

RUSSIAN STANDARD BANK GROUP

**International Financial Reporting Standards
Consolidated Financial Statements and
Independent Auditor's Report**

31 December 2009

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of JSC Russian Standard Bank:

- 1 We have audited the accompanying consolidated financial statements of CJSC Russian Standard Bank and its subsidiaries (the "Group") which comprise the consolidated statement of financial position as of 31 December 2009, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

- 6 In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

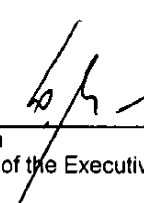
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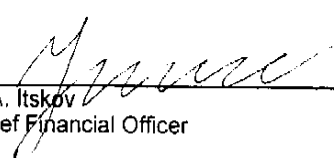
6 April 2010
Moscow, Russian Federation

Russian Standard Bank Group
Consolidated Statement of Financial Position

<i>In millions of Russian Roubles</i>	Note	31 December 2009	31 December 2008
ASSETS			
Cash and cash equivalents	7	12 555	48 614
Mandatory cash balances with the Central Bank of the Russian Federation		1 263	541
Securities at fair value through profit or loss	8	15 491	4 689
Due from other banks	9	528	1 081
Loans and advances to customers	10	92 985	144 671
Securities available for sale		544	-
Current income tax prepayment		553	822
Deferred income tax asset	24	996	-
Goodwill	34, 35	2 476	1 773
Intangible assets	11	2 183	1 396
Premises and equipment	11	4 466	5 237
Other financial assets	12	5 931	15 749
Other non-financial assets		134	242
TOTAL ASSETS		140 105	224 815
LIABILITIES			
Due to other banks	13	15 673	57 508
Customer accounts	14	26 835	19 927
Debt securities in issue	15	42 724	90 849
Deferred income tax liability	24	-	532
Other financial liabilities	17	1 210	2 176
Other non-financial liabilities	17	1 876	3 545
Subordinated debt	16	22 245	11 763
TOTAL LIABILITIES		110 563	186 300
EQUITY			
Share capital	18	1 739	1 739
Share premium		673	673
Additional paid-in capital		148	148
Revaluation reserve for available for sale securities		3	-
Translation reserve	19	(26)	8
Retained earnings	19	27 005	35 487
Net assets attributable to the Bank's owners		29 542	38 055
Minority interest		-	460
TOTAL EQUITY		29 542	38 515
TOTAL LIABILITIES AND EQUITY		140 105	224 815

These Consolidated Financial Statements were approved for issue and signed on behalf of the Board of Directors on 6 April 2010.


 D.O. Levin
 Chairman of the Executive Board


 N.A. Itskov
 Chief Financial Officer

Russian Standard Bank Group
Consolidated Statement of Comprehensive Income

<i>In millions of Russian Roubles</i>	Note	2009	2008
Interest income	20	33 937	51 311
Interest expense	20	(13 247)	(13 857)
Net interest income		20 690	37 454
Provision for impairment of loans to customers	10	(12 485)	(9 760)
Net interest income after provision for loan impairment		8 205	27 694
Fee and commission income		841	278
Fee and commission expense		(597)	(721)
Losses less gains from exchange translation		(1 557)	(11 613)
Losses less gains from operations with derivatives	21	(4 166)	8 673
Gains from early debt retirement		1 696	1 045
Income from insurance operations	22	2 612	2 945
Expense from insurance operations	22	-	(992)
Other operating results		591	34
Administrative and other operating expenses	23	(13 195)	(17 858)
(Loss) / profit before tax		(5 570)	9 485
Income tax recovery / (expense)	24	1 043	(2 067)
(Loss) / profit for the year		(4 527)	7 418
Other comprehensive income			
Exchange differences on translation to presentation currency	19	(34)	28
Revaluation of securities available for sale		3	-
Other comprehensive income for the year		(31)	28
Total comprehensive (loss) / income for the year		(4 558)	7 446
Total comprehensive (loss) / income attributable to:			
Owners of the Bank		(4 558)	7 307
Minority interest		-	139
Total comprehensive (loss) / income for the year		(4 558)	7 446
(Loss) / profit is attributable to:			
Owners of the Bank		(4 527)	7 279
Minority interest		-	139
(Loss) / profit for the year		(4 527)	7 418

The notes set out on pages 5 to 58 form an integral part of these consolidated financial statements.

Russian Standard Bank Group
Consolidated Statement of Changes in Equity

	Attributable to owners of the Bank					Total	Minority interest	Total equity
	Share capital	Share premium	Additio- nal paid- in capital	Other reserves	Retained earnings			
<i>In millions of Russian Roubles</i>								
Balance as at 1 January 2008	1 739	673	148	(20)	32 208	34 748	321	35 069
Total comprehensive income for 2008	-	-	-	28	7 279	7 307	139	7 446
Dividends paid (Note 25)	-	-	-	-	(4 000)	(4 000)	-	(4 000)
Balance as at 31 December 2008	1 739	673	148	8	35 487	38 055	460	38 515
Total comprehensive income for 2009	-	-	-	(31)	(4 527)	(4 558)	-	(4 558)
Dividends paid (Note 25)	-	-	-	-	(3 955)	(3 955)	-	(3 955)
Purchase of minority interest (Note 34)	-	-	-	-	-	-	(460)	(460)
Balance as at 31 December 2009	1 739	673	148	(23)	27 005	29 542	-	29 542

The notes set out on pages 5 to 58 form an integral part of these consolidated financial statements.

Russian Standard Bank Group
Consolidated Statement of Cash Flows

<i>In millions of Russian Roubles</i>	Note	2009	2008
Cash flows from operating activities			
Interest received		31 756	50 115
Interest paid		(13 487)	(13 920)
Net trading gains received		780	6 185
Fees and commissions received		748	309
Fees and commissions paid		(597)	(721)
Other operating income received		591	238
Net income received from insurance operations		1 368	1 953
Staff cost paid		(5 992)	(8 253)
Other administrative and operating expenses paid		(6 009)	(8 430)
Income tax paid		(216)	(1 041)
Cash flows from operating activities before changes in operating assets and liabilities		8 942	26 435
Changes in operating assets and liabilities			
Net (increase)/decrease in mandatory cash balances with the Central Bank of the Russian Federation		(722)	1 983
Net decrease in due from other banks		244	1 583
Net decrease in loans and advances to customers		41 940	8 525
Net increase in securities at fair value through profit or loss		(10 155)	(4 441)
Net increase in securities available for sale		(544)	-
Net increase/(decrease) in other assets		5 070	(1 564)
Net decrease in due to other banks		(41 074)	(3 567)
Net increase/(decrease) in customer accounts		6 717	(849)
Net (decrease)/increase in promissory notes issued		(38)	90
Net decrease in other liabilities		(1 262)	(209)
Net cash from operating activities		9 118	27 986
Cash flows from investing activities			
Acquisition of premises and equipment	11	(525)	(892)
Proceeds from disposal of premises and equipment		304	80
Purchase of minority interest	34	(1 163)	-
Acquisition of intangible assets	11	(1 095)	(243)
Net cash used in investing activities		(2 479)	(1 055)
Cash flows from financing activities			
Issue of debt securities, other than promissory notes		5 140	13 346
Repayment of debt securities, other than promissory notes		(56 958)	(46 058)
Long-term loans received from other banks		-	58 750
Repayment of long-term loans from other banks		(481)	(24 351)
Dividends paid	25	(3 908)	(4 000)
Issue of subordinated debt	16	10 301	-
Net cash used in financing activities		(45 906)	(2 313)
Effect of exchange rate changes on cash and cash equivalents		3 208	1 769
Net (decrease) / increase in cash and cash equivalents		(36 059)	26 387
Cash and cash equivalents as at the beginning of the year	7	48 614	22 227
Cash and cash equivalents as at the end of the year		12 555	48 614

The notes set out on pages 5 to 58 form an integral part of these consolidated financial statements.