



CENTRAL BANK OF THE REPUBLIC OF ARMENIA

MAIN FINANCIAL STABILITY INDICATORS

1st quarter of 2023

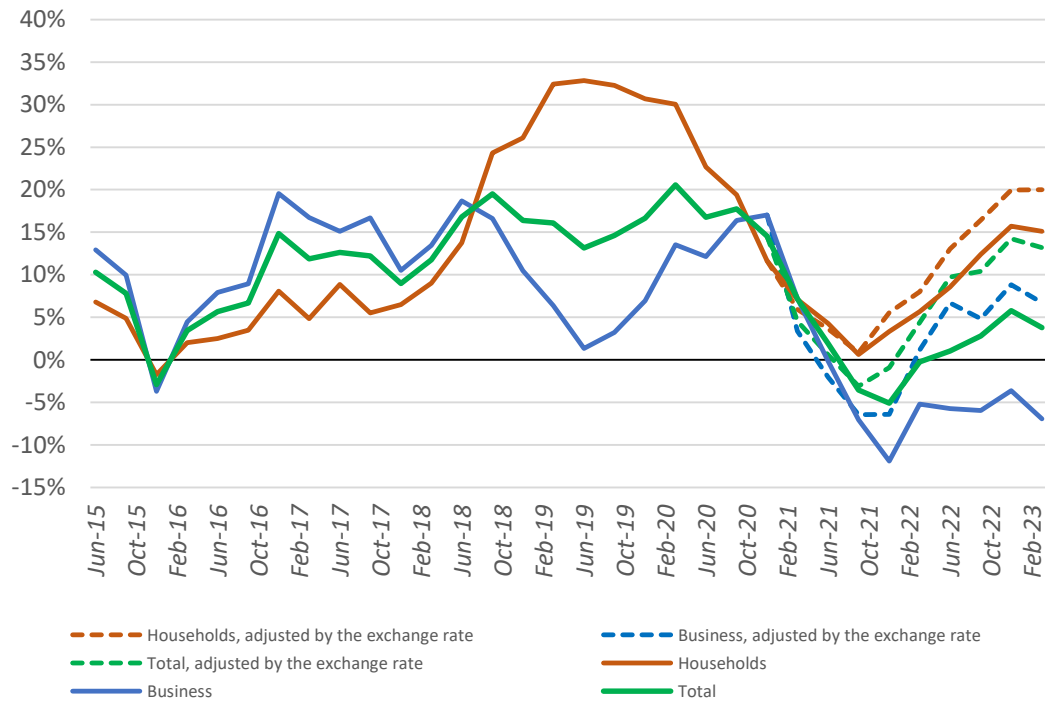
MAIN INDICATORS OF THE BANKING SYSTEM*

	Indicator value as of February/March	12-month change
ASSETS	AMD 8.24 trillion	14.32%
Loans	AMD 3.97 trillion	3.47%
Non-performing loan ratio	4.84%	+0.87 percentage points
LIABILITIES	AMD 6.95 trillion	13.24%
Attracted deposits	AMD 4.6 trillion	27.89%
EQUITY	AMD 1.29 trillion	20.50%
Total capital adequacy ratio	20.12%	+2.93 percentage points
Total liquidity ratio	37.26%	+4.85 percentage points
Return on Equity	21.58%	+12.8 percentage points
Return on Assets	3.27%	+2.12 percentage points

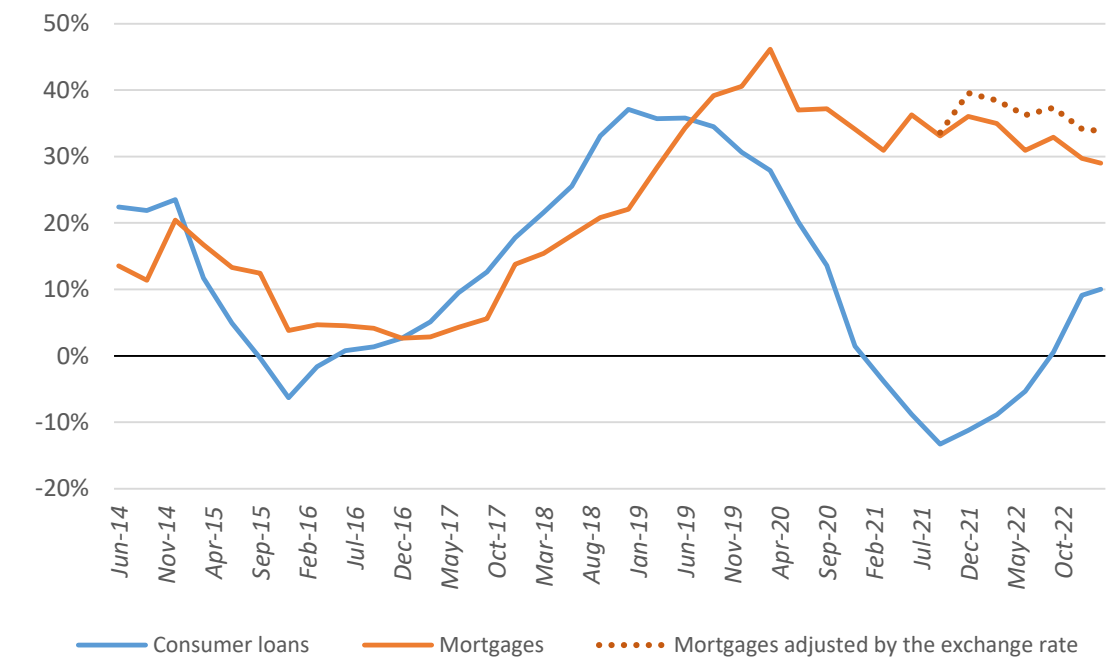
* Information submitted as of February 2023. Credit flow and balance sheet indicators of the banking system are an exception, which are as of 12 March 2023. The loans/GDP indicator, the indicators regarding the financial cycle index are submitted with the estimates as of March 2023.

Moderate growth trends have been recorded in the credit lending market

Y-o-y growth rate of the loan stocks by sectors

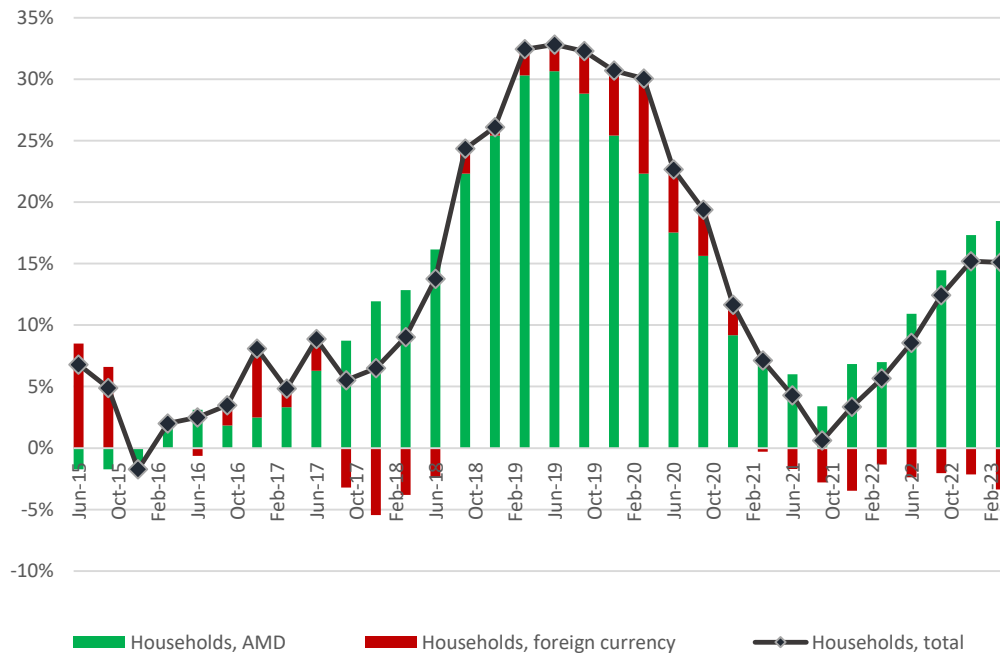


Y-o-y growth rate of household loan stock

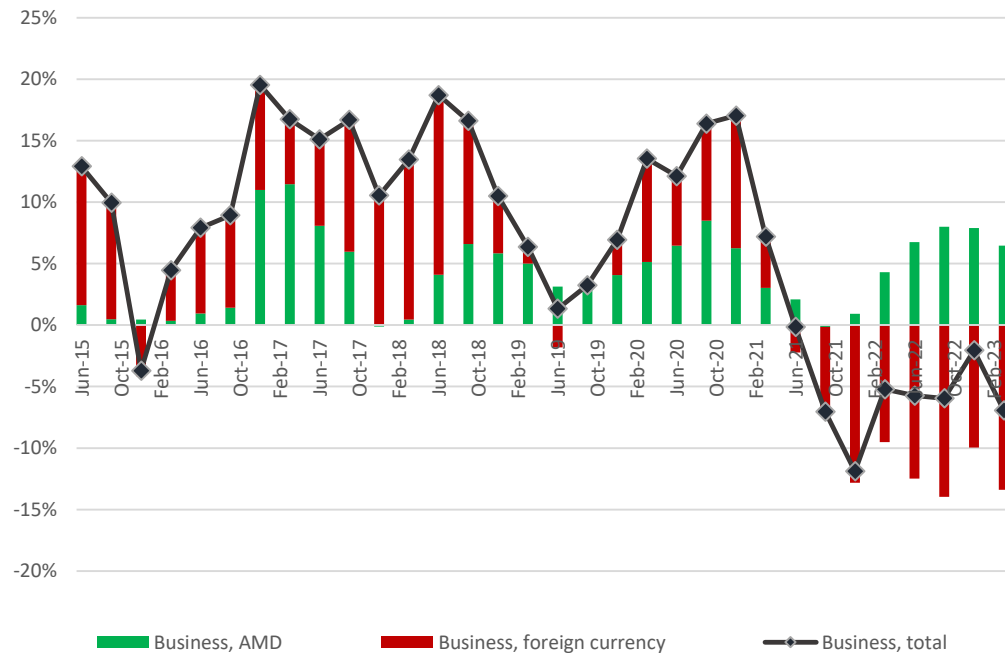


Mainly loans in dram have increased

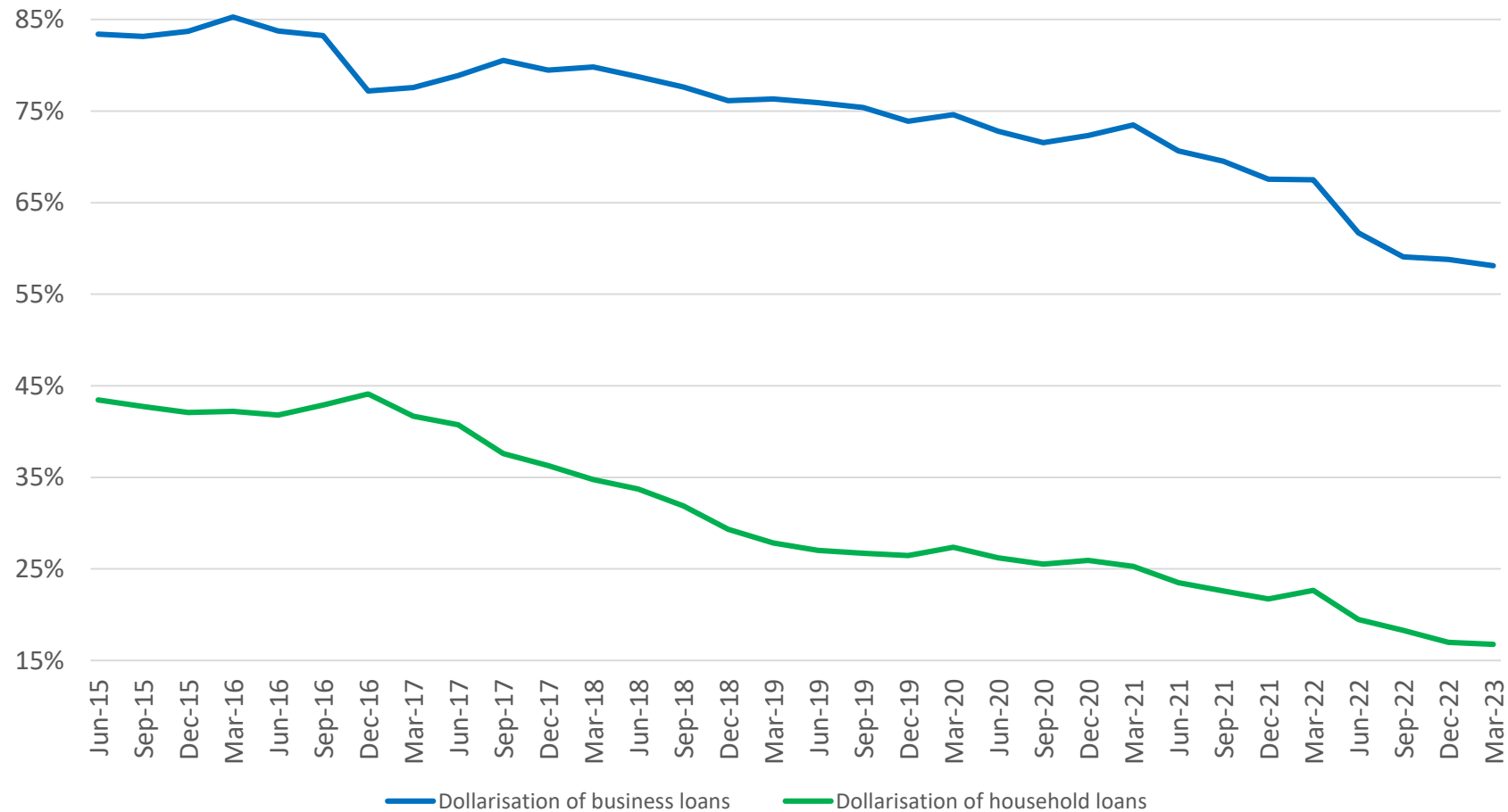
Breakdown of growth rates of household loans by currencies



Breakdown of growth rates of business loans by currencies

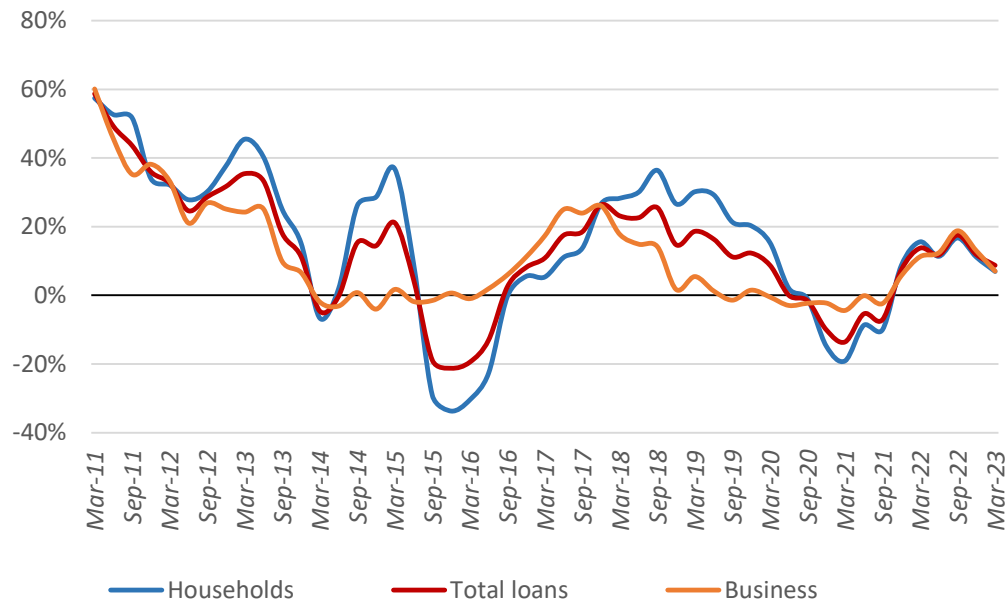


The loan dollarisation level has continued to decrease

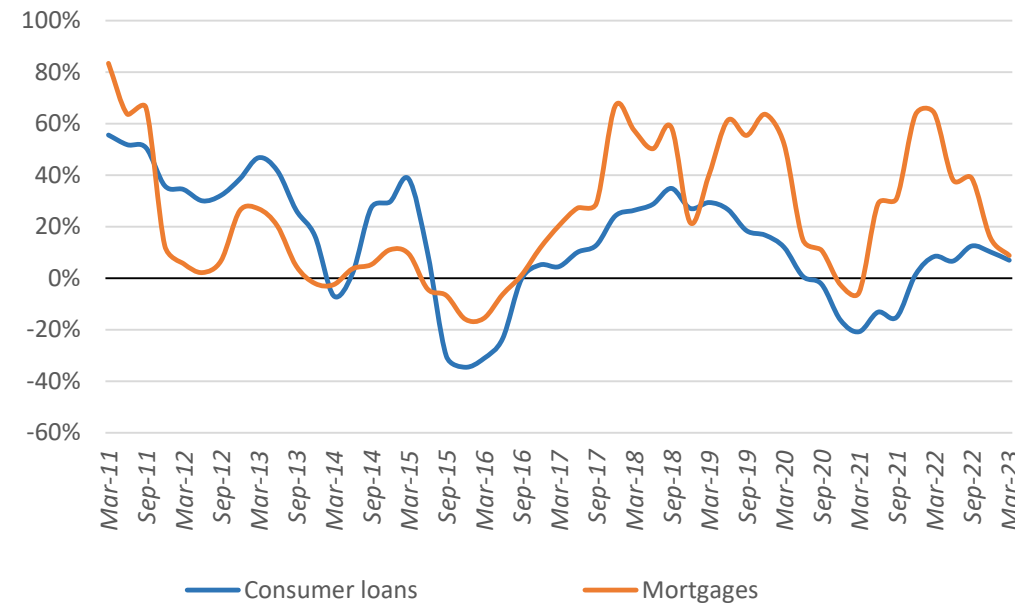


The growth of credit flow indicators is also moderate

Y-o-Y growth rates of credit flow indicators

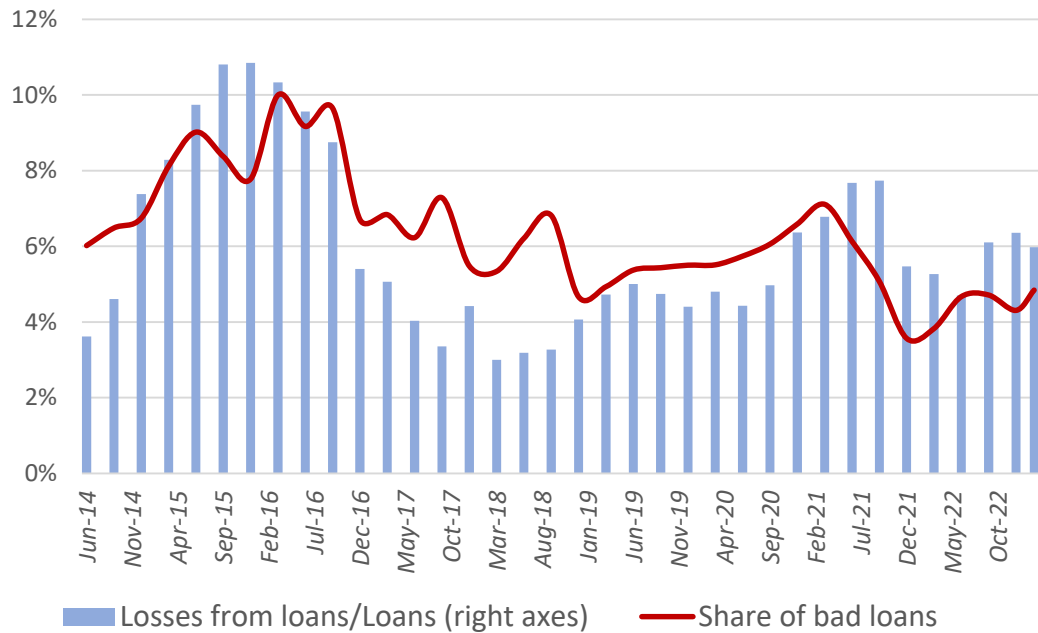


Y-o-Y growth rates of consumer and mortgage flows

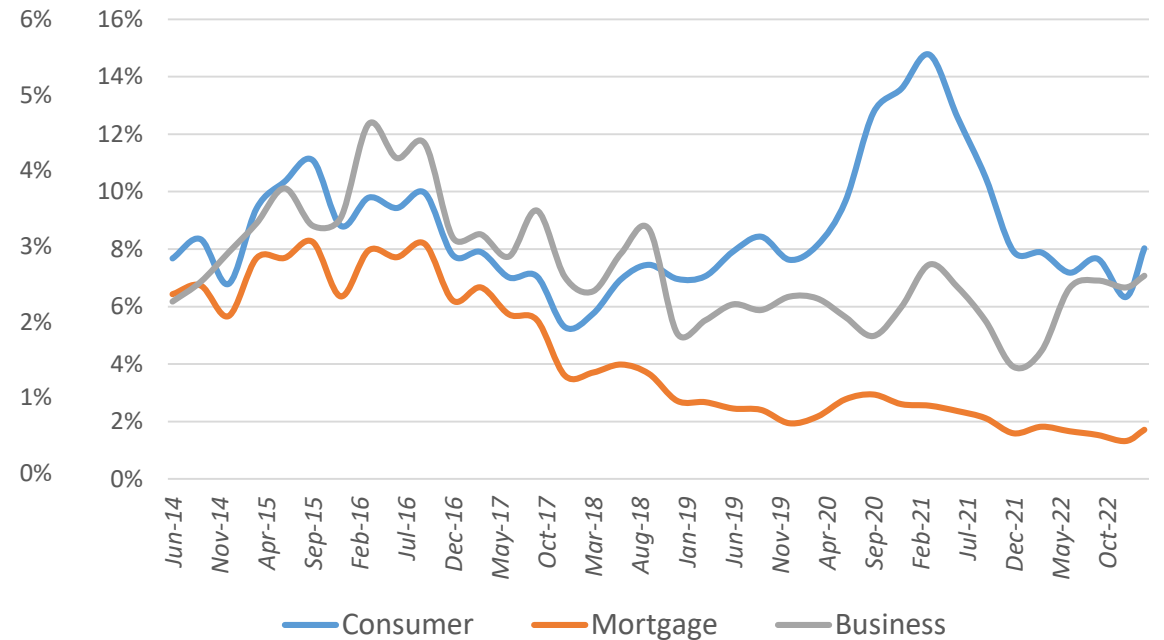


The share of non-performing loans has almost not changed

Share of nonperforming loans* and losses from loans



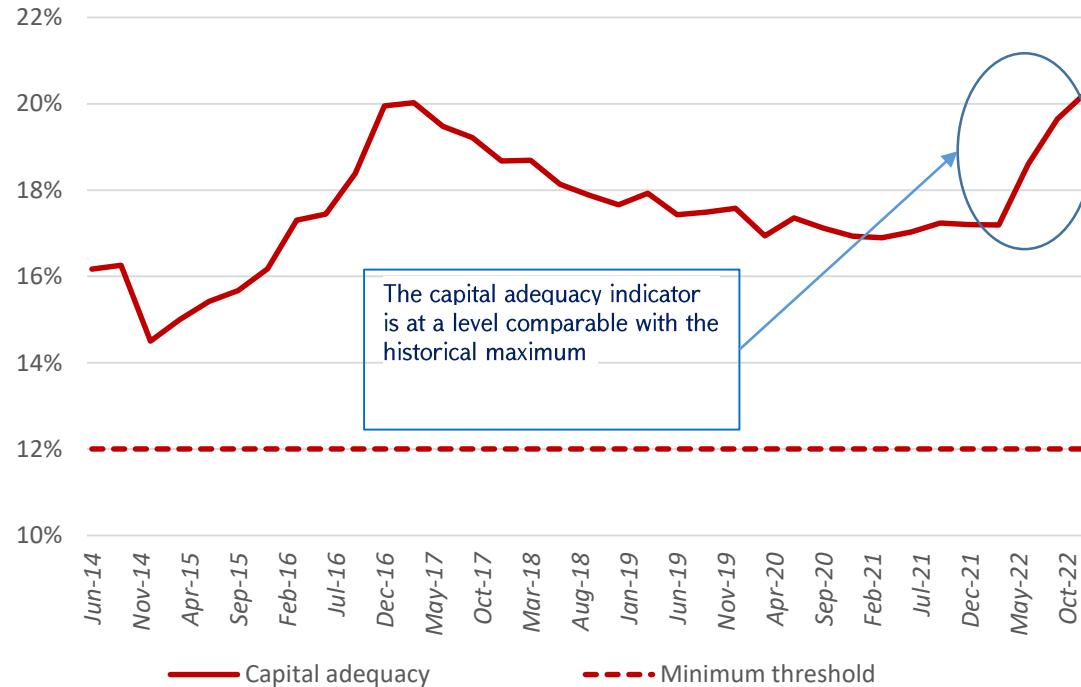
Share of nonperforming loans by loan types



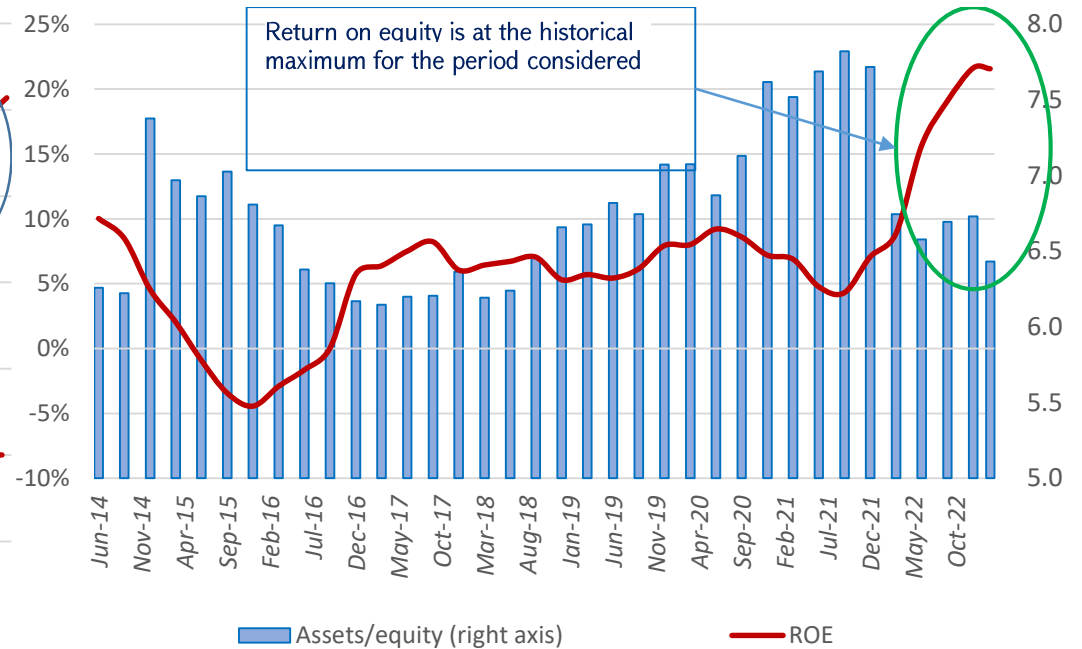
* Including watched loans

The risk-absorption capacity continues to be high

Capital adequacy

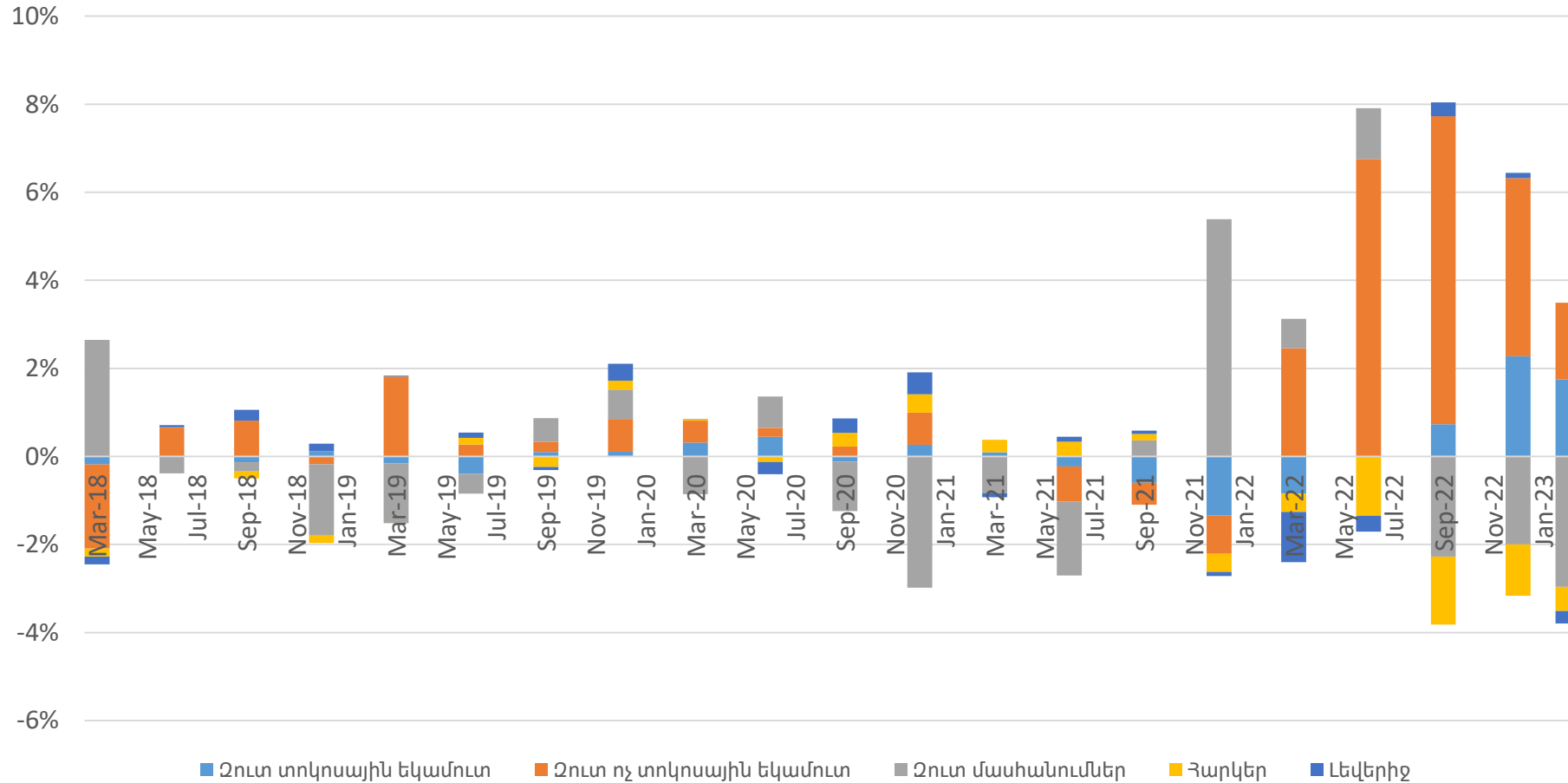


RoE and leverage



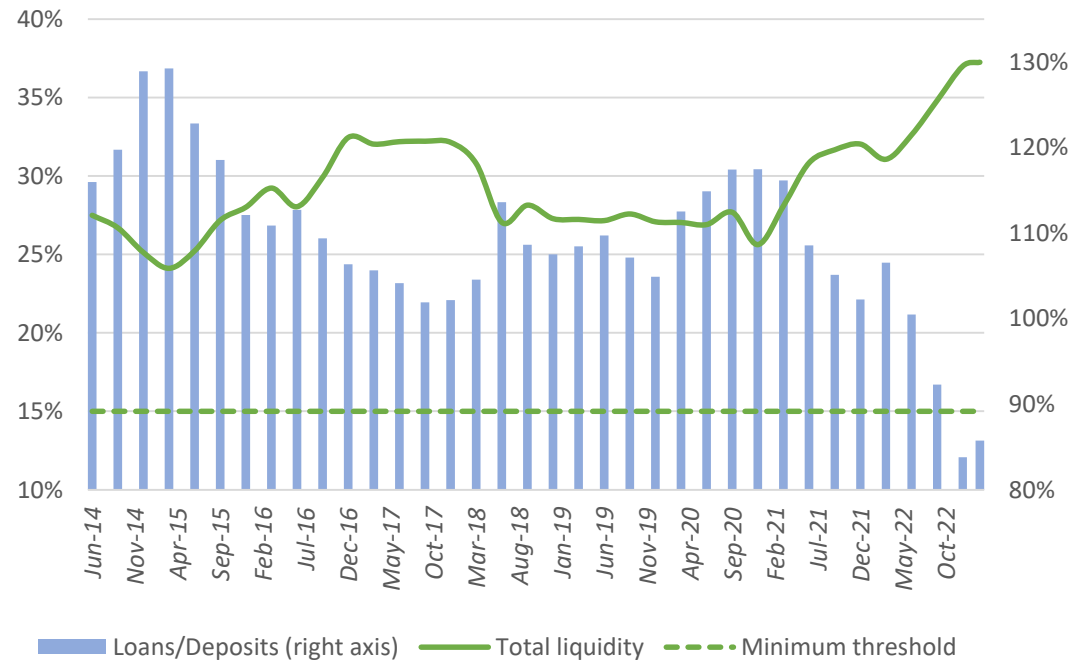
RoE change is mainly due to provisions

Decomposition of RoE change

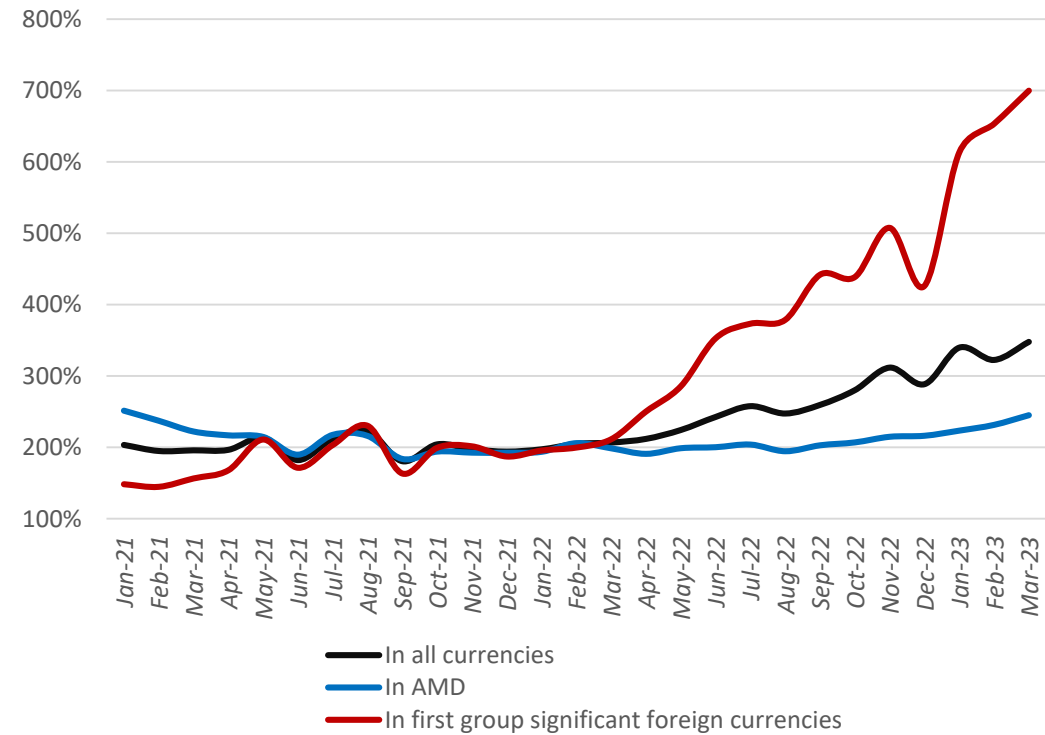


The FX liquidity is at its historical maximum

Bank liquidity normatives and loan/deposit ratio

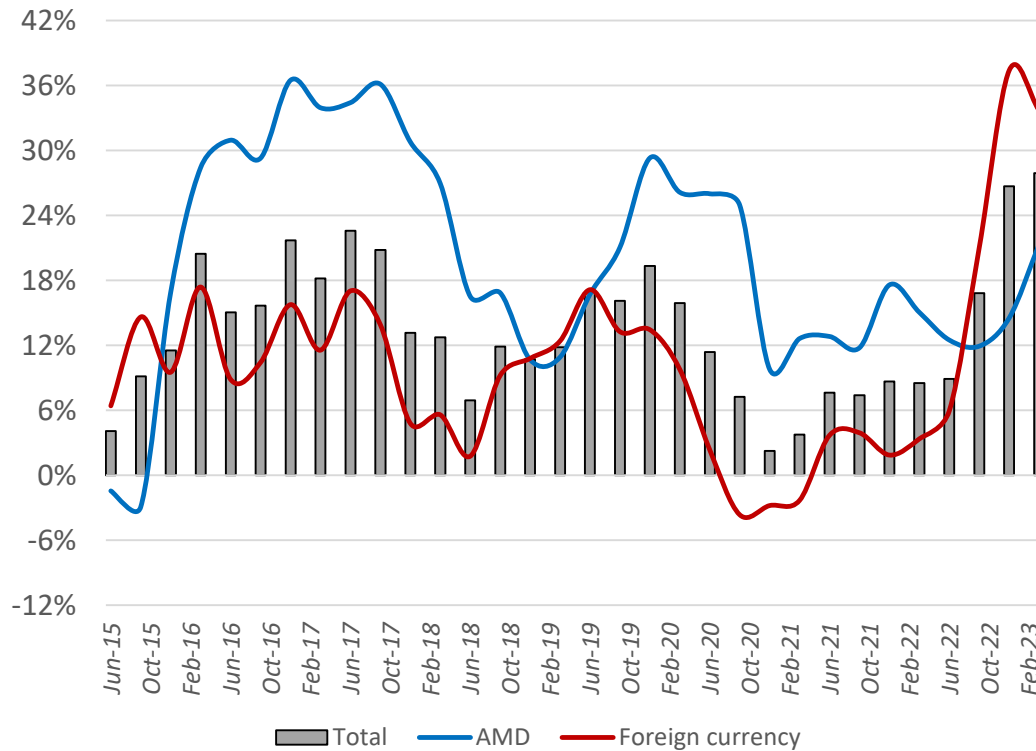


Liquidity coverage ratio

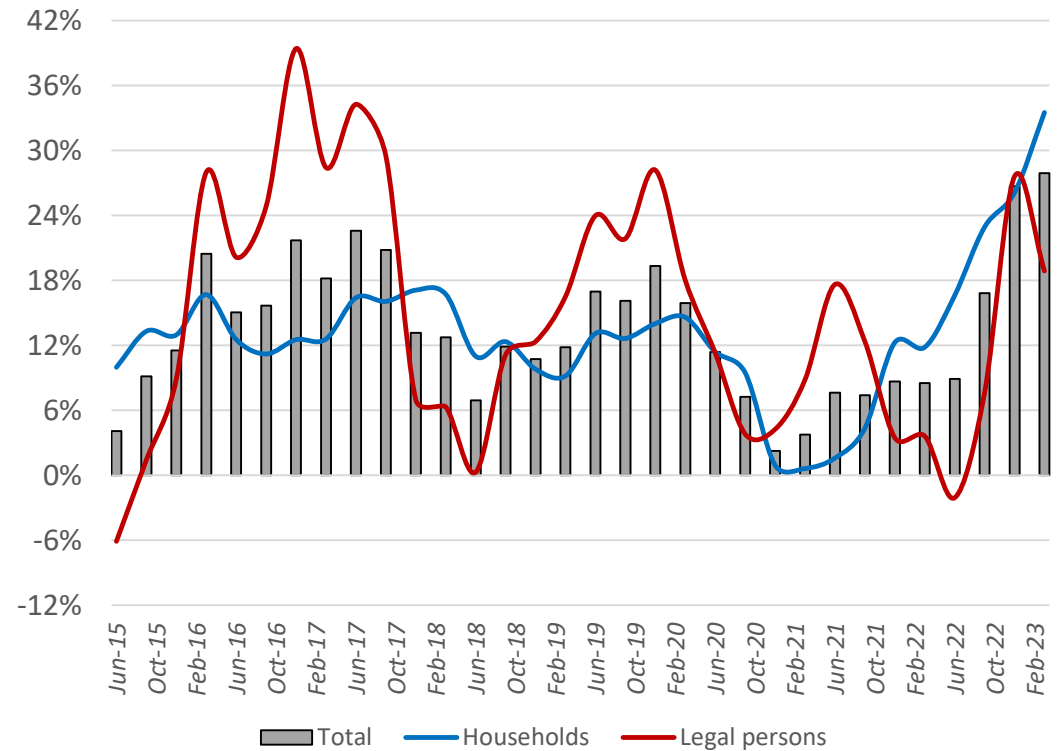


Deposits are growing as well

12-month growth rates of total deposits and deposits by currency

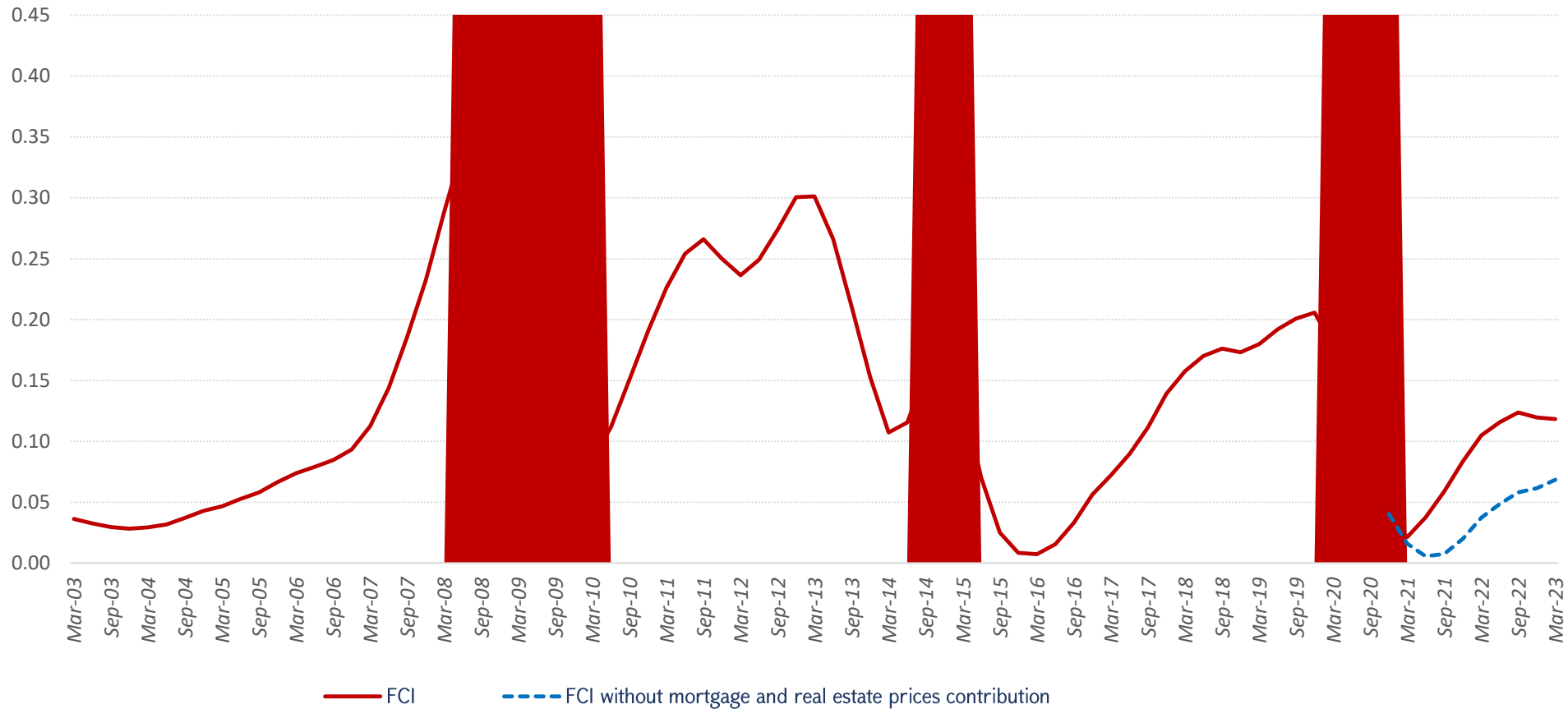


12-month growth rates of deposits of households and businesses



The financial cycle has almost not changed

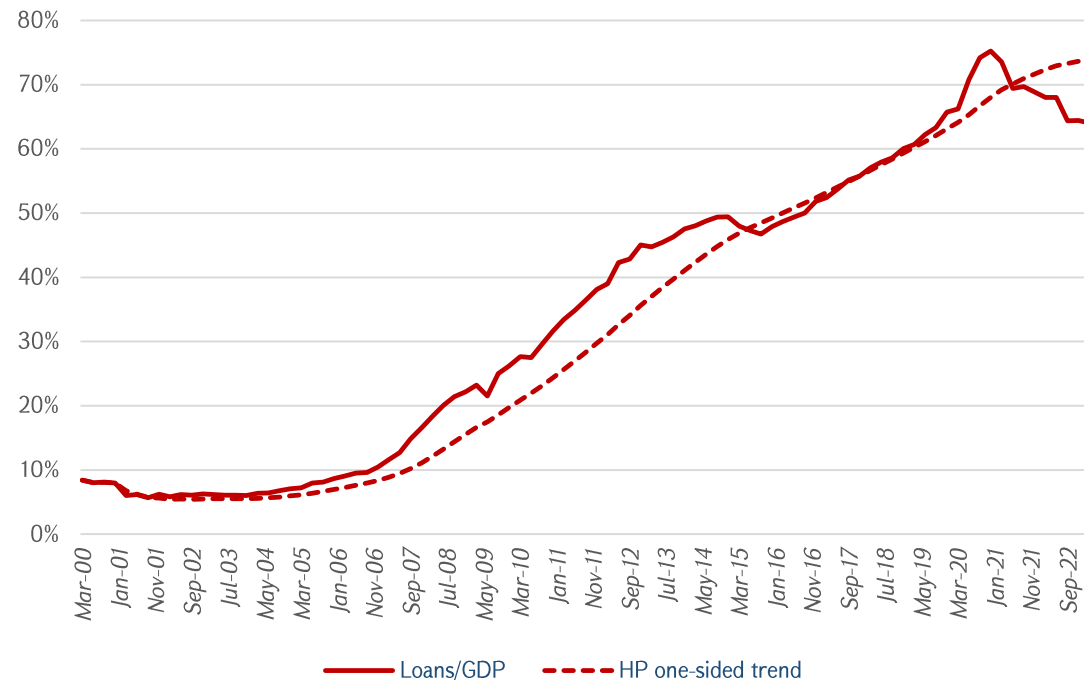
Financial cycle index*



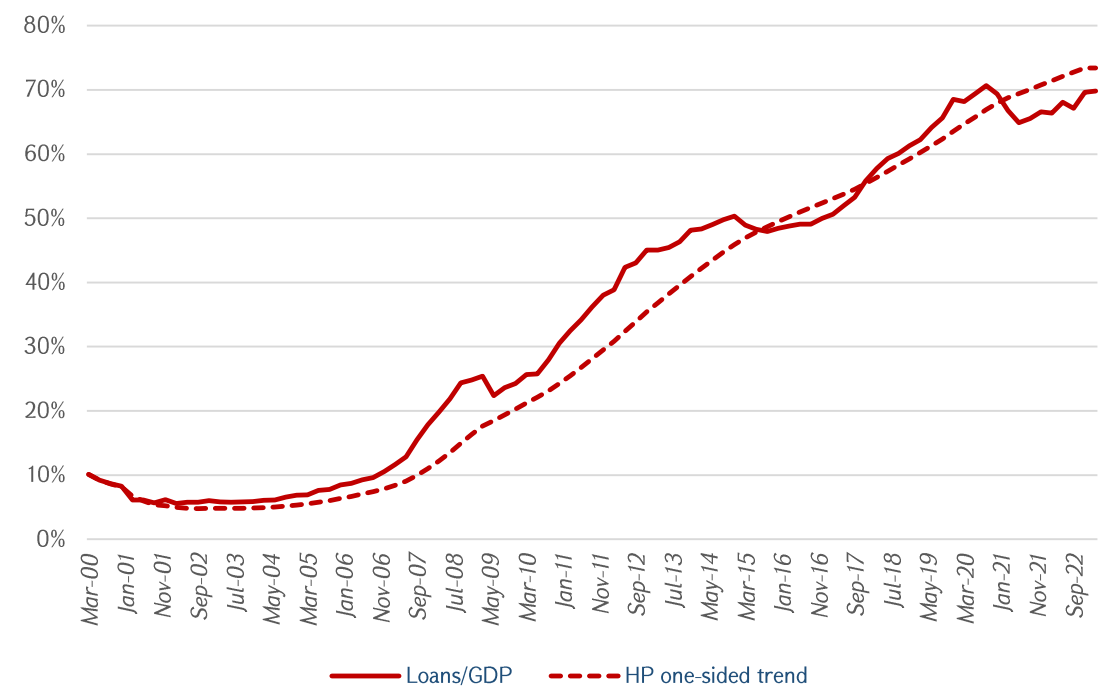
*The values of this indicator for the 1st quarter of 2023 are based on the estimates of the underlying indicators (GDP, loans, etc.) and may undergo certain changes in future as a result of receiving actual data

The Credit/GDP gap is negative

Credit to GDP indicator and its long-term trend



Credit to smoothed GDP and its long-term trend**

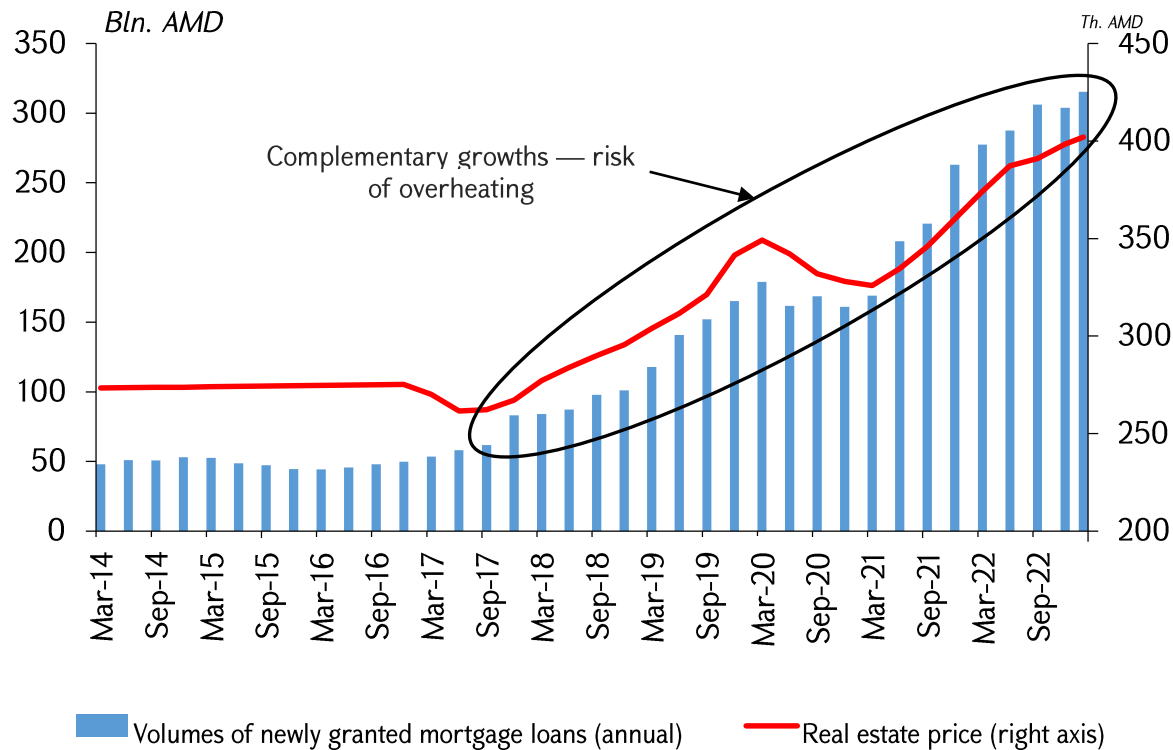


** The indicator has been calculated taking as a basis the smoothed GDP series

Potential overheating risks exist in the mortgage and real estate market

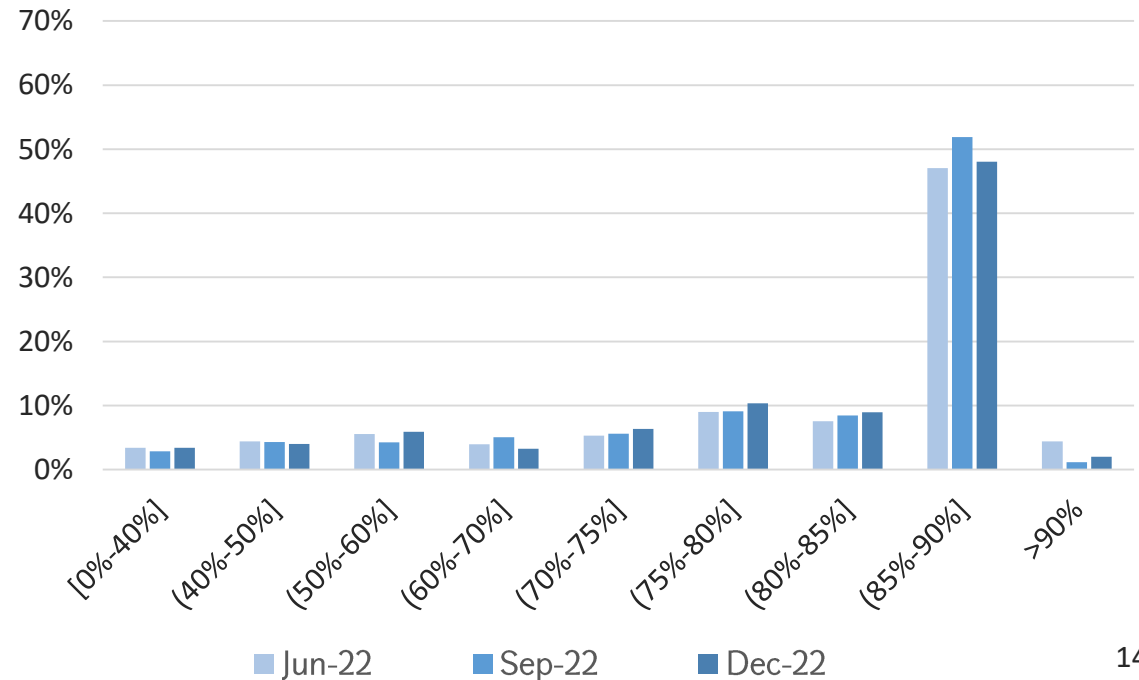
- The growth of mortgages and real estate prices in the recent years have been mutually reinforcing

Mortgages and real estate prices

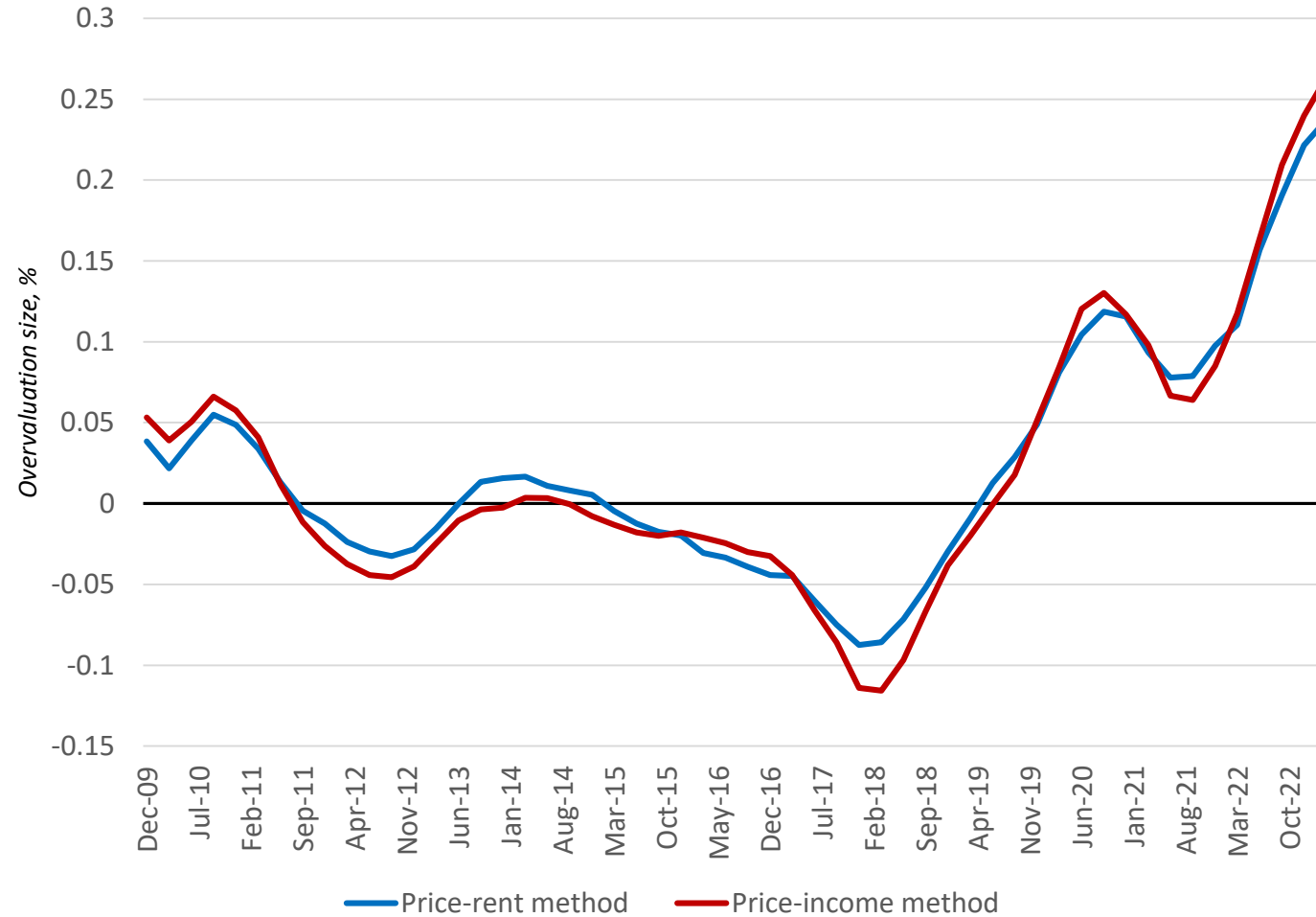


- The volume of loans with 85-90% LTV comprised around AMD 28 billion during the 4th quarter of 2022
- The volume of permissible discretion comprises around AMD 6.4 billion

Distribution of the LTV of AMD mortgage loans



The overheating tendencies have deepened in the real estate market



✓ According to estimates by various methods, the size of overvaluation is 23-26%.

Conclusion

Taking into account that

- ✓ The cyclical systemic risks in the financial system continue to be at such a level when the risks are neither elevated nor subdued;
- ✓ There are no obvious signs of risk build-up in the credit lending market;

The CCyB rate has been unchanged at the level of 1.5%.