

Your Excellency Mr. Prime Minister,

Honored guests, ladies and gentlemen,

The year 2021 is coming to an end and in retrospect, we can state that it was a difficult year for our economy. Still, we can assess that due to our joint efforts we have been able to maintain price and financial stability in the Republic of Armenia.

Since the beginning of the year, we have faced significant external inflationary pressures that have passed through the domestic inflation. In this situation, the foremost priority for the Central Bank was to ensure price stability at the lowest cost to the economy. From this perspective, we consider our monetary policy conducted during the year as very balanced. It is true that inflation is above our target level today, but as a result of the Central Bank's actions, it will gradually decelerate, approaching the target. The moderate increase in the refinancing rate during the year allowed, first of all, to avoid a worse scenario of inflation, to anchor the inflation expectations of the population, at the same time not hindering the recovery of demand. And while in the coming months we will already witness a certain decrease in inflation rate, however, we must continue to be vigilant, because global inflation is not going to retreat, and the coming year still poses significant inflation risks and challenges.

2021 was challenging in terms of financial stability either. The shocks that occurred in 2020 had their inevitable impact on the financial system outcomes in the current year. Since the beginning of the year, because of the significant increase of uncertainty, risk appetite of both the economy and the financial system shrank affecting credit of the banking system, especially given the significant lending under the Government's programs last year. However, our financial system has not only overcome these difficulties, but even made a significant contribution to alleviating the country's economic issues. Financial institutions have also undertaken a certain burden of addressing social problems, which had emerged as a result of the pandemic and the war. Evidenced by the latest data, the recovery of credit is already taking place and we will end up the year with positive developments in financial intermediation.

At the same time, I would like to emphasize that future price and financial stability in Armenia is secured, and the key precondition for it are not the distinct indicators, such as international reserves or banking sector capitalization, but knowledge and professional skills of the Central Bank staff, due to which we were able to withstand many severe shocks and have been often highly praised by our domestic and international stakeholders.

Among the important achievements of the Central Bank in 2021 we can single out the new strategy, which presents the mission, vision and values of the Central

Bank, as well as the main directions of our development and policy. Especially I would like to emphasize the agenda of financial sector digitalization, which is a cornerstone of our strategy. Having a digital society, digital ecosystem and digital accessibility in the 21st century is a must, and I think, digitalization is precisely the way to enable our citizens benefit from more accessible and convenient financial services. I believe that the joint agenda of the Government and the Central Bank to form a digital economy and society, under the leadership of the Government will be the keystone of the digital transformation of finances, and I want to assure that the Central Bank and the financial system are fully committed to their high mandate.

We can conclude that the Central Bank has now entered a new stage of transformation, which is gradually beginning to reveal itself in various spheres of our activity. Along the way, we appreciate the support of our society, the National Assembly and the Government: we are confident that in a few years we will have a more capable, leading institution based on research and innovation excellence, which will continue to lead the development of our economy under its mission of ensuring prices and financial stability.

I wish all of us a new year full of success and achievements.

Congratulations on 2022!