



Independent Auditor's Report

To the Board of Directors and Shareholders of XacBank LLC

The accompanying summarised financial statements (comprising statement of financial position and statement of changes in comprehensive income) have been derived from the financial statements of XacBank LLC (the "Bank") for the year ended 31 December 2010 prepared in accordance with International Financial Reporting Standards. These summarised financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on whether these summarised financial statements are consistent, in all material respects, with the financial statements from which they were derived.

We have audited the financial statements of the Bank for the year ended 31 December 2010, from which these summarised financial statements were derived, in accordance with International Standards on Auditing (or refer to relevant national standards or practices). In our report dated 22 April 2011 we expressed an unqualified opinion on the financial statements from which the summarised financial statements were derived.

In our opinion, the accompanying summarised financial statements are consistent, in all material respects, with the financial statements from which they were derived.

For a better understanding of the Bank's financial position and the results of its operations for the period and of the scope of our audit, the summarised financial statements should be read in conjunction with the financial statements from which the summarised financial statements were derived and our audit report thereon.

Signed by:


Bayarmaa Davaa
Executive Director
PricewaterhouseCoopers Audit LLC

Approved by:


Carolyn Clarke
Partner

22 April 2011
Ulaanbaatar, Mongolia

XacBank LLC
Statement of Financial Position

<i>In thousands of Mongolian Tugriks</i>	Note	31 December 2010	31 December 2009 (restated)	1 January 2009 (restated)
Assets				
Cash and cash equivalents	7	92,537,762	72,309,165	31,541,849
Mandatory reserve with BOM	8	9,780,500	6,834,900	3,655,500
Due from other banks	9	19,438,657	20,641,544	4,031,663
Loans and advances to customers	10	321,690,771	193,963,327	148,644,479
Investment securities available for sale	11	23,300	3,191,051	518,666
Investment in associates	12	411,380	269,269	-
Intangible assets	13	3,526,039	2,845,516	2,023,990
Property and equipment	14	16,645,842	15,194,630	12,462,885
Deferred income tax asset	27	309,547	127,704	143,413
Current income tax prepayment		-	297,574	-
Other assets	15	4,219,678	3,065,717	4,095,404
Total assets		468,583,476	318,740,397	207,117,849
Liabilities				
Due to other banks	16	32,482,270	22,067,565	5,269,224
Customer accounts	17	237,193,052	127,401,676	77,060,479
Other borrowed funds	18	146,274,827	130,490,468	97,087,964
Current income tax liability		116,847	-	278,758
Other liabilities	19	3,495,320	1,089,189	761,262
Repurchase agreements		-	-	1,701,174
Deferred grants	20	303,609	384,055	102,157
Subordinated debt	21	14,103,479	8,813,103	3,707,110
Total liabilities		433,969,404	290,246,056	185,968,128
Equity				
Share capital	22	13,290,651	13,290,651	10,947,830
Share premium	22	5,252,103	5,252,103	2,594,922
Other reserves		10,531,368	8,353,389	5,185,768
Retained earnings		5,539,950	1,598,198	2,421,201
Total equity		34,614,072	28,494,341	21,149,721
Total liabilities and equity		468,583,476	318,740,397	207,117,849

Approved for issue and signed on behalf of the Board of Directors on 22 April 2011.

Bat-Ochir Dugersuren
 Chief Executive Officer



Delgerjargal Bayanjargal
 Chief Financial Officer

Delgerjargal Bayanjargal

XacBank LLC
Statement of Comprehensive Income

<i>In thousands of Mongolian Tugriks</i>	Note	2010	2009 (restated)
Interest income	23	57,585,452	40,463,148
Interest expense	23	(30,845,098)	(21,111,773)
Net interest income		26,740,354	19,351,375
Provision for loan impairment	10	(1,259,675)	(1,629,524)
Net interest income after provision for loan impairment		25,480,679	17,721,851
Fee and commission income	24	1,044,197	853,268
Fee and commission expense	24	(284,846)	(263,939)
Gains from sale of associate	12	353,144	-
Foreign exchange gains/(losses), net	25	1,033,971	(1,579,451)
Provision for other assets	15	(284,823)	(51,634)
Grant income	20	316,879	320,678
Grant expenses	20	(316,879)	(320,678)
Other operating income		246,844	298,103
Administrative and other operating expenses	26	(19,224,864)	(14,273,836)
Profit before tax		8,364,302	2,704,362
Income tax expense	27	(1,862,868)	(359,744)
Profit for the year		6,501,434	2,344,618
Total comprehensive income for the year		6,501,434	2,344,618