

PRIMSOTS BANK
Summarised Financial Statements
and
Auditor's Report on Summarised Financial Statements
31 December 2010

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

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 2010, from which the summarised financial statements were derived in accordance with International Standards on Auditing. In our report dated 13 May 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 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

13 May 2011

Primsots Bank
Statement of Financial Position as at 31 December 2010
(in thousands of Russian Roubles)

| | 2010 | 2009 |
|---|--------------------------|--------------------------|
| Assets | | |
| Cash and cash equivalents | 2,930,369 | 2,941,166 |
| Mandatory cash balances with the CBRF | 117,130 | 81,021 |
| Financial assets at fair value through profit or loss | 985,831 | 802,583 |
| Due from other banks | 1,343,242 | 1,585,749 |
| Financial assets available for sale | 523,181 | 20 |
| Investment securities held to maturity | 1,264,929 | 536,179 |
| Loans and advances to customers | 9,627,058 | 6,011,733 |
| Investment in finance lease | 45,793 | 77,361 |
| Investment property | 354,559 | 360,489 |
| Premises and equipment | 393,845 | 271,353 |
| Other assets | 216,015 | 233,867 |
| Total assets | <u>17,801,952</u> | <u>12,901,521</u> |
| Liabilities and equity | | |
| Due to other banks | 88,503 | 171,777 |
| Derivative financial instruments | 133 | 3 |
| Customer accounts | 15,480,591 | 10,856,684 |
| Debt securities in issue | 279,439 | 86,705 |
| Other borrowed funds | 103,130 | 239,443 |
| Deferred tax liability | 20,600 | 20,293 |
| Other liabilities | 123,790 | 113,250 |
| Total liabilities | <u>16,096,186</u> | <u>11,488,155</u> |
| Equity | | |
| Share capital | 203,200 | 169,333 |
| Share premium | 254,127 | 254,127 |
| Revaluation of financial assets available for sale | 7,822 | - |
| Retained earnings | 1,240,617 | 989,906 |
| Total equity | <u>1,705,766</u> | <u>1,413,366</u> |
| Total liabilities and equity | <u>17,801,952</u> | <u>12,901,521</u> |
| Total credit related commitments | <u>1,535,003</u> | <u>928,458</u> |

Approved on 13 May 2011

D.B. Yarovoy, President

L.V. Barinova, Chief Accountant

Primsots Bank
Statement of Comprehensive Income for the Year Ended 31 December 2010
(in thousands of Russian Roubles)

| | <u>2010</u> | <u>2009</u> |
|---|-----------------------|-----------------------|
| Interest income | 1,637,362 | 1,447,450 |
| Interest expense | <u>(819,022)</u> | <u>(629,835)</u> |
| Net interest income | 818,340 | 817,615 |
| Movement in allowance for impairment on loans and advances | <u>(37,938)</u> | <u>(240,405)</u> |
| Net interest income after allowance for impairment | 780,402 | 577,210 |
| (Losses) / gains arising from securities, net | (2,748) | 29,610 |
| Gains arising from dealing in foreign currencies, net | 327,778 | 259,273 |
| (Losses) / gains from foreign exchange translation, net | (7,197) | 15 |
| Fee and commission income, net | 739,679 | 553,251 |
| (Losses) / gains arising from sales of mortgage loans, net | (130,826) | 528 |
| Other operating income | <u>88,297</u> | <u>72,229</u> |
| Operating income | 1,795,385 | 1,492,116 |
| Operating expenses | (1,331,690) | (1,089,202) |
| Value received on debt securities at below commercial rates | - | 71 |
| Value transfer on loans at below commercial rates | <u>(3,436)</u> | <u>(1,478)</u> |
| Profit before taxation | 460,259 | 401,507 |
| Taxation | <u>(124,881)</u> | <u>(96,708)</u> |
| Profit for the year | 335,378 | 304,799 |
| Other comprehensive income | | |
| Financial assets available for sale: | | |
| Gains less losses arising during the year, net of tax | <u>7,822</u> | <u>-</u> |
| Other comprehensive income for the year | 7,822 | - |
| Total comprehensive income for the year | <u>343,200</u> | <u>304,799</u> |

Primsots Bank
Statement of Cash Flows for the Year Ended 31 December 2010
(in thousands of Russian Roubles)

| | 2010 | 2009 |
|--|------------------|------------------|
| Cash flows from operating activities | | |
| Interest received | 1,426,151 | 1,337,419 |
| Interest paid | (793,283) | (620,410) |
| Net gains arising from dealing in securities | 186,726 | 92,750 |
| Income received from dealing in foreign currencies | 327,908 | 255,976 |
| Net fees and commissions received | 742,500 | 553,283 |
| Net gains arising from sales of mortgage loans | 1,470 | 528 |
| Other operating income received | 87,147 | 70,328 |
| Operating expenses paid | (1,237,777) | (1,033,788) |
| Income tax paid | (118,350) | (44,127) |
| Cash flows from operating activities before changes in operating assets and liabilities | 622,492 | 611,959 |
| Net cash changes in operating assets and liabilities | | |
| Net increase in mandatory cash balances with the CBRF | (36,109) | (67,426) |
| Net increase in financial assets at fair value through profit or loss | (206,009) | (503,220) |
| Net decrease / (increase) in due from other banks | 242,000 | (1,144,408) |
| Net increase in financial assets available for sale | (513,382) | - |
| Net increase in investment securities held to maturity | (703,815) | (357,947) |
| Net (increase) / decrease in loans and advances to customers | (3,775,925) | 36,135 |
| Net decrease in due to other banks | (78,373) | (396,033) |
| Net increase in customer accounts | 4,605,848 | 2,835,822 |
| Net increase / (decrease) in promissory notes issued | 191,301 | (89,567) |
| Net change in other assets and liabilities | 7,127 | (21,029) |
| Net cash generated by operating activities | 355,155 | 904,286 |
| Cash flows from investing activities | | |
| Purchase of premises and equipment | (168,929) | (64,320) |
| Proceeds from sale of fixed assets | 280 | - |
| Purchase of investment property | - | (336,706) |
| Investment in finance lease asset | (23,700) | (65,500) |
| Finance lease income received | 28,061 | 26,701 |
| Net cash used in investing activities | (164,288) | (439,825) |
| Cash flows from financing activities | | |
| Reduction in obligations under finance lease | - | (398) |
| Dividends paid | (50,800) | - |
| Other borrowed funds paid | (138,365) | (172,197) |
| Net cash used in financing activities | (189,165) | (172,595) |
| Effect of changes in exchange rates | (12,499) | (11,054) |
| Net change in cash and cash equivalents | (10,797) | 280,812 |
| Cash and cash equivalents, beginning of the year | 2,941,166 | 2,660,354 |
| Cash and cash equivalents at the end of the year | 2,930,369 | 2,941,166 |

Primsots Bank
Statement of Changes in Equity for the Year Ended 31 December 2010
(in thousands of Russian Roubles)

| | Share Capital | Share premium | Revaluation of financial assets available for sale | Retained earnings | Total equity |
|---|------------------|------------------|---|----------------------|------------------|
| 1 January 2009 | 169,333 | 254,127 | - | 685,107 | 1 108,567 |
| Total comprehensive income for 2009 | - | - | - | 304,799 | 304,799 |
| 31 December 2009 | 169,333 | 254,127 | - | 989,906 | 1,413,366 |
| Transfer of retained earnings to share capital | 33,867 | - | - | (33,867) | - |
| Total comprehensive income for 2010 | - | - | 7,822 | 335,378 | 343,200 |
| Dividends declared | - | - | - | (50,800) | (50,800) |
| 31 December 2010 | 203,200 | 254,127 | 7,822 | 1,240,617 | 1,705,766 |