

Annual report 2014

2015-03-31

Chairman's message

Dear reader

This annual report for 2014 provides an inclusive account of the activities and results of the Central Bank of the Republic of Armenia for the period under review. During 2014, the Bank pursued a policy of cutting the refinancing rate, which was aimed at achieving a long-term economic growth and maintaining stable prices — an important precondition for the growth. However, the developments with external shocks later the year necessitated revision of the directions of the monetary policy, requiring prompt situational solutions in order to alleviate the effects of concussions in the short run. We can state that the tools we used were both well-timed and appropriate, which made it possible to reduce the tension in the financial market and ease the inflationary pressures to some extent. In achieving this, we collaborated with other government departments and international financial institutions. As a result, it became possible to effectively manage the inflation: at the end of the year it was near the target, 4.6 percent.

The shocks of 2014 were a challenge to the domestic financial system as it incurred the main burden of costs arising from external vulnerabilities. However, demonstrating ability to withstand shocks, the financial system posted good results thus contributing to the economic growth. Real and financial sectors of the economy further tended to integrate during the year. The ratio of assets and loans of the financial system to gross domestic product has grown by 5.7 percent and 6.1 percent, respectively. At the end of the year, the financial system assets-to-GDP ratio was 82.8 percent and the credit-to-GDP ratio, 48.9 percent, exceeding the relevant indicators in a number of countries in the region. The Bank continued supporting the implementation of social credit programs, such as mortgage lending and loans to farmers, servicemen, students and young specialists, in cooperation with the Government.

An important development in the area of insurance in 2014 was that we started activities for the Armenian Single Window for Automotive, ASWA. This is a multi-lingual web platform with public and private accessibility, which offers a single electronic environment where the users can conclude motor third party liability insurance contracts and manage insurance accident and indemnification process. I would like to conclude that high

professionalism of the personnel and high level of teamwork served unquestionably well for the Bank in facing the challenges during 2014.

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Chairman
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