



**Asian-Pacific Bank**

# ANNUAL REPORT

ASIAN-PACIFIC BANK  
(OPEN JOINT-STOCK COMPANY)

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**Approved by**

the General Meeting of Shareholders of Asian-Pacific Bank (OJSC)  
Minutes 28.06.2013

the Board of Directors of Asian-Pacific Bank (OJSC)  
Minutes No №10 от 29.05.2013

the Executive Board of Asian-Pacific Bank (OJSC)  
Minutes 27.05.2013

Chairman of the Executive Board



Evgeny Aksenov

Chief Accountant



Oleg Marinchenko

Accuracy of information contained in this Annual Report of Asian-Pacific Bank (OJSC) for the year 2012 was certified by the Audit Commission.

Head of Audit Commission



Mikhail Stotsky

**Disclaimer**

This Annual Report of "Asian - Pacific Bank" (Open joint-stock company) (hereinafter the "Bank", "APB", "Asian-Pacific Bank (OJSC)") was prepared based on true and accurate information as of the date of its publishing. It contains the Bank's view on its financial standing, operational results, achievements in its core business and status of individual projects.

Projections made in this report take into account risks associated with economic situation in the country and situation in international financial markets that (given certain circumstances) may influence the Bank's operation. Projections describe different scenarios, however, they don't guarantee the concordance of the Bank's future results with such projections. There is still a probability that these projections won't be fulfilled.

Asian-Pacific Bank (OJSC) believes that such projections should be deemed as speculations of possible future scenarios valid as of the date hereof. The Bank undertakes no obligation to review and inform about any change in its projections to include new opportunities, except as required by the Russian law.

## About APB

Asian-Pacific Bank (OJSC) is one of the leading regional banks in Russia. The Bank covers a vast territory from Anadyr in the East to Yekaterinburg in the West, it also operates in Moscow. It has 272 offices in 127 cities and towns throughout 18 regions of the country. APB is headquartered in Blagoveshchensk, Amur Region.

According to Russian rating agencies, by its key indicators APB is among TOP 60 Russian banks. Asian-Pacific Bank is also a member to the Deposit Insurance Scheme.

In February 2012, the Bank celebrated its 20th anniversary. Large network, new products and services and ongoing quality improvement brought the Bank to a whole new level in banking ratings. APB provides the whole range of banking services both for corporate and retail clients. It has a diversified customer base and a strong team of professionals specialising in different areas of business.

Stable development and strategic approach to its progress together with attention to innovation in banking technologies ensure the Bank's ongoing growth in every area of its activity. APB is a full service bank that has built an effective balance between tradition and innovation, evolution and conservatism, standardised and individual approach in servicing its clients.

The Bank is still committed to its mission:

**BRINGING THE BEST FOR OUR CLIENTS, PARTNERS, SHAREHOLDERS, AND EMPLOYEES. WORKING TO BE ONE OF THE BEST BANKS IN RUSSIA. WORK AS A TEAM AND WIN AS A TEAM.**

### Main shareholders:

**PPFIN Holding LLC** is a management company for the VMHY Group that holds stakes in several banking and financial businesses in Russia, retail, IT, real estate, gold mining and metallurgic companies in the country. It holds a majority stake of 66.6 % in APB.

**East Capital Investment Company (Sweden)** East Capital is a leading independent asset manager specialising in the emerging markets of Eastern Europe and China with 15 years of experience in financial markets. Its AUM amount to EUR 3.9bn (including publicly traded shares and stakes in different businesses). The company works with almost 0.5 million private investors investing directly and indirectly, and large investment companies all over the world. The stake held by East Capital in APB (via East Capital Financials Fund) is 17.9%.

**International Finance Corporation (IFC)** IFC promotes the sustainable growth of private sector in emerging economies by investing and raising funds in international markets and by providing advisory support to companies and governments. The IFC is owned by its 184 member governments that vote on matters of policy, and approve all of its investing activities. Its capital paid in by member countries is USD 2.58bn. IFC holds 7.0 % in APB's capital.

Current Shareholders

East Capital Financials Fund AB / **17.9%**

IFC / **7.0%**

Management of the Bank / **6.5%**

Other shareholders / **2.0%**



PPFIN REGION LLC / **66.6%**

## CHAIRMAN'S MESSAGE



**Dear partners of our Bank,**

I'm happy to present our Annual Report for the year 2012. This year we mark the historic occasion of APB's 20th anniversary.

However, the last 8 years were the crucial period in our history. We can simply describe it as sustainable growth outstripping the industry. But there is a great amount of hard work behind this success story. Every single year was challenging in its own way, however, we managed to remain strong and get stronger. And you can see the result of our work: the Bank's ranking skyrocketed as APB progressed from TOP 600 to TOP 60 by almost any performance indicator.

The reporting year was also quite challenging due to changes in the Russian banking and stiffer banking regulation. Nonetheless, we completed this year successfully once again confirming our reliability and professional strength.

In 2012, the Bank's assets grew by 52% whereas the average rate for Russian banks was just 19%. APB is demonstrating sky-high

return rates with its ROE in 2012 at 32% and ROA at 4.3%.

The aggregate loan portfolio of the Bank grew more than 50% in the reporting year. The record growth of 68% was demonstrated by the retail sector, however, this robust development didn't change the balance structure — the share of the loan portfolio in assets was 63% and it was almost fully financed by the growth of deposits. Net interest margin of the Bank was 11.7%, which, given the impressive ROE and its operational income/cost ratio of <45%, brings APB in line with the Russian retail banking leaders. And don't forget that our Bank is not a retail monoliner but provides the whole range of banking services. The average NPL ratio for Russian banks was 3.7%, whereas high repayment rate at APB brought this indicator in the reporting year to as low as 2.5% (RAS).

Today we provide services to 21,000+ companies and more than 760,000 private individuals. Eight years ago, in the beginning of our journey, this number would've seemed unrealistic.

We have managed not only to ensure the outstripping growth of all key indicators, but we have also made our business attractive for strategic investors. We launched the implementation of an essentially new strategy — cooperation with major financial institutions including IFC, SME Bank, EBRD and other development organisations. APB became a player in documentary operations and mortgage securitisation market. Furthermore, the Bank continued to be actively engaged and strongly committed to SME lending. As of the end of 2012, SME loans accounted for almost 50% of our corporate loan portfolio.

In the nearest future we're going to deliver on our ambitious development strategy — keep growth high and become one of the leaders in technologically advanced and client-oriented banking business in Russia.

I want to thank our partners for their support and loyalty. I believe that our cooperation will be a win-win relationship opening new horizons for our companies. Looking back at what we've done and achieved I have strong reasons to believe in that.

Chairman of the Executive Board



Evgeny Aksenov

## CONTENTS

|   |    |
|---|----|
| <b>APB's History</b> .....  | 5  |
| <b>Milestones in 2012</b> .....   | 6  |
| <b>Strategy</b> .....   | 8  |
| <b>Overview of the Russian Economy and its Banking Sector</b> .....       | 8  |
| <b>Our Achievements</b> .....   | 9  |
| Ratings and Rankings.....   | 9  |
| Key Financial Indicators.....   | 9  |
| <b>Corporate Governance</b> .....   | 12 |
| Board of Directors of Asian-Pacific Bank (OJSC).....                      | 12 |
| Executive Board of Asian-Pacific Bank (OJSC).....                         | 15 |
| Dividend Report.....  | 17 |
| Compensation and Benefits.....  | 17 |
| Appendix 1.....   | 18 |
| Compliance with Corporate Governance Policy                               |    |
| Appendix 2.....   | 19 |
| Major Transactions and Related Party Transactions.....                    | 20 |
| <b>Corporate Social Responsibility</b> .....                              | 22 |
| <b>THE BOARD OF DIRECTORS' REPORT ON KEY BUSINESSES OF THE BANK</b> ..... | 22 |
| RETAIL BUSINESS.....  | 29 |
| CORPORATE BANKING.....  | 33 |
| OPERATIONS ON FINANCIAL MARKETS AND BUSINESS WITH FIs.....                | 35 |
| IT INFRASTRUCTURE.....  | 36 |
| RISK MANAGEMENT AND INTERNAL CONTROL.....                                 | 40 |
| OUR GEOGRAPHY AND NETWORK.....  | 43 |
| ADMINISTRATIVE AND HR MANAGEMENT  |    |
| Appendix 3  |    |
| Financial Statements.....   | 44 |
| APB's SUBSIDIARY — EXPO LEASING LLC.....                                  | 51 |
| GENERAL INFORMATION ABOUT THE BANK.....                                   | 54 |
| Contact us.....   | 56 |

## APB'S HISTORY

In February 1992, a new company — Amurpromstroybank CJSC with a head office in Blagoveshchensk — was created on the basis of USSR's Promstroybank for the Amur Region. It went through every stage of the Russian banking's evolution: restructuring, 1998 crisis, control by the ARCO (Agency for Restructuring of Credit Organisations).

The new era began in 2004 when the Bank was acquired by beneficiary owners of APB's current majority shareholder PPFIN REGION LLC. It was the time when a new team headed by Evgeny Aksenov took over the Bank's management. The Bank had 8 offices in the Amur region. Retail business became the top priority in the company's development.

In **2005** Amurpromstroybank obtained a licence to store and trade precious metals, which made it the only bank in the region authorised to carry out operations with gold. Active engagement in retail business helped the Bank increase its loan portfolio almost 4 times within a year — up to RUB 1,749 million.

In **2006** restructuring and rebranding took place. The Bank changed its name to Asian-Pacific Bank and transformed into an open joint-stock company. Shareholders adopted a new strategy designed to expand the Bank's operations over to the Far East and Transbaikalia. APB went beyond its home region and opened offices in Primorsk and Khabarovsk Territories, Transbaikalia, Republic of Sakha and Republic of Buryatia. East Capital acquired a stake in the Bank. APB's agreement with East Capital Group (Sweden) was the first example of foreign investments in the banking sector of Russia's Far East. The Bank also started the roll-out of innovative IT solutions developed by CFT company.

In **2007** APB's network increased significantly and included 67 office in 7 regions of the Far East and Transbaikalia Territories. Deposits from retail and corporate customers almost tripled. The Bank became an associate member of the VISA International payment system.

In **2008** International Finance Corporation became one of APB's shareholders. IFC agreed to provide funds to support the Bank's unique programme on long-term SME financing. The Bank had >100 offices in almost 50 cities and towns of Russia. APB opened its branch in Moscow.

In **2009** the Bank became a principal member of MasterCard and VISA payment systems. It received its first awards and recognition in the professional community: APB was nominated as *The Best Regional Bank* at *Banking Business Magazine Awards*. APB and Russian Bank for Development (today SME Bank) signed an agreement on SME financing. The Bank joined the federal programme on SME financing and auto loan financing supported by the government.

The year **2010** was a critical year in the Bank's history. APB acquired Kolyma-Bank OJSC and Kamchatprombank OJSC thus increasing its coverage to include Kamchatka and Magadan regions. VISA card issuance project was launched (170,000+ cards). Amur Region Social Card project for residents of the region was implemented. Acquisition of EXPO Leasing company thus adding this new business to its portfolio. The Bank's network included 158 offices in 60 locations throughout the country. Banking Business Magazine named Asian-Pacific Bank as the *Best Regional Bank of the Year*.

The year **2011** was the year of new records and new significant achievements. The Bank's earnings almost doubled and reached RUB 8.5bn. Its loan portfolio experienced the same growth and exceeded RUB 25bn. APB added 50 new offices to its network. By the end of the year capital of the Bank was over RUB 7bn and its profit was more than RUB 2bn. APB had credit lines opened with the largest Russian and foreign banking organisations. The Bank was named *The Best Regional Bank* by Banking Business Magazine for the third consecutive year.

February 14, **2012**, Asian-Pacific Bank celebrated its 20th anniversary. During the 20 years of its operation the Bank evolved into an active and successful player in the banking market with impressive progress in the last several years. It opened its 250th office in Kemerovo. APB is No.1 in SME financing (in terms of volume) in the Far East of Russia and in TOP 3 in Siberian Federal District. It holds the 6th position in purchasing gold from mining companies. It's in TOP 20 of Russian banks with highest ROA and ROE and in TOP 30 in the following ratings: profitability leaders, banks with the largest networks, retail champions, banks receiving the largest public funds' investments. Its net profit grew by 49% and reached RUB 3.3bn. Assets increased by > 50% to RUB 92.2bn. The Bank won Grand Prix as *The Best Regional Bank* at *Financial Elite of Russia Awards* and also received a Banking Leader Diploma from Expert RA rating agency for development of banking in regions. APB was also a winner of *Bank Manager of the Year - 2012* awards in *Team of the Year* nomination and a prize winner at *100 Best Products in Russia* awards. Mr. Aksenov was awarded with the *Golden Diploma for Excellence in Media Coverage* by the Russian Union of Journalists and Financial Press Club. APB also won RETAIL FINANCE AWARDS-2012 in *Breakthrough In Retail Banking* nomination.

Today Asian-Pacific Bank is one of the most dynamic banks in Russia. Its strategy is focused on regional development and includes further growth in full service banking sector with strong E-banking infrastructure and innovative high-tech products.

## MILESTONES IN 2012

### January

- Expert RA assigned its A+ credit rating (which stands for "Very high level of creditworthiness") with stable outlook. The number of cards sold by the Bank as a part of its card issuance programme (outside payroll schemes) reached 14,000 as of February 1, 2012. Balances on card accounts (debit plastic cards) held by private individuals totalled RUB 1.6bn.
- APB became the winner in *Corporate Style* nomination in *Golden Apple Advertising Awards* that took place in the Amur Region.
- New positions in the Bank's management structure: Managing Directors in retail and corporate businesses.

### February

- 20th Anniversary.
- EBRD increased the tenor of its trade finance line for Asian-Pacific Bank from 1 to 2 years. It also offered more favourable terms and reduced the price of its guarantees. Given that, the Bank can finance trade operations carried out by its clients in any country with market economy and raise international funding at a lower cost.
- Launch of data bank service for commercial use.
- The Extraordinary General Meeting of Shareholders of the Bank that took place in Blagoveshchensk on February 16, 2012, approved the new composition of the Board of Directors as follows: Kirill Yakubovsky, Evgeny Aksenov, Adriano Arietti, Andrey Vdovin, Kestutis Sasnauskas, Sergey Stepanov, Alexander Murychev, Sergey Plastinin.

### March

- APB advanced to the 15th position in TOP 30 of Russian banks with the fastest growing retail loan portfolios as seen by *Bankovskoye Obozrenie* magazine (Bank Review) which was a part of a larger TOP 100 rating of the biggest retail banks in Russia where APB was ranked as 29th.
- Earnings in March exceeded RUB 1bn. It was a record high monthly income in the history of the Bank.
- Launch of the e-learning programme for employees of the Bank.
- With a new ATM installed in Moscow the number of APB's ATMs totalled 250.

### April

- Expert RA rating agency published its rating of banks by the volume of lending to SMEs in 2011 according to which Asian-Pacific Bank was the leading institution for the Far East of Russia and one of TOP 3 banks in Siberian Federal District.
- April 27, 2012 — the Bank placed its Series 01 bonds worth RUB 1.5bn. By the time the book was closing, 37 orders exceeding RUB 4.2 had been received.
- New project for the Federal Tax Service of Russia: clients of the Bank can use their APB cards to pay their taxes online on the website of the FTS.

### May

- Retail loan portfolio exceeded RUB 30bn.
- The Bank introduced electronic document and records management system.
- APB was named the *Largest Taxpayer of the Amur Region 2012*.

### June

- The Bank won Grand Prix as *The Best Regional Bank* at *Financial Elite of Russia Awards* — one the most respected awards in the finance industry. It is one of the most prestigious awards that recognises professional excellence.
- Mr. Aksenov was awarded with the *Golden Diploma for Excellence in Media Coverage* by the Russian Union of Journalists and Financial Press Club. This award was created to recognise the work done by businesses and government structures to support an open and transparent dialogue with mass media.
- The Bank brings its services closer to clients by opening APB's accounts in Facebook, VKontakte and other social networks.

### July

- The Bank received a Banking Leader Diploma from Expert RA rating agency for its contribution in the regional development of banking industry.
- Based on H1 2012 results APB was ranked by banki.ru website as one of TOP30 mortgage banks in Russia (by every rating criterion). According to their assessment, the Bank held the following rating positions: No.30 — by the size of its mortgage portfolio, No.28 — by the volume of its mortgage lending and No.24 — by the number of originated loans.
- APB also was a prize winner in Services for Population nomination of 100 Best Products in Russia 2012 awards.
- Asian-Pacific Bank opened its first office in Altai region.

### August

- August 13, 2012 — as a part of the programme to develop their partnership, APB and JSC VTB Bank signed a lending agreement under which the Bank received RUB 600 million financing for 1 year.
- Evgeny Aksenov was placed on the 22nd place by Medialogia company in its monthly July ranking based on mass media analysis. This is a rating that assesses media influence of presidents, CEOs and chairmen of banks operating in Russia. It embraced 9,400 most influential media sources, channels and editions and was based on the analysis of 4,031 messages and statements.

### September

- Asian-Pacific Bank received a diploma and 2012 Elite Quality Recognition Award from J.P. Morgan for its high quality of processing SWIFT payments APB was named as one of the three leading J.P. Morgan's correspondents that ensure close to 100% automation in payments processing.
- Expert RA rating agency assigned its A- credit rating (high creditworthiness) with stable outlook to EXPO Leasing Company.
- According to *Bankovskoye Obozrenie* magazine (Bank Review), the Bank was one of the ten banks leading by the number of sales offices. APB is an absolute leader in the Chukotka Autonomous District. It's 2nd in the Amur and Magadan regions it's; No.3 — in the Irkutsk region; No.4 — in the Jewish Autonomous District, Transbaikalia, Khabarovsk Territory, and Republic of Sakha; No.5 — in Buryatia; No.6 — in the Krasnoyarsk region; No.7 — in the Kamchatka region and Primorsk Territory; No.8 — Khakassia; No. 9 — in the Sakhalin region.
- The Russian Managers Association together with Kommersant Publishing House published their 13th annual Top 1,000 Russian Managers business rating. For the first time they presented their TOP 1,000 Regional Managers in Russia. Evgeny Aksenov, Chairman of the Executive Board, was one of the 6 business representatives from the Amur region included in the rating.

### October

- October 5, 2012, APB's Series 01 bonds were included in MICEX Quotation List A.
- The Bank brings its network to 250 offices by opening a new office in the eastern part of Russia, in Kemerovo.

### November

- As a part of its cooperation with IFC and also in line with its regional development strategy, the Bank raised subordinated debt of USD 30 million to enhance its capital.
- APB won the award *Bank Manager of Year* held by The International Academy of Executive, Free Economic Society of Russia, Banking Analytical Magazine with the support from the Association of Russian Banks and Association of Regional Banks of Russia. In *Team of the Year* nomination the Bank was also awarded with the traditional prize that looked like a banking safe of the early 20th century, members of APB's Executive Board received honorary diplomas.
- APB's offices in Blagoveshchensk and Vladivostok started selling new pension savings products (energy sector private pensions fund).
- ATM network of the Bank reached 300 units.

### December

- As a part of its mortgage securitisation programme APB's Mortgage Agent CJSC which is an SPV set up for the project, placed MBS with A and B security type, worth RUB 2bn. Notes of the senior A tranche were placed at 8.75%.
- December 6, 2012, the Extraordinary General Meeting of Shareholders took place at which Stephan Dertnig was elected to APB's Board of Directors thus replacing Adriano Arietti who had worked as an independent director for more than a year.
- The Bank won the nomination *Breakthrough in Retail Banking* of the 6th Annual RETAIL FANINACE AWARDS-2012 organised by The Retail Finance Magazine. The decision to award APB with the prize was made by the magazine based on its own view and analysis of the Russian retail banking market jointly with the open online voting.

## STRATEGY

The strategy of Asian-Pacific Bank embraces future plans of the Bank and measures to be taken to achieve them. We are committed to building a reliable full service bank leading in eastern regions of the country and a strong competitor able to ensure dynamic growth in the emerging market without compromising its profitability and customer satisfaction.

In order to achieve that the Bank needs to reconsider its business model. The chosen scenario requires a new list of priorities. From now on these will be the main areas of the Bank's focus:

- Network expansion
- E-banking development
- Further growth within full service bank model
- Cross-sales
- Industrialisation of systems and processes

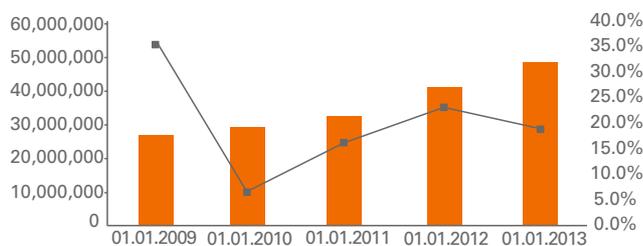
By implementing this strategy the Bank will be able to enhance the quality of its services and ensure further growth, retain the existing clients and attract new customers, thus becoming a larger and stronger institution. The final objective of this strategy is a greater market presence in the Russian financial market and a place in TOP 50 of Russian banks leading by assets.

## OVERVIEW OF THE RUSSIAN ECONOMY AND ITS BANKING SECTOR

During 2012 the overall economic situation in the country remained quite stable with ongoing growth in key industries and decreasing unemployment. In the second half of the year the growth rates dropped due to falling demand in Russian export and decrease in companies' stock by the end of the year. As a result the economy's growth rate in 2012 went down to 3.4% as compared to 4.3% in 2011 and accounted for less than 50% of pre-crisis GDP growth rate (2008–2009).

Banking assets in 2012 grew by a pleasant 19% thus adding RUB 7,880 trillion and reaching RUB 495,000 trillion. However, it's less than the previous year when the banking sector demonstrated the growth of 23%. Still, given the ongoing situation in the world and Russian economies, falling dynamics was expected. Furthermore, don't forget the strengthening of foreign currencies in 2011 that supported the asset growth, whereas in 2012 the strengthening of national currency resulted in negative currency revaluation. In 2012 Russian banks still increased their lending to non-financial organisations and private individuals. As compared to 2011, the reporting year demonstrated lower growth in corporate loans but higher rates on retail lending side.

**Asset Dynamics of the Russian Banking Sector, RUB million\***

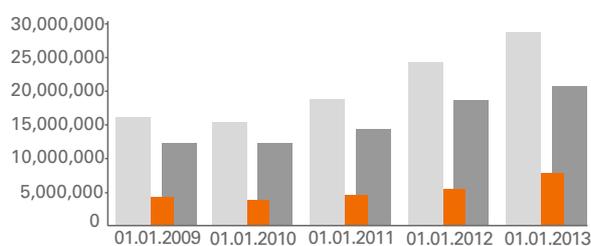


■ Russian banking sector, RUB bn

—■ growth rate, %

\* according to the Bank of Russia

**Loan Portfolio Dynamics in the Russian Banking, RUB**



■ Aggregate loan portfolio

■ Retail loan portfolio

■ Corporate loan portfolio

Credit demand was growing due to increase in real income and growing consumption. Credit cards, mortgage loans, car loans, and unsecured consumer lending were the growth champions in 2012, so the banks active in those segments were leading in growth dynamics. For the first time in the modern Russian banking history retail borrowing outstripped savings and deposits. Thus, during 11 months of 2012 the Russian population was a net borrower. If this trend persists, the banking system might face the necessity to adjust to new reality and review current business models, regulation by the Central Bank of Russia will also have to change.

## OUR ACHIEVEMENTS

### Ratings and Rankings

**B2** — long-term deposit rating by Moody's for deposits in foreign and local currency, outlook — stable

**Baa1.ru** — long-term credit rating by national scale (Moody's Interfax)

**Not Prime** — short-term rating by Moody's

**E+** — bank financial strength rating by Moody's

**A+** — rating by Expert RA: very high level of creditworthiness, outlook — stable

According to TOP500 Banks, a rating by RBC. Rating for Russian banks in 2012, the Bank advanced its position as compared to 2011.

By its net assets APB climbed to No.57 from No.70 the year before. The Bank also progressed to No.50 from No.60 by its loan portfolio. APB also improved its positions in corporate lending (No.93 vs. No.95) and retail lending (No.28 vs. No.32). By deposits from corporate clients the Bank managed to add 4 positions thus reaching No.72 vs. No.76 in 2011, and by deposits from private individuals it improved its position to No.36 from No.39.

#### According to 2012 rankings the Bank holds the following positions:

No.4 — by the volume of SME lending in the Far East of Russia (Expert RA)

No.5 — by ROA among the largest Russian banks (RIA Rating)

No.6 — by purchasing gold from mining companies (PRIME)

No.12 — by the volume of SME lending in Siberian Federal District (Expert RA)

No.20 — by branch network (RBC.Rating)

No.22 — by lending to individual entrepreneurs (Expert RA)

No.25 — by the volume of car lending (RBC.Rating)

No.27 — by profitability (RBC.rating)

No.27 — by retained earnings (Interfax-CEA)

No.27 — by the volume of mortgage lending (Rusipoteka)

No.28 — best consumer banks rating (Kommersant Dengi)

No.29 — largest banks by shareholders' equity (Kommersant Dengi)

No.37 — by deposits from private individuals (Interfax-CEA)

No.39 — by deposits made by private individuals (Interfax-CEA)

No.40 — by the number of bank-branded ATMs (RBC.Rating)

No.46 — by lending to SMEs (Expert RA)

No.57 — by shareholders' equity (Interfax-CEA)

### Key Financial Indicators

#### APB's results for 2012 demonstrate both high profitability

—ROaE **32.2%**

—ROaA **4.3%**

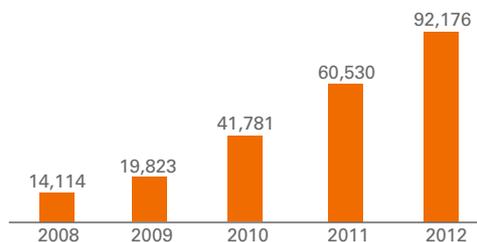
#### ...and operating efficiency

—CTI (cost-to-income) **43.4%**

—NIM **11.7%**

**In 2012, APB's assets grew by 52.3% and amounted to RUB 92.2bn.**

Assets Dynamics, RUB million\*

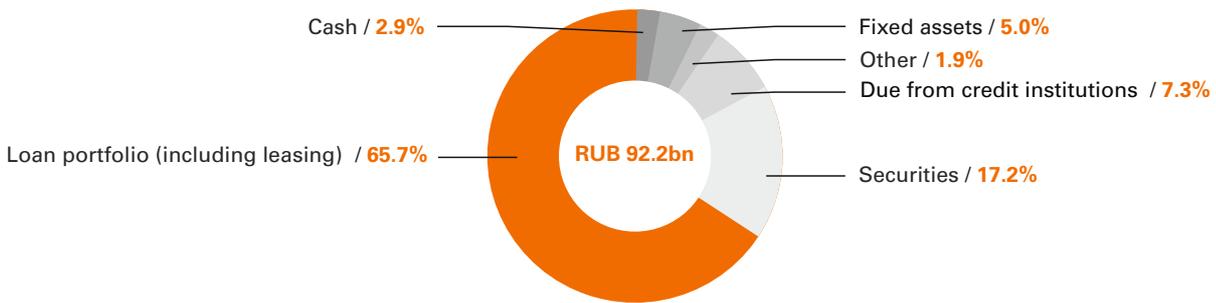


\* According to IFRS

Liquid assets (including securities portfolio) account for 27.3% of total assets. Securities portfolio of the Bank is mostly comprised of:

- government bonds (21.3%)
- corporate securities with BBB- / BBB+ rating (52.3%) and BB- / BB+ rating (9.6%)

**Assets Structure as of 1 Jan 2013\***



\*According to IFRS

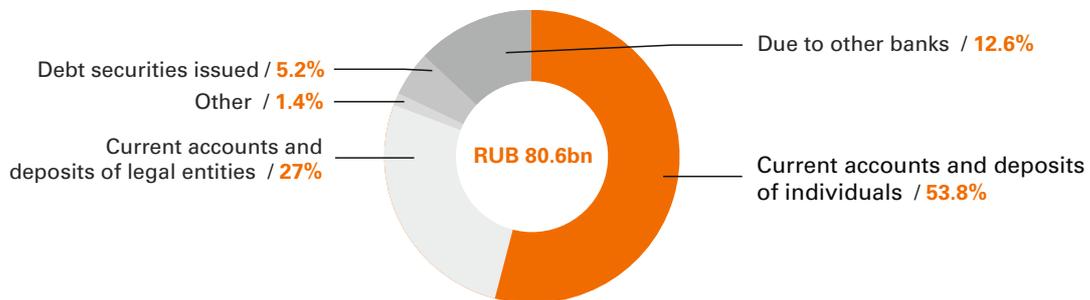
Funds due to customers grew by 40.6% and made up 80.8% of the Bank's liabilities

Customer funding structure:

- 75.3% term deposits
- 24.7% current account balances
- 66.6% funds paced by private individuals
- 33.4% funds paced by corporate clients

2012 became the year of the Bank's debut transactions in the public finance market with its RUB 1.5bn issue of 3 year bonds and RUB 2.04bn securitisation of mortgage portfolio.

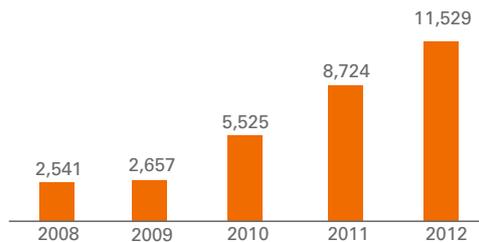
**Liabilities Structure as of 1 Jan 2013\***



\*According to IFRS

In 2012 the Bank's capital grew by 32.1% and amounted to RUB 11,528 million

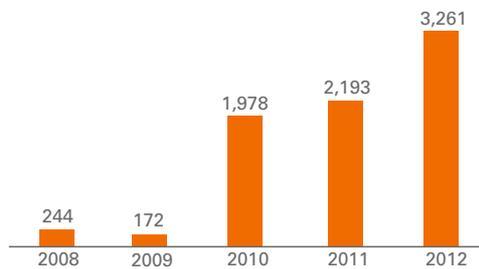
**Capital Dynamics, RUB million\***



\*According to IFRS

In 2012 net profit of the Bank demonstrated a 49% growth almost reaching RUB 3.3bn  
As of 1 Jan 2013 the Bank's capital adequacy ratio (N1) was 13.34%

**Net Profit Dynamics, RUB million\***



\*According to IFRS

|   | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|------|------|------|------|------|------|------|
| <b>APB in net assets ranking by RBC.Rating</b>          | 213  | 157  | 127  | 104  | 80   | 70   | 57   |
| <b>APB in retained earnings ranking by Interfax-CEA</b> | 188  | 109  | 81   | 141  | 32   | 40   | 27   |

## CORPORATE GOVERNANCE

Enhancement of the Bank's corporate governance as a system of interaction between the management of the Bank and its shareholders, was one of APB's priorities and areas of focus throughout 2012. Complete adherence to resolutions passed by the General Meeting of Shareholders, Articles of Association and Corporate Governance Code ensures efficient management of the Bank's business with transparency and disclosure.

The Board of Directors is responsible for the general management of the Bank. In 2012 the Board held 30 meetings and passed its resolutions on 155 issues including:

- approval of related party transactions (16)
- other issues falling within the competence of the Board (139)

No issues regarding the approval of major transactions were reviewed during the reporting year.

### BOARD OF DIRECTORS OF ASIAN-PACIFIC BANK (OJSC)

During the reporting year the BoD's responsibilities were performed by the following members:

Until 16 Feb 2012 — Kirill Yakubovsky, Evgeny Aksenov, Adriano Arietti, Andrey Vdovin, Alexander Murychev, Tatiana Mukhina, Sergey Plastinin, Sergey Stepanov.

16 Feb 2012 – 6 Dec 2012 — Kirill Yakubovsky, Evgeny Aksenov, Adriano Arietti, Andrey Vdovin, Alexander Murychev, Sergey Plastinin, Kestutis Sasnauskas, Sergey Stepanov.

Starting 6 Dec 2012 — Kirill Yakubovsky, Evgeny Aksenov, Andrey Vdovin, Stefan Dertnig, Alexander Murychev, Sergey Plastinin, Kestutis Sasnauskas, Sergey Stepanov

## Members of the Board



### 1. Kirill Yakubovsky

June 29, 2010 — became the Member of the Board, and June 28, 2011 — chaired the Board of Directors.

Acted as a Chairman of the Board during the whole reporting period.

Born: March 28, 1969.

Over 20 years of experience in finance.

Position held in other companies as of today: Deputy CEO, Representative Office of JSC Pokrovsky Rudnik; Advisor to the Chairman of the Management Board, JSC M2M Private Bank. Member of the Board for Gelios Reserve Insurance Company LLC, JSC M2M Private Bank, Gorodskoy Supermarket LLC and others.

Stake held in the Bank: none.



### 2. Evgeny Aksenov

Member of the Board since December 17, 2004. Acted as a Member of the Board during the whole reporting period.

Born: October 7, 1975.

Over 16 years of experience in finance.

Other positions held by Evgeny Aksenov: Chairman of the Executive Board, Asian-Pacific Bank (OJSC); Chairman of the Supervisory Board, EXPO Leasing LLC; Member of the Board, Association of Regional Banks of Russia; Member of the Board of Directors, Gelios Reserve Insurance Company LLC.

Stake held in the Bank: 257,619,435,466,859 uncertificated registered ordinary shares. Transactions with the Bank's shares during the reporting year: none.



**3. Andrey Vdovin**

Member of the Board since April 14, 2007. Acted as a Member of the Board during the whole reporting period.

Born: January 12, 1971.

Over 21 years of experience in finance.

Positions held in other companies as of today: Advisor to the Chairman of the Management Board, JSC M2M Private Bank; Member of the Board in AVE Medical Insurance Company, Gelios Reserve Insurance Company LLC, Gorodskoy Supermarket LLC and others. Chairman of the Board in "M2M Asset Management" Akciju sabiedriba and JSC M2M Private Bank.

Stake held in the Bank: none.



**4. Stephan Dertnig**

Member of the Board since December 6, 2012.

Born: December 9, 1961.

Over 20 years of experience in finance.

Positions held in other companies as of today: Projects Office Director, SKOLKOVO Business School; MBA Programme Director (FT MBA, Executive MBA and Startup Academy), SKOLKOVO Business School.

Stake held in the Bank: none.



**5. Alexander Murychev**

Member of the Board since June 28, 2008. Acted as a Member of the Board during the whole reporting period.

Born: September 15, 1955.

Over 30 years of experience in finance.

1996–2006 — President of the Association of Regional Banks of Russia.

Positions held in other companies as of today: Executive Vice-President, Russian Union of Entrepreneurs and Industrialists;

Chairman of the Board, Association of Regional Banks of Russia; Chairman of the Board, Bank of JSC Khanty-Mansiysk.

Stake held in the Bank: none



**6. Sergey Plastinin**

Member of the Board since June 28, 2011. Acted as a Member of the Board during the whole reporting period.

Born: November 25, 1968.

Until April 8, 2011 — Chairman of the Board, Wimm Bill Dann Foods OJSC.

Positions held in other companies as of today: Member of the Board in Novoderevensky Kombinat Khleboproduktov OJSC, Agro-Industrial Group "Molochny Product" LLC, AgroZemInvest OJSC.

Stake held in the Bank: none.



**7. Kestutis Sasnauskas**

Member of the Board since February 16, 2012.

Born: July 6, 1973.

Over 18 years of experience in finance.

Positions held in other companies as of today: Executive Director, East Capital Private Equity AB; Member of the Board in Rytu Invest AB, East Capital Holding AB, Cantik Enterprise Ltd., Henryland Group Ltd. and others.

Stake held in the Bank: none.



**8. Sergey Stepanov**

Member of the Board since June 28, 2011. Acted as a Member of the Board during the whole reporting period.

Born: July 18, 1983.

Over 10 years of experience in finance.

Positions held in other companies as of today: Head of Strategy, JSC M2M Private Bank; Member of the Board, AVE Medical Insurance Company; CEO, Shelmer Holding Ltd.

Stake held in the Bank: none.

## EXECUTIVE BOARD OF ASIAN-PACIFIC BANK (OJSC)

As of December 31, 2012, the Executive Board consisted of the following members: Evgeny Aksenov, Igor Abazov, Sergey Tyrtsev, Igor Zilberblum, Alexander Nepomnyaschiy, Mikhail Pavlov.

### Members of the Executive Board



#### 1. Evgeny Aksenov

Chairman of the Executive Board

Born in 1975. Has a degree from Far Eastern State Transport University (1997 — Commerce) and Far Eastern Institute of Management, Business and Law (1997 — Finance). Has over 16 years of experience in finance. He started his career in 1997 in the Credit Department of SBS-Agro Bank, in 1999 he became a Deputy Head and Acting Head of one of its branches and in 2000 he joined KONEKAGROPROM as a Deputy Chairman of the Executive Board. 2002–2004: Director of Far Eastern OVK Bank. Late 2004 he was invited to take over the project on development of Amurpromstroybank (changed its name to Asian-Pacific Bank in 2006). March 2006, he was appointed as the Chairman of the Executive Board. May 2001, Evgeny becomes a Member of the Board of the Association of Regional Banks of Russia. October 2012, he joined the Board of Directors of Gelios Reserve Insurance Company LLC.

Stake held in the Bank: 257,619,435,466,859 uncertificated registered ordinary shares. Transactions with the Bank's shares during the reporting year: none.



#### 2. Igor Abazov

First Deputy Chairman of the Executive Board

Born in 1966. In 1991 he graduated from Kuban State University with Diploma in Law, and in 1998 he received a degree in Finance and Credit. Has MBA degree from Russian Presidential Academy of National Economy and Public Administration. He has worked in credit organisations for >20 years. In 2003–2007 he held the position of the Deputy Head of the Main Directorate of the Central Bank of Russia for the Amur region. Igor joined the Bank in 2007 as the First Deputy Chairman of the Executive Board and is responsible for IT, bank technologies and operations.

Stake held in the Bank: 17,773,625,285,656 uncertificated registered ordinary shares. On June 29, 2012, he acquired 8,886,812,643,628 uncertificated registered ordinary shares.



#### 3. Sergey Tyrtsev

First Deputy Chairman of the Executive Board

Born in 1975. Has a diploma of Khabarovsk State Academy and Economics and Law. At the moment he is a student of SKOLKOVO Business School. He has a >16 year experience in banking including management responsibility during his time at Rosbank (2003–2005 Head of the far Eastern Branch). June 2005, Sergey was appointed as a Chairman of the Executive Board of Amurpromstroybank and participated in the rebranding project. March 2006, he took the position of APB's First Deputy Chairman of the Executive Board. He is responsible for the Bank's network and regional development, HR and corporate business. Sergey has been a member of the Supervisory Board of EXPO Leasing LLC since November 2010.

Stake held in the Bank: 31,711,910,999,406 uncertificated registered ordinary shares. On June 29, 2012, he acquired 22,825,098,356,578 uncertificated registered ordinary shares.

**4. Igor Zilberblum**

Deputy Chairman of the Executive Board

Born in 1967.

Has over 20 years of experience in banking and finance. January 1998, he was appointed as Deputy Head of Amurpromstroybank's branch in Zeya. July 2006, Igor took over the Credit Department of Asian-Pacific Bank. May 2008, he headed the Lending Business of APB.

November 2010, he joined the Supervisory Board of EXPO Leasing LLC. January 2012, he took the role of Deputy Chairman of the Bank's Executive Board.

Stake held in the Bank: 5,925,671,800,367 uncertificated registered ordinary shares and 81 privileged shares.

On June 29, 2012, he acquired 2,962,835,924,106 uncertificated registered ordinary shares.

**5. Alexander Nepomnyaschiy**

Deputy Chairman of the Executive Board

Born in 1980. Graduated from Amur State University with diplomas in Law and Finance. In 2008 he was awarded PhD in Economics. Has >12 years of experience in banking. He joined the Bank in 2004. Before he was appointed to the Deputy Chairman's position in June 2008, he was responsible for the Bank's branch in Khabarovsk. At the moment his scope of responsibility covers retail business, marketing and PR, VIP clients.

Stake held in the Bank: 5,925,671,752,684 uncertificated registered ordinary shares.

On June 29, 2012, he acquired 2,962,835,876,342 uncertificated registered ordinary shares.

**6. Mikhail Pavlov**

Deputy Chairman of the Executive Board

Born in 1968. Has a Diploma Cum Laude from the Financial University under the Government of the Russian Federation and MBA from Durham University. Has >20 years of experience in banking. In 2004 he joined LOCKO-Bank CB as a Head of the Department responsible for business with FIs later becoming a Deputy Chairman of the Executive Board. In 2010–2011 he held the same position at Investtradebank. He joined APB in 2011 as Deputy Chairman in charge of international business and financial markets. Stake held in the Bank: none.

## Dividend Report

In 2012, dividends on the Bank's shares were paid from retained earnings from previous years in the amount of RUB 444,400,162.22. Dividends were distributed as follows: RUB 0.000000090927095 per 1 registered preference share (state registration No. 10501810B) and RUB 0.000000090927095 per 1 registered ordinary share (state registration No. 10401810B). Dividends on ordinary and preference shares were paid as follows:

- to legal entities: in the form of bank transfer to settlement accounts stated in Shareholder's Details;
- to private individuals: in the form of cash payment or bank transfer as stated in the corresponding Shareholder's Details.

All dividend payments were made in national currency of the Russian Federation for the benefit of shareholders included in the list of persons entitled to take part in Extraordinary General Shareholders' Meetings.

## Compensation and Benefits

RUB 6,396,000.00 were paid in 2012 to the Board of Directors as compensation (in 2011 this amount was RUB 2,040,000.00).

RUB 221,549,797.18 00 were paid in 2012 to the Executivet Board as compensation (in 2011 this amount was RUB 154,544,972.65) including:

- labour compensation — RUB 54,756,843.31
- bonuses — RUB 133,936,552.00
- leave compensation — RUB 665,457.70
- annual leave compensation — RUB 665,457.70

Compensation to top managers of the Bank is defined by the resolution of the Bank's BoD.

## **Compliance with Corporate Governance Regulations**

1. The list of persons entitled to take part in the General Meeting of Shareholders is dated according to the resolution of the Bank's Board of Directors but not earlier than the date when a resolution to hold the General Meeting of the Bank's Shareholders is enacted and may not occur later than 50 days prior to the General Shareholders' Meeting. If an issue of electing members to the Bank's Board of Directors is on the agenda of any Extraordinary General Meeting of Shareholders, then the list of persons entitled to take part in such meeting can't be dated later than 85 days prior to the meeting.

**This provision is being complied with**  
Regulation on the General Meeting of Shareholders of Asian-Pacific Bank (OJSC)

2. In the event of the General Meeting of Shareholders where ballots received not later than 2 days before the meeting participate in the quorum and voting, the list of persons entitled to take part in the General Meeting of Shareholders shall be dated not later than 35 days before such meeting.

**This provision is being complied with**  
Regulation on the General Meeting of Shareholders of Asian-Pacific Bank (OJSC)

3. Ballots to vote at the General Meeting of Shareholders shall be sent by a registered mail to every person included in the list or persons entitled to take part in the General Meeting of Shareholders, not later than 30 days prior to the meeting.

**This provision is being complied with**  
Regulation on the General Meeting of Shareholders of Asian-Pacific Bank (OJSC)

4. The General Meeting of Shareholders shall be announced not later than thirty (30) days before the meeting, and if its agenda contains issues of the Bank's restructuring, then not later than thirty five (35) days prior to its date. As and when specified by paragraph 2 and 8 Article 53 of the Federal Law "On Joint-Stock Companies", any Extraordinary General Meeting of Shareholders shall be announced not later than seventy (70) days before it's held. Every person from the list of persons entitled to take part in the General Meeting of Shareholders shall be notified about such meeting by a registered mail.

**This provision is being complied with**  
Federal Law No.208-FZ "On Joint-Stock Companies"

5. The General Meeting of Shareholders is chaired by the President of the Bank or other person authorised by the resolution of the Board of Directors to act as the Chairman at Shareholders' Meeting.

**This provision is being complied with**  
Federal Law No.208-FZ "On Joint-Stock Companies"

6. Chairman of the Board of Directors (Supervisory Board) is responsible for the Board's (or Supervisory Board's) operation, convening of meetings, he/she chairs such meetings, ensures that minutes are kept and also acts as a Chairperson at General Shareholders' Meetings unless otherwise specified by company's Articles of Association.

**This provision is being complied with**  
Federal Law No.208-FZ "On Joint-Stock Companies"

**Major Transactions and Related Party Transactions**

No issues regarding the approval of major transactions were reviewed during the reporting year.

**Related party transactions approved by the Board of Directors during the reporting year**

| No. | No. of Minutes | Date of Minutes | Size            | Comments  |
|-----|----------------|-----------------|-----------------|---|
| 1   | 5              | 29 Feb 2012     | RUB 100,000     | Transaction approved: Overdraft Credit Agreement between Asian-Pacific Bank (OJSC) and its affiliated part Evgeny Vladimirovich Aksenov   |
| 2   | 5              | 29 Feb 2012     | RUB 1,600,000   | Transaction approved: Credit Agreement (mortgage by operation of law) between Asian-Pacific Bank (OJSC) and Anton Aleksandrovich Tyrtsev  |
| 3   | 8              | 28 Mar 2012     | RUB 165,000,000 | Transaction approved: Assignment Agreement between Asian-Pacific Bank (OJSC) as an Assignor and JSC M2M Private Bank as an Assignee (Debtor — Katerina Park LLC at Moscow branch of APB).   |
| 4   | 9              | 11 Apr 2012     | RUB 16,200,000  | Transaction approved: provision by Asian-Pacific Bank (OJSC) of non-repayable financial aid to PPFIN Region LLC   |
| 5   | 12             | 16 May 2012     | RUB 1,000,000   | Transaction approved: acquisition of 100,000 non-convertible interest bearing documentary bearer bonds of Series 01 of Asian-Pacific Bank (OJSC) with obligatory centralised storage. Acquired by JSC M2M Private Bank  |
| 6   | 12             | 16 May 2012     | RUB 28,000,000  | Transaction approved: acquisition of 28,000 non-convertible interest bearing documentary bearer bonds of Series 01 of Asian-Pacific Bank (OJSC) with obligatory centralised storage. Acquired by Bank of JSC Khanty-Mansiysk                                  |
| 7   | 15             | 13 Jun 2012     | RUB 5,182,300   | Transaction approved: acquisition of ordinary shares of Sberbank of Russia OJSC   |
| 8   | 18             | 22 Aug 2012     | RUB 500,000     | Transaction approved: Credit Agreement between the Bank and its Chairman of the Executive Board Mr. Aksenov   |
| 9   | 18             | 22 Aug 2012     | RUB 1,500,000   | Transaction approved: Credit Agreement between the Bank and its Chairman of the Board of Directors Mr. Yakubovsky   |
| 10  | 18             | 22 Aug 2012     |                 | Transaction approved: Securities Investment Trust Agreement between ASIAN-PACIFIC BANK (OJSC) and Evgeny Vladimirovich Aksenov.   |
| 11  | 19             | 29 Aug 2012     |                 | Transaction approved: Lease Agreement between Asian-Pacific Bank (OJSC) and Asian-Pacific Leasing Company LLC   |
| 12  | 20             | 18 Sep 2012     | USD 30,000,000  | Transaction approved: raising subordinated debt from IFC  |
| 13  | 23             | 03 Oct 2012     | RUB 200,000     | Transaction approved: Credit Agreement between Asian-Pacific Bank (OJSC) and Anton Vladimirovich Nepomnyaschiy  |
| 14  | 23             | 03 Oct 2012     | RUB 300,000,000 | Transaction approved: Side Letters to Suretyship Agreement and Real Estate Security Agreement to secure payment obligations under credit facility No.388 dated 16 Sep 2011 between Asian-Pacific Bank (OJSC) and Agro-Industrial Group "Molochny Product" LLC |
| 15  | 28             | 14 Nov 2012     | RUB 5,000,000   | Transaction approved: provision of credit facility to Golf Profi LLC at APB's Moscow branch   |
| 16  | 29             | 19 Dec 2012     |                 | Transaction approved: amendments to Facility Agreement provided to Golf Profi LLC at APB's Moscow branch  |

## CORPORATE SOCIAL RESPONSIBILITY

Our Bank is committed to doing business in a fair and legal way, we recognise universal human values and regard social responsibility as one of our top priorities. We'll use our best efforts to support the sustainable economic growth in Russia, promote financial literacy and help socially vulnerable population. Our partners, clients and people are in the centre of our attention and we work to deliver the best for them.

We also invest actively in our reputation. We see reputation as one of company's essential assets as it defines perception and attitude towards the company among existing and potential clients, government structures and non-commercial organisations. Social responsibility of a business is the ability to meet your partners' expectations, building the environment of cooperation, integrity and trust, acting the right way in any situation.

### APB as a Responsible Business

Sustainable economic development with the main focus on regional development, growing wealth and financial literacy of Russian population, as well as attention to our partners, clients and employees have always been the top priorities of our company. The Bank is constantly working to introduce new products for our corporate and retail customers, investing in new technologies to provide our clients with the most innovative and convenient services. We put clients at the heart of our business. We are a customer oriented bank, which means that we provide tailored solutions without compromising the general quality standards of the Bank. We provide every customer with a list of options to find the best way to manage their finances. APB offers competitive prices (as compared to similar banks) in every region of its presence.

Being a company registered in the Russian Federation the Bank ensures strict compliance with all applicable banking regulations. We are strongly committed to the principles of fair competition and combating money laundering and terrorist financing. Our policies and procedures regulating our relationship with clients meet all the requirements of the Central Bank of Russia. We're constantly working on our media exposure and provide information about the Bank's activity in every region where we're doing business. In 2012, Evgeny Aksenov, Chairman of the Executive Board, was awarded with the *Golden Diploma for Excellence in Media Coverage* by the Russian Union of Journalists and Financial Press Club.

Being our home region, the Far East and Siberia are always in the centre of our special attention. The Bank opens its offices even in the most remote locations thus fulfilling its objective to provide high quality financial services to every resident of the region, even outside big cities. We will continue to work on our *Amur Region Social Card* project which helps provide social benefits to socially vulnerable population.

We pay taxes to budgets in every region where we work and help those territories grow and develop. During the reporting year the Bank paid RUB 1.758bn in taxes and other budget payments. In May 2012, APB was named the *Largest Taxpayer of the Amur Region* according to the Federal Tax Service (Amur Department).

We work hard and invest massively to protect our customers from fraud. The Bank ensures technological security for every client. The Information Security Policy protects client data and payment processing, it also ensures safety of any remote payment transactions. We use latest technologies to ensure maximum safety&security of clients' operations.

We also invest in the development of small and medium enterprises in Russia by introducing programmes to support SMEs and helping them raise financing. Products that we designed for this category of clients are efficient, convenient and meet today's business demands. Our priority clients are regional producers and suppliers, we help their businesses grow.

The Bank adheres to energy saving policies and also has procedures that regulate company's consumption (petrol, paper, etc.). In 2012 the Bank had the following costs: RUB 67,799,000 (petrol and other fuel); RUB 118,155,000 (electric power); RUB 51,543,000 (heat power).

## APB as a Responsible Employer

We are a regional bank and you can see it in our structure. The area of our coverage is more than 50% of the country's territory. However, all people of the Bank act as one team thanks to unified principles of APB's HR strategy and effective corporate governance that not only ensure effective communication within the company (both formal and informal) but also help the Bank adhere to its corporate values and fulfil its mission.

We work hard to ensure favourable environment for every employee of the Bank, provide tangible and intangible stimuli to our personnel that can help them grow personally and evolve professionally and thus achieve new horizons. Our corporate newspaper *APB News* helps us perform the following tasks: education, information distribution and team building. It's a monthly edition that has already built communication lines between different structures and employees of the Bank. It's very popular among our workers and outside the Bank.

The Bank applies the following HR related standards and principles:

- transparency in recruiting, promotion and compensation;
- health and safety at work place;
- professional education and re-qualification programmes;
- social benefits and guarantees.

APB is committed to diversity and inclusion principles.

By opening our offices in different towns and locations of Russia, we create new jobs and contribute to the growth of professional competence in regions where we do business.

We think it's very important to ensure good social conditions of work, we also pay a great attention to health and healthy life&work balance of our employees as it's one of key factors defining the psychological environment at work place.

We always support our employees in difficult moments of their lives, provide our help when needed. Financial aid can be paid according to the decision of the Executive Board. In 2012, 65 employees received financial support from the Bank. The Bank also takes part in sport competition organised by the Amur Banking Club. In 2012 APB won football, volleyball and bowling tournaments. We were happy to share our sport achievements with the rest of our colleagues in our corporate newspaper. We believe that our victories helped us become stronger as a team by promoting a strong team spirit, and inspired our people to live a healthier life.

## Charity Work and Sponsor Activity

Being a socially responsible and pro-active business Asian-Pacific Bank has been always involved in charity work. Since the first day of our operation we have provided continuous support to social initiatives throughout the regions of the Bank's presence. Charity as a social phenomenon and as a field of activity can help any business build a win-win relationship with non-commercial sector. Attention that we pay to sponsor activity and support of different events is another way to show that we care and want to make our contribution to the social life of regions where we work.

As a part of our *First Day of School with APB* social initiative held in different cities and towns we organised concerts, performances and entertainment programmes with presents and souvenirs.

It has already become a good tradition for our Bank to take part in celebration of the World Blood Donor Day that takes place every June 14.

We're also actively engaged in charity work aimed to help people with limited abilities. The Bank acted as a benefactor for Ulan Ude Association for the Blind and as a sponsor for *Unlimited Abilities* Festival in the Irkutsk region.

During the whole year the Bank supported orphaned children in different regions of its operation and implemented social initiatives. This year we helped raised funding and provided material aid to the following institutions: Baby Orphanage and Boarding School for Disabled Children in Bratsk, Orphanage in Padun village of Irkutsk region, Baby Orphanage at City Children's Hospital No.2 in Nakhodka. APB's offices in Belogorsk launched their own HELP KIDS campaign to help Centre for Children and Low Income Families. Right before the New Year and Christmas the Bank carried out several events for children to celebrate the holidays.

The Bank acted as a sponsor for different project and initiatives:

- contest of teenagers' projects in Magadan called Working Glory of Magadan;
- Drag'N'Driftllim – 2012 sports event in Ust-Ilimsk;
- Woman's Image. Introduction to Style art exhibition in Irkutsk;
- Government and Civil Society: Mutual Responsibility civil forum; and auto rally in Chita.

Our branch in Moscow is a partner of Sozidanie Charity Foundation and takes an active part in its work.

## THE BOARD OF DIRECTORS' REPORT ON KEY BUSINESSES OF THE BANK

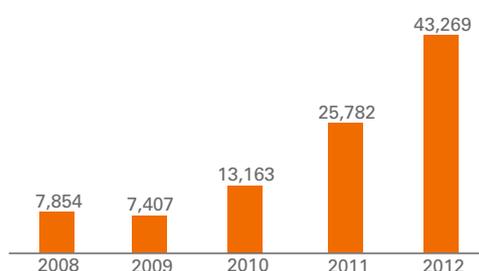
### RETAIL BUSINESS

#### Lending Business

Retail lending is one of the APB's key businesses. As of 31 December 2012 retail loans accounted for 70.5% of the total loan portfolio of the Bank under IFRS (before deduction of provisions). We provide services to more than 760,000 private individuals 220,000 of whom are our borrowers.

The year 2012 became one of the most successful periods for the Bank's retail business. Our retail loan portfolio grew 1.7 times as compared to the previous year and 5.5 times as compared to 2008.

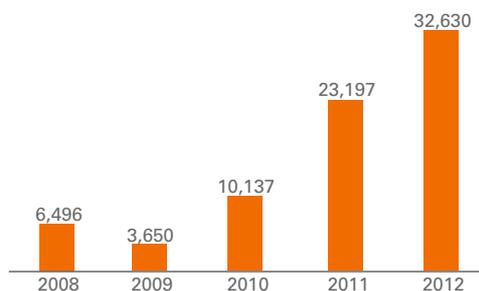
Gross Retail Loan Portfolio, RUB million



\*According to IFRS

As estimated by our experts, by the end of 2012 APB's share in retail lending in the Far East and Eastern Siberia reached 4.33% which is considerably higher than 3.88% the year before.

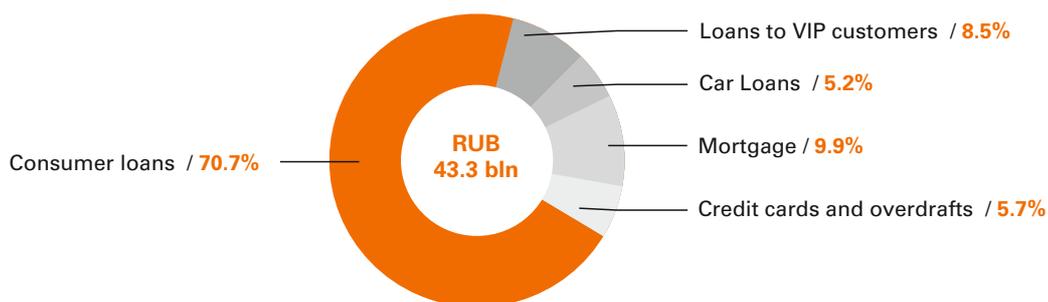
Loan Origination Dynamics, RUB million\*



\*According to RAS

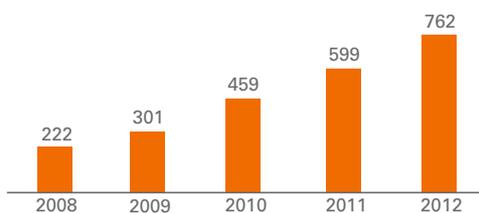
As of the end of 2012 consumer loans accounted for 70% of the Bank's gross retail loan portfolio (before provisions).

**Retail Loan Portfolio by Products\***



\*According to RAS

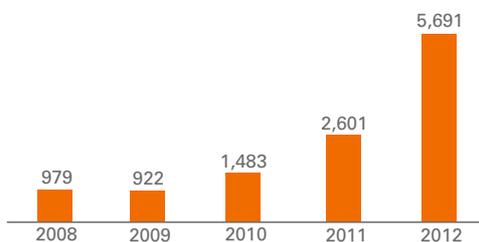
**Number of retail clients, '000 people**



**Mortgage Lending**

The reporting year was exceptionally successful for mortgage lending. The Bank doubled the size of its mortgage loan portfolio. As a part of its mortgage programme for retail customers the Bank offers loans to finance purchase of residential property under construction, houses and apartments in primary and secondary market, and financing secured by the pledge of real estate. One of our advantages is the ability to use so called "Mother's Capital" (social benefits paid to families with more than one children).

**Gross Mortgage Loan Portfolio Dynamics, RUB million\***



\*before provisions, according to IFRS

The Bank offers innovative and competitive mortgage products.

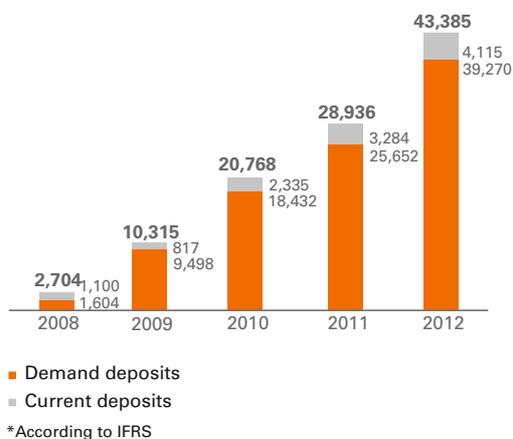
In the ranking made by Rusipoteka website by the size of mortgage loan portfolio our Bank was positioned as No.28.

|  | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|------|------|------|------|------|------|------|
| <b>APB in retail lending ranking by RBC.Rating</b> | 68   | 57   | 60   | 53   | 40   | 32   | 28   |

### Deposit Taking

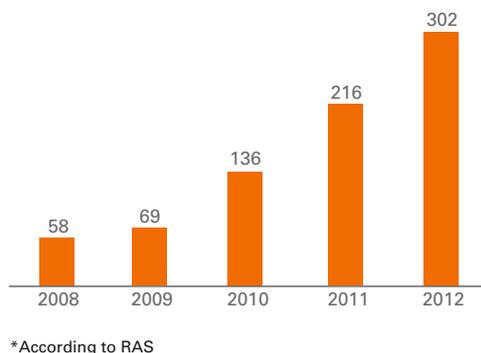
In 2012, retail business of the Bank was growing actively in every region of its operation. Deposits made by private individuals went up to RUB 43.4bn from 28.9 in 2011, which is a 50% growth.

**Retail Deposits Dynamics, RUB million\***



As estimated by our experts, by the end of 2012 the Bank's share in retail deposits market in the Far East and Eastern Siberia increased to 4.2% from 3.45% in 2011.

**Fees and Commissions Earned the Bank on Retail Clients' Transactions, RUB million\***



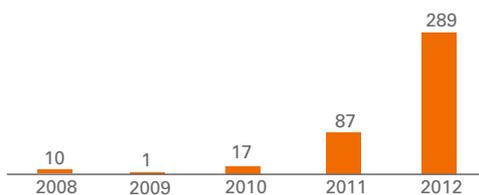
An array of deposits offered by APB takes into account needs and interests of different client groups, it includes: classic recurring deposits with different interest payments terms (every month, every quarter or a lump sum payment in the end of deposit's tenure), recurring deposits with withdrawal options, specialised deposits for retired people, multi-currency deposits giving you a possibility to manage your funds in three currencies under one contract. In 2012 the Bank introduced a special *Asian* deposit programme that lets you make deposits in RMB.

|   | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|------|------|------|------|------|------|------|
| <b>APB in retail deposits ranking by RBC.Rating</b> | 168  | 93   | 74   | 62   | 45   | 39   | 36   |

### Bank Cards

The year 2012 was the year of dynamic growth and ongoing centralisation in APB's banking card business. The Banking laid the solid foundation for further development of its bank card services and products. The total number of card issued by the Bank in the reporting year reached 170,000. Fees earned by the Bank on issues and servicing of its cards amounted to RUB 289 million.

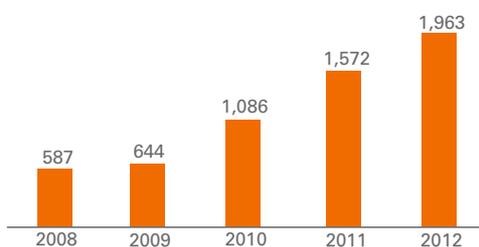
Fees Earned on Transaction with Bank Cards, RUB million\*



\*According to RAS

By the end of 2012, balances on card accounts held by private individuals grew by RUB 391 million and were RUB 1,963 million.

Card Accounts Balances, RUB million\*

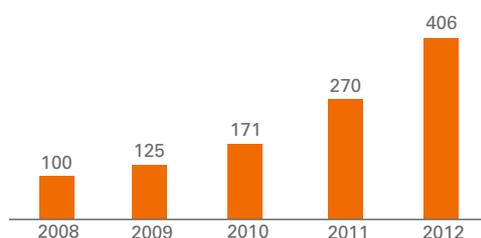


\*According to RAS

The Bank designed and launched new card related projects. Our branch in Vladivostok started the co-brand card project jointly with V-Lazer network of appliance stores. In 2013 we are going to promote this project actively. In Transbaikalia and Buryatia the Bank is implementing the project on issue of innovative identification/debit cards customers called "Key to Bank" with a possibility to set an overdraft limit. In addition to Amur Region Social Card we introduced a new product of this category that can be used in every region of our presence — starting 2013 our clients may use our Social Cards without transport application.

In 2012 the Bank added new channels of debit cards sale: now one can acquire APB's debit card in the Bank's office or online of the Bank's website. Our customers have also received a possibility to make transfers between APB branded cards and VISA cards issued by any other Russian bank, in APB's ATMs.

**Number of Cards by the End of the Reporting Year, '000 cards**



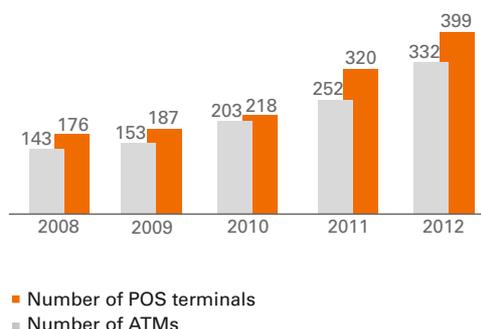
In 2013 the Bank is planning to increase the number of cards issued by 50% and introduce a new loyalty programme for its card users thus enhancing the attractiveness of its card products.

The estimated growth will be supported by the introduction of new product range being a set of 5 unified products based on *Key to Bank* concept.

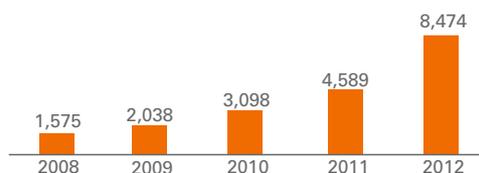
### ATMs and POS Terminals. Acquiring

Our ATM and POS terminal network demonstrated a robust growth in 2012. By the end of the reporting year the Bank's network included 332 ATMs and 399 POS terminals throughout the Bank's coverage.

**ATMs and POS Terminals**

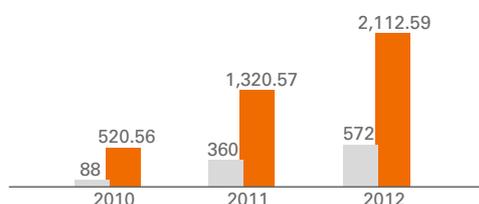


Annual Turnover of POS Terminals, RUB million\*



\*according to RAS

POS Terminals and Total Turnover, terminals and RUB million\*



■ Number of POS terminals  
■ Turnover

\*according to the RAS

The Bank's POS terminal network grew by 212 terminals and its turnover added 60% as compared to the year before. Volume of withdrawals grew in 2012 by 69% and reached RUB 34,354 million.

## E-banking

In 2012 the Bank completed the renovation of its E-Banking system including the upgraded version of APB Mobile Application that can now be downloaded and installed to practically any model of mobile phones from very simple ones to advanced smartphones running on Android, iOS (Apple) and Windows Phone OS. E-banking channels are constantly growing in demand as the most convenient ways to use banking services. The Bank's online banking system APB Online recorded an unbelievable 369% jump in the number of users reaching 13,838 people by the end of the year.

Furthermore, the Bank increased the number of popular service providers in its APB Online/APB Mobile applications and customers can make payments for the benefit of such providers without any additional fee. In order to enhance the security of its operations the Bank provides SMS Info service, and by the end of the year 41,170 cards (10% of total cards issued) were subscribed to the service. In accordance with Federal Law 161-FZ *On National Payment System*, in 2013 SMS Info service will be automatically linked to every card of the Bank. This service will have two formats: full and obligatory, that will provide clients with all the details about credit and debit transactions. Next year we're also going to introduce a possibility of activating SMS Info service using our ATMs, as well as make the subscription process at our offices more effective and fast.

## Money Transfers and Fees

The volume of money transfers made in 2012 grew by 40% as compared to the previous year. Fees earned by the Bank on money transfers account for the major part of the Bank's total fee and commission income. Popularity of money transfers was growing due to lower tariffs and new incentive programmes. Such programmes helped APB increase its aggregate income from money transfers (via all payment systems) by almost 50%.

In order to improve its income on bank-to-bank transfers APB revised its tariffs in every region of its operation. As a result, the volume of such transfers increased by more than 40.

Launch of *Private Pension Funds* programme became one of 2012 milestones for the Bank. In March 2012, the Bank launched this pilot project in Khabarovsk and later (in June) in Irkutsk. Introduction of this product brought additional fee income to the Bank, so next year APB is planning to roll out this programme throughout every region of its presence.

The main inflow of clients in fee-bearing product sector was ensured by regional offices of the Bank. Furthermore, in money transfers segment clients were encouraged to use APB's *No Limits* service instead of traditional payment systems, and this helped the Bank generate additional fee income.

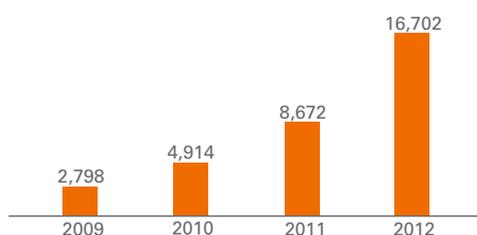
### Services for VIP Clients

By the end of 2012, the regional network of the Bank had 47 VIP banking zones stretching from Kamchatka all the way through to Moscow, which is more than 3 times larger than the year before.

In the reporting year the product offering for APB's VIP clients went through radical changes, as a result the Bank introduced new and effective investment and cash management service packages: VIP Classic, VIP Gold, VIP Platinum.

This helped us increase the portfolio of deposits made by VIP clients by more than 90% as compared to 2011 and the share of such deposits in the total retail deposit portfolio of the Bank amounted to 44%.

**Deposit Portfolio: VIP Clients, RUB million\***



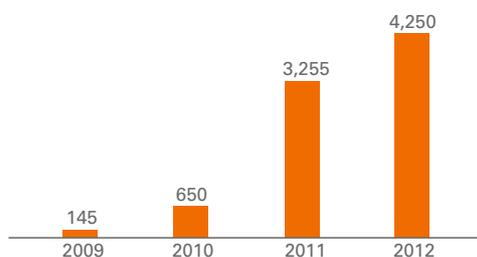
\*According to RAS

Portfolio of loans extended to VIP clients in 2012 grew by 37% y-o-y and its share in the total loan portfolio of the Bank reached 11%.

After the introduction of new tariffs for credit cards in July 2012 the number of VIP clients buying this service increased and so did the sales of credit cards in this segment that demonstrated a 30% growth and exceeded RUB 100 million in October 2012.

In October 2012, the Bank introduced mortgage products for VIP clients and just in three months the sales hit RUB 170 million.

**Loan Portfolio: VIP Clients, RUB million\***



\*According to RAS

High 2012 performance rates in VIP sector were due to strengthening of our team and increase of our VIP network both geographical and structural, which means that new people responsible for VIP banking joined different branches and structural divisions of the Bank, thus ensuring a greater focus on this category of clients.

In 2013 we're planning to continue the dynamic development of our services for VIP clients by:

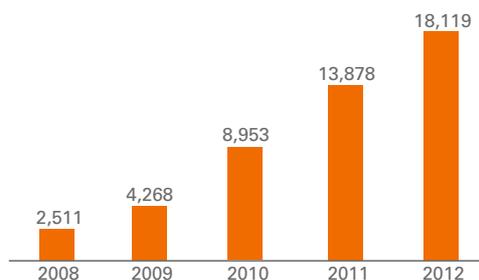
- elaboration and introduction of new products and services — structured deposits, investments products, trust management services;
- developing a non-financial part of our banking offering, so called Lifestyle Management services, that will help the Bank become an integral part of client's life.

## CORPORATE BANKING

### Lending Business

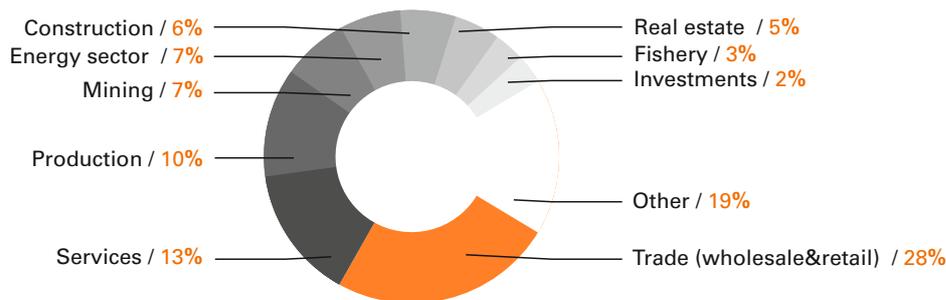
Lending to corporate clients and SMEs is one of the key segments of APB's business. During 2008–2012 period the number of corporate clients almost tripled up to 21,000 with corporate loan portfolio growing >7 times.

Corporate Loan Portfolio Dynamics\*, RUB million\*\*



\* excluding the leasing portfolio, including SME loans, before provisions  
 \*\*According to IFRS

Loan Portfolio by Sectors\*



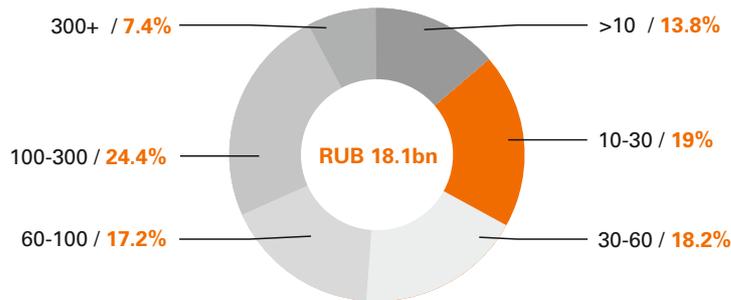
\*According to IFRS

In 2012 the Bank managed to preserve the dynamics of the previous years being the growing corporate loan portfolio and increasing market share of the Bank, together with maximising its profits and minimising its risks.

The volume of the Bank's commercial lending grew by almost 26% and by January 1, 2013, it was more than RUB 18bn. Loans to corporate clients exceeded RUB 21bn in the reporting period.

The Amur Region and Kamchatka were 2012 growth champions in the Bank's lending business each adding by more than RUB 900 million to the company's loan portfolio thanks to active promotion of the Bank's products, different incentive programmes, and advertising campaigns.

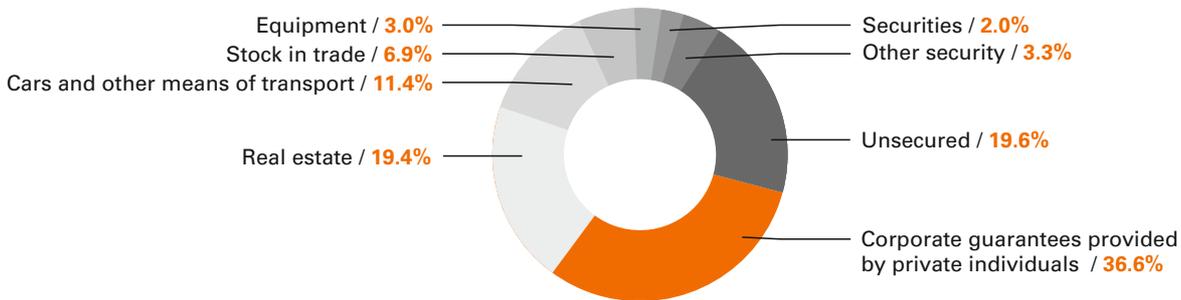
**Corporate Loan Portfolio\* by Loan Size, %\*\***



\* According to IFRS, calculated by the number of clients

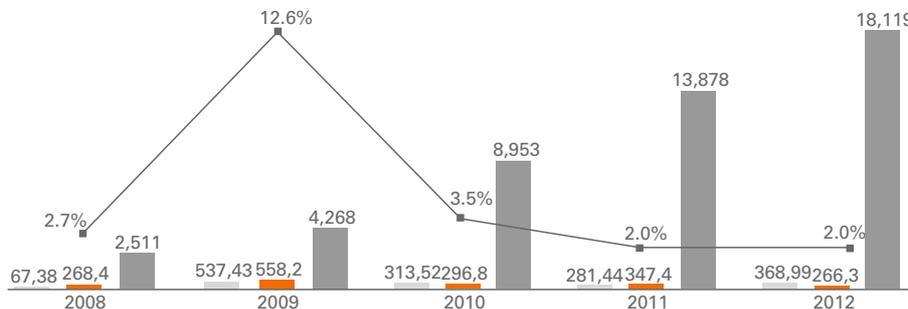
Positions of the Bank in lending to large companies and small&medium enterprises remained strong throughout 2012. The Bank demonstrated significant growth in the corporate lending business. Almost half of the portfolio (49%) is made up by large loans of RUB 60+ million.

**Security Structure**



According to the Bank, its 2012 share in corporate lending in the Far East and Eastern Siberia reached 1.13%, the year before it was 1.10%.

**Quality of the Bank's Corporate Loan Portfolio, RUB million\***



■ NPL  
■ Corporate loan portfolio before provisions  
■ Provisions for impairment losses  
■ NPL\*\* / Corporate loan portfolio before provisions

\*According to IFRS  
\*\* loans overdue by >90 days

|  | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|------|------|------|------|------|------|------|
| APB in corporate lending ranking by RBC.Rating | 486  | 229  | 262  | 198  | 122  | 95   | 93   |

### SME Lending

By January 1, 2013, loans to small and medium enterprises (companies with annual income of <RUB 30 million) accounted for almost a half of the Bank's corporate loan portfolio. We provide lending services to more than 900 SMEs.

In 2012 SME financing was one of the highest priority businesses for APB. By lending to SMEs the Bank can diversify its loan portfolio and its balanced credit policy ensures sustainable profitability of its lending business. In the reporting year APB continued its close cooperation with EBRD and SME Bank in terms of supporting SMEs in Russia.

The Bank carried out its lending activities with the support of SME assistance funds in the majority of regions where it's present, including the Sakha Republic (Yakutia), Transbaikal Territory, the Amur Region, the Sakhalin Region, Khakassia, Irkutsk region, Primory Territory, Kemerovo, Kamchatka Territory, Buryatia, and Krasnoyarsk Territory.

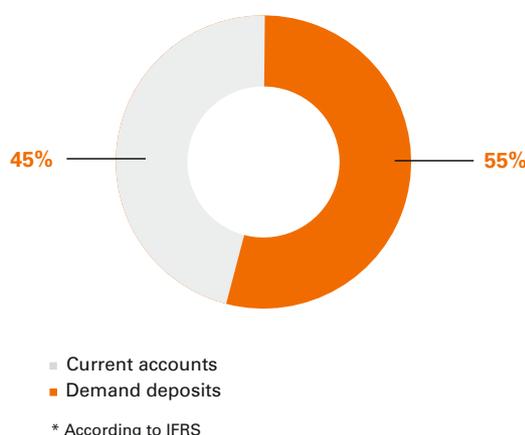
The Bank lent RUB 439 million secured by guarantees from SME assistance funds, which is 2.5 times more than in 2011. As of January 1, 2013, there were no loans overdue.

According to the Bank, its 2012 share in corporate lending in the Far East and Eastern Siberia reached 3.25%, the year before it was 2.83%.

### Deposit Taking

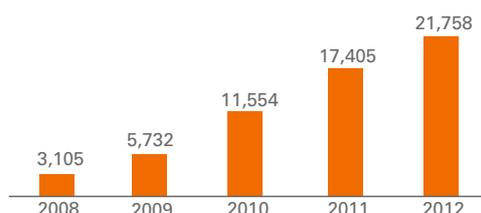
Funds held by corporate clients on current and fixed term accounts amounted to 27% of the Bank's liabilities (by IFRS). Legal entities place funds in RUB, USD, EUR, other currencies and gold, preferring current accounts and demand deposit accounts:

Deposits Made by Legal Entities, RUB million\*



In 2012 deposits made by legal entities demonstrated more than 25% growth y-o-y totalling RUB 21,758 million by the end of the year.

**Deposits Made by Legal Entities, RUB million\***

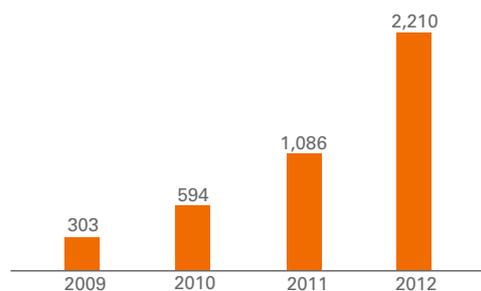


\*According to IFRS

According to the Bank, by the end of 2012 its share in corporate deposits market in the Far East and Eastern Siberia increased to 5.56% from 4.03% in 2011.

In doing business with corporate clients we pay great attention to settlement and transaction services. Our corporate clients enjoy convenient E-Banking solutions, fast and effective account opening procedure and a wide choice of payment services. By employing innovative technologies the Bank ensures the growth of its deposit business and generates additional fee income.

**Fee and Commission Income, RUB million**



\*According to IFRS

|  | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|------|------|------|------|------|------|------|
| <b>APB in corporate deposits ranking by RBC.Rating</b> | 259  | 201  | 160  | 114  | 84   | 76   | 72   |

## OPERATIONS ON FINANCIAL MARKETS AND BUSINESS WITH FIs

### Financial Institutions

Cooperation with Russian and international financial organisations and development institutes is one of areas of our great interest and priority. The Bank values the relations it has with IFC, EBRD and SME Bank. Our cooperation in trade finance and SME lending has been growing actively. With technical assistance from RuSEFF (Russian Sustainable Energy Financing Facility) the Bank implemented a programme that helps SMEs attract EBRD funding to enhance their energy efficiency. In November 2012, the Bank raised USD 30 million in subordinated debt from IFC for 7 years. The total amount of funding provided by development organisations totalled RUB 3.7bn by the end of the year.

The Bank was working hard to develop its trade finance business that demonstrated 3.4 times growth in 2012. In addition to IFC and EBRD's trade facilitation programmes, APB established several net credit lines with large international banks that were used for acceptance and financing of LCs and to finance loans to foreign trade companies. The size of APB's trade limits exceeded USD 75 million.

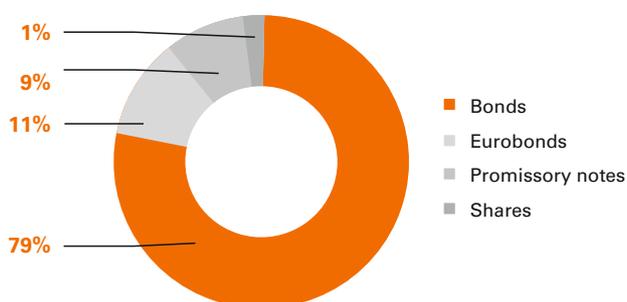
By the end of 2012, the network of international correspondent accounts of the Bank included 24 accounts opened with Chinese, Japanese, European, American, Korean, and Mongolian banks. The structure of this network meets the Bank's objectives and needs of its clients by ensuring fast and efficient payment process.

In the reporting year the Bank signed partner agreement with more than 60 financial institutions. Thus by the end of the year we had more than 170 counteragents including the banks of North America, Europe, Asia, and CIS. The Bank's network of LORO accounts added 55 new accounts in different currencies: RUB, USD, EUR, RMB, JPY.

### Financial Markets

In 2012 the Bank significantly enhanced its base of counteragents both in quality and quantity terms. In the second half of the year the Bank secured its position in TOP 20 of MICEX-RTS most active traders in sovereign bonds and TOP 30 of traders in corporate bonds. According to RBC.Rating our Bank was positioned as No.38 in 2012 bank ranking by investments in securities. Our securities portfolio grew more than 1.6 times y-o-y mostly due to increased investments in corporate bonds rated BB- / BBB+.

Securities Portfolio of the Bank



Quality Structure of the bank's Portfolio



<sup>1</sup> Corporate ratings are based on ratings assigned by Standard&Poor's, Fitch and Moody's.

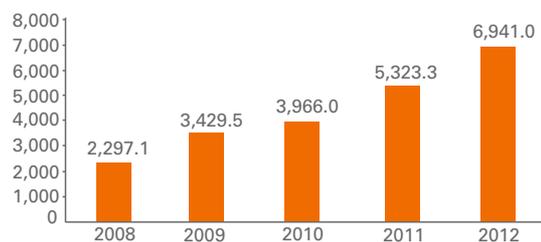
The average daily volume in money market borrowing (interbank credits, REPO) was RUB 3.5bn with daily investments of RUB 1.1bn.

In April 2012, the Bank successfully placed its debut RUB 1.5bn unsecured bond issue. In December 2012, APB completed its >RUB 2bn RMBS offering. The classic Series 01 bond issue had a tenor of 3 years and a coupon of 10.25%. It was welcomed by investors and the book closed more than 2 times oversubscribed. RMBS issue was successfully placed within AHML's programme No.2 at 8.75% with final maturity in 2045.

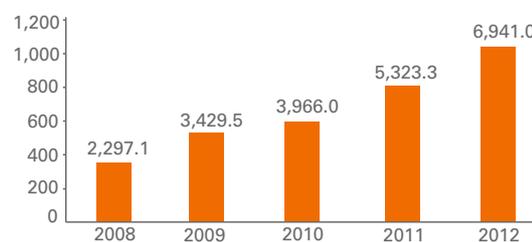
## Bullion Market

In 2012 the Bank signed supply contract with 67 Russian mining companies for more than 6.9 tons of gold and 10 tons of silver. The total volume of the Bank's operations with gold in the Russian interbank market (including transactions with metal and via unallocated bullion accounts) was 25 tons or RUB 42bn. By 2012 results the Bank was ranked as No.6 among Russian commercial banks purchasing gold from mining companies (according to PRIME and based on the data from the Russian Ministry of Finance).

**Gold Purchasing Contracts with Unaffiliated Mining Companies, kg**



**Lending to Mining Companies, RUB million\***



\*According to RAS

## IT INFRASTRUCTURE

The development of the Bank's IT infrastructure in the reporting year was in line with the general development of its business. In 2012 our Banking Technologies and IT Departments added 68 offices, 92 ATMs and 102 POS terminals to the Bank's network.

Large-scale projects:

- Introduction of new RESOURCE NAVIGATOR XL front-office modules:
  - NAVIGATOR.FRONT — trading and financial risks management system;
  - NAVIGATOR.FRONT.FOREX — conversion operations;
  - NAVIGATOR.FRONT.DEPOSITS — fixed rate deposits;
  - NAVIGATOR.FRONT.SECURITIES — operations with securities (equities and shares);
  - integration with the the Bank's ABS;
  - integration with MICEX: deals and quotes;
  - integration with Bloomberg: deals and quotes.
- New functions added to ABS for securitisation of mortgage loans.
- Neoflex front-office: preparation of *Retail Lending* module introduction and its further operation.
- The following elements and functions were introduced to BI data storage:
  - credit cube;
  - operations cube;
  - legal entities' liabilities;
  - payment schedule;
  - credit experts' bonuses.
- Implementation of the following Microsoft SharePoint Server portal sections:
  - Documentation Centre for approval and amendment of documents;
  - Corrections in object-oriented programming;
  - Coordination of technical specifications with Regional Tariff Administration.
- Migration of retail loans originated in the Bank's offices located in the Magadan region into CFT-Retail application.

Change of the switching core helped decrease the systems utilisation from 97% down to 5%. We also completed the scheduled modernisation of Sun M9000 server including the increase of RAM, which helped ensure stable operation of ABS throughout the year. Server settings adjustment reduced emergency interruptions of server operation down to 2.8 hours per year. Accessibility of our data bases was 99.99968%.

IT capex in 2012 was RUB 280 million with operating expenses being RUB 125.9 million.

## RISK MANAGEMENT AND INTERNAL CONTROL

### Risk Management

Risk management is at the heart of banking and is fundamental for the Bank's operations. Credit risk, market risk and liquidity risk are basic risks that the Bank has to deal with in its everyday activity. These risks are managed and controlled by the system of Credit Committees and ALCO both on portfolio and individual transactions level.

#### Credit Risk

Credit risk is one of the major risks associated with banking. With a growing number of counterparties and an increasing range of credit products offered by the Bank, the main goal of credit risk management is the minimisation of assumed risks, preservation of credit portfolio quality and optimisation of sector, regional and product structure of the Bank's portfolio.

The Bank manages its credit risks in accordance with its Credit Risk Policy which incorporates the following principles: systematic approach based on risk awareness and delineation of powers in terms of risk assessment, risk acceptance, monitoring & control of assumed risks, comprehensive and systematic assessment of credit risks, unified risk assessment methods and procedures, and adequate methods applied to risk assessment and monitoring. All issues related to identification, analysis, assessment, minimisation, monitoring, and control of credit risks are regulated by rules and procedures of APB.

These are the main areas of risk management:

- limitation of credit risk according to the Bank's system of limits applicable to credit approvals and to admissible concentration of credit risk per borrower or group of related borrowers;
- minimisation of risk by applying certain requirements to security and collateral insurance, pricing products with due account for assumed risks and by setting up provisions for potential losses;
- control through monitoring of credit risk level per borrower or group of related borrowers in the context of the Bank's quality assessment of its loan portfolio, individual clients, transactions or security;
- prevention of credit risk at the stage of credit approval or through immediate response to risk factors identified by risk monitoring.

Principles of the Bank's Credit Risk Policy related to acceptable risk concentration levels are based on regulations of the Central Bank of Russia and internal regulations of the Bank.

In order to minimise and diversify its credit risk associated with corporate lending business, the Bank controls its large risk concentration levels and ensures compliance with the following obligatory ratios set by the Central Bank of Russia: maximum risk per borrower or group of related borrowers (N6 ratio) maximum amount of large credit exposures (N7 ratio).

When ensuring compliance with N6 and N7 ratios the Bank also applies additional thresholds of 15% and 200% respectively set by the Bank's creditors. Furthermore, in order to monitor its credit risk concentration per industry the Bank applies the limit of <25% of its corporate lending portfolio.

#### Market Risk

Market risk is the risk of changes in fair value of financial instruments due to movements in market prices on shares and commodities, currency rates and interest rates. Market risks include equity risk, currency risk and interest rate risk. The goal of market risk management is maximising profit with minimising exposure within the defined limits.

#### Equity Risk

The year 2012 became the year of the Bank's active participation in the stock market, so equity risk was the area of the Bank's greater attention. Limits set by the Bank help it minimise potential losses that might arise due to high volatility of stock market instruments. At the moment the Bank implements the assessment of its trading portfolio market risks based on VaR methodology and recommendations of the Basel Committee on Banking Supervision using backtesting and parameter adjustment techniques.

The Bank adheres to the principle of direct market risk limitation. APB has position limits applicable to volume of investments in every type of financial instruments, stop-loss limits reflecting the maximum acceptable losses on financial instruments portfolio and aggregate VaR limit on the portfolio level.

The trading portfolio of the Bank is characterised by high liquidity so APB can deal and trade without affecting market prices significantly. Limits for securities portfolio are applied to high liquidity instruments of the first echelon that are used for calculation of stock index.

### **Currency Risk**

Currency risk is the risk of changes in fair value of financial instruments or change in future cash flows related to financial instruments caused by movements in foreign exchange rates.

The Currency Risk Policy includes the procedures of calculating the maximum acceptable currency exposure for the Bank's Head Office and its branches and setting up currency conversion limits.

The Asset and Liability Committee of the Bank (ALCO) is responsible for the management of the Bank's foreign exchange risk. Treasury Department carries out the daily monitoring of the Bank's currency exposure and its compliance with regulation of the Central Bank of Russia and internal limits set by the Bank.

### **Interest Rate Risk**

Interest rate risk is the risk of changes in fair value of financial instruments or change in future cash flows related to financial instruments caused by movements in interest rates.

Strategy of the Bank on interest rate risk management is defined as building the best balance between assets and liabilities that are sensitive to interest rate fluctuations.

Assessment of interest rate risk is done by GAP analysis of influence caused by estimated interest rate dynamics on the Bank's net interest income. For the purposes of this analysis assets and liabilities are grouped by contractual maturities if they have fixed rates and by dates of interest rate review if they have floating rates. Gaps are calculated separately: in RUB and foreign currencies.

Interest margin on key banking products is controlled by the Bank's ALCO on a regular basis. Such control is exercised by application of funding matrices. If interest rates have adverse effect on the Bank's net interest income, then the Bank adjusts its own rates in order to respond to changes in market situation.

### **Liquidity Risk**

Liquidity risk is the risk that the Bank might face difficulties in generating cash or other financial assets to discharge its own obligations. Liquidity risk arises in the event of asset–liability maturity gaps. Match in maturities and/or controlled gap in maturity and interest rates is the basis of liquidity risk management. Due to diversity of bank operations and, therefore, a certain degree of uncertainty, 100% matching maturities are not the normal business practice in the financial world, which gives an opportunity of higher profits, however, elevates the risk of losses. The Liquidity Risk Policy is reviewed and approved by the Board of Directors of the Bank.

APB's system of risk liquidity management consists of two main components:

- instant and short-term liquidity management executed by Treasury on a regular basis;
- management of perspective liquidity (mid-term and long-term) executed by ALCO in order to ensure the best risk to yield ratio.

In order to ensure the timely and effective management of short-term liquidity, our Treasury Department regularly (every day and during the working day) monitors the Bank's current liquidity position based on information about payments with pre-defined parameters set by existing contracts and other potential incoming and outgoing payments that can be expected in the given time horizon based on information received from clients and other counterparties.

In order to assess its mid-term and long-term liquidity position, the Bank draws up estimated payment schedules and analytical payment models based on asset-liability structure and information about actual maturities of the Bank's payables and receivables.

Methods used by the Bank in its liquidity risk management:

- assessment of the Bank's liquidity as evaluation of its liquidity excess/deficit in the given time period;
- management of asset/liability structure in terms of maintaining investment/borrowing balance;
- control of compliance with limits and decisions;
- liquidity analysis as a negative case analysis taking into account adverse changes in financial markets, position of borrowers or counterparties, and other possible negative scenarios.

Liquidity risk management activities cover most of the Bank's operations and help it regularly monitor potential causes and periods of liquidity shortage and also identify transactions and sources that can help the Bank generate required liquidity.

The existing market risk management system of the Bank includes regulation of open currency position, control of limits defined for operations with securities, monitoring of interest rates and ability to adjust its own rates applicable to borrowings and investments.

Apart from ensuring compliance with obligatory CBR's ratios, the existing system of financial risks management and control imposes internal stricter requirements and limits for different operations and risks.

## Internal Control

The main goal of internal control function just like in previous years is to ensure adequate internal control taking into account nature and scale of the Bank's operations, as well as its risks. The system of internal control in our Bank is based on the following principles:

- managers' responsibility;
- focus on minimisation of risks;
- valid information, appropriate information systems and means of telecommunication;
- adequate and timely internal control procedures.

Internal regulations of Asian-Pacific Bank incorporate requirements of applicable legislation, regulations and recommendations of supervisory bodies, and best banking practices.

In order to ensure continuity and sustainability, our internal control bodies paid greater attention to the following aspects in the reporting year:

- risk assessment and management system operation;
- distribution of powers and responsibility in decision making process;
- lending to legal entities, SMEs and private individuals;
- counteraction to money laundering and terrorist financing;
- business continuity management;
- information security;
- operations with securities.

Our Internal Control Department monitors the operation of our internal control system, initiates and conducts internal audits of different parts of our activity. Information and results of such audits are escalated to the management of the Bank in order to comply with all applicable regulations and introduce the required adjustments to the Bank's business processes.

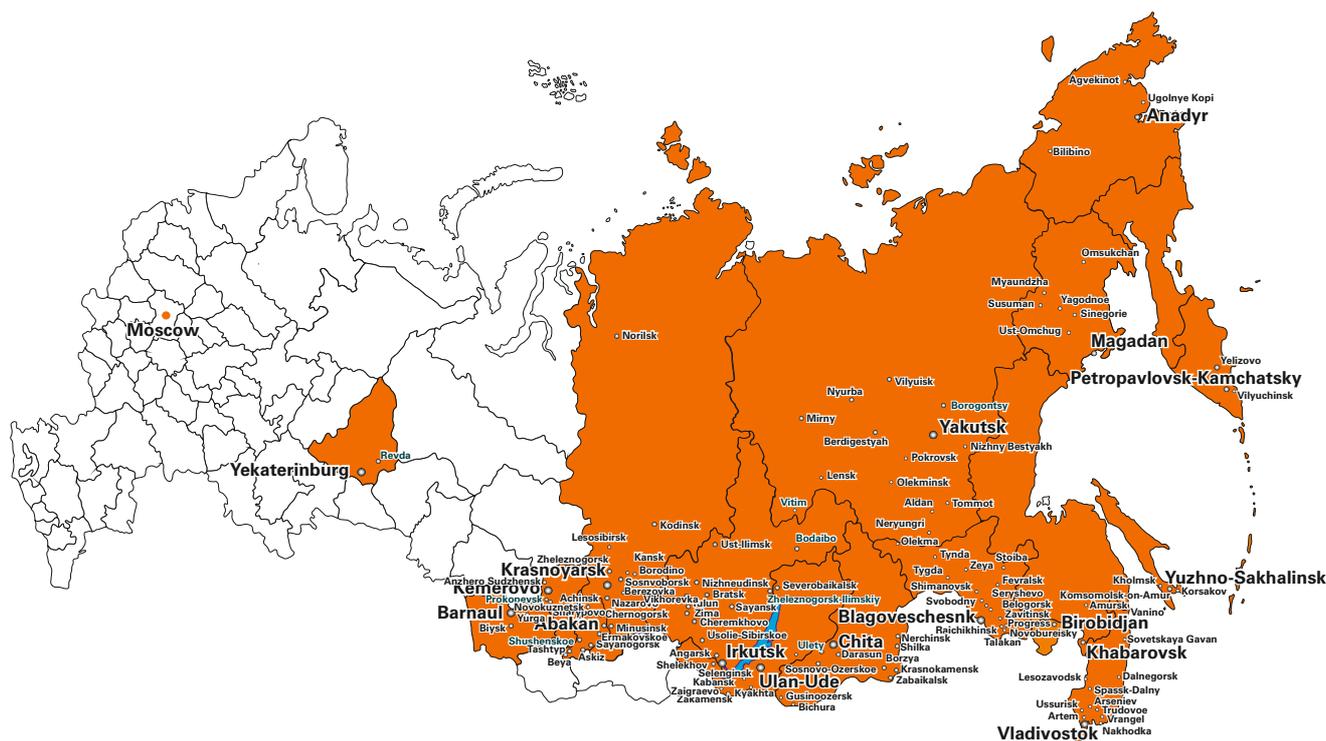
Internal control of the Bank as a professional securities trader is done in compliance with requirements of the state regulators, i.e. the Federal Financial Markets Service of Russia and the Central Bank of Russia. It guarantees the required level of security given the scale and nature of the Bank's operations with securities. Internal control over the activity of departments involved in processing, execution and reporting of operations, helps avoid mistakes and fraud that might impair interests of clients and counterparties in securities market.

Respect for rights and interests of APB's client in securities market is guaranteed by our Client Servicing standards and procedures recommended by self-regulating professional securities traders.

The objective of the Bank's internal control over its issuing activity is to provide true and accurate financial information to the Bank's shareholders and other interested parties. The Bank is committed to its securities related obligations towards its counterparties and partners.

## OUR GEOGRAPHY AND NETWORK

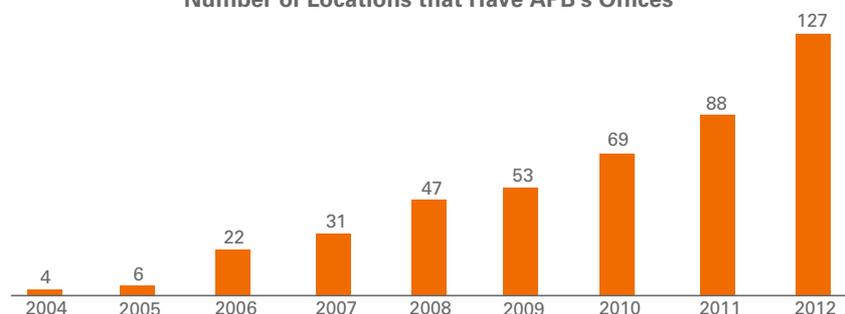
### Geography of Our Operations



### Branches and offices in the territory of Russia

| Type of location                                      | Number of the Bank's offices |
|---|------------------------------|
| Cities (centres of constituent territories of Russia) | 18                           |
| Towns with >100,000 population                        | 11                           |
| Towns with <100,000 population                        | 61                           |
| Urban areas   | 16                           |
| Other settlements                                     | 21                           |
| <b>Total</b>  | <b>127</b>                   |

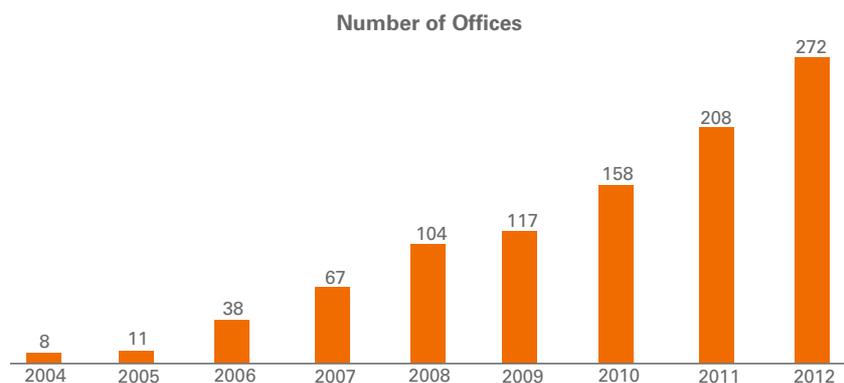
Number of Locations that Have APB's Offices



## Our Network

In 2012 the Bank added a new region to its network — Altai Territory, and also extended its presence to new locations of already covered regions. Today we work in 18 regions of Russia. As of January 1, 2013, our network had more than 272 offices.

For the purposes of cost optimisation we reformatted our branches in Khabarovsk, Chita and Irkutsk into operational offices, which helps them grow their business with optimisation of back-office labour resources.



## REGIONAL CENTRES OF ASIAN PACIFIC BANK

### THE AMUR REGION

#### Amur Region Division

**Opened:** 14 February 1992

**Address:** 225 Amurskaya str., Blagoveshchensk 675000 Amur Region

**Headed by:** Dmitriy Makarov, Director

**Structure:** 29 additional offices

### KHABAROVSK REGION

#### Operational office No.75 in Khabarovsk

**Opened:** 11 May 2006

**Address:** 24 Ussuriisky blvd., Khabarovsk 680000 Khabarovsk Region

**Headed by:** Sergey Yakimov

**Structure:** 18 operational offices

### BURYATIA REPUBLIC

#### Branch of Asian-Pacific Bank in Ulan Ude

**Opened:** 1 January 2006

**Address:** 49 Kommunisticheskaya str., Ulan Ude 670000 Buryatia Republic

**Headed by:** Natalia Abramova

**Structure:** 19 additional offices

### JEWISH AUTONOMOUS REGION

#### Operational office No.1 in Birobidzhan

**Opened:** 11 July 2006

**Address:** 22b, 60 years of USSR prospect, Birobidzhan 679000 Jewish Autonomous Region

**Headed by:** Sergey Yakimov

**Structure:** 3 operational offices

### SAKHA REPUBLIC

#### Operational Office N.45

**Opened:** 21 April 2006

**Address:** 19 Lenina prospect, Yakutsk 677000 Sakha Republic

**Headed by:** Angelica Akimova, Managing Vice-President

**Structure:** 22 operational offices and 2 standalone cash desks

### TRANSBAIKALIA TERRITORY

#### Operational office No.50 in Chita (reports to APB's branch in Ulan Ude)

**Opened:** 26 September 2011

**Address:** 68 Krasnoarmeyskaya str., Chita 672000 Transbaikalia

**Headed by:** Evgenia Mungalova

**Structure:** 16 operational offices and 1 standalone cash desk

**PRIMORIE REGION**

**Operational office No.18 in Vladivostok**  
**Opened:** 27 October 2006  
**Address:** 56 Svetlanskaya str., Vladivostok 690091 Primorie Region  
**Headed by:** Anna Talyzina, Managing Vice-President  
**Structure:** 26 operational offices

**IRKUTSK REGION**

**Operational office No.39 in Irkutsk (reports to APB's branch in Ulan Ude)**  
**Opened:** 8 July 2011  
**Address:** 38 Gagarina blvd., Irkutsk 664025 Russia  
**Headed by:** Tatiana Polechach  
**Structure:** 35 operational offices

**KHAKASSIA REPUBLIC**

**Operational office No.31 in Abakan (reports to APB's branch in Ulan Ude)**  
**Opened:** 08 April 2011  
**Address:** office 90N, 63 Karla Marksa str., Abakan 655017 Khakassia  
**Headed by:** Svetlana Shoshina  
**Structure:** 13 operational offices

**KRASNOYARSK TERRITORY**

**Operational office No.2 in Krasnoyarsk (reports to APB's branch in Ulan Ude)**  
**Opened:** 20 June 2008  
**Address:** 14A, 78th Dobrovolcheskoy Brigady str., Krasnoyarsk 660077 Krasnoyarsk Territory  
**Headed by:** Anton Shevnin  
**Structure:** 37 operational offices

**SAKHALIN REGION**

**Operational office No.41 in Yuzhno-Sakhalinsk**  
**Opened:** 9 March 2010  
**Address:** office 1-30, 30 Sakhalinskaya str., Yuzhno-Skhalinsk 693020 Sakhalin Region  
**Headed by:** Vasily Bolshakov, Director of Operational Office  
**Structure:** 6 operational offices

**MOSCOW**

**Branch of Asian-Pacific Bank OJSC in Moscow**  
**Opened:** 1 December 2008  
**Address:** 21/1 bld. 1, Leontievsky passage, Moscow 125009  
**Headed by:** Tatiana Chekonova, Branch Director  
**Structure:** 1 additional office

**KAMCHATKA TERRITORY**

**Branch of Asian-Pacific Bank OJSC in Kamchatka**  
**Opened:** 2 June 1992  
**Address:** 14 Sovetskaya str., Petropavlovsk-Kamchatsky 683000  
**Headed by:** Pavel Bagnyukov, Director of the Branch, First Vice-President of the Bank  
**Structure:** 2 additional offices, 3 operational offices

**MAGADAN REGION**

**Kolyma Branch of Asian-Pacific Bank OJSC**  
**Opened:** 5 December 1990  
**Address:** 17 Proletarskaya str., Magadan 685000  
**Headed by:** Konstantin Yermilov, Director of the Branch, Vice-President of the Bank  
**Structure:** 11 additional offices

**CHUKOTKA AUTONOMOUS DISTRICT**

**Operational office No.1 in Anadyr (reports to APB's Kolyma Branch)**  
**Opened:** 9 April 2008  
**Address:** 22 Otkе str., Anadyr 689000 Chukotka  
**Headed by:** Anastassia Stepanova, Acting Head of Operational Office  
**Structure:** 4 operational offices

**SVERDLOVSK REGION**

**Branch of Asian-Pacific Bank OJSC in Yekaterinburg**  
**Opened:** 6 October 2011  
**Address:** 57 Lunacharskogo str., Yekaterinburg 620000 Sverdlovsk Region  
**Headed by:** Irina Sysolyatina  
**Structure:** 2 additional offices

**KEMEROVO REGION**

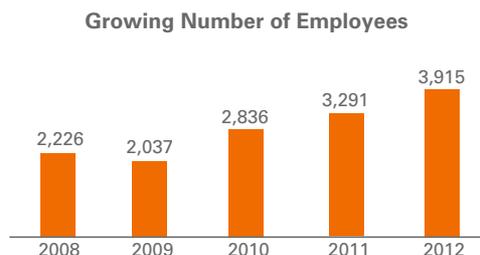
**Operational office No.85 in Kemerovo (reports to APB's branch in Ulan Ude)**  
**Opened:** 22 October 2012  
**Address:** 125 office, 23 Nikolaya Ostrovskogo str., Kemerovo 650099 Kemerovo Region  
**Headed by:** Anastassia Penzina, Director of Operational Office  
**Structure:** 10 operational offices

**ALTAI TERRITORY**

**Operational office No.90 in Barnaul (reports to APB's branch in Ulan Ude)**  
**Opened:** 17 December 2012  
**Address:** 38a Profinterna str., Barnaul 656002 Altai Region  
**Headed by:** Anastassia Penzina, Director of Operational Office  
**Structure:** 5 operational offices

## ADMINISTRATIVE AND HR MANAGEMENT

The average headcount of the Bank's personnel grew by 19% y-o-y and amounted to 3,915 FTEs. This growth was backed by the growing regional network and evolving organisational structure where new departments in charge of new businesses were created.



78% of employees have higher education degrees and 22% have secondary vocational education. Women to men ratio in the Bank's personnel structure is 80% to 20%. In the reporting year education and training were the main areas of the Bank's focus in its HR management activity: 558 employees of the Bank received external training in various areas of knowledge and 857 people were trained internally. Operation of educational centres helped us enhance qualification of our employees during the probation period, which reduced the number of employees who failed to qualify for permanent position at the Bank by 3%. Effective management trainings for managers of the Bank's structural units increased their awareness and responsibility when working with newcomers during their adaptation period. Almost two thousand people have successfully completed performance reviews to upgrade their qualification and promote their career.

In 2012, the Bank introduced the performance-based payment system. This system includes bonus and incentive payments for every employee of the company depending on the progress of their performance in order to support the implementation of the Bank's strategic and financial objectives. Simple, transparent and effective payment and bonus system is one of the key drivers in HR management. Employees' income grew by 10% in 2012, performance based bonuses were paid twice as well as length-of-service bonuses. The average monthly salary was RUB 42,240.

According to the research conducted by Superjob.ru website the Bank was recognised as Employer of the Year-2012. This status was granted based on the Bank's active recruiting, high interest of candidates towards the Bank's vacancies and competitive compensation.

In order to reduce its staff turnover rates the Bank implemented induction trainings that help people joining the Bank adapt to new work environment and build effective communication with colleagues and partners. In order to ensure efficiency in staff turnover analysis, our HR Department designed a unified system of resignation codes according to which one can conduct an assessment of resignation reasons and take preventive measures. As a result, our turnover rate fell by 18% as compared to 2011:

- implementation of performance based assessment methods helped decrease the number of resigned employees with <6 months employment period by 15%;
- operation of educational centres enhanced the qualification of the Bank's employees during their probation period due to which the Bank achieved a 3% reduction in resignation.

The average employment period among the Bank's employees grew, which demonstrates strength of the team built by the Bank.

According to its HR Development Strategy the Bank is going to recruit highly professional specialists to develop new areas of its banking business and cultivate and retain talents to ensure further growth.

## FINANCIAL STATEMENTS

### According to RAS Asian-Pacific Bank (OJSC)

#### Balance Sheet Statements of 1 January 2013

| No                     | Item  | As of the reporting date 2012, RUB '000 | As of the reporting date 2011, RUB '000 |
|------------------------|---|---|---|
| 1                      | 2   | 3                                       | 4                                       |
| <b>I. ASSETS</b>       |   |   |   |
| 1.                     | Cash  | 2,838,913                               | 2,441,578                               |
| 2.                     | Placements with the Central Bank of the Russian Federation  | 2,908,895                               | 1,511,168                               |
| 2.1                    | Mandatory reserves  | 746,455                                 | 484,781                                 |
| 3.                     | Due from banks  | 1,647,733                               | 556,730                                 |
| 4.                     | Net investments in securities at fair value through profit or loss  | 11,027,636                              | 4,948,172                               |
| 5.                     | Net loans to customers  | 60,293,968                              | 43,623,368                              |
| 6.                     | Net investments in securities and other available-for-sale financial assets   | 4,229,959                               | 372,843                                 |
| 6.1                    | Investments in associated companies   | 314,542                                 | 313,878                                 |
| 7.                     | Net investments in securities held to maturity  | 0                                       | 0                                       |
| 8.                     | Property, equipment, intangible assets and investment property  | 3,897,495                               | 3,580,202                               |
| 9.                     | Other assets  | 1,343,365                               | 1,093,102                               |
| 10.                    | Total assets  | 88,187,964                              | 58,127,163                              |
| <b>II. LIABILITIES</b> |   |   |   |
| 11.                    | Due to the Central Bank of the Russian Federation   | 2,522,419                               | 0                                       |
| 12.                    | Deposits and balances from banks  | 4,724,330                               | 2,557,421                               |
| 13.                    | Current accounts and deposits from customers  | 65,750,527                              | 46,011,682                              |
| 13.1                   | Retail deposits   | 42,216,004                              | 28,380,715                              |
| 14.                    | Financial liabilities at fair value through profit or loss  | 167,256                                 | 0                                       |
| 15.                    | Debt securities issued  | 2,374,387                               | 538,535                                 |
| 16.                    | Other liabilities   | 1,913,092                               | 1,070,236                               |
| 17.                    | Provisions for possible losses from loan-related contingent liabilities, other possible losses and transactions with offshore residents | 141,651                                 | 125,397                                 |
| 18.                    | Total liabilities   | 77 593 662                              | 50 303 271                              |
| <b>III. EQUITY</b>     |   |   |   |
| 19.                    | Share capital   | 554 290                                 | 554 290                                 |
| 20.                    | Shares (participation interest) bought back from shareholders   | 0                                       | 0                                       |

| No                                 | Item  | As of the reporting date 2012, RUB '000 | As of the reporting date 2011, RUB '000 |
|------------------------------------|---|---|---|
| 1                                  | 2   | 3                                       | 4                                       |
| <b>III. EQUITY</b>                 |   |   |   |
| 21.                                | Share premium   | 1,192,723                               | 1,192,723                               |
| 22.                                | Reserve fund  | 27,715                                  | 27,715                                  |
| 23.                                | Revaluation surplus for available-for-sale financial assets | -20                                     | -143                                    |
| 24.                                | Revaluation surplus for buildings                           | 1,442,040                               | 1,442,432                               |
| 25.                                | Retained earnings (uncovered loss) of previous years        | 4,157,369                               | 3,062,849                               |
| 26.                                | Retained earnings (uncovered loss) for the reporting period | 3,220,185                               | 1,544,026                               |
| 27.                                | Total of equity   | 10,594,302                              | 7,823,892                               |
| <b>IV. OFF-BALANCE LIABILITIES</b> |   |   |   |
| 28.                                | Irrevocable liabilities                                     | 11,887,253                              | 6,507,726                               |
| 29.                                | Issued guarantees and suretyships                           | 2,988,070                               | 1,774,067                               |
| 30.                                | Non-credit contingent liabilities                           | 0                                       | 0                                       |

Chairman of the Executive Board



Evgeny Aksenov

Chief Accountant



Oleg Marinchenko

29 March 2013

Notes related to these financial statements form an integral part thereto. The full version of the Bank's financial reporting is available at any office of Asian-Pacific Bank (OJSC).

**Profit and Loss Statement 2012**

| No. | Item  | As of the reporting date 2012, RUB '000 | As of the reporting date 2011, RUB '000 |
|-----|---|---|---|
| 1   | 2   | 3                                       | 4                                       |
| 1.  | Total interest income, including income from:   | 10,790,284                              | 6,670,042                               |
| 1.1 | Due from other banks  | 178,061                                 | 409,870                                 |
| 1.2 | Due from customers  | 9,669,901                               | 5,875,955                               |
| 1.3 | Financial lease services  | 0                                       | 0                                       |
| 1.4 | Investment in securities  | 942,322                                 | 384,217                                 |
| 2.  | Total interest expenses, including expenses from:   | 4,421,073                               | 2,443,935                               |
| 2.1 | Due to banks  | 441,837                                 | 109,377                                 |
| 2.2 | Due to customers  | 3,819,734                               | 2,249,944                               |
| 2.3 | Debt securities issued  | 159,502                                 | 84,614                                  |
| 3.  | Net interest income (negative interest margin)  | 6,369,211                               | 4,226,107                               |
| 4.  | Changes in provisions for potential losses on loans, loan receivables and other similar receivables, funds deposited in correspondent accounts and accrued interest income, total, including: | -1,720,303                              | -567,691                                |
| 4.1 | Changes in provisions for potential losses on accrued interest income   | -73,177                                 | -18,458                                 |
| 5.  | Net interest income (negative interest margin) after provision for possible losses  | 4,648,908                               | 3,658,416                               |
| 6.  | Net income from operations with securities at fair value through profit or loss   | -175,814                                | -168,717                                |
| 7.  | Net income from operations with available-for-sale financial assets   | 20,148                                  | 57,828                                  |
| 8.  | Net income from operations with securities held to maturity   | 0                                       | 0                                       |
| 9.  | Net income from foreign currency operations   | 335,714                                 | 245,642                                 |
| 10. | Net income from foreign currency revaluation  | 68,018                                  | -19,476                                 |
| 11. | Net income from participation in other legal entities   | 15,200                                  | 69                                      |
| 12. | Fee and commission income   | 2,721,173                               | 1,832,183                               |
| 13. | Fee and commission expenses   | 204,770                                 | 154,128                                 |
| 14. | Changes in the provisions for possible losses from available-for-sale financial assets  | -5,106                                  | 0                                       |
| 15. | Changes in the provisions for possible losses from securities held to maturity  | 0                                       | 0                                       |
| 16. | Changes in the provisions for other losses  | -45,215                                 | -60,919                                 |
| 17. | Other operating income  | 4,149,658                               | 3,507,393                               |
| 18. | Net income (expenses)   | 11,527,914                              | 8,898,291                               |

| No.  | Item  | As of the reporting date 2012, RUB '000 | As of the reporting date 2011, RUB '000 |
|------|---|---|---|
| 1    | 2   | 3                                       | 4                                       |
| 19.  | Operating expenses  | 7,363,051                               | 6,343,104                               |
| 20.  | Profit (loss) before tax  | 4,164,863                               | 2,555,187                               |
| 21.  | Accrued (paid) taxes  | 944,678                                 | 711,161                                 |
| 22.  | Profit (loss) after tax   | 3,220,185                               | 1,844,026                               |
| 23.  | Disbursements from profit after tax, total, including:<br>total, including: | 0                                       | 300,000                                 |
| 23.1 | Distributed among shareholders (members) as dividends                       | 0                                       | 300,000                                 |
| 23.2 | Allocations to create and replenish the reserve fund                        | 0                                       | 0                                       |
| 24   | Retained earnings (uncovered loss) for the reporting period                 | 3,220,185                               | 1,544,026                               |

Chairman of the Executive Board



Evgeny Aksenov

Chief Accountant



Oleg Marinchenko

29 March 2013

**Notes related to these financial statements form an integral part thereto. The full version of the Bank's financial reporting is available at any office of Asian-Pacific Bank (OJSC).**

**Auditors' Opinion (extract)**

We have audited the accompanying financial statements (annual report) of Asian-Pacific Bank (OJSC) (hereinafter the "Bank") for the year ended December 31, 2012.

We believe that results obtained during the audit provide a reasonable basis for our opinion on the financial statements (annual report).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bank as of January 1, 2013, and the results of its operations and its cash flows for the year ended December 31, 2012, in accordance with the Russian regulations related to preparation of financial statements (annual reports) by credit institutions.

Alexei Kolosov, Director, ZAO KPMG

Power of Attorney No.37/11 dated 3 October 2011  
Auditor's Qualification Certificate

No.01-000130 issued March 29, 2013, for indefinite period

## According to IFRS

Asian-Pacific Bank (OJSC)

Consolidated Statement of Financial Position as at December 31, 2012

|   | 2012<br>RUB '000  | 2011<br>RUB '000  |
|---|-------------------|-------------------|
| 1   | 2                 | 3                 |
| <b>ASSETS</b>   |                   |                   |
| Cash  | 2,635,977         | 2,323,665         |
| Placements with the Central Bank of the Russian Federation    | 3,102,000         | 1,854,991         |
| Financial instruments at fair value through profit and loss   | 12,400,814        | 9,850,631         |
| Available-for-sale financial assets                           | 3,412,061         | -                 |
| Due from banks  | 3,627,677         | 1,314,336         |
| Amounts receivable under reverse repurchase agreements        | 150,107           | -                 |
| Loans to customers  | 58,468,269        | 37,851,363        |
| Net investments in financial lease                            | 2,071,329         | 1,642,739         |
| Current tax asset   | 9,563             | 10,538            |
| Deferred tax asset  | 25,432            | 8,660             |
| Property, equipment, intangible assets and investment         | 4,592,030         | 4,220,145         |
| Other assets  | 1,680,550         | 1,452,951         |
| <b>Total assets</b>   | <b>92,175,809</b> | <b>60,530,019</b> |
| <b>LIABILITIES</b>  |                   |                   |
| Derivative financial instruments                              | 160,740           | -                 |
| Deposits and balances from banks                              | 7,130,691         | 3,909,951         |
| Amounts payable under repurchase agreements                   | 2,113,126         | -                 |
| Current accounts and deposits from customer                   | 65,143,328        | 46,340,622        |
| Debt securities issued  | 4,184,231         | 537,674           |
| Subordinated borrowings                                       | 915,050           | -                 |
| Current tax liability   | 87,204            | 153,390           |
| Deferred tax liability  | 288,773           | 312,900           |
| Other liabilities   | 623,732           | 551,306           |
| <b>Total liabilities</b>                                      | <b>80,646,875</b> | <b>51,805,843</b> |
| <b>EQUITY</b>   |                   |                   |
| Share capital   | 562,312           | 562,312           |
| Share premium   | 1,192,723         | 1,192,723         |
| Revaluation surplus of of available-for-sale financial assets | 9,718             | -                 |
| Revaluation surplus of buildings                              | 1,280,014         | 1,353,464         |
| Retained earnings   | 8,484,167         | 5,615,677         |
| <b>Total equity</b>   | <b>11,528,934</b> | <b>8,724,176</b>  |
| <b>Total liabilities and equity</b>                           | <b>92,175,809</b> | <b>60,530,019</b> |

Chairman of the Executive Board



Evgeny Aksenov

Chief Accountant

Oleg Marinchenko

Notes related to these consolidated financial statements form an integral part thereto. The full version of the Bank's financial reporting is available at any office of Asian-Pacific Bank (OJSC).

**Consolidated Statement of Comprehensive Income for the year ended 31 December 2012.**

|   | 2012<br>RUB '000  | 2011<br>RUB '000 |
|---|-------------------|------------------|
| 1   | 2                 | 3                |
| Interest income   | 11,079,208        | 7,092,108        |
| Interest expenses   | (4,566,566)       | (2,498,999)      |
| <b>Net interest income</b>  | <b>6,512,642</b>  | <b>4,593,109</b> |
| Fee and commission income   | 2,209,602         | 1,086,238        |
| Fee and commission expenses   | (214,811)         | (163,530)        |
| <b>Net fee and commission income</b>  | <b>1,994,791</b>  | <b>922,708</b>   |
| Net gain on financial instruments at fair value through profit or loss and realised gain on available-for-sale financial assets | 768,517           | 301,073          |
| Net foreign exchange income   | 289,356           | 236,998          |
| Net gain on operations with precious metals   | 26,428            | 8,014            |
| Other operating income  | 513,930           | 328,386          |
| <b>Operating income</b>   | <b>10,105,664</b> | <b>6,390,288</b> |
| Impairment losses   | (1,732,257)       | (535,955)        |
| Personnel expenses  | (2,997,249)       | (2,190,468)      |
| Other general administrative expenses   | (1,393,478)       | (1,038,832)      |
| <b>Profit before income tax</b>   | <b>3,982,680</b>  | <b>2,625,033</b> |
| Income tax expense  | (721,440)         | (431,537)        |
| <b>Profit for the year</b>  | <b>3,261,240</b>  | <b>2,193,496</b> |
| <b>Other comprehensive income</b>   |                   |                  |
| Net gain from revaluation of available-for-sale financial assets  | 12,147            | -                |
| Net gain from revaluation of property   | -                 | 1,568,298        |
| Income tax related to other comprehensive income  | (2,429)           | (214,834)        |
| <b>Other comprehensive income, net of income tax</b>  | <b>9,718</b>      | <b>1,353,464</b> |
| <b>Comprehensive income for the year</b>  | <b>3,270,958</b>  | <b>3,546,960</b> |

Chairman of the Executive Board



Evgeny Aksenov

Chief Accountant



Oleg Marinchenko

**Notes related to these consolidated financial statement of other comprehensive income form an integral part thereto. The full version of the Bank's financial reporting is available at any office of Asian-Pacific Bank (OJSC).**

**Auditors' Opinion (extract)**

We have audited the accompanying consolidated financial statements of Asian-Pacific Bank (OJSC) and its subsidiaries (hereinafter the "Group") that consist of the Consolidated Statement of Financial Position as of December 31, 2012, and the Consolidated Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year 2012, and notes representing a brief overview of key accounting policies and other comments.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on these consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as of December 31, 2012, and the results of its operations and its cash flows for the year ended December 31, 2012, in accordance with the International Financial Reporting Standards.

Alexei Kolosov

Director

Power of Attorney No.37/11 dated 3 October 2011

Auditor's Qualification Certificate No.01-000130 issued for indefinite period

ZAO KPMG

15 April 2013

Moscow, Russia

## APB's SUBSIDIARY — EXPO LEASING LLC

### EXPO LEASING LLC



#### **About the Company**

Expo Leasing company was founded in 2002. In 2007 it evolved into an independent company that can attract customers, assess risks, borrow in the market (outside its parent company), and stand up to risks and challenges.

In 2009, in order to enhance its transparency and diversify its funding resources the company started to audit its financials according to the IFRS.

In October 2010, EXPO Leasing was acquired by Asian-Pacific Bank (OJSC). And then the company started its expansion to the Far East and Eastern Siberia by opening its offices in Khabarovsk, Blagoveshchensk, Irkutsk, Krasnoyarsk.

In 2011 the company came to Novosibirsk, Kemerovo, Yekaterinburg, Petropavlovsk–Kamchatsky, Yakutsk, and Magadan.

The year 2012 was the year of its 10th anniversary in the Russian leasing market.

Expert RA assigned its "A" rating (high level of creditworthiness)

EXPO Leasing is a member to Rosleasing and Unified Leasing Association of Russia.

#### **Konstantin Rumyantsev** CEO



Konstantin is 36 years old.

He has a degree in banking and over 15 years of experience in banking and finance.

Prior to joining EXPO Leasing in 2010, he worked in Expobank LLC where he came in 2003 (starting December 2008 — Barclays Bank Russia).

## Regions of Operation

The company has its offices in Yekaterinburg, Novosibirsk, Kemerovo, Krasnoyarsk, Irkutsk, Yakutsk, Blagoveshchensk, Khabarovsk, Magadan, Petropavlovsk–Kamchatsky.



## 2012 Rankings

### Expert RA

- **No. 41** — by the volume of received leasing payments RUB 2,374.5 million (vs. RUB 906.7 million in 2011, which means a growth of 2.6 times)
- **No. 49** — by new business
- **No. 53** — by the current portfolio of RUB 4,144.8 million (vs. RUB 3,325.7 million in 2011, which means a 25% growth)

### Higher School of Economics

- **No. 13** among Russian leasing companies working with small businesses in 2012
- **No. 45** — by the size of portfolio (RUB 4.14bn)
- **No. 46** — by new contracts signed in 2012 (RUB 3.14bn)

### Industry Rankings:

- **No. 7** — by financing acquisition of buses
- **No. 9** — by financing acquisition of equipment for housing and utilities sector
- **No. 9** — by financing acquisition of energy equipment
- **No. 9** — by financing acquisition of trade equipment
- **No. 14** — by financing acquisition of communication means
- **No. 15** — by financing acquisition of woodworking equipment
- **No. 16** — by financing acquisition of loading machines
- **No. 17** — by financing acquisition of printing equipment
- **No. 23** — by financing acquisition of road building equipment and machines
- **No. 23** — by financing acquisition of forestry equipment and logging trucks
- **No. 24** — by financing acquisition of food processing equipment
- **No. 26** — by financing acquisition of construction equipment and machines
- **No. 28** — by financing acquisition of rolling stock and locomotives

### Regional Rankings:

- **No. 8** — by new business in Far East
- **No. 21** — by new business in Siberia
- **No. 30** — by new business in Central Russia

## Company in the Society

**Clients.** Individual approach to every customer regardless of its size, location or industry is one of the core principles of the company's business. Building long-term relationship with clients based on transparency, attention and mutual respect.

**Team.** Our people are the main resource of our dynamic and innovative business. The company works hard to create all conditions for professional and career growth of its employees.

**Society.** The company operates according to the Russian legislation, supports the development of the Russian economy and further growth of SME sector, invests in modernisation of production sector, better quality of products and services, creation of new jobs.

## Head Office

33 Elektrozavodskaya str., Moscow 107076 Russia  
Tel.: +7 (495) 660-97-95  
E-mail: [info@expoleasing.ru](mailto:info@expoleasing.ru), [www.expoleasing.ru](http://www.expoleasing.ru)

## GENERAL INFORMATION ABOUT THE BANK

### Registration, Licences and Contact Details

**Full name:** Asian-Pacific Bank (Open Joint-Stock Company)

**Abbreviated name:** APB (OJSC)

**Address:** 225 Amurskaya str., Blagoveshchensk 675000 Amur Region, Russia

**Region of registration:** Amur Region

**Bank Identification Code (BIC):** 041012765

**Individual Taxpayer Identification Number (INN)** 2801023444

**Tel.:** +7 800 100 1 321

**Fax:** +7 4162 220-400

**E-mail:** atb@atb.su

**Internet:** www.atb.su

### State registration

State Registration Number: 1022800000079

Date of entry in the Unified State Register of Legal Entities: 14 February 1992

Name of registrar: Interdistrict Inspectorate of the Federal Tax Service No.1 for the Amur Region

### Licences:

General licence for banking operations with funds in rubles and foreign currency. Licence No.1810. Issued by the Central Bank of Russia. Date of issue: May 10, 2012.

Licence for banking operations on attracting and placing precious metals, other operations with precious metals. Licence No.1810. Issued by the Central Bank of Russia. Date of issue: May 5, 2012.

License for depositary activities of professional participant on the securities market. Series 01 No.006783. Licence No.028-11708-000100. Issued by the Federal Financial Markets Service. Date of issue: October 28, 2008.

License for securities management activities of professional participant on the securities market. Series 01 No.006933. Licence No.028-11701-000100. Issued by the Federal Financial Markets Service. Date of issue: October 28, 2008.

License for dealing activities of professional participant on the securities market. Series 01 No.006943. Licence No.280--11696--010000. Issued by the Federal Financial Markets Service. Date of issue: October 28, 2008.

License for brokerage activities of professional participant on the securities market. Series 01 No.006960. Licence No.028--11691--100000. Issued by the Federal Financial Markets Service. Date of issue: October 28, 2008.

Gold export licence. Licence number: Л № 092RU12002000046. Issued by the Ministry of Production and Trade of Russia. Date of issue: February 20, 2012.

Licence for distribution of encryption means. Licence No. Б 355741. Registration No. 257 P. Issued by: Directorate of the Russian Security Service for the Amur Region. Date of issue: December 15, 2008.

Licence for technical maintenance of encryption means. Licence No. Б 355742. Registration No. 258 X. Issued by: Directorate of the Russian Security Service for the Amur Region. Date of issue: December 15, 2008.

Licence for provision of data encryption services. Licence No. Б 355743. Registration No. 259 Y. Issued by: Directorate of the Russian Security Service for the Amur Region. Date of issue: December 15, 2008.

Licence for operations with national security sensitive data. Licence No. IT 0006065. Registration No. 283. Issued by: Directorate of the Russian Security Service for the Amur Region. Date of issue: August 20, 2009.

Licence for operations with national security sensitive data. Licence No. IT 0006076. Registration No. 283/1. Issued by: Directorate of the Russian Security Service for the Amur Region. Date of issue: October 16, 2009. Licence holder: Moscow Branch of Asian-Pacific Bank (OJSC).

## Membership in Associations and Professional Communities

Association of Regional Banks of Russia

National Securities Market Association  
(NSMA)

Russian National SWIFT Association

Bloomberg Trading System

Thomson Reuters (Markets) SA Trading System

VISA International Payment System

Master Card International Inc. Payment System

MasterCard International Payment System

Western Union Money Transfer System

Unistream International Money Transfer System

Zolotaya Korona Russian Regional Payment System

CONTACT International Payment and Money Transfer System

Moscow Interbank Currency Exchange

Stock Exchange Saint-Petersburg (SPBEX)

CJSC MICEX Stock Exchange

Moscow International Currency Association (MICA)

DELTA Interbank Financial Instruments Market Electronic System

Chicago Mercantile Exchange (CME)

## CONTACT US

### Contacts Details

#### Head Office

225 Amurskaya str., Blagoveshchensk 675000 Amur Region, Russia

Tel.: 8-800-100-1-321

E- mail; atb@atb.su

#### Our office in Moscow:

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Tel./Fax: +7(495) 988-30-61

### Feedback

We support the policy of information disclosure and informational transparency. We are happy to provide consultations to our customers and partners. For more information about our projects, products, services, operations and strategy please visit [www.atb.su](http://www.atb.su).