

Quarterly review (first quarter, 2010)

2010-06-20

Financial System of the Republic of Armenia Q1, 2010

Banks functioning in the Republic of Armenia

As of 31.03.2010, there have been 22 commercial banks with a total of 389 branch offices, functioning in the territory of the Republic of Armenia. In the period under review, coupled with spurring up of the economy, growth trends observable throughout previous two quarters in a row persisted in the banking market. Assets and loans of the banking sector reported growth by 4.3 percent and 6.3 percent, respectively.

Total capital of commercial banks

In the first quarter of 2010 total capital of commercial banks has grown by 2.5 percent (AMD 7.0 billion) and amounted to AMD 285.4 billion. During the quarter two banks have replenished their statutory capital by a total of AMD 4.1 billion. During the quarter the total assets to total capital ratio has reduced by 0.4 pp to 20.6 percent, while the total capital adequacy ratio has grown by 0.2 pp to 28.6 percent.

Total liabilities of commercial banks

In the period under review total liabilities of the banking sector have grown by 4.8 percent (AMD 50.6 billion) and amounted to AMD 1 trillion 98.2 billion. 15 banks reported increases and 7 banks reported decreases in total liabilities. In the structure of liabilities growth has been recorded with regard to liabilities to the Government, by 21.0 percent (AMD 14.2 billion) and demand and term deposits of legal persons and natural persons, by 5.6 percent (AMD 35.2 billion). As of 31.03.2010 total amount of commercial bank deposits has been AMD 662.0 billion. Demand and term deposits of natural persons have grown by 6.7 percent (AMD 22.7 billion) and demand and term deposits of legal persons, by 4.3 percent (AMD 12.5 billion). During the quarter the share of demand liabilities of legal persons, terms deposits of natural persons and liabilities to the Government has increased in the liabilities portfolio.

Total assets of commercial banks

In the period under review total assets of commercial banks have grown by 4.3 percent (AMD 57.6 billion) and reached AMD 1 trillion 383.6 billion. 15 banks reported increases, and 7 banks reported decreases, of assets. The main increases on assets were reported for correspondent (nostro) accounts with commercial banks, by 23.8 percent (AMD 20.4 billion), and loans to the economy, by 6.3 percent (AMD 44.1 billion).

Loans to legal persons have increased by 7.9 percent (AMD 31.4 billion); loans to natural persons, by 4.2 percent (AMD 12.0 billion), and loans to bank insiders, by 3.2 percent (AMD 0.7 billion). As of 31.03.2010 the portfolio of banking system lending to the economy has been AMD 747.5 billion, of which 57.2 percent constituted loans to legal persons, 39.8 percent loans to natural persons, and 3.0 percent loans to bank insiders.

In the period under review, banking system loans and accounts receivable (including inter-bank deposits and loans, repurchase agreements, leasing, and factoring) have increased by 4.3 percent (AMD 34.9 billion) and amounted to AMD 841.1 billion. Dram loans and receivables have grown by 3.6 percent and amounted to AMD 384.4 billion, and foreign currency loans and accounts receivable have grown by 5.0 percent and amounted to AMD 456.7 billion. As a result, the share of dram loans and accounts receivable in total has reduced by 0.3 pp to 45.7 percent.

Loans to and accounts receivable from non-residents have decreased by 14.8 percent, whereas loans to and accounts receivable from residents have increased by 5.9 percent and amounted to AMD 51.0 billion and AMD 790.1 billion, respectively.

In the structure of resident loan investment, the largest increase has been reported for industry loans (AMD 15.5 billion) which pushed their share in resident loan investment up by 0.9 pp.

The share of “standard” category assets of commercial banks has reduced by 0.6 pp making up 95.2 percent of total loans and accounts receivable. As of 31.03.2010, “watch” category loans and receivables of the banking system have constituted 2.5 percent of the total; “substandard” category loans and receivables, 1.8 percent, and “doubtful” category loans and receivables, 0.5 percent. In the period under review, the total liquidity ratio of commercial banks has dropped by 0.5 pp, and the current liquidity ratio, by 0.4 pp, making up 33.9 percent and 140.4 percent, respectively.

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