



CENTRAL BANK OF THE REPUBLIC OF ARMENIA

MAIN FINANCIAL STABILITY INDICATORS AND RISKS

4th quarter of 2024

Main indicators of the banking system*

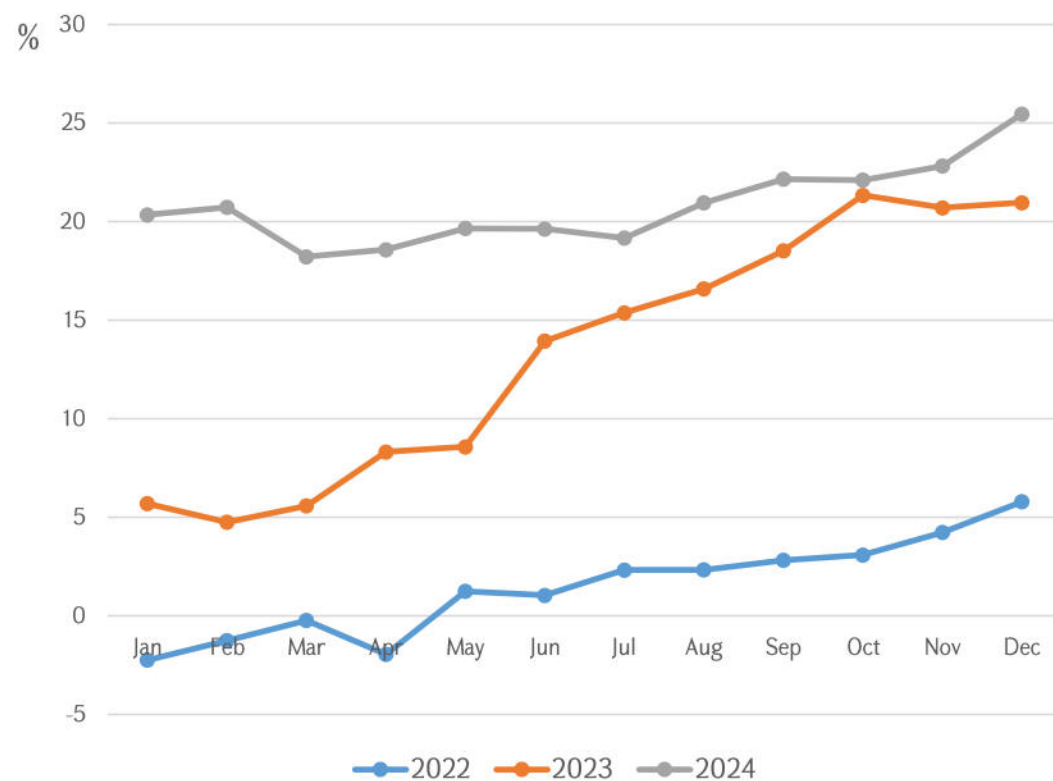
	Indicator value as of Dec	12-month change
ASSETS	11.03 trillion AMD	20.19%
Loans	6.03 trillion AMD	25.46%
Non-performing loan ratio	1.2%	-1.2 p.p.
LIABILITIES	9.33 trillion AMD	19.39%
Attracted deposits	5.79 trillion AMD	13.98%
EQUITY	1.70 trillion AMD	24.81%
Total capital adequacy ratio	20.15%	0.22 p.p.
Total liquidity ratio	30.78%	-2.40 p.p.
Return on Equity	21.93%	8.45 p.p.
Return on Assets	3.47%	1.39 p.p.

* Information is as of Dec 2024

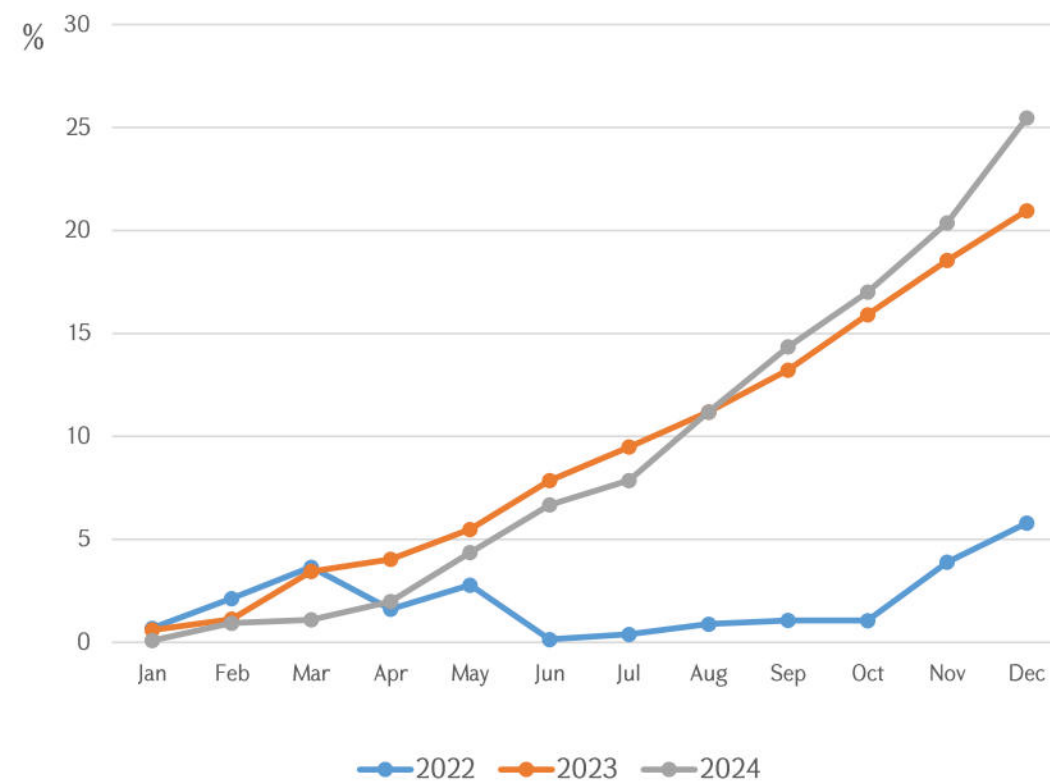
Developments in credit market

The growth rates of total credit portfolio remained high during the year

12-month growth rate of total credit stock

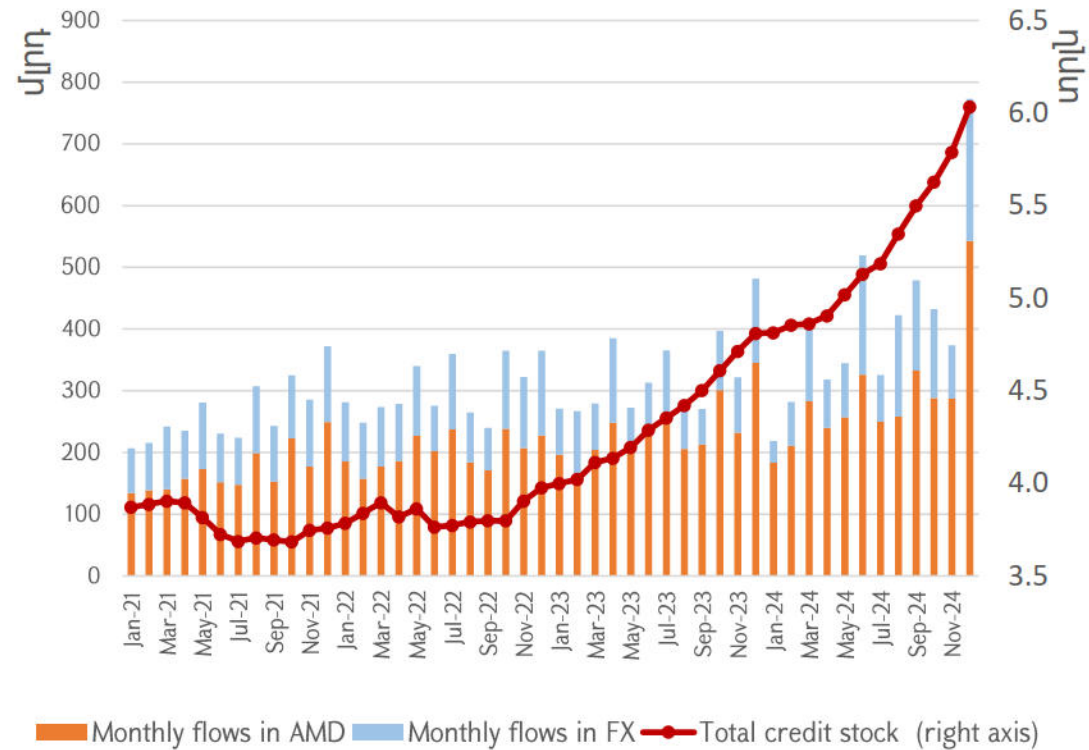


Growth rates of total credit stock compared to previous year end

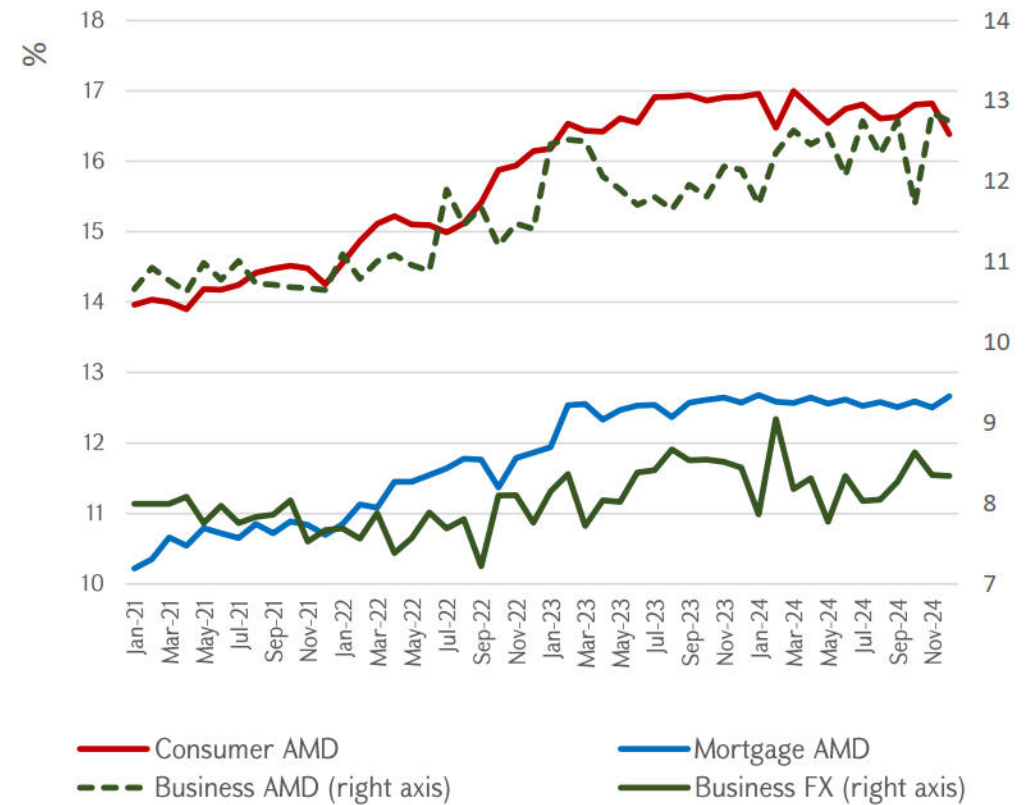


Credit flows has also risen

Stock and flows of total credit stock

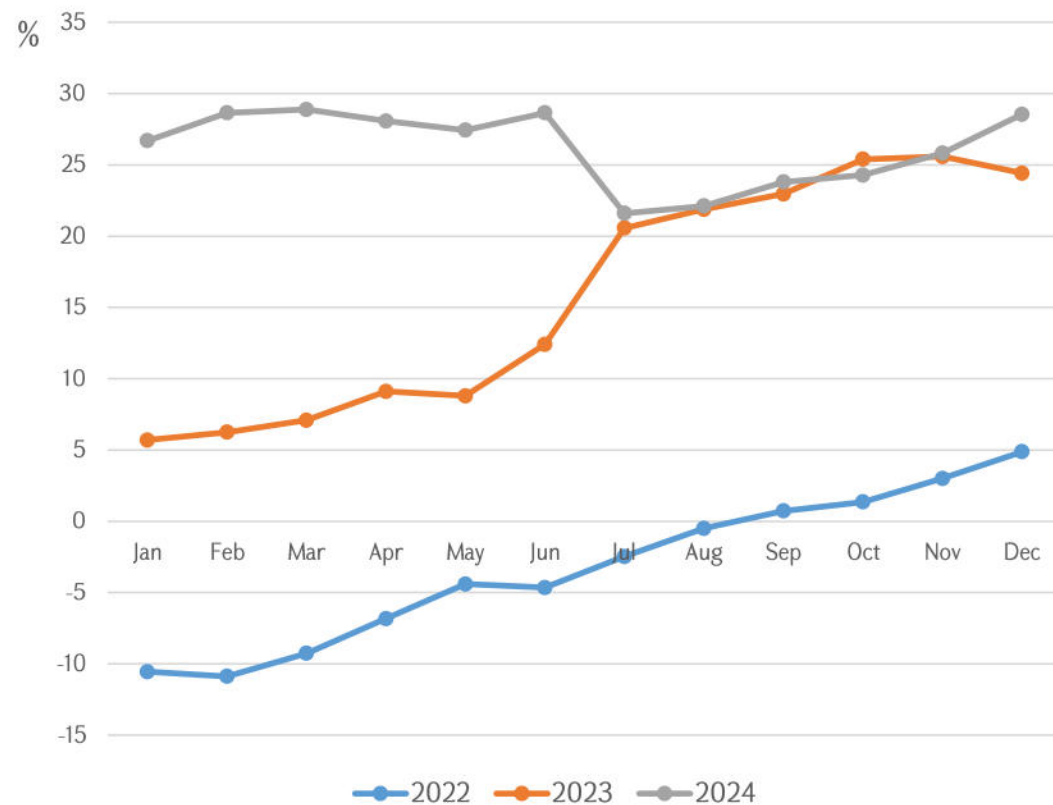


Dynamics of interest rates

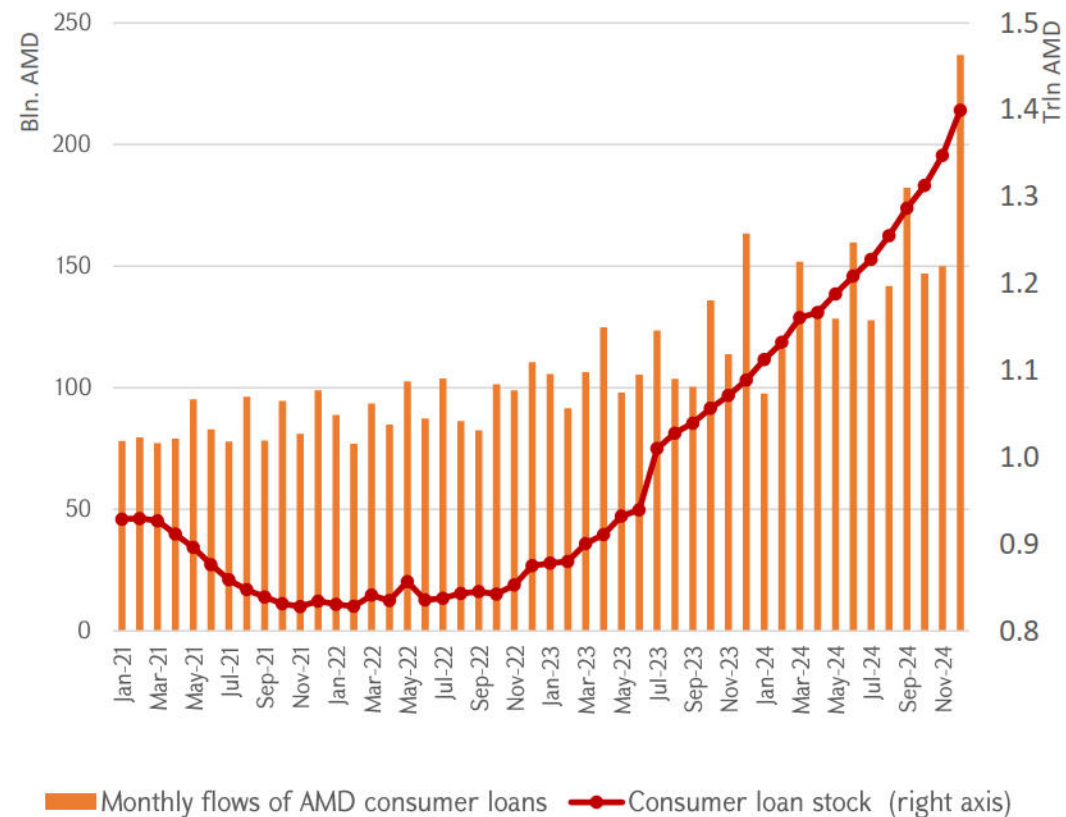


The growth rate of consumer loans have remained high

12-month growth rate of consumer credit stock

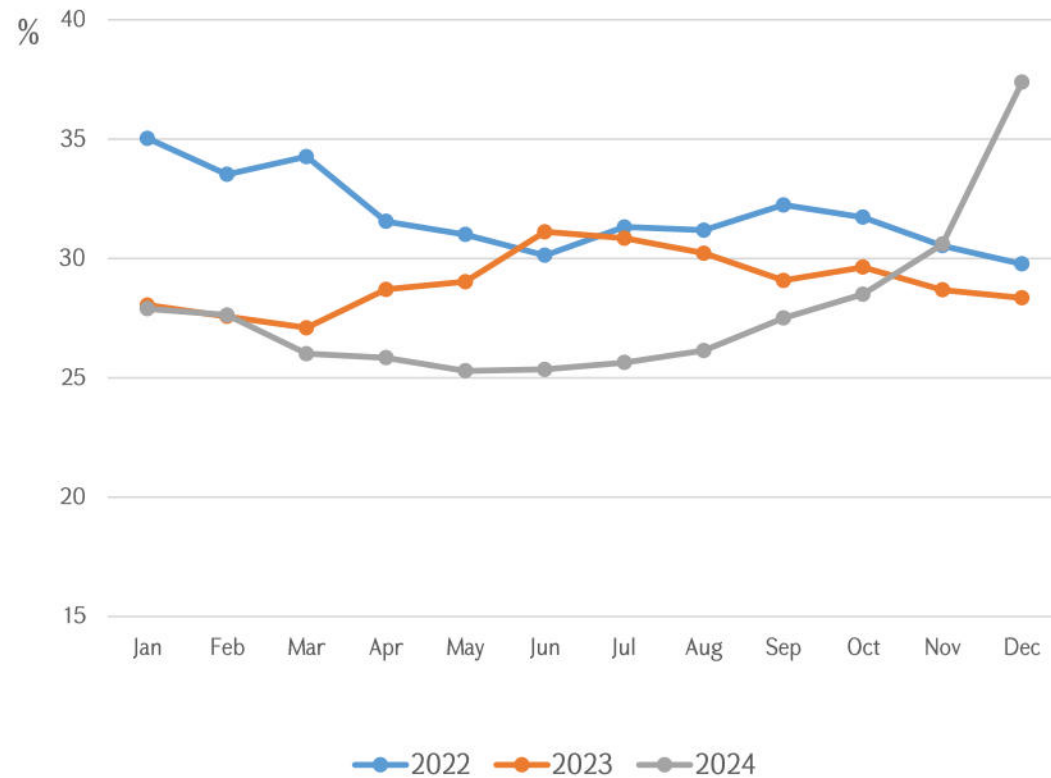


Stock and flows of consumer credit stock

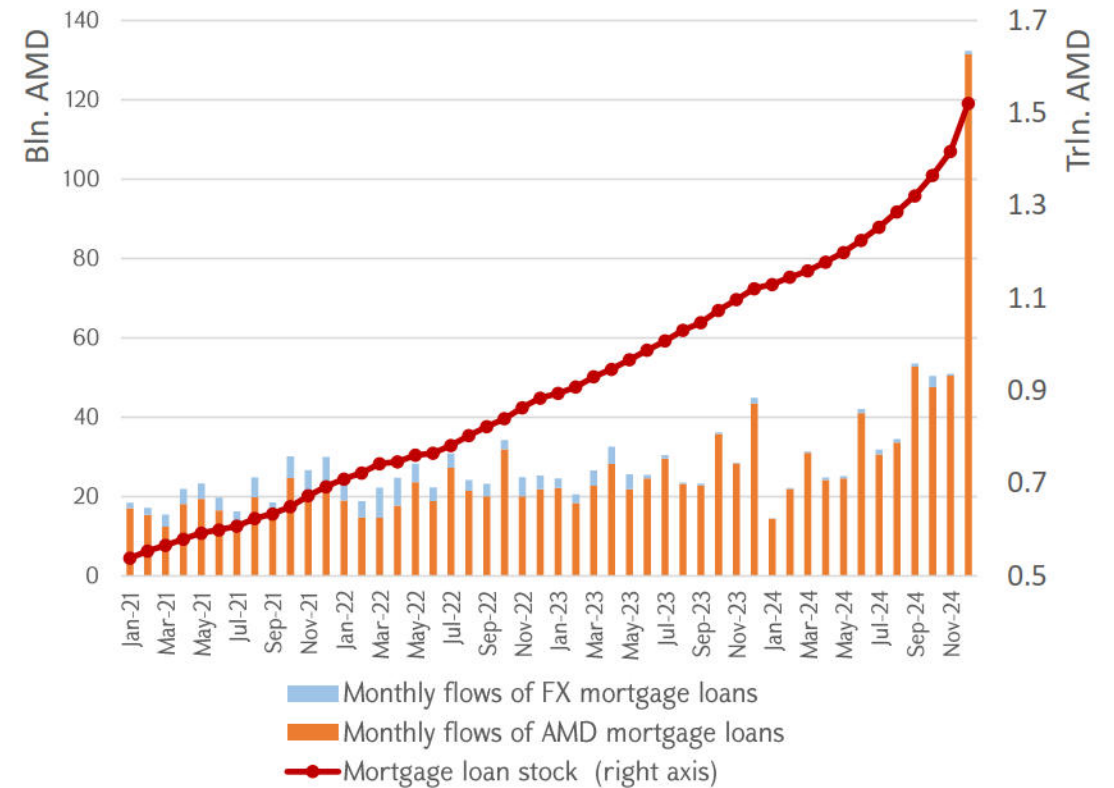


The growth rate of mortgage loans have risen

12-month growth rate of mortgage credit stock

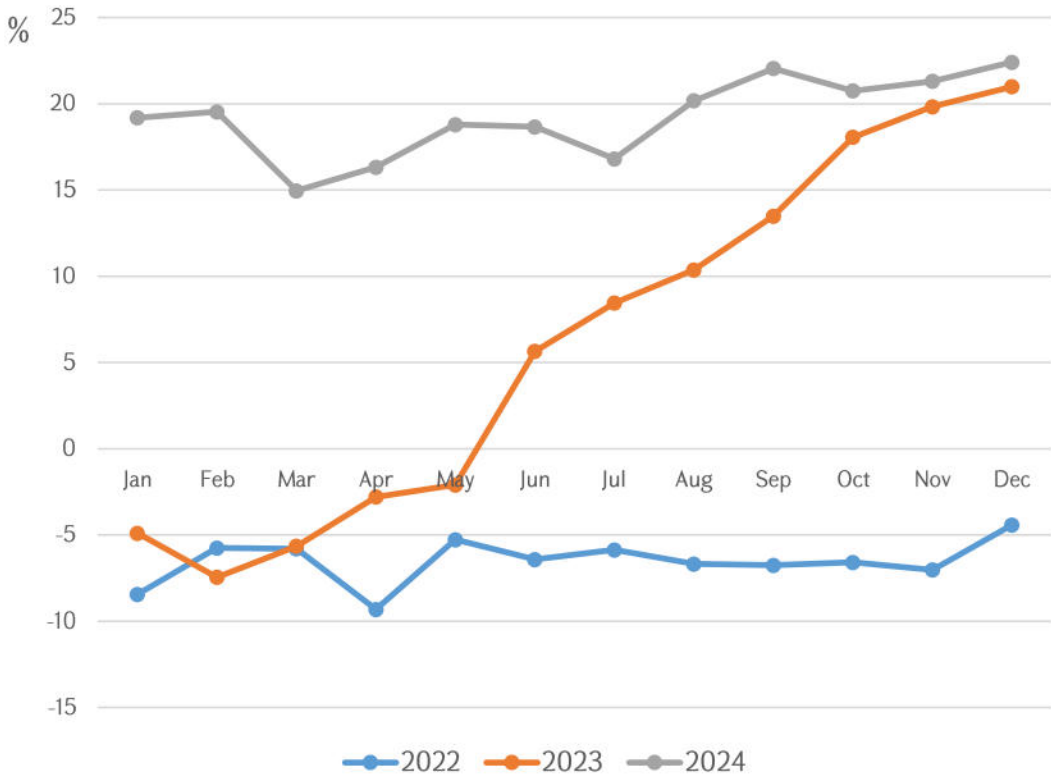


Stock and flows of mortgage credit stock

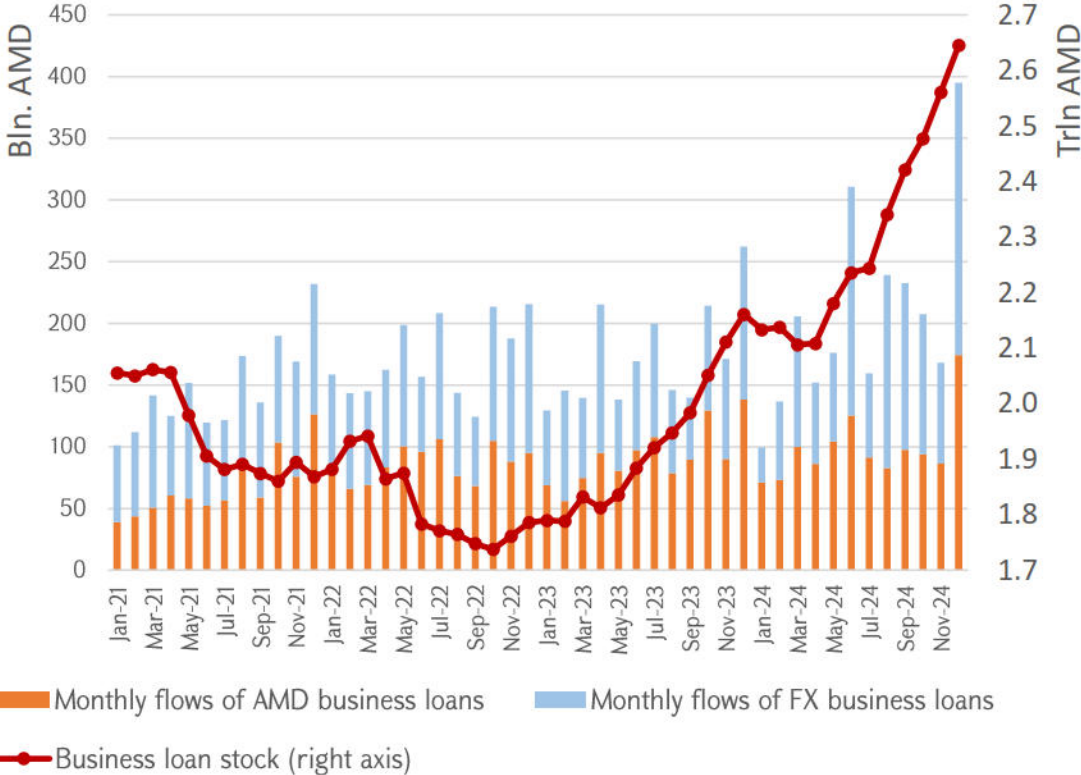


Business loans' growth rates also remained high during the year

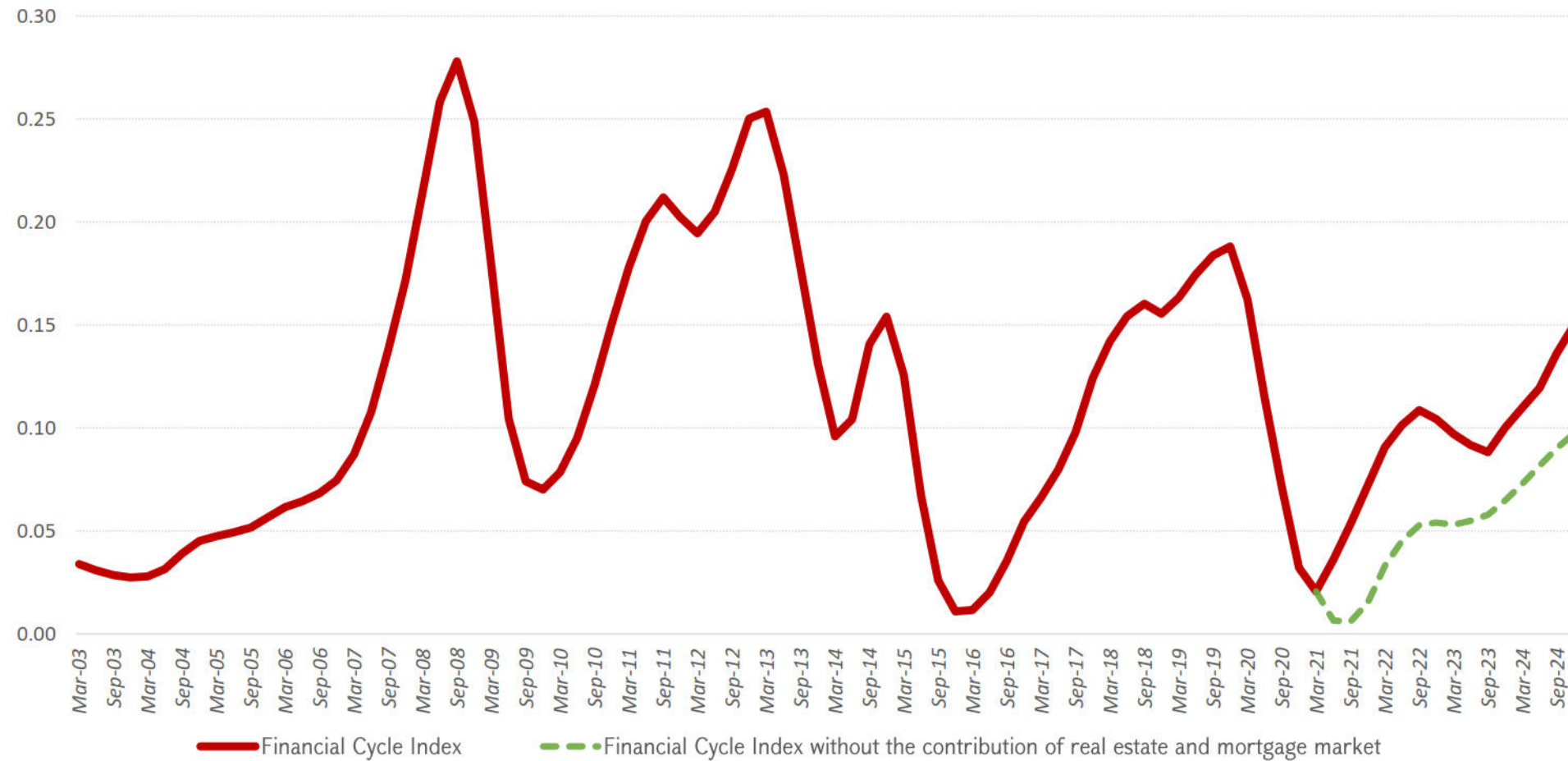
12-month growth rate of business credit stock



Stock and flows of mortgage credit stock

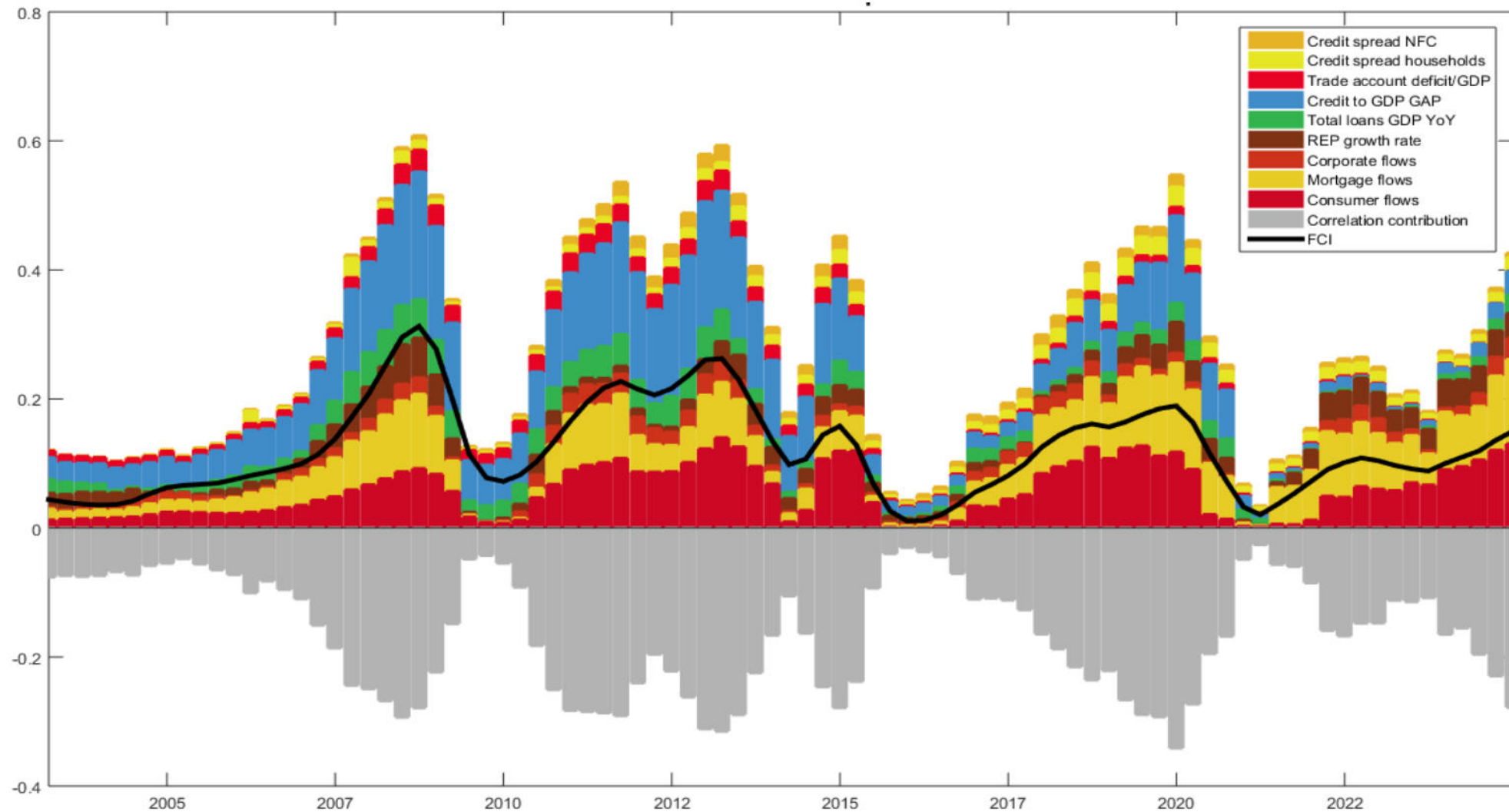


Financial Cycle Index has increased



Source: CBA

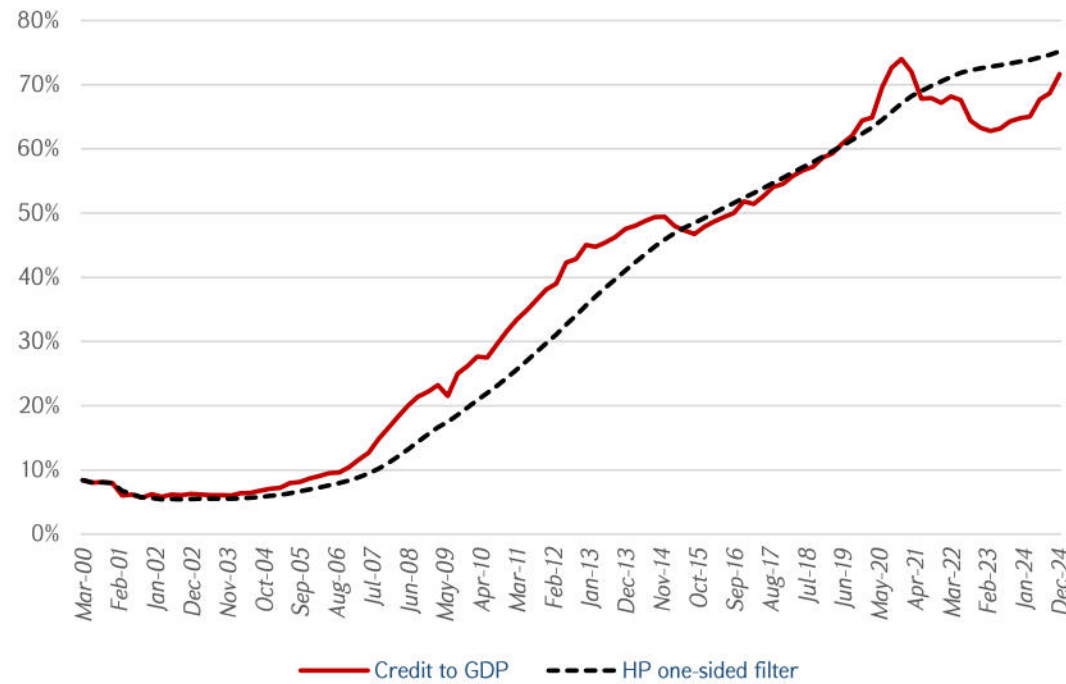
...which is mainly due to growths in consumer and mortgage loans



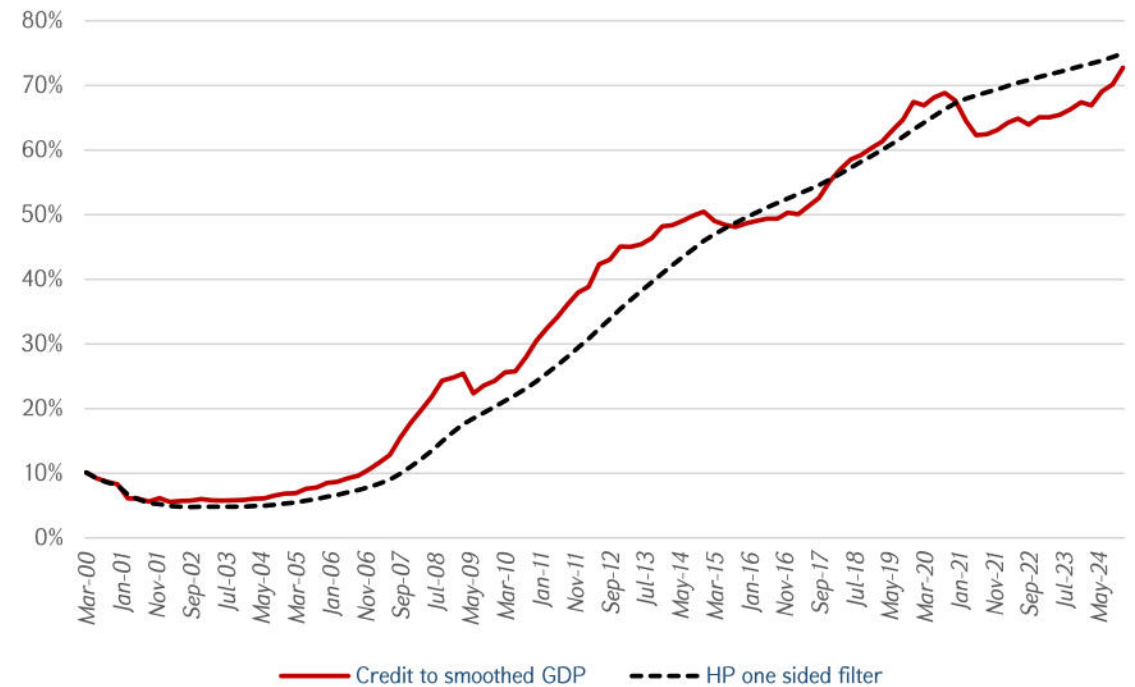
Source: CBA

Credit-to-GDP gap has shrunk significantly, though still being negative

Credit-to-GDP ratio and its long-term trend



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



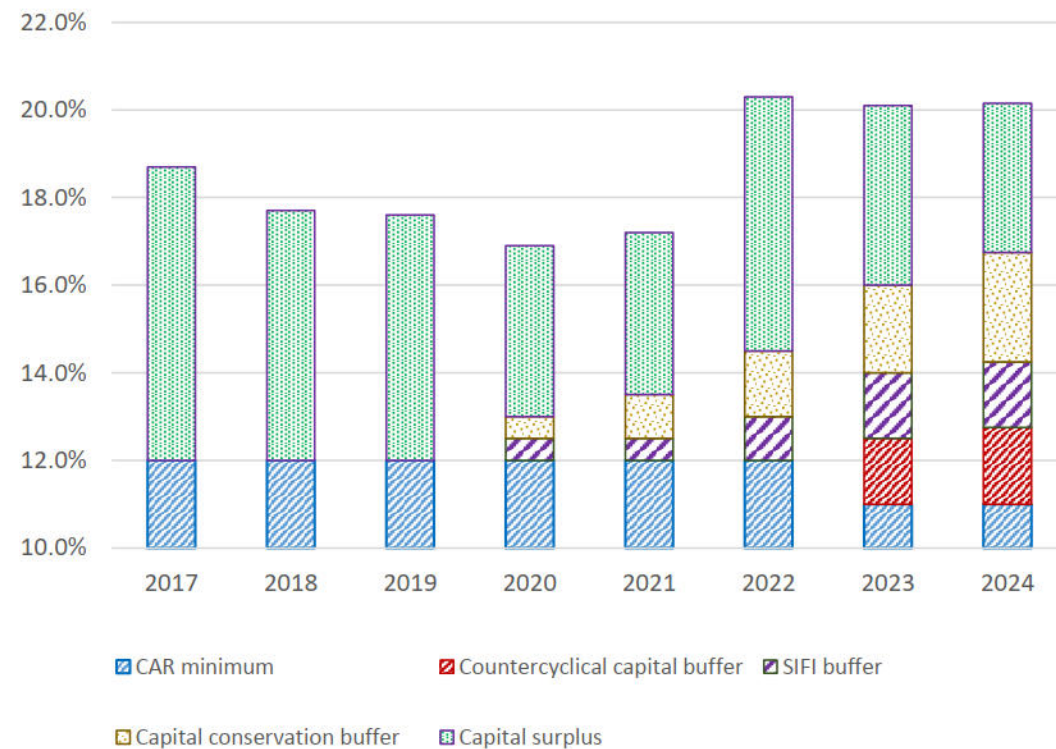
Source: CBA and Statistics committee

* The indicator has been calculated on the basis of smoothed GDP series

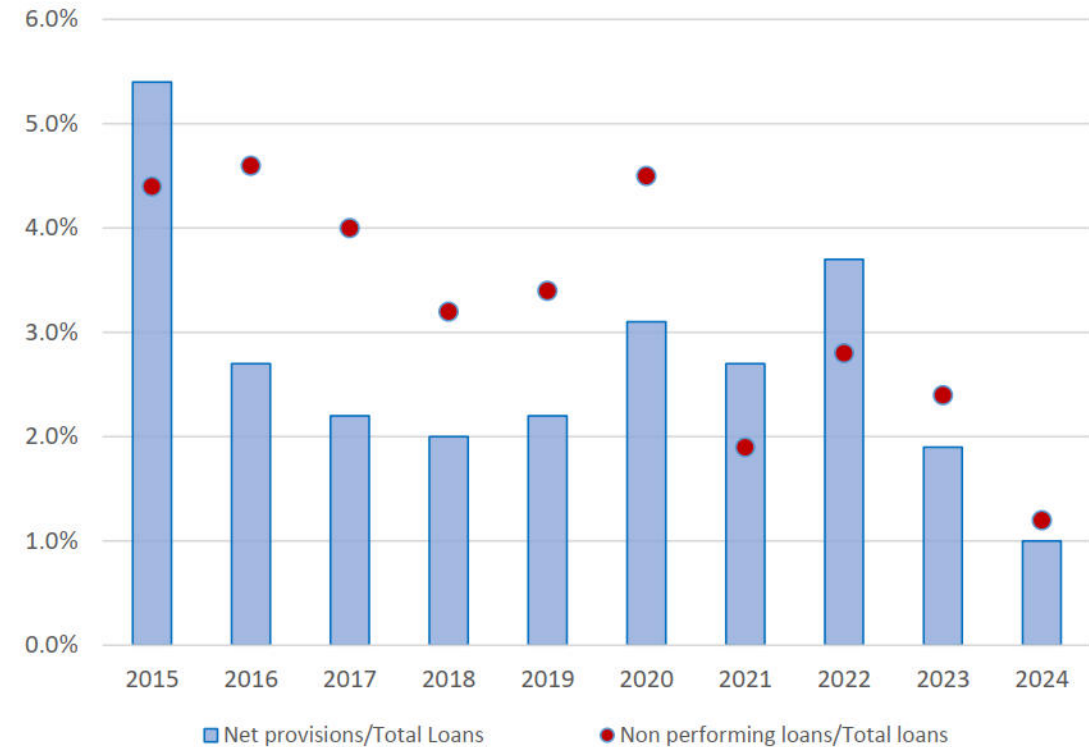
Risk absorption capacity

The capital surplus has a little decreased, which the credit portfolio quality has improved

Capital adequacy ratio*



Non performing loan ratio** and provisions



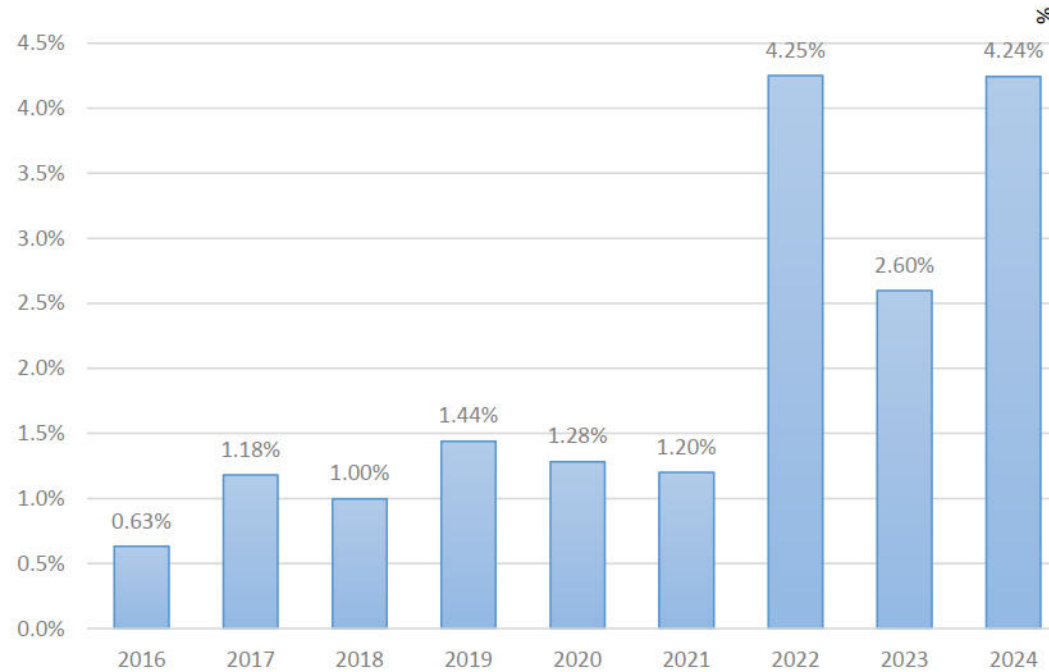
Source: CBA

* The CCyB requirement in the chart is 1.75% though it will come into force from May 2025

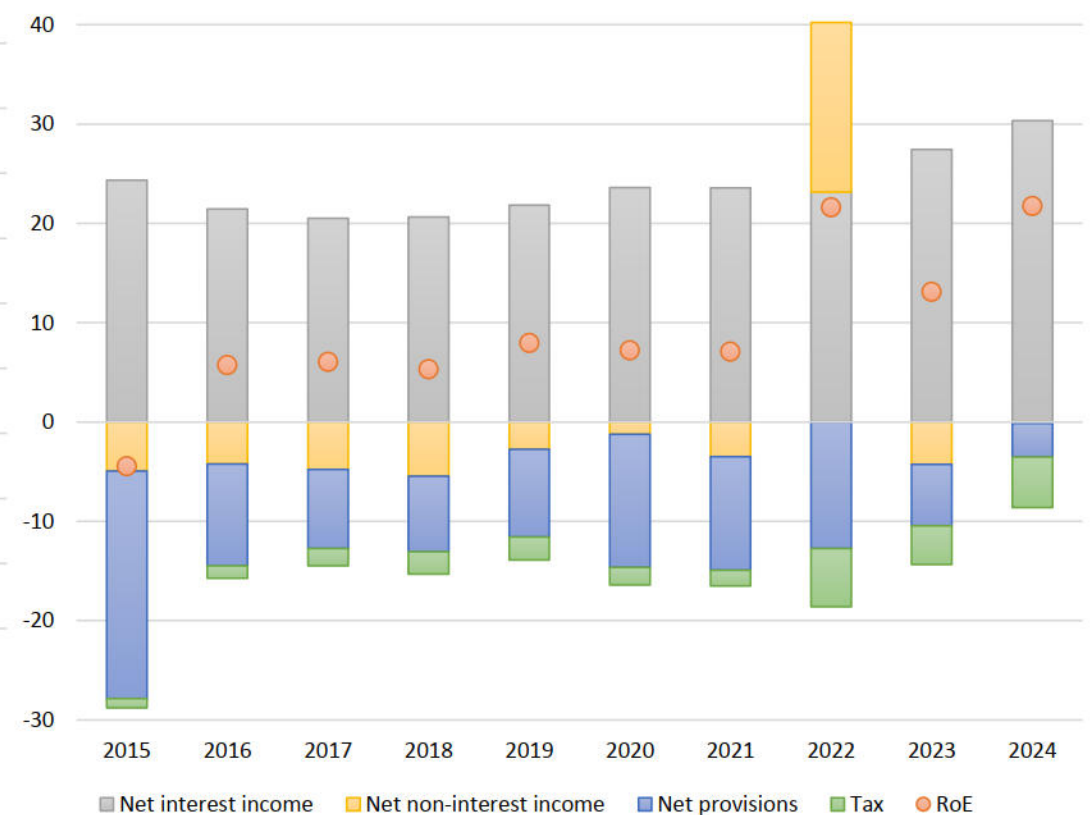
** Without the loans classified as watched

With high profitability of the banking system, the natural ability to accumulate capital is high

Net income/Risk weighted assets



RoE decomposition

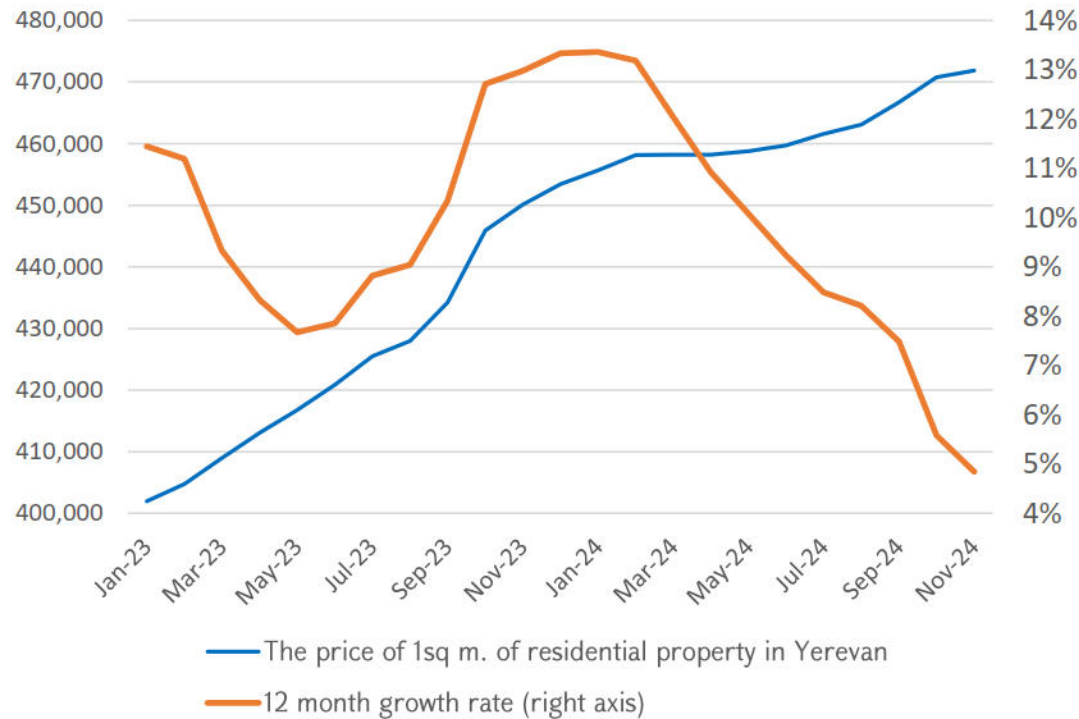


Source: CBA

Indicators of real estate market

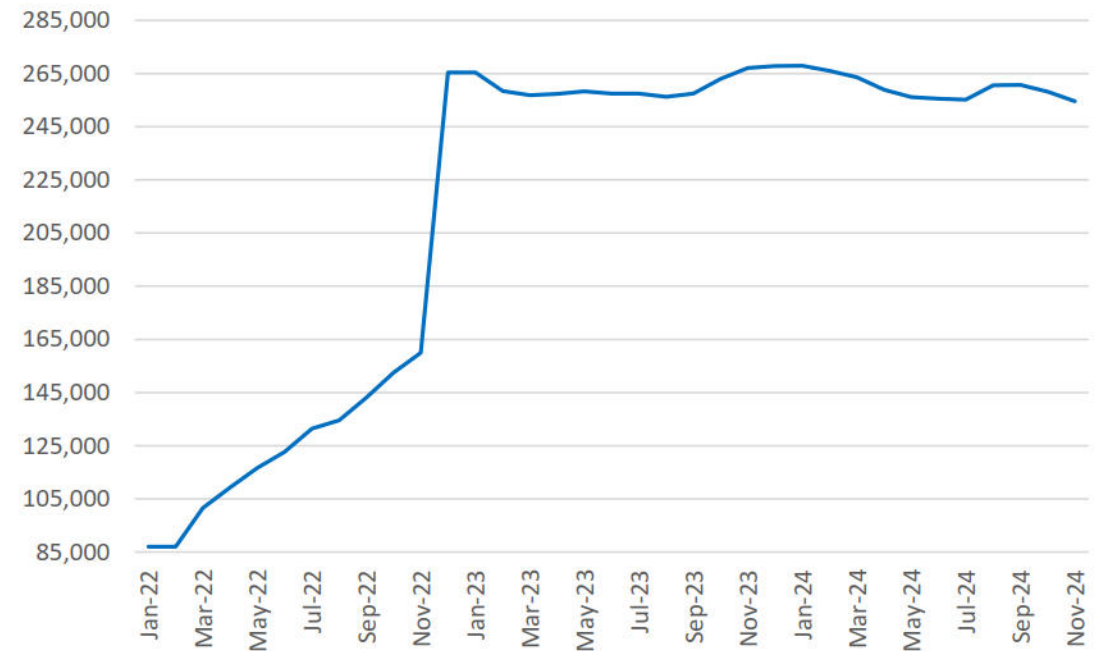
Although real estate price growth has shown some signs of slowing, prices remain elevated

The price of 1sq m. of residential property in Yerevan and its yoy growth rate



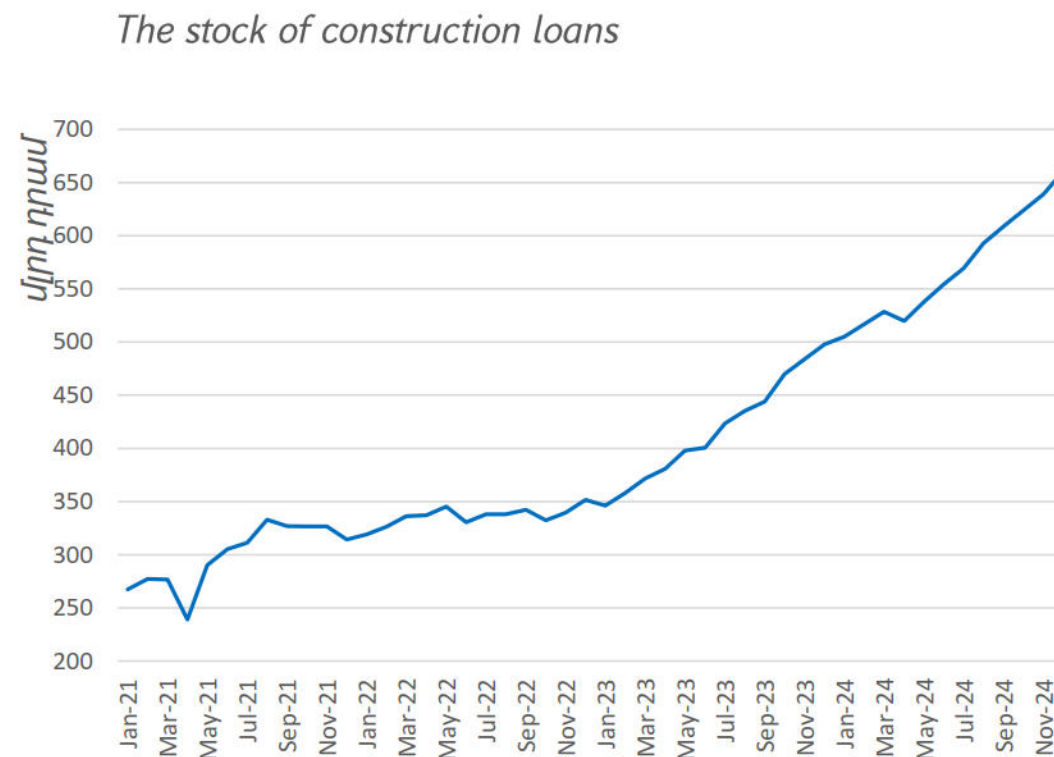
Source: Cadaster committee of RA

Rent of apartments



Source: Statistical committee of RA

The growth rate of loans in construction sector remained high



Source: the CBA

Conclusion

Taking into account that

- ✓The Financial Cycle Index continued to grow,
- ✓Growth rates of total credit portfolio remained high during the year
- ✓The high contribution of mortgage loans to the rise of the Financial cycle is expected to have no further impact given the termination of income tax return program in Yerevan
- ✓From May 2025 the last rise in CCyB (1.75%) will come into force, which is expected to have impact on possible risky lending,

The Countercyclical capital buffer rate has remained unchanged at 1.75%.