

PRIMSOTS BANK
Summarized Financial Statements
and
Auditor's Report on Summarized Financial Statements
31 December 2007

Primsots Bank
Auditor's Report on Summarized Financial Statements

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Primsots Bank
Auditor's Report on Summarized Financial Statements

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 2007, from which the summarized financial statements were derived in accordance with International Standards on Auditing. In our report dated 2 April 2008 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 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 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.

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Vladivostok, 690003
Russian Federation

OOO Moore Stephens

06 June 2008

Primsots Bank
Balance Sheet as at 31 December 2007
(in thousands of Russian Roubles)

	2007	2006
Assets		
Cash and cash equivalents	1,564,033	1,050,160
Mandatory cash balances with Central Bank of the Russian Federation	127,086	81,918
Securities	268,003	93,506
Due from banks	850,470	269,392
Loans and advances to customers	7,084,048	3,889,375
Accrued interest income and other assets	126,217	80,563
Deferred tax asset	19,443	19,428
Premises and equipment	221,917	67,782
Total assets	10,261,217	5,552,124
Liabilities and equity		
Due to banks	539,204	214,650
Customer accounts	8,338,845	4,438,731
Promissory notes	82,307	51,672
Other borrowed funds	291,401	342,265
Accrued interest expense and other liabilities	143,161	117,566
Liability for finance lease	3,936	8,000
Total liabilities	9,398,854	5,172,884
Equity		
Share capital	169,333	127,000
Share premium	254,127	-
Accumulated profit and other reserves	438,903	252,240
Total equity	862,363	379,240
Total liabilities and equity	10,261,217	5,552,124
Total credit related commitments	481,967	231,997

Approved on 2 April 2008

D.B. Yarovoy, President

L.V. Barinova, Chief Accountant

Primsots Bank
Statement of Income for the Year Ended 31 December 2007
(in thousands of Russian Roubles)

	<u>2007</u>	<u>2006</u>
Interest income	1,104,207	691,083
Interest expense	<u>(363,683)</u>	<u>(221,039)</u>
Net interest income	740,524	470,044
Movement in allowance for impairment on loans and advances	<u>(230,882)</u>	<u>(198,966)</u>
Net interest income after allowance for impairment	509,642	271,078
Gains less losses arising from securities	(346)	(256)
Gains less losses arising from dealing in foreign currencies	117,997	62,666
Net foreign exchange translation gains / (losses)	7,042	(1,836)
Net fee and commission income	487,964	292,077
Other operating income	<u>74,927</u>	<u>36,355</u>
Operating income	1,197,226	660,084
Operating expenses	(863,832)	(554,643)
Value received on debt securities at below commercial rates	68	1,166
Value transfer on loans at below commercial rates	<u>(3,004)</u>	<u>(11,338)</u>
Profit before taxation	330,458	95,269
Taxation	<u>(103,790)</u>	<u>(29,555)</u>
Net profit for the year	<u>226,668</u>	<u>65,714</u>

Primsots Bank
Statement of Cash Flows for the Year Ended 31 December 2007
(in thousands of Russian Roubles)

	2007	2006
Cash flows from operating activities		
Interest received	1,068,089	679,712
Interest paid	(363,425)	(177,687)
Net gains arising from dealing in securities	20,826	1,500
Income received from dealing in foreign currencies	117,997	62,666
Net fees and commissions received	490,522	289,869
Other operating income received	74,914	35,665
Operating expenses paid	(807,284)	(516,976)
Income tax paid	(100,117)	(51,406)
Cash flows from operating activities before changes in operating assets and liabilities	501,522	323,343
Net cash increase/(decrease) from changes in operating assets and liabilities		
Net increase in mandatory cash balances with the Central Bank of the Russian Federation	(45,168)	(19,232)
Net increase in securities	(174,517)	(93,474)
Net increase in due from banks	(581,078)	(229,096)
Net increase in loans and advances to customers	(3,420,705)	(1,843,659)
Net increase in due to other banks	324,554	212,979
Net increase in customer accounts	3,900,114	1,724,250
Net increase/(decrease) in Promissory notes	29,990	(36,888)
Net change in other assets and liabilities	(44,116)	6,698
Net cash generated by operating activities	490,596	44,921
Cash flows from investing activities		
Purchase of premises and equipment	(185,505)	(41,043)
Proceeds from sale of fixed assets	212	29
Net cash used in investing activities	(185,283)	(41,014)
Cash flows from financing activities		
Issue of shares	296,460	-
Dividends paid	(40,005)	(15,875)
Reduction in finance lease liability	(4,063)	(2,626)
Other borrowed funds received	99,136	211,606
Other borrowed funds paid	(150,000)	-
Net cash received from financing activities	201,528	193,105
Effect of changes in exchange rate	7,042	(1,836)
Net change in cash and cash equivalents	513,873	195,176
Cash and cash equivalents, beginning of the year	1,050,160	854,984
Cash and cash equivalents at the end of the year	1,564,033	1,050,160

Primsots Bank
Statement of Changes in Equity for the Year Ended 31 December 2007
(in thousands of Russian Roubles)

	Share Capital	Share premium	Accumulated profit and other reserves	Total equity
1 January 2006	127,000	-	202,401	329,401
Net profit	-	-	65,714	65,714
Dividends	-	-	(15,875)	(15,875)
31 December 2006	127,000	-	252,240	379,240
Issue of shares	42,333	254,127	-	296,460
Net profit	-	-	226,668	226,668
Dividends	-	-	(40,005)	(40,005)
31 December 2007	169,333	254,127	438,903	862,363