

CORPORATE BANKING

The main target of the Bank was and is the formation of active client base taking into account the specifics of each client. In 2008 two tariff plans were designed: *General Tariffs for the clients of the Bank and Special Tariffs*, which are applied by the decision of the Bank Management aiming to attract strategically important clients and meet their requirements.

As of December 31, 2008 the number of active clients of the Bank amounted to 8381, of which 830 were legal entities.

Expansion of clientele in the reporting year was mainly due to attraction of funds in significant amounts from legal entities. At the beginning of 2008 total deposits of legal entities amounted to USD 24.3 mln, while at the yearend their volume grew to USD 65.8 mln (increased by 2.7 times). This became possible due to promotion of the Bank as the provider of a full range of corporate banking services.

Business Lending

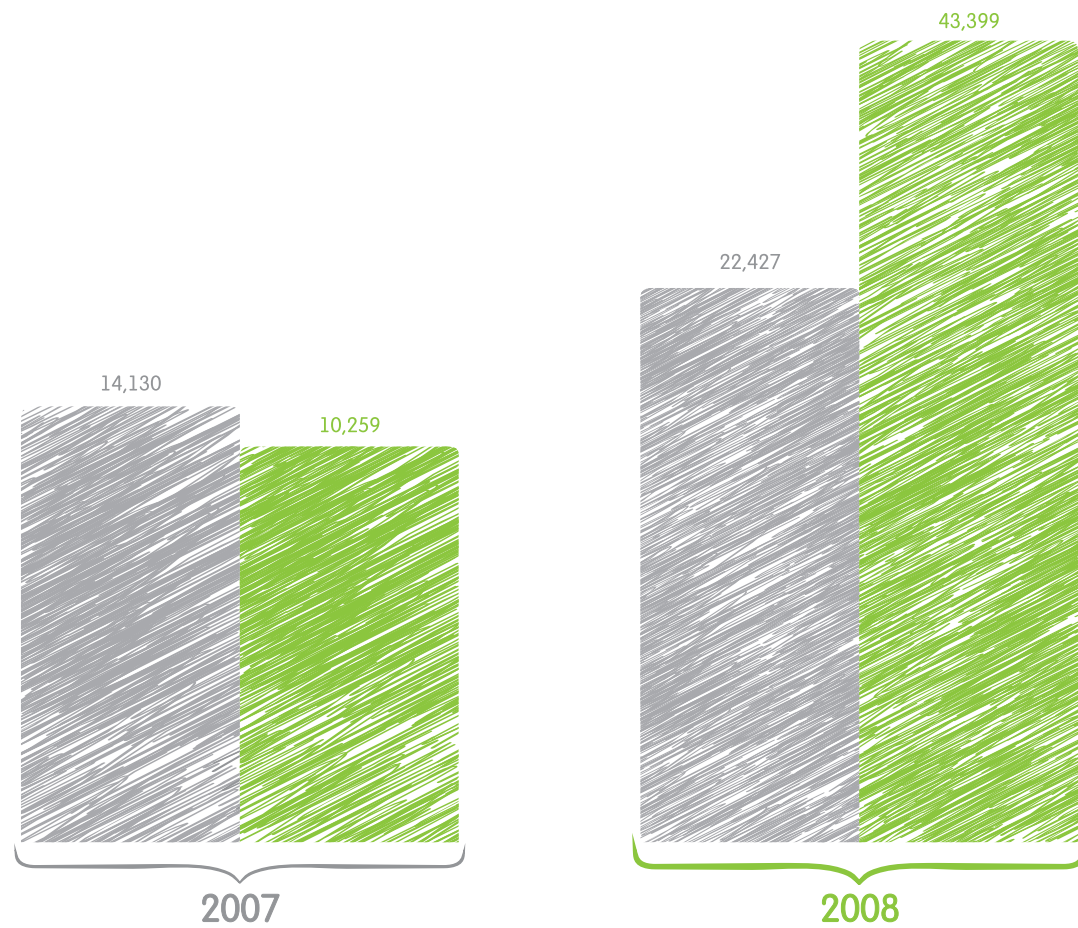
- ▶ Over 80% of Ameriabank's loan portfolio is composed of loans to legal entities, i.e. large enterprises and SME.
- ▶ A skilled staff of professionals and specific lending procedures enabled the Bank to offer to corporate clients loan products tailored to their needs with respect to both the terms and lending rates.
- ▶ The loan portfolio of the Bank demonstrates stable growth along with extension of periods and enhancement of the range of the provided services.
- ▶ The 9.6-fold increase in the commercial loans volume in 2008 was attained through the regular improvement of lending technologies. Development of lending procedures and ongoing monitoring of the overall lending process rendered it possible to ensure a stable high-quality loan portfolio.
- ▶ As of January 1, 2009 loans to corporate clients amounted to the equivalent of USD 82.5 mln. The core of the loan portfolio of legal entities is composed of investments in large enterprises. As of January 1, 2009 their volume reached USD 77.3 mln.
- ▶ Within a year the volume of loans to large enterprises increased by 10.3 times while SME lending grew by 4.7 times to reach almost USD 5.2 mln.
- ▶ The number of corporate borrowers in 2008 increased by 13 times, amounting to 287 clients as of the end of the reporting year as compared with 22 clients at the beginning of the year. They involve 113 representatives of large business and 61 SME, (8 and 6 respectively as of the beginning of the year).

Levon Arevshatyan
Director, Corporate Banking



Ameriabank's Liabilities to Corporate Clients, thous. USD

Current Accounts and Demand Deposits Time Deposits

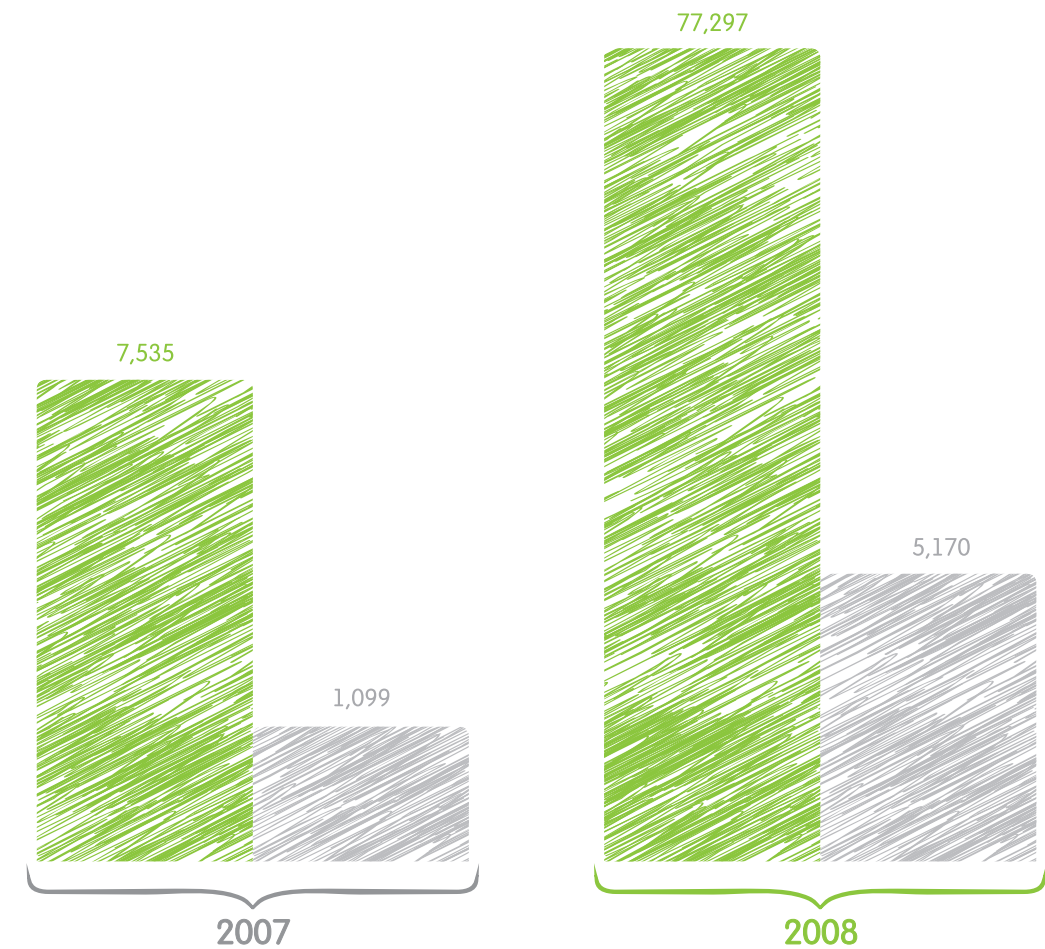


The Bank attains dynamic growth of lending to corporate clients at the same time focusing on the quality of loan portfolio. Knowledge and understanding of the client's business along with the advanced risk assessment procedures ensure high quality of the Ameriabank loan portfolio. Although significant growth of lending volumes was ensured in the reporting period, the portfolio quality indicators were retained at an adequate level, e.g. the share of non-performing loans and the reserving rate were rather low.

The table on pg. 55 provides information on the quality of the commercial loan portfolio of the Bank as of December 31, 2008. The Bank also focused on collateral-related issues to minimize risks. 86% of the loan portfolio was secured with real estate as of January 1, 2009, 11% with movable property, and 3% with cash flows. During the previous year 55% of the loan portfolio was secured with real estate and 45% with cash flows.

Loans to Corporate Clients of Ameriabank, thous. USD

Loans to Large Enterprises Loans to SME



Leasing

In June 2008 the Bank embarked on provision of leasing services. As of January 1, 2009 the leasing portfolio of the Bank constituted USD 472 thousand. As of the specified date the Bank had five clients of financial leasing.

Ameriabank is one of the few banks of Armenia that offer leasing services. The Bank intends to expand its leasing activity in the financial market of Armenia, developing flexible and competitive terms. For this purpose, in 2008, the Bank trained human resources and developed necessary procedures in line with contemporary international standards. The Bank does not set principal limitations for leasing operations in regard to the spheres of activity of companies. We review all the applications of our corporate clients.

Aiming at ensuring the maximum attractive services for corporate clients, we believe that ensuring high-growth leasing is one of the major components of a large package of corporate banking services. It is worth mentioning that the Bank already has in its experience some vivid examples of successful leasing deals with organizations in the spheres of construction, medicine and trade.

Through its contacts and partners the Bank will manage the purchase of required equipment and facilities not only in Armenia, but abroad, directly from the producers or official distributors with better terms for the clients. For this purpose the Bank is additionally ready to utilize such payment instruments as bank guarantees and L/Cs.

	Gross loans Thous. USD	Impairment Thous. USD	Net loans Thous. USD
Loans to large corporations	77,297	814	76,483
Standard loans	76,762	762	76,000
Impaired loans	535	52	483
Loans to small and medium-sized companies	5,170	75	5,096
Standard loans	5,027	50	4,977
Impaired loans	144	25	119
Total commercial loans	82,468	889	81,579

Factoring

Ameriabank provides factoring services to enterprises in need of financing in various economic spheres. The Bank offers services for several types of local and international factoring; the first is recourse factoring and the second is full factoring. Classic factoring offered by the Bank is a set of financial services for receivables financing. Many legal entities have already expressed a wish to use the full commercial factoring scheme of the Bank to finance trade operations.

The Bank performed its first factoring operations in August 2008. In 2008 3 export factoring deals were concluded in Ukraine and Russia. Although at the beginning of 2009 the factoring portfolio was not large, about USD 99 thousand, in 2009 a dynamic growth is projected. The growth of the factoring portfolio in 2009 will be strengthened by the implementation of set projects with the efficient use of the classic factoring market potential.

In 2009 the Bank plans to become a fully-fledged member of International Factors Group and Factors Chain International factoring organizations, which will give an opportunity to enlarge the clientele from over 50 developed countries in the world.

Guarantees

Ameriabank offers bank guarantees with beneficial terms to corporate clients. Upon the client's request, the Bank also issues Indirect/Confirmed guarantees.

Letters of Credit

In the sphere of trade operations, the Bank offers L/C services to help corporate clients overcome obstacles in international trade, expand their activity, create new stable trading relations and ensure defense of rights in international trading operations.

Pension Schemes

In 2009 the Bank intends to implement the first inter-organization pension project. For this purpose, in 2008 a special strategic plan was developed by professionals of the Bank in cooperation with Troika Dialog, which has rich experience in pension funds management.

According to this strategy, during the first years of the program, the pension investments will be placed in government securities in the local market, which are considered to be the most reliable investment instruments in the capital market of Armenia. In the future, upon availability of sufficient funds, the Bank may place a part of the portfolio in more preferable international securities.

The inter-organization pension schemes are based on joint trust accounts. The organization develops a pension contributions program in the name of employees, under which the former and the latter make their contributions according to the schedule appointed in advance. The amount of contributions may range from 3%-15% of salary upon agreement between employer and employee. Through executing an agreement, the employer and employee specify provisions relating to payment of the benefits in case of early termination of the employment agreement. The pension models developed by the Bank are quite flexible and thoroughly developed in accordance with the needs and purposes of clients.

Ameriabank also offers salary projects for the employees of corporate clients.