



ANNUAL REPORT 2009

**There is one thing that's better than mountains,
And it's mountains that we haven't climbed yet.**

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I. AMERIABANK'S MAJOR ACHIEVEMENTS OF 2009

*We chip away at the steps - no way to retreat!
The heart's running wild in a feverish beat,
It's ready to climb the mountain, so to speak!
The world is beneath you -
you're silent and replete*

V. Vysotsky







Ararat

Elevation:	Greater Ararat 5,165 m Lesser Ararat 3,925 m
Location:	Turkey
Range:	Armenian Highland
Coordinates:	39°42.113'N 44°17.899'E
First Ascent:	September 27 th , 1829 Dr. Friedrich Parrot, Kachatur Abovian, Alexei Zdorovenko, Matvei Chalpanov, Hovhannes Ayvazian, Murad Poghosian

Financial Achievements*

Indicators	31/12/08	31/12/09
Assets		
- million AMD	49,022	103,238
- thousand USD	159,823	273,196
Market share	4.73%	7.61%
Ranking in the banking system	8	7
Year-over-Year (Y-o-Y) growth rate**	3.62 times	2.1 times
Ranking in the banking system by growth rates	1	2
Liabilities		
- million AMD	28,633	81,491
- thousand USD	93,350	215,647
Market share	3.59%	7.61%
Ranking in the banking system	11	7
Y-o-Y growth rate**	2.84 times	2.85 times
Ranking in the banking system by growth rates	2	1
Loans and advances		
- million AMD	30,909	53,926
- thousand USD	100,769	142,702
Market share	4.9%	7.36%
Ranking in the banking system	7	7
Y-o-Y growth rate**	11 times	1.74 times
Ranking in the banking system by growth rates	2	3
Non-performing loans (NPL) ratio	0.79%	0.12%
Liabilities to clients		
- million AMD	23,990	62,021
- thousand USD	78,212	164,125
Market share	4.87%	8.59%
Ranking in the banking system	8	4
Y-o-Y growth rate**	2.65 times	2.59 times
Ranking in the banking system by growth rates	2	1
Income		
- million AMD	767	1,462
- thousand USD	2,501	3,868
Market share	2.86%	9.55%
Ranking in the banking system	11	4
Y-o-Y growth rate**	4.8 times	1.9 times
Total capital		
- million AMD	20,389	21,747
- thousand USD	66,473	57,549
Market share	8.50%	7.60%
Ranking in the banking system	4	4

* All indicators in USD expression are calculated at the rate as of the end of reporting year: 2008 – 1USD=306.78AMD, 2009 – 1USD=377.89AMD.

** In AMD expression

Achievements in Client Relations and New Products Launch

- Client base increased more than 1.5 times in 2009, despite the crisis, including active cooperation with 31 enterprises from 100 largest taxpayers of Armenia
- Rapid growth of retail deposits: 5.5-fold including 7.7-fold growth of time deposits
- Launch of renewable energy finance project
- Launch of a new small and medium-sized enterprises (SMEs) finance project with preferential terms for borrowers
- Fundraising from International Financial Institutions (IFIs) for the renewable energy financing project: 15 million USD from the International Finance Corporation (IFC) and 10 million USD from the Netherlands Development Finance Company (FMO) and Deutsche Investitions und Entwicklungsgesellschaft (DEG)
- Attraction of large debt resources from IFIs for the implementation of SME finance program, including 20 million USD from the FMO and DEG organizations
- Deposit insurance coverage by Rosgosstrakh-Armenia for individuals, as an innovation in the Armenian banking industry
- Launch of internet-banking service
- Launch of VISA cards issuance and service resulting in full coverage of key international and local payment networks: MasterCard, VISA and ArCa
- Development of a special package of VISA and MasterCard Gold services, including IAPA international discount card and travel insurance.
- Pension plans for corporate clients and individuals to help create individual retirement accounts

Achievements in Technology and Infrastructure

- International Quality Management Certificate ISO 9001:2008 (new edition) awarded by TÜV Rheinland Group, Germany
- Opening a new head office and upgrading technical and infrastructural capacities of the bank
- Introduction and pilot launch of Client Relationship Management System (CRM)
- Launch of a 24-hour Call Center
- Implementation of Net Promoter Score system (NPS) assessing the level of clients' satisfaction
- Permanent on-line connection between the head office and branches of the bank
- Commissioning new data centers which are technically among the most advanced and powerful across Armenia's entire banking system
- Significant (two-fold) expansion of the bank's ATM network;
- Launching of two new branches - Kentron Branch in Yerevan and Qajaran Branch in Syunik Marz (Region).
- Launch of official page of Ameriabank in Bloomberg (AMRB)

Achievements in Building Dream Team

- Creating a united Team of Ameria Group and consolidating group resources
 - ▶ Development of uniform brand policy for Ameria Group
 - ▶ Founding of uniform principles of administration, financial, legal and marketing management, and a uniform system of HR management
 - ▶ Building of uniform system of key

performance indicators (KPI) on Group level along with 360-degree evaluation of staff

- Staff motivation during the global financial crisis
 - ▶ Medical insurance for the staff of the whole Group
 - ▶ Payment of bonuses to the staff for 2008 and scheduled 2009 payment of bonuses (which happened in early 2010).
 - ▶ Staff training within and outside Armenia (80 trainings)
- Almost 70% growth of the Group staff despite the general decline of employment in the republic



Ruben Vardanian

BoD Chairman, Ameriabank CJSC



II. MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

*There is one thing that's better than mountains,
And it's mountains that we haven't climbed yet.*

V. Vysotsky

Dear Ladies and Gentlemen,

Please accept my sincere appreciation to all of you for the trust, loyalty and interest that you have shared throughout 2009 with Ameriabank.

Challenges mastered are opportunities won.

The year 2009 will be etched in stone in terms of reporting the first decline of the world GDP in six decades – 2.2% according to the World Bank. Though everyone was affected negatively at the onset, most of the world's governments and global economic players are now gradually recovering from the financial and economic crisis.

Optimistic expectations are mostly fed by tangible results of recent crisis management put in place by governments worldwide. All these efforts hinge upon a coordinated, efficient and innovative action plan developed by those governments. Today, the global economy is beginning to rise again. According to World Bank projections, in 2010 the economy worldwide will experience a 2.7% increase, and in 2011, a 3.2% growth. This is the point where we should take our time to analyze the status quo with both the opportunities and threats it presents.

The good news is that these current improving macroeconomic trends and expectations in Armenia and worldwide help create a more favorable business and economic climates. These conditions offer smart investors and consumers the advantage of increasing their resource base through investments and savings, and emerging stronger in the end. We all can benefit from this opportunity. This is what we in Ameriabank firmly realize.

When in 2007 Armimpexbank was acquired by TDA Holdings Limited and renamed Ameriabank, banking customers obtained a unique opportunity to receive a set of differentiated and customized services in corporate and retail banking, as well as a full set of investment banking services from one source. In 2009, Ameriabank took an unprecedented leap forward in equipping itself with the most up-to-date information,

IT and management technologies and tools as well as developing new products and promising avenues to meet new challenges and market expectations. I am proud to share with you that Ameriabank has a privilege and a consistent objective to become a major player in Armenia's financial market. We will continue to grow and improve our resources and capacities through organic and non-organic growth. We are always, of course, devoted to assisting in the growth and development of Armenia's financial market and economy.

During our 2.5 years of operations in Armenia, Ameriabank quickly emerged as a leader among local banks by assets, liabilities, capital and net income. In addition, obtaining a quality management system and certificate in accordance with the International Organization for Standardization (ISO 9001:2008), Ameriabank continued to follow the best international practices in employing the most efficient banking IT platforms, management technologies and employee motivation systems.

By acquiring low leverage and the best non-performing loans (NPL) ratio in the local market, Ameriabank has become one of the most reliable, trustworthy and attractive partners in Armenia's financial market for both individual and corporate clients.

To increase and ensure the loyalty and attractiveness of Ameriabank products for a wider scope of customers, we will continue to improve the quality, diversification, optimization and customer service aspects of all products.

Any difficulty can become an opportunity when the right people come together.

I would like to express my appreciation to our team of professional, committed and innovatively like-minded people. Their strong sense of initiative, their solidarity and cohesion, have helped them face the challenges of 2009 and create opportunities for the further growth of Ameriabank. The team remains determined and committed to delivering value for shareholders. I would

like to highlight that we encourage each individual working with us to realize his or her unique role and responsibility in facilitating the growth of the bank. We will continue to focus on partnering Armenia's growth for the long-term and increasing value for all our stakeholders.



Sincerely,
Ruben Vardanian



Artak Hanesyan

Chairman of Management Board –
General Director



III. MESSAGE FROM THE CHAIRMAN OF MANAGEMENT BOARD - GENERAL DIRECTOR

*Well, now, my hands don't shake at all
So I'll move on!
Into the precipice for all
My fears are gone!*

*I have no reason for a halt
Nor for a break,
There are no heights in the whole world
I cannot take!*

V. Vysotsky

Dear Clients and Business Partners,

I am honored to present you the 2009 achievements and challenges faced by Ameriabank.

Overview of the Year 2009: the greatest value of achievement lies in the achieving.

Though the previous year proved to be quite a challenging for the economy of Armenia, Ameriabank was among the few banks that positioned itself to face those challenges and benefit from them by maintaining the leading positions in the market.

We believe that one can't meet the challenges of today with yesterday's tools and expect to be in business tomorrow. That's why, starting in the fall of 2008, we adjusted our strategy for 2009 by defining short and mid-term goals, diversifying priority sectors, toughening our risk management mechanisms, and optimizing resources required to reach the settled goals. In addition, we continued our efforts in attracting IFI borrowings for a further growth and diversification of our loan portfolio, meanwhile providing proven high quality risk management.

Ameriabank Financials: our financial results were within our target range and represent our continued ability to meet our clients' needs and remain a financially stable bank.

The bank had a stable financial standing despite the challenging economic year for the country by continuing to deliver strong income and resilient profit performance.

Moreover, in 2009, the bank secured annual net growth rates of assets by 111%, lending by 74%, clients deposits by 159% and net income by 91 %.

The bank maintained the first position in the market by assets quality among 22 banks operating in the market. To quickly highlight the main positions of the bank in the market, we would like to stress that Ameriabank ranked first by equity capital, sixth by total assets, fourth by clients' deposits and fourth

by net income. In addition, the bank gained an unparalleled competitive advantage in the market by acquiring an extremely low leverage ratio (3.7) with a CAR of 41.28% (by comparison, the required minimum by the Central Bank of Armenia is 12%) by the close of 2009.

Clients: we don't build in order to have clients; we have clients in order to build.

In 2009, we continued our efforts to increase customer service quality and offer flexible, diversified and innovative solutions to the issues and inquiries of our clients. Ameriabank is the first local bank to deploy the Client Relationship Management (CRM) automated system, the only one of its kind in Armenia. At the same time, we enjoyed consistent growth in trust and loyalty of our clients. The best proof of this assertion was the substantial increase in the number of corporate and retail clients, as well as an increase in the weights of the top 20 tax payer clients in the country.

New Products and Innovation: innovation for us is the ability to see change as an opportunity.

In 2009 we focused on introducing a number of innovative services for our clients, such as the new Online Ameriabank internet-banking service, a 24-hour call center, an unprecedented program on individual clients' 100% deposits insurance by Rosgosstrakh-Armenia (a unique experience both in Armenia and the former Soviet Union), pension plans, renewable energy financing facilities, platinum VISA & MasterCard and so on.

IFI Projects: diversification as a key for efficient disbursement of resources.

2009 was an unprecedented year for the bank in terms of attracting borrowings from international financial institutions (IFIs) up to 85 million USD. Key partners under IFI projects were IFC, EBRD and FMO/DEG. The IFI borrowings were mainly aimed at financing small and medium-sized businesses, renewable energy, and trade finance.

The bank continued to benefit from the diversification of the loan portfolio due to these IFI projects and will continue to do so in 2010.

Dream Team: individual glory is insignificant when compared to achieving victory as a team

In 2009, we continued to enroll talented professionals by following the main philosophy that a dedicated and professional team is our best strategic asset. Ameria Group is first of all a team of professionals with shared values. The HR policy of the bank combines both advanced methods of staff selection, motivation and building of corporate culture. In addition, without any doubt our cooperation with the Troika Dialog Group of Companies greatly facilitates this process. Since you get the best out of others when you give the best of yourself, we dedicated ourselves to offering various fringe benefits and a favorable environment for our employees. By encouraging recruitment not only from Armenia, but also from the pool of foreign

professionals, we benefited from a diverse multicultural environment as an advantage of synergy for the whole team. In addition, we deploy an unprecedented experience of partnership as Ameriabank's governance and organizational form.

Appreciation: encouraging people to achieve the best

I am happy to extend our gratitude to the team of professionals that has sought to be adaptable and flexible, anticipating and responding to the constantly changing needs of the economy, the dynamic business environment and the expectations of our partners/stakeholder. Because it takes constant and determined efforts to break down all resistance and sweep away all obstacles, we believe the Ameriabank team is well on its way. We will continue to get into new growth phases by working on further diversification of our lending profiles and revenue streams so to consistently increase the Bank's stakeholders' value. We thank all our stakeholders for continuing support, encouragement and goodwill in our endeavors.



***Sincerely,
Artak Hanesyan***



IV. OVERVIEW

*Utter no words and move on!
Our mountains are there
And they will help us then!*

V. Vysotsky









Aconcagua

Elevation:	6,962 m
Location:	Argentina, province of Mendoza
Range:	Andes
Coordinates:	32°39'20"S 70°00'57"W
First Ascent:	February 12, 1897 Matthias Zurbriggen (Switzerland)

4.1. Ameria Group

Today Ameria Group is one of the first and most aggressive financial and advisory practices in the local market. The Group offers a wide range of financial and advisory services.

The foundations were laid back in 1998 when Ameria was established as one of the first professional advisory companies in Armenia which united young dedicated experts who had studied the local market.

Due to the growth of the clientele and the company's reputation, in 2001 Ameria Invest was founded as one of the pioneers in Armenia's asset management market.

In 2007, as a leader in the market of professional financial and advisory services of Armenia, Ameria together with TDA Holdings Limited, represented by the Troika Dialog Group shareholders – the main strategic partner of Ameria began expanding more aggressively in Armenia's financial sector. In August 2007, TDA Holdings acquired the majority interest of Armimpexbank, and renamed it Ameriabank in 2008. With new strategies and new principles the bank stepped onto a new stage of its development.

Quickly, the professional team managed to recover the former leadership of one of

the oldest financial institutions of Armenia (founded in 1910 as a branch of Caucasian Trade Bank). Today Ameriabank, a corporate bank with integrated investment banking and limited retail services, is the fastest growing bank in Armenia, ranking among leaders by assets, liabilities, capital and net income.

However, this was not the highest peak of the financial sector that we scaled. In 2009 Ameria Equity Partners was founded which offered unique services in direct investments and private equity management.

In 2009, the Ameria Group was created to unite these companies under one brand, with the differentiation of corporate and investment banking, asset management and direct investment businesses.

Consolidation of Ameria is the logical outcome of the desire to make the best of opportunities as they arise, including those emerging from the financial crisis. This is one of the first experiences in Armenia to create a full-service financial group.

The service package provided by the Group of companies creates a base for the fundamental financial and management assistance for corporate clients.

Focusing on global rather than local trends of development and standards in all businesses is a significant feature of Ameria Group's ideology.

Historic Milestones of Ameria Group

1998	Foundation of Ameria
2001	Foundation of Ameria Invest
2007	Majority interest of Armimpexbank acquired by TDA Holdings Limited, affiliated with the leading Russian investment group, Troika Dialog
2008	Armimpexbank CJSC renamed into Ameriabank CJSC TDA Holdings Limited increases the statutory fund of Ameriabank CJSC by 16.2 billion AMD bringing it up to 18.2 billion AMD.
2009	Foundation of Ameria Equity Partners Building of Ameria Group: development of uniform ideology and strategic development directions, implementation of uniform staff evaluation system

Group Structure



4.2. Milestones of Ameriabank's Development

1910	Erivan Branch of Caucasian Trade Bank founded
1921	The Communal Bank of Armenia incorporated
1964	Stroibank USSR incorporated
1975	Vneshtorgbank USSR (Bank for Foreign Trade) incorporated
1988	Armenia Branch of Vnesheconombank USSR launched
1992	Armimpexbank CJSC registered by the Central Bank of Armenia
1995	A joint-stock bank with foreign equity participation: the majority interest acquired by Computron Industries Establishment
2007	Majority interest acquired by TDA Holdings Limited, affiliated with the leading Russian investment group Troika Dialog
2008 May 23	Armimpexbank CJSC renamed as Ameriabank CJSC
2008	The statutory capital of Ameriabank CJSC increased by 16.2 billion AMD to 18.2 billion AMD by TDA Holdings Limited

2008 July	Principal member of VISA International
2008 October	Member of the Armenian Stock Exchange
2008 November	Official launching ceremony of Ameriabank CJSC Stepanakert Branch in Stepanakert, Nagorno Karabakh (first branch of Ameriabank)
2009 January	Start of issue and processing of VISA international cards in the bank
2009 April	Awarded with certificate № 01 100 051317 for compliance with ISO 9001:2008 quality management revised international standard
2009 July	Signed agreement between Ameriabank and the International Finance Corporation (IFC) for a 10 million USD contract as part of the Global Trade Finance Program (GTFP)
2009 July	Launched in Bloomberg international system official page of Ameriabank
2009 July	Opening of the new branch of Ameriabank in Qajaran town, Syunik marz, Armenia
2009 October	Launch of internet-banking services
2009 November	Grand opening of the new head office of Ameriabank
2009 December	Launch of renewable energy and SME finance projects out of the bank's own resources
2009 December	Signed agreement between Ameriabank and IFC in the amount of 15 million USD for financing of small enterprises specializing in renewable energy
2009 December	Signed agreement between Ameriabank and FMO/DEG for 30 million USD (debt financing) to enhance SME lending facilities with unparalleled terms

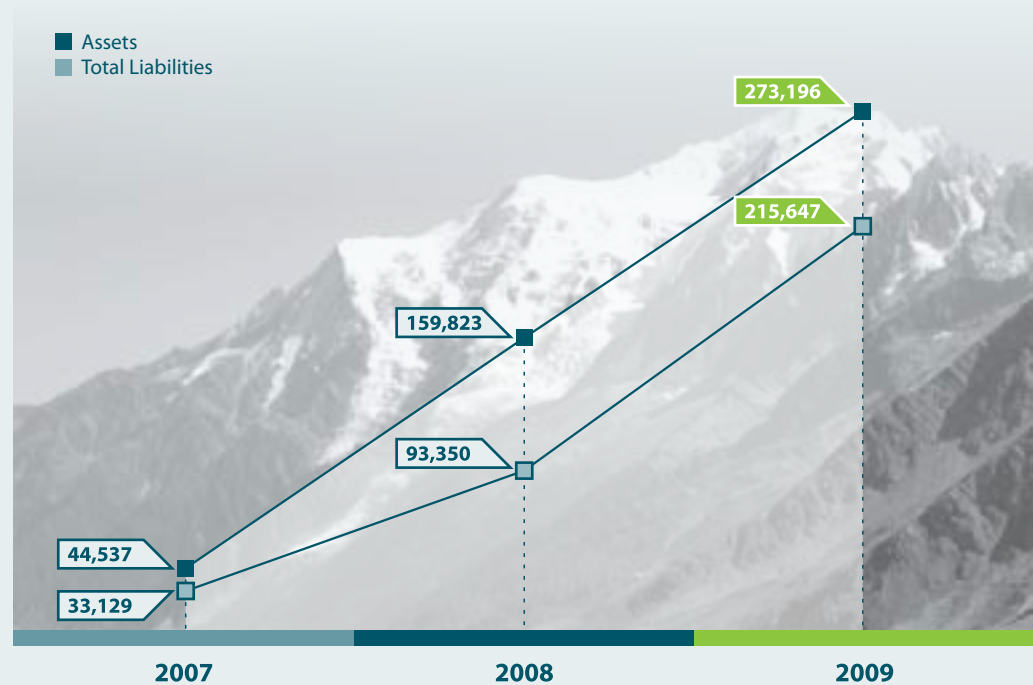
4.3. Overview and Dynamics of Ameriabank's Key Indicators

Currently Ameriabank is one of the fastest growing and most dynamic banks in Armenia with increasingly high weight and value in the financial industry and economy of the country.

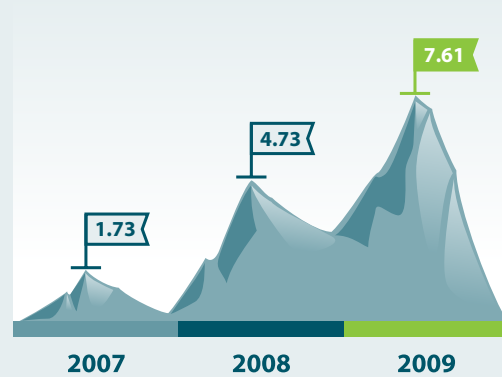
The bank experienced a surging growth, leaping ten percentage points to rank seventh out of 22 banks of Armenia in 2009 as compared to seventeenth in 2007 by assets, and seventh in 2009 as compared to sixteenth in 2007 by liabilities. The bank's market share demonstrates growth also by indicators of activity in various sectors.



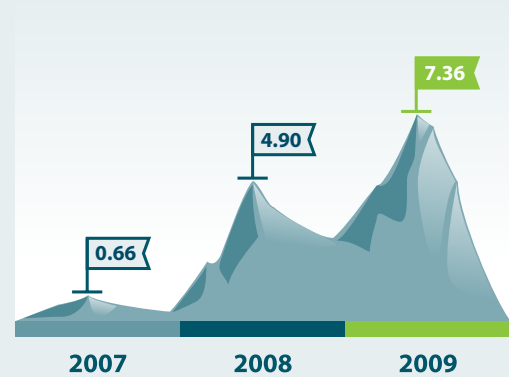
Dynamics of Assets and Liabilities of Ameriabank, thous. USD



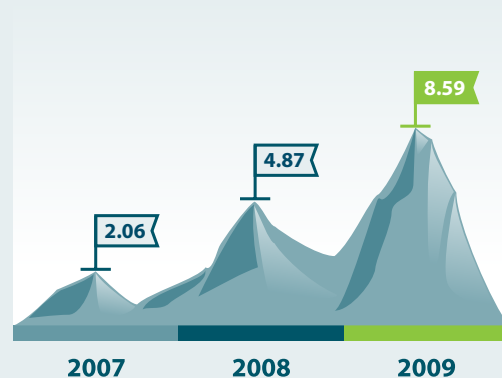
Market Share of Ameriabank by Assets, %



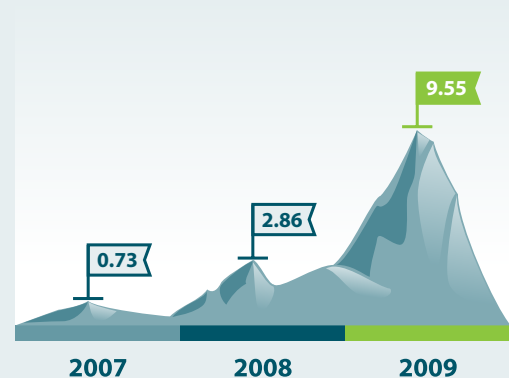
Market Share of Ameriabank by Loans and Advances to Clients, %



Market Share of Ameriabank by Liabilities to Clients, %



Market Share of Ameriabank by Income, %



4.4. Mission and Philosophy

Our mission is to strive for:

- leadership and dynamic development in Armenia and the region as a financial and advisory group committed to long-term dynamic development of the country's economy;
- being a client-oriented and reliable partner in corporate and investment banking and advisory practices with integrated retail services;
- innovations based on the best practice in financial and advisory services, business processes and technologies;
- building a Dream Team of qualified, motivated and efficient staff.

The key concept of our philosophy assumes that the welfare of each member of the society is a cornerstone of the welfare of the society as a whole.

Tracking constant improvement and self-development, we create the opportunity for sharing our achievements with our investors, partners, clients and employees. We follow the principles of true leadership, which implies high level of responsibility for the external environment.

True leadership and development can only be achieved through dynamic interaction with the external environment, focusing on cooperation and input for the best results.

To achieve maximum transparency in client relationships, the bank is committed to the following principles:

- comprehensive approach tailored to clients' needs,
- individual solutions for each client,
- trust and reliability in the -client relationship,
- advisor and partner for far-sighted and entrepreneurial people.

As an innovator and leader in the financial market of Armenia we update our partners

and clients on the global trends and developments of financial markets and so create for them new opportunities to assume leading positions in the local and regional markets.

Together with Ameriabank our clients will always feel determined to succeed and to strengthen their competitiveness in the country and abroad.

We unite experienced, purposeful and dedicated professionals, who create an innovative, dynamic and continuously developing environment for daring and far-seeing individuals, companies and organizations that are determined to be winners.

4.5. Strategy

Leadership not only by equity and growth, but also by reliability, progressiveness, recognition, and a good reputation – these are the driving forces and impetus of our activity, which will ensure we never stop searching for better solutions and reaching new heights.

The client-oriented approach coupled with responsible legal, financial, HR and social policy, principles of business ethics, a high level of professionalism, team spirit and information transparency are the top priorities for the bank.

The analysts and consultants of the Group have developed a deep understanding of not only market terms and realities of Armenia, but also significant social and economic factors influencing the business in the region. With such a complex expert and research-based concept of global, regional and local markets, Ameria tries to keep the fair balance between the interests of all the stakeholders of the Group, including clients, shareholders, employees and partners.

At the implementation of the strategy additional factors are also taken into account, which stem from the changing

macroeconomic terms. Based on this the top priorities for short-term perspectives are the following:

- ensuring stability and reliability;
- ensuring the required level of financial efficiency through diversification of both the clientele and spheres of activity;
- developing new banking solutions and financial infrastructure of the country;
- with all the above objectives, merging into the formation of a reliable base for dynamic post-crisis development.

4.6. Values

Trust and Client Satisfaction

The cornerstone of the relations between the bank, its clients and partners is attainment of a high level of confidence and satisfaction. The bank has implemented a Quality Management System in compliance with the international-standard based ISO 9001:2008 and we are constantly improving it.

Innovation and Experience

Searching for and ascending new peaks of financial solutions is one of the main impetuses driving the group activity. We create the culture and traditions of financial intermediary activities through permanent analysis, consolidation and effective use of everyday experience in the local and international markets.

Dream Team: Unity, Loyalty and Professionalism

Reliability of our Dream Team helps us, our clients and partners overcome any challenge the changing financial world may hold for us.

Corporate Social Responsibility

Not only shall we prosper, but we shall help improve our society. We believe that everyone must and can change the world for the better. That is why Ameria also bears responsibility for its own investment in the development of Armenia's social and economic life.

Our goal is to contribute to the recovery of the cultural heritage of Armenia and assist vulnerable population groups.

The many diverse social programs funded in 2009 include financial assistance to orphans and needy children, children with leukemia, participation in fundraising by the All-Armenian Fund for large-scale social projects, financial assistance to newly-married couples, and the arrangement and sponsorship of concerts featuring world class singers.

Leadership and Triumphant Conquest

All the above specified values and principles of our activity are supporting our leadership and enthusiasm for conquering new heights in the world of financial and professional intermediary activities.

4.7. Partners

Troika Dialog

Ameriabank's indisputable advantage is the permanent technical and ideological support from its strategic partner, the Troika Dialog Group, one of the largest and most authoritative Russian investment companies. Troika Dialog (founded in 1991) is a leading independent investment company, operating in the Commonwealth of Independent States (CIS) markets of the former Soviet Union. The core directions of the company are trading operations with securities, investment and banking services, trust management, direct and venture investments, private investments and finance. Besides Moscow Troika Dialog is represented in 20 other Russian cities, as well as in New York, London, Nicosia, Kiev and Almaty. Among the Troika Dialog clients are leading Russian and international companies, financial institutions, state institutions and wealthy individuals.

In 2009 Troika Dialog announced its strategic alliance with the Standard Bank Group. Under this agreement, Standard Bank became a 33% shareholder of Troika Dialog subsequently increasing its share to 36.427%.

Troika Dialog's unique experience, knowledge, technical and methodical recommendations are an invaluable investment significantly boosting the bank's already sterling reputation and goodwill.

FMO and DEG

Successful negotiations conducted by the bank resulted in cooperation with FMO (the Netherlands Development Finance Company) and DEG (Deutsche Investitions- und Entwicklungsgesellschaft), under which the bank has attracted funds for its SME and renewable energy sector (small hydro power plant, SHPP) financing projects. This cooperation will enable the bank to scale up financing of small and medium-sized businesses and support the renewable energy sector, which are top priorities in the bank's lending policy.

FMO is the international development bank of the Netherlands. FMO invests risk capital in companies and financial institutions in developing countries. With an investment portfolio of 4.2 billion EUR, FMO is one of the largest development banks worldwide financing the private sector. FMO's mission is to create flourishing enterprises and financial institutions, which can serve as engines of sustainable growth in their countries.

DEG, a member of KfW Bankengruppe (KfW banking group), finances investments of private companies in developing and transition countries. As one of Europe's largest development finance institutions, it promotes private business structures to contribute to sustainable economic growth and improved living conditions.

EBRD

The bank enhanced its cooperation with the European Bank for Reconstruction and Development (EBRD), a major international financial institution. In 2009 the bank reached an agreement under which EBRD provided funds for on-lending to large enterprises (Medium-Sized Loan Co-Financing Facility, MCFF) and implementation of the SME and trade co-financing program.

EBRD is an international financial institution set up to promote the market economy in transition countries. Its outreach covers various economic and business sectors and is represented in more than 30 countries of Central and Eastern Europe, CIS countries and Central Asia. Since the beginning of its operations in Armenia, EBRD has committed over 335 million EUR in 70 projects in the financial, corporate, infrastructure and energy sectors.

IFC

Cooperation with the International Finance Corporation (IFC) boosted the bank's opportunities for financing of the renewable energy sector (SHPP finance project) and development of trade finance facilities.

IFC, a member of the World Bank Group, creates opportunity for people to escape poverty and improve their lives. IFC fosters sustainable economic growth in developing countries by supporting private sector development, mobilizing private capital, and providing advisory and risk mitigation services to businesses and governments.

IFC has been investing in Armenia since 2000 to support financial institutions, small retailers, and the hotel industry, among others. It also has implemented advisory projects to strengthen the financial sector and improve the country's business environment. Addressing climate change is a corporate strategic priority for IFC and the World Bank group. In 2009, IFC committed over 1 billion USD in 27 other projects addressing energy efficiency and climate change issues.



V. CORPORATE GOVERNANCE AND RISK MANAGEMENT

*The vertical cliffs here, try to be quick!
Your luck is not trusted, it can play a trick, -
As nothing in rocks is safe for a mountaineer, -
We only rely on the clutching arm,
The friendly hands and hook, your chum,
And pray the rope to save us our fear.*

V. Vysotsky









Mount Logan

Elevation:	5,959 m
Location:	Yukon, Canada
Range:	Saint Elias Mountains
Coordinates:	60°34'2"N 140°24'10"W
First Ascent:	June 23, 1925 A.H. Mac-Carthy, H.F. Lambart, Allen Carpé, W.W. Foster, N. Read and Andy Taylor

The bank highlights efficient corporate governance and risk management as the crucial factors underpinning economic indicators of the bank's performance.

Correctly applied and efficient corporate governance ensures perfect equilibrium between the interests of the shareholders, partners, management, staff and clients.

State-of-the-art technologies coupled with adherence to the best international standards of corporate governance are the gateway to the efficient operation of the bank and its structural subdivisions.

5.1. Ameriabank Shareholders

The majority shareholder of Ameriabank is TDA Holdings Limited, affiliated with the leading Russian investment group Troika Dialog. As of December 31, 2009, TDA Holdings Limited owned 99.9% of Ameriabank CJSC stock.

5.2. Core Management Principles at Ameriabank

Among the priorities of corporate governance are measures targeted at ensuring:

- efficient protection of rights and interests of investors
- professional and ethical responsibility of BoD members, Management Board Members, department heads and staff
- transparent decision-making and information environment
- the right of shareholders to receive complete and accurate information about the bank activities

Ameriabank applied the best international practice in creating modern Management of Information Systems (MIS) business

processes based on the ISO 9001:2008 standard. The core principle of the ISO 9000 standard is a client-oriented approach, i.e. understanding and satisfying current and future demands of clients, with the intent to surpass their expectations.

Among other principles underlying the ISO 9001:2008 standard and Ameriabank CJSC activity, besides the core principle of a new management system, are the following:

- top management leadership (readiness and consistency of top management to help create an efficient system);
- staff involvement (ensuring participation of employees in decision-making, which allows both them and Ameriabank to benefit from individual abilities);
- process approach (considering the business unit as a chain of interrelated processes);
- system approach to management (systemic management of interrelated processes, which contributes to efficiency while attaining the organization's objectives);
- continuous system upgrading (with regard to legislative changes, clients' offers and complaints, and various internal processes);
- fact-based decision-making (provision of reliable information base required for decision-making) with fair balance of efficiency vs. possible risks and their admissibility;
- mutually beneficial relations with partners and suppliers (mutually beneficial relations enhance the ability of both parties to create good value).

In April 2009, based on the audit of the quality management system, TÜV Rheinland Group awarded an ISO 9001:2008 international certificate to the bank, whereby Ameriabank reconfirmed the reliability and efficiency of its business processes. To create a clear measurable and appraisable environment in all fields of activity, over 70 business processes as well as norms and instructions ensuring their implementation have been developed and implemented in Ameriabank, and subject to constant updating. Proper implementation

Board of Directors

Ruben Vardanian

BoD Chairman, Ameriabank CJSC
President, Troika Dialog

Anushavan Arzumanian

BoD member, Ameriabank CJSC
Managing Director, Private Banking, Troika
Dialog

Andrew Mkrtchyan

BoD member, Ameriabank CJSC
Managing Director, Ameria Group

Aram Grigorian

BoD member, Ameriabank CJSC
Managing Director, IB, Troika Dialog

Gor Nakhapetyan

BoD member, Ameriabank CJSC
Managing Director and Head of President's
Office, Troika Dialog



Ameriabank is among the first companies in Armenia to develop a system of indicators that allows the bank to measure both the processes and the level of achieving strategic and tactical objectives and ensure interrelation of both with the staff motivation system.

of the procedures is supervised both by the Internal Audit Service reporting to the Board of Directors and by external auditors.

Among other instruments that allow improving the management quality is implementation of the balanced scorecard system, a way to link the process approach, strategic management and the integral management system with definite measurable and quantifying instruments.

Thus Ameriabank is among the first companies in Armenia to develop a system of indicators that allows the bank to measure both the processes and the level of achieving strategic and tactical objectives and ensure interrelation of both with the staff motivation system. This is a unique system based on modern management solutions, allowing constant streamlining of the bank's activity.

The cornerstone of our activity is the concept of continual improvement.

5.3. HR Policy

Ameriabank is first and foremost a team of like-minded people, based on common world-view and on a shared ideology, rather than on individuals.

Sound and conscious team spirit is the key to successful corporate governance of our bank. Ameriabank seeks to establish and develop corporate culture and team spirit through regular staff trainings, corporate events, and understanding of common goals and the mission of the bank. The power of the dedicated, friendly and united team allows the bank to overcome difficulties and achieve all short, medium and long-term objectives.

The cornerstone of the bank's HR policy is knowing that the human resources are our main value.

The staff is a strategic asset for the bank, while personnel expenses are considered a long-term



Photos by: Yerevan Productions, Zenith Photostudio

investment into business development. The HR policy of the bank combines both advanced methods of staff selection and motivation and building of corporate culture. Our cooperation with Troika Dialog Group which has been recognized the best employer of Russia for three successive years serves as a guide for the development and strengthening of our own corporate culture. Our staff selection policy is focused on open competitions where top professionals are selected. The HR policy of the bank highly values the employees who not only have the required skills, knowledge and experience for their posts but who still want to develop, as well as those that are always friendly, sincere, and sensitive to their peers. This is the team we have now and it's the gateway to our success.

Staff loyalty and motivation were and will be a priority for us.

Since the majority of our personnel are quite young (the average age is 35), we highlight the possibilities of professional career growth and development.

The bank has streamlined its staff evaluation system. What's most important here is that each employee may choose to perform a self-evaluation and use it to determine his or her own professional development needs. The bank, in its turn, ensures many staff development opportunities, including participation in training courses, seminars, conferences both in Armenia and overseas (CIS, Europe, US, Asia).

Bank employees are rewarded based on the individual performance evaluation. One of the major benefits at the Bank is the payment of annual bonuses; the bank paid out bonuses to our employees for both the 2008 and 2009 fiscal years.

Our employees may also access low-interest rate mortgage, consumer, and car loans, and enroll in medical insurance provided by Rosgosstrakh-Armenia. Their benefits also include financial support for marriage and child birth occasions, etc.

Top Management

Artak Hanesyan

Chairman of Management Board –
General Director

Levon Arevshatyan

Corporate Banking Director

Vazrik Sekoyan

Management Board Member, Retail
Banking Director

Tigran Jrbashyan

Management Board Member,
Development Director

Sergey Shevchenko

Management Board Member,
Trading Director



We always welcome talented young people who are adventurous high achievers.

The bank negotiates with the best Armenian universities to offer their senior students an internship in Ameriabank. These top students have an opportunity to be taught by professionals, adopt their practices and gain insight into the business. The students will be able to use their knowledge and skills in practice and perhaps become a member of our Dream Team.

5.4. Risk Management

Risk management is one of the key elements of the bank management system.

An independent unit, the Risk Management Center, reports to the Management Board about potential risks. The key objective of this unit is management and mitigation of risks to achieve the best results.

Bank specialists apply classic risk management standards targeted at mitigation of not only financial problem areas such as market and credit risks, but also operational risks. At the same time, innovative approaches to risk management are being introduced in the bank.

Risk management in Ameriabank is based on the following principles:

- implementation of an integrated risk management system,
- formation of a proactive risk management position,
- execution of transactions based on the most precise risk assessment and on equilibrium of efficiency vs. risk level,
- ensuring risk measurability, setting limits for transactions and operations, monitoring, etc.

2009 provided a perfect opportunity for Ameriabank to test the strength and efficiency of the streamlined bank management system in terms of decision-making and risk



management. The global and local economic crisis led to a deterioration of conditions for conducting banking business and increase of credit, market and other risks. The only way to overcome these formidable challenges was efficient and well-balanced management ability.

Risk management during the financial crisis

The immediate and critical measures taken by the bank during the financial crisis to minimize possible risks were the following:

- Relevant units of the bank perform regular monitoring of each client to ensure continuous control over the loan portfolio. The results are submitted to the Credit Committee on a weekly basis to get a timely response and take necessary measures in case the clients face any problems.
- Along with toughening of lending terms, requirements to LTV (loan to value) also changed to minimize the possible losses of the bank in case of defaults or similar threats, even if the price for collateral falls.
- For the purpose of assessment and management of credit, currency and interest rate risks the Risk Management Center performs regular stress-testing of various development options. The results of stress-tests are taken into consideration by Ameriabank's top management.

The best proof that this risk management system worked in Ameriabank's numbers: is dynamic growth of the bank and the low level of NPLs during the financial crisis. In 2009 Ameriabank's assets grew 2.1-fold and the loan portfolio 1.7-fold, while the loan impairment allowance to loans ratio, equal to 1%, remained low and almost invariable.

Meanwhile, the bank's NPL ratio of 0.12% was the lowest in the Armenian banking system by the end of the year with a considerable gap from the average NPL ratio in the country. The latter experienced unprecedented growth to reach 10% by June of 2009.

Top Management

Andrei Shinkevich
Management Board Member,
Investment Banking Director

Andranik Barseghyan
Management Board Member,
Head of Risk Management Center

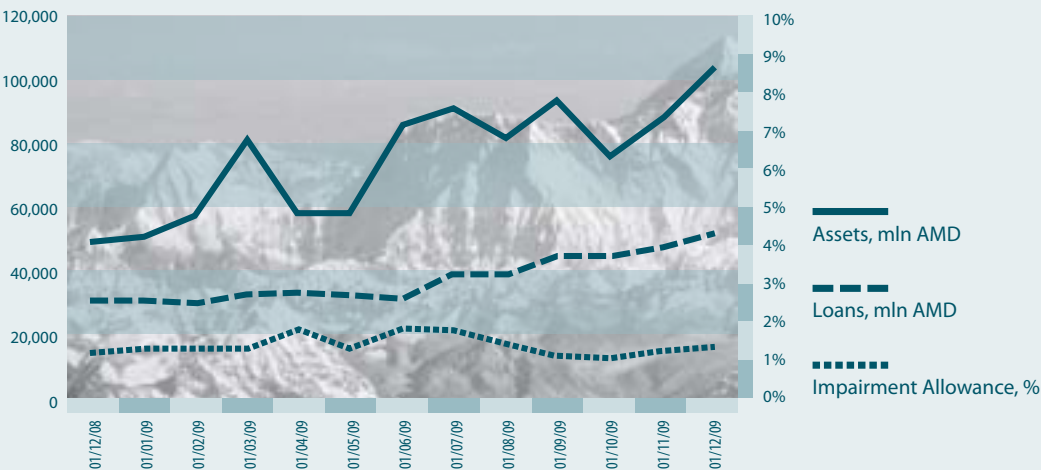
Gohar Khachatryan
Management Board Member,
Chief Accountant

Artak Nakhapetyan
Asset Management Director



Bank's Growth Dynamics and Loan Portfolio Quality

In 2009 Ameriabank's assets grew 2.1-fold and the loan portfolio 1.7-fold.

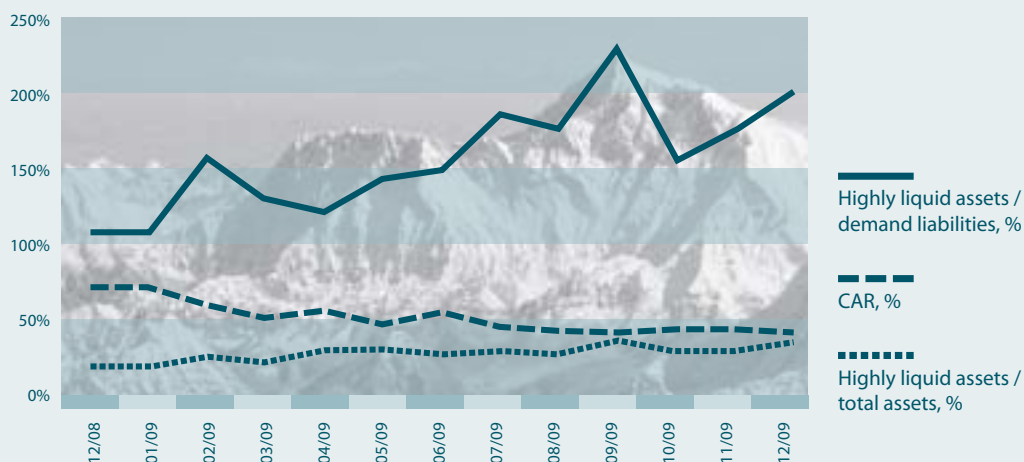


The possible credit and market risks of the bank in the reporting period were covered by the bank capital. The bank acquired solid CAR throughout the reporting period. Certain reduction in CAR was due to growth

of the bank, particularly the loan portfolio. The liquidity of the bank throughout the whole period remained stable within the acceptable limits.



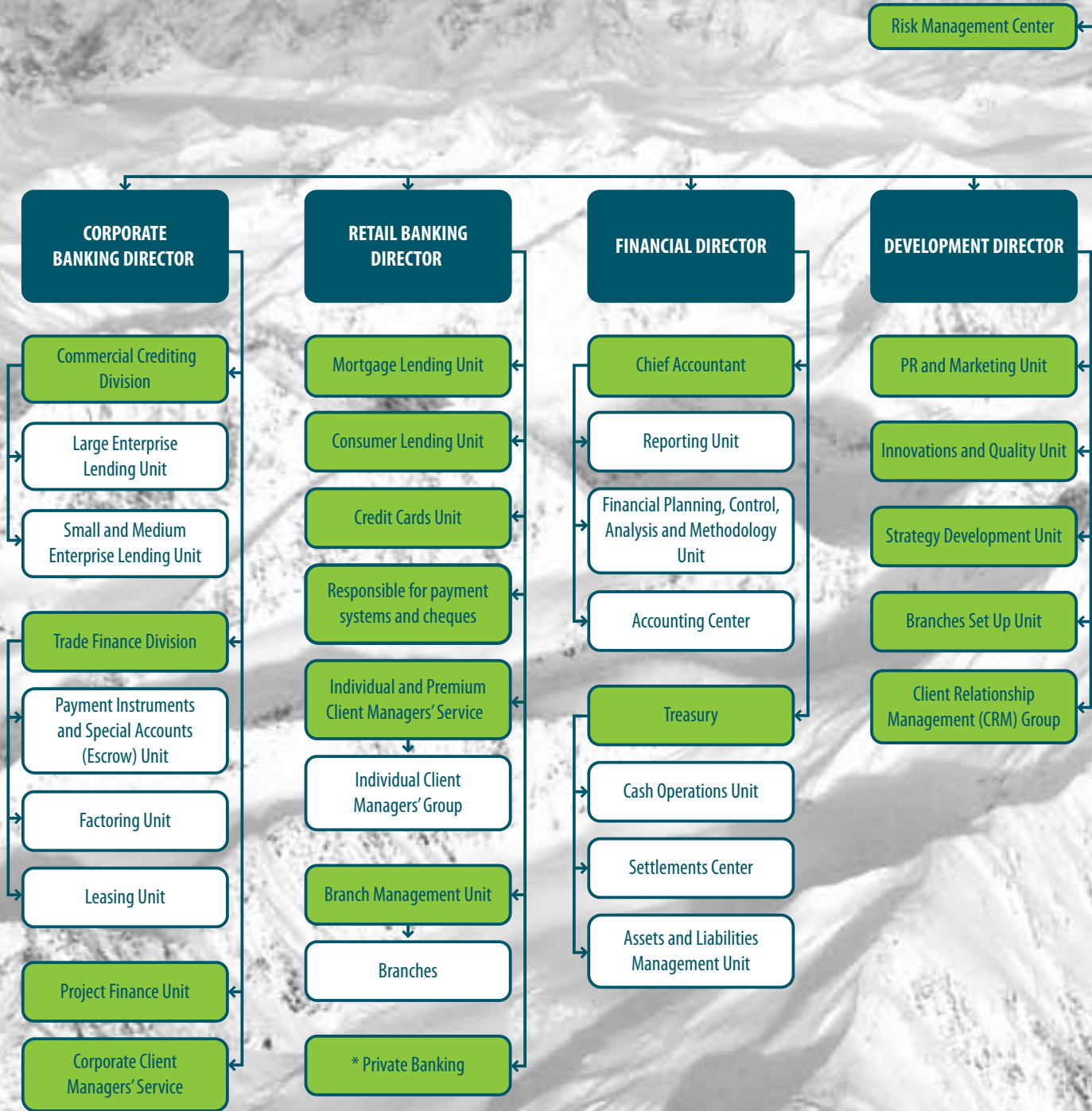
Key Economic Standards



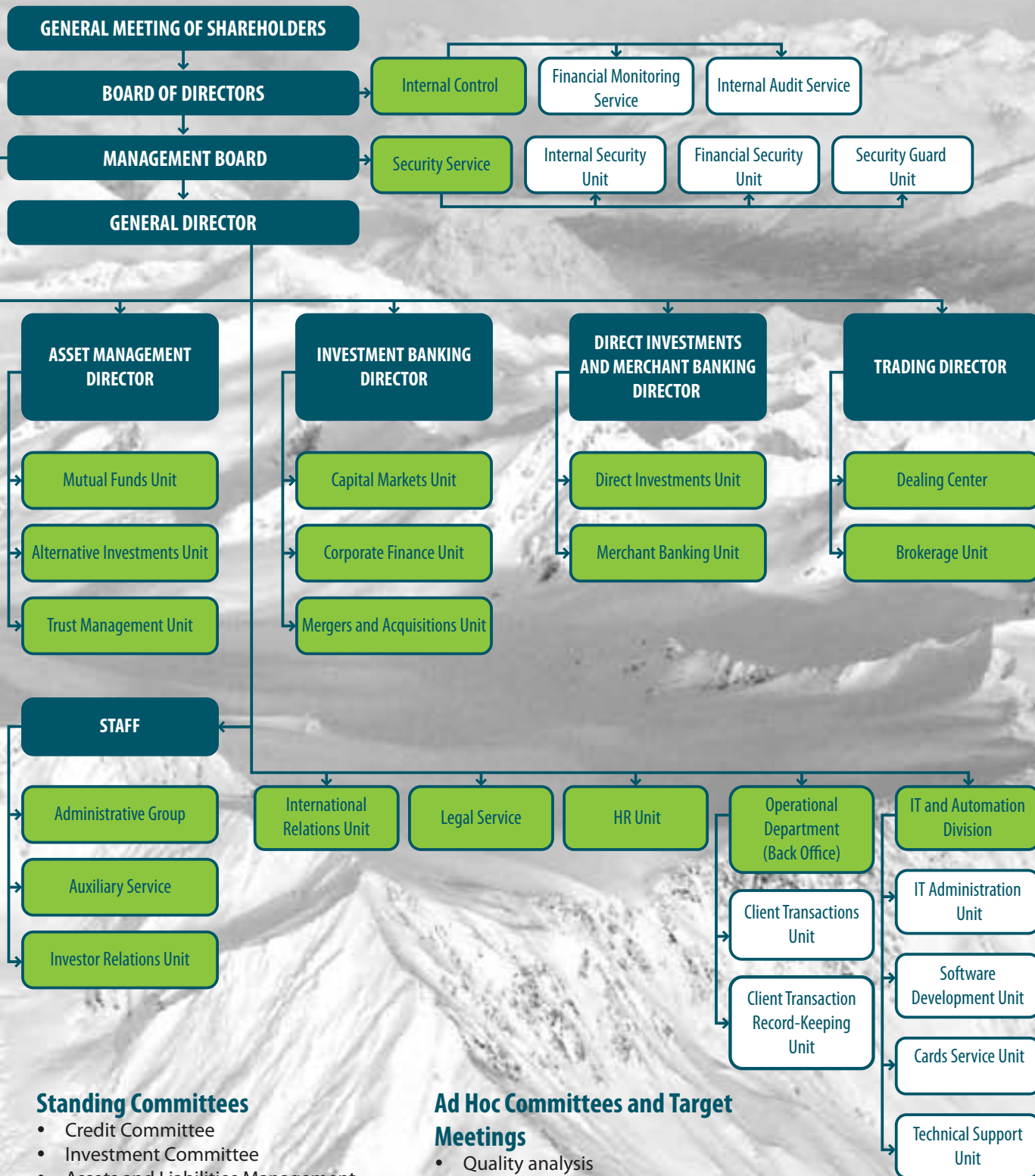
Diversification of the Ameriabank loan portfolio by economic branches is balanced. However, due to the bank's emphasis on corporate banking several different economic industries are more predominant

in the loan portfolio. Thus, although they still make less than half of the loan portfolio, industry, trade, transport and communication sectors have considerable weight.

Ameriabank Organizational Chart



* Private Banking services will be available in 3-5 years.



Standing Committees

- Credit Committee
- Investment Committee
- Assets and Liabilities Management Committee
- AML/CTF Committee
- Procurement Committee

Ad Hoc Committees and Target Meetings

- Quality analysis
- Outreach
- Development
- HR
- Loan Portfolio Quality
- Investment Banking Development
- IT development



In FY 2009, the market risk management policy was targeted at mitigation of risks under crisis conditions. Currency and price risks were efficiently controlled and minimized.

The operational risk management system was supported by the development, introduction and continuous improvement of an internal regulatory base, i.e. policies, orders and procedures for various business processes.

VI. EXTERNAL ENVIRONMENT

*You are on the edge of icy steep
Staring at the mountain heights intently.
While the mountains seem to be asleep
Breathing now with violence, now gently.*

V. Vysotski









Mount McKinley

Elevation:	6,193.5 m
Location:	Alaska, USA
Range:	Alaska Range
Coordinates:	63°04′10″N 151°00′27″W
First Ascent:	June 7, 1913, Hudson Stuck (United Kingdom), Harry Karstens, Walter Harper, Robert Tatum (United States)

6.1. Macroeconomic Preconditions

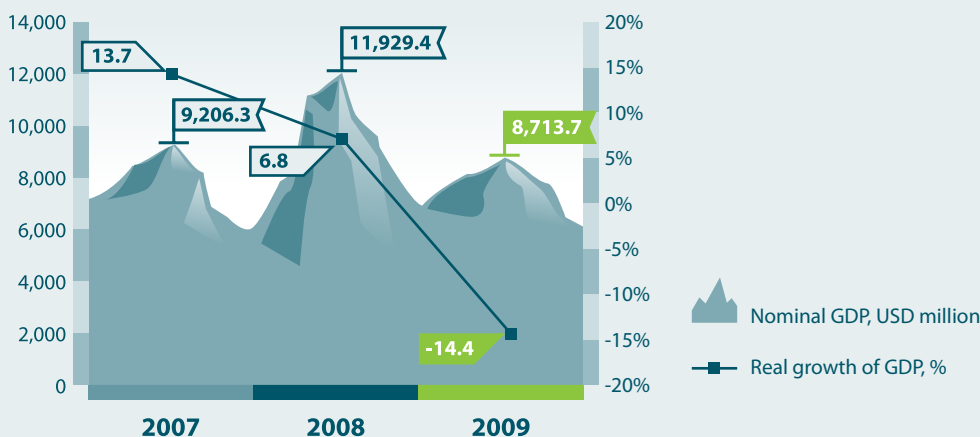
Throughout 2009 Armenia's banking system had to face certain adverse movements in macroeconomic environment that largely affected its performance.

- The country's first economic downturn during the last 14 years – including a cutback in mining products export due to worldwide fall in demand and prices and a plunge in incoming transfers.
- Having manifested itself as early as in Q4 2008, the crisis posed serious challenges for Armenia's economy.

- Not only did the global crisis strike a heavy blow on Armenia, but also revealed issues that need be addressed through reforms.
- The crisis laid bare Armenia's financial dependence on the construction industry, spotlighting the weakest link of the economic chain.

The decrease in demand among key export partners was the key factor that made the crisis especially difficult in Armenia.

The two-digit economic growth over the last years recorded a slowdown in 2008 followed by a precipitous drop of 14.4% in 2009.



- The downturn (11.2%) is largely accounted for by a halt in construction: with a 30% share in GDP, macroeconomic indicators suffered much due to a 25% slump in this sector.
 - Despite a general 7.8% downturn, mining as one of key export industries reported a 7.6% growth.
 - Metallurgy also experienced growth, e.g. 20% in the aluminum industry.
- As these circumstances carried on throughout 2009, Armenia's government undertook counter actions to minimize the impact of the crisis worldwide and prevent possible social instability.
- Primarily, Armenian government officials mobilized investments by donors and trade partner countries, including:
- 700 million USD from the World Bank plus a credit support portfolio of 60 million USD;
 - 500 million USD from the International Monetary Fund (IMF) to stabilize fiscal and monetary fields;
 - large-scale cooperation platform with the Asian Development Bank

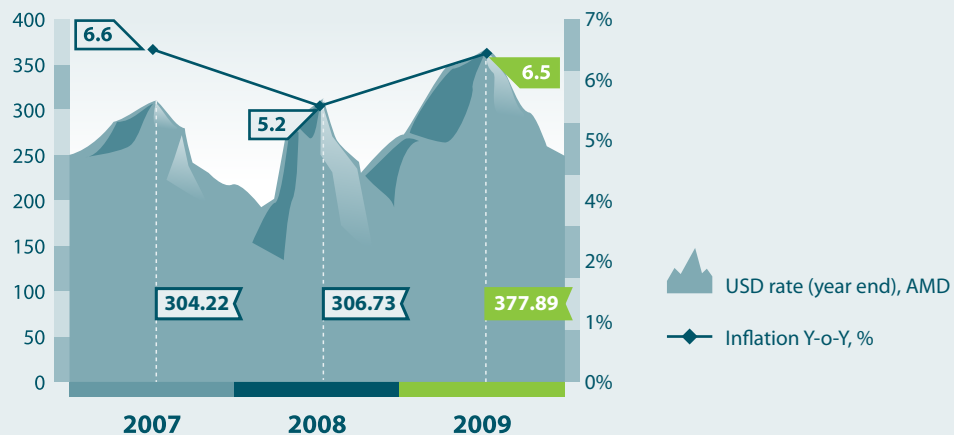
- (ADB): 80 million USD for disaster zone rehabilitation and social programs;
- an agreement with the European Union for 100 million EUR budget assistance;
- unparalleled infrastructural investment project: North-South highway, 500 million USD by ADB including 60 million USD for the first stage of construction;
- 500 million USD credit agreement with Russia.
- nearly 300 business plans reviewed by an ad hoc committee with 24 plans approved, according to the Ministry of Economy data;
- 10 million USD government guarantees for construction companies to finish projects that were at least half completed;
- National Mortgage Company incorporated;
- The current account balance deficit widened to 15.4% of GDP through 2009 vs. 11.6% and 6.4% in 2008 and 2007, respectively. Negative foreign trade balance was 2.6 billion USD.

Based on this influx of foreign assistance, Armenia's external debt was 34% of GDP vs. 13.2% in 2008, which in money expression totaled 2966.7 million USD by the end of 2009, representing an 88.1% (1389.6 million USD) increase.

Under the government's crisis management program the real sector received substantial aid, including:

- a three-year VAT "holiday" for companies investing over 300 million AMD in Armenia;

Towards the end of 2009, the first positive economic trends manifested themselves. As the global and local economy showed signs of recovery, key macroeconomic developments indicated high inflation. Linked to such movements as an upsurge in prices for raw commodities and some food supplies and revitalization of economy worldwide, the inflation rate experienced tangible growth in Q4.



- In December, the 12-month inflation index experienced a sharp increase to 6.5%.
- Average annual inflation was 3.4% in 2009.
- Average AMD/USD rate experienced almost 19% decrease Y-o-Y.
- Depreciation of national currency was 23% Y-o-Y.

A setback to the floating national currency rate supported the economy by leveling out differences in exchange rates and stimulating export competition.

The 2009 crisis revealed, ultimately, the bottlenecks that impeded Armenia's qualitative development during by the high-speed but less substantive growth

experienced by the country during previous years.

Fortunately, the Armenian government and the Central Bank of Armenia's response to the crisis, and the large-scale inflow of funds from international organizations and governments coupled with active participation of local financial institutions in efficient on-lending of these funds, shall enable Armenia to withstand the challenges and raise its economy onto a new, more qualitative development level.

6.2. Legal Framework, Government Regulation, Financial Infrastructure

Though government bailouts were virtually unavoidable in emerging and even many developed countries during the 2009 crisis, Armenia was able to withstand pressure on financial stability without any financial institute resorting to support from the state.

Armenia's financial stability was retained without significant shocks.

Monetary Policy

The Central Bank of Armenia (CBA) adopted an expansive monetary policy with a gradual reduction of the refinancing rate under crisis management programs. Beside a 2.75% decrease in the refinancing rate, this policy is characterized also by volume expansion.

In 2009, the CBA initiated several preventive measures to support the banking industry. For liquidity management:

- the CBA guaranteed all bank-to-bank operations, stimulating the intra-bank market;
- the CBA extended lifetimes of Lombard credits.

These efforts largely stimulated the bank-to-bank loans market, helping manage liquidity and avoid volatility.

To boost banks' capitalization, the CBA allowed banks to include subordinated loans in capital and undertook to provide such loans to banks that replenished their capital with shareholders' investments. All banks being sufficiently capitalized even before the onset of crisis, there were very few cases of subordinate loans extension.

These actions, combined with a deposit insurance system launched back in 2005, boosted confidence in the banking industry and its stability.

- In October 2009, the CBA introduced a special six-month currency position standard for banks. The key objective of this standard is to hedge banks and financial institutions against currency risks. The new standard consists of two components: (i) a maximum long position in each currency to total capital ratio, and (ii) maximum total long positions to total capital ratio. It is effective from October 26, 2009.
- On March 3, 2009, the CBA restricted its intervention in the currency market, reverting to the floating rate policy in light of the degradation of trade conditions and slowdown in capital inflow during the financial crisis. Thus average market AMD/USD rate plunged by 66.36 pct versus March 2, 2009, amounting to 372.11 AMD per 1 USD.

According to most local and international experts, these actions were necessary for enhancing Armenia's competitiveness and mitigating external impacts driven by economic problems worldwide.

For the banking industry, however, this sharp devaluation was a shock leading to a conversion of AMD-denominated deposits into U.S. dollars. On March 3 when the devaluation reached its peak, the banking industry suffered 4.7 billion AMD loss within a single day.

All the same, banks were able to weather this challenge. Even before the first stroke of the global crisis fell, Armenian banks boasted a high Capital Adequacy Ratio CAR which later

became a solid counter to devaluation of the national currency.

At the beginning of 2009, the CBA established the financial ombudsman service to handle proprietary claims between financial institutions and their clients (individuals). All services of the financial ombudsman are available free of charge.

In July 2009 the National Mortgage Company (NMC) was incorporated, a wholly-owned subsidiary of CBA (5 billion AMD statutory capital). The NMC's key accomplishment is that it spurred the development of the mortgage market of Armenia.

Fiscal Policy

Along with the tightening of the tax administration, Armenia's shadow economy decreased.

Below are listed highlights of the tax policy under the government's crisis management programs:

- equipment import VAT deferral for three years;
- increase of non-taxable base from current 3 million AMD to 58.3 million AMD for VAT calculation;
- switch to fixed-tax payments for small hotel and restaurant businesses;
- elimination of mandatory accounting requirement for small and medium-sized businesses whose trade turnover is less than 100 million AMD;
- simplified reporting for small and medium-sized businesses;
- elimination of committees receiving entrepreneurs' fiscal reports;
- elimination of monthly VAT reporting requirement for entities whose trade turnover is less than 100 million AMD vs. the former 60 million AMD.

To stimulate import substitution development projects, the government endorsed the bill on amendments to the Customs Code in February of 2009. According to the bill, there are higher duties envisaged for imported finished products, applying to those goods which have a similar domestic-made product.

At the end of July the government simplified the procedure of certification of exported agricultural products.

Stock Market

As Armenia's stock market is currently merging and is isolated, it has been largely bypassed by the global crisis.

Despite a dramatic plunge in the number and volume of deals in the equity market, capitalization remained practically the same, indicating underdevelopment of the market. The government has been working towards forming and stimulating a domestic stock market. In September the government gave the green light for privatization of six companies by trading their shares on the NASDAQ OMX Armenia. The first IPO of Artsakh Hydro Power Plant (HPP) shares took place late in May.

The activity on the stock market is traced back to 2008, and experts claim that the global crisis affected the rate of market development and not the market itself.

Although in 2009 all trading markets were expected to slow down, corporate securities markets actually experienced an increase in volume:

- 4.7-fold (360%) growth in corporate bonds Y-o-Y to reach 10.5 billion AMD,
- doubled number of deals Y-o-Y.

The only securities circulating in the markets had been either issued by low-rated companies or had expiring maturities. The total number of stock exchange transactions with corporate bonds by the market players

amounted to 673 market transactions, 46 targeted (negotiated) deals, 191 transactions with government bonds, 24 market and 3 targeted (negotiated) deals with shares.

Launched late in 2008, the new financial instrument for NASDAQ OMX Armenia – repo transactions was already fully operational in 2009. The volume of repo transactions grew to outstrip 5 billion AMD.

The Central Depository of Armenia proceeded with cooperation with the government in preparing the startup platform for a brand new pension plan. This cooperation was initiated back in 2008 and is expected to continue through 2010.

The new pension plan is expected to be launched in 2011. Current reforms encourage a switch to a multi-level pension system achieving synergy of two key components, i.e. the government pension pool and personal allowances.

Insurance

As of December 31, 2009 there were 12 insurance companies operating in Armenia with a total of nine branches. None of them provide life insurance.

Specific as it is, the insurance industry is usually more susceptible to economic crises. However, it escaped major shocks since mandatory insurance has yet to be introduced in Armenia.

While the economy experienced a downturn in 2009, the growth of Armenia's insurance industry was 3-4%. Positive results were ensured due to the emergence of new players while the growth of income in many companies was due to restructuring implemented as early as 2008.

Currently the market is expecting to introduce compulsory motor vehicle third-party liability insurance once an adequate legislative framework is in place.

In 2009, the CBA continued amending laws regulating the insurance industry.

6.3. Banking Industry

Despite the crisis, Armenia's financial system was able to avoid major shocks. With a 93% share in all assets, the whole financial industry pivots upon banking.

Forerunners of the global crisis first appeared in Armenia's banking industry in the fourth quarter of 2008. Banks were able to resist thanks first of all to a high level of capitalization.

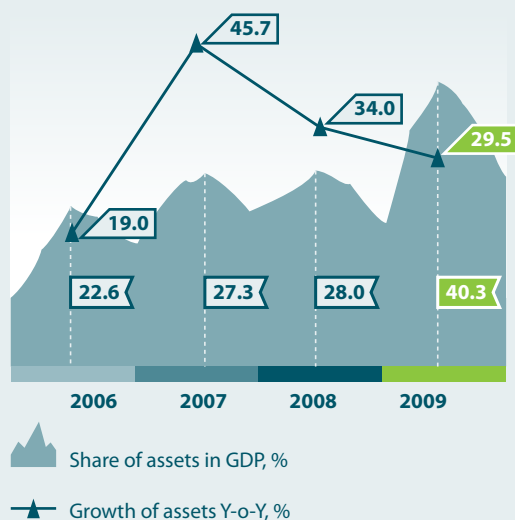
During the first and second quarters of 2009, banks mostly adhered to reserved policies as long as they were trusted with the interests of shareholders and depositors, especially when there were no positive trends whatsoever and the investment climate was extremely uncertain. Therefore, banks focused on risk management and treatment of impacts produced by the global crisis.

At the beginning of the third quarter, the market was injected with funds from the Russian stabilization loan and World Bank resources resulting in recovery of the former rate of commercial banks' loan investments alongside certain changes in loan portfolio structure, with a shift to small and medium-sized business loans.

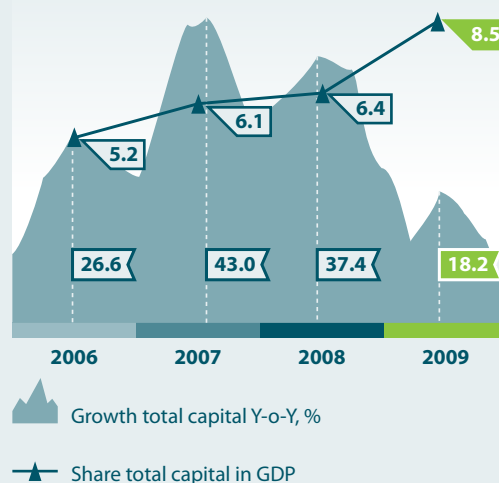
During the same period, banks switched to an expansive policy leading to growth of both assets including loan investments, and liabilities. Several banks increased their share capital.

In 2009, loans were mostly extended to legal entities (mainly SMEs) to stimulate economic growth and development of the banking industry.

Assets of Armenia's Banking Industry



Growth Rate of the Total Capital of the Banking System



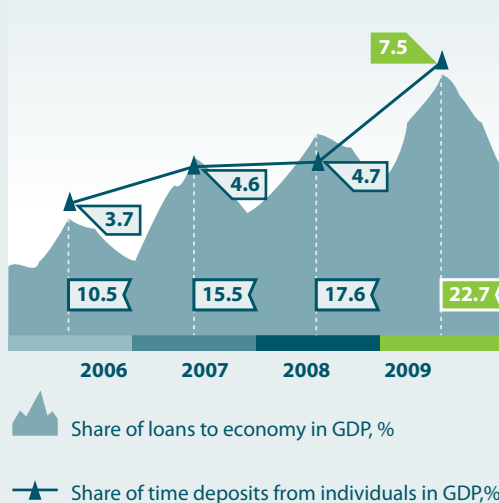
On the whole, the following items reported growth over 2009:

- assets by 29.5% to reach 3.5 billion USD,
- loans by 13% to reach 1.8 billion USD,
- liabilities to clients by 33% to reach 2.8 billion USD,
- capital by 18% to reach 736.7 million USD.

Thus, although the GDP declined, financial mediation of the banking industry experienced a sizeable increase over 2009.

The share of assets in GDP grew from 28% in 2008 to reach over 40% Y-o-Y, capital: 8.5% vs. 6.4% in 2008, loans to economy: 22.7% vs. 17.6%, time deposits of individuals: 7.5% vs. 4.7%, respectively.

Loans to Economy and Clients' Deposits



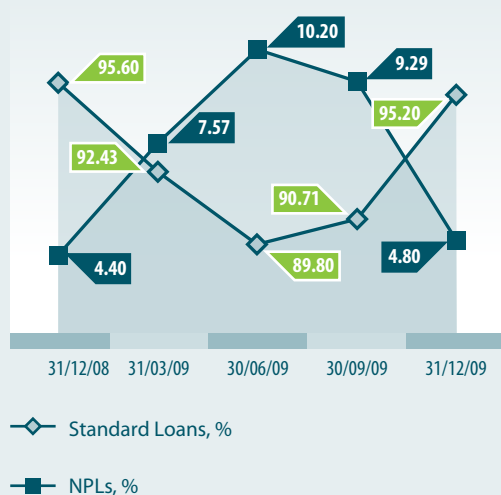
In 2009 the banking industry experienced some major negative impacts. By mid-year, banks had to face the culmination of the level of NPLs – 10.2% vs. 4.4% at the beginning of the year.

Therefore in the second half of the year, banks began thoroughly scanning and cleansing loan portfolios alongside expansion of lending.

Eventually banks were able to recover almost the same level as of the beginning of the year (4.8%).

Assets of Armenia's banking system and those of Ameriabank experienced 30% and 2.1-fold growth in 2009.

Share of Standard and Non-Performing Loans in the Armenian Banking System



Both banks and borrowers being cautious in terms of lending in the first half of 2009, the credit market came to a standstill followed by an upsurge in the second half of the year. This was due to expectations, fostered by banks and borrowers, of stabilization of the latter's income, and large investments in lending and support of real sector by IFIs.

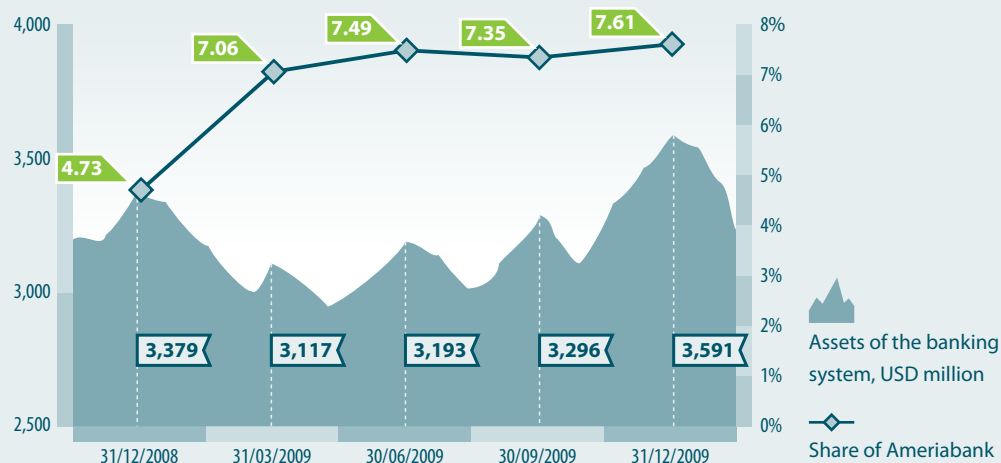
6.4. The Position of Ameriabank in the Banking Industry

Such were the circumstances under which Ameriabank carried on with its new strategy, taking hold of opportunities and further enabling its potential to demonstrate dynamic growth alongside increasingly strong competitive positions.

- **Assets** of Armenia's banking system and those of Ameriabank experienced 30% and 2.1-fold growth in 2009, respectively. The share of Ameriabank grew from 4.73% to 7.61% by year end (1.7% at the beginning of 2008).
- **Total capital** of Armenia's banking system and Ameriabank experienced 19% and 6.66% growth in 2009, respectively. The share of Ameriabank's total capital in the banking system decreased from 8.5% to 7.6%. ***This is accounted for mostly by an increase in share capital of seven banks by almost 31 billion AMD while Ameriabank ensured growth due to income.***

Even at the apogee of the NPL 'boom' (10.2% in June), Ameriabank could boast a very small indicator of 0.77%.

Change in Ameriabank's Share in the Banking System by Assets in 2009

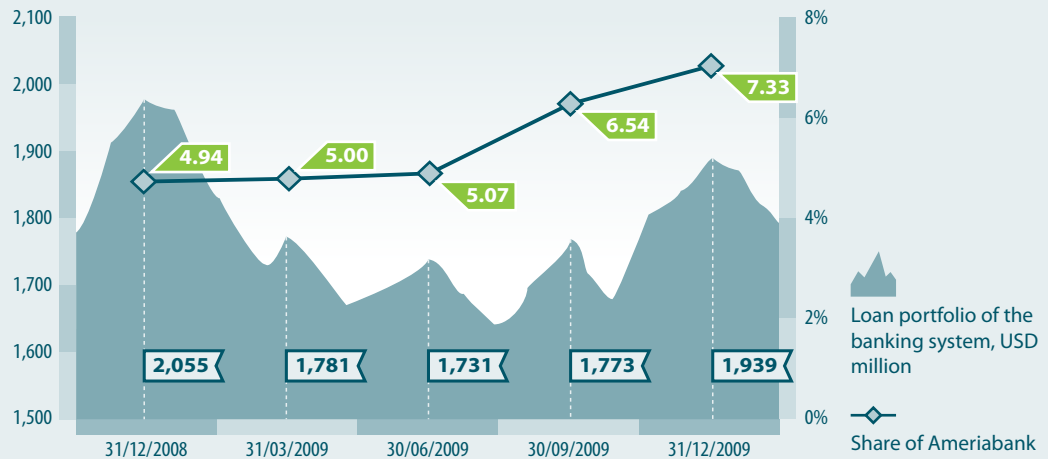


- **Loan portfolio** of the banking system experienced almost 16% growth in 2009 while Ameriabank's portfolio of loans to the economy grew by 72.45%, resulting in growth of the bank's share in the banking system by total loan portfolio from 4.94% to 7.33%. **While most banks were passive and reserved in lending and growth rates slowed down, Ameriabank continued identifying and financing progressive**

industries and promising enterprises without setting terms too severe for loan applicants to afford.

Ameriabank's dynamic development for us is not limited to plain growth and increase in market share. We regard development firstly as quality and stability – features that ultimately represent reliability and value for shareholders, clients and partners.

Change in Ameriabank's Share in the Banking System by Lending in 2009

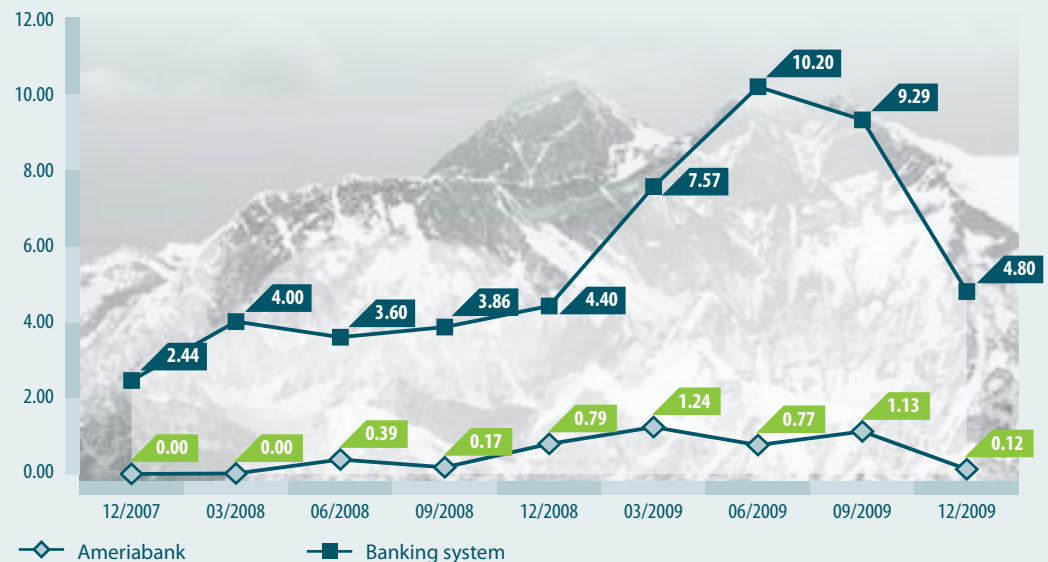


Loan portfolio of the banking system experienced almost 16% growth in 2009 while Ameriabank's portfolio of loans to the economy grew by 72.45%

- At any stage of growth, the bank pays due attention to the **loan portfolio quality**. The lending process undergoes strict monitoring from disbursement to final settlement of the loan. This enables us

to acquire one of the lowest NPL levels – 0.12%. Even at the apogee of the NPL 'boom' (10.2% in June), Ameriabank could boast a very small indicator of 0.77%.

Change in Weight of NPLs of the Banking System and Ameriabank, %



Increasingly high public awareness, stable development, openness to the public, unparalleled 100% deposit insurance coverage for individuals, convenient terms of reliable and profitable management of resources – these not only ensured a higher volume of lending, but created surety for a further increase of Ameriabank's resource base.

Ameriabank could attain this growth due not only to IFI fundraising, but also a large inflow of retail and corporate deposits, both time and demand.

- Total deposits of the banking system and those of Ameriabank grew by 46% and 2.6-fold in 2009, respectively. The bank's share in clients' deposits grew from 4.9% to reach 8.6%.
- According to a client survey, respondents favored Ameriabank's high service quality, deposit insurance coverage, and the bank's image as that of a reliable partner.

In light of the recent downturn in the global economy and uncertainty of further development in Armenia's real sector and so worldwide, the banking industry, one of the most stable in the country as it is, was not able to retain the general level of profitability due to a restrictive credit policy and impairment of loan portfolio.

Banks' profitability ratios went much lower in 2009 as compared with the previous year. Income narrowed by almost 43% (without profit/loss of previous years). 4 banks out of 22 were 'in the red'. ROE of the banking system was about 5.92% vs. 13.2% in 2008, ROA – 1.3% vs. 2.97%, respectively.

Ameriabank's ROE and ROA were 6.99% and 1.74%, respectively. The bank's share in income of the banking system was 9.6% vs. 2.9% in 2008.

The bank's share in income of the banking system was 9.6% vs. 2.9% in 2008.



VII. AMERIABANK'S 2009 RESULTS

*Of all untrodden paths and roads
One road is mine,
Of all unconquered lines and fords
I'll take one line!
... Of all untrodden roads one is
For me, I know!*

V. Vysotsky









Elbrus

Elevation:	5,642 m
Location:	Russia, on the border of Asia and Europe
Range:	Caucasus
Coordinates:	43°21′18″N 42°26′21″E
First Ascent:	(west summit) 1874, Florence Crauford Grove, Frederick Gardner, Horace Walker, Peter Knubel and guide Ahiya Sottaiev (lower summit) 22 July 1829, Khillar Khachirov

We expected the year 2009 to pose a variety of challenges. The ongoing analytical research conducted by our in-house team and the materials provided by our partner, Troika Dialog investment company were evidence of the problems we had to face.

So, the bank was in a position to strategically fortify itself. We undertook the many measures required to strengthen the bank's positions in the market, improve the financial index and risk management, design relevant business processes, handle HR issues and set up functional units.

Back in September 2008, the bank revisited its strategy to introduce three options of development: a baseline development, an optimistic scenario and a pessimistic scenario. Both macroeconomic indicators and possible trends of the bank's development were analyzed. The bank chose to align with the baseline development scenario, which triggered growth of all the indicators.

The start of the year, then, was marked by a wise formula: **crisis is a time for opportunities and we should make the best of it.**

The bank made the most of the opportunities, opening and strengthening its positions in the market. All the key indicators planned before the downturn have been achieved and even performed beyond expectations.

Overall, in 2009 Ameriabank adhered to the strengthening and enhancement of competitive advantages and research of opportunities for dynamic and organic growth.

7.1. Key Indicators of the Bank's Growth

Given the recession in the economy, our target was minimization of all possible risks derived from the economic woes in the country on the whole and performance of the bank's clients in particular.

However, the bank experienced dramatic growth and strengthened its positions in the market. This enabled the bank to create an image as a major sustainable bank with a further growth outlook.

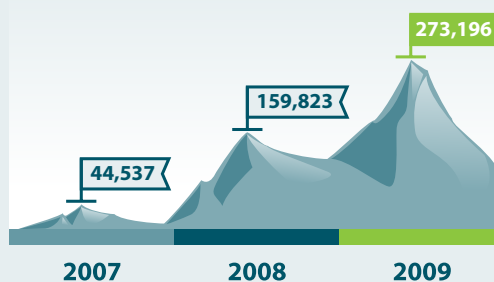
As an absolute leader by statutory capital amid the Armenian banks, in 2009 the bank ensured growth of the total capital through profit amounting to 1.5 billion AMD, nearly 4 million USD (fourth among 22 Armenian banks). The capital growth in 2009 was ensured through profits vs. growth through three issues in 2008.

In 2009, the bank's total capital demonstrated a 6.7% increase to reach 21.7 billion AMD (57.5 million USD). The retained earnings in the capital totaled 3.65 billion AMD (9.6 million USD)) vs. 1.98 billion AMD a year earlier.

Despite a certain slump in the growth rates in 2009 as compared with 2008, a high capitalization rate, new outreach and enhancement of operations resulted in a solid growth of Ameriabank.

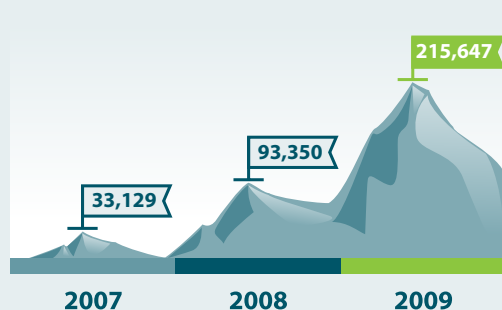
Particularly, in 2009 **Ameriabank recorded an increase in assets by 2.1 times** (3.6 times in 2008), ranking seventh in the Armenian banking sector vs. the eighth position a year earlier.

Dynamics of Ameriabank's Assets, thous. USD



In 2009, **Ameriabank's total liabilities increased by 2.8 times** to reach 215.6 million USD (81.5 billion AMD). The increase was spurred by the ongoing growth of clientele (both corporate and retail) to be evidenced by the significant increase in total client deposits.

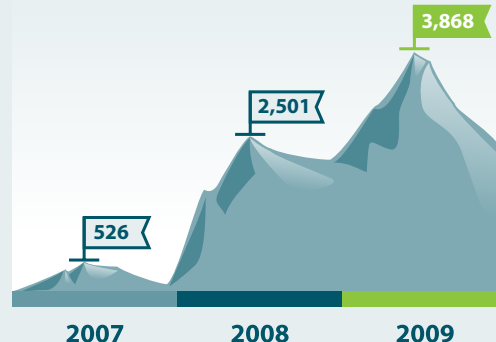
Dynamics of Ameriabank's Liabilities, thous. USD



The increase of the bank's asset operations in various spheres throughout 2009 triggered further enhancement of income base and increased profits.

According to the results for the reporting year **profit before tax accounted for nearly 2 billion AMD** or 5.3 million USD (989 million AMD or 3.2 million USD in 2008).

Ameriabank's Profit, thous. USD



The upsurge in the profitable operations of the bank stemmed first from the sizeable **increase of loan portfolio (by 1.7 times)**: the portfolio approximated 54 billion AMD (141.7 million USD) by the end of 2009.

By FY2009 results, Ameriabank joined the **top 100 taxpayers' list**, contributing to the state budget nearly 1 billion AMD (2.5 million USD), where the profit tax amounted to 534.6 billion AMD (1.4 million USD).

The table below illustrates quality development and the further growth capacities of the bank.

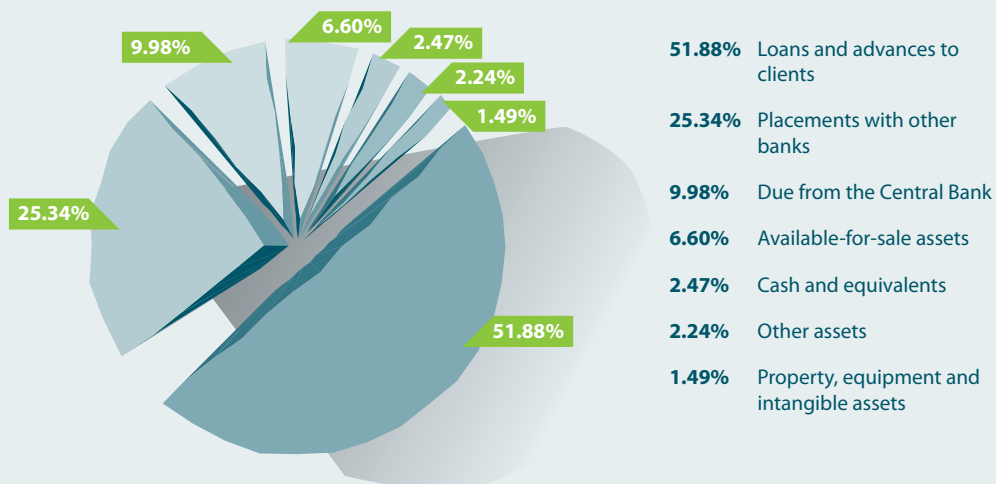
Indicators	2007	2008	2009
Total assets per employee by the end of the reporting period (thous. USD)	766	913	1188
Operational income per employee (thous. USD)	42	66	62
Net loans to total assets (as of the end of the reporting period)	20%	63%	52%
Total deposits to total liabilities	90%	84%	76%
Total capital to net loans (as of the end of the reporting period)	127%	66%	41%
Leverage (time)	2.9	1.4	3.8

7.2. Asset Operations

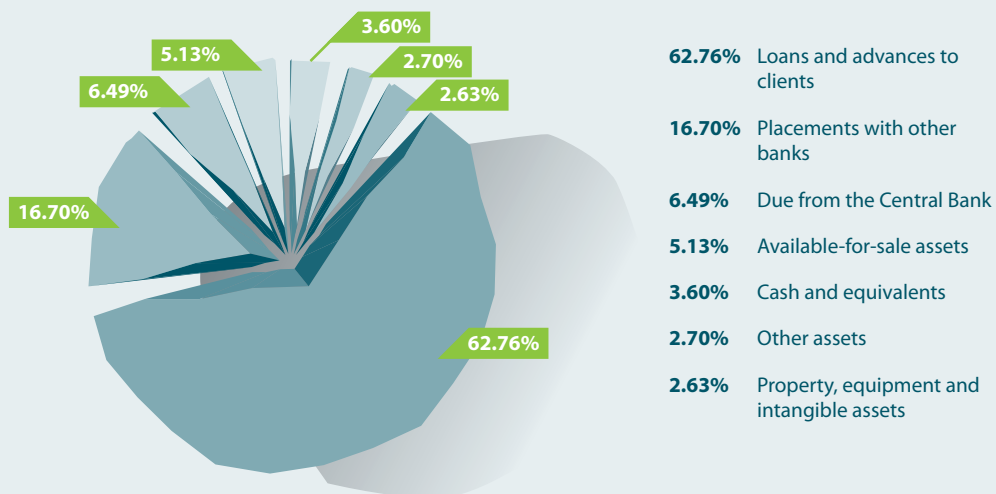
The asset structure of the bank underwent certain changes in the reporting period. The loans and advances to clients totaled

51.88% of the total assets. The overall asset structure of the bank is rather diversified and its normative component is indicative of a potential for further increase of the profit-yielding part.

Ameriabank's Assets Structure as of the End of 2009



Ameriabank's Assets Structure as of the End of 2008



Lending

In 2009, the bank consistently increased its loan portfolio, which was a predominant source of revenue among the other assets given the external environment. A high capitalization rate, attraction of reliable and long-term partners into clientele

coupled with high level of loan officers' professionalism, were the engine of loan portfolio growth.

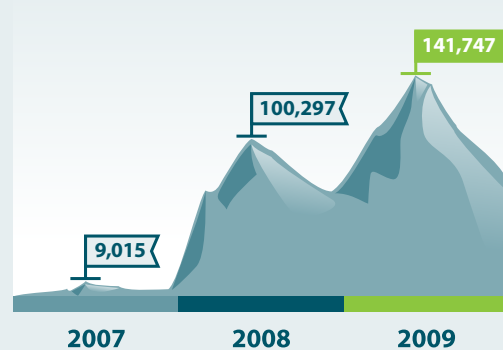
Given the critical background of 2009 and the possible risks of default by the distressed companies, the bank toughened lending eligibility criteria which in fact, though, did

not prevent a 74.5% growth of the loan portfolio (total growth of loan portfolio in the banking system made 16.2%). The increase in loan portfolio spurred 42.1 % in the bank's asset growth Y-o-Y.

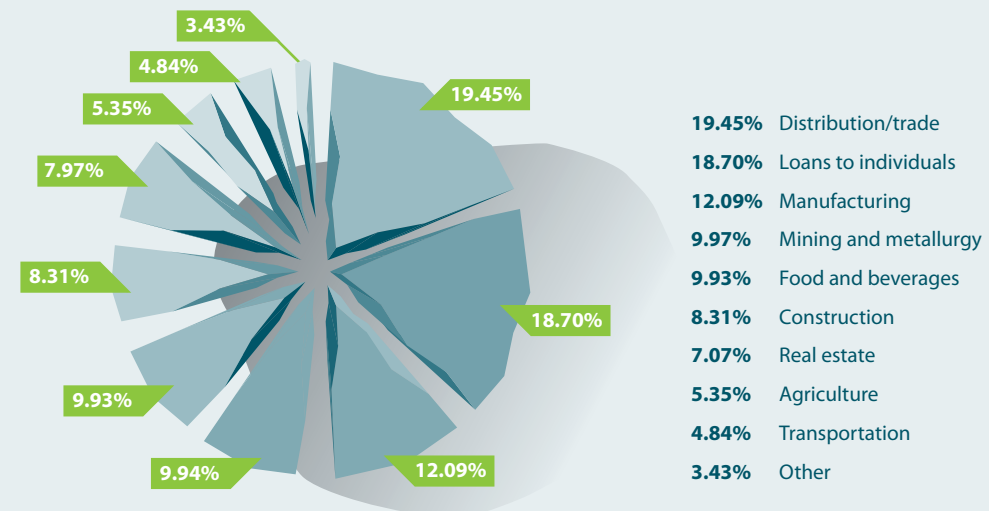
What is most significant is that the development of the loan portfolio was not driven by volume growth only. It also stemmed from attraction of borrowers who represented dynamically developing industries of Armenia and had transparent financial statements and good credit history. Such an approach resulted in a record low NPL rate amounting to a mere 0.12% of Ameriabank's loan portfolio.

By the end of FY2009, the net loan portfolio (less receivables from finance leases) totaled 53.6 billion AMD (141.7 million USD).

Loans and Advances to Clients, thous. USD



2008



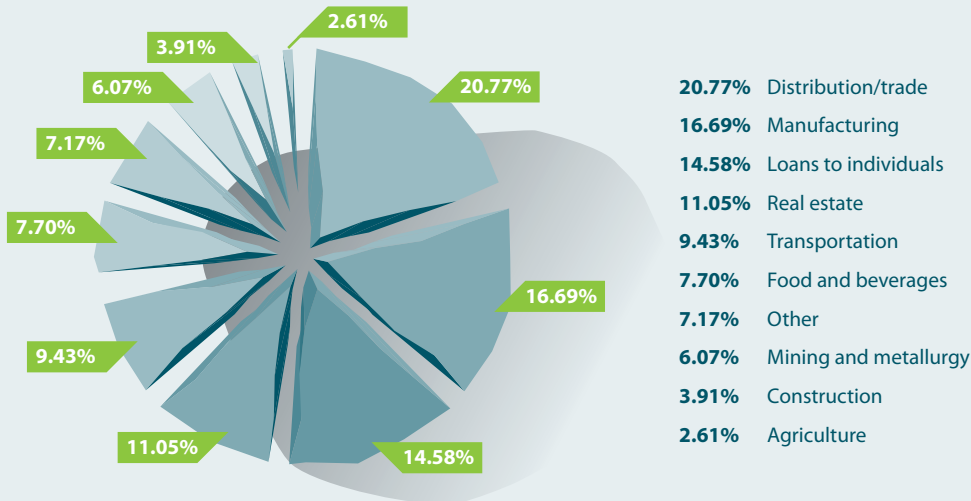
More than 80% of the loan portfolio is comprised of loans and advances to corporate clients, up by 1.75 times Y-o-Y.

Retail lending was developing in 2009, too, the volumes having risen by 35.6% to reach 20.9 million USD. The share of retail loans in the total loan portfolio made 14.6%.

The bank remained committed to a high quality loan portfolio through tough eligibility criteria, an all-embracing analysis of the borrowers' financial performance, an assessment of potential near-term risks and thorough appraisal of loan security. The bank also continuously focused on loan portfolio diversification by industries and client types.

The main proportions of the loan portfolio did not undergo any sizeable changes. The bank's policy was aimed at a loan portfolio, diversified and well balanced with various industries.

2009



The effective credit policy in 2009 resulted in interest income from lending totaling 5.2 billion AMD or 13.9 million USD (2.2 billion AMD or 7.3 million USD in 2008).

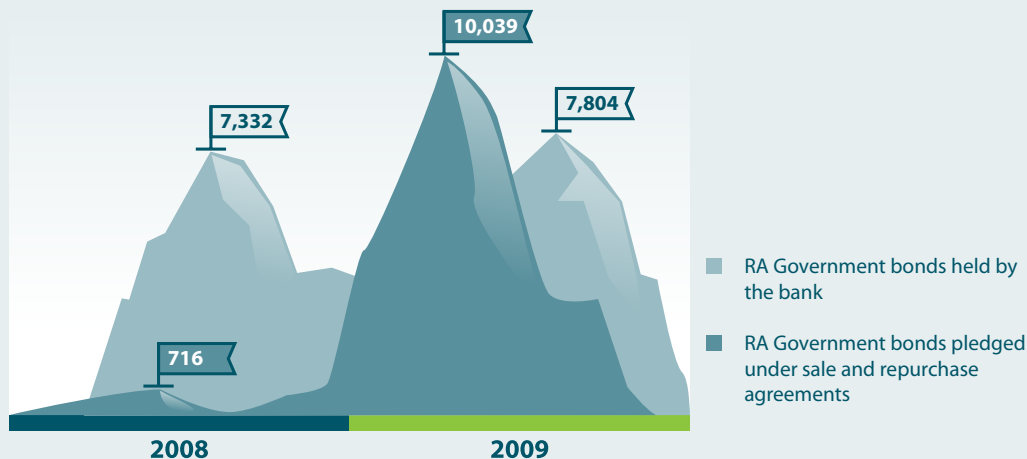
Investments in Securities

Well aware of the volatility in the international financial markets, in 2009 Ameriabank held back transactions with securities of foreign issuers. Despite its investment profile, currently Ameriabank has to refrain from comprehensive full-

fledged investment activities in the country due to volatility of emerging stock markets of Armenia.

However, as a dealer of the Republic of Armenia public debt service, Ameriabank was an active player in the market. As of January 1, 2010, total investments in the Armenian government securities (bonds) went over 6.7 billion AMD (17.8 million USD). As of January 1, 2009, investments in the Armenian government bonds totaled 2.5 billion AMD (8 million USD).

Investments in the Government Securities of the RA, thous. USD



Active participation in the public debt market is an essential component of the efficient management of free cash and liquidity.

Ameriabank abstained from sizeable investments in the local corporate market. The effect of the financial crisis kept the bank from investments in the international market, also.

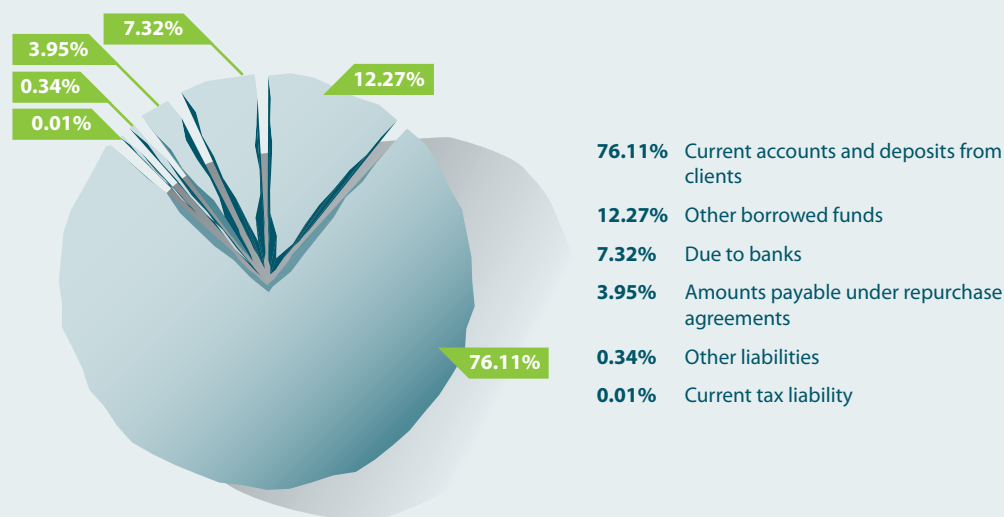
Consequently, as of January 1, 2010 the bank's corporate securities' portfolio amounted to 201,000 USD (663,000 USD as of January 1, 2009).

7.3. Resource Base

In 2009, the bank focused on creation of a sustainable resource base for implementation of long-term lending programs and corporate and retail financing projects.

Overall, the enhancement of the resource base in 2009 was as quick-paced as in 2008.

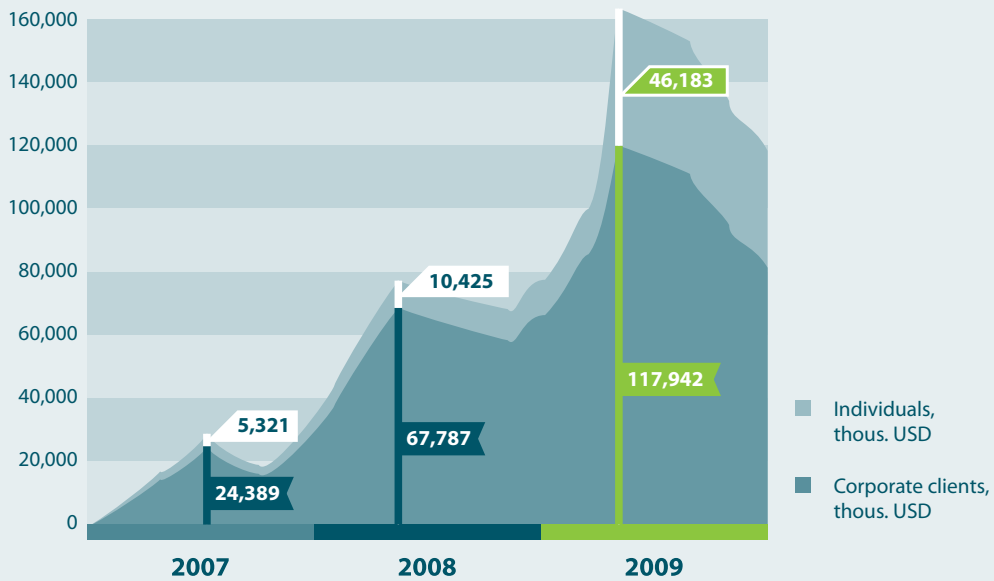
Structure of Ameriabank's Liabilities, 2009



- Total volume of client deposits with Ameriabank increased by 2.6 times in 2009 to account for 164 million USD.
- The liabilities' structure was undergoing changes. The volume of time deposits

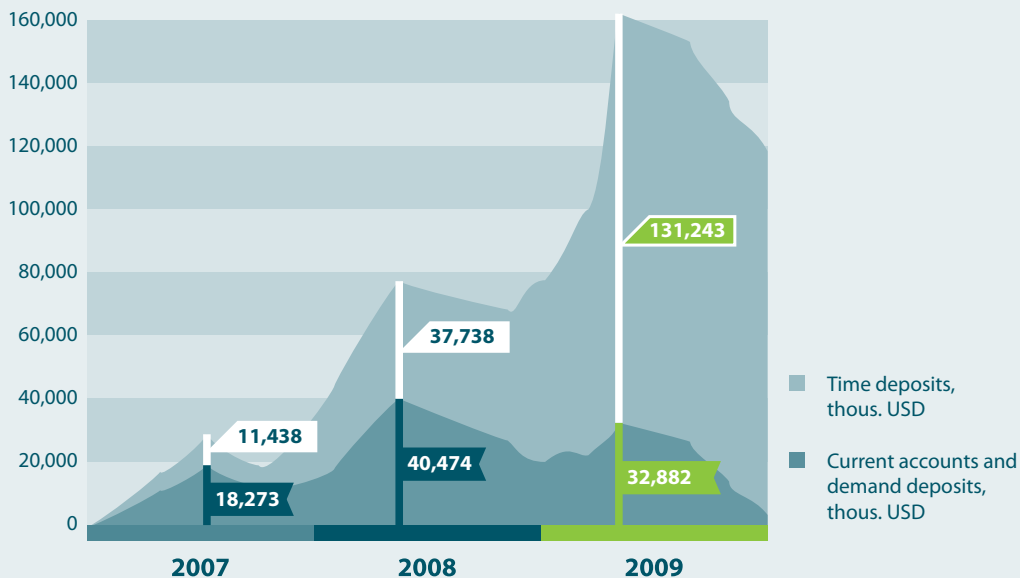
increased from 48% at the beginning of the year to 80% by yearend. Corporate deposits accounted for about 72% of the gross deposits, 28% falling upon retail deposits.

Ameriabank's Liabilities to Clients



- The volume of retail deposits increased by approximately 5.5 times to 46.2 million USD. Corporate deposits grew by 2.1 times to 117.9 million USD.

Structure of Liabilities to Clients



Total volume of client deposits with Ameriabank increased by 2.6 times in 2009 to account for 164 million USD.

- In the process of resource base creation Ameriabank prioritized its partnership with banks and other financial institutions. In 2009, vostro accounts and deposits/loans from banks increased by 3.4 times, up from 5.8 million USD to 15.8 million USD.

In the reporting year, the bank initiated large-scale activity to get funds under international projects for private business finance in Armenia. As of December 31, 2009, the bank had attracted approx. 25 million USD under the Russian stabilization loan facility under the agreement executed by the Central Bank of Armenia (as an agent of Armenian government) and Ameriabank to refinance loans out of the bank's own funds.

Thus, the stable component of the resource base continued to increase and enable efficient use of growth capacity. In 2009 the bank finalized negotiations with IFIs on large-scale fundraising which would facilitate implementation of Ameriabank's effective and new projects, as well as co-financing facilities for the real sector. These efforts will result in a tangible increase of IFI funds in the resource base in the first half of 2010.

7.4. Cooperation with Financial Institutions

Interbank relations

Throughout 2009, Ameriabank continued active efforts to establish and develop

interbank relations. Currently the bank has nostro correspondent accounts with 22 nonresident banks. In the reporting period the bank opened metal accounts with Commerzbank AG and institutional trading accounts with the Saxo Bank international investment bank.

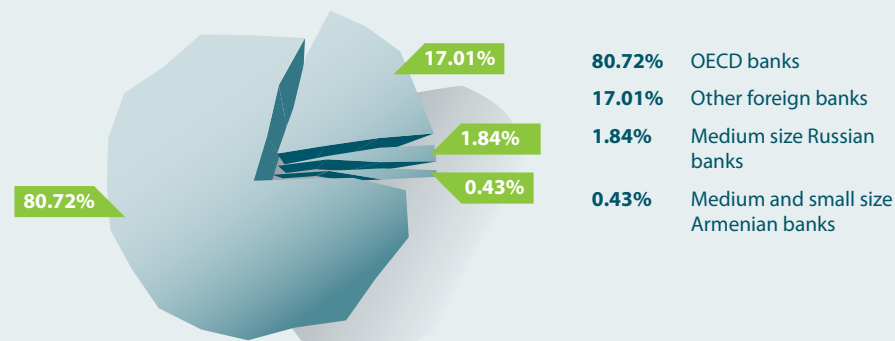
The bank's vostro correspondent network covers 12 resident and four nonresident banks.

In 2009, the balances with nostro correspondent accounts increased by 86% reaching 21.9 million USD from 14.5 million USD. More than 80% or 17.7 million USD account for the OECD banks, particularly balances of 13.3 million USD are with banks rated AA- to AA+, and balances of 4.3 million USD are with banks rated A- to A+.

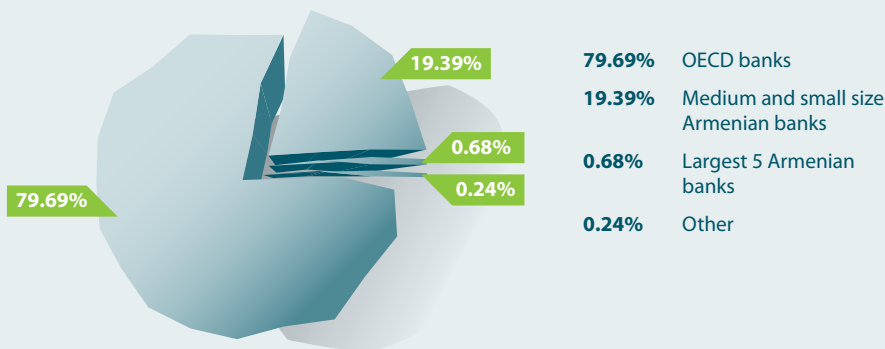
As of January 1, 2010, the gross volume of placements with banks, representing accounts, loans and deposits totaled 69.4 million USD, up by 3.2 times Y-o-Y.

In 2009, Ameriabank's placements (deposits and loans) with banks increased by 4.8 times, from 12.2 million USD to 47.4 million USD, the prevailing majority of funds (approx. 80% or 37.7 million USD) being placed with OECD banks.

Ameriabank's Accounts with Correspondent Banks, 2009



Ameriabank's Loans and Deposits with Banks, 2009



By 2009 results interest income from placements with other banks totaled 1.1 million USD (222,000 USD. in 2008).

- In 2009 the International Finance Corporation (IFC) and Ameriabank signed two agreements on trade finance (10 million USD) and SHPP program finance (15 million USD).

Financial Institutions

Development of correspondent relations with banks and building of a long-term partnership with leading foreign and local financial institutions are one of the key priorities of Ameriabank's strategy.

As a source of fundraising, such a partnership, particularly with IFIs, enables the bank to provide new banking solutions at highly competitive terms.

Though the global economic downturn affected fundraising climate, the year 2009 was unparalleled for Ameriabank in terms of attraction of large-scale financing from IFIs.

The bank was successful to complete negotiations and raise funds of more than 85 million USD from such leading institutions as the International Finance Corporation (IFC), the Netherlands Development Finance Company (FMO), DEG – Deutsche Investitions- und Entwicklungsgesellschaft (DEG) and EBRD.

- Under the agreement with FMO and DEG Ameriabank attracted a loan of 30 million USD, where 20 million USD will be used to on-lend to SMEs and 10 million USD will be disbursed to the renewable energy sector (SHPP).

- Under the agreement with EBRD in 2009 the bank will raise over 20 million USD to be disbursed under Ameriabank's lending projects, including 10 million USD for large and medium sized enterprise financing (Medium Sized Co-Financing Facility, MCFF); 10 million USD for co-financing small and medium-sized businesses. Moreover, the bank plans to sign co-financing agreements for trade finance facilities.

Out of available funds, a renewable energy finance portfolio of 6 million USD has already been approved. The SME portfolio to be refinanced accounts for 10 million USD.

Moreover, active negotiations with correspondent banks in 2009 resulted in attraction of lines of credit for trade finance and interbank operations, 10 million USD in total.

Line of credit opened by Atlantic Forfaitierungs AG prominent Swiss company back in 2008 was increased to 2.4 million USD in 2009. The highly competitive European interest rates for the attracted funds made the financing more favorable for the clients.

The bank developed partnerships with money transfer international systems and

The bank was successful to complete negotiations and raise funds of more than 85 million USD from such leading institutions as the International Finance Corporation (IFC), the Netherlands Development Finance Company (FMO), DEG – Deutsche Investitions- und Entwicklungsgesellschaft (DEG) and EBRD.

joined MoneyGram and Leader prominent payment systems. Negotiations to participate in other payment systems are under way.

7.5. Development of Management System, Technologies and Infrastructure

Innovations are the engine of the bank's development. Our short experience after acquisition of the bank gave us a variety of examples which are evidence of our innovation policy. Innovation for us is a broad concept reflecting services and technologies, a management system and methods and approaches to client service.

Among the major achievements of 2009, aimed at high quality client service, were enhancement and development of infrastructure, implementation of new technologies and service system upgrading.

Client Relationship Management System (CRM)

In 2009, the bank initiated a pilot launch of CRM and continued activities aimed at system integration and business process automation.

The Client Relationship Management (CRM) system is an information system that is used to automate a CRM strategy of the company, increase sales, streamline marketing and improve client service through tracking client (counterparty) information, relationship history and data analysis. The key principles of the system are as follows:

- a united database with immediate access to the information on previous and planned relations with the clients,
- use of all available links,
- regular analysis of collected data and

processing for relevant organizational decisions, such as client segmentation based on their value for the company.

With such an applied approach, the employees of the company have an access to complete information on any kind of relationships with the client, so the decisions are made based on the available information (information on decisions is also being kept in the system).

CRM is a model of interaction, which treats the client as a cornerstone of the business philosophy. Following this principle, Ameriabank was a pioneer in Armenia to implement and successfully employ Net Promoter Score (NPS) enabling the bank to measure client satisfaction.

Call Center

At the end of 2009, the bank launched a 24-hour Call Center, one more accomplishment aimed at improvement of customer service.

The launch of the Call Center has made it possible to serve a large volume of incoming calls. Customers no longer waste time waiting on hold, and now the Call Center operators administer information inquiries, also. Prior to that, the Call Center operators had been trained in various units of the bank.

Management System

In 2009 the bank remained committed to ongoing improvement of the bank's quality management system. In April 2009, after the audit of the quality management system implemented in the bank, TÜV Group awarded an ISO 9001:2008 international certificate to Ameriabank, helping the bank reconfirm the underlying reliability of its business processes. Ameriabank is a pioneer in the financial market of the country to get a revised ISO 9001:2008 compliance certificate. Following ISO 9001:2008 requirements, Ameriabank developed approximately 70 business processes during the implementation stage.

Ameriabank is a pioneer in the financial market of the country to get a revised ISO 9001:2008 compliance certificate.

Among other instruments that allow improving the management quality, the bank is implementing the balanced scorecard system, a way to link the process approach, strategic management and the integral management system with definite measurable and quantified instruments.

The system makes it possible to measure the processes and the degree to which the strategic and tactical objectives have been achieved, ensuring interrelation with the staff motivation system. This is a unique system based on implementation of modern solutions in management and allowing constant streamlining of the bank's activity.

Infrastructure

In 2009, the bank's projected relocation to a new head office building gave rise to a technical re-equipment plan. In August 2009, the head office of the bank was relocated into a new building which had been under construction during a year. The new head office is equipped with state-of-the-art IT, including information network aligning with structured cable standards and employing passive equipment and Molex cables.

The bank commissioned main and back-up data centers, identically equipped and linked with optical cables to ensure high performance networking.

At the same time, the bank launched a Print Center and audio and video conference system equipped with state-of-the-art facilities.

In the reporting year, the bank finalized re-equipment activities initiated back in October 2008. Total investments in the project made several hundred million AMD.

The operation of the branches and the head office has been ensured through a single server in on-line mode.

In 2009, the bank organized a tender for Microsoft software license purchase, which resulted in an application of the purchased software on the bank's servers.

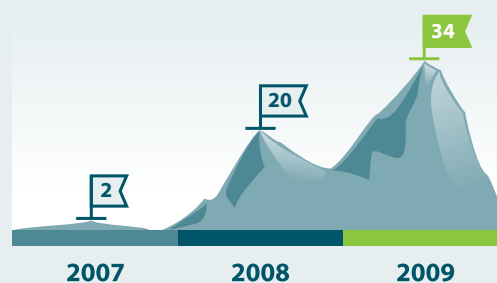
With 14 new ATMs commissioned during the year, there are now 34 operations ATMs, while 22 new POS-terminals were installed in the sales outlets, boosting the total number to 80.

In 2009, the bank finalized certification of new ATM model in MasterCard, supporting chip card transactions.

As a client-oriented bank, Ameriabank expanded the branch network in 2009 to be more accessible for its clients. Committed to its client-focused approach, the bank launched a branch in Kajaran town (Syunik Marz) targeted at more active cooperation with Zangezur Copper and Molybdenum Combine. The Combine runs Kajaran mine, a major copper and molybdenum deposit, and is one of the largest enterprises worldwide specializing in copper and molybdenum production.

In September 2009, the bank opened the «Kentron» Branch in central Yerevan. Located on the previous premises of the bank's head office, it provides a full range of banking solutions. The branch plans to launch retail factoring services in the nearest future.

Ameriabank's ATMs



7.6. Clients and New Products

In 2009, the bank developed and implemented a wide array of new corporate, investment and retail banking products. The majority of these products are unique and innovative for the Armenian market

and mark the start of new approaches to building a partnership with clients.

The ongoing implementation of innovative products resulted in an increase of the bank's clientele. In 2009 it reported an increase by more than 1.5 times over the previous year.

The most remarkable new products and services are as follows.

- **Full deposit coverage insurance** for retail clients to be supported by Rosgosstrakh-Armenia Insurance Company. The action was declared early in 2009 and triggered a dramatic growth in the number of deposits made by individuals.
- Launch of the **renewable energy** finance and small and medium-sized enterprise (SME) finance projects late in 2009 with funding available for the end-borrowers under favorable terms. Successful negotiations with prominent international financial institutions enhanced the bank's opportunities, which boosted lending in the above-mentioned sectors.
- Launch of SME finance project offering special terms for the beneficiaries
- Launch of Online Ameriabank service (**internet banking**). This service enabled the clients to control and manage their accounts personally, as well as make transactions, being confident of their security. To ensure system protection, the bank applies security software, Verisign SSL certificates provide data encryption.
- Design of a special package of benefits for the holders of GOLD plastic cards
- Initiation of implementation of **pension plans**, asset management projects and services and a full range of investment banking solutions
- Development of new products, including structured deposits and de-personalized (unallocated) metal accounts, to be offered to clients in 2010

- The major technological achievements of the bank include launch of an official page in Bloomberg system. Ameriabank's page in **Bloomberg** keeps international investors updated on the bank's services and products.

7.7. HR Achievements

Ameriabank has built a team of highly-qualified specialists, 90% of whom have university degrees, mostly in finance and economics. A significant portion of the workforce has advanced degrees.

Well-balanced staff motivation and up-to-date team building principles enabled Ameriabank to achieve its goal and build personnel where every employee is encouraged to help contribute and solve problems, have a drive for self-development and work as a Dream Team.

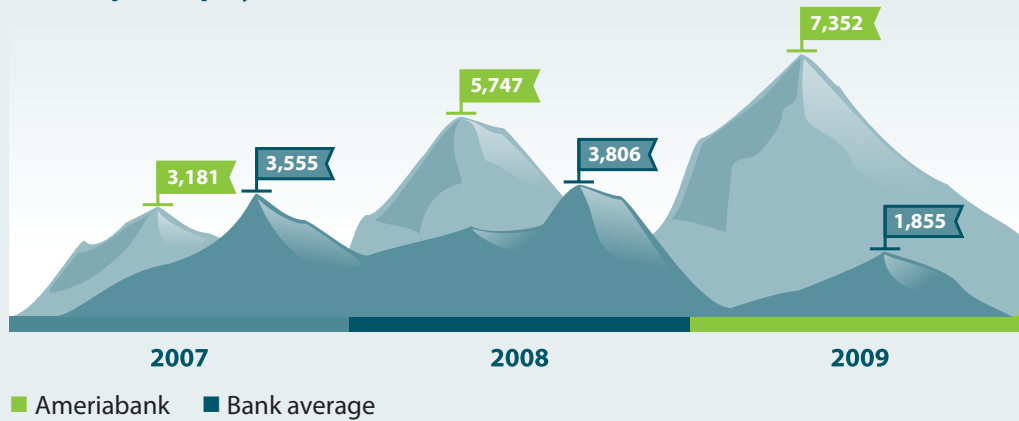
- The bank's sustainable recruitment policy throughout the year resulted in an increase of the employees from 175 to 230 by the year's end.
- By the close of 2009, the bank had designed a health insurance plan for the all employees of the Group, which was implemented early in 2010.
- In 2009, after the bank had summarized its financial performance for the past year, it paid out bonuses to the employees. The bank plans to continue this tradition every year.

Ameriabank's HR policy is designed to spur both high motivation and enthusiasm in the workforce and high performance indicators which outstrip average banking indicators.

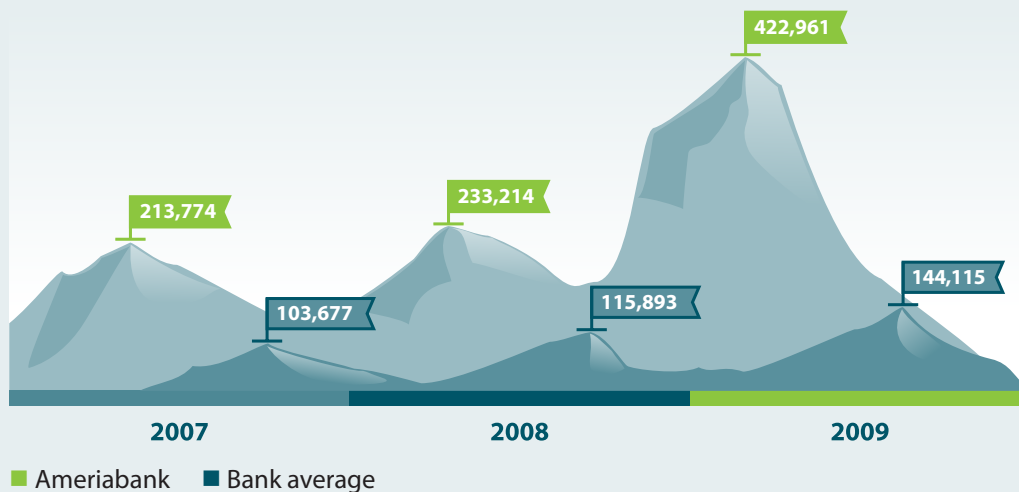
The average assets per employee of the Armenian banking system in 2009 were 144 million AMD while the same indicator for Ameriabank's employees stood at 423 million AMD (growth by 1.8 times as compared with 2008). This is an exceptional figure for the Armenian banking sector and the highest amongst the 22 Armenian banks.

Individual employees generated an average of 7.4 million AMD income for Ameriabank in 2009 (industry average generated income per employee is 1.9 million AMD).

Income per Employee, thous. AMD



Assets per Employee, thous. AMD



Individual employees generated an average of 7.4 million AMD income for Ameriabank in 2009 (industry average generated income per employee is 1.9 million AMD).

The bank's HR policy is hinged upon the concept that bank personnel are a strategic asset and the personnel compensation as a long-term investment into business development.



VIII. CORPORATE BANKING









Kilimanjaro

Elevation:	5,893 m
Location:	north-eastern Tanzania, Africa
Range:	-
Coordinates:	3°4′33″S 37°21′12″E
First Ascent:	October 5 1889, Kinyala Johannes Lauwo, Hans Meyer, Ludwig Purtscheller and Kiny

Throughout 2009, the bank actively proceeded with its policy of strengthening positions in corporate banking, acquiring a larger client base (which was a challenge in light of the financial crisis).

Ameriabank was able to cope with this, by not only retaining the existing corporate client base, but also attaining growth by almost 67% (1,385 clients versus 830 at the beginning of the year).

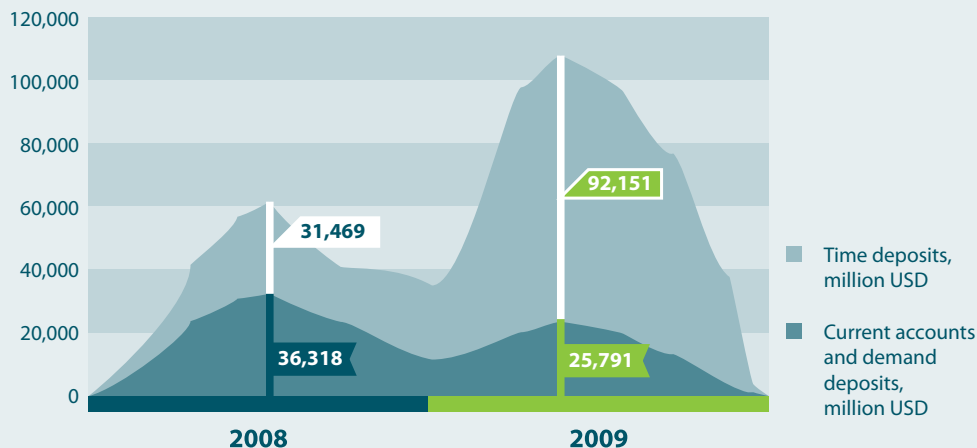
Thirty one out of Armenia's 100 largest tax payers are clients of Ameriabank. The bank was able to reach this level this due to a large range of solutions and opportunities offered to corporate clients, including:

- industry monitoring,
- partnership and financial consulting,
- assistance in growth and achieving transparency,
- access to IFI program funds.

Ameriabank's corporate accounts number grew by 67.9% in 2009. An increasingly large number of companies are willing to trust Ameriabank with their time deposits.

Total deposits of legal entities were 117.9 million USD as of January 1, 2010, having grown more than two-fold during the year. The share of time deposits is 78.13% which grew 3.6-fold to reach 92.2 million USD.

Ameriabank's Liabilities to Corporate Clients



Ameriabank's corporate accounts number grew by 67.9% in 2009.

The bank successfully achieved one of its key objectives in corporate banking in 2009 by forming an active client base and demonstrating an individual, client-tailored approach.

to extend loans to strategically significant and other enterprises representing the real sector.

We deeply believe in the Armenian business sector's capacities and undisclosed potential and in swift recovery achievable through joint efforts.

Lending to Business

Over 2009, Ameriabank actively continued, through the economic slowdown and challenges in domestic and foreign sales,

On the other hand, the bank adopted more severe eligibility criteria in terms of risk assessment and collateral security to retain the quality of the loan portfolio. Preventive measures enabled the bank to mitigate

credit default risks and deepen cooperation with existing and potential clients.

Ameriabank's corporate loan portfolio (loans, leasing and factoring) grew by more than 83% over 2009 to reach 122.5 million USD by the year end. Loans to legal entities, e.g. large enterprises and SMEs are over 80% of the bank's total loan portfolio.

Below are listed key criteria for lending or new client outreach:

- dynamically developing industry,
- innovative business strategy and drive for growth,
- contribution to economic development of the country,
- stable annual turnover,
- transparency,
- positive credit history.

Consistent diversification of the client base is an indispensable aspect of Ameriabank's credit policy, enabling the bank to attract clients from a wide range of industries.

Such an industry-oriented policy helped identify the most promising sectors of economy, leading to:

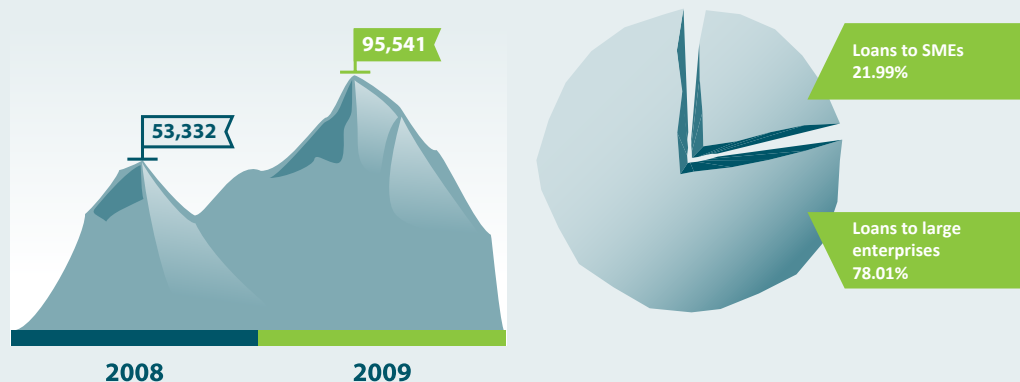
- tangible growth (2.4 times) in loans to manufacturing enterprises,
- development of lending to the trade and distribution sector (portfolio growth by 1.9 times),
- 34.9% growth of loan portfolio in food and beverage sector,
- 2.4-fold growth of lending to the construction sector.

The bank's corporate loan portfolio rests upon credits to large enterprises. Ninety six million USD large loans (in accordance with Ameriabank's internal classification which is employed by the IFIs, too) had grown by 2.2 times as of January 1, 2010, accounting for almost 78% of a total corporate portfolio. Large loans are mostly extended out of Ameriabank's own resources.

Beginning in the second half of 2009, Ameriabank expanded its target, covering such segments as SMEs. The volume of SME lending grew by 15.1% to reach 26.9 million USD. Small as it is, this figure is expected to grow rapidly in 2010, especially in light of new IFI projects.

Lending to Corporate Client*

Loans to large enterprises, thous. USD



* The breakdown of large enterprises and SMEs is represented in accordance with Ameriabank's internal classification which is employed by IFIs, too.

- The number of corporate borrowers grew 1.6-fold to reach 275 by the year's end vs. 174 at the beginning of the year 2009.

The bank launched a number of new credit facilities in 2009, e.g.:

- renewable energy lending project
- SME lending project

The projects were launched at the end of 2009.

The former – renewable energy lending – offers unparalleled arrangements enabling the bank to identify and select the best projects, even given high demand. The maturity of loans is up to eight years with an annual interest rate starting from 11%. Loans are subject to an up-to-three year grace period during which the borrower will be required to repay interest only.

The bank highlights renewable energy as the most promising industry in terms of reliability

and safety, risk management and profitability as compared with other sectors, and intends to proceed with lending to this industry over several years.

The other project is designed for small and medium enterprises.

These alongside large companies were key drivers ensuring growth of the bank's loan portfolio from the second half of 2009. Along with high-paced growth of corporate lending, Ameriabank paid close attention to the loan portfolio quality. The bank's approach combines both getting insight into and understanding the client's business and appropriate risk management procedures and enables the bank to acquire a low NPL ratio and reserve rate, despite the bank's rapid lending growth throughout 2009.

The table below illustrates the bank's commercial loan portfolio quality as of December 31, 2009.

	Gross loans	Impairment allowance	Net loans	Impairment allowance to gross loans (%)
Loans to corporates* (thous. USD)				
Loans without signs of impairment	123,596	1,171	122,425	1.00%
Impaired loans	51	5	46	9.70%
Total loans to corporates	123,647	1,176	122,471	1.00%

* including leasing and factoring to corporate clients

In order to mitigate credit risk the bank highlights collateral security issues. Seventy percent of the loan portfolio was secured by property, plant, equipment and movables, while government guarantees, cash flows and finished products accounted for 12%, 8% and 7%, respectively, as of January 1, 2010. A year earlier this ratio was 86%, 4% and 9%, respectively, less government guarantees.

Leasing

Ameriabank's leasing portfolio experienced 2.5-fold growth to reach 956,000 USD in 2009. The figure is small since leasing is a comparatively new activity for the bank (first launched in June 2008) and demand for leasing services was low due to the economic crisis.

One of the few Armenian banks that offer leasing, Ameriabank intends, with an expected rise in demand, to work actively in this segment.

Ameriabank is ready to use its contacts and partners to organize equipment and machinery directly from manufacturers or official distributors both within and outside Armenia and negotiate the most convenient terms for the client. The bank may also employ additional payment instruments such as guarantees, letters of credit, etc.

The bank has had good experience with leasing for companies representing the construction, health and trade sectors.

In order to make leasing more attractive and accessible to clients and highlight the advantages it offers, Ameriabank organizes regular presentations and meetings with clients.

The industry of companies is subject to no fundamental restrictions: the bank considers applications from all corporate clients.

Currently Ameriabank's leasing portfolio covers the following key sectors:

- industrial equipment,
- mining equipment,
- medical equipment,
- trade and services equipment,
- energy and communications equipment,
- agricultural machinery,
- passenger and freight vehicles,
- construction equipment.

Factoring

Ameriabank's factoring portfolio experienced tangible growth in 2009. The number of factoring transactions grew 3.45-fold to reach 237, while their volume grew 3.43-fold to 1.7 million USD (or 659.3 million AMD).

An active factoring portfolio was 357,200 USD (49 transactions) by the year end vs. 99,000 USD at the beginning of 2009.

The bank cooperates with companies from various sectors that need trade financing. The bank offers domestic and international factoring services including both recourse and full factoring.

Currently the bank refrains from export and import factoring due to the crisis and its effects, but intends to develop them as the crisis subsides.

Letters of Credit, Guarantees

The bank actively worked towards development of all international trade finance instruments in 2009, attaining an unparalleled growth of trade service and finance transactions (both import and export).

Both the number of transactions and their volume grew, enabling the bank to build a considerable **guarantee portfolio**. The volume of the portfolio outstripped 14 million USD as of December 31, 2009 vs. 1.5 million USD as of December 31, 2008. Large corporations were the major users of guarantees.

Letters of credit experienced over 24-fold growth in 2009 to reach 7 million USD by the year end vs. 327,000 USD a year earlier. Thus the bank's aggregate guarantee and LC portfolio reached 21.1 million USD vs. 1.8 million USD at the beginning of the year.

The portfolio of export LCs issued by foreign banks grew in 2009: the bank serviced a total of 10 export LCs.

Regular trade confirmation transactions and close cooperation with top-rated banks resulted in lower commissions and a shorter timeline for Ameriabank, eventually creating better conditions for clients.

Ameriabank's leasing portfolio experienced 2.5-fold growth to reach 956,000 USD in 2009.

Lines of credit of a total of 10 million USD were received from correspondent banks for trade finance and bank-to-bank operations.

- Central Bank of Armenia bonds,
- corporate high-rated bonds of Armenia.

The line of credit extended by Atlantic Forfaitierungs AG of Switzerland was increased to 2.4 million USD. Competitive European rates were applied to borrowed resources, allowing Ameriabank to set better terms for clients.

As the portfolio grows and provides sufficient level of available funds, part of it may be invested in preferable foreign securities.

Other facilities extended to Ameriabank include a Commerzbank line of credit of 1 million EUR for trade finance, an IFC line of credit of 5 million USD (2009) to guarantee confirmation for trade finance operations by top-rated banks. The rate applied to the IFC resources was low. Other terms were also to the benefit of the Armenian market. The IFC line of credit was fully utilized in 2009.

Pension Plan

Despite the current wait-and-see status of Armenian pension reform, several corporate clients showed preliminary signs of interest in pension plans offered by the bank in 2009.

Back in 2008, Ameriabank's specialists developed a special strategic direction for pension plans in tandem with Troika Dialog, using its extensive experience in pension asset management.

Now, a pilot project with an affiliated company is under way. It will be used as a model to make the product available for all clients, including companies with foreign capital.

The bank's pension plan is fitted into trust management. Under the pilot project both the employer and employee are to make contributions to the pension fund over a long-term period.

The bank's strategy envisions allocation of pension assets in reliable low-risk instruments on capital markets, including:

- Government bonds,

The number of factoring transactions grew 3.45-fold in 2009.



IX. RETAIL BANKING









Mont Blanc

Elevation:	4,810 m
Location:	France, Italy
Range:	Graian Alps
Coordinates:	45°50′01″ N 006°51′ 54″ E
First Ascent:	8 August 1786, Jacques Balmat and Michel-Gabriel Paccard

Although it is mostly corporate-oriented, Ameriabank is also attractive for retail clients. This is proved, first of all, by the significant growth of both the number of clients and the deposit base of individuals.

- Number of active retail clients of the bank increased in 2009 by 55.3%, totaling 11,700 by the end of the year.
- Number of borrowers increased by 51.4 % totaling 2,166, out of which more than half (1,255) used credit cards.

The package of retail services is permanently growing and the quality is continuously improving, the as is the scale of operations and advancement of technological solutions.

The bank promotes its retail services using the developments of the corporate sector, permanently working to improve the service quality and convenience of clients while at the bank.

In 2009 the bank enhanced its package of retail services due to development of distance channels of client service – the Internet-banking and 24-hour Call-Center.

Early in 2009 agreements were executed with telecommunication companies, including VIVA CELL MTS CJSC, Armentel CJSC (BEELINE), Electric Networks of Armenia CJSC, Yerevan Water CJSC, Armrusgasprom CJSC on acceptance of utility charges from the population. The list of companies to which utility charges are paid has become complete, which enhanced the client service.

Ameriabank constantly enhances the list of official car dealers it cooperates with and offers the most convenient arrangements for its clients. In addition to existing partners (Toyota Yerevan, Megamotors, Rich Motors, Top Motors) in 2009 Ameriabank executed agreements with new (in the capacity of Ameriabank partner) official car dealers, e.g. with GS MOTORS in Stepanakert for car lending through the Stepanakert branch of the bank, with Royal Motors, which is the official dealer of Suzuki.

The range of the bank's services is quite wide and well-developed. It includes all services available in the banking system, as well as a set of totally new products.

There is a special package of services for premium clients, which includes preferential tariffs, as well as tailored banking services.

Besides, the bank practices a flexible tariff policy, e.g. for employees of corporate clients. This is mainly applied to tariffs for issuance and management of plastic cards under salary projects.

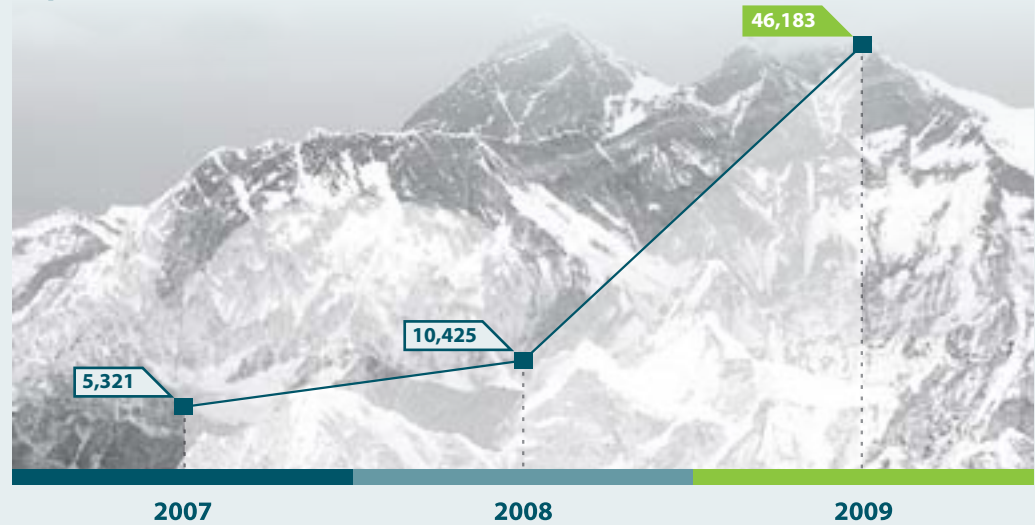
Time Deposits

Despite the definite decrease in purchase power of population due to the global crisis and significant slowdown of deposits growth rates in the banking system, in 2009 Ameriabank managed to ensure a significant growth of its deposit base.

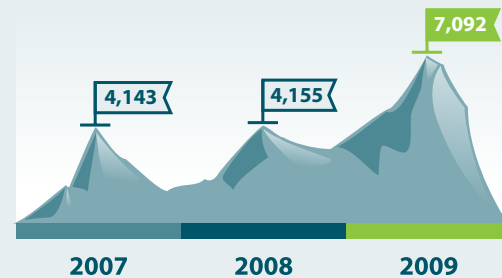
Rapid growth of time deposits of individuals began back in 2008, when their total volume grew by almost 5.5 times and was conditioned not only by new interest rates and offered new deposit types, but also by execution in December 2008 of the agreement on insurance of deposits of individuals by Rosgosstrakh-Armenia, member of the largest Russian Insurance Group of Companies Rosgosstrakh.

Number of active retail clients of the bank increased in 2009 by 55.3%.

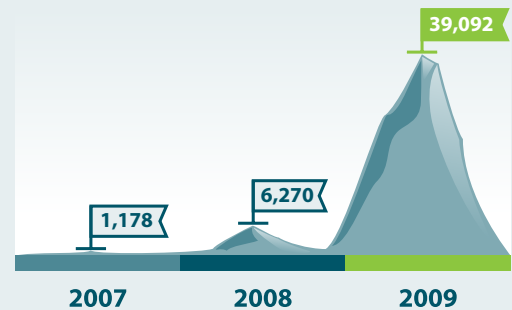
Deposits of Individuals, thous. USD



Current Accounts and Demand Deposits of Individuals, thous. USD



Time Deposits of Individuals, thous. USD



Rapid growth of retail deposits: 5.5-fold including 7.7-fold growth of time deposits.

According to the agreement, the insurance covers without limitations the amount (exceeding the amount insured by the government (2 million AMD – for deposits in AMD, 1 million AMD – for deposits in foreign currency)) of any deposit in Ameriabank for the term of more than six months and in any currency. Such insurance is unprecedented for Armenia. It is performed at the expense of the bank and the clients do not bear any additional costs.

According to the latest client survey, their main motivation to use the bank for placement or prolongation of assets were:

- 100 % insurance coverage of deposits,
- High quality of service,
- Bank's reputation.

Lending to Individuals

As of January 1, 2010 outstanding loans of individuals in USD equivalent reached almost 21 million USD, increasing by 35.63%. In one year the number of retail borrowers increased by 1.5 times – from 1,431 to 2,166.

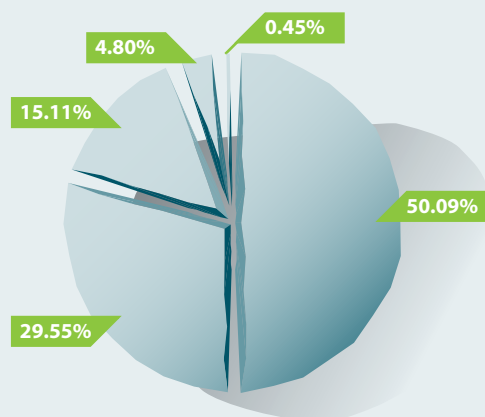
In the reporting year the structure of the retail portfolio was diversified. In 2008 more than 50.09% of credit portfolio was composed of car loans to individuals, 30% – mortgage loans, 15.1% – credit cards.

By the results of 2009 in the retail lending structure the share of car loans decreased to 38.2%, credit cards constituted 28.4%, mortgage loans – 26.3%, consumer loans – 6.7%.

Car loans were secured by cars, credit cards were not secured by any collateral, and mortgage loans were secured by corresponding real estate.

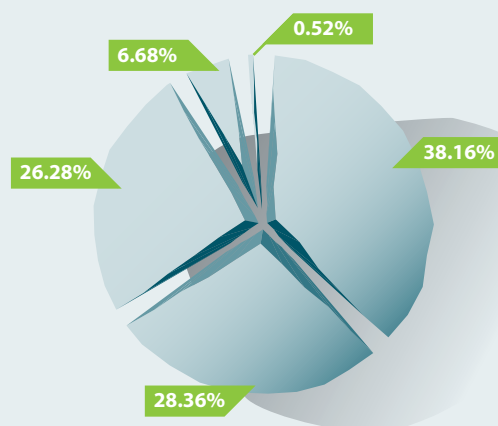
78% of consumer loans were secured by real estate, 7% – by cars, 15% – by salary and cash. Other loans, issued to individuals, were secured by gold.

Structure of Retail Portfolio of Ameriabank in 2008



50.09%	Car loans
29.55%	Mortgage loans
15.11%	Credit cards
4.80%	Consumer loans
0.45%	Other loans

Structure of Retail Portfolio of Ameriabank in 2009



38.16%	Car loans
28.36%	Credit cards
26.28%	Mortgage loans
6.68%	Consumer loans
0.52%	Other loans

The best evidence to the effective and well-balanced development of retail banking is low NPL ratio in 2009, given the growth rates of retail indicators outrunning the market average.

bank applies not only its own scoring system for decision-making, but also the scoring system of the ACRA Credit Reporting private credit bureau.

To increase the effectiveness of retail lending programs and reduce the credit risks, the

In the table below the information on quality of loans issued to individuals as of December 31, 2009 is presented in USD.

31/12/09	Gross loans	Impairment allowance	Net loans	Impairment allowance to gross loans (%)
Retail loans				
Not overdue	20,809	251	20,557	1.2%
Overdue	69	7	61	10.8%
Total retail loans	20,877	259	20,619	1.2%

The bank offers a diversified package of loan products, which are in great demand in the market: consumer loans, including car loans, education loans, personal loans, etc., mortgage loans – for purchase, construction, renovation, as well as credit cards.

Plastic Cards

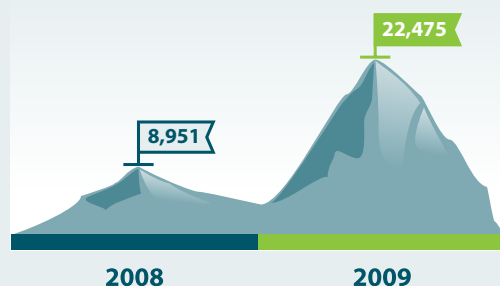
In developing retail activities, Ameriabank focuses on card programs for employees, management and owners of corporate clients. ATMs' network of the bank in 2009 increased by 1.7 times up to 34 devices, while the number of POS-terminals in sales outlets increased by 22, reaching a total number of 80 set terminals.

The bank intends to carry on with development of the service network for the maximum convenience of clients. The bank makes a detailed analysis of all territories and premises, where there is a need for new ATMs. If necessary, ATMs may be installed directly on the business grounds of the company, where salary projects are implemented.

The functional capacities of ATMs already render it possible for card holders not only to withdraw funds, but also make utility payments and pay bills to mobile operators and Internet providers.

According to 2009 results, the total turnover of Ameriabank ATMs was 22.5 million USD, that of POS-terminals was 16.1 million USD. Only with cards of salary projects the turnover of ATMs totaled 11.5 million USD.

ATM Turnover of Ameriabank, thous. USD



- In the reporting year Ameriabank began dissemination of American Express cards.
- In January 2009 the bank started issuance and management of VISA international cards at ATMs and encashment points.
- In the framework of cooperation with VTB Bank Armenia Ameriabank began registration and management of VISA international cards at sales outlets on its behalf.

The bank took active measures for promotion of VISA international cards and as a result during the previous year, 3,400 VISA cards were issued.

The total number of active plastic cards issued by Ameriabank was 10,816 by the end of 2009, vs. 6,512 by year-end 2008. Credit lines were provided for 1,143 cards.

At present along with local plastic cards the bank also processes MasterCard and VISA international cards. The bank became principal member of VISA International in July 2008. The first MasterCards were issued by the bank in 2003.

In 2009 the bank developed and implemented the package of preferential services for VISA and MasterCard GOLD products, and by the end of the year the client pool already included 656 GOLD card holders. Along with the Gold cards, IAPA international discount cards, travel insurance and other features are provided to clients free of charge.

- In 2009 the bank issued all the major card products and in 2010 will start to issue also VISA and MasterCard Platinum cards. In 2009 this new product already underwent the registration process.
- From 2010 the bank plans to launch chip cards, including MasterCard and VISA.

Salary Projects

As of the beginning of 2010 the bank had 74 salary projects implemented in Armenia, including with the largest companies of the country.

Committed to the strategy of comprehensive client service, Ameriabank develops special packages with preferential terms for each company, and the employees may use various retail lending programs with preferential terms.

The bank installs ATMs and POS-terminals in the most employee-friendly locations onsite at the company.

Under each salary project, the bank offers various payment cards such as ArCa, Cirrus Maestro/VISA Electron, MasterCard Standard/VISA Classic.

The employees of corporate clients are provided with the opportunity to receive credit lines and other bank products with special terms and rates.

Money Transfers

The bank is continuously enhancing its cooperation with international money transfer systems. In 2009 the bank worked with five systems – MoneyGram, Contact, Migom, InterExpress and Leader. Cooperation with Zolotaya Korona and Bystraya Pochta is coming soon.

The bank also offers traditional transfers through the SWIFT account system, including a wide array of transfer options. In 2009 the turnover of private remittances in the bank totaled an amount equivalent to 32 million USD, 17 million USD out of which were incoming transfers, while 15 million USD were transfers abroad.



X. INVESTMENT BANKING









Fuji

Elevation:	3,776 m
Location:	Honshu, Japan
Range:	-
Coordinates:	35°21′28.8″N 138°43′51.6 E
Climbing:	663 by an anonymous monk

Although the crisis did not bypass Ameriabank's investment business programs, ensuing adjustments of these programs in no way affected the company's ambitious and competitive plans, especially when there was demand among clients.

While the best surety of high demand is our professional team that brings together specialists with versatile international exposure, Ameriabank's key strength is strategic assistance by Troika Dialog.

Traditional corporate banking services in tandem with investment banking instruments are available for all clients and ensure more efficiency through synergy of both.

Corporate Finance

Corporate finance is upheld and promoted by the extensive experience of the bank's team in reorganization and restructuring, strategic consultancy, business valuation, equity and/or debt financing, financial planning in such sectors as finance, retail trade, power, mining, commercial real estate, manufacturing, etc.

The bank attracted over 50 million USD to ensure loan portfolio growth in 2009. Several fundraising projects for commercial real estate sector were successfully implemented alongside a series of business valuation exercises for companies representing insurance and media businesses.

Mergers and Acquisitions

For three years Ameriabank has been the biggest player on the local mergers and acquisitions market.

Our specialists thoroughly consider the structure of deals, starting from strategy development to execution and final integration after closure of deal. This particularly involves:

- comprehensive financial and economic analysis and analysis of operations,
- support throughout entry to capital markets,
- valuation,
- support throughout negotiations and structuring.

Although currently foreign investors show little interest in Armenia, our region is demonstrating trends of a developing M&A market. Also, adopting regional level consolidation practices worldwide, some local companies began to buy equity and assets overseas.

Ameriabank offers a comprehensive M&A package, including advice on assets trade, mergers, leveraged buyout, joint ventures and strategic partnership, asset stripping, etc.

A series of successful M&A deals. Over the recent years Ameriabank has been a financial adviser to clients from Russia and elsewhere overseas. In 2009 the bank's portfolio involved buy-side and sell-side projects in mining, consumer sectors, media, etc.

Capital Markets

On the whole throughout 2009, the bank mostly worked on private rather than public DCMs and ECMs. The main reason was potential investors' reluctance to make investments under the financial crisis and AMD devaluation conditions in the beginning of 2009.

The bank continued to acquire successful experience in cooperation with the IMEX Group. The IMEX project was launched back in 2008 by underwriting for the first issue of nominal non-documentary coupon bonds of 3.3 million USD.

Along with successful the IPO, Ameriabank established new standards on the local market such as auction offering, large-scale marketing campaigning and innovative

The bank attracted over 50 million USD to ensure loan portfolio growth in 2009.

services for investors. A one-year put option was available for investors, among others, which was successfully launched in 2009.

Ameriabank completed business valuation exercises for two large Armenian companies in 2009 based on clients' applications. Both companies have an intention to engage in IPOs.

Currently securities in Armenia can only be issued in AMD. Several times Ameriabank proposed the issue of foreign currency denominated securities. The bank recommended to its clients to hold back issues till the second half of 2010 when appropriate changes in legislation are expected to be in place.

In July 2009 the official page of Ameriabank was opened in Bloomberg (AMRB). The page operates online and offers updates on state and corporate bond quotations, including quotations of IMEX Group bonds, spot and forward rates for currencies in relation to AMD, interbank loan and deposit rates, repo and reverse repo rates. Currently Ameriabank is one of the few Armenian banks that are represented in Bloomberg, a world known source of reliable financial information. In the near future, the bank plans to expand the list of items available on its Bloomberg page. Ameriabank's Bloomberg account provides investors with regular updates on the services offered by the bank.

XI. AMERIABANK'S STRATEGIC GOALS AND OBJECTIVES FOR 2010

*I have my dream and let it flow
Around the world,
And I believe in pure snow
And pure word!*

V. Vysotsky









Everest

Elevation:	8,848 m
Location:	on the boarder of Nepal and China
Range:	Mahalangur Himal, Himalayas
Coordinates:	27°59′17″N 86°55′31″E
First Ascent:	29 May 1953, Edmund Hillary (New Zealand), IndiaTenzing Norgay (Nepal)

Key strategic goals and objectives of Ameriabank for 2010 will logically proceed from the bank's development in 2009 under the financial crisis conditions and unfriendly external environment.

Unlike 2009, the business environment of 2010 will feature the following post-crisis trends and factors:

- toughening of monetary policy and narrowing of credit refinancing projects,
- no more government bailouts,
- inflow of purpose loans from IFIs,
- reduced number of banks due to consolidation,
- increasingly stringent competition among banks and growth of key indicators,
- decrease in interest rates and margin,
- increased need for financing among enterprises for recovery of property and equipment in new business environment,
- more M&A deals in the country, leading to increased demand for respective investment banking services.

Emerging new business environment poses the following challenges for financial organizations:

- the search for alternative sources of financing with acceptable terms,
- investment in non-price competitive advantages such as service quality, client relations, sustainability, etc.,
- launch new distance service options such as e-banking and m-banking,
- search for efficient resource management tools and reliable borrowers.

In light of these conditions, the bank highlights both growth and strengthening of leadership in the market as a strategic priority. Along with organic growth, the bank will also consider non-organic growth options such as mergers and acquisitions in 2010.

To attain its mission and goals the bank sets the following priorities for 2010:

- acquire average 20-30% growth of financial indicators,
- intensively work towards diversified growth of corporate clientele,
- persist with introduction of innovative financial solutions,
- intensively propagate M&A and asset management services,
- strengthen client and partner relations by offering a comprehensive sets of quality products and service,
- continue IFI fundraising,
- continue active renewable energy and SME lending.

Accordingly, the bank has projected the following programs for 2010:

New products

- New on local market: unparalleled structured deposit product guaranteeing 100% principal protection and giving access to international investment markets represented by various assets such as gold, oil and DJI
- VISA and MasterCard Platinum accompanied with a package of unique services for the local market
- Depersonalized (unallocated) gold metal account designed in line with the best international practices to mitigate the bank's and clients' risks
- Joining Zolotaya Korona and Bystraya Pochta international payment systems

Infrastructure

- New client area – VIP zone – to be opened in the Head Office to offer more convenience to preferred clientele
- Three new branches scheduled to open: one in Yerevan and two in regional towns (Dilijan and Gyumri)
- Further expansion of ATM network

Direct Investments and IB

- Large funds already being allotted for private equity finance every year in accordance with direct investment program. (The bank considers projects representing various sectors of economy.)
- Underwriting on capital markets in the second half of 2010. (Three clients have already submitted applications, but as long as investors' expectations and would-be issuers' capacities in current market environment don't match, issues are held back till the second half of the year.)

HR

- Continuous development of employees through trainings both in Armenia and overseas
- Cooperation with leading universities in terms of practice and internship for students and employee recruitment from among the best graduates

Thus, Ameriabank is determined to conquer new heights of Armenian financial market in 2010 by continuous consolidation and mobilization of professionalism and strong teamwork.



XII. FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT



KPMG Armenia cjsc
8th floor, Erebuni Plaza Business Center,
26/1 Yuzgen Sarghyan Street
Yerevan 0010, Armenia

Telephone + 374 (10) 566 762
Fax + 374 (10) 566 762
Internet www.kpmg.am

Independent Auditors' Report

To the Board of Directors
Ameriabank cjsc

Report on the Financial Statements

We have audited the accompanying financial statements of Ameriabank cjsc (the Bank), which comprise the statement of financial position as at 31 December 2009, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 principles 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 opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2009, 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
9 April 2010




Tigran Gasparyan
Head of Audit Department

Statement of comprehensive income for the year ended 31 December 2009

	2009	2008
	AMD'000	AMD'000
Interest income	6,123,933	2,629,452
Interest expense	-2,735,069	-560,156
Net interest income	3,388,864	2,069,296
Fee and commission income	507,661	223,954
Fee and commission expense	-113,101	-113,845
Net fee and commission income	394,560	110,109
Net gain/(loss) on financial instruments at fair value through profit or loss	2,059	-1,208
Net foreign exchange income	628,521	443,091
Net (loss)/gain on available-for-sale assets	-4,612	7,987
Other operating income/(expenses)	79,999	-3,388
Operating income	4,489,391	2,625,887
Impairment losses	-194,569	-320,024
Personnel expenses	-1,100,056	-714,803
Other general administrative expenses	-1,198,526	-602,225
Profit before taxes	1,996,240	988,835
Income tax expense	-534,633	-221,604
Profit	1,461,607	767,231
Other comprehensive income/(loss)		
Revaluation reserve for assets available-for-sale:		
- Net change in fair value of available-for-sale assets, net of tax	-23,321	-40,420
- Net change in fair value of available-for-sale assets transferred to profit or loss, net of tax	3,690	-7,987
Revaluation of property and equipment	-83,923	-
Other comprehensive loss, net of tax	-103,554	-48,407
Total comprehensive income	1,358,053	718,824

Statement of financial position as of 31 December 2009

	2009	2008
	AMD'000	AMD'000
ASSETS		
Cash	2,545,062	1,763,368
Due from the Central Bank of Armenia	10,298,284	3,183,550
Placements with banks	26,163,344	8,187,508
Financial instruments at fair value through profit or loss	75,878	203,260
Amounts receivable under reverse repurchase agreements	624,718	479,867
Loans to customers	53,564,682	30,764,178
Receivables from finance leases	361,109	144,684
Available-for-sale assets		
- Held by the Bank	3,864,785	266,756
- Pledged under sale and repurchase agreements	2,949,202	2,248,918
Assets held for sale	351,405	-
Property, equipment and intangible assets	1,536,395	1,286,960
Deferred tax asset	16,473	55,846
Other assets	886,753	437,538
Total assets	103,238,090	49,022,433
LIABILITIES		
Deposits and balances from banks	5,968,269	1,771,007
Amounts payable under repurchase agreements	3,220,675	2,456,698
Current accounts and deposits from customers	62,021,236	23,989,968
Other borrowed funds	9,996,089	232,530
Current tax liability	6,150	32,099
Other liabilities	278,338	150,851
Total liabilities	81,490,757	28,633,153
EQUITY		
Share capital	18,200,000	18,200,000
Share premium	28,407	28,407
Revaluation surplus for property	-	291,026
Revaluation reserve for available-for-sale assets	-126,204	-106,573
Retained earnings	3,645,130	1,976,420
Total equity	21,747,333	20,389,280
Total liabilities and equity	103,238,090	49,022,433

Statement of cash flows for the year ended 31 December 2009

	2009	2008
	AMD'000	AMD'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	5,797,411	2,465,243
Interest payments	-2,001,491	-464,046
Fee and commission receipts	507,661	223,954
Fee and commission payments	-113,101	-113,845
Net receipts from foreign exchange	1,161,930	603,604
Net (payments)/receipts from available-for-sale assets	-4,612	7,987
Other income /(expences)	52,370	-3,390
Salaries and other payments to employees	-1,087,144	-713,276
Other general administrative expense payments	-1,027,262	-487,496
(Increase) decrease in operating assets		
Due from the Central Bank of Armenia	-59,771	-146,580
Placements with banks	-12,715,383	-2,408,133
Financial instruments at fair value through profit or loss	244,668	-205,854
Amounts receivable under reverse repurchase agreements	-147,467	-475,824
Loans to customers	-20,874,811	-28,120,669
Receivables from finance leases	-154,803	-135,183
Available-for-sale assets	-4,301,594	2,363,463
Other assets	-375,514	-306,397
Increase (decrease) in operating liabilities		
Deposits and balances from banks	4,016,519	1,760,182
Amounts payable under repurchase agreements	763,837	1,523,005
Current accounts and deposits from customers	28,274,077	14,636,972
Other liabilities	31,810	164,484
Net cash used in operating activities before income tax paid	-2,012,670	-9,831,799
Income tax paid	-516,301	-207,379
Cash flows used in operating activities	-2,528,971	-10,039,178

	2009	2008
	AMD'000	AMD'000

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property, equipment and intangible assets	-1,065,144	-652,443
Proceeds from sale of property	560,522	-
Dividends received from unquoted equity investments	27,632	-
Cash flows used in investing activities	-476,990	-652,443

CASH FLOWS FROM FINANCING ACTIVITIES

Net receipts of other borrowed funds	9,622,934	230,047
Proceeds from issuance of share capital	-	16,200,000
Cash flows from financing activities	9,622,934	16,430,047

Net increase in cash and cash equivalents	6,616,973	5,738,426
Effect of changes in exchange rates on cash and cash equivalents	5,029,629	-153,261
Cash and cash equivalents as at the beginning of the year	9,167,222	3,582,057
Cash and cash equivalents as at the end of the year	20,813,824	9,167,222

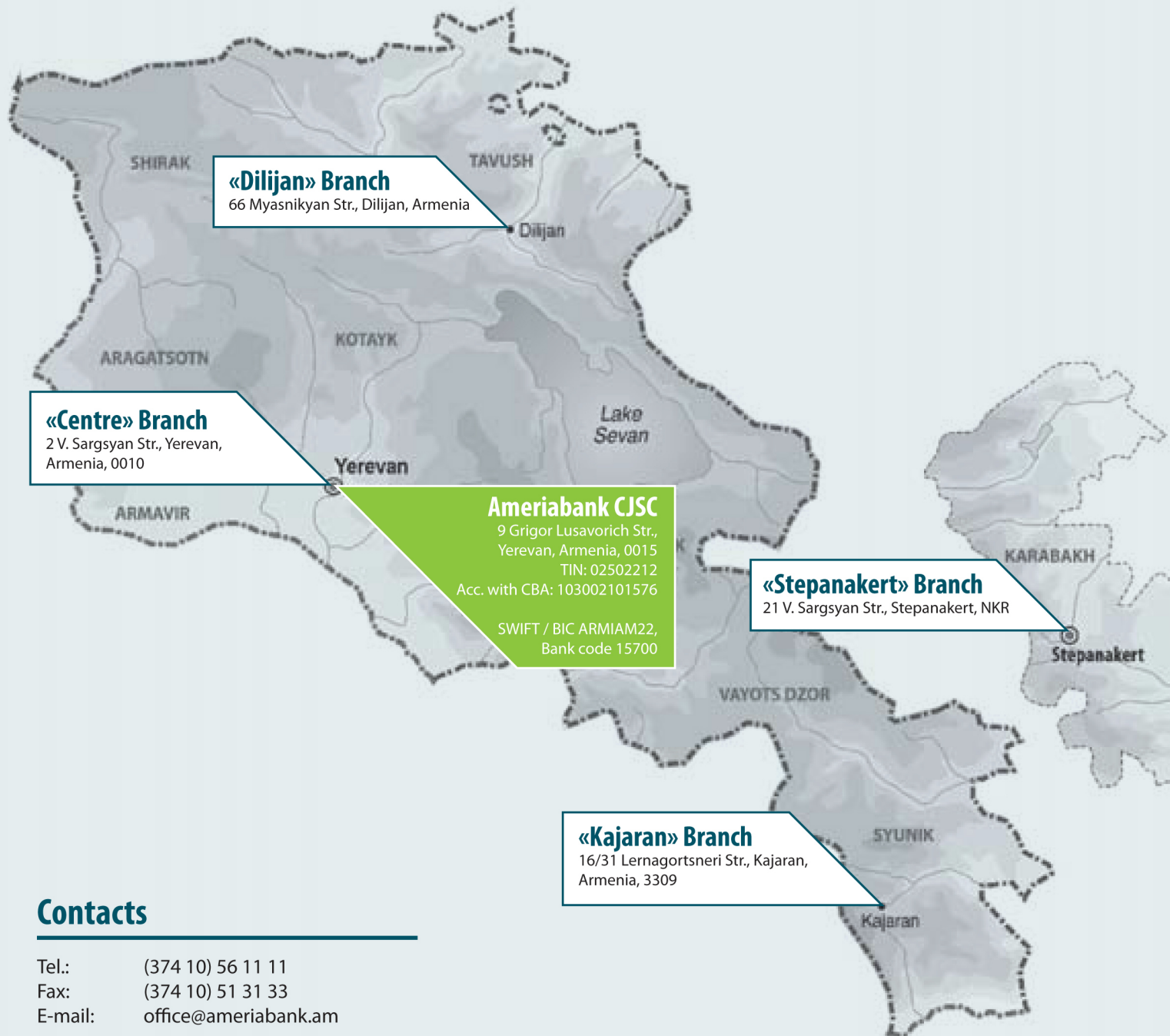
Statement of changes in equity for the year ended 31 December 2009 (AMD'000)

	Share capital	Share premium	Revaluation surplus for property	Revaluation reserve for available-for-sale assets	Retained earnings	Total
Balance as of 1 January 2008	2,000,000	28,407	318,108	-58,166	1,182,107	3,470,456
Total comprehensive income						
Profit	-	-	-	-	767,231	767,231
Other comprehensive loss						

	Share capital	Share premium	Revaluation surplus for property	Revaluation reserve for available-for-sale assets	Retained earnings	Total
Net change in fair value of available-for-sale assets, net of tax	-	-	-	-40,420	-	-40,420
Net change in fair value of available-for-sale assets transferred to profit or loss, net of tax	-	-	-	-7,987	-	-7,987
Total other comprehensive loss	-	-	-	-48,407	-	-48,407
Total comprehensive income	-	-	-	-48,407	767,231	718,824
Shares issued	16,200,000	-	-	-	-	16,200,000
Transferred to retained earnings	-	-	-27,082	-	27,082	-
Balance as of 31 December 2008	18,200,000	28,407	291,026	-106,573	1,976,420	20,389,280
Balance as of 1 January 2009	18,200,000	28,407	291,026	-106,573	1,976,420	20,389,280
Total comprehensive income						
Profit	-	-	-	-	1,461,607	1,461,607
Other comprehensive loss						
Net change in fair value of available-for-sale assets, net of tax	-	-	-	-23,321	-	-23,321
Net change in fair value of available-for-sale assets transferred to profit or loss, net of tax	-	-	-	3,690	-	3,690

	Share capital	Share premium	Revaluation surplus for property	Revaluation reserve for available-for-sale assets	Retained earnings	Total
Revaluation of property and equipment	-	-	-83,923	-	-	-83,923
Total other comprehensive loss	-	-	-83,923	-19,631	-	-103,554
Total comprehensive income	-	-	-83,923	-19,631	1,461,607	1,358,053
Transferred to retained earnings	-	-	-207,103	-	207,103	-
Balance as of 31 December 2009	18,200,000	28,407	-	-126,204	3,645,130	21,747,333

USEFUL INFORMATION



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MAIN NOSTRO ACCOUNTS FOR THE CLIENTS' FX TRANSFERS

	CORRESPONDENT BANK	SWIFT	CUR	ACCOUNT
Belgium	FORTIS BANK, BRUSSELS	GEBABEBB	EUR	291-1122111-15-EUR-0
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
Russia	SBERBANK RF, MOSCOW	SABRRUMM	RUB	30111810900000000371
	PROMSVYAZBANK, MOSCOW	PRMSRUMM	RUB	301118107900000021401
			JPY	301113926900000021401
			CAD	301111247900000021401
	ALFA-BANK, MOSCOW	ALFARUMM	RUB	30231810200000000108
Switzerland	UBS AG, ZURICH	UBSWCHZH80A	CHF	02300000069026050000V
USA	CITIBANK N. A., NEW YORK	CITIUS33	USD	36116208
	HSBC BANK USA , NEW YORK	MRMDUS33	USD	000-054631
	DEUTSCHE BANK TRUST COMPANY AMERICAS , NEW YORK	BKTRUS33	USD	04437701

