

**Open joint stock company**

**“Asian-Pacific Bank”**

**Consolidated Financial Statements  
for the 9 months ended 30 September 2011**

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|   | Notes | 30 September 2011<br>RUB'000<br>unaudited | 30 September 2010<br>RUB'000<br>unaudited |
|---|-------|---|---|
| Interest income   | 4     | 5 259 424                                 | 3 214 824                                 |
| Interest expense  | 4     | (1 837 671)                               | (1 411 516)                               |
| <b>Net interest income</b>  |       | <b>3 421 753</b>                          | <b>1 803 308</b>                          |
| Fee and commission income   | 5     | 686 359                                   | 361 293                                   |
| Fee and commission expense  |       | (104 910)                                 | (59 649)                                  |
| <b>Net fee and commission income</b>  |       | <b>581 449</b>                            | <b>301 644</b>                            |
| Net gain (loss) on financial instruments at fair value through profit or loss |       | (97 280)                                  | 220 255                                   |
| Net foreign exchange income   | 6     | 85 191                                    | 85 872                                    |
| Net gain on operations with precious metals                                   |       | 71 966                                    | 22 211                                    |
| Other operating income  | 7     | 220 380                                   | 253 171                                   |
| <b>Operating income</b>   |       | <b>4 283 459</b>                          | <b>2 686 461</b>                          |
| Impairment losses   | 8     | (616 286)                                 | (729 073)                                 |
| Personnel expenses  | 9     | (1 507 877)                               | (710 534)                                 |
| Other general administrative expenses   | 10    | (653 403)                                 | (379 021)                                 |
| <b>Profit before income tax</b>   |       | <b>1 505 893</b>                          | <b>867 833</b>                            |
| Income tax expense  | 11    | (374 273)                                 | (75 810)                                  |
| <b>Profit for the period</b>  |       | <b>1 131 620</b>                          | <b>792 023</b>                            |
| <b>Total comprehensive income</b>   |       | <b>1 131 620</b>                          | <b>792 023</b>                            |

The consolidated interim condensed financial statements as set out on pages 3 to 38 were approved by the Management board on 1 December 2011.

Mr. I.V. Abazov  
Acting Chairman of the Board

Mr. O.V. Marinchenko  
Chief Accountant



**OJSC “Asian-Pacific Bank”**  
*Consolidated Interim Condensed Statement of Financial Position as at 30 September 2011*

|  |              | <b>30 September 2011</b> | <b>31 December 2010</b> |
|--|--------------|--------------------------|-------------------------|
|  |              | <b>RUB'000</b>           | <b>RUB'000</b>          |
|  | <b>Notes</b> | <b>unaudited</b>         |                         |
| <b>ASSETS</b>  |              |                          |                         |
| Cash   |              | 1 318 852                | 1 125 962               |
| Placements with the Central Bank                           | 12           | 1 539 762                | 2 817 189               |
| Financial instruments at fair value through profit or loss | 13           | 7 424 761                | 7 387 175               |
| Available-for-sale financial assets                        | 14           | 40 478                   | 98 150                  |
| Due from banks   | 15           | 3 190 236                | 1 437 200               |
| Amounts receivable under reverse repurchase agreements     | 16           | -                        | 5 726 883               |
| Loans to customers   | 17           | 32 729 360               | 20 315 830              |
| Net investments in finance leases                          | 18           | 941 463                  | 582 577                 |
| Current tax asset  |              | 90 264                   | 23 456                  |
| Deferred tax asset   | 11           | 7 063                    | 13 509                  |
| Property, equipment and intangible assets                  | 19           | 2 451 169                | 1 891 758               |
| Other assets   | 20           | 824 218                  | 361 022                 |
| <b>Total assets</b>  |              | <b>50 557 626</b>        | <b>41 780 711</b>       |
| <b>LIABILITIES</b>   |              |                          |                         |
| Derivative financial instruments                           | 13           | 53 645                   | 950                     |
| Deposits and balances from banks                           | 21           | 2 746 459                | 1 722 893               |
| Current accounts and deposits from customers               | 22           | 39 602 942               | 32 322 052              |
| Promissory notes   |              | 883 132                  | 1 518 137               |
| Subordinated borrowings                                    | 23           | 163 795                  | 156 610                 |
| Current tax liability                                      |              | 42 539                   | 184 750                 |
| Deferred tax liability                                     | 11           | 272 360                  | 214 467                 |
| Other liabilities  | 24           | 179 868                  | 167 436                 |
| <b>Total liabilities</b>                                   |              | <b>43 944 740</b>        | <b>36 287 295</b>       |
| <b>EQUITY</b>  |              |                          |                         |
| Share capital  |              | 562 312                  | 562 312                 |
| Share premium  |              | 1 192 723                | 1 192 723               |
| Retained earnings  |              | 4 857 851                | 3 738 381               |
| <b>Total equity</b>  |              | <b>6 612 886</b>         | <b>5 493 416</b>        |
| <b>Total liabilities and equity</b>                        |              | <b>50 557 626</b>        | <b>41 780 711</b>       |

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

**OJSC “Asian-Pacific Bank”**

*Consolidated Interim Condensed Statement of Cash Flows for the 9 months ended 30 September 2011*

|  | <b>30 September 2011</b> | <b>30 September 2010</b> |
|--|--------------------------|--------------------------|
|  | <b>RUB'000</b>           | <b>RUB'000</b>           |
| <b>Note</b>  | <b>unaudited</b>         | <b>unaudited</b>         |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                  |                          |                          |
| Interest receipts  | 5 070 702                | 3 142 304                |
| Interest payments  | (1 633 428)              | (1 167 410)              |
| Fee and commission receipts  | 667 685                  | 361 293                  |
| Fee and commission payments  | (104 910)                | (59 649)                 |
| Net receipts from financial instruments at fair value through profit or loss | (79 409)                 | 211 549                  |
| Net receipts from foreign exchange   | 184 356                  | 86 564                   |
| Other income receipts  | 220 380                  | 128 894                  |
| Net gain on results with precious metals                                     | 71 966                   | 17 046                   |
| Other general administrative expenses payments                               | (2 017 554)              | (1 040 590)              |
| <b>(Increase) decrease in operating assets</b>                               |                          |                          |
| Obligatory reserves with the CBR   | (261 945)                | (102 167)                |
| Financial instruments at fair value through profit or loss                   | (55 457)                 | (1 985 573)              |
| Available-for-sale financial assets  | 57 672                   | -                        |
| Placements with banks  | 163 006                  | (22 521)                 |
| Amounts receivable under reverse repurchase agreements                       | 5 726 883                | (4 246 746)              |
| Loans to customers   | (12 856 146)             | (8 572 833)              |
| Net investments in finance leases  | (358 886)                | -                        |
| Other assets   | (503 782)                | 383 766                  |
| <b>Increase (decrease) in operating liabilities</b>                          |                          |                          |
| Deposits from banks  | 1 023 566                | (12 813)                 |
| Current accounts and deposits from customers                                 | 7 085 624                | 11 119 194               |
| Promissory notes   | (643 982)                | 38 321                   |
| Other liabilities  | 11 898                   | 36 556                   |
| <b>Net cash provided from operating activities before income tax paid</b>    | <b>1 768 239</b>         | <b>(1 684 815)</b>       |
| Income tax paid  | (488 291)                | (208 674)                |
| <b>Cash flows from operations</b>  | <b>1 279 948</b>         | <b>(1 893 489)</b>       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                  |                          |                          |
| Purchases of property and equipment and intangible assets                    | (655 434)                | (481 466)                |
| <b>Cash flows used in investing activities</b>                               | <b>(655 434)</b>         | <b>(481 466)</b>         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                  |                          |                          |
| Effect of business combination, net of cash received (Note 33)               | -                        | 1 684 754                |
| Distribution to shareholders   | (12 150)                 | (34 787)                 |
| <b>Cash flows from (used in) financing activities</b>                        | <b>(12 150)</b>          | <b>1 649 967</b>         |
| <b>Net increase (decrease) in cash and cash equivalents</b>                  | <b>612 364</b>           | <b>(724 988)</b>         |
| Effect of changes in exchange rates on cash and cash equivalents             | (42 805)                 | 5 663                    |
| Cash and cash equivalents as at the beginning of the period                  | 4 877 516                | 3 730 612                |
| <b>Cash and cash equivalents as at the end of the period</b>                 | <b>5 447 075</b>         | <b>3 011 287</b>         |
|  | 31                       |                          |

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

RUB'000

|  | Share<br>capital | Share<br>premium | Retained<br>earnings | Total equity     |
|--|------------------|------------------|----------------------|------------------|
| <b>Balance as at 1 January 2010</b>                          | <b>395 522</b>   | <b>1 192 723</b> | <b>1 006 553</b>     | <b>2 594 798</b> |
| <b>Total comprehensive income</b>                            |                  |                  |                      |                  |
| Profit for the period  | -                | -                | 792 023              | 792 023          |
| <b>Total comprehensive income for the period</b>             | <b>-</b>         | <b>-</b>         | <b>792 023</b>       | <b>792 023</b>   |
| <b>Transactions with owners, recorded directly in equity</b> |                  |                  |                      |                  |
| Business combination (Note 33)                               | 166 790          | -                | 827 134              | 993 924          |
| Distribution to shareholders                                 | -                | -                | (34 787)             | (34 787)         |
| <b>Total transactions with owners</b>                        | <b>166 790</b>   | <b>-</b>         | <b>792 347</b>       | <b>959 137</b>   |
| <b>Balance as at 30 September 2010</b>                       | <b>562 312</b>   | <b>1 192 723</b> | <b>2 590 923</b>     | <b>4 345 958</b> |
| <b>Balance as at 1 January 2011</b>                          | <b>562 312</b>   | <b>1 192 723</b> | <b>3 738 381</b>     | <b>5 493 416</b> |
| <b>Total comprehensive income</b>                            |                  |                  |                      |                  |
| Profit for the period  | -                | -                | 1 131 620            | 1 131 620        |
| <b>Total comprehensive income for the period</b>             | <b>-</b>         | <b>-</b>         | <b>1 131 620</b>     | <b>1 131 620</b> |
| <b>Transactions with owners, recorded directly in equity</b> |                  |                  |                      |                  |
| Distribution to shareholders                                 | -                | -                | (12 150)             | (12 150)         |
| <b>Total transactions with owners</b>                        | <b>-</b>         | <b>-</b>         | <b>(12 150)</b>      | <b>(12 150)</b>  |
| <b>Balance as at 30 September 2011</b>                       | <b>562 312</b>   | <b>1 192 723</b> | <b>4 857 851</b>     | <b>6 612 886</b> |

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

# 1 Background

## Organisation and operations

These consolidated interim condensed financial statements include the financial statements of OJSC “Asian-Pacific Bank” (the Bank) and its subsidiary LLC “Expo-Leasing” (together referred to as the Group).

The Bank was established in the Russian Federation as a closed joint stock company in 1992 under the name Amurpromstroybank as a successor of Promstroybank of USSR which was founded in 1929. In 2006 the Bank was reorganised from a closed joint-stock company to an open joint stock company and renamed to Asian-Pacific Bank by decision of the shareholder’s meeting. On 7 May 2010 the Bank merged with OJSC “Kamchatprombank” and OJSC “Kolyma-Bank” being owned by the common majority shareholder LLC “PPFIN Region”.

The principal activities of the Bank are deposit taking and customer accounts maintenance, lending, issuing guarantees, cash and settlement operations and operations with securities and foreign exchange. The activities of the Bank are regulated by the Central Bank of the Russian Federation (CBR). The Bank has a general banking license, and is a member of the state deposit insurance system in the Russian Federation.

The Bank has 195 branches from which it conducts business throughout the Russian Federation including Head office, 9 regional branches, 110 additional offices, 72 operational offices and 3 operational cash box. The registered address of the head-office is Blagoveshensk, 675000, Amurskaya Street, 225. The majority of the assets and liabilities are located in the Russian Federation.

As of 30 September 2011 the following shareholders held the issued shares of Open Joint Stock Company “Asian-Pacific Bank”:

| Shareholder   | 30 September 2011 | 30 September 2010 |
|---|-------------------|-------------------|
|   | %                 | %                 |
| LLC “PPFIN Region” (Russian Federation)                       | 67.59             | 67.59             |
| East Capital Explorer Financial Institutions Fund AB (Sweden) | 17.91             | 17.91             |
| International Financial Corporation (Russian Federation)      | 6.99              | 6.99              |
| Aksenov E.V.  | 5.21              | 5.21              |
| Others  | 2.30              | 2.30              |
| <b>Total:</b>   | <b>100.00</b>     | <b>100.00</b>     |

The principal subsidiaries are as follows:

| Name               | Country of incorporation | Principal activities | Ownership %       |                   |
|--------------------|--------------------------|----------------------|-------------------|-------------------|
|                    |                          |                      | 30 September 2011 | 30 September 2010 |
| LLC “Expo-Leasing” | Russian Federation       | Leasing              | 100%              | 0%                |

On October 1, 2010 100% of shares of LLC “Expo-Leasing” was acquired by the Bank.

LLC “Expo-Leasing” was registered in 2002 in Russia. Its head-office is in Moscow and it has 11 branches (31 December 2010: 5) including 1 regional branch and 10 separate offices.

## **Business environment**

### **Russian business environment**

The Russian Federation is experiencing political and economic change that has affected, and may continue to affect, the activities of enterprises operating in this environment. Consequently, operations in the Russian Federation involve risks that typically do not exist in other markets. In addition, the contraction in the capital and credit markets and its impact on the Russian economy has further increased the level of economic uncertainty in the environment. These consolidated interim condensed financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

## **2 Basis of preparation**

### **Statement of compliance**

The accompanying consolidated interim condensed financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) on a consolidated basis.

These consolidated interim condensed financial statements are prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting. As a result, they do not include all of the information required by IFRS for a complete set of financial statements. Operating results for the 9 month period ended 30 September 2011 are not necessarily indicative of the results that may be expected for the year ending 31 December 2011.

These consolidated interim condensed financial statements should be read in conjunction with the complete consolidated financial statements as at 31 December 2010.

### **Basis of measurement**

The consolidated interim condensed financial statements are prepared on the historical cost basis except that financial instruments at fair value through profit or loss are measured at fair value.

### **Functional and presentation currency**

The functional currency of the Bank and the subsidiary is the Russian Rouble (RUB) as, being the national currency of the Russian Federation, it reflects the economic substance of the majority of underlying events and circumstances relevant to them.

The RUB is also the presentation currency for the purposes of these consolidated interim condensed financial statements.

Financial information presented in RUB is rounded to the nearest thousand.

### **Use of estimates and judgments**

Management makes a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these consolidated interim condensed financial statements in conformity with IFRS. Actual results could differ from those estimates.



### 3 Significant accounting policies

In general the accounting policies applied by the Group in these consolidated interim condensed financial statements are consistent with those applied by the Group in the year ended 31 December 2010, except for the changes resulting from the amendments to IFRS.

### 4 Interest income and expense

|  | 30 September 2011<br>RUB'000 | 30 September 2010<br>RUB'000 |
|--|------------------------------|------------------------------|
| <b>Interest income</b>                                     |                              |                              |
| Loans to customers   | 4 431 388                    | 2 765 744                    |
| Financial instruments at fair value through profit or loss | 475 274                      | 88 465                       |
| Loans and advances to banks                                | 158 246                      | 360 615                      |
| Net investment in finance leases                           | 194 516                      | -                            |
|  | <b>5 259 424</b>             | <b>3 214 824</b>             |
| <b>Interest expense</b>                                    |                              |                              |
| Current accounts and deposits from customers               | 1 651 248                    | 1 341 908                    |
| Deposits and balances from banks                           | 101 001                      | 48 316                       |
| Promissory notes   | 72 680                       | 8 171                        |
| Subordinated borrowings                                    | 12 742                       | 13 121                       |
|  | <b>1 837 671</b>             | <b>1 411 516</b>             |

### 5 Fee and commission income

|   | 30 September 2011<br>RUB'000 | 30 September 2010<br>RUB'000 |
|---|------------------------------|------------------------------|
| Settlement fees                         | 540 588                      | 289 426                      |
| Guarantee and letter of credit issuance | 56 648                       | 27 408                       |
| Accounts opening and maintenance        | 55 979                       | 26 081                       |
| Other                                   | 33 144                       | 18 378                       |
|   | <b>686 359</b>               | <b>361 293</b>               |

### 6 Net foreign exchange income

|   | 30 September 2011<br>RUB'000 | 30 September 2010<br>RUB'000 |
|---|------------------------------|------------------------------|
| Gain on spot transactions and derivatives                 | 127 996                      | 118 750                      |
| Loss from revaluation of financial assets and liabilities | (42 805)                     | (32 878)                     |
|   | <b>85 191</b>                | <b>85 872</b>                |

## 7 Other operating income

|                              | 30 September 2011<br>RUB'000 | 30 September 2010<br>RUB'000 |
|------------------------------|------------------------------|------------------------------|
| Penalties on loans issued    | 126 990                      | 88 089                       |
| Rental income                | 21 231                       | 14 978                       |
| Income from trust management | 12 980                       | -                            |
| Other income                 | 59 179                       | 150 104                      |
|                              | <b>220 380</b>               | <b>253 171</b>               |

## 8 Impairment loss

|                                   | 30 September 2011<br>RUB'000 | 30 September 2010<br>RUB'000 |
|-----------------------------------|------------------------------|------------------------------|
| Loans to customers                | (597 263)                    | (712 726)                    |
| Net investments in finance leases | (3 971)                      | -                            |
| Other assets                      | (15 052)                     | (16 347)                     |
|                                   | <b>(616 286)</b>             | <b>(729 073)</b>             |

## 9 Personnel expenses

|                       | 30 September 2011<br>RUB'000 | 30 September 2010<br>RUB'000 |
|-----------------------|------------------------------|------------------------------|
| Employee compensation | 1 222 295                    | 581 951                      |
| Payroll related taxes | 285 582                      | 128 583                      |
|                       | <b>1 507 877</b>             | <b>710 534</b>               |

## 10 Other general administrative expenses

|  | 30 September 2011<br>RUB'000 | 30 September 2010<br>RUB'000 |
|--|------------------------------|------------------------------|
| Taxes other than on income                             | 77 948                       | 55 718                       |
| Depreciation and amortization                          | 96 023                       | 57 542                       |
| Repairs and maintenance                                | 59 647                       | 42 853                       |
| Rent   | 47 307                       | 34 825                       |
| Write-off of materials and loss on disposals of assets | 81 017                       | 33 231                       |
| Communications and information services                | 41 850                       | 37 030                       |
| Insurance  | 69 751                       | 39 158                       |
| Advertising and marketing                              | 54 756                       | 22 648                       |
| Security   | 25 484                       | 21 445                       |
| Travel expenses  | 14 048                       | 12 997                       |
| Fines and penalties                                    | 2 766                        | 4 875                        |
| Professional services                                  | 5 800                        | 1 171                        |
| Other  | 77 006                       | 15 528                       |
|  | <b>653 403</b>               | <b>379 021</b>               |

## 11 Income tax expense

|   | 30 September 2011<br>RUB'000 | 30 September 2010<br>RUB'000 |
|---|------------------------------|------------------------------|
| <b>Current tax expense</b>                        |                              |                              |
| Current year                                      | 309 933                      | 209 786                      |
| Origination and reversal of temporary differences | 64 340                       | (133 976)                    |
| <b>Total income tax expense</b>                   | <b>374 273</b>               | <b>75 810</b>                |

During 9 months ended 30 September 2011 applicable tax rate for current and deferred tax is 20% (30 September 2010: 20%).

### Reconciliation of effective tax rate

|                                       | 30 September 2011<br>RUB'000 | %             | 30 September 2010<br>RUB'000 | %            |
|---------------------------------------|------------------------------|---------------|------------------------------|--------------|
| <b>Profit before tax</b>              | <b>1 505 893</b>             |               | <b>867 833</b>               |              |
| Income tax at the applicable tax rate | 301 179                      | 20.0%         | 173 567                      | 20.0%        |
| Non-deductible costs                  | 8 754                        | 0.6%          | 36 219                       | 4.2%         |
|                                       | <b>309 933</b>               | <b>20.6 %</b> | <b>209 786</b>               | <b>24.2%</b> |

### Deferred tax asset and liability

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to deferred tax assets and liabilities as at 30 September 2011 and 31 December 2010. Net deferred tax liabilities have been recognised in these consolidated interim condensed financial statements.

Movements in temporary differences during the 9 months ended 30 September 2011 are presented as follows:

| 30 September 2011  | Balance<br>1 January 2011 | Recognised<br>in profit<br>or loss | Balance<br>30 September 2011 |
|--|---------------------------|------------------------------------|------------------------------|
| <b>RUB'000</b>   |                           |                                    |                              |
| Due from banks   | (3 738)                   | 852                                | (2 886)                      |
| Financial instruments at fair value through profit or loss | (10 879)                  | 7 498                              | (3 381)                      |
| Derivative financial instruments                           | (544)                     | 11 272                             | 10 728                       |
| Amounts receivable under reverse repurchase agreements     | (2 575)                   | 2 575                              | -                            |
| Loans to customers   | (99 759)                  | (34 668)                           | (134 427)                    |
| Net investment in finance leases                           | 12 429                    | 4 390                              | 16 819                       |
| Property and equipment                                     | (98 826)                  | 6 498                              | (92 328)                     |
| Current accounts and deposits from customers               | (5 854)                   | 5 854                              | -                            |
| Other liabilities  | 8 788                     | (68 611)                           | (59 823)                     |
|  | <b>(200 958)</b>          | <b>(64 340)</b>                    | <b>(265 298)</b>             |

## 12 Placements with the Central Bank

|   | 30 September 2011<br>RUB'000 | 31 December 2010<br>RUB'000 |
|---|------------------------------|-----------------------------|
| Nostro accounts                               | 956 382                      | 1 895 727                   |
| Term deposits                                 | 100 031                      | 700 058                     |
| Minimum reserve deposit                       | 483 349                      | 221 404                     |
| <b>Total placements with the Central Bank</b> | <b>1 539 762</b>             | <b>2 817 189</b>            |

## 13 Financial instruments at fair value through profit or loss

|  | 30 September 2011<br>RUB'000 | 31 December 2010<br>RUB'000 |
|--|------------------------------|-----------------------------|
| <b>ASSETS</b>                                  |                              |                             |
| <b>Debt and other fixed-income instruments</b> |                              |                             |
| <b>- Government and municipal bonds</b>        |                              |                             |
| Russian Government Federal bonds (OFZ)         | 334 124                      | 200 362                     |
| <b>Total government and municipal bonds</b>    | <b>334 124</b>               | <b>200 362</b>              |
| <b>- Corporate bonds</b>                       |                              |                             |
| rated from BB- to BBB+                         | 1 858 730                    | 2 401 541                   |
| rated below B+                                 | 838 918                      | 361 275                     |
| not rated                                      | 134 274                      | 388 646                     |
| <b>Total corporate bonds</b>                   | <b>2 831 922</b>             | <b>3 151 462</b>            |
| <b>- Promissory notes</b>                      |                              |                             |
| rated from BB- to BBB+                         | 2 739 684                    | 2 361 941                   |
| rated below B+                                 | 1 459 114                    | 1 520 089                   |
| not rated                                      | -                            | 143 401                     |
| <b>Total promissory notes</b>                  | <b>4 198 798</b>             | <b>4 025 431</b>            |
| <b>Equity investments</b>                      |                              |                             |
| Corporate shares                               | 59 913                       | 6 251                       |
| <b>Total equity investments</b>                | <b>59 913</b>                | <b>6 251</b>                |
| <b>Derivative financial instruments</b>        |                              |                             |
| Foreign currency contracts                     | 4                            | 3 669                       |
|  | <b>7 424 761</b>             | <b>7 387 175</b>            |
| <b>LIABILITIES</b>                             |                              |                             |
| <b>Derivative financial instruments</b>        |                              |                             |
| Foreign currency contracts                     | 53 645                       | 950                         |
|  | <b>53 645</b>                | <b>950</b>                  |

No financial assets at fair value through profit or loss are past due.

As at 30 September 2011 corporate bonds total market value RUB 1 551 957 thousand are pledged as collateral on intraday loans from Central Bank.

As at 30 September 2011 promissory notes total market value RUB 431 596 thousand are pledged as collateral on interbank loans to the banks-issuers.

The table below analyses financial instruments at fair value through profit or loss at 30 September 2011, by the level in the fair value hierarchy into which the fair value measurement is categorised:

| <b>RUB '000</b>                         | <b>Level 1</b>   | <b>Level 2</b>   | <b>Total</b>     |
|---|------------------|------------------|------------------|
| Debt and other fixed income instruments | 3 166 047        | 4 198 798        | 7 364 845        |
| Equity investments                      | 59 913           | -                | 59 913           |
| Derivative assets                       | 4                | -                | 4                |
| Derivative liabilities                  | (53 645)         | -                | (53 645)         |
|   | <b>3 172 319</b> | <b>4 198 798</b> | <b>7 371 117</b> |

The table below analyses financial instruments at fair value through profit or loss at 31 December 2010, by the level in the fair value hierarchy into which the fair value measurement is categorised:

| <b>RUB '000</b>                         | <b>Level 1</b>   | <b>Level 2</b>   | <b>Total</b>     |
|---|------------------|------------------|------------------|
| Debt and other fixed income instruments | 3 351 824        | 4 025 431        | 7 377 255        |
| Equity investments                      | 6 251            | -                | 6 251            |
| Derivative assets                       | 3 669            | -                | 3 669            |
| Derivative liabilities                  | (950)            | -                | (950)            |
|   | <b>3 360 794</b> | <b>4 025 431</b> | <b>7 386 225</b> |

### Foreign currency contracts

The table below summarises, by major currencies, the contractual amounts of forward exchange contracts outstanding at 30 September 2011 and at 31 December 2010 with details of the contractual exchange rates and remaining periods to maturity. Foreign currency amounts presented below are translated at rates ruling at the reporting date. The resultant unrealised gains and losses on these unmatured contracts, along with the amounts payable and receivable on the matured but unsettled contracts, are recognised in profit or loss and in financial instruments at fair value through profit or loss, as appropriate.

|                           | Notional amount              |                             | Weighted average contractual exchange rates |                             |
|---------------------------|------------------------------|-----------------------------|---|-----------------------------|
|                           | 30 September 2011<br>RUB'000 | 31 December 2010<br>RUB'000 | 30 September 2011<br>RUB'000                | 31 December 2010<br>RUB'000 |
| <b>Buy USD sell RUB</b>   |                              |                             |   |                             |
| Less than 3 months        | 32 184                       | 488 152                     | 32,18                                       | 30,51                       |
| <b>Buy Euros sell RUB</b> |                              |                             |   |                             |
| Less than 3 months        | 4 336                        | 161 368                     | 43,36                                       | 40,34                       |
| <b>Buy JPY sell RUB</b>   |                              |                             |   |                             |
| Less than 3 months        | 4 179                        | -                           | 41,79                                       | -                           |
| <b>Buy Gold sell RUB</b>  |                              |                             |   |                             |
| Less than 3 months        | 1 037 814                    | 435 752                     | 1 750,11                                    | 1 372,74                    |
|                           | <b>1 078 514</b>             | <b>1 085 272</b>            |   |                             |

## 14 Available-for-sale financial assets

Analysis by credit quality of securities available-for-sale outstanding at 30 September 2011 is as follows:

|  | 30 September 2011<br>RUB'000 | 31 December 2010<br>RUB'000 |
|--|------------------------------|-----------------------------|
| <b>Debt and other fixed-income instruments</b> |                              |                             |
| - Corporate bonds                              |                              |                             |
| rated from BB- to BB+                          | -                            | 46 308                      |
| rated below B+                                 | 20 894                       | 51 842                      |
| not rated                                      | 12 322                       | -                           |
| <b>Total corporate bonds</b>                   | <b>33 216</b>                | <b>98 150</b>               |
| <b>Equity investments</b>                      |                              |                             |
| Corporate shares                               |                              |                             |
| rated from BB- to BB+                          | 3 829                        | -                           |
| rated below B+                                 | 3 146                        | -                           |
| not rated                                      | 287                          | -                           |
| <b>Total corporate shares</b>                  | <b>7 262</b>                 | <b>-</b>                    |
|  | <b>40 478</b>                | <b>98 150</b>               |

As at 30 September 2011 available-for-sale investments comprise corporate bonds under trust management. Available-for-sale financial assets at 30 September 2011 and 31 December 2010 are allocated to the level 1 in the fair value hierarchy into which the fair value measurement is categorised.

## 15 Due from banks

|                              | 30 September 2011<br>RUB'000 | 31 December 2010<br>RUB'000 |
|------------------------------|------------------------------|-----------------------------|
| <b>Nostro accounts</b>       |                              |                             |
| - Other Russian banks        | 229 156                      | 224 702                     |
| - OECD banks                 | 956 449                      | 121 733                     |
| - Largest 30 Russian banks   | 28 171                       | 5 539                       |
| - Other foreign banks        | 49 869                       | 22 414                      |
| <b>Total nostro accounts</b> | <b>1 263 645</b>             | <b>374 388</b>              |
| <b>Term deposits</b>         |                              |                             |
| - OECD banks                 | 134 729                      | 785 591                     |
| - Non-OECD banks             | 12 600                       | -                           |
| - Largest 30 Russian banks   | 1 599 180                    | 180 000                     |
| - Other Russian banks        | 180 082                      | 97 221                      |
| <b>Total term deposits</b>   | <b>1 926 591</b>             | <b>1 062 812</b>            |
|                              | <b>3 190 236</b>             | <b>1 437 200</b>            |

None of due from banks balances are impaired or past due.

## 16 Amounts receivable under reverse repurchase agreements

There were no receivables under reverse repo agreements as at 30 September 2011.

The table below sets out receivables under reverse repo agreements showing individual types of securities received as collateral under repo agreements outstanding as at 31 December 2010:

|   | Corporate<br>bonds | Municipal<br>bonds | Total            |
|---|--------------------|--------------------|------------------|
| <b>Amounts receivable under reverse repurchase agreements</b> |                    |                    |                  |
| - Other Russian banks   | 3 735 751          | 762 369            | 4 498 120        |
| - Other financial institutions                                | 698 950            | 90 860             | 789 810          |
| - Largest 30 Russian banks                                    | 398 953            | 40 000             | 438 953          |
|   | <b>4 833 654</b>   | <b>893 229</b>     | <b>5 726 883</b> |

None of amounts receivable under reverse repurchase agreements are impaired or past due.

## 17 Loans to customers

|  | 30 September 2011<br>RUB'000 | 31 December 2010<br>RUB'000 |
|--|------------------------------|-----------------------------|
| <b>Loans to corporate customers</b>    | <b>13 087 421</b>            | <b>8 953 023</b>            |
| <b>Loans to retail customers</b>       |                              |                             |
| Consumer loans                         | 19 503 092                   | 11 679 377                  |
| Mortgage loans                         | 2 139 622                    | 1 483 422                   |
| <b>Total loans to retail customers</b> | <b>21 642 714</b>            | <b>13 162 799</b>           |
| <b>Gross loans to customers</b>        | <b>34 730 135</b>            | <b>22 115 822</b>           |
| Impairment allowance                   | (2 000 775)                  | (1 799 992)                 |
| <b>Net loans to customers</b>          | <b>32 729 360</b>            | <b>20 315 830</b>           |

Movements in the loan impairment allowance by classes of loans to customers for the 9 months ended 30 September 2011 are as follows:

|                                     | Loans to corporate<br>customers<br>RUB'000 | Loans to retail<br>customers<br>RUB'000 | Total<br>RUB'000 |
|-------------------------------------|--|---|------------------|
| <b>Balance at 1 January 2011</b>    | <b>296 833</b>                             | <b>1 503 159</b>                        | <b>1 799 992</b> |
| Net charge                          | 138 213                                    | 459 050                                 | 597 263          |
| Write-offs                          | -  | (396 480)                               | (396 480)        |
| <b>Balance at 30 September 2011</b> | <b>435 046</b>                             | <b>1 565 729</b>                        | <b>2 000 775</b> |

Movements in the loan impairment allowance by classes of loans to customers for the 9 months ended 30 September 2010 are as follows:

|                                     | Loans to corporate<br>customers<br>RUB'000 | Loans to retail<br>customers<br>RUB'000 | Total<br>RUB'000 |
|-------------------------------------|--|---|------------------|
| <b>Balance at 1 January 2010</b>    | <b>558 176</b>                             | <b>1 373 894</b>                        | <b>1 932 070</b> |
| Business combination                | 191 063                                    | 321 219                                 | 512 282          |
| Net charge                          | 407 956                                    | 304 770                                 | 712 726          |
| Write-offs                          | -  | (118 420)                               | (118 420)        |
| <b>Balance at 30 September 2010</b> | <b>1 157 195</b>                           | <b>1 881 463</b>                        | <b>3 038 658</b> |



### Credit quality of loans to customers

The following table provides information on the credit quality of loans to customers as at 30 September 2011:

|  | Gross loans<br>RUB'000 | Impairment<br>allowance<br>RUB'000 | Net loans<br>RUB'000 | Impairment<br>allowance to<br>gross loans,<br>% |
|--|------------------------|------------------------------------|----------------------|---|
| <b>Loans to corporate customers</b>              |                        |                                    |                      |   |
| Loans without individual signs of impairment     | 9 689 748              | (189 129)                          | 9 500 619            | 1.95%   |
| Watch list loans                                 | 2 687 134              | (56 230)                           | 2 630 904            | 2.09%   |
| Impaired loans:                                  |                        |                                    |                      |   |
| - not overdue                                    | 394 345                | (9 269)                            | 385 076              | 2.35%   |
| - overdue less than 90 days                      | 85 514                 | (1 956)                            | 83 558               | 2.29%   |
| - overdue more than 90 days and less than 1 year | 100 698                | (91 829)                           | 8 869                | 91.19%  |
| - overdue more than 1 year                       | 129 982                | (86 633)                           | 43 349               | 66.65%  |
| <b>Total impaired loans</b>                      | <b>710 539</b>         | <b>(189 687)</b>                   | <b>520 852</b>       | <b>26.70%</b>                                   |
| <b>Total loans to corporate customers</b>        | <b>13 087 421</b>      | <b>(435 046)</b>                   | <b>12 652 375</b>    | <b>3.32%</b>                                    |
| <b>Loans to retail customers</b>                 |                        |                                    |                      |   |
| <b>Consumer loans</b>                            |                        |                                    |                      |   |
| - not overdue                                    | 16 895 171             | (78 696)                           | 16 816 475           | 0.47%   |
| - overdue less than 30 days                      | 405 458                | (30 259)                           | 375 199              | 7.46%   |
| - overdue 30-89 days                             | 243 517                | (73 606)                           | 169 911              | 30.23%  |
| - overdue 90-179 days                            | 257 337                | (121 563)                          | 135 774              | 47.24%  |
| - overdue more than 180 days                     | 1 701 609              | (1 221 657)                        | 479 952              | 71.79%  |
| <b>Total consumer loans</b>                      | <b>19 503 092</b>      | <b>(1 525 781)</b>                 | <b>17 977 311</b>    | <b>7.82%</b>                                    |
| <b>Mortgage loans</b>                            |                        |                                    |                      |   |
| - not overdue                                    | 2 071 168              | (2 557)                            | 2 068 611            | 0.12%   |
| - overdue less than 30 days                      | 6 260                  | (523)                              | 5 737                | 8.35%   |
| - overdue 30-89 days                             | 4 102                  | (627)                              | 3 475                | 15.29%  |
| - overdue 90-179 days                            | 24 964                 | (11 314)                           | 13 650               | 45.32%  |
| - overdue more than 180 days                     | 33 128                 | (24 927)                           | 8 201                | 75.24%  |
| <b>Total mortgage loans</b>                      | <b>2 139 622</b>       | <b>(39 948)</b>                    | <b>2 099 674</b>     | <b>1.87%</b>                                    |
| <b>Total loans to retail customers</b>           | <b>21 642 714</b>      | <b>(1 565 729)</b>                 | <b>20 076 985</b>    | <b>7.23%</b>                                    |
| <b>Total loans to customers</b>                  | <b>34 730 135</b>      | <b>(2 000 775)</b>                 | <b>32 729 360</b>    | <b>5.76%</b>                                    |

The following table provides information on the credit quality of loans to customers as at 31 December 2010:

|  | <b>Gross loans</b> | <b>Impairment allowance</b> | <b>Net loans</b>  | <b>Impairment allowance to gross loans,</b> |
|--|--------------------|-----------------------------|-------------------|---|
|  | <b>RUB'000</b>     | <b>RUB'000</b>              | <b>RUB'000</b>    | <b>%</b>                                    |
| <b>Loans to corporate customers</b>              |                    |                             |                   |   |
| Loans without individual signs of impairment     | 7 086 605          | (148 292)                   | 6 938 313         | 2.09%                                       |
| Watch list loans                                 | 1 324 770          | ( 27 722)                   | 1 297 048         | 2.09%                                       |
| Impaired loans:                                  |                    |                             |                   |   |
| - not overdue                                    | 227 987            | ( 26 741)                   | 201 246           | 11.73%                                      |
| - overdue less than 90 days                      | 141                | ( 141)                      | -                 | 100.00%                                     |
| - overdue more than 90 days and less than 1 year | 62 439             | (16 961)                    | 45 478            | 27.16%                                      |
| - overdue more than 1 year                       | 251 081            | (76 976)                    | 174 105           | 30.66%                                      |
| <b>Total impaired loans</b>                      | <b>541 648</b>     | <b>(120 819)</b>            | <b>420 829</b>    | <b>22.31%</b>                               |
| <b>Total loans to corporate customers</b>        | <b>8 953 023</b>   | <b>(296 833)</b>            | <b>8 656 190</b>  | <b>3.32%</b>                                |
| <b>Loans to retail customers</b>                 |                    |                             |                   |   |
| <b>Consumer loans</b>                            |                    |                             |                   |   |
| - not overdue                                    | 9 391 592          | ( 44 030)                   | 9 347 562         | 0.47%                                       |
| - overdue less than 30 days                      | 175 254            | ( 13 229)                   | 162 025           | 7.55%                                       |
| - overdue 30-89 days                             | 138 001            | ( 40 331)                   | 97 670            | 29.23%                                      |
| - overdue 90-179 days                            | 222 739            | (116 679)                   | 106 060           | 52.38%                                      |
| - overdue more than 180 days                     | 1 751 791          | (1 256 146)                 | 495 645           | 71.71%                                      |
| <b>Total consumer loans</b>                      | <b>11 679 377</b>  | <b>(1 470 415)</b>          | <b>10 208 962</b> | <b>12.59%</b>                               |
| <b>Mortgage loans</b>                            |                    |                             |                   |   |
| - not overdue                                    | 1 429 805          | ( 1 767)                    | 1 428 038         | 0.12%                                       |
| - overdue less than 30 days                      | 3 917              | ( 327)                      | 3 590             | 8.35%                                       |
| - overdue 30-89 days                             | 10 503             | (1 605)                     | 8 898             | 15.28%                                      |
| - overdue 90-179 days                            | 4 488              | (2 478)                     | 2 010             | 55.21%                                      |
| - overdue more than 180 days                     | 34 709             | (26 567)                    | 8 142             | 76.54%                                      |
| <b>Total mortgage loans</b>                      | <b>1 483 422</b>   | <b>(32 744)</b>             | <b>1 450 678</b>  | <b>2.21%</b>                                |
| <b>Total loans to retail customers</b>           | <b>13 162 799</b>  | <b>(1 503 159)</b>          | <b>11 659 640</b> | <b>11.42%</b>                               |
| <b>Total loans to customers</b>                  | <b>22 115 822</b>  | <b>(1 799 992)</b>          | <b>20 315 830</b> | <b>8.14%</b>                                |

## 18 Net investments in finance leases

Net investments in finance leases as of 30 September 2011 comprise:

|  | <b>30 September 2011</b><br><b>RUB'000</b> | <b>31 December 2010</b><br><b>RUB'000</b> |
|--|--|---|
| Gross investments in finance leases      | 1 401 289                                  | 885 766                                   |
| Less unearned finance lease income       | (415 202)                                  | (262 536)                                 |
|  | <b>986 087</b>                             | <b>623 230</b>                            |
| Less allowance for impairment            | (44 624)                                   | (40 653)                                  |
| <b>Net investments in finance leases</b> | <b>941 463</b>                             | <b>582 577</b>                            |

Net investments in finance leases generally comprise lease contracts on various types of equipment and vehicles.

Future minimum lease payments to be received following 30 September are disclosed below:

|  | <b>30 September 2011</b><br><b>RUB'000</b> | <b>31 December 2010</b><br><b>RUB'000</b> |
|--|--|---|
| Within 1 year                            | 508 107                                    | 357 759                                   |
| From 1 to 5 years                        | 863 054                                    | 490 887                                   |
| More than 5 years                        | 30 128                                     | 37 120                                    |
| <b>Minimum lease payments receivable</b> | <b>1 401 289</b>                           | <b>885 766</b>                            |

Movements in the loan impairment allowance for investments in finance leases for the 9 months ended 30 September 2011 are as follows:

|                                     | <b>RUB'000</b> |
|-------------------------------------|----------------|
| <b>Balance at 1 January 2011</b>    | 40 653         |
| Net recovery                        | 3 971          |
| <b>Balance at 30 September 2011</b> | <b>44 624</b>  |

## 19 Property, equipment and intangible assets

| RUB'000                             | Land and<br>buildings | Leasehold<br>improvements | Computers<br>and<br>equipment | Fixtures and<br>fittings | Vehicles      | Intangible<br>assets | Construction<br>in progress | Total            |
|-------------------------------------|-----------------------|---------------------------|-------------------------------|--------------------------|---------------|----------------------|-----------------------------|------------------|
| Cost                                |                       |                           |                               |                          |               |                      |                             |                  |
| Balance at 1 January 2011           | 1 628 530             | 5 288                     | 470 208                       | 37 907                   | 30 383        | 96 948               | 147 301                     | 2 416 565        |
| Additions                           | 228 436               | -                         | 200 253                       | 299                      | 3 930         | 120 480              | 165 768                     | 719 166          |
| Disposals                           | -                     | -                         | (47 053)                      | (141)                    | (8 204)       | (15 475)             | -                           | (70 873)         |
| <b>At 30 September 2011</b>         | <b>1 856 966</b>      | <b>5 288</b>              | <b>623 408</b>                | <b>38 065</b>            | <b>26 109</b> | <b>201 953</b>       | <b>313 069</b>              | <b>3 064 858</b> |
| Depreciation and impairment losses  |                       |                           |                               |                          |               |                      |                             |                  |
| Balance at 1 January 2011           | 172 148               | 468                       | 272 124                       | 35 581                   | 14 535        | 29 951               | -                           | 524 807          |
| Depreciation for the year           | 25 012                | 79                        | 36 351                        | 821                      | 3 502         | 30 258               | -                           | 96 023           |
| Disposals                           | -                     | -                         | (926)                         | (11)                     | (3 604)       | (2 600)              | -                           | (7 141)          |
| <b>Balance at 30 September 2011</b> | <b>197 160</b>        | <b>547</b>                | <b>307 549</b>                | <b>36 391</b>            | <b>14 433</b> | <b>57 609</b>        | <b>-</b>                    | <b>613 689</b>   |
| Carrying amounts                    |                       |                           |                               |                          |               |                      |                             |                  |
| <b>At 30 September 2011</b>         | <b>1 659 806</b>      | <b>4 741</b>              | <b>315 859</b>                | <b>1 674</b>             | <b>11 676</b> | <b>144 344</b>       | <b>313 069</b>              | <b>2 451 169</b> |
| <b>At 1 January 2011</b>            | <b>1 456 382</b>      | <b>4 820</b>              | <b>198 084</b>                | <b>2 326</b>             | <b>15 848</b> | <b>66 997</b>        | <b>147 301</b>              | <b>1 891 758</b> |

## 20 Other assets

|   | 30 September 2011<br>RUB'000 | 31 December 2010<br>RUB'000 |
|---|------------------------------|-----------------------------|
| Other receivables                       | 98 865                       | 91 393                      |
| <b>Total other financial assets</b>     | <b>98 865</b>                | <b>91 393</b>               |
| Prepayments                             | 273 414                      | 115 457                     |
| Finance lease prepayments               | 124 942                      | 95 645                      |
| Materials and supplies                  | 216 759                      | 14 713                      |
| Other                                   | 125 290                      | 43 814                      |
| Impairment allowance                    | (15 052)                     | -                           |
| <b>Total other non-financial assets</b> | <b>725 353</b>               | <b>269 629</b>              |
| <b>Total other assets</b>               | <b>824 218</b>               | <b>361 022</b>              |

### Analysis of movements in the impairment allowance

Movements in the impairment allowance for the 9 months ended 30 September 2011 are as follows:

|                                     | Other financial<br>assets<br>RUB'000 | Other non-<br>financial assets<br>RUB'000 | Total<br>RUB'000 |
|-------------------------------------|--------------------------------------|---|------------------|
| Balance at 1 January 2011           | -                                    | -   | -                |
| Net charge                          | -                                    | 15 052                                    | 15 052           |
| <b>Balance at 30 September 2011</b> | <b>-</b>                             | <b>15 052</b>                             | <b>15 052</b>    |

Movements in the impairment allowance for the 9 months ended 30 September 2010 are as follows:

|                                     | Other financial<br>assets<br>RUB'000 | Other non-<br>financial assets<br>RUB'000 | Total<br>RUB'000 |
|-------------------------------------|--------------------------------------|---|------------------|
| Balance at 1 January 2010           | 5 899                                | 9 206                                     | 15 105           |
| Net recovery                        | (5 899)                              | 22 246                                    | 16 347           |
| <b>Balance at 30 September 2010</b> | <b>-</b>                             | <b>31 452</b>                             | <b>31 452</b>    |

## 21 Deposits and balances from banks

|                 | 30 September 2011<br>RUB'000 | 31 December 2010<br>RUB'000 |
|-----------------|------------------------------|-----------------------------|
| Vostro accounts | 23 477                       | 26 550                      |
| Term deposits   | 2 722 982                    | 1 696 343                   |
|                 | <b>2 746 459</b>             | <b>1 722 893</b>            |

As at 30 September 2011 the Group has one bank (31 December 2010: one bank), whose balances exceed 10% of equity. The gross value of these balances as at 30 September 2011 are RUB 1 690 715 thousand (31 December 2010: RUB 1 001 545 thousand).

## Covenants

As at 30 September 2011, the Group has a term deposits amounting to RUB 980 356 thousand that is repayable on 23 December 2013 and RUB 700 000 thousand that is repayable 27 July 2016 (31 December 2010: RUB 1 001 545 thousand). According to the terms of the agreement, the Group is subject to a debt covenant stating that funds should be spent on loans issuing to small and medium size entities. The Bank should comply all ratios of CBR and the N1 ratio should be not less than 10.1%.

As at 30 September 2011, the Group has term deposits amounting to RUB 378 182 thousand that are repayable on 15 June 2015 (31 December 2010: RUB 427 358 thousand). According to the terms of agreement, the Group is subject to a debt covenant stating that funds should be used for issuing loans to small and medium size entities and at the end of each year should comply with a number of financial and non-financial covenants.

## 22 Current accounts and deposits from customers

|                                      | <b>30 September 2011</b> | <b>31 December 2010</b> |
|--------------------------------------|--------------------------|-------------------------|
|                                      | <b>RUB'000</b>           | <b>RUB'000</b>          |
| Current accounts and demand deposits |                          |                         |
| - Retail                             | 3 009 503                | 2 335 274               |
| - Corporate                          | 10 301 061               | 7 228 868               |
| Term deposits                        |                          |                         |
| - Retail                             | 21 134 887               | 18 432 463              |
| - Corporate                          | 5 157 491                | 4 325 447               |
|                                      | <b>39 602 942</b>        | <b>32 322 052</b>       |

As at 30 September 2011, the Group has one customer (31 December 2010: one customer), whose balance exceeds 10% of equity. This balance as at 30 September 2011 is RUB 866 957 thousand (31 December 2010: RUB 584 849 thousand).

## 23 Subordinated borrowings

|                      | <b>30 September 2011</b> | <b>31 December 2010</b> |
|----------------------|--------------------------|-------------------------|
|                      | <b>RUB'000</b>           | <b>RUB'000</b>          |
| Subordinated deposit | 163 795                  | 156 610                 |
|                      | <b>163 795</b>           | <b>156 610</b>          |

As at 30 September 2011 subordinated borrowings comprise loans received from a related party in USD maturing in 2011 (31 December 2010: 2011) and carry an annual interest rate of 11% (31 December 2010: 11%). In case of bankruptcy, the repayment of the subordinated borrowings will be made after repayment in full of all other liabilities of the Group.

## 24 Other liabilities

|   | 30 September 2011<br>RUB'000 | 31 December 2010<br>RUB'000 |
|---|------------------------------|-----------------------------|
| Settlements with creditors                            | 75 314                       | 71 489                      |
| Settlements with employees                            | 67 871                       | 50 589                      |
| Provision for guarantees and letters of credit issued | 21 560                       | 40 237                      |
| Other taxes payable                                   | 14 611                       | 1 617                       |
| Other non-financial liabilities                       | 512                          | 3 504                       |
|   | <b>179 868</b>               | <b>167 436</b>              |

## 25 Share capital

### Issued capital and share premium

Movements in share capital for the 9 months ended 30 September 2010 are as follows:

|   | Ordinary<br>Shares (thousands) | Nominal<br>amount,<br>RUB'000 | Inflation<br>adjustment,<br>RUB'000 | Total,<br>RUB'000 |
|---|--------------------------------|-------------------------------|-------------------------------------|-------------------|
| <b>Balance as at 1 January 2010</b>   | <b>3 459 821 429 500</b>       | <b>387 500</b>                | <b>8 022</b>                        | <b>395 522</b>    |
| Ordinary shares   | 3 459 821 429 250              | 387 500                       | 8 022                               | 395 522           |
| Preferred shares  | 250                            | -                             | -                                   | -                 |
| Issue of ordinary shares related to<br>business combination with<br>Kamchatprombank | 1 033 878 849 532              | 115 794                       | -                                   | 115 794           |
| Issue of ordinary shares related to<br>business combination with<br>Kolyma-Bank     | 455 319 541 907                | 50 996                        | -                                   | 50 996            |
| <b>Balance as at 30 September<br/>2010</b>  | <b>4 949 019 820 939</b>       | <b>554 290</b>                | <b>8 022</b>                        | <b>562 312</b>    |

On 7 May 2010 the Bank completed business combinations with OJSC "Kamchatprombank" and OJSC "Kolyma-Bank". As a result of the merger these two banks ceased to exist and all their business operations, assets, and liabilities have been incorporated into OJSC "Asian-Pacific Bank".

The combination was conducted as follows. As of 31 December 2009 LLC "PPFIN Region" owned 67.27% of ordinary shares of OJSC "Asian-Pacific Bank", 62.91% of OJSC "Kamchatprombank" and 70.75% of OJSC "Kolyma-Bank".

In May 2010, OJSC "Asian-Pacific Bank" entered into a merger agreement with shareholders of OJSC "Kamchatprombank" and OJSC "Kolyma-Bank". In accordance with the merger agreement all outstanding ordinary shares of OJSC "Kamchatprombank" and OJSC "Kolyma-Bank" have been exchanged with the common shares of OJSC "Asian-Pacific Bank". The established conversion rate was approved by all parties of the merger agreement as follows:

- 1 ordinary share of OJSC "Asian-Pacific Bank" for each 0.000000030699205 shares of OJSC "Kamchatprombank"
- 1 ordinary share of OJSC "Asian-Pacific Bank" for each 0.00000003675479 shares of OJSC "Kolyma-Bank"

As a result of this conversion, a total of 13 977 866 ordinary shares of OJSC "Kamchatprombank" were exchanged for 455 319 541 907 276 of newly-issued ordinary shares of OJSC "Asian-Pacific Bank" and a total of 3 800 000 ordinary shares of OJSC "Kolyma-Bank" were exchanged for 1 033 878 849 532 260 of newly issued ordinary shares of OJSC "Asian-Pacific Bank". The share capital of OJSC "Asian-Pacific Bank" increased by RUB 166 790 thousand.

There were no any movements in share capital during 9 months ended 30 September 2011.

## 26 Earnings per share

|                          | <u>30 September 2011</u><br>RUB | <u>30 September 2010</u><br>RUB |
|--------------------------|---------------------------------|---------------------------------|
| Earnings per share       | 0,0000001600                    | 0,0000001028                    |
| Basic earnings per share |                                 |                                 |

The calculation of basic earnings per share as at 30 September 2011 and 30 September 2010 is based on the profit attributable to ordinary shareholders of RUB 1 131 620 thousand (30 September 2010: RUB 792 023 thousand), and a weighted average number of ordinary shares outstanding of 4 949 019 820 939 000 (30 September 2010: 4 490 804 931 265 830).

## 27 Analysis by segment

The Group has fifteen branches located in different regions of Russian Federation, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately. For each of the strategic business units, the chief operating decision maker reviews internal management reports on at least a monthly basis. The Group combined branches into three reporting units based on geographical location: Far East region, Siberia region and Moscow.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax as included in the internal management reports that are based on statutory financial information and that are reviewed by the CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to others who operate within these industries.

Segment breakdown of assets and liabilities is set out below:

|                          | <u>30 September 2011</u><br>RUB'000 | <u>31 December 2010</u><br>RUB'000 |
|--------------------------|-------------------------------------|------------------------------------|
| <b>ASSETS</b>            |                                     |                                    |
| Far East region          | 25 713 282                          | 18 128 717                         |
| Siberia region           | 11 096 112                          | 6 008 999                          |
| Moscow                   | 12 476 072                          | 17 185 155                         |
| <b>Total assets</b>      | <b><u>49 285 466</u></b>            | <b><u>41 322 871</u></b>           |
| <b>LIABILITIES</b>       |                                     |                                    |
| Far East region          | 32 740 282                          | 27 217 689                         |
| Siberia region           | 5 143 276                           | 4 126 781                          |
| Moscow                   | 4 936 766                           | 4 146 226                          |
| <b>Total liabilities</b> | <b><u>42 820 324</u></b>            | <b><u>35 490 696</u></b>           |



Segment information for the main reportable segments on profit and losses for the 9 months ended 30 September 2011 is set below:

| <b>RUB'000</b>   | <b>Far East region</b> | <b>Siberia region</b> | <b>Moscow</b>  | <b>Total</b>     |
|--|------------------------|-----------------------|----------------|------------------|
| External interest income   | 2 305 525              | 1 124 617             | 640 992        | 4 071 134        |
| Fee and commission income  | 906 264                | 373 144               | 76 043         | 1 355 451        |
| Net gain on other financial instruments at fair value through profit or loss | (3 112)                | -                     | 141 627        | 138 515          |
| Net foreign exchange income  | 164 323                | 47 942                | 12 779         | 225 044          |
| Net gain on available-for-sale financial assets                              | -                      | -                     | (3 550)        | (3 550)          |
| Other operating income   | 124 839                | 50 828                | 2 773          | 178 440          |
| <b>Revenue</b>   | <b>3 497 831</b>       | <b>1 596 539</b>      | <b>870 664</b> | <b>5 965 034</b> |
| Impairment losses (recovery)   | 438 163                | 348 497               | 19 320         | 805 980          |
| Interest expense   | 1 417 282              | 237 863               | 133 495        | 1 788 640        |
| Fee and commission expense   | 21 393                 | 9 345                 | 12 757         | 43 495           |
| Other general administrative expenses  | 1 554 309              | 426 407               | 68 775         | 2 049 491        |
| <b>Segment result</b>  | <b>66 684</b>          | <b>574 427</b>        | <b>636 317</b> | <b>1 277 428</b> |
| Income tax expense   |                        |                       |                | 304 038          |
| <b>Net profit after taxes</b>  |                        |                       |                | <b>973 390</b>   |

### Reconciliations of reportable segment profit or loss

|   | <b>30 September 2011</b> |
|---|--------------------------|
|   | <b>RUB'000</b>           |
| <b>Profit or loss</b>   |                          |
| Total profit or loss for reportable segments                                    | 973 390                  |
| IFRS accounting policy adjustments:   |                          |
| - interest income on loans and advances to customers                            | 22 909                   |
| - allowance for impairment  | 189 694                  |
| - depreciation and amortisation of property and equipment and intangible assets | (5 850)                  |
| - other adjustments   | (48 523)                 |
| <b>Consolidated profit or loss</b>  | <b>1 131 620</b>         |

## 28 Risk management

### a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The table below displays average effective interest rates for interest bearing assets and liabilities as at 30 September 2010 and 31 December 2010. These interest rates are an approximation of the yields to maturity of these assets and liabilities.

|  | 30 September 2011                  |     |                  | 31 December 2010                   |     |                  |
|--|------------------------------------|-----|------------------|------------------------------------|-----|------------------|
|  | Average effective interest rate, % |     |                  | Average effective interest rate, % |     |                  |
|  | RUB                                | USD | Other currencies | RUB                                | USD | Other currencies |
| <b>Interest bearing assets</b>                             |                                    |     |                  |                                    |     |                  |
| Financial instruments at fair value through profit or loss | 7%                                 | -   | -                | 8%                                 | -   | -                |
| Available-for-sale financial assets                        | 9%                                 | -   | -                | -                                  | 7%  | -                |
| Due from banks   | 5%                                 | -   | -                | 4%                                 | 10% | -                |
| Amounts receivable under reverse repurchase agreements     | -                                  | -   | -                | 4%                                 | -   | -                |
| Loans to customers   | 19%                                | 10% | 12%              | 23%                                | 12% | 13%              |
| Net investments in finance leases                          | 32%                                | 23% | 26%              | 32%                                | 23% | 26%              |
| <b>Interest bearing liabilities</b>                        |                                    |     |                  |                                    |     |                  |
| Deposits and balances from banks                           | 9%                                 | -   | -                | 9%                                 | -   | -                |
| Current accounts and deposits from customers               | 7%                                 | 6%  | 5%               | 7%                                 | 4%  | 5%               |
| Promissory notes   | 8%                                 | 2%  | 9%               | 8%                                 | 4%  | 9%               |
| Subordinated borrowings                                    | -                                  | 11% | -                | -                                  | 11% | -                |

### ***b) Currency risk***

The Group has assets and liabilities denominated in several foreign currencies.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. Although the Group hedges its exposure to currency risk, such activities do not qualify as hedging relationships in accordance with IFRS.

The following table shows the foreign currency structure of financial assets and liabilities as at 30 September 2011:

|  | <b>RUB</b><br><b>RUB'000</b> | <b>USD</b><br><b>RUB'000</b> | <b>EUR</b><br><b>RUB'000</b> | <b>Gold</b><br><b>RUB'000</b> | <b>Other</b><br><b>currencies</b><br><b>RUB'000</b> | <b>Total</b><br><b>RUB'000</b> |
|--|------------------------------|------------------------------|------------------------------|-------------------------------|---|--------------------------------|
| <b>ASSETS</b>  |                              |                              |                              |                               |   |                                |
| Cash   | 862 081                      | 274 286                      | 126 119                      |                               | 56 366  | 1 318 852                      |
| Placements with the Central Bank                           | 1 539 762                    | -                            | -                            | -                             | -   | 1 539 762                      |
| Financial instruments at fair value through profit or loss | 7 424 757                    |                              | 4                            | -                             | -   | 7 424 761                      |
| Available-for-sale financial assets                        | 40 478                       | -                            | -                            | -                             | -   | 40 478                         |
| Due from banks   | 1 375 935                    | 1 456 262                    | 325 270                      | 1 739                         | 31 030  | 3 190 236                      |
| Amounts receivable under reverse repurchase agreements     | 0                            | -                            | -                            | -                             | -   | 0                              |
| Loans to customers   | 32 075 805                   | 446 329                      | 207 226                      | -                             | -   | 32 729 360                     |
| Net investments in finance leases                          | 836 113                      | 98 100                       | 7 249                        | -                             | -   | 941 463                        |
| Current tax asset  | 90 264                       | -                            | -                            | -                             | -   | 90 264                         |
| Deferred tax asset   | 7 063                        | -                            | -                            | -                             | -   | 7 063                          |
| Property, equipment and intangible assets                  | 2 451 169                    | -                            | -                            | -                             | -   | 2 451 169                      |
| Other assets   | 583 786                      | 65 729                       | 174 703                      | 0                             | 0   | 824 218                        |
| <b>Total assets</b>  | <b>47 287 213</b>            | <b>2 340 706</b>             | <b>840 571</b>               | <b>1 739</b>                  | <b>87 396</b>                                       | <b>50 557 626</b>              |

|   | <b>RUB</b>         | <b>USD</b>       | <b>EUR</b>     | <b>Gold</b>        | <b>Other</b>      | <b>Total</b>      |
|---|--------------------|------------------|----------------|--------------------|-------------------|-------------------|
|   | <b>RUB'000</b>     | <b>RUB'000</b>   | <b>RUB'000</b> | <b>RUB'000</b>     | <b>currencies</b> | <b>RUB'000</b>    |
|   |                    |                  |                |                    | <b>RUB'000</b>    | <b>RUB'000</b>    |
| <b>LIABILITIES</b>  |                    |                  |                |                    |                   |                   |
| Derivative financial instruments  | -                  | 309              | -              | 53322              | 14                | 53645             |
| Deposits and balances from banks  | 2 577 159          | 160 933          | 1 244          | 0                  | 7123              | 2 746 459         |
| Current accounts and deposits from customers                            | 35 927 747         | 2 006 083        | 658 245        | 986 742            | 24 125            | 39 602 942        |
| Promissory notes  | 838 156            | 43 337           | 1 639          | 0                  | 0                 | 883 132           |
| Subordinated borrowings   | -                  | 163 795          | -              | -                  | -                 | 163 795           |
| Current tax liability   | 42 539             | -                | -              | -                  | -                 | 42 539            |
| Deferred tax liability  | 272 360            | -                | -              | -                  | -                 | 272 360           |
| Other liabilities   | 141 835            | 17627            | 20 189         | 0                  | 217               | 179 868           |
| <b>Total liabilities</b>  | <b>39 799 798</b>  | <b>2 392 084</b> | <b>681 317</b> | <b>1 040 064</b>   | <b>31 479</b>     | <b>43 944 740</b> |
| <b>Net position</b>   | <b>7 487 417</b>   | <b>(51 378)</b>  | <b>159 254</b> | <b>(1 038 325)</b> | <b>55 917</b>     | <b>6 612 886</b>  |
| <b>The effect of derivatives held for risk management</b>               | <b>(1 078 514)</b> | <b>32 184</b>    | <b>4 336</b>   | <b>1 037 814</b>   | <b>4179</b>       | <b>-</b>          |
| <b>Net position after derivatives held for risk management purposes</b> | <b>6 408 904</b>   | <b>(19 193)</b>  | <b>163 590</b> | <b>(511)</b>       | <b>60 096</b>     | <b>6 612 886</b>  |

The following table shows the foreign currency structure of financial assets and liabilities as at 31 December 2010:

|  | <b>RUB</b><br><b>RUB'000</b> | <b>USD</b><br><b>RUB'000</b> | <b>EUR</b><br><b>RUB'000</b> | <b>Gold</b><br><b>RUB'000</b> | <b>Other</b><br><b>currencies</b><br><b>RUB'000</b> | <b>Total</b><br><b>RUB'000</b> |
|--|------------------------------|------------------------------|------------------------------|-------------------------------|---|--------------------------------|
| <b>ASSETS</b>  |                              |                              |                              |                               |   |                                |
| Cash   | 904 465                      | 117 838                      | 77 745                       | -                             | 25 914  | 1 125 962                      |
| Placements with the Central Bank                           | 2 817 189                    | -                            | -                            | -                             | -   | 2 817 189                      |
| Financial instruments at fair value through profit or loss | 7 383 506                    | -                            | 394                          | 3 275                         | -   | 7 387 175                      |
| Available-for-sale financial assets                        | 51 842                       | 46 308                       | -                            | -                             | -   | 98 150                         |
| Due from banks   | 962 633                      | 432 713                      | 22 800                       | 15 365                        | 3 689   | 1 437 200                      |
| Amounts receivable under reverse repurchase agreements     | 5 726 883                    | -                            | -                            | -                             | -   | 5 726 883                      |
| Loans to customers   | 19 410 120                   | 600 389                      | 305 321                      | -                             | -   | 20 315 830                     |
| Net investments in finance leases                          | 536 830                      | 26 531                       | 19 216                       | -                             | -   | 582 577                        |
| Current tax asset  | 23 456                       | -                            | -                            | -                             | -   | 23 456                         |
| Deferred tax asset   | 13 509                       | -                            | -                            | -                             | -   | 13 509                         |
| Property, equipment and intangible assets                  | 1 891 758                    | -                            | -                            | -                             | -   | 1 891 758                      |
| Other assets   | 357 553                      | 3 145                        | 324                          | -                             | -   | 361 022                        |
| <b>Total assets</b>  | <b>40 079 744</b>            | <b>1 226 924</b>             | <b>425 800</b>               | <b>18 640</b>                 | <b>29 603</b>                                       | <b>41 780 711</b>              |

|   | <b>RUB</b>         | <b>USD</b>       | <b>EUR</b>       | <b>Gold</b>      | <b>Other</b>      | <b>Total</b>      |
|---|--------------------|------------------|------------------|------------------|-------------------|-------------------|
|   | <b>RUB'000</b>     | <b>RUB'000</b>   | <b>RUB'000</b>   | <b>RUB'000</b>   | <b>currencies</b> | <b>RUB'000</b>    |
|   |                    |                  |                  |                  | <b>RUB'000</b>    |                   |
| <b>LIABILITIES</b>  |                    |                  |                  |                  |                   |                   |
| Derivative financial instruments  | -                  | 521              | 429              | -                | -                 | 950               |
| Deposits and balances from banks  | 1 646 903          | 74 260           | 1 730            | -                | -                 | 1 722 893         |
| Current accounts and deposits from customers                            | 29 736 439         | 1 569 625        | 571 996          | 442 727          | 1 265             | 32 322 052        |
| Promissory notes  | 1 475 440          | 41 173           | 1 524            | -                | -                 | 1 518 137         |
| Subordinated borrowings   | -                  | 156 610          | -                | -                | -                 | 156 610           |
| Current tax liability   | 184 750            | -                | -                | -                | -                 | 184 750           |
| Deferred tax liability  | 214 467            | -                | -                | -                | -                 | 214 467           |
| Other liabilities   | 157 377            | 291              | 9 768            | -                | -                 | 167 436           |
| <b>Total liabilities</b>  | <b>33 415 376</b>  | <b>1 842 480</b> | <b>585 447</b>   | <b>442 727</b>   | <b>1 265</b>      | <b>36 287 295</b> |
| <b>Net position</b>   | <b>6 664 368</b>   | <b>(615 556)</b> | <b>(159 647)</b> | <b>(424 087)</b> | <b>28 338</b>     | <b>5 493 416</b>  |
| <b>The effect of derivatives held for risk management</b>               | <b>(1 085 272)</b> | <b>488 152</b>   | <b>161 368</b>   | <b>435 752</b>   | <b>-</b>          | <b>-</b>          |
| <b>Net position after derivatives held for risk management purposes</b> | <b>5 579 096</b>   | <b>(127 404)</b> | <b>1 721</b>     | <b>11 665</b>    | <b>28 338</b>     | <b>5 493 416</b>  |

### c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The table below shows an analysis, by expected maturities, of the amounts recognised in the statement of financial position as at 30 September 2011:

| RUB'000   | Demand and less<br>than 1 month | From 1 to<br>3 months | From 3 to<br>12 months | From 1 to<br>5 years | More than<br>5 years | No maturity      | Total             |
|---|---------------------------------|-----------------------|------------------------|----------------------|----------------------|------------------|-------------------|
| <b>Assets</b>   |                                 |                       |                        |                      |                      |                  |                   |
| Cash  | 1 318 852                       | -                     | -                      | -                    | -                    | -                | 1 318 852         |
| Placements with the Central Bank                              | 1 056 413                       | -                     | -                      | -                    | -                    | 483 349          | 1 539 762         |
| Financial instruments at fair value through<br>profit or loss | 7 424 761                       | -                     | -                      | -                    | -                    | -                | 7 424 761         |
| Available-for-sale financial assets                           | 40 478                          | -                     | -                      | -                    | -                    | -                | 40 478            |
| Due from banks  | 3 071 808                       | -                     | 11 257                 | -                    | -                    | 107 171          | 3 190 236         |
| Amounts receivable under reverse<br>repurchase agreements     | -                               | -                     | -                      | -                    | -                    | -                | -                 |
| Loans to customers  | 1 501 498                       | 4 708 014             | 11 443 287             | 13 059 543           | 2 017 018            | -                | 32 729 360        |
| Net investments in finance leases                             | 29 715                          | 56 313                | 264 400                | 551 251              | 39 784               | -                | 941 463           |
| Current tax asset   | 90 264                          | -                     | -                      | -                    | -                    | -                | 90 264            |
| Deferred tax asset  | -                               | -                     | -                      | -                    | -                    | 7 063            | 7 063             |
| Property, equipment and intangible assets                     | -                               | -                     | -                      | -                    | -                    | 2 451 169        | 2 451 169         |
| Other assets  | 824 218                         | -                     | -                      | -                    | -                    | -                | 824 218           |
| <b>Total assets</b>   | <b>15 358 007</b>               | <b>4 764 327</b>      | <b>11 718 944</b>      | <b>13 610 794</b>    | <b>2 056 802</b>     | <b>3 048 752</b> | <b>50 557 626</b> |
| <b>Liabilities</b>  |                                 |                       |                        |                      |                      |                  |                   |
| Derivative financial instruments                              | 53 645                          | -                     | -                      | -                    | -                    | -                | 53 645            |
| Deposits and balances from banks                              | 33 836                          | 320 680               | 318 408                | 2 073 535            | -                    | -                | 2 746 459         |
| Current accounts and deposits from<br>customers               | 18 424 037                      | 4 973 867             | 10 541 838             | 5 663 200            | -                    | -                | 39 602 942        |
| Promissory notes  | 300 706                         | 368 870               | 187 866                | 1 841                | 23 849               | -                | 883 132           |
| Subordinated borrowings                                       | -                               | 163 795               | -                      | -                    | -                    | -                | 163 795           |
| Current tax liability   | 42 539                          | -                     | -                      | -                    | -                    | -                | 42 539            |
| Deferred tax liability  | -                               | -                     | -                      | -                    | -                    | 272 360          | 272 360           |
| Other liabilities   | 179 868                         | -                     | -                      | -                    | -                    | -                | 179 868           |
| <b>Total liabilities</b>                                      | <b>19 034 631</b>               | <b>5 827 212</b>      | <b>11 048 112</b>      | <b>7 738 576</b>     | <b>23 849</b>        | <b>272 360</b>   | <b>43 944 740</b> |
| <b>Net position</b>   | <b>(3 676 624)</b>              | <b>(1 062 885)</b>    | <b>670 832</b>         | <b>5 872 218</b>     | <b>2 032 953</b>     | <b>2 776 392</b> | <b>6 612 886</b>  |

The table below shows an analysis, by expected maturities, of the amounts recognised in the statement of financial position as at 31 December 2010:

| <b>RUB'000</b>   | <b>Demand and less than 1 month</b> | <b>From 1 to 3 months</b> | <b>From 3 to 12 months</b> | <b>From 1 to 5 years</b> | <b>More than 5 years</b> | <b>No maturity</b> | <b>Total</b>      |
|--|-------------------------------------|---------------------------|----------------------------|--------------------------|--------------------------|--------------------|-------------------|
| <b>Assets</b>  |                                     |                           |                            |                          |                          |                    |                   |
| Cash   | 1 125 962                           | -                         | -                          | -                        | -                        | -                  | 1 125 962         |
| Placements with the Central Bank                           | 2 595 785                           | -                         | -                          | -                        | -                        | 221 404            | 2 817 189         |
| Financial instruments at fair value through profit or loss | 3 669                               | 130 928                   | 4 192 932                  | 3 053 395                | -                        | 6 251              | 7 387 175         |
| Available-for-sale financial assets                        | -                                   | -                         | -                          | 98 150                   | -                        | -                  | 98 150            |
| Due from banks   | 554 387                             | 601 381                   | 281 432                    | -                        | -                        | -                  | 1 437 200         |
| Amounts receivable under reverse repurchase agreements     | 5 726 883                           | -                         | -                          | -                        | -                        | -                  | 5 726 883         |
| Loans to customers   | 350 880                             | 557 808                   | 5 604 876                  | 12 267 664               | 1 534 602                | -                  | 20 315 830        |
| Net investments in finance leases                          | -                                   | -                         | 197 153                    | 355 215                  | 30 209                   | -                  | 582 577           |
| Current tax asset  | -                                   | -                         | 23 456                     | -                        | -                        | -                  | 23 456            |
| Deferred tax asset   | -                                   | -                         | -                          | -                        | -                        | 13 509             | 13 509            |
| Property, equipment and intangible assets                  | -                                   | -                         | -                          | -                        | -                        | 1 891 758          | 1 891 758         |
| Other assets   | 204 802                             | 6 369                     | 136 351                    | -                        | -                        | 13 500             | 361 022           |
| <b>Total assets</b>  | <b>10 562 368</b>                   | <b>1 296 486</b>          | <b>10 436 200</b>          | <b>15 774 424</b>        | <b>1 564 811</b>         | <b>2 146 422</b>   | <b>41 780 711</b> |
| <b>Liabilities</b>   |                                     |                           |                            |                          |                          |                    |                   |
| Derivative financial instruments                           | 950                                 | -                         | -                          | -                        | -                        | -                  | 950               |
| Deposits and balances from banks                           | 34 054                              | 15 748                    | 85 522                     | 1 569 231                | 18 338                   | -                  | 1 722 893         |
| Current accounts and deposits from customers               | 11 343 138                          | 4 432 873                 | 12 144 856                 | 4 401 185                | -                        | -                  | 32 322 052        |
| Promissory notes   | 16 837                              | 41 186                    | 862 794                    | 573 489                  | 23 831                   | -                  | 1 518 137         |
| Subordinated borrowings                                    | -                                   | -                         | 156 610                    | -                        | -                        | -                  | 156 610           |
| Current tax liability                                      | 184 750                             | -                         | -                          | -                        | -                        | -                  | 184 750           |
| Deferred tax liability                                     | -                                   | -                         | -                          | -                        | -                        | 214 467            | 214 467           |
| Other liabilities  | 76 666                              | 32 954                    | 57 816                     | -                        | -                        | -                  | 167 436           |
| <b>Total liabilities</b>                                   | <b>11 656 395</b>                   | <b>4 522 761</b>          | <b>13 307 598</b>          | <b>6 543 905</b>         | <b>42 169</b>            | <b>214 467</b>     | <b>36 287 295</b> |
| <b>Net position</b>  | <b>(1 094 027)</b>                  | <b>(3 226 275)</b>        | <b>(2 871 398)</b>         | <b>9 230 519</b>         | <b>1 522 642</b>         | <b>1 931 955</b>   | <b>5 493 416</b>  |



## 29 Capital management

The CBR sets and monitors capital requirements for the Bank.

The Group also monitors its capital adequacy levels calculated in accordance with the requirements of the Basle Accord, as defined in the International Convergence of Capital Measurement and Capital Standards (updated April 1998) and Amendment to the Capital Accord to incorporate market risks (updated November 2007), commonly known as Basel I.

The following table shows the composition of the capital position calculated in accordance with the requirements of the Basle Accord, as at 30 September 2011 and 30 December 2010:

|  | <b>30 September 2011</b> | <b>30 December 2010</b> |
|--|--------------------------|-------------------------|
|  | <b>RUB'000</b>           | <b>RUB'000</b>          |
| <b>Tier 1 capital</b>  |                          |                         |
| Share capital  | 562 312                  | 562 312                 |
| Share premium  | 1 192 723                | 1 192 723               |
| Retained earnings  | 4 857 854                | 3 738 381               |
| <b>Total tier 1 capital</b>  | <b>6 612 889</b>         | <b>5 493 416</b>        |
| <b>Tier 2 capital</b>  |                          |                         |
| Subordinated debt (unamortized portion)  | 6 231                    | 31 322                  |
| <b>Total tier 2 capital</b>  | <b>6 231</b>             | <b>31 322</b>           |
| <b>Total capital</b>   | <b>6 619 120</b>         | <b>5 524 738</b>        |
| <b>Risk-weighted assets</b>  |                          |                         |
| Banking book   | 40 575 133               | 27 552 765              |
| Trading book   | 3 535 396                | 8 536 413               |
| <b>Total risk weighted assets</b>  | <b>44 110 529</b>        | <b>36 089 178</b>       |
| <b>Total capital expressed as a percentage of risk-weighted assets</b><br><b>(total capital ratio)</b>         | <b>15,01%</b>            | <b>15,31%</b>           |
| <b>Total tier 1 capital expressed as a percentage of risk-weighted assets</b><br><b>(tier 1 capital ratio)</b> | <b>14,99%</b>            | <b>15,22%</b>           |

The Group is subject to minimum capital adequacy requirements calculated in accordance with the methodology of International Finance Corporation (IFC) established by covenants under liabilities incurred by the Group.

## 30 Commitments

|                                  | 30 September 2011<br>RUB'000 | 31 December 2010<br>RUB'000 |
|----------------------------------|------------------------------|-----------------------------|
| Guarantees and letters of credit | 1 571 306                    | 3 022 568                   |
| Undrawn overdraft facilities     | 2 265 356                    | 1 231 094                   |
| Loan and credit line commitments | 361 984                      | 705 650                     |
|                                  | <b>4 198 646</b>             | <b>4 959 312</b>            |

## 31 Cash and cash equivalents

|   | 30 September 2011<br>RUB'000 | 31 December 2010<br>RUB'000 |
|---|------------------------------|-----------------------------|
| <b>Cash on hand</b>                           | <b>1 318 852</b>             | <b>1 125 962</b>            |
| <b>Nostro accounts with the CBR</b>           | <b>956 382</b>               | <b>1 895 727</b>            |
| <b>Nostro accounts with other banks</b>       |                              |                             |
| - Other Russian banks                         | 229 156                      | 224 702                     |
| - OECD banks                                  | 956 449                      | 121 733                     |
| - Other foreign banks                         | 49 869                       | 22 414                      |
| - Largest 30 Russian banks                    | 28 171                       | 5 539                       |
| <b>Total nostro accounts with other banks</b> | <b>1 263 645</b>             | <b>374 388</b>              |
| <b>- Term deposits with the CBR</b>           | <b>100 031</b>               | <b>700 058</b>              |
| <b>- Term deposits with other banks</b>       |                              |                             |
| - OECD banks                                  | 28 903                       | 601 381                     |
| - Largest 30 Russian banks                    | 1 599 180                    | 180 000                     |
| - Other Russian banks                         | 180 082                      | -                           |
| <b>Total term deposits with other banks</b>   | <b>1 808 165</b>             | <b>781 381</b>              |
| <b>Total cash and cash equivalents</b>        | <b>5 447 075</b>             | <b>4 877 516</b>            |

None of cash and cash equivalents are impaired or past due.

## 32 Related party transactions

### (a) Control relationships

The Group's parent company is LLC "PPFIN Region" (Russian Federation). As of 30 September 2011, the ultimate beneficial owners of the Group were Mr. Andrey Vdovin (the owner of 16.8975%), Mr. Kirill Yakubovsky (the owner of 16.8975%), Mr. Pavel Maslovsky (the owner of 16.8975%), Mr. Peter Hambro (the owner of 16.8975%), East Capital Explorer Financial Institution Fund (Sweden) (the owner of 17.91%), International Finance Corporation (6.99%) and Mr. Evgeniy Aksenov (the owner of 5.21%).

**(b) Transactions with the members of the Board of Directors and the Management Board**

Total remuneration included in personnel expenses for the 9 months ended 30 September is as follows:

|                              | <b>30 September 2011</b> | <b>30 September 2010</b> |
|------------------------------|--------------------------|--------------------------|
|                              | <b>RUB'000</b>           | <b>RUB'000</b>           |
| Short term employee benefits | 138 991                  | 137 553                  |
|                              | <b>138 991</b>           | <b>137 553</b>           |

The outstanding balances and average interest rates as at 30 September 2011 and 31 December 2010 for transactions with the members of the Board of Directors and the Management Board are as follows:

|   | <b>30 September 2011</b> | <b>Average</b>        | <b>31 December 2010</b> | <b>Average</b>        |
|---|--------------------------|-----------------------|-------------------------|-----------------------|
|   | <b>RUB'000</b>           | <b>interest rate,</b> | <b>RUB'000</b>          | <b>interest rate,</b> |
|   |                          | <b>%</b>              |                         | <b>%</b>              |
| <b>Consolidated interim condensed statement of financial position</b> |                          |                       |                         |                       |
| <b>LIABILITIES</b>  |                          |                       |                         |                       |
| Current accounts and deposits   | 14 564                   | 4.90%                 | 20 669                  | 10,97%                |

Amounts included in profit or loss in relation to transactions with the members of the Board of Directors and the Management Board for the 9 months ended 30 September are as follows:

|                       | <b>30 September 2011</b> | <b>30 September 2010</b> |
|-----------------------|--------------------------|--------------------------|
|                       | <b>RUB'000</b>           | <b>RUB'000</b>           |
| <b>Profit or loss</b> |                          |                          |
| Interest income       | -                        | 75                       |
| Interest expense      | (657)                    | (6 214)                  |

**(d) Transactions with shareholders**

The outstanding balances and average interest rates as at 30 September 2011 and 31 December 2010 for transactions with shareholders:

|   | 30 September 2011<br>RUB'000 | Average<br>interest rate,<br>% | 31 December 2010<br>RUB'000 | Average<br>interest rate,<br>% |
|---|------------------------------|--------------------------------|-----------------------------|--------------------------------|
| <b>Consolidated interim condensed<br/>statement of financial position</b> |                              |                                |                             |                                |
| <b>LIABILITIES</b>  |                              |                                |                             |                                |
| Current accounts and deposits   | 378 182                      | 13.24%                         | 471 000                     | 12,92%                         |

Amounts included in profit or loss in relation to transactions with shareholders for the 9 months ended 30 September are as follows:

|                       | 30 September 2011<br>RUB'000 | 30 September 2010<br>RUB'000 |
|-----------------------|------------------------------|------------------------------|
| <b>Profit or loss</b> |                              |                              |
| Interest expense      | (41 442)                     | (51 808)                     |

During the 9 months ended 30 September 2011 and 30 September 2010 the Group made a cash distribution to shareholders in the amount of RUB 12 150 thousand and RUB 34 787 thousand appropriately.

**(e) Transactions with Banking Holding Group**

The Group is part of a holding group (the "Banking Holding Group") which as at 30 September 2011 and 31 December 2010 includes VMHY Holding, the parent company of LLC "PPFIN Region".

The outstanding balances and average interest rates as at 30 September 2011 and 31 December 2010 for transactions with the Banking Holding Group are as follows:

|   | 30 September 2011<br>RUB'000 | Average<br>interest rate,<br>% | 31 December 2010<br>RUB'000 | Average<br>interest rate,<br>% |
|---|------------------------------|--------------------------------|-----------------------------|--------------------------------|
| <b>Consolidated interim condensed<br/>statement of financial position</b> |                              |                                |                             |                                |
| <b>ASSETS</b>   |                              |                                |                             |                                |
| Loans to customers  | -                            | -                              | 155 000                     | 13%                            |
| <b>LIABILITIES</b>  |                              |                                |                             |                                |
| Current accounts and deposits   | 90 277                       | 12.5%                          | 2                           | -                              |

Amounts included in profit or loss in relation to transactions with the Banking Holding Group for the 9 months ended 30 September are as follows:

|                              | 30 September 2011<br>RUB'000 | 30 September 2010<br>RUB'000 |
|------------------------------|------------------------------|------------------------------|
| <b>Profit or loss</b>        |                              |                              |
| Interest income              | 2 209                        | 4 906                        |
| Interest expense             | (277)                        | -                            |
| Impairment recovery (charge) | 3 280                        | (3 280)                      |

**(f) Transactions with other related parties**

The outstanding balances and average interest rates as at 30 September 2011 and 31 December 2010 for transactions with other related parties are as follows:

|   | 30 September 2011<br>RUB'000 | Average<br>interest rate,<br>% | 31 December 2010<br>RUB'000 | Average<br>interest rate,<br>% |
|---|------------------------------|--------------------------------|-----------------------------|--------------------------------|
| <b>Consolidated interim condensed statement of financial position</b> |                              |                                |                             |                                |
| <b>ASSETS</b>   |                              |                                |                             |                                |
| Placements with banks   | 26 375                       | -                              | 1 545                       | -                              |
| Loans to customers  | 735 611                      | 6.62%                          | 223 091                     | 12.25%                         |
| <b>LIABILITIES</b>  |                              |                                |                             |                                |
| Deposits and balances from banks                                      | 207 646                      | 12.24%                         | 80 338                      | 15.00%                         |
| Current accounts and deposits   | 550 227                      | 7.35%                          | 220 949                     | 4.70%                          |
| Subordinated debt   | 163 794                      | 11.00%                         | 156 610                     | 11.00%                         |

Amounts included in profit or loss in relation to transactions with other related parties for the 9 months ended 30 September are as follows:

|                       | 30 September 2011<br>RUB'000 | 30 September 2010<br>RUB'000 |
|-----------------------|------------------------------|------------------------------|
| <b>Profit or loss</b> |                              |                              |
| Interest income       | 6 820                        | 120 811                      |
| Interest expense      | (8 631)                      | (12 377)                     |
| Impairment loss       | 2 744                        | (7 780)                      |

**33 Acquisitions**

On 7 May 2010 OJSC "Kamchatprombank" and OJSC "Kolyma-Bank" merged with the Group. As a result of this transaction all the assets, liabilities and operations OJSC "Kamchatprombank" and OJSC "Kolyma-Bank" were transferred to the Group. This merger transaction has been accounted for in these financial statements as an acquisition under common control.

The assets and liabilities acquired were recognised at their book values as recorded in the financial statements of OJSC "Kamchatprombank" and OJSC "Kolyma-Bank", adjusted where relevant in order to align accounting policies with those of OJSC "Asian-Pacific Bank".

The assets and liabilities of OJSC “Kamchatprombank” and OJSC “Kolyma-Bank” were as follows at the date of acquisition:

| RUB'000   | OJSC<br>“Kamchatprombank” | OJSC “Kolyma-<br>Bank” | Total acquired<br>carrying amount as<br>at 7 May 2010 |
|---|---------------------------|------------------------|---|
| <b>ASSETS</b>   |                           |                        |   |
| Cash  | 142 175                   | 253 536                | 395 711   |
| Placements with the Central Bank                              | 110 310                   | 236 328                | 346 638   |
| Financial instruments at fair value through<br>profit or loss | 961 375                   | 767 900                | 1 729 275   |
| Placements with banks   | 409 499                   | 570 886                | 980 385   |
| Loans to customers  | 1 150 356                 | 2 022 787              | 3 173 143   |
| Property, equipment and intangible assets                     | 85 688                    | 106 706                | 192 394   |
| Other assets  | 64 444                    | 52 535                 | 116 979   |
| <b>LIABILITIES</b>  |                           |                        |   |
| Deposits and balances from banks                              | (2 422)                   | -                      | (2 422)   |
| Current accounts and deposits from customers                  | (2 585 328)               | (3 297 768)            | (5 883 096)   |
| Promissory notes  | (5 583)                   | -                      | (5 583)   |
| Deferred tax liabilities                                      | (1 179)                   | (34 565)               | (35 744)  |
| Other liabilities   | (4 490)                   | (9 266)                | (13 756)  |
| <b>Net identifiable assets and liabilities</b>                | <b>324 845</b>            | <b>669 079</b>         | <b>993 924</b>  |
| Issue of ordinary shares related to business<br>combination   | 115 794                   | 50 996                 | 166 790   |
| <b>Effect from business combination</b>                       | <b>209 051</b>            | <b>618 083</b>         | <b>827 134</b>  |

The following table presents the cash flows of this acquisition:

|                                    |                  |
|------------------------------------|------------------|
| Consideration paid                 | -                |
| Cash and cash equivalents acquired | 1 684 754        |
| <b>Net cash inflow</b>             | <b>1 684 754</b> |

The table below summarises information about gross contractual amounts receivable and the amounts of contractual cash flows, which are not expected to be collected:

|                    | Carrying amount<br>RUB'000 | Gross amounts<br>receivable<br>RUB'000 | Amounts not<br>expected to<br>be collected<br>RUB'000 |
|--------------------|----------------------------|--|---|
| Loans to customers | 3 173 143                  | 3 666 931                              | (493 788)   |
| Other assets       | 130 582                    | 157 206                                | (26 624)  |