

Table 1. Armenia: Program Exchange Rates of the CBA
(As of December 31, 2002)

Country	Drams Per Currency	Dollars Per Currency
Australian dollar	329.94	0.5641
Canadian dollar	372.92	0.6376
Swiss franc	416.61	0.7123
Danish krone	73.78	0.1261
Euro	606.88	1.0376
Pound sterling	935.94	1.6002
Japanese yen	4.87	0.0083
Norwegian krone	83.07	0.1420
Swedish krona	66.29	0.1133
U.S. dollar	584.89	1.0000
SDR	792.28	1.3546
Gold 1/	6568.46	11.2302

1/ Per gram.

Table 2. Armenia: Cumulative Foreign-Financed Project Disbursements 1/
(In billions of drams)

2003		2004	
<u>September</u>	<u>December</u>	<u>March</u>	<u>June</u>
6.1	18.8	26.9	35.8

1/ Cumulative from June 2003.

Table 3. Armenia: Structural Adjustment Lending from the World Bank 1/
(In billions of drams)

2003	
<u>September</u>	<u>December</u>
0	11.7

1/ Cumulative, from June 2003; at program exchange rates.

Table 4. Armenia: Financial Soundness Indicators for the Banking Sector, 2000-04
(in percent, unless otherwise indicated)

	2000	2001	2002 1/	2003				2004	
				Mar. 2/	June 3/	Sept.	Dec.	Mar.	June
Capital adequacy									
Total regulatory capital to risk-weighted assets	25.0	13.6	30.5	39.2	34.3	34.3			
Tier I regulatory capital to risk-weighted assets	23.3	12.3	28.8	37.4	32.6	32.7			
Capital (net worth) to assets 4/	14.3	8.8	18.4	20.3	18.3	18.2			
Asset composition									
Sectoral distribution of loans (billions of drams) 5/									
Industry (excluding energy sector)	20.8	24.2	16.3	14.2	16.1	18.5			
Energy Sector	16.3	8.5	12.2	10.7	10.2	9.7			
Agriculture	10.4	9.9	7.1	7.8	8.7	7.7			
Construction	2.0	2.4	2.5	2.8	3.6	4.9			
Transport and communication	2.1	1.9	0.8	0.7	0.7	1.0			
Trade/commerce	12.7	13.4	13.9	14.7	16.6	16.9			
Sectoral distribution of loans to total loans (percent of total)									
Industry (excluding energy sector)	21.9	29.8	22.3	19.9	20.0	22.0			
Energy Sector	17.1	10.5	16.8	15.2	12.7	11.5			
Agriculture	10.9	12.1	9.8	11.1	10.9	9.1			
Construction	2.1	3.0	3.5	4.0	4.4	5.8			
Transport and communication	2.2	2.4	1.2	1.0	0.8	1.2			
Trade/commerce	13.4	16.5	19.0	20.8	20.7	20.2			
Foreign exchange loans to total loans 6/	85.9	84.7	82.5	80.9	73.7	72.9			
Asset quality									
Nonperforming loans (billions of drams)									
Watch (up to 90 days past due)	7.5	6.3	4.9	6.1	7.2	7.6			
Substandard (91-180 days past due)	...	...	2.3	3.8	4.6	4.3			
Doubtful (181-270 days past due)	4.7	4.4	1.7	1.1	1.8	2.3			
Loss (>270 days past due) 7/	2.8	1.9	0.9	1.1	0.8	1.1			
Non-performing loans to gross loans	16.8	25.7	11.5	11.1	12.3	12.0			
Provisions to non-performing loans 8/	6.2	6.0	4.9	6.3	8.2	6.7			
Spread between highest and lowest rates of interbank borrowing in AMD 9/	46.4	45.2	40.2	34.0	28.1	26.4			
Spread between highest and lowest rates of interbank borrowing in foreign currency 10/	46.7	29.0	7.8	5.5	2.4	1.9			
Earnings and profitability									
ROA (profits to period average assets) 10/ 11/	35.0	22.0	3.6	1.8	4.5	2.0			
ROE (profits to period average equity) 10 11/	-1.9	-9.1	3.9	1.5	1.4	2.1			
Interest margin to gross income 12/	-12.3	-78.6	21.6	7.8	7.5	11.1			
Interest income to gross income 13/	30.7	27.8	37.6	44.2	42.7	42.4			
Noninterest expenses to gross income 14/	84.3	77.8	63.1	69.3	65.7	64.5			
Liquidity									
Liquid assets to total assets	36.4	42.7	48.3	49.5	47.9	47.8			
Liquid assets to total short-term liabilities	30.5	33.1	44.5	47.3	49.2	48.8			
Customer deposits to total (non-interbank) loans 15/	86.1	80.4	108.8	114.7	114.0	109.9			
Foreign exchange liabilities to total liabilities 16/	146.4	198.4	195.3	180.8	188.0	185.0			
Sensitivity to market risk									
Gross open positions in foreign exchange to capital	80.6	79.7	72.2	72.9	71.3	71.8			

Source: Central Bank of Armenia.

1/ Includes the data of 20 banks and excludes the data of 8 banks under interim administration.

2/ Includes the data of 20 banks and excludes the data of 4 banks under interim administration.

3/ Includes the data of 20 banks and excludes the data of 2 banks under interim administration.

4/ The ratio shows the relationship between balance sheet capital and balance sheet assets (balance sheet assets exclude securities held under repo agreements).

5/ The ratio shows the sectoral distribution of total bank lending to residents (total bank lending includes loans, factoring, and financial leasing and excludes interbank borrowing).

6/ The ratio shows the share of foreign exchange lending to total lending (interbank lending is included in total lending).

7/ Stock of written off loans in the off-balance sheet.

8/ Includes the provisions of total loans (standard and nonperforming).

9/ From 1998 to 2001 the data show the interbank borrowing of residents and nonresidents. Starting in 2002 the data show only the interbank borrowing of residents.

Since June 2003 repo transactions are also included in interbank borrowing. These differences are due to the change of reporting forms during the above mentioned periods.

10/ Average assets (capital) are calculated based on the algebraic average of quarterly data. The average figures for 2002 are calculated based on 20 banks.

11/ Profit is the undistributed profit from the income statement. In the calculation of ROE and ROA, the annualized profit figure (quarterly profit multiplied by 4) is taken.

12/ Interest income minus interest expense divided by gross income (gross income is defined as the sum of interest and non interest income).

13/ Interest income divided by gross income.

14/ Noninterest expenses divided by gross income.

15/ Customer deposits include bank accounts, demand and term deposits of individuals, legal entities, and nonbank financial institutions.

16/ Foreign exchange liabilities show the balance sheet liabilities in foreign exchange.

Table 5. Armenia: Bank Compliance with Prudential Norms, 2001–2004 1/

	2001	2002	2003				2004	
			Mar.	June	Sept.	Dec.	Mar.	June
Number of banks 2/	30	20	20	20				
Capital adequacy (CAR)								
Capital/risk-weighted assets								
CAR < 12 %	9	0	1	1	1			
12% < CAR < 15%	0	2	0	0	0			
15% < CAR < 20%	2	3	1	2	1			
20% < CAR < 30%	6	3	7	7	9			
CAR > 30%	13	12	11	10	9			
Core capital/risk-weighted assets								
CAR < 8 %	9	0	1	1	1			
8% < CAR < 13%	0	3	0	0	0			
13% < CAR < 20%	3	2	3	3	3			
20% < CAR < 30%	5	3	6	6	7			
CAR > 30%	13	12	11	10	9			
Liquidity (LR)								
Liquid assets/demand liabilities								
LR < 80%	11	1	0	0	0			
80% < LR < 100%	3	5	3	6	4			
100% < LR < 150%	5	7	9	7	9			
150% < LR < 200%	3	3	2	2	4			
LR > 200%	8	4	6	5	3			
Liquid assets/total assets 3/								
LR < 20%			0	1	0			
LR < 25%	12	5	1	4	4			
25% < LR < 30%	3	2	4	2	5			
30% < LR < 40%	7	7	6	5	6			
40% < LR < 50%	1	2	2	2	2			
LR > 50%	7	4	7	7	7			
Exposure limits 4/								
Single external borrower/capital								
Exposure > 20%	4	4	2	3	1			
Single internal borrower/capital								
Exposure > 5%	1	0	0	0	0			
Total internal borrower/capital								
Exposure > 60%	1	0	0	0	0			
Total internal borrower/capital								
Exposure > 50%			0	0	0			
Net open foreign exchange position								
Total currencies position/capital								
Exposure > 25%	1	1	1	1	1			
Nonconvertible currencies position/capital								
Exposure > 5%	2	1	1	1	1			
Asset quality								
Nonperforming loans/gross loans (NPL)								
NPL < 2%	12	6	6	5	5			
2% < NPL < 4%	5	2	3	4	3			
4% < NPL < 6%	2	5	2	3	2			
6% < NPL < 10%	2	2	3	1	3			
NPL > 10%	9	7	6	7	7			

Source: Central Bank of Armenia.

1/ Lower bounds (capital adequacy and liquidity) and upper bounds (exposure limits and open foreign exchange positions) reflect Armenian standards.

2/ Prudential ratios are calculated based on 30 banks at end-2001 and 20 banks in 2002-2003.

The ratio on exposure limits is calculated based on 25 banks at end-2001 and 20 banks in 2002. Asset quality is calculated based on 30 banks at end-2001.

3/ Due to methodological differences, not all cases of a liquidity ratio below 25 percent constitute a violation of the prudential norm. Since February 2003 the margin for the liquidity to capital prudential ratio is set at 20 percent.

4/ Some violations occurred after the CBA required a capital write-off.

5/ Since February 2003 the margin for the total internal borrower/capital ratio is set at 50 percent.

Table 6. Armenia: Arrears of State Budget and SFSI, 2000-04
(In billions of drams; end of period)

	2000	2001	2002 2/	2003 3/				2004	
				Mar.	June	Sept.	Dec.	Mar.	June
Total arrears	44.3	42.2	17.8	17.9	11.2				
Total expenditure arrears	37.3	35.8	7.1	7.2	0.9				
Current expenditures	34.6	31.4	5.5	5.4	0.3				
Wages	0.5	0.4	0.1	0.1	0.0				
Subsidies 1/	0.9	0.8	0.1	0.1	0.0				
Interest	3.4	3.1	0.0	0.0	0.0				
Domestic interest	0.0	0.0	0.0	0.0	0.0				
External Interest	3.4	3.1	0.0	0.0	0.0				
Transfers	9.0	7.9	0.4	0.4	0.0				
Family Allowances	4.1	3.1	0.0	0.0	0.0				
Pension Contributions	1.1	1.1	0.2	0.2	0.0				
Contribution to pension fund	0.6	0.4	0.1	0.1	0.0				
Other 1/	3.3	3.3	0.2	0.1	0.0				
Goods and Services 1/	20.8	19.2	4.8	4.8	0.3				
Health	12.7	11.4	0.1	...	0.0				
Education	1.7	2.2	1.2	...	0.0				
Other	6.4	5.5	3.4	...	0.3				
Capital Expenditures 1/	2.7	4.4	1.7	1.8	0.5				
Net lending 1/	0.0	0.0	0.0	0.0	0.0				
External Amortization arrears	7.0	6.4	10.7	10.7	10.3				
Memorandum items:									
Domestic expenditure arrears	33.9	32.7	7.1	7.2	0.9				
<i>of which:</i> social expenditures arrears	21.7	20.0	1.5	0.1	0.0				
External payment arrears	10.4	9.5	10.7	10.7	10.3				
SFSI stock of arrears	4.4	1.4	0.0	0.0	0.0				

Source: Ministry of Finance and Economy and staff estimates.

1/ Arrears outstanding for more than 30 days.

2/ The end-December stock has been recalculated by the authorities as a result of revision of all claims.

3/ As specified in the TMU, the authorities will compile the data for the quarter ending in September 2003, December 2003, March 2004, and June 2004 within 45 days after the end of each quarter.

4/ These arrears have been cleared in September 2003, following understandings reached with Russia and Turkmenistan in 2002.

Table 7. Armenia: Cash Flow of the Consolidated Energy Sector, 2000-04 1/
(In billions of drams)

	2000	2001	2002		2003 2/					2004	
			Year	Year w/o Armelnet	Actual		Proj.		Year	Proj.	
					Q1	Q2	Q3	Q4		Q1	Q2
Revenues	79.9	65.1	70.7	63.8	19.1	13.4	10.6	15.0	58.1	16.7	12.3
Electricity revenues collected	75.3	62.8	68.9	62.0	19.0	12.6	10.1	14.4	56.1	15.9	11.7
Revenues collected for thermal energy supply	3.6	1.0	1.0	1.0	0.1	0.3	0.3	0.4	1.1	0.6	0.3
Non-core activities	1.0	1.3	0.9	0.9	0.0	0.5	0.3	0.3	1.0	0.2	0.3
Expenditures	101.3	105.7	93.9	77.2	21.4	18.3	13.3	17.3	70.2	14.4	13.8
Inputs	40.1	47.3	30.0	30.0	13.2	6.1	4.7	7.8	31.8	8.5	5.8
Imported gas	38.4	39.0	23.7	23.7	11.2	6.0	1.6	1.7	20.5	1.8	0.7
Nuclear fuel	1.7	8.3	6.3	6.3	1.4	0.1	2.1	2.1	5.7	2.0	2.0
Purchased electricity	...	...	...	...	...	...	1.0	4.0	5.0	4.7	3.1
O&M costs	34.2	31.1	24.0	13.0	2.5	3.1	2.4	2.4	10.3	2.4	2.4
Net payment of taxes accrued	17.2	14.8	21.6	18.9	4.1	4.8	2.2	2.6	13.8	2.0	2.0
Other current expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest payments	5.0	4.7	9.2	8.2	1.0	1.5	0.9	1.3	4.7	0.9	1.0
Capital expenditures	4.8	7.8	9.0	7.1	0.6	2.8	3.1	3.1	9.6	0.6	2.7
Primary balance 3/	-13.5	-29.7	-5.1	1.7	-0.8	-0.9	1.2	2.1	1.7	3.7	2.0
Current balance	-11.6	-28.0	-4.9	1.9	-0.7	-0.6	1.4	2.2	2.3	3.8	2.2
Balance	-21.4	-40.6	-23.2	-13.4	-2.3	-4.9	-2.7	-2.2	-12.1	2.3	-1.5

Sources: Armenian authorities; and Fund staff estimates.

1/ Starting 2003, the cash flows do not include the activities of the electricity distribution company ArmElnet, which has been privatized at end-2002.

2/ As specified in the TMU, the authorities will compile the data for the quarter ending in September 2003, December 2003, March 2004, and June 2003 within 45 days after the end of each quarter.

3/ The primary balance is defined as current revenues minus total expenditures excluding interest payments and foreign-financed capital expenditures.