

SUMMARY ANALYSIS OF BONDS OPERATIONS ISSUED BY ARMSWISSBANK CJSC

2020

"ARMSWISSBANK" CJSC considers the bond market as an effective alternative to attracting financial resources for the Bank. Since 2015 the Bank has entered into the bond market as an issuer and actively operates there.

Below is presented more detailed information:

PRIMARY MARKET

As of 31.12.2020 the Bank has attracted about AMD 64,172 million worth bonds from the primary market, which is about 20% of the Bank's liabilities.

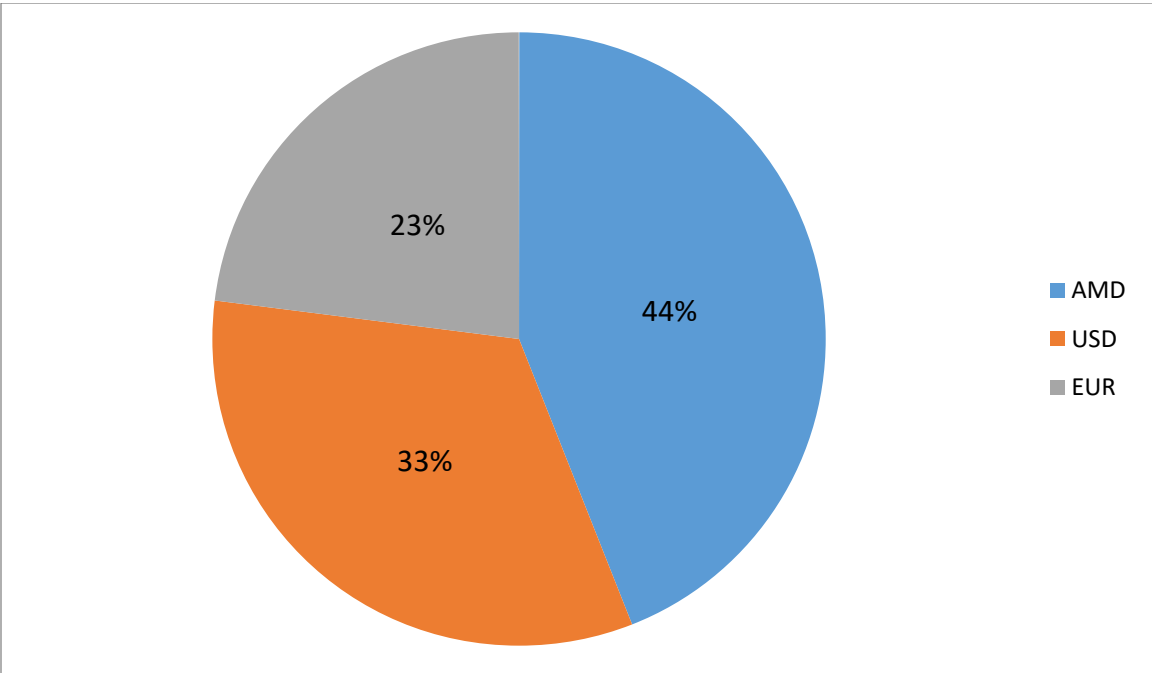


Figure 1. Currency structure of funds attracted with bonds

Below is a brief description of all the bonds placed by the Bank.

Table 1. Bonds issued and placed by the Bank as of 01.01.2020

	Issue value	Issue volume	Duration	Coupon	Maturity date	Maturity date
2015						
SWISB1	USD	2,000,000	3 years	7.50 %	16.04.2018	1,000
SWISB2	USD	3,000,000	4 years	8.00 %	16.04.2019	1,000
SWISB3	USD	5,000,000	5 years	8.50 %	27.04.2020	1,000
2017						
SWISB4	USD	10,000,000	7 years	6.75%	15.06.2024	100
SWISB5	EUR	10,000,000	6 years	5.00%	15.06.2023	100
SWISB6	AMD	2,000,000,000	4 years	12.75%	15.06.2021	50,000
2018						
SWISB7	AMD	3,000,000,000	5 years	11.5%	24.05.2023	50,000
SWISB8	USD	6,000,000	7 years	6.5%	23.05.2025	100
SWISB9	USD	10,000,000	6 years	6%	22.11.2024	100
2019						
SWISB7	AMD	3,000,000	5 years	11.5%	24.05.2023	50,000
SWISB2A	USD	5,000	6 years	6.5%	02.05.2025	100
SWISB2B	EUR	3,000	4 years	4%	02/05/2023	100

Based on the successful experience of previous issues, in 2020, the Bank placed 3 tranches of bonds with the terms set Table 2.

Table 2. Description of bonds issued and placed by the Bank during 2020

2020						
SWISBC	AMD	10,000,000	5 years	9%	01.06.2025	50,000
SWISBD	USD	10,000	6 years	6.0%	01.06.2026	100
SWISBE	EUR	5,000	5 years	3.5%	01.06.2025	100
SWISBF	AMD	10,000,000	6 years	8.5%	28.09.2026	50,000

By the end of 2020 all the bonds were listed on the Armenia Securities Exchange. Bonds issued by the Bank are distinguished by the fact that they are the most long-term bonds issued in the corporate bonds market.

In 2020, SWISB3 bond worth USD 5,000,000 have been repaid.

Summing up the above mentioned issues, the Bank attracted AMD 28 billion, USD 51 million and EUR 18 million /nominal value/ from the primary market.

SECONDARY MARKET

The characteristics of investors' interests towards any securities and its issuer are disclosed in the secondary market with the stock exchange indexes on those securities.

Below is a brief analysis of the indicators characterizing the secondary market of all Bonds issued by the Bank.

The transactions in Armenia Securities Exchange during 2017-2020.

2017

Table 3

The bond exchange abbreviation	Average value of transaction	Quantity of transaction	Quantity of bond	Total volume (thousand)	Last transaction value
SWISB1	3.74%	1	1	1.0 USD	3.74%
SWISB2	4.25%	1	19	20.9 USD	4.25%
SWISB3	4.74%	5	85	94.3 USD	4.70%
SWISB4	6.70%	33	12,972	1,321.9 USD	6.24%
SWISB5	4.78%	7	1,193	122,0 EUR	4.69%
SWISB6	12.61%	9	2,353	120,631.2 AMD	11.6%

2018

Table 4

The bond exchange abbreviation	Average value of transaction	Quantity of transaction	Quantity of bond	Total volume (thousand)	Last transaction value
SWISB2	5.4%	3	75	78.6 USD	4.00%
SWISB3	5.13%	2	33	35.5 USD	5.35%
SWISB4	6.36%	15	2,642	273.4 USD	5.85%
SWISB5	4.97%	21	64,140	6,554.9 EUR	4.30%
SWISB6	12.15%	20	8,692	459,788.9 AMD	9.23%
SWISB7	11.18%	20	30,108	1,582,395.0 AMD	10.39%
SWISB8	6.50%	35	41,712	4,270.3 USD	6.00%

2019

Table 5

The bond exchange abbreviation	Average value of transaction	Quantity of transaction	Quantity of bond	Total volume	Last transaction value
SWISB2	3.18%	5	82	83.3 USD	2.75%
SWISB3	3.09%	8	73	76.4 USD	2.0%
SWISB4	5.84%	32	10,906	1,159.0 USD	5.60%
SWISB5	3.51%	7	3,620	387.7 EUR	3.19%
SWISB6	9.30%	27	3,195	173,029.5 AMD	8.95%
SWISB7	10.35%	25	32,763	1,759,695.5 AMD	10.00%
SWISB8	5.89%	19	2,308	240.2 USD	5.60%
SWISB9	5.63	1	180	18.5 USD	5.63%
SWISB2A	6.10%	21	5,959	616.3 USD	6.0%
SWISB2B	3.60%	11	1,729	176.85 EUR	3.19%

2020

Table 6.

The bond exchange abbreviation	Average value of transaction	Quantity of transaction	Quantity of bond	Total volume	Last transaction value
SWISB3	2.03%	3	48	49.0 USD	2.14%
SWISB4	5.16%	8	3,056	328.5 USD	5.32%
SWISB5	3.29%	11	3,046	324.1 EUR	3.3%
SWISB6	7.53%	12	1,580	86,261.9 AMD	6.8%
SWISB7	8.92 %	11	4,834	265,248.5 AMD	7.7%
SWISB8	5.42%	11	2,285	243.0 USD	5.63%
SWISB9	5.45%	1	500	51.8 USD	5.45%
SWISB2A	5.69%	5	284	29.8 USD	5.63%
SWISB2B	3.72%	10	845	85.3 EUR	3.73%
SWISBC	9%	4	6,058	309,129.6 AMD	8.55%

SWISBD	6.0%	9	2,944	304.2 USD	5.38%
SWISBE	3.5%	-	-	-	-
SWISBF	8.5%	-	-	-	-

In order to ensure a sufficient level of liquidity of the aforementioned bonds, the Bank uses the market maker's services, which enables to provide two-sided quotes of bond at each trading session at Armenia Securities Exchange, that means, the market-maker organization daily in the trading system of the stock exchange, simultaneously, places the purchase and sale bids of the bonds, at least 0.5% of the output volume.

At the same time, it is interesting to examine the ratio of coupon yields of the Bank and the quotations of the stock exchange at 2020, which are presented in Table 7.

Table 7

The bond exchange abbreviation	Issue value (thousand)	Maturity date	Remaining term to maturity	Coupon yield	Current sales quote	Change / Percent Point
SWISB4	10,000 USD	15.06.2024	1262	6.75%	5.31%	-1.44%
SWISB5	10,000 EUR	15.06.2023	895	5.00%	2.85%	-2.15%
SWISB6	2,000,000 AMD	15.06.2021	164	12.75%	6.81%	-5.94%
SWISB7	6,000,000 AMD	24.05.2023	871	11.50%	8.1%	-3.4%
SWISB8	6,000 USD	23.05.2025	1600	6.5%	5.50%	-1.0%
SWISB9	10,000 USD	22.11.2024	1417	6.00%	5.07%	-0.93%
SWISB2A	5,000 USD	02.05.2025	1577	6.50%	5.87%	-0.63%
SWISB2B	3,000 EUR	02.05.2023	845	4.00%	3.53%	-0.47%
SWISBC	10,000,000 AMD	01.06.2025	1605	9.00%	8.43%	-0.53%
SWISBD	10,000 USD	01.06.2026	1969	6.00%	5.15%	-0.85%
SWISBE	5,000 EURO	01.06.2025	1603	3.50%	3.27%	0.23%
SWISBF	10,000,000	28.09.2022	2086	8.50%	8.00%	-0.5%

	AMD	6				
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Significant changes in 2020

As a result of the amendments to the Tax Code of the Republic of Armenia in 2020, the income received from all bonds issued by the Bank by resident and non-resident individuals is taxed with income tax, and the income received by non-resident legal entities is not taxed with profit tax.