Non official translation

**PUBLIC DEBT**

**OF THE REPUBLIC OF ARMENIA**

**ANNUAL REPORT 2020**

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**Abbreviations**

|  |  |
| --- | --- |
| GS | Government treasury securities |
| T-bills | Short-term bills |
| MTCN | Medium-term coupon notes |
| LTCB | Long-term coupon bonds |
| SCB | Saving coupon bonds |
| TD | Treasury Direct |
| *GDP* | Gross National Product  *(Since 2015 the GDP is compiled by NSS RA according to System of national accounts 2008 (SNA 2008) international standard. GDP indicators for the period 2012-2014 have also been revised taking into account SNA 2008 and they are not consistent with the GDP indicators for the period 1990-2011, which had been compiled according to the System of national accounts 1993 (SNA 1993) standard.*  *In May, 2020 the NSS of RA revised the GDP indicator for 2019.)* |
| NPV | Net Present Value |
| MTEF | Medium-Term Expenditure Framework |
| TSA | Treasury Single Account |
| MoF of RA | Ministry of Finance of the Republic of Armenia |
| CBA | Central Bank of Armenia |

As a result of rounding some numbers in the report, it is possible that the sum of components could deviate by decimal from the total sum indicator.

## **Macroeconomic Environment**

In 2020, the global economy faced the problem confronting the challenges of a new type of coronavirus pandemic․ During the year, economic growth indicators were periodically revised downwards for both the world economy and individual countries. Due to the negative effects of the new type of coronavirus (COVID-19) outbreak in Armenia and in partner countries, the high growth rates recorded in the economy at the beginning of 2020 had been slowing down since March. Due to the restrictions imposed by the RA Government in order to prevent the spread of the pandemic, the trends deteriorated sharply in April, which had been eased since May according to the elimination of the most restrictions. However, due to the negative economic effects of the second wave of the pandemic, as well as the Artsakh war, the rates of decline of the Armenian economy deepened at the end of the year.

**Economic growth -** In 2020, the Armenian economy, bearing the negative effects of the pandemic and Artsakh war, decreased, recording 7.4% decline in real GDP on an annual basis, which is 15.0 percentage points lower than the previous year. Meanwhile, the decline of GDP was due to the decrease in all sectors of the economy - services (5.1 percentage points), agriculture (0.5 percentage points), construction (0.4 percentage points) and industry (0.3 percentage points) by 9.7%, 4.1%, 6.7% and 1.7% respectively.

**External Sector –** In 2020 the negative balance of goods and services in dollar terms as a share of GDP was 9.3% improving by 4.1 percentage points compared to the previous year, which was due to an almost consistent decline in imports and exports (33.0% and 32.3%, respectively). As a result of the above mentioned developments, in 2020 the balance of the current account deficit also improved by 4.1 percentage points of GDP compared to the previous year and amounted to 3.1% of GDP.

**Exchange rate** – In 2020 the average exchange rate amounted to 489.0 AMD against USD depreciating by 1.8% compared to the average exchange rate of the previous year (480.4 AMD). As of December 31, 2020, the exchange rate was 522.59 AMD against USD.

**Inflation** – As of December 2020, 12-month inflation comprised 3.7%, mainly due to the supply factors: mostly AMD depreciation and increase of international prices. At the same time, the 12-month inflation of food products made up 5.5%, non-food products - 3.4%, and services - 1.6%.

**Public Budget – I**n 2020 the impact of the fiscal policy on the economy was essential stimulating as a result of the spread of COVID-19 pandemic and the economic downturn. The share of state budget revenues in GDP has increased in the conditions of the economic downturn. The total revenue of the state budget as a share of GDP made up 25.2% in 2020 against 23.9% of the previous year. The share of the state budget taxes and duties to GDP ratio comprised 22.4% remaining unchanged compared to the previous year.

In 2020, there was an increase in the state budget expenditures due to the need for additional expenditures envisaged by the state budget, as well as due to the anti-crisis measures and military operations. The share of the state budget expenditures to GDP ratio increased by 5.7 percentage points, in which the share of current expenditures increased by 5.0 percentage points and the share of transactions with non-financial assets increased by 0.7 percentage points. In 2020 the share of the total state budget expenses to GDP ratio amounted to 30.6%, in which the current expenses comprised 27.0% and the transactions with non-financial assets made up 3.7%.

In 2020 the state budget deficit amounted to AMD 334.0 billion, compared to AMD 63.9 billion last year. The state budget deficit to GDP amounted to 5.4% increasing by 4.4 percentage points over the previous year.

## **RA Public Debt**

As of December 31, 2020, the RA public debt amounted to AMD 4,164.3 billion or USD 7,968.5 million.

##### Public debt of the Republic of Armenia

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **31.12.2019** | | **31.12.2020** | |
|  | AMD billion | % of GDP | AMD billion | % of GDP |
| **Public Debt of RA** | 3,512.0 | 53.7 | 4,164.3 | 67.4 |
| of which |  |  |  |  |
| **Debt of the Government of RA**[[1]](#footnote-1) | 3,277.3 | 50.1 | 3,923.9 | 63.5 |
| of which |  |  |  |  |
| *External Debt* | 2,540.1 | 38.8 | 2,926.2 | 47.3 |
| of which |  |  |  |  |
| Credits and loans | 2,065.9 |  | 2,438.0 |  |
| Government treasury bonds purchased by non-residents | 3.3 |  | 3.3 |  |
| Foreign currency denominated bonds purchased by non-residents | 467.1 |  | 480.5 |  |
| External guarantees[[2]](#footnote-2) | 3.8 |  | 4.5 |  |
| *Domestic Debt* | 737.2 | 11.3 | 997.6 | 16.1 |
| of which |  |  |  |  |
| Credits and loans | 0.0 |  | 0.0 |  |
| Government treasury bonds purchased by residents | 677.7 |  | 955.5 |  |
| Foreign currency denominated bonds purchased by residents | 59.5 |  | 42.1 |  |
| Domestic guarantees | 0.0 |  | 0.0 |  |
| **External Debt of the Central Bank of RA** | 234.7 | 3.6 | 240.4 | 3.9 |
| of which |  |  |  |  |
| Loans provided with the guarantee of the RA Government | 61.9 |  | 63.1 |  |

RA public debt increased by AMD 652.2 billion (USD 647.2 million) or by 18.6% in comparison to the previous year, of which RA Government debt increased by AMD 646.6 billion (USD 676.6million) or by 19.7%, and the external debt of the Central Bank of RA increased by AMD 5.6 billion or by 2.4% in AMD terms but decreased by USD 29.4 million or by 6.0% due to the AMD depreciation in 2020. Thus, if the AMD exchange rate at the end of the reporting year had not changed compared to the same period of the previous year, the volume of the RA public debt in AMD terms would have increased by AMD 389․2 billion by the end of 2020, not bearing the impact of the exchange rate change by AMD 263․1 billion. Similarly, the amount of the RA Government debt in AMD terms would increase by AMD 403.3 billion, not bearing the impact of the exchange rate change by AMD 243.3 billion, and the volume of the RA CBA foreign debt in AMD terms would decrease by AMD 14.1 billion, not bearing the impact of the exchange rate change by AMD 19.7 billion.

##### RA public debt and Public debt/GDP ratio dynamics

The public debt over GDP ratio amounted to 67.4% as of December 31, 2020, increasing by 13.7 percentage points against the same indicator in the previous year, which is mainly conditioned by the growth of the public debt by 18.6% and the decrease of the nominal GDP by 5.5%. During the reporting period the RA external public debt increased by AMD 391.8 billion (USD 274.9 million) in absolute terms or by 14.1%, where the impact of the exchange rate change alone amounted to AMD 259.6 billion. Moreover, the growth was mainly as a result of the increase of the RA Government external debt by AMD 386.1 billion (USD 304.3 million) or by 15.2%.

The indicators characterizing the RA external public debt burden were as follows:

##### Characteristic indicators of the RA external public debt

In comparison to the previous year RA external public debt NPV[[3]](#footnote-3) over GDP ratio and RA external public debt over GDP increased by 4.2 and 5.5 percentage points respectively, meanwhile RA external public debt NPV over exports (export of goods and services) and RA external public debt over export ratios increased correspondingly by 46.7 and 56.0 percentage points. These changes of the indicators can be explained by the following: RA external public debt NPV denominated in US dollar increased by 3.3%, RA external public debt increased by 4.8%, and the nominal GDP denominated in US dollar and export decreased correspondingly by 7.2% and 32․3%.

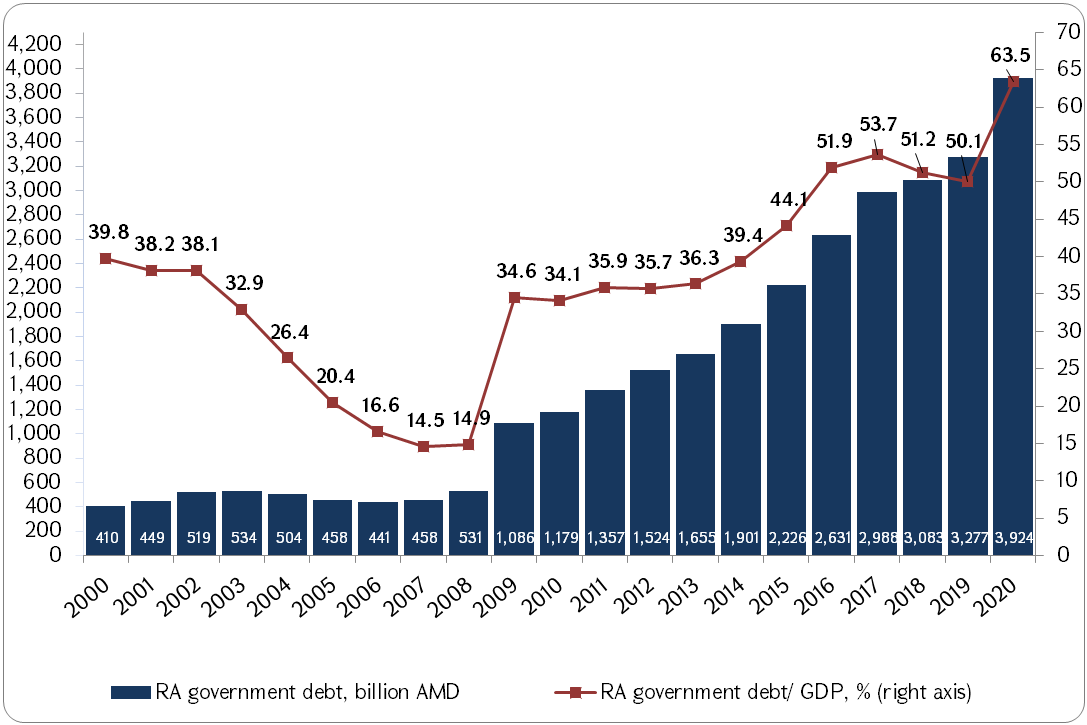
##### Characteristic indicators of the RA external public debt service

In comparison to the previous year RA external public debt service (redemption and interest payment) over Export[[4]](#footnote-4) indicator reduced by 0.1 percentage points, and RA external public debt interest payments over Export indicator increased by 1.1 percentage points. The changes in these indicators are explained by the following: the reduction of Export by 32.3% against 32.6% decrease of the RA external debt payments (as of 01.01.2019, more than 80% of the outstanding volume of Eurobonds maturing in 2020 was bought back in 2019) and the RA external debt interest payments denominated in US dollar decreased by 10.3%. RA external public debt service over the budget revenues indicator decreased by 8.0 percentage points compared to the previous year, due to the progressive reduction of the external public debt payments against 2.1% decrease of budget revenues denominated in USD.

## **RA Government Debt**

Dynamics of RA Government debt and RA Government debt to GDP ratio are presented in chart 4.

##### RA Government debt and RA Government debt/GDP ratio dynamics in 2000-2020



\*Colored sections show the fiscal rule ranges

During 2000-2007 RA Government Debt/GDP ratio had been gradually declined from 39.8% to 14.5%. The decrease was mostly caused by AMD appreciation and double-digit GDP growth parallel with the slow increase of the Government debt. As a consequence of the global financial crisis, RA Government debt/GDP indicator had a drastic increase in 2009 amounting to 34.6% against 14.9% in 2008. The dynamic of RA Government debt growth accelerated also in 2014 as a result of AMD depreciation as a consequence of external economic shock, as well as, as a result of the increase of deficit net financing via borrowings. RA Government debt/GDP indicator gradually declined during 2018 and 2019 and totaled 50.1% in 2019 in line with the new fiscal rules system set up by the RA Government in 2017.

It was estimated in the 2021-2023 RA Government debt management strategy[[5]](#footnote-5) that the Government debt would be 3,812.0 billion or 58.6% of GDP at the end of 2020. However, the Government debt over GDP ratio exceeded 60% threshold and comprised 63.5% at the end of 2020, which was 4.9 percentage points higher than the planned indicator of the 2021-2023 RA Government debt management strategy, which was resulted from the countercyclical fiscal policy aiming to mitigate the negative impacts of the COVID-19 and Artsakh war.

##### RA Government debt growth and contributions by instruments

The sharp increase of the RA Government debt in 2009 (104.7%) was conditioned by the involvement of a large amount of external debt in order to mitigate the effects of the global financial crisis. During 2018-2019, the growth rate of the Government debt slowed down due to the implementation of the Government’s contractionary fiscal policy in those years in line with fiscal rules. In 2018, the growth of the RA Government debt amounted to 3.1%, and in 2019 - 6.3%, at the same time, these indicators are lower than the average increase of the RA Government debt (12.9%) for the last ten years (2011-2020). In 2020, the 19.7% increase in the RA Government debt was contributed by the following instruments: loans and credits - 11.4 percentage points, government treasury bonds - 8.5 percentage points, external and domestic guarantees - 0.02 percentage points and foreign currency bonds - 0.12 percentage points.

##### RA Government debt structure by instruments

The share of GS in the debt structure of the RA Government debt has gradually increased since 2000 and comprised 24.4% as of 2020. After entering into the international capital market for the first time in 2013 by the Republic of Armenia, the share of issued Foreign-currency denominated Government bonds comprised 13.3% in the RA Government debt in 2020. The share of loans and credits amounted to 62.1%, the share of external and domestic guarantees made up 0.1%.

Before 2019 the share of SDR denominated debt had been gradually diminished and amounted to 21.1% at the end of 2019, but as a result of the loan provided by the IMF, it increased again and comprised 23.0%. The share of Euro denominated debt increased as well and amounted to 10.9% against 10.6% in the previous year. AMD denominated debt increased by 3.7% compared to the previous year, and as a result, the share of AMD denominated debt made up 24.4% in the currency structure of the RA Government debt at the end of 2020.

##### RA Government debt structure by currency

At the end of 2020 the share of USD denominated debt reduced by 5.6 percentage points and comprised 38.3%. The share of JPY denominated debt also decreased and made up 3.0% against 3.3% in 2019.

Since 2000 the share of RA Government domestic debt has been gradually increased comprising 25.4% in 2020.

##### RA Government debt structure by residency

From 2000 to 2008 the share of fixed rate debt in the structure of RA Government debt had been gradually increased and reached to 98.4%. In 2009 the share of fixed rate debt indicator significantly reduced to 75.3% as a result of borrowing USD 500 million loan with floating rate by RA Government from Russian Federation in order to alleviate the impact of global financial crisis. In 2013 the share of fixed rate debt increased again due to the issuance of fixed rate Eurobonds and fully repayment of the above mentioned floating rate loan. In recent years, international creditors have been reviewed the terms of previously provided loans, and especially newly providing loans, by increasing the share of floating rate loans. The share of floating rate debt increased by 3.4 percentage points and amounted to 19.6% as of December 31, 2020, which is conditioned by the increase in the share of floating interest rate loans in the disbursement of external loans and repayments of the principal amount of fixed interest rate external loans.

##### RA Government debt structure by interest type

The factors of issuing Eurobonds in 2013, 2015 and 2019, as well as the repayment of the Russian Federation loan in 2013 had been essentially contributed to the increase of the share of Marketable instrument debt in the RA Government debt structure since 2013. The share of Marketable instrument debt comprised 37.6% in 2020.

##### RA Government debt structure by market and non-market instruments[[6]](#footnote-6)

In 2020 the public budget deficit financing through net borrowings (without promissory notes) actually comprised AMD 354.6 billion, which was more by AMD 195.3 billion than the RA state budget planned indicator.

##### Public budget deficit financing in expense of the net borrowings (without promissory notes) (AMD billion)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2019**  **Actual** | **2020**  **Program** | **2020**  **Adjusted program** | **2020**  **Actual** |
| Domestic sources | 101.9 | 145.0 | 340.1 | 300.5 |
| External sources | 132.7 | 14.3 | 85.8 | 54.1 |
| **Total** | **234.7** | **159.3** | **425.9** | **354.6** |

The planned indicators of the state budget deficit financing from the domestic and external sources, that were approved by the 2020 state budget and were envisaged in the 2021-2023 RA Government debt management strategy, had been corrected and raised by AMD 266.6 billion, of which AMD 195.1 billion from domestic sources and AMD 71.5 billion from external sources. The performance of the indicator of deficit financing through net borrowings made up 83.3% compared to 2020 adjusted plan. Net borrowings from the external sources amounted to AMD 54.1 billion or 15.3% of total financing, and net borrowings from domestic sources amounted to AMD 300.5 billion or 84.7% of total financing.

The increase of the actual and adjusted indicators of the deficit financing (without promissory notes) from domestic net sources compared to 2020 state budget plan was mainly due to the following factors:

* The reduction of tax revenues of the state budget and the increase of expenditures due to the economic downturn caused by the pandemic, and consequently the need to finance the growing deficit through the debt,
* Formulated high demand for GS at the current level of liquidity.

The increase of the actual and adjusted indicators of the deficit financing from external net sources compared to 2020 state budget plan was mainly conditioned by attracting a budget support loan of SDR 231.7 million from the International Monetary Fund within the framework of the Stand-By Arrangement to finance the growing state budget deficit. On the other hand, it should be noted that the programs implemented at the expense of project loans attracted from the external sources were under-executed in 2020, as a result of which the receipts for those loans amounted to 28.3% of the planned indicator.

## **RA Government Debt Service**

As in the previous years, in 2020 the Government of Armenia completely and timely fulfilled its obligations on interest payments and debt repayments.

##### RA Government interest payments (billion AMD)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2019** | **2020** | **2020** | **2020** |
|  | **Actual** | **Program** | **Adjusted program** | **Actual** |
| **Interest payments** | **157.5** | **168.1** | **166.7** | **164.7** |
| By residency |  |  |  |  |
| Domestic Debt payments | 69.7 | 85.6 | 87.0 | 86.8 |
| External Debt payments | 87.8 | 82.5 | 79.7 | 77.9 |
| By instruments |  |  |  |  |
| External loans and credits | 49.6 | 53.3 | 50.5 | 48.6 |
| Government treasury securities | 69.7 | 85.6 | 87.0 | 86.8 |
| Foreign currency Government bonds | 38.1 | 29.2 | 29.2 | 29.2 |

RA Government interest payments amounted to AMD 164.7 billion in 2020, which are more by AMD 7.2 billion than in the previous year. Interest payments for GS increased by 24.5%, for loans received from external sources decreased by 2.0% and for foreign currency denominated GS diminished by 23.3%.

The share of interest payments over the state budget expenditures declined by 1.0 percentage points and amounted to 8.7% in 2020. Whereas, the share of interest payments over GDP increased by 0.26 percentage points comprising 2.66%.

Despite the fact that as of December 31, 2020, compared to the same period in 2019, the volume of the RA Government debt increased by 19.7%, the RA Government debt service expenditures increased only by 4.6%, and only for GS.

The smaller increase in interest payments compared to the growth of the RA Government debt was conditioned:

* by changing the structure of RA Government debt and its main components․ In particular, due to the change in the structure of foreign currency bonds as a result of the allocation of new Eurobonds with a lower coupon rate (3.95%) in 2019 and buyback of almost 80% of the outstanding amount of Eurobonds to be matured in 2020 with 6.0% coupon rate,
* by reducing the weighted average nominal interest rates of the total government debt and some of its components - external loans and treasury bonds,
* by the change of USD/AMD exchange rate used for external payments, which in 2019 amounted to AMD 486.55 per USD, and in 2020 – AMD 476.46.

AMD 1.9 billion savings on external loan service were mainly due to the extension of the German KfW loan disbursement period by a difference of EUR 1.91 million (AMD 1.012 billion) between the initially calculated compensation fee and actually paid amount, as well as by a difference between the forecasted and actual rates of the 6-month USD LIBOR and 6-month EURIBOR applied for 2020 payments, significant underperformance of the planned disbursement indicators for a number of loans in 2019 and 2020. The savings of AMD 0.19 billion on the service of GS were conditioned by the reduction of the weighted average interest rate of GS in the reporting period.

The weighted average nominal interest rate amounted to 4.3% as of December 31, 2020 and decreased by 0.5 percentage points compared to the same period of the previous year. The changes in this indicator by separate instruments are the following:

##### Average interest rates of the RA Government debt

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 31.12.2019 | 31.12.2020 | Difference | |
| **Average interest rate of the RA Government debt, %** | **4.8** | **4.3** | | **-0.5** |
| External loans and credits interest rate | 2.3 | 1.5 | | -0.7 |
| Government treasury securities interest rate | 11.8 | 10.4 | | -1.4 |
| Foreign currency Government bonds interest rate | 5.9 | 5.9 | | 0․0 |
| External guarantees interest rate | 1․0 | 1․0 | | 0․0 |

In the case of external loans, this indicator decreased by 0.7 percentage points, which is mainly due to

* by reduction of the LIBOR rate underlying under calculation of floating rate loan service costs. It should be noted that in 2019, the average 6-month USD LIBOR rate was 2.32%, and in 2020 - 0.69%, moreover, the service of about 20% of external loans is based on the mentioned interest rate.
* As a result of the COVID-19 pandemic, the agreement reached between the World Bank and the Ministry of Finance of the RA about the cancellation of the additional 1.7% interest rate by the World Bank applied for loans under the "accelerated repayment provision" since July 1, 2014, provided by the International Development Association to the RA Government for a period of one year (July 1, 2020 to July 1, 2021).

The weighted average yield of outstanding Government treasury bonds decreased by 1.4 percentage points, the contributing factors of which are presented in the section "Government treasury securities" of the report.

## **Government Treasury Securities**

The budget deficit was planned to be financed through Government treasury securities by AMD 145.0 billion according to the 2021-2023 RA Government debt management strategy and 2020 state budget of RA. This indicator was adjusted later and amounted to AMD 340.1 billion, but the actual deficit financing through GS comprised AMD 300.5 billion at the end of 2020.

During 2020, the total amount of Government securities allocation was AMD 390.0 billion, and the proceeds from allocations amounted to AMD 411.3 billion. Meanwhile, the actual amount for the total buybacks and redemptions made up AMD 110.9 billion.

Monthly and accumulative data of the budget deficit financing through GS during the year are presented in table 5.

##### Monthly and accumulative data of the budget deficit financing through GS (AMD million)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Monthly** | | **Monthly**  **(accumulative)** | |
| **2019** | **2020** | **2019** | **2020** |
| **January** | 10,725 | 25,112 | 10,725 | 25,112 |
| **February** | 9,491 | 13,159 | 20,216 | 38,271 |
| **March** | 8,708 | 2,583 | 28,924 | 40,854 |
| **April** | -11,881 | 35,378 | 17,042 | 76,232 |
| **May** | 7,106 | 13,403 | 24,148 | 89,635 |
| **June** | 2,528 | 7,092 | 26,676 | 96,727 |
| **July** | 42,297 | 81,888 | 68,974 | 178,614 |
| **August** | 3,355 | 13,707 | 72,328 | 192,321 |
| **September** | 1,610 | 13,627 | 73,939 | 205,948 |
| **October** | 25,961 | 83,055 | 99,900 | 289,004 |
| **November** | 2,064 | -3,124 | 101,964 | 285,879 |
| **December** | -14 | 14,587 | 101,950 | 300,467 |

##### Monthly and accumulative financing of RA state budget deficit (AMD billion)

It can be seen from the chart, that the dynamic of accumulative financing of RA 2020 state budget deficit through GS increased sharply in April, July and October as a result of high volume allocations.

According to the 2021-2023 RA Government debt management strategy the nominal volume of outstanding GS should had been made up AMD 826.3 billion, but it amounted to AMD 958.8 billion exceeding program indicator by AMD 132.5 billion. This was not only due to the need to finance the higher state budget deficit than it was planned and due to the high demand for GS (the demand for GS exceeded the allocation volume by 1.7 times), but also due to targeting the reduction of exchange rate risk through an increase of the share of domestic net financing (without promissory notes) in the state budget deficit funding enshrined in the 2021-2023 RA Government debt management strategy.

As of December 31, 2020, the volume of outstanding GS was more by AMD 277.8 billion or by 40.8% in comparison to the same indicator in the previous year. The structure of GS was as follows:

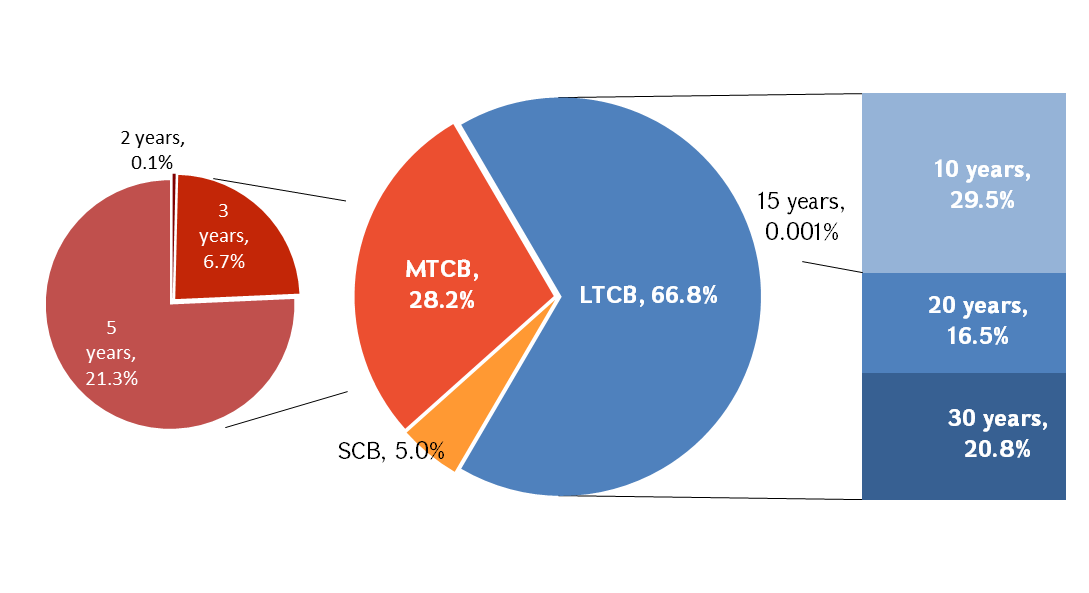
##### Outstanding GS structure

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **31․12․2019** | | **31․12․2020** | | | |
|  | **(billion AMD)** | **Share** | | **(billion AMD)** | **Share** |
| T-bills | 23.8 | 3.5% | | 47.5 | 5.0% |
| MTCN | 218.6 | 32.1% | | 265.0 | 27.6% |
| LTCB | 431.9 | 63.4% | | 640.8 | 66.8% |
| SCB | 6.7 | 1.0% | | 5.6 | 0.6% |
| **Total securities** | **681.0** | **100%** | | **958.8** | **100%** |

As of the end of the year, the non-residents owned 0․3% of GS.

The structure of GS by issuing maturity was as follows:

##### GS Structure by issuing maturity as of December 31, 2020



Long-term bonds have the largest share in the structure of outstanding GS by maturity - 66.8%, of which 29.5 percentage points are 10-year, 20.8 percentage points – 30-year, and 16.5 percentage points – 20-year maturity GS. The share of medium-term bonds in total outstanding GS was 28.2%, of which 21.3 percentage points were bonds with a maturity of 5 years, and 6.7 percentage points were bonds with a maturity of 3 years. The share of short-term bonds is only 5.0%.

At the same time, it should be noted that as of December 31, 2020, SCB have the smallest share in the structure of outstanding GS - only 0.6%, which decreased by 17.4% over the same period last year, amounting to AMD 5,557.6 million. The detailed information on GS retail market transactions during 2020 is presented in “Government Treasury Securities Retail Market” subsection.

As of December 31, 2020, the structure of GS by date to maturity was as follows:

##### GS structure by date to maturity as of December 31, 2020

|  |  |  |
| --- | --- | --- |
|  | **Program**[[7]](#footnote-7) | **Actual** |
| **Up to 1 year** | **11.4%** | **11.5%** |
| **1-5 years** | **25.1%** | **29.0%** |
| **5 and more years** | **63.5%** | **59.5%** |

The deviation of “The structure of GS by days to maturity” indicator envisaged in the 2021-2023 RA Government debt management strategy from the program in the medium-term and long-term segments, according to the actual performance results, was mainly due to the higher volumes of allocation of medium-term bonds in order to mitigate interest rate risk in the conditions of high demand for GS.

Presenting the structure of GS portfolio investors, it should be noted that 99.7% of outstanding GS were in the portfolio of residents at the end of the year. At the same time, bank investors still dominate in the structure of GS, whose share was 80.1% at the end of 2020, where the share of commercial banks was 62.8%[[8]](#footnote-8), and the Central Bank of Armenia - 17.3%[[9]](#footnote-9). Non-bank investors in the structure of GS have gradually increased since 2020, amounted to 19.9% by the end of 2020.

##### GS structure by investors

Along with the increase of volumes of outstanding GS, the redemption and interest payments increase as well.

##### The distribution of GS redemption and interest payments during the year (AMD million)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Redemption | | Interest payments | |
| **2019** | **2020** | **2019** | **2020** |
| **January** | 7,202 | 3,635 | 643 | 203 |
| **February** | 2,380 | 5,237 | 4,879 | 4,764 |
| **March** | 3,480 | 10,024 | 4,790 | 8,936 |
| **April** | 48,655 | 60,972 | 22,312 | 26,680 |
| **May** | 3,430 | 2,155 | 202 | 124 |
| **June** | 8,685 | 6,192 | 715 | 380 |
| **July** | 8,460 | 243 | 797 | 60 |
| **August** | 5,211 | 7,027 | 4,725 | 4,618 |
| **September** | 6,605 | 2,656 | 6,851 | 8,841 |
| **October** | 7,284 | 5,231 | 22,978 | 31,818 |
| **November** | 6,358 | 6,097 | 451 | 264 |
| **December** | 7,552 | 1,403 | 396 | 116 |
| **Total** | **115,301** | **110,871** | **69,738** | **86,805** |

The large repayment amount in April 2020 was the redemption of previously allocated 3-year and 5-year maturity benchmark GS. The significant volumes of the service expenses in April and in October were due to the service of issued benchmark GS.

The information on GS transactions during 2020 is presented in Annex 1.

As of December 31, 2020, the weighted average maturity of GS amounted to 3945, against 3734 days as of December 31, 2019 and the weighted average yield was 10.39%, against 11.78% - at the end of 2019.

##### GS average yield and maturity dynamics in 2020

In the GS market of RA, a significant decrease in the weighted average yield of GS was observed compared to the previous year, despite the increase of the allocations volumes on the one hand, and the increase of the weighted average maturity on the other hand. According to the results of the year, the weighted average maturity of outstanding GS was extended by 211 days, and the weighted average yield was reduced by 1.4 percentage points. Both the increase of demand for GS and the decrease of yield were due to the following factors: an increase in demand of financial institutions for less risky assets amid growing uncertainty in the real sector of the economy, continuous weakening of monetary conditions by CBA during the most part of the year, as well as buyback and repayment of high-yield GS during the reporting year. In 2020, the weighted average yield of GS primary allocations was 7.74%, decreasing by 1.23 percentage points compared to 8.97% in the previous year.

## **The Secondary Market of the Government Treasury Securities**

The number of transactions in the secondary market grew by 5.4% and the amount of transactions increased by 15.7% compared to the previous year. The share of transactions in the over-the-counter amounted to 88.1% in the total amount of transactions, and the share of stock exchange transactions amounted to 11.9%. In 2020 the weighted average yield of transactions decreased by 1.36 percentage points, and the weighted average maturity of transactions declined by 3.5%. The main characteristics of the secondary market transactions are presented below.

##### General indicators of the GS transactions implemented in the secondary market

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2018** | **2019** | **2020** |
| **The number of transactions (quantity)** | **1764** | **2481** | **2616** |
| **The total amount of transactions (AMD billion),   of which** | **388.6** | **454.2** | **525.7** |
| Interbank market | 338.4 | 402.3 | 463.0 |
| Armenia Securities Exchange (AMX) | 50.2 | 51.9 | 62.7 |
| CBA transactions | - | - | - |
| **Secondary market indicators** |  |  |  |
| Weighted average yields of all transactions (%) | 10.86 | 9.29 | 7.93 |
| Weighted average time to maturity (days) | 6,819 | 5,157 | 4,975 |
| Weighted daily average amount (AMD million) | 1,632 | 1,854 | 2,094 |
| Daily average number of transactions | 7 | 10 | 10 |

The average daily volume of transactions increased by 12.9%.

## **The Yield Curve of Coupon Bonds**

According to the 11.10.2016 N 1/710A decree of the Governor of the Central Bank of the Republic of Armenia, the average yields[[10]](#footnote-10) of buy and sell quotations of the coupon bonds listed during the stock exchange trading session and the yields of the transactions carried out in the secondary market with the coupon bonds with 366 days or more maturity are being used in order to build a yield curve of coupon bonds.

RA yield curve of the coupon bonds has a normal shape, which means that the market “demands” higher yield for longer maturity debt. The yield curve had a clearly observed downward trend over the years, moreover, the long-term part of the curve decreased faster than the short-term or medium-term parts. In recent years, the yield curve has become smoother as yields of the long-term bonds have decreased more than yields of the medium-term and short-term bonds.

##### Coupon bond yield to maturities as of December 31, 2017-2020

In March-October, in the conditions of pandemic, the yields of all maturities had an obvious downward trends due to the increase of demand for GS as a consequence of the increase in liquidity (because of the slowdown in lending trends) and due to the expansionary policy of CBA, in particular, the reduction of refinancing rates. However, the year-end trends obtained upward direction. By the end of 2020, the curve was allocated higher almost along its entire length than it was in 2019 (except for 25-30-year maturities). As of December 31, 2020, the yield of 30-year maturity Government securities (9.14%) was at the lowest level compared to the indicators recorded at the end of all previous years.

##### Coupon bond yield dynamics and their linear trends\* by maturities in 2020

*\* The trends are the dashed-lines.*

##### The spread of RA coupon bond yields to maturity vs US treasury yields with the same maturities, 2016-2020

**(basis points[[11]](#footnote-11))**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Maturity**  **in years** | **29.12.2017** | **28.12.2018** | **30.12.2019** | **30.12.2020** |
| 1 | 449 | 406 | 436 | 637 |
| 2 | 496 | 467 | 469 | 711 |
| 3 | 542 | 518 | 502 | 756 |
| 5 | 621 | 592 | 548 | 797 |
| 7 | 693 | 638 | 586 | 797 |
| 10 | 766 | 689 | 646 | 791 |
| 20 | 931 | 753 | 727 | 758 |
| 30 | 953 | 766 | 778 | 748 |

The Spread's dynamic against US bonds for the same maturity increased for 1, 2, 3, 5, 10 and 20-year maturity bonds, as GS yields increased in the fourth quarter of 2020 after declining during the first nine months of the reporting year. The Spread improved only for 30-year maturity GS, because the last allocation of 30-year maturity GS took place on October 14, 2020, when the increasing trend of GS allocations yields had just begun.

## **Government Treasury Securities Retail Market**

The retail sale of GS is organized through the Treasury Direct system, the main functions of which are organization of the retail sale and buybacks of securities, implementation of refinancing, free delivery of securities, provision of extracts and references, as well as carrying out the current payments, redeemed and buyback payments to investors.

The investors can acquire GS, carry out buybacks and get information on GS new issuances not only visiting the service centers, but also entering into the online system via gp.minfin.am website.

It is possible to acquire not only saving coupon bonds, but also Government short-term, medium-term and long-term bonds through the Treasury Direct. Treasury short-term bills, medium-term and long-term coupon bonds are being allocated through the Treasury Direct in the form of direct sale with an amount of up to ten percent of the total volume or the maximum volume of the range of each allocation auction.

In 2020 the transactions implemented in the retail market were as follows:

* TD allocated all 36 issues of SCBs, as well as carried out investments in one T-bill, one MTCN and three LTCB issuances,
* GS investment amount through TD made up AMD 5,883.5 million, of which AMD 0.001 million T-bills, AMD 195.0 million or 3.3% MTCN, AMD 3,989.0 million or 67.8% LTCB and AMD 1,699.5 million or 28.9% SCB.

##### Treasury direct investments structure

* The volume of investments through the TD online system amounted to AMD 888.9 million, and the volume of investments through the service centers comprised AMD 4,994.6 million,

##### The volumes of GS allocated through both online and service centers of the Treasure Direct system

(AMD billion)

* The volume of investments through the TD online system increased by 66.1% in 2020 compared to the previous year,
* The redemption amount of GS made up AMD 2,550.64 million, of which AMD 0.001 million T-bills and AMD 2,550.63 million SCB, as well as the buyback amount of SCB comprised AMD 323.1 million,
* AMD 4,103.5 million of GS that had been invested through TD system were transferred to other sub-depositories, from which AMD 195.0 million MTCN and AMD 3,908.5 million LTCB,
* As of December 31, 2020, the outstanding amount of GS in TD system made up AMD 5,813.4 million, from which AMD 5,557.6 million SCB, AMD 0.001 million T-bills, and AMD 255.8 million LTCB. The volume of GS allocated through TD system to resident investors made up AMD 5,804.39 million or 99.85% of total investment, the volume of GS allocated through TD system to non-resident investors made up AMD 9.0 million or 0.15% of total investment.

##### Treasury Direct investors by residency in 2020

* The number of depository accounts totaled 1715, of which 450 were active depository accounts,
* An average investment amount in the submitted bids made up AMD 10.4 million (for T-bills it made up AMD 0.001 million, for SCB - AMD 3.5 million, for MTCN - AMD 195.0 million and for LTCB - AMD 56.2 million),
* In average 12.3 bids were submitted by TD in one issuance of GS, among which an average 1.0 bid for a T-bills issuance, 12.0 bids for a SCB issuance, 1.0 bid for a MTCB issuance and 23.7 bids for a LTCB issuance,
* The refinancing amount in expense of redeemed GS decreased by 26.7% compared to the previous period and made up AMD 797.0 million.
* In 2020 the amount of GS invested through the TD system increased by 2.2% over the previous year, of which the investment volume of SCB decreased by 49.2% compared to the previous year and the investment volume of LTCB increased by 79.9%. As of December 31, 2020, the outstanding amount of GS in TD system decreased by AMD 1093.7 million or by 15.8% compared to the same indicator in the previous year,

##### The outstanding amount of GS at the Treasury Direct system in 2020

(AMD million)

* As of December 31, 2020, the number of depository accounts exceeded the same indicator of the previous year by 54 depository accounts.

##### The dynamics of depositary accounts in 2020

SCB coupon yield is determined based on the yield curve of GS and the average yields of the deposits attracted from individuals by the RA commercial banks.

## **Foreign Currency Government Bonds**

According to the 2021-2023 RA Government debt management strategy that was approved by the RA Government’s decree N 1212 on 10th of July 2020, new issuance of Eurobonds was not planned.

On September 30, 2020, Eurobonds issued on September 30, 2013 were repaid in the amount of USD 97.657 million as a result of which the outstanding volume of foreign currency Government bonds decreased as of December 31, totaling USD 1,000.0 million, of which

* USD 500.00 million to be matured in 2025 with 7.15% coupon rate,
* USD 500.00 million to be matured in 2029 with 3.95% coupon rate.

At the end of 2020 8.06% or USD 80.6 million of the outstanding amount of foreign currency Government bonds was in the portfolio of resident investors.

The price spread of Eurobonds issued by the Government of the Republic of Armenia is calculated against US benchmark bonds with the same maturity. Chart 22 shows the yield spread of Eurobonds issued by the Government of Armenia in 2013, 2015 and 2019 and outstanding in 2020 against US benchmark bonds with the same maturity.

##### The yield spread of RA Government Eurobonds against USA benchmark securities during 2020 (basis points)

Source: Bloomberg

The country risk premium (spread) of RA, calculated by the difference between RA foreign currency Government bonds and US benchmark bonds, on average was higher than in the previous year due to the risks rise of developing countries. The latter can be explained by the fact that after the shock of COVID-19 pandemic, it was possible significantly reduce the risks in the financial markets of developed countries (first of all, in USA) as a result of the expansionary monetary policy, while the risks deepened in developing countries due to the capital outflows. Thus, the difference between yields of RA foreign currency Government bonds to be matured in 2025 and 5-year maturity US benchmark bonds on average amounted to 356 basis points in 2020, while the same indicator amounted to 246 basis points in 2019. At the same time, in 2020, this indicator reached its highest level in April (the average monthly indicator was 546 basis points), and it improved until October along with the reduction of volatility in the international markets and the recovery of prices for major investment assets.

Since September 27, 2020, a certain increase in the yield of RA Eurobonds in the secondary market has been observed due to the Artsakh war. Yields remained high until the November 9 ceasefire announcement, after which they declined. At the same time, it should be noted that the growth of the risk premium of the Republic of Armenia was generally moderate, amounting to 284 basis points for RA foreign currency bonds to be matured in 2025, and 291 basis points for RA foreign currency bonds to be matured in 2029.

The quotation dynamic of Eurobonds during the reporting year is presented in chart 23.

##### The quotation dynamic of Eurobonds issued by RA Government in 2020 (%)

Source: Bloomberg

Yields on the secondary market of the RA Eurobonds were generally highly volatile in 2020 due to the instability of the international financial market caused by the pandemic, as well as due to the additional uncertainty degree related to Armenia caused by the Artsakh war in the last quarter of the year. Yields of the foreign currency Government bonds maturing in 2025 and 2029 increased sharply in March, but returned to the previous levels by mid-May, but the yields of the bond maturing in September 2020 continued highly fluctuation further according to non-benchmark outstanding volume (less than USD 500 million) and less than a year time to maturity.

The yield of the foreign currency Government bonds issued in the international capital market in 2015 with a yield of 7.5% made up 4.1% on average in 2020, compared to 4.42% in 2019. The yield of the foreign currency Government bonds issued in 2019 with a yield of 4.2% made up 4.18% in 2020.

## **RA Government Loans and Credits**

As of December 31, 2020, the RA Government external loans outstanding amount comprised USD 4,665.2 million (AMD 2,438.0 billion) and it increased by USD 358.5 million or by 8.3% compared to the same indicator as of December 31, 2019.

During 2020 three new loan agreements were signed. The information on agreements is presented in Annex 3.

It was envisaged by 2020 revised state budget to borrow AMD 235.4 billion (USD 494.1 million) external loans, the actual performance of which made up AMD 203.8 billion (USD 416.1 million) or 86.5% of the revised planned indicator. Moreover, budget support loans comprised AMD 155.1 billion (USD 317.1 million) comprising 100.0% of the revised planned indicator, and the project loans amounted to AMD 48.7 billion (USD 99.0 million) or 60.6% of the revised planned indicator.

##### Total disbursements during 2020 (billion AMD)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Program | Adjusted program | | Actual | Performance, % | Actual share, % |
| **Total disbursements** | **171․8** | | **235․4** | **203.8** | **86․5** | **100** |
| of which |  | |  |  |  |  |
| Project loans | 171․8 | | 80.4 | 48.7 | 60.6 | 23.9 |
| Budget support loans | 0․0 | | 155.1 | 155.1 | 100.0 | 76.1 |

The total amount of disbursements increased by AMD 30.7 billion or by 17.7% in comparison to the previous year. The disbursements of the project loans declined by AMD 50.8 billion or by 51.1% and the disbursements of the budget support loans increased by AMD 81.5 billion or by 110.8%, although the Armenian Government initially refused to attract budget support loans in 2020. However, during the year it was considered appropriate to attract a budget support loan from the International Monetary Fund in order to ensure fiscal sustainability in the context of the crisis caused by the COVID-19 pandemic, in the conditions of higher-than-planned budget deficits and deepening uncertainties.

The total amount of disbursements increased by USD 56.9 million or by 15.8% in comparison to the previous year. The disbursements of the loans provided by international organizations increased by USD 202.6 million, and the disbursements of the loans provided by foreign states reduced by USD 145.7 million. Moreover, the share of international organizations in the total disbursements increased significantly and made up 94.3% against 52.9% in the previous year.

76.1% of the total disbursements was carried out by the International Monetary Fund (USD 316.6 million), the International Bank for Reconstruction and Development is in the second place making up 6.3% of disbursements (USD 26.4 million), the next is the Asian Development Bank – 4.7% of disbursements (USD 19.6 million).

##### The structure of RA Government loans and credits by creditors as of December 31, 2020

Loans provided by the international organizations prevailed in the structure of the RA Government external loans and credits, the share of which comprised 76.9% at the end of 2020 and compared to the same period last year, it increased by 1.7 percentage points at the expense of the share of foreign countries.

In particular, the share of the International Monetary Fund in the structure of the international organizations increased by 6.5 percentage points as a result of the RA Government transactions caused by the borrowing of the Stand-By Arrangement budget support loan, which comprised SDR 231.7 million in 2020. The share of loans borrowed from the International Development Association, the Asian Development Bank and the International Bank for Reconstruction and Development decreased by 2.2 percentage points, 1.2 percentage points and 0.8 percentage points, respectively. It should be noted, that the share of the International Development Association from the international organizations is diminishing and will go on decreasing, as Armenia cannot attract concessional loans envisaged for low-income countries from that institution anymore due to its level of development. Armenia carries out only repayments and services of previously attracted loans, as well as disbursements of recent contracted loans.

The share of foreign states comprised 22.6% at the end of 2020, the share of commercial banks – 0.44%. The decrease in the share of foreign states was mostly due to the transactions implemented with the loans provided by Russian Federation, the share of which declined by 1.5 percentage points as a result of the repayments. The share of Japan (JICA) decreased by 0.4 percentage points due to the repayments.

##### The dynamics of the RA Government loans and credits structure by donors

##### The dynamics of the RA Government loans and credits structure by currency

The share of loans attracted in SDR and EUR increased by 3.7 and 0.7 percentage points, respectively in the structure of the external loans, as the disbursements were mainly fulfilled with the loans denominated in these two currencies (correspondingly 79.8% and 10.5% of total disbursements) in 2020. At the same time, the share of loans attracted in USD declined by 4.0 percentage points, although the share of these loans’ disbursements made up 9.7%. In the currency structure of repayments, the repayments of loans attracted in SDR have a significant share - 52.7%. Repayments of loans attracted in USD and EUR amounted to 31.5% and 10.3% in the total repayments, respectively.

During 2020, SDR/USD and EUR/USD exchange rates increased (SDR increased from 1.38 to 1.44, and EUR increased from 1.12 to 1.23). Thus, if there was no transaction, the debt formulated from the external loans would grow by USD 142.5 million due to the changes of the exchange rates of the main currencies in the basket against USD.

##### Dynamics of the average monthly exchange rates of SDR, GBR, EUR and JPY against USD[[12]](#footnote-12)

As of the end of 2020, the share of floating rate loans in the structure of RA Government loans and credits comprised 31.5%, which was more by 5.9 percentage points compared to the same indicator in the previous year. In 2020, the share of floating rate loans’ payments made up 11.8% (USD 25.3 million) and the share of fixed rate loans’ payments comprised 88.2% (USD 188.7 million) in the structure of the repayments. 87.1% or USD 362.6 million loan disbursements were with floating rate and 12.9% or USD 53.5 million loan disbursements were with fixed rate in the structure of the loans disbursed by the RA Government during 2020. The loan disbursements with floating rate increased by 118.9 percentage points or by USD 197.0 million during 2020 compared to the previous year.

##### The structure of the RA Government loans and credits by the type of interest rate (1999-2020)

The calculation of the floating interest rate loans is based on the Libor and Euribor interest rates, the behavior of which depends on the existing situation in the international financial market and it is highly volatile.

##### Dynamics of the average monthly interest rates for 6 months USD Libor and Euribor

As of the end of 2020, the share of commercial loans increased by 3.6 percentage points compared to the previous year comprising 51.7% against 48.1% in 2019. It should be noted that since 2014, the share of commercial loans in the structure of loans of the RA Government has been growing year by year, as international financial organizations change the terms of loans, gradually shifting to non-concessional financing.

##### The dynamics of the concessionality of the RA Government loans and credits (1999-2020)

Information on the transactions carried out with the attracted loans is presented in Annex 4 of this report.

## **External Debt of the Central Bank of RA**

As of 31, December 2020 the external debt of the Central Bank of RA amounted to USD 459.9 million (AMD 240.4 billion) or 3.6% over GDP in USD terms. The external debt of CBA denominated in USD decreased by 6.0% compared to the end of the previous year and it remained the same compared to GDP.

The share of the loans provided with the Guarantee of the RA Government decreased in the structure of the external debt of CBA and it comprised 26.2%[[13]](#footnote-13) in 2020 against 26.4% in the previous year. The loans provided by the IMF still prevail in the structure of CBA debt and comprise 35.0%, despite 6.3 percentage points decrease in the debt structure against the previous year.

##### The structure of the external debt of the Central Bank of RA

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 31.12.2019 | | 31.12.2020 | |
| USD million | % | USD million | % |
| **External Debt of the Central Bank of RA** | **489.3** | **100.0** | 459.9 | 100.0 |
| *of which* |  |  |  |  |
| By Creditors | | | | |
| **International organizations, of which** | **365.1** | **74.6** | **329.6** | **71.7** |
| International Monetary Fund | 202.1 | 41.3 | 161.1 | 35.0 |
| International Bank for Reconstruction and Development | 41.8 | 8.5 | 40.0 | 8.7 |
| Asian Development Bank | 13.7 | 2.8 | 13.9 | 3.0 |
| European Investment Bank | 107.6 | 22.0 | 114․6 | 24․9 |
| **Foreign states, of which** | **124.2** | **25.4** | **130.3** | **28.3** |
| Germany (KfW) | 124.2 | 25.4 | 130.3 | 28.3 |
| By interest rate type | | | | |
| Fixed interest rate | 275.4 | 56.3 | 277.7 | 60.4 |
| Floating interest rate | 213.9 | 43.7 | 182.3 | 39.6 |
| By currency | | | | |
| SDR | 215.8 | 44.1 | 175.0 | 38.1 |
| USD | 149.3 | 30.5 | 154.6 | 33.6 |
| EUR | 124.2 | 25.4 | 130.3 | 28.3 |

During 2020 CBA borrowed USD 28.9 million credits from the external sources. Meanwhile, the service payments of the external debt comprised USD 87.4 million, of which USD 9.9 million as interest payments and USD 77.4 million as principal payments.

## **Cash Flow Management**

As of December 31, 2020, the total funds of the treasury single account (TSA and time deposits) amounted to AMD 259.1 billion against AMD 319.1 billion as of December 31, 2019. During 2020 the average daily balance of TSA made up AMD 342.0 billion, of which daily average residual of the time deposits at CBA made up AMD 325.4 billion.

During the year the execution of the state budget and cash flow forecasts were accompanied by a number of challenges. The indicators of the RA state budget in 2020 were regularly changed during the year by the RA Government decrees, which were mainly aimed at:

1. Adjusting the indicators of the RA state budget in accordance with the new economic and social situation caused by the pandemic since March 2020 and financing the relevant social-economic measures,
2. Since September 27, 2020, the increase of military expenditures due to the Artsakh war and, consequently, the overcoming of the consequences of the war.

##### Dynamics of the TSA daily residual (without deposits) and total balance dynamics in 2020 (AMD million)

##### The average residuals of TSA (without deposits) and time deposits (AMD million)

Due to the uncertainties related to the state budget flows during the year, relatively more funds were kept in the TSA account, as a result of which the average balance of the TSA without deposits was AMD 4.2 billion dram higher in 2020 than the same indicator in the previous year.

The daily average total funds of the TSA increased by 34.9% or AMD 88.6 billion in 2020 compared to the previous year. This was reflected in the dynamics of the average residual of the time deposits, which, despite the increase in the balance of TSA without deposits, registered a progressive growth over the growth of total funds of the TSA, increasing by 35.1% or AMD 84.6 billion compared to the previous year.

##### TSA indicators (AMD billion)

|  |  |  |
| --- | --- | --- |
|  | **2019** | **2020** |
| TSA balance as of December 31 | 319.1 | 259.1 |
| Daily average residual of the time deposits at CBA | 240.8 | 325.4 |
| Income earned from the time deposits invested in CBA | 12.8 | 17.1 |

In 2020, 177 deposit agreements were signed between the RA Ministry of Finance and the RA Central Bank, by which a total of AMD 1.424.0 billion was invested in the RA Central Bank, exceeding the same indicator of the previous year by AMD 391.0 billion. The average maturity of deposits was 64.6 days, which was less by 18.9 days than the same indicator in the previous year.

During 2020 the weighted average interest rate of time deposits was 5.06% against 5.48% in previous year. As the average daily residual of the time deposits significantly increased in 2020 compared to the previous year, even in the conditions of lower interest rates by 0.42 percentage points, the revenues received from time deposits increased by AMD 4.3 billion and amounted to AMD 17.1 billion.

In 2020 the increase in revenues received from the time deposits compared to the previous year is due to the following factors:

* Relatively low performance of expenditures compared to the state budget revenues (compared to the adjusted program), in the conditions of which additional temporary free funds were generated,
* Additional issuances of Government securities in order to meet the financial need, the funds from the allocation of which were also invested, providing additional income,
* Eurobonds issued in 2019, part of the proceeds of which were deposited, and interests were received also during 2020.

By the order No. 433-A of the RA Minister of Finance on December 30, 2020, the cash flow forecast and management methodology of the treasury single account was approved, which defines and regulates forecast and management processes of the treasury single account, including forecast and management processes of the flows and balances of the state budget and other sub-accounts of the treasury single account. The purpose of establishing the above mentioned methodology is to increase the efficiency of cash flow forecasting and management.

# **Risks Analysis**

In this part of the report it is presented the analysis of the main risks associated with public debt, in particular market (interest rate and exchange rate), re-financing, liquidity and operational risks.

As in the previous years, in 2020 MoF of RA continued the consistent policy of management and decrease of the risks associated with the Government debt management. As a result, the Government debt of RA remained within the manageable level.

As of December 31, 2020 the increase of the RA Government debt comprised 19.7% compared to the previous year, where 11.7 percentage points resulted from the increase of the external debt and the remaining 8.0 percentage points arisen due to the increase of the domestic debt.

As it is known, 2018 was a breakthrough in terms of the growth rate of the debt of the RA Government, when it yielded to the nominal GDP growth rate for the first time since 2013. In 2020, the economic indicators deteriorated due to the pandemic and the Artsakh war and the opposite situation took place, the RA Government nominal debt increased by 19.7% compared to the previous year, while the nominal GDP decreased by 5.5%. As a result, the RA Government debt/GDP ratio increased by 13.4 percentage points and made up 63.5%.

##### The average annual nominal growth of the RA Government debt

|  |  |  |
| --- | --- | --- |
|  | 2010 – 2019 | 2020 |
|  | Actual | Actual |
| Average annual nominal growth of the RA Government debt (%) | 11.8 | 19.7 |

Since 2018, when a new and modernized system of fiscal rules was introduced, the RA Government debt/GDP ratio has been selected as an “anchor” for fiscal policy, aiming at ensuring the stability of the RA Government debt. According to the fiscal rules, it was developed the RA Government debt reduction 2019-2023 program, which aimed to gradually reduce the debt burden to a "safe" range burden (at that time, the Government debt/GDP ratio was exceeding the threshold of 50%[[14]](#footnote-14)). According to the results of 2020, the RA Government debt/GDP ratio has exceeded 60%, therefore, according to the Article 21, clause 8.4 of the Law on Budget System, when presenting the Medium-term Public Expenditure Program (2022-2024) to the National Assembly for the following year, the Government will present for a discussion to the permanent Committees on Finance, Credit, and Budgetary, as well as to the Economic Affairs of the National Assembly a program of measures for gradually reducing the projected trajectory of the level of Government debt under 60% over GDP.

On 10th of July, 2020, the RA Government approved the “2021-2023 Medium Term Expenditure Framework” by the decree N 1212-N, which includes the 2021-2023 RA Government debt management strategy. The strategy document defined the Government debt planned indicators for 2020 and the forecasted indicators for 2021-2023. The 2021-2023 RA Government debt management strategy defined the following benchmark indicators for the main market risks which, as can be seen from Table 15, have changed somewhat compared to the benchmark indicators defined by the 2020-2022 RA Government debt management strategy.

##### RA Government debt benchmark indicators

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Benchmark 2021-2023** | **Benchmark 2020-2022** | | **2020**  **Actual** |
| **Refinancing risk** |  | |  |  |
| Average time to maturity | 8 – 11 years | | 8- 11 years | 8.8 years |
| The share of up to 1-year maturity bonds in the total GS (at the end of the year) | max 20% | | max 20% | 11.5 % |
| **Interest rate risk** |  | |  |  |
| The share of fixed rate debt in the total debt | min 80% | | min 80% | 80.4 % |
| **Exchange rate risk** |  | |  |  |
| The share of domestic debt in the total debt | min 25% | | min 20% | 25․5 % |
| The share of AMD denominated debt in the total debt | min 25% | | min 20% | 24․4 % |

All benchmark indicators set by the 2020-2022 RA Government debt management strategy were within the specified ranges according to the 2020 actual data as a result of the RA Government debt management.

#### Interest Rate Risk

Interest rate risk is the risk of an increase in interest payments of debt as a result of interest rate changes, which is mainly assessed by the share of outstanding debt with fixed interest rate, the share of the debt refixing during a year and average time to refixing. In terms of interest rate risk, both short-term and floating rate debt is usually considered to be riskier than long-term and fixed rate debt.

In table 16, the RA Government debt interest payments/GDP actual indicator is presented in the comparison to the indicators approved by 2020 state budget and envisaged by the 2021-2023 RA Government Debt Management Strategy.

##### RA Government debt interest payments

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2019 | 2020 | 2020 |
|  | Actual | Program | Actual |
| Interest payments/GDP (%) | 2.4 | 2.4 | 2.7 |

The actual interest payments as a share of GDP increased by 0.3 percentage points compared to the actual indicators of the previous year and the indicators envisaged by the 2021-2023 RA Government debt management strategy. The difference of Interest payments/GDP indicator from the program level is mainly due to the decline in GDP. The growth of nominal interest payments totaled 4.6% compared to the previous year, which was the lowest increase in the last ten years.

##### GS primary allocation yields, (%)

|  |  |  |
| --- | --- | --- |
|  | 2019 | 2020 |
|  | Actual | Actual |
| Weighted average yields of GS allocated in the current year | 8.97 | 7.74 |
| Of which |  |  |
| T-bills | 5.92 | 5.74 |
| MTCN | 7.74 | 6.85 |
| LTCB | 10.43 | 8.69 |

The weighted average interest rate of GS allocated during 2020 declined by 1.23 percentage points compared to the previous year, at the same time, average interest rate of LTCB - by 1.74 percentage points, T-bills and MTCN - by 0.18 and 0.89 percentage points, respectively.

The restriction of the growth of loans with floating interest rates was highlighted in the perspective of the interest rate risk management.

##### The shares of RA Government fixed and floating rate debt, (%)

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2019** | **2020** | **2020** |
| Interest rate | Actual | Forecast | Actual |
| Fixed | 83.8 | 78.8 | 80.4 |
| Floating | 16.2 | 21.2 | 19.6 |

In the 2021-2023 RA Government debt management strategy the target shares of the floating and fixed interest rates of the existing debt for the end of 2020 were determined to be 21.2 and 78.8, respectively. The Government managed to increase the share of fixed rate liabilities by 1.6 percentage points in comparison to the planned indicator, however the actual indicator decreased by 3.4 percentage points compared to the same indicator in the previous year mainly due to the structure of the transactions with external loans.

##### Interest rate risk indicators of RA Government debt in 2020

|  |  |  |
| --- | --- | --- |
|  | **2020** | **2020** |
|  | Forecast | Actual |
| Average time to refixing of the RA Government debt[[15]](#footnote-15) (year) | 7.0 | 7.1 |
| Average time to refixing of the external debt (year) | 5.9 | 5.9 |
| Average time to refixing of the domestic debt (year) | 10.4 | 10.6 |
|  |  |  |
| The share of the RA Government debt refixing during a year (%) | 26.5 | 25.7 |
| The share of the external debt refixing during a year (%) | 31.7 | 30.7 |
| The share of the domestic debt refixing during a year (%) | 11.0 | 11.0 |

All actual interest rate risk indicators reflected in table 19 either did not deviate from the forecast levels or the deviation was insignificant as a result of the RA Government debt management measures.

#### Exchange Rate Risk

Exchange rate risk is the risk of an increase in debt volume and debt payments as a result of exchange rate changes, which is mainly assessed through the share of foreign currency debt.

On November 26, 2020, the RA Ministry of Finance and the RA Central Bank signed an agreement stipulating that the RA Central Bank will carry out the conversion of foreign exchange inflows and outflows of the accounts of the RA Ministry of Finance at the purchase and sale exchange rate of the respective currency since 2021. The purchase and sale exchange rates of the day will be defined with equal percentage differences from the average exchange rate of the currency market, restraining the exchange rate risk of the debt payments against fluctuations in the difference between the purchase and sale rates.

Prior to the entry into force of the above-mentioned agreement, the relevant provision of the agreement signed in 2007 between the RA Ministry of Finance and the RA Central Bank was in force, according to which during the budgeting year all foreign currency inflow and outflow transactions of the Government debt payments should be converted based on the exchange rates that are applied in the RA Government budget message and are used for the calculation of the current RA Government state budget law (if the budget is not in force, then the draft of the budget) indicators. The 2007 agreement provided an opportunity to the Government to fix exchange rates on foreign currency debt payments over the year, hedging the exchange rate risk and making it more manageable. However, as the implementation of conversions according to the 2007 agreement created multi-currency practice, as well as transaction rates often deviated from market exchange rates, it was necessary to change the current procedure to conduct all foreign exchange conversions of the RA state budget only at market exchange rates.

The monthly average exchange rates of AMD against USD and EUR for 2020 are presented in chart 33.

##### AMD exchange rate against USD and EUR in 2020

The chart shows the devaluation trends of the Armenian dram against both the US dollar and the euro since March 2020.

##### RA Government external debt

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2019** | **2020** | **Change (%)** |
| RA Government external debt (AMD billion) | 2,540.1 | 2,926.2 | 15.2% |
| RA Government external debt (USD million) | 5,295.2 | 5,599.5 | 5.7% |
| USD exchange rate at the end of the year | 479.7 | 522.6 | 8.9% |

By the end of 2020, the RA Government external debt has increased in both USD dollar and AMD terms. As the exchange rate of the US dollar also increased, the RA Government external debt in AMD terms increased at an advanced pace than the RA Government external debt in USD terms.

##### RA Government debt currency structure (%)

|  |  |  |
| --- | --- | --- |
|  | **2019** | **2020** |
|  | **Actual** | **Actual** |
| **Currency structure** | 100.0 | 100.0 |
| of which |  |  |
| Debt denominated in AMD | 20.8 | 24.4 |
| Debt denominated in foreign currency | 79.2 | 75.6 |
| of which |  |  |
| USD | 43.9 | 38.3 |
| SDR | 21.1 | 23.0 |
| EUR | 10.6 | 10.9 |
| JPY | 3.3 | 3.0 |
| AED | 0.1 | 0.1 |
| CNY | 0.3 | 0.3 |

The share of debt denominated in AMD increased by 3.65 percentage points in the currency structure of the RA Government debt due to the growth of GS share in the structure of the RA state budget deficit. The share of USD denominated debt decreased by 5.6 percentage points in the currency structure of the RA Government debt. SDR and euro denominated debt increased by 2.0 and 0.3 percentage points, respectively due to the nature of the external loan transactions during the year.

#### Refinancing Risk

Refinancing risk is the risk of the impossibility of attracting new debt or the risk of the refinancing the debt at high interest rates as a result of a possible change in market conditions. Refinancing risk is being assessed by the smoothness of the repayment profile of the outstanding debt (which means that there aren’t any heavy periods in meeting debt redemption obligations), by the Average Time to Maturity (ATM), the share of short-term debt in overall debt portfolio and some other risk indicators.

##### Government debt redemption schedule in 2020 (AMD million)

The Government debt redemption profile shows that the significant share of monthly repayments in 2020 was concentrated in April, because the repayments of domestic debt are being concentrated on the specific days in order to increase the liquidity of the bonds according to the international best practice. Thus, on 29th of April, the redemptions of 3-year and 5-year maturity benchmark bonds amounted to AMD 29.6 billion and AMD 26.7 billion, respectively.

In 2020 the second largest redemption of the RA Government debt was concentrated in September. The latter was due to the repayment of Eurobonds equivalent to AMD 46.5 billion.

##### RA Government debt structure by weighted average time to maturity

|  |  |  |
| --- | --- | --- |
|  | **2019** | **2020** |
|  | **Actual** | **Actual** |
| **The structure by weighted average time to maturity, %** | 100.0 | 100.0 |
| of which |  |  |
| Short-term (up to 1 year) | 4.4 | 3.1 |
| Medium-term (1-5 years) | 16.4 | 27.9 |
| Long-term (more than 5 years) | 79.2 | 69.0 |

Table 22 shows that the share of medium-term debt in the structure of the RA Government debt increased by 11.5 percentage points, the shares of short-term and long-term debts in the structure of the RA Government debt decreased by 1.3 and 10.2 percentage points, respectively.

The comparison of the main indicators of GS with the previous year is presented below.

##### The indicators of outstanding GS

|  |  |  |
| --- | --- | --- |
|  | **2019** | **2020** |
| Average time to maturity (year) | 10.2 | 10.8 |
| The share of GS maturing in the forthcoming year in the total GS (%) | 12.7 | 11.5 |

Both indicators characterizing the outstanding GS improved in comparison to the previous year diminishing the refinancing risk.

As of the end of 2020 the repayments of the Government external loans were extended up to 2054, the repayments of AMD denominated bonds were spread up to 2050, the repayments of foreign currency securities were extended up to 2029, and the repayments of the guarantees were up to 2036.

##### Chart 35. Government debt maturity profile as of December 31, 2020 (AMD billion)

As at the end of 2020, the large repayment years are 2025 and 2029 in the RA Government debt maturity profile. 47.9% of the Government debt redemption in 2025 consists of the redemption of 10-year maturity Eurobonds issued in 2015, and 46.6% of the Government debt redemption in 2029 consists of the redemption of 10-year maturity Eurobonds issued in 2019.

RA Government defined the following refinancing risk targeted indicators in the 2021-2023 RA Government debt management strategy program:

##### RA Government debt refinancing risk indicators in 2020

|  |  |  |
| --- | --- | --- |
|  | **2020** | **2020** |
|  | **Program** | **Actual** |
| RA Government debt average time to maturity (year) | 8.7 | 8.8 |
| External debt ATM (year) | 8.2 | 8.1 |
| Domestic debt ATM (year) | 10.4 | 10.6 |
|  | | |
| RA Government debt maturing within one year (%) | 5.8 | 5.8 |
| Share of RA Government external debt maturing within one year (%) | 4.0 | 4.1 |
| Share of RA Government domestic debt maturing within one year (%) | 11.0 | 11.0 |

The study of Table 24 shows that all refinancing risk indicators either did not deviate from forecasted levels or the deviation was negligible, which means that as a result of 2020 the refinancing risk is within manageability framework.

#### Operational Risk

The RA Ministry of Finance continually reveals, assesses, manages and decreases the operational risks related to the RA Government debt management.

The Public Debt Management Department continuously registers, researches and offers solutions to identified problems based on the documents "Operational Risk Management Framework" and "Business Continuity Plan" for the Public Debt Management Department at the Ministry of Finance of RA adopted by 17th of September, 2018, N 445 order of the Minister of Finance.

During 2020, in the conditions of pandemic, operational risks to public debt management functions were assessed as manageable, and business continuity was ensured without impediments.

## **Government treasury securities transactions in 2020**

In 2020 Government issued new securities, in particular: 1-year T-bills, 3 and 5-year maturity MTCN, as well as 10-year maturity LTCB. During the year the allocation amounts of GS comprised (without the amount intended for direct sale by TD): up to 1 year T-bills - AMD 81.0 billion, by issuance maturity 3-year and 5-year MTCN - AMD 63.8 billion and AMD 86.4 billion, respectively, by issuance maturity 10-year, 20-year and 31-year LTCB – AMD 124.0 billion, AMD 30.0 billion and AMD 72.0 billion, respectively. In 2020 the volume of market bonds being allocated through TD was set up 10% of the allocation volume of each allocation auction.

**Table 1.1. Transactions of marketable GS during 2020**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | T-bills | MTCN | LTCB | Total |
| Number of allocation auctions (quantity) | 36 | 13 | 8 | 57 |
| Number of additional allocations (quantity) | 0 | 3 | 6 | 9 |
| Amount available to be allocated (excluding the amount to be allocated through Treasury Direct) (AMD billion) | 81.0 | 150.2 | 226.0 | 457.2 |
|  |  |  |  |  |
| Total allocated amount (AMD billion), of which | 57.5 | 108.6 | 222.2 | 388.3 |
| By primary dealers (AMD billion) | 57.5 | 108.4 | 218.2 | 384.1 |
| By Treasury Direct system (direct sale) (AMD billion) | 0.000001 | 0.2 | 4.0 | 4.2 |
|  |  |  |  |  |
| The share in the total allocated amount | 14.8% | 28.0% | 57.2% | 100% |
|  |  |  |  |  |

* The demand (excluding the amount to be allocated through Treasury Direct) for GS totaled AMD 777.5 billion and it exceeded the allocation amount by AMD 320․3 billion,
* The weighted average yield of allocations comprised 7.74 %,
* The maximum allocation maturity made up 30 years during the reopening of 31-year original maturity LTCB, and the minimum maturity was 2 weeks.

During 2020 MoF of RA carried out buybacks of GS with the total amount of AMD 17.9 billion.

During the reporting period 36 issues of SCB took place with the total amount of AMD 18․0 billion, of which AMD 1.7 billion was allocated.

**Table 1.2. The data of GS auctions took place during 2020**

| **Allocation date** | **ISIN**[[16]](#footnote-16) | **Available amount for allocation (AMD million)** | | | | | | | | | **Allocation type** | | | | | | | **Demand**  **(AMD million)** | | | | | | | | **Allocation**  **(AMD million)** | | | | | | | **Minimum yield (%)** | | | | | | | | | | **Marginal yield (%)** | | | | | | | | | **Weighted average yield (%)** | | | | | | | | | **Redemption date** | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 21/JAN/2020 | AMGT52181212 | | | | | | | | | 1,000 | | | | | | | Auction | 2,180 | | | | | | | 1,000 | | | | | | | | | | | | | | | | 5.6000 | | | | | | | | | 5.6827 | | | | | 5.6491 | | | | | 18/JAN/2021 | | | | | | | | | |
| 21/JAN/2020 | AMGT52181212 | | | | | | | | |  | | | | | | | Direct[[17]](#footnote-17) sale | 0․001 | | | | | | | 0․001 | | | | | | | | | | | | | | | |  | | | | | | | | |  | | | | | 5.6491 | | | | | 18/JAN/2021 | | | | | | | | | |
| 22/JAN/2020 | AMGB1029A292 | | | | | | | | | 20,000 | | | | | | | Auction | 59,912 | | | | | | | 20,000 | | | | | | | | | | | | | | | | 7.8000 | | | | | | | | | 8.2000 | | | | | 8.1011 | | | | | 29/OCT/2029 | | | | | | | | | |
| 22/JAN/2020 | AMGB1029A292 | | | | | | | | | 4,000 | | | | | | | Additional Auction | 4,000 | | | | | | | 4,000 | | | | | | | | | | | | | | | |  | | | | | | | | |  | | | | | 8.1011 | | | | | 29/OCT/2029 | | | | | | | | | |
| 22/JAN/2020 | AMGB1029A292 | | | | | | | | |  | | | | | | | Direct Sale | 479 | | | | | | | 479 | | | | | | | | | | | | | | | |  | | | | | | | | |  | | | | | 8.1011 | | | | | 29/OCT/2029 | | | | | | | | | |
| 31/JAN/2020 | AMGT5202B200 | | | | | | | | | 1,000 | | | | | | | Auction | 1,200 | | | | | | | 1,000 | | | | | | | | | | | | | | | | 5.5497 | | | | | | | | | 5.5992 | | | | | 5.5745 | | | | | 2/NOV/2020 | | | | | | | | | |
| Total January | | 26,000 | | | | | | | | |  | | | | | | | 67,771.1 | | | | | | | | 26,478.958 | | | | | | |  | | | | | | | | | |  | | | | | | | | | 7.9131 | | | | | | | | |  | | | | | | | | |
| 4/FEB/2020 | AMGT52012219 | | 1,000 | | | | | | | | | Auction | | | | | | | 1,750 | | | | | | | | 1,000 | | | | | | | 5.5997 | | | | | | | | | | 5.6492 | | | | | | | | | 5.6241 | | | | | | | | | 1/FEB/2021 | | | | | | | |
| 12/FEB/2020 | AMGN60294243 | | 12,000 | | | | | | | | | Auction | | | | | | | 25,585 | | | | | | | | 12,000 | | | | | | | 6.4990 | | | | | | | | | | 6.7486 | | | | | | | | | 6.6240 | | | | | | | | | 29/APR/2024 | | | | | | | |
| 12/FEB/2020 | AMGN60294243 | | 2,400 | | | | | | | | | Additional Auction | | | | | | | 2,380 | | | | | | | | 2,380 | | | | | | |  | | | | | | | | | |  | | | | | | | | | 6.6240 | | | | | | | | | 29/APR/2024 | | | | | | | |
| 18/FEB/2020 | AMGT52318202 | | 1,000 | | | | | | | | | Auction | | | | | | | 1,775 | | | | | | | | 1,000 | | | | | | | 5.4500 | | | | | | | | | | 5.5612 | | | | | | | | | 5.5381 | | | | | | | | | 31/AUG/2020 | | | | | | | |
| 25/FEB/2020 | AMGT52016202 | | 1,000 | | | | | | | | | Auction | | | | | | | 1,160 | | | | | | | | 1,000 | | | | | | | 5.4997 | | | | | | | | | | 5.5294 | | | | | | | | | 5.5146 | | | | | | | | | 1/JUN/2020 | | | | | | | |
| Total February | | 17,400 | | | | | | | | |  | | | | | | | 32,650 | | | | | | | | 17,380 | | | | | | |  | | | | | | | | | |  | | | | | | | | | 6.4402 | | | | | | | | |  | | | | | | | | |
| 3/MAR/2020 | AMGT52013217 | | | | 1,000 | | | | | | | | | Auction | | | | | | | 2,210 | | | | | | | | 1,000 | | | | | | | | 5.5997 | | | | | | | | | 5.6228 | | | | | | | | | 5.6134 | | | | | | | | | 1/MAR/2021 | | | | | | |
| 11/MAR/2020 | AMGN36294228 | | | | 10,000 | | | | | | | | | Auction | | | | | | | 10,100 | | | | | | | | 9,150 | | | | | | | | 6.0497 | | | | | | | | | 6.5000 | | | | | | | | | 6.2971 | | | | | | | | | 29/APR/2022 | | | | | | |
| 11/MAR/2020 | AMGN36294228 | | | | 1,830 | | | | | | | | | Additional Auction | | | | | | |  | | | | | | | |  | | | | | | | |  | | | | | | | | |  | | | | | | | | | 6.2971 | | | | | | | | | 29/APR/2022 | | | | | | |
| 17/MAR/2020 | AMGT5230B201 | | | | 1,000 | | | | | | | | | Auction | | | | | | | 1,000 | | | | | | | | 1,000 | | | | | | | | 5.5497 | | | | | | | | | 5.5992 | | | | | | | | | 5.5745 | | | | | | | | | 30/NOV/2020 | | | | | | |
| 24/MAR/2020 | AMGT5205A205 | | | | 1,000 | | | | | | | | | Auction | | | | | | | 1,520.2 | | | | | | | | 1,000 | | | | | | | | 5.4989 | | | | | | | | | 5.6327 | | | | | | | | | 5.5946 | | | | | | | | | 5/ OCT /2020 | | | | | | |
| Total March | | 14,830 | | | | | | | | |  | | | | | | | 14,830.2 | | | | | | | | 12,150.0 | | | | | | |  | | | | | | | | | |  | | | | | | | | | 6.1235 | | | | | | | | |  | | | | | | | | |
| Total I quarter | | 58,230 | | | | | | | | |  | | | | | | | 115,251.29 | | | | | | | | 56,008.958 | | | | | | |  | | | | | | | | | |  | | | | | | | | |  | | | | | | | | |  | | | | | | | | |
| 7/APR/2020 | AMGT52054211 | | | | | 3,000 | | | | | | | | | Auction | | | | | | | 3,800 | | | | | | | | 3,000 | | | | | | | | 5.7988 | | | | | | | | | 5.9727 | | | | | | | | | 5.8735 | | | | | | | | | 5/APR/2021 | | | | | |
| 15/APR/2020 | AMGB3129A504 | | | | | 20,000 | | | | | | | | | Auction | | | | | | | 79,005.2 | | | | | | | | 20,000 | | | | | | | | 10.1000 | | | | | | | | | 10.3333 | | | | | | | | | 10.3333 | | | | | | | | | 29/ OCT /2050 | | | | | |
| 15/APR/2020 | AMGB3129A504 | | | | | 4,000 | | | | | | | | | Additional Auction | | | | | | | 3,999.7 | | | | | | | | 3,999.7 | | | | | | | |  | | | | | | | | |  | | | | | | | | | 10.3333 | | | | | | | | | 29/ OCT /2050 | | | | | |
| 15/APR/2020 | AMGB3129A504 | | | | |  | | | | | | | | | Direct Sale | | | | | | | 1,871.58 | | | | | | | | 1,871.58 | | | | | | | |  | | | | | | | | |  | | | | | | | | | 10.3333 | | | | | | | | | 29/ OCT /2050 | | | | | |
| 21/APR/2020 | AMGT52181212 | | | | | 2,000 | | | | | | | | | Auction | | | | | | | 4,100 | | | | | | | | 2,000 | | | | | | | | 5.6390 | | | | | | | | | 5.7197 | | | | | | | | | 5.6800 | | | | | | | | | 18/JAN/2021 | | | | | |
| 28/APR/2020 | AMGT52038206 | | | | | 2,000 | | | | | | | | | Auction | | | | | | | 2,600 | | | | | | | | 2,000 | | | | | | | | 5.4497 | | | | | | | | | 5.5397 | | | | | | | | | 5.4947 | | | | | | | | | 3/AUG/2020 | | | | | |
| 29/APR/2020 | AMGB1029A292 | | | | | 15,000 | | | | | | | | | Auction | | | | | | | 34,845 | | | | | | | | 15,000 | | | | | | | | 7.7900 | | | | | | | | | 8.3333 | | | | | | | | | 8.1562 | | | | | | | | | 29/ OCT /2029 | | | | | |
| 29/APR/2020 | AMGB1029A292 | | | | | 3,000 | | | | | | | | | Additional Auction | | | | | | | 2,900 | | | | | | | | 2,900 | | | | | | | |  | | | | | | | | |  | | | | | | | | | 8.1562 | | | | | | | | | 29/ OCT /2029 | | | | | |
| 29/APR/2020 | AMGB1029A292 | | | | |  | | | | | | | | | Direct Sale | | | | | | | 92.25 | | | | | | | | 92.25 | | | | | | | |  | | | | | | | | |  | | | | | | | | | 8.1562 | | | | | | | | | 29/ OCT /2029 | | | | | |
| 29/APR/2020 | AMGB3129A504 | | | | | 20,000 | | | | | | | | | Auction | | | | | | | 60,015 | | | | | | | | 20,000 | | | | | | | | 9.2700 | | | | | | | | | 9.3219 | | | | | | | | | 9.3079 | | | | | | | | | 29/ OCT /2050 | | | | | |
| 29/APR/2020 | AMGB3129A504 | | | | | 4,000 | | | | | | | | | Additional Auction | | | | | | | 4,000 | | | | | | | | 4,000 | | | | | | | |  | | | | | | | | |  | | | | | | | | | 9.3079 | | | | | | | | | 29/ OCT /2050 | | | | | |
| 29/APR/2020 | AMGB3129A504 | | | | |  | | | | | | | | | Direct Sale | | | | | | | 265.43 | | | | | | | | 265.43 | | | | | | | |  | | | | | | | | |  | | | | | | | | | 9.3079 | | | | | | | | | 29/ OCT /2050 | | | | | |
| 29/APR/2020 | AMGT52012219 | | | | | 4,000 | | | | | | | | | Auction | | | | | | | 5,100 | | | | | | | | 4,000 | | | | | | | | 5.5333 | | | | | | | | | 5.7700 | | | | | | | | | 5.6947 | | | | | | | | | 1/FEB/2021 | | | | | |
| 29/APR/2020 | AMGT52013217 | | | | | 4,000 | | | | | | | | | Auction | | | | | | | 4,700 | | | | | | | | 4,000 | | | | | | | | 5.7420 | | | | | | | | | 5.8580 | | | | | | | | | 5.8087 | | | | | | | | | 1/MAR/2021 | | | | | |
| 29/APR/2020 | AMGN36294236 | | | | | | 10,000 | | | | | | | | | Auction | | | | | | | 7,960 | | | | | | | | 2,100 | | | | | | | | 6.3550 | | | | | | | | | 6.5000 | | | | | | | | | 6.4608 | | | | | | | | | 29/APR/2023 | |
| 29/APR/2020 | AMGN60294250 | | | | | | 10,000 | | | | | | | | | Auction | | | | | | | 13,195 | | | | | | | | 10,000 | | | | | | | | 6.6800 | | | | | | | | | 7.2500 | | | | | | | | | 7.0693 | | | | | | | | | 29/APR/2025 | |
| Total April | | 101,000 | | | | | | | | |  | | | | | | | 228,449.16 | | | | | | | | 95,228.96 | | | | | | |  | | | | | | | | | |  | | | | | | | | | 8.5078 | | | | | | | | |  | | | | | | | | |
| 5/MAY/2020 | AMGT52035210 | | | | | | 2,000 | | | | | | | | | Auction | | | | | | | 2,020 | | | | | | | | 1,520 | | | | | | | | 5.8199 | | | | | | | | | 5.9997 | | | | | | | | | 5.9463 | | | | | | | | | 3/MAY/2021 | |
| 13/MAY/2020 | AMGN60294250 | | | | | | 10,000 | | | | | | | | | Auction | | | | | | | 29,140 | | | | | | | | 10,000 | | | | | | | | 6.8130 | | | | | | | | | 7.1800 | | | | | | | | | 7.0566 | | | | | | | | | 29/APR/2025 | |
| 13/MAY/2020 | AMGN60294250 | | | | | | 2,000 | | | | | | | | | Additional Auction | | | | | | | 1,951 | | | | | | | | 1,951 | | | | | | | |  | | | | | | | | |  | | | | | | | | | 7.0566 | | | | | | | | | 29/APR/2025 | |
| 19/MAY/2020 | AMGT5202B200 | | | | | | 1,000 | | | | | | | | | Auction | | | | | | | 1,120 | | | | | | | | 1,000 | | | | | | | | 5.5993 | | | | | | | | | 5.7197 | | | | | | | | | 5.6513 | | | | | | | | | 2/NOV/2020 | |
| 26/MAY/2020 | AMGT52318202 | | | | | | 1,000 | | | | | | | | | Auction | | | | | | | 1,120 | | | | | | | | 1,000 | | | | | | | | 5.4997 | | | | | | | | | 5.6197 | | | | | | | | | 5.5595 | | | | | | | | | 31/AUG/2020 | |
| Total May | | 16,000 | | | | | | | | |  | | | | | | | 35,351 | | | | | | | | 15,471 | | | | | | |  | | | | | | | | | |  | | | | | | | | | 6.7599 | | | | | | | | |  | | | | | | | | |
| 2/JUN/2020 | AMGT52315216 | | | | | | | 2,000 | | | | | | | | | Auction | | | | | | | 2,750 | | | | | | | | 1,250 | | | | | | | | 5.9128 | | | | | | | | | 5.9997 | | | | | | | | | 5.9673 | | | | | | | | | 31/MAY/2021 | |
| 10/JUN/2020 | AMGN36294236 | | | | | | | 10,000 | | | | | | | | | Auction | | | | | | | 11,300 | | | | | | | | 10,000 | | | | | | | | 6.4090 | | | | | | | | | 6.8999 | | | | | | | | | 6.6578 | | | | | | | | | 29/APR/2023 | |
| 16/JUN/2020 | AMGT52054211 | | | | | | | 1,000 | | | | | | | | | Auction | | | | | | | 1,709 | | | | | | | | 1,000 | | | | | | | | 5.7399 | | | | | | | | | 5.8597 | | | | | | | | | 5.7841 | | | | | | | | | 5/APR/2021 | |
| 23/JUN/2020 | AMGT52181212 | | | | | | | 1,000 | | | | | | | | | Auction | | | | | | | 1,297.9 | | | | | | | | 1,000 | | | | | | | | 5.0000 | | | | | | | | | 5.5487 | | | | | | | | | 5.4717 | | | | | | | | | 18/JAN/2021 | |
| Total June | | 14,000 | | | | | | | | |  | | | | | | | 17,056.9 | | | | | | | | 13,250 | | | | | | |  | | | | | | | | | |  | | | | | | | | | 6.4372 | | | | | | | | |  | | | | | | | | |
| Total II quarter | | 131,000 | | | | | | | | |  | | | | | | | 280,857.1 | | | | | | | | 123,949.96 | | | | | | |  | | | | | | | | | |  | | | | | | | | |  | | | | | | | | |  | | | | | | | | |
| **Total I half year** | | 189,230 | | | | | | | | |  | | | | | | | 396,108.35 | | | | | | | | 179,958.92 | | | | | | |  | | | | | | | | | |  | | | | | | | | |  | | | | | | | | |  | | | | | | | | |
| 7/AUG/2020 | AMGT52057214 | | | | | | | | 2,000 | | | | | | | | Auction | | | | | | | 2,550 | | | | | | | | 2,000 | | | | | | | | 5.6000 | | | | | | | | | 5.7987 | | | | | | | | | 5.7075 | | | | | | | | | 5/AUG/2021 | |
| 15/AUG/2020 | AMGB1029A292 | | | | | | | | 60,000 | | | | | | | | Auction | | | | | | | 159,897 | | | | | | | | 60,000 | | | | | | | | 7.5779 | | | | | | | | | 8.0800 | | | | | | | | | 7.9248 | | | | | | | | | 29/OCT/2029 | |
| 15/AUG/2020 | AMGB1029A292 | | | | | | | | 12,000 | | | | | | | | Additional Auction | | | | | | | 10,661 | | | | | | | | 10,661 | | | | | | | |  | | | | | | | | |  | | | | | | | | | 7.9248 | | | | | | | | | 29/OCT/2029 | |
| 15/AUG/2020 | AMGB1029A292 | | | | | | | |  | | | | | | | | Direct Sale | | | | | | | 1,153.25 | | | | | | | | 1,153.25 | | | | | | | |  | | | | | | | | |  | | | | | | | | | 7.9248 | | | | | | | | | 29/OCT/2029 | |
| 21/AUG/2020 | AMGT52035210 | | | | | | | | 1,000 | | | | | | | | Auction | | | | | | | 1,950 | | | | | | | | 1,000 | | | | | | | | 5.4900 | | | | | | | | | 5.5657 | | | | | | | | | 5.5306 | | | | | | | | | 3/MAY/2021 | |
| 28/AUG/2020 | AMGT5202B200 | | | | | | | | 1,000 | | | | | | | | Auction | | | | | | | 1,630 | | | | | | | | 1,000 | | | | | | | | 5.2400 | | | | | | | | | 5.2937 | | | | | | | | | 5.2628 | | | | | | | | | 2/NOV/2020 | |
| Total July | | 76,000 | | | | | | | | |  | | | | | | | 177,841.25 | | | | | | | | 75,814.25 | | | | | | |  | | | | | | | | | |  | | | | | | | | | 7.7996 | | | | | | | | |  | | | | | | | | |
| 4/AUG/2020 | AMGT52028215 | | | 3,000 | | | | | | | | | Auction | | | | | | | 3,700 | | | | | | | | 3,000 | | | | | | | | 5.6500 | | | | | | | | | 5.7987 | | | | | | | | | 5.7454 | | | | | | | | | 2/AUG/2021 | | | | | |
| 12/AUG/2020 | AMGN60294250 | | | 15,000 | | | | | | | | | Auction | | | | | | | 23,525 | | | | | | | | 15,000 | | | | | | | | 6.7195 | | | | | | | | | 7.0700 | | | | | | | | | 6.9236 | | | | | | | | | 29/APR/2025 | | | | | |
| 18/AUG/2020 | AMGT52315216 | | | 3,000 | | | | | | | | | Auction | | | | | | | 1,379.2 | | | | | | | | 1,379.2 | | | | | | | | 5.5201 | | | | | | | | | 5.7000 | | | | | | | | | 5.6384 | | | | | | | | | 31/MAY/2021 | | | | | |
| 25/AUG/2020 | AMGT52013217 | | | 1,000 | | | | | | | | | Auction | | | | | | | 1,925 | | | | | | | | 1,000 | | | | | | | | 5.3997 | | | | | | | | | 5.4788 | | | | | | | | | 5.4449 | | | | | | | | | 1/MAR/2021 | | | | | |
| Total August | | 22,000 | | | | | | | | |  | | | | | | | 30,529.2 | | | | | | | | 20,379.2 | | | | | | |  | | | | | | | | | |  | | | | | | | | | 6.5906 | | | | | | | | |  | | | | | | | | |
| 9/SEP/2020 | AMGN36294236 | | | 12,000 | | | | | | | | | Auction | | | | | | | 17,380 | | | | | | | | 12,000 | | | | | | | | 6.2715 | | | | | | | | | 6.5090 | | | | | | | | | 6.4131 | | | | | | | | | 29/APR/2023 | | | | | | | |
| 15/SEP/2020 | AMGT52139210 | | | 3,000 | | | | | | | | | Auction | | | | | | | 4,600 | | | | | | | | 3,000 | | | | | | | | 5.6497 | | | | | | | | | 5.7047 | | | | | | | | | 5.6811 | | | | | | | | | 13/SEP/2021 | | | | | | | |
| 29/SEP/2020 | AMGT52057214 | | | 1,000 | | | | | | | | | Auction | | | | | | | 1,250 | | | | | | | | 1,000 | | | | | | | | 5.4977 | | | | | | | | | 5.6767 | | | | | | | | | 5.6034 | | | | | | | | | 5/AUG/2021 | | | | | | | |
| Total September | | 16,000 | | | | | | | | |  | | | | | | | 23,230 | | | | | | | | 16,000 | | | | | | |  | | | | | | | | | |  | | | | | | | | | 6.2252 | | | | | | | | |  | | | | | | | | |
| Total III quarter | | 114,000 | | | | | | | | |  | | | | | | | 231,600.45 | | | | | | | | 112,193.45 | | | | | | |  | | | | | | | | | |  | | | | | | | | |  | | | | | | | | |  | | | | | | | | |
| 6/ OCT /2020 | AMGT5204A216 | | | 3,000 | | | | | | | | | Auction | | | | | | | 2,530 | | | | | | | | 2,530 | | | | | | | | 5.6000 | | | | | | | | | 5.8477 | | | | | | | | | 5.7445 | | | | | | | | | 4/ OCT /2021 | | | | | | | |
| 14/OCT/2020 | AMGB3129A504 | | | 20,000 | | | | | | | | | Auction | | | | | | | 50,123.5 | | | | | | | | 20,000 | | | | | | | | 8.8988 | | | | | | | | | 9.3900 | | | | | | | | | 9.3226 | | | | | | | | | 29/ OCT /2050 | | | | | | | |
| 14/OCT/2020 | AMGB3129A504 | | | 4,000 | | | | | | | | | Additional Auction | | | | | | | 3,990 | | | | | | | | 3,990 | | | | | | | |  | | | | | | | | |  | | | | | | | | | 9.3226 | | | | | | | | | 29/ OCT /2050 | | | | | | | |
| 14/OCT/2020 | AMGB3129A504 | | |  | | | | | | | | | Direct Sale | | | | | | | 82.552 | | | | | | | | 82.552 | | | | | | | |  | | | | | | | | |  | | | | | | | | | 9.3226 | | | | | | | | | 29/ OCT /2050 | | | | | | | |
| 20/OCT/2020 | AMGT52028215 | | | 3,000 | | | | | | | | | Auction | | | | | | | 1,420 | | | | | | | | 1,420 | | | | | | | | 5.6388 | | | | | | | | | 5.8955 | | | | | | | | | 5.7354 | | | | | | | | | 2/AUG/2021 | | | | | | | |
| 27/OCT/2020 | AMGT52035210 | | | 1,000 | | | | | | | | | Auction | | | | | | | 1,310 | | | | | | | | 1,000 | | | | | | | | 5.5510 | | | | | | | | | 5.6440 | | | | | | | | | 5.5996 | | | | | | | | | 3/MAY/2021 | | | | | | | |
| 30/OCT/2020 | AMGN36294236 | | | 10,000 | | | | | | | | | Auction | | | | | | | 4,700 | | | | | | | | 4,700 | | | | | | | | 6.3990 | | | | | | | | | 7.1600 | | | | | | | | | 6.7397 | | | | | | | | | 29/APR/2023 | | | | | | | |
| 30/OCT/2020 | AMGN60294250 | | | 10,000 | | | | | | | | | Auction | | | | | | | 9,591 | | | | | | | | 9,591 | | | | | | | | 6.9750 | | | | | | | | | 7.6900 | | | | | | | | | 7.1923 | | | | | | | | | 29/APR/2025 | | | | | |
| 30/OCT/2020 | AMGB1029A292 | | | | | | | | 10,000 | | | | | | | | Auction | | | | | | | 3,650 | | | | | | | | 3,650 | | | | | | | | 8.0493 | | | | | | | | | 8.6900 | | | | | | | | | 8.2775 | | | | | | | | | 29/OCT/2029 | |
| 30/OCT/2020 | AMGB2029A374 | | | | | | | | 30,000 | | | | | | | | Auction | | | | | | | 47,012 | | | | | | | | 30,000 | | | | | | | | 8.7984 | | | | | | | | | 9.0752 | | | | | | | | | 8.9603 | | | | | | | | | 29/OCT/2037 | |
| 30/OCT/2020 | AMGB2029A374 | | | | | | | |  | | | | | | | | Direct Sale | | | | | | | 45 | | | | | | | | 45 | | | | | | | |  | | | | | | | | |  | | | | | | | | | 8.9603 | | | | | | | | | 29/OCT/2037 | |
| Total October | | 91,000 | | | | | | | | |  | | | | | | | 124,454.05 | | | | | | | | 77,008.55 | | | | | | |  | | | | | | | | | |  | | | | | | | | | 8.4767 | | | | | | | | |  | | | | | | | | |
| 3/NOV/2020 | AMGT5201B210 | | | 3,000 | | | | | | | | | Auction | | | | | | | 2,754.7 | | | | | | | | 2,454.7 | | | | | | | | 5.7900 | | | | | | | | | 5.9995 | | | | | | | | | 5.9067 | | | | | | | | | 1/NOV/2021 | | | | | | | |
| 11/NOV/2020 | AMGN60294250 | | | 15,000 | | | | | | | | | Auction | | | | | | | 4,900 | | | | | | | |  | | | | | | | |  | | | | | | | | |  | | | | | | | | |  | | | | | | | | | 29/APR/2025 | | | | | | | |
| 17/NOV/2020 | AMGT52139210 | | | 3,000 | | | | | | | | | Auction | | | | | | | 375 | | | | | | | | 375 | | | | | | | | 5.8980 | | | | | | | | | 6.1000 | | | | | | | | | 5.9588 | | | | | | | | | 13/SEP/2021 | | | | | | | |
| 24/NOV/2020 | AMGT52013217 | | | 1,000 | | | | | | | | | Auction | | | | | | | 160 | | | | | | | | 160 | | | | | | | | 5.8955 | | | | | | | | | 6.0500 | | | | | | | | | 6.0091 | | | | | | | | | 1/MAR/2021 | | | | | | | |
| Total November | | 22,000 | | | | | | | | |  | | | | | | | 8,189.7 | | | | | | | | 2,989.7 | | | | | | |  | | | | | | | | | |  | | | | | | | | | 5.9187 | | | | | | | | |  | | | | | | | | |
| 9/DEC/2020 | AMGN36294236 | | | 10,000 | | | | | | | | | Auction | | | | | | | 5,855 | | | | | | | | 4,410 | | | | | | | | 7.0499 | | | | | | | | | 7.4993 | | | | | | | | | 7.3619 | | | | | | | | | 29/APR/2023 | | | | | | | |
| 9/DEC/2020 | AMGN60294250 | | | 10,000 | | | | | | | | | Auction | | | | | | | 7,210 | | | | | | | | 5,132.5 | | | | | | | | 7.6550 | | | | | | | | | 7.9977 | | | | | | | | | 7.9067 | | | | | | | | | 29/APR/2025 | | | | | |
| 9/DEC/2020 | AMGN60294250 | | |  | | | | | | | | | Direct Sale | | | | | | | 195 | | | | | | | | 195 | | | | | | | |  | | | | | | | | |  | | | | | | | | | 7.9067 | | | | | | | | | 29/APR/2025 | | | | | |
| 15/DEC/2020 | AMGT5213C213 | | | 3,000 | | | | | | | | | Auction | | | | | | | 310 | | | | | | | | 310 | | | | | | | | 6.0999 | | | | | | | | | 6.5000 | | | | | | | | | 6.4064 | | | | | | | | | 13/DEC/2021 | | | | | | | |
| 22/DEC/2020 | AMGT5204A216 | | | 3,000 | | | | | | | | | Auction | | | | | | | 210 | | | | | | | |  | | | | | | | |  | | | | | | | | |  | | | | | | | | |  | | | | | | | | | 4/ OCT /2021 | | | | | | | |
| 28/DEC/2020 | AMGT02111210 | | | 15,000 | | | | | | | | | Auction | | | | | | | 7,590 | | | | | | | | 6,090 | | | | | | | | 5.8900 | | | | | | | | | 6.5000 | | | | | | | | | 6.1156 | | | | | | | | | 11/JAN/2021 | | | | | | | |
| Total December | | 41,000 | | | | | | | | |  | | | | | | | 21,370 | | | | | | | | 16,137.5 | | | | | | |  | | | | | | | | | |  | | | | | | | | | 7.0531 | | | | | | | | |  | | | | | | | | |
| Total IV quarter | | 154,000 | | | | | | | | |  | | | | | | | 154,013.75 | | | | | | | | 96,135.75 | | | | | | |  | | | | | | | | | |  | | | | | | | | |  | | | | | | | | |  | | | | | | | | |
| Total II half of the year | | 268,000 | | | | | | | | |  | | | | | | | 385,614.2 | | | | | | | | 208,329.2 | | | | | | |  | | | | | | | | | |  | | | | | | | | |  | | | | | | | | |  | | | | | | | | |
| Total year | | 457,230 | | | | | | | | |  | | | | | | | 781,722.55 | | | | | | | | 388,288.12 | | | | | | | | |  | | | | | | |  | | | | | | | | | 7.7403 | | | | | | | |  | | | | | | | | | | |

**Table 1.3.** **Saving coupon bonds allocations in 2020**[[18]](#footnote-18)

| **Allocation date** | **ISIN** | **Start of the allocation** | **End of the allocation** | **Type of allocation** | | **Buyback dates** | **Allocation (AMD thousands)** | | **Coupon rate (%)** | **Redemption date** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 06/DEC/2019 | AMGS02066209 | 08/JAN/2020 | 20/JAN/2020 | Direct sale | 06/MAR/2020 | | 51,894 | 7.0 | | 06/JUN/2020 |
| 21/JAN/2020 | AMGS02217208 | 21/JAN/2020 | 03/MAR/2020 | Direct sale | 21/APR/2020 | | 32,128 | 7.0 | | 21/AUG/2020 |
| 04/MAR/2020 | AMGS02049205 | 04/MAR/2020 | 10/APR/2020 | Direct sale | 04/JUN/2020 | | 60,650 | 7.0 | | 04/SEP/2020 |
| 13/APR/2020 | AMGS0213A206 | 13/APR/2020 | 19/MAY/2020 | Direct sale | 13/JUL/2020 | | 18,012 | 7.0 | | 13/OCT/2020 |
| 20/MAY/2020 | AMGS0220B209 | 20/MAY/2020 | 24/JUN/2020 | Direct sale | 20/AUG/2020 | | 59,290 | 7.0 | | 20/NOV/2020 |
| 25/JUN/2020 | AMGS0225C206 | 25/JUN/2020 | 03/AUG/2020 | Direct sale | 25/SEP/2020 | | 71,101 | 7.0 | | 25/DEC/2020 |
| 04/AUG/2020 | AMGS02042218 | 04/AUG/2020 | 14/SEP/2020 | Direct sale | 04/NOV/2020 | | 23,630 | 7.0 | | 04/FEB/2021 |
| 15/SEP/2020 | AMGS02153213 | 15/SEP/2020 | 13/OCT/2020 | Direct sale | 15/DEC/2020 | | 15,964 | 7.0 | | 15/MAR/2021 |
| 14/OCT/2020 | AMGS02144212 | 14/OCT/2020 | 07/DEC/2020 | Direct sale | 14/JAN/2021 | | 83,032 | 7.0 | | 14/APR/2021 |
| 08/DEC/2020 | AMGS02086215 | 08/DEC/2020 | 30/DEC/2020 | Direct sale | 08/MAR/2021 | | 22,873 | 7.0 | | 08/JUN/2021 |
| 06/DEC/2019 | AMGS0406C202 | 08/JAN/2020 | 20/JAN/2020 | Direct sale | 06/SEP/2020 | | 13,950 | 8.0 | | 06/DEC/2020 |
| 21/JAN/2020 | AMGS04211217 | 21/JAN/2020 | 03/MAR/2020 | Direct sale | 21/OCT/2020 | | 10,010 | 7.5 | | 21/JAN/2021 |
| 04/MAR/2020 | AMGS04043214 | 04/MAR/2020 | 10/APR/2020 | Direct sale | 04/DEC/2020 | | 5,493 | 7.5 | | 04/MAR/2021 |
| 13/APR/2020 | AMGS04134211 | 13/APR/2020 | 19/MAY/2020 | Direct sale | 13/JAN/2021 | | 8,411 | 7.5 | | 13/APR/2021 |
| 20/MAY/2020 | AMGS04205219 | 20/MAY/2020 | 24/JUN/2020 | Direct sale | 20/FEB/2021 | | 4,624 | 7.5 | | 20/MAY/2021 |
| 25/JUN/2020 | AMGS04256212 | 25/JUN/2020 | 03/AUG/2020 | Direct sale | 25/MAR/2021 | | 12,596 | 7.5 | | 25/JUN/2021 |
| 04/AUG/2020 | AMGS04048213 | 04/AUG/2020 | 14/SEP/2020 | Direct sale | 04/MAY/2021 | | 16,305 | 7.5 | | 04/AUG/2021 |
| 15/SEP/2020 | AMGS04159218 | 15/SEP/2020 | 13/OCT/2020 | Direct sale | 15/JUN/2021 | | 11,000 | 7.5 | | 15/SEP/2021 |
| 14/OCT/2020 | AMGS0414A218 | 14/OCT/2020 | 07/DEC/2020 | Direct sale | 14/JUL/2021 | | 41,961 | 7.5 | | 14/OCT/2021 |
| 08/DEC/2020 | AMGS0408C216 | 08/DEC/2020 | 30/DEC/2020 | Direct sale | 08/SEP/2021 | | 11,691 | 7.5 | | 08/DEC/2021 |
| 06/DEC/2019 | AMGS0806C211 | 08/JAN/2020 | 20/JAN/2020 | Direct sale | 06/MAR/21 06/JUN/21 06/SEP/21 | | 101,742 | 9.0 | | 06/DEC/2021 |
| 21/JAN/2020 | AMGS08211221 | 21/JAN/2020 | 03/MAR/2020 | Direct sale | 21/APR/21 21/JUL/21 21/OCT/21 | | 13,900 | 8.0 | | 21/JAN/2022 |
| 04/MAR/2020 | AMGS08043228 | 04/MAR/2020 | 10/APR/2020 | Direct sale | 04/JUN/21 04/SEP/21 04/DEC/21 | | 12,000 | 8.0 | | 04/MAR/2022 |
| 13/APR/2020 | AMGS08134225 | 13/APR/2020 | 19/MAY/2020 | Direct sale | 13/JUL/21 13/OCT/21 13/JAN/22 | | 3,437 | 8.0 | | 13/APR/2022 |
| 20/MAY/2020 | AMGS08205223 | 20/MAY/2020 | 24/JUN/2020 | Direct sale | 20/AUG/21 20/NOV/21 20/FEB/22 | | 55,562 | 8.0 | | 20/MAY/2022 |
| 25/JUN/2020 | AMGS08256226 | 25/JUN/2020 | 03/AUG/2020 | Direct sale | 25/SEP/21 25/DEC/21 25/MAR/22 | | 60,027 | 8.0 | | 25/JUN/2022 |
| 04/AUG/2020 | AMGS08048227 | 04/AUG/2020 | 14/SEP/2020 | Direct sale | 04/NOV/21 04/FEB/22 04/MAY/22 | | 120,500 | 8.0 | | 04/AUG/2022 |
| 15/SEP/2020 | AMGS08159222 | 15/SEP/2020 | 13/OCT/2020 | Direct sale | 05/DEC/21 05/MAR/22 05/JUN/22 | | 39,495 | 8.0 | | 15/SEP/2022 |
| 14/OCT/2020 | AMGS0814A227 | 14/OCT/2020 | 07/DEC/2020 | Direct sale | 14/JAN/22 14/APR/22 14/JUL/22 | | 30,065 | 8.0 | | 14/OCT/2022 |
| 08/DEC/2020 | AMGS0808C225 | 08/DEC/2020 | 30/DEC/2020 | Direct sale | 08/MAR/22 08/JUN/22 08/SEP/22 | | 1,000 | 8.0 | | 08/DEC/2022 |
| 06/DEC/2019 | AMGS1206C221 | 08/JAN/2020 | 20/JAN/2020 | Direct sale | 06/MAR/22 06/JUN/22 06/SEP/22 | | 250.0 | 9.5 | | 06/DEC/2022 |
| 27/DEC/2019 | AMGS1227C227 | 08/JAN/2020 | 20/JAN/2020 | Direct sale | 27/MAR/22 27/JUN/22 27/SEP/22 | | 128,333 | 9.5 | | 27/DEC/2022 |
| 21/JAN/2020 | AMGS12211233 | 21/JAN/2020 | 03/MAR/2020 | Direct sale | 21/APR/22 21/JUL/22 21/OCT/22 | | 49,183 | 8.5 | | 21/JAN/2023 |
| 04/MAR/2020 | AMGS12043230 | 04/MAR/2020 | 10/APR/2020 | Direct sale | 04/JUN/22 04/SEP/22 04/DEC/22 | | 37,451 | 8.5 | | 04/MAR/2023 |
| 13/APR/2020 | AMGS12134237 | 13/APR/2020 | 19/MAY/2020 | Direct sale | 13/JUL/22 13/OCT/22 13/JAN/23 | | 53,380 | 8.5 | | 13/APR/2023 |
| 20/MAY/2020 | AMGS12205235 | 20/MAY/2020 | 24/JUN/2020 | Direct sale | 20/AUG/22 20/NOV/22 20/FEB/23 | | 53,382 | 8.5 | | 20/MAY/2023 |
| 25/JUN/2020 | AMGS12256238 | 25/JUN/2020 | 03/AUG/2020 | Direct sale | 25/SEP/22 25/DEC/22 25/MAR/23 | | 23,174 | 8.5 | | 25/JUN/2023 |
| 04/AUG/2020 | AMGS12048239 | 04/AUG/2020 | 14/SEP/2020 | Direct sale | 04/NOV/22 04/FEB/23 04/MAY/23 | | 121,941 | 8.5 | | 04/AUG/2023 |
| 15/SEP/2020 | AMGS12159234 | 15/SEP/2020 | 13/OCT/2020 | Direct sale | 15/DEC/22 15/MAR/23 15/JUN/23 | | 102,411 | 8.5 | | 15/SEP/2023 |
| 14/OCT/2020 | AMGS1214A237 | 14/OCT/2020 | 07/DEC/2020 | Direct sale | 14/JAN/23 14/APR/23 14/JUL/23 | | 113,311 | 8.5 | | 14/OCT/2023 |
| 08/DEC/2020 | AMGS1208C235 | 08/DEC/2020 | 30/DEC/2020 | Direct sale | 08/MAR/23 08/JUN/23 08/SEP/23 | | 4,337 | 8.5 | | 08/DEC/2023 |
| **Total** |  |  |  |  |  | | **1,699,496** |  | |  |

## **Transactions of Eurobonds in 2020**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| N | Type of transaction | Settlement date | Redemption date | Coupon (%) | Price | Yield (%) | Amount (USD million) |
| **1** | Redemption of 2020 maturing Eurobonds | - | 30․09․2020 | 6.0 | - | - | 97.7 |
| **2** | Interest payments of 2020 maturing Eurobonds | - | 30․09․2020 | 6.0 | - | - | 5.9 |
| **3** | Interest payments of 2025 maturing Eurobonds | - | 26․03․2025 | 7.15 | - | - | 35.8 |
| **4** | Interest payments of 2029 maturing Eurobonds | - | 26․09․2029 | 3.95 | - | - | 19.8 |

## **New loan agreements signed in 2020**

|  |  |  |  |
| --- | --- | --- | --- |
| **Debtor / Loan agreement** | Amount, million | Currency | Signed date |
| **1. IBRD** |  |  |  |
| 1) Meghri border checkpoint project | 10.626 | EUR | 07.02.2020 |
| **2. IBRD** |  |  |  |
| 1) Additional funding for social investment and local development program | 17.90 | EUR | 21.04.2020 |
| **3. International Monetary Fund** |  |  |  |
| 1) Stand-By Arrangement 2020 | 231.656 | SDR | 23.05.2020-01.06.2020 |
|  |  |  |  |

## **Transactions carried out during 2020 for the loans borrowed by the RA Government**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | | Disbursements | | Principal payments | | Interest payments | |
| USD million | AMD billion | USD million | AMD billion | USD million | AMD billion |
| **Total RA Government loans** | | **416.13** | **203.77** | **214.02** | **103.12** | **101.57** | **48.63** |
| ***International Organizations*** | | **392.59** | **192.27** | **145.61** | **69.87** | **76.47** | **36.53** |
| 1 | International Bank for Reconstruction and Development (IBRD) | 26.41 | 13.00 | 6.51 | 3.10 | 19.69 | 9.38 |
| 2 | International Development Association (IDA) | 9.45 | 4.70 | 64.69 | 30.82 | 22.26 | 10.61 |
| 3 | European Bank for Reconstruction and Development (EBRD) | 2.92 | 1.42 | 2.77 | 1.32 | 0.63 | 0.30 |
| 4 | European Investment Bank (EIB) | 6.72 | 3.22 | 2.08 | 0.99 | 1.94 | 0.93 |
| 5 | International Fund for Agricultural Development (IFAD) | 3.01 | 1.49 | 2.61 | 1.24 | 0.56 | 0.27 |
| 6 | Organization of the Petroleum Exporting Countries(OPEC) Fund for International Development (OFID) | 0.38 | 0.19 | 4.10 | 1.95 | 2.11 | 1.00 |
| 7 | Asian Development Bank (ADB) | 19.62 | 9.71 | 33.69 | 16.05 | 16.59 | 7.95 |
| 8 | International Monetary Fund (IMF) | 316.6 | 154.84 | 28.48 | 14.06 | 3.62 | 1.77 |
| 9 | European Union (EU) | - | - | - | - | 2.43 | 1.16 |
| 10 | Eurasian Development Bank (Manager of Eurasian Fund of Stabilization and Development) | 7.48 | 3.70 | 0.69 | 0.33 | 6.63 | 3.16 |
| ***Foreign States*** | | **23.54** | **11.51** | **66.70** | **32.43** | **24.88** | **12.00** |
| 1 | Germany (KfW) | 13.70 | 6.72 | 15.67 | 7.46 | 7.76 | 3.70 |
| 2 | Russian Federation | - | - | 37.07 | 18.31 | 12.60 | 6.15 |
| 3 | France | 9.84 | 4.78 | 0.53 | 0.25 | 1.71 | 0.81 |
| 4 | Japan (JICA) | - | - | 10.39 | 4.95 | 1.92 | 0.91 |
| 5 | USA | - | - | 1.73 | 0.82 | 0.30 | 0.14 |
| 6 | Abu-Dhabi Fund for Development | - | - | 0.59 | 0.28 | 0.16 | 0.07 |
| 7 | China Export-Import Bank | - | - | 0.74 | 0.35 | 0.45 | 0.21 |
| ***Commercial banks*** | | **-** | **-** | **1.71** | **0.81** | **0.21** | **0.10** |
| 1 | KBC BANK NV (Belgium) | - | - | 0.54 | 0.26 | 0.02 | 0.01 |
| 2 | Raiffeisen Bank International (Austria) | - | - | 0.94 | 0.45 | 0.08 | 0.04 |
| 3 | Erste Bank (Austria) | - | - | 0.22 | 0.11 | 0.11 | 0.05 |

## **Transactions carried out during 2020 for the loans borrowed by the Central Bank of RA**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| USD million | | Disbursements | Principal payments | Interest payments |
| **Total CBA loans** | | **28.93** | **77.44** | **9.91** |
| ***International Organizations*** | | **16.68** | **60.02** | **7.00** |
| 1 | International Bank for Reconstruction and Development (IBRD) | - | 1.76 | 0.98 |
| 2 | European Investment Bank (EIB) | 16.68 | 9.68 | 3.13 |
| 3 | Asian Development Bank (ADB) | - | 0.36 | 0.33 |
| 4 | International Monetary Fund (IMF) | - | 48.24 | 2.57 |
| ***Foreign States*** | | **12.25** | **17.41** | **2.91** |
| 1 | Germany (KfW) | 12.25 | 17.41 | 2.91 |

## **Transactions on the guarantees carried out during 2020 by the RA Government**

| **Principal** | **Beneficiary** | **Program / Purpose** | **Guarantee Currency** | **Guarantee amount in its currency, million** | **Outstanding amount in its currency as of 31.12.19,**  **million** | **Outstanding amount in USD as of 31.12.19,**  **million** | **Guarantee maturity date** | | **New guarantee, USD million** | **Guarantee**  **disbursements, USD million** | **Guarantee principal redemption, USD million** | **Interest payments for guarantee, USD million** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Start** | **End** |
| **1. External Guarantee** | | | | | | | | | | | | |
| **Of which** | | | | | | | | | | | | |
| **Guarantees provided for the external loans of CBA** | | | | | | | | | | | | |
| **of which** | | | | | | | | | | | | |
| RA Central bank | IBRD | Access to finance for small and medium enterprises | USD | 50.00 | 40.01 | 40.01 | 15.07.2014 | 15.07.2035 | - | - | 1.76 | 0.98 |
| RA Central bank | ADB | Women's Entrepreneurship Support Sector Development Program | SDR | 13.04 | 9.67 | 13.93 | 15.12.2020 | 15.06.2040 | - | - | 0.36 | 0.33 |
| RA Central bank | Germany (KfW) | Small and Medium Enterprise Development Program (Part I) | EUR | 3.07 | 1.82 | 2.23 | 30.12.2008 | 30.12.2038 | - | - | 0.12 | 0.02 |
| RA Central bank | Germany (KfW) | Small and Medium Enterprise Development Program (Part II) | EUR | 4.09 | 2.73 | 3.35 | 30.06.2011 | 30.12.2040 | - | - | 0.16 | 0.02 |
| RA Central bank | Germany (KfW) | Small and Medium Enterprise Development Program (Part III) | EUR | 5.11 | 3.59 | 4.40 | 30.06.2012 | 30.12.2041 | - | - | 0.18 | 0.03 |
| RA Central bank | Germany ((KfW) | Small and Medium Enterprise Development Program (Part IV) | EUR | 4.50 | 3.38 | 4.14 | 30.12.2013 | 30.06.2043 | - | - | 0.20 | 0.03 |
| RA Central bank | Germany (KfW) | Renewable Energy Development Program | EUR | 6.00 | 4.73 | 5.80 | 30.12.2014 | 30.12.2044 | - | - | 0.23 | 0.04 |
| RA Central bank | Germany (KfW) | Mortgage Market Development Support Program I. | EUR | 6.00 | 5.12 | 6.28 | 30.12.2016 | 30.12.2046 | - | - | 0.23 | 0.05 |
| RA Central bank | Germany (KfW) | Mortgage Market Development Support Program II. | EUR | 6.00 | 5.41 | 6.64 | 30.06.2018 | 30.06.2048 | - | - | 0.23 | 0.05 |
| RA Central bank | Germany (KfW) | Mortgage Market Development Support Program II. | EUR | 18.00 | 2.00 | 2.45 | 30.06.2013 | 30.12.2021 | - | - | 2.35 | 0.07 |
| RA Central bank | Germany ((KfW) | Agricultural Support Program I | EUR | 15.0 | 6.56 | 8.05 | 30.12.2016 | 30.06.2024 | - | - | 2.20 | 0.20 |
| RA Central bank | Germany (KfW) | Renewable Energy Development Program III | EUR | 40.0 | 19.09 | 23.42 | 30.12.2015 | 30.12.2024 | - | - | 5.60 | 0.56 |
| **Total** | | |  |  |  | **120.69** |  |  | **-** | - | **15.20** | **2.38** |
| **Other external guarantees** | | | | | | | | | | | | |
| “NORK-MARASH” Medical Center re-equipment program | Erste Bank (Austria) | “NORK-MARASH” Medical Center re-equipment program | EUR | 7.00 | 7.00 | 8.59 | 30.09.2023 | 31.03.2036 | - | - | - | 0.08 |
| **Total external guarantees** | | |  |  |  | **8.59** |  |  | **-** | **-** | **-** | **0.08** |
| **Total Guarantees** | | |  |  |  | **129.28** |  |  | **-** | - | **15.20** | **2.47** |

## **Government treasury securities primary market agents in 2020**

|  |  |
| --- | --- |
| **Ameriabank CJSC**  Address: 0010, Yerevan,  Vazgen Sargsyan 2  Telephone: (37410) 56 11 11 | **ArmBusinessBank CJSC**  Address: 0010, Yerevan,  Nalbandyan 48  Telephone: (37410) 59 20 19 |
| **IDBank CJSC**  Address: 0010, Yerevan,  Vardanants 13  Telephone: (37410) 59 33 33 | **Converse Bank CJSC**  Address: 0010, Yerevan,  Vazgen Sargsyan 26/1  Telephone: (37410) 51 12 06 |
| **Araratbank OJSC**  Address: 0002, Yerevan,  Pavstos Buzand 87/85  Telephone: (37410) 59 23 23 | **ARMECONOMBANK OJSC**  Address: 0002, Yerevan,  Amiryan 23/1  Telephone: (37410) 51 09 10 |
| **Ardshinbank CJSC**  Address: 0015, Yerevan,  Grigor Lusavorich 13  Telephone: (37410) 56 18 95 |  |

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| --- |
| **Ministry of Finance**  **of the Republic of Armenia**  **1, Melik-Adamyan str.,**  **Yerevan 0010, Armenia**  **Tel. (+374 11) 910-405,**  **Web page: www.minfin.am** |
|  |

1. External and domestic Government debts are distinguished by residency according to the 5th and 6th provisions of the second article of the “Law on Public Debt”. [↑](#footnote-ref-1)
2. Government external guarantees, that had been provided to the Central Bank of RA, were included in the external debt of the Central Bank of RA in order to avoid double counting. [↑](#footnote-ref-2)
3. 5% discount rate was used during calculations that is applied by the International Monetary Fund and the World Bank. [↑](#footnote-ref-3)
4. The export of goods and services is taken as an Export. [↑](#footnote-ref-4)
5. The Government debt planned indicators for 2020 and the forecasted indicators for 2021-2023 are defined in the 2021-2023 RA Government debt management strategy document. [↑](#footnote-ref-5)
6. Market instruments debt includes foreign currency securities and treasury securities, with the exception of saving bonds, and non-market debt includes external loans (which have a certain degree of concession), saving bonds, external and domestic guarantees. [↑](#footnote-ref-6)
7. 2021-2023 RA Government debt management strategy [↑](#footnote-ref-7)
8. The share of commercial banks includes securities pledged for repo transactions by other financial institutions. [↑](#footnote-ref-8)
9. 93% of the portfolio of the RA Central Bank is the volume of securities pledged for repo transactions. [↑](#footnote-ref-9)
10. According to the Regulation 5/03 adopted by the December 16, 2008 N 356-N decree of the Board of the Central Bank of Armenia" Reports to be submitted to the Central Bank by the operator of regulating market, the Terms and Conditions for their Submission" [↑](#footnote-ref-10)
11. 100 basis points equals to one percentage point [↑](#footnote-ref-11)
12. 31.12.2019: 1 SDR = 1.383 USD, 1 EUR = 1.12 USD, 1 JPY = 0.009 USD

    31.12.2020: 1 SDR = 1.440 USD, 1 EUR = 1.227 USD, 1 JPY = 0.010 USD [↑](#footnote-ref-12)
13. According to the 8th provision of the 23rd article of the “Law on Public Debt” the loans provided with the guarantee of the RA Government are recorded in the external debt of CBA. [↑](#footnote-ref-13)
14. According to the fiscal rules, there were defined 40%, 50% and 60% thresholds for RA Government debt/GDP ratio, where each of them assumes a certain degree of limitation. The relevant legal regulations are defined by the RA laws on "Public Debt" (article 5, clause 6 and 7) and on "Budget System" (article 21, clause 8.2-8.4), as well as by the decree of the RA Government N942-N of August 23, 2018. [↑](#footnote-ref-14)
15. Indicates the weighted average period of the debt portfolio interest rate change as a result of outstanding debt redemption and refinancing. [↑](#footnote-ref-15)
16. International Securities Identification Number [↑](#footnote-ref-16)
17. Direct sale had been carried out only through TD. [↑](#footnote-ref-17)
18. The table includes all the transactions that took place during 2020. The transactions are from 01.01.2020 till 31.12.2020. Therefore, the allocation of SBs issued in 2019 and allocated in January 2020 are included, at the same time the allocation of SBs issued in 2020 and allocated in January 2021 are excluded. [↑](#footnote-ref-18)