
ARMENIAN BOND MARKET

NASDAQ OMX[®]

ARMENIAN FINANCIAL SECTOR AT A GLANCE

- + Country rating: *Moody's: **Ba2 stable**, Fitch: **BB- stable***
- + GDP: 10.53 BUSD
- + Inflation: 3.8%
- + Real economic growth: 3.5% (2012: 7.2%)
- + Government dept to GDP ratio: 44%,
- + Armenian banking system assets: 6.0 BUSD
- + CBA refinancing rate: 7.75% (year-end)
- + Bank loans to economy: 4.37 BUSD

Bond market

- + Gov bonds outstanding: 680 MUSD
- + Repos: 2,255 MUSD (mainly OTC)
- + Gov bonds turnover: 350 MUSD (mainly OTC)
- + Eurobonds: 700 MUSD

ARMENIAN EUROBOND PERFORMANCE



BOND MARKET INSTRUMENTS

GOVERNMENT BONDS
13.94%

USD BONDS:
8.5-11%

**LOCAL CURRENCY
BONDS**
10-13%

**CURRENCY
FLUCTUATION OF
LAST TWO YEARS**
(MAY, 2012-MAY, 2014)

USD/AMD: +1.69%
RUR/AMD: -6.23%

BOND MARKET FEATURES

- + New centralized depository system, ensured by state of the art technological solution
- + FX bonds market significantly reduces currency risk associated with investments into Armenian bonds
- + First bonds of International Financial Institutions, EBRD and IFC, are listed and outstanding at NASDAQ OMX Armenia
- + Cross-border clearing and settlement via Clearstream, NSD, KASE
- + Information about Armenian bond market is available in Bloomberg (EPRX AY <GO>, real time data: EIS ARME <GO>), Thompson Reuters (EIKON, Country pages -> Armenia) and also disseminated via Globenewswire
- + Flexible investment policy for foreign investors
- + Debt securities admitted for trading are repo-able from CBA side
- + Favorable taxation regime

TAXATION

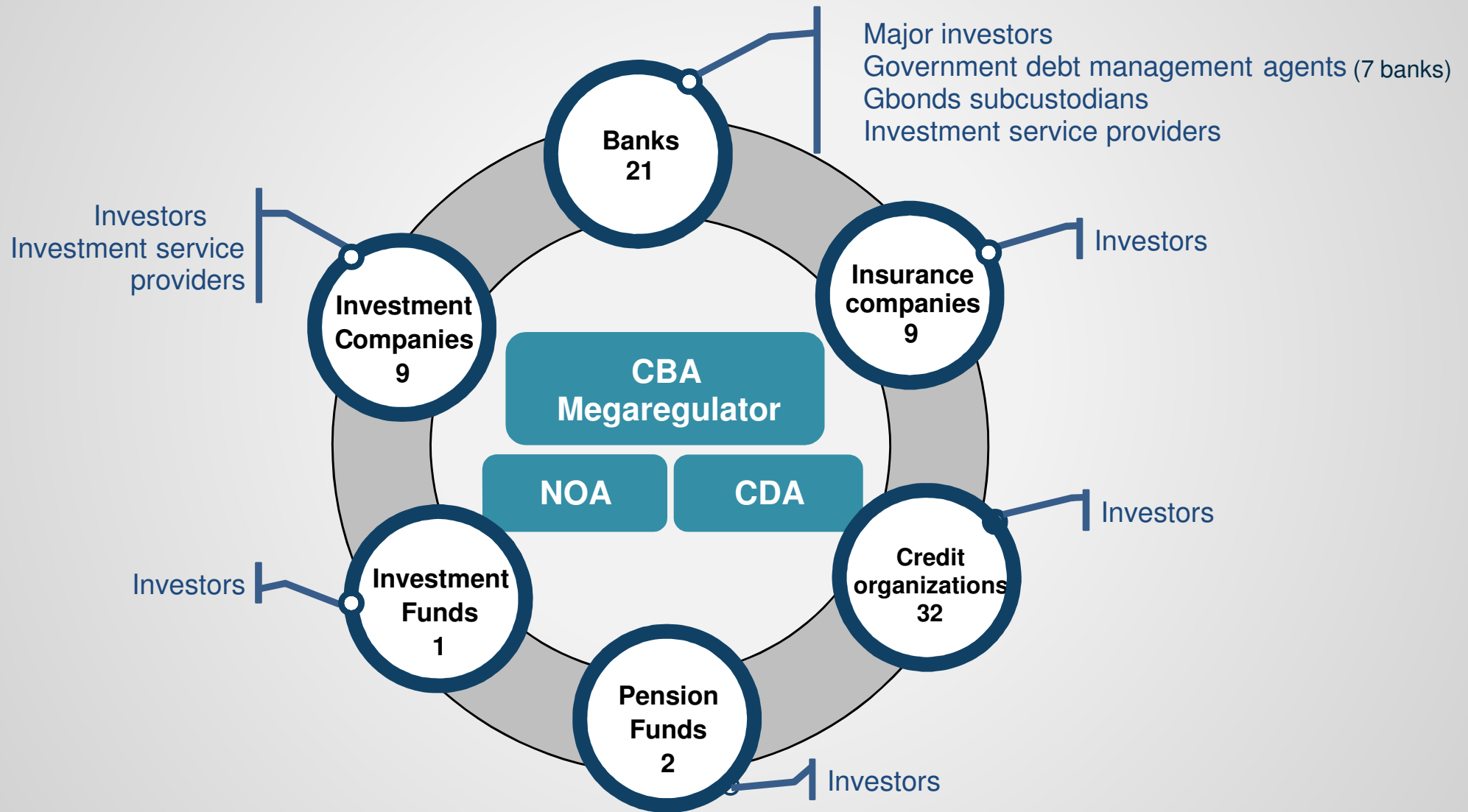
Income tax:

- ▶ Withholding tax on interest income is 10% on corporate debt instruments both for resident and foreign individual investors
- ▶ No withholding tax on interest income on government bonds both for resident and foreign individual investors
- ▶ No capital gains tax both for resident and foreign individual investors.

Profit tax (legal entities):

- ▶ Withholding tax for foreign investors on dividend income is 10%
- ▶ Government bonds and corporate bonds interest income is included in profit tax calculation, taxed 10% for foreign investors
- ▶ No capital gains tax for residents
- ▶ Realized capital gains tax is 10% for foreign investors.

ARMENIA FINANCIAL MARKET



NASDAQ OMX ARMENIA TODAY

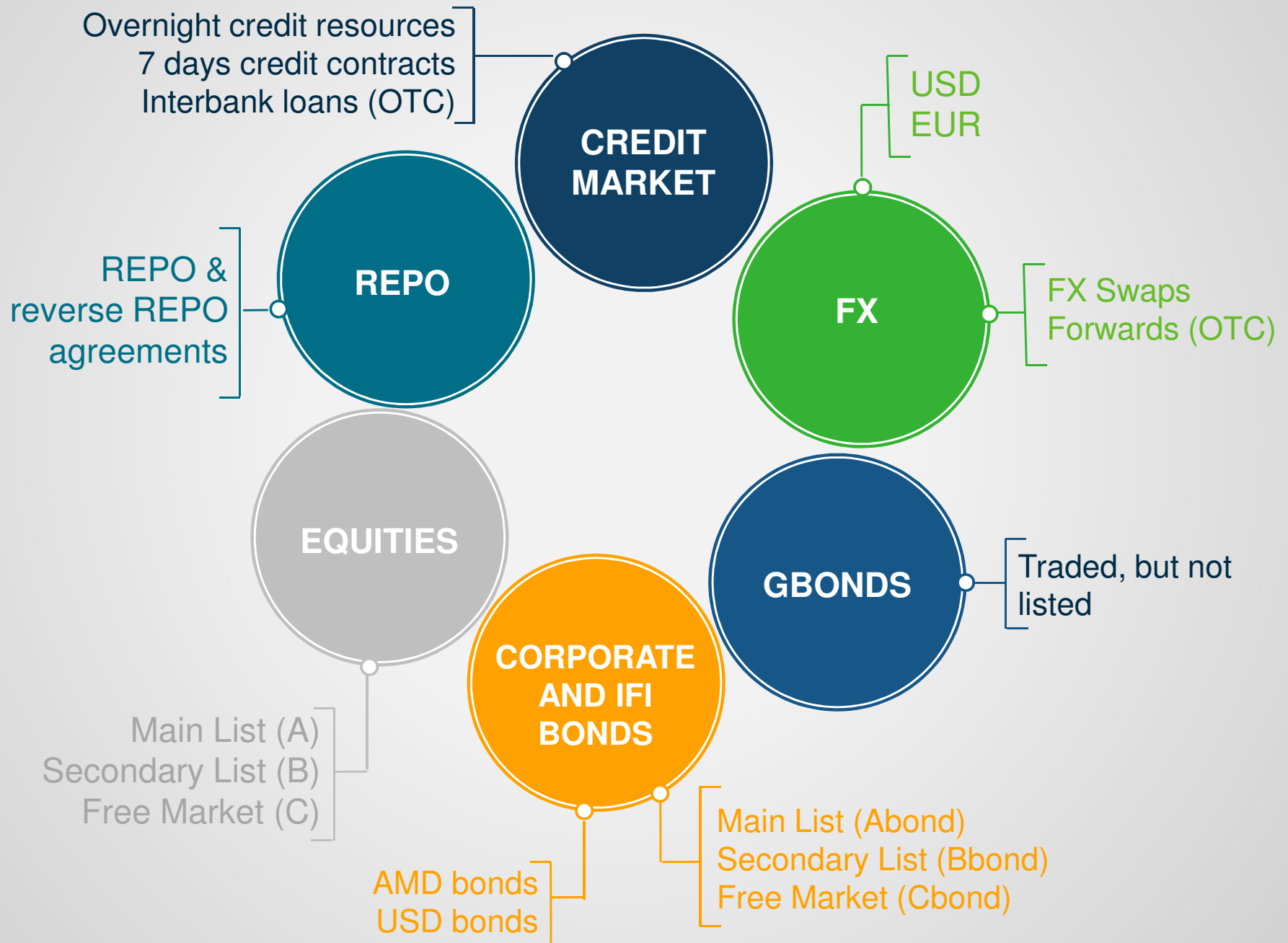
Stock Exchange

- NASDAQ OMX Group is 100% owner of stock exchange since January 7, 2008. NASDAQ OMX Armenia is 100% owner of CDA
- Integrated business model: stock exchange and central depository
- The sole operator of stock exchange in Armenia
- The only structure that unites all investment services providing companies
- Data vending to Bloomberg (EPRX AY <GO>, real time data: EIS ARME <GO>) and Thompson Reuters (EIKON, Country pages -> Armenia), Information distribution via Globenewswire system
- Member of Federation of Euro Asian Stock Exchanges and International Association of Stock exchanges of CIS countries

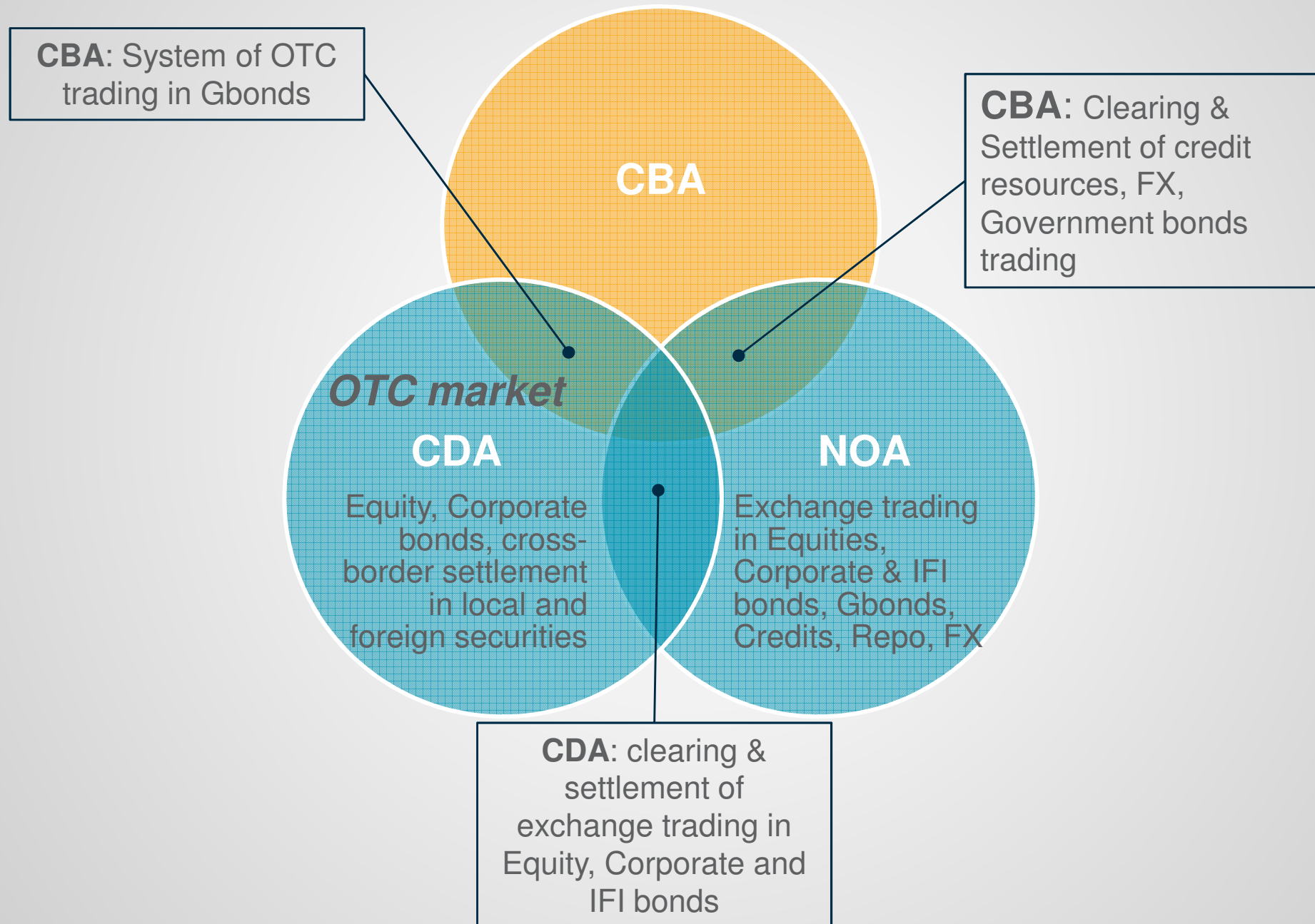
Central Depository of Armenia

- Centralized custodian, registry keeper and operator of centralized depository system in Armenia, service provided via account operators
- Clearing & Settlement of stock exchange transactions
- Pension system operator (from 2014)
 - Registry keeper of mandatory pension system participants accounts
 - Custodian of mandatory pension system funds assets
- Sub-custodian of Government bonds
- Cross-border links with CSDs
- National Numbering agent, assigning ISIN and CFI to Armenian securities
- Member of Association of Eurasian CSDs

MARKETS & INSTRUMENTS



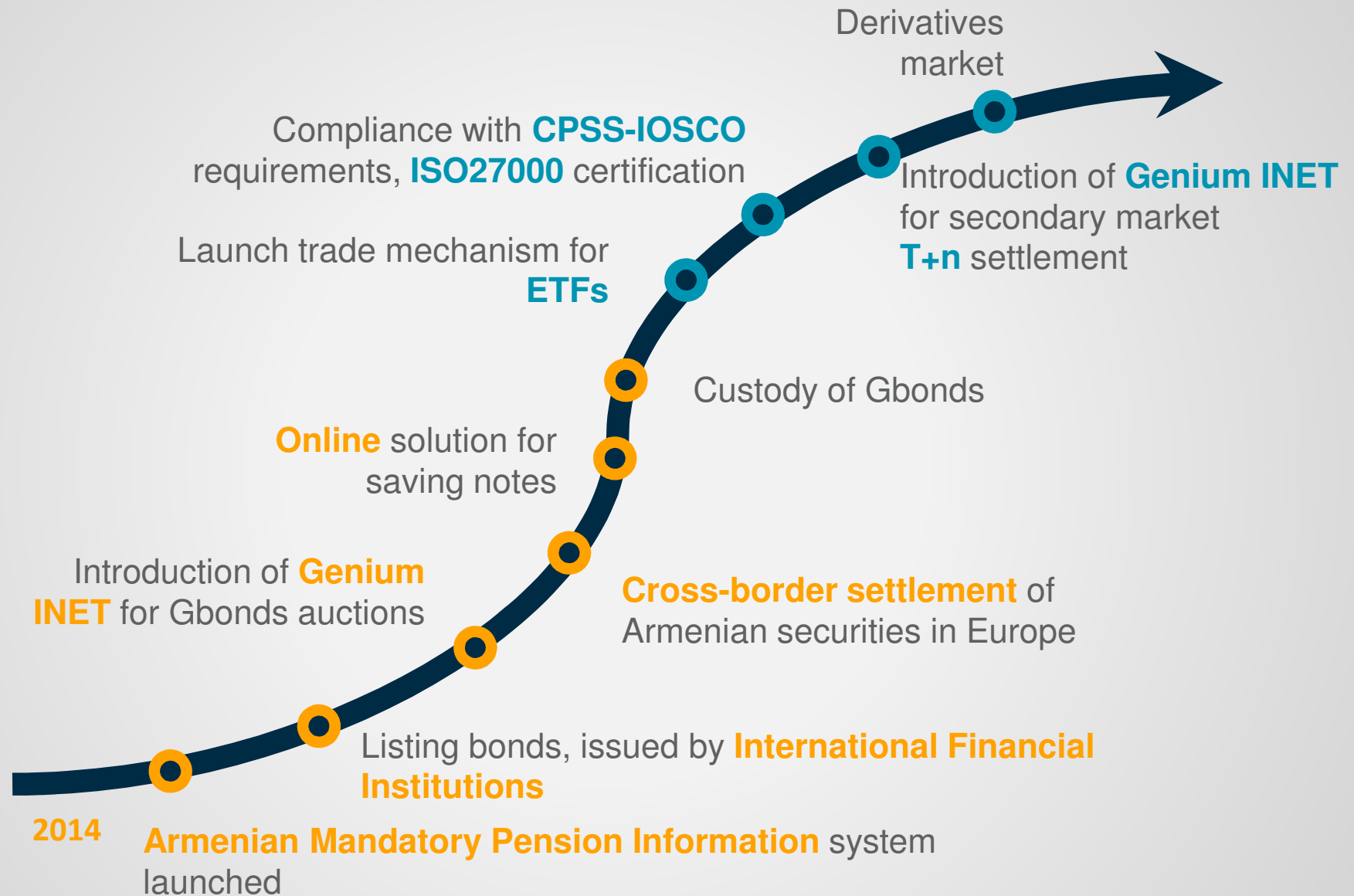
SETTLEMENT SYSTEM



INTERNATIONAL COOPERATION



DEVELOPMENTS OF BOND MARKET



THANK YOU!

NASDAQ OMX[®]

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Bloomberg: EPRX AY <GO>, real time data: EIS ARME <GO>