Non official translation

**PUBLIC DEBT**

**OF THE REPUBLIC OF ARMENIA**

**ANNUAL REPORT 2021**

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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, 2021 the NSS of RA revised the GDP indicator for 2020.)* |
| 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**

After the negative economic consequences of the pandemic and the Artsakh war, the RA economy entered the recovery phase in 2021. The world economy and the economies of Armenia's main partner countries were also moving in that direction. The recovery trends were mainly driven by the implementation of fiscal stimulus measures, the gradual lifting of restrictions applied to fight against the pandemic, and the widespread use of vaccines.

**Economic growth** - In 2021, after the shocks of the pandemic and the Artsakh war, the economy entered the recovery stage, registering a real GDP growth of 5.7%. The growth of GDP was mainly due to the services sector (contribution was 4.0 percentage points). The industry and construction sectors also grew, thereby promoting economic growth (contributions were 0.8 and 0.2 percentage points, respectively). At the same time, the agricultural sector had a negative impact on growth (contribution was 0.2 percentage points).

**External Sector -** During 2021, a double-digit growth of foreign trade turnover was recorded. In 2021, the foreign trade turnover amounted to USD 8,379.2 million, increasing by 17.7% compared to the previous year. During the reporting period, an increase in both exports and imports in dollar terms was as follows: exports increased by 19.1% and amounted to USD 3,022.4 million, and imports increased by 16.9% and amounted to USD 5,356.8 million. In 2021, the negative balance of foreign trade in goods worsened compared to the previous year (by 14.1%) and amounted to USD 2,334.4 million. In 2021, the current account deficit showed a slight improvement compared to the previous year, which comprise 3.7% of GDP.

**Exchange rate -** In 2021 the average exchange rate amounted to 503.77 AMD against USD depreciating by 3.0% compared to the average exchange rate of the previous year. As of December 31, 2021, the exchange rate was 480.14 AMD against USD.

**Inflation** - In 2021, an acceleration of price growth was recorded in the RA consumer market, which was caused by supply factors (increased prices in international commodity markets, increase in freight rates, devaluation of the AMD in the first half of the year compared to the previous comparable period) on the one hand, and by demand factors (private consumption growth, acceleration of inflationary expectations) on the other. The 12-month inflation comprised 7.7%, and the average inflation was 7.2%.

**Public Budget -** In 2021, amid economic recovery, the impact of fiscal policy on the economy was expansionary. The share of state budget revenues in GDP declined. The total revenue of the state budget as a share of GDP made up 24.1% against 25.2% of the previous year. The share of tax revenues and state duties to GDP ratio comprised 22.7% against 22.4% of the previous year.

The growth of the state budget expenditure was less than the nominal GDP growth, therefore their shares in GDP declined. Thus, state budget expenditure to GDP ratio declined by 1.9 percentage points, in which the share of current expenditures decreased by 1.4 percentage points and the share of transactions with non-financial assets decreased by 0.6 percentage points. In 2021, the share of the total state budget expenses to GDP ratio amounted to 28.7%, in which the current expenses comprised 25.6% and the transactions with non-financial assets made up 3.1%.

In 2021, the state budget deficit amounted to AMD 320.5 billion, which was AMD 13.5 billion less than in the previous year. The state budget deficit to GDP ratio amounted to 4.6% decreasing by 0.8 percentage points over the previous year.

## **RA Public Debt**

As of December 31, 2021, the RA public debt amounted to AMD 4,429.6 billion or USD 9,225.6 million.

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **31.12.2020** | | **31.12.2021** | |
| AMD billion | % of GDP | AMD billion | % of GDP |
| **Public Debt of RA** | **4,164.3** | **67.4** | **4,429.6** | **63.4** |
| of which |  |  |  |  |
| **Debt of the Government of RA[[1]](#footnote-1)** | **3,923.9** | **63.5** | **4,209.8** | **60.3** |
| of which |  |  |  |  |
| *External Debt* | 2,926.2 | 47.3 | 2,972.4 | 42.6 |
| of which |  |  |  |  |
| Credits and loans | 2,438.0 |  | 2,151.6 |  |
| Government treasury bonds purchased by non-residents | 3.3 |  | 53.9 |  |
| Foreign currency denominated bonds purchased by non-residents | 480.5 |  | 763.1 |  |
| External guarantees[[2]](#footnote-2) | 4.5 |  | 3.8 |  |
| *Domestic Debt* | 997.6 | 16.1 | 1,237.4 | 17.7 |
| of which |  |  |  |  |
| Credits and loans | - |  | - |  |
| Government treasury bonds purchased by residents | 955.5 |  | 1,154.9 |  |
| Foreign currency denominated bonds purchased by residents | 42.1 |  | 77.1 |  |
| Domestic guarantees | - |  | 5.4 |  |
| **External Debt of the Central Bank of RA** | 240.4 | 3.9 | 219.8 | 3.1 |
| of which |  |  |  |  |
| Loans provided with the guarantee of the RA Government | 63.1 |  | 48.7 |  |

RA public debt increased by AMD 265.3 billion (USD 1,257.2 million) or by 6.4% in comparison to the previous year, of which RA Government debt increased by AMD 285.9 billion (USD 1,259.4 million) or by 7.3%, and the external debt of the Central Bank of RA decreased by AMD 20.6 billion or by 8.6% in AMD terms (USD 2.2 million or by 0.5% - due to AMD appreciation during 2021).

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

The public debt over GDP ratio amounted to 63.4% as of December 31, 2021, decreasing by 3.9 percentage points against the same indicator in the previous year, which is mainly derived by the progressive growth of the nominal GDP by 13.0%, whereas the debt increased by 6.4%. During the reporting period, the external public debt of RA increased by AMD 25.6 billion or 0.8% in absolute terms, and in USD terms, the external public debt of RA increased by USD 589.0 million.

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 and RA external public debt over GDP ratios remained almost unchanged in 2021. At the same time, RA external public debt NPV over export (export of goods and services) and RA external public debt over export ratios declined by 21.3 and 24.8 percentage points, respectively. The decrease of the shares of the indicators in export was driven by 29.7% increase in exports.

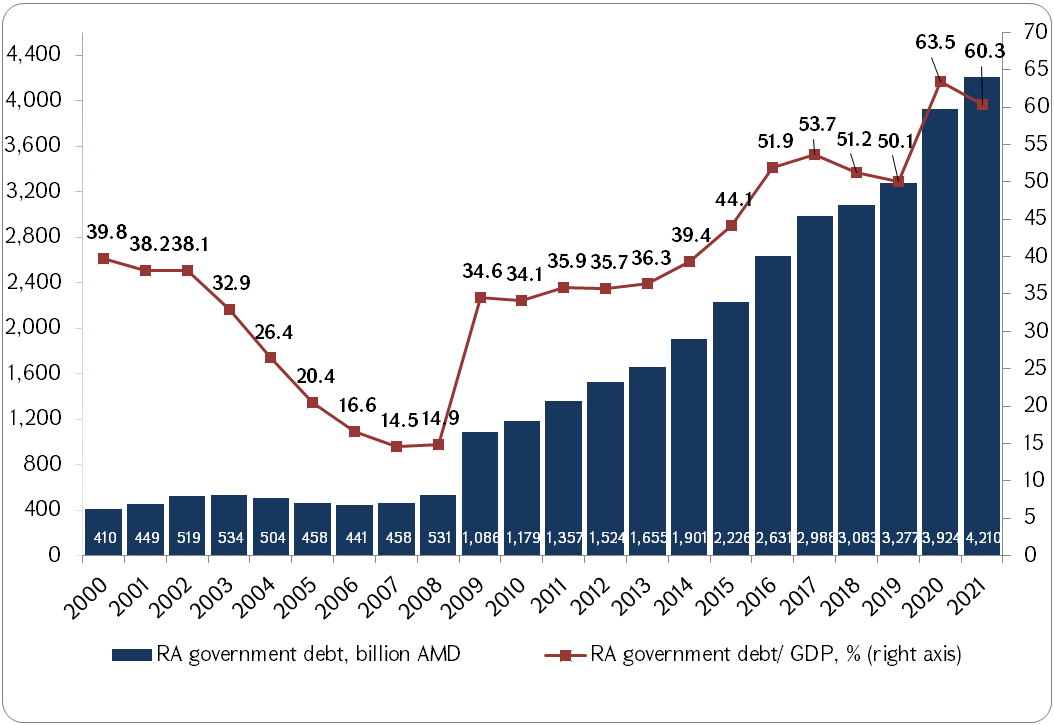
##### Characteristic indicators of the RA external public debt service

In comparison to the previous year RA external public debt service (redemption and interest payment) over Export[[4]](#footnote-4) indicator reduced by 5.4 percentage points, and RA external public debt interest payments over Export indicator reduced by 1.5 percentage points. The change in these indicators was driven by the fact that against the 29.7% increase in the export volume, the payments on RA external public debt decreased by 17.6%, and the interest payments on RA external public debt (in USD) decreased by 12.3%. The indicator of RA external public debt payments/State budget revenues decreased by 3.7 percentage points compared to the previous year.

## **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



\*Colored sections show the fiscal rules ranges

During 2000-2007 RA Government Debt/GDP ratio had been gradually declined from 39.8% to 14.5% because of the slow increase of the Government debt, as well as parallel AMD appreciation and double-digit GDP growth. 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 was also accelerated in 2014 as a result of AMD depreciation amid 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 introduced by the RA Government in 2017. However, in 2020, the negative impacts of the COVID-19 and Artsakh war caused an increase in Government debt/GDP ratio by 13.4 percentage points.

According to the 2022-2024 RA Government debt management strategy[[5]](#footnote-5) the Government debt was estimated to be 4,286.3 billion or 62.3% of GDP at the end of 2021. Nevertheless, the Government debt/GDP amounted at 60.3% at the end of 2021, which is 2 percentage points less than the forecast indicator in the 2022-2024 strategy.

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

The sharp increase of the RA Government debt in 2009 (104.7%) was driven 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 2021, the Government debt increased by 7.3%, which is lower than the ten-year average growth rate (12.1% in 2012-2021). In 2021, the 7.3% increase in the RA Government debt was contributed by the following instruments: Government treasury bonds 6.4 percentage points, external and domestic guarantees 0.1 percentage points and foreign currency bonds 8.1 percentage points, loans and credits - 7.3 percentage points.

##### RA Government debt structure by instruments

The share of GS in the RA Government debt structure had gradually increased since 2000 and comprised 28.7% as of the end of 2021. After entering into the international capital market in 2013 by the Republic of Armenia, the share of issued Foreign-currency denominated Government bonds comprised 20.0% in the RA Government debt at the end of 2021. The share of loans and credits amounted to 51.1%, the share of external and domestic guarantees made up 0.2%.

The share of SDR denominated debt has been gradually diminished (2020 was an exception). At the end of 2021 it amounted to 18.1% declining by 4.9 percentage points. The shares of Government debt denominated in Euro, Japanese Yen and other currencies also declined by 1.9, 0.8 and 0.1 percentage points, amounting to 8.9%, 2.2% and 0.3%, respectively). At the end of 2021, the shares of AMD and USD denominated debt increased by 4.4 and 3.3 percentage points and comprised 28.8% and 41.6%, respectively.

##### RA Government debt structure by currency

Since 2000 the share of RA Government domestic debt had been gradually increased comprising 29.4% in 2021.

##### RA Government debt structure by residency

From 2000 to 2008 the share of fixed interest rate debt in the structure of RA Government debt had been gradually increased and reached to 98.4%. In 2009 the share of fixed interest rate debt indicator was significantly reduced to 75.3% as a result of borrowing USD 500 million loan with floating interest rate by RA Government from Russian Federation in order to alleviate the impact of global financial crisis. In 2013 the share of fixed interest rate debt increased again due to the issuance of fixed interest rate Eurobonds and fully repayment of the above mentioned floating interest rate loan. The share of fixed rate debt increased by 2.5 percentage points and amounted to 82.9% as of December 31, 2021.

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

The issuances of Eurobonds in 2013, 2015, 2019 and 2021 significantly contributed to the gradual increase of the share of Marketable instrument debt in the RA Government debt structure since 2013. The share of Marketable instrument debt comprised 48.5% in 2021.

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

In 2021 the public budget deficit financing through net borrowings (without promissory notes) actually comprised AMD 591.0 billion, which was more by AMD 112.9 billion than the RA state budget planned indicator.

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2020**  **Actual** | **2021**  **Program** | **2021**  **Adjusted program** | **2021**  **Actual** |
| Domestic sources | 300.5 | 210.0 | 239.8 | 240.1 |
| External sources | 54.1 | 268.1 | 385.5 | 350.9 |
| **Total** | **354.6** | **478.1** | **625.3** | **591.0** |

The planned indicators of the state budget deficit financing from the domestic and external sources, that were approved by the 2021 state budget and were envisaged in the 2022-2024 RA Government debt management strategy, had been adjusted during the year. The total financing was increased against the approved budget by AMD 147.3 billion, of which AMD 29.8 billion from domestic sources and AMD 117.5 billion from external sources. The performance of the indicator of deficit financing through net borrowings made up 94.5% compared to 2021 adjusted plan. Net borrowings from the external sources amounted to AMD 350.9 billion or 59.4% of total financing, and net borrowings from domestic sources amounted to AMD 240.1 billion or 40.6% of total financing.

The increase of the actual and adjusted indicators of the deficit financing from external and domestic net sources compared to 2021 state budget plan was mainly due to the need to finance the growing deficit of the state budget. Particularly, the increase of actual and adjusted plan indicators of deficit financing through domestic sources (without promissory notes) was due to the high demand in Government treasury securities within the existence of excess liquidity, and the increase of actual and adjusted plan indicators at the expense of external sources was possible through the placement of Eurobonds with a volume exceeding the amount planned in the budget, amid high demand for Eurobonds.

## **RA Government Debt Service**

As in the previous years, in 2021, the Government of Armenia completely and timely fulfilled its obligations on interest payments and debt repayments.

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2020** | **2021** | **2021** | **2021** |
|  | **Actual** | **Program** | **Adjusted program** | **Actual** |
| **Interest payments** | **164.7** | **194.7** | **181.6** | **180.8** |
| By residency |  |  |  |  |
| Domestic Debt payments | 86.8 | 112.3 | 108.9 | 108.3 |
| External Debt payments | 77.9 | 82.4 | 72.7 | 72.5 |
| By instruments |  |  |  |  |
| External loans and credits | 48.6 | 46.2 | 37.9 | 37.7 |
| Government treasury securities | 86.8 | 112.3 | 108.9 | 108.3 |
| Foreign currency Government bonds | 29.2 | 36.3 | 34.8 | 34.8 |

Despite the fact that as of December 31, 2021, compared to the same period in 2020, the volume of debt increased by 7.3%, the interest payments increased only for the Government treasury and foreign currency bonds. It was due to:

* The changes in the structure of the Government debt and its main components,
* The increase of the average nominal interest rates for the entire Government debt,
* The changes in the exchange rate of USD to AMD used to convert payments in foreign currency (the average rate of 1 USD was 476.46 AMD in 2020 and 504.37 AMD in 2021).

The weighted average nominal interest rate amounted to 4.7% as of December 31, 2021, which increased by 0.4 percentage points compared to the same period of the previous year. The changes in this indicator by separate instruments are the following:

##### Weighted average interest rates of RA Government debt

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 31.12.2020 | 31.12.2021 | Difference | |
| **Weighted average interest rate of the RA Government debt, %** | **4.3** | **4.7** | | **0.4** |
| External loans and credits interest rate | 1.5 | 1.5 | | - |
| Government treasury securities interest rate | 10.4 | 10.1 | | (0.3) |
| Foreign currency Government bonds interest rate | 5.9 | 5.0 | | (0.9) |
| External guarantees interest rate | 1.0 | 1.0 | | - |

The weighted average interest rate on RA Government debt increased, although the weighted average interest rates on all debt instruments decreased. This is due to the increase in the shares of debt instruments with higher interest rates (in particular, the share of treasury bills) in the RA Government debt structure.

The given indicator for external loans remained unchanged. It should be noted that the average 6-month USD LIBOR rate, which is the basis for calculating the servicing costs of loans provided with a floating interest rate, was 0.69% in 2020 and 0.2% in 2021. 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 was 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 two year (July 1, 2020 to July 1, 2022).

The weighted average yield of outstanding Government treasury bonds decreased by 0.3 percentage points. This was due to the redemption of bonds with a higher weighted average yield (5-year Government treasury medium-term coupon bonds with a weighted average allocation yield of 12.6% and 10-year long-term Government treasury coupon bonds with a weighted average allocation yield of 17.9% were redeemed).

During 2021, the weighted average yield of foreign currency Government bonds decreased by 0.9 percentage points due to the placement of new foreign currency bonds with lower yields.

## **Government Treasury Securities**

The budget deficit was planned to be financed through Government treasury securities by AMD 210.0 billion according to the 2021 state budget of RA. This indicator was adjusted later and amounted to AMD 239.8 billion, but the actual deficit financing through GS comprised AMD 240.06 billion at the end of 2021.

During 2021, Government securities worth AMD 397.5 billion were allocated, and the proceeds from allocations amounted to AMD 385.0 billion. Meanwhile, the amount for the buybacks and redemptions made up AMD 145.0 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)** | |
| **2020** | **2021** | **2020** | **2021** |
| **January** | 25,112 | 14,642 | 25,112 | 14,642 |
| **February** | 13,159 | -6,682 | 38,271 | 7,960 |
| **March** | 2,583 | 10,537 | 40,854 | 18,497 |
| **April** | 35,378 | 36,205 | 76,232 | 54,702 |
| **May** | 13,403 | 13,936 | 89,635 | 68,638 |
| **June** | 7,092 | 15,307 | 96,727 | 83,945 |
| **July** | 81,888 | 32,937 | 178,614 | 116,882 |
| **August** | 13,707 | 16,048 | 192,321 | 132,930 |
| **September** | 13,627 | 23,170 | 205,948 | 156,100 |
| **October** | 83,055 | 44,493 | 289,004 | 200,594 |
| **November** | -3,124 | 20,858 | 285,879 | 221,452 |
| **December** | 14,587 | 18,608 | 300,467 | 240,060 |

##### 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 2021 state budget deficit through GS increased sharply in April, July and October as a result of high volume allocations.

According to the 2022-2024 RA Government debt management strategy the nominal volume of outstanding GS was planned to be AMD 1,178.1 billion at the end of 2021, but it actually amounted to AMD 1,208.9 billion exceeding the program indicator by AMD 30.8 billion. This was due to the high demand for GS (the demand for GS exceeded the placement volume by 1.9 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 2022-2024 RA Government debt management strategy.

As of December 31, 2021, the volume of outstanding GS was more by AMD 250.1 billion or by 26.1% in comparison to the same indicator in the previous year. The structure of GS was as follows:

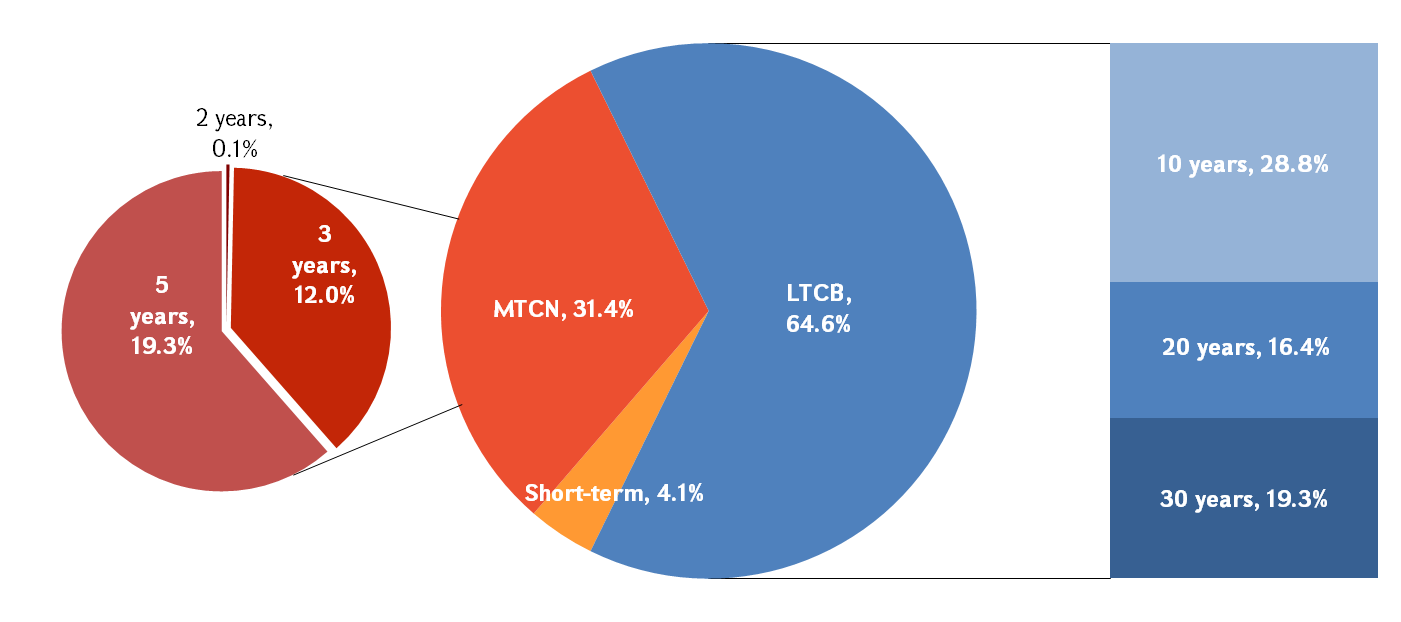
##### Outstanding GS Structure

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **31. 12.2020** | | **31.12.2021** | |
|  | **(billion AMD)** | **Share** | **(billion AMD)** | **Share** |
| T-bills | 47.5 | 5.0% | 48.5 | 4.0% |
| MTCN | 265.0 | 27.6% | 374.2 | 30.9% |
| LTCB | 640.8 | 66.8% | 780.4 | 64.6% |
| SCB | 5.6 | 0.6% | 5.8 | 0.5% |
| **Total** | **958.8** | **100%** | 1,208.9 | 100.0% |

As of the end of the year, the non-residents owned 4.5% of GS.

The structure of GS by issuing maturity is depicted in Chart 12.

##### GS Structure by issuing maturity as of December 31, 2021



Long-term bonds had the largest share in the structure of outstanding GS by maturity - 64.6%, of which 28.8 percentage points were 10-year, 19.3 percentage points – 30-year, and 16.4 percentage points – 20-year maturity GS. The share of medium-term bonds in total outstanding GS was 31.4%, of which 19.3 percentage points were bonds with a maturity of 5 years, and 12.0 percentage points were bonds with a maturity of 3 years. The share of short-term securities was only 4.1%.

At the same time, it should be noted that as of December 31, 2021, SCB had the smallest share in the structure of outstanding GS - only 0.5%. The outstanding amount of SCB increased by 3.6% over the same period last year and amounted to AMD 5,757.7 million. The detailed information on GS retail market transactions during 2021 is presented in “Government Treasury Securities Retail Market” subsection.

As of December 31, 2021, the structure of GS by date to maturity was as follows:

##### GS structure by date to maturity as of December 31, 2021

|  |  |  |
| --- | --- | --- |
|  | **Program** | **Actual** |
| **Up to 1 year** | **12.2%** | **10.5%** |
| **1-5 years** | **26.5%** | **29.3%** |
| **5 and more years** | **61.3%** | **60.3%** |

The deviation of “The structure of GS by days to maturity” indicator envisaged in the 2022-2024 RA Government debt management strategy from the program in the medium-term, 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 existence of high demand for GS.

Presenting the structure of GS portfolio investors, it should be noted that 95.5% 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, with the share of 73.6% at the end of 2021, where the share of commercial banks was 37.5%[[7]](#footnote-7) and the Central Bank of Armenia – 36.1%[[8]](#footnote-8) . Non-bank investors in the structure of GS have gradually increased since 2009, the share of which amounted to 26.4% by the end of 2021.

Among the changes recorded in the GS structure, the increase in the volume of bonds acquired by non-residents can be distinguished, which increased from 3.3 billion drams at the end of 2020 to 53.9 billion drams at the end of 2021: this is an important fact in terms of investor diversification.

##### 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 (AMD million)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Redemption** | | **Interest Payments** | |
| **2020** | **2021** | **2020** | **2021** |
| **January** | 3,635 | 10,051 | 203 | 213 |
| **February** | 5,237 | 29,411 | 4,764 | 5,497 |
| **March** | 10,024 | 11,347 | 8,936 | 8,759 |
| **April** | 60,972 | 52,591 | 26,680 | 38,294 |
| **May** | 2,155 | 6,968 | 124 | 327 |
| **June** | 6,192 | 211 | 380 | 48 |
| **July** | 243 | 11,354 | 60 | 1,224 |
| **August** | 7,027 | 5,366 | 4,618 | 3,490 |
| **September** | 2,656 | 3,341 | 8,841 | 8,072 |
| **October** | 5,231 | 4,545 | 31,818 | 41,827 |
| **November** | 6,097 | 5,422 | 264 | 320 |
| **December** | 1,403 | 4,359 | 116 | 275 |
| **Total** | **110,871** | **144,965** | **86,805** | **108,346** |

The large repayment amount in April 2021 was a result of the redemption of previously placed 5-year maturity GS. The significant volumes of the service expenses in April and in October were due to concentration of coupon payments for medium-term and long-term GS.

The information on GS transactions implemented during 2021 is presented in Annex 1.

As of December 31, 2021, the weighted average maturity of GS amounted to 3761 days, against 3945 days as of December 31, 2020, and the weighted average yield was 10.08%, against 10.39% - at the end of 2020.

##### GS average yield and maturity dynamics in 2021

The weighted average yield of GS showed a relatively stable behavior during the year, ranging from 10.06% to 10.42%. The weighted average maturity of GS was more volatile during the year, ranging from 3,760 to 4,255 days. According to the results of the year, the weighted average maturity of outstanding GS was declined by 184 days, and the weighted average yield was reduced by 0.3 percentage points. In 2021, the weighted average yield of GS primary allocations was 9.27%, increasing by 1.53 percentage points compared to 7.74% in the previous year.

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

The number of transactions in the secondary market declined by 24.8% and the amount of transactions decreased by 22.4% compared to the previous year. The share of transactions in the over-the-counter amounted to 82.9% in the total amount of transactions, and the share of stock exchange transactions amounted to 17.1%. In 2021, the weighted average yield of transactions increased by 1.17 percentage points, and the weighted average maturity of transactions declined by 23.4%. The average daily amount of transactions decreased by 22.1%. The main characteristics of the secondary market transactions are presented below:

##### The main characteristics of the GS transactions implemented in the secondary market

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2019** | **2020** | **2021** |
| **The number of transactions (quantity)** | **2481** | **2616** | **1966** |
| **The total amount of transactions (AMD billion),   of which** | **454.2** | **525.7** | **407.9** |
| Interbank market | 402.3 | 463.0 | 338.2 |
| Armenia Securities Exchange (AMX) | 51.9 | 62.7 | 69.7 |
| CBA transactions | - | - | - |
| **Secondary market indicators** |  |  |  |
| Weighted average yields of all transactions (%) | 9.29 | 7.93 | 9.10 |
| Weighted average time to maturity (days) | 5,157 | 4,975 | 3,812 |
| Weighted daily average amount (AMD million) | 1,854 | 2,094 | 1,631 |
| Daily average number of transactions (quantity) | 10 | 10 | 8 |

## **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[[9]](#footnote-9) 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. In 2021, the yield curve flattened, as in the short and medium term the yields increased more than in longer part of the yield curve.

##### Coupon bond yield curves to maturities as of December 31, 2017-2021

During 2021, yields clearly had an upward trend. This is largely due to inflationary expectations and the CBA's tightening monetary policy. Chart 16 shows the trends in the yields of securities of different maturities. The chart explicitly demonstrates that the upward trends in shorter maturities are steeper than the upward trends in longer maturities. As a result, the spread between the yields of 30 and 1 year securities decreased, which was 105 basis points at the end of 2021 compared to 265 basis points at the end of 2020.

##### Coupon bond yield dynamics and their linear trends\* by maturities in 2021

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

##### The spread of RA coupon bond yields to maturity versus US treasury yields with the same maturities, 2017-2021

**(Basis points[[10]](#footnote-10))**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Maturity**  **in years** | **29.12.2017** | **28.12.2018** | **30.12.2019** | **30.12.2020** | **30.12.2021** |
| 1 | 449 | 406 | 436 | 637 | 827 |
| 2 | 496 | 467 | 469 | 711 | 818 |
| 3 | 542 | 518 | 502 | 756 | 814 |
| 5 | 621 | 592 | 548 | 797 | 815 |
| 7 | 693 | 638 | 586 | 797 | 813 |
| 10 | 766 | 689 | 646 | 791 | 823 |
| 20 | 931 | 753 | 727 | 758 | 792 |
| 30 | 953 | 766 | 778 | 748 | 803 |

At the end of 2021, the spreads across all maturities against the same maturities of US Treasury bonds increased compared to the same period last year. The highest increase was recorded for 1-year maturity securities, the lowest - for 7-year maturity securities.

## **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 by visiting the service centers, but also online through 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 placement auction.

In 2021 the transactions implemented in the retail market were as follows:

* TD allocated all 36 issues of SCBs, as well as carried out investments in three T-bills, two MTCN and three LTCB issuances,
* GS investment amount through TD made up AMD 7,075.4 million, of which AMD 107.0 million or 1.5% T-bills, AMD 545.0 million or 7.7% MTCN, AMD 3,250.6 million or 45.9% LTCB and AMD 3,172.8 million or 44.8% SCB.

##### Treasury direct investments structure

* The volume of investments through the TD online system amounted to AMD 2,198.1 million, and the volume of investments through the service centers comprised AMD 4,877.3 million,

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

(AMD million)

* The volume of investments through the TD online system increased by 147.2% in 2021 compared to the previous year,
* The redemption amount of GS made up AMD 2,974.66 million, of which AMD 2.021 million T-bills and AMD 2,534.90 million SCB, as well as the buyback amount of SCB comprised AMD 437.74 million,
* AMD 3,897.0 million of GS that had been invested through TD system were transferred to other sub-depositories, from which AMD 545.0 million MTCN and AMD 3,247.0 million LTCB and AMD 105 million T-bills,
* As of December 31, 2020, the outstanding amount of GS in TD system made up AMD 6,017.1 million, from which AMD 5,757.7million SCB, AMD 0.003 million T-bills, and AMD 259.4 million LTCB. The volume of GS placed through TD system to resident investors made up AMD 5,808.08 million or 96.53% of total investment, the volume of GS allocated through TD system to non-resident investors made up AMD 209.0 million or 3.47 % of total investment.

##### Treasury Direct investors by residency in 2021

* The number of depository accounts totaled 1774, of which 435 were active depository accounts,
* An average investment amount in the submitted bids made up AMD 12.0 million (for T-bills it made up AMD 26.7 million, for SCB - AMD 5.6 million, for MTCN - AMD 181.7 million and for LTCB - AMD 154.8 million),
* On average 13 bids were submitted by TD in one issuance of GS, among which an average 1.0 bid for a T-bills issuance, 15.0 bids for a SCB issuance, 2.0 bid for a MTCB issuance and 7 bids for a LTCB issuance,
* The refinancing amount in expense of redeemed GS increased by 29.3% compared to the previous period and made up AMD 1,030.8 million.
* In 2021, the amount of GS invested through the TD system increased by 20.26% over the previous year, where the investment volume of SCB increased by 86.7%, the investment volume of LTCB decreased by 18.4% and the volume of MTCB surged by 179.5% compared to the previous year. As of December 31, 2021, the outstanding amount of GS in TD system increased by AMD 203.7 million or by 3.4% compared to the same indicator in the previous year.

##### The outstanding amount of GS at the Treasury Direct system in 2021

(AMD million)

* As of December 31, 2021, the number of depository accounts exceeded the same indicator of the previous year by 59 depository accounts.

##### The dynamics of depositary accounts in 2021

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**

At the beginning of 2021, the Republic of Armenia successfully placed Eurobonds worth USD 750 million in the international capital market with 10-year maturity and 3.875% yield, which were lower than the 10-year maturity Eurobonds issued in 2019 (4.2%) and in 2015 (7.5%). The coupon yield of newly issued Eurobonds was 3.6%.

##### Terms of placement of the Eurobonds issued in 2021

| Issuer | Republic of Armenia |
| --- | --- |
| Issuance format | RegS / 144A |
| Rating | Ba3 (stable) Moody's / B+(positive) Fitch |
| Placement amount | 750,000,000 USD |
| Quotation date | 26 January 2021 |
| Settlement date | 2 February 2021 |
| Maturity date | 2 February 2031 |
| Coupon rate | 3.6% |
| Allocation price | 97.738 |
| Yield | 3.875% |
| Benchmark | US bonds (1,039% ) repayable in 2030 |
| Spread to 10 year US benchmark | + 283.6 basis points |
| Spread to mid-swap | + 280.2 basis points |
| Listing | Irish Stock Exchange |
| Lead Managers | J.P. Morgan, Citigroup, HSBC |

To purchase Eurobonds issued in 2021, bids were received from more than 200 investors, and the maximum volume of demand during the placement period was more than USD 3 billion. The allocation of 10-year Eurobonds issued in 2021 expanded the distribution geography as follows:

##### The geographical allocation of the Eurobonds issued in 2021

##### The allocation of the Eurobonds issued in 2021 by investor type

As a result, as of December 31, 2021 the outstanding amount of the Eurobonds increased and comprised USD 1,750.0 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,
* USD 750.00 million to be matured in 2031 with 3.6% coupon rate,

Eurobonds issued in 2021 have the lowest coupon yield among the Government foreign currency bonds in circulation, and at the same time they have the largest allocation volume.

At the end of 2021, 9.18% or USD 160.7 million of the outstanding amount of foreign currency Government bonds was in the portfolio of resident investors, which was 1.12 percentage points higher than the previous year.

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 24 shows the yield spread of Eurobonds issued by the Government of Armenia in 2015, 2019 and 2021 and outstanding in 2021 against US benchmark bonds with the same maturity.

##### The yield spread of RA Government Eurobonds against USA benchmark securities during 2021 (basis points)

Source: Bloomberg

Compared to the previous year's indicators, the risk premium (spread) of the RA country, calculated by the difference between the yields of RA foreign currency bonds and US treasury bonds, has decreased for bonds maturing in 2025 and in 2029. Thus, the difference between the interest rates of RA foreign currency bonds maturing in 2025 and 5-year US Treasury bonds in 2021 was on average about 263 basis points, while the latter was 350 basis points in 2020. During 2021, this indicator reached its maximum value in March, and then had a downward trend throughout the end of the year. The difference between the interest rates of RA foreign currency bonds maturing in 2029 and US Treasury bonds of the corresponding maturity in 2021 was on average about 276 basis points, while in 2020 it was 329 basis points. In 2021, the fluctuation range of the latter was from 245 to 308 basis points. The average spread of foreign currency bonds issued in 2021 and maturing in 2031 was 291 basis points.

The quotation dynamic of Eurobonds during the reporting year is presented in chart 25.

##### The quotation dynamic in 2021 for Eurobonds issued by RA Government (%)

Source: Bloomberg

In 2021, the high volatility of secondary market yields of RA Eurobonds, which was typical in 2020, has decreased somewhat. From the beginning of the year until the end of March, Eurobond yields had increasing tendency, then they stabilized and began to slowly decline until September 20, after which the yields again showed increasing tendency until the end of the year.

The yield of Government foreign currency bonds issued in 2015 in the international capital market with a yield of 7.5% averaged 3.25% in 2021, compared to 4.1% recorded in 2020. The yield of Government foreign currency bonds issued in 2019 with a yield of 4.20% averaged 4.21% in 2021, compared to 4.18% recorded in 2020. The yield of Government foreign currency bonds issued in 2021 with a yield of 3.88% averaged 4.37% in 2021. Eurobond price and yield trends reflect expectations in international capital markets.

## **RA Government Loans and Credits**

As of December 31, 2021, the RA Government external loans outstanding amount comprised USD 4,481.1 million (AMD 2,151.6 billion) and it decreased by USD 184.1 million or by 3.9% compared to the same indicator as of December 31, 2020.

During 2021, two new loan agreements were signed. The information on agreements is presented in Annex 3.

It was envisaged by 2021 adjusted state budget program to borrow AMD 123.9 billion (USD 251 million) external loans, the actual performance of which made up AMD 88.2 billion (USD 179 million) or 71.2% of the adjusted program indicator. Moreover, budget support loans were not borrowed because of the successful placement of Eurobonds at the beginning of the year made it possible to receive more funds than it was planned, covering the financing needs of the deficit at the expense of external sources. The project loans amounted to AMD 88.2 billion (USD 179.0 million) or 91.6% of the adjusted program.

##### Total disbursements during 2021 (billion AMD)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Program | Adjusted program | Actual | Performance, % | Actual share, % |
| **Total disbursements** | **152.2** | **123.9** | **88.2** | **71.2** | **100** |
| of which |  |  |  |  |  |
| Project loans | 49.4 | 96.4 | 88.2 | 91.6 | 100 |
| Budget support loans | 102.8 | 27.5 | - | - | - |

The total amount of disbursements decreased by AMD 115.5 billion (USD 237.1 million) or by 56.7% in comparison to the previous year. The disbursements of the project loans increased by AMD 39.5 billion or by 81.2% and the disbursements of the budget support loans decreased by AMD 155.1 billion or by 100%, as the budget support loans were not borrowed.

The disbursements of the loans provided by international organizations decreased by USD 276.1 million, and the disbursements of the loans provided by foreign states increased by USD 38.9 million. Moreover, the share of international organizations in the total disbursements decreased significantly and made up 65.1% against 94.3% in the previous year.

27.3% of the total disbursements was carried out by the Asian Development Bank (USD 48.8 million), the International Bank for Reconstruction and Development is in the second place making up 25.8% of disbursements (USD 46.1 million), the next is Russia – 19.1% of disbursements (USD 34.2 million).

##### The structure of RA Government loans and credits by creditors as of December 31, 2021

Loans provided by the international organizations prevailed in the structure of the RA Government external loans and credits, the share of which comprised 77.4% at the end of 2021 and compared to the same period last year, it increased by 0.5 percentage points of which 0.4 percentage points were at the expense of the share of foreign countries and 0.1 percentage points – the share of commercial banks.

It should be noted that the structure of loans and credits of the RA Government in 2021 has not changed significantly compared to the previous year. In particular, among international organizations, the most significant change was the increase in the share of loans from the International Bank for Reconstruction and Development by 1.3 percentage points. The share of International Development Association (IDA) decreased by 1.2 percentage points continuing the trend shown in recent years. It should be noted, that the share of the International Development Association 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 loans from the Asian Development Bank increased by 0.5 percentage points and from the Eurasian Development Bank by 0.4 percentage points.

The share of foreign states comprised 22.2% at the end of 2021, the share of commercial banks – 0.37%. The decrease in the share of foreign states was mostly due to Japan (JICA) loans, the share of which decreased by 0.5 percentage points at the expense of repayments.

##### The dynamics of RA Government loans and credits structure by creditors

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

The share of loans borrowed in USD increased by 2.2 percentage points and comprised 42.3%, as the large share of 56.2% newly involved disbursements were in USD, at the same time the USD repayments made up 33.6% of total. The share of loans borrowed in SDR in the structure of RA Government loans and credits decreased by 1.6 percentage points and totaled 35.5% (it comprised 12.8% of disbursements and 50.6% of repayments). The share of loans borrowed in EUR remained unchanged 17.3% (it comprised 31.1% of disbursements and 10.3% of repayments). In 2021, there were no disbursements in JPY, and the repayments were 4.5% of the total repayments, at the same time its share in the external loans structure declined by 0.5 percentage points and comprised 4.3%.

During 2021, SDR/USD and EUR/USD exchange rates decreased (SDR decreased from 1.44 to 1.4, and EUR decreased from 1.21 to 1.13).

##### Dynamics of the average monthly exchange rates of SDR, GBR, EUR and JPY against USD [[11]](#footnote-11)

As of the end of 2021, the share of floating rate loans in the structure of RA Government loans and credits comprised 33.4%, which was more by 1.8 percentage points compared to the same indicator in the previous year. In 2021, the share of floating rate loans’ payments made up 15.4% (USD 35.2 million) and the share of fixed rate loans’ payments comprised 84.6% (USD 194.2 million) in the structure of the repayments. 45.2% or USD 80.9 million loan disbursements were with floating rate and 54.8% or USD 98.1 million loan disbursements were with fixed rate in the structure of the loans disbursed by the RA Government during 2021. Starting from 2014, the share of floating loans in the structure of loans and borrowings of the RA Government has increased year by year. The average annual growth was 2.4 percentage points, as a result of which the share of floating loans comprised 33.4% in 2021, compared to 14.1% share in 2013.

##### The structure of RA Government loans and credits by the type of interest rate

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. 6-month Libor has been quite volatile in 2021, and overall the downward trend in interest rates recorded in the recent years has continued.

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

As of the end of 2021, the share of commercial loans increased by 1.6 percentage points compared to the previous year comprising 53.4% against 51.9% in 2020. It should be noted that since 2014, the share of commercial loans in the structure of the loans of RA Government has been growing year by year, as international financial organizations change the terms of loans along with the improvement of economic indicators, gradually shifting to non-concessional financing.

##### The dynamics of concessionality of RA Government loans and credits

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

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

As of December 31, 2021 the external debt of the Central Bank of RA amounted to USD 457.7 million (AMD 219.8 billion) or 3.1% over GDP in USD terms. The external debt of CBA denominated in USD decreased by 0.5% compared to the end of the previous year and its ratio to GDP declined by 0.7 percentage points.

The share of the loans provided with the Guarantee of RA Government decreased in the structure of the external debt of CBA and comprised 22.2%[[12]](#footnote-12) in 2021 against 26.2% in the previous year. The share of the loans borrowed from European Investment Bank and from Germany in the structure of CBA external debt increased by 6.3 and 5.4 percentage points, respectively. The share of the loans provided by the IMF comprised 23.9% in the structure of CBA debt, decreasing by 11.1 percentage points against the previous year.

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 31.12.2020 | | 31.12.2021 | |
| USD million | % | USD million | % |
| **External Debt of the Central Bank of RA** | 459.9 | 100.0 | 457.7 | 100.0 |
| *of which* |  |  |  |  |
| By Creditors | | | | |
| **International organizations, of which** | **329.6** | **71.7** | **303.3** | **66.3** |
| International Monetary Fund | 161.1 | 35.0 | 109.5 | 23.9 |
| International Bank for Reconstruction and Development | 40.0 | 8.7 | 38.2 | 8.3 |
| Asian Development Bank | 13.9 | 3.0 | 12.8 | 2.8 |
| European Investment Bank | 114.6 | 24.9 | 142.9 | 31.2 |
| **Foreign states, of which** | **130.3** | **28.3** | **154.4** | **33.7** |
| Germany (KfW) | 130.3 | 28.3 | 154.4 | 33.7 |
| By interest rate type | | | | |
| Fixed interest rate | 277.7 | 60.4 | 263.6 | 57.6 |
| Floating interest rate | 182.3 | 39.6 | 194.1 | 42.4 |
| By currency | | | | |
| SDR | 175.0 | 38.1 | 122.3 | 26.7 |
| USD | 154.6 | 33.6 | 181.0 | 39.5 |
| EUR | 130.3 | 28.3 | 154.4 | 33.7 |

During 2021 CBA borrowed USD 95.5 million credits from the external sources. Meanwhile, the service payments of the external debt comprised USD 90.3 million, of which USD 8.1 million as interest payments and USD 82.2 million as principal payments.

## **Cash Flow Management**

As of December 31, 2021, the total funds of the treasury single account (TSA and time deposits) amounted to AMD 392.3 billion against AMD 259.1 billion as of December 31, 2020. During 2021 the average daily balance of TSA made up AMD 480.0 billion, of which daily average residual of the time deposits at CBA made up AMD 468.2 billion.

During the year the execution of the state budget and cash flow forecasts were accompanied by a number of challenges. In 2021, the indicators of the RA state budget were regularly amended during the year by the RA Government decrees as in 2020. The latter was due to the problems related to overcoming the consequences of the Artsakh war, as well as the "Covid-19" pandemic, which required making adjustments in the RA state budget and channeling funds to finance relevant socio-economic activities.

##### Dynamics of the TSA daily residual (without deposits) and total balance dynamics in 2021 (AMD million)

The abrupt large-scale increase in the funds of the treasury single account on February 3, 2021 (compared to 274.6 billion drams on February 2, amounted to 644.4 billion drams on February 3) was driven by the inflows from the issuance of foreign currency bonds.

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

Although there were still uncertainties related to the state budget flows during the year, the TSA funds were managed more actively and as a result, the average balance of the TSA without deposits in 2021 was less by AMD 5.3 billion than the same indicator of the previous year.

More active management of cash flows was also fostered by the fact that according to the order No. 433-A of the RA Minister of Finance dated 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. According to the methodology, the purpose of depositing process from the TSA funds is keeping the average daily residual of TSA between AMD 7-14 billion, which is calculated monthly and for working days only.

The daily average total funds of the TSA increased by 40% or AMD 137.9 billion in 2021 compared to the previous year. This was reflected in the dynamics of the average residual of the time deposits invested at the expense of temporary free funds of the budget, which increased by 44% or AMD 143.2 billion compared to the previous year.

##### TSA indicators (AMD billion)

|  |  |  |
| --- | --- | --- |
|  | **2020** | **2021** |
| TSA balance as of December 31 | 259.1 | 392.3 |
| Daily average residual of the time deposits at CBA | 325.4 | 468.2 |
| Income earned from the time deposits invested in CBA | 17.1 | 29.5 |

In 2021, 198 deposit agreements were signed between the RA Ministry of Finance and the RA Central Bank, by which a total of AMD 1,795.0 billion was invested in the RA Central Bank, exceeding the same indicator of the previous year by AMD 371.0 billion. The average maturity of deposits was 102.8 days, which was more by 38.1 days than the same indicator in the previous year.

During 2021 the weighted average interest rate of time deposits was 6.69% against 5.06% in the previous year. Both the average daily residual of the time deposits and the average interest rate significantly increased in 2021 compared to the previous year. As a result, the revenues received from time deposits increased by AMD 12.4 billion and amounted to AMD 29.5 billion.

In 2021 the increase in revenues received from the time deposits compared to the previous year was driven by the following factors:

* large amounts received from the Eurobonds issued in February causing to have additional temporary free funds,
* increases of the interest rates in the financial market: it is enough to mention that the RA Central Bank refinancing rate was 5.25% in the beginning of the year, and it became 7.75% as of the end of the year, and the refinancing rate is the basis for calculating the deposit interest rates,
* the claim to maintain the TSA daily amount in the range of AMD 7-14 billion, which fostered more active and efficient cash flow management.

## **Risks Analysis**

This part of the report presents 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 2021, MoF of RA continued the consistent policy of management and reduction 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, 2021, the increase of the RA Government debt comprised 7.3% compared to the previous year, where 1.2 percentage points resulted from the increase of the external debt and the remaining 6.1 percentage points arisen due to the increase of the domestic debt. At the same time the nominal GDP increased by 13.0%. As a result, the RA Government debt/ GDP ratio declined by 3.2% percentage points and comprised 60.3%.

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

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2010 – 2019 | 2020 | 2021 |
|  | Actual | Actual | Actual |
| Average annual nominal growth of the RA Government debt (%) | 11.8 | 19.7 | 7.3 |

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. In 2020, the RA Government debt/GDP ratio exceeded 60% threshold[[13]](#footnote-13) defined by the fiscal rules, on the basis of which the 2022-2026 RA government debt reduction program was developed, with the aim of gradually reducing the debt burden, mitigating the risks threatening the sustainability of the debt and increasing the fiscal "space". In 2021, the RA Government's debt/GDP ratio continued to exceed the 60% threshold, therefore, according to the Article 21, clause 8.4 of the “Law on Budget System”, when presenting the Medium-term Public Expenditure Program (2023-2025) 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 the debt reduction revised program for 2022-2026, reconsidering the scenario of securing the debt burden below 60% in the forecast horizon in line with new macroeconomic and fiscal forecasts.

By the RA Government Decree N 1171-N dated July 12, 2021 the “2022-2024 Medium Term Expenditure Framework” was approved, which includes the 2022-2024 RA Government debt management strategy. The strategy document defined the Government debt planned indicators for 2021 and the forecasted indicators for 2022-2024. The following benchmarks have been defined for the main market risks:

##### RA Government debt benchmark indicators

|  |  |  |
| --- | --- | --- |
|  | **Benchmark**  **2021-2023**  **2022-2024** | **2021**  **Actual** |
| **Refinancing risk** |  |  |
| Average time to maturity | 8 – 11 years | 8.4 years |
| The share of up to 1-year maturity bonds in the total GS (at the end of the year) | max 20% | 10.5 % |
| **Interest rate risk** |  |  |
| The share of fixed rate debt in the total debt | min 80% | 82.9 % |
| **Exchange rate risk** |  |  |
| The share of domestic debt in the total debt | min 25% | 29.4 % |
| The share of AMD denominated debt in the total debt | min 25% | 28.8 % |

All benchmark indicators set by the 2022-2024 RA Government debt management strategy were within the targeted ranges according to the 2021 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 17, the RA Government debt interest payments/GDP actual ratio is presented in comparison to the indicator envisaged by the 2022-2024 RA Government Debt Management Strategy.

##### RA Government debt interest payments

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2020 | 2021 | 2021 |
|  | Actual | Program | Actual |
| Interest payments/GDP (%) | 2.7 | 2.8 | 2.6 |

In 2021, the RA Government debt actual interest payments as a share of GDP decreased by 0.1 percentage points compared to the actual indicators of the previous year and by 0.2 percentage points compared to the indicators envisaged by the 2022-2024 RA Government debt management strategy. The deviation of Interest payments/GDP indicator from the program level is mainly due to the facts, that the actual nominal GDP exceeded the program indicator by 1.5%, while the actual interest payments were less by 7% than they were programmed. The growth of nominal interest payments totaled 9.8% compared to the previous year.

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

|  |  |  |
| --- | --- | --- |
|  | 2020  Actual | 2021  Actual |
| Weighted average yields of GS allocated in the current year | **7.74** | **9.27** |
| Of which |  |  |
| T-bills | **5.74** | **7.68** |  |
| MTCN | **6.85** | **9.09** |  |
| LTCB | **8.69** | **9.95** |  |

The weighted average interest rate of GS placed during 2021 increased by 1.53 percentage points compared to the previous year, at the same time, average interest rate of T-bills increased by 1.94 percentage points, MTCN – by 2.24 and LTCB - by 1.24 percentage points. The increase of the yields is mainly a consequence of tighter monetary conditions, as well as high inflationary expectations.

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, (%)

|  |  |  |  |
| --- | --- | --- | --- |
| Interest rate | **2020**  Actual | **2021**  **Forecast** | **2021**  Actual |
| Fixed | 80.4 | 82.4 | 82.9 |
| Floating | 19.6 | 17.6 | 17.1 |

According to the RA Government debt management strategy for 2022-2024 the target shares of the floating and fixed interest rates in the existing debt for the end of 2021 were set to be 17.6 and 82.4, respectively. The Government managed to increase the share of fixed rate liabilities by 0.5 percentage points in comparison to the planned indicator. The actual indicator increased by 2.5 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 2021

|  |  |  |
| --- | --- | --- |
|  | **2021**  Forecast | **2021**  Actual |
| Average time to refixing of the RA Government debt [[14]](#footnote-14) (year) | 7.2 | 7.2 |
| Average time to refixing of the external debt (year) | 5.9 | 6.0 |
| Average time to refixing of the domestic debt (year) | 10.3 | 10.2 |
|  |  |  |
| The share of the RA Government debt refixing during a year (%) | 23.2 | 22.2 |
| The share of the external debt refixing during a year (%) | 27.7 | 27.1 |
| The share of the domestic debt refixing during a year (%) | 11.6 | 10.4 |

All actual interest rate risk indicators reflected in table 20 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 starting from 2021 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 current purchase and sale exchange rate of the respective currency. 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 associated with debt payments. 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 2021 are presented in Chart 35.

##### AMD exchange rate against USD and EUR in 2021

The chart shows that the Armenian dram appreciated against both the US dollar and the euro starting from the second half of 2021.

##### RA Government external debt

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2020** | **2021** | **Change (%)** |
| RA Government external debt (AMD billion) | 2,926.2 | 2,972.4 | 1.6% |
| RA Government external debt (USD million) | 5,599.5 | 6,190.7 | 10.6% |
| USD exchange rate at the end of the year | 522.6 | 480.1 | -8.1% |

By the end of 2021, the RA Government external debt has increased in both USD dollar and AMD terms. As the exchange rate of the US dollar decreased by 8.1%, the RA Government external debt in USD terms increased at a faster pace than the RA Government external debt in AMD terms.

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

|  |  |  |
| --- | --- | --- |
|  | **2020**  **Actual** | **2021**  **Actual** |
| **Currency structure** | 100.0 | 100.0 |
| of which |  |  |
| Debt denominated in AMD | 24.4 | 28.8 |
| Debt denominated in foreign currency | 75.6 | 71.2 |
| of which |  |  |
| USD | 38.3 | 41.6 |
| SDR | 23.0 | 18.1 |
| EUR | 10.9 | 8.9 |
| JPY | 3.0 | 2.2 |
| AED | 0.1 | 0.0 |
| CNY | 0.3 | 0.3 |

The share of debt denominated in AMD increased by 4.4 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 increased by 3.3 percentage points in the currency structure of the RA Government debt. The shares of SDR and euro denominated debt decreased by 4.9 and 2.0, respectively.

#### Refinancing Risk

Refinancing risk is the risk of the impossibility of attracting new debt or the risk of the refinancing the debt at higher 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 profile in 2021 (AMD million)

The Government debt redemption profile shows that the significant share of monthly repayments in 2021 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 redemption of 5-year bonds amounted to AMD 29.6 billion and on 17th of February, the redemption of 10-year bonds totaled AMD 16.8 billion.

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

|  |  |  |
| --- | --- | --- |
|  | **2020** | **2021** |
|  | **Actual** | **Actual** |
| **The structure by weighted average time to maturity, %** | 100 | 100 |
| of which |  |  |
| Short-term (up to 1 year) | 3.1 | 3.1 |
| Medium-term (1-5 years) | 27.9 | 27.3 |
| Long-term (more than 5 years) | 69.0 | 69.6 |
|  |  |  |

Table 23 shows that the share of short-term debt in the structure of the RA Government debt remained the same, the share of long-term debt in the structure of the RA Government debt increased by 0.6 percentage points at the expense of medium-term debt, which decreased by the same amount.

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

##### The indicators of outstanding GS

|  |  |  |
| --- | --- | --- |
|  | **2020** | **2021** |
| Average time to maturity (year) | 10.8 | 10.3 |
| The share of GS maturing in the forthcoming year in the total GS (%) | 11.5 | 10.5 |

The average time to maturity of the outstanding GS declined by 0.5 years, at the same time, the share of GS maturing in the forthcoming year in the total GS declined by 1 percentage point. Both indicators characterizing the outstanding GS did not record significant changes.

As of the end of 2021, 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 2031, and the repayments of the guarantees were up to 2036.

##### Government debt maturity profile as of December 31, 2021 (AMD billion)

As at the end of 2021, the large repayment years were 2025, 2029 and 2031 in the RA Government debt maturity profile. 46% of the Government debt redemption in 2025 consisted of the redemption of 10-year maturity Eurobonds issued in 2015; 46.5% of the Government debt redemption in 2029 consisted of the redemption of 10-year maturity Eurobonds issued in 2019 and 63% of the Government debt redemption in 2031 consisted of the redemption of 10-year maturity Eurobonds issued in 2021.

RA Government defined the following refinancing risk targeted indicators in the 2022-2024 RA Government debt management strategy program:

##### RA Government debt refinancing risk indicators in 2021

|  |  |  |
| --- | --- | --- |
|  | **2021**  **Program** | **2021**  **Actual** |
| RA Government debt average time to maturity (year) | 8.4 | 8.4 |
| External debt ATM (year) | 7.7 | 7.7 |
| Domestic debt ATM (year) | 10.3 | 10.2 |
|  | | |
| RA Government debt maturing within one year (%) | 6.1 | 5.6 |
| Share of RA Government external debt maturing within one year (%) | 3.9 | 3.7 |
| Share of RA Government domestic debt maturing within one year (%) | 11.6 | 10.4 |

The study of Table 25 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 2021 the refinancing risk is within manageability framework.

#### Operational Risk

The RA Ministry of Finance works continuously towards revealing, assessing, managing and decreasing the operational risks related to the RA Government debt management.

The Public Debt Management Department constantly 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 the order N 445 of the Minister of Finance dated September 17, 2018.

During 2021, operational risks to public debt management functions were assessed as manageable and business continuity was ensured without impediments.

## **Government treasury securities transactions in 2021**

In 2021, 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 75.0 billion, by issuance maturity 3-year and 5-year MTCN - AMD 94.0 billion and AMD 81.0 billion, respectively, by issuance maturity 11-year, 20-year and 31-year LTCB – AMD 114.0 billion, AMD 48.0 billion and AMD 37.2 billion, respectively. The volume of market bonds being placed through TD was set up 10% of the allocation volume of each placement auction.

**Table 1.1. Transactions of marketable GS during 2021**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | T-bills | MTCN | LTCB | Total |
| Number of allocation auctions (quantity) | 31 | 9 | 6 | 46 |
| Number of additional allocations (quantity) | 0 | 4 | 5 | 9 |
| Amount available to be allocated (excluding the amount to be allocated through Treasury Direct) (AMD billion) | 75 | 175 | 199.2 | 449.2 |
|  |  |  |  |  |
| Total allocated amount (AMD billion), of which | 59.5 | 154.7 | 180.1 | 394.3 |
| By primary dealers (AMD billion) | 59.4 | 154.1 | 176.9 | 390.4 |
| By Treasury Direct system (direct sale) (AMD billion) | 0.1 | 0.5 | 3.3 | 3.9 |
|  |  |  |  |  |
| The share in the total allocated amount | 15.1% | 39.2% | 45.7% | 100% |
|  |  |  |  |  |

* The demand (excluding the amount to be placed through Treasury Direct) for GS totaled AMD 746.7 billion and it exceeded the allocation amount by AMD 297.5 billion,
* The weighted average yield of placements comprised 9.27 %,
* The maximum placement maturity made up 29 years during the reopening of 31-year original maturity LTCB, and the minimum maturity was 97 days.

During 2021 MoF of RA carried out buybacks of GS with the total amount of AMD 25.7 billion.

During the reporting period 36 issuances of SCB took place with the total amount of AMD 18.0 billion, of which AMD 3.2 billion was placed.

**Table 1.2. The data of GS auctions took place during 2021**

| **Allocation date** | **ISIN** [[15]](#footnote-15) | **Available amount for allocation (AMD million)** | | | | | | | | | **Allocation type** | | | | | | | **Demand**  **(AMD million)** | | | | | | | | **Allocation**  **(AMD million)** | | | | | | | **Minimum yield (%)** | | | | | | | | | | **Marginal yield (%)** | | | | | | | | | **Weighted average yield (%)** | | | | | | | | | **Redemption date** | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 12/JAN/2021 | AMGB1129A316 | | | | | | | | | 20,000 | | | | | | | Auction | 24,399 | | | | | | | 20,000 | | | | | | | | | | | | | | | | 9.0970 | | | | | | | | | 9.9607 | | | | | 9.6814 | | | | | 29/OCT/2031 | | | | | | | | | |
| 13/JAN/2021 | AMGB1129A316 | | | | | | | | | 4,000 | | | | | | | Additional Auction | 2,518.2 | | | | | | | 2,518.2 | | | | | | | | | | | | | | | |  | | | | | | | | |  | | | | | 9.6814 | | | | | 29/OCT/2031 | | | | | | | | | |
| 13/JAN/2021 | AMGB1129A316 | | | | | | | | |  | | | | | | | Direct Sale[[16]](#footnote-16) | 100 | | | | | | | 100 | | | | | | | | | | | | | | | |  | | | | | | | | |  | | | | | 9.6814 | | | | | 29/OCT/2031 | | | | | | | | | |
| 18/JAN/2021 | AMGT52171221 | | | | | | | | | 3,000 | | | | | | | Auction | 2,490 | | | | | | | 1,300 | | | | | | | | | | | | | | | | 6.5999 | | | | | | | | | 6.9996 | | | | | 6.8321 | | | | | 17/JAN/2022 | | | | | | | | | |
| 25/JAN/2021 | AMGT5201B210 | | | | | | | | | 3,000 | | | | | | | Auction | 3,529.8 | | | | | | | 3,000 | | | | | | | | | | | | | | | | 6.6999 | | | | | | | | | 6.9994 | | | | | 6.9187 | | | | | 01/NOV/2021 | | | | | | | | | |
| Total January | | 30,000 | | | | | | | | |  | | | | | | | 33,037 | | | | | | | | 26,918.2 | | | | | | |  | | | | | | | | | |  | | | | | | | | | 9.2359 | | | | | | | | |  | | | | | | | | |
| 1/FAB/2021 | AMGT52311223 | | 3,000 | | | | | | | | | Auction | | | | | | | 4,690 | | | | | | | | 3,000 | | | | | | | 6.8000 | | | | | | | | | | 6.9889 | | | | | | | | | 6.8952 | | | | | | | | | 31/JAN/2022 | | | | | | | |
| 9/FAB/2021 | AMGN60294250 | | 15,000 | | | | | | | | | Auction | | | | | | | 33,142 | | | | | | | | 15,000 | | | | | | | 8.0780 | | | | | | | | | | 8.4885 | | | | | | | | | 8.3673 | | | | | | | | | 29/APR/2025 | | | | | | | |
| 10/FAB/2021 | AMGN60294250 | | 3,000 | | | | | | | | | Additional Auction | | | | | | | 1,500 | | | | | | | | 1,500 | | | | | | |  | | | | | | | | | |  | | | | | | | | | 8.3673 | | | | | | | | | 29/APR/2025 | | | | | | | |
| 15/FAB/2021 | AMGT5213C213 | | 3,000 | | | | | | | | | Auction | | | | | | | 7,310 | | | | | | | | 3,000 | | | | | | | 6.8899 | | | | | | | | | | 6.9395 | | | | | | | | | 6.9105 | | | | | | | | | 13/DEC/2021 | | | | | | | |
| 22/FAB/2021 | AMGT52315216 | | 1,000 | | | | | | | | | Auction | | | | | | | 2,610 | | | | | | | | 1,000 | | | | | | | 6.1900 | | | | | | | | | | 6.1900 | | | | | | | | | 6.1900 | | | | | | | | | 31/MAY/2021 | | | | | | | |
| Total February | | 25,000 | | | | | | | | |  | | | | | | | 49,252 | | | | | | | | 23,500 | | | | | | |  | | | | | | | | | |  | | | | | | | | | 7.9007 | | | | | | | | |  | | | | | | | | |
| 1/MAR/2021 | AMGT52282226 | | | | 3,000 | | | | | | | | | Auction | | | | | | | 6,800 | | | | | | | | 3,000 | | | | | | | | 6.9197 | | | | | | | | | 6.9799 | | | | | | | | | 6.9414 | | | | | | | | | 28/FAB/2022 | | | | | | |
| 9/MAR/2021 | AMGN36294236 | | | | 15,000 | | | | | | | | | Auction | | | | | | | 16,404 | | | | | | | | 15,000 | | | | | | | | 7.4425 | | | | | | | | | 7.9887 | | | | | | | | | 7.6966 | | | | | | | | | 29/APR/2023 | | | | | | |
| 15/MAR/2021 | AMGT52171221 | | | | 3,000 | | | | | | | | | Auction | | | | | | | 4,780 | | | | | | | | 3,000 | | | | | | | | 6.7511 | | | | | | | | | 7.0183 | | | | | | | | | 6.8927 | | | | | | | | | 17/JAN/2022 | | | | | | |
| 22/MAR/2021 | AMGT5204A216 | | | | 1,000 | | | | | | | | | Auction | | | | | | | 1,920 | | | | | | | | 1,000 | | | | | | | | 6.4998 | | | | | | | | | 6.7296 | | | | | | | | | 6.5964 | | | | | | | | | 4/OCT/2021 | | | | | | |
| Total March | | 22,000 | | | | | | | | |  | | | | | | | 29,904 | | | | | | | | 22,000 | | | | | | |  | | | | | | | | | |  | | | | | | | | | 7.4340 | | | | | | | | |  | | | | | | | | |
| Total I quarter | | 77,000 | | | | | | | | |  | | | | | | | 112,193 | | | | | | | | 72,418.2 | | | | | | |  | | | | | | | | | |  | | | | | | | | |  | | | | | | | | |  | | | | | | | | |
| 5/APR/2021 | AMGT52044220 | | | | | 3,000 | | | | | | | | | Auction | | | | | | | 4,923.6 | | | | | | | | 3,000 | | | | | | | | 6.9297 | | | | | | | | | 6.9696 | | | | | | | | | 6.9392 | | | | | | | | | 4/APR/2022 | | | | | |
| 13/APR/2021 | AMGB3129A504 | | | | | 21,000 | | | | | | | | | Auction | | | | | | | 67,642 | | | | | | | | 21,000 | | | | | | | | 9.8805 | | | | | | | | | 10.1300 | | | | | | | | | 10.1188 | | | | | | | | | 29/OCT/2050 | | | | | |
| 14/APR/2021 | AMGB3129A504 | | | | | 4,200 | | | | | | | | | Additional Auction | | | | | | | 4,200 | | | | | | | | 4,200 | | | | | | | |  | | | | | | | | |  | | | | | | | | | 10.1188 | | | | | | | | | 29/OCT/2050 | | | | | |
| 14/APR/2021 | AMGB3129A504 | | | | |  | | | | | | | | | Direct Sale | | | | | | | 997.53 | | | | | | | | 997.53 | | | | | | | |  | | | | | | | | |  | | | | | | | | | 10.1188 | | | | | | | | | 29/OCT/2050 | | | | | |
| 19/APR/2021 | AMGT52311223 | | | | | 3,000 | | | | | | | | | Auction | | | | | | | 3,100 | | | | | | | | 3,000 | | | | | | | | 6.7388 | | | | | | | | | 6.9999 | | | | | | | | | 6.9183 | | | | | | | | | 31/JAN/2022 | | | | | |
| 26/APR/2021 | AMGT52028215 | | | | | 1,000 | | | | | | | | | Auction | | | | | | | 2,200 | | | | | | | | 1,000 | | | | | | | | 6.3500 | | | | | | | | | 6.5505 | | | | | | | | | 6.5237 | | | | | | | | | 2/JUL/2021 | | | | | |
| 29/APR/2021 | AMGB2029A374 | | | | | 40,000 | | | | | | | | | Auction | | | | | | | 64,108 | | | | | | | | 40,000 | | | | | | | | 9.4100 | | | | | | | | | 9.9465 | | | | | | | | | 9.7309 | | | | | | | | | 29/OCT/2037 | | | | | |
| 30/APR/2021 | AMGB2029A374 | | | | | 8,000 | | | | | | | | | Additional Auction | | | | | | | 4,845 | | | | | | | | 4,845 | | | | | | | |  | | | | | | | | |  | | | | | | | | | 9.7309 | | | | | | | | | 29/OCT/2037 | | | | | |
| 30/APR/2021 | AMGB2029A374 | | | | |  | | | | | | | | | Direct Sale | | | | | | | 376.5 | | | | | | | | 376.5 | | | | | | | |  | | | | | | | | |  | | | | | | | | | 9.7309 | | | | | | | | | 29/OCT/2037 | | | | | |
| Total April | | 80,200 | | | | | | | | |  | | | | | | | 152,392.63 | | | | | | | | 78,419.03 | | | | | | |  | | | | | | | | | |  | | | | | | | | | 9.6052 | | | | | | | | |  | | | | | | | | |
| 3/MAY/2021 | AMGT52025229 | | | | | | 3,000 | | | | | | | | | Auction | | | | | | | 4,900 | | | | | | | | 3,000 | | | | | | | | 6.9497 | | | | | | | | | 7.0770 | | | | | | | | | 6.9933 | | | | | | | | | 2/MAY/2022 | |
| 11/MAY/2021 | AMGN60294268 | | | | | | 15,000 | | | | | | | | | Auction | | | | | | | 26,158.5 | | | | | | | | 15,000 | | | | | | | | 8.4380 | | | | | | | | | 8.9877 | | | | | | | | | 8.6954 | | | | | | | | | 29/APR/2026 | |
| 17/MAY/2021 | AMGT52282226 | | | | | | 3,000 | | | | | | | | | Auction | | | | | | | 4,550 | | | | | | | | 3,000 | | | | | | | | 7.0990 | | | | | | | | | 7.2490 | | | | | | | | | 7.1666 | | | | | | | | | 28/FAB/2022 | |
| 18/MAY/2021 | AMGT52282226 | | | | | |  | | | | | | | | | Direct Sale | | | | | | | 105 | | | | | | | | 105 | | | | | | | |  | | | | | | | | |  | | | | | | | | | 7.1666 | | | | | | | | | 28/FAB/2022 | |
| 24/MAY/2021 | AMGT52318202 | | | | | | 1,000 | | | | | | | | | Auction | | | | | | | 1,800 | | | | | | | | 1,000 | | | | | | | | 7.0850 | | | | | | | | | 7.1554 | | | | | | | | | 7.1231 | | | | | | | | | 13/DEC/2021 | |
| Total May | | 22,000 | | | | | | | | |  | | | | | | | 37,513.5 | | | | | | | | 22,105 | | | | | | |  | | | | | | | | | |  | | | | | | | | | 8.1785 | | | | | | | | |  | | | | | | | | |
| 8/JUN/2021 | AMGN36294244 | | | | | | | 15,000 | | | | | | | | | Auction | | | | | | | 16,433 | | | | | | | | 15,000 | | | | | | | | 7.9000 | | | | | | | | | 8.7900 | | | | | | | | | 8.3908 | | | | | | | | | 29/APR/2024 | |
| 21/JUN/2021 | AMGT52044220 | | | | | | | 3,000 | | | | | | | | | Auction | | | | | | | 3,580.9 | | | | | | | | 30.9 | | | | | | | | 7.3499 | | | | | | | | | 7.3499 | | | | | | | | | 7.3499 | | | | | | | | | 4/APR/2022 | |
| 28/JUN/2021 | AMGT5204A216 | | | | | | | 1,000 | | | | | | | | | Auction | | | | | | | 1,410 | | | | | | | | 1,000 | | | | | | | | 7.1999 | | | | | | | | | 7.4549 | | | | | | | | | 7.3504 | | | | | | | | | 4/OCT/2021 | |
| 29/JUN/2021 | AMGT5204A216 | | | | | | |  | | | | | | | | | Direct Sale | | | | | | | 2.02 | | | | | | | | 2.02 | | | | | | | |  | | | | | | | | |  | | | | | | | | | 7.3504 | | | | | | | | | 4/OCT/2021 | |
| Total June | | 19,000 | | | | | | | | |  | | | | | | | 21,425.92 | | | | | | | | 16,032.92 | | | | | | |  | | | | | | | | | |  | | | | | | | | | 8.3238 | | | | | | | | |  | | | | | | | | |
| Total II quarter | | 121,200 | | | | | | | | |  | | | | | | | 211,332.05 | | | | | | | | 116,556.95 | | | | | | |  | | | | | | | | | |  | | | | | | | | |  | | | | | | | | |  | | | | | | | | |
| **Total I half of the year** | | 198,200 | | | | | | | | |  | | | | | | | 323,525.05 | | | | | | | | 188,975.15 | | | | | | |  | | | | | | | | | |  | | | | | | | | |  | | | | | | | | |  | | | | | | | | |
| 13/JUL/2021 | AMGB1129A316 | | | | | | | | 50,000 | | | | | | | | Auction | | | | | | | 104,488 | | | | | | | | 38,859.5 | | | | | | | | 9.3900 | | | | | | | | | 9.9990 | | | | | | | | | 9.9131 | | | | | | | | | 29/OCT/2031 | |
| 14/JUL/2021 | AMGB1129A316 | | | | | | | | 7,771.9 | | | | | | | | Additional Auction | | | | | | | 7,771.9 | | | | | | | | 7,771.9 | | | | | | | |  | | | | | | | | |  | | | | | | | | | 9.9131 | | | | | | | | | 29/OCT/2031 | |
| 14/JUL/2021 | AMGB1129A316 | | | | | | | |  | | | | | | | | Direct Sale | | | | | | | 1,529.55 | | | | | | | | 1,529.55 | | | | | | | |  | | | | | | | | |  | | | | | | | | | 9.9131 | | | | | | | | | 29/OCT/2031 | |
| 19/JUL/2021 | AMGT52187227 | | | | | | | | 3,000 | | | | | | | | Auction | | | | | | | 1,410 | | | | | | | | 510 | | | | | | | | 7.4999 | | | | | | | | | 8.1997 | | | | | | | | | 7.9076 | | | | | | | | | 18/JUL/2022 | |
| 26/JUL/2021 | AMGT52025229 | | | | | | | | 3,000 | | | | | | | | Auction | | | | | | | 690 | | | | | | | | 290 | | | | | | | | 7.6000 | | | | | | | | | 7.9999 | | | | | | | | | 7.7783 | | | | | | | | | 2/MAY/2022 | |
| Total July | | 63,771.9 | | | | | | | | |  | | | | | | | 115,889.45 | | | | | | | | 48,960.95 | | | | | | |  | | | | | | | | | |  | | | | | | | | | 9.8796 | | | | | | | | |  | | | | | | | | |
| 2/JUL/2021 | AMGT52018224 | | | 3,000 | | | | | | | | | Auction | | | | | | | 1,530 | | | | | | | | 1,530 | | | | | | | | 8.1890 | | | | | | | | | 8.4000 | | | | | | | | | 8.2723 | | | | | | | | | 1/JUL/2022 | | | | | |
| 3/JUL/2021 | AMGT52018224 | | |  | | | | | | | | | Direct Sale | | | | | | | 0.003 | | | | | | | | 0.003 | | | | | | | |  | | | | | | | | |  | | | | | | | | | 8.2723 | | | | | | | | | 1/JUL/2022 | | | | | |
| 10/JUL/2021 | AMGN60294268 | | | 20,000 | | | | | | | | | Auction | | | | | | | 25,167.5 | | | | | | | | 20,000 | | | | | | | | 8.8900 | | | | | | | | | 9.9733 | | | | | | | | | 9.6042 | | | | | | | | | 29/APR/2026 | | | | | |
| 11/JUL/2021 | AMGN60294268 | | | 4,000 | | | | | | | | | Additional Auction | | | | | | | 892 | | | | | | | | 892 | | | | | | | |  | | | | | | | | |  | | | | | | | | | 9.6042 | | | | | | | | | 29/APR/2026 | | | | | |
| 16/JUL/2021 | AMGT52136224 | | | 3,000 | | | | | | | | | Auction | | | | | | | 480 | | | | | | | | 420 | | | | | | | | 8.2000 | | | | | | | | | 8.4495 | | | | | | | | | 8.3490 | | | | | | | | | 13/JUN/2022 | | | | | |
| Total August | | 30,000 | | | | | | | | |  | | | | | | | 28,069.503 | | | | | | | | 22,842.003 | | | | | | |  | | | | | | | | | |  | | | | | | | | | 9.4919 | | | | | | | | |  | | | | | | | | |
| 6/SEP/2021 | AMGT52059228 | | | 3,000 | | | | | | | | | Auction | | | | | | | 3,300 | | | | | | | | 3,000 | | | | | | | | 8.3505 | | | | | | | | | 8.6775 | | | | | | | | | 8.5322 | | | | | | | | | 5/SEP/2022 | | | | | | | |
| 14/SEP/2021 | AMGN36294244 | | | 20,000 | | | | | | | | | Auction | | | | | | | 32,537 | | | | | | | | 20,000 | | | | | | | | 9.1500 | | | | | | | | | 9.6970 | | | | | | | | | 9.3538 | | | | | | | | | 29/APR/2024 | | | | | | | |
| 15/SEP/2021 | AMGN36294244 | | | 4,000 | | | | | | | | | Additional Auction | | | | | | | 200 | | | | | | | | 200 | | | | | | | |  | | | | | | | | |  | | | | | | | | | 9.3538 | | | | | | | | | 29/APR/2024 | | | | | | | |
| 15/SEP/2021 | AMGN36294244 | | |  | | | | | | | | | Direct Sale | | | | | | | 200 | | | | | | | | 200 | | | | | | | |  | | | | | | | | |  | | | | | | | | | 9.3538 | | | | | | | | | 29/APR/2024 | | | | | | | |
| 22/SEP/2021 | AMGT52187227 | | | 3,000 | | | | | | | | | Auction | | | | | | | 4,080 | | | | | | | | 3,000 | | | | | | | | 8.4000 | | | | | | | | | 8.6000 | | | | | | | | | 8.4792 | | | | | | | | | 18/JUL/2022 | | | | | | | |
| 27/SEP/2021 | AMGT52171221 | | | 1,000 | | | | | | | | | Auction | | | | | | | 1,102.5 | | | | | | | | 1,000 | | | | | | | | 8.0000 | | | | | | | | | 8.0000 | | | | | | | | | 8.0000 | | | | | | | | | 17/JAN/2022 | | | | | | | |
| Total September | | 31,000 | | | | | | | | |  | | | | | | | 41,419.5 | | | | | | | | 27,400 | | | | | | |  | | | | | | | | | |  | | | | | | | | | 9.1187 | | | | | | | | |  | | | | | | | | |
| Total III quarter | | 127,000 | | | | | | | | |  | | | | | | | 185,378.45 | | | | | | | | 99,202.953 | | | | | | |  | | | | | | | | | |  | | | | | | | | |  | | | | | | | | |  | | | | | | | | |
| 4/OCT/2021 | AMGT5203A226 | | | 3,000 | | | | | | | | | Auction | | | | | | | 2,638.7 | | | | | | | | 2,638.7 | | | | | | | | 8.5500 | | | | | | | | | 9.0777 | | | | | | | | | 8.8136 | | | | | | | | | 3/OCT/2022 | | | | | | | |
| 12/OCT/2021 | AMGB3129A504 | | | 10,000 | | | | | | | | | Auction | | | | | | | 39,902 | | | | | | | | 10,000 | | | | | | | | 10.3313 | | | | | | | | | 10.3313 | | | | | | | | | 10.3313 | | | | | | | | | 29/OCT/2050 | | | | | | | |
| 13/OCT/2021 | AMGB3129A504 | | | 2,000 | | | | | | | | | Additional Auction | | | | | | | 2,000 | | | | | | | | 2,000 | | | | | | | |  | | | | | | | | |  | | | | | | | | | 10.3313 | | | | | | | | | 29/OCT/2050 | | | | | | | |
| 13/OCT/2021 | AMGB3129A504 | | |  | | | | | | | | | Direct Sale | | | | | | | 247.051 | | | | | | | | 247.051 | | | | | | | |  | | | | | | | | |  | | | | | | | | | 10.3313 | | | | | | | | | 29/OCT/2050 | | | | | | | |
| 18/OCT/2021 | AMGT52018224 | | | 3,000 | | | | | | | | | Auction | | | | | | | 4,180 | | | | | | | | 1,700 | | | | | | | | 8.7870 | | | | | | | | | 8.800 | | | | | | | | | 8.7985 | | | | | | | | | 1/JUL/2022 | | | | | | | |
| 25/OCT/2021 | AMGT52025229 | | | 1,000 | | | | | | | | | Auction | | | | | | | 2,200 | | | | | | | | 1,000 | | | | | | | | 8.3500 | | | | | | | | | 8.5000 | | | | | | | | | 8.4527 | | | | | | | | | 2/MAY/2022 | | | | | | | |
| 29/OCT/2021 | AMGB1129A316 | | | | | | | | 30,000 | | | | | | | | Auction | | | | | | | 65,381.7 | | | | | | | | 25,657.7 | | | | | | | | 9.9900 | | | | | | | | | 10.5000 | | | | | | | | | 10.2705 | | | | | | | | | 29/OCT/2031 | |
| 29/OCT/2021 | AMGN36294244 | | | 20,000 | | | | | | | | | Auction | | | | | | | 22,659 | | | | | | | | 10,169 | | | | | | | | 9.4877 | | | | | | | | | 9.6890 | | | | | | | | | 9.6244 | | | | | | | | | 29/APR/2024 | | | | | | | |
| Total October | | 69,000 | | | | | | | | |  | | | | | | | 139,208.451 | | | | | | | | 53,412.451 | | | | | | |  | | | | | | | | | |  | | | | | | | | | 10.0086 | | | | | | | | |  | | | | | | | | |
| 1/NOV/2021 | AMGT5231A227 | | | 3,000 | | | | | | | | | Auction | | | | | | | 4,983 | | | | | | | | 3,000 | | | | | | | | 8.7950 | | | | | | | | | 9.1978 | | | | | | | | | 9.0110 | | | | | | | | | 31/OCT/2022 | | | | | | | |
| 9/NOV/2021 | AMGN60294268 | | | 20,000 | | | | | | | | | Auction | | | | | | | 52,951 | | | | | | | | 20,000 | | | | | | | | 9.6400 | | | | | | | | | 9.9400 | | | | | | | | | 9.8340 | | | | | | | | | 29/APR/2026 | | | | | | | |
| 10/NOV/2021 | AMGN60294268 | | | 4,000 | | | | | | | | | Additional Auction | | | | | | | 1,378.2 | | | | | | | | 1,378.2 | | | | | | | |  | | | | | | | | |  | | | | | | | | | 9.8340 | | | | | | | | | 29/APR/2026 | | | | | | | |
| 10/NOV/2021 | AMGN60294268 | | |  | | | | | | | | | Direct Sale | | | | | | | 215 | | | | | | | | 215 | | | | | | | |  | | | | | | | | |  | | | | | | | | | 9.8340 | | | | | | | | | 29/APR/2026 | | | | | | | |
| 15/NOV/2021 | AMGT52059228 | | | 3,000 | | | | | | | | | Auction | | | | | | | 3,230 | | | | | | | | 3,000 | | | | | | | | 8.7000 | | | | | | | | | 8.9477 | | | | | | | | | 8.8042 | | | | | | | | | 5/SEP/2022 | | | | | | | |
| 22/NOV/2021 | AMGT52282226 | | | 1,000 | | | | | | | | | Auction | | | | | | | 1,930 | | | | | | | | 1,000 | | | | | | | | 7.9880 | | | | | | | | | 8.0000 | | | | | | | | | 7.9984 | | | | | | | | | 28/FAB/2022 | | | | | | | |
| Total November | | 31,000 | | | | | | | | |  | | | | | | | 64,687.2 | | | | | | | | 28,593.2 | | | | | | |  | | | | | | | | | |  | | | | | | | | | 9.5754 | | | | | | | | |  | | | | | | | | |
| 6/DEC/2021 | AMGT5205C227 | | | 3,000 | | | | | | | | | Auction | | | | | | | 3,730 | | | | | | | | 3,000 | | | | | | | | 9.0500 | | | | | | | | | 9.1500 | | | | | | | | | 9.0983 | | | | | | | | | 5/DEC/2022 | | | | | | | |
| 14/DEC/2021 | AMGN36294244 | | | 20,000 | | | | | | | | | Auction | | | | | | | 32,942 | | | | | | | | 20,000 | | | | | | | | 9.5145 | | | | | | | | | 9.7700 | | | | | | | | | 9.6699 | | | | | | | | | 29/APR/2024 | | | | | | | |
| 15/DEC/2021 | AMGN36294244 | | |  | | | | | | | | | Direct Sale | | | | | | | 130 | | | | | | | | 130 | | | | | | | |  | | | | | | | | |  | | | | | | | | | 9.6699 | | | | | | | | | 29/APR/2024 | | | | | |
| 27/DEC/2021 | AMGT136224 | | | 1,000 | | | | | | | | | Auction | | | | | | | 1,030 | | | | | | | | 1,000 | | | | | | | | 8.7500 | | | | | | | | | 8.9500 | | | | | | | | | 8.8235 | | | | | | | | | 13/JUN/2022 | | | | | | | |
| Total December | | 24,000 | | | | | | | | |  | | | | | | | 37,832 | | | | | | | | 24,130 | | | | | | |  | | | | | | | | | |  | | | | | | | | | 9.5640 | | | | | | | | |  | | | | | | | | |
| Total IV quarter | | 124,000 | | | | | | | | |  | | | | | | | 241,727.651 | | | | | | | | 106,135.651 | | | | | | |  | | | | | | | | | |  | | | | | | | | |  | | | | | | | | |  | | | | | | | | |
| Total II half of the year | | 251,000 | | | | | | | | |  | | | | | | | 427,106.104 | | | | | | | | 205,338.604 | | | | | | |  | | | | | | | | | |  | | | | | | | | |  | | | | | | | | |  | | | | | | | | |
| Total year | | 449,200 | | | | | | | | |  | | | | | | | 750,630.954 | | | | | | | | 394,313.754 | | | | | | | | |  | | | | | | |  | | | | | | | | |  | | | | | | | |  | | | | | | | | | | |

**Table 1.3.** **Saving coupon bonds allocations in 2021**[[17]](#footnote-17)

| **Allocation date** | **ISIN** | **Start of the allocation** | **End of the allocation** | **Type of allocation** | | **Buyback dates** | **Allocation (AMD thousands)** | | **Coupon rate (%)** | **Redemption date** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 08/DEC/2020 | AMGS02086215 | 15/JAN/2021 | 18/JAN/2021 | Direct sale | 08/MAR/2021 | | 1,500 | 7.0 | | 08/JUN/2021 |
| 19/JAN/2021 | AMGS02197210 | 19/JAN/2021 | 04/MAR/2021 | Direct sale | 19/APR/2021 | | 45,325 | 7.5 | | 19/JUL/2021 |
| 05/MAR/2021 | AMGS02059212 | 05/MAR/2021 | 15/APR/2021 | Direct sale | 05/JUN/2021 | | 49,000 | 7.5 | | 05/SEP/2021 |
| 16/APR/2021 | AMGS0216A217 | 16/APR/2021 | 31/MAY/2021 | Direct sale | 16/JUL/2021 | | 58,692 | 7.5 | | 16/OCT/2021 |
| 01/JUN/2021 | AMGS0201C215 | 08/JUN/2021 | 15/JUL/2021 | Direct sale | 01/SEP/2021 | | 16,442 | 7.5 | | 01/DEC/2021 |
| 16/JUL/2021 | AMGS02161224 | 16/JUL/2021 | 31/JUL/2021 | Direct sale | 16/OCT/2021 | | 18,850 | 7.5 | | 16/JAN/2022 |
| 01/SEP/2021 | AMGS02013227 | 06/SEP/2021 | 07/OCT/2021 | Direct sale | 01/DEC/2021 | | 19,120 | 7.5 | | 01/MAR/2022 |
| 08/OCT/2021 | AMGS02084228 | 14/OCT/2021 | 14/NOV/2021 | Direct sale | 08/JAN/2022 | | 16,000 | 7.5 | | 08/APR/2022 |
| 16/NOV/2021 | AMGS02165225 | 16/NOV/2021 | 27/DEC/2021 | Direct sale | 16/FAB/2022 | | 7,400 | 7.5 | | 16/MAY/2022 |
| 28/DEC/2021 | AMGS02286229 | 28/DEC/2021 | 30/DEC/2021 | Direct sale | 28/MAR/2022 | | 2,000 | 7.5 | | 28/JUN/2022 |
| 19/JAN/2021 | AMGS04191229 | 19/JAN/2021 | 04/ ՄՐՏ/2021 | Direct sale | 19/OCT/2021 | | 14,737 | 8.0 | | 19/JAN/2022 |
| 05/MAR/2021 | AMGS04053221 | 05/MAR/2021 | 15/APR/2021 | Direct sale | 05/DEC/2021 | | 24,536 | 8.5 | | 05/MAR/2022 |
| 16/APR/2021 | AMGS04164226 | 16/APR/2021 | 31/MAY/2021 | Direct sale | 16/JAN/2022 | | 50,792 | 8.5 | | 16/APR/2022 |
| 01/JUN/2021 | AMGS04016228 | 02/JUN/2021 | 15/JUL/2021 | Direct sale | 01/MAR/2022 | | 25,200 | 8.5 | | 01/JUN/2022 |
| 16/JUL/2021 | AMGS04167229 | 19/JUL/2021 | 31/JUL/2021 | Direct sale | 16/APR/2022 | | 57,064 | 8.5 | | 16/JUL/2022 |
| 01/SEP/2021 | AMGS04019222 | 01/SEP/2021 | 07/OCT/2021 | Direct sale | 01/JUN/2022 | | 132,341 | 9.0 | | 01/SEP/2022 |
| 08/OCT/2021 | AMGS0408A228 | 08/OCT/2021 | 14/NOV/2021 | Direct sale | 08/JUL/2022 | | 156,333 | 9.0 | | 08/OCT/2022 |
| 16/NOV/2021 | AMGS0416B229 | 16/NOV/2021 | 27/DEC/2021 | Direct sale | 16/JUL/2022 | | 66,820 | 9.0 | | 16/NOV/2022 |
| 28/DEC/2021 | AMGS0428C222 | 28/DEC/2021 | 30/DEC/2021 | Direct sale | 28/SEP/2022 | | 15,100 | 9.0 | | 28/DEC/2022 |
| 19/JAN/2021 | AMGS08191233 | 19/JAN/2021 | 04/MAR/2021 | Direct sale | 19/APR/22 19/JUL/22 19/OCT/22 | | 3,364 | 8.5 | | 19/JAN/2023 |
| 05/MAR/2021 | AMGS08053235 | 05/MAR/20201 | 15/APR/2021 | Direct sale | 05/JUN/22 05/SEP/22 05/DEC/22 | | 173,994 | 9.0 | | 05/MAR/2023 |
| 16/APR/2021 | AMGS08164230 | 16/APR/2021 | 31/MAY/2021 | Direct sale | 16/JUL/22 16/OCT/22 16/JAN/23 | | 42,950 | 9.0 | | 16/APR/2023 |
| 01/JUN/2021 | AMGS08016232 | 01/JUN/2021 | 15/JUL/2021 | Direct sale | 01/SEP/22 01/DEC/22 01/MAR/23 | | 80,997 | 9.0 | | 01/JUN/2023 |
| 16/JUL/2021 | AMGS08167233 | 16/JUL/2021 | 31/JUL/2021 | Direct sale | 16/OCT/22 16/JAN/23 16/APR/23 | | 395,587 | 9.0 | | 16/JUL/2023 |
| 01/SEP/2021 | AMGS08019236 | 01/SEP/2021 | 07/OCT/2021 | Direct sale | 01/DEC/22 01/MAR/23 01/JUN/23 | | 72,480 | 9.2 | | 01/SEP/2023 |
| 08/OCT/2021 | AMGS0808A237 | 01/NOV/2021 | 14/NOV/2021 | Direct sale | 08/JAN/23 08/APR/23 08/JUL/23 | | 118,115 | 9.2 | | 08/OCT/2023 |
| 16/NOV/2021 | AMGS0816B238 | 17/NOV/2021 | 27/DEC/2021 | Direct sale | 16/FAB/23 16/MAY/23 16/JUL/23 | | 40,409 | 9.2 | | 16/NOV/2023 |
| 28/DEC/2021 | AMGS0828C231 | 28/DEC/2021 | 30/DEC/2021 | Direct sale | 28/MAR/23 28/JUN/23 28/SEP/23 | | 1,000 | 9.2 | | 28/DEC/2023 |
| 08/DEC/2020 | AMGS1208C235 | 08/JAN/2021 | 18/JAN/2021 | Direct sale | 08/MAR/23 08/JUN/23 08/SEP/23 | | 4,220 | 8.5 | | 08/DEC/2023 |
| 19/JAN/2021 | AMGS12191245 | 19/JAN/2021 | 04/MAR/2021 | Direct sale | 19/APR/23 19/JUL/23 19/OCT/23 | | 143,460 | 9.0 | | 19/JAN/2024 |
| 05/MAR/2021 | AMGS12053247 | 05/MAR/2021 | 15/APR/2021 | Direct sale | 05/JUN/23 05/SEP/23 05/DEC/23 | | 100,862 | 9.2 | | 05/MAR/2024 |
| 16/APR/2021 | AMGS12164242 | 16/APR/2021 | 31/MAY/2021 | Direct sale | 16/JUL/23 16/OCT/23 16/JAN/24 | | 222,110 | 9.2 | | 16/APR/2024 |
| 01/JUN/2021 | AMGS12016244 | 01/JUN/2021 | 15/JUL/2021 | Direct sale | 01/SEP/23 01/DEC/23 01/MAR/24 | | 55,375 | 9.2 | | 01/JUN/2024 |
| 16/JUL/2021 | AMGS12167245 | 19/JUL/2021 | 31/JUL/2021 | Direct sale | 16/OCT/23 16/JAN/24 16/APR/24 | | 247,056 | 9.2 | | 16/JAN/2024 |
| 01/SEP/2021 | AMGS12019248 | 01/SEP/2021 | 07/OCT/2021 | Direct sale | 01/DEC/23 01/MAR/24 01/JUN/24 | | 229,531 | 9.5 | | 01/SEP/2024 |
| 08/OCT/2021 | AMGS1208A247 | 08/OCT/2021 | 14/NOV/2021 | Direct sale | 08/JAN/24 08/APR/24 08/JUL/24 | | 252,224 | 9.5 | | 08/OCT/2024 |
| 16/NOV/2021 | AMGS1216B248 | 16/NOV/2021 | 27/DEC/2021 | Direct sale | 16/FAB/24 16/MAY/24 16/JUL/24 | | 188,943 | 9.5 | | 16/NOV/2024 |
| 28/DEC/2021 | AMGS1228C241 | 28/DEC/2021 | 30/DEC/2021 | Direct sale | 28/MAR/24 28/JUN/24 28/SEP/24 | | 22,798 | 9.5 | | 28/DEC/2024 |
| **TOTAL** |  |  |  |  |  | | **3,172,727** |  | |  |

## **Transactions of Eurobonds in 2021**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| N | Type of transaction | Settlement date | Redemption date | Coupon (%) | Price | Yield (%) | Amount (USD million) |
| 1 | Allocation of 2031 maturing Eurobonds | 02.02.2021 | 30.09.2031 | 3.6 | - | 3.875 | 750.0 |
| 2 | Interest payments of 2025 maturing Eurobonds | - | 26.03.2025 | 7.15 | - | - | 35.8 |
| 3 | Interest payments of 2029 maturing Eurobonds | - | 26.09.2029 | 3.95 | - | - | 19.8 |
| 4 | Interest payments of 2031 maturing Eurobonds | - | 30.09.2031 | 3.6 |  |  | 13.5 |

## **New Loan Agreements Signed in 2021**

|  |  |  |  |
| --- | --- | --- | --- |
| **Debtor / Loan agreement** | Amount, million | Currency | Signed date |
| 1. **IBRD** |  |  |  |
| 1) Additional Funding Disease Prevention and Control program | 7.4 | USD | 18.02.2021 |
| 1. **EBRD** |  |  |  |
| 1) Yerevan Bus Program | 20.0 | EUR | 24.11.2021 |
|  |  |  |  |

## **Transactions carried out during 2021 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** | | **178.99** | **88.23** | **229.44** | **116.02** | **74.72** | **37.71** |
| ***International Organizations*** | | **116.51** | **57.93** | **161.32** | **81.44** | **54.01** | **27.22** |
| 1 | International Bank for Reconstruction and Development (IBRD) | 46.13 | 22.89 | 12.05 | 6.07 | 11.90 | 6.00 |
| 2 | International Development Association (IDA) | 3.24 | 1.64 | 71.98 | 36.43 | 10.06 | 5.10 |
| 3 | European Bank for Reconstruction and Development (EBRD) | 5.28 | 2.63 | 3.21 | 1.61 | 0.34 | 0.17 |
| 4 | European Investment Bank (EIB) | 5.54 | 2.85 | 4.51 | 2.25 | 2.03 | 1.02 |
| 5 | International Fund for Agricultural Development (IFAD) | 0.23 | 0.12 | 3.87 | 1.95 | 0.60 | 0.31 |
| 6 | Organization of the Petroleum Exporting Countries (OPEC) Fund for International Development (OFID) | 0.07 | 0.04 | 4.93 | 2.52 | 1.94 | 0.99 |
| 7 | Asian Development Bank (ADB) | 48.81 | 24.15 | 42.42 | 21.45 | 12.73 | 6.45 |
| 8 | International Monetary Fund (IMF) | - | - | 18.28 | 9.14 | 5.08 | 2.55 |
| 9 | European Union (EU) | - | - | - | - | 2.51 | 1.23 |
| 10 | Eurasian Development Bank (Manager of Eurasian Fund of Stabilization and Development) | 7.21 | 3.61 | 0.07 | 0.03 | 6.81 | 3.41 |
| ***Foreign States*** | | **62.48** | **30.30** | **65.82** | **33.41** | **20.51** | **10.39** |
| 1 | Germany (KfW) | 20.16 | 10.07 | 12.98 | 6.36 | 5.42 | 2.69 |
| 2 | Russian Federation | 34.20 | 16.37 | 37.07 | 18.99 | 10.65 | 5.44 |
| 3 | France | 8.12 | 3.85 | 1.48 | 0.73 | 1.78 | 0.90 |
| 4 | Japan (JICA) | - | - | 10.34 | 5.29 | 1.80 | 0.92 |
| 5 | USA | - | - | 1.73 | 0.89 | 0.26 | 0.13 |
| 6 | Abu-Dhabi Fund for Development | - | - | 0.62 | 0.31 | 0.13 | 0.07 |
| 7 | China Export-Import Bank | - | - | 1.62 | 0.82 | 0.47 | 0.24 |
| ***Commercial banks*** | | **-** | **-** | **2.30** | **1.17** | **0.20** | **0.10** |
| 1 | KBC BANK NV (Belgium) | - | - | 0.58 | 0.29 | 0.02 | 0.01 |
| 2 | Raiffeisen Bank International (Austria) | - | - | 0.99 | 0.50 | 0.07 | 0.03 |
| 3 | Erste Bank (Austria) | - | - | 0.73 | 0.37 | 0.11 | 0.05 |

## **Transactions carried out during 2021 for the loans borrowed by the CBA**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| USD million | | Disbursements | Principal payments | Interest payments |
| **Total CBA loans** | | **95.48** | **82.24** | **8.05** |
| ***International Organizations*** | | **42.46** | **64.41** | **5.97** |
| 1 | International Bank for Reconstruction and Development (IBRD) | - | 1.85 | 0.24 |
| 2 | European Investment Bank (EIB) | 42.46 | 14.16 | 3.33 |
| 3 | Asian Development Bank (ADB) | - | 0.71 | 0.34 |
| 4 | International Monetary Fund (IMF) | - | 47.69 | 2.06 |
| ***Foreign States*** | | **53.02** | **17.83** | **2.08** |
| 1 | Germany (KfW) | 53.02 | 17.83 | 2.08 |

## **Transactions under the guarantees provided by the RA Government during 2021**

| **Principal** | **Beneficiary** | | **Program / Purpose** | | **Guarantee Currency** | | **Guarantee amount in its currency, million** | | **Outstanding amount in its currency as of 31.12.21,**  **million** | | **Outstanding amount in USD as of 31.12.21,**  **million** | | **Guarantee maturity date** | | | | **New guarantee, USD million** | | **Guarantee**  **disbursements, USD million** | | **Guarantee principal redemption, USD million** | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Start** | | **End** | |
| RA Central bank | IBRD | | Access to finance for small and medium enterprises | | USD | | 50.00 | | 38.16 | | 38.16 | | 15.07.2014 | | 15.07.2035 | | - | | - | | 1.85 | |
| RA Central bank | ADB | | Women's Entrepreneurship Support Sector Development Program | | SDR | | 13.04 | | 9.17 | | 12.83 | | 15.12.2020 | | 15.06.2040 | | - | | - | | 0.71 | |
| RA Central bank | Germany (KfW) | | Small and Medium Enterprise Development Program (Part I) | | EUR | | 3.07 | | 1.71 | | 1.94 | | 30.12.2008 | | 30.12.2038 | | - | | - | | 0.12 | |
| RA Central bank | Germany (KfW) | | Small and Medium Enterprise Development Program (Part II) | | EUR | | 4.09 | | 2.59 | | 2.93 | | 30.06.2011 | | 30.12.2040 | | - | | - | | 0.16 | |
| RA Central bank | Germany (KfW) | | Small and Medium Enterprise Development Program (Part III) | | EUR | | 5.11 | | 3.42 | | 3.86 | | 30.06.2012 | | 30.12.2041 | | - | | - | | 0.17 | |
| RA Central bank | Germany ((KfW) | | Small and Medium Enterprise Development Program (Part IV) | | EUR | | 4.50 | | 3.23 | | 3.64 | | 30.12.2013 | | 30.06.2043 | | - | | - | | 0.20 | |
| RA Central bank | Germany (KfW) | | Renewable Energy Development Program | | EUR | | 6.00 | | 4.53 | | 5.12 | | 30.12.2014 | | 30.12.2044 | | - | | - | | 0.23 | |
| RA Central bank | Germany (KfW) | | Mortgage Market Development Support Program I. | | EUR | | 6.00 | | 4.92 | | 5.56 | | 30.12.2016 | | 30.12.2046 | | - | | - | | 0.23 | |
| RA Central bank | Germany (KfW) | | Mortgage Market Development Support Program II. | | EUR | | 6.00 | | 5.22 | | 5.89 | | 30.06.2018 | | 30.06.2048 | | - | | - | | 0.23 | |
| RA Central bank | Germany (KfW) | | Renewable Energy Development Program II | | EUR | | 18.00 | | - | | - | | 30.06.2013 | | 30.12.2021 | | - | | - | | 2.32 | |
| RA Central bank | Germany ((KfW) | | Agricultural Support Program I | | EUR | | 15.0 | | 4.69 | | 5.30 | | 30.12.2016 | | 30.06.2024 | | - | | - | | 2.17 | |
| RA Central bank | Germany (KfW) | | Renewable Energy Development Program III | | EUR | | 40.0 | | 14.32 | | 16.18 | | 30.12.2015 | | 30.12.2024 | | - | | - | | 5.53 | |
| **Total** | | | | |  | |  | |  | | **101.4** | |  | |  | | **-** | | - | | **13.92** | |
| “NORK-MARASH” Medical Center | Erste Bank (Austria) | | “NORK-MARASH” Medical Center re-equipment program | | EUR | | 7.00 | | 7.00 | | 7.91 | | 30.09.2023 | | 31.03.2036 | | - | | - | | - | |
| **Total external guarantees** | | | | |  | |  | |  | | **109.3** | |  | |  | | **-** | | **-** | | **-** | |
| **2. Domestic Guarantees** | | | | |  | |  | |  | |  | |  | |  | |  | |  | |  | |
| **Of which** | | | | |  | |  | |  | |  | |  | |  | |  | |  | |  | |
| "SPAYKA" LLC | "ArmSwissBank" CJSC | | Support provided to the agro-processing sector for procurement of agricultural raw materials | | AMD | | 1,150.0 | | 1,150.0 | | 2.4 | | 11.10.2021 | | 11.10.2022 | | - | | - | | - | |
| "PROSHYAN BRANDY FACTORY" LLC | | "Armeconombank" OJSC | | Support provided to the agro-processing sector for procurement of agricultural raw materials | | AMD | | 2,000.0 | | 2,000.0 | | 4.2 | | 15.10.2021 | | 15.10.2023 | | 4.2 | | 4.2 | |  | |
| "ARTASHAT-VINCON" CJSC | "ArmSwissBank" CJSC | | Support provided to the agro-processing sector for procurement of agricultural raw materials | | AMD | | 825.0 | | 825.0 | | 1.7 | | 25.10.2021 | | 22.10.2023 | | 1.7 | | 1.7 | |  | |
| "VIL FOOD" LLC | "ArmSwissBank" CJSC | | Support provided to the agro-processing sector for procurement of agricultural raw materials | | AMD | | 100.0 | | 100.0 | | 0.2 | | 25.10.2021 | | 22.10.2022 | | 0.2 | | 0.2 | |  | |
| "YERASKH WINE FACTORY" LLC | "ArmSwissBank" CJSC | | Support provided to the agro-processing sector for procurement of agricultural raw materials | | AMD | | 265.0 | | 265.0 | | 0.6 | | 01.11.2021 | | 01.11.2023 | | 0.6 | | 0.6 | |  | |
| "SHATO ARNO" LLC | "Development And Investments Corporation of Armenia" CJSC | | Support provided to the agro-processing sector for procurement of agricultural raw materials | | AMD | | 103.5 | | 103.5 | | 0.2 | | 09.11.2021 | | 09.11.2023 | | 0.2 | | 0.2 | |  | |
| "ASTAFYAN HOLDING" LLC | "Development And Investments Corporation of Armenia" CJSC | | Support provided to the agro-processing sector for procurement of agricultural raw materials | | AMD | | 100.0 | | 100.0 | | 0.2 | | 15.11.2021 | | 15.11.2023 | | 0.2 | | 0.2 | |  | |
| "VEDI ALCO" CJSC | "ArmSwissBank" CJSC | | Support provided to the agro-processing sector for procurement of agricultural raw materials | | AMD | | 430.2 | | 430.2 | | 0.9 | | 01.12.2021 | | 29.11.2023 | | 0.9 | | 0.9 | |  | |
| "VEDI ALCO" CJSC | "Development And Investments Corporation of Armenia" CJSC | | Support provided to the agro-processing sector for procurement of agricultural raw materials | | AMD | | 253.0 | | 253.0 | | 0.5 | | 01.12.2021 | | 29.11.2023 | | 0.5 | | 0.5 | |  | |
| "GETAP WINE AND BRANDY FACTORY" LLC | "ArmSwissBank" CJSC | | Support provided to the agro-processing sector for procurement of agricultural raw materials | | AMD | | 127.2 | | 127.2 | | 0.3 | | 13.12.2021 | | 13.12.2023 | | 0.3 | | 0.3 | |  | |
| **Total domestic guarantees** | | | | |  | | **5,354** | | **5,354** | | **11.2** | |  | |  | | **11.2** | | **11.2** | |  | |
| **TOTAL GUARANTEES** | | | | |  | |  | |  | | **120.5** | |  | |  | | **-** | | - | |  | |

## **Government treasury securities primary market agents in 2021**

|  |  |
| --- | --- |
| **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 |
| **VTB-Armenia Bank CJSC**  Address: 0002, Yerevan,  Moskovyan 35, 68-73  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 |  |

|  |
| --- |
| **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 clauses 5 and 6 of the article 2 of the “Law on Public Debt”. [↑](#footnote-ref-1)
2. Government external guarantees, which 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 2021 and the forecasted indicators for 2022-2024 are defined in the 2022-2024 RA Government debt management strategy document. [↑](#footnote-ref-5)
6. Marketable instrument debt includes foreign currency securities and treasury securities, with the exception of saving bonds, and non-marketable debt includes external loans (which have a certain degree of concession), saving bonds, external and domestic guarantees. [↑](#footnote-ref-6)
7. The share of commercial banks includes securities pledged for repo transactions by other financial institutions. [↑](#footnote-ref-7)
8. 93% of the portfolio of the RA Central Bank is the volume of securities pledged for repo transactions by the trade banks. [↑](#footnote-ref-8)
9. 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-9)
10. 100 basis points equals to one percentage point [↑](#footnote-ref-10)
11. 31.12.2020 1 SDR = 1.4400 USD, 1 EUR = 1.227 USD, 1 JPY = 0.010 USD

    31.12.2021 1 SDR = 1.3996 USD, 1 EUR = 1.130 USD, 1 JPY = 0.009 USD [↑](#footnote-ref-11)
12. According to the 8th clause 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-12)
13. According to the fiscal rules, there were defined 40%, 50% and 60% thresholds for the RA Government debt/GDP ratio, where each of them assumes a certain degree of restrictions. 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-13)
14. Indicates the weighted average period of the debt portfolio interest rate change as a result of outstanding debt redemption and refinancing. [↑](#footnote-ref-14)
15. International Securities Identification Number [↑](#footnote-ref-15)
16. Direct sale had been carried out only through TD. [↑](#footnote-ref-16)
17. The table includes all the transactions that took place during 2021. The transactions are from 01.01.2021 till 31.12.2021. Therefore, the placement of SCBs issued in 2020 and allocated in January 2021 are included, at the same time the placement of SCBs issued in 2021 and allocated in January 2022 are excluded. [↑](#footnote-ref-17)