



FREEDOM  
TO ACHIEVE MORE



ANNUAL  
REPORT **2013**





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MESSAGE  
FROM  
MANAGEMENT



# > Message from Ruben Vardanian

Dear Ladies and Gentlemen

I am happy to announce that due to trust and loyalty of our clients, proficiency of our management team and Board members, as well as benevolence of our shareholders, Ameriabank again had another year of success and quality growth in 2013.

The year was rich in a number of tangible qualitative and quantitative achievements.

We have reached new benchmarks of market positioning by becoming 1st bank out of 21 operating banks by assets, liabilities and customer deposits, 2nd bank by loan portfolio and 3rd bank by net profit.

Ameriabank was named The Best Bank of the Year 2013 in Armenia by The Banker Magazine, Financial Times for the second time. Global Finance and Commerzbank recognized Ameriabank as the Best Trade Finance Bank in 2013.

We were honored to announce the acquisition of Cascade Investments, one of the oldest asset management companies in the Republic of Armenia by Ameria Asset Management. This remarkable transaction in the investment management and the advisory services sector of Armenia is yet another vivid example of Ameria Group's commitment towards establishing one of the leading and most dynamic financial services groups in the Caucasus region.

Remaining committed to our socially responsible and sustainable corporate values, Ameria Group

for the 4th consecutive year has undertaken the organization of Christmas charity auction aimed at medical treatment of 17 kids with various oncological and other life-threatening diseases. As a result of the auction we raised AMD 30,573,000 (USD 75,600), whereas this amount was doubled by Ameria Group to reach AMD 61,146,000 (USD 151,200).

Throughout 2013, we were focused on increasing efficiency and we will continue to do so in 2014.

One of main strategic goals for 2014 will be our focus on retail and SME lending growth through enlarged branch network, new products offerings, distribution channels and new IT systems.

As an absolute champion in the market by assets and liabilities, we now undertake a strong challenge of enhancing all our capacities so to become an absolute champion by net profit, RoE and efficiency among peers. We will continue to be focused on growth opportunities ahead and by doing so we expect to create substantially more value for our shareholders. We may also consider further non-organic growth to reach our ambitious long-term goals.

Benchmarking best international practices, Ameriabank is firmly focused on constant improvement of the Bank corporate governance principles and quality. The latter also include rotation of the Chairman of the Board once in five to seven years, as well as enriching the

Board by engaging independent board members and following corporate governance codes and policies. In this regard, Ameriabank board has welcomed Robert von Rekowsky as independent board member acquiring a highly valuable and representative experience in emerging markets portfolio management from Fidelity Investments for over 23 years now. In addition, started from 2013 year-end Ameria Group CEO and one of the Group's founders Andrew Mkrtchyan continued to serve as Chairman of the Board by bringing his impeccable management proficiency to the Board.

Heading into 2014, we will make our best efforts that our core citizens —our shareholders, our clients, and our people — remain pleased and loyal to Ameriabank. Finally, I would like to take the honor to express my appreciation to our professional board and management team, as well as to the whole team of committed and innovatively like-minded people. Their strong sense of initiative, their solidarity and cohesion has given the Bank the ability to face any challenge rising and create opportunities for the further growth of Ameriabank.

Sincerely,  
Ruben Vardanian,  
Chairman of the  
Management Board





***Ruben Vardanian, Member of the Board of Directors***

*I started reflecting on freedom and its meaning for the first time in 1987 after reading George Orwell's "1984". For me, freedom comprises two components: inner freedom and outer freedom. The inner freedom is very much associated with withdrawal from external limitations and stereotypes. This is the type of freedom the Buddhist monks aspire for. Just think, the state of nirvana means liberation from the worldly hindrances. The outer freedom means a person's ability to make a free choice. Actually, freedom is a great deal of luxury. In real life, whenever you make a choice, you have to consider responsibility you have to your family, work, friends... This is why I don't believe in ultimate freedom. But I do think that you should always strive to be yourself rather than adapt to the influence and opinion of the other people.*

# > Message from Artak Hanesyan

Dear Shareholders, Clients and Partners

I am glad to present to you our achievements as well as the challenges Ameriabank experienced during the year 2013.

## Highlights of 2013

The year 2013 was remarkable by the fulfillment of our strategic goals and key performance indicators helping us to retain our solid growth rates, position ourselves as an absolute champion by assets, liabilities and customers deposits and rank 2nd by loan portfolio.

According to our strategic goals, we were committed to developing our retail banking and SME lending. For that purpose we developed our online and offline infrastructures, reinforced our team of professionals and improved our business processes.

Ameriabank launched a new Sayat-Nova branch in the center of Yerevan which is a top-notch quality branch aimed also at servicing our premium class clients. We have also reopened our Stepanakert branch in a newly built building that will provide full-scale services package for our Artsakh clients.

2013 was yet another year when Ameriabank was awarded with several honorable awards, such as 2013 Best Bank in Armenia by The Banker/FT, Commerzbank and Global Finance.

## Financials of the Bank

During the reporting year we continued delivering strong results both in income and profit indicators. As a champion in corporate banking, having the most prominent and representative loan portfolio in corporate lending,

we also focused our efforts on boosting of our retail banking unit.

Our total attracted funds from International Financial Institutions (IFIs) and non-resident partner banks have reached USD 145 million and indicate a long-term solid partnership and trust between our Bank and IFIs. It is worth mentioning that this is an unprecedented amount issued to a single bank operating in Armenia. In 2013, we have signed several notable loan facility agreements including one with European Bank for Reconstruction and Development (EBRD) for USD 12 million, Development Bank of Austria OeEB for USD 15 million and Development Financial Institution from France Proparco for USD 15 million.

In 2013, the Bank secured annual net growth rates of 28.6% by assets, 20.5% by lending (including leasing and factoring), 32.7% by liabilities and 34.6% by clients' deposits, significantly surpassing the market average annual growth rates which were 11% for assets, 10% for lending, 13% for liabilities and 17% for clients' deposits.

I would also like to highlight the main financial indicators of our Bank in the local market. We ranked the 1st by assets, liabilities and clients' deposits, 2nd by loan portfolio and 3rd by net profit.

## New Products & Innovations

We in Ameriabank always focus on using the most innovative and cutting-edge technologies for our banking solutions. For this reason we are permanently committed to sustaining high standards of service, a vivid proof of which is receiving ISO 9001:2008 quality management

certificate issued by TÜV Rheinland Germany starting from 2009. In 2013 we introduced a number of innovative services adding value to our clients such as "Ameria Partner" which is an unprecedentedly exclusive benefit package for our current and potential HNWI clients, partners, including Visa Infinite card and a huge number of various benefits; we also introduced E-commerce, new cards, SME and energy efficiency lending products, Ameria Deposit, etc.

## Appreciation

The cornerstone of our success is surely our team. As we look forward to our longer-term strategies, we have a comfort and confidence that our talented managers and Board of Directors will firmly continue generating value for all our stakeholders. We are committed to working with the same sense of urgency, loyalty and determination in order to reach our annual strategic plans for the coming year.

I am much honored to extend my word of appreciation to our team that consists of true professionals and consistently self-developing individuals. Yet again, let me also deliver my gratitude to all our clients, partners, suppliers and all other stakeholders for their trust and loyalty leading to our Bank's consistent improvement and leadership in the market. We are thankful for the continuing support, encouragement and goodwill of all our shareholders and the Board.

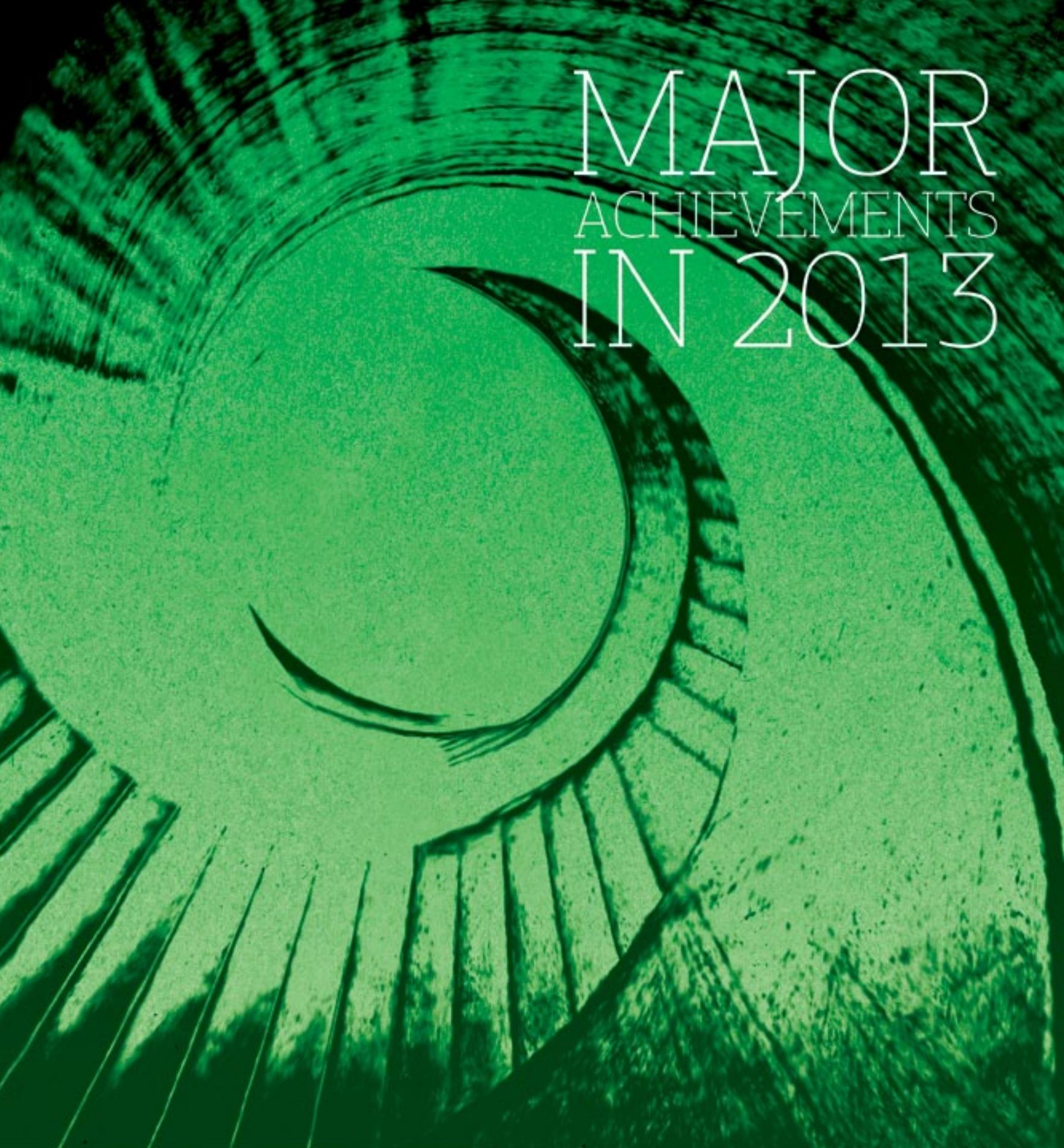
Artak Hanesyan  
Chairman of the Management  
Board- General Director





**Artak Hanesyan**, *Chairman of the Management Board – General Director*

*For me, freedom incorporates three elements. The first is freedom of action, an opportunity to act in the environment where you are free to think as you want, free to speak out your opinion, to develop and be appreciated. The second one is freedom to dream. If you dream, you live and strive for the better future. The dreams are the engine carrying people forward. The third element is freedom to travel. This ability to dream and to travel makes me feel involved in something great and mysterious.*



MAJOR  
ACHIEVEMENTS  
IN 2013

Right from the outset Ameriabank was committed to continuous development. The year 2013 was no exception. What was more important, we recorded increasing customer trust in the Bank. This is evidenced by 28.6% growth of assets and 32.7% growth of liabilities, due to which the Bank took the lead in the Armenian banking sector by these indicators, ranking 3rd by net profit.

Yet another successful milestone in 2013 was achieved for the loan portfolio (including leasing and factoring), which grew by 20.5% to go beyond AMD 176 billion. SME loans recorded increase by nearly 58%, amounting to over AMD 33 billion. In 2013, the Bank improved its retail SME lending facilities. During the same period, the volume of deposits raised by the Bank grew by 34.6%.

Having such performance paired with the Bank's strategy, variety and quality of offered services we believe it is only natural that currently Ameriabank is one of the most rapidly developing banks in Armenia. Ameriabank which started up as a relatively small bank expanded dramatically during just 5 years into a powerful institution offering a wide range of financial and banking solutions.

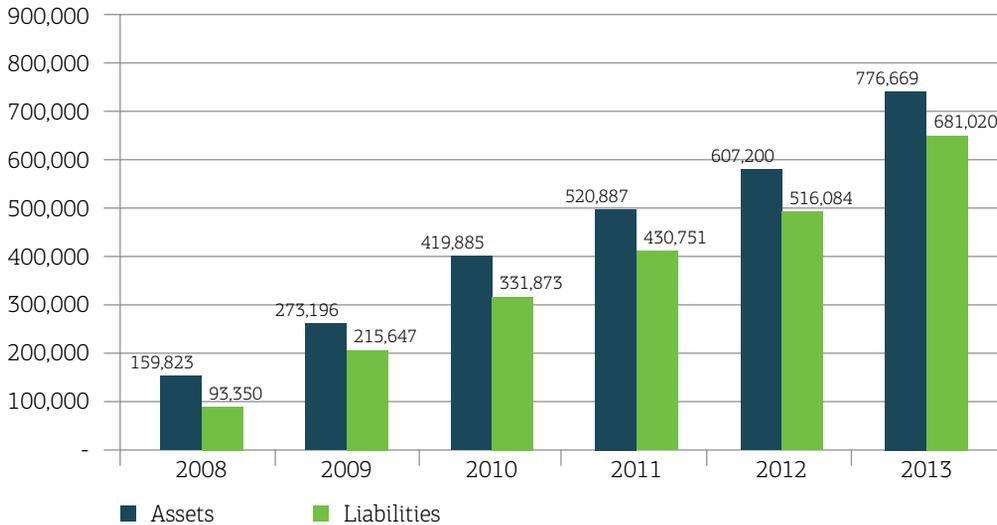
## Financial Achievements\*

Financial indicators	31/12/13	31/12/12	31/12/11
<b>Assets</b>			
in AMD million	315,048	245,054	200,943
in USD thousand	776,669	607,200	520,887
Market share**	10.71%	10.16%	9.72%
Position in the banking system**	1	2	2
<b>Liabilities</b>			
in AMD million	276,342	208,281	166,171
in USD thousand	681,249	516,084	430,751
Market share**	11.18%	10.39%	9.79%
Position in the banking system**	1	1	2
<b>Loans and other advances (including leasing and factoring)</b>			
in AMD million	176,133	146,162	136,439
in USD thousand	434,211	362,165	353,680
Market share**	9.96%	9.63%	10.83%
Position in the banking system**	2	3	2
<b>NPL</b>			
Deposits from customers			
in AMD million	169,942	126,302	91,333
in USD thousand	418,948	312,954	236,755
Market share**	10.49%	10.59%	8.64%
Position in the banking system**	1	2	3
<b>Profit</b>			
in AMD million	6,057	6,037	4,055
in USD thousand	14,787	15,033	10,887
Position in the banking system**	3	2	4
<b>Total capital</b>			
in AMD million	38,706	36,773	34,772
in USD thousand	95,419	91,116	90,136
Position in the banking system**	4	2	2

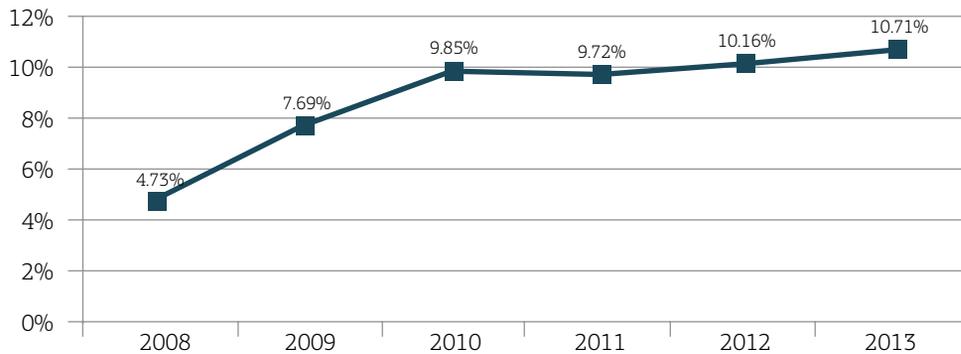
\* Hereinafter, all balance sheet indicators in dollar equivalent are calculated at the exchange rate as of the end of the respective reporting year: 1 USD=385.77 AMD in 2011; 1 USD=403.58 AMD in 2012 and 1 USD=405.64 AMD in 2013. All P&L indicators in dollar equivalent are calculated at the average annual exchange rate: 1 USD=372.47 AMD in 2011; 1 USD=401.57 AMD in 2012 and 1 USD=409.61 AMD in 2013.

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

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



### Ameriabank's Share in the Banking Sector by Assets, %



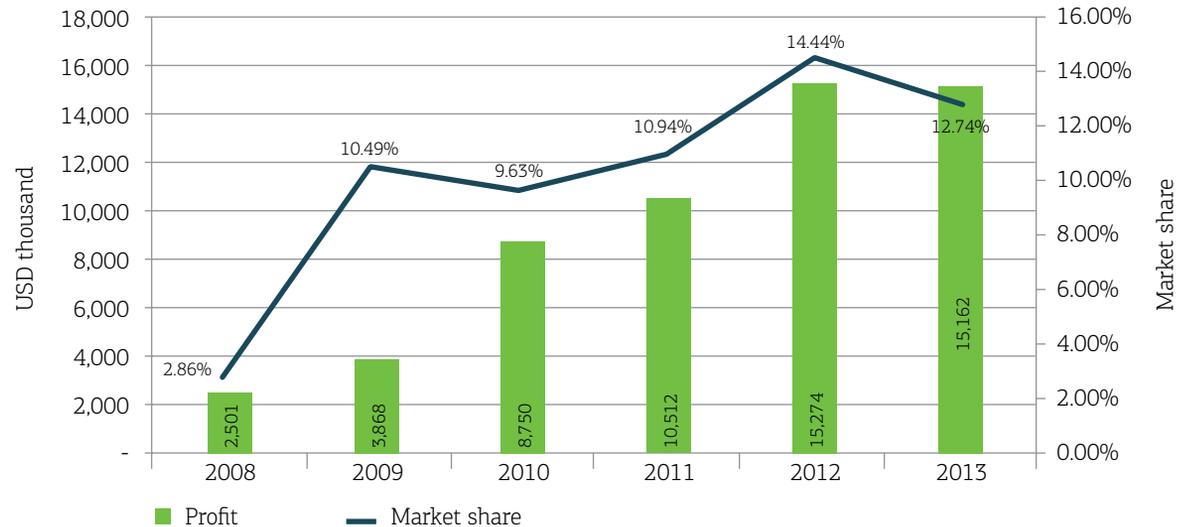
Due to the dynamic growth of assets and liabilities that has been recorded for six years in a row, Ameriabank further strengthened its position among the leading banks in Armenia. Ameriabank loan portfolio over six years (2008-2013) increased its market share from 4.91% to 9.96%. The Bank's share in terms of liabilities to clients and accounts has grown over the same period more than twofold, from 4.87% to 10.49%.

### Ameriabank's Share in Armenian Banking Sector by Loan Portfolio and Client Deposits



## Dynamics of Ameriabank's Profit

Over six years, the Bank's profit share in the overall banking system increased more than fourfold.



## In 2013, the Bank marked the following achievements:

### 1. Achievements in Client Relationships and New Products

- The client base increased by 19.6%.
- Time deposits grew by 28.8% driven by launch of Ameria Deposit.
- We launched co-branded card together with Ucom telecom company.
- We realigned the product mix for the SMEs, with a focus on quick and hassle-free lending.
- We launched international factoring services. In 2013, Ameriabank joined Factors Chain International, a major global factoring network.
- The bank launched Ameria Partner package tailored for the HNWI clients of the Bank and reviewed Ameria Premium services designed for the premium segment.
- The Bank became a Central Depository Account Operator, offering to its clients the full suite of custodian services.

### 2. Achievements in Technology and Infrastructure

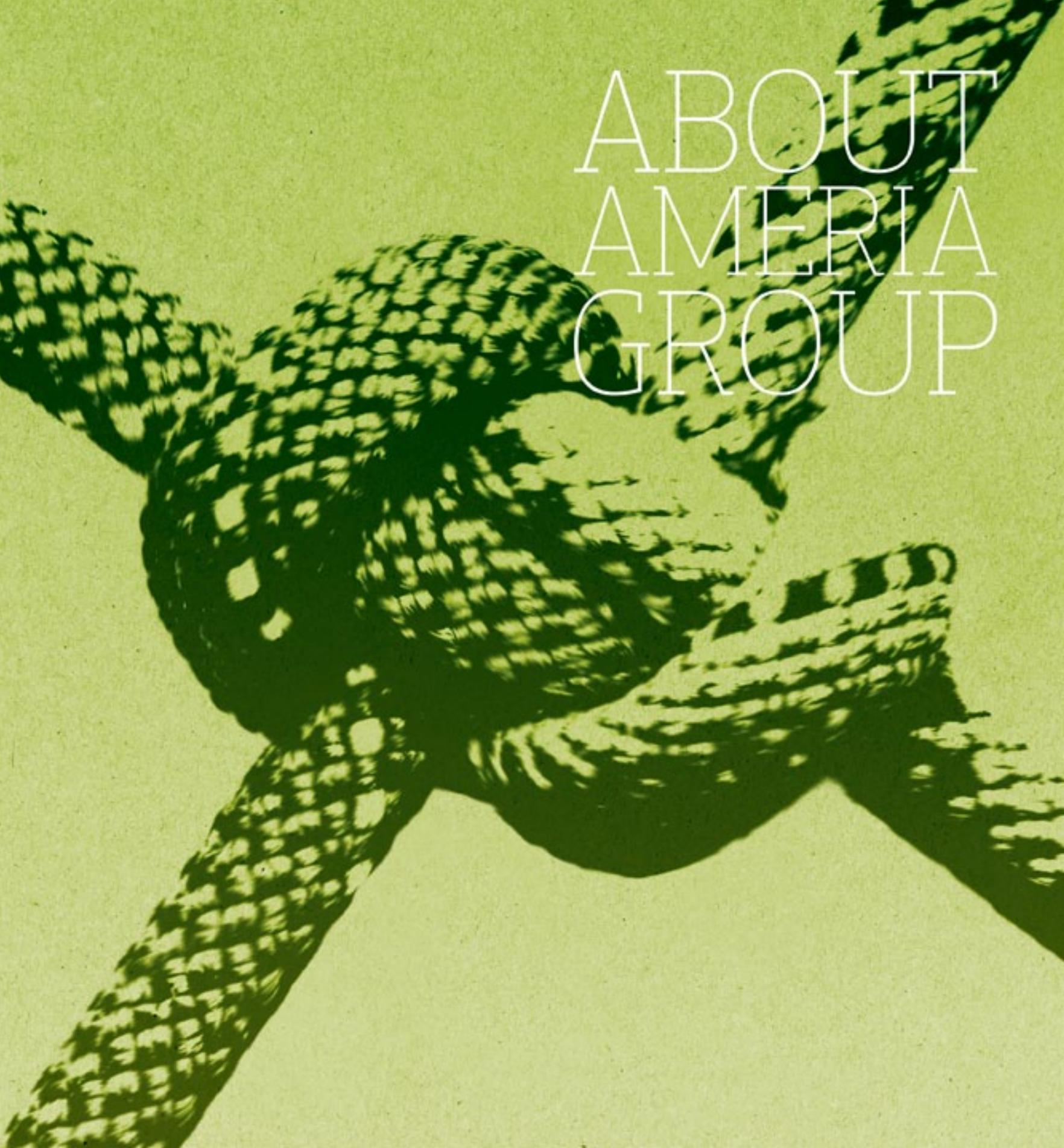
- The number of ATMs by the close of 2013 reached 92.
- We obtained VISA license for Internet acquiring.
- We developed in-house POS terminal offered to the merchants wishing to accept VISA, Master Card и ArCa card payments online.
- <http://csr.ameriagroup.am/> website was developed for charity donations.

### 3. Achievements of Dream Team

- We completed the 2nd Generation A graduate scheme project to recruit young, up-and-coming, open-minded and creative specialists.
- We continued to develop the in-house Training Center aimed to expand cooperation

with top-tier coaches and business schools for further professional development of the Bank's personnel.

- The employees of Ameriabank's Trade Finance Division demonstrated best performance in the online seminar organized by the European Bank for Reconstruction and Development and won a gold medal.
- Accolade: The Banker/FT Best Bank of the Year, Best GTFP Issuing Bank for Energy Efficiency in Europe and Central Asia, Global Finance Best Bank of the Year 2013, Global Finance Best Foreign Exchange Provider Bank of the Year 2013, Global Finance Best Trade Finance Bank of the Year 2013, Global Finance Best Subcustodian Bank of the Year 2013
- A series of team building events and activities were held to develop middle management skills.



ABOUT  
AMERIA  
GROUP

## > Ameria Group of Companies

For over several years now, Ameria has become a household word for everyone involved in finance in Armenia. No wonder, from the very first day in the business Ameria Group proved to be one of the most aggressively developing financial institutions in the local market, providing a wide range of advisory and financial services.

Our clients get fundamental all-inclusive support in such key areas as:

- banking,
- management advisory,
- legal advisory,
- investment banking,
- asset management.

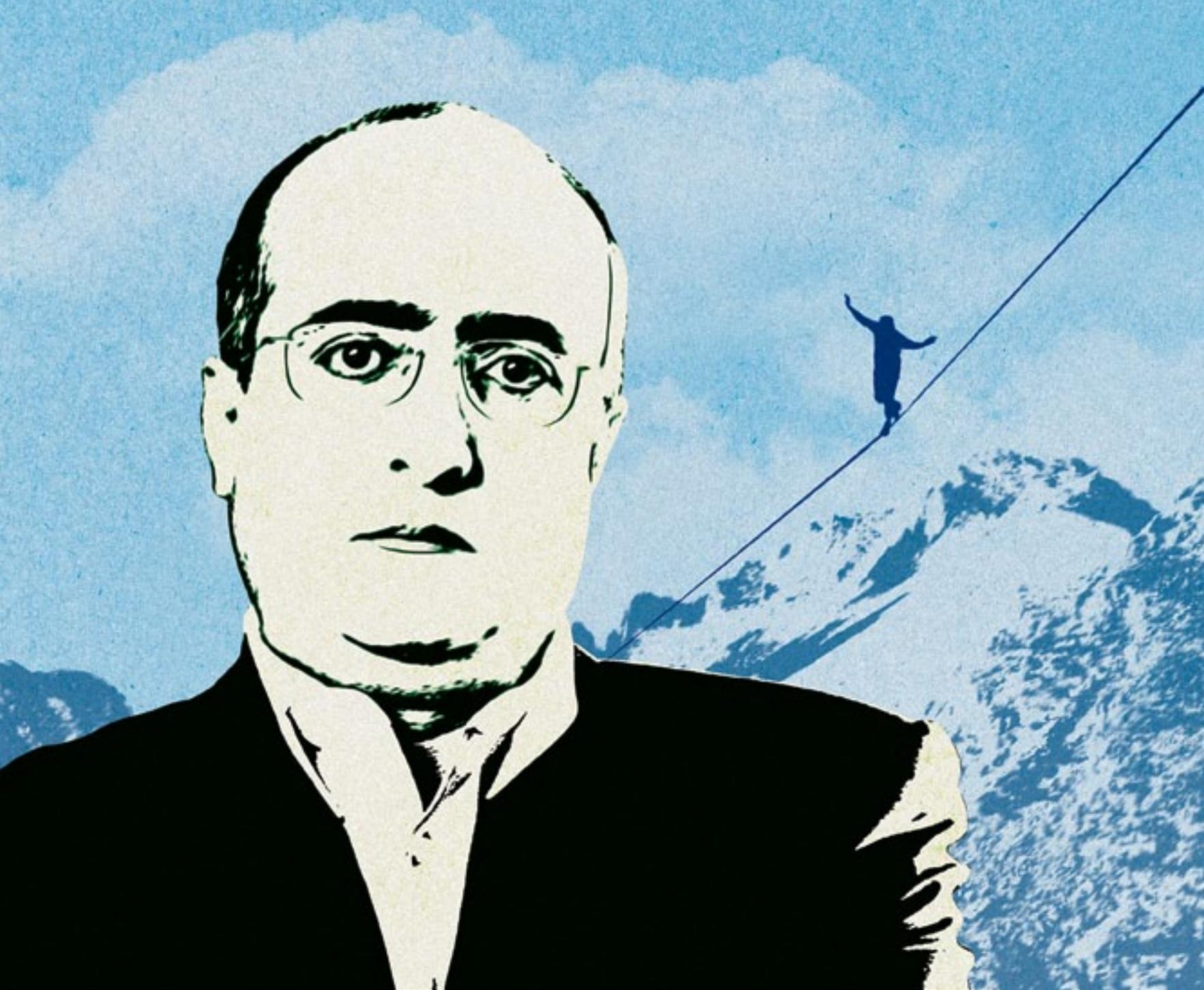
One of the most dynamically growing institutions of the Group is Ameriabank. Ameriabank is a universal bank offering corporate, investment and retail banking services in a comprehensive package of banking solutions. The cornerstone of our service and our underlying strengths are: individual approach to each client, innovation, high professionalism and experience coupled with a united team.

This approach became our gateway to success pushing Ameriabank into the leading banks in the Armenian market.

A leader in the market of legal and management advisory services of Armenia, Ameria CJSC

keeps abreast with the Bank by service quality and customer trust, providing an array of comprehensively packaged solutions under the umbrella of a single advisory team. Clients benefit from the synergy of a unified team of advisors in legal and tax advisory, corporate restructuring, management advisory, strategic planning, as well as complex management solutions.

Ameria Asset Management, yet another rapidly growing company in the investment sector of Armenia, has set an ambitious goal to take the leading position in Armenia. Ameria Asset Management offers tailored asset management and investment advisory services.



**Andrew Mkrtychan**, Chairman of the Board of Directors

*Freedom is an ability to balance between the freedom of thought and actions, on the one side, and responsibility, on the other. Only strong personalities may be truly free, those who never stop developing and growing and never lose their individuality. Only those who are able to choose the good instead of the evil, choose the love and follow it, are truly free. From time to time people make wrong choices due to lack of knowledge, experience or good mentors and assistants in their life. This is when Mahatma Gandhi's quote on freedom fits best, "Freedom is not worth having if it does not include the freedom to make mistakes".*

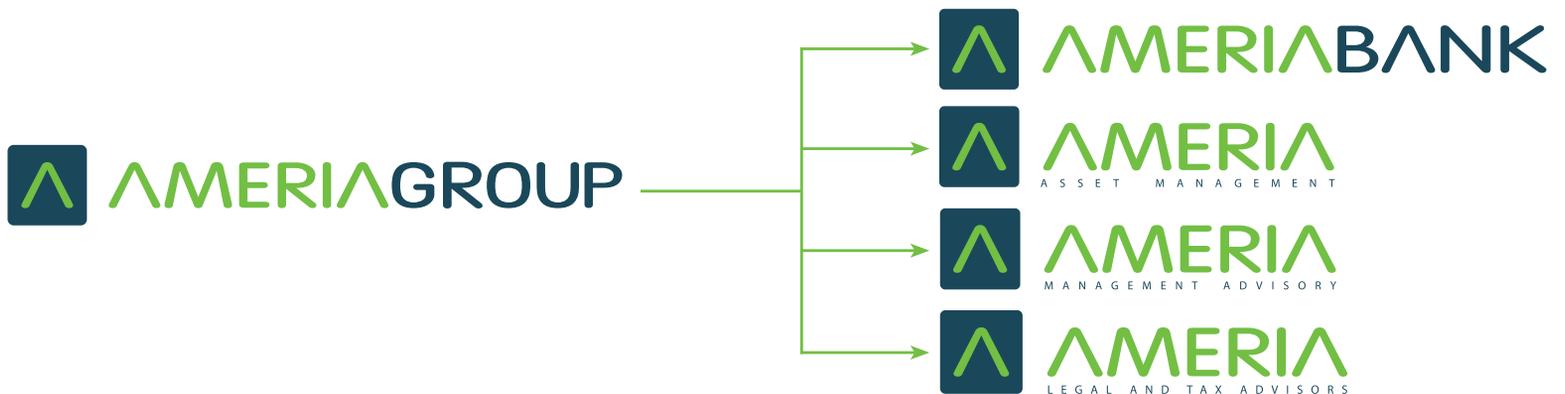
Since 2011 the Diaspora community gained an opportunity to benefit from full-fledged advisory services and an opportunity for connecting Diaspora investors to promising business and investment opportunities in Armenia through Ameria Group Inc., Ameria Group's representative office in Los Angeles, USA. As a pan-Armenian advisory group, Ameria Group Inc. serves as a professional bridge between the Diaspora Armenians and Motherland Armenia, with a major focus on mergers & acquisitions, legal,

management, equity financing & debt advisory services.

Ameria Group has been on the market for 16 years now. Starting from 1998, it has been uniting young, dedicated and promising experts of the local market as one of the first professional advisory firms in Armenia. In 2001, Ameria Asset Management CJSC was founded as one of the first companies in the country to offer asset management services. In 2007, Ameria, together with Ameria Group (CY) Limited (previously TDA Holdings Limited) started

the most aggressive expansion in the Armenian emerging financial sector.

As a result of this partnership, in 2007 Ameria Group (CY) Limited acquired the majority share in the capital of Armimpexbank. This acquisition highlighted a milestone achievement of the partnership. Just in a year, Armimpexbank was renamed and rebranded into Ameriabank. With this change of stakeholders the Bank stepped into a new age of development with new strategy and management principles.



# > Historic Milestones of Development

- 1910 ◇ Erivan Branch of Tiflis Trade Bank was built in Ter-Ghukasov Street, across from the Russian Orthodox Church. The Bank itself was established in Tiflis back in 1871 by well-known Armenian capitalists.
- 1916 ◇ Tiflis Trade Bank was renamed into Caucasus Bank; respectively the Erivan Branch was renamed into Erivan Branch of Caucasus Bank. The archived documents state that most of the monetary resources transferred to Armenia came through the Erivan Branch of Caucasus Bank.
- 1920 ◇ Erivan Branch of Caucasus Bank nationalized by the Decree of Revolutionary Committee dated December 18, 1920. Starting from February 1921 to March 1922 the building was occupied by the Armenian Telegraph Agency (Armenta). On March 24, 1922, the State Bank of Armenia moved into the building.
- 1924 ◇ The Communal Bank of Armenia was incorporated. The Bank started operations on May 1, 1924, at 2 Nalbandyan St. (former Ter-Ghukasov St.).
- 1959 ◇ Armenian branch of Stroybank started performing account settlements for enterprises and organizations of the Communal Bank, implementing its activities in the same historical building situated at 2 Nalbandyan St.
- 1974 ◇ Armenian branch of Vneshtorgbank of the former USSR was established in the same building.
- 1988 ◇ Armenian Branch of Vnesheconombank USSR was launched in the same building.
- 1992 ◇ The Republican branch of Vnesheconombank of the former USSR was reorganized into State Armimpexbank (Armenian Import-Export Bank) CJSC.
- 1995 ◇ Attraction of foreign capital: majority of shares was acquired by Computron Industries Establishment.
- 2007 ◇ Change of shareholders: the majority of Armimpexbank shares was acquired by TDA Holdings Limited.
- 2008 ◇ Armimpexbank CJSC was renamed into Ameriabank CJSC.
- 2008 ◇ Ameriabank became a principal member of VISA International.  
July
- 2008 ◇ Ameriabank became a member of Armenian Stock Exchange (ASE).  
October
- 2008 ◇ Ameriabank opened its first branch in Stepanakert (NKR).  
November
- 2009 ◇ Started issuing and processing of VISA international cards.  
January
- 2009 ◇ Awarded with certificate of compliance with the new ISO 9001:2008 international quality management standard.  
April
- 2009 ◇ Signed an agreement with International Finance Corporation (IFC) as part of Global Trade Finance Program (GTFP).  
July
- 2009 ◇ Bloomberg International System launches Ameriabank's official web page.  
July
- 2009 ◇ Opened a new branch in the town of Kajaran (Syunik Marz of Armenia).  
July
- 2009 ◇ Opened the new building of Ameriabank Head Office.  
November

- 2009 November ◆ Opened new Kentron branch in Yerevan.
- 2009 December ◆ Signed an agreement with FMO/DEG for USD 30 million debt financing to enhance SME lending facilities.
- 2010 February ◆ Opened a new branch in the town of Dilijan.
- 2010 March ◆ Launched Purchase Order Financing as part of «Partners for Financial Stability» program implemented by USAID.
- 2010 March ◆ Received the status of Agent on medium and long-term RA Government (treasury) coupon bonds.
- 2010 March ◆ Signed USD 10 million loan facility agreement with EBRD to promote SME lending in Armenia.
- 2010 May ◆ Signed an agreement with EBRD as part of TFP (Trade Facilitation Programme).
- 2010 May ◆ Opened new Cascade Branch in Yerevan.
- 2010 June ◆ Opened new Komitas Branch in Yerevan.
- 2010 July ◆ Received Excellence Award from Commerzbank for high quality international operations during 2009.
- 2010 July ◆ Received an Award for Excellence in Trade Finance from Commerzbank.
- 2010 December ◆ Best Bank of Armenia in 2010 award from The Banker magazine of Financial Times.
- 2010 December ◆ Signed USD 30 million credit facility agreement with Eurasian Development Bank (EDB) for SME financing in Armenia.
- 2011 March ◆ Opened new Moskovyan Branch in Yerevan.
- 2011 March ◆ Signed an agreement with Asian Development Bank on raising funds for the development of trade finance instruments.
- 2011 May ◆ Commerzbank issued a bank guarantee in Armenian Drams.
- 2011 June ◆ Received IFC's «GTFP Award 2010» as the most active issuing bank in the Caucasus under the Global Trade Finance Program (GTFP).
- 2011 June ◆ Received Euromoney 2011 Award For Excellence as the Best Bank in Armenia.
- 2011 July ◆ Signed CARTA (Continuing Agreement For Reimbursement Of Trade Advances) agreement with Citibank to raise funds for trade finance.
- 2011 September ◆ Opened new branch in Vanadzor, Lori Marz of Armenia.
- 2011 October ◆ Received SME financing loan approval from Commerzbank without collateral, guarantee or letter of credit.
- 2011 November ◆ Signed USD 20 million credit facility agreement for a term of 5 years with ADB to foster SME lending in the country.
- 2012 April ◆ Funded USD 15 million for the reconstruction of a steel-making plant in Charentsavan, Armenia, under the Global Trade Finance Program of IFC.

- 2012 ◇ Opened new Shengavit Branch in Yerevan.  
April
- 2012 ◇ For 4 successive years TÜV Rheinland successfully confirms the Bank's compliance with the ISO 9001:2008 International Quality Management Standard.  
June
- 2012 ◇ Received Euromoney 2012 Award For Excellence as the Best Bank in Armenia for the second year in a row.  
July
- 2012 ◇ Signed a Revolving Credit Agreement (RCA) with Asian Development Bank (ADB) under the Trade Finance Program.  
September
- 2012 ◇ Won the Best GTFP Issuing Bank for Energy Efficiency IFC award.  
October
- 2012 ◇ Signed USD 20 million credit facility agreement with Asian Development Bank (ADB) for on-lending to SMEs.  
November
- 2012 ◇ Signed an unprecedented deal for an Armenian bank: the Bank confirmed a letter of credit to a Kazakh bank, which is part of a large banking group. The letter of credit was issued in favor of an Armenian export company.  
November
- 2012 ◇ Acted as an underwriter and market maker for the placement of foreign currency-denominated bonds for SAS Group LLC, one of the largest retailers in Armenia.  
December
- 2012 ◇ Won the second Award for Excellence in Trade Finance from Commerzbank.  
December
- 2012 ◇ Global Finance recognized Ameriabank as the Best Foreign Exchange Provider.  
December
- 2012 ◇ Global Finance recognized Ameriabank as the Best Trade Finance Bank in Armenia.  
December
- 2013 ◇ Joined Factors Chain International, a major global factoring network, which will expand the coverage of international factoring transactions for customers and create a possibility of expanding their business by attracting new partners and boosting market sales.  
January
- 2013 ◇ Opened new Sayat-Nova Branch in Yerevan.  
February
- 2013 ◇ Signed USD 12 million loan agreement with EBRD to finance SMEs in Armenia. The facility has renewable energy and energy efficiency components.  
March
- 2013 ◇ Global Finance recognized Ameriabank as the Best Bank in Armenia.  
March
- 2013 ◇ Signed USD 15 million credit facility agreement with Proparco to promote agribusiness/food processing business in Armenia.  
April

- Proparco making its first investment in Armenia.
- 2013 May ◇ First in Armenian banking sector, Ameriabank was granted a confirming bank status by EBRD under Global Trade Facilitation Program.
- 2013 May ◇ EBRD named Ameriabank as the most active TF issuer in Armenia in 2012.
- 2013 July ◇ PanArmenian Bank and Ameriabank signed a Memorandum of Understanding.
- 2013 September ◇ Signed USD 15 million loan facility agreement with OeEB to finance SMEs, renewable energy and energy efficiency projects in Armenia.
- 2013 September ◇ Launched new premises of Ameriabank's Stepanakert Branch.
- 2013 November ◇ First in Armenia, Ameriabank offered its clients a unique opportunity to obtain debut sovereign USD-denominated eurobonds of Armenia circulated on the world capital market.
- 2013 November ◇ Ameriabank finalized launch of Visa Card Internet acquiring services.
- 2013 December ◇ The Bank raised over AMD 30 million at the annual charity auction «Vine Is Life» to help children with hematological and other life-threatening diseases. The auction proceeds were doubled by Ameria Group.
- 2013 December ◇ Ameriabank was recognized as the Best Bank of Armenia 2013 by The Banker publication of Financial Times. It is not the first time that the bank receives this accolade.
- 2014 January ◇ International Corporate Intl Magazine 2014 Global Awards named Ameriabank the Best Bank in Armenia by factoring transactions based on FY 2013 results.
- 2014 March ◇ Opened new Arshakunyats Branch in Yerevan Mall Trade Center in Yerevan.
- 2014 March ◇ TÜV Rheinland Germany-based company re-certified Ameriabank's compliance with ISO 9001:2008 international quality management standard for the sixth year in a row.
- 2014 March ◇ March 1, 2014, Ameriabank started delivering customer service through a newly launched Contact Center, equipped with cutting-edge technologies and innovations.
- 2014 April ◇ Contact Center shifted to 24/7 operation, providing quality service of cards and other bank products.

## Subsequent Events 2014

# > Global Partners



## Austrian Development Bank (OeEB)

In 2013, Austrian Development Bank (OeEB) and Ameriabank signed a USD 15 million loan agreement for a term of 8 years. The loan proceeds will be directed at financing of SMEs, as well as of renewable energy and energy efficiency projects in the Republic of Armenia.



## Asian Development Bank (ADB)

ADB and Ameriabank commenced their cooperation in 2011 when a Revolving Credit Agreement was signed between the parties. The funds provided to the Bank were aimed at promoting trade and sustainable economic growth in Armenia. As a result of successful cooperation in trade finance, a credit facility of USD 20 million was provided to the Bank aimed to support SME in the country. In 2012, the limit for trade finance was tripled from USD 3 to 9 million.



## The Netherlands Development Finance Company (FMO)

Ameriabank started cooperation with FMO in 2009 by signing a USD 30 million loan facility agreement. The aim of this cooperation is on-lending to SMEs and renewable energy programs. Due to this cooperation, Ameriabank has expanded its opportunities in the renewable energy and SME financing sectors.

In 2010, Ameriabank with the support of FMO and DEG, successfully completed the introduction and implementation of an Environmental and Social Management System (ESMS). Ameriabank was one of the pioneers in the region to have developed and implemented an ESMS. As a result of this, FMO and DEG awarded Ameriabank a certificate of appreciation, as well as a reduction in the interest rate of the facility signed between FMO, DEG and Ameriabank in December 2009.



## Eurasian Development Bank (EDB)

USD 30 million: this is the amount of line of credit facility that the Bank received in 2010 as a result of successful cooperation with EDB. This amount went to SME financing in Armenia.



## European Bank for Reconstruction and Development (EBRD)

Yet another cooperation aimed at SME financing started in 2010 when EBRD provided a USD 10 million line of credit to Ameriabank. In a virtually parallel agreement, EBRD also issued a guarantee of USD 2 million with the purpose of trade finance development. In 2011, this limit was raised to USD 10 million. In 2013, EBRD's exposure to Ameriabank reached approximately USD 50 million.



## Commerzbank

In 2011, Ameriabank and Commerzbank embarked on two transactions which were unparalleled in the Armenian market. This cooperation resulted in the increase in trade finance and lending to SMEs, thus boosting the economic development of the country.

The first transaction was unique by the fact that Commerzbank had for the first time issued a bank guarantee in national currency in the amount of AMD 805 million upon request of an Armenian bank, aimed at trade financing. This guarantee in national currency allowed the Bank's clients to expand financing of foreign trade transactions in Armenia.

The second unparalleled transaction experience was that for the first time Commerzbank confirmed a large loan to an Armenian bank without collateral. The funds were mostly planned for financing of SMEs and ensuring competitive conditions for client lending.



### International Finance Corporation (IFC)

Ameriabank started cooperation with IFC in 2009, expanding its financing to renewable energy sector (small hydropower plants funding programs). This cooperation impacted greatly the development and implementation of trade finance instruments in Armenia. As a result of this cooperation Ameriabank became the largest trade financier in the country.

Within the scope of further cooperation with IFC, a USD 15 million loan was provided to the Bank to finance renewable energy projects in the country. Thanks to increasing mutual trust and strong cooperation, IFC extended the guarantee issued to Ameriabank up to USD 40 million to foster international trade. In 2013, IFC's total exposure to Ameriabank reached USD 55 million.

The "Best GTFP Issuing Bank" awards won in 2011 and 2012 are the best evidence of successful and fruitful cooperation between the Bank and IFC. Moreover, these are the first awards that IFC granted to a bank running its business in the South Caucasus.



### Deutsche Investitions und Entwicklungsgesellschaft mbH (DEG)

The Bank started its cooperation with DEG in 2009, when a joint Term Facility Agreement was signed with DEG and FMO. Since then the cooperation developed to the level of strategic partnership, when the second round USD 20 million loan agreement was signed with DEG in November, 2012. The eight year loan facility is to foster SME financing in Armenia. This cooperation was in line with the Bank's strategy where SME financing is at the forefront of the Bank's lending policy.

By 2013, DEG's exposure to Ameriabank reached USD 35 million.



### PROPARCO

In 2013, France-based Proparco Financial Development Agency and Ameriabank signed a USD 15 million credit facility agreement. The transaction, the first investment of Proparco in Armenia and the second one in South Caucasus, kicked off cooperation between the parties. This loan facility will open new long-term financing opportunities for small and medium enterprises involved in agribusiness and the food processing industry, boosting Armenia's economy and job market.



### Property Development Company (Prodeco)

Prodeco is a company providing investments in the real estate market and delivering services in the construction works management.

Under the company's developer project aimed at restoration and construction of a multifunctional public complex in the heart of Yerevan, Ameriabank raised USD 18 million from such strategic investors as International Finance Corporation (IFC) and Deutsche Investitions und Entwicklungsgesellschaft mbH (DEG).



### Citibank

Cooperation between Ameriabank and Citibank goes well beyond a single agreement. Specifically, there are agreements on lines of credit to manage daily cash flows and trade financing. In 2011, the cooperation expanded and was confirmed through signing a unique CARTA Agreement (Continuing Agreement for Reimbursement of Trade Advances) within the scope of which the Bank obtained USD 4 million for trade financing purposes.



### Black Sea Trade and Development Bank (BSTDB)

USD 10 million: this is the amount of the line of credit that BSTDB issued to Ameriabank for a term of 6 years under the mandate agreement in 2013. The project aims to facilitate the Bank's SME financing programs.



PHILOSOPHY  
AND VALUES

PHILOSOPHY

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# > Mission and Philosophy

Ameria Group's mission is to strive for:

- leadership and dynamic development in Armenia and the region as a financial and advisory group committed to long-term dynamic economic development,
  - being a client-oriented and reliable partner, with a full package of commercial banking solutions,
  - innovations based on best practices in financial and advisory services, business processes and technologies,
  - building a Dream Team of qualified, motivated and efficient staff.
- With permanent self-development, we are

approaching the real opportunity of sharing our experience, knowledge and achievements with our clients, partners, employees, thus contributing to their growth and development. Well aware that true leadership assumes high level of responsibility, we are persistent and dedicated in achieving this end. To achieve maximum transparency in our relationships with clients we are guided by the following principles:

- holistic approach,
- individual solutions,
- trust and reliability,
- quality of service.

Following the principles of innovation and leadership, we introduce the global development trends to our stakeholders, thus creating new opportunities for the achievement of goals and opening gates to regional and international markets.

Ameria Group unites seasoned, purposeful and qualified professionals under the umbrella of one Dream Team. We create beneficial conditions for dynamic growth, innovation and the development of daring, talented employees in order to create new prospects for business and the personnel.



**Tigran Jrbashyan, Development Director**

*Everyone has a different perception of freedom depending on his psychological type, education, social status and age. The greatest accomplishment is to fulfill personal freedom. Unfortunately, this is a transient feeling and when it passes people start to look for another way to achieve freedom. When a climber ascends a mountain peak, he is free as long as he doesn't think of another height to conquer. True, this is a metaphor but I know that feeling. When young, I worked as an assistant geologist with my uncle. Actually, I was merely carrying the luggage. It was then that mountains came to stand for the freedom for me.*

# > Our Values

## Client Trust and Satisfaction

A theater without audience, a good novel without readers or a football club without fans make no sense. This is why client trust and client focus are two of our core values around which our entire business is established and progresses in time. To ensure high quality service, reliability and transparency a quality management system complying with ISO 9001-2008 international standards has been introduced in the Bank since 2009 and is re-certified by TÜV Rheinland every year.

## Dream Team: Unity, Commitment to Common Goals and Professionalism

Each member of the team is a professional, keen on working in a team of interesting and dedicated individuals who overcome all challenges together and create a better world, new culture of relationships in the market and new business environment and who are proud of common accomplishments.

## Brand

Starting and ending with an “A” our brand symbolizes a successful start and triumphant finish, as well as the idea of leadership and determination. This is also proven by the symbol of an arrow directed upwards.

Owing to the creativity of our professional employees, shareholders and partners, Ameria brand within a relatively short period of time has acquired a high level of awareness and trust. Due to the hard work of our team, our brand has grown to be loved and well respected in the marketplace and stands for innovation and leadership.

## The Group and the Society

It is our deep belief that each individual must and can change the world for the better. We are confident that our achievements are an incentive for actions leading to positive changes in the society. Therefore, Ameria Group is

also responsible for its contribution to the development of social and economic life in Armenia.

## Innovation and Experience

The Group builds a culture and traditions of financial intermediary activities through constant analysis, consolidations and effective use of daily experience 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 the development of new directions and solutions for our clients.

## Leadership

Leadership for us implies not only championship in terms of financials but also the spirit of innovations, the capabilities to develop the local financial market and devotion to CSR policy with respect to all our stakeholders and the society.

# > Strategy

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

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

Ameria Group strives to balance the interests of all stakeholders of the Group, including clients, shareholders, employees and partners, and employs holistic expert and research-based understanding of the global, regional and local markets.

It's a common knowledge that until 2011 Ameriabank was focused on corporate and investment banking. Early in 2011, Ameriabank revised its strategy, according to which the main priority became the transformation of the Bank into a universal banking institution, serving the wider layers of the community. Our strategic goal for 2014-2017 is to become a truly universal bank.

As a result, Ameriabank embarked on active development of retail banking businesses and expanding cooperation with the SMEs. The unique competitive advantages of the Bank and high professionalism of the staff allow the Bank to successfully implement new projects and discover new business opportunities in the market.

According to the 2014-2017 Development Strategy of the Bank the main priorities are:

- becoming a top bank on the local market by service quality,
  - moving closer to clients and becoming more accessible, including via innovative infrastructural solutions,
  - becoming N1 brand for the population,
  - developing and implementing new financial solutions, banking technologies and innovations to benefit all the clients cooperating with the Bank,
  - becoming the best employer in the local market,
  - expanding to regional markets.
- Among the financial priorities of the Bank are:
- ensure stability and quality,
  - become an international level bank on local market,
  - achieve competitive risk/return level by well-balanced revenue and cost management.

# > Corporate Social Responsibility

The saying «A sound mind in a sound body» may as well be projected to the economic environment. A healthy and sound financial environment in any country is greatly dependent on healthy society. To build a healthy society we should constantly address the issues of socially disadvantaged and vulnerable layers of population. This is why the idea of corporate social responsibility (CSR) is deeply rooted in every healthy and developed society and is a core value for all the members of Ameria Group. Our team is confident that along with expanding its business and creating jobs, any company should assume social responsibility promoting steady economic growth and fostering development of the society in which it runs its business.

Within the scope of our CSR policy the goal of the Bank is to support the rehabilitation and development of the cultural heritage of Armenia and assist the socially disadvantaged and vulnerable layers of the society. The major CSR projects of Ameriabank in 2013 are presented below.

## Support to Children with Cancer and Hematological Diseases

When doing good becomes a deep-rooted tradition and not a single success story, you have every reason to feel proud. It has become such a tradition in Ameria Group to organize a New Year and Christmas charity auction for the treatment of children with life-threatening diseases. On December 6, 2013, Ameria Group held the 4th annual charity auction at Armenia Marriott Hotel. This year the auction went under the slogan "Vine is Life" and was arranged as a wine tasting event featuring exclusive beverages. The auction proceeds went to kids with idiopathic arthritis and onco-haematological diseases, who are beneficiaries of Let's Help the Armenian Children, Donate Life and Children Without Pain foundations. The charity event raised AMD 27,100,000 at the auction and AMD 3,473,000 through private donations. The total proceeds amounting to AMD 30,573,000 were doubled by Ameria Group to reach AMD 61,146,000 (Ref.: Ameria Group raised AMD 35 million in 2012, AMD 19 million in 2011 and AMD 21

million in 2010. All proceeds were doubled by Ameria). All the individuals and companies who wish to join this charity endeavor and help kids with cancer and blood diseases, can make their donations to the charity account №1570036910764400 with Ameriabank.

## Support to Children in Need and Orphans

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

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

In September 2013, a modern Creativity Lab was opened in school №2 in Aragatsavan Village, Aragatsotn Province, with the support of Ameria Group of Companies. The new classroom is in line

with the latest educational requirements and has a smart board and computers. The spacious and light classroom is designed to accommodate 30 students. Special mobile furniture allows students to perform individually, in pairs, and in small and large groups. The computers run Logo Microworlds software, a universal learning environment with vast graphic, animation and programming opportunities. Created with the support of Children of Armenia Fund, the Creative Lab environment fosters development of the children's creative thinking and enables the students to complete different types of activities with the use of computers and modern technologies, class discussions and lectures, reading sessions and games.

### Armenia-Diaspora

Ameria Group in Los Angeles has celebrated its membership to the Armenian-American Chamber of Commerce (AACC) with a strong presence at the biggest event of the year for the Armenian-American business community – the 13th Armenian-American Chamber of Commerce Business Awards Gala.

Ameria Group Inc. sponsored AACC Business Awards, with more than 400 participants to honor three prominent Armenian-American leaders who have distinguished themselves as successful businesspeople and community leaders. Some of the proceeds of the event went to providing scholarships to Armenian students, both in Armenia and the US.

Ameria Group's LA office – Ameria Group Inc. also joined Ameria's tradition of holiday contribution. Instead of having a corporate New Year reception, Ameria Group Inc. donated USD 6,500 to the Armenian Bone Marrow Donor Registry in LA to help find donors and save the lives of Armenian children worldwide.

### “Hayastan” All-Armenian Fund

This year, too, Ameria Group participated in the annual telethon organized by the All-Armenian Fund and donated AMD 5,000,000.

### Regional Community Development

The Bank supports a number of community development projects in the regions where

the Bank has presence. In the scope of this initiative we have supported the Qajaran Charity Foundation, presenting benches to the town. We also supported Yerevan Foundation, Shengavit Foundation, RVVZ Foundation, Erebuni-Yerevan Cultural Foundation and Bridge of Hope NGO in Dilijan in their various community development project implementations.

In 2013, “Ravished Armenia”, the real life story of Aurora Mardiganian, and “Armenian Genocide from Swedish Perspective” by Goran Gunner were published with the support of Ameria Group. The presentation of the books was held on April 23, the eve of Remembrance Day of the Armenian Genocide in Ottoman Empire.

### Sports

Sport is another crucial element of a healthy society. With the purpose of facilitating the development of sports and promoting healthy lifestyle in Armenia, for another year in a row the Bank has sponsored Ameria Cup International Tennis Tournament for men and women. In 2013, the tournament was held in June.



CORPORATE  
GOVERNANCE AND  
RISK MANAGEMENT

# > Ameriabank Shareholders

Currently the Bank's statutory capital is AMD 25.4 billion (USD 62.7 million). Ameria Group (CY) Limited owns 100% of ordinary registered shares of Ameriabank with par value of AMD 320,000 each.

# > Ameriabank Management

## General Meeting of Shareholders

The supreme management body of the Bank is the General Meeting of Shareholders. The following people may participate in the General Meeting: all the shareholders of the Bank or their proxies, nominee shareholders, members of the Board of Directors, Chairman of the Management Board-General Director, members of the Management Board (with deliberative vote), head of the Internal Audit Service, external auditor as well as representatives of the Central Bank (as observers). The scope of authorities of the General Meeting of Shareholders includes approval of the Bank charter, Bank reorganization, designation of the Board of Directors and approval of annual financial statements, including profit and loss statement, payment and amount of dividends. The General Meeting of Shareholders is arranged within four months after the end of the fiscal year. All General Meetings other than the Annual General Meeting are invited extraordinarily.

## Board of Directors

### Andrew Mkrtchyan,

#### *Chairman of the Board of Directors*

Andrew Mkrtchyan serves in the capacity of the Chairman of Ameriabank Board of Directors since November 27, 2013, while before that, from incorporation of Ameriabank, he was member of the Board of Directors. He is also CEO at Ameria Group of Companies.

Mr. Mkrtchyan's career embraces more than

18 years of professional experience in advisory and investment banking. He used to work in organizations such as GTZ, EU TACIS and Business Advisory Center (BSC) aimed at investment advisory and business development in Armenia. Andrew Mkrtchyan stands at the cornerstone of Ameria investment banking and advisory business as a founder and Managing Director.

Mr. Mkrtchyan serves as a Board Member at National Competitiveness Foundation of Armenia and a member of Business Support Council, both chaired by the Prime Minister of Armenia. He is also a board member at Dilijan International School. Andrew Mkrtchyan graduated from Yerevan State University, Faculty of Economics. As a scholarship grantee, Mr. Mkrtchyan also studied at Economics Institute of Colorado State University and Business School of Kingston University (London).

### Ruben Vardanian,

#### *Member of the Board of Directors*

Ruben Vardanian is advisor to the Chairman and CEO of Sberbank. Prior to the merger with Sberbank in January 2012, he served as Chairman of the Board of Directors of Troika Dialog, acting as its head since 1992. An employee at Troika Dialog since the company's founding, Mr. Vardanian has solidified his role as a key figure in Russia's capital markets.

Mr. Vardanian belongs to the Russian Union of Industrialists and Entrepreneurs, where he sits on the Management Committee. He also serves

as Chairman of the organization's Corporate Governance Committee, as well as Arbitrator of its United Committee on Corporate Ethics.

Mr. Vardanian served as the Chairman of Ameriabank's Board of Directors from the bank's founding to November 27, 2013. Currently he is a Board member at Ameriabank CJSC. He is a Board member at several more companies: RusSpetsStal, AutoVAZ, KAMAZ, AK BARS Bank, NOVATEK, United Car Components Technologies and the New Economic School in Russia.

Mr. Vardanian served as CEO at Rosgosstrakh in 2002–2004, then as Chairman of the Board in 2004–2005.

Mr. Vardanian is a Founding Partner of the SKOLKOVO Moscow School of Management; he is also a member of its Coordination Council.

In addition, Mr. Vardanian is a member of the following groups: the Expert Council, the Presidential Council for National Priority Projects and Federal Population Policies, the State Council for Competitiveness and Entrepreneurial Business under the Government of the Russian Federation, The Presidential education advisory body in South Korea, the Advisory Board of the A. M. Gorchakov Fund to Support Public Diplomacy, the Guanghua School of Management International Advisory Council (China), member of the FDC International Advisory Council (Brazil).

Mr. Vardanian is a member of the Advisory Board of National Competitiveness Foundation of Armenia, the International Advisory Board of the Global

Leadership Studies at the International Christian University (Japan). He is also a member of Supreme Religious Council of Armenian Apostolic Church. Mr. Vardanian was named «Businessperson of the Year» by the American Chamber of Commerce in Russia, with recognition for his «significant contribution to business in Russia and commitment to the highest standards of business ethics.» He was also named «Investment Banker of the Year» in RosBusinessConsulting's annual «Person of the Year» award for 2003. In 2001, Fortune Magazine recognized Mr. Vardanian as one of «25 Rising Stars». Mr. Vardanian is ranked as one of Russia's top three business leaders by the National Association of Managers. In 2004, he won Ernst & Young's Entrepreneur of the Year Award in Russia. That same year, he was named «Investment Banker of the Year» by NAUFOR. In 2006, Mr. Vardanian was awarded the prestigious «ARISTOS» prize handed out annually by the National Managers Association and Kommersant Publishing House, with recognition for «special merit in business development.» In 2008, he was awarded «Best Reputation on the Financial Market» by Finance magazine. Mr. Vardanian is a graduate of Moscow State University after Lomonosov, where he earned a degree in economics, graduating with distinction. His post-graduate resume includes training at BANCA CRT in Turin, Italy, Merrill Lynch's Emerging Markets Training Program in New York City, as well as coursework at INSEAD (France) and the Harvard Business School.

#### **Noubar Afeyan,**

##### *Member of the Board of Directors*

Noubar Afeyan is Managing Partner of Flagship Ventures, an early-stage Venture Capital firm that manages over USD 900M in funds focused on Health Care and Sustainability investments. He is

also Chairman and CEO of Flagship VentureLabs, a technology entrepreneurship firm that has founded and launched 22 new ventures during the past decade. Dr. Afeyan is currently a Senior Lecturer on entrepreneurship at MIT's Sloan School of Management. Dr. Afeyan has authored numerous scientific publications and patents since earning his Ph.D. in Biochemical Engineering from MIT. During the past two decades Dr. Afeyan has co-founded and helped build over 20 successful life science and technology startups. He was founder and CEO of PerSeptive Biosystems, a leader in the bio-instrumentation field. After PerSeptive's acquisition by Applera Corporation, he was Senior Vice President and Chief Business Officer of Applera, where he initiated and oversaw the creation of Celera Genomics. Currently Dr. Afeyan serves on a number of public and private company boards. He is a director of Flagship portfolio companies Affinova, BG Medicine, Bind Biosciences, Ensemble Discovery, Helicos BioSciences, Joule Biotechnologies, LS9 and Eleven Biotherapeutics. Previously he was a member of the founding team, director and investor in several successful ventures including Chemgenics Pharmaceuticals, Color Kinetics, Antigenics, EXACT Sciences and Adnexus Therapeutics. N. Afeyan is also the winner of World Economic Forum Technology Pioneer 2012 award for breakthrough in solar fuel development in Joule Unlimited. Dr. Afeyan also serves as Member of the Board of Directors of «Ameriabank» CJSC. Dr. Afeyan is currently a visiting Scholar at the Wyss Institute at Harvard University. In addition, he is a member of several advisory boards including the Deshpande Center for Technological Innovation at MIT, the Whitehead Institute at MIT and the SKOLKOVO School of Management in Moscow. Dr. Afeyan used to be a co-founder and board member of Armenia 2020.

He also serves as a board member at the National Competitiveness Foundation of Armenia and Dilijan International School.

Dr. Afeyan has been awarded with the Prime Minister's commemorative medal for patriotic activities.

#### **Gor Nakhapetyan,**

##### *Member of the Board of Directors*

An entrepreneur and philanthropist with wide spectrum of interests in the fields of social entrepreneurship, human capital, creative industries and alternative education, Gor Nakhapetyan is currently a member of the Supervisory board of Multimedia Art Museum, a Board member of Ameriabank and the Head of Alumni Relations Board of Moscow School of Management SKOLKOVO, responsible for cooperation with alumni associations, clubs and entrepreneurial community. Gor Nakhapetyan is a renowned inspirational public speaker. Gor started his career in 1992 at DialogBank. He participated in first ever bidding at the Moscow Exchange. In 1993, he joined Troika Dialog and worked at ground zero of the company. Having started in the sales department, in 1994 he created a comprehensive Back Office function to become its head afterwards. Later he led the group for special projects development; on the base of those projects Troika Dialog Asset Management was created and headed by Gor in 1996. He participated in creation of several mutual funds, such as «Troika Dialog – Ilya Muromets», «Troika Dialog – Dobrynya Nikitich» and Lexington Troika Dialog Russia Fund, the first open mutual fund in the USA that enables foreign investments in Russian equity. In 2001-2003, he took part in the acquisition and restructuring of Rosgosstrakh, the leading Russian insurance company. He was

Vice-President of Rosgosstrakh, responsible for the Presidential Executive Office and a number of departments, carried out the rebranding of the entire organization. Mr. Nakhapetyan also participated in the launch of City Mortgage Bank (Gorodskoy Ipotekhnny Bank) within a joint project of Troika Dialog and Rosgosstrakh.

Mr. Nakhapetyan occupied the position of Head of the Presidential Executive Office, Managing Director at Sberbank CIB (till October 2012 – Troika Dialog). Mr. Nakhapetyan was responsible for strategic development issues as well as for several departments' activity: PR, marketing, HR, security, call center and internal communications.

Gor Nakhapetyan was appointed Vice-President of Sberbank in January 2013 and worked there till August 2013. As a VP, he supervised the HR department responsible for formation and development of corporate culture, improvement of the motivation system, creation of a corporate university, establishment of a system of efficient communications inside the organization. Since 2006, he has been a member of Moscow School of Management SKOLKOVO Coordination Council and is one of the key founding members of the School. Mr. Nakhapetyan was also the COO of Moscow School of Management SKOLKOVO in 2009-2011.

Mr. Nakhapetyan has graduated from Yerevan State University, department of applied mathematics in 1991. In 1991-1992, he studied business management at American University of Armenia. In 2008, he completed an executive course at INSEAD.

### **Robert von Rekowsky,**

*Independent Member of the Board of Directors*

Robert von Rekowsky with over 23 years of experience in global asset management is a vice-

president at Emerging Markets Strategy, which supports the emerging market equity/debt teams and portfolio manager for Fidelity Investments. Robert currently manages several institutional and retail emerging market equity funds for US and Canadian investors.

Robert joined Fidelity's fixed-income division in 1989. In 1995, he moved along with the emerging markets debt group into the company's high-income division as a sovereign debt analyst. Robert continued in that role while working out of Fidelity's London office from 1996 to mid-1998, when he moved into European equity research. From mid-1998 to 2002, Robert split his time as a research analyst between emerging and pan-European equities and he acted as sector leader for emerging markets in London. From 2002 to 2004, Robert was an associate fund manager for the emerging markets funds, responsible for the EMEA region. In 2004, Robert relocated to Boston to assume responsibility for Fidelity's global emerging market equity funds, which currently total USD 4.0 billion in assets.

Robert received a BA from the University of New York at Albany (SUNY) and an MA from Northeastern University. He received an MSc in finance from Brandeis University. Robert wrote "Investor's Outlook" for the Russian Investment Review's June-October 2003 edition. He was voted "Best of the Buyside" by Institutional Investor magazine in 2001, 2002 and 2003. Starting from June, 2012, he serves as an Independent Member of the Board of Directors of Ameriabank CJSC. Robert used to also serve as a coordination board member of Armenia 2020 Project. He is also a member of the Boston Committee on Foreign Relations, the Boston Economic Club and World Boston.

## Management Board

**Artak Hanesyan**, *Chairman of the Management Board, General Director*

**Andranik Barseghyan**, *Management Board member, Head of Risk Management Center*

**Arman Barseghyan**, *Management Board member, Retail Banking Director*

**Arno Mosikyan**, *Investment Banking Director*

**David Sargsyan**, *Legal Director*

**Gagik Sahakyan**, *Management Board member, Corporate Banking Director*

**Gevorg Tarumyan**, *Management Board member, Deputy General Director, CFO*

**Gohar Khachatryan**, *Management Board member, Chief Accountant*

**Samvel Aghababyan**, *Management Board member, Head of Security Service*

**Arthur Babayan**, *Management Board member, Trading Director*

**Tigran Jrbashyan**, *Management Board member, Development Director*

## Standing Committees and Commissions:

Credit Committee (Large and Small)

Investment Committee

Assets and Liabilities

Management Committee

AML/CTF Committee

Procurement Committee

## Ad Hoc Working Groups and Target Meetings:

Client Outreach

Development

HR

Loan Portfolio Quality

Investment Banking Development

Security

## > Core Management Principles

One of the core management principles of Ameriabank is the client-oriented approach, i.e. understanding of current and future requirements of the clients, meeting their needs and surpassing their expectations.

In our day-to-day operations we are guided also by the following principles underlying the ISO 9001:2008 standards:

- Top management leadership – readiness and consistency of top management in creating relevant conditions for efficient operation of the system,
- Staff involvement – ensuring participatory management and decision-making,
- Systemic management approach – management of interrelated processes as a system, contributing to the efficiency in accomplishment of our goals,
- Continuous upgrade of the system, in line with legislative changes, client complaints and recommendations, as well as in response

to the developments of various internal processes,

- Informed and evidence-based decision-making, with fine balance of efficiency vs. risk tolerance,
- Maintenance of win-win relations with partners and suppliers, with the purpose of enhancing value adding abilities of both parties.

In addition, we are guided by an internal system of horizontal relationships that make the communication within the team more efficient and involve various levels of teammates in the decision-making processes.

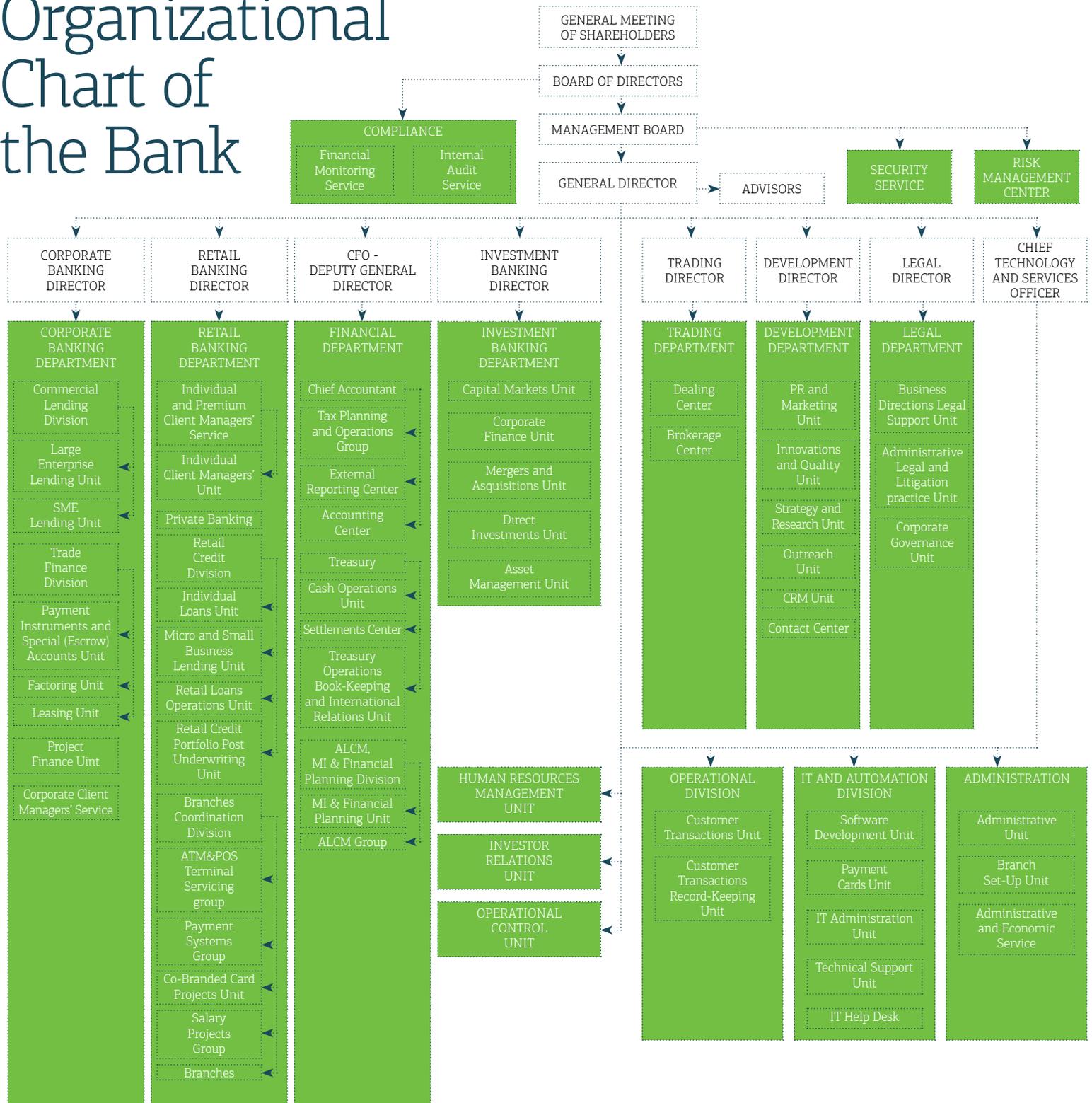
Back in April 2009, based on the quality management system audit by TÜV Rheinland Group, Ameriabank was awarded the Certificate of compliance with the ISO 9001:2008 international quality standard, which confirmed the Bank's management system reliability. In 2013, the Bank underwent a scheduled

annual audit reconfirming the compliance of the system with ISO 9001:2008 International standards.

All business processes at the Bank are divided into three groups:

- Core business processes, aimed at satisfaction of client needs for banking and other financial services,
- Supporting processes, targeted to retain and ensure effective implementation of the core processes,
- Management processes, ensuring the functioning of various management systems as well as strategic and tactical decision-making. One of the tools enabling to increase the management quality is the Balanced Scorecard System introduced in the Bank, which allows linking the process approach, strategic management and the entire management system to definitive measurable and digitized tools.

# > Organizational Chart of the Bank





***Andranik Barseghyan, Head of Risk Management Center***

*Freedom must be accomplished. You should be always prepared. The lucky opportunities come to the prepared minds. People feel free when their capabilities and their desires match and they achieve their goals. As a big football fan, I often feel freedom when scoring a goal.*

# > Corporate Governance and Risk Management

Compliance with high international standards of corporate governance, application of cutting-edge banking technologies and quality servicing are in the forefront of Ameriabank's activity. Since 2007, the Bank has developed and introduced more than 200 business procedures, as well as instructions and directives ensuring the implementation of such procedures to establish a distinct, measurable and assessable environment in all spheres of the Bank's activity. Proper implementation of the business procedures is supervised both by the Internal

Audit Service reporting to the Board of Directors and external audit and advisory firms. In 2013, as a result of the audit of the Bank's management system, TÜV Rheinland re-confirmed the ISO 9001:2008 international certificate previously awarded to the Bank, whereby the Bank once again confirmed the underlying reliability of its business processes and quality management system. Ameriabank seeks to further develop corporate culture and company spirit through regular staff trainings, corporate events, and constant

fulfillment of common goals and the mission of the Bank. The power of the dedicated, amicable and united team allows the Bank to overcome difficulties and to achieve all short, medium, and long-term goals.

Three main principles of corporate governance at Ameriabank are:

- transparent decision-making and easy access to information,
- protection of rights and interests of investors,
- professional and ethical responsibility.



**Armine Ghazaryan, Head of Human Resources Management Unit**

*Freedom is granted to the man from birth, it determines the man's wish to be responsible and free while making a choice. In a word, he is born either free or not. The ultimate freedom doesn't exist, however. We all live on the Earth and are dependent on natural laws and phenomena. I've been always motivated by Socrates's quote, "All I know is that I know nothing". For me, it conveys the driver to conceiving the freedom. The symbol of my freedom is a seagull. I'd like to quote the most famous and freedom-loving seagull Jonathan Livingston, "You have the freedom to be yourself, your true self, here and now, and nothing can stand in your way".*

# > HR Management

Success of any company is built on a good team. This is where the role of HR manager is crucial. She has to team up right people having high level of professionalism and common human values. She should keep up the team spirit and continuous striving for self-development, at the same time motivating the employees both for personal growth and that of the company.

***For HR managers working in finance first comes staff recruiting and then – HR administration, while such activities as staff evaluation, motivation and structuring are less imperative. What is the situation in Ameria Group?***

Certainly, recruiting and administrative issues are time-consuming but never priorities. They are very important functions, but today's HR management is first of all talent management not technical tasks. For us first and utmost is staff motivation. Our strategy is built on a set of values and corporate culture and so it is these that we pay most attention to. As for recruiting and HR administration, we are gradually automating these processes to ensure more efficiency in the functional operations of the HR manager.

***How do you select staff? What are the key criteria?***

«Coming together is a beginning, keeping together is progress, working together is success». This quote characterizes our work best of all. We can be proud of our team

uniting self-driven, bright progressive people and we are constantly raising the bar. We need active and creative bright personalities who are able to generate new ideas and implement them, who share our philosophy and values, are not afraid of challenges and who are ready to go ahead with us.

While selecting, testing and interviewing candidates we strive to get to know each one. We equally value professional qualities as well as personal traits of each incumbent. We highly value it if an applicant is motivated, committed to a common idea, challenge-taking, constantly developing and has a vision of lasting and efficient work together.

***What is the role of staff training and development for you? Do you conduct qualification courses?***

Staff development is one of our core policies and we always make sure all the required conditions are in place. We create for our employees an opportunity for continuous progress and self-development. Leadership, global and strategic thinking, innovativeness, change management – these are the main skills which we greatly appreciate and develop in managers of all levels, enabling growth and development within the Group. Individual development and identification of talents are priorities for us. For this purpose we launched the Executive Education exclusive project where it was an unprecedented experience to partner Skolkovo School of Management, Moscow, Kets de Vries,

and professors Pierre Casse and Kets de Vries, excellent experts in leadership. Certainly professional trainings and forums, both in Armenia and overseas, are important, too. In addition to the World Economic Forum, Russia Forum, trainings, etc. our staff for some years now have been participating in various international team projects, debates, online competitions, sharing knowledge and skills. We have already launched a corporate training center cooperating with world-class experts and training companies and opening new doors for our employees to develop and get to know the international experience. During the first months all the newcomers actively participate in various trainings and orientation seminars to easily adapt to the environment, our culture and values.

***Please tell how you retain the staff. As part of staff motivation, do you offer social benefits?***

Our fringe benefits package is designed to be very competitive: it includes health insurance, travel insurance, special rates for banking services, fitness center membership ... But the most important thing is the awareness of being involved, participation in accomplishment of major goals, such involvement based on respect and trust. Human relationship is very important for us therefore we pay special attention to our values and corporate culture. We have a corporate events calendar to promote team building and maintain corporate culture. We are for innovations at all levels of work and leisure.

**What career perspectives does Ameria Group offer?**

We have teamed up people who believe in future and we highly value the potential of our staff and strive to assist them in career. For us, career growth is not only promotion but growth as a professional and personality.

**What are the reasons for which an employee of the Group may be discharged? Please describe the termination process. Were there any cases when an employee left to join another company?**

Indifference is the main reason for which we may discharge an employee. Another reason may be if a person is introvert, if he is not willing or able to grow or if he can't stand our workload or does not share our priorities. Given the competition in the market, we can't help this. There were cases when our employees left to hold a higher position in another company. We are still proud to have

had them among our colleagues. With many of our ex-employees we maintain good relationship and they might even attend our corporate events. It is very important for us to maintain good relationship with anyone who has had his input in our common mission.

There were cases when an employee, having left for a certain reason, still received annual bonus for good performance. This is the best proof of our respect towards employee and his work irrespective of the reason for leaving.

**Your company does not stand idle and constantly expands its geography. How do you select staff in such cases? Do you engage head-hunters?**

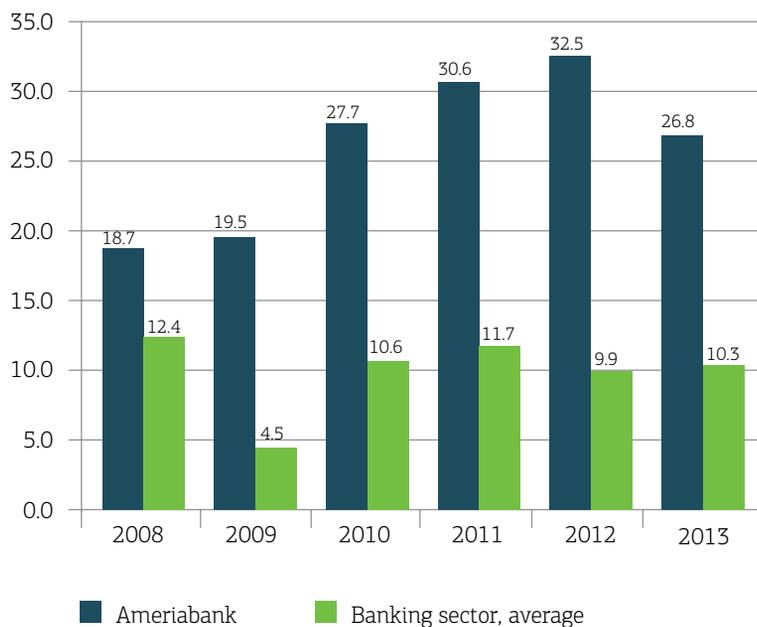
We have experience in working overseas and we are open for cooperation. Among our teammates are representatives of different cultures and nationalities which is like a bit of fresh idea. We have also experience in hiring

employees from abroad. Time and distance are not problems for us.

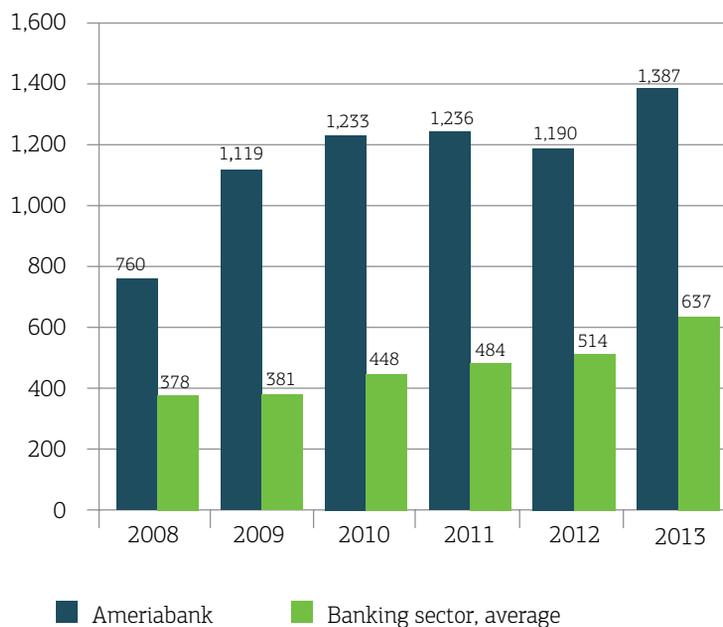
**What are the features that enable you to position yourself as one of the best employers?**

Trust and mutual respect are the surety of our success. We do not believe in miracles, we are realists. But we do dream and know that we can change many things. Once Ruben Vardanian said: «We are a team of like-minded people united by interest in life and common values». I believe he was able to introduce this approach in Armenia. We know our strengths and weaknesses, for where there are strengths there are weaknesses, too, but we are adequate and open, we are working on our weaknesses to improve performance. The most important thing is that we believe in the future and together with the Dream Team go ahead to make the impossible possible.

Profit per Bank Employee, USD thousand



Assets per Bank Employee, USD thousand



# > Client Relationship Management

Ameriabank continues its policy aimed at building and sustaining lifelong relations with its clients and for that purpose uses a variety of processes, systems and tools. The key tool used to ensure proper information channeling is our automated CRM system (Terrasoft CRM). The system is highly flexible and customizable and has capacities for tracking and keeping various customer-related data, transactions and relationships with both current and prospective clients, compiling multidimensional reports, analytical information, etc. Client relationship management at Ameriabank is based on the following principles:

- Building strong relationships with the clients and their proactive involvement in our processes through introduction of new, value adding ideas and service ideas.
  - Immediate response to client complaints and corrective measures for improvement and prevention of infringements, including the client complaint response and detailed analysis of client satisfaction. In this regard Ameriabank is using unique tactful and effective methods.
  - Ongoing study of client satisfaction by independent parties to obtain ultimately objective and relevant information.
  - Creating favorable conditions for the client managers to ensure maximum confidence in direct relationship, which would allow the clients to freely communicate with the client managers who act as trusted and reliable advisers on any banking-related issue.
  - Continuous improvement and maintenance of quality service in the branches through constant monitoring, staff trainings and education.
- Client Relationship Management is a separate and independent unit, the main objective of which is to ensure a proper balance of interests between our clients and the client service units.

## > Risk Management

2013 for Ameriabank was another year of continuing dynamic and steady growth and strengthening of positions in terms of exposure to diverse types of risks.

During the reporting year the Bank was aimed at:

- effective management of risk exposure and capital adequacy,
- leveling of concentration of credit and deposit portfolios,
- portfolio diversification, development of the retail lending sector,
- optimal management of market risks in limited risk-appetite environment,
- optimal liquidity management,
- systematization of the bank's operational risk management model results,
- focus on risk-based supervision and audit of the Bank.

During the reporting period the Bank has operated within acceptable risk parameters. Giving paramount priority to the effective operation of the risk management system, in 2013 Ameriabank continued working actively towards further development and improvement of the efficiency of risk management systems, models and techniques that are already in place.

### Credit Risk

In 2013, as well as in previous years, management of credit risks has been an

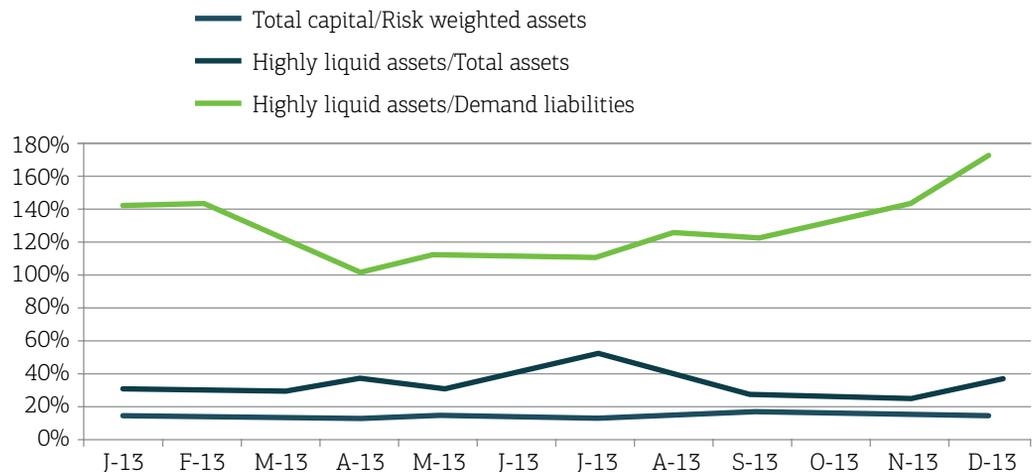
important objective for the Bank's management. During the reporting period, the Bank focused its efforts on the development of retail banking to further diversification of credit risk and achieving the bank's universality, as well as on upgrading the credit risk management system.

The share of NPL in the Bank's total loan portfolio during the reporting period was 1.8%, significantly below the market average in Armenia. Adhering to a well-balanced and informed policy the Bank ensured 28.6% increase in assets and 20.5% growth of loans and advances to clients (including

leasing and factoring). The retail portfolio showed an increase of 25.6%, with the share of NPL amounting to 2.2%.

The breakdown of the Bank's loan portfolio by industries was well diversified, with low level of concentration.

As regards total credit risk, throughout 2013 Ameriabank maintained satisfactory capital adequacy and reliable margin of safety on risks. By close of the year, the loan portfolio accounted for 55.9% of the assets, with the CAR equal to 14.56%.



Further development of the credit risk identification, management and monitoring system was tied to the evolution of the Bank's loan portfolio and its growth rates.

Due to the shift to expanded retail banking driven by the revised credit policy, during the reporting period the Bank:

- revised the system of retail loan applications underwriting, implementing new methodology of credit risk assessment,
  - improved the system of credit risk monitoring, control and analysis on the portfolio level, the early warning system and key indicators of the credit risk,
  - developed methodology for assessment and measurement of accessible credit risk for credit decision-makers, and a monitoring system,
  - conducted analysis and implemented other works to incorporate ACRA-Score national credit scoring system into the retail lending process.
- As regards the corporate client lending, the Bank:
- implemented new assessment methodology for loan applications' credit risks and improved indicators of the borrowers' creditworthiness (credit risk) assessment,
  - improved the system/method of loan portfolio monitoring, credit risk coverage approaches using monitoring functions,
  - continued improving the portfolio analysis

of corporate loans, developed a system of credit risk-rating/scoring of corporate borrowers,

- improved lending and credit risk assessment procedures, processes and methods.

The credit risk assessment methods in relation to the banks-counterparties were improved; the bank developed methodology for the internal capital adequacy assessment and planning (ICAAP), resulting in the improved capital management effectiveness in the short and long run, with consideration of expected results and potential risks.

### Market Risks

Giving great importance to the potential impact of market and price risks, the Bank acted in the scope of reserved market risk appetite.

In 2013, Armenia's foreign exchange market was characterized by short bursts of low volatility. Exchange rate fluctuations in main currencies were reported in the last months of the first half-year, but thanks to a restrained monetary policy and foreign exchange risks hedging policy, the Bank secured itself against the possible impact of sharp fluctuations and reported an unprecedented 52.8% increase in net gain on FX exchange.

Stress tests with regard to the possible adverse effects of exchange rate fluctuations

were conducted regularly, showing that the Bank's exposure to currency risk was quite insignificant.

The exception was the exchange rate risk influence on the capital adequacy standard because of the 150% weighted index of foreign currency assets used in the calculations.

However, the buffer of the managed standard of capital adequacy of the Bank was sufficient for a significant change of rate, while being continuously monitored and periodically exposed to stress tests by the Bank.

Interest rates in 2013 were subject to pressure by the competition factor, resulting in gradual minor drop in the interest rates. The Government debt securities saw a dramatic fall by 2-4 p.p., nonetheless, this factor didn't affect the loan and deposit interest rates. In the second half-year the interest rate spread on the monetary market gradually shrank.

Along with active monitoring and management of gaps in time and pricing structures of assets and liabilities, the Bank also hedged the risk of a floating interest rate on borrowed long-term resources – target lending programs of international financial institutions, by signing a contract on the interest rate swap with the International Finance Corporation (IFC), a member of the World Bank. LIBOR/6M in 2013

shrank from 0.5% to 0.34%, having positive effect on the Bank's financial performance.

At the end of 2013 in the time structure of term funds, the maximum rate of the open positions on the interest rate risk of the Bank stood at 5.96%, while the acceptable threshold was 15%. Meanwhile, the aggregate interest rate risk across the term structure stood at 8.08%, which is about 17% below the threshold.

In 2013, the property prices held steady despite some uncertainties. In this regard, the Bank maintained a certain amount of conservatism in collateral-taking policies, however, demonstrating flexibility towards its most reliable clients.

In 2013, to improve market risk management efficiency the Bank:

- developed market risk monitoring system (FX, IRR, etc.), including KPI system and risks parameters,
- revised and implemented new types of stress-tests, including adverse scenarios based on simultaneous occurrence of various sources of risk,
- developed market risk assessment models, including those relating to property price

risks, floating interest rates, gold and foreign currencies, best FX rate spread, justification for stop-loss in relation to open positions, monitoring of global financial market indicators.

### Liquidity Risk

Throughout the reporting year the Bank's liquidity ratios had sufficient margin of safety and ensured uninterrupted operations of the Bank.

The CBA standards were secured by a strong margin of safety:

- The minimum standard of total liquidity of the CBA is set at 15%, the rate of Ameriabank at the end of 2013 was 31.32%.
- The minimum current liquidity ratio is set at 60%, the Ameriabank parameter was 171.03%.

### Stress Testing

In order to assess the possible impact of market, credit and operational risks, as well as liquidity risk, the Bank implements monthly stress tests with various scenarios. Stress test results are taken into account by management in decision-

making processes in all areas of Ameriabank's activity. In 2013, the Bank revised and implemented new types of stress-tests, including adverse scenarios based on simultaneous occurrence of various sources of risk.

The stress tests conducted during 2013 showed that the Bank was able to withstand the risks caused by various factors, including possible unfavorable changes in the market conditions and environment.

The completed stress-tests show that the Bank's capital adequacy ratio is strong enough to simultaneously endure all the main risks (credit, market and operational).

### Operational Risks

The bank is mainly exposed to the following operational risks: adverse external events, risk associated with the reliability of the systems, human factor risks and risks inherent in the organization of internal processes of fast developing banks.

Risk management has a proactive role in the bank; we permanently and consistently perform

identification and measurement of operational risks. One united system is used to manage the risk level. When choosing the control method, the system takes into account the optimal risk-return ratio.

Operational risk management is based on the following principles:

- Detailed description of the processes,
- Precise description of limits and authorities,
- Elimination of conflicts of interests,
- Clear accountability mechanism,
- Four-eyes principle, etc.

At the same time, the Bank assessed the products in terms of their significance and sensitivity of the Bank to their operational risks and implemented a model of capital distribution per products using in-house methodology. This model enabled the Bank to identify the priorities in assessment of the product issuance-related processes and systems.

During the reporting year, an assessment of scheduled internal processes and information systems was conducted to reveal exposure to operational risk. It allowed analyzing and

identifying the weaknesses of processes and systems, making decisions on the improvement of the latter and their risk management, minimizing exposure to operational loss and reducing the scale of potential consequences, all the while providing maximum awareness of the management and the Bank staff on the operational risks. Among other substantial works are assessment of operational risks inherent to the revised retail lending process and the program of card-related operational risks minimization that is being implemented in the Bank.

The likelihood-impact assessment has a critical role in the assessment of process- and system-related risks. To be able to authentically calculate the likelihood and impact of incidents, the Bank maintains a database on operational incidents and losses since 2011. The database gives the opportunity to analyze sources of risk, their nature, identify the reasons and trends, make an internal calculation of capital volume needed to cover operational losses in the future. By 2013

results, the Bank's losses from operational risks were not significant, times lower than tolerance for operational risk losses in the international banking practice.

### Ecological and Social Risks Management System

During the reporting period, the Bank continued to employ the environmental and social (ES) risks management system. The system is based on international best practice and is consistent with international financial institutions (FMO, IFC, EBRD, ADB) collaborating with the Bank. The system also includes a monitoring scheme for environmental and social risks. Bank specialists take regular trainings on ES risks.

The share of loans to borrowers with low risk of environmental impact is 78.9% of the total loan portfolio. The share of loans to customers with low social risk is 73.8% of the total loan portfolio.

The whole system is economically profitable for the Bank and keeps the risks at an acceptable and manageable level.

# EXTERNAL ENVIRONMENT



# > Macroeconomic Prerequisites

Macroeconomic situation, in which the banking system of Armenia has been evolving in 2013, was characterized by continuous post-crisis recovery developments. After double-digit growth rates recorded for 6 consecutive years, since 2008 there has been a significant slowdown in growth due to deterioration of the situation in Georgia and the global financial-economic crisis. In 2009, Armenia's economy

showed a decline of 14.1%. From 2010 to 2013, the economy was characterized by a period of recovery. While from 2010 to 2012 the economic growth of the country showed a consistent acceleration (2.2% in 2010, 4.7% in 2011 and 7.2% in 2012), in 2013, the rate of economic growth shrank to 3.5%. On the other hand, after four years of economic growth, the real GDP in 2013 finally not only achieved the

pre-recession level but surpassed it by 1.8%. The economic recovery continued through 2013, but compared to the two previous years, the GDP growth rate slowed down to 3.5%. Although the real GDP finally achieved the 2008 level, the nominal USD-denominated GDP still lags behind the pre-recession level, mainly due to downward pressure of USD on AMD of more than 33% over the recent 5 years.



- Economic growth in 2013 was accompanied by 5.8% inflation rate (slightly above the benchmark, mostly driven by the rise in gas and energy prices).

- Economic growth was mainly achieved through growth in agriculture (promoting the growth of GDP by 1.5 percentage points), processing industry (promoting growth of GDP by 0.7 p.p.) and financial and insurance services and communications (promoting the growth of GDP by 0.6 p.p.).

- The real volume of agriculture increased by 8.1%.
- The real volume of services of financial and insurance activities increased by 12.6%.

- Growth of manufacturing industry was 7.1% vs. 4.9% in mining.

- Construction, the pre-recession leader among sectors in GDP, recorded an 11.2% decline.

One of the most important trends caused by the global economic crisis was the restructuring of the economy. In particular, construction lost its leading role in GDP, reducing its share in GDP by

2.5 times. Other key sectors of the economy, such as agriculture, industry and trade, increased their share in the GDP, both through their own growth, and due to the slowdown of construction.

In 2013, there was 4.9% slowdown in mining industry after three consecutive years of two-digit growth, driven mainly by a drop in metal prices. The processing industry reported some minor acceleration in the growth rates, mainly due to the rapid growth in the production of beverages and tobacco products.

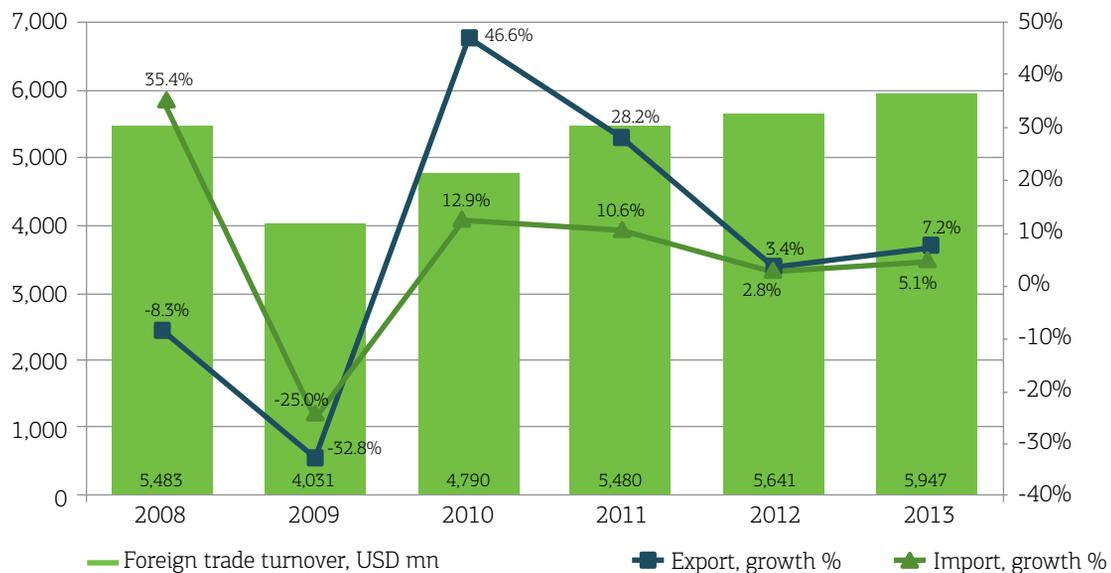


For the third consecutive year a significant growth in agriculture was recorded, which has the largest share in the GDP. The share of agriculture in the GDP reached 19.2%, one of the highest indicators among the EU and CIS countries. After 9.5% growth in 2012, the reported growth in agriculture in 2013 was 8.1%. The growth was achieved through development of industrial agriculture and a series of Government programs to fuel the development of this sector. The growth in production and export of beverages (including brandy and wine) and tobacco products facilitated the development of the agricultural sector. The financial and insurance services sector has been the most rapidly growing sector in GDP over the past 4 years. Average annual growth of the industry was 16.9% vs. 12.6% in 2012.

As a consequence, the share of the industry in GDP has grown to 4.7%. This growth was especially stimulated by the introduction of third party liability (TPL) motor insurance, as well as increased volume of transactions in banking. At the end of 2011, the government adopted the strategy of export-oriented industrial policy. Under this policy, the government decided to subsidize AMD 300 million to promote exports. Under these circumstances, the government continued the stimulation of the country's economy, which had begun in 2009 as part of the anti-crisis assistance programs of international financial institutions. The government's efforts were implemented in particular in the following areas:

- Improved and simplified process for starting a business,

- Improvements in the field of taxation,
  - Improvements in customs field,
  - Simplification in the process of obtaining construction permits,
  - Simplified process of ownership registration,
  - Simplified process of obtaining loans.
- For the fourth year in a row, the export growth rate exceeded the import growth rate, which is a positive trend for a country with a high level of external trade deficit. According to the 2013 data, the volume of imports outnumbered the volume of exports by 3 times. Although, if compared with the same figure in 2009 (4.7 times), this indicator was significantly lower due to the outpacing growth in the exports. A further narrowing of the deficit is a challenge, because it implies changes in the structure of exports in order to provide basis for further growth.



The current account deficit remained wide despite significant narrowing over the past 4 years. By 2013 results, the deficit amounted to 10.5% of GDP vs. 17.6% in 2009.

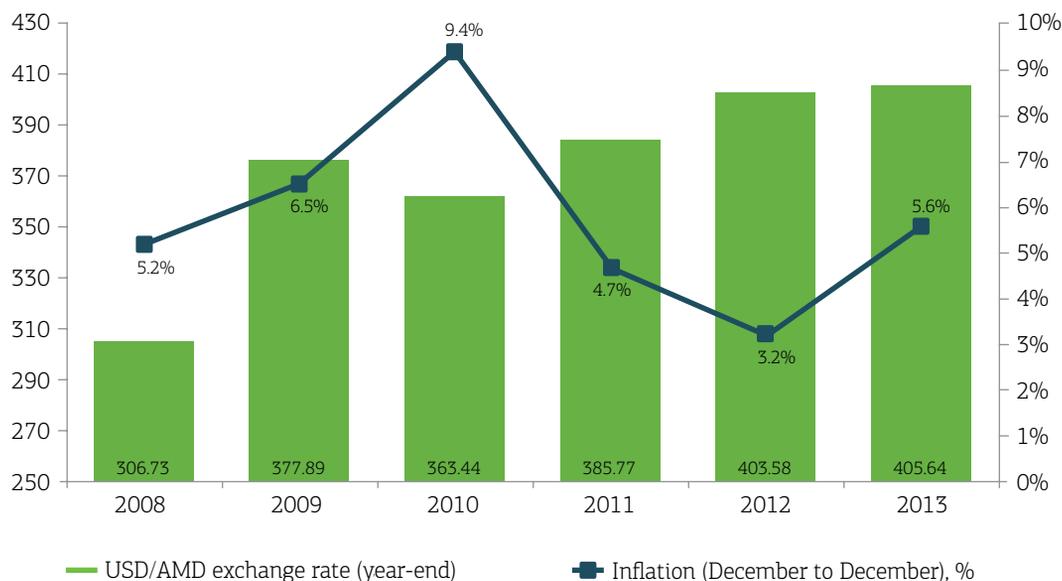
The volume of direct foreign investments in Armenia in 2013 shrank to a record low level over the last 8 years, amounting to USD 305 million. For the sake of comparison, it is worth mentioning that the pre-crisis level of direct foreign investments (2008) amounted to USD 1.12 billion.

In 2013, the external public debt of Armenia amounted to 37.5% of the GDP as opposed to the 37.6% in 2012. Thus, the total value of external debt by close of 2013 was USD 3,904 million, up by 4.4%.

The year 2013 stood out by the issue of USD 700 million worth eurobonds by the Armenian Government. A certain part of this amount was used to repay and service the external debt allowing the Government to hold back its further growth.

The total external debt service in 2013 soared to an all-time high of USD 859 million.

The consumer price index in 2013 (December to December) was 5.6%, slightly above the planned inflation rate of 4% (± 1.5%). At the same time, the average annual inflation index was not as high as one could expect taking into account the rise in prices for gas and energy in 2013. A minor change in the AMD/USD exchange rate had a restraining effect on the inflation.



Over the past few years, Armenia has taken steps towards improving the investment and business climate in the country. As a result, in 2013, Armenia improved its position in the Doing Business-2014 annual ranking of business-friendly countries and positioned itself on the 37th row, up by 3 points from 2012. Armenia also improved its ranking in the «Global Competitiveness Index», rising to the 79th position, up by 3 positions. In September 2013, Armenia announced its intention to join the EurAsEC Customs Union. In November 2013, Armenia signed the memorandum of deepening of cooperation with the EurAsEC. In January 2014, the Government adopted the Roadmap on Armenia's Accession to the Customs Union. Along with these developments, Armenia continued active economic cooperation with international institutions and allocation of the funds raised in 2009-2012 from the WB, IMF, ADB, EU and Russia.

Specifically, in 2013, the Country Partnership Strategy between World Bank and Armenia for FY2014-2017 was prepared and approved. As of the end of 2013, the WB portfolio for Armenia included 14 active projects with total commitments of USD 445 million. Areas of support include:

- 5 investment lending operations in infrastructure,
- 4 in social sectors,
- 3 in public sector, and
- 2 in ICT and agriculture.

In the wake of the global crisis, Armenia found itself among countries that had a reduced volume of foreign exchange earnings while maintaining high demand, which was one of the factors for the drop of national currencies. At the same time, after the recession in 2009, in 2013 the volume of remittances inflow to Armenia grew continuously. In particular, according to CBA in 2013 non-commercial transfers to

individuals through the Armenian banking system amounted to USD 1,870 billion, up by 10.8% Y-o-Y. This is an all-time high indicator for Armenia.

The economic growth in 2014 in Armenia is expected to be 4-5% according to the forecasts of international organizations. Along with this, the government is planning to lock in a 5.4-6.1% economic growth. The situation in Armenia will largely depend on the developments in the global economy and especially in Russia.

Embarking on Armenia's accession to the Customs Union, presence of broad economic ties and a large diaspora in Russia have a knock-on effect on the development of the Armenian economy, linking it to the processes that affect the economy in Russia. Moreover, the situation in the Eurozone may also have an impact on the economic processes in Armenia, in particular, on the mining industry where the main part of the output is exported to Europe.



**David Sargsyan, Legal Director**

*The sense of freedom is non-constant. For instance, when young, you prefer independence. As you grow up, you come to feel no less free being responsible for your family and work. Once I experienced this feeling of ultimate freedom near Queen Parandzem's Church in Sisian, where the wilderness, fresh air and infinite sky come to meet the warmth of the church.*

# > Legal Framework, Government Regulations, Financial Infrastructure

In 2012-2013, the government of Armenia continued to encourage the development of the real economic sector, and the diversification and increase of the volumes of export. These actions were driven by the conditions of the recovery growth in the wake of the first wave of the global recession, as well as the likelihood of other potential external impact on the economy of the country.

This is why late in 2011 the government adopted a strategy of export-oriented industrial policy, directed at forming a highly developed industrial system focused on export.

The strategy involved introduction of institutional structures and building management systems to generate and implement industrial policy in Armenia. The paper identified three conventional horizontals or phases which would provide the development across 11 industries. To implement a well-balanced industrial policy, in 2012, the Council of Industry was established under the Prime Minister of RA.

In 2013, the Council of Industry reviewed the progress under the adopted strategy and made a few amendments in relation to:

- the wine industry,
  - the brandy industry,
  - the pharmaceutical industry and biotechnologies,
  - the precision mechanics industry,
  - the manufacture and processing of jewelry, watches and diamonds.
- The Council also approved the strategy and action plan for:

- the textile and knitting industries.

According to the government resolution, the foundation of economic development in Gyumri has been reorganized into Industrial Fund, which will be the main operator of the state support program for the implementation of activities under the strategy of export-oriented industrial policy. A series of amendments and additions were made to the laws «On VAT», «On Corporate Profit Tax», «On Personal Income Tax», «On Use of Cash Registers», «On Accounting», «On Subsoil», «On Licensing», «On State Duty», «On Excise Tax», as well as the Customs Code.

In 2014, the Government will gradually continue reforms to improve the business environment, support the real sector and knowledge-based infrastructural development of the economy, and to ensure the overall diversification of the economy and expansion of the export-oriented production sector aimed to improve the competitiveness of the economy.

## Monetary Policy

Throughout the first half of 2013, the Central Bank of Armenia continued a relatively neutral monetary policy. Refinancing rate remained unchanged at 8%. In August 2013, the refinancing rate was increased to 8.5% in order to mitigate the impact of the increased energy tariffs on the inflation rate in the country. Starting from November 2013, the Central Bank gradually loosened the monetary policy, taking into consideration the drop in the inflation rate and the slowdown in the economic activity pace.

In December 2013, the refinancing rate was reduced to 7.75%.

The Central Bank is expected to continue the loose monetary policy in order to expand the demand and speed up the economic activity in the country. In the forecast horizon, the existing risks are estimated as balanced, determined by development prospects for the global and domestic economies.

At the same time, the level of dollarization of the economy continues to be high in Armenia (after a decline in the dollarization in the late pre-crisis period, from 2009 the rate began to slowly rise). This is due to changes in the rate of AMD to USD. Most of the loans provided by banks are offered in USD.

In this regard, during the reporting year CBA continued implementing appropriate measures to reduce the level of dollarization.

For this purpose, certain additions have been made in the calculation of the liquidity prudential of banks. Moreover, in the conditions of loosened monetary policy, early in 2014, the CBA reduced the required provisioning for AMD-denominated funds from 4% to 2%.

In 2013, some other legislative and regulatory changes were also made that directly or indirectly affected the activities in the banking system.

In particular, the parliament of Armenia introduced amendments and supplements to the law «On Funded Pensions» according to which changes were also made to other laws and regulations.

## Fiscal Policy

According to FY2013 results, the budget deficit to GDP in Armenia was 0.5% vs. 1.5% in 2012.

In 2014, the budget deficit is planned to be 2.0% of GDP, implying that, compared with last year the budget will have not a constraining, but a little more expansive influence on the economy. Being an important component of reforms in Armenia, the tax and customs administration is also the most vulnerable point in the economy of Armenia.

The main activities that were conducted during 2013 in this sphere were directed at fighting corruption, improving the business environment and catalyzing SME activity. The Program for sustainable development adopted by the government in 2008 has been revised taking into consideration new realities as a result of the global financial and economic crisis.

Besides,

- The budget expenses financing process became computer-based.
- The government procurement system was improved.
- Government student loan programs, etc., were developed and approved.

In 2013, as part of the program to promote small and medium business, 17,243 entities, twice as much as in 2012, received appropriate support. It is expected that the reforms made in 2012-2013, such as the introduction of electronic reporting system, cutting the total number of reports and simplification of administrative rules will lead to positive results in 2014.

## Capital Market

The banking industry is still predominating in the financial sector of Armenia. Despite absence of a developed capital market and venture funds, the local market in 2013 was characterized by some activity both by the business community and by the issuers. This was facilitated, among others, by some regulations on the legal level as well as activities initiated by the exchange operator NASDAQ OMX Armenia.

The market of corporate bonds witnessed most positive development.

During 2013, the capitalization of the securities market in Armenia recorded a 15.7% increase.

The volume of stock-related operations grew by 2.6 times over 2012 level (transactions with the shares of seven issuers). The volume of transactions with corporate bonds surged by 3.8 times Y-o-Y, while the volume of transactions with Government bonds saw an increase by 3.6 times.

- In 2013, a number of projects were implemented in Armenia to promote more rapid growth of capital market:

- A centralized custodian system was implemented to improve the customer service standards.
- NASDAQ OMX Armenia launched foreign currency swap platform enabling the market players to enhance the range of offered and used services.

- Late in 2013, the Central Depository of Armenia became a subcustodian of government bonds which made it possible to handle both

corporate shares and bonds and government bonds in a unified system, expanding the outreach of market players.

- The Armenian Mandatory Pension Information System (AMPIS) designed to select a fund manager was launched in December 2013.

- Integration with foreign custodians was in full swing.

All-embracing and complete information on the Armenian market became available through Bloomberg and Thomson Reuters international informational systems.

On the other hand, some external factors have a preventive effect on the development of the capital market. Among these are:

- The general background of mistrust and uncertainty in the European markets, the lack of demand for assets in Armenia by foreign investors
- Absence of a long-term strategy at local companies

- The local strategy of many large companies in Armenia, does not assume the use of funds raised through alternative sources.

- The vast majority of large companies are subsidiaries of foreign holdings, and mastering large cash flows can only be afforded at such companies.

However, there are a number of businesses in various industries of Armenia that may be of interest to investors and with proper management and transparency could attract them and to some extent catalyze the capital market.

The development of the corporate bonds market, according to local and foreign experts, is the first and foremost area that can boost the development of capital market in Armenia. In 2014, this market is expected to gain momentum.

The international financial institutions, too, facilitate the development of capital market in Armenia.

Specifically, the International Finance Corporation was the first non-resident organization to issue bonds for a total value of AMD 2 billion (USD 5 million) in Armenia aimed at strengthening capital market in the country and furthering private sector finance. This is IFC's debut issue in national Armenian currency and the first foreign corporate bonds issued on the capital market of Armenia. Given the positive changes in the capital market of Armenia, Ameriabank had a chance to increase its prospects in the area of investment banking, realizing its potential with the help of highly qualified experienced professionals, thus contributing to the development of the IPO business culture and stock market.

### Insurance Sector in Armenia

Due to the legislative changes, the introduction of mandatory TPL motor insurance since 2011, the expansion of health coverage, the insurance market in Armenia continued its rapid growth in 2013. Overall, the insurance culture in Armenia has been shaped to a certain extent and continues

to develop. This is significantly furthered by the insurance companies themselves the number of which was 7 by the end of the reporting year.

Currently, none of the existing insurance companies in Armenia has the right to offer life insurance. According to the current Armenian law «On Insurance», the same company does not have the right to provide services of both life insurance and non-life insurance.

Among the types of insurance practiced in the country are health insurance, motor insurance (voluntary and mandatory third party liability insurance) and property insurance.

Armenia plans to test an agricultural insurance pilot program in 2014 and launch mandatory health insurance in 2015.

The share of insurance premiums in the GDP in 7-8 years after the total market potential is covered, may reach 12%.

Currently, the capacity of the insurance market in Armenia is not considerable, with the share of the insurance premiums in the GDP below 1%.

### Pension Reforms

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

The government of Armenia has been taking steps to introduce the funded pension system for 4-5 years, with all the issues being discussed with the stakeholders and specialized financial institutions.

The process of pension reforms in Armenia was launched since January 1, 2011, through the introduction of a voluntary cumulative pension system. On January 1, 2014, the cumulative pension system was implemented on a mandatory basis. The mandatory pillar, however, sparked backlash in the country (driven, first of all, by the national mindset). As a result, the Constitutional Court of Armenia suspended some of the provisions of the Law «On Funded Pensions». Later it was ruled that the law will be amended.

The completed work on implementation of the pension system in the country, however, minimized the risks and constrained all possible shocks.

The pension reform is expected to foster development of a steady demand for liquid tools of capital market.

An important change driven by the pension reform is the amendments to the law «On Banks and Banking», according to which the banks were given the opportunity to act as an operator as provided by the RA Law «On Funded Pension System».

Leading European pension fund managers with considerable assets under management, have already established their presence in Armenia

According to field experts, it is anticipated that the financial market of Armenia will receive about USD 100-150 million annually through the funded pension system.

## > Banking Sector of Armenia

The banking sector of Armenia emerged virtually unscathed from the fallout of the global financial crisis if compared to the other CIS countries.

One of the reasons was that the Armenian banking sector was less involved in the global processes.

In 2013, the major problems of the global economy and financial system gradually found their solution.

While the global financial markets were hit by major shocks (Cyprus banking crisis giving rise to the offshore banking fight issues, weakening of most of the currencies against US dollar and euro, etc.), the Armenian banking sector remained steady and well-poised to weather external challenges. Partially, it may be explained by lack of integration of the Armenian banking system with the global financial community. Many of the banking systems

worldwide were experiencing problems with liquidity and trust at the same time, reporting slowdown, and it was the government bailout that helped them overcome the crisis and bankruptcy.

In 2013, the Armenian banks were very active in raising new loans from international institutions and major foreign banks to invest into the national economy.

The accumulated margin of safety, high level of liquidity and increasingly high stability enabled the Armenian banking sector to continue its positive development.

The integration of the real and financial segments and the increasing level of the financial intermediation of the banking system persisted throughout 2013 thanks to the growth of the key indicators.

The share of foreign capital in total capital of the Armenian banking system is 74.6%.

Along with attraction of foreign investments, the banks introduced new banking technologies striving for conformity with the level of international standards of corporate governance.

In 2013, increasing the real sector's access to the financial services and inclusion of the private savings of the households to finance the economy were among the key priorities for the banking sector. According to the latest survey by the World Bank, 66% of the population in Armenia have savings but only 6% out of them keep their funds at banks. Effective risk management remains among the most important objectives of the banking sector.

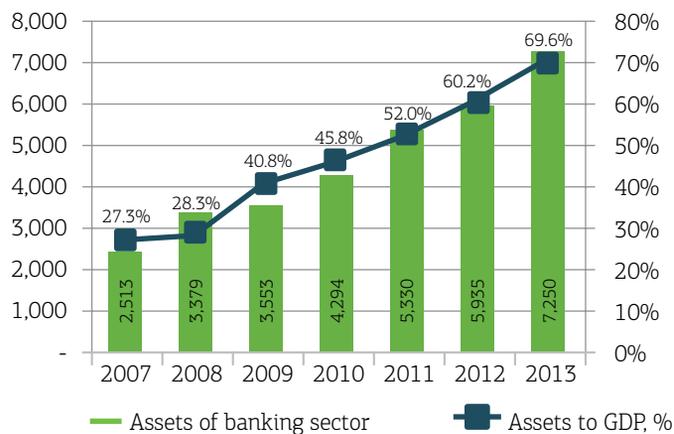
The majority of Armenian banks cooperate with retail clients very actively, especially in terms of lending. In 2013, the banks continued intensive lending to small and medium businesses. Outpacing growth of the banking system

compared to the growth of the economy in 2013 led to a further increase in the level of financial intermediation of the banking system, making Armenia comparable by these

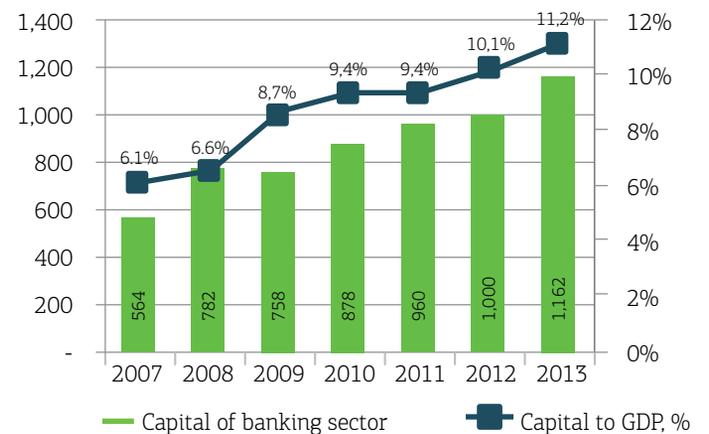
indicators with some foreign countries. In 2013, the ratio of banking assets to GDP rose by 9.4 percentage points Y-o-Y, amounting to 69.6%. The ratio of loans to the

economy to GDP increased by 3.75 percentage points to reach 41.8%, with the ratio of time deposits of individuals up by 2.6 percentage points to 17.8%.

Assets of Banking Sector of Armenia



Total Capital of Banking Sector of Armenia



In 2013, the Armenian banking sector reported:

- 22.8% growth in the assets to an equivalent

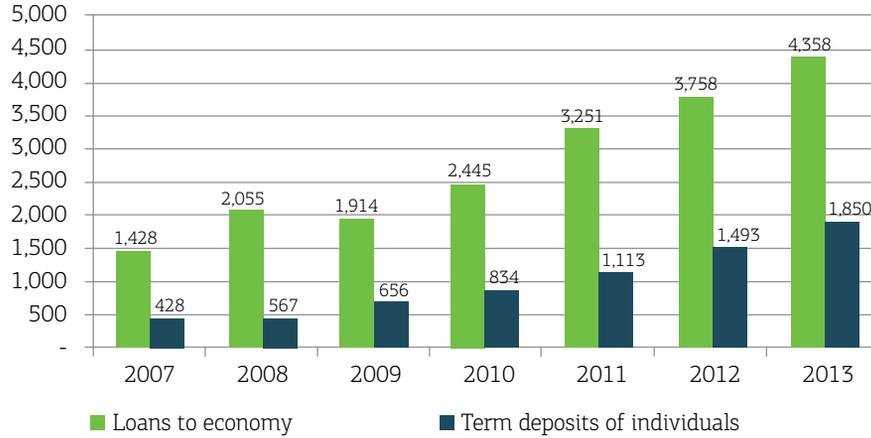
of nearly USD 7.3 billion,

- 16.6% growth in loans to reach USD 4.4 billion,

• 30% growth in liabilities to clients to nearly USD 4 billion,

- 16.7% increase in capital to USD 1.2 billion.

### Loans to Economy and Term Deposits of Individuals

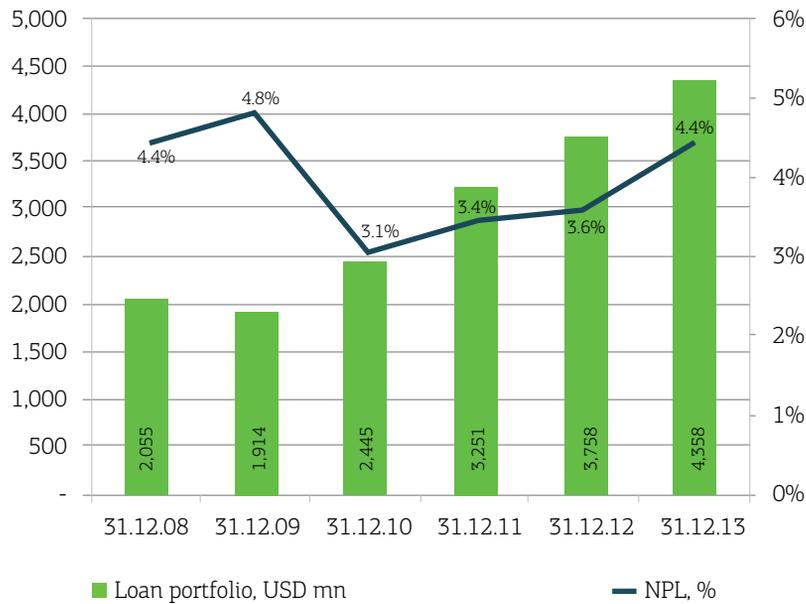


During 2013, significant amounts were used to finance trade, agriculture, processing industry, as well as other sectors of economy. The total volume of lending to individuals in

2013 enjoyed growth by 17.2% vs. 2012 level. Growth in mortgage lending was 12.4%, with consumer lending up by 23.7%. The corporate lending growth pace slowed

down to 7.4% vs. 28.3% in 2012. By the end of the reporting period, the share of non-performing loans (NPL) in the loan portfolio of banks was 4.45%.

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



According to forecasts, the growth of the banking system of Armenia in 2014 will fluctuate within 18-25%.

In 2013, the banking system continued preparation for the transition to Basel III, which started back in 2011. New capital requirements have been already developed and enacted.

In 2014, the transition to Basel III is expected to enter its final stage. Works are underway to identify and regulate systemically important banks, as well as to estimate the necessity to employ liquidity ratios proposed by Basel III. There will be additional capital requirements and tougher supervision over the systemically important banks.

Some of the Basel III requirements (minimum leverage ratio, capital provisioning) push the necessity for legislative changes to be adopted during 2014.

In 2013, the banking sector of Armenia ensured satisfactory capital adequacy and liquidity. The CAR of the banks by the close of 2013 stood at 16.7% vs. 12% prudential standard. The Central Bank of Armenia imposed tougher capital ratio requirements for Armenian banks as compared with Basel II, thus ensuring smooth transition to the capital tier envisaged under Basel III. The present liquidity ratio in the banking system of Armenia will facilitate transition to the new liquidity standards:

- By close of 2013, the total and current liquidity ratios of Armenian banks stood at 29% and 142% respectively vs. minimum requirement of 15% и 60% imposed by the CBA.

The leverage ratio of the Armenian banking system is about 16%, more than 4 times as much as required by Basel III rules.

New challenges faced by the banks of Armenia and development of the competitive environment are yet another incentive to strive for leadership. Ameriabank intends to achieve leadership in all banking operations and ensure rapid growth of key indicators, continuing introduction of innovative products and services and developing banking technology, aligning them with the standards of the best international practices.

## > Position of Ameriabank in the Banking Sector of Armenia

In 2013, Ameriabank continued its dynamic development in line with its goals.

Ranking among the leaders of the banking sector of Armenia in 2013, the bank was on strategic track to expand the retail business and strengthen cooperation with SMEs and private entrepreneurs.

During the reporting period the main indicators of Ameriabank showed steady growth. However, there was increasing competition in the market. This forced many banks (specifically less active) to adopt aggressive development strategy. As a result, the growth rate of the banking sector

outpaced the growth of Ameriabank by some of the indicators.

Nonetheless, Ameriabank is committed to the development strategy and implementation of its goals, focusing on the quality of customer service and minimization of risks rather than on aggressive growth, whatever the circumstances.

- In 2013, Ameriabank reported 28.6% increase in assets vs. 22.8% increase in the banking sector of Armenia. Ameriabank's market share in the banking industry was 10.7% vs. 10.2% in 2012.

- By 2013 results, the Bank became a market leader by the amount of assets for the first time in its history.

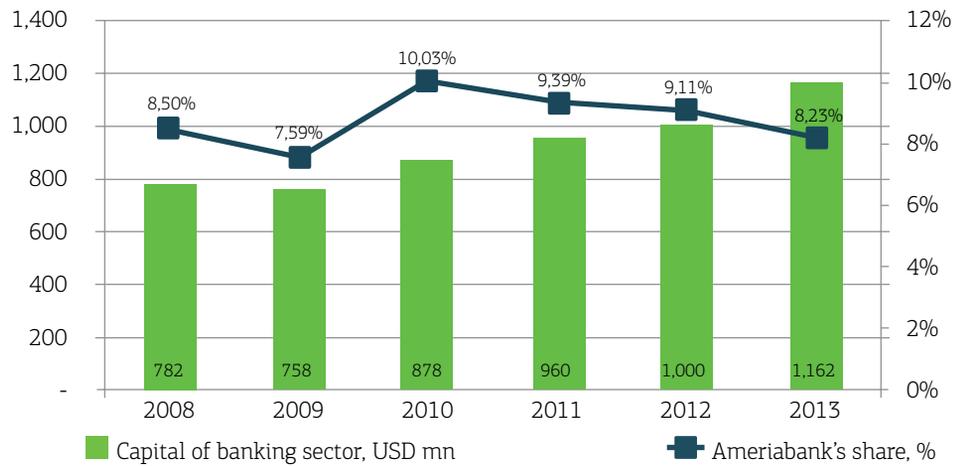
- In 2013, the total capital of the Armenian banking sector increased by 16.7%, while Ameriabank's capital grew by 5.3%. Capital growth of the banking system was ensured both by 4.7% growth of the statutory capital (3 banks increased their statutory capital), and by the profits which grew by 13%.

- The share of Ameriabank's total capital in the banking system is 8.2%, with the bank continuing to rank 4th by this indicator.

Ameriabank's Share in Armenian Banking Sector by Assets



### Ameriabank's Share in Armenian Banking Sector by Capital



### Ameriabank's Share in Armenian Banking Sector by Lending

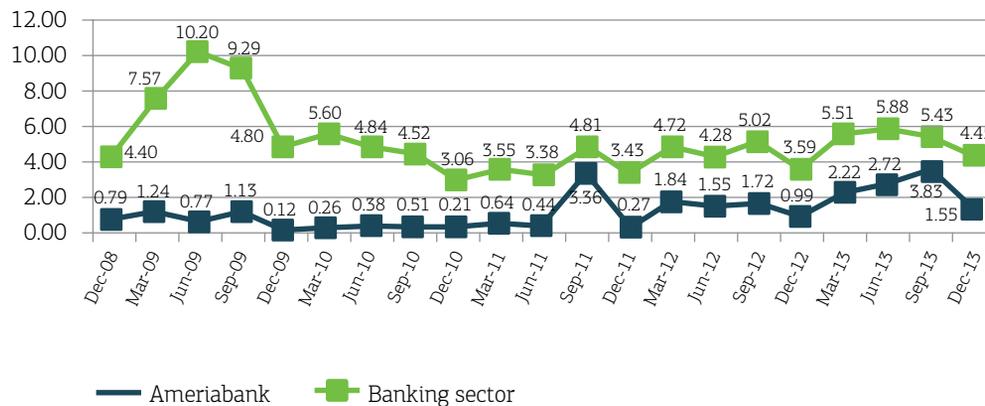


• In 2013, the loan portfolio of the banking system of Armenia grew by 16.6%, whereas the same indicator of Ameriabank increased by 20.5%. Share of Ameriabank's loan portfolio in the banking system amounted to 9.96%.

The dynamic development for Ameriabank implies quality assurance, stability, and therefore reliability and trust for shareholders, clients and partners. These are the pillars to secure increase of Ameriabank's market share. The quality of the loan portfolio for the Bank

continues to be an important priority for the credit policy, regardless of market trends and conditions. As a result the Bank has one of the lowest ratios of non-performing loans (NPL) in the loan portfolio (1.8%).

Dynamics of NPL Share of the Armenian Banking Sector and Ameriabank, %



Expansion of infrastructure, technology base, service quality, and attractive terms for funds investing were crucial not only for growth of lending volumes, but also for the expansion of Ameriabank's resource base. Attracting funds from international financial institutions and partners in 2013 catalyzed the resource base growth rates in Armenian banks. The increase in funds from individuals and legal

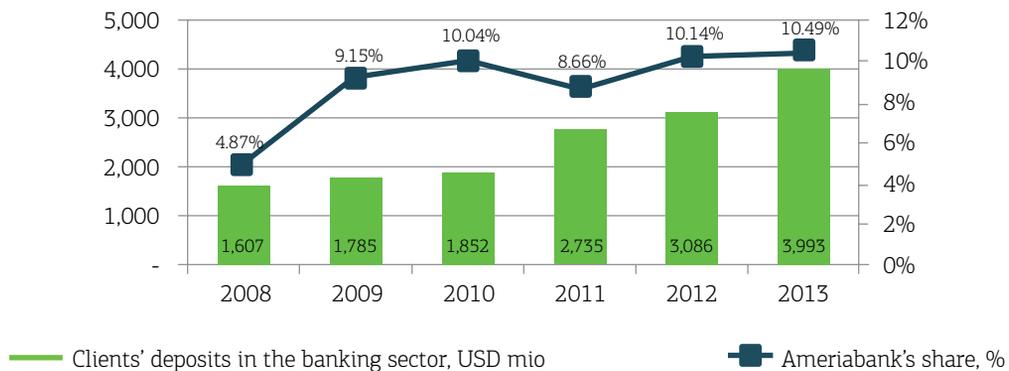
entities attracted as term and demand deposits was another driver for the resource base growth. The resource base of Ameriabank, too, grew at rapid pace.

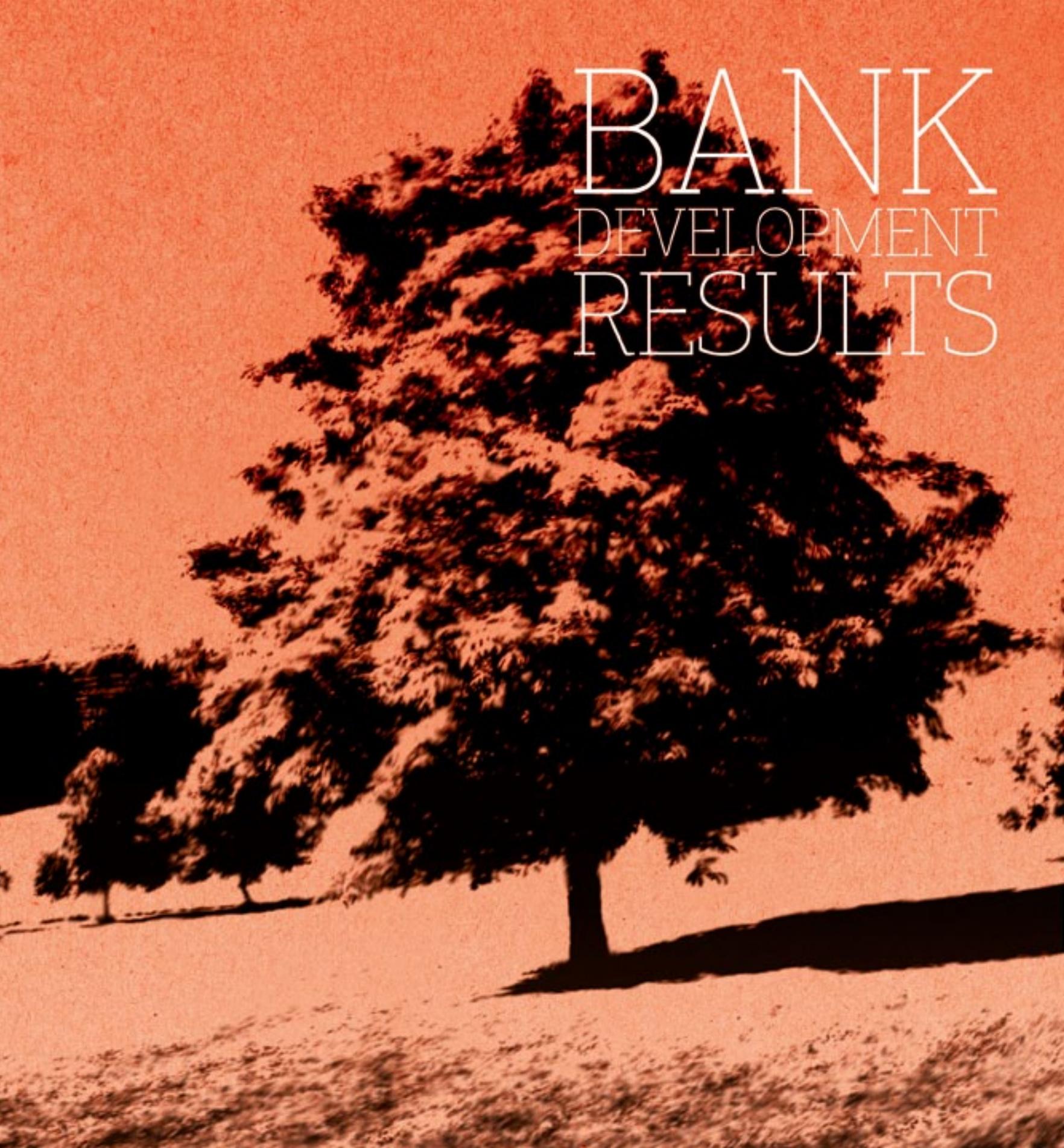
- In 2013, total deposits attracted by Ameriabank grew by 34.6% vs. 30% bank average in Armenia.

- The Bank's market share by liability to customers made 10.49%.

- For the first time in its history, the Bank topped the ranking of Armenian banks by liabilities to customers. Despite only a minor increase in the AMD-equivalent profit of the Bank in 2013, Ameriabank made into top 3 banks, with its market share equal to 12.6%. At the same time, the Bank's ROA and ROE outstripped the bank average.

### Ameriabank's Share in Armenian Banking System by Clients' Deposits



A large, dense tree with a thick trunk and a wide, rounded canopy of leaves stands in a field. The scene is bathed in a warm, orange-red light, suggesting a sunset or sunrise. The ground is a light, sandy or grassy surface. In the background, other smaller trees are visible on a slight rise. The overall mood is serene and natural.

# BANK DEVELOPMENT RESULTS

# > Key Growth Indicators

In 2013, Ameriabank recorded 28.6% increase in assets, for the first time in its history becoming market leader in Armenian banking sector.

Ameriabank ranks 2nd among 21 banks by statutory capital amounting to the equivalent

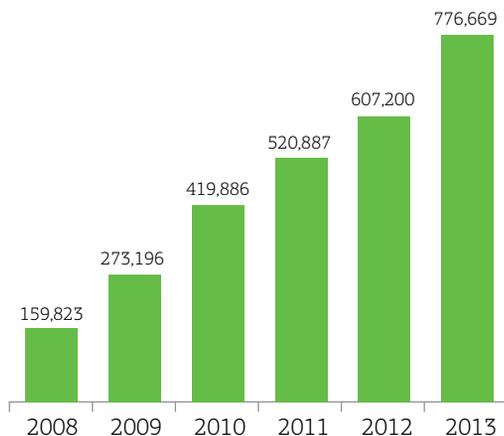
of USD 63 million, still being one of the most capitalized banks of the country.

In 2013, Ameriabank saw a 5.5% increase in capital driven by the growth of profit. According to the results of the reporting year Ameriabank's profit amounted to AMD 6.1 billion (USD 15

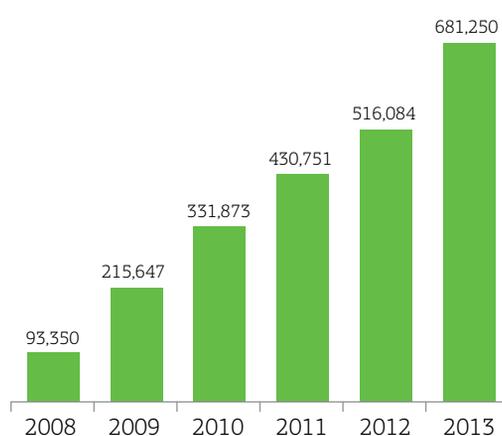
million), with the Bank ranking 3rd in Armenian banking sector by profit.

The Bank's total capital in 2013 reached AMD 38.8 billion (USD 95.6 million), including the retaining earnings of AMD 12.8 billion (USD 32 million).

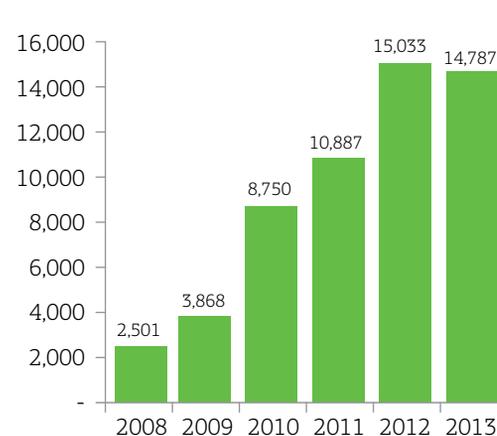
Dynamics of Ameriabank's Assets, USD thousand



Dynamics of Ameriabank's Liabilities, USD thousand



Ameriabank's Net Profit, USD thousand





***Gevorg Tarumyan, CFO, Deputy General Director***

*There are common principles you should adhere to not to infringe on the freedom of other people. One of such principles is responsibility: to your family, work, friends... Your own freedom should never trespass on that of other people. For me, freedom is inner liberation, harmony with your own personality and the external world. My associations of harmony are centered around the nature and the green color in general.*

Ameriabank received multiple awards from prominent international institutions as recognition of its achievements in 2013.

Ameriabank was named the Best Bank in Armenia by factoring transactions by International Corporate Intl Magazine 2014 Global Awards based on FY2013 results.



Ameriabank was named The Best Bank in Armenia 2013 by The Banker Magazine, premier Financial Times publication. The award is the highest acknowledgement of the achievements in banking all over the world. This year there were 483 entries from 146 countries.



International Finance Corporation (IFC), a member of the World Bank Group, named Ameriabank Best GTFP Issuing Bank for Energy Efficiency in Europe and Central Asia.



**European Bank**  
for Reconstruction and Development

Ameriabank won EBRD award as the Most Active Issuer in Trade Finance 2013.



In 2013, Global Finance recognized Ameriabank as the Best Bank in Armenia 2013.



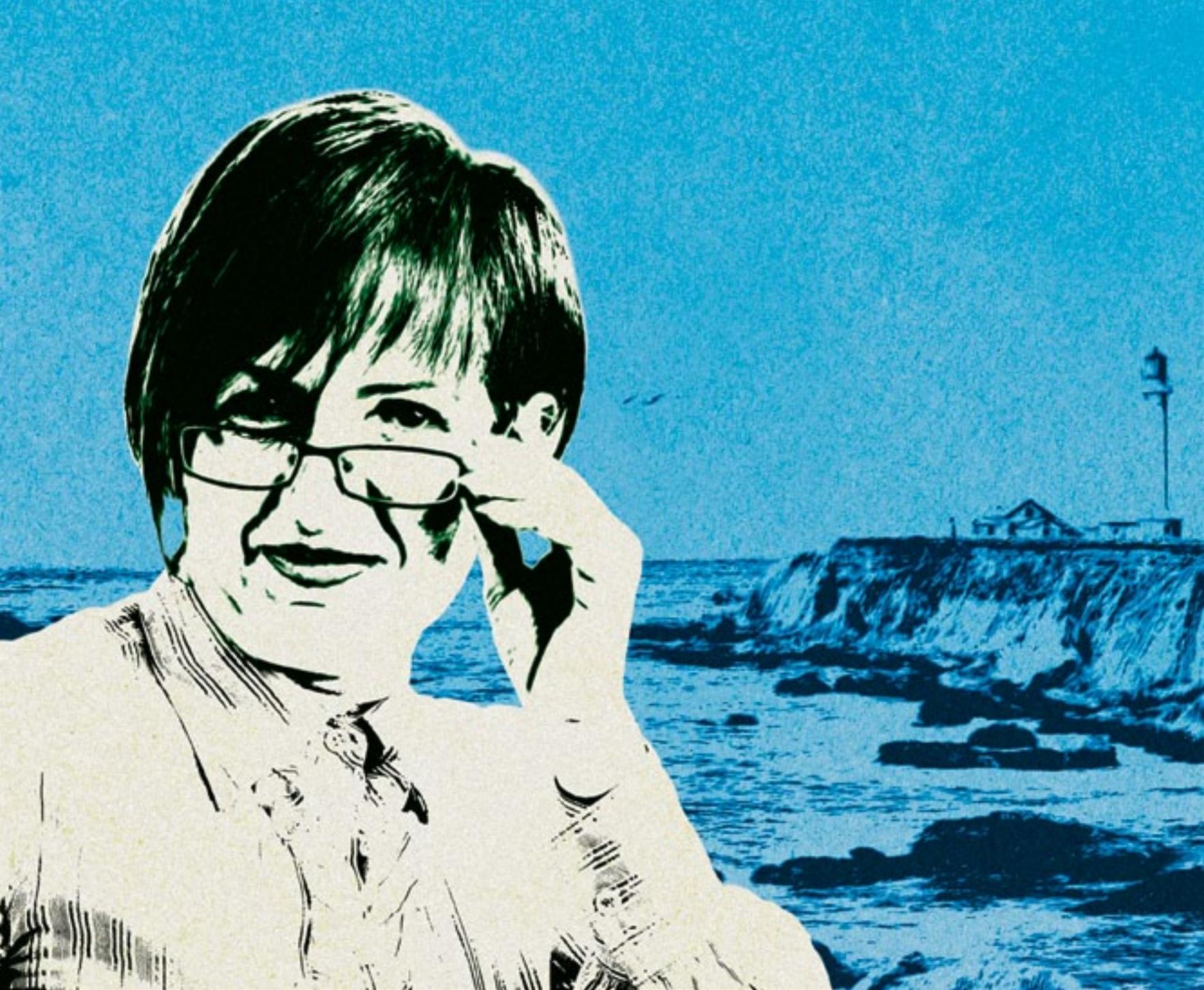
In December 2013, Global Finance recognized Ameriabank as the Best Foreign Exchange Provider in Armenia.



And again in December, 2013, Global Finance recognized the Bank the Best Trade Finance Bank in Armenia.



In 2013, Global Finance named Ameriabank Best Subcustodian Bank in Armenia 2013.



**Gohar Khachatryan, Chief Accountant**

*Freedom is a vast range of actions, an infinite horizon. My idea of freedom is associated with the boundless sea. You have to travel some way to deserve your freedom. The will for freedom should be nurtured from the very childhood: you should give your kids an opportunity to choose the clothing they like or listen to the music they are fond of. As regards the freedom, I've always followed my father's example: he was never afraid to go against public opinion and always made independent decisions.*

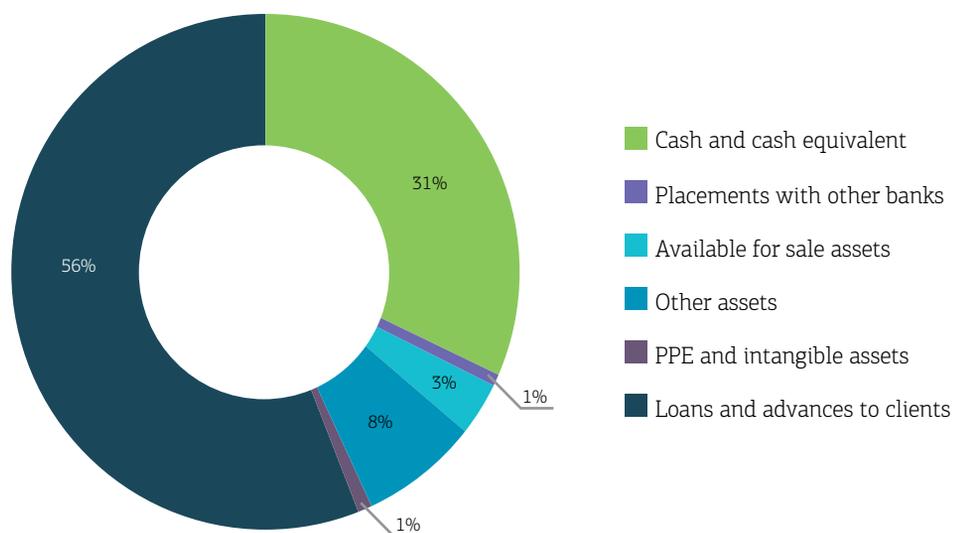
## > Assets

During the reporting year, the breakdown of Ameriabank's assets has undergone minor changes furthering its diversification and risk

minimization while maintaining a sufficient level of the income component. Loans and advances to clients had a share of

55.9% in the Bank's total assets vs. 59.6% in 2012. Increasing diversification of the loan portfolio secured its maximum protection against the risks.

Breakdown of Ameriabank's Assets at the End of 2013



## Lending

In 2013, the Bank's loan portfolio grew by 20.5% (vs. 7.1% in 2012).

During the reporting period, the focus of the Bank's credit policy was on expanding and strengthening the relationships with small and mid-sized businesses, private entrepreneurs and individuals.

Scaling up the retail business along with maintaining long-term partnership with corporate clients from various industries in Armenia is the main course that Ameriabank heads for during its transition to universal banking.

What the Bank aims for is not merely boosting its lending to individuals, but creating incentives for them to start up businesses. For these purposes, the product range offered to retail clients comprises investment loans for individuals and business loans to small and micro enterprises.

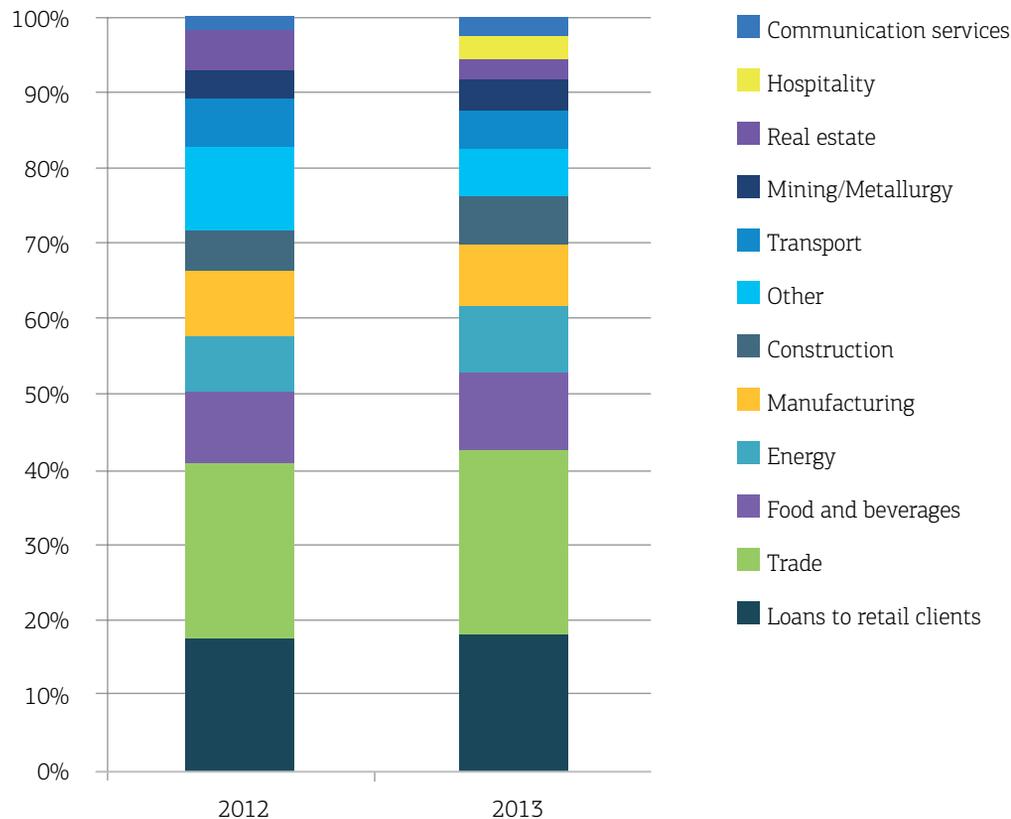
In 2013, the Bank continued cooperating with corporate clients, both large companies and SMEs, facilitating their development, access to the global markets notwithstanding competition, thus contributing the country's economy. At the same time, the Bank stayed committed to the policy of rigorous selection of

borrowers: loans are provided to borrowers with transparent reporting and good credit history, from most rapidly developing sectors of Armenian economy.

Loan portfolio diversification by industries and types of clients is in the spotlight of the Bank's close attention.

As a result, the sectoral breakdown of Ameriabank's loan portfolio is well-diversified and has a low level of concentration. The Bank finances promising and dynamically developing sectors of the economy, in particular, renewable energy, processing industry, trade, etc.

## Breakdown of Ameriabank's Loan Portfolio by Industries



Due to an effective credit policy in 2013, the Bank received interest income from lending in the amount of AMD 19.4 billion (USD 47.4 million) vs. AMD 17.6 billion (USD 43.6 million) in 2012.

### Investments in Securities

In 2013, like in previous years, given the high volatility and debt problems in the international financial markets, Ameriabank held back from active trading in securities of foreign issuers to avoid risks. Locally the most developed segment of the market is the market of government bonds,

which is less exposed to risks, while allowing creation of a revenue base.

As a dealer for servicing domestic public debt of the Republic of Armenia, Ameriabank is an active player in the government bonds market. The Bank also has the status of a government agent in the market of mid-term and long term

state (treasury) coupon bonds of the Republic of Armenia.

As of December 31, 2013, the total value of investments in the Republic of Armenia government bonds surpassed AMD 13.5 billion (USD 33.5 million) vs. AMD 13.1 billion as of December 31, 2012.

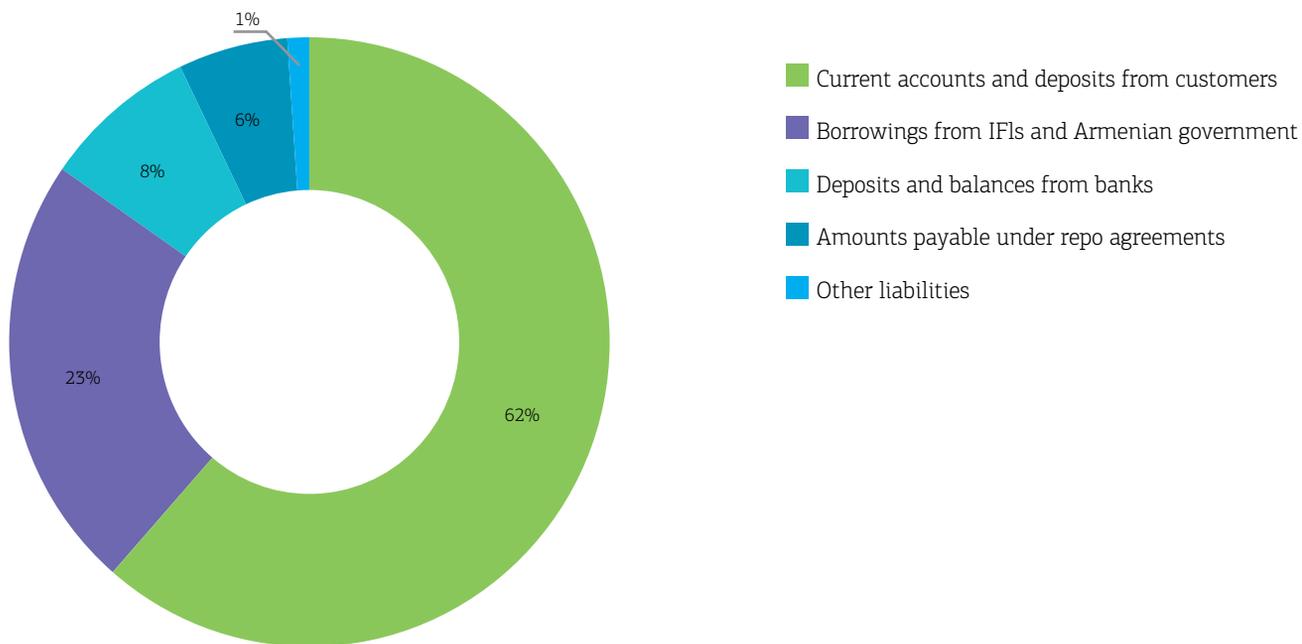
# > Liabilities

Throughout 2013, the Bank's liabilities were constantly increasing. The growth of deposits of clients spurred an increase in liabilities by 34.6%.

Intensive cooperation between the Bank and the international financial institutions was yet another driver for increased financing of the real sector.

By the close of 2013, the total value of funds raised from foreign partners amounted to the equivalent of USD 130 million.

Breakdown of Ameriabank's Liabilities at the End of 2013



- During 2013, the total volume of deposits placed at Ameriabank, increased by more than USD 105 million to the equivalent of USD 419 million.

- The breakdown of liabilities to clients has changed too. Thus, at the end of the reporting year the share of time deposits in

liabilities to clients was 63.8% vs. 66.6% a year earlier.

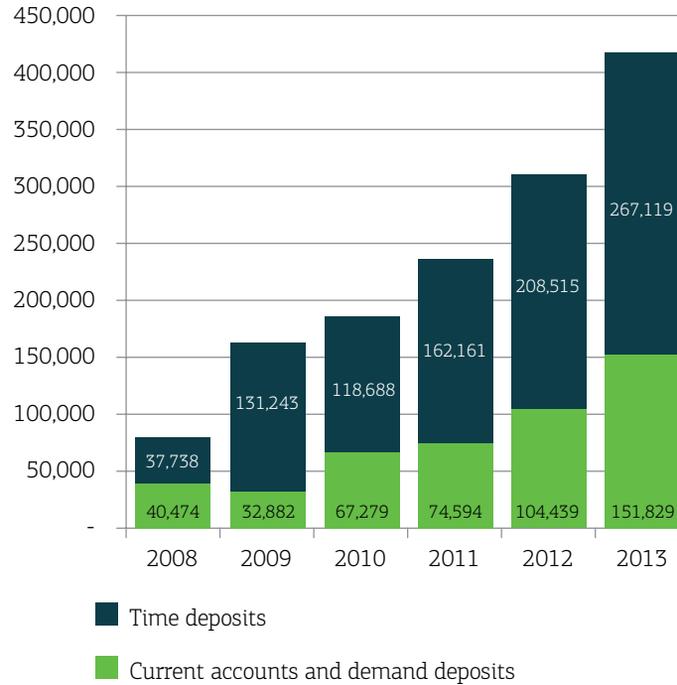
- Overall, 51.6% of the total portfolio of deposits falls upon corporate clients and 48.4% falls upon retail clients.

- The volume of individual deposits saw an increase by 44% to AMD 82.3 billion (USD 203

million), with the time deposits amounting to the equivalent of USD 167 million and the demand deposits amounting to USD 35.8 million.

- The accounts and deposits of corporate clients grew by 26.8% to AMD 87.6 billion (USD 216 million), with the time deposits totaling the equivalent of USD 100 million.

### Breakdown of Ameriabank's Liabilities to Clients, USD thousand



### Ameriabank's Liabilities to Clients, USD thousand





**Burastan Movsisyan**, Chief Technology and Services Officer

*For me, freedom is first and foremost freedom of choice: choice of career, friends, music and personal life. The freedom shouldn't grow into permissiveness, or it may become a tricky thing. Freedom is an inner state of harmony which I associate with the mountains on the background of the bright blue sky.*

# > Development of Management Systems, Technologies and Infrastructure

Innovation has always been the driver of Ameriabank's development. From the outset, innovative solutions were deeply rooted in the Bank's mission. Use of cutting-edge technologies became especially acute in an increasingly competitive environment and accelerated processes of integration and globalization in the world.

While developing innovative policies, Ameriabank builds on three principles:

- Ensuring compliance with the adopted strategy: innovation policy as a whole and individual innovative projects are aimed at the implementing the strategy and creating basis for future development of the Bank.
- Orientation towards the best international experience and advanced technologies
- Client centric approach, which has always been and is the key to the success of the Bank It is the combination of these three principles that enabled Ameriabank to develop and

implement quality innovative policy which rapidly promoted the Bank into a leading position in banking sector of Armenia.

## IT Infrastructure

Well-oiled infrastructure at Ameriabank ensures smooth operation of all information and technological systems.

- In 2013, the Bank obtained VISA license for Internet acquiring.
- The Bank developed in-house POS terminal offered to the merchants wishing to accept VISA, Master Card и ArCa card payment online.
- <http://csr.ameriagroup.am/website> was developed for online charity donations to a special charity account to help the kids with serious diseases.
- In 2013, the Bank finalized the first phase of intranet portal development aimed at improving the management information system, optimizing

work environment and collaboration between various subdivisions.

## Regional Development

In 2013, the Bank expanded its network opening new Sayat Nova branch in Yerevan, which offers the full range of banking services.

by the close of 2013, the Bank had 9 fully operating branches. The operations of the branches and the head office are supported by a single server on-line, which allows the clients to bank at any branch of Ameriabank, irrespective of where their account was initially opened. Along with gradual expansion of the branch network, Ameriabank is also carrying out activities to enhance and optimize the ATM network that is an integral part of the Bank's service infrastructure.

By the close of 2013, the number of Ameriabank's ATMs reached 92, with 674 POS-terminals installed at retailers.



***Arthur Hambardzumyan, Head of Innovations and Quality Unit***

*A man may be free in any life situation, whatever the financial or domestic circumstances. This is why for me, not the symbol but rather the embodiment of freedom is the human mind. If you tune it up properly, you may find a way out of any dead-end situation.*

## > Clients and New Products

During 2013, the client base of Ameriabank continued to expand across all the businesses in line with the product range expansion. In particular:

- Total number of active retail clients at the end of 2013 amounted to 47 thousand, up by 11% Y-o-Y.
- Total number of active corporate clients during the reporting period increased by 406 to 2,738.
- 54 companies out of Armenian 100 top taxpayers are among corporate clients of Ameriabank.

The most prominent new offerings of Ameriabank in 2013 are:

- Ameria Deposit combines the benefits of all the former deposits, enabling the clients to

«design» their own deposit scheme tailored to their needs.

- Cobranded card together with Ucom telecom company, with a credit limit up to AMD 400,000 at 6% p.a., enabling to shop at such stores of electronics and home appliances as Zigzag, Aray, Technolife, Fine and Vega.
- We realigned the product mix for the SMEs, with a focus on quick and hassle-free lending customized to the industry specifics and client needs.
- We launched international factoring services. In 2013, Ameriabank joined Factors Chain International, a major global factoring network.
- We launched Ameria Partner package tailored for the HNWI clients. Ameria Partner is a status which can be granted only to a small

privileged group of individuals based on their operations in the bank, value of assets and income. We have selected this benefits package with special care and attention, covering all aspects of the lifestyle of clients from this segment.

- We offer the full suite of custodian services and Central Depository register maintenance services. In 2013, the Bank became a Central Depository Account Operator. In 2013, Ameriabank issued 19.1 thousand new cards, including 12.3 thousand VISA cards and 2.0 thousand MasterCard cards. Thus, by the close of 2013, the total pool of cards issued by Ameriabank comprised more than 34.0 thousand VISA cards, more than 7.3 thousand MasterCard cards and over 9.7 thousand ArCa cards.



CORPORATE  
BANKING

Increasingly strong competition in corporate lending market throughout 2013 was driven by the upsurge in lending activities of the banks in view of the economic growth in Armenia as a post-crisis recovery. This process was accompanied by increasing industry competition and expansion of the scope of cooperation with the small and medium-sized businesses.

During the reporting period, Ameriabank significantly enlarged its corporate client base,

increasing it by nearly 30% to 4,171 clients (vs. 3,208 early in 2013).

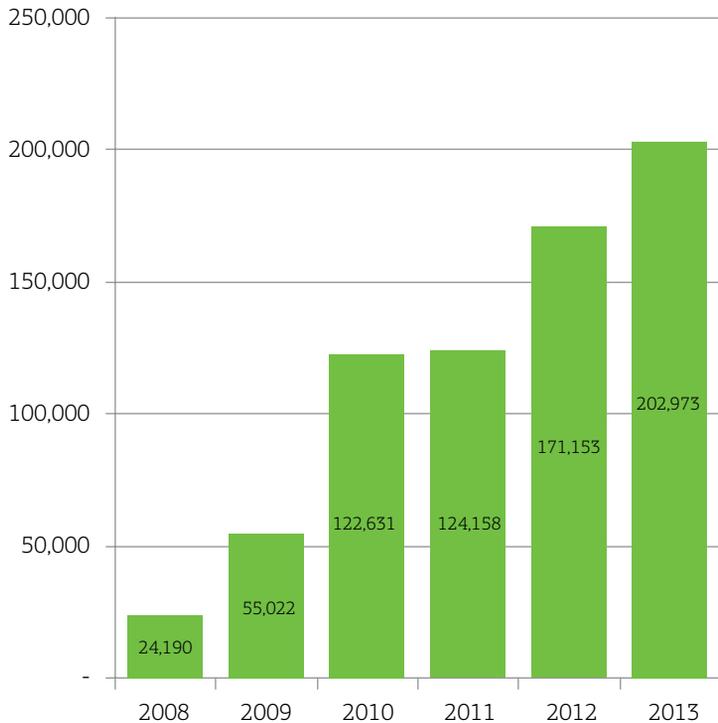
One of the features making Ameriabank stand out on the corporate banking market is a sterling reputation as a reliable strategic partner ready not only to provide financial advisory, but also show an individual approach and offer the best solution for each client.

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

- Individual approach,
- High quality of service,
- Partnership and financial advisory,
- Assistance in growth and transparent operation of clients,
- Access to targeted program funds.

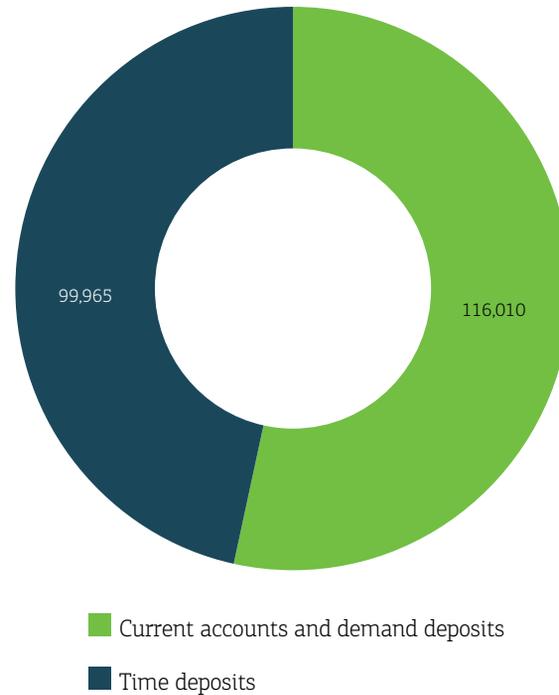
As of December 2013, the total corporate deposits of corporate clients at Ameriabank amounted for the equivalent of USD 215,975 thousand, where current accounts have a share of 53.71% amounting to USD 116.01 million.

Ameriabank's Total Liabilities to Corporate Clients, USD thousand



More and more companies that have loans at Ameriabank and conduct their transactions through the Bank, use the service of time deposits when they temporarily have free funds.

Ameriabank's Liabilities to Corporate Clients in 2013, USD thousand



In 2013, the time deposit base of corporate clients increased by nearly 8.7% to USD 99.9 million.



**Gagik Sahakyan**, *Corporate Banking Director*

*For me, freedom is associated with something abstract. I like travelling and this is when I try to achieve the ultimate freedom. Sometimes you should dilute your responsibility with such detachment. This is why the symbol of freedom, in my opinion, is a plane taking off.*

# > Business Lending

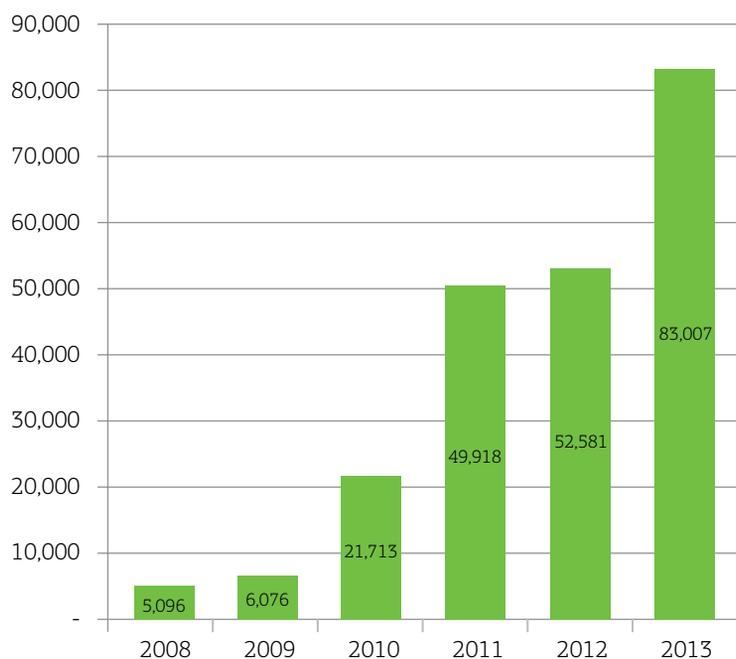
81.6% of Ameriabank's total lending portfolio falls upon the loans, provided to corporates, both large companies and SMEs. During 2013, corporate loan portfolio of Ameriabank continued to grow, at the end of the year reaching the equivalent of USD 344,559 thousand USD (including lines of credit, overdrafts, less leasing and factoring). The loans to large companies have a share of 75.9% of corporate loan portfolio. In 2013, the Bank continued its policy aimed

at portfolio diversification and expansion of cooperation with SMEs, which are the key driver for the Armenian economy and the backbone for the sustainable development of the country, since they produce 42-43% of the country's GDP. Herewith, due to effective negotiation and advisory, some customers have replaced loan products by trade finance instruments offered by the Bank. Currently Ameriabank is not among the market leaders by SME financing, ranking in middle

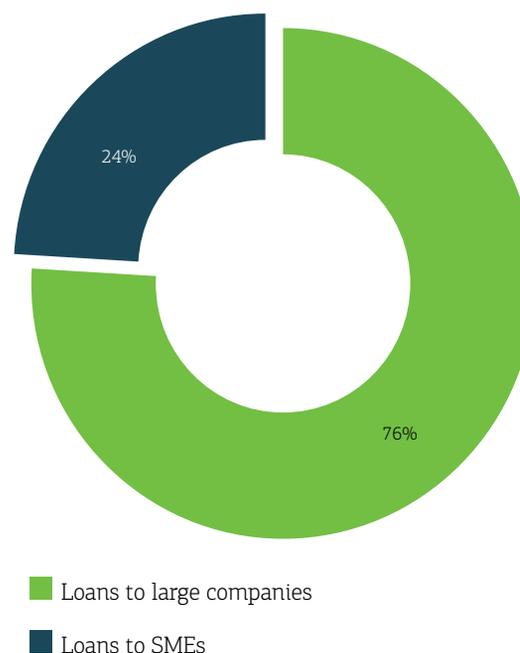
positions, since initially Ameriabank was focused on large corporations and investment banking, and has started to actively cooperate with the SMEs only since 2011. Thanks to the active cooperation with SMEs in 2013:

- The Bank increased its SME lending portfolio by 58.0%.
- The share of loans to SMEs in the total portfolio of corporate loans reached 24.1%.
- The Bank's portfolio became more diversified.

Loans to Small and Midsized Enterprises, USD thousand



Breakdown of Corporate Loan Portfolio at the End of 2013



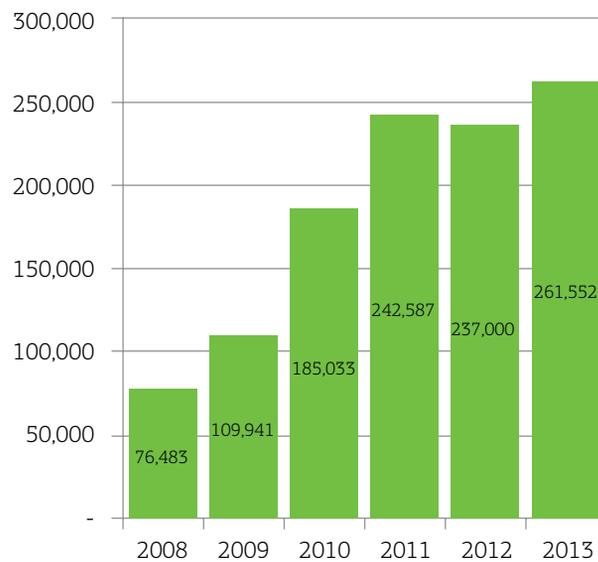
In 2014, Ameriabank intends to increase its SME loan portfolio to USD 140 million.

Ameriabank continued cooperating with large companies throughout 2013. Like in 2012, the Bank aimed at diversifying rather than expanding its loan portfolio. As of the end of

2013, total value of loans to large businesses amounted to the equivalent of USD 261,552 thousand. Currently Ameriabank is a market leader in this segment.

Large businesses had a share of 75.9% of total corporate loan portfolio vs. 81.77% in 2012. Ameriabank mostly provides large loans out of its own funds.

### Loans to Large Enterprises, USD thousand



The table below shows the quality of commercial loans comprising the corporate loan portfolio as of December 31, 2013.

	Gross loans (before impairment allowance)	Impairment allowance	Net loans (after impairment allowance)	Impairment allowance to gross loans, %
<b>Loans to Corporate Clients* (USD thousand)</b>				
Loans without individual signs of impairment	256,113	512	255,601	0,2%
Impaired loans	5,438	1,314	4,125	
Total corporate loans	261,552	1,826	259,726	0,7%

\* excluding leasing and factoring

During the reporting period the Bank paid due attention to the issues of loan collateral in order to minimize the credit risk. In 2013, the Bank continued to finance the

renewable energy sector, which is one of the priority sectors of financing along with SMEs. The Bank started active cooperation within this sector late in 2009. Due to the funds raised from

international financial institutions targeted at lending to the energy sector, the Bank's financing of this sector amounted to USD 36.3 million at the end of 2013.

## > Finance Lease

During the reporting period, Ameriabank's lease portfolio made AMD 2.7 billion (USD 6.7 million). The number of leasing clients grew by 42% as compared with 2012, with the number of lease transactions up by 15%. The prevailing majority of lease transactions fell upon the SME clients, contributing to the diversification of the lease portfolio.

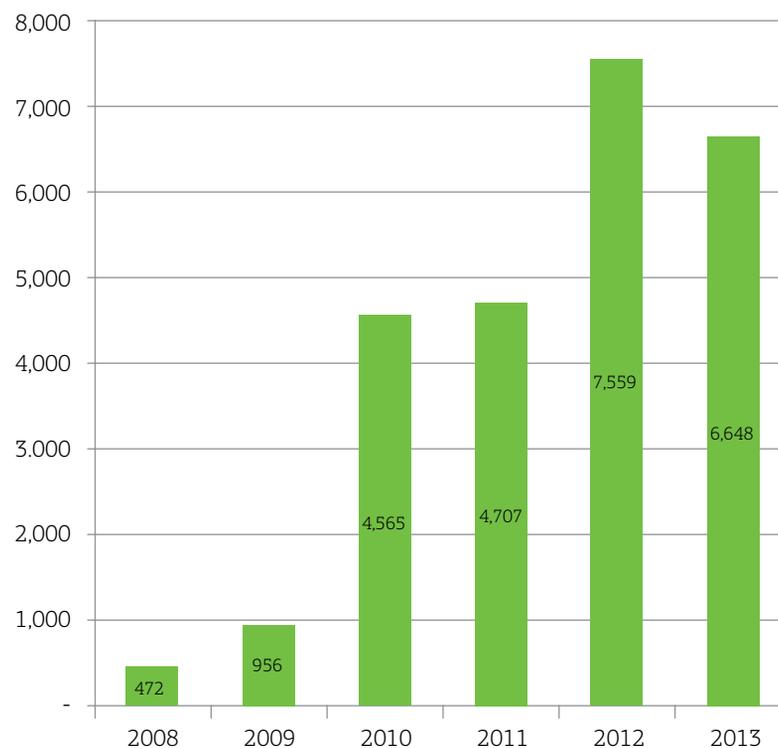
The year 2013 was fruitful in terms of strengthening the relationships with the distributors of the foreign manufacturers of appliances and electronics, industrial equipment and cars.

The Bank continues active cooperation under various partner agreements with the vendors while at the same time applying trade finance

instruments to deliver quality customer service, thus minimizing their costs and risks associated with the acquisition of plant and equipment.

Ameriabank's leasing portfolio covers such industries as construction, food processing industry, mining, health care and trade and services.

Ameriabank's Leasing Portfolio, USD thousand



# > Factoring

Based on FY 2013 results, International Corporate Intl Magazine 2014 Global Awards named Ameriabank the Best Bank in Armenia by factoring transactions. As of the end of the reporting year, Ameriabank had a market share of 47.3% by the volume of factoring transactions thus becoming a leader on the factoring market of Armenia.

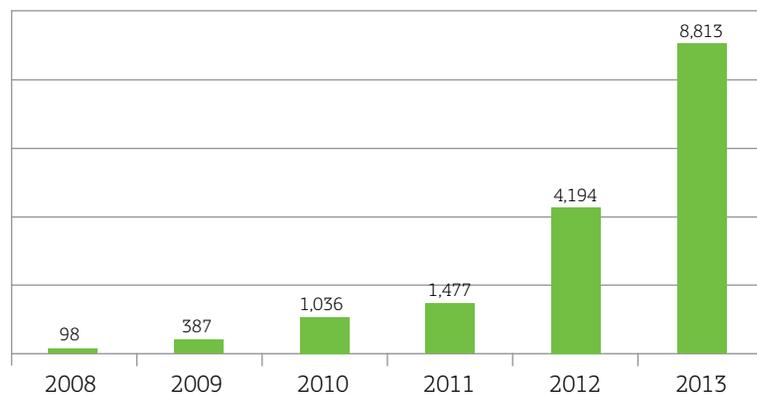
FY 2013 results show that Ameriabank's

factoring transactions saw solid increase both on the local and international factoring markets. In January 2013, Ameriabank joined Factors Chain International, a major global factoring network. This membership enabled the bank clients to find new partners from about 80 countries and enter new markets worldwide. In 2013, the volume of the Bank's factoring transactions continued increasing.

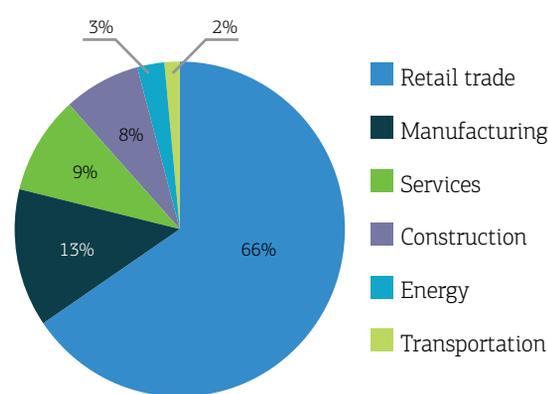
- The total value of receivables assigned under the factoring schemes to Ameriabank nearly doubled in 2013 to USD 30.7 million (AMD 12.5 billion) vs. USD 16.8 million (AMD 6.8 billion) in 2012.

- According to the data as of the end of 2013, the Bank's active factoring portfolio made USD 8.81 million (AMD 3.57 billion), nearly twice as much as in 2012 (USD 4.19 million/AMD 1.68 billion).

Ameriabank's Factoring Portfolio, USD thousand



Ameriabank's Factoring Portfolio by Sectors in 2013



In the scope of factoring finance Ameriabank closely cooperates with major wholesalers, industrial enterprises and public services providers. 77% of the bank's factoring transactions fell upon the domestic market vs. 23% of international transactions. Recourse factoring

transactions in the reporting period accounted for 42% of total factoring deals vs. 58% non-recourse factoring. In 2013, Ameriabank channeled funding through factoring into such sectors of the economy as imports and wholesale trade, construction, transportation, manufacturing,

electricity, services, etc. Along with most flexible terms of factoring schemes offered by the bank, the bank continues to offer non-standard solutions and demonstrates an individual approach to each client while following best international practices.



***Suren Kocharyan, Head of Trade Finance Division***

*Freedom is a condition when you may freely communicate with people, joke freely, think freely, rest freely and work freely, balancing between the inner and external restrictions. The strongest feeling of freedom comes over me when I am fishing: alone with the nature, face to face with the infinite sky and water.*

# > Trade Finance

## Payment Instruments and Special (Escrow) Accounts Unit

The Bank has received awards from prestigious international organizations due to the significant amount of issued letters of credit and guarantees and the high quality of service.

For the second time in a row Ameriabank was named the «Best Trade Finance Bank in Armenia» by GLOBAL FINANCE. As a market leader by the volume of issued letters of credit and guarantees, the Bank was named the most active issuer in Armenia by EBRD and became the first bank in Armenia to receive a confirming bank status under the TFP by EBRD. In 2013, for the third time in a row Ameriabank won awards for excellent

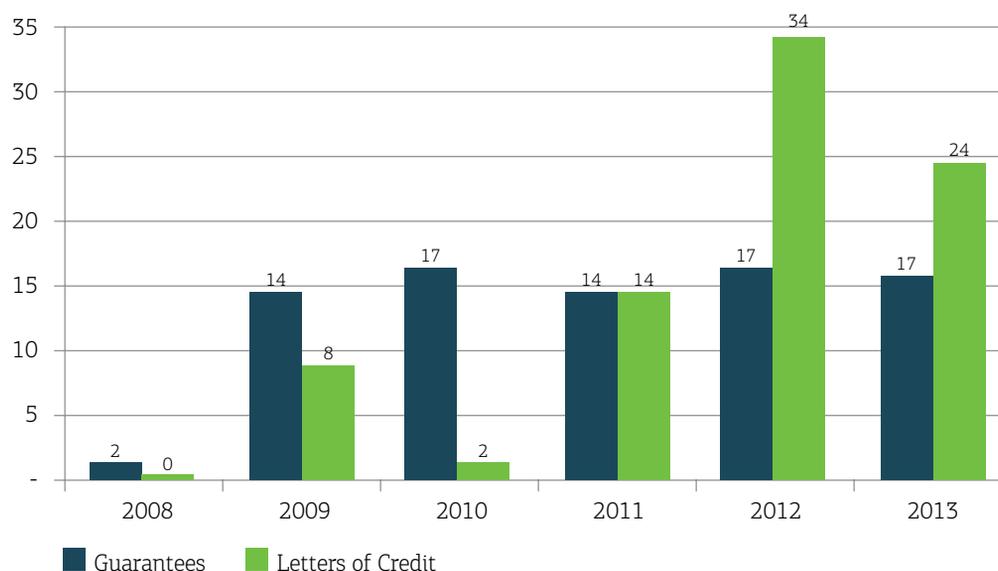
cooperation in trade finance from Commerzbank. The year 2013 stood out for Ameriabank due to a series of important projects for various sectors of Armenian economy, including telecom, mining and agriculture (financing of greenhouses). Thanks to the funds raised for LC issuance, the Bank, in cooperation with IFC, EBRD and a number of prominent commercial banks, provides long-term financing at the below-market rates to support import transactions. The number of bank guarantees issued by Ameriabank in 2013 increased by 116%, with the number of LCs up by 31%. The total value of LCs issued by the Bank in 2013 totaled nearly USD 17.5 million, the value of

bank guarantees made USD 16.6 million, up by 23% Y-o-Y.

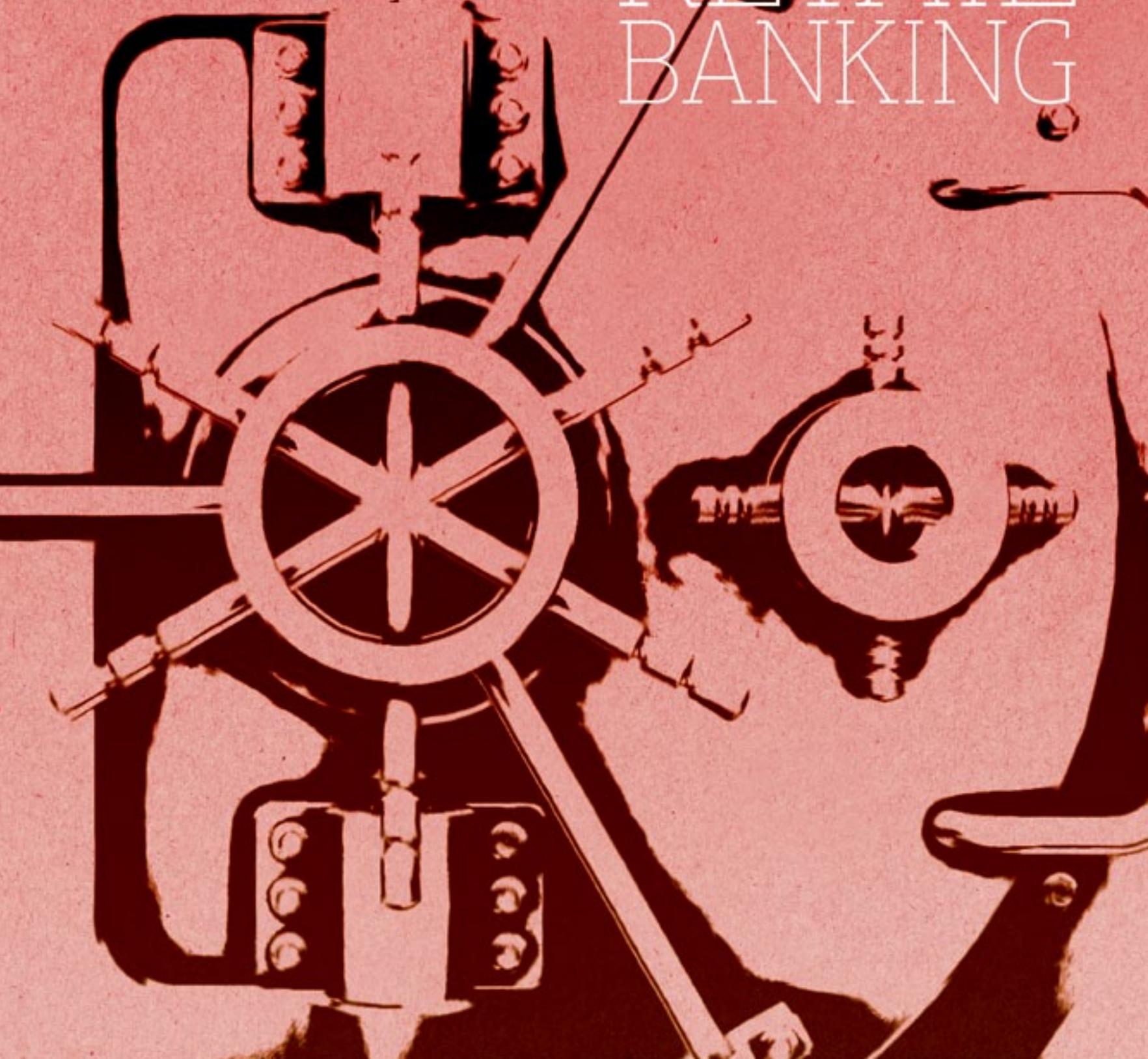
The portfolio of export LCs reported a 16% increase to USD 15.6 million. The Bank was very active in discounting and financing export LCs with the total value of more than USD 10 million, in order to promote exports.

During 2013 Ameriabank provided funding to trade both by issuing payment instruments and servicing export operations and providing direct financing of import and export transactions of local manufactures by raising funds from the leading global banks. Specifically, in 2013, the total limit obtained by Ameriabank from major commercial banks and IFIs went beyond USD 110 million.

Volume of Guarantees and Letters of Credit Issued by Ameriabank, USD million



# RETAIL BANKING



Being one of the most important strategic priorities for the Bank, the development of retail business has been at the center of our close attention for three years now. The Bank has fully revised its payment card issuance and use fees and the general tariffs to improve its competitiveness and ensure utmost convenience for its clients. The client base increased by 19.2% over 12 months.

We employ a comprehensive and individual approach to every client. This principle refers both to our corporate and the retail banking businesses.

The Bank opened 1 new branch and re-launched 1 existing one to ensure easy access to its services:

- In February we launched Sayat-Nova Branch.
- The branch office in Stepanakert moved to new premises which greatly stimulated the business activities.

To attract and develop HNWI clients, the Bank launched Ameria Partner package, including a number of benefits especially for the clients with the «Partner» status, such as superior customized service at Ameriabank, complimentary VISA Infinite card opening infinite opportunities and

privileges, access to VIP lounges at the airport, an opportunity of exclusive shopping at the top-notch boutiques, exclusive insurance package, organization of luxury events, individualized service at one of the best fitness clubs in Armenia, as well as an opportunity to benefit from the consulting services offered by Ameria Group companies.

In 2013, 50 clients were granted the «Partner» status. The Bank issued 96 VISA Infinite cards. The total value of Partner/Premium clients' deposits increased from USD 50 million to 95 million, up by 90% over a 12-month period.



**Arman Barseghyan**, Retail Banking Director

*Freedom is when you live, work and rest in conformity with your own wishes, requirements and values. The freedom, however, has bounds. Whenever the freedom of one person breaks out as injustice for some other person, it becomes infringement upon the freedom of that very person. I don't have any specific symbols of freedom but the personification of freedom, for me, is Christ. He lived as he deemed right and never abandoned his values.*

## > Retail Lending

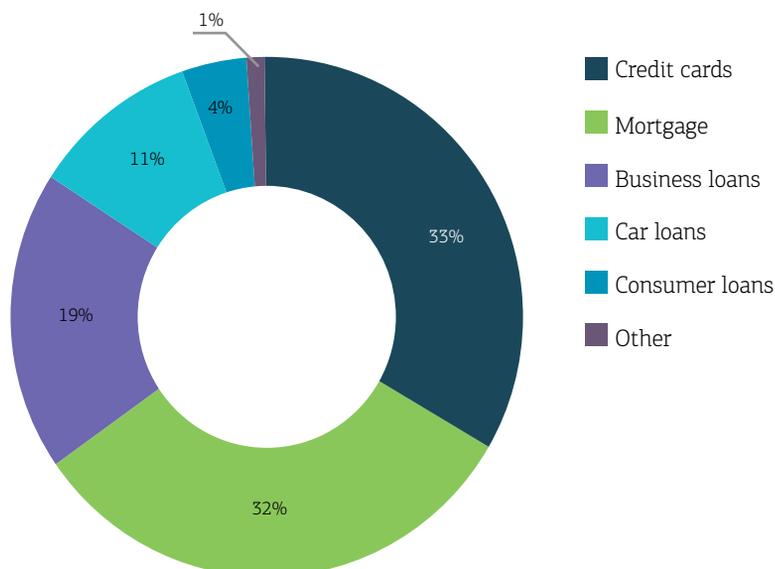
To ensure utmost client satisfaction and superior quality we have streamlined the retail lending procedure with as few as possible documents required and client applications handled within the shortest possible terms. As of December 31, 2013, the balance of the loans and advances to individuals totaled the equivalent of USD 77.6 million, up by 25.6%.

In 2013, the share of business loans in the total retail lending portfolio of Ameriabank accounted for nearly 18.6%. The Bank's clients have a high demand for loans issued on credit cards. The share of such loans was 33.1% in the total retail loan portfolio.

In 2014 the bank intends to revise the terms of retail lending to make them more flexible such

as offer wider options of interest rate, pledge, repayment schedule, insurance, etc. to choose. From May to September the Bank offered its clients «Simple and Fast» package enabling them to get a loan very quickly avoiding some of the fees. «No percent until the year-end» campaign ran from October to December, making the offered loan facilities even more attractive.

Breakdown of Ameriabank's Retail Portfolio in 2013





***Irina Abrahamyan, Head of Retail Credit Division***

*Freedom is a possibility to implement all your wishes, whether in work, personal life or relationship with friends. For me, the symbol of freedom is a lion. He is strong and independent and seems to have freedom embedded in his manners.*

## Dynamics of Ameriabank's Retail Lending, USD thousand

	2008	2009	2010	2011	2012	2013
Loans to individuals	18,963	20,877	39,324	57,839	62,131	77,609
Mortgage loans	5,604	5,486	14,480	19,198	22,972	25,270
Credit cards	2,864	5,922	11,389	15,055	17,694	25,699
Retail business loans	0	0	3,028	14,863	11,920	14,431
Car loans	9,500	7,967	6,765	6,141	6,650	8,283
Consumer loans	910	1,394	3,111	1,712	1,774	2,918
Other loans	86	110	550	870	1,120	1,007
Provision for impairment	-	-259	-454	-677	-407	-513
<b>Total net loans</b>	<b>18,963</b>	<b>20,619</b>	<b>38,870</b>	<b>57,162</b>	<b>61,723</b>	<b>77,096</b>

### Car Loans

The car loan portfolio of Ameriabank as of December 31, 2013, accounted for 10.7% of the total retail loan portfolio (USD 8.3 million). In 2013, the number of car dealers the Bank cooperated with was 14. Ameriabank is one of the most active banks in Armenia by this indicator. The Bank offers car loans for the purchase of cars both on the primary market and the secondary market. The minimum down payment is 5% of the car value and

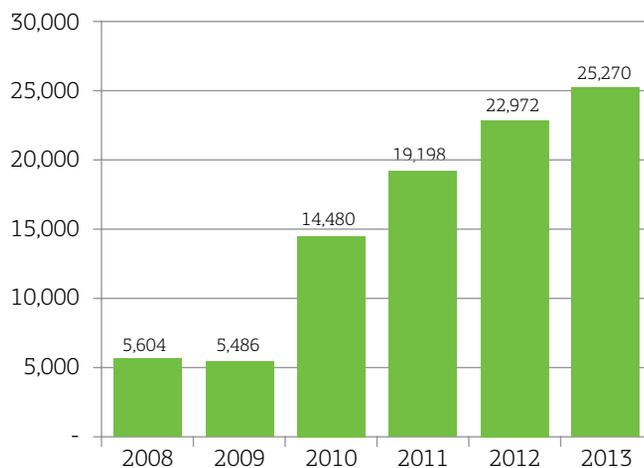
depends on various parameters and the level of the client's creditworthiness. Moreover, the Bank has not set any restrictions on the minimum or maximum amount of car loans. The loan amount is calculated based on the ratio of loan to the value of the collateral (LTV).

### Mortgage

The mortgage loans have a share of 32.6% in the total retail lending portfolio of

Ameriabank. In 2013, the volumes of the mortgage portfolio increased by 10.6% to AMD 10.3 billion (USD 25.3 million). In 2013, the Bank provided 169 mortgage loans to a total value of USD 9.6 million. The product range of Ameriabank's mortgage loans is designed so that any client has a choice of terms and conditions customized to their needs. Ameriabank's mortgage loans are unique in the market and the demand for them is constantly increasing.

### Ameriabank's Mortgage Loans, USD thousand





***Andranik Khachatryan, Yerevan Branches Manager***

*I don't think freedom is wearing flashy clothes or behaving as you choose. I feel truly free when while doing my job I am empowered to choose from a variety of options. The ultimate freedom is having completed your work tasks and going home with clear conscience to reap the rewards of the work done.*

While expanding the scope of retail lending, Ameriabank also conducts rigorous monitoring of the whole lending process, thus ensuring the high quality of the retail loan portfolio.

At the end of 2013, the ratio of overdue consumer loans did not exceed 1% of the total loan portfolio of this type, which is below market average in Armenia. In order to improve the efficiency of retail

lending programs and to reduce credit risk, the Bank applies not only its own scoring system for decision-making, but also a scoring system of "ACRA" private credit bureau (ACRA Credit Reporting).

The table below provides information on the quality of loans to individuals as of December 31, 2013 (in USD thousand).

31/12/13	Gross loans (before impairment allowance)	Impairment allowance	Net loans (after impairment allowance)	Impairment allowance to gross loans, %
<b>Loans to retail clients</b>				
Standard	75,882	443	75,439	0.6%
Overdue	1,726	70	1,656	4%
<b>Total loans to retail clients</b>	<b>77,609</b>	<b>513</b>	<b>77,096</b>	<b>0.7%</b>

## > Payment Cards

Developing of payment card business is in the forefront of Ameriabank's activities, with the cards yielding a considerable part of Ameriabank's fee and commission income. According to 2013 results, 41.2% of the Bank's fee and commission income (38.3% in 2012) was generated by payment cards, demonstrating an increase by 14.52%.

Ameriabank seeks to provide maximum convenience to its clients by implementing a service model that would allow them to use the full range of services. In particular, access to information about all client accounts, deposits, loans, and other operations is available for clients 24/7 via online banking system. In 2013, the total number of cards issued by Ameriabank increased by 31.1% to 51,185. Along with local payment ArCa cards, the Bank also issues and services international MasterCard and Visa cards. Ameriabank is a principal member of Visa International since July 2008.

In Q3 2013, the Bank started issuing Visa Infinite card designed to meet the needs of America Partner clients.

Starting from 2011 the Bank offers Visa Gift cards for individuals and ArCa customs cards for businesses allowing them simplified payments of customs duties at all customs terminals of Armenia. Both products were quite popular among customers in 2013, with 794 Visa Gift cards issued during the reporting year.

All Ameriabank cardholders have the opportunity of getting discounts at more than 130 retailers in Armenia.

- In 2013, Ameriabank issued 19.1 thous. new payment cards, including 12.3 thous. VISA cards, 2.0 thous. MasterCard cards and 4.8 thous. ArCa cards.

- In 2013, the Bank issued 816 Gold cards, 189 Platinum cards and 96 Infinite cards.

- In November 2013, Ameriabank and Ucom launched a joint project. Both companies joint their efforts to issue a cobranded credit card with preferential terms offering Ucom's loyal users a unique opportunity to a get a line of credit at an annual interest rate of 6%. The maximum credit limit is AMD 400,000. There is no hassle with additional documents and the service fee is not charged. In 2013, 500 Ameriabank-Ucom cobranded cards were issued.

- Since 2012, Ameriabank and Yerevan City supermarket chain have been issuing cobranded credit cards. According to 2013 results, the total number of cards amounted to 1,491. The cards combine advantages of the two leading companies and are provided to loyal customers of «Yerevan City» for purchases at the retailer locations.

Ameriabank intends to expand its business of co-branded cards and has planned to implement co-branding projects with other companies in 2014.

Total turnover on payment cards during the reporting year totaled AMD 76.1 billion (USD 185.9 million) vs. AMD 72.9 billion (USD 181.7 million) in 2012.

Along with the expansion of the payment card business, Ameriabank pursues coherent policy aimed to promote noncash transactions which are gaining momentum in Armenia. In particular, the growth of the total volume of noncash transactions with Ameriabank's cards in 2013 outpaced that of cash transactions. The POS sales with Ameriabank's cards grew by 41.37% over 2012 level, while the cash withdrawal transactions through ATMs and POS-terminals increased by 17.97%.

Focused on development of lending and card products, Ameriabank organized a series of marketing campaigns in 2013, aiming to promote retail business loans (financials available in the Business Lending section) and card products.

The Bank held a series of marketing campaigns together with VISA and MasterCard international systems aiming to boost the number of cards and volume of card transactions. 14 of the most active cardholders were awarded with tablets under the joint campaign with MasterCard.

From October to December 2013, the Bank ran a large-scale campaign following «No percent until the year-end» slogan and enabling the clients to get a card with no service fee.

Late in 2013 the bank launched a new campaign designed especially for doctors. Highly valuing the important role doctors play in our life, we offered them to get lines of credit with preferential terms.

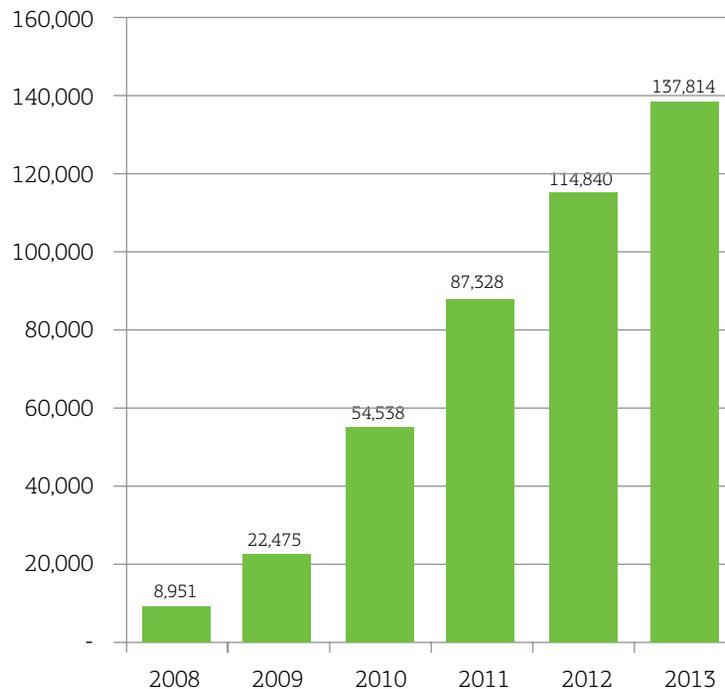
Ameriabank also continues its active operations in the credit card market. Credit cards have a share of 28.5% in the total retail loan portfolio

of the Bank. Over 2013, the volume of loans on credit cards (including used parts of overdrafts and lines of credit) increased by 23% to a total of AMD 7.1 billion (USD 17.7 million).

Ameriabank was also focused on the development of relevant infrastructure which had its positive impact on the development of card products and programs. Ameriabank

not only expands its service network, but also optimizes the net by installing ATMs and POS-terminals in places that are most in demand among clients for their utmost convenience. According to 2013 results, the total turnover through Ameriabank ATMs went beyond the equivalent of USD 137.8 million (AMD 46.3 billion).

Total Turnover through Ameriabank ATMs, USD thousand





**Hrach Malkhasyan**, *Regional Branches Manager*

*When a person is self-sufficient and in harmony with his own self, he is free. I don't think, though, that we can be absolutely free: we all have restrictions and responsibilities to other people. And that's for the better.*

# > Salary Projects

During 2013, we launched a new scheme of opening, servicing and monitoring of salary projects aimed to improve salary projects-related business processes, increase their management efficiency and deliver utmost convenience to the companies cooperating with the Bank. Particularly, we simplified and streamlined the process of providing the list of fees and rates to the potential clients, minimizing dramatically the time and resources spent on negotiations,

formalization of required documents and issuance of bank cards under the projects. We developed and implemented standard package offerings at preferential rates, customized to the specifics of the client's industry, number of employees at the company, average salary and the company's needs. Overall, the tariffs under the existing salary projects were also improved in line with the principles of the standard package offerings, once again emphasizing

the Bank's commitment to the strategy of continuous improvement of the service quality. While ongoing contact with our clients is a top priority for the Bank, we held multiple meetings and presentations on salary projects both with the existing and potential clients to gain precise understanding of their needs and requirements. As a result, in 2013, the Bank opened 154 new salary projects, issued 11,524 new cards and 3,776 lines of credit.

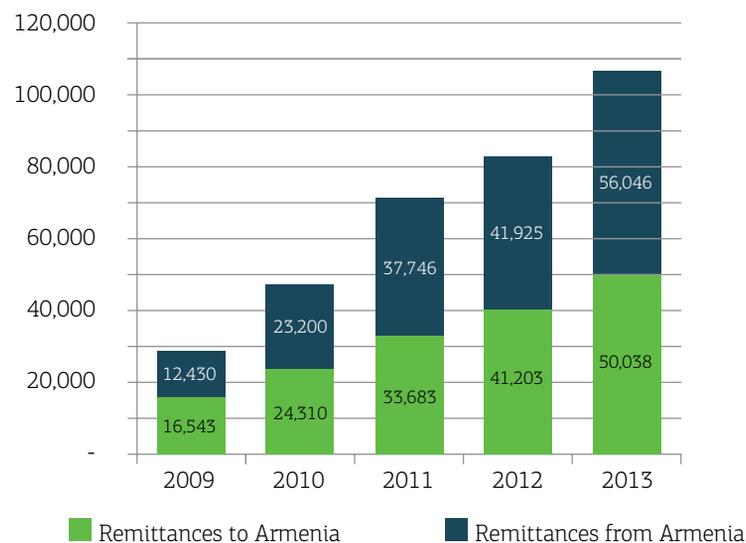
# > Money Transfers

In 2013, the Bank was cooperating with 4 international money transfer systems: MoneyGram, Unistream, InterExpress and Bystraya Pochta. During the first half of 2013, the Bank joined Unistream and terminated

its cooperation with two 2 other systems: InterExpress and Bystraya Pochta. The Bank considers cooperation with other payment systems as well. In 2013, the total turnover of private money

transfers through the Bank increased by 27.6%, amounting to the equivalent of USD 106.1 million, 50.0 million of which were transfers from abroad to Armenia, and 56.1 million accounted for transfers from Armenia.

Total Turnover of Individual Money Transfers through Ameriabank, USD thousand



The total turnover of private money transfers through international money transfer systems

in 2013 totaled nearly USD 8.2 million, with the incoming remittances amounting to nearly

USD 4.7 million and the outward remittances reaching USD 3.5 million.

# INVESTMENT BANKING AND TRADING OPERATIONS



The client base of this business unit is gradually increasing thanks to the high level of professionalism of the seasoned team with

international experience. To make an informed decision, clients can benefit from professional services rendered by specialists of not only

the Bank, but also the rest of Ameria Group companies specializing in the investment business.

## > Financial Institutions

Being focused on active development and expansion of the volume of financing instruments, and improving SME access to long-term investment instruments, Ameriabank thereby facilitates the development of the financial and economic sectors of Armenia.

Maintaining and building new strong and long-term business relationships with partners and customers is a top priority for the Bank in the accomplishment of the set goals.

In 2013, the Bank started to cooperate with Austrian Development Bank (OeEB),

PROPARCO, a French development financial institution, and the Black Sea Trade and Development Bank (BSTDB). Besides, in 2013, the Bank held successful negotiations and entered into mandate agreements with strategic partners-investors to attract subordinated loan facility aimed at strengthening its Tier 2 capital.

By the end of year 2013, the aggregate portfolio of attracted funds from international financial organizations and development institutions reached USD 300 million\*, including funds raised from the International

Finance Corporation (IFC), Netherlands Development Finance Company (FMO), German Investment and Development Company (DEG), European Bank for Reconstruction and Development (EBRD), Eurasian Development Bank (EDB), Asian Development Bank (ADB), Austrian Development Bank (OeEB), Proparco French Financial Development Agency and the Black Sea Trade and Development Bank (BSTDB). The list of investors however is not limited to IFIs only. Major multinationals, such as Citibank, Commerzbank and BNP Paribas are among the Bank's investors as well.

## > Corporate Finance

One of the most important aspects of a modern customer-centric organization is being a reliable and professional partner and an advisor in all stages of its customers' evolution. Thanks to this approach the Bank grows into a reliable strategic partner for the clients, satisfying their corporate finance needs of

various calibers. The Bank clients have an easy access to informed strategic advice and comprehensive financial solutions offered by the Bank's corporate finance team having vast experience in corporate finance and profound local market knowledge. In 2013, the Bank executed loan agreements

for an aggregate amount of USD 42 million to expand its opportunities of providing required financing to the clients.

Within the same period mandate letters and term sheets of more than USD 75 million were successfully negotiated.

\* including trade finance



**Arno Mosikyan, Investment Banking Director**

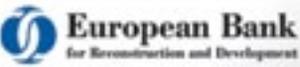
*Freedom is the right to make multiple choices in accordance with your creed and values. The ability to be different is yet another demonstration of freedom. It's not only being different in the way you look, but the way you think, too. I experience this feeling of freedom when I look at the space images taken by NASA.*

# > Capital Markets

Despite the still embryonic state of capital market in Armenia, Ameriabank offers a full range of services for debt and equity capital markets participants, including underwriting, IPOs/SPOs, market making services and corporate finance advisory. Ameriabank retained its leading role in the debt capital market of Armenia by acting as a

lead manager for the placement of the bonds issued by SAS Group LLC, International Finance Corporation (IFC) and European Bank for Reconstruction and Development (EBRD). The issuance and placement of IFC's and EBRD's AMD-denominated bonds were first-of-its-kind projects in the Armenian market, offering AAA-rated debt securities outlining net credit risk and

yield of AMD-denominated investments. Ameriabank not only is a strong advocate of the capital market development in Armenia, but takes major efforts to propel its development. We believe in the future of the local equity and debt capital markets and plan to launch new ECM/DCM projects in 2014 for the benefit of both issuers and investors.



Leading International Financial Institution

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**BONDS ISSUED**  
**AMD 2.000.000.000**

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JOINT LEAD MANAGER AND MARKETMAKER  
**AMERIABANK**

JANUARY 2014



Leading International Financial Institution

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**BONDS ISSUED**  
**AMD 2.000.000.000**

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JOINT LEAD MANAGER AND MARKET MAKER  
**AMERIABANK**

DECEMBER 2013



One of the leaders in Retail market in South Caucasus

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**BONDS ISSUED**  
**USD 7.000.000**

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UNDERWRITER AND MARKET MAKER  
**AMERIABANK**

DECEMBER 2012



One of the leaders in Import of building materials and heating systems in Armenia

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**BONDS ISSUED**  
**AMD 1.000.000.000**

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UNDERWRITER AND MARKET MAKER  
**AMERIABANK**

OCTOBER 2008



***Shushanik Hovsepyan, Senior Associate, Capital Markets Unit***

*A free person should have free mind: think differently, determine his own destiny and have his own opinion. From time to time we are tempted to borrow others' principles and their views of freedom. For me, anyone who makes his own choice how to live, even if it looks like slavery, is much freer than many others.*

# > Mergers and Acquisitions

Ameriabank's M&A practice is providing investment advisory services to enterprises and investors needing advice on sale, acquisition or merger of companies.

In addition, the Bank is offering a wide range of M&A advisory services, including corporate restructuring, business valuation and client's due diligence.

Our practice is leveraging the local market knowledge, industry practice and professional expertise gained over 17 years of operations by Ameria Group.

In 2013, the Bank reinforced its leadership position on the market within two core M&A business lines: buy-side/sell-side advisory and valuations. According to the year-end results, the Bank recorded increase both in

the number of clients and income from this kind of operations.

In 2013, we were more active in the finance sector, food processing (including production of wines, brandy and soft drinks), mining and hospitality industries.

One of our flagship projects in 2013 was closing of the acquisition of Cascade Investments CJSC by Ameria Asset Management (formerly Ameria Invest), a member of Ameria Group of Companies. Cascade Investments was one of the oldest investment companies which had pioneered asset management products in Armenia.

The Bank's continuous study of various industries enables it to identify major and most active market players and opportunities for M&A transactions.

This year the Bank has worked both with privately held local companies and major international companies listed on the major stock exchanges worldwide.

Still a developing country, Armenia has a rather strong outlook for development in the midterm. In the wake of the expected accession of Armenia to the Customs Union with Russia, Kazakhstan and Belarus, we anticipate a surge in the investments between these countries and see opportunities for growth of M&A services in Armenia, including transboundary transactions.

Overall, we believe Ameriabank remains the largest M&A advisor in the local market in terms of both the number of M&A projects and the income from this kind of operations.



**Arthur Babayan, Trading Director**

*When a person makes a choice, that is, exercises the freedom to choose, he assumes certain responsibility for his actions. This is why many people shy away from freedom: they are afraid to take responsibility. Horace said, "Cease to inquire what the future has in store, and take as a gift whatever the day brings forth". This saying becomes increasingly popular but in my opinion it is one of the least wise. Freedom is striving for the impossible, it is an engine of progress and evolution. In my opinion, the meaning of freedom was best defined by Bel Kaufman in her novel "Up the Down Staircase". It reads: "But a man's reach should exceed his grasp, or what's a heaven for".*

## > Trading

According to FY 2013 results, Ameriabank ranked 1st in the local market by FX and gold transactions vs. 5th in 2012, and 2nd by investment and trading operations vs. 7th in 2012 due to the increase in the gain from FX transactions and investment into non-government securities.

In 2013, the net income from trading (foreign exchange, gold and securities) recorded solid increase by 91.6% vs. 19.6% bank average. The share of trading income in total operating income of Ameriabank was 13.3% vs. 11.2% bank average.

In 2013, foreign exchange activity of Ameriabank's clients outstripped the bank average. Thus, the ratio of the bank's foreign exchange income to client's accounts (loans + liabilities) was 0.57% vs. 0.51% market average. In 2013, Global Finance recognized Ameriabank as the Best Foreign Exchange Provider in Armenia 2013.

In 2013, Ameriabank entered the market of Armenian eurobonds and stepped up its investments in the market of non-government securities: by the close of 2013, the Bank ranked 2nd in Armenian banking sector by volumes of

investments into non-government bonds. The clients who use the Bank's brokerage services were offered new opportunities:

- The Bank launched the mobile version of Ameria Global Trading software enabling its clients to trade securities on international financial markets by means of MAC- and Android-powered mobile devices (iPhone, iPad).
- Now the Bank clients may try a demo version of Ameria Global Trading by sending an online request.
- More flexible and reduced fees and rates to encourage active traders.



AMERIABANK  
STRATEGIC  
GOALS AND  
PLANS FOR 2014

Our strategic goal for the nearest 3 years is to become a truly universal bank.

Committed to its strategy, since 2011, the Bank has been on track to expand the sectoral and geographical footprint of its operations, as well as to enhance and diversify the client base.

Along with it, Ameriabank considers all the existing and potential opportunities and barriers that are driven by the toughening competition and the economic background in the country and worldwide.

- Timely and precise assessment of the situation, evaluation of the existing and potential realities of the external environment, assessment of own resources and the opportunities on the way to achieving the set goals are in the forefront of the Bank's activities supporting it in facing the challenges posed by the volatile world. The gradual recovery of the global economy is expected to speed up the real GDP growth rates in Armenia in the midterm.

Economic growth in Armenia in 2014-2017 is projected at 4.5-5.5%.

Manufacturing and services are expected to become the main catalysts for the economy growth, with their share in the GDP up from 50% to 60% (similar forecasts by WB).

At the same time, weakening of the Russian economy may give rise to certain risks in 2014. The Ukraine crisis, devaluation of the Russian ruble, the EU and US sanctions against Russia may have a negative impact on the Armenian

economy, first and foremost bringing about the following consequences:

- reduced demand for exports,
- influence of the weak Russian ruble on the remittances made by the Armenian expatriates in Russia,
- freezing or suspension of investment projects.

Due to persistently low prices on the international consumer market and stable gas prices driven by the agreement with Russia, the inflationary pressures in Armenia will be subdued.

As a result, the projected inflation rate in Armenia is 4.5 in 2014 and 4% in 2015 (according to the WB forecasts, this indicator in Armenia may stand even at 2.5% in 2014).

Economic vulnerability remains a serious challenge for Armenia due to its lack of diversification and the high degree of centralization of markets. With the deterioration of the economic situation in Europe and Russia, the major trade partner countries of Armenia, the symptoms of the economic downturn will quickly spread over to Armenia. At the same time, having a limited market, Armenia cannot objectively provide a high level of competitiveness, particularly in the absence of the regional market and the limited access to the markets of neighboring countries.

In 2014, the business environment surrounding Ameriabank will be characterized by the following trends and factors:

- Uncertainty driven by the economic situation in Russia and crisis in Ukraine poses certain risks for some industries in Armenia and affects the volume of private money remittances.

- The expected new increase in the price of gas supplied to Armenia, which may lead to a slowdown in economic growth

- Implementation of large investment projects in road construction and infrastructure

- Further development of export-oriented industries, such as mining, metal production, the diamond industry, energy, food and drinks

- Increased competition among banks and surge in the activities of small and mid-sized banks

- Growth of financing needs of enterprises and households

- Active development of SMEs through bank financing

- Uncertainty in some segments of financial market, especially, in the development of pension reforms

- Stimulation and development of capital markets

Under these circumstances of business environment development, financial organizations are likely to face new challenges and problems:

- strengthening of non-price competitive factors (service quality, relationships with clients, reliability, etc.),

- further development of distance banking and modern technologies,



**Hovhannes Toroyan**, Head of Strategy Development Unit

*Ultimate freedom doesn't exist, every person is restrained by his physical and mental abilities. If someone claims he is completely free, it may even be dangerous, meaning this person is not truly aware of his own capacities. The best way to become free is to find a happy medium. But if we mean perceptions, sometimes people do feel ultimately free. I guess, this is the feeling I'll have when I ascend Mount Ararat.*

- implementation of new infrastructure solutions,
- hyperliquidity impeding profitability growth,
- geographic disproportion of lending,
- lack of trust in SMEs as an obstacle to the development of the cooperation while lending,
- increased competition in lending to more promising industries,
- expansion of the product range in response to the growing needs of clients to ensure their comprehensive service,
- optimization of the risk assessment system,
- difficulties in attracting foreign capital,

respectively, higher cost of the resource base. Furthermore, the economic problems in Russia and partner countries may lead to the decline in the demand for the output of Armenian exporters, affecting the effective demand for loan facilities and deterioration of the loan portfolios at banks. Banks and credit organizations are expected to channel their financing mainly into small and medium businesses and private entrepreneurship. According to the forecasts, the expected increase in the consumption volumes will lead also to more active consumer lending. Under these circumstances of the business environment development and the new challenges faced by the financial institutions, Ameriabank's development strategy involves the expansion of areas of activity and active market entry into retail services. As a leader in corporate banking, Ameriabank will strengthen its long-term partnership with corporate clients by offering integrated innovative solutions. Among its important objectives Ameriabank sees further improvement of service quality, ensuring best customer experience and the ability to meet the needs of a larger group of clients.

The Bank intends to ensure high quality service in line with international standards and effective management system that will guarantee a sustainable and long-term development.

Among Ameriabank's strategic objectives for 2014-2017 are:

- strengthening its position as a universal bank equally accessible to both corporate and retail clients,
- improving service quality and expanding the range of new banking products, becoming local market leader by service quality,
- moving closer to clients and becoming more accessible, including via innovative infrastructural solutions,
- developing and implementing new financial solutions, banking technologies and innovations,
- improving attractiveness to the small and medium-sized enterprises,
- expanding the scope of cooperation with representatives from Armenian Diaspora,
- expanding to regional markets.

Among the financial priorities for the Bank are:

- staff development and motivation,
- rapid and steady growth,
- outpacing growth of key indicators as compared with other market players,
- achieving leadership by key indicators and becoming the largest bank in Armenia by assets,
- ranking in the top three banks by financial efficiency (ROA, ROE),
- increasing the share of non-interest income in the total income of the Bank due to the introduction of new products.

The Bank will continue to work towards expanding and improving infrastructure and strengthening its market position, which presumes:

- expanding the branch network in the economically active areas,
- implementing and developing new infrastructure-related solutions (distance banking),
- introducing new tools for investment banking services.

Following its development strategy, by the end of 2017 the Ameriabank plans to strengthen its role as a key player in the Armenian banking sector. To accomplish the set goals and fulfill its mission, in 2014 Ameriabank intends to:

- ensure growth of its financial performance by an average of 20-25%,
- conduct intensive staff training,
- continue introducing innovative financial solutions,
- further develop the retail business,
- intensify cooperation with small and medium-sized businesses,
- increase customer loyalty by offering new innovative solutions to boost client development,
- expand the geographical coverage of its client base,
- promote the development of the capital market in Armenia, providing services in M&A and asset management,
- increase a stable and low-cost resource base,
- continue the efforts to raise funds from international financial institutions, with focus on key sectors, such as:
  - small and mid-sized businesses,
  - renewable energy.

In 2014, Ameriabank plans to increase lending to private entrepreneurs and SMEs by 75%. This growth will be achieved both through its own resources and partner IFI funds, of which the Bank plans to raise USD 30-40 million.



FINANCIAL  
STATEMENTS  
AND  
INDEPENDENT  
AUDITORS  
REPORT



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# Independent Auditors' Report

## To the Management Board Ameriabank cjsc

We have audited the accompanying financial statements of Ameriabank cjsc (the Bank), which comprise the statement of financial position as at 31 December 2013, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

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

## Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Andrew Coxshall**  
Director



KPMG Armenia CJSC  
6 March 2014

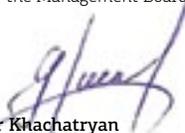
# Ameriabank CJSC

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2013

	2013 AMD'000	2012 AMD'000
Interest income	22,769,407	20,733,752
Interest expense	(11,110,094)	(9,858,731)
<b>Net interest income</b>	<b>11,659,313</b>	<b>10,875,021</b>
Fee and commission income	2,055,424	1,681,813
Fee and commission expense	(413,461)	(396,336)
<b>Net fee and commission income</b>	<b>1,641,963</b>	<b>1,285,477</b>
Net gain (loss) on financial instruments at fair value through profit or loss	146,439	(549,771)
Net foreign exchange income	1,821,577	1,191,890
Net gain on available-for-sale financial assets	146,423	41,900
Other operating income	796,365	352,136
<b>Operating income</b>	<b>16,212,080</b>	<b>13,196,653</b>
Impairment (losses) reversals	(1,959,550)	395,529
Personnel expenses	(3,391,800)	(3,085,155)
Other general administrative expenses	(3,173,969)	(2,922,794)
<b>Profit before income tax</b>	<b>7,686,761</b>	<b>7,584,233</b>
income tax expense	(1,629,573)	(1,546,795)
<b>Profit for the year</b>	<b>6,057,188</b>	<b>6,037,438</b>
Other comprehensive income, net of income tax		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
<i>Revaluation reserve for available-for-sale financial assets:</i>		
• Net change in fair value	492,653	13,249
• Net change in fair value transferred to profit or loss	(117,138)	(33,520)
<b>Total items that are or may be reclassified subsequently to profit or loss</b>	<b>375,515</b>	<b>(20,271)</b>
<b>Other comprehensive income for the year, net of income tax</b>		
<b>Total comprehensive income for the year</b>	<b>6,432,703</b>	<b>6,017,167</b>

The financial statements as set out on pages 5 to 67 were approved by the Management Board on 6 March 2014 and were signed on its behalf by:

  
Artak Hanesyan  
General Director  
Chairman of Management Board

  
Gohar Khachatryan  
Chief Accountant

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of the financial statements.

# Ameriabank CJSC

Statement of Financial Position as at 31 December 2013

	2013 AMD'000	2012 AMD'000
<b>ASSETS</b>		
Cash and cash equivalents	98,815,692	57,567,215
Financial instruments at fair value through profit or loss	888,066	1,444
Available-for-sale financial assets	9,341,485	5,771,617
Loans and advances to banks	3,106,483	11,478,687
Amounts receivable under reverse repurchase agreements	8,441,159	968,852
Loans to customers	169,861,420	141,419,180
Receivables from letters of credit	8,966,815	9,700,484
Receivables from finance leases	2,696,869	3,050,756
Receivables from factoring	3,575,063	1,692,447
Held-to-maturity investments	4,247,066	7,325,533
Assets held for sale	254,192	853,782
Property, equipment and intangible assets	2,894,285	2,521,641
Other assets	1,959,501	2,702,141
<b>Total assets</b>	<b>315,048,096</b>	<b>245,053,779</b>
<b>LIABILITIES</b>		
Financial instruments at fair value through profit or loss	234,160	356,484
Deposits and balances from banks	22,935,230	23,218,961
Amounts payable under repurchase agreements	16,013,140	-
Current accounts and deposits from customers	169,942,151	126,301,847
Subordinated borrowing	59,367,736	55,426,057
Other borrowed funds	4,967,435	-
Current tax liability	502,824	307,966
Deferred tax liability	166,410	49,676
Other liabilities	2,213,277	2,620,078
<b>Total liabilities</b>	<b>276,342,363</b>	<b>208,281,069</b>
<b>EQUITY</b>		
Share capital	25,447,680	25,447,360
Share premium	28,571	28,571
Revaluation reserve for available-for-sale financial assets	417,522	42,007
Retained earnings	12,811,960	11,254,772
<b>Total equity</b>	<b>38,705,733</b>	<b>36,772,710</b>
<b>Total liabilities and equity</b>	<b>315,048,096</b>	<b>245,053,779</b>

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

# Ameriabank CJSC

Statement of Cash Flows for the year ended 31 December 2013

	2013 AMD'000	2012 AMD'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest receipts	22,149,666	20,185,390
Interest payments	(9,948,831)	(8,993,619)
Fee and commission receipts	2,055,424	1,678,144
Fee and commission payments	(413,461)	(631,339)
Net receipts from available-for-sale financial assets	146,423	41,900
Net receipts from foreign exchange	1,478,075	1,131,286
Other income receipts	796,365	373,459
Salaries and other payments to employees	(3,461,347)	(3,062,529)
Other general administrative expenses payments	(2,496,917)	(2,303,455)
<b>(Increase) decrease in operating assets</b>		
Financial instruments at fair value through profit or loss	(716,784)	52,020
Available-for-sale financial assets	(2,818,225)	(546,379)
Loans and advances to banks	7,861,085	(2,465,639)
Amounts receivable under reverse repurchase agreements	(7,455,244)	(45,618)
Loans to customers	(29,607,736)	(1,813,052)
Receivables from letters of credit	1,161,610	(9,682,825)
Receivables from finance leases	742,383	(732,252)
Receivables from factoring	(1,900,512)	(964,867)
Assets held for sale	599,590	1,380,498
Other assets	458,215	(72,176)
<b>Increase (decrease) in operating liabilities</b>		
Financial instruments at fair value through profit or loss	(163,813)	(584,781)
Deposits and balances from banks	(1,894,973)	1,804,595
Amounts payable under repurchase agreements	15,999,428	-
Current accounts and deposits from customers	46,354,734	31,665,069
Other liabilities	(859,790)	(76,120)
<b>Net cash from operating activities before income tax paid</b>	<b>38,065,365</b>	<b>26,337,710</b>
Income tax paid	(1,411,860)	(1,443,022)
<b>Cash flows from operations</b>	<b>36,653,505</b>	<b>24,894,688</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment and intangible assets	(1,051,970)	(624,980)
Sales of property and equipment and intangible assets	2,906	2,136
Proceeds from maturity of held-to-maturity investments	2,859,914	468,039
<b>Cash flows from (used in) investing activities</b>	<b>1,810,850</b>	<b>(154,805)</b>

# Ameriabank CJSC

Statement of Cash Flows for the year ended 31 December 2013

	2013 AMD'000	2012 AMD'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of share capital	(4,500,000)	(5,330,054)
Dividends paid	320	-
Receipts of other borrowed funds	8,753,144	6,710,344
Receipt of subordinated borrowing	4,870,920	-
Repayment of other borrowed funds	(5,271,574)	(2,955,023)
<b>Cash flows from (used in) financing activities</b>	<b>3,852,810</b>	<b>(1,574,733)</b>
<b>Net increase in cash and cash equivalents</b>	<b>42,317,165</b>	<b>23,165,150</b>
Effect of changes in exchange rates on cash and cash equivalents	(1,068,688)	201,208
Cash and cash equivalents as at the beginning of the year	57,567,215	34,200,857
<b>Cash and cash equivalents as at the end of the year</b>	<b>98,815,692</b>	<b>57,567,215</b>

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

# Ameriabank CJSC

Statement of Changes in Equity for the year ended 31 December 2012

AMD'000	Share capital	Share premium	Revaluation reserve for available-for-sale financial assets	Retained earnings	Total equity
<b>Balance as at 1 January 2012</b>	<b>25,447,640</b>	<b>29,691</b>	<b>62,278</b>	<b>9,232,334</b>	<b>34,771,943</b>
Total comprehensive income	-	-	-	6,037,438	6,037,438
Profit for the year	-	-	-	6,037,438	6,037,438
Other comprehensive income	-	-	13,249	-	13,249
Net change in fair value of available-for-sale financial assets, net of deferred tax	-	-	13,249	-	13,249
Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of deferred tax	-	-	(33,520)	-	(33,520)
Total other comprehensive income	-	-	(20,271)	-	(20,271)
<b>Total comprehensive income for the year</b>				<b>6,037,438</b>	<b>6,017,167</b>

AMD'000	Share capital	Share premium	Revaluation reserve for available-for-sale financial assets	Retained earnings	Total equity
Transactions with owners, recorded directly in equity	(280)	(1,120)	-	-	(1,400)
Treasury shares acquired	(280)	(1,120)	-	-	(1,400)
Dividends declared	-	-	-	(4,015,000)	(4,015,000)
Total transactions with owners	(280)	(1,120)	-	(4,015,000)	(4,016,400)
<b>Balance as at 31 December 2012</b>	<b>25,447,360</b>	<b>28,571</b>	<b>42,007</b>	<b>11,254,772</b>	<b>36,772,710</b>

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

# Ameriabank CJSC

## Statement of Changes in Equity for the year ended 31 December 2013

AMD'000	Share capital	Share premium	Revaluation reserve for available-for-sale financial assets	Retained earnings	Total equity
<b>Balance as at 1 January 2013</b>	<b>25,447,360</b>	<b>28,571</b>	<b>42,007</b>	<b>11,254,772</b>	<b>36,772,710</b>
Total comprehensive income	-	-	-	6,057,188	6,057,188
Profit for the year	-	-	-	6,057,188	6,057,188
Other comprehensive income	-	-	492,653	-	492,653
Net change in fair value of available-for-sale financial assets, net of deferred tax	-	-	492,653	-	492,653
Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of deferred tax	-	-	(117,138)	-	(117,138)
Total other comprehensive income	-	-	375,515	-	375,515
<b>Total comprehensive income for the year</b>			<b>375,515</b>	<b>6,057,188</b>	<b>6,432,703</b>

AMD'000	Share capital	Share premium	Revaluation reserve for available-for-sale financial assets	Retained earnings	Total equity
Transactions with owners, recorded directly in equity	320	-	-	-	320
Treasury shares acquired	320	-	-	-	320
Dividends declared	-	-	-	(4,500,000)	(4,500,000)
Total transactions with owners	320	-	-	(4,500,000)	(4,499,680)
<b>Balance as at 31 December 2013</b>	<b>25,447,680</b>	<b>28,571</b>	<b>417,522</b>	<b>12,811,960</b>	<b>38,705,733</b>

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

USEFUL  
INFORMATION  
ABOUT THE  
BANK



# > Useful Information about the Bank

## Ameriabank CJSC

9 Grigor Lusavorich Str., Yerevan, Republic of Armenia

TIN: 02502212

Acc. №: 103002101576

Central Bank of Armenia

SWIFT/BIC: ARMIAM22

Bank code: 15700

Phone: (37410) 561111

Fax: (37410) 513133

Email: [office@ameriabank.am](mailto:office@ameriabank.am)

[www.ameriabank.am](http://www.ameriabank.am)

## Ameriabank Branches

Cascade Branch, 6 Deghatan Str., Yerevan, 0010, Armenia

Dilijan Branch, 66 Miasnikyan Str., Dilijan, 3901, Armenia

Komitas Branch, 12 Komitas Ave., off. 102, Yerevan, 0033, Armenia

Moskovyan Branch, 48 Mashtots Ave., 2/1, Yerevan, 0009, Armenia

Qajaran Branch, 16/31 Lernagortsneri Str., Kajaran, 3309, Armenia

Shengavit Branch, 18 Bagratunyats Str., off. 112, Yerevan, 0046, Armenia

Stepanakert Branch, 24/34 Vazgen Sargsyan Str., Stepanakert, Nagorno Karabakh

Vanadzor Branch, 65 Tigran Mets Str., Vanadzor, 2021, Armenia

Sayat-Nova Branch, 8 Sayat-Nova Ave., off. 47, Yerevan, 0001, Armenia

## Key Nostro Accounts for Bank Transfers in Foreign Currencies

COUNTRY	CORRESPONDENT BANK	SWIFT	CURRENCY	31/12/13
Germany	COMMERZBANK AG, FRANKFURT/MAIN	COBADEFF	EUR	400/8866071/00
	DEUTSCHE BANK AG, FRANKFURT/MAIN	DEUTDEFF	EUR	100-9477498-00
	CITIBANK, FRANKFURT/MAIN	CITIDEFF	EUR	4117180005
	COMMERZBANK AG, FRANKFURT/MAIN	COBADEFF	GBP	400/8866071/00
Switzerland	UBS AG, ZURICH	UBSWCHZH80A	CHF	02300000069026050000V
UAE	NATIONAL BANK OF ABU DHABI, ABU DHABI	NBADAEEA	AED	6200969039
Georgia	LIBERTY BANK JSC, TBILISI	LBRTGE22	GEL	GE75LB0114253131878000
Russia	SBERBANK RF, MOSCOW	SABRRUMM	RUB	301118109000000003 71
	PROMSVYAZBANK, MOSCOW	PRMSRUMM	RUB	30111810790000021401
			JPY	30111392690000021401
			CAD	30111124790000021401
AUD			30111036590000021401	
	ALFA-BANK, MOSCOW	ALFARUMM	RUB	30111810300000000212
USA	CITIBANK N.A. , NEW YORK	CITIUS33	USD	36116208
	DEUTSCHE BANK TRUST COMPANY AMERICAS, NEW YORK	BKTRUS33	USD	04437701
Luxembourg	COMMERZBANK AG LUXEMBOURG BRANCH, LUXEMBOURG	COBALULU	XAU	1264423253940
			XAG	1264423253949
Italy	UNICREDIT S.P.A.	UNCRITMM	EUR	995/101468077
China	CHINA CONSTRUCTION BANK CORPORATION	PCBCCNBJ	CNY (RMB)	NRA31001579511050021970

