

PRIMSOTS BANK
Summarised Financial Statements
and
Auditor's Report on Summarised Financial Statements
31 December 2009

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 2009, from which the summarised financial statements were derived in accordance with International Standards on Auditing. In our report dated 21 May 2010 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

21 May 2010

Primsots Bank
Statement of Financial Position as at 31 December 2009
(in thousands of Russian Roubles)

	2009	2008
Assets		
Cash and cash equivalents	2,941,166	2,660,354
Mandatory balances with CBRF	81,021	13,595
Financial assets at fair value through profit or loss	771,258	268,510
Due from other banks	1,585,000	423,758
Financial assets available for sale	20	20
Investment securities held to maturity	532,376	170,312
Loans and advances to customers	5,976,704	6,283,993
Investment in finance lease	77,361	2,289
Investment property	360,489	-
Premises and equipment	271,353	294,961
Deferred tax asset	-	23,551
Accrued interest income and other assets	304,773	190,609
Total assets	<u>12,901,521</u>	<u>10,331,952</u>
Liabilities and equity		
Due to other banks	171,386	551,189
Derivative financial instruments	3	3,300
Customer accounts	10,803,367	7,964,026
Debt securities in issue	84,829	171,954
Other borrowed funds	239,083	404,866
Deferred tax liability	20,293	-
Accrued interest expense and other liabilities	169,194	127,652
Obligations under finance lease	-	398
Total liabilities	<u>11,488,155</u>	<u>9,223,385</u>
Equity		
Share capital	169,333	169,333
Share premium	254,127	254,127
Retained earnings	989,906	685,107
Total equity	<u>1,413,366</u>	<u>1,108,567</u>
Total liabilities and equity	<u>12,901,521</u>	<u>10,331,952</u>
Total credit related commitments	<u>928,458</u>	<u>1,583,803</u>

Approved on 21 May 2010

D.B. Yarovoy, President

L.V. Barinova, Chief Accountant

Primsots Bank
Statement of Comprehensive Income for the Year Ended 31 December 2009
(in thousands of Russian Roubles)

	<u>2009</u>	<u>2008</u>
Interest income	1,447,450	1,535,522
Interest expense	<u>(629,835)</u>	<u>(497,041)</u>
Net interest income	817,615	1,038,481
Movement in allowance for impairment on loans and advances	<u>(240,405)</u>	<u>(334,022)</u>
Net interest income after allowance for impairment	577,210	704,459
Gains / (losses) arising from securities, net	29,610	(6,038)
Gains arising from dealing in foreign currencies, net	259,273	244,770
Gains from foreign exchange translation, net	15	2,503
Fee and commission income, net	553,251	557,283
Gains arising from sales of mortgage loans, net	528	25,109
Other operating income	<u>72,229</u>	<u>62,088</u>
Operating income	1,492,116	1,590,174
Operating expenses	(1,089,202)	(1,220,219)
Value received on debt securities at below commercial rates	71	6,899
Value transfer on loans at below commercial rates	<u>(1,478)</u>	<u>(11,351)</u>
Profit before taxation	401,507	365,503
Taxation	<u>(96,708)</u>	<u>(119,299)</u>
Profit for the year	304,799	246,204
Total comprehensive income for the year	<u>304,799</u>	<u>246,204</u>

Primsots Bank
Statement of Cash Flows for the Year Ended 31 December 2009
(in thousands of Russian Roubles)

	2009	2008
Cash flows from operating activities		
Interest received	1,337,419	1,503,289
Interest paid	(620,410)	(506,608)
Net gains arising from dealing in securities	92,750	13,742
Income received from dealing in foreign currencies	255,976	244,770
Net fees and commissions received	553,283	556,987
Net gains arising from sales of mortgage loans	528	25,109
Other operating income received	70,328	64,078
Operating expenses paid	(1,033,788)	(1,125,587)
Income tax paid	(44,127)	(123,407)
Cash flows from operating activities before changes in operating assets and liabilities	611,959	652,373
Net cash changes in operating assets and liabilities		
Net (increase) / decrease in mandatory cash balances with the CBRF	(67,426)	113,491
Net increase in financial assets at fair value through profit or loss	(503,220)	(175,684)
Net (increase) / decrease in due from other banks	(1,144,408)	426,712
Net decrease in financial assets available for sale	-	4
Net increase in investment securities held to maturity	(357,947)	-
Net decrease in loans and advances to customers	36,135	383,703
Net (decrease) / increase in due to other banks	(396,033)	11,985
Net increase / (decrease) in customer accounts	2,835,822	(374,819)
Net (decrease) / increase in promissory notes issued	(89,567)	91,326
Net change in other assets and liabilities	(21,029)	(82,472)
Net cash generated by operating activities	904,286	1,046,619
Cash flows from investing activities		
Purchase of premises and equipment	(64,320)	(63,689)
Proceeds from sale of fixed assets	-	251
Purchase of investment property	(336,706)	-
Investment in finance lease asset	(65,500)	-
Finance lease income received	26,701	711
Net cash used in investing activities	(439,825)	(62,727)
Cash flows from financing activities		
Reduction in obligations under finance lease	(398)	(3,539)
Other borrowed funds received	-	203,465
Other borrowed funds paid	(172,197)	(90,000)
Net cash (used in) / generated by financing activities	(172,595)	109,926
Effect of changes in exchange rates	(11,054)	2,503
Net change in cash and cash equivalents	280,812	1,096,321
Cash and cash equivalents, beginning of the year	2,660,354	1,564,033
Cash and cash equivalents at the end of the year	2,941,166	2,660,354

Primsots Bank
Statement of Changes in Equity for the Year Ended 31 December 2009
(in thousands of Russian Roubles)

	<u>Share Capital</u>	<u>Share premium</u>	<u>Retained earnings</u>	<u>Total equity</u>
1 January 2008	169,333	254,127	438,903	862,363
Total comprehensive income	-	-	246,204	246,204
31 December 2008	169,333	254,127	685,107	1,108,567
Total comprehensive income	-	-	304,799	304,799
31 December 2009	169,333	254,127	989,906	1,413,366