

# Quarterly review (first quarter, 2013)

2013-06-24

Financial System of the Republic of Armenia in Q1, 2013

## *Banks functioning in the Republic of Armenia*

*As of 31.03.2013, there were 21 commercial banks with a total of 476 branch offices, and a development bank (All-Armenian Bank), functioning in the territory of the Republic of Armenia. In the period under review the banking sector has been active enough in the lending market.*

## *Total capital of commercial banks*

*In the first quarter of 2013 total capital of the banking sector grew by 1.2 percent and amounted to AMD 405.4 billion, owing to the generated net profit of AMD 3.9 billion.*

*The assets growth rates outpaced those of total capital by 2.5 pp, and the total capital to total assets ratio has reduced by 0.4 pp to 15.8 percent.*

*The total capital adequacy standard has dropped by 0.4 pp to 16.4 percent, due to surpassing growth of risk weighted assets over the growth of total regulatory capital.*

## *Total liabilities of commercial banks*

*In the period under review total liabilities of commercial banks have increased by 4.2 percent and amounted to AMD 2 trillion 164.6 billion. During the quarter 8 banks reported increases and 4 banks reported decreases in total liabilities. The growth of total liabilities was attributable to total deposit portfolio of companies and individuals, with a reported increase of 11.7 percent (AMD 131.9 billion).*

*Demand and term deposits of companies have grown by 20.1 percent and reached AMD 465.9 billion. Demand and term deposits of individuals have also increased by 7.3 percent to AMD 798.5 billion. By maturity structure, the share of demand and term deposits of companies and individuals in total deposit portfolio has accounted for 32.3 percent and 67.7 percent (31.4 percent and 68.6 percent, as of 31.12.2012), respectively.*

*By currency structure, the dram and foreign currency deposits have grown by 4.2 percent and 14.8 percent, respectively. As a result, the share of foreign currency deposits in total deposit portfolio has increased by 2.0 pp to 72.2 percent at the end of the quarter.*

*The quarter saw a considerable change in the structure of total liabilities: the share of*

demand and term deposits of companies has grown by 2.8 pp while the share of liabilities to banks has reduced by 3.2 pp.

#### *Total assets of commercial banks*

*In the period under review total assets of the banking sector have increased by 3.7 percent and amounted to AMD 2 trillion 570 billion at the end of the quarter. During the quarter 9 banks reported increases and 13 banks reported decreases in assets.*

*The main asset increases were reported in respect of correspondent accounts with banks and economy lending (factor and lease operations included) by 50.3 percent and 2.8 percent, respectively.*

*The value of loans to the economy (the factor and lease operations included) has been AMD 1 trillion 591.7 billion, as of 31.03.2013. The value of loans provided to companies, individuals, bank insiders has grown by 0.5 percent, 5.8 percent and 10.0 percent and reached AMD 937.0 billion, AMD 571.2 billion and AMD 70.3 billion, respectively. The value of the factor and lease operations (interbank leasing and factoring excluded) has increased by 8.3 percent to AMD 13.2 billion.*

*During the quarter, no significant changes were observed in the structure of total assets. By currency structure, the dram and foreign currency loans (the factor and lease operations included) have grown by 1.8 percent and 3.3 percent to AMD 546.6 billion and 1 trillion 45.1 billion, respectively. As a result, the share of foreign currency loans to total loans has increased by 0.3 pp to 65.7 percent at the end of the quarter.*

*In the structure of resident loan investment, most notable changes were reported in the area of a) financial and insurance services, b) agriculture - forestry and fishing, and c) consumer loans, with reported growth of 8.5 percent, 7.8 percent and 6.9 percent, respectively.*

*During the quarter, no significant changes were reported in the structure of non-resident loan investment. The trade credit, consumer credit and investments in manufacturing industries posted the largest share of 21.0 percent, 19.4 percent and 10.3 percent, respectively.*

*The share of non-performing loans and receivables in total loans and receivables has grown by 1.7 pp and reached 5.2 percent at the end of the quarter.*

*As of 31.03.2013, the shares of "watch" category loans and receivables of the banking system constituted 3.5 percent of the total; "substandard" category loans, 0.8 percent, and "doubtful" category loans, 0.9 percent (1.6 percent, 1.1 percent, and 0.8 percent, respectively, as of 31.12.2012).*

*In the period under review, the total and current liquidity ratios of commercial banks have increased by 0.5 pp and 10.0 pp to 26.1 percent and 136.1 percent, respectively.*

[Quarterly review \(first quarter, 2013\)](#)