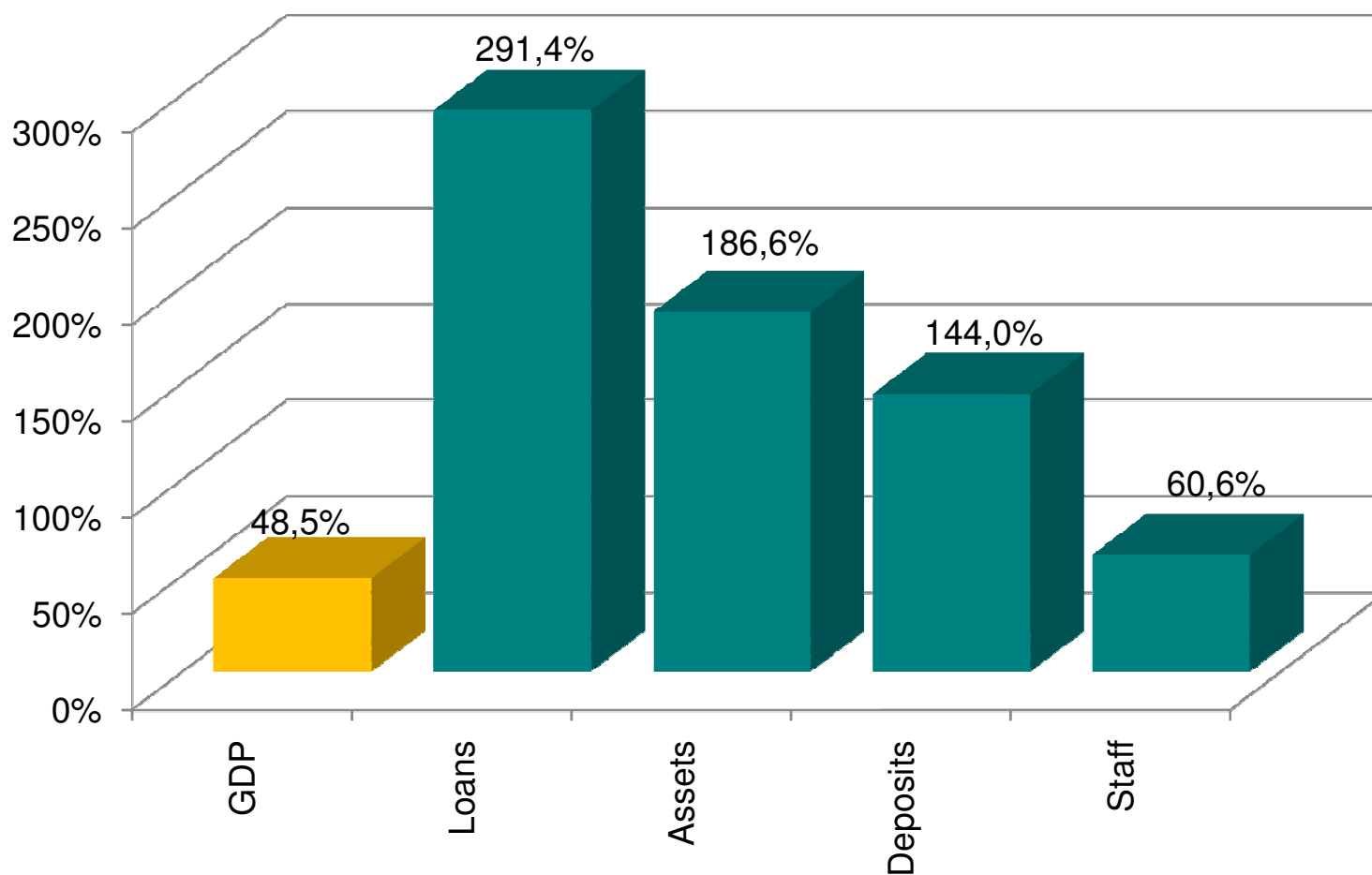
- Total capital – \$ 0.96 bln
- Total assets - \$ 4.8 bln
- Total loans - \$ 3.2 bln
- Total liabilities - \$ 3.8 bln

- Number of banks – 21
- Number of branches – 447
- Number of employees – 9 465

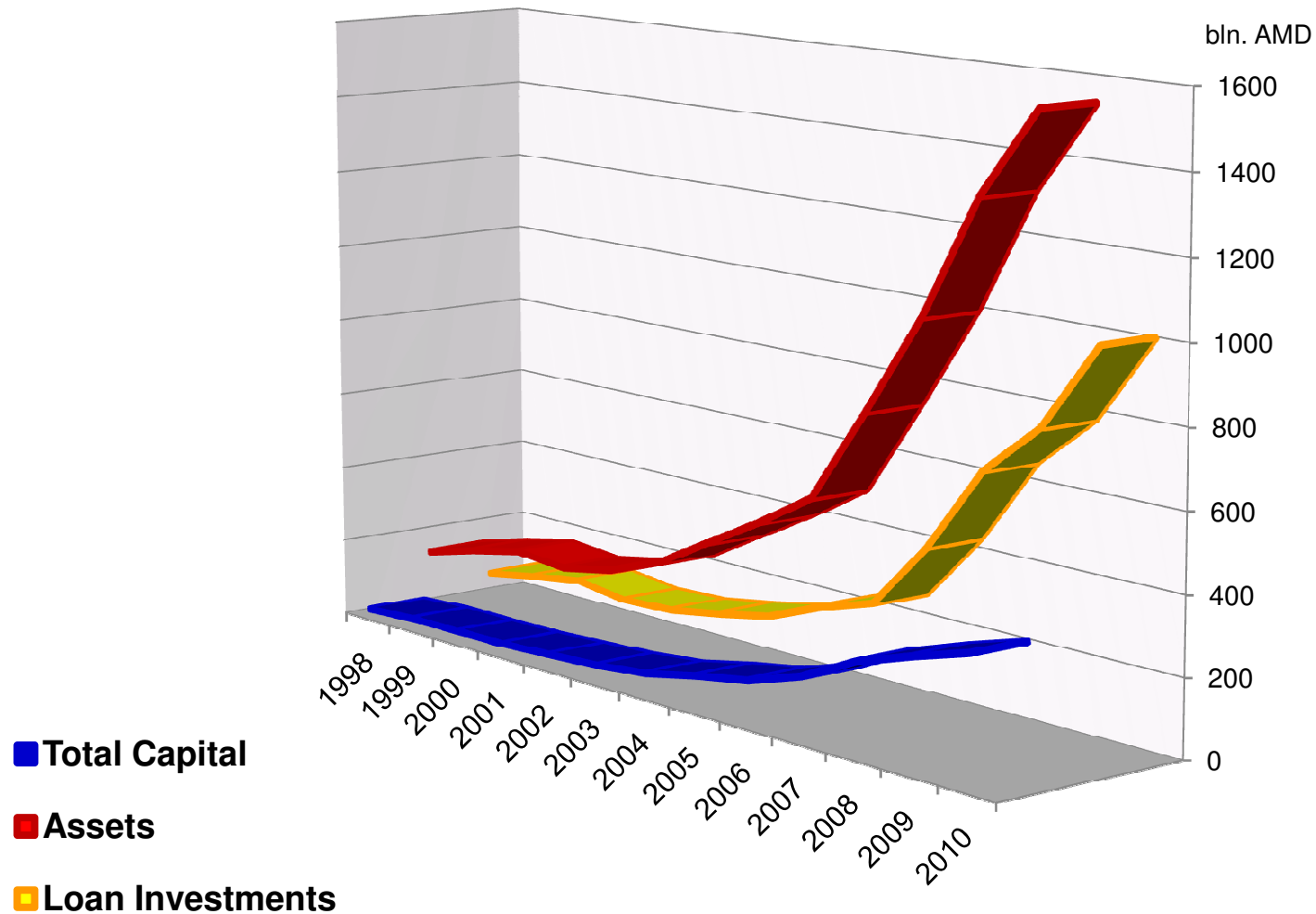
- 13 bank branches are available for every 100 000 people
- 0,67 banks are available for every 100 000 people

Armenian Banking Sector Development in Comparative Background

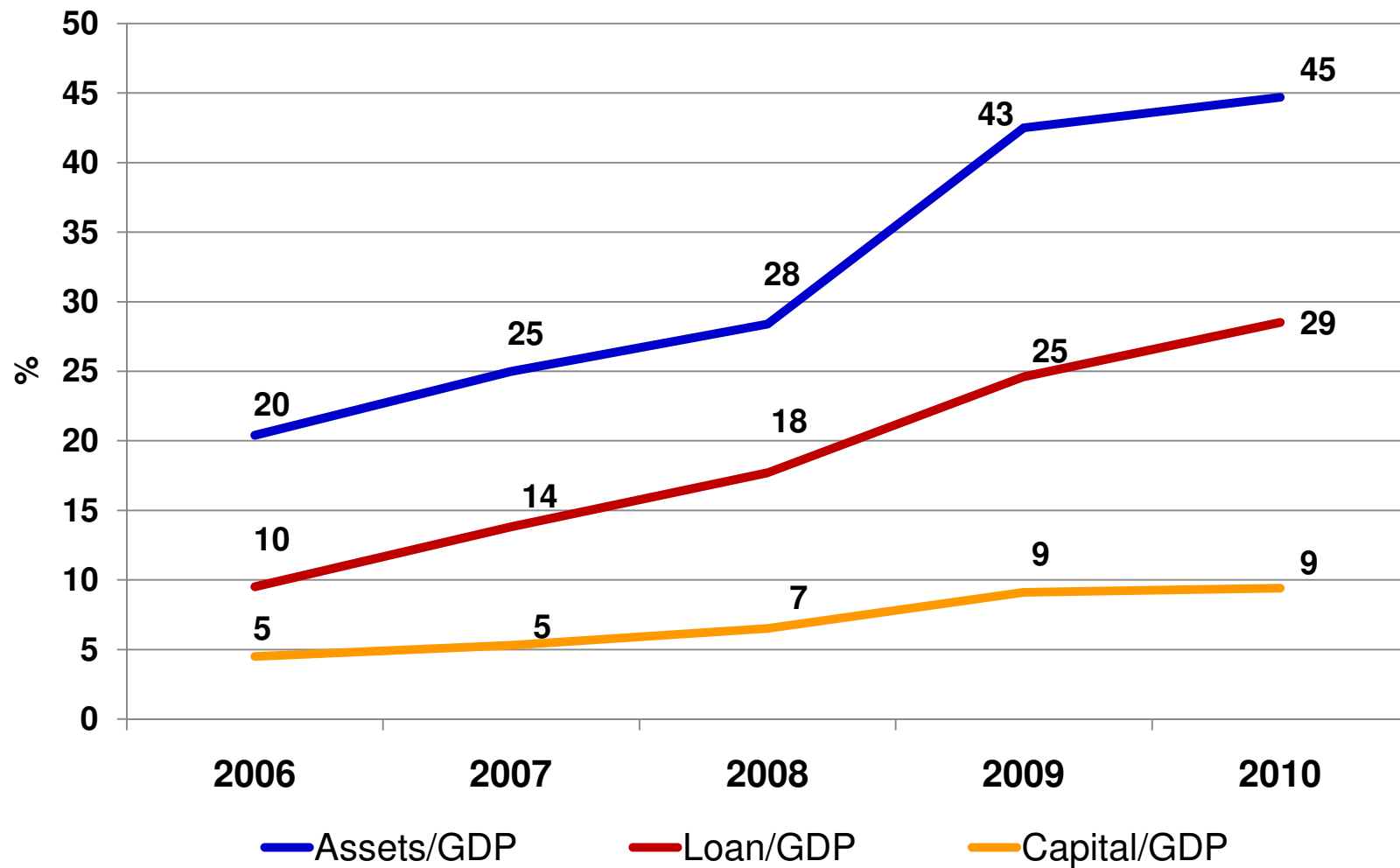
Changes in %: 2006 - 2010



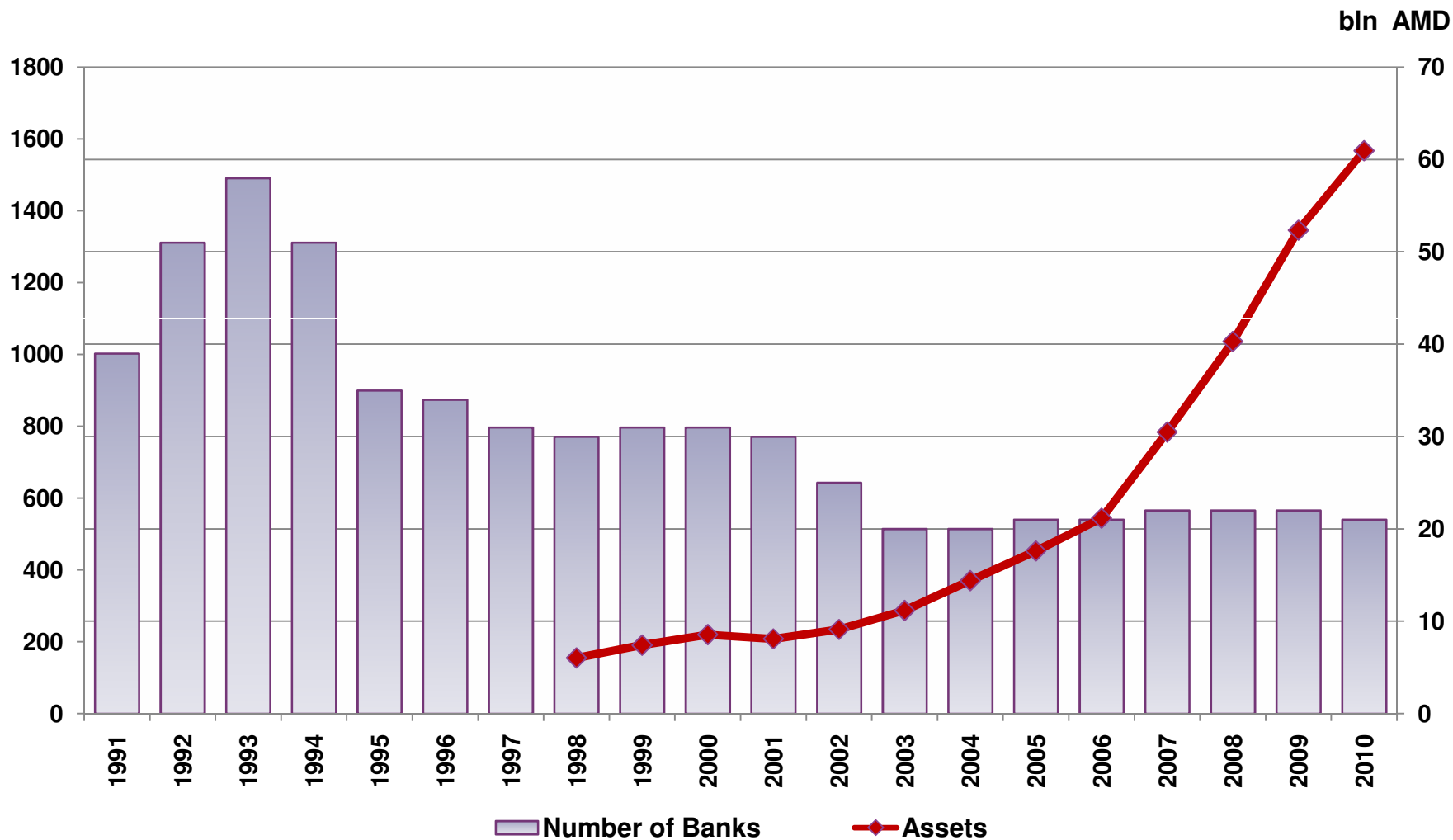
Banking System Development Chart



Banking System in Economy



Number of Banks vs. Banking Assets



Key Ratios 2010

Profitability Ratios

- ✓ Return on Assets (**ROA**) – 2.4 %
- ✓ Return on Equity(**ROE**) – 11.4%

Capitalization Ratios

- ✓ Total Capital/Total Assets – 21%
- ✓ Total Capital/Liabilities – 27%

Institutions Through Banking Cooperation

- ✓ **Union of Banks of Armenia**
- ✓ **Financial Arbitration**
- ✓ **Financial System Mediator**
- ✓ **Deposit Guarantee Fund**
- ✓ **ACRA Credit Reporting Agency**
- ✓ **ArCa-Unified Payment System**
- ✓ **Financial-Banking College Foundation**

General Descriptives of the Commercial Banks

- No centralization in the banking sector
 - No certain bank is dominant in the market in respect of different indices
- There is no bank with government share
- 3 of 21 Armenian banks are open joint stock companies
- 47% of adult population has banking accounts
 - In 2006 – 30%
 - In 2000 - 13%
- Circulating credit cards
 - VISA, MasterCard, American Express, Diners Club, ArCa and etc.

General Descriptives of the Commercial Banks

- There are non resident shares in all Armenian banks
 - in total 74% of shares belong to non residents
 - 100% shares belong to non residents in 10 banks
 - *In 8 of 10 banks shareholders are legal entities*
 - Only in 6 banks the share of non residents is less than 50%

- Shares of International Organizations in Armenian banks
 - EBRD has 16.67% - 25% shares in 4 banks
 - IFC has 10% shares in 2 banks
 - KFW has shares in 2 banks: 13.5% and 14.87%
 - The OPEC Fund for International Development (OFID) has 10% share in 1 bank

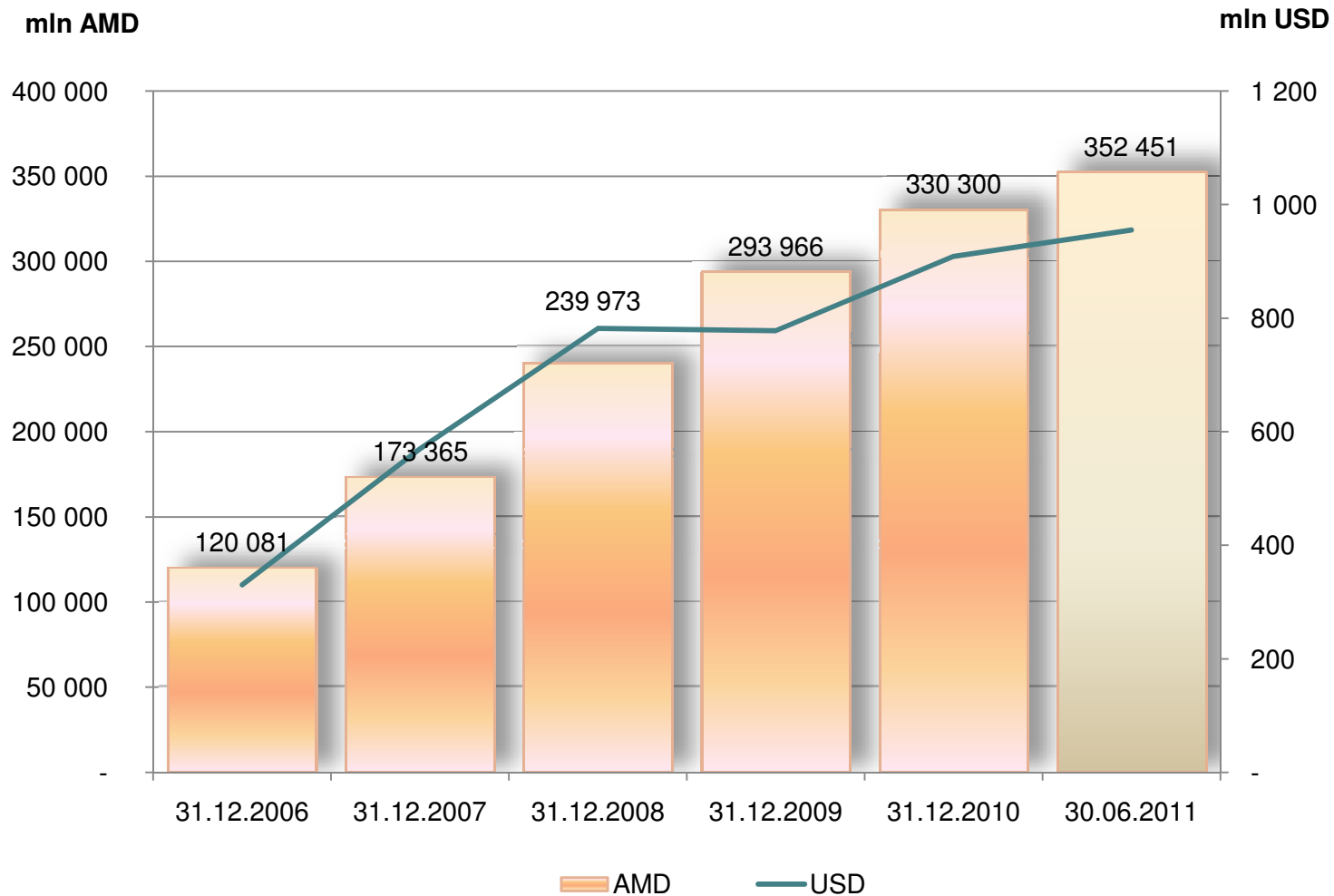
International Investments in Armenia

- Foreign investments to Armenian banking sector
 - Total \$1.18bln.
 - From International organizations - \$240 mln.
 - From the USA - \$75 mln.
- World Bank (by 2011)
 - 16 projects – \$430 mln.
 - \$75.05 mln - through Armenian banks
- EBRD (by February 2010)
 - \$400 mln
 - around 25% to Armenian Financial System
 - In 2010 – \$85 mln
- Black Sea Trade and Development Bank (2004-2010)
 - \$73 mln.
 - \$24 mln. to three Armenian Banks

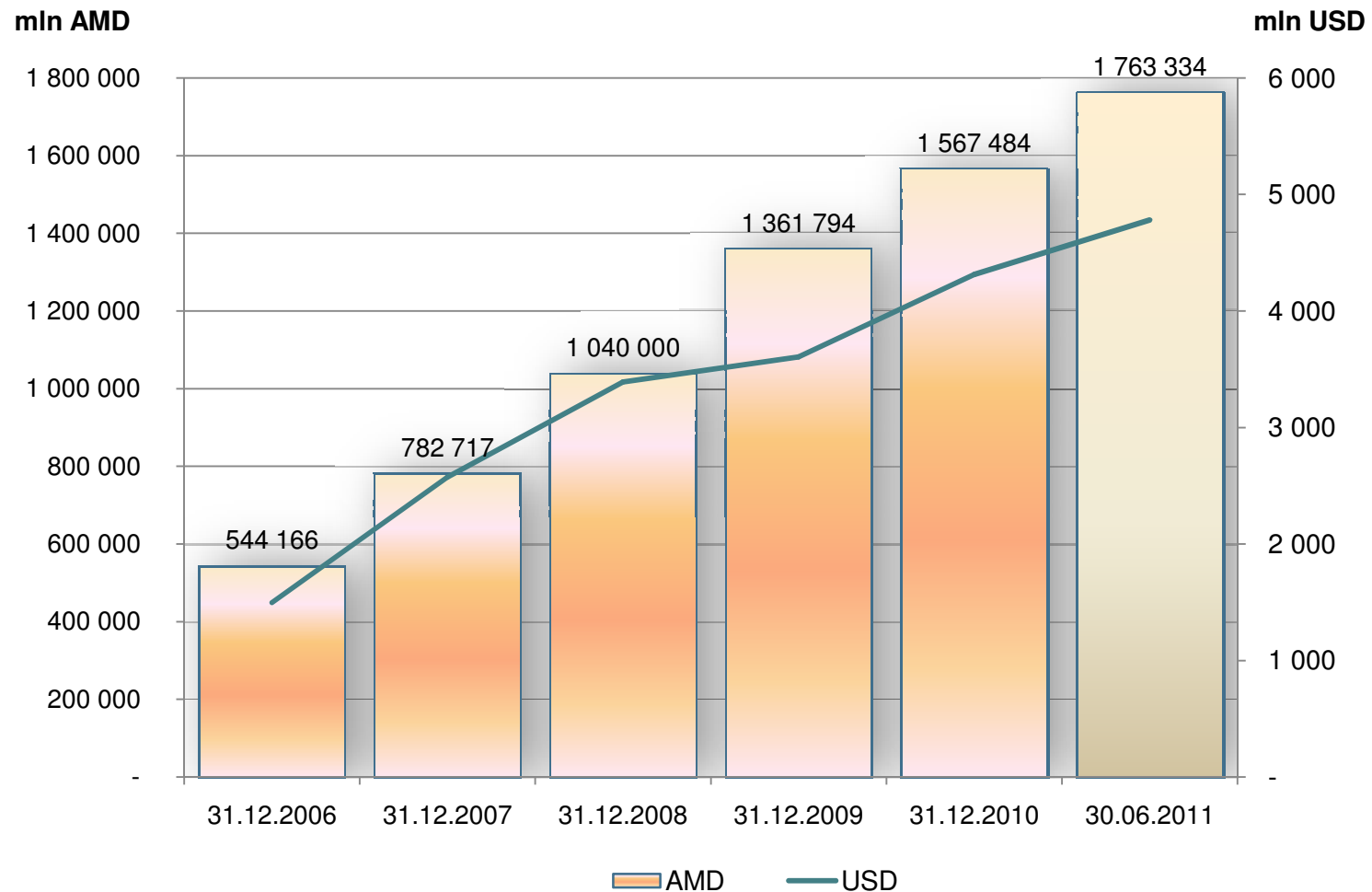
Incoming Transfers of Physical Persons Through RA Banks

- In 2010 - \$1 627 mln
 - Russia – \$1 114 mln
 - In last 3 years – \$3 526 mln
 - USA - \$124 mln
 - In last 3 years - \$404 mln
- Since 2008 - \$5 473 mln

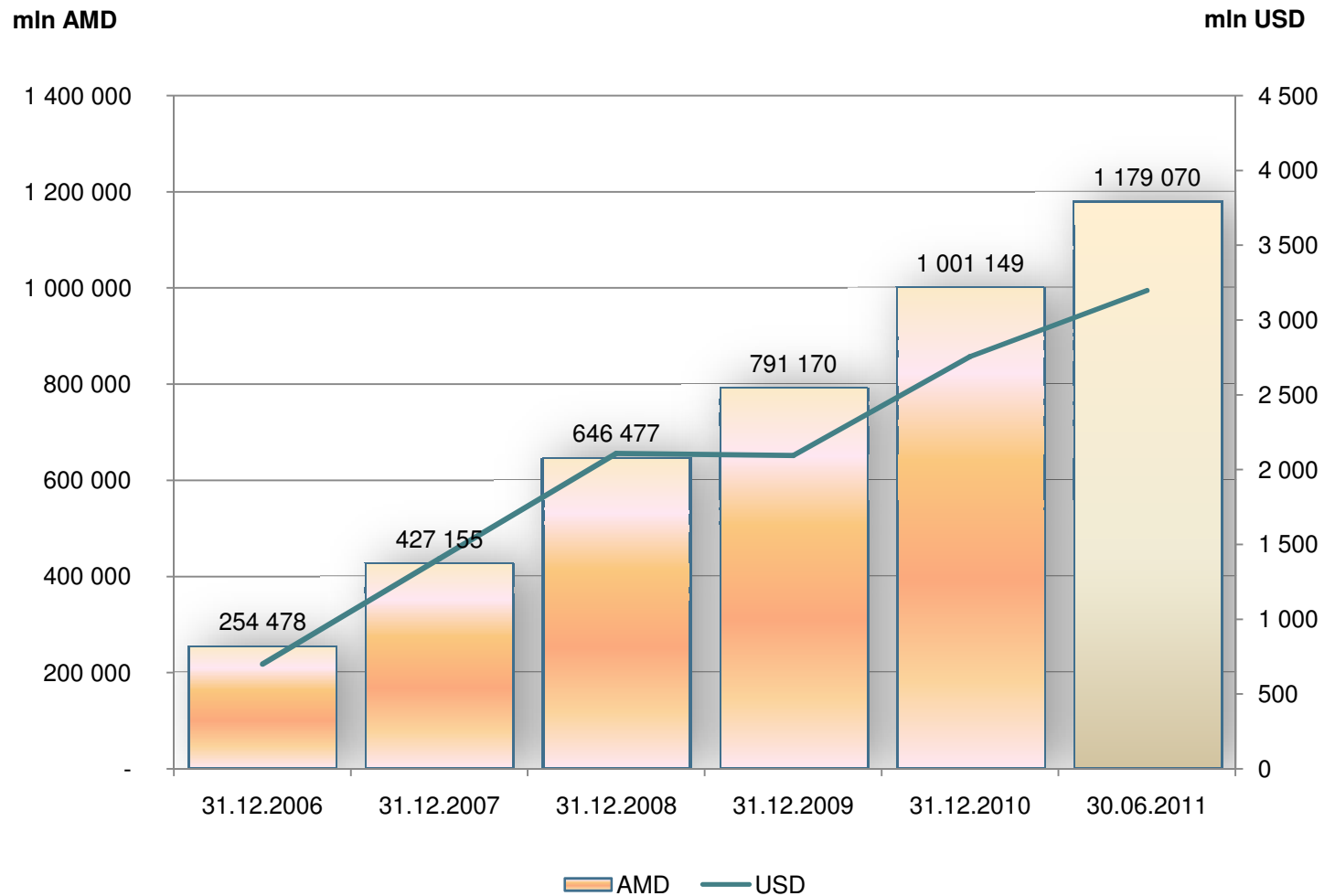
Total Capital



Total Assets



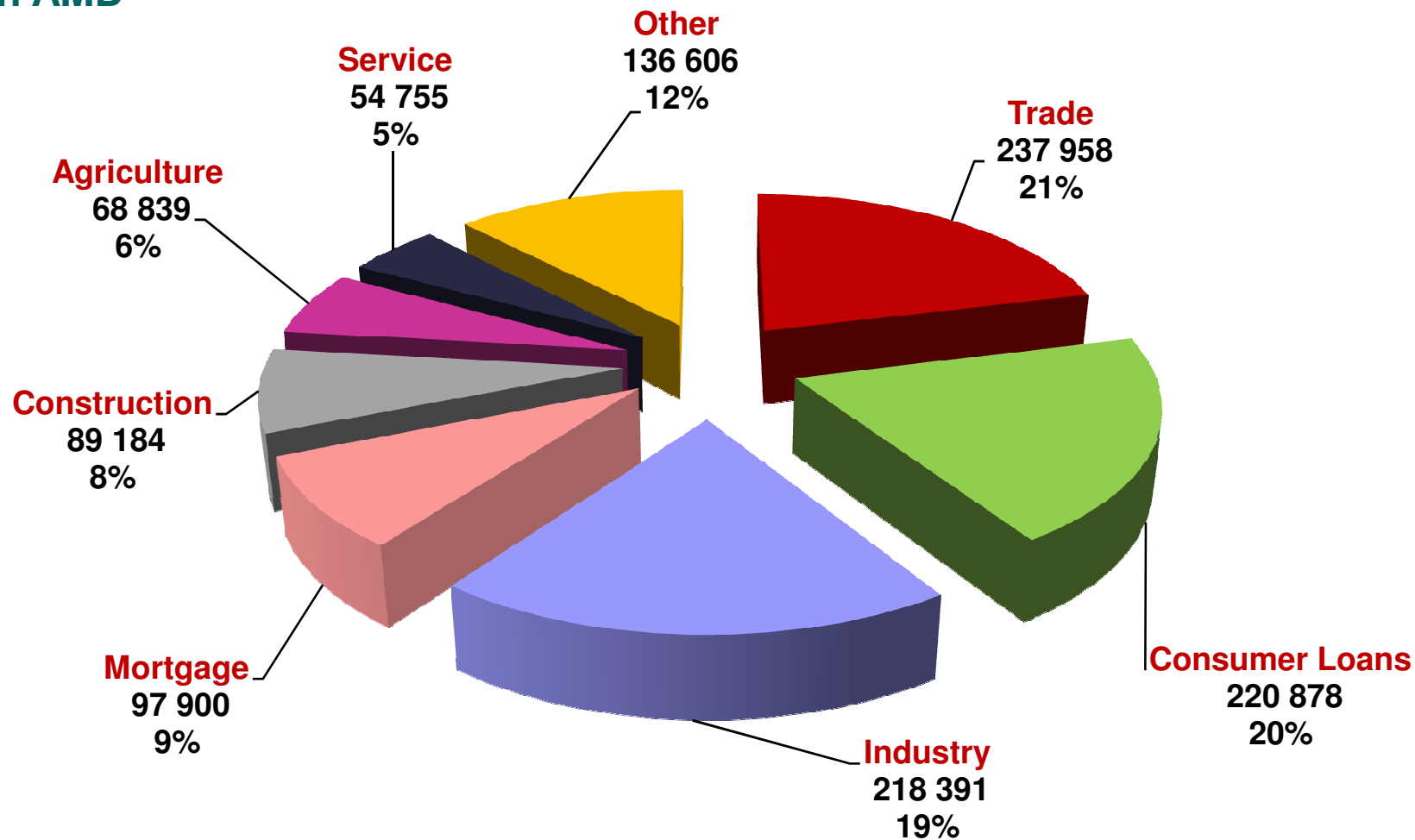
Total Loans



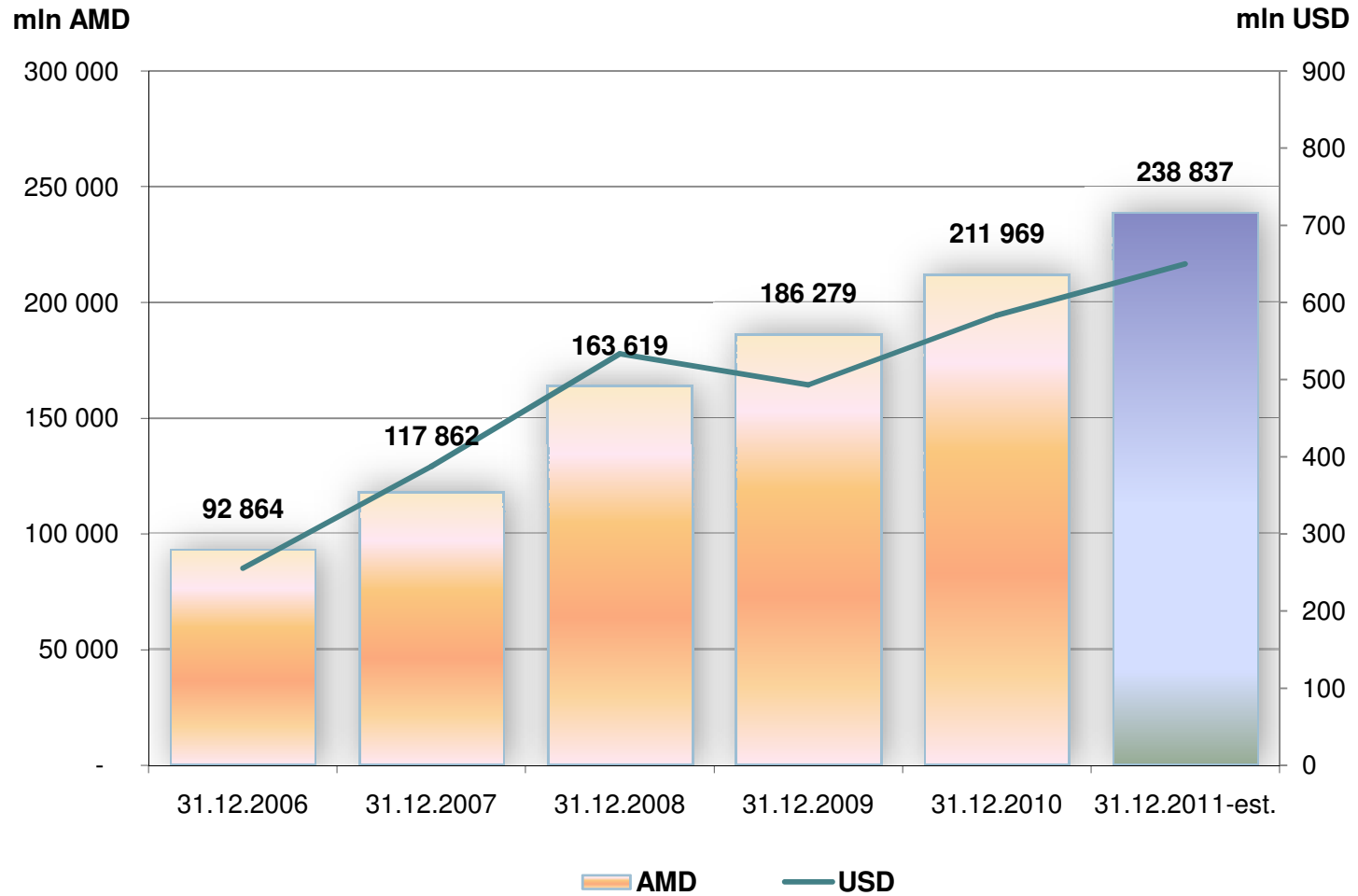
Loans to Different Sectors of the Economy

30.06.2011

mIn AMD



Income

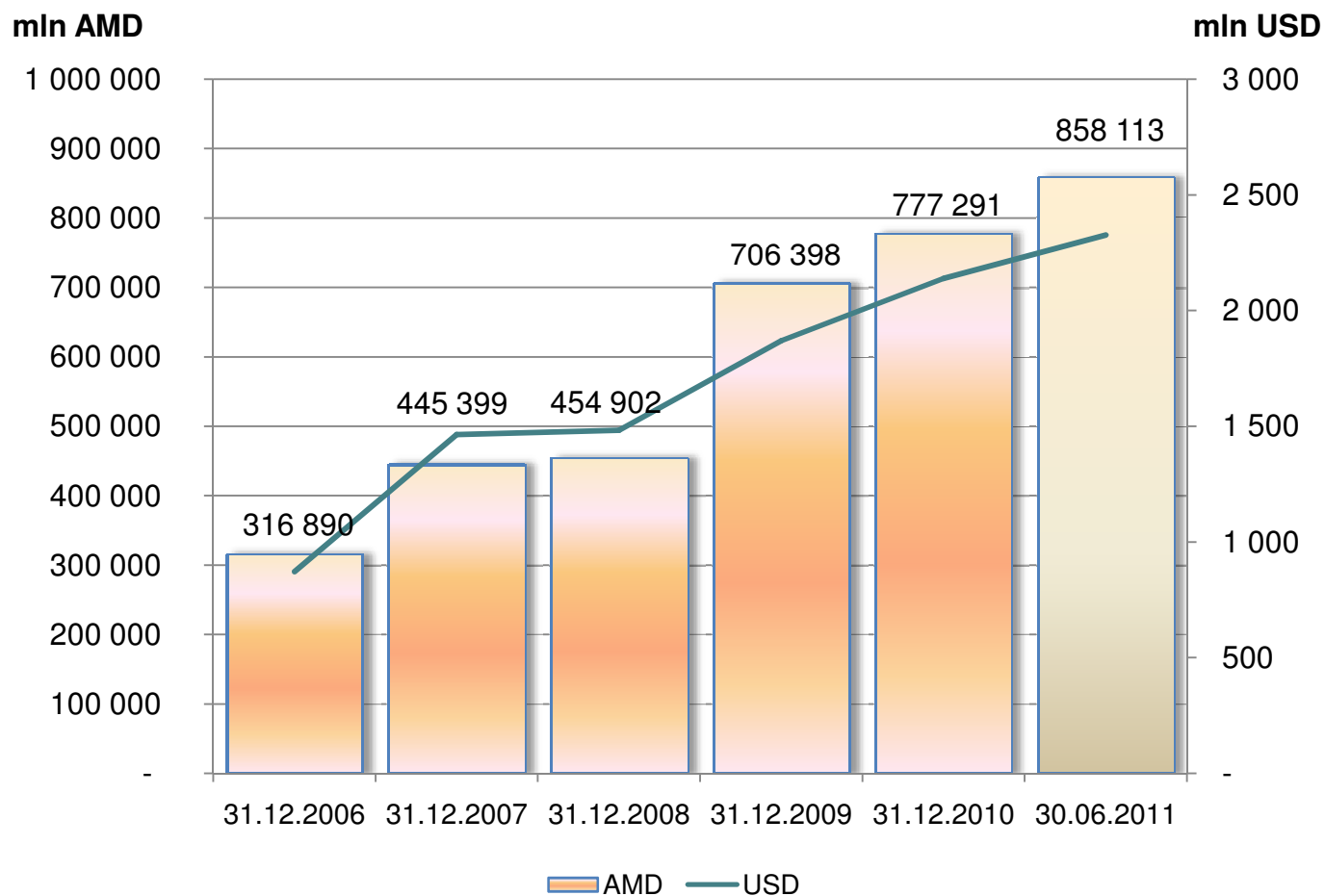


Deposits

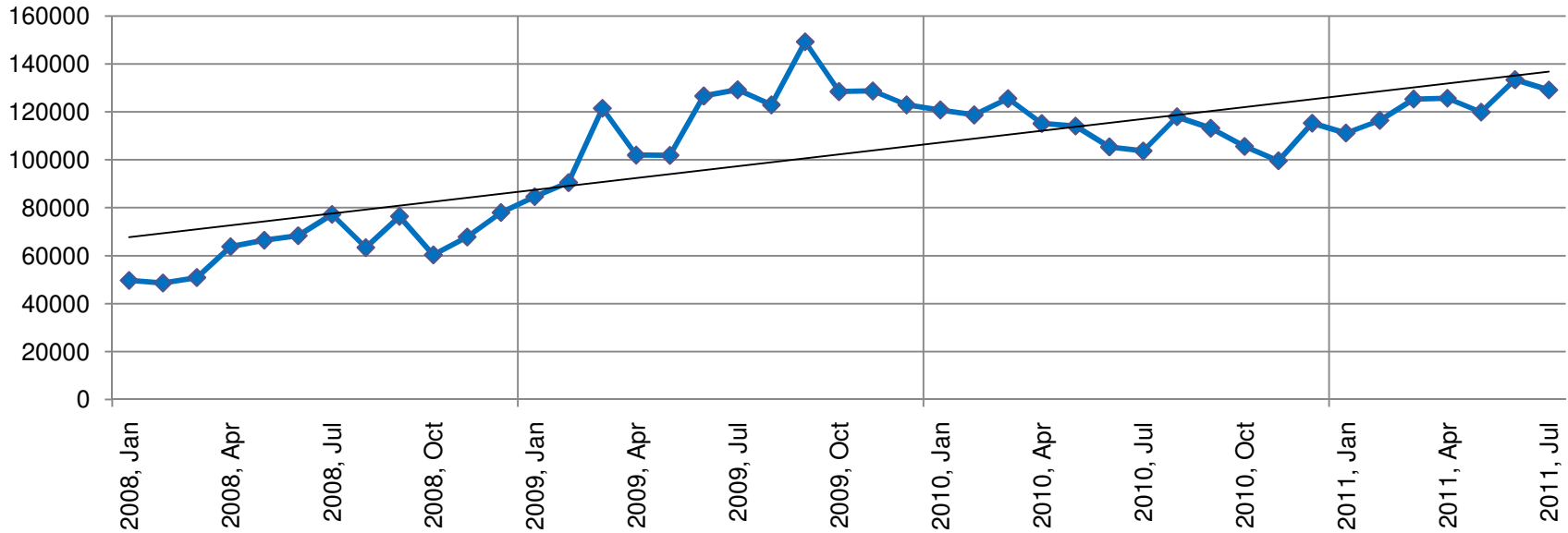
Rates

AMD 9% -12%

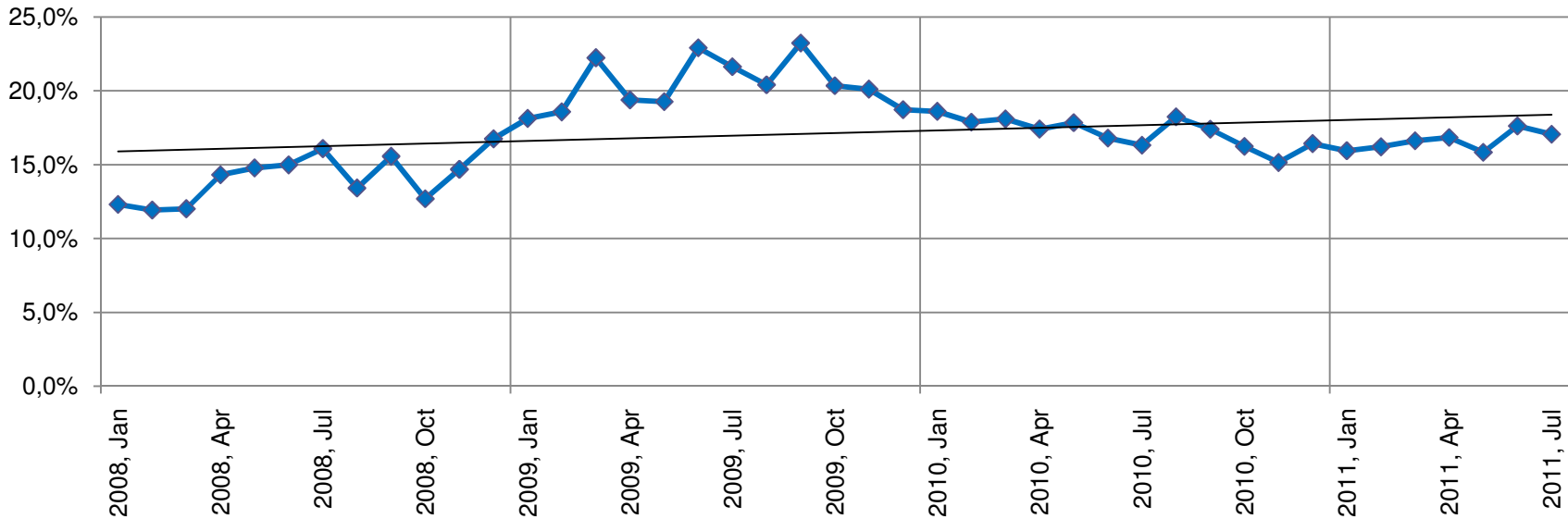
USD 4% -7%



Deposits of Non Residents



The Percentage of the Deposits of Non Residents in Total Deposits



Armenian Banking Sector Competative Advantages

- ✓ Sustainability
- ✓ Strict and well regulated supervision
- ✓ Transparency
- ✓ Intensive growth
- ✓ High profitability
- ✓ Sound grounds for Corporate Governance
- ✓ High liquidity of banking assets and favorable conditions for moving/transferring the investments to other markets
- ✓ Sound bases for rapid development of macroeconomic indicators

Thank you



Union of Banks of Armenia

Address: 19a Koryun Str., Yerevan, 0009, Republic of Armenia

Tel: (+374 10) 52 77 31

E-mail: uba@uba.am

URL: www.uba.am