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Dear Ladies and Gentlemen,

I would like to cordially thank you for the trust, commitment, loyalty and interest you have shown to all of us in Ameriabank over 2010.

Following the financial crisis, last year was a relatively easier period witnessed by a more favorable business climate. I can now state that we in Ameriabank emerged even stronger at the end of the crisis by taking bold and ambitious decisions and being next to our clients, supporting them in the most difficult and problematic years of 2008, 2009 and 2010 when they were facing historic challenges.

The taken risks have later been rewarded in the form of partnership, loyalty and close bonds with our clients.

Three years ago when TDA Holdings Limited acquired Armimpexbank we would have dreamt about the unprecedented achievements and growth we have experienced in a three-year period of operations as Ameriabank. In particular, in three years we positioned ourselves within the top 3 banks by all crucial indicators such as assets, liabilities, lending, deposits and capital, while being in the range of 18-21st position back in 2007.

The dream came true and we are moving forward by conquering the peak and becoming the leading Bank in Armenia and the region.

In 2010, we were delighted to celebrate the 100th anniversary of the Bank through pioneering various innovative products and technologies, setting new best practice-based benchmarks, CSR campaigns and much more. We are very focused on and committed to consistent growth of corporate social responsibility through financial aid to local orphanages, assisting children with hematological diseases, senior citizens, as well as by organizing various events. In addition, we have established a tradition to bring the world's art and music values to Armenia, last year having invited legendary artist Joe Cocker to launch our campaign of 100th anniversary with his unique concert. Following our objectives of growing both organically and non-organically, we initiated the first ever M&A in the financial market of Armenia by merging Ameriabank and Cascade Bank. Thanks to Ameriabank's M&A team that has flawlessly managed the challenging project, we had the entire integration process completed in just six months.

Throughout 2010, Ameriabank remained committed to deploying the most efficient Banking IT platforms, management technologies and employee motivation systems.

I believe that our clients are the cornerstone of our business, driving us to consistent improvement of the quality of all products, by further diversifying and optimizing the set of products, their terms and customer service.

All in all, each of us in Ameriabank is entirely focused and committed to our mission to develop the best practice in the country bringing global standards here through the development of best professionals.

The careful and effective management of challenging conditions in the market is testimony to the strength, knowledge and resilience of our people. The best proof of which was the recognition of Ameriabank as the Best Bank of Armenia in 2010 awarded by The Banker, an esteemed financial magazine published by The Financial Times Group.

We also are grateful to the management team of outstanding professionals, as well as the entire team of truly unique individuals building the unprecedented success of the Bank within three years of operation.

We in Ameriabank always target opportunities leading to the ongoing growth of our business and generating industry leading returns through our Bank's core strengths, competencies and resources.

Looking Ahead

Looking forward to the Year 2011, we will do our best so that our invaluable counterparts – our shareholders, clients and people – remain loyal and committed to Ameriabank. Our clients continue to believe and rely on our business model and strategy, turning to us for advice, execution and financing of their current businesses and new initiatives . Our people remain as devoted as ever to our culture of teamwork and to the belief in their responsibility to execute best solutions for the benefit of clients.

Meanwhile we plan to enlarge our geographic presence by opening a number of new branches throughout the country, as well as making our products more available to SMEs and retail clients by partnering with the representatives of large corporations of the business community.

**Sincerely,
Ruben Vardanian**



Ruben Vardanian
Chairman of Board of Directors

Dear Shareholders, Clients and Partners!

I am proud to present the achievements and challenges Ameriabank has experienced during the Year 2010.

While many banks started to gradually get back to a pre-crisis track by stimulating competition within the local market, Ameriabank stormed in and became the champion by its growth rates, positioning itself within the top 3 banks by almost all key financial indicators.

One of the most representative achievements of the year was the merger with Cascade Bank that was the first ever experience in the Armenian financial sector.

Additionally, we have raised funds from International Financial Institutions (IFIs) at the level of approximately USD 127 million in the form of credits, lines of credit and trade finance (loans from International Financial Institutions, which was again an unprecedented accomplishment for the local banking market. These accomplishments enabled Ameriabank to achieve one of the strategic goals of becoming the leader in business lending and financing of such prospective and important sectors of the country as renewable energy.

Financials of the Bank

The Bank had an unparalleled asset growth by moving from 6th in 2009 to 2nd position in 2010 in the market of 21 banks. In addition, the Bank continued delivering strong income and resilient profit performance.

Moreover, in 2010 the Bank achieved annual net growth rates by assets by 48%, lending by 68%, client deposits by 9% and net profit by 117.6%.

Ameriabank's position in the marketplace ranked 1st by equity capital, 2nd by total assets, 2nd by loan portfolio, 3rd by asset quality, 3rd by clients' deposits and 4th by net profit.

Clients

The year 2010 was another year marked by our distinct position as a client-oriented Bank. The entire team of Ameriabank has a sound commitment towards providing our clients with the best possible quality in customer service. We in Ameriabank care for the prosperity and financial wellbeing of our clients by delivering diversified and innovative solutions, as well as best possible terms and conditions for our products.

The best proof of the latter has been the consistent annual growth of our client base, as well as invaluable loyalty of our existing clients. As clients grow in size, so does the scope of the business they are engaged in.

It should also be noted that Ameriabank was the 1st Bank to continually keep our clients, as well as the general public, aware of all updated information about the Bank's achievements, products, special projects and terms.

New Products and Innovations

In 2010 we focused on introducing a number of innovative services adding value to our clients such as Online Ameriabank internet banking service, call center, renewable energy financing facilities, structured deposits, classic factoring, purchase order financing and many more.

Dream Team

Our people are our most important asset. We work with a team of talented, enthusiastic and loyal professionals who are dedicated to the Bank's mission and values. As a result of the merger with Cascade Bank, our team was reinforced with truly like-minded professionals who were smoothly integrated in our team by the end of the 3rd quarter. Our people are consistently rewarded for their accomplishments of how they work and succeed in teams, with the long-term interests of the Bank always coming before those of an individual.

We believe this partnership model of cooperation, which reflects the firm's long-standing business principles, is a competitive advantage that drives the Bank's overall performance.

Appreciation

It is truly a pleasure for me to deliver my words of appreciation to the people who make a team of professional and constantly self-developing individuals who come from diverse cultures, interests and even nationalities. Since my strong belief is that it's the consistent and determined efforts that conquer all obstacles and challenges, I will firmly restate that our team is quite well on its way. Yet again, let me extend my gratitude to all our clients, partners, suppliers and shareholders for their trust, and loyalty as well as for being demanding which resulted in the Bank's consistent improvement and leadership in the market.

I also thank all our shareholders for their continuing support, encouragement and goodwill. We are pleased to report that we are fully confident of delivering a long term, determined and sound development and growth of the bank.



Sincerely,

Artak Hanesyan

A handwritten signature in blue ink, appearing to read 'Artak Hanesyan', written in a cursive style.

Artak Hanesyan

Chairman of Management Board -
General Director

1910's 2010

If you were born without wings, do nothing to prevent them from growing.

*Coco Chanel
French fashion designer*



*Hambardzumyan Artur
Development Department / Innovation and quality unit*

*Hambardzumyan Ara
Financial Department / Reporting Unit*



In 1903, Orville Wright flew the first powered, heavier-than-air airplane, propelling himself and his brother Wilbur into world history. Its propeller rotated via a gasoline powered engine and flew 50 meters in 12 seconds. In 1909 they built an airplane which could develop a top speed of 60 km per hour. The model was the turning point for the start of the airplane industry in Europe and USA. The Russian intellectuals were quite shocked by the news of airplane invention in the West, more than that its successful exploitation. The whole world was shaken with this aviation tumult. With the first aviation invention the mankind's dream to conquer the sky heights has turned into a reality and has changed the real perception of time and space. Having crossed the new millennium's threshold, the mankind will finally have a chance to explore sky and space. Scientists, engineers and futurists assert that the new aviation era will bring innovations, Wright brothers never dreamed of.

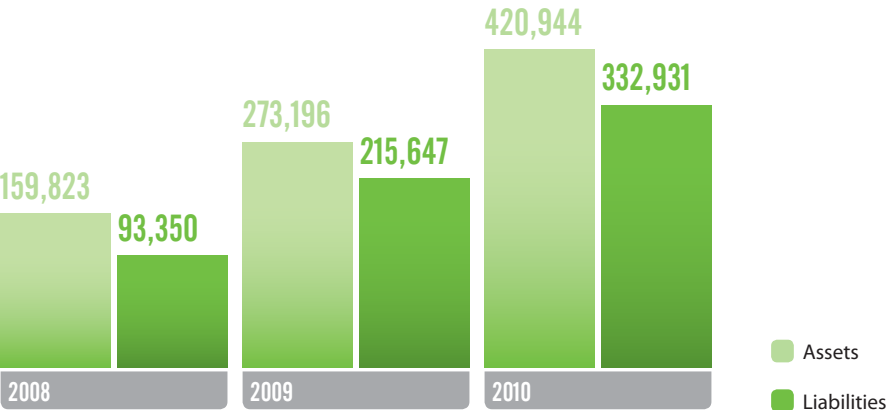




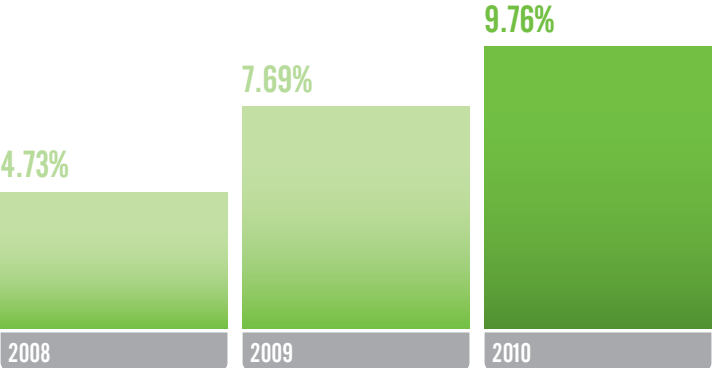
Main Achievements in 2010

To date, Ameriabank is one of the largest and fastest developing Armenian banks that was capable of growing within the past three years from a small bank with a narrow product line to a powerful financial structure, which apart from offering a wide range of financial and banking services, plays a significant role in the financial and economic life of the country.

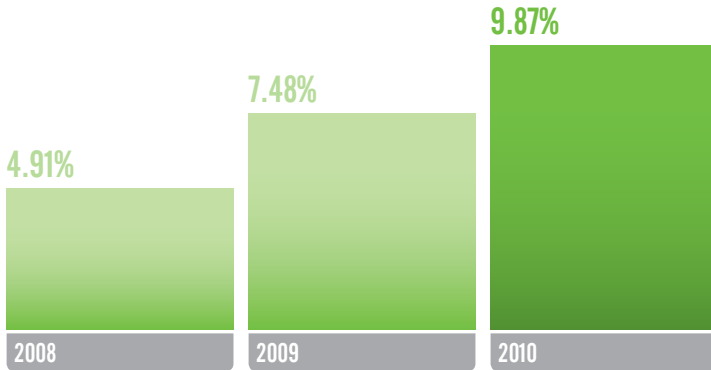
Dynamics of Ameriabank's Assets and Liabilities, in USD thousand



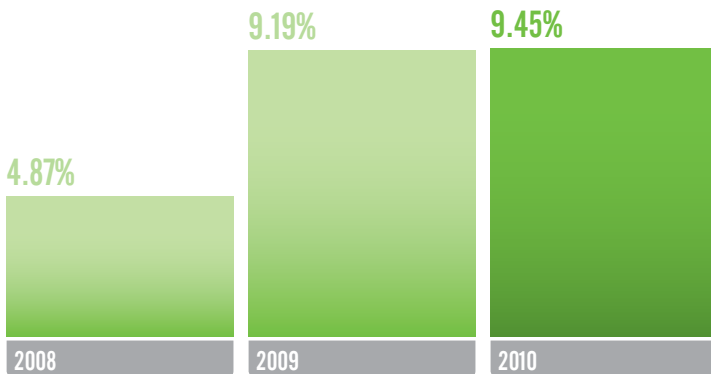
Ameriabank's share in Armenian banking sector by assets, %



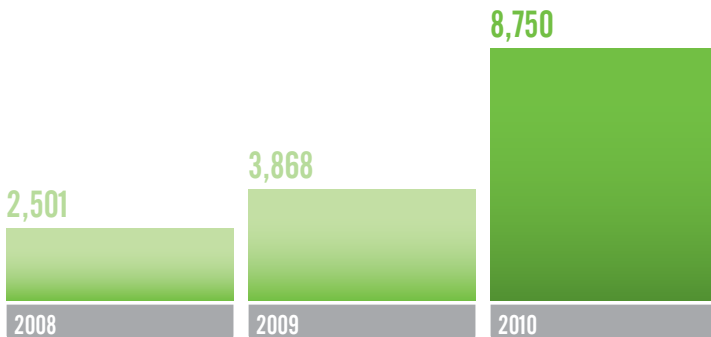
Ameriabank's share in Armenian banking sector by credit investments, %



Ameriabank's share in Armenian banking sector by liabilities to clients, %



Dynamics of Ameriabank's profit, in USD thousand



1910

CULTURAL PROGRESS

The first decades of 20th century may be called decades of revolutions: revolutions in science and arts shaping the modern portrait of the world.

In the first decade of 20th century “movie madness” captured the entire world, especially America. The film industry was moving forward at a furious pace. Thousand of films were shot and generated fabulous revenues. The pioneer of filmmaking, whose inventions triggered the boom, was Tom Edison who back in 1891 invented kinetoscope, a device showing photos in motion. It was the kinetoscope that inspired the brothers Lumiere and Louis Auguste to invent cinematography. The first film show was in December of 1895 in Capuchin Boulevard, Paris. One hundred years ago, on March 10, 1910, the first film was shot in the well known district of Los Angeles, in Hollywood. The silent film was called “In Old California” and it was directed by D.W.Griffith.

ACHIEVEMENTS IN LIFE

In the 1910s inventors worked on making new devices and mechanisms which entirely changed our life.

In 1910 Georges Claude, a French chemist invented the neon gas lamp making

Financial Achievements of AMERIABANK*

Indicators	31/12/10	31/12/09**
ASSETS		
- in AMD million	152,988	103,238
- in USD thousand	420,944	273,196
Market share***	9.76%	7.69%
Position in the banking system***	2	6
LIABILITIES		
- in AMD million	121,000	81,491
- in USD thousand	332,931	215,647
Market share***	9.77%	7.71%
Position in the banking system***	2	6
CREDIT INVESTMENTS		
- in AMD million	90,615	54,072
- in USD thousand	249,326	143,089
Market share***	9.87%	7.48%
Position in the banking system***	2	6
Share of NPL in loan portfolio	0.21%	0.12%
LIABILITIES TO CLIENTS		
- in AMD million	67,588	62,021
- in USD thousand	185,968	164,125
Market share***	9.45%	9.19%
Position in the banking market***	3	4
PROFIT		
- in AMD million	3,180	1,462
- in USD thousand	8,750	3,868
Market share***	8.51%	10.49%
Position in the banking system***	4	3
TOTAL CAPITAL		
- in AMD million	31,987	21,747
- in USD thousand	88,013	57,549
Market share***	9.73%	7.59%
Position in the banking system***	2	4

* hereinafter, all indicators in dollar equivalent are calculated at the exchange rate as of the end of relevant reporting period; for instance, 2009 – USD 1=AMD 377.89, 2010 – USD 1=AMD 363.44.

** without the figures of consolidation with Cascade Bank. The M&A deal between the shareholders of Ameriabank and Cascade Bank was concluded in March, while the final integration with Cascade Bank was accomplished in June 2010.

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

our family Christmas parties bright unforgettable events.

In 1911, Jacques Edvin Brandenberger, a Swiss textile engineer, invented cellophane. Industrial production of cellophane started in 1913 in France. After some refinements cellophane became one of most waterproof types for packaging. To date, without packaging film cellophane, (or its descendents, Dacron and polyethylene) it is hard to imagine any of our purchases.

In 1913 Gideon Sundback, a Swedish-born engineer, invented the first zipper design which was immediately put to use in the US Navy and conquered the world of clothes and fashion as a primary requirement.

In the same year the first modern crossword puzzle, invented by Arthur Wynne, was published in the New York World weekly. Today practically every newspaper in the world cannot do without such puzzles with some of them mostly specializing in them.

In 1917 Ormand Wall, an American dentist, sold his first electrical windshield wiper which became an important part of safe driving by improving the view for the driver in adverse weather conditions. Now all modern cars are equipped with electric windshield wipers.

Starting 1918, the first Kelvinator refrigerators appeared in the kitchens of wealthy families (ice-boxes for keeping fresh food cool, they are the predecessors of modern refrigerators). The National Refrigeration Company of Spartanburg, SC, was the latest company to buy the

Bank's Achievements in the area of developing relations with clients and new products

- **Bank's client base increased almost twice**, we actively cooperate with 45 enterprises out of the 100 Armenian largest taxpayers;
- Deposit base of individuals has been expanding, **with an increase of term deposits as much as twice**;
- Initiated the issuance and service of **VISA Platinum** and **MASTERCARD Platinum** cards, along with special benefit package, including IAPA discount cards, travel insurance, Priority Pass;
- Started **a new project for legal entities – non-recourse classic factoring** under a simplified procedure and predefined list of debtors as well as financing services;
- The Bank has designed **special loan products for small and medium-sized businesses**;
- The Bank **has raised credit funds at USD 127 million from international financial institutions**;
- The Bank opened **Ameria Premium Hall** for clients with Premium status, introduced a package of premium banking, including Ameria Premium club card, special tariff plan and a set of relevant services;
- The Bank launched a new (seventh) branch in Dilijan city, thus enlarging its branch network.

Achievements in Technological Solutions and Infrastructure

- Creation of all required technological infrastructure to insure **the flawless integration of Cascade Bank with Ameriabank**;
- **Dynamic expansion and creation of one of largest ATM networks** in Armenia, increasing its number to 64;
- Ultimate introduction of automated **System of Clientele Relationship Management** (Terrasoft CRM), whose pilot operation was launched in 2009;
- Finalization of the activities aimed at switching to the **REUTERS DEALING 3000 system**, along with receipt of a REUTERS – AMER code;
- Receipt of Bloomberg Dealing Code – ABTR – in the **Bloomberg system**, allowing negotiations and conclusion of contracts with counter agents through Bloomberg terminals.

Achievements of Dream Team

- Smooth integration of staff of the two banks – Ameriabank and Cascade Bank, **merger of corporate cultures of the two banks, enlargement of advanced technology for business management**.
- **Expansion of the compensation package** – introduction of a system of health insurance for all employees of the Group, bonus payment to employees based on 2009 performance, preferential package of services for Bank employees.

Kelvinator division of one of the largest US companies manufacturing household appliances, the Frigidaire Company. It still manufactures refrigerators for industrial and scientific purposes under the Kelvinator National Refrigeration trademark.

During the same year the first attempt of introducing electronic money when the Federal Reserve of America transferred currency via telegraph. Since then, various systems were developed to maintain a detailed record of all financial transactions and a credit status of all of us. The availability of these details enables electronic money to work due to the high accessibility of required data. The idea was so incredible for consumers that electronic money transfers became popular only after 1972.

SCIENTIFIC BREAKTHROUGH

In 1915-1916 Albert Einstein proposed the general theory of relativity which currently is accepted as the most successful gravitation theory and has been validated with extraordinary accuracy.

In 1919 the first airline links were established between London and Paris. Captain John Alcock and Lieutenant Arthur Brown in a modified Vickers Vimy made the first nonstop aerial crossing of the Atlantic Ocean. The British fliers gained worldwide fame in spite of the fact that the record holding aircraft crashed in a landing accident in Ireland.

1920's 2010

Justice is a machine that, when someone has once given it the starting push, rolls on of itself.

*John Galsworthy
English writer*

*Poghosyan Anna
Operational Department (Back Office) /
Customer Transaction Record-Keeping Unit*





America is lawfully supposed to be the birthplace of the first sewing machine. In 1851 Isaac Singer, a mechanical engineer, inventor and entrepreneur and even an actor together with Edward Clark founded the “I.M. Singer and Co.” partnership and the first sewing machine production factory in New Jersey. The word “Singer” has started to symbolize a sewing machine. A famous Indian philosopher and public figure Mahatma Gandhi called “Singer” “one of the rare useful things ever invented by mankind”. In 1896 at the very peak of its fame the Singer Manufacturing Company (its official name since 1863) entered the Russian market establishing its’ own mechanical factory in Podolsk. After the revolution sewing machine production was suspended and only in 1924 the factory resumed its operations and started producing the first Soviet sewing machines.





Who We Are

Overview Ameria Group

Ameria Group is one of the pioneers and most aggressive by developing financial and advisory companies in the local market. The Group offers a wide range of investment banking and professional consulting services.

The foundation of the Group was formed back in 1998 when Ameria, one of the first Armenian companies engaged in professional advisory services was established to amalgamate the dedicated work of young promising experts of the local market. In 2001, Ameria Invest was founded to be one of the pioneers in the asset management market. In 2007, Ameria together with TDA Holdings began active advancement in the developing financial market of Armenia.

The most important achievement of the mentioned partnership became the acquisition of majority interest of Armimpexbank by TDA Holdings Limited in August 2007. As a result, in 2008 Armimpexbank was renamed to Ameriabank. With this acquisition the Bank stepped into a new stage of development with a new strategy and new management principles.

Along with building and amalgamating companies under the Ameria brand name and drawing a clear cut distinction between; corporate, retail and investment banking, asset management and direct investments, with all partner companies in 2009 being consolidated into an integrated structure – Ameria Group.

In 2009 another company, Ameria Equity Partners, was established to provide investment solutions and private capital services.

The year 2010 was marked by reinforcement of the Group with a new Property Development Company CJSC founded late in 2007. In April 2010 it became a member of the Ameria Group of Companies. Property Development Company specializes in management and development of the real estate market.

The consolidation of Ameria is believed to be one of the first experiences in Armenia to build a large financial group with a unique corporate culture and up-to-date methods of business management. The list of services rendered by all the companies of the Group is a base for fundamental financial and management support to clients. Thus the Group contributes to the overall development of the Armenian economy, implanting the culture of business management under severe competition and global millennium challenges.



Historical Milestones

HISTORICAL EVENTS AND TRADITIONS AS INSPIRATION TOOLS

1910

In 1910, the building the Erivan branch of Tiflis Trade Bank was erected on Ter-Ghukasov street across from the Russian Orthodox church. The bank was established in 1871 in Tiflis by well known Armenian capitalists, while its Erivan branch was founded in 1895.

The bank on the Cathedral square across from the Orthodox church organically matched the harmonious ensemble of early 20th century.

1920

The decade is known as the “Roaring Twenties”, “Mad Twenties” or “Golden Twenties”. The decade following the period of great temptations and shocks had so many names characteristic to it. Any of these adjectives emphasized the nature of the period with its extraordinary human energy, high hopes among people having experienced World War I and striving to live a full life, to enjoy it, as if everyone knew deep inside that very soon the world would get into trouble.

At the end of the decade, on October 24, 1929, the U.S. stock market crashed. The shares of the soundest companies whose prices had been continuously going up all of a sudden started to dramatically decline. That very day is known as Black Thursday. It was followed by Black Monday and Black Tuesday. Within only a week of stock exchange panic, the market lost more money than the U.S. Government spent during World War I.

CULTURAL AND SPORTS PROGRESS

The decade of 1920s was known as a period of changes in the history of mankind. World War I had a huge impact on the formation of fashion of 20th century and drew a clear borderline between the ideas, fashion and style of 19th and 20th

1916

The Tiflis Trade bank was renamed to Caucasian bank. Subsequently, the Erivan branch of Tiflis bank was renamed to Erivan branch of Caucasian bank. Since 1916, the operations of the Erivan branch of Caucasian bank had been essentially enlarged to execute some 50 operations.

Started 1917, the number of depositors was rapidly growing. Thus, if in 1917 their number was 427, in 1919 it totaled 440 basically owing to the attraction of legal entities.

Archived documents illustrate that the monetary resources flew to Armenia basically through the Erivan branch of Caucasian bank.

1920

The Erivan branch of Caucasian bank was nationalized by the Decree of the Revolutionary Committee dated December 18, 1920. Starting in February 1921 through March 1922, the building of the former Caucasian bank was used by the Armenian Telegraph Agency (Arment). On March 24, 1922, the Armenian State Bank relocated to the building.

1924

Incorporation of Communal bank of Armenia. The bank started its operations on May 1, 1924 at 2 Nalbandyan street (formerly Ter-Ghukasov street).

The basic operations of the Communal bank of Armenia covered financing; local state owned, cooperative and private enterprises, the local community and residential housing.

1926

In February 1926, People's Commissariat of Finance of Trans-Caucasian SFSR authorized communal banks to accept taxes and dues.

1959

Since August 1959 the Armenian branch of Sroybank had started executing operations in settlement accounts of enterprises and organizations of the Communal Bank, continuing its activities in the historical building at 2 Nalbandyan street.

1974

Armenian branch of Vneshtorgbank of the former USSR was founded to operate at 2 Nalbandyan street.

1988

Establishment of the Republican branch of Vnesheconombank, which started implementing agent functions in attracting export credits by joint ventures operating in the territory of the Soviet Union. The USSR Vnesheconombank was empowered to extend loans in foreign currency immediately to enterprises and organizations.

1992

Republican branch of USSR Vnesheconombank was reorganized into state Armimpexbank (Armenian Import-Export Bank) CJSC.

centuries. The golden 1920s were marked by the Charleston and jazz, Eton crop, red lips, free love and cigarettes, birth control and short skirts and the Great Depression. These are the features of the 1920s that come quickly to the minds of people when they think of this period. But in fact, the mad twenties lasted only 5 years from 1924 to 1929.

In music, the decade of 1920s marked the rise of the Jazz Age. The youth of 1920s wanted to forget the war and enjoy life. Even Prohibition, the national ban on sale, manufacture and transportation of alcohol would not be a big problem for them. In fact, its use increased due to speakeasies, the underground bars which illegally sold alcoholic beverages during the Prohibition period. Illegal bars had had a positive impact on the popularization of jazz music since their customers got exposed to the music while going to underground bars for fun and alcoholic beverages. Most of these bars were controlled by criminal organizations with such renowned figures as Al Capone whose criminal organization illegally imported alcohol from Canada or made alcoholic drinks of their own.

The underground music which had originated in New Orleans gradually stepped out of the bars and became a national mania. For the first time in U.S. history the "culture of the street" became widely popular in the country. Having been born in the black ghetto of Chicago almost a century earlier, jazz music got embedded into the modern musical culture and the hearts of jazz fans. Musicians such as George Gershwin, Louis Armstrong, Oliver

1995 Attraction of foreign capital: majority interest was acquired by Computron Industries Establishment.

1998 The major shareholder took a decision to limit lending operations due to their high risk exposure and Armimpexbank started gradually losing its positions as a leading bank in the country. The Bank was continuously changing its orientation reducing the scope of serviced clients and focusing on corporate businesses.

Main Stages of New History of Ameriabank and Its Dynamic Development

STRIVING TO SET TRADITIONS FOR INNOVATIONS AND LEADERSHIP

Within the events arranged for celebration of its 100th anniversary, the Bank declared its motto: “100 years is just the beginning”. Ameriabank considered and reviewed its development trend from the standpoint of its 100-year history – the history not only of its predecessors, but also banks located in the same building where Ameriabank started its operations and where Kentron branch of the bank operates now.

2007 Shift in shareholding – acquisition of the majority interest of Armimpexbank by TDA Holdings Limited

2008
23 May Armimpexbank CJSC renamed into Ameriabank CJSC

TDA Holdings Limited increased Ameriabank’s charter capital by AMD 16.2 billion bringing it up to AMD 18.2 billion

July Ameriabank became a principal member of Visa International

October Ameriabank became a member of Armenian Stock Exchange (ASE)

November The first branch in Stepanakert (NKR) opened

King, Duke Ellington, Charlie Parker, Dizzy Gillespie, Benny Goodman, Miles Davis, John Coltrane and many others became widely popular. If compared with the classical music age – 100 years which is not a very long period, still jazz progressed too fast, moving forward simultaneously with the enthusiasm of its fans and the high speed of XX century.

In 1921 R.U.R., Rossum’s Universal Robots by Karel Capek, was premiered at the National Theatre in Prague, the capital of Czechoslovakia. It was the first time the word “robot” was used to mean an artificial man. Capek invented the word using the Czech word meaning “forced labor”, “routine work”, “enslavement of labor”. Later the play was staged in New York in English language and the word “Robot” immediately came into common use (the word “robot” was introduced into English language 1923). The robots in Capek’s play are not mechanical men made of metal but are made of chemical paste and look like human beings. The story and the staged play explore the theme which later became the key products of science fiction on robots,

In 1923, Walt Disney moved to Los Angeles where, together with his brother Roy, founded The Walt Disney Company as a small animation studio. On March 1, 1924 Walt Disney released his first feature film called “Alice’s Day at Sea” based on the heroes of “Alice in Wonderland” by Lewis Carroll.

The first short story collection “Hercule Poirot” of Agatha Mary Clarissa, Lady

2009

January	Initiation of issuance and service of VISA international cards
April	Certification of compliance with new version of ISO 9001:2008 international quality management standard
July	Agreement signed with International Finance Corporation (IFC) under the Global Trade Finance Program (GTFP)
July	Official web page of Ameriabank opened in Bloomberg international system
July	New branch of Ameriabank opened in Kajaran (Syunik marz of Armenia)
October	New service of internet banking Online Ameriabank introduced
November	New building of Ameriabank's Head office opened
December	Launch of new projects: financing of renewable energy and SMEs
December	Agreement signed with FMO/DEG on attraction of USD 30 million for expansion of financing of small and medium sized businesses on competitive terms for the Armenian market

2010

February	Bank's Dilijan branch opened in Dilijan city
March	Purchase Order Financing Program launched under the Program of Financial System Stabilization implemented by USAID
March	On March 26, 2010, received a status of Agent on medium and long-term government (treasury) coupon bonds of the RA
March	Agreement signed between shareholders of Ameriabank and Cascade Bank on sale of shares of Cascade Bank and the merger of the banks. In May, pursuant to resolution of extraordinary meeting of shareholders of Cascade Bank, the banks were reorganized through takeover of Cascade Bank CJSC by Ameriabank CJSC.
April	The Bank offered a unique, Structured deposit, service for the local market tailored for both legal entities and individuals

Mallowan more commonly known as Agatha Christy, was published in March 1924 in Great Britain by Bodley Head publishing house. The collection comprised 11 short stories of a well-known eccentric detective, Hercule Poirot, who solves a lot of mysteries linked to human greediness, jealousy and revenge. Today Agatha Christy is one the bestselling authors of all time (after the Bible and Shakespeare).

International Winter Sports Week in Chamonix (France) was held in early 1924 under the patronage of the International Olympic Committee. The contests were not originally called the Olympic Games, but the popularity of the sports event was so high that the week became known as the first Winter Olympic Games. Thus, Winter Olympic Games became a permanent Olympic fixture from 1924. Some winter games were added to the summer Olympics in 1908 and 1920. Earlier summer and winter Olympics were held the same year, while since 1994 they are held at equal intervals (2 years).

Starting 1926, Warner Bros. Entertainment, Inc, one of the largest American film producing companies, at the urging of Sam Warner, agreed to expand its operations into the production of films with synchronized sound (then known as "talking pictures" or "talkies"). In 1926 Warner Brothers released the feature film, Don Juan, with sound effects. In 1927 "The jazz singer" was released with synchronized dialogue. The film became sensational and heralded eventual end of the silent film era.

May	On May 15, 2010, agreement signed with EBRD under Trade Facilitation Program
May	On May 24, 2010 RA Central Bank registered Cascade CJSC branch of Ameriabank
June	On June 25, 2010 RA Central Bank registered Komitas CJSC branch of Ameriabank
July	On July 27, 2010 an award of Commerzbank for high quality international operations granted to the Bank based on 2009 performance
November	The Bank submitted a new scheme of factoring financing, classic factoring
December	Recognition of Ameriabank as the Best Bank of Armenia in 2010 awarded by the Banker magazine of Financial Times
December	Ameriabank offered an America Premium service package ensuring a new quality level of servicing
December	Agreement signed between Eurasian Development Bank and Ameriabank CJSC on granting a line of credit at USD 30 million for financing small and medium-sized businesses of Armenia

Partners

TROIKA DIALOG

Ameriabank's indisputable advantage is the permanent technical and conceptual support supplied by its strategic partner, the Troika Dialog Group, which is one of the largest and most reputable Russian investment companies.

The core areas of company's activities are trade in securities, investment and banking services, trust management, direct and venture investments, private investments and financing. During two subsequent years Troika Dialog has been the strategic partner of the World Economic Forum in Davos.

In 2010, Troika Dialog took part in a number of the largest projects of state and international importance. Troika Dialog has repeatedly won HR Brand of the Year awards in the Finance category. In 2010, the Company became the Best Company Employer 2010 in nomination: Company best enhancing employees' professionalism. Troika Dialog's unique experience, knowledge, technical and methodical recommendations are an invaluable contribution to high reputation of the Bank, of which we are all proud of.

ACHIEVEMENTS IN LIFE

In 1921 the legendary Russian and French perfumer Ernest Beaux created the world's most famous Chanel No. 5 perfume.

According to the legend, Coco Chanel asked Mr. Beaux to create "an artificial feminine scent, that smells a woman", stressing that under "synthetic" scent, she meant developing new manmade fragrance oils. As a result, Coco Chanel chose from among the ten fragrances made by Mr. Beaux the fifth one since she was convinced that the number 5 was a lucky number for her. Ernest Beaux, the former Russian court perfumer, fled from Russia after the revolution and became the first perfume chemist to start developing synthetic perfumes, using aldehydes to enhance the fragrance of natural ingredients.

In 1921, John Larsen, a University of California medical student, invented the modern lie detector (polygraph). The machine invented by him recorded blood pressure, pulse and perspiration. The machine has been used in police interrogation and investigation since 1924. The lie detector is still controversial among psychologist and is not always judicially accepted.

In 1922 a chance observation gave John Harwood, an English watchmaker, a decisive idea. Children playing on a see-saw gave him the idea for his legendary "self-winding mechanism".

Harwood had a vision of a new, more reliable wristwatch. Recognizing that dust

FMO AND DEG

The Bank has been cooperating with FMO and DEG since 2009 which resulted in funds raised for financing small and medium-sized businesses and renewable energy (small hydro plants). This cooperation allowed the bank to expand the scale of financing of SMEs and the renewable energy sector which are top priorities in the bank's lending policy. In 2010, the cooperation expanded to cover other areas. The Bank attracted and implemented debt financing at USD 30 million of which USD 20 million was directed to financing of small and medium-sized businesses, while a sum of USD 10 million was targeted to financing of companies engaged in renewable energy sector.

FMO – the Netherlands Development Fund (Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.) is the international development bank of the Netherlands. FMO invests venture capital in companies and financial institutions of developing countries. FMO's mission is to build successful enterprises and financial institutions capable of propelling the dynamic growth of a country economy.

DEG – German Investment and Development Corporation (Deutsche Investitions und Entwicklungsgesellschaft mbH) is a part of KfW Bankengruppe; its basic activities are targeted at financing private companies in developing and transition economies. As one of the largest European finance institutions, DEG supports structures of private business in making investments for steadfast economic growth and improvement of living standard.

EBRD

The bank closely cooperates with the **European Bank for Reconstruction and Development**. In 2009, the bank reached an agreement on raising funds for financing large businesses (Medium-Sized Loan Co-Financing Facility, MCFF) and implementation of a SME and trade co-financing program. In the first half of 2010, EBRD provided Ameriabank with a line of credit at USD 10 million for crediting local companies under MCFF program. For development of trade finance, EBRD issued a guarantee at USD 2 million. **The total amount provided by EBRD to Ameriabank reached approximately USD 25 million.**

EBRD is the largest international financial institution set up to promote the market economy in the countries with transition economies. Since the first days of its operations in Armenia, EBRD has implemented 96 programs in financial, corporate, energy sectors, as well as infrastructure development projects totaling over EUR 400 million.

IFC

Cooperation with the **International Finance Corporation (IFC)** boosted the bank's opportunities for financing the renewable energy sector (programs of financing small hydro plants), and development of trade finance facilities. Ameriabank became IFC's client in 2009. In the framework of cooperation IFC has increased to USD 20 million the guarantee issued to Ameriabank for international trade finance and approved a loan at USD 15million for financing in the renewable energy sector (construction of small hydro plants). **Total amount of funds provided by IFC to Ameriabank reached USD 35 million.**

International Finance Corporation – a member of the World Bank Group. Armenia became an IFC member in 1995. IFC has been investing in Armenia since 2000 to support financial structure, small retailers and hotel industry. It has also implemented advisory projects to improve

and dampness were decisive factors leading to most wrist watches inaccuracy and functional problems, Harwood looked to develop a watch with a winding mechanism inside the watch. This would eliminate the need for an opening in the case for the winding shaft. On 16th October 1923, John Harwood registered his invention at the Federal Office for Intellectual Property of the Swiss Confederation at Berne. On September 1, 1924 he was issued with patent No. 10 65 83 for this pioneering invention. In 1926, Fortis released the first self-winding wristwatch, the patented Harwood Automatic.

In 1929, Adolf Rambold released the first tea bag in its modern form. Like many other genius inventions, the tea bag was invented by mere chance. Tea and coffee shop merchant Thomas Sullivan of New York did not try to invent a new technology of tea making, he just tried to cut the costs. In 1904 he realized that he could save more money by sending loose tea in small silk sacks (instead of costly tins, which was what most merchants used at the time). The quick and easy clean-up of the leaves (due to the fact that they were still contained in the silk bag) made it enticingly convenient. Thus, the new technology was completed by Salivan's potential customers who thought that they were offered a better tea making technology and began ordering more of such individual teabags.

business-environment and strengthen financial stability in the country. IFC has invested USD 110 million in Armenia under 24 programs of promoting financial markets as well as production, energy and mining industries.

EURASIAN DEVELOPMENT BANK (EDB)

In 2010, the bank started closely cooperating with the Eurasian Development Bank, which made it possible to enlarge its opportunities of financing small and medium-sized businesses. In December 2010, the Eurasian Development Bank and Ameriabank signed an Agreement on allocation of **a line of credit at USD 30 million for financing small and medium-sized enterprises** in Armenia. The funds have been appropriated under the current “Program of Supporting SMEs by Granting Earmarked Lines of Credit to Financial Institutions”. The Eurasian Development Bank is an international financial institution founded by Russia and Kazakhstan in January 2006. The Bank has a membership of 5 countries, including the Russian Federation, Republic of Kazakhstan, Republic of Armenia, Republic of Tajikistan and Republic of Belarus. EDB’s charter capital is over USD 1.5 billion.

On April 27, 2010 the Armenian Government and Eurasian Development Bank signed an Agreement on terms of bank’s operations in Armenia through its representation office opened in Armenia.

SCIENTIFIC BREAKTHROUGH

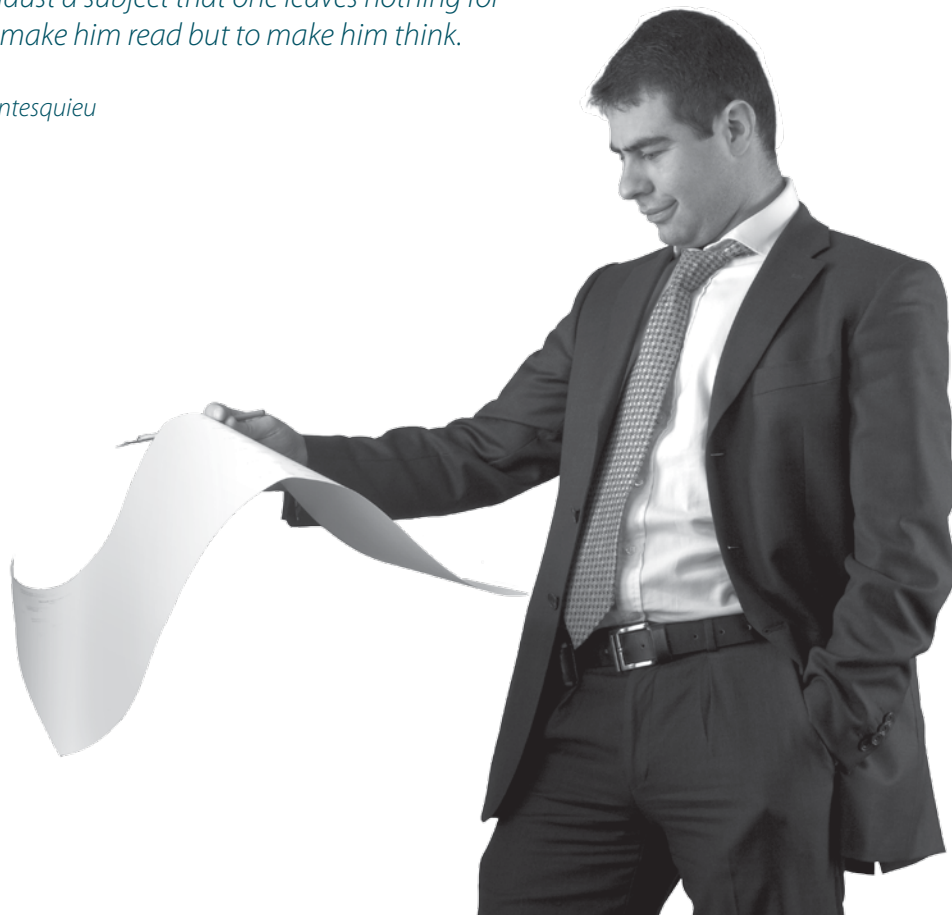
On November 4, 1922 Howard Carter (9 May 1874 – 2 March 1939), an English archaeologist and Egyptologist, discovered the tomb of Tutankhamun by far the best preserved and most intact pharaohs tomb ever found in the Valley of the Kings. Howard Carter’s excavations raised interest in archeology in general and Ancient Egypt in particular. The discovery of the tomb of Tutankhamun is one of the greatest archaeological discoveries of all time.

In 1922 Neils Bohr – the Danish professor of theoretical physics, one of the developers of modern physics, was awarded a Nobel prize in recognition of his work on the structure of atoms and also for work on radiation. He gave a lecture on the work for which he was awarded the Prize on 11 December 1922 in Stockholm. Thus, delivering his ‘Atoms structure’ lecture in Stockholm on 11 December 1922, Bohr summed up his 10 year work in that sphere. This lecture put the start of quantum physics.

1930's 2010

It is not necessary always to so exhaust a subject that one leaves nothing for the reader to do. The task is not to make him read but to make him think.

*Charles-Louis de Secondat, Baron de Montesquieu
French writer, lawyer and philosopher*





In 1938 Hungarian journalist Laszlo Josef Biro invented the first ballpoint pen. While working as a journalist in Hungary he often visited the printing house and noticed that the ink used in newspaper dried quickly, leaving the paper dry and smudge free. It drove him to the thought – why isn't it possible to fill an ink cartridge with special ink drying as fast as the printing ink? Then writing would become much more pleasant. The journalist realized that the ink must be possibly thick. In this case the flow would be stuck in the channels of a usual pen. That would mean inventing a different pen type. Having consulted with his brother Biro, an experienced chemist, he developed a new freely rotating ball tip. Thus, the first tried sample of ballpoint pen was invented in 1938.





Our Philosophy

Mission and Philosophy

Our mission is to strive for:

- Leadership and dynamic development in Armenia and in the region as a financial and advisory group committed to long term dynamic development of the country's economy;
- Being client oriented and a reliable partner with a full package of financial, banking and advisory services;
- Innovations based on the best international practice in financial and advisory services, business processes and technologies;
- Building a Dream Team of qualified and efficient staff members.

The key concept of our philosophy hinges on the understanding that the welfare of each member of the society is the base for the welfare of the entire society.

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

In our work we insist on long term vision of all, including short-term projects implemented by us in terms of insuring future stability and efficiency of the entire Group and our clients.

To achieve maximum transparency in client relationship, we are guided by the following principles:

- Integrated approach,
- Individual solutions for each client,
- Trust and reliability,
- High quality service.

Following the principles of innovations and leadership, we familiarize our partners and clients with global trends and developments thus creating new opportunities for their quality enhancement and achievement of goals, as well as conquering regional and international markets.

We unite experienced, purposeful and qualified professionals dedicated to their work and teams that create an innovative, dynamic and continuously developing environment for daring and forward looking individuals, companies and organizations that are determined to be winners.

We fully believe that team work is the gateway to efficient performance. We strive to create an environment which would encourage each member of the Dream Team to adhere to his work duties and perform them with true commitment, as well as to respect our partners, focus on the performance outcomes and apply much effort and skills for achieving the most efficient performance.

Strategy

Bank's leadership not only in terms of financials, but also in terms of reliability, progressiveness, brand awareness and good reputation – these are the impetus for our efficient activities driving us to go forward, as well as always keep them as a part of our strategy.

Qualities deemed of paramount importance in our activities are as follows:

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

The analysts and consultants of the Group have developed a deep understanding of not only Armenian market conditions and realities, but also of key social and economic factors affecting the businesses in the region.

With consideration of all inclusive expert and research based understanding of the global, regional and local markets, Ameria Group of Companies strives to balance the interests of all stakeholders of the Group, including clients, shareholders, employees and partners. The strategy is implemented with consideration of additional factors emerging as a result of the changing macroeconomic environment.

Based on the above-mentioned facts, top priorities for the Group are:

- Restructuring of the Bank's specialization moving from the corporate clientele and

1930

Economy is booming, stock market reaches the highest ever level. People buy shares, make investments in square meters, and borrow money! The nation is marching along a permanently high plateau of prosperity”, - wrote one of the founders of neoclassical economics, Irving Fisher

However, the optimism and financial gains of the great bull market were shattered on “Black Thursday”, October 24, 1929, when share prices on the New York Stock Exchange (NYSE) collapsed. Stock prices plummeted on that day, and continued to fall at an unprecedented rate for a full month that led to the Great Depression. This sharp decline, at first, did not have any external manifestations. Winston Churchill, having visited the U.S. in 1929, was surprised by the peace at the stock exchange. Brokers were prohibited from running and raising their voices. As Churchill would say, “they were wandering as disturbed ants in a slow-motion film offering each other huge packages of shares for one third of their previous price”. But a few days later Sir Winston Churchill wrote in his diary: “Under my very window a gentleman cast himself down fifteen stories and was dashed to pieces, causing a wild commotion and the arrival of the fire brigade.” This suicide was only the starting point. During the next few weeks suicides happened all around the country. They didn't necessarily involve jumping out the

- investment area to universal financial and banking organization for the public at large,
- Enhancement of financial efficiency through further diversification of areas of operations and client base,
- Ensuring steadfast growth,
- Expansion of operations in foreign markets and formation of relevant prerequisites,
- Development of new financial solutions, introduction of new banking technology, new products and upgrading of financial infrastructure,
- Enhancement of service quality, its harmonization with internationally accepted standards,
- Strengthening the competitive position of the Bank, setting a firm basis for its further intensive and extensive growth.

Values

TRUST AND SATISFACTION OF CLIENTS

The cornerstone of our activities is insuring high quality of servicing, reliability and transparency. In order to achieve these goals, a quality management system complying with ISO 9001-2008 international standard has been introduced in the Bank in 2009 and is continuously being upgraded.

DREAM TEAM: UNITY, LOYALTY AND PROFESSIONALISM

Each employee is a professional who is keen on working in a team to jointly cope with all difficulties and create a new world and new business environment themselves as well as being proud of the achieved results.

BRAND

Owing to creativity of professional employees, shareholders, partners, the brand of Ameria Group within a relatively short period of time has acquired a new quality the underlying factor of which is our efficiency, investments, social position and role in the Armenian market.

WE AND THE SOCIETY

We are sure that our efficient performance and drive will enhance public welfare. We believe that each individual must and can change the world for the better. Therefore, Ameria Group is also responsible for its contribution to the development of Armenia's social and economic life.

window, and for the most part didn't take place immediately following the crash. After a year, the streets of large American cities once lit with electric lighting plunged into darkness.

CULTURAL PROGRESS

The era of 1930s was not only an era of the Great Depression but also an era of the best clothing style. The global crash affected the fashion world and it made the style softer, more feminine and replaced the boyish, flapper look of the twenties. Thrift became the spirit of the day. Tailoring was back, with well-fitting, well-cut suits and dresses. Unpretentious, elegant suits, real grace were the elements of the day. At the same time, there was always some improvisation.

In 1931 Salvador Dali painted one of his most mysterious pieces "Persistence of Memory". The painting is at Modern Art Museum in New York from 1934. The painting is also known as Soft watch, Hard Memory. In spite of its small size (24x33 cm) it is one of the most famous works of the artist. The image of the hanging and flowing down watches' softness is the exact symbol doubting the belief in the natural usual flow of time, better than any, even most unbelievable distortion, That image penetrates into the subconsciousness thus moving the human universal experience of time and memory.

On April 26, 1937 in their effort to help General Franco's Nationalists win the Spanish Civil War, German and Italian

INNOVATION AND EXPERIENCE

We build culture and traditions of financial intermediary activities through ongoing analysis, consolidation and effective use of daily experience acquired in the local and international markets. We were the first to introduce a number of new products in the Armenian market creating a precedent for development of new areas and solutions for clients in the country.

LEADERSHIP

Leadership implies not only championship in terms of financials but also innovation spirit, capability of developing local financial market and adherence to social responsibility both toward the employees, clients, partners and the public .

Corporate Social Responsibility

Corporate social responsibility being an important factor for the success of any company implies assumptions of a certain degree of social responsibility by the Group.

The scope of our interests covers enhancement of the quality of life, development of culture and retention of national heritage. The Group's projects include sponsoring and charity activities that are not just an attempt to follow modern trends but a natural need of the people working in the Group to contribute to its success.

In 2010 Ameria Group of Companies expanded the scope of its programs targeted at enhancement of the social and economic life of the Republic of Armenia, familiarization with the world culture, helping those in need - to name a few.

Among the largest social projects implemented by the bank in 2010 are:

CULTURE

We continued the practice set in 2009 of inviting world renowned artists to Armenia. In 2010, initiating One Hundred Surprises project within the program of celebration of 100th anniversary, Ameriabank started with a concert of one of the most successful artists in the music business – the blues-rock legend Joe Cocker. Joe Cocker performed his hits on October 26, 2010.

Prior to it, Ameriabank sponsored the concert of the famous rock musician Ian Anderson with legendary Jethro Tull within the number of concerts arranged in Armenia in the frame of the Rock against Genocide festival.

Ameriabank will continue the tradition of inviting great artists to Armenia.

bombers attack the small Basque town of Guernica. They bombed the market during rush hours and destroyed the small town, killing one third of its population. The bombing has often been considered one of the first raids in the history of modern military aviation on a defenseless civilian population. The bombing inspired Pablo Picasso's famous anti-war work 'Guernica', depicting the scenes of violence, death and brutality. The painting appealed to convict the Nazis bombings.

On June 6, 1933, the world's first drive-in movie theatre was opened in Pennsauken, N.J. The idea came to Richard M. Hollingshead in 1932. The facility only operated three years, but during that time the concept caught on in other states, so that before the World War II there were more than 100 movie theatres worldwide. Their popularity peaked in 1950s when their number exceeded 4,000.

ACHIEVEMENTS IN LIFE

Modern people get used to certain things without reflecting on their origination. While all of these things had been some time ago invented and made for the first time. The 1930s are known for new food products such as sliced bread and frozen food. The first canned beer, "Krueger Cream Ale," was sold by the Kruger Brewing Company of Richmond, New Arc. The first sample quantity was produced on January 24, 1935.

In 1932 Ole Kirk Christiansen founded his company in Denmark to produce

ASSISTANCE TO CHILDREN WITH HEMATOLOGICAL AND CANCER DISEASES.

If now - in the era of medical progress – health may be bought for money, then one should help those who are most in need for it – the children suffering from cancer and hematological diseases. Ameriabank is in touch with the Give a Life foundation, assisting it in arrangement of various charity events.

In 2010, the management of Ameria Group made the decision to donate the funds traditionally used for New Year gifts, to children suffering from cancer and hematological diseases. In order to provide financial and moral support to children fighting for their lives, late in 2010 Ameria Group organized a charity auction of children’s drawings, putting up for sale a hundred drawings themed One Hundred Years with the Eyes of Children, Give a Life and Armenian Fairy Tale. The authors of the drawings were the pupils of the National Aesthetic Center, F.Nansen boarding school #2, SOS – Children’s Villages Armenian Charity Foundation, Orran non-governmental charity organization and Zatik orphanage. All funds raised at the auction (over USD 52 thousand) were directed to children in need of anti-hematological treatment. Prior to the auction, the Group additionally transferred AMD 3.6 million (around USD 10 thousand) for medical treatment of the children.

Ameria Group intends to support the children further on, cooperating with Give a Life Foundation. All those wishing to join our initiative and donate funds for children with cancer and hematological diseases may transfer their money to the 15700 38410778000 account opened with Ameriabank.

FINANCIAL SUPPORT TO CHILDREN IN NEED AND ORPHANS

Ameriabank continues to cooperate with orphanages, boarding schools for socially vulnerable children. The Bank regularly organizes special events to make children feel like full members of society getting familiarized with the cultural and social life of the country.

The Bank systematically donates to children stationery, toys and books, as well as children’s art supplies since there are talented little artists among them.

100 YEARS – 100 TREES

Proceeding with 100 Surprises campaign, in November 2010 Ameriabank arranged an ecological event: 100 years – 100 trees. Employees of Ameria Group jointly with their family members planted 100 trees in the territory neighboring Saint Sargis church in Nor Nork.

The campaign was implemented with great enthusiasm confirming once again the cohesion of Ameria Group’s Dream Team, its adherence to the common ideas, will and striving of the team to achieve its goals with joint efforts. We can state with full confidence: a 100 years is only the beginning.

stepladders, ironing boards and wooden toys. Kristiansen, a carpenter, began to make wooden toys for his 12 year old son. Back in 1934, the word LEGO first appeared, which is formed from the Danish words “Leg Godt” meaning “play well”. Ironically in Latin Lego means “I study” or “I put together”. Still today LEGO is the name of the company and its products. Back then the company employed 7 people. Several years later on the board of the workshop there appeared a motto created by Ole Kirk: “Only the best is good enough”.

In 1934 at the peak of the Great Depression Charles Darrow (Germantown, Pa., a suburb of Philadelphia) showed his design of the board game Monopoly to the executives at Parker Brothers. But they rejected the game due to “52 design errors”! But Mr. Darrow wasn’t daunted. Like many other Americans, he was unemployed at the time and the game’s exciting promise of fame and fortune inspired him to produce the game on his own. With the help of a friend who was a printer, Mr. Darrow sold 5,000 handmade sets of the MONOPOLY game to a Philadelphia department store. As demand for the game grew, he couldn’t keep up with all the orders and came back to talk to Parker Brothers again. In 1935 the MONOPOLY game became a history. Today about 500 million .people play the game of MONOPOLY!

In 1935 AEG and BASF companies created the first “Magnetophon” reel-to-reel tape recorder.

In 1938 Hungarian journalist Laszlo Josef Biro invented the modern ballpoint pen.

SOCIAL ASSISTANCE TO 100 YEAR OLD RESIDENTS OF YEREVAN

In line with the 100 Surprises campaign a New Year surprise gifts were offered to residents of Yerevan who are 100 years of age.

With the assistance of the Ministry of Labor and Social Affairs having kindly agreed to provide the list of residents of Yerevan reaching the age of 100 years, Ameriabank visited the individuals born in 1910 and residing in Yerevan and congratulated the individuals that lived a century and seen independence of Armenia, on the New Year with special gifts.

HAYASTAN ALL-ARMENIAN FUND

The Bank took part in the traditional annual telethon for raising money by the Pan-Armenian Fund.

The 2010 telethon was themed Water is Life. All the money raised would be used for financing of the rebuilding of the water infrastructure of Karabagh and assistance to programs for upgrading rural areas of Armenia, implementation of large social projects, financial support to newly married couples, organization and sponsoring of concerts of world famous artists.

Ameriabank had its contribution to the development of national projects, rebuilding of infrastructure in Armenia and NKR.

The same 1938 an American inventor and lawyer Chester Carlson conducted his experiments of inventing a paper copying machine in the kitchen of his New York apartment.

SCIENTIFIC BREAKTHROUGH

The 1930s can be called a radioactive era. In 1930 Walther Bothe and Herbert Becker in Germany found that if the very energetic alpha particles emitted from polonium fell on certain light elements, specifically beryllium, an unusual penetrating radiation was produced. Two years later on 18 January, 1932, Irene Joliot-Curie and Frederic Joliot happened to discover that the particles affected by Bothe-Becker rays become radioactive. This is how artificial radioactivity was invented. On February 27, 1931, James Chadwick tested the experiment of Joliot-Curie. As a result, he discovered a previously unknown particle in the atomic nucleus. This particle became known as the neutron because of its lack of an electric charge. This is how Chadwick discovers the existence of neutron which was first conceptualized by Ernest Rutherford back in 1920.

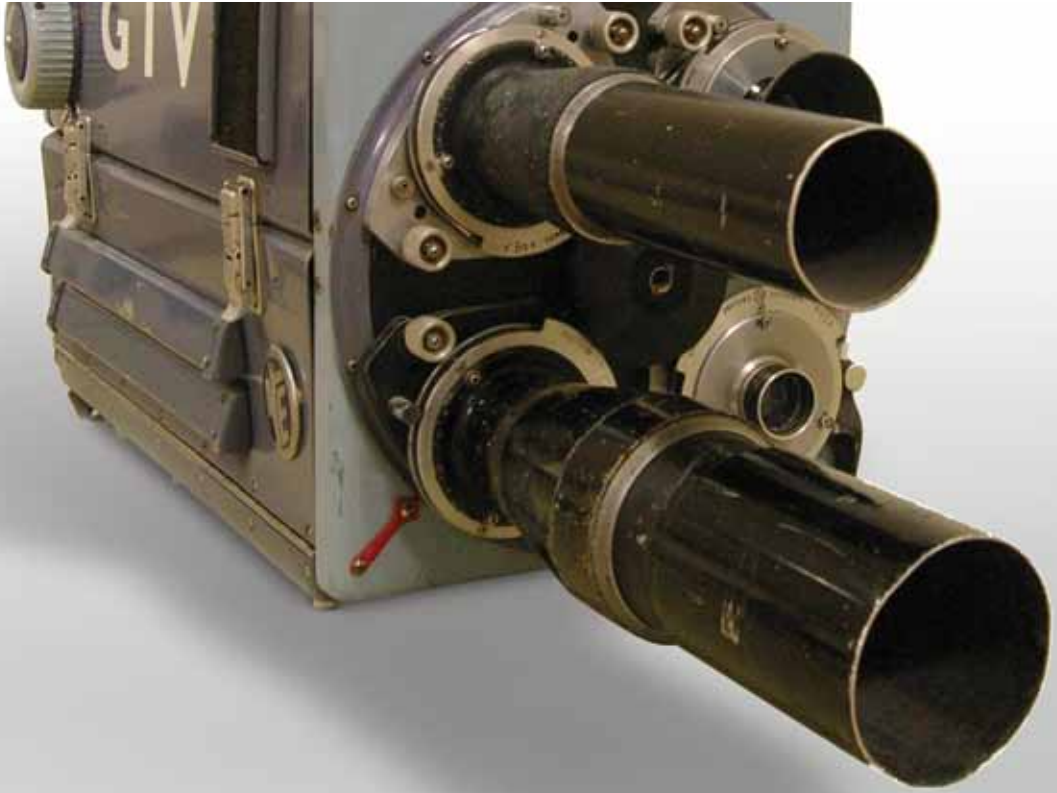
At the end of 1930s physicists proved that affected by neutrons, atomic nucleus is split releasing still more neutrons. This discovery eventually resulted in the bombardment of Hiroshima and Nagasaki, decades of cold war and wide use of radioisotopes in a variety of peaceful scientific areas.

1940's 2010

Photography is truth. The cinema is truth twenty-four times per second.

*Godard, Jean-Luc
French and Swiss film director, actor,
script writer and film producer*





Although the filmmaking devices underwent significant development (progress) within the past 100 years the retention of the universal professional format of the film, 35mm, is a true phenomenon. It was the invention of Thomas Edison, who was the pioneer in the technology of filmmaking. The 35mm standard is considered to be 'the Edison standard'.

During the post war period (end of the 40s and 50s) the Italian (neorealists) and the Japanese (especially films of Akira Kurosawa) film making industries significantly contributed to the development of global filmmaking. The development of color films went much slower than that of sound films. In early 30s it became ethnically possible to produce quality color films while in 1939 in USA one of the most popular color films was produced- "Gone with the Wind". Still only in the 1960-1970s color films steadily prevailed over the black-and-white ones.





Corporate Governance and Risk Management

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

Among the priorities of corporate governance are measures targeted at:

- Efficient protection of investors rights and interests ,
- Professional and ethical responsibility of BoD and Management Board members as well as heads of subdivisions and employees,
- Transparent decision-making and easy access to information,
- Shareholders' right to receive complete and accurate information about bank activities.

The risk management system is targeted at ensuring the control and management of main risks inherent in the bank's activities. In order to assess and manage credit, currency or interest rate risks, the Risk Management Center regularly conducts stress-tests based on various development scenarios. The results of stress-tests are considered by the Bank management.

Ameriabank Shareholders

The majority shareholder of Ameriabank is TDA Holdings Limited. As of December 31, 2010 TDA Holdings Limited owned 99.997% of Ameriabank CJSC shares.

Upon acquisition of Cascade Bank by Ameriabank in June 2010, the share capital of Ameriabank went up from AMD 18.2 billion (USD 48.2 million) to AMD 25.4 billion (USD 70 million).

Ameriabank's Management

BOARD OF DIRECTORS



Ruben Vardanian
Russia

- **Chairman of Board of Directors of Ameriabank CJSC**
- Chairman of Board of Directors of Troika Dialog
- BoD member of "Avtovaz" (the largest automobile company in Eastern Europe), KAMAZ OJSC (the largest truck manufacturer in Eastern Europe), NOVATEK OJSC (the largest gas producer in Russia), SIBUR Holding CJSC (leader of petro-chemistry in Russia and Eastern Europe), Standard Bank Plc (one of the world leaders in financial and banking services in developing markets) and Joule Unlimited, Inc. (pioneer in production of liquid fuel from sunlight)
- President of SKOLKOVO Moscow School of Management
- Member of the Expert Council, the Presidential Council for National Priority Projects and Federal Population Policies
- Member of the Board of Trustees of National Competitiveness Foundation of Armenia
- Member of Global Leadership Studies, the international advisory board of International Christian University (Japan), member of International Advisory Board of Guanghua School of Management (China), member of FDC International Advisory Board-School (Brazil)
- Member of Supreme Religious Council of the Armenian Apostolic Church
- World Economic Forum (Davos) named Ruben Vardanian as one of Top 100 Rising Leaders of the future. For three subsequent years he was among the Top 22 business leaders in Russia.



Noubar Afeyan
USA

- **Member of the Board of Directors of Ameriabank CJSC**
- Managing partner of Flagship Ventures
- Chairman and CEO of Flagship VentureLabs
- Senior teacher in entrepreneurship at MIT Sloan School of Management
- Member of National Competitiveness Foundation of Armenia

1940

The decade of 1940s was marked for the World War II (September 1, 1939 — September 2, 1945) — a global military conflict, which involved most of the world's nations, including all of the great powers and eventually forming two opposing military alliances, the Allies and the Axis.

The world War II was the deadliest conflict in human history with 62 countries involved (80% of the whole world population) resulting in 50-55 million fatalities, 27 million of which were killed in battlefield (most of them USSR citizens). Military actions taking place on the territory of 40 states. It was the most widespread war in history, with more than 100 million military personnel mobilized. Heavy human losses were also incurred by China, Germany, Japan and Poland. Material expenses reached 60-70 % of the national income of warring nations.

USSR and USA became the main superpowers in the world. Despite of the victory, Great Britain and France were significantly weakened. Europe turned out to be divided into: west capitalistic and east socialistic. Relationships between two military blocs sharply worsened and the Cold war originated a few years after the WWII.



Andrew Mkrtchyan
Armenia

- **Member of the Board of Directors of Ameriabank CJSC**
- **Managing director of Ameria Group of Companies**
- Member of Armenian Business Support Board at the RA Prime Minister



Aram Grigoryan
Russia

- **Member of the Board of Directors of Ameriabank CJSC**
- Responsible for direct investments projects in as well as special projects of "Troika Dialog"



Gor Nakhapetyan
Russia

- **Member of the Board of Directors of Ameriabank CJSC**
- Managing director of Troika Dialog, in charge of Group's strategic development as well as supervises the operations of following subdivisions: Administration of the President of Troika Dialog, PR department, HR department, Security department and Internal Communications department.
- Managing operational director of SKOLKOVO Moscow School of Management
- Member of Board of Trustees of State Pushkin Museum of Fine Arts.

CULTURAL PROGRESS

In 1940s the swing music became highly popular, although for professional jazzmen swing music is not a style but a mood without which it would be impossible to play jazz. Duke Ellington could express it in the best way in 1932 in "It Don't Mean A Thing, If It Ain't Got That Swing". The symbols of official recognition of the swing music were concerts arranged in Carnegie Hall where as a rule only highbrow concerts were performed. Benny Goodman was the first jazz bandleader to perform at Carnegie Hall in 1938 and five years later Duke Ellington made his debut there. A new form of joint improvising was jam sessions arranged by Metronome and Down Beat journals. Such jam sessions involved musicians from various bands such as trumpeter Cootie Williams of Duke Ellington's band improvised with two white bandleaders, Benny Goodman and Harry James. In 1942 Bing Crosby released "White Christmas" single which is the biggest selling record of all time.

Fashion of 1940s – is the silhouette of military time with shoulder pads. In September 1939 World War II started and had almost the same effect on fashion as did World War I. In contrast to the difficulties of this time and its effect on fashion the decade of 1940s was a time of booming of luxury Hollywood style; Marlene Dietrich, Greta Garbo, Marika Rokk, all brilliant women embodying femininity in the very difficult decade.

TOP MANAGEMENT



Artak Hanesyan
Chairman of Management Board –
General Director



Gagik Sahakyan
Corporate Banking Director



Vazrik Sekoyan
Member of Management Board,
Retail Banking Director



Tigran Jrbashyan
Member of Management Board,
Development Director



Andrei Shinkevich
Member of Management Board,
Investment Banking Director



Sergei Shevchenko
Member of Management Board,
Trading Director



Gohar Khachatryan
Member of Management Board,
Chief Accountant



Andranik Barseghyan
Member of Management Board,
Head of Risk Management Center

In the 1940s makeup was in vogue. Fashion conscious women started their first experiments with images choosing the color of lipstick and eye shadows to match their clothes. It was in the 1940s that lipstick attained a lot of tints and became more lasting and moist, much like today's.

In 1947 Christian Dior appeared in the right place at the right time and he showed his first collection, it was a true revolution. In spite of the criticism among experts most women in Europe and America liked it because they were tired of the war and poverty.

In 1943 Antoine de Saint-Exupery published "The Little Prince". This was also when Astrid Lindgren wrote her first book titled "Pippi Long Stocking", it was published in 1945.

The cartoon directors of Soyuzmultfilm were evacuated to Samarkand and were involved in making film posters (like "The Fascists Boot Cannot Trample Our Motherland"), helping the country to defeat fascism. Still, they did not forget about children, during these years they made wonderful films such as; "Barmaley", "Mukha-Tsokotukha", "The Elephant and Moska".

The Soviet cartoons underwent qualitative changes and an intensive search for new possibilities resulted in enhancement of popularity of many directors and cartoons among audiences. In 1946 M. Paschenko released "The Song of Joy" film (awarded a prize at International Film Festival in Venice in 1947). For the first time the

Organizational Structure of Bank

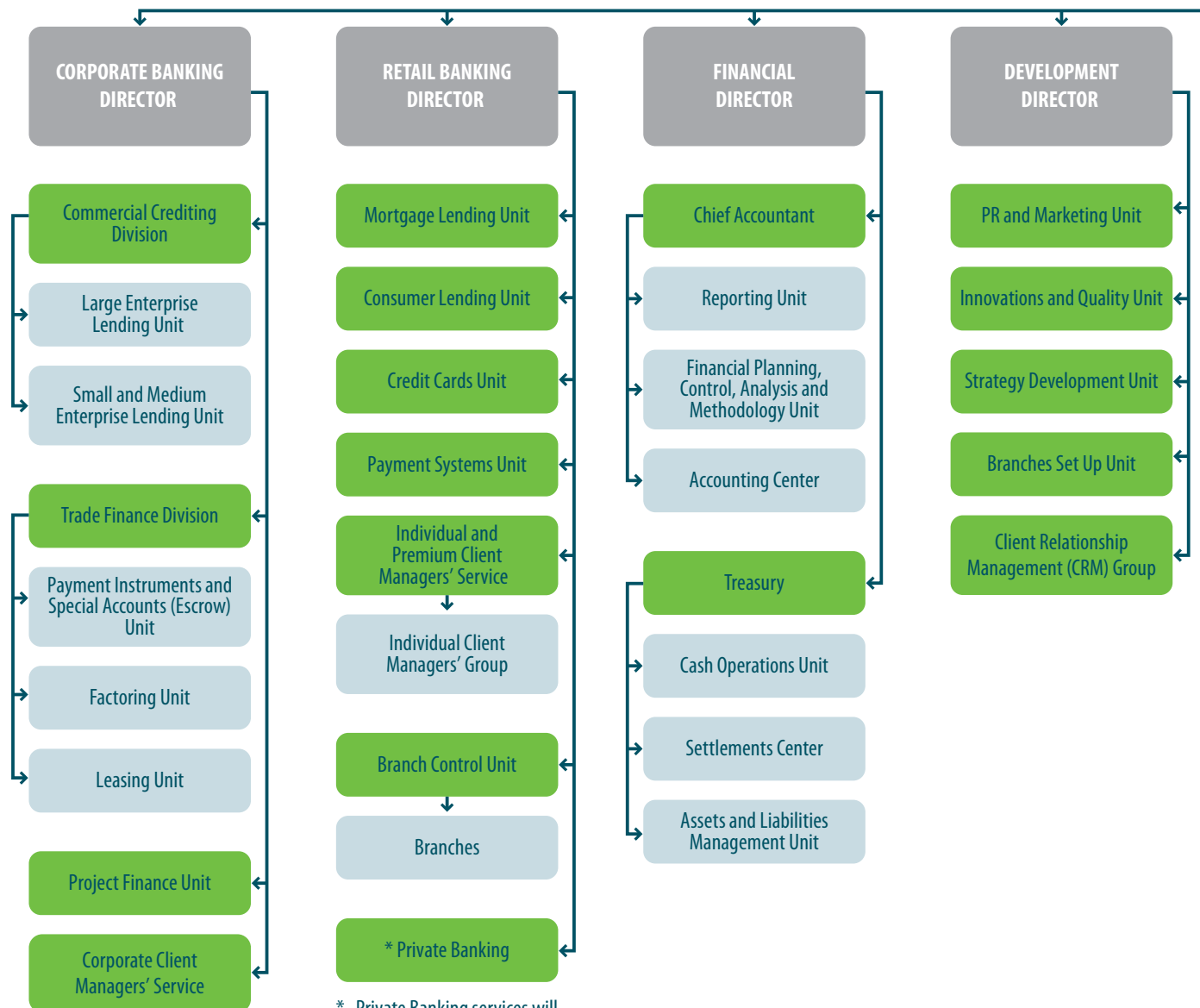
STANDING COMMITTEES AND COMMISSIONS:

- Credit Committee,
- Investment Committee,
- Assets and Liabilities Management Committee,
- Committee for Anti-Money Laundering and Combating Terrorism Financing,
- Procurement Commission.

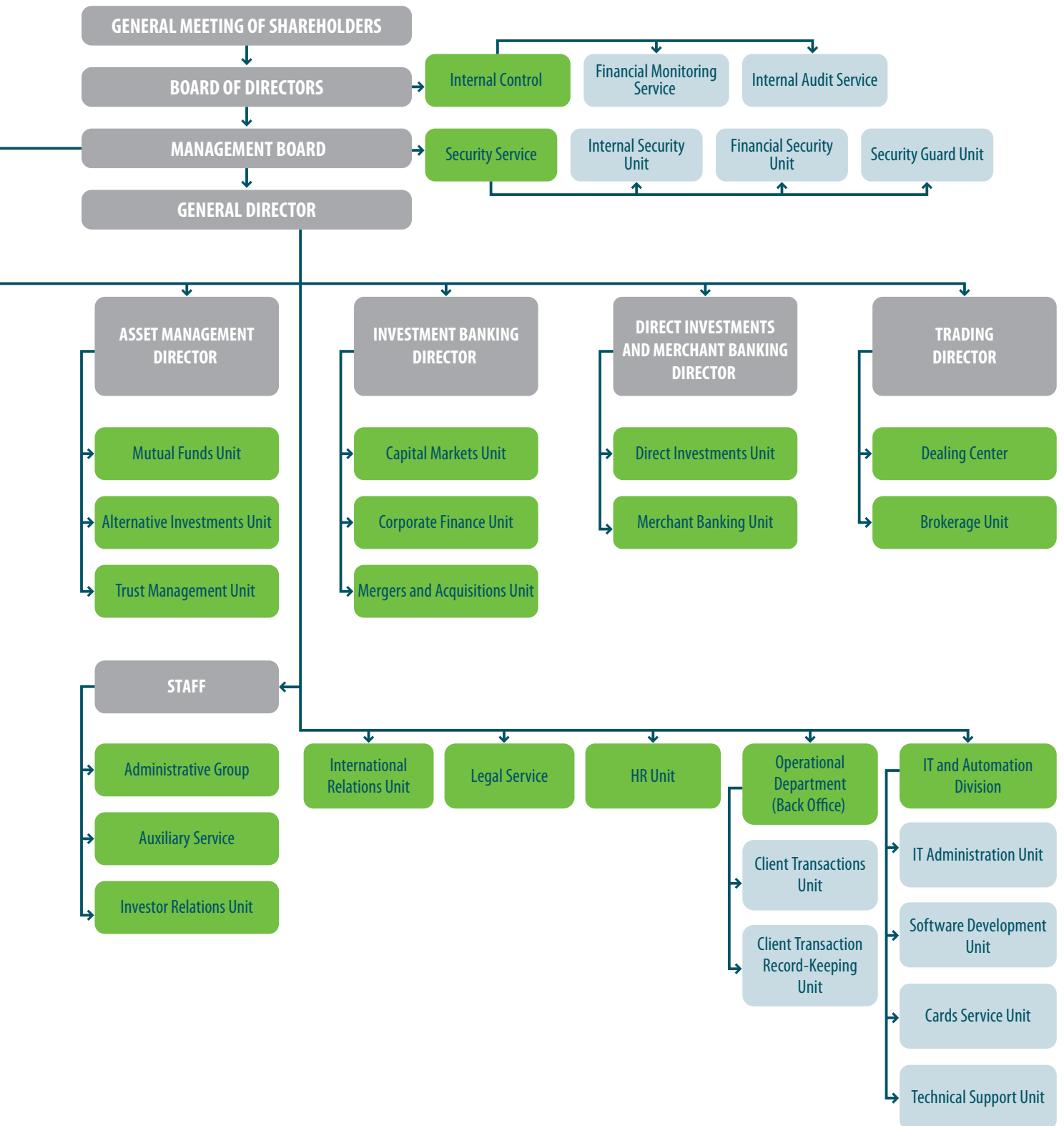
AD HOC COMMITTEES AND TARGET MEETINGS:

- Quality analysis,
- Client attraction,
- Development,
- HR policy,
- Loan portfolio quality,
- Investment banking development,
- IT development.
- Security

Risk Management Center



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



HR Management

The crucial and challenging task in building and retaining a “dream team” that works as a one and strives to reach a common goal, is the building of employees’ positive attitude towards their own work.

We believe that people’s loyalty to their work is not only the result of management, the HR team and each staff-member joint efforts. Above all it is FAITH. As Johann Wolfgang Goethe once said, “A man should have a strong faith in that unreachable is reachable otherwise he will not be able to explore and reach it.”

Ameria Group of Companies is a team of bright and self-confident professionals who believe in the importance of the contribution to the strength of their team and the success of their common work. These are people who are in no way indifferent to global developments and as a result, to the developments in their own team. That is why we carefully select new employees and strive to provide for their comprehensive development and motivation, bearing in mind that these people should be keen to improve their skills using the opportunities provided by Ameria and generate new ideas and stimuli for the development of our business.

We also focus on the development of young specialists in order to build a firm foundation for a more powerful future corporate culture today. To this end, the Bank cooperates with the best Armenian universities and offers senior students internships in various companies of Ameria Group.

Throughout the year our team was growing. Early in 2010 the number of the Group’s staff was 265 and at year end it totaled 366. The growth was mainly due to the increased number of staff in Ameriabank, which grew by almost 41% reaching 324 as of December 31, 2010 (compared to 230 staff at the beginning of the year). In addition, approximately 90 people **joined us upon consolidation with Cascade Bank**. We have a team of qualified specialists, 90% of which have a university degree, (predominantly in economics and finance). Some of our staff-members have science degrees and some advanced international qualification (more than 20%).

In 2010, the Bank placed a strong emphasis on staff training and development. The focus was placed on increased internal corporate trainings. In 2010 our team members underwent development courses during 145 training events (total number of participants reaching 1030), of which 31 individuals attended development courses abroad. It is worth noting that Troika Dialog strongly supports professional skill enhancement and sharing best practices. During the year, 19 staff-members attended orientation seminars in Moscow organized by Troika Dialog which made it possible to share best practices and get familiarized with the latest business achievements and technologies. This greatly propelled Dream Team’s enthusiasm for teamwork.

The Group has a clearly defined system of key performance indicators for the evaluation of contributions of each employee, along with an attestation system under a *360 Degree* method which was upgraded and automated in 2010. In the applied model, each employee evaluates his/her weaknesses and strengths in order to identify the areas for improvement. Bank employees may take advantage of low interest-rate mortgage; consumer and car loans, also there is a healthcare policy in place.

Soviet animation industry was recognized internationally. In 1947 the first Soviet feature length animation film “Konyok-Gorbunok” was released.

In 1942 Albert Camus published his novel, *The Stranger* (or *The Outsider*, *L’Étranger*). Among The 100 Books of the Century selected in the spring of 1999 and the Paris newspaper *Le Monde* *The Stranger* is considered the best one.

“*The Stranger*” is a unique creativity manifest, embodying the search for absolute freedom. Freedom from modern culture limited moral values. The novel is written in an original style – short phrases in past time. Most of French and European writers of the second half of XX century were influenced by the author’s specific style.

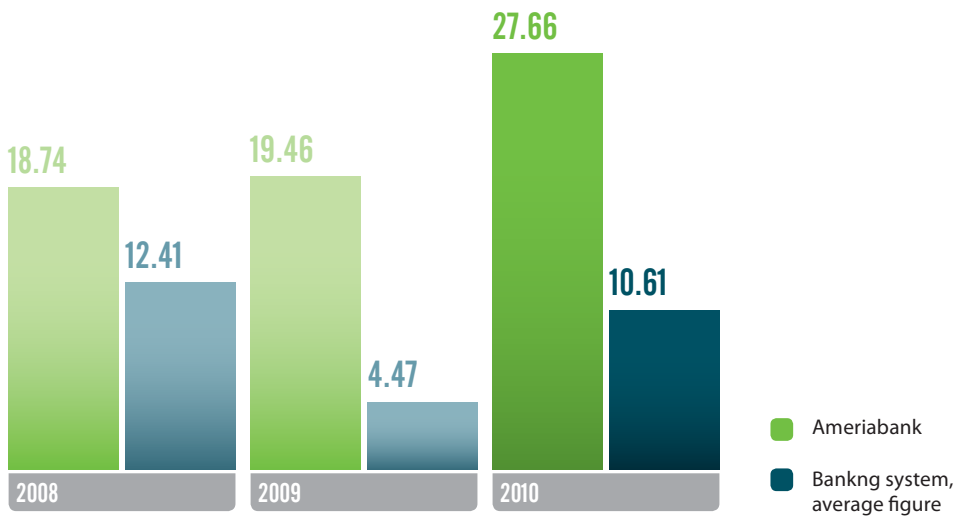
In 1943 William Saroyan, the well known Armenian born American published his novel titled “*The Human Comedy*”. The novel is about everything; childhood and adolescence, love, friendship and arts, grief and hatred, war and death. Adults rush through life doing what they are told is right and no longer count on themselves to make the correct decision, they could learn from taking a breath and watching young people.

Responsible people correctly worry and fear for themselves, family and what the future holds. Everyone who lets this fear control their mind and keep them from loving deeply and freely cannot truly live. All it takes to cure this spreading disease of fear and melancholy is for people to start

Effective HR policy, high motivation and enthusiasm in their work have become the very tools for high performance and efficiency of Ameriabank's operations that are well ahead of average banking indicators. In particular, if an **Armenian banking system employee managed assets** amounting to AMD 163 million (which is equivalent to USD 448 thousand) per year, Ameriabank employee had AMD 448 million assets on average (which is equivalent to USD 1.2 million). Ameriabank's figures exceed average banking ones and are one of the highest indicators among 21 Armenian banks.

Profit per Ameriabank employee (average annual figures) in 2010 exceeded AMD 10 million, which is equivalent to around USD 27.7 thousand, while the relevant figure for banking system on the whole is AMD 3.9 million (equivalent to USD 10.6 thousand).

Income per Employee, USD thousand



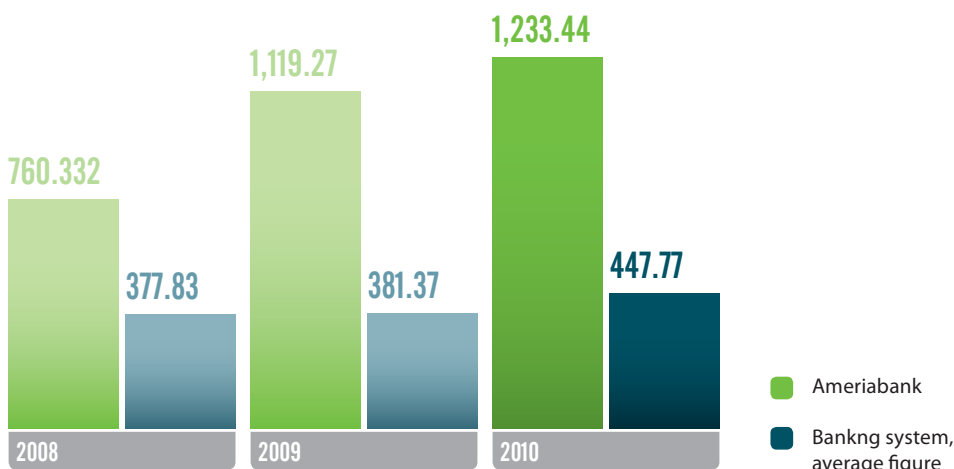
seeing the sun, still shining behind the rain clouds. For people to express thanks for the moments when a brave, sliver of the sunlight shines down on the wind-beaten earth. In the same year, Clarence Brown shot a film titled "The Human Comedy".

ACHIEVEMENTS IN LIFE

In 1945, Earl Tupper introduced the first flexible plastic storage containers to replace glass, earthenware, and metal containers for storing food and other perishables. His product, Tupperware, vastly improved the freshness and quality of stored food. Back in the 1930s plastic wrap revolutionized the production of mass food. Being interested in new things, Earl Tupper started to study the matter in order to arrange his own company, the Tupper Ramies Co. In 1942 he bought his first factory for the manufacturing of polymers (Famumsville, Massachusetts, USA).

In 1939 Karl K. Pabst of the Bantam Car Co., in Butler, PA, produced the first cross-country four-wheel vehicle that would become famous as the jeep. Given its name by its military designation, G.P., or general purpose, the jeep was used for numerous transport applications throughout World War II, and would become a popular domestic vehicle after the war. Accomplished in September of the next year, jeep underwent testing in Maryland and the first 70 cars were ordered. Equipped with a motor of 45 h.p., the jeeps had been supplied to the US Army since 1941. In November 1940 "Ford" and "Willys-Overland" conducted the testing

Assets per Employee, USD thousand



Core Management Principles

Ameriabank applied the best international practices in building a modern management system based on the ISO 9001:2008 international quality management standard. The core principle of the ISO 9000 standard is the client-oriented approach, i.e. focusing on understanding and meeting current and future client demand with intent to surpass their expectations. Among other principles underlying the ISO 9001:2008 standard and Ameriabank activities, besides the core principle of the new management system are the following:

- Top management leadership (readiness and consistency of top management in the formatting and creating of conditions for efficient operation of the system);
- Staff involvement (ensuring participation of employees in decision making, which allows for to efficient use of their skills);
- Complex process approach (considering a business unit as a chain of interrelated processes);
- Systems approach to management (systemic management of interrelated processes, which contributes to efficiency in attaining organization's objectives);
- Continuous system upgrading (in line with legislative changes, clients' offers and complaints and various internal processes);
- Fact-based decision making (provision of reliable information required for decision making), with a fair balance of efficiency vs. possible risks and risk tolerance;

of their jeeps. In the summer of the next year "Willys-MB" make was approved and both plants received orders for its production. Ford was supposed to produce Jeep under the Ford name, but with Willys' specifications. It would be called the Ford GPW (General Purpose Willys). During the World War II some 649,000 jeeps were produced.

In 1946, the first microwave oven was patented. In a Raytheon laboratory in 1946, Percy Spencer, an American engineer, noticed that he felt a tingling when he stood near a magnetron, and the candy bar in his pocket melted. He was not the first to notice this effect, but others had only been fearful, while Spencer was also curious. He brought in raw popcorn, which started popping when he placed it near the magnetron. Spencer then built a rudimentary metal box with a magnetron in it, the first microwave oven, and used it to reheat his lunches. After he wrote a report on his findings, Raytheon patented the "high frequency dielectric heating apparatus" in 1946, and began selling microwave ovens for industrial use (more than five feet tall, each oven weighed about 750 pounds) in 1954. A Raytheon subsidiary, Amana, began selling household "RadarRange" ovens in 1967. The commercial production of microwave ovens started in 1949. Its cost was around 3,000 dollars.

In 1946, Fred Morrison sketched out a design (called the Whirlo-Way) for the world's first flying disc. Morrison claimed that the original idea for a flying disc toy came to him in 1937, while throwing a popcorn can lid with his girlfriend, Lu,

- Mutually beneficial relations with partners and suppliers (mutually beneficial relations enhance the ability of both parties to create values).

In April 2009, based on quality management system audit of the by TÜV Reheinland Group, Ameriabank was awarded a certificate of compliance with the ISO 9001:2008 international standard which confirmed the reliability of the Bank's management system. In 2010, the Bank underwent a scheduled external audit which reconfirmed the Bank's compliance with the ISO 9001:2008 international standard.

To create a clearly measurable and appraisable environment in all areas of activities, over 70 business processes, norms and instructions for their implementation have been developed, further upgraded and implemented in Ameriabank.

All business processes are divided into three groups:

- Main – processes aimed at meeting the demand of clients for banking and financial services,
- Supporting – processes targeted at retention of effective implementation of basic processes,
- Managerial – processes ensuring the operation of various management systems and making strategic and tactical decisions.

Effective operation and interrelation of these processes enhances the quality and smooth operation and development of the Bank. Proper execution of the defined procedures is supervised both by the Internal audit reporting directly to the Board of Directors and by external auditors.

Among other instruments that allow for the management quality improvement is introduction of a balanced scorecard system which is a way to link the process approach, strategic management and the integral management system with definite measurable and digitized tools.

In fact, Ameriabank is the first company 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 ensuring their interrelation with the staff motivation system. This is a unique system based on modern management solutions and constant streamlining of the Bank's activities.

Risk Management

Using its competitive advantages (such as the significant resource base, flexible client service policy, state-of-the-art banking technologies, adequate risk management system) the Bank continued its dynamic growth throughout 2010.

whom he later married. The popcorn lid soon dented which led to the discovery that cake pans flew better and were more common. Morrison and Lu developed a little business selling "Flyin' Cake Pans" on the beaches of Santa Monica, California.

In 1948 an investor, Warren Franscioni, paid for molding the design in plastic, naming it the Flying Saucer.

Peter Carl Goldmark, a Hungarian American inventor of color television (1940) was fond of music. As a pianist and cellist he did not like the short time of record playing. Intent on lengthening the playing time and improving the overall quality of the recording, Goldmark set out on a quest that resulted in the development of the long playing record, which became universally known as the long play (LP). Goldmark slowed the revolution speed from 78 rpm to 33 1/3 rpm and increased the grooves to 300 hairline grooves per inch. He exchanged the steel needle with a sapphire stylus and decreased the weight by refashioning the tone arm and employing vinyl rather than shellac for making the records. He also made improvements to the microphone to produce a clearer, cleaner sound. Playing time was increased to approximately 20 minutes, long enough to complete an average classical music movement.

By the end of 1940s, in the spring of 1949, the first fully functional stored program electronic computer EDSAC (Electronic Delay Storage Automatic Computer) was built. The computer was developed by a group of scientists headed by Maurice

The Bank has an independent structural unit, the Risk Management Center, which reports directly to the Management Board. The key objective of this unit is risk management; identification, analysis, assessment of risks and their reduction to a tolerance level. Bank specialists strive to best apply classic risk management standards targeted at mitigation of not only financial, such as market and credit risks, but also operational risks. The Bank continually works on introducing innovative approaches to risk management.

Risk management in Ameriabank hinges on the following principles:

- Introduction of a unified risk management system,
- Formation of a proactive risk management position,
- Implementation of transactions based on the most precise risk assessment and application of the efficiency principle acceptable for the given risk level,
- Ensuring risk measurability, setting limits for transactions and operations, monitoring, etc.

In 2010, International Finance Corporation conducted the audit of the Bank's risk management system allowing the company to assess the Bank's weaknesses and strengths, along with outlining future challenges.

The consequences of the economic crisis contributed to formation of certain expectations on credit risks and underlying factors. In particular, due to significant reduction in loans by Armenian commercial banks, and in some cases even suspension of lending; the inflow of new clients has dramatically increased. In this regard, Bank management had to toughen the control over a rapidly growing loan portfolio in order to ensure its high quality. Throughout the period, the process of attracting new clients was efficiently addressed due to the streamlined organization of a decision making system which accomplishes the following:

- Use of internal standards and parameters of risk management,
- Application of new instruments for risk monitoring and assessment,
- Borrowers' thorough screening and evaluation.

In 2010, in order to minimize risks, the function of loan monitoring was removed from the credit unit and transferred to the Risk Management Center.

To ensure ongoing control of the loan portfolio, relevant bank subdivisions regularly monitor of each borrower. The results are submitted to the Credit Committee on a weekly basis to get a timely response and take necessary steps in the cases where the borrowers face any problems.

In addition, Ameriabank in 2010 successfully accomplished the introduction of environmental and social risk management system which was completed with support from FMO and DEG. It should be mentioned that a compliance check is conducted in relation to both the applications for FMO and DEG loans and all other applications. Only upon confirmation of loan application compliance with the relevant criteria, the Bank initiates the loan granting process. It is worth noting that such a program is implemented within CIS countries for the first time.

Wilkes, the computer was installed in Cambridge University (Great Britain). In essence, the computer inherited the architecture of the American EDSAC, while its key element was its main storage capacity.

SCIENTIFIC BREAKTHROUGH

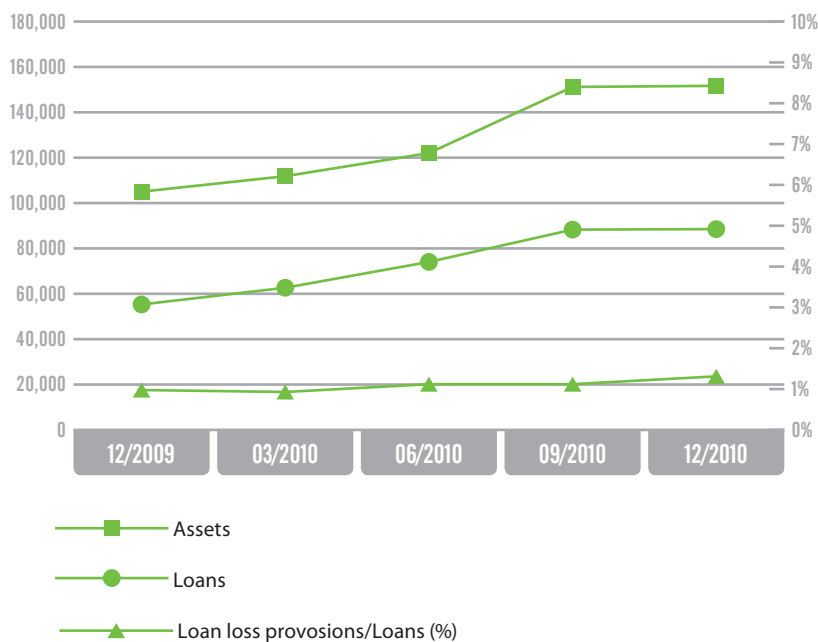
The 1940s heralded the development of atomic energy and nuclear weapon. At the end 1940 I.Kurchatov submitted a report to the Uranium commission pointing out the importance of the problem of obtaining nuclear energy for economic and military purposes. The intensive discussions among scientists on the problems of nuclear physics are witnessed by regular conferences on nuclear physics, and atomic nucleus with participation of foreign scientists. The Soviet scientists were close to utilization of nuclear energy in the USSR, but the war and the first months of retreat hampered activities as they were practically frozen, since all capacities of physical, chemical and other research institutions were mobilized for military purposes. All forces of the population were used for fighting the war, "Everything for the Front! Everything for the Victory!"

Meanwhile, the USA, Great Britain and German intensively proceeded with activities targeted at utilization of nuclear energy. In 1942 the first nuclear reactor was launched in Chicago. The same year, the first ballistic rocket with a FAU2 (V-2) control system successfully underwent testing. The first nuclear reactor (a device in

Dynamic growth of the Bank with minor problematic loans for the past year due to external factors (basically due to the financial crisis) reinstated the advantages and growth potential of the risk management system in the bank. Owing to balanced policy implemented throughout 2010, assets growth (1.5 fold) and increase in credit investments (1.7 fold), the ratio of loan loss provisions was rather low, accounting for 1.29% at the year-end.

The ratio of NPL at 0.21% as of the yearend was much lower than the relevant average ratio for the Armenian banking system.

Dynamics of Bank Growth and Loan Portfolio Quality (in AMD million)



Ameriabank's loan portfolio in diversification by economic sectors is rather balanced. Nearly half of the loan portfolio are the loans extended to manufacturing, trade, transport and communications sectors.

In 2010, the Bank secured the required level of capital adequacy. Throughout the reporting period, the Bank had a solid capital adequacy ratio, while its insignificant reduction was due to further growth of the Bank.

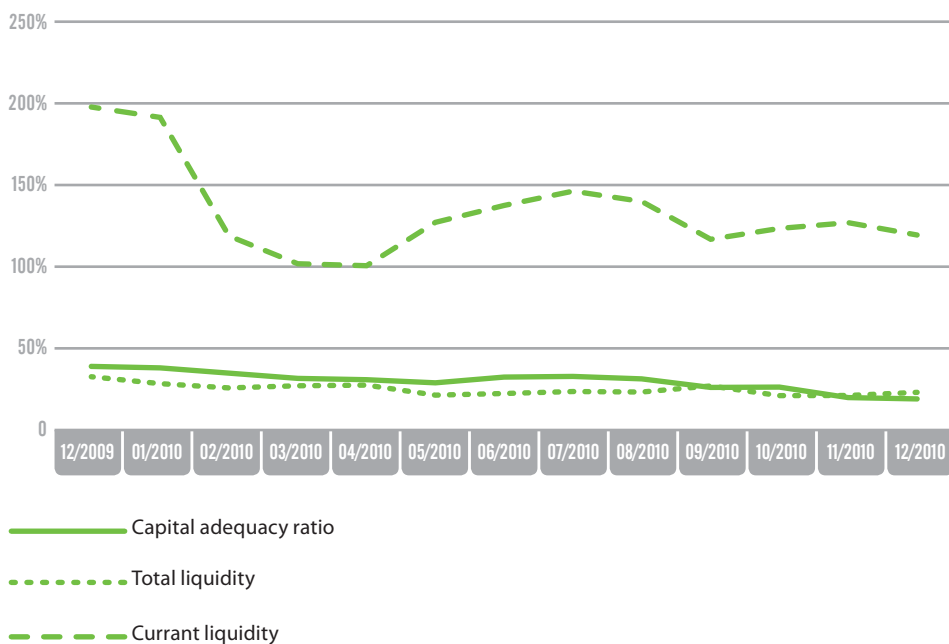
Bank liquidity throughout the period remained stable within acceptable limits, which is shown by the chart below illustrating the dynamics of economic standards.

which atomic nuclei are caused to take part in a self sustaining nuclear reaction and in doing so to produce energy) was built at the University of Chicago in 1942 under the leadership of Enrico Fermi. On December 25 1946 Kurchatov set into motion the first nuclear reactor in Europe.

On September 17, 1943 the “Manhattan project”, the code name of the US program for development of nuclear weapons, was established. Prior to this nuclear studies had been carried out at the Uranium Committee (S-1 Uranium Committee) since 1939. The project involved scientists from the US, Great Britain, Germany and Canada. The project resulted in three atomic bombs, an implosion type bomb, the first nuclear device ever detonated, was exploded at the Trinity test facility at Alamagordo, New Mexico, on 16 July 1945. Little Boy, an untested, gun type nuclear weapon, was detonated over Hiroshima, Japan, on 6 August 1945, while the more complex, implosion type Fat Man, was used on Nagasaki, Japan, three days later. The project was headed by American physicist Robert Oppenheimer and General Leslie Groves.

The tests of nuclear fission resumed in the Soviet Union only in mid 1943. In December 1946 in Moscow at the Institute of Atomic Energy (thereafter, named after its founder, Igor Kurchatov) the first nuclear reactor in Europe and Asia was established. In August of 1949 was the test of an atomic bomb and in August of 1953 the test of Hydrogen bomb (H-bomb). The Soviet scientists discovered the secrets of nuclear energy thus destroying the

Key Economic Standards



According to CBA normatives:

- minimum capital adequacy ratio is set at 12%, while as of December 31, 2010, Ameriabank's capital adequacy ratio is 21.5%,
- total liquidity minimum ratio is set at 15%, while Ameriabank's total liquidity ratio is 25.5%,
- current liquidity minimum ratio is 60%, Ameriabank's relevant ratio is 121.31%.

Post-crisis market risks of 2010 increased the potential risk factors for Ameriabank. High volatility of external indicators (currency, interest rate, pricing – real estate, gold, etc.) forced the bank to implement a carefully weighted policy.

In order to avoid feasible impact of currency risk on the bank's operations, we implemented a prudent currency policy and continued to upgrade the instruments for currency risks assessment and stress scenarios.

In 2010, the risk of interest rates fluctuation increased in the country. Along with the intensification of competition in the country the market reported a decrease in loan interest rates, which caused a reduction in interest margins and that of the difference between interest on loans and attracted deposits. Under these circumstances, by decreasing interest rates on loans, the Bank was able to retain the interest margin within 5%, which allowed it to mitigate

US nuclear weapon monopoly. But while making the nuclear weapon the Soviet specialists also focused upon the use of the nuclear technology in; the economy, industry, scientific areas, medicine and other areas of benefit to people.

Although the aqualung's forerunner was made and patented back in 1866 by French mining engineer Benua Rouquayrol, prior to 1943 nobody could develop a secure aqualung based on observations of nature. One of the species of water beetles, during water diving pulls along air bubble which releases carbon dioxide from the beetle, while accumulating oxygen from the water. In World War II aqualungs were used by all warring nations. At the same time, a navy officer, Jacques-Yves Cousteau, and an engineer, Emile Gagnan, both of France, perfected a device which was much safer, reliable and easy to use in diving up to 60 meters. The word "aqualung" (consisting of Latin "aqua" meaning water + "lung" in English) refers to a worldwide trademark and means the product of the Aqualung company, although in the territory of the former USSR and in Europe it is a commonplace word for a class of diving devices.

The AK-47 is a selective fire, gas-operated 7.62x39 mm assault rifle, first developed in the Soviet Union by Mikhail Kalashnikov. It is officially known as the Avtomat Kalashnikova. After the war in 1946, the AK-46 was presented for official military trials. In 1947 the fixed stock version was introduced into service with select units of the Soviet Army. An early development of the design was the AKS-47 (S—Skladnoy

interest and credit risks while securing sufficient returns. In order to timely identify, assess, control and hedge the interest rate risk, the Bank applies both the duration method and regular stress testing.

In 2010, the Bank successfully accomplished the merger with Cascade Bank while avoiding possible operational risks that might have occurred due to the unprecedented nature of the deal on the Armenian banking market. In order to avoid potential risks of a managerial nature (HR risk, system risk), a step by step transition model was selected for this purpose with regular control to be exercised during the entire period of its implementation. Due to this approach and processes the Bank successfully addressed the risks inherent in bank merger.

In addition, in 2010 the Bank developed and launched the process of IT risk management, concurrently developing a operational risk management system.

or “folding”), which was equipped with a folding metal shoulder stock. Even after six decades the model and its variants remain the most widely used and popular assault rifles in the world because of its durability, low production cost, and ease of use. It has been manufactured in many countries and has seen service with armed forces as well as revolutionary and terrorist organizations worldwide. The AK-47 was the basis for developing many other types of individual and crew served firearms. More AK-type rifles have been produced than all other assault rifles combined.

1950's 2010

*There is a space between man's imagination
and man's attainment that may only be
traversed by his longing.*

*Gibran Khalil Gibran
Lebanese writer, philosopher and artist*







The first automobile was produced jointly by General Motors Company in 1953, the Chevrolet Corvette, whose body was entirely made of fiberglass. Harley Earl designed the Corvette for General Motors for that year and it was only available as a white convertible and with only one 6 cylinder engine type. It was the first prototype of the American sports car and made its debut at the 1953 Motorama car show in New York. In that first year of production and sales only 315 cars of the model mentioned above were released. In the second year of sales the number rose to 3640. Over the years the car became bigger, its engine became more powerful and as a result, by the end of the 1950s the automobile was considered the only real American sports car.



External Environment

Macroeconomic Preconditions

The macroeconomic situation in 2010 affected the performance of Armenian banks, although it was more favorable as a period of post-crisis recovery and utilization of large funds raised from international financial institutions. Furthermore, the year 2010 became a period of summation of crisis consequences and learning lessons, including those for commercial banks (particularly, in the area of relationships with the private sector).

In 2010, the strengths and weaknesses of the economy were identified with higher precision which proved the need for implementation of structural reforms and enhancement of productivity. The critical situation of the previous years underlined the dependence of the economy of Armenia upon the construction sector, raw materials and remittances.

Armenia suffered losses basically due to reduction in demand for its products among its main trade partners. To foster productivity and attract investments for export oriented sectors, the country needed to strengthen essentially its institutional bases and upgrade transportation and communication infrastructures.

Under these conditions, international financial institutions proceeded with assistance to the Armenian economy which was launched in 2009 under anti-crisis measures.

- Credit funds granted to Armenia by International Monetary Fund amounted to SDR 120.9 million or USD 180.6 million.
- During January-December 2010, the World Bank provided Armenia with credit facilities of USD 104 million.
- During the year, the amount of investment funds extended by the European Bank for Reconstruction and Development totaled approximately USD 85 million for 26 projects combined.

Armenia's key priority for 2010 was the recovery of economic achievements of the pre-crisis year of 2008. All measures of the Government of RA in 2010 were implemented as a part of an anti-crisis program. Wide scale investments were made in infrastructure, such as road construction. Also, stabilization trends worldwide and in Armenia enabled the Government of Armenia to gradually return to the policy of long-term planning. Hence, most of the measures implemented by the Government pursued long term objectives targeted at further economic development.

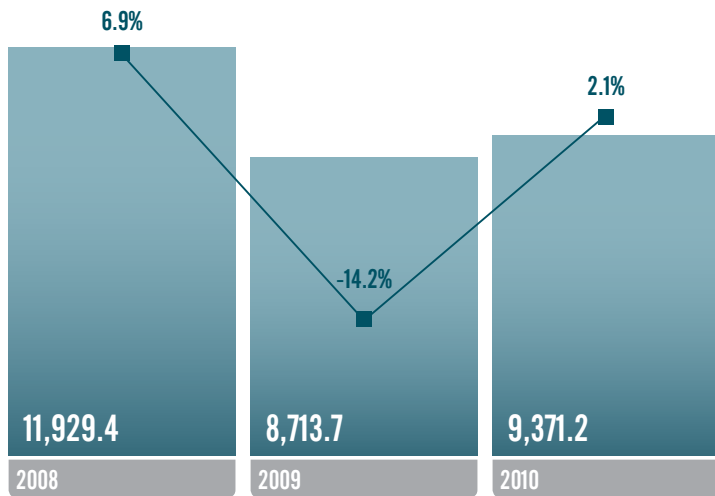
In 2010, certain tangible changes took shape within the macroeconomic environment:

- The share of the construction sector in the economy of Armenia decreased, while the share of industry had an upward trend.
- Positive trends in the balance of trade were outlined; export growth surpassed import growth rates.
- Throughout 2010, wide scale investments were made in infrastructure and road construction development.

On the whole, the economy of the country is becoming more diversified. Industry, service and infrastructure sectors were the main sectors to ensure the growth in 2010.

The economic growth would have been much more substantial if it were not for the sharp decline in agriculture (15.7%) caused by climate conditions among others. At the same time, in 2010 a highly inflationary environment was shaped largely due to a sharp rise in prices in the world market of food supplies.

After double digit economic growth rates reported during several successive years prior to 2008, the economy of Armenia experienced a certain downturn (14.2%) in 2009. In 2010, after withstanding the crisis, Armenia stepped into a period of revitalization and development, and economic growth rate for the year was 2.1%.



■ Nominal GDP, USD million

■ Real growth of GDP, %

1950

CULTURAL PROGRESS

The fashion of the 1950s remained the most feminine and deluxe of the 20th century, with the names of the beauties still exciting in the minds of people; Marilyn Monroe, Elizabeth Taylor, Jacqueline Kennedy, Grace Kelly, Brigitte Bardot, Audrey Hepburn, Sophia Loren, Lyubov Orlova, Klara Luchko, Lyudmila Gurchenko.

The 1950s glamour had arrived. The New Look and new approach to fashion developed by Christian Dior was a major post war turning point in Fashion History. Dior's creative and usually voluminous garments gave women a more feminine touch.

Coco Chanel was another major fashion designer in the 1950's who came back to vogue after a long silence And Emilio Pucci introduced short pants.

ACHIEVEMENTS IN LIFE

The widely known bar code on various goods sold in supermarkets appeared back in 1950s. In 1948 Bernard Silver, a fellow Drexel Institute of Technology

- Economic growth was recorded notwithstanding the decline in agriculture (15.7%)
- The real volume of construction sector went up by 3%.
- The growth rate of the industry sector which was 10.5% in 2010, positively affecting the GDP (approx. 1.3 percentage points).
- The growth of manufacturing industry was recorded at 13.6%.
- One of the important sectors of industry and export items – mining industry – closed the year with a 19.1% growth rate.

The year 2010 was marked with intensive cooperation between Armenia and international organizations along with active allocation of funds raised in 2009 as a part of the anti-crisis program. These funds were attracted from the World Bank, International Monetary Fund, Asian Development Bank, European Union and Russia.

In 2010, credit facilities of USD 287 million were received in the form of external debt of the Government of Armenia. Hence the external debt of Armenia based on the 2010 results, accounted for 35.1% of GDP against 34.7% in 2009 and 14% in 2008. The total amount of external debt at the end of 2010 amounted to USD 3,299 million, growing by 11.2% or USD 332.3 million.

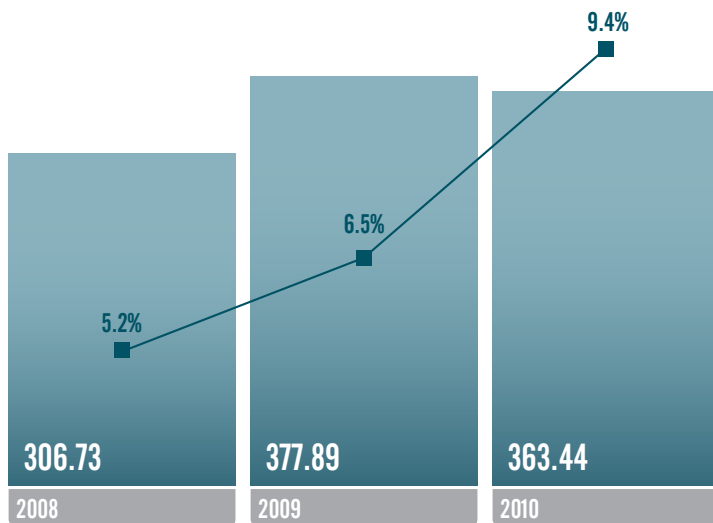
In allocation of the funds obtained from international donors the following areas of 2010 government policy were regarded as priority issues:

- Upgrading of internal infrastructure of transport and communications in order to indemnify high cross border operational costs,
- Development of small and medium businesses,
- Fostering internal potential of the energy sector – small hydro plants,
- Development of export oriented businesses.

In 2010, Armenia was running an increased deficit on its balance of payments current account, which accounted for 13.9% of GDP against 15.8% in 2009 and 11.8% in 2008. The negative balance of foreign trade in 2010 amounted to USD 2.8 billion. In 2010, the economy of Armenian still experienced high inflation rate which was due to the continuing rise in prices for agricultural products and food supplies in the world markets.

grad student with Woodland, overheard a supermarket executive asking the dean of students to figure out how to capture product information automatically at checkout. The dean turned down the request, but Silver went on to mention the problem to Woodland. After working on some preliminary ideas, Woodland was persuaded that they could create a viable product. Woodland took some stock market earnings, quit his teaching job and moved to his grandfather's Florida apartment. While at the beach, Woodland again considered the problem, recalling how with Morse code, dots and dashes are used to send information electronically, then started to draw dots and dashes in the sand similar to the shapes used in Morse code. After pulling them downward with his fingers, producing thin lines resulting from the dots and thick lines from the dashes, he came up with the concept of a two-dimensional Morse code. After sharing it with Silver and adapting to a movie soundtrack technology, they applied for a patent on October 20, 1949, receiving U.S. Patent 2,612,994 ("Classifying Apparatus and Method") on October 7, 1952, covering both linear and circular bulls eye printing designs. Woodland was employed by IBM in 1951, and although Woodland and Silver wanted IBM to develop the technology, it wasn't commercially feasible, so they sold the patent to Philco in 1952, who sold it to RCA later in 1952.

1950-1959 was an exciting time period for television. The first commercial color television set was made in 1954 by RCA. RCA's color set incorporated a 15-inch picture. A few thousand color tv sets were



■ USD exchange rate (as of year-end), in AMD

■ Inflation (Y-o-Y), %

- In December the inflation indicator for 12 months was 9.4% compared to 6.5% for the previous year.
- Average annual inflation in 2010 was 8.8% against 3.4 in 2009.

From the start of the global financial crisis Armenia was among the countries experiencing a reduction in foreign currency inflow while the demand for it remained high. This was the factor to influence the depreciation of national currency. At the same time, in 2010 the Government and Central Bank of Armenia implemented tough measures targeted at de-dollarization of the economy.

- During the 12 months of 2010, the national currency strengthened by 3.8%.
- At the same time, the average exchange rate of Armenian dram to US dollar decreased by 2.9% compared to 2009.

Serious challenges were faced by the Government and Central Bank of Armenia and became more noticeable in 2010, and required immediate measures to be implemented in the coming year, including: high inflation rate, external debt growth, existence of shadow economy hindering the development of a competitive environment and diversification of production. Limited resources, geographical remoteness from global economic centers and the absence of diplomatic relationship with some of the neighboring countries are serious impediments to efficient solution of these problems.

At the same time, promising indicators for 2010 as well as creation of preconditions for further economic growth allow us to believe that Armenia has sufficient potential to gradually overcome the problems arisen on the road to economic recovery.

sold before most of them were recalled and replaced with much more polished 19 and 21-inch sets. These sets were very expensive, exceeding 1,000 dollars. So they were not affordable for everyone in the US. Still if desired, they might be bought on credit. Due to difficulties linked to arranging color television broadcasting, the color TV sets could not replace the black and white TV sets and for a long time both were manufactured simultaneously. Unified standards (PAL and SECAM) appeared in 1967.

In 1953, "General Motors" produced the first automobile whose body was entirely made of fiber-glass. That was the Chevrolet Corvette, the first prototype of the American sports car. The Chevrolet Corvette Roadster made its debut at the Motorama car show in 1953 in New York. Harley J. Earl commanded the design Staff of General Motors from its inception as the Art and Color Section in 1927. He had noticed that young people preferred European cars and understood that it's time to produce an affordable car for young people. The designers had 'to create a roadster, open, sporty, simple to drive and maintain and affordable for each student. At the Motorama show of the 1953 Corvette, the newly made car was a stunning success and the administration of Chevrolet started thinking about putting the low riding car into commercial production. By the fall of 1953 the management of Chevrolet realized the advantages of the fiber glass body and made a decision to establish a factory in Flint Michigan. The commercial car almost had no difference from the model except for the side molding.

Legal Framework, Government Regulation, Financial Infrastructure

Owing to preventive measures undertaken by Armenia, it was possible to mitigate the consequences of the global economic crisis and start the recovery of the economy in the post crisis period.

On the whole, measures implemented in 2010 in terms of legal and legislative amendments were firstly targeted at improvement of business environment and mitigation of corruption risks. In particular,

- In 2010, a package of legislative initiatives was developed by the Ministry of Finance and approved by the National Assembly of Armenia, targeted at simplification of taxation for businesses with small amounts of turnover,
- Amendments were made to the RA law On Licensing, targeted at reduction of the list of licensed activities, which in the experts' opinion can reduce corruption risk by up to 40%.

In December 2010, the National Assembly of Armenia approved a new bill, made amendments to a number of laws, in particular, the RA Law On Excise Tax, On Value Added Tax, and On Presumptive Tax. These amendments were aimed at building favorable conditions, first of all, for operation of small and medium-sized businesses. The legislative package provides for simplification of procedures of reporting tax returns and changing the frequency of thus.

In order to improve the business environment, amendments were made to the Customs Code were made and thereafter approved by the National Assembly. Startup businesses are provided with privileges in importing necessary equipment. In particular, the businesses are exempted from VAT payment on the border for a period required for starting the operations in the country.

MONETARY POLICY

The year 2010 was the first post crisis period after solid anti crisis actions taken in 2009, when the Government of Armenia financed a number of structures forming enterprises as well small and medium sized businesses. Due to these measures, the mining and manufacturing industries quickly recovered recording a 10.5% growth of the industry in 2010.

The policy implemented by the Central Bank of Armenia in 2010 was aimed at crediting of economy sectors, basically, of industry, and activation of investments, apart from price containment. In 2010, the Central Bank of Armenia toughened its monetary policy, consistently increasing refinancing rate: during the year the rate increased 5 times, from 5.0% reaching 7.25% (in January, February, March and April – each time 0.5 p.p., and in May – 0.25 p.p.).

Throughout the year the Central Bank of Armenia was taking measures targeted at containment of the level of dollarization in the country:

Early in 1954 the production of Corvettes was relocated to Saint Louis, Missouri. The fiber grass experiments were successful enough to delay the production of steel bodies for an indefinite time. By the end 1954 sales reached 3940 cars, but the number of students having bought Chevrolet Corvette, was minor. The car price, including the delivery cost was 3523 dollars, which was almost twice the initially estimated price. In the mid 50s not many students could comfortably afford buying an open two seat car at Buick's or Lincoln's price.

According to Dr. David Warren, the idea of inventing a black box to record airplane information and communications came to him in 1953 when a number of Comet jet powered airliners had crashed and a cause for the disasters could not be found.

Dr. Warren thought that a recording of conversations between the pilot and other members of the flight crew, as well as instrument readings at the time of the crash, might give clues as to the cause of a crash. It should be noted that Warren's father died in a 1934 plane crash. Together with his colleagues, Dr Warren started working on the development of a machine to record the parameters of aircraft performance, conversation in the cockpit and radio communications between the cockpit crew and others (including conversation with air traffic control personnel), as well as ambient sounds.

In 1954, French engineer Marc Gregoire created the first frying pan coated with Teflon resin, marketing it under the "Tefal"

- Changes were made in the mechanism of mandatory provisioning. Particularly, under the minimum provisioning for currency deposits (12%), 9% is allocated in foreign currency and 3% - in Armenian drams,
- The standard recovered at the amount of open currency position,
- Capital adequacy ratio toughened with consideration of current trends of currency market. If earlier, while calculating the capital adequacy ratio, loans were weighted at 100%, after ratio toughening, the loans denominated in foreign currency were risk weighted at 150% which significantly reduced the ability of banks to extend loans in foreign currency.

The Central Bank of Armenia throughout the year implemented currency interventions targeted at mitigation of sharp fluctuations in exchange rates.

An important legislative progress was the adoption of amendments to the RA Law On Guarantee of Remuneration of Bank Deposits of Physical Persons. Pursuant to amendments, for instance, the size of remuneration of bank deposits in RA drams will amount to AMD 4 million (against the formerly defined AMD 2 million), while the deposits in foreign currency will be reimbursed within AMD 2 million (versus AMD 1 million). Additionally, a decision was made to revise the size of reimbursement of deposits every 5 years. It is anticipated that the increase in the size of reimbursement of deposits will foster the inflow of new funds to the Armenian banks. As a result of the policy implemented by the Central Bank in 2010:

- The intensification of activities of the businesses engaged in industry entailed a growth of its share in GDP,
- Interest rates on banking loan products went down,
- Continuous inflow monetary resources of individuals into the banking system,
- It became possible to avoid inflation shocks.

FISCAL POLICY

Reforming taxation and customs legislation is an important part of the amendments implemented in Armenia. Main actions undertaken during 2010 in this area were targeted at combating corruption and improvement of the business environment.

In 2010, the basic measures of the government pursued the goal of improving the business atmosphere in Armenia and were targeted, predominantly, at stimulating the activities of small and medium businesses which account for 40% of GDP and constitute a large portion of export from Armenia. At present, this area is among the priorities of the country's economy.

- Furthermore, other measures were taken to prevent artificial fragmentation of large businesses in order to make use of the benefits tailored for SMEs. Particularly, the measures included the extension of the deadline for VAT payments in the case investments exceed AMD 300 million.

name, though Teflon appeared still in 1938. Roy Plunkett accidentally discovered polytetrafluoroethylene, soon to be known as Teflon, when he worked with gases related to Freon refrigerants. From 1941 the patent belonged to the DuPont company. The polytetrafluoroethylene material (or briefly, PTFE) of Teflon initially was used in the military and aerospace industries. So in 1950 Marc Gregoire, knowing Teflon's properties, had begun coating his fishing gear with Teflon to prevent tangles. His wife, Colette, suggested using the same method to coat her cooking pans. The idea was successful and a French patent was granted for the process in 1954. The Tefal company was formed in 1956 to manufacture non-stick pans.

Richard Knerr, an American inventor was not satisfied with his work after leaving college and together with his partner Arthur Merlin cofounded Wham-O, a kids games and toys company. In 1957, an Australian visiting California told them that in his home country children twirled bamboo hoops around their waists in gym class. Wham-O made a decision to produce it, having even seen the original and were not mistaken. In 1958 hula-hoops became highly popular and created long queues in sportshops. . In the first four months of hula-hoops being on the market, twenty five million of the toys were sold in the United States, and 100 million during the entire year. The promotion of the new product was done in nonstandard ways. For example, they were distributed in Pasasdena school for each pupil, with a promise to gift to those pupils who would learn to use it.

- Budgetary credit facilities were allocated thus contributing to containment of the costs in areas such as public health, education and pensions.
- The credit facilities allocated to the Central Bank of Armenia enabled it to increase reserve funds which contributed to macro-economic and financial stabilization of the country.

The Government of Armenia took relevant steps aimed at simplification of regimes and reduction of corruption risks. Particularly, in 2010 amendments were made to the RA law On Licensing targeted at curtailment of the list of the activities subject to licensing, which are expected to reduce corruption risks by up to 40%

It is presumed that non-resident organizations operating in Armenia through their branches and representations will be allowed to independently calculate the amount of taxable profit. A unified timeline is set for tax agents for filing tax returns on incomes of non-residents and the size of paid profit tax. The procedure of payment of excise tax was also simplified with the producers of goods subject to excise taxation being required to report their tax returns on a quarterly rather than monthly basis.

CAPITAL MARKET

The local capital market in Armenia is now underdeveloped and the country needs to undertake serious activities in this area. The economic crisis and thereafter, the post crisis period, adversely affected the development of Armenian capital market.

In the opinion of local and international experts, at the given stage of the development of the financial market, the primary emphasis should be on the market of government bonds rather than the market of corporate bonds.

Since 2008, the capitalization of stock market has remained unchanged. As of December 31, 2010, the market capitalization was AMD 52.6 billion (approx. USD 145 million).

During 2010, only three new issues were organized by issuers at a total amount of AMD 2.25 billion (approx. USD 6.2 million), largely pursuing a goal of refinancing previous security issuances. Currently, only ten companies are members of stock exchange. It is expected that in 2011 preparatory activities will be carried out for activation of the IPO market.

Armenia is devoid of an organized market (stock exchange) for share trading and investors mostly deal with corporate bonds. At the same time, in 2010 the market reported a decline in one of the most active platforms in 2008-2009, the corporate bond platform, in which the deals declined by 70%.

A positive trend in 2010 was recorded in the market of government bonds (2 fold growth), as well as in the share market (by 30%). The volume of deals executed through the currency platform in 2010 went down by 24.4%. In 2010 deals were concluded in US dollars only.

The launching of the interbank credit platform was the main 2010 achievement for NASDAQ OMX Armenia. On April 1, 2010 the platform for interbank overnight credits was launched. This platform is the most active in the market offering the price for overnight interbank credits.

In 1958 the first stereophonic phonograph records and skateboards were developed. The history of skateboard dates back to the 1950s, first appearing in 1958. Back then it was a shadow of the modern skateboards. Then it was something resembling a skateboard, that cannot stand in comparison with a modern one. Many people think that skateboard concept came from scooter but without steering wheel, but they are mistaken. Skateboard came from surfing, which first appeared in California. They still say the best surfers live there. Bill Richards and his son Mark signed a contract with a Chicago company producing rollers, as well as skate wheels. Later these were pretty basic boards made by fixing roller skate wheels to pieces of wood. One could see small boys skating along the streets imitating surfing on the street. This is where “sidewalk surfing” originated from, although its scientific name is terra surfing. Today skateboarding is one of the most popular extreme sports.

In 1958 the first super glue was marketed in the US. Dr. Harry Coover, of Tennessee, invented it quite accidentally. Dr. Harry Coover discovered it while working for Kodak Research Laboratories to develop an optically clear plastic for gun sights in 1942. During one of the experiments conducted by Dr. Coover he invented cyanoacrylate which turned out to be the base of superglue. Dr. Coover rejected cyanoacrylate because it was too sticky and basically stuck to everything. In 1951, while working for Eastman Kodak, Coover and another scientist, Fred Joyner, rediscovered the material which they called Eastman 910 and saw its commercial use. The cyanoacrylate glue known in the US as

NASDAQ OMX Armenia intends to extend the term of interbank credit repayment from one day to a month.

In 2010, legislative foundations were established for launching pension reform. In the framework of pension reform, draft laws On Funded Pension Reform and on Income Tax were developed by the Ministry of Finance of Armenia and adopted by the National Assembly.

At the same time, within the introduction of multi-stage funded pension system in Armenia a guaranty fund for pension allowances will be set in Armenia. The guaranty fund is designated to compensate 20% of a loss (for any reasons), while the balance (80%) should be guaranteed by the state. It is expected that starting from 2014, the funds of a mandatory funded system will be guaranteed at 100%.

It is assumed that in 2011 Armenia will adopt a voluntary funded pension system, and from 2014 – it will be on mandatory basis.

The Insurance sector in Armenia, until recently considered one of the passive segments of the financial market, with introduction of Compulsory Insurance of Vehicles started its rapid development. Introduction of compulsory insurance of liability arising from use of motor vehicles may be considered one of the important achievements of the year. According to the law, effective January 1, 2011, Armenia will introduce compulsory insurance of liability (APPA). It is expected that APPA can serve as a stimulus for development of other types of insurance, particularly CASCO insurance.

Armenia undertakes measures aimed at introduction of mandatory health insurance. Also, at the end of 2011, the program of partial insurance of housing loans will be launched with the first version having been already drafted.

Banking Sector

2010 was an intense year both for the economy and banks of Armenia, at the same time being a year of stabilization and recovery. High liquidity ratios and stability allowed the banks not only to withstand the strong adverse impact of the economic crisis, but also to recover to pre crisis level of returns. The Armenian banking system successfully overcame the uncertainty which was linked to the financial crisis in 2009 stepping into a new stage of development due to enhancement of service quality and a rise in lending volumes.

In its turn, high level of capital adequacy allowed the Armenian banks to attract funds for their further investment in the country's economy. At the same time, previously raised large scale funds have been allocated during 2010.

If in 2009 the banks focused on risk management and removal of the consequences of the global crisis, in 2010 the rates of credit investments of commercial banks started to recover especially due to targeted funds attracted at the end of 2009 under the Russian Stabilization Credit Facility and the World Bank. Notably the recovery process was accompanied with certain changes in the structure of the loan portfolio with banks focused largely on financing small and medium businesses. Banks started to gradually increase the amount of loans granted to

SuperGlue, is produced in many countries. In the USSR it was known as “Moment” glue. Harry Coover received many awards and prizes for his discovery and he holds more than 460 patents.

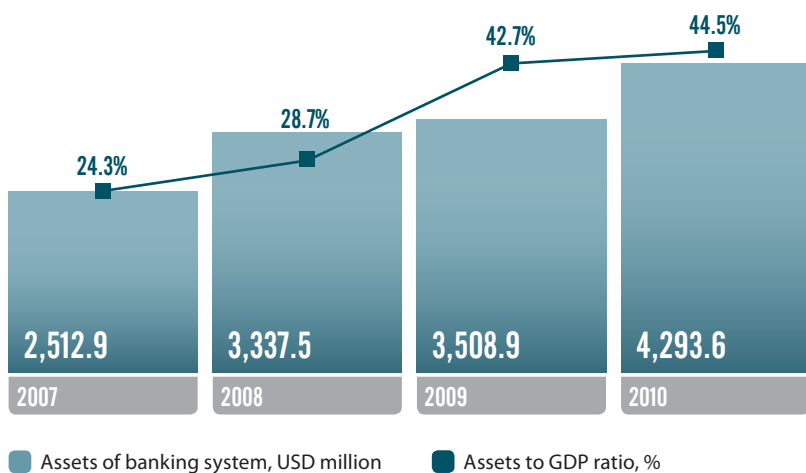
The world's first instant noodle product, “Chicken Ramen” was made by Momofuku Ando, the inventor of instant ramen and founder of Nissin Foods (maker of Cup Noodles). The product was cheap and simple for cooking which made it one of the most popular dishes in the world. In 2009, 92 billion packets of Chikin Ramen were sold. Ramen is also the name for the Japanese noodles. The first instant noodle is believed to be the E-Fu noodle appeared in China in 16th century. It is said that the cook of the magistrate of Yangzhou city used long fried noodles to be served to the guests by simply warming them up with various broths.

The Barbie doll was introduced to the world at the American Toy Fair in New York City. It was invented by Ruth Handler (cofounder of Mattel). It is believed that the prototype of the famous doll was Bild Lilli, a popular character appearing in a comic strip drawn by Reinhard Beuthin for the newspaper Die Bild-Zeitung. The doll models imaged Lilli largely resembled the early models of Barbie (the doll was named after Handler's daughter). Mrs. Handler was watching her daughter Barbara plays with paper dolls and noticed that her daughter was treating her dolls like they were young adults. The first Barbie was sold for \$3. At first buyers were not very enthusiastic as the doll appeared too extravagant for that period of time.

individuals. At the same time, rates of crediting of legal entities outpaced the rates of loans extended to individuals.

Banks switched to expansive policy leading to a growth of assets, including credit investments, and liabilities. Several banks replenished their charter capital.

Banking Sector Assets of Armenia



On the whole the following items recorded growth rates over 2010:

- Assets of banking system increased by 17.7% reaching USD 4.3 billion,
- Loans - by 28% reaching USD 2.6 billion,
- Liabilities to clients – by 8.6% reaching USD 2.1 billion,
- Capital – by 14.6% reaching USD 877.6 million.

Intensive growth rates in 2010 propelled the level of financial mediation in the banking industry.

Thus, assets to GDP ratio increased from 42.7% in 2009 to 44.5% in 2010, the capital to GDP ratio from 8.5% to 9.4%, loans to economy to GDP ratio from 23.7% to 27.1%, term deposits of individuals to GDP ratio from 7.5% to 8.9%.

But soon the doll became incredibly popular among schoolgirls. Different kinds of accessories and dresses for Barbie appeared in market.

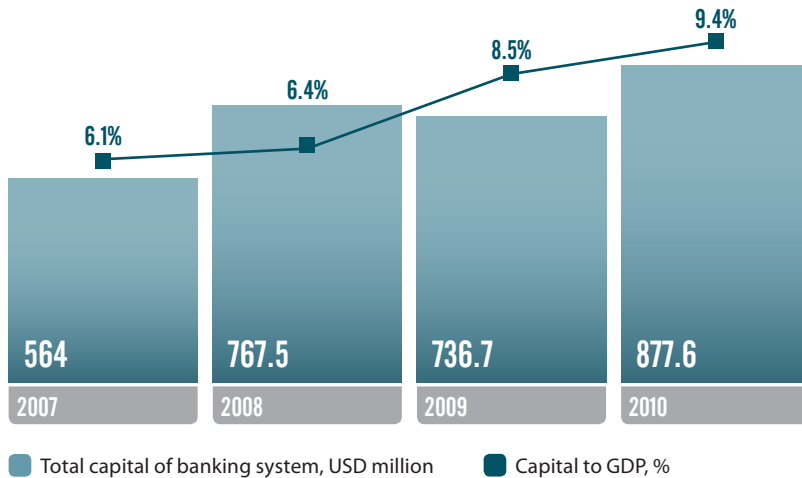
SCIENTIFIC BREAKTHROUGH

The 1950s marked the steady advancement of information technology and during the decade science made significant breakthroughs which shaped today's picture of the world. Not long after World War II had ended science and technology were creating things that up until then would have been considered as material to be found in science fiction books. People had not even dreamt about the achievements that were made in 1950s. Microchips, modems and personal computers seemed to appear from nowhere and essentially shifted the course of the contemporary history.

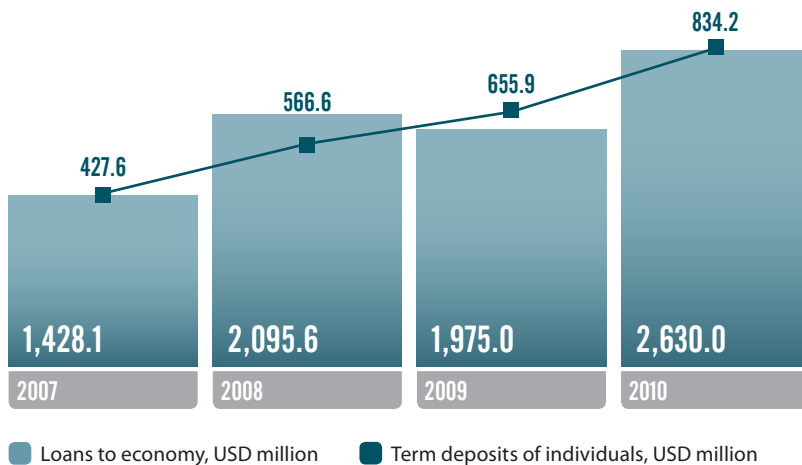
In 1950s scientists worked on the development digital modems for SAGE (Semi-Automatic Ground Environment), the first major real time, computer based command and control system of the US and Canada. Sizeable modems were used to establish a radar connection with airbases and control centers and they were commercially marketed as Bell 101 modems of "AT&T". They were capable of operating over the existing infrastructure, i.e. ordinary telephone lines.

In 1954 the United States launched the USS Nautilus, the first nuclear powered submarine. During the first two years of

Banking Sector Total Capital of Armenia



Loans to Economy and Clients' Deposits



Throughout 2010, along with growing volumes of the total loan portfolio of the banking system, their quality went up recovering from unfavorable trends in 2009. At the end of the reporting period the share of non-performing loans in the loan portfolio reduced to 3.06%, which is even lower than the one for pre crisis period.

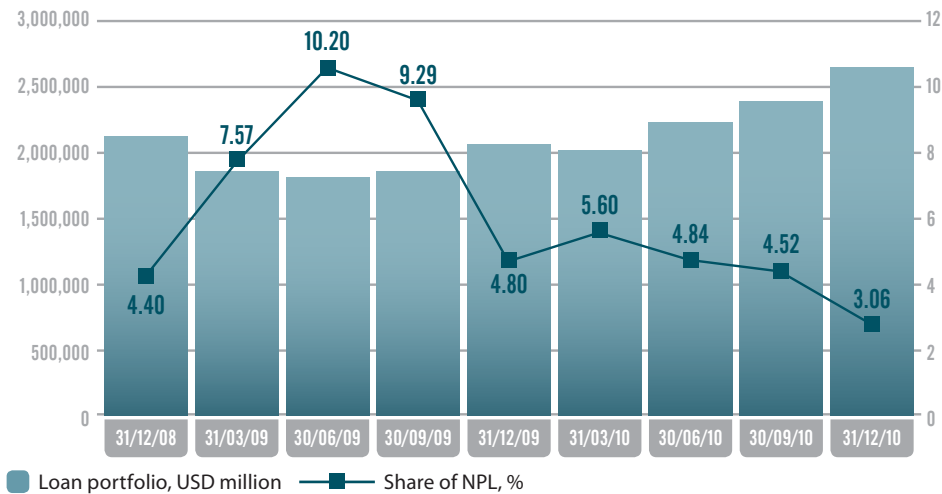
service Nautilus sailed 100 000 km, and in 1958 became the first vessel to sail to the North Pole.

The main difference between conventional submarines and nuclear submarines is the power generation system. Nuclear submarines employ nuclear reactors for this task. Since a nuclear power plant doesn't "burn" anything, it doesn't need a supply of air like a diesel engine does. That means that the power plant in a nuclear sub can run constantly and enables the submarine to stay submerged for months at a time if it so desired as it does not need to surface to replenish its' air supply. This is a huge advantage because it can go virtually anywhere in the world and remain undetected.

In 1954 the Soviet Union launched Obninsk APS-1, the first nuclear power plant in the world and in 1957 and 1959, respectively, launched the first Soviet nuclear powered submarine and nuclear powered ice-breaker.

The same year, physicists Narinder S. Kapany and Harold H. Hopkins of Great Britain and Abraham C.S. van Heel of Holland separately announced fiber optic imaging bundles in the prestigious British journal Nature. The fiber optics were of rather low quality and had huge losses of light, therefore the scientists continued working on it. In 1956 Narinder Kapany was the scientist to propose the name fiber optics. , C.S. van Heel determined that by covering the bare fibers with a transparent cladding of lower refractive index he could greatly reduce the loss of light within the fiber optics.

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



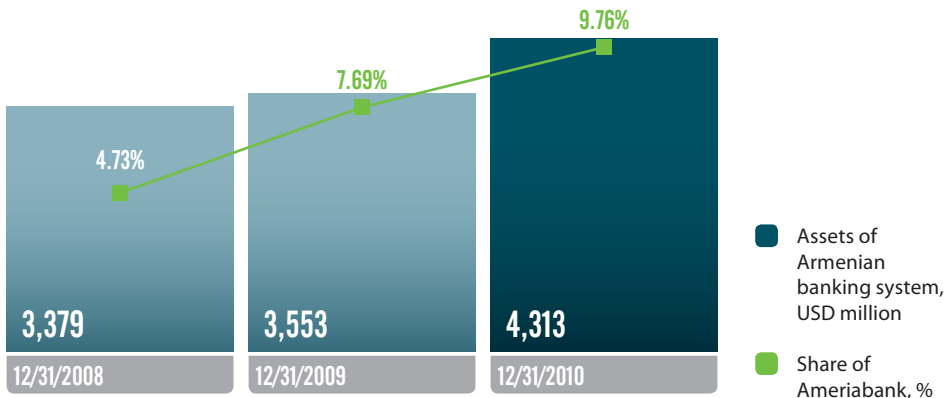
In 2010, banks resumed the practice of extending mortgage loans which was also fostered by various programs of the RA Government and international structures.

The year 2010 was marked with a unique and unprecedented for Armenian financial market event – the acquisition of Cascade Bank by Ameriabank.

Position of Ameriabank in Banking Industry of Armenia

In 2010, Ameriabank proceeded with its dynamic growth by adhering to its strategy. The Bank not only strengthened its position in the market, but also rocketed into the group of top banks. In 2009 the Bank ranked among the five leading Armenian banks, in 2010 it was among the top three banks in terms of main financial and economic indicators.

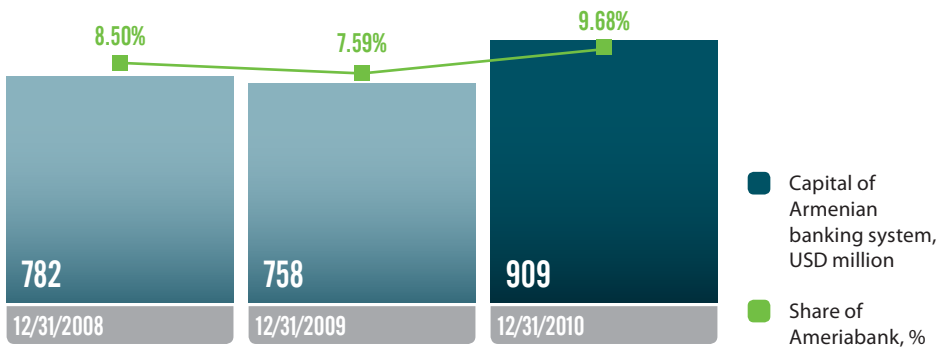
Changes of Asset in Ameriabank Share in Banking Sector of Armenia



In 1957 the first man-made satellite was launched and this would become the base for creation of the global Internet web. The Soviet Union launched the first artificial satellite on October 4, 1957 at 19:28:34 Greenwich time (Sputnik -1) and burned up on 4 January 1958 .The satellite code name was PS-1 (abbreviation for the Simplest Satellite-1). Sputnik 1 was launched from Site #1, at the 5th Tyuratam range, in Kazakh SSR (now at the Baikonur Cosmodome). The satellite travelled at 29,000 kilometers (18,000 mi) per hour, taking 96.2 minutes to complete an orbit, and emitted radio signals at 20.005 and 40.002 MHz. Sputnik 1 burned up on 4 January 1958 after spending 3 months in orbit. The satellite was a 585 mm (23 in) diameter sphere, assembled from two hemispheres which were hermetically sealed using O rings and connected with 36 bolts. The satellite carried two antennas; each antenna was made up of two whip like parts; 2.4 and 2.9 meters (7.9 and 9.5 ft) in length, and had an almost spherical radiation pattern, so that the satellite beeps were transmitted with equal power in all directions. The instruments and electric power sources were housed in a sealed capsule and included transmitters, the emissions taking place in alternating groups of 0.3 second in duration. The downlink telemetry included data on temperatures inside and on the surface of the sphere. The spacecraft obtained data pertaining to the density of the upper layers of the atmosphere and the propagation of radio signals in the ionosphere. The satellite weighed 83.6 kg. The work on development of this man-made satellite was headed by the founder of practical astronautics,

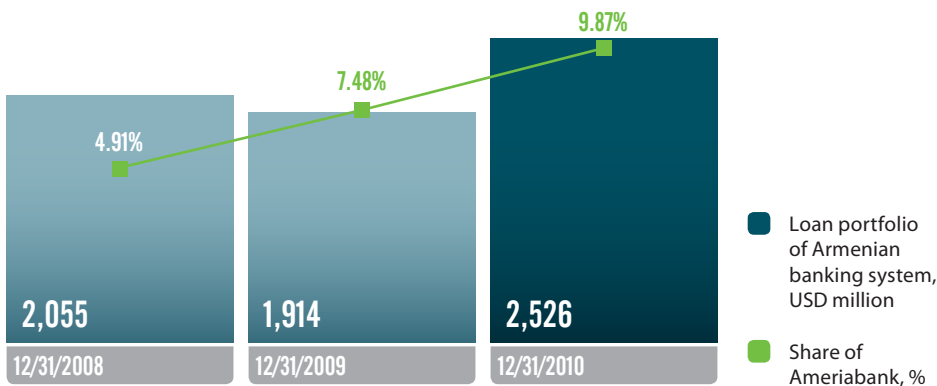
- In 2010, **assets** of banking system of Armenia rose by 17%, while assets of Ameriabank increased by 48%. As a result, the Bank's share in the banking system grew over the year from 7.69% to 9.76% (4.73% as of the start of 2009).
- In 2010, **total capital** of the banking system of Armenia rose by 15%, while Ameriabank capital of Ameriabank increased by 47%. The share of Bank's capital in the banking system over the year increased from 7.59% to 9.68%. **The rise in total capital of banking system was largely attributable to growth of charter capital (8 banks expanded their charter capital) and profit gained. In its turn, Ameriabank increased its total capital both owing to doubled earnings and increase in charter capital as a result of merger with Cascade Bank.**

Change in Ameriabank's Share in Banking System by Capital



- In 2010, the **loan portfolio** of Armenian banking system grew by 31.98%, so did the loans to economy sectors granted by Ameriabank (by 74%). As a result, the share of Bank's loan portfolio in the banking system rose from 7.48% to 9.87%. **Ameriabank has never suspended the practice of extending loans to economy sectors, identifying and financing progressive sectors, prospective enterprises, offering them quite favorable lending terms.**

Change in Ameriabank's Share in Banking System by Loan Portfolio



S.Korolyew, and a group of scientists including A.Keldhish, M.Tikhonravov and many others. The satellite launch marked the start of the space age.

The development of CDs and DVDs came along as technological advancements of the well known floppy disk. The medium was developed in 1952 from the work of Japanese inventor Ioshiro Nakamatsu. Initially the medium was used in Japan only in research laboratories for digital recording of equations. But after obtaining the license by the well known UM corporation for its commercial production it was widely applied in the US and worldwide.

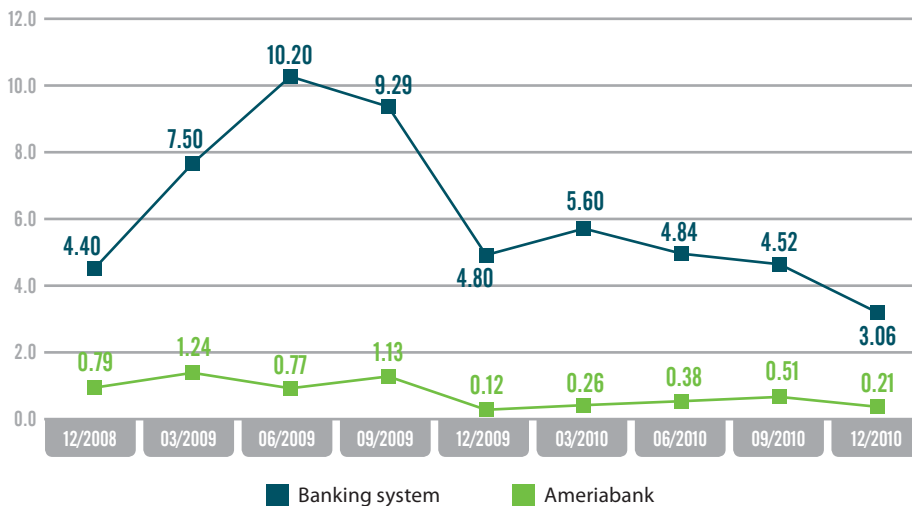
The same 1957 marked the development of the second version of EDSAC-2 computer. The machine became the first computer to have a micro-programmed control unit and a bit slice hardware architecture. The machine had been gradually evolved over decades turning into a modern computer. Now you can download a great many HD films, music, pictures and other things into your hardware.

In 1958 Jack St. Clair Kilby of Texas Instruments and Robert Noyce of Fairchild Semiconductor Corporation invented the first integrated circuit (IC) or microchip, although each of them developed the first IC independently within six months of each other. While Jack Kilby succeeded in developing the working model of the device, Robert Noyce made some useful modifications such as the use of silicone instead of germanium and more advanced integrated circuits. In 1961 the first

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 our shareholders, clients and partners.

- Despite the attenuation of crisis phenomena in the economy, in granting loans the Bank primarily focused on the **quality of the loan portfolio**.
- As a result, Ameriabank has the lowest share of non-performing loans (NPL) in a loan portfolio (0.21%).

Changes in Share of NPLs in Loan Portfolio of Armenian Banking System and Ameriabank, %



- **Even in the crisis period when the share of NPLs in the banking system was at its peak (10.2% in June 2009), Ameriabank's relevant indicator was only 0.77%.**

Steady development, launch of innovative products, technological base upgrading, and favorable terms for reliable and careful allocation of funds were the gateway ensuring not only the lending volumes but also expansion of resource base of Ameriabank.

Growth was attributed not only to fundraising from international institutions and partners, but also the increase in demand and term deposits of individuals and legal entities.

- In 2010, overall deposits of Armenia's banking system grew by 6%, while those attracted by Ameriabank went up by 8.98%. The Bank's share in the market of attracted client funds reached 9.45%.

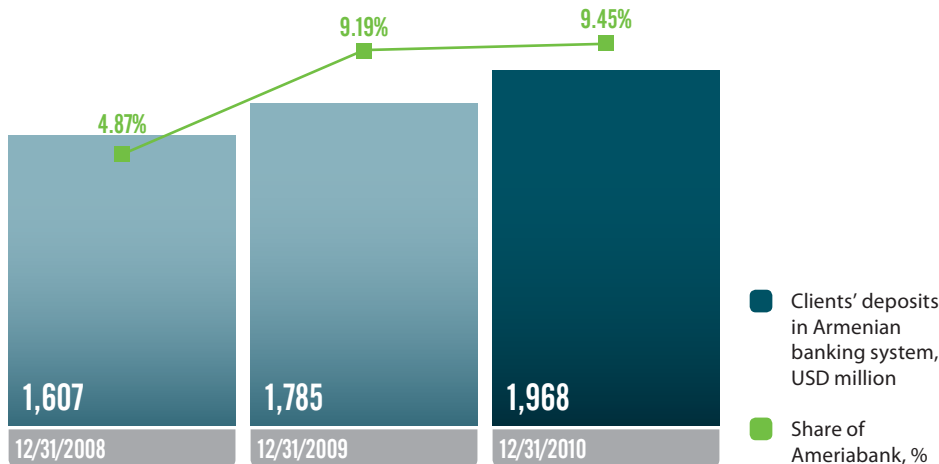
commercially available integrated circuits came from the Fairchild Semiconductor Corporation. The original IC had only one transistor, three resistors and one capacitor and was the size of an adult's pinkie finger. But due to ongoing technological advancements the IC of today is smaller than a penny and can contain hundreds of millions transistors.

In 1950 Franc McNamara, the founder of Diner's Club, invented the first universal credit card for restaurants. He issued 200 cards to his customers. Two years later, in 1952 Franklin National Bank of New York issued the first bank credit cards. American Express first issued a credit card in 1958. Until that point, credit cards were made of canvas or cardboard. Like today, you could be quite comfortable when shopping and making various payments. Today Visa, American Express and MasterCard are the most recognizable brands in the world.

Today each schoolchild knows what is DNA (deoxyribonucleic acid). Its structure was discovered 50 years ago, in 1953, by American biologist James Watson and English physicist Francis Crick. They made a DNA model using paper and metal. It was amazing to know that the principles of DNA structure is the same for all living things, ranging from bacteria to human beings. The British scientists were awarded a Nobel Prize for the discovery.

Today organ transplantation is an accepted reality. But the discovery proving that people can live with someone else's organs was made only in 1954 when Dr. Joseph Murray performed the first successful

Ameriabank Client Deposit Share Increase in Armenian Banking System



- In 2010, the Bank proceeded with customer satisfaction surveys which prove that the main factors enhancing the cooperation with Ameriabank are still; the high quality service, reputation of the Bank as a reliable partner as well as deposit insurance coverage.

During the first year after the economic crisis, when the economy was making efforts to gradually overcome the uncertainty and recover activeness in the market, the Armenian banking sector reported a significant growth of overall profitability together with enhancement of loan portfolio quality.

As a result, earnings and profitability indicators of banking assets and capital have essentially exceeded the previous years' level. The Banks' profit, per 2010 outcomes (without previous years' profit/losses) increased 2.4 times. Furthermore, only one out of the 21 Armenian banks was showing unprofitability by key indicators. The Banks' ROE for 2010 was about 11% against 5.5% in 2009, while ROA grew from 1.2% to 2.3%.

Ameriabank's ROE and ROA were 10.38% and 2.24% respectively. The Bank's share in overall income of the banking system was 8.5% in 2010 against 10.5% in 2009, when most Armenian banks recorded a significant decline in earnings.

transplant of a kidney. The procedure, which transferred a kidney from one identical twin to another 23 year old, was successful because the twins shared the same genes and the new body did not reject the kidney. The patient lived for another nine years after his kidney transplant. In 1990 Murray was awarded a Nobel Prize for first organ transplantation.

In 1955 George de Mestral, a Swiss engineer conceptualized Velcro after returning from a hunting trip with his dog. After removing several of the burdock burrs (seeds) that kept sticking to his clothes and his dog's fur, he became curious as to how it worked. He examined them under a microscope, and noted hundreds of "hooks" that caught on anything with a loop, such as clothing, animal fur, or hair. Several years later he patented Velcro.

The first music synthesizer was invented in 1957 by Russian inventor Yevgeni Murzin. It was a huge instrument and filled half a room and was not very attractive with its bare knots, mixed wires and piled radio lamps. Murzin named his invention the "photo optic sound synthesizer."

On May 29, 1953, 34 year old Edmund Hillary and Tenzing Norgay of Nepal became the first human beings to conquer Mount Everest, the Tibetan name is Chomolungma, and is referred to as the roof of the world. Once reaching the summit they stayed only 15 minutes, with Hillary taking the famous picture of Tenzing holding his ice pick before they started their long and difficult descent as the snow swept all climbing traces.

1960's 2010

All progress is based on a universal innate desire on the part of every organism to live beyond its income.

*Samuel Butler
English writer, philosopher, theologian, musician and artist*



*Ghazaryan Vardan
Financial Department / Cash Operations Unit*





It is hard to imagine that the first cash dispenser machine was invented before World War II, in 1939, by an American inventor of an Armenian origin Luther George Simjian. Then the first ATM was far from being perfect as it was not connected to the bank, was not withdrawing money from the account and was huge. The New York City bank after testing the device came to the conclusion that it had to be removed due to uselessness. Two decades later on June 27, 1967 a new ATM model was installed in London Barclays Bank. The machine was constructed by John Shepherd-Barron. Originally it used a single use voucher or token to be able to get money from it but after a short period of time this system was replaced with a password (PIN code) system. These early ATMs had some drawbacks, such as an absence of a monitor and they had no online connection with customer's account. Due to these limitations each customer could withdraw only a specific amount of money. Nevertheless, the ATMs were secure and protected by 1.5 cm. thick steel plates, which could be destroyed only after 8 hour hard work.



Ameriabank 2010 Results

The year 2010 was a period for reviewing the Bank's history and reconfirming its ambitious goals.

The Bank not only outperformed its planned indicators, joined the three largest Armenian banks, but also was recognized to be the best bank of Armenia by the Banker magazine owned by the Financial Times Daily.

The award for 2010 was handed out during the 11th ceremony in London on December 2, 2010. This was an unparalleled competition in terms of the number of participants which assumes the relevance of the Banker awards for excellence in the banking industry. Near 500 organizations applied for the award.

As noted by the organizers of the event, the Banker magazine considered several major criteria: bank growth rates, wide line of products from consumer loans prior to M&A, assets and earnings growth rates, **fund-raising and their successful allocation in renewable energy sector and SMEs at USD 85 million**. Notably, the funds were attracted from international financial institutions, such as IFC (International Finance Corporation), FMO (Netherlands Development Fund, the country's international development bank), DEG (member of KfW Bankengruppe), EBRD (European Bank for Reconstruction and Development). Due to flexible system of risk management and the bank had the lowest number of problem loans, successfully carried out the merger with Cascade Bank, as well as the innovative spirit and progressive approaches to the banking business were essential for the choice.

Thanks to joint corporate efforts, in 2010 we efficiently implemented a number of unprecedented projects having had a revolutionary impact on the Armenian financial system, as well as triggered the further advancement of the Bank.

MERGER WITH CASCADE BANK – THE FIRST BANK MERGER DEAL IN ARMENIAN MARKET TO MERGE TWO BANKS.

In 2010, upon thorough examination of opportunities and potential risks, a great many discussions with partners, shareholders, the Bank executed the largest and unprecedented deal for Armenian financial market targeted at unlimited growth through the merger with Cascade Bank.

- In May, 2010 as of the decision of shareholders of the two banks, the re-organization of Ameriabank CJSC and Cascade Bank CJSC was approved to be in the form of merger. In July, the parties officially announced the finalization of the deal. On July 18, 2010 the Central Bank of Armenia ratified and registered the merger agreement.
- As a result of the merger, Ameriabank will proceed with its operations at the same time becoming the legal successor of Cascade Bank.
- After the merger, Ameriabank strengthened its position among largest Armenian banks in terms of consolidated indicators, rising to the third position in terms of assets, ranking fifth by liabilities, second by total capital and third by credit investments.
- The Bank continued to intensively expand, increasing both its assets and credit investments. As a result, at the year-end, Ameriabank ranked second in terms of assets, liabilities, credit investments, and third in terms of liabilities to clients.
- Upon the merger of the two banks, the quality of Ameriabank assets did not undergo any changes, as before, the Bank has one of the most healthy loan portfolios in the Armenian banking system.

The corporate culture, values and philosophy of the two banks merged together, resulted in high synergy.

LAUNCH OF AMERIABANK INNOVATIVE SERVICES STIMULUS FOR NEW DEVELOPMENT OF ARMENIAN FINANCIAL MARKET

In 2010, Ameriabank introduced a number of innovative services - not only new for the local market, but also triggering qualitative development of Armenia's financial market, and its' further harmonization with best international practice.

- For the first time in Armenia clients had the opportunity to enter international markets and earn on changes in prices of oil, gold, Dow Jones indexes; and a new type of deposit was introduced – the Structured Deposit.
- In November the Bank introduced new types of financing – Purchase Order Finance and Classic Factoring (non-recourse factoring) - which enable businesses to expand their activities and enhance their competitiveness.
- The Bank has developed a concept and scheme for the introduction of a service of impersonal metal accounts, Gold deposit as well as a number of other innovative products.

In 2010 Ameriabank launched 12 various new products and services designed for corporate clients and individuals.

1960

Swinging Sixties: the time of big changes, Berlin wall, Cuban missile crisis, victory of USSR in the space race – the decade of high technological achievements, fundamentally new and stunning discoveries and trends, which continued to develop in the years to come. The great minds invented everything -from an ordinary computer mouse till first console game, without which we cannot imagine living today.

The Berlin Wall was erected in the dead of night on August 12-13, 1961, and for 28 years kept East Germans from fleeing to the West. Just past midnight during the night East German soldiers and construction workers headed to the border of West and East Berlin. While most Berliners were sleeping, the workers quickly constructed a barrier made of concrete posts and barbed wire along the border. When Berliners did finally wake, they found themselves stuck on whichever side of the border they had fallen asleep on. For nearly three decades, East Germans would be kept behind this barrier, the Berlin Wall.

In March 1963 more than 200 thousand people, mostly afro-americans marched till Washington. American priest and public figure Martin Luther King (1929-1968) made his famous speech "If I had a dream". In 1964 US Congress passed the civil rights law. In October 196 King was awarded

International Cooperation Enhancement

In 2010, Ameriabank widened its cooperation with international financial institutes in order to enhance the opportunities of financing the economy of the country, and as a result, the total amount of funds raised in the form of credit lines, credit agreements, guarantees and trade finance exceeded USD 130 million.

In 2010, new arrangements were made with international financial organizations on attraction of large funds for the implementation of operational and new projects of Ameriabank and joint projects for financing the real sector of the economy of Armenia.

In 2010, the Bank started cooperation with the Eurasian Development Bank. In December 2010, an Agreement was signed with the Bank on granting a line of credit of USD 30 million to Ameriabank for financing small and medium-sized businesses.

Bank Key Growth Indicators

In 2010, the Bank growth rates were as high as before which enabled the Bank to further strengthen its market positions, substantiating its reputation as a stable bank with further growth outlook.

Remaining an absolute leader among Armenian banks in terms of charter capital, which in 2010 rose still more due to the merger with Cascade Bank (increasing by USD 22 million), the Bank ensured a growth of total capital through increased earnings. According to 2010 results, the Bank's profit amounted to AMD 3.2 billion which is equivalent to approx. USD 8.8 million (ranking 4th among 21 banks).

As a result, the Bank's **total capital rose by 47% and amounted to AMD 32 billion**, which is equivalent to USD 88 million, while **retained earnings reached approximately AMD 6.5 billion** (USD 17.9 million) against AMD 3.6 billion a year before.

Despite some slowdown of growth rates compared to 2009, the Bank's growth in the reporting year was impressive thanks to high capitalization, attraction of new clients and enlargement of activity areas.

In particular, in 2010 **Ameriabank recorded an increase in assets by 1.5 times** (in 2009, the Bank recorded a two-fold growth), moving to the second position in the Armenian banking sector compared to the sixth position in previous year.

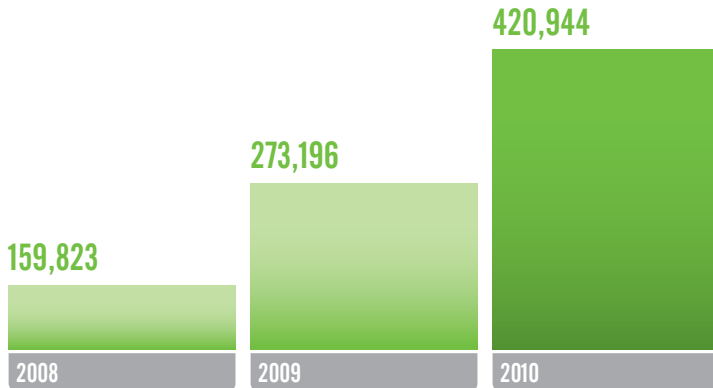
Nobel Prize World for his contribution in the racial oppression nonviolent resistance movement.

CULTURAL PROGRESS

Stilyagi (Russian: стилиаги, the plural of “стиляга”, stilyaga; lit. “stylish”, “style hunter”) was a derogatory term for the members of a youth subculture that existed from the late 1940s until the early 1960s in large cities of the Soviet Union. Stilyagi were primarily distinguished by their snappy or fashionable clothing, considered politically incorrect and contrary to the communist-socialist realities of the time, and fascination with modern music and fashions. Their apolitical views, neutral or negative attitudes toward Soviet morality, and their open admiration of modern, especially American, lifestyles were key characteristics that slowly developed during that time.

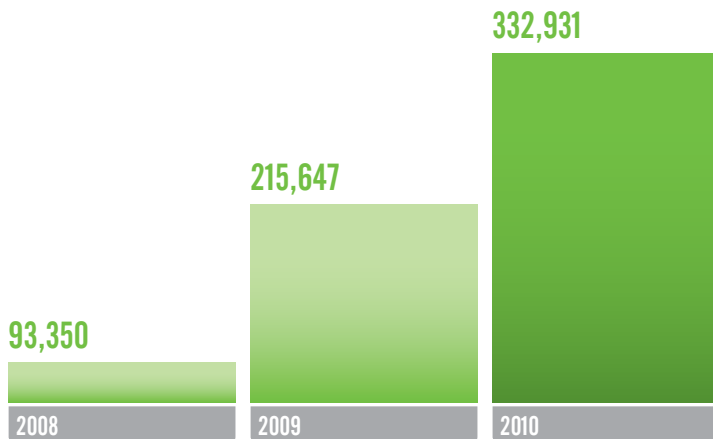
The 1960s featured a number of diverse trends. It was a decade that broke many fashion traditions, mirroring social movements during the period. The decade may be characterized by ethnic style, the cult of synthetic fabric, Capri trousers, high waist mini dresses, skinny jeans, miniskirts. The backcombing, “Babette” hairstyle of Brigitte Bardot, (geometrical haircut), and French manicures were very popular. Designer Yves Saint Laurent introduced his first version of le smoking—a black tuxedo for women—during a presentation of his couture collection in 1966 and became a distinctive brand of House of Yves Saint Laurent.

Ameriabank Asset Dynamics in USD thousand



In 2010 Ameriabank's total liabilities recorded 1.5 fold growth reaching an amount equivalent to USD 332.9 million (AMD 121 billion). This increase was ensured both due to ongoing enlargement of client base (in terms of corporate and retail clients) and wide scale attraction of funds from international financial institutions.

Ameriabank Liabilities Dynamics in USD thousand



Enlargement of asset operations in various areas triggered a further enhancement of income base and increased earnings.

According to the results of the reporting year, **earnings before taxes totaled AMD 4 billion** or approx. USD 10.6 million (compared to AMD 2 billion or USD 5.3 million in 2009).

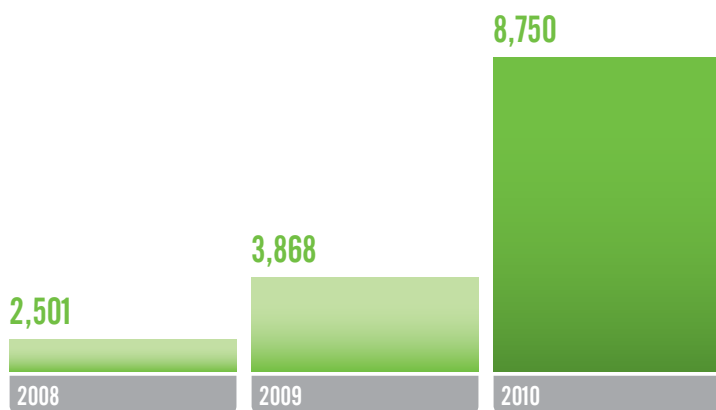
The same years gave rise to a subculture of hippies, the peak of the movement was the end of 1960s. Initially hippies protested against puritan morals, propagating the return to the natural purity through love and pacifism. One of the most famous slogans of hippies read: "Make love, not war!". According to their perception of the world hippies introduced ethnic elements like; beads, woven bracelets which had different symbolism, meaning various wishes, musical preferences, positions in life, etc. Thus, a black and yellow striped bracelet means a wish of happy hitchhiking, while red and yellow striped was a declaration of love.

The decade gave birth to the rock groups of all time such as The Beatles, The Rolling Stones, The Doors, Deep Purple, Led Zeppelin, Mashina Vremeni, Bob Dylan released his first "Bob Dylan" album.

In September 1962 The Beatles released their first single 'Love Me Do' and 'P.S. I Love You', in October reaching the national Top 20. In the beginning of 1963 the song 'Please Please me' took the second place at Great Britain hit-parade, after which the album 'Please Please me' was recorded within a very short time (within 13 hours). The third single 'From Me to You' at the peak of success took the first place.

In summer 1963 The Beatles who were planned to warm up the British concerts of an American singer Roy Orbison, thus turned out to have a higher rating. This was when the phenomenon 'Beatlomania' came along. The next day after the group's performance at Sunday Night At the

Ameriabank's Profit after Taxes, in USD thousand



The upsurge in the profitable operations of the Bank stemmed largely from sizeable increase of the loan portfolio (by 1.68 times), which totaled AMD 90.6 billion or USD 249.3 million by the end of 2010.

According to 2010 results, Ameriabank joined the **top 100 taxpayers' list** contributing to the state budget AMD 1.3 billion (USD 3.5 million), out of which AMD 683 million (approx. USD 2 million) constituted profit tax.

The table below illustrates the quality growth and potential for further advancement:

Indicators	2008	2009	2010
Total assets per employee as of the end of the period (in USD thousand)	913	1,188	1,299
Operational income per employee (in USD thousand)	51	52	64
Net loans to total assets (as of the end of reporting period)	63%	52%	59%
Total deposits to total liabilities	84%	76%	56%
Total capital to net loans (as of the end of reporting period)	66%	40%	35%
Leverage (time)	1.4	3.7	3.8

London Palladium TV show, the term was officially used in press on 14 October 1963. Chased by the fans crowds, the Beatles appeared in public only guarded by police. End of October of the same year the single 'She Loves You' became the most replicated disc in the history of British gramophone production, and in November 1963 the group performed for Mother Queen and British Beaumont at the Prince Wales London theatre.

In 1960s appeared Go-Go boots for having them on mainly while Go-Go and disco dancing. The term originates from Andre Courreges the white no heels boots designer. The term 'Go-Go boots' is often used for indicating all kind of boots up the knees.

Reggae is a music genre first developed in Jamaica in the late 1960s. It is sometimes used in a broader sense to refer to most types of Jamaican music. The most famous reggae performer is Robert Nesta Marley, a Jamaican musician, guitarist, vocalist and composer. After almost three decades since his death, he remains the icon of reggae. Thanks to his international success reggae acquired a wide recognition worldwide.

In 1967 the famous novel by Garcia Marquez 'One hundred years of loneliness' was published. The novel was recognized as a masterpiece of Latin-American and world literature, one of the most read and translated novel in Spanish, 8000 copies of the first edition published in Buenos-Aires, Argentina in June 1967. More than 30 million copies sold, translated into 35 languages. This stunning story about

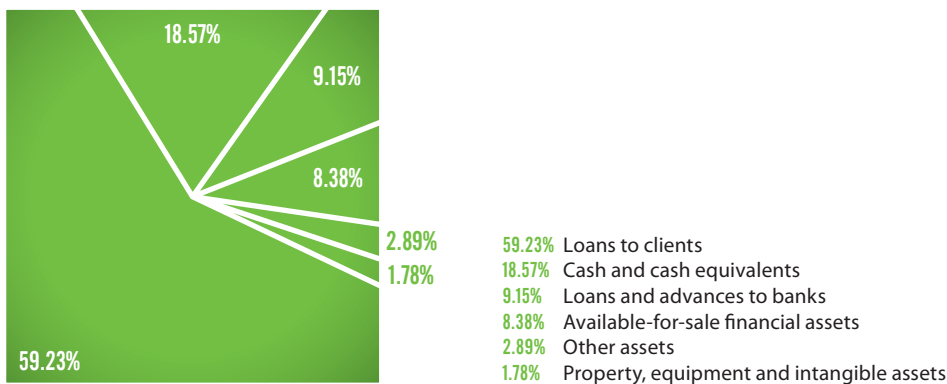
Asset Operations

During the reporting year, the asset structure of the Bank underwent certain changes towards further rise of the profit yielding component.

The share of credit investments in total assets increased from 52.38% in 2009 to 59.23% in 2010. The loan portfolio in its turn is quite diversified and protected from potential risk exposure.

The current capitalization and its normative component are indicative of a potential to further increases of profit yielding assets.

Structure of Ameriabank's Assets as of the End 2010



LENDING

In 2010, the Bank consistently increased its loan portfolio, which is the basic source of revenue generation given the external environment.

High capitalization rates, attraction of reliable and long-term partners into its clientele joined with skilled loan officers constituted the engine for loan portfolio growth.

The Bank adheres to the stringent selection policy of its borrowers. Apart from strict monitoring of the borrowers, Ameriabank thoroughly reviews the sector where the potential borrower operates, its development trends, and competitiveness. While the loan portfolio of Ameriabank in 2010 went up by approx. 74% (both due to the acquisition of Cascade Bank and its own assets), the relevant growth in the banking system totaled 27%. On the whole, the loan portfolio growth in the reporting year secured almost a 74 percentage point growth in Bank assets. It is worth noting that this growth was not driven by the volume growth only, the Bank selected the borrowers with transparent financial statements and positive credit history who represented the dynamically developing sectors of Armenia. Due to this approach the share of overdue loans in the loan portfolio was successfully retained on the lowest level of 0.21%.

Buendia family's all four generations has been called 'the book of Human life' and 'Human love encyclopedia'.

In 1960 *To Kill a Mockingbird*, a novel by Harper Lee, was published. It was instantly successful, winning the Pulitzer Prize, and has become a classic of modern American literature. The plot and characters are loosely based on the author's observations of her family and neighbors, as well as on an event that occurred near her hometown in 1936, when she was 10 years old. *To Kill a Mockingbird* is probably the most widely read book dealing with race in America, and its protagonist, Atticus Finch, the most enduring fictional image of racial heroism.

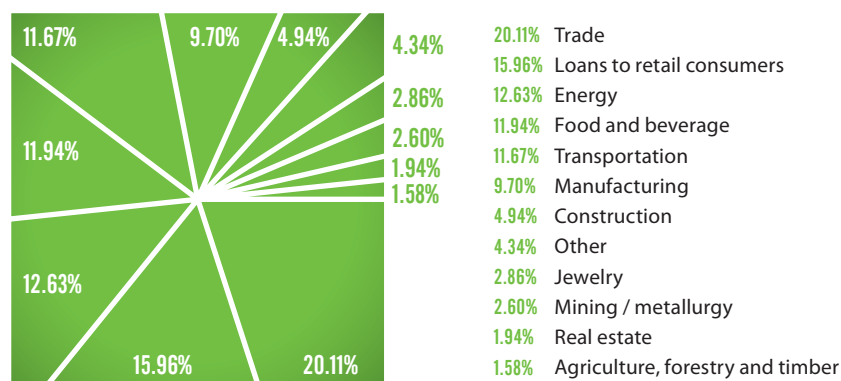
ACHIEVEMENTS IN LIFE

In 1963, Philips first introduced the cassette player to the audio market. During the 1960s felt-tip pens and touchtone telephones were developed.

In 1964 first in Japan started regular high-speed train railway traffic. One and half decade later in 1981 such trains were circulating within the territory of France and soon the most part of Western Europe including Great Britain became a part of united high-speed railway network. Nowadays high-speed trains develop up to 350-400 km/hour, while testing can run up to 560/580 km/hour. They have become highly competitive with the other transport types, due to the high level service and high speed, meanwhile saving expenses due to transportation low self cost if having big number of passengers.

The Bank also underlined the issue of loan portfolio diversification by sectors and client types. In 2010, Ameriabank enlarged the lending areas, financing prospective and rapidly growing sectors such as the renewable energy sector, the manufacturing industry, etc. **The Bank's policy is targeted at retaining a loan portfolio, diversified and well balanced by various sectors.**

Sectoral Structure of Ameriabank's Loan Portfolio in 2010



Owing to its efficient lending policy, the Bank earned interest income of AMD 9.2 billion which is equivalent to USD 25.5 million against AMD 5.2 billion (USD 14 million) in 2009.

INVESTMENTS SECURITIES

In 2010, as in 2009, the Bank abstained from operations in securities of foreign issuers in the view of the volatile situation in international financial markets.

In turn, because of notable slackness and insufficient development of the securities market of Armenia, Ameriabank refrained from sizeable investments in the local market.

Taking into account mentioned limitations, Ameriabank actively operates in the market of government bonds. As a dealer servicing internal debt of Armenia, and an Agent in the market of medium- and long-term government (treasury) bonds of Armenia (since March 1, 2010), Ameriabank remains an active participant in the mentioned market.

According to data as of December 31, 2010, total investments in government securities – bonds of the Government of Armenia – exceeded AMD 12.7 billion which is equivalent to USD 35 million.

As of December 31, 2009 investments in RA Government bonds amounted to AMD 6.7 billion or USD 17.8 million.

As an alternative direction of investments, active participation in the market of government securities is also an important component of efficient management of free cash and maintenance of high liquidity.

In 1966 Xerox company started the production of the first computer mouse. Originally the configuration of the sensor of the mouse invented by Douglas Engelbart of Stanford research institute in 1964, consisted of two vertical wheels that directly contacted the working surface. When moving, the wheels of the mouse would spin in their own directions. Such a construction had a lot of drawbacks and soon was replaced by a mouse with a ball drive. Douglas Engelbart's patent on the mouse, filed June 21, 1967 and granted January 17, 1970, was described in the patent's abstract as follows: "An X-Y position indicator control for movement by the hand over any surface to move a cursor over the display ". While demonstrating his invention in 1968, Engelbart predicted the future social networks and personal computers long before they became a reality (he also invented links, multiple windows, the first system of text message sharing and many others currently in use). During the demonstration he said his famous words, "I don't know why but we call the device a mouse". Today Douglas Engelbart could be richer and more honored than Bill Gates but he intentionally "kept in the background" and hardly anyone remembers him. For his invention in 1968 he received a check from his employer for 10,000 dollars and the entire amount of the royalty he used as his first prepayment for a modest country house. Later the invention was perfected at the Xerox research center to become the mouse we currently use.

In May 1967 Ralph Baer designed the first video game console and he also designed

Ameriabank abstained both from investments in the corporate market due to its extreme slackness and uncertainty of the situation and investments in international markets.

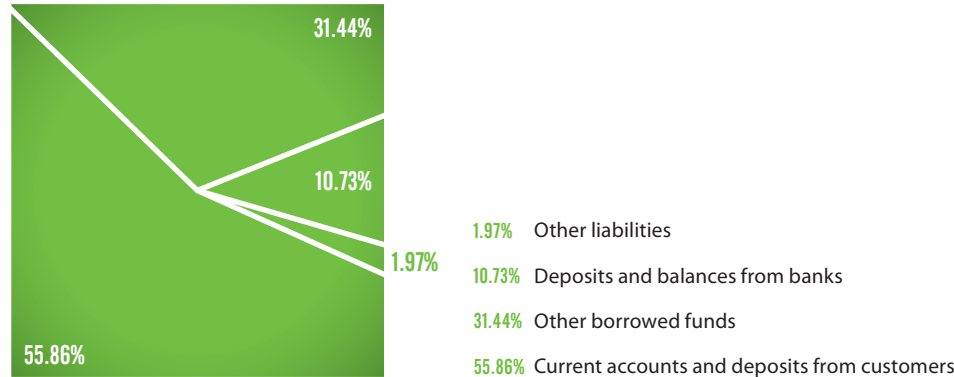
As of December 31, 2010 the portfolio of the bank had 0% share of corporate securities.

Resource Base

The Bank continually enlarged its resource base, which is increased largely due to attraction of funds from international financial institutions.

The formation of a steady resource base was highlighted as required for the implementation of long-term lending programs and projects for financing of the corporate client sector and individuals. The Bank continued its cooperation with international financial structures so as to achieve the goal.

Ameriabank Liabilities Structure at the End 2010



- Total amount of deposits of individuals placed with Ameriabank rose by USD 21.8 million reaching USD 186 million.
- The structure of liabilities to clients was continually changing. As at the end of the reporting period, term deposits accounted for 63.8% against 80% in early 2010. In the total amount of attracted deposits, corporate clients account for 53.4%, while retail clients accounted for 46.6%
- Total volume of deposits placed with Ameriabank by individuals rose by 80% reaching AMD 31.5 billion which is equivalent to USD 86.7 million, of which term deposits reached USD 72.5 million and demand deposits – USD 14.1 million.

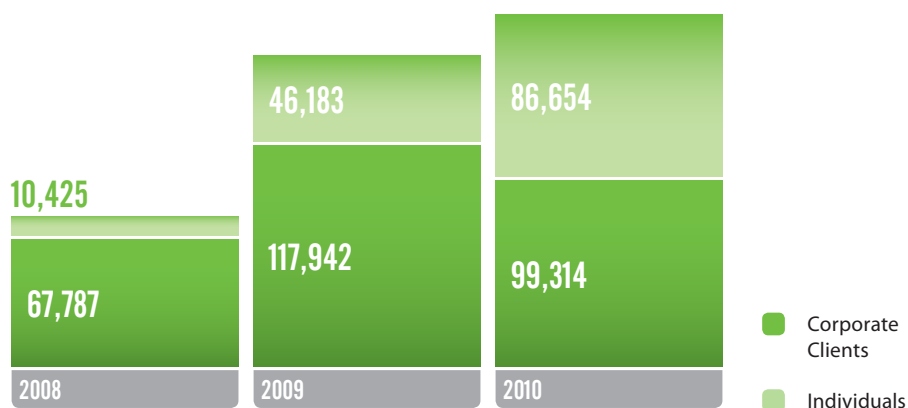
the first ever commercial video ‘Light Gun’ called the Shooting Gallery. This detected light from the TV screen, though pointing the gun at a nearby light bulb also registered as a “hit”. In 1968 Ralph fully finished the current prototype most commonly referred to as the Brown Box and patented it. The Brown Box played a variety of games. Among these were Ping-Pong, Handball and Volleyball. Today these games look very funny but at the time when the Brown Box was invented it seemed to be a miracle.

In December 1969 the first quartz watches of Seiko Quartz-Astron 35SQ appeared in the market. Along with producing mechanical watches, in 1959 Seiko company assembled a team to develop a quartz wristwatch. The initial objective of the project was smaller watch in size and less price due to increase of production volumes. Tsunea Nakamura, the head of the Seiko electronic watches development group, dreamed to create ideal watches - exact, elegant, never spoiling and never breaking Their first quartz products were battery powered chronometers, one of which was used in the Olympic Games in Tokyo in 1964. And at last in December 1969 the first quartz Seiko watches in the world 35SQ Astron were introduced in Japan. Seiko engineers had miniaturized the timekeeper to produce a wristwatch prototype. To develop manufacturing techniques required another two years.

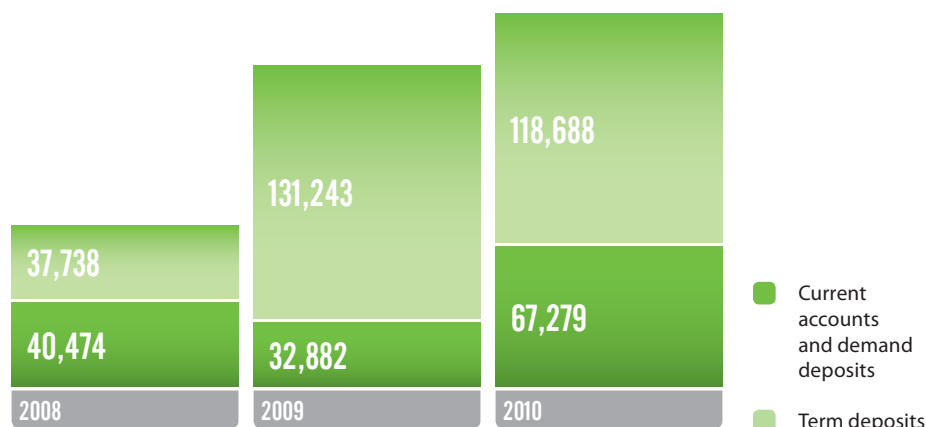
The year 1969 marked the start of the era of vending machines with Japan’s first vending machines specialized in cold beverages, depending on the season. In

- Current accounts of corporate clients increased by 98.2% reaching AMD 19.3 billion which is equivalent to USD 53.1 million, while term deposits amounted to USD 46.2 million.

Ameriabank Liabilities Towards Clients, in USD thousand



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



- In upgrading its resource base, Ameriabank continually highlighted the relationships with banks and other financial institutions. Throughout 2010, the total amount of funds of other banks placed with Ameriabank (Loro accounts, deposits/loans) increased 2.2 times from USD 15.8 million to USD 35.7 million, of which USD 20.2 million have been attracted from the Central Bank of Armenia.
- In 2010, the Bank successfully utilized the funds of the Russian stabilization loan facility under the agreement signed by the CBA (as an agent to the Government of RA) and

1976 the machine was perfected and now the vending machine could offer hot and cold drinks which greatly improved the sales of beverages.

During the 1960s a pilot "Avtomattorg" store was launched in Moscow. The vending machines installed in the store offered dairy products (milk, yogurt, ryazhenka (fermented baked milk), processed cheese, cheese and butter in small packages), sandwiches with cheese and boiled sausage). The "Avtomattorg" factory manufactured 12 types of various vending machines supplying all large cities of the USSR with relevant machines. Nevertheless, the mentioned sector was not developing as required and with a passage of time "Avtomattorg" was closed. Still, until the breakdown of the Soviet Union, the vending machines were very popular among population offering them carbonated and non-carbonated water, vegetable oil, newspapers, etc.

The first handheld calculator was developed by Texas Instruments. It could add, multiply, subtract, and divide, and its output device was a paper tape.

When the ZIP Code system was first introduced to the public in 1963, the post office had a hard time convincing millions of letter writers to add the unfamiliar extra numbers to each address. Public resistance might have foiled the ZIP Code system were it not for Mr. Zip – the cute and efficient-looking ambassador of the new system. According to USPO FAQ's, "the character Mr. Zip was designed to promote adoption of the new ZIP Code". This friendly little

Ameriabank. As of December 31, 2010, total amount of the funds obtained under this program and those raised through the Government of RA amounted to AMD 11.6 billion or some USD 32 million.

A dependable component of Ameriabank's resource base throughout the year was continually increasing allowing the efficient use of the growth potential. Total amount of funds attracted from international financial institutions in the form of targeted credit facilities, lines of credit for trade finance and guarantees is about USD 130 million, of which a sum of about USD 80 million has already been allocated to real sector of the economy of Armenian. Consequently, the Bank recorded a notable increase of the international financial institutions' share in its resource base.

Financial Institutions Cooperation Enhancement

INTERBANK RELATIONS

Throughout 2010, Ameriabank continued its efforts toward enhancement of interbank relations and improvement of services in non-cash settlements field. As a result of the merger with Cascade Bank, the optimized correspondent bank network includes Nostro correspondent accounts set with 24 nonresident banks.

In the reporting period, the Bank opened correspondent accounts (Gold) with HSBC Private Bank (Swiss), institutional trading accounts with Interactive Brokers, and leading Brokerage Company in the United States.

The Bank became a participant of Reuters Dealing trade system. The Bank's Loro correspondent network covers 11 resident and 3 nonresident banks.

Along with developing its correspondent network, Ameriabank was largely focusing on geographic diversification and risk mitigation by placing its funds with high rated banks.

Banks with the highest credit rating account for almost 85% or USD 14 million, of which a sum of USD 6.3 million is the funds placed with banks rated "AA-" to "AA+", while USD 7.6 million – is placed with banks rated "A-" to "A+".

Ameriabank's placements with other banks in the form of deposits and loans as of December 31, 2010 amounted to USD 33.3 million. Furthermore, some 56% of these funds are placed with foreign banks. As of December 31 2010, total placements with banks (accounts, loans and deposits) amounted to USD 49.7 million.

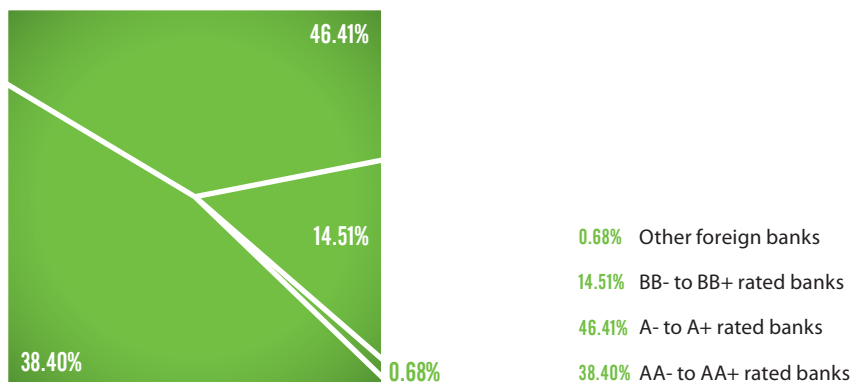
According to the 2010 results, interest income from interbank placements totaled USD 740 thousand.

salesman in blue was embraced by the public and did an amazing job of making ZIP Code usage commonplace. Mr. Zip's theme song was "Zip-a-dee-doo-dah" sung by Ethel Merman. He appeared on several stamps, stamp selvage and post office publicity items from 1964 to 1986. After the introduction of Mr. Zip presenting his plea to use ZIP codes on all correspondence, the public embraced the new system. Today, there is more than 95% compliance with the ZIP Code program.

The transformation of Africa from colonialism to independence in what is known as the decolonisation of Africa dramatically accelerated during the decade, with 32 countries gaining independence between 1960 and 1968, marking the end of the great European empires that once dominated the African continent.

As the 1960s began, American cars showed a rapid rejection of 1950s styling excess, and would remain relatively clean and boxy for the entire decade. The horsepower race reached its climax in the late 1960s, with muscle cars sold by most makes. The compact Ford Mustang, launched in 1964, was one of the decade's greatest successes. The "Big Three" American automakers enjoyed their highest ever sales and profitability in the 1960s, but the demise of Studebaker in 1966 left American Motors Corporation as the last significant independent. The decade would see the car market split into different size classes for the first time, and model lineups now included compact and mid-sized cars in addition to full-sized ones.

Ameriabank's Accounts with Correspondent Banks - 2010



FINANCIAL INSTITUTIONS

The Bank's strategic priorities include not only enhancement of relationship with banks but also establishing long term partnerships with leading financial institutions of Armenia, neighboring and far abroad countries. The Bank's cooperation with international institutions as a source of fund raising enables it to introduce new banking products and services on competitive terms.

The year 2010 was unprecedented for Ameriabank in terms of attraction of large scale funds from international financial institutions.

- By the year-end, total amount of debt obtained from IFIs reached USD 127 million, including funds attracted from the International Finance Corporation (IFC), Netherlands Development Finance Company (FMO), DEG German Investment Corporation (Deutsche Investitions und Entwicklungsgesellschaft), European Bank for Reconstruction and Development (EBRD) and Eurasian Development Bank (EDB), as well as Atlantic Forfaitierungs AG (Swiss).
- The funds have been attracted on competitive interest rates which will allow the Bank to finance its clients on favorable terms.
- These program funds were directed at the development of real sector of the economy of Armenia, particularly, SMEs and renewable energy sectors. Moreover, a sum of USD 35 million was directed to financing of renewable energy sector, and USD 66 million – small and medium-sized businesses. Furthermore, due to intensive activities aimed at fund-raising, in 2010 correspondent banks additionally provided lines of credit for trade financing, as well as USD 26 million in total for operations in the interbank market. Among these organizations the largest contributors are IFC, EBRD, Commerzbank, Deutsche Bank.

Due to unprecedented cooperation with IFIs, Ameriabank is in a position to finance the real sector of the economy of Armenia at competitive rates and terms.

SCIENTIFIC BREAKTHROUGH

The 1960s marked the start of the space race. On April 12, 1961 at 9:07 AM the era of Human spaceflight opened with the thunderous blastoff of Cosmonaut Yuri Gagarin aboard the Vostok 1 capsule from the Baikonur Cosmodrome Site No.1 at 9:07 a.m. Moscow time. "Poyekhali!", Gagarin said "[Off we go!]". First human being in space. Yuri Gagarin became the real embodiment of human dreams about the stars. Gagarin's spaceflight really catalyzed the scientific and technical revolution. It was discovered that not only bacteria, plants and Byelka and Strelka (the dogs that spent a day in space aboard Korabl-Sputnik-2 (Sputnik 5) on August 19, 1960 before safely returning to Earth) could safely live in zero gravity, but also a man (even a woman – 1963). More importantly, it was discovered that the space between planets could be conquered.

Neil Armstrong (together with D. Scott) went on his first mission into space on the 16th of March 1966, in the spacecraft Gemini 8, as the command pilot. The flight lasted 10 hours and 40 minutes. On July 16-24 1969, Neil Armstrong was the commander of Apollo 11, America's first attempt to land a manned vehicle on the Moon. On July 20, 1969 Commander Armstrong and fellow astronaut Edwin Aldrin successfully touched down on the lunar surface. He and Aldrin explored the Moon's surface for 2.5 hours. Armstrong spent 21 hours and 31 minutes on the lunar surface. After the successful implementation of the program Apollo-11,

Development of Management System, Technologies and Infrastructure

Competition in the banking sector goes global. It also drives the need for developing innovations and introducing new technologies in the local market.

Innovations have been the driving force for the development of the Bank from the very beginning. During a short period of time after the acquisition of the Bank, we recorded a lot of examples proving the efficiency of Bank's policy in innovations and compliance with international standards.

CLIENT RELATIONSHIP MANAGEMENT SYSTEM (CRM)

The Client Relationship Management System (CRM) software, pilot version of which was launched in 2009, was ultimately introduced in 2010 despite the works carried out for the best integration of the platform with existing automated systems of the Bank.

- Client relationship management system is fully integrated with the AS Bank accounting system which allows online viewing of all data of client, bank products used by them, agreements signed, etc.
- At the same time, all bank subdivisions make their own contribution to finalization of the CRM system; as a result, the system functionality exceeded its basic supplier version several times.
- Bank management can immediately access analytical data and reports generated in the system without additional efforts of Bank employees.

MANAGEMENT STANDARDS SYSTEM

In March 2010, TUV RHEINLAND GROUP conducted an annual audit of the Bank in order to check the Bank's compliance with quality management standards. Upon the finalization of the audit results, the representative of TUV RHEINLAND GROUP highly appreciated Bank's efforts in 2010 in improving quality management system and awarded for the second time an ISO 9001:2008 quality management international certificate to Ameriabank.

It is worth mentioning that the Bank's activities are not limited to implementing minimum measures required under ISO 9001:2008 standard. Ameriabank strives to introduce new instruments and methods that are driven by bank development goals and principles of corporate governance.

In 2010, Ameriabank announced a tender for an audit of its information system and ISO/IEC 27001:2005 certification. Prior to it, the Bank undertook relevant activities and reviews anticipated under the project for ISO/IEC 27001:2005 certification in information security. Among the business-processes and systems predominantly highlighted by the Bank management in 2010 are risk management system, client relationship management system and performance assessment system.

the crew returned safely to the Earth.

Today all kinds of possible satellites of space agencies literally flood the Solar system. They rotate around the Jupiter, Saturn, Mars and other planets. Over several thousands satellites circulate around the Earth. These are meteorological devices, scientific and commercial (including famous orbital telescopes) telecommunications satellites, that make calls to any part of the world possible. To look through several thousands TV channels of the world or to send an email to Antarctica. Only a few years ago we could have said that there will be no response, but today we cannot say that.

According to the popular legend, NASA had invested several million dollars for the development of a pen that would work in space in zero gravity, while crafty Russians used a pencil. When astronauts began to fly, they also used ordinary pencils: these were not mechanical pencils or felt-tip pens. The lead of these pencils could easily break off causing dangerous situations when they floated around in the gravity-less space cabin. Gagarin's spaceflight opened a new space era. Paul Fisher fully realized that a safer and more reliable writing instrument was needed. At his own initiative, Fisher started the development of space pen. The pen used pressurized ink cartridges and was claimed to write in zero gravity. Such pen wrote in all positions but would still drip. After almost three years of testing Fisher changed the ink with thixotropic gel: thus with ball rotation the consistency was not as sticky, it wrote on any surface, but when the ball stopped rotating- the liquid thickened. In 1966 Fisher patented the Anti-

During 2010, the Bank developed a number of processes regulating the introduction of new products. On the whole, some 80 business processes have been upgraded.

INFRASTRUCTURE

Due to customized infrastructure management systems, in 2010 the Bank was in a position of ensuring smooth and flawless operation of all its information and technology systems. Apart from this, in 2010, the Bank continued activities targeted at further enlargement of technological facilities in client servicing and risk management areas.

The programming unit has developed and introduced a number of infrastructure software enabling them to automate client service process and introduce new services and products types.

In particular, in 2010 Bank specialists:

- Developed a software for servicing Armentel dealer payments having integrated it with AS Bank system;
- Worked out a new software for automation of treatment of payment card operations;
- Developed new modules and functionality for automation of interline operations in securities which was developed and introduced by Bank specialists in 2009;
- Started working on an automated system for assessment of employees performance under KPI and 360° methods.

Integration of Ameriabank and Cascade Bank

The crucial challenge faced by the Bank in 2010 was **the need for technological and software backup for smooth integration of Ameriabank and Cascade Bank**. Due to qualified and coordinated efforts of IT specialists of the two banks, priority measures have been successfully accomplished, in particular:

- Building of infrastructure for integration of Cascade Bank and Ameriabank; mox cable was laid between Ameriabank's *Kentron* branch and Cascade Bank in order to integrate the information systems of the two banks;
- Integration of all information and automation systems of Cascade Bank and Ameriabank;
- Transfer of clients data base from Cascade Bank to Ameriabank's data base;
- Transfer of trade and service network (POS-terminals) of Cascade Bank to Ameriabank's system.

Gravity Pen under № 3285228 and sent the samples to NASA for testing and approval. 400 pens were made for data recording for Apollo and Skylab, each pen cost 6 million dollars. In 1969 the Soviet Union bought 100 pens for Soyuz spaceships and later for Mir station.

The first cash dispenser machine invented in 1930s by Luther George Simjian, which was developed by John Shepherd-Barron, working for De La Rue – the british producer of paper for banknotes for more than 150 countries, was born again with new opportunities. On June 27, 1967 the first ATM was installed at Barclays branch, Enfield of London (Great Britain).The cash dispenser machine disbursed maximum 10 pounds per customer. There were no plastic cards and to withdraw money, people used special vouchers that could be obtained from the bank.

The idea to have a machine dispensing cash, came to John in 1965 when he was late to the bank by only a minute to withdraw money from his account. He recalled the time when there existed machines dispensing sweets. 'Probably it is possible to invent a machine dispensing not chocolates but money.'- one of London newspaper quoting the inventor's thoughts. A couple of years later another Scottish man- James Guld fellow invented a PIN code system protecting from unauthorized access to the bank accounts. The first plastic cards with steel plates appeared in USA.

There is a version that first compact discs were invented by Sony and not Philips, and American physicist James Russell.

Regional Development

As a client-oriented bank, in 2010 Ameriabank continually enlarged its branch network in order to ensure its accessibility for its clients. An economic analysis was carried out by the Bank as of the regions of Armenia and districts of Yerevan in order to identify the largest potential of demand for Ameriabank's services. Based on the analysis, the Bank has developed a strategy-of-stage by stage launch of new branches throughout the country in order to get nearer to its clients within three upcoming years.

In 2010, the Bank's branch network was reinforced with three new ones, two of which were transferred to the Bank upon acquisition of Cascade Bank:

- In February 2010 a new branch was launched in Dilijan with a full range of banking services. Main areas of operation are servicing businesses engaged in tourism, manufacturing industries and services,
- In May 2010, Armenia's Central Bank registered Ameriabank's Cascade branch - the formerly Head office of Cascade Bank – along with retention of all services rendered by Cascade Bank;
- In June 2010 Armenia's Central Bank registered one more, Komitas, branch formerly operating as Cascade Bank branch.

Clients of all branches have access to the full range of services delivered by Ameriabank. At the end 2010, the Bank's branch network was comprised of 7 branches.

The Bank made continual efforts to set up infrastructure for new branches and enhance information technologies of the Bank's Head office. The flawless operation of all branches and the Head office is ensured through a single server operating in an online mode.

Along with enlargement of the branch network, Ameriabank carried out activities **aimed at expansion and optimization of ATM network** as an integral part of the Bank infrastructure. During 2010, the number of ATMs increased by 30, of which 14 ATMs were obtained by Ameriabank as a result of Cascade Bank's acquisition. Additionally, 16 new ATMs were launched; as a result, **the total number of ATMs reached 64 as opposed to 34 at the start of 2010.**

The total number of **installed POS terminals reached 201**, as opposed to 80 at the beginning of the year.

Clients and New Products

In 2010, Ameriabank product mix was continually increasing. It is to be noted that the Bank products are quite distinct from other products offered in the financial market of Armenia because of their uniqueness and innovative nature. As before, the majority of new services marked the start of new approaches in setting partner relations with clients. Due to innovations, which are intrinsic to Ameriabank activities, our client base was gradually increasing.

James Russel is supposed to be the first who started using color TV screen and keyboard as a man machine interface. He was the first to project and build a unit of electron beam welding. In 1965 Battelle Memorial Institute based in Ohio, opened North-Western Pacific laboratory in Richland, Russell held the leading scientist position. He knew in which direction he would be working. As the physicist was a passionate fan of classical music, as other melomans of that time he was getting upset with the poor quality of vinyl records music. Wishing to improve the quality, the scientist even tried using cactus needles. Once on Saturday afternoon Russell made up his mind to outline a scheme of a better digital records system and sound reproduction. Finally, he generated a really revolutionary idea-invented a device where there was no physical contact between components of the recording process. At that time Russell was familiar with digital recording of data on the card and magnetic tape, but understood that the better way was to use light. 0 and 1, darkness and light – kept the physicist wondering – if to tighten the double code well enough, it would be possible not only to keep the melody but a whole encyclopedia. The scientist's idea found support at the institute, though not at once, issuing a permission to elaborate his personal project on transferring the analogue signal into a figure. A couple of years later Russell invented the fist optic-digital system of recording and reproduction, which was patented in 1970. He discovered how to record data on the hard photosensitive disc as a tiny 'bits', light and dark, each- micron in diameter.

- Client base almost doubled (by 12.4 thousand clients). In 2010, the total number of Bank's clients reached 25.5 thousand. It is worth mentioning that some 40% of the growth of client base was ensured by clients of Cascade Bank acquired by Ameriabank.
- In 2010, the Bank opened 8500 new accounts for individuals, which exceeded the same indicator for the previous year by 25%. At the start of 2011, the total number of retail clients reached 23.1 thousand.
- Activity of retail clients rose by 65%.
- In the reporting period, total number of corporate clients increased by 955 reaching 2340.
- Among corporate clients of Ameriabank, 45 companies are listed among 100 largest taxpayers (during the year their number increased by 14).

Among new products and services launched by Ameriabank in 2010 are: structured deposits, Purchase Order Finance, classical factoring, as well as Know the Value of Money deposit action for individuals.

According to the terms of the Know the Value of Money deposit action, payment of the deposit amount is to be made at the end of year, while interest on it is paid at the start of the deposit term. The action has had a broad response among the public and in only a month's period (December 2010) the Bank attracted an amount equivalent to USD 5.5 million; due to the new product net growth of deposits in Q4 2010 totaled 29%.

On the whole, Ameriabank in 2010 offered its clients (both individuals and legal entities) over 10 new products.

The Bank launched e-banking, Online Ameriabank, which was efficiently operating throughout the year. The Bank clients have a real opportunity to independently control and manage their own accounts, make transactions being confident of the security. To ensure system protection, the Bank applies special security software, with all data being ciphered with the help of VeriSign SSL Certificate from VeriSign, Inc.

In 2010, Ameriabank enhanced its card product mix, which was complemented by new platinum VISA and MasterCard Platinum cards. Furthermore, as VISA and MasterCard Gold cards which had been offered to clients since 2009, platinum cards are issued with a full package of privilege services including IAPA discount cards, health insurance while travelling abroad as well as a Priority Pass. All these services are included in the Platinum package and no additional fees are charged to the client.

It is noteworthy that holders of Ameriabank's payment cards apart from IAPA and Priority Pass discounts had an enhanced opportunity to make best use of the discounts at points of sale and service in Armenia as their number exceeded 150 late in 2010.

In 2010, the Bank undertook efforts for implementation of the project tailored for issuing MasterCard and Visa chip cards. As of the end 2010, total number of active payment cards issued by Ameriabank reached 14.8 thousand, the total number of the cards issued in 2010 totaling 7.8 thousand. Total card turnover during a year exceeded AMD 28.5 billion which is

According to the popular legend, NASA had invested several million dollars for the development of a pen that would work in space in zero gravity, while crafty Russians used a pencil. When astronauts began to fly they also used ordinary pencils: these were not mechanical pencils or felt-tip pens. The lead of these pencils could easily brake off causing dangerous situations when they floated around in the gravity-less space cabin. Gagarin's spaceflight opened a new space era. Paul Fisher fully realized that a safer and more reliable writing instrument was needed. At his own initiative, Fisher started the development of space pen. The pen used pressurized ink cartridges and was claimed to write in zero gravity, upside down, underwater, over wet and greasy paper, at any angle, and in extreme temperature ranges. In 1966 Fisher patented the Anti-Gravity Pen under № 3285228 and sent the samples to NASA for testing and approval. 400 pens were made for data recording for Apollo and Skylab, each pen cost 6 million dollars. In 1969 the Soviet Union bought 100 pens for Soyuz spaceships and later for Mir station.

On June 27, [HYPERLINK "http://ru.wikipedia.org/wiki/1967"](http://ru.wikipedia.org/wiki/1967) "1967" 1967 the first cash dispenser machine was opened at Barclays branch, Enfield of London (Great Britain). The cash dispenser machine disbursed maximum 10 pounds per customer. The machine was invented by Scotsman John Shepherd-Barron, working with [HYPERLINK "http://ru.wikipedia.org/wiki/De_La_Rue"](http://ru.wikipedia.org/wiki/De_La_Rue) "De La Rue" De La Rue — the British producer of paper for banknotes for more than 150 countries. There were no plastic cards and to withdraw

equivalent to USD 78.5 million. It is noteworthy that holders of Ameriabank's payment cards apart from IAPA and Priority Pass discounts had an enhanced opportunity to make best use of the discounts at points of sale and service in Armenia as their number exceeded 150 late in 2010.

Enlarging its product mix and developing innovative solutions, the Bank predominantly focused on service quality. In December 2010, Ameriabank opened a new service hall for premium clients whom the Bank is prepared to provide Ameria Premium package of services. Premium Service Hall is designed to create an exceptional atmosphere of convenience and security and is located in the Head office; it has limited access through two entrances and versatile capacities of accommodating both banking operations and meetings with Ameria Group management.

An individual approach and allocation of a personal account manager is a practice applied at all levels and for all clients of Ameriabank, while for premium clients this approach is refined with specific features, particularly:

- Ameria Premium package of services not only underlines the status of premium client but also allows the client to manage his or her own time, optimize resource use which guarantees an individualized confidential approach.
- Premium clients are provided with Ameria Premium club card, allowing the cardholder to access the Premium Hall and use it as a sort of Premium ID in any companies within Ameria Group.
- With Ameria Premium card you will have special discounts at a number of luxury retail and leisure outlets.
- The Bank has developed and offers special tariffs and terms for Premium clients.
- Ameriabank Premium clients are kept updated on all innovations and major occasions at Ameriabank and will be invited to all events organized or financed by the Bank.

money, people used special vouchers that could be obtained from the bank.

In 1968 Robert Dennard modified and perfected the existing products for dynamic random access memory (DRAM). Thanks to Dennard, the dynamic random access memory operating in the same principle till now, became faster, cheaper and smaller. Technologically, Dennard's invention became a turning point in that he proved that a small chip could host more than a billion cells of random access memory.

In 1969 ARPANET was a pioneering wide area network (WAN) that was created by the U.S. Defense Advanced Research Project Agency (ARPA). It was the prototype of the Internet. This was the first network accompanied by the building of redundant routes and the use of on the fly rerouting of data if any part of the network failed (January 1, 1983). The technology underwent first tests on October 29, 1969 at 21:00. The network consisted of two terminals, the first of which was located at California University, while the second one at Stanford University. The teams connected their IMPs (Interface Message Processors) and the first team began the process of logging into Augment's NLS collaboration system. The two teams were in phone contact with each other; as the UCLA team typed each letter of the initial login command (L - O - G - I - N), they verbally confirmed its arrival in the north. The first test failed, reflecting only the letters "L" and "O". An hour later the test was resumed and successfully accomplished.

1970's 2010

The best computer is a man, and it's the only one that can be mass-produced by unskilled labor.

*Wernher von Braun
German rocket scientist*



*Matevosyan Armen
IT and Automation Division / Software Development Unit*



In 1975 Bill Gates and Paul Allen, intending to develop an interpreter for BASIC program language of the MITS Altair 8000 (an early computer), founded Micro-soft, specialized in computer software development. In 1976 Apple Computer released Apple 1 costing 695 dollars. It was sold as a motherboard (with CPU, RAM, and basic text and video chips). The frame and power supply were not included in the kit and the consumers were supposed to acquire them on their own. Apple 1 was followed by Apple 2 in 1977 (the latter helped in setting standards for almost all main microcomputers manufactured thereafter, including the IBM PC). Due to such developments, the IBM PC was strongly promoted in the market. The first marketed integrated mouse shipped as a part of a computer and intended for personal computer navigation came with the Xerox 8010 Star Information System in 1981. The mouse of Xerox had three buttons and together with the computer was sold for 400 dollars. In 1983 Apple released its own model of a single button mouse for Lisa computer, its price was cut by 25 dollars.





Corporate Banking

Pursuing its strategic objectives, in 2010 the Bank has actively been cooperating with perspective Armenian enterprises along with enlarging its client base through attraction of new rising companies.

By offering an individual approach and enlarging the range of services, Ameriabank reinforced its position in the corporate service market strengthening its reputation as a reliable strategic partner.

In 2010, Ameriabank was in a position to enhance its client base increasing it by 68.9% (up to 2340 clients against 1385 at the start of the year). Such a growth was possible due to efficient work of the Bank staff which allowed the Bank to retain the client base of Cascade Bank acquired by Ameriabank.

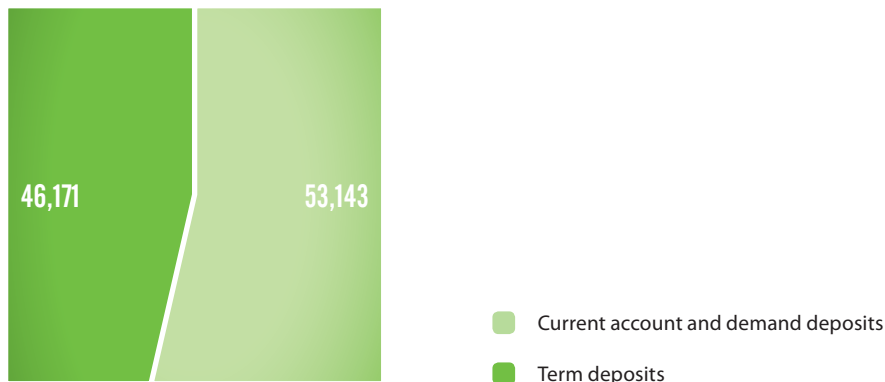
A wide range of opportunities offered by the Bank to corporate clients allowed it to set long-term mutually beneficial relations with them and attract many large companies needing financial support or quality financial services ensuring:

- Individual approach,
- High quality service,
- Industry monitoring,
- Partnership and financial advisory,
- Assistance in clients' growth and transparency,
- Access to targeted program funds.

Moreover, the companies not only executed their transactions through Ameriabank but also placed their free funds with Ameriabank as term deposits.

As of December 31, 2010 total of the deposits of legal entities amounted to a sum equivalent to USD 99.3 million, of which 53.5% - current accounts which almost doubled reaching USD 53 million. Along with it, in 2010 the Bank recorded a reduction in term deposits of corporate clients. This is linked to intensification of economic activities in the post crisis period when most companies started investing their free funds into business expansion and purchase of fixed assets and working capital.

Ameriabank's Liabilities to Corporate Clients, in USD thousand



In 2010, Ameriabank succeeded in enlarging its active client base while the Bank enhanced its service quality raising in to a new level, focusing on characteristics and needs of each specific client.

The new service hall opened at the end of the year for servicing premium clients and the America Premium package of services offered by the Bank ensured a new quality of services.

At present, some 100 legal entities are Ameriabank's premium clients and their number is rapidly growing thanks to their acknowledgement of the financial services offered by the Bank as well as the competitive advantages.

Business Lending

Our strong belief in the potential and power of Armenian businesses during the hard period of economic crisis has been justified: in 2010 not only the real sector started recovering but also the Bank recorded high indicators of growth and earnings.

Throughout 2010, we were enlarging our cooperation with Armenian businesses along with building capacities for the development and enhancement of competitive advantages of the real sector of the economy. Moreover, given the specifics and needs of every client, the Bank has developed special terms for a comprehensive package of services for each company that is getting a loan.

The individual approach system and the institution of individual client managers was used at Ameriabank since its foundation. Such an approach to a client fosters a long term relationship between the client and the Bank which is the primary goal for the Bank.

Only the deeply embedded belief that the bank's and clients' interests are equally worthy allows us to maintain a balance between them and seek for mutually beneficial solutions.

CULTURAL PROGRESS

The start of the 1970s marked the birth of hard rock groups which are considered to be the founders of this music genre and the icons of hard rock; Led Zeppelin, Deep Purple, Black Sabbath. They were followed by other groups adopting the musical style of the classics or already existing groups having moved toward hard rock. Among them were; Status Quo, Nazareth, Uriah Heep, Queen, Scorpions and many others. The hard rock of the 70s helped pave the way for heavy metal in particular and metal music in general. Besides rock music, young people of 70s danced to the music of Bony M, listened to ABBA, and the Eagles.

The decade of 1970s was the peak of hippie style, which at the beginning of the 21st century returned to the wardrobes of fashion conscious women in the form of Boho style, which is a type of fashion originally popularized by the Bohemians, a group of people who rejected traditional moral values and lived a nomadic lifestyle. The Bohemian style may be characterized by; gypsy skirts, leather bracelets and natural components for accessories. Many celebrities liked the Boho style.

Country style is also the heritage of the 1970s: loose tunic shirts, peasant blouses and ornaments. Trousers in the style of 1970s were bell-bottomed and women wore micro-shorts.

Adherence to the mentioned principles and implementation of an efficient policy of assessing the risks posed by our borrowers as well as the quality of provisioning allowed Ameriabank to restrain its credit risks at a minimum level; the share of non-performing loans in the loan portfolio did not even reach 0.5%.

Ameriabank's corporate loan portfolio increased by 70% and at yearend was equivalent to USD 205 million (only loans, excluding lease and factoring transactions). As a result, almost 84% of the total loan portfolio of Ameriabank is formed owing to loans of legal entities: large enterprises and representatives of small and medium-sized businesses.

When granting loans to businesses or when starting the attraction of new corporate clients for financing, the Bank focused on the following considerations:

- the company being a part of a dynamically developing sectors of the economy,
- the company's adherence to innovative business strategy and drive for growth,
- company's contribution to economic development of the country,
- stable annual turnover,
- transparency,
- positive credit history.

A prerequisite for the Bank's efficient lending policy is a streamlined work targeted at diversification of client base. As a result of these activities, it was possible to attract clients from various sectors of the Armenian economy. Sectorized orientation of lending policy allowed the Bank to finance promising sectors of the economy.

From late 2009, the Bank expended the loan product mix by adding new products and areas which in 2010 were intensively developing:

- renewable energy financing,
- SME lending

The Bank started implementing these projects late in 2009 and in 2010 the Bank recorded a rapid growth in these areas.

A priority area for financing in 2010 was the renewable energy sector. The Bank started intensive cooperation with the representatives of this area since the end 2009, and thanks to targeted funds raised from international financial institutions, loan investments in the energy sector reached an amount equivalent to USD 30 million over one year.

Financing of the energy sector is implemented by unprecedented for Armenian market terms allowing the Bank to select the best projects given the relevant demand in this area. In the scope of this program, loans are granted for up to 8 years starting from 11% interest per annum. Additionally, the Bank has established a grace period of up to 3 years, during which the borrower will only pay the loan interest.

ACHIEVEMENTS IN LIFE

In 1971 the Ford car company built an experimental airbag as a safety feature in cars. Airbags were invented by Allen K. Breed, an inventor and entrepreneur. In 1968 Breed invented his first sensor and safety system and this was the world's first electromechanical automotive airbag system of any kind. Airbags are a type of automobile safety restraint like seatbelts. They are gas-inflated cushions built into the steering wheel, dashboard, door, roof, or seat of your car that use a crash sensor to trigger a rapid expansion to protect you from the impact of an accident. Attempts were made back in the 1950s to invent such an airbag. General Motors tested airbags on the 1973 model Chevrolet automobiles that were only sold for government use. The 1973, Oldsmobile Toronado was the first car with a passenger airbag intended for sale to the public.

Martin Cooper (now chairman, CEO, and co-founder of ArrayComm Inc) placed a call on April 3, 1973, while general manager of Motorola's Communications Systems Division. It was the realization of his vision for personal wireless communications, distinct from cellular car phones. The cell phone did not become commercially available until 1983.

Lighters from the very start of their development were a luxury item because of their high price, complex design and the need for a high quality of container coating. For a long time lighters were the privilege of the rich, while other people

Ameriabank assesses the growth potential of renewable energy sector as high given the existence of a regulatory field and entire attractiveness of the given sector.

We believe the sector is a prospective, most stable and manageable in terms of risk exposure. Having discovered a potential in the renewable energy sector, Ameriabank initiated joint projects for developing the renewable energy sector in Armenia submitting these projects to international institutions. As a result, the Bank attracted funds from organizations such as International Finance Corporation, the Netherlands Development Finance Company, DEG German Investment Corporation, and Eurasian Development Bank. Notably, almost 90% of raised funds were utilized within a year.

Having become an active player in this segment, and given the fact of Cascade Bank acquisition, which also previously participated in similar projects (with EBRD financing of about USD 14 million), **Ameriabank became the leader in financing of Armenia's energy sector, over a year, with a portfolio totaling USD 30.4 million.** Thus, we were able to achieve one of the most important strategic goals.

We are hopeful that the financing of the energy sector by the Bank will promote the development of that sector. We underline the importance of developing the energy sector as an element of energy security of Armenia. Armenia has a huge potential of renewable energy and its reasonable use may contribute to reduction in import of energy carriers.

Having selected the renewable energy sector as a priority, Ameriabank plans to launch a project for financing wind driven power plants after the implementation of a hydro plant financing project.

Another project launched by the Bank in the second half of 2009 and intensively continued throughout 2010 was targeted at **financing small and medium-sized enterprises.**

Small and medium-sized businesses accounting for some 40% of GDP of Armenia are of strategic importance for Armenia. Our main objective here is the creation of products enhancing the development of small and medium-sized enterprises, formation of favorable environment for SMEs, allowing them to operate most freely. The Bank has developed special products for representatives of small and medium enterprises designed to promote the opportunities of these companies in producing competitive products or delivery of competitive services.

Apart from loan products offered on beneficial terms, in 2010 **Ameriabank offered special services for small and medium-sized enterprises such as purchase order financing and classical factoring.** Both products are relatively new to the Armenian market and offer financing without any collateral requirement for loan security. In turn, it allows clients to ensure efficient management of accounts receivable, cover various risks (such as liquidity risk, inflation risk, credit and FX risks), purchase raw materials without interrupting production processes, cover production costs and pay salaries. Purchase order financing is a unique mechanism for the Armenian market designed for cases when the company has a contract signed but it does not have required funds for its implementation and adequate collateral to secure a loan. As a means of security for acquiring the funding is the supply contract signed by the company.

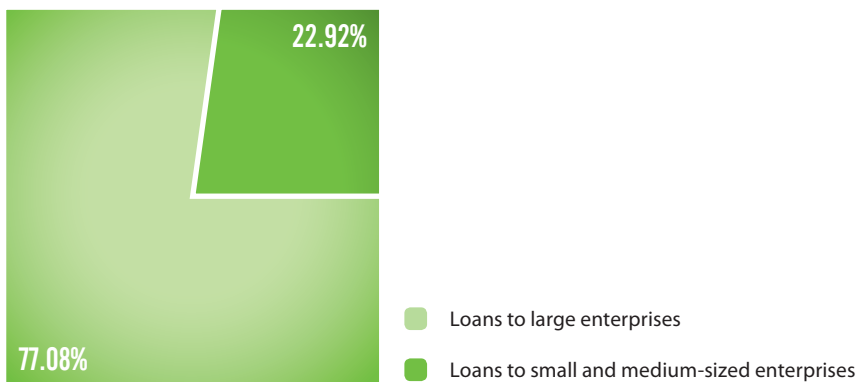
In the scope of SME lending projects with this new financial method, the Bank has already acquired some **USD 50 million** at the expense of funds of international institutions as well as its own resources.

used matches. This lasted till the mid XX century, even very simple lighters costed not less than 10-15 dollars. Marcel Bic, a French entrepreneur started exploring the possibilities of marketing a disposable lighter and as a result he developed an inexpensive disposable lighter. The first disposable lighter was produced in 1973. Using gas instead of petrol made it possible to have a plastic-coated lighter, which decreased the weight as well as the price of it. The famous advertising slogan Click Bic for a few months has spread all over the world and immediately conquered consumers' hearts. The secret of the success was simple it was much cheaper, much more practical and safer. Bic also slashed the wholesale price of its lighters so they sold at retail for less than a dollar and the plastic-coated lighter was marketed in several colors. It was accepted with enthusiasm by young people. The wealthier clients were also happy with this because as we all know, lighters and pens are lost more than often not so a plastic disposable Bic was cheap enough to afford buying another when lost.

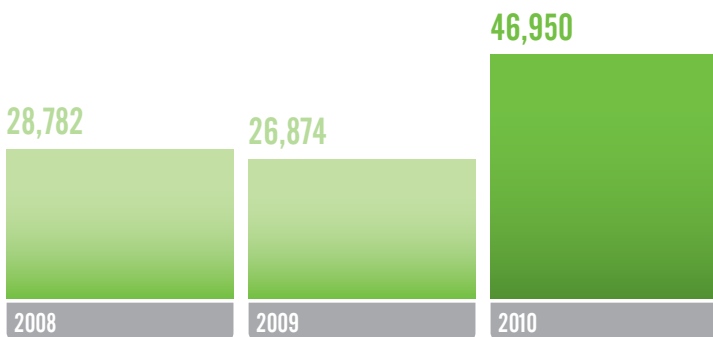
The 1970 gave a strong impetus to the development of information technology. In 1971 the first laser printer was developed. One of the XEROX specialists in 1969 figured out that the technology of photo copiers might be well applied in printers. Due to this idea the first laser printer appeared in 1971 and went into commercial production in 1977 as the Xerox 9700 Electronic Printing System. It is considered the first laser printer. IBM responded by developing and commercially releasing the IBM 3800 which produced copied pages using the technology of laser printing. To

Due to active cooperation with SMEs, in 2010¹

- SME loan portfolio increased 1.7 fold,
- The share of SME loans in the corporate loan portfolio of Ameriabank accounted for 23%,
- The Bank's portfolio became more diversified.



Loans to Small and Medium-Sized Enterprises, in USD thousand



At the same time in 2010, Ameriabank continued active cooperation with the country's large enterprises, loans to which are currently the best of the Bank's loan portfolio. In 2010 large business lending increased by 70%, at the yearend amounting to a sum equivalent to USD 157.9 million.

Large business accounts for 77% of the corporate loan portfolio. As a rule, Ameriabank extends large loans from its own resources.

¹ Hereinafter, the breakdown of loan portfolio into large businesses and SMEs is made in accordance with internal classification of Ameriabank which is also applied by international financial institutions.

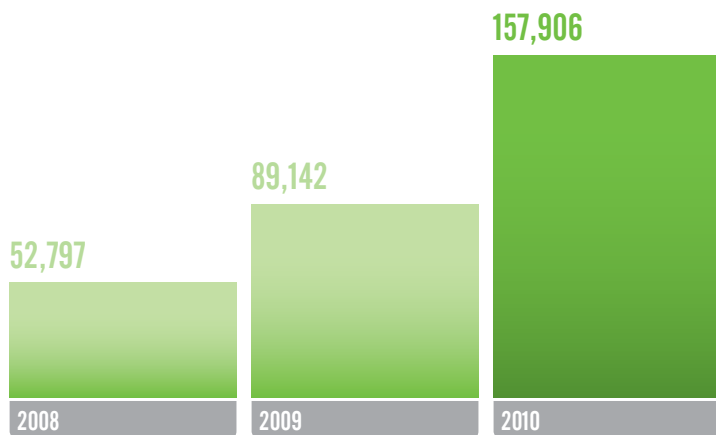
date laser printers are considered the state-of-the-art devices.

In the 1970s significant work had been carried out paving the way for what would become the Internet. The new era of mankind, the Internet era, has its own history, precisely, two histories. One of them dates back to 1959 when Jack Kilby and Robert Noyce simultaneously invented the chip. The other dates back to 1973 when Vinton Cerf together with Robert Kahn invented the word "Internet". Two years earlier, in 1971 the first message was sent from one to another computer.

In 1976, Apple Computer, a newly incorporated company released the Apple I computer. It was sold as a motherboard (with CPU, RAM, and basic textual-video chips) at a price of 695 dollars. The frame and power supply were not included in the kit and customers were supposed to acquire them on their own. In 1977 Apple I was followed by Apple 2 (the latter helped in setting standards for almost all main microcomputers manufactured thereafter, including the IBM PC). Due to such developments, the IBM PC was strongly promoted in the market.

Electronic accounting spreadsheet – the spreadsheet of Den Bricklin developed in 1978 not only revolutionized the accounting but also conquered the market of applications for personal computers. VisiCalc was the first spreadsheet software. It was released to the general public in 1979 and ran on Apple II personal computers. While the very first micro processor computers were supplied with BASIC and

Loans to Large Enterprises, in USD thousand



In 2010, the corporate portfolio orientation by sector became more diversified. The Bank financed promising and rapidly growing companies.

- Trade and realty loans were developing, the portfolio grew 1.6 times,
- The loan portfolio extended to food and beverages businesses grew 2.6 times,
- Loans to transportation sector increased twice,
- Loans to construction sector increased twice,
- The number of corporate borrowers increased by 19% (from 228 in early 2010 to 271 at the end of 2010),
- Share of loans to the energy sector as of December 31, 2010 accounted for 12.36%.

Closely cooperating with entities of the real sector of the economy, the Bank specifically focuses on the loan portfolio quality. Having a good grasp and knowledge of client's business along with the procedures for risk assessment allow the Bank to ensure high quality of Ameriabank's loan portfolio.

Despite the significant growth of business lending in 2010, the key indicator of portfolio quality (the share of overdue credits and provisioning rates) was rather low.

The table below highlights information on quality of commercial loans representing the corporate loan portfolio of the Bank as of December 31, 2010.

several games, VisiCalc represented a new quality of applications. Companies spent their time and money, while financial projections were made manually which meant that a change in one cell would entail changes in every cell of the table. With VisiCalc people could change any cell, automatically changing the entire spreadsheet. Using the VisiCalc a job of several people which would take 20 hours was transformed to a task that would be accomplished within 15 minutes. Thus employees could spend more time on creative activities rocketing the efficiency of their companies.

In 1974, Roland Moreno, the Father of the Micro Chip patented his Smart Card. Using a micro processor, smart cards may exchange information with a central computer. It is also used for storing information on previous transactions, data obtained from banks and making payments.

At the start of the decade calculators were of a size that made it possible to carry them in one's pocket. In 1979 Sony marketed the first Walkman. With Sony Walkman TPS-L2 in summer 1979 started the era of compact stereo players. It was the first portable stereo system player shipped with a set of lightweight headphones. Walkman became a cult device securing Sony's worldwide popularity. Because of the fears that the player would be considered an antisocial gadget, Sony included two separate headphone jacks labeled "guys" and "gals" so you could share your music and not come off as being antisocial. There was even a "hotline" feature that allowed

	Gross Loans	Impairment allowances	Net loans	Impairment allowances to gross loans, %
Loans to corporate clients * (in USD thousand)				
Loans without individual signs of impairment	206,588	2,045	204,543	1.0%
Impaired loans	447	135	313	30.1%
Total amount of loans given to corporate clients	207,035	2,180	204,856	1.1%

* - without lease and factoring operations

In order to minimize credit risk, the Bank especially underlines the loan security issues. As of December 31, 2010 82% of the loan portfolio was secured by movable and immovable property, 6% by government guarantees, 6% by ready products.

Leasing

In 2010, Ameriabank carried out continuous efforts to deliver services in the financial lease area, developing flexible and competitive terms which helped the Bank to increase the portfolio while using the instruments of trade finance as well as attracting funds from foreign financial institutions. Over the year, the Bank's lease portfolio grew 4.6 times amounting to AMD 1.7 billion which is equivalent to USD 4.6 million. The number of clients rose by 35%. It is worth noting that 78% of lease operations were financed at the expense of raised funds.

The Bank has developed flexible and competitive terms for this specific area which will not only enable the Bank to grow but also will attract companies engaged in various sectors. The Bank's lease portfolio includes sectors such as: mining, construction, food industry, health, trade and services. Through its lease service, Ameriabank finances acquisition of various fixed assets, including real estate.

When implementing lease operations in 2010, Ameriabank developed partnerships with large renowned international institutions.

A number of Ameriabank clients are currently upgrading their fixed assets, necessary for reinforcement of their competitive advantages, enhancement of their role in the local market and entering foreign markets. The upgrading process started 2-3 years ago but intensification of the process is expected. Taking all above mentioned into consideration, the Armenian market of lease services has a huge potential for growth, and is quite promising.

By means of using its network of contacts and partners Ameriabank is ready to organize the purchase of required equipment and machinery directly from manufacturers or official distributors both within and outside Armenia and negotiate the most advantageous terms for the client. The Bank may also employ additional payment instruments such as bank guarantees, letters of credit, etc for these purposes.

listeners to speak to one another without taking their headphones off or pausing the music. The button was activating the microphone, the sound of which partly overlapped the music sound.

Commonplace roller skates appeared in 1979. Their principal configuration was developed back in 1960s by Chicago Roller Skate Company, but they were not so popular. Only several years later Scott and Bennan Olson discovered an older in-line skate in a sporting goods store and thought the design would be perfect for off season hockey training, as the forms were quite similar with ordinary skates. They improved the skate model equipping with latest technical possibilities and soon were manufacturing the first Rollerblade in-line skates in their parents' basement. Several years later Scott Olson founded Rollerblade Inc.

In the mid 1970s the Hillman Hunter was designed in Great Britain and was also known and sold as the Dodge 1500 and Dodge Polara – one of the first world automobiles, i.e. cars manufactured in several countries simultaneously. Dodge became a partner of Mitsubishi for promotion of a small Colt car. The Dodge Omni was a front wheel drive car introduced by the Dodge and Plymouth divisions of Chrysler Corporation. In 1978 Dodge Lil Red Express pickup became the fastest American made automobile.

Ameriabank offers lease services in the following areas:

- Industrial equipment,
- Mining equipment,
- Medical equipment,
- Trade and services equipment,
- Energy and communications equipment,
- Agricultural machinery,
- Passenger and freight vehicles,
- Construction equipment,
- Real estate.

Ameriabank is one of the few Armenian banks offering lease services and intending to continue its active operations in that sector.

Factoring

Ameriabank is one of the leading banks in the market of factoring services in Armenia. In 2010, the Bank's factoring operations were growing continually. In the reporting year the number of factoring deals increased by 19% reaching 281, while the volume of operations grew by 35%, totaling an amount equivalent to USD 2.5 million (AMD 888.7million). At the same time the total amount of monetary claims assigned to the Bank rose by 56% totaling an amount equivalent to USD 3.2 million (AMD 1147 billion).As a result, the active portfolio of factoring operations at the end of 2010 amounted to USD 1 million having increased almost 2.8 times.

The growth of Ameriabank's factoring portfolio was driven by both the introduction of a new simplified type of factoring service and expansion of the factoring client base which grew over the year 7 times. In 2010, Ameriabank's factoring portfolio was formed by 20 active clients with 21 active debtors.

With consideration of peculiarities of its potential clients, Ameriabank as an active player in the market has developed a new scheme of rendering factoring services, making it more flexible while facilitating the conclusion of a deal with deferral of payment.

Starting from November 2010, along with standard factoring financing, Ameriabank offered classical factoring – a non-recourse factoring with predefined list of debtors.

Classical factoring has several advantages such as flexibility, absence of collateral requirement, individually managed accounts receivable and simplified procedure of application consideration.

SCIENTIFIC BREAKTHROUGH

Pioneer 10 was launched in 1972 with the message to extraterrestrial civilizations, while the space program the Voyager started in 1977 .On board of each one a plate with the message to extraterrestrial civilizations, after which Star Wars first appeared on the screens. In 1972, five years earlier the space probe Pioneer 10 was launched.

Nowadays it is not possible to imagine visiting doctor with no ultrasound diagnostics possibility. There can hardly be found a person who hasn't gone through ultrasound examination. This device diagnosing any processes in the organism at the very early stages was invented not so long ago in 1955. Afterwards in 1970s the device became highly popular, as it was a safe, painless and highly informative examination method. Meanwhile in 1976 was founded Genetech - an American biotechnological company. In 1970s biochemist Herbert Boyer and geneticist Stanley Cohen discovered technology of recombinant DNA. Learning about it, Robert Swanson, a venture capitalist, figured out how important was and the commercial potential of the discovery and, despite the academic and business circles' skeptical approach, together with Herbert Boyer founded Genetech, the first Genetic Engineering techniques' company in the world '- Genetech. In 1978 the company successfully developed the first synthetic human insulin. In 2010 market capitalization reached almost 100 billions dollars. In USA it was the only

In the reporting year, recourse factoring operations accounted for 94%, while non-recourse factoring operations - 6% of the total factoring transactions. Transactions in the local market accounted for 89% of factoring transactions and international factoring transactions for 11%.

The clients needing trade financing prefer to work with Ameriabank since the latter works with enterprises in various sectors, including all network of retail trade, large industrial enterprises, companies engaged in services, etc. Presently, the Armenian market experiences a significant demand for factoring services, as well as shows huge potential for further growth. In 2011, Ameriabank plans to introduce new types of factoring services, expanding the scope of funding and enhancing the services of international factoring.

Trade Operations

Based on the 2010 results, Commerzbank has awarded the Bank for its flawless cooperation in trade financing. In 2010, the Bank continued cooperation with large businesses of the country which represent a major portion of the trade operations portfolio. Moreover, during the year the Bank increased the cooperation with companies engaged in various sectors of the economy which allowed the Bank to essentially increase the client base and diversify the portfolio.

Based on Bank's 2010 performance, the Bank has recorded a significant growth in transactions of servicing and financing trade operations (both imports and exports).

Throughout the year Ameriabank promoted the products designed for financing of trading operations of its clients-importers and clients-exporters, thus contributing to the development of clients' business in international markets as well as attracting new partners.

GUARANTEES

During the reporting year, the guarantees issued by the Bank were over USD 30 million exceeding the same indicator for 2009 by 50%, such growth in volumes was accompanied by a 20% growth in numbers. The growth was recorded both in terms of the number of transactions and volumes which resulted in a significant guarantees portfolio for the Bank.

Over 50% of the portfolio represent international guarantees and reserve letters of credit of STANDBY type.

LETTERS OF CREDIT

The amount of letters of credit issued over the year increased 3.5 times reaching USD 26 million. The number of transactions increased three times.

As a result, **total volume of the letters of credit and guarantees issued by Ameriabank in 2010 rose more than twice exceeding USD 56 million. In terms of these volumes, Ameriabank positioned itself to be a leader among Armenian banks.**

pharmaceutical company that succeeded due to his own outstanding scientific research, and not the traditional methods of capturing the competitors' ideas.

1970s without any exaggeration in the Anime history can be called the new television era. The animated films that have significantly influenced the further anime history development were mainly the TV novels. The main format was developed by Tedzuki and his colleagues in the beginning of 1960s –one part a week with 25-35 minutes duration (altogether with advertisement unit 30 minutes) broadcasted at a particular time on channel. The duration of the TV novel was defined according to the popularity: more popular films were longer, the less popular ones – correspondingly, shorter. But mostly TV novels with less than 20-30 parts were not produced in 1970s.

In the beginning of 1980s it became obvious that in the Anime history there was nothing analogical to the genre scale and variety. However, the 1970s gave a new generation brought up on anime and manga. Entering the commercial market in the mid 1980s, the animators of that generation transformed anime into art progressively conquering the world already for one and half decade.

Many anime clichés of 1970s were later modified and transferred into a new technical and art level but still continue their existence, making anime fans happy.

In 1970s the car Hillman Hunter was designed in Great Britain, known as

In 2010, the volume of letters of credit and guarantees issued by Ameriabank within the limits of the guarantees of high rated foreign banks and international financial institutions amounted to USD 30 million, five times the amount of 2009.

In terms of this indicator, Ameriabank positioned itself among the leading Armenian banks.

Throughout the reporting year a large number of transactions have been implemented via Escrow accounts used both by individuals in acquiring real estate property and legal entities in acquiring stock of other entities.

In the area of international trade financing, Ameriabank actively cooperated with top-rated foreign banks and financial organizations regularly increasing the fund limits.

During 2010, in order to finance the import transactions of its clients, the Bank attracted credit funds from leading European banks on terms more favorable than the market average. Thus, the Bank expanded its scope of cooperation with international organizations. In the future the Bank is planning to enlarge the volumes of attracted credit funds even more.

In 2010, the Bank started its partnership with EBRD, intensifying its cooperation with International Finance Corporation, increasing the limits of trade funding provided to leading European banks.

As a result, in 2010, the limits obtained by the Bank for implementation of operations within trade financing, amounted in USD 30 million, nearly 5 times the level of 2009.

Given the rapidly growing volumes of imported commodities entering the country, we believe that international trade financing is one of the most promising areas for development in Armenia.

Dodge 1500 and Dodge Polara, one of the first 'worldwide' car, produced in several countries simultaneously. Dodge becomes Mitsubishi's Colt sales partner. A front-wheel drive hatchback Dodge Omni was produced and quite successfully marketed. In 1978 in USA Dodge Lil Red Express became the fastest commercial vehicle.

Genentech Inc. (Genetic Engineering Technology, Inc.) was incorporated in 1976. Its establishment became possible due to the scientific discovery by Herbert Boyer, a biochemist, and Stanley Cohen, pioneering the field of recombinant DNA technology. Learning about it, Robert Swanson, a venture capitalist, figured out how important was and the commercial potential of the discovery and together with Herbert Boyer founded Genentech, the first company specializing in biotechnology. In 1978 the company successfully developed the first synthetic human insulin.

1980's 2010

Much wisdom often goes with fewest words.

*Sophocles
Athenian dramatist, tragedian*



*Gevorgyan Nare
Staff / Administrative Group*





‘MOTOROLA’s chief engineer Martin Cooper made a call on a portable cell phone on April 3, 1973, thus realizing the dream of mankind for instant wireless connection. But only in 1983 started the commercial production of cell phones, thus starting the cell phone era. Currently cell phones are the most widely used means of mobile communication. Thus mobile communication symbolizes cell phones, although the former includes also satellite, radio phones and devices of broadband communication. Today there are 3.3 billion cell phones in use thus indicating that approximately half of the world population is using cell phones.



Retail Banking

Despite the fact that Ameriabank positioned itself as a corporate bank, its retail area was also rapidly expanding in 2010.

Because of a wide scale campaign, increased recognition and strengthened good reputation, its client base was enlarging not only due to the employees of corporate clients, but also the individuals who have simply acknowledged the advantages of Ameriabank's services.

A significant growth was recorded both in clients' number and deposit base of individuals.

- In 2010 the Bank attracted 8500 new clients which is 25% higher than the same indicator for the previous year.
- Total number of retail clients reached 23.1 thousand at the start of 2011 against 11.7 thousand a year before.
- The number of borrower individuals increased by 26.2% reaching 3.7 thousand.
- Overall activity of retail clients was up by 65%.

The Bank regularly enlarged the retail service mix, along with increasing their quality, upgrading technologically, owing to which operations volumes were rapidly growing.

In 2010, in order to create maximum convenience and comfort for its clients, the Bank intensively developed innovative services and technology such as Online Ameriabank e-banking and a call center. Besides, the newly launched America Premium hall was also called for ensuring maximum convenience in servicing Bank's clients.

The Bank closely cooperated with official dealers in the Armenian automobile market regularly enlarging the list of companies which allowed its clients to enjoy more favorable terms in obtaining auto loans with application of a simplified procedure of loan application review.

In 2010 the Bank extended the period (from 2 to 5 years) for card lines of credit thus enabling its diligent borrowers to enjoy more flexible loan terms. In order to identify the weaknesses in client servicing and to timely react to the arising problems, the Bank conducted regular monitoring and arranged customer surveys in order to get feedback on the quality and terms of services. The obtained results are summarized and thoroughly analyzed in order to work out a further strategy for service quality enhancement. The latest survey of the end 2010 has clearly demonstrated that a key motivation factor for the clients in selecting Ameriabank is high service quality.

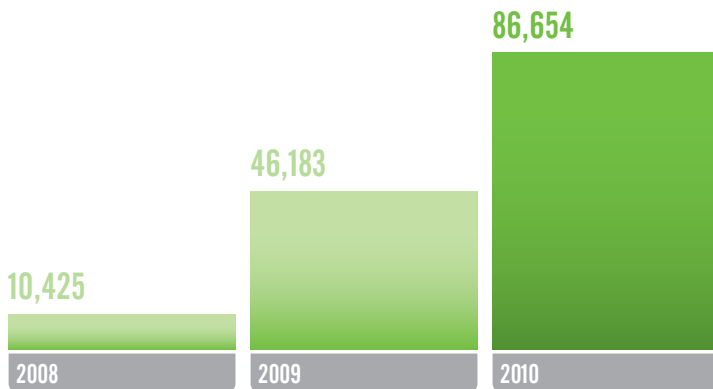
It should be mentioned that the range of services offered by the Bank is quite developed. It includes all types of existing services as well as those newly introduced in the banking market. In parallel, the Bank implements a flexible tariff policy which is firstly applied to the individuals who are employed by the Bank's corporate clients.

Current Accounts and Term Deposits

In 2010 the growth of the deposit base of individuals was recorded to be very high. The total amount of individuals' deposits with Ameriabank increased 1.8 times on average while the average rate for the Armenian banking system was 21%. Notably, the Bank recorded a growth both in term deposits and demand accounts.

As of the end 2010 total amount of funds attracted from retail clients reached AMD 31.5 billion, which is equivalent to USD 86.7 million.

Total Amount of Individuals' Deposits at Aeriabank, in USD thousand



In 2010 the amount of individuals' current accounts and demand deposits placed with Ameriabank almost doubled reaching a sum equivalent to USD 14.1 million, while the growth in the banking system was recorded to be only 15.5%.

In 2010 the Bank recorded a growth of term deposits of individuals placed with Ameriabank.

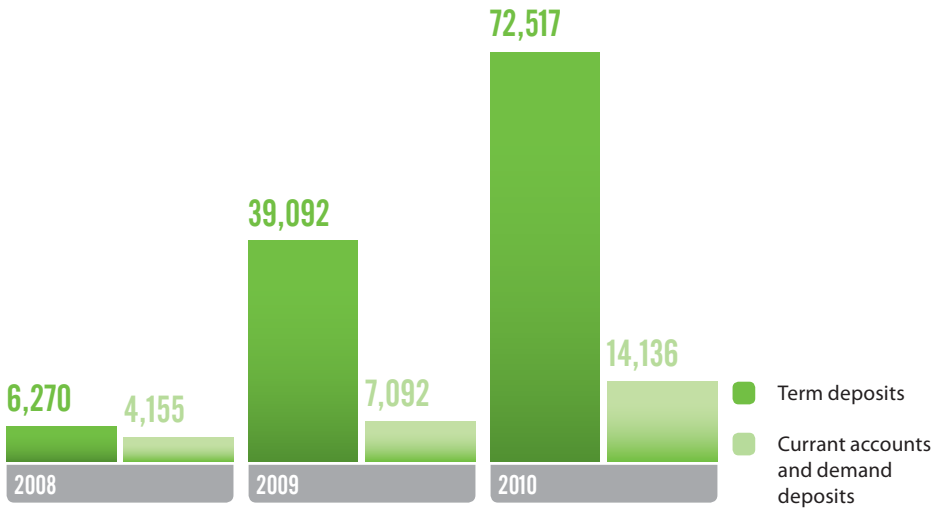
1980

The decade of the 1980s is an era of frantic change, characterized by political and economic decentralization, especially in countries with mixed ethnicity and dictators, and intensification of the cold war between the USA and USSR. The decade marked the fall of Berlin wall and first cases of AIDS, the plague of the 20th century. The decade saw an absolutely new culture of individualism and egoism, which was encouraged by economic policies run by Margaret Thatcher and Ronald Reagan.

October 1989 was notable for the official renunciation from the so-called "Breznev doctrine". Western world could not believe till the very last moment that Gorbachev succeeded with his 'new way of thinking'. Change of power in all the satellite countries of the USSR led to the liquidation of the soviet block, hence to the factual termination of the Cold War.

On November 9, 1989, thousands of people in Eastern Berlin rushed to the border crossing of the Western part of the divided city. All means of information were airing the sensational news: the government of GFR has adopted a law that all those willing to cross the border towards the Western part can do so without any restrictions. It was real! The Berlin wall, dividing the citizens of Berlin for three decades, has no border any more. The last symbol of Cold War collapsed.

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



Main factors best affecting Ameriabank's attractiveness for depositors are:

- High service quality
- 100% insurance coverage of deposits
- Bank's reputation
- Competitive interest rates
- Opportunity of getting a full range of banking services on beneficial terms.

Loans to Individuals

As of December 31, 2010 the amount of outstanding loans extended to individuals reached a sum equivalent to USD 38.9 million, growing by 81.3% (while the growth in Armenian banking system on the whole was 14% on average). Along with a growth in the amount of loans, a 26.6% growth rate is recorded in the number of borrower-individuals which increased from 2,958 in 2009 to 3,744 in 2010.

During the reporting year the structure of loans extended to individuals underwent changes both due to economic changes and the Bank's policy targeted at risk curtailment and further diversification of loan portfolio. In 2009 the structure of the loan portfolio of individuals, over 38% represent loans extended for purchase of automobiles, 28.4% were credit cards, 26.3% were mortgage loans and 6.7% were consumer loans.

CULTURAL AND SPORT PROGRESS

Regardless of economic and political shocks of 1980s, pop culture was booming. It is quite possible that the need for cultural variety was caused by the total joylessness of these years. When people wanted to get distracted from the threatening uncertainty in the world, the pop culture gave them all they wanted, and even more. The 1980s gave birth to talented showmen and musicians such as Michael Jackson, Madonna, U2, Sting and Bon Jovi. Some of the musical genres arisen in 1980s are still popular.

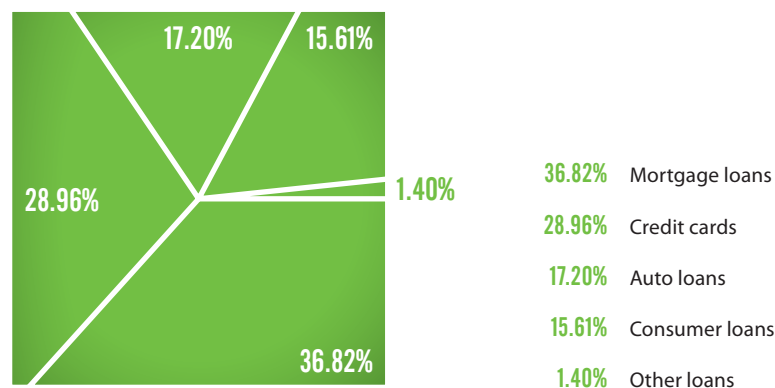
The image of the 1980's is quite contradictory. In the haute couture fashion golden embroidery and rich décor prevailed while the business style was distinguished by big shoulders and mini-skirts. Casual clothing connected elements of sport dress, disco and punk styles: tees, sneakers, mini-skirts, and black leather jackets. The most distinct trends became apparent in the Italian fashion of the 80s with the provocative luxury and sexuality in the Gianni Versace style, with a class and elegance in business unisex suits by Giorgio Armani and punk by Franco Moschino. Being dressed in one designer' garments, having a so-called "total look", was considered the chic sign. Slim figures and white teeth smiles radiating self-confidence became obligatory for everybody. 1980s was notable for the romantic style due to Princess Diane (who became the idol of masses and a fashion icon) and her bridal dress with puff skirt and non-the-less puff sleeves.

According to 2010 results, the share of loans for acquisition of automobiles in the loan portfolio of individuals was reduced to 17.2%, while mortgage loans accounted for 36.8%, credit cards accounted for 29%, consumer loans accounted for 15.61% of the loan portfolio.

It is worth noting that car loans were secured by the cars to be purchased, credit cards were backed by cash or salary and mortgage loans were secured by relevant immovable property.

On the whole, in the structure of consumer loans 70% was secured by financial instruments, 28% by salary and cash and 2% by cars. Other loans granted to individuals were backed by jewelry.

Structure of Ameriabank's Retail Loan Portfolio in 2010



AUTO LOANS

As of December 31, 2010 car loans accounted for 17.2% of total retail portfolio (USD 6.8 million). Offering a wide variety of competitive products of auto loans and opportunities, the Bank closely cooperates with official dealers in the Armenian automobile market, which enables the Bank to offer its clients more beneficial terms of auto loans.

The list of the companies is updated and enlarged on a regular basis. In 2010 their number almost doubled reaching 13. This indicator places the Bank among most active Armenian banks.

In 2010 the existing list of the companies (Toyota Yerevan, MegaMotors, Rich Motor, Top Motors, Royal Motors, GS MOTORS in Stepanaket) was enlarged with official dealer companies such as Fora Ltd (the official dealer of FORD, RANGE ROVER, VOLVO makes), Galoper Ltd (SUZUKI), Vekar Ltd (CHEVROLET), Megna Ltd (RENAULT), Muran Ltd (NISSAN), Karkomavto Ltd (PEGEOUT), Cathrine Group.

In the 1980s major film producers started encouraging the creation of a new wave of fiction films. The decade started with the publication of such legendary films as Star Wars: Episode V. The Empire Strikes Back (1980) and Star Wars: Episode VI. Return of Jedi (1983) co-produced by George Lucas, E.T., the Extraterrestrial, the lyrical fantasy by Steven Spielberg, The Blade-Runner, the futuristic thriller by Ridley Scott, which became the founder of cyberpunk in cinematography. Steven Spielberg becomes one of the legendary directors of the decade, having a major influence on the development of fantasy as a new direction in cinematography.

1980 XXII Olympic games in Moscow. Weightlifters' competitions. 82,5 weight category. Yuriy Vardanyan is the leader. His main rival is a Bulgarian athlete Blagoy Blagoyev. It's worth mentioning that Czech weightlifter Dushan Blagoyev, a bronze award winner, ended up the competition with 160kg progress, while Blagoyev and Vardanyan started with 165kg. Vardanyan set a record of 177,5kg, while Blagoyev only 175kg. All expected the rivals' fight during the battle. However the fight was a usual one. Blagoyev lifted 192,5kg and then 197,5kg. Dushan Polyachek was ahead with 207,5kg and a polish athlete Yan Lisovskiy with 205kg. Vardanyan chose 205kg for his initial try. At second try he lifted 215,5kg which brought him a new world record not only in lifting but also the whole weight calculation 392,5kg. Blagoyev refused to give a third try, fighting with Vardanyan had no sense. Finally, Yuriy Vardanyan is an Olympic champion. And then happened something that made Vardanyan Olympic

MORTGAGE LOANS

In 2010 Ameriabank became more active in the mortgage market offering a wide variety of possibilities to its clients both in terms of a scale of prepayment and interest rates. Owing to it, Bank clients could make a better choice for lending.

The Bank cooperates with large construction companies on matters of extending mortgage loans on more beneficial terms and the list of these companies is gradually enlarged.

As of December 31, 2010 mortgage loans to individuals reached a sum equivalent to USD 14.5 million with a 2.5 fold increase over a year. Such a growth was also attributed to the acquisition of Cascade Bank being an active participant of Armenian mortgage market. Upon the accomplishment of the merger transaction, the share of Ameriabank in this market segment almost doubled, at the end of 2010 reaching 5.68%.

In 2011 Ameriabank intends to proceed with enlarging the network of construction companies in the view of cooperation on mortgage loans and improving the loan terms and rates.

Additionally, the Bank plans to expand the potential for extending loans to employees of Bank's corporate clients in terms of offering them more favorable terms of mortgage loans.

Actively participating in the market of retail loans Ameriabank conducted the assessment of the risks inherent in this segment which allowed the Bank to retain a low level of overdue loans thus ensuring a **high quality of retail loan portfolio**.

In order to enhance the efficiency of retail lending programs and contain credit risks, the Bank applied not only its own scoring system tailored for decision making but also a scoring system of a privately owned ACRA Credit Reporting credit bureau.

The table below illustrates information on the quality of the loans extended to individuals as of December 31 2010; all data are in USD thousand.

31/12/10	Gross loans	Impairment allowances	Net loans	Impairment allowances to gross loans ratio, %
Retail loans				
Not overdue	39,064	408	38,656	1.0%
Overdue	260	46	214	17.7%
Total retail loans	39,324	454	38,870	1.2%

Games Hero – 222,5kg highlighted at the monitor. Only few believed that it was realistic for a middle weightlifter. Leonid Zhabotinskiy, a super weightlifter, lifted 202,5kg at Mexico Olympics and an Olympic champion among 110kg lifted 225kg in Montreal. Yuriy Vardanyan was very concentrated preparing for his third try, as if the Gold Medal fate depended on it. Thus our athlete demonstrating a combination of talent and determination, made the lift, which marked a new era in the history of weightlifting: Yuriy Vardanyan was the first middle weightlifter, who overcame the threshold of 400kg.

ACHIEVEMENTS IN LIFE

On June 1, 1980, at 6 PM CNN (Cable News Network), the world's first 24-hour television news network, made its debut. The network signed on at 6 p.m., becoming one of the most successful projects in the history of world broadcasting. Initially the channel had only 1.7 million subscribers and incurred huge losses but Ted Turner inspired all the employees. CNN had a big advantage over its competitors in that its live coverage gave CNN a huge advantage over the noncable news networks. Today about 1 billion people in more than 200 countries watch CNN programs.

In 1982 the world's first mass production of Compact Discs began in Langenhagen, Germany. The release of the first commercial musical CD was announced June 20, 1982. It had recorded "The Visitors" album by ABBA. The first album released on CD was

Payment Cards

In retail area Ameriabank's key concern is the development of card products and programs combined with relevant infrastructure. Two major development areas may be distinguished:

- For employees, managers and owners of corporate clients, i.e. predominantly the salary projects,
- For depositors, account holders and borrowers.

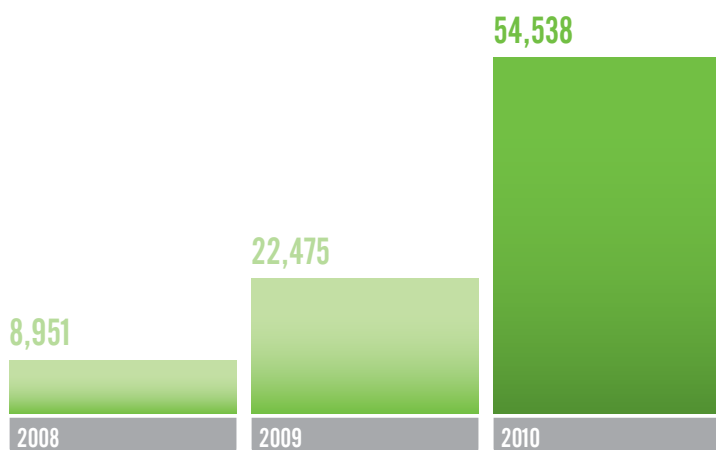
In 2010 the network of the Bank's ATMs increased 1.9 times reaching 64, while the number of POS-terminals grew 2.5 times. As a result, the total number of installed terminals reached 201. The Bank not only keeps enlarging its service network but also works on its optimization pursuing a goal of equipping the outlets with ATMS and terminals mostly needed in order to ensure best conveniences for users.

The Bank thoroughly examines all premises and facilities needing new ATMs to be installed. When appropriate, ATMs are installed immediately in the business sites of the entities participating in salary projects.

The ATM functionalities allow cardholders not only to withdraw cash but also to make utilities payments as well as to pay fees for Internet providers and mobile operators.

According to 2010 results, total turnover of Ameriabank's ATMs was above a sum equivalent to USD 54.5 million, while the turnover via POS-terminals amounted to USD 83 million, of which some USD 3 million represent non-cash transactions in points of sales and services as well as via the Internet. ATMs turnover through salary project cards equaled USD 11.5 million.

Total Turnover through Ameriabank ATMs, USD thousands



Billy Joel's 52nd Street in 1978, its sales started in Japan from October 1, 1982.

The 1980s heralded a new era of computer "rodents" – computer mice. After a number of modifications and designer manipulations, the mouse gradually acquired its modern appearance. In 1981 a modern giant of the mouse was developed by Logitech, in Switzerland, under brand names such as Apple, Olivetti and Wang. Only in the mid 1980s did Logitech start marketing a computer mouse under its own brand name.

In 1983 Motorola released the world's first commercial portable cellular phone and thus started the cell phone era. Today more than 3.3 billion cell phones are in use meaning that practically half of the world's population uses cell phones.

In 1988 in Europe the first pilot HD-MAC programs were relayed through TDE-2 satellite.

In 1989 some 15 years after the invention of the "Internet" word, Tim Berners Lee wrote a proposal for a fantastic project of interconnection currently known as the World Wide Web connecting one fourth of the world population (or 1.5 billion people). The World Wide Web was developed to be a pool of human knowledge, and human culture, which would allow collaborators in remote sites to share their ideas and all aspects of a common project. But the most important- internet has incredibly cut the distance.

- In 2010 the Bank issued all major types of payment cards with full package of services attributed to them,
- In the reporting year, the Bank started the issuance and service of VISA and MasterCard Platinum payment cards.
- In 2010 the number of points of trade and service where cardholders were offered discounts exceeded 150.
- Starting 2011 the Bank plans to launch chip (smart) cards, including VISA and MasterCard cards. In 2010 the Bank initiated the relevant preparation activities targeted at implementation of the chip card issuance project.

At present, apart from ArCa local payment cards, the Bank services MasterCard and Visa International cards. The Bank became a principal member of Visa International in July 2008, while first MasterCards were issued by the Bank back in 2003. Also, since 2009 the Bank has been providing American Express payment cards.

The Bank implemented active measures targeted at enhancement of international cards. During the year of 2010 the Bank issued 7,841 new cards, of which 3.2 thousand were Visa cards and 2.3 thousand – MasterCard cards. As a result total number of cards issued by Ameriabank at yearend reached 14,863, of which VISA cards accounted for 8,950 and MasterCard cards accounted for 3,610. Notably, lines of credit were provided to 2,480 cardholders. An 80% growth in Ameriabank's card number was secured by salary projects.

In 2010 the Bank developed a package of preferential service terms for new Visa and MasterCard Platinum cards as it was in 2009 for Gold cards. Platinum cards are provided with a full package of privilege services including IAPA international discount cards, health insurance coverage while travelling abroad, as well as a Priority Pass. As of December 31, 2010 the number of Gold cards issued by the Bank totaled 879, while the number of platinum cards reached 187.

Salary Projects

In 2010 the Bank was actively engaged in activities targeted at enhancement of salary projects. Over the year 60 new salary projects were implemented. Additionally, as a result of acquisition of Cascade Bank, the number of salary projects increased by another 22.

As a result, at the close of 2010 the Bank implemented over 145 (compared to 74 at the year-start) salary projects throughout Armenia, including projects implemented with the largest Armenian enterprises.

Apart from the salary cards, employees of the Bank client-organizations were provided with loan products on preferential terms and under a special simplified procedure. In particular, as of the yearend 1030 lines of credit were serviced in the scope of salary projects.

Guided by the strategy of comprehensive service of clients, Ameriabank developed individual packages of preferential tariffs for each organization. The Bank installed ATMs and POS terminals

SCIENTIFIC BREAKTHROUGH

The 1980s made a breakthrough in RSA-encryption (asymmetric algorithm of digital signature) making it possible its use by a large number of people. The RSA is an Internet encryption and authentication system that uses an algorithm developed in 1977 by Ron Rivest, Adleman Shamir, and Leonard Adleman in a computer lab of MIT. Today encryption is the prerequisite of private information sharing through general information networks, including the Internet. For example, encryption is used when consumers directly buy goods or services from a seller in real-time, without an intermediary service using a credit card.

November 4, 1983 is the birthday of the first computer virus. US student Fred Cohen was behind the first documented virus that was created as an experiment in computer security.

The first anti-virus utilities were developed in the winter of 1984 with programs such as CHK4BOMB BOMBSQAD by Andy Hopkins. Early in 1985 Gee Wong developed a DPROTECT software which was the first resident antivirus.

The year 1985 is the start of MS Windows' triumphal procession worldwide.

In 1982 the first artificial heart implant intended for permanent use was made.

In 1988 Harvard University scientists, geneticists F. Leder and T. Stuard, first patented a genetically engineered animal,

in places most convenient for the organization with consideration of needs and wishes of its employees.

Money Transfers

Apart from implementing traditional money transfers via SWIFT system, Ameriabank continually enhanced its cooperation with international money transfer systems by joining new money transfer systems, with Ameriabank becoming a participant of the well-known Bystraya Pochta payment system.

At present the Bank cooperates with 6 international systems such as Contact, Migom, MoneyGram, InterExpress, Leader, and Bystraya Pochta. Additionally, the Bank's negotiations on participation in other payment systems are underway.

In 2010 the total turnover of individuals' remittances implemented through the Bank equaled a sum equivalent to USD 47.5 million, of which USD 24.3 million represented incoming remittances, and USD 23.1 million – outgoing remittances.

The remittances implemented via international systems experienced a significant growth with their amount in 2010 totaling USD 3.1 million compared with USD 1.7 million in 2009. Incoming remittances amounted to USD 2.1 million and outgoing ones amounted to USD 1 million.

a mouse – a transgenetical mouse with highly frequent probability to reveal tumor, predictably provoked new protests from environmentalists and bureaucrats. Awarding a patent (№ 4736866) to the Harvard mouse raised numerous discussions.

Series of protests were raised by ecologists and beaurocrats. Although such reactions on biotechnological developments became a natural phenomenon, fears against the revolutionary changes in the animal world and the right of American corporate giants to own the innovations of future raised especially furious reactions this time. Implanting the human tumor gene into a mouse embryo would boost the development of tumor treatment method.

1990's 2010

The only true luxury is the luxury of human communication.

*Antoine de Saint-Exupéry
French writer, poet and aviator*

Melkumyan Hripsime
Human Resources 

Hakobyan Vahram
Risk Management Center

Edgar Petrosyan
Trading Department / Brokerage Unit

Hambardzumyan Lilit
Corporate Banking Department /
Small and Medium Enterprise Lending Unit





In 1989, 15 years after the word 'Internet' was invented, Berners Lee proposed a fantastic project of interconnection now known as the World Wide Web. This network is now connecting one fourth of the world population (or 1.5 billion people) . According to the researchers, the social networks are the main reason why people spend more time in Internet.

In 1951 Ray Solomonoff and Anatol Rapoport developed a modern theory of social networking. In 1954, the sociologist A. J. Barnes from 'Manchester school' first used the term 'social network' in Class and committees in a Norwegian Island Parish. By the 1970s the scientific basis of modern analysis of social networking was fully formed. The first social networks emerged in the mid 1990s and provided users with initial possibilities of interconnection such as eGroups/OneList, ICQ, Evite. As a rule, such network services are not considered as social networks though they are the initial base for the development of online services for users' communication and interaction.





Investment Banking

Strongly adhering to its innovation strategy Ameriabank in 2010 enhanced the innovation orientation of its business (which is inadequately developed in Armenia) thus contributing to the building and development of the capital market in Armenia. Our programs and objectives remain to be as much ambitious and competitive as they were before, especially with consideration of clients' needs. While the best surety of high demand is our professional team that brings together specialists with versatile international qualifications, the Bank's key strength is the support of Troika Dialog Company.

Corporate Finance

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

- In 2010 the Bank attracted over USD 130 million of borrowed funds to ensure loan portfolio growth.
- Several fundraising projects for commercial real estate were successfully implemented, including the attraction of USD 9 million for construction of an A class business center in the downtown of Yerevan.
- A series of valuations were executed for a number of companies representing insurance, media business, mining and retail sectors.

Merger and Acquisition (M&A)

Throughout 2010 the segment of corporate M&A reported a significant growth of relevant transactions.

Most deals were concluded between local companies although certain activation in this specific area was observed in the entire region with involvement of various sectors.

Companies and wealthy individuals were more willing to put forth the funds accumulated after the peak of the crisis in 2008-2009, when cash was preferred. On the whole the risk level was well below the one recorded during the crisis, along with enhancement of confidence in investors.

The year 2010 was successful for Ameriabank in terms of M&A, given the fact that the Bank remains the largest player on the market and has implemented three large deals in finance, telecommunications and food industry. We expect to be successful in 2011 in M&A area both in Armenia and its neighboring countries, such as Georgia.

Our optimism is justified by a number of factors, including the following:

- **Investors' activation:** having a surplus of cash, strategic investors are getting prepared for new projects. In the post crisis period company managers gradually recovered their optimism. As a result issues of M&A became a matter of high urgency.
- **Relatively low future economic rate:** even the developed nations are not expected to report two-digit economic rates in 2011; therefore M&A will outweigh the "organic vs. nonorganic growth" dilemma. Now at the first signs of a recurrence of a crisis, company managers will be more confident about their ability to withstand it.

Ameriabank offers a full range of M&A services.

Capital Markets

After the impressive start in 2008 (not without optimism about the local market) our activities in the capital market were suspended due to a number of external factors, not related to strategy.

Despite the "silence of the market" throughout the period mainly attributed to poorly developed corporate community behavior, we revised our business plan on a regular basis trying to define the potential areas of development to get off the ground as soon as the local capital market becomes more active.

Our deals for attraction of external funding covered predominantly the private rather than the public sector. Nevertheless, we were in a position to accomplish our first public bonds project in October 2010 with the coupon bonds of IMEXGROUP Ltd at AMD 1 billion (some USD 3.0 million) for a 2-year period were fully redeemed.

We have every reason to believe that some time in the future debt financing in USD dollars will not be limited by the regulator and hopefully the local capital market will be ready to develop. With regard to share capital, in 2010 we enhanced our potential conducting parallel market surveys in order to identify sound projects for initial (IPO) and secondary (SPO) placement.

1990

The 1990s marked the changes primarily in political arenas (breakdown of the USSR, formation of CIS, introduction of Euro in non-cash settlements, etc.) which have had and still are having a huge impact on the coming generations.

January 1, 1999 – introduction of Euro (Euro earlier) for non-cash settlements. Only on January 1, 2002 Euro was used for cash settlements. The Euro cash substituted national currencies of 17 (out of 27) EU states. Today Euro is US Dollar's main competitor.

CULTURAL PROGRESS

The era of 1990s is not only politics. The counter-revolutionary mood and revival of mysticism were inherent in the culture of Russia and other post-Soviet countries. Religion and mystics revived.

The Western film industry underwent significant changes. In 1993 Jurassic Park directed by Steven Spielberg was released. It is an American science fiction adventure film based on the novel of Michael Crichton and was followed by Spielberg's sequels; Jurassic Park 2: The Lost World (1997), and Jurassic Park 3 (2001).

TRADING OPERATIONS

Ameriabank is one of few Armenian banks to have a page in **Bloomberg information system** (under AMRB code) which is known worldwide as a sound source of accurate and reliable financial information. The page operates online. It offers updates on quotations and corporate bonds of Armenian enterprises, spot and forward rates for currencies in relation to AMD, interbank loan and deposit rates, repo and reverse repo rates. In 2010 the Bank obtained a **trade code in Bloomberg (Bloomberg Dealing Code - ABTR)**, allowing it to negotiate and conclude deals with counterparts using Bloomberg terminal.

In Q4 2010 Ameriabank started activities targeted at switching to **REUTERS DEALING 3000 system**. At the close of the year these preparatory measures were finalized and the Bank received a REUTERS – AMER trade code. Due to this, the Bank has an opportunity to conclude deals on currency and monetary markets with bank counterparts also having REUTERS DEALING 3000 trade code.

In 2010 Ameriabank continually worked on the enhancement and upgrading of the services on international stock markets which will enable it to conclude deals on securities markets using a remote trading terminal.

Direct Investments

In 2010 Ameriabank finalized its policy and investment guidelines. Several projects on direct investment were chosen, of which one or two projects are planned for 2011. On the whole, in 2011 we will proceed with attracting new clients and projects of various sectors, expanding institutional capacities and setting relations with institutional investors.

Currently Ameriabank is seeking an opportunity for setting a mutual investment fund at the regional level jointly with strategic partners.

Asset Management

The year 2010 was marked with a large capital inflow into financial markets. We took advantage of the opportunity of winning new clients and introducing new products.

Trust management is designed for most active and financially literate clients. **Our unique mix of products and services allows us to select individualized solutions for each client.** Long term successful experience and professionalism of our specialists contribute to high efficiency of their work while our products satisfy the demand of our clients, whatever the risk level. Throughout 2010 we improved our package of trust management instruments. Now we offer five basic strategies to our clients:

SCIENTIFIC BREAKTHROUGH

In 1990 Microsoft released Windows 3.0, the first operational system having overcome the 640 kb barrier.

On July 5, 1996, the first cloning of an animal by scientists was revealed by the Roslin Institute in Scotland when DOLLY THE SHEEP was cloned from tissue taken from a 6 year old sheep. Dolly was a female domestic sheep and the first mammal was cloned from an adult somatic cell, using the process of nuclear transfer. She was born on 5 July, 1996 and she lived until the age of six. Thus, July 5, 1996 is the birth date of a new era of biotechnology- cloning. The picture of Dolly on the cover page of “Nature” magazine in February 1996 was a sensation, becoming a symbol of the scientific and human power over the nature.

In March 1989, Tim Berners-Lee from CERN (European physics laboratory in Geneva) submitted to his management a proposal conceptualizing the new information management system which he called the World Wide Web. In 1990 these proposals were accepted and the project launched. It paved the way for the most popular information technology – the Internet.

One and a half years later Mosaic was developed by Marc Andersen of the National Center of Supercomputer Applications based on WWW principles, which obtained incredible popularity of the Internet web. The pilot version of Mosaic was accomplished in the first half of 1993

- **Fixed income strategy:** targeted at retention of initial assets, low risk level
- **Share strategy:** targeted at capital augmentation, with relatively high risk level
- **Indexing strategy:** aimed at retention and augmentation of initial capital along with risk mitigation by making investments in various indexes
- **Industrial/regional strategy:** targeted at augmentation of capital by means of investments in a specific sector or a region
- **Balanced strategy:** targeted at ensuring optimal balance between investment risks and potential incomes by means of using various assets and an individualized approach.

In addition to asset management strategies, Ameriabank in 2010 introduced an **essentially new product: structured deposit**. For the first time in Armenia depositors have an opportunity to enter international markets and earn returns on changes in prices for gold, oil, other assets and Dow Jones index. Depositors are not only protected from the risk of losing the invested funds, but also in addition to the potential income, which depends on the behavior of underlying assets prices, can earn additional incomes on a fixed rate irrespective of the market volatility. The structured deposit consists of two parts: standard banking deposit and underlying instrument. Accordingly, the deposit income has two components:

- The first component is the basic income similar to fixed income on traditional banking deposit
- The second component is an additional one and is formed from changes in the prices for underlying assets in international markets, depending on participation rate

Participation rates are published by the Bank on a daily basis allowing its clients to track the movement of prices in the markets.

The Bank offers two types of structured deposits: for cases when prices for underlying assets go up and when prices go down. In the first case the client earns additional return if upon the expiration of the maturity the client earns a return owing to the growth in the underlying asset's price. In the case of structured deposits implying the reduction in prices for underlying assets, the client can earn additional return if changes in the prices for underlying assets lead to a negative return.

Structured deposits have high demand in Armenia due to a limited range of investment instruments and insufficient public awareness. On the whole **in 2010 Ameriabank built a huge portfolio of innovative products**.

and in August 1993 the Alpha version was announced for the Internet.

Today Yahoo! is one of the largest Internet companies in the world. The history of Yahoo! is linked to one of its founders, Jerry Yang, who spent a lot of time in the Internet searching for needed information. Eventually Jerry's lists became too long and unwieldy and he broke them into categories. When the categories became too full, they developed subcategories and the core concept behind Yahoo! was born. While trying to register the Yahoo trademark, they encountered difficulties because there was already a company using the same name that made barbecue sauce. That is why they had to add an exclamation point at the end of Yahoo. Thus, March 2, 1995 is the date of birth of Yahoo!

The year 1998 marked the launch of Google Corporation's historical starting point is supposed to be 1995 when Larry Page met Sergey Brin at Stanford, while the two were attending Stanford University as PhD candidates. By January 1996 Larry and Sergey started working on a search tool called 'BackRub', because of its unique capability of analyzing the input links. In 1999 AOL chose them as its partners in searching links and a year later Yahoo initiated a court proceeding against them. In 2000 Google launched its popular Google Toolbar. From that time on Google steadily increased its market share.

2000's 2010

*Music should strike fire from the heart of men,
and bring tears from the eyes of women.*

*Ludwig van Beethoven
German composer, pianist and conductor*





Each era has its musical style. The 1960s and 1970s were marked for open reel tape spools and record players. The 1980s heralded the era of cassettes. In 1979 Sony released its first Walkman, the first player with headphones. The first Sony Walkman, TPS L2, released in summer 1979 heralded the start of compact musical players. In 1980 the first prototype of the compact disk was developed. In 1998 not a famous Korean company Saehan Information Systems, released the first MP3 digital audio player called MPman F10.

The year 2001 became if not the crucial then a symbolic starting point of the portable player industry. The legendary iPod started to conquer the world. The renowned Apple Company thoroughly developed the player idea by attaching excellent earphones, a mechanical wheel and a superb audio chip. Later the wheel became touch sensitive. Additionally, Apple furnished the player with a 1.8 inch hard disk drive of 5 GB previously used in subnotebooks only. The year 2005 gave birth to iPod nano —the best modern player marketed worldwide and was redesigned three times.





iPod

Music >

Photos >

Extras >

Settings >

Shuffle Songs

Backlight

MENU

⏪

⏩

⏸

Bank's Strategic Objectives and Plans For 2011

Key strategic objectives and goals for 2011 are in compliance with those external developments that are expected to take place as soon as the economy recovers after the crisis.

Armenia is now stepping into a new era characterized with a rather complex situation as compared to the pre crisis period. We do not anticipate the reoccurrence of the previous strong initial growth impetus provided by the construction sector. To date, the economy is becoming more diversified. The economic growth rate in 2011 is expected to be 3.5-4.5%. The issue of addressing inflation is a serious challenge for Armenia which according to results of the year will be 7-8%.

Unlike 2010, in **2011 the business environment will feature the following trends and factors:**

- Decrease in economic risk level despite a wide scale of shocks that may face Armenia given the global economic trends,
- rapid development of small and medium-sized enterprises as a result of their funding by banks,
- further enhancement of energy efficient technologies and alternative energy sources,
- fostering the development of and government support to agriculture sector,
- some decline in purchasing capacity of population,
- active exporting operations,
- upgrading and reforming transport and telecommunications infrastructure,
- toughening of monetary policy,
- growing trend in insurance sector and intensification of competition among insurance companies,
- downward trend in dollarization,
- forced increasingly stringent competition among banks and growth of their key indicators,
- enterprises' growing needs for funds in order to upgrade fixed assets and enlarge technological base forced by competition intensification,

- intensified M&A activity and increasing needs for relevant investment and banking services,
- some activation in formation and enhancement of capital markets.

New business environment will pose the following challenges for financial institutions:

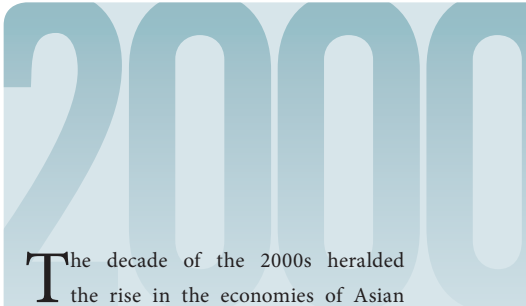
- introduction and enhancement of state-of-the-art technologies,
- competition intensification in sectorized lending,
- strengthening of non-price competitive advantages (service quality, clientele relationship, soundness, etc.),
- low interest rate fundraising, including funds in national currency (Armenian drams),
- increase of interest rates in consumer lending due to continually growing rate of refinancing,
- enlargement of product mix for delivery of comprehensive services targeted at satisfying growing needs of clients,
- search for effective instruments of fund placement,
- attraction of reliable borrowers.

With consideration of these developments and challenges Ameriabank highlights both the quality of services and enhancement of maximum convenience for each client as a strategic priority in 2011. Along with the recently launched Ameria Premium project, the Bank will work on expansion and upgrading of its infrastructure implying the following:

- branch network expansion, including in the regions of Armenia,
- enhancement of remote banking services,
- enlargement of ATM network,
- development of cash collection service.

In 2011 Ameriabank will prioritize the following strategic areas:

- enhancement of client base,
- enhancement of cooperation with small and medium-sized businesses,
- emphasizing retail banking,
- encouragement of clients in using remote banking services by means of enlarging their potential.



The decade of the 2000s heralded the rise in the economies of Asian countries, especially China and India. The upward shift in economic development was accompanied by a rise in oil prices reaching its historical peak in July 2008. At the same time, the first manifestations of the economic crisis in the US were seen and this became an avalanche affect causing massive loan defaults and a global recession in 2008.

CULTURAL PROGRESS

The movies of the start of the 21st century carry the strong eschatological impetus: a lot of them are full of expectations and perceptions of the future, anticipating the end of the world. Starting from the unfulfilled – on the thresholds of millenniums till the bequeathed by Indian Mayas.

These years marked the significant advancement of animated cartoons based on computer technology. The author of Harry Potter Joan Rowling became the best selling writer of the decade not only in Great Britain but also in the world.

The top selling musical artist is recognized to be Eminem for the period January 1, 2000 through December 2009.

AMERIABANK DECLARED THE YEAR 2011 TO BE AN INFRASTRUCTURE YEAR

Over the year the number of ATMs will reach 85 compared to 64 at the start of 2011. In selecting sites for installation of new ATMs clients' demand and needs will be of highest importance.

In 2011 three new branches will be launched in Yerevan, and another two in regions (Vanadzor and Gyumri). When expanding its geography of services, the Bank analyses the social and economic situation of each region, each administrative district of Yerevan, weighs potential risks and threats as well as potential for growth, assesses the needs of its existing and would be clients, and only thereafter takes a relevant decision. All bank branches will offer a wide range of banking services.

As one of its goals, Ameriabank plans to **strengthen its leading positions in the market in terms of its key financials.**

In parallel with further enhancement of corporate and investment banking, the Bank intends to enlarge the delivery of retail banking services thus becoming a universal bank – a bank for all clients wishing to cooperate with us.

During the 5 coming years Ameriabank, as one of three largest Armenian banks, intends to gradually enlarge the retail product mix, “with smooth conversion into a universal bank”.

Along with achieving its goals and mission, in 2011 Ameriabank intends to:

- ensure on average 15-20% growth rates of its financials,
- enhance service quality,
- enlarge retail business,
- proceed with introduction of innovative financial solutions in the local market,
- enhance cooperation with small and medium-sized businesses,
- expand the geography of its client base owing to attraction of Armenian Diaspora and participation in international projects abroad,
- intensively work towards diversified growth of its corporate client base,
- contribute to formation of capital markets in Armenia by rendering services in M&A and asset management areas,
- assist in development of renewable energy sector in Armenia,
- continually increase IFI fundraising,
- seek opportunities of setting a private investment fund at a regional level in conjunction with its strategic partners.

ACHIEVEMENTS IN LIFE

The 2000s manifested the development of the Wide Web and its increasing role in the life of the public, spreading of cellular phones, digital cameras, as well as Blue-ray. From the very moment of its emergence in 2006 till 2008 Blue-Ray had a serious competitor, HD DVD being the alternative format. During two years many large film studios originally supporting HD DVD, gradually turned to Blue-ray.

In 2000 Canon ELPH490Z, developed the smallest photo camera. USB flash drive, just an ordinary flash drive, without which it is very hard to imagine life, appeared in November 2000. The first cellular phone with built-in camera was the Sharp J-SH04, available to the public since 2000 in Japan. It became possible to make more or less quality pictures only after the release of the Sanyo SCP-5300 three years later. It would take a few years before the phone camera stopped being something miraculous and by 2007 mobile pictures would be perceived as a separate direction of reporting art.

In 2001 electronic cigarettes were developed and patented in China.

The year 2001 marked the foundation of Wikipedia, the world's largest electronic encyclopedia. Jimmy Wales is the man who made traditional Encyclopedias more or less redundant.

At the end of the decade Steve Jobs released Apple iPad which is considered the “killer” of netbooks. The thing that is beyond doubt is that iPad formed a market

- Proceed with attraction of IFIs funds which will be predominantly used in two areas:
 - Small and medium-sized businesses
 - Renewable energy.

In its lending practices in 2011 the priority sectors for Ameriabank are as follows:

- Energy sector,
- Telecommunications,
- IT.

Apart from the mentioned sectors, the Bank will cooperate with enterprises of agro-industrial (mainly, processing enterprises) and mining sectors.

Like in 2010, the Bank will continue viewing housing finance as a matter requiring a conservative and balanced approach. In the present stagnant situation the real estate market does not record any signs of notable development. Investing in construction of real estate does not promise to be quite profitable for now, except for infrastructure projects.

NEW PRODUCTS

Ameriabank has projected to implement the following activities in 2011:

- Introduction of depersonalized gold metal accounts designed in line with the best international practices to minimize bank's and clients' risks;
- Introduction of a new type of structured deposit – Gold-linked structured deposit, it creates a unique opportunity of entering international markets and earning returns on rise in gold prices;
- Launching of new deposit products denominated in Armenian drams;
- Introduction of deposits denominated in Russian rubles;
- Introduction of safe deposit boxes for retail and corporate clients;
- Introduction of new card products, particularly, customs cards, gift cards, chip cards, Infinity cards, etc.;
- Offering investment loans designed for individuals;
- Launching of new Ameria Global Trading system allowing the clients to independently carry out brokerage operations via the Internet;
- Diaspora project targeted at attraction of representatives of the Armenian Diaspora.

of tablet computers and maintains its lead in the market. iPad has changed the tablet computer perception among users and affected netbook sales having become its perfect alternative. iPad seems to be introduced in all spheres of the world.

SCIENTIFIC BREAKTHROUGH

If earlier space tours were described by science fiction writers, the year 2001 gave birth to the first space tourist. On April 28, 2001 Dennis Tito, an Italian American engineer became the first space tourist on board of the Russian spaceship 'Soyuz' travelling to the International Space Station. In 2000 scientists finally decrypted human genome, which made not only separate organs' cloning possible, but also the whole human creature. In 2005 paleontologists discovered in the Rocky Mountains (USA) soft tissue remains from the thigh bone of a baby Tyrannosaurus that lived 50 million years ago. It turned out tyrannosaurus had a lot in common with modern birds. In the future, it will be possible to clone these creatures. Thus the "Jurassic Park" will no longer be a fantasy.

Financial Statements and Independent Auditor's Report



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Ameriabank CJSC

We have audited the accompanying financial statements of Ameriabank CJSC (the Bank), which comprise the statement of financial position as at December 31 2010, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policy and other explanatory information.

Management's Responsibility for the Financial Statement

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2010 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

AC
Andrew Coxshall

Director

KPMG Armenia cjsc
20 April 2011



TG

Tigran Gasparyan
Head of Audit Department

Statement of Comprehensive Income for the year ended 31 December 2010

	2010, AMD thousand	2009, AMD thousand
Interest income	10,839,458	6,123,933
Interest expense	-4,657,144	-2,735,069
Net interest income	6,182,314	3,388,864
Fee and commission income	924,697	507,661
Fee and commission expense	-274,671	-113,101
Net fee and commission income	650,026	394,560
Net (loss) gain on financial instruments at fair value through profit or loss	-48,262	2,059
Net foreign exchange income	797,391	628,521
Net loss on available-for-sale financial asset	-15,391	-4,612
Other operating (expense) income	-24,277	79,999
Operating income	7,541,801	4,489,391
Result from acquisition	779,528	0
Impairment losses	-309,944	-194,569
Personnel expenses	-2,320,800	-1,100,056
Other general administrative expenses	-1,827,782	-1,198,526
Profit before income tax	3,862,803	1,996,240
Income tax expense	-682,832	-534,633
Profit for the year	3,179,971	1,461,607
Other comprehensive income/(loss), net of income tax		
Revaluation reserve for available-for-sale financial assets:		
▪ Net change in fair value	131,875	-23,321
▪ Net change in fair value transferred to profit or loss	12,313	3,690
Revaluation of land and buildings	0	-83,923
Other comprehensive income/(loss) for the year, net of income tax	144,188	-103,554
Total comprehensive income for the year	3,324,159	1,358,053

Statement of Financial Position as at 31 December 2010

	2010, AMD thousand	2009, AMD thousand
ASSETS		
Cash and cash equivalents	28,408,492	20,813,824
Financial instruments at fair value through profit or loss		
▪ Held by the Bank	132,659	75,878
Available-for-sale financial assets		
▪ Held by the Bank	12,821,824	3,864,785
▪ Pledged under sale and repurchase agreements	0	2,949,202
Loans and advances to banks	14,000,523	18,192,866
Amounts receivable under reverse repurchase agreements	2,364,903	624,718
Loans to customers	88,579,633	53,564,682
Receivables from finance leases	1,659,006	361,109
Assets held for sale	0	351,405
Property, equipment and intangible assets	2,725,258	1,536,395
Deferred tax asset	74,134	16,473
Other assets	2,221,371	886,753
Total assets	152,987,803	103,238,090
LIABILITIES		
Financial instruments at fair value through profit and loss	22,402	0
Deposits and balances from banks	12,986,742	5,968,269
Amounts payable under repurchase agreements	0	3,220,675
Current accounts and deposits of customers	67,588,084	62,021,236
Other borrowed funds	38,042,694	9,996,089
Current tax liability	220,224	6,150
Other liabilities	2,140,299	278,338
Total liabilities	121,000,445	81,490,757
EQUITY		
Share capital	25,447,640	18,200,000
Share premium	29,691	28,407
Revaluation reserve for available-for-sale financial assets	17,984	-126,204
Retained earnings	6,492,043	3,645,130
Total equity	31,987,358	21,747,333
Total equity and liabilities	152,987,803	103,238,090

Statement of Cash Flows for the year ended 31 December 2010

	2010, AMD thousand	2009, AMD thousand
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	9,886,323	5,797,411
Interest payments	-4,189,448	-2,001,491
Fee and commission receipts	924,697	507,661
Fee and commission payments	-274,671	-113,101
Net payments from available-for-sale financial assets	-15,391	-4,612
Net receipts from foreign exchange	868,183	1,161,930
Other income (expenses) receipts (payments)	-24,278	52,370
Salaries and other payments to employees	-1,904,428	-1,087,144
Other general administrative expenses payments	-1,449,288	-1,027,262
(Increase)/decrease in operating assets		
Financial instruments at fair value through profit or loss	-665,130	244,668
Available-for-sale financial assets	-3,278,475	-4,301,594
Loans and advances to banks	3,402,548	-12,775,154
Amounts receivable under reverse repurchase agreements	-1,636,733	-147,467
Loans to customers	-26,667,798	-20,874,811
Receivables on financial lease	-1,043,216	-154,803
Other assets	-1,183,341	-375,514
Increase (decrease) in operating liabilities		
Financial instruments at fair value through profit or loss	592,418	0
Deposits and balances from banks	7,204,919	4,016,519
Amounts payable under repurchase agreements	-3,219,562	763,837
Current accounts and deposits from customers	3,517,375	28,274,077
Other liabilities	1,171,749	31,810

	2010, AMD thousand	2009, AMD thousand
Net cash used in operating activities before income tax paid	-17,983,547	-2,012,670
Income tax paid	-585,339	-516,301
Cash flows used in operations	-18,568,886	-2,528,971
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment and intangible assets	-596,863	-1,065,144
Sales of property and equipment and intangible assets	351,406	560,522
Dividends received from unquoted equity investments	0	27,632
Cash flows used in investing activities	-245,457	-476,990
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts of other borrowed funds	29,208,604	9,622,934
Repayment of other borrowed funds	-1,730,512	0
Cash flows from financing activities	27,478,092	9,622,934
Net increase in cash and cash equivalents	8,663,749	6,616,973
Effect of changes in exchange rates on cash and cash equivalents	-1,069,081	5,029,629
Cash and cash equivalents as at the beginning of the year	20,813,824	9,167,222
Cash and cash equivalents as at the end of the year	28,408,492	20,813,824

Statement of Changes in Equity for the year ended 31 December 2010

	Share capital	Share premium	Revaluation surplus for land and buildings	Revaluation reserve for available-for-sale financial assets	Retained earnings	Total equity
Balances as at 1 January 2009	18,200,000	28,407	291,026	-106,573	1,976,420	20,389,280
Total comprehensive income						
Profit for the year	-	-	-	-	1,461,607	1,461,607
Other comprehensive loss						
Net change in fair value of available-for-sale financial assets, net of income tax	-	-	-	-23,321	-	-23,321
Net change in fair value of available-for-sale financial assets, transferred to profit or loss, net of income tax	-	-	-	3,690	-	3,690
Revaluation of land and buildings, net of income tax	-	-	-83,923	-	-	-83,923
Total other comprehensive loss	-	-	-83,923	-19,631	-	-103,554
Total comprehensive income for the year	-	-	-83,923	-19,631	1,461,607	1,358,053
Transactions with owners, recorded directly in equity						
Transferred to retained earnings on sales of land and buildings	-	-	-207,103	-	207,103	0
Total transactions with owners	-	-	-207,103	-	207,103	0
Balance as at 31 December 2009	18,200,000	28,407	-	-126,204	3,645,130	21,747,333

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

Useful Information About the Bank

Ameriabank CJSC

9 Grigor Lusavorich Street, Yerevan, Armenia
Taxpayers' Identification Number (TIN) 02502212
A/c 103002101576
Central Bank of Armenia

SWIFT / BIC ARMIAM22,
Bank code 15700

Phone: (374 10) 56 11 11
Fax: (374 10) 51 31 33
e-mail: office@ameriabank.am
<http://www.ameriabank.am>

Bank's Branches

- Kentron: 2 V.Sargsyan street, Yerevan, Armenia 0010
- Cascade: 6 Deghatan street, Yerevan, Armenia 0010
- Komitas: 58/14 Komitas avenue, Yerevan, Armenia 0014
- Moskovyan: 48, Mashtots avenue 2/1, Yerevan, Armenia 0009
- Stepanakert: 21 V.Sargsyan street, Stepanakert, NKR
- Kajaran: 16/31 Lernagortsneri street, Kajaran, Armenia 3309
- Dilijan: 66 Myasnikyan street, Dilijan, Armenia 3901

Main Nostro Accounts for Clients' Remittances in Foreign Currency

COUNTRY	CORRESPONDENT BANK	SWIFT	CURRENCY	ACCOUNT
Belgium	FORTIS BANK, BRUSSELS	GEBABEBB	EUR	291-1122111-15-EUR-0
	COMMERZBANK AG, FRANKFURT/MAIN	COBADEFF	EUR	400/8866071/00
Germany	DEUTSCHE BANK AG, FRANKFURT/MAIN	DEUTDEFF	EUR	100-9477498-00
	CITIBANK, FRANKFURT/MAIN	CITIDEFF	EUR	4117180005
Great Britain	HSBC BANK PLC, LONDON	MIDLGB22	GBP	35827063
Italy	UNICREDIT S.P.A.	UNCRITMM	EUR	995/101468077
	SBERBANK RF, MOSCOW	SABRRUMM	RUB	30111810900000000371
Russia	PROMSVYAZBANK, MOSCOW	PRMSRUMM	RUB	301118107900000021401
			JPY	301113926900000021401
	ALFA-BANK, MOSCOW	ALFARUMM	CAD	301111247900000021401
			RUB	30231810200000000108
Switzerland	UBS AG, ZURICH	UBSWCHZH80A	CHF	02300000069026050000V
UAE	NATIONAL BANK OF ABU DHABI, ABU DHABI	NBDAEAAA	AED	6200969039
	CITIBANK N. A., NEW YORK	CITIUS33	USD	36116208
USA	HSBC BANK USA , NEW YORK	MRMDUS33	USD	000-054631
	DEUTSCHE BANK TRUST COMPANY AMERICAS, NEW YORK	BKTRUS33	USD	04437701