

INDEPENDENT AUDIT REPORT

Based on the results of the audit of the annual financial reporting and annual reporting data of the Credit Union "Ukrainska Providna" for 2011

1. To the Head of the Managing board of the CU "Ukrainska Providna"

Private enterprise "Audit company "Natalia Aksyonova – audit" – in the capacity of an independent auditor has conducted the audit of comprehensive package of the financial reports of the Credit Union "Ukrainska Providna" for 2011 that includes:

- Annex №1 – Annual financial reporting of the Credit Union "Ukrainska Providna", Makariv for 2011 that is compiled of:

- Balance sheet;
- Report on financial results;
- Report on cash flow;
- Report on equity capital;
- Comments on the annual financial reporting.

- Annex №2 – Annual reporting data of the Credit Union "Ukrainska Providna", Makariv for 2011, as compiled of:

- General information about the Credit Union;
- Reporting data on financial activities of the Credit Union;
- Reporting data on the composition of the assets and liabilities of the Credit Union;
- Reporting data on income and expenses of the Credit Union;
- Calculations of the necessary amount of reserves for provision of losses on bad credits;
- Reporting data on credit activities of the Credit Union;
- Reporting data on funds attracted from legal entities.

Responsibility of the Management

The Head of the Managing Board of CU "Ukrainska Providna" bears responsibility for preparation and truthful presentation of the information:

- in the annual financial reporting for 2011 in accordance with recognized conceptual basis of financial reporting, in particular law of Ukraine "On Bookkeeping and Financial Reporting in Ukraine" with changes and amendments, Regulations (Standards) of Bookkeeping with changes and amendments.

Order of the State Committee on Regulation of the Financial Services' Markets No 177 from 25/12/2003 with changes and amendments;

- in annual reporting data for 2011 in correspondence with the requirements of the Decree of the State Committee on Regulation of the Financial Services' Markets No 177 from 25/12/2003 "On Approval of the Order of Preparation and Submission of the Reporting by Credit Unions and Associations of Credit Unions to the State Committee on Regulation of the Financial Services' Markets" (with changes and amendments) and other regulatory documents on the basis of which the reporting is compiled;

Responsibility of the Head of the Managing Board covers development, implementation and usage of the internal control as to the preparation and truthful presentation of the information in financial reports and reporting data, which do not contain substantial misrepresentation of information in the result of fraud or mistakes; selection and usage of relevant accounting policy and submission of accounting evaluations, relevant for current situation.

Auditor's responsibility

Our responsibility includes provision of the conclusion as to the annual financial reporting and annual reporting data of the CU "Ukrainska Providna" for 2011 on the basis of the results of our audit check. We've conducted this audit check in correspondence with the requirements of the Law of Ukraine "On Auditing Activities" with changes and amendments, International Auditing Standards, acting in Ukraine, taking into account Methodological recommendations as to the format of the Audit Conclusions on the results of the auditing of the annual financial reporting and annual reporting data of a credit union or incorporated credit union, approved by the Order of State Committee on Financial Services No 5202 from 27/12/2005.

These procedural standards require us to keep to ethical principles, and also planning and carrying out of audit check for receiving sufficient confidence that financial reporting and annual reporting data do not contain substantial misrepresentation of information.

Audit foresees fulfillment of audit procedures for the purpose of receiving audit proofs as to the amounts and disclosures in financial reporting and reporting data which are submitted to the State Committee on Financial Services. Procedures are selected on auditor's discretion. Such procedures include also risks evaluation of substantial misrepresentation of financial reporting and reporting data in the result of fraud or mistakes. Carrying out evaluation of these risks the auditor reviews measures of internal control related to the preparation and truthful presentation of financial reporting and reporting data with the aim of elaboration of auditing procedures in correspondence with the circumstances, but not with aim of evaluation of efficiency of internal control of CU "Ukrainska Providna".

Audit also includes the evaluation of the relevance of the selected accounting policy, acceptability of the accounting estimates made by the management and general presentation of the financial reporting and reporting data. We consider that we've received sufficient and relevant auditing proofs for presentation of our opinion.

Conclusion

To our opinion financial reporting and reporting data provided in the Annexes 1 and 2 to this auditing conclusion provide truthful information in all important aspects on the financial status of the Credit Union "Ukrainska Providna" and also on the results of its activities, own capital flow and cash flow in accordance with the normative requirements as to organization of the accounting and reporting in Ukraine.

Other responsibilities in accordance with:

- Methodological recommendations as to the format of the auditor's conclusion on the results of auditing of the annual financial reporting and annual reporting data of the credit union or incorporated credit union approved by the Order of the State Committee on Financial Services No 5202 from 27/12/2005.

Essential information about the Auditor

PE "Auditing Company "Natalia Aksyonova – Audit"

Certificate of Record in the Registrar of the Auditing Companies and Auditors No 3241, validity term – prolonged by the Decision of the Auditing Chamber of Ukraine No 195/3 from 30 October 2008 till 30 October 2013.

Partner of the task – Aksyonova Nataliya Valeryivna

Auditor's Certificate №005390, series A from 26/06/2003, prolonged by the Decision of the Auditing Chamber of Ukraine No 190/3 from 22 May 2008 till 26 June 2013.

Certificate of Record in the Registrar of Auditors which can carry out audit checks of the financial institutions №000024, series A from 24/05/2004, validity term of the certificate is prolonged by the

Decision of the State Committee on Financial Services No 1099 from 11 September 2008 till 26 June 2013.

Number of employees of the auditing company immediately involved in the audit checks is 4 people.

Information about the terms of the agreement

Agreement No 1/11/11-64 from 1 November 2011.

Audit check was conducted for the period from 01/01/2011 to 31/12/2011.

Date of the beginning of the audit – 12 January 2012.

Date of completion of the audit – 31 March 2012.

Essential information about the Credit Union

EDRPOU Code (National State Registry of Ukrainian Enterprises and Organizations)	24594270		
Full name of the Credit Union	Credit Union "Ukrainska Providna"		
Type of economic activity in accordance with KVED (Classification of Types of Economic Activities)	65.22.0 Provision of credit		
Territory in accordance with KOATUU (Classifier of Objects of administrative-territorial system of Ukraine)	3222755100		
Location	9, B. Khmelnitskogo str, Makariv, Makariv Region, Kyiv Oblast		
Date of introduction of changes to the statutory documents	10/11/2011		
Date of state registration	11/11/1996		
Code of financial institution	14		
Date of record in the Registrar of Financial Institutions	20/07/2004		
Registration number in the Registrar of Financial Institutions	14100642		
Requisites of the Certificate of Financial Institution	KCN№400		
Number of separated departments	4		
Licenses for carrying out activities	Series, Number	Date of issue	Validity term
License "Activity of the credit union on attraction of the deposits from the members of the credit union"	AB № 391984	22/12/2008	18/12/2008 - 18/12/2011
License "Activity of the credit union on provision of financial credits at the expense of attracted funds, besides deposits of the members of the Credit Union"	AB №399792	22/12/2008	18/12/2008 - 18/12/2011
Head of the Managing Board	Chernysh Oleg Mykhailovych		
Chief Accountant	Leshenko Lyudmyla Olegivna		

Bank details:			
Account number	MFO	Name of the Bank	City
2650667232	300175	"SEB-Bank"	Kyiv

Key type of activities in accordance with the statutory documents

Credit Union:

- a) takes admission fees and obligatory equity and other contributions from the members of the union;
- b) provides credits to its members on the conditions of payment of interest, definite period of provision and provision of collateral in cash and in kind. Farming enterprises and private enterprises can receive credits on behalf of the members of the credit union having liabilities to them. Size of the credit provided to one member of the credit union cannot exceed 20% of the capital of the Credit Union;
- c) attracts contributions from its members on contractual basis to the deposit accounts both in cash and cash free. Liabilities of the credit union to one of its members cannot exceed 10% of total liabilities of the credit union;
- d) acts as guarantor of the fulfillment of the member's obligations to the third parties;
- e) in case of participation in united credit union pays equity and other contributions to the united credit union;
- f) places temporarily free resources at the deposit accounts in banks, which are licensed for the work with the deposits from the citizens, in united credit union, and also buys government securities, the list of which is stipulated by the State Commission on Regulation of the Financial Services Markets (hereinafter State Committee on Financial Services) and also shares of the banks;
- g) attracts on contractual terms bank credits, credits from united credit union, resources from other companies and organisations including for providing credits to its members, if other is not stipulated by the decision of the State Committee on Financial Services. Total amount of attracted resources, including credits, should not exceed 50 % of the value of all liabilities and the capital of the credit union for the moment of attraction;
- h) provides credits to other credit unions, if not stipulated otherwise by the decision of State Committee on Financial Services;
- i) acts as member of payment systems;
- j) pays, by power of attorney, on behalf of its members the cost of goods, works and services in the limits of credit provided to them;
- k) carries out charity activities at the expense of the resources from the funds specially created for these purposes.

In the course of the audit check we have not found the proofs which would indicate the existence of the substantial ambiguity as to the ability of the Credit union to continue its activities on continuous basis.

Implemented form of accounting is adequate to the peculiarities and scale of its activities, organisational structure. Organisation of accounting system corresponds to the requirements of Ukrainian legislation on Accounting and financial reporting.

Internal control measures implemented by the Managing Board are adequate. Overall, activities of the credit union correspond to the legislative requirements. Data, used by the management of the credit union for calculation of the financial norms of the activities of the credit union corresponds with the accounting data. Reserve for covering expenses for the bad credits is formed adequately to the credit risks.

We have not found proofs indicating the existence of the overdue liabilities on payments to the members of the credit union.

Credit policy of the union implemented by the management of the credit union is careful.

Annual reporting data of CU "Ukrainska Providna" is compiled on the basis of the accounting data in accordance with the Order "On Compiling and Submission of Reports by Credit Unions and United Credit Unions" approved by the Resolution of State Committee on Financial Services No 177 from 25/12/2003 with changes and amendments on the results of the operations from 01/01/2011 to 31/12/2011.

We have not found proofs of inappropriateness of disclosing information about the state of the credit portfolio and liabilities of the credit union by the management of the credit union in reporting data and in financial reporting.

Director
PE "AC "NAKS - Audit" Aksyonova Natalia Valeriivna
Thirty first of March two thousand and twelve
Apt. 6, 10 Bluhera str. 04128 Kyiv