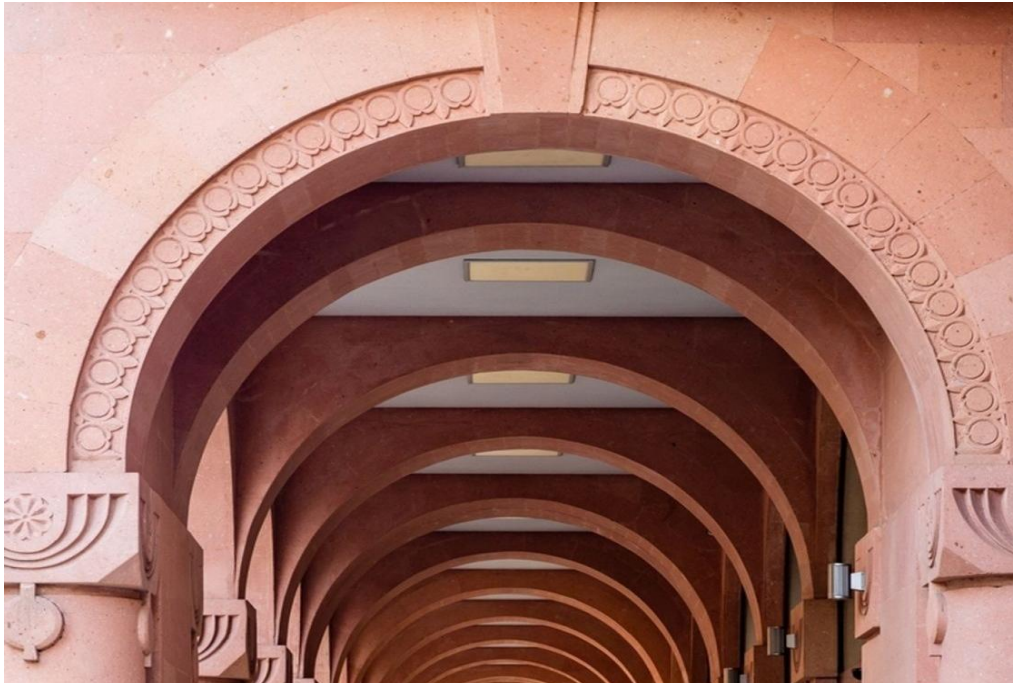




2026 II quarter: Why are Armenian Bond Yields Declining and How Has Market Depth Changed?

Authors

Yegishe Kerobyan

ykerobyan@kkpartners.am

Araksya Nikoghosyan

anikoghosyan@kkpartners.am

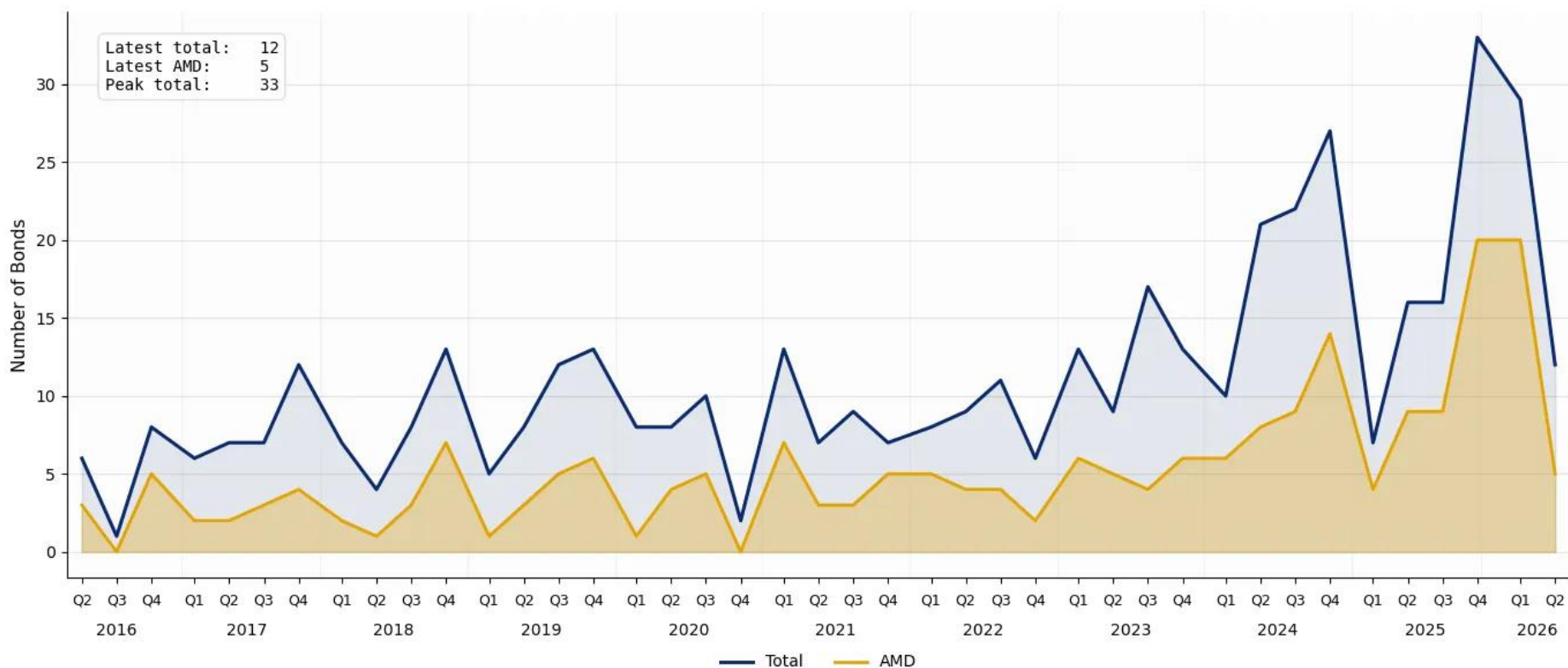
Summary

- During the second quarter, 12 new bond issuances were registered, 5 of which were in the national currency (AMD), contributing to the reduction of foreign exchange risks.
- The banking system remains the primary driving force of the market, out of 12 new issuances, 8 were carried out by commercial banks, and 4 by real sector companies.
- The banking corporate bond yield curve shifted downward, reflecting high investor demand and a compressed risk premium.
- Signs of increased market depth are apparent, the number of secondary market transactions reached a historical high of 1,838, with 210 actively traded bond tranches in circulation.
- Diversified activity: The share of bonds with 21 or more transactions during the quarter rose sharply to 39%, indicating a more evenly distributed liquidity landscape.
- Liquidity provision and continuous two-way quoting depend heavily on four primary market makers: Ardshinbank, Armswissbank, ID Bank, and Ameriabank.
- Although by count the overwhelming majority of the market (80.4%) is short-term (1-3 years), nearly half of the outstanding volume (46.2%) has transitioned into the medium-term bracket of 3-5 years.
- Dilijan Finance B.V. and Ameriabank lead the market in terms of outstanding volume. Considering that Dilijan Finance B.V. is a special purpose vehicle (SPV) utilized by Ardshinbank, the volume-based structure of the market continues to be heavily concentrated around major banking groups.

Issuance Dynamics and Currency Structure

In the second quarter of 2026, the corporate bond primary market maintained steady activity, recording 12 new issuances. The presence of issuances in the national currency (5 issues in AMD) continues to serve as an important pillar for the structural development of the market and for mitigating foreign exchange risks for investors.

Quarterly Corporate Bond Issuance



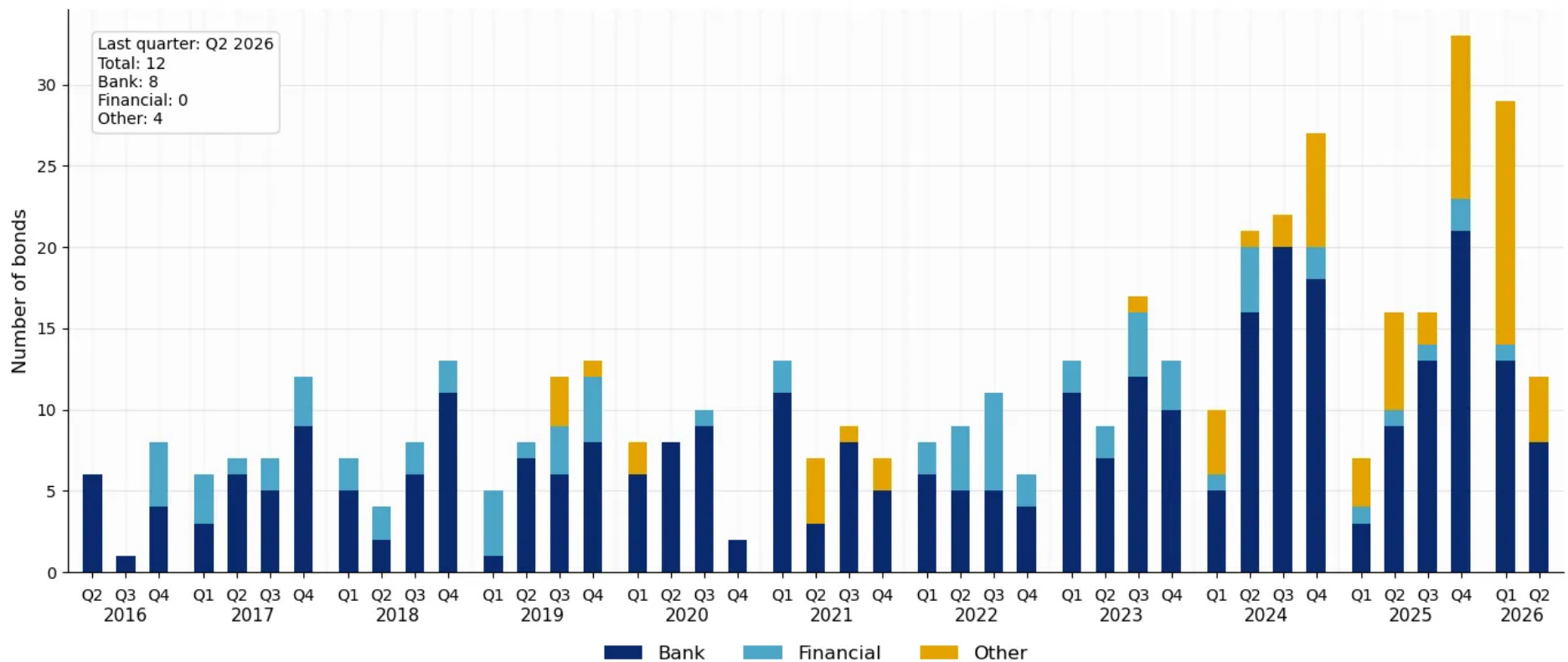
Data: AMX, Bloomberg | Analysis: KK Partners

This enables local companies to secure stable funding through domestic capital while substantially insulating investors from exchange rate fluctuations.

Sectoral Distribution of Issuances

The banking sector re-established its dominant position within the issuance framework. In Q2 2026, 8 out of the 12 new issuances originated from banks, while 4 came from non-financial sectors.

Quarterly Corporate Bond Issuance by Industry



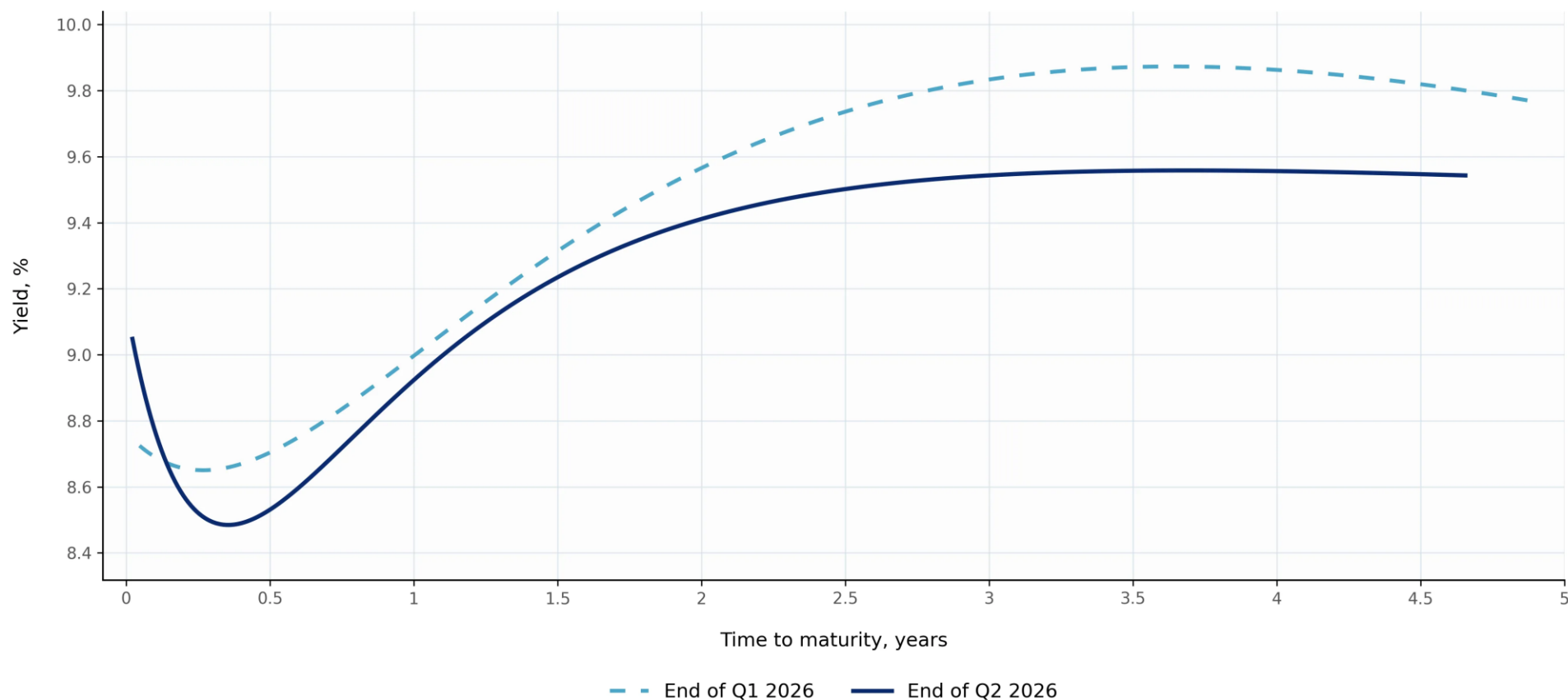
Data: AMX, Bloomberg | Analysis: KK Partners

Participation from other industries remains vital for market diversification. It broadens investment choices and gradually reduces the market's reliance solely on the financial sector.

Shift in the Banking Bond Yield Curve

A key trend in the second quarter was the visible downward shift of the banking bond yield curve compared to the previous quarter, particularly in the medium- and long-term segments. This reflects favorable market conditions and robust investor demand.

Bank Corporate Bond Yield Curve: Q1 vs Q2 2026



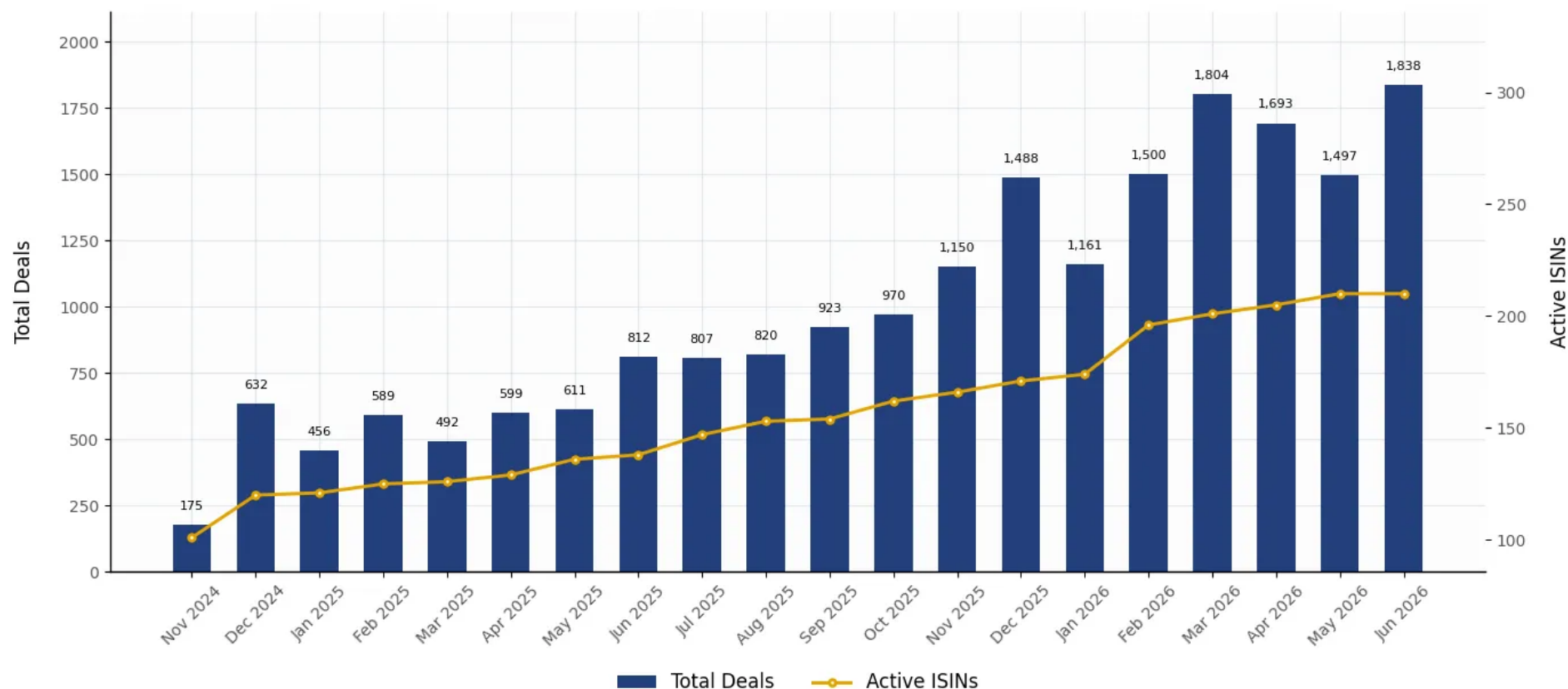
Data: AMX | Analysis: KK Partners

Positive investor sentiment may also be driven by expectations of further strengthening of the Armenian Dram (AMD).

Growth in Secondary Market Activity

The sharp increase in secondary market activity demonstrates qualitative deepening. In June 2026, the number of corporate transactions executed on the Armenia Securities Exchange (AMX) reached 1838, while the number of active bonds in circulation stood at 210.

Growth Trend in Corporate Bond Deals in AMX



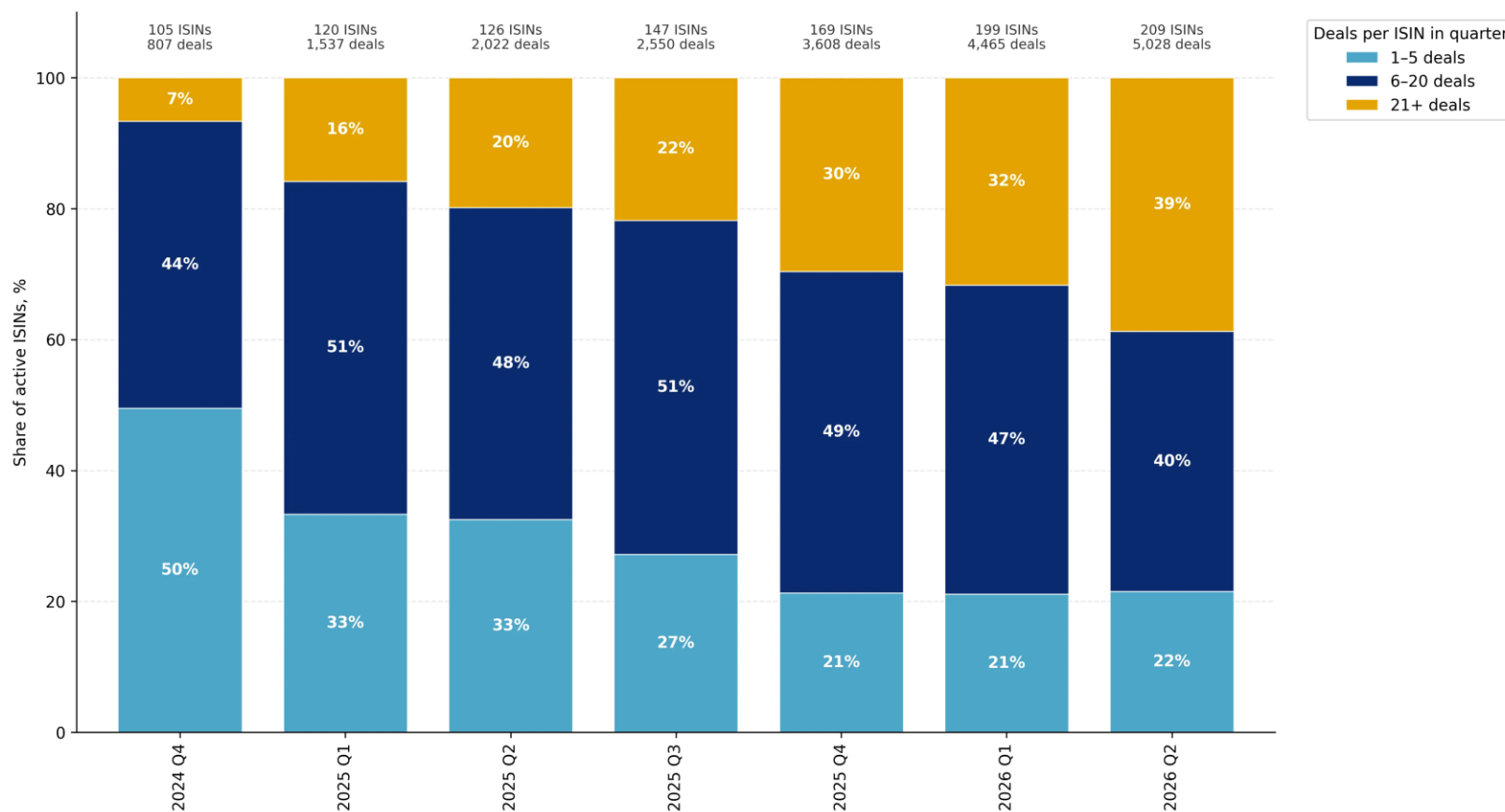
Data: AMX | Analysis: KK Partners

This trend indicates that capital market development is no longer confined to the number of primary allocations. The active circulation of existing instruments in the secondary market has become a primary gauge of market vitality.

Liquidity Distribution and Market Depth

During the second quarter of 2026, there were 209 actively traded bonds in the market, generating a total of 5028 transactions. Crucially, market activity has begun to distribute more evenly across different securities.

**Distribution of Active Corporate Bond ISINs by Deal Activity
Quarterly, 2024 Q4-2026 Q2**



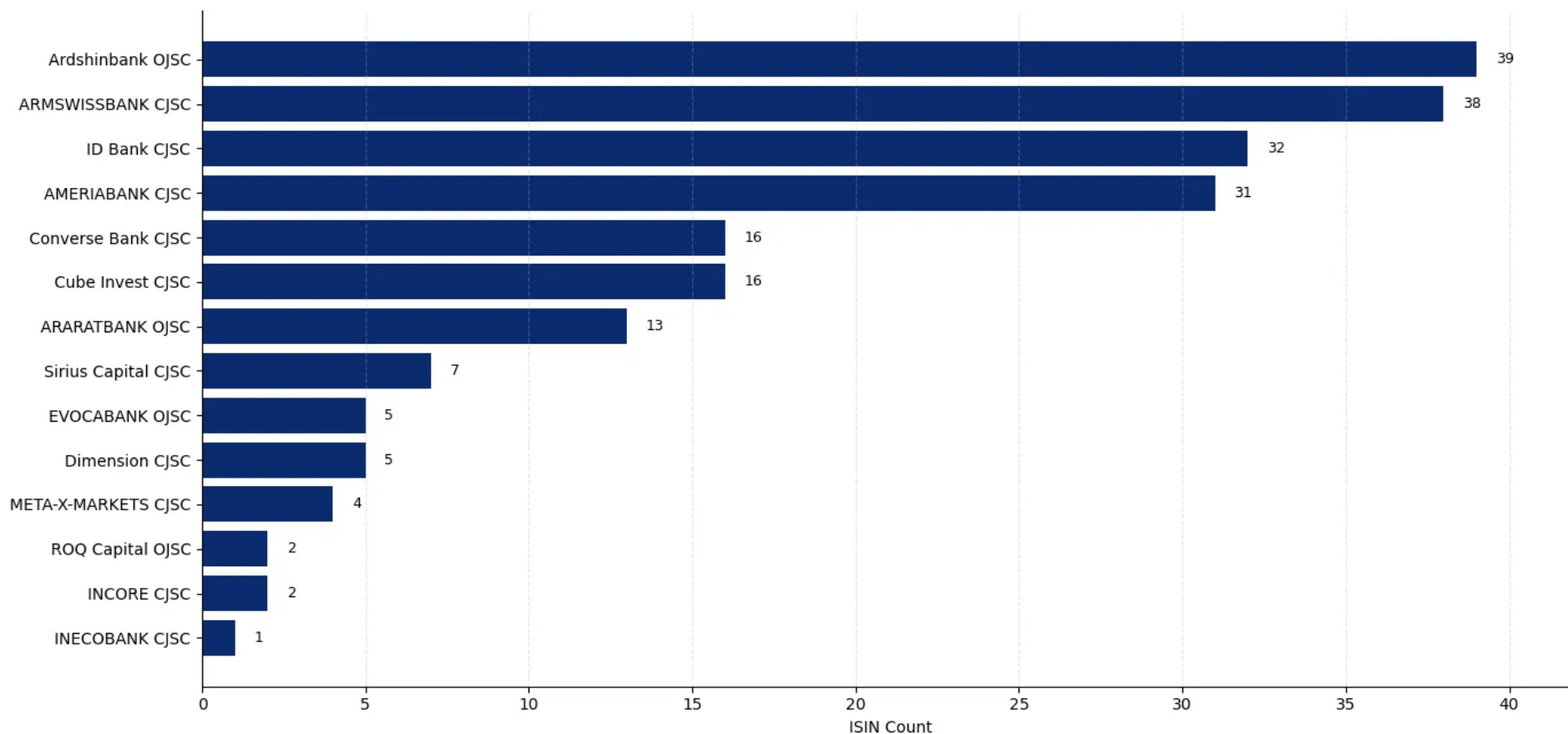
Data: AMX | Analysis: KK Partners

The share of bonds with 21 or more transactions during the quarter grew significantly to 39%, compared to just 7% at the end of 2024 and 32% in Q1 2026.

Market Maker Coverage

An analysis of market maker coverage shows that the core task of providing liquidity is still concentrated around a few leading financial institutions: Ardshinbank, Armswissbank, ID Bank, and Ameriabank.

Corporate Bonds Covered by Market Maker



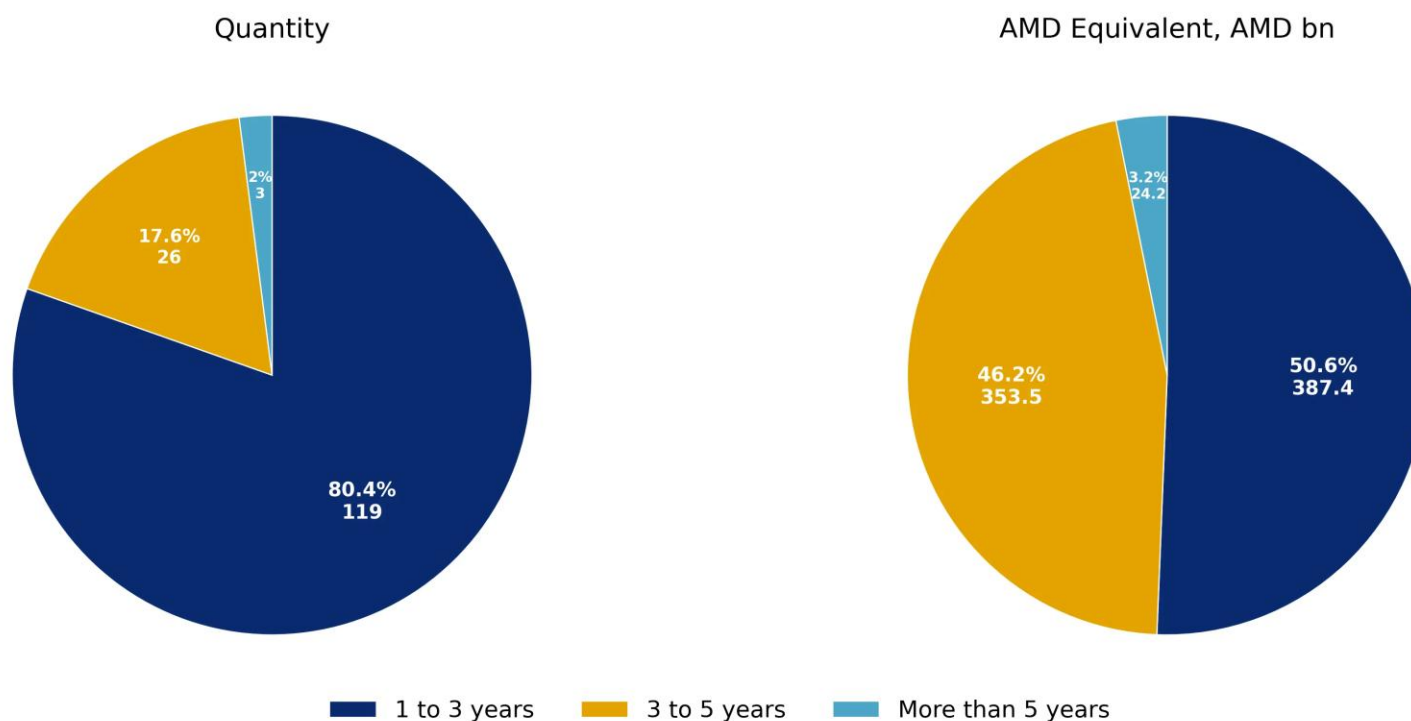
Data: AMX | Analysis: KK Partners

The continuous two-way quotes provided by these institutions help ensure that exchange-listed bonds remain accessible and predictable.

Market Structure by Maturity

By number of circulating bonds, the Armenian corporate bond market maintains a predominantly short-term nature; instruments with a remaining maturity of 1-3 years constitute the majority, accounting for 80.4% of the total count.

Corporate Bonds Distribution by Maturity



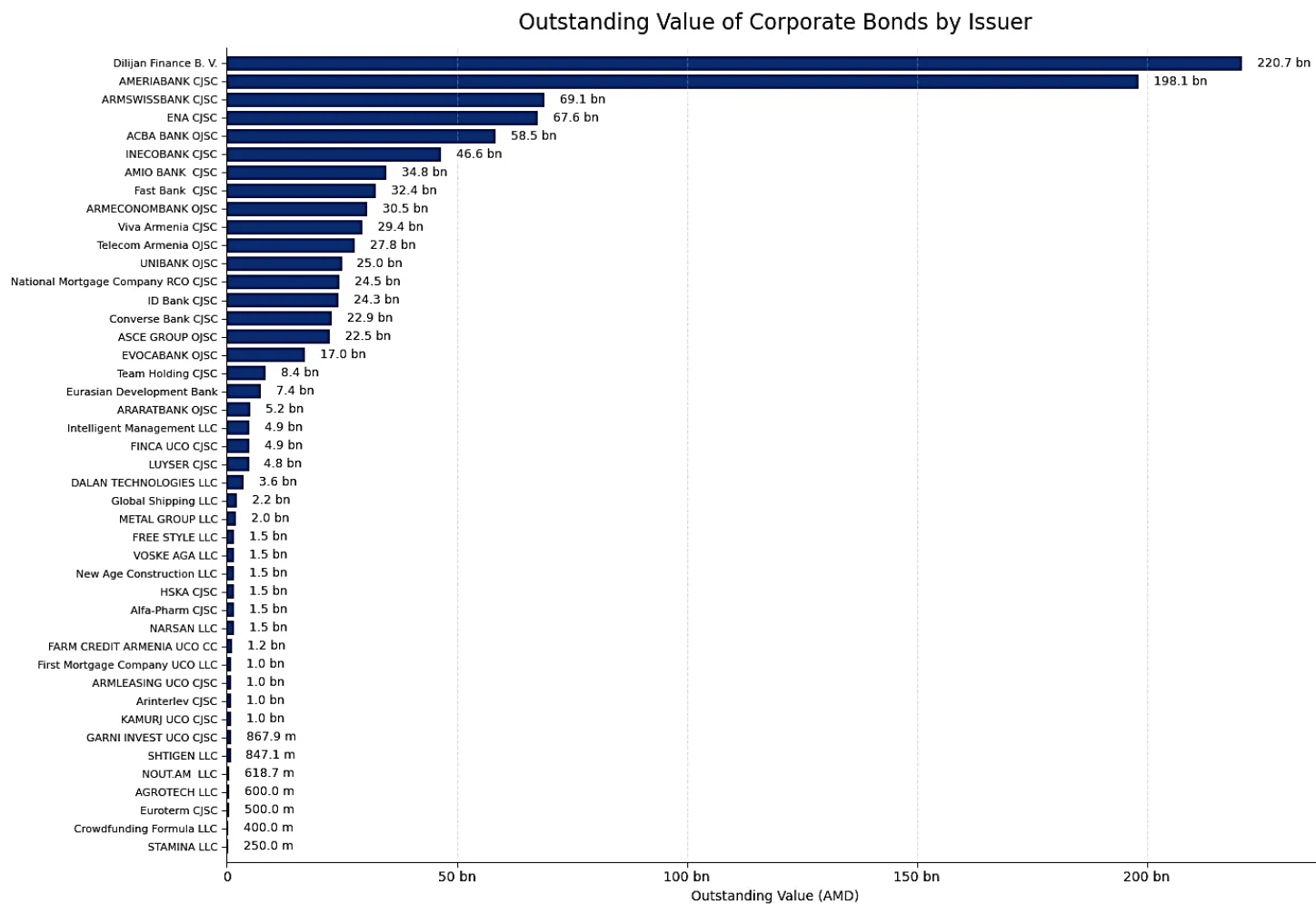
All foreign currency-denominated bonds are converted into AMD.

Data: AMX | Analysis: KK Partners

However, the picture changes substantially when looking at the market structure from the perspective of outstanding volumes. Bonds with a maturity of 3-5 years account for 353.3 billion AMD, or 46.2% of the market volume. This is an important signal that the investment horizon is gradually lengthening.

Top Issuers by Outstanding Volume

When evaluating market depth, it is crucial to analyze the nominal outstanding volume of bonds. Dilijan Finance B.V. and Ameriabank lead this metric. This underscores that the bulk of market volumes is still formed around large banking groups (Dilijan Finance B.V. being a special purpose vehicle used by Ardshinbank).



All foreign currency-denominated bonds are converted into AMD.

Data: AMX | Analysis: KK Partners

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