

RUSSIAN STANDARD BANK GROUP

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

31 December 2008

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 JSC Russian Standard Bank and its subsidiaries (the "Group") which comprise the consolidated balance sheet as at 31 December 2008 and the consolidated income statement, 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 Consolidated 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 consolidated 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 consolidated 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 2008, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

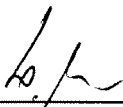
ZAO PricewaterhouseCoopers Audit

1 April 2009
Moscow, Russian Federation


Russian Standard Bank Group
Consolidated Balance Sheet

<i>In millions of Russian Roubles</i>	Note	31 December 2008	31 December 2007
ASSETS			
Cash and cash equivalents	7	48 614	22 227
Mandatory cash balances with the Central Bank of the Russian Federation		541	2 524
Due from other banks	8	1 081	1 808
Loans and advances to customers	9	144 671	160 138
Current income tax prepayment		822	766
Deferred income tax asset	25	-	550
Securities at fair value through profit or loss		4 689	-
Goodwill	36	1 773	2 033
Intangible assets	10	1 396	1 351
Premises and equipment	10	5 237	5 691
Other financial assets	11	15 749	10 487
Other non-financial assets	11	242	1 260
TOTAL ASSETS		224 815	208 835
LIABILITIES			
Due to other banks	12	57 508	25 051
Customer accounts	13	19 927	20 237
Debt securities in issue	14	90 849	112 088
Subordinated debt	15	11 763	9 821
Deferred income tax liability	25	532	-
Other financial liabilities	16	2 176	3 524
Other non-financial liabilities	16	3 545	3 045
TOTAL LIABILITIES		186 300	173 766
EQUITY			
Share capital	17	1 739	1 739
Share premium		673	673
Additional paid-in capital		148	148
Translation reserve	18	8	(20)
Retained earnings	19	35 487	32 208
Net assets attributable to the Bank's equity holders		38 055	34 748
Minority interest		460	321
TOTAL EQUITY		38 515	35 069
TOTAL LIABILITIES AND EQUITY		224 815	208 835

Approved for issue and signed on behalf of the Board of Directors on 1 April 2009.



 D.O. Levin
 Chairman of the Executive Board



 N.A. Itskov
 Chief Financial Officer

Russian Standard Bank Group
Consolidated Income Statement

<i>In millions of Russian Roubles</i>	Note	2008	2007
Interest income	20	51 311	56 200
Interest expense	20	(13 857)	(12 068)
Net interest income		37 454	44 132
Provision for impairment of loans to customers	9	(9 760)	(18 626)
Net interest income after provision for loan impairment		27 694	25 506
Fee and commission income	21	278	2 851
Fee and commission expense		(721)	(555)
Net foreign exchange translation (losses)/gains		(11 613)	3 853
Net trading gains/(losses)	22	9 718	(4 599)
Income from insurance operations	23	2 945	-
Expenses from insurance operations	23	(992)	-
Other operating result	34,36	34	3 609
Administrative and other operating expenses	24	(17 858)	(18 157)
Profit before tax		9 485	12 508
Income tax expense	25	(2 067)	(2 977)
Profit for the year		7 418	9 531
Profit is attributable to:			
Equity holders of the Bank		7 279	9 527
Minority interest		139	4
Profit for the year		7 418	9 531

Russian Standard Bank Group
Consolidated Statement of Cash Flows

<i>In millions of Russian Roubles</i>	Note	2008	2007
Cash flows from operating activities			
Interest received		50 115	56 106
Interest paid		(13 920)	(12 614)
Net trading gains received/(losses paid)		6 185	(5 653)
Fees and commissions received		309	2 805
Fees and commissions paid		(721)	(555)
Other operating income received		238	503
Income received from insurance operations		2 945	-
Expenses from insurance operations paid		(992)	-
Staff cost paid		(8 253)	(8 286)
Other administrative and operating expenses paid		(8 430)	(8 415)
Income tax paid		(1 041)	(3 405)
Cash flows from operating activities before changes in operating assets and liabilities		26 435	20 486
Changes in operating assets and liabilities			
Net decrease/(increase) in mandatory cash balances with the Central Bank of the Russian Federation		1 983	(740)
Net decrease/(increase) in due from other banks		1 583	(1 494)
Net decrease/(increase) in loans and advances to customers		8 525	(12 400)
Net increase in securities at fair value through profit or loss		(4 441)	-
Net increase in other assets		(1 564)	(5 475)
Net decrease in due to other banks		(3 567)	(4 201)
Net (decrease)/increase in customer accounts		(849)	6 082
Net increase/(decrease) in promissory notes issued		90	(114)
Net (decrease)/increase in other liabilities		(209)	3 221
Net cash from operating activities		27 986	5 365
Cash flows from investing activities			
Acquisition of premises and equipment	10	(892)	(2 554)
Proceeds from disposal of premises and equipment		80	64
Acquisition of the subsidiaries, net of cash acquired	35	-	(2 616)
Acquisition of intangible assets	10	(243)	(1 270)
Net cash used in investing activities		(1 055)	(6 376)
Cash flows from financing activities			
Issue of debt securities, other than promissory notes		13 346	40 179
Repayment of debt securities, other than promissory notes		(46 058)	(32 127)
Long-term loans received from other banks		58 750	15 098
Repayment of long-term loans from other banks		(24 351)	(17 407)
Dividends paid	26	(4 000)	-
Net cash (used in)/ from financing activities		(2 313)	5 743
Effect of exchange rate changes on cash and cash equivalents		1 769	(37)
Net increase in cash and cash equivalents		26 387	4 695
Cash and cash equivalents as at the beginning of the period	7	22 227	17 532
Cash and cash equivalents as at the end of the period		48 614	22 227

The notes set out on pages 5 to 62 form an integral part of these consolidated financial statements.