



CENTRAL BANK OF THE REPUBLIC OF ARMENIA

MAIN FINANCIAL STABILITY INDICATORS

2nd quarter of 2023

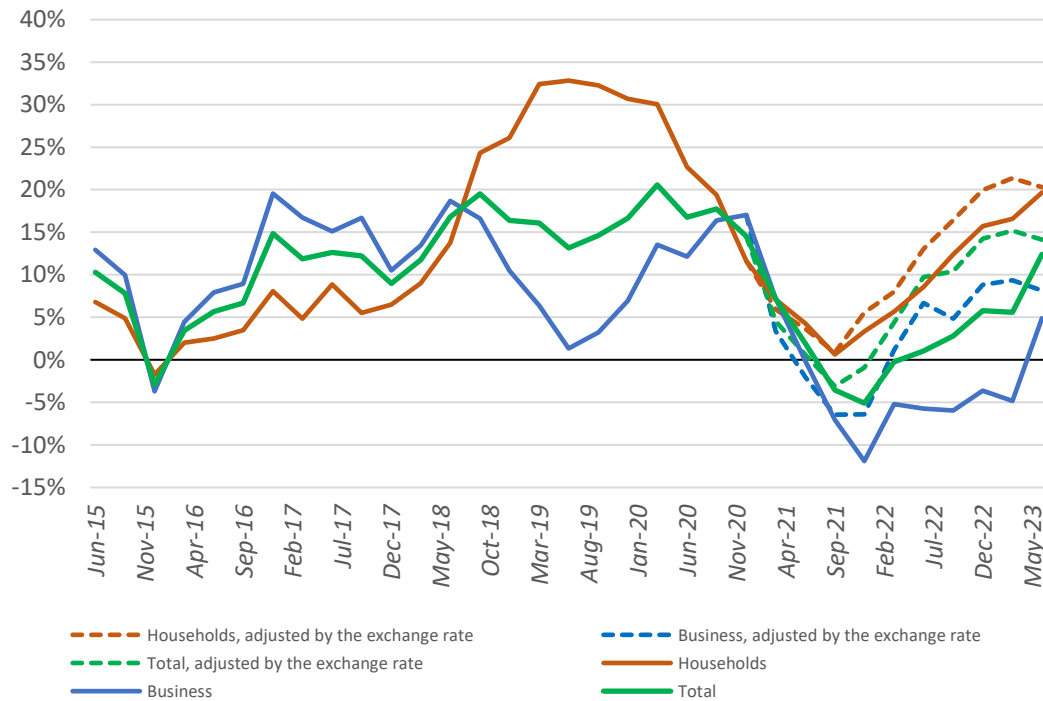
MAIN INDICATORS OF THE BANKING SYSTEM*

	Indicator value as of May/June	12-month change
ASSETS	AMD 8.28 trillion	14.03%
Loans	AMD 4.23 trillion	14.29%
Non-performing loan ratio	4.35%	-0.55 percentage points
LIABILITIES	AMD 6.98 trillion	13.28%
Attracted deposits	AMD 4.66 trillion	26.47%
EQUITY	AMD1.3 trillion	18.16%
Total capital adequacy ratio	20.19%	+1.59 percentage points
Total liquidity ratio	36.53%	+4.95 percentage points
Return on Equity	19.75%	+7.07 percentage points
Return on Assets	3.02%	+1.31 percentage points

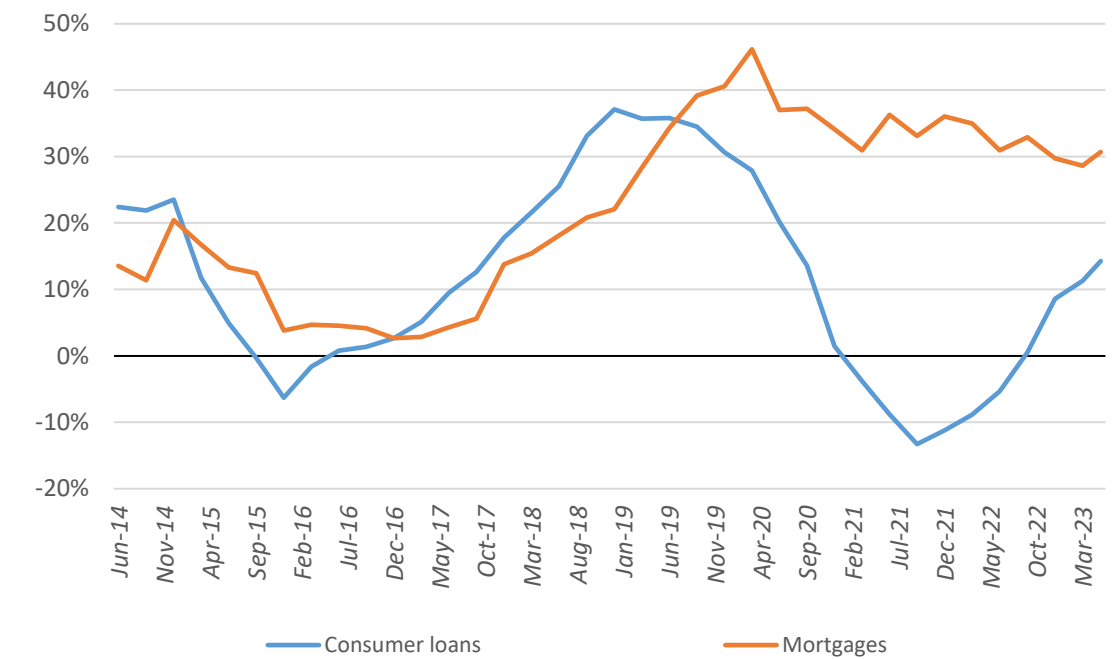
* Information submitted as of May 2023. Credit flow and balance sheet indicators of the banking system are an exception, which are as of 25 June 2023. The loans/GDP indicator, the indicators regarding the financial cycle index are submitted with the estimates as of June 2023.

The growth rates of credit market* has hardly changed

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



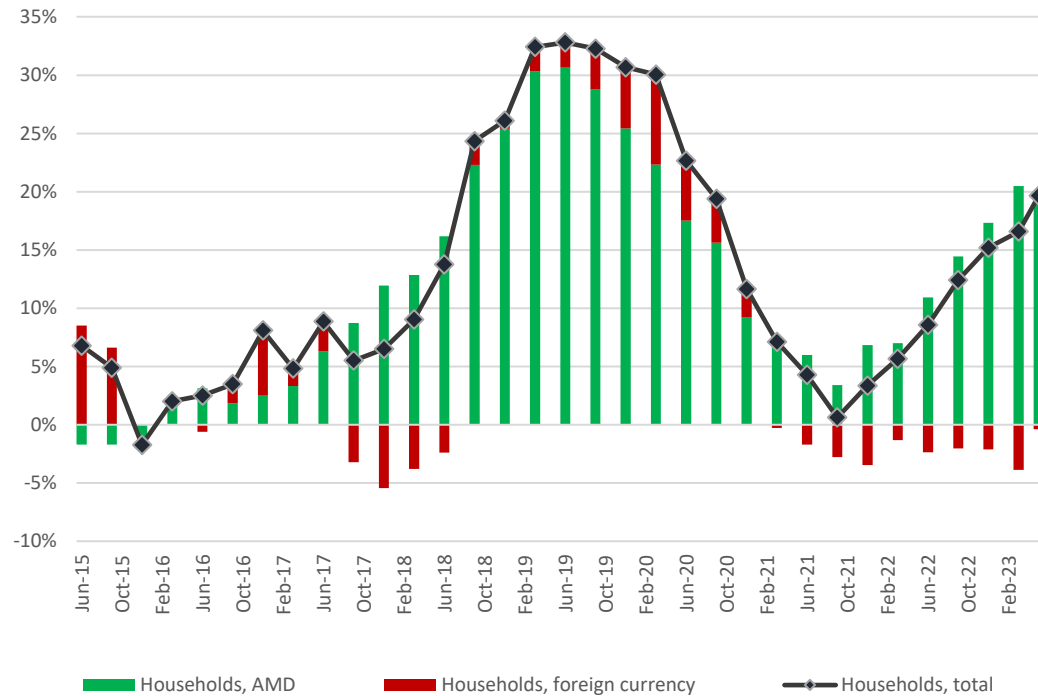
Y-o-y growth rate of household loan stock



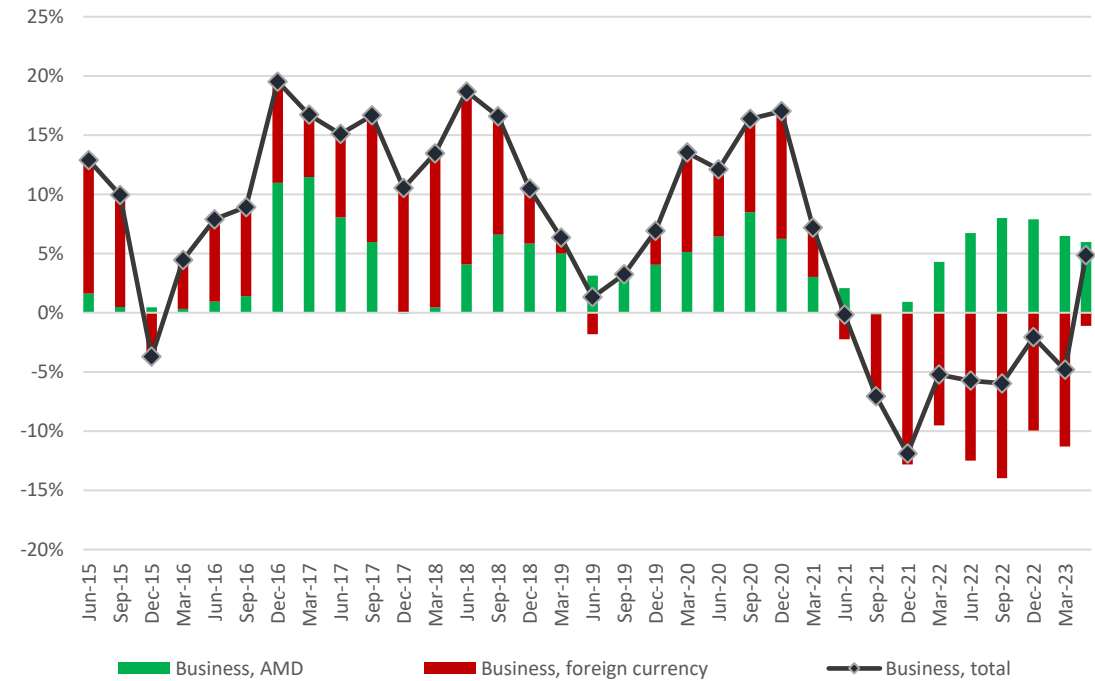
* Adjusted for the effect of exchange rate

Mainly local currency loans have increased

Breakdown of growth rates of household loans by currencies

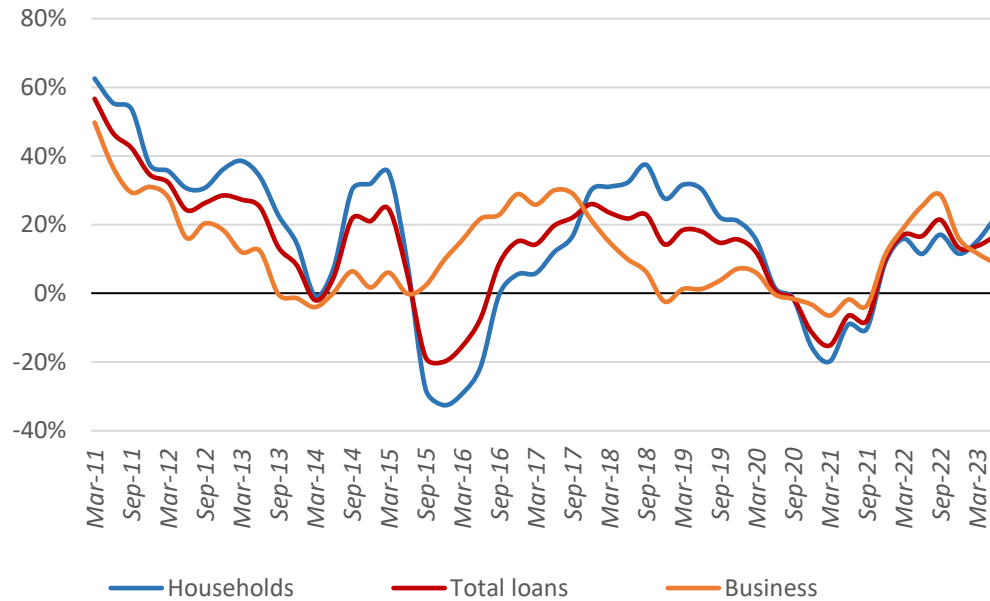


Breakdown of growth rates of business loans by currencies

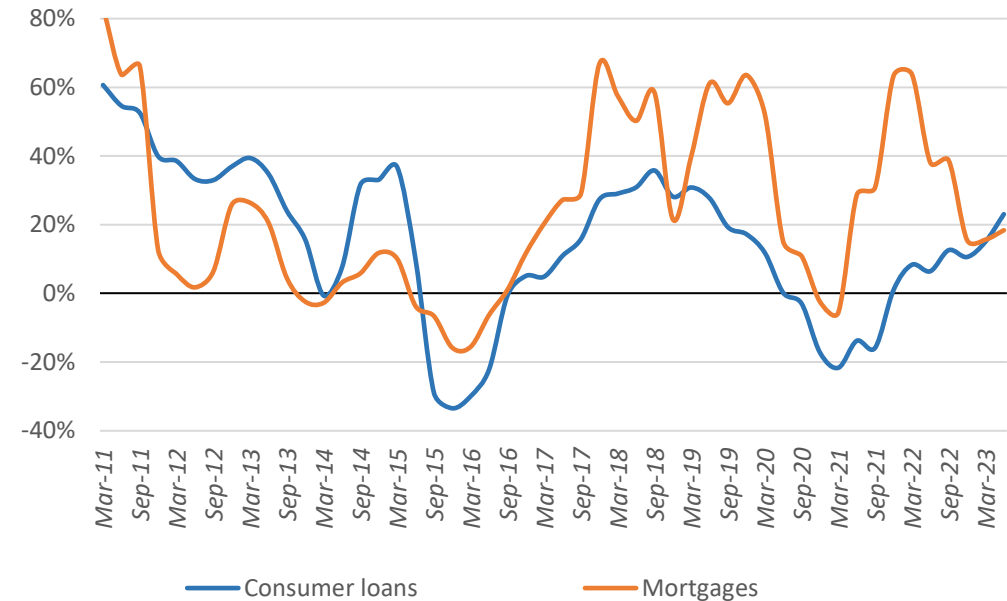


The growth of credit flow indicators is also moderate

Y-o-Y growth rates of yearly credit flows

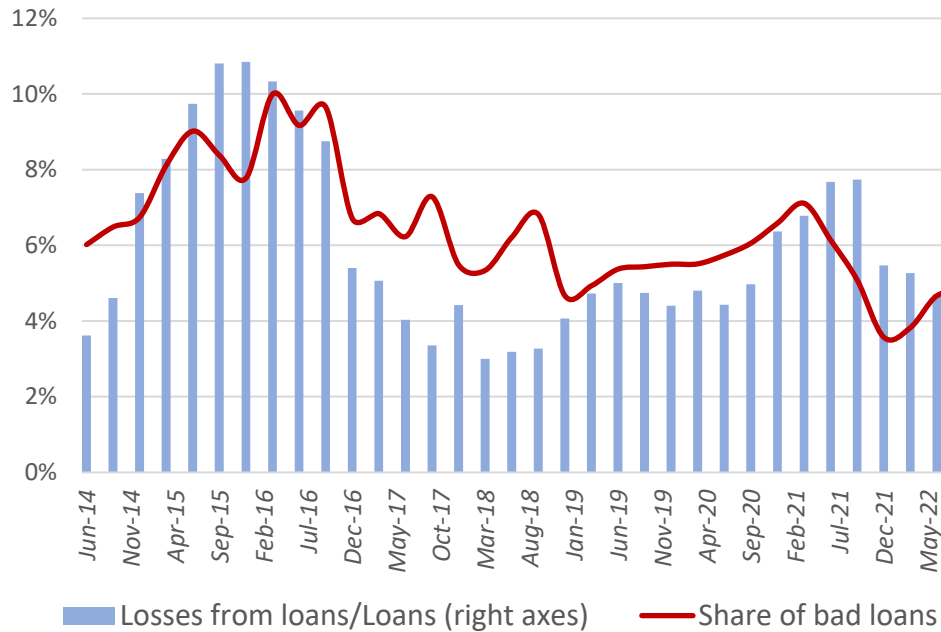


Y-o-Y growth rates of consumer and mortgage flows

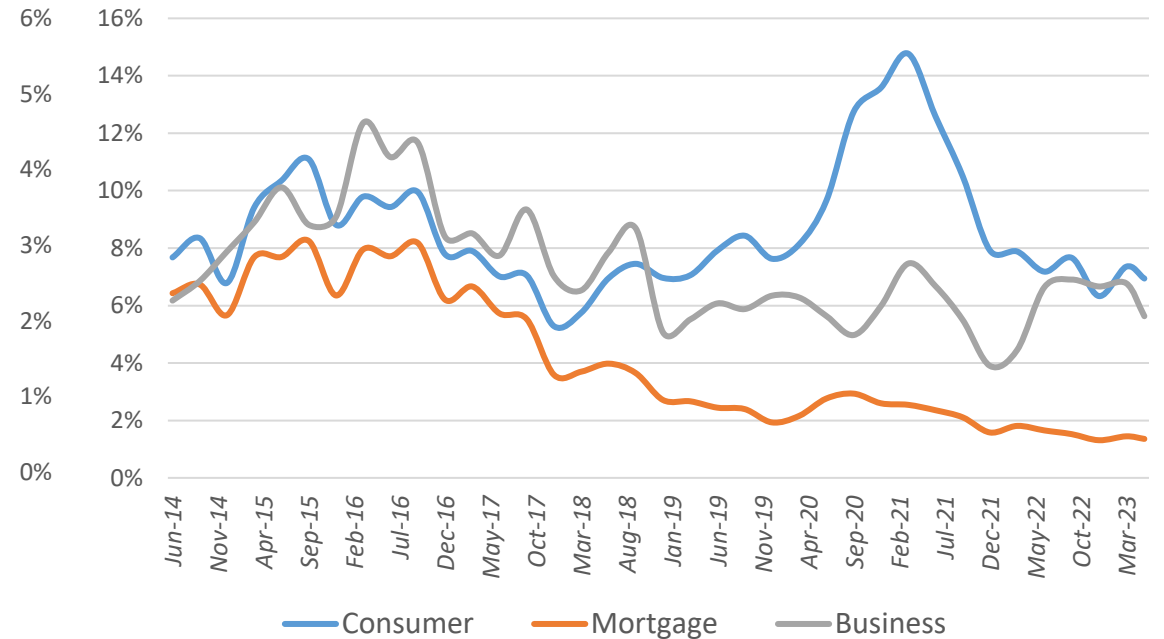


The share of non-performing loans has almost not changed

Share of nonperforming loans* and losses from loans



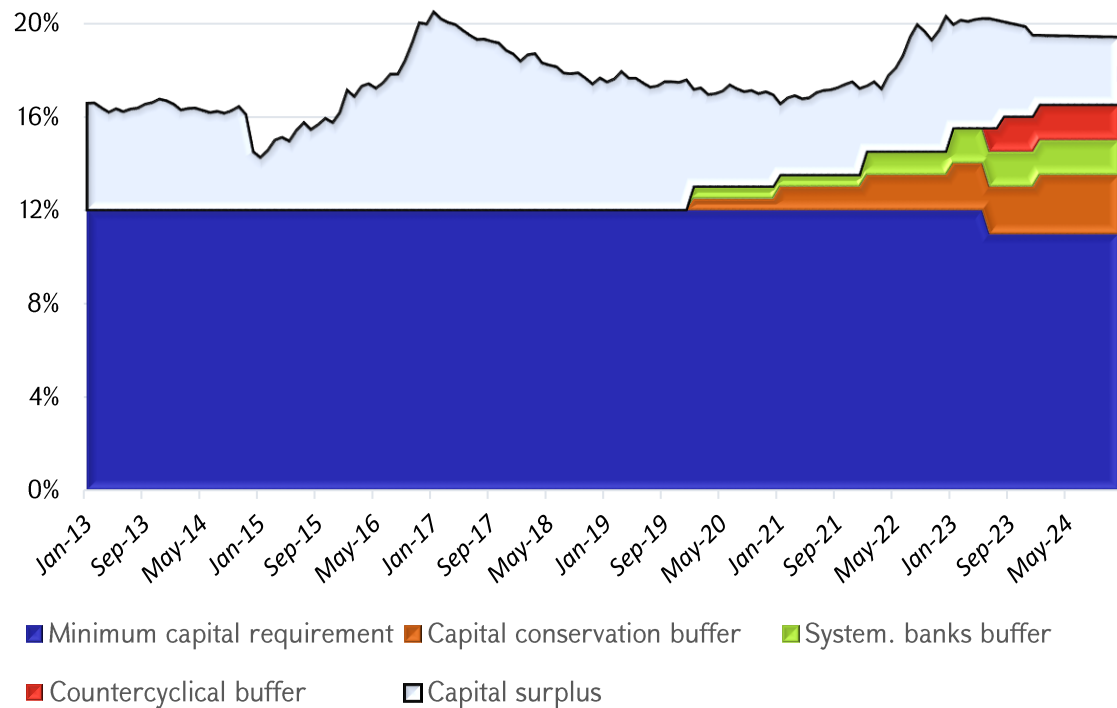
Share of nonperforming loans by loan types



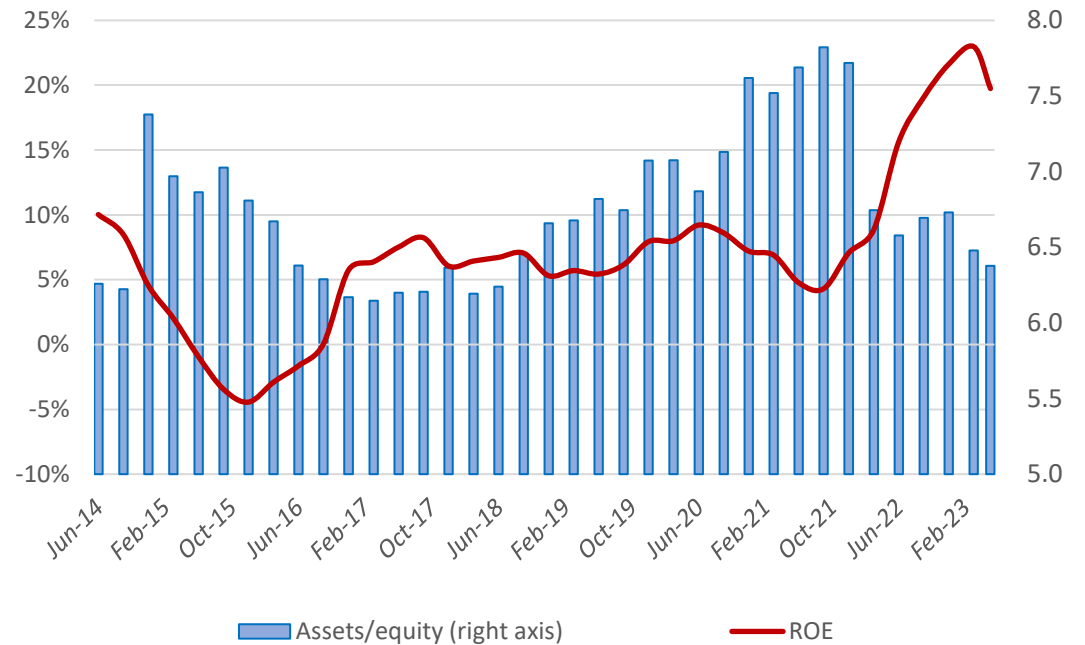
* Including watched loans

The risk-absorption capacity remains high

Capital adequacy

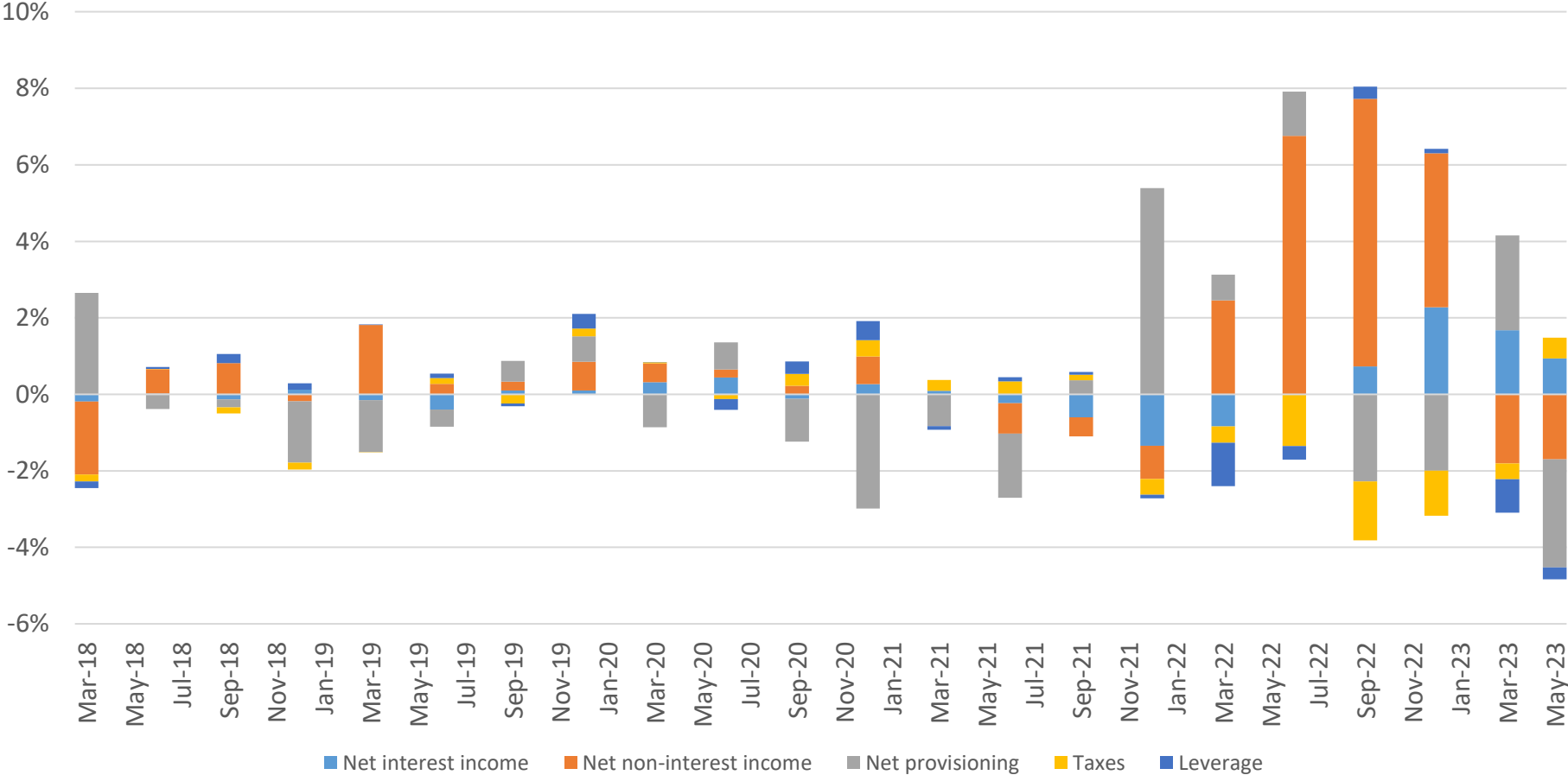


RoE and leverage



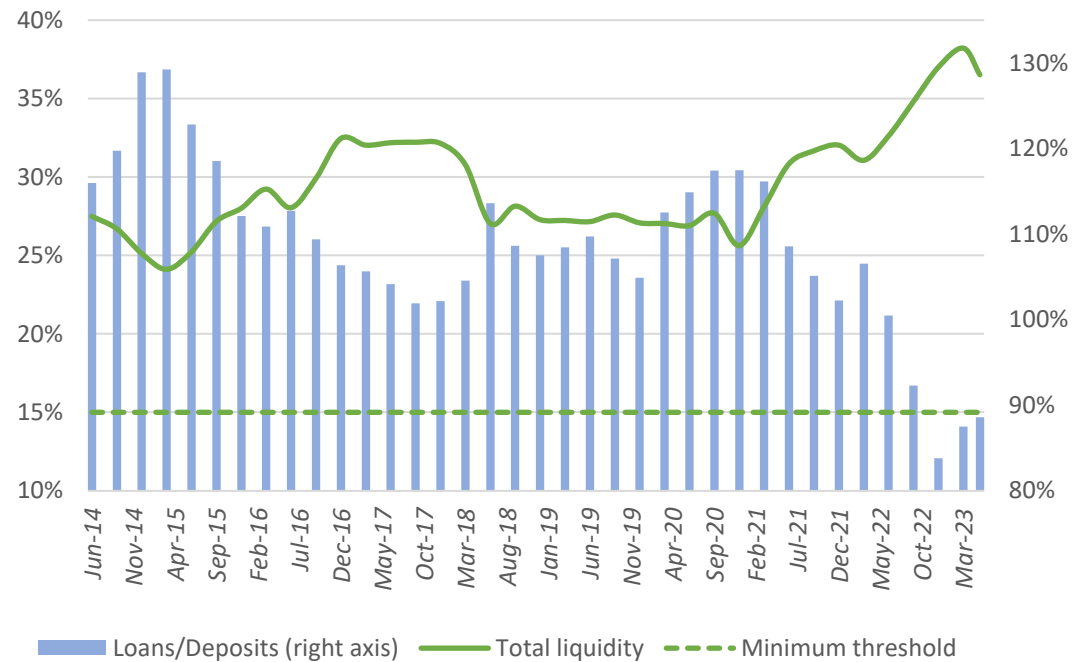
The volume of net non-interest income remains high, however there is a decrease compared to 2022, which contributed negatively to the change in RoE

Decomposition of RoE change

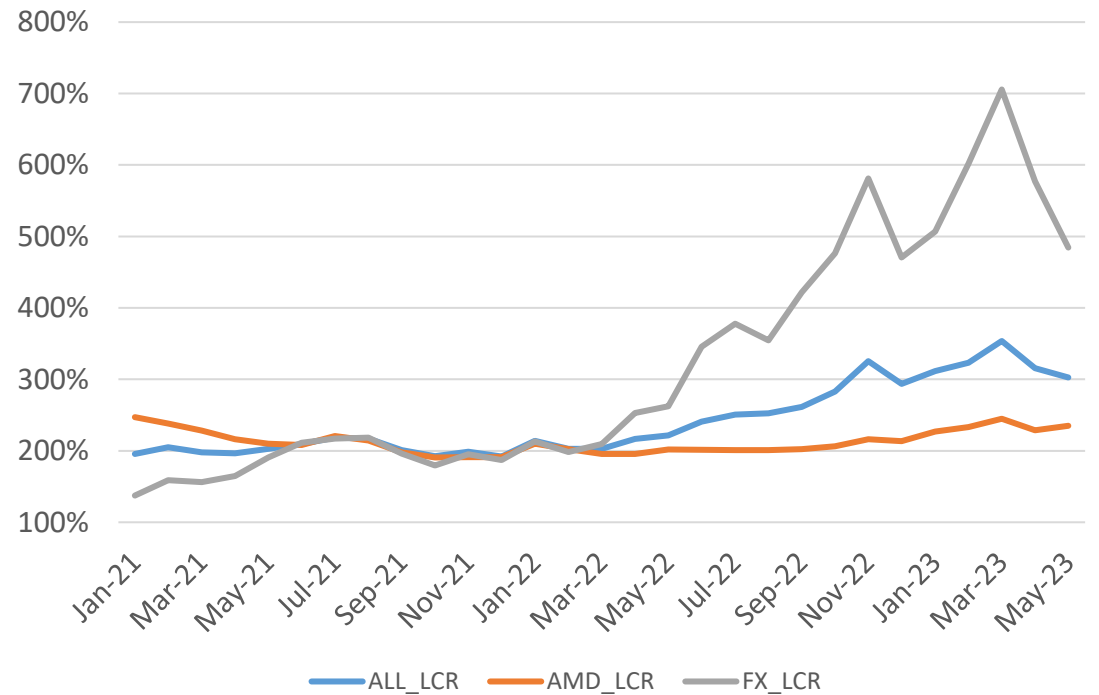


With some fluctuations, FX liquidity remains above the minimum required level

Bank liquidity norms and loan/deposit ratio

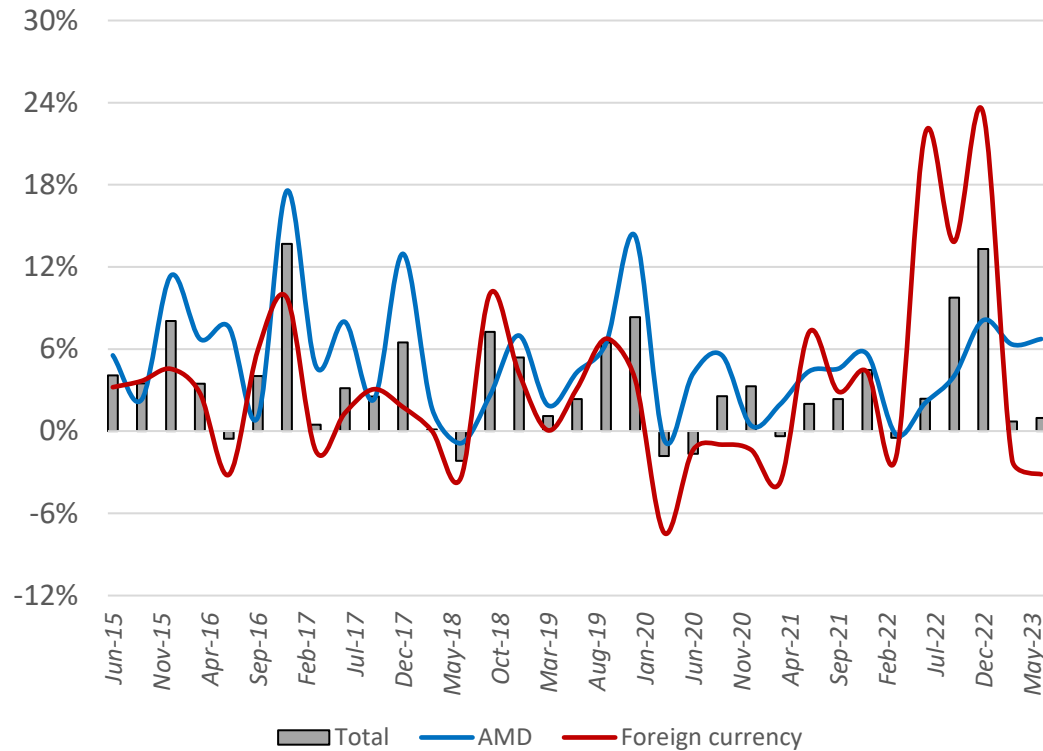


Liquidity coverage ratio

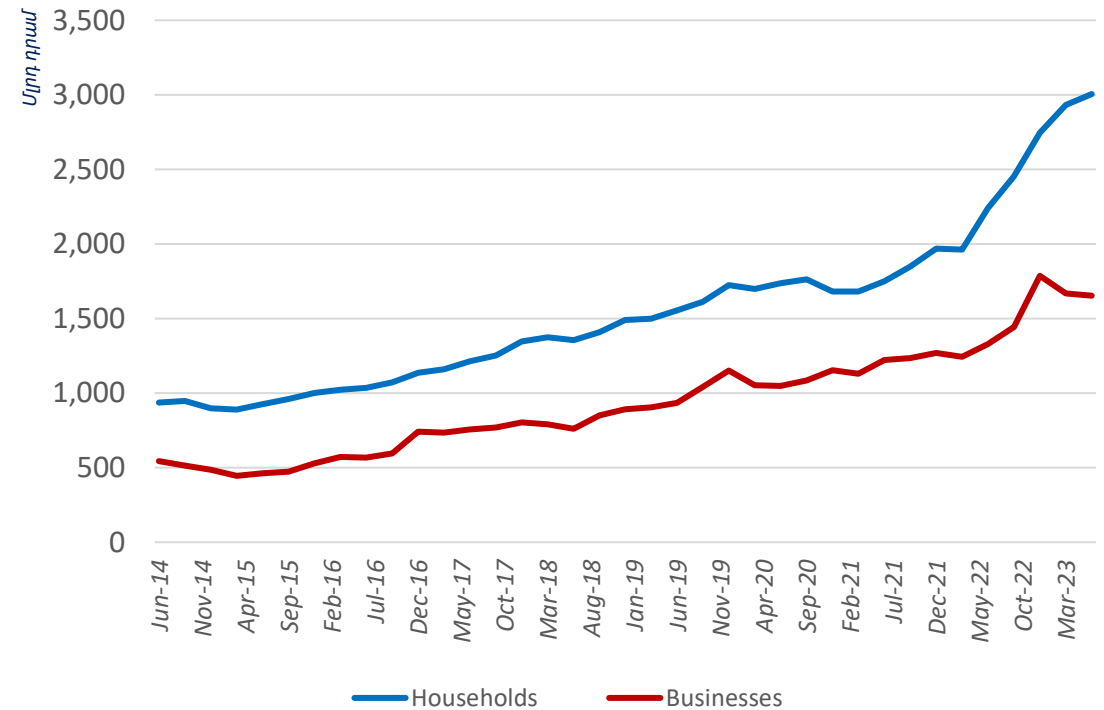


The growth rate of deposits has slowed since the beginning of the year

Quarterly growth rates of total deposits and deposits by currency*



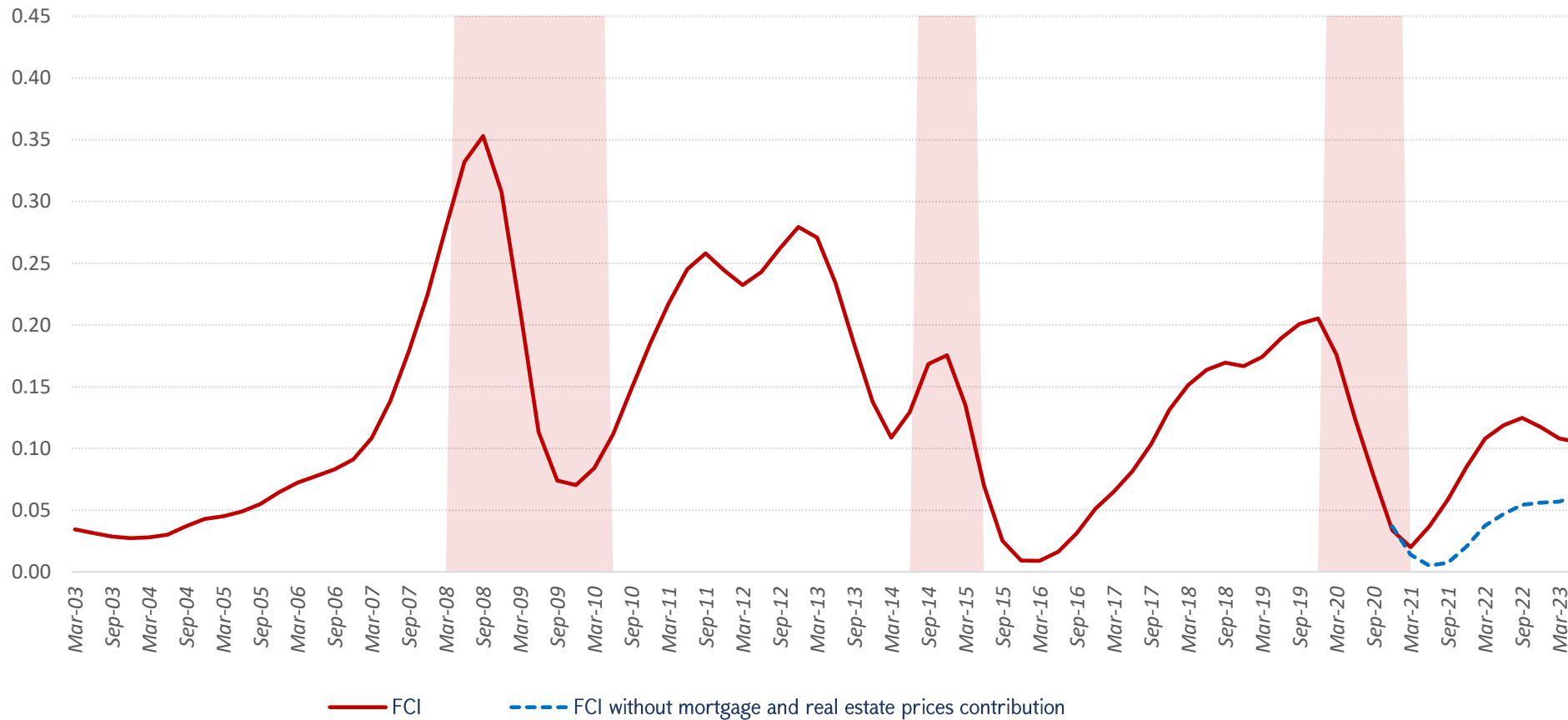
Volumes of deposits from households and businesses*



* Adjusted for the effects of exchange rate

The financial cycle has almost not changed

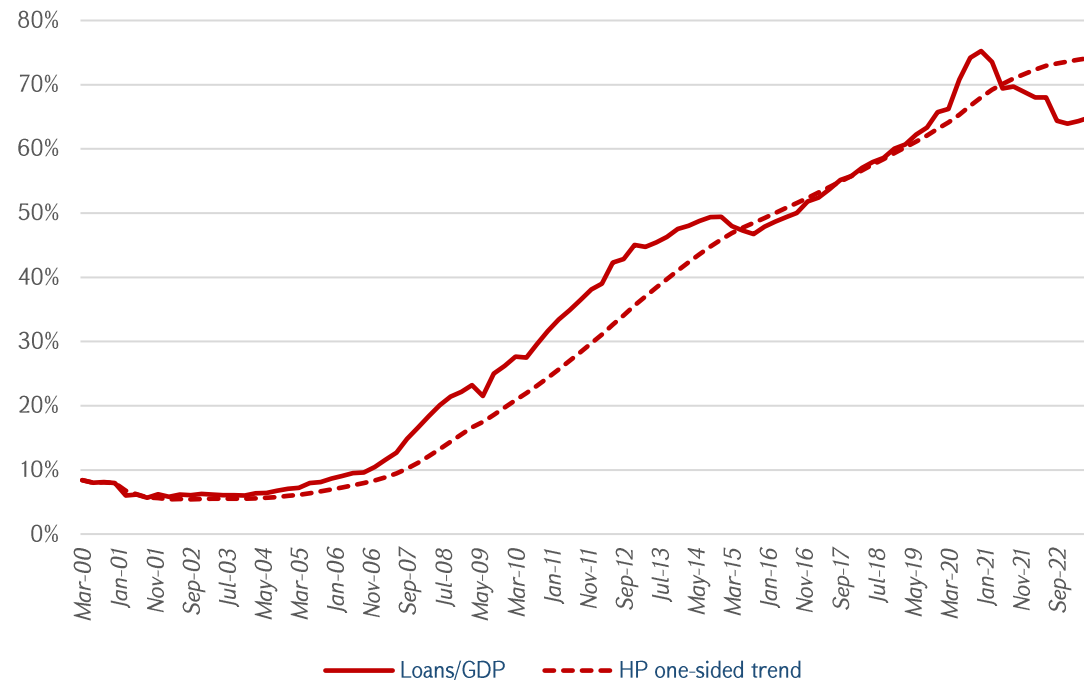
The financial cycle index*



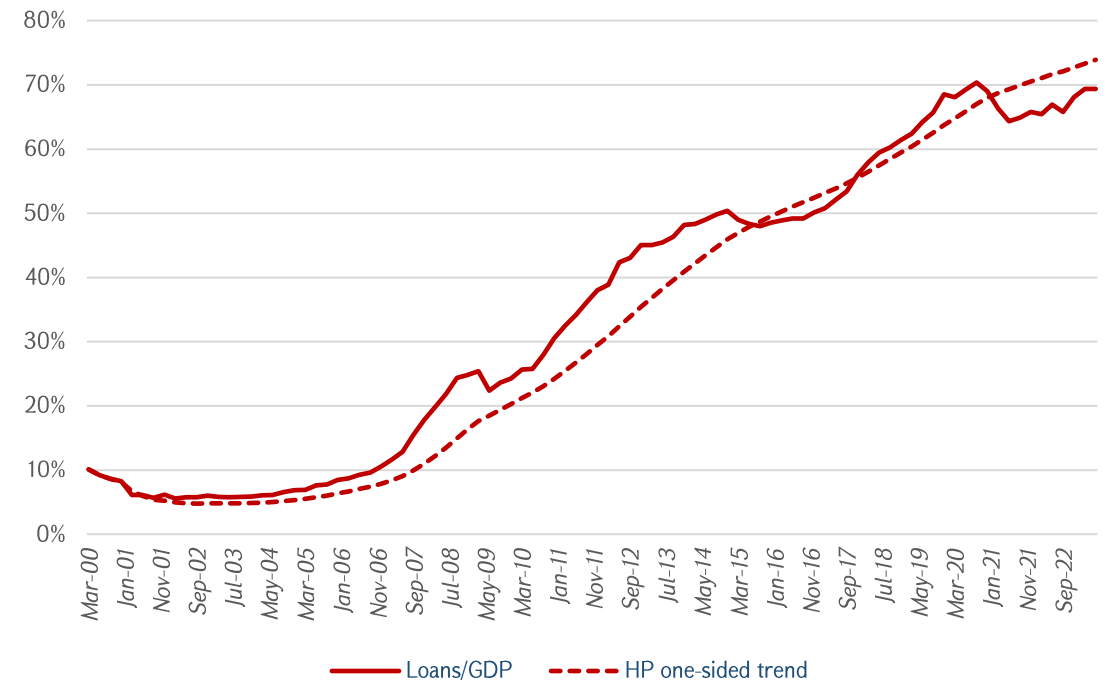
*The values of this indicator for the 2nd quarter of 2023 are based on the estimates of the underlying indicators (GDP, loans, etc.) and may undergo certain changes in future as a result of receiving actual data

The credit/GDP gap remains negative

Credit to GDP indicator and its long-term trend



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

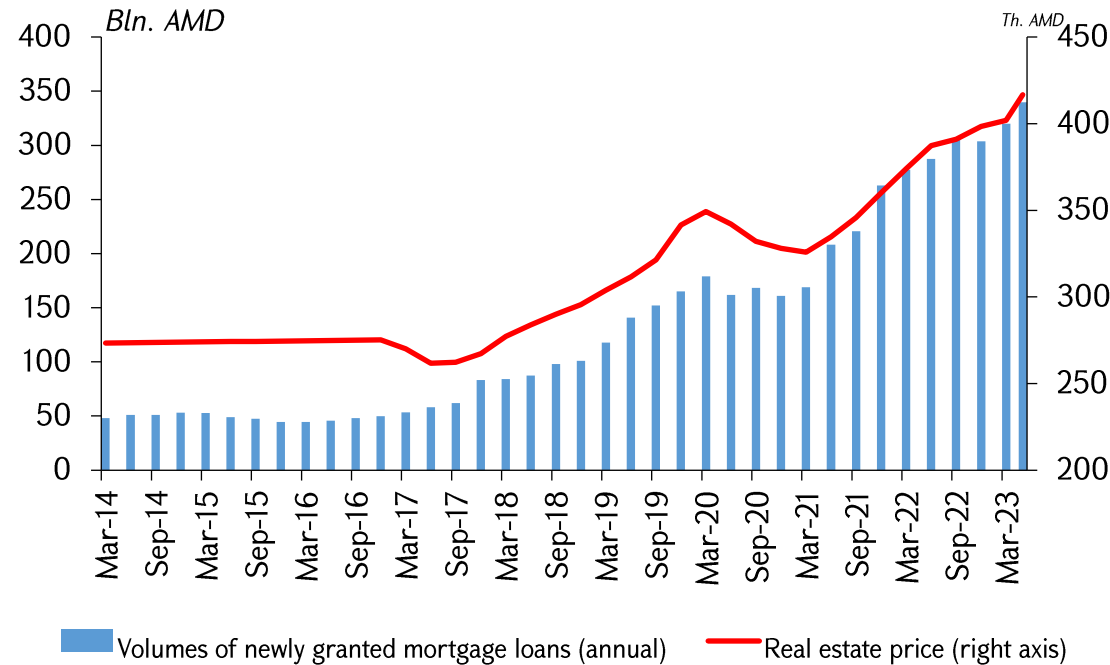


* The indicator has been calculated taking as a basis the smoothed GDP series

Overheating risks are still present in the mortgage and real estate markets

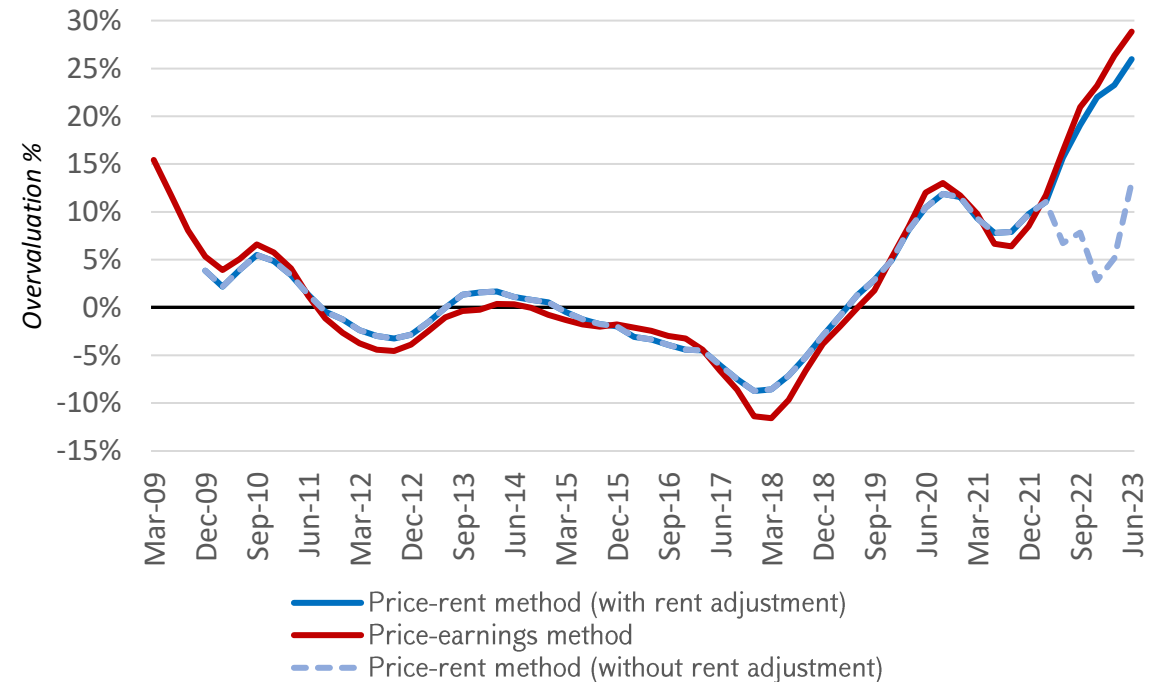
The growth of mortgages and real estate prices in the recent years have been mutually reinforcing

Mortgages and real estate prices



The deviation of prices in the real estate market from the fundamental levels was about 27%*

Deviation of real estate prices from fundamental prices



* This assessment is based on the assumption that the unprecedented high growth rate of real estate rental recorded since last year is temporary and may not be sustained in the long term. Before the calculations, the series of rents was pre-smoothed to exclude such effect. The chart above shows the unadjusted version, according to which the amount of overvaluation is about 13%. The methodology of price assessment determination by the fundamentals of real estate is presented in CBA RA 2021, Note 3 of the Financial Stability Report, available at the following link: https://www.cba.am/AM/ppublications/Stability%20report_2022.pdf

Taking into account that

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

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