

Financial Statements
Public Joint Stock Company
"Investments and Savings Bank"
as of the end of 31 December 2009

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INDEPENDENT AUDITOR'S REPORT

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**To the Shareholders of
Public Joint Stock Company
“Investments and Savings Bank”**

Melnykova Street, 83D
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Kyiv
Ukraine

Report on financial statements

The Auditing Firm “Grant Thornton Ukraine” – the Ukrainian member of Grant Thornton International Ltd (Certificate on recording in the Register of Auditing Subjects No 2166 dated 26.01.2001) have audited the accompanying financial statements of the Public Joint Stock Company “Investments and Savings Bank” (hereinafter referred to as the “Bank”), which comprise the Statement of Financial Position as of the end of 31 December 2009, Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity that had been prepared in accordance with the International Financial Reporting Standards for the year then ended, and the notes to the annual financial statements.

Management's responsibility

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from 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 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 policies used and the reasonableness of accounting estimates made by management, as well as evaluating 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly in all material respects the financial position of Public Joint Stock Company "Investments and Savings Bank" as of the end of 31 December 2009, and of its financial results and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

Grant Thornton Ukraine

Auditing firm "Grant Thornton Ukraine"

I.L. Konstantinov

Audit Partner

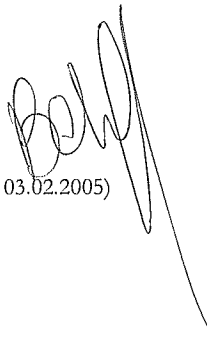
(NBU Certificate No 0000051 dated 03.02.2005)

B.A. Khasnulin

Partner

(NBU Certificate No 0000058 dated 03.02.2005)

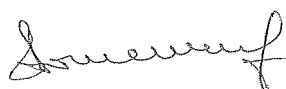
Kyiv, 29 June 2010



Statement of Financial Positions

	Note	31 December 2009 UAH'000	31 December 2008 UAH'000
Assets			
Cash, banking metals and accounts with the National Bank of Ukraine	7	140,371	158,544
Loans and funds to the banks less allowances for impairment losses	8	198,949	214,816
Loans to the clients less allowances for impairment losses	9	797,514	662,645
Property, plant and equipment and intangible assets less accumulated amortization	10	26,326	24,961
Other financial assets	11	16,113	768
Other assets	12	587	980
Long-term assets held for sale and disposal group assets		-	1,812
Total assets		1,179,860	1,064,526
Liabilities			
Amounts due to other banks	13	499,027	360,450
Clients' money	14	433,800	522,785
Other borrowings	15	944	-
Deferred tax liabilities		465	132
Other financial liabilities	16	16,145	13
Other liabilities	17	45,463	426
Total liabilities		995,844	883,806
Equity			
Share capital	18	150,000	150,000
Retained earnings		34,016	30,720
Total equity		184,016	180,720
Total liabilities and equity		1,179,860	1,064,526

Authorised for issue by the Board and signed on their behalf on 25 May 2010



V. Ye. Antonyuk
Acting Head of the Board



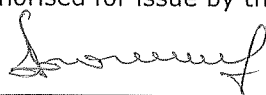
T. O. Verba
Chief accountant

The financial statements should be read with consideration of Notes to the financial statements, which are stated on pages 8 to 45 and are an integral part of these statements.

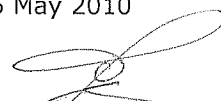
Statement of Comprehensive Income

	Note	Year ended 31 December 2009 UAH'000	Year ended 31 December 2008 UAH'000
Interest income	19	195,759	120,323
Interest expense	20	(127,983)	(78,670)
Net interest income		67,776	41,653
Allowance for loan impairment		(20,587)	(7,802)
Net interest income after deduction of allowance for loan impairment		47,189	33,851
Profit less losses/ (losses less profit) from investment securities for resale		-	1
Profit less losses from foreign currency transactions		(10,373)	29,252
Commission earnings	21	62,926	3,914
Commission expenses	21	(31,005)	(288)
Other operating income		128	815
Operating income		68,865	67,545
Operating expenses	22	(63,929)	(51,834)
Operating profit		4,936	15,711
Profit / loss before taxes		4,935	15,711
Income tax	23	(1,640)	(2,284)
Net profit		3,296	13,427
Other comprehensive profit (loss)			
Revaluation of securities in the Bank's portfolio for trading		-	-
Revaluation of fixed assets		-	-
Other comprehensive profit (loss)		-	-
Total comprehensive profit (loss) for the year		3,296	13,427
Net profit (loss) per ordinary share, UAH	24	21.97	-

Authorised for issue by the Board and signed on their behalf on 25 May 2010



V. Ye. Antonyuk
Acting Head of the Board



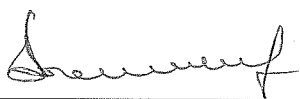
T. O. Verba
Chief accountant

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Statement of Changes in Equity

	Share capital	Revaluation reserves	Accumulated surplus (deficit)	Total equity
	UAH'000	UAH'000	UAH'000	UAH'000
Balance at 31 December 2007	150,000	0	17,293	167,293
Net profit			13,427	13,427
Balance at 31 December 2008	150,000	0	30,720	180,720
Net profit	-	-	3,296	3,296
Balance at 31 December 2009	150,000	0	34,016	184,016

Authorised for issue by the Board and signed on their behalf on 25 May 2010



V. Ye. Antonyuk
Acting Head of the Board

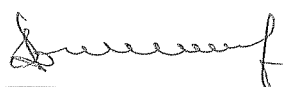


T. O. Verba
Chief accountant

Cash Flow Statement

Cash flows from operating activities	Note	Year ended 31	Year ended 31
		December 2009	December 2008
		UAH'000	UAH'000
Net profit for the year		3,296	13,427
Adjustments for:			
Income accrued		(8,645)	(1,463)
Costs accrued		846	(1,600)
Amortization charges		3,569	1,783
Reserve for interest-bearing assets		20,671	7,814
Trading result		-	1
Accrued and deferred tax		516	(743)
Amortization of discount and premium on financial instruments		-	(259)
Other flow of non-cash funds		-	288
Operating profit before changes in operating assets and liabilities		20,253	19,248
Increase/decrease in operating assets:			
Required reserve with NBU		6,851	(1,513)
Loans and funds to the banks		12,868	59,705
Loans to the clients		(143,683)	(230,214)
Other assets		(14,252)	79
Increase/decrease in operating liabilities:			
Loans and funds from other banks		138,576	(19,587)
Clients' accounts		(89,058)	269,422
Other liabilities		61,169	(42)
Net increase (decrease) in operating assets and liabilities		(41,231)	77,850
Net cash flow from operating activities		(20,978)	97,098
Investing activities			
Decrease (increase) in fixed and intangible assets		(4,990)	(14,241)
Net cash used in investing activities		(4,990)	(14,241)
Financial activities			
Other borrowings		944	-
Net cash received from (used for) financial activities		944	-
Net increase (decrease) in cash and cash equivalents		(25,024)	82,587
Cash and cash equivalents at the beginning of the year		154,776	71,919
Cash and cash equivalents at the end of the year	7	129,752	154,776

Authorised for issue by the Board and signed on their behalf on 25 May 2010



V. Ye. Antonyuk
 Acting Head of the Board



T. O. Verba
 Chief accountant

Notes to the Financial Statements

1 General information about the Bank

Public Joint Stock Company "Investments and Savings Bank" (hereinafter – Bank) was registered with the National Bank of Ukraine on 9 August 2005 as a limited liability company.

Legal address of the Bank is: 83D, Melnykova Street, Kyiv 04119, Ukraine.

The Bank a part of the united banking system of Ukraine (as of the end of 2009, the banking system was presented by 182 operating banks) regulated by the National Bank of Ukraine.

The Bank is an autonomous financial institution which is not the organizational part of any consolidated group, nor the subsidiary unit of any other company.

The highest management body of the Bank is the general meeting of the shareholders of Public Joint Sock Company (PJSC) "Investments and Savings Bank".

The Banks is the full member of the Individuals Deposits Guarantee Fund.

At the end of the reporting 2009, the staff on the payroll of the Bank was 142 employees (at the end of 2008 it was 114 employees).

There were no merger, consolidation, division, separation of the Bank in the reporting year.

During 2009, the Bank was reorganized from Limited Liability Company "Investments and Savings Bank" into Open Joint Stock Company "Investments and Savings Bank" (Legal Entity State Registration Certificate Series A01 No 303675 dated 12.05.2009).

In addition, during the reporting period the name of the Bank was changed from Open Joint Stock Company "Investments and Savings Bank" to Public Joint Stock Company "Investments and Savings Bank" (Legal Entity State Registration Certificate Series A01 No 306993 dated 29.10.2009).

During the year ended 31 December, 2009 the Bank performed its operations within the License received. The general accounting principles are summarized in Accounting Policy of PJSC "Investments and Savings Bank".

As of 31 December the Bank's participants are:

	31 December 2009 %	31 December 2008 %
CJSC "Insurance Company Euroreserve"	11.67%	11.67%
Sergiy M. Lagur	16.73%	16.73%
Mykola Ya. Romaniv	20.90%	20.90%
Stepan P. Ivakhiv	24.90%	24.90%
Natalia V. Romaniv	4.00%	4.00%
Igor M. Yeremeyev	18.47%	18.47%
Andriy V. Popov	3.33%	3.33%
Total	100%	100%

2 Bank's operating environment

In the reporting period, the monetary policy in Ukraine was implemented in complicated environment of economic and financial crisis and was aimed at overcoming its consequences. For the banks, this period was characterised by the following factors:

- increase in liquidity, currency, credit and other risks as a result of significant outflow of customers' money;
- low level of inflow from asset repayments;
- limited possibilities for business lending and attracting funds at interbank and external financial markets;
- liquidity is maintained by the by banks mostly through refinancing loans from the National Bank of Ukraine etc.

The issue of resources' provision, fulfilment of obligations before depositors and creditors on timely basis, restructuring of external debts, provision of funds for operations with assets became of great importance.

Restructuring processes in Ukrainian banking system are caused by both reorganization of banks through merger and consolidation of problem banking institutions with sustainable banks and further capitalization of banks including with participation of the state as well as due to increase in foreign investments.

Worsening of economic situation that reached its bottom in the 1st quarter of 2009, at the monetary market resulted in outflows of money from the banks. Panic consumer behaviour with regard to buying foreign currency and withdrawing funds from the banking system was only reversed in April 2009. However, the total amount of deposits in the banking system in 2009 decreased by 8.3%. As a result, the total amount of deposit balances decreased by 2.1% in 2009.

The decrease in financial stability of Ukrainian financial system was caused not only by the effects of the global financial crisis but to some extent by further increase in structural imbalance of Ukrainian economy. This was evidenced by increase in current account deficit, increase in external debt, instability of financial sector structure.

As of the beginning of 2009, 198 banks were registered in Ukraine. During 21 months, 6 banks discontinued their operations, 3 were nationalized and interim administration was introduced for 14 banks.

As of January 1, 2010 the total assets in the banking system amounted to UAH 880.3 billion, the decrease for the year was UAH 45.8 billion which was caused mainly by decline in lending operations.

In the structure of credit portfolios, the share of bad loans increased by a factor of 3.8 and the banks were forced to increase their charges to insurance reserves which in turn effected the financial result of the banks. Some banks got negative result. In 2009, the banks incurred losses in amount of UAH 38.45 billion (in 2008 the profit of the banking system was UAH 7.3 billion – the highest one since 2002).

In future, the economic and political situation can remain unstable so it is impracticable to predict how the further possible development of financial crisis can impact the Bank and as a result, how the liquidity situation and increase in volatility of financial markets would change.

3 Basis for presentation

The financial statements of the Bank have been prepared in accordance with the International Financial Reporting Standards (IFRS). The Bank maintains accounting records in accordance with the rules and provisions which regulate the banking activities in Ukraine (the main regulator is the National Bank of Ukraine). The above financial statements were prepared on basis of such accounting records and properly adjusted to ensure compliance with IFRS.

Measurement and presentation currency of the above financial statements is Hryvnya (UAH), the national currency of Ukraine.

The main differences between the Ukrainian and international accounting principles used for preparing the statements are:

- recognition and measurement of the financial instruments;
- measurement of tangible assets;
- measurement and recognition of impairment of assets;
- format of statements presentation.

The preparation of the financial statements requires management to make calculations, estimates and assumptions, which affect the amounts of assets and liabilities, disclosure of contingent assets and liabilities at the reporting date, as well as the amounts of income and expenses recorded in the financial statements during the reporting period. Yet those calculations are based on the information about current events and actions, available to the management, actual results can be different. The estimates on which the differences with the actual results are most probable are related mainly with setting-up of impairment allowances and measurement of the fair value of financial instruments.

4 Underlying principles of the Bank's accounting policies

The financial statements have been prepared in compliance with the Bank's accounting policies and International Financial Reporting Standards.

The underlying principles of the Bank's accounting policies are the following:

completeness – all banking transaction should be recorded on accounts without any exceptions. The financial statements should include all information on actual and expected results of the Bank's transactions, which can influence decision-making based on it;

substance over form – the transactions are accounted for and disclosed in the reporting in accordance with their substance and economic reality and not merely their legal form;

self-sufficiency – assets and liabilities of the Bank should be separated form the assets and liabilities of other banks (entities) and from those of the Bank's owners, and therefore the owners' personal property and liabilities should not be reported in the Bank's financial statements;

prudence – use of accounting estimates such that assets and /or income are not overstated and liabilities or expenses are not understated;

going concern – the Bank's assets are measured under the assumption that it will continue in operation for the foreseeable future. If the Bank has the intention to curtail the scale of its operations, this fact should be disclosed in the financial statements;

Accrual basis and matching costs with revenues – to determine the financial performance of the reporting period, the revenues of the reporting period should match with expenses incurred to earn the revenues. In doing this, revenues and expenses are recorded and reported when they occur and not as cash is received or paid. Income represents increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity, other than those relating to contributions from shareholders. Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to shareholders. Equity is the residual interest in the assets of the Bank after deducting all its liabilities;

consistency – consistent (from year to year) application of the selected accounting policies. Changes in accounting treatments are possible only in cases specified by the international accounting standards and national provisions (standards) and require additional explanation and disclosure in the financial statements;

historical (actual) cost – priority is the measurement of assets and liabilities at their acquisition or incurrence cost. Assets and liabilities in foreign currency, other than non-monetary items are remeasured in case of change in the official exchange rate at the reporting date.

To maintain the accounting records and prepare the financial statements the assets and liabilities of the Bank are entered in the books and accounted for at:

their acquisition or incurrence cost - at historical or original cost: assets – at the amount of cash or cash equivalents paid or other consideration; liabilities – at the amount of funds raised in exchange for such liabilities or at the amount of cash or cash equivalents to be paid to settle the obligations in the ordinary course of business;

fair (market) value: assets - at the amount, for which such assets could be purchased (exchanged), liabilities - at the amount, for which such liability could be settled between knowledgeable, willing parties in an arm's length transaction; expression "between knowledgeable, willing parties in an arm's length transaction" means existence of knowledgeable, willing buyer and knowledgeable, willing seller in an arm's length transaction that act in their own interests; adjustment of assets value to the fair value is made by their remeasuring, testing for impairment and existing credit risks.

In addition to above methods, depending on the nature and content of assignments of various components of the Bank's accounting policies, other methods are used to measure separate groups of assets and liabilities, in particular:

- carrying amount is the value at which the Bank's asset, liability and equity are reported in the Bank's Balance Sheet. Carrying amount for a financial asset and financial liability comprises the principal amount, accrued interest and not amortized premium and discount, revalued amount, and amount of impairment recognized;
- amortized cost is the value at which financial asset, financial liability is measured and which comprises acquisition cost less principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment;
- contractual amount is the value of an asset, specified in the agreements entered into by the Bank and its counterparties;
- depreciated cost is the difference between the initial (or revalued) cost of an asset and the amount of accrued depreciation or set-up reserve;
- mortgage amount is the value of collateral determined by the agreement between the Bank and borrower (mortgagor) and fixed in the respective contract of pledge;
- residual value is the estimated amount of funds expected to be obtained from disposal of an asset;
- face value is the value stated in securities, banknotes, coins, etc.;
- revalued amount is the value of an asset after its revaluation;
- current (replacement) cost is the amount of cash or cash equivalents and other consideration that would have to be paid if the same or an equivalent asset was acquired (created) currently (at the balance sheet date);
- market value of an asset is the net value of its acquisition or net realizable value on the active market;
- present value is the present (discounted) value of the future net cash flows expected from the use of an asset; present (discounted) value of future payments that would be required to settle the obligations in the normal course of the Bank's business;
- net realizable value is the selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Assets and liabilities of the Bank are evaluated so that the reserves set-up for them and the measures taken exclude the possibility of bringing the existing financial risks forward to the future reporting periods.

The value of assets is changed due to the fluctuation of market prices, foreign exchange rates, depreciation and obsolescence, other objective factors. The Bank remeasures separate items to their fair (market) value under the procedure specified by the laws in force and the Bank's internal documents.

Measurement (revaluation) of assets and liabilities is reported in accounting with various methods according to the regulations of the National Bank of Ukraine on accounting, in particular:

- revaluation of the balance sheet items in foreign currency, except the monetary items, at the official exchange rate;
- setting-up special reserves in national currency (for assets in national currency);
- setting-up special reserves in foreign currency (for assets in foreign currency), which remeasuring at the official exchange rate ensures independence of evaluation of assets in foreign currency on the exchange rate fluctuations.

5 Measurement principles for individual assets and liabilities

Cash and cash equivalents. Cash and cash equivalents include the Bank's cash on hand, balances on the correspondent account with the National Bank of Ukraine and other banks. Statutory reserves of the Bank cannot be used for funding daily transactions of the Bank and are not treated as components of cash and cash equivalents for the purposes of preparation of the cash flow statement.

Available-for-sale investment securities. The Bank considers investment securities held by it as investments in the debt securities and shares which they have intent to hold for an indefinite period of time and which can be sold to secure liquidity, cover changes in interest or exchange rates.

The Bank recognizes these assets in the Balance Sheet only when the Bank is a party to the contract to buy asset. Available-for-sale investment securities are initially recognized at cost which is the fair value of consideration for such assets and the amount of all expenses for such transactions. Upon initial recognition available-for-sale investment securities are measured at the fair value, except for financial instruments that do not have an active market and whose fair value cannot be reliably measured.

When market value is determined, all securities are measured based on averaged quoted value.

Loans and advances made and allowances for impairment of loans.

The loans issued are initially measured and reported at fair value taking into account the costs directly attributable to the transactions.

At the balance sheet date the loans are measured at amortized cost using the effective interest rate in amortising the discount (premium) and charging interest. During 2009 the effective interest rate in the Bank was not used, if: 1) a loan was issued (received) for the term not exceeding one year; 2) loan period exceeded one year, and a level of variance of the effective interest rate on loans from the nominal

interest rate was immaterial, i.e. not higher than 6 interest points; 3) the amount of discount (premium) by taking into account the commission amounts, included in the value of a financial instrument, was immaterial, i.e. less than 1 % of the nominal amount, then it is allocated to interest income (expense) on recognition of such financial instrument.

If the carrying amount of loans made (received) exceeds the recoverable amount, the Bank recognises an impairment (depreciation). Impairment is reported by setting-up of special allowances out of the Bank's expenses.

Losses from impairment (depreciation) are recognised in the in the Statement of financial results when they are incurred.

An objective evidence of impairment (depreciation) of financial assets is an information related to the following loss events:

- significant financial difficulties arisen with the debtor;
- violation of contract terms by the debtor;
- probability of bankruptcy or other financial reorganization of the debtor;
- creation by the creditor, in connection with the economic or legal reasons resulting from the debtor's financial difficulties, of such conditions that would not be created under other circumstances (interest rate change, prolongation, etc.).

Allowance for depreciation is set up by allocation the respective amount to expenses.

Reserve for credit operations is set up by all types of loans issued by the Bank in UAH and foreign currencies, including: deposits placed with other banks; loans made to other banks, entities; overdraft; factoring transactions; off-balance sheet lending liabilities, on which the Bank should provide funds on demand of a counterparty (i.e., on which the Bank bears a risk); actually issued guarantees and warrants as of the last business day of the month.

Credit risk reserves fall into the reserves for standard debts and non-standard debts on credit operations. During 2009 the Bank created reserves for non-standard debts on credit operations, classified as "under control", "substandard", "doubtful". The Bank has no loans classified as "bad". Credit risk reserve is set up in the currency in which the debt is carried.

The Bank calculates the reserves for standard debts and non-standard debts (by taking into account the maturity dates on credit operations) during the month, in which a credit operation was made (or an agreement to make it was entered into). Setting-up of the reserves is made on a monthly basis in full, irrespective of the amount of gains on risk groups according to the amounts due on credit operations (including lending liabilities assumed) as of the first day of the month following the reporting one.

Credit risk reserve is used only to cover losses on borrowers' disbursed and outstanding debt for a principal uncollectible.

During the reporting year 2009 and in the previous reporting periods the Bank did not write-off the uncollectible amounts due out of the set reserves.

Investment property. The Bank assigns assets to the investment property, recognising the following criteria:

- land held for a currently undetermined future use;
- a building (a part of building) owned by the Bank or held under a finance leasing (lease) and leased out under one or more operating leases);
- a building that is vacant but is held to be leased out under one or more operating leases;
- property transferred to sublease under the operating lease.

The Bank does not recognize as investment property a property received under the operating lease.

If the Bank transfers a property obtained under operating lease to sublease and accounts for at fair value, such property is classified as investment property. In accounting the operating lease is carried as financial lease and all property items received under operating lease are carried as investment property at fair value.

When an investment property is initially recognized the Bank measures and carries it at original cost that includes the acquisition price for the property and all costs directly attributable to its acquisition.

After the initial recognition of investment property item the Bank measures it subsequently at original cost (at cost) by taking into account accumulated depreciation and impairment losses.

In the reporting year 2009 the Bank did not recognize an investment property under the criteria identified.

Property, plant and equipment and intangibles. Property, plant and equipment and intangibles are carried at original cost net of accumulated depreciation.

Uncompleted capital investments are carried at cost. After completion of all required works those assets are transferred to the corresponding fixed assets.

Expenses for repair and maintenance are allocated to the respective period expenses.

Depreciation is accrued to write-off the assets, except those that are not put in operation. Depreciation is calculated with a straight-line method during the useful lives of the assets that are as follows: office equipment, 2 to 5 years; motor vehicles, to 5 years, intangible assets, 5 years.

Leases. Lease is classified as a finance lease, if under the lease agreement substantially all risks and rewards incidental to ownership of a leased asset are transferred to the lessee. All other leases are classified as operating lease.

The assets that are held under finance lease are recognized as assets and included in the Bank's balance sheet at their value at the acquisition date. Respective amount due to the lessor is included in the balance sheet as finance lease liabilities and is decreased by compensation of a part of the value of item under finance lease. Finance expenses (the amount of reward and other costs of the lessor) are directly allocated to the period expenses.

Expenses under operating lease agreements are recognized as expenses on a straight-line basis during the term of the respective lease agreement.

Long-term assets held for trading and assets of disposal group. The Bank classifies the non-current assets as held for trading, if the carrying amount of such assets will be recovered by trading transaction rather than the current use.

Non-current assets are classified by the Bank as held for trading, if at the date of decision making on their recognition as assets held for trading, the following conditions are met: the position of assets, in which they are, enables to sell immediately and their sale is highly probable during the year since the classification date.

Before the initial recognition of the assets as held for trading the Bank measures carrying amount of the assets in accordance with the Bank's internal documents applied to this category of assets:

(a) if the non-current assets are carried at original cost (at cost), then the Bank tests them for impairment;

(b) if the non-current assets are carried at revalued amount (at fair value), the Bank remeasures them under the procedure specified in the Bank's internal documents.

Depreciation is not charged to the non-current assets held for trading.

In the reporting year a non-current asset that is carried at original cost, in particular, a non-residential premises in the city of Lutsk (9/1, Vynnychenko Street) of UAH 1,812 thousand was classified by the Bank as held for trading and measured by using a test for impairment.

By the results of impairment test, the Bank makes decision on recognition of income and expenses from impairment/enhancement of the above asset at the date of derecognition of the asset held for trading under the Accounting policies of the Bank.

Amounts due to other banks and clients' money. The funds raised with other banks and customers are carried at original cost.

Share capital. Share capital of the Bank is reported at nominal value. Profits and losses arising during the sale of own shares are allocated to share premium (loss). Dividends on ordinary shares are reported as decrease in the shareholders' own funds in the period in which they were announced.

Derivatives. Derivatives, including currency exchange contracts are carried at fair value. All derivatives are accounted for as assets, if the fair value of these instruments is positive, and as liabilities, if their fair value is negative. The changes in the fair value of derivatives are allocated to income less expenses for foreign currency transactions or to income less the expenses for trading securities transactions depending on the contract type. The Bank does not account for risk hedging.

Taxation. Taxation of the financial result comprises the current income tax and changes in the amount of tax of the future periods (deferred tax). Current tax is accrued to the amount of taxable profit which is computed in accordance with the laws of Ukraine.

During the reporting period the income tax rate was 25%.

All other taxes, except income tax, are included in the Bank's operating expenses.

Recognition of income and expenses. Income and expenses of the Banks were accounted for and reported in the financial statements under the accrual basis of accounting and matching of costs with revenues. The amounts of revenues and expenses are recorded and measured when the asset is sold or the service is rendered (received). All revenues and expenses of the Bank attributable to the reporting period are recorded in the same period and not as they are received or cash is paid. Income and expenses attributable to such transactions are accounted for in the same period.

Income and expenses are recognized under the following conditions:

- recognition of actual debt on the bank's assets and liabilities;
- if the financial result of the transaction related to the rendering (receipt) of services can be measured reliably.

If the above conditions are not satisfied, the accrual basis and matching costs with revenues are used based on prudence principle, under which it is forbidden to overstate assets and revenues of the Bank and understate liabilities or expenses related to the rendering of such service.

If the revenue from the rendering of services cannot be measured reliably, it is determined and reported to the extent of expenses to be recoverable. If at the date of accrual it is not possible to assess income (expenses) for the last 2 - 3 days of the month (for example, commission for collection services, cash settlement services, etc.), such income (expenses) are recognized in the following month.

Expenses that are not directly attributable to revenues of a certain period, are recognized in expenses of the period when they were incurred.

Income (expenses) from one-time services (for example, commission for currency exchange made, consultations provided (received), etc.) are recognized without recording in the accounts of accrued income (expenses), if the cash is received (paid) in the period when the services are actually received (paid).

Income (expenses) for continuing services (for example, commissions for information and settlement services in the system of electronic payments, for e-mail services, etc.) are recognized monthly during the term of an agreement for provision (receipt) of services and are carried under the accrual basis of accounting.

Income (expenses) for services rendered in stages are recognized after each stage is completed during the term of an agreement for provision (receipt) of services and are carried under the accrual basis of accounting. Income (expenses) are accrued from the date of execution of a document supporting the services rendered (received).

Income (expenses) on services with the required outcome are recognized based on rendering (receiving) of services or based on outcome stipulated in the agreement.

Commission earnings and expenses are recognized by the Bank and carried under the accrual basis of accounting and matching principle.

Interest income and expenses are recognized using the effective interest rate and determined as a product of amortized cost of a financial asset by the effective interest rate.

Effective interest rate is not used by the Bank, if the following criteria are applied:

- use life of a financial instrument is not more than one year;
- use life of a financial instrument exceeds one year and the level of variance of effective interest rate on financial instruments from the nominal interest rate is immaterial, i.e., is not more than 6 interest points.
- If the amount of discount (premium), taking into account the commissions included in the value of a financial instrument, is immaterial, i.e. less than 1 % of the nominal amount, it is allocated to interest income (expense), when such financial instrument is measured.

Accrued revenues and expenses are recognized in accounting no less than once a month by each transaction (agreement) individually in accordance the Bank's accounting policies.

Foreign currency restatement. Foreign currency transactions are recorded at the official rate that existed at the transaction date. Exchange differences resulting from settlements on foreign currency transactions are included in the Income Statement at the rate then current.

Monetary assets and liabilities denominated in foreign currency are translated in Ukrainian Hryvnya at the official exchange rate of the National Bank of Ukraine at the balance sheet date.

As of 31 December 2009, the basic exchange rates used to translate balances in foreign currency, were:

	31 December 2009 UAH	31 December 2008 UAH
USD 1	7.98	7.70
Euro 1	11.45	10.85
Russian Rouble 1	0.26402	0.26208

Reserves. Setting-up reserves means mobilization of the internal funds of the Bank to be used, if necessary, to cover risk assets.

Reserves to cover possible losses on the Bank's credit operations are set up monthly based on the analysis of the Bank's loan portfolio.

Reserves are set in the currency of the related asset.

Reserves are recognized when the Bank has liability resulting from the past events, it is possible that to settle such liability an outflow of resources will be required, from which economic benefits are expected, and the amount of such liability can be estimated reliably.

Staff costs and related charges. Contributions of the Bank to the State Pension Fund and Social Insurance Fund for their employees are allocated to the expenses, when they are incurred, and included in staff costs.

Off-balance sheet transactions. Off-balance sheet transactions include different types of guarantees and warrants, which were issued or received by the Bank, demands and liabilities for the financial instruments. These items are carried in the off-balance sheet accounts and recorded at nominal value.

6 Transition to new or revised standards

The list of revised IFRS and interpretations thereof that are mandatory for application in the reporting period:

IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, changes to which relate to classification of assets held for sale in the case of lost control over the subsidiary. The Bank has no assets reclassified as held for sale or included to the disposal group, so this Standard is not used;

IFRS 7 *Financial Instruments*, changes to which require more detailed disclosures concerning financial instruments and the nature and level of risks that arise in relation with financial instruments as well as more detailed disclosures concerning the bank's capital management policies and procedures. Interpretation of this Standard had no significant impact on financial statements of the Bank;

IFRS 8 *Operating Segments* requires disclosure of certain indices by each reporting segment. The amounts being disclosed by each reporting segment are the data required for the purposes of reallocation of resources between the segments and their measurement of their performances;

IAS 1 *Presentation of Financial Statements*, the most significant change to which relates to replacement of Income Statement with the Statement of Comprehensive Income which should reflect all changes in equity of the company not related to operations with the shareholders;

IAS 7 *Cash Flow Statement*, changes to which relate to classification of the relevant cash flows as cash flows from operating activities. The management of the Bank believes that those changes have no significant impact on financial statement of the Bank;

IAS 16 *Property, Plant and Equipment*, changes to which relate to accounting of assets previously held for obtaining rental income.

IAS 23 *Borrowing Costs*, changes to which relate bringing determination of expenses in line with effective interest rate method. The Bank had no operations subject to this Standard;

IAS 27 *Accounting for investments in subsidiaries, jointly controlled entities and associated companies in separate financial statements*, changes to which relate clarifications with regard to accounting for subsidiaries held for sale. The Bank had no operations subject to this Standard, so the Standard was not applied during the preparation of the financial statements and had no impact of them.

The management of the Bank is currently assessing possible effect of future use of the new standards, interpretations and changes to the effective standards. The management of the Bank believes that the new standards, interpretations and changes to the effective standards has no significant impact on financial statements of the Bank.

7 Cash, banking metals and accounts with the National Bank of Ukraine

	31 December 2009 UAH'000	31 December 2008 UAH'000
Cash on hand	16,002	15,018
Balances on accounts with the National Bank of Ukraine	30,921	6,350
Correspondent accounts and 'overnight' deposits with other banks	93,451	137,180
Reserve for funds in correspondent accounts and 'overnight' deposits with other banks	(3)	(4)
Total funds, banking metals and balances with the National Bank of Ukraine	140,371	158,544

Analysis of cash and cash equivalents by geographic regions, currencies and interest rates is given in Note 26.

Cash and cash equivalents presented in the Cash Flow Statement include such amounts:

	31 December 2009 UAH'000	31 December 2008 UAH'000
Cash, balances on accounts with the National Bank of Ukraine and other banks	140,371	158,544
Compulsory minimum reserve	(10,619)	(3,768)
Total cash and cash equivalents	129,752	154,776

8 Loans and funds to the banks less allowances for impairment losses

	31 December 2009 UAH'000	31 December 2008 UAH'000
Loans and cash to the banks	202,089	214,957
Interest income accrued on loans to the banks	-	34
Reserve for impairment of amounts due from other banks	(3,140)	(175)
Total loans and cash to the banks, net	198,949	214,816

The amount of reserve for impairment of amounts due from other banks was changed as follows:

	31 December 2009 UAH'000	31 December 2008 UAH'000
Reserve for losses from impairment of amounts due from other banks at 1 January	175	560
Reserve / (decrease in reserve) for impairment of amounts due from other banks during the year	2,965	(385)
Reserve for losses from impairment of amounts due from other banks at 31 December	3,140	175

Analysis of loans and funds to the banks by geographic regions, currencies and interest rates is given in Note 26.

9 Loans to the clients less allowances for impairment losses

Loans to the clients as of 31 December are presented as follows:

	31 December 2009 UAH'000	31 December 2008 UAH'000
Loans to the legal entities	811,792	664,242
Loans to the individual entrepreneurs	1,091	207
Mortgage loans to the individuals	1,919	154
Consumer loans to the individuals	20,295	17,935
Reserve for loan impairment	(37,583)	(19,893)
Total loans less reserves	797,514	662,645

The amount of reserve for loan impairment losses in 2009 was changed as follows:

Movements in reserves	Loans to entities	Loans to the individual entrepreneurs	Consumer loans to the individuals	Total
	UAH'000	UAH'000	UAH'000	UAH'000
Balance as of 1 January	18,817,	24	1,052,	19,893,
Increase/ decrease in reserve for impairment during the year	16,284	142	1,264	17,690
Balance as of the end of 31 December	35,101	166	2,316	37,583

The amount of reserve for loan impairment losses in 2008 was changed as follows:

Movements in reserves	Loans to entities	Loans to the individual entrepreneurs	Consumer loans to the individuals	Total
	UAH'000	UAH'000	UAH'000	UAH'000
Balance as of 1 January	11,476	-	16	11,492
Increase/ decrease in reserve for impairment during the year	7,341,	24,	1,036,	8,401
Balance as of the end of 31 December	18,817,	24,	1,052,	19,893,

In the table below are presented the data on balances of amounts due on loans to the residents broken down by the types of economic activities:

Type of economic activities	31 December 2009		31 December 2008	
	UAH'000	%	UAH'000	%
Production	109,723	13.14	75,507	11.06
Real estate	48,667	5.83	25,600	3.75
Trade	467,765	56.01	394,732	57.83
Agriculture	44,116	5.28	46,193	6.77
Loans issued to the individuals				
	22,214	2.66	18,089	2.65
Other	142,612	17.08	122,416	17.94
Total:	835,097	100	682,537	100

Information about loan security as of 31 December 2009 is as follows:

	Loans to entities	Loans to the individual entrepreneurs	Mortgage loans to the individuals	Consumer loans to the individuals	Total
	UAH'000	UAH'000	UAH'000	UAH'000	UAH'000
Unsecured loans	23,925	-	-	738	24,663
Residential real estate	807	89	1,919	1,187	4,002
Other real estate	471,902	299	-	8,134	480,335
Cash deposits	212,975	-	-	8,702	221,677
Other property	102,183	703	-	1,534	104,420
Total loans and amounts due from customers	811,792	1,091	1,919	20,295	835,097

Information about loan security as of 31 December 2008 is as follows:

	Loans to entities	Loans to the individual entrepreneurs	Mortgage loans to the individuals	Consumer loans to the individuals	Total
	UAH'000	UAH'000	UAH'000	UAH'000	UAH'000
Unsecured loans	153,843	68	-	4,356	158,267
Residential real estate	570	82	154	588	1,394
Other real estate	97,981	-	-	4,124	102,105
Cash deposits	311,215	-	-	7,859	319,074
Other property	100,633	57	-	1,008	101,698
Total loans and amounts due from customers	664,242	207	154	17,935	682,537

Analysis of loan credit quality for 2009 is as follows:

	Loans to entities	Loans to the individual entre- preneurs	Mortgage loans to the indivi- duals	Consumer loans to the individuals	Total
	UAH'000	UAH'000	UAH'000	UAH'000	UAH'000
Total loans outstanding and not impaired	357,010	925	1,919	8,702	368,556
Past-due, but not impaired	-	-	-	644	644
Impaired loans identified individually	286	167	-	1,598	2,051
Other loans	454,495	-	-	9,351	463,846
Reserve for loan impairment	(35,101)	(166)	-	(2,316)	(37,583)
Total loans	776,690	926	1,919	17,979	797,514

Analysis of loan credit quality for 2008 is as follows:

	Loans to entities	Loans to the individual entre- preneurs	Mortgage loans to the indivi- duals	Consum- er loans to the indivi- duals	Total
	UAH'000	UAH'000	UAH'000	UAH'000	UAH'000
Total loans outstanding and not impaired	292,768	60	154	8,191	301,173
Past-due, but not impaired	0	0	0	23	23
Impaired loans identified individually	1,512	147	0	4,084	5,743
Other loans	369,962	0	0	5,637	375,599
Reserve for loan impairment	(18,817)	(24)	0	(1,052)	(19,893)
Total loans	645,425	183	154	16,882	662,645

Fair value of security on past-due, but not impaired loans and individual impaired loans identified individually for 2009:

	Loans to entities	Loans to the individual entre- preneurs	Consumer loans to the indivi- duals	Total
	UAH'000	UAH'000	UAH'000	UAH'000
Fair value of security on past-due, but not impaired loans:				
Residential real estate	427	298	3,161	3,886
Other real estate	-	101	1,871	1,972
Other property	-	-	66	66
Other property	427	197	1,224	1,848
Fair value of security on impaired loans identified individually:				
Residential real estate	-	-	3,073	3,073
Residential real estate	-	-	3,073	3,073

Fair value of security on past-due, but not impaired loans and individual impaired loans identified individually for 2008:

	Loans to entities	Loans to the individual entre- preneurs	Consumer loans to the indivi- duals	Total
	UAH'000	UAH'000	UAH'000	UAH'000
Fair value of security on past-due, but not impaired loans:				
Residential real estate	-	-	66	66
Other real estate	2,184	298	3,439	5,921
Other property	-	101	234	334
Fair value of security on impaired loans identified individually:				
Residential real estate	1,757	-	2,643	4,400
	427	197	563	1,187

The Bank uses the following methods to determine the fair value security: for the real estate – market value of items under the reports of the company subjects of valuation activity; for cash deposits – carrying amount of deposits (for foreign currency deposits by multiplying the amount of foreign currency deposit by the official rate of the NBU); for other property – either market value of items under the reports of the company subjects of valuation activity (for example, for the whole property complexes, movable property items that were in use, etc.), or the value of items under the invoices and other payment documents (for movable property items that were acquired in the stores), or the value of any property (property rights) fixed in the respective documents/agreements.

During the reporting year the Bank did not take securities as security for credit operations.

For the reporting 2009, the Bank had no past-due but not impaired loans and individual impaired loans identified individually.

Analysis of loans to the customers by geographic regions, currencies, maturity dates and interest rates is given in Note 26.

Item description	Land plots	Buildings, constructions and transmitting devices	Machinery and equipment	Vehicles	Instruments, devices, inventories (furniture)	Other fixed assets	Other non-current tangible assets	Uncompleted capital investments in property, plant and equipment and intangibles	Intangibles	Total
	UAH'00	UAH'00	UAH'00	UAH'00	UAH'00	UAH'00	UAH'00	UAH'00	UAH'00	UAH'00
	0	0	0	0	0	0	0	0	0	0
Accumulated depreciation as of 31 December 2009	-	(1,052)	(2,205)	(624)	(625)	(368)	(1,360)	-	(500)	(6,734)
Carrying amount as of 31 December 2009	13	16,711	3,167	665	1,227	882	2,628	368	665	26,326

11 Other financial assets

Other assets as of 31 December are presented by:

	31 December 2009	31 December 2008
	UAH'000	UAH'000
Accounts receivable on operations with credit and debit cards	331	-
Settlements on conversion operations	15,227	-
Other	555	768
Total other financial assets	16,113	768

Analysis of other financial assets by geographic regions, currencies and interest rates is given in Note 26.

12 Other assets

Other assets as of 31 December are presented by

	31 December 2009	31 December 2008
	UAH'000	UAH'000
Prepayments for office supplies	125	610
Deferred expenses	348	236
Accounts receivable for transactions with the customers	-	4
Inventory balances	23	10
Accounts receivable for taxes	15	1
Other accounts receivable	76	131
Reserves	-	(12)
Total other assets	587	980

Analysis of other assets by geographic regions, currencies and interest rates is given in Note 26.

13 Amounts due to other banks

	31 December 2009 UAH'000	31 December 2008 UAH'000
Correspondent accounts of other banks	118,178	115,004
Loans from other banks	161,417	245,446
Deposits raised from other banks	39,432	-
Loans from the National Bank of Ukraine	180,000	-
Total amounts due to other banks	499,027	360,450

Analysis of amounts due to other banks by geographic regions, currencies and interest rates is given in Note 26.

14 Clients' money

Clients' money as of 31 December are presented as follows:

	31 December 2009 UAH'000	31 December 2008 UAH'000
Corporate customers		
- Current/settlement accounts	21,896	21,201
- Term deposits	85,166	237,472
Individuals		
- Current accounts / demand accounts	24,346	2,839
- Term deposits	298,756	257,710
Interest expense accrued on clients' accounts	3,636	3,563
Total clients' money	433,800	522,785

Distribution of clients' money by industries is as follows:

Type of economic activity	31 December 2009		31 December 2008	
	UAH'000	%	UAH'000	%
Central and local government bodies	-	0	4,830	0.92
Public administration and NGOs	237	0.06	-	-
Production	2,944	0.68	5,542	1.06
Real estate	823	0.19	2,069	0.40
Trade	82,559	19.03	166,573	31.86
Agriculture	1,131	0.26	129	0.02
Individuals	326,650	75.30	263,830	50.47
Other	19,456	4.48	79,812	15.27
Total clients' money:	433,800	100	522,785	100

Analysis of clients' money by geographic regions, currencies, maturity dates and interest rates is given in Note 26.

15 Other borrowings

Other borrowings are presented as follows:

	31 December 2009 UAH'000	31 December 2008 UAH'000
Loans from international and other financial institutions	944	-
Total other borrowings	944	-

16 Other financial liabilities

Other borrowings are presented as follows:

	31 December 2009 UAH'000	31 December 2008 UAH'000
Reserve for transactions with off-balance sheet accounts	95	-
Accounts payable for foreign currency purchasing and sale at the cost of the Bank	15,209	-
Accounts payable for other financial instruments	2	-
Other accounts payable	839	13
Total other liabilities	16,145	13

17 Other liabilities

Other liabilities are presented as follows:

	31 December 2009 UAH'000	31 December 2008 UAH'000
Contributions to the not registered share capital	45,000	-
Accounts payable for income tax	9	24
Reserve for transactions with off-balance sheet accounts	-	145
Accounts payable for contribution to Individual Deposit Guarantee Fund	449	252
Other accounts payable	5	5
Total other liabilities	45,463	426

18 Share capital

Share capital comprised the following components:

	Number of interests outstanding (pieces thousand)	Value of interests (UAH thousand) UAH'000	Total UAH'000
Balance at 1 January 2009	150,000	150,000	150,000
Contributions on shares (shares of stock, interests) of new issue	-	-	-
Balance at 31 December 31 December 2009	150	150,000	150,000
Balance at the end of 31 December 2009	150	150,000	150,000

During the reporting year 2009, in connection with the procedure of transformation of Limited Liability Company "Investments and Savings Bank" into Open Joint Stock Company "Investments and Savings Bank" and then into Public Joint Stock Company "Investments and Savings Bank", the interests in the Bank were replaced with common personal stocks without any limitations on dividends and return of capital. Common stocks entitle their owners to the same rights, namely the right for obtaining the part of profit of the Bank in the form of dividends; the right for participation in managing the Bank; for obtaining the share of the Bank's property in case of its liquidation and other rights stipulated by the Law of Ukraine "On Joint Stock Companies"

In the reporting 2009 the Bank announced emission of 100 000 stocks at par value UAH 1,000.00. The Supervisory Board of PJSC "Investments and Savings Bank" by its decision of 22.01.2010 approved placement of the stocks for total amount of UAH'000 45 000, or 45 000 stocks. As of 31.12.2009, the total amount of UAH'000 45 000 was paid for 45 000 stocks.

19 Interest income

Interest income received by the Bank during the years ended 31 December 2009 and 31 December 2008 can be presented as follows:

	Year ended 31 December 2009 UAH'000	Year ended 31 December 2008 UAH'000
Interest income		
Interest on loans and funds issued to the clients, including:		
- interest income on loans to the entities	147,878	96,413
- interest income on loans to the individuals	3,401	2,505
Interest on loans and funds to the banks		
- interest income on funds upon demand with other banks;	1,024	276
- interest income on term funds with other banks	43,456	21,129
Total interest income	195,759	120,323

20 Interest expense

Interest expense incurred by the Bank during the years ended 31 December 2009 and 31 December 2008 can be presented as follows

	Year ended 31 December 2009 UAH'000	Year ended 31 December 2008 UAH'000
Interest expense		
Deposits of legal entities	19,351	26,012
Deposits of individuals	56,371	28,827
Current accounts of legal entities	448	663
Current accounts of individuals	602	119
Funds raised at the National Bank of Ukraine	26,953	4,081
Correspondent accounts of the banks	-	76
Deposits of banks	1,208	473
Loans of the banks	23,050	18,517
Other	-	(98)
Total interest expenses	127,983	78,670

Net interest income for year ended 31 December 2009 was UAH 67,776 thousand

21 Commission earnings and expenses

Components of commission earnings and expenses for the years ended 31 December 2009 and 31 December 2008 can be presented as follows:

	Year ended 31 December 2009 UAH'000	Year ended 31 December 2008 UAH'000
Commission earnings		
Commission earnings from cash-settlement services	57,061	1,056
Commission earnings on currency transactions	5,384	2,432
Commission earnings from lending services to the clients	5	172
Commission earnings on securities transactions	14	13
Other commission earnings	462	241
Total income on payments and commissions	62,926	3,914
Commission expenses		
Commission expenses for cash-settlement services	(30,988)	(284)
Commission expenses on securities transactions	(11)	(2)
Other commission expenses	(6)	(2)
Total commission expenses	(31,005)	(288)
Net commission income	31,921	3,626

22 Operating expenses

Components of operating expenses for the years ended 31 December 2009 and 31 December 2008 can be presented as follows:

	Year ended 31 December 2009 UAH'000	Year ended 31 December 2008 UAH'000
Payroll expenses, other staff costs	19,121	15,313
Amortization	3,569	1,880
Operating leases	6,985	4,739
Communication services	838	610
Maintenance of own and leased PP&E	1,018	477
Guard	1,006	530
Office expenses	1,242	611
Professional services	18,421	3,341
Advertising and marketing expenses	103	173
Withdrawals to Individual Deposit Guarantee Fund	1,558	858
Municipal services	409	170
Taxes, except income tax	8,294	22,091
Other operating expenses	1,365	1,041
Total operating expenses	63,929	51,834

23 Income tax

Income tax expenses for the years ended 31 December 2009 and 31 December 2008 comprise the following components:

	2009 UAH'000	2008 UAH'000
Current income tax	1,307	2,152
Deferred income tax	333	132
Total	1,640	2,284

Revenues of the Bank are subject to income tax at a rate of 25%. Reconciliation of accounting profit (loss) with the amount of tax profit (loss) is presented below:

	2009 UAH'000	2008 UAH'000
Profit before taxes	4,936	15,711
Amount of profit tax determined at the tax rate	1,234	3,928
Adjustments of accounting profit (loss):		
Expenses not included in gross expenses to compute tax profit, but recognized in the financial accounting (indicate which exactly)	329	204
Expenses included in gross expenses to compute tax profit, but not recognized in the financial accounting (indicate which exactly)	(413)	(2,030)
Revenues subject to income tax, but not recognized (not attributable to) in accounting profit (loss) (indicate which exactly)	-	74
Revenues not subject to income tax, but recognized in financial accounting (indicate which exactly)	(6)	(18)
Amortization charges by the data of financial accounting	907	470
Amortization for the taxation purposes	(744)	(476)
Amount of tax on profit (loss)	1,307	2,152

Tax implications relating to recognition of deferred tax assets and deferred tax liabilities for 2009:

List of deferred tax assets and deferred tax liabilities	Balance at 1 January 2008	Recognized in financial results	Recognized in equity	Balance at 31 December 2008
	UAH'000	UAH'000	UAH'000	UAH'000
Net tax asset (liability)	132	333	-	465
Recognized deferred tax asset (liability)	-	-	-	-
Deferred tax liability recognized	132	333	-	465

Tax implications relating to recognition of deferred tax assets and deferred tax liabilities for 2008:

List of deferred tax assets and deferred tax liabilities	Balance at 1 January 2007	Recognized in financial results	Recognized in equity	Balance at the end of 31 December 2007
	UAH'000	UAH'000	UAH'000	UAH'000
Deferred tax asset	844	844	-	-
Net deferred tax asset/ (liability)	-	132	-	132
Deferred tax liability recognized	-	132	-	132

The Management of the Bank believes that information about tax liabilities is adequately presented in the tax returns, but the risk exists that the Tax Administration can treat some or other regulatory acts in other way, and this, in turn, can influence the financial statements of the Bank, increasing current income tax.

24 Profit (loss) per common stock

Net and adjusted profit (loss) per common stock is as follows:

	2009	2008
	UAH'000	UAH'000
Profit/(loss) due to the shareholders - owners of common stocks of the Bank	3,296	-
Profit/(loss) for the year	3,296	13,427
Average annual number of common stocks outstanding (thousand of stocks)	150	-
Net profit/(loss) per common stock	21.97	-
Adjusted net profit/(loss) per common stock (UAH)	21.97	-

Calculation of profit (loss) due to shareholders – owners of common stocks of the Bank:

	2009	2008
	UAH'000	UAH'000
Profit/(loss) for the year	3,296	13,427
Number of common stocks outstanding (thousand of stocks)	150	-
Net profit/(loss) due to the shareholders - owners of common stocks	3,296	-

25 Reporting segments

Information about principal segments of banking operations by counterparty segment for 2009:

	Reporting segment description			Total
	Corporate business	Retail business	Interbank business	
	UAH'000	UAH'000	UAH'000	
Gains from external counterparties	192,406	11,177	43,589	247,172
Gains from other segments	-	-	-	-
Total gains	192,406	11,177	43,589	247,172
Retained earnings	-	-	-	1,269
Total gains	192,406	11,177	43,589	248,441

Information about principal segments of banking operations by counterparty segment for 2008:

	Reporting segment description			Total
	Corporate business	Retail business	Interbank business	
	UAH'000	UAH'000	UAH'000	
Gains from external counterparties	105,278	6,113	34,254	145,645
Gains from other segments	-	-	-	-
Total gains	105,278	6,113	34,254	145,645
Retained earnings	-	-	-	8,660
Total gains	-	-	-	154,305

Financial Statements as of the end of 31 December 2009

Information about the nature of gains and expenses on the reporting segments for 2009:

	Reporting segment description			Total
	Corporate business	Retail business	Interbank business	
	UAH'000	UAH'000	UAH'000	UAH'000
Interest income	147,878	3,401	44,480	195,759
Commission earnings	44,450	254	18,222	62,926
Other operating income	78	7,523	(19,113)	(11,513)
Total gains	192,406	11,177	43,589	247,172
Interest expense	(19,711)	(56,973)	(51,300)	(127,984)
Commission expenses	(17)	-	(30,988)	(31,005)
Other operating expenses	-	-	(131)	(131)
Total expenses	(19,728)	(56,973)	(82,419)	(159,120)
Segment result	172,678	(45,796)	(38,830)	88,053
Retained earnings	-	-	-	1,269
Unallocated costs	-	-	-	(84,385)
Profit/(loss) before taxes	-	-	-	4,936
Income tax expenses	-	-	-	(1,640)
Profit/(loss)	-	-	-	3,296

Information about the nature of gains and expenses on the reporting segments for 2008:

	Reporting segment description			Total
	Corporate business	Retail business	Interbank business	
	UAH'000	UAH'000	UAH'000	UAH'000
Interest income	96,401	2,517	21,405	120,323
Commission earnings	3,365	480	69	3,914
Other operating income	5,513	3,115	12,780	21,409
Total gains	105,278	6,113	34,254	145,645
Interest expense	(26,675)	(28,946)	(23,050)	(78,670)
Commission expenses	(2)	(2)	(300)	(304)
Other operating expenses	-	-	(17)	(17)
Total expenses	(26,677)	(28,947)	(23,367)	(78,992)
Segment result	78,601	(22,835)	10,887	66,653
Retained earnings	-	-	-	8,660
Unallocated costs	-	-	-	(59,602)
Profit/(loss) before taxes	-	-	-	15,711
Income tax expenses	-	-	-	(2,284)
Profit/(loss)	-	-	-	13,427

Assets and liabilities of the reporting segments for 2009:

	Reporting segment description			Other	Total
	Corporate business	Retail business	Interbank business		
	UAH'000	UAH'000	UAH'000	UAH'000	UAH'000
Other assets of segments	777,615	19,898	323,317	-	1,120,830
Total assets of segments	777,615	19,898	323,317	-	1,120,830
Other unallocated assets	-	-	-	59,030	59,030
Total assets	777,615	19,898	323,317	59,030	1,179,860
Other liabilities of segments	107,137	326,650	499,027	944	933,757
Total liabilities of segments	107,137	326,650	499,027	944	933,757
Other unallocated liabilities	-	-	-	17,088	17,088
Total liabilities	107,137	326,650	499,027	18,032	950,845

Assets and liabilities of the reporting segments for 2008:

	Reporting segment description			Other	Total
	Corporate business	Retail business	Interbank business		
	UAH'000	UAH'000	UAH'000	UAH'000	UAH'000
Long-term assets held for trading (or disposal groups)	-	-	-	1,812	1,812
Other assets of segments	645,425	17,224	358,163	-	1,020,811
Total assets of segments	645,425	17,224	358,163	1,812	1,022,623
Investments in associated companies					
Current and deferred tax assets					
Other unallocated assets				41,902	41,902
Total assets	645,425	17,224	358,163	43,714	1,064,526
Other liabilities of segments	258,647	264,147	360,450	-	883,244
Total liabilities of segments	258,647	264,147	360,450	-	883,244
Current and deferred tax liabilities					132
Other unallocated liabilities				430	430
Total liabilities	258,956	263,838	360,450	430	883,806

26 Financial risk management

The goal of financial risk management in the Bank is to ensure profitable operations by taking into account a moderate level of risks. Risk management system in the Bank is designed so that it involves all management levels: the Supervisory Board determines the Bank development strategy, including on risk management; the Bank's Board carries out operating management of the Bank's operations, including consideration of maintaining the moderate level of risks; Analysis and Risk

Management Department ensures direct analysis, monitoring and control of the risks which effects on the Bank's indicators are the most perceptible.

In addition, collegial bodies (Loan Committee, Asset and Liability Management Committee, Tariff Committee, Tender Committee) have been established and are permanently functioning in the Bank, which task includes also operational decisions on tactical objectives of the risk management.

The level of the Bank's risk management system is in full accordance with the volumes and complexity of the transactions made. Since 2008 the Bank uses up-to-date analytical module "Asset and Liability Analyzer", enabling to receive automatically management reporting for managing the principal risk types and make promptly required decisions on minimizing the adverse affect of risks on the Bank's financial ratios.

Among the financial risks that are managed by the Bank on a systematic basis (daily) the traditional ones should be singled out: credit risk, market risk (interest rate, currency and price risks) and liquidity risk.

Credit risk

Credit risk is the risk that a borrower fails to repay the loan and interest thereon. Minimization of this risk is achieved through clear credit procedures for credit operations and deliberate techniques implemented by the Bank that are used in , borrower solvency analysis, as well as through lending primarily under the liquid security (real estate, property rights for cash deposits of banks and other).

Among the methods used by the Bank in credit risk management, the following should be singled out: fixing of the limit to credit operations (to a borrower, industry, related parties, etc.); abiding of mandatory economic norms established by the NBU (credit risk norms); using of up-to-date techniques to analyze the borrower's activity; fixing of credit ratings under the Bank's own scale based on borrowers' financial stability; insuring of pledged property and financial risks; using of diverse methods to evaluate market value of the property pledged (profit, expense and analogue methods); carrying-out of stress testing of borrowers' financial stability taking into account the changes in the business environment.

In addition, the Bank has set limits to the powers of departments within which the Credit commissions of the departments may lend own customers. All non-limit credit operations shall be approved by the Credit Commission of the Head office.

Market risk

Market risk is the risk of unforeseen losses arising because of adverse changes in interest rates, foreign exchange rates, share prices, etc. Under the classification of the Basel Committee, the market risks comprise currency risk, interest rate risk and price risk. Market risk management under the above classification is performed centrally by the Analysis and Risk Management Department using advanced methods of measuring, assessment and control over their level. The reports on market risk are read over by the Asset and Liability Management Committee that subsequently makes decisions on adjustment of risk positions taking into account expected/forecast levels of exchange rates, interest rates, securities prices.

The Bank's operations are mostly affected by currency and interest rate risks, whereas price risk does not exist actually because the Bank did not actually make transactions with securities in 2008-2009.

Currency risk

Currency risk is the risk related to existing or potential effects of adverse fluctuations in the exchange rates and banking metal values on the Bank's proceeds. Minimization of this risk is achieved through the foreign exchange transactions made by the Bank solely within the currency position limits.

Among the methods used by the Bank in currency risk management, the following should be singled: VAR methodology; fixing of limits to maximum possible amounts of currency position; currency risks hedges; stress testing under various scenarios of development of financial markets.

The table below presents the analysis of currency risk:

	31 December 2009				31 December 2008			
	monetary assets	monetary liabilities	derivatives	net position	monetary assets	monetary liabilities	derivatives	net position
USD	315,362	317,528	-	(2,166)	203,880	177,400	(42,159)	(15,679)
Euro	56,913	46,785	-	10,128	6,297	38,599	40,990	8,688
Pound sterling	34	-	-	34	202	47	-	155
Other	167	53	-	114	243	131	-	112
Total	372,476	364,366	-	8,110	210,622	216,177	83,149	24,634

The change in the financial result and equity arising from possible changes in the exchange rate identified at the reporting date, provided that all other variables remain fixed:

	31 December 2009		31 December 2008	
	effects on profit/(loss) UAH'000	effects on equity UAH'000	effects on profit/(loss) UAH'000	effects on equity UAH'000
Enhancement of USD by 5%	(108)	(108)	(784)	(784)
Weakening of USD by 5%	108	108	784	784
Enhancement of Euro by 5%	506	506	434	434
Weakening of Euro by 5%	(506)	(506)	(434)	(434)
Enhancement of Pound sterling by 5%	2	2	8	8
Weakening of Pound sterling by 5%	(2)	(2)	(8)	(8)
Enhancement of other currencies	6	6	6	6
Weakening of other currencies	(6)	(6)	(6)	(6)

The change in the financial result and equity arising from possible changes in the exchange rate fixed as weighted average exchange rate, provided that all other variables remain fixed:

	31 December 2009		31 December 2008	
	effects on profit/(loss) UAH'000	effects on equity UAH'000	effects on profit/(loss) UAH'000	effects on equity UAH'000
Enhancement of USD by 5%	(106)	(106)	(536)	(536)
Weakening of USD by 5%	106	106	536	536
Enhancement of Euro by 5%	482	482	309	309
Weakening of Euro by 5%	(482)	(482)	(309)	(309)
Enhancement of Pound sterling by 5%	2	2	7	7
Weakening of Pound sterling by 5%	(2)	(2)	(7)	(7)
Enhancement of other currencies	5	5	5	5
Weakening of other currencies	(5)	(5)	(5)	(5)

Interest rate risk

Interest rate risk is the risk related to existing or potential effects of adverse fluctuations in the interest rates on the Bank's proceeds. Minimization of this risk is achieved through balancing the assets and liabilities that are sensitive to changes in the interest rate.

Among the methods used by the Bank in interest rate risk management, the following should be singled: GAP analysis and fixing of the limits to maximum possible gaps between the assets and liabilities that are sensitive to changes in the interest rate; managing of the structure of assets and liabilities using indicators of spread, net interest margin, profitability/value of individual items of interest-bearing assets/liabilities (by currency); implementing a deliberate price policy to maximize net interest income; stress testing under various scenarios of development of financial markets.

The analysis of interest rates by financial instruments is as follows:

	2009			2008		
	UAH	USD	Euro	UAH	USD	Euro
Assets						
Cash and cash equivalents	5.53	0.25	-	-	1.77	-
Funds with other banks	19.46	8.55	4.60	37.23	11.92	3.98
Loans and amounts due from the customers	18.75	16.06	7.00	19.60	18.08	-
Other assets	-	3.50	-	-	3.50	-
Liabilities						
Funds of the banks	11.00	1.66	0.65	20.32	9.88	4.87
Clients' money:	16.16	13.71	10.24	16.91	12.88	10.67
Current accounts	2.18	1.00	1.00	1.89	1.00	1.00
Term funds	18.82	14.47	12.28	17.47	12.88	10.67

Interest on the respective items of assets and liabilities is accrued at a fixed interest rate.

Analysis of concentration of financial assets and liabilities by geographical areas for 2009:

	Ukraine	OECD	Other countries	Total
	UAH'000	UAH'000	UAH'000	UAH'000
Assets				
Cash and cash equivalents	140,103	121	147	140,371
Funds with other banks	198,949	-	-	198,949
Loans and amounts due from the customers	797,514	-	-	797,514
Other financial assets	17,270	-	-	17,270
Total financial assets	1,153,836	121	147	1,154,104
Non-financial assets	25,756	-	-	25,756
Total assets	1,179,592	121	147	1,179,860
Liabilities				
Funds of the banks	499,027	-	-	499,027
Clients' money	428,950	2,896	1,954	433,800
Other borrowings	944	-	-	944
Other financial liabilities	16,063	-	-	16,063
Total financial liabilities	944,984	2,896	1,954	949,834
Non-financial liabilities	46,010	-	-	46,010
Total liabilities	990,994	2,896	1,954	995,844
Net balancing position	188,598	(2,775)	(1,807)	184,016
Liabilities of loan nature	25,201	-	-	25,201

Analysis of concentration of financial assets and liabilities by geographical area for 2008:

	Ukraine	OECD	Other countries	Total
	UAH'000	UAH'000	UAH'000	UAH'000
Assets				
Cash and cash equivalents	158,358	15	-	158,373
Trading securities	-	-	-	-
Funds with other banks	214,578	-	172	214,750
Loans and amounts due from the customers	662,645	-	-	662,645
Other financial assets	1,975	-	-	1,975
Total financial assets	1,037,556	15	172	1,037,743
Non-financial assets	26,783	-	-	26,783
Total assets	1,064,339	15	172	1,064,526
Liabilities				
Funds of the banks	360,450	-	-	360,450
Clients' money	518,826	2,660	1,299	522,785
Other financial liabilities	422	-	-	422
Total financial liabilities	879,698	2,660	1,299	883,658
Non-financial liabilities	148	-	-	148
Total liabilities	879,846	2,660	1,299	883,806
Net balancing position	184,493	(2,645)	(1,128)	180,720
Liabilities of loan nature	55,337	-	-	55,337

Liquidity risk

Liquidity risk is the risk that the Bank will not be able to discharge its liabilities on a timely basis and in full. Minimization of this risk is achieved through managing by the Bank of own structure of assets and liabilities by repayment/maturity dates (including basic currencies in which the Bank makes the transactions).

Among the methods used by the Bank in liquidity risk management, the following should be singled: GAP analysis and fixing of the limits to maximum possible gaps of liquidity; using of payment schedule; adherence to the liquidity ratios (including mandatory economic norms of the NBU and mandatory reserve norms); diversification of assets and liabilities; maintaining an emergency plan in active state stress testing of the Bank's liquidity positions under various scenarios of development of financial markets.

Analysis of financial assets and liabilities by maturity dates based on the expected maturity dates for 2009:

	On demand and less than 1 month	1 to 3 months	3 to 12 months	12 months to 5 years	More than 5 years	Total
	UAH'000	UAH'000	UAH'000	UAH'000	UAH'000	UAH'000
Assets						
Cash and cash equivalents	140,371	-	-	-	-	140,371
Funds with other banks	198,949	-	-	-	-	198,949
Loans and amounts due from the customers	166,857	107,333	519,711	39,170	828	833,899
Other financial assets	18,514	-	37	545	-	19,096
Total financial assets	524,691	107,333	519,748	39,715	828	1,192,315
Liabilities						
Funds with other banks	319,027	160,000	20,000	-	-	499,027
Clients' money	122,134	12,014	287,556	12,051	32	433,787
Other borrowings	-	-	-	-	944	944
Other financial liabilities	16,617	2	45,002	-	-	61,621
Total financial liabilities	457,778	172,016	352,558	12,051	976	995,379
Net liquidity gap at 31 December	66,913	(64,683)	167,190	27,664	(148)	196,936
Aggregated liquidity gap at the end of 31 December	66,913	2,230	169,420	197,084	196,936	632,583

Analysis of financial assets and liabilities by maturity dates based on the expected maturity dates for 2008:

	On demand and less than 1 month	1 to 3 months	3 to 12 months	12 months to 5 years	More than 5 years	Total
	UAH'000	UAH'000	UAH'000	UAH'000	UAH'000	UAH'000
Assets						
Cash and cash equivalents	158,373	-	-	-	-	158,373
Funds with other banks	184,968	29,933	-	-	-	214,901
Loans and amounts due from the customers	41,006	99,104	309,151	231,859	-	681,120
Other financial assets	1,490	3	22	231	-	1,746
Total financial assets	385,837	129,040	309,172	232,090	-	1056,139
Liabilities						
Funds with other banks	272,694	67,757	20,000	-	-	360,450
Clients' money	107,731	53,277	139,599	222,148	30	522,785
Other financial liabilities	422	-	-	-	-	422
Total financial liabilities	380,847	121,034	159,599	222,148	30	883,658
Net liquidity gap at 31 December	4,989	8,006	149,574	9,942	(30)	172,481
Aggregated liquidity gap at 31 December	4,989	12,996	162,570	172,511	172,481	525,547

27 Capital management

Capital management in the Bank is primarily aimed at protection from possible risks inherent to its operations. The Bank's capital adequacy is controlled by meeting

both the mandatory economic norms of the NBU (capital targets), and the recommended indicators set in the Basel Capital Accord.

The main purpose of the Bank's capital management is to ensure balanced increase in assets and regulatory capital. In particular, much attention is paid in the Bank's policy on asset-liability transactions to improving the asset structure weighted by risk ratios (prohibition of too high specific weight of assets that should be weighted by risk ratio of 100%). Also, to enhance the capitalization level (if required) the Bank may refuse to pay dividends to the participants and/or ensure increasing of the volume of regulatory capital both out of contributions to the share capital, and out of raising of subordinated debt. In addition, the Bank works constantly on minimizing withdrawals from the regulatory capital: the work is actively is carried out on repayment of deferred accrued revenues, positive gaps of liquidity for a term exceeding one year are not permitted, etc.

In the reporting 2009 the Bank announced the new emission of shares which resulted in sale of share for total amount of UAH 45.0 mln. As of the end of 2009, the regulatory capital structure is set primarily out of share capital (at the end of 2008 and 2009, more than 80% of the balance sheet capital). During 2008-2009 the Bank complied with all requirements to capital, ensured meeting of all requirements of the Ukrainian Laws on allocation of own profits to the reserve fund.

Under the NBU's requirements, the banks should maintain capital adequacy ratio at the level of 10% of the amount of risk-weighted assets. The table below presents a rate of the Bank's capital rate computed as of 31 December 2008 and 2009.

The structure of regulatory capital is as follows:

Item description	2009	2008
	UAH'000	UAH'000
Regulatory capital of the Bank (RC)		
Paid-in registered share capital	150,000	150,000
Contributions to unregistered share capital	45,000	-
Disclosed reserves set or increased out of retained earnings:		
Total reserves and reserve funds set up under the laws of Ukraine	30,720	17,293
of them – reserve funds	30,720	17,293
of them – reserve funds	7,578	865
Decrease in core capital (CC) (the amount of insufficiently formed reserves; intangible assets net of amortization amount; capital investments in intangibles; losses of the past and current years) including:		
Intangibles net of amortization amount	671	762
Capital investments in intangibles	665	661
Core capital (CC) (tier 1 capital)	6	101
Reserves for standard debt of other banks, for standard debt on loans issued to the customers and for standard debt on the transactions in off-balance sheet accounts (by taking into account revaluation of FA)	225,049	166,531
Estimated profit of the current year	181	209
Additional capital (tier 2 capital)	3,296	12,384
	3,477	12,593
Total regulatory capital	228,526	179,124
Risk-weighted assets	1,009,753	1,023,730
Rate of regulatory capital adequacy	22.63%	17.23%

Structure of the Bank's capital computed on the basis of Basel Capital Accord is as follows:

Item description	2009 UAH'000	2008 UAH'000
Tier 1 capital	184,016	180,720
Tier 2 capital	-	-

28 Contingent and other liabilities and derivatives

Liabilities on operating leases. Future minimal lease payments of the Bank under the non-cancellable operating lease agreements for the buildings as of 31 December 2009 and 31 December 2008 are presented as follows:

	31 December 2009 UAH'000	31 December 2008 UAH'000
Less than one year	525	1,197
1 to 5 years	14,089	18,690
More than 5 years	-	-
Total liabilities on operating leases	14,614	19,887

Lender liabilities. To satisfy the clients' needs the Bank, in the process of its operations, uses the financial instruments exposed to credit risks not recorded in the balance sheet. Contingent liabilities on such financial instruments are presented as follows:

	31 December 2009 UAH'000	31 December 2008 UAH'000
Guarantees issued	1,669	885
Unused credit lines	23,437	54,452
Reserve for lender liabilities	95	-
Total lender liabilities	25,201	55,337

Assets pledged as collateral and assets of use limitations

During 2009-2009 the Bank pledged the loans of the entities and the property rights for deposits of the banks. As of the end of 31 December 2009, the total amount put in pledge was UAH 271 038 thousand. As of the end of 31 December 2008, the total amount put in pledge was UAH 207,730 thousand.

29 Fair value of financial instruments

Fair value is the amount for which a financial instrument could be exchanged between knowledgeable, willing parties in an arm's length transaction, except its forced sale or liquidation.

Estimated fair value of the financial instruments was computed by the Bank based on the current information about the relevant markets using appropriate valuation techniques (if any) acceptable for use at the end of the year.

	2009		2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Funds with other banks	165,574	165,574	174,620	174,620
Loans to clients	797,514	797,514	662,645	662,645
Financial liabilities				
Funds due to NBU	180,000	180,000	56,800	56,800
Funds due to other banks	319,027	319,027	303,650	303,650
Funds due to clients	433,787	433,787	522,785	522,785

30 Related party transactions

In accordance with IAS 24 *Related Party Disclosures*, the parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making operating and financial and decisions. In analysing every case of relationships which could be related party relationships, attention is paid to the substance of the relationships, not their legal form.

Related parties may enter into transactions that unrelated parties would not. The terms of such transactions may differ from the terms of transactions between the unrelated parties.

Below are shown balances with respect to related party transactions as of 31 December 2009:

	Largest participants (shareholders) of the Bank	Key management	Other related parties
	UAH'000	UAH'000	UAH'000
Loans and amounts due from the customers	-	-	2,444
Clients' money	231,196	3,155	49,092

Below are shown balances with respect to related party transactions as of 31 December 2008:

	Largest participants (shareholders) of the Bank	Key management	Other related parties
	UAH'000	UAH'000	UAH'000
Loans and amounts due from the customers	1,753	36	2,971
Clients' money	173,403	4,071	44,026

Income and expenses on related party transactions for 2009:

	Largest participants (shareholders) of the Bank	Key management	Other related parties
	UAH'000	UAH'000	UAH'000
Interest income	257	22	408
Interest expense	42,155	89	8,241
Commission income	11	3	19

Income and expenses on related party transactions for 2008:

	Largest participants (shareholders) of the Bank	Key management	Other related parties
	UAH'000	UAH'000	UAH'000
Interest income	39	10	725
Interest expense	19,586	207	6,313
Loan reserves	7	1	1,330
Liability reserves	-	-	79

Loans issued to the related parties and repaid by related parties during 2009:

	Largest participants (shareholders) of the Bank	Key management	Other related parties
	UAH'000	UAH'000	UAH'000
The amount of loans issued to the related parties during the year	-	-	-
The amount of loans repaid by the related parties during the year	1,753	36	527

Loans issued to the related parties and repaid by related parties during 2008:

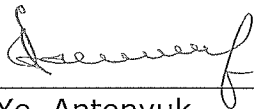
	Largest participants (shareholders) of the Bank	Key management	Other related parties
	UAH'000	UAH'000	UAH'000
The amount of loans issued to the related parties during the year	1,767	198	216,189
The amount of loans repaid by the related parties during the year	270	242	182,569

Remuneration to key managers in 2009 amounted to UAH'000 15,227; in 2008 – UAH'000 4,365.

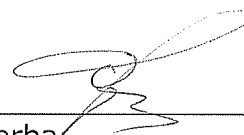
31 Post-balance sheet events

In the reporting 2009 the Bank announced emission of 100 000 stocks at par value UAH 1,000.00. The Supervisory Board of PJSC "Investments and Savings Bank" by its decision of 22.01.2010 approved placement of the stocks for total amount of UAH'000 45 000, or 45 000 stocks. As of 31.12.2009, the total amount of UAH'000 45 000 was paid for 45 000 stocks.

25 May 2010



V. Ye. Antonyuk
Acting Head of the Board



T. O. Verba
Chief accountant