

# Armenian Banking System

As of December 31, 2020




ՀԱՅԱՍՏԱՆԻ ԲԱՆԿԵՐԻ ՄԻՈՒԹՅՈՒՆ  
UNION OF BANKS OF ARMENIA СОЮЗ БАНКОВ АРМЕНИИ

March 2020

## Our banking system



## General Information

- Population: 2 959.2 mln
- Area: 29 743 km<sup>2</sup>
- National Currency: Armenian Dram (AMD) 
- GDP: \$ 11.7 bln
- GDP per capita: \$ 3 954

### Sovereign Ratings on Armenia

- Fitch Ratings: «B+»
- Moody's: «Ba3»

## Things to Underline

- Being a member of WTO Armenia is an open economy with no restrictions on capital movements
- Armenia has a strong and stable financial system with banks dominating the system
- Armenian banking system has low concentration and is highly competitive with decreasing interest rate margins

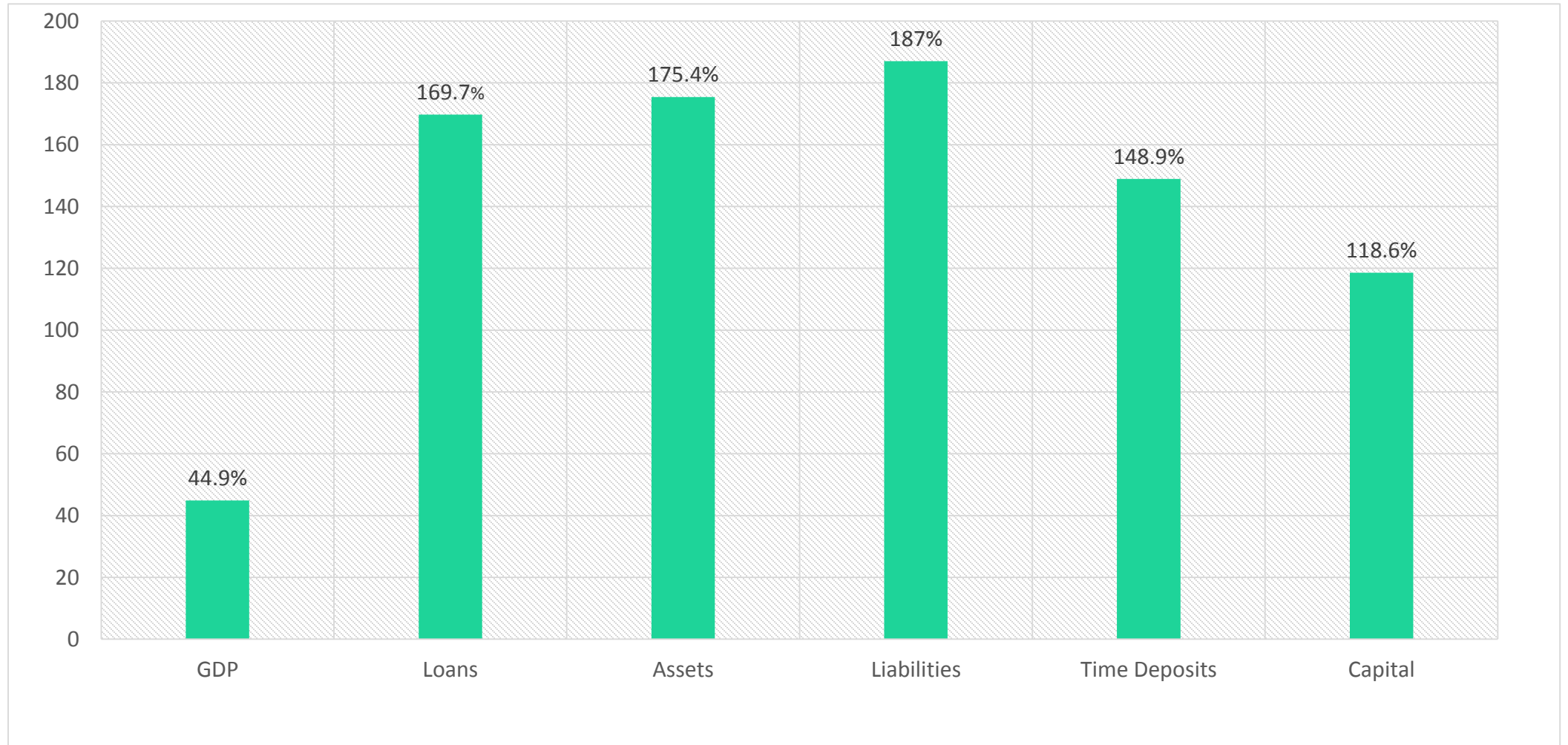


# General Figures of Banking Sector (30.06.2020)

- Total capital – \$ 1.71 bln
- Total assets - \$ 12.71 bln
- Total loans - \$ 8.36 bln
- Total liabilities - \$ 11 bln
  
- Number of banks – 17
- Number of branches – 549
- Number of employees – 12 783
  
- ✓ 18.6 bank branches are available for every 100 000 people
- ✓ 0.57 banks are available for every 100 000 people

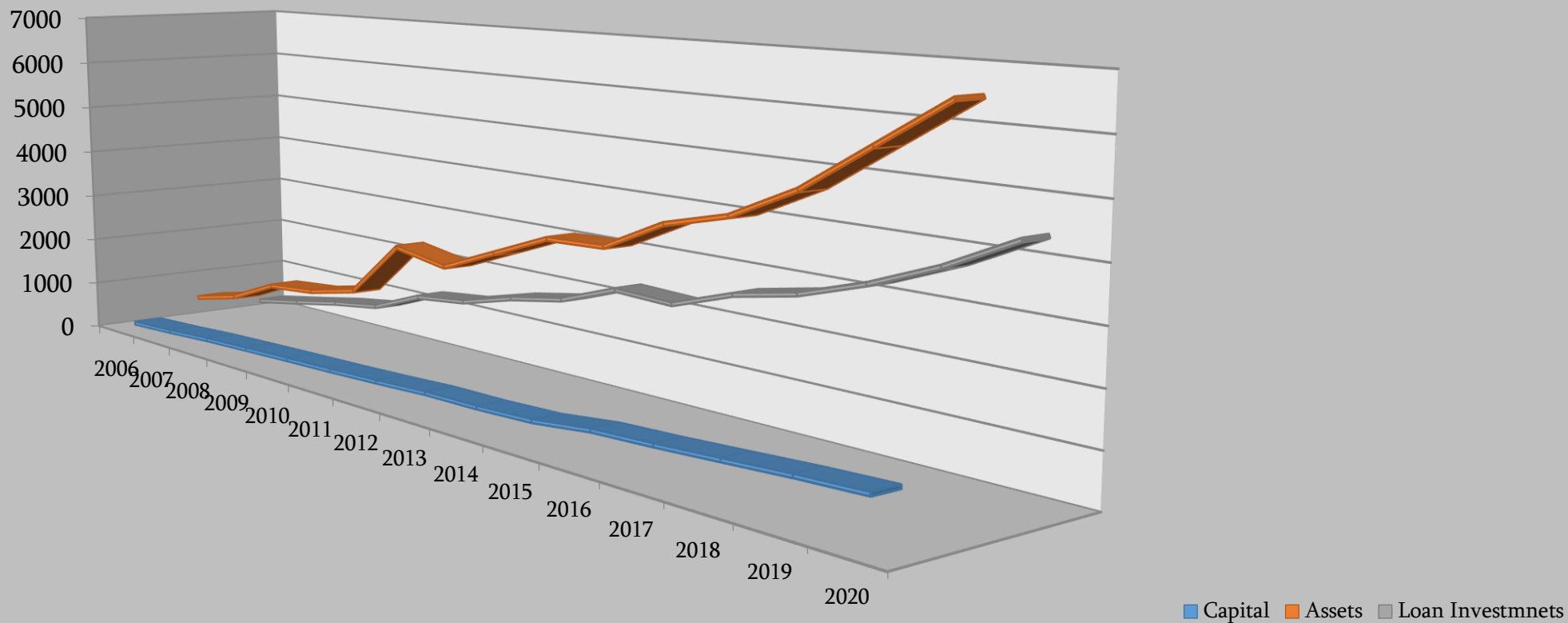
# Armenian Banking Sector Development in Comparative Background

Changes in %: 2012-2020

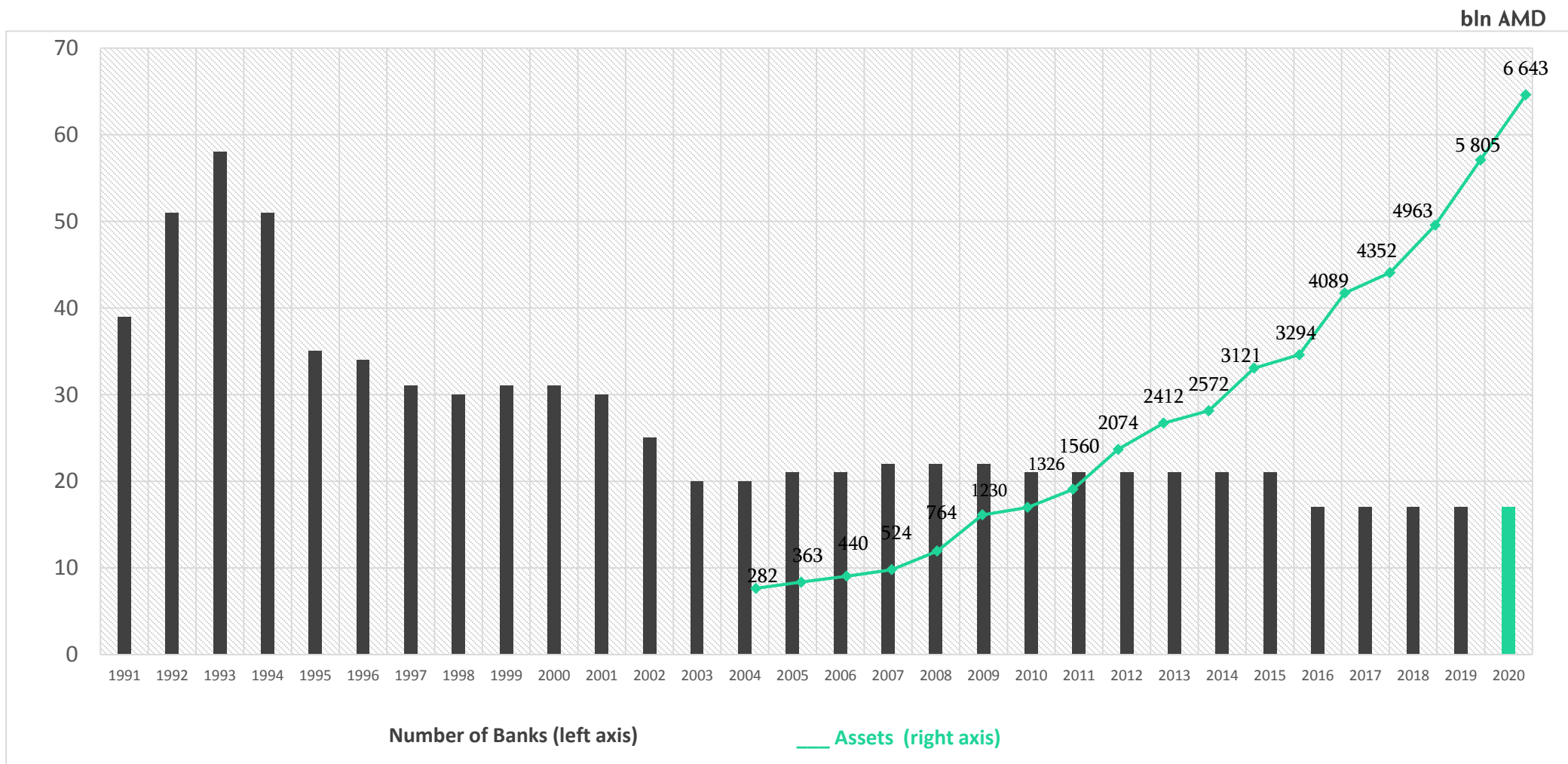


# Banking System Development Chart

bln AMD



# Number of Banks vs Banking Assets





# Key Ratios 31.12.2020

## Profitability Ratios

- ✓ Return on Assets (ROA) – 0.98%
- ✓ Return on Equity (ROE) – 6.77%

## Capitalization Ratios

- ✓ Total Capital/Total Assets – 13.5%
- ✓ Total Capital/Liabilities – 15.6%

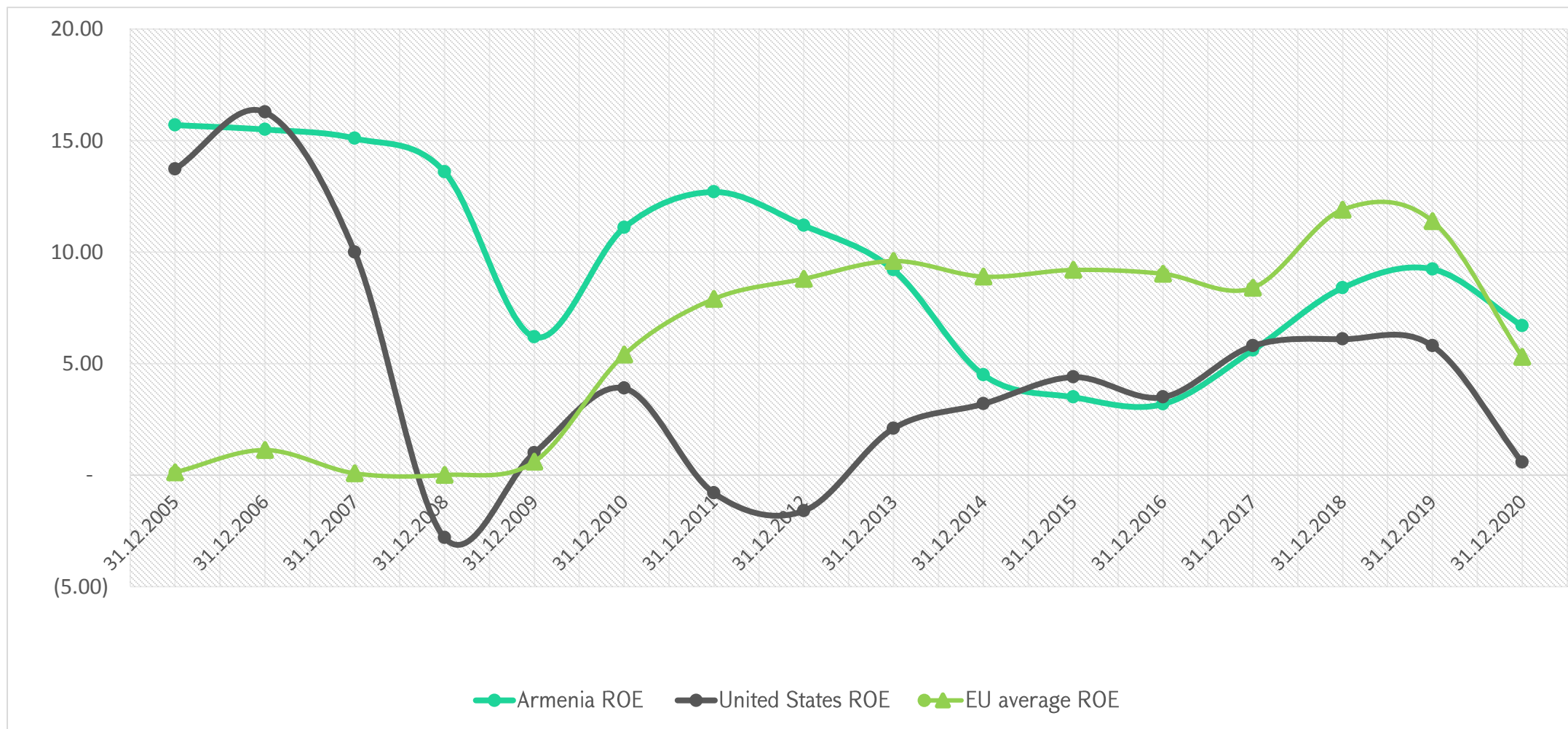
## Liquidity Ratios

- ✓ Highly liquid assets / Total assets – 29.46%
- ✓ Highly liquid assets / Demand liabilities – 145.57%

# Total Loans/GDP and Total Deposits/GDP 2011-2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Assets/GDP	54.9%	56.5%	56.5%	64.6%	65.3%	80.7%	78.2%	82.6%	88.6%	107.4%
Total Loans/GDP	35.4%	37.9%	40.7%	47.1%	45.3%	51.7%	51.2%	54.1%	57.1%	70.7%
Total Deposits/GDP	25.7%	29.6%	35.3%	35.2%	37.8%	45.2%	47%	47.7%	53.4%	60%

# Banking System Return On Equity(ROE)



# 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
- 4 of 17 Armenian banks are open joint stock companies
- 65% of adult population has banking accounts
  - In 2006 – 30%
  - In 2000 - 13%
- Circulating credit cards
- VISA, MasterCard, American Express, Diners Club, ArCa and etc.

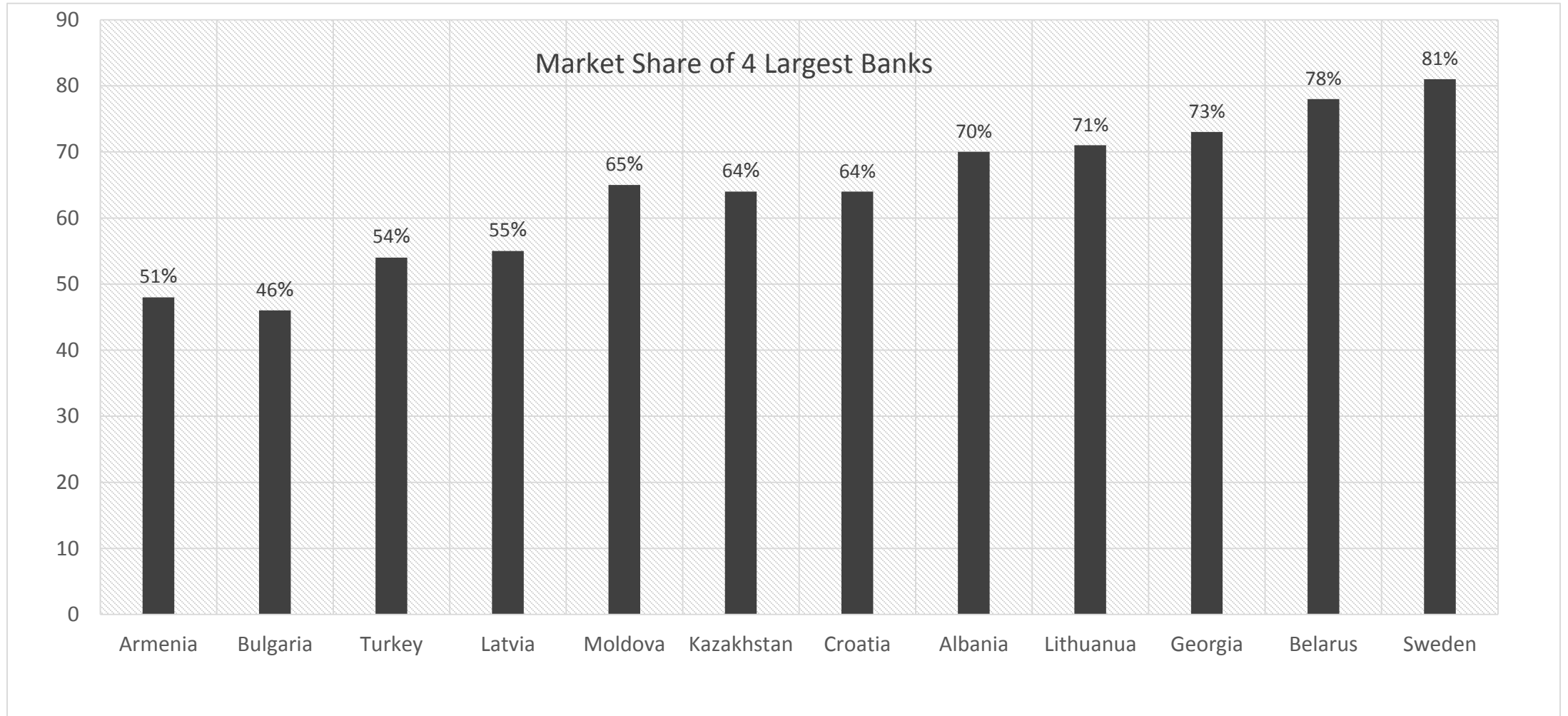
# Market Share of the Largest Banks

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Total assets</b>										
<b>4 largest banks</b>	37%	38%	39%	43%	43%	47%	48%	49%	50%	51%
<b>10 largest banks</b>	75%	75%	77%	77%	78%	71%	84%	80%	81%	82%
<b>Total liabilities</b>										
<b>4 largest banks</b>	38%	38%	40%	44%	45%	50%	52%	52%	53%	54%
<b>10 largest banks</b>	76%	71%	79%	78%	80%	83%	83%	83%	83%	80%
<b>Total capital</b>										
<b>4 largest banks</b>	38%	39%	38%	39%	39%	34%	34%	36%	36%	37%
<b>10 largest banks</b>	71%	70%	70%	72%	73%	76%	68%	70%	70%	71%
<b>Total loans</b>										
<b>4 largest banks</b>	41%	47%	41%	44%	45%	51%	53%	51%	51%	54%
<b>10 largest banks</b>	77%	77%	79%	79%	80%	85%	80%	84%	84%	79%
<b>Term and Demand deposits of individuals and enterprises</b>										
<b>4 largest banks</b>	43%	42%	40%	40%	40%	44%	51%	50%	51%	51%
<b>10 largest banks</b>	79%	79%	78%	77%	77%	84%	83%	84%	84%	83%

Source ArmInfo



# Market Share of the Largest Banks



# General Descriptives of the Commercial Banks

- There are non resident shares in all Armenian banks
  - in total 63% of shares belong to non residents
    - 100% shares belong to non residents in 7 banks
      - *In 6 of 7 banks shareholders are legal entities*
    - In 11 banks the share of non residents is more than 50%
- Shares of International Organizations in Armenian banks
  - EBRD has share in 1 bank: 17.76%
  - ADB has share in 1 bank: 13.94 %

# International Investments in Armenia

- Foreign investments to Armenian banking sector
  - From International organizations - \$5 221 bln.
- World Bank (2011-2021)
  - 136 projects – \$2 784.6 mln.
- EBRD (2020)
  - 187 projects - \$1 793 mln.
  - Around 46% through Armenian banks
- Black Sea Trade and Development Bank (by 29 Feb 2019)
  - 39 projects – \$336 mln
  - 63.41% through Armenian banks
- IFC
  - 49 projects – \$480 mln
- KFW
  - 11 projects - \$300.87 mln

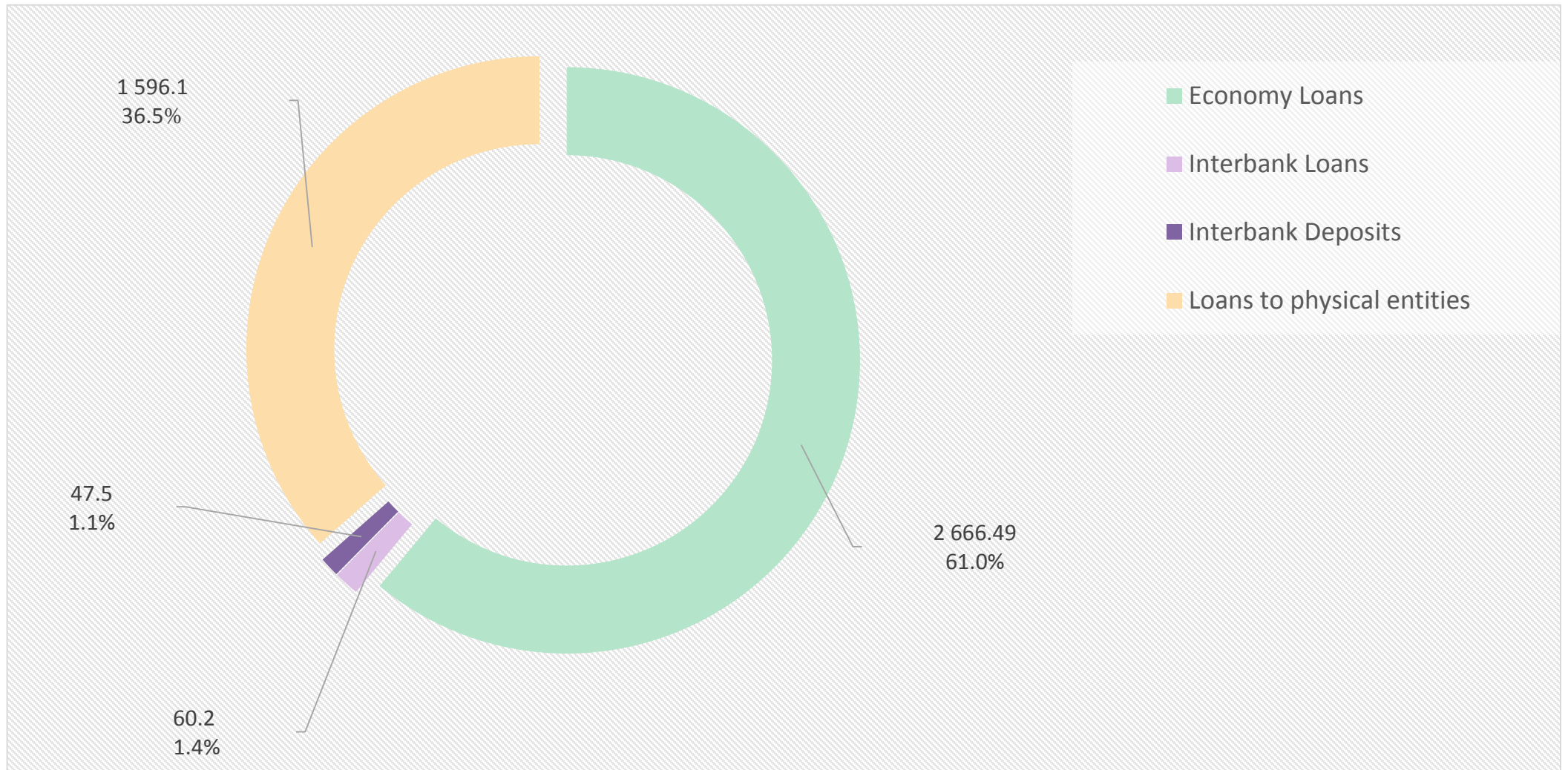


# Incoming Transfers of Physical Persons Through RA Banks

- In 31.12.2020 - \$ 1 841 mln
  - Russia – \$ 824 mln
    - In last 3 years – \$ 2 929 mln
  - USA – \$ 459 mln
    - In last 3 years - \$ 964 mln
- Since 2013 - \$ 14 902 mln

# Loan Investment Structure 31.12.2020

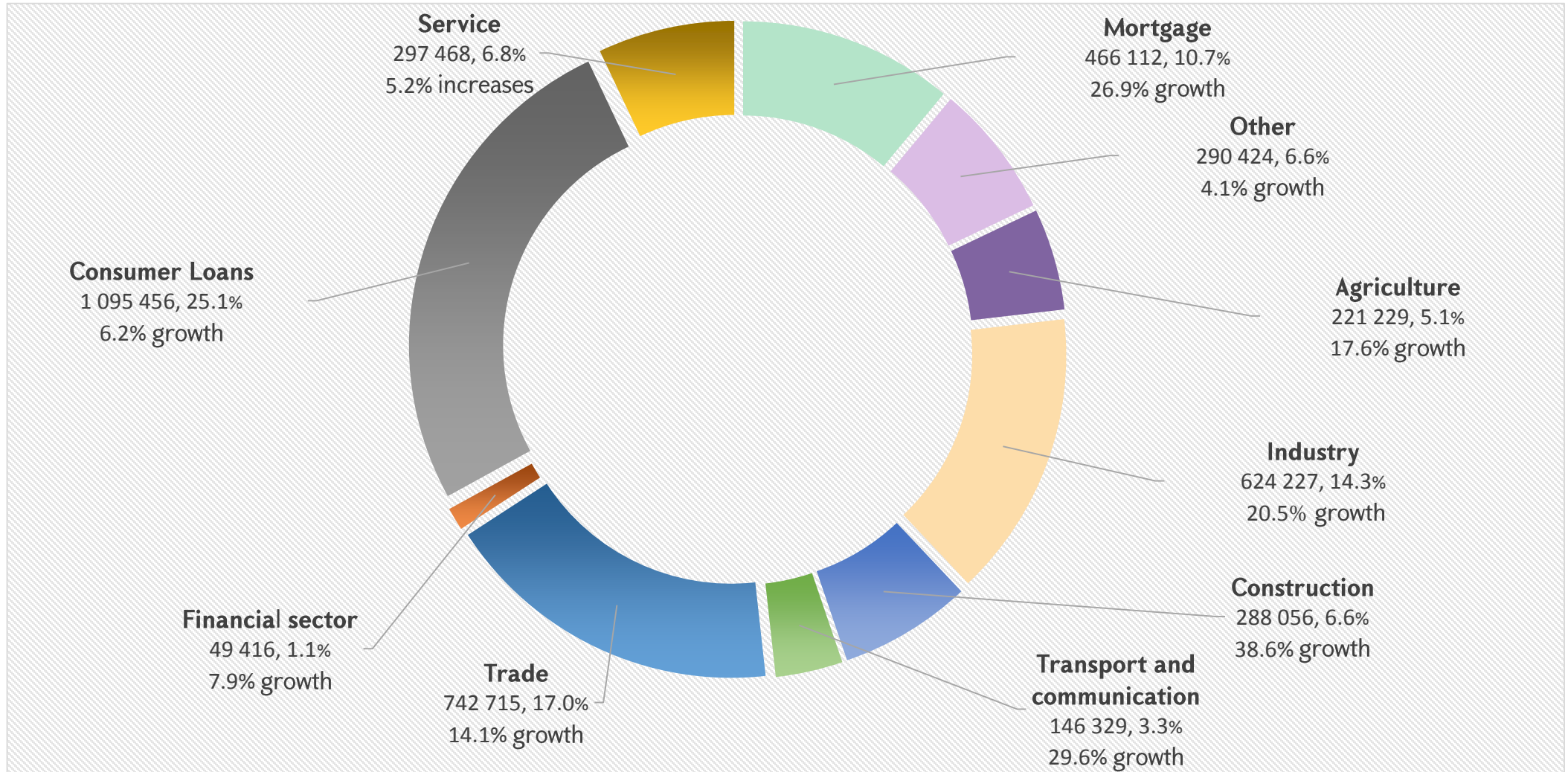
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# Loans to Different Sectors of the Economy 31.12.2020.

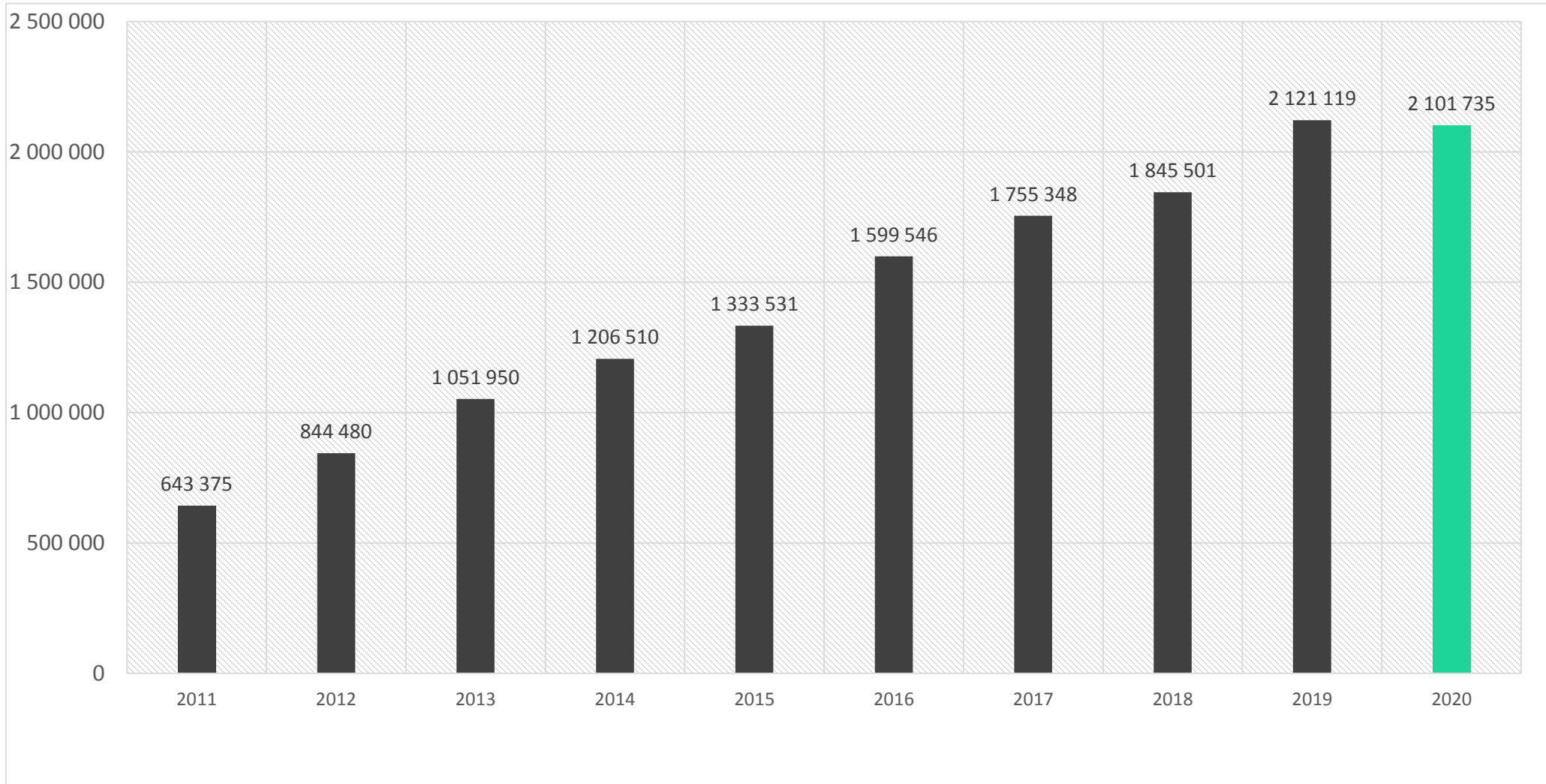
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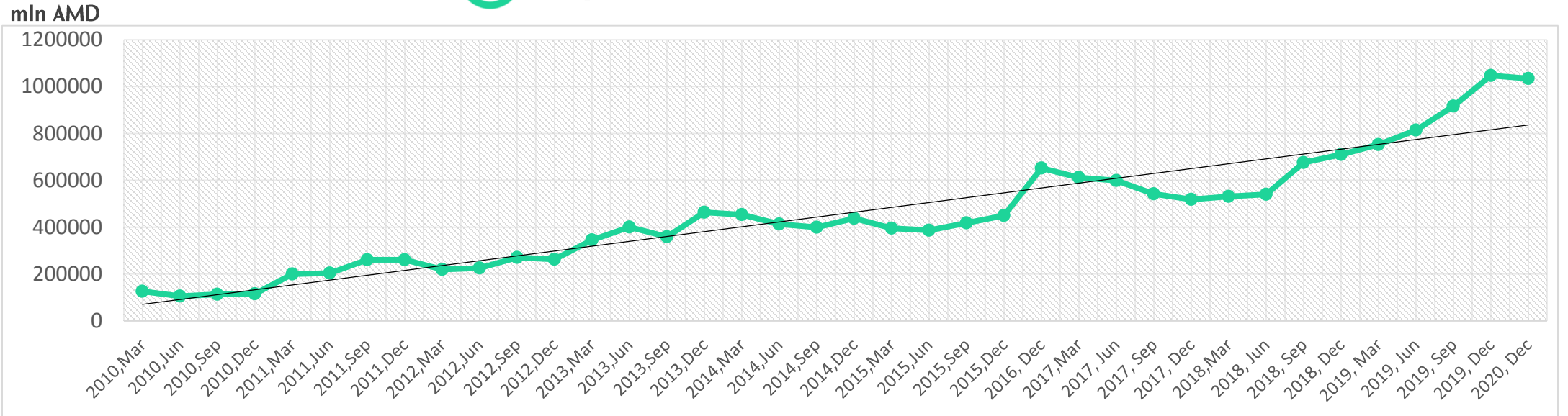
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# Time Deposits

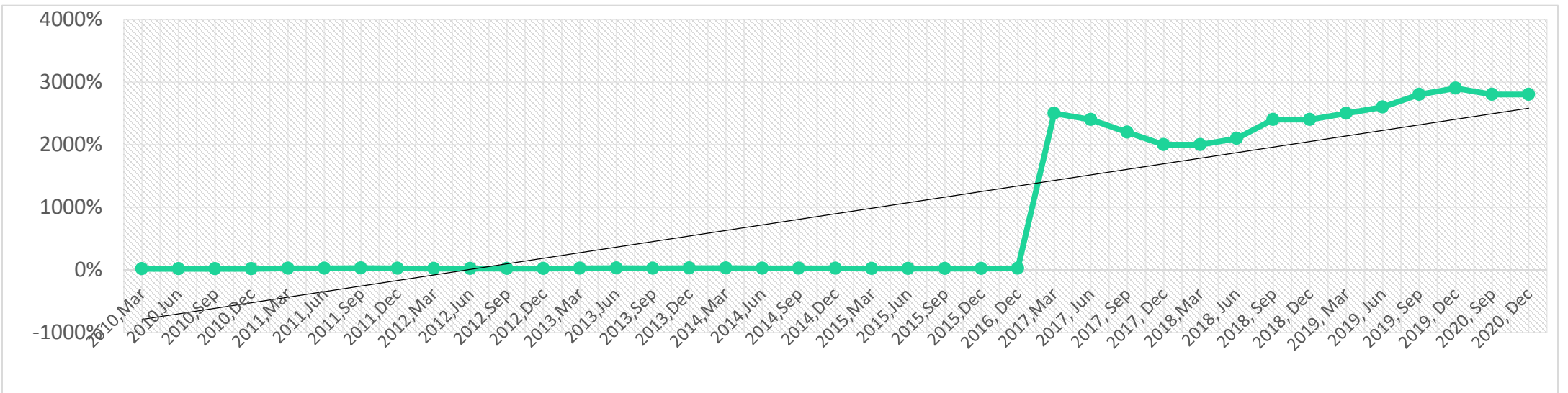
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## Deposits of Non Residents



## The Percentage of the Deposits of Non Residents in Total Deposits



# 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**

# ○ How did the Armenian Banking System Overcome the Crisis?

- ✓ Tailored policy by the Government and CBA
- ✓ High capital adequacy in all banks
- ✓ Low external indebtedness ratio
- ✓ Tight regulation and supervision
- ✓ No investment in “toxic” assets
- ✓ No deposit run and short-term “hot ” money



# 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

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