

ABSOLUT BANK

Financial Statements and Auditors' Report

31 December 2004

ZAO PricewaterhouseCoopers Audit
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AUDITORS' REPORT

To the Shareholders and the Board of Directors of Absolut Bank:

We have audited the accompanying balance sheet of Absolut Bank (the Bank) as at 31 December 2004, and the related statements of income, of cash flows and of changes in shareholders' equity for the year then ended. These financial statements are the responsibility of the Bank's Management. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2004 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

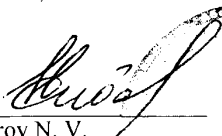
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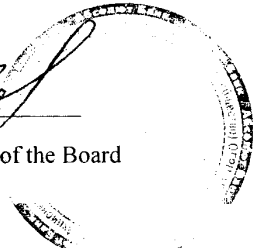
Moscow, Russian Federation
14 March 2005

Absolut Bank
Balance Sheet as at 31 December 2004
(in thousands of Russian Roubles)

	Note	2004	2003
Assets			
Cash and cash equivalents	5	3 611 069	1 556 409
Mandatory cash balances with the Central Bank of the Russian Federation		144 501	280 833
Trading securities	6	355 363	559 182
Due from other banks	7	745 363	568 287
Loans and advances to customers	8	8 250 477	5 364 868
Investment securities available for sale	9	24 379	121 985
Other assets	10	78 044	20 509
Premises and equipment	11	817 811	83 162
Total assets		14 027 007	8 555 235
Liabilities			
Due to other banks	12	4 349 955	2 088 735
Customer accounts	13	3 947 194	3 044 545
Debt securities issued	14	2 821 392	1 312 323
Subordinated deposits	15	332 984	353 454
Other borrowed funds	16	136 143	-
Other liabilities	17	76 114	51 347
Deferred tax liability	23	226 718	85 420
Total liabilities		11 890 500	6 935 824
Shareholders' equity			
Share capital	18	1 284 869	1 284 869
Share premium		573 149	573 149
Retained earnings	19	278 489	(238 607)
Total shareholders' equity		2 136 507	1 619 411
Total liabilities and shareholders' equity		14 027 007	8 555 235

Approved for issue by the Board of Directors and signed on its behalf on 14 March 2005.


 Sidorov N. V.
 Acting Chairman of the Board




 Serdtseva E. L.
 Chief Accountant

Absolut Bank
Statement of Income as at 31 December 2004
(in thousands of Russian Roubles)

	Note	2004	2003
Interest income	20	1 157 805	766 920
Interest expense	20	(397 542)	(251 228)
Net interest income		760 263	515 692
Provision for loan impairment	8	(27 554)	(138 210)
Net interest income after provision for loan impairment		732 709	377 482
Gains less losses arising from securities		26 574	32 025
Gains less losses arising from trading in foreign currencies		65 618	80 101
Foreign exchange translation losses less gains		(75 010)	(90 768)
Fee and commission income	21	211 052	247 639
Fee and commission expense	21	(115 506)	(73 989)
Provision for losses on credit related commitments	26	(25 933)	(30 424)
Other operating income		18 526	23 858
Operating income		838 030	565 924
Operating expenses	22	(359 517)	(228 397)
Profit before tax		478 513	337 527
Income tax expense	23	(132 241)	(67 718)
Net profit		346 272	269 809