

# RETAIL BANKING

Although Ameriabank specializes in corporate business, the scope of its activity covers retail business as well. The retail business is mainly focused on the employees of the corporate clients of the Bank, as well as individuals, who are Bank clients.

The range of the retail banking services offered by the Bank is quite diversified and developed. It covers all available services in the banking system and a selection of totally new products not yet introduced by any other bank in Armenia.

Moreover, a unique service package has been developed for the premium clients of the Bank, which includes Special Tariffs and special banking services.

In setting fees for individuals the Bank follows the principle of ensuring compliance of commission tariffs with competitive terms on the one hand and real value of services on the other.

The Bank's fees for some products are the lowest in the banking system of Armenia. This refers to commission fees for provision of national and foreign currency in cash, for money transfers, account opening, provision of various statements and information in the process of account service.

The Bank conducts a policy of flexible fees, e.g. for individuals employed by corporate clients of the Bank. This is especially representative of fees for issuance and service of plastic cards under salary projects.

## Time Deposits

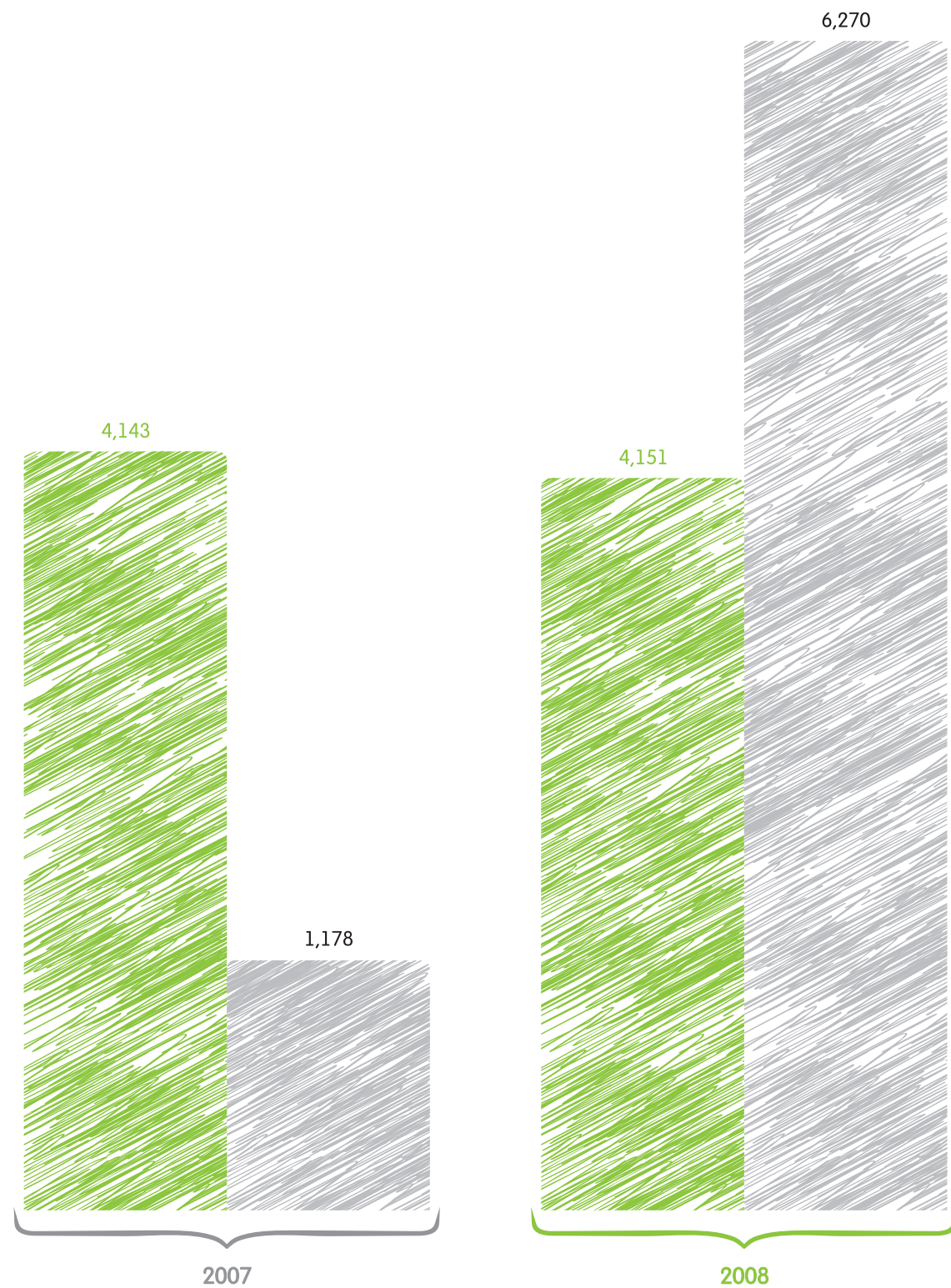
The sizeable growth of the resource base of the Bank was a consequence of both the review of interest rates and the improvement in quality of service. New interest rates and types of deposits were not the only reasons triggering the rapid growth of the time deposits of individuals in 2008, the total volume of which increased by 5.5 times during the year.





**Ameriabank's Liabilities to Retail Clients, thous. USD**

Current Accounts and Demand Deposits    Time Deposits



This growth, more apparent at the yearend, was also determined by the execution of the agreement on insurance of individuals' deposits with Rosgosstrakh-Armenia insurance company, incorporated into the largest Russian insurance company, Rosgosstrakh, in December. This creates an unprecedented advantage, as any deposit with Ameriabank denominated in any currency, with maturity over 6 months, is insured without limitations. The insurance covers the part of deposit exceeding the amount insured by the government (AMD 2 mln for deposits in AMD, AMD 1 mln for deposits in foreign currency).

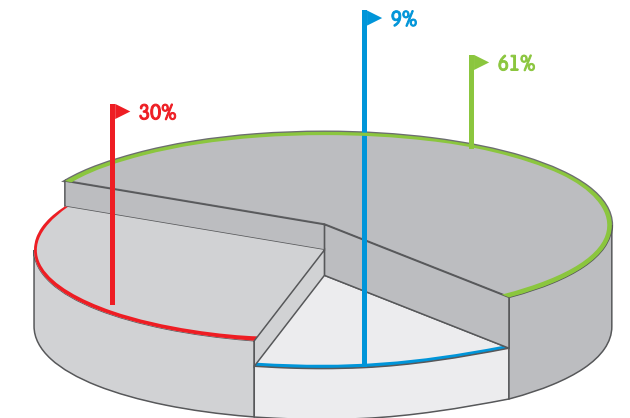
Moreover, the Bank bears all insurance costs and the clients do not incur any additional expenses. The Bank offers seven types of time deposits, which provide options to replenish, partially withdraw, convert the deposited amount, etc. Clients may choose more convenient schemes of management and repayment of deposit amounts and interests, as well as interest rates. There is also a deposit type called "Structured", which gives an opportunity to gain additional income by means of investing in trade and financial markets.

**Personal lending**

As of January 1, 2009 the balance of loans to individuals increased by 40.5 times, reaching the equivalent of about USD 19 mln. The number of retail borrowers increased almost by 6 times amounting to 1431 as compared with 253. The composition of the retail loans portfolio underwent sizeable changes in the reporting year.

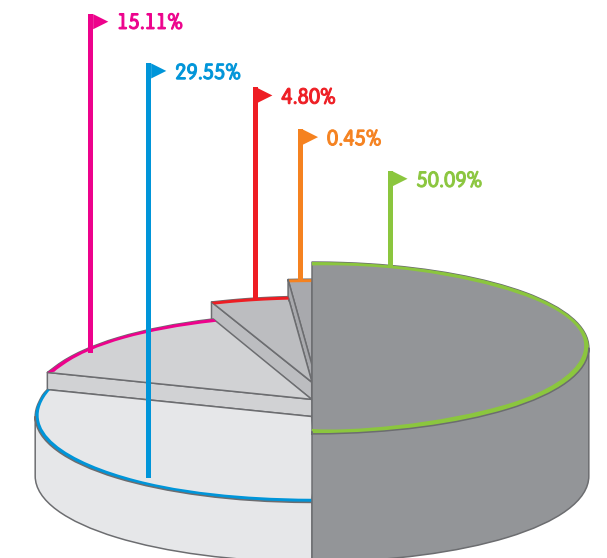
**Structure of Retail Loans Portfolio, 2007**

- ▶ Credit Cards
- ▶ Mortgage Loans
- ▶ Consumer Loans



**Structure of Retail Loans Portfolio, 2008**

- ▶ Car Loans
- ▶ Lombard Loans
- ▶ Consumer Loans
- ▶ Credit Cards
- ▶ Mortgage Loans



	Gross loans (thous. USD)	Impairment (thous. USD)	Net loans (thous. USD)	Share of Loans per Each Category (%)
<b>Car loans</b>	9,499.5	100.6	9,398.9	100%
Not overdue	9,431.4	93.8	9,337.6	99.35%
Less than 90 days overdue	68.1	6.7	61.3	0.65%
<b>Mortgage loans</b>	5,603.5	55.7	5,547.8	100%
Not overdue	5,603.5	55.7	5,547.8	100%
<b>Credit cards</b>	2,864.5	78.5	2,786.0	100%
Not overdue	2,671.7	26.5	2,645.3	94.95%
Less than 90 days overdue	50.8	5.0	45.8	1.64%
90-179 days overdue	73.3	13.6	59.8	2.15%
180-270 days overdue	68.7	33.5	35.2	1.26%
<b>Consumer loans</b>	909.6	9.0	900.6	100%
Not overdue	909.6	9.0	900.6	100%
<b>Lombard loans</b>	86.2	1.1	85.1	100%
Not overdue	83.8	0.8	83.0	97.53%
Less than 90 days overdue	2.3	0.2	2.1	2.47%
<b>Total loans to individuals</b>	<b>18,963.3</b>	<b>244.8</b>	<b>18,718.4</b>	

In 2007, credit cards comprised 61% of the retail loans portfolio, mortgage and consumer loans were 30% and 9% respectively. In 2008, more than 50% of the retail loans portfolio was comprised of auto loans, mortgage loans accounted for 30%, credit cards 15%, and consumer loans 4.8%.

45% of consumer loans were collateralized by real estate, 32% by cash, 5% by cars and 18% were unsecured. For salary cards, no additional collateral is required. Lombard loans were secured with gold, though their weight in the loan portfolio is insignificant.

The Bank offers to its clients a wide range of loan products, which are in popular demand in the market: consumer loans, including auto loans, tuition fee loans, personal loans, mortgage loans for purchase, construction, renovation of houses, and credit lines by plastic cards.

### Plastic cards

In 2008 the Bank focused on plastic cards business. Several large salary projects were launched, and new products designed. As a result, the number of plastic cards issued by the Bank increased by 5.6 times and by yearend 2008 reached 6515. Owners of 1450 cards had credit lines.

Until March 2008 the Bank had only two ATMs. Beginning from the second quarter the Bank started to set up new ATMs in the capital and in marzes for the convenience of clients. The Bank will persist with the ATM and POS-terminal network expansion policy in future. With the expansion of operating ATMs network the turnover and the number of plastic card transactions increased, too. The Bank strives to play a role in building trust among people towards non-cash payment systems through increasing the attractiveness of card usage by potential clients.

Currently, along with local plastic cards, the Bank services MasterCard and Visa International. The Bank became a Visa International member in July 2008 and the first MasterCards were issued by the Bank in 2003.

### Salary projects

Ameriabank offers salary projects for the employees of its corporate clients. Special tariffs are developed for every organization. The employees of these organizations are eligible for various retail loans with special terms. The Bank sets up ATMs and POS terminals in more convenient places for the organizations and their employees.

Under salary projects the Bank offers various payment cards: ArCa, Cirrus Maestro/Visa Electron, and MasterCard Standard/Visa Classic. Credit lines and other banking products with special terms are offered to employees of corporate clients. In 2008 Ameriabank performed several large salary projects and intends to expand cooperation with organizations in this area.

### Money transfers

The Bank enhances cooperation with international money transfer systems. In May 2009 the Bank was already working with 4 systems: MoneyGram, Contact, Migom, and InterExpress. Cooperation with other systems is anticipated.

In 2008 the turnover of money transfers through the Bank amounted to the equivalent of USD 960.7 mln, USD 488 mln of which was inward and USD 473 mln outward remittances.

The Bank offers to individuals the full range of banking services connected with the opening and service of accounts, consulting, transactions in the securities market, currency transactions, etc.