

# NATAN ALTMAN

1889 – 1970

A Soviet avant-garde artist, an exponent of Cubism. Having been recognized as an expert of pictorial portraits, he continually expanded the scope of his creative interests: He took part in the staging of revolutionary festivities, experimented with sculpture, book illustrations and graphic design, he drew designs for postage stamps, and created scenic designs for theatrical productions.



Natan Altman

**Self-portrait**

1911

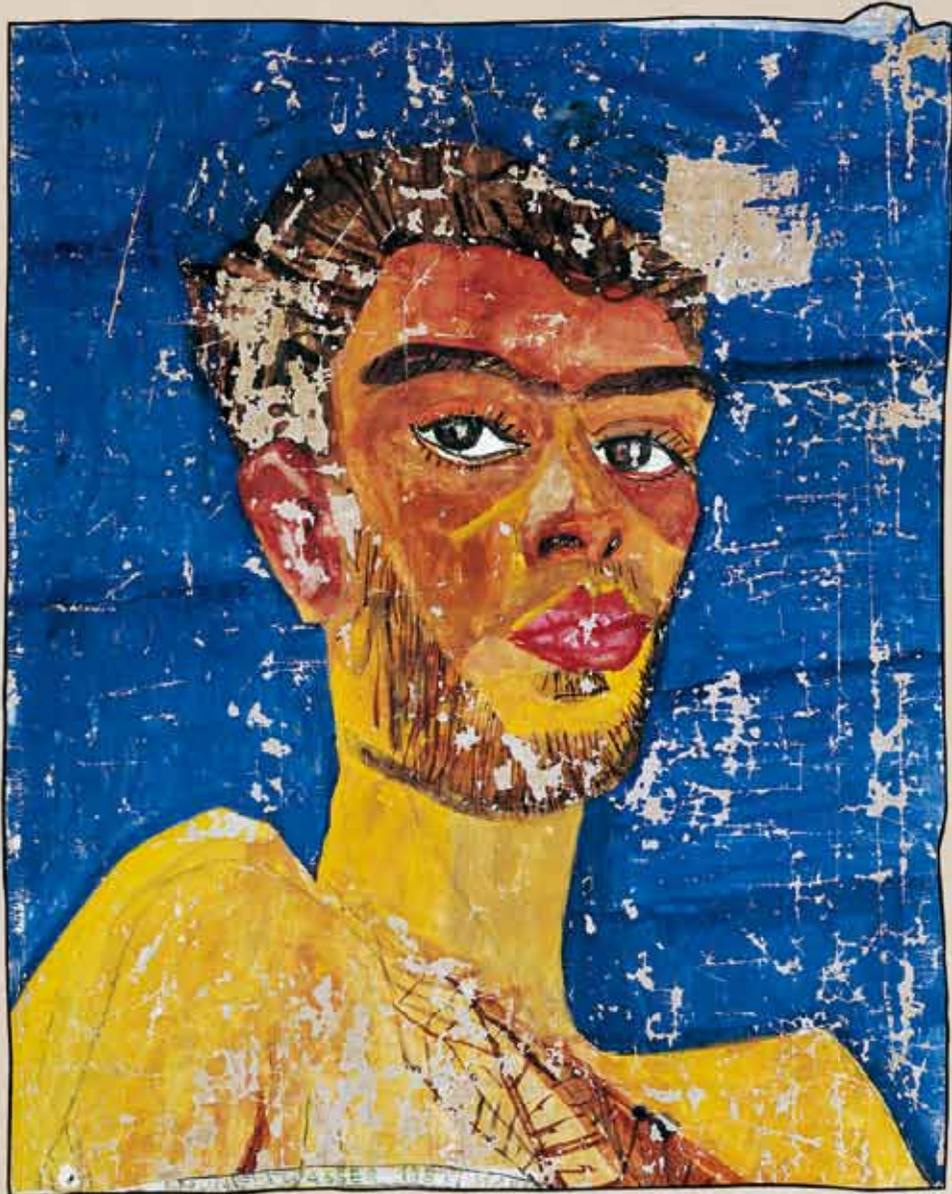
*Tempera on paper*

The State Russian Museum  
St. Petersburg

# FRIEDENSREICH HUNDERTWASSER

1928 – 2000

An Austrian painter and pioneer architect, an exponent of artistic manifestos and a master of performance. Hundertwasser's mission as an artist was to encourage people to be creative and live in harmony with nature through the power of art. His trademark work was eco-style houses with original designs – gardens on the rooftops and uniquely designed external walls for each apartment. The artist left a will in which he gave his fortune to the cause of environment protection.



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Friedensreich Hundertwasser  
**Self-portrait 107**  
1951  
Oil on canvas  
Hundertwasser Museum –  
Vienna

# Financial Statements

## Consolidated Statement of Financial Position

In thousands of Russian Roubles	Note	31 December 2011	31 December 2010
<b>Assets</b>			
Cash and cash equivalents	7	139,519,817	84,278,857
Mandatory cash balances with the Central Bank of the Russian Federation		5,921,349	2,698,403
Trading securities	8	53,934,271	53,613,606
Other securities at fair value through profit or loss	9	4,976,131	18,405,098
Due from other banks	10	3,998,688	21,724,713
Loans and advances to customers	11	354,743,067	283,563,919
Investment securities available for sale	12	5,810,675	11,086,572
Premises and equipment	15	9,152,808	9,097,449
Intangible assets	16	11,862,200	11,777,347
Deferred income tax asset	30	2,749,879	2,248,290
Investment securities held to maturity	13	509,681	512,148
Derivatives and other financial assets	17	8,885,709	6,337,166
Investment in associates	14	1,349,943	1,058,323
Other assets	18	1,672,208	1,902,811
<b>Total assets</b>		<b>605,086,426</b>	<b>508,304,702</b>
<b>Liabilities</b>			
Due to other banks	19	29,935,428	20,535,226
Customer accounts	20	399,461,342	286,744,158
Term borrowings from the Parent Bank	22	46,987,518	81,169,487
Term borrowings from other financial institutions	22	3,859,816	5,658,905
Debt securities in issue	21	11,828,102	16,196,249
Current income tax liability		1,659,635	500,840
Derivatives and other financial liabilities	23	10,857,907	7,542,341
Other liabilities	24	4,732,938	4,049,178
<b>Total liabilities</b>		<b>509,322,686</b>	<b>422,396,384</b>
<b>Equity</b>			
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		50,383,753	40,528,331
<b>Total equity</b>		<b>95,763,740</b>	<b>85,908,318</b>
<b>Total liabilities and equity</b>		<b>605,086,426</b>	<b>508,304,702</b>

Approved for issue and signed on behalf of the Managing Board on 31 January 2012.

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Sergei Monin  
Chairman of the Board

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Arndt Roehling  
Chief Financial Officer

### Consolidated Statement of Comprehensive Income

In thousands of Russian Roubles	Note	2011	2010
Interest income	27	37,660,581	32,108,360
Interest expense	27	(13,306,741)	(10,338,073)
<b>Net interest income</b>		<b>24,353,840</b>	<b>21,770,287</b>
Provision for loan impairment	11	1,194,452	(4,023,677)
<b>Net interest income after provision for loan impairment</b>		<b>25,548,292</b>	<b>17,746,610</b>
Fee and commission income	28	10,041,811	9,100,862
Fee and commission expense	28	(2,278,810)	(1,678,551)
(Losses less gains) /gains less losses from trading securities		(1,430,288)	343,308
Gains less losses from other securities at fair value through profit or loss		82,850	934,879
Losses, net of gains from redemption of investment securities available for sale		(264,250)	-
Gains less losses from trading in foreign currencies		3,280,943	3,179,292
Unrealized losses, net of gains from derivative financial instruments	36	(559,047)	(3,571,976)
Realized gains less losses from derivative financial instruments		2,199,489	2,429,994
Foreign exchange translation gains, net of losses/(losses, net of gains)		808,694	(195,860)
Ineffectiveness from hedge accounting	36	56,596	(86,788)
Provisions for credit related commitments	35	544,195	(896,743)
Provision for investment securities held to maturity	13	(4,991)	(1,362)
Gains from the sale of loans	11	231,038	-
Other operating income		296,470	179,858
Share of results of associates	14	207,716	6,682
<b>Operating income</b>		<b>38,760,708</b>	<b>27,490,205</b>
Administrative and other operating expenses	29	(20,474,605)	(18,078,945)
<b>Profit before tax</b>		<b>18,286,103</b>	<b>9,411,260</b>
Income tax expense	30	(4,430,655)	(2,123,588)
<b>Profit for the year</b>		<b>13,855,448</b>	<b>7,287,672</b>
Revaluation of investment securities available for sale		(217,096)	419,061
Redemption of investment securities available for sale		264,250	-
Income tax recorded directly in other comprehensive income	30	(76,873)	(178,220)
Valuation reserve due to cash flow hedge	36	337,210	472,038
<b>Other comprehensive income for the year, net of tax</b>		<b>307,491</b>	<b>712,879</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>14,162,939</b>	<b>8,000,551</b>

**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
<b>Balance at 1 January 2010</b>		<b>43,268,888</b>	<b>591,083</b>	<b>1,520,016</b>	<b>34,258,706</b>	<b>(532,685)</b>	<b>79,106,008</b>
Profit for the year		-	-	-	7,287,672	-	7,287,672
Other comprehensive income		-	-	-	-	712,879	712,879
<b>Total comprehensive income for 2010</b>		-	-	-	7,287,672	712,879	8,000,551
Dividends declared	31	-	-	-	(1,198,241)	-	(1,198,241)
<b>Balance at 31 December 2010</b>		<b>43,268,888</b>	<b>591,083</b>	<b>1,520,016</b>	<b>40,348,137</b>	<b>180,194</b>	<b>85,908,318</b>
Profit for the year		-	-	-	13,855,448	-	13,855,448
Other comprehensive income		-	-	-	-	307,491	307,491
<b>Total comprehensive income for 2011</b>		-	-	-	13,855,448	307,491	14,162,939
Dividends declared	31	-	-	-	(4,307,517)	-	(4,307,517)
<b>Balance at 31 December 2011</b>		<b>43,268,888</b>	<b>591,083</b>	<b>1,520,016</b>	<b>49,896,068</b>	<b>487,685</b>	<b>95,763,740</b>

## Consolidated Statement of Cash Flows

In thousands of Russian Roubles	Note	2011	2010
<b>Cash flows from operating activities</b>			
Interest received		37,126,166	31,781,915
Interest paid		(10,657,529)	(7,967,061)
Fees and commissions received		9,744,745	8,529,137
Fees and commissions paid		(2,269,380)	(1,631,805)
Realized (losses, net of gains)/gains less losses from trading in trading securities		(725,946)	917,439
Realized gains less losses arising from other securities at fair value through profit or loss		73,796	995,672
Realized gains less losses from financial derivative instruments		2,811,510	2,479,532
Realized gains less losses arising from trading in foreign currencies		3,280,943	3,179,292
Cash proceeds from sale of loans	11	7,186,819	752,124
Other operating income received		296,470	179,858
Administrative and other operating expenses paid		(17,262,647)	(14,870,879)
Income tax paid		(3,850,322)	(2,923,048)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>25,754,625</b>	<b>21,422,176</b>
Net increase in mandatory cash balances with the Central Bank of the Russian Federation		(3,222,946)	(89,432)
Net increase in trading securities		(651,237)	(14,647,122)
Net decrease/(increase) in other securities at fair value through profit and loss		13,443,433	(16,218,491)
Net decrease in due from other banks		18,154,542	7,680,289
Net increase in loans and advances to customers		(70,326,540)	(42,410,202)
Net increase in securities held to maturity		-	(354,742)
Net increase in derivatives and other financial assets		(356,198)	(207,419)
Net decrease in other assets		283,765	257,904
Net increase/(decrease) in due to other banks		9,301,617	(224,227)
Net increase in customer accounts		108,003,426	31,826,916
Net (decrease)/increase in debt securities in issue		(4,342,354)	6,066,116
Net increase/(decrease) in derivatives and other financial liabilities		314,998	(162,165)
Net decrease in other liabilities		(116,695)	(57,722)
<b>Net cash from/(used in) operating activities</b>		<b>96,240,436</b>	<b>(7,118,121)</b>
Cash flows from investing activities			
Acquisition of premises and equipment	15	(1,981,917)	(1,693,024)
Acquisition of intangible assets	16	(799,202)	(801,370)
Investment in associate	14	(83,905)	(113,709)
Proceeds from disposal of investment securities available for sale		5,058,804	-
<b>Net cash from/(used in) investing activities</b>		<b>2,193,780</b>	<b>(2,608,103)</b>
Cash flows from financing activities			
Proceeds from term borrowings from the Parent Bank and other financial institutions		15,998,720	10,909,582
Repayment of term borrowings from the Parent Bank and other financial institutions		(53,693,780)	(53,684,632)
Interest paid on term borrowings from the Parent Bank and other financial institutions		(1,794,706)	(2,172,963)
Dividends paid	31	(4,307,517)	(1,198,241)
<b>Net cash used in financing activities</b>		<b>(43,797,283)</b>	<b>(46,146,254)</b>
Change in accrued interest on cash and cash equivalents		(9,551)	(23,097)
Effect of exchange rate changes on cash and cash equivalents		613,578	(5,059,537)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>55,240,960</b>	<b>(60,955,112)</b>
Cash and cash equivalents at the beginning of the year		84,278,857	145,233,969
<b>Cash and cash equivalents at the end of the year</b>	<b>7</b>	<b>139,519,817</b>	<b>84,278,857</b>