

POWER SECTOR FINANCIAL RECOVERY PROGRAM

IBRD LOAN NUMBER 8615-AM

SPECIAL PURPOSE FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

For the period from January 1 to December 10, 2021

YEREVAN
December 2021

POWER SECTOR FINANCIAL RECOVERY PROGRAM

IBRD LOAN NUMBER 8615-AM

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INDEPENDENT AUDITOR'S REPORT

To the Ministry of Territorial Administration and Infrastructure of the Republic of Armenia ("MTAI")

Opinion

We have audited the special purpose financial statements of "Power Sector Financial Recovery Program" ("Program") financed by Loan Agreement IBRD Loan Number 8615-AM signed on 12 May 2016 ("Loan Agreement"), and implemented by MTAI, with the assistance of "Armenian Nuclear Power Plant" CJSC ("ANPP"), "Yerevan Thermal Power Centre" CJSC ("YTPC") and Public Services Regulator Commission of the Republic of Armenia ("PSRC"), which comprise the statement of program expenditures by implementing entities, statement of fund received under categories, statement of funds received under program activities, Summary of Funds received under each DLI, and the statement of segregated accounts for the period from January 1 to December 10, 2021, and notes to the special purpose financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the cash flows for the period from January 1 to December 10, 2021 in accordance with International Public Sector Accounting Standard: *Financial Reporting Under the Cash Basis of Accounting*, (IPSAS-Cash Basis).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as issued by International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Program, of the MTAI, of the ANPP, of the YTPC and of the PSRC in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical requirements in accordance with IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter- Special purpose framework

We draw attention to Note 2 to the financial statements, which describes that financial statements are prepared in accordance with special purpose framework, as a result, they may not be suitable for another purposes. Our opinion is not modified in respect of this matter.

Emphasis of Matter- Project completion

We draw attention to Note 8 to the financial statements, which describes that Project is completed as at reporting date. Our opinion is not modified in respect of this matter.

Responsibilities of the Management for the Financial Statements

Management of the Program is responsible for the preparation and fair presentation of the special purpose financial statements in accordance with IPSAS-Cash Basis issued by the International Public Sector Accounting Standards Board (IPSASB) and Financial Management Manual for World Bank Financed Investment Operations ("WB Guidelines"), and for such internal control as management determines is necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is high level of assurance, but is not a guaranty that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements arise from fraud and error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal Requirements

To comply with the terms of the Loan Agreement, the Program's management shall insure that:

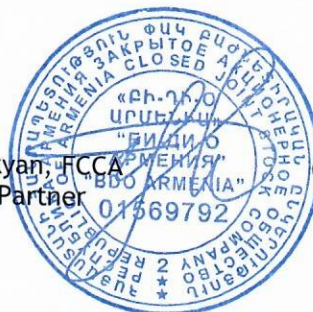
1. funds have been used in accordance with the conditions of the Loan Agreement concluded between the International Bank for Reconstruction and Development (IBRD) and the Republic of Armenia, and WB Guidelines, with due attention to economy and efficiency, and only for the purposes for which the financing was provided;
2. supporting documents, records and accounts have been kept in respect of all Program ventures. Respective reports issued during the period were in agreement with the underlying books of account;
3. The Segregated accounts used has been maintained in accordance with the provision of the Loan Agreement, and World Bank related guidelines;

In our opinion, the Program's management has complied with the above requirements for the period from January 1 to December 10, 2021.

We also check that the persons or entities debarred or suspended by the WB are not awarded contract under the Program from the Program inception to 10 December 2021.

"BDO Armenia" CJSC
17 December 2021

Vahagn Sahakyan, FCCA
Managing Partner



Gnel Khachatryan, FCCA
Engagement Partner

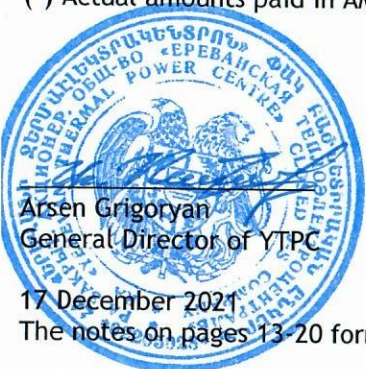
Statement of program expenditure by implementing entities

For the period from 1 January 2021 to 10 December 2021

(Amounts are shown in US dollars)

Program Expenditure	Actual*		Budget Cumulative for the Project	Implementation Cumulative %
	Reporting period	Cumulative as at 10.Dec.2021		
ANPP				
Refinancing of commercial loans	-	8,525,191	8,525,191	100%
	-	8,525,191	8,525,191	100%
YTPC				
Repayment of the payable for natural gas (the payable under the contract with Yerevan GGM of Gazprom Armenia CJSC for supply of gas to generate power for domestic needs)	-	18,807,670	16,973,996	111%
Overhaul of the gas turbine	-	22,512,484	12,821,981	176%
Refinancing of commercial loans	-	4,604,073	4,603,522	100%
Program audits and IVA	32,118	211,574	300,000	71%
	32,118	46,135,801	34,699,499	133%
Total	32,118	54,660,992	43,224,690	126%

(*) Actual amounts paid in AMD or EUR translated into USD applying exchange rate as at baseline date, 1 February 2016 (Note 2.3).



Arsen Grigoryan
General Director of YTPC

17 December 2021

The notes on pages 13-20 form an integral part of these special purpose financial statements.


Hakob Vardanyan
Deputy Minister of MTAI


Eduard Martirosyan
General Director of ANPP

Power Sector Financial Recovery Program
IBRD Loan Number 8615-AM

Statement of funds received under categories

For the period from 1 January 2021 to 10 December 2021

(Amounts are shown in US dollars)

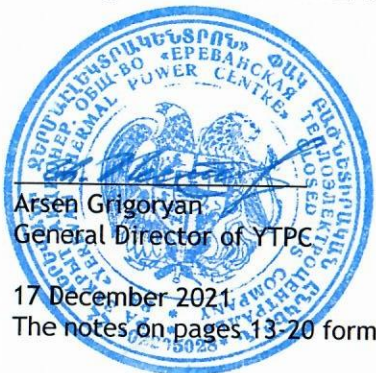
	Actual		Budget		Variance	
	Reporting period	Cumulative as at 10.Dec.2021	Reporting period	Cumulative as at 10.Dec.2021	Reporting period	Cumulative as at 10.Dec.2021
Opening Uncovered DLI Advance	-	-				
SOURCES OF FUNDS						
IBRD Loan Number 8615-AM	1,300,000	29,999,595				
Co-financing of YTPC	-	23,751,145				
Total	1,300,000	53,750,740				
WITHDRAWAL CATEGORIES						
(1) DLI#1: Decision at shareholder meetings	-	2,832,000	-	2,832,000	-	-
YTPC	-	2,024,880	-	2,024,880	-	-
ANPP	-	807,120	-	807,120	-	-
(2) DLI#2: Liquidation of Haigasard	500,000	2,000,000	500,000	2,000,000	-	-
YTPC	-	1,072,500	-	1,072,500	-	-
ANPP	500,000	927,500	500,000	927,500	-	-
(3) DLI#3: No new non-core business expenditure of ANPP	-	2,500,000	-	2,500,000	-	-
YTPC	-	1,787,500	-	1,787,500	-	-
ANPP	-	712,500	-	712,500	-	-
(4) DLI#4: No new non-core business expenditure of YTPC	-	2,500,000	-	2,500,000	-	-
YTPC	-	1,787,500	-	1,787,500	-	-
ANPP	-	712,500	-	712,500	-	-
(5) DLI#5: Reduce of principal amount of loan of ANPP	-	4,259,595	-	4,260,000	-	(405)
YTPC	-	3,045,611	-	3,045,900	-	(289)
ANPP	-	1,213,984	-	1,214,100	-	(116)
(6) DLI#6: Reduce of principal amount of loan of YTPC	-	2,300,000	-	2,300,000	-	-
YTPC	-	1,644,500	-	1,644,500	-	-
ANPP	-	655,500	-	655,500	-	-
(7) DLI#7: Reduce of gas payable of YTPC	-	4,982,000	-	4,982,000	-	-
YTPC	-	3,562,130	-	3,562,130	-	-
ANPP	-	1,419,870	-	1,419,870	-	-

Statement of funds received under categories

For the period from 1 January 2021 to 10 December 2021

(Amounts are shown in US dollars)

	Actual		Budget		Variance	
	Reporting period	Cumulative as at 10.Dec.2021	Reporting period	Cumulative as at 10.Dec.2021	Reporting period	Cumulative as at 10.Dec.2021
(8) DLI#8: ENAs tariff margin for each period	200,000	2,000,000	200,000	2,000,000	-	-
YTPC	143,000	1,430,000	143,000	1,430,000	-	-
ANPP	57,000	570,000	57,000	570,000	-	-
(9) DLI#9: Tariffs for YTPC and Hrazdan TPP	200,000	2,000,000	200,000	2,000,000	-	-
YTPC	143,000	1,430,000	143,000	1,430,000	-	-
ANPP	57,000	570,000	57,000	570,000	-	-
(10) DLI#10: Electricity supplied by YTPC is maintained	400,000	4,551,000	400,000	4,551,000	-	-
YTPC	286,000	3,253,965	286,000	3,253,965	-	-
ANPP	114,000	1,297,035	114,000	1,297,035	-	-
(11) Front-end fee	-	75,000	-	75,000	-	-
YTPC	-	53,625	-	53,625	-	-
ANPP	-	21,375	-	21,375	-	-
Renovation of gas-turbine of YTPC	-	23,751,145	-	13,224,690	-	10,526,455
YTPC	-	23,751,145	-	13,224,690	-	10,526,455
Total	1,300,000	53,750,740	1,300,000	43,224,690	-	10,526,050
Closing Uncovered DLI Advance	-	-	-	-	-	-




Arsen Grigoryan
General Director of YTPC

17 December 2021

The notes on pages 13-20 form an integral part of these special purpose financial statements.


Hakob Vardanyan
Deputy Minister of MTAI


Eduard Martirosyan
General Director of ANPP

Power Sector Financial Recovery Program
IBRD Loan Number 8615-AM

Statement of funds received under program activities

For the period from 1 January 2021 to 10 December 2021

(Amounts are shown in US dollars)

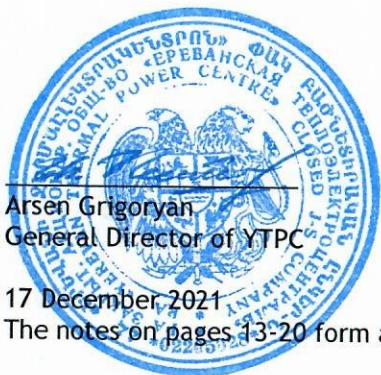
Activity	Actual		Planned		Variance	
	Reporting period	Cumulative as at 10.Dec.2021	Reporting period	Cumulative as at 10.Dec.2021	Reporting period	Cumulative as at 10.Dec.2021
A. Elimination of non-core business related cash flows	500,000	9,832,000	500,000	9,832,000	-	-
A.1. No new non-core business expenditures	-	7,832,000	-	7,832,000	-	-
YTPC	-	5,599,880	-	5,599,880	-	-
ANPP	-	2,232,120	-	2,232,120	-	-
A.2. Liquidation of Haigasard state-owned CJSC	500,000	2,000,000	500,000	2,000,000	-	-
YTPC	-	1,072,500	-	1,072,500	-	-
ANPP	500,000	927,500	500,000	927,500	-	-
B. Reduction of expensive loans	-	6,559,595	-	6,560,000	-	(405)
YTPC	-	4,690,111	-	4,690,400	-	(289)
ANPP	-	1,869,484	-	1,869,600	-	(116)
C. Repayment of the payable of YTPC with Yerevan GGM branch of Gazprom Armenia CJSC	-	4,982,000	-	4,982,000	-	-
YTPC	-	3,562,130	-	3,562,130	-	-
ANPP	-	1,419,870	-	1,419,870	-	-
D. Modification of tariffs to fully reflect the cost of electricity supply	400,000	4,000,000	400,000	4,000,000	-	-
D.1. Amendment of ENA's license to allow tariff adjustment related to cost of electricity purchased	200,000	2,000,000	200,000	2,000,000	-	-
YTPC	143,000	1,430,000	143,000	1,430,000	-	-
ANPP	57,000	570,000	57,000	570,000	-	-
D.2. Revision of tariff-setting methodology related to FX on gas purchase	200,000	2,000,000	200,000	2,000,000	-	-
YTPC	143,000	1,430,000	143,000	1,430,000	-	-
ANPP	57,000	570,000	57,000	570,000	-	-
E. Maintenance of the generation capacity of the gas turbine at the YTPC	400,000	4,551,000	400,000	4,551,000	-	-
YTPC	286,000	3,253,965	286,000	3,253,965	-	-
ANPP	114,000	1,297,035	114,000	1,297,035	-	-

Statement of funds received under program activities

For the period from 1 January 2021 to 10 December 2021

(Amounts are shown in US dollars)


Activity	Actual		Planned		Variance	
	Reporting period	Cumulative as at 10.Dec.2021	Reporting period	Cumulative as at 10.Dec.2021	Reporting period	Cumulative as at 10.Dec.2021
Front-end fee	-	75,000	-	75,000	-	-
YTPC	-	53,625	-	53,625	-	-
ANPP	-	21,375	-	21,375	-	-
Renovation of gas-turbine of YTPC	-	23,751,145	-	13,224,690	-	10,526,455
YTPC	-	23,751,145	-	13,224,690	-	10,526,455
Total	1,300,000	53,750,740	1,300,000	43,224,690	-	10,526,050

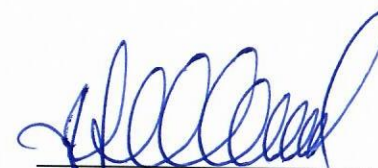


Arsen Grigoryan
General Director of YTPC

17 December 2021

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Hakob Vardanyan
Deputy Minister of MTAI


Eduard Martirosyan
General Director of ANPP

Power Sector Financial Recovery Program
IBRD Loan Number 8615-AM

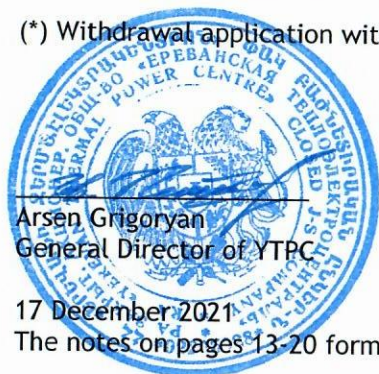
Summary of funds received under each DLI

For the period from 1 January 2021 to 10 December 2021
(Amounts are shown in US dollars)

IBRD Loan Number 8615-AM

App lica tion #	Value date	DLI Advance/ (Advance recovery)	Disbursement category documented											Total Documen- ted	Total paid
			(1) DLI#1: Decision at sharehol der meetings	(2) DLI#2: Liquida- tion of Haigasard	(3) DLI#3: No new non-core business expenditu re of ANPP	(4) DLI#4: No new non-core business expenditu re of YTPC	(5) DLI#5: Reduce of principal amount of loan of ANPP	(6) DLI#6: Reduce of principal amount of loan of YTPC	(7) DLI#7: Reduce of gas payable of ANPP	(8) DLI#8: ENAs tariff margin for each period	(9) DLI#9: Tariffs for YTPC and Hrazdan TPP	(10) DLI#10: Electricity supplied by YTPC is maintain- ed	(11) Front- end fee		
13Y	26.02.2021	-	-	-	-	-	-	-	-	143,000	143,000	286,000	-	572,000	572,000
13A	26.02.2021	-	-	-	-	-	-	-	-	57,000	57,000	114,000	-	228,000	228,000
14A	24.09.2021	-	-	500,000	-	-	-	-	-	-	-	-	-	500,000	500,000
Total for the reporting period		-	-	500,000	-	-	-	-	-	200,000	200,000	400,000	-	1,300,000	1,300,000
Cumulative as at 10.Dec.2021		-	2,832,000	2,000,000	2,500,000	2,500,000	4,259,595	2,300,000	4,982,000	2,000,000	2,000,000	4,551,000	75,000	29,999,595	29,999,595


(*) Withdrawal application with "Y" relates to YTPC, and with "A" to ANPP.




Arsen Grigoryan
General Director of YTPC

17 December 2021

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Hakob Vardanyan
Deputy Minister of MTAI


Eduard Martirosyan
General Director of ANPP

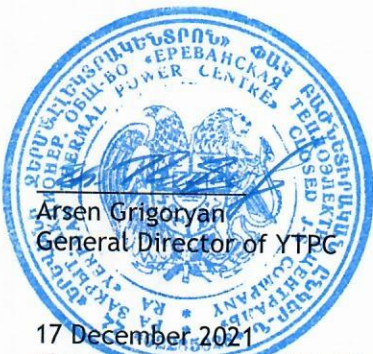
Statement of Segregated Accounts

For the period from 1 January 2021 to 10 December 2021

(Amounts are shown in US dollars)


Entity	YTPC	ANPP
Segregated account (SA) bank number	900000902438	900000902453
Bank	Central Treasury of the Republic of Armenia	
Bank location	Meliq Adamyan Street 1, Yerevan, Republic of Armenia, 0010	
Account currency	USD	USD

	YTPC	ANPP	Total
	For the period from 1 Jan 2021 to 10 Dec 2021		
	USD	USD	USD
1. Opening balance as at 1.Jan.2021	-	0.71	0.71
2. Add: opening discrepancy	-	-	-
3. WB advance/replenishment	572,000	728,000	1,300,000
4. Less: Refund to WB from SA	-	-	-
5. Present outstanding amount advanced to SA	<u>572,000</u>	<u>728,001</u>	<u>1,300,001</u>
6. SA closing balance as at 10.Dec.2021	-	0.71	0.71
7. Add: Amount of eligible expenditures paid	572,000	728,000	1,300,000
8. Less: interest earned (if credited to SA)	-	-	-
9. Total advance accounted for	<u>572,000</u>	<u>728,001</u>	<u>1,300,001</u>
10. Closing discrepancy (5)-(9)	-	-	-



Arsen Grigoryan
General Director of YTPC


Hakob Vardanyan
Deputy Minister of MTAI


Eduard Martirosyan
General Director of ANPP

17 December 2021

The notes on pages 13-20 form an integral part of these special purpose financial statements.

Notes to the special purpose financial statements

For the period from 1 January 2021 to 10 December 2021

(Amounts are shown in US dollars)

1. General information

1.1. The Program

The Power Sector Financial Recovery Program (“Program”) is implemented in accordance with the Republic of Armenia Government resolution N 6 dated February 18, 2016. The Program objective is to maintain adequate and reliable electricity supply through improvement of the financial standing of the state-owned power generation companies and the private power distribution company.

The Program carries out through the Ministry of Territorial Administration and Infrastructure of the Republic of Armenia (MENR), with the assistance of “Armenian Nuclear Power Plant” CJSC (ANPP), “Yerevan Thermal Power Centre” CJSC (YTPC) and Public Services Regulator Commission (PSRC).

The total cost of the Program is assessed 43,224,690 United States dollars (USD), of which USD 30,000,000 is financed under the Loan Agreement 8615-AM signed on May 12, 2016 between the Republic of Armenia and International Bank for Reconstruction and Development (“IBRD” or “WB”).

The payment currency of IBRD Loan Number 8615-AM is United States dollars (USD).

The Closing date of IBRD Loan Number 8615-AM is set 30 July 2021.

The Grace Period for submitting withdrawal application for expenditures incurred before the Closing date is six months following the Closing date: 31 January 2022.

1.2. Subsidiary agreements

According to the Loan Agreement, the ANPP receives 28.5% of the Loan proceeds and the YTPC receives 71.5% of the Loan proceeds subject to the achievement of the Disbursement Linked Results (“DLRs”) and/or Disbursement Linked Indicators (“DLIs”) set forth in the table IV.A.2. of Schedule 2 of the Loan Agreement and corresponding verification process; except for DLR #2.3 which is 100% disbursed to ANPP (Loan amendment dated 10 June 2021).

For this purpose, a subsidiary agreements were concluded between the Ministry of Finance of the Republic of Armenia (MoF) and the ANPP, and the MoF and the YTPC both on 14 June 2016, according to which they will receive sub-loans in the amount of 8,550,000 USD and 21,450,000 USD, respectively, as the terms of the Loan agreements are achieved.

1.3. The Program objectives

The Program consists of the following activities:

A. Elimination of cash outflows of state-owned power companies for non-core business related reasons through: (i) establishment of a prohibition of non-core business related expenditures, lending, and borrowing for ANPP and YTPC; and (ii) liquidation of Haigasard state-owned CJSC.

B. Reduction of expensive commercial loans and recovery of receivables through: (i) refinancing of the principal amounts of commercial loans of ANPP and YTPC listed in Supplemental Letter; and (ii) recovery of receivables of ANPP and YTPC for electricity supplied to Electric Networks of Armenia (ENA).

C. Repayment of the payable of YTPC with Yerevan GGM branch of Gazprom Armenia CJSC under a contract referred to in Supplemental Letter No. 3.

D. Modification of tariffs to fully reflect the cost of electricity supply through: (i) amendment of ENA's license to allow adjusting the tariff margin by the full size of loss (profit) incurred due to mismatch between actual and forecast cost of electricity purchased by ENA; and (ii) revision of tariff-setting methodology to allow adjusting the tariff by the full size of natural gas purchase related loss (profit) incurred due to fluctuation of AMD/US\$ exchange rate.

Power Sector Financial Recovery Program
IBRD Loan Number 8615-AM

Notes to the special purpose financial statements
For the period from 1 January 2021 to 10 December 2021
(Amounts are shown in US dollars)

E. Maintenance of the generation capacity of the gas turbine at YTPC's Combined Cycle Gas Turbine plant (CCGT), through replacement of some components of the gas turbine.

1.4. The Program Budget

The Program is financed by:

- IBRD Loan Number 8615-AM
- YTPC internally generated funds.

Category	IBRD Loan Number 8615-AM	YTPC	Total
	USD	USD equivalent	USD equivalent
(1) DLI#1: Decision at shareholder meetings	2,832,000	-	2,832,000
(2) DLI#2: Liquidation of Haigasard	2,000,000	-	2,000,000
(3) DLI#3: No new non-core business expenditure of ANPP	2,500,000	-	2,500,000
(4) DLI#4: No new non-core business expenditure of YTPC	2,500,000	-	2,500,000
(5) DLI#5: Reduce of principal amount of loan of ANPP	4,260,000	-	4,260,000
(6) DLI#6: Reduce of principal amount of loan of YTPC	2,300,000	-	2,300,000
(7) DLI#7: Reduce of gas payable of YTPC	4,982,000	-	4,982,000
(8) DLI#8: ENAs tariff margin for each period	2,000,000	-	2,000,000
(9) DLI#9: Tariffs for YTPC and Hrazdan TPP	2,000,000	-	2,000,000
(10) DLI#10: Electricity supplied by YTPC is maintained	4,551,000	-	4,551,000
Renovation of gas-turbine of the YTPC	-	13,224,690	13,224,690
Front-end fee	75,000	-	75,000
Total	30,000,000	13,224,690	43,224,690

1.5. Program Implementation

The Program is implemented through the Ministry of Territorial Administration and Infrastructure of the Republic of Armenia ("MTAI") with the assistance of "Armenian Nuclear Power Plant" CJSC ("ANPP"), "Yerevan Thermal Power Centre" CJSC ("YTPC") and Public Services Regulator Commission of the Republic of Armenia ("PSRC") (all together "Program management").

The MTAI address is: Government building 3, Republic Square, Yerevan, Republic of Armenia, 0010;
The YTPC address is: Building 3, Arin-Berd street 3rd, Yerevan, Republic of Armenia, 0053;
The ANPP address is: Town Metsamor, Armavir marz, Republic of Armenia, 0910;
The PSRC address is: Building 22, Saryan street, Yerevan, Republic of Armenia, 0002.

Notes to the special purpose financial statements
For the period from 1 January 2021 to 10 December 2021
(Amounts are shown in US dollars)

2. Summary of significant accounting policies

2.1. Preparation and presentation of financial statements

The special purpose financial statements are prepared in accordance with the International Public Sector Accounting Standard: *Financial Reporting Under the Cash Basis of Accounting* (IPSAS-Cash Basis), issued by the International Public Sector Accounting Standards Board (IPSASB), and presented in accordance with Financial Management Manual for World Bank Financed Investment Operations (March 2010): RM 3 - Financial Reporting and Auditing.

The principal accounting policies applied in the preparation of these special purpose financial statements are set out below. These policies have been consistently applied to all the periods presented.

2.2 Cash basis of accounting

Program financing is recognised as a source of Program funds when the cash is received. Program expenditures are recognised as a use of Program funds when the payments are made.

2.3 Reporting currency

The reporting currency of these special purpose financial statements is United States dollars (USD). The cofinancing received and expenditures made in local currency, Armenian Drams (AMD), or Euro (EUR) are translated into USD based at the exchange rate prevailing at the date of the transaction as issued by the Central Bank of the Republic of Armenia ("CBRA"). However, for the purpose of presenting *Statement of Program Expenditures by Implementing Entities*, the exchange rate of non-USD expenditures are translated applying CBRA issued exchanged rates prevailing at the baseline year, 1 February 2016, as that exchange rate is applied to assess the compliance of results achieved, as measured to DLIs (Note 1.2) that has results monetary thresholds determined in USD underlying currency.

The exchange rate defined by the CBRA on USD/EUR rate on AMD is as follows:

Date	USD	EUR
1 February 2016	489.16	531.03
31 December 2020	522.59	641.11
10 December 2021	495.24	560.56

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3. Progress of Loan proceeds withdrawal

Category	Cumulative Withdrawal as at 31 Dec 2021	Cumulative total budget of the Project	Execution
	USD	USD	%
(1) DLI#1: Decision at shareholder meetings	2,832,000	2,832,000	100%
(2) DLI#2: Liquidation of Haigasard	2,000,000	2,000,000	100%
(3) DLI#3: No new non-core business expenditure of ANPP	2,500,000	2,500,000	100%
(4) DLI#4: No new non-core business expenditure of YTPC	2,500,000	2,500,000	100%
(5) DLI#5: Reduce of principal amount of loan of ANPP	4,259,595	4,260,000	100%
(6) DLI#6: Reduce of principal amount of loan of YTPC	2,300,000	2,300,000	100%
(7) DLI#7: Reduce of gas payable of YTPC	4,982,000	4,982,000	100%
(8) DLI#8: ENAs tariff margin for each period	2,000,000	2,000,000	100%
(9) DLI#9: Tariffs for YTPC and Hrazdan TPP	2,000,000	2,000,000	100%
(10) DLI#10: Electricity supplied by YTPC is maintained	4,551,000	4,551,000	100%
Renovation of gas-turbine of the YTPC*	23,751,145	13,224,690	180%
Front-end fee	75,000	75,000	100%
Total	53,750,740	43,224,690	124%

4. Financing

4.1. IBRD Loan Number 8615-AM

	Reporting year USD	Cumulative as at 10 Dec 2021 USD
DLI advance/ (advance recovery)	-	-
DLI payment	1,300,000.00	29,924,595.49
Front-end fee	-	75,000.00
Total	1,300,000.00	29,999,595.49
Total financing budget		30,000,000
Percentage of finance provided as at 10 Dec 2021		100%

4.2. YTPC co-financing

	Reporting year USD	Cumulative as at 10 Dec 2021 USD
In-cash	-	23,751,145
Total financing budget		13,224,690
Percentage of finance provided as at 10 Dec 2021		180%

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5. DLIs/DLRs implementation progress

DLIs	DLRs	Progress of implementation as at 10 Dec 2021	Corresponding verification process	Amount of Loan Allocated (USD)	Loan Proceed Cumulative as at 10 Dec 2021 (USD)
(1) DLI#1: Decision at shareholder meetings	DLR #1: Shareholders of ANPP and YTPC have met and made a decision prohibiting their non-core business related expenditures	Implemented by 30.06.2016	WB conformed on 16.08.2016	2,832,000	2,832,000
(2) DLI#2: Liquidation of Haigasard	DLR#2.1: Shareholders of Haigasard met and (i) made a decision to liquidate, and (ii) approved the liquidation plan	Implemented by 31.12.2016	WB conformed on 16.02.2017	1,000,000	1,000,000
	DLR#2.2: Liquidation Commission appointed has completed the revaluation of assets of the company	Implemented by 31.12.2017	WB conformed on 24.01.2018	500,000	500,000
	DLR#2.3: The first public tenders to sell Haigasard's assets have closed (as revised by Loan agreement amendment dated 10 June 2021)	Implemented by 30.07.2021	WB conformed on 01.09.2021	500,000	500,000
	Subtotal			2,000,000	2,000,000
(3) DLI#3: No new non-core business expenditure of ANPP	DLR#3.1: ANPP has not incurred in any new non-core business related expenditures, borrowing and lending for FY 2016	Implemented by 31.12.2016	WB conformed on 11.07.2017	1,900,000	1,900,000
	DLR#3.2: ANPP has not incurred in any new non-core business related expenditures, borrowing and lending for FY 2017	Implemented by 31.12.2017	WB conformed on 16.08.2018	200,000	200,000
	DLR#3.3: ANPP has not incurred in any new non-core business related expenditures, borrowing and lending for FY 2018	Implemented by 31.12.2018	WB conformed on 09.09.2019	200,000	200,000
	DLR#3.4: ANPP has not incurred in any new non-core business related expenditures, borrowing and lending for FY 2019	Implemented by 31.12.2019	WB conformed on 16.07.2020	200,000	200,000
	Subtotal			2,500,000	2,500,000
(4) DLI#4: No new non-core business expenditure of YTPC	DLR#4.1: YTPC has not incurred in any new non-core business related expenditures, borrowing and lending for FY 2016	Implemented by 31.12.2016	WB conformed on 11.07.2017	1,900,000	1,900,000
	DLR#4.2: YTPC has not incurred in any new non-core business related expenditures, borrowing and lending for FY 2017	Implemented by 31.12.2017	WB conformed on 16.08.2018	200,000	200,000
	DLR#4.3: YTPC has not incurred in any new non-core business related expenditures, borrowing and lending for FY 2018	Implemented by 31.12.2018	WB conformed on 09.09.2019	200,000	200,000
	DLR#4.4: YTPC has not incurred in any new non-core business related expenditures, borrowing and lending for FY 2019	Implemented by 31.12.2019	WB conformed on 16.07.2020	200,000	200,000
	Subtotal			2,500,000	2,500,000

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DLIs	DLRs	Progress of implementation as at 10 Dec 2021	Corresponding verification process	Amount of Loan Allocated (USD)	Loan Proceed Cumulative as at 10 Dec 2021 (USD)
(5) DLI#5: Reduce of principal amount of loan of ANPP	DLR#5.1: ANPP has reduced the principal amount of the outstanding commercial loans by at least USD 2,172,000 during 01.02.2016-11.05.2016	Implemented as at 11.05.2016	WB conformed on 16.08.2016	1,086,000	1,085,595
	DLR#5.2: ANPP has reduced the principal amount of the outstanding commercial loans by at least USD 2,828,000 during 12.05.2016-31.12.2016	Implemented as at 30.06.2016, so settling all selected loans		1,414,000	1,414,000
	DLR#5.3: ANPP has reduced the principal amount of the outstanding commercial loans by at least USD 3,520,000 during FY 2017			1,760,000	1,760,000
	Subtotal			4,260,000	4,259,595
(6) DLI#6: Reduce of principal amount of loan of YTPC	DLR#6.1: YTPC has reduced the principal amount of the outstanding commercial loans by at least USD 1,000,000 during 01.02.2016-30.06.2016	Implemented as at 11.05.2016	WB conformed on 06.09.2016	500,000	500,000
	DLR#6.2: YTPC has reduced the principal amount of the outstanding commercial loans by at least USD 1,600,000 during 01.07.2016-31.12.2016	Implemented as at 10.08.2016, so settling all selected loans		800,000	800,000
	DLR#6.3: YTPC has reduced the principal amount of the outstanding commercial loans by at least USD 3,520,000 during FY 2017			1,000,000	1,000,000
	Subtotal			2,300,000	2,300,000
(7) DLI#7: Reduce of gas payable of YTPC	DLR#7.1: YTPC's payable under this contract reduced to AMD 10,861,961,848 as at 12.05.2016	Implemented as at 11.05.2016	WB conformed on 16.08.2016	780,000	780,000
	DLR#7.2: YTPC's payable under this contract reduced to AMD 10,661,961,848 as at 30.06.2016	Implemented as at 30.06.2016		120,000	120,000
	DLR#7.3: YTPC's payable under this contract reduced to AMD 9,661,961,848 as at 31.12.2016			600,000	600,000
	DLR#7.4: YTPC's payable under this contract reduced to AMD 8,161,961,848 as at 30.06.2017			900,000	900,000
	DLR#7.5: YTPC's payable under this contract reduced to AMD 6,661,961,848 as at 31.12.2017			1,200,000	1,200,000
	DLR#7.6: YTPC's payable under this contract reduced to AMD 5,161,961,848 as at 31.12.2018			600,000	600,000
	DLR#7.7: YTPC's payable under this contract reduced to AMD 4,161,961,848 as at 31.12.2019			600,000	600,000
	DLR#7.8: YTPC's payable under this contract reduced to AMD 3,858,961,848 as at 31.12.2020			182,000	182,000
	Subtotal			4,982,000	4,982,000

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DLIs	DLRs	Progress of implementation as at 10 Dec 2021	Corresponding verification process	Amount of Loan Allocated (USD)	Loan Proceed Cumulative as at 10 Dec 2021 (USD)
(8) DLI#8: ENAs tariff margin for each period	DLR#8.1: ENA's license is amended by PSRC by 30.06.2016 and ENA's margin is adjusted by 31.12.2016	Implemented by 30.06.2016	WB conformed on 16.08.2016	1,000,000	1,000,000
	DLR#8.2: ENA's margin is adjusted by PSRC by 31.12.2017	Implemented by 01.02.2017	WB conformed on 11.07.2017	400,000	400,000
	DLR#8.3: ENA's margin is adjusted by PSRC by 31.12.2018	Implemented by 20.06.2018	WB conformed on 16.08.2018	200,000	200,000
	DLR#8.4: ENA's margin is adjusted by PSRC by 31.12.2019	Implemented by 31.12.2019	WB conformed on 29.01.2020	200,000	200,000
	DLR#8.5: ENA's margin is adjusted by PSRC by 31.12.2020	Implemented by 31.12.2020	WB conformed on 23 Oct 2020	200,000	200,000
	Subtotal			2,000,000	2,000,000
(9) DLI#9: Tariffs for YTPC and Hrazdan TPP	DLR#9.1: Tariff setting methodology is revised by PSRC by 30.06.2016 and tariffs for YTPC and Hrazdan TPP for each period by PSRC by 31.12.2016	Implemented by 30.06.2016	WB conformed on 16.08.2016	1,000,000	1,000,000
	DLR#9.2: Tariffs for YTPC and Hrazdan TPP for each new tariff period are revised by PSRC by 31.12.2017	Implemented by 01.02.2017	WB conformed on 11.07.2017	400,000	400,000
	DLR#9.3: Tariffs for YTPC and Hrazdan TPP for each new tariff period are revised by PSRC by 31.12.2018	Implemented by 20.06.2018	WB conformed on 16.08.2018	200,000	200,000
	DLR#9.4: Tariffs for YTPC and Hrazdan TPP for each new tariff period are revised by PSRC by 31.12.2019	Implemented by 31.12.2019	WB conformed on 29.01.2020	200,000	200,000
	DLR#9.5: Tariffs for YTPC and Hrazdan TPP for each new tariff period are revised by PSRC by 31.12.2020	Implemented by 31.12.2020	WB conformed on 23 Oct 2020	200,000	200,000
	Subtotal			2,000,000	2,000,000
(10) DLI#10: Electricity supplied by YTPC is maintained	DLR#10.1: YTPC supplied to the power transmission network at least 1400GWh of electricity during FY2016	Implemented	WB conformed on 16.02.2017	1,721,000	1,721,000
	DLR#10.2: YTPC supplied to the power transmission network at least 1400GWh of electricity during FY2017	Implemented by 31.12.2017	WB conformed on 24.01.2018	1,630,000	1,630,000
	DLR#10.3: YTPC supplied to the power transmission network at least 1400GWh of electricity during FY2018	Implemented by 31.12.2018	WB conformed on 09.09.2019	400,000	400,000
	DLR#10.4: YTPC supplied to the power transmission network at least 1400GWh of electricity during FY2019	Implemented by 31.12.2019	WB conformed on 29.01.2020	400,000	400,000
	DLR#10.5: YTPC supplied to the power transmission network at least 1400GWh of electricity during FY2020	Implemented by 31.12.2020	WB conformed on 25 Jan 2021	400,000	400,000
	Subtotal			4,551,000	4,551,000
(11) Front-end fee	N/a	n/a	n/a	75,000	75,000
Total				30,000,000	29,999,595

6. Program Expenditures in underlying currencies

Program Expenditure	Actual	
	Reporting year ended 10.12.2021	Cumulative as at 10.12.2021
ANPP		
Refinancing of commercial loans	-	EUR 2,000,000.00 USD 6,354,000.00
YTPC		
Repayment of the payable for natural gas (the payable under the contract with Yerevan GGM of Gazprom Armenia CJSC for supply of gas to generate power for domestic needs)	-	AMD 9,199,959,708.00
Overhaul of the gas turbine	-	EUR 20,737,447.55
Refinancing of commercial loans	-	USD 650,000.00 EUR 3,642,307.45
Program audits and IVA	AMD 15,711,000.00	AMD 103,361,055.07

7. Use of Loan proceeds by YTPC and ANPP

Nature of proceeds used	YTPC	ANPP	Total
	USD	USD	
Use of Loan Proceeds			
Cumulative as at 01.01.2021			
Paying for energy input supply	15,776,475	7,789,047	23,565,522
Repayment of commercial loan balance	4,690,111	-	4,690,111
Maintenance and operation of Plant	-	368,963	368,963
Reporting year ended 10.12.2021	20,466,586	8,158,010	28,624,596
Paying for energy input supply	572,000	728,000	1,300,000
Cumulative as at 10.12.2021	572,000	728,000	1,300,000
Paying for energy input supply	16,348,475	8,517,047	24,865,522
Repayment of commercial loan balance	4,690,111	-	4,690,111
Maintenance and operation of Plant	-	368,963	368,963
	21,038,586	8,886,010	29,924,596
Proceeds Received			
Cumulative as at 01.01.2021	20,466,586	8,158,010	28,624,596
Year ended 10.12.2021	21,038,586	8,886,010	29,924,596
Unused amount outstanding			
As at 01.01.2021	-	-	-
As at 10.12.2021	-	-	-

8. Project completion

Closing date of IBRD Loan Number 8615-AM is set 30 July 2021, and the Grace Period for submitting withdrawal application is set at 31 January 2022. As at December 10, 2021 ("Reporting date") all transaction were completed.

- ✓ There were no withdrawal applications after the Reporting date;
- ✓ There were no proceeds received after the Reporting date;
- ✓ There is no outstanding balance of Loan receivable;
- ✓ There is no outstanding balance of Loan advance;
- ✓ There are no pending litigations related to the Program as at reporting date and as at approval date of these financial statements.