

**PRIMSOTS BANK**  
**Summarised Financial Statements**  
**and**  
**Auditor's Report on Summarised Financial Statements**  
**31 December 2008**

**Primsots Bank**  
**Financial Statements and Auditor's Report**

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Auditor's Report

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**Primsots Bank**  
**Financial Statements and Auditors' Report**

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**AUDITOR'S REPORT**

***To the Management and the Board of Directors of Primsots Bank:***

We have audited the financial statements of Primsots Bank ("the Bank") for the year ended 31 December 2008, from which the summarised financial statements were derived in accordance with International Standards on Auditing. In our report dated 12 May 2009 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 full understanding of the Bank's financial position and the result 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.

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Vladivostok, 690003  
Russian Federation

OOO Moore Stephens

12 May 2009

**Primsots Bank**  
**Balance Sheet as at 31 December 2008**  
*(in thousands of Russian Roubles)*

	<b>2008</b>	<b>2007</b>
<b>Assets</b>		
Cash and cash equivalents	2,660,354	1,564,033
Mandatory balances with Central Bank of the Russian Federation ('CBRF')	13,595	127,086
Due from banks	423,758	850,470
Financial assets at fair value through profit or loss	268,510	267,979
Financial assets available for sale	20	24
Investment securities held to maturity	170,312	-
Loans and advances to customers	6,283,993	7,084,048
Accrued interest income and other assets	190,609	126,217
Investment in finance lease	2,289	-
Deferred tax asset	23,551	19,443
Premises and equipment	294,961	221,917
<b>Total assets</b>	<b>10,331,952</b>	<b>10,261,217</b>
<b>Liabilities and equity</b>		
Due to banks	551,189	539,204
Derivative financial instruments	3,300	-
Customer accounts	7,964,026	8,338,845
Promissory notes	171,954	82,307
Other borrowed funds	404,866	291,401
Accrued interest expense and other liabilities	127,652	143,161
Obligations under finance lease	398	3,936
<b>Total liabilities</b>	<b>9,223,385</b>	<b>9,398,854</b>
<b>Equity</b>		
Share capital	169,333	169,333
Share premium	254,127	254,127
Accumulated profit and other reserves	685,107	438,903
<b>Total equity</b>	<b>1,108,567</b>	<b>862,363</b>
<b>Total liabilities and equity</b>	<b>10,331,952</b>	<b>10,261,217</b>
<b>Total credit related commitments</b>	<b>1,583,803</b>	<b>1,638,006</b>

Approved on 12 May 2009

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D.B. Yarovoy, President

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L.V. Barinova, Chief Accountant

**Primsots Bank**  
**Statement of Income for the Year Ended 31 December 2008**  
*(in thousands of Russian Roubles)*

	<u>2008</u>	<u>2007</u>
Interest income	1,535,522	1,104,207
Interest expense	<u>(497,041)</u>	<u>(363,683)</u>
<b>Net interest income</b>	1,038,481	740,524
Movement in allowance for impairment on loans and advances	<u>(334,022)</u>	<u>(230,882)</u>
<b>Net interest income after allowance for impairment</b>	<b>704,459</b>	<b>509,642</b>
Net losses arising from securities	(6,038)	(346)
Gains less losses arising from dealing in foreign currencies	244,770	117,997
Net foreign exchange translation gains	2,503	7,042
Net fee and commission income	557,283	487,964
Gains arising from sales of mortgage loans	25,109	23,998
Other operating income	<u>62,088</u>	<u>50,929</u>
<b>Operating income</b>	<b>1,590,174</b>	<b>1,197,226</b>
Operating expenses	(1,220,219)	(863,832)
Value received on debt securities at below commercial rates	6,899	68
Value transfer on loans at below commercial rates	<u>(11,351)</u>	<u>(3,004)</u>
<b>Profit before taxation</b>	<b>365,503</b>	<b>330,458</b>
Taxation	<u>(119,299)</u>	<u>(103,790)</u>
<b>Net profit for the year</b>	<b><u>246,204</u></b>	<b><u>226,668</u></b>

**Primsots Bank**  
**Statement of Cash Flows for the Year Ended 31 December 2008**  
*(in thousands of Russian Roubles)*

	<b>2008</b>	<b>2007</b>
<b>Cash flows from operating activities</b>		
Interest received	1,503,289	1,068,089
Interest paid	(506,608)	(363,425)
Net gains arising from dealing in securities	13,742	20,826
Income received from dealing in foreign currencies	244,770	117,997
Net fees and commissions received	556,987	490,522
Net gains arising from sales of mortgage loans	25,109	23,998
Other operating income received	61,869	50,916
Operating expenses paid	(1,125,587)	(807,284)
Income tax paid	(123,407)	(100,117)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>652,373</b>	<b>501,522</b>
<b>Net cash changes in operating assets and liabilities</b>		
Net decrease / (increase) in mandatory cash balances with the CBRF	113,491	(45,168)
Net increase in financial assets at fair value through profit or loss	(175,684)	(174,523)
Net decrease in financial assets available for sale	4	6
Net decrease / (increase) in due from banks	426,712	(581,078)
Net decrease / (increase) in loans and advances to customers	383,703	(3,420,705)
Net increase in due to other banks	11,985	324,554
Net (decrease) / increase in customer accounts	(374,819)	3,900,114
Net increase in promissory notes issued	91,326	29,990
Net change in other assets and liabilities	(82,472)	(44,116)
<b>Net cash generated by operating activities</b>	<b>1,046,619</b>	<b>490,596</b>
<b>Cash flows from investing activities</b>		
Purchase of premises and equipment	(63,689)	(185,505)
Proceeds from sale of fixed assets	251	212
Finance lease income received	711	-
<b>Net cash used in investing activities</b>	<b>(62,727)</b>	<b>(185,293)</b>
<b>Cash flows from financing activities</b>		
Issue of shares	-	296,460
Dividends paid	-	(40,005)
Reduction in obligations under finance lease	(3,539)	(4,063)
Other borrowed funds received	203,465	99,136
Other borrowed funds paid	(90,000)	(150,000)
<b>Net cash generated by financing activities</b>	<b>109,926</b>	<b>201,528</b>
<b>Effect of changes in exchange rate</b>	<b>2,503</b>	<b>7,042</b>
<b>Net change in cash and cash equivalents</b>	<b>1,096,321</b>	<b>513,873</b>
<b>Cash and cash equivalents, beginning of the year</b>	<b>1,564,033</b>	<b>1,050,160</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>2,660,354</b>	<b>1,564,033</b>

**Primsots Bank**  
**Notes to the Financial Statements - 31 December 2008**  
*(in thousands of Russian Roubles)*

	Share Capital	Share premium	Accumulated profit and other reserves	Total equity
<b>1 January 2007</b>	<b>127,000</b>	-	<b>252,240</b>	<b>379,240</b>
Issue of shares	42,333	254,127	-	296,460
Net profit	-	-	226,668	226,668
Dividends	-	-	(40,005)	(40,005)
<b>31 December 2007</b>	<b>169,333</b>	<b>254,127</b>	<b>438,903</b>	<b>862,363</b>
Net profit	-	-	246,204	246,204
<b>31 December 2008</b>	<b>169,333</b>	<b>254,127</b>	<b>685,107</b>	<b>1,108,567</b>