

April 2024



THE GOVERNMENT OF THE REPUBLIC OF ARMENIA

INVESTOR PRESENTATION



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THE GOVERNMENT
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1 | ARMENIA AT A GLANCE





FORMAT OF GOVERNMENT

Parliamentary Republic



CAPITAL

Yerevan



ADMINISTRATIVE UNIT

10 Marzes with 502 communities,
Including 49 urban



TERRITORY

29,743 km²



DIASPORA

8 million worldwide



NOMINAL GDP

US\$ 19.5 billion (2022)

US\$ 24.2 billion (2023)



REAL GDP GROWTH

12.6% (2022)

8.7% (2023)



CPI INFLATION

2.0% (2023)

-0.9% (Jan 2024)



UNEMPLOYMENT

12.0% (Q3 2023)



HEAD OF STATE

President



INDEPENDENCE

September 21, 1991



POPULATION

2.99 million (as of October 1, 2023)



STATE BORDERS

In the North with Georgia,
In the East with Azerbaijan,
In the West and South-West with Turkey,
In the South with Iran



NOMINAL GDP PER CAPITA

US\$ 6,661 (2022)

US\$ 8,168 (2023)



GOVERNMENT DEBT / GDP

46.7% (2022)

48.1% (2023)



CURRENCY

Armenian Dram (AMD)



SOVEREIGN RATING

Moody's: Ba3 (Stable) ↑

S&P: BB- (Stable) ↑

Fitch: BB- (Stable) ↑

According to calculations based on SC RA data



KEY INVESTMENT HIGHLIGHTS

DEMONSTRATED COMMITMENT TO REFORMS

The Government continues to pursue structural reforms with renewed emphasis on productivity, inclusiveness and governance as well as anticorruption and judicial systems

Anchoring fiscal policy to maintain debt sustainability, and creating space for social and capital infrastructure spending

Implementing the large-scale Programme for Legal and Judicial Reforms for 2019-2023, which includes addressing corruption, assuring the independence of the judiciary and improving the training of the judges

GROWTH SUPPORTED BY PRUDENT MACROECONOMIC POLICY FRAMEWORK

Successful macroeconomic policies and structural reforms have buoyed Armenia's growth potential

In 2023 economic performance was remarkably strong, mainly driven by significant increase of capital inflow as well as large increase in tourism and remittances as a result of external shocks. A good track record (confirmed by international organizations and rating agencies) of fiscal and monetary policies will ensure the effective reaction to possible negative risks stemming from Russian-Ukrainian conflict

Armenia has a robust medium-term growth outlook, underpinned primarily by services (e.g. finance, ICT, tourism) and industry (e.g. manufacturing, mining)

The short and medium-term fiscal policy is targeting boosted growth potential with significantly larger public investments in physical infrastructure and human capital

Monetary Policy is committed to its goal of price stability by anchoring long-term inflation expectations and supporting the long-term growth

PROACTIVE FISCAL POLICY AND DEBT MANAGEMENT

Amid the high economic growth in 2022-2023, the Government conducted countercyclical fiscal policy with strong tax revenue collection and prudent spending management. The strong macroeconomic performance and the fiscal consolidation efforts of the Government first allowed to ensure debt to GDP ratio to reduce below 50% (decreasing by 13.6 percentage points) and than – to be maintained at that prudent level, which is considered safe in the context of the fiscal rules of Armenia.

In the medium term fiscal policy is targeting significantly improved revenue collection, and a strong emphasize on physical (public infrastructure) and human capital (education, health, social safety nets) spending. Meanwhile, the tax and spending policies are aligned with prudent medium-term fiscal frameworks, which preserve the debt below 50% of GDP and maintain the fiscal buffers against possible future shock.

PROACTIVE GOVERNMENT MEASURES TO COUNTER CURRENT CHALLENGES AND UNCERTAINTIES

Government has already implemented measures to support the export-oriented sectors, given the appreciation of national currency. In particular support measures have been designed for IT sector, and economic transformation program has been adopted by the Government to stimulate private investments.

The risks associated with possible unfavorable international and regional economic developments are assessed and quantified by the government and, besides the “fiscal space” maintained in terms of lower debt to GDP ratio, appropriate “safety buffers” are designed. Particularly, the Government is maintaining permanent cash buffers at the treasury stabilization account (1-2% of GDP) and also expenditure buffers (reaching 5% of expenditures) at each years budgets, which ensure the prudent fiscal position for the Government and the needed policy response in case of materialization of the risks.

STRONG AND MULTI-FACETED SUPPORT FROM DEVELOPMENT PARTNERS

Since 2017, Armenia has progressively consolidated its relationship and cooperation with the European Union (“EU”), resulting in the alignment of several standards, technical assistance and preferential trade access for 90% of Armenia's exports to the EU

Armenia also benefits from an IMF Standby Agreement facility aimed at supporting Armenian authorities in strengthening economic fundamentals and policy frameworks

In the meantime, Armenia benefits significantly from robust international partnerships, including those with the the World Bank, Asian Development Bank, EBRD, EIB, AFD, KfW, OFID, EDB, EFSD, USAID. Collaboration with international partners also contributes to the RA Government efforts to promptly address humanitarian and long-term integration needs (including housing, employment, MSME support) of forcibly displaced Armenians from Nagorno-Karabakh.

In December 2023, Armenia became eligible for the Global Concessional Financing Facility (GCFF) financing.

UPDATE ON STRUCTURAL REFORMS

STRUCTURAL REFORMS TO FACILITATE TRADE AND DIVERSIFICATION, STRENGTHEN GOVERNANCE, IMPROVE THE BUSINESS ENVIRONMENT, FOSTER EMPLOYMENT, ADVANCE DIGITALIZATION, AND BUILD RESILIENCE AGAINST CLIMATE RISKS





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RESILIENT AND DIVERSIFIED ECONOMY

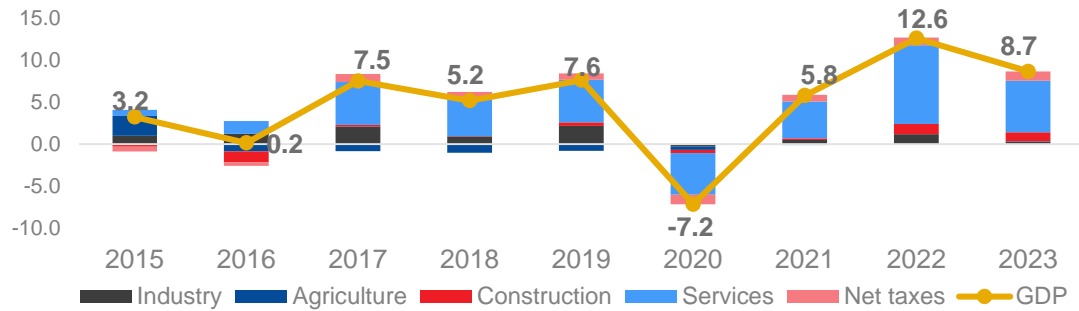


ECONOMIC INDICATORS

THE GROWTH ACCELERATED IN 2022 MAINLY DUE TO THE RELOCATION OF RUSSIAN IT ORGANIZATIONS TO ARMENIA BECAUSE OF THE RUSSIAN-UKRAINIAN COFLICT AND THE SANCTIONS APPLIED AGAINST RUSSIA, PARTICULARLY - THE INFLUX OF PEOPLE FROM THE COUNTRIES INVOLVED IN THE CONFLICT, AS WELL AS A SIGNIFICANT INCREASE IN TOURISM AND REMITTANCES. THESE FACTORS CONTINUED TO PLAY A KEY ROLE ALSO FOR 2023, AND HELPED TO MAINTAIN THE POSITIVE TREND OF THE ECONOMY. IN 2023 THE ARMENIAN ECONOMY GREW BY 8.7% MAINLY CONTRIBUTED BY SERVICE SECTOR (FROM THE SUPPLY SIDE COMPONENTS) AND BY CONSUMPTION (FROM THE DEMAND SIDE COMPONENTS).

REAL GDP: CONTRIBUTION OF SUPPLY COMPONENTS

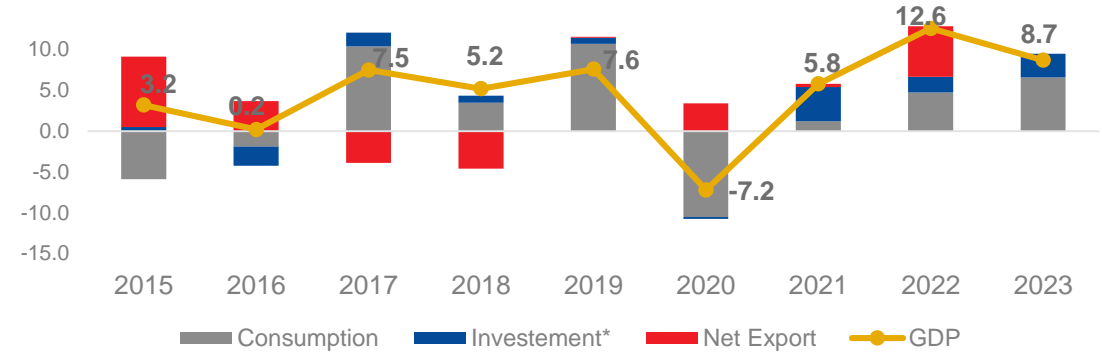
(Real growth (%) and contribution to growth (percentage point))



Source: Armstat, Calculations of the Ministry of Finance

REAL GDP: CONTRIBUTION OF EXPENDITURE COMPONENTS

(Real growth (%) and contribution to growth (percentage point))

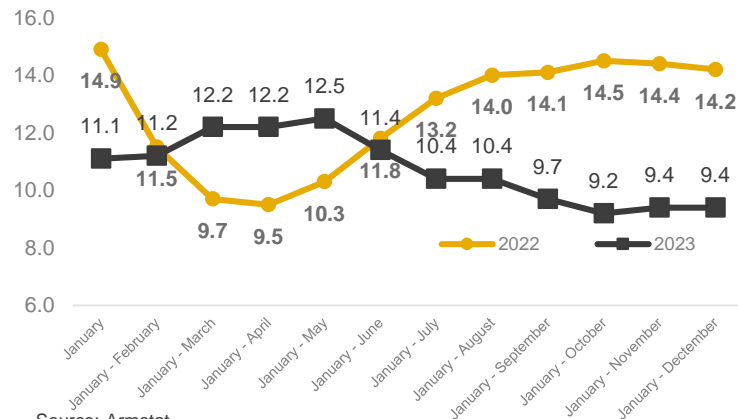


*Gross fixed capital formation

Source: Armstat, Calculations of the Ministry of Finance

ECONOMIC ACTIVITY INDICATOR

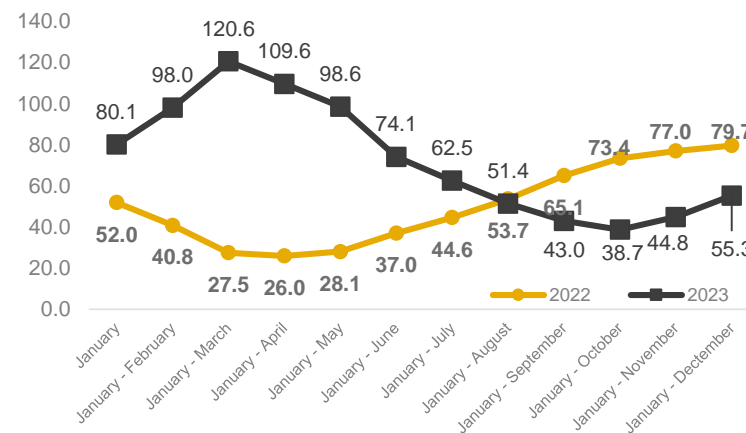
(Real growth (%))



Source: Armstat

GOODS EXPORT

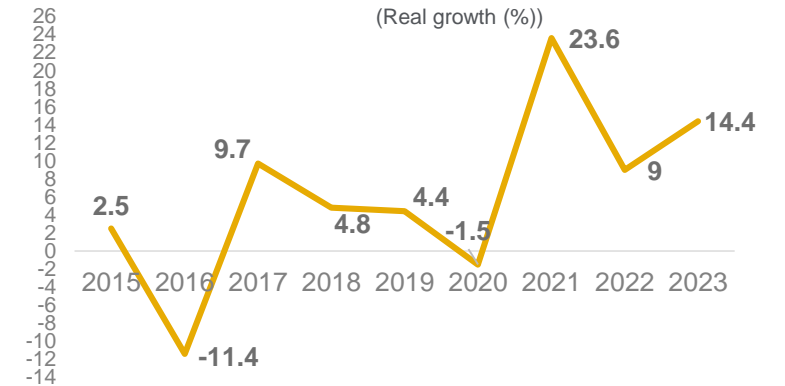
(Nominal growth (%))



Source: Armstat

GROSS FIXED CAPITAL FORMATION

(Real growth (%))

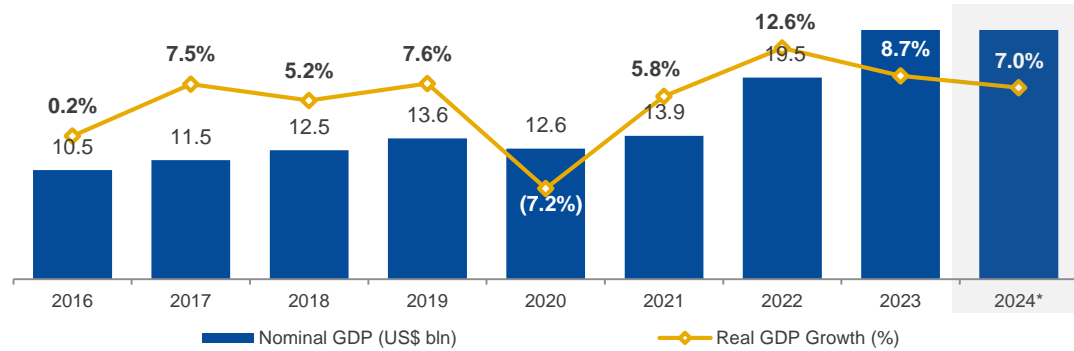


Source: Armstat

ECONOMIC INDICATORS

THE ARMENIAN ECONOMY GREW BY 8.7% IN 2023 AND THE GOVERNMENT TARGETS 7% GROWTH FOR 2024. ECONOMIC DIVERSIFICATION TOWARDS HIGHER VALUE ADDED ACTIVITIES CONTINUED.

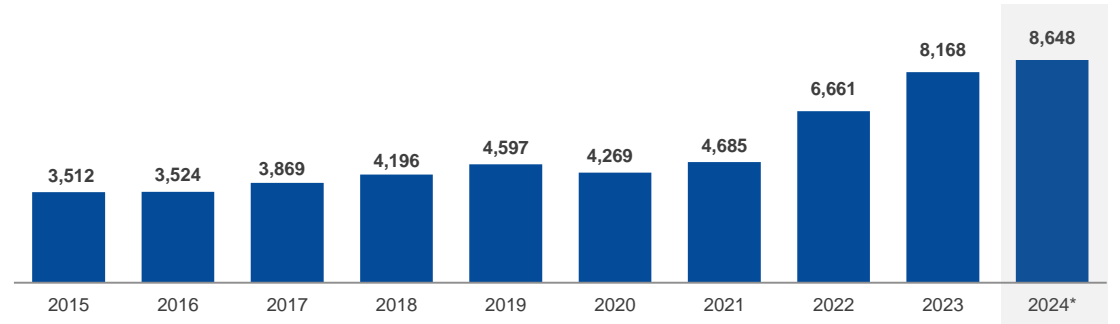
GDP TREND



Source: Armstat

* 2024 Budget Forecasts

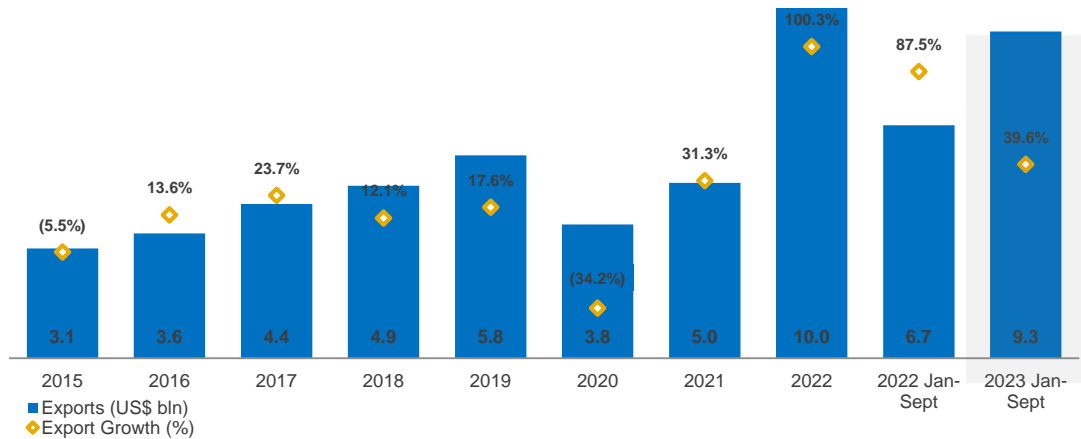
NOMINAL GDP PER CAPITA



Source: Armstat

* 2024 Budget Forecasts

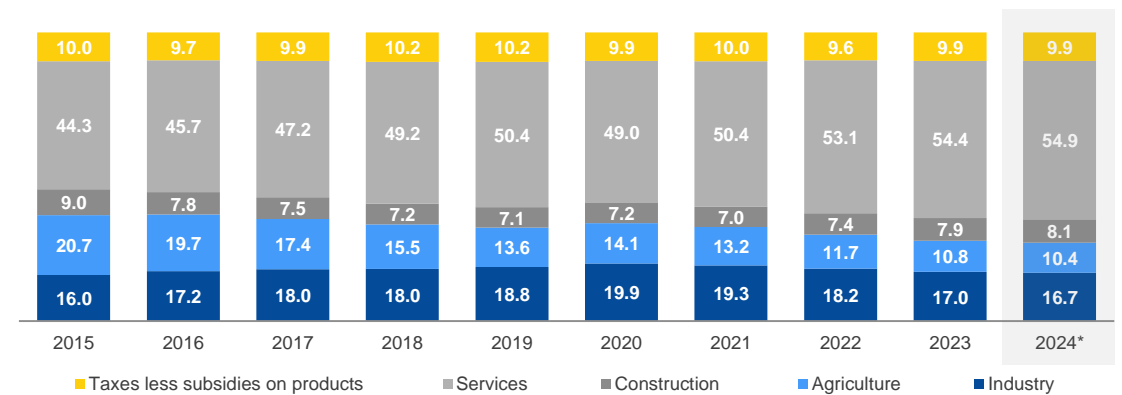
GOODS AND SERVICES EXPORT TREND



Source: Armstat

DIVERSIFICATION INTO HIGHER VALUE ADDED ACTIVITIES

(% Share in Real GDP)



Source: Armstat, Calculations of the Ministry of Finance

* 2024 Budget Forecasts

KEY SECTORS

WELL DIVERSIFIED ECONOMY, SHIFTING TOWARDS HIGHER VALUE ACTIVITIES

AGRICULTURE

10.4%

- Over 69% of Armenia's land area is classified as agricultural land, half of which comprises of pasture
- In December 2019, the Government approved the 2020-2030 strategy to develop the agricultural sector, with the key objectives:
 - Ensure prosperity and inclusive growth in rural areas
 - Improve national food and nutrition security
 - Promote the export of high-value agricultural products
 - Enable best-in-class food safety systems
 - Lead on technology-driven agricultural innovation across the region



8.1%

CONSTRUCTION

- Armenia's construction sector experienced strong growth as soviet-era housing and office buildings were replaced with more modern structures, growing 15.7% in 2023.
- The largest public construction projects include large scale road, school and real estate construction
- The ongoing North-South Highway, is a major infrastructure project which will span the country



Share in Real GDP, as of 2023

INDUSTRY

16.7%

- Armenia's mining industry accounted for 2.9% of Armenian GDP in 2023. Main activity is focused on metal ores, in particular molybdenum, copper and zinc
- In 2023, manufacturing accounted for 11.1% of nominal GDP. The main manufacturing areas in Armenia are tobacco products as well as polygraphic activity and jewelry production.



54.9%

SERVICES

- ICT has been designated by the Government as a priority sector for investment and development. The number of companies operating in this sector has increased significantly over the past 10 years
- Over the past 10 years Armenia's financial services sector share has increased significantly on the back of an increase in loans (reaching to 7.4% in 2023, highest in the last 10 years). The rise in loans reflects, in turn, increased access to and demand for funding, greater competition among banks and higher volumes of foreign investment in the sector



TAXES*
9.9%

Source: Armstat.
*Taxes less subsidies on products

THE ECONOMIC TARGETS OF THE GOVERNMENT PROGRAM 2021-2026

The Government of Armenia has set the following targets for 2021-2026

- ✓ **At least 7% annual average GDP growth (with favorable external conditions to be targeted at 9%)**
- ✓ 25% formal private sector labor income share in GDP
- ✓ Less than 10% unemployment rate
- ✓ At least 5% annual growth of total factor productivity
- ✓ At least 25% Investment share in GDP
- ✓ Reaching 6% of foreign direct investment share in GDP
- ✓ At least 15% share of manufacturing in GDP



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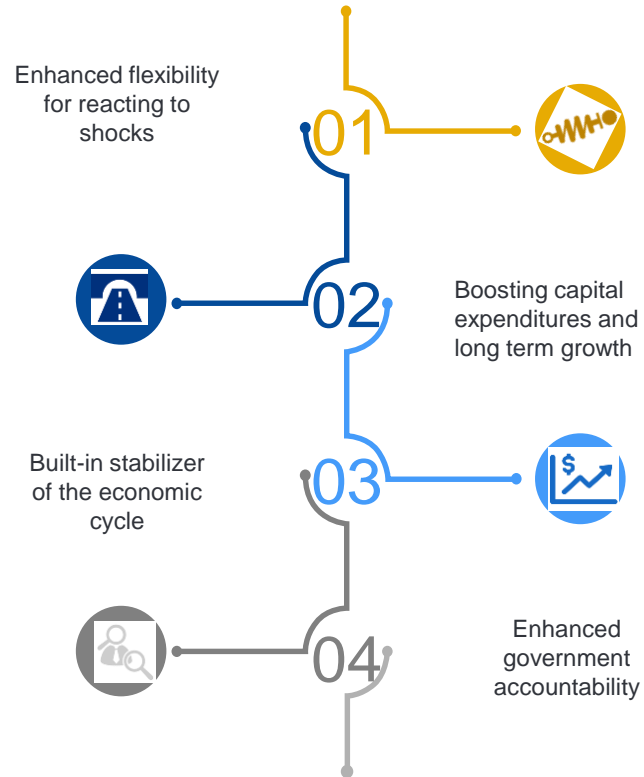
PRUDENT FISCAL MANAGEMENT



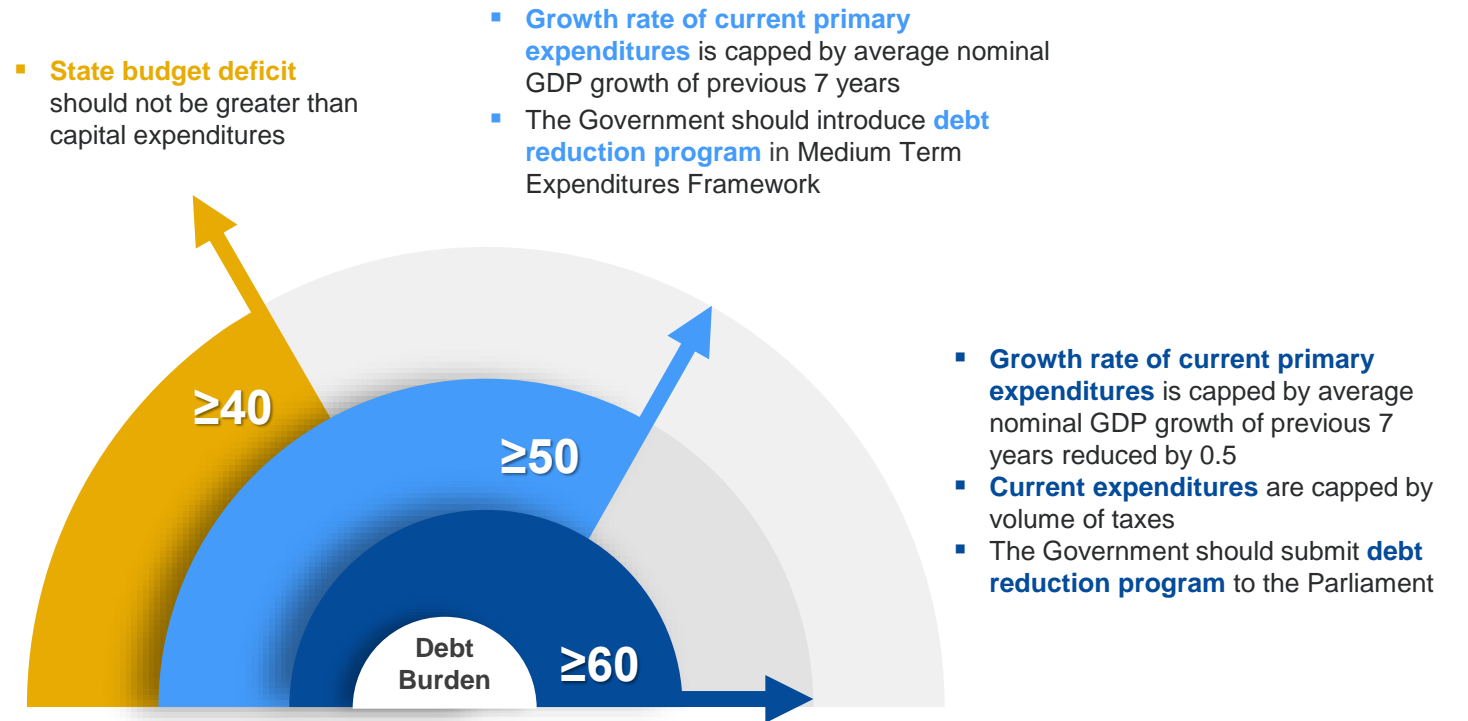
FISCAL RULE REFORM

UPGRADED FISCAL RULES SUPPORT DEBT SUSTAINABILITY AND FISCAL SPACE

ACTIVE FISCAL POLICY PRIORITIES



FISCAL RULE



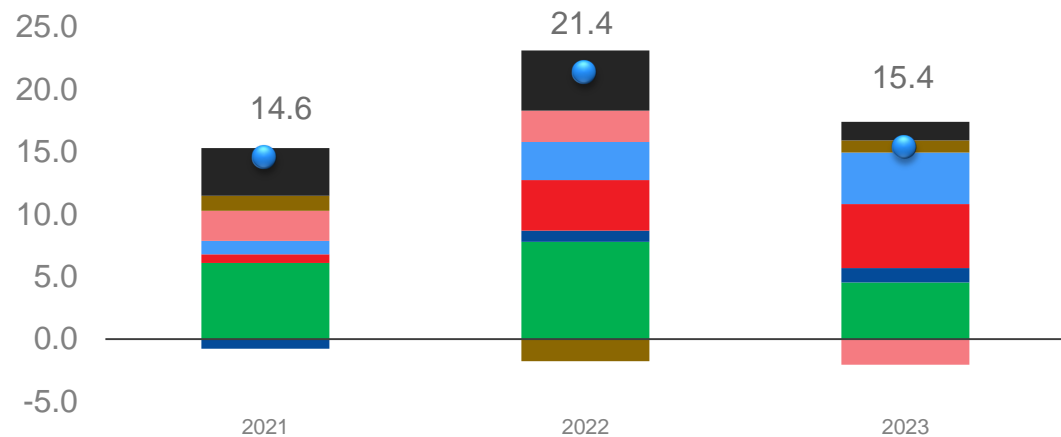
While in 2020 and 2021 the fiscal policy deviated from fiscal rules under “escape clause” inactivated due to twin shocks of COVID-19 and the war in Nagorno-Karabakh, in 2022-23 the adequacy to the “golden rule” was restored and the Government debt was reduced below 50% of GDP – shifting the regime of the fiscal rules to “softer restrictions”.

TAX REVENUES

STRONG TAX REVENUE PERFORMANCE IN 2022-2023

- In line with accelerating economic activity during 2022, growth of tax revenues accelerated significantly. **While the growth rate slightly declined in 2023, was still high compared to nominal GDP growth and in the historical context.**
- Tax to GDP ratio (including income tax refunds for mortgage interest payments) improved by 0.1% in 2022. The small improvement of tax to GDP ratio was due to downwards factors like removal of a specific temporary tax on the exports of copper mine and declining customs duties due to shrinking EAEU imports by the due to, which mostly wiped out the tax administration and policy efforts to strengthen revenue collection. **With a strong performance in tax bases (mostly wage incomes, profits and imports) and tax administration efforts, tax revenue to GDP ratio improved significantly in 2023.**
- **The increase in tax revenues is mainly driven by profit tax, VAT and Income tax, with negative contribution only from the state duties. At the same time, the increase in tax revenues was counteracted by the decrease in the income tax rate and the increase in the volume of refunds, as well as the suspension of the export duty on metal minerals (from September 1, 2022).**

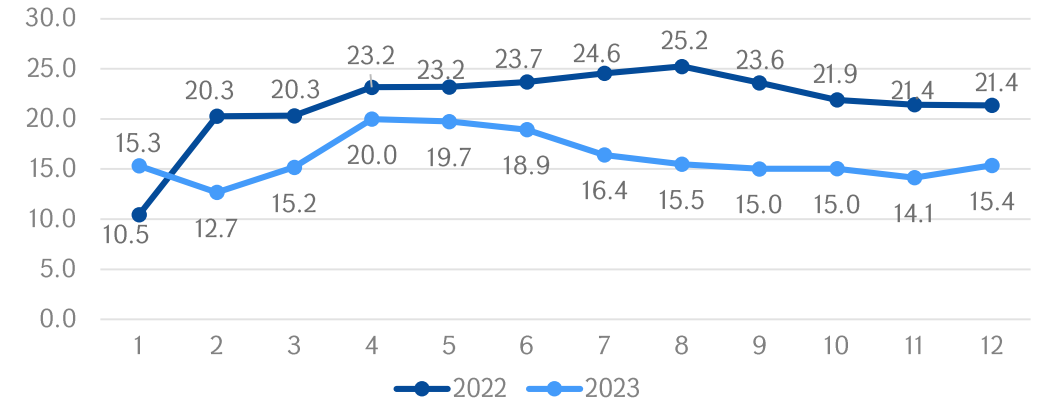
TAX REVENUES GROWTH RATE (%) AND CONTRIBUTIONS OF TAX TYPES (P.P.)



■ VAT ■ Excise ■ Profit tax ■ Income tax ■ State duties ■ Custom duties ■ Other tax revenue ● Tax Revenue

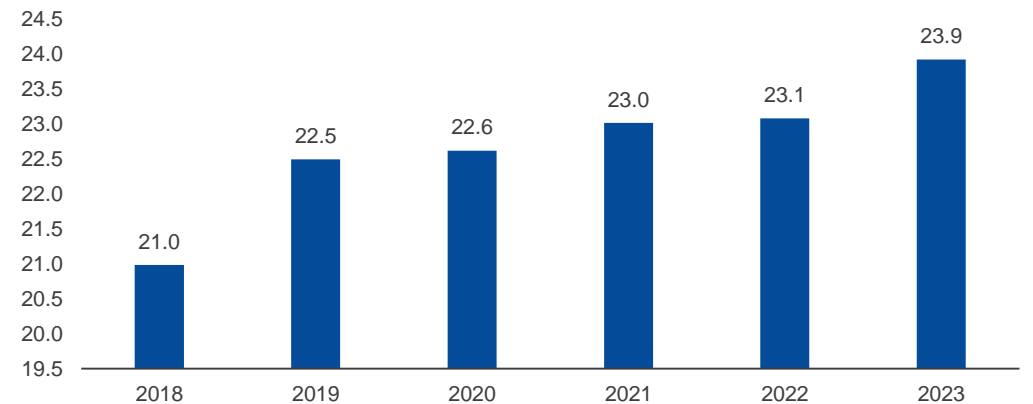
Source: Ministry of Finance

TAX REVENUES, YOY CHANGE



Source: Ministry of Finance

TAX REVENUES, % OF GDP

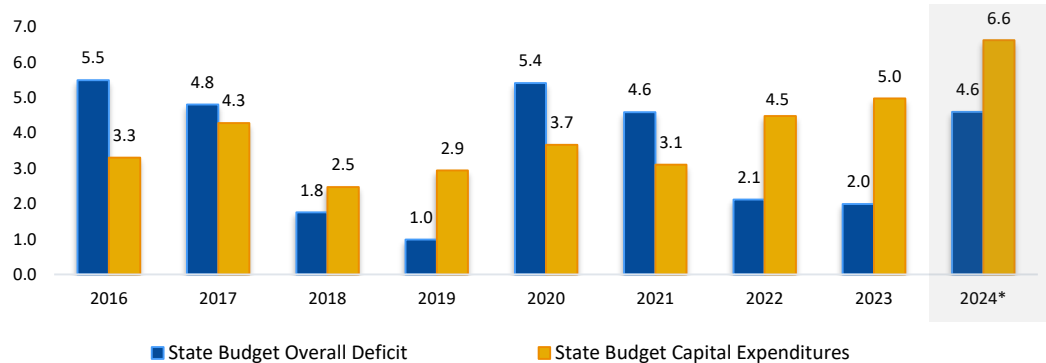


Source: Ministry of Finance, *including refunds of income tax on mortgage loan interests

FISCAL POLICY: TARGETING GROWTH POTENTIAL AND SUSTAINABILITY

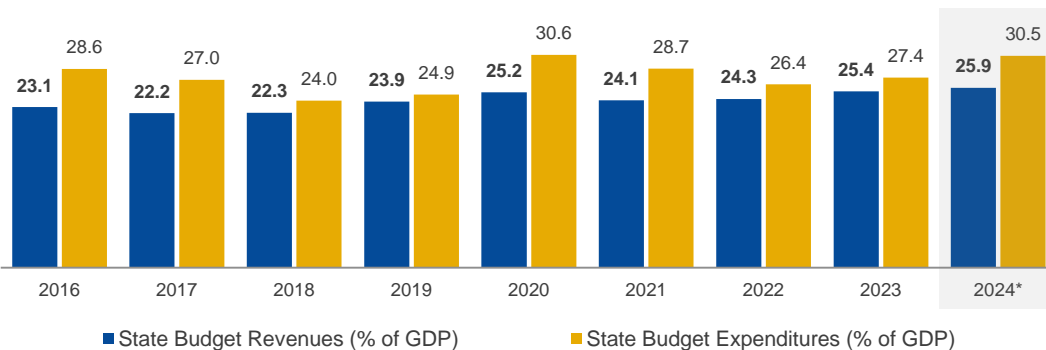
PRUDENT FISCAL FRAMEWORK SUPPORTIVE FOR ECONOMIC POTENTIAL AND ENSURING FISCAL SUSTAINABILITY. ECONOMIC AND FISCAL PERFORMANCE DURING 2023 ALLOWED TO MAINTAIN THE OUTCOMES OF FISCAL CONSOLIDATION IN 2021-22

THE GOVERNMENT IS COMMITTED TO IMPLEMENT FISCAL POLICY IN LINE WITH THE “GOLDEN RULE” OF PUBLIC FINANCES



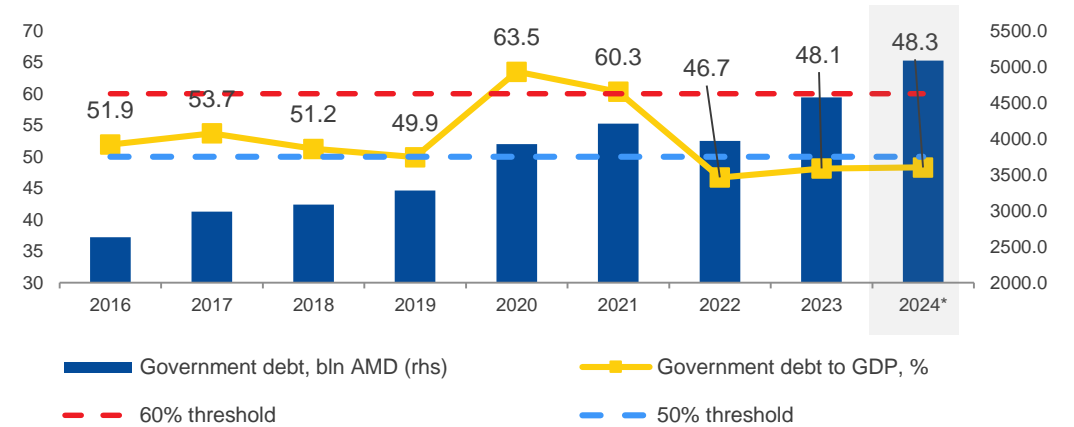
Source: Ministry of Finance,
*The projections of Budget 2024. Note: Deficit for 2024 includes funds equal to 1.4% of GDP previously planned for NK loan (presents also for all previous years) fully repurposed to budgeted expenditures for NK refugees and to reserve fund. This implies only slight increase in “deficit with net lending” figure compared to 2023 - allowing to maintain almost stable debt to GDP ratio.

CONCERTED GOVERNMENT REVENUE MOBILIZATION



Source: Ministry of Finance,
* The projections of Budget 2024

GOVERNMENT DEBT TO GDP RATIO UNDER 50%



Source: Ministry of Finance,
*Budget 2024

MORE EMPHASIS ON ENHANCING CAPEX TO ACHIEVE HIGHER GROWTH

With 2024 Budget, Government plans to increase the role of capital spending

	2023 actual	2024*
Share in GDP, %		
State Budget Revenues	25.4	25.9
Tax Revenues	23.9	24.9
State Budget Expenditures	27.4	30.5
Current Expenditures	22.4	23.9
Transactions with non-financial assets	5.0	6.6
State Budget Balance	-2.0	-4.6
Government Debt	48.1	48.3

Source: Ministry of Finance,
* The projections of Budget 2024. Note: includes refunds of income tax on mortgage loan interests



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4 | GOVERNMENT DEBT MANAGEMENT

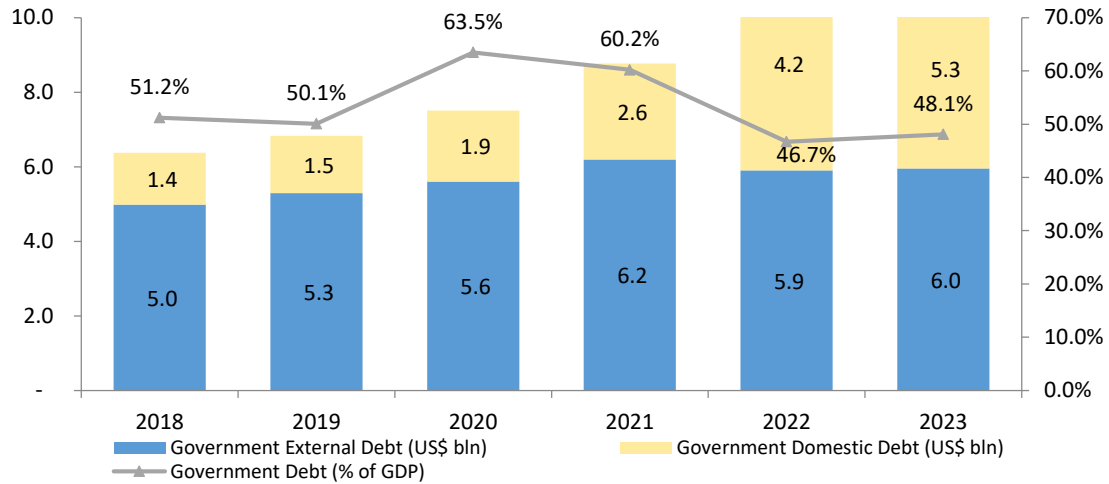


GOVERNMENT DEBT MANAGEMENT

THE SHARE OF LOCAL CURRENCY DEBT, AS WELL AS THE SHARE OF DOMESTIC DEBT HAVE INCREASED WITHIN PAST YEARS.

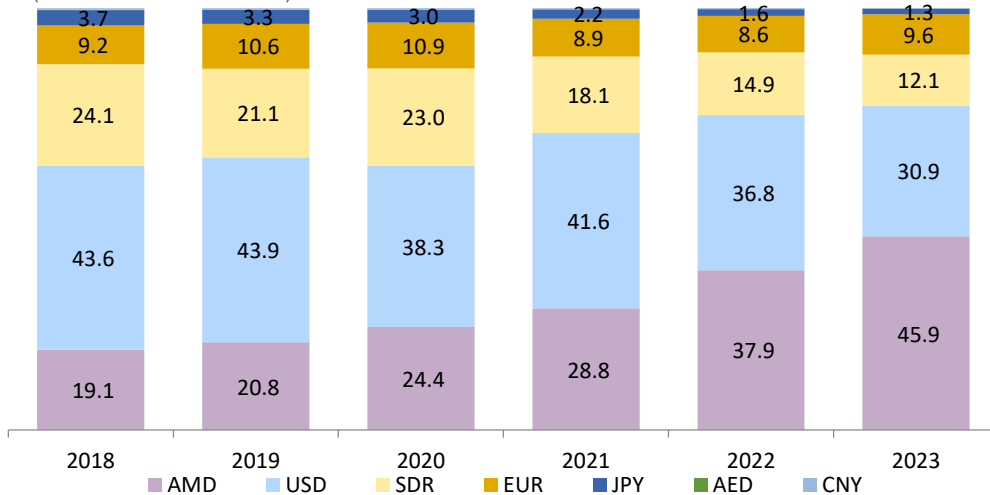
APPROXIMATELY 46% OF GOVERNMENT DEBT IS DENOMINATED IN LOCAL CURRENCY, MAKING ARMENIA'S DEBT SUSCEPTIBLE TO EXCHANGE RATE FLUCTUATIONS.

GOVERNMENT DEBT TO GDP



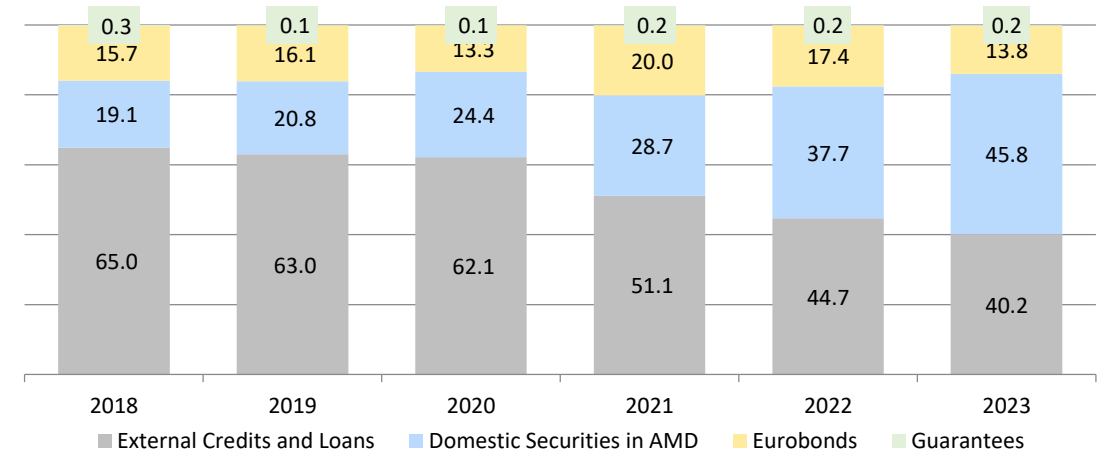
GOVERNMENT DEBT CURRENCY COMPOSITION

(of Total Government Debt)



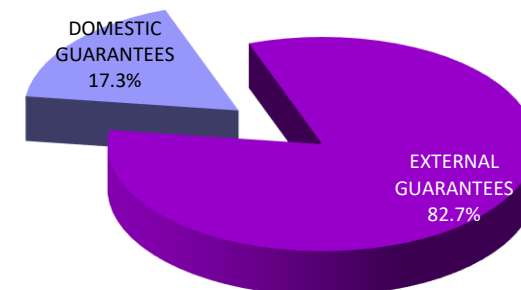
GOVERNMENT DEBT BY INSTRUMENTS

(of Total Government Debt)



GOVERNMENT GUARANTEES

As of December 31, 2023 Guarantees issued by the Government totalled USD 102.3 mln , of which USD 17.7 mln were outstanding domestic guarantees and USD 84.6 mln were outstanding external guarantees out of which USD 77.2 mln were provided by the Government for external loans of the CBA.



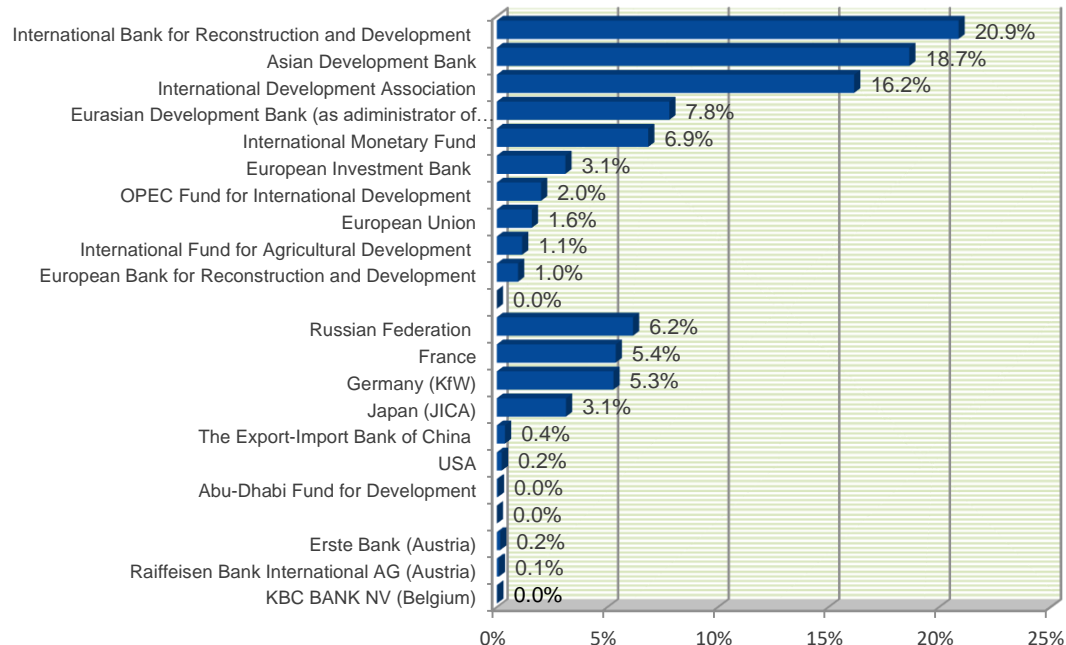
GOVERNMENT DEBT MANAGEMENT (CONT'D)

THE VOLUME AND STRUCTURE OF EXTERNAL LOANS HAS NOT CHANGED SIGNIFICANTLY DURING THE RECENT YEARS.

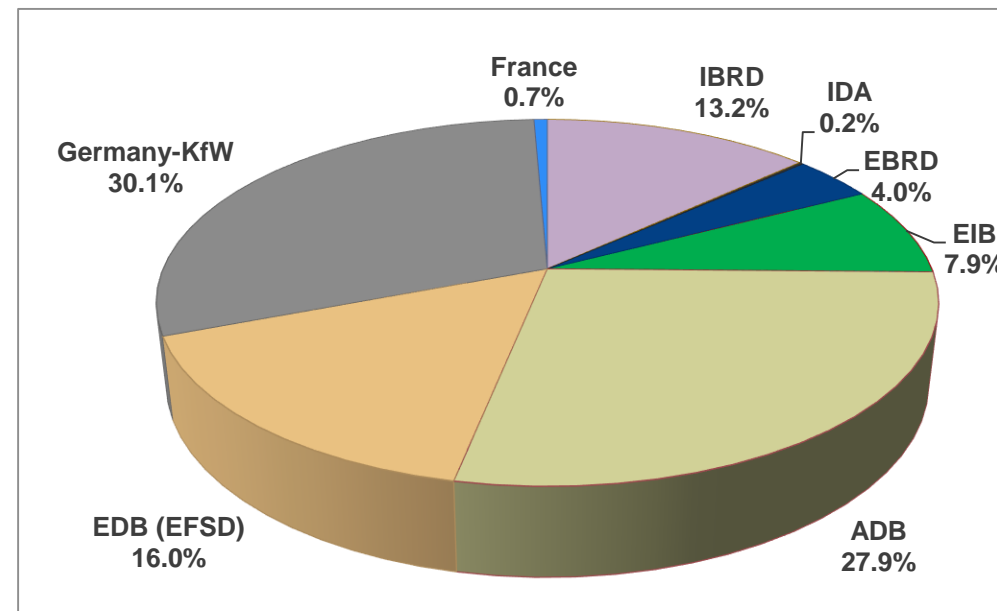
EXTERNAL CREDITS AND LOANS

	31.12.2022	31.12.2023
Stock Outstanding (USD mln)	4,503.9	4,536.0
<i>of which</i>		
Multilateral Creditors	3,495.9	3,590.1
Bilateral Creditors	994.2	933.9
Commercial Banks	13.7	12.1
Weighted Average Interest Rate,	3.2	3.6
Weighted Average Time to Maturity (ATM), years	7.5	7.3

EXTERNAL LOANS STRUCTURE BY CREDITORS



UNDISBURSED BALANCE UNDER EXISTING LOANS IS USD 839.3 MILLION (December 31, 2023)

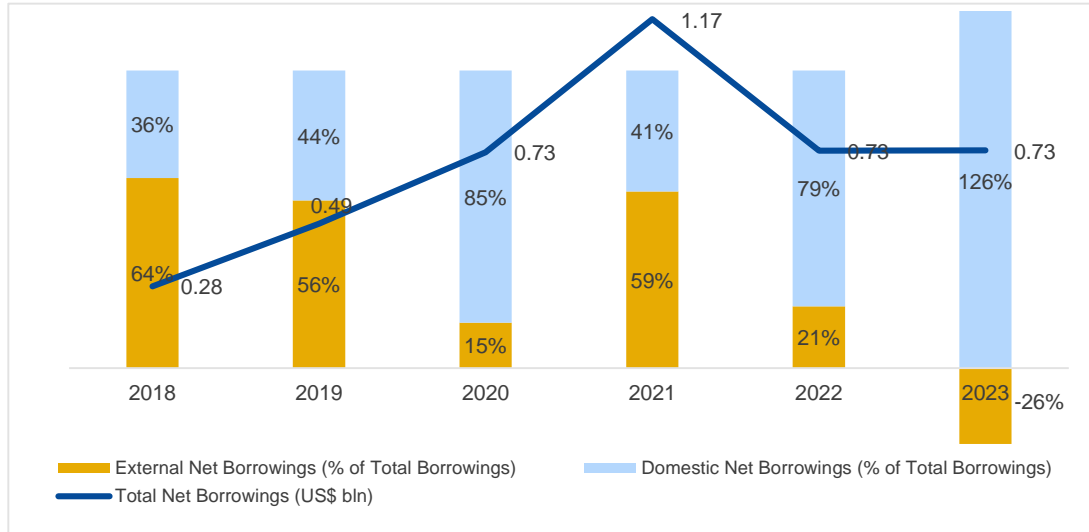


Source: Ministry of Finance

GOVERNMENT DEBT MANAGEMENT (CONT'D)

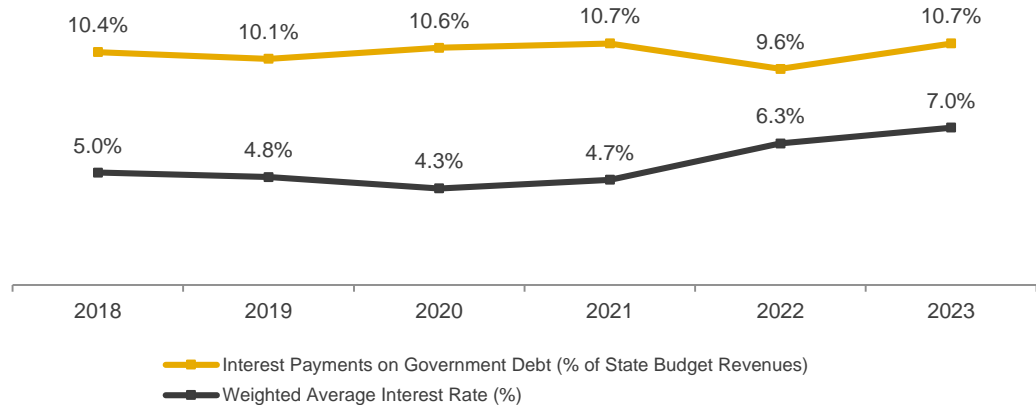
THE SHARE OF DOMESTIC BORROWING IN STATE BUDGET DEFICIT FINANCING IS CONTINUOUSLY INCREASING. REDEMPTION PROFILE OF GOVERNMENT DEBT IS SCATTERED UP TO 2054.

NET FINANCING OF THE STATE BUDGET DEFICIT BY BORROWINGS

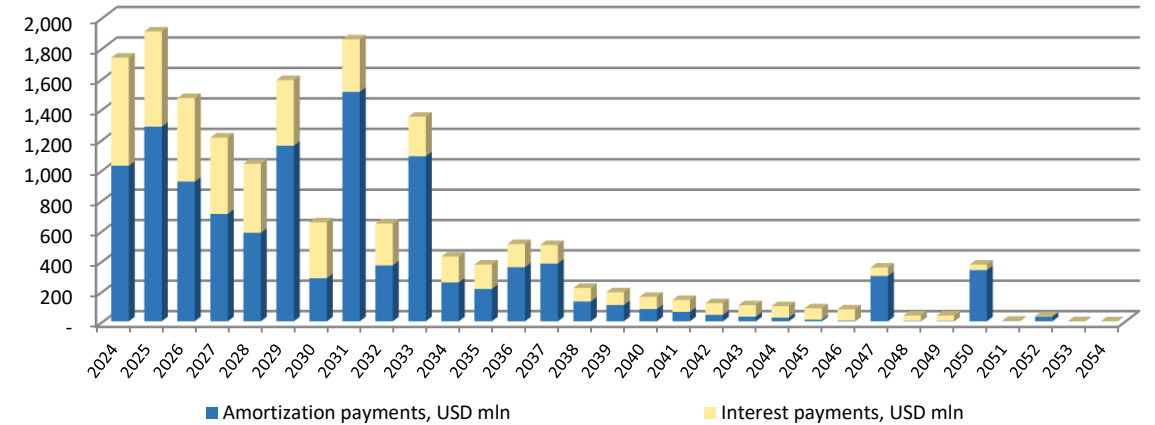


* the amounts of net borrowings have been converted into US\$ based on the USD/AMD average exchange rate for the period

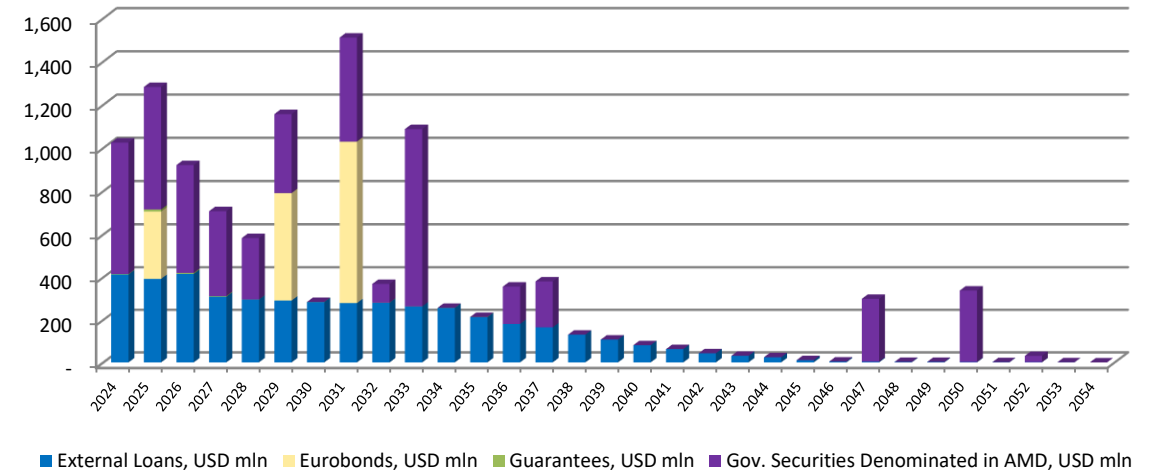
GOVERNMENT DEBT SERVICING COSTS



CONSOLIDATED REDEMPTION AND DEBT SERVICE PROFILE (Dec 31, 2023)



REDEMPTION PROFILE OF GOVERNMENT DEBT (Dec 31, 2023)



GOVERNMENT DEBT MANAGEMENT (CONT'D)

DOMESTIC MARKET BECAME MORE FAVORABLE FOR FOREIGN INSTITUTIONAL INVESTORS. THE SHARE OF FOREIGN INSTITUTIONAL INVESTORS IN OUTSTANDING GOVERNMENT TREASURY SECURITIES REACHED 7% IN 2023.

OUTSTANDING GOVERNMENT DOMESTIC SECURITIES

	31.12.2022	31.12.2023
Stock outstanding, AMD bln	1,496.3	2,092.9
Weighted Average Yield, %	10.55	10.72
Weighted Average Time to Maturity, years	8.8	8.0

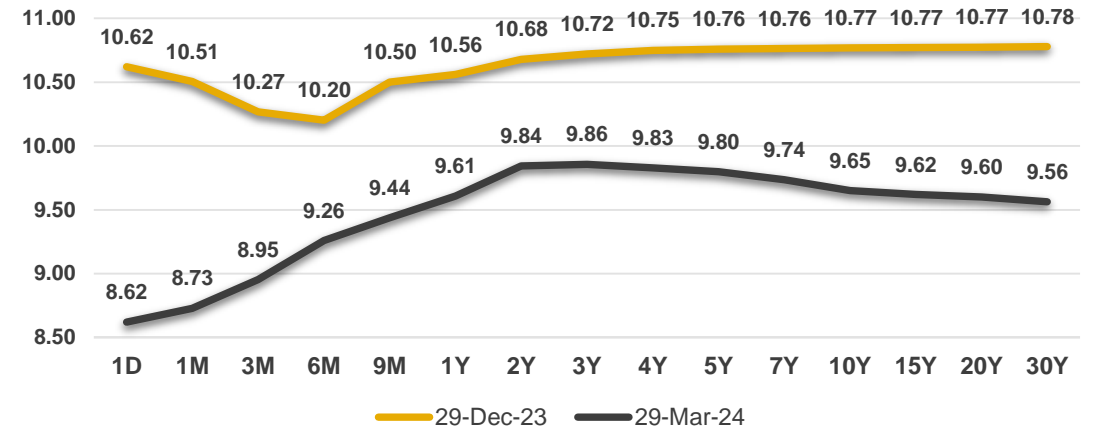
Type of Security	Average Time to Maturity, years	Weighted Average Yield
T-bills	0.4	11.08
Medium-Term Coupon Notes	2.2	10.36
Long-Term Coupon Bonds	2.3	10.90
Saving Coupon Bonds	1.2	9.28

Weighted average yield of Government Securities allocated on the Primary Market in January-December, 2023 is 10.83%, and weighted average time to maturity is 6.5 years.

ON-THE-RUN GOVERNMENT DOMESTIC SECURITIES: LATEST AUCTIONS

Auction Date	ISIN	Allocation	Weighted Average Yield	Coupon Yield	Outstanding, AMD	Maturity Date
04-Mar-24	AMGT52033256	6,038,240,000	9.79	-	6,038,240,000	03-Mar-25
12-Mar-24	AMGN3629426	35,842,800,000	9.85	9.00	134,254,220,000	29-Apr-26
13-Feb-24	AMGN60294284	35,882,635,000	10.26	9.25	135,598,256,000	29-Apr-28
09-Jan-24	AMGB1129A332	50,504,900,000	10.95	9.60	384,047,350,000	29-Oct-33
11-Apr-23	AMGB3029A522	12,038,124,000	11.87	9.75	12,038,124,000	29-Oct-52

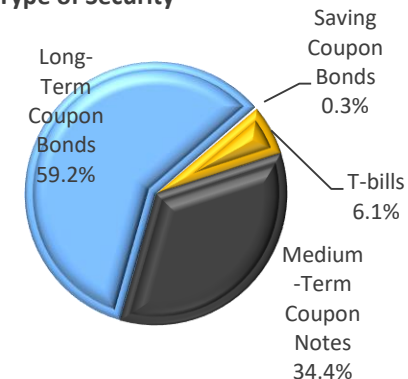
YIELD CURVE OF GOVERNMENT SECURITIES HAS SHIFTED DOWN, INDICATING A GENERAL DECREASE IN INTEREST RATES ACROSS ALL MATURITIES DRIVEN BY CENTRAL BANK POLICY AND POSITIVE MACROECONOMIC INDICATORS.



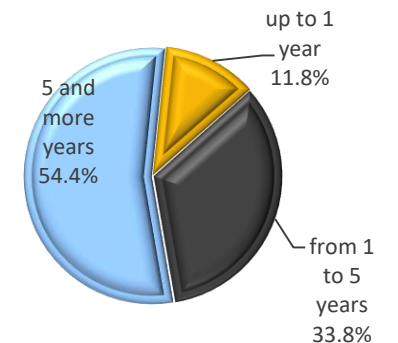
Source: CBA

STRUCTURE OF GOVERNMENT DOMESTIC SECURITIES (Dec 31, 2023) (of total)

by Type of Security



by Average Time to Maturity



GOVERNMENT DEBT MANAGEMENT (CONT'D)

ARMENIA IN INTERNATIONAL CAPITAL MARKETS

Terms of Issuance	Armenia 7.15% 2025	Armenia 3.95% 2029	Armenia 3.60% 2031
Issuer	The Republic of Armenia	The Republic of Armenia	The Republic of Armenia
Issuance Format	RegS / 144A	RegS / 144A	RegS / 144A
Ratings	Ba3 (Moody's) / B+ (Fitch)	Ba3 (Moody's) / B+ (Fitch)	Ba3 (Moody's) / B+ (Fitch)
ISIN	US042207AB67 / XS1207654853	US042207AC41 / XS2010043904	US042207AD24 / XS2010028939
Index Eligibility	IMBIG	IMBIG	IMBIG
Issue Size	500,000,000USD	500,000,000USD	750,000,000USD
Issue Date	26 March, 2015	26 September, 2019	2 February, 2021
Maturity Date	26 March, 2025	26 September, 2029	2 February, 2031
Tenor	10years	10years	10years
Maturity Type	Bullet	Bullet	Bullet
Coupon	7.15%	3.95%	3.60%
Coupon Frequency	Semi-annual	Semi-annual	Semi-annual
Yield	26 March and 26 September 7.50%	26 March and 26 September 4.20%	2 February and 2 August 3.875%
Benchmark	UST due to 2025 - 2.0%	UST due to 2029 - 1.625%	UST due to 2030 - 1.039%
Spread to benchmark	+551.8 b.p.	+242.8 b.p.	+ 283.6 b.p.
Spread to mid-swap	+543.7 b.p.	+255 b.p.	+ 280.2 b.p.
Listing	Irish Exchange Stock	Irish Exchange Stock	Irish Exchange Stock
Issue Price	97.568	97.976	97.738
Buyback Size	186,834,000USD		
Outstanding Amount	313,166,000USD	500,000,000USD	750,000,000USD

In September 2023 the Ministry of Finance of Armenia announced a tender offer for its outstanding 7.15% notes maturing in 2025, whereby Armenia purchased USD 187.6 million of the outstanding notes. The deal aligned with country's debt strategy to reduce foreign currency denominated debt.

GOVERNMENT DEBT MANAGEMENT (CONT'D)

INDICATORS CHARACTERIZING GOVERNMENT DEBT AND BENCHMARKS FOR 2024-2026

	Benchmark	31.12.2022 actual	31.12.2023 actual
Weighted Average Interest Rate, %		6.3	7.0
Refinancing risk			
Weighted Average Time to Maturity (ATM), years	7 - 10	7.7	7.3
Debt Share Maturing in Upcoming 3 Years, %	maximum 35%	28.8	28.3
Debt Share Maturing in Upcoming 365 Days, %		8.0	9.1
The share of Government Treasury Securities maturing in the next year in total TS (at the end of the year), %	maximum 20%	12.9	11.8
Interest rate risk			
The share of fixed rate debt in the total debt, %	at least 80%	83.5	84.1
Weighted Average Time to Refixing (ATR), years		6.6	6.4
Debt Share Refixing in Upcoming 365 Days, %		23.3	21.6
Exchange rate risk			
Share of domestic debt in total debt, %	at least 40%	41.6	47.3
Share of AMD denominated debt in total debt, %	at least 40%	37.9	45.9

Abstract from Debt Strategy

In the medium and long run, along with the targeted changes in composition and structure of market participants and a significant increase in their number, the share of domestic net borrowings in the sources of State budget deficit financing will exceed the share of external net borrowings. It will be aimed at reducing the exchange rate risk, as well as it will form the basis for the application of new instruments in the financial market (floating, index linked, targeted, etc.), and for the further development of the market. Driven by the progress of the pension and insurance reforms, it will be possible to speed-up the process of increasing the weight of domestic sources in the State budget deficit financing.

The increase of the liquidity of the Government treasury securities through enhancing volumes of the outstanding Government treasury securities will continue to be considered as a domestic public debt management target.



THE GOVERNMENT
OF THE REPUBLIC
OF ARMENIA
INVESTOR PRESENTATION

5 | IMPROVING EXTERNAL POSITION



STRONG ACCESS TO MARKETS THROUGH TRADE AGREEMENTS

STRONG BILATERAL AND MULTILATERAL PARTNERSHIPS

EUROPEAN UNION (EU)

- In 2017, Armenia and the EU concluded the CEPA which sets a framework for the cooperation between the Union and the country
- For 2023, the EU accounted for 8.4% of the country's total exports and 15.9% of imports

COMMONWEALTH OF INDEPENDENT STATES (CIS)

- In 1991, Armenia became a member of the CIS which aims to enhance political, economic, environmental, humanitarian and cultural cooperation and support the free interaction, contact and movement of citizens within the CIS
- Countries within the CIS region are the main trade partners of Armenia. For 2023, import and exports from CIS countries and Georgia accounted for 34.5% and 45.1% respectively
- Armenia holds bilateral free trade agreements with 8 of the 11 country members

EURASIAN ECONOMIC UNION (EEU)

- The EEU, consisting of Russia, Belarus, Kazakhstan and the Kyrgyz Republic, includes a custom union in which no tariffs apply. Armenia joined the EEU in 2015 and is gradually transitioning into the tariff system of the union
- Armenia currently does not have any export restrictions in place, such as export quotas, export tariffs or voluntary export restraints
- Armenia has received two grants (USD42 million and RUB130 million) to support the country's integration into the EEU

RUSSIA

- Russia is Armenia's largest source of worker remittances and largest trading partner, accounting for 31.6% of the value of imports (by country of origin) and 40.6% of the value of exports for 2023
- The two countries have signed a free trade agreement and are both part of the CIS, the Organisation of Black Sea Economic Cooperation and the EEU

CHINA

- Armenia and China have developed relations of friendly cooperation over the last decades
- The Armenian Government expressed its support to China's One Belt One Road initiative and joined its Economic Belt of Silk Road component

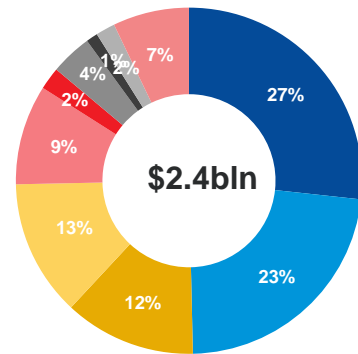
FOCUS ON EXPORT-ORIENTED AND COMPETITIVE INDUSTRIES

SHIFT IN IMPORTS AND EXPORTS TOWARDS CAPITAL GOODS AND HIGHER VALUE EXPORTS

DIVERSIFIED EXPORT BASE, SHIFTING TOWARDS HIGHER VALUE EXPORTS AND REDUCING DEPENDENCY ON COMMODITIES

(% Share of Goods Exports)

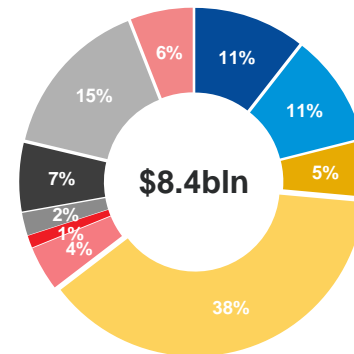
- Mineral products
- Prepared foodstuffs
- Base metals
- Precious stones and metals
- Textiles/clothing
- Animal and animal product
- Vegetables
- Transport
- Machinery and equipment
- Other



As of 2018



28.4%
CAGR



As of 2023



Share of machinery exports up by 13.5 pp



Share of precious stones and metals up by 25.4 pp



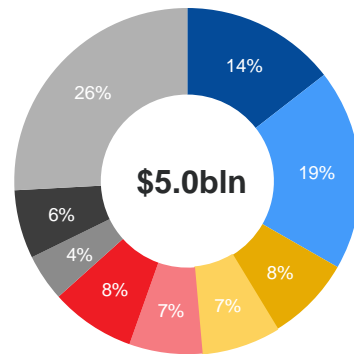
Share of mineral products exports down by 16.2 pp

Source: Armstat

ARMENIA'S IMPORT COMPOSITION SHIFTING FROM CONSUMPTION TOWARDS INVESTMENT

(% Share of Goods Imports)

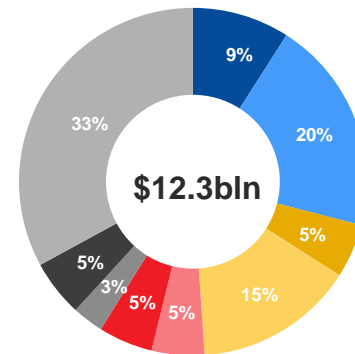
- Mineral products
- Machinery and equipment
- Prepared foodstuffs
- Transport
- Base metals
- Chemical products
- Vegetables
- Textiles/clothing
- Other



As of 2018



19.9%
CAGR



As of 2023



Share of machinery and equipment imports up by 1.2 pp



Share of transport imports up by 7.6 pp



Share of mineral products down by 5.4 pp

Source: Armstat

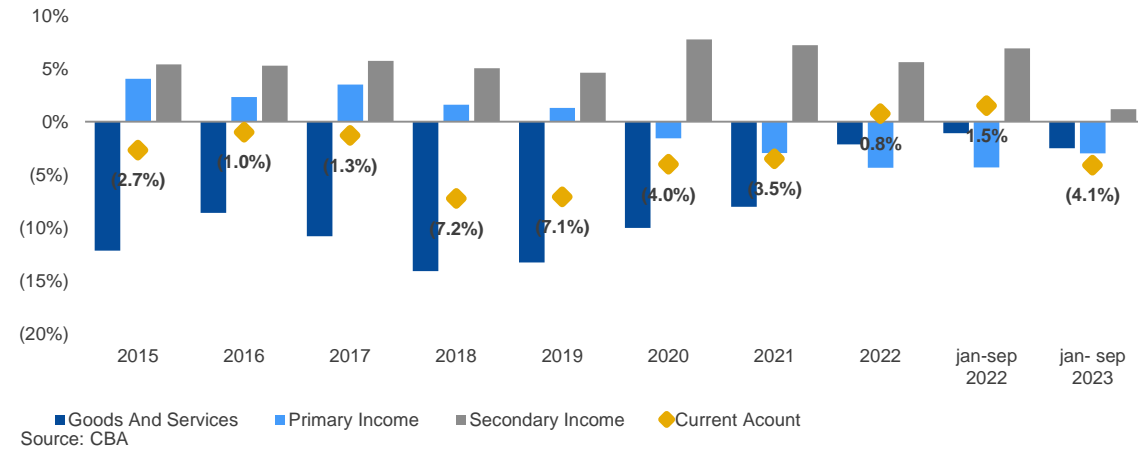
The comparison of exports and imports compositions are presented for January-December of 2018 and 2023.

EXTERNAL POSITION

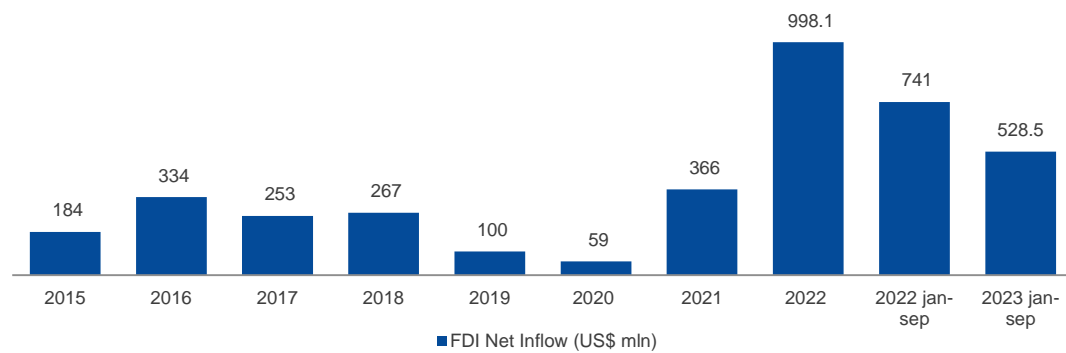
IN THE FACE OF SUBSTANTIAL IMPROVEMENT OF THE EXTERNAL POSITION ARMENIA IS MAINTAINING SIGNIFICANT RESERVE ADEQUACY

TREND IN CURRENT ACCOUNT

(% of GDP)

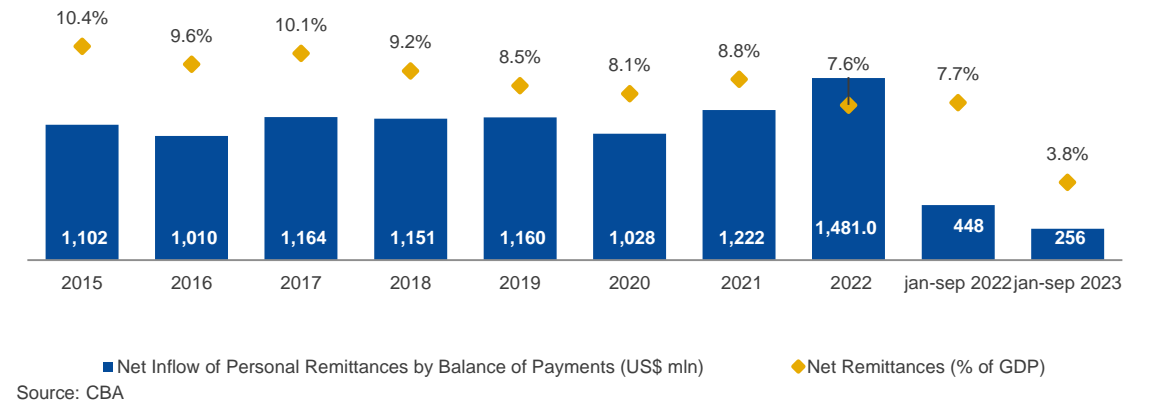


Net FDI*

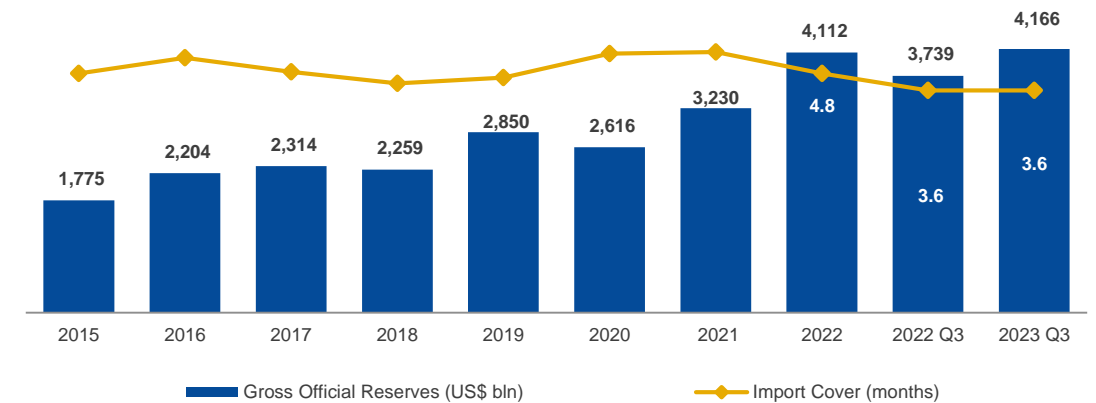


Source: CBA
* Net incurrence of liabilities

REMITTANCES



INTERNATIONAL RESERVES



Source: CBA



THE GOVERNMENT
OF THE REPUBLIC
OF ARMENIA
INVESTOR PRESENTATION

6

CREDIBLE MONETARY POLICY & STABLE FINANCIAL SECTOR



INSTITUTIONAL FRAMEWORK

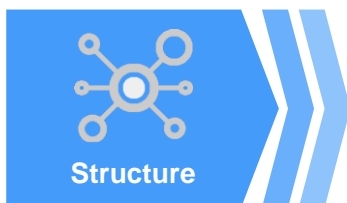
CREDIBLE INSTITUTIONAL FRAMEWORK FOR MANAGING MONETARY POLICY AND THE FINANCIAL SECTOR

INSTITUTIONAL FRAMEWORK – CENTRAL BANK STRUCTURE

(% of GDP)



- Maintains prices and financial stability
- Supervision of the banking sector and regulation of other financial services
- Holds foreign reserves and acts as the financial agent and banker for the Government



- The CBA is governed by a board composed of a chairman, two deputies and five members
- Constituted, inter alia, of a Monetary Policy Department, focused on monetary and FX policies, and a Financial Stability and Special Resolution Committee responsible for financial stability



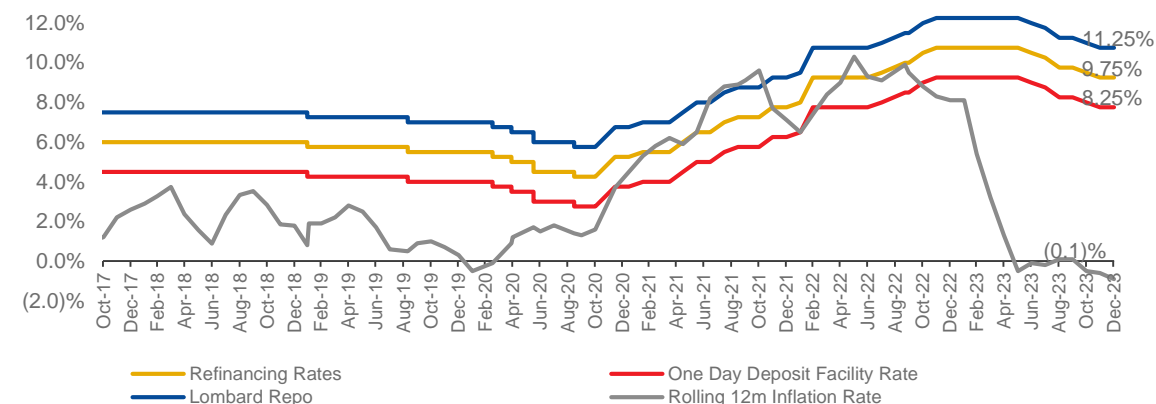
- Inflation targeting policy with an annual inflation target of 4% (tolerance band of plus/minus 1.5%)
- Key inflation targeting instrument is the interest rate on short-term loans from the CBA to the domestic banking system (the “Refinancing Rate”)



- Macro-prudential policy is conducted to ensure financial stability
- Macro-prudential tools are being activated to address the accumulation of systemic risks
- Resilience of the financial system is periodically assessed using various analytical tools, including stress tests

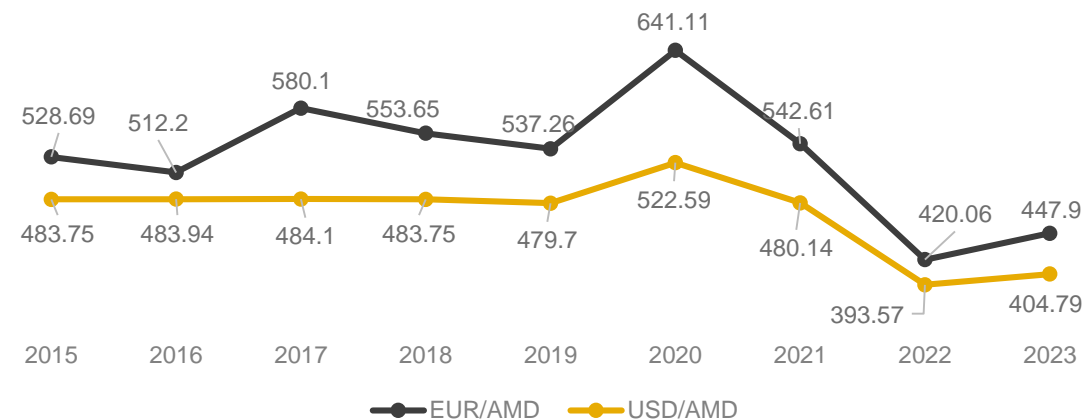
KEY CENTRAL BANK RATES AND INFLATION

(%)



EXCHANGE RATES

(AMD/EUR, AMD/USD, end of period)

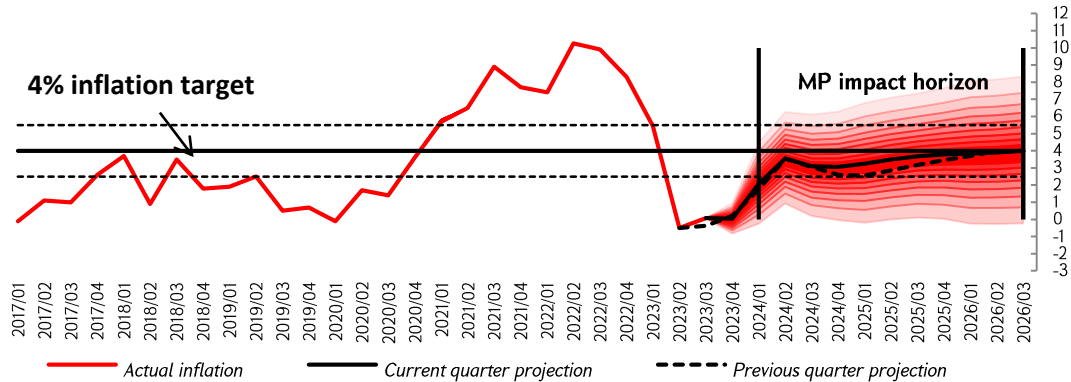


Source: CBA

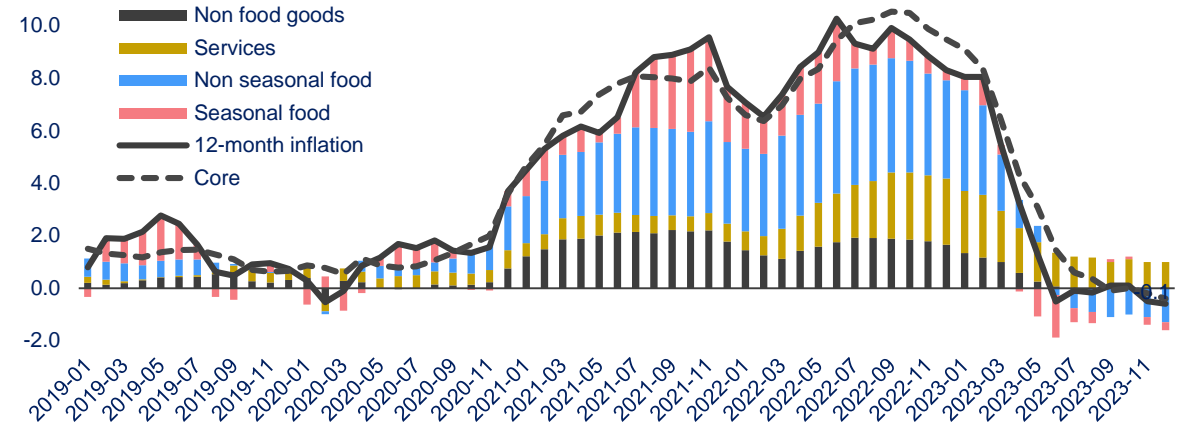
MONETARY POLICY IS COMMITTED TO PRICE STABILITY

CBA'S COMMITTED TIGHTENING OF MONETARY CONDITIONS SINCE DEC 2020 WAS EFFECTIVE IN TERMS OF CONTROLLING INFLATION AND CONTAINING INFLATION EXPECTATIONS. THIS ALLOWED THE CBA TO START GRADUAL EASING OF POLICY IN 2023.

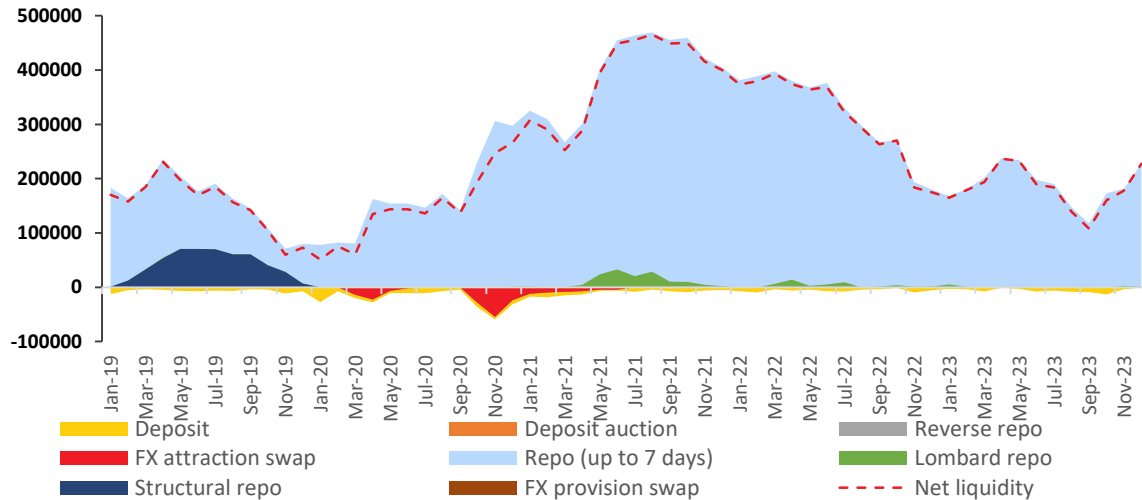
INFLATION PROJECTION (CBA, December 2023)



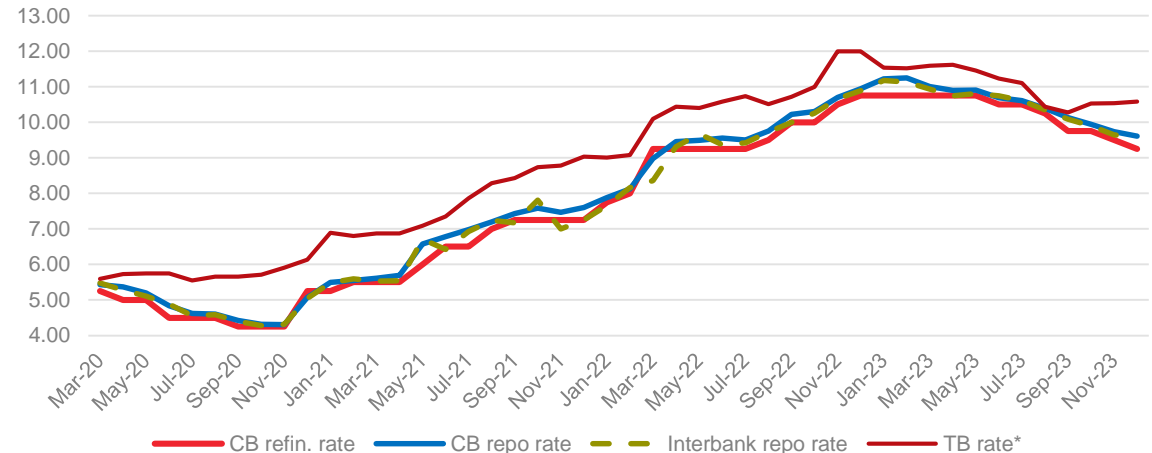
INFLATION COMPONENTS



CENTRAL BANK LIQUIDITY TRANSACTIONS (bln AMD)



MARKET INTEREST RATES (%)

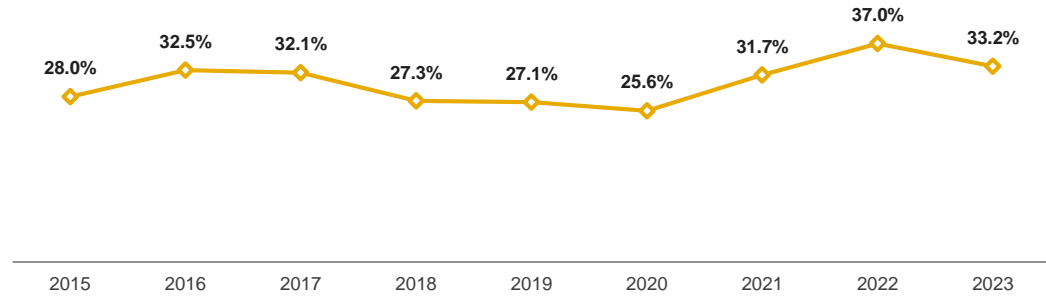


Source: CBA

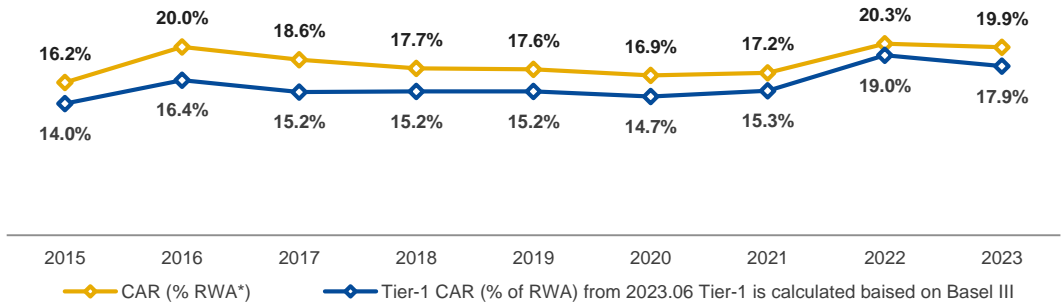
BANKING SECTOR OVERVIEW

ARMENIAN BANKING SYSTEM IS ADEQUATELY CAPITALIZED ABOVE THE REGULATORY REQUIREMENTS AND WELL-POSITIONED

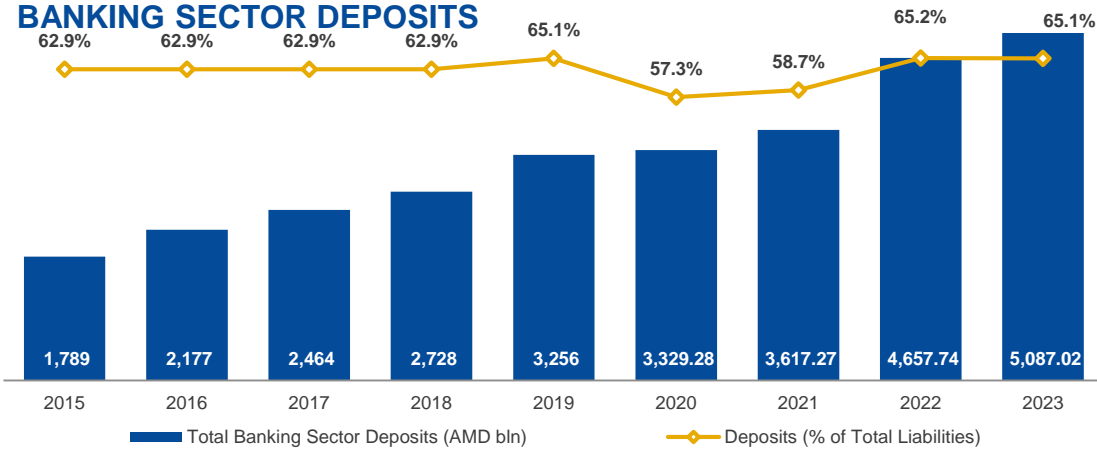
LIQUIDITY RATIO



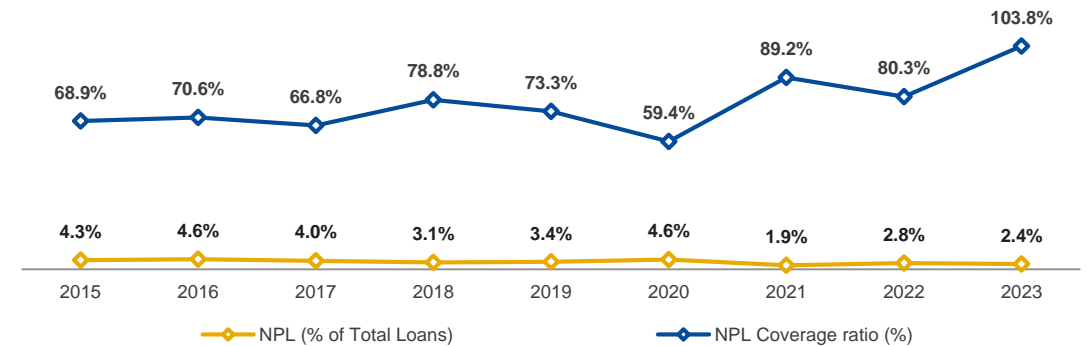
CAPITAL ADEQUACY RATIO



BANKING SECTOR DEPOSITS



NON-PERFORMING LOANS AND COVERAGE RATIO*



* Excluding watch category loans and reserves

Source: CBA

CONTACTS AND USEFUL LINKS

Public Debt Management Department

Ministry of Finance, Republic of Armenia

Tel.: +374 11 910 407, +374 11 910 416

Web: www.minfin.am

E-mail: publicdebt@minfin.am samvel.khanvelyan@minfin.am

Other sources of information

➤ The Government of the Republic of Armenia	www.gov.am
➤ Ministry of Finance	www.minfin.am
➤ Statistics Committee	www.armstat.am
➤ Ministry of Economy	www.mineconomy.am
➤ Central Bank of Armenia	www.cba.am

The list of Primary Dealers

AMERIABANK CJSC

ARDSHINBANK CJSC

AMIO BANK CJSC

ARMECONOMBANK OJSC

CONVERSE BANK CJSC