



**CENTRAL BANK OF THE REPUBLIC OF ARMENIA**

# **MAIN FINANCIAL STABILITY INDICATORS AND RISKS**

**2nd quarter of 2025**

# Main indicators of the banking system\*

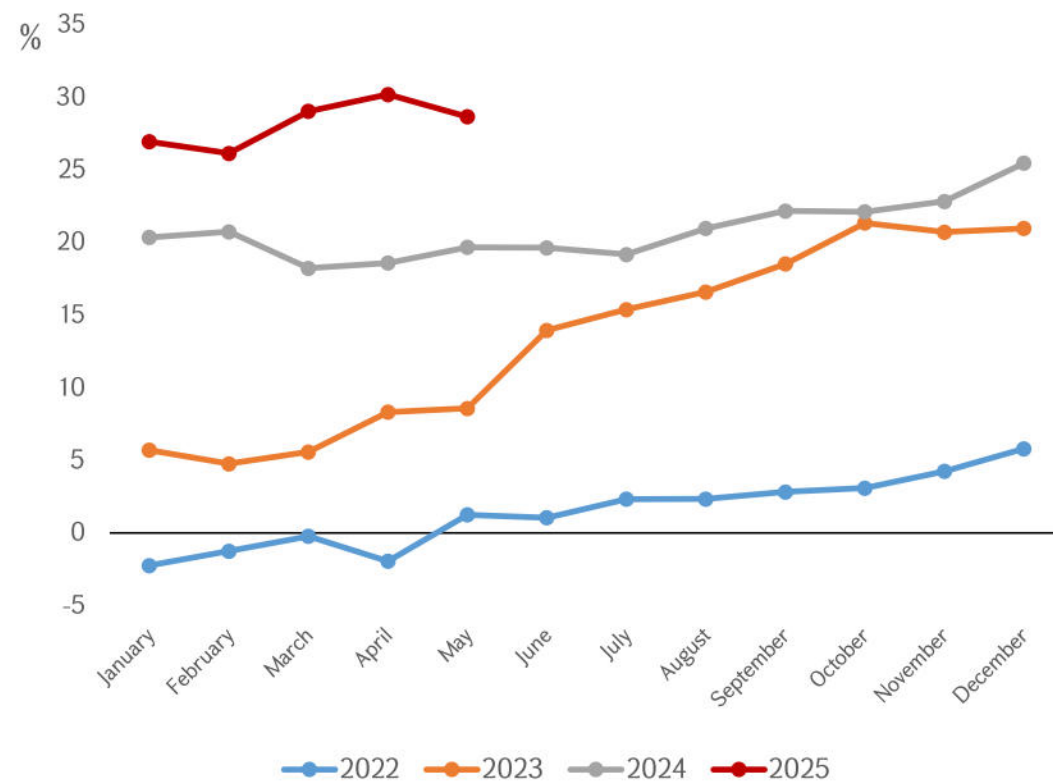
|                              | Indicator value as of May 2025 | 12-month change |
|------------------------------|--------------------------------|-----------------|
|                              |                                |                 |
| ASSETS                       | 11.21 trillion AMD             | 18.76%          |
| Loans                        | 6.46 trillion AMD              | 28.65%          |
| Non-performing loan ratio    | 1.3%                           | 0.19 p.p.       |
| LIABILITIES                  | 9.41 trillion AMD              | 18.44%          |
| Attracted deposits           | 5.95 trillion AMD              | 12.99%          |
| EQUITY                       | 1.81 trillion AMD              | 20.44%          |
| Total capital adequacy ratio | 19.9%                          | -0.15 p.p.      |
| Total liquidity ratio        | 28.9%                          | -4.58 p.p.      |
| Return on Equity             | 21.6%                          | 4.67 p.p.       |
| Return on Assets             | 3.5%                           | 0.83 p.p.       |

\* Information is as of May 2025

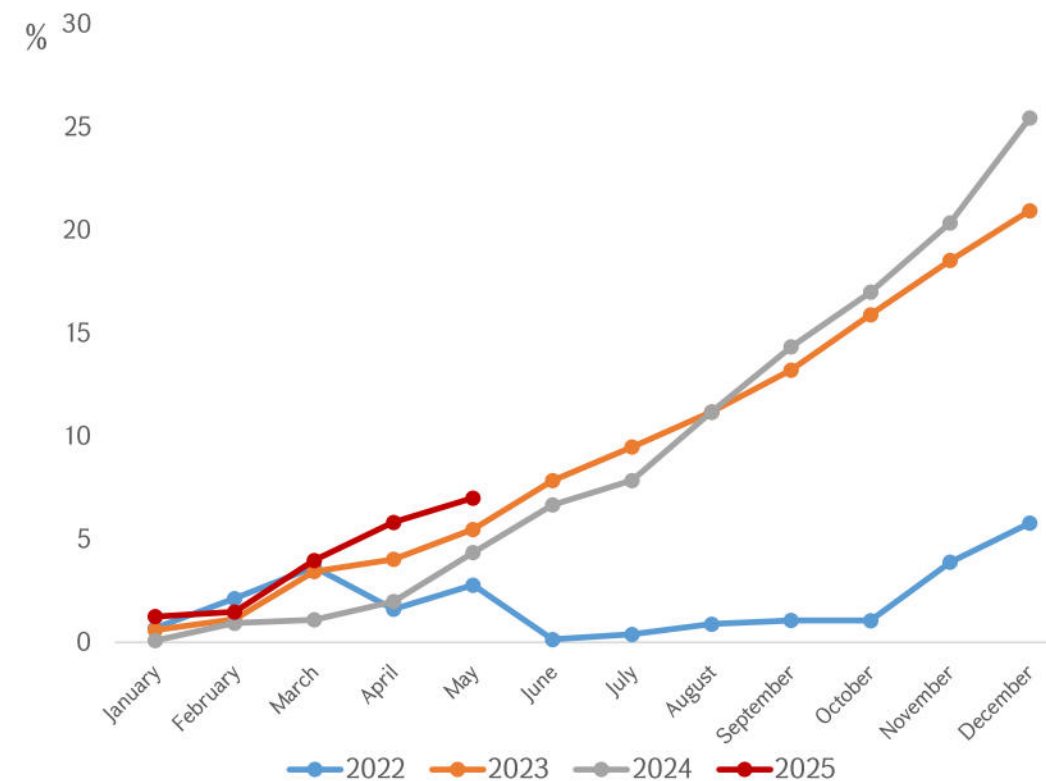
## **Developments in credit market**

# Annual growth rate of total loans has remained high

12-month growth rate of total credit stock

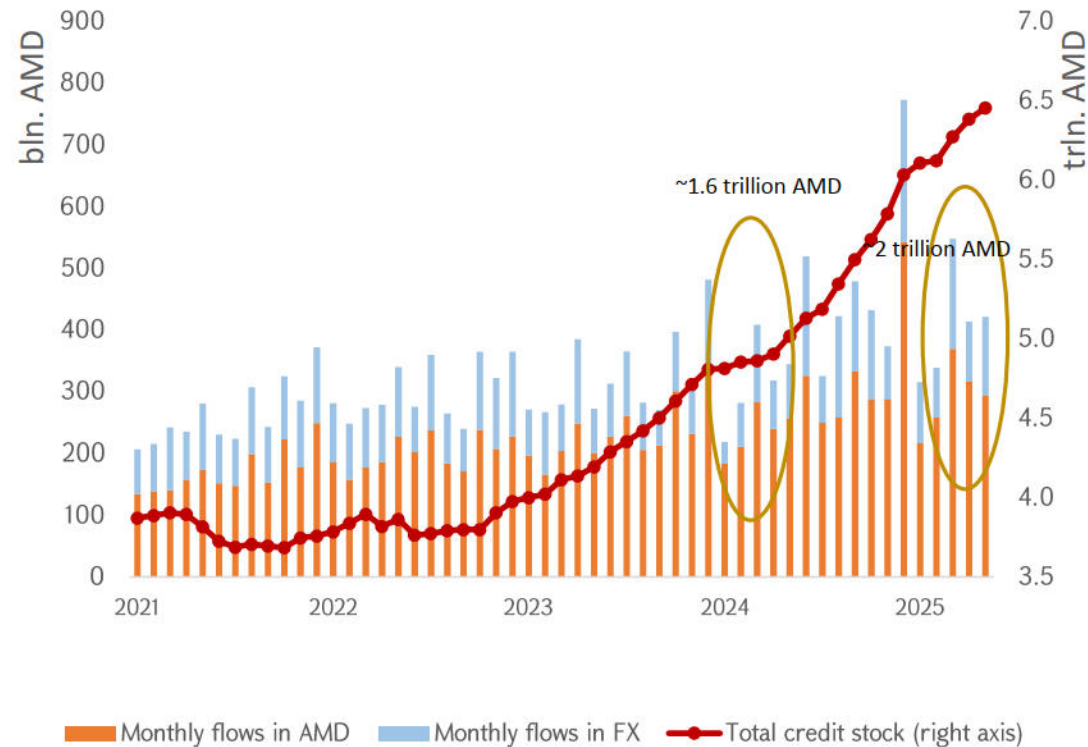


Growth rates of total credit stock compared to previous year end

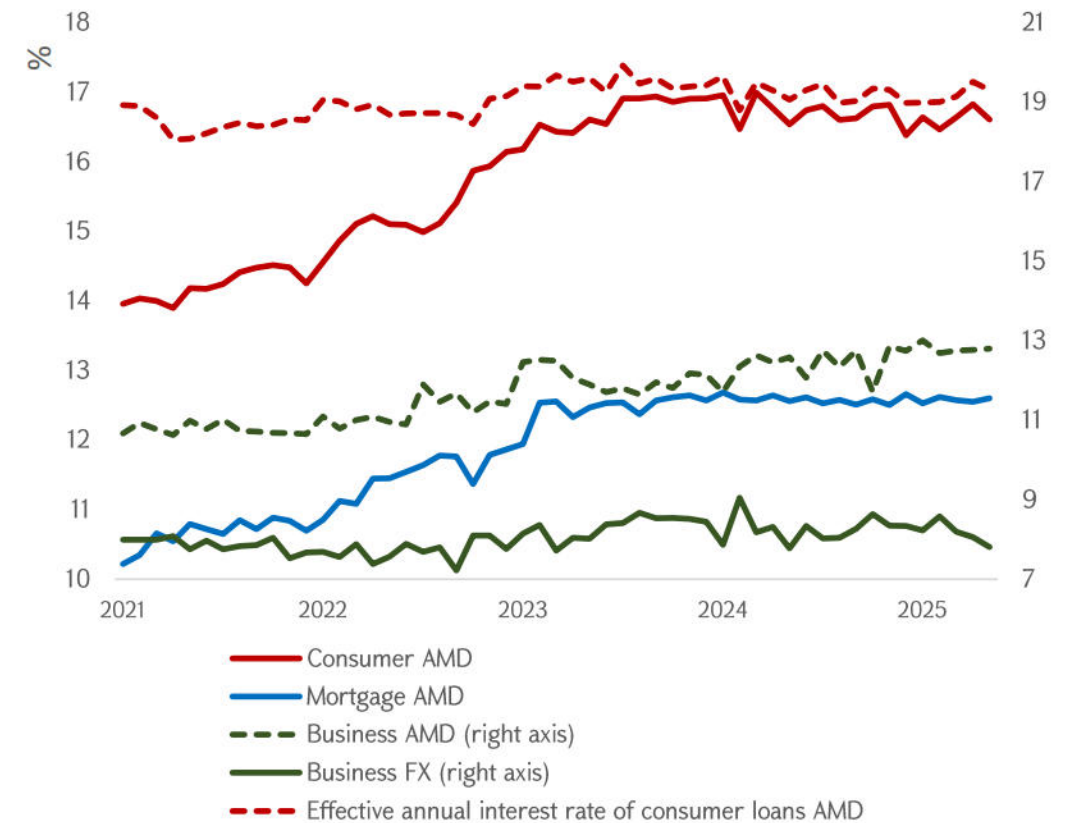


# Credit flow has also increased

Total credit stock and flows

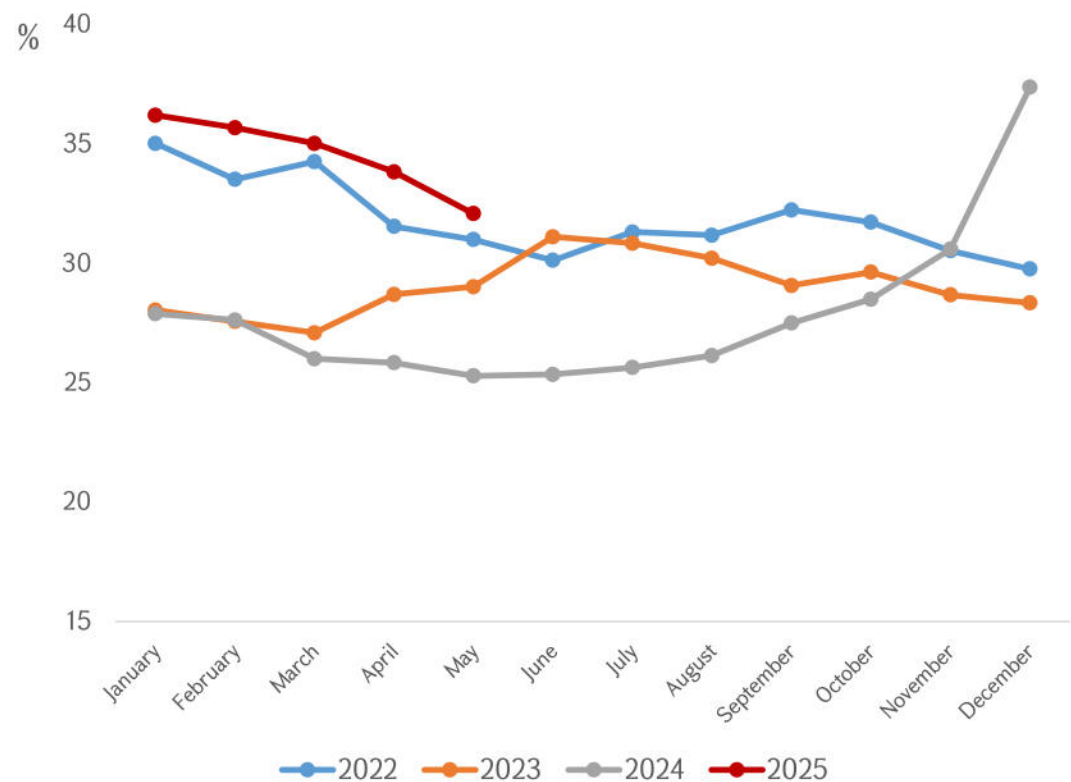


Dynamics of interest rates

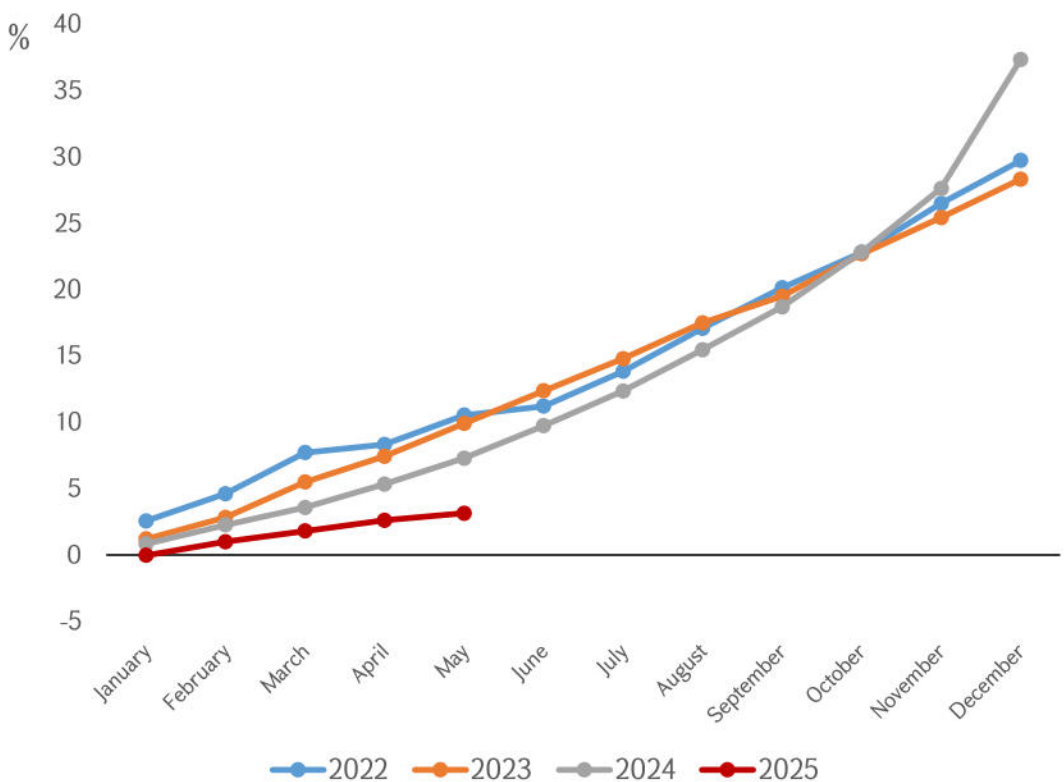


# The annual growth rates of mortgage loans continue to decrease

12-month growth rate of mortgage credit stock



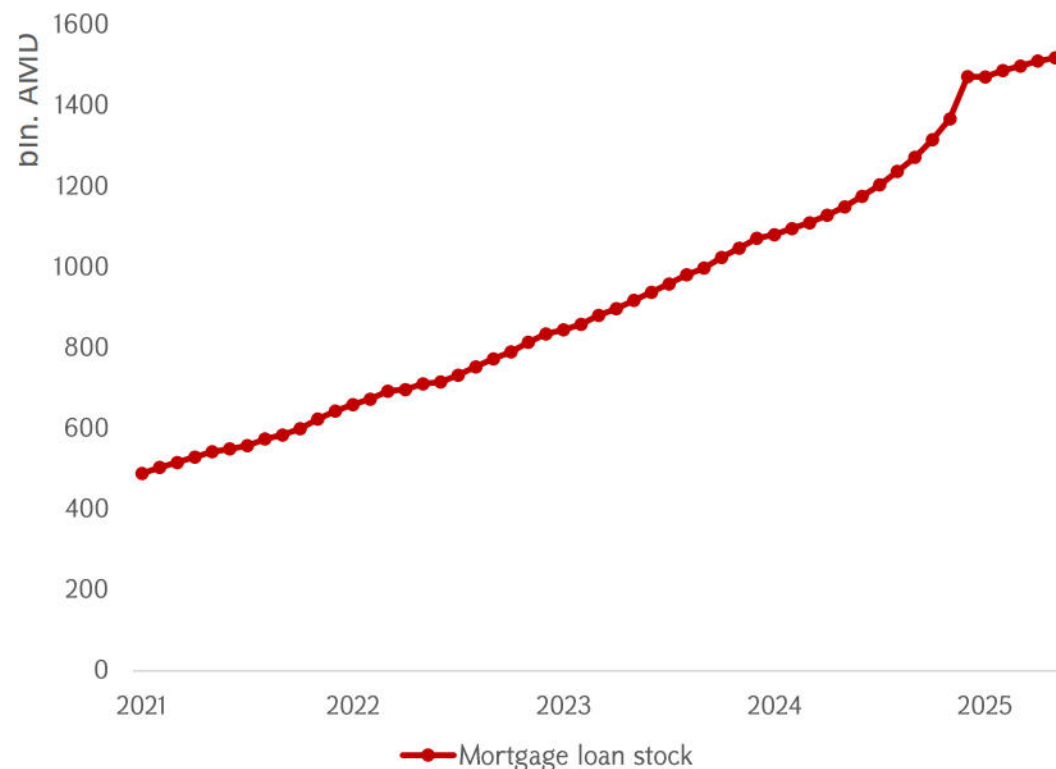
Growth rates of mortgage credit stock compared to previous year end



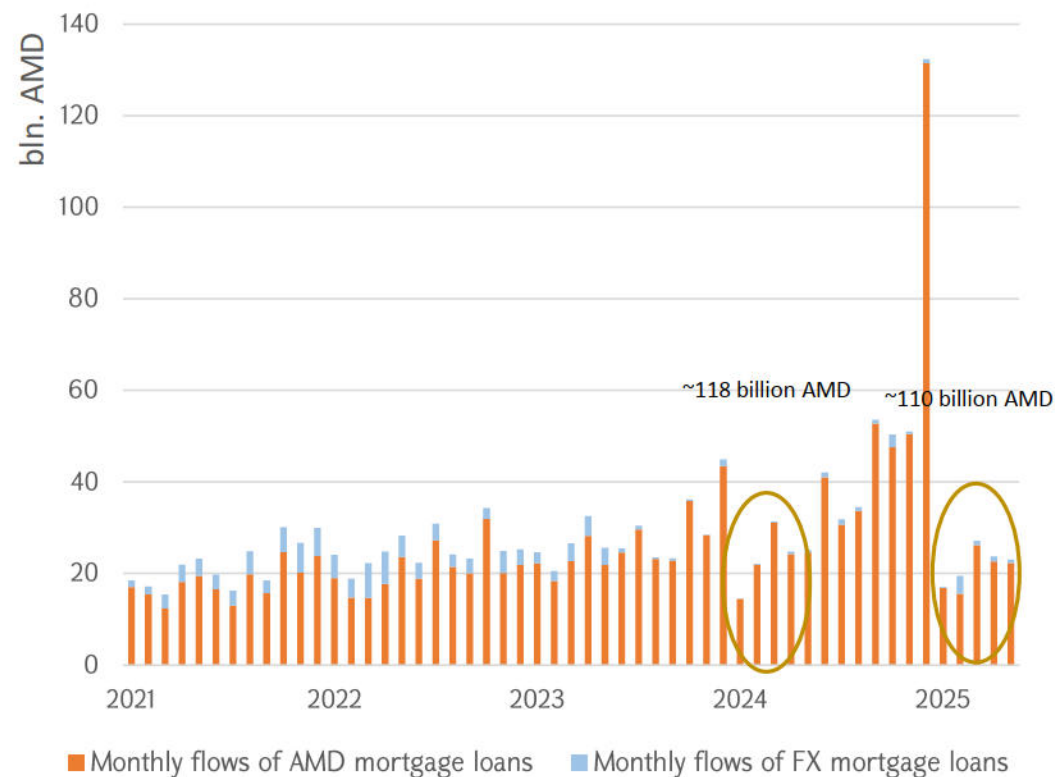
Source: the CBA

... meanwhile, the decrease in volume of newly issued loans since the beginning of the year is insignificant, compared to the same period of the previous year

*Mortgage credit stock*

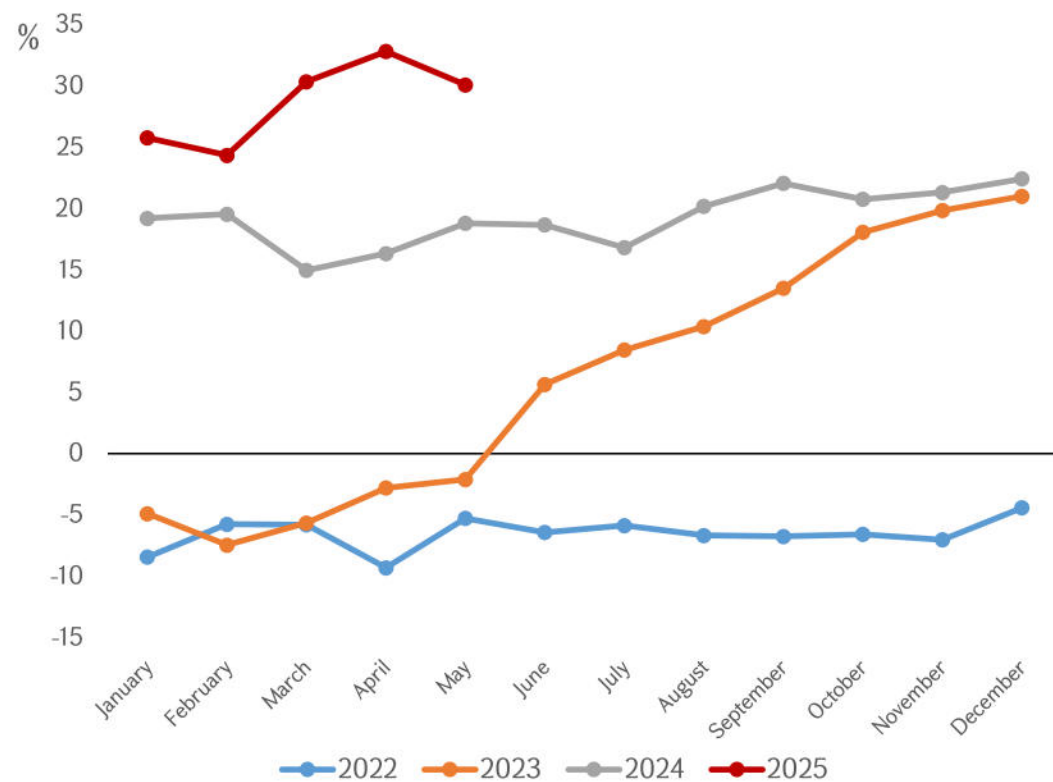


*Mortgage credit flows*

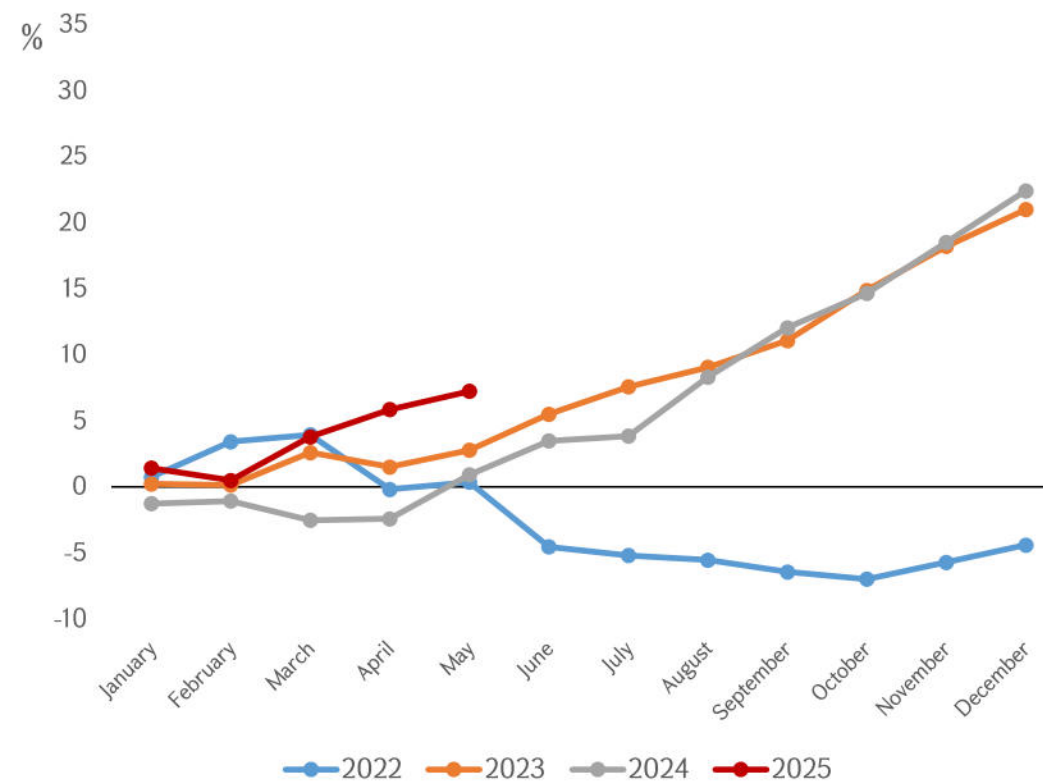


# The growth rate of business loans has also increased

*12-month growth rate of business credit stock*

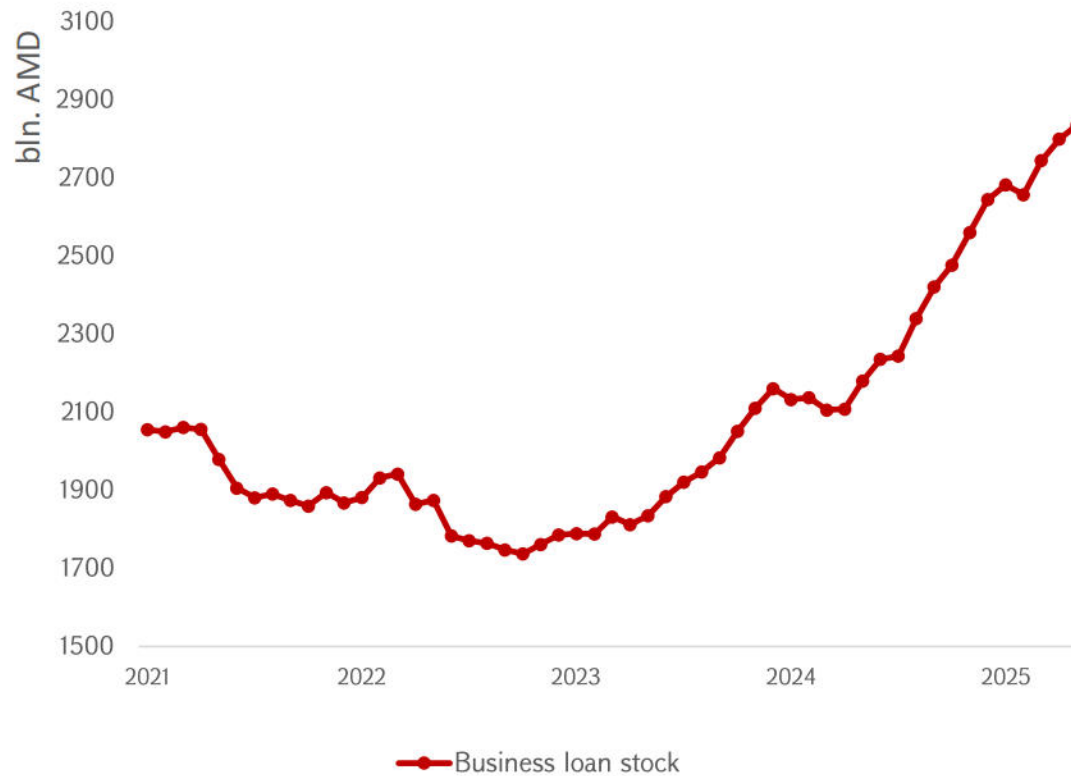


*Growth rates of business credit stock compared to previous year end*

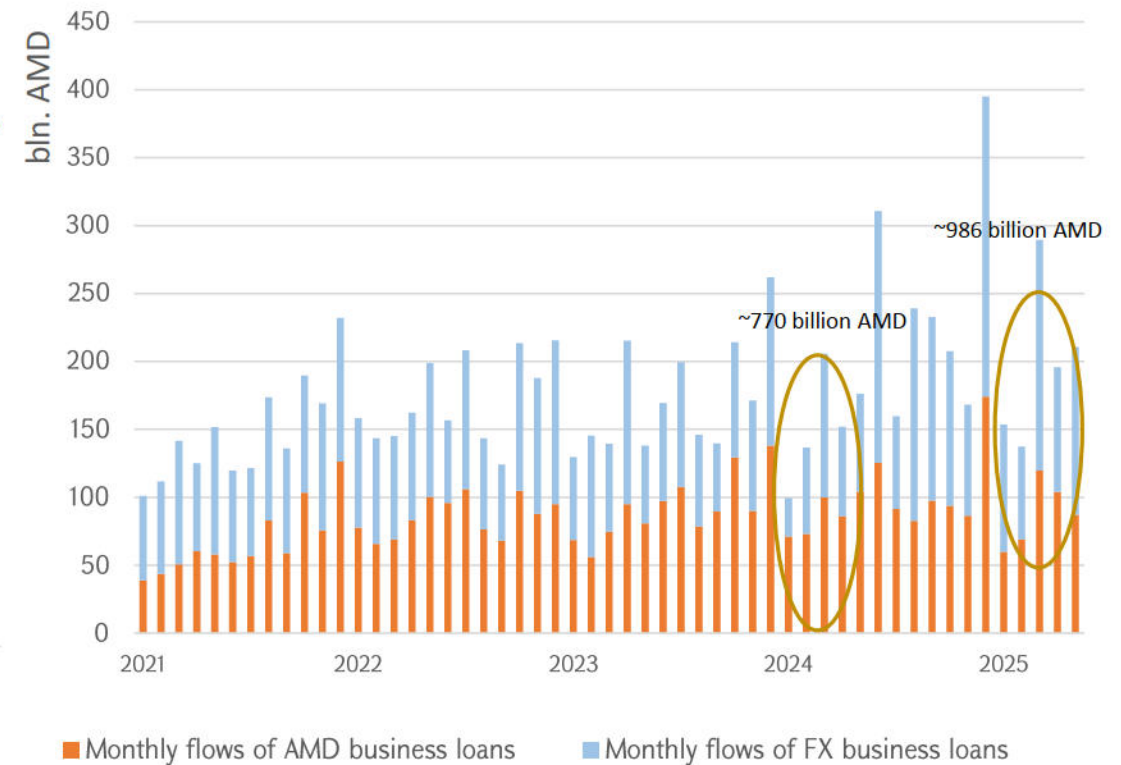


## During January-May 2025 the volume of newly issued business loans has increased compared to the same period of the previous year

*Business loan stock*



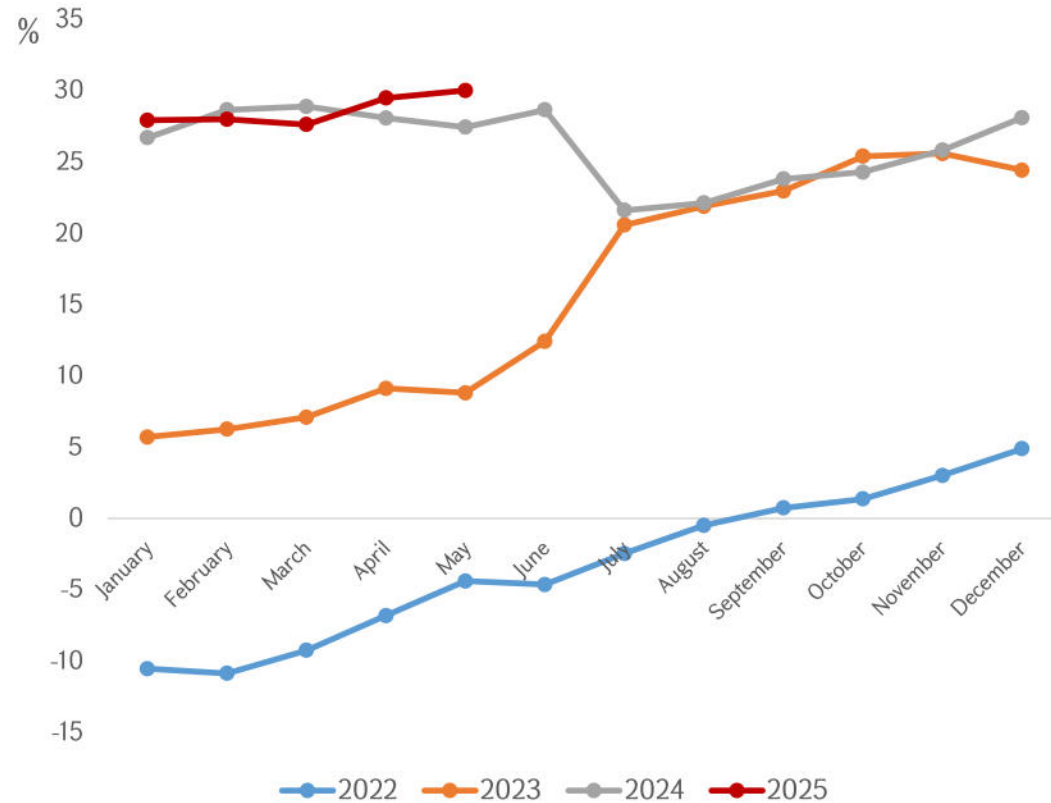
*Business loan flows*



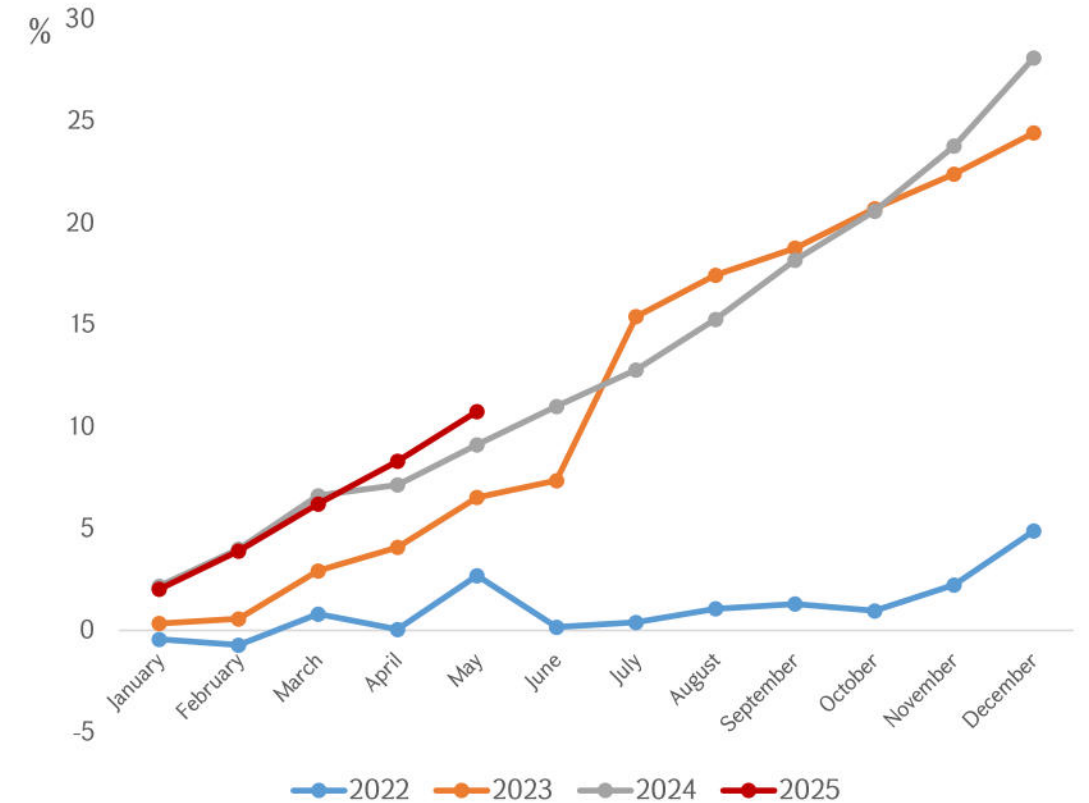
## **Developments in consumer credit market**

# The growth rate of consumer loans remain high

12-month growth rate of consumer credit stock

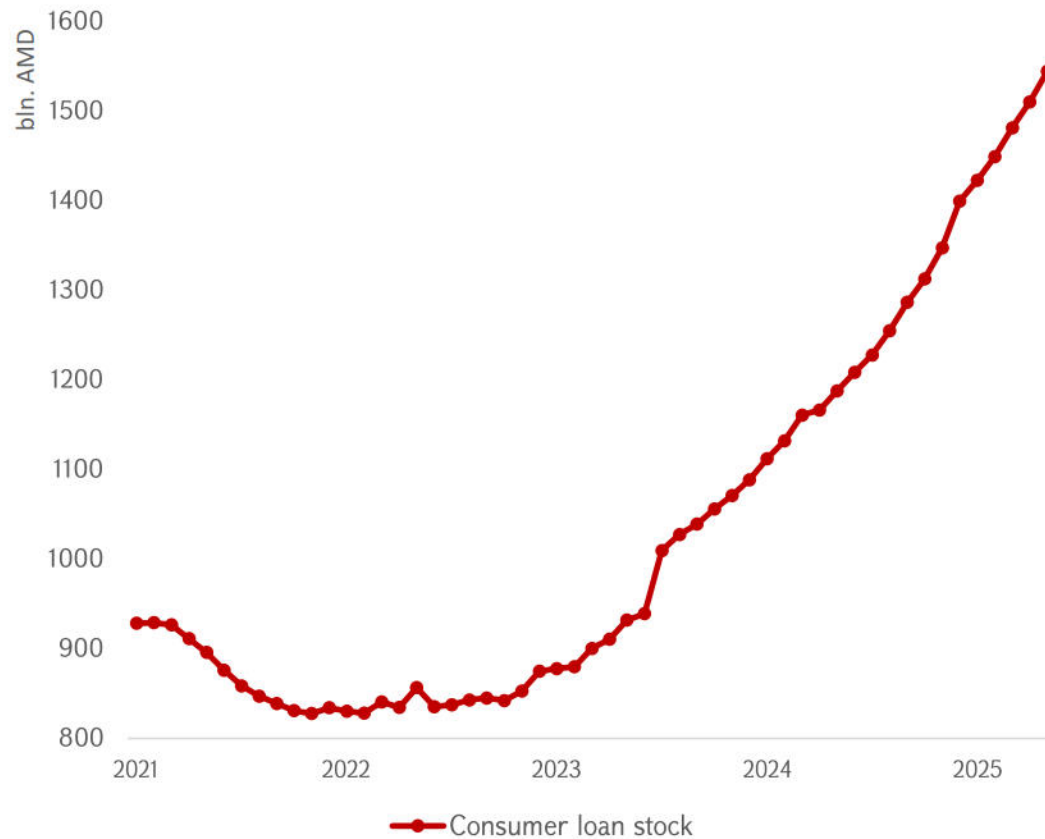


Growth rates of consumer credit stock compared to previous year end

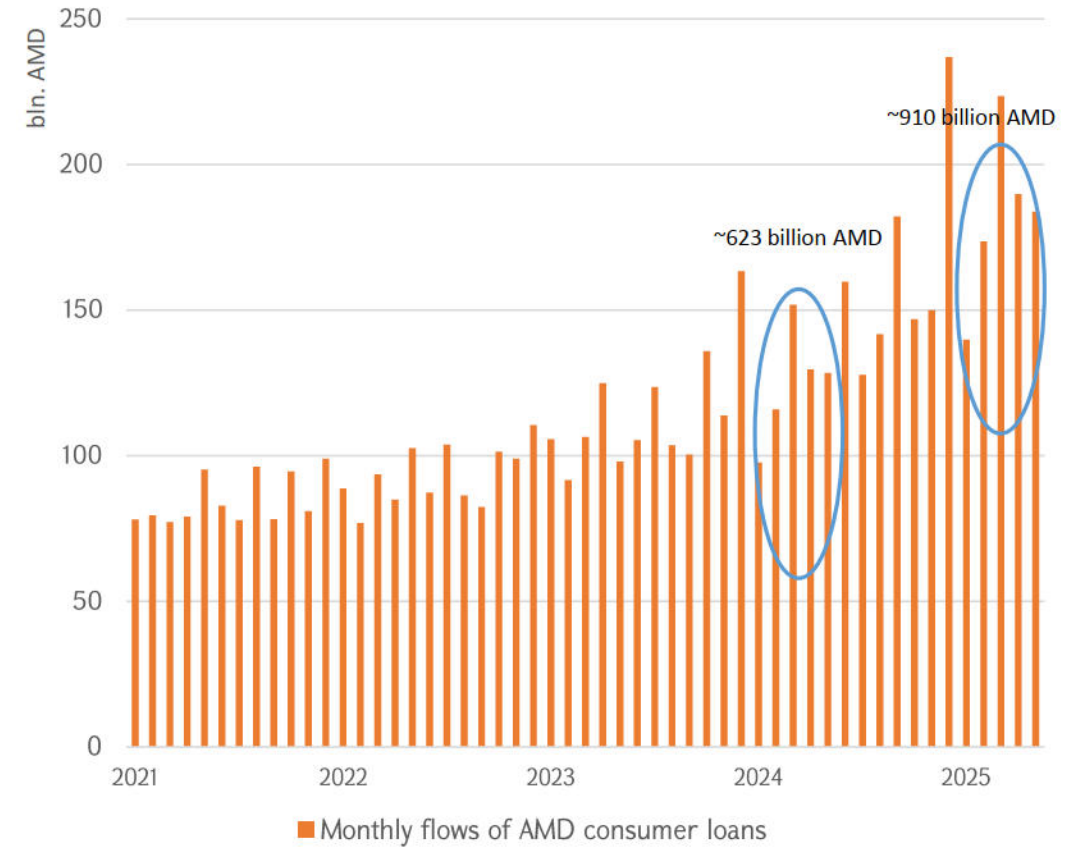


# The volume of newly issued consumer loans has increased

Consumer loan stock

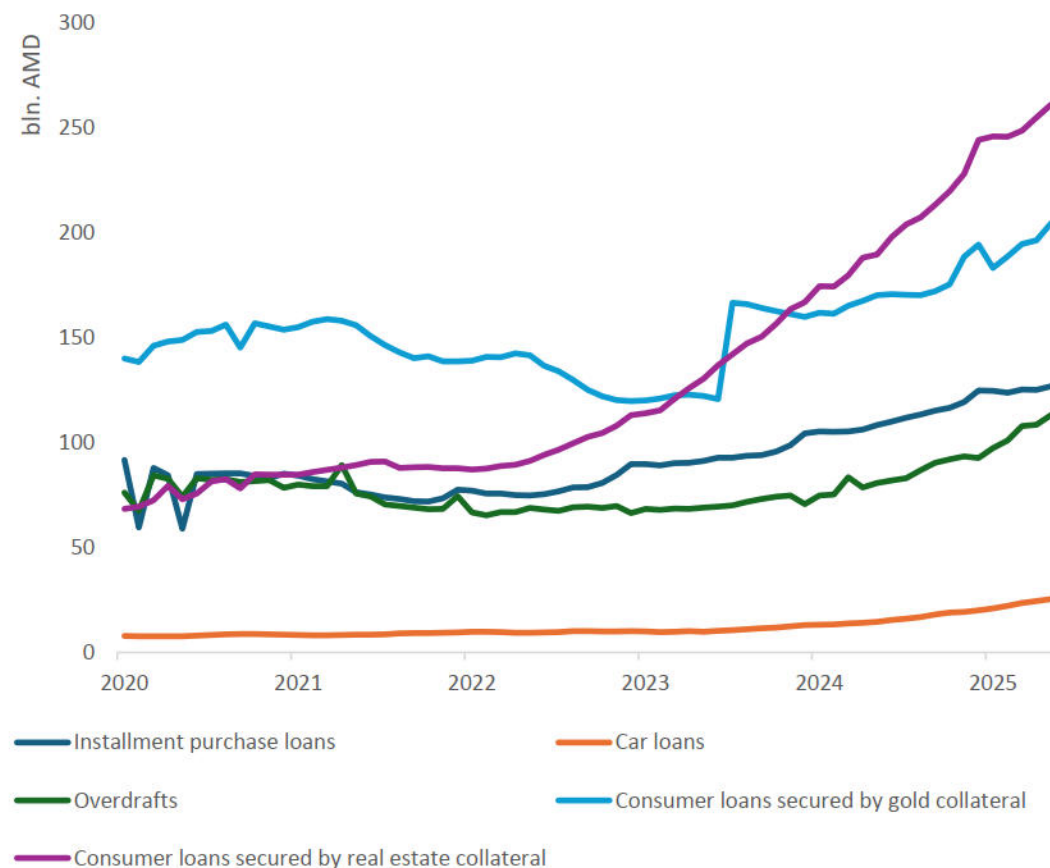


Consumer loan flows

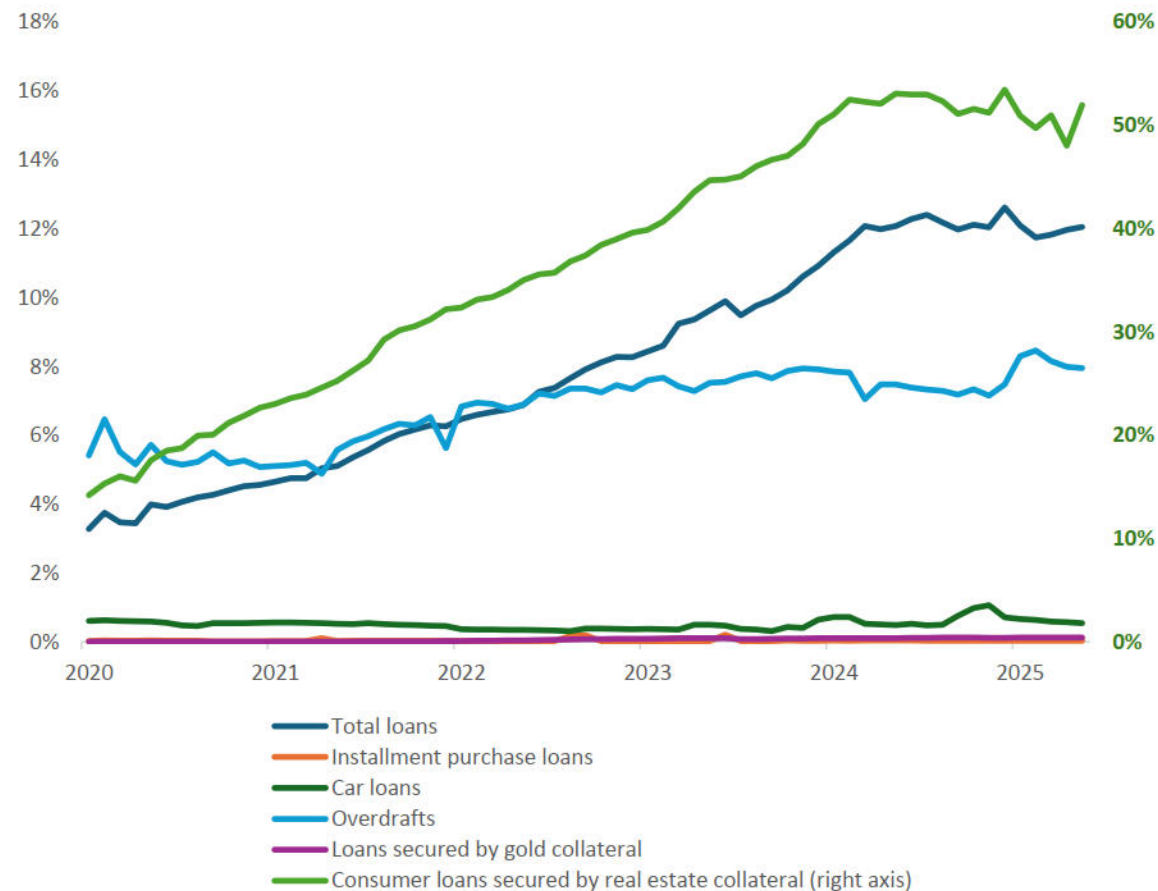


## Over the past 3 years loans secured by real estate collateral have increased, with about half of them having a maturity of 10 years or more

Consumer loans by loan type and collateral

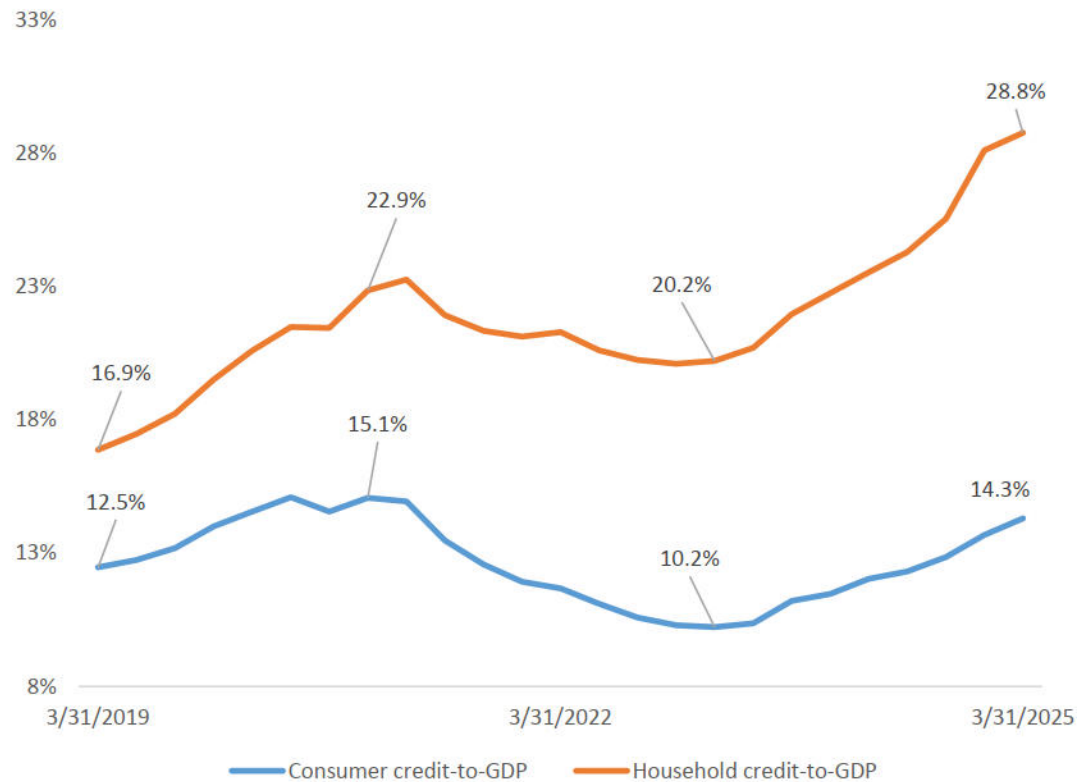


The share of loans with maturities of 10 years or more by loan types

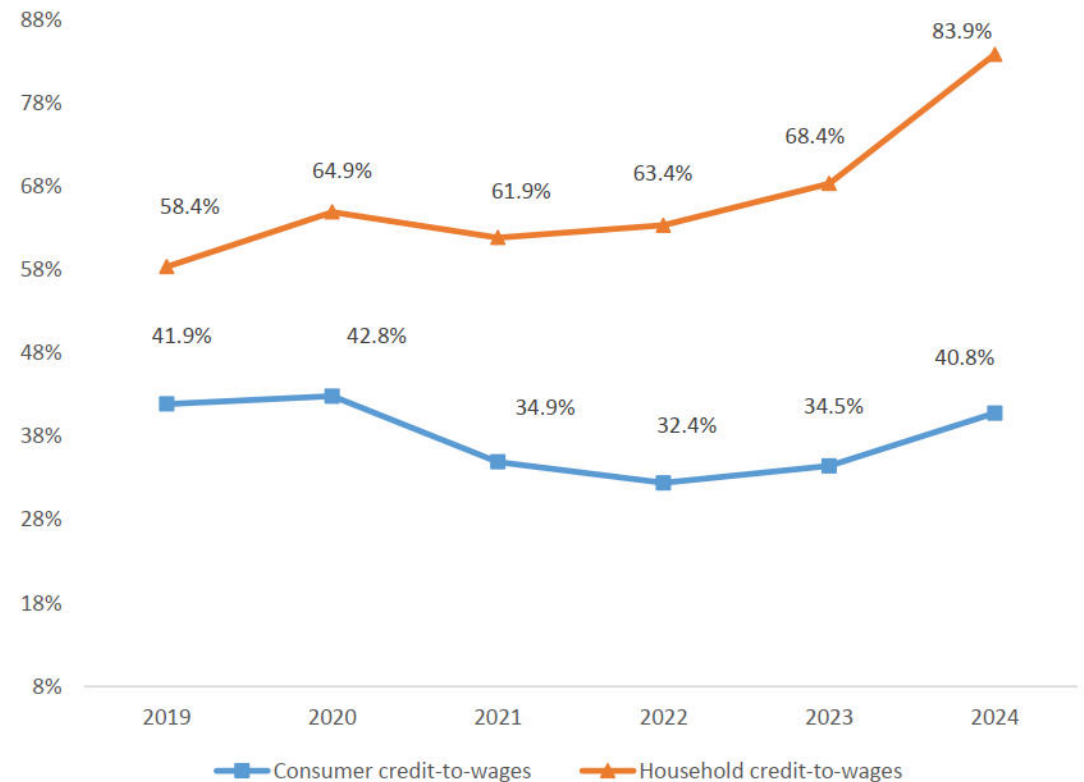


# In recent years consumer credit-to-GDP and consumer credit-to-wages ratios have increased

*Consumer credit-to-GDP,  
Household credit-to-GDP*



*Consumer credit-to-wages,  
Household credit-to-wages*



## **Financial Cycle Index and credit-to-GDP ratio**

# Financial Cycle Index has remained almost unchanged

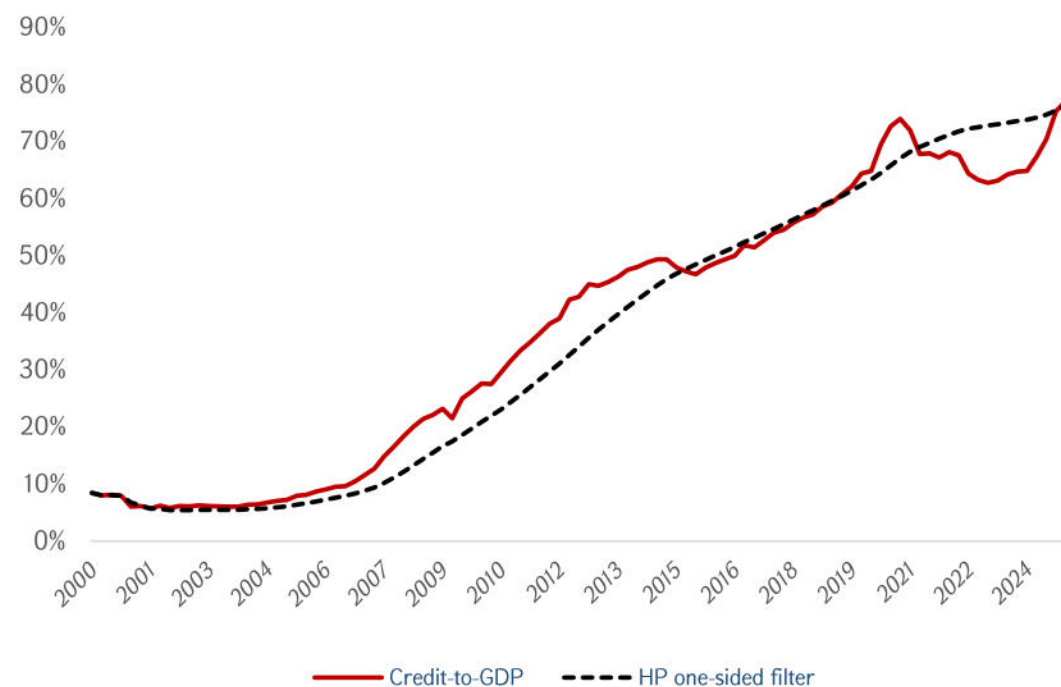
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Source: the CBA

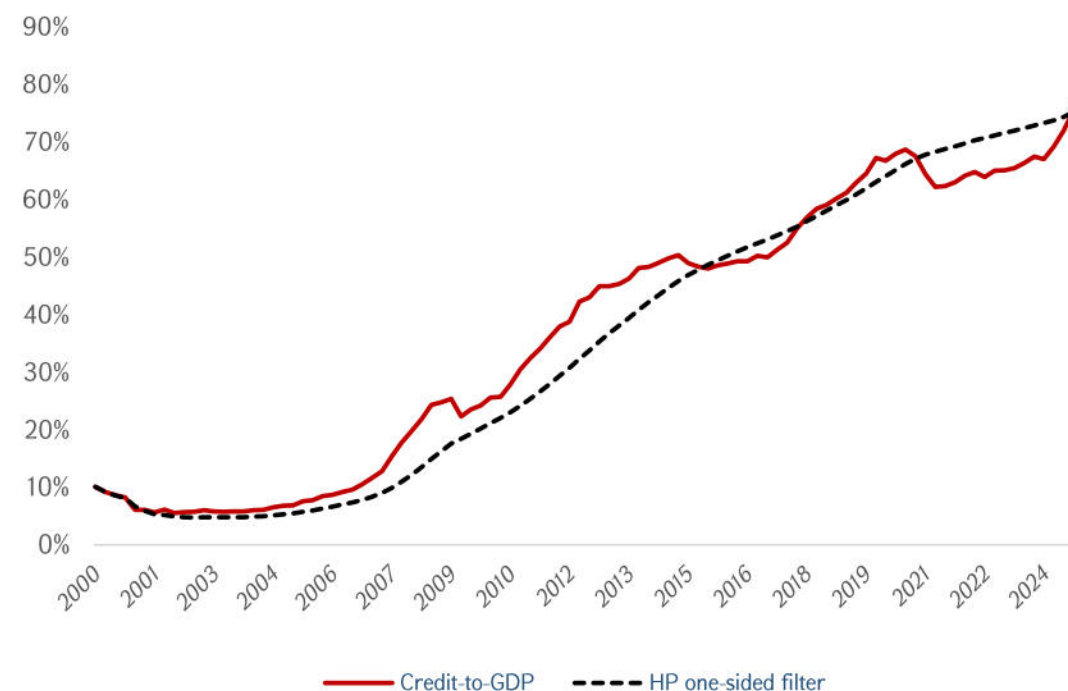
# The credit-to-GDP ratio is slightly higher than its long-term trend

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



Source: CBA and Statistics committee

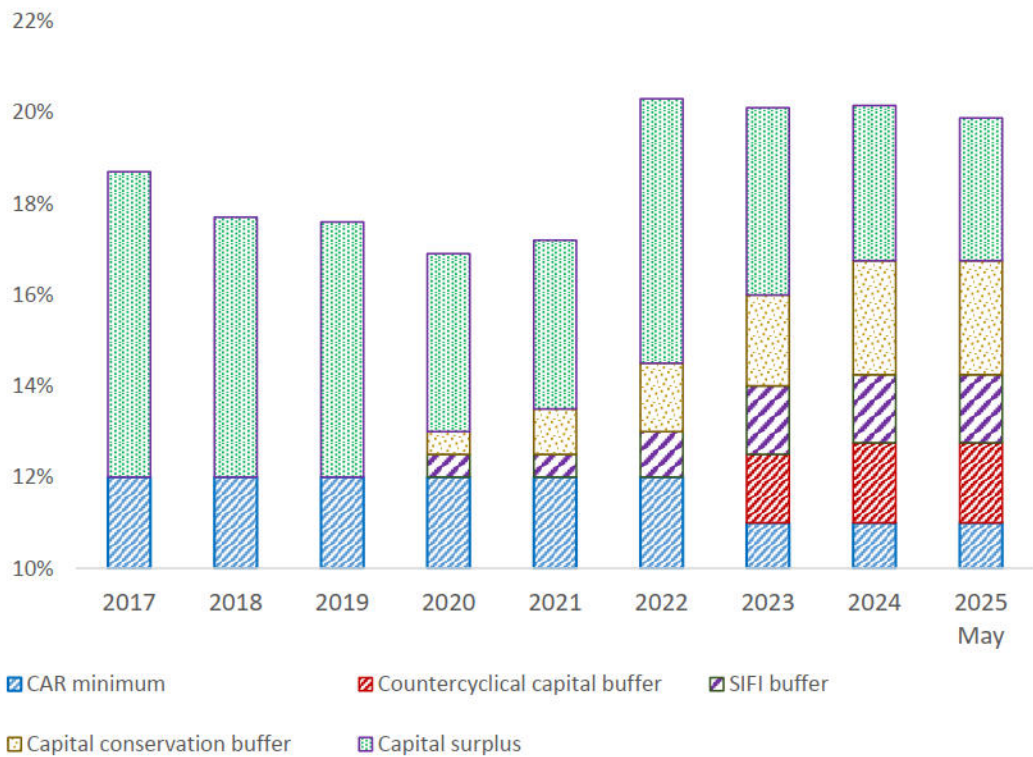
*Credit-to-smoothed GDP ratio and its long-term trend\**



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

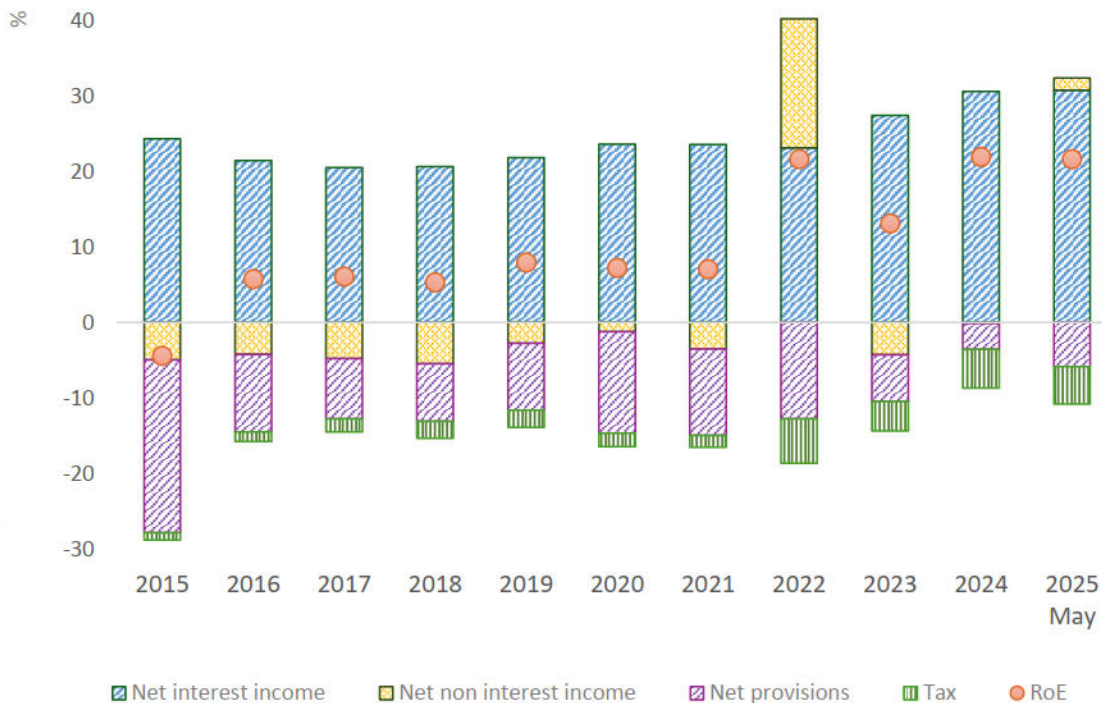
# Capital surplus has slightly decreased, while profitability has not changed

Capital adequacy ratio



Source: the CBA

RoE decomposition

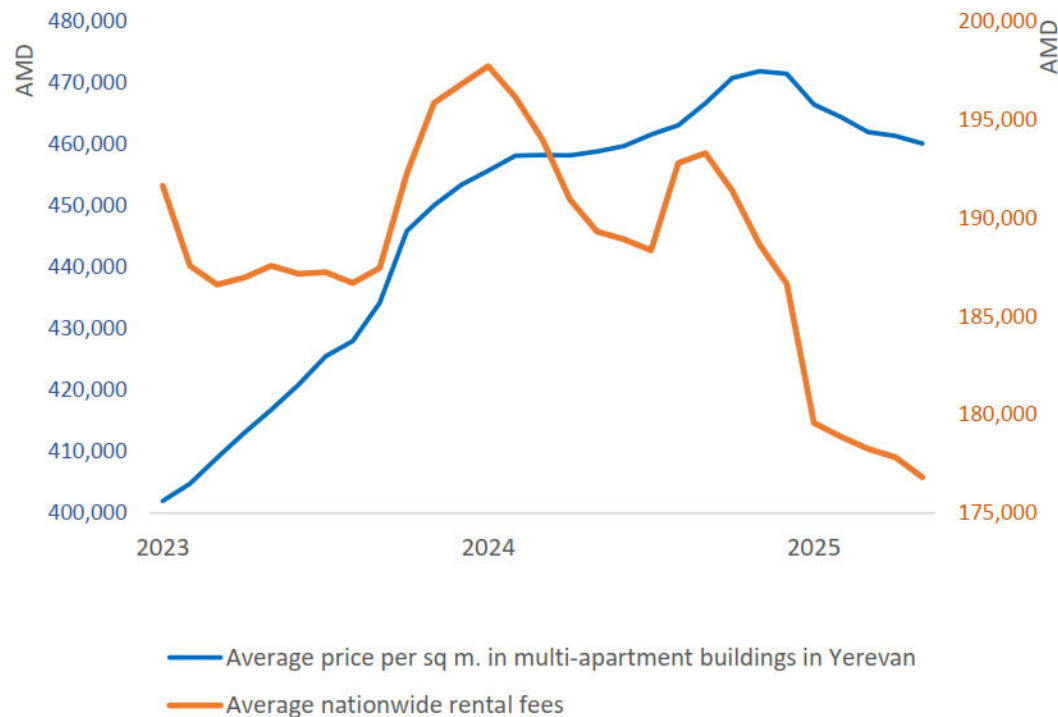


Source: the CBA

## **Real estate market indicators**

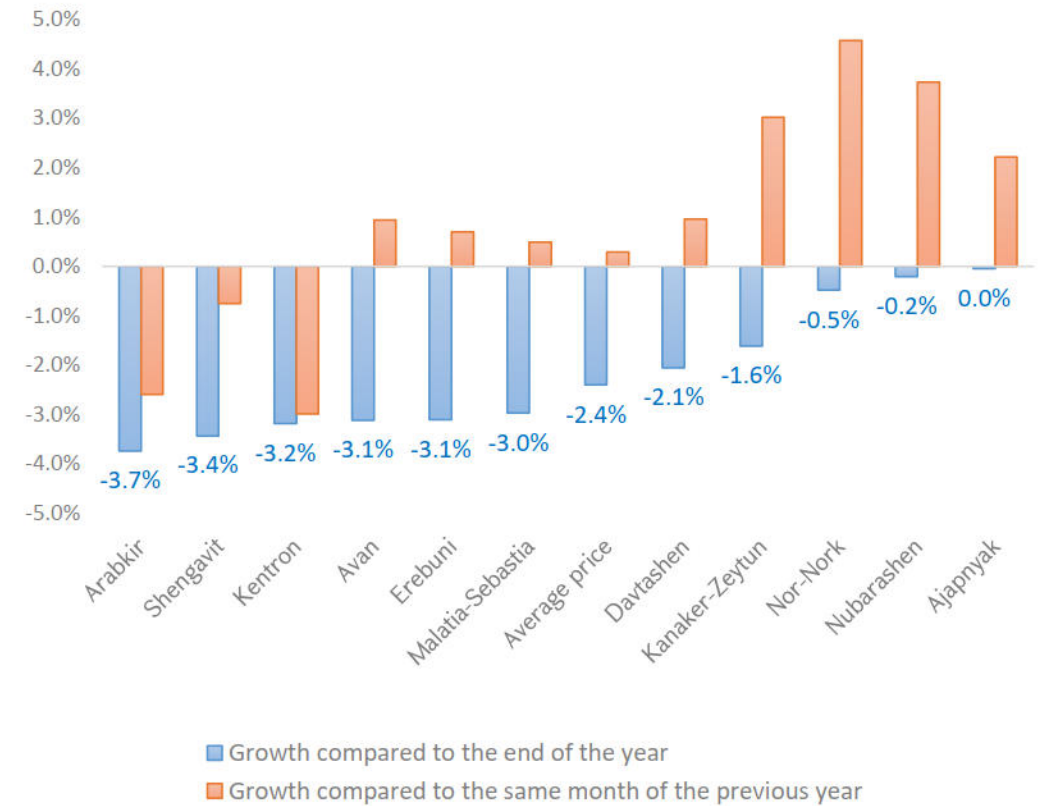
Since the start of the year, decline in real estate prices has been recorded across all administrative districts of Yerevan. Rental fees have also decreased.

*The price of 1sq m. of residential property in Yerevan and rental fees*



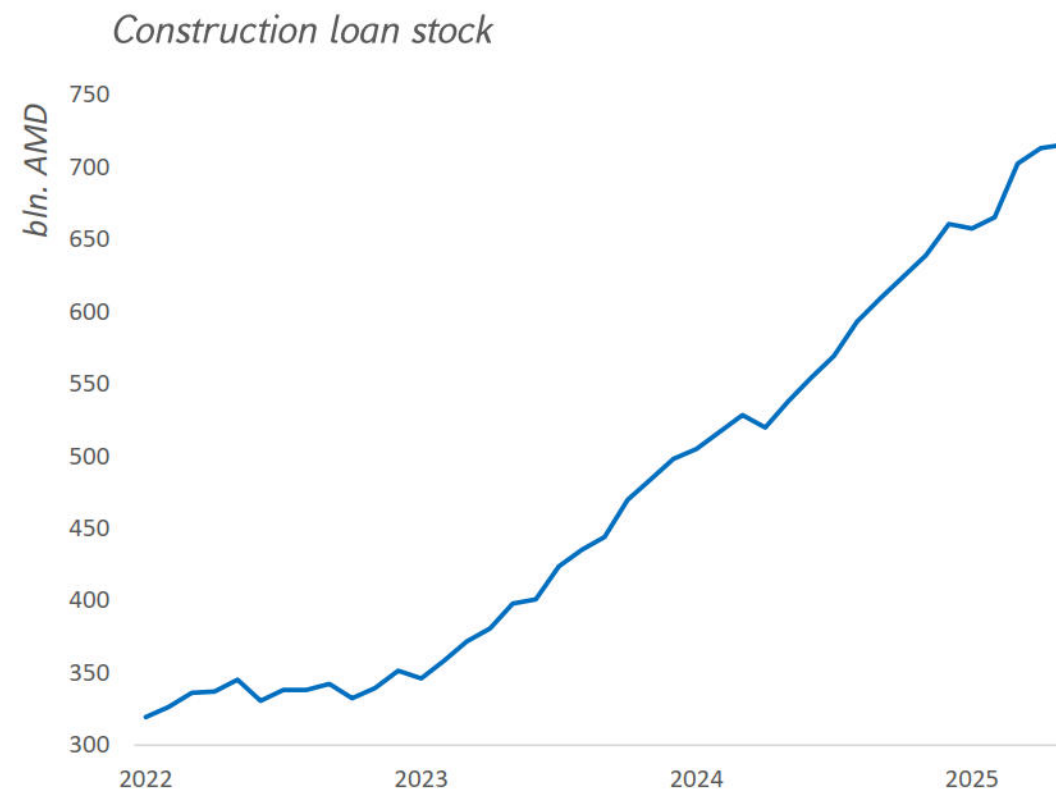
Source: Cadastre Committee of the Republic of Armenia / CBA

*Change in real estate prices by administrative districts of Yerevan*



Source: Cadastre Committee of the Republic of Armenia

# Annual growth rate of construction loans remains high



Source: the CBA

# Conclusion

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- The growth dynamics in different sectors have been largely different.  
Specifically:
  - The growth in consumer loans has remained elevated,
  - The growth rate of mortgage loans has declined,
  - The growth in business loans has been mainly supported by the persistently high growth rates in the construction sector.
- Structural shifts have been observed in the consumer loan growth dynamics (increase in maturities, as well as growth of consumer loans with real estate collateral), which may indicate potential risky behavior.
- The financial cycle index has remained almost unchanged compared to the previous quarter, which is driven by reduced activity in the real estate market.

**The CCyB has been set at 1.75%.**