




Bonding the bond bearers



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- Introduction
 - Regulation Side
 - Supply Side
 - Demand Side
 - What's Next



Introduction

Introduction

Regulation Side

Supply Side

Demand Side

What's next



ADVISORY: LEGAL, TAX MANAGEMENT

The leader in the market of professional advisory services of Armenia (since 1998)



CORPORATE, RETAIL AND INVESTMENT BANKING

Universal bank with corporate, retail and investment banking services (founded in 1910 as a branch of Caucasian Trade Bank)



PROPERTY DEVELOPMENT

Company providing real estate development and management services (since 2010)

1st

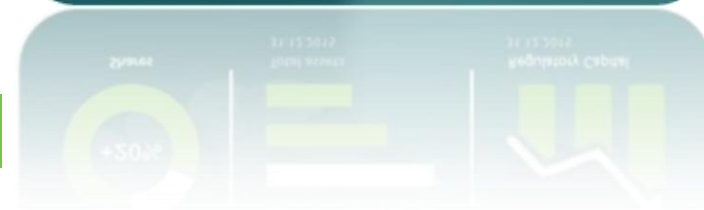
by Assets and Liabilities

by Loan Book

by Customer Liabilities

by Equity

by Profit





What's on Regulation Side?


Introduction

Regulation Side

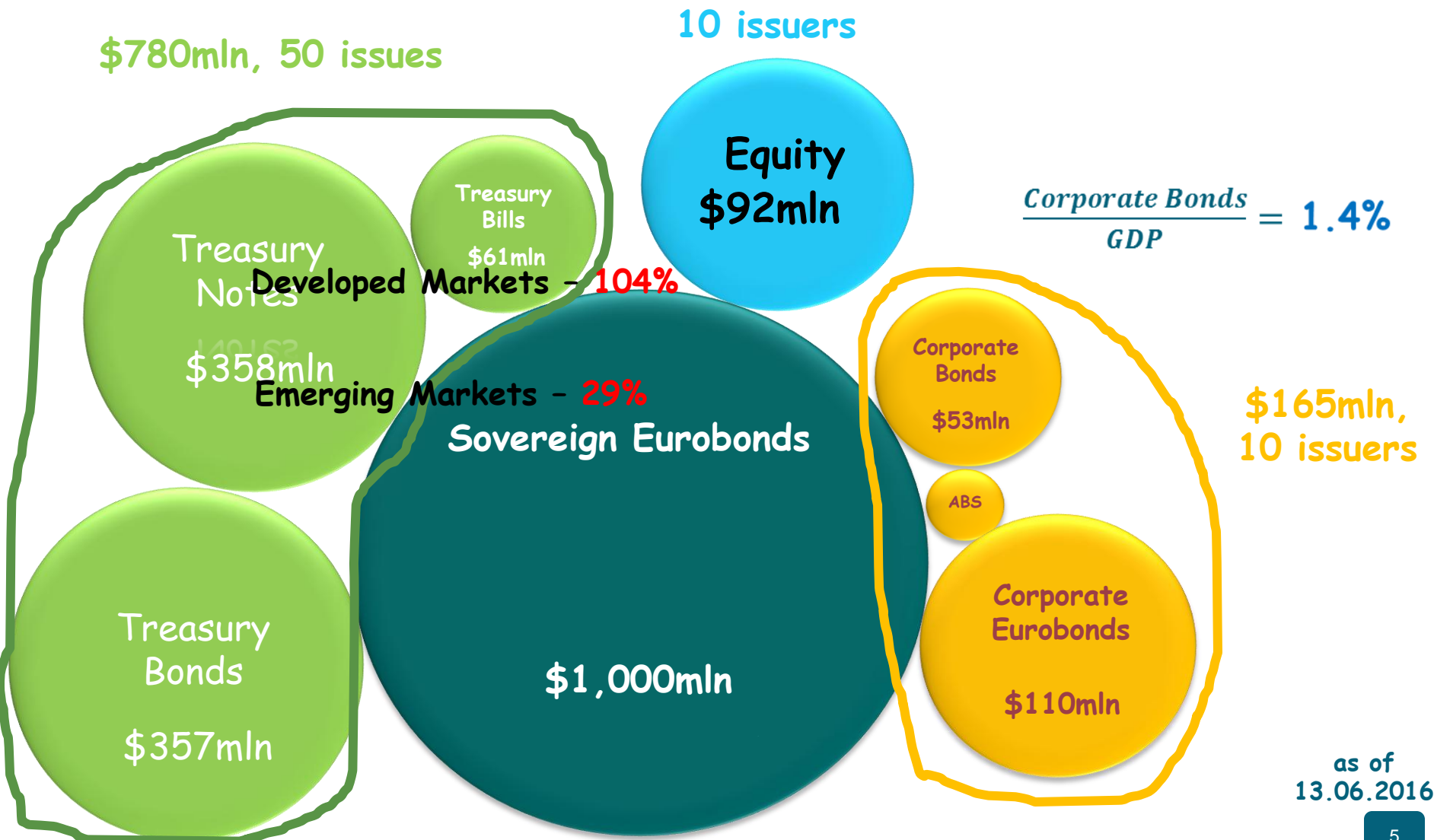
Supply Side

Demand Side

What's next



So overall, bond
arrangers are
happy with the
regulative
framework!





Introduction

Regulation Side

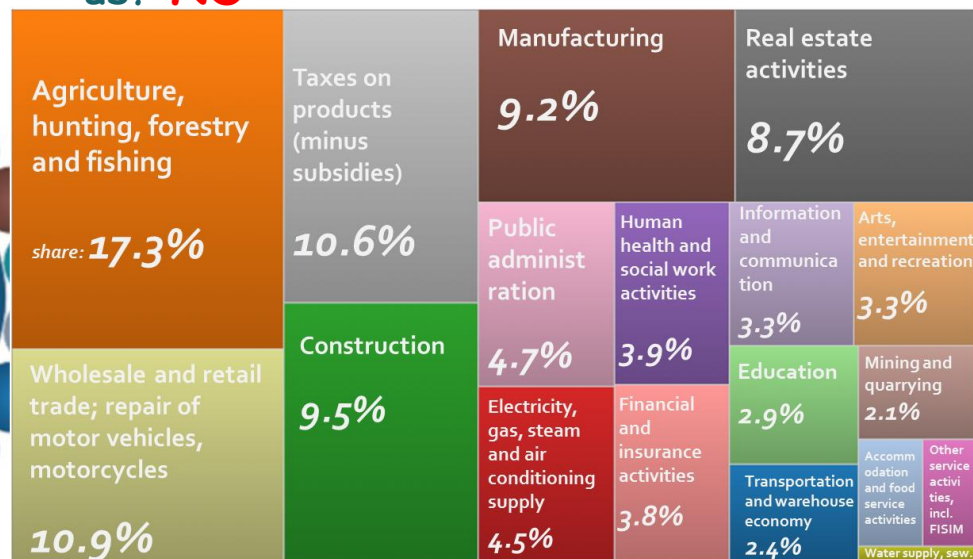
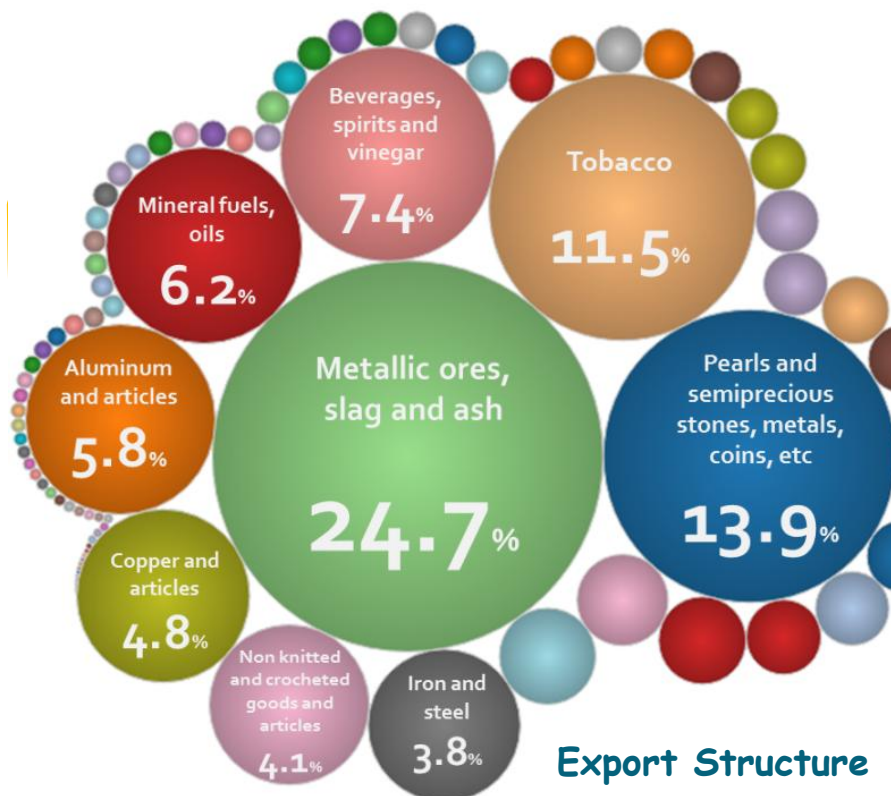
Supply Side

Demand Side

What's next

- Why issuer participation is low?
- Is there enough critical mass of issuers? **YES**
- Are bond issuance procedures cumbersome? **NO**
- Are associated arrangement costs high? **30 - 40bps**

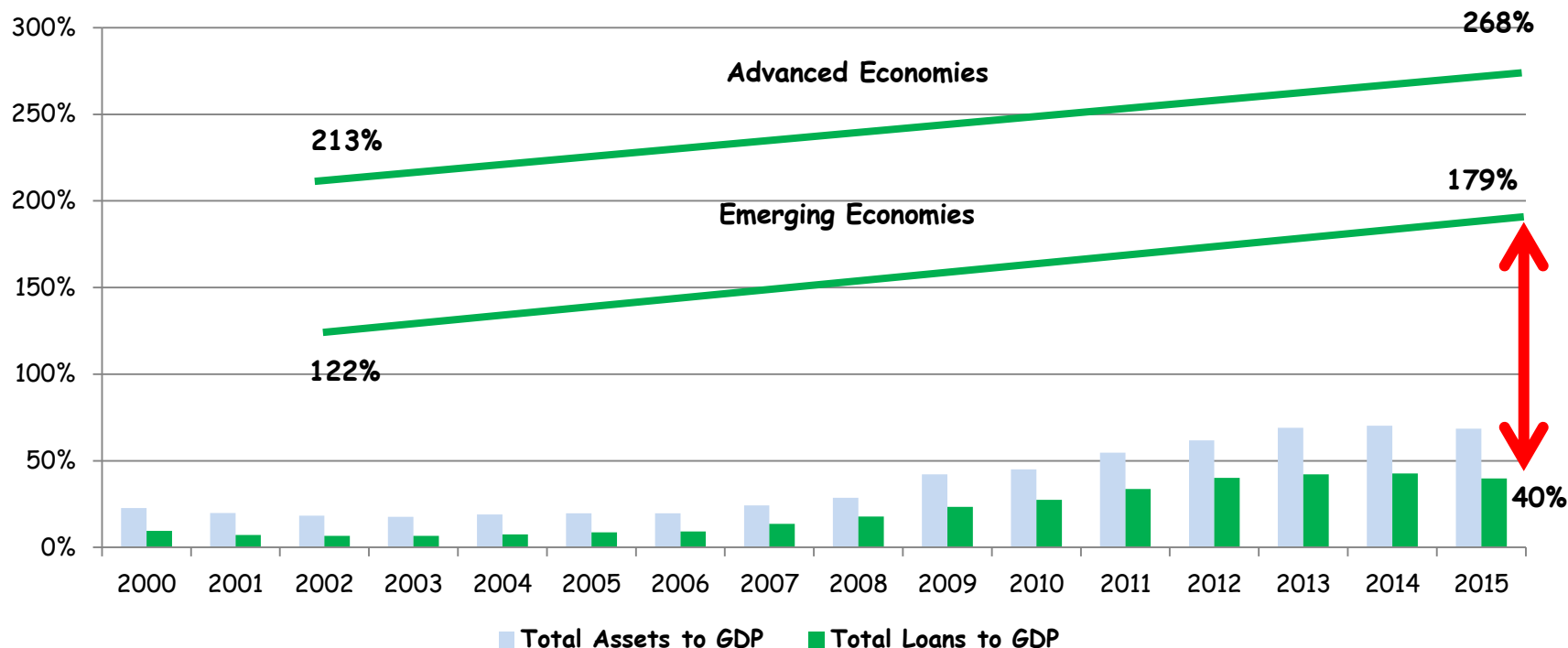
~~NONE~~
us? **NO**





Then...

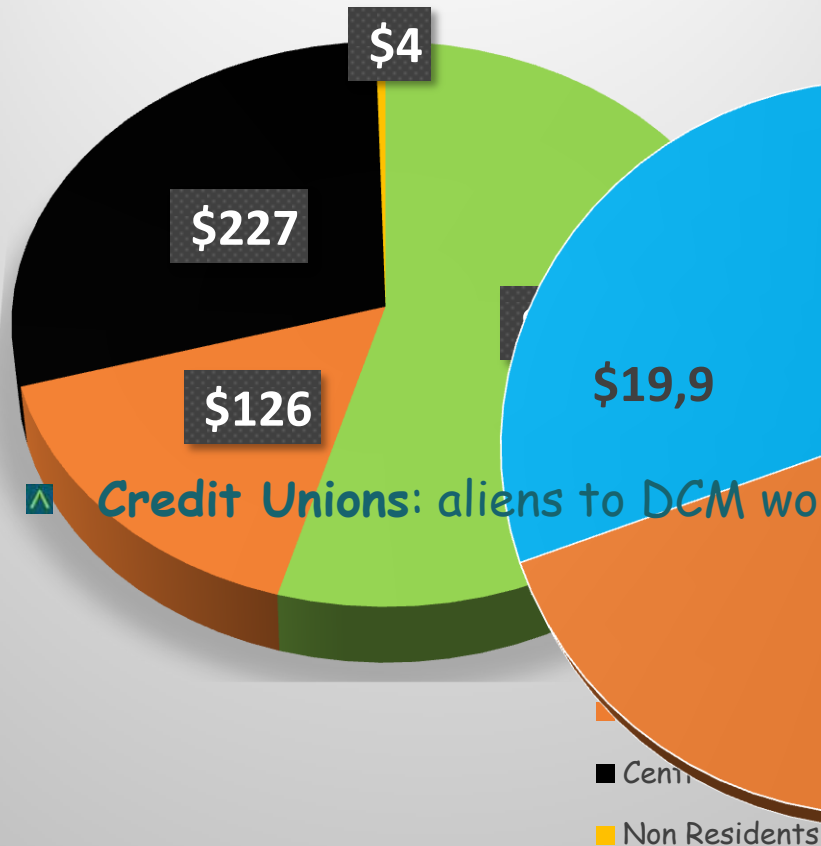
- Why do we have a **single** non-financial sector corporate issuer out there in the market?
- Why is the total corporate bond market a **"penny"** in GDP?





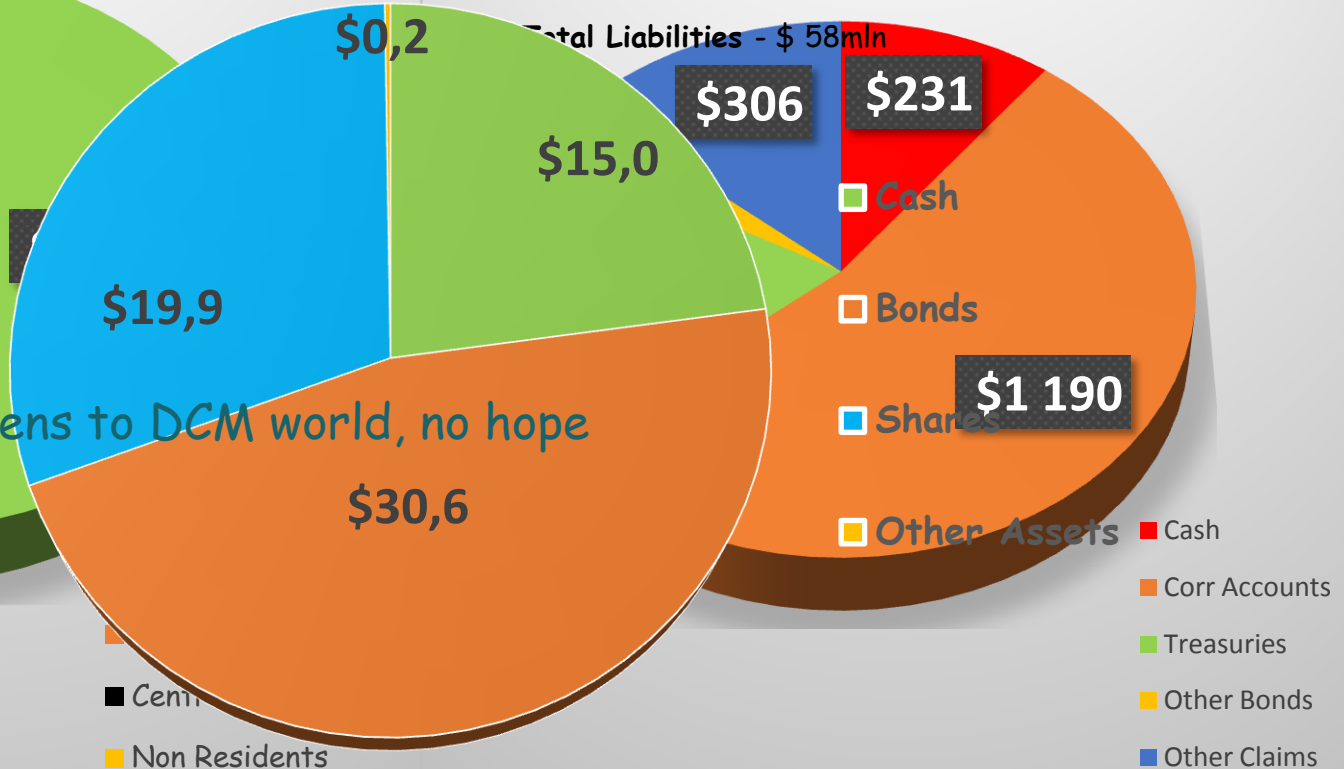
■ Commercial Banks: capricious and painstakingly picky

Investors in Treasuries (mln \$)



■ Credit Unions: aliens to DCM world, no hope

Asset side cash items (\$mln)





- **Retail Depositors:** becoming a "bond academy" for our own deposit clients, fostering "bank depositor to bond investor" evolution

2Y/6.75%

- **Corporate Treasuries:** ensuring the liquidity and narrow bid-ask spread
comfort via market making arrangements
 - Issue Size \$15,000,000
 - Median of Allocated Accounts \$40,900
 - Average of Allocated Accounts \$178,571
 - Standard Deviation \$240,972
- **Non-residents:** all hopes are on NASDAQ OMX Armenia, global custodian connection matter to be resolved soon
 - Accounts Allocated 83

Deposit to Bond Conversion

\$9,926,100 66.17%

New to Bank Money

\$5,073,900 33.83%



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2011, 2012, 2014



2012, 2013, 2014, 2015