

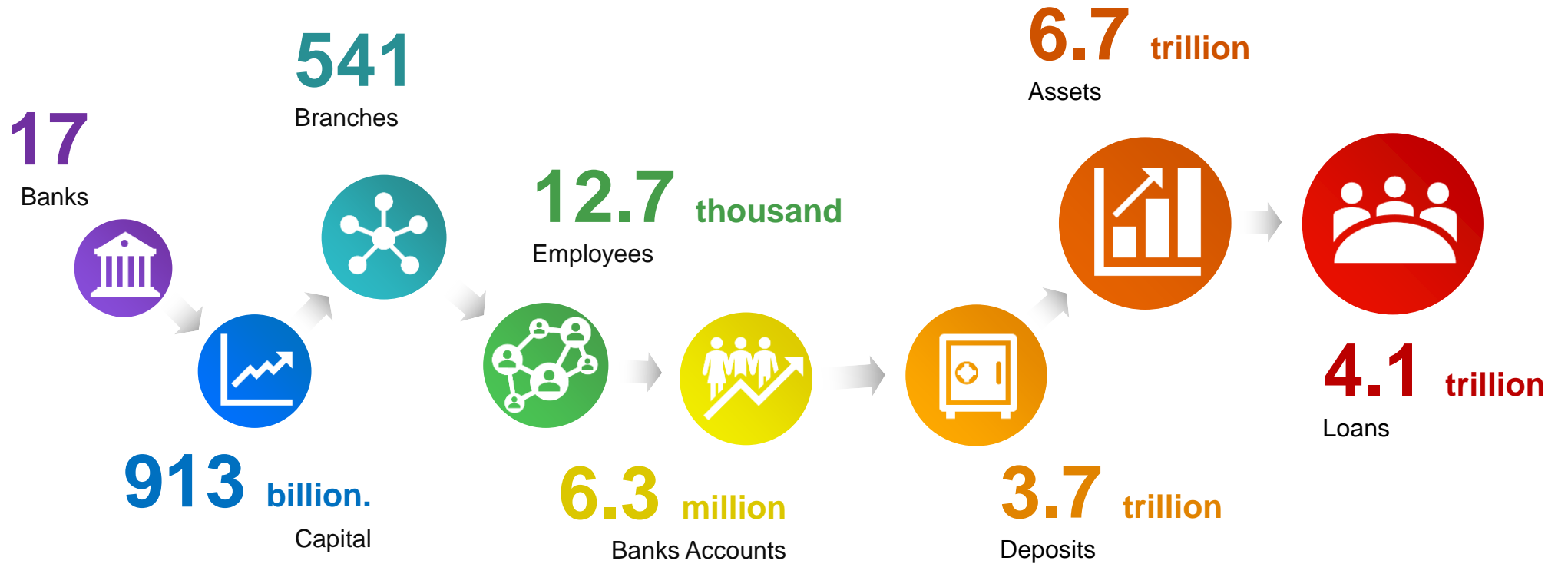
# Armenian Banking System

As of March 31, 2021



June 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

### Soverign 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



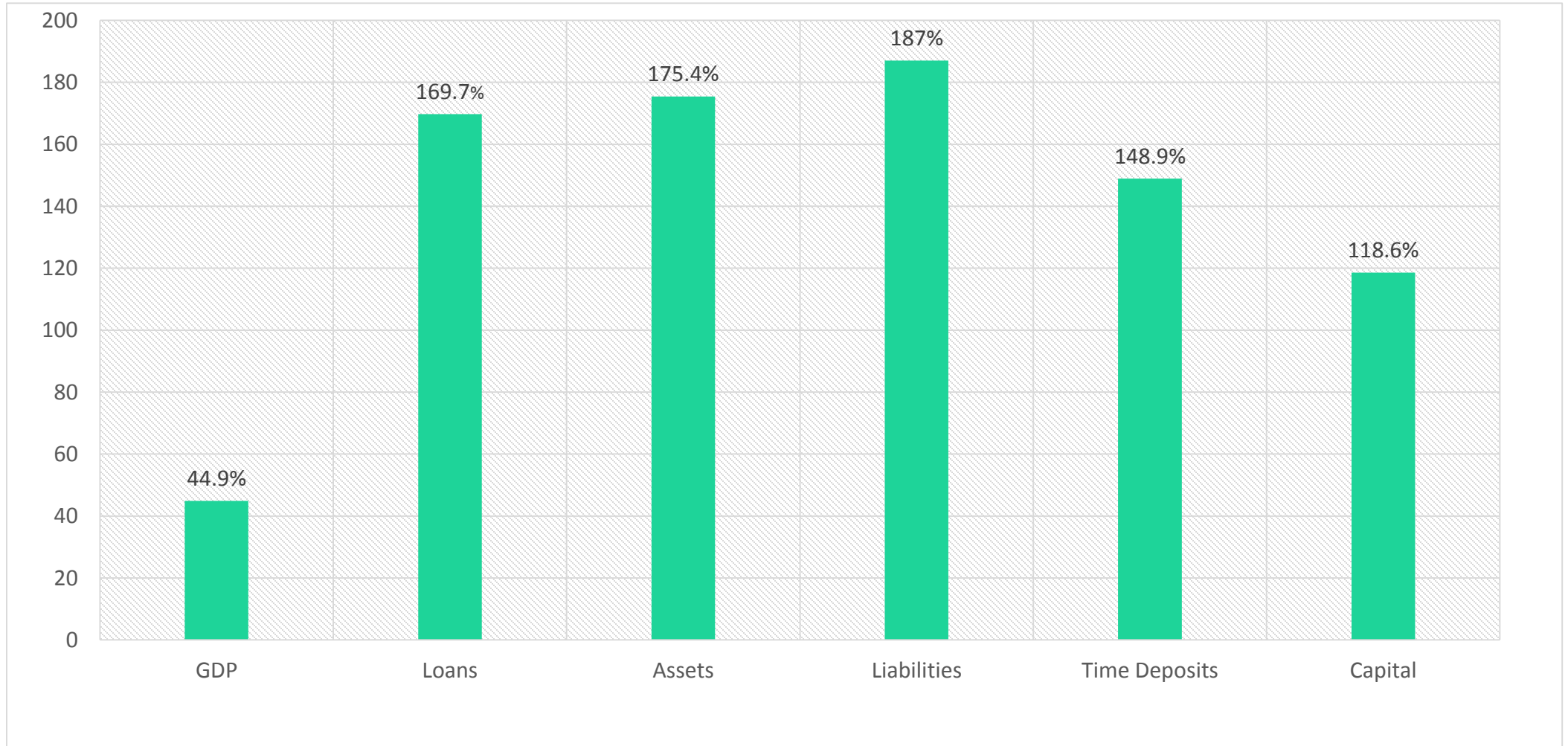
# ○ General Figures of Banking Sector (31.03.2021)

- Total capital – \$ 1.71 bln
- Total assets - \$ 12.54 bln
- Total loans - \$ 8.14 bln
- Total liabilities - \$ 10.82 bln
  
- Number of banks – 17
- Number of branches – 541
- Number of employees – 12 716
  
- ✓ 18.3 bank branches are available for every 100 000 people
- ✓ 0.57 banks are available for every 100 000 people



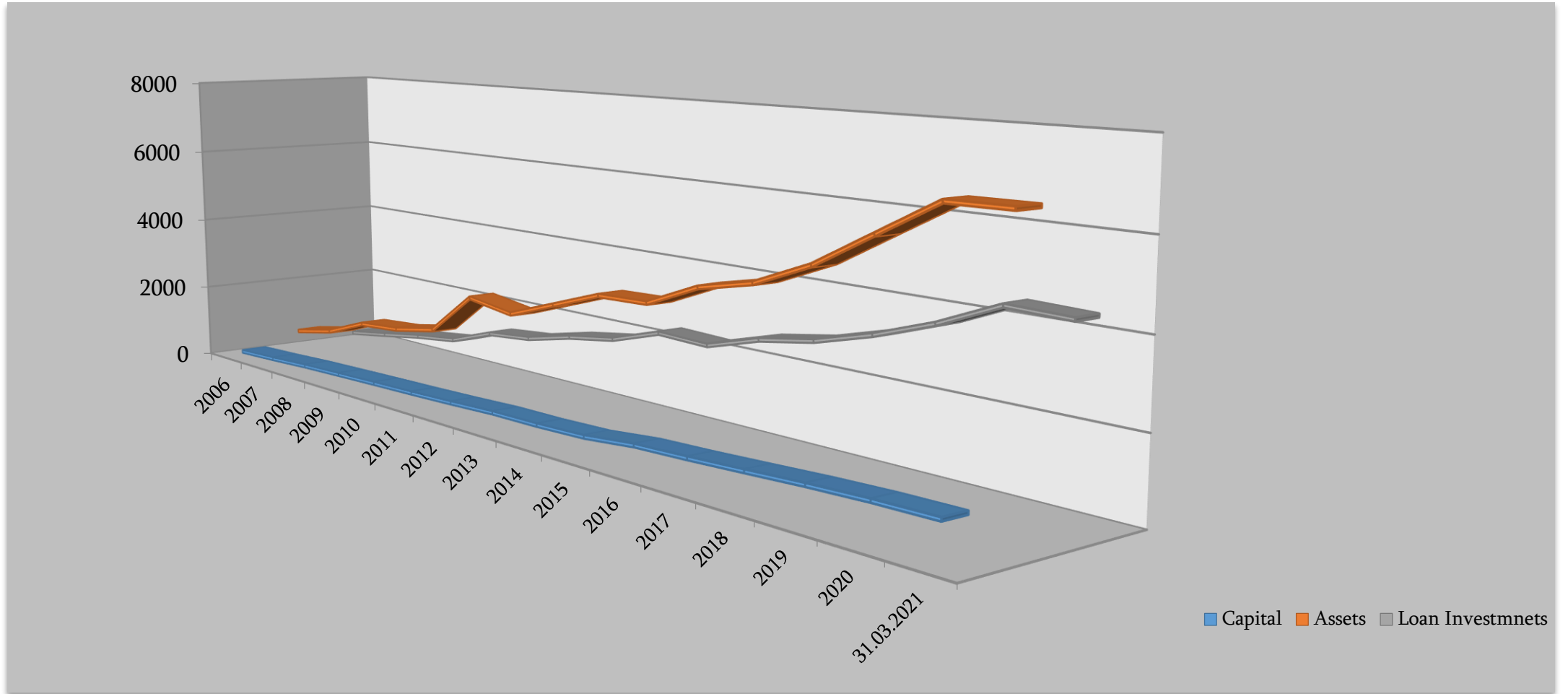
# Armenian Banking Sector Development in Comparative Background

Changes in %: 2012-2020

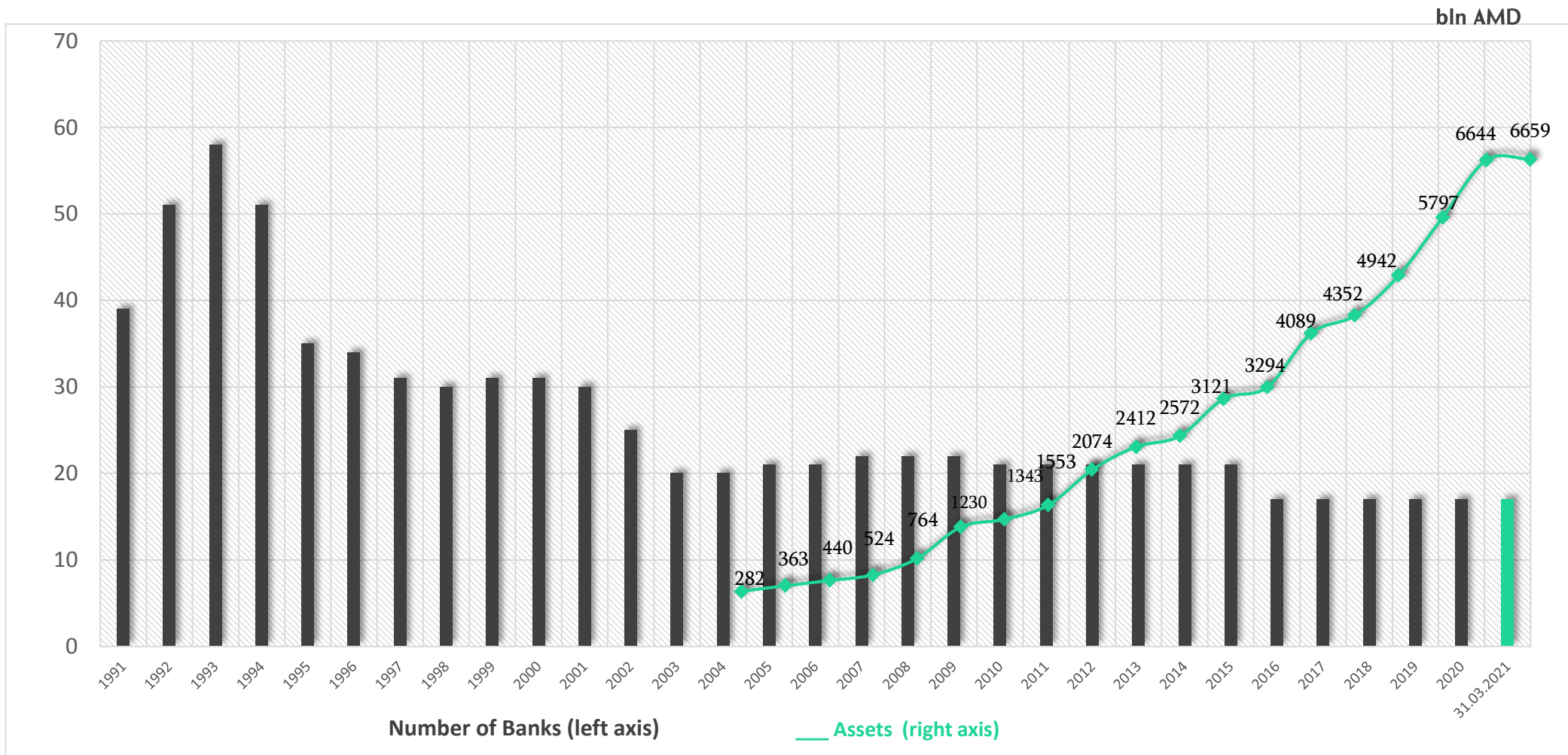


# Banking System Development Chart

bIn AMD



# Number of Banks vs Banking Assets



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UNION OF BANKS OF ARMENIA СОЮЗ БАНКОВ АРМЕНИИ





# Key Ratios 31.03.2021

## Profitability Ratios

- ✓ Return on Assets (ROA) – 1.2%
- ✓ Return on Equity (ROE) – 8.7%

## Capitalization Ratios

- ✓ Total Capital/Total Assets – 13.7%
- ✓ Total Capital/Liabilities – 15.9%

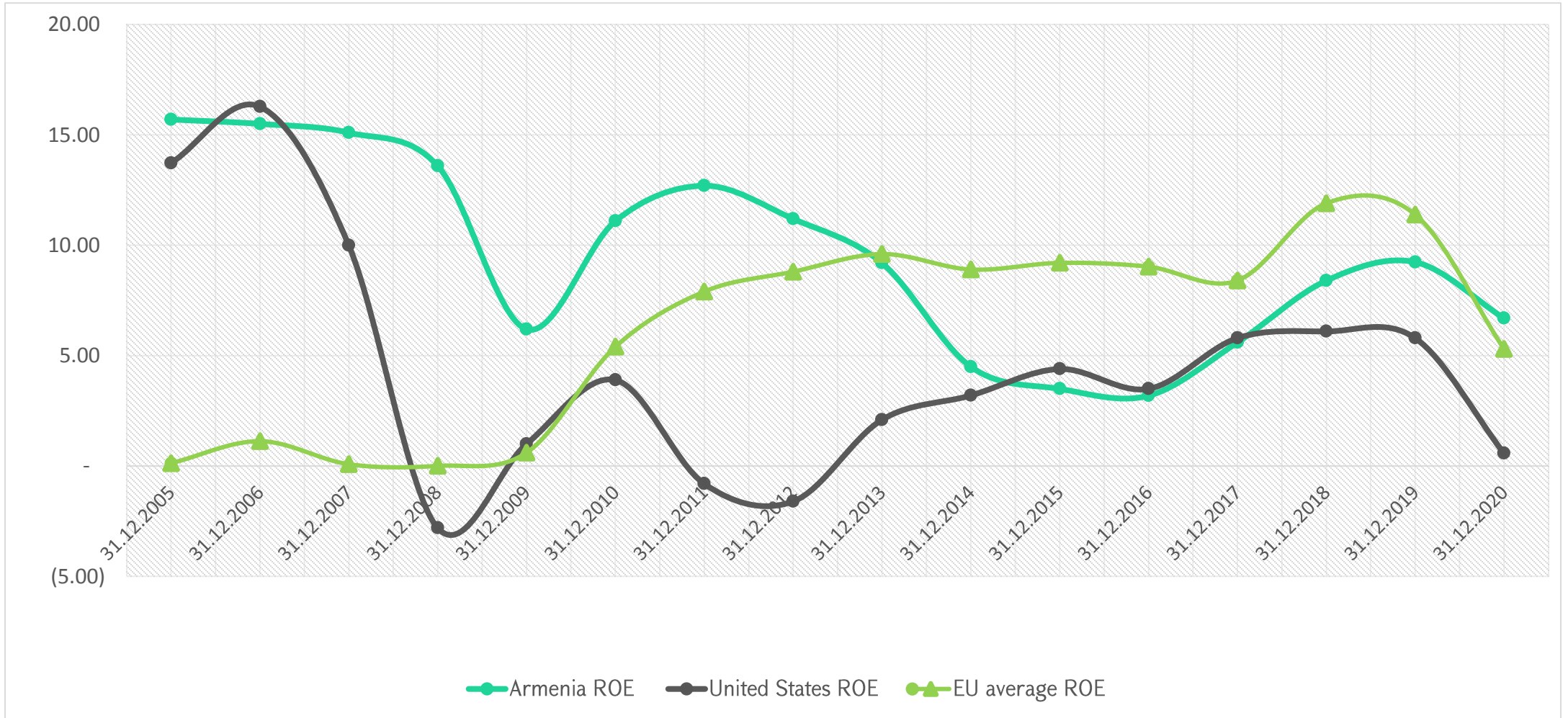
## Liquidity Ratios

- ✓ Highly liquid assets / Total assets – 31.99%
- ✓ Highly liquid assets / Demand liabilities – 158.31%

# 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

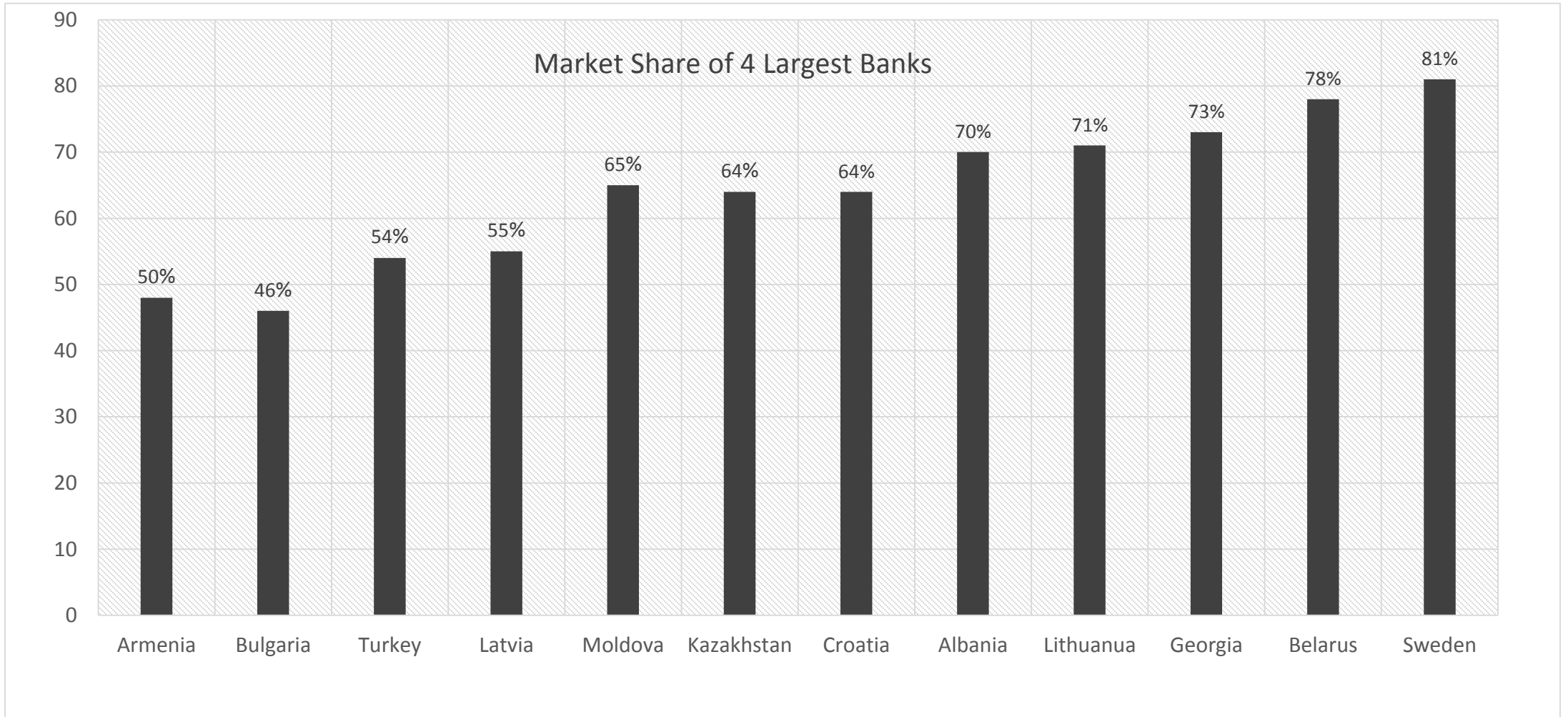
- No centralization in the banking sector
- No certain bank is dominant in the market in respect of different indices
- There is no bank with government share
- 4 of 17 Armenian banks are open joint stock companies
- 65% of adult population has banking accounts
  - In 2006 – 30%
  - In 2000 - 13%
- Circulating credit cards
- VISA, MasteCard, American Express, Diners Club, ArCa and etc.

# Market Share of the Largest Banks

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	31.03.2021
<b>Total assets</b>											
<b>4 largest banks</b>	37%	38%	39%	43%	43%	47%	48%	49%	50%	51%	50%
<b>10 largest banks</b>	75%	75%	77%	77%	78%	71%	84%	80%	81%	82%	81%
<b>Total liabilities</b>											
<b>4 largest banks</b>	38%	38%	40%	44%	45%	50%	52%	52%	53%	54%	53%
<b>10 largest banks</b>	76%	71%	79%	78%	80%	83%	83%	83%	83%	80%	83%
<b>Total capital</b>											
<b>4 largest banks</b>	38%	39%	38%	39%	39%	34%	34%	36%	36%	37%	37%
<b>10 largest banks</b>	71%	70%	70%	72%	73%	76%	68%	70%	70%	71%	74%
<b>Total loans</b>											
<b>4 largest banks</b>	41%	47%	41%	44%	45%	51%	53%	51%	51%	54%	53%
<b>10 largest banks</b>	77%	77%	79%	79%	80%	85%	80%	84%	84%	79%	83%
<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%	49%
<b>10 largest banks</b>	79%	79%	78%	77%	77%	84%	83%	84%	84%	83%	83%



# 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: 17.74%
  
  - ADB has share in 1 bank: 13.93%

# ○ International Investments in Armenia

- Foreign investments to Armenian banking sector
  - From International organizations - \$5 221 bln.
- World Bank (22.04.2021)
  - 135 projects – \$ 2 382 mln.
- EBRD (2020)
  - 188 projects - \$ 1 783 mln.
  - Around 47% through Armenian banks
- Black Sea Trade and Development Bank (by 04.2021)
  - 40 projects – \$ 362 mln
  - 68% through Armenian banks
- IFC
  - 49 projects – \$480 mln
- KFW
  - 11 projects - \$300.87 mln

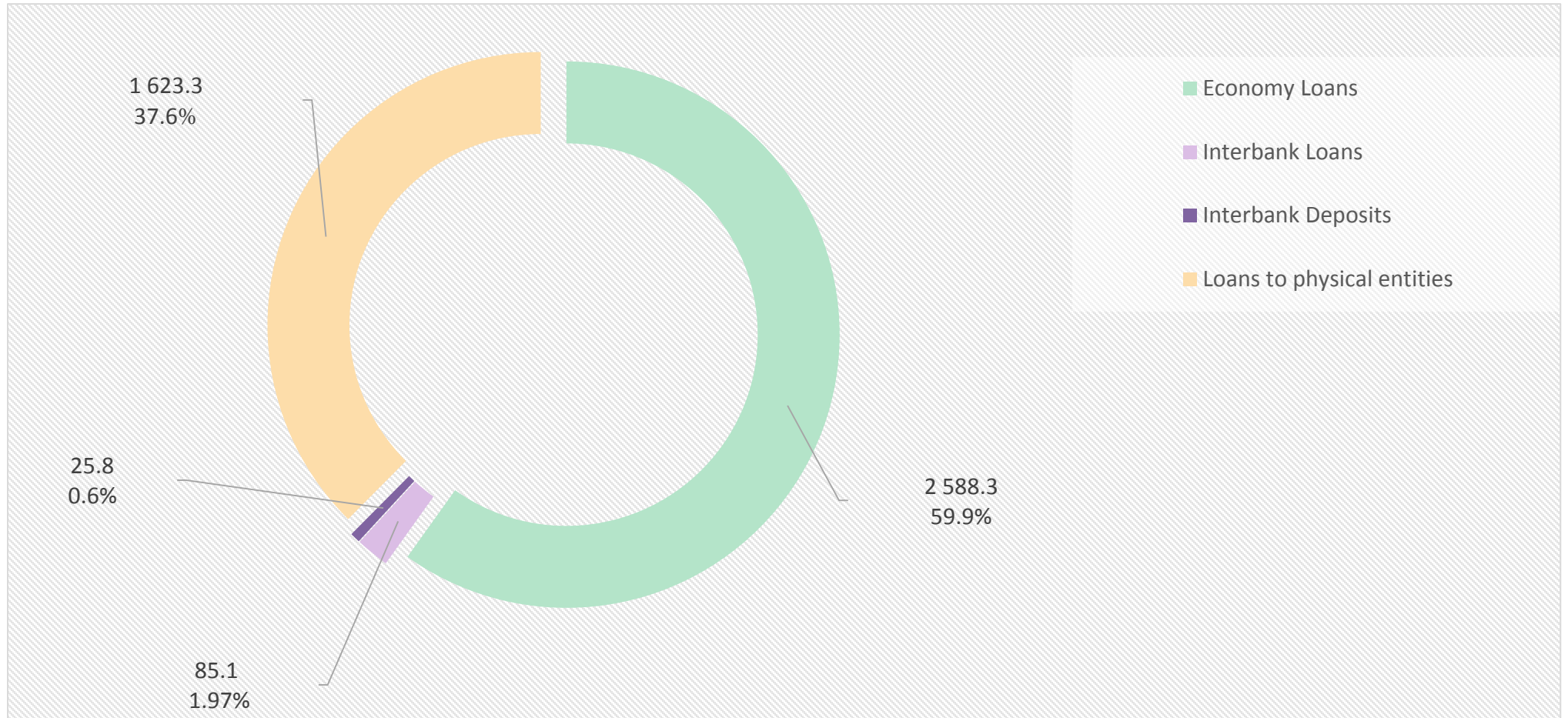


# Incoming Transfers of Physical Persons Through RA Banks

- In 31.03.2021 - \$ 406 mln
  - Russia – \$ 154 mln
    - In last 3 years – \$ 2 929 mln
  - USA - \$ 118 mln
    - In last 3 years - \$ 964 mln
- Since 2013 - \$ 15 308 mln

# Loan Investment Structure 31.03.2020

bln AMD

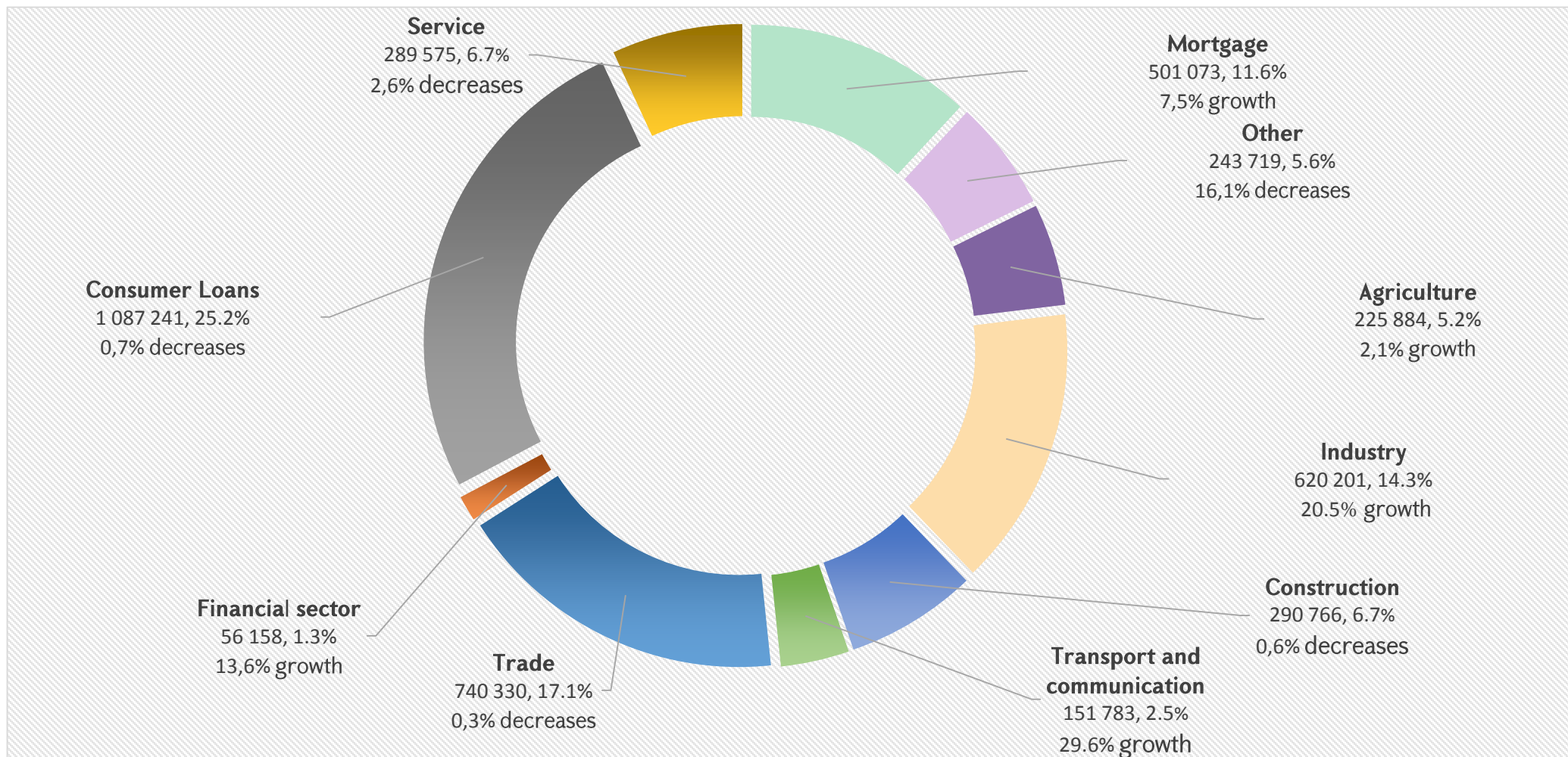






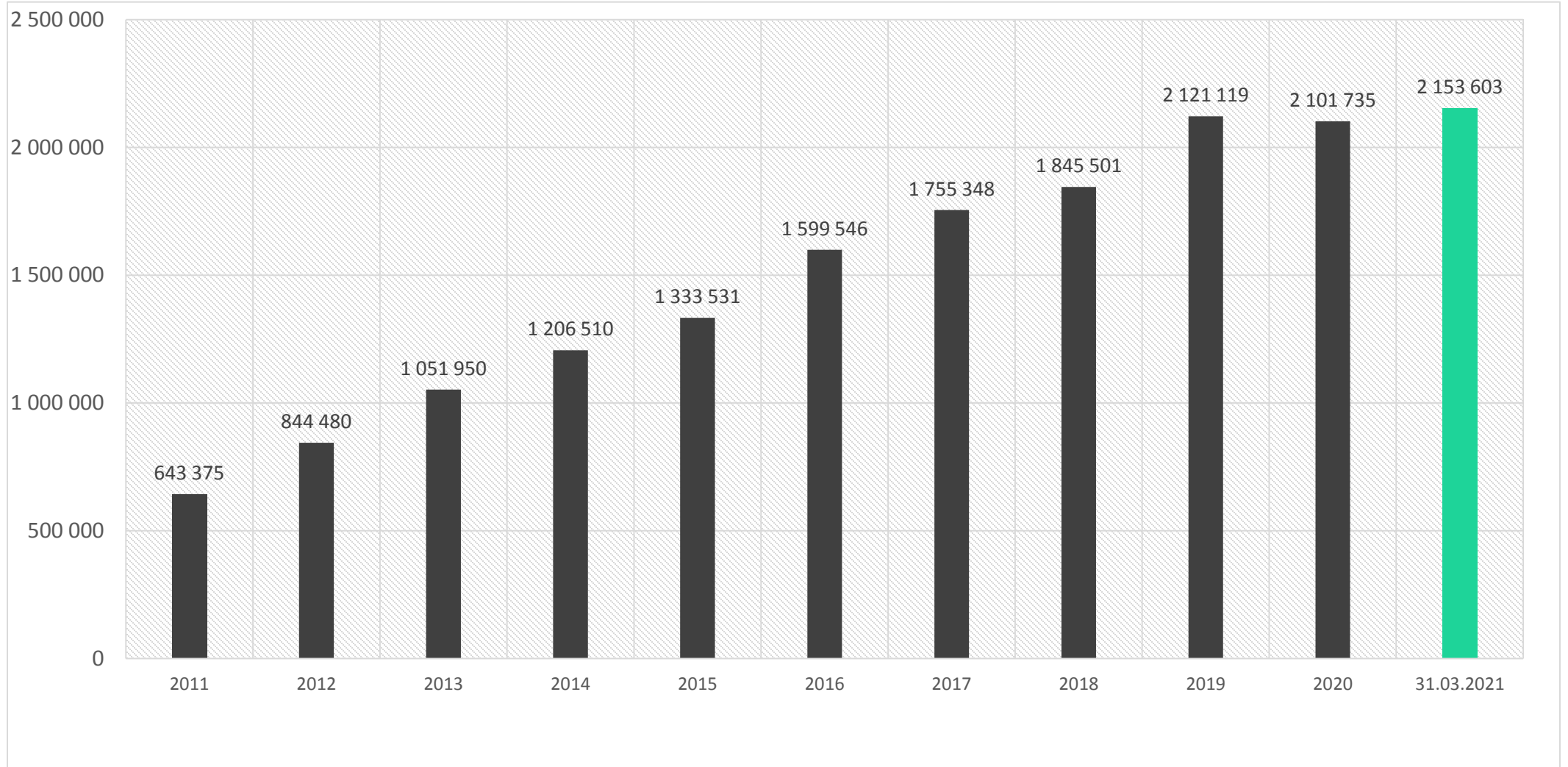
# Loans to Different Sectors of the Economy 31.03.2021

bln AMD

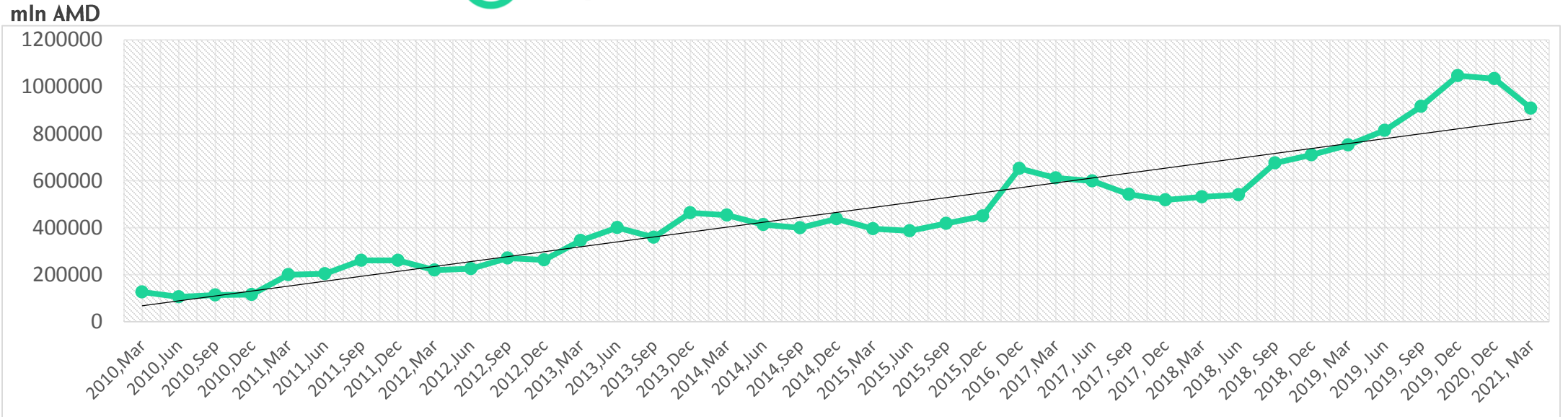


# Time Deposits

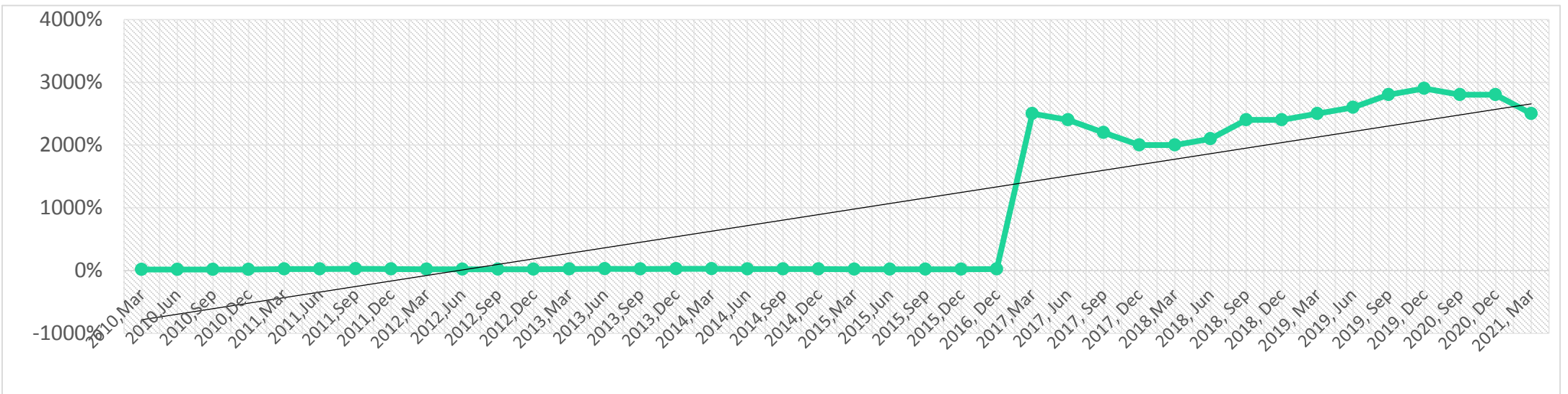
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## Deposits of Non Residents



## 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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