

Quarterly review (third quarter, 2009)

2009-11-20

Financial System of the Republic of Armenia Q3, 2009

Banks functioning in the Republic of Armenia

As of 30.09.2009, the total amount of deposits has been AMD 616.9 billion. Demand and term deposits of natural persons have grown a total by 20.5 percent (AMD 56.4 billion), demand and term deposits of legal persons, by 9.8 percent (AMD 25.5 billion). As a result of the above developments, the share of banks' loro correspondent accounts and other liabilities to

banks (including Central Bank) has shrunk by 3.2 percentage points, whereas the shares of demand deposits of natural persons, while the share of term deposits of legal persons and liabilities to Government have increased each by about 1.7 percentage point.

Total capital of commercial banks

In the third quarter of 2009, total capital of commercial banks has grown by 3.4 percent (AMD 8.5 billion) and amounted to AMD 258.3 billion, as of 30.09.2009.

The increase in total capital has been attributable to the replenishment by three commercial banks of their statutory capital by AMD 12.2 billion (one of these banks had replenished the statutory capital out of the profit of the previous period). Total assets have grown faster in relation to total capital and, as a result, the total capital to total assets ratio has fallen by 1.3 percentage point and made up 21.0 percent at the end of the quarter. In the period under review, the total capital adequacy ratio has grown by 1.3 percentage point to make up 28.3 percent.

Total liabilities of commercial banks

In the period under review, the total liabilities of the banking system have grown by 12.0 percent (AMD 104.3 billion) and amounted to AMD 972.2 billion. Increases of total liabilities were reported in 18 banks and decreases of liabilities, in 4 banks. In the structure of liabilities demand and term deposits of natural persons and legal persons have grown by 15.3 percent (AMD 81.9 billion), liabilities to the Government, by 69.8 percent (AMD 20.1 billion), and liabilities to other non-bank financial institutions, by 17

percent (AMD 11.4 billion). In the structure of bank liabilities, loro correspondent accounts of commercial banks have decreased by 49.6 percent (AMD 2.5 billion) and other liabilities to banks, by 4.3 percent (AMD 8.1 billion).

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banks (including Central Bank) has shrunk by 3.2 percentage points, whereas the shares of demand deposits of natural persons, while the share of term deposits of legal persons and liabilities to Government have increased each by about 1.7 percentage point.

Total assets of commercial banks

In the period under review, total assets of commercial banks have grown by 10.1 percent (AMD 112.8 billion) and reached AMD 1 trillion 230.5 billion. In the period under review, 18 banks reported an increase, and 4 banks reported a decrease, of assets. The main decreases on assets were reported with regard to claims on banks (excluding loro correspondent accounts), by 39.0 percent (AMD 18.7 billion) and economy lending, by 5.0 percent (AMD 31.8 billion).

Correspondent accounts with the Central Bank have increased by 19.3 percent (AMD 28.7 billion), claims on commercial banks, by 68.2 percent (AMD 20.0 billion), with an exception of nostro correspondent accounts, and loans to economy, by 8.0 percent (AMD 48.7 billion).

Loans to legal persons have increased by 15.5 percent (AMD 47.8 billion), loans to natural persons have decreased by 0.6 percent (AMD 1.6 billion) and loans to bank insiders have increased by 14.6 percent (AMD 2.5 billion). As of 30.09.2009, the portfolio of banking system lending to the economy has been AMD 657.7 billion, of which 54.2 percent constituted loans to legal persons, 42.8 percent loans to natural persons and 3.0 percent loans to bank insiders.

During the third quarter, banking system loans and accounts receivable (including inter-bank deposits and loans, repurchase agreements, leasing, and factoring) have increased by a total of 12.3 percent (AMD 80.9 billion) and amounted to AMD 737.8 billion. Dram loans and receivables have grown by 5.8 percent and amounted to AMD 337.0 billion,

while foreign currency loans and accounts receivable have grown by 18.5 percent and amounted to AMD 400.8 billion. As a result, the share of dram loans and accounts receivable in total has dropped by 2.8 percentage points to make up 45.7 percent. Loans to and accounts receivable from non-residents have increased by 118.2 percent, while loans to and accounts receivable from residents, by 8.7 percent, having amounted to AMD 47.8 billion and AMD 690.0 billion, respectively. In the structure of resident loan investment, the shares of industry loans (food, energy and building materials), trade loans, construction loans, transport and communications loans, public catering and other service loans and mortgage loans have increased by 22.9 percent (AMD 21.6 billion), 9.6 percent (AMD 12.6 billion), 11.0 percent (AMD 4.9 billion), 49.1 percent (AMD 4.8 billion), 14.3 percent (AMD 3.6 billion) and 0.3 percent (AMD 0.3 billion), respectively. The shares of consumer loans and agricultural loans have reduced by 2.9 percent (AMD 4.0 billion) and 1.5 percent (AMD 0.7 billion), respectively. As a result, by sectors of the economy, the share of industry loans has grown by 2.0 percentage points and the share of consumer loans has decreased by 2.3 percentage points in the structure of resident loan investment. During the quarter, the share of the “standard” category assets of commercial banks has increased 0.6 percentage point to 92.0 percent of total loans and accounts receivable. As of 30.09.2009, the “watch” category loans and receivables of the banking system have constituted 3.4 percent of the total; the “substandard” category loans and receivables, 2.9 percent, and the “doubtful” category loans and receivables, 1.8 percent. In the period under review, the total liquidity ratio of commercial banks has increased by 3.3 percentage points and the current liquidity ratio has increased by 1.0 percentage points, having reached 35.2 percent and 146.3 percent, respectively.

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