

RUSSIAN STANDARD BANK GROUP

**Consolidated Financial Statements
and Auditors' Report**

31 December 2005

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AUDITORS' REPORT

To the Board of Directors of ZAO Russian Standard Bank:

We have audited the accompanying consolidated balance sheet of ZAO Russian Standard Bank and its subsidiaries (the "Group") as at 31 December 2005, and the related consolidated statements of income, cash flows and changes in equity for the year then ended. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2005 and the consolidated results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

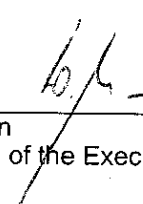
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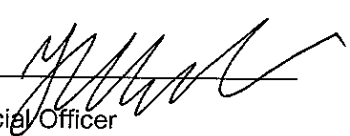
Moscow, Russian Federation
10 April 2006

Russian Standard Bank Group
Consolidated Balance Sheet

<i>In thousands of Russian Roubles</i>	Note	31 December 2005	31 December 2004
Assets			
Cash and cash equivalents	7	5 325 823	2 850 289
Mandatory cash balances with the Central Bank of the Russian Federation		523 845	267 033
Due from other banks	8	3 786 325	2 009 065
Loans and advances to customers	9	98 678 095	34 364 373
Deferred income tax asset	23	557 044	310 687
Other assets	10	1 835 265	490 409
Premises and equipment	11	1 895 975	853 987
Intangible assets	11	133 493	81 791
Total assets		112 735 865	41 227 634
Liabilities			
Due to other banks	12	22 905 047	4 766 733
Customer accounts	13	10 523 005	4 235 333
Debt securities in issue	14	59 970 790	23 662 775
Deferred income tax liability	23	-	46 827
Subordinated debt	15	5 744 156	-
Other liabilities	16	1 505 058	903 674
Total liabilities		100 648 056	33 615 342
Equity			
Share capital	17	1 738 516	1 738 516
Share premium		672 932	672 932
Additional paid-in capital	17	148 286	148 286
Retained earnings	18	9 528 075	5 052 558
Total equity		12 087 809	7 612 292
Total liabilities and equity		112 735 865	41 227 634

Approved for issue and signed on behalf of the Board of Directors on 10 April 2006.


 D.O. Levin
 Chairman of the Executive Board


 N.A. Itskov
 Chief Financial Officer

Russian Standard Bank Group
Consolidated Statement of Income

<i>In thousands of Russian Roubles</i>	Note	2005	2004
Interest income	19	23 591 358	10 926 759
Interest expense	19	(4 094 384)	(2 057 273)
Net interest income		19 496 974	8 869 486
Provision for loan impairment	9	(7 258 032)	(1 422 016)
Net interest income after provision for loan impairment		12 238 942	7 447 470
Fee and commission income	20	892 143	58 615
Fee and commission expense		(73 657)	(72 665)
Foreign exchange translation gains less losses		(894 104)	582 972
Net trading gains	21	507 399	(216 397)
Other operating results		(15 766)	60 026
Operating income		12 654 957	7 860 021
Administrative and other operating expenses	22	(4 905 094)	(2 066 411)
Profit before tax		7 749 863	5 793 610
Income tax expense	23	(1 886 904)	(1 400 621)
Profit for the year		5 862 959	4 392 989

Russian Standard Bank Group
Consolidated Statement of Cash Flows

<i>In thousands of Russian Roubles</i>	Note	2005	2004
Cash flows from operating activities			
Interest received		21 985 325	10 216 239
Interest paid		(3 415 782)	(1 582 912)
Net trading losses paid		(108 640)	(70 140)
Fees and commissions received		794 548	58 615
Fees and commissions paid		(73 658)	(73 916)
Other operating income received		5 702	7 923
Staff cost paid		(2 437 577)	(875 724)
Administrative and other operating expenses paid		(2 328 325)	(858 221)
Income tax paid		(2 330 585)	(1 231 366)
Cash flows from operating activities before changes in operating assets and liabilities		12 091 008	5 590 498
Changes in operating assets and liabilities			
Net increase in mandatory cash balances with the Central Bank of the Russian Federation		(256 812)	(40 215)
Net increase in due from other banks		(1 594 562)	(2 137 537)
Net increase in loans and advances to customers		(69 971 241)	(22 086 468)
Net increase in other assets		(773 515)	(253 955)
Net increase in due to other banks		17 807 709	1 453 611
Net increase in customer accounts		6 250 197	1 545 223
Net (decrease)/increase in promissory notes issued		(1 675 153)	227 878
Net increase in other liabilities		1 088 639	45 478
Net cash used in operating activities		(37 033 730)	(15 655 487)
Cash flows from investing activities			
Acquisition of premises and equipment	11,17	(1 326 623)	(512 600)
Proceeds from disposal of premises and equipment	11	13 980	3 884
Acquisition of intangible assets	11	(98 263)	(39 641)
Net cash used in investing activities		(1 410 906)	(548 357)
Cash flows from financing activities			
Issue of debt securities, other than promissory notes	14	37 886 595	19 186 241
Repayment of debt securities, other than promissory notes	14	(1 314 418)	(829 070)
Equity option settlement	12	(113 608)	-
Dividends paid	24	(1 387 442)	-
Issue of subordinated debt	15	5 704 954	-
Net cash from financing activities		40 776 081	18 357 171
Effect of exchange rate changes on cash and cash equivalents		144 089	5 197
Net increase in cash and cash equivalents		2 475 534	2 158 524
Cash and cash equivalents as at the beginning of the year	7	2 850 289	691 765
Cash and cash equivalents as at the end of the year		5 325 823	2 850 289

Russian Standard Bank Group
Consolidated Statement of Changes in Equity

<i>In thousands of Russian Roubles</i>	Share capital	Share premium	Additional paid-in capital	Retained earnings	Total equity
Balance as at 1 January 2004 (as previously reported)	1 738 516	672 932	-	773 177	3 184 625
Effect of adoption of IAS 32 (revised 2003) (Note 5)	-	-	-	(113 608)	(113 608)
Balance as at 1 January 2004 (restated)	1 738 516	672 932	-	659 569	3 071 017
Contributions from shareholders other than share issues, net of taxation (Note 17)	-	-	148 286	-	148 286
Profit for the year	-	-	-	4 392 989	4 392 989
Balance as at 31 December 2004	1 738 516	672 932	148 286	5 052 558	7 612 292
Dividends paid (Note 24)	-	-	-	(1 387 442)	(1 387 442)
Profit for the year	-	-	-	5 862 959	5 862 959
Balance as at 31 December 2005	1 738 516	672 932	148 286	9 528 075	12 087 809