



THE BOARD OF THE CENTRAL BANK OF ARMENIA

DECISION

CODE

050.0180 N. 21.10.2025

21 October 2025 180-N

ON APPROVING THE SIZE OF THE COUNTERCYCLICAL CAPITAL BUFFER (3rd quarter of 2025)

Aimed at ensuring the stability of the financial system;

guided by part 3 of Article 2 and point "e" of Article 20 of the Law of Republic of Armenia "On the Central Bank of the Republic of Armenia", Article 53, part 1 of Article 54.1 of the Law of the Republic of Armenia "On banks and banking" and the "Procedure for setting and calculating thresholds above the capital adequacy ratio of banks" approved by Decision of the Board of the Central Bank of the Republic of Armenia No 16 of February 4 2019, the Board of the Central Bank of the Republic of Armenia hereby:

D e c i d e s :

1. To leave the rate of countercyclical capital buffer of banks unchanged, at 1.75% of risk-weighted assets.
2. This Decision shall enter into force on the day following its official promulgation on the unified website of normative legal acts.

Republic of Armenia

Deputy governor

of the Central Bank of Armenia

Hovhannes Khachatryan

Yerevan

RATIONALE

For Setting the Counter-Cyclical Capital Buffer (third quarter of 2025)

At the meeting of October 21, the Board of the Central Bank decided to leave the countercyclical capital buffer unchanged – at the level of 1.75% of risk-weighted assets¹.

When rendering the decision on the countercyclical capital buffer (hereinafter also referred to as “CCyB”), the Board of the Central Bank of the Republic of Armenia (CBA) was guided by the comprehensive analysis of the macro-financial and credit market developments. In Particular:

1. Compared to the previous quarter, the Financial Cycle Index has remained almost unchanged, which reflects a balance between the increase in overall lending and the decline in real estate market activity. During the same period, the loans-to-GDP ratio² continued to rise, reaching around 78.2% by the end of the quarter. Accordingly, the loans-to-GDP gap also increased, amounting to approximately 1.1 percentage points.
2. The annual growth rate of total lending has remained at a high level; however, developments have been different across different lending sectors. Specifically, in the mortgage market the downward trends have continued as expected, reflected both in the slowdown of annual growth rates and in a certain decline in loan flows for the period of January-August (compared to the same period of the previous year).

In the consumer lending sector, strong growth trends have persisted. During January-August 2025, the volume of newly issued consumer loans significantly exceeded the comparable figure for the same period of the previous year. Certain characteristics observed in consumer lending-such as the increase in loan maturities and the expansion of consumer loans secured by real estate-may signal potential accumulation of credit risks within this segment.

3. During the observed period, the downward trends in real estate prices have persisted. Considering factors such as the termination of the income tax refund program in Yerevan and the growing saturation of demand in the real estate market, a further decline in market activity is considered possible.
4. Risks stemming from the external geopolitically uncertain environment, as well as potential adjustments in the real estate market and the credit risks associated with

¹ According to paragraph 12 of “[Determination and calculation of thresholds above the regulatory capital adequacy limit for banks](#)” the Central Bank of the Republic of Armenia sets the countercyclical capital threshold (hereinafter referred to as CCyB)) on a quarterly basis. The Central Bank is guided by the provisions of “[General methodology for determining the countercyclical capital threshold](#)” document while determining the CCyB rate.

² The share of the credit portfolio provided to the economy (including leasing and factoring) in GDP (as a percentage).

mortgage and construction loans linked to it continue to remain primary concerns in the financial stability agenda. These factors, among others, were taken into account by the Central Bank in its previous decisions to increase the countercyclical capital buffer (CCyB).

Based on a comprehensive analysis of the above-mentioned factors, the Central Bank finds it appropriate to maintain the CCyB rate unchanged at 1.75%. Future adjustments to the CCyB rate (either upward or downward) will depend on the evolution of macro-financial conditions, uncertainties, and systemic risk developments.