



THE BOARD OF THE CENTRAL BANK OF ARMENIA

DECISION

CODE

050.0013 N. 26.01.2026

26 January 2026 13-N

ON APPROVING THE SIZE OF THE COUNTERCYCLICAL CAPITAL BUFFER (4th 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

Governor

of the Central Bank of Armenia

Martin Galstyan

Yerevan

Rationale

Countercyclical Capital Buffer (Q4 2025)

At its meeting on 26 January 2026, the Board of the Central Bank decided to keep the countercyclical capital buffer unchanged at 1.75% of risk-weighted assets¹.

In making its decision on the countercyclical capital buffer (hereinafter also referred to as the countercyclical capital buffer, CCyB), the Central Bank of the Republic of Armenia was guided by a comprehensive analysis of macro-financial developments and trends in the credit market. In particular:

1. As of the third quarter of 2025, the credit-to-GDP ratio stood at around 80%. Accordingly, the credit-to-GDP gap increased to 1.93 percentage points. Compared to the previous quarter, the financial cycle index also rose, driven mainly by the widening credit-to-GDP gap on the one hand, and by developments observed in certain sectoral segments of lending on the other.
2. The annual growth rate of total lending declined slightly compared to previous quarters, although it remains broadly in line with the high levels observed in recent years. Developments across individual lending sectors were different. In particular, the downward trends in mortgage lending continued, reflected both in lower annual growth rates and in a reduction in lending flows during the January - December period compared to the same period of the previous year. It is expected that these declining trends may persist in the near term.
In contrast, the strong growth trends observed in consumer lending in recent quarters were maintained. During January - December 2025, the volume of newly issued consumer loans exceeded the comparable figure for the same period of the previous year. As a result, as of the third quarter of 2025, the consumer loans-to-GDP ratio also increased.
3. Despite some increase in real estate prices observed in the second half of 2025, a further slowdown in activity in this market is considered possible, taking into account the gradual phasing-out of the personal income tax refund program, as well as demand saturation in the real estate market.
4. Among systemic cyclical risks, credit risks stemming from external geopolitical uncertainties, as well as from potential adjustments in the real estate market and the closely related mortgage and construction lending, continue to remain prominent. These factors, among others, were taken into account in the Central Bank's previous decisions to increase the countercyclical capital buffer.

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.

Based on a comprehensive assessment of the factors described above, the Central Bank considers it appropriate to keep the CCyB rate unchanged at 1.75%. Any future changes to the CCyB rate - whether increases or decreases - will depend on further developments in macro-financial conditions, uncertainties, and systemic risks.