



THE BOARD OF THE CENTRAL BANK OF ARMENIA

DECISION

CODE

050.0282 N. 20.10.2026

20 October 2026 282-N

ON APPROVING THE SIZE OF THE COUNTERCYCLICAL CAPITAL BUFFER (3rd quarter of 2026)

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", 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. Set the countercyclical capital buffer of banks at 2.25% of risk-weighted assets.
2. This decision enters into force (is mandatory) from May 1, 2027.

Republic of Armenia

Deputy governor

of the Central Bank of Armenia

Hovhannes Khachatryan

Yerevan

Rationale

For setting the Counter-Cyclical Capital Buffer (Q3 2026)

At its meeting on 20 October 2026, the Board of the Central Bank decided to set the countercyclical capital buffer at 2.25% of risk-weighted assets¹.

This rate is effective from May 1, 2027.

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. During the second quarter of 2026, the credit-to-GDP ratio² continued to increase, reaching about 87% as of the end of the quarter. Accordingly, the credit-to-GDP gap widened to about 6.6 percentage points. Over the same period, the financial cycle index also increased, mainly driven by the rise in real estate market activity since the beginning of the year and the persistence of high lending growth rates.
2. Overall, the high activity in the credit market remained almost unchanged compared to the previous quarter, which was visible both in total lending and across individual sectoral lending directions.

In particular, the annual growth rate of the total loan portfolio was high and comparable to the previous quarter. The high growth rates of consumer loans also persisted, although some slowdown has been observed since the beginning of the year. At the same time, following the prolonged declining trends during the previous year, the growth rates of mortgage loans have accelerated during the year.

3. Trends of increasing activity are observed in the real estate market. In particular, a significant increase in the average real estate price has been recorded compared to the beginning of the year, which may be driven by increased external demand for real estate, as well as by growing interest in real estate as an investment asset in the domestic market. Taking into account also the acceleration of mortgage lending and the continued high credit activity in the construction sector, these developments

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 Total credit (including leasing and factoring) provided by the financial system to the real economy as a share in GDP.

may signal a new phase of acceleration in the real estate market and a possible accumulation of related risks.

4. Developments in the real estate market (including mortgage and construction lending) are under close monitoring by the Central Bank of Armenia in order to assess the appropriateness of reviewing the relevant measures/tools aimed at addressing the possible accumulation of risks in this area.

Based on the comprehensive analysis of the above-mentioned facts, the Board of the Central Bank finds it appropriate to increase the CCyB rate by 0.25 p.p., setting it at 2.25%³.

Any future changes to the CCyB rate - whether increases or decreases - will depend on further developments in macro-financial conditions, uncertainties, and systemic risks.

³ This rate is effective from May 1, 2027. As of February 1, 2027, banks shall meet the 2% CCyB rate requirement in accordance with Decision No. [050.0202.N](#) of the Board of the Central Bank of the Republic of Armenia dated 28.07.2026.