AS "PrivatBank"

Separate and Consolidated Financial Statements

for the year ended 31 December 2010

CONTENTS

Consolidated and Bank Statement of Comprehensive Income	3
Consolidated and Bank Statement of Financial Position	4-5
Consolidated and Bank Statement of Cash Flows	6
Consolidated and Bank Statement of Changes in Shareholders' Equity	7

CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	Note	Group 2010 '000 EUR	Bank 2010 '000 EUR	Group 2009 '000 EUR	Bank 2009 '000 EUR
Interest income	4	13 186	12 392	12 228	12 264
Interest expense	4	(14 172)	(14 172)	(9 136)	(9 169)
Net interest income		**(986)**	**(1 780)**	**3 092**	**3 095**
Fee and commission income	5	5 666	6 582	3 758	3 758
Fee and commission expense	6	(849)	(849)	(882)	(869)
Net fee and commission income		**4 817**	**5 733**	**2 876**	**2 889**
Net gain on financial instruments at fair value through profit or loss		-	-	6	6
Net foreign exchange income	7	5 442	5 468	3 725	3 722
Other income/(expenses)		269	(192)	541	(235)
Operating income		**9 542**	**9 229**	**10 240**	**9 477**
Impairment losses	8	(15 568)	(15 198)	(22 525)	(20 395)
General administrative expenses	9	(9 441)	(8 971)	(10 136)	(9 633)
Profit/(loss) before income tax		**(15 467)**	**(14 940)**	**(22 421)**	**(20 551)**
Income tax (expense)/benefit	10	121	26	(37)	14
Loss for the year		**(15 346)**	**(14 914)**	**(22 458)**	**(20 537)**
Total comprehensive loss for the year		**(15 346)**	**(14 914)**	**(22 458)**	**(20 537)**

The accompanying notes on pages 14 to 91 form an integral part of these Consolidated and Bank financial statements.

The Consolidated and Bank financial statements as set out on pages 9 to 91 were approved by the Management Board and Supervisory Council on 18 March 2011.

Deputy Chairman of the Council
Viktor Samarin

Chairman of the Board
Oleksandr Trubakov

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

	Note	Group 2010 '000 EUR	Bank 2010 '000 EUR	Group 2009 '000 EUR	Bank 2009 '000 EUR
ASSETS					
Cash and balances with the Bank of Latvia	11	47 386	47 386	14 162	14 162
Financial instruments at fair value through profit or loss	13	293	295	425	425
Loans and receivables from banks	12	182 553	182 553	115 200	115 200
Loans and receivables from customers	14	122 203	139 140	117 896	123 749
Available-for-sale assets	15	40	40	100	40
Held-to-maturity assets	16	6 057	6 057	-	-
Investments in subsidiaries	17	-	34	-	20
Property and equipment	18	12 585	12 530	1 641	1 524
Intangible assets	19	196	152	202	159
Deferred tax asset	27	201	11	57	-
Prepaid income tax		100	70	91	55
Other assets	20	18 769	4 118	7 392	2 664
Total Assets		**390 383**	**392 386**	**257 166**	**257 998**

The accompanying notes on pages 14 to 91 form an integral part of these Consolidated and Bank financial statements.

The Consolidated and Bank financial statements as set out on pages 9 to 91 were approved by the Management Board and Supervisory Council on 18 March 2011.

Deputy Chairman of the Council
Viktor Samarin

Chairman of the Board
Oleksandr Trubakov

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

LIABILITIES	Note	Group 2010 '000 EUR	Bank 2010 '000 EUR	Group 2009 '000 EUR	Bank 2009 '000 EUR
Financial instruments at fair value through profit or loss	13	1	3	30	30
Deposits and balances from banks	21	14 900	14 900	22 876	22 876
Current accounts and deposits from customers	22	321 966	322 658	190 659	190 857
Provisions	23	515	484	615	472
Mortgage bonds	24	7 009	7 009	16 039	16 039
Subordinated loans	25	9 896	9 896	9 045	9 045
Deferred tax liability	27			41	41
Other liabilities	26	10 000	9 630	5 212	4 711
Total Liabilities		**364 287**	**364 580**	**244 517**	**244 071**
Share capital	28	57 584	57 584	28 791	28 791
Other reserves	28	5 398	5 398	5 398	5 398
Retained earnings/ (accumulated losses)		(36 886)	(35 176)	(21 540)	(20 262)
Total Shareholders' Equity		**26 096**	**27 806**	**12 649**	**13 927**
Total Liabilities and Shareholders' Equity		**390 383**	**392 386**	**257 166**	**257 998**
Commitments and Contingencies	32	3 176	3 176	3 052	3 052

The accompanying notes on pages 14 to 91 form an integral part of these Consolidated and Bank financial statements.

The Consolidated and Bank financial statements as set out on pages 9 to 91 were approved by the Management Board and Supervisory Council on 18 March 2011.

Deputy Chairman of the Council
Viktor Samarin

Chairman of the Board
Oleksandr Trubakov

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

	Note	Group 2010 '000 EUR	Bank 2010 '000 EUR	Group 2009 '000 EUR	Bank 2009 '000 EUR
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before income tax		(15 468)	(14 940)	(22 421)	(20 551)
Amortization and depreciation		676	627	842	761
Impairment losses (recoveries)		15 568	15 198	21 387	20 395
Foreign exchange (net)		851	851	-	-
Loan write offs		(1 643)	(1 614)	-	-
Increase/(decrease) in cash and cash equivalents before changes in assets and liabilities, as a result of ordinary operations		**(16)**	**122**	**(192)**	**605**
(Increase)/decrease in balances due from banks		6 619	6 619	(29 485)	(29 485)
(Increase)/decrease in loans and advances to non-banking customers and receivables		(18 231)	(28 975)	24 532	20 810
Decrease in assets available-for-sale investments		60	-	18	18
(Increase)/decrease in financial assets held-for-trading		132	131	(1 070)	(1 070)
(Increase)/decrease in other assets		(11 309)	(1 384)	(1 507)	1 313
Increase/(decrease) in balances due to banks		7 072	7 072	(10 058)	(10 058)
Increase/(decrease) in balances due to customers		131 307	131 802	(5 908)	(6 069)
Increase/(decrease) in deferred income and accrued expenses		-	-	-	(57)
Increase/(decrease) in financial liabilities held-for-trading		(28)	(27)	-	-
Increase in other liabilities		4 649	4 890	4 007	3 438
Increase in cash and cash equivalents from operating activities before corporate income tax		**120 255**	**120 250**	**(19 663)**	**(20 555)**
Corporate income tax paid		(100)	(70)	(138)	(33)
Net cash and cash equivalents from/(used in) operating activities		**120 155**	**120 180**	**(19 801)**	**(20 588)**
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment and intangibles		(11 679)	(11 647)	(976)	(185)
Proceeds from sale of subsidiaries net cash disposed of		-	-	1	(3)
Proceeds from sale of property and equipment		64	21	6	6
Purchase of equity investments in other entities and acquisition of subsidiaries		-	(14)	-	-
Purchase held-to-maturity-assets		(6 057)	(6 057)	-	-
Increase in cash and cash equivalents from investing activities		**(17 672)**	**(17 697)**	**(969)**	**(182)**
CASH FLOW FROM FINANCING ACTIVITIES					
Repayment of debt securities		(9 030)	(9 030)	(4 952)	(4 952)
Proceeds from share issue		28 792	28 792	13 638	13 638
Increase in subordinated loans		-	-	9 045	9 045
Increase in cash and cash equivalents from financing activities		**19 762**	**19 762**	**17 731**	**17 731**
Net cash flow for the year		**122 245**	**122 245**	**(3 039)**	**(3 039)**
Cash and cash equivalents at the beginning of the year		**38 203**	**38 203**	**41 242**	**41 242**
Cash and cash equivalents at the end of the year	29	**160 448**	**160 448**	**38 203**	**38 203**

The accompanying notes on pages 14 to 91 form an integral part of these Consolidated and Bank financial statements.

The Consolidated and Bank financial statements as set out on pages 9 to 91 were approved by the Management Board and Supervisory Council on 18 March 2011.

Deputy Chairman of the Council
Viktor Samarin

Chairman of the Board
Oleksandr Trubakov

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Attributable to equity holders of the Group			
	Share capital '000 EUR	Other reserves '000 EUR	Retained earnings/ (accumulated losses) '000 EUR	Total equity '000 EUR
Balance at 1 January 2009	**15 153**	**5 335**	**981**	**21 469**
Total comprehensive income				
Loss for the year	-	-	(22 458)	(22 458)
Transactions with shareholders, recorded directly in equity				
Increase in share capital	13 638	-	-	13 638
Transfer between reserves	-	63	(63)	-
Balance at 31 December 2009	**28 791**	**5 398**	**(21 540)**	**12 649**
Total comprehensive income				
Loss for the year	-	-	(15 346)	(15 346)
Transactions with shareholders, recorded directly in equity				
Increase in share capital	28 793	-	-	28 793
Balance at 31 December 2010	**57 584**	**5 398**	**(36 886)**	**26 096**

	Attributable to equity holders of the Bank			
	Share capital '000 EUR	Other reserves '000 EUR	Retained earnings/ (accumulated losses) '000 EUR	Total equity '000 EUR
Balance at 1 January 2009	**15 153**	**5 335**	**338**	**20 826**
Total comprehensive income				
Loss for the year	-	-	(20 537)	(20 537)
Transactions with shareholders, recorded directly in equity				
Increase in share capital	13 638	-	-	13 638
Transfer between reserves	-	63	(63)	-
Balance at 31 December 2009	**28 791**	**5 398**	**(20 262)**	**13 927**
Total comprehensive income				
Loss for the year	-	-	(14 914)	(14 914)
Transactions with shareholders, recorded directly in equity				
Increase in share capital	28 793	-	-	28 793
Balance at 31 December 2010	**57 584**	**5 398**	**(35 176)**	**27 806**

The accompanying notes on pages 14 to 91 form an integral part of these Consolidated and Bank financial statements.

The Consolidated and Bank financial statements as set out on pages 9 to 91 were approved by the Management Board and Supervisory Council on 18 March 2011.

Deputy Chairman of the Council
Viktor Samarin

Chairman of the Board
Oleksandr Trubakov