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## Moody Assigns Armenia Ba2 rating.

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YEREVAN, JULY 25, ARMENPRESS: The governor of the Central Bank of Armenia, Tigran Sarkisian, said today the Moody's Investors Service had assigned on Monday a Ba2 foreign and domestic currency ratings to the government of Armenia.

He said Moody made its decision based on continued GDP growth rates of around 10% per annum or above since 2001, the subdued inflationary pressure due to the appreciation of the national currency dram and to a cautious monetary and fiscal policy stance.

Sarkisian said the rating was given in light of the progress made by the country since 1995, the year that marked the end of the seven-year contraction that followed the collapse of the Soviet Union.

"We believe that over the medium term, there is sufficient scope for further GDP growth such that it will help alleviate poverty and reduce unemployment, both of which remain high in Armenia," Moody's Vice President Sara Bertin was quoted as saying in a press release. "Moreover, the rating is supported by the limited level and favorable maturity structure of Armenia's foreign-currency denominated debt," she said.

She said that with a 23% debt-to GDP ratio at the end of 2005, the country compares well to its peers.

Ninety percent of the debt is owed to multilateral lenders on concessional terms representing a long maturity and associated minimal debt-servicing cost.

"We have also taken note of the high level of dollarization and the country's lack of financial depth," said Bertin.

"Moody's assigns a very low probability that the conflict between Azeris and Armenians might resume over the short to medium term," said Bertin. "As long as a credible and sustainable solution has yet to be found to the conflict, uncertainties remain over the countries of the South Caucasus. Due to their borders with Iran, countries such as Armenia and Azerbaijan are potential strategic partners for the United States, Russia and Iran," she said.

Tigran Sarkisian said this rating allows Armenia to have its own place in the international financial markets and gives foreign companies and private businessmen to have a clear idea of Armenia and its economy and is essential in their deciding whether to invest here or not.

The governor said five local commercial banks have already asked the Moody's for their, possibly higher individual 1 ratings.

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