

COMPOSER

FRANZ SCHUBERT



Schubert was the founder of musical romanticism. Thanks to him, the genre of song gained an artistic form and enriched the field of vocal concert music. Schubert learned to play the violin and the piano very early, at the age of 6. And at the age of 17, he wrote his first independent works, and he composed incessantly. According to his biographers, Schubert never changed anything in his works because he simply did not have time to do so. His works include more than 600 songs with piano accompaniment and nine symphonies.



OPERA SINGER

ANTONINA NEZHANOVA

A famous soloist of the Bolshoi Theatre, Nezhdanova had a full voice across all registers, which she accomplished through hard labor and complicated exercises. Her voice gained transparency, true intonation and unparalleled coloratura. Nezhdanova was a soloist with the Bolshoi Theatre for more than thirty years and performed starring roles in both Russian and foreign operas. Besides operas, Nezhdanova also performed chamber vocal works, including the Franz Schubert's work *The Fair Miller's Wife*.



Financial Statements

Consolidated Statement of Financial Position

In thousands of Russian Roubles	Note	31 December 2010	31 December 2009
ASSETS			
Cash and cash equivalents	7	84 278 857	145 233 969
Mandatory cash balances with the Central Bank of the Russian Federation		2 698 403	2 608 971
Trading securities	8	53 613 606	39 334 913
Other securities at fair value through profit or loss	9	18 405 098	2 329 196
Due from other banks	10	21 724 713	30 553 396
Loans and advances to customers	11	283 563 919	244 528 529
Investment securities available for sale	12	11 086 572	10 663 813
Premises and equipment	15	9 097 449	9 336 095
Intangible assets	16	11 777 347	11 617 573
Current income tax asset		–	1 101 964
Deferred income tax asset	30	2 248 290	24 246
Investment securities held to maturity	13	512 148	137 256
Derivatives and other financial assets	17	6 337 166	12 522 507
Investment in associates	14	1 058 323	937 932
Other assets	18	1 902 811	1 726 001
TOTAL ASSETS		508 304 702	512 656 361
LIABILITIES			
Due to other banks	19	20 535 226	20 799 752
Customer accounts	20	286 744 158	259 128 882
Term borrowings from the Parent Bank	22	81 169 487	123 036 036
Term borrowings from other financial institutions	22	5 658 905	7 975 641
Debt securities in issue	21	16 196 249	10 078 975
Current income tax liability		500 840	–
Derivatives and other financial liabilities	23	7 591 746	9 570 910
Other liabilities	24	3 999 773	2 960 157
TOTAL LIABILITIES		422 396 384	433 550 353
EQUITY			
Share capital	25	43 268 888	43 268 888
Share premium		591 083	591 083
Additional paid-in capital	26	1 520 016	1 520 016
Retained earnings and other reserves		40 528 331	33 726 021
TOTAL EQUITY		85 908 318	79 106 008
TOTAL LIABILITIES AND EQUITY		508 304 702	512 656 361

Approved for issue and signed on behalf of the Managing Board on 15 February 2011.

Pavel Gurin
Chairman of the Board

Arndt Roechling
Chief Financial Officer

Consolidated Statement of Comprehensive Income

In thousands of Russian Roubles	Note	2010	2009
Interest income	27	32 643 595	46 252 006
Interest expense	27	(10 338 073)	(15 489 089)
Net interest income		22 305 522	30 762 917
Provision for loan impairment	11	(4 775 801)	(15 294 609)
Net interest income after provision for loan impairment		17 529 721	(15 468 308)
Fee and commission income	28	8 529 137	7 739 652
Fee and commission expense	28	(1 642 061)	(1 201 553)
Gains less losses from trading securities		343 308	1 789 609
Gains less losses from other securities at fair value through profit or loss		934 879	213 613
Gains less losses from trading in foreign currencies		3 179 292	4 160 207
Unrealized losses, net of gains from derivative financial instruments	36	(3 571 976)	(2 420 000)
Realized gains less losses from derivative financial instruments		2 429 994	2 433 702
Foreign exchange translation losses, net of gains		(195 860)	(4 753 004)
Ineffectiveness from hedge accounting	36	(86 788)	(260 630)
Provisions for credit related commitments	35	(896 743)	(510 131)
Provision for investment securities held to maturity	13	(1 362)	(2 836)
Gains from the sale of loans		752 124	457 079
Other operating income		179 858	128 054
Share of results and impairment of associates	14	6 682	40 997
Operating income		27 490 205	23 283 067
Administrative and other operating expenses	29	(18 078 945)	(16 676 112)
Profit before tax		9 411 260	6 606 955
Income tax expense	30	(2 123 588)	(1 183 875)
Profit for the year		7 287 672	5 423 080
Revaluation of investment securities available for sale		419 061	241 583
Income tax recorded directly in other comprehensive income	30	(178 220)	(154 410)
Valuation reserve due to cash flow hedge	36	472 038	530 463
Other comprehensive income for the year, net of tax		712 879	617 636
Total comprehensive income for the year, net of tax		8 000 551	6 040 716

Consolidated Statement of Changes in Equity

In thousands of Russian Rouble	Note	Share capital	Share premium	Additional paid-in capital	Retained earnings	Other reserves	Total
Balance at 1 January 2009		43 268 888	591 083	1 520 016	30 206 680	(1 150 321)	74 436 346
Profit for the year		-	-	-	5 423 080	-	5 423 080
Other comprehensive income		-	-	-	-	617 636	617 636
Total comprehensive income for 2009		-	-	-	5 423 080	617 636	6 040 716
Dividends declared	31	-	-	-	(1 371 054)	-	(1 371 054)
Balance at 31 December 2009		43 268 888	591 083	1 520 016	34 258 706	(532 685)	79 106 008
Profit for the year		-	-	-	7 287 672	-	7 287 672
Other comprehensive income		-	-	-	-	712 879	712 879
Total comprehensive income for 2010		-	-	-	7 287 672	712 879	8 000 551
Dividends declared	31	-	-	-	(1 198 241)	-	(1 198 241)
Balance at 31 December 2010		43 268 888	591 083	1 520 016	40 348 137	180 194	85 908 318

Consolidated Statement of Cash Flows

In thousands of Russian Roubles	Note	2010	2009
Cash flows from operating activities			
Interest received		31 781 915	45 213 080
Interest paid		(7 967 061)	(12 527 714)
Fees and commissions received		8 529 137	7 739 652
Fees and commissions paid		(1 631 805)	(1 186 350)
Realized gains less losses/(losses, net of gains) from trading in trading securities		917 439	(436 938)
Realized gains less losses/(losses, net of gains) arising from other securities at fair value through profit or loss		995 672	(518 717)
Realized gains less losses from financial derivative instruments		2 479 532	3 381 059
Realized gains less losses arising from trading in foreign currencies		3 179 292	4 160 207
Gains arising from sale of loans		752 124	457 079
Other operating income received		179 858	312 754
Administrative and other operating expenses paid		(14 870 879)	(15 786 538)
Income tax paid		(2 923 048)	(888 333)
Cash flows from operating activities before changes in operating assets and liabilities		21 422 176	29 919 241
Net increase in mandatory cash balances with the Central Bank of the Russian Federation		(89 432)	(2 124 327)
Net increase in trading securities		(14 647 122)	(22 301 296)
Net (increase)/decrease in other securities at fair value through profit and loss		(16 218 491)	1 231 602
Net decrease/(increase) in due from other banks		7 680 289	(22 466 099)
Net (increase)/decrease in loans and advances to customers		(42 410 202)	108 613 600
Net (increase)/decrease in securities held to maturity		(354 742)	4 100 396
Net decrease in repurchase receivables		-	4 405 733
Net increase in derivatives and other financial assets		(207 419)	(87 311)
Net decrease/(increase) in other assets		257 904	(578 329)
Net decrease in due to other banks		(224 227)	(39 008 061)
Net increase/(decrease) in customer accounts		31 826 916	(6 300 882)
Net increase/(decrease) in debt securities in issue		6 066 116	(1 260)
Net decrease in derivatives and other financial liabilities		(162 165)	(57 985)
Net (decrease)/increase in other liabilities		(57 722)	784 364
Net cash (used in)/from operating activities		(7 118 121)	56 129 386
Cash flows from investing activities			
Acquisition of premises and equipment and intangible assets		(2 494 394)	(2 044 178)
Investment in associate	14, 15	(113 709)	(290 000)
Net cash used in investing activities		(2 608 103)	(2 334 178)
Cash flows from financing activities			
Proceeds from term borrowings from the Parent Bank and other financial institutions		10 909 582	-
Repayment of term borrowings from the Parent Bank and other financial institutions		(53 684 632)	(59 693 742)
Interest paid on term borrowings from the Parent Bank and other financial institutions		(2 172 963)	(3 981 175)
Dividends paid	31	(1 198 241)	(1 371 054)
Net cash used in financing activities		(46 146 254)	(65 045 971)
Change in accrued interest on cash and cash equivalents		(23 097)	15 806
Effect of exchange rate changes on cash and cash equivalents		(5 059 537)	3 096 116
Net decrease in cash and cash equivalents		(60 955 112)	(8 138 841)
Cash and cash equivalents at the beginning of the year		145 233 969	153 372 810
Cash and cash equivalents at the end of the year	7	84 278 857	145 233 969