



CENTRAL BANK OF THE REPUBLIC OF ARMENIA

MAIN FINANCIAL STABILITY INDICATORS AND RISKS

1st quarter of 2025

Main indicators of the banking system*

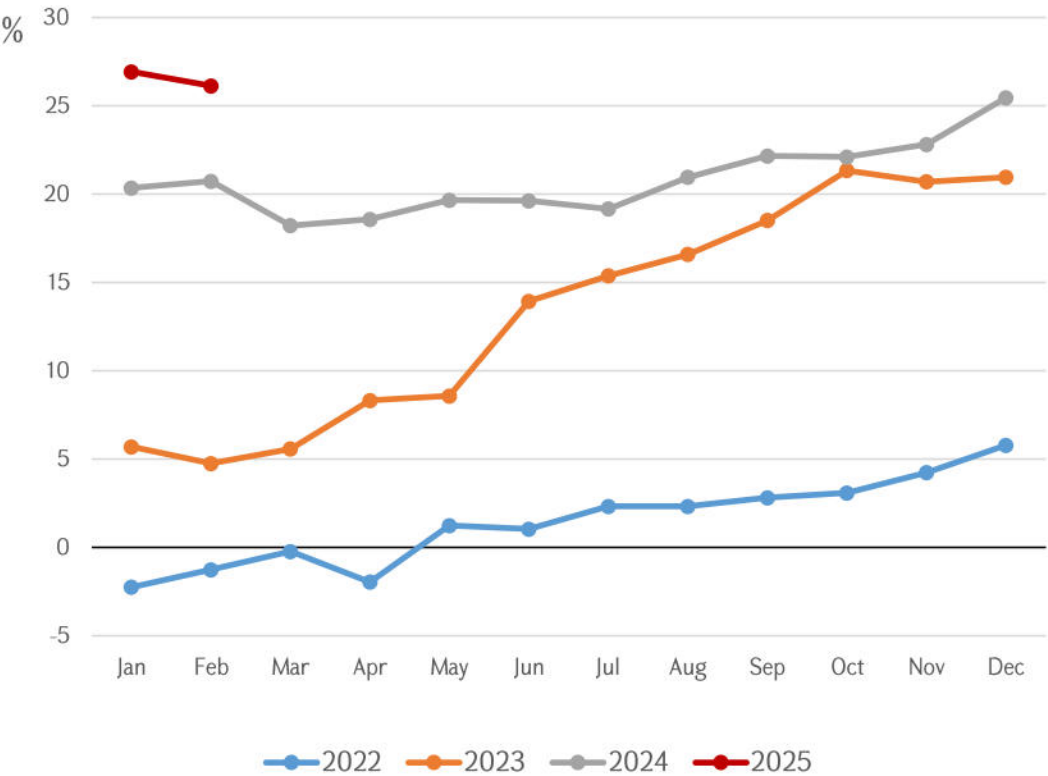
	Indicator value as of February 2025	12-month change
ASSETS	10.83 trillion AMD	17.36%
Loans	6.12 trillion AMD	26.13%
Non-performing loan ratio	1.5%	-0.66 p.p.
LIABILITIES	9.07 trillion AMD	16.29%
Attracted deposits	5.75 trillion AMD	13.44%
EQUITY	1.76 trillion AMD	23.23%
Total capital adequacy ratio	20.0%	0.8 p.p.
Total liquidity ratio	30.0%	-4.24 p.p.
Return on Equity	20.4%	6.47 p.p.
Return on Assets	3.3%	1.1 p.p.

* Information is as of Feb 2025

Developments in credit market

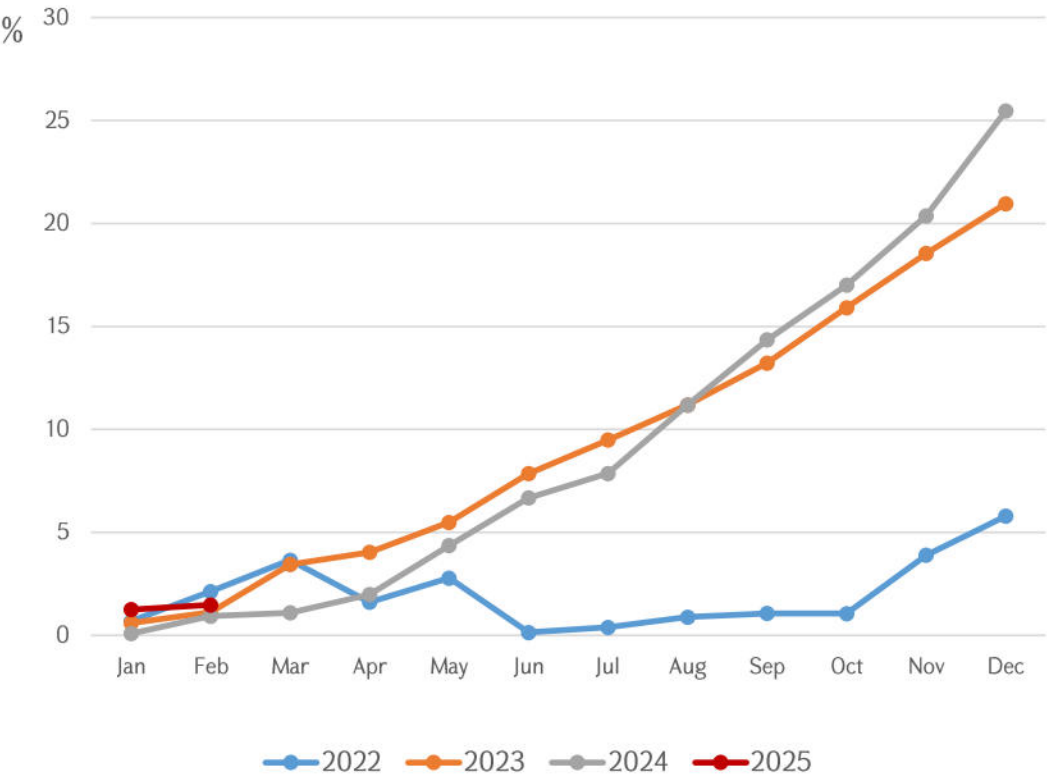
Annual growth rates of total loans has not changed much compared to previous quarter

12-month growth rate of total credit stock



Source: the CBA

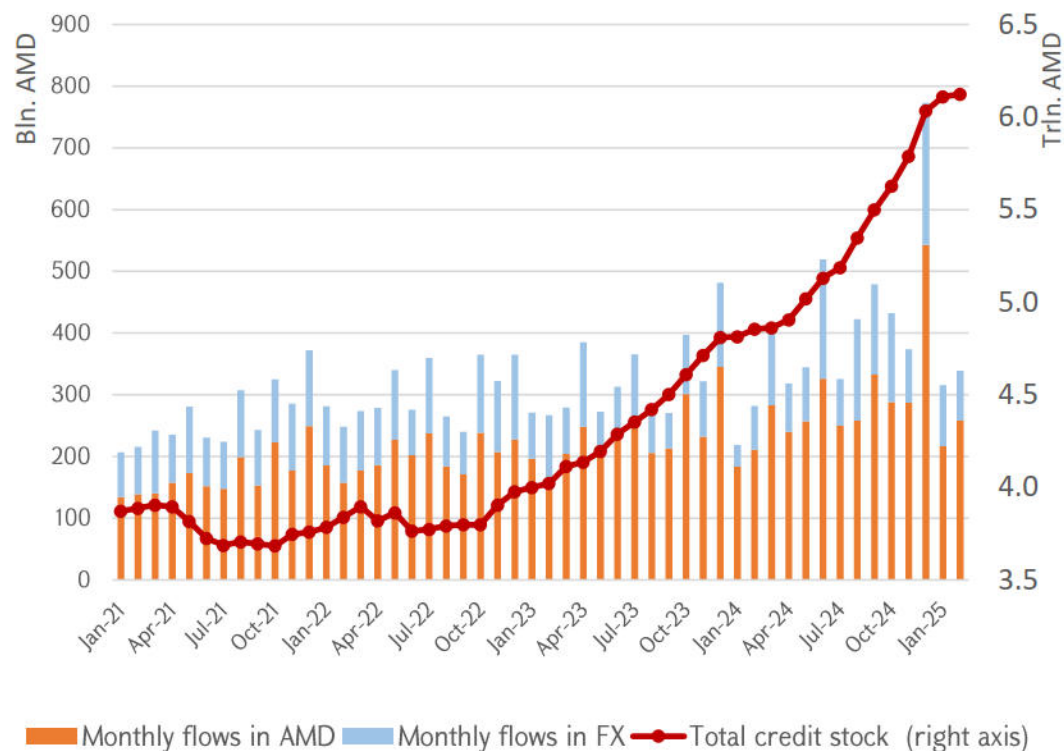
Growth rates of total credit stock compared to previous year end



Source: the CBA

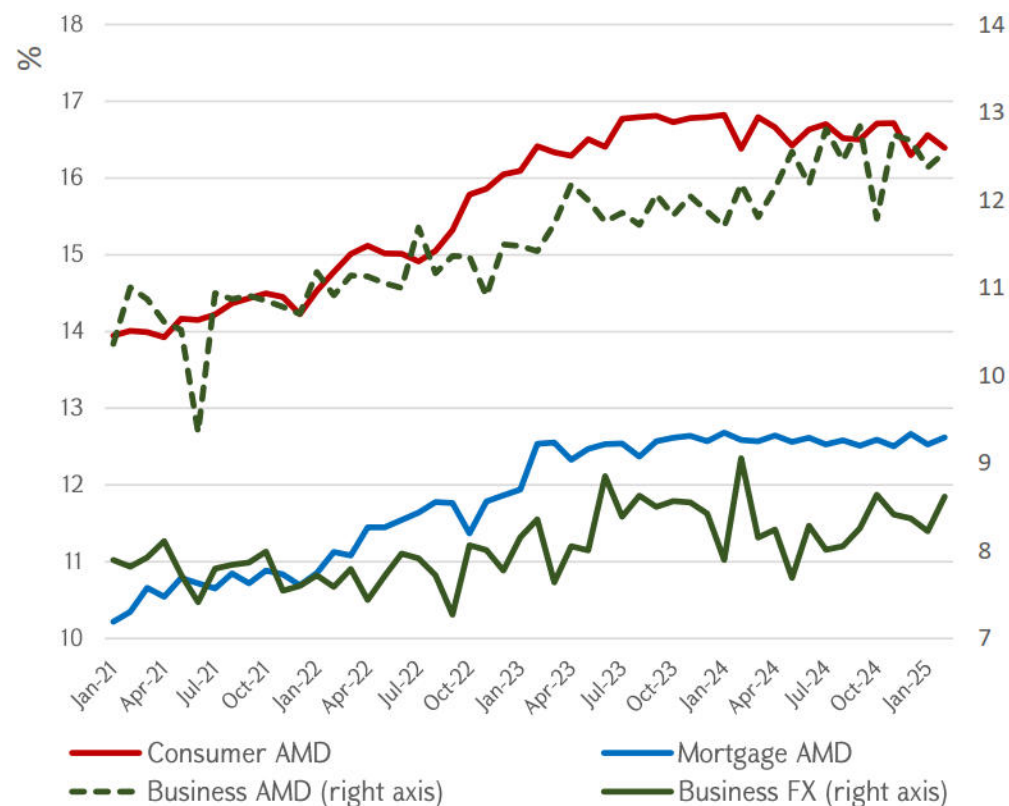
Credit flows have increased compared to the same period of the previous year

Stock and flows of total credit



Source: the CBA

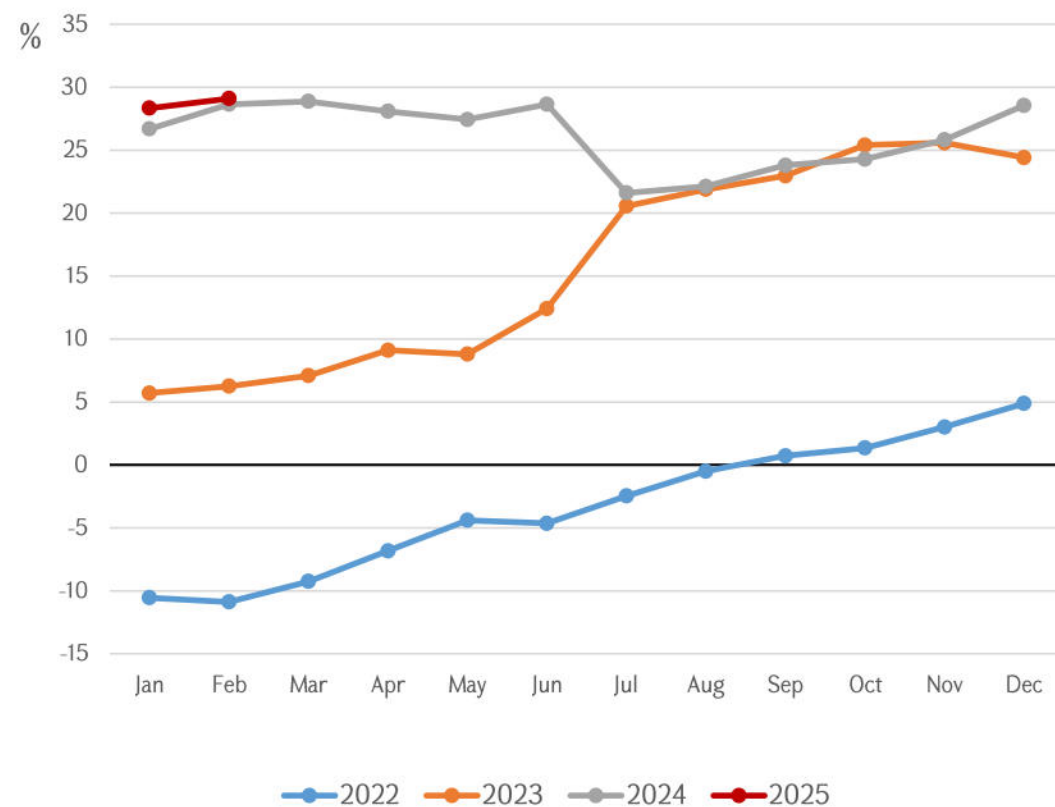
Dynamics of interest rates



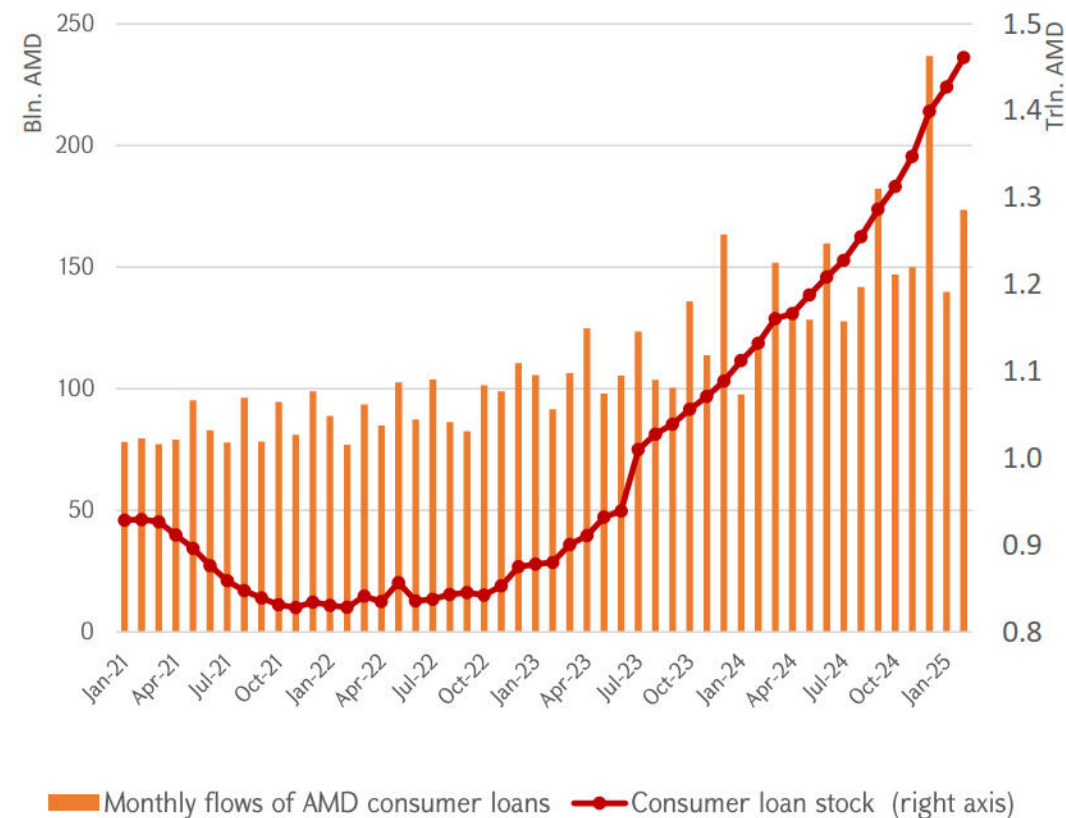
Source: the CBA

The growth rate of consumer loans have remained high

12-month growth rate of consumer credit stock

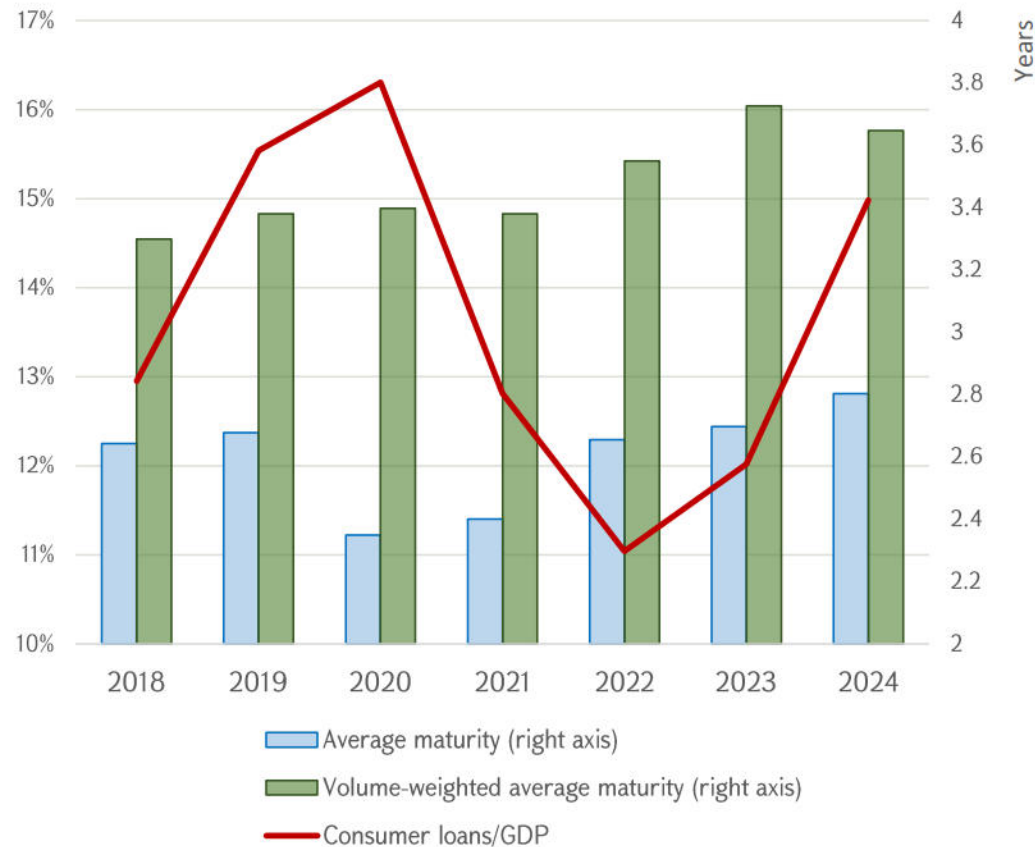


Stock and flows of consumer credit



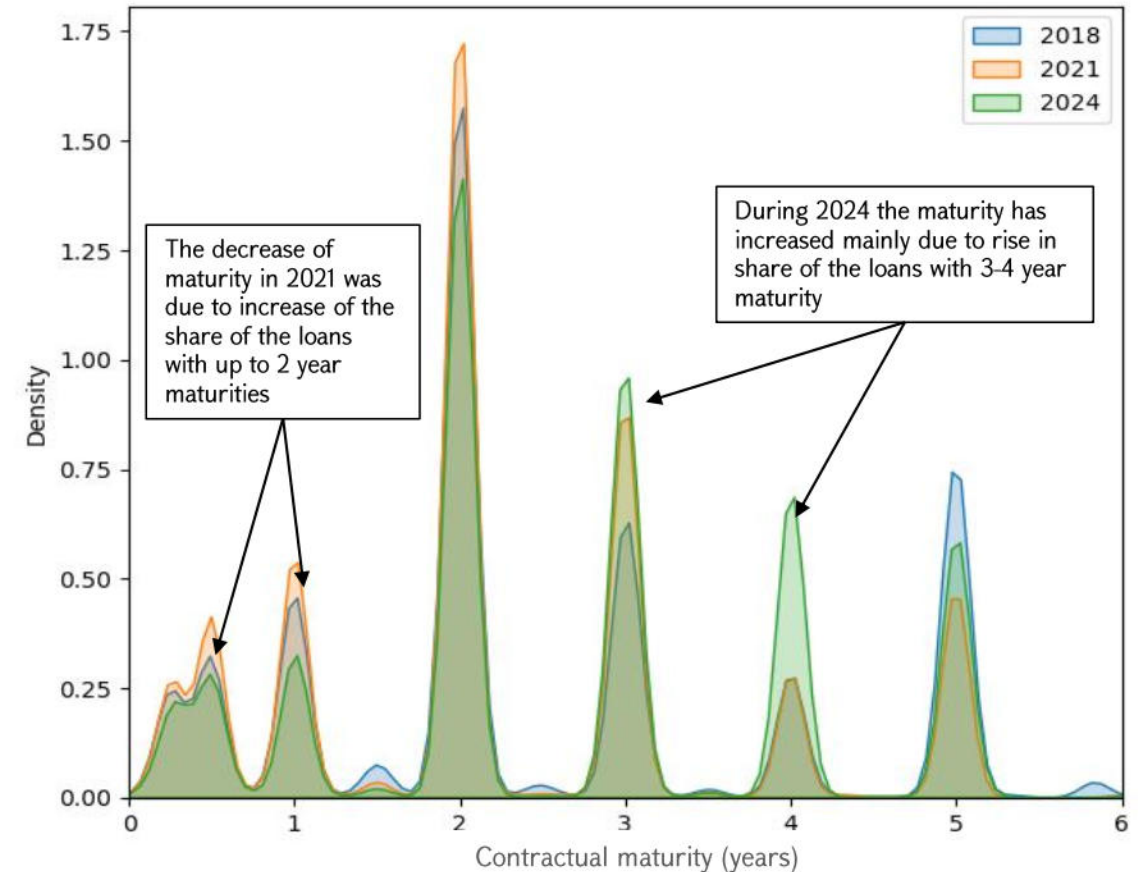
The growth of consumer loans has been accompanied by lengthening maturities

Consumer loans/GDP and contractual maturity of yearly consumer credit flows



Source: the CBA

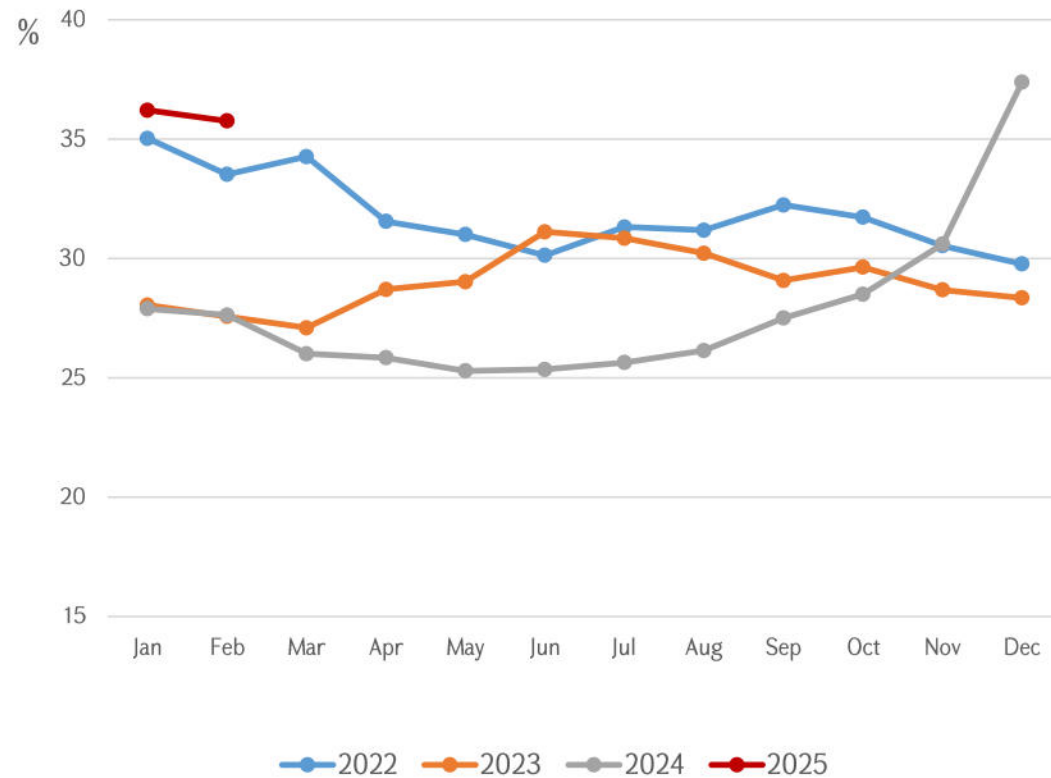
The distribution of contractual maturity of yearly consumer credit flows (counts)



Source: the CBA Credit register

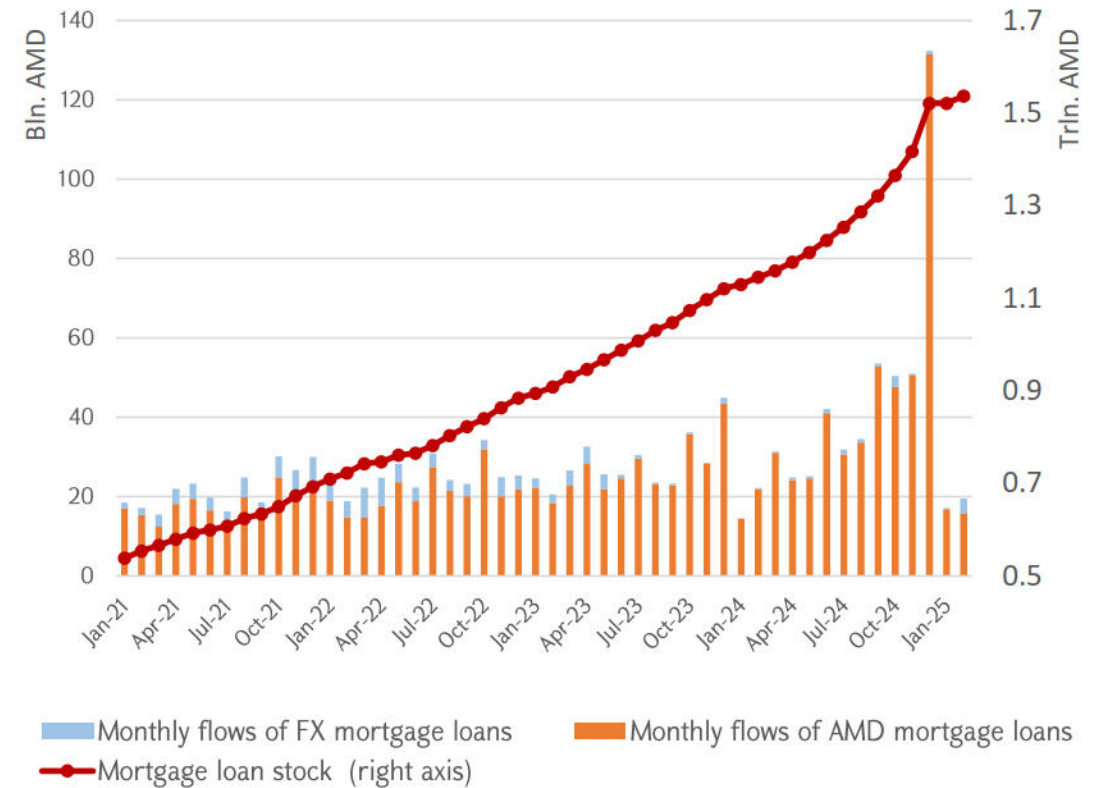
The volume of newly issued mortgage loans was nearly equivalent to that of the same period in previous year

12-month growth rate of mortgage credit stock



Source: the CBA

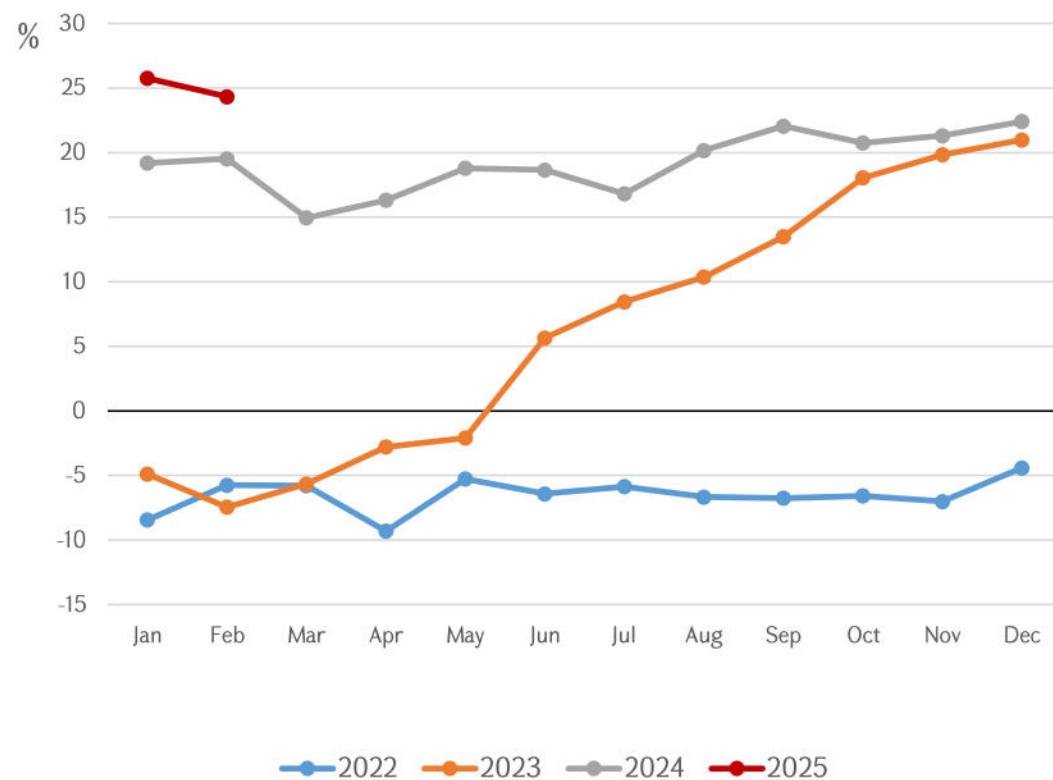
Stock and flows of mortgage credit



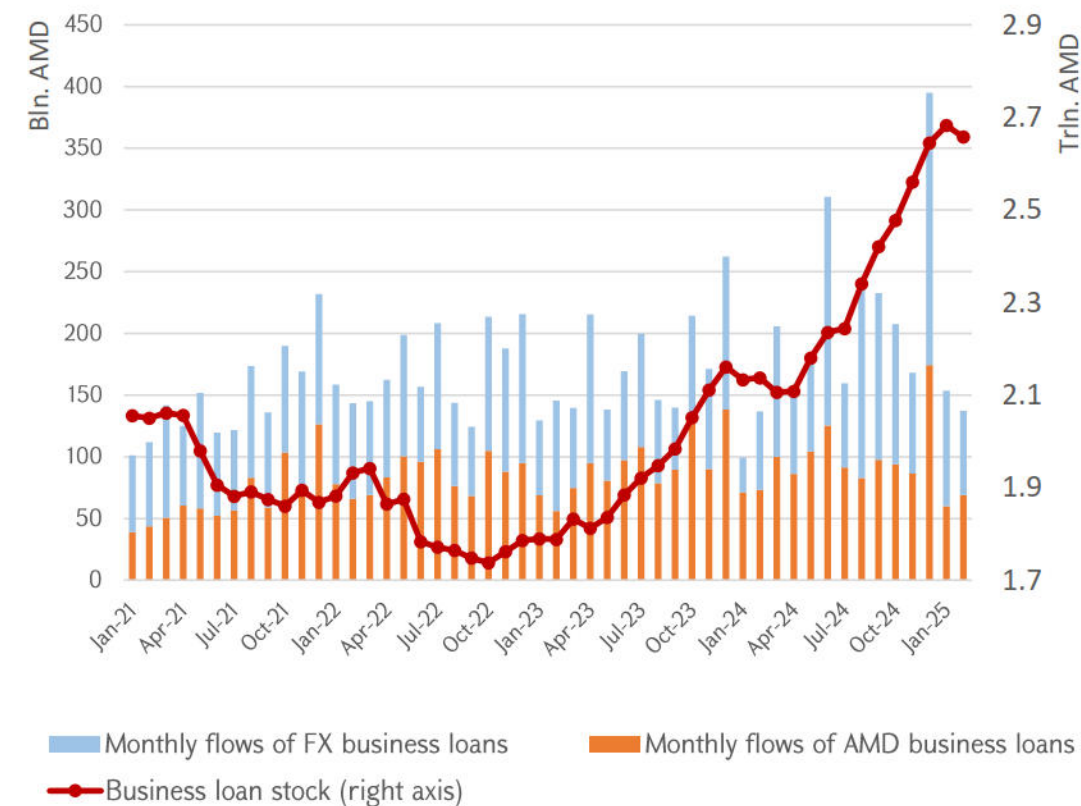
Source: the CBA

Business loans' growth rates also remained high

12-month growth rate of business credit stock

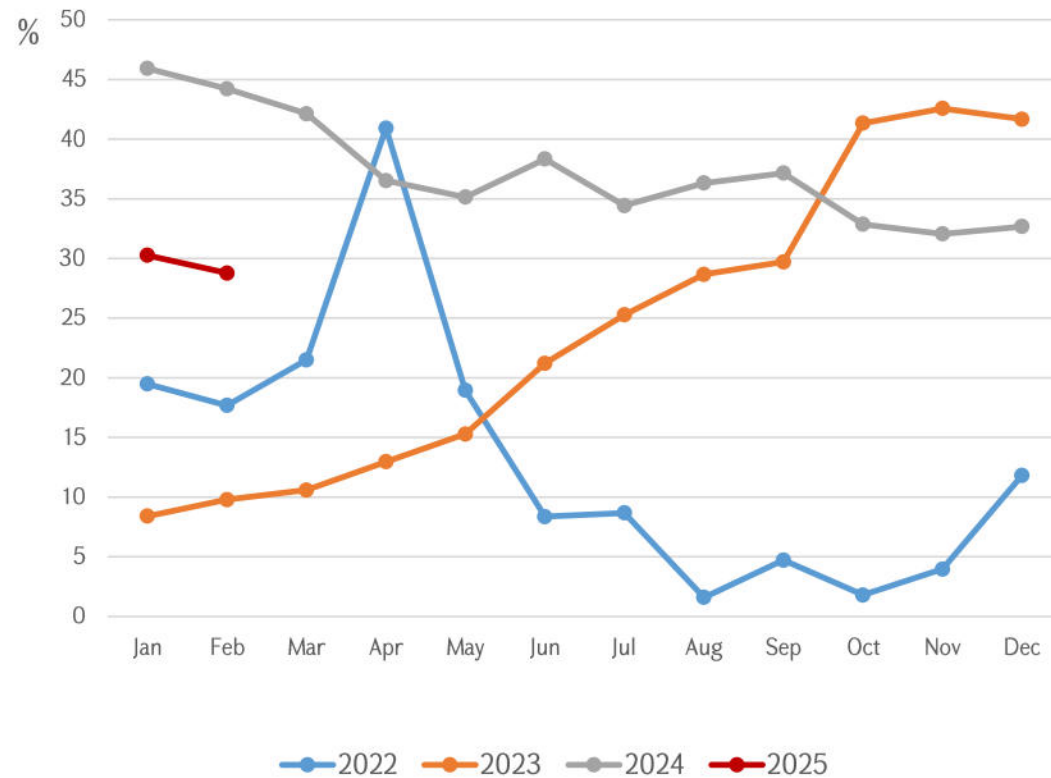


Stock and flows of business credit



Although annual growth rates of the loans in construction sector has decreased, they still remain high. Compared to 2024 year-end, the average prices in real estate sector has also decreased.

12 month growth rate of construction loans



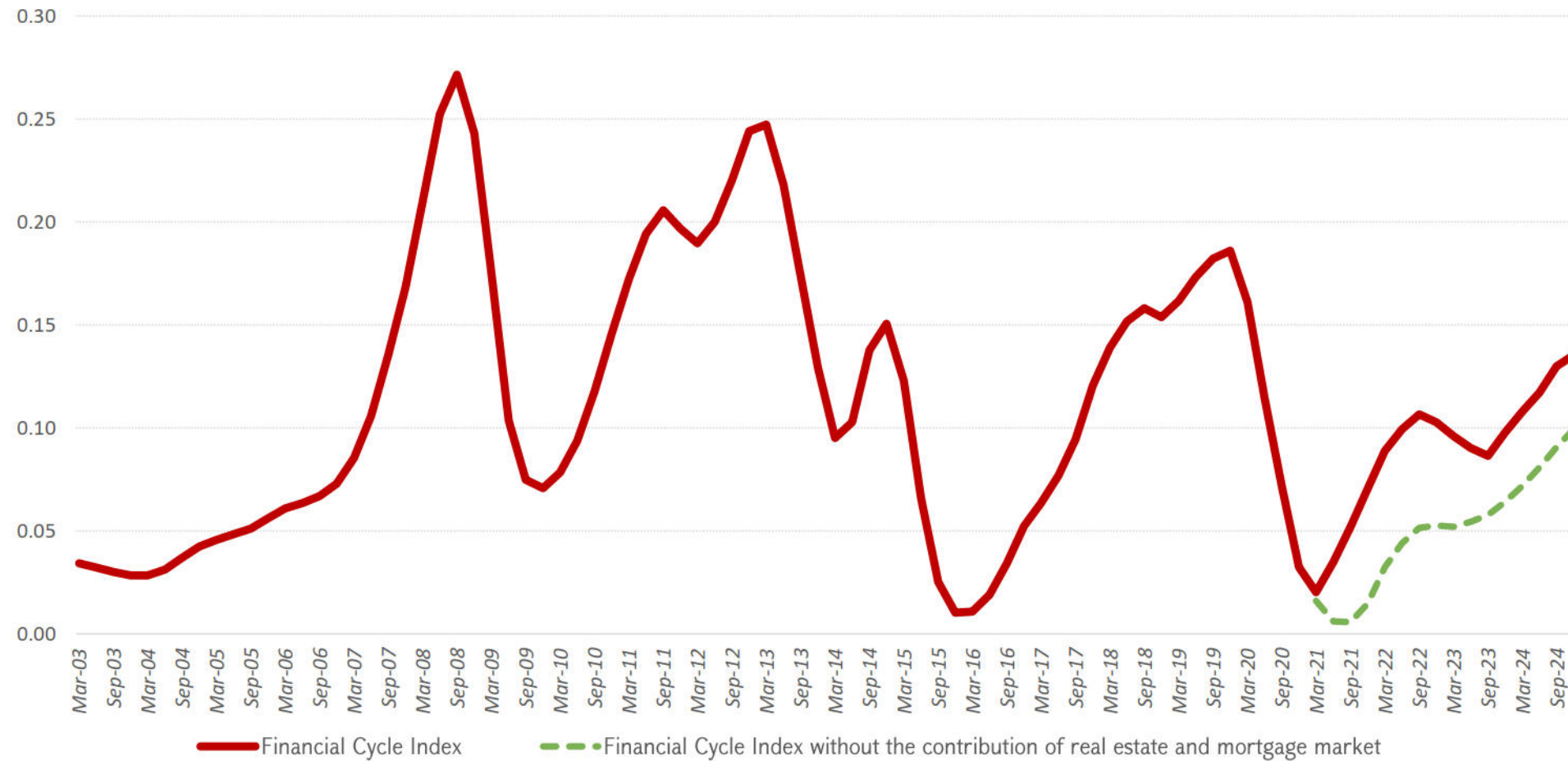
Source: the CBA

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



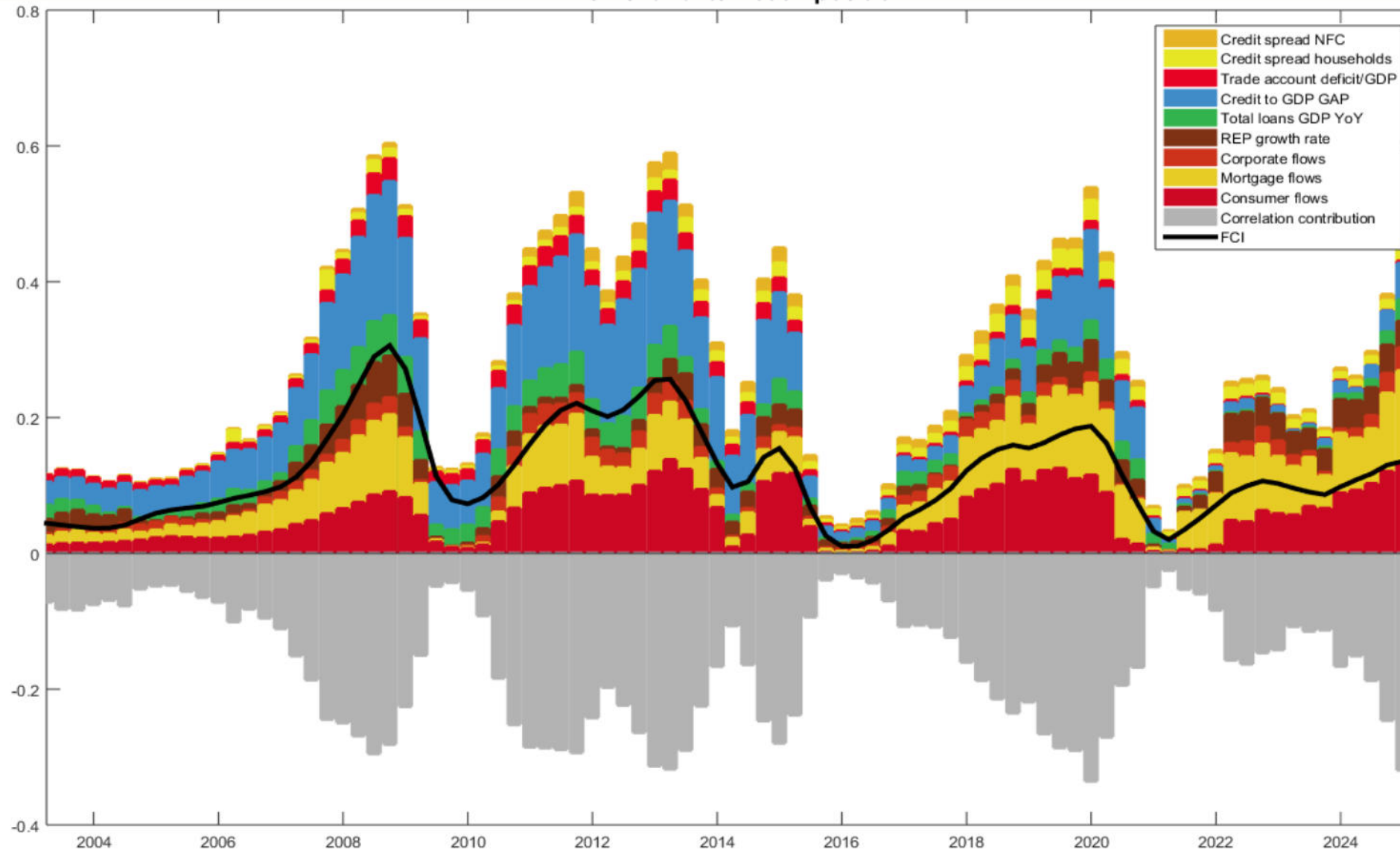
Source: State cadaster committee of RA

Financial Cycle Index has increased



Source: the CBA

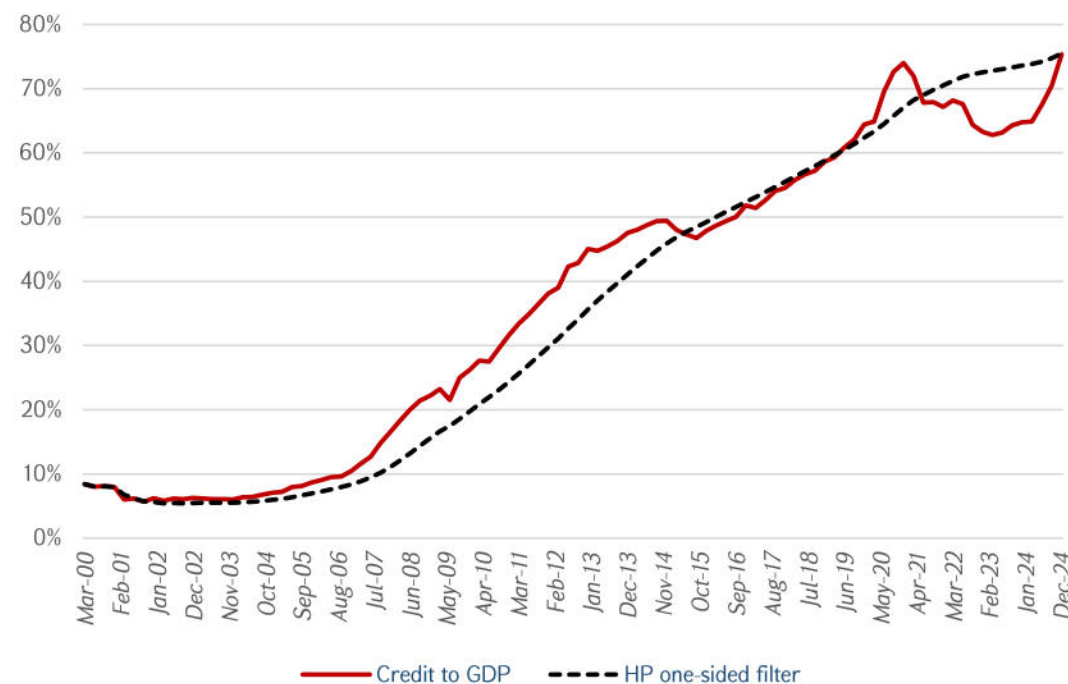
...which is mainly due to growth of consumer and mortgage loans. The volume of newly granted mortgage loans has sharply risen at the year-end



Source: the CBA

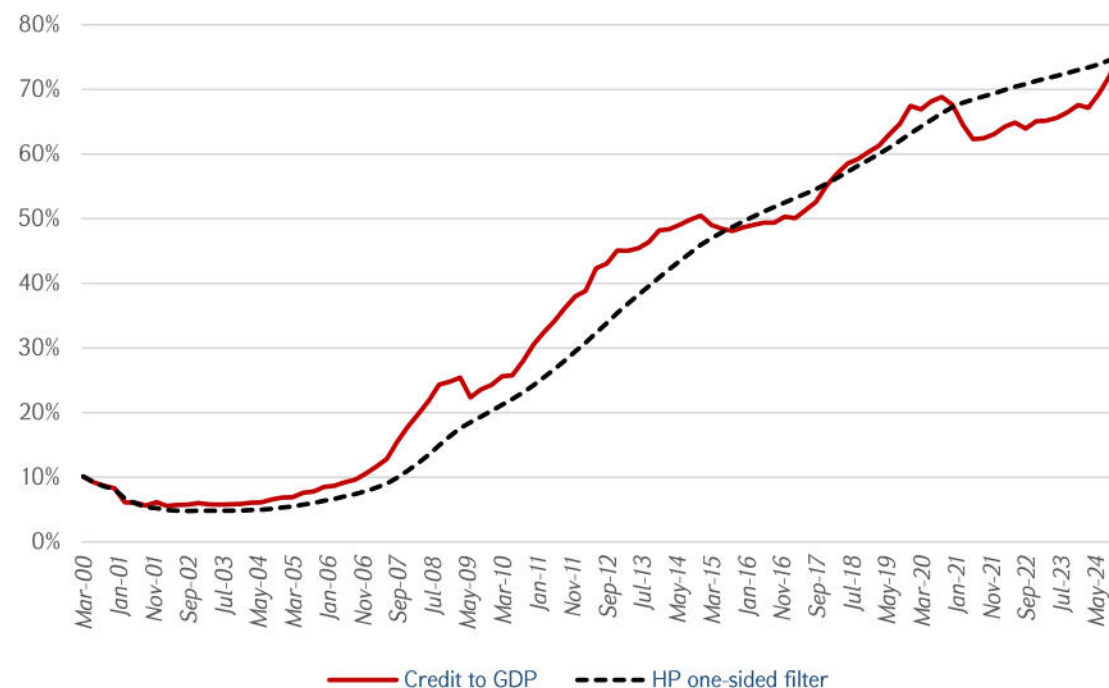
The credit-to-GDP ratio is nearly aligned with its long-term trend

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



Source: CBA and Statistics committee

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

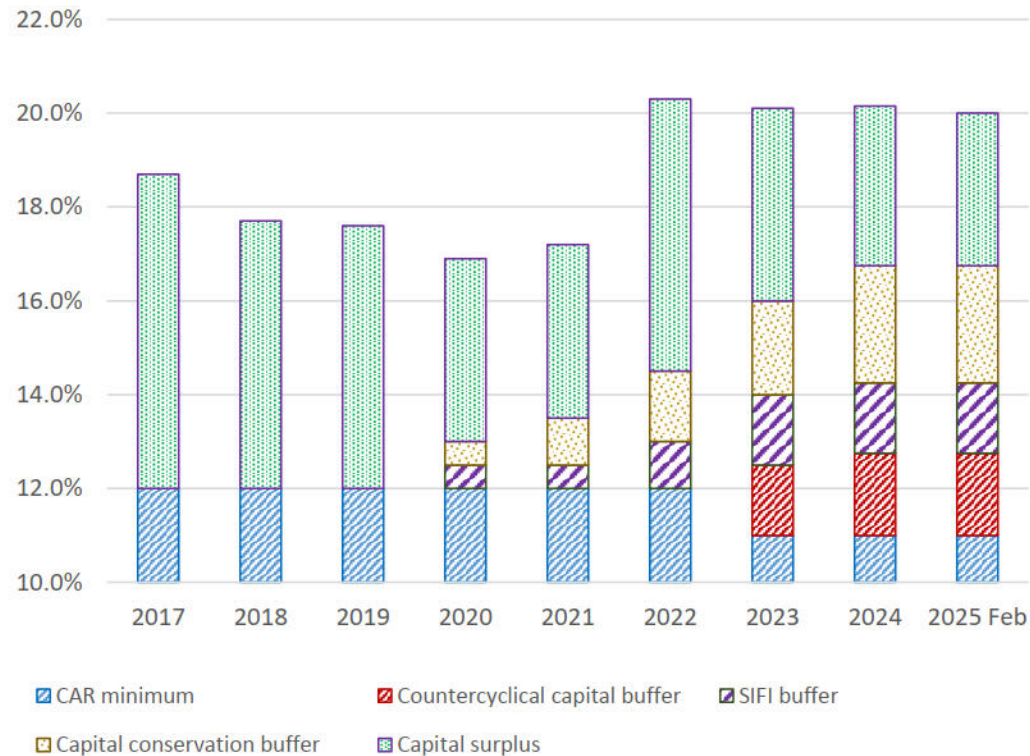


* The indicator has been calculated on the basis of smoothed GDP series

Risk absorption capacity

Both capital surplus and profitability has not changed much compared to end of 2024

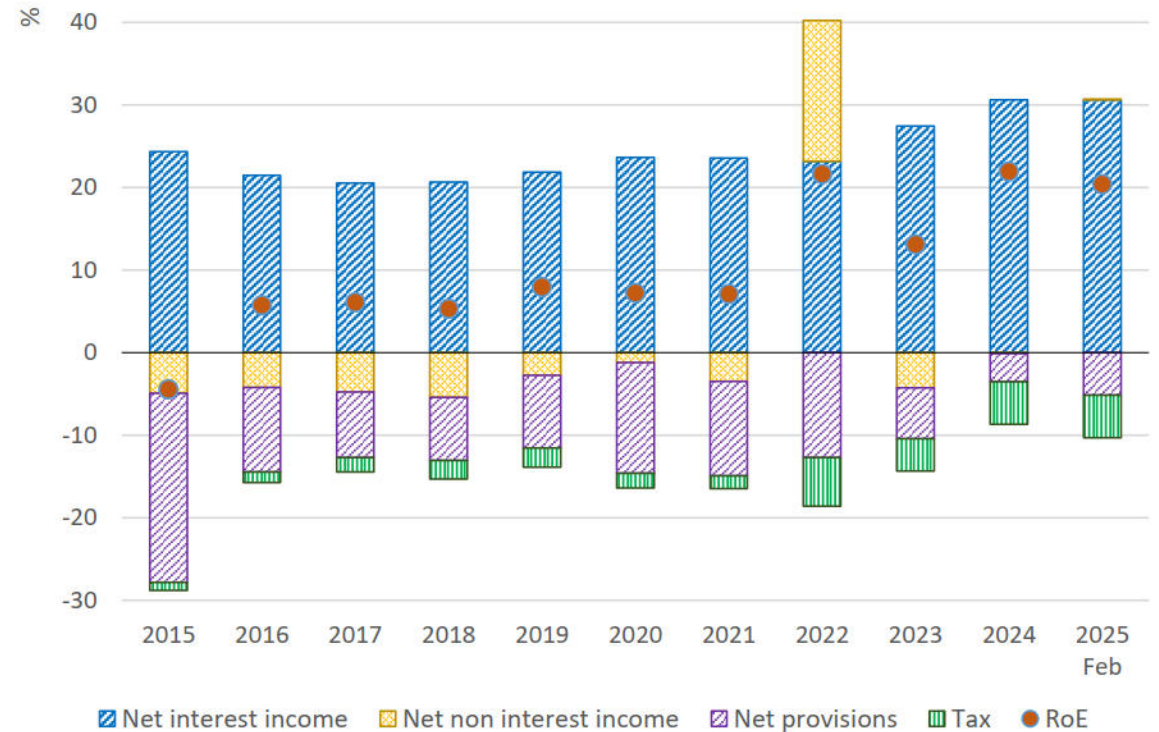
Capital adequacy ratio*



Source: the CBA

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

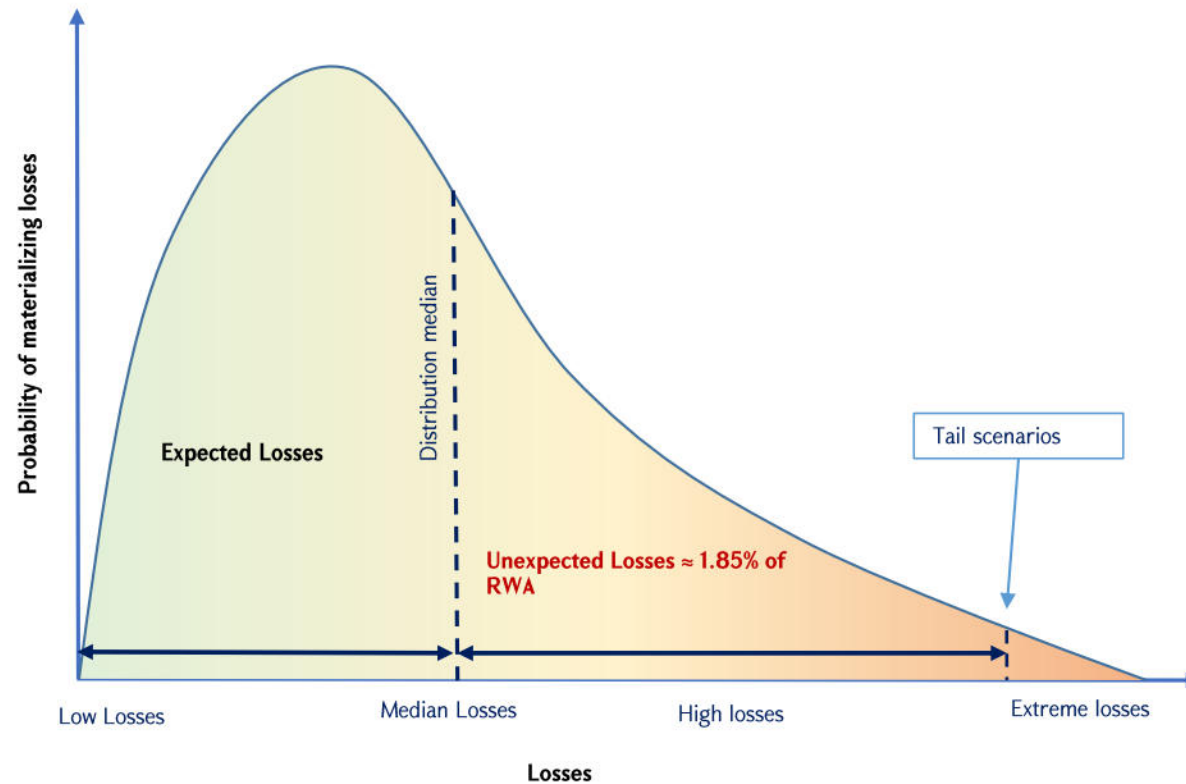
RoE decomposition



Source: the CBA

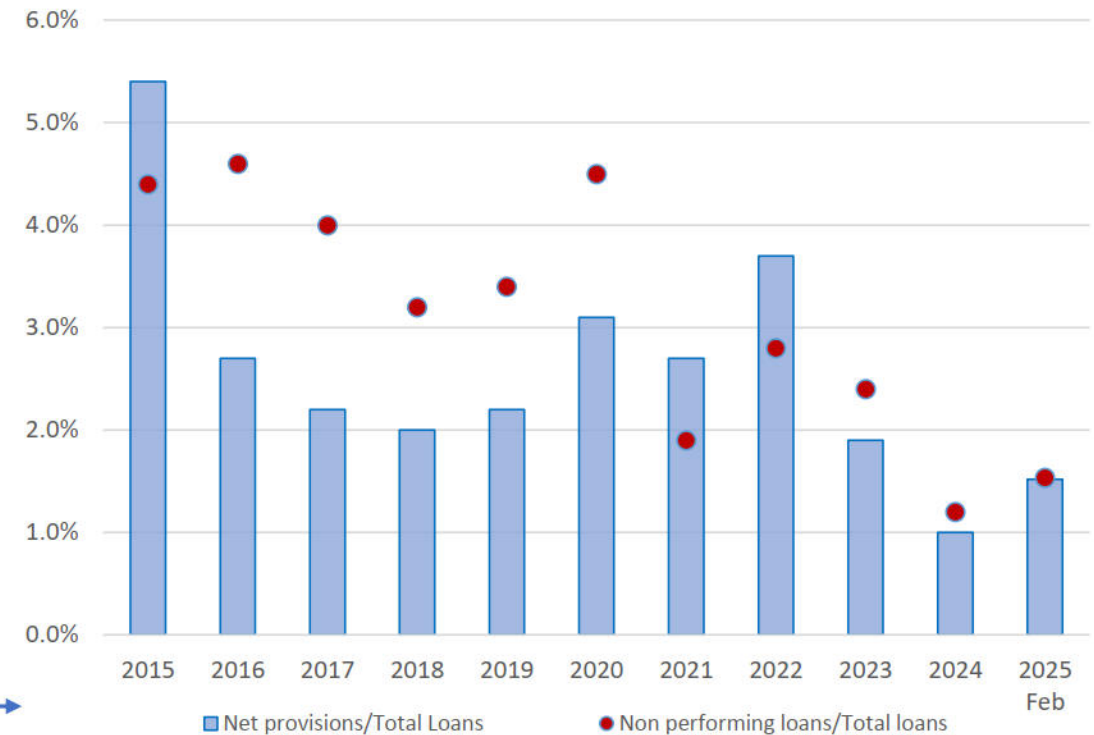
Unexpected losses are 1.85% of risk weighted assets. The NPL ratio has slightly increased.

The results of stress tests



Source: the CBA

Non performing loan ratio and provisions*



* Without the loans classified as watched

Source: the CBA

Conclusion

Taking into account

- ✓ The developments in overall and sectoral credit markets,
- ✓ Current tendencies of possible slowdown in real estate market,
- ✓ The new rate of CCyB from May 2025, as well as the level of capital surplus and current estimates of unexpected losses,

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