



THE BOARD OF THE CENTRAL BANK OF ARMENIA

DECISION

CODE

050.0202 N. 28.07.2026

28 July 2026 202-N

ON APPROVING THE SIZE OF THE COUNTERCYCLICAL CAPITAL BUFFER (2nd 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", 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. Set the countercyclical capital buffer of banks at 2.00 of risk-weighted assets.
2. This Decision enters into force (is mandatory) from February 1, 2027.

Republic of Armenia

Deputy governor

of the Central Bank of Armenia

Hovhannes Khachatryan

Yerevan

Rationale

For setting the Counter-Cyclical Capital Buffer (Q2 2026)

At its meeting on 28 July 2026, the Board of the Central Bank decided to set the countercyclical capital buffer at 2.00% of risk-weighted assets¹.

The countercyclical rate is effective from February 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. As of the first quarter of 2026, the loan-to-GDP ratio² increased to 84%. As a result, the loan-to-GDP gap increased by about 1 percentage point to 4.3 percentage points. The financial cycle index also increased compared to the previous quarter, mainly due to the high activity in the credit and real estate markets.
2. The annual growth rate of the total loan portfolio continued to remain elevated. High activity was recorded in almost all main lending directions. In particular, the rapid growth rate of consumer loans persisted, which was reflected in both the high growth of the consumer loan stock and the high growth of the volume of newly issued loans in the first half of 2026 compared to the same period of the previous year. The growth rate of the mortgage loan stock stabilized at a lower level compared with previous years. Nevertheless, the volume of newly issued mortgage loans during January-June 2026 significantly exceeds the indicator for the same period of the previous year.

As a result, household's debt burden and debt servicing burden continued to grow, reaching levels comparable to or exceeding their historical maximum levels.

3. Accelerated price growth trends have been recorded in the real estate market compared to the previous year. Considering the large-scale provision of mortgage and construction loans in previous years, monitoring and addressing the potential accumulation of credit risk in banks' balance sheets continue to remain in the Central Bank's focus of attention.
4. According to the macro stress testing estimates, the amount of additional capital needed to absorb unexpected losses resulting from a hypothetical stress scenario in

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.

the current phase of the financial cycle is estimated at around AMD 211 billion or 2.04% of risk-weighted assets.

5. Currently, the banking system is characterized by a high level of profitability and capital adequacy. In this context, the costs of capital accumulation are relatively low, and the current level of bank capitalization is sufficient to ensure the continuity of lending to the economy.
6. Risks arising from high regional economic, trade and political uncertainties continue to dominate the list of financial stability risks. In particular, the likelihood of abrupt, frequent and simultaneous shocks to the macro environment in the context of ongoing conflicts is assessed to be high.

Based on the comprehensive analysis of the above-mentioned facts, the Board of the Central Bank finds it appropriate to increase the CBR rate, setting it at 2.00%.

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