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VISION AND MESSAGE
FROM THE MANAGEMENT



Freedom to express more



*I am proud to work
with such a committed
team of professionals.*

Dear Ladies and Gentlemen

We are pleased to announce the year 2011 to be another year of success and quality growth of Ameriabank, due to the trust and loyalty of our clients, efficient work of management and members of the Board of Directors, as well as invaluable contribution of our shareholders.

Following two years of crisis the Armenian economy has embraced the recovery phase and Ameriabank has not only taken the advantage of that but also ensured even higher indicators than before the crisis.

Among our qualitative and quantitative achievements in 2011 we would like to specially emphasize the fact of holding the position among the top three leaders by main indicators and the increase in the market share.

The development of corporate social responsibility, financial assistance to orphanages and children with oncological diseases, funding of the project on raising awareness of the cultural heritage of Armenia have been in the domain of our particular attention.

As the winner of Euromoney Awards for Excellence "Best Bank in Armenia 2011" nomination, we have continued our investment in the development of automated and flexible technologies and management platforms of basic, client oriented banking transactions. As a fast growing Bank we are constantly improving our methods and channels of recruitment, attracting the best professionals and the brightest personalities of the financial sector thereby ensuring growing competitive advantage of Ameriabank in the market.

Throughout 2011 we remained committed to our efficiency providing policy and we will stay consistent and loyal in 2012.

One of our major strategic goals for 2012 is the development of retail credit and, therefore, the expansion of branch network, product lines, distribution channels and introduction of new IT systems. The non-organic growth is also a possibility, since we set ambitious goals and intend to achieve them.

As in all previous years we started the year of 2012 with a firm belief in new growth opportunities, which being timely used can ensure not only the growth of the Bank's financial performance but also a substantial increase in shareholder value.

We strongly believe and have managed to prove that we see a new opportunity in any challenge first of all. We intend to continue taking efforts to ensure providing even higher rates, business growth and holding the leading positions in profit and efficiency due to advantages of our Bank.

I am proud to work with such a committed team of professionals. Due to their collaborative efforts the 2011 achievements became possible and we intend to exploit every new opportunity and continue realizing the full potential of our Bank in 2012 and all subsequent years.

In conclusion, I would like to express my deep appreciation to the entire team for the professionalism and devotion to our ideals and to our clients and partners for trust and loyalty demonstrated through all these years. I congratulate all of us with the achievements of the past year.

Sincerely,
Ruben Vardanian
Chairman of the Board of Directors



*Your trust is
invaluable to us.*

Dear shareholders, clients and partners!

The year of 2011 became a year of ambitious growth and excellent financial results, due to which we maintained all the high rates of growth and the position among the top 3 banks by almost all financial indicators.

As already a leader in corporate banking with one of the most powerful corporate loan portfolios we have identified a new direction of retail banking as a priority in 2011, joining the fierce competition with other banks and credit organizations.

In 2011 the Bank continued active collaboration with international institutions. Ameriabank is the only Armenian bank, granted such large volumes of financing by International Financial Institutions (MFIs) – the total borrowed funds from MFIs in 2011 only amounted to about USD 99 million, indicating long-term partnership and trust with regards to Ameriabank.

An important achievement of the Bank is the Euromoney Award For Excellence “Best Bank in Armenia 2011”, which is one of the strongest indicators of banking activity.

In a highly competitive environment Ameriabank managed to stay in second position in terms of assets, capital and loans and third position in client accounts among 21 banks in Armenia. The Bank also provided high rates of profit. Annual rate of assets growth accounted for 32%, lending – 51%, client deposits - 35% and net profit - 28%.

All through the years Ameriabank brand brought us significant increase of client base, in particular, time deposits, which is an evidence of client trust and loyalty to the Bank.

Holding the second largest loan portfolio in Armenian financial market, Ameriabank rates third in the quality of assets, which proves our high level lending standards and risk management, alongside with strong long-term relationships with good corporate and retail clients.

As a client oriented Bank, Ameriabank stayed committed to providing high level customer service to our clients. We care for the wellbeing of our clients; hence all our efforts are targeted at providing the most diversified product line and innovative solutions on the best conditions for our clients.

We try to provide maximum convenience for our clients by expanding the network of ATMs, POS terminals and branches.

Ameriabank is the first bank in Armenia to introduce the automated Client Relation Management system (CRM).

It should be noted that in 2011 the Bank was again rated 1st on informational openness and activities targeted on raising the public awareness through Mass Media.

The re-confirmation of the compliance of the quality management system to international ISO 9001:2008 Quality standards by the German Company TÜV Rheinland is another proof of the Bank's commitment to advanced technologies, innovation and quality.

Amongst our priorities in 2011 is the introduction of a range of innovative products, such as Ameria Global Trading system, structured deposit, investment credits both for physical persons, saving accounts, metal accounts in gold, Visa Gift cards, Customs Cards and others.

We hold on to the belief that people are our most important asset. It is the united teamwork, continuous improvement of their skills and capabilities and loyalty that allow us turning the impossible into possible. Each member of our team is creative and thinks out of box, thus making their valuable contribution to the achievement of our shared ambitious goals.

We highly appreciate our staff for their commitment to the Bank's interests, for successful team work and strive to attract new talented physical persons while providing them with opportunities to develop and create values.

Our team makes the basis of our success. We firmly believe that in the long-term perspective our team of talented managers and directors along with other assets – both our own and acquisitions raised, will become not only the basis of increasing the shareholder value of the Bank, but also strengthening of our leadership position in the market. Due to the synergic work of our team, we intend to go on persistently working and pursue realization of our strategic goals.

I would like to express my sincere gratitude to our team for their commitment to our values in the realization of the Bank's vision and to our clients and shareholders for the support that enables us to consistently progress and lead the industry.

Your trust is invaluable to us.

***Sincerely,
Artak Hanesyan***

Chairman of the Management Board - Executive Director

MAJOR ACHIEVEMENTS IN 2011

Ameriabank is one of the largest and most dynamically growing banks of Armenia today that was capable to grow within the recent four years from a small bank with limited product line into a powerful financial structure with a wide range of financial and banking services.

Financial achievements *

Indicators	31/12/11	31/12/10
Assets		
- in AMD mln	200,943	152,603
- in USD mln	520,887	419,886
Market share**	9.72%	9.78%
Position in the banking system**	2	2
Liabilities		
- in AMD mln	166,171	120,616
- in USD mln	430,751	331,873
Market share**	9.79%	9.77%
Position in the banking system**	2	2
Credit investments		
- in AMD mln	136,439	90,615
- in USD mln	353,680	249,326
Market share**	11.27%	10.20%
Position in the banking system**	2	2
Share of PNL in loan portfolio		
	0.27%	0.21%
Liabilities to clients		
- in AMD mln		
- in USD mln	91,333	67,588
Position in the banking system**	236,755 3	185,968 3
Profit		
- in AMD mln		
- in USD mln	4,055	3,180
Position in the banking system**	10,512 4	8,750 4
Total capital		
- in AMD mln		
- in USD mln	34,772	31,987
Position in the banking system**	90,136 2	88,013 2

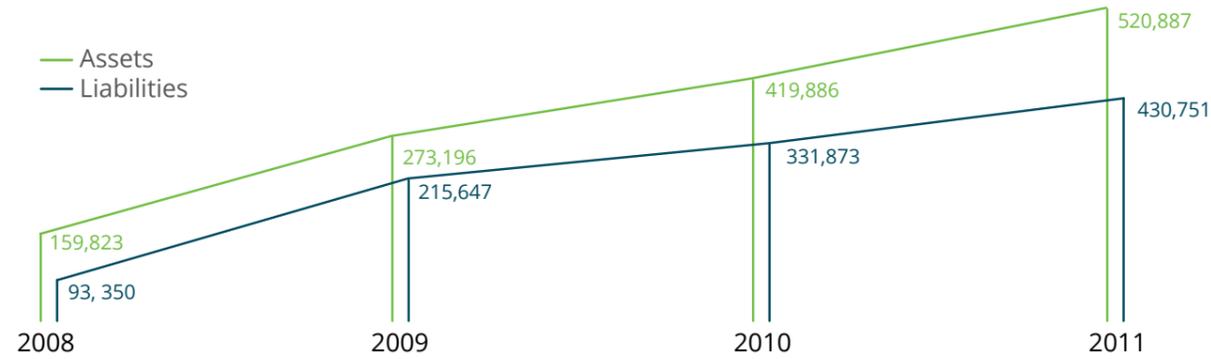
* hereinafter, all indicators in dollar equivalent are calculated at the exchange rate as of the end of the relevant reporting period; for instance 2010 – 1 USD=363.44 AMD, 2011 – 1 USD=385.77 AMD.

** hereinafter, to ensure comparability of all data, all comparisons with banking system (market share, position in the banking system) have been made on the basis of published interim quarterly (non-audited) statements.

Freedom to achieve more

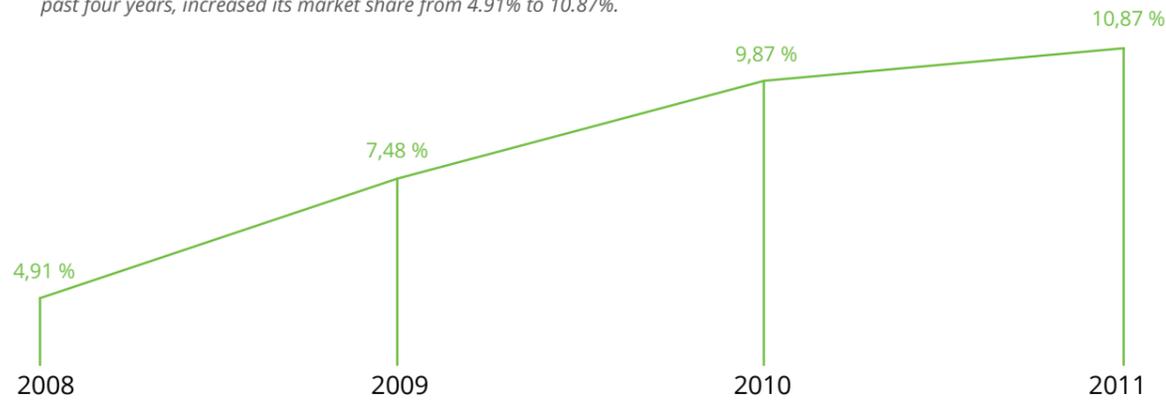
Dynamics of Ameriabank's Assets and Liabilities, in USD thousand

For the fourth consecutive year Ameriabank assets and liabilities demonstrate a dynamic growth.



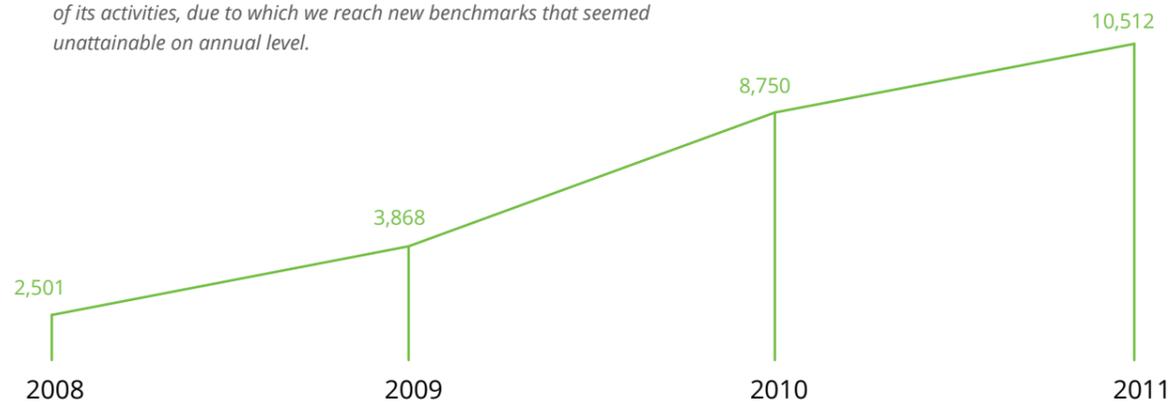
Ameriabank's Share in Armenian Banking Sector by Assets %

Loan portfolio of Ameriabank has, through dynamic growth in the past four years, increased its market share from 4.91% to 10.87%.



Ameriabank's Net Profit, USD thousands

The Bank is constantly working towards increasing the profitability of its activities, due to which we reach new benchmarks that seemed unattainable on annual level.



Achievements in Client Relations and New Product Launch

- Ameriabank client database has increased almost 1.5 times; the Bank is actively collaborating with 52 enterprises out of Armenia's 100 largest taxpayers.
- Deposit base of physical persons continued expanding: the term deposits increased by 2.95%.
- New credit products have been developed for small and medium businesses (SME), as well as private entrepreneurs.
- The physical persons have been provided opportunities to launch their own business or to engage in the capital of various companies within the scope of new "Investment Credit" loan product.
- The Bank has launched and is maintaining custom cards for businesses to implement custom payments in all Customs of the Republic of Armenia.
- New products are launched for the physical persons - Savings deposit, new types of mortgage products, new card products.
- The Bank has attracted loan resources of USD 60 million from International Financial Institutions.
- The Bank has received the VISA Merchant Acquiring License and started free of charge maintenance of VISA payment cards in sales and service network.
- The Bank has opened two new branches - in Vanadzor and Yerevan, increasing the total number of branches to eight.

Achievements in Technological Solutions and Infrastructures

- Dynamic expansion and establishment of one of the most extensive ATM networks in Armenia. By the end of the year the total number of ATMs reached 84.
- Improvement of automated System of Client Relationship Management (Terrasoft CRM), which has been piloted since 2009.
- Introduction of trading system: AMERIA GLOBAL TRADING.
- Launch of Ameriabank application in App Store.

Achievements of Dream Team

- Expansion of our team, open for determined, initiative and bright people.
- Launch of Executive Education exclusive project, with innovative collaboration with the SKOLKOVO Moscow School of Management and the best professionals in the field of leadership and management.
- Ameriabank team has been recognized as the winner of the 2011 Bank Management International European Online Competition.
- In online workshop organized by the European Bank for Reconstruction and Development the staff of Trade Financing Department of Ameriabank showed 100% results.

ABOUT THE BANK



The Bank is a member of Ameria Group of Companies - one of the pioneers and aggressively developing financial and advisory companies in Armenian market with unique corporate culture and modern methods of conducting business.

Ameria Group

The Group was founded back in 1998, when Ameria was established as one of the first professional advisory companies in Armenia, uniting young dedicated experts of local market. In 2001 Ameria Invest was founded as one of the first in the country to offer asset management banking services. In 2007 Ameria together with Ameria Group (CY) Limited (previously TDA Holdings Limited) stated the most aggressive expansion in the Armenian developing financial sector.

The most significant achievement of the mentioned partnership appeared to be the acquisition of majority interest of Armimpexbank by Ameria Group (CY) Limited in 2007. As a result, in 2008 Armimpexbank was renamed into Ameriabank. With the change of the stakeholder the Bank stepped into a newest age of development with new strategy and management principles.

In 2009, along with creation and consolidation of a group of companies under the Ameria brand name and clear cut distinction between corporate, retail and investment banking, asset management and direct investments, all the partner companies were embraced into one integrated structure - Ameria Group.

In 2009 one more company was created - Ameria Equity Partners that offers direct investment and private capital services, unique in local market.

The year of 2010 was marked by the reinforcement of the Group with a new - Prodeco CJSC, a Property Development Company established back in 2007 that joined Ameria Group in April 2010. The company is specialized in real estate management and real estate market development.



Freedom to create more

The list of services rendered by all the companies of the Group creates a platform for fundamental financial and management support to the client. Therefore, the Group contributes to the overall development of Armenian economy, implanting the culture of business development in competitive environment and global challenges of the millennium.

Main Milestones of Development

1910	Construction of the Erivan branch of Tbilisi Trade Bank in Ter-Ghukasov Street, across the Russian Orthodox Church. The Bank itself was established in Tbilisi back in 1871 by well-known Armenian capitalists and the Erivan branch was opened in 1895.	1992	The Republican branch of Vneshekonombank of the former USSR was reorganized into State Armimpexbank (Armenian Import-Export Bank) CJSC.	2010, February	Dilijan branch opened in the town of Dilijan.	2011, June	ICF Award - «GTFP Award 2010» received as the most active issuing bank in the Caucasus under the Trade Finance Program (GTFP).
1916	The Tbilisi Trade Bank was renamed into Caucasus Bank; respectively the Erivan branch was also renamed into Erivan branch of Caucasus Bank. The archived documents of the Bank testify that the major monetary resources flew to Armenia through the Erivan branch of Caucasus Bank.	1995	Attraction of foreign capital: majority interest was acquired by the Computron Industries Establishment.	2010, March	Launch of the Purchase Order Financing within the framework of Financial System Stabilization implemented by USIAD.	2011, June	Euromoney 2011 award in the Best Bank of Armenia nomination.
1920	The Erivan branch of Caucasus Bank was nationalized by the Decree of Revolutionary Committee dated December 18, 1920. Starting from February 1921 to March 1922 the building was occupied by the Armenian Telegraph Agency (Armenta). On March 24 1922 the State Bank of Armenia moved to the building.	2007	Shift in shareholders – acquisition of the majority interest of Armimpexbank by Ameria Group (CY) Limited.	2010, March	On March 26, 2010 Ameria received the status of Agent on medium and long-term RA Government (treasury) coupon bonds.	2011, July	CARTA (CONTINUING AGREEMENT FOR REIMBURSEMENT OF TRADE ADVANCES) agreement signed with Citibank on raising funds for trade finance.
1924	Establishment of Communal Bank of Armenia. The Bank starts functioning on May 1, 1924 at 2, Nalbandyan Str. (formerly Ter-Ghukasov Str).	2008, May	Armimpexbank CJSC renamed Ameriabank CJSC.	2010, March	The first large bank merger in Armenia – merger of the Cascade Bank CJSC and Ameriabank CJSC.	2011, September	Establishment of Vanadzor branch, Lori Marz of Armenia.
1959	Since August, 1959 the Armenian branch of Stroybank had started executing the operations in settlements of accounts of enterprises and organizations of the Communal Bank, implementing its activities in the same historical building situated at 2, Nalbandyan Str.	2008, July	Ameriabank became a principal member of VISA International.	2010, May	Agreement signed with EBRD within the scope of TFP: Trade Facilitation Programme.	2011, October	Approval of loan by Commerzbank without collateral, guarantee and letter of credit for SME financing
1974	Establishment of the Armenian branch of Vneshtorgbank of the former USSR in the same building.	2008, October	Ameriabank became a member of Armenian Stock Exchange (ASE).	2010, May	Registration of Cascade branch.	2011, November	Agreement signed with Asian Development Bank (ADB) on 5 year loan of USD 20 million for Small and Medium-sized business.
1988	Establishment of the Republican branch of Vneshekonombank of the former USSR.	2009, January	Initiation of issuance and service of international VISA cards.	2010, June	Registration of Komitas branch.		
		2009, April	Certification of compliance of new ISO 9001:2008 International quality management standard.	2010, July	Award of Commerzbank for high quality international operations granted to the Bank on 2009 performance.		
		2009, July	Agreement signed with International Finance Corporation (OFC) under the Global Trade Finance Program (GTFP).	2010, December	Recognition of Ameriabank as the Best Bank of Armenia in 2010, awarded by the Banker magazine of Financial Times.		
		2009, July	Launch of official web page of Ameriabank in Bloomberg International System.	2010, December	Agreement signed between Eurasian Development and Reconstruction Bank and Ameriabank CJSC on granting a line of credit of USD 30 million for financing of small and medium-sized business in Armenia.		
		2009, July	Establishment and opening of new branch in the town of Qajaran (Syunik Marz of Armenia).	2011, March	Establishment of new Moskovyan branch in Yerevan city.		
		2009, November	Opening of the new building of Ameria Head Office.	2011, March	Agreement signed with Asian Development Bank on raising funds for the development of trade finance instruments.		
		2009, December	Agreement signed with FMO/DEG on attraction of USD 30 million loan financing to expand lending to Small and Medium Enterprise development.	2011, May	The provision of bank warrant in local currency by Commerzbank.		

Partners

FMO and DEG

The Bank has been cooperating with FMO and DEG since 2009; this resulted in borrowed funds for small and medium-sized business and renewable energy (small hydro-plants) financing. This cooperation allowed the Bank expanding the scale of financing the SMEs and renewable energy sector, which are among the top priorities in the Bank's lending policy. In 2010 this cooperation expanded and the Bank raised and implemented lending funds of total amount of USD 30 million, of which USD 20 million have been directed to small and medium business financing, and USD 10 million were targeted to financing the companies engaged in renewable energy sector.

EBRD

The Bank closely cooperates with the European Bank for Reconstruction and Development (EBRD). In 2009 the Bank reached an agreement to raise funds for large business financing (Medium business co-financing joint loan program – MCFF) and implementation of a SME and trade co-financing program. In 2010 EBRD provided Ameriabank with credit line of USD 10 million crediting local companies within the scope of MCFF. With the purpose of development of trade finance EBRD issues a guarantee of USD 2 million and in 2011 the limit line is increased to USD 10 million.

The total amount of funds provided by EBRD to Ameriabank reached approximately USD 50 million.

IFC

Due to cooperation with IFC Ameriabank expanded its opportunities in the renewable energy sector financing (small hydropower plants financing programs) and development of trade finance tools. Ameriabank became the client of IFC in 2009.

Within the scope of cooperation in 2010 IFC provided a loan of USD 15 million to the Bank to finance renewable energy (construction of small hydropower plants). In 2011 IFC increased the guarantee issued to Ameriabank to USD 40 million for international trade finance.

Total amount of funds provided by IFC to Ameriabank reached USD 55 million.

The 2011 «GTFP Award 2010» to Ameria as the most active issuing bank in the Caucasus within the program of global trade financing (GTFP) is the best evidence of successful and fruitful cooperation. That is the first award that IFC granted to a bank acting in the Caucasus.

European Bank for Reconstruction and Development (EBRD)

In 2011 Ameriabank continued active cooperation with EBRD that started back in 2010. This cooperation allowed enlarging the opportunities of financing small and medium business. In 2010 EBRD and Ameriabank signed an Agreement on credit line of USD 30 million to finance small and medium business. The financing has been provided within the scope of Program to Support SME through the provision of targeted loans to financial Institutions.

Asian Development Bank (ADB)

The Agreement on trade financing signed in March, 2011 started the cooperation between Ameriabank and Asian Development Bank (ADB). Funds allocated to the Bank within the scope of the Agreement were directed to the promotion of the trade sector of Armenia and ensuring stable economic growth.

In November 2011 the cooperation with ADB entered a new phase, when Ameriabank received USD 20 million loan from ADB for the period of 5 years. Credit funds are directed at financing the small and medium business in Armenia.

Due to new influx of financial means we work to create favorable conditions for expanding the entrepreneurial activities, reduction of poverty, economic growth and new jobs in the country. In the scope of the new lending program Ameriabank provides financing to Armenian Enterprises, both in capital and in the regions.

To secure the cooperation the Asian Development Bank provided Ameriabank with expert consultation to elaborate an optimal range of services for SMEs and increase lending to small and medium business.

Commerzbank

In 2011 the cooperation between Ameriabank and Commerzbank was marked by two transactions unprecedented in Armenian market, which resulted in increase of trade financing and lending to small and medium business, thus contributing to the economic development of the country.

The first transaction is unique by the fact that Commerzbank has for the first time confirmed a bank guarantee to an Armenian bank, in national currency of about AMD 700 million, which is aimed at trade financing. Provision of guarantee in national currency allowed the clients of the Bank expand financing of foreign trade transaction in Armenia.

The second transaction is unique by the fact that for the first time in history of cooperation with Commerzbank it has confirmed a large loan to an Armenian bank without collateral and it was Ameriabank. The funds are mostly planned for financing if small and medium business and ensuring competitive conditions for client lending.

Citibank

The Bank cooperates with Citibank in the scope of several Agreements, in particular, Ameriabank received credit lines to manage daily cash flows and trade financing.

In 2011 the cooperation expanded and was confirmed through signing a unique CARTA Agreement (CARTA - Continuing Agreement for Reimbursement of Trade Advances) within the scope of which Ameriabank has obtained opportunity to get amount equivalent to USD 4 million to provide trade financing.

OUR PHILOSOPHY AND VALUES



Freedom to care more

Mission and Philosophy

Ameriabank strives to be:

- A leading and dynamically developing financial structure in Armenia and the region, contributing to the long-term economic development;
- A client oriented and reliable partner with full package of financial, banking and advisory services;
- An innovator to introduce new models based on the best international practice in financial and advisory services, business processes and technologies;
- A further developing Dream Team of qualified and efficient professionals.

Our philosophy is based on the understanding that welfare of each member of the society is the base for the welfare of the entire society.

With permanent self-development, we are approaching the real opportunity of sharing our experience, knowledge, achievements with our clients, partners, employees, thus contributing to their growth and development. We follow the principles of true leadership which also implies high level of responsibility for them.

In our work we follow the strategy of long-term vision of all our projects, including the short-term ones, to contribute to the stability and prosperity of the Group and our clients.

To achieve the maximum transparency in our relationships with clients we are guided by the following principles:

- Holistic approach,
- Individual solutions,
- Trust and reliability,
- High quality service.

Following the principles of innovation and leadership, we introduce the global development tendencies to our partners and clients, thus creating new opportunities for the quality enhancement and achievement of goals, as well as open gates to regional and international markets.

We unite experienced, purposeful and qualified professionals dedicated to their work and their team, who create innovative, dynamic and constantly developing environment for daring, confident in their success and visionary physical persons, companies and organizations.

We deeply believe that teamwork is the key to quality performance.

We follow the principles of true leadership which also implies high level of responsibility.

Our Values

Client Trust and Satisfaction

Our main principle is to ensure high quality service, reliability and transparency. In order to achieve these goals, a quality management system complying with ISO 9001-2008 international standard has been introduced in the Bank in 2009 and is persistently upgraded.

Dream Team: Unity, Loyalty and Professionalism

Each employee is a professional, keen on working in a team to jointly overcome all challenges and creating a new colorful world, new business environment and being proud of the results achieved.

Brand

Owing to creativity of our professional employees, shareholders and partners America brand within a relatively short period of time has acquired a new quality, based on our achievements, our investments, social position and role in the Armenian market.

We and the Society

Our achievements are an incentive for actions leading to positive changes in the society. It is our deep belief that each individual must and can change the world to the better. Therefore, America Group also holds responsible for its contribution to the development of social and economic life of Armenia.

Innovation and Experience

We build a culture and traditions of financial intermediary activities through constant analysis, consolidations and effective use of daily experience on the local and international markets. We were the first to introduce a number of new products in the Armenian market, creating a precedent for the development of new directions and solutions for our clients.

Leadership

Notion of leadership for us implies not only championship in terms of financials but also spirit of innovations, the capabilities to develop local financial market and adherence to social corporate responsibility towards the employees, clients and partners and the public.

Strategy

To be the first not only in terms of financial indicators, but also in terms of reliability, progress and brand reputation – these are the driving forces for Ameriabank activities, that will keep us going and that will always be an integral part of our strategy.

Qualities deemed of paramount importance for the activities of the Bank:

- Client-oriented approach,
- Well balanced financial, legal, human resource and social policies,
- Principles of business ethics,
- High level of professionalism,
- Team spirit,
- Information transparency,
- Perception of existing realities combined with ability to make the best use of emerging opportunities.

Based on the holistic expert and research understanding of global, regional and local markets Ameria Group strives to balance the interests of all beneficiaries of the Group, including clients, stakeholders, employees and partners.

In the beginning of 2012 Ameriabank revised its strategy and the priority was set on the restructuring of the Bank from the corporate and investment focus to universal banking organization for the public.

With this regards the Bank started aggressively developing the retail area, expanding the cooperation with the SME representatives.

The unique competitive advantages of the Bank and high professionalism of the staff allow the Bank to successfully implement new projects and discover new business opportunities in the market, thus standing aside and being a leader in the market.

In compliance with the 2014 Development Strategy of the Bank the main priorities are:

- Enhancement of financial efficiency through further diversification of areas of operations and client base,
- Improvement of service quality,
- Development of new financial solutions, introduction of new banking technologies, new products, upgrading financial infrastructure,
- Ensuring the steady growth,
- Enhancement of competitive positions of the Bank, establishment of solid basis for further intensive and extensive growth.
- Formulation of prerequisites for the deployment of foreign markets.

Corporate Social Responsibility

Besides developing business and creating employment any company should also be taking certain social responsibilities, to contribute to the sustainable growth of economy and the development of the society, where the company operates, in general. Corporate social responsibility is a value vector for all our team members.

Within the scope of our CSR policy the goal of the Bank is to support the rehabilitation and development of the cultural heritage of Armenia, support to the socially disadvantaged and vulnerable layers of the society.

Among the major social projects of Ameriabank in 2011 were:

Financial Support to Children in Need and Orphans

Ameriabank continues collaboration with orphanages and boarding houses hosting children from socially vulnerable families to provide them housing and education.

The Bank provides the children with school stationery, toys, books and children art supplies. We are closely cooperating with the SOS Children's Village Armenian Charity Foundation and Children of Armenia Fund (COAF), non-profit, non-governmental organizations.

In July 2011 Ameriabank jointly with World Vision Armenia - one of the largest charitable organizations in Armenia, fulfilled a charity project to raise funds from Diaspora for organization of summer holidays Camp for 3 000 children from needy Armenian families. The project was titled "Send a Kid to Camp 2011".

Armenia-Diaspora

Highlighting the importance of strengthening ties and prospects between Armenia and its Diaspora, as well as establishment of new business relationships, Ameriabank contributed to the organization of All-Armenian Forum in 2011, held in September in Yerevan.

Heads of 550 and representatives of 151 Diaspora organizations from 46 countries of the world visited Armenia to participate in the Forum.

Support to Children with Cancer and Hematological Diseases

Another New Year Charity Auction to support children suffering with cancer and hematological diseases was organized by Ameriabank in 2011. The auction is steadily turning into a tradition.

The Auction displayed paintings of Armenian artists and all the borrowed funds – over AMD 10 million, was doubled by Ameria and transferred to the children under treatment in Armenia and abroad.

All those wishing to join this initiative and donate funds for children with cancer and hematological diseases are welcome to transfer money to the 15700 36910764400 account operated by Ameriabank.

'Hayastan' All-Armenian Fund

The Bank participated in the traditional annual telethon for the raising fund by the Pan-Armenian Fund.

The money raised under the logo of 2011 telethon "Water is Life" will be used for the construction of water supply systems in Karabagh and assistance to programs aimed at upgrading the rural areas of Armenia.

Education

In June the Bank supported an initiative for the business plans development contest for the students of American University of Armenia. Besides the prizes the best contestants got an opportunity to have internship in Ameriabank. Besides, the authors of the winning business plans were granted an opportunity to obtain legal advice from the leading specialists of Ameria CJSC while implementing their business plan.

Another initiative realized with the support of Ameriabank in 2011 was aimed at the expansion of the knowledge of the Armenian marketing society in the process of live communication with the world's Marketing Guru, Professor Philip Kotler.

Sports

With the purpose to facilitate the development of sports in Armenia and promote of healthy life style in Armenian society, Ameriabank sponsored several sports events:

- The first international tennis competitions among men and women – Ameria Cup, that took place in June 2011;
- The fifth Pan Armenian Games that took place in August 2011, involving more than 3 000 sportsmen from 120 cities of 34 countries.

CORPORATE GOVERNANCE AND RISK MANAGEMENT



Freedom to consider more

Main principles of corporate governance at Ameriabank are:

- Transparent decision making and easy access to information,
- Protection of rights and interests of investors,
- Professional and ethical responsibility.

Ameriabank Stakeholders

The main shareholder of Ameriabank is Ameria Group (CY) Limited. As of December 31, 2011 Ameria Group (CY) Limited owns 99.9999% of Ameriabank CJSC shares.

The share capital of Ameriabank as of December 31, 2011 accounts for AMD 25.4 billion (USD 66 million).

Ameriabank Management

Board of Directors (As of 30/06/2012)

- | | |
|--|--|
| <p>Ruben Vardanian
Russia</p> | <p>Chairman of Board of Directors of Ameriabank CJSC</p> <ul style="list-style-type: none"> ■ Chairman of Board of Directors of Troyka Dialog , ■ Head of the Corporate Investment Component and Head of the Wealth Management Unit of Savings Bank of Russia, ■ Co-head of Corporate and Investment Block and Head of Business block of Welfare Management Unit of Savings Bank of Russia, ■ BoD member of Rosgosstrakh OJSC, AvtoVAZ OJSC, KAMAZ OJSC, NOVATEK OJSC, SIBUR Holding OJSC, Integra and GEOTEK Holding merged company, Standard Bank Plc и Joule Unlimited, Inc. (pioneer in production of liquid fuel form solar energy), ■ Independent member of BoD of Russian Venture Company OJSC (State Fund of funds and Institute for Development of the Russian Federation), ■ Founding partner and member of Coordinating Board of SKOLKOVO Moscow School of Management, ■ Member of Expert Council, the RF Presidential Council for the Implementation of Priority National Projects and Demographic Policy, ■ Member of Board of Trustees of National Competitiveness Foundation of Armenia, ■ Member of Global Leadership Studies Advisory Board of International Christian University (Japan), Member of International Advisory Board of Guanghua Management School (China), Member of International Advisory Board of FDC Business School (Brazil), ■ Member of Supreme Religious Board of the Armenian Apostolic Church, ■ American Chamber of Commerce named Ruben Vardanian as the Businessman of the Year, for the "significant contribution to the development of business in Russia and commitment to high norms of professional ethics", ■ World Economic Forum (Davos) included Ruben Vardanian in the Top 100 Rising Leaders of the Future. For three consecutive years Ruben Vardanian was among top 22 business leaders of Russia. |
| <p>Noubar Afeyan
USA</p> | <p>Member of the Board of Directors of Ameriabank CJSC</p> <ul style="list-style-type: none"> ■ Managing partner of Flagship Ventures ■ Chairman and CEO of Flagship VentureLabs ■ Senior lecturer at MIT in both the Sloan School of Management ■ Member of National Competitiveness Foundation of Armenia |
| <p>Aram Grigorian
Russia</p> | <p>Member of the Board of Directors of Ameriabank CJSC</p> <ul style="list-style-type: none"> ■ Responsible for direct investment projects and the Member of the Board of Directors of Troyka Dialog CJSC. |
| <p>Gor Nakhapetyan
Russia</p> | <p>Member of the Board of Directors of Ameriabank CJSC</p> <ul style="list-style-type: none"> ■ Managing Director of Troyka Dialog, Coordinator of the Group's Strategic Development; responsible for the operations of the following subdivisions: Administration of the President of Troyka Dialog, PR department, HR department, Security department, Marketing department. Information & Communications department. ■ Member of Coordination Board of SKOLKOVO Moscow Management School and representative of the founding partner of SKOLKOVO School – Troyka Dialog CJSC. ■ Member of Board of Trustees of Pushkin Sate Museum of Fine Arts |
| <p>Andrew Mkrtchyan
Armenia</p> | <p>Member of the Management Board of Ameriabank</p> <ul style="list-style-type: none"> ■ Managing Director of Ameria Group |

Top Management (As of 30/06/2012)

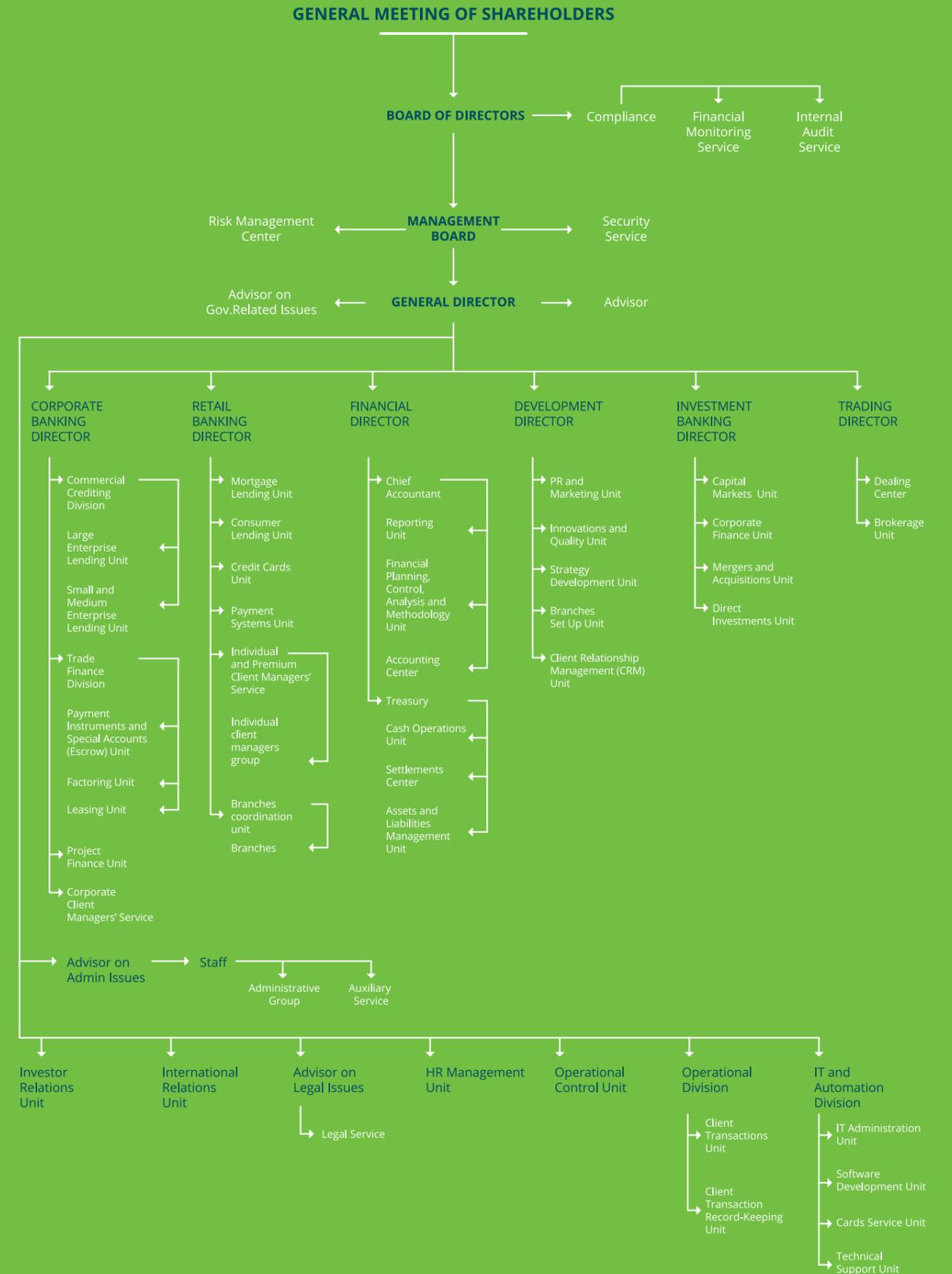
Artak Hanesyan	Chairman of Management Board, General Director
Gagik Sahakyan	Member of Management, Corporate Banking Director
Arman Barseghyan	Acting member of Management Board, Retail Banking Director
Tigran Jrbashyan	Development Director
Arno Mosikyan	Investment Banking Director
Sergey Shevchenko	Member of Management Board, Trading Director
Gevorg Tarumyan	Acting Member of Management Board, Deputy General Director, Financial Director
Gohar Khachatryan	Member of Management Board, Chief Accountant
Andranik Barseghyan	Member of Management Board, Head of Risk Management Center
Arsen Katvalyan	Member of Management Board, Head of the Regional Subdivisions Management Department
Samvel Aghababyan	Member of Management Board, Head of Security Service

Standing Committees and Commissions:

- Credit Committee
- Investments Committee
- Assets and Liabilities Management Committee
- Committee for Anti-Money Laundering and Combating the Financing of Terrorism
- Procurement Commission

Ad Hoc Working Groups and Target Meetings:

- Client Attraction
- Development
- HR Policy
- Loan Portfolio Quality
- Investment Banking Development
- IT Development
- Security



HR Management

**«Coming together is a beginning; keeping together is progress; working together is success.»
Henry Ford**

The most significant achievement in human resources management both in the Bank and in the scope of the whole Group is the fact of bringing together an excellent team of highly motivated, bright and progressively thinking professionals, able to generate new ideas and fulfill those in actions.

The Dream Team is composed of positively forward-thinking and like-minded people, united around a common idea and ready to jointly move ahead and change the world to the better.

“We don’t believe in miracles, we are realists. However, we have dreams and we know that together we can make a difference in the market”

Trust, mutual respect and the succession are the guarantee for the success of the growing and developing team. During 2011 our staff increased by 28% and we grew from staff of 324 in the beginning of 2011 to 416 employees by the end of the year.

It is essential for us that each new employee feels a fully integrated member of the team from the first day in Ameriabank.

To identify the potential of the younger generation, Ameria Group is actively collaborating with the best Higher Education Institutions of Armenia. In the framework of that cooperation the most active and innovative graduate students are granted an opportunity of internship in Ameriabank or other companies of the Group. The best of the best can think of further employment to continue the traditions of corporate business culture and capacity development of the young leaders of the future.

The Bank has a qualified staff of professionals, more than 90% of those have university degree (predominantly finance and economy) and over 15% of those hold a degree and international qualifications.

The knowledge of and experience in international markets, along with global vision and strategic thinking of our employees are also of high importance to us. The staff of the Bank, as well as the Group represents the cultural and national diversity, which we think essential from the perspective of exchange of experience and versatile thinking. The Bank and the Group highly value the corporate culture, traditions and relationships. It is important for us that each member of the team is aware of and fully understands his or her involvement in the process of reaching the global goals, the opportunity to change the life – be it the country, the company or themselves, to the better.

Identification and development of individual talents is also a priority in our human resource management policy. With this particular purpose, in 2011 we jointly with the Moscow School of Management SKOLKOVO initiated Executive Education exclusive project for the mid and senior managers. The first event of the project was a corporate training for the employees of the Group, led by one of the best experts in Leadership Studies, Professor Pierre Casse.

A string emphasis is placed on staff professional trainings and forums, both in Armenia and abroad. Along with participation in international forums such as World Economic Forum, Russia forum etc. it’s been several years that the employees of the Group participate in various international team led projects, debates, online contests, attend seminars and conferences in various countries of the world, to share experience and knowledge.

In 2011 Ameriabank team participated in “Bank Management 2011” international online competition and was recognized the best in European stage of the contest, organized by the SimArc NV Company in partnership with New York Institute of Finance, World Savings Banks Institute and European Saving Banks Group.

In another online seminar organized by EBRD, the team of the Trade and Finance Department of Ameriabank received the highest scores hitting the 100% results, due to which the team won an opportunity of two-week training in Commerzbank, as well as subscription for DC-PRO, worth EURO 2.5 thousand. The 2011 online seminar hosted 360 employees of 83 banks of 17 countries with EBRD representation.

In 2011 the team members participated in 230 trainings, 45 employees of the Group participated in professional development trainings abroad.

In 2011 the staff performance evaluation in the Group was fully automated and adjusted with the employment of KPI (Key Performance Indicators) model. The key performance indicators of efficiency have been identified for each employee, along with the system of 360 Degree Evaluation method. With the application of the given model each employee, his/her colleagues and supervisor assess and identify weaknesses and strengths and identify the individual model of the employee’s development.

Motivation of the staff is also a very important priority. The Group provides its employees with a competitive social package, including medical insurance, travel insurance assistance, use of banking services on special conditions, highly competitive salary, as well as a unique system of bonuses. To improve the motivation system the Group is regularly initiating surveys and studies of the employee satisfaction, compensation system and social package.

In particular, if in 2011 an Armenian banking system employee managed assets amounting AMD 187million (equivalent to USD 484 thousand) per year, then Ameriabank employee managed the average assets of AMD 477 million per year, which is equivalent to USD 1.2 million.

Profit per Ameriabank employee (average annual) in 2011 reached AMD 11.8 million (equivalent to USD 30.6 thousand), while the relevant figures for the banking system amounts for AMD 4.5 million, which is equivalent to USD 11.7 thousand.

Income per Bank Employee, USD thousand



Assets per Bank Employee, USD thousand



Core Management Principles

Ameriabank applies the modern management system, based on the ISO 9001:2008 international quality management standards. The core principles of the ISO 9000 standards is the client-oriented approach, i.e. understanding of current and future requirements of the clients, meeting their demands and surpassing their expectations.

Client driven approach is the basis of Ameriabank operations.

Along with the core principles of the new management system ideology, Ameriabank in its activities is also guided by the following principles underlying the ISO 9001:2008 Standard:

- Top management leadership – readiness and consistency of top management in creating relevant conditions for efficient operation of the system;
- Staff involvement - ensuring participatory management and decision making;
- Complex approach, considering the business unit as a chain of inter-related processes;
- Systematic management approach – management of inter-related processes as a system - contributes to the efficiency in reaching the goals;
- Continuous system upgrading, in line with legislative changes, clients' complaints and recommendations, as well as to respond to various internal processes;
- Evidence based decision making, provision of reliable information basis for decision making, with fine balance of efficiency of the decisions made vs. risks and risk tolerance;
- Mutually beneficial relations with partners and suppliers, enhancing the abilities of both parties to create values.

Mutually Beneficial Relations with Partners and Suppliers

Back in April 2009 based on the quality management system audit by TÜV Reheinland Group, Ameriabank was awarded the Certificate of compliance with the ISO 9001:2008 International quality standard, which confirmed the Bank's management system reliability. In 2011 the Bank underwent a schedule annual audit, which reconfirmed the compliance of the system to ISO 9001:2008 International standards.

The Bank has developed and established more than 70 business processes, as well as procedures and instructions for the implementation of those processes.

All business processes in Ameriabank divide into three groups:

- Main processes, aimed at client needs satisfaction in banking and financial services;
- Supporting processes, targeted to retain and ensure effective implementation of the basic processes,
- Management processes, ensuring the functioning of various management systems and strategic and tactical decision making.

Proper execution of the defined procedures is supervised both by the Special Internal Audit reporting directly to the Bank Board of Directors and by external audit companies.

One of the tools allowing increasing the management quality is the Balanced Scorecard System, introduced in the Bank, which allows linking the process approach, strategic management and the integrated management system definite measurable and digitized tools.

Client Relationship Management

Ameriabank aims to build lifelong clients relations and for that purpose the Bank has elaborated and introduced a wide range of strategies, principles and management systems.

The basis of Client Relationship Management (CRM) system is the automated program Terrasoft CRM.

The system allows all the responsible staff tracking all the transactions and relationships with the current and prospective clients, collecting information from all the internal and external sources pro bono, which allows making a holistic real time picture of relationships on each client individually.

Client relationship management in Ameriabank is based on the following principles:

- Creation of strong relationships with the clients and their proactive involvement through new ideas, interesting points of view and value adding services; introduction of client feedback to the management.
- Immediate response to client complaints and collective measures for improvement or infringement prevention, including the client complain response and detailed analysis of client satisfaction. With this regards Ameriabank is exploiting unique tactful and effective methods.
- Ongoing study of client satisfaction by independent parties to obtain ultimately objective and relevant information.
- Creation of favorable conditions for the client managers to ensure the maximum confidence in direct relationship, which would allow the clients freely communicating with the client managers who act as trusted and reliable advisers on any banking related issue.
- Continuous improvement and maintenance of quality service in the branches through constant monitoring, trainings and education.

Risk Management

Notwithstanding the significant changes of economic environment and increased competitiveness in the financial sector, Ameriabank continued its dynamic and steady development in 2011, within the scope of reasonable risk parameters. This efficiency was fed by banking technologies, client service quality improvement, introduction of innovative service and flexible system of risk management.

Prioritizing the effective risk management system as an imperative for its activities, Ameriabank actively continued further development and strengthening of the system efficiency in 2011.

Credit Risk

Management of credit risks was highlighted as an imperative objective for the Bank in 2011.

The development and high pace of growth of the Bank credit portfolio appeared to be the engine for the further development of monitoring and risk identification, as well as credit risk management system.

In 2011 the Bank has developed and introduced the following systems to assess credit risks and management:

- Credit risks early warning system,
- Borrowers key financial indicators monitoring system,
- Monitoring based rating/scoring system of the borrowers.

Due to the weighed and well balanced policy of the Bank, with 30% asset growth and 50% credit investment growth the ratio of allowance for potential credit losses to total credit investment during the year was maintained at a fairly low level, amounting to only 0.18% at the end of the year.

The share weight of impaired credits in total credit portfolio amounted to just 0.27%, which is considerably lower than the average in the RA banking system.

In 2011 Ameriabank pursued the policy of multilateral portfolio development. Sectorial structure of the Bank's loan portfolio is well diversified and has a low level of concentration.

In terms of general loan risk in 2011 Ameriabank provided a sufficient level of adequate capital.

Ecological and Social Risks Management System

During the year of 2011 Ameriabank employed the Ecological and social risks management system, which is based on the best international experience, as well as coordinated with the international financial structures that collaborate with the Bank (FMO, IFC, EBRD, and ADB).

2011 was also the year when the Ecological and social risks monitoring system was developed for the Bank and the relevant staff was trained in that particular thematic.

The share of the loans to borrowers with low risk of environmental impact is 72.6% of the total loan portfolio. The share of loans to borrowers with low social risk accounts for 68.9% of the total loan portfolio.

In the whole, the system is economically profitable for the Bank, since it keeps the risks on acceptable and manageable level.

Market Risks

Accepting the importance of the possible impact of currency risk on its activities, the Bank followed a restrained currency policy. Ameriabank continued the process of improvement of its own tools for assessing foreign exchange risks and stress tests. In 2011 the domestic foreign exchange market of Armenia was characterized by stability, lack of significant risks to the Bank. Currency risk was mainly conditioned by the volatility of prices for precious metals and the Euro currency on international markets.

Another priority for the year of 2011 was the identification, analysis and management of the interest rates risk. During the whole year the process of reduction of interest rates continued to some extent, slowing down by the end of the year.

This factor was, above all, caused by the increased competition on the market, which resulted in the decrease in the total margin of interest rates of attracting and disbursing funds.

As a result, to manage and minimize the identified risks the Bank initiated a series of activities, namely, the optimization of the assets and liabilities structures, as well as the interest rate hedging instruments.

The prices of property market in 2011 also had some uncertainty. In this regard, the Bank followed some conservative position in deposit policy demonstrating, however, flexibility with respect to the most reliable clients.

Liquidity Risk

Parallel with the growth in lending, Ameriabank provides reasonable and effective profitability and liquidity ratio.

Raising targeted credit funds from the international financial institutions, deposits from clients, the Bank, at the same time, carried out efficient liquidity management. Due to that the Bank was able to ensure both the profitability of operations and client satisfaction.

Simultaneously, the Bank diversified its deposit portfolio, thus to some extent reducing the concentration of resources.

According to the CBA normatives:

- minimum capital adequacy ratio is set at 12%, while as of December 31, 2011 Ameriabank's capital adequacy ratio is 15%,
- total liquidity minimum is set at 15%, while Ameriabank indicator of total liquidity is 21.1%,
- current liquidity minimum ratio is set at 60%, while Ameriabank indicator for it is 131.4%.

Operational Risks

Rapid growth of Ameriabank in recent years, including 2011, led to the introduction of Operational Risk Management System. The given system allows identifying and assessing the operational risks inherent to the processes and systems. The system allows analyzing and identifying the deficiencies of processes and systems and find managerial solutions to curb/manage risks, reducing the likelihood of operational losses and mitigating the magnitude of potential impacts, while ensuring the maximum awareness of the Bank management and staff of operational risks.

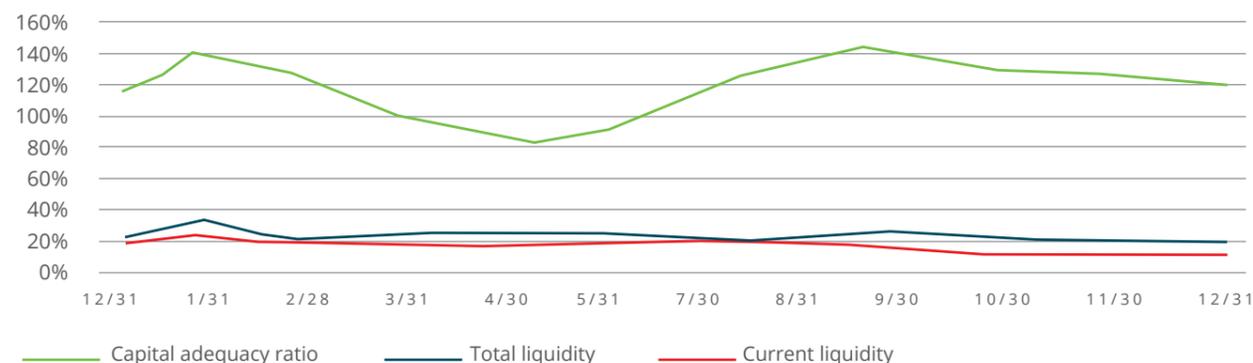
One of the key components of the Bank's activities is the information technologies and systems. For this very reason, within the scope of operational risk management system and based on a specially developed methodology we implement the IT systems risk assessment and management.

In 2011 the system addressed about twenty internal processes and information system assessment and management.

Stress testing

To asses and manage lending, market - currency exchange risks, as well as interest rate and liquidity risks the Risk Management Center is constantly implementing stress testing on different development scenarios. Stress testing results are taken into consideration in by Ameriabank management in the decision making for all aspects of the Bank's operations.

Key Economic Norms



EXTERNAL ENVIRONMENT

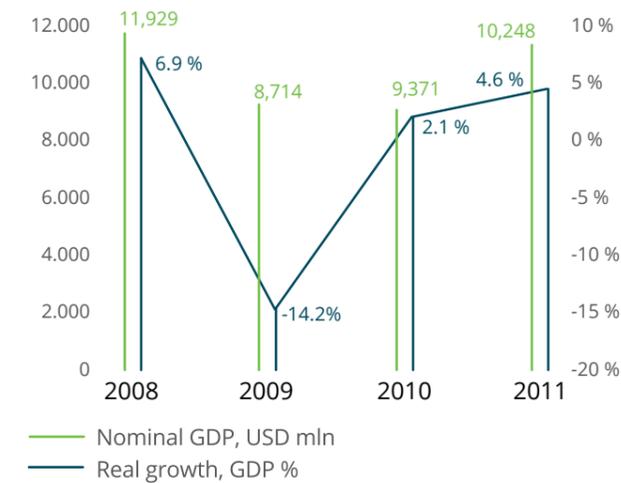


Freedom to feel more

Macroeconomic prerequisites

The macroeconomic situation of performance of the banking system of Armenia in 2011 was characterized by the continuing post-crisis recovery development. Simultaneously, the government continues its attempts to qualitatively restructure the economy to meet the possible new waves of crisis in future, as well as to ensure the base for quality economic growth of the country, which is particularly important for a country with limited natural resources, limited regional mobility and heavily dependent on remittances.

After double digit economic growth recorded for six consecutive years, the economy of Armenia experienced a notable downturn in 2008, which was partly the impact of the situation in Georgia and also the emerging global financial-economic crisis. In 2009 the Armenian economy demonstrated 14.2% downturn. In 2010 the country stepped into a period of revitalization and economic growth rate for that year was 2.1%.



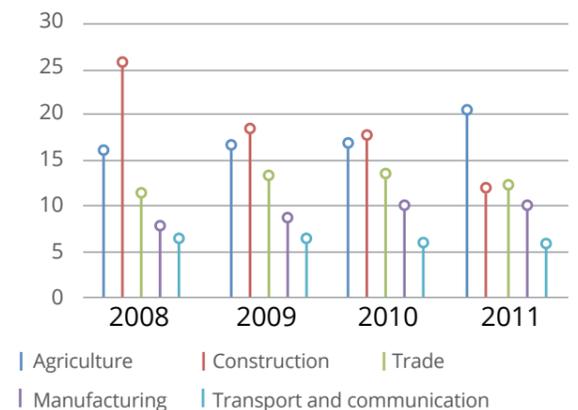
In 2011 the economy continued recovering and the GDP growth raised to 4.6%.

- Economic growth in 2011 was accompanied by a two-digit industrial growth and decline of agriculture and construction.
- Real volume of Agriculture grew by 13.5%.
- The growth of manufacturing industry sector was 13.5%, and mining industry - 22.5%.
- Pre-crisis leader of the GDP – the construction sector recorded decline by 12.5%.

One of the most significant tendencies consequent to the global crisis appeared to be the restricting of the economy, in particular, the construction seized its leadership role in economy decreasing its share in GDP nearly twice. Other main sectors, such as agriculture, industry and trade, increased their share in GDP both due to their own development and decrease of construction share.

In 2011 the two-digit growth in industry, marked in 2010 continued to escalate. Moreover, this growth did not report for the mining industry only. All the major sub-sectors of industry showcased this rise, including the food and beverage production, metal ores mining and metal processing, power generation and jewelry production. However, 2011 recorded a considerable decline in chemical industry and tobacco products manufacturing.

Share in GDP, in %



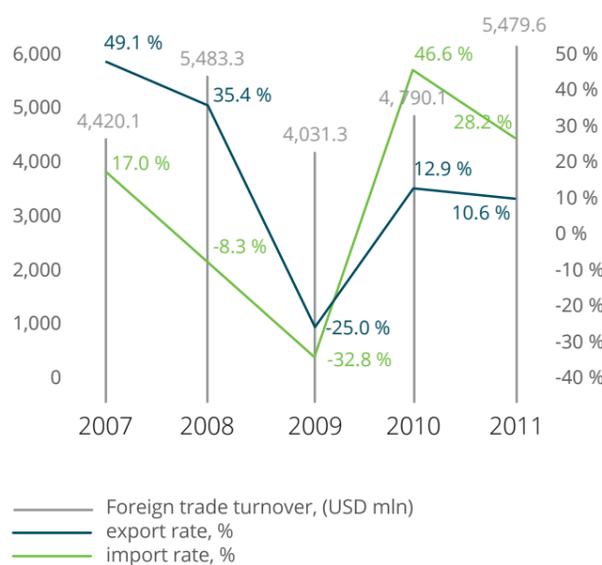
After the decline in 2010 the agricultural sector recorded 14% growth in 2011. This increase was due to both more favorable climatic conditions as compared to 2010 and various government funded projects to stimulate the development of this particular sector. In particular, in 2011 the government subsidized agricultural loans of AMD 14 billion to (about USD 36.3 million) to the farms and also assisted in purchasing fertilizers and seeds.

In 2011 the state also paid special attention to the industry and the year was marked with the adoption of the Export Oriented Industrial Policy in December, 2011.

Meanwhile, the pessimistic forecasts regarding the global economic crisis and complicated geopolitical situation in the region spurred the Armenian authorities to accelerate the reform implementation.

Under these circumstances, the Government has continued stimulating the economy of Armenia, which began in 2009 within the framework of anti-crisis assistance from international financial institutions. What's interesting, the assistance was expressed not so much through financial infusions from Donors, as in indirect regulations, including subsidies, tax incentives etc. Certain steps were implemented also at state level to ensure relevant conditions for the development of information technologies, agriculture and support to entrepreneurs. Investments in the development of infrastructure and road construction also were continued.

The number of people engaged in economy made 1.175 million and as compared with 2010 this number fell by 0.9%. It is interesting, that simultaneously the level of unemployment has also decreased in the country, as compared to 2010. Reduction number of the both employed and unemployed indicates decrease in economically active population in the country.



In 2011 (similarly to 2010) export rates growth exceeded the import rates growth, which is considered a positive trend for a country with high external trade deficit. As a result, according to the data of 2011 the volume of import exceeded the volume of export 3.1 times. Although compared to the same indicator for the year of 2009 (4.7 times), this indicator is much lower due to the faster growth of export rate, but the further reduction in the deficit is already a challenge, since to ensure the further growth it would imply changes in the export structure.

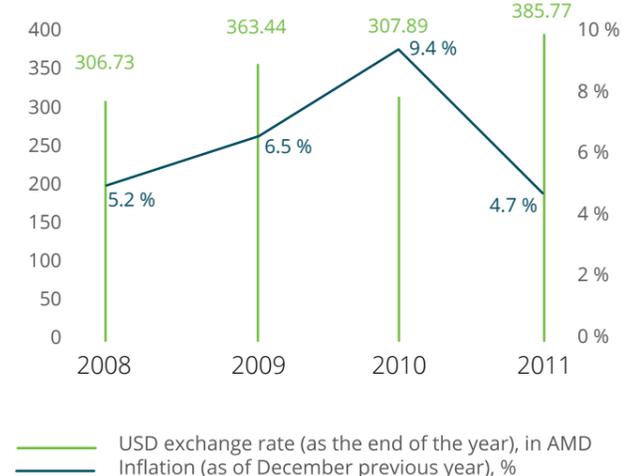
In 2011 the current account deficit of the payment balance of Armenia has considerably declined, but still remains high enough. Over the year the current

account deficit of the payment balance is 10.9% of GDP, against 14.6% on 2010 and 15.8% - in 2009. Trade deficit in 2011 accounts for USD 2.1 billion.

Foreign investments in Armenia in 2011 compared with 2010 increased by 6.3%, accounting for USD 1.65 billion. The direct investments, however, increased by 15.1% accounting for USD 813.3 million. For the sake of comparison we would like to mention that in the year of 2010 foreign investments, as well as direct investments recorded a drop, respectively by 41.1% and 23.5%.

The national foreign debt of Armenia for 2011 accounted to 36.1% of GDP against 35.2% in 2010. The total value external debt at the end of 2011 amounted to USD 3,568 million, an increase by 8.2% or USD 269.2 million.

In 2011, USD 238 million was involved in debt financing of the Armenian government, of which USD 214 million is the share of international financial institution transactions. The Central Bank of Armenia, in its turn has also attached loan fund in the amount of USD 82 million.



Consumer price index in 2011 (December to December) made 4.7% and for the first time in recent years the level of inflation was maintained at the programmed 4% (±1.5%). Tough monetary policy of the Central Bank of Armenia since the beginning of 2011, as well as the government policy aimed at reducing the budget deficit and increasing the supply in agricultural industry had their mitigating impact on inflation environment. The average annual inflation indicator declined by only 0.5 percentage points and amounted to 7.7%.

- In December the inflation indicator for 12 months was 4.7%, as compared to 9.4% in 2010.
- Average annual inflation in 2011 was 7.7%, as compared to 8.2% in 2010.

- In 2011 the USD strengthened by 6.1%.
- In 2011 the average exchange rate of USD to AMD declined by 0.31%, as compared to 2010.

At the same time the external worldwide trends continued their impact on the Armenian economy, both in real sector and on banking: poor recovery of economy in the US, crisis in Europe, slow rates of growth of Chinese economy interrupted the recovery of global markets:

- With the absence of defaults, however, the condition of markets, according to European Central Bank, was the same as before the bankruptcy of LehmanBrothers in 2008: volatility on the market of sovereign debts reached the same level;
- The price for copper is reducing, which has a negative affect the exports of Armenia;
- Due to the poor climatic conditions for the third year the wheat price remains higher than expected;
- The international currency markets have dramatically shaken;
- Uncertainty in the world grew even stronger.

Over the past few years Armenia initiated measures to improve the investment climate in the country. As a result, in 2011 Armenia improved its positions in the annual world rankings in terms of attractiveness of doing business (Doing Business-2012) by six positions, as compared to 2010, ranking in the 55th position.

In 2011 Armenia continued active economic cooperation with international structures, with actively involving the realization of resources raised from World Bank, IMF, Asian Development Bank, EU and Russia in 2009-2010.

Among the important public policy priorities in the allocation of the borrowed funds from international donors are:

- Improvement of internal transportation and communication infrastructure to compensate for the high costs of cross-border transaction costs;
- Development of small and medium businesses;
- Promotion of agricultural development;
- Expansion of domestic energy capacities – small Hydropower stations;
- Development of export industries.

With the global financial crisis outburst Armenia was among the countries experiencing a reduction of foreign currency inflow while the demand for it remained high. This resulted in the depreciation of the national currency. At the same time, 2011 was marked by a noticeable increase in recovery of remittances. In particular, according to CBA, in

2011 the remittances to physical persons through the banking system accounted to USD 1,547 million, which is exceeding the relevant indicators for 2010 by 19.6%. However, the volume of those is still by 5.4% less than it was in 2008.

The economic growth forecast for Armenia in 2012 is 5%. However, the situation will largely depend on the developments in Euro zone, which will have direct or indirect impact on the banking system of Armenia and the economic situation in general.

Legal Framework, Government Regulations, Financial Infrastructure

In terms of recovery growth after the first wave of the global economic crisis, as well as in expectations of other possible external influences on the economy of Armenia the RA government actions were primarily targeted at stimulating the real economy sector growth and the diversification and increase of export volumes.

Thus, in 2011 the government adopted the Strategy of Export oriented industrial policy aimed at establishment of advanced export oriented industry.

The Strategy involves the introduction of institutional structures and creation of management system, which will create and implement an industrial policy in Armenia. The document identifies three conventional horizontals or phases to ensure the development in 11 sector directions.

Amongst the important government actions carried out in 2011 are:

- empowerment of State Commission for Protection of Economic Competition,
- simplification of business registration procedures, collaboration with small and medium business representatives,
- adoption of the program of strategic development of Hydro energy sector, aimed at enhancement of Hydro energy potential of the country.

In 2011 the system of online registration and e-reporting of the companies was introduced into the sector, which largely facilitated the process of business company establishment and reporting.

The main issues in the focus of RA government attention in 2011 with the purpose of finding their gradual solutions in 2012 relate to:

- tax and customs sector reforms,
- business environment enhancement,
- small and medium business development.

With this respect the priorities for 2012 are to improve the competitive and business environment, natural resource use reforms, housing of the people suffered of the Spitak earthquake.

The government activities for the 2012 will focus on the following directions:

- continued implementation of reforms on program budgeting to enhance the efficiency of public expenditure management;
- approval of strategic principles of Tax and Customs Legislation reforms;
- introduction of internal audit system in public administration, local self-government bodies, non-for profit state and community organizations, as well as in the organizations with 50% and more public participation;
- continued subsidies to agricultural programs;
- reforms aimed at simplifying the administration of the State Revenue Committee of Armenia;
- social system, in particular pension system reforms.

Monetary policy

Due to conservative fiscal policy the state budget deficit of Armenia to GDP for 2011 accounted for 2.7% as opposed to the planned 3.9%.

The mentioned policy helped to decrease the expected high inflation rate inherited from 2010.

Budget deficit for 2012 is planned at 3.1% GDP level, which means that as compared with the previous year the budget will impact the economy not through restricting but through expansive measures.

The budget is planned taking into consideration the combination of the most important objectives of the fiscal policy:

- on the one hand, gradual decrease of budget deficit in terms of national debt;
- on the other hand, support to economy recovery and supply promotion.

Since the end of the 2010 Central Bank of Armenia has toughened its monetary policy and followed that throughout 2011. In 2011 the refinancing rate changed three times: in April (1 p.p. increase from 7.25% to 8.25%), May (increase for additional 0.25 p.p.) and October (decrease of 0.5p.p. to 8%).

At the same time Armenia remains to have high level of dollarization of economy (upon some decrease in the level of dollarization observed at the end of pre-crisis period, this indicator is again raising, since 2009). This situation is conditioned by the USD/AMD

rate fluctuations. Majority of the loans granted by the banks in Armenia are in USD.

With this respect the Central Bank of Armenia continued measures targeted at reducing the level of dollarization in the country.

First and foremost, with the purpose of de-dollarization, the CBA is gradually changing the mechanisms of mandatory provisions, to eventually shift to AMD mandatory provisioning:

- Since February 2011 the standard of mandatory provisioning was strengthened – out of 12% of currency deposits 9% is allocated in AMD, and 3% in foreign currency, against the previously equal 6% allocation.
- Since December 2011 the mandatory provisioning is made only in AMD, irrespective of the currency of borrowing, at the rate of 12%.

These changes have brought certain increase in the cost of AMD deposits on the market and reduction of USD deposits and loans.

Some other legislative changes were introduced in 2011 that directly or indirectly affected the banking system operations.

In particular:

- Since December 1, 2011 the calculation of liquidity indicators, the deposits in CBA for a term of more than 3 days are no longer considered highly liquid assets.
- The National Assembly of Armenia introduced and approved amendments to the Law on Banks and Banking, in accordance with which it is suggested to deprive the banks of independent revaluation of assets. Valuation of the own assets by the bank creates risks in terms of decrease of taxed base for the calculations on profit tax. Revaluation of bank assets will engage external (to the bank) independent organizations. Previously the banks, as opposed to the real sector of economy had the right to independently implement the revaluation of equity, which ultimately affected the tax base.
- Amendments are also made in the Law on Income Tax, which introduced the progressive scale of income tax since January 1, 2012. For the citizens with monthly income less than AMD 2 million, the Income tax rate will be 25% instead of previous 20%. Prior to the introduction of those changes the income tax in Armenia was progressive – monthly income less than AMD 80 thousand was taxed 10%, income tax rate for income above AMD 80 thousand 20%. After the changes the new threshold is defined at AMD 2 million.

- Amendments are also introduced to the Law on Mandatory Social Security Payments, and the rate of mandatory social payments is increased from 3% to 8.5% for employed citizens with monthly income of AMD 2million and more.

Fiscal Policy

Being an important component of reforms, tax and custom administration remains one of the most vulnerable sectors of Armenian economy.

The basic measures pursued by the Government of Armenia in 2011 in the given sector were aimed at fighting corruption, improving the business environment, promotion of small and medium business development.

Meanwhile it is expected that reforms implemented in 2011, in particular the introduction of e-reporting, decrease in number of total reporting, simplification of administrative rules will bring about positive results in 2012.

Amendments in the tax legislation mainly apply to large taxpayers.

- Sanctions are established in case of violations by large taxpayers, in case of importing goods by the companies without invoices;
- For companies with turnover exceeding AMD 100 million, the taxable turnover will be calculated immediately for 20% and more;
- In case of failing to submit non cash invoices the large taxpayers will be held responsible for 2% of profit for the preceding reporting month.

All the above mentioned changes directly apply to large taxpayers and possibly don't affect small business, with the purpose of creating favorable environment for its development.

In particular, to improve the business environment for small and medium business it was suggested increasing the threshold of income tax, which allows reporting without audit and preliminary coordination with the State Revenue Committee under the Government of Armenia, from AMD 100 thousand to AMD 10 million (approximately USD 26.5 thousand).

In general, the legislative packages proposed in 2011 is designed to maximize the protection of small and medium business environment and shift of the tax burden of the sector in areas with higher concentration of incomes.

In 2011 within the scope of small and medium enterprise development support, 3580 entities of the sector were granted relevant assistance.

It is expected that new tax package will improve the small and medium business development environment, the tax administration will apply to large businesses and the number of inspections will significantly reduce. The amount of reporting will also decrease, if the small and medium business operates in the licensed or fixed payments field.

In June the President of the Republic of Armenia signed the Law on Free Economic Zones, which created a new legal regime for the realization of the economic activities and is targeted at establishment of favorable economic environment, solving the export related problems and creation of favorable conditions for export oriented enterprises

Capital Market

The local capital market of Armenia is underdeveloped, which is conditioned by both external and internal factors.

External factors have their indirect impact on the development of capital market in Armenia. Among those is the general background of lack of trust and general uncertainty, which was formed on European markets, while expecting the second wave of recession and lack of demands for assets in Armenia by foreign investors.

Problems encountered in international financial markets created certain pessimism in Armenia in regards to various financial instruments.

In 2011 no serious progress was recorded in the capital markets.

- Government securities of RA treasury profit remains to be high,
- Large companies, which could become public, preferred limiting themselves in the scope of the current investors,
- The expected legislative changes (in particular, the resolution to issue foreign currency bonds) have not been admitted.

In connection with the mentioned factors the capitalization of stock market in Armenia remains extremely low (only 1.4% of total GDP). In 2011 the capitalization recorded an insignificant growth by 2.3%, making USD 139.5 million (AMD 53.8 billion). Only three companies –construction, energy producing and bank, are on the stock listing. Assets of eight more banks are circulating in the free market.

Nevertheless, the capital market in Armenia has certain perspectives, the development of which depends, among other things, on the policy and creation of relevant conditions and prerequisites.

To revitalize the market the Government of RA has already introduced some incentive mechanisms.

Namely, the companies whose assets are listed on A- and B- markets have the opportunity of the following tax benefits:

- Income tax payable reduction up to 50%,
- VAT refund for legal, consulting and other services due to emission.

Due to these measures, it is believed that 2012 will become a turning point for the capital market.

Experts in Armenia note three main factors, the implementation of which can stimulate the more active development of Armenian Stock Exchange:

- Development of new stock instruments denominated in foreign currency;
- Promotion of business motivation through changing the infusion tools of funds inflowing into the economy, in particular, through investment in company bonds,
- Combat the shadow economy.

NASDAQ OMX Armenia intends to offer a new tool to its participants in 2012 – a long-term credit resources demanded by banks and investment companies.

The stock exchange will introduce a new trading system that will enable NASDAQ OMX Armenia's participants to penetrate into other markets of NASDAQ OMX group, thus making the Armenian security market more accessible for the foreign investors.

Armenia is creating conditions for increasing the availability of government bonds, including online mechanisms. According to both local and international experts at this stage in the context of financial market development primary attention should be given not so much to corporate bonds, as to government bond market.

One more action expected in 2012 is the complete reform of depositary system.

Insurance Sector in Armenia

The insurance sector, that has been considered one of the most passive segments of Armenian financial market, boosted in its development after the introduction of compulsory insurance of liability arising out of the use of motor vehicles (CIVL). Since January 1, 2011 Armenia has introduced the compulsory insurance of liabilities, arising out of use of motor vehicles, which in its turn stipulated the gradual development of other types of insurance in the country.

According to experts, the insurance market in Armenia has an almost 100% growth potential. To accelerate the introduction of other types of insurance in the country, certain preparatory reforms and legislative changes were initiated.

An important achievement of 2011 was the creation of preconditions for the introduction of social package, a component of which is the compulsory medical insurance, planned for the early 2012. In its turn, the introduction of the social package is one of the chains of actions to smoothly shift to compulsory health insurance. According to expert estimation, the compulsory health insurance will also significantly reduce corruption risks.

Currently none of the insurance companies operating in Armenia has the right to life insurance. In compliance with the Law on Insurance of the Republic of Armenia, the same company cannot provide both life and other types of insurance.

Again based on expert estimates after the implementation of the full potential of the insurance market, the share of the insurance premiums in GDP for 7-8 years can reach 12%. To date the capacity of Armenian insurance market is small, and the share of premiums in GDP structure is extremely low, not reaching even 2%.

Pension Reforms

An important prerequisite designed to stimulate the capital market in Armenia is the pension reform.

The process of pension reforms was launched in Armenia on January 1, 2011 through the introduction of the voluntary (cumulative) pension system. It is expected that from January 1, 2014 the country will introduce mandatory (cumulative) pension system.

At the same time, the required legal field for the ongoing pension reform framework has not yet been fully formed, hence there are no private pension funds registered in Armenia yet.

The accounting system of personal retirement accounts in the State Revenue Committee of Armenia has also not been fully employed. In 2012 a system of individual registration is expected to be introduced and that will bring about the transition to mandatory savings funds.

At present, all the public structures and international consultants involved in the reforms are focused on the revision of the legislation to enhance the entire pension system to its optimal state.

Banking Sector of Armenia

The year of 2011 can be considered both a year of recovery of economies from the global crisis but also the year of expecting the second wave of recession, based on the situations in Euro zone and the US.

The year 2011 appeared to be the period for new initiatives to recovery from the first strike of the global crisis for Armenian banks. Following the very cautious policy in 2011, the banks managed to avoid shocks and upheavals observed on European financial markets.

Due to high level of liquidity and stability, the Armenian banks managed to not only withstand the external challenges but also ensure high level of profitability with the growth of key indicators.

Armenian banking system is one of the few in the world which didn't require the state intervention in the crisis time.

Overall, 2011 was successful for the Armenian banks, since foreign markets have managed to attract credit funds amounting AMD 183 billion (about USD 500 million).

Risk management was among the most important challenges faced by the banking sector in 2011. The same task remains a priority for the upcoming years. Risk management includes stress tests, liquidity and loan credit risk management.

Many banks of Armenia have announced of changes. In the increasingly competitive environment the banks emphasize the need for greater client oriented policies.

In 2011 the Armenian banks developed a very aggressive activity in the credit market. With the increase in assets of the banking system, business loans and total amount of deposits in relation to nominal GDP the level of banking intermediation in the economy has also grown.

In 2011, as compared to 2010, the banking system asset to GDP ratio increased by 9.6 p.p., reaching 54.1%. The loans to economy to GDP ratio grew by 6.3 p.p. to 31.6% and the term deposits to GDP ratio grew by 5.3 p.p. to 24.5%.

With that the banks were more intensively lending to small and medium business. The loans to physical persons have also increased in volumes.

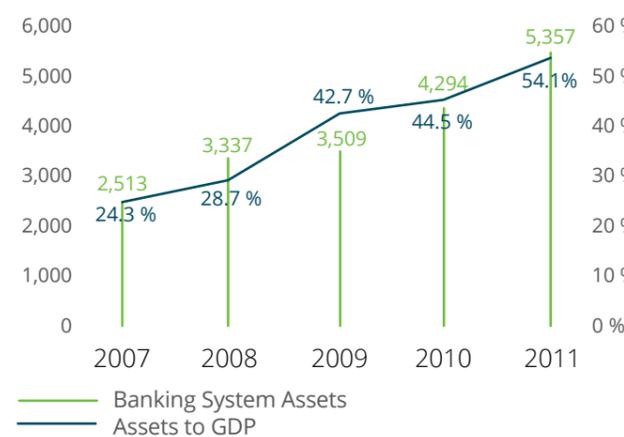
In 2011 the following items recorded growth rates:

- Assets of banking system increased by 32.4% , reaching amount equivalent to USD 5.4 billion,
- Loans –by 26.6% , reaching USD 3.1 billion,
- Liabilities to clients -- by 38.8% , reaching USD 2.4 billion,
- Capital - by 11.6%, reaching USD 923 million.

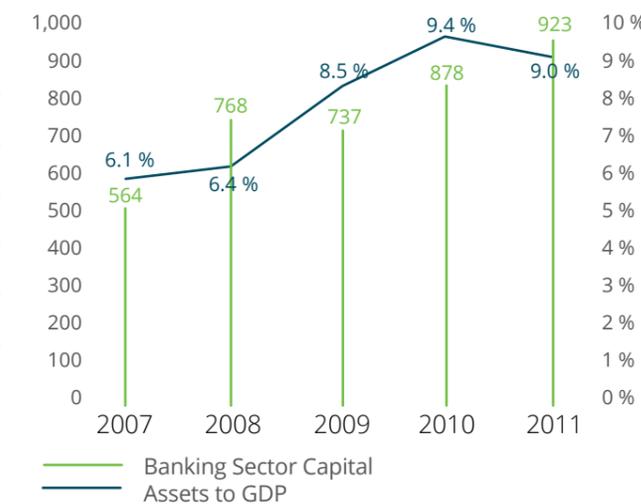
The growth of banking system outpacing the growth of economy in 2010 led about further growth of the level of banking system intermediation:

- Share of assets in GDP increased from 44.5% in 2010 to 54.1% in 2011;
- Share of loans to economy in GDP increased from 27.1% to 31.6%;
- Share of individual deposits in GDP increased from 8.9% to 10.9%;
- The share of total banking sector capital in GDP amounted to 9%.

Banking Sector Assets of Armenia



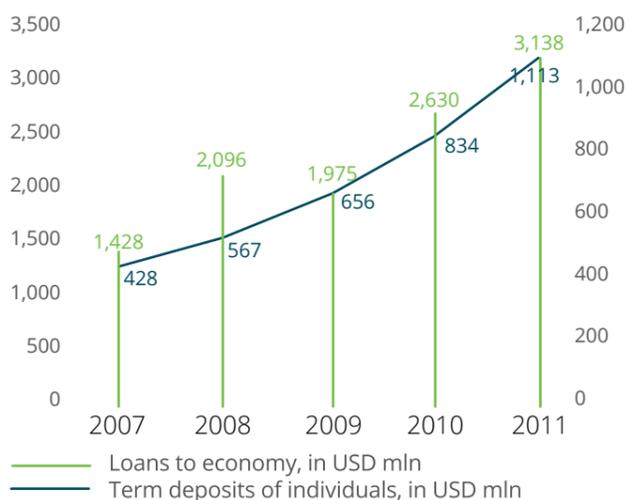
Total Capital of Banking Sector of Armenia



Dynamics of Loan Portfolio of Armenian Banks and Share of NPL in Loan Portfolio



Loans to Economy and Term Deposits of Clients



Throughout 2011 significant funding was provided to trade, agriculture, construction and different subsectors of industry.

The total volume of consumer loans to physical persons in 2011 increased by 22% compared to 2010. Growth in mortgage lending also reached 22%, and the consumer loans grew by 27%. In general, the volumes of lending to economy grew by 44.3%, exceeding the growth rate of lending to physical persons.

During 2011 together with the growth of loan portfolio of the banking system the banks paid great attention to the quality of the loan portfolio.

Currently the most risky share of lending for the banks is the agrarian sector, which is primarily due to the climatic and seasonality factor. Besides, given the still unstable situation in the international markets, the risks are also economic in their nature (world prices for metals, the prices for hydro-carbons, reduction of private transfers etc.).

By the end of the reporting period the share of non-performing loans in the portfolio was 3.43% against 3.06% for the beginning of that period.

In early autumn 2011 Pan Armenian Bank opening ceremony was held in Armenia. The Pan Armenian Bank is the first financial institute of development to operate in the scope of public-private partnership. That is a non-commercial structure with registered capital of USD 100 million.

The priorities of Pan Armenian Bank activity sectors are IT sector, Public health, Education and Tourism. The Bank is targeting at the creation of effective and transparent mechanisms to allow all the Armenian society to participate in funding of the projects having all Armenian impact.

Pan Armenian Bank, acting on the basis of commercial principles, will not compete with the commercial banks of Armenia, particularly in attracting deposits, opening accounts, as well as other available credit products. The Bank will seek resources from the long-term funding facilities of international organizations, such as the World Bank, IFC, EBRD, European Investment Bank, as well as the Armenian Diaspora funds, for who the Bank will issue bonds

Position of Ameriabank in the Banking Sector of Armenia

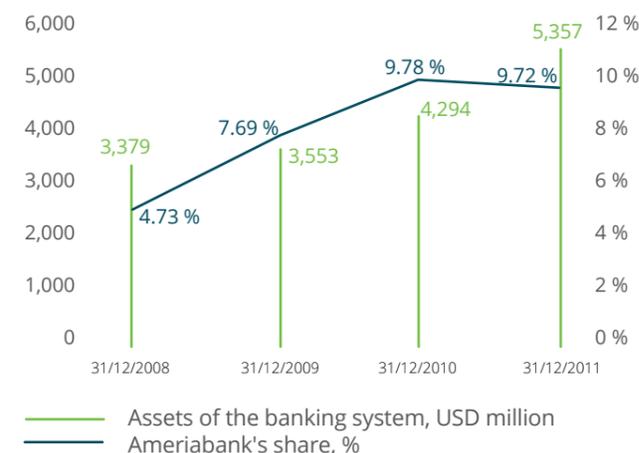
In 2011 Ameriabank continued its dynamic development by adhering to its strategy. The Bank, ensuring its positions amongst the leaders of the banking sector of Armenia, in 2011 followed the direction of improving the quality of client service and minimizing the possible risks of external environment.

In this regard, despite the steady growth the share of Ameriabank in the market was not growing as rapidly as in the previous years, when the Bank was in the process of establishment, as opposed to other banks that under the increased competitiveness have set the course for more aggressive growth.

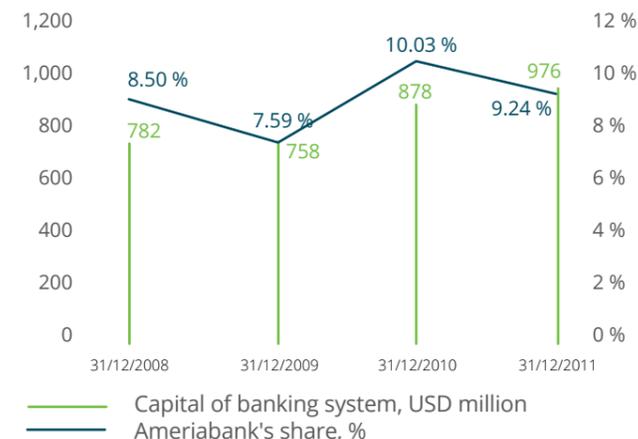
- In 2011 the assets of the banking system of Armenia increased by 32.4%, the assets of Ameriabank have increased by 32%. The share of Ameriabank in the banking sector is 9.7%, against 9.8% at the beginning of 2011.
- In 2011 the total capital of the banking system of Armenia increased by 18%, and Ameriabank capital increased by 9%. Growth of capital of the banking system was provided both by increasing the charter capital by 18% (4 banks have increased their charter capital) and by increasing profit, which grew by 30%.
- In its turn Ameriabank ensured the growth of the total capital by almost 30% increase in profits. The share of total capital of the Bank in the banking system of Armenia is 9.24%.
- In 2011 the loan portfolio of Armenian banking system grew by 36.2%, while the loans to economy granted by Ameriabank grew by 50.6%. As a result the share of loan portfolio of the Bank in the general banking sector grew from 10.2% to 11.27% in one year.

Ameriabank's dynamic development is not simply the plain growth and increase in market share. In our perception the development is first and foremost the quality and stability, hence reliability for our shareholders, clients and partners.

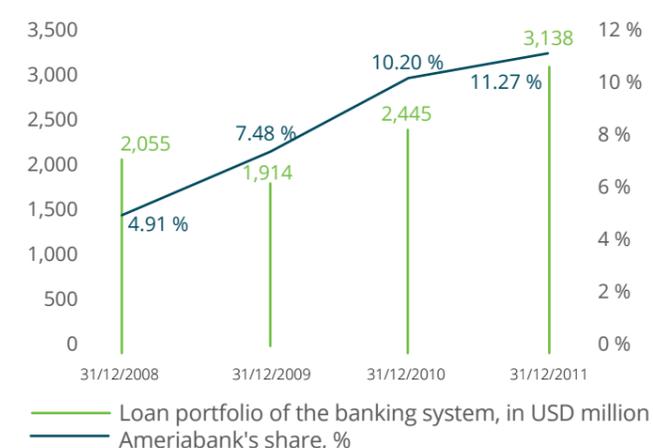
Ameriabank's Share in Armenian Banking System by Assets



Ameriabank's Share in Armenian Banking System by Capital



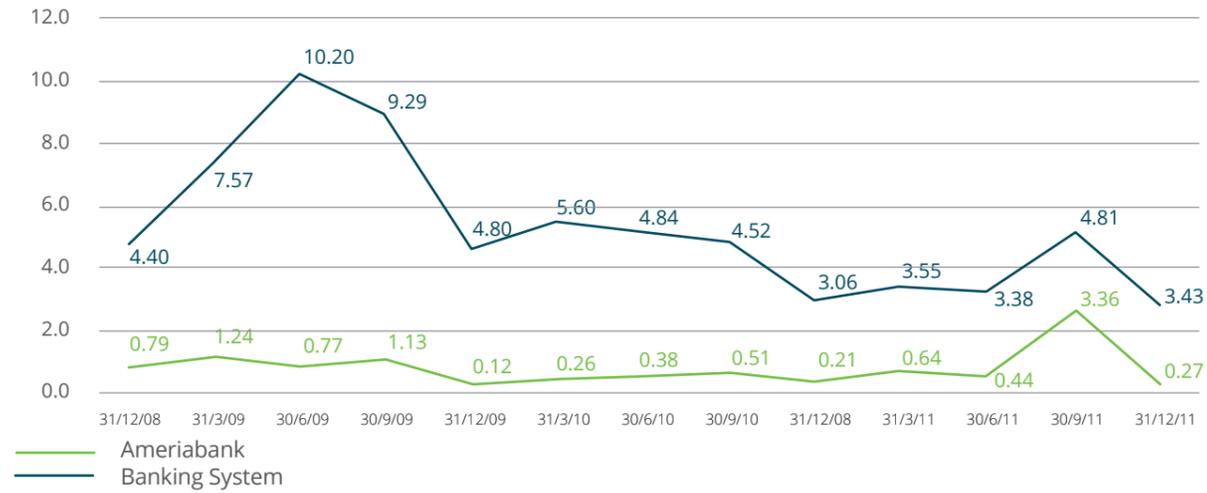
Ameriabank's Share in Armenian Banking System by Credit Investments



- Notwithstanding the mitigated crisis demonstrations in the economy, the Bank, while granting loans, primarily focuses on the quality of loan portfolio.
- As a result, Ameriabank has the lowest indicator of non-performing loans (NPL) in its loan portfolio - 0.27%.
- Even in crisis period, when the share of NPL in general banking system of Armenia reached its peak - 10.2% in June, 2009, Ameriabank's relevant indicator was only 0.77%.

Stability, innovative approaches, expansion of infrastructures and technological base, favorable terms of reliable and profitable allocation of funds appeared to be not only the guarantee for the lending volume growth but also expansion of the resource base of Ameriabank.

Dynamics of the Share of Classified Loans of the Armenian Banking System and Ameriabank, %

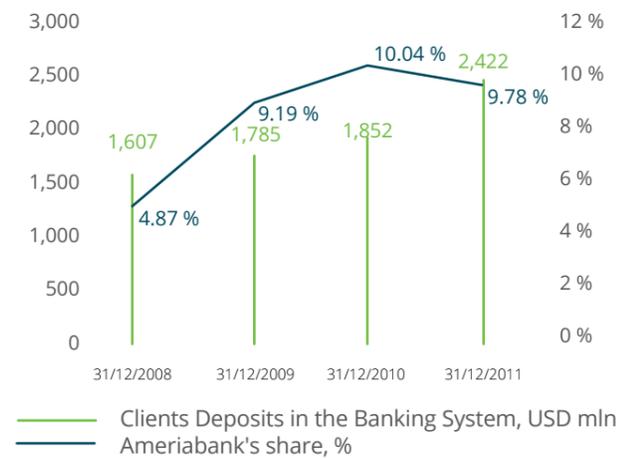


The growth was attributed to the funds raised from the international financial institutions and partners, as well as to the increase of physical and juridical person's investments in the form of time deposits and demand deposits.

- In 2011, the overall deposits of banking system of Armenia grew by 38.8%, while those attracted by Ameriabank grew by 35.1%.
- The share of the Bank in the market of borrowed funds from client funds reached 9.78%.

Although the net profit of the banking system after the crisis year of 2009 dropped for more than three times, in the years following 2009 the banks demonstrated unprecedented growth of profit. In 2010 the profit grew by 3.8 times, and in 2011 the profit growth reached 30% .

Ameriabank's Share in Armenian Banking System by Deposits



BANK DEVELOPMENT RESULTS



The year of 2011 became a year of expansion of Ameriabank activity areas and development as universal bank.

Developing further on the corporate and investment banking business the Bank has significantly expanded provision of retail banking services.

The year 2011 was also a year for infrastructure development, and the projects realized by the Bank to improve and expand the infrastructure services have contributed to a significant expansion of the client base of the Bank further raising the level of recognition of Ameriabank. Specifically, during 2011 the Bank increased the number of ATMs from 64 in the beginning of the year to 84 at the end of it. Besides, two new branches were opened in Yerevan and in Vanadzor. In addition, one of the Yerevan based branches has moved into a new, modern venue, meeting the requirements of most demanding clients.

All the branches of Ameriabank offer a wide range of services in demand of the modern financial market of banking services.

2011 became also the year of small and medium business for the Bank.

The Bank has managed to increase the SME funding by 2.5 times, thus increasing the volumes to USD 49.5 million.

Significant success is also recorded in the retail business – the volume of lending to physical persons increased by 1.56 times, and reached an amount equivalent to USD 57.8 million.

Due to achievements in the year of 2011, Ameriabank was granted several awards on behalf of reputable international organizations:

- Ameriabank received the Euromoney Awards for Excellence 2011 «Best Bank in Armenia» nomination - awards ceremony was held on July 7, 2011 in London.
- Ameriabank received the IFC «GTFP Award 2010» as one of the most aggressive issuing bank in Caucasus in the scope of trade financing program – the award ceremony was held in June 2011 in Istanbul, at the annual Summit of IFC



Best Bank in Armenia 2011

While making decision on granting the award the following criteria have been taken into consideration: effective management system, growing positions in the local market, introduction of new services, as well as the introduction of AMERIA GLOBAL TRADING System.

The organizers of the award also took into account the pace of the development of Ameriabank, growth of assets, liabilities in capital, the successful completion of merger with Cascade Bank in 2010, the attraction and allocation of USD 130 million in the renewable energy and SME sectors, as well as introduction and application of innovative and progressive methods in banking.

GTFP Award 2010

This was the first IFC award to a bank operating in Trans Caucasus.

In 2010, in the framework of the given program the Bank carried out transactions with documentary letters of credit and guarantees amounting to some USD 26 million.

Freedom to get more

New Products

In compliance with the policy fixed in the Strategic Plan, Ameriabank continued introducing innovative services. Among those the following products are particularly new to the local market:

- “AMERIA GLOBAL TRADING” remote terminal, through which the clients obtained the opportunity to make transactions using a wide range of financial instruments, to the world’s major stock markets in the United States, Europe, Asia and Australia;
- Investment loans to physical persons for investments;
- Ameriabank is the first Armenian bank to be represented in App Store.

Overall, in 2011 Ameriabank launched about 18 different new products and services for corporate and individual clients.

Special deposit products for the Armenian diaspora

In 2011 the Bank came forward with a unique offer for the Diaspora, providing an opportunity of implementing transactions.

The Bank developed special deposit products on quite attractive conditions. The savings and deposit accounts have been developed to reinforce the connections of the Diaspora with the Motherland

Expansion of international cooperation

In 2011 Ameriabank continued active collaboration with international financial institutions and foreign banks to expand the opportunities to invest into the economy of Armenia, leading to the increase of the total portfolio of attracted funds in terms of credit lines, credit agreements, warrants and trade financing over USD 200 million.

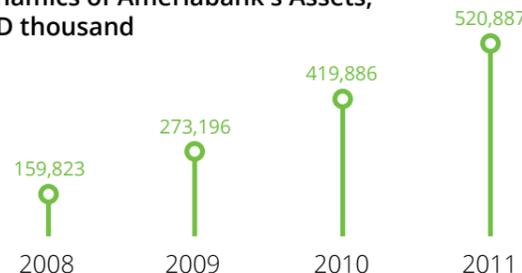
In 2011 the Bank reached new agreements with the international financial institutions for attracting new funds, for the implementation of current and prospective projects of Ameriabank, as well as joint projects for financing the real sector of Armenian economy.

Bank Key Growth Indicators

Being one of the most capitalized banks of Armenia, with charter capital of USD 66 million (ranking 2nd among 21 banks in Armenia), Ameriabank ensured a growth of total capital through increased earnings. According to 2011 results, the Bank’s profit amounted AMD 4.4billion, equivalent to USD 11.3 million (4th position).

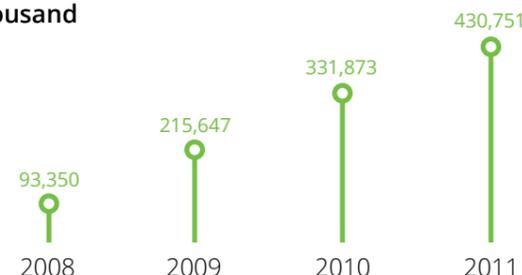
The total capital of the Bank in 2011 rose by 9% and made AMD 35billion, equivalent to USD 90million, while the volume of retained earnings reached AMD 9.2 billion (USD 24 million). In 2011 Ameriabank increased its assets by 32%, securing the second place in the banking sector of Armenia.

Dynamics of Ameriabank's Assets, USD thousand



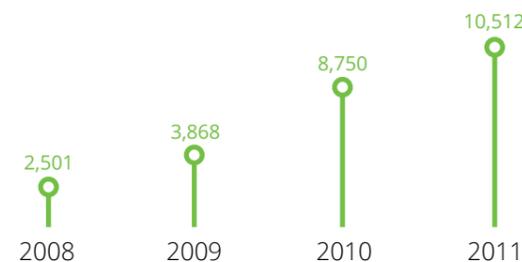
Aggregate liabilities of Ameriabank in 2011 grew by 37.7%, reaching the amount equivalent to USD 431million (AMD 166 billion). The growth was ensured both due to the expansion of clientele base and wide scale funds attraction from the international financial institutions.

Dynamics of Ameriabank's Liabilities, in USD thousand



According to the results of the reporting year the profit before taxation totaled to AMD 5.2 billion or USD 13.4 million, as opposed to the AMD 3.9 billion or USD 10.6 million in 2010.

Ameriabank's Net Profit, USD thousands



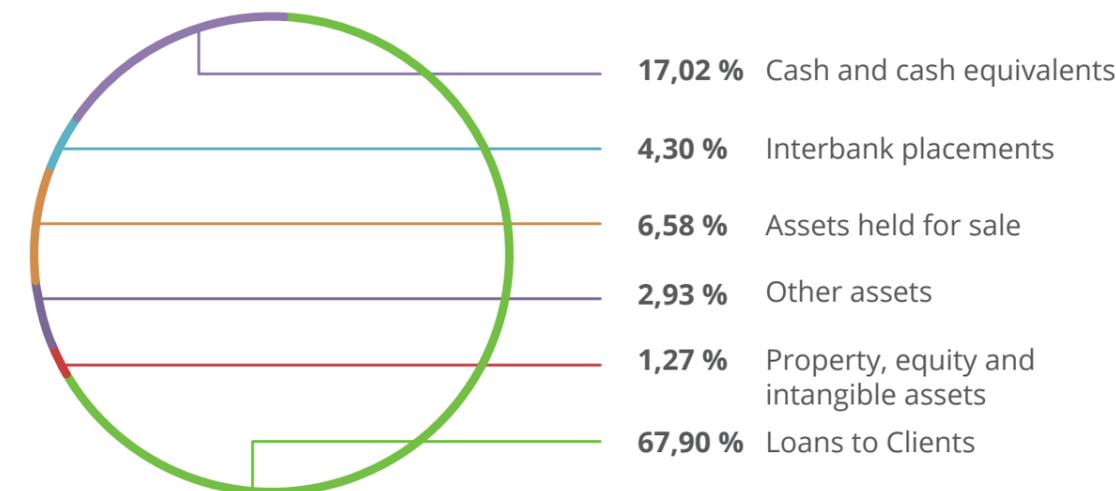
The increase of profit was primarily recorded due to the significant growth of the credit portfolio, the volume of which by the end of 2011 reached AMD 136.4 billion, which is equivalent to USD 353.7 million. According to the results of 2011 Ameriabank joined the top 100 largest taxpayers of Armenia, contributing AMD 1.9 billion (approximately USD 5 million) to the state budget.

Asset Operations

During the reporting year the assets structure of Ameriabank changed, shifting towards further rise of profit component.

The share of credit investments in total assets of the Bank increased from 59.4% to 67.9% in 2011. In its turn, the loan portfolio is quite diversified and thus protected from potential risks.

Structure of Ameriabank's Assets at the end of 2011

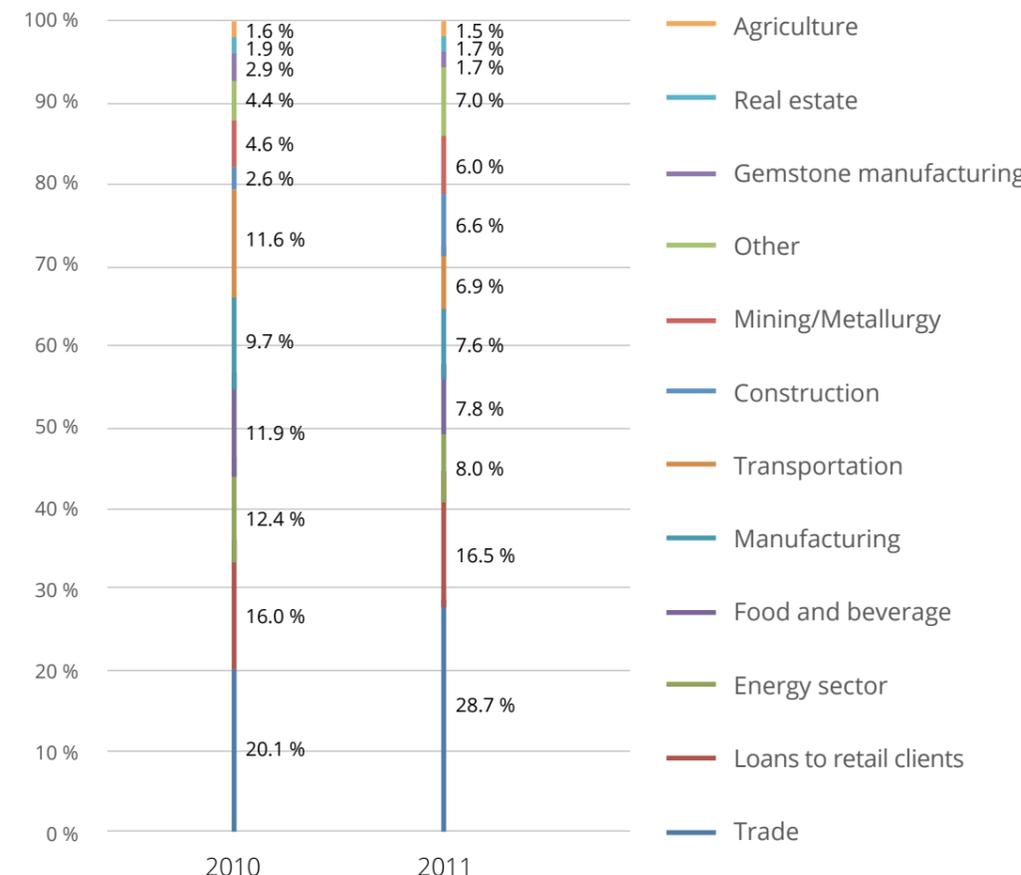


Lending

In 2011, the Bank continued active collaboration with large businesses, small and medium enterprises and

physical persons supporting their development and welfare improvement, thus making a contribution to the country’s economy.

Structure of Ameriabank Loan Portfolio, by Sectors



In 2011, the Bank continued active collaboration with large businesses, small and medium enterprises and physical persons supporting their development and welfare improvement, thus making a contribution to the country's economy.

The basic source of the Bank's revenue is its loan portfolio, which in 2011 increased by more than 50%.

However, the Bank adheres to the stringent selection policy of its borrowers: the preference always given to the borrowers with transparent financial reporting, reliable credit history and representing the dynamically growing sectors of Armenian economy. Diversification of the loan portfolio by sectors and client types has also been in the constant focus of the Bank.

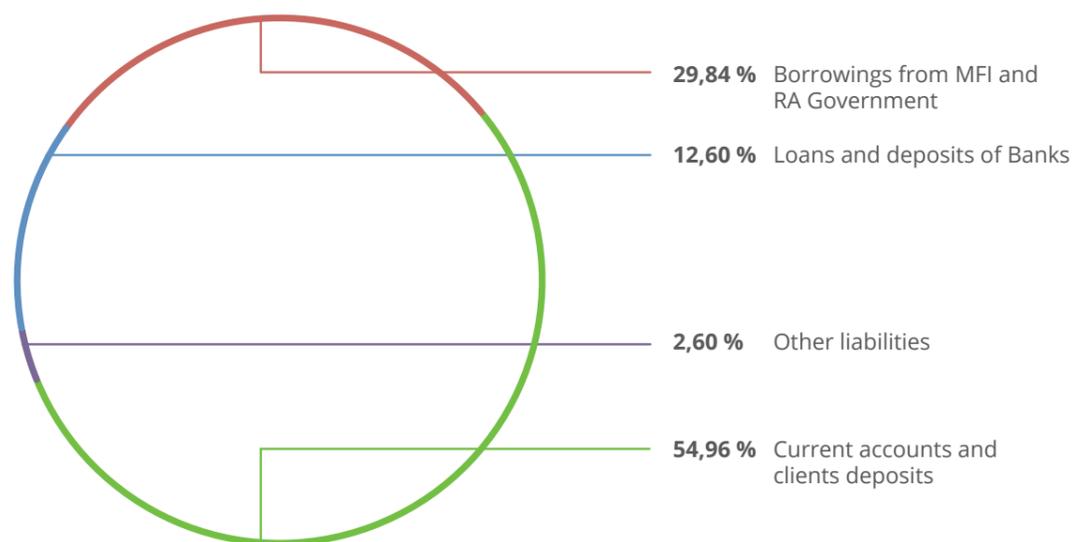
In 2011, the Bank went into active lending to SME and retail clients, which complies with the policy of gradually turning into a universal bank.

Ameriabank policy is targeted at retaining a diversified and well balanced loan portfolio by various sectors of economy.

In 2011, the sector structure of the Bank's credit portfolio was diversified and now has lower level of concentration. The Bank funds prospective and dynamically developing sectors of economy, namely renewable energy, processing industry, trade etc.

Due to effective lending policy the Bank in 2011 has ensured its interest income of AMD 13.8 billion, which is equivalent to USD 35.7 million, against AMD 9.2 billion (equivalent to USD 25.5million) in 2010.

Ameriabank's Liabilities Structure at the end of 2011



Securities Investments

In 2011, as in the previous years, the Bank, taking into volatile and insecure situation in international financial markets and to avoid the risks, abstained from the active operations in securities of foreign issuers.

On the local market, on the contrary, the government bonds market is the most developed segment, which is practically immune to risks and allows generating the revenue base.

In this regard, Ameriabank is actively operating in the market of government bonds as a dealer for the domestic national debt of the RA. The Bank has also received the status of the Government Agent in the market of medium and long-term government (treasury) coupon bonds of the Republic of Armenia.

As of December 31, 2011 the total volume of investments in the government securities of the Republic of Armenia has exceeded AMD 13 billion, which is equivalent to USD 34 million. As of December 31, 2010 the investments in to government securities of the Republic of Armenia accounted for AMD 12.7 billion.

Resource Base

In 2011, the Bank continually expanded its resource base, which in the reporting period enlarged primarily due to increase in client deposits (52% of the increase). The Bank has also attracted significant funds from the international financial institutions.

- In 2011 the Bank increased the amount of funds borrowed on favorable terms, to an amount equivalent to USD 129 million.
- In 2011, the total amount of deposits of clients, placed in Ameriabank, increased by nearly USD 62 million, reaching an amount equivalent to USD 237 million.
- The structure of liabilities to clients was continuously changing. As at the end of the reporting period, term deposits accounted for 68.5%, against 64% at the beginning of the year.
- The total volume of attracted deposits, the corporate clients account for 52.4%, while the retail clients account for 47.6%.
- The volume of deposits by individual clients grew by more than 38%, reaching AMD 43.4 billion, which is equivalent to USD 112.6 million, of which the term deposits reached an amount equivalent to USD 88.5 million, and demand deposits – USD 24.1 million.
- The current accounts of corporate clients in the Bank increased by 32.5% , reaching AMD 47.9 billion, which is equivalent to USD 124.2 million, of which the term deposits reached an amount equivalent to USD 73.7 million.

- The total amount of funds (Loro accounts, deposits) in Ameriabank in 2011 increased from USD 35.7 million to USD 54.3 million.
- In 2011, the Bank continued utilizing the funds of the Russian Stabilization Loan Facility under the agreement between the CBA (the acting agent to the Government of RA) and Ameriabank in 2009. As of December 31, 2011, the total amount of debt within the scope of the given program, as well as other programs raised through mediation of the Government of RA, amounted to AMD 11.4 billion, which is equal to USD 30 million.

In the structure of resource component of Ameriabank the amount of loan funds leveraged from international financial institutions account for more than 30% of the total borrowings.

Due to the close cooperation with international financial institutions Ameriabank holds the position to finance the real sector of economy of Armenia on competitive terms.

Development of Management System, Technologies and Infrastructure

Ameriabank has always seen innovations as a driving force for development.

Innovation is embodied in the mission of the Bank and the use of advanced technologies in banking has always been one of our priorities, which is especially acute in an increasingly competitive environment and accelerated processes of integration and globalization in the world.

While developing innovative policies, Ameriabank builds on three principles:

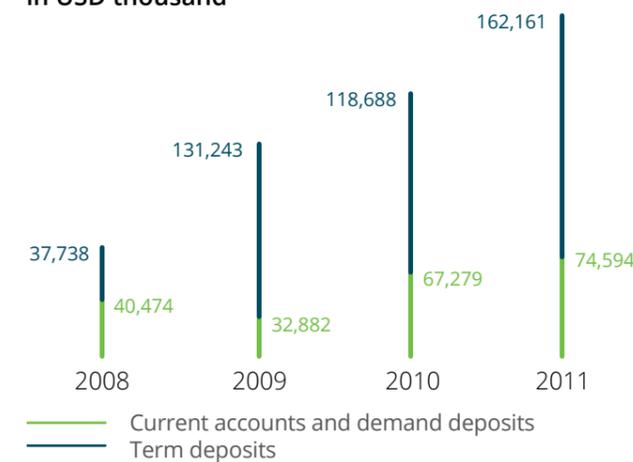
- Ensuring compliance with the adopted strategy – innovation policy as a whole and individual innovative projects aim at the implementation of the strategy and creation of basis for future development of the Bank;
- Orientation to the best international experience and advanced technologies;
- Client oriented approach, which has always been and is the key to the success of the Bank in the market.

Combination of these three principles allowed Ameriabank developing and implementing an innovative policy which rapidly promoted the Bank into a leading position in banking system of Armenia, with rapid pace of growth.

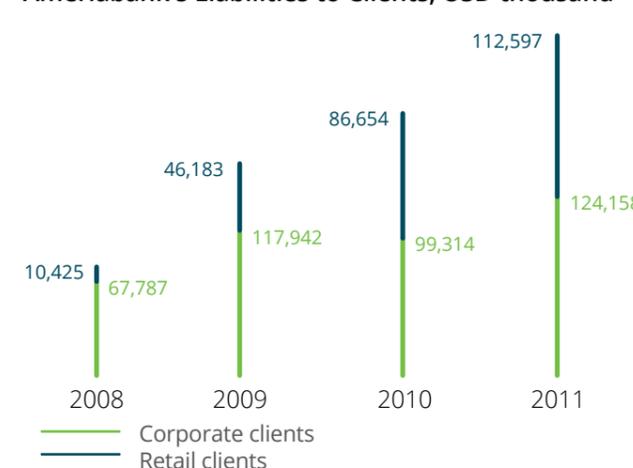
Client Relationship Management System (CRM)

The basis of the Client Relationship Management System (CRM), which was piloted in 2009, is the

Structure of Ameriabank's Liabilities to Clients, in USD thousand



Ameriabank's Liabilities to Clients, USD thousand



automated Terrasoft CRM, software. In 2011 the program has been totally operational.

To ensure maximum compliance with requirements of the departments and the responsible staff, Ameriabank team has made significant changes to the original version of the software. The close cooperation of the CRM and Automation division department teams made it possible to develop and fully operate the system.

In early 2011 a group of Ameriabank CRM launched a project of automation of all lending processes in the Bank. The project was co-financed by FMO and was successfully completed in November, 2011 and pilot versions of automated business processes were launched.

Management Standards System

In March, 2011 TUV RHEINLANDGROUP conducted the regular annual audit of the Bank to check the compliance of the Bank's activities with the quality standards of ISO 9001:2008. Upon the completion of the audit the representative of the TUV RHEINLAND GROUP highly appreciated the efforts of the Bank to improve the quality management system during the year and confirmed the Certificate of ISO 9001:2008, granted to the Bank in 2009.

Among the processes and systems that were in the focus of the Bank's management attention in 2011 we would like to primarily mention the Risk Management System, Client Relationship System and Employee Motivation System.

During 2011, the Bank developed and introduced a series of processes regulating the new products. Simultaneously, about 40 business processes were improved.

Infrastructure

Due to customized infrastructure management system, Ameriabank ensures the smooth operation of all its information and technology systems. Along with that, to ensure the further development of the Bank, in 2011 we continued improvement of the operations and introduced new technologies and automated systems.

The programming departments of the Bank worked on the development and introduction of new and upgraded operational infrastructure software that will expand the opportunities of the Bank in terms of client service, introduction of new services and products and human resource management. In 2011, Ameriabank introduced a new system of Online viewing of card balances in real time with AS Bank.

In the human resource management the Bank launched new modules of automated system of development of human resource base and human recourse management, namely for the planning of vacations, training, employee surveys. In particular, the system of employee performance assessment, under the KPI and 360 ° methods was designed and put in use.

Regional Development

In 2011, Ameriabank further carried out the expansion of its branches, ATM network and POS terminals to meet with the clients' geographical locations. Moreover, due to the VISA Merchant Acquiring License, the Bank started the VISA card service in the trade and service network.

The Bank carries out an annual economic analysis of the regions of Armenia and districts of Yerevan, to identify the largest potential of Ameriabank service demand. Based on the analysis, the Bank develops the strategy of phased expansion of branches all over the country – to be closer to the clients.

During 2011 the number of branches of Ameriabank has increased by two and one the branches moved into a new modern venue:

- In March, 2011, a new – Moskovyan branch was opened in Yerevan, with the full range of banking services. The branch also offers individual safety boxes to retail and corporate clients.
- In September, 2011, a new branch was launched in the town of Vanadzor of Lori Marz and it also offers the full range of banking services, including the VIP service of premium clients.
- In December, 2011, the Komitas branch in Yerevan moved to a new, modern venue equipped with the best standards of the Bank.

At the end of 2011 the Bank counted for 8 fully functioning branches. The operations of the branches and the Head Office are provided by a single server in online mode, which allows the clients being served in any branch of the Bank, irrespective of the fact in which of them the account was initially opened.

In line with the enlargement of the branch network, Ameriabank is also carrying out activities to enlarge and optimize the ATM network that are the integral part of the Bank's infrastructure.

The total number of installed POS terminals in trade spots by the end of 2011 reached nearly 700.

Clients and New Products

In 2011 due to the innovations constantly introduced by Ameriabank, our client base has grown furthermore:

- In 2011 the client base of the Bank has increased by 1.5 times or by 12 thousand clients, reaching the total of 37.3 thousand clients.
- The total number of retail clients of the Bank by early 2012 is recorded as 34.4 thousand, increasing by 49%.
- The total number of corporate clients in the reporting period has increased by 524, reaching the total of 2,864.
- Among the corporate clients of Ameriabank, 52 companies are listed among the 100 largest taxpayers (the number of corporate clients in Ameriabank increased by 15% during the year).

Amongst new products and services introduced by the Bank in 2011 we would like to specially name the following: unallocated gold accounts, structured deposit with gold bonds, brokerage services through AMERIA GLOBAL TRADING terminal, investment loans to physical persons, new types of mortgages, App Store application for Ameriabank, saving deposits, new business projects for the clients and etc.

In 2011, following the growing interest to transactions including precious metals, Ameriabank launched three new products linked to gold:

- Unallocated gold metal accounts in 999.9% probe both for physical persons and legal persons (the account is opened with no commissions and minimum balance requirements);
- In February, the Bank launched a variety of structured term deposit for individual clients- that is a structured deposit tailored to gold, which opens access to international markets and a unique opportunity to earn without risking the deposit amount;
- In October, the Bank started the trade of standardized 999.9% gold bars, both for Ameriabank clients and non-clients.

Ameriabank App Store application was launched in April, 2011 and fast enough towards the end of the year the Bank introduced new features to the application. Along with the opportunity to receive information and news of Ameriabank, make use of interactive map to find the nearest service spots the clients can also use the service of online banking. In 2011 Ameriabank introduced the modernized Online Ameriabank e-banking system, launched back in 2009. With the modernized version the clients have received the opportunity to use Online Ameriabank system from their phones, through internet browser.

In spring 2011, the Bank initiated an offer for investments services on the international securities market through the AMERIA GLOBAL TRADING trade system. While opening an account in Ameriabank the clients got access to 80 major world stock markets in 19 countries of the world.

While expanding the collaboration scopes with the small and medium business, Ameriabank launched a new credit product for private small and medium entrepreneurs, the major feature of which is that the borrower is free of interest rate payments for the first three months.

In 2011, Ameriabank continued the development of card products, which enriched by new types of cards for physical and legal persons, such as:

- Specially for legal persons (businesses) the Bank has developed the custom card for cashless custom payments in all customs of Armenia;
- For physical persons the Bank has developed and started providing a gift card VISA Gift with fine design and special packaging.

Besides, due to the License for acquiring VISA, the Bank started the maintenance of VISA payment cards in sales and service network of Armenia.

Ameriabank created unique opportunities for physical persons to make investments and finance their own business through Investment Credit -a product, totally new for the Armenian market. The given product allows physical persons acquiring a share in the stock capital of legal entities functioning on the territory of Armenia, through buying shares and stocks of companies.

In 2011, the Bank added a new type of deposit for physical persons – Saving account, which has a flexible and competitive tariff plan.

In 2011, Ameriabank enriched its line of mortgage products with new, unique loan products for acquisition of real estate, both in the country and abroad:

- Loans, secured by deposits, instead of prepayment;
- Loans, collateralized by other real estate, to buy real estate abroad,
- Loans, secured by additional collateral with a minimum prepayment.

CORPORATE BANKING



Historically, Ameriabank has always valued the development of corporate business and the given direction has always been one of the key interests for the Bank.

In 2011, the corporate lending market in Armenia was noted for its high level of competition, with regards to increase of lending activities of the banks in the recovering economy of the country.

For the reporting period the Bank has expanded its corporate client base, increasing that by nearly 22.5%.

The Bank remains committed to its principles, offering individual holistic approach to each client, while expanding the range of services, combining innovations with client satisfaction and helping to develop business.

In the corporate banking market Ameriabank has a reputation of reliable strategic partner, ready not only to provide financial counseling but also offer the best solution for each individual client.

The main principles of Ameriabank while working with corporate clients are:

- Individual approach,
- Industry monitoring,
- Partnership and financial counseling,
- Assistance in growth and transparent operations,
- Access to targeted program funds,
- High quality service.

More and more companies receiving loans in Ameriabank and implementing the transactions through the Bank place their free funds with Ameriabank as term deposits.

As of December 31, 2011, the total deposits of legal entities is equivalent to USD 124.2 million; of these 40.6% are the current accounts which amount for USD 50.5 million.

In 2011, there was an increase in time deposits of corporate clients nearly by 70%, reaching USD 73.7 million.

It's been a year that the Bank offers Ameria Premium service package for a new quality service for premium clients. Currently, more than 100 legal entities are Ameriabank's premium clients.

Ameriabank's Liabilities to Corporate Clients in 2011, in USD thousand



Business Lending

Corporate loan portfolio of Ameriabank has increased in 2011 by 50% and by the end of the year reached the amount equivalent to USD 292.5 million (only loans, without leasing and factoring services). Up to 84% of total loan portfolio of Ameriabank is established by loans to legal persons – large businesses and SME.

The year of 2011 became the year of small and medium business, which is an important driving force of the economy of Armenia with its special role in the sustainable development of the Country.

For Armenia the small and medium business, which currently contributes more than 40% of the GDP is of a strategic importance for Armenia. In line with the new Strategic Development Program, Ameriabank in 2011 implemented more active lending policy for SMEs.

The main goal of Ameriabank is the creation of products and conditions enhancing the development of small and medium enterprises, expansion of their opportunities and creation of a favorable environment allowing the most freely and effective operation.

The Bank has special loan resources for SMEs, raised both from international institutions (EBRD, IMI, FMO, DEG, ADB etc.) and internal sources.

The volume of lending to SMEs has increased by 2.5 times, reaching an amount equivalent to USD 49.5 million.

Amongst the major factors of effective partnership relationships with the SMEs all over Armenia are:

- Single quality and standardized conditions of services in all branches of Ameriabank, including the regions of Armenia and Nagorno Karabakh,
- Qualified loan officers, able to analyze, evaluate and derive conclusions on any type of business;
- Single server allowing payments in any branch of the Bank, irrespective of the initial credit providing venue of the Bank.

In 2011 Ameriabank offered a new credit product for the representatives of small and medium business and private entrepreneurs on favorable conditions:

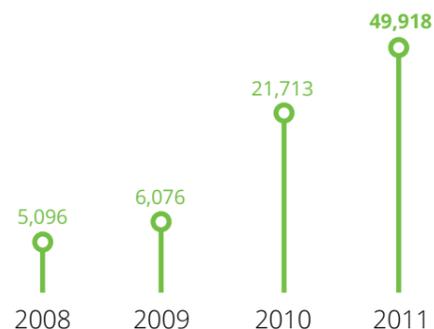
- During the first three months of service no interest rate is accumulated for the loan and later the discounted interest is not included in the outstanding amount of the principal,
- Interest accrual begins from the 4th months and is performed at decreasing outstanding balance on the principal amount,

Freedom to hear more

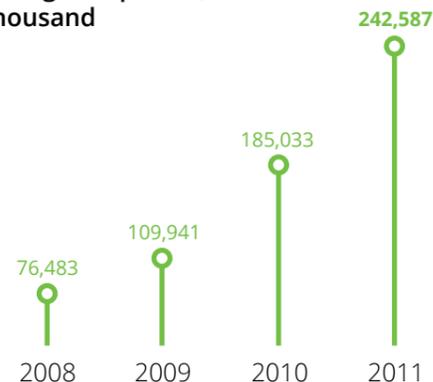
- As a result, the borrower is able to allocate additional funds for the development and expansion of the business. The action was designed for the legal entities and private entrepreneurs involved in service sector, manufacturing, retail and wholesale trade.

The share of large business in Ameriabank corporate credit portfolio makes 83%. The large loans are provided by Ameriabank mainly from its equity.

Loans to SME, in USD thousand



Loans to Large Corporate, in USD thousand



The experts of the Bank implement ongoing monitoring and evaluation of the economic situation in the country and in the world, as well as individual sector analysis, which allows identifying the development of potential of the enterprises, their competitive advantages, forecasting potential risks that can arise in the process of their operations and market developments, as well as finding the best solutions for each individual client.

Due to this approach:

- Ameriabank has long-term mutually beneficial relationships which contribute to the improvement of economic situation in the country;
- The Bank manages to maintain a minimum level of credit risks, which is also stipulated by the effective Policy of Risk Assessment of borrowers and quality collateral.

Due to active cooperation with SMEs in 2011:

- The SME lending portfolio increased by 2.5 times,
- The share of loans allocated to small and medium enterprises in the total corporate loan portfolio of Ameriabank accounted for 17%,
- The Bank portfolio became more diversified.

At the same time, in 2011 Ameriabank continued cooperation with larger business of the country.

The volume of large business lending in 2011 increased by 40% and reached an amount equivalent to USD 243 million.

The table below demonstrates the information on quality of commercial loans, representing the corporate loan portfolio of the Bank as of December 31, 2011.

31/12/11	Gross Loans	Impairment allowance	Net Loans	Impairment allowance to gross loans, %
Credits to corporate clients* (in USD thousand)				
Loans without individual signs of impairment	291,343	1,562	289,781	0.5%
Impaired loans	1,161	609	553	52.4%
Total amount of loans provided to corporate clients	292,504	2,171	290,333	0.7%

* without leasing and factoring operations

To minimize the credit risk the Bank pays special attention to the loan security issues. One of the priority sectors for financing for Ameriabank is renewable energy sector.

Active cooperation in this sector started back in 2009 and with the targeted resources raised from international financial institutions, the volumes of loan investments in this sector reached USD 28 million.

Today, Ameriabank is one of the most attractive banks of Armenia providing funds for the energy sector. While providing loans to the energy sector the Bank is simultaneously focusing on the Ecological and Social risks management.

Beside attractive credit products, this is the second year that Ameriabank is offering special services to small and medium enterprises, such as purchase order financing and classical factoring.

Both products offer collateral-free financing. In its turn, that allows the client to ensue efficient management of receivables, cover various risks and purchase raw material without interrupting production processes and pay salaries to the staff.

Leasing

In 2011, Ameriabank was actively involved in both leasing operations with new clients and establishing new partnerships, and developing new leasing products.

In the process of implementing transaction the Bank adhered to the following principles:

- Minimizing the purchase related risks,
- Increasing the service flexibility,
- Efficient use of resources.

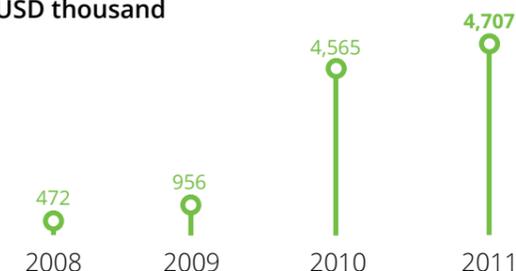
Taking into consideration the fast growing demand, in January 2011 the Bank introduced a new product – express leasing, which is notable for its facilitated and fast decision making.

Express leasing is to support the enhancement and development of partnerships with organizations engaged in equipment, industrial mechanisms and transportation means importing, as well as official representations of the companies (dealers) representing various trade marks in Armenia.

2011 was also active in terms of performing international transactions. In particular, to import the most advanced and quality professional equipment from abroad Ameriabank signed a number of leasing transactions with close involvement of trade financing tools and raising funds from international financial institutions.

Leasing portfolio of Ameriabank includes construction, food industry, mining industry, public health sectors, as well as sales and service.

Ameriabank Leasing Portfolio, in USD thousand



Ameriabank offers leasing services in the following areas:

- Industrial equipment
- Mining equipment;
- Medical equipment,
- Trade and service equipment,
- Energy and communication equipment,
- Agricultural equipment,
- Passenger and freight vehicles,
- Construction equipment,
- Real estate.

Factoring

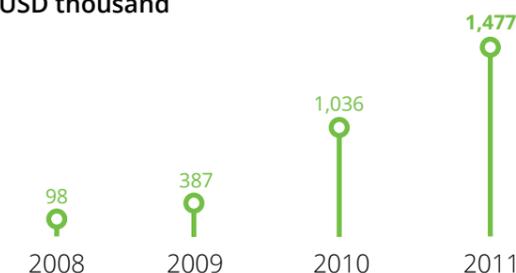
Ameriabank is one of the leading banks in Armenia in the market of factoring services.

In 2011, the volume of factoring operations of Ameriabank continued growing.

- In 2011, Ameriabank implemented 552 factoring transactions, which is exceeding the relevant indicator for the previous year by 97%. The number of classical non-resource factoring has also increased, as compared with the previous year, it increased by 24 times.
- The volume of liabilities rendered to the Bank increased by 38%, reaching an amount equivalent to USD 4.8 million (AMD 1.8 billion) against the USD 3.1 million (AMD 1.1. billion) in 2010.

As a result, according to data as of the end of 2011, the active factoring operations portfolio reported for USD 1.5 million, increasing by nearly 50%.

Ameriabank Factoring Potfolio, in USD thousand



In 2011, Ameriabank continued expanding factoring to such sectors of economy as import and wholesale trade (58%), construction (25%), transportation(8%), energy production (6%) and others (3%).

In the scope of factoring operations Ameriabank is closely cooperating with all retail trade networks, large industries and companies providing public services.

In the reporting year, resource factoring accounted for 67% of the total factoring transactions, while the non-resource factoring operations accounted for 33%.

98% of factoring transactions were recorded in domestic market and 2%- international transactions.

Trade Operations

In 2011, Ameriabank, in the scope of the Global trade financing program (GTFP) of the International Financial Corporation was awarded as the best issuing bank in Caucasus.

On the level of trade financing the Bank is a leader in Armenian banking system. In 2011 the Bank has actively financed trade operations, thus providing total level of import and export transactions for the amount of USD 86 million.

In order to improve the clients' service quality, funds were raised from leading European banks. In 2011, the total volume of borrowed funds to cover import loans of the clients exceeded USD 21 million, while in 2010 this amount accounted for only USD 1.5 million.

Ameriabank was able to offer its clients, engaged in international trade, attractive conditions for cooperation, due to the borrowed funds by the Bank on favorable conditions and interest rates, lower than the average market rates.

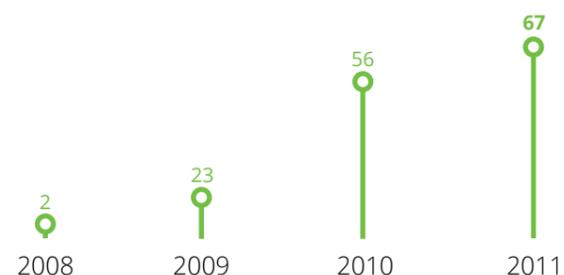
Besides, the total credit limit received by Ameriabank from leading international banks and institutions for trade financing in 2011 accounted for USD 68 million, exceeding the relevant indicator for the previous year by more than double.

During the whole 2012 the Bank has actively implemented operations with letters of credit, bank guarantees, escrow accounts, as well as collection transactions, issuing standby letters of credit and export reserve letters of credit.

The total volume of letters of credit and guarantees issued by Ameriabank in 2011 increased by 20% and exceeded the amount of USD 67 million.

On those volumes Ameriabank holds a leading position in the banking system of Armenia.

Volume of Guarantees and Letters of Credit Issued by Ameriabank, in USD mln



RETAIL BANKING



Freedom to give more

The development of retail banking is one of the new strategic priorities of Ameriabank. In the scope of the new strategy on expansion of operation areas and shifting to universal bank, in 2011 the Bank has expanded the product line for physical persons. The growth was primarily caused both by significant increase in the number of clients and deposit base of individual borrowers. The total number of retail clients of the Bank in early 2012 has reached 34.5 thousand against the 23.1 thousand for the previous year.

Being an innovator in its sphere and having excellent opportunities to rapidly adjust to the constantly changing market demand, Ameriabank has created a sustainable base for the development of retail business.

Holistic and individual approach to each client is the main principle not only for the corporate but also for retail clients.

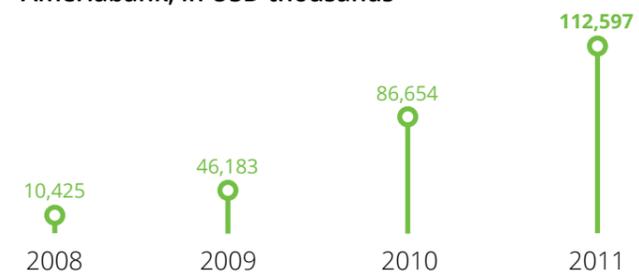
While granting targeted loans, the Bank is actively cooperating with various companies to fully meet the needs of clients in different directions. Among the companies cooperating with the Bank, in particular, are official car dealers in the car market of Armenia, as well as construction and development companies, the number of which is constantly growing. This allows the clients applying for loans to purchase cars or real estate enjoy more favorable conditions and special simplified procedures of loan application review.

Current Accounts and Term Deposits

In 2011, the deposit base of physical persons in Ameriabank carried on its high pace enlargement, irrespective of the highly competitive retail banking sector of the market.

The total amount of individual deposits in Ameriabank in 2011 increased by nearly 40% and the growth is attributed both to term deposits and on demand deposits.

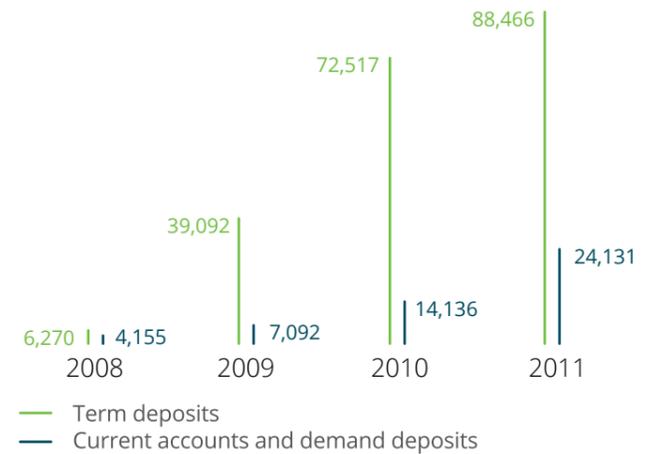
Total Amounts of Individuals Deposits at Ameriabank, in USD thousands



As of the end of 2011, the total volume of funds in Ameriabank raised through retail clients reached AMD 43.4 billion, which is equivalent to USD 112.6 million.

In 2011, the amount of current accounts and on demand deposits placed with Ameriabank by the physical persons increased by 81%, reaching an amount equivalent to USD 24 million.

Term Deposits and Demand Deposits of Individuals at Ameriabank, in USD thousand



The volume of term deposits placed with Ameriabank by physical persons continued to grow in 2011 and made 22%.

The main factors affecting the attractiveness of Ameriabank for the depositors are:

- High quality service and individual approach to each client,
- Reputation for stability and reliability,
- Wide range of deposit products, meeting the needs of clients in various types of savings,
- Availability of full range of banking services on favorable terms,
- Ongoing upgrading and expansion of product line,
- 100% insurance coverage of deposit.

While attracting deposits Ameriabank is implementing an unprecedented for the Armenian banking market 100% insurance of the deposits, which became possible due to cooperation with Rosgosstrakh-Armenia Insurance Company, which is a member of largest Russian Insurance Group Rosgosstrakh. Insurance is provided by the Bank and the clients do not incur any additional costs.

Loans to Physical Persons

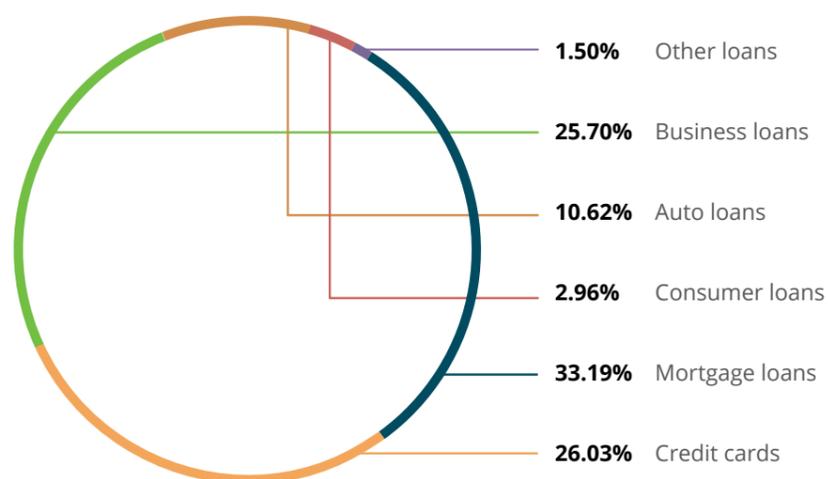
As of December, 2011, the amount of outstanding loans to physical persons reached a sum, equivalent to USD 57.8 million; increasing by 56% (the growth in Armenian banking system on the whole was about 32%).

In 2011, Ameriabank recorded a dramatic increase of business loans in its lending portfolio, reaching 25.7% against the 7.7% in 2010.

A significant interest towards investment loans, a more simplified and adjusted process of receiving a loan for the clients in general, as well as full and quality service in the Bank allowed increasing the volumes of business loans to private persons; the volumes of this type of lending increased by 5.2 times, reaching an account equivalent to USD 14.9 million..

In total 68% loans extended to physical persons were secured by real estate, 18% -by salaries and monetary assets, 14% - by guarantees.

Structure of Ameriabank Retail Portfolio in 2011



	2008	2009	2010	2011
Loans to individuals	18,963	20,877	39,324	57,839
Mortgage loans	5,604	5,486	14,480	19,198
Credit cards	2,864	5,922	11,389	15,055
Business loans	x	x	3,028	14,863
Auto loans	9,500	7,967	6,765	6,141
Consumer loans	910	1,394	3,111	1,712
Other	86	110	550	870
Provision for impairment		-259	-454	-677
Net loans	18,963	20,619	38,870	57,162

Auto Loans

As of December 31, 2011, the car loan portfolio accounted for 10.6% of the total retail portfolio (USD 6.1 million). The Bank is closely cooperating with official dealers in Armenian automobile market, which creates favorable car loan conditions for the clients of the Bank.

The list of companies cooperating with the Bank is constantly being updated and expanded. In 2011, the number of partner Automobile dealers reached 13 and the Bank is among the most active ones in Armenia in this regard

The Bank extends auto loans to purchase a car on both primary and secondary markets. The minimum prepayment amount is 5% of the values of the car and depends on various parameters and the level of the client's credit solvency.

Mortgage loans

The share of mortgage loans in the retail credit portfolio of the Bank is more than 33%. The volume of mortgage portfolio in 2011 reached AMD 7.4 billion, which is equivalent to USD 19.2 million, with 40.5% growth.

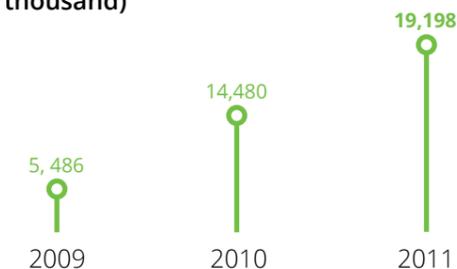
Expanding the retail product line in general, Ameriabank developed and offered new, unique for the Armenian market mortgage products in 2011 and the demand for those is still growing.

Among the new mortgage loans are:

- Loan secured by deposit; the uniqueness of this product is that while registering the advance payment as deposit the client is given the opportunity to repay the loan by the deposit, if needed. Besides, the Bank is accepting deposits already placed with the Bank, as well as deposits from third parties.
- Loan, secured by a collateral of other real estate; the uniqueness of this product is that it allows purchasing real estate outside Yerevan or outside Armenia, in locations, where Ameriabank has no branches.
- Loan, secure by additional collateral, with the minimum advance payment of 5%, with additional real estate subject to collateral.

The Bank is also cooperating with big construction companies on the provision of mortgage loans on concessional terms, and the list of the companies is expanding.

Ameriabank Mortgage Loans (USD thousand)



Enlarging the scale of retail lending Ameriabank is also implementing rigorous monitoring of the whole lending process, thus ensuring the high quality of retail lending portfolio.

According to the results of 2011, the share of outstanding consumer loans did not exceed 1.2% in the total portfolio of the loans of the given type, which is a low indicator for the Armenian banking sector.

To raise the efficiency of the retail lending programs and reduce credit risks, the Bank applies not only its own scoring system for decision making, but also a scoring system of a private agency ACRA (ACRA Credit Reporting).

The table below illustrates information on quality of loans allocated to physical persons, as of December 31, 2011, in YSD thousands.

	Gross loans to customers	Impairment allowance	Net loans to customers	Impairment allowance to gross loans, %
31/12/11				
Other loans to retail customers				
Not overdue	57,575	606	60,469	1.1%
Overdue	264	71	205	17.7%
Total loans to retail customers	57,839	677	60,675	1.2%

Payment Cards

Development of card business is one more priority of Ameriabank, especially in retail area. In terms of the volume of commissioned income the cards became the primary income item. According to the results of 2011, cards raised for the Bank 44.3% of all commissions (28.7% in 2010), growing by 2.2 times.

While working with payment cards the Bank strives to provide a service model that would allow the client using all the range of services rendered by the Bank. In particular, to receive access to information on one's own accounts, deposits, credits, transactions 24/7 by using internet banking.

In 2011, the number of Ameriabank active cards increased by 57%, reaching 27 864 cards. Along with local payment cards ArCa the Bank also issues and provides service for international MasterCard and Visa.

Ameriabank is a principle member of Visa International system since July 2008 and the first MasterCards were issued by the Bank in 2003. Since 2009 the Bank also issued payment cards American Express.

- In 2011, the Bank has acquired the VISA Merchant Acquiring License and started free of charge maintenance of VISA payment cards in sales and service network besides, after all the certification processes were complete, the Bank received the right of servicing the international VISA Cards.
- Under the sponsorship of the Bank one of the commercial banks of Armenia received a license for membership in Visa Association Visa (Visa Associate Member) for issuing cards and encashment in ATMS and Cash POS terminals.

In 2011 Ameriabank issued 17.7 thousand new cards, of which 13.2 thousand are VISA Cards and 3 thousand are MasterCard. As a result, the total amount of VISA Cards issues by Ameriabank exceeded 18 thousand and the Master Cards - 5.9 thousand.

The Bank, along with the standard cards, popular among the clients, provides also Gold and Platinum VISA and MasterCards. Gold cards are issued since 2009, and Platinum since 2010. These cards are accompanied with a full package of privileged services, including international discount cards IAQA, international travel health insurance, as well as Priority Pass in airports.

As of 31 December, 2011 the number of Gold Cards issued by the Bank reached 1 121, and the number of Platinum Cards reached 360.

In 2011, Ameriabank offered its clients new types of cards – Visa GIFT cards for physical persons and Custom ArCa payment cards for the legal entities – to facilitate the Customs payments at all Custom points of Armenia.

Total turnover of the plastic cards for the period of 2011 reached AMD 52.3 billion, which is equivalent to approximately USD 136 million, against AMD 28.5 billion for the previous year (USD 78.5 million).

The owners of Ameriabank payment cards have discounts in more than 250 sales and service points of Armenia.

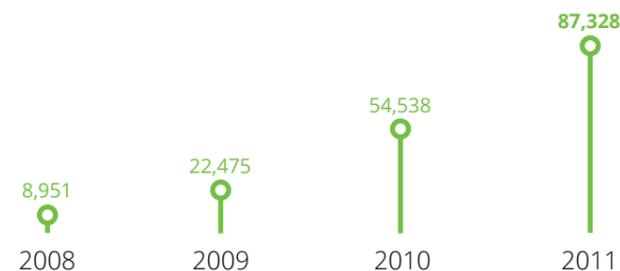
Ameriabank continues to actively explore the credit card market. The credit cards contribute 26% of the total share of the retail credit portfolio of the Bank. The volume of credits for 2011 (including overdrafts) on credit cards increased by 40.3%, reaching AMD 5.8 billion, which is equivalent to USD 15.1 million.

Along with the development of card products and programs, Ameriabank pays sufficient attention to the development of the relevant infrastructure support and maintenance.

Ameriabank is not only expanding the service network, but also works towards the optimization of that network, aiming at establishing ATMs and terminals in the areas most demanded by the clients – to meet their highest requirements.

As for the results of 2011, the total turnover through ATMs exceeded an amount relevant to USD 87 million (AMD 33.7 billion), and though POS terminals – USD 40 million, of which about USD 9 million account for non-cash transaction in sales and service sectors, as well as internet transactions. Salary secured projects turnover through ATMs reached USD 39 million.

Total Turnover through Ameriabank ATM, USD thousand



Salary Projects

In 2011 the Bank was actively engaged in activities targeted at the development of salary projects. During 2011 more than 115 new salary projects have been implemented and as a result, by the end of the year the Bank operates more than 260 (as compared with 145 early in the same year) salary projects, including largest companies of the country.

Together with the issuance of salary cards, the employees of the organizations were provided with credit products on favorable terms and a facilitated procedure. In particular, within the scope of salary projects by the end of 2011 more than 2 900 credit lines were issued.

In accordance with the adhered holistic strategy of client service, Ameriabank develops individual packages of special tariffs for each client organization.

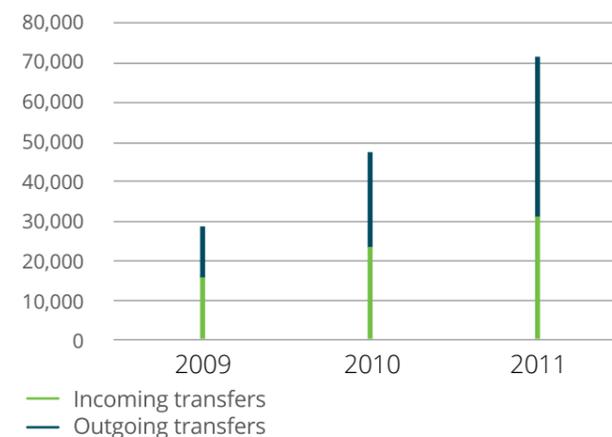
The ATMs and POS terminals are placed in areas convenient for the organization, taking into consideration the recommendations of the employees.

Money Transfers

In 2011 the Bank cooperated with 5 international systems - Contact, Migom, MoneyGram, InterExpress, Bystraya Pochta. Besides, the Bank is in the process of negotiations with other payment systems companies.

In 2011, the total turnover of individual remittances implemented through the Bank increased by 50%, reaching an amount equivalent to USD 71.4 million, of which USD 33.7 million count for incoming remittances (to Armenia) and USD 37.7 million – outgoing remittances.

Total Turnover of Individual Money Transfers through Ameriabank, in USD thousand



The turnover in international systems grew by 23%, the volume of those in 2011 made USD 3.8 million against USD 3.1 million in 2010. Incoming remittances accounted for USD 2.5 million and the transfers abroad – USD 1.3 million.

INVESTMENT BANKING AND TRADING OPERATIONS



Freedom to understand more

Due to high professionals and experience of the team, which has experts with international qualifications, the client base of the given direction is gradually expanding.

Before making a decision the clients can make use of the professional services of not only the Bank but also other companies of the Group, specializing in the investment business.

Corporate Finance

Corporate finance services are based on extensive experience and knowledge of the specifications of the local market; the experience of the team in attracting equity and/or debt financing. Besides, the experts of the Group provide qualified assistance to receive a rating from international rating agencies.

- In 2011, the Bank raised about USD 60 million, for the expansion of lending to the economy of Armenia,
- The Bank carried on several successfully launched projects on attracting debt financing for the leading companies in various sectors of economy, such as sales and services, commercial estate, logistics, hotel business, energy etc.
- Business valuation was implemented for companies representing mining, industry and trade.

The Corporate Finance team of Ameriabank provides the full range of qualified services, exerting the best efforts to ensure the profitable options of business financing for its clients.

Mergers and Acquisition (M&A)

Ameriabank offers full range of services M&A area. The competitive advantages of Ameriabank, allowing successful operation in the market of M&A are:

- Good knowledge of local market and its sector specifics,
- High professionalism of the team,
- More than 15 years of experience of Ameria Group experts in the given area.

At present, the Bank offers the full package of advisory services on merger and acquisition, including project management and professional targeted services, such as valuation of the business, financial and legal due diligence and legal services.

- In 2011, the Bank on behalf of Ameria Group organized the biggest transaction on selling the Ameria Audit Company, offering audit and tax services, to BDO International – the 5th largest organization in the world providing audit and advisory services.
- Ameriabank assisted in the transaction in the Mass Media sector, representing the interests of the buyer, on purchasing one of the leading Armenian TV channels. As in case with Ameria Audit and BDO, the Bank provided professional advisory services, including the transaction management and business valuation, due diligence of the transaction, as well as the legal support of the transaction.

- Ameriabank assisted in a hotel purchase transaction in Yerevan.
- In 2011 several mandates were signed on M&A, which are to be completed in 2012.

In total, Ameriabank remains a major player in the local M&A market with limited competition on behalf of international companies, including the Big Four, which are mainly focused on providing audit and tax services.

Trading Operations

Ameriabank is one of the few banks of Armenia that offer securities investment services in international markets.

In spring, Ameriabank launched investment services on the international securities market through AMERIAGLOBALTRADING system.

Opening a brokerage account in Ameriabank, the clients get access to 80 largest world stock markets in 19 countries of the world: NYSE, NASDAQ, AMEX, ARCA, TorontoStockExchange, FrankfurtStockExchange, EuronextBrusselsStocks, NasdaqOMXEurope, SwissExchange, TokyoStockExchange, HongKongStockExchange, etc.

The clients have the opportunity to implement transactions in securities, listed at the main foreign stock markets and receive the quoting of securities in real time regime.

Ameriabank offers two types of trading systems: «AMERIAGLOBALTRADING» and «WEBTRADER». Both systems support more than 50 types of applications. The client has the opportunity to choose between the systems based on his/her needs:

1. «WEBTRADER» allows implementing the transactions immediately through internet. The system provides access to the trading account from any point of the globe and facilitates viewing of indicators, sending requests, as well as monitoring accounts and transaction in real time mode.
2. «AMERIAGLOBALTRADING» is one of the most multi-functional systems, allowing trading operations with different financial instruments, quoted in international market.

In 2011, Ameriabank started selling standardized gold bars of 999.9% probe.

The service offers the gold bars in 1 ounce, 10 g, 20 g, 50gr, 100 g and 1000g to physical and legal persons. The bars are accompanied by a certificate of quality. The introduction of the given service was a logical next step of three products, launched a year before: the golden structured deposit, metal structural accounts for non-cash gold and non-cash transactions in gold. The sales of standardized gold bars proved to be quite a demanded service – the total volume of transactions with cash gold in 2011 accounted for 14,500 troy ounces (approximately 450 kg).

The Bank is an active player of Armenian Stock Exchange. As a result of 2011 Ameriabank was declared winner in NASDAQ OMX, Armenia Best Member Awards, in the section of foreign exchange currency transactions.

AMERIABANK STRATEGIC GOALS AND PLANS FOR 2012



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Under the current economic situation in the country and in the world, Ameriabank reviewed its strategic objectives and plans towards the expansion of the sphere and geography of its activity, as well as expansion and diversification of the client base.

Economic growth in Armenia in 2012-2013 is projected on the level of 5-6%, and if there are no destabilizing shocks, the budget of 2012 is planned with economic growth of 4.2%.

A serious challenge for Armenia is the vulnerability of its economy due to low diversification and high concentration of markets. Given the deteriorating economic situation in Europe, Russia and trade partner countries for Armenia, the symptoms of the economic crises will immediately spread to Armenia. At the same time, with the limited market it has, Armenia is objectively not able to provide for high level of competition, especially given the lack of regional market and limited access to the markets of neighboring countries.

In 2012 the business environment, in which Ameriabank operates, will be specified by the following tendencies and factors:

- The uncertainty in terms of slow recovery of the world economy will have its negative impact on the economic development of Armenia in general,
- The elections in the country and the expected drop of economic activity related to that; possible temporary suspension of major economic programs,
- Development risks in industrial sector, stipulated by slow pace of world economy recovery and domestic demand,
- Expected increase of prices for natural gas, imported to Armenia, which may bring about slowdown in economic growth,
- Implementation of large scale investment projects on construction of roads and infrastructures,
- Active growth of SME due to Bank financing,
- Slowdown in spending in private sector, due to expected slowdown of the pace of economic activity and incoming remittances,
- Further development of export-oriented industries, such as mining, metal manufacturing, food and beverage, diamond and energy,
- Modernization and reform of the transportation and telecommunication infrastructure,
- Increased competition among banks and growth of their main indicators,
- Growing demand for financial resources for enterprises and population,
- Revitalization and development of capital markets.

Under the given conditions of the business environment the financial institutions will face new challenges and objectives:

- enhancement of non-price competitive advantages (quality of service, relationships with clients, reliability etc.),
- upgrading of Risk assessment system,
- improving the management efficiency,
- difficulties in regards to attracting foreign capital and the increase in the price of resource base accordingly,
- further reduction in lending interest rates, reduced margins, respectively – decline in profitability,
- increased competition in lending to promising industries,
- expansion of product line for integrated services in response to growing client needs,
- further development of modern technologies,
- search for efficient fund allocation tools,
- possible consolidation processes on the financial market of Armenia.

Besides, possible deepening of the crisis in Euro zone jeopardizes Armenian economy with a recession or a slowdown in financing the economy. With that, the lending will be mostly directed to small and medium business and there are expectations of certain activity in the consumer lending.

Under the given circumstances of development of the business environment and new challenges to be faced by the financial organizations, Ameriabank has also reviewed its development strategy, which involves the expansion of the activity coverage area and aggressive entry into the retail service market with further enhancement of positions in corporate business.

Ameriabank considers the further service quality improvement, creation of maximum conveniences for each client and the capacity to meet the needs of a bigger number of clients as the main objectives for its activities in 2012.

The Bank is intended to provide for the level of service quality in compliance with the best international standards and efficiency of the system of management that will guarantee a sustainable and long-term development.

Among the strategic objectives of Ameriabank for 2012-2014 we see:

- establish itself as a universal bank open for both corporate and individual clients,
- upgrade the quality of service and expand the range of new banking products,
- ensure a outpacing growth of main indicators as compared to the market,

- increase the share of non-interest income in the income structure of the Bank, due to introduction of new products,
- expand the cooperation scales with SMEs.

The Bank will continue to work towards expanding and improving infrastructures, strengthening its positions in the market which includes:

- expanding the branch network in the economically active regions/areas,
- developing remote banking services,
- optimization of ATM network,
- introduction of new tools of investment banking,
- qualification development of the staff.

In 2012, the opening of three new branches is planned: two in the capital and one in the region. In line with the Ameriabank 2012-2014 Development Strategy the Bank plans to enhance its role of a key player in Armenian banking system and hold a leading financial institution position in the country.

While implementing the goals and fulfilling its mission, Ameriabank in 2011 is intended to:

- ensure an average 20-25% growth of financial indicators,
- enhance the retail business,
- proceed with introduction of innovative technologies and solutions,
- actively continue cooperation with small and medium business.
- Expand the geography of its client base,
- Contribute to the establishment of capital markets in Armenia, by rendering services in the sphere of mergers and acquisitions and asset management,
- Expand a sustainable and inexpensive resource base,
- Continue the process of raising funds from international financial institutions, which will mainly follow two directions:
 - Small and medium business,
 - Renewable energy.

In 2012 Ameriabank will continue financing the small and medium enterprises, reaching the amount of lending to USD 100 million. The growth will be mostly provided on behalf of the Bank's own resources and Donor fund, where the Bank is planning to raise about USD 50-70 million.

SME lending will be one of the priorities in the activities of Ameriabank in 2012.

The loan portfolio of the Bank is currently composed of three pillars of economy: trade, industry and constructions. In 2012 one more direction for operations of Ameriabank will become the Agricultural sector, where the Bank has already

financed the construction of several greenhouses.

In 2012 we also plan a 60% growth of the lending to physical persons' portfolio.

Due to changes in the economic situation in the country and as a result of reviewing the Strategy, the Bank will consider the following sectors as priorities:

- Manufacturing industry,
- Telecommunications Sector,
- IT Sector,
- Energy Sector.

Beside the above mentioned major sectors, the Bank intends to proceed with agri-business and mining enterprises.

As in the previous two years, the Bank will follow conservative and balanced policy towards the housing construction financing. Meanwhile, the financing of retail clients will enter a more active phase as compared to the previous years. Besides, the Bank plans to expand the product line for physical persons.

New Products and Systems

The activities of Ameriabank in the coming years will focus on development and introduction of new products and services. With this purpose in 2012:

- The Bank intends to significantly increase the share of retail services,
- It is planned to make significant investments to improve access to remote banking services for retail clients,
- It is planned to introduce technological innovations that will increase the efficiency of the Bank's activities, in particular an automated Risk management system will be purchased,

In terms of expansion of the product line, Ameriabank has planned the following activities for 2012:

- Introduction of new card products, namely, chip cards, Visa Infinite cards, co-branding cards with retailers, bonus products etc.,
- Introduction of new products for physical persons,
- Introduction of new programs for SME,
- Introduction of special packages within the scope of salary projects,
- Introduction of new opportunities for remote banking services,
- Introduction of new cooperation opportunities with Armenian Diaspora.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT



Freedom to reflect more



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Independent Auditors' Report

To the Management Board

Ameriabank cjsc

We have audited the accompanying financial statements of Ameriabank cjsc (the Bank), which comprise the statement of financial position as at 31 December 2011, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

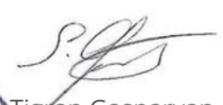
Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.


Andrew Coxshall
Director

KPMG Armenia cjsc
26 April 2012




Tigran Gasparyan
Head of Audit Department

Ameriabank cjsc
Statement of Comprehensive Income for the year ended 31 December 2011

	Notes	2011 AMD'000	2010 AMD'000
Interest income	4	16,268,848	10,839,458
Interest expense	4	(7,466,101)	(4,657,144)
Net interest income		8,802,747	6,182,314
Fee and commission income	5	1,324,729	924,697
Fee and commission expense	6	(451,408)	(274,671)
Net fee and commission income		873,321	650,026
<i>Net loss on financial instruments at fair value through profit or loss</i>			
		(238,871)	(48,262)
<i>Net foreign exchange income</i>	7	1,096,625	797,391
<i>Net gain (loss) on available-for-sale financial assets</i>		31,452	(15,391)
<i>Other operating income (expenses)</i>		63,242	(24,277)
Operating income		10,628,516	7,541,801
Result from acquisition	33	-	779,528
Impairment losses	8	(304,900)	(309,944)
Personnel expenses	9	(2,798,417)	(2,320,800)
Other general administrative expenses	10	(2,369,377)	(1,827,782)
Profit before income tax		5,155,822	3,862,803
Income tax expense	11	(1,100,477)	(682,832)
Profit for the year		4,055,345	3,179,971
Other comprehensive income, net of income tax			
Revaluation reserve for available-for-sale financial assets:			
- Net change in fair value		69,456	131,875
- Net change in fair value transferred to profit or loss		(25,162)	12,313
Other comprehensive income for the year, net of income tax		44,294	144,188
Total comprehensive income for the year		4,099,639	3,324,159

The financial statements as set out on pages 4 to 62 were approved by the Management Board on 26 April 2012 and were signed on its behalf by:





Artak Hanesyan
General Director
Chairman of Management Board

Gohar Khachatryan
Chief Accountant

Ameriabank cjsc
Statement of Financial Position as at 31 December 2011

	Notes	2011 AMD'000	2010 AMD'000
ASSETS			
Cash and cash equivalents	12	34,200,857	28,408,492
Financial instruments at fair value through profit or loss	13	52,406	132,659
Available-for-sale financial assets	14	13,225,987	12,821,824
Loans and advances to banks	15	8,635,846	14,000,523
Amounts receivable under reverse repurchase agreements	16	922,519	2,364,903
Loans to customers	17	134,053,462	88,579,633
Receivables from finance leases	18	1,815,786	1,659,006
Assets held for sale	17	2,234,280	-
Property, equipment and intangible assets	19	2,546,732	2,725,258
Deferred tax asset	11	53,924	74,134
Other assets	20	3,200,786	1,836,817
Total assets		200,942,585	152,603,249
LIABILITIES			
Financial instruments at fair value through profit or loss	13	390,251	22,402
Deposits and balances from banks	21	20,932,458	12,986,742
Current accounts and deposits from customers	22	91,332,821	67,588,084
Other borrowed funds	23	49,591,576	37,658,140
Current tax liability		312,861	220,224
Dividends payable	25	1,315,054	-
Other liabilities	24	2,295,621	2,140,299
Total liabilities		166,170,642	120,615,891
EQUITY			
Share capital	25	25,447,640	25,447,640
Share premium		29,691	29,691
Revaluation reserve for available-for-sale financial assets		62,278	17,984
Retained earnings		9,232,334	6,492,043
Total equity		34,771,943	31,987,358
Total liabilities and equity		200,942,585	152,603,249

The statement of financial position is to be read in conjunction with the notes to, and forming part of, the financial statements.

Ameriabank cjsc
Statement of Cash Flows for the year ended 31 December 2011

Notes	2011 AMD'000	2010 AMD'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	15,769,744	9,886,323
Interest payments	(6,550,548)	(4,189,448)
Fee and commission receipts	1,556,290	924,697
Fee and commission payments	(451,408)	(274,671)
Net receipts (payments) from available-for-sale financial assets	31,452	(15,391)
Net receipts from foreign exchange	959,377	868,183
Other expense payments	(112,160)	(24,278)
Salaries and other payments to employees	(2,360,179)	(1,904,428)
Other general administrative expenses payments	(1,863,154)	(1,449,288)
 (Increase) decrease in operating assets		
Financial instruments at fair value through profit or loss	(28,587)	(665,130)
Available-for-sale financial assets	(303,926)	(3,278,475)
Loans and advances to banks	5,941,586	3,402,548
Amounts receivable under reverse repurchase agreements	1,441,432	(1,636,733)
Loans to customers	(43,051,317)	(26,667,798)
Receivables on finance lease	167,348	(1,043,216)
Other assets	(1,344,931)	(1,183,341)
 Increase (decrease) in operating liabilities		
Financial instruments at fair value through profit or loss	265,345	592,418
Deposits and balances from banks	7,319,776	7,204,919
Amounts payable under repurchase agreements	-	(3,219,562)
Current accounts and deposits from customers	19,489,321	3,517,375
Other liabilities	(679,323)	1,171,749
Net cash used in operating activities before income tax paid	(3,803,862)	(17,983,547)
Income tax paid	(998,704)	(585,339)
Cash flows used in operations	(4,802,566)	(18,568,886)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment and intangible assets	(1,119,723)	(596,863)
Sales of property and equipment and intangible assets	781,397	351,406
Cash flows used in investing activities	(338,326)	(245,457)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts of other borrowed funds	13,173,417	29,208,604
Repayment of other borrowed funds	(3,217,567)	(1,730,512)
Cash flows from financing activities	9,955,850	27,478,092

Ameriabank cjsc
Statement of Cash Flows for the year ended 31 December 2011

Notes	2011 AMD'000	2010 AMD'000
Net increase in cash and cash equivalents	4,814,958	8,663,749
Effect of changes in exchange rates on cash and cash equivalents	977,407	(1,069,081)
Cash and cash equivalents as at the beginning of the year	28,408,492	20,813,824
Cash and cash equivalents as at the end of the year	12 34,200,857	28,408,492

The statement of financial position is to be read in conjunction with the notes to, and forming part of, the financial statements.

Ameriabank cjsc
Statement of Changes in Equity for the year ended 31 December 2011

AMD'000	Share capital	Share premium	Revaluation reserve for available-for-sale financial assets	Retained earnings	Total equity
Balance as at 1 January 2010	18,200,000	28,407	(126,204)	3,645,130	21,747,333
Total comprehensive income					
Profit for the year	-	-	-	3,179,971	3,179,971
Other comprehensive income					
Net change in fair value of available-for-sale financial assets, net of income tax	-	-	131,875	-	131,875
Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of income tax	-	-	12,313	-	12,313
Total other comprehensive income	-	-	144,188	-	144,188
Total comprehensive income for the year	-	-	144,188	3,179,971	3,324,159
Transactions with owners, recorded directly in equity					
Shares issued	7,247,640	1,284	-	-	7,248,924
Effect of the acquisition	-	-	-	(333,058)	(333,058)
Total transactions with owners	7,247,640	1,284	-	(333,058)	6,915,866
Balance as at 31 December 2010	25,447,640	29,691	17,984	6,492,043	31,987,358
Balance as at 1 January 2011	25,447,640	29,691	17,984	6,492,043	31,987,358
Total comprehensive income					
Profit for the year	-	-	-	4,055,345	4,055,345
Other comprehensive income					
Net change in fair value of available-for-sale financial assets, net of income tax	-	-	69,456	-	69,456
Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of income tax	-	-	(25,162)	-	(25,162)
Total other comprehensive income	-	-	44,294	-	44,294

Ameriabank cjsc
Statement of Changes in Equity for the year ended 31 December 2011

AMD'000	Share capital	Share premium	Revaluation reserve for available-for-sale financial assets	Retained earnings	Total equity
Total comprehensive income for the year	-	-	44,294	4,055,345	4,099,639
Transactions with owners, recorded directly in equity					
Dividends declared	-	-	-	(1,315,054)	(1,315,054)
Total transactions with owners	-	-	-	(1,315,054)	(1,315,054)
Balance as at 31 December 2011	25,447,640	29,691	62,278	9,232,334	34,771,943

The statement of financial position is to be read in conjunction with the notes to, and forming part of, the financial statements.

USEFUL INFORMATION ABOUT THE BANK



Ameriabank CJSC

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Yerevan, Republic of Armenia

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Bank code 15700

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Fax: (37410) 513133
E-mail: office@ameriabank.am
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Ameriabank Branches

Cascade Branch	6 Deghatan Str., Yerevan, 0010, RA
Dilijan branch	66 Miasnikyan Str., Dilijan, 3901, RA
Kentron Branch	Vazgen Sargsyan Str., Yerevan, 0010, RA
Komitas Branch	12 Komitas Ave., n. 102, Yerevan, 0033 RA
Moskovyan Branch	48 Mashtots Str., 2/1, Yerevan, 0009, RA
Qajaran branch	16/31 Lernagorcneri Str., Qajaran, 3309, RA
Shengavit Branch	18 Bagratunyats Str., Area 112, Yerevan, 0046, RA
Vanadzor branch	65 Tigran Mets Str., Vanadzor, 2021, RA

Key Nostro Accounts for bank transfers of foreign currencies

COUNTRY	CORRESPONDENT BANK	SWIFT	CURRENCY	ACCOUNT
Germany	COMMERZBANK AG, FRANKFURT/MAIN	COBADEFF	EUR	400/8866071/00
	DEUTSCHE BANK AG, FRANKFURT/MAIN	DEUTDEFF	EUR	100-9477498-00
	CITIBANK, FRANKFURT/MAIN	CITIDEFF	EUR	4117180005
Great Britain	HSBC BANK PLC, LONDON	MIDLGB22	GBP	35827063
Italy	UNICREDIT S.P.A.	UNCRITMM	EUR	995/101468077
Russia	SBERBANK RF, MOSCOW	SABRRUMM	RUB	30111810900000000371
	PROMSVYAZBANK, MOSCOW	PRMSRUMM	RUB	30111810790000021401
			JPY	30111392690000021401
			CAD	30111124790000021401
ALFA-BANK, MOSCOW	ALFARUMM	RUB	30111810300000000212	
Switzerland	UBS AG, ZURICH	UBSWCHZH80A	CHF	02300000069026050000V
UAE	NATIONAL BANK OF ABU DHABI, ABU DHABI	NBADAEEA	AED	6200969039
		CITIUS33	USD	36116208
USA	CITIBANK N. A., NEW YORK	MRMDUS33	USD	000-054631
	HSBC BANK USA, NEW YORK			
	DEUTSCHE BANK TRUST COMPANY AMERICAS, NEW YORK	BKTRUS33	USD	04437701

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