

Program Prospectus Addendum



“Inecobank”

Corporate name of the issuer

Closed Joint Stock Company

Legal form

17 Tumanyan str., Yerevan 0001, Republic of Armenia
tel. (+374 10) 510 510, fax (+374 10) 510 573

E -mail: info@inecobank.am,

URL www.inecobank.am

“Inecobank”

Corporate name of the underwriter

Closed Joint Stock Company

Legal form

17 Tumanyan str., Yerevan 0001, Republic of Armenia
tel. (+374 10) 510 510, fax (+374 10) 510 573

E -mail' info@inecobank.am,

URL' www.inecobank.am

Type of securities	Nominal Coupon Bond	
Form of securities	Dematerialized	
Number of securities	According to the volume of issue and the face value of a bond	
Face value of securities	AMD 10,000 (ten thousand)	USD 100 (one hundred)
Total volume of securities	Maximum AMD 3,500,000,000 (three billion five hundred million)	Maximum USD 20,000,000 (twenty million)
Coupon	shall be determined by the Management Board of the Bank, at least 5 (five) business days prior to the date of allocation	
Term of circulation	shall be determined by the Management Board of the Bank, at least 5 (five) business days prior to the date of allocation	

“REGISTRATION OF THE PROGRAM PROSPECTUS BY THE CENTRAL BANK OF ARMENIA DOESN'T GUARANTEE THE SECURITY OF INVESTMENT, ACCURACY OR AUTHENTICITY OF PRESENTED INFORMATION”.

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Persons responsible for this program prospectus

We, the undersigned, assure that we have made every reasonable effort to ascertain that the information contained in the program prospectus is correct and full. Therefore, we assure that to our best knowledge the information contained in the program prospectus is correct and full, free of any omissions which may distort the content of the program prospectus.

Signatories

Avetis Baloyan Chairman of the Board of "INECOBANK" CJSC		<u>20.02.2020</u> (date)
Karen Safaryan Board Member of "INECOBANK" CJSC		<u>20.02.2020</u> (date)
Ashot Avetisyan Board Member of "INECOBANK" CJSC		<u>20.02.2020</u> (date)
Sulkhan Gvalia Board Member of "INECOBANK" CJSC		<u>20.02.2020</u> (date)
Aren Naltakyan Chief Executive Officer, Chairman of the Management Board of "INECOBANK" CJSC		<u>20.02.2020</u> (date)
Hayk Voskanyan Chief Financial Officer, Management Board Member of "INECOBANK" CJSC		<u>20.02.2020</u> (date)
Artem Chichyan Corporate Business Director, Management Board Member of "INECOBANK" CJSC		<u>20.02.2020</u> (date)

Vaghinak Khachatryan
Chief Risk Officer,
Management Board Member of "INECOBANK" CJSC



20.02.2020
(date)

Levon Rubinyan
Retail Business Director,
Management Board Member of "INECOBANK" CJSC



20.02.2020
(date)

Arshaluys Sahakyan
Chief Accountant,
Management Board Member of "INECOBANK" CJS



20.02.2020
(date)

SECTION 1. SUMMARY

The summary shall be considered a brief introductory description of Program Prospectus, and the decision of investors to invest in offered securities shall be based on the full document and its supplements.

The person responsible for execution of the Summary shall bear civil responsibility for incompleteness or misleading nature of the information contained in the summary (including due to translation), if it is incomplete or misleading compared to other sections of the Program Prospectus.

Investors may obtain the hard copies of this document and enclosed documents thereto from the Head office of the Inecobank, and the electronic copies are available on the Web-page of the Inecobank: www.Inecobank.am

1.1 INFORMATION ON THE BANK AND ACTIVITIES OF THE BANK

Full corporate name of the Bank

In Armenian «ԻՆԵԿՈԲԱՆԿ» ՓԱԿ ԲԱԺՆԵՏԻՐԱԿԱՆ ԸՆԿԵՐՈՒԹՅՈՒՆ
In Russian АКЦИОНЕРНОЕ ОБЩЕСТВО ЗАКРЫТОГО ТИПА «ИНЕКОБАНК»
In English “INECOBANK” CLOSED JOINT STOCK COMPANY

Short corporate name of the Bank

In Armenian «ԻՆԵԿՈԲԱՆԿ» ՓԲԸ
In Russian АОЗТ “ИНЕКОБАНК”
In English “INECOBANK” CJSC

Banking license N 68

Registration certificate N 0169, Date of registration 07.02.1996.

Place of state registration of the Bank: 17, Tumanyan str., Yerevan 0001, RA

Address of the Bank: 17, Tumanyan str., Yerevan 0001, RA

Contacts: tel. (+37410) 56-59-74, (+37410) 51-05-10, fax (+37410) 51-05-73

E- mail: info@inecobank.am

URL www.inecobank.am

In case of any questions related to investments in Bonds the investors may apply to any specialist of the Dealing Department of the Bank on (+374 10) 56-59-74.

🚩 Description of the Bank

1. Incorporation of the Bank

“Inecobank” CJSC (hereinafter also referred to as the Bank) was founded on February 7, 1996, as closed joint stock company. State registration number of the Bank is 0169, and Banking license number 68. The Bank is incorporated in the Republic of Armenia.

The Bank has a Head office and 24 branches, no representations.

It has been more than 20 years that the Bank runs its business on the RA Banking market and renders universal Banking services to both physical persons and corporate clients serving more than 400,000 customers in the Republic of Armenia. Inecobank is notable on the market, with its unique corporate style. The most important role in the establishment of such style plays the development of the trade mark, which enables creating sensual and conscious connection between existing and potential clients and the Bank.

Being one of the most profitable and the most progressive developing Banks for years, the Bank renders corporate and retail Banking services. The Bank has adopted client oriented policy to maximally satisfy the needs of its clients.

The main activities of the Bank include attraction of deposits, maintenance of customers' accounts, extending loans, provision of guarantees, letters of credit, implementation of settlement functions, performance of deals with securities and transactions in foreign currency.

The activities of the Bank are regulated by the Central Bank of the Republic of Armenia. The Bank has got a license for Banking activities; it is the member of deposit guarantee system of the Republic of Armenia.

The Bank is the member of SWIFT international payment system, as well as a member of a number of money transfer systems, such as "MoneyGram", "Unistream", "IntelExpress" and "Converse Payments", member of Visa international payment system, full member and a shareholder of ArCa payment system, affiliated member of MasterCard international payment system, member of “Armenia Securities Exchange”OJSC, Member of the Securities Registration and Accounts Integrated Depository System.

2. Mission of the Bank

The mission of the Bank is to create opportunities for people to realize their goals by providing financial services in line with their needs.

3. Vision of the Bank

The vision of the Bank is to become a leading financial organization in our region with a capitalization of USD 1bln within the next ten years.

4. Values of the Bank

The values of the Bank are the reflection of the Bank's 20 plus years of history and are the guarantee for all achievements of the Bank. Not only they are essential for reaching the vision and mission of the Bank, but they guide each InecoTeam member in the course of their communication with partners, customers, and community stakeholders of the Bank. Inecobank values are the cornerstone of the Bank's activities and contribute to the development and implementation of innovative ideas and projects.

HONESTY

Honesty is a cornerstone value for the Bank's team and a distinct behavior pattern throughout the relationships with the Bank's stakeholders. For the team, honesty, based both on the legal and moral norms, first and foremost, is the harmony of thinking, activities, goals and the means to reach those goals.

FREEDOM

The Bank has the freedom to take initiatives and act decisively in the best interest of Inecobank and Bank's customers. Freedom encourages innovation and leadership allowing the Bank and Bank's team to develop.

TRANSPARENCY

Transparency is a core value on which Inecobank business is based on. The Bank strive to live by that value regardless of whether the Bank is seeing great growth or are going through challenging times.

TEAMWORK

The only way to achieve results and be successful is to build teams who engage and cooperate. We trust and respect each others opinion, as well as support all those who are ready to work and achieve success based on this core value of ours.

PROFESSIONALISM

By saying professionalism, the Bank completes the cycle of the most important values of Inecobank. We blend the freedom of action and creativity with the honesty and

transparency of business style, thus building a team with the best professional and personal qualities.

5. *Trade mark of the Bank*

The trade mark of the Bank registered by the Intellectual property Agency of the Republic of Armenia on 04 MAY 2004 is as follows:



6. The Slogan of the Bank is “Value your time”.

7. The authorised capital of the Bank as of 19.02.2020 is 14,545,680,000 (fourteen billion five hundred forty-five million six hundred eighty thousand) Armenian drams, comprising of 181,821 (one hundred eighty-one thousand eight hundred twenty-one) ordinary nominal shares, with par value of 80,000 (eighty thousand) Armenian drams each.

8. The major shareholders of the Bank are (according to the excerpt from the registry of shares owners of Inecobank CJSC as of 19.02.2020).

N	Full name	Number of shares with the property right (pieces)	Share /%/
1	Baloyan Avetis (son of Tsolak)	69,273	38.10%,
2	Safaryan Karen (son of Garnik)	59,911	32.95%
3	agRIF Coöperatief U.A.	18,201	10.01%
4	DWM FUNDS S.C.A.-SICAV SIF	9,272	5.10%

Brief Description of the Business

The Bank provides the following financial services to its customers: credit services, among which it is worthwhile to point out:

🚩 Retail business

The Bank's primary competitive advantage is retail loans that have been improved over the years, using the latest technological solutions in a stepwise manner. Generally, retail loans consist of instalment loans, consumer and mortgage loans.

1. Instalment loans. The Bank was the first in the market to consistently develop the credit sales technique by introducing the "Point of sales" loan service that significantly facilitated the credit purchase process, resulting time reduction up to a few minutes instead of taking days of completing the process. Nowadays the Bank is the leading in the credit market and will maintain its leading position. This is the sector where the Bank provides the best services to its customers.

2. Consumer loans. The Bank provides to its customers consumer loans (collateralized and non-collateralized) for various purposes. Recent years Bank's achievements are remarkable: at the beginning of 2017 quick consumer loans and at the end of the same year "1 CLICK" loans were introduced. The Bank was the first in Armenian market which implemented fully automated process of online crediting. Though it was used for last two months of 2017, it had a significant success for that short term. "1 Click" Online Loan is available 24/7 on InecoOnline and InecoMobile applications without any need of visiting the Bank or branches.

During the year 2018 the Bank has extended the limits of consumer loans. The Bank's customers can get "1 Click" online loan for amount up to AMD 5 million without any guarantor or any documentation.

3. Mortgage loans. The Bank offers mortgage loans for residential property purchase within the Republic of Armenia, renovation, construction, as well as for refinancing purposes.

Lending is financed by both Bank's internal resources and the framework of "National Mortgage Company" RCO CJSC and "Home for youth" RCO CJSC. The Bank provides floating rate mortgage loans based on own resources. These mortgages have fixed rates for the first three year period, which then become floating.

In cooperation with the "National Mortgage Company" RCO CJSC, Housing Energy Efficient loans are provided to increase the energy efficiency of the apartments / houses and regional housing loans aimed to foster the acquiring of apartments /houses in the regions.

The scoring system of the Bank has been substantially improved during recent years and allows to assess the creditworthiness of different types of customers, thus providing a customer with loan products that fits his or her needs and creditworthiness.

✎ Corporate Business

1. Business loans. The Bank provides a wide range of services in the field of business financing, both, with own resources and out of the funds attracted from partner organizations. During recent years the Bank has cooperated with almost 30 international financial institutions including KFW, ADB, IFC, EBRD, DEG, FMO, OFID, DWM, EFSE, Incofin Investment Management, Blue Orchard Microfinance Fund and etc.

Financing of small and medium-sized enterprises is an important component of the Bank's strategy. The Bank offers a wide range of crediting tools for SME customers particularly, short-term and long-term loans, credit lines, overdrafts, agricultural loans, etc.

Highly prioritizing its customers' financial stability the Bank provides financial as well as legal counseling. The Bank has good reputation among its corporate customers due to its flexible course of action.

2. Trade finance instruments. The Bank provides an effective and comprehensive set of instruments (guarantees, letters of credit, collections, etc.) in trade financing and actively cooperates with the International Finance Corporation (IFC), the European Bank for Reconstruction and Development (EBRD), and a number of leading international Banks. The Bank has been granted a number of credible international awards. In 2007 and 2009 the Bank was recognized by the European Bank for Reconstruction and Development (EBRD) as the most active issuing bank in the field of commercial trade financing in Armenia. In 2010 the Bank was awarded by the German Commerzbank for excellent cooperation in the field of trade finance, and in 2016 the Bank was recognized by the International Finance Corporation (IFC) as the "Best Partner Bank in Trade Finance".

✎ Deposits

The Bank offers individuals an opportunity to make both term deposits and deposits on demand, as well as diversified terms for saving account and targeted savings plans. Different types of deposits are best suited to customer needs and goals. For resident and non-resident legal entities, the Bank also offers attractive deposits with flexible terms depending on duration and currency. Due to the proper balance of deposit objectives and conditions, the Bank has recorded continuously expanding list of deposit-oriented customers and a high rate of deposit contract renewals.

✎ Operations with Securities

1. Brokerage services

The Bank provides brokerage services to its customers for trading different types of securities in Armenian market.

2. Custodial services

The Bank offers custody services to individuals and legal entities who have custody accounts as beneficial owners or nominees.

3. Intermediation of CDA services

As one of the Depository account operators the Bank acts as an intermediary when providing the services of CDA, which include the registry keeping and custody account maintenance.

❧ Other Settlement And Cash Services That Are Considered To Be Standard, Traditional Banking Services And Include:

1. Money transfers
2. International transfers
3. Currency conversions, etc.

It is worth to stress the digital services the Bank offers via InecoOnline and InecoMobile applications as well as via InecoPay service which started in 2018.

❧ InecoOnline

InecoOnline is a reliable and secure form of digital banking, which gives the opportunity to using almost all bank services through internet access without visiting the Bank.

❧ InecoMobile

InecoMobile application is the best version of nowadays mobile banking, which gives 24/7 opportunity to make banking transactions anywhere and anytime having only a smartphone and internet access.

❧ InecoPay

InecoPay is a unique way of payments in the Armenian banking system, which gives the opportunity to make non-contact payments via smartphone. Its uniqueness is in its comfortability and safety.

The Bank has been in the first three banks with its ROE and in the first five banks with its profit in 2017-2018.

In the end of 2018:

- the Bank has been the 5th by its total assets,
- the Bank has been the 4th in the banking system by the size of the loan portfolio,

- the Bank has recorded significant growth in deposit portfolio, becoming the 7th in the banking system,
- the Bank is one of the leaders by its profit size and ROE, and with other indicators as well.

❖ The Internal Administrative Organizational Structure of the Bank is presented in Annex 1.

❖ Profitable Assets of the Bank

	31.12.2019 (Unaudited)	31.12.2018	31.12.2017
Assets, including:	339,109,558	292,740,724	277,842,150
Profitable assets	272,325,926	239,195,492	219,399,961
Loans to customers	238,649,450	206,416,531	173,066,076
Loans to banks and financial institutions	1,073,545	1,061,361	2,884,563
Revenues from reverse repurchase agreements	3,132,214	2,718,140	12,142,142
Available-for-sale investments	14,238,889	28,999,460	31,307,180
Share of profitable assets	80.3%	81.7%	79.0%

❖ The Bank has a Head Office and 24 Branches as of 19.02.2020

Name	Address
Head Office	17 Tumanyan Str., Yerevan
BRANCHES	
Abovyan 18 branch	18 Abovyan Str., Yerevan
Koryun branch	105/1 Teryan Str., Yerevan
Mashtots branch	18 Mashtots Ave., block 52/1 Yerevan
Arabkir branch	38/2 Komitas Ave., block 62, Yerevan
Komitas branch	39 Komitas Ave., 78, Yerevan
Komitas 2 branch	54 Komitas Ave., bldg. 1, Yerevan
Nor – Norq branch	15/9 Gayi Ave. 17/1, Nor –Norq, Yerevan
Ajapnyak branch	192/8 Bashinjaghyan Str., Yerevan
Malatia branch	39 Raffi Str., area 64, Yerevan
Shengavit branch	22/3 Bagratunyats Str., block 105, Yerevan
Shengavit 2 branch	15 Bagratunyats Str., block 120, Yerevan
Tigran Mets branch	29a-95 Tigran Mets Ave., Yerevan
Zeytun branch	51/9 Paruyr Sevak Str., Kanaker – Zeytun, Yerevan
Avetisyan branch	63/41 Avetisyan Str., Yerevan
Khorenatsi branch	15 Khorenatsi Str., Yerevan "Elit Plaza" Business Center, first floor
Cascade branch	2/83, Baghramyan Ave., Yerevan,
Gyumri branch	6 Alek Manukyan Str., Gyumri

Vanadzor branch	75 Tigran Mets Str., Vanadzor
Lori branch	41a Tigran Mets Str., Vanadzor
Armavir branch	17 Hanrapetutyan Str., Armavir
Hrazdan branch	23 - 46/100 August Str., Hrazdan
Abovyan branch	7/3 Sahmanadrutyanyan Squ., Abovyan
Ashtarak branch	2 Nerses Ashtaraketsi Squ. 2, area of bldg. 1, Ashtarak
Artashat branch	93, 23 August Str., Artashat

The Bank is not a member of any group.

1.2. BANK AND BONDS RELATED RISKS

The Bank, like any other business entity, faces various risk factors during its activity. Investors should be aware of the risks associated with their investments before acquiring the bonds issued by the Bank.

Investors are subject to risks arising from the business activities of the bond issuing companies-the Bank and risks arising from the current situation in the financial market (market risk).

The Bank's risk relates to credit, operational, liquidity and market risks. These risks can lead to deterioration of the Bank's financial position. Particularly, the significant risks for the Bank are:

1. Partners' or credit risk is the risk of bearing financial losses in the event of failure of the borrower to perform the contractual obligations against the Bank.
2. Liquidity risk is the ability of the Bank to repay its financial obligations both in normal and stressful situations on time. Liquidity risk arises due to the mismatch of the maturity of the Bank's assets and liabilities.
3. Interest rate risk is the risk associated with fluctuation of the Bank's profit or financial instruments value as a result of changes in interest rates. Such changes can increase or decrease the Bank's interest margin.
4. General economic risks. Worsening of the macroeconomic situation in Armenia may have a negative impact on the Bank's activities, in particular, on the volumes of lending.
5. Legislative risk. Changes in the legislation may also have a negative impact on the Bank's activities.

6. Operational risk is the risk of loss during the Bank's activity, arising from incompatible or failed internal processes, due to the human factor and system error or external factors.

❖ **Bond related risks are the following:**

1. The interest rate risk may have a significant impact on the attractiveness of the bonds. In particular, the increase in interest rates in the market implies a reduction of the bond price, as a result the investor may not receive the estimated profit or even incur losses. However, the mentioned risk is essential only in case the bonds are to be sold before maturity.
2. Foreign exchange risk. This risk arises due to the fluctuations of the exchange rate of national currency and may have a negative impact on the investor's revenues received from bonds. Depending on the purpose of the investment, it may cause possible losses in the future when converting AMD to USD or vice versa.
3. Liquidity risk of the bonds. Depending on the current situation in the market, there may be problems when selling the bonds in the secondary market. The Bank will take proper steps to ensure bond's liquidity, including entering into contract with a market maker. However, the liquidity risk may still occur.

1.3. DEVELOPMENT OF THE BANK'S ACTIVITY AND CHANGES IN THE FINANCIAL SITUATION

The Bank's activity is under continuous control of the Board of the Bank and the Executive Body, which quickly react to the market changes conforming the Bank's activities to the market demand, as well as reducing the negative influences of various risk factors.

1.4. AUDITOR OF THE BANK

The independent audit of the Bank for 2018 was conducted by Deloitte Armenia CJSC. The company is the part of Deloitte CIS Holdings Limited ("Deloitte CIS"), which is a member of Deloitte Touche Tohmatsu Limited (DTTL) in CIS

The address of Deloitte Armenia CJSC is 4/7, Amiryan Str., 7th floor, Yerevan 0010, Republic of Armenia. Phone: +37410 52-65-20, Fax: +37410 52-75-20, Website: www.deloitte.am.

The independent audit of the Bank for 2016 and 2017 was conducted by KPMG Armenia CJSC, an audit company.

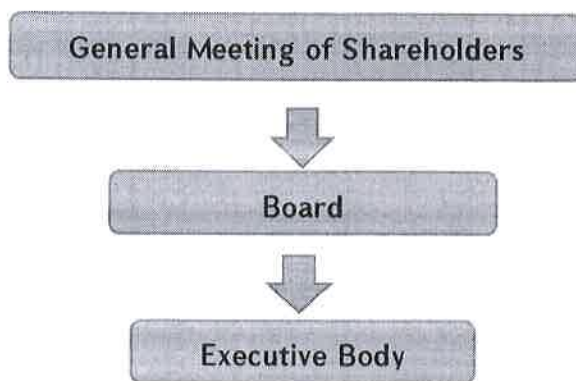
KPMG Armenia CJSC is a member of KPMG independent membersnetwork, which is a member of Swiss KPMG International Cooperative (KPMG International).

The address of KPMG Armenia CJSC is Erebuni Plaza Business Center 8th floor, 26/1 Vazgen Sargsyan Str., Yerevan 0010, Republic of Armenia. Phone: +37410 56-67-62, Fax: +37410 56-67-62, Website: www.kpmg.am

The purpose of the audit is to obtain sufficient guarantees to ensure that the financial statements are free from significant inaccuracies. The audit conclusions are represented in the Annexes. There has been no case of a withdrawal by the auditing company of the Bank during the previous 3 years.

1.5 BRIEF INFORMATION ON THE STRUCTURE OF THE MANAGEMENT BODIES OF THE BANK

The Bank's Charter sets out the following management bodies:



¶ General Meeting of Shareholders

At the time of forming this Program prospectus addendum, the Bank's major shareholders are:

(Dated as of 19.02.2020, according to Inecobank CJSC Registry of Securities Owners)

1	Baloyan Avetis (son of Tsolak)	Owens the Bank's 69,273 (sixty-nine thousand two hundred seventy-three) ordinary shares (38.10%)
2	Safaryan Karen (son of Garnik)	Owens the Bank's 59,911 (fifty-nine thousand nine hundred eleven) ordinary shares (32.95%)
3	agRIF Coöperatief U.A.	Owens the Bank's 18,201 (eighteen thousand two hundred one) ordinary shares (10.01%)
4	DWM FUNDS S.C.A.- SICAV SIF	Owens the Bank's 9,272 (nine thousand two hundred and seventy two) ordinary shares (5.10%)

❖ Board

At the time of forming this Program prospectus addendum (as of 19.02.2020), the Board of the Bank consists of six members: the Chairman of the Board and 5 Board Members

1	Avetis Baloyan	Chairman of the Board
2	Karen Safaryan	Board member
3	Ashot Avetisyan	Board member
4	Sulkhan Gvalia	Board member
5	Jan Dewijngaert	Board member
6	Karine Saroukhanian	Board member

❖ The Bank's Executive Body

The supervision of the Bank's day to day operations is carried out by the Bank's executive director and the Management Board of the Bank.

The Management Board of the Bank (as of 19.02.2020) consists of 6 members:

1	Aren Naltakyan	Chief Executive Officer, Chairman of the Management Board
2	Hayk Voskanyan	Chief Financial Officer, Management Board Member
3	Vaghinak Khachatryan	Chief Risk Officer, Management Board Member
4	Artem Chichyan	Corporate business director, Management Board Member
5	Levon Rubinyan	Retail business director, Management Board Member
6	Arshaluys Sahakyan	Chief Accountant, Management Board Member

❖ The number of Bank employees is presented below:

	2019	2018	2017
Number of employees	838	811	828

At the time of forming this Program prospectus addendum (as of 19.02.2020), the number of Bank's employees is 829.

1.6 INFORMATION ON SECURITIES ISSUED BY THE BANK

The Bank has so far issued both stocks and bonds. In 2009 the Bank issued discount bonds with nominal value of AMD 350,000,000 (three hundred fifty million).

The Bank's authorized capital is AMD 14,545,680,000 (fourteen billion five hundred forty-five million six hundred eighty thousand).

According to the Charter of the Bank, the authorized capital is consists of 181,821 (one hundred eighty-one thousand eight hundred and twenty-one) shares with nominal value of AMD 80,000 (eighty thousand) per share.

Taking into account the legal- organizational form of the Bank, the shares issued by the Bank are not subject to trading in the stock exchange. The Bank's issued shares have no maturity.

Based on the Program Prospectus registered by the Central Bank of Armenia on 14 April, 2018 and on 4 July, 2019 the Bank has issued nominal coupon bonds with the following terms:

ISIN: AMINECB22ER8

Currency	Nominal Value	Quantity	Total amount	Coupon	Term
USD	100	50,000	5,000,000	5.25%	36 months

ISIN: AMINECB23ER6

Currency	Nominal Value	Quantity	Total amount	Coupon	Term
USD	100	50,000	5,000,000	5.25%	36 months

ISIN: AMINECB24ER4

Currency	Nominal Value	Quantity	Total amount	Coupon	Term
AMD	10,000	150,000	1,500,000,000	9.75%	36 months

ISIN: AMINECB25ER1

Currency	Nominal Value	Quantity	Total amount	Coupon	Term
USD	100	50,000	5,000,000	5.25%	24 months

ISIN: AMINECB26ER9

Currency	Nominal Value	Quantity	Total amount	Coupon	Term
AMD	10,000	150,000	1,500,000,000	9.75%	36 months

The bonds issued based on the Program Prospectus registered by the Central Bank of Armenia on 14 April, 2018 and on 4 July, 2019 were listed on Armenia Securities Exchange OJSC.

1.7 MAIN PROVISIONS OF THE BONDS OFFERED BY THE BANK

Type	Nominal, coupon	
The form	Dematerialized	
Convertibility	Non- convertible	
Nominal value of the bond	AMD 10,000 (ten thousand)	USD 100 (one hundred)
Currency	AMD	USD
Total Issue Volume	Maximum AMD 3,500,000,000 (three billion five hundred million)	Maximum USD 20,000,000 (twenty million)
Quantity of Issued Bonds	Shall be determined for each issue based on the volume and nominal value	
Allocation date	The starting and ending day of the allocation is subject to decision of the Bank Management Board at least 5 (five) business days prior to the date of the allocation of the bonds.	
Frequency of coupon payment	Semi- annual	
Yearly coupon size	Shall be subject to decision of the Bank Management Board at least 5 (five) business days prior to the date of the allocation of the bonds.	
Circulation date	Shall be subject to decision of the Bank Management Board at least 5 (five) business days prior to the date of the allocation of the bonds.	
Maturity date	Shall be subject to decision of the Bank Management Board at least 5 (five) business days prior to the date of the allocation of the bonds.	
Circulation form	Free circulation	
Collateralization	non-collateralized	

Coupon payments for both AMD and USD bonds are made in AMD, for USD bonds the coupon payments are made at the official USD exchange rate set forth by the Central Bank of the Republic of Armenia for the day preceding the day of the coupon payment.

The allocation of the bonds (in auction or direct sales to investors) shall be determined by the Management Board at least 5 (five) business days prior to the date of the bonds allocation date decision. The method of allocation is also defined by the same decision, either in Armenia Securities Exchange OJSC (hereinafter- the Stock Exchange), through a standard closed (European) auction, in compliance with the Rules on Corporate Securities Trading or outside the Stock Exchange.

The investor (individual or legal entity) may acquire bonds through an application- order (outside the Stock Exchange) or in the Stock Exchange, through its member organizations in compliance with their internal procedures.

The main purpose of the Bond allocation is to attract resources as well as to increase the number of potential investors, by offering them various investment tools.

The funds attracted through the allocation will be mainly used by the Bank for lending purposes of micro and SME.

1.8. FORM OF PUBLICATION OF THE FINAL TERMS

The final terms of issuance, allocation, circulation and redemption of bonds are to be determined by the Management Board of the Bank at least 5 (five) business days prior to the bonds allocation date decision.

The final terms for each issue of bonds are represented to the Central Bank of the Republic of Armenia and published at least 2 (two) days prior to each allocation.

The Bank is obliged to publish the final terms for each issue on its website.

1.9 THE SUMMARY OF BANK'S FINANCIAL DATA

Below the summed up financial data of the Bank for the years 2017- 2018 and as of 31.12.2019 /unaudited/ is presented.

Financial data

Name of the indicator	31.12.2019 KAMD (Unaudited)	2018 KAMD	2017 KAMD
Net profit after taxation	9,412,780	8,003,599	7,024,532
Average equity	52,779,816	50,370,633	46,233,535
Return on equity (ROE), %	17.83%	15.89%	15.19%
Net profit after taxation	9,412,780	8,003,599	7,024,532
Average assets	312,083,888	278,580,373	248,242,728
Return on assets (ROA), %	3.02%	2.87%	2.83%
Net profit after taxation	9,412,780	8,003,599	7,024,532
Operating income	24,992,507	21,044,981	19,871,687
Net profit margin (NPM), %	37.66%	38.03%	35.35%
Operating income	24,992,507	21,044,981	19,871,687
Average assets	312,083,888	278,580,373	248,242,728
Asset utilization ratio (AU), %	8.01%	7.55%	8.00%
Average assets	312,083,888	278,580,373	248,242,728
Average equity	52,779,816	50,370,633	46,233,535
Equity multiplier (EM)	5.91	5.53	5.43
Net interest income	21,470,089	17,522,120	15,685,636
Average income-generating assets	254,649,170	227,521,904	198,618,657
Net interest margin(NIM)	8.43%	7.70%	7.90%
Interest income	34,658,625	29,620,471	27,407,196
Average income-generating assets	254,649,170	227,521,904	198,618,657
Profitability of income-generating assets	13.61%	13.02%	13.80%
Interest expenses	13,188,536	12,098,351	11,721,567
Average interest-bearing liabilities	252,599,853	223,406,159	197,917,083
Cost of debt for interest-bearing liabilities	5.22%	5.42%	5.92%
Net profit after taxation	9,412,780	8,003,599	7,024,532
Average number of shares	181,821	181,821	181,821
Earnings per share (EPS)	51.77	44.02	38.63
Spread	8.39%	7.60%	7.88%

Statement of Profit or Loss and Other Comprehensive Income

	31.12.2019 KAMD (Unaudited)	2018 KAMD	2017 KAMD
Interest and similar income	34,658,625	29,620,471	27,407,196
Interest and similar expense	(13,188,536)	(12,098,351)	(11,721,567)
Net interest income	21,470,089	17,522,120	15,685,629
Fee and commission income	2,892,882	2,141,883	1,824,114
Fee and commission expense	(1,895,106)	(1,247,007)	(657,446)
Net fee and commission income	997,776	894,876	1,166,668
Net gain / (loss) on financial instruments at fair value through profit or loss	146,901	3,800	(24,532)
Net gain/ (loss) from foreign currency trading and translation	1,589,959	1,342,728	1,100,470
Net gain (loss) / gain on investment securities	140,760	(6,162)	11,817
Other operating (expenses) / income, net	647,022	1,287,619	1,931,633
Operating income	24,992,507	21,044,981	19,871,685
Income from change in fair value of contingent consideration	-	24,913	22,554
Impairment losses	(5,578,230)	(4,168,865)	(4,144,845)
Personnel expenses	(4,820,354)	(4,124,104)	(4,112,946)
Other general administrative expenses	(2,958,159)	(2,863,606)	(2,692,018)
Profit (loss) before income tax	11,635,764	9,913,319	8,944,430
Income tax expense	(2,222,984)	(1,909,720)	(1,919,898)
Profit /(loss) after taxation	9,412,780	8,003,599	7,024,532
Other comprehensive income, net of income tax	(302,718)	(104,496)	753,439
Total comprehensive income	9,110,062	7,899,103	7,777,971