OPEN JOINT STOCK COMPANY ATABANK

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(in Azerbaijan Manats, unless otherwise indicated)

1. ORGANIZATION

Open Joint Stock Company AtaBank (the "Bank") is a Joint-Stock Bank, which was incorporated in the Republic of Azerbaijan in 1993. The Bank is regulated by the Central Bank of the Republic of Azerbaijan (the "CBAR") and conducts its business under general license number 176. The Bank's primary business consists of commercial activities, origination loans and guarantees, and trading with foreign currencies. The Bank had 20 branches and 1 service points in Azerbaijan as at December 31, 2011 (December 31, 2010: 19 branches and 2 service points).

The registered office of the Bank is located at 102, S. Badalbayli Street, Baku AZ 1014, the Republic of Azerbaijan.

As at December 31, 2011 and 2010, the following shareholders owned the issued share capital of the Bank:

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>December 31, 2011, %</th>
<th>December 31, 2010, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>“AtaHolding” Open Joint Stock Company</td>
<td>76.0</td>
<td>76.0</td>
</tr>
<tr>
<td>Mr. Ashraf Kamilov</td>
<td>15.9</td>
<td>15.9</td>
</tr>
<tr>
<td>Mr. Mahir Rafiyev</td>
<td>8.1</td>
<td>8.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

These financial statements were authorized for issue on April 25, 2012 by the Management Board.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") except for certain buildings stated at amortised cost of AZN 8,548,363 (December 31, 2010: AZN 8,742,235) which have not been revalued under International Accounting Standard ("IAS") 16 "Property, plant and equipment" as at December 31, 2011.

Other basis of presentation criteria

These financial statements have been prepared on the assumption that the Bank is a going concern and will continue in operation for the foreseeable future.

These financial statements are presented in Azerbaijan Manats ("AZN"), unless otherwise indicated. These financial statements have been prepared on the historical cost basis except for buildings that are measured at revalued amounts, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The Bank is registered in the Republic of Azerbaijan and maintains its accounting records in accordance with local accounting practices. These financial statements have been prepared from the statutory accounting records and have been adjusted to conform to IFRS.

The Bank presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the statement of financial position date (current) and more than 12 months after the statement of financial position date (non—current) is presented in Note 32.