

ГОДОВОЙ ОТЧЕТ // 2008  
ANNUAL REPORT // 2008  
15 лет у нас есть преимущества!



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## CHAIR'S STATEMENT



Artyom E. Bikov  
Chair of the Board of Directors

*Ladies and Gentlemen,*

Stages of the global financial crisis are well known: as from the second half of the past year, the Russian economy and its banking sector, in particular, had to face a most complicated situation.

There is no universal formula to overcome challenges. Every bank and every financial company has its own strength test to go through. Financial performance of the year can tell which strategy has proved to be the best.

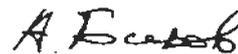
Agropromcredit Bank started its reporting year 2008, having a solid basis such as remarkable financial results, developed customer base and good professional reputation in the Russian financial market. Moody's Investors Service assigned our Bank well-deserved international ratings early in 2008 which were confirmed at the year's end. In a very complicated economic environment of the past year, the Management Board of the Bank succeeded in achieving good results.

Our development did not only slow down, but also progressed, which is proved by our financial highlights. It is worth pointing out that by the year's end 2008, the balance sheet structure notably changed in quality towards liquidity growth. This is a well-thought policy of the Bank aimed at highly secured customer deposits.

Most important focuses for the year 2009, among others, are efforts to maintain high liquidity and fail-safety, optimise the organisational framework in the reality of the global financial crisis, and to cement closer professional and public relations of the Bank.

However, hard times still have their advantages. To take an example, corporate customers increased in number, deposits doubled in size, and our clients could make sure again that they had found Agropromcredit Bank to be a bona fide and reliable counterparty able to lend a real support in an emergency.

**Artyom E. Bikov**  
Chair of the Board of Directors





## CHIEF EXECUTIVE'S STATEMENT



Vassily A. Kornev  
President of the Management Board

*Ladies and Gentlemen,*

I am pleased to offer you the report on Agropromcredit Bank's performance for the year 2008, which was not easy for all of us.

In this year, our organisation posted good financial results. At the year's end, assets of the Bank increased 29.9% against the figures at the start of the year to RUR27,279 million.

The Bank handled in the year under review more than 10,000 corporate entities, in particular, quite a number of leading Russian companies, and over 238,000 individual customers. Every client has been very important for us. We, in our turn, hope to remain also an important and reliable party for our customers.

Making a rational judgment about the uneasy economic situation, the management of the Bank made a decision to suspend its mass lending projects by mid-2008 to change over to pin-point lending, together with liquidity build-up. Moreover, the Bank suspended its trading in the securities market, having the portfolio liquidated. Such efforts allowed us to face coolly and calmly the first wave of the crisis. Normal course of business of the Bank and its financial standing were not affected neither by the panic in the domestic market when depositors made considerable withdrawals of funds from the banking sector, nor by the collapse in the securities market. In so doing, we reiterated our commitment to fail-safety against profit-earning capacity.

Performance record of the past year give us every reason to be optimistic. Such optimism is based on the fact that the Bank was ready to operate in the challenging conditions of the financial crisis, had forecasted it and developed a plan of actions. The Bank goes on with financing to our solid counterparties and continues attracting new customers. The year 2008 saw the Russian Financial Elite award granted to Agropromcredit Bank under the Regional-Bank-of-the-Year nomination.

Let our assurance be yours too. Together we are able to overcome any hardship.

**Vassily A. Kornev**  
President of the Management Board

# Profile

Agropromcredit Bank was registered with the Bank of Russia on 9 June 1994.

The Bank is engaged in business subject to full banking licence no. 2880 issued by the Bank of Russia.

Members of the Bank are 5 corporate entities: Blaucent Ltd., Denciborg Ltd., Kinlout Ltd., Autotransbureau Ltd. and Roulten Ltd. They have equal participations in the share capital of the Bank, accounting for 20% each, with a face value of RUR200 million. Total authorised capital is RUR1,000 million.

## Governance

The supreme body of the Bank is the Annual General Meeting of its members which approves the Articles of Association, elects the Board of Directors and the President of the Management Board, and makes any other important decisions.

The Board of Directors is in charge of governance of the Bank, identifies its strategic priorities and appoints the Management Board.

The Management Board as a collective body of the Bank is in charge of executive management and control over its day-to-day operations. The President of the Management Board acts as the sole executive authority. Executive staff, including the head office, branches and outlets, gives effect to decisions made by the Management Board.



## Board of Directors

(At 1 June 2009)

Artyom E. Bikov	// Chair
Vassily A. Kornev	// First Deputy Chair
Yury A. Zverev	// Board Member
Tatiana B. Chernykh	// Board Member

## Management Board

(At 1 June 2009)

Vassily A. Kornev	// President
Svetlana S. Ivanova	// First Executive Vice President
Konstantin B. Borozinets	// Executive Vice President
Irina V. Dovdyenko	// Executive Vice President
Oleg V. Yefimov	// Executive Vice President
Yevgueny A. Ivanov	// Executive Vice President
Svetlana A. Khmeleva	// Chief Accountant

## Ratings

In May 2008, Moody's Investors Service assigned Agropromcredit Bank the following ratings:

- // international long-term rating at B2
- // short-term rating at Not-Prime (NP) in terms of deposits in foreign and domestic currency
- // financial strength rating at E+ (BFSR)

Outlook is stable.

Moody's Interfax also left unchanged national long-term credit rating at Baa1.ru.

## Independent auditor

ZAO KPMG is an independent auditor of Agropromcredit Bank.

## Membership in professional organisations

- // Member of the MICEX Foreign Exchange Section having access to trading in all foreign currencies within the System of Electronic Trading (SELT)
- // Member of the MICEX Stock Market Section
- // Principal Member of VISA International
- // Affiliated Member of MasterCard International
- // SWIFT Member
- // Member of the Moscow Regional Union of Industrialists and Entrepreneurs
- // Member of the Association of Russian Regional Banks ("Russia" Association)
- // Member of the Association of Russian Banks
- // Member of the Chamber of Commerce and Industry of the Moscow Region
- // Member of the National Association of Securities Market Participants (NAUFOR)
- // Member of the National Credit Bureau, non-for-profit partnership
- // Member of Deposit Insurance Agency, State-owned Corporation, and an authorised bank to pay insurance benefits

## Licences

- // Full banking licence no. 2880 issued by the Bank of Russia on 24 October 2005
- // Securities market professional's licence no.150-10075-000100 issued by the Federal Financial Markets Service on 29 March 2007 for custody business
- // Securities market professional's licence no.1091 issued by the Federal Financial Markets Service on 4 December 2007 for exchange trading in futures and options
- // Securities market professional's licence no. 150-08816-001000 issued by the Federal Financial Markets Service on 20 December 2005 for securities management business
- // Securities market professional's licence no. 150-08812-100000 issued by the Federal Financial Markets Service on 20 December 2005 for brokerage business



- // Securities market professional's licence no. 150-08814-010000 issued by the Federal Financial Markets Service on 20 December 2005 for dealing business
- // Licence LZ 0014923 Reg. no. 6720 issued by the Russian Federal Securities Service on 11 February 2009 for cryptographic facility maintenance business
- // Licence LZ 0014924 Reg. no. 6721 issued by the Russian Federal Securities Service on 11 February 2009 for cryptographic facility distribution business
- // Licence LZ 0014925 Reg. no. 6722 issued by the Russian Federal Securities Service on 11 February 2009 for data cryptography services

## Particulars

Commercial Bank "Agropromcredit"  
(Limited Liability Company)

*Registration number:* 2880  
*Registration date:* 9 June 1994

*Registered address:* 13, Kvartal 2, Microrayon 5, Lytkarino, Moscow Region 140083, Russia

*Mailing address (location):* 27, stroyenie 5, Ul. Elektrozavodskaya, Moscow 107023, Russia.

*Contact phones:*  
Moscow: +7 (495) 775-80-08  
Regional branches: 8-800-100-80-08  
Head office: +7 (495) 739-20-05, 981-11-81

a/c 30101810500000000710 with Unit 5 of the Moscow Operating Department, Bank of Russia  
Russian BIC: 044552710  
Record Reason: Code 509950001  
TIN: 5026005919

*Statistics codes:*  
Russian National Classifier of Legal Entities: 34922679  
Russian National Classifier of Government and Administrative Bodies: 15001  
Russian National Classifier of Political Entities: 46441000000  
Russian National Classifier of Economy Sectors: 65.12  
Russian National Classifier of Ownership: 49  
Russian National Classifier of Legal Status: 65  
Basic State Registration Number: 1025000004314

# Macroeconomic environment in 2008

## Global economy

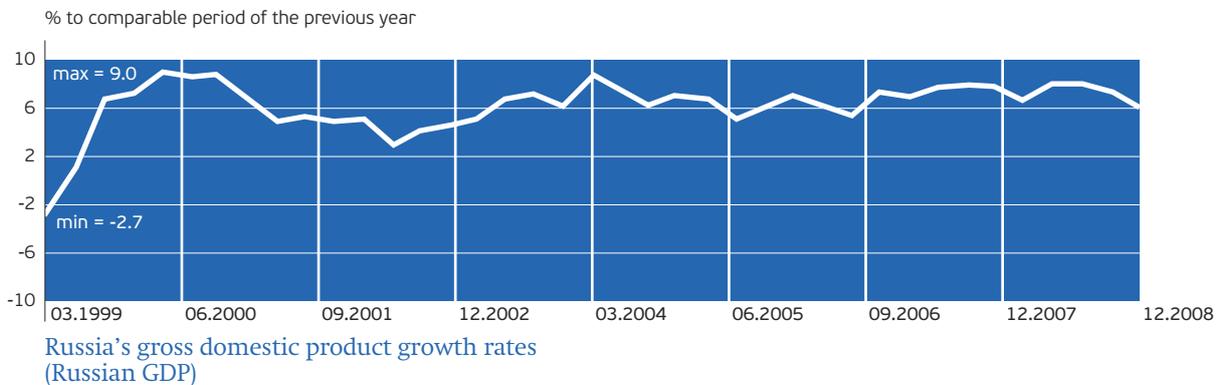
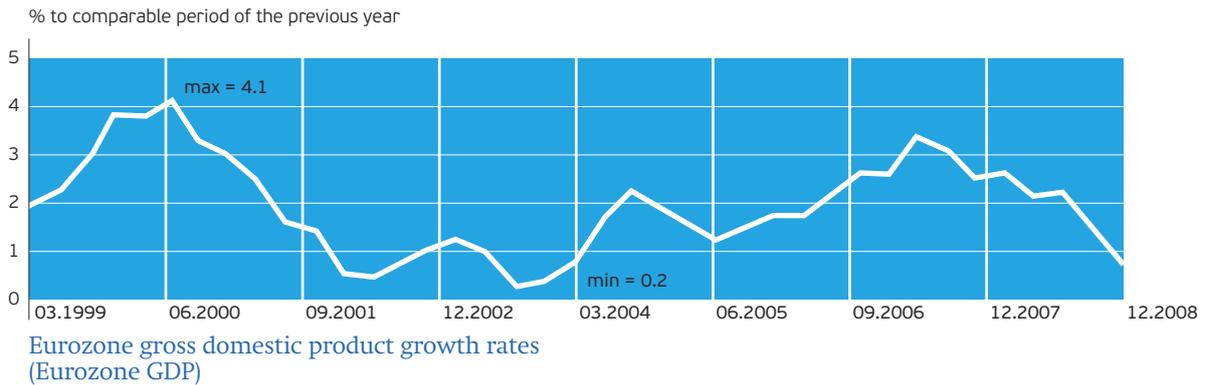
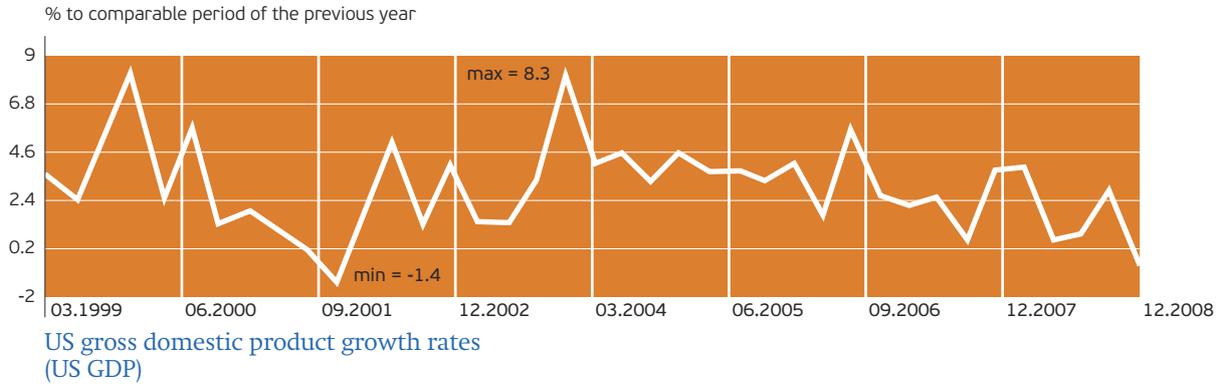
US sub-prime crisis which had broken out in 2007 triggered slower growth rates in the USA, Europe and emerging markets in 2008. American GDP showed a 1.3% growth in 2008, the lowest figure since 2001, when the national economy was affected by terrorist attacks in New York and other cities. According to the European Commission report, Eurozone GDP posted a mere 0.1% growth in 2008.

## Russian economy

Economic development in Russia was not uniform in 2008. It was fast-growing in the first half of the year owing to high commodity prices. Starting from the second half, progressive global crisis enhanced its negative effect on the Russian economic situation. The Russia's GDP increased 5.6% in 2008.

## Russian banking sector

At 31 December 2008, there were 1,108 existing credit institutions against 1,136 in Russia at the year's end 2007. Assets of the domestic banking sector increased 39.2% in 2008 (44.1% in 2007) to RUR28 trillion (28,000,000,000,000). Russian banks increased their shareholders' equity (capital) 42.7% in 2008 against 57.8% in 2007. Banking assets to GDP ratio rose to 67.5% within the year (against 61% in 2007). Capital to GDP ratio increased to 9.2% (8.1% in 2007). Main trends in 2008 were as follows: severely declined growth rates in individual lending, that is, 35.2% in 2008 from 57.8% in 2007. Individual deposits grew 2.4 times more slowly, that is, 14.5% in 2008 as compared to 35.4% a year earlier.



# Main business focuses in 2008

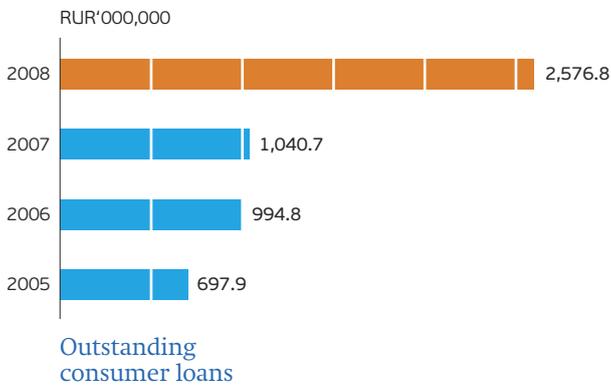
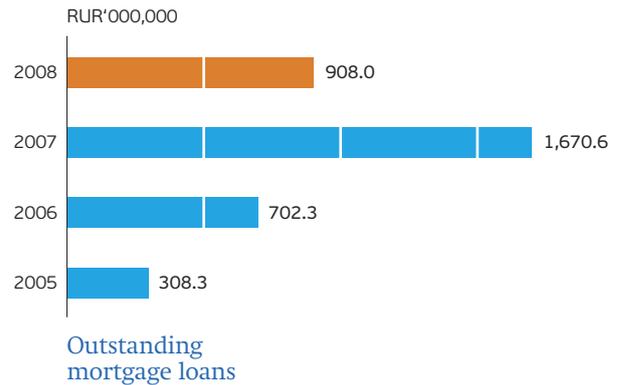
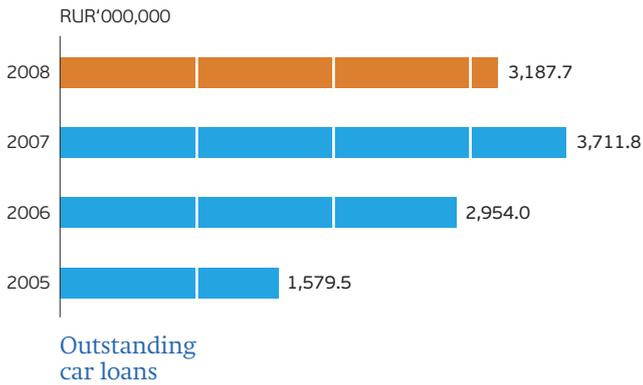
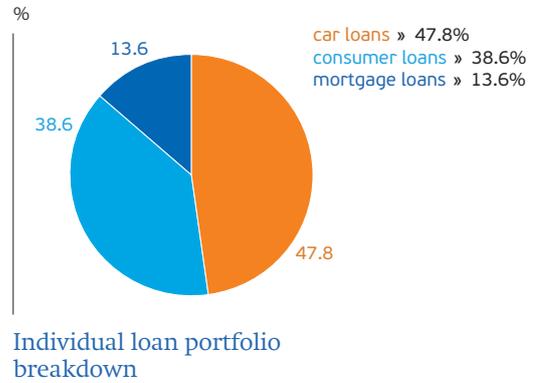
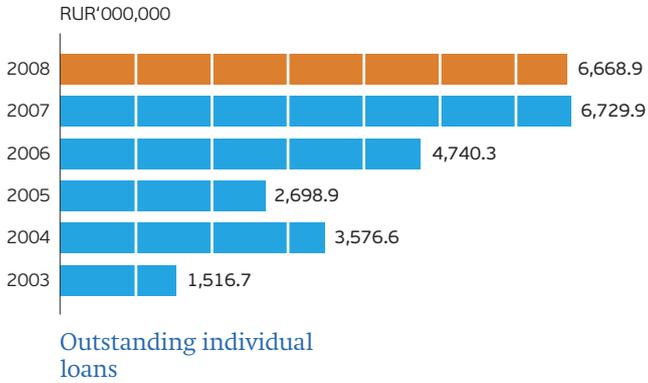
## PERSONAL BANKING

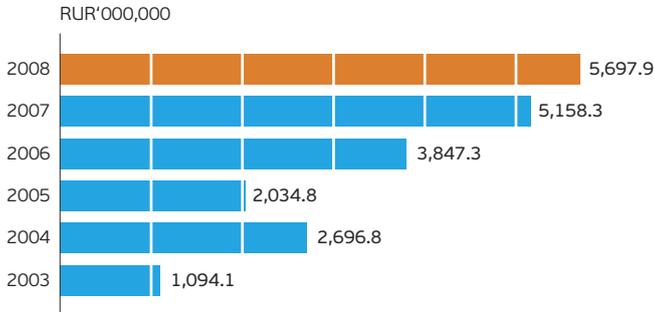
Personal banking has been over recent years one of the most fast-growing areas of the Bank's business. In 2008, it continued with personal banking services, effectively promoting its products, opening new offices and improving service quality.

A wide variety of services was prepared for individual customers, namely:

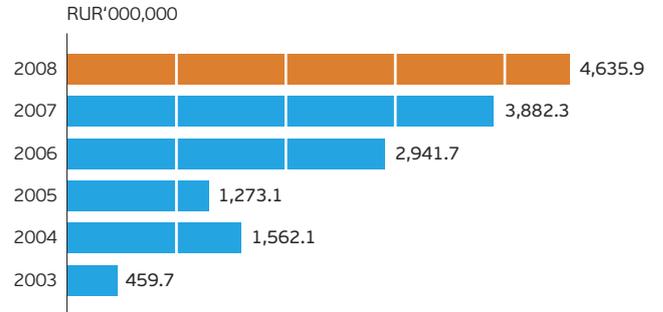
- // opening and maintaining of accounts in domestic and foreign currencies
- // taking deposits
- // consumer loans
- // car loans
- // mortgages
- // issue and acquiring of international payment cards
- // money transfers through WesternUnion and PrivatMoney
- // safe deposit boxes
- // handling letter-of-credit payments between individual customers when making mortgage loans and transacting real estates
- // and others

Agropromcredit Bank is a solid bank for modern, ambitious and successful people.

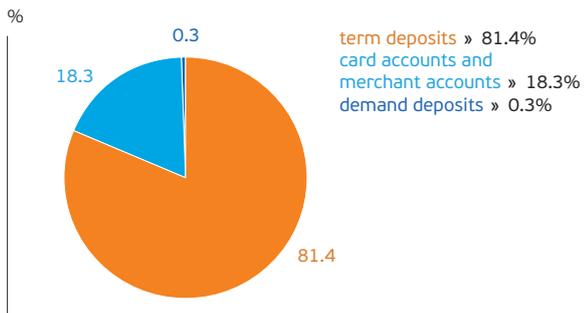




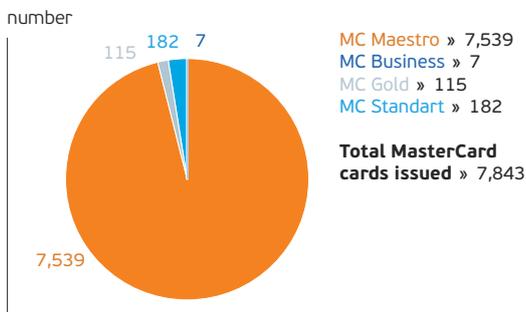
Individual demand deposit balances



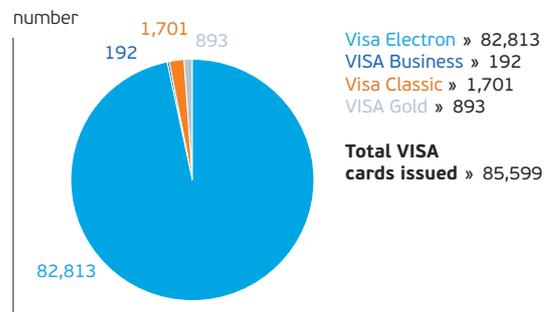
Individual term deposit balances



Individual deposit breakdown



MasterCard cards



VISA cards



## Lending

Lending plans designed for individuals were developed in 2008 under traditional personal banking schemes: loans to buy cars or real estate, contingency loans. Within the year, the Bank made individual loans for a variety of purposes and provided advisory services on lending.

There are ten car lending schemes existing at the Bank intended for purchases of domestic and foreign-made passenger cars, cargo and commercial transport, and also motorcycles. In addition, customers go to Agropromcredit Bank to get money for vacation, medical treatment or other needs.

The Bank prepared nine different schemes involving purpose and non-purpose consumer loans. By enhancing its lending business, the Bank was active in launching services to car dealers, merchants, real estate and insurance companies.

Subject to partnership relations with major corporate customers, the Customised Loan plan was prepared for their staff to take loans on preferential terms.

To maintain the personal lending portfolio in crisis times, the Bank made vigorous efforts to handle the existing customer base. The main focus was placed on borrowers having positive credit history. Therefore, the individual loan portfolio in the crisis year 2008 was RUR6,669 million, close to the previous year level (RUR6,730 million in 2007).

## Raising individual deposits

Agropromcredit Bank offers individual customers a wide choice of deposits under a variety of terms:

- // high return
- // additional deposits
- // partial deposit and interest withdrawals
- // early termination at a term deposit rate
- // spectrum of terms: 2 months to 5 years
- // customised plans for minor depositors: RUR1,000 as a minimum deposit

Being a member, since 2005, of the Deposit Insurance System (certificate no.906 issued by the Agency for Deposit Insurance on 15 September 2005), the Bank takes individual deposits in Russian roubles, US dollars and Euros. Some branches of the Bank take deposits also in pounds sterling.

In the reporting year, the Bank developed and implemented some new deposit schemes involving wider opportunities for customers:

- // “Growth/Cumulative Gain” (interest rates may vary depending on branch, allowing to earn high return in any particular region)
- // “Excellent” (long-term deposit at high interest rate)
- // “Anniversary” (best terms on occasion of 14-th anniversary of the Bank)

In 2008, the Bank launched the Pension social-type deposit intended for persons retired under applicable Russian law. Deposit terms provide monthly capitalisation, additional deposits, partial withdrawals, and minimum deposit is equal to RUR1,000.

Moreover, on two occasions within 2008 the Bank increased return on borrowed funds, rising interest rates for several deposits in Russian roubles. Interest rates were amended in deposits such as "Accumulator", "Dream Savings", "Gift", "12+", "Excellent" and "Maximum". Deposit rates were increased 1.5% as an average, depending on term and amount.

The Bank also amended deposit taking terms for the Gold deposit: minimum amount to be deposited in Russian roubles and foreign currencies was decreased from RUR2 million to RUR500,000 (or its equivalent in a foreign currency) for any deposit maturing after 1 year, and from RUR7 million to RUR5 million (or its equivalent in a foreign currency) for any deposit maturing after 3 years. High interest rates set in 2008 matched the situation existing in the bank deposit market, making it possible to attract depositors despite the crisis developments in the second half of the year.

In the year under review, attractive deposits such as Maximum and Excellent, and partial withdrawal deposits such as "12+" and Gold were the most demanded.

The Bank launched in 2008 advertising campaigns aimed at attracting new customers. Advertising addressed to individual customers was placed in printing and electronic media, on TV and radio, within the ATM network, at the Bank's offices and corporate customers' premises and distributed by hand delivery.

In 3Q 2008, the Bank launched a promotional Car Lottery for depositors in all the branches and outlets. Customers who placed deposits over RUR50,000 maturing from 6 months between 1 September 2008 and 20 March 2009 were eligible to take part in drawings of 5 foreign-made cars. The term deposit agreement effective on the lottery date was mandatory. The drawings took place on 5 December 2008, 15 January, 5 February, 5 March and 31 March 2009. Winners were customers from our offices in Tyumen, Orenburg, Yekaterinburg, Chelyabinsk and Nefteyugansk.

Competitive interest rates, along with the advertising campaign, valuable premium drawings and gifts to depositors enabled to increase individual balances at the year's end 2008 to RUR5,698 million. Therefore, in 2008 individual deposit portfolio increased by RUR539.6 million, or 10.5%.



## Payment cards

In 2008, Agropromcredit Bank continued with acquiring services in payment cards of Visa International and MasterCard International. The Bank is a principal member of VISA International and an affiliated member of MasterCard International.

The Bank was engaged in issues and acquiring of a full array of payment cards: affordable cards such as Visa Electron and MasterCard Maestro, classical cards such as Visa Classic and MasterCard Standard, VIP-cards such as Visa Gold and MasterCard Gold. Cards are issued in Russian roubles, US dollars and Euros. Total yearly issue within the reporting year was 93,442 cards, out of which 85,599 cards were from Visa International and 7,843 cards, from MasterCard International.

In 2008, cardholders of the Bank were able to take advantage of such services through the proprietary network of cash dispensers, where the customers were offered, in particular, fee-free payments for cellular phones and satellite television, online transfers from one card of the Bank to another card, access to SMS-info and SMS messages. Total number of cash dispensers installed in Moscow-based and regional offices was 180 in number at the year's end.

## CORPORATE BANKING

In 2008, the Bank continued with its key business, in particular, handling of corporate customers.

Agropromcredit Bank holds solid positions in banking services provided to major Russian companies. Loyal customers of the Bank are from core sectors of the Russian economy such as manufacturing, power generation, mechanical engineering, metallurgy, transport, construction and agricultural business.

New products and services are regularly being designed and launched by the Bank to fully meet customer demand.

Customer relationship are based on long-term partnership and mutual reward. Corporate customers increased 8% at the year's end against 2007 to over 10,300 in number.

Corporate balances posted a more than 2.5-time rise to RUR6,898 million at the year's end as compared to RUR3,286 million a year before.

Business and current account balances also went up to RUR8,476 million at the year's end 2008 against RUR7,435 million in 2007.

### Services to corporate customers

In 2008, the Bank handled more than 10 thousand corporate customers located throughout Russia, with quite a number of major companies from a variety of Russian economy sectors. Companies were able to take advantage of the Bank's services as follows:

- // fund transfers in Russian roubles and foreign currencies
- // cash in hand and banknote delivery
- // documentary business
- // corporate payment cards
- // payroll schemed
- // merchant acquiring
- // placing idle money
- // business lending and funding
- // customer-related dealings in foreign exchange
- // trading in securities
- // fundraising in the securities market
- // custody services

The banking products and services were expanded in range and improved in quality on a regular basis within the year.



## Lending to corporate customers

In 2008, Agropromcredit Bank was engaged in lending of corporate entities and self-employed individuals in Russian roubles and foreign currencies in Moscow-based and regional offices throughout areas where the Bank has presence. Under the agreement entered into with the Russian Bank for Development, Agropromcredit Bank took part in the Government small and medium-sized enterprise lending support programme.

Owing to the crisis in financial markets in 2008, Agropromcredit Bank made some amendments in corporate lending. Interest and lending policy of the Bank were optimised and the customer base was improved, making loans to borrowers with solid financial positions and positive credit history. Subject to such amendments, the Bank used a more severe approach to credit product collateral and provision of sureties by end beneficiaries of the customers' business.

Within the year under review, the Bank focused on projects and transactions having short-term and mid-term payback. In so doing, cost of borrowings (interest rate) was based on the market level and set by the Credit Committee of the Bank on a project-by-project basis depending on performance and financial standing of the borrower, loan maturity, repayment schedule, and collateral. Due regard was also paid to current conditions in the financial market, regional characteristics, figures related to cooperation level with the Bank and other important patterns.

Credit risk management fundamentals were developed and credit policy follow-up was streamlined. There is a multi-level decision-making on loan approval available at the Bank. Such procedure involves a comprehensive review of the borrower's documents by different subdivisions within the corporate organisation (the economic and the legal departments, the security service) and their submission to credit committees of all the levels such as the branch, the relevant subdivision at the head office and the Credit Committee of the Bank. Over the year under review, the Bank offered corporate customers a wide spectrum of credit products such as commercial loans with a single drawdown to the business account, overdrafts, lines of credit fitted with withdrawal threshold, withdrawal and outstanding thresholds. In addition, we issued our customers bank guarantees to take part in auctions and tenders, and performance guarantees on contractual obligations. Credit lines and bank guarantees were most demanded among the existing array of credit products.

At the year's end, there were 231 credit agreements at the Bank, including 139 effective agreements entered into at the branches.

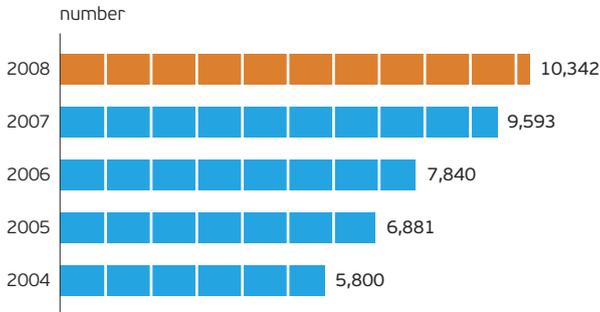
At 31 December 2008, total outstanding loans made to corporate customers of the Bank were RUR7,474.1 million, including RUR2,160.4 million at the branches. The aggregate corporate loan portfolio showed a 3.6% rise, in particular, increased 31% at the branches, as compared to the previous year.

Total loans made to corporate customers throughout the year 2008, together with overdrafts, amounted to RUR40,912 million (or RUR12,289 million net of overdrafts).

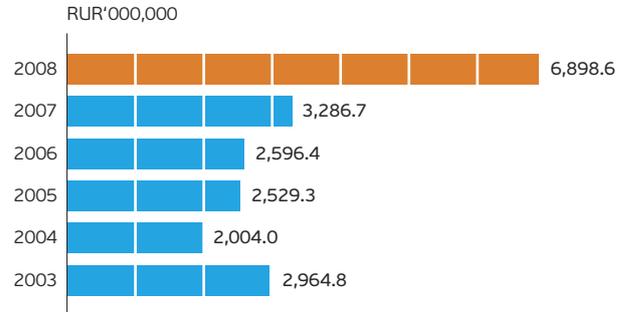
Interest income from loans made to corporates and self-employed individuals posted a 25% increase to RUR1,056.5 million as compared to the same period a year before.

In 2008, branches located in Urals and Cis-Volga federal districts were most proactive in lending business. They accounted for 82% of total loans made by branches in 2008. Borrowers which were entities of different legal status and from a variety of economy sectors raised funds for working capital increase, business expansion, purchase of equipment or real estate.

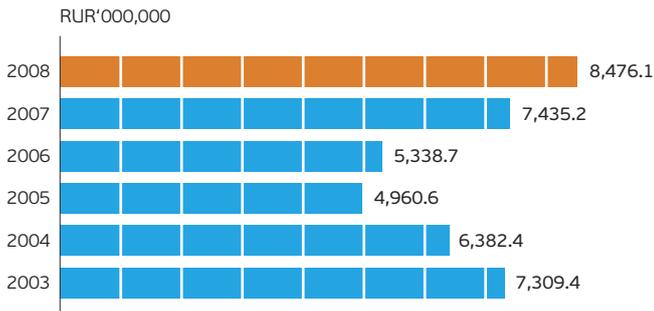
For the next year, as far as lending is concerned, the Bank will place emphasis, in particular, on attracting new customers from corporates and self-employed individuals among large, middle and small companies from a diversity of economy sectors in Russia.



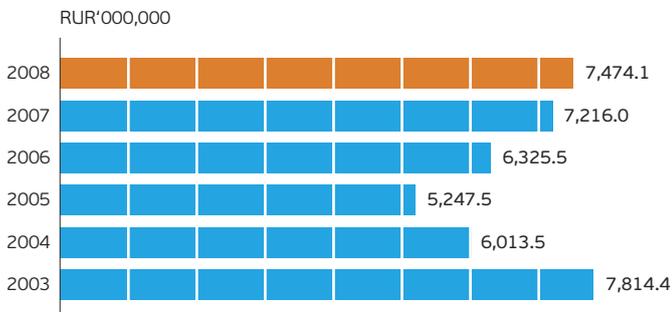
Corporate accounts  
 (net of promissory notes)



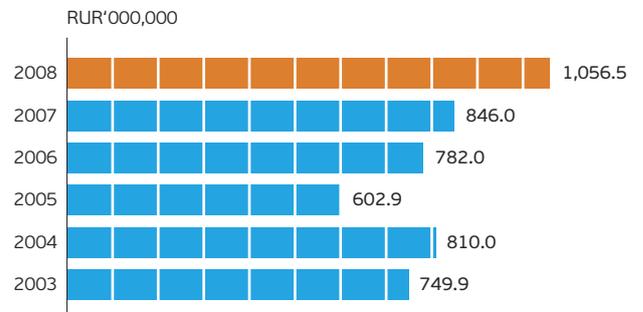
Corporate term  
 deposits



Business and current  
 account balances



Outstanding  
 corporate loans



Interest income from  
 corporate lending

## FINANCIAL MARKETS

In 2008, the Bank operated under increasing turmoil in financial markets followed by collapse of the securities market and the interbank market.

Addressing challenges of the financial crisis, the Treasury of the Bank focused on high safety of its marketable assets, being engaged in trading mainly in securities issued by Government or quasi-public entities. Those efforts enabled the Bank to meet its obligations in full and as they fall due even in hardest times for the domestic banking sector in 2008.

Great volatility in exchange rates for world's primary currencies against Russian rouble triggered increased demand of customers for forex dealings. Total customer-related and proprietary transactions conducted on MICEX exceeded US\$2 billion and €0.4 billion.

Securities trading turnover was RUR78 billion in promissory notes, RUR4.5 billion in bonds and RUR2.0 billion in equities.

### Interbank market

Before September 2008, the Bank traditionally remained a vigorous player of the interbank market, and placings made in a great variety of domestic and foreign banks were much higher than borrowings.

Under growing crisis developments, the Bank of Russia and state-owned banks became the main contracting parties in the interbank market. Limit set by the Bank of Russia on Agropromcredit Bank was an additional support to take part in unsecured credit auctions.

Placing and borrowing volumes in the interbank market, '000,000 currency units

Currency	Placings	Borrowings
Russian roubles	244,672.6	18,027.4
US dollars	54.2	2.2
Euros	601.8	2.7

In 2008, primary contracting parties of the Bank in the interbank market were:

- // Bank of Russia
- // MDM Bank
- // NOMOS-Bank
- // TransCreditBank
- // Alfa-Bank
- // Bank Petrocommerce

Total agreements of the Bank entered into on dealings in the forex market and the money market were with 192 banks from Russia and other CIS countries at the year's end 2008.



## Promissory note programme

In February 2008, the Bank offered in the open market next tranche of its promissory note issuance programme for RUR250 million (at par).

Despite decreased demand for its promissory notes from financial institutions owing to turmoil in securities markets in 2008, customers proactively used promissory notes of the Bank as an investment tool and as a settlement instrument.

After having stabilised the situation in the domestic promissory note market, these financial instruments were again in demand from key players of the money market. However, owing to high interest rates, the Bank made a decision to suspend borrowing activities in the open market. Sustained trend towards decreasing interest rates in the first half of 2009 makes it feasible for the Bank to use such fundraising method in the second half of 2009.

## Investment banking

In 2008, Agropromcredit Bank:

- // was an arranger of several bonded debts of series 01 and 02 issued by Urals Inter-Regional High-Voltage Grid Company (service period: January to May 2008)
- // made initial public offering of bonds of series 01 issued by Urals Inter-Regional High-Voltage Grid Company (service period: May to July 2008)
- // made second public offering of bonds of series 02 issued by Yekaterinburg Electric Grid Company (service period: January to April 2008)
- // paid coupons on bonds issued by, namely:
  - TymenEnergO (April and October 2008)
  - Yekaterinburg Electric Grid Company, of series 02 (April and October 2008)
  - Urals Inter-Regional High-Voltage Grid Company, of series 01 (May and November 2008)
  - Urals Inter-Regional High-Voltage Grid Company, of series 02 (May 2008)
- // provided advisory services to Yekaterinburg Electric Grid Company on early redemption of bonds due to corporate reorganisation
- // provided advisory services to PermEnergO company on early redemption of bonds (service period: January to April 2008)
- // provided advisory services to ChelyabEnergO company on early redemption of bonds (service period: January to April 2008)
- // provided advisory services to Urals Inter-Regional High-Voltage Grid Company on conversion of bonded debt issued by PermEnergO and ChelyabEnergO companies (service period: January-May 2008)

In 2008, the Bank operated amidst decreasing marketability in most debt instruments followed by collapse of the securities market and the interbank market. Despite adversities of the financial crisis, the Bank succeeded in maintaining its liquidity. Over the year under review, turnover in the forex market was more than US\$2 billion and €354 million.

Total turnover in bond trading exceeded RUR4.56 billion, trading in equities was RUR2.02 billion, dealings in promissory notes were RUR77.96 billion.

## CORRESPONDENT BANKING

In 2008, main focus in correspondent banking was on its optimisation: closing of idle clearing accounts and opening accounts only to meet demands of the Bank and its customers.

At the year's end 2008, the Bank maintained 15 *vostro* accounts and 33 *nostro* accounts in domestic and foreign banking institutions. Extensive correspondent network enabled the Bank to make payments under customers' instructions in good quality and in time, that is why Agropromcredit Bank continued developing long-term partnership relations with major Russian and foreign banks.

### Downstream clearing banks and institutions

No.	Credit institution	Currency
1	Non-bank "Central Clearing Chamber"	RUR
2	Zapsibcombank	RUR
3	Khlebobank	RUR, USD
4	Roubliov Bank	RUR, USD
5	Commercial bank "FORSHTADT"	RUR, USD, EUR
6	SB Bank (Sudostroitelny bank)	RUR
7	UNIASTRUM BANK	RUR
8	NZ BANK	RUR
9	Credit Bank of Moscow	RUR



#### Upstream clearing banks and institutions

No.	Credit institution	Currency
1	TransCreditBank	RUR, USD
2	SB Bank (Sudostroitelny bank)	RUR
3	Zapsibcombank	RUR
4	Gazprombank	RUR
5	NOMOS-BANK	RUR, USD
6	UniCredit Bank	USD, GBP
7	Russian Bank for Development	RUR, USD, EUR
8	Russian Agricultural Bank	RUR
9	SredneRusskiy Bank of Savings Bank of Russia	RUR, USD
10	Bank "National Clearing Centre"	USD
11	International Industrial Bank	RUR
12	RussBank	RUR
13	RUSSLAVBANK	RUR, USD, EUR
14	Bank VTB	RUR
15	Bank Petrocommerce	RUR, USD, EUR
16	VTB BANK (Deutschland) AG, Frankfurt am Main, Germany	USD, EUR
17	EcoBank, Kyrgyz Republic	KGS
18	RRB Bank, Belarus	BER
19	PrivatBank, Ukraine	UAH

## REGIONAL BRANCHES

Agropromcredit Bank pursues vigorous regional policy: branches of the Bank are operating in six out of seven federal districts throughout Russia.

In the reporting year, the regional network continued expanding: three additional offices were opened. In February, Irinovskiy sub-office of North-Western branch was put into operation. In April, Urals branch opened its second sub-office, Kuybyshevskiy, in Yekaterinburg. In August, Pervomayskiy teller's office of Orenburg branch started its operation in Saratov.

Therefore, the regional network comprised 52 structural units by the year's end 2008: 14 branches, 30 sub-offices, 7 off-premises teller's offices and one foreign exchange office. Within the year, cash dispensers of the Bank increased by 24 to 180 at the year's end.

Regional branches placed special emphasis on all the vital lines of business within the strategy of the Bank: corporate banking, lending to small and medium-sized companies, individual banking.

Throughout the reporting year, the branches provided comprehensive services to companies and other corporate entities. Corporate customers located in all the areas of presence of the Bank were consumers of cash and settlement services, lending plans, a wide array of investment schemes, payroll projects using payment cards and many other demanded banking products and services.

While working on corporate lending plans, branches of the Bank made monitoring of prospective customers, extensively attracted small and medium-sized enterprises. In 2008, credit policy of the branches focused on greater loan portfolio through lending to manufacturing sector.

In 2008, branches made progress in personal banking. Customers were offered a spectrum of services such as:

- // opening and handling of accounts
- // money transfers through PrivatMoney and Western Union to and from former-soviet and other foreign countries
- // issue and acquiring of payment cards

In provinces, lending products were also promoted such as:

- // mortgages
- // car loans
- // contingency loans
- // payment card overdrafts

Progress of the Bank which was stemmed from regional network development and vigorous efforts of the branches, was recognised by granting it the Russian Financial Elite-2008 award in the Regional-Bank-of-the-Year nomination.



## HARDWARE AND SOFTWARE COMPLEX AND IN-HOUSE TECHNOLOGY IMPROVEMENT

In 2008, the Bank notably improved and modernised its hardware and software systems. In that period, most important project for every Russian bank was a transfer over to new accounting standards under Regulation no. 302-P of the Bank of Russia. Agropromcredit Bank successfully completed the mission and started the year 2009 in full compliance with new standards.

### Remote control banking systems

In 2008, the Bank-Client security system, representing financial information services intended for corporate customers, was modernised. Now they can use a special device to store cryptographic keys and sign documents with a secured signature (it is impossible to read the information of the key as it is generated and stored inside the device). All data encryption facilities are certified by the Federal Technical and Export Control Service.

In the year under review, the Bank sought to make individual banking services most convenient for consumers, focusing on good quality and prompt attention of customers. To meet the target, major efforts were made to implement automated remote customer service system. Such system enabled access to information services, that is, to get statements of account movements, including accounts pegged to payment cards, loan and deposit agreement management. In 2009, it is expected to notably expand the array of individual banking services via Internet Banking. Therefore, the customers will be able to manage their deposit accounts, payment cards and loans, make payments for Internet, cellular phones, TV, utilities and have access to other services online. Remote control systems are secured by up-to-date data protection technologies, making it possible to have access to banking services any time of the day and from any point of the globe.

### Single integration platform

Experts of the Bank carried out a single integration platform project. From now, banking applications are interoperated based on WebSphere, software designed by IBM, global leader in this field. Such solution ensured to create a centralised infrastructure to integrate applications and automate business processes. It also enabled to arrange exchange of data between the systems, to maintain interplay between applications and Web-services. Integration of the existing and prospective data systems on a single platform would help put in place real-time operation, enhance fail-safety and flexibility of business processes at the Bank, minimise cost and new product launch deadlines. All those efforts are to have substantial impact on greater efficiency of the Bank.

### Personal banking automation

Personal banking development implies both launch of new products in the market combined with sophisticated banking technologies. Therefore, the Information and Banking Technology Department together with the Personal Banking Department started working in 2008 on common centralised system intended to automate personal banking at the front office, the middle office and the back office of the Bank. It will ensure integration between the existing accounting information systems.

That project is under way at the head office and regional offices on a step-by-step basis. The integration is to be completed in 2009. Front modules of the system will ensure end-to-end automation of the business processes of the Bank in areas such as mortgages and consumer loans, and additional module designed to make appraisal of prospective borrowers, in turn, will enable to improve quality, minimise time for application approval and reduce general transaction costs.

The solution architecture is based on an up-to-date J2EE platform built on thin-client application and centralised data storage. Such platform has high productivity patterns as far as data processing is concerned and can ensure mass handling of borrowers at a great number of outlets.

### Distant staff training

To improve quality of the existing services in all the regional offices, distant training of the staff involved in personal banking products was arranged based on in-house internet portal of the Bank. Regular training and tests not only enabled to upgrade the professional level of the personnel and make shorter launch of new products, but also ensured superb services in all remotely controlled offices.

### Debt collection management

To monitor and efficiently manage overdue debt recovery, the Bank implemented the Credit Dossier, a debt collection management information system. Owing to such system, most efficient model of debt collection can be arranged in all stages of proceedings (both before and after judgment). It ensures action to be taken to the debtor with a view to collect the outstanding debt in terms of credit product type.

### Single call centre

A single up-to-date call centre, based on Cisco Systems platform, was launched at the Bank in 2008. The new centre designed to process mass calls can also provide a customised approach. Besides less time to process calls and better liaising with the staff of the Bank, customers are able now to get access to full and true information on products and services, and promotional campaigns.



### Electronic express payments

In 2008, preliminary work was done at Agropromcredit Bank as a direct settlement agent to be connected to the automated real-time express transfers operating within the payment system of the Bank of Russia to make transfers in Russian roubles and continuous gross settlements online.

### Data storage and processing

For the purposes of monitoring over regional network and generation of consolidated reporting in compliance with international standards, the Bank further developed in 2008 the functionality of the corporate data storage facilities and other technologies involving collection and consolidation of data from regional offices and other in-house information systems. Staff of the Information and Banking Technology Department improved on a regular basis the technological infrastructure to ensure up-to-date and secure component of the computing system. In the year under review, servers of the Bank were consolidated into single cluster architecture and a modern data backup system based on IBM hardware was implemented. Efforts to optimise and rearrange channels of the corporate data transfer network were regularly made.

### Peripheral facilities

In 2008, additional 30 cash dispensers were installed, in particular, 6 in Moscow and 24 in provinces. Therefore, the ATM network comprised 180 units, including 4 cash-in dispensers at the year's end. Total POS terminals increased to 116, and out of them 70 were installed at cash points and 46 units at merchants' premises.

### Outlook for the hardware and software complex in 2009

In 2009, the single call centre will be improved, therefore customers will be able to have access to interactive voice response services. Customer relationship system is going to be selected and put into operation. The Bank will further develop the single personal banking platform and Internet Banking. Data are going to be integrated throughout the systems into the existing hardware and software complex in order to make remote control and self-service accessible for more customers.

## ADMINISTRATION AND HR MANAGEMENT

### HR strategy

No human resource management is possible without necessary tools for that purpose: interrelated economic, administrative, social and psychological methods ensuring labour efficiency in line with business demands. Optimum combination of above parameters can be achieved by successful recruitment of employees who have high professional and ethic calibre, understand customer demands and are able to be goal-oriented in dealings with clientele and colleagues.

HR policy of the Bank is based on efficient management and application of the staff in order for the Bank to be successful player in the industry market. The Bank put in practice off-site activities involving heads of subdivision at the head office and branches, using Team Building techniques. It promotes team spirit of the staff towards meeting common goals.

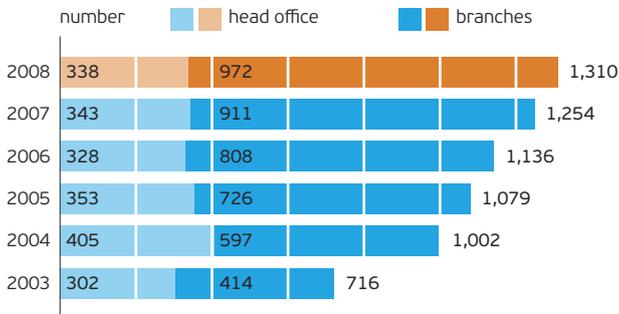
The Bank guarantees its employees high moral and financial compensation for productive labour. All relationship between the Bank and its staff is based on applicable labour law.

### HR performance in 2008

Success of the Bank is based, first and foremost, on high professional level of its staff. Agropromcredit Bank supports employees' strive for career growth, better knowledge and skills. That is why the HR Department focused in 2007 on the following: recruitment of qualified staff, career development and refresher training.

In 2008, staff of the Bank attended workshops and courses held both by invited and in-house trainers. Throughout the year, more than 65 executive managers and employees of the Bank took part in ad hoc workshops on taxation, currency control and regulation, securities markets, legal matters, and in conferences on automation technologies in financial markets.

HR department monitors on a regular basis staff compensation level in the banking sector to keep it at adequate level. In the year under review, staff rotation was more frequently applied owing to the business expansion of the Bank, career growth and professional development of employees.



Average manpower

In 2008, social plan of the Bank comprised preferential loans, financial support and health policies for all the employees after probation period.

In-house corporate web-site is in place at the Bank to cover all the regional offices via Internet. Such electronic facility enables the staff to communicate with each other throughout the country, be aware of corporate events and meet newcomers.

Traditionally, university students underwent practical and pre-graduation training at the Bank in 2008.

## Manpower

The financial crisis broken out in 3Q 2008 compelled the Bank to optimise staff cost. Therefore, staff rate of growth decreased to 4.5% in 2008 from 10.4% a year before, and average number of employees was 1,310. Meanwhile, at the head office the manpower was down by 1.5% to 338. Staff rate of growth in the branches decreased to 6.7% in the reporting year from 12.7% in 2007, totalling 972.

# Highlights for 2008

Agropromcredit Bank's total assets increased 29.9% at the year's end 2008 against the previous year figures, to RUR27,279 million. Shareholders' equity (capital) increased 20.8%, or by RUR493.1 million, to RUR2,867 million at 31 December 2008.

In the year under review, liquid assets increased 119% to almost RUR13,500 million.

Pre-tax profit showed a 3.4 time rise to RUR690.4 million against 2007. After-tax profit was RUR 424.6 million from RUR7.1 million in 2007.

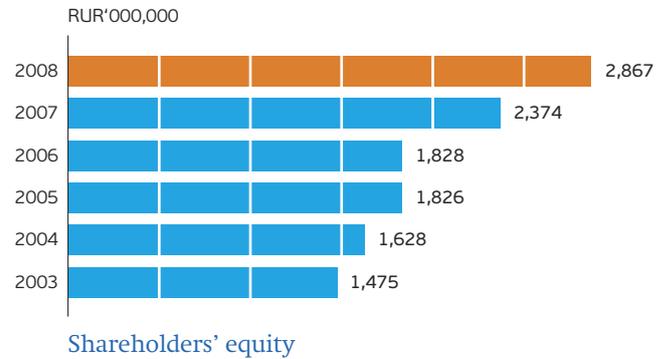
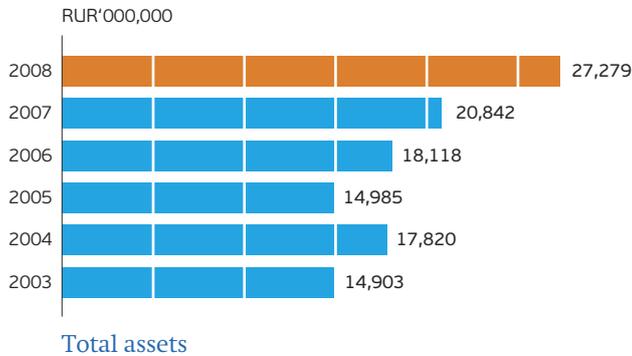
Operating cash flow grew more than 20 times in 2008 against previous year figures to RUR6,744 million.

Net interest income posted a 2.1 time increase to RUR1,837 million.

Legal ratios reflecting performance of the Bank are fully in compliance with requirements of the Bank of Russia. At 31 December 2008, capital adequacy ratio was 14.5 with the required ratio of 10 and higher; quick liquidity ratio was 111.1 with the required ratio of 15 and higher, current liquidity ratio was 109.9 with the required ratio of 50 and higher, and long-term liquidity ratio was 41.5 with the required ratio of 120 and lower.

Outstanding loans made to corporate customers and self-employed entrepreneurs increased 3.6% to RUR7,474 million. Outstanding loans made to individuals remained almost as in 2007, being RUR6,669 million at the year's end.

Corporate deposits rose 43.4% within the year to RUR15,375 million at 31 December 2008. Individual deposits were up 10.5% to RUR5,698 million.



In May 2008, Moody's Investors Service assigned Agropromcredit Bank international long-term rating at B2 and short-term rating at Not-Prime (NP) for deposits in foreign and domestic currencies, and financial strength rating at E+ (BFSR). Outlook was stable. At the domestic scale, long-term national credit rating was assigned at Baa1.ru. In November 2008, Moody's left the ratings and outlook unchanged.

## Key events in 2008

### January

- // Agropromcredit Bank was designated arranger of two bonded debts issued by Urals Inter-Regional High-Voltage Grid Company

### February

- // Annual general meeting of members of Agropromcredit Bank made amendments to its Board of Directors and the Management Board
- // The Bank launched new residential mortgage schemes
- // New sub-office, Irinovskiy, of North-Western branch, started operations
- // At the year's end 2007, Agropromcredit Bank was ranked among the top 30 Russian arrangers in rouble-denominated bonded debt
- // Chelyabinsk branch started lending to small and medium-sized companies
- // Agropromcredit Bank became a principal member of VISA International

### March

- // Vassily Kornev was appointed President of the Management Board of Agropromcredit Bank
- // The Bank launched to the market new deposits, "Cumulative Gain" and "Growth", with increasing interest rate and termination terms convenient for customers

#### **April**

- // Agropromcredit Bank won the Financial Elite-2008 award in the Regional-Bank-of-the-Year nomination
- // The Bank signed a cooperation agreement with the Kemerovo Department of the Federal Bailiff's Service
- // The second sub-office of the Urals branch was opened in Yekaterinburg
- // The Bank was an agent in the secondary offering of bonds of series 02 issued by Yekaterinburg Electric Grid Company for RUR702 million

#### **May**

- // Agropromcredit Bank was ranked 56-th in the rating among Government treasury bond-Federal bond market players within years 2003 through 2007
- // North-Western branch started lending to small and medium-sized companies
- // The Bank offered its customers new deposits, "Excellent" and "Anniversary"
- // The number of cash dispensers installed reached 155
- // Moody's assigned Agropromcredit Bank international ratings at B2, NP, E+ and Baa1.ru

#### **July**

- // The Bank became general agent in the second placing of 1 million bonds of series 01 issued by Urals Inter-Regional High-Voltage Grid Company
- // The Bank was an underwriter in the public offering of bonds of series 01 issued by Stroykredit Bank for RUR1 billion
- // The Board of Directors approved the issue of certificated interest-bearing non-convertible bonds

#### **August**

- // The Bank opened a teller's office in Saratov
- // Members of Agropromcredit Bank decided to change over its legal status to open joint-stock company
- // The Bank of Russia registered the issue and the prospectus of Agropromcredit Bank

#### **September**

- // Agropromcredit Bank announced a 5-car lottery among its depositors
- // The Bank increased return from deposits by rising some rouble-denominated interest rates



### October

- // Agropromcredit Bank was ranked among the top 50 Russian banks in terms of the number of proprietary cash dispensers
- // The Bank was 33-rd among Russian banks in terms of consumer loans per one point of presence
- // In Saint Petersburg, the Bank had more than 200 corporate customers connected to Internet Banking

### November

- // The Bank increased interest rates in some rouble-denominated deposits by 1.5% at an average
- // Agropromcredit Bank was ranked 51-st in the Top Euro-Denominated Deposit-Taking Banks rating
- // Moody's left unchanged the ratings assigned to Agropromcredit Bank in May
- // Agropromcredit Bank was 89-th among Russian largest banks at 3Q 2008
- // Cash dispensers of the Bank reached 170 in number

### December

- // AK&M rating agency assigned Agropromcredit Bank Russian credit rating at B++, with stable outlook
- // Cash dispensers of the Bank were 180 in number
- // The Bank made a lottery drawing of the first of the five cars
- // The Agency for Deposit Insurance entered Agropromcredit Bank into the register of banks authorised to pay insurance benefits

# Outlook for 2009

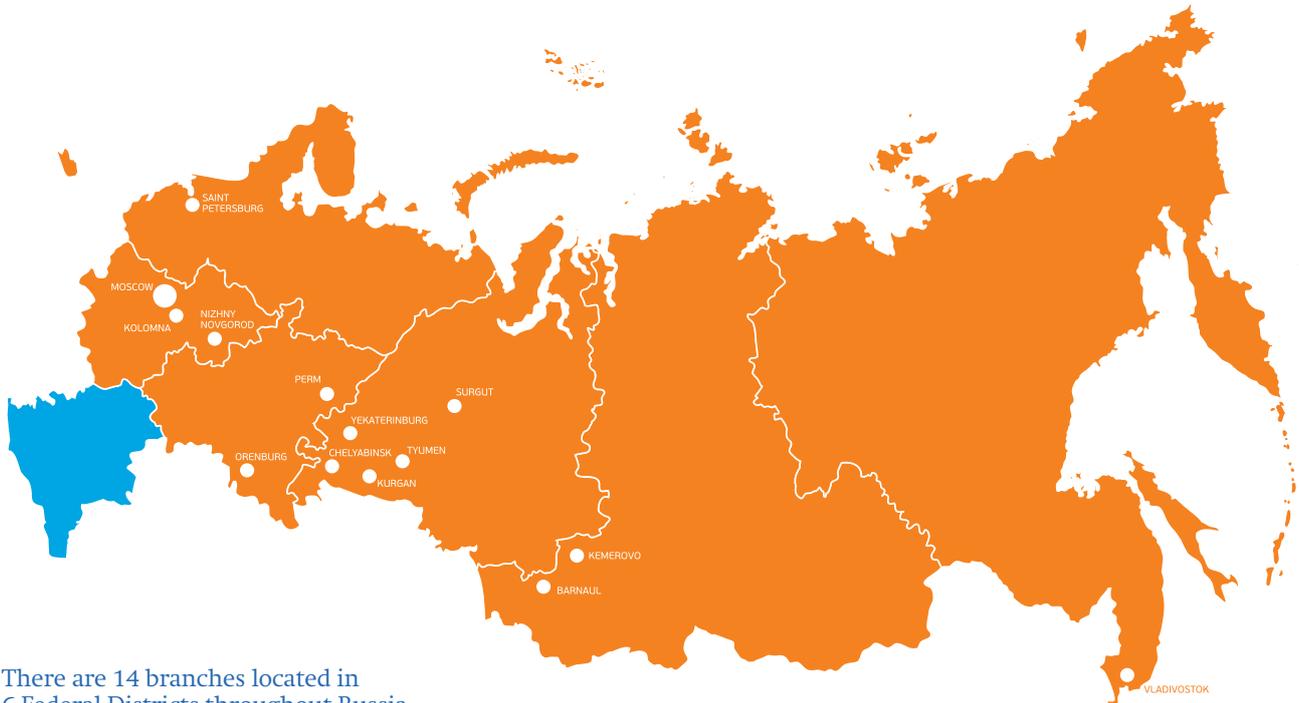
Despite global crisis in the world economy, the Bank expects for 2009 to follow the adopted development strategy, which validity and well-balanced character were evidenced by performance in the second half of the year 2008. Business efficiency build-up, better quality of assets and improved customer service will remain prime points of application.

Corporate business of the Bank, as before, will focus on fuel and energy sector, heavy and light industries, agribusiness and other core sectors of the domestic economy. In particular, emphasis will be placed for 2009 on prompt and efficient cash and settlement services, lending plans for large, medium-sized and small companies, placing of idle corporate funds.

In personal banking, the Bank will continue with lending to individuals. Customers will still be offered a diversity of lending products and services. In 2009, terms of many of the existing lending schemes will be left unchanged. Loan portfolio is not going to grow until positive macroeconomic trends arise. By that time, the Bank would be able to invest considerable funds in personal lending in order to increase the portfolio by 30% to 50%.



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openness  
growth  
transparency



There are 14 branches located in 6 Federal Districts throughout Russia

Most important elements in personal banking in 2009 will remain: these are raising personal deposits and fee-based services to individual customers.

Optimising and rearranging the regional network of the Bank will be continued with an emphasis on business efficiency. Owing to improved technology, all the outlets of the network are going to provide quality and fault-free services to corporate and individual customers. The single personal banking platform and Internet Banking would help make the services of the Bank accessible to more clients by online and self-service.

# Financial statements 2008 (RAS)

Audit of the financial statements of Commercial Bank “Agropromcredit” (Limited Liability Company), prepared in compliance with the Russian accounting standards, was conducted by ZAO KPMG.

## Independent auditor’s opinion

We have audited the accompanying financial statements (annual report) of Commercial Bank “Agropromcredit” (hereinafter “the Bank”) for 2008.

The accompanying financial statements (annual report), consisting of 28 (twenty eight) folios, comprise:

- // Balance sheet (Publication form) at 31 December 2008
- // Income statement (Publication form) for the year ended 31 December 2008
- // Cash flow statement (Publication form) for the year ended 31 December 2008
- // Statement on capital adequacy, provision for impairment of loans and other assets (Publication form) at 31 December 2008
- // Statement on compliance with legal ratios (Publication form) at 31 December 2008
- // Notes to the financial statements (annual report)

The responsibility for preparing and submitting these financial statements (annual report), accounts and reports rests with the executive management of the Bank. The financial statements (annual report) mean statements set forth in Directive no. 2089-U of the Bank of Russia of 8 October 2008 “On the manner to prepare the annual report by credit institutions”. Our duties is to express an opinion as to whether these financial statements (annual report) based on our audit give a true and fair view in all material respects.



We have conducted our audit in accordance with the Federal law “On auditing”, the Federal law “On banks and banking” (as amended from time to time), federal auditing standards, KPMG internal auditing standards, and rules and standards adopted by the Audit Chamber of the Russian Federation.

We planned and performed our audit so as to give reasonable assurance that the financial statements (annual report) are free from material misstatement. Our audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements (annual report) on business and financial performance, evaluation of compliance with accounting principles and standards applicable to preparation of the financial statements (annual report), examination of basic estimates obtained by the management of the Bank, and evaluation of adequate presentation of the financial statements (annual report).

Our audit also includes an assessment of whether the legal ratios are in compliance with requirements set by the Bank of Russia, of governance quality of the credit institution and internal control. In our opinion, the audit we have conducted give reasonable assurance so as to draw our conclusion on a fair and true view of the financial statements (annual report).

In our opinion, the accompanying financial statements (annual report) to this Auditor’s report fairly reflect, in all material respects, the financial standing of the Bank at 31 December 2008 and its business and financial performance for the period from 1 January 2008 to 31 December 2008 (including) in compliance with applicable law of the Russian Federation applicable to preparation of the financial statements by credit institutions.

ZAO KPMG  
30 April 2009

## Independent auditor's profile

ZAO KPMG

### Auditor

*Business name:*

KPMG (Limited Liability Company)

*Licence number:*

E 003330

*Licence issue date (dd/mm/yyyy):*

17/01/2003

*Licence expiry date (dd/mm/yyyy):*

16/01/2013

*Licensing authority:*

Ministry of Finance of the Russian Federation

*Public registration certificate number:*

1027700125628

*Public registration certificate date (dd/mm/yyyy):*

13/08/2002

*Membership in certified professional audit associations:*

// Member of the Russian Audit Chamber

// Member of the Institute of Professional Accountants and Auditors of Russia

*Audit firm attribute (1) / independent auditor (2)*

Audit firm (1)

*C.E.O.'s full name:*

Andrew Cranston

*Position:*

General Director

### Person audited the financial statement

*Full name of the auditor:*

Natalia V. Lukashova

*Position:*

ZAO KPMG, Director

*Document title:*

Power of attorney

*Document number:*

195

*Document date (dd/mm/yyyy):*

30/11/2006

*Qualification certificate number:*

no. K 021936

*Qualification certificate expiry date (dd/mm/yyyy):*

Issued for unlimited term



## Audited entity

Agropromcredit Bank

### Agropromcredit Bank profile

*Company name:*

Commercial Bank “Agropromcredit”

*Registered address:*

13, Kvartal 2, Microrayon 5, Lytkarino, Moscow Region 140083, Russia

*Registration number:*

Nº 2880

*Registration date:*

9 June 1994

a/c 3010181050000000710 with Unit 5 of the Moscow Operating Department,  
Bank of Russia

Russian BIC: 044552710

Record Reason: Code 509950001

TIN: 5026005919

*Statistics codes:*

Russian National Classifier of Legal Entities: 34922679

Russian National Classifier of Government and Administrative Bodies: 15001

Russian National Classifier of Political Entities: 46441000000

Russian National Classifier of Economy Sectors: 65.12

Russian National Classifier of Ownership: 49

Russian National Classifier of Legal Status: 65

Basic State Registration Number: 1025000004314

Subject to Directive no. 2172-U of the Bank of Russia of 20 January 2009 “On publication and presentation of data on performance of credit institutions and banking (consolidated) groups”, the executive management of Commercial Bank “Agropromcredit” decided to waive publication of the Notes to the financial statements (annual report) consisting of 15 (fifteen) folios”.

## Balance sheet

(Publication form)

At 31 December 2008

(in RUR thousands)

No.	Items	At 31 December 2008	At 31 December 2007 (*)
<b>I ASSETS</b>			
1	Cash	1,058,521	896,305
2	<b>Balances with the Bank of Russia</b>	<b>7,914,533</b>	<b>1,780,994</b>
2.1.	Legal reserves	27,525	238,924
3	Due from banks	434,370	82,684
4	Net investment in securities at fair value through profit or loss	1,334,717	2,026,840
5	Net outstanding loans	14,020,098	14,531,899
6	<b>Net investment in available-for-sale securities and other financial assets</b>	<b>3,484</b>	<b>1,053,151</b>
6.1	Investment in subsidiaries and related entities	0	0
7	Net investment in held-till-maturity securities	303,433	0
8	Fixed assets, intangibles and inventories	930,970	309,421
9	Other assets	1,278,487	319,365
10	<b>TOTAL ASSETS</b>	<b>27,278,613</b>	<b>21,000,659</b>
<b>II. LIABILITIES</b>			
11	Due to the Bank of Russia	2,000,000	0
12	Due to banks	60,652	90,312
13	<b>Due to customers (non-banks)</b>	<b>21,072,710</b>	<b>15,880,272</b>
13.1.	Personal deposits	5,697,898	5,158,331
14	Financial liabilities at fair value through profit or loss	0	0
15	Debt instruments issued	1,589,672	2,843,797
16	Other liabilities	177,545	226,969
17	Provision for impairment for notional credit-related liabilities, other losses and off-shore resident transactions	212,027	217,915
18	<b>TOTAL LIABILITIES</b>	<b>25,112,606</b>	<b>19,259,265</b>



modernity  
dynamism  
opportunities  
openness  
growth  
transparency

No.	Items	At 31 December 2008	At 31 December 2007 (*)
<b>III. EQUITY</b>			
19	Shareholders' (members') equity	1,000,000	1,000,000
20	Treasury shares (ownership interest)	0	0
21	Share premium	0	0
22	Reserves	264,647	264,647
23	Fair value revaluation of available-for-sale securities	0	0
24	Fixed asset revaluation	0	0
25	Undistributed profit (uncovered loss) for previous years	476,735	469,631
26	Unused profit (loss) for the reporting year	424,625	7,116
27	<b>TOTAL EQUITY</b>	<b>2,166,007</b>	<b>1,741,394</b>
28	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>27,278,613</b>	<b>21,000,659</b>
<b>IV. OFF-BALANCE SHEET COMMITMENTS</b>			
29	Irrevocable commitments	1,492,366	2,159,095
30	Guarantees issued	2,567,927	1,143,178

(\*) Data at 31 December 2008 can not be comparable with the relevant figures at 31 December 2007 due to changes in Russian law applicable to regulation of accounting principles and reporting generation of credit institutions.

Chief Executive  
Vassily A. Kornev



Chief Accountant  
Svetlana A. Khmeleva

## Income statement

(Publication form)

For the year ended 31 December 2008

(in RUR thousands)

No.	Items	For the reporting year	For the previous year (*)
<b>1</b>	<b>Total interest income from, including:</b>	<b>2,905,789</b>	<b>2,114,435</b>
1.1	Deposits with banks	299,160	89,698
1.2	Loans made to customers (non-banks)	2,404,744	1,789,769
1.3	Financial lease	0	0
1.4	Investment in securities	201,885	234,968
<b>2</b>	<b>Total interest expense due to, including:</b>	<b>1,068,953</b>	<b>1,238,737</b>
2.1	Deposits from banks	54,067	10,477
2.2	Customer balances (non-banks)	780,301	689,703
2.3	Debt instruments issued	234,585	538 557
3	Net interest income (negative interest margin)	1,836,836	875 698
<b>4</b>	<b>Total amendment to provision for loan impairment, credit-related and similar liabilities, clearing account balances, and interest income accrued, including:</b>	<b>(323,053)</b>	<b>(634,448)</b>
4.1	Amendment to provision for interest income impairment	(5,824)	0
5	Net interest income (negative interest margin) after provision for impairment	1,513,783	241,250
6	Net income from trading in securities at fair value through profit or loss	(165,177)	209,266
7	Net income from trading in available-for-sale securities	186,101	78,393
8	Net income from trading in held-till-maturity securities	0	0
9	Net income from dealings in foreign exchange	57,099	11,454
10	Net income from foreign exchange revaluations	6,827	20,415
11	Income from participations in other companies	218	335
12	Fee and commission income	842,009	875,502
13	Fee and commission expense	40,699	23,724
14	Amendment to provision for impairment of available-for-sale securities	1,279	2,205
15	Amendment to provision for impairment of held-till-maturity securities	(3,007)	0
16	Amendment to provision for other impairment	20	0
17	Other operating income	75,519	213,864



No.	Items	For the reporting year	For the previous year (*)
18	Net income (expense)	2,473,972	1,628,960
19	Operating expense	1,783,602	1,425,134
20	Profit (loss) before taxation	690,370	203,826
21	Taxes accrued (paid)	265,745	196,710
22	Profit (loss) after taxation	424,625	7,116
<b>23</b>	<b>Total payments from after-tax profit</b>	<b>0</b>	<b>0</b>
23.1	Dividends	0	0
23.2	Allocations for reserves	0	0
24	Undistributed profit (loss) for the reporting year	424,625	7,116

(\*) Data at 31 December 2008 can not be comparable with the relevant figures at 31 December 2007 due to changes in Russian law applicable to regulation of accounting principles and reporting generation of credit institutions.

Chief Executive  
Vassily A. Kornev



Chief Accountant  
Svetlana A. Khmeleva

## Statement on capital adequacy, provision for impairment of loans and other assets

(Publication form)

At 31 December 2008

No.	Items	At 31 December 2007 (*)	Increase (+)/ decrease (-)	At 31 December 2008
<b>1</b>	<b>Total shareholders' equity (capital) (RUR'000), including:</b>	<b>2,373,859</b>	<b>493,094</b>	<b>2,866,953</b>
1.1	Total share capital, including:	1,000,000	0	1,000,000
1.1.1	Registered ordinary shares (ownership interest), face value	1,000,000	0	1,000,000
1.1.2	Registered preference shares, face value	0	0	0
1.1.3	Non-registered share capital of non-incorporated credit institutions	0.0	0	0
1.2	Treasury shares (ownership interest)	0	0	0
1.3	Share premium	0.0	0	0
1.4	Bank's reserves	264,647	0	264,647
<b>1.5</b>	<b>Undistributed profit (uncovered loss):</b>	<b>421,932</b>	<b>408,216</b>	<b>830,148</b>
1.5.1	for the previous years	465,422	7,116	472,538
1.5.2	for the reporting year	(43,490)	401,100	357,610
1.6	intangible assets	(7)	(901)	(908)
1.7	Subordinated loans (facilities, deposits, bonded debt) at depreciated cost	687,293	85,773	773,066
1.8	Capital (part of it) involving investors' improper assets	0	0	0
2	Required capital adequacy ratio (percentage)	10.0	–	10.0
3	Actual capital adequacy ratio (percentage)	14.0	–	14.5
<b>4</b>	<b>Actual total provision for impairment (RUR'000), including:</b>	<b>1,586,936</b>	<b>324,169</b>	<b>1,911,105</b>
4.1	loans, credit-related and similar liabilities	1,342,198	322,461	1,664,659
4.2	other risk-bearing assets and other impairments	19,398	15,021	34,419
4.3	contingent credit-related liabilities shown on off-balance sheet accounts, and derivatives	217,915	(18,844)	199,071
4.4	transactions with off-shore residents	7,425	5,531	12,956

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Chief Executive  
Vassily A. Kornev




Chief Accountant  
Svetlana A. Khmeleva





## Statement on compliance with legal ratios

(Publication form)

At 31 December 2008

(Percentage)

No.	Items	Required ratio	Actual ratio	
			At 31 December 2008	At 31 December 2007 (*)
1	Capital adequacy (N1)	$\geq 10$	14.5	14.0
2	Quick liquidity ratio (N2)	$\geq 15$	111.1	61.0
3	Current liquidity ratio (N3)	$\geq 50$	109.9	58.5
4	Long-term liquidity ratio (N4)	$\leq 120$	41.5	95.2
5	Highest risk per one borrower or a group of related borrowers (N6)	$\leq 25$	Highest 24,3 Lowest 0,2	Highest 19,3 Lowest 0,1
6	Largest credit risk	$\leq 800$	326.2	301.0
7	Largest loans, bank guarantees and sureties issued by the Bank to its members (shareholders) (N9.1)	$\leq 50$	0.0	0.0
8	Aggregate risk to Bank's insiders (N10.1)	$\leq 3$	1.6	1.9
9	Equity applied to purchase shareholdings (ownership interest) in other corporate entities (N12)	$\leq 25$	0.0	0.0

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Chief Executive  
Vassily A. Kornev



Chief Accountant  
Svetlana A. Khmeleva

## Statement of cash flow

(Publication form)

For the year ended 31 December 2008

(in RUR thousands)

No.	Items	For the reporting year	For the previous year (*)
<b>1</b>	<b>Net cash received from operating activities</b>		
<b>1.1</b>	<b>Total cash received from/applied for operating activities before amendments in operating assets and liabilities, including:</b>	<b>1,011,299</b>	<b>217,611</b>
1.1.1	Interest received	2,726,044	1,975,799
1.1.2	Interest paid	(1,036,915)	(1,073,966)
1.1.3	Fees and commissions received	861,462	822,863
1.1.4	Fees and commissions paid	(38,095)	(23,673)
1.1.5	Income, net of expense, from operations in available-for-sale financial assets at fair value through profit or loss	404,245	(119,875)
1.1.6	Income, net of expense, on trading in held-till-maturity securities	0	0
1.1.7	Income, net of expense, on dealings in foreign exchange	57,099	11,454
1.1.8	Other operating income	73,489	152,897
1.1.9	Operating expense	(1,728,816)	(1,378,806)
1.1.10	Expense/repayment on corporate tax	(307,214)	(149,082)
<b>1.2</b>	<b>Total inflow/outflow in net cash from operating assets and liabilities, including:</b>	<b>5,732,432</b>	<b>87,840</b>
1.2.1	Net inflow/outflow in legal reserves with the Bank of Russia	211,399	(3,275)
1.2.2	Net inflow/outflow in investment securities at fair value through profit or loss	492,334	(315,015)
1.2.3	Net inflow/outflow in balances with banks	(334,260)	(38,126)
1.2.4	Net inflow/outflow in outstanding loans	115,458	(2,028,761)
1.2.5	Net inflow/outflow in other assets	(1,042,734)	60,376
1.2.6	Net inflow/outflow in loans, deposits and other balances due to the Bank of Russia	2,000,000	0
1.2.7	Net inflow/outflow in balances due to banks	(29,660)	(9,745)
1.2.8	Net inflow/outflow in corporate balances (non-banks)	5,490,120	4,104,833
1.2.9	Net inflow/outflow in financial liabilities at fair value through profit or loss	0	0
1.2.10	Net inflow/outflow in debt securities issued	(1,175,559)	(1,689,452)
1.2.11	Net inflow (outflow) in other liabilities	5,334	7,005
<b>1.3</b>	<b>Sub-total for Section 1 (item 1.1 + item 1.2)</b>	<b>6,743,731</b>	<b>305,451</b>



No.	Items	For the reporting year	For the previous year (*)
<b>2</b>	<b>Net cash received from/applied for investment activities</b>		
2.1	Purchase of securities and other financial assets identified as “available-for-sale”	(179,140)	(990,641)
2.2	Proceeds from sale and redemption of securities and other financial assets identified as “available-for-sale”	1,057,207	1 202,181
2.3	Purchase of securities identified as “held-till-maturity”	(315,011)	0
2.4	Proceeds from redemption of securities identified as “held-till-maturity”	0	0
2.5	Purchase of fixed assets, intangible assets and inventories	(450,534)	(31,908)
2.6	Proceeds from sale of fixed assets, intangible assets and inventories	16,467	344
2.7	Dividends receives	218	335
2.8	Sub-total for Section 2 (sum of items 2.1 through 2.7)	129,207	180,311
<b>3</b>	<b>Net cash received from/applied for financing activities</b>		
3.1	Payments by shareholders (members) to the share capital	0	0
3.2	Purchase of treasury shares (ownership interest)	0	0
3.3	Sale of treasury shares (ownership interest)	0	0
3.4	Dividends paid	0	0
3.5	Sub-total for Section 3 (sum of items 3.1 through 3.4)	0	0
<b>4</b>	<b>Effect of official exchange rates of foreign currencies against rouble quoted by the Bank of Russia on cash and cash equivalents</b>	<b>(365,784)</b>	<b>3,602</b>
<b>5</b>	<b>Inflow/application of cash and cash equivalents</b>	<b>6,507,154</b>	<b>489,364</b>
5.1	Cash and cash equivalents at the start of the reporting year	2,438,375	1,949,011
5.2	Cash and cash equivalents at the end of the reporting year	8,945,529	2,438,375

(\*) Data at 31 December 2008 can not be comparable with the relevant figures at 31 December 2007 due to changes in Russian law applicable to regulation of accounting principles and reporting generation of credit institutions.

Chief Executive  
Vassily A. Kornev



Chief Accountant  
Svetlana A. Khmeleva

# Financial statements 2008 (IFRS)

Audit of the financial statements of Commercial Bank "Agropromcredit" (Limited Liability Company), prepared in compliance with International Financial Reporting Standards, was conducted by ZAO KPMG.

## Independent Auditors' Report

To the Board of Directors  
Commercial Bank "Agropromcredit"

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Commercial Bank "Agropromcredit" ("the Bank"), which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Stan-



dards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2008, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

ZAO KPMG  
21 May 2009

**Auditor**

ZAO KPMG, a company incorporated under the Laws of the Russian Federation and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

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## Income Statement

For the year ended 31 December 2008

Items	2008 RUR'000	2007 RUR'000
Interest income	2,978,621	2,214,215
Interest expense	(1,075,009)	(894,490)
<b>Net interest income</b>	<b>1,903,612</b>	<b>1,319,725</b>
Loan impairment allowance	(504,019)	(205,477)
<b>Net interest income after provision for loan impairment</b>	<b>1,399,593</b>	<b>1,114,248</b>
Fee and commission income	774,501	718,580
Fee and commission expense	(38,225)	(35,423)
<b>Net fee and commission income</b>	<b>736,276</b>	<b>683,157</b>
Net gain on financial instruments at fair value through profit or loss	135,872	304,054
Net foreign exchange gain	75,780	31,869
Recovery of impairment allowance other than loan impairment	8,353	5,539
Other income	232,226	118,525
<b>Operating income</b>	<b>2,588,100</b>	<b>2,257,392</b>
Loss on disposal of loans	(77,847)	–
General administrative expenses	(1,746,783)	(1,349,622)
<b>Income before taxes</b>	<b>763,470</b>	<b>907,770</b>
Income tax expense	(185,469)	(213,517)
<b>Net income</b>	<b>578,001</b>	<b>694,253</b>

Chief Executive  
Vassily A. Kornev




Chief Accountant  
Svetlana A. Khmeleva





## Balance Sheet

As at 31 December 2008

Items	2008 RUR'000	2007 RUR'000
<b>ASSETS</b>		
Cash and cash equivalents	10,368,915	2,565,478
Due from the Central Bank of the Russian Federation	27,525	238,924
Placements with banks and other financial institutions	450,121	634,235
Financial instruments at fair value through profit or loss	1,082,532	4,375,216
Loans to customers	13,183,668	13,307,582
Available-for-sale assets	–	–
Held-to-maturity investments	1,742,792	–
Property and equipment	1,031,435	380,524
Other assets	228,926	83,411
<b>Total assets</b>	<b>28,115,914</b>	<b>21,585,370</b>
<b>LIABILITIES AND EQUITY</b>		
Financial instruments at fair value through profit or loss	–	1,942
Deposits and balances from banks and other financial institutions	2,072,228	92,827
Current accounts and deposits from customers	20,444,067	15,555,046
Certificates of deposit and promissory notes	1,584,019	2,765,572
Other borrowed funds	773,066	417,285
Income tax payables	6,275	80,447
Other liabilities	36,291	39,866
Deferred tax liability	39,557	49,975
<b>Total liabilities</b>	<b>24,955,503</b>	<b>19,002,960</b>
<b>Equity</b>		
Charter capital	1,000,000	1,000,000
Retained earnings	2,160,411	1,582,410
<b>Total equity</b>	<b>3,160,411</b>	<b>2,582,410</b>
<b>Total liabilities and equity</b>	<b>28,115,914</b>	<b>21,585,370</b>

## Statement of Cash Flows

For the year ended 31 December 2008

Items	2008 RUR'000	2007 RUR'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest receipts	2,778,934	2,429,765
Interest payments	(956,133)	(1,073,944)
Net receipts from financial instruments at fair value through profit or loss	75,908	171,313
Net receipts from foreign exchange	68,953	11,454
Fees and commissions receipts	774,501	725,027
Fees and commissions payments	(38,225)	(38,508)
Other income	232,226	118,525
General administrative expenses	(1,745,697)	(1,289,066)
<b>(Increase)/decrease in operating assets</b>		
Due from the Central Bank of the Russian Federation (excluding cash and cash equivalents)	211,399	(3,275)
Placements with banks and other financial institutions (excluding cash and cash equivalents)	179,354	830,898
Financial instruments at fair value through profit or loss	1,861,083	(519,811)
Loans to customers	(202,752)	(3,162,792)
Held-to-maturity investments	(281,442)	–
Other assets	(137,162)	(26,647)
<b>Increase/(decrease) in operating liabilities</b>		
Financial instruments at fair value through profit or loss	(1,942)	–
Deposits and balances from banks and other financial institutions	1,967,825	(6,388)
Current accounts and deposits from customers	4,860,693	4,229,676
Certificates of deposit and promissory notes	(1,306,722)	(1,681,125)
Other liabilities	(22,519)	23,301
<b>Net cash provided from operating activities before taxes paid</b>	<b>8,318,282</b>	<b>738,403</b>
Taxes paid	(270,059)	(30,278)
<b>Cash flows from operations</b>	<b>8,048,223</b>	<b>708,125</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net purchases of property and equipment	(710,897)	(52,404)
<b>Cash flows used in investing activities</b>	<b>(710,897)</b>	<b>(52,404)</b>



Items	2008 RUR'000	2007 RUR'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Redemption of other borrowed funds	–	(94,890)
<b>Cash flows used in financing activities</b>	<b>–</b>	<b>(94,890)</b>
<b>Net increase in cash and cash equivalents</b>	<b>7,337,326</b>	<b>560,831</b>
Effect of changes in exchange rates on cash and cash equivalents	466,111	(5,353)
Cash and cash equivalents as at the beginning of the year	2,565,478	2,010,000
<b>Cash and cash equivalents as at the end of the year</b>	<b>10,368,915</b>	<b>2,565,478</b>

## Statement of Changes in Equity

For the year ended 31 December 2008

Items	Charter Capital RUR'000	Retained earnings RUR'000	Total RUR'000
<b>Balance at 31 December 2006</b>	<b>1,000,000</b>	<b>888,157</b>	<b>1,888,157</b>
Net income for the period	–	694,253	694,253
<b>Balance at 31 December 2007</b>	<b>1,000,000</b>	<b>1,582,410</b>	<b>2,582,410</b>
Net income for the period	–	578,001	578,001
<b>Balance at 31 December 2008</b>	<b>1,000,000</b>	<b>2,160,411</b>	<b>3,160,411</b>



## Контактная информация

КОММЕРЧЕСКИЙ БАНК «КРЕДИТНЫЙ АГРОПРОМБАНК»  
(Общество с ограниченной ответственностью)  
ООО КБ «АГРОПРОМКРЕДИТ»

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## Contacts

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