

Financial Statements in accordance with
International Financial Reporting Standards

Joint-Stock Commercial Bank «Zarechye»

Balance Sheet as of 31 December 2005

<i>In thousands of Russian Roubles</i>	31 December 2005	31 December 2004 (Restated)
ASSETS		
Cash and cash equivalents	363 136	260 096
Mandatory cash balances with the Central Bank of the Russian Federation	20 395	21 407
Financial assets at fair value through profit or loss	48 601	511 620
Due from other banks, net	782 299	300 838
Loans and receivables, net	1 008 263	502 873
Available-for-sale financial assets	43 750	-
Investments in subsidiaries	88 017	29
Other assets	539	1 240
Current income tax asset	-	2 462
Fixed assets	240 003	230 928
TOTAL ASSETS	2 595 003	1 831 493
LIABILITIES		
Customer accounts	1 790 571	1 166 005
Financial liabilities at fair value through profit or loss	8 841	3 330
Debt securities issued	11	11
Other liabilities	2 676	3 341
Current income tax liability	11 384	-
Deferred income tax liability	25 524	69 628
TOTAL LIABILITIES	1 839 007	1 242 315
SHAREHOLDERS' EQUITY		
Share capital	571 698	421 698
Retained earnings	184 298	167 480
TOTAL SHAREHOLDERS' EQUITY	755 996	589 178
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2 595 003	1 831 493

Signed on behalf of the Management Board:

E. I. Odintsova
Vice-president

O. I. Tychkina
Chief Accountant

1 June 2006

Joint-Stock Commercial Bank «Zarechye»

Income Statement for the year ended 31 December 2005

<i>In thousands of Russian Roubles</i>	31 December 2005	31 December 2004 (Restated)
Interest income	102 207	97 499
Interest expense	(26 038)	(29 676)
Net interest income	76 169	67 823
Provision for loan impairment	(143 032)	(66 309)
Net interest income / (expense) after provision for loan impairment	(66 863)	1 514
Gains less losses arising from financial assets at fair value through profit or loss	183 512	167 074
Gains less losses from trading in foreign currencies	4 736	6 413
Foreign exchange translation gains less losses	(2 011)	(8 205)
Fee and commission income	16 727	13 391
Fee and commission expense	(565)	(663)
Losses on origination of assets at rates below market	(13 627)	(470)
Losses on origination of liabilities at rates above market	(2 616)	(3 042)
Other provisions	(824)	(160)
Other operating income	10 271	9 723
Net income	128 740	185 575
Operating expenses	(115 679)	(79 884)
Operating income	13 061	105 691
Profit before tax	13 061	105 691
Income tax benefit / (expense)	3 772	(29 018)
Net profit	16 833	76 673

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Joint-Stock Commercial Bank «Zarechye»

Cash flow statement for the year ended 31 December 2005

<i>In thousands of Russian Roubles</i>	31 December 2005	31 December 2004 (Restated)
Cash flows from operating activities		
Interest received	97 559	88 809
Interest paid	(25 892)	(31 901)
Income received / (Expenses paid) from financial assets at fair value through profit or loss	370 477	(180)
Income received from trading in foreign currencies	4 318	7 837
Fees and commissions received	16 727	13 391
Fees and commissions paid	(565)	(663)
Other operating income received	10 827	9 039
Operating expenses paid	(110 945)	(64 152)
Income tax paid	(28 948)	(11 352)
Cash flows from operating activities before changes in operating assets and liabilities	333 558	10 828
Changes in operating assets and liabilities		
Net decrease in mandatory cash balances with the Central Bank of the Russian Federation	1 012	71 958
Net (increase) / decrease in financial assets at fair value through profit or loss	279 306	(49 649)
Net increase in due from other banks	(483 495)	(13 378)
Net (increase) / decrease in loans and receivables	(655 258)	17 392
Net (increase) / decrease in other assets	2 009	(4 526)
Net increase in customer accounts	621 801	163 949
Net decrease in debt securities issued	-	(20 020)
Net increase / (decrease) in other liabilities	(948)	1 940
Net cash from operating activities	97 985	178 494
Cash flows from investing activities		
Purchase of financial assets available for sale	(43 750)	-
Acquisition of subsidiaries	(176 000)	(1)
Sale of subsidiaries	88 010	8
Purchase of fixed assets	(19 497)	(5 313)
Proceeds on sale of fixed assets	2 999	1 199
Dividends received	19	4
Net cash used in investing activities	(148 219)	(4 103)
Cash flows from financing activities		
Issue of share capital	150 000	-
Dividends paid	(15)	(15)
Net cash from / (used in) financing activities	149 985	(15)
Effect of exchange rate changes on cash and cash equivalents	3 289	(8 380)
Net increase in cash and cash equivalents	103 040	165 996

Cash and cash equivalents at beginning of the year	260 096	94 100
Cash and cash equivalents at the end of the year	363 136	260 096

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Vice-president

O. I. Tychkina
Chief Accountant

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Joint-Stock Commercial Bank «Zarechy»

Statements of Changes in Shareholders' Equity
for the year ended 31 December 2005

<i>In thousands of Russian Roubles</i>	Share capital	Retained earnings	Total shareholders' equity
Balance as of 31 December 2003	421 698	90 822	512 520
Net profit for the year	-	76 673	76 673
Dividends declared	-	(15)	(15)
Balance as of 31 December 2004	421 698	167 480	589 178
Net profit for the year	-	16 833	16 833
Issue of share capital	150 000	-	150 000
Dividends declared	-	(15)	(15)
Balance as of 31 December 2005	571 698	184 298	755 996

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Vice-president

O. I. Tychkina
Chief Accountant

1 June 2006