

SUSTAINABILITY REPORT 2025

Published on 09-03-2026

CONTENT

PREFACE	4
INTERNATIONAL COOPERATION	5
PART 1. ROADMAP	6
Mobilize Sustainable Finance and Funding	6
Enhance Markets	7
Embed Sustainable Finance	7
Build Awareness and Knowledge	8
PART 2. MARKET TRENDS	9
Summary of Sustainable Finance Market Developments	9
The Impact of Sustainability Loans	12
ANNEX 1. SUSTAINABILITY REPORTING IN THE FINANCIAL SECTOR	12

The sustainability report summarizes the current key developments in the sector within the financial system and the Central Bank. It encompasses the work undertaken by the Central Bank and its cooperation with international partners, a summary overview of sustainable products available in the private sector, and data reflecting the progress of sustainability within the banking system.

The report is based on the necessity of integrating the “sustainable finance” principle into the financial system.

Sustainable finance involves incorporating environmental, social, and governance (ESG) considerations into organizational decision-making to promote long-term, sustainable economic growth.

The Central Bank is committed to integrating sustainable finance principles into the financial system in order to manage and mitigate ESG and climate-related risks.

PREFACE

CBA Commitment

In 2021, the Central Bank of Armenia (the CBA) established a Green Finance Working Group with an objective of integrating ESG and climate-related factors causing financial risks into the CBA's agenda and coordinating the related processes.

For this purpose, the Central Bank developed a National Sustainable Finance Roadmap, which was approved by the CBA Board on September 5, 2023.

Excerpt from the message of the CBA Governor, Martin Galstyan, in the Roadmap

“Sustainable finance has a key role to play in supporting Armenia’s economic growth while helping to reduce pressures on the environment and strengthening social and governance factors. The entire financial system will need to join the effort to help the country pivot towards a new sustainable growth trajectory”.

“The roadmap frames and clarifies current developments, and draws on relevant international experience from the growing number of countries, which are scaling up sustainable finance across continents.”

The CBA Strategy, 2025-2027

Under the Financial System Strategy, one of the four strategic directions approved by the Central Bank on November 26, 2024, for the years 2025–2027, “Financial System Sustainability” was set as a priority.

Strategic message of the Governor of the Central Bank, Martin Galstyan

“Being part of global development, we haven’t been left behind in following environmental, social, and governance standards. With this strategy, we have emphasized the implementation of sustainability standards both as a regulator and an authority.”

Communication

This is the first sustainability report of the CBA. The CBA also communicates to the public on the progress of its sustainability-related initiatives through the following channels:

- Financial Stability Report
- Annual Report
- The website of the Central Bank.

Since 2025, the Central Bank has published sustainability-related projects on its website.¹

¹ <https://www.cba.am/hy/sustainable-finance/>

INTERNATIONAL COOPERATION

Since the development of the Roadmap, the Central Bank has cooperated with various international institutions to implement the actions defined therein and other related initiatives, as well as to facilitate knowledge exchange in the area of sustainability. The figure below outlines the sustainability initiatives of the Central Bank.

Figure 1. Sustainability Initiatives of the Central Bank and Supporting Organizations

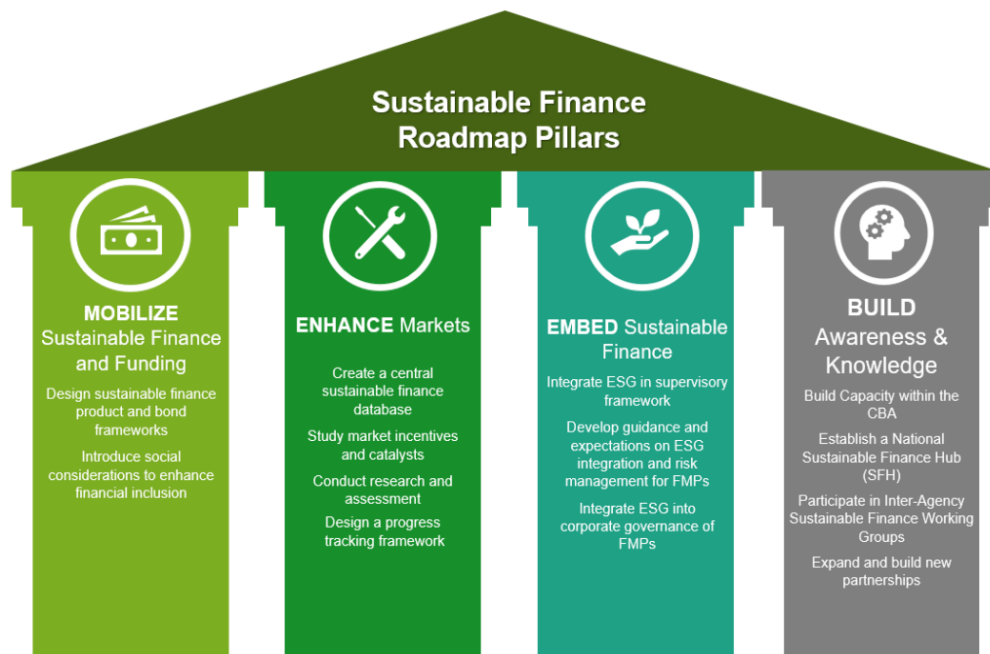


The Central Bank's first initiative in the area of sustainability, the development of the Roadmap, was supported by the Green for Growth Fund and Deloitte Luxembourg Advisory, which assisted in assessing climate risks in Armenia, reviewing green and climate-related policies, and defining the Roadmap Action Plan. The actions envisaged under the Roadmap and arising from the latter, undertaken by the Central Bank, as reflected in the above figure, have been implemented with the support of *The German Sparkassenstiftung for International Cooperation (DSIK)*, *the European Bank for Reconstruction and Development (EBRD)*, *the World Bank*, *the French Development Agency (AFD)*, and *the European Investment Bank (EIB)*. Completed and ongoing projects, structured in accordance with the Roadmap pillars, are presented in details in the section below.

PART 1. ROADMAP

The actions undertaken by the Central Bank in the field of sustainability are consolidated in the National Sustainable Finance Roadmap.² Figure 2 summarizes the pillars defined by the Roadmap.

Figure 2. Roadmap Pillars and Actions



Source: CBA National Sustainable Finance Roadmap, 2023.

Mobilize Sustainable Finance and Funding

Sustainability-Linked Bond Framework

The Sustainability-Linked Bond Framework/Guidelines outlines how funds raised from these bonds will be used to support environmentally sustainable and socially responsible projects. It details the allocation of proceeds from green and social bond issuances. The project is implemented in cooperation with the European Investment Bank. The first phase was completed in August 2025 with the publication of a sustainable bond market assessment and analytical report.³ The report summarizes market demand, gaps and constraints among potential issuers of green and social bonds in the Republic of Armenia and provides policy recommendations. The development of the Bond Framework is expected to be finalized in the first quarter of the current year.

² Further details on the Roadmap are available at the following link: [National Sustainable Finance Roadmap | CBA](#). This report includes only the ongoing and completed commitments set out in the Roadmap.

³ [Sustainable Bond Market Readiness Assessment Report.pdf](#)

Enhance Markets

Research and Assessments

Risk Radar and Heat Map

The risk radar is a tool that assesses ESG risks across the sectors of the Armenian economy.⁴ It was published on the CBA website in 2024. The assessment identified sectors with elevated climate risk exposure, including construction and agriculture, which rank highest in the developed Heat Map based on their risk profile.

Embed Sustainable Finance

1. Integrate ESG into the Supervisory Framework

- **First Phase of Sustainability Reporting for Banks.**⁵ In cooperation with the European Bank for Reconstruction and Development, the Central Bank developed and, in May 2025, shared with banks sustainability reporting template through a supervisory note, covering the actions initiated in 2024. It requires banks to disclose the exposure of their loan portfolios to physical and transition climate risks, as well as the relevant metrics and targets related to green and social products.

- **Transition Climate Risk Stress Testing.** In cooperation with the World Bank, the Central Bank is conducting macroeconomic stress testing of transition climate risks of the banking system. Preliminary results indicate that the banking system maintains the minimum capital adequacy requirement under the most adverse scenario, demonstrating resilience, while projecting a moderate increase in credit risk across all transitional scenarios.⁶ The transition risk stress testing report is expected to be finalized in the first half of 2026.

2. Supervisory Guideline on the Integration and Management of ESG Risks. The Supervisory Guideline, to be developed through consultations with financial institutions, will focus on several key areas, governance, strategy, risk management, scenario analysis, and stress testing, of which risk management area is currently underway.

⁴The tool determines sectoral exposure to ESG and climate-related risks; however, within a given sector, a financial institution engaged in specific types of activities may exhibit a lower risk profile due to the effective implementation of adaptation measures. Full description of the tool: [ESG_Risk_Radar_eng.pdf](#).

⁵Discussions regarding the introduction of a mandatory reporting format are ongoing within the Central Bank and with the Ministry of Finance.

⁶The scenarios relate to the pace of transition toward low-carbon activities. The report will be published on the CBA website in the first half of the current year.

• Risk Management Tool

The development of a comprehensive climate and ESG risk management tool will be an integral part of the described above Supervisory Guideline on the integration and management of ESG risks, and is currently underway. The tool will enable commercial banks to manage and mitigate ESG risks within their loan portfolios. The central components of the ESG and climate risk management tool include the risk radar for assessing *sectoral economic risks*, *maps illustrating the distribution of climate-related disasters across settlements of the Republic of Armenia*,⁷ *borrower questionnaires for assessing exposure to climate and environmental risks*,⁸ *sustainability compass*⁹, and *sectoral adaptation and mitigation measures*. The comprehensive risk management tool is expected to be developed in 2026.

Build Awareness and Knowledge

1. Capacity Building within the Central Bank and the Financial System

• Establishment of an Interbank Working Group

In May 2024, the Central Bank, in collaboration with representatives from commercial banks, formed a Sustainable Finance Working Group to introduce banks to the Central Bank's ongoing initiatives in the sector and to keep the Central Bank informed about sustainability-related efforts undertaken by the banks.

• Thematic Training Sessions for Banks

Since 2023, the Central Bank of Armenia, in cooperation with international partners, has organized training for financial institutions to enhance awareness in the field of sustainable finance.

The training sessions included:

- *Workshops delivered by the European Investment Bank* on sustainable bonds, international standards on sustainability products, sustainable bond guidelines (currently under development by the CBA) for commercial banks, insurance companies, and investment firms, on 26th of February, 2026 and 17th of December 2025.
- *A two-day workshop on sustainability reporting held at the Central Bank's Dilijan Research and Training Centre in cooperation with Bundesbank counterparts* on October 16–17th, 2025.

Approximately fifty representatives from commercial banks, investment firms, ministries, and academia participated in the training.

⁷ The development of the maps commenced in September 2025 and is financed by the Asian Development Bank. It is planned to finalize the maps by the first quarter of 2026.

⁸ The questionnaires are designed to assess the vulnerability and preparedness of individual borrowers to ESG and climate-related risks.

Depending on the level of vulnerability, the questionnaires differ in the number of questions applicable to clients classified as low, medium, or highly vulnerable. The questionnaires were developed by the German Sparkassenstiftung for International Cooperation (DSIK), based on observations and considerations provided by the Central Bank and commercial banks.

⁹ The Compass was also developed by DSIK partners and serves as a tool enabling commercial banks and other financial institutions to assess their level of sustainability and to establish targets, supported by appropriate adaptation and mitigation measures to achieve such targets.

- *A workshop led by the experts from the **Asian Development Bank** on greenhouse gas emissions, July 9–11, 2025.* Commercial bank participants learned about the methodology for calculating greenhouse gas emissions.
- *In cooperation with the **European Bank for Reconstruction and Development (EBRD)**, from November 2023 to June 2024, more than ten thematic training sessions were delivered for the banking sector.* The trainings focused on the development of climate strategies, climate scenario design and stress testing, the establishment of climate and ESG metrics and targets, the preparation of sustainability reports, among others. Approximately 25 participants from commercial banks received certificates issued by the Central Bank and the EBRD.

Participation in Interagency Working Groups on Sustainable Finance

- *Since 2022, the Central Bank has participated in the **Green Armenia platform led by the Ministry of Economy**, with the objective of contributing to sustainability-linked initiatives at the level of state authorities, in particular, participation in the development of a green taxonomy.*
- *Since 2024, participation in interagency initiatives on **climate-related reporting has been coordinated by the Ministry of Finance**.* The Ministry of Finance, in cooperation with other authorities, is implementing a comprehensive system for the collection of climate-related reporting data at national level. Since the beginning of 2025, the Central Bank has been contributing to the national data collection framework by gathering information on banks' climate-related activities as the authority responsible for overseeing the financial sector.

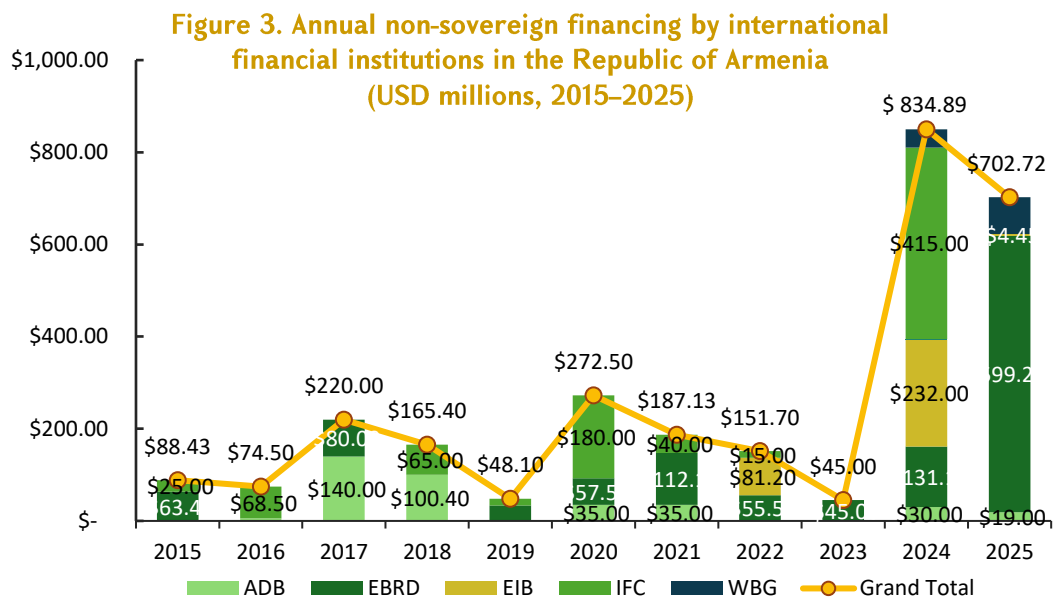
PART 2. MARKET TRENDS

Summary of Sustainable Finance Market Developments

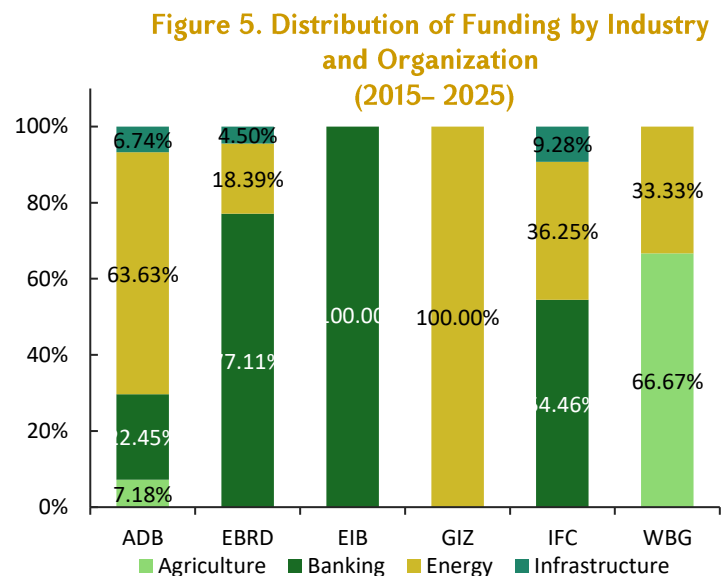
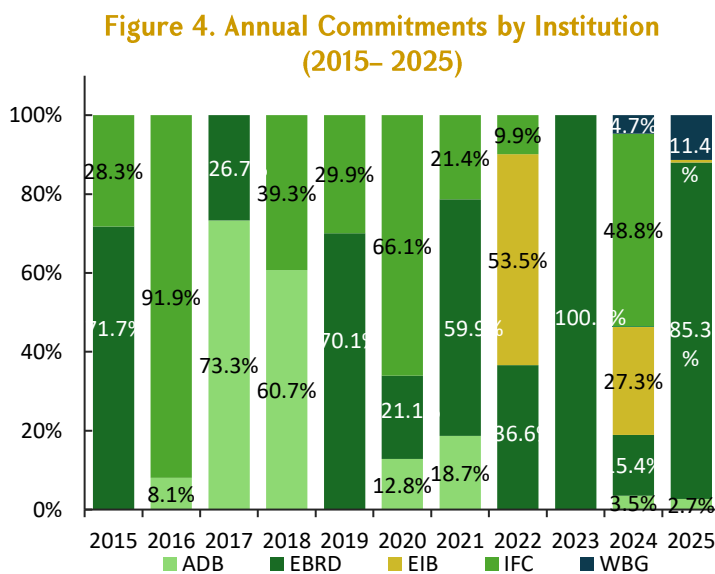
In the fourth quarter of the previous year, within the framework of cooperation with graduate students from Columbia University, the CBA carried out several sustainability-related initiatives, including the collection and analysis of data from international institutions on individual sustainable products obtained by financial institutions. Based on these data, collected through the interviews with the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), and the World Bank Group (WBG) as principal donor institutions, a summary of sustainability data has been compiled on the funding received by Armenian financial institutions in the area of sustainability during 2015-2025.¹⁰ During this period, the total aggregate amount received was USD 2.87 billion, with the predominant share obtained in 2024 and 2025, totalling USD 0.8 billion and USD 0.7 billion, respectively. Loans accounted for 87% of the aggregate amount, totalling USD 2.5 billion, while the remainder comprised bonds, equity investments, and investment guarantees. The largest share of financing belongs to EBRD. The

¹⁰It should be noted that the referenced database does not constitute an official or comprehensive disclosure by the Central Bank of sustainability products available in the sector but rather represents a research and analytical exercise aimed at consolidating publicly available information. The aforementioned international institutions were selected on the basis of their status as major investors of the sector.

financing has been directed towards green initiatives, support for small and medium-sized enterprises, and activities aimed at advancing gender-related objectives.



Source: Data provided by international organizations



The most financed sectors are the banking and energy. The European Investment Bank has exclusively provided sustainability-related financing to the banking system, whereas more than 60% of the Asian Development Bank's financing has been allocated to the development of energy sector, and a comparable share of the World Bank Group's financing has been directed to agriculture. A predominant share of sustainability-linked financing within the banking sector is also observed in the portfolio of the European Bank for Reconstruction and Development.

Sustainable Bonds. In the Republic of Armenia, the market for sustainable and sustainability-linked bonds remains at an early stage of development. Such bonds have been issued by Ameriabank, the National Mortgage Company, Electric Networks of Armenia, and Telecom Armenia, with the following characteristics:

Table 1. Sustainable and Sustainability-Linked Bonds in Armenia¹¹

Issuer	Type	Volume	Nominal Value	Coupon Bond Interest Rate	Listing Platform	Issue date
Ameriabank	Green	42 million EUR	\$1,000,000 USD	3.05%	Cbond Market	11/2020
		\$8 million USD	\$100 USD	3.5%	Bbond list	02/2022
		3 billion AMD	100,000 AMD	9.5%	Bbond list	
National Mortgage Company	Green	\$26 million USD	\$200,000 USD	Unissued	Non-public distribution	06/2024
Electrical Networks of Armenia	Green	\$30 million USD	\$100 USD	7.25%	Abond list	07/2024
		\$30 million USD	\$100 USD	7.25%		08/2024
Telecom Armenia	Sustainability-related	\$45 million USD	\$100 USD	7.95%	Abond list	12/2024
		\$20 million USD	\$100 USD	7.85%		
		3.9 billion AMD	100,000 AMD	11.5%		

¹¹ The information is based on disclosures published by banks, the Armenia Stock Exchange and the National Mortgage Company, and its accuracy has not been independently verified by the Central Bank.

The Impact of Sustainability Loans

National Mortgage Company (NMC)

The company has been refinancing energy-efficient mortgage loans since 2014. As a primary technical instrument, the Energy Efficiency Assessment Tool evaluates the environmental impact of each project by calculating energy savings and reductions in greenhouse gas emissions. In June 2024, the National Mortgage Company launched its Green Bond Framework and, in November 2024, issued its inaugural green bond. The Green Bond Framework enables the issuance of green bonds to refinance projects across three principal categories: acquisition, renovation, and construction.

The Green Bond Report of the NMC, published in December 2025, presents progress achieved in green lending and the allocation of proceeds derived from the bond issuance.¹²

Proceeds from the inaugural green bond issuance have contributed to:

- Refinancing of 2,005 energy-efficient residential units
- Annual energy savings of 28.2 million kWh
- An annual reduction of 11,787 tonnes of CO₂ emissions

The German Armenian Fund

During 2024–2025, under Phase VI of the Renewable Energy Development Program implemented by the German-Armenian Fund in the area of “green” financing, investments were financed for the construction of small-scale solar power plants (up to 500 kW) installed by SMEs and individuals for self-consumption purposes. Within the framework of the program, 3,706 loans were extended, of which 254 were granted to SMEs and 3,412 to individuals. As a result of the financed projects, annual CO₂ emissions have been reduced by 55,890 tonnes.

Under the second program financed by the European Investment Bank, Economic Resilience Financing for Armenia, 140 sub-loans directed toward “green” projects were refinanced, the majority of which supported the acquisition and commissioning of modern equipment, with the remainder extended to the financing of solar power installations. The primary beneficiaries are SMEs operating in the manufacturing and tourism sectors.

ANNEX 1. SUSTAINABILITY REPORTING IN THE FINANCIAL SECTOR

In cooperation with the European Bank for Reconstruction and Development, the CBA developed and in May 2025, transmitted to commercial banks through a supervisory note the sustainability reporting template.¹³ It consists of the following main sections: **1) Sustainability Questionnaire, 2) Climate Governance, 3) Physical Climate Risks, 4) Transition Climate Risks, and 5) Metrics and Targets.**

The first section, **Sustainability Questionnaire**, comprises questions related to the bank’s activities in the field of sustainability, including **integration of climate related risks in the risk**

¹² https://nmc.am/storage/paths/uploaded_files/path_1770384540.pdf

¹³ The template is subject to revision for the 2025 reporting year.

management framework, transitional strategy, development of scenarios in the governance structure, business strategy.

The second section, **Climate Governance**, assesses the extent to which the sustainability agenda is embedded within the bank's capacity-building framework and governance structure. As of September 2025, 6 out of 17 banks have appointed an ESG coordinator or manager, typically operating under the risk management department, and one bank has established an Environmental and Social Risk Management Committee at the board level.

Under the **Physical Climate Risks** section, banks report the impact of acute and chronic climate risks on their loan portfolios by sector, as well as the aggregate value of pledged real estate collateral by the region of the borrower's activity. Nearly all banks have completed these disclosures, while reporting challenges in data availability and collection. In subsequent reporting phases, the template will incorporate additional questions to clarify the methodology used by banks for their calculations.

The section on **Transition Climate Risks** consists of two parts: The first requires the bank to disaggregate the volume of green loans within its credit portfolio by sector, based on an international classification system or the bank's internal taxonomy. The second part requires the disclosure of greenhouse gas emissions data, including financed emissions. Few banks currently apply sectoral classification to green loans, while, as anticipated, calculating financed emissions remains the most complex and challenging part of the report.

The metrics and indicators section consists of two components: green activities and social activities. The disclosed indicators on green activities include the volume of green or sustainable loans provided, liabilities related to green activities, and sectoral targets for green lending and greenhouse gas emission reductions. Three of the 17 commercial banks have reported significant volumes of green lending.¹⁴ Several banks have established green lending targets ranging between 10% and 17%. The social component includes the disclosure of several indicators related to women's participation in the workforce.

¹⁴ The classification is based on different methodologies used by banks to define "green" activities. Following the publication in June 2025 of the taxonomy on green, transitional and enabling activities, banks will adopt a unified methodology for the classification of green loans based on the Republic of Armenia taxonomy.