

CBA Annual Report (2024)

2025-04-28

Dear Reader,

This report summarizes the work of the Central Bank in 2024, reflecting both the public policy outcomes of the Central Bank and our progress as an institution. It is structured in accordance with the Strategy of the Central Bank, with individual sections summarizing the year's achievements in fulfilment of our strategic objectives. Naturally, the report does not encompass all of our activities this year, and many accomplishments related to our longer-term objectives will be summarized and publicly shared as their outcomes materialize.

This year's results attest to the Central Bank's full and effective execution of its mandated responsibilities.

In 2024, amid a low-inflation environment, the Central Bank continued its gradual reduction of the policy rate, guided by its logic of returning inflation to the target rate. Economic growth stabilized near its potential level, despite softening external demand. Toward the end of the year, inflation showed a modest recovery, moving closer to the target level.

It should also be noted that, in 2024, monetary policy was already implemented using the newly introduced FPAS Mark II system, which has involved a review of the entire process of policy development, decision-making, and communication.

A notable change and important achievement was the revision of the inflation target, which is now 3 percent instead of the previous 4 percent. I am confident that this was a necessary step in terms of ensuring the future well-being of our citizens in the coming decades, increasing confidence in the Central Bank, and contributing to economic development.

Our financial system has continued to develop at a progressive pace while maintaining all the necessary conditions for stability and prudent risk management. The banking system is highly capitalized and liquid. The Central Bank has continued to raise the countercyclical capital buffer to manage potential systemic risks. In the area of regulation and supervision, the emphasis has been on improving and strengthening the quality of

corporate governance of financial system institutions, including primarily the formation and development of their own risk management systems, which is one of the most important guarantees of future stability.

Among the Central Bank's internal reforms, a key milestone was the implementation of a performance management system designed to establish clear work targets and ensure fair evaluation of employee performance. Strengthening the project-oriented culture was also of great importance, as it enables collaborative efforts to be effectively directed toward addressing more complex and long-term challenges.

Last year, the Central Bank also initiated changes to its governance framework, including a revision of the internal decision-making structure, committee functions and principles, as well as the commissioning process. As a result, we anticipate more effective decision-making and accelerated processes, leading to enhanced overall productivity of the Bank.

I am confident that the Central Bank will continue to evolve, uphold its progressive character, and effectively fulfill its core objectives for the benefit of the citizens of the Republic of Armenia.

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