

## REVISIONS MADE IN THE 2021 ANNUAL BORROWING PLAN

Necessity of doing revisions in the 2021 Annual Borrowing Plan is conditioned by several factors, particularly: by changes in the RA 2021 State Budget deficit financing structure and volume at the expense of borrowed funds, by new macroeconomic and fiscal forecasts for 2021 in line with the 2022-2024 Medium-Term Expenditure Framework of RA (including the 2022-2024 Government Debt Management Strategy of RA).

<i>Indicators</i>	<i>2021 (State Budget for 2021)</i>	<i>2021 (Medium-Term Expenditures Framework for 2022-2024)</i>
GDP, AMD bln	6,395.3	6,880.2
Real growth, %	3.2	6.0
GDP deflator, %	2.0	5.0
State Budget revenues, AMD bln	1,509.5	1,617.3
State Budget expenditures, AMD bln	1,850.9	1,936.0
State Budget deficit, AMD bln	(341.4)	(318.8)
State Budget deficit / GDP, %	(5.3)	(4.6)

Net financing of the State Budget deficit at the expense of borrowed funds will compose AMD 552.7 bln in 2021 instead of the initially planned AMD 478.1 bln, particularly:

<i>Financing Sources</i>	<i>2021 (State budget for 2021)</i>	<i>2021 (Government Debt Management Strategy for 2022-2024)</i>
<b>Total net borrowings</b>	<b>478.1</b>	<b>552.7</b>
of which		
proceeds from allocation of Treasury bonds	210.0	203.5
proceeds from external loans	26.1	(29.5)
proceeds from allocation of Eurobond	241.9	378.7

The main rules of issuance Treasury bonds and the auction calendar for 2021 remained unchanged (see: [https://minfin.am/en/page/key\\_release\\_principles\\_and\\_issuance\\_auction\\_calendar/](https://minfin.am/en/page/key_release_principles_and_issuance_auction_calendar/)), while amount of net financing has been reduced by AMD 6.5 bln.

Amount of AMD 88.2 bln (USD 173.3 mln) is initiated to be disbursed under external loans. It should be noted, that compared to the initial one, disbursement program has been reduced by USD 135 mln, of which USD 100 mln is due to suspension of USD 100 mln budget support loan attraction process planned by the 2021 State Budget, and remaining amount due to the adjustment of forecasted disbursements under project loans and actual disbursements. It is forecasted that external loans'

principal payments will compose AMD 117.8 bln instead of the initially planned AMD 126.1 bln, which is mainly conditioned by the following factors:

- I. underperformance of the external loans' disbursements plan for 2020 and for the first half of 2021 for different loan programs,
- II. differences between foreign currency exchange rates used for forecasts and actual payments in AMD.

Eurobond of USD 750 mln was returned to the international capital markets instead of initially planned USD 500 mln, with a net inflow of AMD 378.7 bln.

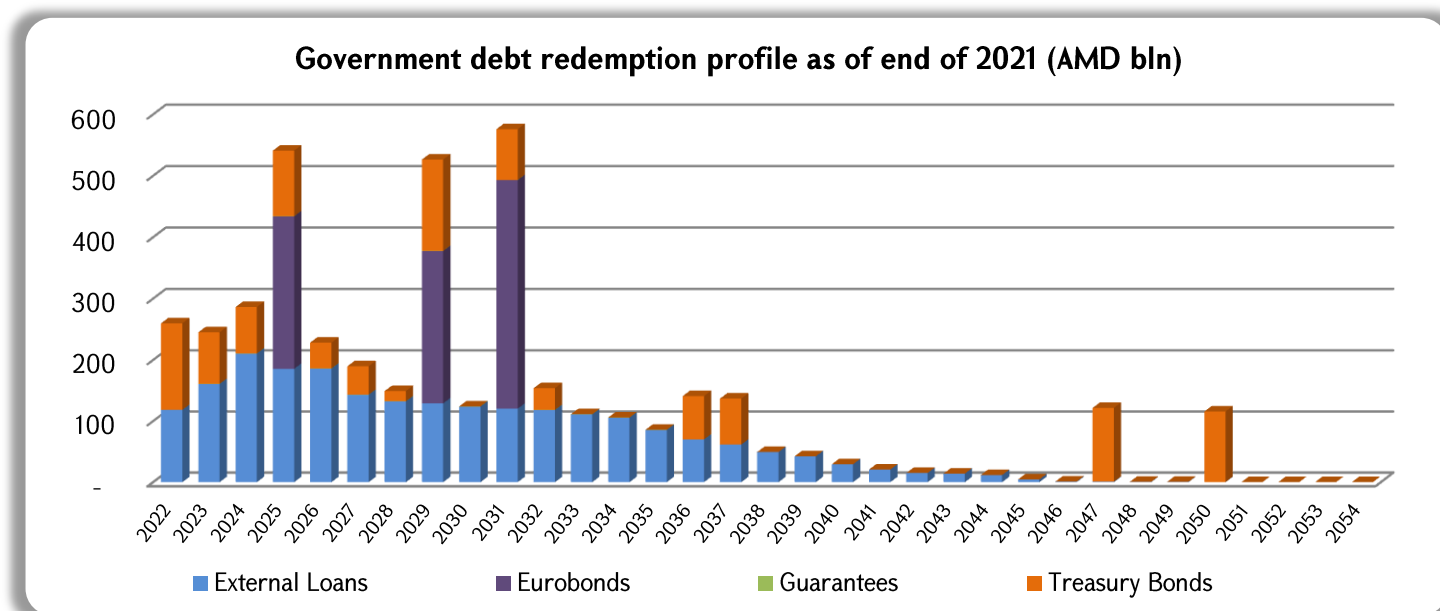
According to the RA Government Debt Management Strategy for 2022-2024, as of December 31, 2021 the Government debt will amount to AMD 4,286.3 bln or will be 62.3% of GDP, which will decrease by 1.2 percentage points compared to the end of 2020. According to the initial program at the end of 2021 Government debt / GDP ratio should have been 66.0% or higher by 3.7 percentage points. The main reason for the difference is the revised higher growth forecast for nominal GDP.

	As of 31.12.2019	As of 31.12.2020	As of 31.12.2021
<b>Government debt, AMD bln</b>	3,277.3	3,923.9	4,286.3
<b>% to GDP</b>	50.1	63.5	62.3

By the end of 2021 benchmark indicators of the debt portfolio stipulated by the RA Government Debt Management Strategy for 2021-2023 will be:

	Benchmark	2021 (projection)
<b>Refinancing risk</b>		
Average time to maturity	<b>8 – 11 years</b>	8.4 years
Share of the Treasury bonds maturing in 1 year in the outstanding Treasury bonds (at the end of the year)	<b>max 20%</b>	12.2%
<b>Interest rate risk</b>		
Share of fixed rate debt in total debt	<b>min 80%</b>	82.4%
<b>Exchange rate risk</b>		
Share of domestic debt in total debt	<b>min 20%</b>	28.3%
Share of AMD denominated debt in total debt	<b>min 20%</b>	27.1%

By the end of 2021 Government debt redemption profile will spread till 2054, and will look as follows:



Weighted average interest rate of the Government debt will compose 5% in 2021. Government debt service (interest payments) will compose 2.8% out of GDP.

	2019	2020	2021
<b>Government Debt service (interest payments), AMD bln</b>	157.5	164.7	194.5
% of GDP	2.4	2.7	2.8
<b>Weighted average interest rate of Government debt, %</b>	4.8	4.3	5.0

Structure of the Government debt will be as follows:

	As of 31.12.2019	As of 31.12.2020	As of 31.12.2021
<b>Structure by residency, AMD bln</b>			
Domestic debt	737	998	1,212
External debt	2,540	2,926	3,074
<b>Structure by type of instruments, AMD bln</b>			
External loans and credits	2,066	2,438	2,250
Treasury securities	681	959	1,162
Eurobonds	527	523	869
External guarantees	4	4	4
<b>Structure by currency, AMD bln</b>			
AMD denominated	681	959	1,162
FX denominated	2,596	2,965	3,124
<b>Structure by type of interest rate, AMD bln</b>			
Floating	530	769	755
Fixed	2,747	3,155	3,531

