

**PRIMSOTS BANK**  
**Summarized Financial Statements**  
**and**  
**Auditors Report on Summarized Financial Statements**  
**31 December 2005**

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

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**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, 2005, from which the summarized financial statements were derived, in accordance with International Standards on Auditing. In our report dated 20 September 2006 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

20 September 2006

**Primsots Bank**  
**Balance Sheet as at 31 December 2005**  
*(in thousands of Russian Roubles)*

	Notes	2005	2004
<b>Assets</b>			
Cash and cash equivalents	5	854,984	484,136
Mandatory cash balances with Central Bank of the Russian Federation		62,686	34,240
Securities	6	12	37,123
Due from banks	7	40,296	64,974
Loans and advances to customers	8	2,253,264	1,003,983
Deferred tax asset	9	-	9,160
Accrued interest income and other assets	10	79,550	22,572
Premises and equipment	11	37,962	32,922
<b>Total assets</b>		<b>3,328,754</b>	<b>1,689,110</b>
<b>Liabilities and shareholders' equity</b>			
Due to other banks	12	1,671	80
Customer accounts	13	2,714,481	1,385,063
Bills of exchange		88,846	142,866
Other borrowed funds	14	130,659	249
Accrued interest expense and other liabilities	15	61,273	23,726
Deferred tax liability	9	2,423	-
<b>Total liabilities</b>		<b>2,999,353</b>	<b>1,551,984</b>
<b>Shareholders' equity</b>			
Share capital	16	127,000	77,000
Accumulated profit and other reserves	17	202,401	60,126
<b>Total shareholders' equity</b>		<b>329,401</b>	<b>137,126</b>
<b>Total liabilities and shareholders' equity</b>		<b>3,328,754</b>	<b>1,689,110</b>
<b>Total credit related commitments</b>	24	<b>194,428</b>	<b>125,613</b>

Approved on behalf of the Board on 20 September 2006

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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 2005**  
*(in thousands of Russian Roubles)*

	Notes	<u>2005</u>	<u>2004</u>
Interest income	18	350,441	188,117
Interest expense	18	<u>(92,170)</u>	<u>(56,209)</u>
<b>Net interest income</b>		258,271	131,908
Net allowance for impairment losses on loans and advances	19	(5,810)	(33,998)
Allowance for impairment of overdue interest		<u>(6,607)</u>	<u>-</u>
<b>Net interest income after allowances for impairment losses</b>		<b>245,854</b>	<b>97,910</b>
Gains less losses arising from securities		553	955
Gains less losses arising from dealing in foreign currencies		39,975	32,389
Net foreign exchange translation gains/(losses)		100	(6,241)
Net fee and commission income	20	205,984	96,444
Other operating income		15,801	7,589
Dividend income		<u>-</u>	<u>3</u>
<b>Operating income</b>		<b>508,267</b>	<b>229,049</b>
Operating expenses	21	(321,542)	(185,550)
Value received on debt securities at below commercial rates	4(i)	941	-
Value transfer on loans at below commercial rates	4(e)	<u>(808)</u>	<u>(1,190)</u>
<b>Profit before taxation</b>		<b>186,858</b>	<b>42,309</b>
Taxation	22	<u>(44,583)</u>	<u>(7,931)</u>
<b>Net profit for the year</b>		<b><u>142,275</u></b>	<b><u>34,378</u></b>

**Primsots Bank**  
**Statement of Cash Flows for the Year Ended 31 December 2005**  
*(in thousands of Russian Roubles)*

	Notes	2005	2004
<b>Cash flows from operating activities</b>			
Interest received on loans		326,440	168,974
Interest paid		(83,630)	(46,738)
Net gains arising from dealing in securities		3,136	17,699
Income received from dealing in foreign currencies		39,975	32,389
Net fees and commissions received		206,520	96,444
Other operating income received		15,966	7,504
Operating expenses paid		(286,216)	(171,795)
Income tax paid		(32,627)	(4,226)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>189,564</b>	<b>100,251</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		(28,446)	39,355
Net decrease/(increase) in securities		37,221	(22,293)
Net decrease/(increase) in due from banks		24,678	(64,277)
Net increase in loans and advances to customers		(1,255,589)	(345,449)
Net increase/(decrease) in due to other banks		1,591	(6,066)
Net increase in customer accounts		1,329,418	543,317
Net (decrease)/increase in bills of exchange		(53,610)	80,860
Net change in other assets and liabilities		(36,195)	(10,157)
<b>Net cash generated by operating activities</b>		<b>208,632</b>	<b>315,541</b>
<b>Cash flows from investing activities</b>			
Purchase of premises and equipment		(18,294)	(24,314)
Proceeds from sale of fixed assets		-	88
<b>Net cash used in investing activities</b>		<b>(18,294)</b>	<b>(24,226)</b>
<b>Cash flows from financing activities</b>			
Issue of shares		50,000	-
Other borrowed funds received		130,410	-
Repayment of other borrowed funds		-	(22)
<b>Net cash received from/(used in) financing activities</b>		<b>180,410</b>	<b>(22)</b>
<b>Effect of changes in exchange rate</b>		<b>100</b>	<b>(4,222)</b>
<b>Net change in cash and cash equivalents</b>		<b>370,848</b>	<b>287,071</b>
Cash and cash equivalents at the beginning of the year		484,136	197,065
<b>Cash and cash equivalents at the end of the year</b>	5	<b>854,984</b>	<b>484,136</b>

**Primsots Bank**  
**Statement of Changes in Shareholders' Equity for the Year Ended 31 December 2005**  
*(in thousands of Russian Roubles)*

	Share Capital	Revaluation reserve	Accumulated profit and other reserves	Total Shareholders' equity
<b>Balance at 1 January 2004</b>	<b>77,000</b>	<b>31,823</b>	<b>19,927</b>	<b>128,750</b>
Release of revaluation reserve on disposal of fixed assets	-	(31,823)	31,823	-
Distribution to shareholders (Note 25)	-	-	(26,002)	(26,002)
Net profit	-	-	34,378	34,378
<b>Balance at 1 January 2005</b>	<b>77,000</b>	<b>-</b>	<b>60,126</b>	<b>137,126</b>
Issue of shares	50,000	-	-	50,000
Net profit	-	-	142,275	142,275
<b>Balance at 31 December 2005</b>	<b>127,000</b>	<b>-</b>	<b>202,401</b>	<b>329,401</b>