

**PRIMSOTS BANK**

**Summarized Financial Statements  
and  
Auditors Report on Summarized Financial Statements**

**31 December 2006**

**Primsots Bank**  
**Report on Summarised Financial Statements**

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## **Contents**

Auditors' Report

Balance Sheet

Statement of Income

Statement of Cash Flows

Statement of Changes in Shareholders' Equity

1

2

3

4

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

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**AUDITORS' 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 December 31, 2006, from which the summarized financial statements were derived, in accordance with International Standards on Auditing. In our report dated 18 May 2007 we expressed an unqualified opinion on the financial statements from which the summarized financial statements were derived.

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

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

St. Paul's House  
Warwick Lane,  
London, EC4M 7BP, U.K.

Moore Stephens CIS Ltd

30 July 2007

**Primsots Bank**  
**Balance Sheet as at 31 December 2006**  
*(in thousands of Russian Roubles)*

|   | <u>2006</u>             | <u>2005</u>             |
|---|-------------------------|-------------------------|
| <b>Assets</b>   |                         |                         |
| Cash and cash equivalents   | 1,050,160               | 854,984                 |
| Mandatory cash balances with Central Bank of the Russian Federation | 81,918                  | 62,686                  |
| Securities  | 93,506                  | 12                      |
| Due from banks  | 269,392                 | 40,296                  |
| Loans and advances to customers                                     | 3,889,375               | 2,253,264               |
| Deferred tax asset  | 19,428                  | -                       |
| Accrued interest income and other assets                            | 80,563                  | 79,550                  |
| Premises and equipment  | 67,782                  | 37,962                  |
| <b>Total assets</b>   | <b><u>5,552,124</u></b> | <b><u>3,328,754</u></b> |
| <b>Liabilities and shareholders' equity</b>                         |                         |                         |
| Due to other banks  | 214,650                 | 1,671                   |
| Customer accounts   | 4,438,731               | 2,714,481               |
| Bills of exchange   | 51,672                  | 88,846                  |
| Other borrowed funds  | 342,265                 | 130,659                 |
| Accrued interest expense and other liabilities                      | 117,566                 | 61,273                  |
| Liability for finance lease   | 8,000                   | -                       |
| Deferred tax liability  | -                       | 2,423                   |
| <b>Total liabilities</b>  | <b><u>5,172,884</u></b> | <b><u>2,999,353</u></b> |
| <b>Shareholders' equity</b>   |                         |                         |
| Share capital   | 127,000                 | 127,000                 |
| Accumulated profit and other reserves                               | 252,240                 | 202,401                 |
| <b>Total shareholders' equity</b>                                   | <b><u>379,240</u></b>   | <b><u>329,401</u></b>   |
| <b>Total liabilities and shareholders' equity</b>                   | <b><u>5,552,124</u></b> | <b><u>3,328,754</u></b> |
| <b>Total credit related commitments</b>                             | <b><u>231,997</u></b>   | <b><u>194,428</u></b>   |

Approved on behalf of the Board on 18 May 2007

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D.B. Yarovoy, President

\_\_\_\_\_  
L.V. Barinova, Chief Accountant

**Primsots Bank**  
**Statement of Income for the Year Ended 31 December 2006**  
*(in thousands of Russian Roubles)*

|   | <u>2006</u>          | <u>2005</u>           |
|---|----------------------|-----------------------|
| Interest income   | 691,083              | 371,310               |
| Interest expense  | <u>(221,039)</u>     | <u>(92,170)</u>       |
| <b>Net interest income</b>  | 470,044              | 279,140               |
| Net allowance for impairment on loans and advances                | <u>(198,966)</u>     | <u>(5,810)</u>        |
| <b>Net interest income after allowances for impairment losses</b> | <b>271,078</b>       | <b>273,330</b>        |
| Gains less losses arising from securities                         | (256)                | 553                   |
| Gains less losses arising from dealing in foreign currencies      | 62,666               | 39,975                |
| Net foreign exchange translation gains/(losses)                   | (1,836)              | 100                   |
| Net fee and commission income                                     | 292,077              | 178,508               |
| Other operating income  | <u>36,355</u>        | <u>15,801</u>         |
| <b>Operating income</b>   | <b>660,084</b>       | <b>508,267</b>        |
| Operating expenses  | (554,643)            | (321,542)             |
| Value received on debt securities at below commercial rates       | 1,166                | 941                   |
| Value transfer on loans at below commercial rates                 | <u>(11,338)</u>      | <u>(808)</u>          |
| <b>Profit before taxation</b>                                     | <b>95,269</b>        | <b>186,858</b>        |
| Taxation  | <u>(29,555)</u>      | <u>(44,583)</u>       |
| <b>Net profit for the year</b>                                    | <b><u>65,714</u></b> | <b><u>142,275</u></b> |

**Primsots Bank**  
**Statement of Cash Flows for the Year Ended 31 December 2006**  
*(in thousands of Russian Roubles)*

|  | <b>2006</b>      | <b>2005</b>     |
|--|------------------|-----------------|
| <b>Cash flows from operating activities</b>  |                  |                 |
| Interest received on loans   | 679,712          | 326,440         |
| Interest paid  | (177,687)        | (83,630)        |
| Net gains arising from dealing in securities   | 1,500            | 3,136           |
| Income received from dealing in foreign currencies   | 62,666           | 39,975          |
| Net fees and commissions received  | 289,869          | 206,520         |
| Other operating income received  | 35,665           | 15,966          |
| Operating expenses paid  | (516,976)        | (286,216)       |
| Income tax paid  | (51,406)         | (32,627)        |
| <b>Cash flows from operating activities before changes in operating assets and liabilities</b>     | <b>323,343</b>   | <b>189,564</b>  |
| <b>Net cash increase/(decrease) from changes in operating assets and liabilities</b>               |                  |                 |
| Net (increase)/decrease in mandatory cash balances with the Central Bank of the Russian Federation | (19,232)         | (28,446)        |
| Net decrease/(increase) in securities  | (93,474)         | 37,221          |
| Net decrease/(increase) in due from banks  | (229,096)        | 24,678          |
| Net increase in loans and advances to customers  | (1,843,659)      | (1,255,589)     |
| Net increase/(decrease) in due to other banks  | 212,979          | 1,591           |
| Net increase in customer accounts  | 1,724,250        | 1,329,418       |
| Net (decrease)/increase in bills of exchange   | (36,888)         | (53,610)        |
| Net change in other assets and liabilities   | 6,698            | (36,195)        |
| <b>Net cash generated by operating activities</b>  | <b>44,921</b>    | <b>208,632</b>  |
| <b>Cash flows from investing activities</b>  |                  |                 |
| Purchase of premises and equipment   | (41,043)         | (18,294)        |
| Proceeds from sale of fixed assets   | 29               | -               |
| <b>Net cash used in investing activities</b>   | <b>(41,014)</b>  | <b>(18,294)</b> |
| <b>Cash flows from financing activities</b>  |                  |                 |
| Issue of shares  | -                | 50,000          |
| Dividends paid   | (15,875)         | -               |
| Reduction in finance lease liability   | (2,626)          | -               |
| Other borrowed funds received  | 211,606          | 130,410         |
| <b>Net cash received from financing activities</b>   | <b>193,105</b>   | <b>180,410</b>  |
| <b>Effect of changes in exchange rate</b>  | <b>(1,836)</b>   | <b>100</b>      |
| <b>Net change in cash and cash equivalents</b>   | <b>195,176</b>   | <b>370,848</b>  |
| Cash and cash equivalents at the beginning of the year   | 854,984          | 484,136         |
| <b>Cash and cash equivalents at the end of the year</b>  | <b>1,050,160</b> | <b>854,984</b>  |

Non-cash transactions: the bank acquired RUR 10,625 under finance lease terms

**Primsots Bank**  
**Statement of Changes in Shareholders' Equity for the Year Ended 31 December 2006**  
*(in thousands of Russian Roubles)*

|                                    | <u>Share<br/>Capital</u> | <u>Accumulated<br/>profit and<br/>other<br/>reserves</u> | <u>Total<br/>Shareholders'<br/>equity</u> |
|------------------------------------|--------------------------|--|---|
| <b>Balance at 1 January 2005</b>   | <u>77,000</u>            | <u>60,126</u>  | <u>137,126</u>                            |
| Issue of shares                    | 50,000                   | -  | 50,000                                    |
| Net profit                         | -                        | 142,275  | 142,275                                   |
| <b>Balance at 1 January 2006</b>   | <u>127,000</u>           | <u>202,401</u>   | <u>329,401</u>                            |
| Net profit                         | -                        | 65,714   | 65,714                                    |
| Dividends                          | -                        | (15,875)   | (15,875)                                  |
| <b>Balance at 31 December 2006</b> | <u>127,000</u>           | <u>252,240</u>   | <u>379,240</u>                            |