

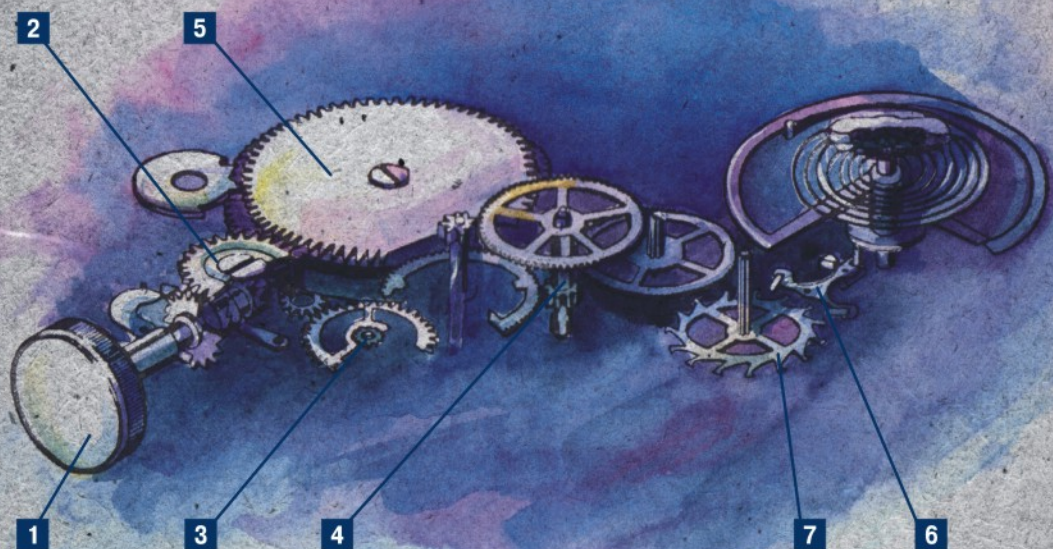


A STORY OF A MACHINE



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# ARM SWISS BANK

*Private & Investment Banking*

"ARMSWISSBANK" CJSC  
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Winding  
Each mechanism  
a driving force  
That force  
mechanism  
But initially  
an energy  
Winding

## 1 MESSAGE OF THE EXECUTIVE DIRECTOR

Dear ladies and gentlemen

2009 was a year of overcoming difficulties, as well as a year of achievements for ARMSWISSBANK. The slowdown of the economy and business activities in RA which was due to the crisis in international financial markets was not so favorable for the Bank's activities. Despite the crisis and its repercussions, the Bank made a net profit of over AMD 560 million which exceeded the annual estimation of the figure. The financial crisis resulted in passivity of the clients; however the clients' base of ARMSWISSBANK increased by approximately 50%. The Bank secured qualitative and quantitative growth in its services, developed and utilized new services and products as well as carried out innovations in the local financial market.

The Bank moved to a new and more comfortable building in 2009, which is the bank's property. *The new building was an additional opportunity for the Bank for expanding the range of services and increasing the number of clients. The building has advanced technology, necessary security systems and more comfortable conditions for employees, as well as for the clients.*

In 2009 the Bank participated in the program of German-Armenian Fund for lending to Small and Medium Enterprises (GAF-SME), continued cooperation with KfW under "Renewable Energy Development" lending program. At the end of 2009 the Bank finished the negotiations with European Bank for Reconstruction and Development (EBRD), as a result of which at the beginning of 2010 two contracts were signed for on-lending to Small and Medium Enterprises (SMEs) and Trade Finance.

ARMSWISSBANK continues to offer its clients and other financial institutions financial market instruments. As an innovation, the Bank offers Repo transactions with foreign securities and operations with electronic trade systems in international securities market. Activities are initiated for the implementation of leasing and asset management. The Bank maintains its status of the

primary agent in the market of government securities and acts as a market maker of securities issued by its clients. The Bank plans to continue active operations in the sphere of investments.

Attaching importance to the sustainable development of the Bank as well as the increase of assets and financial stability, in October of 2009, the Bank replenished the statutory capital to AMD 7,002 million increasing by AMD 2,001 million.

ARMSWISSBANK plans to expand the range of its partners focusing on cooperation with international organizations. In the upcoming 2 or 3 years the Bank sets goal to cooperate with at least 3 international projects within the scope of lending and other programs.

This will enable the bank to meet its medium-term lending goals.

ARMSWISSBANK has entered a new stage of development where accumulated expertise, acquired market position, reputation and qualified professional staff will ensure sustainable bases for further development.



Winding mechanism  
Each mechanism  
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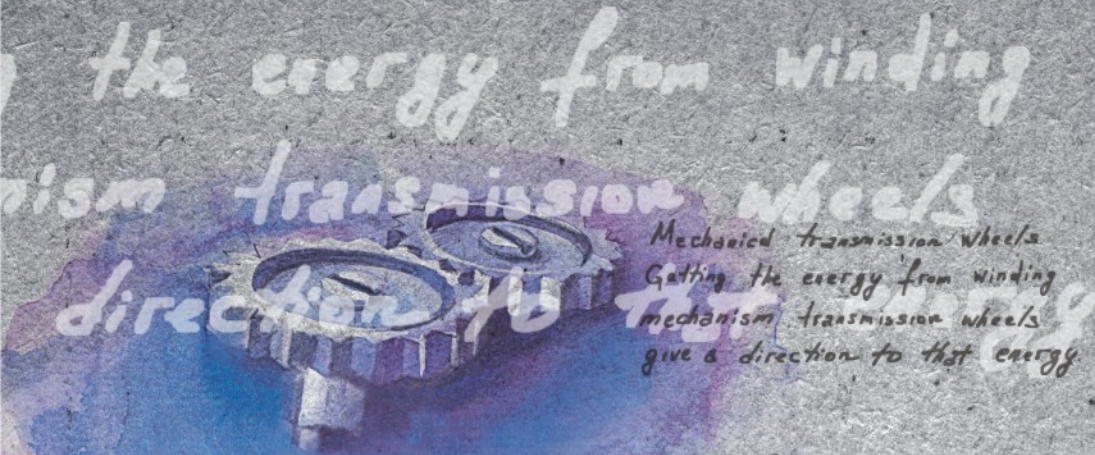
On behalf of ARMSWISSBANK Staff I would like to express our grateful acknowledgement to our Clients, Partners, Board as well as Shareholder for the faith in our Bank, support and mutually beneficial cooperation.

I also express my trust and profound gratitude to the Bank's personnel for their devoted work.

**Gevorg Machanyan**

Chairman of the Management Board  
Executive Director





## 2 MAIN ACTIVITIES OF THE BANK

From its conception until now, ARMSWISSBANK is guided by sound business values proven by international practice. It has been five years already that ARMSWISSBANK maintains and develops those values, which are client focus, professionalism, integrity, partnership, confidentiality and prudence. These values help to ensure mutual prosperity between the Bank and its clients, as well as to establish and strengthen business culture.

Remaining loyal to its adopted policy, ARMSWISSBANK continues to evolve activities in three main directions: corporate, investment and private banking and holds a vision to become the leading bank in those areas.

ARMSWISSBANK is distinguished by the wide spectrum of services provided to its clients ranging from traditional (payment and credit services, flexible deposit schemes, trade financing, etc.) to non-traditional services (alternative financing, factoring, forward, swap, option, financial consulting, etc.).

Trade financing products, factoring, as well as commodity and financial futures are mainly designed for clients engaged in importing and exporting activities to maintain their competitiveness in local and international markets and facilitate entrance into new markets. In January of 2008, ARMSWISSBANK became a member of Factors Chain International (FCI), which gives an opportunity to conduct interantional factoring operations through 247 member-banks in more than 70 countries.

Investment banking including brokerage services is considered one of the Bank's main strategic activities and is carried out in accordance with the International Standards. For that purpose, from the very day of its foundation, the Bank has been implementing activities directed to ensure the integrity of services, as well as making considerable efforts to occupy leading position in this field. As a result, the Bank began offering its customers a wide variety of investment instruments, such as shares of American,

European and Russian companies and shares of investment funds and depository receipts, government and corporate bonds, commodity futures, as well as repo operations with foreign securities and marginal operations.

Our clients may diversify their risks and manage cash flows more effectively through various financial instruments including derivatives.

To cope with new market challenges, develop and implement investment projects successfully, ARMSWISSBANK offers underwriting services to its corporate clients.

ARMSWISSBANK, being one of the leaders in Armenian government securities market and a government securities agent of RA, acts as a market maker to enhance liquidity of the Armenian securities market. ARMSWISSBANK continued its active participation in all initiatives related to RA securities market reforms and financial intermediation legislation.

ARMSWISSBANK offers its clients tailor-made services, which include development of personalized, collective and other types of securities portfolios, brokerage, custodial and consulting services. The flexibility while working with the clients is one of the key factors for the development of the Bank and promotion of "ARMSWISSBANK" brand.

Close relationships with our clients is the key in our business to building long-lasting relations with them. Our professional, skilled and experienced personnel work to identify and forecast their needs and come up with quality financial solutions.

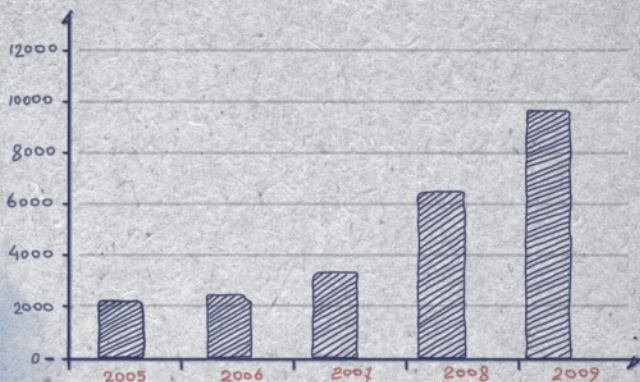


In 2009, despite the slowdown of the economy and financial sector in RA, which was the consequence of the world financial and economic crisis, the Bank was quite active, due to its flexible and prudent lending policy, and managed to increase its loan portfolio by more than 50 %.

During 2009 the Bank granted loans for an amount of about AMD 8.4 billion (the same indicator in 2008 was AMD 2.2 billion), so the Bank's loan portfolio amounted to AMD 9.7 billion as of 31.12.09 compared to the AMD 6.5 billion at the beginning of the year (Factoring is not included).



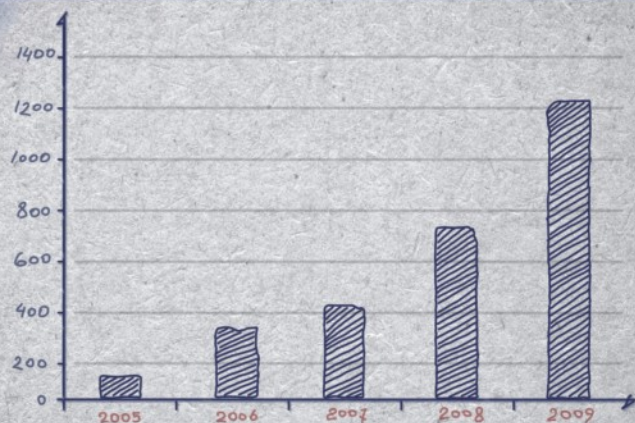
The growth dynamics of loan portfolio (AMD million)



Interest income from loan investments amounted to AMD 1,207.9 million as of 31.12.2009 against AMD 754.2 million and AMD 422.4 million in 2008 and 2007 respectively. The average profitability from loan investments increased from 14.39 % to 15.06%.



Interest income received from loan investments (AMD million)



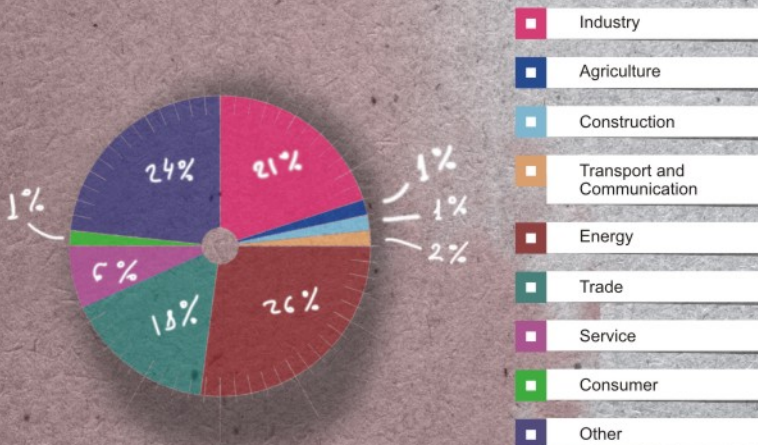


In 2009, within the scope of international lending programs, the Bank cooperated with the following organizations: German Armenian Fund of KfW under the programs of Renewable Energy Development and crediting of Small and Medium Enterprises, as well as with SME DNC (Small and Medium Entrepreneurship Development National Centre) which provides guarantees for loans that are granted to the more important sectors for the economy. So far, 6 HPPs and 3 SMEs have been financed within the scopes of above mentioned programmes. At the beginning of 2010 contract was signed between ARMSWISSBANK and EBRD; according to the contract EBRD provided USD 5 million to ARMSWISSBANK which will also be directed to on-lending of the local economy. EBRD also granted the Bank with additional amount of USD 3 millions within the scope of Trade Finance Facility, which is an indirect credit instrument.

In respect of credit risk management, the Bank attaches importance to the diversification of credit risks by currencies, economic sectors and geographical concentration, which enables the Bank to reduce currency, market and other risks.



The structure of the loan portfolio by economic sectors:





## Pinion

With help of this small gear wheel the mechanical energy is transferred from one wheel to another. The acceleration & deceleration of the revolving wheel are conditioned with the size of the pinion(s).

With help of this small gear wheel the mechanical energy is transferred from one wheel to another. The acceleration & deceleration of the revolving wheel are conditioned with the size of the pinion(s).

## 4 FACTORING

Despite the rather negative effect the international financial crisis had on the world as well as national economy and financial systems, the factoring portfolio of ARMSWISSBANK had a considerable growth.


During 2009 local factoring turnover increased by 56% as compared with the last year from AMD 1,546 billion to AMD 2,777 billion. At the end of 2009, factoring portfolio amounted to AMD 633.2 million, which exceeded the last year's indicator by 66%. During 2009 the income received from the factoring operations increased by 60% compared with the previous year.

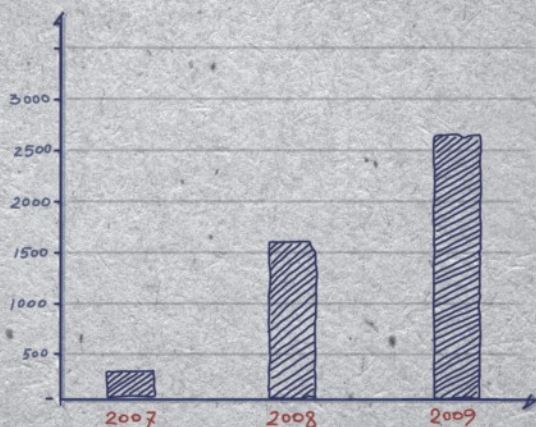
Significant changes were also recorded in qualitative indicators of the factoring portfolio. In 2009 the number of factoring clients increased by 58% compared to the last year, involving mainly large clients.

During the reporting year the Bank paid much attention towards the improvement of factoring service quality increasing the service speed, comfort and, as a result, the

attractiveness for the clients. Some new services were designed and implemented in the Bank, particularly cession and reverse factoring. These new services enabled to involve new clients, as well as created quite a positive response among the existing clients.

At the beginning of 2009 the Bank reviewed its risk assessment system and developed a new system, which reflected not only the developments of the previous years' factoring market and the 3-year experience of the Bank in that sphere, but also the adjustments directed to the avoidance of crisis consequences.

 Volume of factoring transactions (million AMD)





## 5 INVESTMENT BANKING SERVICES

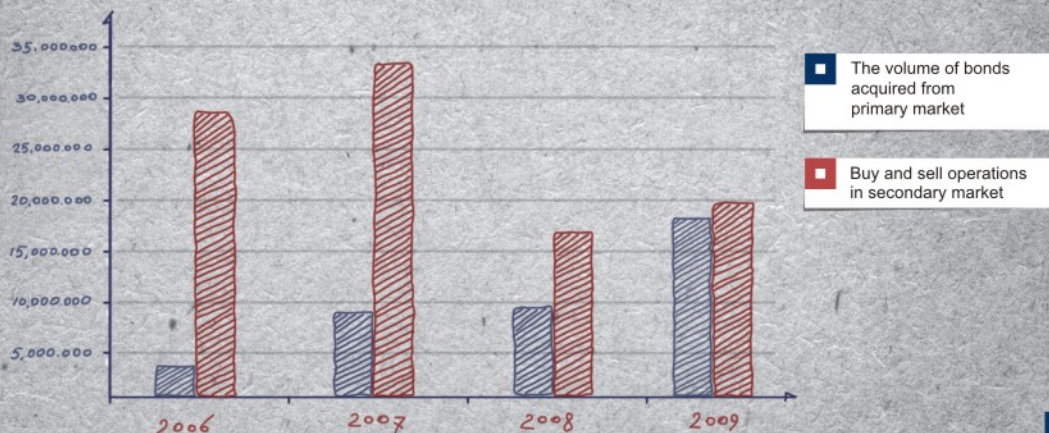
### Dealing activities

In 2009 the Bank continued to actively carry out operations with Armenian government securities in the domestic financial market. During the reporting year the Bank's operations with bonds in the secondary market amounted to AMD 20 billion, from which operations with corporate bonds amounted to AMD 1.1 billion which comprises approximately 12% of the operations implemented in the Armenian Stock Exchange. The volume of repo operations with bonds amounted to more than AMD 319 billion exceeding the figure of the previous year by almost 12%. Simultaneously, the Bank remained active in the primary allocation market, buying government bonds with a total nominal value of AMD 17.9 billion which twice exceeded the figure of the previous year. Due to its activeness in 2009 the Bank maintained its status of Government's Agent for state debt management.

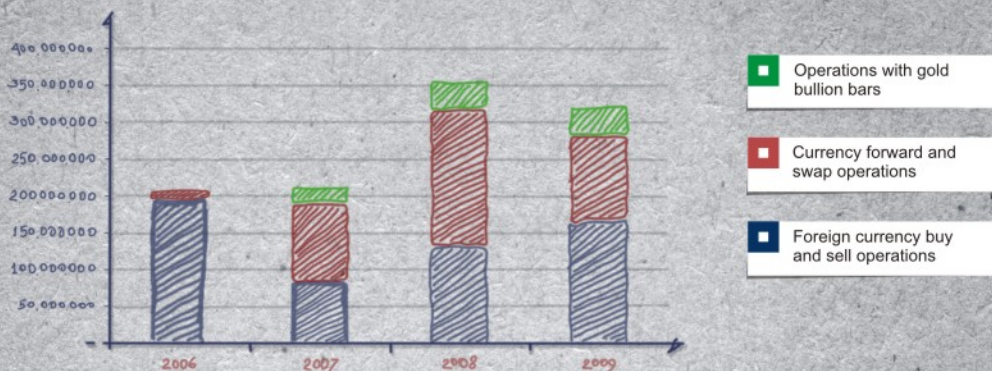
The dynamics of the Bank's transaction volumes with the Armenian government securities is provided in the diagram below:



General volume of the transactions with bonds carried out in primary and secondary markets (in AMD thousands)







During the reporting year the Bank has continued trading foreign currencies on the Armenian Stock Exchange, as well as participating in interbank non-cash foreign exchange market by trading in convertible currencies in the total amount of approximately AMD 165.7 billion increasing by more than 28% as compared with the previous year. In 2009 the Bank traded in foreign exchange forward instruments in the amount of more than AMD 1.6 billion. As to currency swap transactions, during the reporting year the Bank has carried out operations in interbank market by the total amount of AMD 116 billion. It is worth mentioning that the bank carried out a considerable share of these operations in foreign markets.

It is distinctive that during 2009 the Bank also implemented currency swap and forward operations with its clients, the total amount of which equaled to AMD 413 million and AMD 533 million respectively.

In 2009 the Bank continued implementing operations with gold bullion bars, the total volume of the transactions amounted to AMD 36.7 billion exceeding the figure of the previous year by approximately 3%.

ARMSWISSBANK holds a significant position among the banks in Armenia that quotes Armenian dram against the world major currencies, foreign exchange forward and swap rates, as well as Armenian government securities in the Reuters information system. Also, the quotations of the Armenian dram and world major currencies, foreign exchange forward, interbank deposit and repo rates, as well as the Armenian government and corporate securities are available on the Bank's official page in the Bloomberg information system.

The Bank operates actively both in the local money market by attracting and allocating short-term and mid-term deposits and loans, as well as in the international money market by investing deposits in leading foreign banks. The total volume of the deposits and loans amounted to AMD 308 billion and AMD 41.6 billion correspondingly by exceeding the figures of the previous year by 1.45 and 1.47 times respectively.



## Brokerage activity

Investment banking including brokerage services is considered one of the Bank's main strategic activities and is carried out in accordance with the International Standards. The Bank began offering its clients a wide variety of investment instruments, such as shares and depository receipts of American, European and Russian companies as well as shares of investment funds, government and corporate securities, commodity futures, as well as repo operations with foreign securities within the scope of its brokerage activity.

The year of 2009 was a turning-point for the Bank in the sphere of investment services. During the reporting year the number of brokerage clients increased twice in comparison with 2008. Transactions were executed with shares and depository receipts of leading companies quoted in Russian, European and American stock exchanges. In general 1504 brokerage transactions were conducted with foreign securities in 2009 totaling AMD 6.9 billion which exceeded the last year's indicator by 25 times. It's worth mentioning that the large share of the above-mentioned volume, an amount of AMD 6.7 billion, was received from the brokerage transactions conducted with foreign securities. And the volume of repo transactions with foreign securities amounted to AMD 650 million as compared with the last year's AMD 1 million.

It is noteworthy that in 2009 the Bank took quite active participation in quotations of corporate securities on the appropriate trading floor of the Armenian Stock Exchange. For example, the Bank implemented 23 brokerage deals in the Armenian Stock Exchange with corporate bonds on behalf of its clients total amount of which equaled AMD 224.0 million.

Reduction wheels  
via transferring of spinning  
energy from bigger wheel to  
smaller one, machine splits  
(multiplies) the spin of receiver part



## Corporate securities issues

In general, corporate bonds' issue market was rather passive compared to the previous year. The latter was a result of negative consequences of the financial crisis, as investment risk considerably increased in Armenia; there was a dramatic growth of interest and foreign exchange rates.



The Bank participated in the primary public allocation of "Artsakh GEK" OJSC as a member of underwriting syndicate and allocated more than 51.5 % of the total volume of the allocated shares.

In 2009 the Bank also provided coupon payment and repayment services for previously issued bonds for the following companies: "VALLETTA" LLC, "Armenian Copper Programme" CJSC, "ARMRUSGAZPROM" CJSC, "Express Credit UCO" CJSC. Particularly, 2 repayments of "Valletta" LLC and 1 repayment of "Armenian Copper Programme" CJSC bonds amounting to AMD 1,350 million and 10 coupon payments amounting to AMD 259.4 million were carried out during which the Bank supported the issuers and served as a settlement bank. About AMD 257.7 million of the mentioned amount was paid to the investors as coupon income, and about AMD 1.7 million was transferred to the state budget of RA as income tax.

Since 2009 the Bank has begun to provide consulting services on capital structure, corporate strategy, reorganization and the other questions.

Balance Staff  
The balance staff makes stable vibrations and passes strict measured portions of energy to the system. Thanks to that stability the time measurement mechanisms work properly.

Staff makes stable vibrations and passes strict



from process as strict  
of energy only in one direction  
the anchor wheel has the stable  
work & cannot rotate to other way.

Pallet

This piece of the system, due to its  
special construction passes strict  
measured portions of energy only in one direction.  
This means, that the anchor wheel has the stable  
direction of its work & cannot rotate to other way.



## 6 RISK MANAGEMENT

The Bank's management bodies have always prioritized effective and continuous risk management mechanisms. The Bank's Board, the Executive Director, the Management Board and each employee are involved in the risk management process. Risk analysis is an inseparable part of the Bank's strategic planning and investment evaluation and implementation processes of the programs.

The Bank has a separate **Risk Management Division**, which is independent from operational divisions and exercises daily and periodic control over the Bank's operations through examining risk bearing transactions and monitoring the compliance with the set benchmarks and internal normative environment of the Bank.

An effective system of credit, market, liquidity and operational risk management is implemented in the Bank based on the contemporary methods and technologies of risk assessment and mitigation. The Bank periodically reviews the existing guidelines and limits of investment benchmarks adjusting to the situation in local and international financial markets. Stress test models are periodically exercised for observing the risks typical of the Bank. Methodological guidelines for credit risk assessment as well as for defining benchmarks of currency (exchange and derivative) operations are used in the Bank. One of the key elements of interest rate risk management, namely the liquidity GAP model, is used for market risk assessment.

**Internal Audit Division** operates in the Bank to control the compliance of the Bank's activities with the internal acts (policies, procedures, regulations, etc.) adopted by the Board and the Executive body as well as to identify risks via investigation.

**Collective decision-making and consultative bodies** operate in the Bank, namely, Management Board, Credit, Investment, Assets and Liabilities Management, Compliance and Client Relations Management committees. The risk management process is regulated by the Board, which establishes limits, benchmarks, investment guidelines, borrower and counterparties' selection criteria, pledge requirements, etc., which aim to reduce the Bank's exposure to credit and market risks. For the purpose of Operational Risk management, the Bank acquired the Bankers Blanket Bond Policy (BBB), to reduce possible losses. Moreover, the Bank acquired an insurance for real estate and moveable property against fire and other property damages.



The aim of human resources management policy is to ensure the conformity of human resource management quality with international standards and to create favorable conditions for the employees' responsible and creative work. Particularly, the Bank attaches importance to career development of its employees, i.e. to create all necessary conditions for their professional growth, acquisition of new skills and knowledge, as well as for social welfare.

Together with the growth of the Bank's operations, the personnel's structure and numbers have also changed. During 2009 the Bank recruited both experienced and young professionals (11 new employees). As of December 31, 2009, the Bank's staff comprised 76 employees, and the average age of the employees was 31.

2 additional members joined to the Management Board, which now comprises 7

members instead of 5 last year. This collective decision making body was created in 2007 to enhance the efficiency of corporate governance.

The Bank pays much attention to the training of its personnel to ensure mastery of the changing legal acts, technologies, and study of cooperation mechanisms with institutional colleagues, etc...

In the course of the year 78 employees of the Bank participated in 55 seminars, presentations and conferences in the Republic of Armenia and five employees participated in conferences and trainings abroad. Furthermore, 49 internal seminars were organized in the Bank. A number of analytical papers were introduced by the Bank's employees on the issues related to the Bank.

Health insurance was implemented within the scope of social security programs and 23% of the employees joined that program. In 2010 this program will be implemented for almost all the employees of the Bank.

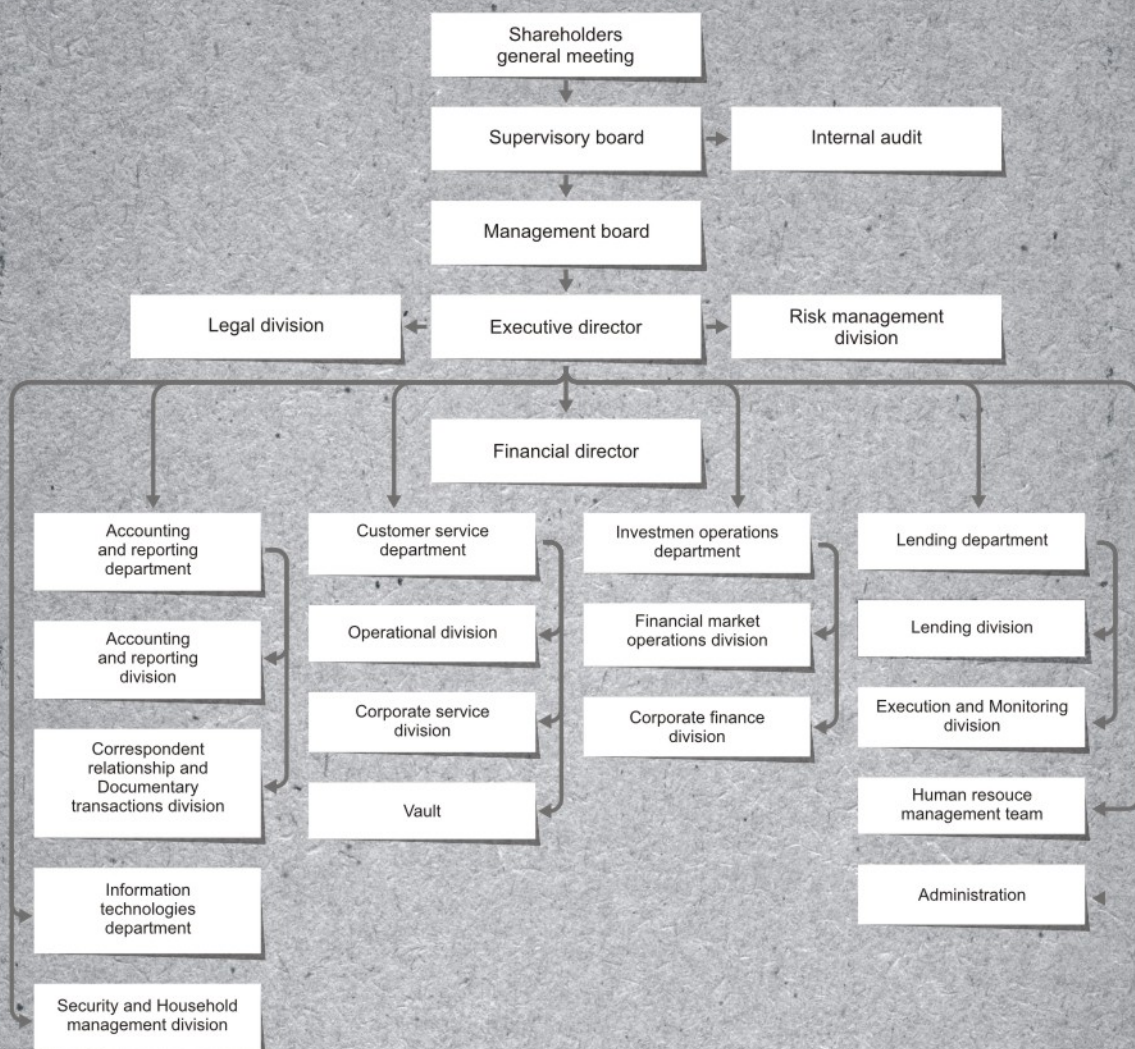
Corporate events, parties, etc. were organized for the Bank's employees. All these contributed to strengthening interpersonal relationships among the employees creating a healthy team spirit and an atmosphere of cooperation and mutual respect.

Consistent with the Bank's activities and development stages the Bank's organizational structure was reviewed, which resulted the creation of

Anchor wheel.  
Getting the strict measured  
portions of energy the anchor  
wheel distributes it among  
wheels of the system.

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Business development department, prioritizing client attraction and attaching importance to marketing activities; as well as cooperation with international institutions.

The organizational structure of the Bank is presented above as of 01.01.2009



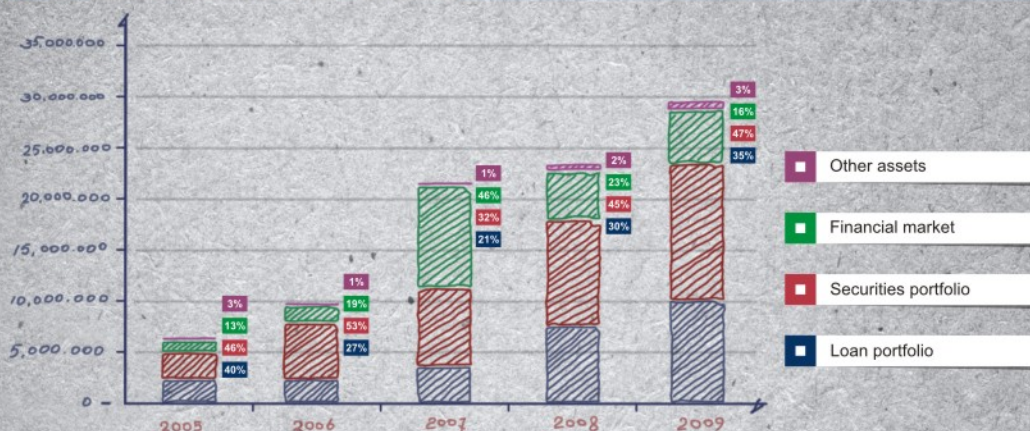
## FINANCIAL RESULTS

"ARMSWISSBANK" CJSC completed the fifth year of its activity recording substantial growth in all main indicators.

During the reporting year the Bank's assets reached AMD 29,6 billion and increased by AMD 6.1 billion or by 26% compared with the previous period. The structure of the assets changed. Liabilities to financial organizations decreased by AMD 275 million and the outstanding balance of the correspondent account with the Central Bank of Armenia decreased by AMD 435 million. Loans granted to the clients, security portfolio and fixed assets increased by AMD 3,2 billion, AMD 3,4 billion and by AMD 373 million respectively. In the assets the share of securities in total is 47%, loans 35%, interbank deposits 9%, and outstanding balance of the correspondent account with the Central Bank of Armenia's 7%.



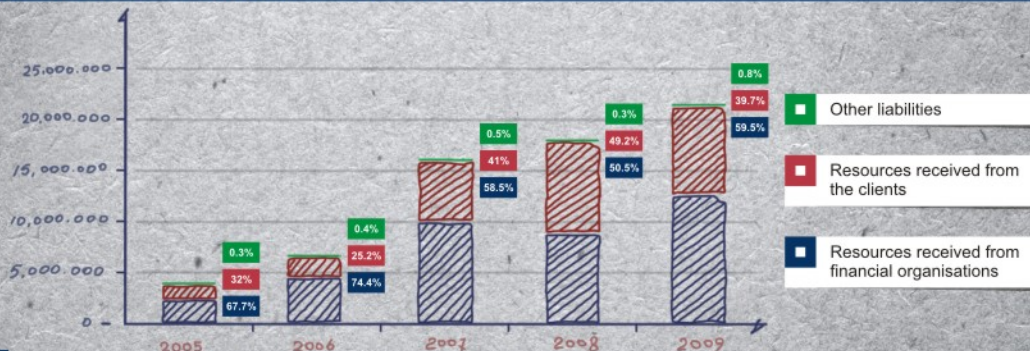
The dynamics and structure of the assets (thousand AMD)



In the reporting year the total liabilities of the Bank amounted to AMD 21,5 billion and increased by AMD 3,6 billion or by 20% compared with the previous period. The structure of the liabilities also changed. Liabilities to financial organizations grew by AMD 3,7 billion and liabilities to the customers (legal entities and natural persons) decreased by AMD 251 million. Those changes were result of participation to various programmes of international institutions.



The dynamics and structure of the liabilities (thousand AMD)





During the reporting year net interest income increased by AMD 517 million or by 68% as compared with the previous period amounting to approximately AMD 1,3 billion. Income received from loans and securities accounted for 94% of total interest income.



#### Dynamics of annual profit and indicators of profitability



In 2009 the Bank not only successfully confronted the consequences of the slowdown of the economy and financial sector in RA, which was the result of the world financial crisis, but also secured an unprecedented amount of profit, as a result of which the net profit of the Bank reached about AMD 560 million. The profit increased by AMD 280 million as compared with 2008 which was due to the increase of loan portfolio, Bank's income bearing assets, of the annual profitability of the government bonds, as well as by the increase of the volume of transactions with gold. As a result, cumulative retained profit for the period from the conception of the Bank until December 31 of 2009 comprised more than AMD 1 billion.

Because of the world financial crisis, the Bank's sole shareholder replenished the statutory capital by more than AMD 2,001 billion. As of 31.12.09 the total capital of the Bank composed AMD 8 billion increasing by 45.6% as compared with the previous year which was a result of the above-mentioned replenishment of the statutory capital and of the profit gained during the reporting year.



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## Independent auditor's opinion

To the Shareholders and Board of Directors of "Armswissbank" CJSC

We have examined the compliance of the accompanying summarized financial statements of "Armswissbank" CJSC (hereinafter the "Bank") (which comprise the summarized statement of financial position as of December 31, 2009 and the summarized statements of comprehensive income, changes in equity and cash flows for the year then ended) in accordance with the International Standards on Auditing with the full set of the financial statements of the Bank as of and for the year ended December 31, 2009.

Management is responsible for the preparation and fair presentation of these financial statements. Our responsibility is to examine the compliance of these summarized financial statements with the full set of the financial statements referred to above.

In addition, we have audited the full set of the financial statements of the Bank prepared in accordance with International Financial Reporting Standards as of and for the year ended December 31, 2009 and, in our auditor's report dated April 06, 2010, we have expressed a unqualified opinion on the financial statements.

In our opinion, the accompanying summarized financial statements have been appropriately derived from the full set of the financial statements of the Bank.

For a better understanding of the Bank's financial position as of December 31, 2009 and the results of its operations for the year then ended and of the scope of our audit, the summarized financial statements should be read in conjunction with the financial statements from which the summarized financial statements were derived and our report thereon.

Gagik Gyulbudaghyan  
Managing Partner

06 April 2010  
Yerevan

Armen Vanyan  
Auditor



Մրակավորված աուդիտորներ և հաշվապահներ, կառավարման և հարկային խորհրդատուներ, իրավախորհրդատուներ  
Auditors and Chartered Accountants, Management, Tax and Legal Consultants  
Գրանթ Թորնթոն Ինթերնեյշնալ ՍԵՐՏԻՖԻԿԱՏԵԴ  
Member of Grant Thornton International Ltd



## STATEMENT OF COMPREHENSIVE INCOME

In thousand Armenian drams	Notes	Year ended December 31, 2009	Year ended December 31, 2008
Interest and similar income	6	2,513,160	1,652,478
Interest and similar expense	6	(1,244,919)	(901,720)
<b>Net interest income</b>		1,268,241	750,758
Fee and commission income	7	75,883	57,823
Fee and commission expense	7	(18,166)	(11,551)
<b>Net fee and commission income</b>		57,717	46,272
Net trading income	8	62,961	111,590
Gains less losses on investments available for sale		156,733	45,971
Other income	9	74,930	43,281
Impairment charge for credit losses	15	(299,971)	(50,389)
Staff costs	10	(416,427)	(405,262)
Depreciation of property and equipment	17	(34,423)	(25,275)
Amortization of intangible assets	18	(5,912)	(3,732)
Other expenses	11	(176,127)	(158,583)
<b>Profit before income tax</b>		687,722	354,631
Income tax expense	12	(127,404)	(74,868)
<b>Profit for the year</b>		560,318	279,763
<b>Other comprehensive income:</b>			
Net unrealized gains from changes in fair value		69,733	21,691
Net (gains)/losses realized to net profit on disposal of available-for-sale instruments		(109,833)	65,330
Income tax relating to components of other comprehensive income		8,067	(17,452)
<b>Other comprehensive income/(expense) for the year, net of tax</b>		(32,033)	69,569
<b>Total comprehensive income for the year</b>		528,285	349,332



## STATEMENT OF FINANCIAL POSITION

In thousand Armenian drams	Notes	As of December 31, 2009	As of December 31, 2008
<b>ASSETS</b>			
Cash and balances with CBA	13	2,030,121	2,465,474
Precious metals		-	110,496
Amounts due from other financial institutions	14	2,595,767	2,871,730
Loans and advances to customers	15	10,376,790	7,156,858
Investments available for sale	16	6,771,933	2,413,411
Securities pledged under repurchase agreements	24	7,070,431	8,055,331
Property, plant and equipment	17	668,888	289,892
Intangible assets	18	41,853	47,765
Deferred income tax assets	12	38,995	25,184
Other assets	19	54,483	68,965
<b>TOTAL ASSETS</b>		<b>29,649,261</b>	<b>23,505,106</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Amounts due to the CBA	20	8,150,878	8,648,165
Amounts due to financial institutions	21	4,674,120	433,109
Amounts due to customers	22	8,593,538	8,844,940
Current income tax liabilities		81,375	16,396
Other liabilities	23	79,912	22,343
<b>Total liabilities</b>		<b>21,579,823</b>	<b>17,964,953</b>
<b>Equity</b>			
Share capital	25	7,002,000	5,001,000
Statutory general reserve		200,000	100,000
Other reserves		(151,998)	(119,965)
Retained earnings		1,019,436	559,118
<b>Total equity</b>		<b>8,069,438</b>	<b>5,540,153</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>29,649,261</b>	<b>23,505,106</b>



## STATEMENT OF CHANGES IN EQUITY

In thousand Armenian drams	Share capital	Statutory general reserve	Revaluation reserve of securities available for sale	Retained earnings	Total
<b>Balance as of January 1, 2008</b>	3,750,000	20,000	(189,534)	359,355	3,939,821
Increase in share capital	1,251,000	-	-	-	1,251,000
Distribution to reserve	-	80,000	-	(80,000)	-
Transactions with owners	1,251,000	80,000	-	(80,000)	1,251,000
Profit for the year	-	-	-	279,763	279,763
<b>Other comprehensive income:</b>					
Net unrealized gains from changes in fair value	-	-	21,691	-	21,691
Net losses realized to net profit on disposal of available-for-sale instruments	-	-	65,330	-	65,330
Income tax relating to components of other comprehensive income	-	-	(17,452)	-	(17,452)
Total comprehensive income for the year	-	-	69,569	279,763	349,332
<b>Balance as of December 31, 2008</b>	5,001,000	100,000	(119,965)	559,118	5,540,153
Increase in share capital	2,001,000	-	-	-	2,001,000
Distribution to reserve	-	100,000	-	(100,000)	-
Transactions with owners	2,001,000	100,000	-	(100,000)	2,001,000
Profit for the year	-	-	-	560,318	560,318
<b>Other comprehensive income:</b>					
Net unrealized gains from changes in fair value	-	-	69,733	-	69,733
Net gains realized to net profit on disposal of available-for-sale instruments	-	-	(109,833)	-	(109,833)
Income tax relating to components of other comprehensive income	-	-	8,067	-	8,067
Total comprehensive income for the year	-	-	(32,033)	560,318	528,285
<b>Balance as of December 31, 2009</b>	7,002,000	200,000	(151,998)	1,019,436	8,069,438



# STATEMENT OF CASH FLOWS

In thousand Armenian drams	Year ended December 31, 2009	Year ended December 31, 2008
<b>Cash flows from operating activities</b>		
Profit before tax	687,722	354,631
Adjustments for		
Impairment charge for credit losses	299,971	50,389
Amortization and depreciation allowances	40,335	29,007
Loss from sale of PPE	36	96
Interests receivable	(93,418)	(49,440)
Interests payable	9,712	17,964
Foreign currency translation net (gains)/loss of non-trading assets and liabilities	(19,115)	6,100
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>925,243</b>	<b>408,747</b>
<b>(Increase)/decrease in operating assets</b>		
Precious metals	110,496	(110,496)
Amounts due from other financial institutions	(803,315)	4,585,131
Loans and advances to customers	(2,596,166)	(2,626,934)
Other assets	56,798	(59,255)
<b>Increase/(decrease) in operating liabilities</b>		
Repurchase agreements with the CBA	(2,844,637)	5,896,065
Amounts due to financial institutions	2,308,391	(6,530,249)
Amounts due to customers	(2,137,488)	1,684,039
Other liabilities	52,944	(1,331)
<b>Net cash flow from/(used in) operating activities before income tax</b>	<b>(4,927,734)</b>	<b>3,245,707</b>
Income tax paid	(68,171)	(114,294)
<b>Net cash from/(used in) operating activities</b>	<b>(4,995,905)</b>	<b>3,131,413</b>
<b>Cash flows from investing activities</b>		
Purchase of investment securities	(3,311,025)	(4,144,713)
Purchase of property and equipment	(414,255)	(257,225)
Proceeds from sale of property and equipment	800	-
Purchase of intangible assets	-	(25,388)
<b>Net cash used in investing activities</b>	<b>(3,724,480)</b>	<b>(4,427,326)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of share capital	2,001,000	1,251,000
Loans received/(redeemed) from the CBA	2,321,440	417,595
Loans received/(redeemed) from financial institutions	1,827,673	(420,460)
<b>Net cash flow from financing activities</b>	<b>6,150,113</b>	<b>1,248,135</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,570,272)</b>	<b>(47,778)</b>
Cash and cash equivalents at the beginning of the year	4,274,357	4,286,997
Exchange differences on cash and cash equivalents	892,908	35,138
<b>Cash and cash equivalents at the end of the year (Note 13)</b>	<b>2,596,993</b>	<b>4,274,357</b>
<b>Supplementary information:</b>		
Interest received	2,419,742	1,603,038
Interest paid	(1,235,207)	(883,756)



## BANK DETAILS

Full name:	"ARMSWISSBANK" CJSC
Licenses:	Banking License N 84 granted by the Central Bank of Armenia on February 25, 2005
Address:	10 V.Sargsyan Str., Yerevan 0010, Republic of Armenia
Tax Code:	02574955
Correspondent account at the Central Bank of RA:	103002102509
SWIFT code:	ARSJAM22
Reuters page	ARSJ, ARSJ
Bloomberg page	ASWI
Phone	+374 10 529593, 584419, 540728
Fax	+374 10 529591
E-mail	info@armswissbank.am
URL	www.armswissbank.am, www.armswissbank.com
Service hours:	9:30 - 17:00

### Main clearing accounts for international payments for year 2009

Austria			
Vienna	Raiffeisen Zentralbank Österreich AG	EUR	RZBA AT WW
		USD	
Switzerland			
Zurich	UBS AG	CHF	UBSW CH ZH80A
		EUR	
		USD	
Germany			
Frankfurt am Main	Commerzbank AG	EUR	COBA DE FF
		USD	
Russian Federation			
Moscow	UniCreditBank	RUB	IMBK RU MM
		EUR	
		USD	
		GBP	
		CHF	
Moscow	Promsvyazbank JSCB	CHF	PRMSRUMM
		EUR	
		USD	
Latvia			
Riga	Norvik Bank JSC	EUR	LATBLV22
		USD	
Ukraine			
Kiev	Ukrsotsbank JS CB	EUR	UKRSUAUX
		USD	
		UAH	
Republic of Armenia			
Yerevan	Central Bank of Armenia	EUR	CBRA AM 22
		USD	
		AMD	

#### Membership to Associations and Professional Bodies:


Union of Banks of Armenia (UBA)  
 Armenian stock exchange SRO  
 Society for Worldwide Interbank Financial Telecommunications (SWIFT)  
 American Chamber of Commerce in Armenia (AMCHAM)  
 Partner Bank of the German-Armenian Fund (Renewable Energy program)  
 Mortgage Market Participants Association of Armenia (MMPAA)  
 Armenian Credit Reporting Agency (ACRA)  
 FACTORS CHAIN INTERNATIONAL (FCI)  
 SME DEVELOPMENT NATIONAL CENTER (SME DNC)  
 European Bank for Reconstruction and Development (EBRD)






 Customer service department  
Հաճախորդների սպասարկման ղեկավարամենտ




 Lending department  
Վարկային ղեկավարամենտ




 Investment department  
Ներդրումային ղեկավարամենտ




 Accounting and reporting department  
Հաշվապահական հաշվառման և հաշվետվությունների ղեկավարամենտ




 Administration  
Աշխատակցւմ




 Business development department  
Քիզնեսի զարգացման ղեկավարամենտ




 IT department  
ՏՏ ղեկավարամենտ



 Management board | Տնօրինություն



 Risk management division, Legal division, HR, Internal audit  
Ռիսկերի կառավարման բաժին, Անձնակազմի կառավարման խումբ, Իրավաբանական բաժին, Ներքին աուդիտ