

SUPPLEMENT
of the PROSPECTUS
Registered by RA CB Chairman's resolution N
1/446A dated 03.07.2019

«ARMENIAN ECONOMY DEVELOPMENT BANK» OPEN JOINT STOCK COMPANY

Issuer
name

23/1 Amiryan str., Yerevan, RA, tel: (+37410) 510 910, fax: (+37410) 538 904, e-mail:
bank@aeb.am

Securities class (type)	Ordinary share (equity security)
Securities form	Non documentary
Number of securities	30,800 items
Securities nominal value (currency)	AMD 10,400
Total nominal value of securities	AMD 320,320,000

UNDERWRITER- "ARMECONOMBANK" OJSC

On 18.10.2019, ARMECONOMBANK OJSC Board resolved to change the term of shares distribution; that is the deadline of the placement of shares has been defined 30.12.2019,16:00, conditioned by that we hereby present the Supplement of the Prospectus registered by RA CB Chairman's resolution N1/446 A dated 03.07.2019.

CONTENT

		page
	RESPONSIBLE PARTIES	3
Section 1.	SUMMARY SHEET	5
1	Information on the Bank and Bank's activity	5
2	A brief description of risks related to the Bank and securities	9
3	Change trends of the Bank's economic development activity and financial situation	10
4	Brief information about the identity of the Bank's auditor and consultants	11
5	The Bank's management body members, employees and key shareholders	11
6	Basic statistical data of securities intended for trading permission in proposed or regulated market	13
7	Comprehensive description of securities offering	13
8	Other essential information per the Bank's discretion which are not mentioned in the preceding paragraphs	14
9	Brief financial data	14
Section 2.	Information on shares to be issued	16
4.	Terms and conditions of the Offer	16

RESPONSIBLE PARTIES

We, the signatory parties, assure that we make all reasonable efforts to determine the information the prospectus contains to be accurate and complete. Accordingly, we assure that according to our best awareness the information involved in this prospectus is accurate and complete, and does not contain omissions that can distort the content of the prospectus.

The signatory parties:

<u><i>Saribek Sukiasyan</i></u>	<u><i>Chairman of the Board</i></u>	_____	_____
(name, surname)	(position)	(signature)	(date)

<u>Ruben Hayrapetyan</u>	<u>Deputy Chairman of the Board</u>	_____	<u>22.10.2019</u>
(name, surname)	(position)	(signature)	(date)

<u><i>Luiza Petrosyan</i></u>	<u><i>Board member, Secretary of the Board</i></u>	_____	<u>22.10.2019</u>
(name, surname)	(position)	(signature)	(date)

<u>Vahagn Khachaturyan</u>	<u>Board Member</u>	<u>22.10.2019</u>	_____
(name, surname)	(position)	(signature)	(date)

<u><i>Per Fischer</i></u>	<u><i>Board member</i></u>	_____	<u>14.10.2019</u>
(name, surname)	(position)	(signature)	(date)

14.10.2019

<u><i>Aram Khachatryan</i></u>	<u><i>Chairman of Executive Board, CEO</i></u>	_____	<u>22.10.2019</u>
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(name, surname)

(position)

(signature)

(date)

Artak Arakelyan

(name, surname)

*Deputy Chairman of Executive
Board, Deputy
CEO- Treasurer*

(position)

(signature)

22.10.2019

(date)

<u>Onik Chichyan</u> (name, surname)	<u>Deputy Chairman of the Executive Board Deputy CEO for Corporate and Retail Business</u> (position)	_____	<u>22.10.2019</u>
		(signature)	(date)
<u>Ruben Badalyan</u> (name, surname)	<u>Deputy Chairman of the Executive Board Deputy CEO for Operations</u> (position)	_____	_____
		(signature)	(date)
<u>Astghik Manrikyan</u> (name, surname)	<u>Deputy Chairman of the Executive Board Deputy CEO for International Operations and Development</u> (position)	_____	<u>22.10.2019</u>
		(signature)	(date)
<u>Arpine Pilosyan</u> (name, surname)	<u>Deputy Chairman of the Executive Board Deputy CEO for Deputy CEO for Technologies and Security</u> (position)	_____	<u>22.10.2019</u>
		(signature)	(date)
<u>Mikael Poghosyan</u> (name, surname)	<u>Member of the Executive Board Chief Accountant</u> (position)	_____	<u>22.10.2019</u>
		(signature)	(date)
<u>1. Hayk Avetisyan</u> (name, surname)	<u>Member of the Executive Board Head of Strategy and Risk Management Department</u> (position)	_____	<u>22.10.2019</u>
		(signature)	(date)
<u>Vrej Jhangiryan</u> (name, surname)	<u>Member of the Executive Board Head of Law Department</u> (position)	_____	<u>22.10.2019</u>
		(signature)	(date)

The signatures are verified:

Chairman of the Executive Board

Aram Khachatryan

(name, surname)

CEO

(position)

(signature)

(date)

SECTION 1: SUMMARY SHEET

Summary sheet is seen as brief introductory description of prospectus.

While making a decision on investing in the proposed shares the investor should read the entire prospectus.

The person responsible for the information contained in the Summary sheet is responsible for incomplete or misleading information contained in the Summary sheet only in case if it is incomplete or misleading in other parts of the Prospectus.

The investor can obtain the prospectus and the documents attached to it in documentary version from the Bank's head office and branches and the electronic version – from the Bank's website- www.aeb.am. The personal data of the persons represented in the Prospectus are presented upon the latter's consent.

1. Information about the Bank and Bank's activity

1.1. The Bank's full name is:

“ARMENIAN ECONOMY DEVELOPMENT BANK” OPEN JOINT STOCK COMPANY

The Bank's abbreviated company name is:

«ARMECONOMBANK» OJSC

1.2. The organizational-legal form of the Bank- open joint stock company.

1.3. State registration place of the Bank is 23/1 Amiryan str., Yerevan, RA, registration No 1.

1.4. Location of the Bank- 23/1 Amiryan str., Yerevan, RA.

1.5. Means of communication:

Tel: (+37410) 510 910

Fax: (+374 10) 538 904

E-mail: bank@aeb.am

Website: www.aeb.am

Foundation country of the Bank- Republic of Armenia

1.6. In case of questions related to the Bank and investment in shares the investors can contact the Head of "ARMECONOMBANK" OJSC Strategy and Risk Management Department H. Avetisyan with the following number: (+37410) 510 976.

1.7. Brief history of the issuer:

The bank (the Armenian Republic branch of former USSR Zhilsotsbank) was the first one among the state banks of the Republic of Armenia that was reorganized to a joint-stock bank.

On 14 February 1991, by Resolution No.115 of RA Board of Ministers of RA, State Shareholding Commercial Bank of the Republic of Armenia (armstatecombank) was established on the basis of based on the Armenian republic branch of former USSR Zhilsotsbank.

On 16 November 1992, the bank was granted License No.1 by the Central Bank of RA to conduct banking operations.

On 28 December 1993, by the resolution of the Executive Board of the Central Bank of

RA (minutes N 40) Armstatecombank was reregistered as Armenian Economy Development Bank (ARMECONOMBANK OJSC) – (Record No. 1/35) and granted License No.1/35 to conduct banking operations.

In 2002 the Bank's shares were listed in B platform of "NASDAQ OMX ARMENIA",

In 2004 agreement was signed between ARMECONOMBANK OJSC and EBRD by which the participation of EBRD in the bank's chartered capital began, in the result of which the participation of EBRD amounted to 25%+1 shares.

In February 2007, for the first time in Armenia, Moody's Investors Service, an international rating agency, granted ARMECONOMBANK OJSC E+ financial strength and B1 long-term local currency and foreign currency deposit ratings, both with Stable Outlook.

In 2013 ARMECONOMBANK OJSC received ISO/IEC 27001:2005 certificate (Informational security management system).

On December 3, 2014 European Bank for reconstruction and development (EBRD), Sukiasyan brothers and ARMECONOMBANK OJSC signed an agreement of purchase of shares wherewith EBRD agreed to sell its 233.335 ordinary shares with 5 equal portions (46.667 each tranche) during 5 years- from December 2014 to March 2, 2019.

In 2015, a memorandum of merger was signed between the managers of ARMECONOMBANK OJSC and "BTA Bank" CJSC Kazakhstan to merge "BTA Bank" CJSC being registered and carrying out activity in Armenia to ARMECONOMBANK OJSC.

In 2016, by the resolution of RA Central Bank "BTA Bank" CJSC was consolidated with ARMECONOMBANK OJSC, as a result ARMECONOMBANK OJSC chartered capital increased by AMD 5,294,232 thousand and the branch network expanded by 6 branches.

In 2018, AMD 33,438,300 (thirty-three million, four hundred thirty-eight thousand, three hundred) from the Bank's emission income, AMD 2,524,160,700 (two billion, five hundred twenty-four million, one hundred sixty thousand and seven hundred) from non-distributed profit and AMD 3,000,000,000 (three billion) from the Main reserve were directed to the increase of the chartered capital, as a result , the chartered capital amounted to AMD 22,266,343,200 and on the account of that the nominal value of a single common share increased by AMD 3000 and made AMD 10,400 against the previous AMD 7,400.

In 2019, the Bank's chartered capital supplemented with AMD 3,369,000.0, as a result, the Bank's chartered capital amounts to AMD 25,635,343,200.

All the patents and licenses granted to the Bank are timeless.

1.8. Bank's strategy

The Bank's strategic target is to ensure the continuous development as a universal structure, providing banking services to customers in accordance with international standards, ensuring the protection of the interests of the bank's customers and shareholders.

While planning both quantitative and qualitative progress in all areas, the bank will maintain the focus on further development of risk management system internal control system, AML/CFT, corporate governance values, improvement of banking service technologies, expansion of the international operations and enhancement of the cooperation with international financial and credit institutions.

Main objectives of the strategy for the planned year arise from the basic objectives of the bank's financial policy: to maintain and increase the bank's general capital, to ensure stable liquidity, to efficiently manage the bank's financial facilities so that the earnings generated not only compensate the necessary expenses, but allow for sufficient reserves solving the problems of bank capitalization.

The bank's mission is to be a risk management system in compliance with international standards, a lawful and transparent institution developing by progressive technologies, that contributes not only to the stability of Armenian banking system, but to the development of the country's economy as well.

1.9. The charter capital of the Bank and the latter's structure

The actual size of the replenished charter capital of the Bank is AMD 25,635,343,200 which includes 1,852,533 ordinary shares each with a nominal value of AMD 10,400 and 424,600 preference shares each with a nominal value of AMD 15,000.

The Bank's announced shares make 2,000,000 (two million) ordinary shares each with a nominal value of AMD 10,400 (ten thousand four hundred).

The Bank's announced preference shares subject to placement make 228,479 (two hundred twenty-eight thousand four hundred seventy-nine) preference shares with fixed dividend each with a nominal value of AMD 15,000 (fifteen thousand). The liquidity value of each share shall be in the size of nominal value each in the size of annual 14% (fourteen) against the nominal value of the dividend to be paid.

As of 30.09.2019 the shareholders paid 100% of the share capital.

As of 30.09.2019 the number of owners of the Bank's ordinary shares amounts to 3,240.

1.10. Bank's business description (services)

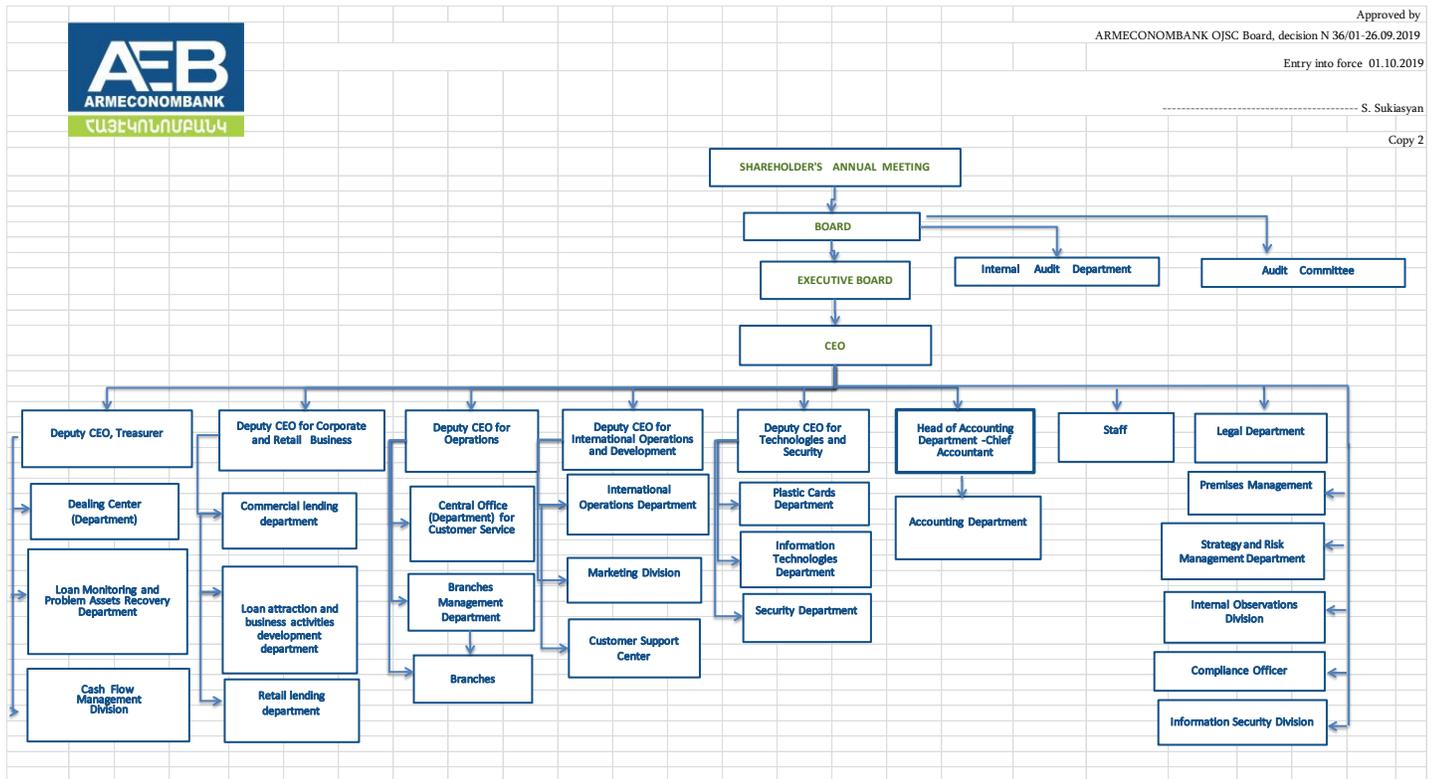
According to the Bank's charter:

The Bank can carry out all the financial operations set by RA laws and other legal acts:

As of 30.09.2019 the Bank has correspondent accounts in 17 local and international banks.

The Bank is a member of the following international money transfer system: "MoneyGram", "Ria Money Transfers", "IntelExpress", "Unistream", "Converse Transfer", "Golden Money Transfer", "MoneyTun" and "Faster" systems.

1.11. The bank's structure is presented below:



As of the moment of presenting the Prospectus, ARMECONOMBANK OJSC has 52 branches, 51 of which are located within RA territory 1 in Stepanakert, Nagorno-Karabakh.

1.12. Asset adequacy and suitability on the Bank's disposal:

Thous. AMD

NQ	Ind	30.06.2019	31.12.2018	31.12.2017	31.12.2016
1	Assets, including	237,394,369	221,697,397	190,802,799	146,182,358
2	Profitable assets	204,653,470	199,311,211	149,973,255	113,976,704
3	Loans to customers	147,845,979	133,629,775	104,216,558	75,047,659
4	Due from banks and other financial institutions	12,420,669	13,175,950	13,030,610	8,253,897
5	Financial assets available for sale (investment securities)	23,058,921	19,752,226	2,036,091	2,879,255
6	Cash facilities and their equivalents	35,044,724	38,158,045	35,824,831	32,059,829
7	Cash facilities	10,770,736	9,304,956	9,437,455	8,818,128
8	Financial assets at fair value through profit or loss	0	17,468	0	1,765
9	Reverse repurchase agreements	5,521,355	3,882,703	4,296,862	4,552,427
10	Investments in associate companies	0	0	0	0
11	Profitable assets ratio (%)	86.21%	89.90	78.60%	77.97%

Detailed information on depreciated loans (non-performing) is presented in the notes attached to the reports published by the Bank (Note 16 - Loans to customers).

2. A brief description of risks related to the Bank and securities

2.1. Risk management process consists of the following stages: identify, assess, control and respond to assessed risks in the Bank's operations. Furthermore, the response stage is implemented through risk avoidance, reduction, acceptance, or transfer options.

Pursuant to ARMECONOMBANK OJSC Risk Management Policy and the principles of risk management of Basel Committee and GARP (Generally Accepted Risk Principles), the following models of assessment and management of basic risks have been adopted:

- Credit risk;
- Market risk;
 - ✓ interest rate risk
 - ✓ foreign exchange risk
 - ✓ price risk
- Liquidity risk;
- Operational risk;
- Reputational Risk
- Infection risk
- Strategy risk
- Risk of changes in legislative and normative fields
- The country's general and economic environment risk

More information on the risks is presented in Section 3 of this Prospectus ("Information on the Issuer of shares") (paragraph 2 ("Risk factors")).

2.2 Investment in shares is associated with certain possible risks; hence before making a decision to invest investors should thoroughly study and analyze all the possible risks related to the investment and disclosed in the Prospectus. Nevertheless, it is necessary to consider that the list of possible risks presented in the Prospectus is not exhaustive. The occurrence of other unexpected risks is probable as well and by making decision on investment the investor should be fully aware of the nature of the investment and be guided by its personal experience, goals and expectations.

Each of the presented risks may have some negative impact both on the Bank's status and on market situation leading to market shares circulation decrease in liquidity. The most significant risks observed by the Bank are considered to be:

a) Liquidity risk of shares - occurs due to the abrupt changes of market situation or the worsening of the Bank's financial state, as a result, the shares may lose their value leading to decline in their price. The issuer may not be able

to sell shares without suffering significant losses or won't be able to sell them at all because of low liquidity of shares available at the given situation in the market.

b) Foreign currency risk- occurs due to exchange rate abrupt fluctuations which may significantly affect both the Bank and securities market. The shares are to be quoted and paid in AMD, hence for the investors whose financial flows are in other currency the given shares will contain considerable risk.

c) Interest rate risk – it is a consequence of abrupt changes of interest rates available in the market, which, as an alternative investment direction, indirectly affects the prices of shares.

d) The Bank's reputation risk which have a direct impact on the attractiveness and price of shares.

More information on the risks related to shares to be issued is presented in Section 2 of this Prospectus ("Information on the shares to be issued ") (paragraph 1 ("Risk factors")).

3. Change trends of the Bank's economic development activity and financial situation

The Bank carries out its activities in accordance with Prospective development plan approved by the Bank's Board, objectives, principles, main activities and ways of solving problems set in them. The

As proofs of recognition of the bank as a successful and promising financial institution should be considered the fact of receiving ISO/IEC 27001 certificate (Informational security management system) which opens great prospects in terms of the bank's international recognition, enhancement of cooperation with foreign financial institutions, and further development.

The change tendencies of the Bank's 2016-2018 financial state are reflected in 1.12 subparagraph of paragraph 1 and in paragraph 9 of this bulletin.

Envisioning development of all sectors in both quantitative and qualitative growth, greater attention will be paid to risk management system, internal system, AML/CFT, the development of values of corporate governance, banking services, technology development, international operations, as well as expansion of cooperation with international financial institutions.

As of 31.03.2019 the Bank's capital amounts to approximately AMD 37.5 billion growing by 13.6% compared with the end of previous year. During 2019 (until the date of registration of the Prospectus), no significant changes have occurred in the Bank's operations and financial condition and the Bank keeps the growth trends of assets and other key indicators.

All patents and licenses necessary for the operation are valid, lawsuits which have had or will have a significant impact on the Bank's financial position and profitability are missing, and no significant organizational changes are expected.

4. Brief information about the identity of the Bank's auditor and consultants

The Bank's 2016, 2017 and 2018 audit was carried out by "Deloitte Armenia" CJSC which location and means of communication are:

"Deloitte Armenia" CJSC

CEO- Srбуhi Hakobyan

4/6 Amiryan str., 0002, Yerevan, RA,
tel: +374 (10) 52 65 20, fax: +374 (10) 52 75 20,
www.deloitte.ru:

5. The Bank's management body members, employees and key shareholders

5.1. Management body members of the issuer:

The following management bodies are set by the Bank's Charter:

- General meeting of shareholders (hereinafter General meeting) which is the highest governing body of the Bank,
- Bank's Board (hereinafter the Board) which is elected by the General Meeting of Shareholders,
- Bank's CEO who is the Chairman of Executive Board,
- Bank's Executive Board (hereinafter Executive Board).

The Bank's Board consists of 6 members:

N	Name, surname	Position	Experience
1	Saribek Sukiasyan	Chairman of the Board	27 years
2	Ruben Hayrapetyan	Board member, Deputy	16 years

		Chairman of the Board	
3	Luiza Petrosyan	Board member, Secretary of the Board	13 years
4	Aram Melikyan	Board member	31 years
5	Per Fischer	Board member	29 years
6	Vahagn Khachaturyan	Board member	37 years

The Bank's Executive Board consists of 9 members:

NQ	Name, surname	Position	Experience
1	Aram Khachatryan	Chairman of Executive Board, CEO	12 years
2	Ruben Badalyan	Deputy Chairman of Executive Board, Deputy CEO for Operations	16 years
3	Onik Chichyan	Deputy Chairman of Executive Board, Deputy CEO for Corporate and Retail Business	17 years
4	Artak Araqelyan	Deputy Chairman of Executive, Deputy CEO – Treasurer	14 years
5	Astghik Manrikyan	Deputy Chairman of Executive Board, Deputy CEO for International Operations and Development	13 years
6	Arpine Pilosyan	Deputy Chairman of Executive Board, Deputy CEO for Technologies and Security	12 years
7	Mikael Poghosyan	Executive Board member, Chief Accountant	32 years

8	Hayk Avetisyan	Executive Board member, Head of Strategy and Risk Management Department	14 years
9	Vrezh Jhangiryan	Executive Board member, Head of Law Department	12 years

5.2. The Bank's employees:

As of 30.09.19 the total number of the Bank's employees is 900.

5.3. The Bank's key shareholders:

N	Full name	Participation Common shares	Participation Preference shares
1	Saribek Albert Sukiasyan	28.32%	42.06
2	Khachatur Albert Sukiasyan	16.29%	23.55%
3	Robert Albert Sukiasyan	16.86%	15.55
4	Eduard Albert Sukiasyan	10.66%	18.84

6. Basic statistical data of securities intended for trading permission in proposed or regulated market

securities type- ordinary share (equity security)

number of securities – 30,800 unites

securities total volume (market value)- AMD 500,500,000

securities total volume (nominal value)- AMD 320,320,000

securities nominal value- AMD 10,400

securities currency- AMD

securities aim - resources attraction

the intended use of resources - cash facilities attracted as a result share allocation by the issuer will be mainly directed to lending to small and medium enterprises, extending consumer loans and investments in government securities.

7. Comprehensive description of securities offering

Distribution of issued shares is carried out through an open subscription.

Under the legislation, in case of distribution of voting shares and convertible securities of voting shares through an open subscription by the Bank, the Bank's shareholders will not have a preferential right to purchase shares.

If the payment of allocated shares to be carried out by monetary for the owners of voting shares preferential right for the acquisition of voting shares and convertible securities of voting shares (in proportion to the number of voting shares owned by them) may be envisaged in compliance with the Bank's charter.

Payment of allocated shares will be carried out by monetary means. By the Bank's Charter for the owners of voting shares preferential right for the acquisition of voting shares and convertible securities of voting shares (in proportion to the number of voting shares owned by them) is not provided. Sale of shares in parallel with the issue held by shareholders is not intended.

8. Other essential information per the Bank's discretion which are not mentioned in the preceding paragraphs

Additional information regarding to the Bank's chartered capital, shareholders, distribution of profit and management bodies can be obtained from the Bank's charter in 3-6 chapters.

9. Brief financial data

Thous.
AMD

N	Indicators	2019 6 months	2018	2017	2016
	Net profit after income tax	1,426,838	2,078,026	1,550,397	590,371
	Average size of equity*	35,201,438	32,168,301	28,205,524	22,440,746
	Return on equity (ROE).%	4.05%	6.46%	5.50%	2.63%
	Net profit after profit tax	1,426,838	2,078,026	1,550,397	590,371
	Average value of total assets *	229,545,883	206,029,485	167,249,185	124,162,992
	Return on assets (ROA), %	0.62%	1.01%	0.93%	0.48%
	Net profit after profit tax	1,426,838	2,078,026	1,550,397	590,371
	Operational income	6,715,773	11,991,828	10,159,318	7,539,829
	Net profit margin (NPM),%	21.25%	17.33%	15.26%	7.83%
	Operational income	6,715,773	11,991,828	10,159,318	7,539,829

Average value of total assets*	229,545,883	206,029,485	167,249,185	124,162,992
Asset utilization ratio (AU)	2.93%	6.40%	8.03%	8.60%
Average size of total assets*	229,545,883	206,029,485	167,249,185	124,162,992
Average size of equity	35,201,438	32,168,301	28,205,524	22,440,746
Equity multiplier (EM)	6.52	6.40	5.93	5.53
Net interest income	4,744,547	8,742,031	6,840,338	5,503,870
Average size of profitable assets*	201,535,437	182,896,810	142,614,670	103,769,713
Net interest margin (NIM)	2.35%	4.78%	4.80	
Interest income	9,876,575	17,664,310	14,121,975	11,359,949
Average size of profitable assets*	201,535,437	182,896,810	142,614,670	103,769,713
Return on profitable assets	4.90%	9.66%	9.90%	10.95%
Interest expenses	5,132,029	8,922,279	7,281,637	5,856,079
Liabilities of which interest expenses are done*	158,994,567	160,428,957	119,139,531	86,677,966
Expenditure of liabilities of which interest expenses are implemented	3.23%	5.56%	6.11%	6.76%
Net profit after profit tax	1,426,838	2,078,026	1,550,397	590,371
Weighted average number of shares	1,852,533	1,852,533	1,852,533	1,343,195
Net earnings per share (EPS)	0.77	1.12	0.84	0.44
Spread	1.67%	4.81	5.98%	6.65%

Section 2. INFORMATION ABOUT ISSUED SHARES

4. OFFER TERMS AND CONDITIONS

1) The terms of the offer, statistics, expected schedule and the actions that are necessary for benefit from the offer.

a. The total amount of issuance and (or) offer

The amount of the offer is fully consists of 30,800 pes ordinary shares, each with nominal value of AMD 10,400 with a total cumulative amount of AMD 500,500,000 (*market price*) (each for AMD 16,250 of the market price) , 320,320,000 (*nominal value*) which is entirely subject to subscription .

b. Beginning and end of the offer (including the terms of any possible changes)

The beginning of shares placement is considered the 6th working day at 09:00 following the registration of this Prospectus by the Central Bank and the end is 31.10.2019 at 16:00. By ARMECONOMBANK OJSC Board resolution N39/01-08.10.2019 the terms of the distribution were changed. The end of placement has been defined 30.12.2019, 16:00.

In case of entire volume of shares subscription before the mentioned term the Bank will terminate the subscription process.

The prospectus will be published at least 3 working days before the allocation in the bank's website - www.aeb.am.

Possible changes on allocation terms can be made by the Bank's Board's resolution.

