

**ALMAZ
ERGIEN
BANK**

JSCB Almazergienbank JSC
Bank of the Sakha Republic
(Yakutia)

2013

**ANNIVERSARY
ANNUAL REPORT**

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MESSAGE FROM THE CHAIR OF THE SUPERVISORY BOARD

Dear shareholders, investors, partners, colleagues and friends!

I am privileged to present for your attention another Annual Report of Almazergienbank. First of all, I would like to once again congratulate the colleagues and all employees of the Bank on the 20th anniversary celebrated by Almazergienbank last year. Twenty years is a considerable age for the credit organization and I am sincerely proud that over these long years Almazergienbank, working under the challenging conditions of the banking system's formation, was able to grow into a leading financial and credit institution of the Sakha Republic (Yakutia).

Much to our regret, recently we have suffered a bereavement — we bewail the untimely death of the Chair of the Management Board of Almazergienbank Alexander Mironov. He was a professional of the highest level. Under his leadership the bank was able to successfully overcome the difficulties of the time of crisis, and today's success to a large extent results from the then chosen policy. Alexander Mironov will always remain in the bank's history as an outstanding and successful leader.

For Almazergienbank the year 2013 became a period of continued successful development. The Bank has strengthened its position in the banking system of Russia by increasing the net worth (capital) ranking by 15 points and the assets ranking by 19 points.

High assessments of Russian and international rating agencies obtained by Almazergienbank in 2013 highlight the Bank's sound position and reputation in the financial services market, its sustainable development, undeniable competitive advantages in a number of business directions as well as availability of necessary resources and opportunities for maintaining successful performance and securing further growth.

In 2014 Almazergienbank will have to continue aiding the intensive economic development and growth in well-being of the population of the Sakha Republic (Yakutia). More important tasks faced by the Bank necessitate the elaboration of a new Development Strategy for a period of 2014-2018. The beginning of this Strategy's development was one of the key events of the year 2013, which became the central point in the active revision and optimization of internal procedures. I am confident that approval of the new Strategy will allow to reach a high level of capital's profitability and the Bank's more full and large-scale effect on the economy of the Sakha Republic (Yakutia) as well as to expand opportunities for credit support of state projects and programs.

The Supervisory Board and I personally congratulate the team of Almazergienbank on their success! We would like to thank all employees of the Bank for their invaluable contribution to this result, for loyalty and trust, for professionalism and devotion which made the basis of success throughout these 20 years of work!

Chair of the Supervisory Board
of JSCB Almazergienbank JSC,
First Deputy Minister of Property and Land
Relations of the Sakha Republic (Yakutia)
Sergey Mestnikov

MESSAGE FROM THE ACTING CHAIR OF THE MANAGEMENT BOARD

Dear colleagues, customers, partners of Almazergienbank, dear friends!

In the year 2013 Almazergienbank celebrated its 20th anniversary. Twenty years is a whole epoch during which Almazergienbank has gone through many stages of development. Today one can confidently say that the growing-up period is over and Almazergienbank has entered the stage of sustainable development.

Corporate and retail business, operations in financial markets and operations with precious metals remained the Bank's priority directions of activity last year. We are certainly glad that we were able to implement most tasks set by the Supervisory Board and strengthen our market positions in terms of all key indicators in the republic's banking market.

High level of reliability was confirmed by the upgraded credit rating of Almazergienbank to A+ level (Expert RA). It is worth noting that in 2013 the Fitch Ratings Agency has for the first time ever assigned Almazergienbank the international foreign and national currency issuer default rating at BB- level and the long-term national rating at A+(rus) level.

Being satisfied with what has already been achieved is against the principles of Almazergienbank. We always seek to develop and improve the quality of work and the efficiency of business. In 2013 the Bank continued its cooperation with the International Finance Corporation (IFC) aiming to implement the best practices of risk management as well as to develop a corporate governance system based on the principles considering all legal requirements of Russia and the Bank of Russia.

Almazergienbank has always been in step with the times. Thus, in the second half of the year 2013 work on devising the new Bank's Development Strategy for a period of 2014-2018 was launched. The implementation of the Strategy's goals will bring Almazergienbank to a new stage of development and will allow to assist intensive economic development and growth in well-being of Yakutia's population more efficiently. The Supervisory Board is assumed to approve the new Strategy in the II quarter of the year 2014.

Speaking about the results, we have mixed feelings: pride for good results and at the same time grief from the loss of Alexander Mironov — Chair of the Management Board,



friend and colleague, who passed away in March 2014. We will always remember him as an outstanding and marked individuality and a wise and talented leader.

On behalf of the Management Board of Almazergienbank and on my own behalf I would like to express gratitude to all customers and partners for their long-term trust, support and fruitful cooperation. We are confident that good relations established in the course of years of joint activity will allow to make the year 2014 successful for all of us!

Acting Chair
of the Management Board of JSCB
Almazergienbank JSC
Lyudmila Nikolaeva



MAJOR FINANCIAL STATEMENTS AND KEY EVENTS OF THE YEAR 2013

The years 2011–2013 witnessed a positive dynamics in the bank's volume indicators. In this period the bank's assets have increased by 48,8 %, credit portfolio — by 44,6 %, customer deposits — by 50,2 %, net worth — by 35,6 %. The net interest margin has also increased by 4,88 percentage points.

In 2013 the bank's net operating income before reserves has grown by 13,4 % to RUB 1 300 million, mainly due to net interest income and net fee and commission income from banking business.

Operating expense in 2013 has grown against 2012 by 18,9 % to RUB 975,6 million. The most significant growth was witnessed in staff costs +19,7 % and capital depreciation +42,1 % related to the fixed assets revaluation.

KEY FINANCIAL STATEMENTS OF JSCB ALMAZERGIENBANK JSC (BY IFRS), [RUB thousand]

Indicator	2011	2012	2013
Assets	14 069 432	17 357 092	20 939 997
Credit portfolio	8 545 166	10 614 021	12 352 502
Customer deposits	12 050 831	14 686 130	18 101 767
New worth	1 440 176	1 960 213	1 952 580
Net profit	32 890	115 205	68 407
Performance indicators (%):			
Net interest margin	6,81	8,91	11,69
Cost to income ratio (CIR)	80,7	71,6	75,05
Return on assets (ROA)	0,73	0,82	0,54
Return on equity (ROE)	6,92	7,50	5,24

KEY EVENTS OF THE YEAR 2013

Elaboration of the new Development Strategy



Cooperation with PricewaterhouseCoopers audit network continues



Fitch Ratings Agency assigns Almazergienbank the long-term foreign and national issuer default ratings at BB- level and the long-term national rating at A+(rus) level



Cooperation with IFC continues



Participation of Almazergienbank in the World Bank's Annual Meeting



Meeting with the head of Hokkaido Bank Representative Office



Almazergienbank accumulates resources for rendering assistance to those who have suffered from flooding



Alexander Mironov is awarded a distinguished title of a Deserved Banker of the Russian Banks Association

Almazergienbank's ATM is installed in Moscow



AEB is represented at Business Expo-2013 in Yakutsk



Cobranding credit card Bilmart is issued



Almazergienbank joins the Zolotaya Corona money transfer service



AEB and International Finance Corporation launch the consulting project



Almazergienbank is in group one by quality in the AHML rating



Bankovskoye Delo Magazine recognizes Almazergienbank as the best bank of the region



Almazergienbank participates in the roundtable on gender financing organized by the Association of Russian Banks together with IFC




Almazergienbank participates in the real estate fair in Yakutsk

EXPERT RA RAISES THE CREDIT RATING OF ALMAZERGIEIN- BANK TO A+ LEVEL

13

AUTHORIZED CAPITAL

The bank's authorized
capital makes

1550
111

000
RUBLES

It allows us to take the first place among
the independent banks of the republic
by the authorized capital's size.

Today Almazergienbank is a recognized financial
brand of Yakutia embodying the republic's
development, might and stability.

STRATEGY, MISSION AND VALUES



STRATEGIC VISION:

JSCB Almazergienbank JSC is a recognized financial brand of Yakutia, being in the TOP-100 best banks of Russia and personifying the development of the Sakha Republic (Yakutia), its might and stability.

MISSION:

We aid Yakutia's success and prosperity by providing a wide range of up-to-date, high quality and convenient financial products and services. We support social and economic wellbeing of our customers.

VALUES:

CUSTOMERS' CONFIDENCE | We appreciate long-term confidence of our customers and flexibly react to their needs and objectives, working openly and honestly.

RELIABILITY | We take the leading positions in the financial market of the Sakha Republic (Yakutia). We are supported by Yakutia's Government, being our major shareholder.

AVAILABILITY | Wherever our customers are, they can always rely on us. Our services are available to everyone.

SOCIAL RESPONSIBILITY | We provide help to those needing it above all others. We are not unconcerned.

HUMAN CAPITAL | We make all conditions for the implementation of a creative potential and professional development of our staff. Being a member of AEB's team is being confident of your and your family's future.

ECONOMY, BANKING SECTOR AND THE SITUATION IN THE SECTOR



ECONOMY

GLOBAL ECONOMY * | For two years — 2012 and 2013 — the global economy's growth rate was slowing down: 3,2 % and 3,0 % relatively. All groups of countries slowed down their growth. The economy of developed countries, after having grown up in 2010 by 3,0 %, slowed down (1,7 %, 1,5 %, 1,2 %) in the following three years (2011–2013). This retardation of growth rate was primarily reasoned by the crisis developments in the EU and Eurozone economy. The overall trend of the global economy is a long-term one.

RUSSIAN FEDERATION * | In September 2013 it was five years since the global economic downturn has begun. After a short period of growth revival in 2011-2013, the development of economy slowed down. According to the Russian Central Bank, in the 1st-3rd quarters of 2013 the export of goods slowed down by 1,3 % compared to the same period of 2012. At the same time, the net capital exports by private sector in January-September, 2013 reached USD 48,1 billion, reflecting the continued reduction in the volume of resources potentially available for investment into Russian economy.

SAKHA REPUBLIC (YAKUTIA) ** | In 2013 the socio-economic situation in the Sakha Republic (Yakutia) witnessed a positive dynamics of most national measures. Industrial output has increased, a housing commissioning plan has been fulfilled, and living standards have risen as well as a consumer demand. The situation in the external economic activity is becoming favorable. However, the pace of economic growth has slowed down compared to 2012, which is mainly reasoned by the reduced global demand in the coal market, reduced prices for precious metals, reduced profits of enterprises in all major economic sectors and increased number of unprofitable organizations.

Despite the slower pace of economic growth, the situation in the republic by certain positions is better than in Russia as a whole: by the dynamics of the industrial output growth rate — 104,2 % (In Russia — 100 %), external turnover — 105,2 % (in Russia — 100 %), real wage — 110,2 % (in Russia — 105,5 %).

Positive dynamics of the main national measures preserved in the republic by the results of 2013. By the results of 2013, the pace of GRP growth made 102 % (in Russia — 100,2 %)

* Source: *Russia and the World: 2014. Annual Forecast: Economy and Foreign Policy/ Project Heads* — A. Dynkin, V. Baranovsky. — Moscow: IMEMO RAN, 2013. — 158 p.

** Source: *Report of the executive authorities of the Sakha Republic (Yakutia) on the results of work in 2013 approved by the Resolution of the SR (Y) Government on 31.01.2014 № 83-p.*

and exceeded half a trillion rubles, which is related to the growth in manufacturing by 4,2 %, in trade by 4,5 %. Consumer market inflation in the republic was growing at a slower pace than in Russia as a whole and made 6 %. Population's real income increased by 2,2 %. Unemployment rate in the republic made 7,4 %.

BANKING SECTOR *

At year-end 2013 the assets of the banking sector have grown by 16 % against 19 % a year before. The stagnation of Russian economy has negatively impacted the dynamics of large business lending (growth rate made 10 % against 12 % in 2012), and demand saturation, worsening of payment discipline and novelties in banking regulations have negatively impacted the retail lending market (29 % against 39 %), a key driver of the banking sector in the last three years. The only segment able to maintain previous growth pace (about 18 %) was a small and medium-sized businesses lending. Small and medium-sized banks that have started more active lending of small business against the retardation of the large banks' lending factories also supported the market. The total annual profit of the banking sector has reduced for the first time in five years.

THE BANK'S POSITION IN THE SECTOR

Under the difficult macroeconomic conditions the bank's management faces big tasks of great importance for the entire national banking system: increase the long-term resource base and net worth, expand the customer base, develop the territorial network, continue establishing partnership with the international credit and financial organizations, improve the existing and introduce new kinds of services for corporate and private customers. Accom-

plishment of the set tasks will allow to fully correspond with the mission undertaken by the bank: aid Yakutia's success and prosperity by providing a wide range of up-to-date, high quality and convenient financial products and services.

Years of experience and potential allow to confidently say that the bank will continue to develop and increase its share in the financial market. The way Almazergienbank mobilizes resources for successful implementation of social programs proves that the bank deserves confidence. The bank's work leaves no room to doubt its further successful development and achieve new heights.

IN 2011–2013 JSCB ALMAZERGIENBANK HAS STRENGTHENED ITS POSITION IN THE RUSSIAN BANKING SYSTEM.

JSCB Almazergienbank JSC has 20 years of experience in the financial market. During this period the competition in the banking sector of the Sakha Republic (Yakutia) has significantly toughened, primarily because of wider market representation of large Russian banks. Over the last few years the branches of Russian Agricultural Bank, VTB Bank, Asian-Pacific Bank, Vostochny Express Bank and Rosbank have been Almazergienbank's main competitors.

As at 01.01.2014 the banking sector of the Sakha Republic (Yakutia) is represented by 20 credit organizations, including: 4 independent banks, 14 branches of out-of-town banks. JSCB Almazergienbank JSC, being the largest republican bank by a number of the most important indicators of banking activity — total assets, volume of lending, corporate and retail deposits — dominates the republic's financial market.

CREDIT RATING OF JSCB ALMAZERGIENBANK JSC

[At 31.12.2013]

Fitch Ratings	BB– A+(rus) stable
Expert RA	A+ stable

* Source: Banking Sector in 2014 — Moscow: Expert RA, February 7, 2014.

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CREDIT PORTFOLIO

The volume of corporate credit portfolio in 2013 made almost

EIGHT

**BILLION
RUBLES**



As compared to last year the corporate credit portfolio has grown by **16,7%**.

The bank's structural subdivisions from other cities set the high growth pace. Trading companies occupy the portfolio's major share; the share of construction industry has increased as well.

**SHARE OF JSCB ALMAZERGIEBANK IN THE REPUBLIC'S BANKING MARKET
FOR 2011–2013**

[Percent]

Indicator**	01.01.2012	01.01.2013	01.01.2014
Assets	13,1	13,4	13,3
Credit portfolio***, including	8,8	9,2	9
Loans to legal entities **	8,3	8,2	8,5
Loans to individuals **	9,2	11,9	10,3
Wholesale deposits	27,7	25,1	11,2
Retail deposits	15,3	15,1	15,2

** Source: Key indicators of the banks' work in the Sakha Republic (Yakutia), National bank of the SR (Y) of the RF CB by RAS.

*** With account of assessment by the indicators of Yakutsk Sberbank Branch by RAS.

The share of Almazergienbank in the banks' total assets makes 13,3 %. The bank takes one of the leading positions by the loans granted to customers; its share in the republic's market has reached 25,6 % in corporate lending and 30,3 % in retail lending. JSCB Almazergienbank JSC with the authorized capital in the amount of RUB 1 550,1 million takes the first place among independent banks by the size of authorized capital. The bank has sound positions in attracting the customer deposits. JSCB Almazergienbank JSC accounts for 11,2 % of the total wholesale deposits. Together with Sberbank, the Bank is a leader in attracting retail deposits: in 2013 its share in the republican deposit market made 15,2 %.

In the ranking of Russian banks as at 01.01.2014, published by www.banki.ru financial portal, Almazergienbank has the following positions: 209th place by the bank's net worth (capital), 173rd place by assets, 170th place by loans to enterprises, 110th place by consumer loans, 117th place by retail deposits.

Over a period of three years the bank's ranking by net worth (capital) has grown by 21 points, by assets — by 17, by loans to enterprises and organizations — by 9, by retail loans — by 5, by retail deposits — by 4 points.

**POSITIONS OF JSCB ALMAZERGIEBANK JSC IN THE RANKING OF RUSSIAN BANKS
FOR 2011–2013***

Indicator	01.01.2012	01.01.2013	01.01.2014
Net worth (capital)	230	224	209
Assets	190	192	173
Loans to enterprises and organizations	179	186	170
Consumer loans	115	108	110
Retail deposits	121	122	117

* Source: according to www.banki.ru by RAS.

MANAGEMENT'S REPORT



For 20 years the Bank's sound standing and successful steady development have been indissolubly tied to the implementation of strategic plans of development of the Sakha Republic (Yakutia). Almazergienbank actively participates in the priority directions of the republic's economic development, promotes the integration of the region into the economy of Far Eastern Federal District and the countries of the Asia-Pacific.

REVIEW OF THE OPERATING ACTIVITIES

In the conditions of tougher global competition in the commodity markets and the capital markets the Bank adheres to the strategy of dynamic economic growth and preservation of traditions of unaggressive credit policy and mitigation of risks. Understanding the importance of preserving the market's stable situation as well as the importance of responsibility to our current and potential customers, we constantly widen the range of services and aim to improve their quality and availability as well as create all necessary conditions for a convenient and pleasant service.

ALMAZERGIEBANK SUPPORTS THE IMPLEMENTATION OF PROJECTS OF THE ENTERPRISES OF:

- construction sector and construction materials production;
- transport;
- fuel and energy sector;
- agriculture;
- forest sector and woodworking;
- gold mining sector and other.

For two decades the Bank has been a reliable and stable partner of the republic's Government and population in implementing the most important state programs.

WE REALIZE OUR SOCIAL RESPONSIBILITY TO ALL RESIDENTS OF YAKUTIA AND ACTIVELY PARTICIPATE IN THE IMPLEMENTATION OF THE PROGRAMS OF:

- mortgage lending;
- transport project;
- campus project of the North-Eastern Federal University.

DIRECTIONS OF THE BANK'S ACTIVITIES:

- attraction of retail and corporate funds to deposits;
- retail and corporate lending;
- opening and maintenance of bank accounts;
- money transfer;
- retail and corporate cash servicing, collection;
- purchase and sale of foreign currency;
- operations with precious metals;
- securities trading;
- issue and service of plastic cards, merchant acquiring;
- foreign trade contracts servicing;
- issue of bank guarantees;
- money and other property trust management;
- consulting and information services.

CORPORATE BUSINESS

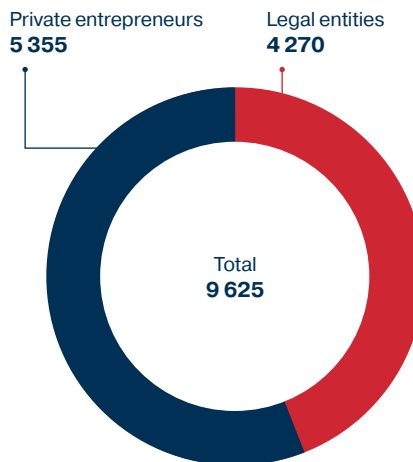
Working with corporate customers is one of the main and priority directions of activity of JSCB Almazergienbank JSC. We have always aimed for a long-term and fruitful cooperation with customers and try to establish trust-based relations promoting mutual goals and success.

The year 2013 witnessed a significant breakthrough in working with corporate customers, which was favored by a persistent work on diversifying the credit portfolio, applying project funding in the priority branches of economy, reducing sectoral bank risks, improving customer service, expansion of bank products, as well as by the Bank's efforts in improving the service technologies and customer-based approach.

CUSTOMER BASE | At the end of 2013 the Bank had 9 625 customers, including 4 270 legal entities and 5 355 private entrepreneurs. The number of customers has increased by 675 in one year.

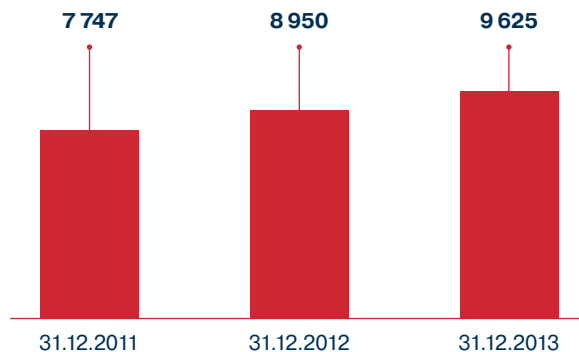
CUSTOMER BASE STRUCTURE AS AT DECEMBER 31, 2013

[Persons]



CUSTOMER BASE DYNAMICS FOR 2011–2013

[Persons]



LENDING | Positive dynamics and significant growth of the Bank's performance indicators in the corporate sector in 2013 reflect the implementation of the strategic development plans. The volume of the corporate credit portfolio for 2013 calculated by the International Financial Reporting Standards has grown by 16,7 % and as at January 1, 2014 made RUB 7 988 353 billion including reverse repurchase agreements. Growth of the corporate credit portfolio is to a large extent linked to growth of the credit portfolio of the Bank's subdivisions in other cities. Supplementary offices in Verkhnevilyuisk, Mirny, Churapcha and Lensk and the Bank's Representative Office in Saint-Petersburg have witnessed the highest loan growth rates. Trading enterprises make the biggest share of the credit portfolio. The share of construction has increased.

DYNAMICS OF CORPORATE CREDIT PORTFOLIO FOR 2012–2013

[RUB thousand]



LENDING TO SMALL AND MEDIUM-SIZED BUSINESSES |

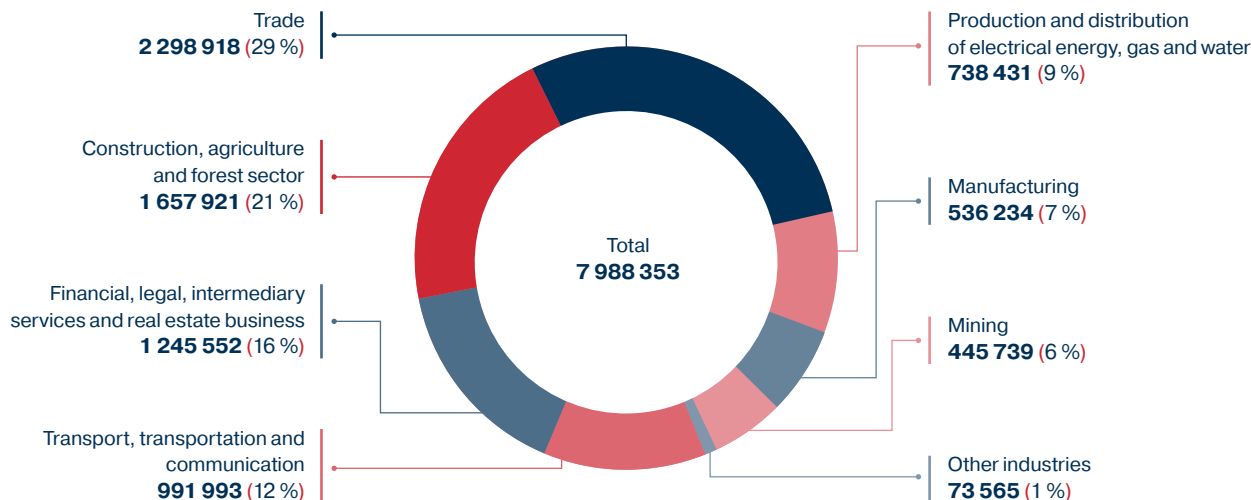
In corporate lending Almazergienbank focuses on the organizations of small and medium-sized businesses, having a significant share in the Bank's credit portfolio. In 2013 the small and medium-sized businesses credit portfolio grew by 28,6 % and as at December 31, 2013 made RUB 5 829,8 million (RAS).

THE BANK OFFERS SMALL BUSINESSES A WIDE PRODUCT LINE:

- simplified credit products: business-credit, credit line, invest-credit, guarantee-credit;
- special products: state order and state contract — for the enterprises participating in the state and municipal competitive tenders and those that have signed the state and municipal contracts;
- credits guaranteed by the Small Entrepreneurship Development Fund of the Sakha Republic (Yakutia). In 2013 the Bank granted 23 credits totaling RUB 233,7 million (RAS) guaranteed by the Fund.

STRUCTURE OF THE CREDIT PORTFOLIO BY INDUSTRIES AS AT DECEMBER 31, 2013

[RUB thousand]

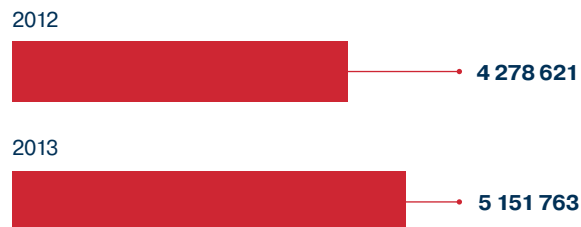


RESOURCE BASE | For 20 years in the market Almazergienbank has gained a positive reputation of a sustainable, reliable and stable partner and deserved a high public authority. Worsening of the overall market situation did not become a shock for the bank and it continued growing. For twenty years of work Almazergienbank did not let its customers down and that is why it is trusted by not only large enterprises but also by the most sensitive market share — small and medium-sized businesses.

The sustainability of customer base is growing and strengthening, securing a growth in the legal entities' and private entrepreneurs' resources by over 20 % in 2013. Thus, as at December 31, 2013 the attracted customer deposits made RUB 5 151 763 thousand or 120,4 % as compared to the corporate deposits for 2012 (by IFRS).

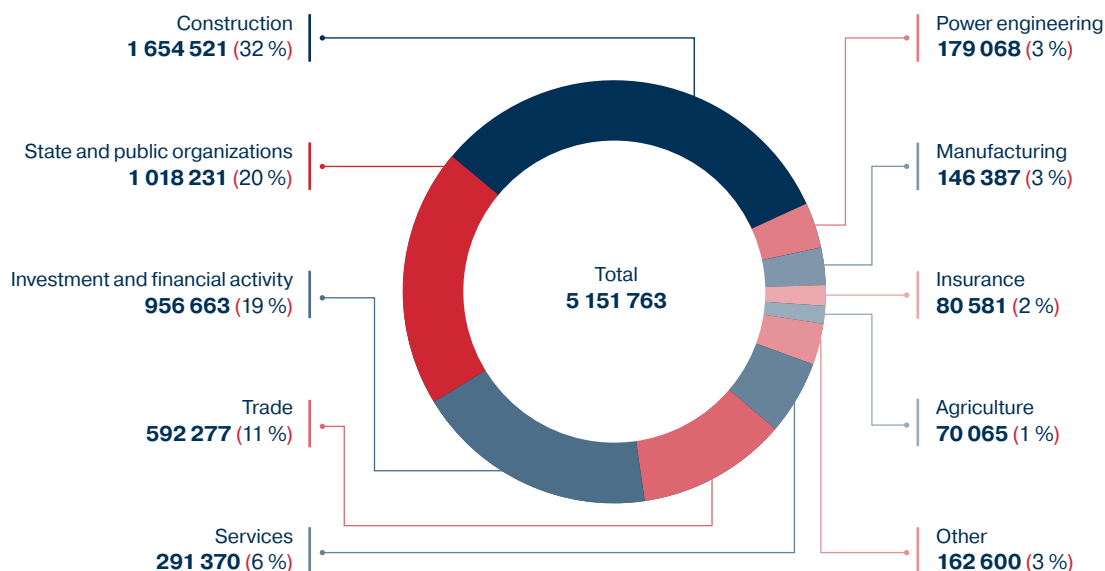
CORPORATE DEPOSITS

[RUB thousand]



STRUCTURE OF CORPORATE DEPOSITS AS AT DECEMBER 31, 2013

[RUB thousand]



DUE TO OTHER BANKS

[RUB thousand]

	31.12.2012	31.12.2013
Other banks' deposits	19 000	192 021
Other banks' correspondent accounts and overnight deposits	9 534	70
Total due to other banks	28 534	192 091

FOREIGN EXCHANGE OPERATIONS* | The bank successfully trades in the MICEX exchange market. The volume of operations in 2013 as compared to 2012 has grown considerably and made RUB 2 262,4 million.

In 2013 the bank's non-cash foreign exchange turnover made RUB 1 773 866 thousand.

In 2013 Almazergienbank opened a RMB correspondent account with the Bank of China; a special RMB account was opened aimed to repatriate RMB purchased at MICEX.

JSCB Almazergienbank functions as a foreign exchange control agent. As of January 01, 2014 the number of the active FTC transaction passports made 200, including 81 executed in 2013.

RETAIL BUSINESS

Retail business is one of the priorities of the development strategy of Almazergienbank.

The anniversary year became a year of dynamic development and quality changes. Today our bank is one of the regional market leaders in attracting the population's resources and retail lending in the republic. Over the last few years the bank has strengthened its positions in the international transfers and bank cards market.

We continue working on the improvement of service standards, expansion of territorial network, increasing lending accessibility and widening a range of services to meet the growing demands of the population for up-to-date banking products.

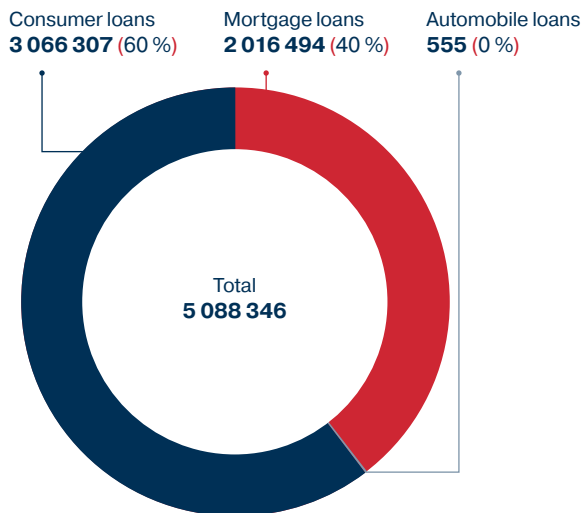
Taking into account the growing flow of visitors and meeting the wishes of our customers, we have introduced an additional working day — Saturday — in two of our operational offices, and to optimize the customer flow distribution the bank has introduced a queue management system in all operational offices of the republic's capital. The growth of customer flow motivates the bank for active introduction of up-to-date information and distance technologies. In 2013 18 774 customers were connected to online banking, including: SMS-info — 15 990, Your Bank Online — 2 784.

LENDING | In 2013 the bank has preserved the dynamics and tendency of high growth rate in retail lending. The volume of the retail credit portfolio compared to 2012 has

grown by 18,1 % and made RUB 5 083,4 million (IFRS). The retail portfolio has grown approximately sevenfold in five years. It is a great success of the credit organization and a result of combined efforts of the bank's whole team.

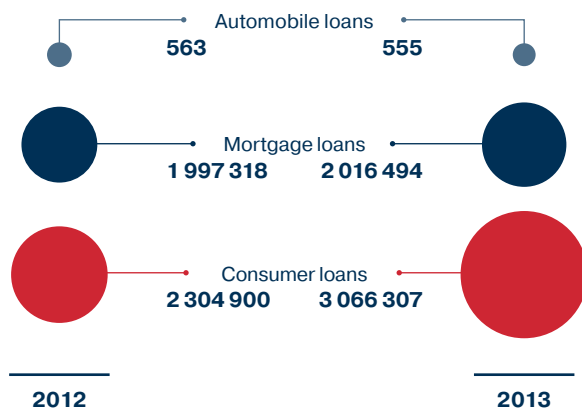
STRUCTURE OF THE RETAIL CREDIT PORTFOLIO AT DECEMBER 31, 2013

[RUB thousand]



RETAIL CREDIT PORTFOLIO FOR 2012—2013

[RUB thousand]



* By RAS.



**In 5 years
the volume of retail
credit portfolio
has grown**



— FOLD

**As at January 1, 2014 it made
> RUB 5 083 356 000.**



In the year under review the bank has preserved the dynamics and trend of high growth rates in retail lending. As compared to 2012 the volume of retail credit portfolio has grown by 18,1 %.

RETAIL CREDIT PORTFOLIO FOR 2012–2013

[RUB thousand]

	31.12.2012	31.12.2013
Consumer loans	2 304 900	3 066 307
Mortgage loans	1 997 318	2 016 494
Automobile loans	563	555
Total retail credits	4 302 781	5 083 356

MORTGAGE LENDING | Mortgage lending takes a key place in Almazergienbank’s operations in population lending.

In the anniversary year 2013 we have introduced “loyalty bonuses” to the established mortgage loan interest rates. The bonuses are used both in the secondary housing market and in the primary housing market before commissioning.

In July 2013 Almazergienbank won a public auction for selecting a financial and credit organization to render the services of opening and maintaining personal accounts for providing subsidies to the participants of the long-term program “Provision the public sector workers with housing for 2013–2017”.

The procedure of developers’ accreditation was simplified in the same month. 24 shared construction facilities were accredited in 2013, including 13 in the regions of the republic, 9 in Yakutsk and 2 in Khabarovsk Krai.

The year 2013 witnessed a start of preparation for mortgage refinancing in AHML. By the results of the 2nd quarter of the year 2013, the Agency has assigned Almazergienbank the 1st rating out of the 6 possible by mortgage refinancing of Standard product (secondary housing market).

The anniversary arrangements frameworked the “Anniversary Mortgage” action on issuing a mortgage loan for purchasing real estate in the secondary housing market under the special favorable terms.

CONSUMER LENDING | Consumer loans have traditionally been in good demand. The volume of retail lending for 2013 made RUB 3 066 307 thousand or 60 % of the total retail portfolio (IFRS).

April 2013 witnessed a launch of the Loan Applications Module system with the installed assessment method, which allowed to reduce the flow of paper documents and the decision-making time for the standard applications to one day.

In 2013 the bank changed the credit products and optimized the customer work regime.

RESOURCE BASE | The volume of the attracted retail deposits calculated by IFRS has grown by 24,4 % and made RUB 12 950 004 thousand.

THE HOUSES UNDER THE PILOT PROJECT OF 2011 AND 2012 ARE BEING COMMISSIONED!

DYNAMICS OF RETAIL CUSTOMER DEPOSITS FOR 2012–2013

[RUB thousand]



PLASTIC CARDS | In a few years plastic cards have become an integral part of our life and have integrated in Yakutia's population daily life. Plastic business of Almazergienbank continues augmenting its potential and develops successfully. We upgrade the existing programs and develop the new ones, including those in such promising directions as cobranding and campus project of North-Eastern Federal University.

30 805 bank cards were issued in 2013, as at January 01, 2014 their total number reached 141 700 items.

Cobranding cards — new direction in Almazergienbank's plastic business. The bank issues cobranding cards in partnership with Bilmart Shopping Center.

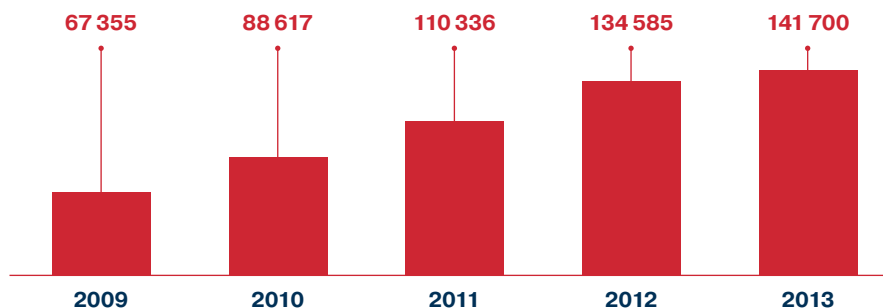
We are expanding a network of ATMs and terminals; the overall card servicing network numbers 852 commercial network terminals, 119 ATMs and 44 terminals (including 11cash points) in cash disbursement network.

The bank continues participating in the implementation of the socially important republican projects. In the transport project, the number of cards in the project has increased by 1,5 in 2013. At January 01, 2014, the following number of cards is registered in the automated system of fares payment: 56 821 transport cards, 22 968 school cards and 13 930 transport applications to social cards. The total number of trips with all types of cards, as compared to 2012, has grown twofold and made 14,5 million trips. Within the implementation of the campus project, the bank has issued 1 728 cards in 2013. Transport application is installed in the NEFU campus cards.

**IN 2013
THE BANK ISSUED
A SET OF GIFT
CARDS.**

DYNAMICS OF THE BANK'S PLASTIC CARDS NUMBER FOR 2009–2013

[Item]



INFORMATION ON THE BANKING CARDS ISSUE AND ACQUIRING *

	Issue	Acquiring
MasterCard Int.	+	+
VISA International	+	+
Local credit card (JSCB Almazergienbank JSC)	+	
Transport card	+	

* Source: According to the RF CB: <http://cbr.ru/credit/coinfo.asp?id=980000022>.

13

PRECIOUS METALS

In 2013
Almazergienbank
sold over

372

KILOS OF
GOLD
IN BARS



**Almazergienbank is the only Russian
bank exporting gold to China.**

To boost gold export to China,
in July 2013 Almazergienbank signed
the Agreement on the establishment
of consignment and revolving gold credit
facility with China Construction Bank.

WORK WITH PRECIOUS METALS

The bank's sales of precious metals in 2013 were as follows: bar gold in the volume of 372 721,5 grams and silver in the volume of 15 957 grams.

The Bank has obtained a new General License of the RF Industry and Trade Ministry for export of fine gold in weighted bullions and minted bars № 092 RU 13002000302 dated 05.08.2013, which gave an opportunity of resuming the gold export operations. To boost gold export to China, in July 2013 Almazergienbank signed the Agreement on the establishment of consignment and revolving gold credit facility with China Construction Bank.

Almazergienbank is the only Russian exporter of gold to China.

STOCK MARKET TRADING

In the conditions of unstable macroeconomic situation in Russia and the world over the last few years the bank adhered to the strategy of unaggressive behavior, reasonable conservatism and moderate activity in the securities market. At December 31, 2013 the securities portfolio calculated by IFRS made RUB 750 707 thousand, or 116,1 % to the securities portfolio as at December 31, 2012.

REVIEW OF FINANCIAL STATEMENTS

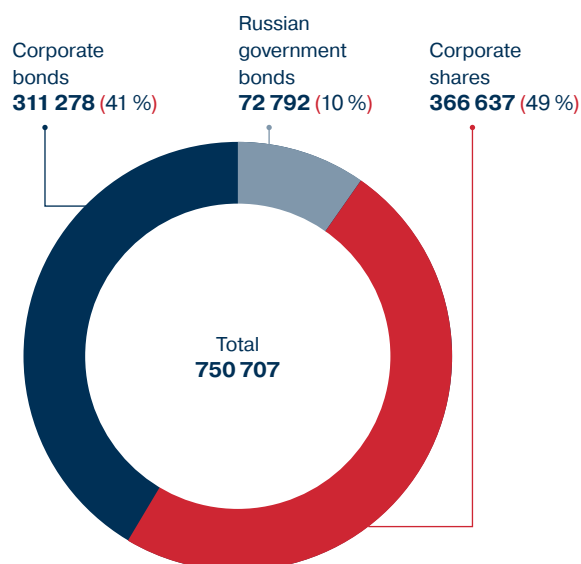
By the International Financial Reporting Standards Almazergienbank's assets for 2013 made RUB 20 939,9 million, securing the growth by 20,6 % as compared to 2012 and allowing to significantly strengthen the credit organiza-

tion's positions in the ranking of Russian banks both by the assets and the net worth (capital), despite the latter's insignificant reduction by 0,4 % on the results of 2013. The volume of capital at December 31, 2013 made RUB 1 952,6 million.

Targeting of the capital management is reasoned by the necessity of observing the requirements of the Central Bank of the Russian Federation and ensuring the ability of stable functioning as a constantly operating enterprise. During 2013 and 2012 the bank observed the RF CB requirement in terms of capital adequacy.

STRUCTURE OF SECURITIES PORTFOLIO AT DECEMBER 31, 2013

[RUB thousand]



INVESTMENT SECURITIES AVAILABLE FOR SALE

Name	31.12.2012	31.12.2013
Corporate bonds	220 472	311 278
Russian government bonds	77 290	72 792
Total debt securities	297 762	384 070
Corporate shares	348 613	366 637
Total securities	646 375	750 707

**BANK'S FINANCIALS
FOR THE YEARS 2012–2013**

[RUB thousand]

№	Item	2012	2013
1	Assets	17 357 092	20 939 997
2	Liabilities	15 396 879	18 987 417
3	Capital	1 960 213	1 952 580
4	Interest income	1 548 796	1894 411
5	Interest expense	– 684 731	– 916 326
6	Net interest income	864 065	978 085
7	Net interest income after loan loss provision	683 299	782 286
8	Profit before taxation	145 048	128 618
9	Profit	115 205	68 407
10	Dividend paid	—	31 231*
11	Earnings per share	0,0000278	

* For 2012.

By the results of the year 2013, profit after taxation made RUB 68,4 million. On June 13, 2013 it was decided to pay dividends on the results of work in 2012 in the amount of RUB 31 231 thousand (approximately RUB 0,0278 per one share). The dividends were announced and paid during July 2013. The decision on dividend payment on the results of the bank's work in the accounting year will be made in 2014.

RISK MANAGEMENT

The strategic goal of risk management is to secure financial sustainability of the credit organization. A developed risk management system is a complex of measures and solutions to identify and monitor all materially substantial risk types, to assess them and identify the risk appetite, to implement measures on limiting each risk type and/or using other risk optimization mechanisms.

The Supervisory Board of Almazergienbank approves the Risk Management Policy which includes a coordination of efforts on the development of the risk management system, identifies functions and authority of all levels of the risk management system. Under the Supervisory Board there is a Risk Management & Audit Committee which aids the Supervisory Board with identifying the priority directions of the

Bank's activity in the field of risks and with creating conditions for proper risk management.

The Bank identifies the following risk types as the substantial ones: credit risk; liquidity risk; market risk, including the stock market risk, currency risk, interest risk; operational risk; legal risk; reputational risk.

CREDIT RISK | Credit risk management is exercised in compliance with the credit policy. The aim of credit policy is to identify the fundamental principles of credit operations and credit risk taking, which allows to implement the Bank's strategic plan in terms of structure, size and quality of the credit portfolio. In order to maintain credit risk at an acceptable level, the Bank uses the risk management instruments for individual loaners and for the whole credit portfolio.

The Bank persistently works on improving its credit portfolio. As a result of work on credit risk management and reduction of an overdue indebtedness, the share of overdue indebtedness in the Bank's credit portfolio at the end of 2013 was reduced from 2,7 % to 3,3 % at the beginning of the year.

In 2013 we continued to implement the measures on improving the system of credit risk management: new approaches to the credit portfolio's stress testing have been developed;

**By 2014
Almazergienbank
has issued more than**

141
THOUSANDS
OF PLASTIC CARDS



**Plastic cards serviced in 852
commercial network terminals,
119 ATMs and 44 terminals
in cash disbursement network.**

30 805 plastic cards were issued in 2013. The issue of cobranding cards became a new direction of the bank's work in plastic business.

a procedure of credit risks assessment has been changed; a method of retail loans redundancy technique has been elaborated together with PWC auditors.

The Bank works on segmenting its corporate loaners, on defining a loaner creditworthiness method and a lending limit, as well as on the system of credit risks limiting.

LIQUIDITY RISK | The Bank has adopted a Liquidity Management Strategy and created a multi-level system of liquidity management securing an integrated approach to controlling, forecasting and decision-making in this area and including a scenario approach to identifying a current and a forecasted liquidity status. During 2013 Almazergienbank daily fulfilled the acid test ratio H2, current liquidity ratio H3 and long-term liquidity H4.

MARKET RISK | The Bank abstains from active speculative activity in the stock and currency exchanges; it leads a conservative policy of placing in securities and made a decision on making a trading portfolio of Lombard list highly liquid securities; it also works on minimizing the market risk and the capital load. In 2013 the ratio of total current (fair) values of financial instruments to the assets did not exceed 5 %, which proves the acceptable level of market risk.

OPERATIONAL RISK | To reduce the probability of losses from operational risk, the Bank has approved an action plan aimed to secure the continuity of operations and/or business recovery in case of force majeure. The year 2013 saw continued work on further development of the operational risk management system with account of the recommendation of International Finance Corporation's consultants.

In June 2013 Almazergienbank and International Finance Corporation signed an Agreement of rendering consulting services on the implementation of operational risk management system in compliance with the world's best practices. Within the Agreement IFC consultants have conducted a quality analysis of the Bank's operational risks, developed proposals on the mitigation and prevention of critical risks and assisted the introduction of the best tools of risk analysis and control.

The project results in persistent work on the improvement of approaches to operational risks assessment and management, bringing the standards to the best practices according to the approved Scheduled plan of improvement of operational risk management system and of raising the Bank's management bodies awareness of operational risks.


REPUTATIONAL RISK | To mitigate the reputational risk, and, as a consequence, to avoid possible loss as a result of reduced number of customers (counterparties), Almazergienbank does the following: monitoring of mass-media concerning negative publications; quick identification of internal sources of possible reputational risk and their liquidation in the shortest time possible; introduction of corporate culture into practices; improves follow-up of the customers' and counterparties' complaints and suggestions; improves the information disclosure system.

LEGAL RISK | Great attention is attached to the issues of legal security of the Bank's work. The efficiency of legal risk management in 2013 is proven by the absence of court decisions against the Bank which would have resulted in significant loss in terms of final financial result.

STRATEGIC RISK | Sustainable development in the Russian and regional banking services markets in the conditions of improved competition and retardation of the banking system growth prove the correct strategy of the Bank's development and absence of substantial strategic risks. Regional focus allows us to use our main competitive advantages in the best possible way: short decision-making time, flexibility and preparedness to meet the customers' needs as well as deep knowledge of the local market.

THE BANK
PERSISTENTLY
WORKS
ON IMPROVING
ITS CREDIT PORTFOLIO

CORPORATE GOVERNANCE



Corporate governance system in JSCB Almazergienbank JSC is based on the Regulations on Corporate Governance Organization developed in compliance with the Federal Law on Banks and Banking Activity dated 02.12.1990 № 395-1 and Federal Law on Joint-Stock Companies dated 26.12.1995 № 208-FL, Letter of the RF Central Bank on Modern Approaches to the Organization of Corporate Governance in Credit Organizations dated 13.09.2005 № 119-T, Letter of the RF Central Bank on the Recommendations of the Basel Committee on Banking Supervision “Principles of Corporate Governance Improvement” dated 06.02.2012 14-T.

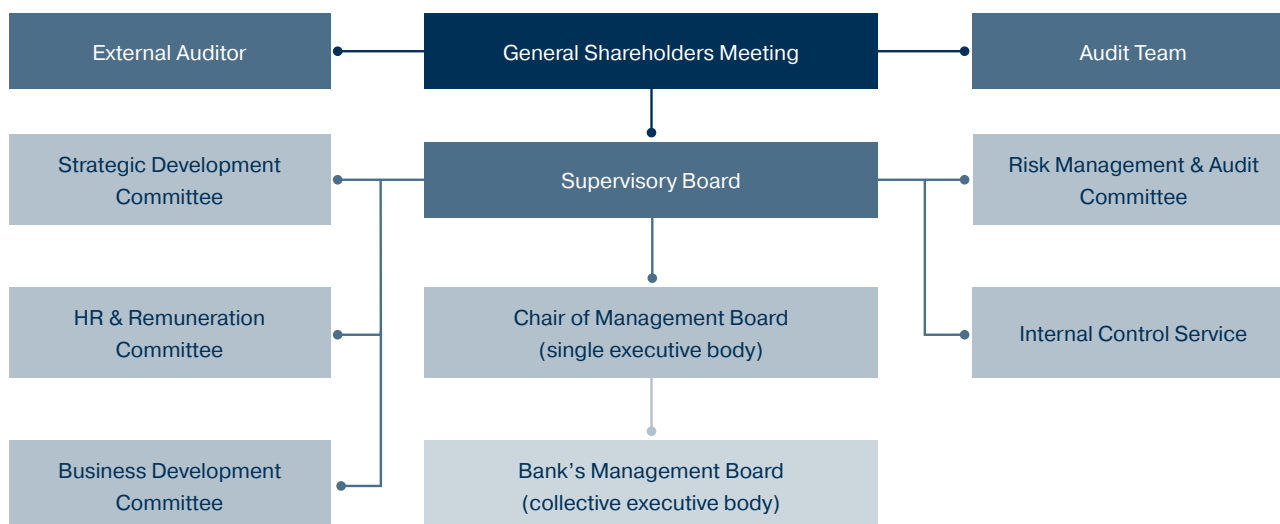
CORPORATE GOVERNANCE SYSTEM REVIEW

In its activity JSCB Almazergienbank JSC also follows the recommendations of the Corporate Code of Conduct approved at the RF Government Session on 28.11.2001 and recommended by the Federal Securities Market Commission (Resolution dated 04.04.2002 № 421/p).

CORPORATE GOVERNANCE SYSTEM IS BASED ON THE FOLLOWING PRINCIPLES OF CORPORATE GOVERNANCE:

- Enable shareholders to exercise their rights related to their participation in the Company.
- Ensure equal attitude to all shareholders and protection of their rights.
- Ensure that the Supervisory Board conducts strategic management of the Bank's activity and efficiently controls the activity of the Bank's executive bodies.
- Ensure that the Bank's executive body, solely for the benefits of the Company, conducts efficient management of the Company's current operations, as well as ensure the Bank's executive bodies' accountability to the Supervisory Board and the Company's shareholders.

STRUCTURE OF CORPORATE GOVERNANCE BODIES OF JSCB ALMAZERGIENBANK JSC



- Ensure timely disclosure of full and true information about the Company, including its financial position, economic performances, structure of ownership and management in order to provide the Company's shareholders and investors an opportunity for making informed decisions.

General shareholders meeting is a supreme management body of JSCB Almazergienbank JSC. The Bank's Supervisory Board is elected by shareholders and is accountable to them; it provides strategic management and control over the activity of the executive bodies — Chair of Management Board and Management Board. The executive bodies manage the Bank's current operations and implement tasks set by the shareholders and the Supervisory Board.

A system of internal control over financial and economic activity holds a special place in the system of corporate governance, which aims to protect shareholders' rights and legal interests. Under the Bank's Supervisory Board there is a Risk Management & Audit Committee; together with the Internal Control Service it aids the management bodies to secure the Bank's efficient work. The Audit Team controls the compliance with law of the operations conducted by the Bank.

To conduct audit and confirm financial statements, JSCB Almazergienbank JSC enlists the services of an external auditor not having ownership interests with the Bank and its shareholders.

HR & Remuneration Committee under the Supervisory Board develops recommendations on the key issues of appointing and motivating the members of the Supervisory Board and executive bodies.

The Board's Strategic Development Committee considers and develops recommendations on the issues of strategic development.

JSCB Almazergienbank JSC timely discloses true information, including information about its financial position, economic performances and ownership structure. The information is disclosed in compliance with the requirements of the Russian law and on the basis of the Bank's Regulations on Information Disclosure in the Internet and newswire.

DEVELOPMENT OF CORPORATE GOVERNANCE SYSTEM

Shareholders, Supervisory Board and management, understanding the need for improving the Bank's corporate governance practice, made some particular steps in this field in 2013.

In 2013 JSCB Almazergienbank JSC signed an agreement with the International Finance Corporation (IFC) — a sub-

subsidiary structure of the World Bank — on launching in the second half of 2013 a consultative project to evaluate the current corporate governance practice in the Bank in order to implement the world's best practices.

IFC CONSULTATIVE PROJECT FRAMEWORKED THE ANALYSIS OF INTERNAL DOCUMENTS AND INTERVIEWS WITH SHAREHOLDERS, SUPERVISORY BOARD MEMBERS, EXECUTIVE MANAGEMENT AND STAFF OF THE BANK ON THE FOLLOWING TOPICS:

- Adherence to the principles and best practices of corporate governance
- Structure and functioning of the Supervisory Board
- Control environment and internal control system
- Transparency and information
- Shareholders' rights and protection of minority shareholders' rights

IFC consultants conducted a discussion seminar "Efficient work of the Board of Directors" for the members of the Supervisory Board and shareholders. Board induction was organized for the newly elected Supervisory Board members.

At the project's final stage, at the end of 2013, IFC consultants presented a draft Plan of Corporate Governance System Development in JSCB Almazergienbank JSC, which laid the ground for the development of the Bank's Plan of Corporate Governance System Development and for its implementation in 2014 and in subsequent years.

GENERAL SHAREHOLDERS MEETING

General Shareholders Meeting is a supreme management body of JSCB Almazergienbank JSC. The decision on its convening is made by the Supervisory Board. By voting on the issues on the agenda at the Meeting, the Bank's holders exercise their rights related to the participation in its management. General Shareholders Meetings are held annually

on the date defined in compliance with the applicable law, no sooner than March 1 and no later than June 30 of the year following the accounting year.

Shareholders are informed of the date and place of the General Shareholders Meetings, as well as of the date as of which the list of people entitled to attend is made, in compliance with the applicable law and the Bank's Charter.

Annual General Shareholders Meeting of JSCB Almazergienbank JSC took place on June 13, 2013 in Yakutsk; it was chaired by the Chair of the Bank's Supervisory Board Sergey Mestnikov. Then-effective Chair of Management Board Alexander Mironov and Chief Accountant Sergey Vasiliev spoke on the issues on the agenda.

PROTOCOL № 01 DATED 13.06.2013 WAS MADE UP ON THE RESULTS OF THE ANNUAL GENERAL SHAREHOLDERS MEETING.

SHAREHOLDERS TOOK PART IN DISCUSSING EIGHT ISSUES ON THE AGENDA:

- 1** | On approving the Annual Report of JSCB Almazergienbank JSC on the results of the year 2012.
- 2** | On approving the accounting statements of JSCB Almazergienbank JSC for the year 2012, including the profit and loss statement.
- 3** | On the distribution of profits and losses of JSCB Almazergienbank JSC on the results of the year 2012.
- 4** | On the payment of dividends.
- 5** | On approving the auditor to confirm the accounting of JSCB Almazergienbank JSC for the year 2013.
- 6** | On electing the members of the Supervisory Board of JSCB Almazergienbank JSC for the year 2013.
- 7** | On electing the Audit Team of JSCB Almazergienbank JSC.
- 8** | On approving the Regulations on Remunerations and Compensations to the Members of the Supervisory Board of JSCB Almazergienbank JSC.

At the Meeting the shareholders made a decision on the distribution of profit on the results of the year 2012 in the following order:

№	Item, Fund	Amount of payments	Amount of payments
		(%)	(RUB thousand)
1	Payment of dividends	20	31 231
Formation of the Bank's funds			
1	Reserve fund	75	117 118
2	Bank's employee share ownership fund	5	7 808

Shareholders made a decision on paying the dividends on the results of the year 2012 in the amount of RUB 0,027812 per one common share of JSCB Almazergienbank JSC with a nominal value of one ruble.

As of 31.12.2013, the amount of paid dividends made RUB 31 231 374,32, whereas the share of the paid dividends in the total amount of stated dividends made 99,99 %.

The amount of dividends paid to the major shareholder — Government of the Sakha Republic (Yakutia) represented by the Ministry of Property and Land Relations of the Sakha Republic (Yakutia) — made RUB 23 113 051,11.

In addition to the Annual Meeting, shareholders are entitled to convene extraordinary shareholders meetings. The year 2013 saw 4 extraordinary shareholders meetings where 14 issued were considered.

MAJOR ISSUES CONSIDERED AT THE EXTRAORDINARY MEETINGS:

- On amending the Charter of JSCB Almazergienbank JSC
- On approving the Regulations on Remunerations and Compensations to the Members of the Supervisory Board of JSCB Almazergienbank JSC
- On approving the interested party transactions.

SUPERVISORY BOARD OF JSCB ALMAZERGIENBANK JSC

Supervisory Board of JSCB Almazergienbank JSC, being one of the most important elements of the Bank's corporate governance, has overall charge of the activity, defines the Bank's long-term strategy, acts in accordance with Russian law, Charter, and Regulations on the Supervisory Board (approved as amended at the Annual General Shareholders Meeting of JSCB Almazergienbank JSC by Protocol № 01 dated 28.06.2012).

Members of the Supervisory Board are elected at the General Shareholders Meeting for a period until the next annual meeting. Shareholders holding at least 2 % of the Bank's voting shares total are entitled to nominate the candidate to the Supervisory Board members. Members of the Supervisory Board are elected by cumulative voting at the General Shareholders Meeting.

Composition of the Supervisory Board effective at the end of the year 2013 in the amount of 7 people was elected on June 13, 2013. 6 of them are non-executive directors. A combination of executive and non-executive directors ensures representation of interests of all shareholders and allows the Supervisory Board to efficiently solve the Bank's tasks.

IN COMPLIANCE WITH THE DECISION OF THE ANNUAL GENERAL SHAREHOLDERS MEETING DATED JUNE 28, 2012, THE SUPERVISORY BOARD'S COMPETENCE INCLUDES THE FOLLOWING FUNCTIONS:

- Approval of risk management policy, review of reports on the risk management status and effectiveness.
- Approval of the Regulations on Organizing the Internal Control in the Bank.
- Approval of the Regulations on the Internal Control Service, appointment of this business unit's head.
- Approval of the Internal Control Service's work plans.
- Consideration of quarterly reports of the professional securities trader comptroller.
- Consideration of quarterly internal control reports and assessment of efficiency of the Bank's internal control system.
- Making decisions on participation and termination of participation of the Bank in other organizations.

This list of the Supervisory Board's functions is stated in the Regulations on the Supervisory Board. The document is posted on the Bank's website at <http://www.albank.ru>.

The volume of
securities portfolio
in 2013 made
more than

1
BILLION
RUBLES



In the conditions of unstable
macroeconomic situation in Russia and
the world over the last few years the bank
adhered to the strategy of unaggressive
behavior, reasonable conservatism and
moderate activity in the securities market.

CHAIR OF THE SUPERVISORY BOARD | Supervisory Board's Chair is elected by the Board's members by a majority vote. The Bank's Supervisory Board has a right to reelect its Chair at any time by a majority vote of the total number of the Board's members.

The Supervisory Board's Chair cannot combine this position with the position of the Bank's Management Board Chair and shall not be in an employment relationship with the Bank.

Chairman of the Supervisory Board organizes its work, convenes the meetings and chairs them, as well as chairs the General Meetings of the Bank's Shareholders. In the absence of the Supervisory Board's Chair, his/her functions are performed by the Deputy Chair of the Supervisory Board.

COMPOSITION OF THE SUPERVISORY BOARD | On June 13, 2013 the Annual General Shareholders Meeting elected four new members of the Supervisory Board: Lyubov Beryozkina, Evgeny Chekin, Pyotr Alexeev, and Andrey Nikolaev.

Board induction was arranged for the new members of the Supervisory Board in 2013, which included an information kit on the Bank's activity.

Alexey Kuklin, Albina Cherepanova, Vladimir Kychkin retired from the Bank's Supervisory Board in March 2013 because the Extraordinary General Shareholders Meeting elected the new composition.

Maia Danilova, Ivan Andreev and Oktyabrina Nikonova retired from the Bank's Supervisory Board in June 2013 because the Annual General Shareholders Meeting of JSCB Almazergienbank JSC elected the new composition.

SERGEY MESTNIKOV

(member of the Supervisory Board since 28.06.2012, Chair of the Supervisory Board since 23. 07.2012).

Positions held in the management bodies of other legal entities:

- Chair of the Board of Directors, SakhaTransNefteGaz JSC
- Member of the Supervisory Board, ALROSA JSC
- Chair of the Board of Directors, Republican Investment Company JSC
- Member of the Board of Directors, RIC Sterkh JSC
- Chair of the Board of Directors, RIC Sterkh JSC

Professional experience:

- From 2012 until present — First Deputy Minister of Property and Land Relations of the Sakha Republic (Yakutia);
- 2011–2012 — Head, Secretariat of the Chair of Government of the Sakha Republic (Yakutia);
- 2010–2011 — Deputy Head, Secretariat of the Chair of Government of the Sakha Republic (Yakutia);
- 2008–2010 — Head, Department of Property of Agroindustrial Complex, Housing and Community Amenities, Mass Media and Social Sector of the Ministry of Property and Land Relations of the Sakha Republic (Yakutia);

He was born in 1981 in Borogontsy village of Ust-Aldan District of Yakut ASSR. In 2003 he graduated from Yakutsk State University with a degree in Law, in 2013 he graduated from the Russian Presidential Academy of National Economy and Public Administration.

At 31.12.2013 he had no share **in the authorized capital** of Almazergienbank.

LYUBOV BERYOZKINA

(member of the Supervisory Board from 13.06.2013, Deputy Chair of the Supervisory Board from 12.07.2013)

Positions held in the management bodies of other legal entities:

- Member of the Board of Directors, Republican Investment Company JSC

Professional experience:

- 07.2012 until present — First Deputy Finance Minister of the Sakha Republic (Yakutia)
- 07.1999–07.2012 — Head, Budget Department, SR (Y) Finance Ministry

She was born in 1965 in Tiksi settlement of Bulun District of Yakut ASSR. In 1987 she graduated from Novosibirsk Agricultural Institute with a degree in Planning Engineering, in 2009 she completed her postgraduate studies in the Russian Presidential Academy of Public Administration with a degree in Finance and Credit.

At 31.12.2013 she had no share **in the authorized capital** of Almazergienbank.

EVGENY CHEKIN

(member of the Supervisory Board from 13.06.2013)

Positions held in the management bodies of other legal entities:

- Member of the Board of Directors, Yakutia's GosSnabSbyt JSC
- Member of the Board of Directors, Yakutia Venture Company JSC
- South Yakutia's Development Corporation JSC
- SakhaNefteGazSbyt JSC

Professional experience:

- 08.2012 until present — Deputy Minister of Economics of the Sakha Republic (Yakutia);
- 08.2011–08.2012 — Head, Department of Public-Private Partnership, Ministry of Economics and Industrial Policy of the Sakha Republic (Yakutia);
- 08.2009–08.2011 — Head, Department of Public-Private Partnership, Committee of Investment Policy and External Economic Activity, Department of Economic Development of Yaroslavl Oblast
- 04.2008–05.2009 — Executive Director, Regional Business Development Unit, Special Unit in Yaroslavl, VTB-Leasing JSC.

He was born in 1973 in Krasnoye settlement of Yaroslavl Oblast. In 1997 he graduated from Yaroslavl State Medical Academy, in 2004 he graduated from the All-Russian Distance Institute of Finance and Economics.

At 31.12.2013 he had no share **in the authorized capital** of Almazergienbank.

NADEZHDA KONONOVA

(member of the Supervisory Board from 28.09.2010)

Positions held in the management bodies of other legal entities:

- Member of the Board of Directors, RIC Plus JSC
- Member of the Board of Directors, Yakutia Venture Company JSC

Professional experience:

- From 2012 until present — Deputy General Director, Republican Investment Company JSC.
- 2008–2012 — Advisor to the President of the Sakha Republic (Yakutia)
- 2002–2008 — Head, Labor and Payroll Unit, ALROSA JSC

She was born in 1959 in Yakutsk of Yakut ASSR. In 1984 she graduated from Khabarovsk Polytechnic Institute with a degree in Planning Engineering, in 1997 she graduated from

the Russian Presidential Academy of Public Administration with a speciality of “economist-manager”.

At 31.12.2013 she had no share **in the authorized capital** of Almazergienbank.

PYOTR ALEXEEV

(member of the Supervisory Board from 13.06.2013)

Positions held in the management bodies of other legal entities:

- Member of the Board of Directors, Yakutsk Airport JSC
- Member of the Board of Directors, Republican Investment Company JSC

Professional experience:

- 2013 until present — General Director, Republican Investment Company JSC
- 2010–2013 — Deputy Head, Department of Public and Legal Issues, Administration of the President and Government of the Sakha Republic (Yakutia)
- 2009–2010 — Head of Unit, Department of Public and Legal Issues, Administration of the President and Government of the Sakha Republic (Yakutia)
- 2006–2009 — Senior Referent, Department of Public and Legal Issues, Administration of the President and Government of the Sakha Republic (Yakutia).

He was born in 1981 in Yakutsk of Yakut ASSR. In 2004 he graduated from Far-Eastern Academy of State Service with a degree in Law, in 2013 he graduated from the Russian Presidential Academy of National Economy and Public Administration.

At 31.12.2013 he had no share **in the authorized capital** of Almazergienbank.

ALEXANDER MIRONOV

(member of the Supervisory Board from 14.02.2005)

Positions held in the management bodies of other legal entities:

- Republican Mortgage Agency JSC
- M.K. Ammosov North-Eastern Federal University

Professional experience:

- 15.03.2005–31.12.2013 — Chair of the Management Board, JSCB Almazergienbank JSC.

- 01.01.2005–14.03.2005 — Acting Chair of the Management Board, JSCB Almazergienbank JSC;
- 2003–2004 — First Deputy Chair of the Management Board, JSCB Almazergienbank JSC;

He was born in 1970 in Yakutsk of Yakut ASSR. In 1993 he graduated from Novosibirsk Engineering and Construction Institute with a degree in Industrial and Civil Construction, in 1999 he graduated from Khabarovsk State Academy of Economics and Law with a degree in Finance and Credit.

At 31.12.2013 his share **in the authorized capital** of Almazergienbank makes 0,12 %.

ANDREY NIKOLAEV

(member of the Supervisory Board from 13.06.2013)

Positions held in the management bodies of other legal entities:

- Member of the Board of Directors, Nemyugyu Agro-Company LLC

- Member of the Board of Directors, Olyokminskaya Agro-Company LLC
- Member of the Board of Directors, Berte Horse Breeder LLC
- Member of the Board of Directors, Mega Shopping Center LLC
- Member of the Board of Directors, Khatassy Pig Complex LLC
- Member of the Board of Directors, Olyokma Treasury LLC
- Chair of the Board of Directors, Almas LLC

Professional experience

- 10.2013 until present — First Deputy General Director, Almazny Anabara JSC
- 07.2005–10.2013 — Deputy General Director for Economics and Finance, Almazny Anabara JSC

He was born in 1977 in Suntar village of Suntar District of YASSR. In 2000 he graduated from G.V. Plekanov Russian Academy of Economics with a degree in Finance and Credit.

At 31.12.2013 he had no share **in the authorized capital** of Almazergienbank.

Members of the Supervisory Board

Number of meetings (absent votes) with participation of the Supervisory Board member in 2013

Sergey Mestnikov	12 of 17
Lyubov Beryozkina	8 of 9
Evgeny Chekin	7 of 9
Nadezhda Kononova	14 of 17
Pyotr Alexeev	8 of 9
Alexander Mironov	17 of 17
Andrey Nikolaev	8 of 9
Alexey Kuklin	1 of 2
Albina Cherepanova	2 of 2
Vladimir Kychkin	1 of 2
Maia Danilova	7 of 8
Ivan Andreev	2 of 6
Oktyabrina Nikonova	5 of 6

The meetings of the Bank's Supervisory Board are convened under the initiative of its Chair or if demanded by the member of the Supervisory Board, the Bank's Audit Team or Auditor, the Bank's Management Board and the Chair of the Bank's Management Board.

Quorum for the meeting of the Bank's Supervisory Board makes at least 4 people out of the number of the elected members of the Bank's Supervisory Board.

The decisions at the Supervisory Board's meetings are made by a majority vote of the present members, if more votes are not required by the Federal Law on Joint-Stock Companies, the Charter or the Regulations on the Bank's Supervisory Board.

Each member of the Board has one vote at making decisions at the Supervisory Board's meetings.

The meetings of the Bank's Supervisory Board are regular; extraordinary meetings are convened if required.

The work plan of the Bank's Supervisory Board is developed for a period between the Annual General Shareholders Meetings and is approved by the Supervisory Board. The meetings of the Bank's Supervisory Board are scheduled based on the Bank's activity.

The internal documents of Almazergienbank define a minimal number of Supervisory Board's meetings — at least once a quarter; in practice the meetings and the absent votes are held 3 times a quarter. The members of the Supervisory Board receive the notice and the necessary materials 10 days prior the meeting. The Supervisory Board can be arranged as an absent vote.

The year 2013 saw 3 meetings and 14 absents votes of the Supervisory Board. The Supervisory Board considered 45 issues total in 2013.

DURING 2013 THE BANK'S SUPERVISORY BOARD CONSIDERED THE FOLLOWING ISSUES:

- On approving the Statement of work of JSCB Almazergienbank JSC in the field of bank risk management;

- On approving the Statement of work of the Internal Control Service of JSCB Almazergienbank JSC;
- On approving the Comptroller's Report of JSCB Almazergienbank JSC;
- On considering the information about the status of the information security system of JSCB Almazergienbank JSC for the year 2012;
- On coordinated approvals of the Report of Credit Policy Implementation of JSCB Almazergienbank JSC for the year 2012;
- HR issues.

COMMITTEES OF THE SUPERVISORY BOARD

For the Supervisory Board to perform its functions more effectively, as well as for a preliminary detailed study of certain issues, there are thematic committees developing recommendations on the issues within the Supervisory Board's competence.

AS OF THE END OF THE YEAR 2013, THE FOLLOWING COMMITTEES WORKED IN THE BANK:

- Risk Management & Audit Committee
- HR & Remuneration Committee
- Strategic Development Committee
- Business Development Committee

RISK MANAGEMENT & AUDIT COMMITTEE | The Risk Management & Audit Committee aims to analyze and maintain an efficient and adequate system of internal control, as well as risk management system.

The Risk Management & Audit Committee acts on the basis of the Regulations on Thematic Committees within the Supervisory Board of JSCB Almazergienbank JSC approved by the Bank's Supervisory Board (Protocol № 19 dated 11.11.2009).

AT 31.12.2013 THE RISK MANAGEMENT & AUDIT COMMITTEE INCLUDED:

- Lyubov Beryozkina, Chair of the Committee, Deputy Chair of the Supervisory Board;
- Evgeny Chekin, Member of the Committee, Member of the Supervisory Board;
- Alexander Mironov, Member of the Committee, Member of the Supervisory Board;
- Andrey Nikolaev, Member of the Committee, Member of the Supervisory Board.

The period under review saw 1 meeting and 1 absent vote of the Risk Management & Audit Committee, where such issues as the analysis of the internal control of Almazergienbank, control over the financial and economic activity and the development of risk management system were discussed. The Committee's work based on the functions assigned to it.

THE FOLLOWING ISSUES WERE CONSIDERED AT THE COMMITTEE'S MEETING:

- Statements of work in the field of bank risk management, internal control system, comptroller's reports
- Strategy of the Bank's liquidity management
- Ratification of transactions
- Convocation and holding of the extraordinary General Shareholders Meeting

HR & REMUNERATION COMMITTEE | The HR & Remuneration Committee aims to assist the Supervisory Board with dealing with the business of appointments and remunerations.

The HR & Remuneration Committee acts on the basis of the Regulations on Thematic Committees within the Supervisory Board of JSCB Almazergienbank JSC approved by the Bank's Supervisory Board (Protocol № 19 dated 11.11.2009).

AT 31.12.2013 THE HR & REMUNERATION COMMITTEE INCLUDED:

- Pyotr Alexeev, Chair of the Committee, Member of the Supervisory Board;
- Sergey Mestnikov, Member of the Committee, Chair of the Supervisory Board;

- Nadezhda Kononova, Member of the Committee, Member of the Supervisory Board;
- Andrey Nikolaev, Member of the Committee, Member of the Supervisory Board.

The period under review saw 1 meeting and 1 absent vote of the HR & Remuneration Committee, where staff composition was considered, as well as coordinated approvals of the Regulations on Remunerations of the Supervisory Committee Members enacted from July 01, 2013. The Committee's work based on the functions assigned to it.

STRATEGIC DEVELOPMENT COMMITTEE | The main tasks of the Committee are as follows: identification of short-term and mid-term strategic goals of activity and priorities of development of Almazergienbank and monitoring of their implementation, improvement of activity on strategic management of the Bank's net worth.

The Strategic Development Committee acts on the basis of the Regulations on Thematic Committees within the Supervisory Board of JSCB Almazergienbank JSC approved by the Bank's Supervisory Board (Protocol № 19 dated 11.11.2009).

AT 31.12.2013 THE STRATEGIC DEVELOPMENT COMMITTEE INCLUDED:

- Valery Zhondorov, Finance Minister of the Sakha Republic (Yakutia), elected the Committee's Chair under the proposal of the Bank's majority shareholder Sakha Ministry of Property and Land Relations; he is not a member of the Bank's Supervisory Board.
- Sergey Mestnikov, Member of the Committee, Member of the Supervisory Board;
- Pyotr Alexeev, Member of the Committee, Member of the Supervisory Board;
- Evgeny Chekin, Member of the Committee, Member of the Supervisory Board;
- Alexander Mironov, Member of the Committee, Member of the Supervisory Board.

The year under review saw 2 meetings of the Committee, where the following issues were considered: on the forthcoming increase of the Bank's authorized capital by adding a real estate unit to the authorized capital, review of the preliminary results of the Bank's activity for 2013, as well as of the work plan and budget of JSCB Almazergienbank JSC for the year 2014.

BUSINESS DEVELOPMENT COMMITTEE | There were no meetings of the Business Development Committee in the period under review.

In compliance with Clause 18.9. of the Charter of JSCB Almazergienbank JSC, the Secretary of the Supervisory Board arranges the preparation and holding of the General Shareholders Meeting, Supervisory Board and Committees.

MANAGEMENT BOARD OF JSCB ALMAZERGIENBANK JSC

The Management Board is a collective executive body of Almazergienbank managing the Bank's current activities together with the Bank's Chair of Management Board. The Management Board is accountable to the General Shareholders Meeting and Supervisory Board.

The Management Board acts on the basis of Russian law, Charter of JSCB Almazergienbank JSC and Regulations on the Management Board of JSCB Almazergienbank JSC approved by the General Shareholders Meeting (Protocol №01 dated 28.06.2012).

The Supervisory Board defines the personal composition of the Management Board, elects its members and can terminate their appointment. The members of the Management Board are appointed based on the decision of the Supervisory Board and approval of the nominees by the RF Central Bank. The Management Board's term of appointment cannot exceed five years.

The Management Board manages the Bank's current operations, with the exception of the issues attributed to exclusive competence of the General Shareholders Meeting and Supervisory Board, and arranges the implementation of their decisions. More information on the authority of the Management Board can be found in the Regulations on the Management Board of JSCB Almazergienbank JSC posted on the Bank's website.

ALEXANDER MIRONOV

Chair of the Management Board, Member of the Supervisory Board

He has been working in Almazergienbank since 2003.

Previous positions:

- 15.03.2005–31.12.2013 — Chair of the Management Board, JSCB Almazergienbank JSC.
- 01.01.2005–14.03.2005 — Acting Chair of the Management Board, JSCB Almazergienbank JSC;
- 2003–2004 — First Deputy Chair of the Management Board, JSCB Almazergienbank JSC;

He was born in 1970 in Yakutsk of Yakut ASSR. In 1993 he graduated from Novosibirsk Engineering and Construction Institute with a degree in Industrial and Civil Construction, in 1999 he graduated from Khabarovsk State Academy of Economics and Law with a degree in Finance and Credit.

At 31.12.2013 his share **in the authorized capital** of Almazergienbank makes 0,12 %.

LYUDMILA NIKOLAEVA

First Deputy Chair of the Management Board

She has been working in Almazergienbank since January 2005. Since July 2013 she has been the First Deputy Chair of the Management Board — Head of Corporate Business Department, before July 2013 she was the First Deputy Chair of the Management Board.

Previous positions:

- 2005–2010 — Deputy Chair of the Management Board of JSCB Almazergienbank JSC

She was born in 1969. In 1993 she graduated from Saint-Petersburg University of Economics and Finance with a degree in Finance and Credit.

At 31.12.2013 the share of participation **in the authorized capital** of Almazergienbank makes — 0,3202 %. Anatoly Tabunanov

Deputy Chair of the Management Board

Since October 2010 he has been the Deputy Chair of the Management Board — head of Retail Business Department.

Previous positions:

- 2003–2010 — Head of Automation Department

He was born in 1963. In 1985 he graduated from Yakutsk State University, in 2002 — from Yakutsk Institute of Economics and Law (branch) of the Academy of Labor and Social Relations (Moscow).

At 31.12.2013 the share of participation **in the authorized capital** of Almazergienbank makes — 0,0267 %.

SVETLANA PLATONOVA

Deputy Chair of the Management Board

She has been working in Almazergienbank since 1999. Since July 2013 she has been the Deputy Chair of the Management Board.

Previous positions:

- From July 2004 to July 2013 — Head of Economic Analysis and Planning Department.

She was born in 1965. In 1988 she graduated from Novosibirsk Institute of National Economy.

At 31.12.2013 the share of participation **in the authorized capital** of Almazergienbank makes — 0,0267 %.

NIKOLAY BARAMYGIN

Deputy Chair of the Management Board

He has been working in Almazergienbank since 2008. Since May 2012 he has been the Deputy Chair of the Management Board.

Previous positions:

- From 2008 to May 2012 — Head, International Business and Precious Metals Department
- 2003–2008 — Deputy Minister of Foreign Relations of the Sakha Republic (Yakutia)

He was born in 1964. In 1986 he graduated from Admiral Nevelsky Far Eastern Higher Sea School.

He has no share **in the authorized capital** of Almazergienbank.

SERGEY VASILIEV

Member of the Management Board

He has been working in Almazergienbank since February 2004. Since April 2011 — Member of the Management Board, Chief Accountant of Almazergienbank.

Previous positions:

- From 2004 to February 2011 — Chief Accountant of Mirny supplementary office

He was born in 1980. In 2004 he graduated from Novosibirsk State Academy of Economics and Management.

He has no share **in the authorized capital** of Almazergienbank.

LYUBOV BUSLAEVA

Member of the Management Board

She has been working in Almazergienbank since May 1997. Since 2002 — Member of the Management Board, Head of Customer Service Department.

Previous positions:

- 1997–2002 — Head, Treasury Unit of Almazergienbank

She was born in 1950. In 1973 she graduated from Yakutsk State University, in 1997 she graduated from Saint-Petersburg Professional Development Institute.

At 31.12.2013 the share of participation **in the authorized capital** of Almazergienbank makes — 0,0891 %.

TATIANA KRIVTSOVA

Member of the Management Board

She has been working in Almazergienbank since March 1994, since 2002 she has been the Member of the Management Board, Head of the Bank Operations Management Department.

Previous positions:

- 1993–2002 — Head, Operations Management Department, Ergien CB

She was born in 1955. She graduated from Novosibirsk Institute of Water Transport Engineers.

At 31.12.2013 the share of participation **in the authorized capital** of Almazergienbank makes — 0,0891 %.

REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD AND MANAGEMENT BOARD OF JSCB ALMAZERGIENBANK JSC

Remuneration of the members of the Supervisory Board is defined in compliance with the Regulations on Remunerations and Compensations to the Members of the Supervisory Board of JSCB Almazergienbank JSC (hereinafter referred to as the Regulations), approved by the General Shareholders Meeting of JSCB Almazergienbank JSC (Protocol № 01 dated June 13, 2013) and enacted from July 1, 2013.

According to the Regulations, the final amount of remuneration to the member of the Supervisory Board is defined with account of his/her actual participation in the work as a Member of the Supervisory Board as well as a Member or Chair of the Supervisory Board's Committee.

In compliance with Article 2.4. of the Regulations, those individuals who are prohibited to receive payments from commercial organizations (civil servants) are not remunerated and compensated. Members of the Supervisory Board entitled to receive remuneration for the second half of the year 2013 were charged the remuneration in the amount of RUB 135 248.

According to Article 3.8. of the Regulations, the decision on the payment of remuneration to the members of the Bank's Supervisory Board will be made at the Annual General Shareholders Meeting in June 2014.

The criteria of remuneration payment on the results of the year under review to the management, specialists and clerks are defined based on the financial performances of the Bank in the year under review, payroll and bonuses fund.

The Bank's Chair of the Management Board and Members of the Management Board on the results of 2013 were paid a bonus in compliance with the Regulations on Salary and Motivation of the Employees of JSCB Almazergienbank JSC from and within the funds available at the end of the year, allocated for these purposes in the Bank's budget in the payroll fund.

INTERNAL CONTROL AND AUDIT

Internal control and audit make an integral part of the corporate governance system and one of the most important factors of the Bank's efficient work. The Internal Control Service works in compliance with the Russian legal requirements.

THE SYSTEM OF INTERNAL CONTROL BODIES OF ALMAZERGIENBANK INCLUDES:

- The Bank's management bodies (General Shareholders Meeting, Supervisory Board, Management Board, the Bank's single executive body – Chair of the Management Board)
- Audit Team
- Bank's Chief Accountant (his/her deputies)
- Heads of the Bank's subdivisions in other cities
- Structural subdivisions (responsible staff) of the Bank exercising control in compliance with the authority defined by the Bank's regulations.

The Supervisory Board of Almazergienbank is responsible for proper functioning of the internal control system. There is a Risk Management & Audit Committee within the Board's structure aimed to implement this task.

More information on the Risk Management & Audit Committee's composition and work can be found in the Supervisory Board Section.

In Almazergienbank there is an Audit Team whose main task is to check whether the Bank adheres to all normative acts regulating its activity, internal control and legitimacy of all operations.

The Audit Team is elected at the Bank's Annual General Shareholders Meeting, which defines its number and composition for a period till the next Annual General Shareholders Meeting.

AT THE BANK'S ANNUAL GENERAL SHAREHOLDERS MEETING HELD ON JUNE 13, 2013 THE AUDIT TEAM WAS ELECTED AS FOLLOWS:

- Anna Vasilieva — Head, Department of Property of Office and Amenity Buildings, Financial and Credit Organizations and Insurance Organizations of the Ministry of Property and Land Relations of the Sakha Republic (Yakutia);
- Nadezhda An — Chief Specialist, Department of Budget and Tax Policy and Market Infrastructure of the Ministry of Economics of the Sakha Republic (Yakutia).
- Pavel Oshchepkov — Chief Accountant, Almazy Anabara JSC (principal place of employment), Advisor to General Director, Nizhe-Lenskoye JSC (part-time).

To assist the management bodies in securing the Bank's efficient work, there is an Internal Control System (ICS) in the Bank. The unit monitors the systems of internal control, conducts thematic and integrated checkups as well as provides recommendations on the improvement of the banking activity and control procedures.

THE INTERNAL CONTROL SERVICE'S COMPETENCE IS AS FOLLOWS:

- Checking and assessing the efficiency of the Bank's internal control system
- Checking the functioning of the bank risk management system
- Checking the truthfulness, fullness, fairness of presentation and timeliness of financial and management accounting
- Checking the adequacy and reliability of the system of internal control over the use of automated information systems.

Almazergienbank enlists the services of an independent professional auditing organization — external auditor. In compliance with the applicable law, the auditor is chosen based on the open competitive tender.

Control over the open competitive tender, development of the tender-based recommendations on the candidate to an external auditor is exercised by the Risk Management and Audit Committee.

On the results of the Bank's financial and economic activity the auditor prepares a report submitted to the Risk Management & Audit Committee for a preliminary evaluation. A prepared report is submitted to the Bank's Supervisory Board and is read at the Annual General Shareholders Meeting.

THE FOLLOWING COMPANIES WERE APPROVED AS THE BANK'S AUDITORS IN 2013:

- PricewaterhouseCoopers Audit CC (Moscow)
- Listik & Partners LLC (Chelyabinsk).

PricewaterhouseCoopers CC has been the Bank's IFRS external auditor since 2012.

Listik & Partners LLC has been the Bank's RAS external auditor since 2009.

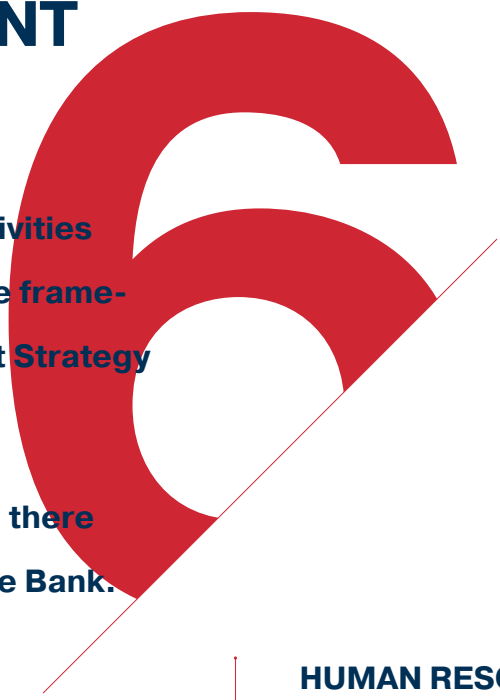
The companies have no property interests in Almazergienbank, except for payment for auditor's services, are not the Bank's or the Board members' affiliates, and do not provide the Bank with consulting services stipulated in Clause 6 of Article 1 of the Federal Law on Auditing.

Almazergienbank sets a high value on the implementation of measures aimed to combatting money laundering and terrorist financing. The Bank's internal documents regulating the activity in this sphere are based on the "know your customer" rule and Russian law. Almazergienbank regularly works on increasing control over the fulfillment of requirements in this area.

SUSTAINABLE DEVELOPMENT

In 2013 the Bank's HR activities were conducted within the frameworks of the Development Strategy adopted in 2011.

As at December 31, 2014, there were 654 employees in the Bank.



HUMAN RESOURCES

The HR Service realizes the importance of timely assessment of personnel training level. Professional tests are organized in the Bank on a regular basis whose results directly impact the personnel decisions and, in the future, are used to develop the programs of personnel development and training.

We aim for effective motivation of our personnel and their orientation to achieving high results by using a balanced approach with account of the obtained results and taken risks. In 2013 we continued working on assessing the performance based on the key efficiency parameters. A system of remunerations and social support is used additionally in order to increase the personnel's interest and loyalty.

Outsourced consultants have researched the satisfaction of the Bank's staff which allowed to identify the problem areas in HR management. In 2014 it is planned to optimize the existing wage system as well as to improve the corporate benefits system.

Great attention was paid to training of the management and staff of business units. Thus, 19 head office employees took part in the practical seminar of the program "Review of the main IFRS principles and concepts for managers" held by PricewaterhouseCoopers Expert. The managers of supplementary offices attended the active sales training of the Russian School of Management. A seminar on effi-

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THE BANK'S TEAM



**As at the end of 2013
the bank's team
includes**

654

PEOPLE



**Almazergienbank is one of the most appealing
employers of Yakutia's banking sector providing
opportunities for professional growth.**



In 2013 great attention was paid
to training of the management
and staff of business units.

cient management system was organized for the members of the Management Board and heads of units to increase the HR management efficiency. A seminar on HR technology “Motivation and Remuneration” was held for the Bank’s Operations Management Department. Two seminars were organized for business analysts on the optimization of the bank’s business processes with the aid of Business Studio.

In the year under review we held the already traditional for the Bank’s corporate life events, such as the interbank Spartakiad and Ysekh national holiday. We support our personnel’s aiming for a healthy lifestyle at the annual sports competition Bankiad-2013 held by the Banking Club of the Sakha Republic (Yakutia). We are proud to note that our team took the honorable 2nd place.

SOCIAL RESPONSIBILITY

JSCB Almazergienbank JSC, being the largest bank of the Sakha Republic (Yakutia) with state participation, makes a great contribution to the implementation of the republic’s projects. The Bank acted as a financial agent of the Sakha Government in the republican projects of housing construction for public sector workers and as an authorized bank in the implementation of the pilot project of the Sakha Republic (Yakutia) — Subprogram on increasing the affordability of the apartment blocks market of the state program of the Sakha Republic (Yakutia) “Provision with quality housing for 2012–2016”, and in 2013 it was by means of competition selected as a financial and credit organization to render the services of opening and maintaining personal accounts for providing subsidies to the participants of the long-term program “Provision the public sector workers with housing for 2013–2017”.

The Bank is successfully implementing the Transport Project of the Sakha Republic (Yakutia) on the introduction of the automated accounting system and cashless payment of fares in the urban and suburban public transport and the Social Project on transferring monthly cash payments and subsidies to the privileged categories of citizens to social cards; small and medium businesses get loans guaranteed by the Small Entrepreneurship Development Fund. Campus Project of M.K. Ammosov North-Eastern Federal University has

WE SUPPORT OUR PERSONNEL'S AIMING FOR A HEALTHY LIFESTYLE.

been worked on since 2012. JSCB Almazergienbank JSC is a socially responsible bank participating in all important social, political, cultural and sports events of different levels. The Bank sponsors socially disadvantaged sections of the community, educational and cultural institutions and sports organizations. In 2013 JSCB Almazergienbank JSC supported the initiative of Yakutia’s Public Chamber on raising funds to support the population which has suffered from flooding. The Bank has secured a centralized collection of funds to the settlement account of Bargary National Fund under the President of the Sakha Republic (Yakutia) for rendering assistance to those affected by the flooding. Also the Bank provided its customers with an opportunity of rendering possible assistance through Your Bank Online Internet service, terminals and ATMs of the Bank. JSCB Almazergienbank JSC made its contribution to Bargary National Fund too. The Bank’s staff didn’t stand aside and transferred part of their wages to Bargary National Fund.

IN 2013 THE BANK SPONSORED ORGANIZATIONS AND POPULATION FOR THE TOTAL OF RUB 27 053 MILLION, INCLUDING SUCH MAJOR DIRECTIONS AS:

- **SPORTS** | (contribution to Bargary National Fund for holding the XIX National Sports Spartakiad; to the Wrestling Federation of the Sakha Republic (Yakutia) for organizing the participation of athletes and coaches in the tournaments of different levels and development of wrestling in the republic; to the Equestrian Federation of the Sakha Republic (Yakutia) for holding the scheduled events on equestrian sports development; Tennis Federation of the Sakha Republic (Yakutia) for preparing the athletes for participation in the Russian tennis tournament; to Gorny District Team for preparing for Manchary Games; for holding a Mas-Wrestling Republican Tournament; aid to athletes for participating in the International Chess Festival, cycling marathon, Swimming Tournament in Memory of Coach Yu.I. Usov, and other)
- **CULTURE** | (within the frameworks of its guardianship activity, the Bank has transferred funds to the Development Fund of the National Arts Museum of the Sakha Republic (Yakutia), Museum and Center of Vargan of the Peoples of the World, State Circus of the Sakha Repub-

lic (Yakutia) for supporting its touring activity; financial assistance was rendered to the State Opera and Ballet Theater of the Sakha Republic (Yakutia) for holding Sterkh All-Russian Classical Ballet Festival, Yaroslavy Yakutsk State Museum of Northern Peoples' History and Culture for publishing a regional study almanac)

- **EDUCATION** | (support of the republic's educational institutions, improvement of facilities, acquisition of equipment, notebooks, exercise machines)
- **HEALTHCARE** | (contributions to Sodeystviye Charity Fund for Prevention and Treatment of Cardiovascular Diseases, to Prazdnik Zhizni Charity Fund for paying for the children's summer holidays; air conditioner, built-in wardrobe and medical wear were bought for the Pediatric Center of the Republican Hospital № 1 National Center of Medicine. Organizing the annual charity action for the children of the Hematology Department of the National Center of Medicine)
- **ASSISTANCE TO VETERANS OF THE GREAT PATRIOTIC WAR, HOME FRONT VETERANS AND DISABLED VETERANS** | (arranging events dedicated to the Victory Day, financial aid to the war veterans, covering the travel expenses of home front and labor veterans and Churapcha relocatees to the places of residence in the North, gasification of a dwelling house for a labor veteran)
- **SUPPORTING MUNICIPAL ENTITIES, PUBLIC ORGANIZATIONS** | (contributions to the Fund for supporting the citizens of the Sakha Republic (Yakutia) who have suffered from flooding and to Tuimaada Ysekh-2013 organizing committee, financial aid to public structures, permanent missions and agencies for organizing different events).

ENVIRONMENT PROTECTION

Ecological policy of Almazergienbank is based on the system of management meeting international standards and is aimed at permanent improvement of environmental protection measures. Each year we increase our investments in environmental protection actions.

The Bank has modern infrastructure on whose correct exploitation depend not only the availability and quality of the entire complex of the Bank's services, quality of personnel training and development, safety and health of our staff and customers, but also the condition of environment.

IN 2013 THE BANK CONTINUED WORKING TO SOLVE THE FOLLOWING TASKS:

- own ecological impact management: acquisition of shredder and arrangements to utilize the bank's activity waste;
- improvement of energy efficiency: replacement of energy-saving bulbs with the LED ones, replacement of windows in the office premises;
- beginning of works to introduce a system of electronic paperwork "Tezis", which will substantially reduce the consumption of paper made of such a valuable resource as wood.

Besides, Almazergienbank has actively participated in the city's action "Personal Example" on collecting garbage in the city's territory.

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SPONSORSHIP AND CHARITY

During
the year
2013 over



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**MILLION
RUBLES**

**of sponsor support were
transferred to Yakutia's
organizations and individuals.**

Almazergienbank is a socially responsible bank participating in all important social, political, cultural and sports events of different levels. The Bank sponsors socially disadvantaged sections of the community, educational and cultural institutions and sports organizations.

APPENDICES



IFRS REPORTING

AUDIT REPORT

To the shareholders and Supervisory Board of the Joint-Stock Commercial Bank Almazergienbank (joint-stock company):

We have audited the attached consolidated financial statements of Joint-Stock Commercial Bank Almazergienbank (joint-stock company) and its subsidiary (hereinafter referred to as “the Group”), which comprise the consolidated statement of financial position as at December 31, 2013 and the consolidated statement of profit and loss and other comprehensive income, statement of changes in equity and cash flows for the year 2013, and a summary of significant accounting policies and other explanatory information.

THE AUDITED ENTITY’S MANAGEMENT RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

| The management of the audited entity bears the responsibility for the preparation of these consolidated financial statements so as to give a true and fair view in accordance with the International Financial Reporting Standards and for such internal control as the management determines is necessary to enable the preparation of con-

solidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS’ RESPONSIBILITY | Our responsibility is to express our opinion regarding the truthfulness of the consolidated financial statements based on our audit. We conducted our audit in accordance with the Russian Federal Auditing Standards and the 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity’s preparation of financial statements that give a true and fair view 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 included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the man-

agement of the audited entity as well as evaluating the overall presentation of the consolidated financial statements.

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

BASIS FOR QUALIFIED OPINION | In accordance with IFRS1 First Time Adoption of International Financial Reporting Standards, when adopting IFRS for the first time for preparing its consolidated financial statements, the Group must apply the accounting policies successively for all accounting periods presented in these consolidated financial statements. In these consolidated financial statements the buildings were given at fair value in accordance with the independent appraiser's evaluation as of December 31,2013 and as of December 31,2012. However, as of December 31,2011 the buildings were given at the historical cost. In the absence of the Group's evaluation of the fair value at the given date we were not able to determine the adjustments required in relation to the building's balance cost and the relevant deferred taxes as of December 31,2011, as well as of the relevant profit or loss from the revaluation and income tax expense for the years ended on December 31,2012 and December 31,2011.

QUALIFIED OPINION | In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view of the financial position of the Group as of December 31,2013, and of its financial performance and cash flows for the year 2013 in accordance with the International Financial Reporting System.

25 April 2014 Moscow,
Russian Federation

E. V. Filippova, General Director (certificate of competence № 01-000195), PricewaterhouseCoopers Audit CC

AUDITED ENTITY:

joint-stock commercial bank Almazergienbank (joint-stock company)

Certificate of state registration № 1031403918138, issued by the Ministry for Taxes and Charges in the Sakha Republic (Yakutia) on July 23, 2003

Certificate of record in the Uniform State Register of Legal Entities № 2131400004019 issued on April 19, 2013

677000, Russian Federation, Sakha Republic (Yakutia), Yakutsk, I Lenin Avenue

INDEPENDENT AUDITOR

PricewaterhouseCoopers Audit CC

Certificate of state registration № 008.890, issued by Moscow Registration Chamber on February 28, 1992

Certificate of record in the Uniform State Register of Legal Entities № 1027700148431. Issued on August 22, 2002

Certificate of membership in the self-regulated organization of auditors NP "Russian Audit Chamber" N9 870.PRNE in the registry of auditors and audit organizations - 10201003683.

**JSCB ALMAZERGIBANK JOINT-STOCK COMPANY GROUP CONSOLIDATED STATEMENT
OF FINANCIAL POSITION**

[In RUB thousand]

	Note.	December 31, 2013	December 31, 2012 (adjusted data)	January 1, 2012 (adjusted data)
ASSETS				
Cash and cash equivalents	7	6 004 425	4 246 299	2 752 001
Securities at fair value through profit or loss	8	492 432	575 872	838 893
Due from other banks	9	3 588	3 339	115 185
Loans and advances to customers	10	12 352 502	10 614 021	8 545 166
Securities available for sale	11	750 707	646 375	784 418
Investment property	12	71 328	95 513	43 981
Fixed assets and intangible assets	13	886 978	778 552	429 364
Deferred tax asset		—	—	22 552
Other financial assets	14	240 169	232 507	291 980
Other assets	15	105 773	83 985	77 442
Prepaid current liabilities on income tax		14 236	8 476	4 474
Non-current assets held for sale	16	17 859	72 153	163 976
TOTAL ASSETS		20 939 997	17 357 092	14 069 432
LIABILITIES				
Due to other banks	17	192 091	28 534	—
Customer deposits	18	18 101 767	14 686 130	12 050 831
Debt securities in issue	19	5 710	29 471	4 000
Deferred tax liability	30	17 658	17 683	—
Reserves for liabilities and allocations	20	36 301	36 301	33 494
Other financial liabilities	21	32 012	52 717	107 469
Liabilities on post-employment benefit	22	51 933	46 879	32 627
Other liabilities	23	137 945	87 164	88 835
Subordinated debt	24	412 000	412 000	312 000
TOTAL LIABILITIES		18 987 417	15 396 879	12 629 256

EQUITY				
Authorized capital	25	1 550 111	1 550 111	1 397 111
Undistributed profit		203 084	165 908	67 515
Fixed assets revaluation reserve		324 005	324 005	—
Investment securities available for sale revaluation reserve		(123 888)	(74 476)	(24 450)
Liabilities on post-employment benefit revaluation reserve		(732)	(5 335)	—
TOTAL EQUITY		1 952 580	1 960 213	1 440 176
TOTAL LIABILITIES AND EQUITY		20 939 997	17 357 092	14 069 432

Approved and signed 25 April, 2014.

Acting Chair of the Management Board

Chief Accountant



Lyudmila Nikolaeva
Sergey Vasiliev

Lyudmila Nikolaeva

Sergey Vasiliev

JSCB ALMAZERGIBANK JOINT-STOCK COMPANY GROUP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

[In RUB thousand]

	Note	2013	2012 (adjusted data)
Interest income	26	1 894 411	1 548 796
Interest expense	26	(916 326)	(684 731)
Net interest income		978 085	864 065
Loan loss provision	10	(195 799)	(180 766)
Net interest income after loan loss provision		782 286	683 299
Fee and commission income	27	346 012	278 255
Fee and commission expense	27	(46 870)	(39 069)
Losses from initial recognition of assets at the rates below the market		(6 717)	—
Losses less gains from operations with securities		(23 009)	(13 729)
(Losses less gains)/gains less losses from operations with financial derivative instruments		11 449	(21 650)
Gains less losses from foreign exchange operations		13 513	11 676
(Losses less gains)/gains less losses from operations with precious metals		(2 940)	12 177
(Losses less gains)/gains less losses from foreign exchange revaluation		(13 997)	3 498
Other operating expense	28	33 411	39 818
Administrative and other operating expense	29	(975 649)	(820 231)
Dividend received		11 129	11 004
Profit before tax		128 618	145 048
Income tax expense	30	(60 211)	(29 843)
PROFIT FOR THE YEAR		68 407	115 205
Other comprehensive income/(loss):			
Items that can be reclassified as profit or loss			
• Losses from revaluation of securities available for sale		(61 712)	(62 532)
• Deferred tax recorded as other comprehensive income		12 300	12 506
Items that will not be reclassified as profit or loss			
• Revaluation of fixed assets	13	—	405 006
• Revaluation of liabilities on post-employment benefit		5 754	(6 669)
• Deferred tax recorded as other comprehensive income	30	(1 151)	(79 667)
Other comprehensive income(loss)/for the year		(44 809)	268 644
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		23 598	383 849

**JSCB ALMAZERGIENBANK JOINT-STOCK COMPANY GROUP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

[in RUB thousand]

	Note	Authorized capital	Share premium	Securities available for sale revaluation reserve	Fixed as sets revaluation reserve	Revaluation of liabilities on post-employment benefit	Retained earnings (Accumulated deficit)	Total equity
Balance as of December 31, 2011 recorded previously		1 221 111	176 000	(24 450)	—	—	74 776	1 447 437
Revision of consolidated financial statements of the year 2012	3	—	—	—	—	—	(7 261)	(7 261)
Adjusted balance as of January 1, 2012		1 221 111	176 000	(24 450)	—	—	67 515	1 440 176
Profit for the year		—	—	—	—	—	115 205	115 205
Other total revenue		—	—	(50 026)	324 005	(5 335)	—	268 644
Total revenue recorded for the year 2012 (adjusted data)		—	—	(50 026)	324 005	(5 335)	115 205	383 849
Issue of shares	25	153 000	—	—	—	—	—	153 000
Dividend stated	31	—	—	—	—	—	(16 812)	(16 812)
Balance as of December 31, 2012 (adjusted data)		1 374 111	176 000	(74 476)	324 005	(5 335)	165 908	1 960 213
Profit for the year		—	—	—	—	—	68 407	68 407
Other total revenue		—	—	(49 412)	—	4 603	—	(44 809)
Total revenue recorded for the year 2013		—	—	(49 412)	—	4 603	68 407	23 598
Dividend stated	31	—	—	—	—	—	(31 231)	(31 231)
Balance as of December 31, 2013		1 374 111	176 000	(123 888)	324 005	(732)	203 084	1 952 580

**JSCB ALMAZERGIBANK JOINT-STOCK COMPANY GROUP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

[in RUB thousand]

Net reduction of cash and cash equivalents	Note	2013	2012
Cash flows from operating activities			
Interest received		1 849 359	1 452 713
Interest paid		(851 525)	(619 469)
Commission received		346 969	274 505
Commission paid		(40 725)	(32 925)
Expense from operations with securities at fair value through profit or loss		(15 359)	(18 919)
Income from operations with financial derivative instruments		(9 101)	4 711
Income from foreign exchange operations		13 513	11 676
Income from operations with precious metals		19 746	9 476
Other received operating income		17 019	35 485
Paid staff expense		(525 293)	(445 232)
Paid administrative and other operating expense		(360 682)	(305 821)
Paid income tax		(54 847)	(60 773)
Cash from operating activities before changes in operating assets and liabilities		389 074	305 427
Net reduction/(increase) by:			
• mandatory reserves with the Central Bank accounts		(35 571)	(24 403)
• securities at fair value through profit or loss		112 860	266 682
• due from other banks		(249)	111 649
• loans and advances to customers		(1 915 546)	(2 134 564)
• other assets		(19 781)	31 961
• non-current assets held for sale		51 127	91 823
Net increase/(reduction) by:			
• due to other banks		163 557	28 534
• customer deposits		3 320 393	2 685 037
• debt securities in issue		(23 300)	25 460
• other liabilities		9 687	(68 288)
Net cash from operating activities		2 052 251	1 319 318

Cash from investing activities			
Net cash (used)/from operations with investment securities available for sale		(175 501)	61 926
Acquisition of fixed assets	13	(170 301)	(46 947)
Income from sale of fixed assets and investment property		50 673	22 716
Dividends received		11 129	11 004
Acquisition of investment property	12	(27 923)	(22 624)
Net cash (used in)/from investing activities		(311 923)	26 075
Cash from financial activities			
Issue of common shares	25	—	153 000
Dividends paid	31	(31 231)	(16 811)
Net cash (used in)/from financial activities		(31 231)	136 189
Effect of exchange rate changes on cash and cash equivalents		13 458	(11 687)
Net reduction of cash and cash equivalents		1 722 555	1 469 895
Cash and cash equivalents at the beginning of the year (exclusive of mandatory reserves with the RF CB)	7	4 081 546	2 611 651
Cash and cash equivalents at the end of the year (exclusive of mandatory reserves with the RF CB)	7	5 804 101	4 081 546

RAS REPORTING

AUDIT REPORT

on the accounting (financial) statements of the Joint-Stock Commercial Bank Almazergienbank regarding the results of work in the year 2013

To the shareholders of the Joint-Stock Commercial Bank Almazergienbank

AUDITED ENTITY

Full name: Joint-Stock Commercial Bank Almazergienbank Joint-Stock Company.

Abbreviated name: JSCB Almazergienbank JSC.

Location: 677000, Russia, Sakha Republic (Yakutia), Yakutsk, 1 Lenin Avenue.

Primary State Registration Number 1031403918138 dated 23.07.03. Certificate of State Registration dated 23.07.03 series 14 number 000957185.

Date of registration by the Central Bank of the Russian Federation: 06.12.93. Registration number: 2602.

In 2013 the Bank conducted banking operations based on the following licenses issued by the Bank of Russia:

- General license dated 27.08.12 № 2602 for conducting banking operations;
- license dated 31.01.06 № 2602 for attracting to deposits and placement of precious metals.

AUDITOR

Name: Listik & Partners Limited Liability Company (Listik & Partners LLC).

Location: 454091, Russia, Chelyabinsk, 6-B Pushkin Street.

Primary State Registration Number 1027402317920.

Listik & Partners LLC is a member of the Noncommercial Partnership "Russian Audit Chamber" (№ 689 in NCP RAC registrar). PRNE 10201002985.

ACCOUNTING REPORT | We have audited the attached accounting (financial) statements of the Joint-Stock Commercial Bank Almazergienbank (herein after referred to as the Bank), which comprise:

- balance sheet (disclosure form) at January 1, 2014;
- income statement (disclosure form) for 2013;
- statement of capital adequacy level, doubtful loans provision and other assets (disclosure form) at January 1, 2014;
- information on statutory ratios (disclosure form) at January 1, 2014;
- statement of cash flows (disclosure form) for 2013;
- explanatory notes.

In addition to the accounting (financial) statements for 2013, we have audited whether the Joint-Stock Commercial Bank Almazergienbank complies with the statutory ratios established by the Bank of Russia as well as the quality of the financial organization's management and the internal control status at the Joint-Stock Commercial Bank Almazergienbank.

THE AUDITED ENTITY'S RESPONSIBILITY FOR THE ACCOUNTING STATEMENTS

| The management of Joint-Stock Commercial Bank Almazergienbank bears the responsibility for the preparation of these accounting statements so as to give a true and fair view in accordance with the Russian regulations and for such internal control as the management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The management of the Joint-Stock Commercial Bank Almazergienbank also bears the responsibility for the compliance with the statutory ratio established by the Bank of Russia and for the quality of the credit organization's management.

RESPONSIBILITY OF THE AUDITOR

| Our responsibility is to express our opinion regarding the truthfulness of the accounting statements based on our audit. We conducted the audit in accordance with:

- Federal rules (standards) of auditing approved by the orders of the RF Ministry for Finance;

- Federal rules (standards) of auditing approved by the RF Government Resolution;
- Other rules (standards) of auditing applicable by the Russian Federation's legislation;
- Internal rules (standards) of the professional Non-commercial partnership "Russian Audit Chamber";
- Internal rules (standards) of auditing of Listik & Partners Limited Liability Company.

Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the accounting statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounting statements. The procedures selected depend on the auditor's professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of accounting statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management of the audited entity as well as evaluating the overall presentation of the accounting statements.

We have audited the compliance with the statutory ratios established by the Bank of Russia and the quality of the Bank's management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the authenticity of the accounting statements.

OPINION | In our opinion, the attached accounting statements give a true and fair view of the financial position of the Joint-Stock Commercial Bank Almazergienbank as of December 31, 2013 and of its financial performance and cash flow for the year 2013 in accordance with the established accounting standards.

REPORT IN COMPLIANCE WITH THE FEDERAL LAW ON BANKS AND BANKING ACTIVITY DATED

02.12.90 № 395-1 | We believe that in the year 2013 the Joint-Stock Commercial Bank Almazergienbank complied with the statutory ratios established by the Bank of Russia; the quality of management of the Joint-Stock Commercial Bank Almazergienbank meets the goals and objectives of its work; the system of internal control of the Joint-Stock Commercial Bank Almazergienbank matches the scale and nature of its activity in 2013.

April 14, 2014

Director, Listik & Partners LLC (auditor's certificate of competence № 01-000215, issued by the order of SRO NCP RAC dated 28.11.11 № 28, for an indefinite term, PRNE 20801027823)

D.A. Lukyanov

Head of audit (auditor's certificate of competence №01-000414, issued by the order of SRO NCP RAC dated 23.01.12 № 01, for an indefinite term, PRNE21101009556)

G.I. Gaifulina



OCATO code	Code of credit organization (branch)			
	OCPO code	Primary state registration number	Registration number (serial number)	BIC code
98	31452865	1031403918138	2602	049805770

BALANCE SHEET

(disclosure form)
as of January 1, 2014

Credit organization: Joint-Stock Commercial Bank Almazergienbank Joint-Stock Company (JSCB Almazergienbank JSC)
Postal address 677000, Sakha Republic (Yakutia), Yakutsk, 1 Lenin Avenue

OCUD form code 0409806
Quarterly (Annual)
[RUB thousand]

Line number	Article	Data at the balance sheet date	Data at the corresponding balance sheet day of the last year
1	2	3	4
I. ASSETS			
1	Cash	1 438 830	1 105 675
2	Credit organizations' resources with the Central Bank of the Russian Federation	2 049 626	1 659 124
2.1	Mandatory reserves	200 324	164 753
3	Due from credit organizations	566 163	227 946
4	Financial assets at fair value through profit or loss	492 432	578 916
5	Net lending receivables	14 317 311	11 778 950
6	Net investment in securities and other financial assets available for sale	617 971	589 404
6.1	Investment in subsidiary and related organizations	30 000	30 000
7	Net investment in securities held to maturity	176 518	80 366
8	Fixed capital, intangible assets and tangible assets	923 700	826 129
9	Other assets	204 173	281 909
10	Total assets	20 786 724	17 128 419
II. LIABILITIES			
11	Credits, deposits and other resources of the Central Bank of the Russian Federation	0	0
12	Due to other credit organizations	192 091	28 534
13	Resources of nonbank customers	17 917 028	14 960 077
13.1	Customer deposits	12 288 096	10 187 465
14	Financial liabilities at fair value through profit or loss	0	0
15	Debt securities in issue	5 710	29 460
16	Other liabilities	673 923	208 608
17	Provisions for possible losses on conditional credit liabilities, other possible losses and operations with off-shore residents	24 398	14 009
18	Total liabilities	18 813 150	15 240 688

III. SHAREHOLDERS' EQUITY			
19	Shareholders' (members) funds	1 122 943	1 122 943
20	Own stocks (shares), purchased from shareholders (members)	0	0
21	Share premium	176 000	176 000
22	Reserve funds	244 118	110 764
23	Revaluation at fair value of securities available for sale	- 134 948	- 97 502
24	Revaluation of fixed capital	400 241	401 033
25	Retained profit (uncovered loss) of previous years	10 698	18 336
26	Unutilized profit (loss) for the period under review	154 522	156 157
27	Total shareholders' equity	1 973 574	1 887 731

IV. OFF-BALANCE SHEET LIABILITIES			
28	Irrevocable liabilities of the credit organization	1 474 656	1678 477
29	Guarantees and warranties issued by the credit organization	625 591	555 805
30	Conditional noncredit liabilities	85	11 893

Acting Chair of the Management Board

Chief Accountant



Lyudmila Nikolaeva
Sergey Vasiliev

Lyudmila Nikolaeva

Sergey Vasiliev

OCATO code	Code of credit organization (branch)			
	OCPO code	Primary state registration number	Registration number (serial number)	BIC code
98	31452865	1031403918138	2602	049805770

INCOME STATEMENT

(disclosure form)
for the year 2013

Credit organization Joint-Stock Commercial Bank Almazergienbank Joint-Stock Company (JSCB Almazergienbank JSC)
Postal address 677000, Sakha Republic (Yakutia), Yakutsk, 1 Lenin Avenue

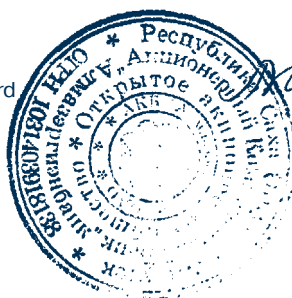
OCUD form code 0409807
Quarterly (Annual)
[RUB thousand]

Line number	Article	Data at the balance sheet date	Data at the corresponding balance sheet day of the last year
1	2	3	4
1	Interest income, total, including:	1 917 221	1 588 401
1.1	• Due from credit organizations	92 837	92 088
1.2	• Loans to customers (non-credit organizations)	1 750 525	1 398 459
1.3	• Financial leasing	0	0
1.4	• Investment in securities	73 859	97 854
2	Interest expense, total, including:	920 982	684 733
2.1	• Due to credit organizations	8 281	680
2.2	• Due to customers (non-credit organizations)	909 674	684 017
2.3	• Debt securities issued	3 027	36
3	Net interest income (negative interest margin)	996 239	903 668
4	Change in provisions for possible losses on loans, loan and similar debts, funds placed in correspondent accounts and on charged interest income, total, including:	- 189 119	- 191 951
4.1	• Change in provisions for possible losses on charged interest income	- 8 351	- 41 335
5	Net interest income (negative interest margin) after provisions for possible losses	807 120	711 717
6	Net income from operations with securities measured at fair value through profit or loss	- 12 463	- 13 093
7	Net income from operations with securities available for sale	- 1 172	6 663
8	Net income from operations with securities held to maturity	- 1	- 2 903
9	Net income from operations with foreign currency	19 864	20 449
10	Net income for foreign currency revaluation	- 13 997	3 498
11	Income from participation in other companies' equity	11 129	11 004
12	Commission income	340 749	267 506
13	Commission expenses	46 870	39 069
14	Change in provisions for possible losses on securities available for sale	- 3 880	- 918
15	Change in provisions for possible losses on securities held to maturity	0	0
16	Change in provisions for other losses	21 563	8 531

17	Other operating income	193 181	182 828
18	Net income (expense)	1 315 223	1 156 213
19	Operating expense	1 068 340	908 689
20	Profit (loss) before taxation	246 883	247 524
21	Accrued (paid) taxes	92 361	91 367
22	Profit (loss) after taxation	154 522	156 157
23	Payments from profit after taxation, total, including:	0	0
23.1	• Distribution among shareholders (members) as dividends	0	0
23.2	• Allocations to form and replenish reserves	0	0
24	Unused profit (loss) for the reporting period	154 522	156 157

Acting Chair of the Management Board

Chief Accountant



Lyudmila Nikolaeva

Lyudmila Nikolaeva

Sergey Vasiliev

Sergey Vasiliev

OCATO code	Code of credit organization (branch)			
	OCPO code	Primary state registration number	Registration number (serial number)	BIC code
98	31452865	1031403918138	2602	049805770

**STATEMENT OF CAPITAL ADEQUACY,
AMOUNT OF PROVISIONS FOR DOUBTFUL LOANS
AND OTHER ASSETS**

(disclosure form)
as of January 1, 2014

Credit organization Joint-Stock Commercial Bank Almazergienbank Joint-Stock Company (JSCB Almazergienbank JSC)

OCUD form code 0409808

Postal address 677000, Sakha Republic (Yakutia), Yakutsk, 1 Lenin Aveue

Quarterly (Annual)

Line number	Index name	Opening data	Increase (+) / reduction (-) in the accounting period	Data at the balance sheet date
1	2	3	4	5
1	Own funds (capital), (RUB thousand), total, including:	2 130 143	34 577	2 164 720
1.1	• Share capital of the credit organization, including:	1 122 943	0	1 122 943
1.1.1	• Nominal value of registered common stocks (shares)	1 122 943	0	1 122 943
1.1.2	• Nominal value of registered preferred stocks	0	0	0
1.2	• Own stocks (shares), purchased from shareholders (members)	0	0	0
1.3	• Share premium	176 000	0	176 000
1.4	• Reserve fund of the credit organization	110 764	133 354	244 118
1.5	• Financial result of activity taken into account in equity (capital):	58 603	- 48 185	10 418
1.5.1	• of previous years	18 336	- 7 638	10 698
1.5.2	• of the reporting year	40 267	- 40 547	- 280
1.6	• Intangible assets	0	0	0
1.7	• Subordinated credit (loan, deposit, bond issue)	290 800	- 49 800	241 000
1.8	• Sources (part of sources) of supplementary capital, for the formation of which investors used inappropriate assets	0	0	0
2	Required ratio of own funds (capital) adequacy, (percent)	10,0	X	10,0
3	Actual ratio of own funds (capital) adequacy, (percent)	13,8	X	12,1
4	Actual provisions for losses (RUB thousand), total, including:	820 098	135 688	955 786

4.1	• loans, loan and similar debt obligations	681 416	166 955	848 371
4.2	• other assets exposed to loss risk and other losses	124 673	- 41 656	83 017
4.3	• conditional loan liabilities reflected on off-balance accounts and futures	14 009	10 389	24 398
4.4	• transactions with off-shore residents	0	0	0

FOR REFERENCE:

1. Creation (supplementing) of provisions for possible losses on loans, loan and similar debt in the reporting period (RUR thousand)
 - total 1 509 763
 - including due to:
 - 1.1. granting loans 907 137
 - 1.2. change in loan types 514 483
 - 1.3. change of the official rate of foreign currency against RUB set by the Bank of Russia 1 580
 - 1.4. other reasons 86 563
2. Recovery (reduction) of provisions for possible losses on loans, loan and similar debt in the reporting period (RUR thousand),
 - total 1 342 808
 - including due to:
 - 2.1. writing-off bad loans 11 415
 - 2.2. loans repayment. 483 305
 - 2.3. change in loan types 750 396
 - 2.4. change of the official rate of foreign currency against RUB set by the Bank of Russia 14
 - 2.5. other reasons 97 678

Acting Chair of the Management Board
Chief Accountant



Lyudmila Nikolaeva
Sergey Vasiliev

Lyudmila Nikolaeva
Sergey Vasiliev

OCATO code	Code of credit organization (branch)			
	OCPO code	Primary state registration number	Registration number (serial number)	BIC code
98	31452865	1031403918138	2602	049805770

INFORMATION ON STATUTORY RATIOS

(disclosure form)
as of January 1, 2014

Credit organization Joint-Stock Commercial Bank Almazergienbank Joint-Stock Company (JSCB Almazergienbank JSC)

OCUD form code 0409813

Postal address 677000, Sakha Republic (Yakutia), Yakutsk, 1 Lenin Avenue

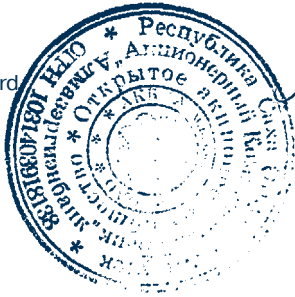
Annual

[in percent]

Line number	Ratio name	Statutory value	Actual value			
			at the balance sheet date	at the previous balance sheet date		
1	2	3	4	5		
1	Ratio of the bank's capital adequacy (H1)	Minimum 10	12,1	13,8		
2	Ratio of capital adequacy of nonbank credit organization entitled to transfer cash without bank account opening and to related banking operations (H1.1)					
3	Ratio of the bank's quick liquidity (H2)	Minimum 15	95,6	80,3		
4	Ratio of the bank's current liquidity (H3)	Minimum 50	96,2	90,3		
5	Ratio of the bank's long-term liquidity (H4)	Maximum 120	76,7	73,0		
6	Ratio of maximum risk per loaner or group of related loaners (H6)	Maximum 25	Max.	21,3	Max.	16,6
			Min.	1,0	Min.	0,2
7	Ratio of maximum large credit risks (H7)	Maximum 800	226,9	225,0		
8	Ratio of maximum loans, bank guarantees and warranties given by the bank to its members (shareholders) (H9.1)	Maximum 50	0,0	2,7		
9	Ratio of aggregate risk on the bank's insiders (H10.1)	Maximum 3	2,1	1,8		
10	Ratio of the bank's own funds (capital) use to purchase stocks (shares) of other legal entities (H12)	Maximum 25	0,9	1,2		
11	Ratio of proportion of liquid assets with 30 calendar days maturity to the NCSA liabilities (H15)					
12	Ratio of capital adequacy of nonbank credit organization entitled to transfer cash without bank account opening and to related banking operations (H15.1)					

13	Ratio of maximum aggregate loans to customers – settlement participants at settlement completion (H16)
14	Ratio of granting NCSA on its behalf and at its expense credits to loaners, excluding customers – settlement participants (H16.1)
15	Ratio of minimum proportion of mortgage collateral and volume of mortgage collateral bond issue (H18)

Acting Chair of the Management Board
Chief Accountant



Миссис
Василиев

Lyudmila Nikolaeva
Sergey Vasiliev

OCATO code	Code of credit organization (branch)			
	OCPO code	Primary state registration number	Registration number (serial number)	BIC code
98	31452865	1031403918138	2602	049805770

STATEMENT OF CASH FLOWS

(disclosure form)
for the year 2013

Credit organization Joint-Stock Commercial Bank Almazergienbank Joint-Stock Company (JSCB Almazergienbank JSC)
Postal address 677000, Sakha Republic (Yakutia), Yakutsk, 1 Lenin Avenue

OCUD form code 0409814
Annual
[RUB thousand]

Line number	Articles	Cash flows for the reporting period	Cash flows for the previous reporting period
1	2	3	4
1	Net cash received from (used in) operating activity		
1.1	• Cash received from (used in) operating activity before changes in operating assets and liabilities, total, including:	541 684	350 015
1.1.1	• Interest received	1 886 454	1 521 991
1.1.2	• Interest paid	-760 177	- 620 865
1.1.3	• Commission received	336 864	267 047
1.1.4	• Commission paid	-46 163	- 38 932
1.1.5	• Gains less losses from financial assets at fair value through profit and loss, available for sale	-10 407	- 17 758
1.1.6	• Gains less losses from securities held to maturity	-1	- 2 903
1.1.7	• Gains less losses from foreign currency	19 864	20 449
1.1.8	• Other operating income	193 879	188 833
1.1.9	• Operating expenses	-1 016 776	- 870 846
1.1.10	• Income tax expense (recovery)	-61 853	- 97 001
1.2	• Increase (reduction) of net cash from operating assets and liabilities, total, including:	852 577	1 152 204
1.2.1	• Net increase (reduction) on mandatory reserves with the Bank of Russia	-35 571	- 24 403
1.2.2	• Net increase (reduction) on investment in securities at fair value through profit or loss	84 351	266 682
1.2.3	• Net increase (reduction) on loan indebtedness	-2 736 347	- 1 951 367
1.2.4	• Net increase (reduction) on other assets	199 418	184 879
1.2.5	• Net increase (reduction) on loans, credits and other resources of the Bank of Russia	0	0
1.2.6	• Net increase (reduction) on other credit organizations' resources	163 557	28 534

1.2.7	• Net increase (reduction) on noncredit customers' resources	2 926 219	2 678 976
1.2.8	• Net increase (reduction) on financial liabilities at fair value through profit or loss	0	0
1.2.9	• Net increase (reduction) on debt securities in issue	-23 342	25 921
1.2.10	• Net increase (reduction) on other liabilities	274 292	- 57 017
1.3	• Total Part 1 (Art. 1.1 + Art. 1.2)	1 394 261	1 502 219
2	Net cash received from (used in) investment activity		
2.1	• Acquisition of securities and other financial assets referred to the category "available for sale"	-252 385	- 332 126
2.2	• Revenues from sales and redemption of securities and other financial assets referred to the category "available for sale"	176 241	401 586
2.3	• Acquisition of securities referred to the category "held to maturity"	-97 743	- 562
2.4	• Revenues from maturity of financial assets referred to the category "held to maturity"	4 025	3 850
2.5	• Acquisition of fixed assets, intangible assets and tangible assets	-272 426	- 273 060
2.6	• Revenues from sales of fixed assets, intangible assets and tangible assets	90 908	112 978
2.7	• Dividends received	275	0
2.8	• Total Part 2 (total lines 2.1 to 2.7)	-351 105	- 87 334
3	Net cash received from (used in) financial activity		
3.1	• Shareholders' (members') contributions to share capital	0	153 000
3.2	• Acquisition of own stocks (shares) purchased from shareholders (members)	0	0
3.3	• Sale of own stocks (shares) purchased from shareholders (members)	0	0
3.4	• Dividends paid	-31 231	- 16 811
3.5	• Total Part 3 (total lines 3.1 to 3.4)	-31 231	136 189
4	Influence of changes in the official rate of foreign currency against RUR set by the Bank of Russia on cash and cash equivalents	13 459	- 12 889
5	Increase (use) of cash and cash equivalents	1 025 384	1 538 185
5.1	• Opening cash and cash equivalents	2 827 992	1 289 807
5.2	• Closing cash and cash equivalents	3 853 377	2 827 992

Acting Chair of the Management Board

Chief Accountant



M. Nikolaeva
S. Vasiliev

Lyudmila Nikolaeva

Sergey Vasiliev

INFORMATION ON TRANSACTIONS REQUIRING APPROVAL

INTERESTED PARTY TRANSACTIONS | Transactions with organizations in whose capital the bank's founders have over 20 percent of voting shares refer to the interested party transactions. In 2013 the Bank made 20 interested party transactions requiring approval totaling RUB 919 667 874,8.

THE BANK'S CONTACTS AND REQUISITES

FULL NAME:

Joint-Stock Commercial Bank Almazergienbank
Joint-Stock Company

ABBREVIATED NAME

JSCB Almazergienbank JSC

LOCATION:

677000, Russian Federation, Sakha Republic
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CONTACT PERSON:

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BIC 049805770

Correspondent account 30101810300000000770

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of the SR (Y) of Yakutsk

KPP (Industrial Enterprise Classification Code) 143501001

OKPO (All-Russian Classifier of Enterprises and Organiza-
tions) 31452865

OKONH (All-Russian Classifier of Economy Branches) 96120