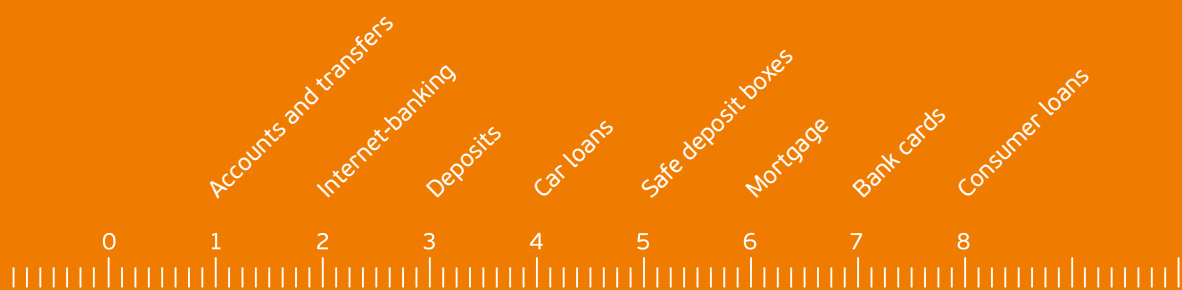
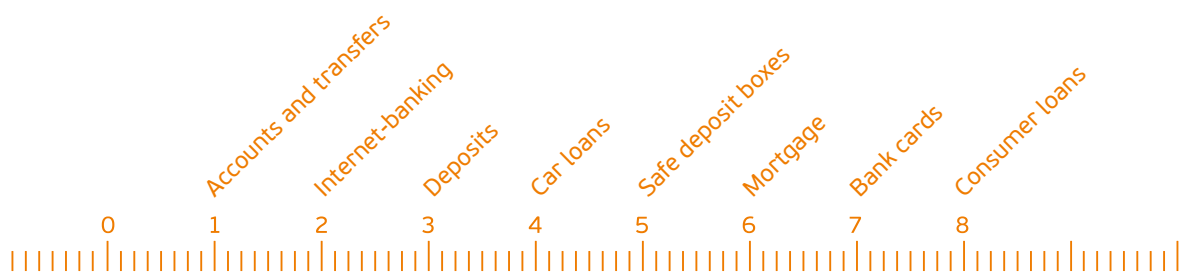


Annual Report

2010



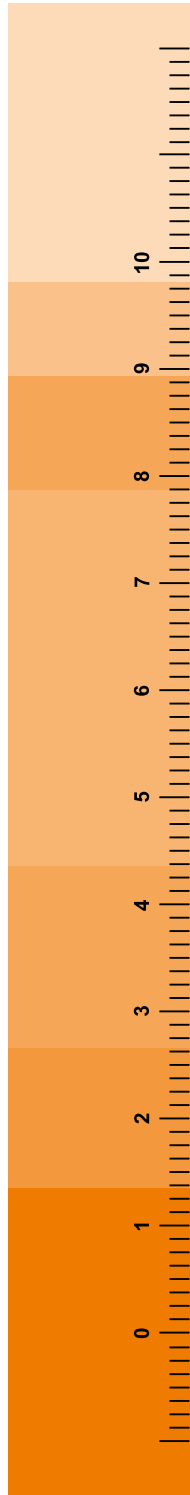


Orange product line year



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Chair's statement



Artyom E. Bikov
Chair of the Board of Directors

Distinguished ladies and gentlemen,

In the last year 2010, all of us witnessed how global economy started gaining strength. By the year-end 2009, we were apprehensive for almost all macroeconomic figures going down, however, after a year we can be certain that the downfall stopped and a new stage of growth started.

The year 2010 saw all important indicators measuring health of the world economy were much better – in terms of gross domestic products, volume of trade and commodity prices worldwide. Over the last year, global economy rose almost 5%, and it is a good result.

Given the present economic situation, the Board of Directors assesses the financial performance of Agropromcredit Bank for the year 2010 as quite satisfactory. Total assets posted a 9.4% growth to exceed RUR19.7 billion as of 31 December 2010. Shareholders' equity was RUR3,049 million. We closed the year with RUR173.3 million in book profit and generated over RUR11.1 billion in loan portfolio. Income is well-balanced, diversified and covers all its areas of business. It can be said that we made every effort in the previous year to ensure financial performance of the Bank being resistant to alterations in financial and economic situation nationwide and globally.

We have already got accustomed to see the Bank full of strength and we want it to remain this way in the future. At present, Agropromcredit Bank stands in the top 100 Russian banks in terms of branch number, loan portfolio volume and payment cards in issue. We are a long-lasting

member of the leaders' club. However, we have a growth potential, and such an outlook gets us inspired. I have no doubt that the Bank will retain quite meritable positions in the Russian banking market. To achieve that, we should only keep doing what we have been already making for 17 years - maintaining the high level of liquidity and solvency, enhancing the customer base, increasing volumes of loans made to corporate clients and households, developing Internet-technologies and new products.

The Board of Directors places considerable emphasis on a strategy aimed at expanding and further developing the Bank's business. We have ambitious plans for the future, including branch network optimisation, opening sub-offices in a new format in the capital and in the provinces. The Bank builds its plans in compliance with general trends in the banking sector. For example, early in the past year, we focused on improving risk management. Key lines of business development for the future are as follows: international business expansion through fundraising from foreign sources, enhancing strategic cooperation with foreign counterparties, and implementing debt issue programmes in the domestic market. Moreover, we have plans for retail banking to be further evolved, particularly, lending programmes and fundraising from households. We will also pay attention to the commission and fee business, offering much more such products and services to corporate and individual customers.

Over the last few years, Agropromcredit

Bank operated against the background of the stabilising economic situation in Russia and worldwide. Today, with the global crisis impact being basically remedied, we feel stronger and more confident than before. We met the challenges and – which is important – we managed to overcome the crisis and remain committed to our principles, namely: Mutually Rewarded Partnership, Honesty, Transparency and Sustainability of the Business.


Artyom E. Bikov

Chief executive's statement



Vassily A. Kornev
President of the Management Board

**Distinguished ladies and gentlemen,
Distinguished shareholders,
Distinguished counterparties and customers,
Dear colleagues,**

I am delighted to welcome you to the Agropromcredit Bank's annual report for the year 2010.

As far back as at the year-end 2009, the management of the Bank represented by its Board of Directors and the Management Board reaffirmed our key strategic priority, namely: "the Bank remains a universal and multi-branch institution". In 2010, Agropromcredit Bank continued making loans to corporate and individual customers.

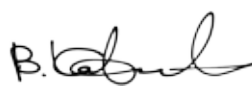
Our perception of the economic situation nationwide and, particularly, in the banking sector can be described in brief as follows: "It won't be worse than before, and recovery of the economy started; it is high time to us to resume expanded lending while remaining committed to conservative approach to risk management". Low-cost liabilities kept by Government-run banks and credit institutions directly supported by the Government was the most prominent feature of the "post-crisis" banking sector. Given this in mind, those entities found themselves in better conditions than other market players and it allowed them to prevent other banks from using that quite substantial corporate lending segment.

Redundant liquidity is another pattern of the banking industry in 2010. There is a great deal of reasons that, in our opinion, brought it into existence. Firstly, the Government did not withdraw funds channelled to banks as financial support. Secondly, individual depositors placed confidence in the deposit insurance system and preferred bank deposits to alternative

investment. And thirdly, there were no rise in demand for loans in comparable volume, or loan applications were of such a quality that it was impracticable to place such liquidity on a short term basis. The banks responded by lowering both their loan interest rates and deposit interest rates. As a result, the banking sector saw a slight increase in assets, small growth in lending book, both corporate and individual, and an important rise in deposits from households. All those circumstances were also inherent in our Bank. However, under those conditions we can clearly see that our product offers are absolutely competitive, and given the customised service, they are even more attractive than those of the competitors.

The year 2010 saw steady reduction in number of banks and their branches. As part of optimisation activities, Agropromcredit Bank replaced the Far East branch status with one of a representative office, and that of the Central branch with a sub-office, while the branch network remained as before in general. In the year under review, our Bank offered corporate customers its traditional and invariable credit products. Why should we change what met entirely our expectations even in hard times? However, as far as loans to small and medium-sized enterprises are concerned, the Bank replaced the existing approach with a more conservative one, since just this lending sector showed the highest vulnerability to the crisis. We abandoned the scoring model when making loans to small and medium-sized businesses. Admittedly, such conservatism causes no discomfort to our customers. The Bank developed and started implementing in 2010 a new, «orange line of banking products» for individuals as the retail segment is marked with orange colour. We are sure that our

individual products improve our customers' mood up to the "orange mood" as the well-known Russian song says. It must be said that they are prepared not for a merry party, but for an easy and quite natural address to vital issues. What are their benefits? There are no additional payments to the Bank as the customer pays only loan interest. Our interest rates are more than moderate. At present, the Bank makes loans without third-party guarantee, guarantee-backed loans, car-purchase loans, individual mortgage loans. Lending programmes based on credit cards with grace period were our novelty for our customers in 2010. New line of credit products was more customer-friendly and standardised. In the reporting year, a line of individual deposit-related products was successfully implemented, with a keen interest from customers. In closing this opening statement to the Annual report of the Bank for the year 2010, allow me to appreciate our customers for their trust and to assure them that our Bank holds such trust in high regard and will seek to live up to it. All of you are welcome to our Bank to take the benefit of the "orange line of banking products", and other offers. I wish everybody to be in fine fettle and has a favourable and sunny business climate.



Vassily A. Kornev

1 Profile

(As at 1 July 2011)

Agropromcredit Commercial Bank Open Joint-Stock Company as a universal credit institution offers a full array of banking services for individual and corporate customers. The Bank was established in 1994 as a bank of the federal level, retaining today strong positions in the Russian financial market.

REGIONAL BRANCHES

Regional network of the Bank comprises 12 branches in cities and towns such as Barnaul, Chelyabinsk, Kemerovo, Kolomna, Kurgan, Nizhny Novgorod, Orenburg, Perm, Saint Petersburg, Surgut, Tyumen, Yekaterinburg and 36 sub-offices in six out of the eight Federal districts nationwide.

Branches – 12
Representative office – 1
Sub-offices – 29
Teller offices – 2
Off-premises cash desks – 3
Back office department – 1

SHARE CAPITAL AND SHAREHOLDERS

Share capital of the Bank amounts to one billion eight hundred ninety million (1 890 000 000) roubles represented by one billion (1 000 000 000) ordinary registered shares with face value of one rouble and eighty nine kopeks (RUR1.89) each.

Every shareholder of the Bank owns twenty (20) percent of the shares with face value of three hundred seventy eight million (378 000 000) roubles.

Shareholders are as follows:

Blaucent Ltd. (20%)
Denciborg Ltd. (20%)
Kinlaut Ltd. (20%)
Autotransbureau Ltd. (20%), and
Project Finance Company (close joint-stock company) (20%).

CORPORATE GOVERNANCE

Governance of the Bank is conducted pursuant to applicable Russian law and its Articles of Association.

The supreme body of the Bank is its Annual General Meeting.

The Board of Directors is in charge of general governance of the Bank, except for matters referred to the terms of reference of the Annual General Meeting.

The President of the Management Board as the sole executive authority and the Management Board as the collective executive authority are in charge of ongoing management of the Bank, except for matters referred to the terms of reference of the Annual General Meeting.

The terms of reference of the Bank's governing bodies are set forth in its Articles of Association.

BOARD OF DIRECTORS

Artyom E. Bikov, Chair
Vassily A. Kornev, First Deputy Chair
Alexei O. Bobrov, Board Member
Yury A. Zverev, Board Member
Tatiana B. Chernykh, Board Member

MANAGEMENT BOARD

Vassily A. Kornev, President
Svetlana S. Ivanova, First Executive Vice President
Irina V. Dovdyenko, Executive Vice President
Svetlana A. Khmelyova, Chief Accountant

REPORTING AND AUDIT

Agropromcredit Bank prepares its financial statements both under the Russian Accounting Standards and the International Financial Reporting Standards.

Audit of the financial reporting was conducted by ZAO KPMG.

BANKING RATINGS

In May 2008, Moody's Investors Service assigned Agropromcredit Bank ratings as follows:

- international long-term rating at B2,
- short-term rating at Not-Prime (NP) for deposits in foreign and domestic currencies, and
- financial strength rating at E+ (BFSR).

Outlook is stable.

At the same time, Moody's Interfax Rating assigned the long-term rating to the Bank under Russian scale at Baa1.ru.

In July 2010, Moody's reaffirmed its credit opinion for the Bank, leaving the ratings and outlook unchanged.

For over several years, Agropromcredit Bank has invariably been among the top 100 Russian banking institutions according to RBC.Rating, Russian agency, in terms of amount of liquid assets, number of proprietary cash dispensers, banking cards in issue, loan portfolio and deposit portfolio.

LICENCES

- Full banking licence No. 2880 issued by the Bank of Russia on 14 August 2009 for banking business
- Securities market professional's licence No.150-10075-000100 issued by the Federal Financial Markets Service on 29 March 2007 for custody business
- Securities market professional's licence No. 150-08816-001000 issued by the Federal Financial Markets Service on 20 December 2005 for securities management business
- Securities market professional's licence No. 150-08812-100000 issued by the Federal Financial Markets Service on 20 December 2005 for broker's business
- Securities market professional's licence No. 150-08814-010000 issued by the Federal Financial Markets Service on 20 December 2005 for dealer's business
- Licence LZ 0018139 Reg. No. 7730 X issued by the Russian Federal Securities Service on 16 September 2009 for cryptographic facility maintenance business

- Licence LZ 0018140 Reg. No. 7731 R issued by the Russian Federal Securities Service on 16 September 2009 for cryptographic facility distribution business
- Licence LZ 0018141 Reg. No. 7732 U issued by the Russian Federal Securities Service on 16 September 2009 for data encryption services

MEMBERSHIP IN PROFESSIONAL ORGANISATIONS

- Member of the MICEX Foreign Exchange Section having access to trading in all foreign currencies within the System of Electronic Trading (SELT) (decision No.15 by the MICEX Exchange Board of 22 February 2001)
- Member of the MICEX Stock Market Section (decision No.8 by the MICEX Exchange Board of 24 July 2003)
- Visa International Principal Member
- MasterCard Worldwide Affiliate Member
- SWIFT Member
- Member of the Moscow Regional Union of Industrialists and Entrepreneurs
- Member of the Association of Russian Regional Banks (Russia Association) (certificate No. 261 of 11 July 2003)
- Member of the Association of Russian Banks (Reg. No. 1383 of 30 March 2004)
- Member of the Chamber of Commerce and Industry of the Moscow Region
- Member of the National Association of Securities Market Participants (NAUFOR) since 29 November 2005
- Member of the Deposit Insurance Agency, Government-owned corporation, and holds a status of an authorised bank for insurance benefits payments

2 Macroeconomic environment in 2010

The year 2010 saw gradual recovery of the worldwide and Russian economies in the wake of the global financial crisis of 2007-2009.

GLOBAL ECONOMY

Global economy grew 4.8% in real terms, according to the IMF. Such indicators look very optimistic against a 0.6% decline a year before. Global GDP grew 3.9% in 2010, notably stemmed from steadily increasing domestic demand in developing economies, where GDP rose by 7.0% on the average (10% in China, 5.9% in Indonesia, 8.1% in Turkey, 7.6% in Brazil, and 4% in Russia). Growth rates in developed economies were far too lower – at 2.8% on the average (2% in the euro zone, 2.8% in the USA, and 4.4% in Japan).

In addition, there was a fast recovery of the global economy in 2010: it increased 15.7% in volume (against an 11.0% drop a year before), according to the World Bank. Global commodity prices posted a 26.6% rise (against a 21.6% decrease in 2009). Average oil price increased 28% per barrel to US\$79 (against US\$61.8 in 2009).

RUSSIAN MACROECONOMIC ENVIRONMENT

Russian domestic economy was stabilised in 2010. Growth recovery owed to better conditions of the global economy, higher prices on commodities exported from Russia and enhanced balance of payments. Along with external demand, domestic recovery both in investment and consumer demand was a positive change, induced by anti-crisis measures and resource recuperation.

After a summer draught in 2010, the economy grew slower in the third quarter; however, domestic GDP posted a 4% rise on the whole, according to the Federal Statistical Service.

RUSSIAN BANKING SECTOR

There were 1,012 running credit institutions registered in Russia as of 31 December 2010 against 1,058 as of the start of the year 2010.

Loss-making banks decreased in the year under review from 120 to 81. Troubled banks to which anti-bankruptcy measures were taken in accordance with Federal Law №175-FZ of 27 October 2008 “On additional measures to consolidate the stability of the banking system in the period prior to 31 December 2011” and banking entities to which anti-bankruptcy measures were taken from September through October 2008 before such law came into effect, decreased from 18 to 14 in number.

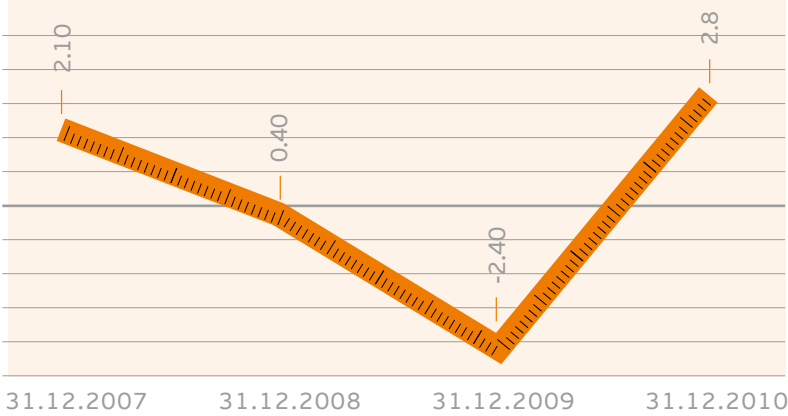
Domestic banking assets increased 14.9% in 2010 (against only 5.0% in 2009) to RUR33.8 trillion. Equity growth rates in Russian banks were much slower in 2010 to post a mere 2.4% increase (lowest value since 2004).

Securities portfolio showed increased rates of growth, and securities-to-assets ratio was record-breaking (8.4% in 2008, 14.6% in 2009, and 17.2% in 2010).

It is worth mentioning increased lending growth rates both in personal banking and corporate banking as a prevailing trend in 2010. Banks continued building up household deposits, and growth rates within the reporting year were higher than in the crisis years 2009 and 2008. Moreover, lending volumes in personal banking and corporate banking were rising, while bad debts were reducing.

AMERICAN GDP GROWTH RATES

/% to the same period in the prior year/



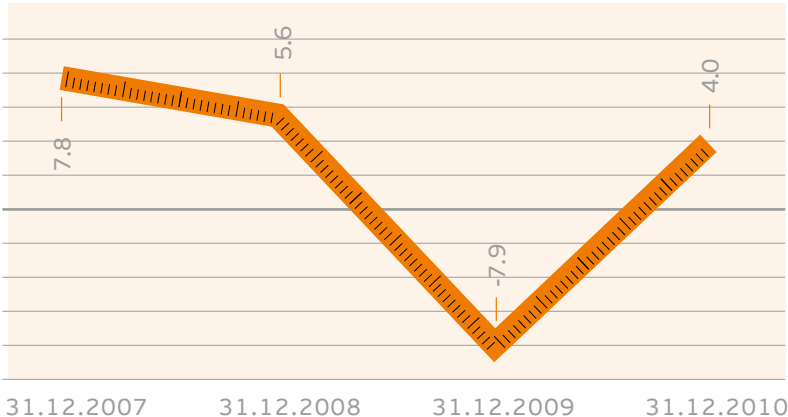
EUROZONE GDP GROWTH RATES

/% to the same period in the prior year/



RUSSIAN GDP GROWTH RATES

/% to the same period in the prior year/



3 Financial highlights and main results for the year 2010

In the year under review, total assets reported a 9.4% growth to reach RUR19,725 million as of 31 December 2010. Shareholders' equity was almost twice as much, from RUR1 billion to RUR1.89 billion.

Corporate account balances, as expected, decreased by 18.8% to RUR6,043 million as of 31 December 2010. Personal balances kept growing to show a 59.2% rise to RUR10,205 million, notably higher than a year before, when that indicator had reported a 12.5% rise. Personal demand deposits grew even faster in the reporting year, posting a 72.8% increase to RUR9,374 million.

In 2010, outstanding loans due from companies and sole traders (credit balances net of reserve provision) remained on the same level throughout the year 2010, however, the scheduled repayment of loans at the year-end moved the portfolio 4.0% down to RUR4,341 million.

It is worth pointing out that Agropromcredit Bank regained its loan portfolio in volume early in 2011. Personal outstanding loans (credit balances net of reserve provision) for the same period decreased 39.1% to RUR2,585 million. In the year under review, the Bank complied with legal ratios imposed by the Bank of Russia.

Capital adequacy ratio was 18.9 against the standard being «not less than 10».

Acid test ratio was 83.7 against the standard being «not less than 15».

Current liquidity ratio was 155.3 against the standard being «not less than 50».

Long-term liquidity ratio was 33.9 against the standard being «not more than 120».

The Bank's profits are well-balanced, diversified and cover all its business segments to ensure that its results are immune to changes in domestic financial and economic situation. In July 2010, Moody's Investors Service issued its credit opinion on Agropromcredit Bank, leaving all the previous ratios and the outlook unchanged.

KEY EVENTS OF THE YEAR 2010

January

A new point of sale, sub-office "Tsvetnoy Boulevard", started its operations in Moscow. Customers won promotional actions "Show your love for football!" and "Be winner of the trip to the Olympic Games together with Visa", arranged by Visa International.

February

Agropromcredit Bank and Russian bank for development entered into an agreement worth RUR5 million of loans to be made to small and medium-sized enterprises (SME) in the Orenburg Region.

A new product was launched - credit cards with grace period.

The web-site of the Bank was acknowledged as the best in the banking community by the Association of Banks of the North-West.

Agropromcredit Bank opened its representative office in Vladivostok.

The 2010 wall calendar gained recognition in the Pan-Russian Annual Contest as the best corporate calendar.

March

Agropromcredit Bank decided to issue A1 series bonds amounted to RUR1.5 billion.

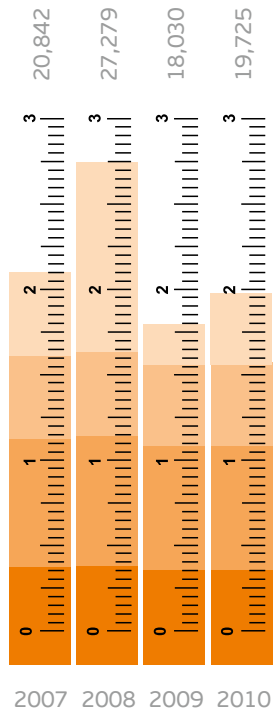
SMS-Banking service intended for corporate customers was launched.

An agreement was entered into with Megapolus Tours travel company on discounts for payment cards issued by Agropromcredit Bank in Nizhny Novgorod.

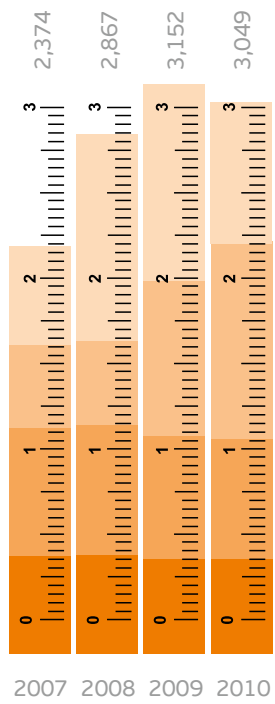
Three POS-terminals were placed at shopping centres in Saint Petersburg, with the number of proprietary cash dispensers totalling eight in this city.

In cooperation with the Deposit Insurance Agency, the Bank arranged a gala party dedicated to the bank deposit insurance history in Russia and honour people who notably contributed to shape the national deposit insurance system. A presentation of the book «History of the Russian bank deposit insurance

TOTAL ASSETS
/RUR millions/



TOTAL EQUITY
/RUR millions/



system» was held as a publication from the "Russian Economic Chronicle" series with the financial support from the Bank. Agropromcredit Bank and a branch of the Main Social Security Department for the Kurgan Region entered into a cooperation agreement, offering social relief beneficiaries free-of-charge transfers of their allowances to accounts with the Bank.

April

A public tender was announced for the Bank's bonded debt arrangements worth RUR1.5 billion. A new product, a multi-currency payment card, was launched to the market.

Galina Tyurina, head of back office of the Bank, was elected to the Board of Directors under the Lytkarino local government.

Coupon yield was paid to holders of TyumenEnergobonds of series O2 amounted to RUR103.7 million.

The Bank paid coupon yield to holders of Yekaterinburg power supply network company bonds of series O2 amounted to RUR437,000. Agropromcredit Bank and Lastochka travel agency in Yekaterinburg signed an agreement on travel discounts to holders of the Bank's payment cards.

Agropromcredit Bank and the Social Security Department for the city of Orenburg signed a cooperation agreement offering social relief beneficiaries payments of their allowances through cash dispensers and the Orenburg branch of the Bank.

An Annual General Meeting of the Agropromcredit Bank's shareholders was held.

May

The Bank of Russia registered the Agropromcredit Bank's bonded debt issue worth RUR1.5 billion.

Terms and conditions under the Family tariff plan were improved, being reduced the loan interest rate and minimum loan amount with lending period being extended up to 3 years. The Bank won public contests of the Small Business Insurance Fund of the Kurgan Region and was qualified to enter into a deposit agreement to place money of the Funds into deposits, and to continue cooperation within the framework of joint development of the SME lending system in the Trans-Urals area. The Territorial investment committee resolved to add Agropromcredit Bank to the list of banking institutions to be introduced to entrepreneurs in the Altai Territory to take loans, with part of the banking interest rate

being funded from the territorial budget in 2010. In Surgut city, the Bank expanded the existing merchant partners who offer discount to holders of the payment cards issued by Agropromcredit Bank.

June

The Bank was declared winner of the annual international award in the banking business in the Best Regional Bank nomination.

Second POS-terminal was placed within «LUX» car wash chain in Saint Petersburg.

A cooperation agreement was signed between the Bank and a branch of the Russian Pension Fund for the Sverdlovsk Region, with pensions, allowances and other monthly payments being received by regional customers at the offices of the Bank.

The Bank entered into a cooperation agreement with the Altai insurance fund.

July

Moody's Investors Service updated its credit opinion for Agropromcredit Bank and left its previous ratings and outlook unchanged.

A special promotional action designed for corporate customers at Tyumen branch - free-of-charge connection to SMS-Banking services - was launched.

A new RUR-denominated term deposit, the Confidence, was offered to customers, with interest to be paid on the anniversary day the deposit is placed.

In Saint Petersburg, Agropromcredit Bank and KMP Group travel company entered into an agreement on travel discounts to be provided to the holders of the Bank's payment cards.

The Bank improved terms and conditions for non-target contingency loan under the Family tariff plan, and those for credit cards with grace period under the Classical tariff plan.

The Surgut branch made a special offer for corporate entities and sole traders - free-of-charge connection to Internet Banking and three month cash-and-settlement services also free of charge.

A new, the Universal tariff plan - that is a special offer on credit card issue with grace period for customers having no credit history at the Bank - was launched.

In Surgut, the Bank entered into an agreement with Tarelka coffee shop on discounts to holders of payment cards issued by the Bank.

A new service, safe deposit boxes, intended for customers of the Moscow-based Tsvetnoy Boulevard sub-office was launched.

August

Agropromcredit Bank won the STP Award 2009 Excellent Quality from Commerzbank AG for the highest quality of international payments.

The Bank started issuing credit cards with grace period under a new, the Trustworthy tariff plan intended for customers having a positive credit history at any Russian bank.

A new AUTOritet car loan product was launched to Surgut-based and Tyumen-based markets.

A new product, Comfort package of services, was offered to high net-worth customers.

A cooperation agreement was signed between Agropromcredit Bank and the Trade and Industry Chamber of the Orenburg Region.

The Bank expanded the list of providers of services to be paid electronically for housing and utility maintenance services, adding TyumenEnergoSbyt as a beneficiary of payments made through the Internet Banking system.

September

Agropromcredit Bank appeared within the top 30 banks in the Urals, according to Expert Urals magazine.

The Bank expanded its car loan programme and offered a new tariff plan, the AUTOcredit, to its customers.

A new consumer loan based on the Friends tariff plan was launched where co-borrower can be a close friend or simply a good friend.

Agropromcredit Bank was awarded with special honours certificate of the IV Russian Banking Festival under the motto «For contribution to create economic chronicle of the banking business in Russia».

October

A special offer intended for corporate customers and sole traders in the Chelyabinsk Region was launched – opening and handling business accounts free of charge till the end of the third quarter.

November

The Association of Bank of the North-West recognised the Bank's annual report for the year 2009 winner of the traditional annual reports contest.

The Kolomna branch entered into an agreement with the Stationery chain stores on discounts to be offered to holders of its proprietary payment card.

December

A wide-scale Credit Agent project was launched in Kuznetsk Basin, offering a new blue-chip employment in banking sector to residents in the Kemerovo City and the Kemerovo Region.

The third POS-terminal was placed within «LUX» car wash chain in Saint Petersburg.

The Bank took part in the signing ceremony where a Cooperation agreement was entered into between the Association of Commercial Banks of the Orenburg Region and the regional Government.

Agropromcredit Bank was declared winner of the VIII annual Glass Globe-2010 regional contest, and the General Manager of the Orenburg Branch of the Bank won the contest in the Person-of-the-year nomination.

The Bank won the award of the VIII Altai Territorial Best-Service-of-the-Year Contest for its Internet Banking product.

The Kurgan Government gave thanks to Agropromcredit Bank for its contribution to cultural and public political developments of the Trans Urals capital.

Agropromcredit Bank won the annual public recognition contest in the Tyumen Region and the General Manager of the Tyumen branch was recognized winner in the Banker-of-the-Year nomination.

4 Core lines of business in 2010

4.1. PERSONAL BANKING

In 2010, the Bank continued expanding personal banking, engineered and launched to the market new products for individual customers, opened up new promotional channels in this segment.

In particular, an update of the product line consisted of individual loans and deposits started. Personal product line got easier, uniform and customer-friendly. New product offers of the Bank are not only competitive, but also far too attractive due to a tailor-made service as compared to the competitors' similar products.

In the year under review, the Bank did much for more aggressive promotion of the Bank's services at the local level – the branches entered into cooperation agreements with pension funds and merchants located in their regions. For example, the Bank cooperated more closely with car dealers to foster car loan sales. Discount agreements were signed with merchants, travel agencies, health care centres, etc. with a view to promote our proprietary payment cards.

Agropromcredit Bank is an innovation-driven bank. We engineer new products, launch new service formats, offer our customers each time new opportunities to manage their accounts in an efficient manner.

Raising household deposits

The situation which took place in the banking market in 2010 was favourable for raising funds from individuals. Funds raised within personal segment in the year under review exceeded RUR10 billion (RUR10,205 million), a 59.2% rise against the previous year figures.

Demand deposits posted a 72% growth. In the fiscal year, depositors gave preference, as before, to term deposits denominated in Russian roubles. Deposits in domestic currency were 12% up to account for 76% of the total portfolio, while those denominated in foreign currencies – US dollars, euros and pounds sterling - were down by 13%, 11%, and 0.17%, accordingly.

Given the market trends, Agropromcredit Bank optimised terms and conditions of the deposit-based products by expanding their line, launching new types of term deposits.

Throughout the reporting year, interest rates on term deposits had a downward trend, while being in line with market values in rates set by competitors in the Bank's areas of presence. Rouble-denominated Gold, Energy, Pensioner's, Excellent, Let's-Save-for-a-Dream term deposits and VIP, Excellent and Energy term ones in foreign currencies were most sought-after products, earning the highest yield. New types of term deposits were launched to raise funds from customers:

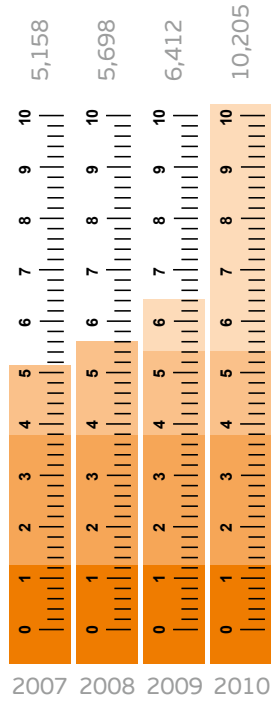
- the Confidence deposit (for a term of 181 days and 1 year), with interest being paid on the anniversary day (as of the year-end, funds raised were RUR11,121,782); and
- the Comfortable service package (for a term of 1 and 3 years) designed for VIP customers, providing flexible and attractive conditions of the deposit. The package includes Visa Platinum card with grace period, Internet banking free of charge, and SMS-Info and other SMS-related services, insurance certificate of an international company and other products and bonuses (such deposit raised RUR131,254,391 at the year-end). Total personal account agreements (including term accounts, special card accounts, current accounts, and demand accounts) were 140,643 in number.

Payment cards business

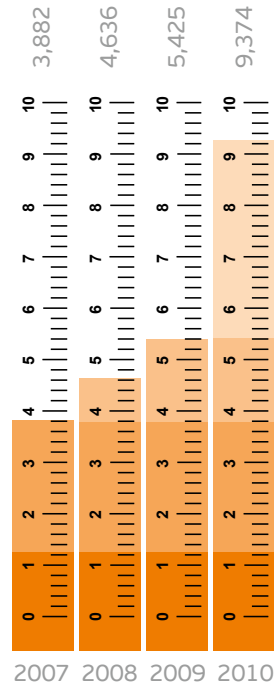
Agropromcredit Bank is a Visa International principal member and a MasterCard Worldwide affiliate member. In 2010, the Bank continued issuing and handling payment cards from such systems – throughout the year 33,192 cards were issued. As of the year-end, total cards in issue were 61,204 in number.

The payment card of the Bank is not only a convenient payment instrument, but a modern way to manage its personal account balances

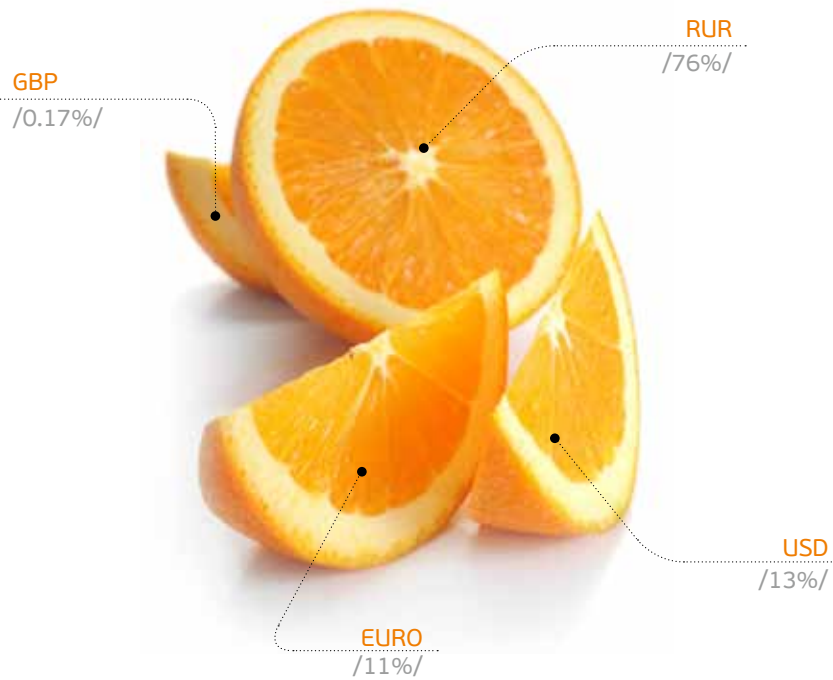
PERSONAL BALANCES
/RUR millions/



PERSONAL TERM DEPOSITS
/RUR million/



PERSONAL DEPOSIT BREAKDOWN IN 2010



via proprietary cash dispensers which allow customers pay for the services of the federal and regional mobile operators and satellite TV, make money transfers from cards to account maintained with the Bank, and take benefit of the 13-th Salary product (the customer freezes the interest-bearing balance). There were 179 cash dispensers as of 31 December 2010.

Handling account of the staff from corporate customers under payroll projects is an important part of the card business of the Bank. In 2010, 55,900 payroll-based cards were handled.

In the year under review, new products were launched to the market – a multi-currency card and credit card with grace period. To meet demands of VIP customers, the Bank started issuing Visa Platinum Premium cards. Multi-currency proprietary Visa or MasterCard card is a payment instrument giving access to three accounts at once maintained with the Bank – in Russian roubles, US dollars and Euros. The card allows make savings and payments in any of such currencies without additional conversion charges. Balances of the multi-currency card are interest-bearing at the term deposit rates.

In the reporting year, the Bank took a set of measures towards enhanced security in handling payments cards. Visa International and MasterCard WorldWide systems acknowledged the processing system to be in compliance with their requirements, and Web-based information resources, with the Payment Card Industry Data Security Standard (PCI DSS). The certificate of conformity ensures high level of protection for client's personal data in banking business. With a view to promote card products in the provinces, the Bank kept entering into discount agreements with merchants, particularly, car dealers, shops, travel and health care companies. Such agreements provide discounts for products and services to be paid using proprietary Visa and MasterCard cards. The programme has clear benefits both for merchants and for the Bank itself. Hence, the counterparties cooperating with the Bank mushroomed throughout the year 2010. Within the reporting year, the Bank was proactively involved in global promotional actions initiated by Visa International. More than 40 Agropromcredit Bank's clients were declared winners in such actions.

Lending

Given the overall stabilisation and increasing liquidity in 2010, Russian banks responded by cutting loan interest rates. Therefore, domestic lending market notably revived, but the pre-crisis level was not achieved yet. The banking

industry showed at the year-end a slight growth in loan portfolio, both corporate and personal ones. Under the economic situation in 2010, the Bank pursued responsible lending policy, comprising more severe risk assessment for personal loans. And mainly staff from corporate customers was regarded as prospective borrowers. Within the year, the Bank went on expanding the range of such borrowers. Lending started with VIP customers, then staff of the core companies joined, and later, staff from payroll-based enterprises and customers having positive credit history. In the fiscal year, the product line development culminated by offering a card-based product for individual clients who did not have any service history at the Bank. A pilot card project with no issuance fee was launched at the Orenburg branch as a New Year gift.

The line of products in consumer lending was developing in a similar way. Firstly, tariff plans were put into effect, comprising loans to be made to staff from corporate partners. Consumer lending was made against sureties issued by natural persons.

There were two programmes existing at the Bank within the year. One of them was a universal one, covering all areas of its presence, while the other was promoted as a pilot project for two branches – the Surgut and the Tyumen ones. In order for the sales to be more aggressive, the Bank cooperated with car dealers and started signing agency agreements with car brokers. Transparency of agreements to capture customers, mutually rewarded cooperation with car dealers caused another efficient distribution channel for car loans emerged, which will be a point of focus for the year 2011.

By the year-end, as customers kept positive credit discipline, requirements to prospective borrowers were eased.

Total loans made were 428 (net of credit cards with grace period) totalling RUR220,457,900.87, including: 70% - consumer loans; 17% - housing mortgages; 8% - car loans; 5% - SME loans.

In the year under review, a new product was launched – payment cards with grace period. Totally, 647 cards were issued with aggregate limit being at RUR53,183,000, while actual outstanding loans were RUR15,292,142 as of the year-end. Together with cards with grace period, in 2010 the Bank made loans for RUR273,640,901 within personal loan portfolio, comprising 56% in consumer loans; 19% in cards with grace period; 14% in housing mortgages; 7% in car loans; 4% - in SME loans. In the fiscal year, the Bank expanded the existing distribution channels for credit products, holding

PAYMENT CARDS ISSUED IN 2010
(including those re-issued)

In consumer lending /9.4%/



Within payroll schemes /90.6%/

In consumer lending: 1,872
Within payroll schemes: 29,604
Total: 33,192

PAYMENT CARDS IN ISSUE IN 2010

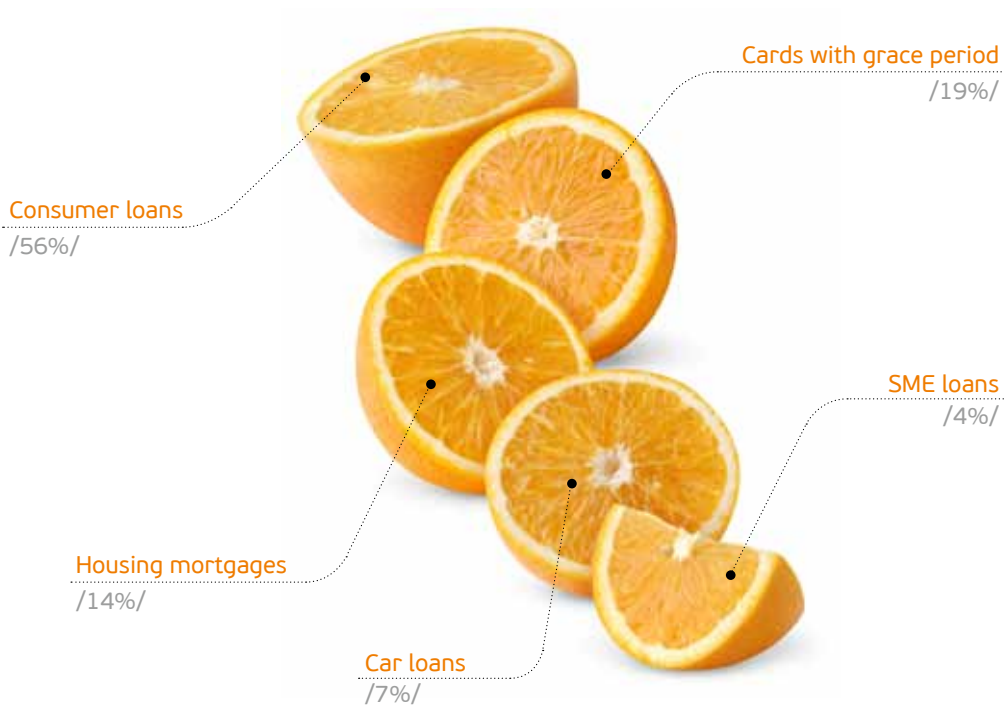
MasterCard /9.2%/



Visa /90.8%/

Visa: 67,638
MasterCard: 6,872
Total: 74,510

PERSONAL LOAN PORTFOLIO



road-shows on corporate premises. Moreover, cooperation with credit agents brought good results. Developing the distribution sector via such agents not only allowed bring personal banking at the branches up, but also ensured more brand awareness of the Bank among the population. In the year to come, 2011, the agent-based distribution format should be a large scale instrument of the Bank.

The Bank offers express money transfers via Privat Money (RUR, USD, EUR) and Western Union (RUR, USD). Such service allows transfer money within minutes from accounts maintained with the Bank, and to send money orders without opening an account throughout the globe. Total volume of transactions in this segment was RUR131,391,000, USD5,440,000 and EUR157,000.

4.2. CORPORATE BANKING

Handling corporate customers

Customers are enterprises from core industries of the national economy such as power generation, machinery, metallurgy, transport, construction and agribusiness. The Bank's main focus is to offer high quality and comprehensive services of the top level. Corporate customers are provided with a complex of cash-and-settlement services, including opening and handling business accounts and other accounts denominated in Russian roubles and in foreign currencies, transaction payments, crediting incoming funds to accounts, accepting deposits and making cash advances, electronic forex transactions and other accounts movements in line with applicable Russian law.

The Bank conducts all types of cash-in hand transactions - accepting deposits and making cash advances in foreign currencies, collection, cash count and crediting cash proceeds to customer's account, cash-in hand foreign exchange. In addition, we offer collection of cash-in hand proceeds and salary armoured delivery. Merchants are offered acquiring services, payment arrangements for products, works or services using Visa International or MasterCard WorldWide cards.

Within the custodian services, opening and handling DEPO accounts are offered to record and storage corporate securities. Moreover, the Bank can be nominal holder of securities with the securities register or with any other custodian. Corporate entities engaged in foreign trade are offered handling documentary business in Russian roubles and foreign currencies. The Bank assists its customers to prepare payment

clauses of the contract and to complete an application for documentary credit to be issued, to validate authenticity of letters of credit issued by other banks, and it issues and pays import letters of credit.

Agropromcredit Bank monitors and accounts all types of foreign exchange transactions under foreign trade contracts and loan agreements, commodatum agreements, and non-trading foreign exchange transactions. As a foreign exchange control agent, the Bank offers services related to issuing of transaction certificates, and facilitates data on payments under the transaction certificate at the client's request.

Raising corporate funds

Corporate balances were RUR6,043 million as of 31 December 2010, including RUR2,344 million in corporate term deposits, and RUR3,699 million in business accounts and current accounts.

The Bank placed idle funds of corporate customers in promissory interest-bearing notes and promissory discount notes. They are safe, gainful and liquid instruments of the financial market to be used in payments in favour of counterparties for products and services supplied, and as a saving instrument.

Corporate lending

In the reporting year, Agropromcredit Bank offered its corporate customers lending products as follows:

- commercial credits along with crediting money to the business account;
- overdraft;
- credit facilities with the preset disbursement limit, outstanding limit, disbursement limit and outstanding limit;
- bank guarantees for auctions and tenders.

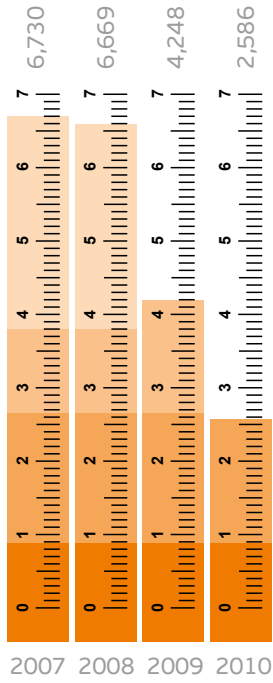
Bank guarantees and credit facilities were among most sought-after products.

Loans to corporate entities and sole traders were made in Russian roubles. Emphasis was placed on projects and transactions with short-term and medium-terms return.

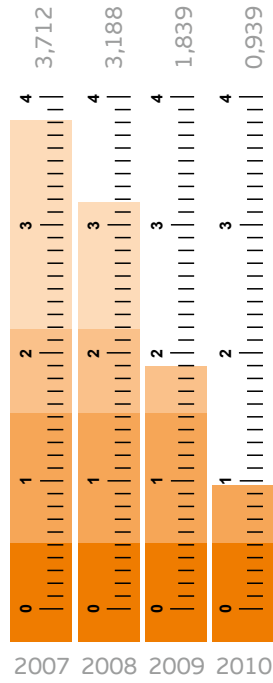
When considering new applications and with a view to reduce credit risks, preference was given to customers having positive credit history, good financial standing and sound collateral. Stricter requirements to borrowers led to some decrease in portfolio build-up in terms of corporate lending. Credit portfolio as far as corporate borrowers are concerned (outstanding loans) was RUR4,340,800,000 thousand as of 31 December 2010.

Throughout the year under review, corporate portfolio grew more than 10%, in line with rate of

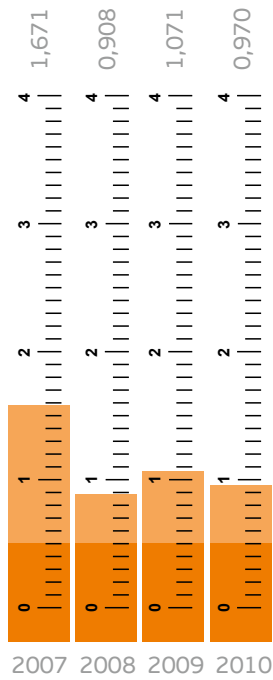
OUTSTANDING PERSONAL LOANS
/RUR millions/



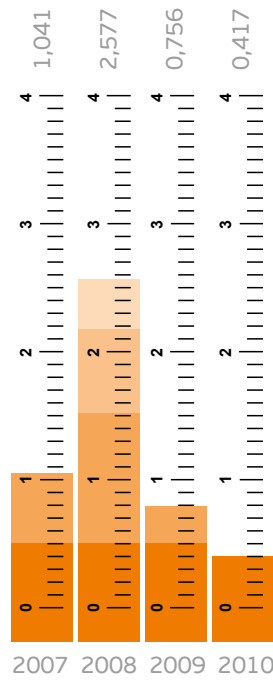
OUTSTANDING CAR LOANS
/RUR millions/



OUTSTANDING MORTGAGE LOANS
/RUR millions/



OUTSTANDING CONSUMER LOANS
/RUR millions/



growth in the Russian banking sector in this year. However, in November and December, large loans were repaid before maturity, resulting in slight decrease in loan portfolio.

In the reporting year, under the agreements entered into with the Bank for development, SME support programme was still under way. The main goal of the Programme is to provide favourable conditions for steady SME development in the Moscow City and in Russian provinces based on efficient financial support mechanisms. In 2010, the Bank prepared and started performing the financing project programme in energy efficiency sector.

The Bank is engaged in preparing and maintaining corporate bylaws on such a level that is sufficient to minimise risks at all stages of the lending process. With a view to achieve unification in all lending transactions and maintain adequate credit risk level, bylaws were amended in 2010 to match changes in applicable law. In particular, amendments were made to the Regulation on reserve provision for corporate loan impairment, the Regulation on reserve provision for impairment and the Regulation on lending to corporate entities and sole traders subject to special tax treatment.

4.3. FINANCIAL MARKETS

Volatility in market value of the securities comprising the bank portfolio made the greatest impact on financial result of the Bank in 2010.

According to the Treasury, promissory note portfolio grew from RUR916,690 thousand as of 31 December 2009 to RUR3,080,631 thousand as of 31 December 2010.

Bond portfolio (net of revaluation) for the same period increased from RUR1,603 million to RUR3,508 million. And financial result from bond transactions (Federal loan bonds+Corp) for the year was RUR174 million.

Interbank market transactions are the second crucial factor, reporting RUR62 million in 2010. And, finally, foreign exchange transactions, the third key factor, comprising wire transfers at the head office of the Bank only, were RUR29 million (currency translation and revaluations).

Risk concentrations related to a variety of banking transactions

To mitigate market risk (that is, the risk of decreasing market prices for securities

comprising the portfolio of the Bank), the Treasury monitors interest rates on a regular basis. Such approach allowed make timely adjustments in maturities for the securities portfolio and, therefore, to reduce the impact the market risks have on the portfolio value. Compliance with transaction limits for securities and high credit quality of debt instruments within the portfolio also favoured lower market risk exposure.

To reduce liquidity risk, the bond portfolio comprised in 2010 mostly instruments from the so called Lombard list of the Bank of Russia. Securities which are part of the Bank's portfolio allow repo fundraising transactions to be engaged in, and virtually involve all major Russian banks. Therefore, a liquid and structured security portfolio was built to ensure high yield investment.

Operational risk means a potential error by a trader when a deal is struck using distant trading systems, and a potential failure in the software and telecommunication systems. To mitigate the operational risk, a system to limit volatility in rates and quotations for securities and foreign currencies from trading systems at the MICEX Stock Exchange and the MICEX itself was used. When transacting in the interbank market, such risk was mitigated through deals at firm quotations from the Bank of Russia and large domestic banks.

Cooperation agreements

As of 31 December 2010, 99 general cooperation agreements were signed with counterparty banks in the forex market and the money market.

4.4. CORRESPONDENT BANKING

In the reporting year, the Bank kept optimising its correspondent banking network, by closing idle clearing accounts and opening those accounts to meet only proprietary demand and that of its customers. At the year-end, the Bank maintained 14 vostro accounts and 26 nostro accounts. Improved payment efficiency was a vital target for the Bank in the past year. With this purpose in view, professional staff was engaged on a regular basis in comprehensive review of the existing fees offered by upstream clearing banks and their service quality. Based on the findings of the review, negotiations were held with representative of such banks and agreements

INCOME EARNED FROM DISCOUNTED PROMISSORY NOTES FOR THE REPORTING YEAR

Currency	Retired	On the book at 31/12/2010	Total
EUR	20,083.83	110,008.05	130,091.88
USD	58,716.44	10,189.28	68,905.72
RUR	130,514,175.00	1,158,659.84	131,672,834.84

DOWNSTREAM CLEARING BANKS AND INSTITUTIONS

Nº	Credit institution	Currency
1	Non-bank «Central Clearing Chamber», Moscow, Russia	RUR
2	Khlebobank, Moscow, Russia	RUR, USD
3	Roubliov Bank, Moscow, Russia	RUR, USD
4	Commercial bank «Forshtadt», Orenburg, Russia	RUR, USD, EUR
5	SB Bank (Sudostroitelny bank), Moscow, Russia	RUR
6	Guta-Bank, Moscow, Russia	RUR, USD
7	National Collateral Bank, Dolgoprudny, Moscow Region, Russia	RUR
8	Credit Bank of Moscow, Moscow, Russia	RUR
9	Almaz-Invest-Bank, Moscow, Russia	RUR

UPSTREAM CLEARING BANKS AND INSTITUTIONS

Nº	Credit institution	Currency
1	Gazprombank, Moscow, Russia	RUR
2	NOMOS-BANK, Moscow, Russia	RUR, USD
3	UniCredit Bank, Moscow, Russia	USD, GBP
4	«SME BANK», Moscow, Russia	RUR, USD, EUR
5	Russian Agricultural Bank, Moscow, Russia	RUR
6	SredneRusskiy Bank of Savings Bank of Russia, Moscow, Russia	RUR, USD
7	Bank «National Clearing Centre», Moscow, Russia	USD
8	RussBank, Moscow, Russia	RUR
9	RUSSLAVBANK, Moscow, Russia	RUR, USD, EUR
10	VTB Bank, Saint Petersburg, Russia	RUR
11	Petrocommerce, Moscow, Russia	RUR, USD, EUR
12	VTB Bank (Deutschland) AG, Frankfurt am Main, Germany	USD, EUR
13	Commerzbank AG, Frankfurt am Main, Germany	EUR
14	Bank for Reconversion and Development, Minsk, Belarus	BER
15	PrivatBank, Dnipropetrovsk, Ukraine	UAH

were reached to reduce fees and increase interest earned on clearing account balances. As the efficient clearing network allows the Bank carry out customers' payment instructions with good quality and in prompt manner, it continues building and developing strategic and mutually rewarding cooperation with top domestic and foreign banking institutions.

4.5. BRANCHES

Early in 2010, the regional branch network was optimised in line with the current market situation. Emphasis was placed on further quality improvement in the regional business, rather than on its expansion.

Based on a comprehensive study of the Bank's activities, the management decided to have the regional network optimised. After structural adjustments were introduced, two of the fourteen branches of the Bank operating within Russia by early in 2010 changed over another format. Therefore, regional network run by Agropromcredit Bank comprised 12 branches and 36 sub-offices located in six out of the eight Federal districts throughout the country as of 31 December 2010. Branches of the Bank are present in cities and towns such as Barnaul, Chelyabinsk, Kemerovo, Kolomna, Kurgan, Nizhny Novgorod, Orenburg, Perm, Saint Petersburg, Surgut, Tyumen, and Yekaterinburg.

Altai branch

The branch, which started its operations in 2002, incorporates a sub-office in Biysk. The branch was qualified among banking institutions to be recommended to Altai Territory-based businesses, which could take loans with part of the bank interest rate being financed from the territorial budget. In addition, the branch is involved in lending programme against guarantees issued by the Altai insurance fund. In 2010, the Altai branch of Agropromcredit Bank was winner of the Best-Service-of-the-Year banking contest, where presentation of the Internet-banking system took place.

Urals branch

The branch was established in Yekaterinburg in 2006. At present, another two sub-offices were established in the Sverdlov Region, namely, in Yekaterinburg and Verkhny Taguil. The branch is a member of the Urals Banking Union and it is proactively involved in the Union's activities and public events and charity campaigns within the Region.

Kemerovo branch

The branch was established in 2003. As two its sub-offices are operating in Gurievsk and Novokuznetsk, the wide range of services of the Bank is made available to corporate and personal customers in the south of the Kuznetsk Basin. The branch serves coal mining enterprises in the Kemerovo Region, companies engaged in mineral field development, insurance and consulting companies, small and medium-sized businesses, and individuals, as well.

Kolomna branch

The branch was established in 2004 on the basis of an outlet operating in Kolomna since 1999. Over many years, the branch provided banking services to small and medium-sized companies in Kolomna and the Kolomna District. Much consideration is also being given to individual customers. The Kolomna branch gained recognition as the best branch of the year, according to its performance record in 2009 and 2010.

In the reporting year, the branch started serving corporate customers on a tailor-made basis offering them special fee rates. Such an approach made a positive impact on building and enhancing new and existing loyalty relations between the branch and the customers, and allowed capture more clients.

Kurgan branch

The branch, which started in 2003, incorporates five offices, and four of them are located in the Kurgan City (a branch, two sub-offices and one off-premises cash desk) and one sub-office in Shadrinsk.

The Kurgan branch is proactive in serving corporate and individual customers of the Trans Urals area, providing payroll schemes for several enterprises and institutions located in the Kurgan Region.

The Kurgan branch placed emphasis in 2010 on enhancing its financial strength, mitigating risks in banking business, improving quality of the services and maintaining the reliable counterparty's image so as to meet in full its obligations to the clients.

Nizhny Novgorod branch

The branch, which was established in September 2007, is located in the centre of the city. It provides corporate and individual customers domiciled in Nizhny Novgorod with a broad array of banking services and financial consulting.

BRANCHES



The Nizhny Novgorod branch is proactively involved in public activities of the city and sponsors municipal gala events.

Orenburg branch

The branch has been operating in the Orenburg Region since 2002, and over that period expanded the personal banking segment, with its business going outside the regional borders. At present, the structure of the branch comprises seven sub-offices located in towns such as Orenburg, Orsk, Mednogorsk, Buzuluk, Buguruslan, Saratov, and in Energetic settlement. The branch is actively involved in the life of banking community in the Region and it is a member of the Association of commercial banks of the Orenburg area. It was reputedly recognised the best branch within Agropromcredit Bank's network.

Perm branch

The branch started its operations in April 2007. Over that period, many companies and individuals could appreciate the reliability and the wide spectrum of services of the Bank. Important regional enterprises such as Urals interregional distribution network company from PermEnerg, Electrosetstroi-11, Grazhdanservice and many others are among its customers. Individual customers were offered full range of services, including payments through business accounts, deposits, loans for a variety of purposes, transactions involving currency exchange and payments from currency accounts.

North-Western branch

The branch has been operating in Saint Petersburg since 2002, with both corporate and personal banking segments being served. In 2008, the second representative office of the Bank was established in this city, that is, Irinovskiy sub-office. The branch is a member of the Association of Banks of the North-West and is actively involved in events held by the Association. In the year under review, the North-Western branch continued aggressively building up business in segments such as raising funds from households and expanding the spectrum of services for them.

Surgut branch

The branch has been operating since 2001. At present, there are five offices of the Bank located in the region - three branches established in Surgut, one in Nefteyugansk and one in Kogalym, accordingly. Over many years,

the branch has been serving enterprises from the energy sector, construction companies, trade and services undertakings. The Surgut branch sponsors community and sports events held in areas of presence of the Bank.

Tyumen branch

The branch started in 2001. It has its offices located within the Tyumen Region, the Khanty-Mansy Autonomous District and the Yamalo-Nenets Autonomous District, namely - the head office of the branch, a teller office and two off-premises cash desks in Tyumen, sub-offices in towns such as Ishim, Nizhnevartovsk, Novy Urengoy, Noyabrsk, Tobolsk and Izluchinsk settlement.

Chelyabinsk branch

The Chelyabinsk branch was opened in 2003, and its sub-office in Magnitogorsk started in 2006. According to the performance record showed over that period in the Southern Urals, the branch was recognised as a strong and reliable counterparty, handling corporate entities and small and medium-sized companies so as to ensure mutually rewarding cooperation, and taking care of individual customers.

Moscow area

In the year under review, a new office of the Bank was established in this city, and the Central branch was reorganised into the Sokol sub-office. Therefore, the Bank is represented in the capital by three sub-offices fitted with high technological and administrative capabilities, and they are ready to serve corporate customers of any business volume. Moscow-based offices also offer full range of banking products and services to individuals.

All the offices are distributed throughout the city within walking distance, near underground stations. For the sake of customer convenience, the Sokol sub-office has extended business hours within the working week, while Tsvetnoy Boulevard, having the same schedule, is open on Saturdays too.

4.6. RISK MANAGEMENT POLICY

Credit risk

Credit risk is most critical for banking business. Under the buoyant post crisis economy, the Bank's focus is to improve the loan portfolio quality (to achieve reduced bad debts in view of changed solvency of the customers under the new conditions).

The credit risk the Bank was exposed to in 2010 resulted in reduced outstanding balances in personal loans and slightly increased bad debts in this segment. Corporate lending was up over the year. Corporate bad debts remained at the same level in the course of the nine months and notably reduced in the last quarter of the reporting year. As of the year-end, bad debts were under 2% of the loans made to corporate customers. The credit risk concentration per borrower was substantially lower in the year under review than a year before. To illustrate, this indicator was 2.5 times as low to reach 319.63% as of 31 December 2010 against the standard of 800% required by the Bank of Russia.

Liquidity risk

In 2010, the Bank's exposure to liquidity risk was quite insignificant. Acid test ratio and current liquidity ratio, calculated in compliance with the standards of the Bank of Russia, outperformed the required minimum values.

With acid test ratio standard being «not less than 15%», its average value was close to 100% at the Bank for the year 2010. And such figure was 83.7% as of 31 December 2010.

The current liquidity ratio was in fact 155.3% as of the year-end, while the required minimum value was 50%.

Long-term liquidity ratio was at the prior year level to achieve 33.9% as of the year-end, with required minimum value being 120%.

Ratio of assets to liabilities with maturity «under 30 days» displayed liquidity surplus, arising from substantial excess of liquid assets over short-term liabilities.

Highly liquid assets represented by clearing account balances with correspondent banks and cash balances remained at a high level (at least RUR2,000 million as of the end of every reporting month), allowing the Bank perform its obligations to customers and counterparties, with no borrowings from the interbank market. The year 2010 saw decreased liabilities of the Bank to major lenders. In this year, there was also reduced proportion of large lenders both within total liabilities and total shareholders' equity. Such trend shows a low exposure to liquidity risk.

Market risks

Market risk values calculated at the Bank as of 31 December 2010, showed lack of the foreign exchange component and the securities component. Securities risk was not included in the market risk calculations due to a lack of financial instruments used in such

risk assessment. Foreign exchange risk (open currency positions-to-equity ratio) was not only under the thresholds required by the Bank of Russia, but even under the 2% minimum qualified to be included in the market risk assessment. As there were no exposure to securities risk and foreign exchange risk, total market risk was calculated based on interest risk indicators. Total interest risk comprised net positions related to debt obligations of the Russian Federation within the Bank's portfolio, revaluated at current fair value on the calculation date and allocated by periods depending on the remaining term till maturity. Special interest rate risk is calculated against debt obligations within the portfolio of the Bank. In 2010, above obligations were notably higher in volume. As investments are made in debt securities from top issuers within regularly updated limits based on comprehensive review of financial and business activity, level of exposure to market risk by the Bank is quite low.

Operational risk

In the year under review, the Bank posted very small amount of operational loss incurred by early write-off of the property, litigation costs, penalty charges imposed by regulatory authorities and other reasons.

It is worth pointing out that operational risk had no sensible impact on the financial position of the Bank as compared with other risks. However, given the fact that operational risk is poorly formalised and following the recommendations made by the Basel Committee on Banking Supervision, the Bank established an operational risk management system and maintains records related to such cases, including relevant loss.

4.7. HARDWARE AND SOFTWARE COMPLEX AND INTERNAL TECHNOLOGY MODERNISATION

Information technology improvement

Throughout the reporting year, the Bank continued developing its hardware and software complexes and improving its internal business processes. Under its core strategic policy, IT activities focused on lower cost of customer services along with keeping up adequate quality, and on further improving fail-safety in accounting systems.

Telebanking

The Bank has traditionally paid much attention to distant banking service improvement, making it more convenient and fail-safe.

In March 2010, corporate customers as subscribers of the iBank 2 system were offered a new, SMS-Banking, product, making it possible for the clients to have a prompt access to their accounts and to information on account movements. Such solution ensured enhanced fail-safety of payments through the telebanking system.

Preparations were made to launch a new product of the Bank intended for individual customers within the Telebanking BS-Client. Individual Customer sub-system. It suggested online transactions using multi-currency payment cards.

As an additional measure to protect banking transactions using the telebanking system, a system was engineered in the middle of the year 2010 to protect the peripheral network of the Bank from external intrusions and hacker attacks. The system designed to trace unauthorised access was based on most sophisticated safety technologies. Success the Bank achieved in quality customer services using telebanking channels was recognised by the general public and the professional community. The telebanking system used at the Bank and intended for individual customers won the gold medal in the VIII Best-Service-of-the-Year Territorial Contest held between October and November 2010 in the Altai Territory.

Call centre

The Call centre based on Contact Centre Enterprise platform from Cisco Systems and put into operation late in 2009, was upgraded in the year under review. Owing to coordination between IT staff of the Bank and AMT-Group, automated communication with customers was further developed.

Within activities towards better efficiency in internal business processes, efforts were made to modernise the processing functionality of applications from information system users. The inventory data collection and monitoring system on equipment operation within the network of the Bank was put into service. The system is based on freely available software.

Unified data catalogue

In 2010, one of the most important infrastructure projects to ensure centralisation for the existing domains into a unified data catalogue was successfully completed. Unified policies and software adjustments implemented at the Group level made it possible

to substantially increase the existing fail-safety level, to make user accounting record management easier and reduce IT-related cost per employee.

Information system safety

The Bank adopted a comprehensive approach to ensure safety of its information systems from virus attacks, which was possible owing to Kaspersky Laboratory security technologies. This company delivered solutions to ensure centralised protection for workstations and file servers – Kaspersky Business Space Security. Protection of the email system from spam was implemented by Kaspersky Anti-Spam for Linux software.

Potential for IT technology development

Main focuses in banking IT technology for 2011 imply enhancing security systems within the infrastructure of the Bank, and reducing general support costs.

In 2010, Agropromcredit Bank carried out some successful projects aimed to transfer test-related and non-critical systems to virtual environment. As a result, capital expenses to purchase and support servers were reduced, with less power consumption of the server equipment. One of the targets for the year 2011 is to virtualise the infrastructure used at the Bank as far as possible with a view to reduce the cost of IT-resource holding.

In addition, within the service range expansion, a set of efforts will be made to ensure coordination with the CONTACT payment system. By carrying out those plans, the Bank will be able to build a solid IT platform designed for quality and fail-safe customer services. Moreover, it will help launch most demanded banking products to the market.

4.8. ADMINISTRATION AND HR MANAGEMENT

Manpower and quality of the staff

As of 31 December 2010, manpower of the Bank was 963 employees, including 295 (31%) employees at the head office, and 668 (69%) staff members employed at the regional offices. 46% of the total manpower were employees aged between 35 and 55 years old.

78% of the employees were university graduates, 22% were secondary school and college graduates and employees with uncompleted university level.

77% of the staff have their length of service in the banking industry above three years.

And eight employees have been employed by the Bank for over 10 years.

Human resource policy

The Bank pursued a HR policy aimed at capturing and selecting staff to meet demands of structural subdivisions. The human resource department places emphasis on mobilising human reserve from outside. Annually, the Bank invites Russian future-oriented and innovative university students for internship with a view to fill vacancies.

Efforts are made towards in-house staff reserve formation in order for the staff to be promoted to management positions. In 2010, the Bank's staff reserve lists were in place and a career training and development programme intended for the staff reserve is being prepared.

Goal-oriented staff formation is a vital goal to be achieved, since an adequately established system of financial and moral incentives contributes to better working efficiency and added value in business. Aiming at retaining qualified staff, the HR Department conducted in December 2010 a review of remuneration paid to employees of the head office to determine how it matches the market level. As a consulting assistance for the branches, the HR Department conducts market trend reviews and monitors remuneration level at banking institutions operating in the provinces on a regular basis. With a view to streamline the existing personnel structure and ensure strict segregation of staff duties, the HR Department worked in 2010 on creating a standard manning table.

Corporate web-site

To ensure communications among subdivisions of the Bank and prompt exchange of information and to monitor the opinions, internal corporate web-site was extensively used in 2010 to which all regional branches were connected.

The virtual terminal allows staff members to communicate nationwide, be aware of corporate news, introduce recently employed staff and become acquainted with news items and guidance papers.

Professional training

With a view to greater efficiency of the staff performance and better customer service quality, the professional training and career development system is actively under way, aiming at creating a team of skilled staff, ready to meet their targets.

The internal and external training is being

developed and improved extensively. The internal training is carried out by the Training, Development and Certification Unit, and coach team of 34 staff members from a variety of subdivisions, majors and business areas in banking are engaged in training process. In the year under review, new proprietary training programmes were prepared and implemented such as Efficient Sales, Sales Management, Bank Product Presentation. A guidance database is being created at the corporate web-site intended for training and career development. Tests are prepared to evaluate professional knowledge in business areas and staff certification is conducted.

Within the internal training, some projects were carried out in 2010, namely:

- career development of the staff by inviting reputable educational institutions and top professionals (including from the Bank of Russia);
- identification and guidance expertise with respect to demand for internal training of staff members in line with business processes and corporate opportunities; and
- career development of the staff using distant technologies.

For the purpose of shaping and promoting unified training approaches, the HR Department is preparing by-laws on staff certification, training and career development. For example, in November 2010, a regulation was put into effect regulating appraisal and certification procedure for staff.

Comprehensive approach to staff management and career development ensures to meet efficient HR policy targets in achieving maximum return on investment in human capital, which is the main goal for 2011.

5 Sponsorship and charity

Responsibility to customers, counterparties, and community has been a corner stone for our activities. We have always remembered it, giving target support to those in hardship. In 2010, sponsorship and charity initiatives of the Bank were aimed at promoting physical fitness and sports, arts and education, and preserving the historical heritage of Russia and bridging gap between generations. In the year under review, Agropromcredit Bank placed emphasis on support to WW II veterans and events dedicated to the 65th anniversary of the Victory. Gala events, concerts and veteran gatherings were held in many cities and towns within area of presence of the Bank. Agropromcredit Bank contributed significantly to revival and development of sports traditions and fitness popularisation, providing throughout the reporting year support to child's and adult competitions. The Bank continued with its sponsorship and charity activities, aimed at care for children – within the year, target support was provided to boarding schools and orphan's homes.

SPONSORSHIP AND CHARITY IN 2011

Culture and arts

Agropromcredit Bank provided financial support to the Charity Foundation for Philharmonic Activities in the Kurgan Region and sponsored the 2010 concert season of the Kurgan Philharmonic Society.

The Bank sponsored the XVII Shalom International Festival of Arts, held in Orenburg. Agropromcredit Bank was a partner of the Third Golden Horse Pan-Russian Theatrical Festival-Contest where puppet theatres were invited. Agropromcredit Bank arranged the Welcome Day at the Surgut art museum.

Fitness and sports

Agropromcredit Bank provided sponsorship support to arrange and hold the professional Wushu-Sanda International tournament traditionally held in Orenburg. Agropromcredit Bank sponsored the 32th

Russian Winter National Motocross held in Kolomna.

The Bank was the title sponsor of the World Junior Champions Cup 1995, 2000, and gave special awards to the best players of the tournament.

Agropromcredit Bank was a sponsor to the Kyokushin Kaikan Junior Cup within the Tyumen Region where young sports people 6 to 13 years old took part.

The Bank sponsored the 70-th regional relay race in Kurgan dedicated to the 65-th Anniversary of the Victory in the Great Patriotic War.

Agropromcredit Bank was the general sponsor to the open municipal women mini-football tournament held in Kemerovo, which was dedicated to the 65-th Anniversary of the Victory in the Great Patriotic War.

A sponsorship was given to the XXXI Pan-Russian Junior Freestyle Wrestling under the Mat-of-Hope motto where girls and boys took part. It was dedicated to the important Anniversary of the Victory in the Great Patriotic War.

The open municipal mini-football tournament among amateur teams from the Kemerovo Region was supported and arranged by Agropromcredit Bank together with the Kemerovo Town Administration, where several Bank's awards were disputed.

Agropromcredit Bank supported the K-1 kickboxing international tournament, first in Russia, under the King-of-the-Kings motto. A traditional mini-football tournament was arranged among teams from banking institutions located in Kemerovo.

Urban gala events

Agropromcredit Bank sponsored municipal gala events dedicated to the 280 Anniversary of Barnaul.

Agropromcredit Bank took part in the Town Day festivities and the Oil Worker Day in Nefteyugansk, with a fancy-dress parade being held for children together with gift-giving.

Agropromcredit Bank gave awards to the winners of the gala trivia game held by the Retro FM radio station on occasion of the 274-th Anniversary of Cheliabinsk.

Agropromcredit Bank supported the Town Day in Kogalym, by sponsoring the main gala event under the Craftsmen Town motto.

A special acknowledgement certificate was awarded to Agropromcredit Bank by the Lytkarino mayor for sponsorship to the Town Day.

Socially-relevant projects

Agropromcredit Bank took part in endowment fundraising for forest fire victims in the Moscow Region.

Agropromcredit Bank supported the Children of War charity event held in Tyumen under the auspices of the Pension Fund branch for the Tyumen Region and the regional branch from the Russian Union of Pensioners, national public organisation.

Together with the Orenburg museum of local traditions and history, Agropromcredit Bank supported and arranged WW II veteran gathering in the town exposition centre under the Salute-to-the-Victory motto, included a guided tour, a gala concert and a gala party.

On occasion of the Health Worker Day, Agropromcredit Bank donated tonometers, stethoscopes and portable radio sets to Kolomna central district hospital.

Agropromcredit Bank was involved in the Pan-Russian St. George Ribbon event held in Orenburg and Surgut, distributing such Great Victory symbol to all its customers.

On occasion of the 65-th Anniversary of the Victory in the Great Patriotic War, the Bank supported a charity concert in Perm for delegates from local Boards of War Veterans.

By joint efforts with the municipal council of the Tyumen Central Administrative District, Agropromcredit Bank arranged the charity concert for WW II veterans under the We Remember motto, which was held in the concert hall of the Tyumen Arts and Culture Institute.

A memorial event was arranged for WW II veterans held at the foot of the Victorious Combat Tank monument in Saint Petersburg.

On occasion of the Great Victory in WW II, Agropromcredit Bank arranged a charity event in the Kemerovo City for elder attendants at Social Care Centres in the Tsentralny and Zavodskoy districts of the town, and the veterans were given flowers and memorial gifts.

Agropromcredit Bank sponsored and arranged

a gala concert in Saratov dedicated to the 65-th Anniversary of the Great Victory in WW II.

Agropromcredit Bank held a charity event in Surgut and Nefteyugansk under the Keep-in-Touch motto dedicated to the 65-th Anniversary of the Victory in the Great Patriotic War, and donated 500 rouble- and 1000 rouble-denominated certificates to its customers from WW II veterans and persons born before the War, to pay for mobile communication services.

The Bank supports children

On occasion of the Children's Day, Agropromcredit Bank undertook a charity initiative to boarding school No. 27 in Kemerovo under its mentorship, donating stationery sets to its foster-children.

Charity gala parties were arranged in Surgut, Nefteyugansk and Kogalym for children from large families on occasion of the International Children's Day.

The best teachers from Surgut were awarded by Agropromcredit Bank in the Give-My-Heart-to-Children nomination at the annual Educationalist-of-the-Year urban contest.

Agropromcredit Bank sponsored the New-Year-Fairy-Tale-for-Every-Child charity project, donating sweet gifts to children with disabilities from large and disadvantaged families in Mednogorsk.

The Bank provided a charity support to the Orphan's home in Voskresenskoye village in the Saratov Region, arranging a New Year party for its mentees.

A New Year party at boarding school No. 27 in the Kemerovo City was arranged with the financial support of the Bank, where a New Year party was held along with a theatrical performance and gifts.

6 Financial statements

6.1 RAS

Audit of the financial statements of Agropromcredit Commercial Bank Open Joint-Stock Company, prepared in compliance with the Russian accounting standards, was conducted by ZAO KPMG.

INDEPENDENT AUDITOR'S OPINION

We have audited the accompanying financial statements (annual report) of Agropromcredit Commercial Bank Open Joint-Stock Company (hereinafter "the Bank") for the year 2010. The accompanying financial statements (annual report), consisting of 26 (twenty six) folios, comprise:

- *Balance sheet (Disclosure form) as at 31 December 2010;*
- *Income statement (Disclosure form) for the year ended 31 December 2010;*
- *Cash flow statement (Disclosure form) for the year ended 31 December 2010;*
- *Statement on capital adequacy, provision for impairment of loans and other assets (Disclosure form) as at 31 December 2010;*
- *Statement on compliance with legal ratios (Disclosure form) as at 31 December 2010;*
- *Notes to the financial statements.*

Responsibility of the Bank for these financial statements (annual report)

The responsibility for preparing these financial statements (annual report) and its fair and true view in compliance with applicable law of the Russian Federation as far as preparation of the financial statements (annual report) is concerned by credit institutions, and for the internal control system required for preparing these financial statements (annual report) free of any material misstatements owing to bad faith or errors rests with the executive management of the Bank.

Responsibility of the independent auditor

Our responsibility is to express an opinion as to whether these financial statements (annual report) based on our audit give a true and fair view in all material respects. We have conducted our audit in accordance with the Federal law "On auditing", the Federal law "On banks and banking", and federal auditing standards. These standards require compliance with applicable code of conduct, and planning and conducting an audit so as to give reasonable assurance that the financial statements (annual report) are free from material misstatement.

An audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements (annual report).

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to bad faith or error.

In making those risk assessments, we considered the internal control system relevant to the preparation and fair and true presentation of the financial statements (annual report) in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

The audit also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement (annual report) in general.

We believe that the audits we have conducted give reasonable assurance so as to draw our conclusion on a fair and true view of the financial statements (annual report).

Opinion

In our opinion, the accompanying financial statements (annual report) to this Auditor's report fairly reflect, in all material respects, the financial standing of the Bank as at 31 December 2010 and its business and financial performance for the period from 1 January 2010 to 31 December 2010 (including) in compliance with applicable law of the Russian Federation as to preparation of the financial statements (annual reports) by credit institutions.

Natalia V. Lukashova
Director, ZAO KPMG
Power of attorney No. 41/10 as of 1 October 2010
Qualification certificate to conduct auditing business in banking audit No. K 021936 issued for unlimited term

DATA ON THE INDEPENDENT AUDITOR

Business name: ZAO KPMG

Domicile (registered address): Office 3035, 18/1 Olympiysky Prosp., Moscow 129110, Russian Federation

Postal address: Floor 3, house C, 10 Presnenskaya Nab., Moscow 123317, Russian Federation

Public registration: registered with Moscow Registration Chamber; certificate No. 011.585 of 25 May 1992

A record entry was made in the Unified State Register of Companies by the Interdistrict Inspectorate of the Russian Ministry on Taxes and Duties No. 39 for the Moscow City under No. 1027700125628 on 13 August 2002; certificate series 77 No. 005721432.

Membership in certified professional audit associations:

Member of the Russian Audit Chamber Main registration number with the state register of auditors and audit institutions: 10301000804

AUDITED ENTITY'S DATA

Business name: AGROPROMCREDIT commercial bank (open joint-stock company)

Registered address: 13, kvartal 2, 5th mikrorayon, Lytkarino, Moscow Region 140083, Russian Federation

Postal address: 5th mikrorayon, kvartal 2, 13 Lytkarino, Moscow Region 140083, Russian Federation

Public registration: Registered by the Bank of Russia; Certificate on State Registration of the Credit Institution, registration number 2882. Registered with the Unified State Register of Companies by the Federal Revenue Service Department of the Moscow Region under No. 1095000004252 of 14 August 2009; Certificate series 50 No. 010638817.

Licences for banking business valid in the fiscal period: Full banking licence No. 2880 issued by the Bank of Russia on 14 August 2009 for banking business.

Licences for professional business in the securities market: Securities market professional's licence No. 150-08812-100000 issued by the Federal Financial Markets Service on 20 December 2005 for broker's business; Securities market professional's licence No. 150-08814-010000 issued by the Federal Financial Markets Service on 20 December 2005 for dealer's business; Securities market professional's licence No. 150-08816-001000 issued by the Federal Financial Markets Service on 20 December 2005 for securities management business; Securities market professional's licence No. 150-10075-000100 issued by the Federal Financial Markets Service on 29 March 2007 for custody business.

Licence issued by the Federal Financial Markets Service for exchange intermediary engaged in exchange trade in commodity futures and option transactions No. 1091 of 4 December 2007; valid till 4 December 2010.

BALANCE SHEET

(Disclosure form) As at 31 December 2010/

(in thousands of roubles)

№ п/п	Items	At 31 December 2010	At 31 December 2009
1	2	3	4
I. ASSETS			
1	Cash	716,197	843,874
2	Balances with the Bank of Russia	700,382	2,079,093
2.1	Legal reserves	111,515	94,610
3	Due from banks	1 185 960	1,817,944
4	Net investment in securities at fair value through profit or loss	3,156,249	1,204,815
5	Net outstanding loans	11,119 637	8,929,398
6	Net investment in available-for-sale securities and other financial assets	4,366	4,366
6.1	Investment in subsidiaries and related entities	0	0
7	Net investment in held-to-maturity securities	308,464	305,945
8	Fixed assets, intangibles and inventories	1,433,219	944,687
9	Other assets	1,100,740	1,900,360
10	Total assets	19,725,214	18,030,482
II. LIABILITIES			
11	Due to the Bank of Russia	0	0
12	Due to banks	2,711	22,661
13	Due to customers (non-banks)	16,272,232	13,859,499
13.1	Personal deposits	10,205,407	6,411,703
14	Financial liabilities at fair value through profit or loss	0	0
15	Debt instruments issued	797,071	1,463,388
16	Other liabilities	211,514	170,525
17	Provision for impairment for notional credit-related liabilities, other losses and off-shore resident transactions	102,339	63,955
18	Total liabilities	17,385,867	15,580,028

№ п/п	Items	At 31 December 2010	At 31 December 2009
1	2	3	4
III. EQUITY			
19	Shareholders' (members') equity	1,890,000	1,000,000
20	Treasury shares (participations)	0	0
21	Share premium	0	0
22	Reserves	268,844	268,844
23	Fair value revaluation of available-for-sale securities	0	0
24	Fixed asset revaluation	0	0
25	Undistributed profit (uncovered loss) for previous years	7,210	897,163
26	Net profit (loss) for the reporting year	173,293	284,447
27	TOTAL EQUITY	2,339,347	2,450,454
IV. OFF-BALANCE SHEET COMMITMENTS			
28	Irrevocable commitments	3,384,177	816,332
29	Guarantees issued	2,563,190	3,420,478

Chief Executive
Vassily A. Kornev




Chief Accountant

Svetlana A. Khmeleva



INCOME STATEMENT

/(Disclosure form) For the year ended 31 December 2010/

(in thousands of roubles)

Nº п/п	Items	For the reporting year	For the previous year
1	2	3	4
1	Total interest income from, including:	2,054,079	2,495,690
1.1	Deposits with banks	143,112	128,238
1.2	Loans made to customers (non-banks)	1,757,720	2,239,137
1.3	Financial lease	0	0
1.4	Investment in securities	153,247	128,315
2	Total interest expense incurred from, including:	1,122,083	1,011,542
2.1	Deposits from banks	1,847	40,669
2.2	Customer balances (non-banks)	1,024,119	819,276
2.3	Debt instruments issued	96,117	151,597
3	Net interest income (negative interest margin)	931,996	1,484,148
4	Total amendment to provision for loan impairment, credit-related and similar liabilities, clearing account balances, and interest income accrued, including:	474,499	176,425
4.1	Amendment to provision for interest income impairment	13,787	(9,985)
5	Net interest income from (negative interest margin) after provision for impairment	1,406,495	1,660,573
6	Net income from trading in securities at fair value through profit or loss	41,297	102,772
7	Net income from trading in available-for-sale securities	57,875	68,941
8	Net income from trading in held-to-maturity securities	0	0
9	Net income from dealings in foreign exchange	49,432	114,056
10	Net income from foreign exchange revaluations	(2,771)	(33,384)
11	Income from participations in other companies	0	0
12	Fee and commission income	350,929	411,220

№ п/п	Items	For the reporting year	For the previous year
1	2	3	4
13	Fee and commission expense	38,301	40,036
14	Amendment to provision for impairment of available-for-sale securities	7,373	882
15	Amendment to provision for impairment of held-to-maturity securities	0	0
16	Amendment to provision for other impairment	(42,329)	143,644
17	Other operating income	453,036	20,872
18	Net income (expense)	2,283,036	2,449,540
19	Operating expense	2,041,772	2,045,282
20	Profit (loss) before taxation	241,264	404,258
21	Taxes accrued (paid)	67,971	119,811
22	Profit (loss) after taxation	173,293	284,447
23	Total payments from after-tax profit	0	0
23.1	Dividends	0	0
23.2	Allocations for reserves	0	0
24	Undistributed profit (loss) for the reporting year	173,293	284,447

Chief Executive
Vassily A. Kornev




Chief Accountant
Svetlana A. Khmeleva



STATEMENT ON CAPITAL ADEQUACY, PROVISION FOR IMPAIRMENT OF LOANS AND OTHER ASSETS
/Disclosure form/

Nº n/n	Items	As at 31 December 2009	Increase (+)/ decrease (-)	As at 31 December 2010
1	2	3	4	5
1	Total shareholders' equity (capital) (RUR'000), including:	3,152,388	(103,362)	3,049,026
1.1	Total share capital, including:	1,000,000	890,000	1,890,000
1.1.1	Registered ordinary shares (participations), face value	1,000,000	890,000	1,890,000
1.1.2	Registered preference shares, face value	0		0
1.1.3	Non-registered share capital of non-incorporated credit institutions	0		0
1.2	Treasury shares (participations)	0	0	0
1.3	Share premium	0	0	0
1.4	Bank's reserves	268,844	0	268,844
1.5	Undistributed profit (uncovered loss):	1,111,471	(993,473)	117,998
1.5.1	for the previous years	897,163	(889,953)	7,210
1.5.2	for the reporting year	214,308	(103,520)	110,788
1.6	intangible assets	993	(111)	882
1.7	Subordinated loans (facilities, deposits, bonded debt)	773,066	0	773,066
1.8	Capital (part of it) involving investors' improper assets	0	0	0
2	Required capital adequacy ratio (percentage)	10.0	X	10.0
3	Actual capital adequacy ratio (percentage)	24.1	X	18.9
4	Actual total provision for impairment (RUR'000), including:	1,584,351	(446,767)	1,137,584
4.1	loans, credit-related and similar liabilities	1,502,207	(489,451)	1,012,756
4.2	other risk-bearing assets and other impairments	18,189	4,300	22,489
4.3	contingent credit-related liabilities shown on off-balance sheet accounts, and derivatives	50,787	38,255	89,042
4.4	transactions with off-shore residents	13,168	129	13,297

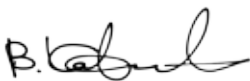
For reference

1.	Reserve provision for impairment from loans and related obligations, including those caused by:	3,977,551
1.1.	making loans	2,442,554
1.2.	changed loan quality	818,821
1.3.	alterations in foreign exchange rate against that of the rouble as quoted by the Bank of Russia	4,835
1.4.	other reasons	711,341
2.	Total recovery (decrease) of the reserve provision for impairment from loans and related obligations in the reporting period (in RUR thousands), including those caused by:	4,467,002
2.1.	bad loan write-off	7,224

For reference

2.2.	loan repayment	3,031,184
2.3.	changed loan quality	610,976
2.4.	alterations in foreign exchange rate against that of the rouble as quoted by the Bank of Russia	4,459
2.5.	other reasons	813,159

Chief Executive
Vassily A. Kornev




Chief Accountant
Svetlana A. Khmeleva



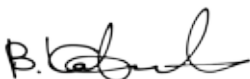
STATEMENT ON COMPLIANCE WITH LEGAL RATIOS

/(Disclosure form) As at 31 December 2010/

(Percentage)

№ n/n	Items	Required ratio	Actual ratio			
			At 31 Dec 2010	At 31 Dec 2009		
1	2	3	4	5		
1	Capital adequacy (N1)	>=10	18.9	24.1		
2	Quick liquidity ratio (N2)	>=15	83.7	110.3		
3	Current liquidity ratio (N3)	>=50	155.3	138.1		
4	Long-term liquidity ratio (N4)	<=120	33.9	33.3		
5	Highest risk per one borrower or a group of related borrowers (N6)	<=25	Max	16.6	Max	20
			Min	4.7	Min	0.1
6	Largest credit risk	<=800	321.3	186.8		
7	Largest loans, bank guarantees and sureties issued by the Bank to its members (shareholders) (N9.1)	<=50	0.0	0.0		
8	Aggregate risk to Bank's insiders (N10.1)	<=3	0.6	1.0		
9	Equity applied to purchase shareholdings (participations) in other corporate entities (N12)	<=25	0.0	0.0		

Chief Executive
Vassily A. Kornev




Chief Accountant
Svetlana A. Khmeleva



STATEMENT OF CASH FLOW

/(Disclosure form) For the year ended 31 December 2010/

(in thousands of roubles)

№ n/n	Item	For the reporting year	For the previous year*
1	2	3	4
1	Net cash received from operating activities		
1.1	Total cash received from/applied for operating activities before amendments in operating assets and liabilities, including:	(437,846)	(143,642)
1.1.1	Interest received	1,423,052	2,140,235
1.1.2	Interest paid	(1,065,363)	(1,088,078)
1.1.3	Fees and commissions received	351,349	427,198
1.1.4	Fees and commissions paid	(37,305)	(39,229)
1.1.5	Income, net of expense, from operations in available-for-sale financial assets at fair value through profit or loss	53,367	98,112
1.1.6	Income, net of expense, on trading in held-to-maturity securities	0	0
1.1.7	Income, net of expense, on dealings in foreign exchange	49,432	114,056
1.1.8	Other operating income	115,664	20,392
1.1.9	Operating expense	(1,250,762)	(1,620,095)
1.1.10	Expense/repayment on corporate tax	(77,280)	(196,233)
1.2	Total inflow/outflow in net cash from operating assets and liabilities, including:	(1,489,314)	(4,500,545)
1.2.1	Net inflow/outflow in legal reserves with the Bank of Russia	(16,905)	(67,085)
1.2.2	Net inflow/outflow in investment securities at fair value through profit or loss	(1,876,268)	201,691
1.2.3	Net inflow/outflow in balances with banks		(1,368,307)
1.2.4	Net inflow/outflow in outstanding loans	(2,008,729)	5,256,888
1.2.5	Net inflow/outflow in other assets	802,164	(629,309)
1.2.6	Net inflow/outflow in loans, deposits and other balances due to the Bank of Russia	0	(2,000,000)
1.2.7	Net inflow/outflow in balances due to banks	(19,950)	(37,991)
1.2.8	Net inflow/outflow in corporate balances (non-banks)	2,339,711	(7,194,587)
1.2.9	Net inflow/outflow in financial liabilities at fair value through profit or loss	0	0
1.2.10	Net inflow/outflow in debt securities issued	(675,367)	(42,777)
1.2.11	Net inflow (outflow) in other liabilities	(33,970)	12,625

6 Financial statements

6.2 IFRS

Audit of the financial statements of Agropromcredit Commercial Bank Open Joint-Stock Company, prepared in compliance with the International Financial Reporting Standards, was conducted by ZAO KPMG.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Agropromcredit Commercial Bank Open
Joint-Stock Company.

We have audited the accompanying financial statements of Joint-Stock Commercial bank «Agropromcredit» (the Bank), which comprise the statement of financial position as at 31 December 2010, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

ZAO KPMG
30 June 2011

AUDITOR

ZAO KPMG, a company incorporated under the Laws of the Russian Federation, a subsidiary of KPMG Europe LLP, and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative («KPMG International»), a Swiss entity.

Russia, 123317, Moscow, Presnenskaya
Naberezhnaya, 10
Telephone: +7 (495) 937 4477
Fax: +7 (495) 937 4400/99
Internet: www.kpmg.ru

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2010

	2010 RUB'000	2009 RUB'000
Interest income	1,610,582	2,449,236
Interest expense	(1,122,303)	(1,002,383)
Net interest income	488,279	1,446,853
Loan impairment	1,076	(345,034)
Net interest income after loan impairment	489,355	1,101,819
Fee and commission income	344,881	427,368
Fee and commission expense	(35,518)	(39,494)
Net fee and commission income	309,363	387,874
Net (loss) gain on financial instruments at fair value through profit or loss	(4,180)	104,572
Net foreign exchange income	46,660	94,926
Net (loss) gain on available-for-sale financial assets	(2,843)	16,549
Other income	419,176	175,241
Operating income	1,257,531	1,880,981
Other general administrative expenses	(1,227,037)	(1,767,566)
Profit before income tax	30,494	113,415
Income tax expense	(6,274)	(26,702)
Net profit for the period	24,220	86,713
Other comprehensive income (loss), net of income tax		
Revaluation reserve for available-for-sale financial assets:		
- Net change in fair value	62,317	(76,719)
- Net change in fair value transferred to profit or loss	2,274	(13,239)
Other comprehensive income (loss) for the period, net of income tax	64,591	(89,958)
Total comprehensive income (loss) for the period	88,811	(3,245)

Chief Executive
Vassily A. Kornev




Chief Accountant
Svetlana A. Khmeleva

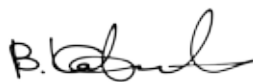


STATEMENT OF FINANCIAL POSITION

as at 31 December 2010

	2010 RUB'000	2009 RUB'000
ASSETS		
Cash and cash equivalents	2,673,701	5,989,322
Obligatory reserves with the Central Bank of the Russian Federation	111,515	94,610
Loans and advances to banks	2,957,104	703,249
Financial instruments at fair value through profit or loss	5,526,636	922,044
Loans to customers	5,476,342	7,869,720
Available-for-sale financial assets	1,348,902	1,490,934
Property, equipment and intangible assets	321,223	359,482
Assets held-for-sale	1,192,336	-
Investment property	-	677,753
Current tax assets	83,619	39,957
Deferred tax assets	10,072	17,213
Other assets	536,134	527,356
Total assets	<u>20,237,584</u>	<u>18,691,640</u>
LIABILITIES		
Deposits and balances from banks	26,236	22,661
Current accounts and deposits from customers	15,601,845	13,193,310
Promissory notes	845,302	1,513,080
Other borrowed funds	773,066	773,066
Other liabilities	29,558	32,357
Total liabilities	<u>17,276,007</u>	<u>15,534,474</u>
EQUITY		
Share capital	1,890,000	1,000,000
Revaluation reserve for available-for-sale financial assets	(25,367)	(89,958)
Retained earnings	1,096,944	2,247,124
Total equity	<u>2,961,577</u>	<u>3,157,166</u>
Total liabilities and equity	<u>20,237,584</u>	<u>18 691,640</u>

Chief Executive
Vassily A. Kornev




Chief Accountant
Svetlana A. Khmeleva



CASH FLOWS FROM OPERATING ACTIVITIES

	2010 RUB'000	2009 RUB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest receipts	1,524,620	1,981,602
Interest payments	(1,050,882)	(1,041,848)
Net receipts from financial instruments at fair value through profit or loss	1,721	104,572
Net receipts from foreign exchange	49,431	128,310
Net receipts from available-for-sale financial assets	(2,843)	16,549
Fee and commission receipts	344,881	474,353
Fee and commission payments	(35,518)	(39,494)
Other receipts	225,176	175,241
Other general administrative expenses payments	(1,150,611)	(1,694,008)
(Increase) decrease in operating assets		
Obligatory reserves with the Central Bank of the Russian Federation	(16,905)	(67,085)
Loans and advances to banks	(2,253,933)	(252,998)
Financial instruments at fair value through profit or loss	(4,569,788)	169,560
Loans to customers	2,361,166	5,427,820
Available-for-sale financial assets	251,513	140,133
Other assets	(8,811)	(351,066)
Increase (decrease) in operating liabilities		
Deposits and balances from banks	(19,950)	(2,049,567)
Current accounts and deposits from customers	2,285,177	(7,100,783)
Promissory notes	(699,145)	(46,030)
Other liabilities	(17,528)	1,002

	2010 RUB'000	2009 RUB'000
Cash provided from operating activities before income tax paid	(2,782,229)	(4,023,737)
Income tax paid	(58,943)	(107,215)
Cash flows from operations	(2,841,172)	(4,130,952)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchases of assets held-for-sale	(261,500)	-
Net purchases of property and equipment and intangible assets	(23,444)	(78,528)
Cash flows from investing activities	(284,944)	(78,528)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(284,400)	-
Cash flows from financing activities	(284,400)	-
Net decrease in cash and cash equivalents	(3,410,516)	(4,209,480)
Effect of changes in exchange rates on cash and cash equivalents	94,895	(170,113)
Cash and cash equivalents as at the beginning of the period	5,989,322	10,368,915
Cash and cash equivalents as at the end of the period	2,673,701	5,989,322

Chief Executive
Vassily A. Kornev




Chief Accountant
Svetlana A. Khmeleva



STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2010

	Share capital RUB'000	Revaluation reserve for available-for- sale financial assets RUB'000	Retained earnings RUB'000	Total equity RUB'000
Balance as at 1 January 2009	1,000,000	-	2,160,411	3,160,411
Total comprehensive loss				
Net profit for the period	-	-	86,713	86,713
Other comprehensive loss				
Net change in fair value of available-for-sale financial assets, net of income tax RUB 19,180 thousand (note 12)	-	(76,719)	-	(76,719)
Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of income tax RUB 3,310 thousand	-	(13,239)	-	(13,239)
Total other comprehensive loss	-	(89,958)	-	(89,958)
Total comprehensive loss for the period	-	(89,958)	86,713	(3,245)
Balance as at 31 December 2009	1,000,000	(89,958)	2,247,124	3,157,166
Total comprehensive income				
Net profit for the period	-	-	24,220	24,220
Other comprehensive income				
Net change in fair value of available-for-sale financial assets, net of income tax RUB 15,579 thousand	-	62,317	-	62,317
Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of income tax RUB 569 thousand	-	2,274	-	2,274
Total other comprehensive income	-	64,591	-	64,591
Total comprehensive income for the period	-	64,591	24,220	88,811

	Share capital RUB'000	Revaluation reserve for available-for-sale financial assets RUB'000	Retained earnings RUB'000	Total equity RUB'000
Transactions with owners, recorded directly in equity				
Increase in the nominal value of shares with the use of retained earnings	890,000	-	(890,000)	-
Dividends paid (RUB 0.2844 per share)	-	-	(284,400)	(284,400)
Total transactions with owners, recorded directly in equity	890,000	-	(1,174,400)	(284,400)
Balance as at 31 December 2010	<u>1,890,000</u>	<u>(25,367)</u>	<u>1,096,944</u>	<u>2,961,577</u>

Chief Executive
Vassily A. Kornev




Chief Accountant
Svetlana A. Khmeleva



7 Outlook for the year 2011

Agropromcredit Bank focuses on further strengthening its positions in the financial market as a universal banking institution. In 2011, it will provide its individual customers, small and medium-sized enterprises, and corporate customers with new attractive products and services. Our goal is to establish loyal partnership relationship with clients and to invite them for comprehensive services. The Bank intends to strengthen its positions in its traditional segments such as inter-bank business, lending, and cash-and-settlement services.

In 2011, Agropromcredit Bank will keep pursuing its weighted lending policy for individual customers aimed at growing sales, with bad debt as minimum as possible. As usual, emphasis will be made on solvent corporate customers and individual clients having positive credit history and regular income. The Bank is going to notably increase the retail loan portfolio through technology modernisation, that is, implementing a new front-office automated data input, processing and scoring. In the personal banking, the Bank will build up household fundraising activities.

Given the fierce competition still under way in the banking sector, lending terms and conditions will be updated and adjusted on a regular basis. Customers will be offered customer-friendly retail banking products. Product line will be developed based on marketing studies where key retail products will be allocated for every sales channel. In line with the strategic targets, the Bank will focus on consumer products and car loans.

In the car lending segment, special programmes will be carried out by joint efforts with car dealers on mutually rewarding terms and conditions.

New products based on payment cards will be engineered and launched under partnership projects, with card holders getting additional privileges and benefits.

In administrative and HR activities, the Bank will place main emphasis on further improvement in the financial incentive system,

carrying out activities aimed at increased labour efficiency, putting into operation a clear and transparent system of staff certification and incentives. Within the next year, full time and distant training programmes will be prepared for front office staff, and professional adaptation programmes for newly employed staff.

Для заметок/NOTE

РЕКВИЗИТЫ БАНКА

Полное наименование: КОММЕРЧЕСКИЙ БАНК «АГРОПРОМКРЕДИТ»
(Открытое акционерное общество).

Сокращенное наименование: ОАО КБ «АГРОПРОМКРЕДИТ».

Юридический адрес: 140083, Московская область, г. Лыткарино,
5 микрорайон, квартал 2, дом 13.

Почтовый адрес: 107023, г. Москва, ул. Электрозаводская, дом 27, строение 5.

Генеральная лицензия ЦБ РФ на осуществление банковских операций:
№ 2880 от 14.08.2009

ОГРН: 1095000004252

ИНН/КПП: 5026014060/502601001

Корреспондентский счет: № 30101810500000000710 в Отделении
№ 5 Московского ГТУ Банка России

БИК 044552710

ОКПО 34922679

ОКОГУ 15001

ОКАТО 46441000000

ОКВЭД 65.12

ОКФС 16

ОКОПФ 47

DETAILS

Full company name: Agropromcredit Commercial Bank Open Joint-Stock Company

Abbreviated company name: Agropromcredit Bank

Registered address: 13, kvartal 2, 5th mikrorayon, Lytkarino,
Moscow Region 140083, Russian Federation

Postal address: 27, str.5, Ul. Electrozavodskaya, Moscow 107023, Russian Federation

Details of the Full banking licence: № 2880 of 14 August 2009

Basic official registration number: 1095000004252

TIN/ Record Reason Code: 5026014060/502601001

Clearing account: № 30101810500000000710 with Branch 5, Moscow GTU of the Bank of Russia

Russian BIC: 044552710

Russian National Classifier of Legal Entities: 34922679

Russian National Classifier of Government and Administrative Bodies: 15001

Russian National Classifier of Political Subdivisions: 46441000000

Russian National Classifier of Economy Sectors: 65.12

Russian National Classifier of Ownership: 16

Russian National Classifier of Legal Status: 47



