



Raiffeisenbank

Shemogsa Woodcarving

Shemogsa woodcarving is the traditional Russian folk craft of embossing and carving birch bark that appeared in the 18th century in the Vologda region and was named after Shemogsa Creek, which flows through the area. Under the knives of the village masters, the soft, pliant bark of the young birch was turned into real lacework. It is easy to recognise a Shemogsa design: it will be a creeping vine with elongated leaves and delicately curling tendrils, thick grass, round rosettes, berries, or trefoils. The figures of birds and animals or scenes from peasant life were often added to the floral design. The pictures were finished with a border of leaves, wavy lines, or grids. The birch-bark layer with the ornamental cut-outs was glued onto a wooden item, and the background was painted or covered in coloured foil for the sake of contrast. When decorative boxes and snuffboxes, hampers and tea caddies, platters and plates, cigarette cases and long, cylindrical boxes were decorated with carved birch bark from Shemogsa, they brought an air of celebration to the house.

Financial Statements

Consolidated Balance Sheet

In thousands of RUR	Note	31 December 2008	31 December 2007
ASSETS			
Cash and cash equivalents	7	153 372 810	81 991 288
Mandatory cash balances with the Central Bank of the Russian Federation		484 645	6 212 658
Trading securities	8	14 495 678	28 343 789
Repurchase receivables as trading securities	12	4 405 733	—
Other securities at fair value through profit or loss	9	12 534 378	3 292 962
Due from other banks	10	7 426 118	3 681 359
Loans and advances to customers	11	364 540 357	294 824 677
Investment securities available for sale		337 162	—
Premises and equipment	15	9 224 923	7 460 938
Intangible assets	16	11 305 949	11 271 988
Current income tax asset		1 419 431	2 584 791
Deferred income tax asset	30	156 731	133 710
Investment securities held to maturity	13	3 960 068	976 715
Repurchase receivables as investment securities held to maturity		298 195	—
Derivatives and other financial assets	17	33 619 496	1 684 081
Investment in associate	14	606 935	538 940
Other assets	18	1 130 971	1 234 065
TOTAL ASSETS		619 319 580	444 231 961
LIABILITIES			
Due to other banks	19	60 275 109	45 642 750
Customer accounts	20	259 402 419	204 546 804
Term borrowings from the Parent Bank	22	121 439 321	87 775 061
Term borrowings from other financial institutions	22	63 754 028	47 505 220
Debt securities in issue	21	10 076 515	54 485
Derivatives and other financial liabilities	23	27 270 016	5 437 565
Other liabilities	24	2 665 826	1 773 823
TOTAL LIABILITIES		544 883 234	392 735 708
EQUITY			
Share capital	25	43 268 888	28 386 596
Share premium		591 083	591 083
Additional paid-in capital		1 520 016	1 520 016
Retained earnings and other reserves		29 056 359	20 998 558
TOTAL EQUITY		74 436 346	51 496 253
TOTAL LIABILITIES AND EQUITY		619 319 580	444 231 961

Approved for issue and signed on behalf of the Managing Board on 8 April 2009.

Pavel Gurin
Chairman of the Board

Arndt Roechling
Chief Financial Officer

Consolidated Income Statement

In thousands of RUR	Note	2008	2007
Interest income	27	44 712 405	33 633 770
Interest expense	27	(16 044 629)	(13 721 654)
Net interest income		28 667 776	19 912 116
Provision for loan impairment	11	(6 653 560)	(4 290 016)
Net interest income after provision for loan impairment		22 014 216	15 622 100
Fee and commission income	28	6 840 357	5 988 186
Fee and commission expense	28	(1 357 794)	(1 072 859)
Gains less losses from trading securities		(2 630 230)	(581 932)
Gains less losses from other securities at fair value through profit or loss		(224 581)	(16 513)
Gains less losses from trading in foreign currencies		3 231 486	2 198 549
Unrealized gains less losses from derivative financial instruments	36	9 262 499	(1 711 492)
Realized gains less losses from derivative financial instruments		(1 501 457)	(1 462 071)
Foreign exchange translation losses less gains		(3 165 380)	2 491 650
Ineffectiveness from the hedge accounting		(9 225)	—
Release of provisions/(provisions) for credit related commitments	35	(160 063)	147 317
Gains from redemption of investment securities available for sale		422 092	—
Other operating income		76 722	238 822
Administrative and other operating expenses	29	(17 196 899)	(13 063 183)
Share of profit of associate	14	67 995	90 679
Profit before tax		15 669 738	8 869 253
Income tax expense	30	(4 472 228)	(2 171 959)
Profit for the year		11 197 510	6 697 294

Consolidated Statement of Changes in Equity

In thousands of RUR	Note	Share capital	Share premium	Additional paid-in capital	Retained earnings	Other reserves	Total
Balance at 31 December 2006		17 070 206	155 566	1 520 016	15 462 490	—	34 208 278
Effect of translation to presentation currency	—	—	—	—	—	11 574	11 574
Net income recognised directly in equity	—	—	—	—	—	11 574	11 574
Profit for the year	—	—	—	—	6 697 294	—	6 697 294
Total recognised income for 2007		—	—	—	6 697 294	11 574	6 708 868
Share issue	25	11 316 390	435 517	—	—	—	11 751 907
Dividends declared	31	—	—	—	(1 172 800)	—	(1 172 800)
Balance at 31 December 2007		28 386 596	591 083	1 520 016	20 986 984	11 574	51 496 253
Effect of translation to presentation currency	—	—	—	—	—	(99 131)	(99 131)
Revaluation of investment securities available for sale	—	—	—	—	—	759 254	759 254
Redemption of investment securities available for sale	—	—	—	—	—	(422 092)	(422 092)
Income tax from revaluation of investment securities available for sale recorded directly in equity	—	—	—	—	—	(67 432)	(67 432)
Reserve due to cash flow hedge	—	—	—	—	—	(1 665 618)	(1 665 618)
Income tax from cash flow hedge recorded directly in equity	—	—	—	—	—	333 124	333 124
Net loss recognised directly in equity	—	—	—	—	—	(1 161 895)	(1 161 895)
Profit for the year	—	—	—	—	11 197 510	—	11 197 510
Total recognised income / (expense) for 2008		—	—	—	11 197 510	(1 161 895)	10 035 615
Share issue	25	14 882 292	—	—	—	—	14 882 292
Dividends declared	31	—	—	—	(1 977 814)	—	(1 977 814)
Balance at 31 December 2008		43 268 888	591 083	1 520 016	30 206 680	(1 150 321)	74 436 346

Consolidated Statement of Cash Flows

In thousands of RUR	Note	2008	2007
Cash flows from operating activities			
Interest received		43 620 119	32 592 082
Interest paid		(9 925 852)	(9 160 292)
Fees and commissions received		6 840 357	6 028 872
Fees and commissions paid		(1 339 070)	(1 073 027)
Realized losses less gains from trading in trading securities		(145 236)	11 230
Realized losses less gains arising from other securities at fair value through profit or loss		(224 581)	(16 513)
Realized losses less gains from financial derivative instruments		(2 302 381)	87 263
Realized gains less losses arising from trading in foreign currencies		3 231 486	1 099 904
Other operating income received		76 722	201 043
Administrative and other operating expenses paid		(15 024 165)	(11 443 583)
Income tax paid		(3 064 197)	(4 720 632)
Cash flows from operating activities before changes in operating assets and liabilities		21 743 202	13 606 347
Changes in operating assets and liabilities			
Net (increase)/decrease in mandatory cash balances with the Central Bank of the Russian Federation		5 728 013	(1 862 697)
Net (increase)/decrease in trading securities		3 658 223	(3 058 252)
Net increase in other securities at fair value through profit and loss		(9 091 343)	(1 968 916)
Net increase/(decrease) in due from other banks		(3 296 869)	367 113
Net increase in loans and advances to customers		(44 370 713)	(106 992 651)
Net increase in securities held to maturity and repurchase receivables held to maturity		408 591	(281 511)
Net increase in derivatives and other financial assets		(137 319)	(54 797)
Net (increase)/decrease in other assets		(378 075)	731 325
Net increase in due to other banks		12 219 286	14 963 003
Net increase in customer accounts		36 766 698	48 191 041
Net increase/(decrease) in debt securities in issue		10 022 030	(4 821 919)
Net decrease/increase in derivatives and other financial liabilities		(1 089 761)	786 051
Net increase/(decrease) in other liabilities		1 013 090	(1 044 603)
Net cash provided by / (used in) operating activities		33 195 053	(41 440 466)
Cash flows from investing activities			
Acquisition of premises and equipment and intangible assets		(2 903 122)	(1 526 914)
Proceeds from disposal of investment securities available for sale		422 092	16 513
Net cash used in investing activities		(2 481 030)	(1 510 401)
Cash flows from financing activities			
Proceeds from term borrowings from the Parent Bank and other financial institutions		38 733 638	98 544 393
Repayment of term borrowings from the Parent Bank and other financial institutions		(21 130 797)	(23 078 352)
Interest paid on the other borrowed funds		(4 770 862)	(4 489 490)
Share issue	25	14 882 292	11 751 907
Dividends paid	31	(1 977 814)	(1 172 800)
Net cash from financing activities		25 736 457	81 555 658
Change in accrued interest on cash and cash equivalents		(15 618)	37 995
Effect of exchange rate changes on cash and cash equivalents		14 946 660	(1 826 452)
Net increase in cash and cash equivalents		71 381 522	36 816 334
Cash and cash equivalents at the beginning of the year		81 991 288	45 174 954
Cash and cash equivalents at the end of the year	7	153 372 810	81 991 288